# NESTE

7/27/2026 11:28 am EEST

This is a translated version of ”Markkinoilla puhaltaa voimakas myötätuuli” report, published on 31.8.2024

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# COMPANY REPORT

# Tailwinds are strong in the market

*Due to a reversed market situation from the comparison period, Neste reported a record-high Q2 result, which was well in line with expectations. The exceptional market situation in both main segments currently provides a tailwind, though its duration is uncertain due to the geopolitical situation. We have made quite minor forecast revisions and are therefore increasing our target price to EUR 35.0 (previously EUR 34) and reiterating our Accumulate recommendation.*

## Party of the margins led to a record-breaking result

In Q2, Neste achieved a record comparable EBITDA of 1.2 BEUR, which was fairly in line with our upward revision to the forecast in the earnings preview. Earnings multiplied from the comparison period, as margins for both Renewable Products and Oil Products rose to exceptionally high levels. The record-high quarterly result for Renewable Products was supported by strong demand and an increase in end-product prices caused by the geopolitical situation, which boosted its sales margin to a historically high level. The total refining margin for Oil Products, boosted by the wars in the Middle East and Ukraine, was also exceptionally strong.

## Volumes are tight, but margins are strengthening the result

Neste reiterated its guidance for the current year, estimating that sales volumes for Renewable Products would remain at approximately the same level as in 2025, while sales volumes for Oil Products would decrease. Verbal guidance is not very helpful when the threshold values are unknown, especially those for the Renewable Energy guidance. There is some concern that production of Renewable Products is 14% behind the comparison period at the end of H1. However, we estimate that inventories will support sales volumes in H2'26, while several maintenance shutdowns, especially the major turnaround at the Porvoo refinery, will reduce production volumes. Despite weak volumes, earnings will be significantly supported by the margin outlooks of both segments because margins for Renewable Products and Oil Products have remained high at the beginning of Q3. However, they are susceptible to rapid changes in current market conditions, so forecast risks remain high in both directions.

## We made no large estimate revisions

We increased our sales margin forecast for Renewable Products, in particular, for H2 and next year, but the impact of these increases was reduced by a slightly lower sales volume forecast. Overall, the comparable EBITDA forecast for the current year increased by 2%, and by 4% for next year. We expect the Rotterdam expansion to increase sales volumes of Renewable Products next year, but our forecasts assume a significantly lower sales margin due to the calming geopolitical situation. At the same time, however, our margin estimate reflects the favorable supply and demand outlook for Renewable Products for both next year and the medium term.

## Attractive valuation picture remained unchanged

The valuation of the share for the coming years is moderate (P/E ratio 12-16x and adj. EV/EBIT ratio 10x-14x), considering the medium-term earnings growth driven by the increase in Renewable Products capacity. We estimate the valuation level of Neste's largest value driver, the Renewable Products segment, in a sum-of-the-parts calculation, according to which Renewable Products trades at an EV/EBIT multiple of around 10x relative to our estimated 2028 earnings level. In our view, this is a quite reasonable level, and we believe the segment's long-term upside potential offers an attractive expected return.

**Recommendation**
**Accumulate**
(was Accumulate)

**Target price:**
**EUR 35.00**
(was EUR 34.00)

**Share price:**
EUR 31.43

**Business risk**
●●●○○

**Valuation risk**
●●●○○

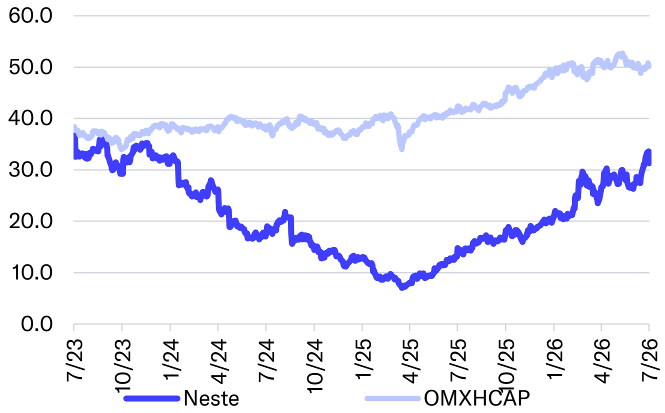
| | 2025 | 2026e | 2027e | 2028e |
|---|---|---|---|---|
| Revenue | 19016 | 21538 | 24436 | 27543 |
| growth-% | -8% | 13% | 13% | 13% |
| EBIT adj. | 748 | 2629 | 1884 | 2562 |
| EBIT-% adj. | 3.9 % | 12.2 % | 7.7 % | 9.3 % |
| Net Income | 144 | 2079 | 1495 | 2076 |
| EPS (adj.) | 0.47 | 2.73 | 1.95 | 2.70 |
| | | | | |
| P/E (adj.) | 41.0 | 11.5 | 16.1 | 11.6 |
| P/B | 2.0 | 2.6 | 2.3 | 2.0 |
| Dividend yield-% | 1.0 % | 1.6 % | 2.1 % | 2.7 % |
| EV/EBIT (adj.) | 25.0 | 10.3 | 13.8 | 9.5 |
| EV/EBITDA | 13.0 | 7.7 | 9.0 | 6.9 |
| EV/S | 1.0 | 1.3 | 1.1 | 0.9 |

Source: Inderes

**Guidance** (Unchanged)

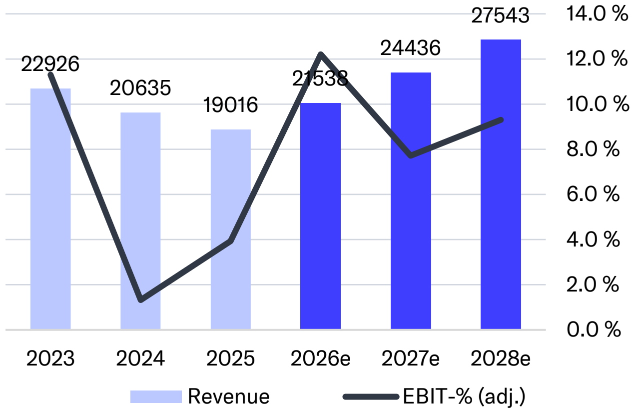
Renewable Products' sales volumes in 2026 are expected to be approximately at the same level and Oil Products' sales volumes in 2026 are expected to be lower than in 2025

## Share price



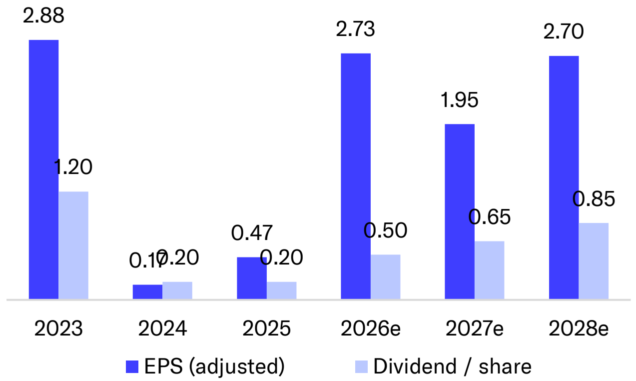

Source: Millistream Market Data AB

## Revenue and EBIT-%




Source: Inderes

## EPS and dividend




Source: Inderes

## Value drivers

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

## Risk factors

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

| Valuation | 2026e | 2027e | 2028e |
|---|---|---|---|
| Share price | 31.43 | 31.43 | 31.43 |
| Number of shares, millions | 768.3 | 768.3 | 768.3 |
| Market cap | 24147 | 24147 | 24147 |
| EV | 26987 | 25948 | 24314 |
| P/E (adj.) | 11.5 | 16.1 | 11.6 |
| P/E | 11.6 | 16.1 | 11.6 |
| P/B | 2.6 | 2.3 | 2.0 |
| P/S | 1.1 | 1.0 | 0.9 |
| EV/Sales | 1.3 | 1.1 | 0.9 |
| EV/EBITDA | 7.7 | 9.0 | 6.9 |
| EV/EBIT (adj.) | 10.3 | 13.8 | 9.5 |
| Payout ratio (%) | 18.5 % | 33.4 % | 31.5 % |
| Dividend yield-% | 1.6 % | 2.1 % | 2.7 % |

Source: Inderes

# Margins offered more cause for celebration than expected

### Sales margin for Renewable Products at a staggering level

In Q2, sales volumes of Renewable Products decreased by 6% year-on-year to just over 1 Mt, in line with our forecast. Production volume was still affected by delayed equipment replacement in Singapore. However, comparable EBITDA for Renewable Products reached a record high of 859 MEUR, surpassing our estimate of 785 MEUR. This was driven by an exceptionally high sales margin, which climbed to USD 1,223/ton. This figure surpassed our estimate by 11% and offset some of the impact of higher fixed costs than we had anticipated. The high margin is due to strong demand for renewable diesel in road transport and an increase in the price of fossil diesel, reflected in the high price of renewable diesel, which in turn increases the sales margin.

### Oil Products also enjoyed a record-high margin

The total refining margin for Oil Products was also exceptionally high, rising to USD 25.8/bbl and exceeding our estimate by nearly two dollars. However, the segment's comparable EBITDA was well in line with our estimate (334 MEUR vs. 345 MEUR estimate), despite its sales volumes being below expectations and its fixed costs exceeding our estimate. In our assessment, this is due to preparations for the Porvoo maintenance turnaround, which incurs costs and has necessitated an inventory buildup to ensure deliveries in H2.

M&S's result was weak due to inventory losses, but its significance at the group level is minimal. The reported group-level result was eroded by inventory losses affecting comparability (-87 MEUR), but, contrary to our estimate, Neste recorded clearly positive net financial costs in Q2 due to exchange rate differences and fair value changes. Reflecting this overall picture, the reported EPS of EUR 1 was in line with our estimate.

### Working capital consumed most of the cash flow

Despite Q2's impressive earnings, H1 cash flow from operating activities was only 993 MEUR, and free cash flow was a modest 467 MEUR after organic investments and IFRS 16 payments. Cash flow has been particularly eroded by the significant commitment of working capital in Q2 as inventories are built up in preparation for H2 maintenance turnarounds. We expect net working capital to normalize in the second half of the year as inventory levels are sold down due to lower production levels.

Neste's balance sheet has strengthened significantly, and its net debt at the end of Q2 was a moderate 3.6 BEUR, or 1.2x LTM EBITDA. Thus, indebtedness has decreased to just under 30%, and the company's financial position is solid despite the ongoing Rotterdam expansion.

| | Q2'25 | Q2'26 | Q2'26e | Q2'26e | Consensus | | | Difference (%) | 2026e |
|---|---|---|---|---|---|---|---|---|---|
| MEUR / EUR | Comparison | Actualized | Inderes | Consensus | Low | | High | Act. vs. inderes | Inderes |
| Revenue | 4511 | 5987 | 6053 | 6209 | 5376 | - | 7689 | -1% | 21538 |
| EBITDA (adj.) | 341 | 1203 | 1161 | 1118 | 832 | - | 1313 | 4% | 3517 |
| PTP | -52 | 948 | 899 | - | - | - | - | 5% | 2533 |
| EPS (reported) | -0.05 | 1.00 | 0.99 | 0.90 | 0.53 | - | 1.12 | 1% | 2.71 |
| | | | | | | | | | |
| Revenue growth-% | -2.8 % | 32.7 % | 34.2 % | 37.7 % | 19.2 % | - | 70.5 % | -1.5 pp | 13.3 % |
| EBITDA-% (adj.) | 7.6 % | 20.1 % | 19.2 % | 18.0 % | 15.5 % | - | 17.1 % | 0.9 pp | 16.3 % |

Source: Inderes & Vara Research (consensus, 12 estimates)

# We made no large estimate revisions

## Volumes are tight

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

Sales volumes of Oil Products are being eroded by the major Porvoo maintenance turnaround at the turn of Q3 and Q4, which will cause a significant dent in the segment's sales. Thus, the decrease in its sales volumes is clear.

However, there is some concern that sales volumes in Renewable Products decreased by nearly 5% from the comparison period in H1, with production almost 14% lower than in the comparison period. Production will also be limited in the remainder of the year due to the Porvoo maintenance turnaround and routine maintenance turnarounds in Rotterdam in Q4 and in Singapore starting in December. Therefore, we believe it will be difficult to make up for the production shortfall during the rest of the year.

## Discord in estimates

Since the release of the Q2 report, we have adjusted our forecasts in different directions with regard to both sales volume and margins. In Renewable Products, we have slightly lowered our sales volume estimate for the current year, reflecting subdued production. Thus, our full-year sales volume estimate decreased to just under 3.8 Mt, and we expect sales volumes to decrease by 9% year-on-year (was -4%). However, at the same time, we increased our H2 sales margin estimate, and together with the Q2 realization, our full-year estimate rose to USD 985/ton, despite our expectation of a lower margin in H2 than in Q2. We raised our fixed cost estimates for both main segments, and in addition, we made small revisions to the sales volume estimate for Oil Products, which decreased slightly. Overall, however, the comparable EBITDA estimate for the current year rose by 2% to 3.5 BEUR.

## Small estimate changes also for next year

We also made minor estimate changes for the medium term in connection with the report. For 2027, we slightly lowered our Renewable Products sales volume estimate to reflect the prolonged maintenance turnaround in Singapore, while raising our sales margin estimate. Our 2027 estimates thus rose by 4%, while the estimates changes caused by the increase in longer-term cost estimates remained marginal. We estimate that sales volumes of Renewable Products will rise to 4.6 Mt in 2027, driven by volume growth from the new Rotterdam refinery. Compared to the present, our 2027 sales margin estimate of USD 690/ton for Renewables is conservative and includes assumptions of a calming geopolitical situation coupled with a strong demand outlook for Renewable Products.

| Estimate revisions<br>MEUR / EUR | 2026e<br>Old | 2026e<br>New | Change<br>% | 2027e<br>Old | 2027e<br>New | Change<br>% | 2028e<br>Old | 2028e<br>New | Change<br>% |
|---|---|---|---|---|---|---|---|---|---|
| Revenue | 21026 | 21538 | 2% | 23930 | 24436 | 2% | 27457 | 27543 | 0% |
| EBITDA | 3490 | 3499 | 0% | 2805 | 2880 | 3% | 3517 | 3530 | 0% |
| EBIT (exc. NRIs) | 2579 | 2629 | 2% | 1823 | 1884 | 3% | 2562 | 2562 | 0% |
| EBIT | 2621 | 2612 | 0% | 1823 | 1884 | 3% | 2562 | 2562 | 0% |
| PTP | 2467 | 2533 | 3% | 1701 | 1759 | 3% | 2442 | 2442 | 0% |
| EPS (excl. NRIs) | 2.63 | 2.73 | 4% | 1.88 | 1.95 | 3% | 2.70 | 2.70 | 0% |
| DPS | 0.50 | 0.50 | 0% | 0.65 | 0.65 | 0% | 0.85 | 0.85 | 0% |

Source: Inderes

Neste Oyj, Webcast, Q2'26

# Attractive valuation picture remained unchanged

### Earnings-based valuation is moderate for the coming years

Based on the updated estimates, P/E ratios for 2026-2027 are 12x and 16x, while the corresponding EV/EBIT ratios are 10x and 14x. In our view, the short-term valuation is therefore reasonable, although we expect earnings to clearly decline in both main segments next year as the market stabilizes.

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

### Value of Renewables moderately reflects earnings growth expectations

We have estimated the market's valuation of Renewable Products using a sum-of-the-parts calculation, where we have valued Oil Products based on its peer group and the Marketing & Services business using retail sector multiples. When we deduct the value of Oil Products (4.6 BEUR), the value of Marketing & Services (1.5 BEUR), and the value of the Other reporting segment (which includes group costs, ~-550 MEUR) from the company's current enterprise value (~26.3 BEUR), the total enterprise value remains at around 19.8 BEUR. This gives a rough idea of how the market currently values the Renewable Products segment.

An enterprise value of 19.8 BEUR corresponds to an EV/EBIT multiple of almost 10x, based on our 2028 Renewable Products estimate. This illustrates our estimated earnings potential when the Rotterdam expansion is operational and the company is able to realize at least a significant portion of the expected volume growth from it. The sales margin achieved by the company in 2028 will naturally have a significant impact on the earnings potential for that year. However, recent regulatory developments have been positive for the longer-term market balance, ensuring significant demand growth in the United States (RVO) and also the growth outlook brought by the REDIII directive in Europe. The medium-term margin estimate is clearly lower than the current level, reflecting a calmer geopolitical environment as well as a favorable supply-and-demand balance in the Renewable Products market.

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

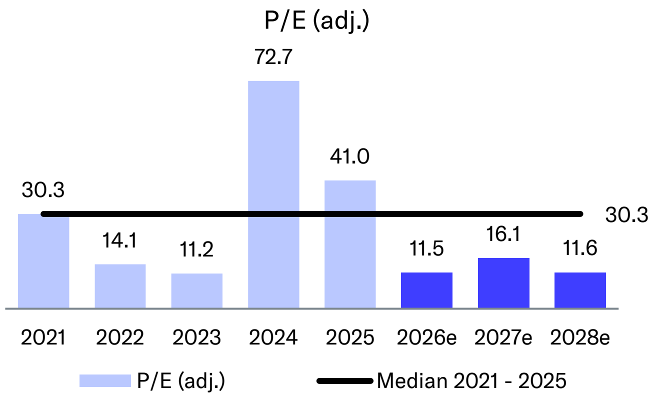
| Valuation | 2026e | 2027e | 2028e |
|---|---|---|---|
| Share price | 31.43 | 31.43 | 31.43 |
| Number of shares, millions | 768.3 | 768.3 | 768.3 |
| Market cap | 24147 | 24147 | 24147 |
| EV | 26987 | 25948 | 24314 |
| P/E (adj.) | 11.5 | 16.1 | 11.6 |
| P/E | 11.6 | 16.1 | 11.6 |
| P/B | 2.6 | 2.3 | 2.0 |
| P/S | 1.1 | 1.0 | 0.9 |
| EV/Sales | 1.3 | 1.1 | 0.9 |
| EV/EBITDA | 7.7 | 9.0 | 6.9 |
| EV/EBIT (adj.) | 10.3 | 13.8 | 9.5 |
| Payout ratio (%) | 18.5 % | 33.4 % | 31.5 % |
| Dividend yield-% | 1.6 % | 2.1 % | 2.7 % |

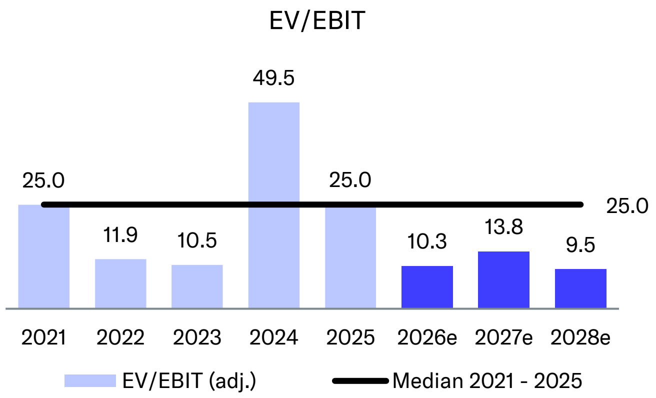
Source: Inderes

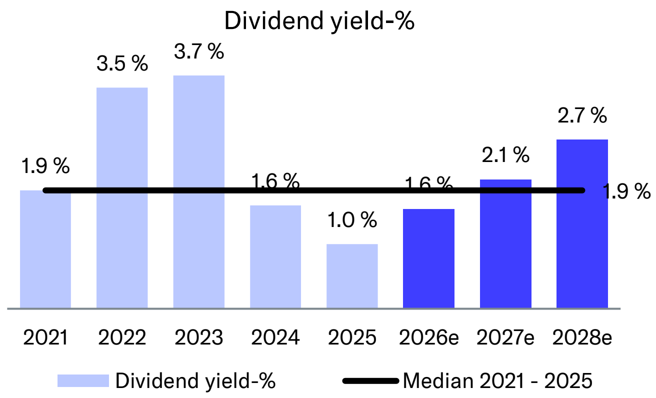
# Valuation table

| Valuation | 2021 | 2022 | 2023 | 2024 | 2025 | 2026e | 2027e | 2028e | 2029e |
|---|---|---|---|---|---|---|---|---|---|
| Share price | 43.4 | 43.0 | 32.21 | 12.13 | 19.41 | 31.4 | 31.4 | 31.4 | 31.4 |
| Number of shares, millions | 768 | 768 | 768 | 768 | 768 | 768 | 768 | 768 | 768 |
| Market cap | 33299 | 33043 | 24744 | 9318 | 14912 | 24147 | 24147 | 24147 | 24147 |
| EV | 33494 | 34407 | 27237 | 13511 | 18728 | 26987 | 25948 | 24314 | 22384 |
| P/E (adj.) | 30.3 | 14.1 | 11.2 | 72.7 | 41.0 | 11.5 | 16.1 | 11.6 | 11.7 |
| P/E | 18.8 | 17.5 | 17.3 | neg. | >100 | 11.6 | 16.1 | 11.6 | 11.7 |
| P/B | 4.8 | 4.0 | 2.9 | 1.3 | 2.0 | 2.6 | 2.3 | 2.0 | 1.8 |
| P/S | 2.2 | 1.3 | 1.1 | 0.5 | 0.8 | 1.1 | 1.0 | 0.9 | 0.9 |
| EV/Sales | 2.2 | 1.3 | 1.2 | 0.7 | 1.0 | 1.3 | 1.1 | 0.9 | 0.8 |
| EV/EBITDA | 12.8 | 11.3 | 10.7 | 13.4 | 13.0 | 7.7 | 9.0 | 6.9 | 6.3 |
| EV/EBIT (adj.) | 25.0 | 11.9 | 10.5 | 49.5 | 25.0 | 10.3 | 13.8 | 9.5 | 8.8 |
| Payout ratio (%) | 36% | 62% | 64% | neg. | 107% | 18% | 33% | 31% | 50% |
| Dividend yield-% | 1.9 % | 3.5 % | 3.7 % | 1.6 % | 1.0 % | 1.6 % | 2.1 % | 2.7 % | 4.3 % |

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 |
| Total SA | 173817 | 205630 | 6.5 | 7.6 | 4.6 | 5.2 | 1.0 | 1.1 | 8.1 | 9.0 | 4.7 | 4.8 | 1.5 |
| ENI SPA | 69538 | 96171 | 7.4 | 8.5 | 4.8 | 5.2 | 1.0 | 1.1 | 9.2 | 10.1 | 4.8 | 5.0 | 1.4 |
| Koc Holding AS | 9358 | 23786 | 9.1 | 7.0 | 5.8 | 4.5 | 0.4 | 0.3 | 9.8 | 6.7 | 3.6 | 3.9 | 0.5 |
| TURKIYE PETROL RAFINERILERI AS | 11282 | 9509 | 6.2 | 7.7 | 5.2 | 6.0 | 0.4 | 0.4 | 9.7 | 10.6 | 8.6 | 9.2 | 1.4 |
| MOL PLC | 9982 | 13052 | 8.2 | 8.0 | 4.3 | 4.2 | 0.6 | 0.6 | 8.6 | 8.1 | 6.5 | 6.8 | 0.8 |
| EQUINOR ASA | 87006 | 93925 | 2.6 | 3.4 | 2.1 | 2.6 | 0.9 | 1.0 | 8.2 | 10.7 | 3.9 | 4.1 | 2.2 |
| VALERO ENERGY CORP | 79713 | 87229 | 7.6 | 10.3 | 6.2 | 8.3 | 0.7 | 0.8 | 9 | 13.2 | 1.6 | 1.7 | 3.4 |
| HELLENIC PETROLEUM SA | 3833 | 6800 | 8.0 | 9.8 | 5.6 | 6.2 | 0.5 | 0.5 | 6.5 | 8.2 | 5.7 | 5.0 | 1.3 |
| POLSKI KONCERN NAFTOWY ORLEN SA | 41769 | 41944 | 6.1 | 6.8 | 4.1 | 4.3 | 0.6 | 0.7 | 9.4 | 10.5 | 4.5 | 4.2 | 1.1 |
| Neste (Inderes) | 24147 | 26987 | 10.3 | 13.8 | 7.7 | 9.0 | 1.3 | 1.1 | 11.5 | 16.1 | 1.6 | 2.1 | 2.6 |
| Average | | | 6.9 | 7.7 | 4.7 | 5.2 | 0.7 | 0.7 | 8.7 | 9.7 | 4.9 | 4.9 | 1.5 |
| Median | | | 7.4 | 7.7 | 4.8 | 5.2 | 0.6 | 0.7 | 9.1 | 10.1 | 4.7 | 4.8 | 1.4 |
| Diff-% to median | | | 39% | 80% | 60% | 74% | 96% | 54% | 26% | 61% | -66% | -57% | 89% |

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 | 20635 | 5017 | 4511 | 4534 | 4953 | 19016 | 5164 | 5986 | 5070 | 5318 | 21538 | 24436 | 27543 | 26693 |
| Oil Products | 11829 | 2936 | 2198 | 2167 | 2021 | 9322 | 2364 | 2640 | 1547 | 2073 | 8624 | 11070 | 11475 | 10260 |
| Renewable Products | 7321 | 1746 | 1915 | 1965 | 2470 | 8095 | 2317 | 2896 | 2743 | 2450 | 10406 | 11641 | 14328 | 14661 |
| Marketing & Services | 4687 | 1054 | 1042 | 1068 | 1147 | 4310 | 1358 | 1459 | 1400 | 1250 | 5467 | 4560 | 4520 | 4500 |
| Other | 125 | 47 | 41 | 37 | 41 | 166 | 41 | 46 | 40 | 45 | 172 | 165 | 170 | 172 |
| Eliminations | -3326 | -765 | -686 | -702 | -725 | -2878 | -916 | -1055 | -660 | -500 | -3131 | -3000 | -2950 | -2900 |
| EBITDA | 1005 | 200 | 246 | 447 | 545 | 1438 | 903 | 1144 | 803 | 650 | 3499 | 2880 | 3530 | 3565 |
| Depreciation | -980 | -224 | -229 | -231 | -250 | -934 | -217 | -226 | -222 | -222 | -887 | -996 | -968 | -1009 |
| EBIT (excl. NRI) | 273 | -15 | 113 | 301 | 349 | 748 | 643 | 977 | 581 | 428 | 2629 | 1884 | 2562 | 2556 |
| EBIT | 25 | -25 | 18 | 216 | 294 | 503 | 685 | 918 | 581 | 428 | 2612 | 1884 | 2562 | 2556 |
| Oil Products | 311 | 8 | -27 | 167 | 176 | 325 | 293 | 255 | 72 | 108 | 728 | 442 | 462 | 357 |
| Renewable Products | -75 | -19 | 30 | 31 | 109 | 151 | 310 | 724 | 499 | 312 | 1845 | 1414 | 2072 | 2171 |
| Marketing & Services | 73 | 10 | 26 | 27 | 19 | 82 | 41 | 17 | 21 | 19 | 98 | 76 | 78 | 78 |
| Other | -42 | -24 | -16 | -10 | -12 | -62 | 4 | -19 | -11 | -11 | -37 | -48 | -50 | -50 |
| Eliminations | 6 | 0 | 5 | 0 | 1 | 6 | -5 | 0 | 0 | 0 | -5 | 0 | 0 | 0 |
| Changes in fair value | -248 | 0 | 0 | 0 | 0 | 0 | 42 | -59 | 0 | 0 | -17 | 0 | 0 | 0 |
| Net financial items | -138 | -32 | -70 | -64 | -138 | -304 | -19 | 30 | -45 | -45 | -79 | -125 | -120 | -118 |
| PTP | -113 | -57 | -52 | 152 | 156 | 199 | 666 | 948 | 536 | 383 | 2533 | 1759 | 2442 | 2438 |
| Taxes | 19 | 17 | 16 | -46 | -42 | -55 | -133 | -183 | -80 | -57 | -454 | -264 | -366 | -366 |
| Minority interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net earnings | -94.8 | -39.7 | -36 | 106 | 114 | 144 | 533 | 765 | 456 | 325 | 2079 | 1495 | 2076 | 2072 |
| EPS (adj.) | 0.17 | -0.04 | 0.06 | 0.23 | 0.22 | 0.47 | 0.64 | 1.07 | 0.59 | 0.42 | 2.73 | 1.95 | 2.70 | 2.70 |
| EPS (rep.) | -0.12 | -0.05 | -0.05 | 0.14 | 0.15 | 0.19 | 0.69 | 1.00 | 0.59 | 0.42 | 2.71 | 1.95 | 2.70 | 2.70 |

| 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-% | -10.0 % | 4.5 % | -2.8 % | -19.4 % | -11.0 % | -7.8 % | 2.9 % | 32.7 % | 11.8 % | 7.4 % | 13.3 % | 13.5 % | 12.7 % | -3.1 % |
| Adjusted EBIT growth-% | -89.5 % | -104.8 % | 4412.0 % | 545.7 % | 510.2 % | 174.0 % | 4476.2 % | 765.9 % | 93.0 % | 22.6 % | 251.4 % | -28.3 % | 36.0 % | -0.2 % |
| EBITDA-% | 4.9 % | 4.0 % | 5.5 % | 9.9 % | 11.0 % | 7.6 % | 17.5 % | 19.1 % | 15.8 % | 12.2 % | 16.2 % | 11.8 % | 12.8 % | 13.4 % |
| Adjusted EBIT-% | 1.3 % | -0.3 % | 2.5 % | 6.6 % | 7.0 % | 3.9 % | 12.5 % | 16.3 % | 11.5 % | 8.0 % | 12.2 % | 7.7 % | 9.3 % | 9.6 % |
| Net earnings-% | -0.5 % | -0.8 % | -0.8 % | 2.3 % | 2.3 % | 0.8 % | 10.3 % | 12.8 % | 9.0 % | 6.1 % | 9.7 % | 6.1 % | 7.5 % | 7.8 % |

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 | 10026 | 9931 | 10254 | 9843 | 9460 |
| Goodwill | 514 | 478 | 478 | 478 | 478 |
| Intangible assets | 164 | 130 | 140 | 150 | 160 |
| Tangible assets | 8872 | 8908 | 9221 | 8800 | 8407 |
| 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 | 5535 | 7432 | 9946 |
| Inventories | 2898 | 2895 | 2702 | 3516 | 4131 |
| Other current assets | 163 | 140 | 140 | 140 | 140 |
| Receivables | 1539 | 1416 | 1831 | 2077 | 2341 |
| Cash and equivalents | 955 | 1367 | 862 | 1699 | 3333 |
| Balance sheet total | 15581 | 15749 | 15788 | 17275 | 19406 |

Source: Inderes

| Liabilities & equity | 2024 | 2025 | 2026e | 2027e | 2028e |
|---|---|---|---|---|---|
| Equity | 7417 | 7314 | 9239 | 10350 | 11927 |
| Share capital | 40 | 40 | 40 | 40 | 40 |
| Retained earnings | 7377 | 7274 | 9199 | 10310 | 11887 |
| 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 | 3839 | 3637 | 3637 |
| Deferred tax liabilities | 335 | 370 | 370 | 370 | 370 |
| Provisions | 144 | 165 | 165 | 165 | 165 |
| Interest bearing debt | 4362 | 4713 | 3202 | 3000 | 3000 |
| Convertibles | 0 | 0 | 0 | 0 | 0 |
| Other long term liabilities | 113 | 102 | 102 | 102 | 102 |
| Current liabilities | 3211 | 3085 | 2710 | 3288 | 3842 |
| Interest bearing debt | 786 | 470 | 500 | 500 | 500 |
| Payables | 2185 | 2440 | 2036 | 2613 | 3167 |
| Other current liabilities | 241 | 174 | 174 | 174 | 174 |
| Balance sheet total | 15581 | 15749 | 15788 | 17275 | 19406 |

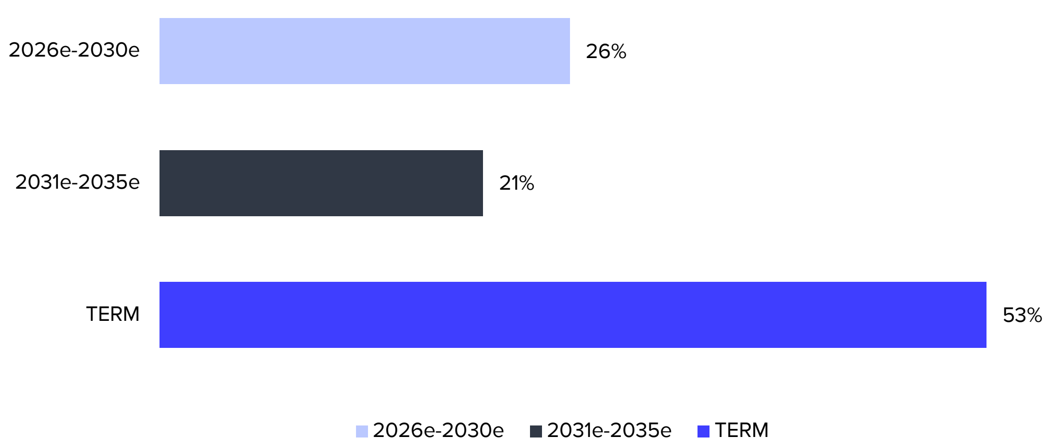
# DCF-calculation

| DCF model | 2025 | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e | 2032e | 2033e | 2034e | 2035e | TERM |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue growth-% | -7.8 % | 13.3 % | 13.5 % | 12.7 % | -3.1 % | 2.0 % | 2.0 % | 2.0 % | 2.0 % | 2.0 % | 2.0 % | 2.0 % |
| EBIT-% | 2.6 % | 12.1 % | 7.7 % | 9.3 % | 9.6 % | 10.0 % | 10.0 % | 10.0 % | 9.5 % | 9.0 % | 9.0 % | 9.0 % |
| EBIT (operating profit) | 503 | 2612 | 1884 | 2562 | 2556 | 2723 | 2777 | 2833 | 2745 | 2652 | 2705 | |
| + Depreciation | 934 | 887 | 996 | 968 | 1009 | 799 | 701 | 695 | 689 | 685 | 681 | |
| - Paid taxes | -19 | -454 | -264 | -366 | -366 | -391 | -399 | -408 | -395 | -381 | -519 | |
| - Tax, financial expenses | -46 | -14 | -19 | -18 | -18 | -18 | -18 | -18 | -18 | -18 | -25 | |
| + Tax, financial income | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | |
| - Change in working capital | 339 | -626 | -483 | -325 | 102 | -64 | -65 | -67 | -68 | -69 | -71 | |
| Operating cash flow | 1712 | 2405 | 2114 | 2821 | 3283 | 3050 | 2997 | 3036 | 2954 | 2870 | 2774 | |
| + Change in other long-term liabilities | 11 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| - Gross CAPEX | -839 | -1210 | -585 | -585 | -600 | -605 | -630 | -640 | -645 | -645 | -683 | |
| Free operating cash flow | 883 | 1195 | 1529 | 2236 | 2683 | 2445 | 2367 | 2396 | 2309 | 2225 | 2092 | |
| +/- Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| FCFF | 883 | 1195 | 1529 | 2236 | 2683 | 2445 | 2367 | 2396 | 2309 | 2225 | 2092 | 34470 |
| Discounted FCFF | | 1155 | 1367 | 1846 | 2048 | 1725 | 1544 | 1444 | 1287 | 1146 | 996 | 16409 |
| Sum of FCFF present value | | 30966 | 29811 | 28445 | 26598 | 24550 | 22825 | 21281 | 19837 | 18550 | 17405 | 16409 |
| Enterprise value DCF | | 30966 | | | | | | | | | | |
| - Interest bearing debt | | -5183 | | | | | | | | | | |
| + Cash and cash equivalents | | 1367 | | | | | | | | | | |
| + Associated companies | | 0 | | | | | | | | | | |
| -Minorities | | 0 | | | | | | | | | | |
| -Dividend/capital return | | -154 | | | | | | | | | | |
| Equity value DCF | | 26996 | | | | | | | | | | |
| Equity value DCF per share | | 35.1 | | | | | | | | | | |

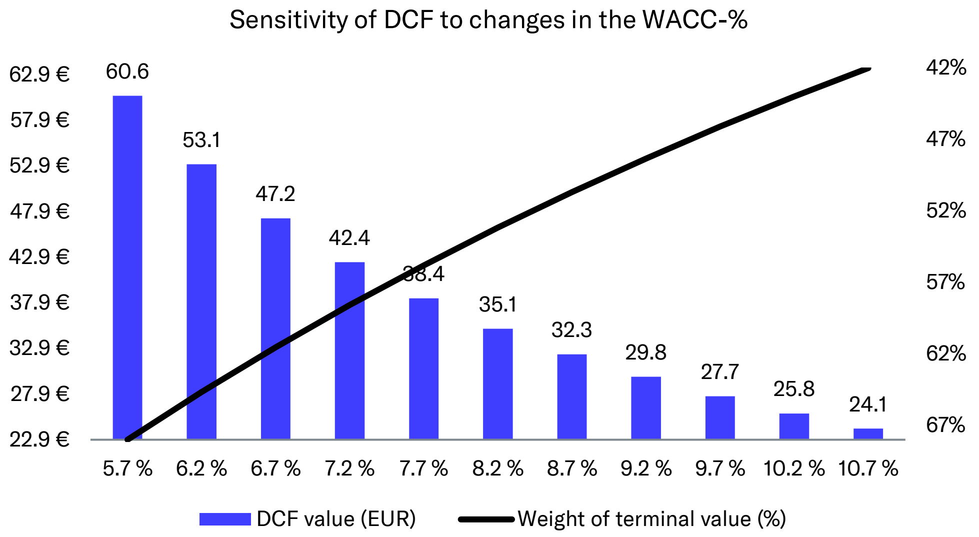
| WACC | |
|---|---|
| Tax-% (WACC) | 15.0 % |
| Target debt ratio (D/(D+E) | 20.0 % |
| Cost of debt | 4.0 % |
| Equity Beta | 1.45 |
| Market risk premium | 4.75% |
| Liquidity premium | 0.00% |
| Risk free interest rate | 2.5 % |
| Cost of equity | 9.4 % |
| Weighted average cost of capital (WACC)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

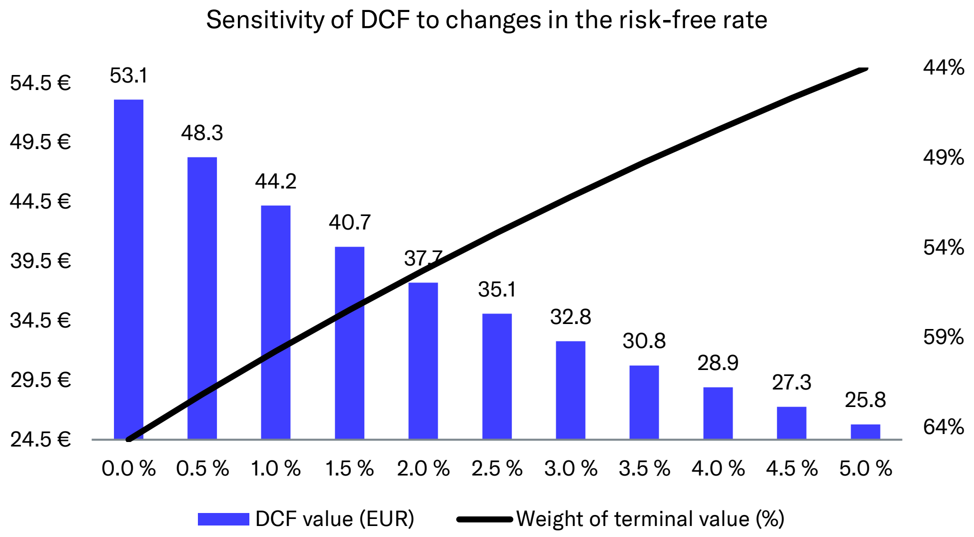
Source: Inderes

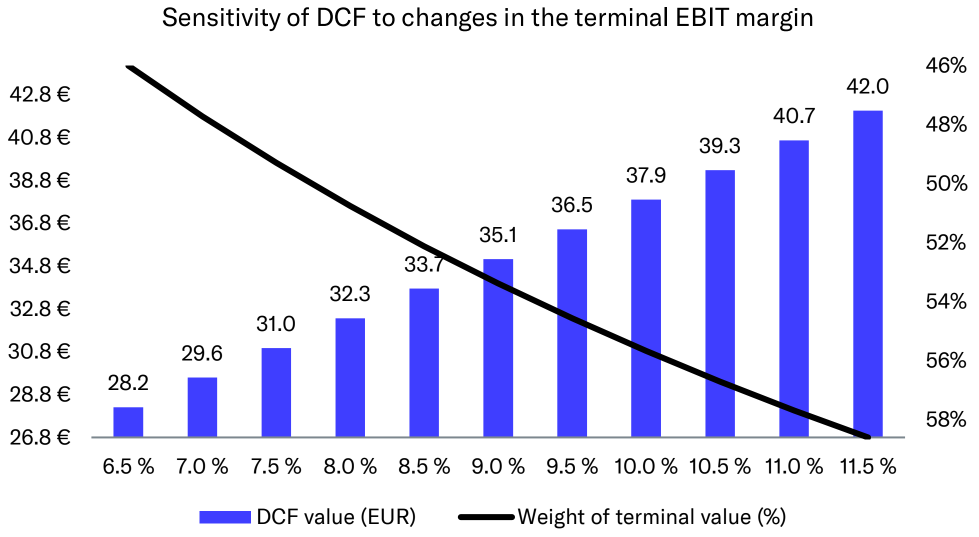
**Cash flow distribution**

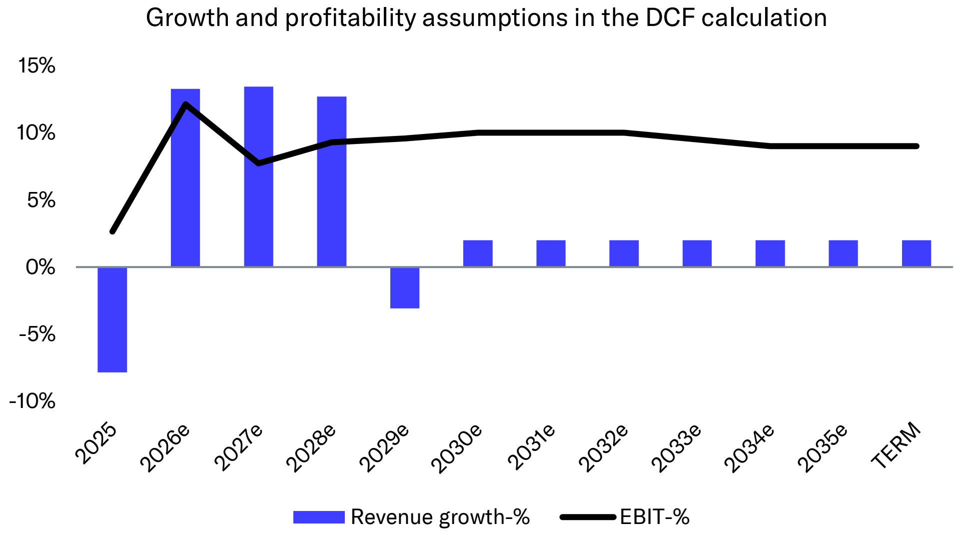


# DCF sensitivity calculations and key assumptions in graphs




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 | 22926 | 20635 | 19016 | 21538 | 24436 |
| EBITDA | 2548 | 1005 | 1438 | 3499 | 2880 |
| EBIT | 1682 | 25 | 503 | 2612 | 1884 |
| PTP | 1596 | -113 | 199 | 2533 | 1759 |
| Net Income | 1433 | -95 | 144 | 2079 | 1495 |
| Extraordinary items | -910 | -248 | -245 | -17 | 0 |

| Balance sheet | 2023 | 2024 | 2025 | 2026e | 2027e |
|---|---|---|---|---|---|
| Balance sheet total | 15983 | 15581 | 15749 | 15788 | 17275 |
| Equity capital | 8463 | 7417 | 7314 | 9239 | 10350 |
| Goodwill | 496 | 514 | 478 | 478 | 478 |
| Net debt | 2493 | 4193 | 3816 | 2840 | 1801 |

| Cash flow | 2023 | 2024 | 2025 | 2026e | 2027e |
|---|---|---|---|---|---|
| EBITDA | 2548 | 1005 | 1438 | 3499 | 2880 |
| Change in working capital | 224 | 568 | 339 | -626 | -483 |
| Operating cash flow | 2516 | 1492 | 1712 | 2405 | 2114 |
| CAPEX | -2247 | -2058 | -839 | -1210 | -585 |
| Free cash flow | 223 | -638 | 883 | 1195 | 1529 |

| Valuation multiples | 2023 | 2024 | 2025 | 2026e | 2027e |
|---|---|---|---|---|---|
| EV/S | 1.2 | 0.7 | 1.0 | 1.3 | 1.1 |
| EV/EBITDA | 10.7 | 13.4 | 13.0 | 7.7 | 9.0 |
| EV/EBIT (adj.) | 10.5 | 49.5 | 25.0 | 10.3 | 13.8 |
| P/E (adj.) | 11.2 | 72.7 | 41.0 | 11.5 | 16.1 |
| P/B | 2.9 | 1.3 | 2.0 | 2.6 | 2.3 |
| Dividend-% | 3.7 % | 1.6 % | 1.0 % | 1.6 % | 2.1 % |

Source: Inderes

| Per share data | 2023 | 2024 | 2025 | 2026e | 2027e |
|---|---|---|---|---|---|
| EPS (reported) | 1.86 | -0.12 | 0.19 | 2.71 | 1.95 |
| EPS (adj.) | 2.88 | 0.17 | 0.47 | 2.73 | 1.95 |
| OCF / share | 3.28 | 1.94 | 2.23 | 3.13 | 2.75 |
| OFCF / share | 0.29 | -0.83 | 1.15 | 1.55 | 1.99 |
| Book value / share | 11.02 | 9.65 | 9.52 | 12.03 | 13.47 |
| Dividend / share | 1.20 | 0.20 | 0.20 | 0.50 | 0.65 |

| Growth and profitability | 2023 | 2024 | 2025 | 2026e | 2027e |
|---|---|---|---|---|---|
| Revenue growth-% | -11% | -10% | -8% | 13% | 13% |
| EBITDA growth-% | -16% | -61% | 43% | 143% | -18% |
| EBIT (adj.) growth-% | -11% | -89% | 174% | 251% | -28% |
| EPS (adj.) growth-% | -5% | -94% | 184% | 476% | -29% |
| EBITDA-% | 11.1 % | 4.9 % | 7.6 % | 16.2 % | 11.8 % |
| EBIT (adj.)-% | 11.3 % | 1.3 % | 3.9 % | 12.2 % | 7.7 % |
| EBIT-% | 7.3 % | 0.1 % | 2.6 % | 12.1 % | 7.7 % |
| ROE-% | 17.1 % | -1.2 % | 2.0 % | 25.1 % | 15.3 % |
| ROI-% | 14.3 % | 0.2 % | 4.0 % | 20.5 % | 14.1 % |
| Equity ratio | 53.0 % | 47.6 % | 46.4 % | 58.5 % | 59.9 % |
| Gearing | 29.5 % | 56.5 % | 52.2 % | 30.7 % | 17.4 % |
| Net debt/EBITDA | 1.0 | 4.2 | 2.7 | 0.8 | 0.6 |
| EBITDA/net financials | 29.6 | 7.3 | 4.7 | 44.3 | 23.1 |

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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| | |
|---|---|
| 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 |

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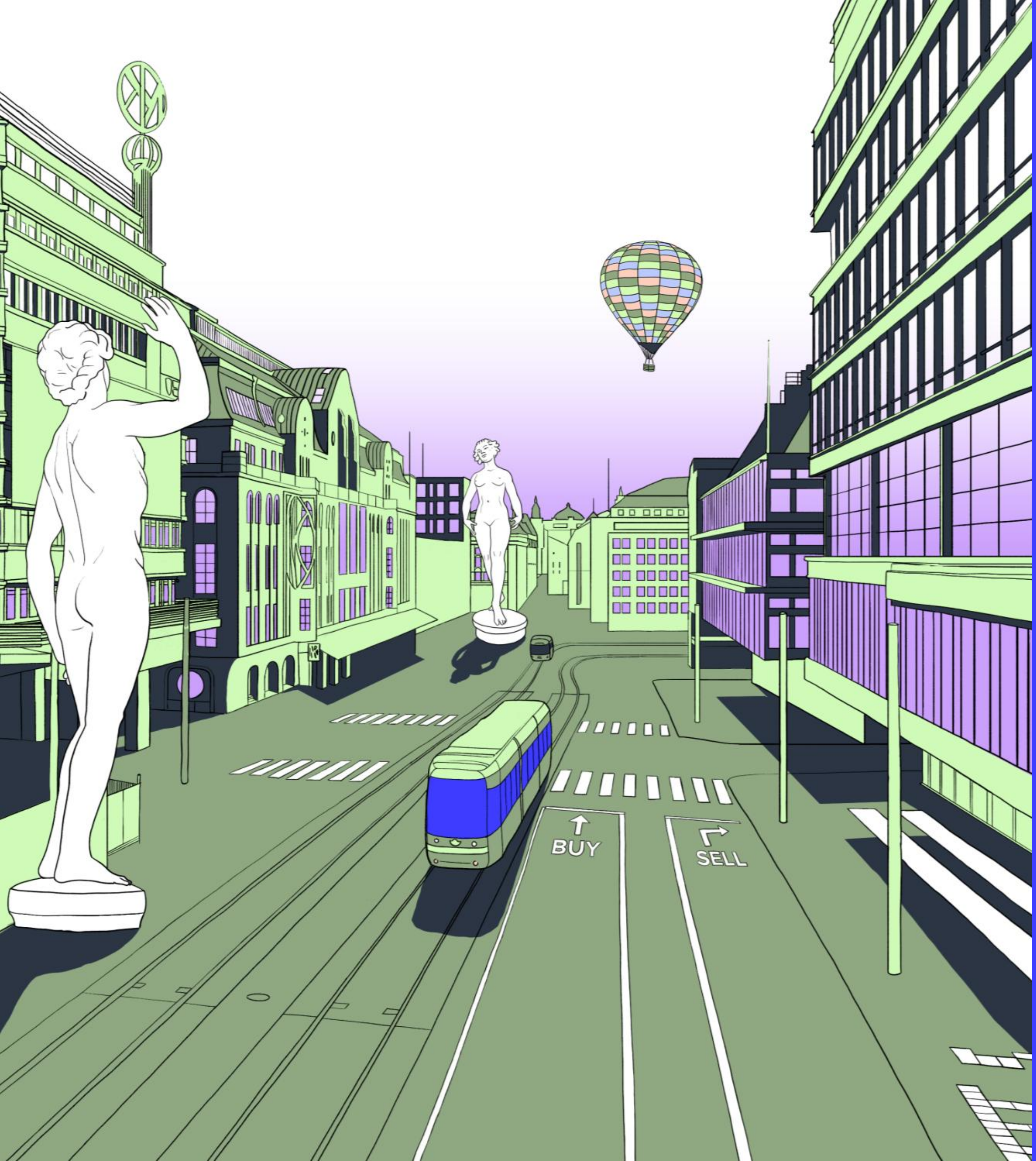
Recommendation history (>12 mo)

| Date | Recommendation | Target | Share price |
|---|---|---|---|
| 2/9/2023 | Reduce | 50.00 € | 47.50 € |
| 4/24/2023 | Accumulate | 48.00 € | 43.77 € |
| 5/2/2023 | Accumulate | 48.00 € | 43.94 € |
| 7/28/2023 | Accumulate | 39.00 € | 32.57 € |
| 10/27/2023 | Accumulate | 37.00 € | 31.90 € |
| 2/9/2024 | Buy | 35.00 € | 27.74 € |
| 4/25/2024 | Buy | 30.00 € | 22.49 € |
| 5/15/2024 | Accumulate | 21.50 € | 18.88 € |
| 7/26/2024 | Accumulate | 21.00 € | 18.12 € |
| 9/12/2024 | Accumulate | 19.00 € | 16.06 € |
| 10/25/2024 | Accumulate | 17.50 € | 14.39 € |
| 11/11/2024 | Accumulate | 15.50 € | 12.83 € |
| 2/17/2025 | Reduce | 11.50 € | 10.47 € |
| 4/28/2025 | Reduce | 9.00 € | 7.98 € |
| 4/30/2025 | Reduce | 9.00 € | 8.90 € |
| 7/25/2025 | Reduce | 14.00 € | 14.82 € |
| 10/28/2025 | Reduce | 18.00 € | 18.40 € |
| 10/30/2025 | Reduce | 18.00 € | 18.92 € |
| 2/3/2026 | Reduce | 22.00 € | 21.35 € |
| 2/6/2026 | Reduce | 22.00 € | 20.63 € |
| 4/20/2026 | Accumulate | 26.50 € | 23.49 € |
| 4/30/2026 | Accumulate | 33.00 € | 29.43 € |
| 7/10/2026 | Accumulate | 34.00 € | 29.10 € |
| 7/27/2026 | Accumulate | 35.00 € | 31.43 € |

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