

WÄRTSILÄ

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COMPANY REPORT



Wind in the sails

Wärtsilä ended 2024 on a strong note, delivering better-than-expected order growth driven by Storage. The company confirmed a favorable demand outlook for 2025, and profitability is also structurally on an uptrend, particularly from growth and improved distribution in the service business. We see the valuation as attractive for a company with a growth outlook supported by megatrends and a high ROI, so we reiterate our Accumulate recommendation and raise our target price to EUR 21 (previously 19.5).

Better-than-expected order growth and cash flow

Wärtsilä's Q4 order intake was 2,491 MEUR, up 34% year-on-year (our forecast +22%, consensus +8%). The above-forecast growth was mainly generated by the less profitable energy storage business. Order trends in the other main segments were broadly in line with consensus expectations. In Q4, the share of the service business was higher than expected, resulting in slightly better-than-expected profitability (adj. EBIT 2% above the consensus). The board's dividend proposal of EUR 0.44 per share was in line with our forecast, but slightly above consensus (EUR 0.42). The company's cash position developed strongly during 2024 (net cash 777 MEUR), clearly exceeding our forecast. However, the company indicates that the current working capital position is not fully sustainable and that capital is likely to be committed during 2025.

Demand outlook favorable, although some threats remain

As expected, Wärtsilä reiterated its previous view that the demand environment for the next 12 months (Q1'25-Q4'25) will be better than the comparison period in both Marine

and Energy. However, the company added that the current significant external uncertainties make it difficult to forecast the future, which could mean, for example, that the company's engine power plants in the US could become less competitive relative to local gas turbine power plant manufacturers. Wärtsilä's profitability is on a structural upward trajectory as the company increases the share of its services business, especially the share of high value-added services. At the press conference, the company expressed confidence that the 12% EBIT margin target can be achieved in the next few years. Our current forecasts assume that the adj. EBIT margin will increase to 11.4%-11.8% in 2025-26 (2024: 11.1%). We raised our 2025-26 EBIT forecasts by 3% and 2%, supported by the high order intake and good profitability in Q4.

A growing and profitable engineering company with a low valuation

Wärtsilä's return on investment is high (2024 ROI: 23.7%) and the long-term growth of the company's business will benefit from, among other things, the decarbonization of shipping and the increasing share of renewables in the energy system. In this context, we believe that the current valuation of the company remains attractive despite the recent share price increase. Even at the current target price, the share would be more than 20% cheaper than the peer group. With EV/EBIT multiples of 12-14x, the fair value of the share would be between EUR 20-23, plus a dividend yield of 3%/year. In addition to earnings growth, potential divestments that could free up capital could also drive the share price. However, the company's balance sheet is already net cash positive, so acquisition-led growth could also become an option in the coming years if the company can find a suitable target.

Recommendation

Accumulate

(was Accumulate)

Target price:

EUR 21.0

(was EUR 19.50)

Share price:

19.29

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	6449	7750	8125	8504
growth-%	7%	20%	5%	5%
EBIT adj.	714	884	963	1012
EBIT-% adj.	11.1 %	11.4 %	11.8 %	11.9 %
Net Income	504	626	690	730
EPS (adj.)	0.86	1.07	1.18	1.25
P/E (adj.)	20.0	18.1	16.4	15.5
P/B	4.0	3.9	3.5	3.1
Dividend yield-%	2.6 %	2.8 %	3.4 %	3.5 %
EV/EBIT (adj.)	13.0	11.6	10.3	9.4
EV/EBITDA	11.0	9.8	8.8	8.1
EV/S	1.4	1.3	1.2	1.1

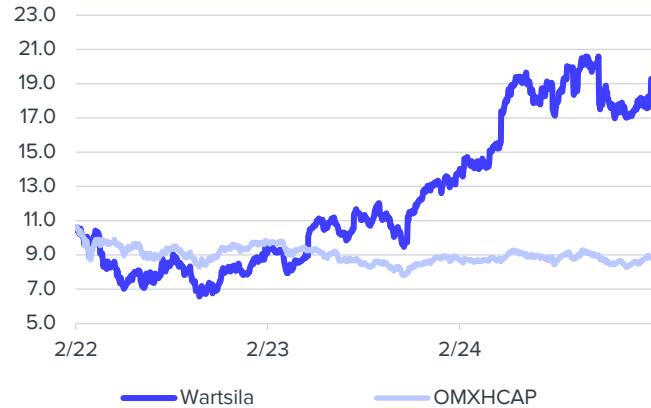
Source: Inderes

Guidance

(New guidance)

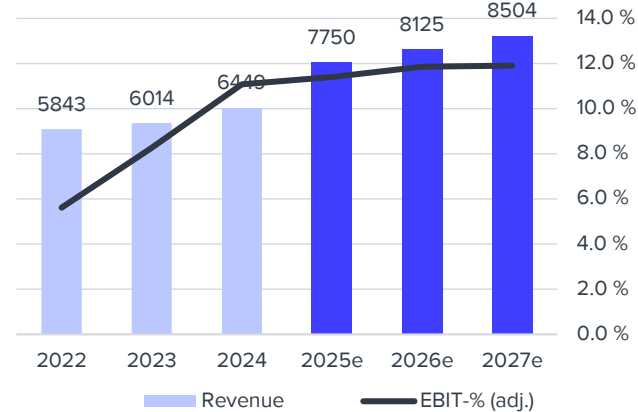
Wärtsilä expects the demand environment for both its marine (Wärtsilä Marine) and energy (Wärtsilä Energy) businesses to be better in the next 12 months (Q1/2025-Q4/2025) than in the comparison period.

Share price



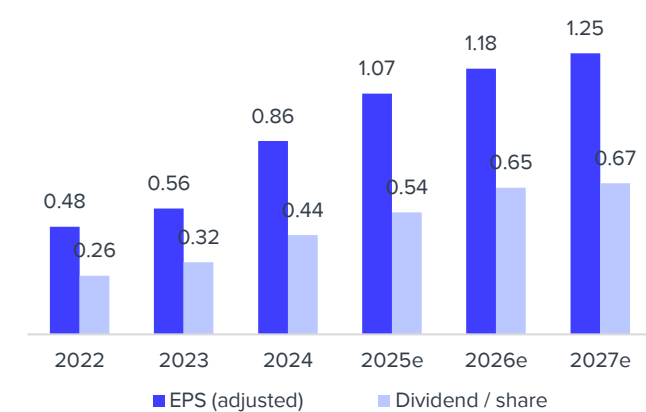
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



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
- Profitability of energy storage solutions turns positive

Risk factors

- Cyclical nature of shipbuilding
- Uncertainty about the winning renewable energy production forms
- Energy's focus on storage solutions depresses margins
- The strategic position of energy storage solutions is uncertain

Valuation	2025e	2026e	2027e
Share price	19.3	19.3	19.3
Number of shares, millions	586.4	586.4	586.4
Market cap	11318	11318	11318
EV	10251	9884	9544
P/E (adj.)	18.1	16.4	15.5
P/E	18.1	16.4	15.5
P/B	3.9	3.5	3.1
P/S	1.5	1.4	1.3
EV/Sales	1.3	1.2	1.1
EV/EBITDA	9.8	8.8	8.1
EV/EBIT (adj.)	11.6	10.3	9.4
Payout ratio (%)	50.6 %	55.2 %	53.8 %
Dividend yield-%	2.8 %	3.4 %	3.5 %

Source: Inderes

Storage order intake and cash flow Q4 highlights

Energy storage drives order intake above expectations

Wärtsilä's Q4 order intake was 2,491 MEUR, up 34% year-on-year (our forecast +22%, consensus +8%). The above-forecast growth came mainly from the energy storage business (order growth 131%). Orders in the rest of Energy, i.e. power plants, grew by 20% and in Marine by 9%, roughly in line with consensus expectations. In Marine, the increase in equipment orders was driven by a strong increase in passenger ships, while equipment orders for merchant vessels declined.

We see the strong storage order intake as moderately positive for the overall earnings outlook. However, energy storage is a lower-margin business for the company (full-year EBIT margin for storage in 2024 was only 4.2%) and the strategic position of energy storage within the group is still under review.

High share of services helped profitability

Adjusted Q4 revenue was 1,854 MEUR, up 13% year-on-year, but 3% below our forecast. Service revenue exceeded our forecast by 9% and equipment sales were 13% below our expectations. On the other hand, EBIT was 209 MEUR, exceeding our and consensus estimates by about 2%. The adj. EBIT margin improved by 0.5 pp year-on-year and exceeded our forecast by 0.7 pp, probably due to a high contribution from the more profitable service sales. All in all, the positive margin surprise came from the fact that Wärtsilä itself had until recently indicated that the H2 margins would be lower than the 10.7% of H1 due to the equipment-driven mix. However, the realized margin for H2'24 was 10.8%.

Balance sheet became clearly net cash positive

Wärtsilä's cash flow was very strong in Q4. Cash flow from operating activities increased to 437 MEUR (Q4'23: 389 MEUR), and investments were also lower than in the comparison period. At the end of the period, the balance sheet had swung to a net cash position of 777 MEUR, while our own forecast was for a roughly net debt-free balance sheet. However, the company emphasized in the report and at the press conference that the current highly negative working capital situation will not be sustainable, and our interpretation is that capital will be committed again towards the end of 2025.

Estimates MEUR / EUR	Q4'23		Q4'24		Consensus		Difference (%) Act. vs. inderes
	Comparison	Actualized	Inderes	Consensus	Low	High	
Revenue	1643	1854	1916	1883	1752	- 2126	-3%
EBIT (adj.)	177	209	204	203	178	- 313	2%
EBIT	128	229	204	190	173	- 205	12%
PTP	121	219	202	188	165	- 229	8%
EPS (reported)	0.16	0.27	0.23	0.23	0.20	- 0.26	18%
DPS	0.32	0.44	0.42	0.40	0.28	- 0.45	5%
Revenue growth-%	-7.2 %	12.8 %	16.6 %	14.6 %	6.6 %	- 29.4 %	-3.8 pp
EBIT-% (adj.)	10.8 %	11.3 %	10.6 %	10.8 %	10.2 %	- 14.7 %	0.6 pp

Source: Inderes & Vara Research (consensus)

Watch Inderes interview with CEO Håkan Agnevall (in English):



Small upward revisions to forecasts

Demand outlook remained positive; trade war creates uncertainty

As expected, Wärtsilä reiterated its previous view that the demand environment for the next 12 months (Q1'25-Q4'25) will be better than the comparison period in both Marine and Energy. However, the company added that the current significant external uncertainties make it difficult to forecast, possibly referring in particular to political decisions in the United States and a possible escalation of the trade war.

The trade war raises a question mark especially for the Energy segment's power plant deliveries, a significant portion of which are destined for the United States. In the US, there is no local competition with technology similar to Wärtsilä's engine power plants, but gas turbine power plant manufacturers (GE Vernova, Siemens) have final assembly operations there. Tariffs imposed on the EU could make Wärtsilä's engine power plants less competitive with gas

turbines in the US. Assessing the potential impact of the tariffs is still a challenge, and even the company's management was unable to give a concrete opinion.

Strong growth in storage orders prompted forecast changes

We raised our revenue forecasts for 2025-26 by 3% and 1% respectively, mainly related to stronger-than-expected orders in the storage business in Q4. The impact on our profit forecasts for 2025-26 was 3% and 2%, which is relatively modest, as the profitability margins for electricity storage deliveries are well below the group average. We made minor changes to our dividend projections, with the payout ratio now 51-55% for 2025-26. The strong balance sheet allows the company to expand its dividend payout.

Profitability on an upward trend

We expect Wärtsilä's profitability to follow a positive trend in the coming years, driven by growth and operational leverage, and especially by an increasing share of the service business and an improving mix. The adjusted EBIT margin is forecast to rise from 11.1% in 2024 to 11.4% in 2025 and 11.8% in 2026. We believe that the company's target of 12% is achievable in subsequent years, especially if demand for services remains strong.

Estimates MEUR / EUR	Q4'23	Q4'24	Q4'24e	Q4'24e	Consensus		Difference (%)
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes
Revenue	1643	1854	1916	1883	1752	2126	-3%
EBIT (adj.)	177	209	204	203	178	313	2%
EBIT	128	229	204	190	173	205	12%
PTP	121	219	202	188	165	229	8%
EPS (reported)	0.16	0.27	0.23	0.23	0.20	0.26	18%
DPS	0.32	0.44	0.42	0.40	0.28	0.45	5%
Revenue growth-%	-7.2 %	12.8 %	16.6 %	14.6 %	6.6 %	29.4 %	-3.8 pp
EBIT-% (adj.)	10.8 %	11.3 %	10.6 %	10.8 %	10.2 %	14.7 %	0.6 pp

Source: Inderes & Vara Research (consensus)

We stay on board with the value creator

Good growth prospects in both the short and long term

Wärtsilä's positive business drivers are unchanged, to say the least, and the outlook for the next few years in the energy storage business was further supported by the order intake in Q4. The company's technology portfolio is very comprehensive, and its market position is very strong in many segments, while its service operations, based on a large installed base, are very profitable. In the long term, demand will be supported by the decarbonization of maritime transport and the transformation of the energy system, where weather-dependent power generation will need to be complemented by balancing power solutions. Return on capital employed is high (2024: 23.7%), which, combined with a positive growth outlook, allows for significant value creation.

Valuation still attractive

Despite a significant increase in the share price (+8%) on the day of the Q4 results, we believe that the share is still attractively valued. We reiterate our Accumulate recommendation and raise our target price to EUR 21.0 (was 19.5) due to the changes in the forecast and a stronger-than-expected cash position. We consider Wärtsilä's peer group multiples to be high, but even at our target price, the stock would trade at a 27-28% discount to peers based on 2025-26 EV/EBIT multiples and a P/E of 13%.

Using our fair value estimates of EV/EBIT multiples (2025e), the fair value of Wärtsilä's stock would be EUR 20-23, plus a dividend yield of 3%/year. The expected return at the mid-point of the range would therefore be 13%, above our required return on equity (8%).

Attractive DCF potential

Our DCF model indicates a 15% upside potential for the share, which can be considered attractive. The calculation assumes a long-term growth rate of 2.5%, a moderate EBIT margin of 10% and a WACC of 7.6%. Wärtsilä's cash flow profile is now slightly less back-loaded in the model, with the terminal period accounting for 61% of the value instead of 63%.

M&A as a potential price driver

Wärtsilä has a number of businesses within the group that are either available for sale (Portfolio Business) or their role within the group is being strategically reviewed (storage). The company managed to strengthen its order book and profitability in both of these business areas during 2024, which supports, for example, divestment opportunities. We estimate that information on the future of storage could emerge in 2025, which would clarify the company's strategic situation.

The company could also make acquisitions on the back of its strong balance sheet. However, finding a suitable and affordable acquisition target is uncertain, and not all acquisitions create value for the buyer.

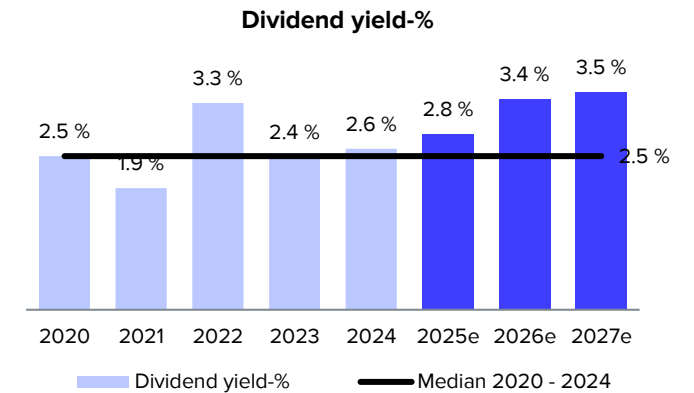
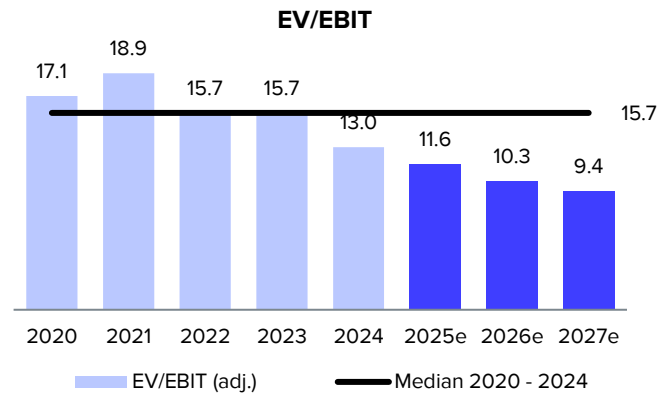
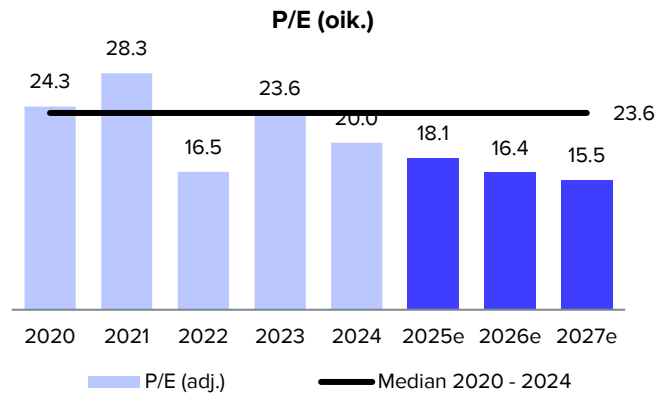
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Share price	19.3	19.3	19.3
Number of shares, millions	586.4	586.4	586.4
Market cap	11318	11318	11318
EV	10251	9884	9544
P/E (adj.)	18.1	16.4	15.5
P/E	18.1	16.4	15.5
P/B	3.9	3.5	3.1
P/S	1.5	1.4	1.3
EV/Sales	1.3	1.2	1.1
EV/EBITDA	9.8	8.8	8.1
EV/EBIT (adj.)	11.6	10.3	9.4
Payout ratio (%)	50.6 %	55.2 %	53.8 %
Dividend yield-%	2.8 %	3.4 %	3.5 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	8.15	12.4	7.87	13.1	17.1	19.3	19.3	19.3	19.3
Number of shares, millions	591.7	590.0	590.0	589.0	586.4	586.4	586.4	586.4	586.4
Market cap	4823	7293	4643	7734	10034	11318	11318	11318	11318
EV	5255	7326	5158	7804	9270	10251	9884	9544	9200
P/E (adj.)	24.3	28.3	16.5	23.6	20.0	18.1	16.4	15.5	14.8
P/E	36.0	37.8	neg.	30.0	19.9	18.1	16.4	15.5	14.8
P/B	2.2	3.2	2.2	3.5	4.0	3.9	3.5	3.1	2.8
P/S	1.0	1.5	0.8	1.3	1.6	1.5	1.4	1.3	1.3
EV/Sales	1.1	1.5	0.9	1.3	1.4	1.3	1.2	1.1	1.0
EV/EBITDA	12.1	14.4	15.3	13.1	11.0	9.8	8.8	8.1	7.6
EV/EBIT (adj.)	17.1	18.9	15.7	15.7	13.0	11.6	10.3	9.4	8.7
Payout ratio (%)	88.3 %	73.4 %	neg.	73.1 %	51.2 %	50.6 %	55.2 %	53.8 %	52.8 %
Dividend yield-%	2.5 %	1.9 %	3.3 %	2.4 %	2.6 %	2.8 %	3.4 %	3.5 %	3.6 %

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
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	
Metso Corp	7782	8898	11.1	10.0	9.3	8.4	1.7	1.6	13.7	12.1	4.1	4.4	2.7
Kone Oyj	25962	25034	17.7	16.1	14.7	13.4	2.2	2.1	23.3	21.1	3.9	4.2	8.4
Konecranes Abp	4634	4884	9.2	8.7	7.7	7.3	1.2	1.2	12.3	11.4	3.0	3.2	2.2
Siemens Energy AG	43387	40197	29.3	12.9	13.5	8.8	1.1	1.0	65.7	22.4		1.6	4.3
Abb Ltd	97646	99438	17.4	15.9	15.1	13.9	3.0	2.9	22.7	20.6	1.9	2.0	6.3
Alfa Laval AB	17709	18368	16.7	15.7	14.1	13.2	2.8	2.7	22.0	20.1	1.9	2.0	4.3
Alstom SA	8817	8963	11.6	8.1	6.4	5.1	0.5	0.5	13.9	10.3		1.9	0.8
Caterpillar Inc	168342	198709	17.0	15.7	14.5	13.7	3.3	3.1	18.1	16.2	1.6	1.7	8.4
GE Vernova	94753	88005	50.0	27.7	29.3	19.5	2.5	2.3	56.2	33.9	0.3	0.4	8.7
Rolls-Royce Holdings PLC	60683	61655	19.9	17.6	14.7	13.3	2.8	2.6	27.9	24.2	1.1	1.4	
Woodward Inc	10550	11146	23.1	20.0	18.3	16.0	3.4	3.1	30.1	25.2	0.6	0.6	4.9
Wartsila (Inderes)	11318	10251	11.6	10.3	9.8	8.8	1.3	1.2	18.1	16.4	2.8	3.4	3.9
Average			20.3	15.3	14.3	12.1	2.2	2.1	27.8	19.8	2.0	2.1	5.1
Median			17.4	15.7	14.5	13.3	2.5	2.3	22.7	20.6	1.9	1.9	4.6
Diff-% to median			-33%	-35%	-32%	-34%	-47%	-47%	-20%	-20%	50%	78%	-15%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	6014	1322	1555	1718	1854	6449	1799	1878	1887	2185	7750	8125	8504	8885
Marine	2800	708	759	739	847	3053	870	907	861	993	3630	3915	4048	4285
Energy	2610	452	617	804	817	2690	706	758	782	939	3185	3273	3499	3636
Portfolio Business	604	162	179	175	190	706	223	213	245	253	934	937	957	964
EBITDA	595	162	205	230	250	847	220	268	263	291	1041	1123	1177	1205
Depreciation	-193	-35	-37	-38	-21	-131	-39	-39	-39	-39	-158	-161	-164	-148
EBIT (excl. NRI)	497	132	176	177	229	714	180	228	223	252	884	963	1012	1056
EBIT	402	127	168	192	229	716	180	228	223	252	884	963	1012	1056
Marine	276	77	96	91	100	364	107	122	100	129	457	503	526	552
Energy	209	50	64	85	100	299	69	94	103	108	373	401	429	447
Portfolio Business	-83	0	8	16	28	52	5	12	21	16	53	59	57	58
Net financial items	-37	-9	-7	-2	-10	-28	-4	-4	-4	-4	-16	-6	0	6
PTP	365	118	161	190	219	688	176	224	219	248	868	957	1012	1063
Taxes	-95	-32	-44	-46	-58	-180	-47	-59	-58	-66	-230	-254	-268	-282
Minority interest	-12	-1	-1	-1	-1	-4	-3	-3	-3	-3	-12	-13	-14	-15
Net earnings	258	85	116	142	160	504	126	162	158	179	626	690	730	766
EPS (adj.)	0.56	0.15	0.21	0.22	0.27	0.86	0.22	0.28	0.27	0.31	1.07	1.18	1.25	1.31
EPS (rep.)	0.44	0.14	0.20	0.24	0.27	0.86	0.22	0.28	0.27	0.31	1.07	1.18	1.25	1.31

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	2.9 %	-9.8 %	6.9 %	18.3 %	12.8 %	7.2 %	36.1 %	20.8 %	9.8 %	17.9 %	20.2 %	4.8 %	4.7 %	4.5 %
Adjusted EBIT growth-%	51.5 %	48.3 %	64.5 %	42.7 %	29.3 %	43.6 %	36.4 %	29.6 %	26.2 %	10.1 %	23.8 %	8.9 %	5.2 %	4.4 %
EBITDA-%	9.9 %	12.3 %	13.2 %	13.4 %	13.5 %	13.1 %	12.2 %	14.2 %	13.9 %	13.3 %	13.4 %	13.8 %	13.8 %	13.6 %
Adjusted EBIT-%	8.3 %	10.0 %	11.3 %	10.3 %	12.3 %	11.1 %	10.0 %	12.1 %	11.8 %	11.5 %	11.4 %	11.8 %	11.9 %	11.9 %
Net earnings-%	4.3 %	6.4 %	7.5 %	8.3 %	8.6 %	7.8 %	7.0 %	8.6 %	8.4 %	8.2 %	8.1 %	8.5 %	8.6 %	8.6 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	2553	2580	2592	2606	2621
Goodwill	1273	1299	1299	1299	1299
Intangible assets	402	446	459	469	479
Tangible assets	562	557	557	560	565
Associated companies	33	41	41	41	41
Other investments	19	17	17	17	17
Other non-current assets	52	45	45	45	45
Deferred tax assets	212	175	175	175	175
Current assets	4250	5114	6052	6345	6641
Inventories	1485	1483	1860	1950	2041
Other current assets	5	187	0	0	0
Receivables	1943	1890	2325	2437	2551
Cash and equivalents	817	1554	1867	1958	2049
Balance sheet total	6803	7694	8644	8951	9262

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	2233	2532	2900	3273	3622
Share capital	336	336	336	336	336
Retained earnings	1989	2337	2705	3078	3427
Hybrid bonds	0	0	0	0	0
Revaluation reserve	61	61	61	61	61
Other equity	-161	-208	-208	-208	-208
Minorities	8	6	6	6	6
Non-current liabilities	1405	1319	1317	1098	900
Deferred tax liabilities	69.0	141	141	141	141
Provisions	372	433	433	433	433
Interest bearing debt	739	624	622	403	205
Convertibles	0	0	0	0	0
Other long term liabilities	225	121	121	121	121
Current liabilities	3165	3843	4428	4580	4740
Interest bearing debt	120	142	155	100	51
Payables	3045	3556	4273	4480	4689
Other current liabilities	0	145	0	0	0
Balance sheet total	6803	7694	8644	8951	9262

DCF-calculation

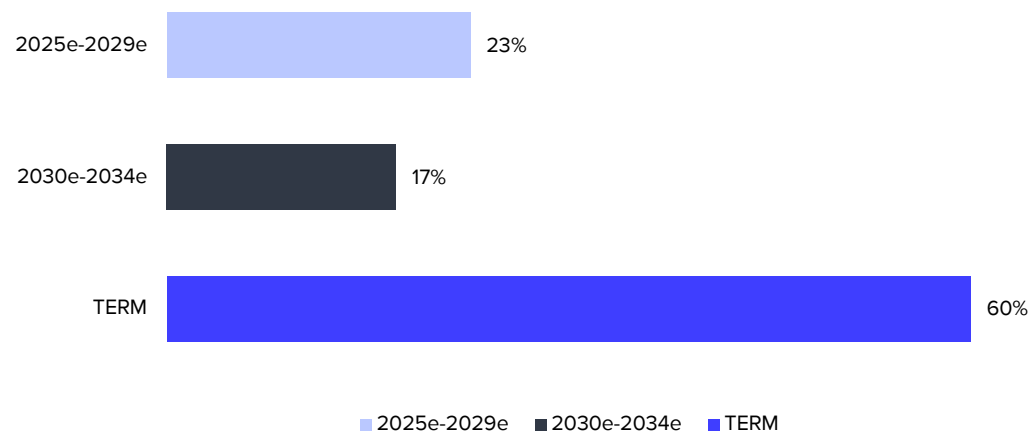
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	7.2 %	20.2 %	4.8 %	4.7 %	4.5 %	3.7 %	2.9 %	2.9 %	2.8 %	2.8 %	2.5 %	2.5 %
EBIT-%	11.1 %	11.4 %	11.8 %	11.9 %	11.9 %	11.7 %	11.4 %	11.2 %	10.5 %	10.5 %	10.0 %	10.0 %
EBIT (operating profit)	716	884	963	1012	1056	1074	1082	1090	1052	1082	1056	
+ Depreciation	131	158	161	164	148	152	156	161	166	170	175	
- Paid taxes	-71	-230	-254	-268	-282	-290	-294	-297	-289	-299	-294	
- Tax, financial expenses	-10	-9	-7	-5	-4	0	0	0	0	-1	-1	
+ Tax, financial income	2	5	5	5	6	6	7	9	11	13	15	
- Change in working capital	529	-53	4	4	4	4	3	3	3	3	3	
Operating cash flow	1297	755	873	913	929	945	955	966	942	969	954	
+ Change in other long-term liabilities	-43	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-187	-170	-174	-179	-184	-188	-193	-198	-203	-209	-182	
Free operating cash flow	1068	585	698	734	745	757	762	767	739	760	772	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	1068	585	698	734	745	757	762	767	739	760	772	15507
Discounted FCFF		547	608	593	560	529	494	463	414	396	374	7509
Sum of FCFF present value		12487	11940	11332	10739	10179	9650	9156	8693	8279	7883	7509
Enterprise value DCF		12487										
- Interest bearing debt		-766										
+ Cash and cash equivalents		1554										
-Minorities		-23										
-Dividend/capital return		-258										
Equity value DCF		12994										
Equity value DCF per share		22.2										

WACC

Tax-% (WACC)	26.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	3.0 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.2 %
Weighted average cost of capital (WACC)	7.6 %

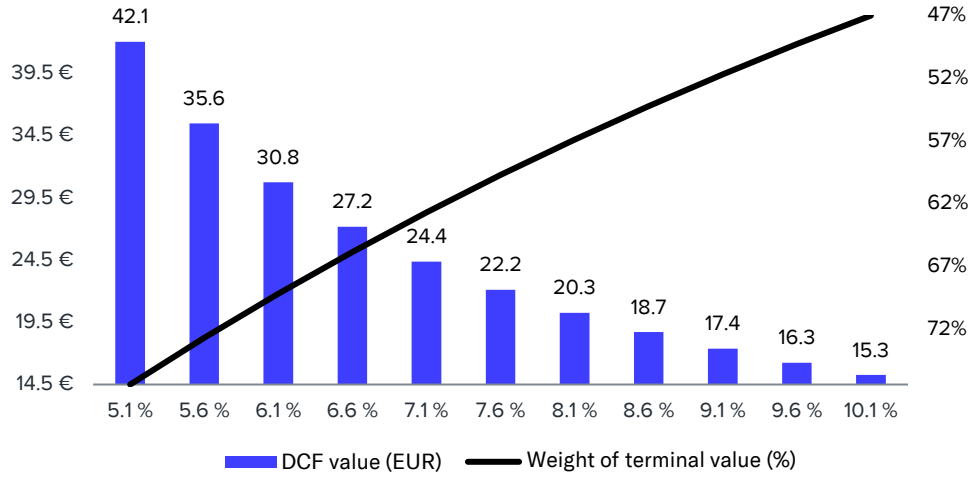
Source: Inderes

Cash flow distribution

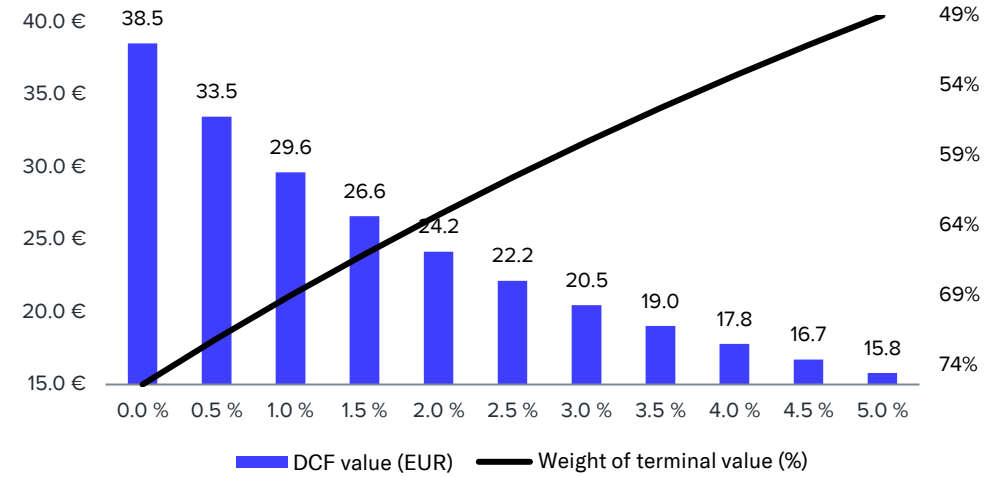


DCF sensitivity calculations and key assumptions in graphs

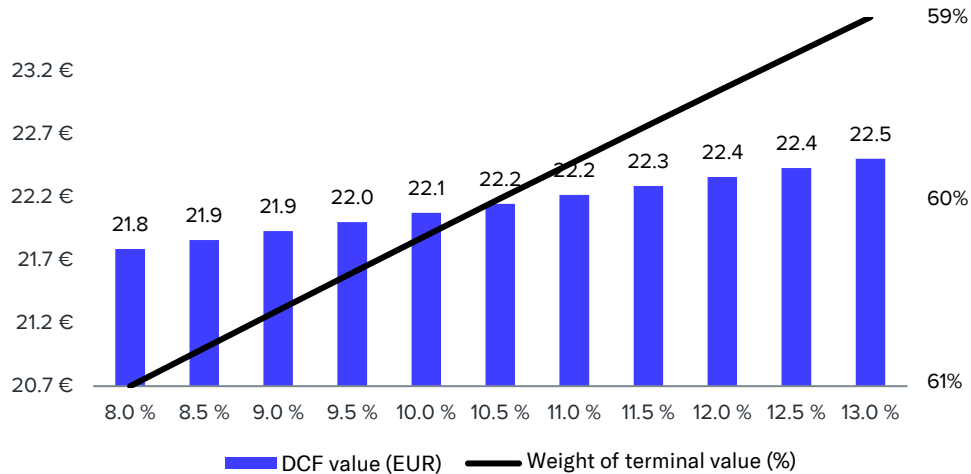
Sensitivity of DCF to changes in the WACC-%



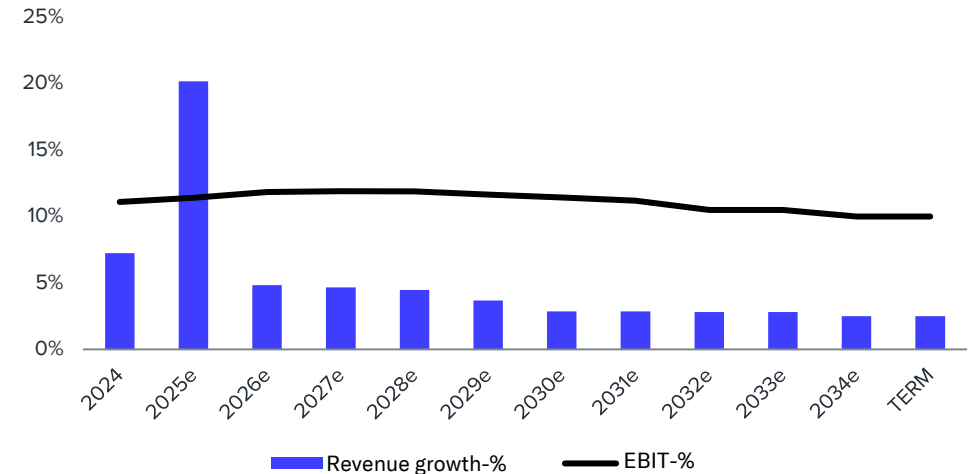
Sensitivity of DCF to changes in the risk-free rate



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	5843.0	6014.0	6449.0	7749.6	8124.7	EPS (reported)	-0.11	0.44	0.86	1.07	1.18
EBITDA	240.0	595.0	846.5	1041.3	1123.5	EPS (adj.)	0.48	0.56	0.86	1.07	1.18
EBIT	-23.0	402.0	715.9	883.6	962.6	OCF / share	-0.30	1.33	2.21	1.29	1.49
PTP	-30.0	365.0	687.9	867.6	956.8	FCF / share	-0.60	1.12	1.82	1.00	1.19
Net Income	-63.0	258.0	503.6	625.7	690.0	Book value / share	3.62	3.78	4.31	4.93	5.57
Extraordinary items	-351.0	-95.0	2.0	0.0	0.0	Dividend / share	0.26	0.32	0.44	0.54	0.65
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	6608.0	6803.0	7694.0	8644.5	8951.0	Revenue growth-%	22%	3%	7%	20%	5%
Equity capital	2148.0	2233.0	2532.0	2899.7	3273.0	EBITDA growth-%	-50%	148%	42%	23%	8%
Goodwill	1288.0	1273.0	1299.0	1299.0	1299.0	EBIT (adj.) growth-%	-15%	52%	44%	24%	9%
Net debt	488.0	42.0	-788.0	-1090.7	-1454.7	EPS (adj.) growth-%	9%	17%	54%	25%	10%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	4.1 %	9.9 %	13.1 %	13.4 %	13.8 %
EBITDA	240.0	595.0	846.5	1041.3	1123.5	EBIT (adj.)-%	5.6 %	8.3 %	11.1 %	11.4 %	11.8 %
Change in working capital	-357.0	304.0	529.0	-52.6	4.3	EBIT-%	-0.4 %	6.7 %	11.1 %	11.4 %	11.8 %
Operating cash flow	-175.8	783.4	1297.3	754.5	872.6	ROE-%	-2.8 %	11.8 %	21.2 %	23.1 %	22.4 %
CAPEX	-251.0	-168.0	-186.7	-170.0	-174.4	ROI-%	0.2 %	13.2 %	22.7 %	25.8 %	26.3 %
Free cash flow	-354.8	662.4	1067.6	584.5	698.2	Equity ratio	35.8 %	36.2 %	36.1 %	37.0 %	40.4 %
						Gearing	22.7 %	1.9 %	-31.1 %	-37.6 %	-44.4 %
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	0.9	1.3	1.4	1.3	1.2						
EV/EBITDA	15.3	13.1	11.0	9.8	8.8						
EV/EBIT (adj.)	15.7	15.7	13.0	11.6	10.3						
P/E (adj.)	16.5	23.6	20.0	18.1	16.4						
P/B	2.2	3.5	4.0	3.9	3.5						
Dividend-%	3.3 %	2.4 %	2.6 %	2.8 %	3.4 %						

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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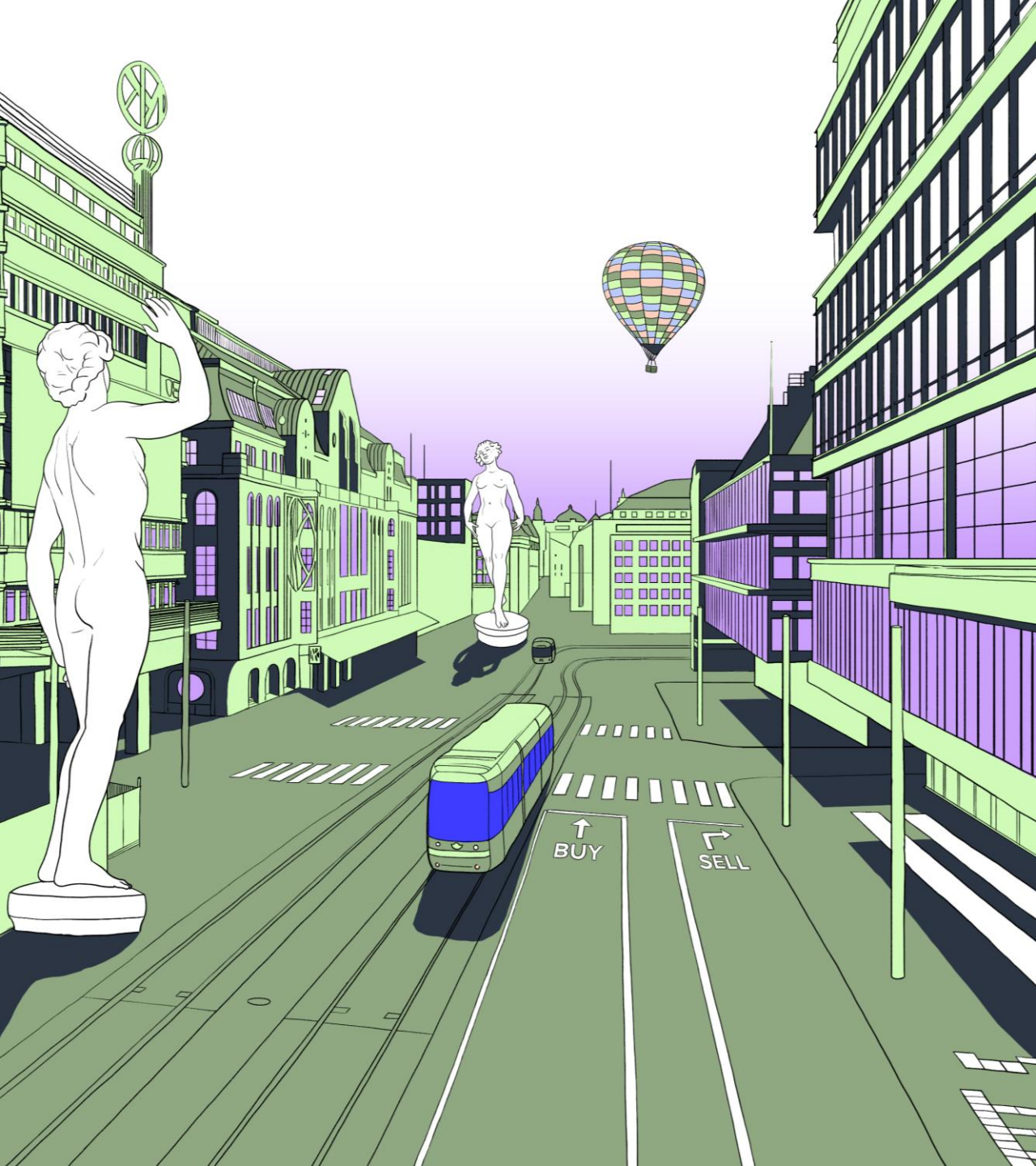
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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
10/28/2019	Reduce	9.00 €	9.27 €
11/27/2019	Accumulate	10.00 €	9.08 €
1/20/2020	Accumulate	12.00 €	10.83 €
1/31/2020	Accumulate	12.50 €	11.45 €
3/26/2020	Accumulate	7.50 €	6.78 €
4/22/2020	Accumulate	7.00 €	6.36 €
7/20/2020	Accumulate	8.00 €	7.51 €
10/26/2020	Accumulate	8.00 €	7.44 €
1/21/2021	Reduce	9.40 €	9.01 €
1/29/2021	Reduce	8.70 €	8.11 €
4/23/2021	Reduce	10.00 €	10.31 €
7/21/2021	Reduce	12.00 €	12.35 €
10/27/2021	Accumulate	12.60 €	11.88 €
11/19/2021	Accumulate	14.00 €	13.16 €
1/31/2022	Accumulate	13.00 €	10.84 €
3/30/2022	Accumulate	11.50 €	9.11 €
4/21/2022	Accumulate	10.60 €	8.41 €
4/29/2022	Accumulate	9.50 €	7.75 €
7/22/2022	Accumulate	9.50 €	8.58 €
10/3/2022	Buy	8.00 €	6.58 €
10/26/2022	Buy	8.00 €	6.76 €
11/15/2022	Accumulate	9.00 €	8.25 €
1/4/2023	Accumulate	9.00 €	8.01 €
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 €
2/6/2025	Accumulate	21.00 €	19.29 €



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