

NESTE

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Petri Gostowski
+358 40 821 5982
petri.gostowski@inderes.fi

COMPANY REPORT



Strength in the European market

Neste will publish its Q3 report on Wednesday at around 9.00 am EET. Earnings are expected to have strengthened from the comparison period, which set a low bar. The recent strengthening of the European renewable diesel market is positive for Neste, and the uncertainty related to the coming years has clearly decreased. Reflecting this, we have made clear forecast upgrades, but we believe that due to the recent rally, the stock is already pricing these in. Against this backdrop, we raise our target price to EUR 18.0 (was EUR 14.0) but reiterate our Reduce recommendation.

Earnings strengthen from a subdued comparison period

We forecast Neste's Q3 comparable EBITDA to have risen from a weak comparison period level to 434 MEUR (was 383 MEUR), which is below the median forecast of a very fragmented consensus. The European renewable diesel market has been strong since early summer, reflecting its supply-constrained nature. Reflecting this, spot prices have risen significantly, and we have made upward revisions to our short-term forecasts. However, it should be noted that Neste had already sold part of its Q3 sales at this stage, and in addition, it has, as usual, had annual contracts for 2/3 of its annual sales concluded in different market situations. Thus, Renewable Products' ability to benefit from short-term market developments has been limited.

Our forecast for Renewable Products' sales volume in Q3 is 1.1 Mtons, representing a healthy 10% growth from the comparison period. We also forecast the segment's sales margin to have risen to USD 450/ton (Q3'24: USD 341/ton), which is still an absolutely modest level given the aforementioned factors. We also expect a slight improvement in the result for Oil Products due to product margins and thus a higher refining margin (Q3'25e USD 12.5/bbl vs. Q3'24 USD 10.6/bbl).

Guidance likely to be reiterated, focus on margin outlook

Neste has guided that sales volumes in Renewable Products and Oil Products will grow from the previous year. This reiteration in the Q3 report should be a given due to the low comparison figures. In our assessment, Neste's ability to improve its margin for Q4 is limited, partly due to its restricted capacity to benefit from the spot market because of annual contracts and maintenance activities. The recent rise in the European spot margin indicates a significantly healthier market situation than before, and it comes at a crucial time, also considering Neste's investment outlook. More important than the short-term margin level, however, is where the margin for 2026-2028 settles. In line with recent developments, we have raised our forecasts for this, and our EBITDA forecasts for 2026-2027 increased by 5% and 11%. We note that the balance of supply and demand can change rapidly, as there is still global overcapacity in the market.

Pricing reflects a healthy market situation

The valuation of the stock is quite high in relation to the company's current earnings level (2025e EV/EBIT multiple 41x). As the margins of Renewable Products recover, the market's focus has shifted to the company's earnings potential in the coming years. We have estimated the valuation level of Renewable Products in a sum-of-the-parts calculation, based on which Renewable Products is valued at approximately 10x EV/EBIT multiple relative to our estimated earnings level for 2028-2029. This earnings potential relies on the assumption of a healthy market situation and a sales margin higher than recent historical levels. Thus, in our view, the current share price already includes significant assumptions about a sustainable recovery in the market situation. At the same time, we believe that a good expected return at the current share price level would require stretching margin expectations too high.

Recommendation

Reduce

(was Reduce)

Target price:

EUR 18.00

(was EUR 14.00)

Share price:

EUR 18.40

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	20635	20695	22099	25268
growth-%	-10%	0%	7%	14%
EBIT adj.	273	459	896	1347
EBIT-% adj.	1.3 %	2.2 %	4.1 %	5.3 %
Net income	-95	172	624	1017
EPS (adj.)	0.17	0.35	0.81	1.32
P/E (adj.)	72.7	53.0	22.6	13.9
P/B	1.3	1.9	1.8	1.6
Dividend yield-%	1.6 %	1.1 %	1.1 %	1.4 %
EV/EBIT (adj.)	49.5	40.8	20.8	13.2
EV/EBITDA	13.4	14.8	9.9	7.6
EV/S	0.7	0.9	0.8	0.7

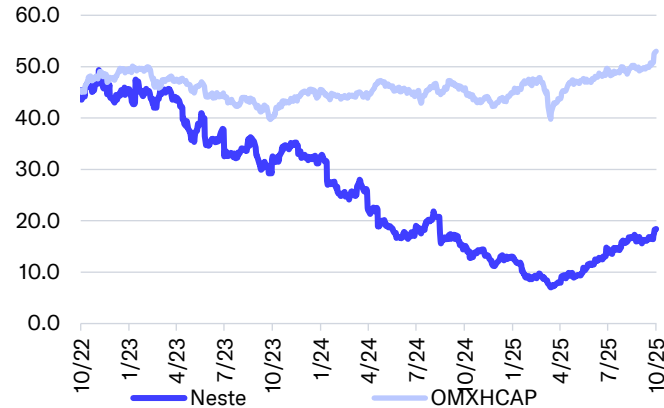
Source: Inderes

Guidance

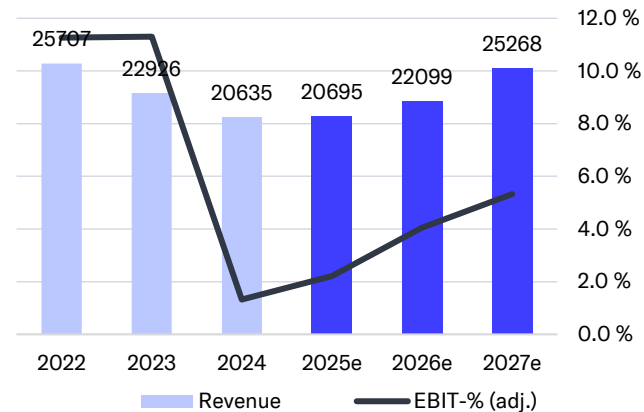
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Sales volumes of Renewable Products and Oil Products are expected to be higher in 2025 than in 2024.

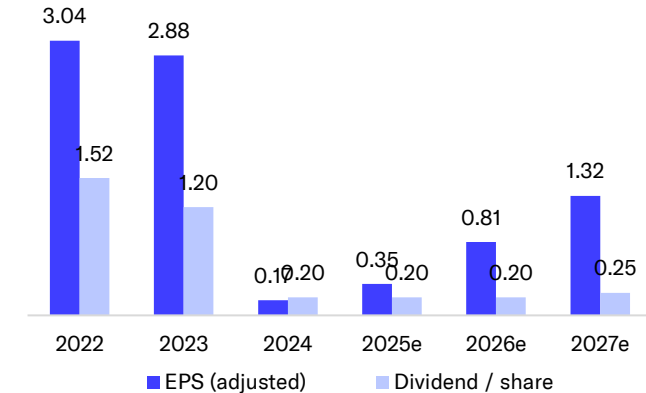
Share price



Revenue and EBIT %



EPS and dividend



Value drivers

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

Risk factors

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

Valuation	2025e	2026e	2027e
Share price	18.40	18.40	18.40
Number of shares, millions	768.2	768.2	768.2
Market cap	14135	14135	14135
EV	18735	18637	17795
P/E (adj.)	53.0	22.6	13.9
P/E	82.2	22.6	13.9
P/B	1.9	1.8	1.6
P/S	0.7	0.6	0.6
EV/Sales	0.9	0.8	0.7
EV/EBITDA	14.8	9.9	7.6
EV/EBIT (adj.)	40.8	20.8	13.2
Payout ratio (%)	89.4 %	24.6 %	18.9 %
Dividend yield-%	1.1 %	1.1 %	1.4 %

Source: Inderes

Earnings strengthen from a subdued comparison period

The bar set by the comparison period is low

We expect Neste's comparable EBITDA to rise from a low comparison period level to 434 MEUR. This earnings level is also low in absolute terms compared to Neste's own history, which is explained by the still subdued, albeit improving from the comparison period, earnings level in Renewable Products.

We anticipate earnings growth from volumes and margins in Renewable Products

We estimate that Renewable Products achieved a comparable EBITDA of 238 MEUR (Q3'24: 106 MEUR) driven by higher sales volumes and a year-on-year improvement in the sales margin Our forecast improvement in sales margin (Q3'25e 450 \$/ton vs. Q3'24 341 \$/ton) is driven by a higher diesel price, which is an important reference for pricing. European renewable diesel spot prices have been on a strong upward trend since the

beginning of the summer, but Neste's ability to benefit from these prices is limited by the fact that a large portion of Q3 spot sales (i.e. sales outside annual contracts) were already booked before prices rose. However, an even larger factor is, of course, annual contracts, which typically cover 2/3 of Neste's sales. Neste's usual maintenance activities in Rotterdam and Singapore production in H2 also affect its ability to benefit from the current market situation.

Oil Products also has better cards in store

We estimate that the comparable EBITDA for Oil Products increased to 163 MEUR from 141 MEUR in the comparison period. The segment's earnings improvement in our forecasts is driven by an increase in the overall refining margin, which is a result of higher product margins. In Q3, product margins for both gasoline and diesel have been on an upward trend, reflecting which we forecast the total refining margin to have risen to USD 12.5/bbl from USD 10.6/bbl in the comparison period. Instead, volume growth

has not been a factor in our Oil Products forecasts, as low economic activity has, in our view, limited demand growth.

MEUR / EUR	Q3'24 Comparison	Q3'25 Actualized	Q3'25e Inderes	Q3'25e Consensus	Consensus Low High	2025e Inderes
Revenue	5624		5195	5157	3737 - 6458	20695
EBITDA (adj.)	293		434	461	349 - 530	1374
PTP	27		168	-	- - -	183
EPS (adj.)	0.02		0.19	0.21	0.05 - 0.29	0.35
Revenue growth-%	-5.8 %		-7.6 %	-8.3 %	-33.6 % - 14.8 %	0.3 %
EBITDA-% (adj.)	5.2 %		8.4 %	8.9 %	9.3 % - 8.2 %	6.6 %

Source: Inderes & Vara
Research (consensus, 18
forecasts)

Guidance likely to be reiterated, focus on margin outlook

Guidance reiterated, attention to margin comments

Neste has guided that 2025 sales volumes will grow from 2024 in both Renewable Products and Oil Products. The company is likely to reiterate this guidance, as achieving it should not be challenging. Sales volume growth in Oil Products is driven by volumes normalizing from the 2024 level, which was impacted by the Porvoo maintenance shutdown. In Renewable Products, the company has more capacity in use compared to 2024, which was characterized by the ramp-up of the new Singapore line and production challenges.

However, the key question for the company's earnings development is the margin outlook for Renewable Products. We expect the company to comment on the short-term margin outlook to some extent, even though the company has not provided actual guidance on the margin this year.

Upward pressure on forecasts for the coming years

In connection with the report, we significantly raised our forecasts for the coming years. At the group level, the EBITDA forecasts for 2026-2027 rose by 5-8%, but beneath the surface, the forecasts for Renewable Products increased significantly more. This is due to the fact that our forecasts for Oil Products decreased when we examined, among other things, the effects of the Porvoo turnaround on next year's forecasts and updated our forecasts in line with the development of the EUR/USD currency pair.

The upward driver for the forecast changes was the increase in expected sales margins for Renewable Products. These are driven by positive news flow regarding the European Renewable Diesel market, as the market has been supply-constrained, and planned tightening of regulations (RED III) are guiding national emission reduction targets. This, in turn, is likely to increase the demand for Renewable Diesel. The balance between supply and

demand is overshadowed by global overcapacity, a significant portion of which is in the United States. However, due to the import tariffs imposed, this capacity will not enter the European market, at least for the time being. There is some concern about the current overcapacity situation, but in light of current information, we expect the sales margin for Renewable Products to continue on an upward trend (2026-2028 USD 555/ton).

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	21314	20695	-3%	22248	22099	-1%	25386	25268	0%
EBITDA	1222	1269	4%	1783	1874	5%	2104	2344	11%
EBIT (exc. NRIs)	412	459	12%	804	896	11%	1107	1347	22%
EBIT	307	354	16%	804	896	11%	1107	1347	22%
PTP	135	183	35%	639	735	15%	950	1197	26%
EPS (excl. NRIs)	0.29	0.35	18%	0.71	0.81	15%	1.05	1.32	26%
DPS	0.20	0.20	0%	0.20	0.20	0%	0.25	0.25	0%

Source: Inderes

Pricing reflects a healthy market situation

Valuation multiples are inherently a poor yardstick

Based on our updated estimates for, P/E ratios for 2025-2026 are 53x and 23x, while the corresponding EV/EBIT ratios are 41x and 21x. Thus, the earnings-based valuation for the next few years is quite high. However, in our opinion, the usability of earnings-based multiples is weakened by the fact that the demand and thus growth prospects, as well as capital return levels, of Neste's Renewable Products and Oil Products segments are different. As a result, we believe that very different valuation levels can be justified for the businesses.

The market is already pricing in significantly better performance in Renewable Products

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 (1.9 billion), the value of Marketing & Services (1.4 billion), and the value of the Other reporting segment (which includes group costs, ~-550 MEUR) from the company's current enterprise value (18.8 billion), the total enterprise value remains at around 15 BNEUR. This gives a rough idea of how the market currently values the Renewable Products segment.

An enterprise value of 15 BNEUR corresponds to a 10x EV/EBIT multiple based on our 2028-2029 Renewable Products forecasts. The forecasts for these years reflect our estimated earnings potential when the Rotterdam expansion is at full flight and the company can realize the expected volume growth from it. The sales margin achieved by the company at that time naturally has a

significant impact on the earnings potential for 2028-2029. As the market continues to suffer from oversupply, estimating the long-term margin level is very challenging. Our forecast is based on a sales margin of USD 560/ton in 2028-2029, which we estimate to be a healthy level, but far from the peak years (2023 USD 863/ton). We consider this justified given the prevailing oversupply situation and believe that a significantly higher margin level would attract more investments, which in turn would put pressure on the margin.

In our view, a 10x EV/EBIT multiple is a moderate level for Renewable Products over time, but we believe that the market situation in recent years (i.e., margin volatility) has increased the required return for the business. Thus, for example, the valuation levels for Renewable Products in 2021-2023 (EV/EBIT 15-18x) are not justifiable in our opinion. In our view, a justified valuation level for a high-quality but capital-intensive business like Renewable Products could be around 12-15x EV/EBIT. However, at this level, the correction in the valuation's upside does not, in our opinion, offer a sufficiently attractive annual expected return from the current starting point. Thus, in our view, an attractive expected return at the current share price requires the long-term margin level to be higher than we forecast. Considering the continued global oversupply and the potential for supply growth, we do not believe that relying on a significantly higher long-term margin level is an attractive strategy. Against this backdrop, we consider the share's current risk/reward ratio to be weak.

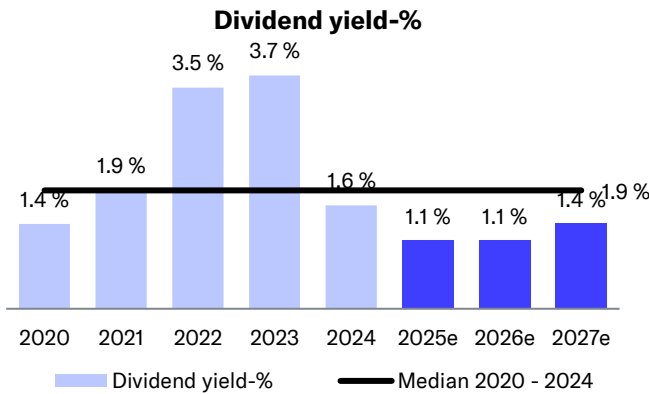
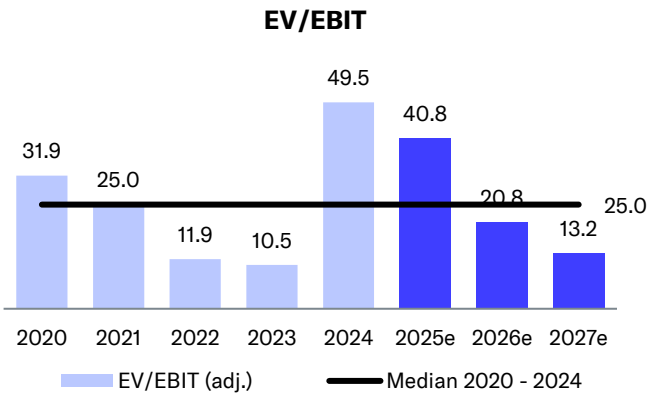
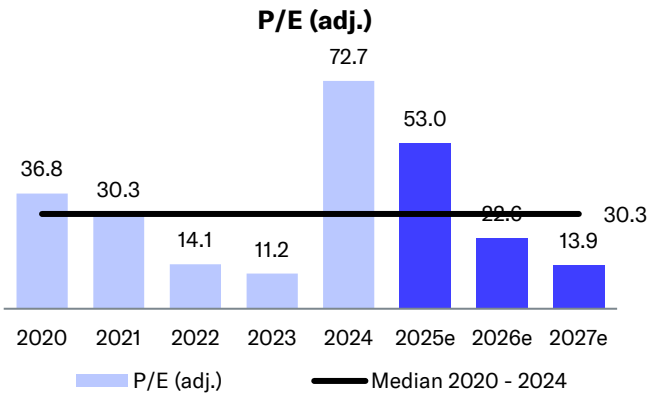
Valuation	2025e	2026e	2027e
Share price	18.40	18.40	18.40
Number of shares, millions	768.2	768.2	768.2
Market cap	14135	14135	14135
EV	18735	18637	17795
P/E (adj.)	53.0	22.6	13.9
P/E	82.2	22.6	13.9
P/B	1.9	1.8	1.6
P/S	0.7	0.6	0.6
EV/Sales	0.9	0.8	0.7
EV/EBITDA	14.8	9.9	7.6
EV/EBIT (adj.)	40.8	20.8	13.2
Payout ratio (%)	89.4 %	24.6 %	18.9 %
Dividend yield-%	1.1 %	1.1 %	1.4 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	59.2	43.4	43.02	32.21	12.13	18.4	18.4	18.4	18.4
Number of shares, millions	768	768	768	768	768	768	768	768	768
Market cap	45425	33299	33043	24744	9318	14135	14135	14135	14135
EV	45212	33494	34407	27237	13511	18735	18637	17795	16434
P/E (adj.)	36.8	30.3	14.1	11.2	72.7	53.0	22.6	13.9	9.1
P/E	63.8	18.8	17.5	17.3	neg.	82.2	22.6	13.9	9.1
P/B	7.7	4.8	4.0	2.9	1.3	1.9	1.8	1.6	1.4
P/S	3.9	2.2	1.3	1.1	0.5	0.7	0.6	0.6	0.5
EV/Sales	3.8	2.2	1.3	1.2	0.7	0.9	0.8	0.7	0.6
EV/EBITDA	30.0	12.8	11.3	10.7	13.4	14.8	9.9	7.6	5.5
EV/EBIT (adj.)	31.9	25.0	11.9	10.5	49.5	40.8	20.8	13.2	8.4
Payout ratio (%)	86%	36%	62%	64%	neg.	89%	25%	19%	15%
Dividend yield-%	1.4 %	1.9 %	3.5 %	3.7 %	1.6 %	1.1 %	1.1 %	1.4 %	1.6 %

Source: Inderes



The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Total SA	118957	152321	7.1	7.4	4.7	4.8	0.9	0.9	9.0	8.9	6.1	6.3	1.2
ENI SPA	49832	76020	8.6	8.8	4.6	4.6	0.9	0.9	10.8	10.5	6.6	6.9	1.0
Koc Holding AS	8934	23380	9.1	6.6	6.7	5.1	0.5	0.4	15.1	6.6	3.3	3.6	0.6
TURKIYE PETROL RAFINERILERI AS	7578	6650	7.4	6.2	5.6	4.8	0.4	0.4	10.3	7.4	8.3	9.7	1.1
MOL PLC	5795	8548	5.6	5.7	3.1	3.1	0.4	0.4	5.7	5.7	9.9	9.8	0.5
EQUINOR ASA	53880	62293	2.5	2.8	1.4	1.5	0.7	0.8	8.7	8.3	6.2	6.5	1.5
VALERO ENERGY CORP	44876	52786	22.1	12.3	8.9	7.9	0.5	0.5	19	14.6	2.6	2.8	2.2
HELLENIC PETROLEUM SA	2506	5150	11.5	10.8	6.2	6.1	0.5	0.5	8.7	8.8	6.3	6.7	0.9
POLSKI KONCERN NAFTOWY ORLEN SA	26699	27693	5.2	5.6	3.2	3.2	0.5	0.5	8.0	8.7	6.0	6.0	0.8
Neste (Inderes)	14135	18735	40.8	20.8	14.8	9.9	0.9	0.8	53.0	22.6	1.1	1.1	1.9
Average			8.8	7.4	4.9	4.6	0.6	0.6	10.5	8.8	6.1	6.5	1.1
Median			7.4	6.6	4.7	4.8	0.5	0.5	9.0	8.7	6.2	6.5	1.0
Diff-% to median			453%	216%	211%	108%	97%	79%	486%	161%	-82%	-83%	92%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	22926	4801	4642	5624	5568	20635	5017	4511	5195	5972	20695	22099	25268	28695
Oil Products	13285	2669	2436	3400	3324	11829	2936	2198	2700	3346	11180	11529	13530	14025
Renewable Products	8466	1766	1852	1823	1880	7321	1746	1915	2145	2306	8112	9164	10288	13165
Marketing & Services	5168	1234	1165	1180	1108	4687	1054	1042	1150	1125	4371	4650	4750	4800
Other	100	18	24	44	39	125	47	41	25	25	138	105	100.0	105
Eliminations	-4094	-887	-834	-822	-783	-3326	-765	-686	-825	-830	-3106	-3350	-3400	-3400
EBITDA	2548	442	119	301	144	1005	200	246	434	389	1269	1874	2344	3015
Depreciation	-866	-242	-237	-247	-254	-980	-224	-229	-231	-231	-915	-978	-997	-1057
EBIT (excl. NRI)	2592	309	3	47	-85	273	-15	113	203	158	459	896	1347	1958
EBIT	1682	200	-119	54	-110	25	-25	18	203	158	354	896	1347	1958
Oil Products	1127	203	-9	54	63	311	8	-27	91	104	177	230	339	406
Renewable Products	1426	94	5	-37	-136	-75	-19	30	96	50	157	637	980	1524
Marketing & Services	85	16	16	24	17	73	10	26	27	15	78	73	76	78
Other	-48	-4	-13	0	-25	-42	-24	-16	-11	-11	-62	-45	-48	-50
Eliminations	2	0	4	5	-3	6	0	5	0	0	5	0	0	0
Changes in fair value	-910	-109	-121	7	-25	-248	0	0	0	0	0	0	0	0
Net financial items	-86	-11	-50	-27	-50	-138	-32	-70	-35	-35	-172	-161	-150	-121
PTP	1596	189	-169	27	-160	-113	-57	-52	168	123	183	735	1197	1836
Taxes	-160	-27	24	-4	26	19	17	16	-25	-18	-11	-110	-180	-275
Minority interest	-3	0	0	0	0	0	0	0	0	0	0	0	0	0
Net earnings	1433	162	-144	23	-135	-95	-40	-36	143	105	172	624	1017	1561
EPS (adj.)	2.88	0.33	-0.05	0.02	-0.13	0.17	-0.04	0.06	0.19	0.14	0.35	0.81	1.32	2.03
EPS (rep.)	1.86	0.21	-0.19	0.03	-0.18	-0.12	-0.05	-0.05	0.19	0.14	0.22	0.81	1.32	2.03

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	-10.8 %	-9.4 %	-13.2 %	-5.8 %	-11.7 %	-10.0 %	4.5 %	-2.8 %	-7.6 %	7.3 %	0.3 %	6.8 %	14.3 %	13.6 %
Adjusted EBIT growth-%	-10.6 %	-52.6 %	-99.6 %	-94.4 %	-115.7 %	-89.5 %	-104.8 %	4412.0 %	336.1 %	-285.7 %	68.3 %	95.0 %	50.4 %	45.4 %
EBITDA-%	11.1 %	9.2 %	2.6 %	5.3 %	2.6 %	4.9 %	4.0 %	5.5 %	8.4 %	6.5 %	6.1 %	8.5 %	9.3 %	10.5 %
Adjusted EBIT-%	11.3 %	6.4 %	0.1 %	0.8 %	-1.5 %	1.3 %	-0.3 %	2.5 %	3.9 %	2.6 %	2.2 %	4.1 %	5.3 %	6.8 %
Net earnings-%	6.2 %	3.4 %	-3.1 %	0.4 %	-2.4 %	-0.5 %	-0.8 %	-0.8 %	2.8 %	1.8 %	0.8 %	2.8 %	4.0 %	5.4 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	8858	10026	10221	10403	9991
Goodwill	496	514	514	514	514
Intangible assets	185	164	174	184	194
Tangible assets	7786	8872	9057	9229	8807
Associated companies	58	53	53	53	53
Other investments	54	40	40	40	40
Other non-current assets	152	161	161	161	161
Deferred tax assets	127	222	222	222	222
Current assets	7125	5555	5751	6152	7061
Inventories	3366	2898	3001	3226	3740
Other current assets	271	163	163	163	163
Receivables	1913	1539	1759	1878	2148
Cash and equivalents	1575	955	828	884	1011
Balance sheet total	15983	15581	15972	16555	17052

Source: Inderes

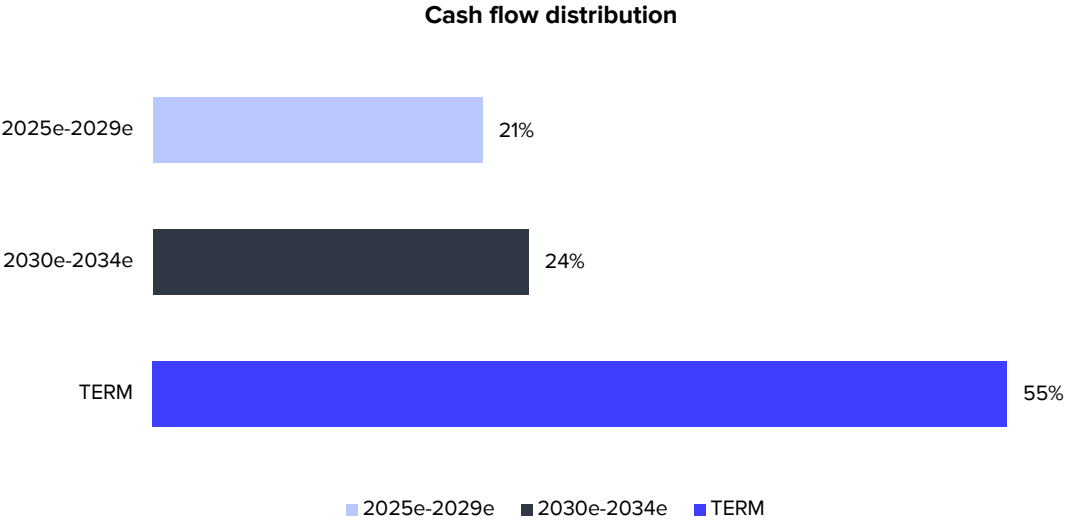
Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	8463	7417	7435	7906	8770
Share capital	40	40	40	40	40
Retained earnings	8423	7377	7395	7866	8730
Hybrid bonds	0	0	0	0	0
Revaluation reserve	0	0	0	0	0
Other equity	0	0	0	0	0
Minorities	0	0	0	0	0
Non-current liabilities	4132	4954	5519	5477	4762
Deferred tax liabilities	317	335	335	335	335
Provisions	187	144	144	144	144
Interest bearing debt	3487	4362	4928	4886	4171
Convertibles	0	0	0	0	0
Other long term liabilities	141	113	113	113	113
Current liabilities	3388	3211	3017	3171	3520
Interest bearing debt	581	786	500	500	500
Payables	2580	2185	2276	2431	2779
Other current liabilities	227	241	241	241	241
Balance sheet total	15983	15581	15972	16555	17052

DCF calculation

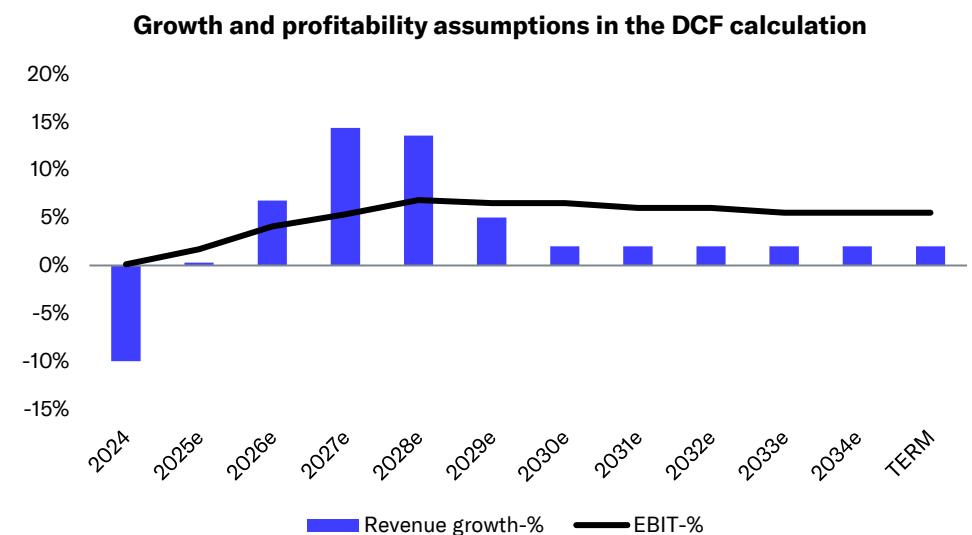
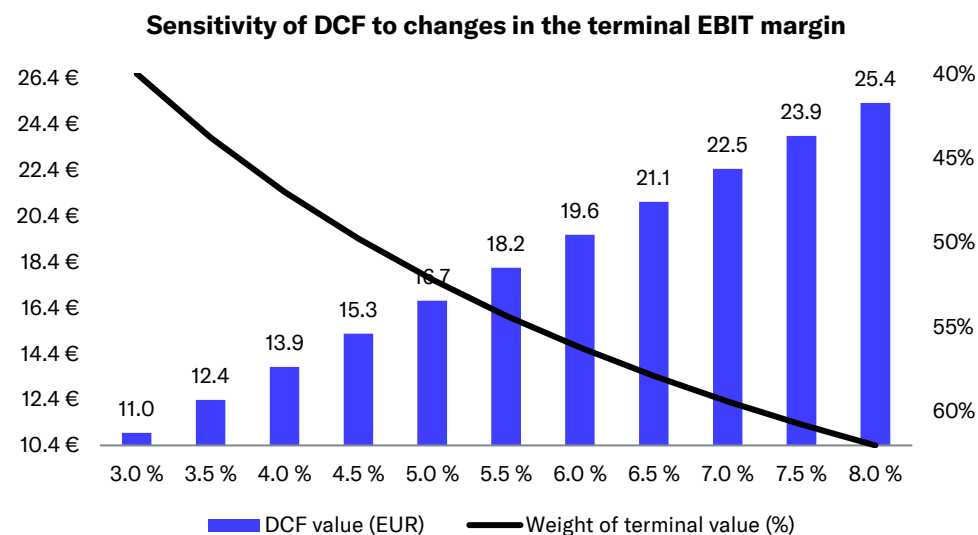
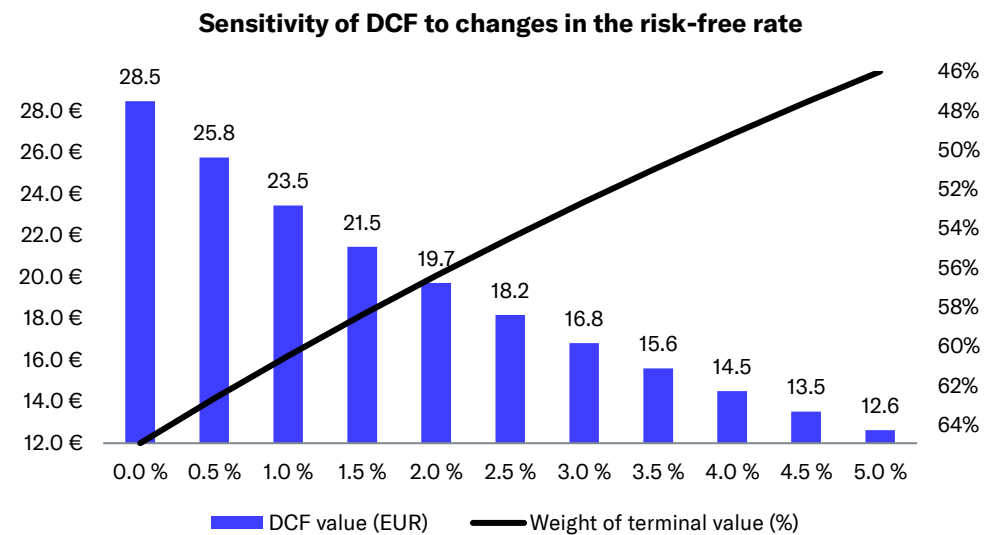
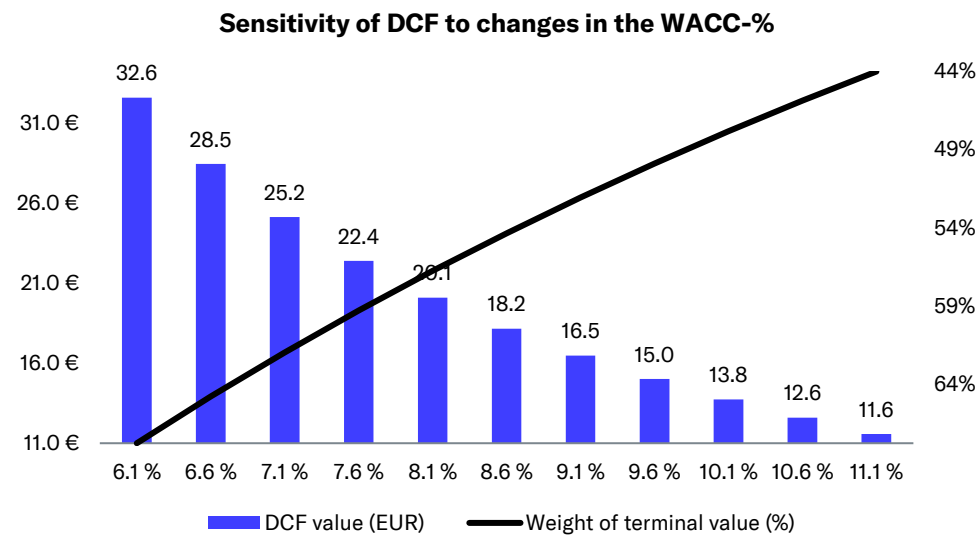
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-10.0 %	0.3 %	6.8 %	14.3 %	13.6 %	5.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	0.1 %	1.7 %	4.1 %	5.3 %	6.8 %	6.5 %	6.5 %	6.0 %	6.0 %	5.5 %	5.5 %	5.5 %
EBIT (operating profit)	25.0	354	896	1347	1958	1958	1998	1881	1918	1794	1830	
+ Depreciation	980	915	978	997	1057	1082	784	689	683	679	675	
- Paid taxes	-59	-11	-110	-180	-275	-278	-284	-267	-273	-254	-346	
- Tax, financial expenses	-23	-10	-24	-23	-18	-16	-16	-16	-16	-16	-21	
+ Tax, financial income	0	0	0	0	0	0	0	1	1	1	1	
- Change in working capital	568	-231	-191	-434	-479	-179	-75	-77	-78	-80	-82	
Operating cash flow	1492	1018	1549	1708	2242	2568	2406	2211	2235	2124	2057	
+ Change in other long-term liabilities	-72	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-2058	-1110	-1160	-585	-585	-600	-605	-630	-640	-645	-684	
Free operating cash flow	-637.6	-92	389	1123	1657	1968	1801	1581	1595	1479	1374	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	-638	-92	389	1123	1657	1968	1801	1581	1595	1479	1374	21326
Discounted FCFF		-91	353	939	1276	1396	1177	951	884	755	646	10030
Sum of FCFF present value		18317	18408	18055	17116	15840	14444	13267	12315	11431	10676	10030
Enterprise value DCF		18317										
- Interest bearing debt		-5148										
+ Cash and cash equivalents		955										
-Minorities		0										
-Dividend/capital return		-154										
Equity value DCF		13971										
Equity value DCF per share		18.2										

WACC	
Tax-% (WACC)	15.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.0 %
Equity Beta	1.55
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	9.9 %
Weighted average cost of capital (WACC)	8.6 %

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	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	25707	22926	20635	20695	22099	EPS (reported)	2.46	1.86	-0.12	0.22	0.81
EBITDA	3047	2548	1005	1269	1874	EPS (adj.)	3.04	2.88	0.17	0.35	0.81
EBIT	2409	1682	25	354	896	OCF / share	2.16	3.28	1.94	1.32	2.02
PTP	2278	1596	-113	183	735	OFCE / share	-0.66	0.29	-0.83	-0.12	0.51
Net Income	1887	1433	-95	172	624	Book value / share	10.83	11.02	9.65	9.68	10.29
Extraordinary items	-489	-910	-248	-105	0	Dividend / share	1.52	1.20	0.20	0.20	0.20
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	14917	15983	15581	15972	16555	Revenue growth-%	70%	-11%	-10%	0%	7%
Equity capital	8327	8463	7417	7435	7906	EBITDA growth-%	17%	-16%	-61%	26%	48%
Goodwill	0	496	514	514	514	EBIT (adj.) growth-%	116%	-11%	-89%	68%	95%
Net debt	1344	2493	4193	4600	4502	EPS (adj.) growth-%	112%	-5%	-94%	108%	134%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	11.9 %	11.1 %	4.9 %	6.1 %	8.5 %
EBITDA	3047	2548	1005	1269	1874	EBIT (adj.)-%	11.3 %	11.3 %	1.3 %	2.2 %	4.1 %
Change in working capital	-990	224	568	-231	-191	EBIT-%	9.4 %	7.3 %	0.1 %	1.7 %	4.1 %
Operating cash flow	1660	2516	1492	1018	1549	ROE-%	24.7 %	17.1 %	-1.2 %	2.3 %	8.1 %
CAPEX	-2142	-2247	-2058	-1110	-1160	ROI-%	24.5 %	14.3 %	0.2 %	2.8 %	6.9 %
Free cash flow	-508	223	-638	-92	389	Equity ratio	56.3 %	53.0 %	47.6 %	46.6 %	47.8 %
						Gearing	16.1 %	29.5 %	56.5 %	61.9 %	56.9 %
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	1.3	1.2	0.7	0.9	0.8						
EV/EBITDA	11.3	10.7	13.4	14.8	9.9						
EV/EBIT (adj.)	11.9	10.5	49.5	40.8	20.8						
P/E (adj.)	14.1	11.2	72.7	53.0	22.6						
P/B	4.0	2.9	1.3	1.9	1.8						
Dividend-%	3.5 %	3.7 %	1.6 %	1.1 %	1.1 %						

Source: Inderes

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Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
1/20/2020	Accumulate	36.00 €	33.83 €
2/10/2020	Reduce	38.00 €	39.53 €
3/13/2020	Accumulate	32.00 €	28.77 €
4/27/2020	Accumulate	32.00 €	29.61 €
5/27/2020	Reduce	35.00 €	35.86 €
7/24/2020	Reduce	40.00 €	41.42 €
10/1/2020	Accumulate	50.00 €	44.97 €
10/26/2020	Reduce	50.00 €	49.00 €
2/8/2021	Reduce	50.00 €	55.20 €
4/20/2021	Reduce	50.00 €	50.56 €
4/30/2021	Reduce	50.00 €	52.04 €
7/28/2021	Reduce	50.00 €	52.18 €
10/28/2021	Reduce	50.00 €	48.94 €
12/27/2021	Accumulate	50.00 €	43.71 €
2/11/2022	Accumulate	44.00 €	38.43 €
3/3/2022	Buy	44.00 €	36.07 €
5/2/2022	Accumulate	44.00 €	41.20 €
6/21/2022	Reduce	44.00 €	43.06 €
7/29/2022	Reduce	46.00 €	48.68 €
10/25/2022	Reduce	48.00 €	47.10 €
10/28/2022	Reduce	48.00 €	45.46 €
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 €



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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

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