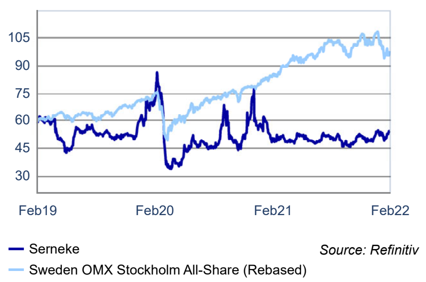
Serneke

Construction and Real Estate
Sweden

KEY DATA

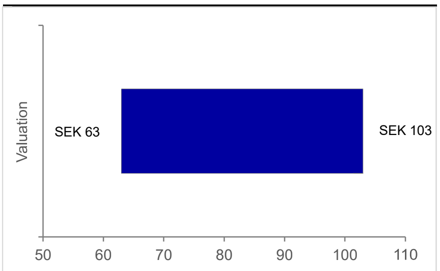
Stock country	Sweden
Bloomberg	SRNKEB SS
Reuters	SRNKEb.ST
Share price (close)	SEK 54.90
Free Float	58%
Market cap. (bn)	EUR 0.15/SEK 1.53
Website	www.serneke.se
Next report date	05 May 2022

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	-1%	-1%	-1%
EBIT (adj)	12%	3%	3%

Source: Nordea estimates

Nordea Markets - Analysts
Katja Melnikova
Analyst

Svante Krokfors
Director

Stable performance throughout 2021

Serneke ended 2021 on a high note, reporting sales growth of 27% y/y. Adjusted EBIT improved considerably from SEK -79m to SEK 235m, implying an EBIT margin of 2.7%. We believe the good momentum will continue in 2022 as we estimate sales growth of ~7% and an EBIT margin of 2.8%. We take a cautious approach to our estimates for development operations as they have previously varied significantly q/q. If the company were to maintain stable divestments of projects with strong underlying profitability, there could be upside to our estimates.

Q4 results and outlook

Serneke delivered a set of high-quality Q4 numbers, demonstrating the continued stability of its operations. Net sales totalled SEK 2.5bn, up 17% y/y and 15% above our estimate. EBIT totalled SEK 71m, 86% above our estimate. The underlying EBIT margin of 2.8% was 1 pp better than we expected. The strong EBIT figures were mainly driven by the development segment, which achieved an EBIT margin of 12.8%. The steady progress of the construction business continued, with an EBIT margin of 1.3%, up 20 bp q/q and in line with our forecast. The company has become more selective in its contracting business, which is reflected in the stable profitability. We believe the construction EBIT margin will continue to improve slightly q/q, reaching 2% in 2022E. The order intake of SEK 1.7bn was 28% below our estimate, taking the total backlog to SEK 12bn. The backlog was down 11% y/y due to a tough comparison as the divestment of Karlatornet had a positive impact on the 2021 backlog. With that in mind, we consider the backlog to be strong enough to deliver sales growth of ~7% in 2022.

More to come in 2022

Serneke achieved a significant turnaround in 2021 as adjusted EBIT improved from SEK -79m to SEK 235m. We believe the turnaround will continue as we see many positive triggers in 2022. These include more divestments, recognition of previously divested projects in Karlastaden and a significant increase in residential development projects, profits from which are likely to be recognised at the end of 2022. We expect sales growth of 7% in 2022 and an EBIT margin of 2.8%, but argue that the actual outcome could be better if the company maintains a high pace of project divestment with high profitability. Given the strong Q4 report and favourable 2022 outlook, we increase our SOTP-based fair value range to SEK 63-103 (61-101).

SUMMARY TABLE - KEY FIGURES

SEKm	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	5,934	6,725	6,871	8,735	9,350	9,529	10,289
EBITDA (adj)	609	-59	-49	265	294	393	404
EBIT (adj)	657	-84	-79	235	264	363	374
EBIT (adj) margin	11.1%	-1.2%	-1.1%	2.7%	2.8%	3.8%	3.6%
EPS (adj, SEK)	29.98	-3.64	-4.27	12.46	8.01	10.86	11.17
EPS (adj) growth	117.8%	-112.2%	-17.3%	391.4%	-35.7%	35.6%	2.8%
DPS (ord, SEK)	0.00	0.00	0.00	4.98	3.20	4.35	4.47
EV/Sales	0.3	0.4	0.2	0.2	0.2	0.2	0.2
EV/EBIT (adj)	2.9	n.m.	n.m.	6.2	6.8	4.8	4.5
P/E (adj)	2.0	n.m.	n.m.	4.4	6.9	5.1	4.9
P/BV	0.6	0.6	0.7	0.6	0.6	0.6	0.5
Dividend yield (ord)	0.0%	0.0%	0.0%	9.1%	5.8%	7.9%	8.1%
FCF Yield bef A&D, lease	13.7%	-31.1%	-26.1%	-4.7%	-34.6%	10.1%	11.1%
Net debt	552	1,224	20	-78	264	199	150
Net debt/EBITDA	0.9	n.m.	n.m.	-0.3	0.9	0.5	0.4
ROIC after tax	18.0%	-1.8%	-1.7%	5.2%	5.2%	6.4%	6.4%

Source: Company data and Nordea estimates

Valuation approach

We use an SOTP-based valuation for Serneke, using a 2022 EV/EBIT multiple of 7x for the construction business (Serneke Sweden) in our bear-case scenario and 11x in our bull-case scenario. We use a mark-to-market scenario for the building rights in Karlastaden. Other building rights are not included in our estimates. We derive an excess value of SEK 14-28 per share for Karlastaden. The value depends on if Serneke enters into JVs or carries out projects on its own. We arrive at a fair value range of SEK 63-103 (61-101) per share.

VALUATION APPROACH

	EBIT			EBIT-margin			Bear	Value 22E	Per	Avg.	Value 22E	Per	Bull	Value 22E	Per
	20E	21E	22E	20E	21E	22E		SEKm	share		SEKm	share		SEKm	share
Serneke Sweden	-79	57	182	-2.4%	0.7%	2.0%	7x	1,276	46	9x	1,641	59	11x	2,006	72
Building rights Karlastaden															
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**	**-78**	**-73**					-73	-2.6		-73	-2.6		-73	-2.6
SOTP								**1,747**	**63**		**2,311**	**83**		**2,874**	**103**

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

Source: Company data and Nordea estimates

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	167.7	15,892	0.3	0.3	0.3	5.5	5.2	4.9	9.4	8.7	6.9	11.8	10.1	9.2
Skanska AB	234.2	97,909	0.6	0.5	0.5	7.3	7.6	6.3	9.7	9.4	8.8	14.2	14.4	13.1
Peab AB	114.2	32,770	0.7	0.7	0.6	9.5	8.9	8.3	13.8	12.8	11.6	14.2	12.7	11.3
Wastbygg Gruppen AB (publ)	105.8	3,415	0.9	0.6	0.5	10.0	7.3	6.5	10.9	7.7	7.0	11.8	9.0	7.8
ByggPartner i Dalarna Holding AB (publ)	88	1,124	0.5	0.5	n.a	10.5	9.3	n.a	12.9	11.3	n.a	17.9	16.6	n.a
Veidekke ASA	135.6	18,711	0.4	0.4	0.4	6.6	6.4	6.0	11.0	10.5	9.8	17.7	16.5	15.6
YIT Oyj	44.1	9,633	0.5	0.5	0.4	8.9	7.3	6.5	11.3	9.1	7.9	100.2	10.5	8.6
20th percentile		2,498	0.4	0.4	0.3	6.2	5.9	5.3	9.6	8.3	6.9	11.8	9.7	8.1
Median		**15,892**	**0.5**	**0.5**	**0.5**	**8.9**	**7.3**	**6.4**	**11.0**	**9.4**	**8.3**	**14.2**	**12.7**	**10.3**
80th percentile		58,826	0.8	0.6	0.6	10.2	9.1	7.6	13.3	11.9	10.9	50.8	16.6	14.6
Nordic Residential Developers														
Bonava AB (publ)	78.25	8,538	0.8	0.7	0.7	9.8	8.5	6.8	9.8	8.7	6.8	9.6	9.0	7.1
JM AB	408.6	23,320	1.8	1.6	1.6	12.6	12.5	11.3	12.6	12.5	11.3	16.1	13.7	12.3
Besqab AB (publ)	185	2,925	11.4	2.0	2.1	-420.8	19.6	15.0	-420.8	12.7	9.9	36.5	9.6	7.5
Median		**8,538**	**1.8**	**1.6**	**1.6**	**9.8**	**12.5**	**11.3**	**9.8**	**12.5**	**9.9**	**16.1**	**9.6**	**7.5**
SERNEKE Group AB (publ)	**54.7**	**1,537**	**0.2**	**0.2**	**0.1**	**5.5**	**5.0**	**3.5**	**6.2**	**5.5**	**3.8**	**4.4**	**6.8**	**5.0**
SERNEKE Low	63	1,760	0.2	0.2	0.2	6.3	5.7	4.1	6.3	5.7	4.1	5.1	7.9	5.8
SERNEKE High	**103**	**2,878**	**0.3**	**0.3**	**0.3**	**10.6**	**9.5**	**7.0**	**11.9**	**10.6**	**7.5**	**8.3**	**12.9**	**9.5**

Source: Company data and Nordea estimates

Deviation table and estimate changes

SERNEKE: DEVIATION TABLE (SEKm AND SEK PER SHARE)

	Actual	NDA est.			Actual		Actual	
SEKm	**Q4 21**	**Q4 21E**	**vs. actual**		**Q3 21**	**q/q**	**Q4 20**	**y/y**
Net Sales	**2,543**	**2,208**	**335**	**15%**	**1,968**	**29%**	**2,166**	**17%**
EBIT	71	38	33	86%	25	184%	(47)	nm.
EBIT-margin	2.8%	1.7%	1.1%	1pp	1.3%	2pp	-2.2%	5pp
of which non-recurring	-	-	-		-		-	-
EBIT adj	**71**	**38**	**33**	**86%**	**25**	**184%**	**(47)**	**nm.**
EBIT adj - margin	2.8%	1.7%	1.1%	1pp	1.3%	2pp	-2.2%	5pp
Pre-tax profit	**74**	**31**	**43**	**137%**	**33**	**124%**	**(119)**	**nm.**
Net profit	**87**	**25**	**62**	**253%**	**37**	**135%**	**(72)**	**nm.**
EPS	**3.1**	**0.9**	**2**	**251%**	**1.3**	**134%**	**(3)**	**nm.**
Order Intake	1,749	2,426	(677)	-28%	1,195	46%	4,852	-64%
Order backlog	12,101	12,841	(740)	-6%	12,642	-4.3%	13,619	-11%
	Actual	**NDA est.**			**Actual**		**Actual**	
Segment mix	**Q4 21**	**Q4 21E**		**vs. actual**	**Q3 21**	**q/q**	**Q4 20**	**y/y**
Sales								
Sweden	2,389	2,228	162	7%	1,925	24%	2,025	18%
Project development	580	100	480	480%	322	80%	223	160%
Other sales	42	28	14	48%	46	-9%	17	147%
Eliminations	(468)	(148)	(320)	217%	(325)	44%	(99)	372.7%
Total Serneke	**2,543**	**2,208**	**335**	**15%**	**1,968**	**29%**	**2,166**	**17.4%**
EBIT reported ex restructuring								
Sweden	32	27	5	20%	21	52%	(65)	-149%
- margin, %	1.3%	1.2%		0pp	1.1%	0pp	-3.2%	5pp
Project development	74	15	59	393%	7	957%	(4)	nm.
- margin, %	12.8%	15.0%		-2pp	2.2%	11pp	-1.8%	15pp
Other & Eliminations	(35)	(4)	(32)	900%	(3)	1067%	22	nm.
- margin, %	-8.2%	-2.9%		-5pp	-1.1%	-7pp	26.8%	-35pp
Total EBIT	**71**	**38**	**33**	**86%**	**25**	**184%**	**(47)**	**nm.**
- margin, %	2.8%	1.7%		2.0pp	1.3%	2pp	-2.2%	5pp

Source: Company data and Nordea estimates

SERNEKE: ESTIMATE REVISIONS (SEKm AND SEK PER SHARE)

	New			Old			Diff (SEKm)			Diff (%)		
	2021	**2022E**	**2023E**	**2021**	**2022E**	**2023E**	**2021**	**2022E**	**2023E**	**2021**	**2022E**	**2023E**
Total Sales	8,735	9,350	9,529	8,400	9,429	9,608	335	(78)	(79)	4%	-1%	-1%
EBIT	**235**	**264**	**363**	**202**	**237**	**351**	**33**	**28**	**12**	**16%**	**12%**	**3%**
non recurring	-	-	-	-	-	-	-	-	-	-	-	-
EBIT adj.	**235**	**264**	**363**	**202**	**237**	**351**	**33**	**28**	**12**	**16%**	**12%**	**3%**
EBIT margin (adj.)	2.7%	2.8%	3.8%	2.4%	2.5%	3.7%				0pp	0pp	0pp
Pre-tax	256	283	382	213	246	360	43	38	22	20%	15%	6%
Net profit	348	224	303	286	194	286	62	30	18	22%	15%	6%
EPS	12	8	11	10	7	10	2	1	1	22%	15%	6%
EPS adj	**12**	**8**	**11**	**10**	**7**	**10**	**2**	**1**	**1**	**22%**	**15%**	**6%**
DPS	5	3	4	4	3	4	1	0	0	22%	15%	6%
Order intake	6,344	6,978	7,188	7,021	7,723	7,955	(677)	(745)	(767)	-10%	-10%	-10%
Segment sales												
Sweden	8,103	9,033	9,213	7,942	9,292	9,477	162	(259)	(264)	2%	-3%	-3%
Invest	1,686	800	816	1,206	646	659	480	154	157	40%	24%	24%
International	-	-	-	-	-	-	-	-	-	nm.	nm.	nm.
Group functions	154	141	149	140	123	130	14	18	19	10%	15%	15%
Eliminations	(1,208)	(624)	(649)	(888)	(632)	(657)	(320)	8	9	nm.	nm.	nm.
Total Sales	**8,735**	**9,350**	**9,529**	**8,400**	**9,429**	**9,608**	**335**	**(78)**	**(79)**	**4%**	**-1%**	**-1%**
EBIT adj.												
Sweden	57	182	276	52	186	284	5	(4)	(8)	10%	-2%	-3%
margin %	0.7%	2.0%	3.0%	0.7%	2.0%	3.0%				0pp	0pp	0pp
Invest	319	96	98	260	65	79	59	31	19	23%	49%	24%
margin %	18.9%	12.0%	12.0%	21.6%	10.0%	12.0%				-3pp	2pp	0pp
Other and eliminations	(141)	(14)	(11)	(110)	(14)	(12)	(32)	-	1	nm.	nm.	nm.
Sales growth y/y												
Sweden	16%	7%	2%	14%	12%	2%				2pp	-5pp	0pp
Invest	419%	12%	37%	271%	17%	48%				148pp	-5pp	-11pp
Total Sales growth	27%	7%	2%	22%	12%	2%				5pp	-5pp	0pp

Source: Company data and Nordea estimates

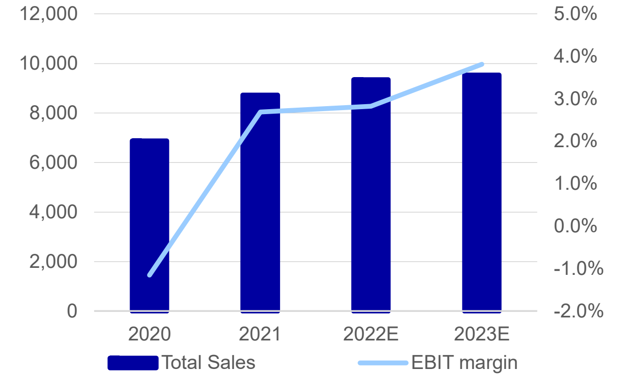
Detailed estimates and key charts

DETAILED QUARTERLY AND ANNUAL ESTIMATES (SEKm AND SEK PER SHARE)

	2021				2022E							
	Q1 21	**Q2 21**	**Q3 21**	**Q4 21**	**Q1 22E**	**Q2 22E**	**Q3 22E**	**Q4 22E**	**2020**	**2021**	**2022E**	**2023E**
SUMMARY INCOME STATEMENT												
Sales												
Sweden	1,770	2,019	1,925	2,389	1,947	2,221	2,118	2,747	6,990	8,103	9,033	9,213
Invest	337	447	322	580	100	200	200	300	325	1,686	800	816
International	-	-	-	-	-	-	-	-	-	-	-	-
Group functions	33	33	46	42	25	37	36	44	90	154	141	149
Eliminations	-190	-225	-325	-468	-133	-157	-151	-183	-534	-1208	-624	-649
Total Sales	**1,950**	**2,274**	**1,968**	**2,543**	**1,939**	**2,300**	**2,203**	**2,908**	**6,871**	**8,735**	**9,350**	**9,529**
Sales growth y/y												
Sweden	-7%	38%	21%	18%	10%	10%	10%	15%	4%	16%	11%	2%
Invest	633%	1496%	1050%	160%	-70%	-55%	-38%	-48%	-20%	419%	-53%	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	**7%**	**63%**	**31%**	**17%**	**-1%**	**1%**	**12%**	**14%**	**2%**	**27%**	**7%**	**2%**
EBIT												
Sweden	-10	14	21	32	29	40	44	69	-171	57	182	276
Invest	71	167	7	74	12	24	24	36	84	319	96	98
International	-4	-4	-4	-5	0	0	0	0	-13	-17	0	0
Other and Eliminations	-26	-69	1	-30	-4	-4	-4	-4	21	-124	-14	-11
Total EBIT	**31**	**108**	**25**	**71**	**38**	**60**	**65**	**101**	**-79**	**235**	**264**	**363**
Non recurring items	0	0	0	0	0	0	0	0	-335	0	0	0
Total EBIT adj.	**31**	**108**	**25**	**71**	**38**	**60**	**65**	**101**	**-414**	**235**	**264**	**363**
EBIT margin												
Sweden	-0.6%	0.7%	1.1%	1.3%	1.5%	1.8%	2.1%	2.5%	-2.4%	0.7%	2.0%	3.0%
Invest	21.1%	37.4%	2.2%	12.8%	12.0%	12.0%	12.0%	12.0%	25.8%	18.9%	12.0%	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	**1.6%**	**4.7%**	**1.3%**	**2.8%**	**1.9%**	**2.6%**	**2.9%**	**3.5%**	**-1.1%**	**2.7%**	**2.8%**	**3.8%**
Financial net	7	3	8	3	-7	-7	-7	-7	-88	21	19	19
Pre-tax	38	111	33	74	31	53	58	94	-502	256	283	382
Tax	8	67	4	13	-6	-11	-12	-20	144	92	-59	-79
Net profit	**46**	**178**	**37**	**87**	**24**	**42**	**46**	**74**	**-358**	**348**	**224**	**303**
EPS	**1.6**	**6.4**	**1.3**	**3.1**	**0.9**	**1.5**	**1.6**	**2.6**	**-15.8**	**12.5**	**8.0**	**10.9**
EPS adj					**0.9**	**1.5**	**1.6**	**2.6**	**-4.3**	**12.5**	**8.0**	**10.9**
Order intake	**1,179**	**2,221**	**1,195**	**1,749**	**1,297**	**2,443**	**1,315**	**1,924**	**10,639**	**6,344**	**6,978**	**7,188**
y/y	-60%	20%	24%	-64%	10%	10%	10%	10%	24%	-40%	10%	3%
Order backlog	**13,126**	**13,372**	**12,642**	**12,101**	**11,451**	**11,673**	**10,870**	**10,047**	**13,619**	**11,860**	**9,806**	**7,780**
y/y	24%	21%	19%	-11%	-13%	-13%	-14%	-17%	52%	-13%	-17%	-21%

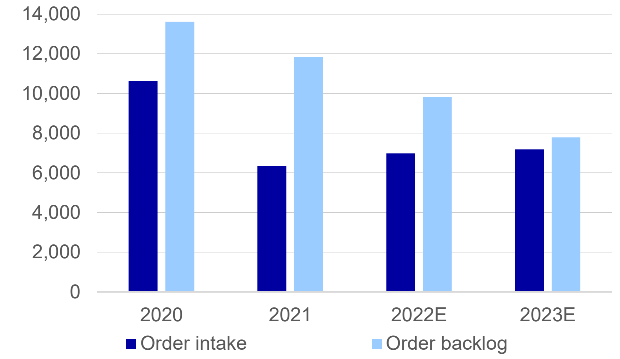
Source: Company data and Nordea estimates

GROUP SALES (SEKm) AND EBIT MARGIN (%)



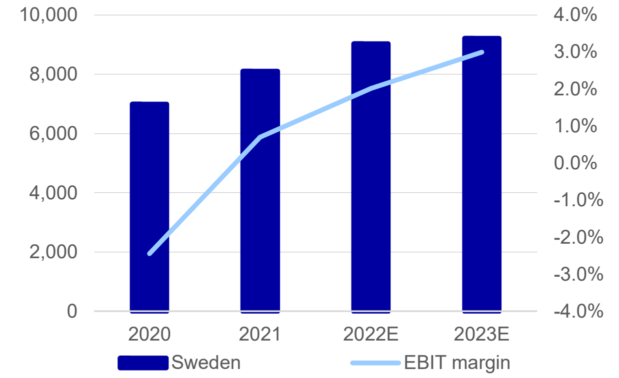
Source: Company data and Nordea estimates

ORDER INTAKE AND BACKLOG (SEKm)



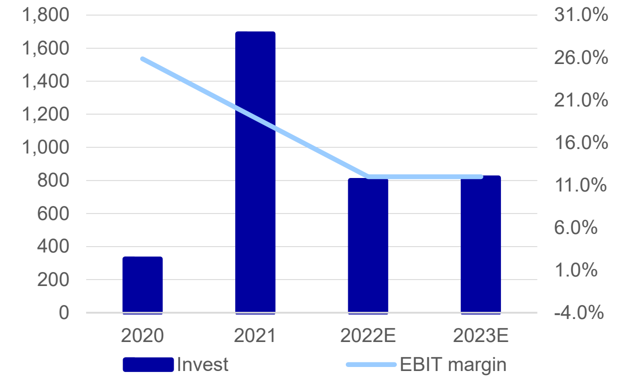
Source: Company data and Nordea estimates

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	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Total revenue	**1,800**	**3,107**	**3,978**	**5,605**	**5,934**	**6,725**	**6,871**	**8,735**	**9,350**	**9,529**	**10,289**
Revenue growth	57.5%	72.6%	28.0%	40.9%	5.9%	13.3%	2.2%	27.1%	7.0%	1.9%	8.0%
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	115	143	515	438	609	-59	-384	265	294	393	404
Depreciation and impairments PPE	0	0	-68	-20	-22	-25	-30	-30	-30	-30	-30
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	115	143	447	418	587	-84	-414	235	264	363	374
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	115	143	447	418	587	-84	-414	235	264	363	374
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	-15	-16	-17	-18	-37	-27	-88	21	19	19	19
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	**100**	**127**	**430**	**400**	**550**	**-111**	**-502**	**256**	**283**	**382**	**393**
Reported taxes	-2	25	0	-78	46	29	144	92	-59	-79	-81
Net profit from continued operations	98	152	430	322	596	-82	-358	348	224	303	312
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	98	152	430	322	596	-82	-358	348	224	303	312
EPS, SEK	**6.29**	**9.00**	**23.16**	**13.76**	**26.59**	**-3.64**	**-15.82**	**12.46**	**8.01**	**10.86**	**11.17**
DPS, SEK	0.00	0.00	0.00	4.00	0.00	0.00	0.00	4.98	3.20	4.35	4.47
of which ordinary	0.00	0.00	0.00	4.00	0.00	0.00	0.00	4.98	3.20	4.35	4.47
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	6.4%	4.6%	12.9%	7.8%	10.3%	-0.9%	-5.6%	3.0%	3.1%	4.1%	3.9%
EBITA	6.4%	4.6%	11.2%	7.5%	9.9%	-1.2%	-6.0%	2.7%	2.8%	3.8%	3.6%
EBIT	6.4%	4.6%	11.2%	7.5%	9.9%	-1.2%	-6.0%	2.7%	2.8%	3.8%	3.6%
Adjusted earnings											
EBITDA (adj)	115	143	515	438	609	-59	-49	265	294	393	404
EBITA (adj)	115	143	447	418	587	-84	-79	235	264	363	374
EBIT (adj)	115	143	447	418	657	-84	-79	235	264	363	374
EPS (adj, SEK)	6.29	9.00	23.16	13.76	29.98	-3.64	-4.27	12.46	8.01	10.86	11.17
Adjusted profit margins in percent											
EBITDA (adj)	6.4%	4.6%	12.9%	7.8%	10.3%	-0.9%	-0.7%	3.0%	3.1%	4.1%	3.9%
EBITA (adj)	6.4%	4.6%	11.2%	7.5%	9.9%	-1.2%	-1.1%	2.7%	2.8%	3.8%	3.6%
EBIT (adj)	6.4%	4.6%	11.2%	7.5%	11.1%	-1.2%	-1.1%	2.7%	2.8%	3.8%	3.6%
Performance metrics											
CAGR last 5 years											
Net revenue	n.a.	n.a.	34.8%	40.8%	39.0%	30.2%	17.2%	17.0%	10.8%	9.9%	8.9%
EBITDA	n.m.	n.m.	114.5%	356.9%	107.1%	n.m.	n.m.	-12.4%	-7.6%	-8.4%	n.m.
EBIT	n.a.	n.a.	193.0%	n.m.	105.5%	n.m.	n.m.	-12.1%	-8.8%	-9.2%	n.m.
EPS	n.a.	n.a.	n.m.	n.m.	102.8%	n.m.	n.m.	-11.7%	-10.3%	-16.4%	n.m.
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-4.3%	n.m.	n.m.
Average last 5 years											
Average EBIT margin	n.a.	3.4%	6.5%	7.3%	8.4%	6.0%	3.3%	2.2%	1.6%	0.9%	1.8%
Average EBITDA margin	n.a.	3.6%	7.1%	7.8%	8.9%	6.5%	3.8%	2.6%	1.9%	1.2%	2.2%

VALUATION RATIOS - ADJUSTED EARNINGS											
SEKm	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
P/E (adj)	n.a.	n.a.	4.5	6.5	2.0	n.m.	n.m.	4.4	6.9	5.1	4.9
EV/EBITDA (adj)	n.a.	n.a.	3.7	5.3	3.1	n.m.	n.m.	5.5	6.1	4.4	4.2
EV/EBITA (adj)	n.a.	n.a.	4.3	5.6	3.2	n.m.	n.m.	6.2	6.8	4.8	4.5
EV/EBIT (adj)	n.a.	n.a.	4.3	5.6	2.9	n.m.	n.m.	6.2	6.8	4.8	4.5

VALUATION RATIOS - REPORTED EARNINGS											
SEKm	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
P/E	n.a.	n.a.	4.5	6.5	2.3	n.m.	n.m.	4.4	6.9	5.1	4.9
EV/Sales	n.a.	n.a.	0.48	0.42	0.32	0.39	0.21	0.17	0.19	0.18	0.16
EV/EBITDA	n.a.	n.a.	3.7	5.3	3.1	n.m.	n.m.	5.5	6.1	4.4	4.2
EV/EBITA	n.a.	n.a.	4.3	5.6	3.2	n.m.	n.m.	6.2	6.8	4.8	4.5
EV/EBIT	n.a.	n.a.	4.3	5.6	3.2	n.m.	n.m.	6.2	6.8	4.8	4.5
Dividend yield (ord.)	n.a.	n.a.	0.0%	4.5%	0.0%	0.0%	0.0%	9.1%	5.8%	7.9%	8.1%
FCF yield	n.a.	n.a.	-7.2%	-13.0%	-15.7%	-31.1%	-26.1%	-4.7%	-34.6%	10.1%	11.1%
FCF Yield bef A&D, lease adj	n.a.	n.a.	-6.7%	-0.7%	13.7%	-31.1%	-26.1%	-4.7%	-34.6%	10.1%	11.1%
Payout ratio	0.0%	0.0%	0.0%	29.1%	0.0%	0.0%	0.0%	40.0%	40.0%	40.0%	40.0%

Source: Company data and Nordea estimates

BALANCE SHEET

SEKm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Intangible assets	23	23	23	23	23	23	24	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	23	23	23	23	23	23	24	24	24	24	24
Tangible assets	74	74	404	990	335	298	416	473	537	602	675
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
Shares associates	0	0	424	446	122	145	148	148	148	148	148
Interest bearing assets	0	0	30	10	51	37	1,354	1,354	1,354	1,354	1,354
Deferred tax assets	2	37	48	0	0	0	15	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	105	274	231	213	563	158	199	199	199	199	199
Total non-current assets	204	408	1,160	1,682	1,094	661	2,156	2,198	2,262	2,327	2,400
Inventory	5	4	2	1	1	1	1	1	1	1	1
Accounts receivable	566	588	589	845	972	825	1,012	1,354	1,356	1,429	1,543
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	501	641	1,115	1,445	3,099	4,085	2,589	2,589	3,460	3,526	3,704
Cash and bank	84	11	571	431	389	162	234	467	125	190	239
Total current assets	1,156	1,244	2,277	2,722	4,461	5,073	3,836	4,411	4,942	5,147	5,488
Assets held for sale	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	**1,360**	**1,652**	**3,437**	**4,404**	**5,555**	**5,734**	**5,992**	**6,609**	**7,204**	**7,474**	**7,888**
Shareholders equity	280	453	1,469	1,821	2,272	2,179	1,946	2,464	2,548	2,762	2,953
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	280	453	1,469	1,821	2,272	2,179	1,946	2,464	2,548	2,762	2,953
Deferred tax	0	0	0	29	157	128	0	0	0	0	0
Long term interest bearing debt	134	107	436	641	826	1,246	840	975	975	975	975
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	120	158	223	183	187	192	197	202	207
Other long-term liabilities	62	291	208	152	83	162	31	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	196	398	764	980	1,289	1,719	1,058	1,198	1,203	1,208	1,213
Short-term provisions	3	13	10	8	13	12	2	3	3	3	3
Accounts payable	273	349	541	799	991	958	1,058	1,345	1,440	1,467	1,584
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	325	292	525	742	824	689	1,160	1,160	1,242	1,265	1,366
Short term interest bearing debt	283	147	128	54	166	177	768	768	768	768	768
Total current liabilities	884	801	1,204	1,603	1,994	1,836	2,988	3,276	3,452	3,504	3,722
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**1,360**	**1,652**	**3,437**	**4,404**	**5,555**	**5,734**	**5,992**	**6,937**	**7,204**	**7,474**	**7,888**
Balance sheet and debt metrics											
Net debt	333	243	-37	254	552	1,224	20	-78	264	199	150
of which lease debt	0	0	0	0	0	0	0	0	0	0	0
Working capital	474	592	640	750	2,257	3,264	1,384	1,439	2,135	2,224	2,298
Invested capital	678	1,000	1,800	2,432	3,351	3,925	3,540	3,638	4,397	4,551	4,698
Capital employed	697	707	2,033	2,516	3,264	3,602	3,554	4,207	4,291	4,505	4,696
ROE	42.9%	41.5%	44.7%	19.6%	29.1%	-3.7%	-17.4%	15.8%	8.9%	11.4%	10.9%
ROIC	17.9%	13.5%	25.4%	15.7%	18.0%	-1.8%	-1.7%	5.2%	5.2%	6.4%	6.4%
ROCE	21.8%	20.7%	33.4%	n.a.	22.7%	-2.4%	-2.2%	6.1%	6.2%	8.3%	8.1%
Net debt/EBITDA	2.9	1.7	-0.1	0.6	0.9	n.m.	n.m.	-0.3	0.9	0.5	0.4
Interest coverage	n.m.	n.m.	n.m.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	20.6%	27.4%	42.7%	41.3%	40.9%	38.0%	32.5%	35.5%	35.4%	37.0%	37.4%
Net gearing	118.9%	53.6%	-2.5%	13.9%	24.3%	56.2%	1.0%	-3.1%	10.4%	7.2%	5.1%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT											
SEKm	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
EBITDA (adj) for associates	**115**	**143**	**515**	**438**	**609**	**-59**	**-384**	**265**	**294**	**393**	**404**
Paid taxes	9	0	-6	-2	46	28	54	92	-59	-79	-81
Net financials	0	0	-17	-30	-37	-26	-88	21	19	19	19
Change in provisions	3	10	117	36	70	-41	-6	6	5	5	5
Change in other LT non-IB	56	25	-51	10	-419	484	-187	15	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	-158	-253	-569	-260	-341	-438	252	0	0	0	0
Funds from operations (FFO)	**25**	**-75**	**-11**	**192**	**-72**	**-52**	**-359**	**399**	**259**	**339**	**347**
Change in NWC	31	111	56	-145	337	-593	7	-383	-696	-88	-75
Cash flow from operations (CFO)	**56**	**36**	**45**	**47**	**265**	**-645**	**-352**	**15**	**-437**	**250**	**273**
Capital expenditure	-18	-10	-175	-62	-81	211	-20	-87	-94	-95	-103
Free cash flow before A&D	**38**	**26**	**-130**	**-15**	**184**	**-434**	**-372**	**-72**	**-531**	**155**	**170**
Proceeds from sale of assets	8	4	0	0	222	0	0	0	0	0	0
Acquisitions	-45	0	-10	-257	-618	0	0	0	0	0	0
Free cash flow	1	30	-140	-272	-212	-434	-372	-72	-531	155	170
Free cash flow bef A&D, lease adj	38	26	-130	-15	184	-434	-372	-72	-531	155	170
Dividends paid	0	0	0	0	-93	0	0	0	-139	-90	-121
Equity issues / buybacks	0	36	598	0	-65	0	122	170	0	0	0
Net change in debt	0	0	0	139	-338	200	150	135	0	0	0
Other financing adjustments	0	n.a.	n.a.	-15	122	0	-1,500	0	328	0	0
Other non-cash adjustments	70	-139	102	0	544	7	1,672	0	0	0	0
Change in cash	71	-73	560	-140	-42	-227	72	233	-342	65	48
Cash flow metrics											
Capex/D&A	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	66.7%	n.m.	n.m.	n.m.	n.m.
Capex/Sales	1.0%	0.3%	4.4%	1.1%	1.4%	-3.1%	0.3%	1.0%	1.0%	1.0%	1.0%
Key information											
Share price year end (/current)	n.a.	n.a.	105	89	60	62	58	55	55	55	55
Market cap.	n.a.	n.a.	1,950	2,088	1,347	1,394	1,423	1,528	1,534	1,534	1,534
Enterprise value	n.a.	n.a.	1,913	2,342	1,899	2,618	1,443	1,451	1,798	1,733	1,684
Diluted no. of shares, year-end (m)	15.6	16.9	18.6	23.4	22.4	22.6	24.7	27.9	27.9	27.9	27.9

Source: Company data and Nordea estimates

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