

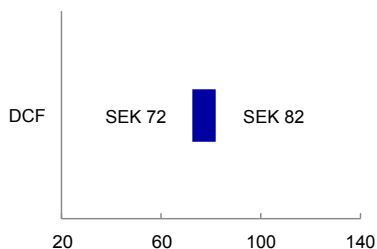
## KEY DATA

Stock country	Sweden
Bloomberg	ORX SS
Reuters	ORX.ST
Share price (close)	SEK 57.20
Free Float	89%
Market cap. (bn)	EUR 0.19/SEK 2.07
Website	www.orexo.com
Next report date	28 Apr 2020

## PERFORMANCE



## VALUATION APPROACH



## ESTIMATE CHANGES

Year	2020E	2021E	2022E
Sales	3%	2%	2%
EBIT (adj)	3%	2%	2%

Source: Nordea estimates

## Nordea Markets - Analysts

Klas Pyk  
Analyst

## Significant earnings potential in digital therapies

Orexo has recently expanded its research and development efforts in digital therapeutics. In addition to five pharma projects, the company's pipeline portfolio now also includes two digital therapy candidates. In this report, we elaborate on the earnings potential for vorvida and OXD01, Orexo's digital treatments for alcohol misuse disorder and opioid addiction. Both could add significantly to future earnings and the former is planned for launch as early as Q3 2020.

## Set for launch in Q3 2020

At its CMD in March, Orexo elaborated on its two digital therapy pipeline projects – vorvida and OXD01 – which the company acquired in H2 2019. The former is planned for launch as early as Q3 2020 and, according to Orexo, has revenue potential of USD 120-200m in 2025. Assuming that vorvida makes it halfway to the low end of that range by 2023 and that the SG&A profile is similar to Orexo's current cost base, we calculate that this therapy alone could add around 80% to our EBITDA estimate for the same year. OXD01 is planned for launch in 2022 and has revenue potential of USD 150-225m, according to Orexo. As such, it could also be a significant future earnings contributor.

## Diversifying into well-known territories

As the majority of Orexo's current revenues stem from Zubsovlv sales in the US, we are encouraged by the company's efforts to expand and diversify its operations into new markets. As addiction treatments in the US are an established territory for the company, however, we believe that Orexo is well-positioned to leverage its current salesforce and organisation to accomplish a successful launch of its digital product offerings.

## Meaningful upside potential to our valuation range

Based on a scenario analysis where vorvida makes it halfway to the low end of Orexo's target range by 2023 and an NTM EV/EBITDA multiple of 8x for 2023E, discounted at a WACC of 8-10%, we calculate that vorvida alone could add SEK 44-47 per share to our fair valuation range of SEK 72-82 (70-80). Due to the inherent high uncertainty, however, we choose not to include vorvida or OXD01 in our current estimates. For now, we raise our estimates by 2-3% owing to favourable FX movements.

## SUMMARY TABLE - KEY FIGURES

SEKm	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	706	644	783	845	837	872	922
EBITDA (adj)	74	78	117	224	177	246	277
EBIT (adj)	52	57	96	183	151	218	249
EBIT (adj) margin	7.3%	8.9%	12.2%	21.6%	18.0%	25.0%	27.0%
EPS (adj)	0.84	0.67	3.92	4.82	4.07	5.87	6.39
EPS (adj) growth	114.7%	-20.5%	485.5%	23.0%	-15.5%	44.1%	9.0%
DPS (ord)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	2.0	2.2	2.3	2.1	1.7	1.3	1.0
EV/EBIT (adj)	27.4	24.7	18.8	9.6	9.2	5.4	3.7
P/E (adj)	44.7	61.6	15.0	13.0	14.0	9.7	8.9
P/BV	4.2	4.3	4.4	3.1	2.4	1.9	1.6
Dividend yield (ord)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield bef A&D, lease	5.0%	4.3%	11.7%	13.1%	8.6%	12.2%	14.0%
Net debt	115	-9	-269	-473	-631	-855	-1,098
Net debt/EBITDA	1.6	-0.1	-2.3	-2.1	-3.6	-3.5	-4.0
ROIC after tax	6.4%	8.1%	15.0%	29.1%	23.6%	34.8%	40.0%

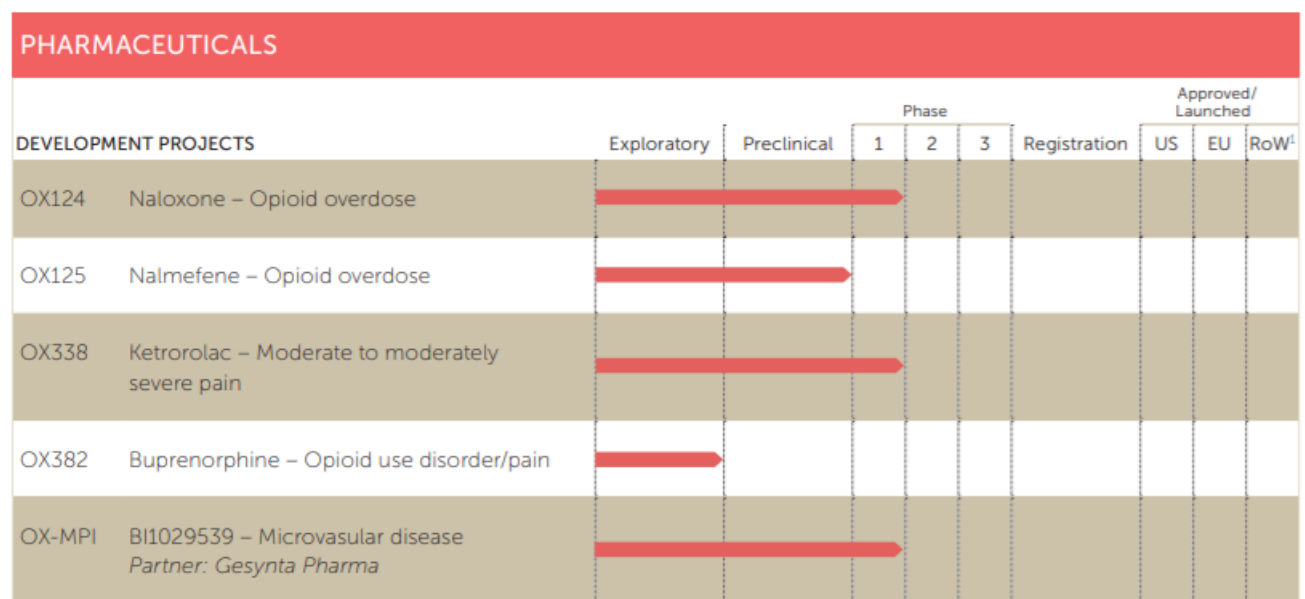
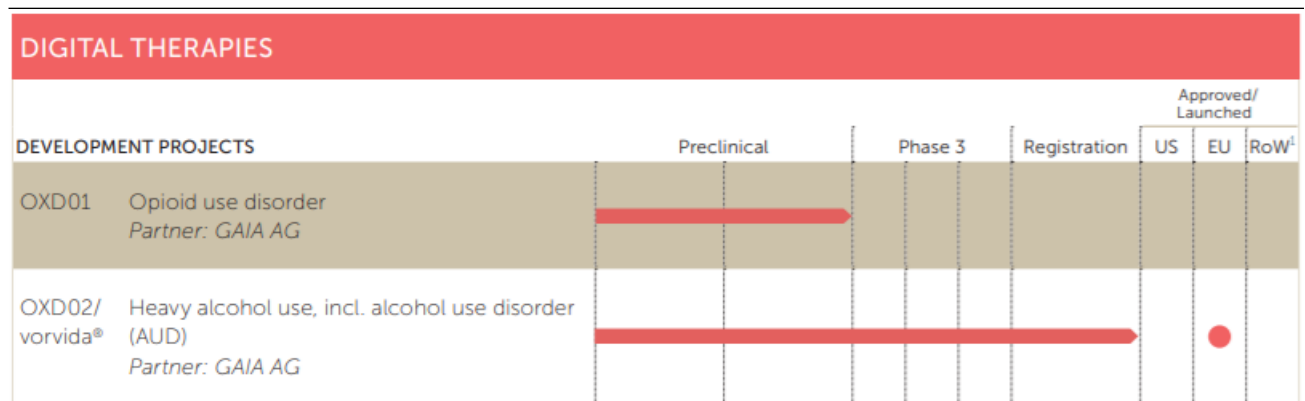
Source: Company data and Nordea estimates

# Entering Digital Therapy

Through its recently entered collaboration with GAIA, Orexo has broadened its portfolio to include digital therapies for addiction disorders. The first digital therapy, vorvida for alcohol misuse, is set for launch in Q3 2020 and could, according to Orexo, generate annual sales of USD 120-200m. Its other digital therapy project, OXD01 for opioid addiction, is planned for launch in 2022 and has revenue potential of USD 150-225m, according to Orexo. Assuming the low-end of the company's estimate, we calculate that vorvida alone could add 80% to our EBITDA estimates in 2023.

Orexo has an exciting pipeline portfolio including five pharma projects and two projects in digital therapy. The nearest-term pharma project is set for launch in 2022, whereas one of the company's digital projects will be commercialised as early as in Q3 2020. In this report, we focus in on Orexo's digital projects – vorvida for alcohol misuse and OXD01 for opioid addiction.

## OREXO: PIPELINE OVERVIEW



● Launched by GAIA in Germany and Switzerland in 2019.

<sup>1</sup> Rest of the World.

Source: Orexo

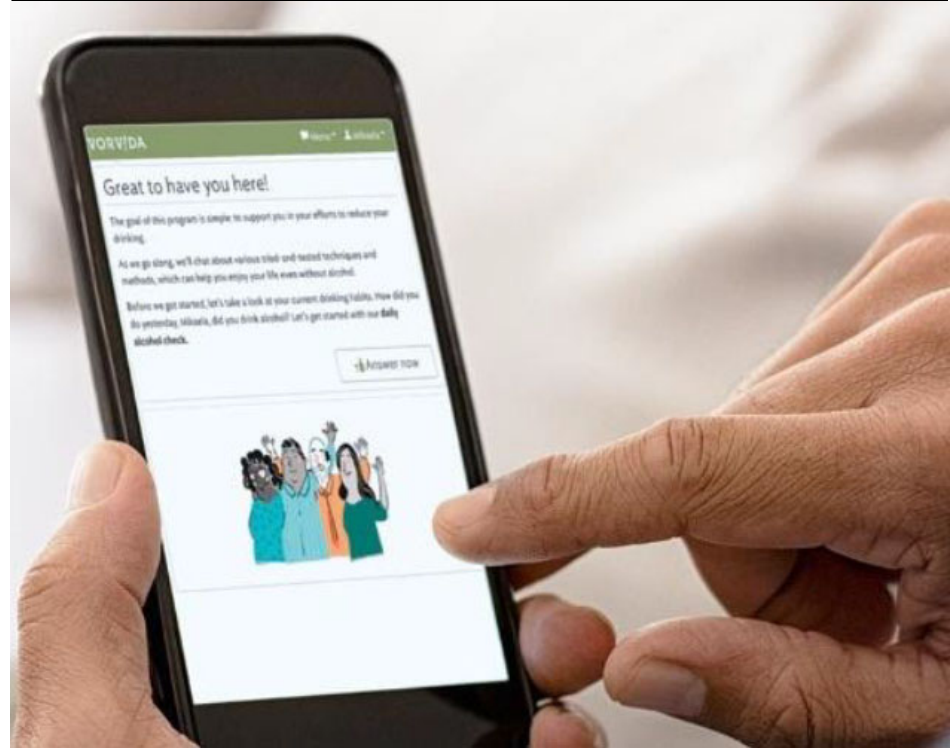
GAIA, a global leader in digital therapeutics (DTx), launched its first product in 2001

**Leveraging its established organisation to enter new markets**

In 2019, Orexo expanded its research and development efforts into digital therapeutics. In collaboration with the Germany-based company GAIA, Orexo is now well underway in developing two digital candidates for the treatment of addiction disorders – vorvida for heavy alcohol usage and DOX01 for opioid addiction. The former is expected to launch in Q3 2020.

**DIGITAL THERAPY: EXAMPLE**

Digital therapy can be easily accessible through a smartphone or internet browser



Source: Orexo

A number of companies already offer digital treatments for various patient groups. According to Orexo, however, many products are based on limited clinical evidence and the company therefore aims to build its position in the more evidence-robust end of the market. If successful, Orexo sees a realistic price point at around USD 600-1,000 per treatment. This should be compared to the competitor Pear Therapeutics, that prices its substance/opioid use disorder treatment at around USD 1,000-1,600 per prescription.

**DIGITAL THERAPY: MARKET OVERVIEW**

Orexo aims to establish its digital therapy products through robust clinical evidence and at a price range of USD 600-1,000 per treatment



Source: Orexo

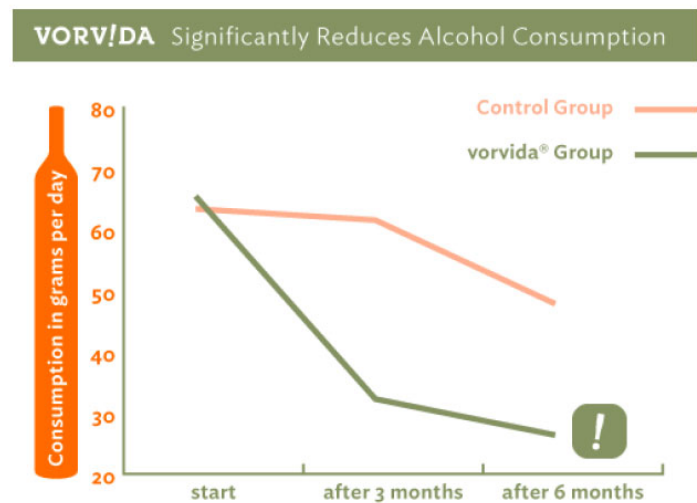
### Orexo sees USD 120-200m revenue potential for vorvida

Orexo acquired the exclusive US rights to commercialise vorvida in November 2019. Under the terms of the agreement, Orexo will be responsible for the regulatory approval and commercialisation of vorvida in the US, while GAIA will be entitled to an upfront payment, milestone payments, and royalties (no further details have been published). Orexo targets product launch for Q3 2020, although this is contingent on approval from the FDA. Its application was submitted in early March and clearance is expected during Q2 2020.

In a clinical trial including 608 adults with problematic drinking habits, vorvida proved to significantly reduce alcohol consumption. After six months, more than 30% of the study participants using vorvida reduced their drinking behaviour from high to low risk (compared to 7% in the control group).

#### VORVIDA: CLINICAL EVIDENCE

- Randomized controlled trial: 608 adults with problematic alcohol consumption randomized to vorvida® or care as usual/waitlist.
  - Mean reduction in alcohol consumption of 104g per week compared to control condition (169g vs 65g after 6 months)
  - **>10 fewer binge drinking days per month** compared to control condition (5.3 vs 16.5 after 6 months)
  - **>30% of study participants in the intervention group reduced their drinking behavior from high to low risk** (vs. 7% in the control group) after 6 months
  - After 6 months: 63% remained in treatment in the vorvida-group and 73% in the waitlist control group.

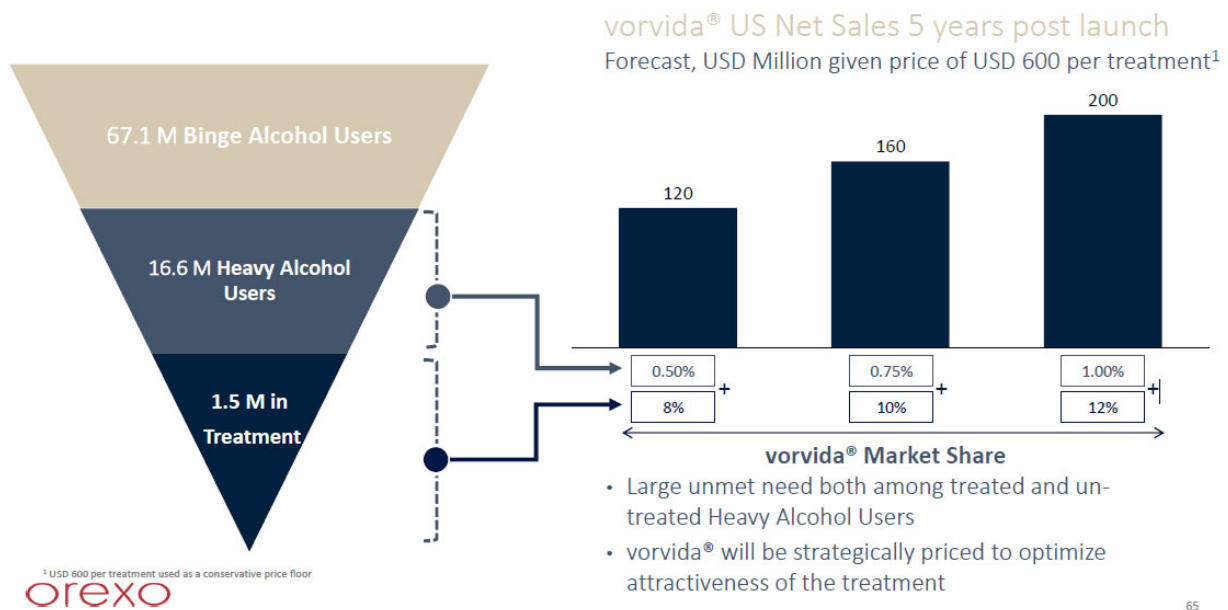


Source: Orexo

The market for treatment of problematic drinking in the US is substantial. According to Orexo, around 16.6 million people are heavy alcohol users (defined as persons that have had 4-5 or more drinks during the same occasion, for at least 5 days during the past 30 days). Around 1.5 million people get treatment for their drinking problems.

At a price point of USD 600 per treatment, Orexo estimates that vorvida could attract 0.5-1.0% of the heavy alcohol users within five years after launch, and that it could take an 8-12% market share in the segment for treated patients. As such, Orexo calculates that vorvida could generate sales in the range of USD 120-200m (SEK 1,200-2,000m) per year, compared to Orexo's 2019 revenue of SEK 845m.

**VORVIDA: OREXO'S REVENUE ESTIMATES FIVE YEARS POST LAUNCH**



Source: Orexo

OXD01 is planned for launch in 2022

**Orexo sees USD 150-225m revenue potential for OXD01**

Prior to acquiring the commercial rights for vorvida, Orexo initiated a partnership agreement with GAIA in August 2019 by acquiring the exclusive global commercial rights to OXD01. Under the terms of the agreement, Orexo will be responsible for clinical development, regulatory approval, and commercialisation. GAIA will be entitled to royalties, milestone payments, and financial compensation during the development phase. Orexo has yet to finalise the product development and aims to conduct a clinical trial in 2021. The subsequent launch is planned for 2022.

We are positive with regards to OXD01 for two main reasons. First, through the commercialisation of its flagship product Zubsolv, Orexo has gained the experience and established the infrastructure (eg its sales force) needed for a successful launch. Second, counselling and psychosocial support is a compulsory part of pharmacological therapy. At the same time, patients experience a limited access to psychosocial support and we therefore argue that a digital alternative could be a good complement.

**OXD01: INVESTMENT RATIONALE**

**Compulsory Part of Pharmacological Therapy**

- All Buprenorphin/Naloxone (Bup/Nal) come with label instructing it "should be used as part of a complete treatment plan that includes counseling and psychosocial support"
- Limited access to psychosocial support is an issue for many patients and physicians

**Well defined market**

- Buprenorphine/Naloxone market is well defined and highly concentrated

**Opioid Epidemic**

- Opioid crisis creates a significant support for new innovative treatment alternatives

**Orexo has a strong position**

- Orexo is well established in the Bup/Nal market and only company with a field force reaching into the smaller clinics with highly limited access to psychosocial support

**Potential spill-over effects**

- OXD01 offers significant stand-alone potential, but is likely to have positive spill-over effects on Zubsolv®

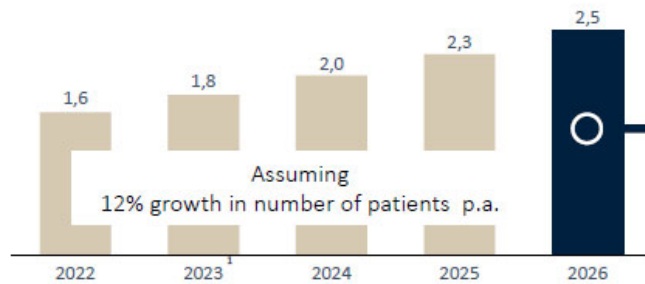
Logic for investing in OXD01

Source: Orexo

Based on patient growth of 12% per year, a price point of USD 600 per treatment and a market share of 10-15%, Orexo calculates that OXD01 has revenue potential of USD 150-225m in 2026 (ie five years post launch).

**OXD01: OREXO'S REVENUE ESTIMATES FIVE YEARS POST LAUNCH****Buprenorphine MAT Market Development**

Forecast, Buprenorphine Treated Population Million

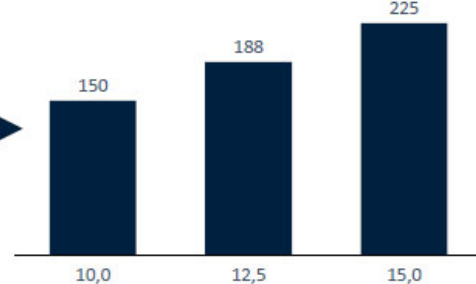


OXD01 Launch

- Continued increase of opioid addicted patients
- OXD01 has further opportunities among patients receiving non-Buprenorphine treatment

**OXD01 US Net Sales 5 years post launch**

Forecast, USD given price of USD 600 per treatment



OXD01 Market Share

- Stronger product than currently marketed competition
- Existing retail field force with track record to fight for market share in competitive market

Source: Orexo

**At the low end of the range, vorvida could add 80% to 2023E EBITDA**

While Orexo has provided its own estimates on sales, it has not provided any details about the royalty split or milestone payments. We nevertheless anticipate that the agreements with GAIA have been back-end loaded, with royalty rates above the pharmaceutical industry standard.

For vorvida, assuming that the total number of alcohol misusers grows at around 1.0% annually, and that Orexo will reach the low end of its estimated market share (ie 8.0% of the persons in treatment and 0.5% of heavy alcohol users by 2025), we calculate that vorvida could generate sales of USD 129m, given a price point of USD 600 per prescription. Assuming that the company will reach halfway to the low-end of its target by 2023 (ie 4.0% of the persons in treatment and 0.25% of the heavy alcohol users), this would equal sales of USD 63m the same year.

We assume that Orexo pays a royalty (including milestone payments) of 25% on net sales to GAIA. We also expect that the SG&A expenses as a percentage of sales are roughly equal to the company's current cost base and therefore calculate that vorvida (if reaching the low end of Orexo's target) could add around SEK 258m to our 2023 EBITDA estimates, using the current USD/SEK rate of 10.10. This should be compared to the company's reported adjusted EBITDA of SEK 273m in 2019 and our 2023 EBITDA estimate of SEK 316m (excluding digital therapies), ie implying ~80% upside to estimates.

**VORVIDA: REVENUE AND EARNINGS SCENARIO**

	2020E	2021E	2022E	2023E	2024E	2025E
Total heavy alcohol users, US, million	16.8	16.9	17.1	17.3	17.4	17.6
- vorvida market share, %	0.00%	0.00%	0.10%	0.25%	0.45%	0.50%
Total persons in treatment for alcohol misuse, US (million)	1.5	1.5	1.5	1.6	1.6	1.6
- vorvida market share, %	0.20%	1.50%	3.50%	4.00%	7.00%	8.00%
Total vorvida prescriptions, thousands	3	23	71	106	189	215
Price per prescription, USD	600	600	600	600	600	600
<b>Total revenues, USDm</b>	<b>1.8</b>	<b>13.8</b>	<b>42.7</b>	<b>63.4</b>	<b>113.3</b>	<b>129.3</b>
Royalty rate, %	25%	25%	25%	25%	25%	25%
<b>Net revenues, vorvida, USDm</b>	<b>1.4</b>	<b>10.3</b>	<b>32.0</b>	<b>47.5</b>	<b>85.0</b>	<b>97.0</b>
Selling expenses, USDm	2.2	2.8	8.5	12.7	22.7	25.9
- as % of total revenues	120%	20%	20%	20%	20%	20%
Administrative expenses, USDm	1.8	1.4	4.3	6.3	11.3	12.9
- as % of total revenues	100%	10%	10%	10%	10%	10%
<b>Total SG&amp;A, vorvida</b>	<b>4.0</b>	<b>4.1</b>	<b>12.8</b>	<b>19.0</b>	<b>34.0</b>	<b>38.8</b>
- as % of total revenue	220%	30%	30%	30%	30%	30%
R&D expenses, vorvida, USDm	0	0.5	0.5	0.5	0.5	0.5
<b>EBITDA, vorvida, USDm</b>	<b>-2.6</b>	<b>5.7</b>	<b>18.7</b>	<b>28.0</b>	<b>50.5</b>	<b>57.7</b>
- EBITDA margin, %	-178%	51%	54%	54%	55%	55%
<b>Net revenues, vorvida, SEKm</b>	<b>13.6</b>	<b>103.2</b>	<b>320.2</b>	<b>475.0</b>	<b>849.4</b>	<b>969.2</b>
<b>EBITDA, vorvida, SEKm</b>	<b>-24.3</b>	<b>52.5</b>	<b>172.5</b>	<b>258.2</b>	<b>465.3</b>	<b>531.5</b>
- EBITDA margin, %	-178%	51%	54%	54%	55%	55%

Source: Company data and Nordea estimates

Like for vorvida, Orexo has only provided sales estimates for OXD01 and has given no details about the royalty rate or milestone payments to GAIA. Similar to the agreement for vorvida, however, we anticipate that it has been back-end loaded with royalties above the pharmaceutical standard. Compared to vorvida, however, Orexo will likely take on larger development costs for OXD01 and we therefore assume a lower royalty rate of 20% (vorvida at 25%).

We expect that Orexo can leverage its established sales force to launch OXD01

We incorporate the same patient growth rate as Orexo (12% annually) and model the total number of addressable patients to be around 1.6 million in the US at the time of launch (expected in 2022). By assuming a market share in the lower range of Orexo's forecast of 10% by 2025E and a price point of USD 600 per prescription, we calculate net revenues (after royalty payments to GAIA) of USD 135m by 2025E.

Assuming that OXD01 reaches a market share of 4% by 2023, this would result in USD 43m the same year. We believe that Orexo can leverage its already established sales force but we conservatively model SG&A attributed to OXD02 as a percentage of sales in line with Orexo's current cost base, ie at around 30%. As such, OXD02 could also be a significant contributor to the company's long-term earnings development.

**OXD01: REVENUE AND EARNINGS SCENARIO**

	2020E	2021E	2022E	2023E	2024E	2025E
Opioid addicted patients, US, million	1.3	1.4	1.6	1.8	2.0	2.2
- OXD01 market share, %	0%	0%	2%	4%	8%	10%
Total OXD02 perscriptions, Thousands	0	0	32	72	161	225
Price per prescription, USD	600	600	600	600	600	600
<b>Total revenues USDm</b>	<b>0</b>	<b>0</b>	<b>19</b>	<b>43</b>	<b>96</b>	<b>135</b>
Royalty rate, %	20%	20%	20%	20%	20%	20%
<b>Net revenues OXD01, USDm</b>	<b>0.0</b>	<b>0.0</b>	<b>15.4</b>	<b>34.4</b>	<b>77.1</b>	<b>107.9</b>
Selling expenses, USDm	0	0	10	9	19	27
- as % of total revenues	0%	0%	50%	20%	20%	20%
Administrative expenses, USDm	0	0	4	4	10	13
- as % of total revenues	0%	0%	20%	10%	10%	10%
<b>Total SG&amp;A, OXD01</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>13</b>	<b>29</b>	<b>40</b>
- as % of total revenue	0%	0%	70%	30%	30%	30%
R&D expenses, OXD02, USDm	0	0	1	1	1	1
<b>EBITDA, OXD01, USDm</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>21</b>	<b>48</b>	<b>67</b>
- EBITDA margin, %	0%	0%	9%	61%	62%	62%
<b>Net revenues, OXD01, SEKm</b>	<b>0</b>	<b>0</b>	<b>154</b>	<b>344</b>	<b>770</b>	<b>1,078</b>
<b>EBITDA, OXD01, SEKm</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>210</b>	<b>476</b>	<b>669</b>
- EBITDA margin, %	0%	0%	9%	61%	62%	62%

Source: Company data and Nordea estimates

### Vorvida alone could add SEK 44-47 per share to our fair valuation range

We do not include vorvida or OXD01 in our current estimates but recognise that both could be significant contributors to EBITDA from 2021-22 and beyond. Based on our scenario analysis above, however, we forecast that vorvida could add SEK 258m on our baseline EBITDA estimates for 2023. Assuming a valuation on NTM EV/EBITDA of 8x in 2023E, this implies a potential SEK 44-47 upside per share to our current fair valuation range when using a WACC of 8-10%.

In addition, we see further upside to our valuation range if the launch of vorvida proves successful, as this would represent a validation for the commercial potential of OXD01, in our view. We thus believe the next main valuation trigger for the share will be the outcome of the upcoming launch for vorvida (expected in Q3 2020).



# Detailed estimates

## OREXO: DETAILED ESTIMATES

SEKm	2019				2020				2019	2020E	2021E	2022E
	Q1	Q2	Q3	Q4	Q1E	Q2E	Q3E	Q4E				
<b>Net sales</b>	<b>174</b>	<b>201</b>	<b>231</b>	<b>238</b>	<b>167</b>	<b>200</b>	<b>222</b>	<b>248</b>	<b>845</b>	<b>837</b>	<b>872</b>	<b>922</b>
- whereof Zubsolov US	162	184	183	191	163	195	194	202	719	754	773	793
Gross profit	149	170	205	215	144	173	192	215	739	724	759	802
Gross, margin	85.5%	84.4%	88.8%	90.3%	86.0%	86.5%	86.5%	86.7%	87.5%	86.5%	87.0%	87.0%
EBITDA	-37	60	114	86	17	34	52	74	224	177	246	277
EBITDA margin, %	-21.1%	30.0%	49.4%	36.1%	10.4%	16.8%	23.5%	29.9%	26.5%	21.2%	28.2%	30.1%
IP litigation costs	49	3	-3	1	0	0	0	0	50	0	0	0
<b>Adjusted EBITDA</b>	<b>12</b>	<b>64</b>	<b>111</b>	<b>87</b>	<b>17</b>	<b>34</b>	<b>52</b>	<b>74</b>	<b>273</b>	<b>177</b>	<b>246</b>	<b>277</b>
Adjusted EBITDA margin, %	6.9%	31.6%	48.1%	36.3%	10.4%	16.8%	23.5%	29.9%	32.3%	21.2%	28.2%	30.1%
<b>EBIT</b>	<b>-48</b>	<b>53</b>	<b>106</b>	<b>72</b>	<b>11</b>	<b>27</b>	<b>45</b>	<b>67</b>	<b>183</b>	<b>151</b>	<b>218</b>	<b>249</b>
EBIT margin	-27%	26%	46%	30%	7%	14%	21%	27%	22%	18%	25%	27%
Net income	-35	55	112	39	12	27	43	62	171	144	208	226

Source: Company data and Nordea estimates

# Reported numbers and forecasts

## INCOME STATEMENT

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
<b>Total revenue</b>	<b>326</b>	<b>429</b>	<b>570</b>	<b>643</b>	<b>706</b>	<b>644</b>	<b>783</b>	<b>845</b>	<b>837</b>	<b>872</b>	<b>922</b>
Revenue growth	63.5%	31.6%	32.8%	12.8%	9.7%	-8.8%	21.7%	7.9%	-0.9%	4.2%	5.8%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	-62	-90	-12	-150	74	78	117	224	177	246	277
Depreciation and impairments PPE	-6	-5	-5	-4	-5	-4	-4	-8	-5	-6	-6
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	-68	-94	-17	-154	70	74	112	215	172	240	272
Amortisation and impairments	-11	-46	-8	-15	-18	-17	-17	-33	-21	-22	-23
EBIT	-79	-140	-25	-169	52	57	96	183	151	218	249
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	-8	-14	-28	-22	-16	-28	-4	-3	9	13	17
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
<b>Pre-tax profit</b>	<b>-88</b>	<b>-153</b>	<b>-53</b>	<b>-191</b>	<b>36</b>	<b>30</b>	<b>92</b>	<b>179</b>	<b>160</b>	<b>231</b>	<b>266</b>
Reported taxes	2	-2	-4	-7	-7	-7	46	-9	-16	-23	-40
Net profit from continued operations	-86	-155	-57	-198	29	23	138	171	144	208	226
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	-86	-155	-57	-198	29	23	138	171	144	208	226
<b>EPS</b>	<b>-2.98</b>	<b>-4.87</b>	<b>-1.73</b>	<b>-5.74</b>	<b>0.84</b>	<b>0.67</b>	<b>3.92</b>	<b>4.82</b>	<b>4.07</b>	<b>5.87</b>	<b>6.39</b>
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which ordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

## Profit margin in percent

EBITDA	-19.0%	-20.9%	-2.2%	-23.4%	10.5%	12.1%	14.9%	26.5%	21.2%	28.2%	30.1%
EBITA	-21.0%	-21.9%	-3.1%	-24.0%	9.9%	11.5%	14.4%	25.5%	20.5%	27.6%	29.5%
EBIT	-24.3%	-32.5%	-4.4%	-26.2%	7.3%	8.9%	12.2%	21.6%	18.0%	25.0%	27.0%

## Adjusted earnings

EBITDA (adj)	-62	-90	-12	-150	74	78	117	224	177	246	277
EBITA (adj)	-68	-94	-17	-154	70	74	112	215	172	240	272
EBIT (adj)	-79	-140	-25	-169	52	57	96	183	151	218	249
EPS (adj)	-2.98	-4.87	-1.73	-5.74	0.84	0.67	3.92	4.82	4.07	5.87	6.39

## Adjusted profit margins in percent

EBITDA (adj)	-19.0%	-20.9%	-2.2%	-23.4%	10.5%	12.1%	14.9%	26.5%	21.2%	28.2%	30.1%
EBITA (adj)	-21.0%	-21.9%	-3.1%	-24.0%	9.9%	11.5%	14.4%	25.5%	20.5%	27.6%	29.5%
EBIT (adj)	-24.3%	-32.5%	-4.4%	-26.2%	7.3%	8.9%	12.2%	21.6%	18.0%	25.0%	27.0%

## Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	28.7%	14.6%	12.8%	8.2%	5.4%	4.3%	7.5%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	27.0%	28.8%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	33.3%	34.1%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	47.5%	57.1%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	-13.5%	-7.5%	0.3%	6.0%	14.1%	17.7%	21.0%
Average EBITDA margin	n.a.	n.a.	n.a.	-14.5%	-9.0%	-3.3%	3.2%	9.5%	17.6%	21.1%	24.4%

## VALUATION RATIOS - ADJUSTED EARNINGS

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E (adj)	n.m.	n.m.	n.m.	n.m.	44.7	61.6	15.0	13.0	14.0	9.7	8.9
EV/EBITDA (adj)	n.m.	n.m.	n.m.	n.m.	19.0	18.2	15.5	7.8	7.9	4.7	3.3
EV/EBITA (adj)	n.m.	n.m.	n.m.	n.m.	20.3	19.2	16.0	8.1	8.1	4.9	3.4
EV/EBIT (adj)	n.m.	n.m.	n.m.	n.m.	27.4	24.7	18.8	9.6	9.2	5.4	3.7

## VALUATION RATIOS - REPORTED EARNINGS

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E	n.m.	n.m.	n.m.	n.m.	44.7	61.6	15.0	13.0	14.0	9.7	8.9
EV/Sales	4.05	12.46	8.14	3.82	2.01	2.21	2.30	2.07	1.66	1.34	1.00
EV/EBITDA	n.m.	n.m.	n.m.	n.m.	19.0	18.2	15.5	7.8	7.9	4.7	3.3
EV/EBITA	n.m.	n.m.	n.m.	n.m.	20.3	19.2	16.0	8.1	8.1	4.9	3.4
EV/EBIT	n.m.	n.m.	n.m.	n.m.	27.4	24.7	18.8	9.6	9.2	5.4	3.7
Dividend yield (ord.)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	2.4%	-2.3%	4.1%	-4.1%	5.5%	4.2%	11.4%	11.9%	8.6%	12.2%	14.0%
FCF Yield bef A&D, lease adj	1.9%	-0.2%	5.7%	-4.9%	5.0%	4.3%	11.7%	13.1%	8.6%	12.2%	14.0%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company data and Nordea estimates

**BALANCE SHEET**

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Intangible assets	135	195	259	155	138	121	104	114	101	86	71
of which R&D	106	164	224	147	132	117	100	100	87	72	57
of which other intangibles	3	4	7	8	6	5	4	14	14	14	14
of which goodwill	26	26	27	0	0	0	0	0	0	0	0
Tangible assets	35	33	29	25	22	20	20	79	79	79	79
of which leased assets	0	0	0	0	0	0	0	57	57	57	57
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	0	0	3	18	25	28	93	86	86	86	86
Other non-IB non-current assets	19	0	1	2	8	7	10	0	0	0	0
Other non-current assets	0	0	0	0	0	0	0	1	0	0	0
Total non-current assets	189	228	293	200	193	177	227	280	265	251	236
Inventory	28	383	488	403	344	250	174	132	131	136	144
Accounts receivable	18	36	142	168	179	218	296	273	270	281	298
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	19	19	32	51	21	31	0	0	0	0	0
Cash and bank	228	106	285	198	282	328	590	817	975	1,199	1,442
Total current assets	293	544	946	820	826	827	1,060	1,221	1,376	1,616	1,883
Assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total assets</b>	<b>482</b>	<b>772</b>	<b>1,239</b>	<b>1,020</b>	<b>1,019</b>	<b>1,004</b>	<b>1,287</b>	<b>1,501</b>	<b>1,641</b>	<b>1,867</b>	<b>2,119</b>
Shareholders equity	191	161	468	270	310	329	476	706	850	1,058	1,284
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	191	161	468	270	310	329	476	706	850	1,058	1,284
Deferred tax	0	0	0	0	0	0	0	0	0	0	0
Long term interest bearing debt	118	104	494	494	398	319	321	290	290	290	290
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	4	10	9	7	1	6	7	11	11	11	11
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	33	33	33	33
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	122	114	503	501	399	325	327	334	334	334	334
Short-term provisions	0	0	0	122	164	201	266	269	267	278	294
Accounts payable	20	138	29	35	36	46	0	0	0	0	0
Current lease debt	0	0	0	0	0	0	0	21	21	21	21
Other current liabilities	149	359	239	92	110	104	218	171	169	176	186
Short term interest bearing debt	0	0	0	0	0	0	0	0	0	0	0
Total current liabilities	169	497	268	249	310	350	483	461	457	475	501
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>482</b>	<b>772</b>	<b>1,239</b>	<b>1,020</b>	<b>1,019</b>	<b>1,004</b>	<b>1,287</b>	<b>1,501</b>	<b>1,641</b>	<b>1,867</b>	<b>2,119</b>
<b>Balance sheet and debt metrics</b>											
Net debt	-108	136	212	296	115	-9	-269	-473	-631	-855	-1,098
of which lease debt	0	0	0	0	0	0	0	55	55	55	55
Working capital	-104	-59	394	495	398	351	252	234	232	241	255
Invested capital	85	169	686	695	591	527	479	514	497	492	491
Capital employed	309	266	962	765	708	648	797	1,051	1,195	1,402	1,628
ROE	-89.8%	-87.9%	-18.0%	-53.6%	10.0%	7.3%	34.3%	28.8%	18.5%	21.7%	19.3%
ROIC	n.m.	-86.8%	-4.6%	-19.3%	6.4%	8.1%	15.0%	29.1%	23.6%	34.8%	40.0%
ROCE	-48.7%	-48.3%	-4.0%	-19.6%	7.0%	8.5%	13.3%	19.8%	13.4%	16.8%	16.4%
Net debt/EBITDA	1.6	-0.1	-2.3	-2.1	-3.6	-3.5	-4.0	-4.3	-5.1	-5.9	n.m.
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	39.7%	20.9%	37.8%	26.5%	30.5%	32.8%	37.0%	47.1%	51.8%	56.7%	60.6%
Net gearing	-56.2%	83.9%	45.2%	109.7%	37.2%	-2.7%	-56.5%	-66.9%	-74.2%	-80.8%	-85.5%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
<b>EBITDA (adj) for associates</b>	<b>-62</b>	<b>-90</b>	<b>-12</b>	<b>-150</b>	<b>74</b>	<b>78</b>	<b>117</b>	<b>224</b>	<b>177</b>	<b>246</b>	<b>277</b>
Paid taxes	0	-2	-4	0	0	0	0	0	0	0	0
Net financials	-8	-11	-28	-25	-28	-35	-32	-8	9	13	17
Change in provisions	4	6	-1	119	37	42	66	8	-3	11	16
Change in other LT non-IB	-19	19	-4	-16	-13	-3	-68	16	1	0	0
Cash flow to/from associates	-53	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	77	16	13	25	-3	28	43	13	0	0	0
<b>Funds from operations (FFO)</b>	<b>-61</b>	<b>-62</b>	<b>-36</b>	<b>-47</b>	<b>68</b>	<b>110</b>	<b>125</b>	<b>253</b>	<b>186</b>	<b>270</b>	<b>311</b>
Change in NWC	90	-201	-452	-62	89	36	117	38	2	-10	-14
<b>Cash flow from operations (CFO)</b>	<b>29</b>	<b>-263</b>	<b>-487</b>	<b>-109</b>	<b>156</b>	<b>147</b>	<b>242</b>	<b>291</b>	<b>188</b>	<b>260</b>	<b>297</b>
Capital expenditure	-2	251	739	3	-91	-85	0	0	-13	-14	-14
<b>Free cash flow before A&amp;D</b>	<b>27</b>	<b>-12</b>	<b>252</b>	<b>-107</b>	<b>66</b>	<b>61</b>	<b>242</b>	<b>291</b>	<b>174</b>	<b>247</b>	<b>283</b>
Proceeds from sale of assets	13	0	0	22	7	0	0	10	0	0	0
Acquisitions	-6	-108	-72	-4	-1	-2	-6	-36	0	0	0
Free cash flow	34	-120	180	-89	71	60	236	265	174	247	283
Free cash flow bef A&D, lease adj	27	-12	252	-107	66	61	242	291	174	247	283
Dividends paid	0	0	0	0	0	0	0	0	0	0	0
Equity issues / buybacks	-52	19	342	4	2	0	0	2	0	0	0
Net change in debt	0	0	0	0	0	0	0	-56	0	0	0
Other financing adjustments	0	0	0	0	0	0	0	0	-16	-23	-40
Other non-cash adjustments	246	-22	-343	-1	11	-14	26	16	0	0	0
Change in cash	228	-123	179	-86	84	46	262	227	159	223	243
<b>Cash flow metrics</b>											
Capex/D&A	8.7%	n.m.	n.m.	-14.1%	n.m.	n.m.	0.0%	0.0%	50.1%	48.5%	48.1%
Capex/Sales	0.5%	-58.5%	n.m.	-0.4%	12.8%	13.3%	0.0%	0.0%	1.6%	1.6%	1.5%
<b>Key information</b>											
Share price year end (/current)	50	164	136	63	38	41	59	63	57	57	57
Market cap.	1,430	5,214	4,431	2,164	1,300	1,428	2,071	2,221	2,023	2,023	2,023
Enterprise value	1,322	5,349	4,643	2,460	1,415	1,420	1,802	1,749	1,392	1,169	926
Diluted no. of shares, year-end (m)	28.8	31.8	32.7	34.5	34.6	34.7	35.2	35.4	35.4	35.4	35.4

Source: Company data and Nordea estimates

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