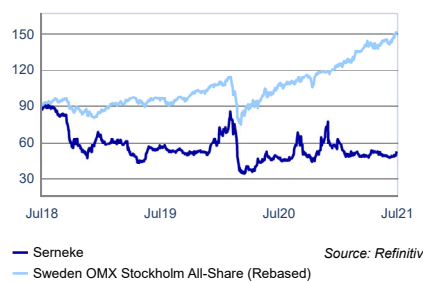


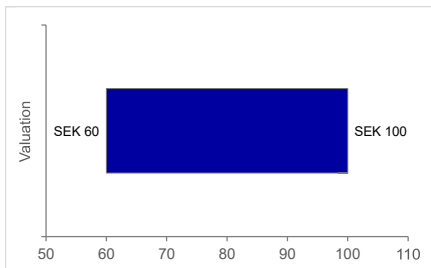
KEY DATA

Stock country	Sweden
Bloomberg	SRNKEB.SS
Reuters	SRNKEB.ST
Share price (close)	SEK 53.00
Free Float	58%
Market cap. (bn)	EUR 0.14/SEK 1.48
Website	www.serneke.se
Next report date	28 Oct 2021

PERFORMANCE



VALUATION APPROACH



ESTIMATE CHANGES

Year	2021E	2022E	2023E
Sales	8%	4%	4%
EBIT (adj)	-1%	-16%	4%

Source: Nordea estimates

Nordea Markets - Analysts

Katja Melnikova
AnalystSvante Krokfors
Director

Heading in the right direction

Serneke published a solid Q2 report, delivering EBIT growth of 248% q/q, beating our EBIT estimate by 102%. The strong EBIT was mainly driven by project development (Serneke Invest), with an EBIT margin of 37.4% in Q2 (up 52 pp y/y, 22 pp above our estimate). The construction segment (Serneke Sweden) delivered an EBIT margin of 0.7%, 1.8 pp below our expectations. We hence lower group EBIT by 1% for 2021E and 16% for 2022E. Despite the continuing miss on our EBIT estimates, Serneke managed to reach positive profitability within construction, which shows that the company is heading in the right direction. To maintain momentum, we argue it is important for Serneke to keep up its stable pace of divestments in Karlastaden and to realise the value potential of its building rights. The asset divestments in Karlastaden also strengthen the contracting backlog, which is important for continuing construction margin improvements and earnings stabilisation, in our view.

Q2 results and 2021-2022 outlook

Serneke reported solid Q2 numbers with sales of SEK 2.3bn, 35% above our estimate, and EBIT of SEK 108m, 102% above. This implies an EBIT margin of 4.7%, 1.6 pp above our estimate. The strong EBIT figures were mainly driven by Serneke Invest and the latest joint venture with Balder regarding a residential development project in Karlastaden. On the contracting side, Serneke Sweden reported an EBIT margin of 0.7%, 1.8 pp below our forecast. The order backlog was strengthened by strong order intake of SEK 2.2bn, up 20% y/y. We make positive estimate revisions on the top line following the report, but take down 2021E-22E EBIT for the construction business, mainly as EBIT has missed our forecasts for two consecutive quarters. We believe it will take more time for Serneke to reach its target margin of 4% than we previously expected. We hence find it reasonable to lower our EBIT estimates. We expect a construction margin of 0.6% (previous estimate: 1.8%) for 2021 and 2.0% (2.6%) for 2022.

Valuation: Lower value range due to miss on EBIT

We use a SOTP-based valuation approach for Serneke, based on a 2022E EV/EBIT multiples of 7x for the construction business in our bear case scenario and 11x in our bull case. We include potential excess value of SEK 14 per share from the Karlastaden building rights in our bear case and SEK 28 in our bull case scenario, which brings our fair value range to SEK 60-100 (89-122). The lower valuation range is mainly due to our lower EBIT margin expectations for Serneke Sweden.

SUMMARY TABLE - KEY FIGURES

SEKm	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	5,605	5,934	6,725	6,871	8,214	9,324	9,502
EBITDA (adj)	438	609	-59	-49	230	264	378
EBIT (adj)	418	657	-84	-79	200	234	348
EBIT (adj) margin	7.5%	11.1%	-1.2%	-1.1%	2.4%	2.5%	3.7%
EPS (adj, SEK)	13.76	29.98	-3.64	-4.27	9.33	6.46	9.71
EPS (adj) growth	-40.6%	117.8%	-112.2%	-17.3%	318.4%	-30.8%	50.4%
DPS (ord, SEK)	4.00	0.00	0.00	0.00	3.73	2.58	3.88
EV/Sales	0.4	0.3	0.4	0.2	0.2	0.2	0.2
EV/EBIT (adj)	5.6	2.9	n.m.	n.m.	6.9	6.4	4.1
P/E (adj)	6.5	2.0	n.m.	n.m.	5.7	8.2	5.5
P/BV	1.1	0.6	0.6	0.7	0.6	0.6	0.6
Dividend yield (ord)	4.5%	0.0%	0.0%	0.0%	7.0%	4.9%	7.3%
FCF Yield bef A&D, lease	-0.7%	13.7%	-31.1%	-26.1%	-3.3%	-0.6%	8.8%
Net debt	254	552	1,224	20	-101	12	-45
Net debt/EBITDA	0.6	0.9	n.m.	n.m.	-0.4	0.0	-0.1
ROIC after tax	15.7%	18.0%	-1.8%	-1.7%	4.3%	4.7%	6.7%

Source: Company data and Nordea estimates

Valuation

We use an SOTP valuation approach, based on a 2022E EV/EBIT multiple of 7x for the construction business (Serneke Sweden) in our bear case scenario and 11x in our bull case scenario. To evaluate the project development segment (Serneke Invest), we use a mark-to-market method for building rights in Karlastaden and arrive at an excess value of SEK 14-28 per share. In total, we take down our fair value interval to SEK 60-100 (SEK 89-122), mainly owing to lower 2022 EBIT estimates for the construction business. Serneke's share is trading at ~6x 2022E EV/EBIT and ~8x 2022E P/E. Our fair value interval of SEK 60-100 implies 2022E EV/EBIT multiples of 6-12x and 2022E P/E multiples of 9-15x.

We take down our fair value range to SEK 60-100 (89-122) per share

Sum-of-the-parts (SOTP) valuation

Our SOTP valuation method indicates a fair value range of SEK 60-100 per share. We evaluate Serneke's construction business based on EV/EBIT multiples. We use an EV/EBIT multiple of 7x in our bear case and 11x in our bull case scenario, based on a 2022E EBIT margin of 2%, which is well below the company's long-term target of 4%. We also use a mark-to-market method to evaluate building rights in Karlastaden. As of Q2, the total book value of Serneke's development portfolio was SEK ~1,228m, with around SEK 982m connected to Karlastaden (80%). The remaining SEK 246m is not included in our calculations, due to low visibility in terms of timing and the potential value of these building rights. We base our valuation on a scenario for the remaining building rights in Karlastaden, which we derive from recent deals with Tosito and Balder. We make the following assumptions in our calculations:

- 1) After the divestment of 15,000 m² to Tosito and the joint venture agreement with Balder for 45,000 m², we estimate that the remaining total area of building rights in Karlastaden is ~140,000 m².
- 2) We assume that Karlastaden represents ~80% of the project portfolio's total book value, which implies a book value of SEK 7,017 per m².
- 3) We estimate an average market value of building rights of SEK ~12,700 per m², which we base on the Tosito transaction and the Balder joint venture agreement.

THEORETICAL VALUE OF KARLASTADEN BUILDING RIGHTS

Karlastaden building rights portfolio	
Total estimated area as of Q2 (sqm)	140,000
Book value of project portfolio (SEKm)	1,228
80% Karlastaden (SEKm)	982
Average sales value per sqm (SEK)	12,700
Estimated book value per sqm (SEK)	7,017
Excess value per sqm (SEK)	5,683
Total excess value (SEKm)	796
- per share (SEK)	28

Source: Company data and Nordea estimates

In our bear case scenario, we assume that Serneke will enter into a 50/50 joint venture agreement for remaining part of the building rights, meaning that the profits will be equally shared between Serneke and its partners. In our bull case scenario, we assume Serneke will carry out projects on its own. The detailed breakdown of our SOTP valuation can be found in the table below.

SUM-OF-THE-PARTS (SEKm)

	EBIT			EBIT-margin			Bear	Value 22E	Per	Avg.	Value 22E	Per	Bull	Value 22E	Per
	20E	21E	22E	20E	21E	22E									
Serneke Sweden	-79	49	184	-2.4%	0.6%	2.0%	7	1,286	46	9	1,653	59	11	2,021	72
Building rights Karlstad															
Excess value per sqm	5,683														
Total area (sqm)	140,000														
Total excess value (SEKm)	796														
- per share	28						*	398	14	**	597	21	***	796	28
	20E	21E	22E												
Net debt (+)/net cash (-)	20	-101	12					12	0.4		12	0.4		12	0.4
SOTP								1,671	60		2,238	80		2,804	100

* 50% JV, ** 25% JV, *** 0% JV

Source: Company data and Nordea estimates

PEER AND SERNEKE VALUATION MULTIPLES

	Price (SEK)	Mcap (SEK)	EV/Sales			EV/EBITDA			EV/EBIT			P/E		
			2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Nordic Construction														
NCC AB	150.6	16,215	0.3	0.3	0.3	5.9	5.4	5.2	10.6	9.3	8.8	11.9	10.4	9.9
Skanska AB	237	97,725	0.6	0.5	0.5	8.0	8.4	7.1	9.9	10.5	9.8	14.5	15.7	14.4
Peab AB	112.8	33,272	0.7	0.7	0.7	9.8	8.9	8.3	15.2	13.2	12.1	15.1	13.3	12.0
Wastbygg Gruppen AB (publ)	105	3,396	0.7	0.6	0.5	8.3	6.3	5.7	8.7	6.6	6.1	11.4	8.7	7.7
ByggPartner i Dalarna Holding AB (publ)	76.1	921	0.4	0.4	n.a	8.6	7.6	n.a	10.6	9.3	n.a	15.5	13.6	n.a
Veidekke ASA	112.9	15,233	0.3	0.3	0.3	5.8	5.6	5.1	9.9	9.4	8.2	15.5	14.6	12.7
Yit Oyj	53.7	11,218	0.6	0.6	0.6	8.5	7.6	7.0	11.5	9.5	8.9	13.1	10.4	9.5
20th percentile		2,406	0.3	0.3	0.3	5.9	5.5	5.1	9.4	8.2	6.9	11.7	9.7	8.4
Median		15,233	0.6	0.5	0.5	8.3	7.6	6.4	10.6	9.4	8.8	14.5	13.3	10.9
80th percentile		59,053	0.7	0.6	0.6	9.1	8.6	7.8	13.0	11.6	11.2	15.5	15.0	13.7
Nordic Residential Developers														
Bonava AB (publ)	92.9	9,958	1.0	0.9	0.8	13.4	9.6	8.2	12.7	9.8	8.4	13.1	9.9	8.5
JM AB	303.4	20,995	1.7	1.5	1.4	12.1	11.4	10.3	12.4	11.4	10.3	12.4	12.2	10.9
Magnolia Bostad AB	75.7	2,863	3.9	3.4	4.3	18.7	11.7	14.1	19.6	11.0	11.6	24.0	11.9	9.0
Besqab AB (publ)	176	2,709	1.8	1.4	1.3	27.0	12.0	8.6	12.0	8.0	5.9	17.4	8.4	6.0
20th percentile		2,709	1.0	0.9	0.8	12.1	9.6	8.2	12.0	8.0	5.9	12.4	8.4	6.0
Median		6,411	1.7	1.5	1.3	16.0	11.6	9.4	12.5	10.4	9.4	15.2	10.9	8.7
80th percentile		20,995	3.9	3.4	4.3	27.0	12.0	14.1	19.6	11.4	11.6	24.0	12.2	10.9
SERNEKE Group AB (publ)	52.4	1,464	0.2	0.2	0.1	5.9	5.6	3.8	6.8	6.3	4.1	5.6	8.1	5.4
SERNEKE Low	60	1,676	0.2	0.2	0.2	6.9	6.4	4.3	6.9	6.4	4.3	6.4	9.3	6.2
SERNEKE High	100	2,794	0.3	0.3	0.3	11.7	10.6	7.3	13.5	12.0	7.9	10.7	15.5	10.3

Source: Company data, Refinitiv and Nordea estimates

Deviation table and estimate changes

SERNEKE: DEVIATION TABLE (SEKm AND SEK PER SHARE)

SEKm	Actual	NDA est.			Actual		Actual	
	Q2 21	Q2 21E	vs. actual		Q1 21	q/q	Q2 20	y/y
Net Sales	2,274	1,683	591	35%	1,950	17%	1,393	63%
EBIT	108	54	54	102%	31	248%	(4)	nm.
EBIT-margin	4.7%	2.7%	2.1%	2pp	1.6%	3pp	-0.3%	5pp
of which non-recurring	-	-	-		-		(135)	nm.
EBIT adj	108	54	54	102%	31	248%	(139)	nm.
EBIT adj - margin	4.7%	2.7%	2.1%	2pp	1.6%	3pp	-10%	15pp
Pre-tax profit	111	42	69	167%	38	192%	(147)	nm.
Net profit	178	33	145	443%	46	287%	(114)	nm.
EPS	6	1.2	5	445%	1.6	289%	(5)	nm.
Order Intake	2,221	1,481	740	50%	1,179	88%	1,851	20%
Order backlog	13,372	12,927	445	3%	13,126	1.9%	11,072	21%
Segment mix	Actual	NDA est.			Actual		Actual	
	Q2 21	Q2 21E	vs. actual		Q1 21	q/q	Q2 20	y/y
Sales								
Sweden	2,019	1,680	339	20%	1,770	14%	1,461	38%
Invest	447	100	347	347%	337	33%	28	1496%
Other sales	33	18	15	82%	33	0%	14	136%
Eliminations	(225)	(116)	(109)	94%	(190)	18%	(110)	104.5%
Total Serneke	2,274	1,683	591	35%	1,950	17%	1,393	63.2%
EBIT reported ex restructuring								
Sweden	14	42	(28)	-67%	(10)	-240%	(135)	nm.
- margin, %	0.7%	2.5%	-2pp		-0.6%	1pp	-9.2%	10pp
Project development	167	15	152	1013%	71	135%	(4)	nm.
- margin, %	37.4%	15%	22pp		21%	16pp	-14%	52pp
Other & Eliminations	(73)	(4)	(70)	1986%	(30)	143%	-	nm.
- margin, %	-38.0%	-4%	-34pp		-19%	-19pp	0%	-38pp
Total EBIT	108	54	54	102%	31	248%	(139)	nm.
- margin, %	4.7%	3.2%	2.0pp		2%	3pp	-10%	15pp

Source: Company data and Nordea estimates

ESTIMATES CHANGES (SEKm AND SEK PER SHARE)

	New			Old			Diff (SEKm)			Diff (%)		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Total Sales	8,214	9,324	9,502	7,618	8,942	9,112	595	382	390	8%	4%	4%
EBIT	200	234	348	201	279	335	(2)	(45)	13	-1%	-16%	4%
non recurring	-	-	-	-	-	-	-	-	-	-	-	-
EBIT adj.	200	234	348	201	279	335	(2)	(45)	13	-1%	-16%	4%
<i>EBIT margin (adj.)</i>	2.4%	2.5%	3.7%	2.6%	3.1%	3.7%				0pp	-1pp	0pp
Pre-tax	196	228	342	187	263	319	8	(35)	23	4%	-13%	7%
Net profit	261	180	271	164	208	253	97	(27)	18	59%	-13%	7%
EPS	9	6	10	6	7	9	3	(1)	1	59%	-13%	7%
EPS adj	9	6	10	6	7	9	3	(1)	1	59%	-13%	7%
DPS	4	3	4	2	3	4	1	(0)	0	59%	-13%	7%
Order intake	8,339	9,173	9,448	7,599	8,358	8,609	740	814	839	10%	10%	10%
Segment sales												
Sweden	7,847	9,181	9,365	7,508	8,785	8,961	339	396	404	5%	5%	5%
Invest	934	646	659	587	646	659	347	-	-	59%	0%	0%
International	-	-	-	-	-	-	-	-	-	nm.	nm.	nm.
Group functions	117	122	128	99	111	116	19	12	12	19%	10%	10%
Eliminations	(685)	(625)	(650)	(576)	(599)	(623)	(109)	(26)	(27)	nm.	nm.	nm.
Total Sales	8,214	9,324	9,502	7,618	8,942	9,112	595	382	390	8%	4%	4%
EBIT adj.												
Sweden	49	184	281	133	228	269	(84)	(45)	12	-63%	-20%	5%
margin %	0.6%	2.0%	3.0%	1.8%	2.6%	3.0%				-1pp	-1pp	0pp
Invest	261	65	79	109	65	79	152	-	-	140%	0%	0%
margin %	27.9%	10.0%	12.0%	18.5%	10.0%	12.0%				9pp	0pp	0pp
Other and eliminations	(110)	(14)	(12)	(4)	-	-	(106)	(14)	(12)	nm.	nm.	nm.
Sales growth y/y												
Sweden	12%	14%	2%	7%	17%	2%				5pp	-4pp	0pp
Invest	187%	17%	48%	81%	38%	20%				107pp	-21pp	28pp
Total Sales growth	20%	14%	2%	11%	17%	2%				9pp	-4pp	0pp

Source: Company data and Nordea estimates

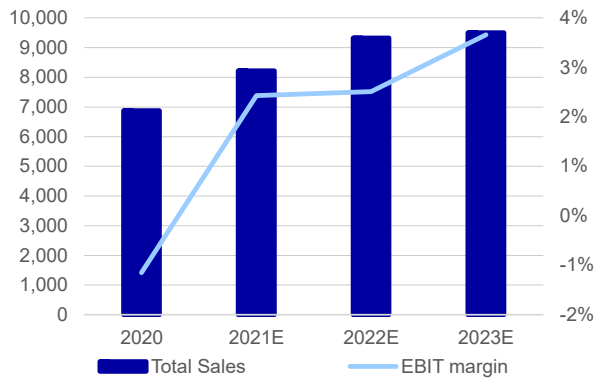
Detailed estimates and key charts

QUARTERLY AND ANNUAL ESTIMATES (SEKm AND SEK PER SHARE)

	2020				2021E				2020	2021E	2022E	2023E
	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21E	Q3 21E	Q4 21E				
SUMMARY INCOME STATEMENT												
Sales												
Sweden	1,912	1,461	1,592	2,025	1,770	2,019	1,831	2,228	6,990	7,847	9,181	9,365
Invest	46	28	28	223	337	447	50	100	325	934	646	659
International	-	-	-	-	-	-	-	-	-	-	-	-
Group functions	39	14	20	17	33	33	23	28	90	117	122	128
Eliminations	-183.00	-110	-142	-99	-190	-225	-122	-148	-534	-685	-625	-650
Total Sales	1,814	1,393	1,498	2,166	1,950	2,274	1,782	2,208	6,871	8,214	9,324	9,502
Sales growth y/y												
Sweden	26%	-12%	12%	-3%	-7%	38%	15%	10%	4%	12%	17%	2%
Invest	na	-56%	-30%	-11%	633%	1496%	79%	-55%	-20%	187%	-31%	2%
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	23%	-14%	9%	-4%	7%	63%	19%	2%	2%	20%	14%	2%
EBIT												
Sweden	-35	-74	3	-65	-10	14	18	27	-171	49	184	281
Invest	27	71	-10	-4	71	167	8	15	84	261	65	79
International	-4	-3	-3	-3	-4	-4	0	0	-13	-8	0	0
Other and Eliminations	-2	2	-4	25	-26	-69	-4	-4	21	-102	-14	-12
Total EBIT	-14	-4	-14	-47	31	108	22	38	-79	200	234	348
Non recurring items	-135	-135	-65	0	0	0	0	0	-335	0	0	0
Total EBIT adj.	-149	-139	-79	-47	31	108	22	38	-414	200	234	348
EBIT margin												
Sweden	-1.8%	-5.1%	0.2%	-3.2%	-0.6%	0.7%	1.0%	1.2%	-2.4%	0.6%	2.0%	3.0%
Invest	58.7%	253.6%	-35.7%	-1.8%	21.1%	37.4%	15.0%	15.0%	25.8%	27.9%	10.0%	12.0%
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 margin	-0.8%	-0.3%	-0.9%	-2.2%	1.6%	4.7%	1.3%	1.7%	-1.1%	2.4%	2.5%	3.7%
Financial net												
Financial net	-5	-8	-3	-72	7	3	-7	-7	-88	-4	-6	-6
Pre-tax												
Pre-tax	-154	-147	-82	-119	38	111	15	31	-502	196	228	342
Tax												
Tax	48	33	16	47	8	67	-3	-7	144	65	-48	-70
Net profit	-106	-114	-66	-72	46	178	12	25	-358	261	180	271
EPS	-4.7	-5.1	-2.9	-3.1	1.6	6.4	0.4	0.9	-15.8	9.3	6.5	9.7
EPS adj									-4.3	9.3	6.5	9.7
Order intake												
Order intake	2,975	1,851	961	4,852	1,179	2,221	1,057	3,882	10,639	8,339	9,173	9,448
y/y	153%	-30%	-46%	63%	-60%	20%	10%	-20%	24%	-22%	10%	3%
Order backlog												
Order backlog	10,576	11,072	10,623	13,619	13,126	13,372	12,598	14,252	13,619	14,110	14,102	14,184
y/y	77%	55%	39%	52%	24%	21%	19%	5%	52%	4%	0%	1%

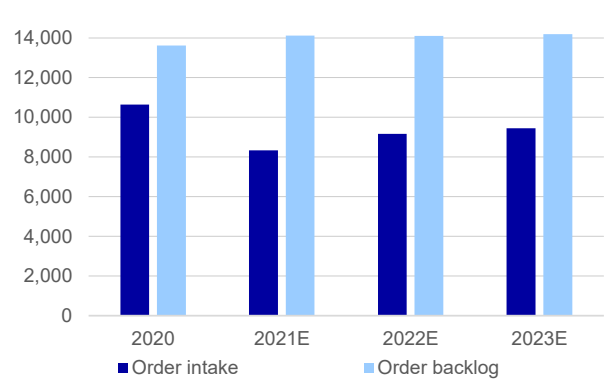
Source: Company data and Nordea estimates

TOTAL SALES (SEKm) AND EBIT MARGIN (%)



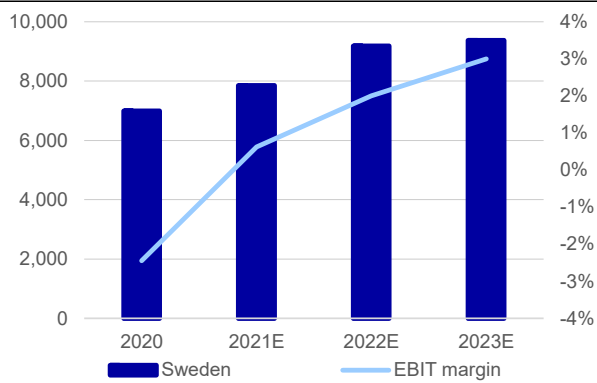
Source: Company data and Nordea estimates

ORDER INTAKE AND ORDER BACKLOG (SEKm)



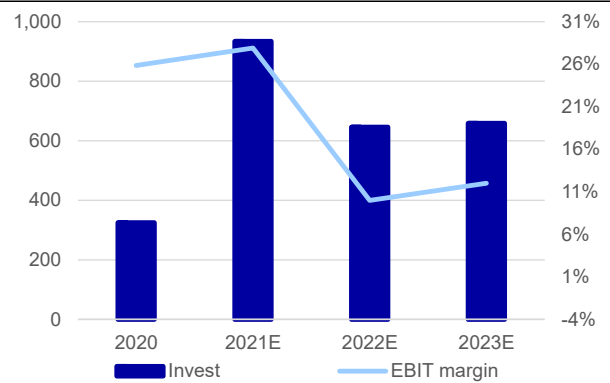
Source: Company data and Nordea estimates

SERNEKE SWEDEN: SALES (SEKm) AND EBIT MARGIN (%)



Source: Company data and Nordea estimates

SERNEKE INVEST: SALES (SEKm) AND EBIT MARGIN (%)



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	1,143	1,800	3,107	3,978	5,605	5,934	6,725	6,871	8,214	9,324	9,502
Revenue growth	12.9%	57.5%	72.6%	28.0%	40.9%	5.9%	13.3%	2.2%	19.5%	13.5%	1.9%
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	16	115	143	515	438	609	-59	-384	230	264	378
Depreciation and impairments PPE	0	0	0	-68	-20	-22	-25	-30	-30	-30	-30
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	16	115	143	447	418	587	-84	-414	200	234	348
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	16	115	143	447	418	587	-84	-414	200	234	348
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	-14	-15	-16	-17	-18	-37	-27	-88	-4	-6	-6
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	2	100	127	430	400	550	-111	-502	196	228	342
Reported taxes	9	-2	25	0	-78	46	29	144	65	-48	-70
Net profit from continued operations	11	98	152	430	322	596	-82	-358	261	180	271
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	11	98	152	430	322	596	-82	-358	261	180	271
EPS, SEK	0.77	6.29	9.00	23.16	13.76	26.59	-3.64	-15.82	9.33	6.46	9.71
DPS, SEK	0.00	0.00	0.00	0.00	4.00	0.00	0.00	0.00	3.73	2.58	3.88
of which ordinary	0.00	0.00	0.00	0.00	4.00	0.00	0.00	0.00	3.73	2.58	3.88
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	1.4%	6.4%	4.6%	12.9%	7.8%	10.3%	-0.9%	-5.6%	2.8%	2.8%	4.0%
EBITA	1.4%	6.4%	4.6%	11.2%	7.5%	9.9%	-1.2%	-6.0%	2.4%	2.5%	3.7%
EBIT	1.4%	6.4%	4.6%	11.2%	7.5%	9.9%	-1.2%	-6.0%	2.4%	2.5%	3.7%

Adjusted earnings

EBITDA (adj)	16	115	143	515	438	609	-59	-49	230	264	378
EBITA (adj)	16	115	143	447	418	587	-84	-79	200	234	348
EBIT (adj)	16	115	143	447	418	657	-84	-79	200	234	348
EPS (adj, SEK)	0.77	6.29	9.00	23.16	13.76	29.98	-3.64	-4.27	9.33	6.46	9.71

Adjusted profit margins in percent

EBITDA (adj)	1.4%	6.4%	4.6%	12.9%	7.8%	10.3%	-0.9%	-0.7%	2.8%	2.8%	4.0%
EBITA (adj)	1.4%	6.4%	4.6%	11.2%	7.5%	9.9%	-1.2%	-1.1%	2.4%	2.5%	3.7%
EBIT (adj)	1.4%	6.4%	4.6%	11.2%	7.5%	11.1%	-1.2%	-1.1%	2.4%	2.5%	3.7%

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	34.8%	40.8%	39.0%	30.2%	17.2%	15.6%	10.7%	9.9%
EBITDA	n.m.	n.m.	n.m.	114.5%	356.9%	107.1%	n.m.	n.m.	-14.9%	-9.6%	-9.1%
EBIT	n.a.	n.a.	n.a.	193.0%	n.m.	105.5%	n.m.	n.m.	-14.9%	-10.9%	-9.9%
EPS	n.a.	n.a.	n.a.	n.m.	n.m.	102.8%	n.m.	n.m.	-16.6%	-14.0%	-18.2%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-8.4%	n.m.
Average last 5 years											
Average EBIT margin	n.a.	n.a.	3.4%	6.5%	7.3%	8.4%	6.0%	3.3%	2.1%	1.4%	0.7%
Average EBITDA margin	n.a.	n.a.	3.6%	7.1%	7.8%	8.9%	6.5%	3.8%	2.5%	1.8%	1.1%

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.	4.5	6.5	2.0	n.m.	n.m.	5.7	8.2	5.5
EV/EBITDA (adj)	n.a.	n.a.	n.a.	3.7	5.3	3.1	n.m.	n.m.	6.0	5.6	3.8
EV/EBITA (adj)	n.a.	n.a.	n.a.	4.3	5.6	3.2	n.m.	n.m.	6.9	6.4	4.1
EV/EBIT (adj)	n.a.	n.a.	n.a.	4.3	5.6	2.9	n.m.	n.m.	6.9	6.4	4.1

VALUATION RATIOS - REPORTED EARNINGS

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E	n.a.	n.a.	n.a.	4.5	6.5	2.3	n.m.	n.m.	5.7	8.2	5.5
EV/Sales	n.a.	n.a.	n.a.	0.48	0.42	0.32	0.39	0.21	0.17	0.16	0.15
EV/EBITDA	n.a.	n.a.	n.a.	3.7	5.3	3.1	n.m.	n.m.	6.0	5.6	3.8
EV/EBITA	n.a.	n.a.	n.a.	4.3	5.6	3.2	n.m.	n.m.	6.9	6.4	4.1
EV/EBIT	n.a.	n.a.	n.a.	4.3	5.6	3.2	n.m.	n.m.	6.9	6.4	4.1
Dividend yield (ord.)	n.a.	n.a.	n.a.	0.0%	4.5%	0.0%	0.0%	0.0%	7.0%	4.9%	7.3%
FCF yield	n.a.	n.a.	n.a.	-7.2%	-13.0%	-15.7%	-31.1%	-26.1%	-3.3%	-0.6%	8.8%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	-6.7%	-0.7%	13.7%	-31.1%	-26.1%	-3.3%	-0.6%	8.8%
Payout ratio	0.0%	0.0%	0.0%	0.0%	29.1%	0.0%	0.0%	0.0%	40.0%	40.0%	40.0%

Source: Company data and Nordea estimates

BALANCE SHEET

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Intangible assets	0	23	23	23	23	23	23	24	24	24	24
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	23	23	23	23	23	23	24	24	24	24
Tangible assets	47	74	74	404	990	335	298	416	468	531	596
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
Shares associates	0	0	0	424	446	122	145	148	148	148	148
Interest bearing assets	0	0	0	30	10	51	37	1,354	1,354	1,354	1,354
Deferred tax assets	4	2	37	48	0	0	0	15	0	0	0
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	97	105	274	231	213	563	158	199	199	199	199
Total non-current assets	148	204	408	1,160	1,682	1,094	661	2,156	2,193	2,256	2,321
Inventory	5	5	4	2	1	1	1	1	1	1	1
Accounts receivable	444	566	588	589	845	972	825	1,012	1,273	1,352	1,425
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	26	501	641	1,115	1,445	3,099	4,085	2,589	3,039	3,450	3,516
Cash and bank	13	84	11	571	431	389	162	234	355	242	299
Total current assets	488	1,156	1,244	2,277	2,722	4,461	5,073	3,836	4,668	5,045	5,242
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	636	1,360	1,652	3,437	4,404	5,555	5,734	5,992	6,861	7,301	7,563
Shareholders equity	177	280	453	1,469	1,821	2,272	2,179	1,946	2,377	2,453	2,652
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	177	280	453	1,469	1,821	2,272	2,179	1,946	2,377	2,453	2,652
Deferred tax	0	0	0	0	29	157	128	0	0	0	0
Long term interest bearing debt	60	134	107	436	641	826	1,246	840	840	840	840
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	120	158	223	183	187	192	197	202
Other long-term liabilities	0	62	291	208	152	83	162	31	31	31	31
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	60	196	398	764	980	1,289	1,719	1,058	1,063	1,068	1,073
Short-term provisions	0	3	13	10	8	13	12	2	2	3	3
Accounts payable	153	273	349	541	799	991	958	1,058	1,265	1,436	1,463
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	125	325	292	525	742	824	689	1,160	1,387	1,574	1,604
Short term interest bearing debt	121	283	147	128	54	166	177	768	768	768	768
Total current liabilities	399	884	801	1,204	1,603	1,994	1,836	2,988	3,422	3,781	3,838
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	636	1,360	1,652	3,437	4,404	5,555	5,734	5,992	6,861	7,301	7,563
Balance sheet and debt metrics											
Net debt	168	333	243	-37	254	552	1,224	20	-101	12	-45
of which lease debt	0	0	0	0	0	0	0	0	0	0	0
Working capital	197	474	592	640	750	2,257	3,264	1,384	1,662	1,793	1,875
Invested capital	345	678	1,000	1,800	2,432	3,351	3,925	3,540	3,855	4,050	4,197
Capital employed	358	697	707	2,033	2,516	3,264	3,602	3,554	3,985	4,061	4,260
ROE	6.9%	42.9%	41.5%	44.7%	19.6%	29.1%	-3.7%	-17.4%	12.1%	7.5%	10.6%
ROIC	4.0%	17.9%	13.5%	25.4%	15.7%	18.0%	-1.8%	-1.7%	4.3%	4.7%	6.7%
ROCE	6.4%	21.8%	20.7%	33.4%	n.a.	22.7%	-2.4%	-2.2%	5.3%	5.8%	8.4%
Net debt/EBITDA	10.5	2.9	1.7	-0.1	0.6	0.9	n.m.	n.m.	-0.4	0.0	-0.1
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	27.8%	20.6%	27.4%	42.7%	41.3%	40.9%	38.0%	32.5%	34.6%	33.6%	35.1%
Net gearing	94.9%	118.9%	53.6%	-2.5%	13.9%	24.3%	56.2%	1.0%	-4.2%	0.5%	-1.7%

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	16	115	143	515	438	609	-59	-384	230	264	378
Paid taxes	-6	9	0	-6	-2	46	28	54	65	-48	-70
Net financials	0	0	0	-17	-30	-37	-26	-88	-4	-6	-6
Change in provisions	0	3	10	117	36	70	-41	-6	5	5	5
Change in other LT non-IB	-65	56	25	-51	10	-419	484	-187	15	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	86	-158	-253	-569	-260	-341	-438	252	0	0	0
Funds from operations (FFO)	31	25	-75	-11	192	-72	-52	-359	311	216	306
Change in NWC	-8	31	111	56	-145	337	-593	7	-278	-131	-82
Cash flow from operations (CFO)	23	56	36	45	47	265	-645	-352	33	84	225
Capital expenditure	-15	-18	-10	-175	-62	-81	211	-20	-82	-93	-95
Free cash flow before A&D	8	38	26	-130	-15	184	-434	-372	-49	-9	130
Proceeds from sale of assets	1	8	4	0	0	222	0	0	0	0	0
Acquisitions	-1	-45	0	-10	-257	-618	0	0	0	0	0
Free cash flow	8	1	30	-140	-272	-212	-434	-372	-49	-9	130
Free cash flow bef A&D, lease adj	8	38	26	-130	-15	184	-434	-372	-49	-9	130
Dividends paid	0	0	0	0	0	-93	0	0	0	-104	-72
Equity issues / buybacks	50	0	36	598	0	-65	0	122	170	0	0
Net change in debt	0	0	0	0	139	-338	200	150	0	0	0
Other financing adjustments	0	0	n.a.	n.a.	-15	122	0	-1,500	0	0	0
Other non-cash adjustments	-50	70	-139	102	0	544	7	1,672	0	0	0
Change in cash	8	71	-73	560	-140	-42	-227	72	121	-113	58
Cash flow metrics											
Capex/D&A	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	66.7%	n.m.	n.m.	n.m.
Capex/Sales	1.3%	1.0%	0.3%	4.4%	1.1%	1.4%	-3.1%	0.3%	1.0%	1.0%	1.0%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	105	89	60	62	58	53	53	53
Market cap.	n.a.	n.a.	n.a.	1,950	2,088	1,347	1,394	1,423	1,481	1,481	1,481
Enterprise value	n.a.	n.a.	n.a.	1,913	2,342	1,899	2,618	1,443	1,380	1,493	1,436
Diluted no. of shares, year-end (m)	14.2	15.6	16.9	18.6	23.4	22.4	22.6	24.7	27.9	27.9	27.9

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.

This report may not be mechanically duplicated, photocopied or otherwise reproduced, in full or in part, under applicable copyright laws.

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 Serneke.

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

19 Jul 2021, 02:09 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 Tel: +358 9 1651 Fax: +358 9 165 59710 Reg.no. 2858394-9 Satamaradankatu 5 Helsinki	Nordea Markets Division, Research Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden Tel: +46 8 614 7000 Fax: +46 8 534 911 60	Nordea Markets Division, Research Visiting address: Grønjørdsvej 10 DK-2300 Copenhagen S Denmark Tel: +45 3333 3333 Fax: +45 3333 1520	Nordea Markets Division, Research Visiting address: Essendropsgate 7 N-0107 Oslo Norway Tel: +47 2248 5000 Fax: +47 2256 8650