

NESTE

10/30/2025 1:40 pm EET

This is a translated version of "Öljytuotteet siivittivät tuloksen yli odotuksien" report, published on 10/30/2025



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

COMPANY REPORT



Oil Products drove earnings above expectations

The high refining margin in the Oil Products segment drove Neste's Q3 result clearly above our estimates. We have revised our refining margin estimates for the segment upwards, while our Renewable Products estimates, which had already increased in connection with the earnings preview, remained broadly unchanged. We do not change our target price of EUR 18.0 or our Reduce recommendation, even though the increase in short-term cash flow forecasts somewhat lowers the risk level for the coming years.

The refining margin for Oil Products was strong in Q3

Neste achieved a comparable EBITDA of 531 MEUR in Q3, which clearly beat both our and consensus estimates. The earnings level of Renewable Products grew largely as expected, driven by an elevated sales margin. However, in absolute terms, the sales margin for Renewable Products is far from the peak years. However, the group's clear earnings beat was driven by Oil Products, where the overall refining margin rose significantly above long-term historical levels, reflecting high product margins for gasoline and diesel. By the end of Q3, the free cash flow for the current year has been significantly negative at -173 MEUR, and thus indebtedness has remained high (Q3'25: net debt/EBITDA 4.3x).

The recovery of the market comes at a good time

Neste has guided that its sales volumes for the current year will grow in both Renewable Products and Oil Products. This is quite expected, as the bar is set low for both segments against weak low comparables. Due to volume constraints caused by maintenance activities in Rotterdam and Singapore, and the company's usual annual contracts already in place, Neste is unable to significantly benefit in the short term from the strengthened market situation for renewable diesel in European road transport. Thus, in Q4, we do not expect earnings growth in Renewable Products, but the current margin outlook supports

the conditions for earnings growth next year. The recent strengthening of the market has come at an excellent time for the company, as the Rotterdam expansion will still consume a significant amount of investments next year (estimated 700 MEUR).

Upward pressure on Oil Products forecasts

We have made upward revisions to our forecasts for the coming years, largely concentrated in the Oil Products segment. At the EBITDA level, our forecasts increased by 1-3% as we raised our total refining margin forecasts for the segment. Longer-term earnings growth in our forecasts is driven by both volume growth and an increase in the sales margin in Renewable Products, which we expect to raise the segment significantly higher than its current level by the end of the decade. A key risk to these forecasts is the Renewable Products market and the balance between its supply and demand.

The price has sufficient long-term earnings potential

The valuation of the stock is quite high in relation to the company's current earnings level (2025e EV/EBIT multiple 45x). However, with the improved margin outlook for Renewable Products, the market's focus has already shifted to the earnings potential of the coming years. We have estimated the valuation level of Renewable Products in a sum-of-the-parts calculation, according to which Renewable Products is priced at approximately 10x EV/EBIT ratio relative to our earnings forecast level for 2028-2029. This earnings potential is based on the assumption of a healthy market situation and a higher gross margin than in the recent past. Thus, in our view, the current share price already contains significant assumptions about the market situation improving. 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 18.00)

Share price:

EUR 18.92

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	20635	18720	19597	23215
growth-%	-10%	-9%	5%	18%
EBIT adj.	273	585	983	1381
EBIT-% adj.	1.3 %	3.1 %	5.0 %	5.9 %
Net income	-95	159	711	1061
EPS (adj.)	0.17	0.42	0.93	1.38
P/E (adj.)	72.7	44.9	20.4	13.7
P/B	1.3	2.0	1.8	1.6
Dividend yield-%	1.6 %	1.1 %	1.1 %	1.3 %
EV/EBIT (adj.)	49.5	32.1	18.9	12.8
EV/EBITDA	13.4	14.4	9.5	7.5
EV/S	0.7	1.0	0.9	0.8

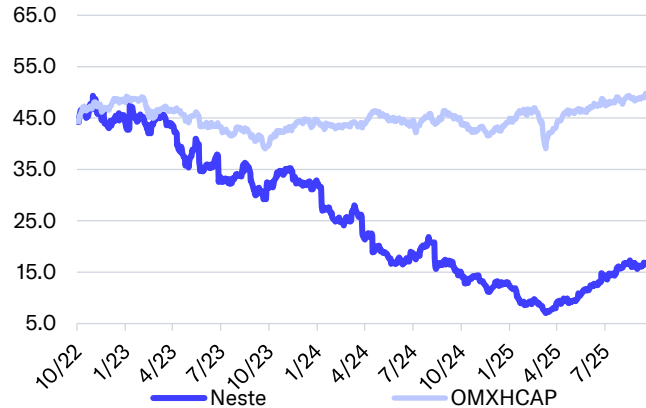
Source: Inderes

Guidance

(Unchanged)

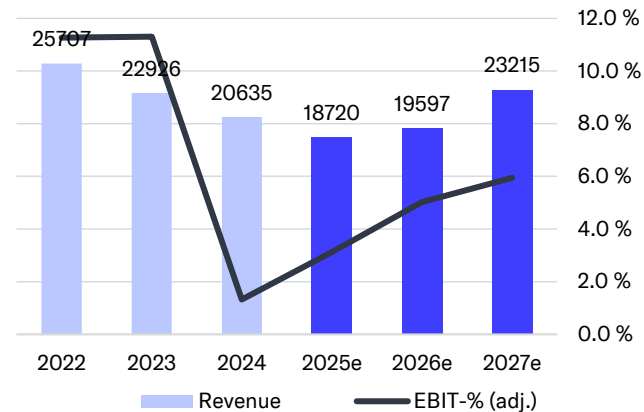
Sales volumes of Renewable Products and Oil Products are expected to be higher in 2025 than in 2024.

Share price



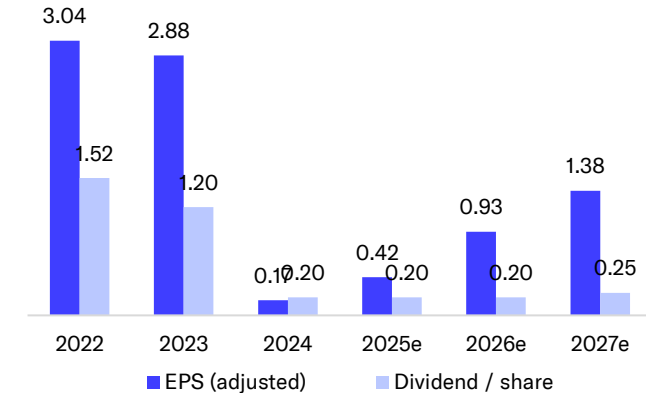
Source: Millstream Market Data AB

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, 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	18.92	18.92	18.92
Number of shares, millions	768.2	768.2	768.2
Market cap	14535	14535	14535
EV	18811	18571	17746
P/E (adj.)	44.9	20.4	13.7
P/E	91.6	20.4	13.7
P/B	2.0	1.8	1.6
P/S	0.8	0.7	0.6
EV/Sales	1.0	0.9	0.8
EV/EBITDA	14.4	9.5	7.5
EV/EBIT (adj.)	32.1	18.9	12.8
Payout ratio (%)	96.8 %	21.6 %	18.1 %
Dividend yield-%	1.1 %	1.1 %	1.3 %

Source: Inderes

The refining margin for Oil Products was strong in Q3

Efficiency of Renewable Products compensated for lower volumes

Q3 sales volumes of Renewable Products grew by only 5% from the comparison period to 1.05 Ktons, which was below our forecast of 10% growth. From the previous quarter, sales volumes even decreased by 5%, which in turn reflects the maintenance measures typically weighted towards H2. At the same time, the sales margin for Renewable Products rose to USD 480/ton, which was higher than we anticipated (Q3'25e USD 450/ton). Reflecting this and a slightly lower-than-expected level of fixed costs, Q3 comparable EBITDA reached 266 MEUR and exceeded our forecast (Q3'25e 238 MEUR).

Oil Products' refining margin rose to a high level in Q3

The clear earnings beat at group level was particularly driven by Oil Products.

The segment's earnings performance received even

stronger-than-expected support from the rise in the overall refining margin to a rather strong USD 15.5/bbl (Q3'24: USD 10.6/bbl vs. estimate USD 12.5/bbl). The high level is a result of not only low feedstock costs but also the scarcity of fossil fuel refining capacity in the European market. This has been reflected in the product margins for both gasoline and diesel, which have recently been at a rather high level again relative to the longer-term historical level.

Typical changes in the value of inventories and derivatives weighed on the reported result, and net financial expenses also presumably reflected fair value changes caused by currency movements. Thus, the reported EPS remained at a subdued EUR 0.14, but comparable EPS was EUR 0.23 per share and higher than we anticipated, in line with the operational earnings trend.

Cash flow is in the red due to investments

By the end of Q3, Neste has generated 679 MEUR in cash

flow from operating activities, while the Rotterdam expansion investment, among other things, has increased its investments to 667 MEUR. Adjusting for this and IFRS16 amortizations, Neste's free cash flow for the current year is -173 MEUR by the end of Q3. Cash flow is currently weakened by the commitment of working capital due to H2 maintenance activities, the release of which is expected to strengthen Q4 cash flow. Thus, we estimate that free cash flow will be barely positive for the full year, even though the Rotterdam expansion project will significantly consume cash flow in Q4 as well. At the end of Q3'25, Neste's net debt was 4.4 BNEUR, corresponding to a 4.3x net debt/EBITDA level. The level is high, but the company's liquid assets and binding limits are just under 3.0 BNEUR, and there are no covenants in the debts. Thanks to this, we do not believe that the financial position will become a challenge in terms of cash flow, despite a tight period.

MEUR / EUR	Q3'24 Comparison	Q3'25 Actualized	Q3'25e Inderes	Q3'25e Consensus	Consensus Low High	Difference (%) Act. vs. inderes	2025e Inderes
Revenue	5624	4534	5195	5157	3737 - 6458	-13%	18720
EBITDA (adj.)	293	531	434	461	349 - 530	22%	1500
PTP	27	152	168	-	- - -	-10%	194
EPS (adj.)	0.02	0.23	0.19	0.21	0.05 - 0.29	21%	0.42
Revenue growth-%	-5.8 %	-19.4 %	-7.6 %	-8.3 %	-33.6 % - 14.8 %	-11.8 pp	-9.3 %
EBITDA-% (adj.)	5.2 %	11.7 %	8.4 %	8.9 %	9.3 % - 8.2 %	3.4 pp	8.0 %

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

Upward pressure on Oil Products forecasts

Maintenance measures overshadow in the short term

Neste's Rotterdam refinery will undergo a four-week scheduled maintenance shutdown in Q4, while a shutdown of similar duration will begin at the Singapore refinery in mid-December. These factors, together with the price levels already set by conventional annual contracts, limit Neste's ability to benefit from the currently quite high price of renewable diesel for road transport in the European market. Thus, we anticipate quarterly volumes to decrease slightly in Q4 (vs. Q3'25) to 1 Mton, and with efficiency losses due to maintenance, the quarterly sales margin to fall to USD 420/ton. Thus, in our assessment, the upward trend in Renewable Products' earnings development will halt in Q4, before next year's earnings growth.

Upward pressure on Oil Products forecasts

We have made upward revisions to our forecasts for the coming years, mainly reflecting increased estimates for the

overall refining margin of Oil Products. The higher forecasts are based on our expectation of a tight fossil fuel market, which means we expect refining margins in the coming years to exceed their historical average.

Earnings growth from Renewable Products' margin next year

We forecast Renewable Products' result to continue on a clear upward trend in 2026, driven by an 8% increase in sales volume. We forecast total sales volumes in 2026 to increase to 4.3 Mt, driven by market growth and a higher production utilization rate than in 2025. An even greater driver of earnings growth in our forecasts is the sales margin rising to USD 535/ton. Thus, the sales margin forecast is significantly higher than the recent average level (USD ~348/ton). The higher sales margin forecast reflects our assessment of a tight European market, as demand grows and, on the other hand, imports are restricted by tariffs. In our forecasts, however, the sales

margin does not reach the long-term average level (2020-2024 average USD 688/ton), but it should be noted that different periods are not fully comparable due to different subsidies. The most significant change is the BTC tax relief Neste previously received in the US, which has now been replaced by a subsidy that only favors local production.

In the medium term, volumes will grow in Renewables

In our longer-term forecasts for 2027-2028, we expect Renewable Products' sales volumes to grow as market demand increases and the Rotterdam expansion brings additional capacity. Against this backdrop, we forecast sales volumes of Renewable Products to increase to 6 Mt in 2028 (2025e 4 Mt). Reflecting this and what we believe is a healthy market situation with a sales margin of USD 560/ton, we expect strong earnings growth for Renewable Products in the coming years.

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	20695	18720	-10%	22099	19597	-11%	25268	23215	-8%
EBITDA	1269	1310	3%	1874	1951	4%	2344	2368	1%
EBIT (excl. NRIs)	459	585	27%	896	983	10%	1347	1381	3%
EBIT	354	395	12%	896	983	10%	1347	1381	3%
PTP	183	194	6%	735	836	14%	1197	1248	4%
EPS (excl. NRIs)	0.35	0.42	21%	0.81	0.93	14%	1.32	1.38	4%
DPS	0.20	0.20	0%	0.20	0.20	0%	0.25	0.25	0%

Source: Inderes

Neste Interim Report January-September 2025



The price has sufficient earnings potential

Valuation multiples are inherently a poor yardstick

Based on our updated estimates for, P/E ratios for 2025-2026 are 45x and 20x, while the corresponding EV/EBIT ratios are 32x and 19x. Thus, the earnings-based valuation for the next few years is 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 (2.4 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.

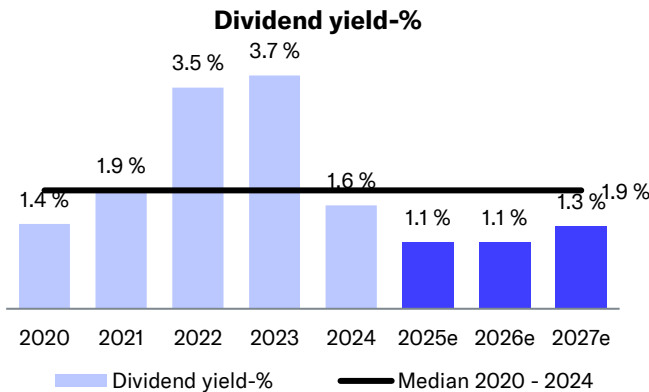
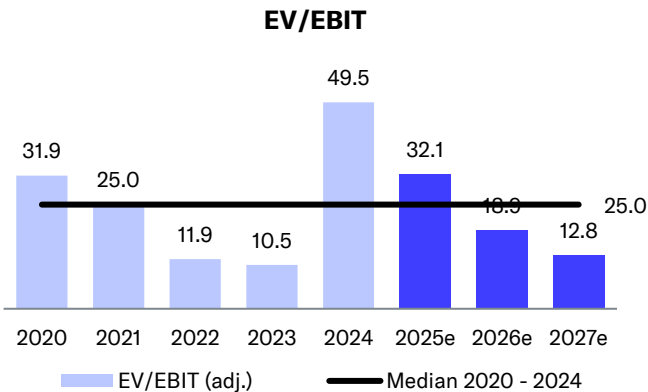
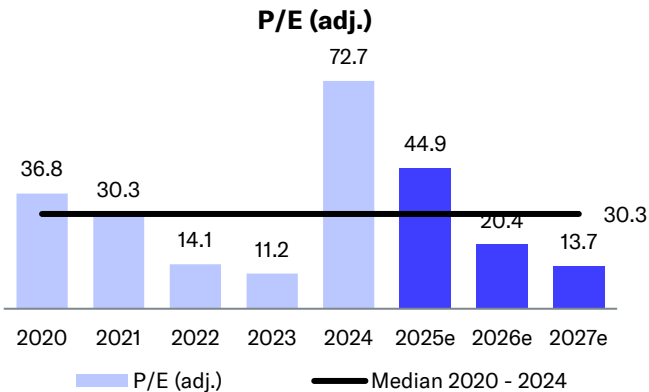
Valuation	2025e	2026e	2027e
Share price	18.92	18.92	18.92
Number of shares, millions	768.2	768.2	768.2
Market cap	14535	14535	14535
EV	18811	18571	17746
P/E (adj.)	44.9	20.4	13.7
P/E	91.6	20.4	13.7
P/B	2.0	1.8	1.6
P/S	0.8	0.7	0.6
EV/Sales	1.0	0.9	0.8
EV/EBITDA	14.4	9.5	7.5
EV/EBIT (adj.)	32.1	18.9	12.8
Payout ratio (%)	96.8 %	21.6 %	18.1 %
Dividend yield-%	1.1 %	1.1 %	1.3 %

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	18.9	18.9	18.9	18.9
Number of shares, millions	768	768	768	768	768	768	768	768	768
Market cap	45425	33299	33043	24744	9318	14535	14535	14535	14535
EV	45212	33494	34407	27237	13511	18811	18571	17746	16426
P/E (adj.)	36.8	30.3	14.1	11.2	72.7	44.9	20.4	13.7	9.3
P/E	63.8	18.8	17.5	17.3	neg.	91.6	20.4	13.7	9.3
P/B	7.7	4.8	4.0	2.9	1.3	2.0	1.8	1.6	1.4
P/S	3.9	2.2	1.3	1.1	0.5	0.8	0.7	0.6	0.5
EV/Sales	3.8	2.2	1.3	1.2	0.7	1.0	0.9	0.8	0.6
EV/EBITDA	30.0	12.8	11.3	10.7	13.4	14.4	9.5	7.5	5.5
EV/EBIT (adj.)	31.9	25.0	11.9	10.5	49.5	32.1	18.9	12.8	8.4
Payout ratio (%)	86%	36%	62%	64%	neg.	97%	22%	18%	15%
Dividend yield-%	1.4 %	1.9 %	3.5 %	3.7 %	1.6 %	1.1 %	1.1 %	1.3 %	1.6 %

Source: Inderes



Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Total SA	118008	151372	7.1	7.4	4.7	4.8	0.9	0.9	9.0	8.8	6.1	6.4	1.2
ENI SPA	49989	71779	8.0	8.2	4.3	4.3	0.8	0.9	10.5	10.2	6.6	6.8	1.0
Koc Holding AS	8682	23111	9.0	6.5	6.6	5.1	0.5	0.4	14.7	6.4	3.4	3.7	0.6
TURKIYE PETROL RAFINERILERI AS	7747	6822	7.5	6.2	5.6	4.7	0.4	0.4	10.6	7.6	8.2	9.8	1.1
MOL PLC	6204	8964	5.8	6.0	3.2	3.3	0.4	0.4	6.0	6.1	9.2	9.2	0.5
EQUINOR ASA	53252	61684	2.5	2.8	1.9	2.0	0.7	0.8	8.6	8.2	6.2	6.5	1.5
VALERO ENERGY CORP	44303	52199	19.5	11.9	8.4	7.7	0.5	0.5	18	14.3	2.7	2.8	2.1
HELLENIC PETROLEUM SA	2488	5131	10.9	10.5	6.0	6.0	0.5	0.4	8.4	8.6	6.4	6.7	0.9
POLSKI KONCERN NAFTOWY ORLEN SA	27148	28144	5.3	5.6	3.2	3.3	0.5	0.5	8.1	8.7	6.0	5.9	0.8
Neste (Inderes)	14535	18811	32.1	18.9	14.4	9.5	1.0	0.9	44.9	20.4	1.1	1.1	2.0
Average			8.4	7.2	4.9	4.6	0.6	0.6	10.4	8.8	6.1	6.4	1.1
Median			7.5	6.5	4.7	4.7	0.5	0.5	9.0	8.6	6.2	6.5	1.0
Diff-% to median			328%	190%	204%	101%	118%	97%	400%	139%	-83%	-84%	92%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue	22926	4801	4642	5624	5568	20635	5017	4511	4534	4658	18720	19597	23215	26982
Oil Products	13285	2669	2436	3400	3324	11829	2936	2198	2167	2291	9592	8586	11378	12113
Renewable Products	8466	1766	1852	1823	1880	7321	1746	1915	1965	1957	7583	9342	10288	13165
Marketing & Services	5168	1234	1165	1180	1108	4687	1054	1042	1068	1085	4249	4270	4300	4450
Other	100	18	24	44	39	125	47	41	37	25	150	100.0	100.0	105
Eliminations	-4094	-887	-834	-822	-783	-3326	-765	-686	-702	-700	-2853	-2700	-2850	-2850
EBITDA	2548	442	119	301	144	1005	200	246	447	417	1310	1951	2368	3005
Depreciation	-866	-242	-237	-247	-254	-980	-224	-229	-231	-231	-915	-967	-987	-1047
EBIT (excl. NRI)	2592	309	3	47	-85	273	-15	113	301	186	585	983	1381	1958
EBIT	1682	200	-119	54	-110	25	-25	18	216	186	395	983	1381	1958
Oil Products	1127	203	-9	54	63	311	8	-27	167	153	302	273	373	406
Renewable Products	1426	94	5	-37	-136	-75	-19	30	31	30	72	674	980	1524
Marketing & Services	85	16	16	24	17	73	10	26	27	15	78	82	76	78
Other	-48	-4	-13	0	-25	-42	-24	-16	-10	-11	-61	-46	-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	-64	-35	-201	-147	-134	-113
PTP	1596	189	-169	27	-160	-113	-57	-52	152	151	194	836	1248	1845
Taxes	-160	-27	24	-4	26	19	17	16	-46	-23	-36	-125	-187	-277
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	106	129	159	711	1061	1568
EPS (adj.)	2.88	0.33	-0.05	0.02	-0.13	0.17	-0.04	0.06	0.23	0.17	0.42	0.93	1.38	2.04
EPS (rep.)	1.86	0.21	-0.19	0.03	-0.18	-0.12	-0.05	-0.05	0.14	0.17	0.21	0.93	1.38	2.04

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	-10.8 %	-9.4 %	-13.2 %	-5.8 %	-11.7 %	-10.0 %	4.5 %	-2.8 %	-19.4 %	-16.3 %	-9.3 %	4.7 %	18.5 %	16.2 %
Adjusted EBIT growth-%	-10.6 %	-52.6 %	-99.6 %	-94.4 %	-115.7 %	-89.5 %	-104.8 %	4412.0 %	545.7 %	-319.1 %	114.4 %	68.0 %	40.5 %	41.7 %
EBITDA-%	11.1 %	9.2 %	2.6 %	5.3 %	2.6 %	4.9 %	4.0 %	5.5 %	9.9 %	9.0 %	7.0 %	10.0 %	10.2 %	11.1 %
Adjusted EBIT-%	11.3 %	6.4 %	0.1 %	0.8 %	-1.5 %	1.3 %	-0.3 %	2.5 %	6.6 %	4.0 %	3.1 %	5.0 %	5.9 %	7.3 %
Net earnings-%	6.2 %	3.4 %	-3.1 %	0.4 %	-2.4 %	-0.5 %	-0.8 %	-0.8 %	2.3 %	2.8 %	0.8 %	3.6 %	4.6 %	5.8 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	8858	10026	10121	10314	9912
Goodwill	496	514	514	514	514
Intangible assets	185	164	174	184	194
Tangible assets	7786	8872	8957	9140	8728
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	5218	5474	6501
Inventories	3366	2898	2714	2861	3436
Other current assets	271	163	163	163	163
Receivables	1913	1539	1591	1666	1973
Cash and equivalents	1575	955	749	784	929
Balance sheet total	15983	15581	15339	15788	16412

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	8463	7417	7422	7979	8886
Share capital	40	40	40	40	40
Retained earnings	8423	7377	7382	7939	8846
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	5117	4912	4232
Deferred tax liabilities	317	335	335	335	335
Provisions	187	144	144	144	144
Interest bearing debt	3487	4362	4525	4320	3640
Convertibles	0	0	0	0	0
Other long-term liabilities	141	113	113	113	113
Current liabilities	3388	3211	2800	2896	3294
Interest bearing debt	581	786	500	500	500
Payables	2580	2185	2059	2156	2554
Other current liabilities	227	241	241	241	241
Balance sheet total	15983	15581	15339	15788	16412

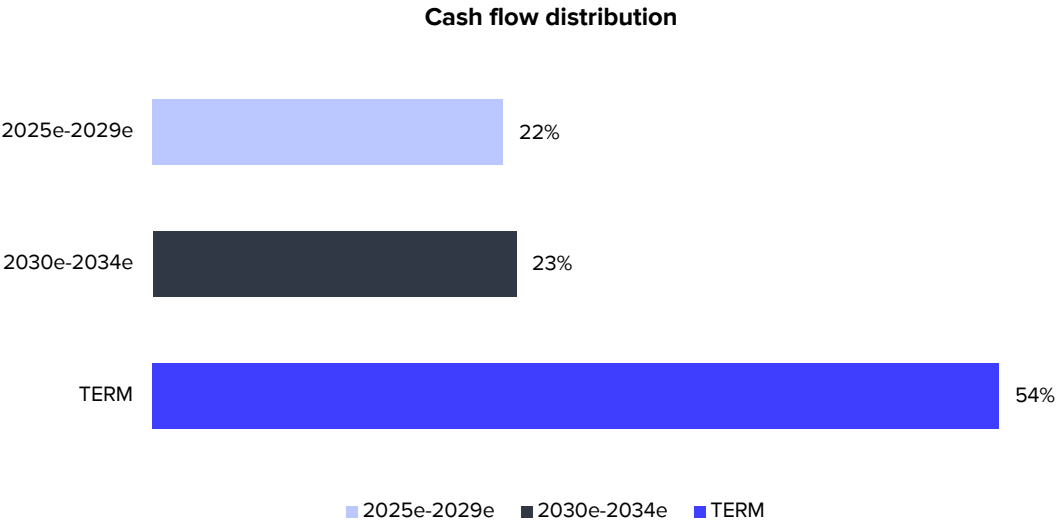
DCF calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-10.0 %	-9.3 %	4.7 %	18.5 %	16.2 %	5.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	0.1 %	2.1 %	5.0 %	5.9 %	7.3 %	7.0 %	7.0 %	6.5 %	6.0 %	6.0 %	6.0 %	6.0 %
EBIT (operating profit)	25.0	395	983	1381	1958	1983	2023	1916	1804	1840	1877	
+ Depreciation	980	915	967	987	1047	1073	778	684	679	675	672	
- Paid taxes	-59	-36	-125	-187	-277	-282	-288	-272	-256	-261	-356	
- Tax, financial expenses	-23	-37	-22	-20	-17	-16	-16	-16	-16	-16	-21	
+ Tax, financial income	0	0	0	0	0	0	1	1	1	1	1	
- Change in working capital	568	6	-125	-484	-517	-169	-71	-72	-74	-75	-77	
Operating cash flow	1492	1244	1678	1677	2194	2590	2426	2240	2138	2164	2096	
+ Change in other long-term liabilities	-72	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-2058	-1010	-1160	-585	-585	-600	-605	-630	-640	-645	-685	
Free operating cash flow	-637.6	234	518	1092	1609	1990	1821	1610	1498	1519	1412	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	-638	234	518	1092	1609	1990	1821	1610	1498	1519	1412	21914
Discounted FCFF		231	471	914	1240	1413	1191	970	831	776	664	10311
Sum of FCFF present value		19010	18779	18308	17395	16155	14742	13551	12582	11751	10975	10311
Enterprise value DCF		19010										
- Interest bearing debt		-5148										
+ Cash and cash equivalents		955										
-Minorities		0										
-Dividend/capital return		-154										
Equity value DCF		14664										
Equity value DCF per share		19.1										

WACC

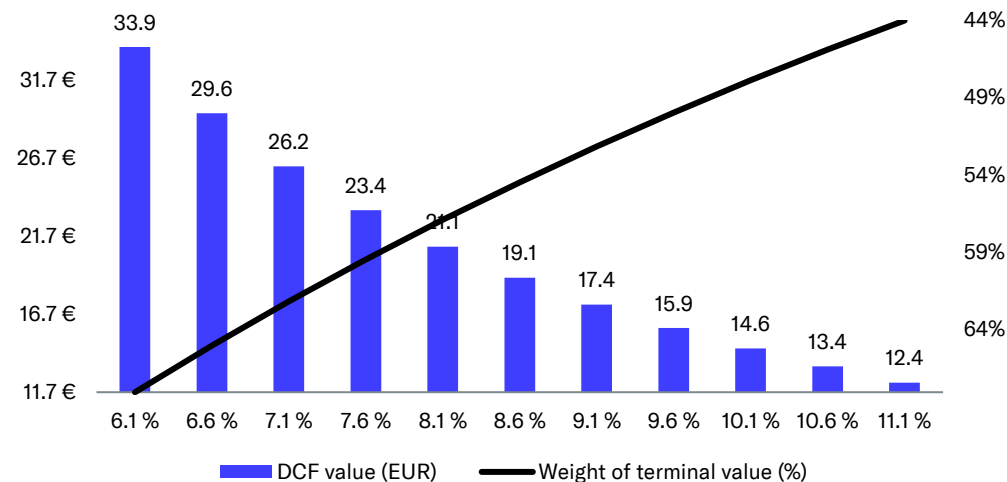
Tax-% (WACC)	15.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.0 %
Equity Beta	1.55
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	9.9 %
Weighted average cost of capital (WACC)	8.6 %

Source: Inderes

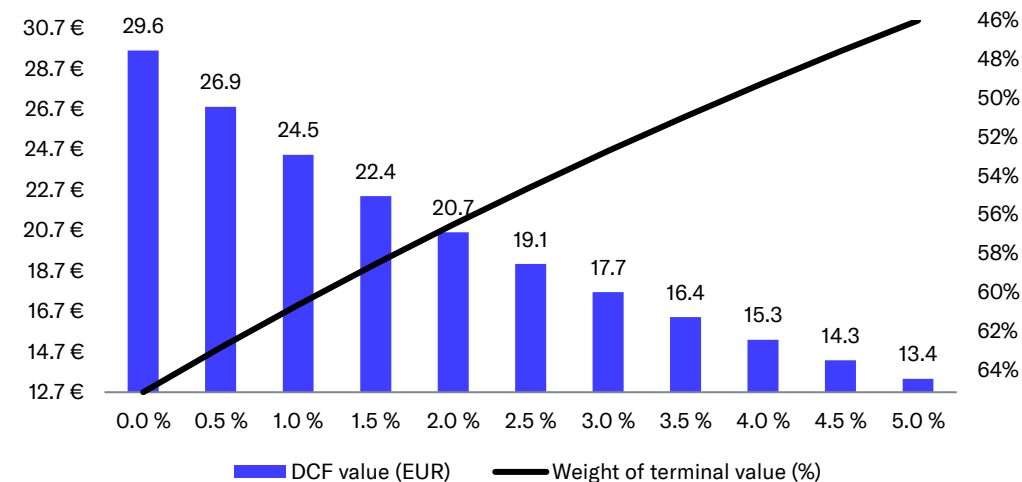


DCF sensitivity calculations and key assumptions in graphs

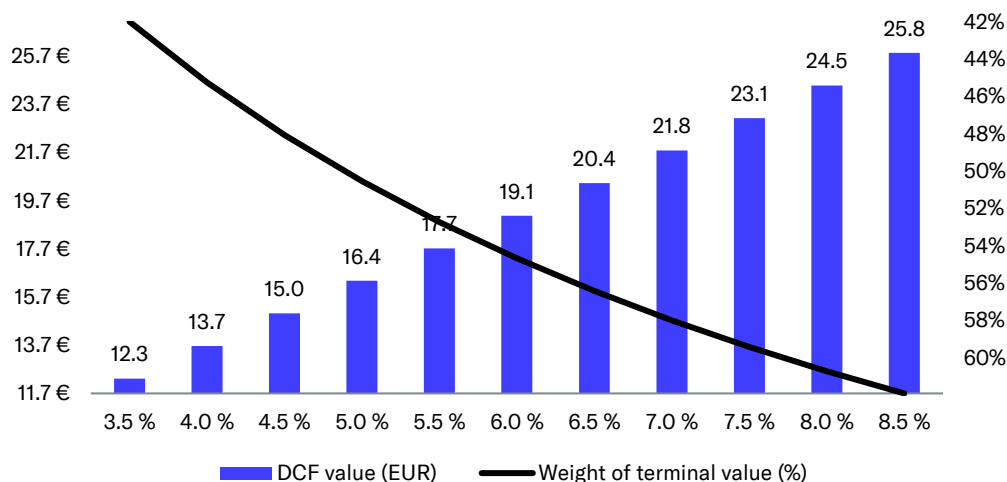
Sensitivity of DCF to changes in the WACC-%



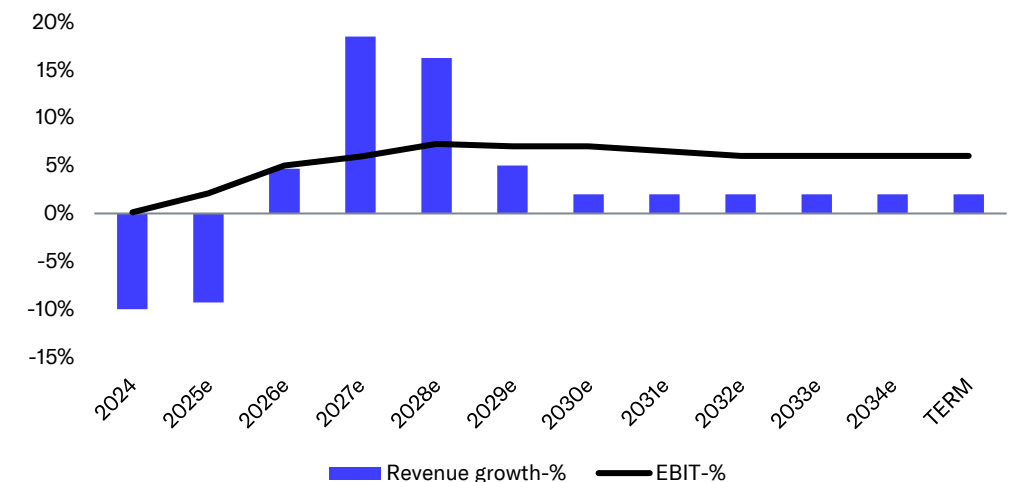
Sensitivity of DCF to changes in the risk-free rate



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	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	25707	22926	20635	18720	19597	EPS (reported)	2.46	1.86	-0.12	0.21	0.93
EBITDA	3047	2548	1005	1310	1951	EPS (adj.)	3.04	2.88	0.17	0.42	0.93
EBIT	2409	1682	25	395	983	OCF / share	2.16	3.28	1.94	1.62	2.18
PTP	2278	1596	-113	194	836	OFCE / share	-0.66	0.29	-0.83	0.30	0.67
Net Income	1887	1433	-95	159	711	Book value / share	10.83	11.02	9.65	9.66	10.39
Extraordinary items	-489	-910	-248	-190	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	15339	15788	Revenue growth-%	70%	-11%	-10%	-9%	5%
Equity capital	8327	8463	7417	7422	7979	EBITDA growth-%	17%	-16%	-61%	30%	49%
Goodwill	0	496	514	514	514	EBIT (adj.) growth-%	116%	-11%	-89%	114%	68%
Net debt	1344	2493	4193	4276	4037	EPS (adj.) growth-%	112%	-5%	-94%	153%	120%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	11.9 %	11.1 %	4.9 %	7.0 %	10.0 %
EBITDA	3047	2548	1005	1310	1951	EBIT (adj.)-%	11.3 %	11.3 %	1.3 %	3.1 %	5.0 %
Change in working capital	-990	224	568	6	-125	EBIT-%	9.4 %	7.3 %	0.1 %	2.1 %	5.0 %
Operating cash flow	1660	2516	1492	1244	1678	ROE-%	24.7 %	17.1 %	-1.2 %	2.1 %	9.2 %
CAPEX	-2142	-2247	-2058	-1010	-1160	ROI-%	24.5 %	14.3 %	0.2 %	3.2 %	7.8 %
Free cash flow	-508	223	-638	234	518	Equity ratio	56.3 %	53.0 %	47.6 %	48.4 %	50.5 %
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	16.1 %	29.5 %	56.5 %	57.6 %	50.6 %
EV/S	1.3	1.2	0.7	1.0	0.9						
EV/EBITDA	11.3	10.7	13.4	14.4	9.5						
EV/EBIT (adj.)	11.9	10.5	49.5	32.1	18.9						
P/E (adj.)	14.1	11.2	72.7	44.9	20.4						
P/B	4.0	2.9	1.3	2.0	1.8						
Dividend-%	3.5 %	3.7 %	1.6 %	1.1 %	1.1 %						

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
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 €
10/30/2025	Reduce	18.00 €	18.92 €



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.**