

Swedbank



Overview of Estonian Economy and Industry

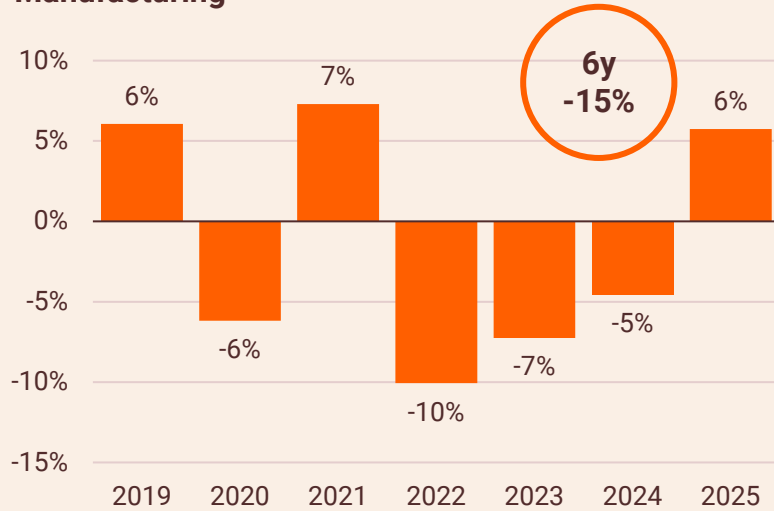
Raul Kirsimäe
April 2026



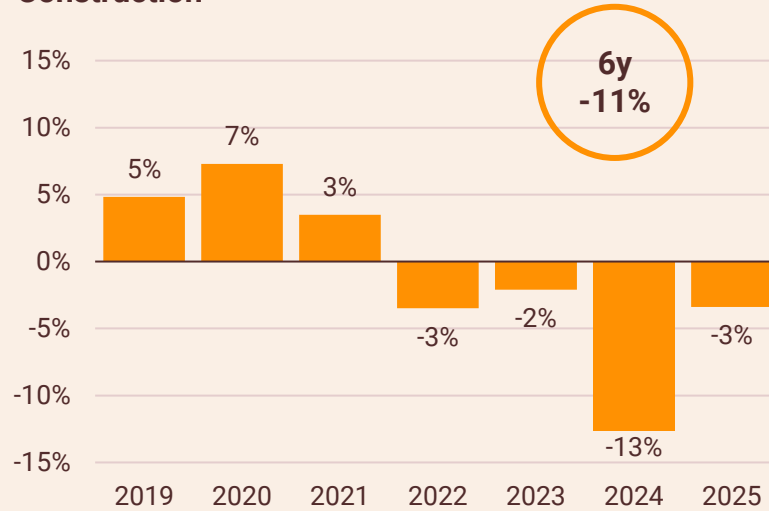
**Macroeconomic
foundations**

GDP at constant prices by sector (2019-2025)

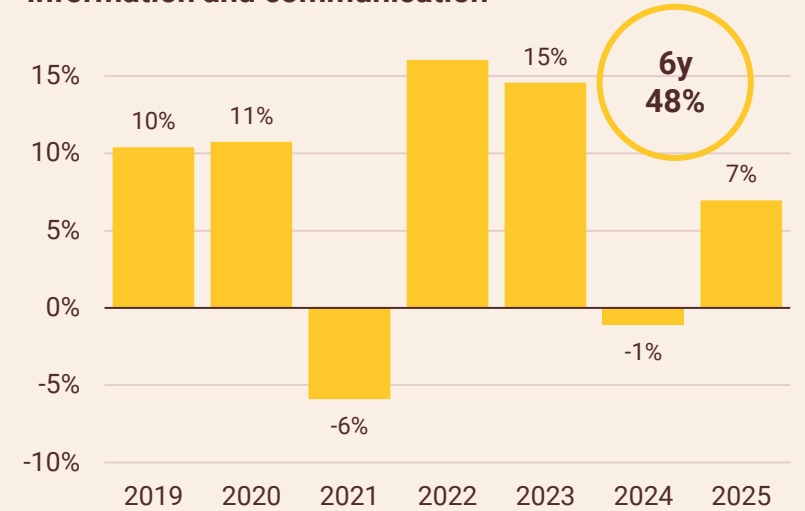
Manufacturing



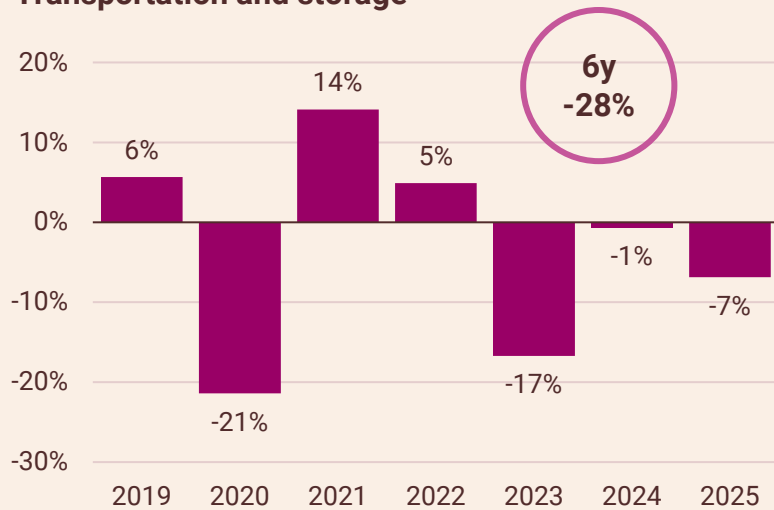
Construction



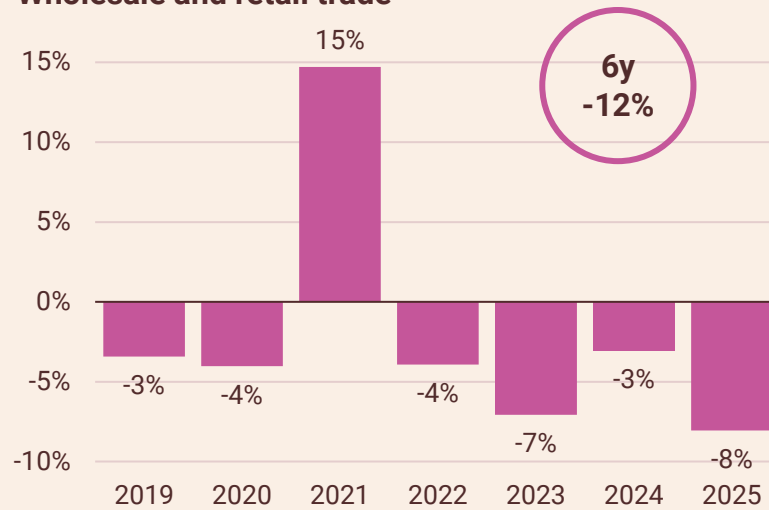
Information and communication



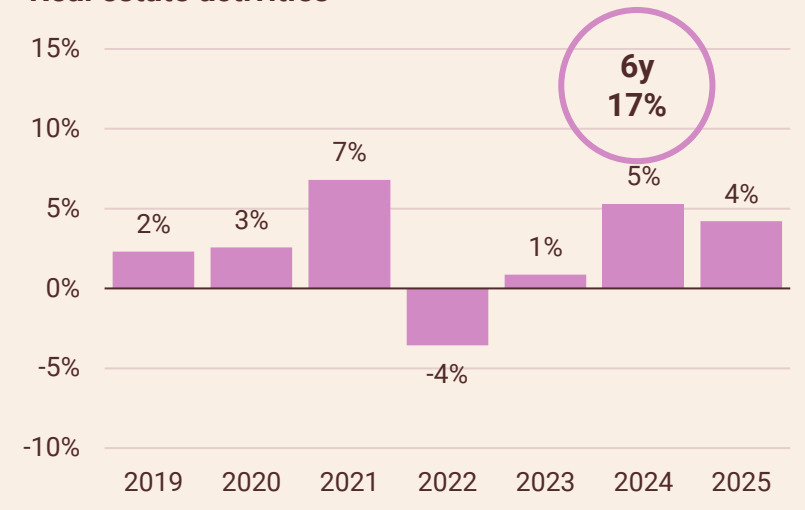
Transportation and storage



Wholesale and retail trade



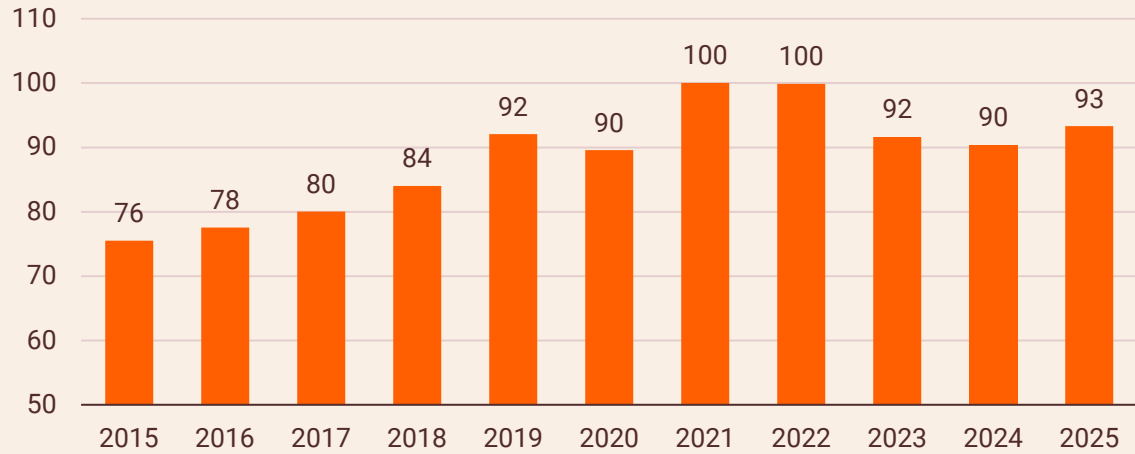
Real estate activities



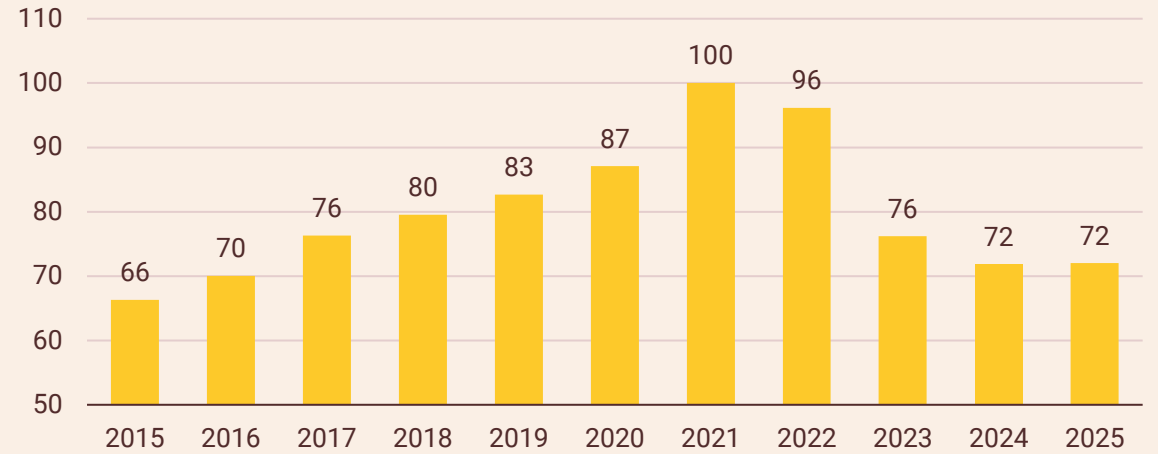
Manufacturing production output (2021=100)

Top 3 industrial segments by employment

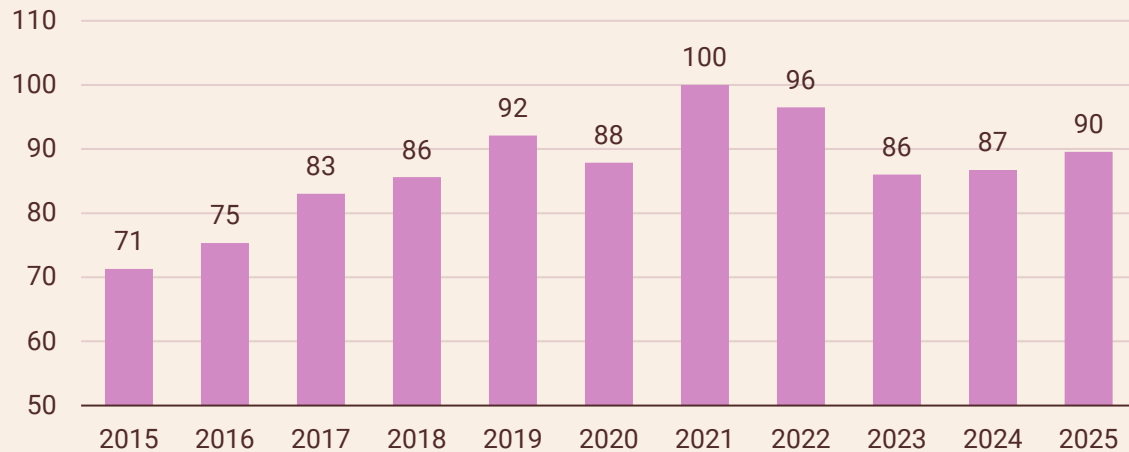
Total manufacturing



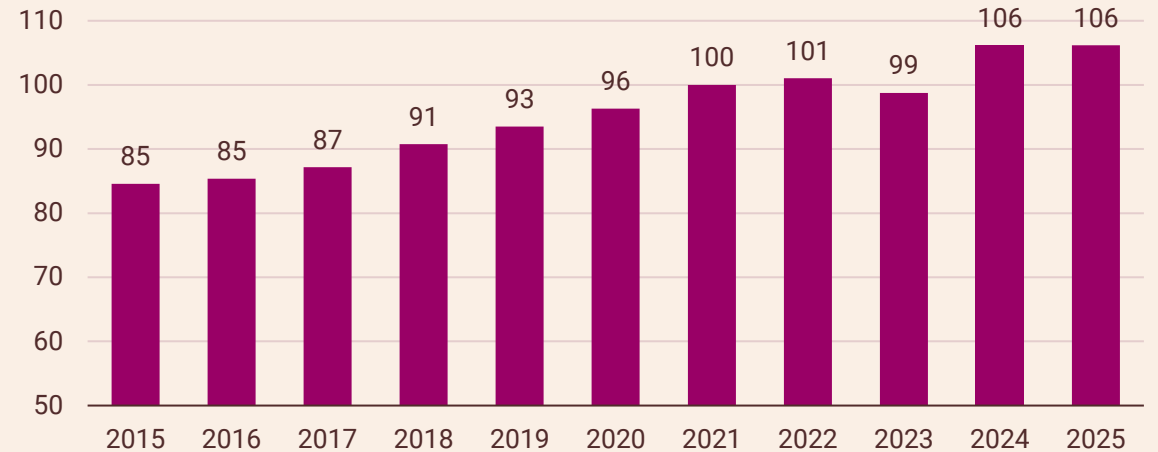
Wood and wood products



Metal products

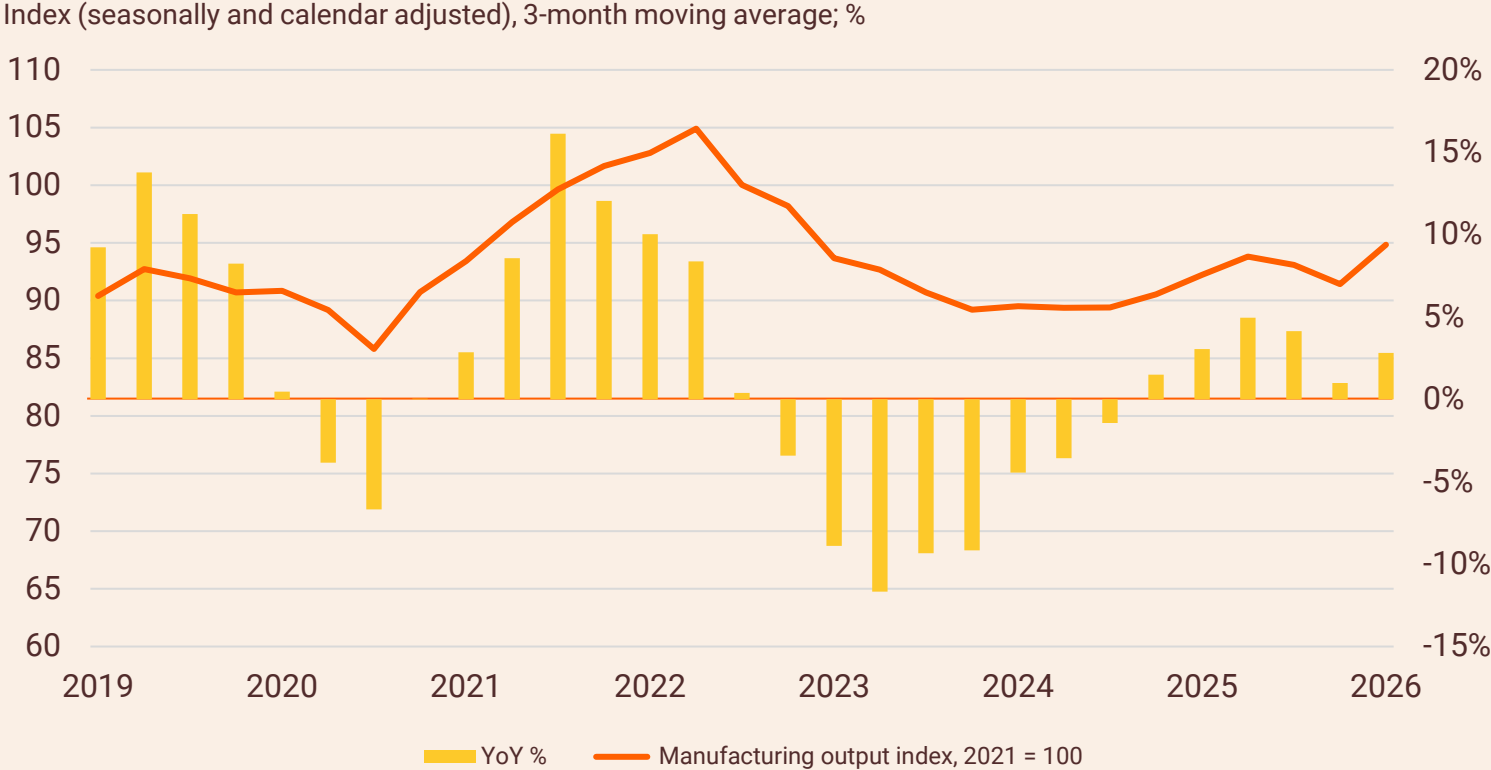


Food production



Manufacturing output is back on a growth path

Manufacturing output index



The share of companies citing competitiveness as their top concern has risen from 57% to 79% over the past 5 years.

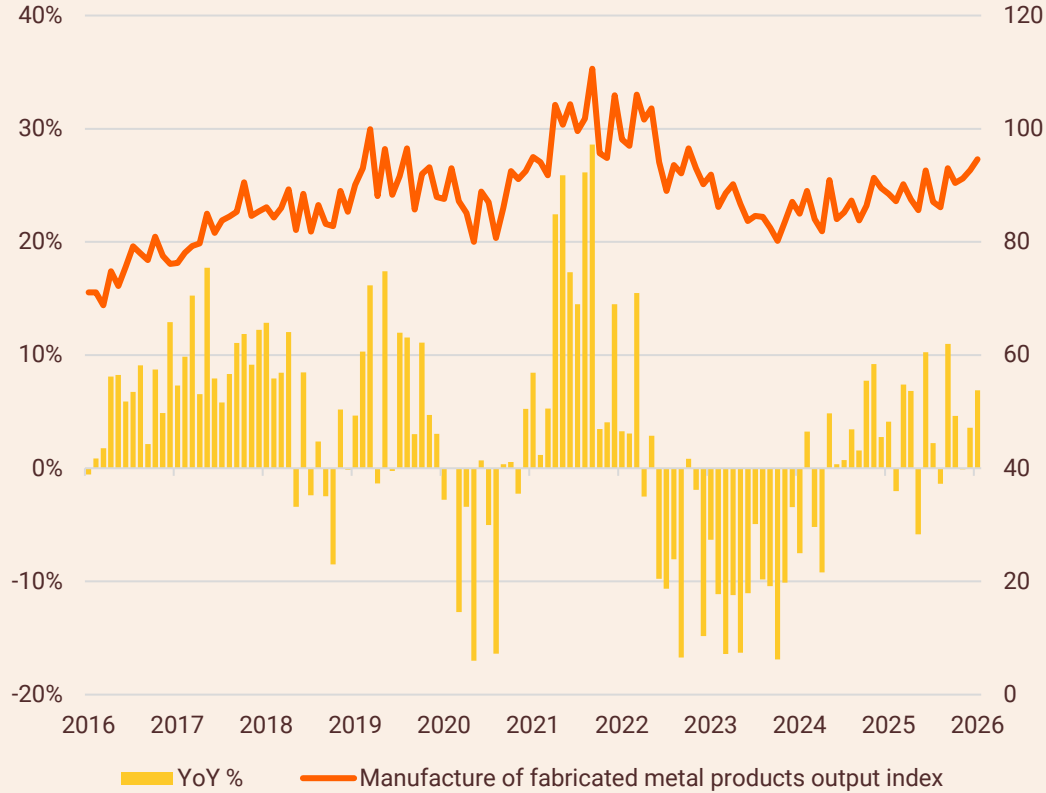
Source: Swedbank Manufacturing Survey 2026

Source: Statistics Estonia

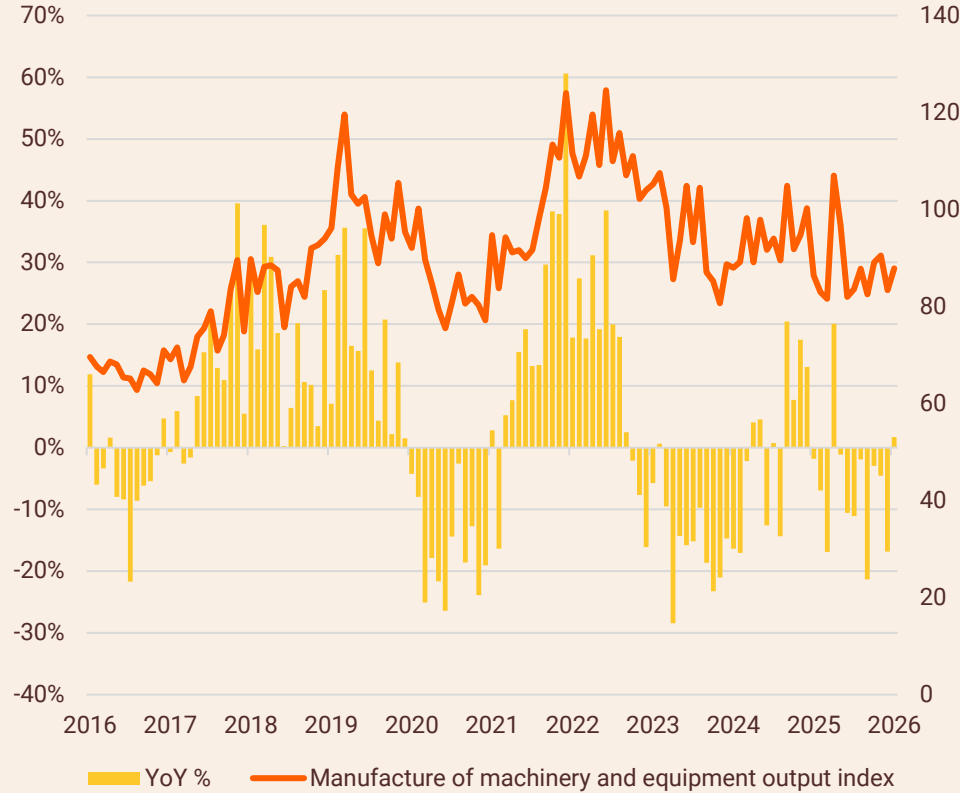
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Signs of stabilisation in metal and machinery output

Metal industry output index



Machinery industry output index

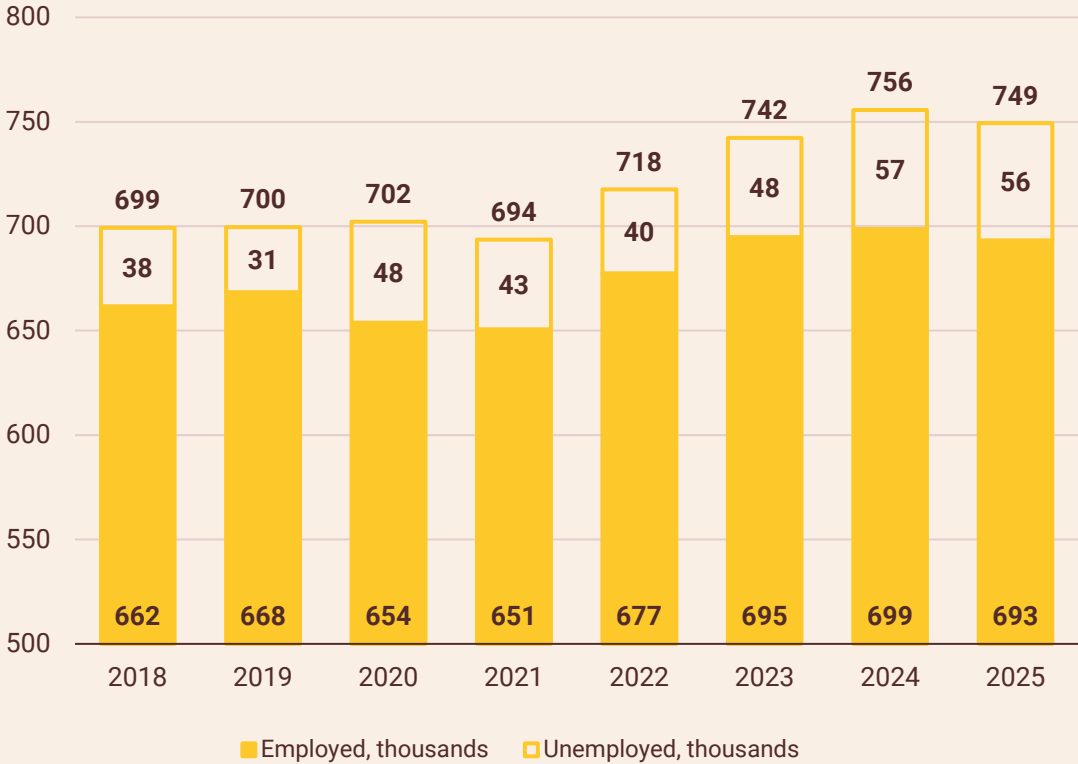


Source: Statistics Estonia

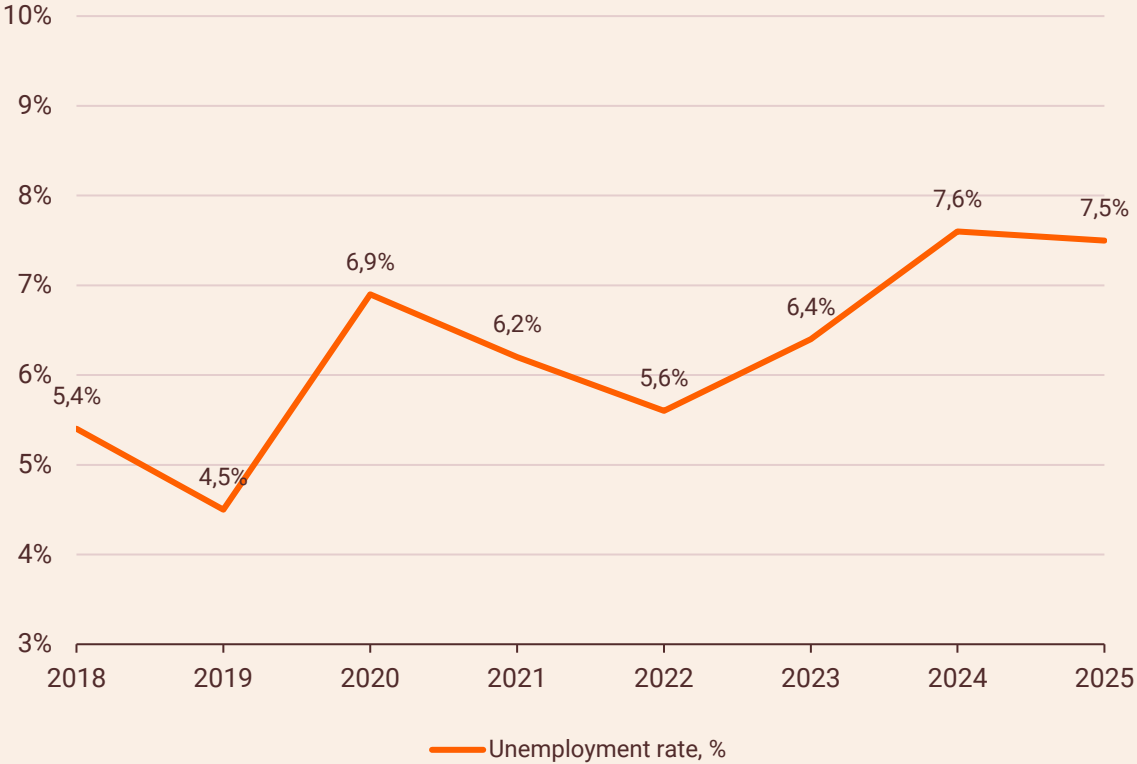
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Estonia's labour force has expanded, although unemployment has also risen

Employment and unemployment in Estonia 2018-2025



Unemployment rate in Estonia 2018-2025 (Age 15-74)

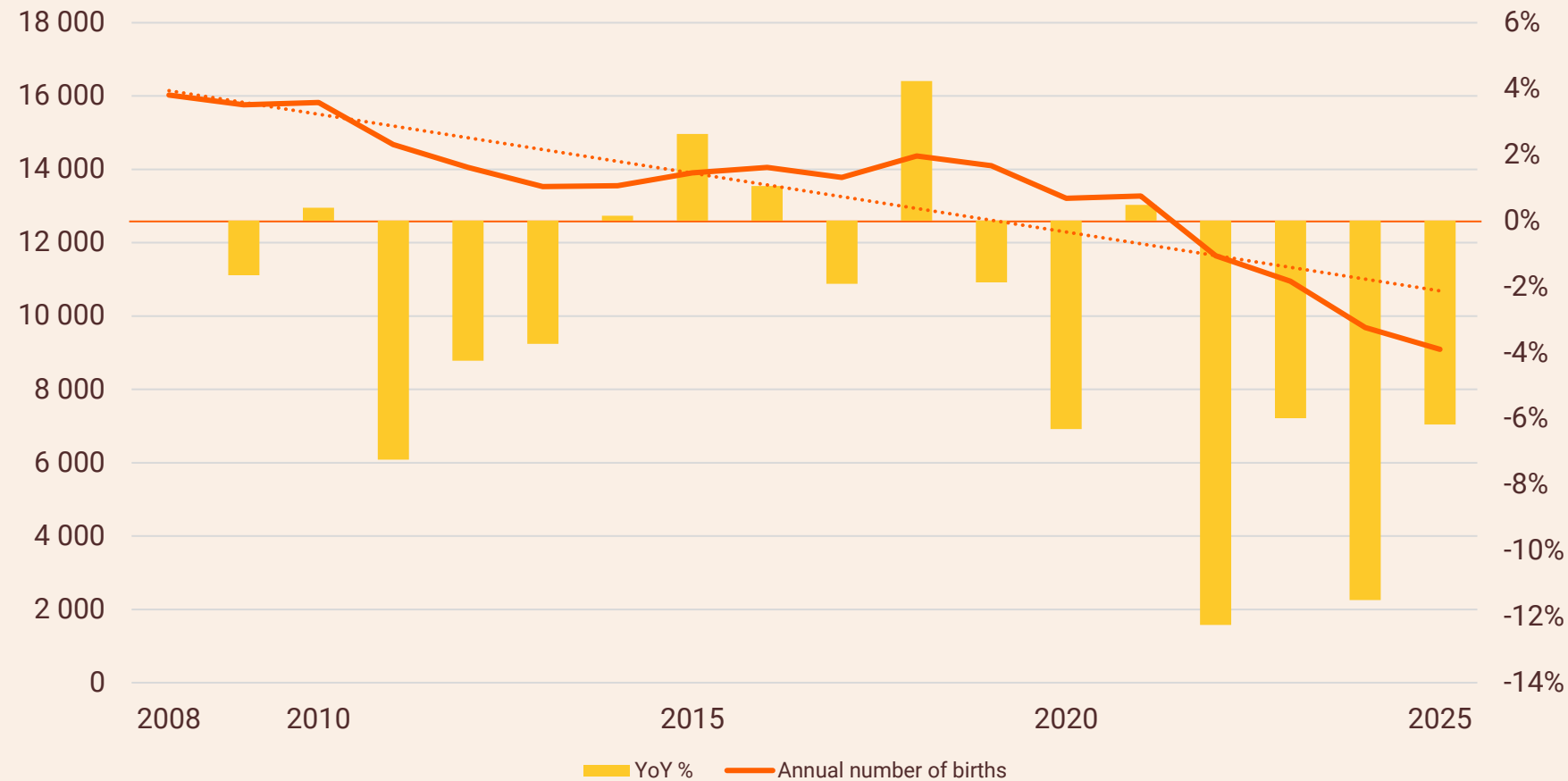


Source: Statistics Estonia

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Long-term demographic trends are reshaping the labour market

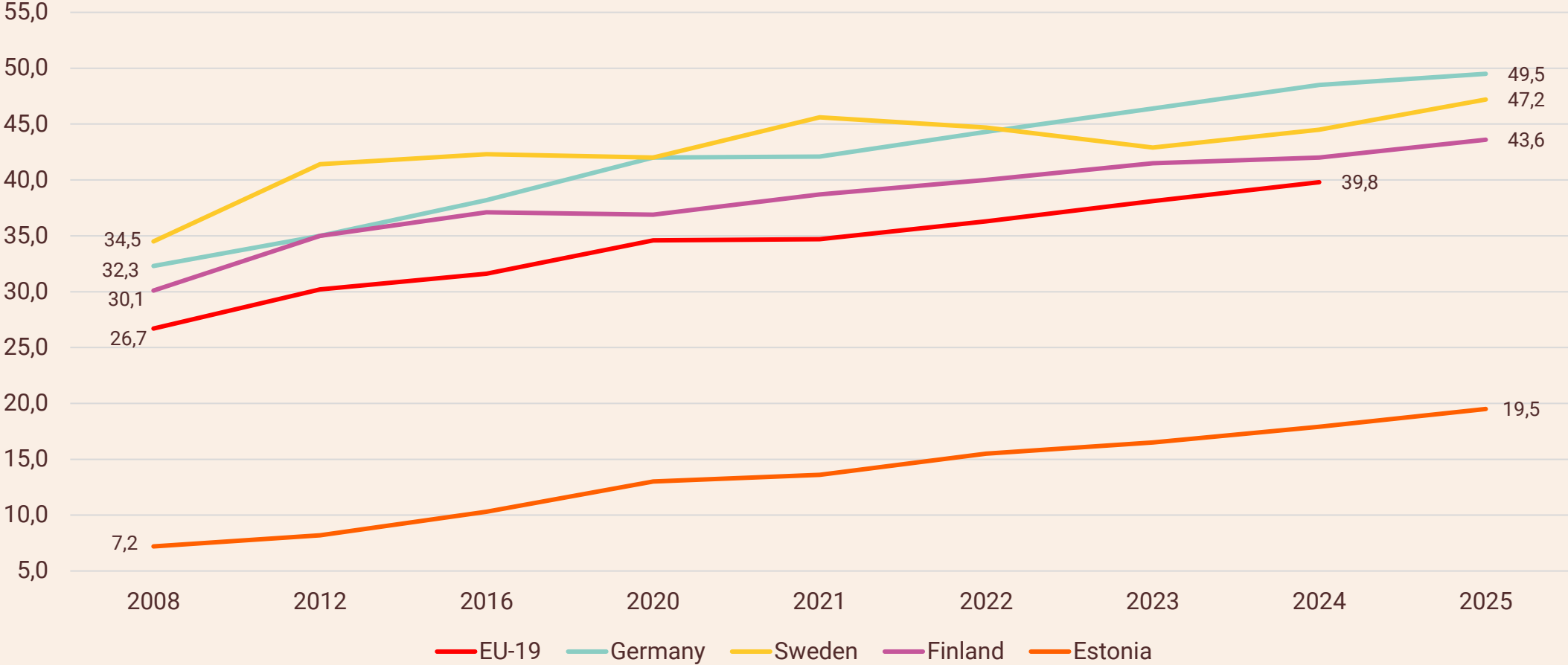
Annual number of births



Future competitiveness is built on efficiency, digitalization and automation

Rising wages dictate the need for automation

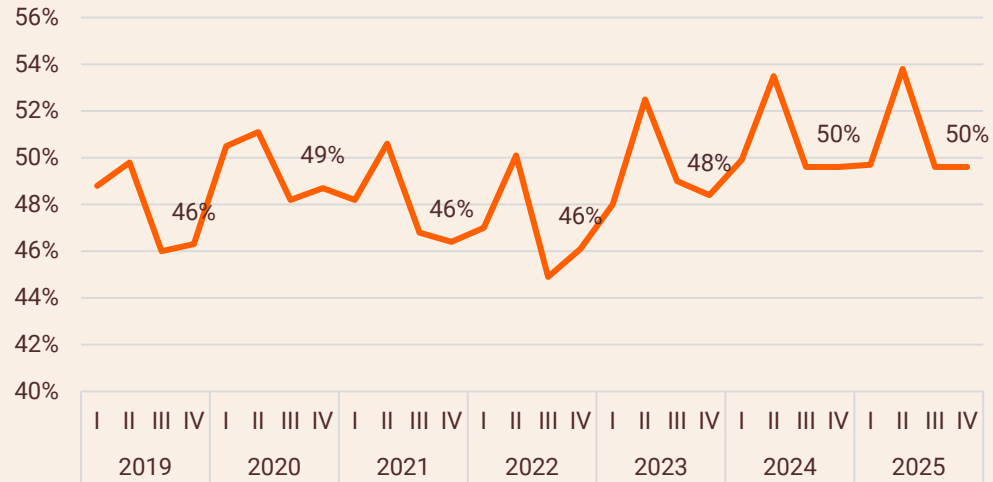
Manufacturing labour cost per hour worked (€/h)



Source: Eurostat
© Swedbank

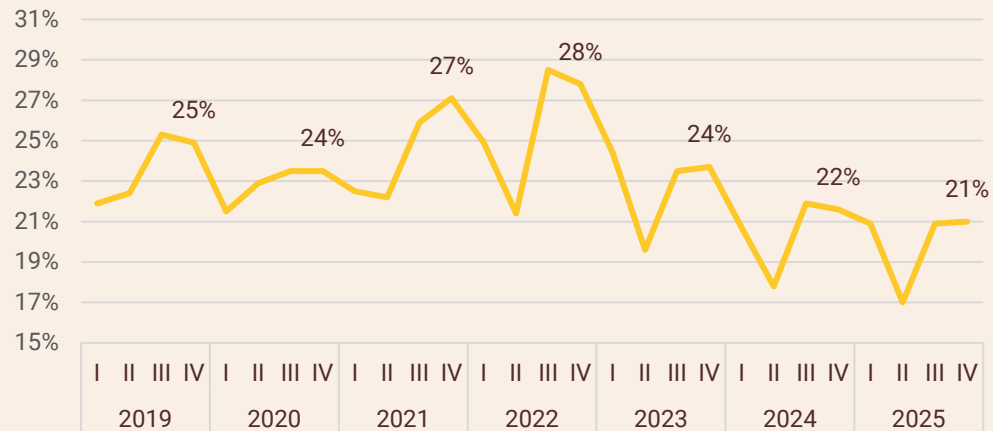
Companies absorbed the impact of the economic downturn

Employee compensation, % of GDP

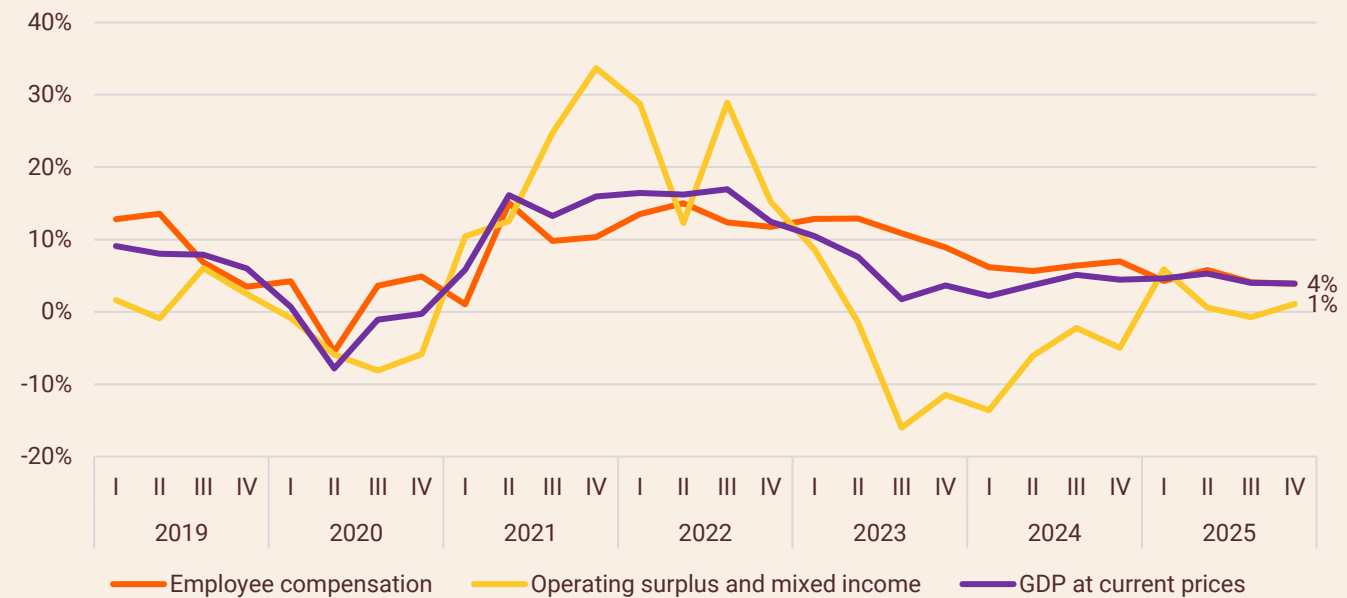


- “Invisible recession” - companies absorbed the impact of weaker economic conditions
- The share of labour income in GDP has increased
- Looking ahead, there are encouraging signs that companies have been able to sustain employment and wage growth. While demand has been subdued, some sectors are already showing signs of recovery, and the adjustment process is still underway

Operating surplus and mixed income, % of GDP

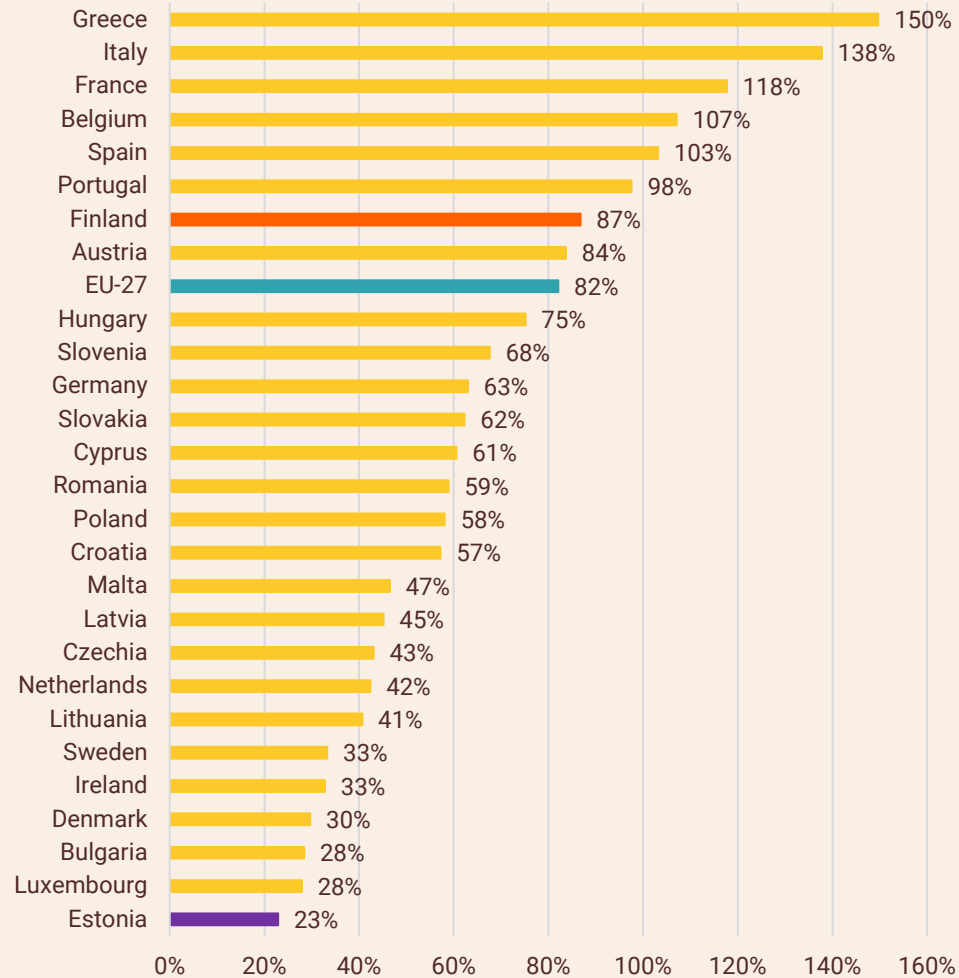


GDP YoY growth

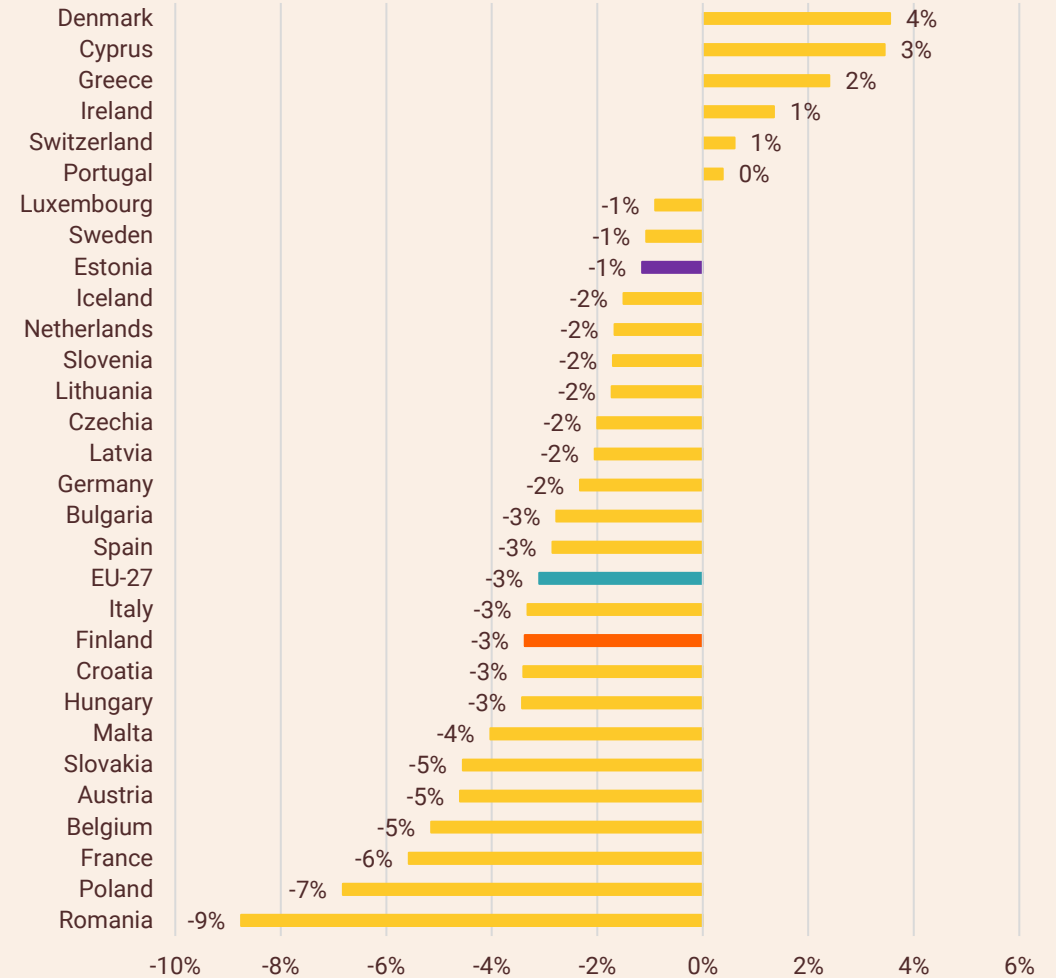


High debt leads to future taxes

Government debt (% of GDP, 2025 Q3)



Budget balance (% of GDP, Q4 2024-Q3 2025)





**Strategic insights
2026 manufacturing survey**

Survey: 228 Estonian manufacturing companies

Manufacturing sector:

9%	Building materials industry
12%	Food industry
20%	Wood industry
23%	Machine and metal industry
36%	Other manufacturing

Survey sample:

Turnover	6 billion
Median turnover	5.8 million
54 with turnover	> 20 million
Total employees	24 640
Average number of employees	108

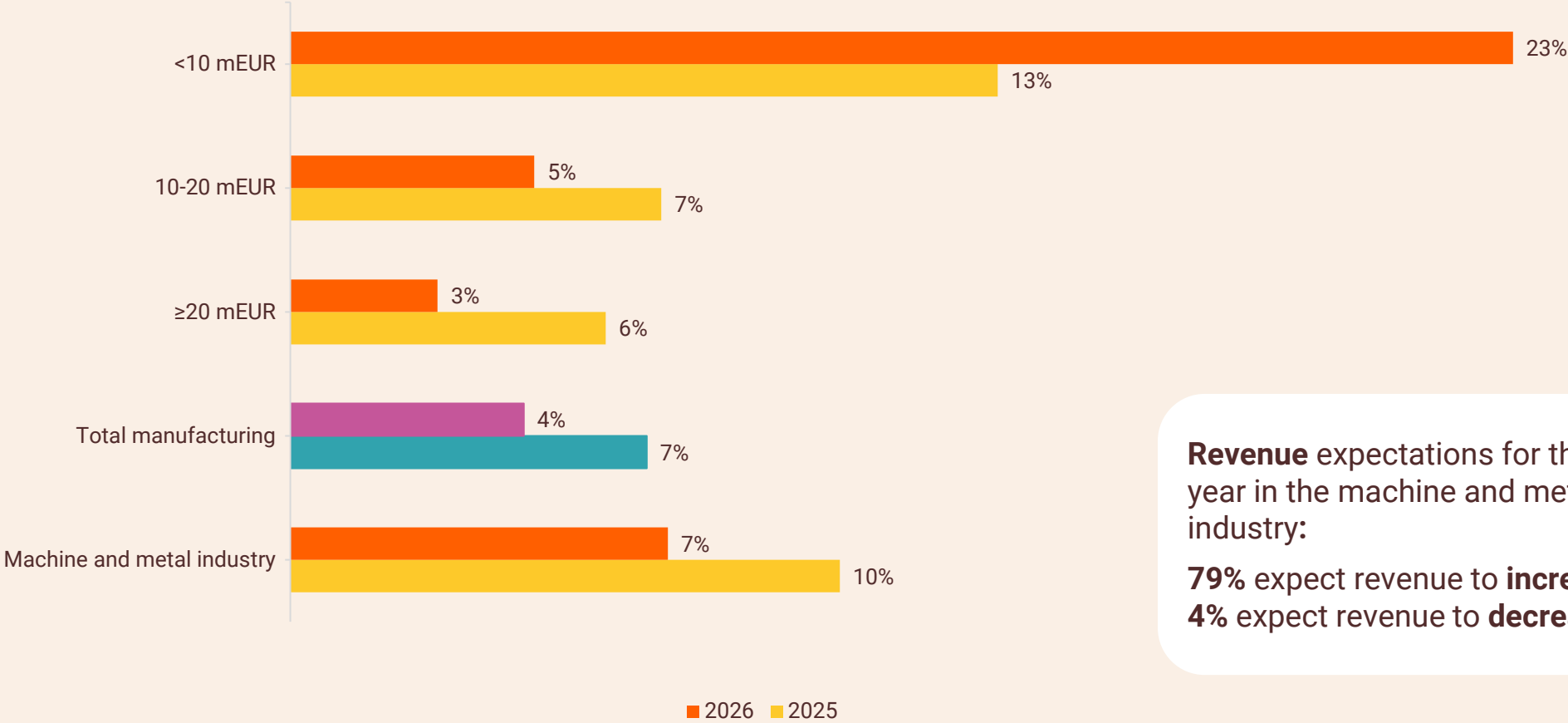
Summary

Machine and metal industry

Average turnover increase (%)	7%	Investments will increase in the sector by	-2%
Expected EBITDA (% of companies)		Average payback period for investments	4.8 years
	Increases 64%	Automation rate	22%
	Remains 26%	Digitisation rate	36%
	Declines 9%	Expanding into new markets	58% of companies
Average production volume changes in the sector (%)	7%	TOP 3 markets	Finland, Germany, Sweden
TOP 3 risks (% of companies)		Labour shortage as a limiting factor (1 to 5)	2.6
- Price competitiveness	74%	Number of employees	+4%
- Retaining and recruiting key employees	57%	Average pay rise	+4%
- Ensuring the company's liquidity	49%		

Revenue expectations stay positive amid higher uncertainty

Revenue growth expectations



Revenue expectations for the current year in the machine and metal industry:
79% expect revenue to **increase**
4% expect revenue to **decrease**

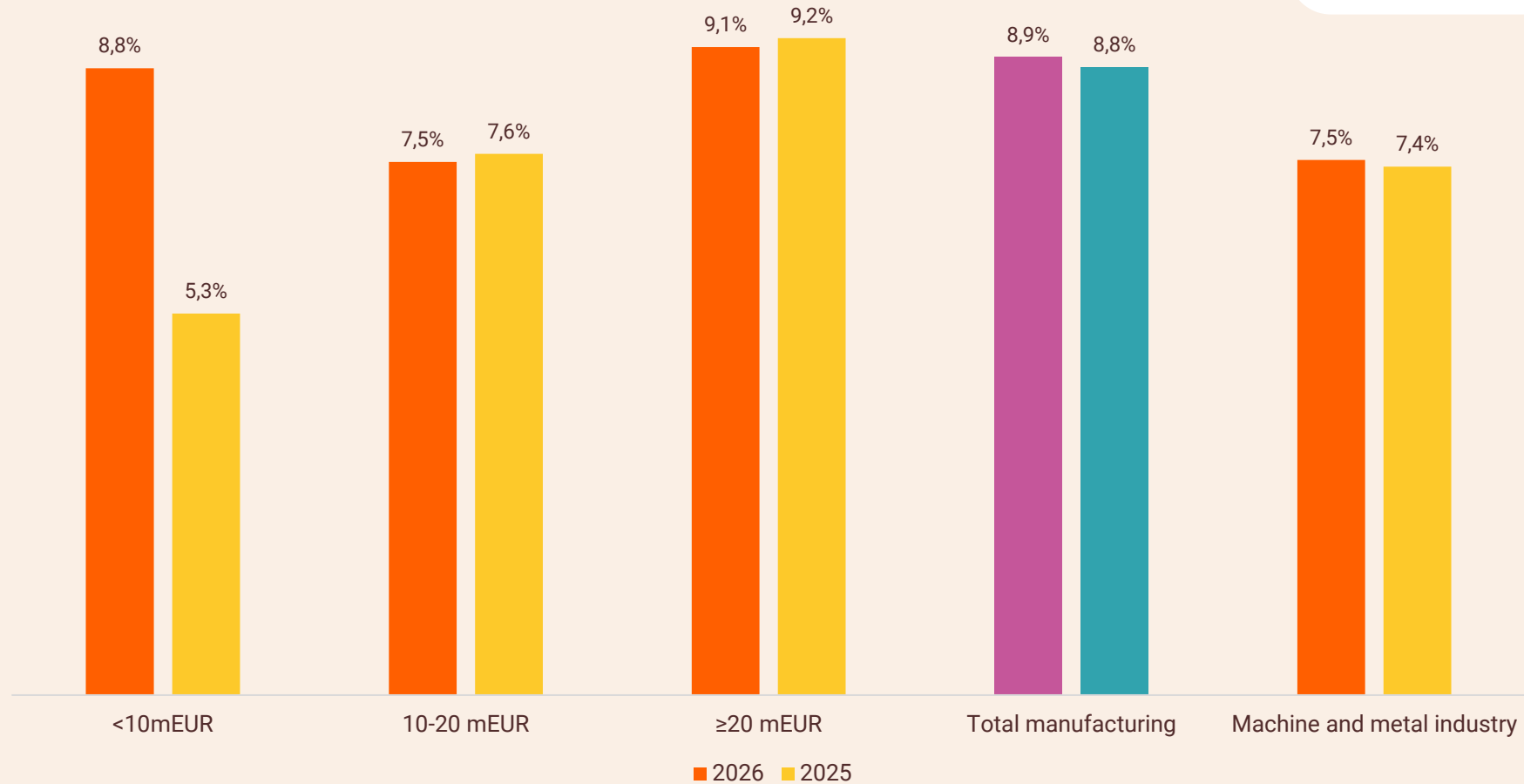
EBITDA margins remain broadly stable

EBITDA expectations for the current year in the machine and metal industry:

64% expect **growth**

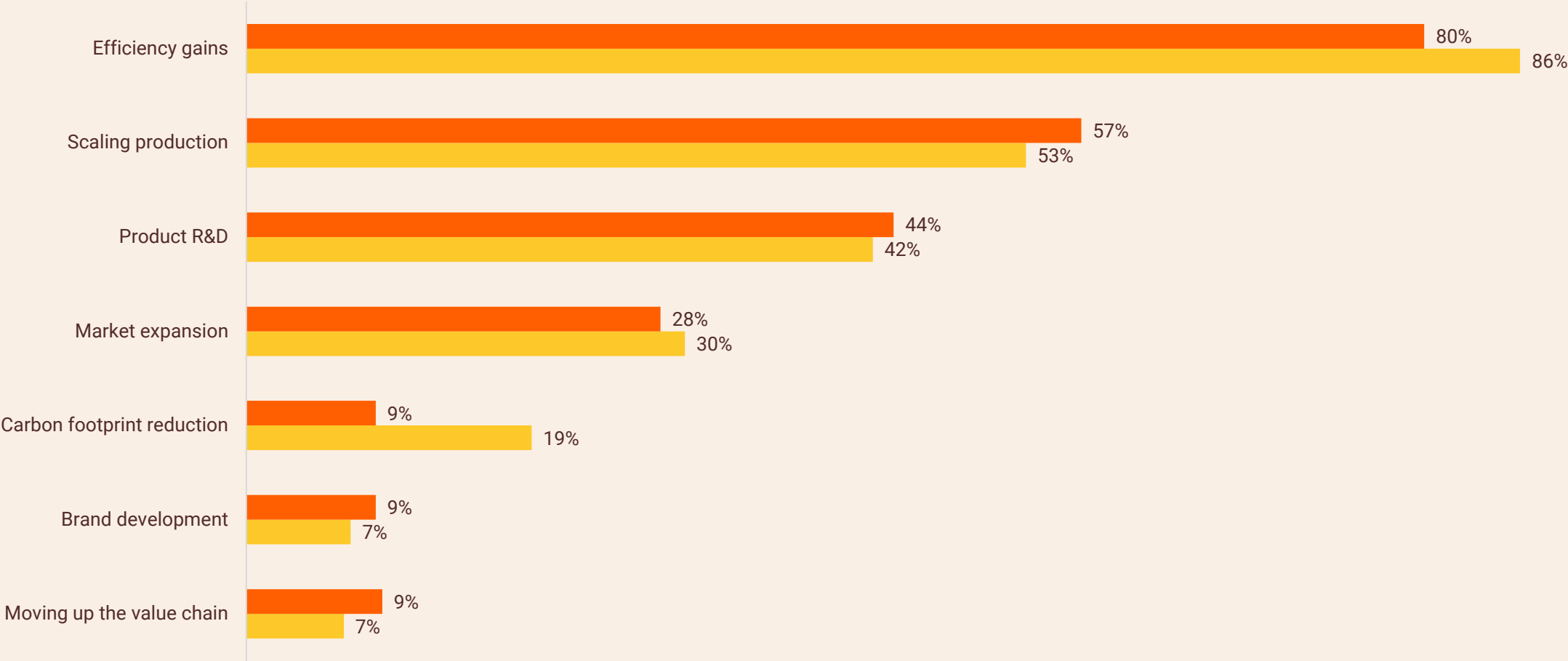
9% expect **decline**

EBITDA margin 2025 and outlook



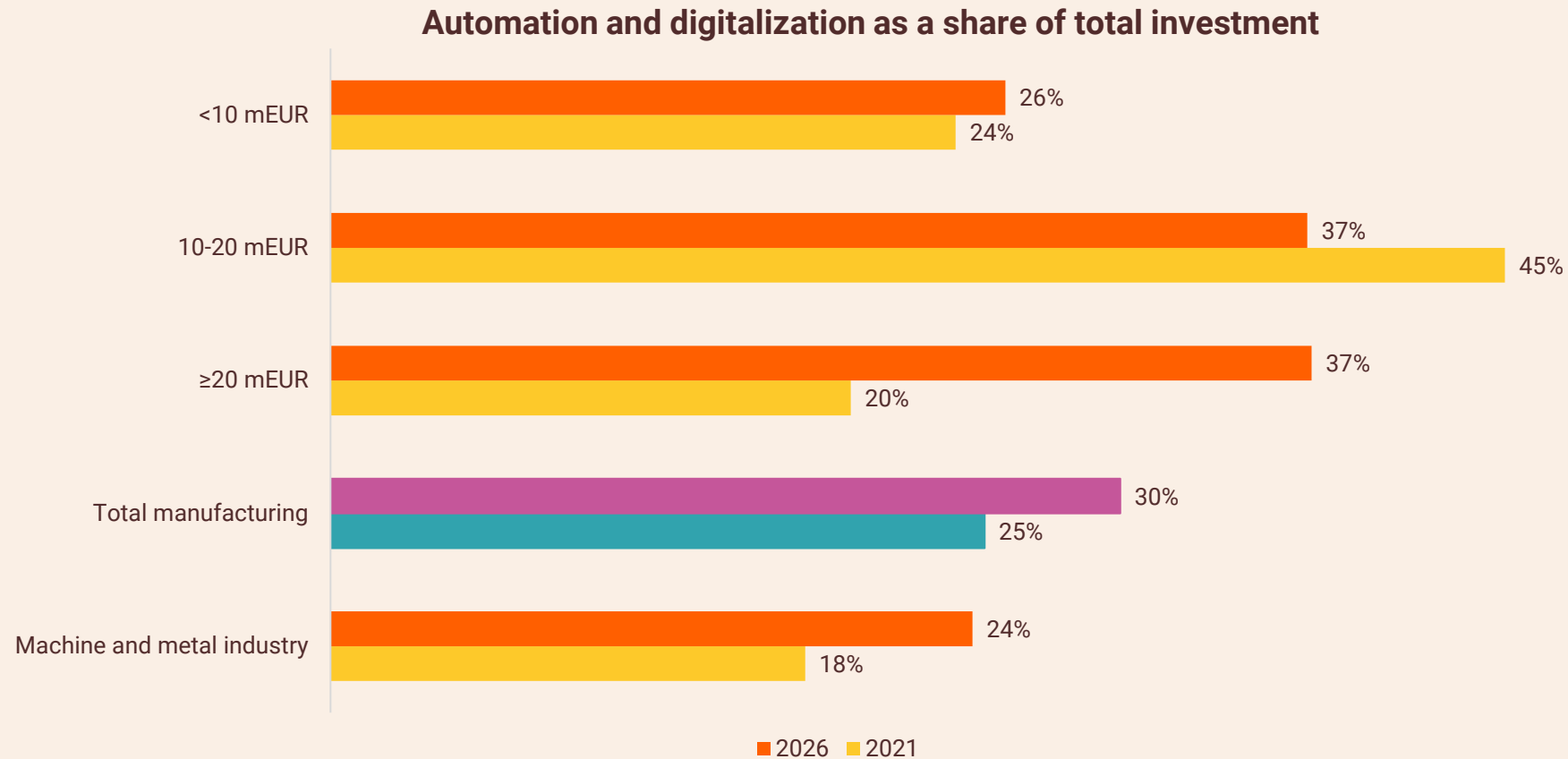
Efficiency leads, while capacity expansion and R&D gain momentum

Key objectives of business investments



2026 2025

Automation and digitalization are gaining weight in investment budgets

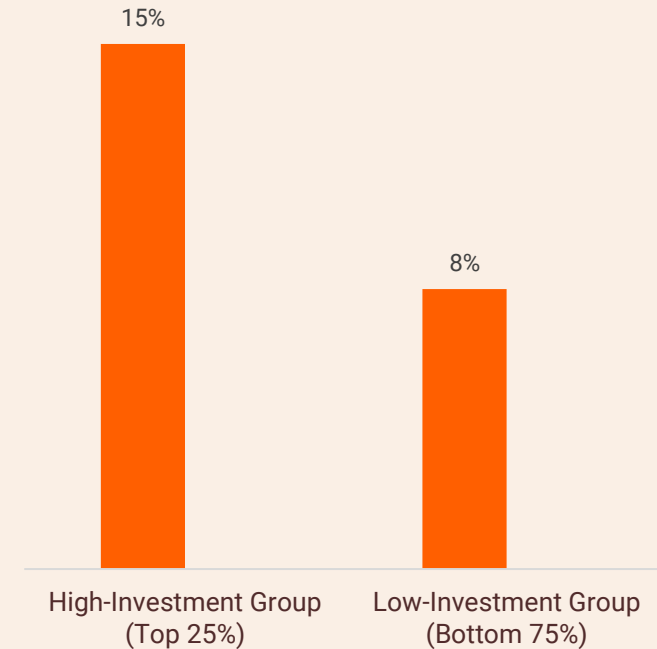


Stronger competitiveness is built through investment

Companies with higher EBITDA margins:

- ✓ Forecast higher revenue and production volume growth
- ✓ Prioritize investments in efficiency and capacity expansion
- ✓ Demonstrate higher levels of automation and digitalization
- ✓ Collaborate more actively with vocational schools and research institutions

EBITDA margin comparison



Why Estonia matters for Finnish industrial partners

- Estonia and Finland already form an integrated industrial value chain, and this creates further opportunities for Finnish companies to grow with Estonian partners.
- For Finnish industrial companies, Estonia offers a competitive platform for production, subcontracting and long-term investment.
- As competition intensifies and demographic pressures grow, competitiveness increasingly depends on investment in efficiency, automation and digitalization.
- The link between investment and competitiveness is clear: companies that invest more also achieve stronger profitability.
- Bank is ready to support industrial companies operating in Estonia with financing and risk-management solutions that strengthen long-term competitiveness.

Building the Future of Industry Together

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