

WARTSILA

10/20/2026 11:45 am EEST

This is a translated version of "Supersykli voimistaa tuloskasvua" report, published on 10/19/2026



Pauli Lohi, Analyst
+35845 134 7790
pauli.lohi@inderes.fi

COMPANY REPORT



CMD preview: Supercycle supercharges earnings growth

Wärtsilä will host a Capital Markets Day (CMD) on Tuesday, November 3. We expect the company to set significantly higher financial targets for its remaining core businesses, Marine and Energy, with Energy driven by data centers and balancing power demand from renewables. A strong improvement in new equipment sales profitability could bring the valuation to very attractive levels in the medium term. Even if the AI-driven investment cycle were to fizzle out and new equipment profitability were to collapse – which is possible – we see the high share of earnings from Services limiting the downside in a negative scenario. We reiterate our Accumulate recommendation and EUR 33 target price.

Significant upgrades to financial targets expected

Following the divestments of recent years, Wärtsilä’s business will consist solely of Marine and Energy, whose profitable services business has long generated the majority of the company’s earnings. Under its previous strategy, the company set a combined revenue growth target of 5% and an EBIT margin target of 14% for Marine and Energy. We expect the EBIT margin target to rise to 16–17% or higher by 2030, assuming a marked improvement in new equipment profitability, supported by recent order trends. We expect the revenue growth target to exceed 10% annually. On our current forecasts, revenue growth for 2027–2030 would be 10% annually, even though we assume order growth of only 3% per year (reflecting a decline in new equipment orders as data center demand is expected to cool).

We revised our medium-term earnings upward

We made moderate changes to our forecasts, mainly raising our earnings estimates for the end of the decade supported by the strong order backlog for new equipment (EBIT for 2028–2030 rose by 5–11%). Our profitability estimates decline somewhat in

the early 2030s, as we estimate that supply growth will weaken Wärtsilä’s pricing power in new equipment sales compared to the current exceptional market dynamics.

Limited downside, significant medium-term upside

Wärtsilä is a global leader in medium-speed engines, and the quality of its business is underpinned by the high share of predictable service earnings (2025: ~77%). Should our forecasts materialize, the earnings-based valuation would fall to quite a favorable level (2030e: 8.6x) against the ~15x multiple we consider fair. Our base scenario, based on moderate order forecasts, would show a margin of up to approximately 20% based on 2030 results, which will grow supported by the margin of new equipment sales. If data center orders continue to grow, the upside could be several times greater. On the other hand, the share should not be valued solely against potential supercycle peak earnings. If data center-driven demand were to disappear and new equipment margins were to return to 2025 levels, the current share price would be close to fair value. In our view, the high share of services in earnings and the growth potential in the 2030s from the expanding installed base limit the downside risk and support the risk/reward, even though new equipment margins are difficult to predict.

We published our [Q3’26 preview](#) for Wärtsilä on October 7 (in Finnish), and its contents remain relevant, as we make no changes to our short-term forecasts in this update. Wärtsilä reports its Q3 results on Tuesday, October 27, ahead of its CMD.

Recommendation

Accumulate

(was Accumulate)

Target price:

EUR 33.00

(was EUR 33.00)

Share price:

EUR 28.60

Business risk



Valuation risk



	2025	2026e	2027e	2028e
Revenue	6914	6400	6560	7450
growth-%	7%	-7%	3%	14%
EBIT adj.	830	882	989	1165
EBIT-% adj.	12.0 %	13.8 %	15.1 %	15.6 %
Net Income	625	631	719	884
EPS (adj.)	1.06	1.11	1.26	1.52
P/E (adj.)	28.7	25.7	22.8	18.9
P/B	6.2	5.8	5.1	4.5
Dividend yield-%	3.5 %	2.1 %	2.3 %	2.5 %
EV/EBIT (adj.)	19.1	16.1	14.1	11.6
EV/EBITDA	15.8	13.8	12.2	10.1
EV/S	2.3	2.2	2.1	1.8

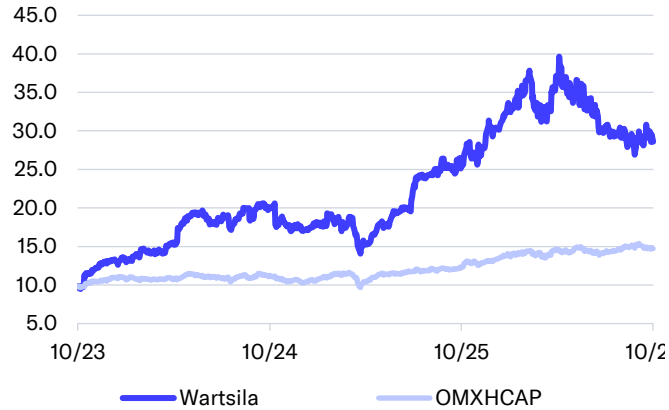
Source: Inderes

Guidance

(Unchanged)

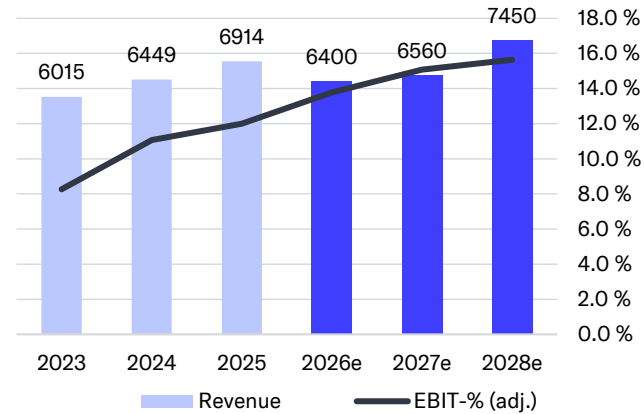
Wärtsilä expects the demand environment for Energy and Marine for the next 12 months to be similar to that of the comparison period (provided in connection with the Q2’26 report).

Share price



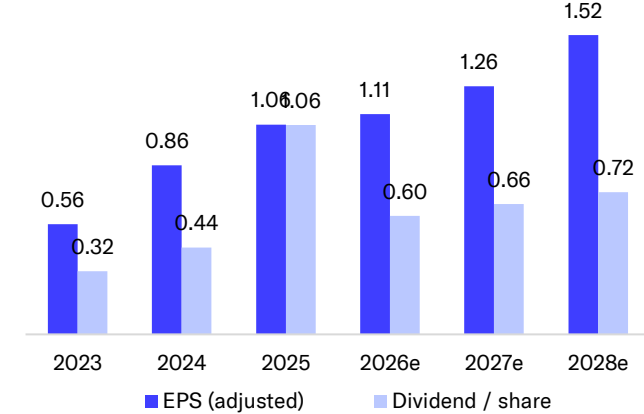
Source: Millistream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and DPS



Source: Inderes

Value drivers

- Strong position in the selected segments
- Extensive installed equipment portfolio and significant share of services business
- Progress in high value-added services
- High demand for flexible power generation

Risk factors

- Cyclical nature of shipbuilding
- Uncertainty over which forms of renewable energy generation will prevail
- Energy growth partly tied to the hard-to-predict data center investment wave

Valuation	2026e	2027e	2028e
Share price	28.6	28.6	28.6
Number of shares, millions	585.2	585.2	585.2
Market cap	16735	16735	16735
EV	14181	13939	13515
P/E (adj.)	25.7	22.8	18.9
P/E	26.5	23.3	18.9
P/B	5.8	5.1	4.5
P/S	2.6	2.6	2.2
EV/Sales	2.2	2.1	1.8
EV/EBITDA	13.8	12.2	10.1
EV/EBIT (adj.)	16.1	14.1	11.6
Payout ratio (%)	55.7 %	53.7 %	47.7 %
Dividend yield-%	2.1 %	2.3 %	2.5 %

Source: Inderes

Overhauling financial targets

EBIT margin target of 16–17% or higher, driven by Energy?

Wärtsilä’s previous profitability target is a combined EBIT margin of 14% for Marine and Energy. The company has reached this level over the past 12 months, and particularly given the strong outlook for Energy, we expect the new target to be higher. We forecast a combined Marine and Energy EBIT margin of 15.6–16.5% for 2028–2030 (2028e consensus is slightly higher at 15.8%).

We see profitability improving especially in Energy’s new equipment sales, where demand has been very strong in 2025–26. In Q2’26, the company stated that the gross margin of Energy’s new equipment order backlog had improved by more than 5pp since the beginning of 2025. Wärtsilä does not report new equipment and services profitability separately, but we estimate that a gross margin improvement of more than 5pp, combined with a doubling of scale, could in an upside scenario lift the profitability of Energy’s new equipment sales from an estimated 11% in 2025 to ~20% in 2029. In that scenario, Energy’s EBIT margin (including services) would improve from 15.4% in 2025 to 18.5–19.7% in 2028–30. If the company sets its targets for the “medium term” rather than specifying a deadline, a new, more ambitious profitability target could take the form of an “EBIT margin above 16%”.

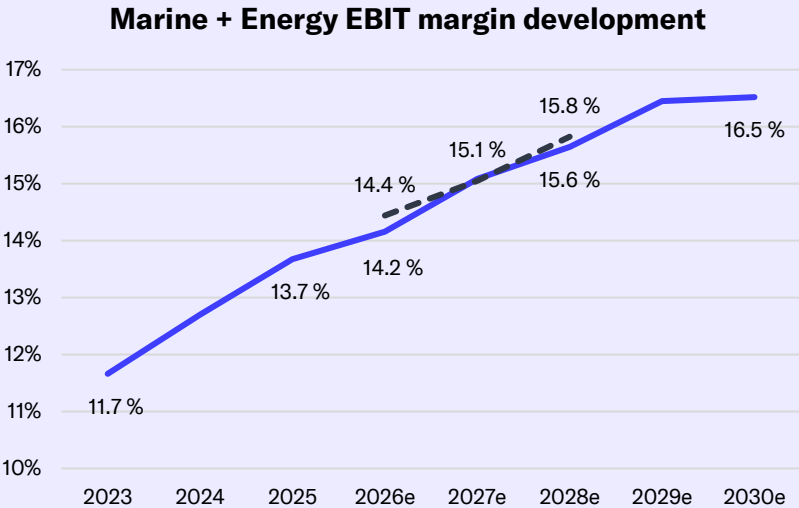
Marine also solid, but Energy steals the show

In our view, Marine’s profitability outlook is weaker than Energy’s (EBIT margin 2026e: 13.1%, 2028–30e: 13.2–13.3%). Shipyards, which make up the customer base, are cost-conscious in their new equipment purchases and often unwilling to pay a premium for, say, efficiency gains over the vessel’s lifecycle. That said, tight demand in the power

plant market could partly spill over into better pricing power in Marine, as the two industries use similar types of equipment. If significant additional measures to improve Marine’s profitability are devised, the Group-level EBIT margin target could even exceed 17%. Marine market activity is already high, and a strong order book supports the growth outlook for the coming years. We see limited order growth prospects for new equipment sales, however, so long-term earnings growth should come from services. On the other hand, regulation of international maritime emissions trading could advance after the 2028 US presidential election, which could in turn increase demand for low-emission shipping technologies, an area in which Wärtsilä is a relatively strong player.

Competitors have significantly raised their profitability targets

A benchmark for Energy’s earnings outlook and Wärtsilä’s profitability target can be sought, for example, from the company’s indirect competitors. GE Vernova’s Power segment, which supplies gas turbine power plants, targets a 22% EBITDA margin by 2028, representing a 6 percentage point improvement from 16% in 2025 (the target corresponds to an EBIT margin of ~20% and the 2025 actual to a 14% EBIT margin). The Power segment includes the service business. Based on this, we view Energy’s 20% EBIT margin forecast as being in the right direction (Wärtsilä Energy’s starting level of 15.4% EBIT-% in 2025 is slightly higher than GE Vernova’s Power segment). Siemens Energy, on the other hand, is aiming for an even larger relative earnings improvement (2025: 6% -> 2028: 14–16%), although the company’s starting point is lower than Wärtsilä’s.



Source: Inderes (blue) and Vara Research consensus (dashed line)

Capacity is the brake, not demand – for now

Growth outlook locked in for 2027–28, new capacity to be commissioned in 2028–29

Driven by high demand for power plants, Wärtsilä's new equipment deliveries are practically sold out for 2027–2028. At present, the order books are mainly being filled for 2029–2030. Over the past year, the company has announced two capacity-expanding investments, the first of which will be completed in Q1'28 (increasing capacity by 35%) and the second in Q1'29 (increasing capacity by an additional 30%). Following the investments, Wärtsilä's maximum capacity will more than double compared to the actual production volume of 2025.

Strong revenue growth even if order intake dips slightly

Our revenue forecasts assume average annual growth of 10% for 2027–2030 (services 5%, equipment 15% annually). For 2027, we assume equipment sales in line with maximum capacity (+17%) and moderate, inflation-level

growth of 3% in services, as Marine service demand temporarily suffers from geopolitical turbulence. We expect service growth to pick up to 6% in 2028–30, supported by the growing installed base and an increasing number of long-term service agreements. In equipment sales, capacity will still constrain revenue in 2028 (+23%), but our growth forecasts for 2029–30 (14% and 7%) leave capacity headroom, provided the strong demand trend of recent years continues (2030 assumed capacity utilization: 90%).

Our high revenue growth forecasts rest largely on the existing order book, as our order intake forecasts for the coming years trend moderately downward (2027–30e orders 4.6–4.9 BEUR vs. 2026e: 5.0 BEUR). Relative to consensus, our 2028 revenue forecast is 2% lower and our order intake forecast 3% lower.

A natural revenue growth target for the company could be, for example, “above 10% annually in 2027–30”. Alternatively, the company could break the growth target

down into components, setting separate targets for service revenue, among others, which plays a key role in long-term value creation. Strengthening the long-term market position in the US could also be singled out, even though near-term sales depend primarily on delivery capacity and speed.

Small upward revisions in forecasts

We raised our medium-term profitability outlook for new equipment sales, which was also reflected in higher Group-level estimates. The EBIT forecasts for 2028–30 increased by 5–11%. However, in the long-term forecasts, profitability declines as the profitability of new equipment sales normalizes and the competitive environment tightens (Energy's new equipment sales EBIT-% for 2029e: 20%, 2032e: 15%). This forecast also assumes, of course, that the margin of Energy's new equipment sales will remain above the "baseline" of 2025 (estimated at 11%) in the long term.

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	6400	6400	0%	6604	6560	-1%	7317	7450	2%
EBITDA	1029	1029	0%	1129	1144	1%	1287	1338	4%
EBIT (exc. NRIs)	882	882	0%	967	989	2%	1113	1165	5%
EBIT	860	860	0%	964	973	1%	1110	1162	5%
PTP	845	845	0%	968	977	1%	1122	1178	5%
EPS (excl. NRIs)	1.11	1.11	0%	1.25	1.26	1%	1.44	1.52	5%
DPS	0.60	0.60	0%	0.66	0.66	0%	0.72	0.72	0%

Source: Inderes

Attractive upside, services limit downside

Strong expected return on 2030 estimates

Wärtsilä is a global technology leader in growing markets, which in our view warrants valuation multiples above the stock market average. At a normalized earnings level, we consider an EV/EBIT of 15x justified. Applying this multiple to our 2030 earnings forecasts and discounting back to today implies 18% upside for the share (27% on a 12-month horizon, including one year’s required return).

The key uncertainty is the earnings of Energy’s new equipment sales, which we forecast at 532 MEUR in 2030 in our base case (assuming declining order intake in the coming years). If data center demand were to continue and Energy orders were to grow 5% annually from the current year’s level, this could rise to as much as 809 MEUR in 2030, implying 42% upside on a discounted basis.

In a negative scenario, Energy’s 2030 deliveries would include almost no data center-related projects, which could take profitability back to 2025 levels and EBIT down to only 208 MEUR (8% downside). Profitability could also fall below 2025 levels if the industry’s ongoing investments in power plant production capacity were to prove unnecessary.

What if new equipment earnings collapse after the supercycle?

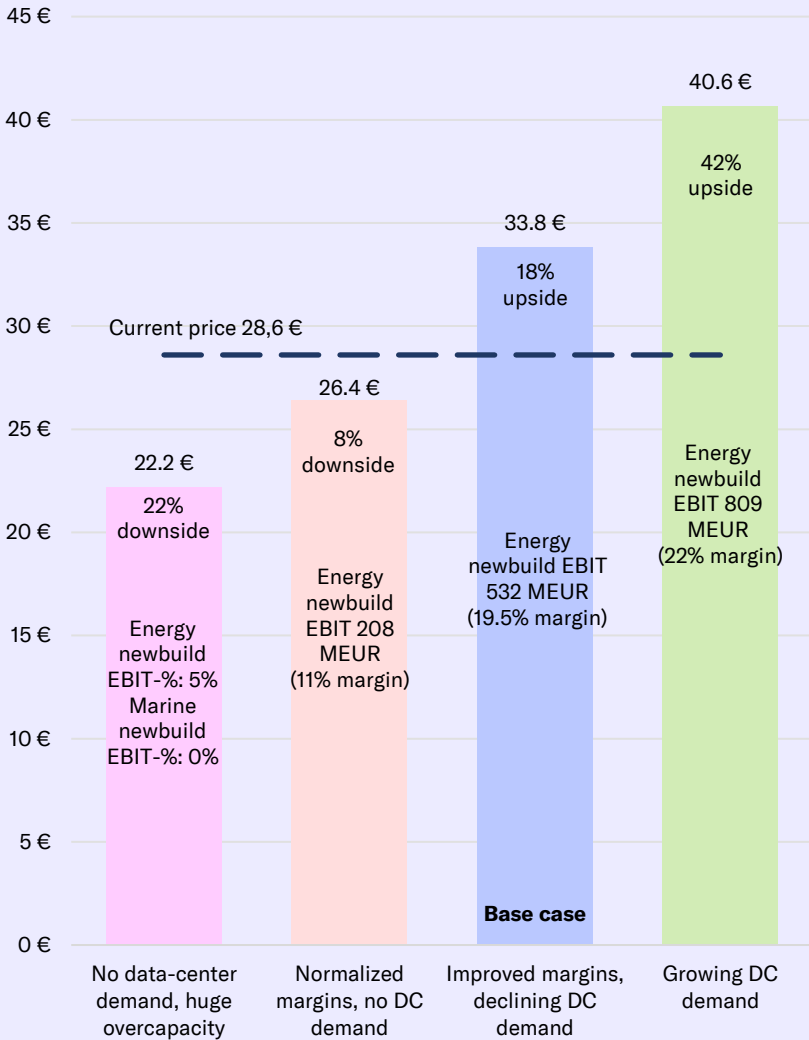
Driven by exceptional demand growth, supply in gas-based power generation is also expanding rapidly. This raises the question of whether the pricing power of Wärtsilä’s new equipment sales will collapse once data center-driven demand eventually slows. On the turbine side, for example, GE Vernova is increasing its production capacity

by 50% by 2030, and Mitsubishi Heavy Industries is even planning to double its capacity. Some turbine and engine manufacturers active in other segments have also expanded into baseload power solutions, which will intensify long-term competition. Wärtsilä’s long-term position is admittedly supported by its solution being ideally suited to balancing power alongside renewables, which is not the case for turbines, for example.

More importantly, we estimate the impact of potential overcapacity on Wärtsilä’s earnings would be limited. We expect the majority of the company’s earnings to come from services (an estimated 77% for Marine and Energy combined in 2025), and we see no reason why oversupply in new equipment would materially affect service profitability. On the contrary, we see strong growth potential for services in the 2030s, driven by the installed base expanding in both Marine and Energy on the back of high new equipment deliveries in 2027–2030.

We have modeled a scenario in which equipment profitability collapses (to 5% in Energy and 0% in Marine), while service profitability remains high (2030e: 18%, 2025: 17%). The scenario uses largely the same revenue forecasts as our 2030 base case, except that data center-driven deliveries are removed. Even in this scenario, the discounted downside for the share would be only 22%. We therefore see new equipment sales as more of an opportunity than a threat. Wärtsilä would also have several years to benefit from strengthening earnings, and potentially continued order growth, before any market “normalization” sets in.

Scenarios of share development and expected return



Source: Inderes (calculations are detailed in the table on the following page)

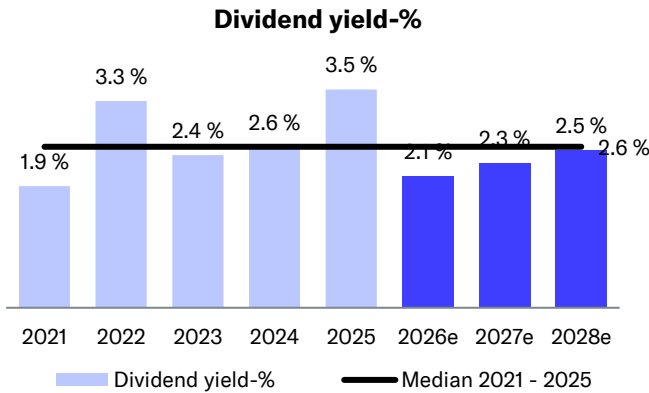
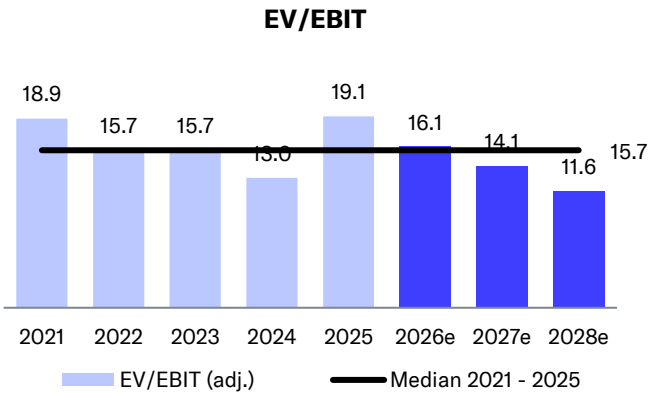
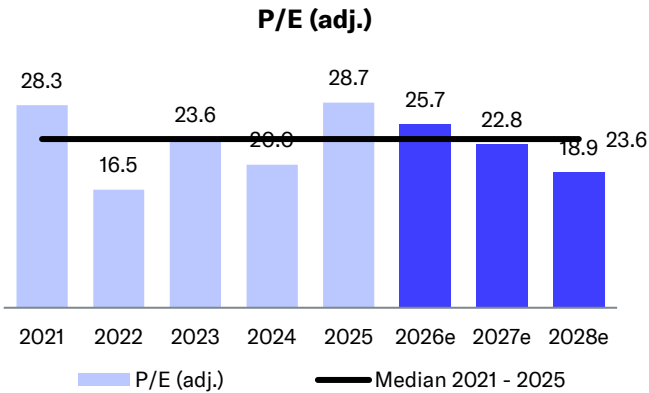
Valuation scenarios

Scenario	No DC demand, huge overcapacity	Normalized margins, no DC demand	Improved margins, declining DC demand	Growing DC demand
Revenue 2030	7874	7874	8714	9665
- of which Energy's new equipment sales	1887	1887	2726	3677
- capacity utilization	73%	73%	90%	109%
EBIT-% 2030	10.8%	13.7%	16.5%	18.0%
Energy's new equipment sales EBIT-%	5.0% (below historical level)	11% (2025 "baseline")	19.5% pricing and scale benefits	22% pricing and scale benefits
Marine's new equipment sales EBIT-%	0.0%	6.5%	8.5%	10.0%
Services EBIT-%	18.0%	18.0%	18.0%	18.0%
EBIT 2030 (MEUR)	851	1080	1439	1743
EV/EBITA (x)	15.0	15.0	15.0	15.0
Change in working capital compared to base case	-700	-700	0	1000
Market value (MEUR)	16493	19928	26023	31585
Fair share price 2030 including dividends (EUR)	30.9	36.8	47.2	56.7
Current fair value (EUR)	22.2	26.4	33.8	40.6
Current share price (EUR)	28.6	28.6	28.6	28.6
Average annual expected return for 2027–2030	2%	7%	13.4%	19%
Cost of equity	8.7%	8.7%	8.7%	8.7%
Difference between fair value and current share price	-22%	-8%	18%	42%

Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	12.4	7.87	13.1	17.1	30.4	28.6	28.6	28.6	28.6
Number of shares, millions	590.0	590.0	589.0	586.4	586.4	585.2	585.2	585.2	585.2
Market cap	7293	4643	7734	10034	17828	16735	16735	16735	16735
EV	7326	5158	7804	9270	15857	14181	13939	13515	13012
P/E (adj.)	28.3	16.5	23.6	20.0	28.7	25.7	22.8	18.9	16.2
P/E	37.8	neg.	30.0	19.9	28.5	26.5	23.3	18.9	16.3
P/B	3.2	2.2	3.5	4.0	6.2	5.8	5.1	4.5	3.8
P/S	1.5	0.8	1.3	1.6	2.6	2.6	2.6	2.2	2.0
EV/Sales	1.5	0.9	1.3	1.4	2.3	2.2	2.1	1.8	1.6
EV/EBITDA	14.4	15.3	13.1	10.9	15.8	13.8	12.2	10.1	8.6
EV/EBIT (adj.)	18.9	15.7	15.7	13.0	19.1	16.1	14.1	11.6	9.7
Payout ratio (%)	73.4 %	neg.	73.1 %	51.2 %	99.5 %	55.7 %	53.7 %	47.7 %	44.4 %
Dividend yield-%	1.9 %	3.3 %	2.4 %	2.6 %	3.5 %	2.1 %	2.3 %	2.5 %	2.7 %

Source: Inderes



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

Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2026e
			2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	
Metso Corp	13728	14933	17.6	14.9	14.5	12.5	2.7	2.4	22.5	18.9	2.5	2.9	4.8
Kone Oyj	29254	28797	20.1	17.3	16.1	14.2	2.4	2.3	26.7	23.2	3.3	3.6	9.8
Konecranes Abp	7187	7194	12.8	11.0	10.5	9.2	1.7	1.5	17.3	14.6	2.7	3.1	3.1
Siemens Energy AG	113152	103423	20.1	14.5	15.2	11.6	2.3	2.1	30.0	21.4	1.4	2.0	9.4
Abb Ltd	149029	151346	23.3	19.8	20.6	17.8	4.5	4.0	26.7	25.0	1.3	1.4	8.8
Alfa Laval AB	21393	22822	20.3	17.7	16.8	14.9	3.4	3.1	25.5	21.9	1.7	1.9	4.9
Alstom SA	7460	8189	7.9	7.4	4.9	4.8	0.4	0.4	9.4	9.9	0.1	0.9	0.7
Caterpillar Inc	298520	332675	24.0	20.3	21.3	18.1	4.7	4.2	26.5	22.3	0.9	0.9	14.5
GE Vernova	218036	210073	51.1	29.1	37.2	24.8	5.1	4.5	32.9	37.7	0.2	0.3	17.0
Rolls-Royce Holdings PLC	132804	130042	22.7	20.5	19.3	17.6	4.6	4.2	30.8	26.7	1.1	1.2	29.7
Woodward Inc	17236	18007	25.7	22.9	21.8	19.6	4.7	4.3	34.7	30.6	0.4	0.4	7.7
Wartsila (Inderes)	16735	14181	16.1	14.1	13.8	12.2	2.2	2.1	25.7	22.8	2.1	2.3	5.8
Average			22.3	17.8	18.0	15.0	3.3	3.0	25.7	22.9	1.4	1.7	10.0
Median			20.3	17.7	16.8	14.9	3.4	3.1	26.7	22.3	1.3	1.4	8.8
Diff-% to median			-21%	-20%	-18%	-18%	-36%	-31%	-4%	2%	63%	67%	-34%

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	6449	1560	1720	1633	2001	6914	1556	1560	1499	1784	6400	6560	7450	8186
Marine	3053	827	862	870	936	3495	820	882	906	1015	3623	3780	4002	4195
Energy	1897	415	529	382	722	2048	465	580	593	769	2408	2779	3448	3990
Energy Storage	793	128	125	235	206	694	110	0	0	0	110	0	0	0
Portfolio Business	706	190	204	146	137	677	161	98	0	0	259	0	0	0
EBITDA	847	207	252	232	314	1005	236	253	241	299	1029	1144	1338	1518
Depreciation	-131	-42	-66	-2	-62	-172	-41	-44	-40	-43	-169	-171	-176	-174
EBIT (excl. NRI)	714	171	207	195	257	830	199	218	205	260	882	989	1165	1347
EBIT	716	165	186	230	251	833	194	209	201	256	860	973	1162	1344
Marine	364	95	115	105	135	449	104	118	110	129	460	484	527	558
Energy	266	63	75	61	116	315	68	88	92	127	375	489	636	786
Energy Storage	33	-5	3	16	9	23	4	0	0	0	4	0	0	0
Portfolio Business	52	12	-6	49	-8	46	18	3	0	0	21	0	0	0
Net financial items	-28	-2	0	-3	0	-5	-3	-9	-2	-2	-16	4	16	25
PTP	688	163	186	227	251	827	192	200	199	254	845	977	1178	1369
Taxes	-180	-41	-49	-45	-63	-198	-45	-47	-52	-66	-210	-254	-289	-335
Minority interest	-4	-1	-1	-1	-1	-4	-1	-1	-1	-1	-4	-5	-6	-7
Net earnings	504	120	136	181	187	625	146	152	146	187	631	719	884	1027
EPS (adj.)	0.86	0.22	0.27	0.25	0.33	1.06	0.26	0.28	0.26	0.33	1.11	1.26	1.52	1.76
EPS (rep.)	0.86	0.20	0.23	0.31	0.32	1.07	0.25	0.26	0.25	0.32	1.08	1.23	1.51	1.75

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-%	7.2 %	18.0 %	10.6 %	-4.9 %	7.9 %	7.2 %	-0.3 %	-9.3 %	-8.2 %	-10.8 %	-7.4 %	2.5 %	13.6 %	9.9 %
Adjusted EBIT growth-%	43.7 %	29.5 %	17.8 %	10.0 %	12.1 %	16.2 %	16.3 %	5.2 %	5.3 %	1.1 %	6.2 %	12.2 %	17.8 %	15.5 %
EBITDA-%	13.1 %	13.3 %	14.7 %	14.2 %	15.7 %	14.5 %	15.2 %	16.2 %	16.1 %	16.7 %	16.1 %	17.4 %	18.0 %	18.5 %
Adjusted EBIT-%	11.1 %	11.0 %	12.1 %	11.9 %	12.8 %	12.0 %	12.8 %	14.0 %	13.7 %	14.5 %	13.8 %	15.1 %	15.6 %	16.5 %
Net earnings-%	7.8 %	7.7 %	7.9 %	11.1 %	9.4 %	9.0 %	9.4 %	9.8 %	9.8 %	10.5 %	9.9 %	11.0 %	11.9 %	12.5 %

Source: Inderes

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	2580	2490	2508	2528	2547
Goodwill	1299	1214	1214	1214	1214
Intangible assets	446	413	386	361	344
Tangible assets	557	558	604	648	684
Associated companies	41	45	45	45	45
Other investments	17	13	13	13	13
Other non-current assets	45	48	48	48	48
Deferred tax assets	175	199	199	199	199
Current assets	5114	5985	5514	5852	6711
Inventories	1483	1440	1318	1364	1564
Other current assets	187	205	0	0	0
Receivables	1890	1750	1601	1649	1881
Cash and equivalents	1554	2590	2595	2839	3265
Balance sheet total	7694	8475	8022	8380	9257

Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	2532	2884	2883	3257	3765
Share capital	336	336	336	336	336
Retained earnings	2337	2695	2694	3068	3576
Hybrid bonds	0	0	0	0	0
Revaluation reserve	61	61	61	61	61
Other equity	-208	-214	-214	-214	-214
Minorities	6	6	6	6	6
Non-current liabilities	1319	1284	786	791	796
Deferred tax liabilities	141	174	174	174	174
Provisions	433	328	328	328	328
Interest bearing debt	624	503	5	10	15
Convertibles	0	0	0	0	0
Other long-term liabilities	121	279	279	279	279
Current liabilities	3843	4307	4353	4331	4696
Interest bearing debt	142	79	1	2	3
Payables	3556	3825	4352	4329	4693
Other current liabilities	145	403	0	0	0
Balance sheet total	7694	8475	8022	8380	9257

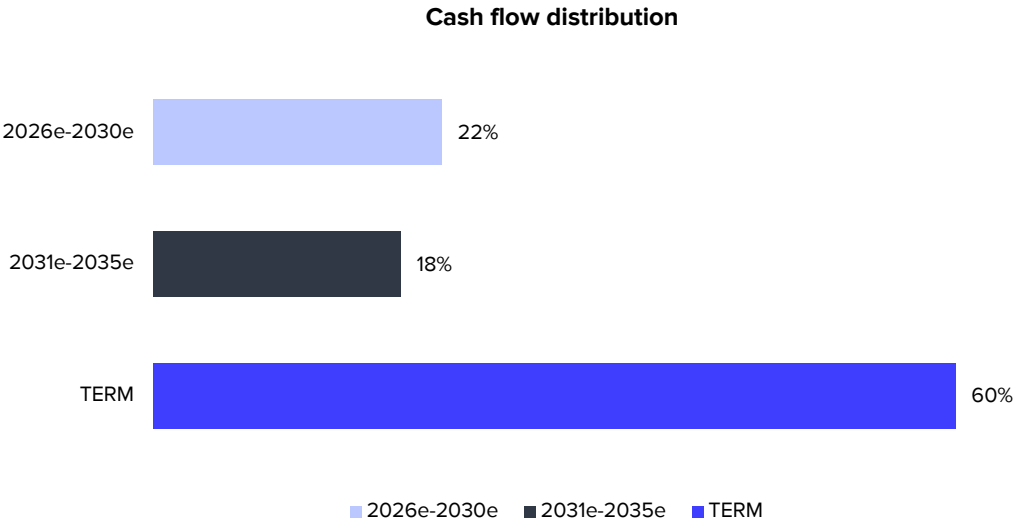
DCF calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	7.2 %	-7.4 %	2.5 %	13.6 %	9.9 %	6.5 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	12.0 %	13.4 %	14.8 %	15.6 %	16.4 %	16.5 %	15.7 %	15.1 %	15.2 %	14.5 %	14.5 %	14.5 %
EBIT (operating profit)	833	860	973	1162	1344	1439	1437	1452	1529	1536	1574	
+ Depreciation	172	169	171	176	174	168	167	168	168	169	170	
- Paid taxes	-189	-210	-254	-289	-335	-362	-364	-369	-390	-393	-404	
- Tax, financial expenses	-5	-10	-6	-4	-2	-1	0	0	0	0	0	
+ Tax, financial income	4	6	7	7	9	10	12	13	15	17	19	
- Change in working capital	692	600	-116	-69	-132	18	0	45	47	49	32	
Operating cash flow	1506	1415	775	985	1056	1273	1252	1309	1370	1377	1390	
+ Change in other long-term liabilities	53	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-54	-187	-191	-194	-159	-162	-167	-171	-172	-173	-182	
Free operating cash flow	1505	1228	584	790	897	1111	1085	1137	1197	1204	1209	
+/- Other	0	-10	6	10	11	11	11	11	11	11	11	
FCFF	1505	1218	590	800	909	1122	1097	1149	1209	1215	1220	22374
Discounted FCFF		1200	538	675	709	810	732	709	691	642	597	10942
Sum of FCFF present value		18243	17043	16505	15831	15122	14313	13581	12871	12181	11538	10942

Enterprise value DCF	18243
- Interest bearing debt	-582
+ Cash and cash equivalents	2590
+ Associated companies	0
-Minorities	-35
-Dividend/capital return	-622
Equity value DCF	19595
Equity value DCF per share	33.5

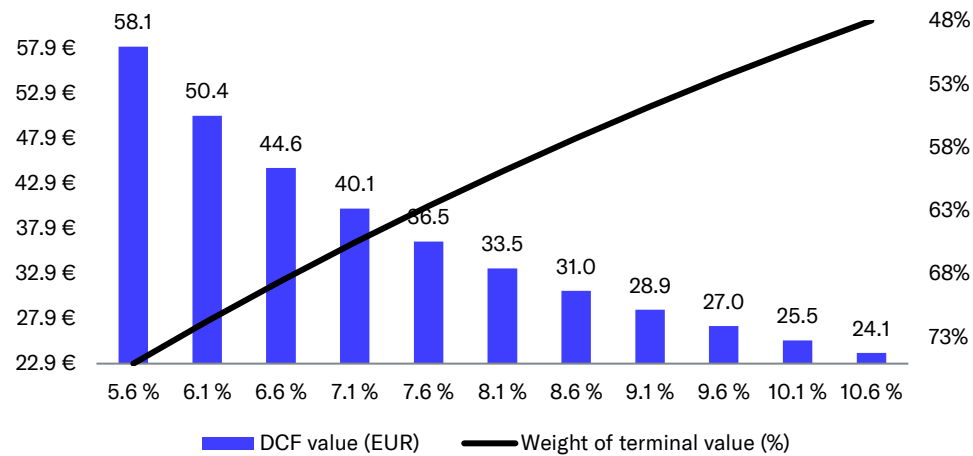
WACC	
Tax-% (WACC)	26.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	3.5 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	3.0 %
Cost of equity	8.7 %
Weighted average cost of capital (WACC)	8.1 %

Source: Inderes

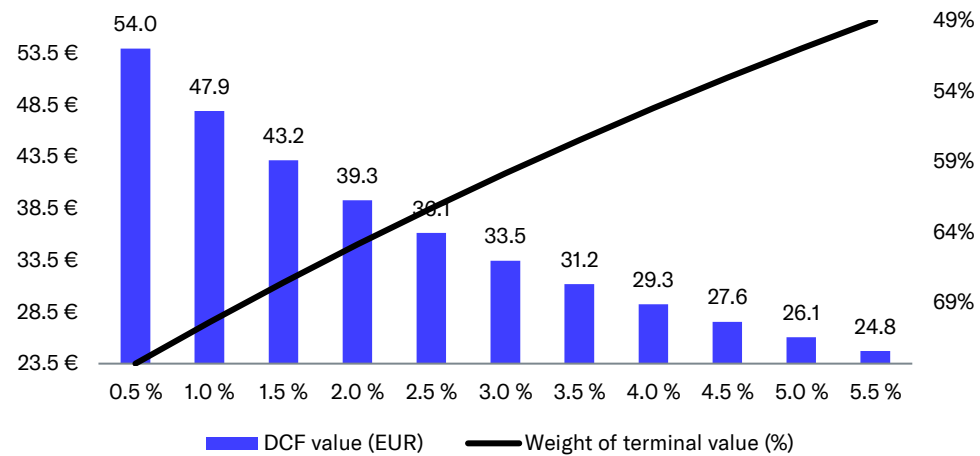


DCF sensitivity calculations and key assumptions in graphs

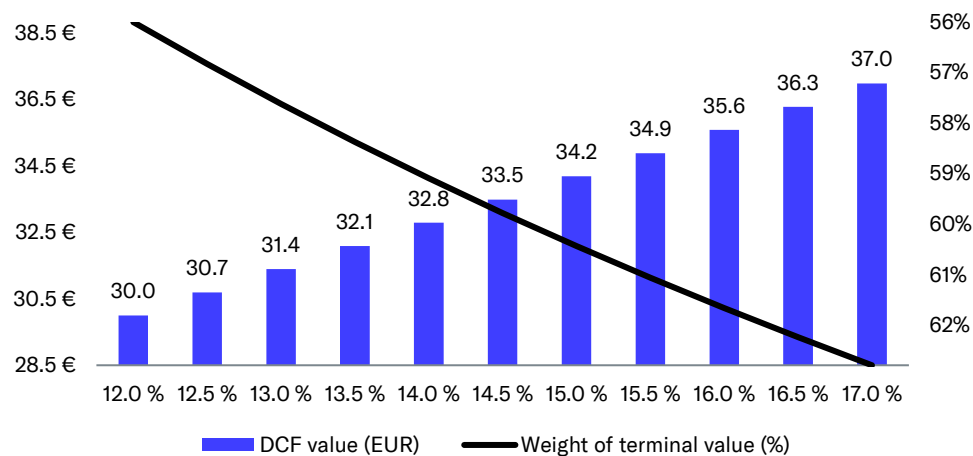
Sensitivity of DCF to changes in the WACC-%



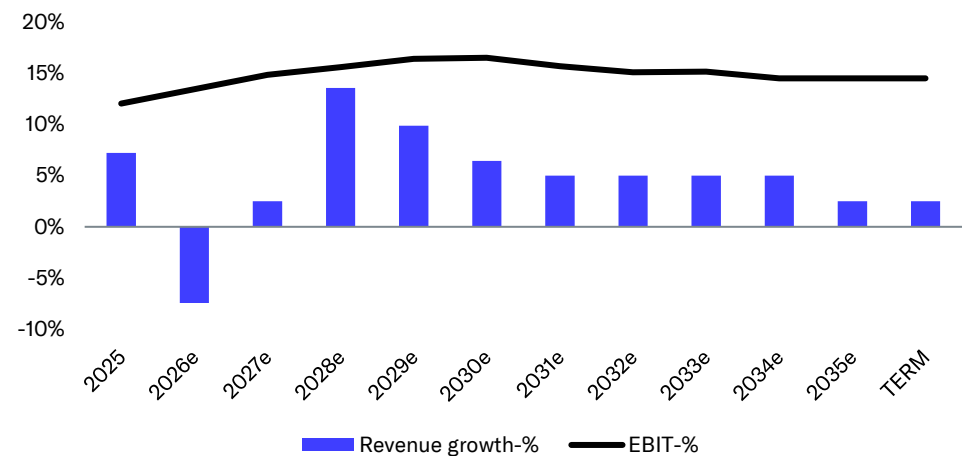
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2023	2024	2025	2026e	2027e	Per share data	2023	2024	2025	2026e	2027e
Revenue	6015.0	6449.0	6914.1	6399.6	6559.8	EPS (reported)	0.44	0.86	1.07	1.08	1.23
EBITDA	595.0	846.8	1005.2	1028.8	1144.4	EPS (adj.)	0.56	0.86	1.06	1.11	1.26
EBIT	402.0	716.1	832.8	860.3	973.4	OCF / share	1.33	2.21	2.57	2.42	1.32
PTP	365.0	688.1	827.4	844.6	977.4	OFCF / share	1.12	1.82	2.57	2.08	1.01
Net Income	258.0	503.8	625.0	621.1	724.8	Book value / share	3.78	4.31	4.91	4.92	5.56
Extraordinary items	-95.0	2.0	2.8	-21.5	-16.0	Dividend / share	0.32	0.44	1.06	0.60	0.66
Balance sheet	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
Balance sheet total	6803.0	7694.0	8475.0	8022.2	8379.7	Revenue growth-%	3%	7%	7%	-7%	3%
Equity capital	2233.0	2532.0	2884.0	2883.5	3257.2	EBITDA growth-%	148%	42%	19%	2%	11%
Goodwill	1273.0	1299.0	1214.0	1214.0	1214.0	EBIT (adj.) growth-%	52%	44%	16%	6%	12%
Net debt	42.0	-788.0	-2008.0	-2588.9	-2826.7	EPS (adj.) growth-%	17%	54%	24%	5%	13%
Cash flow	2023	2024	2025	2026e	2027e	EBITDA-%	9.9 %	13.1 %	14.5 %	16.1 %	17.4 %
EBITDA	595.0	846.8	1005.2	1028.8	1144.4	EBIT (adj.)-%	8.3 %	11.1 %	12.0 %	13.8 %	15.1 %
Change in working capital	304.0	529.0	692.0	599.8	-116.3	EBIT-%	6.7 %	11.1 %	12.0 %	13.4 %	14.8 %
Operating cash flow	783.4	1297.5	1506.5	1415.0	775.0	ROE-%	11.8 %	21.2 %	23.1 %	21.9 %	23.5 %
CAPEX	-168.0	-186.7	-54.4	-186.9	-190.6	ROI-%	13.2 %	22.7 %	25.1 %	27.9 %	32.5 %
Free cash flow	662.4	1067.9	1505.1	1218.4	590.5	Equity ratio	36.2 %	36.1 %	37.2 %	39.2 %	42.3 %
Valuation multiples	2023	2024	2025	2026e	2027e	Gearing	1.9 %	-31.1 %	-69.6 %	-89.8 %	-86.8 %
EV/S	1.3	1.4	2.3	2.2	2.1	Net debt/EBITDA	0.1	-0.9	-2.0	-2.5	-2.5
EV/EBITDA	13.1	10.9	15.8	13.8	12.2	EBITDA/net financials	16.1	30.2	186.1	65.5	-286.1
EV/EBIT (adj.)	15.7	13.0	19.1	16.1	14.1						
P/E (adj.)	23.6	20.0	28.7	25.7	22.8						
P/B	3.5	4.0	6.2	5.8	5.1						
Dividend-%	2.4 %	2.6 %	3.5 %	2.1 %	2.3 %						

Source: Inderes

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
2/1/2023	Accumulate	9.50 €	8.71 €
4/26/2023	Accumulate	11.00 €	10.10 €
7/24/2023	Accumulate	12.50 €	11.38 €
11/1/2023	Accumulate	12.50 €	11.24 €
1/5/2024	Accumulate	13.50 €	12.96 €
1/31/2024	Accumulate	15.00 €	13.70 €
4/29/2024	Reduce	16.50 €	17.40 €
7/22/2024	Reduce	17.00 €	18.49 €
10/11/2024	Reduce	18.00 €	19.98 €
10/30/2024	Accumulate	19.50 €	17.82 €
2/5/2025	Accumulate	21.00 €	19.29 €
4/17/2025	Accumulate	18.50 €	15.23 €
4/27/2025	Accumulate	18.50 €	15.36 €
7/18/2025	Reduce	21.00 €	22.30 €
10/22/2025	Reduce	22.00 €	25.65 €
10/29/2025	Reduce	22.00 €	25.65 €
1/20/2026	Reduce	30.00 €	32.43 €
2/4/2026	Sell	30.00 €	33.00 €
4/29/2026	Sell	32.50 €	35.91 €
7/14/2026	Reduce	32.50 €	30.30 €
7/22/2026	Accumulate	33.00 €	29.99 €
10/19/2026	Accumulate	33.00 €	28.60 €



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

**inde
res.**