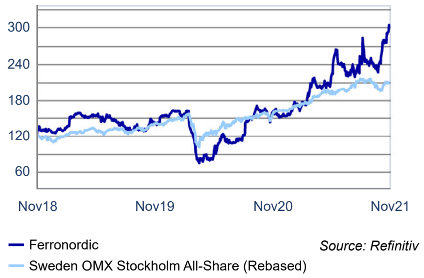
Ferronordic

Capital Goods
Sweden

KEY DATA

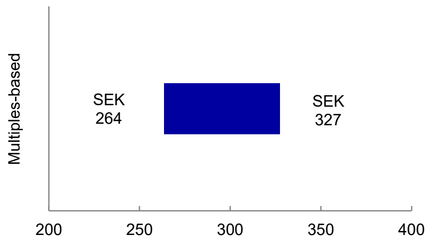
Stock country	Sweden
Bloomberg	FNM SS
Reuters	FNMA.ST
Share price (close)	SEK 305.0
Free Float	84%
Market cap. (bn)	EUR 0.45/SEK 4.43
Website	www.ferronordic.ru
Next report date	12 Nov 2021

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2021E	2022E	2023E
Sales	0%	4%	5%
EBIT (adj)	1%	5%	6%

Source: Nordea estimates

Big wheels keep on turnin'

Ferronordic will report its Q3 results on 12 November. We expect a solid report with 38% y/y sales growth and 19% adjusted EBIT growth, mainly driven by a strong Russian market (new units), which for Ferronordic's mix grew 49% y/y. We make limited estimate revisions for 2021 but raise 2022E-23E sales by 4-5% and adjusted EBIT by 5-6%, owing to the new Sandvik partnership, FX and recent M&A in Germany. We raise our multiples-based fair value to SEK 264-327 (253-313), for a 2022E EV/EBIT of 6x-7.5x.

Q3 expectations

We expect Q3 sales of SEK ~1,560m, up 38% y/y (38% organic, 2% M&A and -2% FX). We pencil in SEK 133m for adjusted EBIT, at a margin of 8.5%, driven by Russia/CIS with an 11% margin. Our organic sales growth estimates are mainly driven by Russia/CIS, as weighted Q3 sales data of 49% y/y growth for new units (AEBRUS and our calculations) suggests a continued strong market an deasing currency headwinds of just -2% y/y (FX: -22% in Q3 2020). For Germany, we expect a persistent recovery, with 40% y/y sales growth (organic: 30%), despite deliveries negatively affected by component shortages. We also think Volvo Trucks' ~70% net order intake YTD (Europe HD/MD) bodes well for Ferronordic's medium-term sales.

Continued expansion in both regions

Ferronordic has taken several growth initiatives during 2021, such as the Sandvik partnership in Russia and several acquisitions in Germany. We forecast 2022 sales of SEK 7.1bn, compared to its 2025 revenue target of SEK 9.3bn, meaning that further 30% growth is needed in 2023-25. For 2025E, we pencil in sales of SEK 8.3bn excluding any further M&A to improve its service network. Our estimates imply 2020-25E sales and EBIT CAGRs of 12% and 21%, respectively.

Valuation

Ferronordic is trading at 7x 2022E EV/EBIT, i.e. a ~40% discount to our peer group average, despite diversifying its operations into Germany and relatively strong estimated earnings growth. Compared to similar peers Finning and Barloworld, trading at 12x and 7x, respectively, Ferronordic is valued at an average discount of ~30%.

Nordea Markets - Analysts
Victor Hansen
Analyst

Carl Ragnerstam
Analyst

SUMMARY TABLE - KEY FIGURES

SEKm	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	2,567	3,241	3,747	4,635	6,069	7,137	7,689
EBITDA (adj)	214	322	501	503	700	852	955
EBIT (adj)	187	274	365	330	497	618	708
EBIT (adj) margin	7.3%	8.4%	9.7%	7.1%	8.2%	8.7%	9.2%
EPS (adj, SEK)	8.06	14.25	17.74	15.36	23.57	30.84	36.75
EPS (adj) growth	55.6%	76.8%	24.5%	-13.4%	53.5%	30.8%	19.2%
DPS (ord, SEK)	1.73	3.75	4.25	7.50	11.73	15.42	19.22
EV/Sales	0.5	0.5	0.8	0.5	0.7	0.6	0.5
EV/EBIT (adj)	7.0	5.6	8.4	6.9	9.0	7.0	5.6
P/E (adj)	18.7	8.9	9.2	10.2	12.9	9.9	8.3
P/BV	2.6	2.8	2.7	2.8	4.3	3.4	2.7
Dividend yield (ord)	1.1%	2.9%	2.6%	4.8%	3.8%	5.1%	6.3%
FCF Yield bef A&D, lease	8.8%	6.6%	-21.6%	28.1%	3.2%	7.8%	12.4%
Net debt	-312	-303	689	-20	57	-120	-447
Net debt/EBITDA	-1.5	-0.9	1.4	0.0	0.1	-0.1	-0.5
ROIC after tax	48.6%	61.3%	29.7%	21.7%	39.3%	40.3%	44.4%

Source: Company data and Nordea estimates

Market overview

New unit sales increased significantly in the Russian construction equipment market in Q3 2021 – data suggests 40% sales growth y/y and 49% for Ferronordic's weighted sales mix. We take a more prudent stance and estimate 31% y/y equipment sales growth for Russia/CIS, as Chinese competitors typically gain market share when the market is strong. In Germany, September truck registrations increased 36% from the low in May 2020, reaching ~4,100 units. We pencil in 35% organic equipment sales growth for Germany in Q3, versus 48% in Q2.

Russian construction equipment market

Cumulative retail sales data from the Association of European Businesses in Russia Construction Equipment Committee (AEBRUS) concludes that sales of new construction equipment (CE) units in Russia increased by 74% y/y during Q2 2021 and 40% in Q3. By weighing the overall market development for Ferronordic's 2020 Russian machine sales, we arrive at implied unit sales growth of 49% y/y in Q3.

Volvo Russia/CIS expects growth to continue, but at a more moderate rate

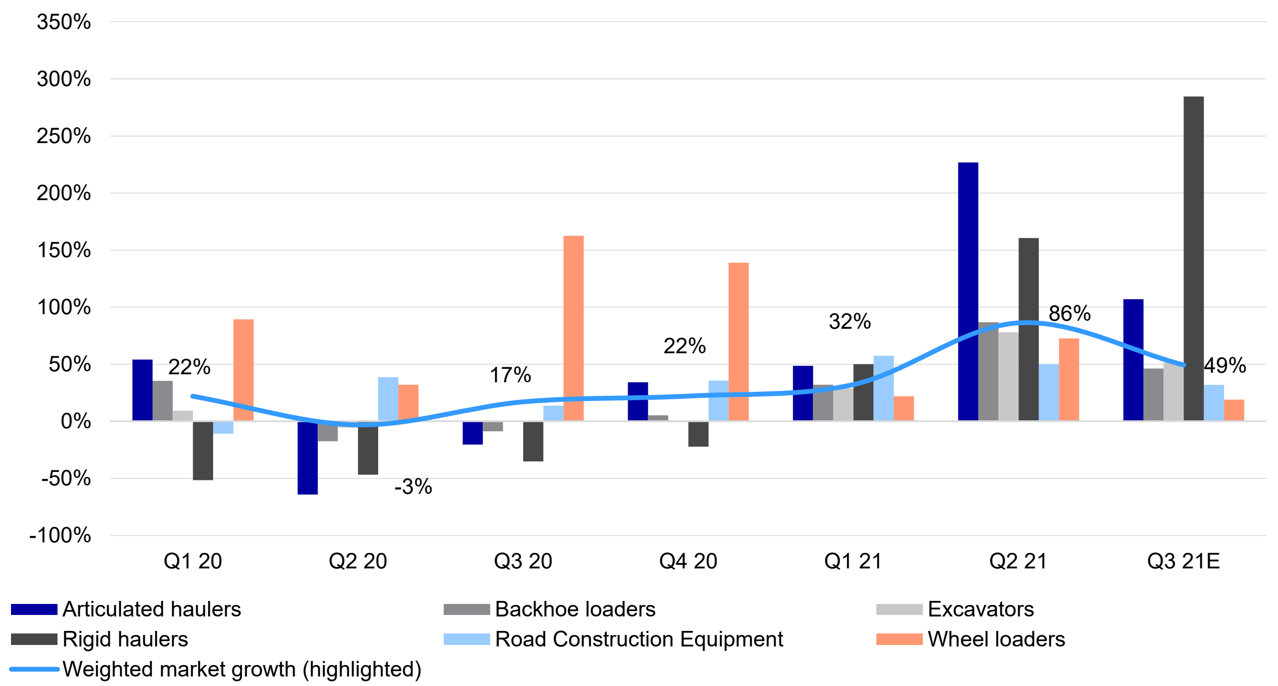
AEBRUS CEC's chairman, who is also Volvo CE's Managing Director in Russia & CIS, says that the Russian market is among the fastest-growing markets due to fleet renewal and modernisation by Russian customers, saying that "this creates big potential for successful implementation of serious projects for years ahead in different segments of the economy where our machines are used". However, AEBRUS also says growth will be limited by component shortages, logistics issues and COVID-19 outbreaks at manufacturing facilities. Finally, AEBRUS expects current trends to continue, but at a more moderate growth rate due to the increased base.

Market dynamics in Q2 exceeded AEBRUS CEC's expectations, but several uncertainties remain

For Q2, AEBRUS's chairman wrote that the market dynamics continued to be influenced by pent-up demand and the need to replace older machines. Material and component shortages led to a shortage of machines in the market, which caused clients to rush their purchases. Another reason for the strong demand could be the political initiatives to increase utilisation fees for all machines, which is evidently leading to panic-purchasing of stock machines. The chairman has previously stated that he is doubtful that this strong trend can be sustained.

The CEC currently represents the interests of 80% of all road-building and special machinery companies in the Russian market. The following manufacturers and importers are included in the data: Кранекс, ПТЗ, Четра, Bobcat, Caterpillar, CNH, John Deere, Doosan, Dressta, Hidromek, Hitachi, Hyundai, JCB, Komatsu, Liebherr, SDLG, UMG СДМ, Volvo, and Wirtgen.

RUSSIAN MARKET: NEW UNIT SALES GROWTH Y/Y (%)

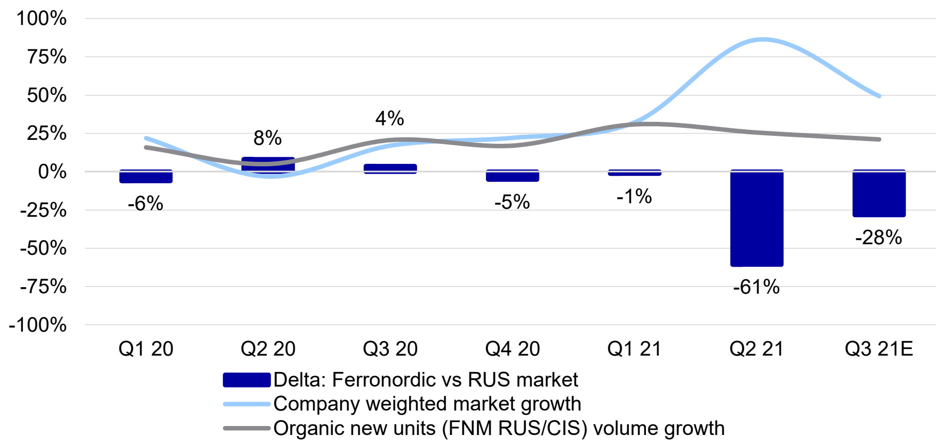


Source: Association of European Businesses (AEBRUS) and Nordea estimates

Ferronordic typically loses market share when the market is strong due to cheaper machines being supplied by Chinese competitors

On the contrary, Ferronordic often gains market share during softer markets, such as in Q2-Q3 2020

FERRONORDIC GROWTH VS THE RUSSIAN NEW CONSTRUCTION EQUIPMENT MARKET (%)



Source: Association of European Businesses (AEBRUS) and Nordea estimates

European and German truck market

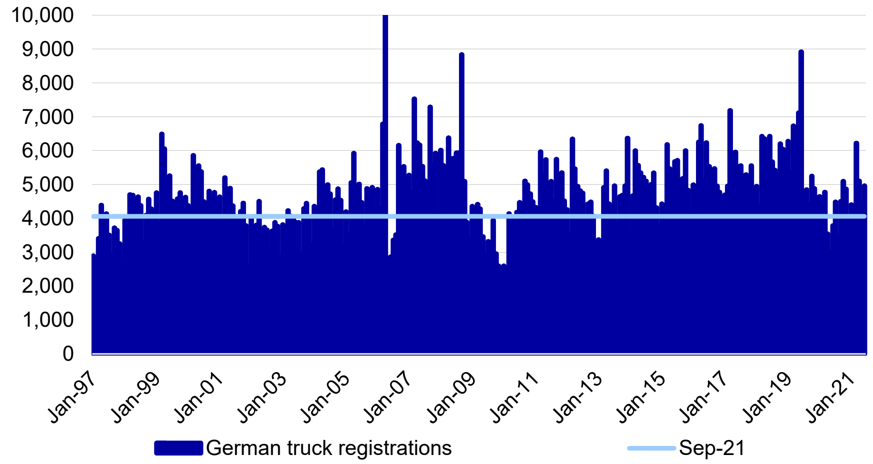
Germany is Europe's largest truck market, with a total of approximately 68,000 trucks sold annually in 2018 and 2019. Units sold have declined since H2 2019 following the previous ramp-up. Since 1997, monthly truck registrations have averaged ~4,700 units.

In May 2020, market registrations declined to ~3,000 units, a low point not seen since 2009. Since then, truck registrations recovered to ~4,100 units as of September 2021. This represents +16% growth YTD 2021 (Q1-Q3). Volvo's European HD/MD truck deliveries grew by 28% y/y YTD and by 16% y/y in Q3, while the order intake has increased by 72% YTD to ~81,000 trucks.

German truck registrations have been declining since H2 2019, but have recently bounced back somewhat

September 2021 registrations were up 36% versus the low point in May 2020

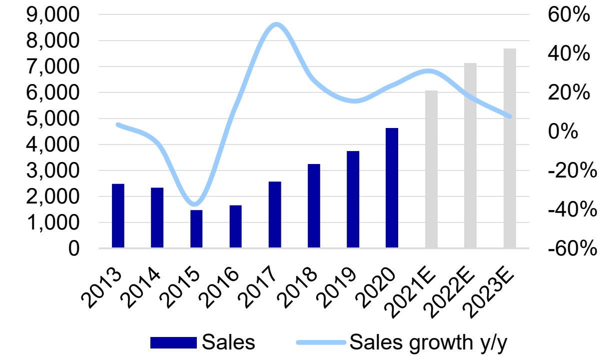
MONTHLY GERMAN TRUCK REGISTRATIONS (UNITS) UNTIL SEPTEMBER 2021



Source: ACEA and Nordea

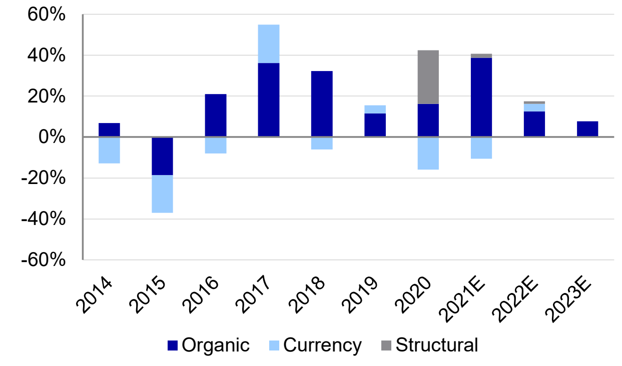
Group and divisional development

SALES (SEKm) AND CHANGE Y/Y (%)



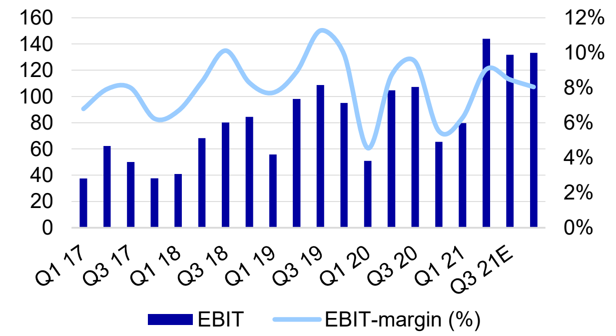
Source: Company data and Nordea estimates

SALES GROWTH BREAKDOWN (%)



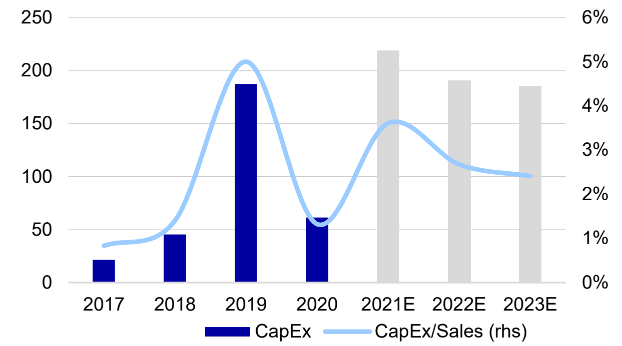
Source: Company data and Nordea estimates

EBIT (SEKm) AND EBIT MARGIN (%)



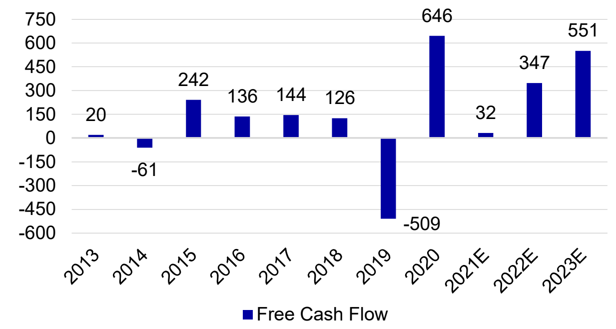
Source: Company data and Nordea estimates

CAPEX (SEKm) AND CAPEX/SALES (%)



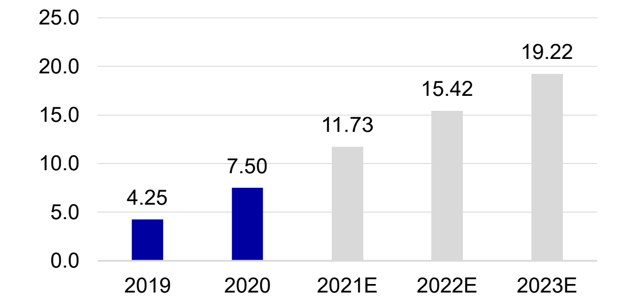
Source: Company data and Nordea estimates

FREE CASH FLOW (SEKm)



Source: Company data and Nordea estimates

DIVIDEND PER SHARE (SEK)



Source: Company data and Nordea estimates

Estimate revisions

FERRONORDIC: ESTIMATE REVISIONS

	New estimates			Old estimates			Δ		
SEKm	**2021E**	**2022E**	**2023E**	**2021E**	**2022E**	**2023E**	**2021E**	**2022E**	**2023E**
Sales breakdown									
Equipment Sales	3,770	4,493	4,859	3,742	4,286	4,611	1%	5%	5%
Aftermarket Sales	1,353	1,568	1,701	1,338	1,501	1,595	1%	4%	7%
Contracting Services	926	1,052	1,102	953	1,033	1,087	-3%	2%	1%
Other									
Group	**6,069**	**7,137**	**7,689**	**6,054**	**6,842**	**7,318**	**0%**	**4%**	**5%**
Gross profit	1,074	1,299	1,433	1,072	1,253	1,370	0%	4%	5%
Adj. EBITDA	700	852	955	695	810	909	1%	5%	5%
Adj. EBIT	**497**	**618**	**708**	**490**	**586**	**666**	**1%**	**5%**	**6%**
Margins									
Gross margin	17.7%	18.2%	18.6%	17.7%	18.3%	18.7%	0.0 pp	-0.1 pp	-0.1 pp
EBITDA margin	11.5%	11.9%	12.4%	11.5%	11.8%	12.4%	0.1 pp	0.1 pp	0.0 pp
EBIT margin	8.2%	8.7%	9.2%	8.1%	8.6%	9.1%	0.1 pp	0.1 pp	0.1 pp
Sales bridge	**31%**	**18%**	**8%**	**31%**	**13%**	**7%**	**0.3 pp**	**4.6 pp**	**0.8 pp**
Organic	39%	12%	8%	40%	11%	7%	-0.9 pp	1.5 pp	0.8 pp
Structural	2%	1%	0%	2%	0%	0%	0.4 pp	0.9 pp	0.0 pp
Currency	-11%	3.7%	0%	-11%	2%	0%	0.9 pp	2.2 pp	0.0 pp
Other	1%	0%	0%	1%	0%	0%	0.0 pp	0.0 pp	0.0 pp
DPS (SEK)	**11.7**	**15.4**	**19.2**	**11.5**	**15.5**	**18.4**	**2.2%**	**-0.5%**	**4.7%**
of which ordinary	11.7	15.4	19.2	11.5	15.5	18.4	2%	-1%	5%
of which extraordinary	0.0	0.0	0.0	0.0	0.0	0.0	n.a	n.a	n.a

Source: Nordea estimates

Consensus

NORDEA ESTIMATES VS CONSENSUS

	Nordea estimates				Consensus estimates				∆			
SEKm	**Q3 21E**	**2021E**	**2022E**	**2023E**	**Q3 21E**	**2021E**	**2022E**	**2023E**	**Q3 21E**	**2021E**	**2022E**	**2023E**
Sales	1,557	6,069	7,137	7,689	1,485	5,931	6,766	7,376	5%	2%	5%	4%
Adj. EBIT	133	497	618	708	128	486	599	682	4%	2%	3%	4%
Adj. EBIT margin	8.5%	8.2%	8.7%	9.2%	8.6%	8.2%	8.9%	9.3%	-0.1pp	0.0pp	-0.2pp	0.0pp
Net profit	95	334	448	534	92	329	454	523	3%	2%	-1%	2%
EPS (SEK)	**6.52**	**23.00**	**30.84**	**36.75**	**6.34**	**22.69**	**31.33**	**36.04**	**3%**	**1%**	**-2%**	**2%**

Source: Infront and Nordea estimates

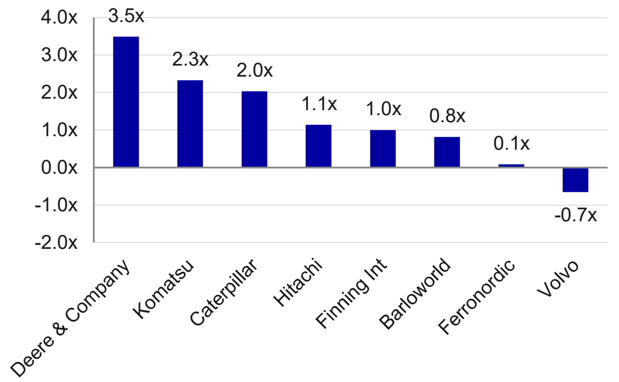
Valuation

FERRONORDIC: PEER VALUATION TABLE

		Mcap.	EV/EBITDA		EV/EBIT		P/E		Div. yield		ND/EBITDA		ROE	
Stock	**Rec.**	**SEKm**	**2021E**	**2022E**	**2021E**	**2022E**	**2021E**	**2022E**	**2021E**	**2022E**	**2021E**	**2022E**	**2021E**	**2022E**
Barloworld	-	14,742	4.8x	4.6x	7.7x	7.1x	12.6x	10.1x	3.5%	4.1%	0.8x	0.7x	9.7%	11.7%
Caterpillar	-	972,237	15.9x	12.9x	20.8x	16.7x	19.9x	16.9x	2.1%	2.2%	2.0x	2.1x	42.2%	44.1%
Cervus	-	2,094	-	-	-	-	-	-	-	-	-	-	-	-
Deere & Company	-	944,564	17.8x	15.3x	21.1x	17.7x	18.8x	15.9x	0.9%	1.0%	3.5x	3.5x	41.7%	43.6%
Ferronordic		4,432	6.5x	5.1x	9.0x	7.0x	12.9x	9.9x	3.8%	5.1%	0.1x	-0.1x	36.4%	38.3%
Finning Int	-	41,834	8.8x	8.1x	14.4x	12.3x	18.7x	16.1x	2.3%	2.4%	1.0x	0.8x	14.3%	15.2%
Hitachi	-	492,875	10.0x	7.6x	-	-	16.4x	11.3x	1.5%	1.6%	1.1x	1.1x	13.0%	15.9%
Komatsu	-	221,810	12.5x	8.6x	-	-	28.4x	15.3x	1.5%	2.6%	2.3x	1.6x	5.5%	9.3%
Volvo	BUY	414,426	6.3x	5.4x	8.8x	7.2x	13.6x	11.7x	6.9%	7.1%	-0.7x	-0.6x	23.4%	26.5%
Average		**345,446**	**10.3x**	**8.4x**	**13.6x**	**11.3x**	**17.7x**	**13.4x**	**2.8%**	**3.3%**	**1.3x**	**1.1x**	**23.3%**	**25.6%**
Median		**221,810**	**9.4x**	**7.9x**	**11.7x**	**9.7x**	**17.6x**	**13.5x**	**2.2%**	**2.5%**	**1.1x**	**1.0x**	**18.9%**	**21.2%**
Ferronordic		**4,432**	**6.5x**	**5.1x**	**9.0x**	**7.0x**	**12.9x**	**9.9x**	**3.8%**	**5.1%**	**0.1x**	**-0.1x**	**36.4%**	**38.3%**
vs. peer average	-	-	-37%	-40%	-34%	-38%	-27%	-26%	1.0pp	2.5pp	-94%	-112%	13.1pp	17.1pp
vs. peer median	-	-	-31%	-36%	-23%	-28%	-26%	-27%	1.7pp	2.5pp	-92%	-114%	17.5pp	17.1pp

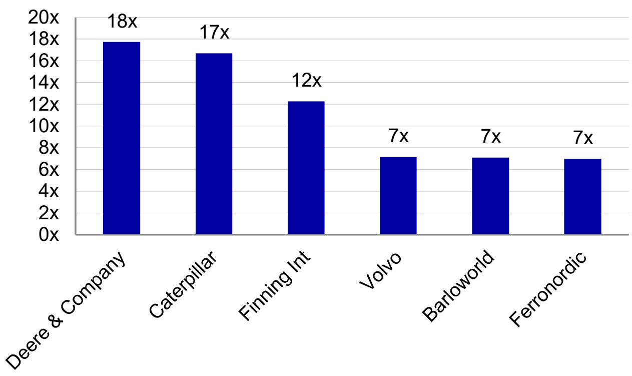
Source: Company data, Refinitiv and Nordea estimates

NET DEBT/EBITDA, 2021E



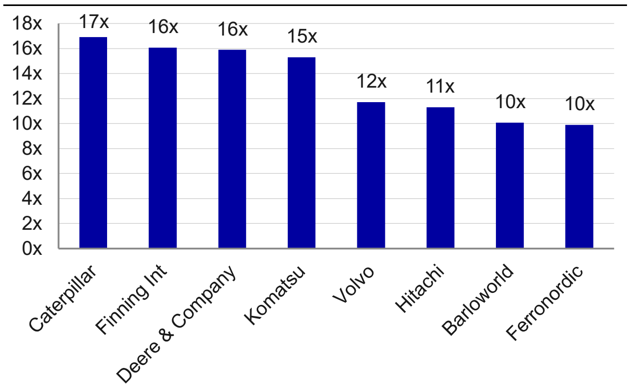
Source: Company data, Refinitiv and Nordea estimates

EV/EBIT, 2022E



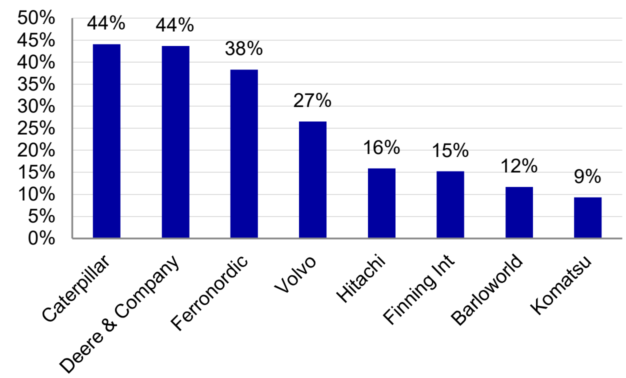
Source: Company data, Refinitiv and Nordea estimates

P/E, 2022E



Source: Company data, Refinitiv and Nordea estimates

RETURN ON EQUITY, 2022E



Source: Company data, Refinitiv and Nordea estimates

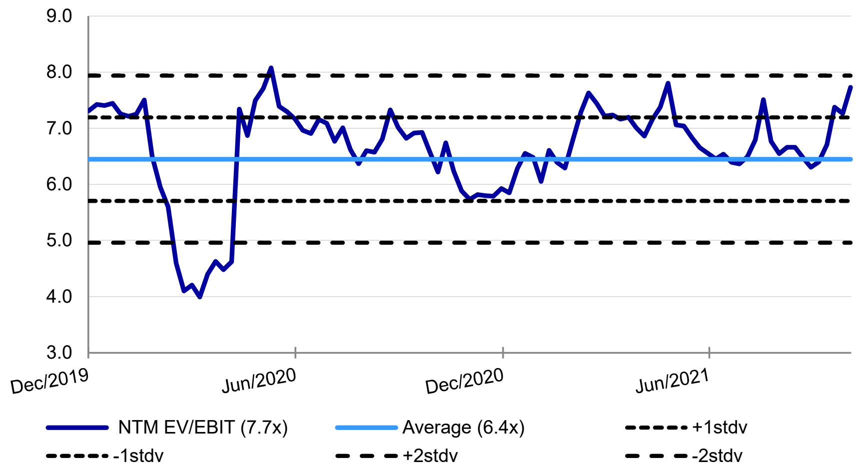
FERRONORDIC: VALUATION TABLE

(SEKm)								
EV/EBIT (adj.) - multiple	**5.0x**	**5.5x**	**6.0x**	**6.5x**	**7.0x**	**7.5x**	**8.0x**	**8.5x**
Implied Enterprise value	3,091	3,400	3,710	4,019	4,328	4,637	4,946	5,255
Net debt	-120	-120	-120	-120	-120	-120	-120	-120
Implied market capitalisation (bn)	3,211	3,520	3,829	4,139	4,448	4,757	5,066	5,375
Number of shares outstanding (m)	14.53	14.53	14.53	14.53	14.53	14.53	14.53	14.53
Implied share price	**221**	**242**	**264**	**285**	**306**	**327**	**349**	**370**
Implied P/E (x)	7.2	7.9	8.5	9.2	9.9	10.6	11.3	12.0
Implied FCF yield	10.8%	9.9%	9.1%	8.4%	7.8%	7.3%	6.9%	6.5%

Source: Nordea estimates

Ferronordic is trading above its average valuation of 6.4x NTM EV/EBIT

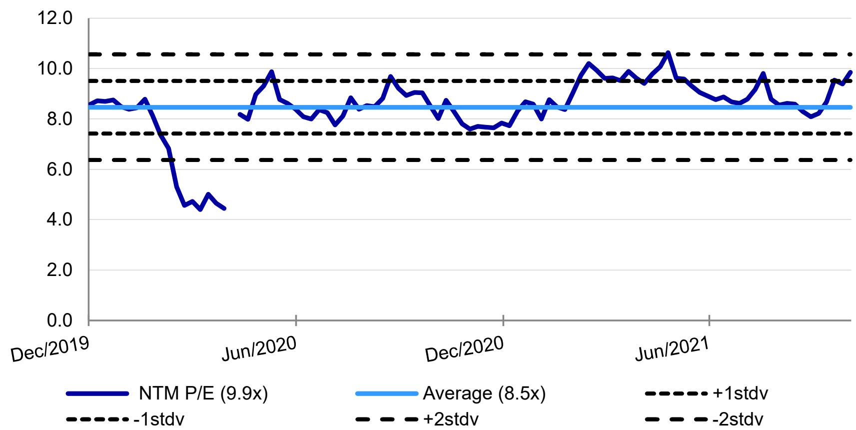
FERRONORDIC: EV/EBIT, NTM



Source: Company data, Refinitiv, and Nordea estimates

Ferronordic's NTM P/E is one standard deviation above its average of 8.5x

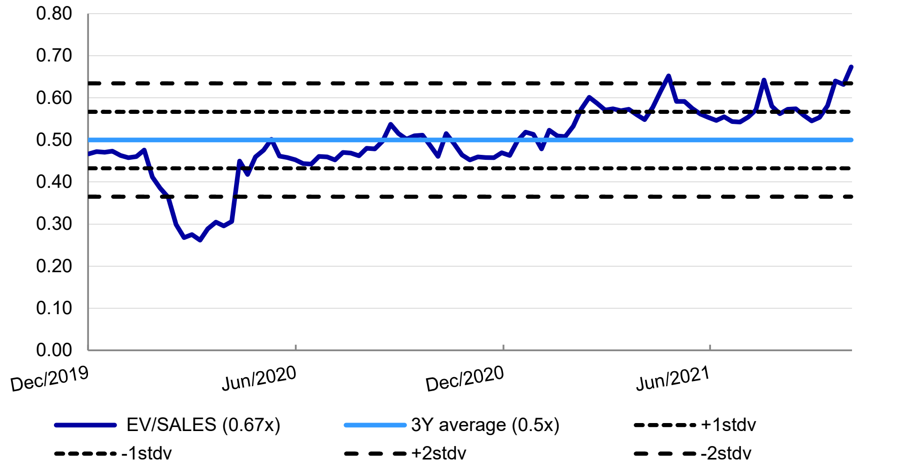
FERRONORDIC: P/E, NTM



Source: Company data, Refinitiv and Nordea estimates

The historical average for NTM EV/sales is 0.5x

FERRONORDIC: EV/SALES, NTM



Source: Company data, Refinitiv and Nordea estimates

Detailed estimates

INTERIM ESTIMATES

(SEKm)	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
Revenue	1,118	1,203	1,129	1,185	1,267	1,590	1,557	1,655
Cost of sales	-936	-996	-908	-998	-1,052	-1,304	-1,278	-1,360
Gross profit	**183**	**207**	**221**	**187**	**215**	**286**	**278**	**295**
Sales expenses	-55	-53	-55	-55	-54	-63	-60	-64
G&A expenses	-74	-60	-61	-69	-77	-79	-87	-96
Other income	2	13	4	6	1	2	3	3
Other expenses	-5	-2	-2	-3	-5	-2	-2	-5
EBIT	**51**	**105**	**107**	**65**	**80**	**144**	**132**	**133**
Finance income	2	5	2	3	3	3	3	2
Finance costs	-19	-21	-11	-9	-8	-14	-11	-12
Net FX gains/(losses)	-5	3	-1	-3	-3	-6	1	1
EBT	**29**	**92**	**98**	**56**	**71**	**127**	**125**	**124**
Income tax	-9	-16	-17	-12	-15	-41	-30	-27
Net income	20	76	81	44	56	86	95	97
EPS (SEK)	**1.39**	**5.24**	**5.57**	**3.05**	**3.85**	**5.93**	**6.50**	**6.68**
Pre-tax adjustments	0	11	-5	-8	-4	-3	-1	-1
After-tax adjustments	0	9	-4	-6	-3	-3	-1	0
Adj. EBIT	**51**	**94**	**112**	**73**	**83**	**147**	**133**	**134**
Adj. PTP	29	81	103	64	75	130	126	125
Adj. Net income	20	68	85	50	59	89	95	98
Adj. EPS (SEK)	**1.39**	**4.65**	**5.82**	**3.47**	**4.04**	**6.10**	**6.56**	**6.71**

Source: Company data and Nordea estimates

INTERIM SALES BRIDGE

	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
Sales bridge (%) - Group								
Organic	15%	2%	12%	36%	37%	50%	38%	30%
Structural	38%	22%	24%	24%	0%	2%	2%	4%
Currency	4%	-9%	-22%	-33%	-27%	-19%	-2%	6%
Other	-3%	-7%	3%	-4%	3%	0%	0%	0%
Total	**55%**	**9%**	**17%**	**23%**	**13%**	**32%**	**38%**	**40%**
Sales bridge % - Russia/CIS								
Organic	15%	2%	12%	36%	49%	53%	39%	30%
Structural	0%	0%	0%	0%	0%	0%	0%	0%
Currency	4%	-9%	-22%	-33%	-34%	-23%	-2%	7%
Other	-3%	-7%	3%	-4%	4%	1%	0%	0%
Total	**17%**	**-13%**	**-7%**	**-1%**	**20%**	**31%**	**37%**	**37%**
Sales bridge % - Germany								
Organic	0%	0%	0%	0%	-1%	38%	30%	33%
Structural	100%	100%	100%	100%	1%	8%	11%	19%
Currency	0%	0%	0%	0%	-6%	-7%	-1%	-1%
Other	0%	0%	0%	0%	0%	-3%	-1%	0%
Total	**100%**	**100%**	**100%**	**100%**	**-6%**	**37%**	**40%**	**50%**
Sales split (% of Group)	**Q1 20**	**Q2 20**	**Q3 20**	**Q4 20**	**Q1 21**	**Q2 21**	**Q3 21E**	**Q4 21E**
Russia/CIS	**75%**	**80%**	**80%**	**80%**	**80%**	**79%**	**79%**	**79%**
Equipment	46%	51%	50%	52%	49%	49%	47%	48%
Aftermarket	20%	18%	19%	17%	17%	16%	17%	16%
Contracting Services	9%	10%	11%	11%	13%	13%	15%	15%
Other	1%	0%	0%	0%	0%	0%	0%	0%
Germany	**25%**	**20%**	**20%**	**20%**	**20%**	**21%**	**21%**	**21%**
Equipment	17%	13%	12%	12%	13%	15%	13%	14%
Aftermarket	6%	6%	6%	5%	6%	5%	6%	6%
Other	2%	2%	2%	2%	1%	1%	1%	2%

Source: Company data and Nordea estimates

GROWTH PER SEGMENT, INTERIM

(SEKm)	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
Russia/CIS								
Gross profit	156	190	199	169	185	254	240	245
EBITDA	100	156	155	122	127	195	176	177
EBIT	60	120	124	91	94	157	137	136
Adjusted EBIT	**60**	**109**	**124**	**91**	**94**	**157**	**137**	**136**
Germany								
Gross profit	27	16	23	18	30	32	38	50
EBITDA	-1	-4	-8	-16	-3	0	7	12
EBIT	-10	-15	-17	-25	-14	-13	-5	-2
Adjusted EBIT	**-10**	**-15**	**-12**	**-20**	**-10**	**-10**	**-4**	**-2**
Margins								
Group								
Gross margin	16.3%	17.2%	19.6%	15.8%	17.0%	18.0%	17.9%	17.8%
EBITDA margin	8.9%	12.6%	13.0%	8.9%	9.8%	12.2%	11.7%	11.4%
EBIT margin	4.6%	8.7%	9.5%	5.5%	6.3%	9.0%	8.5%	8.0%
Adjusted EBIT margin	**4.6%**	**7.8%**	**9.9%**	**6.2%**	**6.6%**	**9.2%**	**8.5%**	**8.1%**
Russia/CIS								
Gross margin	18.5%	19.9%	22.1%	17.8%	18.3%	20.2%	19.4%	18.8%
EBITDA margin	11.8%	16.3%	17.2%	12.8%	12.7%	15.5%	14.3%	13.6%
EBIT margin	7.1%	12.5%	13.8%	9.5%	9.3%	12.5%	11.1%	10.4%
Adjusted EBIT margin	**7.1%**	**11.3%**	**13.8%**	**9.5%**	**9.3%**	**12.5%**	**11.1%**	**10.4%**
Germany								
Gross margin	9.8%	6.7%	9.8%	7.7%	11.6%	9.6%	12.0%	14.3%
EBITDA margin	-0.2%	-1.8%	-3.4%	-6.8%	-1.1%	-0.1%	2.1%	3.4%
EBIT margin	-3.5%	-6.1%	-7.3%	-10.7%	-5.3%	-3.8%	-1.7%	-0.7%
Adjusted EBIT margin	**-3.5%**	**-6.1%**	**-5.2%**	**-8.7%**	**-3.9%**	**-2.9%**	**-1.4%**	**-0.6%**

Source: Company data and Nordea estimates

ANNUAL ESTIMATES

(SEKm)	2017	2018	2019	2020	2021E	2022E	2023E	2024E
Revenue	2,567	3,241	3,747	4,635	6,069	7,137	7,689	7,924
Cost of sales	-2,079	-2,627	-2,972	-3,837	-4,994	-5,838	-6,255	-6,424
Gross profit	**488**	**614**	**775**	**797**	**1,074**	**1,299**	**1,433**	**1,500**
Sales expenses	-125	-138	-162	-219	-241	-275	-289	-273
G&A expenses	-165	-190	-238	-264	-340	-397	-423	-432
Other income	5	4	8	24	10	12	13	14
Other expenses	-16	-17	-26	-11	-15	-21	-27	-29
EBIT	**187**	**274**	**358**	**328**	**489**	**618**	**708**	**779**
Finance income	15	7	6	12	11	11	11	11
Finance costs	-7	-9	-58	-59	-46	-47	-43	-39
Net FX gains/(losses)	-2	-5	12	-5	-6	0	0	0
EBT	**193**	**267**	**318**	**276**	**448**	**582**	**676**	**751**
Income tax	-42	-58	-68	-54	-113	-134	-142	-158
Net income	151	209	251	222	334	448	534	593
EPS (SEK)	**8.50**	**14.25**	**17.26**	**15.25**	**23.00**	**30.84**	**36.75**	**39.74**
Pre-tax adjustments	0	0	-7	-2	-8	0	0	0
After-tax adjustments	0	0	-6	-1	-7	0	0	0
Adj. EBIT	**187**	**274**	**365**	**330**	**497**	**618**	**708**	**779**
Adj. PTP	193	267	325	277	456	582	676	751
Adj. Net income	151	209	256	223	341	448	534	593
Adj. EPS (SEK)	**8.50**	**14.25**	**17.64**	**15.34**	**23.45**	**30.84**	**36.75**	**39.74**

Source: Company data and Nordea estimates

ANNUAL SALES BRIDGE

	2017	2018	2019	2020	2021E	2022E	2023E	2024E
Sales bridge (%) - Group								
Organic	36%	32%	11%	16%	39%	12%	8%	3%
Structural	0%	0%	0%	26%	2%	1%	0%	0%
Currency	19%	-6%	4%	-16%	-11%	4%	0%	0%
Other	6%	2%	-1%	-3%	1%	0%	0%	0%
Total	**61%**	**28%**	**15%**	**24%**	**31%**	**18%**	**8%**	**3%**
Sales bridge % - Russia/CIS								
Organic	36%	32%	11%	16%	43%	10%	9%	5%
Structural	0%	0%	0%	0%	0%	0%	0%	0%
Currency	19%	-6%	4%	-16%	-12%	5%	0%	0%
Other	6%	2%	-4%	-3%	1%	0%	0%	0%
Total	**61%**	**28%**	**11%**	**-3%**	**31%**	**15%**	**9%**	**5%**
Sales bridge % - Germany								
Organic	-	-	-	0%	24%	21%	5%	-5%
Structural	-	-	-	100%	10%	6%	0%	0%
Currency	-	-	-	0%	-4%	-1%	0%	0%
Other	-	-	-	0%	-1%	0%	0%	0%
Total	**-**	**-**	**-**	**100%**	**29%**	**27%**	**5%**	**-5%**
Sales split (% of Group)	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**	**2024E**
Russia/CIS	**100%**	**100%**	**100%**	**79%**	**79%**	**77%**	**78%**	**80%**
Equipment	69%	71%	65%	50%	48%	48%	49%	50%
Aftermarket	27%	24%	25%	19%	16%	16%	16%	16%
Contracting Services	0%	0%	10%	10%	14%	14%	13%	13%
Other	4%	5%	1%	0%	0%	0%	0%	0%
Germany	**0%**	**0%**	**0%**	**21%**	**21%**	**23%**	**22%**	**20%**
Equipment	0%	0%	0%	14%	14%	15%	14%	13%
Aftermarket	0%	0%	0%	6%	6%	6%	7%	6%
Other	0%	0%	0%	2%	1%	1%	1%	1%

Source: Company data and Nordea estimates

ANNUAL GROWTH PER SEGMENT

(SEKm)	2017	2018	2019	2020	2021E	2022E	2023E	2024E
Russia/CIS								
Gross profit	488	614	773	714	923	1,063	1,176	1,245
EBITDA	214	322	494	533	676	774	862	921
EBIT	187	274	358	394	523	603	679	738
Adjusted EBIT	**187**	**274**	**358**	**383**	**523**	**603**	**679**	**738**
Germany								
Gross profit	0	0	0	84	151	236	257	255
EBITDA	0	0	0	-29	15	78	93	100
EBIT	0	0	0	-66	-35	15	29	41
Adjusted EBIT	**0**	**0**	**0**	**-57**	**-26**	**15**	**29**	**41**
Margins								
Group								
Gross margin	19.0%	19.0%	20.7%	17.2%	17.7%	18.2%	18.6%	18.9%
EBITDA margin	8.3%	9.9%	13.2%	10.9%	11.4%	11.9%	12.4%	12.9%
EBIT margin	7.3%	8.4%	9.5%	7.1%	8.1%	8.7%	9.2%	9.8%
Adjusted EBIT margin	**7.3%**	**8.4%**	**9.7%**	**7.1%**	**8.2%**	**8.7%**	**9.2%**	**9.8%**
Russia/CIS								
Gross margin	19.0%	19.0%	20.6%	19.5%	19.2%	19.2%	19.6%	19.7%
EBITDA margin	8.3%	9.9%	13.2%	14.6%	14.1%	14.0%	14.4%	14.6%
EBIT margin	7.3%	8.4%	9.5%	10.8%	10.9%	10.9%	11.3%	11.7%
Adjusted EBIT margin	**7.3%**	**8.4%**	**9.5%**	**10.5%**	**10.9%**	**10.9%**	**11.3%**	**11.7%**
Germany								
Gross margin	-	-	-	8.5%	11.9%	14.6%	15.2%	15.8%
EBITDA margin	-	-	-	-2.9%	1.2%	4.8%	5.5%	6.2%
EBIT margin	-	-	-	-6.7%	-2.7%	0.9%	1.7%	2.5%
Adjusted EBIT margin	**-**	**-**	**-**	**-5.8%**	**-2.1%**	**0.9%**	**1.7%**	**2.5%**

Source: Company data and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	**2,482**	**2,335**	**1,469**	**1,658**	**2,567**	**3,241**	**3,747**	**4,635**	**6,069**	**7,137**	**7,689**
Revenue growth	3.5%	-5.9%	-37.1%	12.9%	54.8%	26.3%	15.6%	23.7%	30.9%	17.6%	7.7%
of which organic	7.2%	6.9%	-18.6%	21.0%	36.2%	32.2%	11.4%	16.1%	38.6%	12.5%	7.7%
of which FX	0.0%	-12.8%	-18.5%	-8.1%	18.6%	-6.0%	4.0%	-16.0%	-10.6%	3.7%	0.0%
EBITDA	153	172	130	153	214	322	494	504	691	852	955
Depreciation and impairments PPE	-101	-70	-43	-34	-26	-48	-136	-176	-203	-234	-247
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	52	102	87	119	187	274	358	328	489	618	708
Amortisation and impairments	0	-33	-26	-15	0	0	0	0	0	0	0
EBIT	52	69	61	104	187	274	358	328	489	618	708
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	-109	-43	-24	3	6	-7	-39	-53	-41	-36	-32
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	**-57**	**26**	**37**	**107**	**193**	**267**	**318**	**276**	**448**	**582**	**676**
Reported taxes	13	-7	-8	-24	-42	-58	-68	-54	-113	-134	-142
Net profit from continued operations	-44	19	29	84	151	209	251	222	334	448	534
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Net profit to equity	-44	-31	-21	30	87	207	251	222	334	448	534
EPS, SEK	**-4.44**	**-3.10**	**-2.12**	**3.03**	**8.06**	**14.25**	**17.26**	**15.25**	**23.00**	**30.84**	**36.75**
DPS, SEK	0.00	0.00	0.00	0.00	1.73	7.50	4.25	7.50	11.73	15.42	19.22
of which ordinary	0.00	0.00	0.00	0.00	1.73	3.75	4.25	7.50	11.73	15.42	19.22
of which extraordinary	0.00	0.00	0.00	0.00	0.00	3.75	0.00	0.00	0.00	0.00	0.00
Profit margin in percent											
EBITDA	6.2%	7.4%	8.9%	9.2%	8.3%	9.9%	13.2%	10.9%	11.4%	11.9%	12.4%
EBITA	2.1%	4.4%	5.9%	7.2%	7.3%	8.4%	9.5%	7.1%	8.1%	8.7%	9.2%
EBIT	2.1%	3.0%	4.2%	6.3%	7.3%	8.4%	9.5%	7.1%	8.1%	8.7%	9.2%
Adjusted earnings											
EBITDA (adj)	153	172	130	153	214	322	501	503	700	852	955
EBITA (adj)	52	102	87	137	187	274	365	330	497	618	708
EBIT (adj)	90	102	87	132	187	274	365	330	497	618	708
EPS (adj, SEK)	0.17	-0.51	-0.08	5.18	8.06	14.25	17.74	15.36	23.57	30.84	36.75
Adjusted profit margins in percent											
EBITDA (adj)	6.2%	7.4%	8.9%	9.2%	8.3%	9.9%	13.4%	10.9%	11.5%	11.9%	12.4%
EBITA (adj)	2.1%	4.4%	5.9%	8.3%	7.3%	8.4%	9.7%	7.1%	8.2%	8.7%	9.2%
EBIT (adj)	3.6%	4.4%	5.9%	7.9%	7.3%	8.4%	9.7%	7.1%	8.2%	8.7%	9.2%
Performance metrics											
CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	-7.3%	1.4%	5.5%	9.9%	25.8%	29.6%	22.7%	18.9%
EBITDA	n.m.	n.m.	n.m.	11.6%	13.0%	16.0%	23.5%	31.1%	35.2%	31.9%	24.3%
EBIT	n.a.	n.a.	n.a.	27.7%	48.0%	39.6%	39.0%	40.0%	36.2%	27.0%	20.9%
EPS	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	50.0%	30.8%	20.9%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	54.9%	38.7%
Average last 5 years											
Average EBIT margin	n.a.	n.a.	2.1%	3.0%	4.5%	6.2%	7.8%	7.9%	8.1%	8.3%	8.5%
Average EBITDA margin	n.a.	n.a.	5.9%	7.0%	7.8%	8.8%	10.3%	10.6%	11.0%	11.5%	11.9%

VALUATION RATIOS - ADJUSTED EARNINGS

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	18.7	8.9	9.2	10.2	12.9	9.9	8.3
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	6.1	4.8	6.1	4.5	6.4	5.1	4.2
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	7.0	5.6	8.4	6.9	9.0	7.0	5.6
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	7.0	5.6	8.4	6.9	9.0	7.0	5.6

VALUATION RATIOS - REPORTED EARNINGS

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E	n.a.	n.a.	n.a.	n.a.	18.7	8.9	9.4	10.3	13.3	9.9	8.3
EV/Sales	n.a.	n.a.	n.a.	n.a.	0.51	0.48	0.82	0.49	0.74	0.60	0.52
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	6.1	4.8	6.2	4.5	6.5	5.1	4.2
EV/EBITA	n.a.	n.a.	n.a.	n.a.	7.0	5.6	8.6	6.9	9.2	7.0	5.6
EV/EBIT	n.a.	n.a.	n.a.	n.a.	7.0	5.6	8.6	6.9	9.2	7.0	5.6
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	1.1%	2.9%	2.6%	4.8%	3.8%	5.1%	6.3%
FCF yield	n.a.	n.a.	n.a.	n.a.	8.9%	6.8%	-21.5%	28.2%	0.7%	7.8%	12.4%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	8.8%	6.6%	-21.6%	28.1%	3.2%	7.8%	12.4%
Payout ratio	0.0%	0.0%	0.0%	0.0%	21.5%	52.6%	24.6%	49.2%	51.0%	50.0%	52.3%

Source: Company data and Nordea estimates

BALANCE SHEET

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Intangible assets	95	43	15	2	6	6	12	8	116	130	138
of which R&D	0	0	0	0	0	0	0	0	32	46	54
of which other intangibles	95	43	15	2	6	6	12	8	8	8	8
of which goodwill	0	0	0	0	0	0	0	0	76	76	76
Tangible assets	248	225	83	116	136	263	700	507	529	476	411
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
Shares associates	0	0	0	0	0	0	0	0	0	0	0
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	23	36	45	42	42	41	51	65	65	65	65
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	366	303	143	160	184	310	763	579	710	671	613
Inventory	584	425	327	467	633	741	1,290	1,014	1,456	1,784	1,922
Accounts receivable	335	265	161	202	243	319	322	393	515	642	692
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	2	2	1	4	3	2	84	37	49	57	62
Cash and bank	163	177	175	199	352	357	519	604	527	703	1,030
Total current assets	1,084	870	665	872	1,231	1,418	2,214	2,048	2,547	3,187	3,706
Assets held for sale	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	**1,450**	**1,173**	**808**	**1,033**	**1,414**	**1,727**	**2,978**	**2,628**	**3,256**	**3,858**	**4,319**
Shareholders equity	533	372	322	442	611	656	890	806	1,032	1,309	1,619
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Minority interest	0	0	0	0	0	0	0	0	0	0	0
Total Equity	533	372	322	442	611	656	890	806	1,032	1,309	1,619
Deferred tax	10	7	0	0	1	1	7	5	5	5	5
Long term interest bearing debt	24	21	4	15	22	28	377	422	422	422	422
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0
Non-current lease debt	0	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	34	28	4	16	23	31	391	428	428	428	428
Short-term provisions	18	9	4	10	13	17	22	26	33	39	42
Accounts payable	652	492	384	547	737	982	917	1,188	1,578	1,891	2,037
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	15	8	4	7	12	15	21	19	24	29	31
Short term interest bearing debt	198	265	90	11	19	26	735	161	161	161	161
Total current liabilities	883	774	482	575	780	1,040	1,696	1,393	1,797	2,120	2,272
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**1,450**	**1,173**	**808**	**1,033**	**1,414**	**1,727**	**2,978**	**2,628**	**3,256**	**3,858**	**4,319**
Balance sheet and debt metrics											
Net debt	59	109	-81	-173	-312	-303	689	-20	57	-120	-447
of which lease debt	0	0	0	0	0	0	0	0	0	0	0
Working capital	254	193	101	120	130	64	756	238	418	564	607
Invested capital	621	496	244	280	314	374	1,519	818	1,128	1,235	1,220
Capital employed	755	658	416	468	651	710	2,003	1,390	1,615	1,893	2,203
ROE	-13.4%	-6.9%	-6.1%	7.9%	16.4%	32.7%	32.4%	26.1%	36.4%	38.3%	36.5%
ROIC	10.2%	14.1%	18.1%	38.7%	48.6%	61.3%	29.7%	21.7%	39.3%	40.3%	44.4%
ROCE	11.3%	14.8%	18.1%	31.9%	36.1%	41.3%	27.4%	20.1%	33.8%	35.9%	35.1%
Net debt/EBITDA	0.4	0.6	-0.6	-1.1	-1.5	-0.9	1.4	0.0	0.1	-0.1	-0.5
Interest coverage	0.6	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	36.7%	31.7%	39.8%	42.8%	43.2%	38.0%	29.9%	30.7%	31.7%	33.9%	37.5%
Net gearing	11.1%	29.4%	-25.3%	-39.1%	-51.0%	-46.2%	77.4%	-2.5%	5.5%	-9.2%	-27.6%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT											
SEKm	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
EBITDA (adj) for associates	**153**	**172**	**130**	**153**	**214**	**322**	**494**	**504**	**691**	**852**	**955**
Paid taxes	0	0	0	0	0	0	-85	-71	-113	-134	-142
Net financials	111	43	24	-3	-6	7	-58	-59	-41	-36	-32
Change in provisions	-8	-9	-5	7	3	4	5	3	8	6	3
Change in other LT non-IB	-15	-14	-9	3	0	3	-6	-20	0	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	-172	-42	-38	-36	-44	-68	17	19	0	0	0
Funds from operations (FFO)	**69**	**151**	**101**	**123**	**168**	**267**	**367**	**377**	**545**	**688**	**784**
Change in NWC	-27	-176	133	18	-20	-106	-698	316	-180	-146	-44
Cash flow from operations (CFO)	**42**	**-25**	**234**	**141**	**148**	**161**	**-330**	**693**	**365**	**542**	**740**
Capital expenditure	-22	-36	3	-10	-7	-38	-181	-49	-221	-195	-189
Free cash flow before A&D	**20**	**-61**	**237**	**132**	**141**	**123**	**-511**	**643**	**144**	**347**	**551**
Proceeds from sale of assets	0	0	5	4	3	3	2	3	0	0	0
Acquisitions	0	0	0	0	0	0	0	0	-112	0	0
Free cash flow	20	-61	242	136	144	126	-509	646	32	347	551
Free cash flow bef A&D, lease adj	20	-61	237	132	141	123	-511	643	144	347	551
Dividends paid	0	-50	-50	-53	-58	-30	-109	-62	-109	-170	-224
Equity issues / buybacks	1	0	-1	0	0	0	0	0	0	0	0
Net change in debt	282	849	109	0	-28	0	802	-402	0	0	0
Other financing adjustments	-32	-1	-30	-15	-12	2	-3	-114	0	0	0
Other non-cash adjustments	-272	-722	-272	-45	108	-94	-18	16	0	0	0
Change in cash	-3	15	-2	24	153	4	163	84	-77	177	327
Cash flow metrics											
Capex/D&A	22.1%	35.3%	-4.4%	20.0%	25.8%	80.1%	n.m.	28.1%	n.m.	83.4%	76.6%
Capex/Sales	0.9%	1.6%	-0.2%	0.6%	0.3%	1.2%	4.8%	1.1%	3.6%	2.7%	2.5%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	151	127	163	157	305	305	305
Market cap.	n.a.	n.a.	n.a.	n.a.	1,615	1,849	2,369	2,287	4,432	4,432	4,432
Enterprise value	n.a.	n.a.	n.a.	n.a.	1,303	1,546	3,058	2,267	4,489	4,312	3,985
Diluted no. of shares, year-end (m)	10.0	10.0	10.0	10.0	10.7	14.5	14.5	14.5	14.5	14.5	14.5

Source: Company data and Nordea estimates

Disclaimer and legal disclosures

Origin of the report
This publication or report originates from: Nordea Bank Abp, including its branches Nordea Danmark, Filial af Nordea Bank Abp, Finland, Nordea Bank Abp, filial i Norge and Nordea Bank Abp, filial i Sverige (together "Nordea") acting through their units Nordea Markets and Equity Sales & Research.

Nordea Bank Abp is supervised by the European Central Bank and the Finnish Financial Supervisory Authority and the branches are supervised by the European Central Bank and the Finnish Financial Supervisory Authority and the Financial Supervisory Authorities in their respective countries.

Content of report
This report has been prepared solely by Nordea Markets or Equity Sales & Research.

Opinions or suggestions from Nordea Markets credit and equity research may deviate from one another or from opinions presented by other departments in Nordea. This may typically be the result of differing time horizons, methodologies, contexts or other factors.

The information provided herein is not intended to constitute and does not constitute investment advice nor is the information intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has no regard to the specific investment objectives, the financial situation or particular needs of any particular recipient. Relevant and specific professional advice should always be obtained before making any investment or credit decision

Opinions or ratings are based on one or more methods of valuation, for instance cash flow analysis, use of multiples, behavioural technical analyses of underlying market movements in combination with considerations of the market situation and the time horizon. Key assumptions of forecasts or ratings in research cited or reproduced appear in the research material from the named sources. The date of publication appears from the research material cited or reproduced. Opinions and estimates may be updated in subsequent versions of the report, provided that the relevant company/issuer is treated anew in such later versions of the report.

Validity of the report
All opinions and estimates in this report are, regardless of source, given in good faith, and may only be valid as of the stated date of this report and are subject to change without notice.

No individual investment or tax advice
The report is intended only to provide general and preliminary information to investors and shall not be construed as the basis for any investment decision. This report has been prepared by Nordea Markets or Equity Sales & Research as general information for private use of investors to whom the report has been distributed, but it is not intended as a personal recommendation of particular financial instruments or strategies and thus it does not provide individually tailored investment advice, and does not take into account the individual investor's particular financial situation, existing holdings or liabilities, investment knowledge and experience, investment objective and horizon or risk profile and preferences. The investor must particularly ensure the suitability of an investment as regards his/her financial and fiscal situation and investment objectives. The investor bears the risk of losses in connection with an investment.

Before acting on any information in this report, it is recommendable to consult (without being limited to) one's financial, legal, tax, accounting, or regulatory advisor in any relevant jurisdiction.

The information contained in this report does not constitute advice on the tax consequences of making any particular investment decision. Each investor shall make his/her own appraisal of the tax and other financial merits of his/her investment.

Sources
This report may be based on or contain information, such as opinions, estimates and valuations which emanate from: Nordea Markets' or Equity Sales & Research analysts or representatives, publicly available information, information from other units of Nordea, or other named sources.

To the extent this publication or report is based on or contain information emanating from other sources ("Other Sources") than Nordea Markets or Equity Sales & Research ("External Information"), Nordea Markets or Equity Sales & Research has deemed the Other Sources to be reliable but neither Nordea, others associated or affiliated with Nordea nor any other person, do guarantee the accuracy, adequacy or completeness of the External Information.

Limitation of liability
Nordea or other associated and affiliated companies assume no liability as regards to any investment, divestment or retention decision taken by the investor on the basis of this report. In no event will Nordea or other associated and affiliated companies be liable for direct, indirect or incidental, special or consequential damages (regardless of whether being considered as foreseeable or not) resulting from the information in this report.

Risk information
The risk of investing in certain financial instruments, including those mentioned in this report, is generally high, as their market value is exposed to a lot of different factors such as the operational and financial conditions of the relevant company, growth prospects, change in interest rates, the economic and political environment, foreign exchange rates, shifts in market sentiments etc. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. Past performance is not a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. When investing in individual shares, the investor may lose all or part of the investments.

Conflicts of interest
Readers of this document should note that Nordea Markets or Equity Sales & Research has received remuneration from the company mentioned in this document for the production of the report. The remuneration is not dependent on the content of the report.

Nordea, affiliates or staff in Nordea, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the report.

To limit possible conflicts of interest and counter the abuse of inside knowledge, the analysts of Nordea Markets and Equity Sales & Research are subject to internal rules on sound ethical conduct, the management of inside information, handling of unpublished research material, contact with other units of Nordea and personal account dealing. The internal rules have been prepared in accordance with applicable legislation and relevant industry standards. The object of the internal rules is for example to ensure that no analyst will abuse or cause others to abuse confidential information. It is the policy of Nordea that no link exists between revenues from capital markets activities and individual analyst remuneration. Nordea and the branches are members of national stockbrokers' associations in each of the countries in which Nordea has head offices. Internal rules have been developed in accordance with recommendations issued by the stockbrokers associations. This material has been prepared following the Nordea Conflict of Interest Policy, which may be viewed at www.nordea.com/mifid.

Distribution restrictions
The securities referred to in this report may not be eligible for sale in some jurisdictions. This report is not intended for, and must not be distributed to private customers in the UK or the US or to customers in any other jurisdiction where restrictions may apply.

This publication or report may be distributed in the UK to institutional investors by Nordea Bank Abp London Branch of 6th Floor, 5 Aldermanbury Square, London, EC2V 7AZ, which is under supervision of the European Central Bank, Finanssivalvonta (Financial Supervisory Authority) in Finland and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority in the United Kingdom. Details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request.

Nordea Bank Abp (“Nordea”) research is not “globally branded” research. Nordea research reports are intended for distribution in the United States solely to “major U.S. institutional investors,” as defined in Rule 15a-6 under the Securities Exchange Act of 1934. Any transactions in securities discussed within the research reports will be chaperoned by Nordea Securities LLC (“Nordea Securities”), an affiliate of Nordea and a SEC registered broker dealer and member of FINRA. Nordea Securities does not employ research analysts and has no contractual relationship with Nordea that is reasonably likely to inform the content of Nordea research reports. Nordea makes all research content determinations without any input from Nordea Securities.

The research analyst(s) named on this report are not registered/qualified as research analysts with FINRA. Such research analyst(s) are also not registered with Nordea Securities and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Analyst Shareholding

Nordea analysts do not hold shares in the companies that they cover.
No holdings or other affiliations by analysts or associates.

Fair value and sensitivity

We calculate our fair values by weighting DCF, DDM, SOTP, asset-based and other standard valuation methods. Our fair values are sensitive to changes in valuation assumptions, of which growth, margins, tax rates, working capital ratios, investment-to-sales ratios and cost of capital are typically the most sensitive.
It should be noted that our fair values would change by a disproportionate factor if changes are made to any or all valuation assumptions, owing to the non-linear nature of the standard valuation models applied (mentioned above). As a consequence of the standard valuation models we apply, changes of 1-2 percentage points in any single valuation assumption can change the derived fair value by as much as 30% or more. All research is produced on an ad hoc basis and will be updated when the circumstances require it.

Marketing Material

This research report should be considered marketing material, as it has been commissioned and paid for by the subject company, and has not been prepared in accordance with the regulations designed to promote the independence of investment research and it is not subject to any legal prohibition on dealing ahead of the dissemination of the report. However, Nordea Markets analysts are according to internal policies not allowed to hold shares in the companies/sectors that they cover.

Market-making obligations and other significant financial interest

Nordea has no market-making obligations in Ferronordic.

Investment banking transactions

In view of Nordea's position in its markets readers should assume that the bank may currently or may in the coming three months and beyond be providing or seeking to provide confidential investment banking services to the company/companies

Issuer Review

This report has not been reviewed by the Issuer prior to publication.

Completion Date

04 Nov 2021, 02:18 CET

Nordea Bank Abp	Nordea Bank Abp, filial i Sverige	Nordea Danmark, Filial af Nordea Bank Abp, Finland	Nordea Bank Abp, filial i Norge
Nordea Markets Division, Research Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland	**Nordea Markets Division, Research** Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden	**Nordea Markets Division, Research** Visiting address: Grønjordsvej 10 DK-2300 Copenhagen S Denmark	**Nordea Markets Division, Research** Visiting address: Essendropsgate 7 N-0107 Oslo Norway
Tel: +358 9 1651 Fax: +358 9 165 59710	Tel: +46 8 614 7000 Fax: +46 8 534 911 60	Tel: +45 3333 3333 Fax: +45 3333 1520	Tel: +47 2248 5000 Fax: +47 2256 8650
Reg.no. 2858394-9 Satamaradankatu 5 Helsinki			