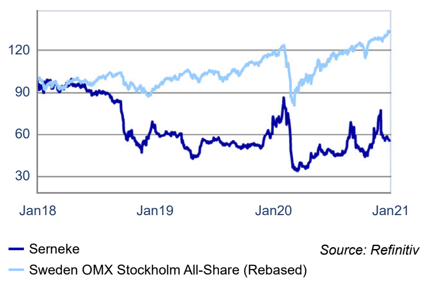
Serneke

Construction and Real Estate
Sweden

KEY DATA

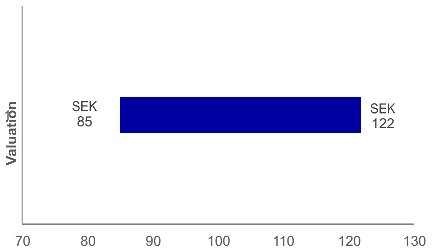
Stock country	Sweden
Bloomberg	SRNKEB SS
Reuters	SRNKEb.ST
Share price (close)	SEK 55.00
Free Float	
Market cap. (bn)	EUR 0.15/SEK 1.54
Website	www.serneke.se
Next report date	26 Feb 2021

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2020E	2021E	2022E
Sales	3%	10%	18%
EBIT (adj)	583%	5%	13%

Source: Nordea estimates

Nordea Markets - Analysts
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Clouds are dispersing

2020 was intense for Serneke, with the construction of Karlatornet slowing to a crawl after Oaktree decided to back out of the acquisition in March. The company had searched actively for a financing solution for the project, and reached an agreement on 17 December 2020 with Balder. With Karlatornet back on track, value-creating divestments to underpin the value of its building rights portfolio in Karlastaden, and a restructuring programme targeted to yield annual savings of SEK 200m from 2021E, we argue that Serneke's future looks quite bright. Serneke still has a lot to prove to gain investor confidence, however, and the key focus for 2021 is on efforts to improve profitability by reducing costs and improving predictability within its operations. We lift our SOTP-based fair value range to SEK 85-122 (50-90) mainly owing to proof of values in Karlastaden.

A net cash position from Q4 2020E

One of the key financial effects of the divestment of Karlatornet to Balder and the consequent share issues is that we expect the company's reported Q3 2020 net debt position of SEK 1.6bn to turn to a 2020E net cash position of SEK 134m, mainly as an effect of the SEK 1.5bn invested in Karlatornet being reclassified from project properties to interest-bearing receivables.

Karlatornet solution paves the way for Karlastaden

Following the divestment of 50% of Karlatornet to Balder, Serneke followed up with a divestment of 15,000 sqm of building rights in the surrounding area (Karlastaden) to Tosito at a value of SEK 200m, implying SEK 13,333 per sqm. The company expects the divestment to result in a positive earnings effect of SEK 80m in Q4, translating into an excess value per sqm of SEK 5,333. Given that Serneke has 200,000 sqm of building rights in the area, the total theoretical excess value is SEK ~1.1bn (SEK 38 per share), which we argue should be taken into account when assessing the solution for Karlatornet, given that these values would not be possible to realise unless a financing solution for Karlatornet was found.

Valuation and estimate changes

We lift our 2021-22 EBIT estimates by 5-13% but trim our 2021-22 EPS estimates 9-14% owing to the 20% dilution from the rights issue and the directed share issue to Balder. Despite this, we increase our SOTP-based fair value range to SEK 85-122 (50-90) as we now reflect the excess value in the building rights portfolio in Karlastaden of SEK 38 per share that we argue is supported by the recent divestment as described above.

SUMMARY TABLE - KEY FIGURES

SEKm	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	3,978	5,605	5,934	6,725	6,975	8,072	9,359
EBITDA (adj)	515	438	609	-59	95	257	315
EBIT (adj)	447	418	657	-84	65	227	285
EBIT (adj) margin	11.2%	7.5%	11.1%	-1.2%	0.9%	2.8%	3.0%
EPS (adj, SEK)	23.16	13.76	29.98	-3.64	1.97	6.07	7.08
EPS (adj) growth	157.4%	-40.6%	117.8%	-112.2%	154.0%	208.5%	16.6%
DPS (ord, SEK)	0.00	4.00	0.00	0.00	0.00	2.43	2.83
EV/Sales	0.5	0.4	0.3	0.4	0.2	0.2	0.2
EV/EBIT (adj)	4.3	5.6	2.9	n.m.	18.9	6.5	5.4
P/E (adj)	4.5	6.5	2.0	n.m.	27.9	9.1	7.8
P/BV	1.3	1.1	0.6	0.6	0.7	0.6	0.6
Dividend yield (ord)	0.0%	4.5%	0.0%	0.0%	0.0%	4.4%	5.1%
FCF Yield bef A&D, lease	-6.7%	-0.7%	13.7%	-31.1%	90.7%	-15.0%	0.2%
Net debt	-37	254	552	1,224	-130	-69	-4
Net debt/EBITDA	-0.1	0.6	0.9	n.m.	n.m.	-0.3	0.0
ROIC after tax	25.4%	15.7%	18.0%	-1.8%	1.3%	4.4%	5.2%

Source: Company data and Nordea estimates

Estimate changes

We increase 2021E-22E adjusted EBIT by 5-13% due to the resumed construction of Karlatornet and divestment of building rights to Balder, which we believe together will add 10-18% to 2021E-22E revenue. We however downgrade 2021E-22E adjusted EPS by 9-14% owing to the 20% dilution related to the directed share issue to Balder and the rights issue. We remain prudent on the EBIT margin for Sweden as we assume 2.5-2.7%, which is well below the 4% long-term target. We also expect the company to report a net cash position as of Q4 2020 of SEK 130m, partly due to a reclassification of Serneke's SEK 1.5bn investments in Karlatornet from project property to interest-bearing receivables.

SERNEKE: ESTIMATE REVISIONS (SEKm)

	New			Old			Diff (SEKm)			Diff (%)		
	2020E	**2021E**	**2022E**	**2020E**	**2021E**	**2022E**	**2020E**	**2021E**	**2022E**	**2020E**	**2021E**	**2022E**
Total Sales	6,975	8,072	9,359	6,800	7,348	7,959	6750	724	1400	3%	10%	18%
Total EBIT adj	**65**	**227**	**285**	**- 14**	**216**	**252**	**62**	**12**	**33**	**-583%**	**5%**	**13%**
Non recurring items	- 335	-	-	- 335	-	-	-280	0	0	na	na	na
Total reported EBIT	- 270	227	285	- 349	216	252	-218	12	33	-23%	5%	13%
-of which Property and project	168	36	43	81	14	15	116	22	28	109%	159%	183%
Total EBIT adj excluding Prop and Projec	**- 103**	**191**	**241**	**- 94**	**202**	**236**	**-54**	**-11**	**5**	**9%**	**-5%**	**2%**
Pre-tax	- 293	204	262	- 372	193	229	-245	12	33	-21%	6%	15%
Net profit	- 215	160	198	- 277	151	187	-176	8	11	-22%	6%	6%
EPS	**- 9.08**	**6.07**	**7.08**	**- 12.26**	**6.70**	**8.27**	**-7.8**	**-0.6**	**-1.2**	**-26%**	**-9%**	**-14%**
EPS adj	**1.97**	**6.07**	**7.08**	**- 0.69**	**6.70**	**8.27**	**1.9**	**-0.6**	**-1.2**	**-385%**	**-9%**	**-14%**
DPS	-	2.43	2.83	-	2.68	3.31	1.00	- 0.25	- 0.47	#DIV/0!	-9%	-14%
Net debt (- Cash)	- 130	- 69	- 4	1,527	1,315	1,090	1,007	- 1,384	- 1,094	-109%	-105%	nmf.
Segments												
Sales												
Sweden	7,165	8,239	9,475	7,165	7,738	8,357	6,744	502	1,118	0%	6%	13%
Invest	302	362	435	127	140	154	537	223	281	138%	159%	183%
Other sales	93	102	113	93	102	113	53	0	0	na	na	na
Eliminations	-602	-632	-664	-602	-632	-664	-584	0	0	0%	0%	0%
Total Sales	**6,975**	**8,072**	**9,359**	**6,800**	**7,348**	**7,959**	**6,750**	**724**	**1,400**	**3%**	**10%**	**18%**
EBIT excl non rec. items												
Sweden	-93	206	256	-84	217	251	155	-11	5	10%	-5%	2%
Invest	178	36	43	91	14	15	100	22	28	97%	159%	183%
Other+Elimination	-10	-15	-14	-10	-15	-14	-4	0	0	0%	0%	0%
Total EBIT adj	**65**	**227**	**285**	**-14**	**216**	**252**	**62**	**12**	**33**	**-583%**	**5%**	**13%**
Non recurring items	-335	0	0	-335	0	0	-280	0	0	na	na	na
Total reported EBIT	**-270**	**227**	**285**	**-349**	**216**	**252**	**-218**	**12**	**33**	**-23%**	**5%**	**13%**
Sales growth y/y												
Sweden	7%	15%	15%	7%	8%	8%	3%	7%	7%	0%	7%	7%
Invest	-25%	20%	20%	-69%	10%	10%	-2%	10%	10%	43%	10%	10%
Total Sales growth	**4%**	**16%**	**16%**	**1%**	**8%**	**8%**	**0%**	**8%**	**8%**	**3%**	**8%**	**8%**
EBIT % adj												
Sweden	-1.3%	2.5%	2.7%	-1.2%	2.8%	3.0%	2%	0%	-0.3%	-0.1%	-0.3%	-0.3%
Invest	58.9%	10.0%	10.0%	71.3%	10.0%	10.0%	19%	0%	0.0%	-12.3%	0.0%	0.0%
Total EBIT adj%	**0.9%**	**2.8%**	**3.0%**	**-0.2%**	**2.9%**	**3.2%**	**1%**	**0%**	**-0.1%**	**1.1%**	**-0.1%**	**-0.1%**

Source: Nordea estimates

Factors to consider

Serneke is an entrepreneurial Swedish construction company with a strong growth record and high ambitions to improve its profitability. Profitability in recent years has been held back by rapid investments in growth and by weaker projects and margins, resulting in dampened investor confidence. Karlatornet, a substantial residential development project, has added complexity and risk to the portfolio and has burdened investor confidence, in our view, not least after Oaktree decided not to go through with the acquisition of 80% of the project at the beginning of 2020, which led to a standstill in the construction. However, Serneke has now divested the project to a 50/50 joint venture with Balder, opening up for significant value creation via divestments of building rights in the area surrounding Karlatornet (Karlastaden). We believe such divestments could add as much as SEK 1.1bn in building rights divestment gains in the coming years. Downside risks mainly relate to project risks with additional writedowns, delays and margin dilution from poor development projects, in our view. We increase our SOTP-derived fair value range to SEK 85-122 (50-90) per share for Serneke.

Financing solution for Karlatornet is about more than just Karlatornet

As announced on 17 December 2020, Serneke has found a financing solution to the construction of Karlatornet. Serneke is divesting 50% of the JV Karlatornet AB to Balder, meaning the project is now fully financed. While we do not expect any near-term effect on operating profit, we still argue that this is an important milestone for the company.

Balder is a strong financial partner for the Karlatornet project, and also becomes a long-term shareholder in Serneke

In the new structure, Balder is acquiring preferential shares in the JV for a total consideration of SEK 25,000, corresponding to 50% of the capital and votes in the JV. Serneke will retain its invested capital of approximately SEK 1.5bn in the project through interest-bearing shareholder loans, and Balder will provide a shareholder loan of SEK 500m. Combined with a construction credit of SEK 3bn from Nordea, this means that the Karlatornet project is fully financed, allowing construction to have resumed already in December 2020. For Balder's commitment to invest SEK 500m in Karlatornet and provide a joint guarantee for the construction credit of SEK 3bn, Balder's preferential shares in the JV entitle it to a fixed dividend of SEK 600m. The dividend is to be paid according to a waterfall principle after the construction credit from Nordea has been repaid. Balder's preferential shares hence hold a higher rank than Serneke's shareholder contribution of SEK 1.5bn. When completed, under the assumption of the project staying within budget, Serneke will recover all of its invested capital of approximately SEK 1.5bn together with remaining project profit in the JV, which is estimated by the company to amount to at least SEK 300m. Adding to this, Serneke has communicated that the expected gross construction margin for Karlatornet is over 10%, meaning some SEK 300m.

The construction agreement amounts to SEK 3.2bn and will be booked as an order by Serneke in Q4 2020E, and Serneke estimates the gross construction margin to above 10%. In the table below, we model the amount of cash Serneke would retain from the JV assuming that the project is burdened by various levels of cost overruns. Our scenario analysis shows that Serneke would retain its SEK ~1.5bn invested cash alongside construction profits even in the event of a 10% cost overrun, and would still retain SEK 840m of its invested capital alongside construction profits in the case of a very bearish scenario in which we assume a 30% cost overrun. With this in mind, we view the financial risk in Serneke as significantly lower than before the agreement with Balder was reached. To summarise, there would need to be cost overruns of SEK 600m (~20%) before retention of Serneke's accrued investment of SEK 1.5bn is at risk.

Serneke would still retain a significant amount of capital from the Karlatornet project even if it is burdened by cost overruns

KARLATORNET PROJECT BUDGET SCENARIOS

Karlatornet project budget	SEKm						
Total estimated sales value	6,400						
Total estimated project cost	5,500						
Total estimated project profit	**900**						
- of which Balder's preferential right	600						
Remaining project profit in JV	300						
- of which Serneke's share	**300**						
Cost overrun scenario	**0%**	**5%**	**10%**	**15%**	**20%**	**25%**	**30%**
Fully developed value	6,400	6,400	6,400	6,400	6,400	6,400	6,400
Accrued cost (Serneke shareholder contribution)	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Construction cost	3,200	3,360	3,520	3,680	3,840	4,000	4,160
Balder shareholder contribution	500	500	500	500	500	500	500
Other	300	300	300	300	300	300	300
Total cost/capital	**5,500**	**5,660**	**5,820**	**5,980**	**6,140**	**6,300**	**6,460**
Project profit	**900**	**740**	**580**	**420**	**260**	**100**	**-60**
- of which Balder's preferential dividend	600	600	600	600	600	600	600
Remaining project profit to Serneke	300	140	-20	-180	-340	-500	-660
Estimated gross construction profit	**320**	**320**	**320**	**320**	**320**	**320**	**320**
Serneke shareholders contribution	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Serneke cash retention excluding construction profit	**1,800**	**1,640**	**1,480**	**1,320**	**1,160**	**1,000**	**840**
Serneke cash retention including construction profit	**2,120**	**1,960**	**1,800**	**1,640**	**1,480**	**1,320**	**1,160**

Source: Company data and Nordea estimates

Another important effect of this transaction is that Serneke's reported net debt position of SEK 1.6bn as of Q3 2020 turns into a net cash position as of Q4 2020E, as the SEK 1.5bn that Serneke has invested in Karlatornet will be reclassified from project properties to interest-bearing receivables.

Building rights divestment in Karlastaden show significant hidden values

Recent transactions underpin the values in Karlastaden

As we have argued for in previous updates, we believe Serneke finding a solution for the financing of Karlatornet was a prerequisite for the company to start realising values in the surrounding areas in Karlastaden, where it holds 200,000 sqm of building rights. We estimate that Serneke's building rights portfolio in Karlastaden has a book value of SEK 1.6bn (SEK 8,000 per sqm), which we derive from the divestment of 15,000 sqm building rights in Karlastaden to Tosito announced on 18 December 2020 for a total sales value of SEK 200m, implying SEK 13,333 per sqm and an estimated excess value of SEK 80m (SEK 5,333 per sqm), taking the implicit book value to SEK 8,000 per sqm.

If applying the excess value of SEK 5,333 per sqm to all of its building rights in Karlastaden, we arrive at a total excess value of SEK ~1.1bn, or SEK 38 per share that we believe will be realised in 2021-23, where the first milestone was the divestment to Tosito in December 2020 that underpins these values.

A total potential excess value of SEK 38.2 per share in Karlastaden building rights, we calculate

THEORETICAL VALUE OF KARLASTADEN BUILDING RIGHTS

Karlastaden building rights portfolio	
Total area (sqm)	200,000
Sales value/sqm to Tosito (SEK)	13,333
Total implit value (SEKm)	2,667
Derived book value per sqm from Tosito transaction (SEK)	8,000
Excess value per sqm (SEK)	5,333
Total excess value (SEKm)	1,067
- per share (SEK)	**38.2**

Source: Company data, Thomson Reuters and Nordea estimates

We view the recent equity injections as positive in order to create a more financially stable Serneke

Equity injections adds another layer of financial stability

In conjunction with Serneke presenting the new structure for Karlatornet, the company announced that Balder has subscribed for 2,300,000 shares in a directed share issue at a subscription price of SEK 53 per share and also announced a fully guaranteed rights issue of 3,204,780 shares with a subscription price of SEK 53. In total, the share issues will add SEK ~290m in new equity, taking the diluted equity per share to SEK 78 from SEK 84.5 providing significant upside from the current share price from a price/book perspective.

The equity injections add another layer of financial stability to Serneke, and we find it positive that Balder is becoming a long-term shareholder in Serneke, and that existing shareholder Svolder participated in the rights issue as well as Ernström and Provobis participating via acquisition of subscription rights from the main shareholder Ola Serneke.

Other project potential

Serneke is more than just Karlatornet and Karlastaden

Apart from the 200,000 sqm building rights in Karlastaden, Serneke has signed an agreement to divest 100,000 sqm building rights to Balder distributed between 10 projects, mainly located in Stockholm, Gothenburg and Malmö. The agreement includes project development and contracting assignments for Serneke to complete some 1,400 rental apartments and community service properties, such as school and government buildings. The transaction is expected by the company to generate a positive cash effect of SEK 250m in total. The projects will be transferred on an ongoing basis in 2021 and Serneke intends to report the financial effects as part of its regular reporting. The projects are expected by the company to result in SEK 300m in project profits throughout the construction period according to a clarifying press release from Serneke on 18 December 2020.

We view this positively in several ways, firstly as Serneke offloads assets from its balance sheet adding SEK 250m in liquidity through the course of 2021E, creates SEK 300m in project profits and adds some SEK 3.2bn to the order intake. We believe transactions such as this are important to create earnings stability in the construction business over time, and see a brighter future for Serneke.

Valuation

We increase our SOTP-based fair value range to SEK 85-122 (50-90)

We use a SOTP-based valuation approach for Serneke, based on EV/EBIT multiples for the construction business (Serneke Sweden) of 6x in our bear case scenario and 11x in our bull case scenario, based on a 2021E EBIT margin of 2.5%, which is well below the company's long-term target of 4%. We use a mark-to-market scenario for the building rights in Karlastaden. Other building rights in the portfolio are not visible in our earnings estimates owing to low visibility in terms of timing and terms of such divestments, hence we base our valuation on a scenario for Karlastaden derived from the recent divestment of 15,000 sqm to Tosito. Out of prudency, we do not include the expected project profit in Karlatornet of SEK 300m. Despite this, we increase our SOTP-based fair value to SEK 85-122 (50-90), mainly as an effect of achieving proof of the potential excess values of SEK 38 per share in Karlastaden building rights.

SUM-OF-THE-PARTS (SEKm)

	EBIT			EBIT-margin			Multiple	Value	per	Bull	Value	per	Bear	Value	per
	20E	21E	22E	20E	21E	22E	21E	SEKm	share		SEKm	share		SEKm	share
Serneke Sweden	-93	206	256	-1.3%	2.5%	2.7%	8.5	1,751	63	11	2,266	81	6	1,236	44
Building rights Karlastaden															
Excess value per sqm	5,333														
Total area (sqm)	200,000														
Total excess value (SEKm)	1,067														
- per share	**38**							1,067	38		1,067	38		1,067	38
	20E	**21E**	**22E**												
Net debt (+)/net cash (-)	**-130**	**-69**	**-4**					-69	-2.5		-69	-2.5		-69	-2.5
SOTP								**2,886**	**103**		**3,401**	**122**		**2,371**	**85**

Source: Company data and Nordea estimates

Estimates

DETAILED ESTIMATES INCLUDING SEGMENTS (SEKm)

	2019				2020							
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4E**	**2019**	**2020E**	**2021E**	**2022E**
SUMMARY INCOME STATEMENT												
Sales												
Sweden	1,517	1,661	1,421	2,095	1,912	1,461	1,592	2,200	6,694	7,165	8,239	9,475
Invest	51	64	40	250	46	28	28	200	405	302	362	435
International	0	0	0	0	0	0	0	0	0	0	0	0
Other sales	14	45	44	44	39	14	20	20	147	93	102	113
Eliminations	-102	-154	-129	-136	-183	-110	-142	-150	-521	-602	-632	-664
Total Sales	**1,480**	**1,616**	**1,376**	**2,253**	**1,814**	**1,393**	**1,498**	**2,270**	**6,725**	**6,975**	**8,072**	**9,359**
Sales growth y/y												
Sweden	20.4%	15.6%	23.2%	6.9%	26.0%	-12.0%	12.0%	5.0%	15.2%	7.0%	15.0%	15.0%
Invest	-17.7%	-28.1%	25.0%	62%	na	-56.3%	-30.0%	-20.0%	20.2%	-25.4%	20.0%	20.0%
International	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Sales growth	**13.3%**	**8.4%**	**20.1%**	**13.2%**	**22.6%**	**-13.8%**	**8.9%**	**0.8%**	**13.3%**	**3.7%**	**15.7%**	**15.9%**
EBIT excl non rec. items												
Sweden	21	26	-2	43	-35	-74	3	13	88	-93	206	256
Invest	-8	-10	2	-118	27	71	-10	90	-134	178	36	43
International	0	-1	0	0	-4	-3	-3	0	-1	-10	0	0
Other+Elimination	5	-15	-5	-22	-2	2	-4	-6	-37	-10	-15	-14
Total EBIT adj	**18**	**0**	**-5**	**-97**	**-14**	**-4**	**-14**	**97**	**-84**	**65**	**227**	**285**
Non recurring items	0	0	0	0	-135	-135	-65	0	0	-335	0	0
Total reported EBIT	**18**	**0**	**-5**	**-97**	**-149**	**-139**	**-79**	**97**	**-84**	**-270**	**227**	**285**
EBIT % adj												
Sweden	1.4%	1.6%	-0.1%	2.1%	-1.8%	-5.1%	0.2%	0.6%	1.3%	-1.3%	2.5%	2.7%
Invest	-15.7%	-15.6%	5.0%	-47.2%	58.7%	254%	-35.7%	45.0%	-33.1%	58.9%	10.0%	10.0%
International	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total EBIT adj%	**1.2%**	**0.0%**	**-0.4%**	**-4.3%**	**-0.8%**	**-0.3%**	**-0.9%**	**4.3%**	**-1.2%**	**0.9%**	**2.8%**	**3.0%**
Financial net	**-10**	**-3**	**-25**	**12**	**-5**	**-8**	**-3**	**-7**	**-27**	**-23**	**-23**	**-23**
Pre-tax	**8**	**-3**	**-30**	**-85**	**-154**	**-147**	**-82**	**90**	**-111**	**-293**	**204**	**262**
Tax	**2**	**1**	**3**	**22**	**48**	**33**	**16**	**-19**	**29**	**78**	**-45**	**-64**
Net profit	**10**	**-2**	**-27**	**-63**	**-106**	**-114**	**-66**	**71**	**-82**	**-215**	**160**	**198**
EPS	**0.45**	**-0.09**	**-1.20**	**-2.81**	**-4.73**	**-5.08**	**-2.94**	**3.18**	**-3.66**	**-9.08**	**6.07**	**7.08**
EPS adj									**-3.66**	**1.97**	**6.07**	**7.08**
Order bookings	**1,177**	**2,663**	**1,792**	**2,969**	**2,975**	**1,851**	**961**	**4,981**	**8,601**	**10,768**	**11,307**	**11,646**
y/y	4%	101%	41%	197%	153%	-30%	-46%	68%	**82%**	**25%**	**5%**	**3%**
Order backlog	**5,973**	**7,149**	**7,662**	**8,943**	**10,576**	**11,072**	**10,623**	**13,405**	**8,943**	**13,405**	**16,257**	**18,205**
y/y	-22%	-3%	5%	40%	77%	55%	39%	50%	**40%**	**50%**	**21%**	**12%**

Source: Company data and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	**1,012**	**1,143**	**1,800**	**3,107**	**3,978**	**5,605**	**5,934**	**6,725**	**6,975**	**8,072**	**9,359**
Revenue growth	13.3%	12.9%	57.5%	72.6%	28.0%	40.9%	5.9%	13.3%	3.7%	15.7%	15.9%
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	0	16	115	143	515	438	609	-59	-240	257	315
Depreciation and impairments PPE	-8	0	0	0	-68	-20	-22	-25	-30	-30	-30
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	-8	16	115	143	447	418	587	-84	-270	227	285
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	-8	16	115	143	447	418	587	-84	-270	227	285
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	-7	-14	-15	-16	-17	-18	-37	-27	-23	-23	-23
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	**-15**	**2**	**100**	**127**	**430**	**400**	**550**	**-111**	**-293**	**204**	**262**
Reported taxes	0	9	-2	25	0	-78	46	29	78	-45	-64
Net profit from continued operations	-15	11	98	152	430	322	596	-82	-215	160	198
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	-15	11	98	152	430	322	596	-82	-215	160	198
EPS, SEK	**-1.31**	**0.77**	**6.29**	**9.00**	**23.16**	**13.76**	**26.59**	**-3.64**	**-9.08**	**6.07**	**7.08**
DPS, SEK	0.00	0.00	0.00	0.00	0.00	4.00	0.00	0.00	0.00	2.43	2.83
of which ordinary	0.00	0.00	0.00	0.00	0.00	4.00	0.00	0.00	0.00	2.43	2.83
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	0.0%	1.4%	6.4%	4.6%	12.9%	7.8%	10.3%	-0.9%	-3.4%	3.2%	3.4%
EBITA	-0.8%	1.4%	6.4%	4.6%	11.2%	7.5%	9.9%	-1.2%	-3.9%	2.8%	3.0%
EBIT	-0.8%	1.4%	6.4%	4.6%	11.2%	7.5%	9.9%	-1.2%	-3.9%	2.8%	3.0%
Adjusted earnings											
EBITDA (adj)	0	16	115	143	515	438	609	-59	95	257	315
EBITA (adj)	-8	16	115	143	447	418	587	-84	65	227	285
EBIT (adj)	-8	16	115	143	447	418	657	-84	65	227	285
EPS (adj, SEK)	-1.31	0.77	6.29	9.00	23.16	13.76	29.98	-3.64	1.97	6.07	7.08
Adjusted profit margins in percent											
EBITDA (adj)	0.0%	1.4%	6.4%	4.6%	12.9%	7.8%	10.3%	-0.9%	1.4%	3.2%	3.4%
EBITA (adj)	-0.8%	1.4%	6.4%	4.6%	11.2%	7.5%	9.9%	-1.2%	0.9%	2.8%	3.0%
EBIT (adj)	-0.8%	1.4%	6.4%	4.6%	11.2%	7.5%	11.1%	-1.2%	0.9%	2.8%	3.0%
Performance metrics											
CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	34.8%	40.8%	39.0%	30.2%	17.6%	15.2%	10.8%
EBITDA	n.m.	n.m.	n.m.	n.m.	114.5%	356.9%	107.1%	n.m.	n.m.	-13.0%	-6.4%
EBIT	n.a.	n.a.	n.a.	n.a.	193.0%	n.m.	105.5%	n.m.	n.m.	-12.6%	-7.4%
EPS	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	102.8%	n.m.	n.m.	-23.5%	-12.4%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-6.7%
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	3.4%	6.5%	7.3%	8.4%	6.0%	3.8%	2.6%	2.0%
Average EBITDA margin	n.a.	n.a.	n.a.	3.6%	7.1%	7.8%	8.9%	6.5%	4.3%	3.0%	2.4%

VALUATION RATIOS - ADJUSTED EARNINGS

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	4.5	6.5	2.0	n.m.	27.9	9.1	7.8
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	3.7	5.3	3.1	n.m.	12.9	5.7	4.9
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	4.3	5.6	3.2	n.m.	18.9	6.5	5.4
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	4.3	5.6	2.9	n.m.	18.9	6.5	5.4

VALUATION RATIOS - REPORTED EARNINGS

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E	n.a.	n.a.	n.a.	n.a.	4.5	6.5	2.3	n.m.	n.m.	9.1	7.8
EV/Sales	n.a.	n.a.	n.a.	n.a.	0.48	0.42	0.32	0.39	0.18	0.18	0.16
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	3.7	5.3	3.1	n.m.	n.m.	5.7	4.9
EV/EBITA	n.a.	n.a.	n.a.	n.a.	4.3	5.6	3.2	n.m.	n.m.	6.5	5.4
EV/EBIT	n.a.	n.a.	n.a.	n.a.	4.3	5.6	3.2	n.m.	n.m.	6.5	5.4
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	0.0%	4.5%	0.0%	0.0%	0.0%	4.4%	5.1%
FCF yield	n.a.	n.a.	n.a.	n.a.	-7.2%	-13.0%	-15.7%	-31.1%	90.7%	-15.0%	0.2%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	-6.7%	-0.7%	13.7%	-31.1%	90.7%	-15.0%	0.2%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	29.1%	0.0%	0.0%	0.0%	40.0%	40.0%

Source: Company data and Nordea estimates

BALANCE SHEET

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Intangible assets	0	0	23	23	23	23	23	23	23	23	23
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	0	0	0	0	0	0	0	0	0	0	0
of which goodwill	0	0	23	23	23	23	23	23	23	23	23
Tangible assets	43	47	74	74	404	990	335	298	338	388	452
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
Shares associates	0	0	0	0	424	446	122	145	145	145	145
Interest bearing assets	0	0	0	0	30	10	51	37	1,537	1,537	1,537
Deferred tax assets	0	4	2	37	48	0	0	0	0	0	0
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	52	97	105	274	231	213	563	158	158	158	158
Total non-current assets	95	148	204	408	1,160	1,682	1,094	661	2,201	2,251	2,315
Inventory	5	5	5	4	2	1	1	1	1	1	2
Accounts receivable	372	444	566	588	589	845	972	825	1,081	1,251	1,357
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	28	26	501	641	1,115	1,445	3,099	4,085	2,372	2,825	3,182
Cash and bank	5	13	84	11	571	431	389	162	166	105	140
Total current assets	410	488	1,156	1,244	2,277	2,722	4,461	5,073	3,620	4,183	4,681
Assets held for sale	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	**505**	**636**	**1,360**	**1,652**	**3,437**	**4,404**	**5,555**	**5,734**	**5,821**	**6,434**	**6,996**
Shareholders equity	141	177	280	453	1,469	1,821	2,272	2,179	2,086	2,416	2,546
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	141	177	280	453	1,469	1,821	2,272	2,179	2,086	2,416	2,546
Deferred tax	8	0	0	0	0	29	157	128	38	38	38
Long term interest bearing debt	57	60	134	107	436	641	826	1,246	996	996	1,096
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	120	158	223	183	188	193	198
Other long-term liabilities	16	0	62	291	208	152	83	162	162	162	162
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	81	60	196	398	764	980	1,289	1,719	1,384	1,389	1,494
Short-term provisions	0	0	3	13	10	8	13	12	12	14	17
Accounts payable	121	153	273	349	541	799	991	958	1,046	1,211	1,404
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	88	125	325	292	525	742	824	689	715	827	959
Short term interest bearing debt	73	121	283	147	128	54	166	177	577	577	577
Total current liabilities	282	399	884	801	1,204	1,603	1,994	1,836	2,350	2,629	2,956
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**505**	**636**	**1,360**	**1,652**	**3,437**	**4,404**	**5,555**	**5,734**	**5,821**	**6,434**	**6,996**
Balance sheet and debt metrics											
Net debt	125	168	333	243	-37	254	552	1,224	-130	-69	-4
of which lease debt	0	0	0	0	0	0	0	0	0	0	0
Working capital	195	197	474	592	640	750	2,257	3,264	1,693	2,040	2,178
Invested capital	290	345	678	1,000	1,800	2,432	3,351	3,925	3,894	4,291	4,493
Capital employed	272	358	697	707	2,033	2,516	3,264	3,602	3,659	3,989	4,219
ROE	-15.8%	6.9%	42.9%	41.5%	44.7%	19.6%	29.1%	-3.7%	-10.1%	7.1%	8.0%
ROIC	-2.9%	4.0%	17.9%	13.5%	25.4%	15.7%	18.0%	-1.8%	1.3%	4.4%	5.2%
ROCE	-3.1%	6.4%	21.8%	20.7%	33.4%	n.a.	22.7%	-2.4%	1.8%	5.9%	6.9%
Net debt/EBITDA	569.2	10.5	2.9	1.7	-0.1	0.6	0.9	n.m.	n.m.	-0.3	0.0
Interest coverage	-0.8	n.m.	n.m.	n.m.	n.m.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	27.9%	27.8%	20.6%	27.4%	42.7%	41.3%	40.9%	38.0%	35.8%	37.5%	36.4%
Net gearing	88.7%	94.9%	118.9%	53.6%	-2.5%	13.9%	24.3%	56.2%	-6.2%	-2.8%	-0.2%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
EBITDA (adj) for associates	**0**	**16**	**115**	**143**	**515**	**438**	**609**	**-59**	**-240**	**257**	**315**
Paid taxes	-3	-6	9	0	-6	-2	46	28	-12	-45	-64
Net financials	0	0	0	0	-17	-30	-37	-26	-23	-23	-23
Change in provisions	-2	0	3	10	117	36	70	-41	5	7	7
Change in other LT non-IB	-25	-65	56	25	-51	10	-419	484	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	76	86	-158	-253	-569	-260	-341	-438	0	0	0
Funds from operations (FFO)	**46**	**31**	**25**	**-75**	**-11**	**192**	**-72**	**-52**	**-269**	**197**	**235**
Change in NWC	-104	-8	31	111	56	-145	337	-593	1,571	-347	-138
Cash flow from operations (CFO)	**-58**	**23**	**56**	**36**	**45**	**47**	**265**	**-645**	**1,302**	**-150**	**97**
Capital expenditure	-1	-15	-18	-10	-175	-62	-81	211	-70	-81	-94
Free cash flow before A&D	**-60**	**8**	**38**	**26**	**-130**	**-15**	**184**	**-434**	**1,232**	**-231**	**3**
Proceeds from sale of assets	1	1	8	4	0	0	222	0	0	0	0
Acquisitions	0	-1	-45	0	-10	-257	-618	0	0	0	0
Free cash flow	-59	8	1	30	-140	-272	-212	-434	1,232	-231	3
Free cash flow bef A&D, lease adj	-60	8	38	26	-130	-15	184	-434	1,232	-231	3
Dividends paid	0	0	0	0	0	0	-93	0	0	0	-68
Equity issues / buybacks	20	50	0	36	598	0	-65	0	122	170	0
Net change in debt	0	0	0	0	0	139	-338	200	150	0	100
Other financing adjustments	0	0	0	n.a.	n.a.	-15	122	0	-1,500	0	0
Other non-cash adjustments	29	-50	70	-139	102	0	544	7	0	0	0
Change in cash	-10	8	71	-73	560	-140	-42	-227	4	-61	35
Cash flow metrics											
Capex/D&A	18.0%	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Capex/Sales	0.1%	1.3%	1.0%	0.3%	4.4%	1.1%	1.4%	-3.1%	1.0%	1.0%	1.0%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	105	89	60	62	58	55	55
Market cap.	n.a.	n.a.	n.a.	n.a.	1,950	2,088	1,347	1,394	1,359	1,535	1,535
Enterprise value	n.a.	n.a.	n.a.	n.a.	1,913	2,342	1,899	2,618	1,229	1,467	1,531
Diluted no. of shares, year-end (m)	11.5	14.2	15.6	16.9	18.6	23.4	22.4	22.6	24.7	27.9	27.9

Source: Company data and Nordea estimates

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

Completion Date
14 Jan 2021, 03:15 CET

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