

Stockwik Forvaltning

Capital Goods
Sweden

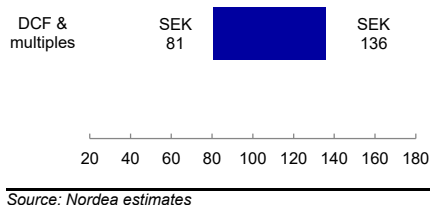
KEY DATA

Stock country	Sweden
Bloomberg	STWK SS
Reuters	STWK.ST
Share price (close)	SEK 85.20
Free Float	
Market cap. (bn)	EUR 0.05/SEK 0.52
Website	
Next report date	

PERFORMANCE



VALUATION APPROACH



ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	n.a.	n.a.	n.a.
EBIT (adj)	n.a.	n.a.	n.a.

Source: Nordea estimates

Nordea Markets - Analysts

Gustav Berneblad
AnalystVictor Hansen
Analyst

Intensified M&A journey

Stockwik is an M&A compounder, with a focus on acquiring non-cyclical companies with a solid track record of profitability. With 18 acquisitions since 2018, Stockwik has intensified its M&A journey while growing sales by a factor of five by the end of 2021 (RTM pro forma). Given its asset-light business model and low capex requirements, we estimate that Stockwik will achieve ~75% cash conversion, which will enable further M&A. With historical acquisition multiples of EV/EBITDA ~5x, Stockwik utilises multiple arbitrage, while its decentralised business model spurs a solid deal flow. Through a combination of peer multiples and DCF valuation, we set our fair value range at SEK 81-136 per share, which suggests a valuation range of 2023E EV/EBITA 10-14x.

The M&A journey intensified during 2018

2018 marked an inflection point in Stockwik's growth story, with the company ramping up M&A. Since then, the company has made 18 acquisitions, expanding into three new segments, while increasing sales from SEK 127m to SEK 649m (2021 RTM pro forma, excluding two acquisitions made during 2022 adding another SEK ~62m). By embracing a decentralised business model, Stockwik focuses on acquiring non-cyclical companies with historically stable profitability, with a key focus on risk-adjusted return on capital.

Additional M&A headroom beyond 2022

With a large share of revenue stemming from its services-based businesses, Stockwik is leveraging its asset-light business model with low capex requirements, and we estimate ~75% cash conversion for 2022-23. This inevitably creates interesting capital allocation options, with a focus on M&A. With some 20,000 SMEs in Sweden, Stockwik has managed to acquire its targets at an EV/EBITDA of 5x, thus utilising the multiple arbitrage the compounding model builds on. Despite cautiously including just 30% of historical M&A in our estimates, we note that Stockwik has additional headroom to add 11% or 61% to 2024E EBITA if it were to gear up to a leverage ratio of net debt/EBITDA of 2.5x or 3.5x, respectively.

We set our fair value range at SEK 81-136 per share

Through a combination of peer multiples and DCF valuation, we set our fair value range for Stockwik at SEK 81-136 per share. This indicates a valuation range of 2023E EV/EBITA ~10-14x, which can be set relative to small Swedish compounders at an average 2023E EV/EBITA of 14x.

SUMMARY TABLE - KEY FIGURES

SEKm	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	128	348	444	593	721	813	893
EBITDA (adj)	5	31	37	68	89	102	115
EBIT (adj)	1	12	10	31	48	56	64
EBIT (adj) margin	0.5%	3.6%	2.3%	5.2%	6.6%	6.9%	7.2%
EPS (adj, SEK)	3.79	6.26	-0.18	-1.56	1.48	2.56	3.17
EPS (adj) growth	10,259.0%	65.1%	-102.9%	-769.5%	195.4%	72.2%	24.0%
DPS (ord, SEK)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	1.1	0.9	1.6	1.4	1.1	1.0	0.8
EV/EBIT (adj)	226.4	24.9	67.9	27.6	16.7	13.9	11.7
P/E (adj)	5.8	5.1	n.m.	n.m.	57.4	33.3	26.9
P/BV	2.1	1.5	3.7	2.3	2.0	1.9	1.8
Dividend yield (ord)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield bef A&D, lease	-1.4%	-0.6%	2.2%	-0.2%	8.0%	9.4%	10.9%
Net debt	36	169	252	265	267	252	229
Net debt/EBITDA	6.6	5.5	6.9	3.9	3.0	2.5	2.0
ROIC after tax	0.7%	5.6%	2.5%	5.5%	7.3%	8.5%	9.8%

Source: Company data and Nordea estimates

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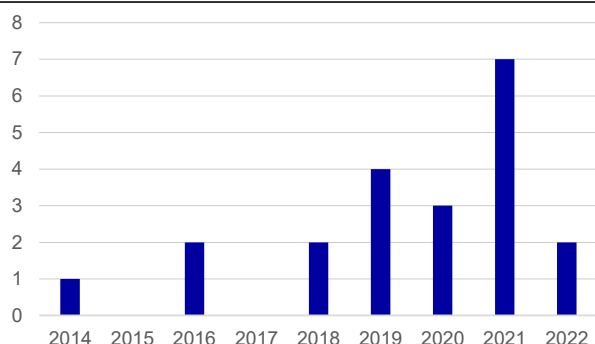
Factors to consider when investing in Stockwik

Stockwik is an M&A compounder focused on acquiring non-cyclical companies with historically stable revenues and solid track records of profitability. With a large exposure to stable underlying markets and public customers, Stockwik is able to reduce its cyclicity. Its decentralised business model and diversified business with local presence enable the company to maintain a solid deal flow. While we cautiously only pencil in 30% of historical M&A in our forecasts, we estimate that Stockwik has further M&A headroom to grow 2023E-24E EBITA. However, given its short track record of higher M&A pace, and with some company-specific risks, we take a more cautious approach when extrapolating future growth. Through a combination of DCF valuation and peer multiples, we set a fair value range of SEK 81-136 per share. In this section, we list what we see as the most important factors to consider when investing in Stockwik.

Stockwik to carefully evaluate each investment to determine the resiliency of the business model and diversification effect

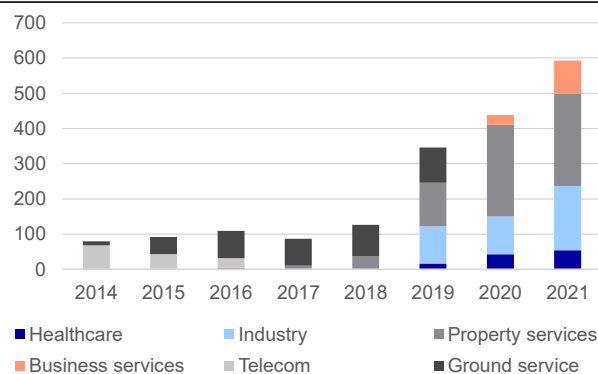
Founded in 2014, Stockwik's business model is to acquire non-cyclical companies with historically stable revenues and solid track records of profitability, with the key focus being on minimising risk. Each investment is made after careful evaluation of the resiliency of the business model, as well as the diversification effect when included in the broader company portfolio. Stockwik does not integrate the acquired companies, but rather lets them be run as they were prior to the acquisition, and thus very light synergies are extracted. With its long-term ownership, no exit strategy and central resources if needed for expansion, Stockwik is an attractive owner, supporting local entrepreneurship. Despite each portfolio company being responsible for business decisions, central management monitors the companies through KPIs and monthly reporting to ensure stable underlying operational and financial performance.

ACQUISITIONS PER YEAR, 2014-22



Source: Compiled by Nordea based on company data

SALES DEVELOPMENT BY SEGMENT, 2014-21



Source: Compiled by Nordea based on company data

Individual portfolio companies can still weigh on group earnings

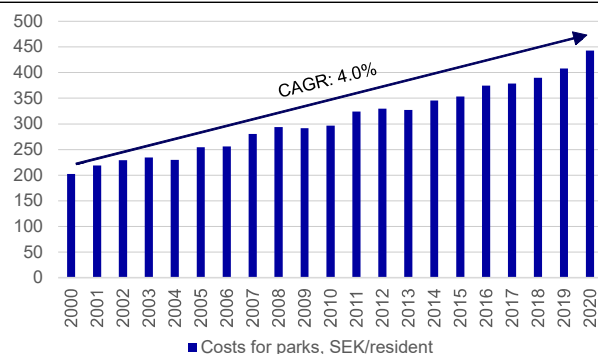
In 2018, Stockwik shifted gears and increased its M&A pace. Since then, the company has made 18 acquisitions, reaching sales of SEK 584m in 2021, while expanding into three new segments, with operations solely in Sweden. While individual portfolio companies can still weigh on quarterly results, Stockwik is in the fast lane of significantly de-risking the overall business through continuous M&A. Its diversified business and local presence, along with 20,000 active SMEs in Sweden, enable Stockwik to maintain a solid deal flow. Given its business model, recent history and based on communication from management, we believe Stockwik will continue to grow through acquisitions in both adjacent and new segments.

Underlying market characterised by stable growth

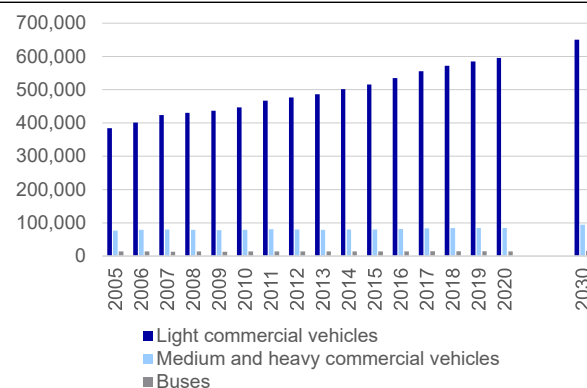
Stockwik is exposed to rather stable, slow growing, underlying markets

With large exposure to the underlying markets of Property Services (i.e. both 'Service and Installation' and 'Landscaping'), Industry (e.g. tyre wholesalers and shops) and Healthcare, Stockwik has exposure to rather stable, slow growing, underlying markets. The majority of the work within Property Services (44% of sales in 2021), for example,

is carried out for municipalities as well as tenant-owner associations in facilities such as hospitals, schools, retirement homes and office buildings, which tend to be less cyclical. In addition, we see stability in the vehicle fleet (both passenger cars and commercial vehicles), as well as the Healthcare segment, excluding the effects from COVID-19, which negatively affected the segment given the nature of healthcare.

COST FOR PARKS, SEK/RESIDENT

Source: Compiled by Nordea based on SCB

COMMERCIAL VEHICLE GROWTH, SWEDEN

Source: Compiled by Nordea based on ACEA and IVL

Higher-than-expected costs led to significant losses for Property Services

However, there are clear risks associated with a project business (primarily applicable to Property Services), where higher-than-expected costs related to a few projects for one of its subsidiaries led to significant losses for the segment during Q2 2021. This emphasises the small size of Stockwik and the impact that a single portfolio company can have on group earnings.

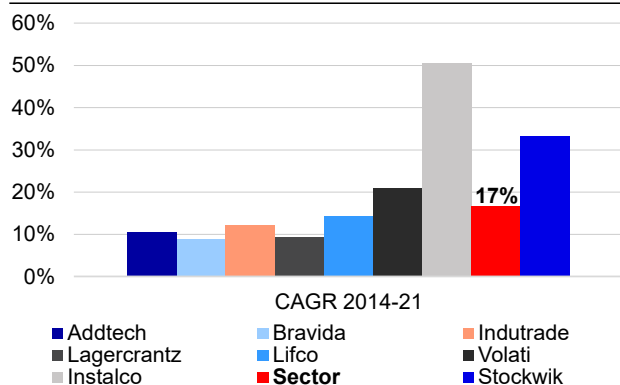
Stricter processes have been implemented to reduce project risks

As a consequence, stricter processes were implemented, where larger projects are to be reported and approved centrally. In our view, a decentralised business model with local responsibility for pricing and centralised support promotes an entrepreneurial organisation with a high degree of accountability. We argue that a well-structured governance process with clear breakpoints for approval of larger tenders/projects by the management team should limit risk going forward.

Multiple arbitrage is an essential ingredient in the compounder model

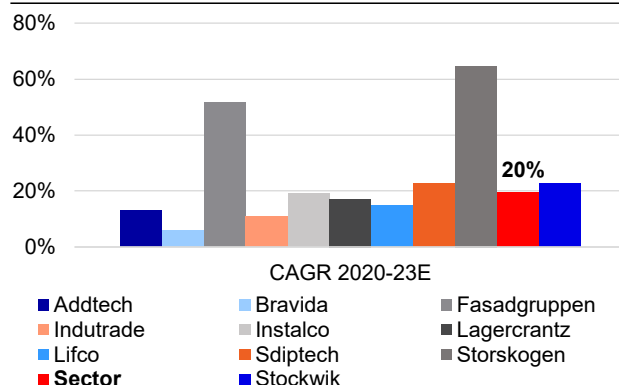
Financial benchmarking

We see clear similarities between Stockwik and other Swedish compounders with regards to its decentralised, asset-light business model that generates cash flow, which is typically reinvested, while also utilising the important multiple arbitrage that the compounder model depends on. Thus, in comparison with Swedish compounders, we note that Stockwik has posted a sales CAGR above the overall sector since 2014. However, it has been growing from a significantly lower base than the compounding sector.

SALES CAGR (%), 2014-21

*Note: Sdipotech is commissioned research

Source: Company data and Nordea estimates

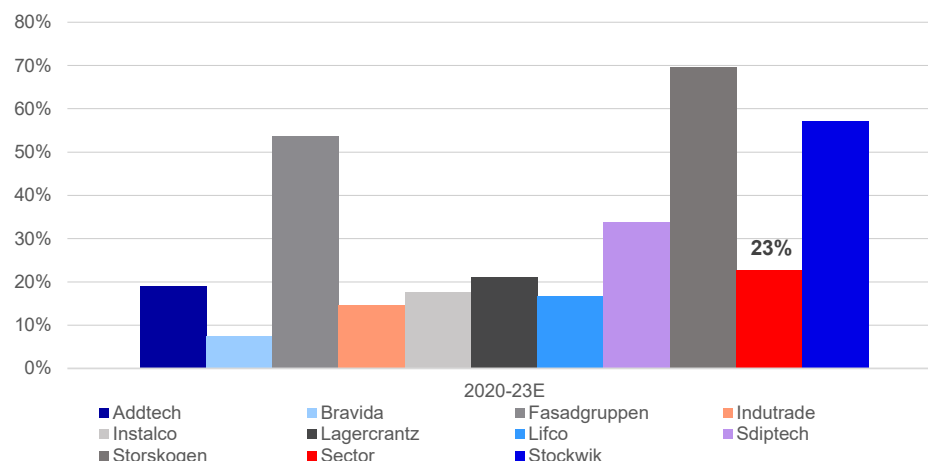
SALES CAGR (%), 2020-23E

*Note: Sdipotech is commissioned research

Source: Company data and Nordea estimates

We expect above-sector EBITA growth for 2020-23E

While we expect Stockwik to grow sales roughly in line with the sector for 2020-23E, we forecast above-sector EBITA growth for the same period, with a large contribution from the recently closed acquisitions.

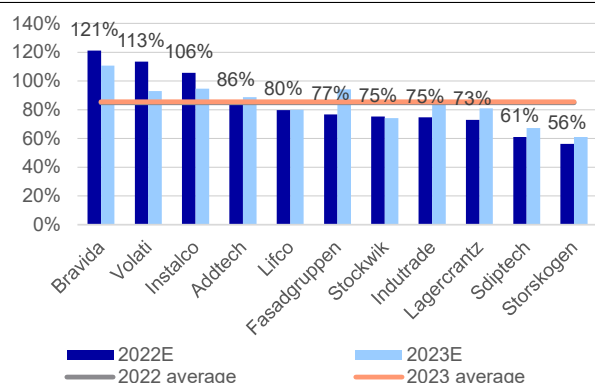
EBITA CAGR (%), 2020-23E

*Note: Sdiptech is commissioned research

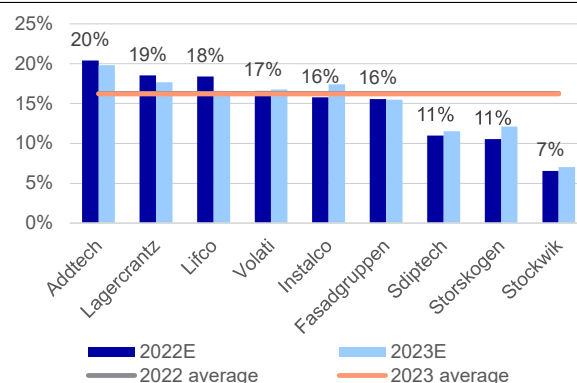
Source: Company data and Nordea estimates

ROCE likely to fall short of sector average for 2022E-23E

While we note that Stockwik historically has had a more volatile cash conversion than the overall sector, fuelled by a change in NWC, we expect it to reach levels similar to Fasadgruppen, Indutrade and Lagercrantz for 2022E. However, we expect Stockwik to continue to post a ROCE well below the sector average for 2022E-23E.

CASH CONVERSION (%), 2022E-23E

Source: Company data and Nordea estimates

ROCE (%), 2022E-23E

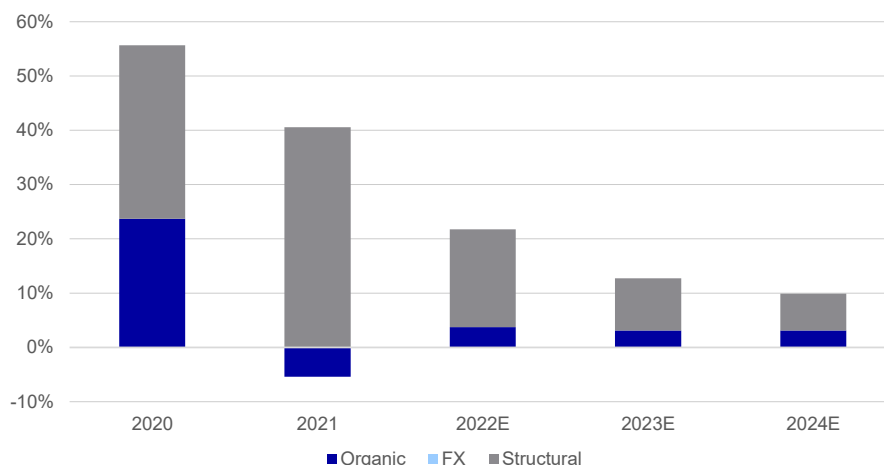
Source: Company data and Nordea estimates

We note that return on capital measures are generally negatively impacted in the short term by acquisitions, as the capital base increases directly upon consolidation while earnings take 12 months to come through.

M&A likely to continue to bolster growth

We estimate organic growth in line with historical GDP levels

Looking ahead, we estimate organic growth roughly in line with historical GDP levels, while we expect M&A to drive a 2021-24E sales CAGR of 15%. Conservatively, we only pencil in some 30% of historical M&A pace in our base-case estimates, contributing to 10% and 7% structural growth for 2023E and 2024E, respectively.

STOCKWIK: GROUP SALES GROWTH DRIVERS, 2020-24E

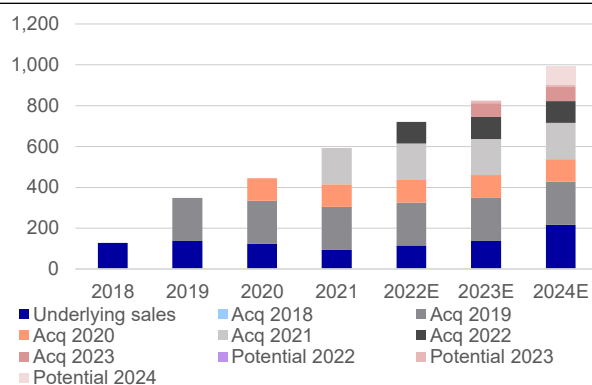
*The growth splits for 2020-21 are based on estimates

Source: Nordea estimates

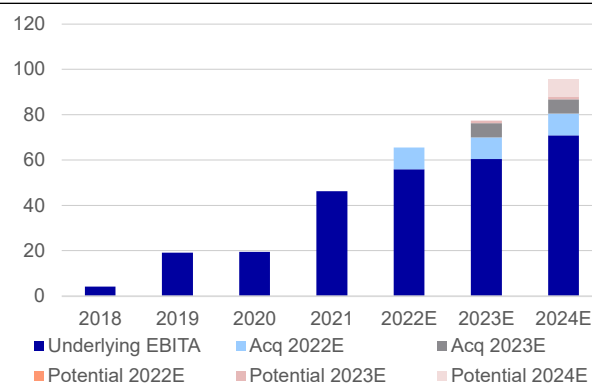
However, based on our two M&A scenarios, we see additional headroom for Stockwik to increase 2022E-24E sales and EBITA. Based on historical acquisitions, we estimate that it will acquire its targets at EV/EBITA of 7x, with an EBITA margin of 9.0% in our scenarios.

First M&A scenario implies 2024E sales and EBITA growth of 11% each

In our first scenario, we assume a net debt/EBITDA of 2.5x. Given the current 2022E net debt/EBITDA of 3.0x, no additional sales are added to 2022E. However, as net debt will be reduced by cash flows from Stockwik and from the acquired companies, we envisage further M&A headroom for 2023-24. Thus, we see potential for Stockwik to add up to 11% to our current sales and EBITA estimates, which would bring sales to SEK 995m and EBITA to SEK 96m in 2024.

STOCKWIK: ACQUIRED SALES POTENTIAL, NET DEBT/EBITDA OF 2.5x (SEKm)

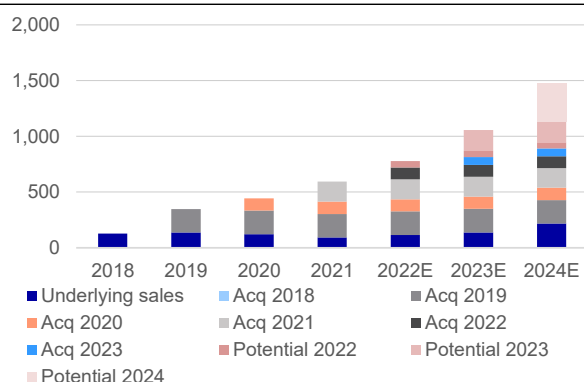
Source: Company data and Nordea estimates

STOCKWIK: ACQUIRED EBITA POTENTIAL, NET DEBT/EBITDA OF 2.5x (SEKm)

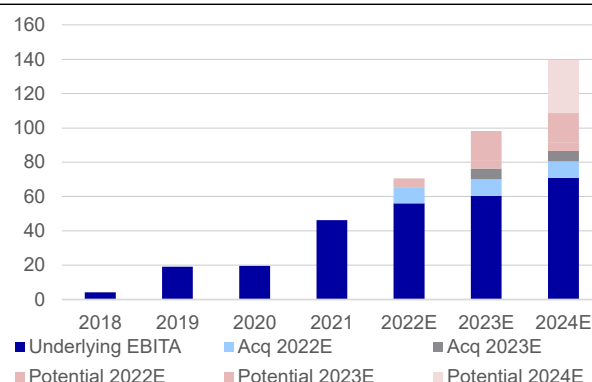
Source: Company data and Nordea estimates

Second M&A scenario implies 2024E sales and EBITA growth of 61-65%

However, in a more stretched M&A scenario, where we raise net debt/EBITDA to 3.5x, we see significantly higher M&A headroom for 2023E and 2024E, where Stockwik can add up to 65% to sales and 61% to EBITA compared to our currently modelled estimates, which would bring sales to SEK ~1.5bn and EBITA to SEK 139m.

STOCKWIK: ACQUIRED SALES POTENTIAL, NET DEBT/EBITDA OF 3.5x (SEKm)

Source: Company data and Nordea estimates

STOCKWIK: ACQUIRED EBITA POTENTIAL, NET DEBT/EBITDA OF 3.5x (SEKm)

Source: Company data and Nordea estimates

Potential to receive lower interest rate given further diversification

As Stockwik continues to diversify its business through further M&A, lowering the company-specific risk, we see potential for the company to receive a lower interest rate than today's ~7%.

Clear risks associated with an M&A strategy

However, given Stockwik's short history of higher M&A pace, we argue for the importance of cautiously extrapolating future M&A. While the company has been explicit in terms of its M&A agenda, we believe risks associated with this strategy have to be considered.

As such, we believe risks related to its relatively small size (in terms of sales) and large acquisitions (relative to its own size) should be considered. We also highlight other risks associated with an acquisition-driven business model, where e.g. Stockwik might struggle to find and acquire suitable targets that fit its criteria and which the owners are willing to sell. These risks are of course not only relevant to Stockwik but also its peers and competitors using similar strategies.

Risk of intensified competition driving up acquisition multiples

In addition, given the increasing number of Swedish compounders, consolidating the Swedish market (among others), we see a potential risk of the intensified competition driving up acquisition multiples. Thus, overpaying for acquisitions would negatively affect Stockwik's financials and return on investments.

Valuation

Based on our fundamental DCF framework and a relative peer valuation, we derive a fair value range of SEK 81-136 per share for Stockwik. This implies a 2023E EV/EBITA multiple range of ~10-14x. Our EV/EBITA multiples valuation approach is based on three relevant peer groups weighted in accordance with their relevance. We find the small Swedish compounders to be the most relevant peers, followed by business services & installers and large Swedish compounders. While the upper end of the valuation range sets the stock in line with our weighted peer group of EV/EBITA 14x, the lower end implies a discount, which we argue is warranted given its short track record of higher M&A pace, lower sales and high leverage. The stock is currently trading at the lower end of our valuation range.

We have divided relevant peers into three sub-groups

We have divided relevant peers with financial and operational characteristics similar to those of Stockwik into three sub-groups, which are weighted in accordance with what we view as their relevance:

1. Small Swedish compounders, 50% weight
2. Business services & installers, 40% weight
3. Large Swedish compounders, 10% weight

1. Small Swedish compounders

Given the nature of Stockwik's M&A-driven business model, we find it relevant to include a peer group consisting of small Swedish compounders. Within the peer group, we include the following companies: Beijer Alma, Bergman & Beving, Bufab, Cary Group, Fasadgruppen, Green Landscaping Group, Instalco, Nolato, Seafire, Sdiptech and Volati.

These Swedish compounders have decentralised, asset-light business models that generate cash flow that is typically reinvested, while also utilising the multiple arbitrage that the compounder model depends on, which is very much similar to Stockwik.

2. Business services & installers

We select a broad set of service companies to reflect Stockwik's broad service-based exposure

We find it relevant to include a broad set of service companies in our peer group to reflect Stockwik's large share of services-based exposure with different end-market exposure. Within the services-based peer group, we include service companies (AFRY, Coor, Fasadgruppen, ISS, Lassila & Tikanoja, Loomis, Securitas, Sweco, Nordisk Bergteknik and Green Landscaping Group) and installers (Bravida, Caverion and Instalco).

Stockwik's operational characteristics overlap with those of several peers

The principle similarity between Stockwik and most of the above-mentioned peers is the asset-light nature of the business model and a significant services exposure. We also note several operational similarities between Stockwik and companies such as Green Landscaping Group, and to some extent Nordisk Bergteknik, with smaller operational characteristics overlapping within property management and smaller construction work. Similarly, Fasadgruppen's decentralised, asset-light business model, clear M&A profile and renovation exposure make it a relevant peer.

Installers share many similarities with Stockwik

Installers also have decentralised, asset-light business models, similar margin profiles and M&A as a key business function.

3. Large Swedish compounders

There is a significant valuation spread between smaller and larger compounders

Given Stockwik's outspoken M&A strategy, with inspiration from Swedish compounders such as Addtech and Indutrade, along with the significant valuation spread between the small and large Swedish compounders, we include a peer group consisting of larger compounders such as Addtech, Beijer Ref, Indutrade, Lagercrantz, Lifco and Storskogen.

Relative peer valuations

Small Swedish compounders

SMALL SWEDISH COMPOUNDERS, PEER VALUATION TABLE

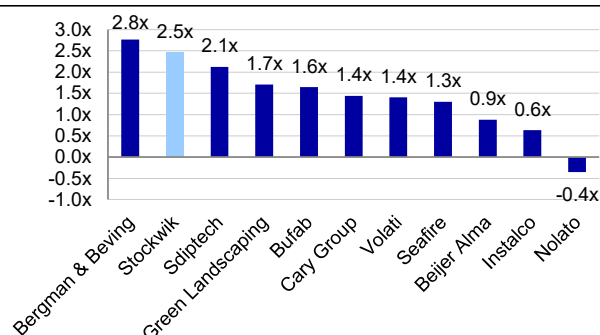
		Mcap.	Adj. EV/EBITDA	Adj. EV/EBITDA	Adj. EV/EBIT	Adj. P/E	Div. yield	ND/EBITDA	ROIC							
Stock	Rec.	SEKm	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E
Beijer Alma	BUY	12,113	10.8x	9.4x	13.5x	12.3x	13.9x	12.7x	16.2x	15.1x	2.5%	3.0%	1.2x	0.9x	14.2%	14.1%
Bergman & Beving	-	3,482	9.1x	8.4x	-	-	15.0x	13.4x	14.3x	-	2.7%	3.4%	3.4x	2.8x	n.a.	n.a.
Bufab	-	12,157	13.9x	12.9x	16.3x	15.0x	17.0x	15.5x	19.2x	17.3x	1.6%	1.7%	2.4x	1.6x	13.6%	13.1%
Cary Group	-	9,716	16.1x	15.4x	23.3x	19.2x	23.4x	21.5x	31.8x	27.8x	0.6%	0.7%	2.1x	1.4x	12.2%	13.5%
Fasadgruppen	BUY	7,064	14.9x	12.5x	16.8x	13.8x	17.9x	14.8x	21.0x	18.1x	1.0%	1.2%	1.2x	0.7x	13.1%	14.2%
Green Landscaping	-	4,212	10.4x	9.8x	14.3x	13.2x	20.9x	19.4x	19.2x	17.8x	0.0%	1.3%	2.4x	1.7x	n.a.	n.a.
Instalco	BUY	14,553	16.1x	14.0x	19.0x	15.7x	20.0x	16.3x	23.9x	20.2x	1.3%	1.4%	1.2x	0.6x	13.0%	15.2%
Nolato	BUY	17,798	9.6x	7.8x	12.9x	10.4x	13.4x	10.7x	17.9x	14.5x	3.3%	3.6%	-0.2x	-0.4x	17.4%	20.3%
Seafire	-	962	10.1x	7.8x	12.5x	8.9x	14.6x	11.1x	18.1x	13.4x	0.0%	0.0%	2.2x	1.3x	n.a.	n.a.
Sdiptech		12,396	18.5x	15.5x	21.7x	18.2x	24.6x	20.5x	32.9x	27.1x	0.0%	1.5%	2.6x	2.1x	8.9%	10.0%
Volati	HOLD	10,609	13.6x	11.4x	17.9x	14.8x	19.7x	16.1x	25.4x	20.7x	1.2%	1.5%	1.8x	1.4x	12.6%	14.1%
Average		9,551	13.0x	11.4x	16.8x	14.1x	18.2x	15.6x	21.8x	19.2x	1.3%	1.7%	1.9x	1.3x	13.1%	14.3%
Median		9,716	13.6x	11.4x	16.5x	14.3x	17.9x	15.5x	19.2x	18.0x	1.2%	1.5%	2.1x	1.4x	13.0%	14.1%

Stockwik		528	8.9x	7.6x	12.1x	10.2x	16.6x	13.9x	57.3x	33.3x	0.0%	0.0%	3.0x	2.5x	7.3%	8.5%
vs. peer average	-	-	-31%	-33%	-28%	-28%	-9%	-11%	163%	73%	-1.3pp	-1.5pp	63%	90%	-5.8pp	-5.6pp
vs. peer median	-	-	-34%	-34%	-27%	-29%	-7%	-11%	198%	85%	-1.2pp	-1.5pp	46%	75%	-5.7pp	-5.6pp

*Note Sdiptech is commissioned research

Source: Refinitiv and Nordea estimates

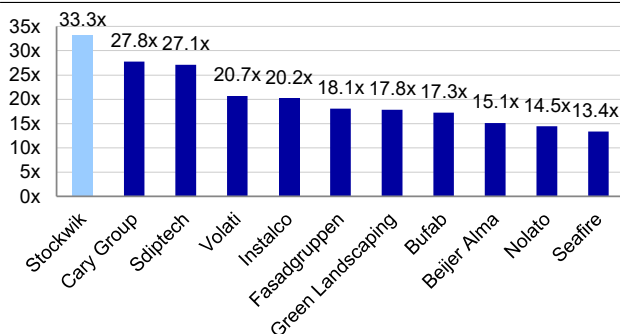
SMALL SWEDISH COMPOUNDERS: NET DEBT/EBITDA (x), 2023E



*Note Sdiptech is commissioned research

Source: Refinitiv and Nordea estimates

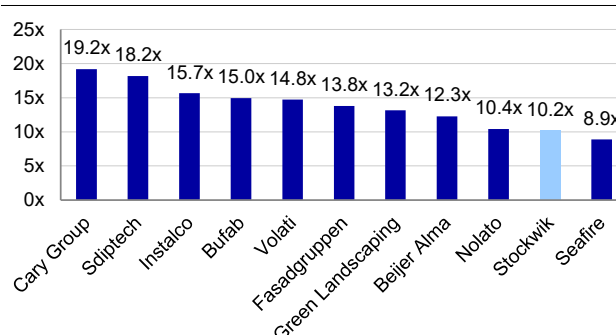
SMALL SWEDISH COMPOUNDERS: P/E (x), 2023E



*Note Sdiptech is commissioned research

Source: Refinitiv and Nordea estimates

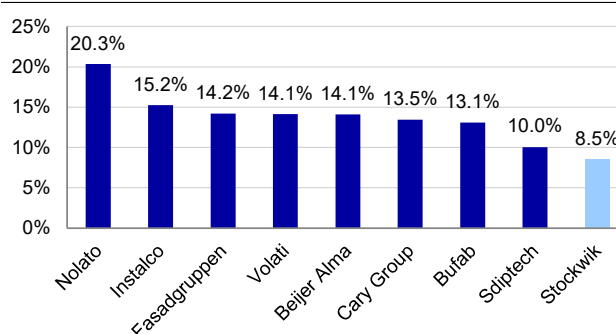
SMALL SWEDISH COMPOUNDERS: EV/EBITA (x), 2023E



*Note Sdiptech is commissioned research

Source: Refinitiv and Nordea estimates

SMALL SWEDISH COMPOUNDERS: ROIC (x), 2023E



*Note Sdiptech is commissioned research

Source: Refinitiv and Nordea estimates

Small Swedish compounders are valued at an average EV/EBITA of ~14x

The 2023E EV/EBITA valuation range for the small Swedish compounders in our peer group is ~9-19x, with an average of ~14x. Thus, as Stockwik is valued at a 2023E EV/EBITA of ~10x, we note the discount of 28% compared to the peer group.

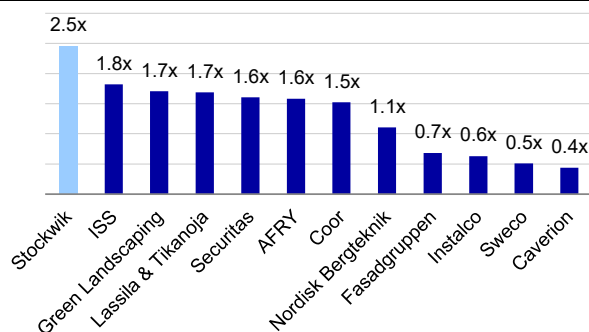
Business services companies

BUSINESS SERVICES COMPANIES, PEER VALUATION TABLE

		Mcap.	Adj. EV/EBITDA		Adj. EV/EBITA		Adj. EV/EBIT		Adj. P/E		Div. yield		ND/EBITDA		ROIC	
Stock	Rec.	Local	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E
AFRY	-	17,027	6.4x	5.6x	8.5x	7.6x	10.0x	8.3x	12.6x	11.8x	3.9%	4.2%	2.1x	1.6x	9.3%	10.9%
Bravida	HOLD	19,417	10.1x	9.0x	13.0x	11.6x	13.0x	11.6x	16.4x	15.3x	3.2%	3.5%	0.3x	0.0x	13.5%	14.5%
Caverion	BUY	656	5.6x	4.9x	8.8x	7.3x	10.4x	8.5x	12.5x	10.4x	4.2%	5.1%	0.6x	0.4x	14.8%	18.4%
Coor	-	8,797	11.4x	10.9x	15.4x	14.3x	20.5x	17.0x	16.1x	15.8x	5.3%	5.3%	1.7x	1.5x	n.a	n.a
Fasadgruppen	BUY	7,064	14.9x	12.5x	16.8x	13.8x	17.9x	14.8x	21.0x	18.1x	1.0%	1.2%	1.2x	0.7x	13.1%	14.2%
Green Landscaping	-	4,212	10.4x	9.8x	14.3x	13.2x	20.9x	19.4x	19.2x	17.8x	0.0%	1.3%	2.4x	1.7x	n.a	n.a
Instalco	BUY	14,553	16.1x	14.0x	19.0x	15.7x	20.0x	16.3x	23.9x	20.2x	1.3%	1.4%	1.2x	0.6x	13.0%	15.2%
ISS	HOLD	21,707	7.0x	5.8x	11.3x	8.9x	11.3x	8.9x	12.6x	9.9x	4.0%	5.1%	2.4x	1.8x	9.5%	12.3%
Lassila & Tikanoja	HOLD	400	6.1x	5.6x	14.8x	12.2x	14.8x	12.2x	13.8x	11.4x	4.6%	4.8%	1.9x	1.7x	7.4%	8.2%
Nordisk Bergteknik	BUY	2,252	6.7x	6.0x	14.1x	12.5x	14.1x	12.5x	17.0x	14.6x	2.5%	2.9%	1.4x	1.1x	9.7%	9.4%
Securitas	-	39,932	6.1x	5.7x	7.9x	7.3x	9.1x	8.2x	9.5x	8.9x	4.2%	4.7%	1.9x	1.6x	12.8%	0.0%
Sweco	-	9,716	15.0x	14.5x	22.2x	20.8x	23.0x	21.6x	27.2x	25.0x	1.9%	2.1%	0.7x	0.5x	20.2%	21.7%
Average		12,144	9.7x	8.7x	13.8x	12.1x	15.4x	13.3x	16.8x	14.9x	3.0%	3.5%	1.5x	1.1x	12.3%	12.5%
Median		9,256	8.6x	7.5x	14.2x	12.3x	14.4x	12.3x	16.2x	14.9x	3.6%	3.8%	1.6x	1.3x	12.9%	13.2%
Stockwik		528	8.9x	7.6x	12.1x	10.2x	16.6x	13.9x	57.3x	33.3x	0.0%	0.0%	3.0x	2.5x	7.3%	8.5%
vs. peer average	-	-	-8%	-13%	-13%	-16%	8%	4%	241%	123%	-3pp	-4pp	101%	122%	-5pp	-5pp
vs. peer median	-	-	4%	1%	-15%	-18%	15%	12%	252%	123%	-4pp	-4pp	94%	87%	-6pp	-5pp

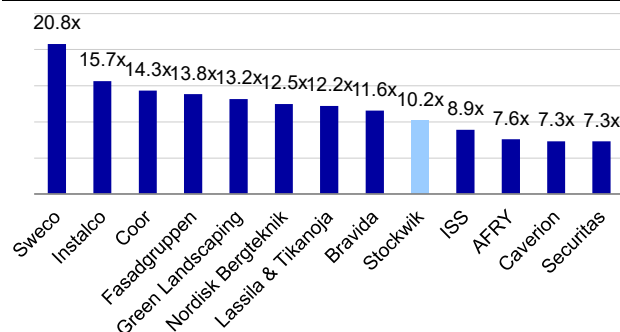
Source: Refinitiv and Nordea estimates

SERVICE COMPANIES: NET DEBT/EBITDA (x), 2023E



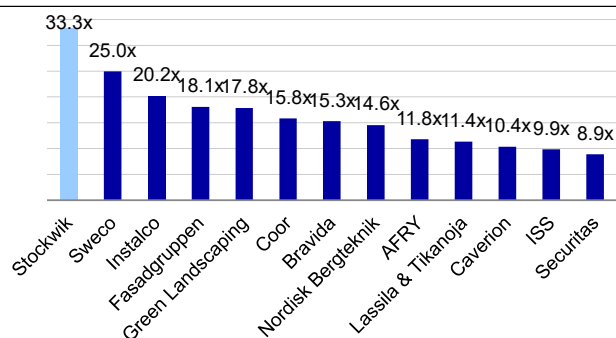
Source: Refinitiv and Nordea estimates

SERVICE COMPANIES: EV/EBITA (x), 2023E



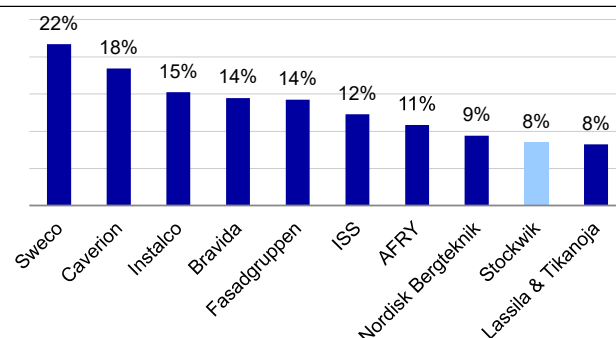
Source: Refinitiv and Nordea estimates

SERVICE COMPANIES: P/E (x), 2023E



Source: Refinitiv and Nordea estimates

SERVICE COMPANIES: ROIC (x), 2023E



Source: Refinitiv and Nordea estimates

Business services & installers are valued at an average EV/EBITA of 12x

The 2023E EV/EBITA valuation range of the business services and installation companies is ~7-21x, with an average of ~12x. Thus, we see Stockwik as being valued at a discount of 16% to other business services and installation companies.

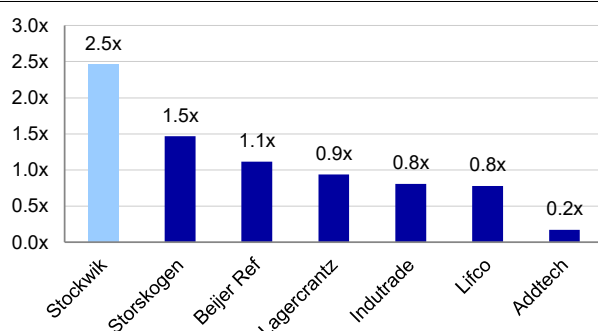
Large Swedish compounders

LARGE SWEDISH COMPOUNDERS, PEER VALUATION TABLE

Stock	Rec.	Mcap.	SEKm	Adj. EV/EBITDA		Adj. EV/EBITA		Adj. EV/EBIT		Adj. P/E		Div. yield		ND/EBITDA		ROIC	
				2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E
Addtech	BUY	44,639		20.7x	18.5x	24.0x	21.3x	27.9x	24.7x	35.9x	32.2x	1.1%	1.2%	0.6x	0.2x	18.6%	27.5%
Beijer Ref	BUY	59,371		24.8x	20.1x	30.5x	24.3x	32.3x	26.2x	41.9x	33.5x	0.7%	0.9%	1.6x	1.1x	12.2%	14.2%
Indutrade	HOLD	80,851		19.1x	17.5x	22.9x	21.2x	23.1x	21.5x	27.9x	25.8x	1.2%	1.3%	1.2x	0.8x	16.0%	16.2%
Lagercrantz	HOLD	20,210		17.7x	16.1x	21.6x	19.6x	24.9x	22.5x	31.0x	28.1x	1.6%	1.8%	1.2x	0.9x	13.4%	14.1%
Lifco	HOLD	88,686		20.3x	19.4x	22.5x	21.5x	26.2x	24.8x	33.3x	31.6x	0.8%	0.9%	1.2x	0.8x	14.0%	14.4%
Storskogen	BUY	34,012		9.6x	8.1x	12.0x	10.0x	13.4x	10.8x	16.4x	11.9x	0.9%	1.3%	1.2x	1.5x	9.9%	11.0%
Average		54,628		18.7x	16.6x	22.2x	19.6x	24.6x	21.7x	31.1x	27.2x	1.1%	1.2%	1.2x	0.9x	14.0%	16.2%
Median		59,371		20.3x	18.5x	22.9x	21.3x	26.2x	24.7x	33.3x	31.6x	1.1%	1.2%	1.2x	0.8x	14.0%	14.4%
Stockwik		528		8.9x	7.6x	12.1x	10.2x	16.6x	13.9x	57.3x	33.3x	0.0%	0.0%	3.0x	2.5x	7.3%	8.5%
vs. peer average	-	-		-52%	-54%	-46%	-48%	-32%	-36%	84%	22%	-1.1pp	-1.2pp	158%	179%	-6.7pp	-5.9pp
vs. peer median	-	-		-56%	-59%	-47%	-52%	-36%	-44%	72%	5%	-1.1pp	-1.2pp	156%	205%	-6.7pp	-5.9pp

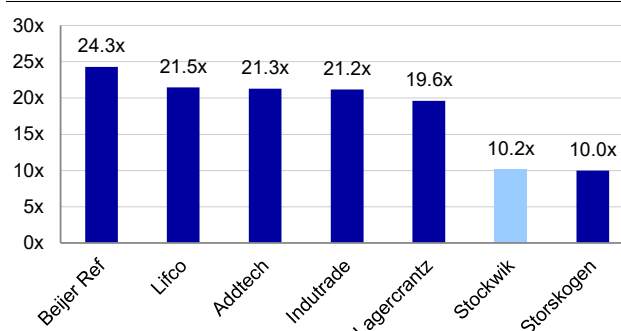
Source: Refinitiv and Nordea estimates

LARGE SWEDISH COMPOUNDERS: NET DEBT/EBITDA (x), 2023E



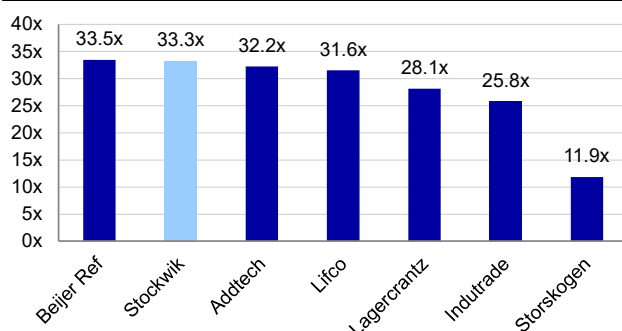
Source: Refinitiv and Nordea estimates

LARGE SWEDISH COMPOUNDERS: EV/EBITA (x), 2023E



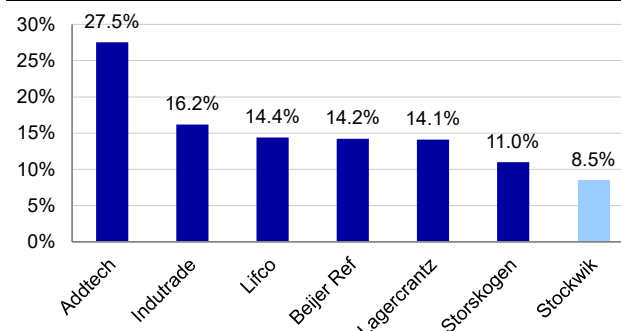
Source: Refinitiv and Nordea estimates

LARGE SWEDISH COMPOUNDERS: P/E (x), 2023E



Source: Refinitiv and Nordea estimates

LARGE SWEDISH COMPOUNDERS: ROIC (x), 2023E



Source: Refinitiv and Nordea estimates

Large Nordic compounders are valued at an average EV/EBITA of ~20x for 2023

The 2023E EV/EBITA range for the large Swedish compounders is ~10-24x, with an average of ~20x, thus implying a significant premium to the smaller Swedish compounders. While some of these companies may not be perfect peers for Stockwik, we note a significant discount of roughly 48% to the peer group average.

A discount to peers is warranted

We calculate a weighted EV/EBITA multiple of 14x

Given the recent expansion and establishment of three new segments since 2019, we find it most reasonable to compare Stockwik to other compounders. However, given Stockwik's rather short track record, large service exposure and lower sales, we will weight our valuation as follows: 50% towards our peer group of small Swedish compounders, 40% to our business services peer group and 10% relative to our peer group of large Swedish compounders. This yields a weighted multiple of EV/EBITA 14x, which can be set relative to current valuation of EV/EBITA ~10x.

However, despite many of Stockwik's portfolio companies having showed resiliency,

delivering stable profitable earnings growth for many years, we argue that one should account for the short track record of higher M&A pace for Stockwik.

When comparing Stockwik to the other companies, we also note that Stockwik sticks out as one of the most leveraged companies included (except for Bergman Beving) based on 2023E net debt/EBITDA.

In addition, the currently smaller size of Stockwik implies that one individual company can weigh on group earnings (something we saw in Property Services in Q2 2021), indicating company specific risks. In our view, this justifies a discount to our weighted peer group.

RELATIVE VALUATION

EV/EBITA 2023E - multiple	8.5x	9.0x	9.5x	10.0x	10.5x	11.0x	11.5x	12.0x	12.5x	13.0x	13.5x	14.0x	14.5x
Implied EV (SEKm)	648	686	724	762	800	838	877	915	953	991	1,029	1,067	1,105
ND (SEKm)	252	252	252	252	252	252	252	252	252	252	252	252	252
Implied Mcap (SEKm)	396	434	473	511	549	587	625	663	701	739	777	815	854
Share price (SEK)	64	71	77	83	89	95	102	108	114	120	126	132	139
Implied P/E	25.2	27.6	30.0	32.4	34.9	37.3	39.7	42.1	44.6	47.0	49.4	51.8	54.2
Implied FCF yield	14.3%	13.0%	12.0%	11.1%	10.3%	9.6%	9.0%	8.5%	8.1%	7.6%	7.3%	6.9%	6.6%

Source: Company data and Nordea estimates

DCF-based valuation approach

We pencil in 2.8-9.3% sales growth until 2047

In our DCF model, we pencil in sales growth of 2.8-9.3% until 2047. From that point, we forecast growth of 2.5%. We expect the EBIT margin to average 7.0% in 2028-32, but then conservatively expect margin erosion towards 1.8% after 2047. We expect similar investment needs while we make room for slightly higher working capital during the forecast period, primarily due to Stockwik's historically rapid expansion into new segments.

LONG-TERM DCF ASSUMPTIONS

Averages and assumptions	2022-27	2028-32	2033-37	2038-42	2043-47	2048-52	Sust.
Sales growth, CAGR	9.3%	3.5%	3.3%	3.0%	2.8%	2.5%	
EBIT-margin, excluding associates	7.9%	7.0%	6.9%	6.8%	6.8%	1.8%	
Capex/depreciation, x	0.4	1.00	1.00	1.00	1.00	1.00	
Capex/sales	1.8%	2.0%	1.8%	1.8%	1.8%	1.8%	
NWC/sales	3.3%	5.0%	4.0%	4.0%	4.0%	4.0%	
FCFF, CAGR	21.8%	6.6%	-1.1%	2.8%	2.9%	-24.4%	2.5%

Source: Nordea estimates

For the DCF calculations, we use a WACC of 7.0%, based on the following assumptions:

CALCULATION OF WACC

WACC components

Risk-free interest rate	2.5%
Market risk premium	4.0%
Forward looking asset beta	nm
Beta debt	0.1
Forward looking equity beta	1.35
Cost of equity	7.9%
Cost of debt	7.0%
Tax-rate used in WACC	20.6%
Equity weight	60.0%
WACC	7.0%

Source: Nordea estimates

The DCF value for Stockwik ranges from SEK 118 to SEK 145 per share

Based on our model, the DCF value for Stockwik ranges from SEK 118 to SEK 145 per share, depending on the WACC sensitivity (+/- 0.25 pp), EBIT margin (+/- 0.25 pp) and sales growth (+/- 0.25%).

DCF VALUATION RANGE (SEKm) BASED ON DIFFERENT ASSUMPTIONS FOR GROWTH, MARGIN, AND WACC (%)

		WACC				
		6.5%	6.7%	7.0%	7.2%	7.5%
EBIT marg. change	+0.5pp	161	152	144	136	130
	0.3pp	153	145	137	130	124
	0.0pp	145	138	131	124	118
	-0.3pp	138	131	124	118	113
	-0.5pp	130	124	118	112	107
		WACC				
		6.5%	6.7%	7.0%	7.2%	7.5%
Sales gr. change	+0.5pp	153	145	137	130	124
	+0.3pp	149	141	134	127	121
	0.0pp	145	138	131	124	118
	-0.3pp	142	135	128	122	116
	-0.5pp	138	131	125	119	113
		Sales growth change				
		-0.5pp	-0.3pp	+0.3pp	+0.5pp	
EBIT margin change	+0.5pp	137	140	144	147	151
	+0.3pp	131	134	137	141	144
	0.0pp	125	128	131	134	137
	-0.3pp	119	122	124	127	130
	-0.5pp	113	115	118	120	123

Source: Nordea estimates

A valuation range of SEK 81-136 is derived

Given the more extensive peer valuation, our valuation approach is weighted as relative peer valuation, 70%, and DCF-based valuation, 30%. Thus, we derive a valuation range of 2023E EV/EBITA ~10-14x, which implies a share price range of SEK 81-136.

Company overview

Stockwik was founded in 2013 with a vision of acquiring non-cyclical SMEs with low operational risk and a solid track record. Embracing the philosophy of being a long-term owner with no exit strategy, Stockwik always acquires 100% of the ownership. Today, the group has four segments, consisting of 20 subsidiaries based in Sweden with around 314 employees (2021). With 18 acquisitions since 2018, Stockwik has intensified its M&A pace, reaching sales of SEK 584m in 2021 and EBITA of SEK 46m, growing at a CAGR of 66% since 2018.

Stockwik in brief

Stockwik offers exposure to Swedish entrepreneurship

Stockwik is a fast-growing company with low operational risk which is still in its infancy in the Swedish market. The company was founded in 2013 through the takeover of an existing listed company, StjärnaFyrkant AB, by CEO David Andreasson and Olle Nordberg. Stockwik is a Swedish company that invests in high-quality, owner-managed companies, offering its shareholders exposure to Swedish entrepreneurship. At the same time, it offers the owners of the acquired companies a platform whereby they can grow their businesses in a larger group with central support while preserving the individual company's unique DNA. Thus, Stockwik does not integrate the acquired companies, but rather lets them be run in the same way as prior to the acquisition. To align the incentives between the seller and the overall company, part of the acquisition price is commonly made up of shares in Stockwik, as well as the contingent consideration.

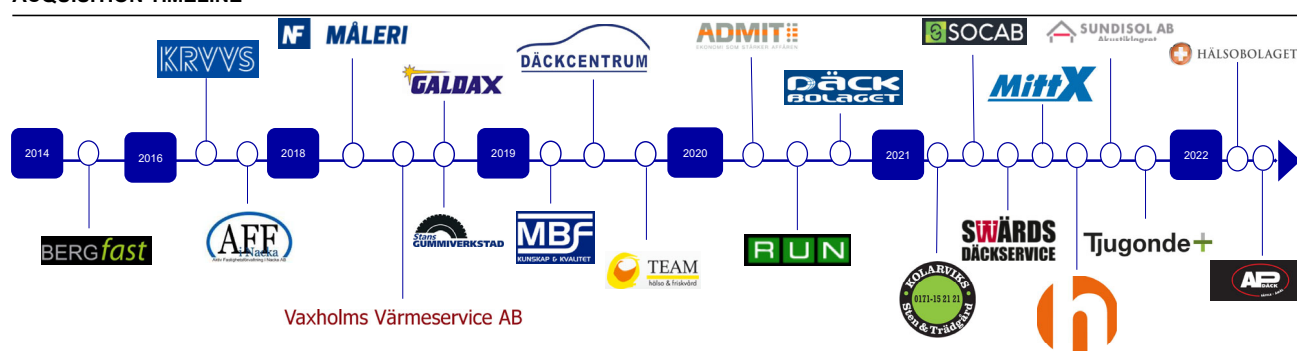
Deferred tax assets of SEK 400m

The takeover of StjärnaFyrkant AB was a strategic move, due to the company having incurred some SEK 400m in deferred tax assets. This implies that Stockwik will be able to utilise these assets in order to reduce the group's future tax liability.

Stockwik is comprised of 20 subsidiaries divided into four segments

Since inception, Stockwik has averaged around two acquisitions per year, with 2018 marking an M&A inflection point and 18 acquisitions happening since then. Today, Stockwik's portfolio is comprised of 20 subsidiaries divided into four segments: Property Services, Industry, Healthcare and Business Services. While still only operating in Sweden, Stockwik grew from 47 to 314 employees in 2021.

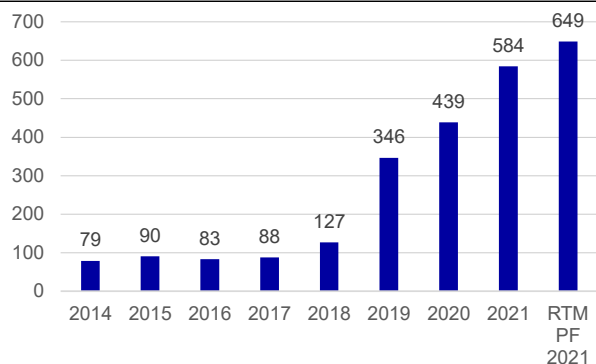
ACQUISITION TIMELINE



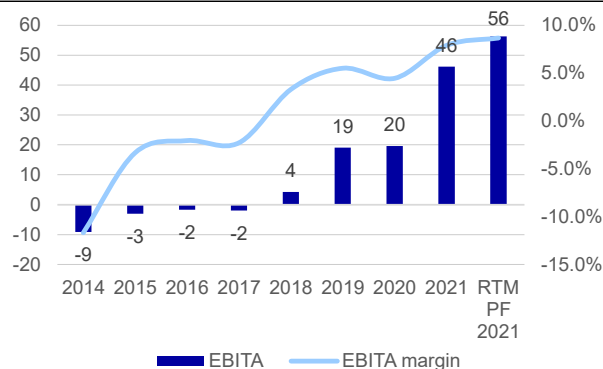
Source: Company data and Nordea estimates

66% sales CAGR in 2018-21

This has driven a 2018-21 sales CAGR of 66%, to sales of SEK 584m (SEK 649m RTM pro forma for 2021, excluding Hälsobolaget and Anders & Peters Däckservice). It is worth highlighting the impressive earnings growth, with EBITA of SEK 46m in 2021 (SEK 56m RTM pro forma in 2021, excluding Hälsobolaget and Anders & Peters Däckservice) and thus implying a margin uplift from 4.2% in 2018 to 7.8% in 2021.

SALES DEVELOPMENT, 2014-21 (SEKm)

Source: Compiled by Nordea based on company data

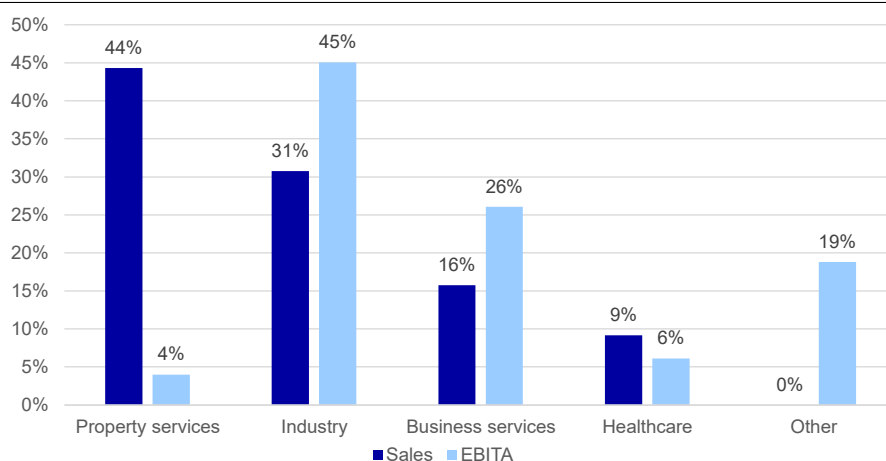
EBITA AND EBITA MARGIN, 2014-21 (SEKm)

*EBIT for the years 2014-16

Source: Compiled by Nordea based on company data and Nordea estimates

Property Services is the largest segment, representing 44% of sales in 2021

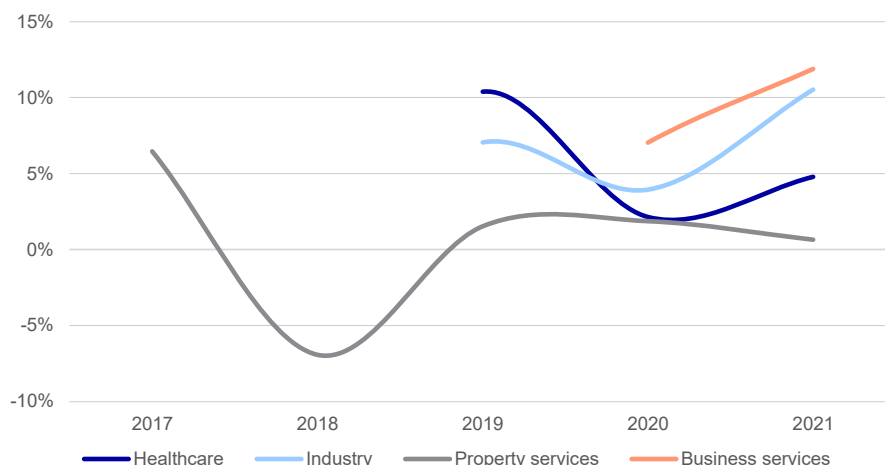
As of 2021, Property Services was the largest segment, representing 44% of group sales but only ~4% of EBITA. Both Industry (31% of sales) and Business Services (16% of sales) had an EBITA margin above the group average, while Healthcare (9% of sales) fell short of the overall group margin. The Other segment is related to eliminations, primarily management fees that the parent company charges the subsidiaries for different consultations. Given the relatively small number of companies within each segment, both sales and EBITA can be heavily impacted by e.g. one-offs and single company misses.

NET SALES AND EBITA SPLIT BY SEGMENT, 2021 (%)

Source: Compiled by Nordea based on company data

Property Services sticks out, having the lowest margin

Due to the rapid expansion in recent years and short history for three out of four segments, and given the ongoing pandemic, there is limited financial history available for Stockwik's segments. Thus, normalised profitability for each segment might not be reflected properly yet. However, since becoming consolidated, the historical EBITA margins for the respective segments have been volatile, with profitability within Property Services sticking out as being significantly below that of the other segments.

EBITA MARGIN PER SEGMENT, 2017-21

Source: Compiled by Nordea based on company data

Business model

Stockwik is embracing the investment philosophy of acquiring non-cyclical companies with historically stable profitability, with the key focus being on minimising risk. The company has a clear decentralised business model, whereby the acquired company retains responsibility for general business decisions and operational performance, with the ambition that management will not have to provide operational support.

Key focus is on risk minimisation

Intention of being a long-term owner with no exit strategy, acquiring only 100% of the ownership in companies

Each investment is made on the basis of a careful evaluation of the resilience of the business model as well as the diversification effect when included in the broader company portfolio. By using this value-based approach and targeting Swedish SMEs, Stockwik intends to be a long-term owner with no exit strategy, always acquiring 100% of the ownership in companies. While Stockwik has a philosophy of being a long-term owner with no exit strategy, it has refined its operations since 2014, recently divesting Ett VVS (consisting of both KRVVS and Vaxholms Värmseservice AB) and having exited the Telecom segment in 2016.

Intention of keeping the companies as they are

Stockwik invests with integrity, and thus a major selling point when approaching potential acquisitions is its intention to not change the companies. This is often essential for entrepreneurs who genuinely care about their employees and the longevity of the company, and it has led to several deals for Stockwik despite the seller having received a higher offer from other stakeholders, according to management.

When evaluating potential targets, Stockwik takes several acquisition criteria into account:

ACQUISITION CRITERIA**Acquisition criteria**

Low operational risk

Non-cyclical

Profitable

Good risk-adjusted return on capital

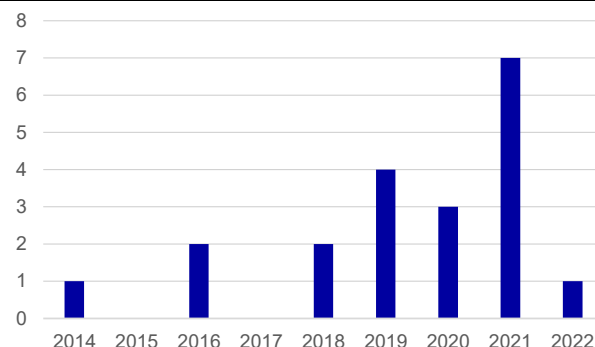
Expected to grow inline with GDP or more

Long-term investment approach

Strong and positive business culture

100% of the shares

Source: Compiled by Nordea based on company data

NUMBER OF ACQUISITIONS PER YEAR

Source: Compiled by Nordea based on company data

However, the company typically has three main criteria that are viewed as "must haves":

Acquiring companies with resilient profitability

1. Stockwik's ambition is to acquire companies with a track record of resilient profitability and efficient capital allocation, while an equal amount of emphasis is

placed on qualitative variables. The company has no limits on which sector it invests in.

Invests not only in companies, but in people

2. Stockwik invests not only in companies, but in people. Its thesis is that the right leaders have fostered a successful culture in the company that will persevere even after the succession of these leaders.

Purchase price to be fair for both parties

3. Stockwik suggests that the purchase price should be fair for both parties (Stockwik and the seller), while it also requires the seller to have a "sound view" on future operations of the company.

Most companies are priced in the range of EV/EBITDA 4-6x

Stockwik is primarily looking for companies with an EV in the SEK 25-100m range, and there are some 20,000 companies within this price range in Sweden, according to management. While most companies within its niches are priced at EV/EBITDA of 4-6x, Stockwik has had a weighted target acquisition multiple of ~5x EBITDA (excluding synergies) since 2014, which fuels appealing and important multiple arbitrage.

ACQUISITION HISTORY

Date	Company	Sales (SEKm)	EBITDA	EBITDA margin %	EV/EBITDA	EV (SEKm)
01/10/2014	BergFast	37	3	9.3%	7.4x	25
02/05/2016	Kalhall's ROT & VVS-system (KRVVS)	10	1	9.3%	5.2x	5
07/04/2016	Aktiv fastighetsförvaltning i Nacka (AFF)	10	0	2.9%	8.3x	3
08/01/2018	NF Maleri	46	10	22.9%	3.3x	35
22/01/2018	Vaxholms Värmeservice	10	1	6.3%	4.7x	3
15/01/2019	Galdax Holding	95	7	7.7%	4.7x	34
05/09/2019	TEAM	40	8	20.0%	7.5x	60
10/06/2019	Däckcentrum	20	2	11.3%	3.7x	8
06/05/2019	MBF	123	6	4.8%	4.3x	25
17/07/2020	Admit ekonomi	30	5	15.7%	7.1x	34
17/07/2020	Run Communications	45	16	35.5%	5.4x	86
11/11/2020	Däckbolaget	19	3	13.4%	5.4x	14
12/01/2021	Kolarviks Sten & Trädgård	43	9	21.7%	3.5x	33
10/02/2021	SOCAB Swedish Office Consulting	19	4	21.2%	7.0x	28
17/03/2021	Swärds Däckservice i Jönköping	27	3	9.4%	6.3x	16
20/05/2021	MittX Aluminiumproffset	28	6	21.4%	4.8x	31
01/08/2021	Hela Företagsvård	18	3	17.3%	3.8x	12
22/10/2021	Sundisol och Östermovägens Fastighets	23	4	16.2%	4.6x	17
01/12/2021	Tjugonde Friskvård	16	3	16.0%	7.0x	18
07/03/2022	Hälsobolaget	30	6	20.0%	5.0x	30
21/04/2022	Anders & Peters Däckservice	32	3	9.4%	5.0x	15

*Financials in the table are the most up-to-date presented in the annual report on the year of each respective acquisition – commonly either LTM prior to the acquisition date, or FY financials of the acquisition year.

Source: Compiled by Nordea based on company data

The process of evaluating a potential target commonly starts by looking at how a company performed during 2007 and 2008. The suggestion is that if the company performed well during the financial crisis, then it typically has a solid track record thereafter.

Focus is on the risk-adjusted return on capital, not revenue growth

It is not a necessity for a company to show significant revenue growth; rather, the importance is in terms of what it is doing more qualitatively and what the risk-adjusted return on capital is for the investment. Management is more than satisfied if the company grows organically by low- to mid-single digits while improving profitability, and thus companies are not rewarded for growing fast at the expense of lower profitability over time.

Management supports the companies when needed

Overall, management is not actively involved in the operations of subsidiaries; instead, its function is more tilted towards central monitoring that supports the companies when needed. Thus, the main idea is that the portfolio companies should operate well by themselves and not need any major commitment from Stockwik's management team. Close dialogue is held with each portfolio company, with financial targets being set and monthly follow-ups required. Further, Stockwik assists its portfolio companies with the right tools and knowledge (e.g. through investments and training/advice), as well as with advice regarding ESG, key recruitments and M&A.

Financial targets are set for each portfolio company

Synergies are considered more in terms of "nice to have" rather than "need to have"

Contrary to several other compounders, Stockwik does not put much emphasis on extracting synergies; rather, the focus is on the above-mentioned factors. However, there are synergies in the form of each new portfolio company joining Admit ekonomi, one of its subsidiaries offering financial advice, thus forming part of its finance offering. Other synergies worth mentioning are the identification of potential acquisitions (maintaining a good deal flow) and minor operational synergies (e.g. procurement and sales synergies within the tyre business).

Segment overview

Stockwik has 20 subsidiaries, split into four business areas: Property Services (44% of sales in 2021), Industry (31%), Healthcare (9%) and Business Services (16%). Rapid expansion in recent years has led to a significant diversification in end-market exposure. While Stockwik still only operates in Sweden, the business has been significantly de-risked. However, as long as the company portfolio remains fairly small, individual company earnings misses still weigh on group profitability.

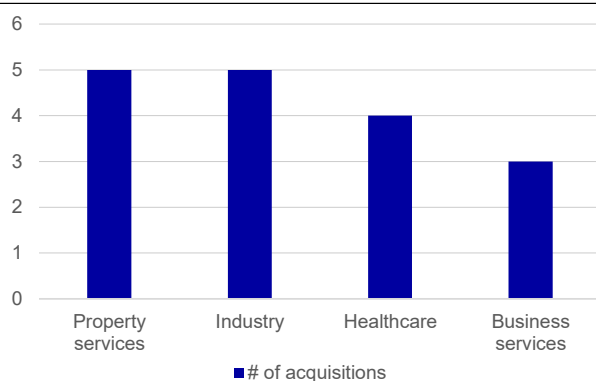
SEGMENT OVERVIEW

Property service	Industry	Healthcare	Business services

Source: Compiled by Nordea based on company data

While the oldest segment, Property Services, remains the largest, the company has significantly de-risked its end-market exposure and rapidly diversified into new segments, as three of its four segments were established in or after 2019. In 2021, Property Services accounted for 44% of group sales. Three of the company's last five acquisitions have been in the Healthcare segment – a niche that remains highly interesting and suitable for the company's low-risk business model, according to management.

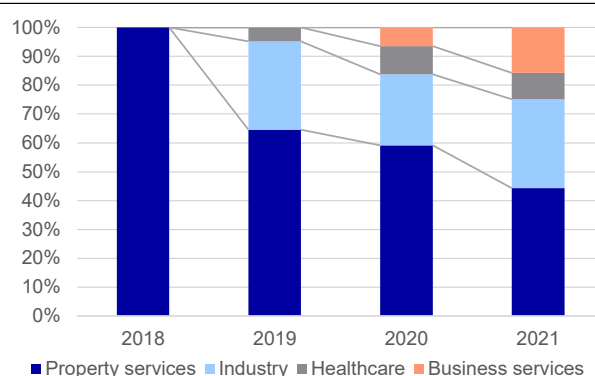
NUMBER OF ACQUISITIONS PER SEGMENT, 2018-21



Note: Property Services also includes Ground Services

Source: Compiled by Nordea based on company data

SALES SPLIT PER SEGMENT, 2018-21 (%)



Note Property Services also includes Ground Services

Source: Compiled by Nordea based on company data

Property Services

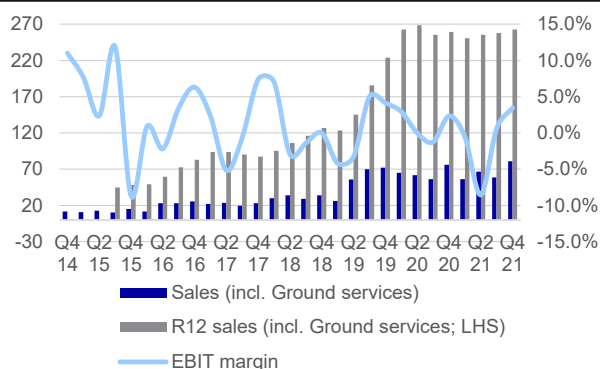
Property Services (including Ground Services) achieved a sales CAGR of 56% in 2014-21

Property Services, Stockwik's largest business area, was established in 2016, accounting for ~44% of group sales but negative EBIT in 2021. The acquisition of outdoor environment management company BergFast in 2014 marked the beginning of the Ground Services segment, which was later consolidated into Property Services in Q1 2020. The Property Services segment achieved a sales CAGR of 56% in 2014-21, driven mainly by M&A.

Higher-than-expected costs led to unprofitable projects in Q2 2021

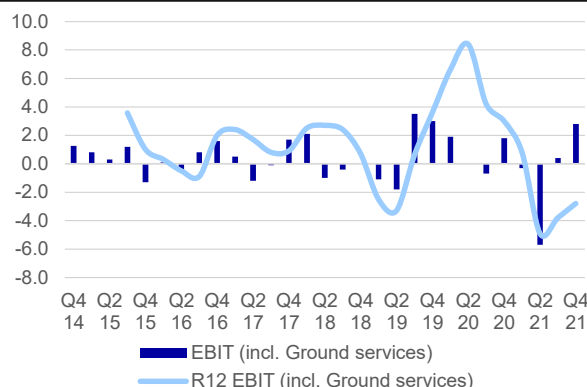
The Property Services loss in 2021 was mainly due to a couple of unprofitable construction projects for BergFast in which costs were higher than expected. Stricter processes were implemented thereafter. In our view, the decentralised business model with local responsibility for pricing and centralised support promotes an entrepreneurial organisation with a high degree of accountability. A well-structured governance process with clear breakpoints for approval of larger tenders/projects by the management team should limit the risk going forward, we argue.

SALES AND EBIT MARGIN (SEKm AND %)



Source: Compiled by Nordea based on company data

EBIT (SEKm)



Source: Compiled by Nordea based on company data

The business area now consists of six subsidiaries, which can be divided into two areas, "Service and Installation" and "Landscaping", benefitting from refurbishment of current properties and management of the outdoor environment.

The majority of the work is carried out for the state and municipalities

Today, roughly 50% of Property Services' revenue stems from services and installations. This includes larger services such as extensions and conversions related to water damage, roofing work and plumbing replacement, as well as smaller procedures such as electrical work, interior and exterior painting, wallpapering and window renovation. The majority of the work is carried out for the state and municipalities, as well as tenant-owner associations in facilities such as hospitals, schools, retirement homes and office buildings. This work is attractive because it tends to be less cyclical.

MBF: CASTING



Source: Company image

MBF: FORGE



Source: Company image

NF MÅLERI: WINDOW MAINTENANCE



Source: Company image

Larger customers tend to prefer a full-service offering, benefitting larger companies such as Stockwik

The remaining 50% of the segment's revenue comes from landscaping. This includes the renovation of soil and green areas, lawn mowing, weed control, tree pruning and snow removal for municipalities, real estate companies and tenant-owner associations. These contracts usually last for more than a year and are often extended, thus enabling good visibility. In addition, many private and municipal property owners outsource outdoor property management to contractors to control costs and maintain security, according to Stockwik. In addition, larger customers tend to prefer a full-service offering of outdoor management solutions, benefitting larger companies such as Stockwik.

SNOW REMOVAL BY 'AFF I NACKA'



Source: Company image

CONSTRUCTION WORK BY BERGFAST



Source: Company image

In 2021, Stockwik divested Ett VVS, a minor investment made early in its history that turned unsuccessful. According to the press release from Stockwik, the purpose of the divestment in this specific case was to give the subsidiary and its employees a better chance of improving with a new owner that is more operationally involved in the business. However, this does not mean Stockwik is moving away from its philosophy of being a long-term owner.

Industry

Industry, the second-largest segment in terms of sales, is built on six acquisitions. Industry was established through the acquisition of Galdax (including its subsidiary Stans Gummiverkstad) in Q1 2019. Galdax retreads tyres (primarily for trucks, lorries and buses) and sells tyres and rims for both light and heavy vehicles. Stockwik has since acquired three additional tyre retailers, becoming a leading national provider of tyres, rims and related services.

When evaluating potential bolt-on tyre acquisitions, Stockwik primarily targets companies that do not already offer retreaded tyres from Galdax, so these can be included in their offerings thereafter to extract synergies.

MittX is the only non-tyre company in the Industry segment

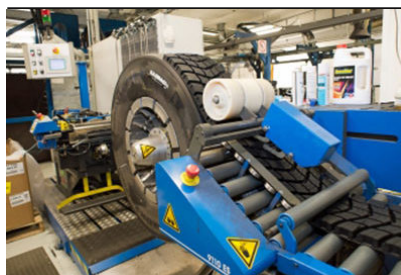
In Q2 2021, Stockwik acquired MittX, a company that manufactures and sells aluminium frames for construction machinery. To date, MittX, with sales of SEK 28m in 2020, is the only non-tyre company in the Industry segment.

STANS GUMMIVERKSTAD: TYRE SHOP



Source: Company image

GALDAX: TYRE RETREADING



Source: Company image

MITTX: ALUMINIUM FRAMES

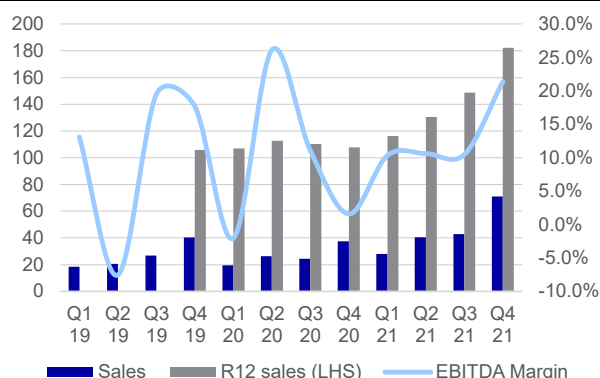


Source: Company image

We estimate that more than 80% of Industry sales come from tyres

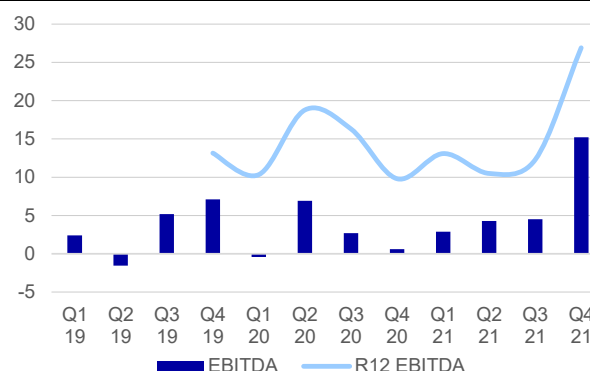
In 2021, the segment's sales of SEK 182m accounted for roughly 31% of group sales. We estimate that over 80% of Industry sales come from tyres, while MittX accounts for the rest. The segment's EBIT margin has been somewhat volatile, with COVID-19 having affected a large part of the available financials. Since Q4 2020, there has been a positive margin delta, with earnings gradually improving, including a significant earnings uplift in Q4 2021. Due to seasonality effects in the tyre business, a strong Q4 can be expected in the future. Commonly, Q2 and Q4 are the stronger quarters, as this is when vehicles switch to and from winter tyres, while it is common to replace old tyres at this time, according to management. However, the Q4 2020 numbers were affected by an inventory writedown, with a negative effect on EBITDA.

SALES AND EBITDA MARGIN (SEKm AND %)



Source: Compiled by Nordea based on company data

EBITDA (SEKm)



Source: Compiled by Nordea based on company data

Given the recent acquisition of MittX, we believe Stockwik will continue to diversify its end-market exposure, growing through new platform acquisitions, while continuing to make bolt-on acquisitions.

Healthcare

New acquisition to broaden geographical exposure to Stockholm, Malmö and Uddevalla

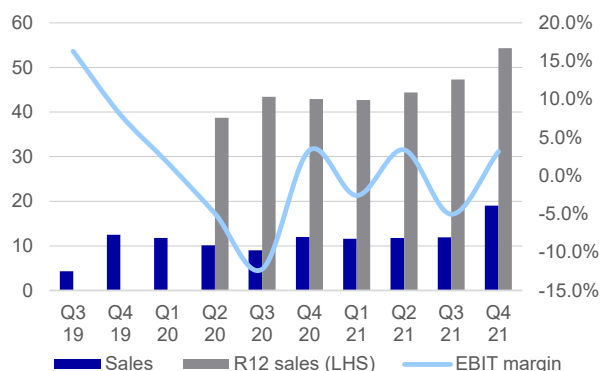
In Q3 2019, Stockwik acquired TEAM Hälso & Friskvård, which marked the beginning of the new Healthcare segment. The company's roots date back to 1988 and it has a broad occupational healthcare offering. With the recent complementary acquisitions of Hela Företagshälsovård, Tjugonde Friskvård and HälsoBolaget, Stockwik broadened its geographical exposure to Stockholm, Malmö and Uddevalla. Stockwik now has a full service offering encompassing organisational development, occupational health, rehabilitation, naprapathy, wellness, training and private healthcare.

Healthcare customers are primarily companies and insurers

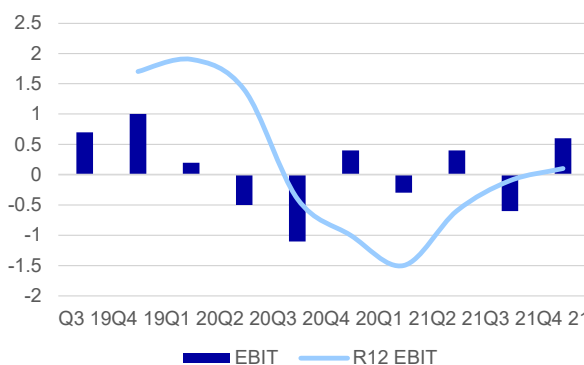
As the services and care provided are privately funded, the Healthcare segment customers are primarily companies (on behalf of their employees) or insurance companies (and, to a lesser extent, private individuals).

The segment was negatively affected by COVID-19

Given the nature of physical healthcare, the segment's sales and margins decreased significantly during the initial phase of COVID-19. In 2021, the segment had sales of SEK 54m, accounting for 9% of group sales. Due to Hela Företagshälsovård, Tjugonde Friskvård and HälsoBolaget being acquired between Q3 2021 and Q1 2022, only a minor share of their sales were consolidated in 2021. Thus, the segment's share of group sales will likely increase markedly in 2022.

SALES AND EBIT MARGIN (SEKm AND %)

Source: Compiled by Nordea based on company data

EBIT (SEKm)

Source: Compiled by Nordea based on company data

Business Services

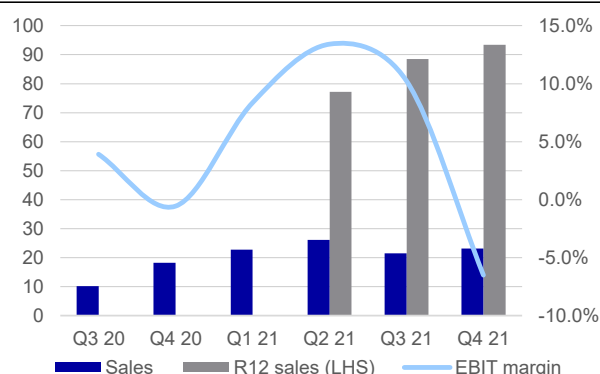
All new acquisitions become customers of Admit

Through the acquisition of Admit ekonomi in Q3 2020, Stockwik established its newest segment, Business Services. Today, the segment is built on three acquisitions, providing accounting, payroll management, reporting, financial statements, tax advice, IT infrastructure, private and public cloud services and consulting services across Sweden. Despite not putting too much emphasis on extracting synergies, Stockwik manages to do so by making all new acquisitions customers of Admit.

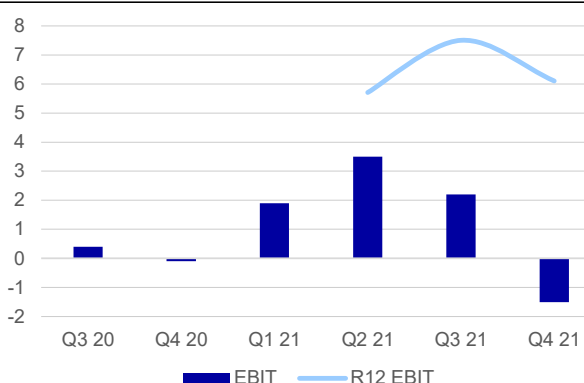
Admit consultants usually have around ten customers (companies) that they continuously work for. With a low churn rate, Admit revenue can be seen as highly recurring, and similar to a subscription service. As is the case with the RUN communications subsidiary, it is not uncommon for IT consultants to be hired by customers for a period of several years.

Business Services accounted for ~16% of group sales in 2021

In 2021, the segment's revenue totalled SEK 93m, accounting for roughly 16% of group sales. With EBIT of SEK 6m, the segment had a margin of 6.5%, which is above the group average. The weak Q4 numbers were primarily due to a perfect storm of employee churn, a reorganisation to improve group leadership, the loss of some customers and some one-offs.

SALES AND EBIT MARGIN (SEKm AND %)

Source: Compiled by Nordea based on company data

EBIT (SEKm)

Source: Compiled by Nordea based on company data

The five largest companies in brief**MBF**

In 2019, MBF was acquired for SEK 25m, marking the largest acquisition since the group's inception, with sales of SEK 123m and EBITDA of SEK ~6m in 2018. The company provides construction services such as remediation of water or fire damage, roofing, plumbing replacement and groundwork. The work is largely completed on behalf of the state and municipalities, making it relatively non-cyclical. MBF primarily operates in the Stockholm region.

Galdax

In 2019, Stockwik acquired Galdax, one of the three largest producers of retreaded truck tyres in Sweden. The company's customers are mainly tyre workshops, hauliers

and private individuals. The company has a production facility in Vara, close to Lidköping, with an annual production capacity of 60,000 tyres. Galdax was acquired for SEK 34m, with sales of SEK 95m and EBITDA of SEK ~7m in 2018.

Bergfast

In 2014, Stockwik acquired its first company, Bergfast, a company with operations within management of outdoor environments, typically in larger residential areas and around commercial properties. In addition, the company also offers supplementary construction work. Bergfast was acquired for SEK 25m, with sales of SEK 37m and EBITDA of SEK 3m in 2014. Bergfast's work is primarily conducted in the Stockholm region.

RUN communications

In 2020, Stockwik announced the acquisition of RUN, a provider of IT infrastructure, cloud and consultancy services. With sales of SEK 45m and EBITDA of SEK 16m in 2020, implying an EBITDA margin of ~36%, RUN was acquired for SEK 86m. The company has its headquarters in Stockholm but serves clients all over Sweden.

MittX

In Q2 2021, Stockwik acquired MittX, an industrial company active in the design, development and manufacture of aluminium frames for installation on construction and agricultural machines. MittX was acquired for SEK 31m, with sales of SEK 28m and EBITDA of SEK 6m, in 2020. The company is located in Färila, Hälsingland, and has been active since 1995.

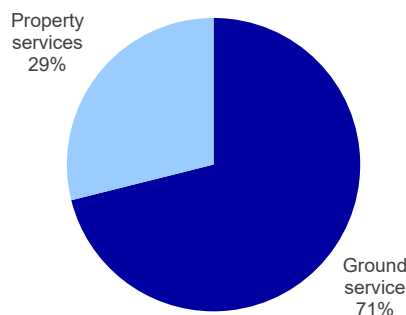
Market overview

Stockwik has seen a significant sales transformation in recent years, as the company has expanded into new segments through platform acquisitions, thus broadening its end-market exposure. While Stockwik still only operates in Sweden, we believe that it will continue to expand into adjacent markets and new niches. Barriers to entry are generally low, although we note that long-term customer relations work as a competitive advantage while larger capacity enables more sizeable projects.

Property Services has gone from 100% of sales in 2018 to 44% in 2021

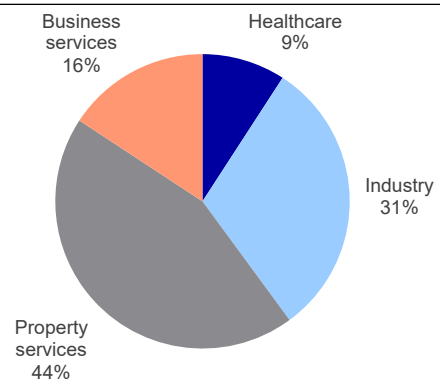
Stockwik has transformed and diversified its sales over the past four years, as the company has continued its M&A growth story and expanded into new segments. In 2018, 100% of sales stem from what is today defined as Property Services (Ground Services was consolidated into Property Services in 2020), compared to 44% in 2021.

SALES BY SEGMENT (%), 2018



Source: Compiled by Nordea based on company data

SALES BY SEGMENT (%), 2021



Source: Compiled by Nordea based on company data

Stockwik likely to expand into new segments going forward

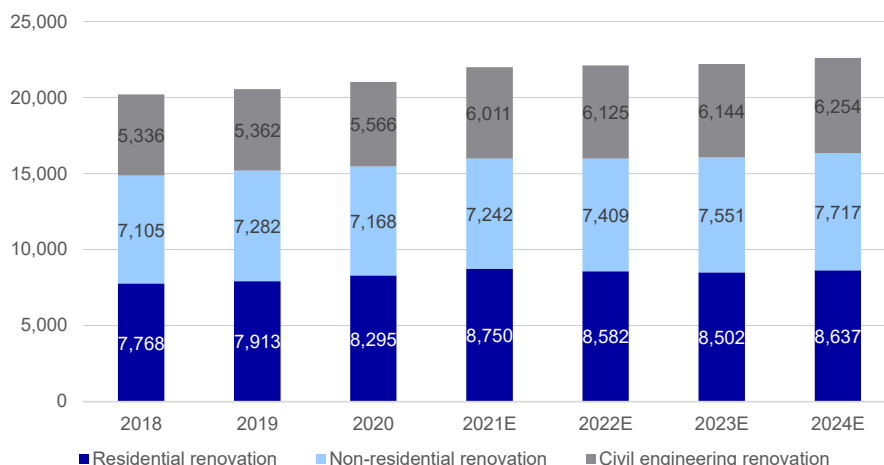
The transformation of the sales structure from Property Services to other segments has been achieved through acquisitions, both of platforms and bolt-ons. Given its business model and rapid M&A expansion in recent years, we find it likely that Stockwik will continue its high growth and expand into new segments. While the end-customer diversification has changed, the company still only operates within Sweden.

Customer relations to work as a competitive advantage

Generally, the segment Industry and Property Services (~75% of sales as of 2021) can be viewed as comprised of relatively fragmented markets, where we argue that there are relatively low barriers to entry (excluding Galdax and its retreading business). That said, we note that long-term customer relations work as a competitive advantage while the larger capacity enables more sizeable projects.

Property Services

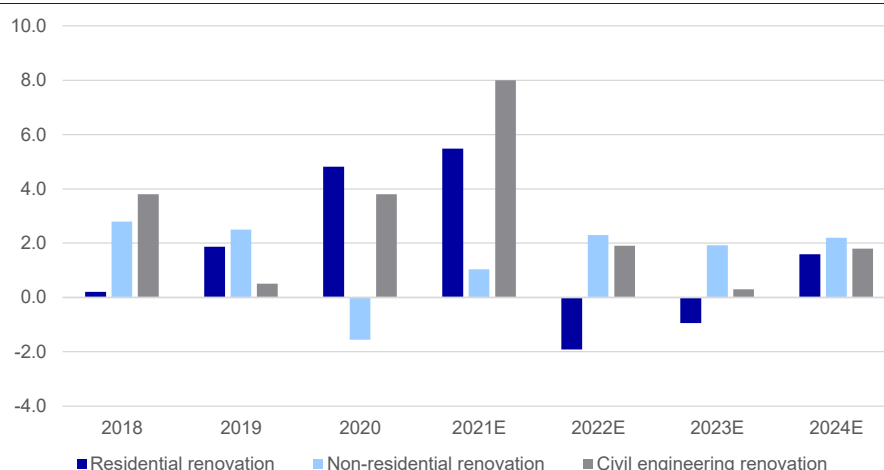
Property Services, with ~50% exposure mainly towards renovation and maintenance, includes services such as extensions and conversions related to water damage, roofing work, plumbing replacement and smaller procedures like electrical work, interior and exterior painting, and window renovation.

THE SWEDISH RENOVATION MARKET (EURm)

Source: Compiled by Nordea based on Euroconstruct

Swedish renovation market to amount to EUR 20.1bn in 2022

Euroconstruct estimates that the Swedish renovation market will amount to EUR 20.1bn in 2022. Historically, the renovation market has been more stable than new construction, for example. The main reason is that properties are maintained more or less continuously, according to Stockwik, compared to new construction projects that commonly require larger investments and can more easily be postponed or cancelled during unstable market conditions.

RENOVATION GROWTH IN PERCENTAGE, 2018-24E

Source: Compiled by Nordea based on Euroconstruct

Swedish renovation market to grow by a CAGR of 1.8% for 2020-24E

Looking ahead, Euroconstruct expects the overall Swedish renovation market to continue its steady growth, growing by a CAGR of 1.8% for 2020-24E. The strongest growth is expected to come from civil engineering renovation (CAGR of 3.0% for 2020-24E), followed by non-residential renovation (1.9%) and residential renovation (1.0%).

Stable growth and low volatility fit perfectly into Stockwik's business model

Thus, with the key focus of minimising risk, we argue that the exposure to the renovation market in particular, as well as companies with exposure to the market's characteristics (i.e., stable growth, low volatility), fits perfectly into Stockwik's business model.

Landscaping and property management

70% is outsourced to external players, implying a market size of SEK ~21bn

The Swedish market for landscaping and property management amounts to SEK ~30bn, in which 70% is outsourced to external players, according to Green Landscaping Group. This implies that the addressable market for Stockwik within this niche – in which the customers are generally private players, as well as the public sector – amounts to SEK ~21bn.

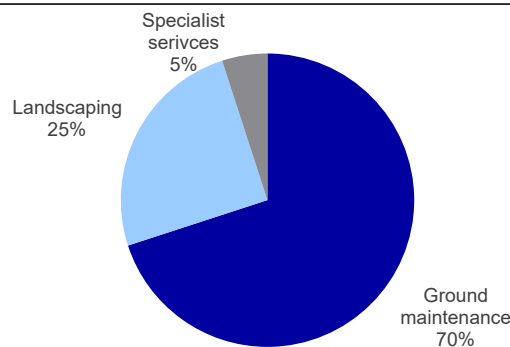
Costs for parks grew by a CAGR of 4% in 2000-20

With increased spending during the financial crisis, the costs for parks in relation to residents in Sweden grew by a CAGR of 4% in 2000-20. We find this to be a decent

With 6,300 active companies, the barriers to entry can be seen as low

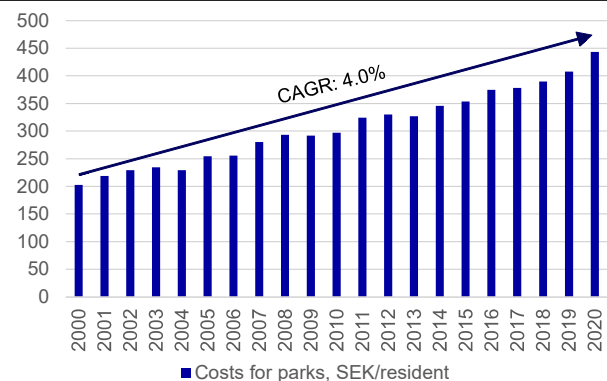
proxy for the underlying market development within landscaping and property management, as roughly 70% of the underlying market is ground maintenance. Thus, the overall market can be characterised as stable and non-cyclical, with contracts commonly stretching for more than 12 months. On the negative side, barriers to entry are low and the Swedish market consists of 6,300 active companies, according to Green Landscaping Group. In the coming years, the Swedish market is expected to have an average growth rate of 3-4% (similar to the historical costs for parks in Sweden), according to analysis compiled by Green Landscaping and to external market analysis. We argue that Stockwik has a competitive advantage due to the size of the company, enabling it to compete for the larger contracts that are won through structural procurement processes. We also note that the growth in residents is a factor that underestimates the total growth in the graph on costs for parks below.

ADDRESSABLE MARKET (EXTERNAL SUPPLIERS)



Source: Compiled by Nordea based on Green Landscaping Group

COSTS FOR PARKS IN SWEDEN, SEK/RESIDENT



Source: Compiled by Nordea based on SCB

Ambition is for every resident to not live more than 300m from green areas

One of the key drivers for ground maintenance and landscaping are the long-term underlying trends of urbanisation and greener cities, e.g. we are seeing initiatives from municipalities with the ambition of every resident living no further than 300m from green areas, thereby spurring further investment. The competitor Green Landscaping Group argues that municipalities will continue to make such investment, due to the importance of green areas when it comes to social meetings, while also offering city dwellers a nature experience and reducing air pollution. Along with increased urbanisation and outdoor activity, this wears more on parks and thus increases the need for their care.

Industry

Industry to benefit from long-term structural growth drivers

The Industry segment has the largest exposure towards tyres, i.e. through its tyre shops (selling tyres and rims for both heavy and light vehicles), as well as through its offering of retreaded truck tyres, and thus is one of the leading players in Sweden.

Passenger cars in use in Sweden are expected to grow by a CAGR of 1.1% in 2020-30

The active passenger car fleet in Sweden has been steadily increasing, growing by a CAGR of 1.2% in 2005-20. Passenger cars in use are expected to rise at a similar pace (1.1% CAGR) until 2030, according to IVL, thus indicating steady underlying demand for tyres given a similar wear of tyres over the long term.

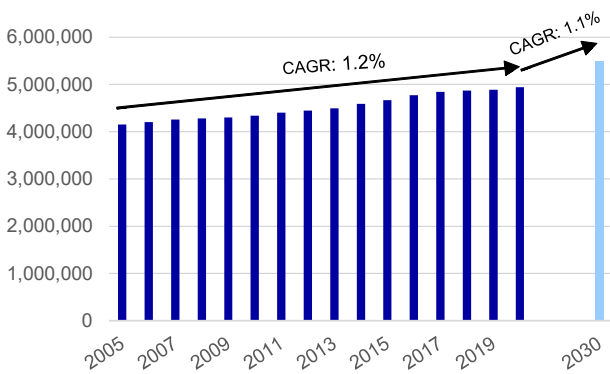
Growth in light commercial vehicles is driven by the increase in population and ecommerce

In addition, light commercial vehicles in Sweden have posted somewhat stronger growth, increasing from 385,000 to 596,000 vehicles in 2005-20, implying a CAGR of 3.0%. This is mainly explained by the rising population and more sales of goods. Additionally, the increase in ecommerce has spurred the growth in light commercial vehicles, as goods ordered online commonly are delivered using these vehicles, according to IVL.

Roughly 50,000 new truck drivers are needed by 2030 in Sweden

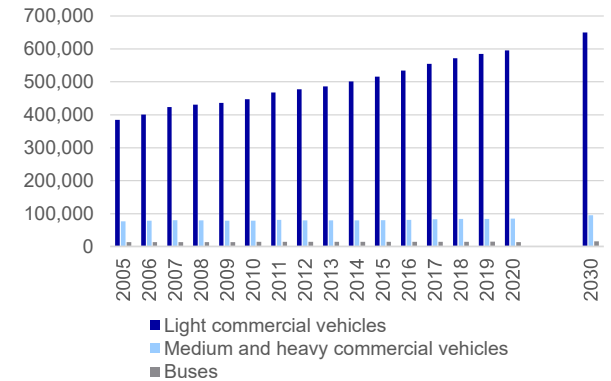
This can be set relative to the more modest CAGR of 0.7% (76,400 in 2005; 84,300 in 2020) for medium- and heavy-duty commercial vehicles and flat growth in buses (13,500 in 2005; 13,500 in 2020) in Sweden. By 2030, IVL forecasts that Sweden will reach roughly 650,000 light commercial vehicles, 95,000 heavy commercial vehicles and 16,000 buses in active use. However, a factor worth highlighting is the shortage of truck drivers, with IVL estimating that 50,000 additional drivers will be needed in Sweden by 2030.

PASSENGER CARS IN USE, SWEDEN



Source: Compiled by Nordea based on ACEA and IVL

COMMERCIAL VEHICLE GROWTH, SWEDEN

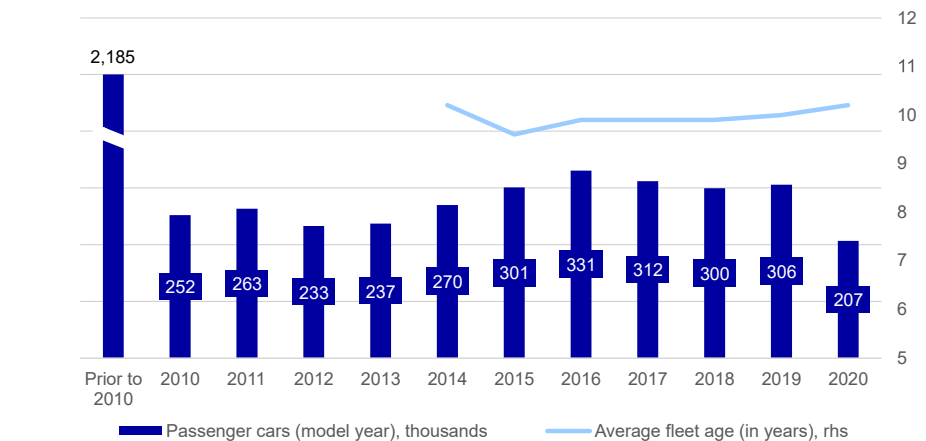


Source: Compiled by Nordea based on ACEA and IVL

Assumed lifetime for passenger vehicle tyres is ~six years

According to international standards, the assumed lifetime for passenger vehicle tyres in active use is roughly six years; however, tyres commonly wear out much faster than that, according to Vianor. This would imply that the relatively high number of models from 2015-18 will sequentially need new tyres in the coming years.

PASSENGER CARS BY AGE AND AVERAGE FLEET AGE, SWEDEN, 2020



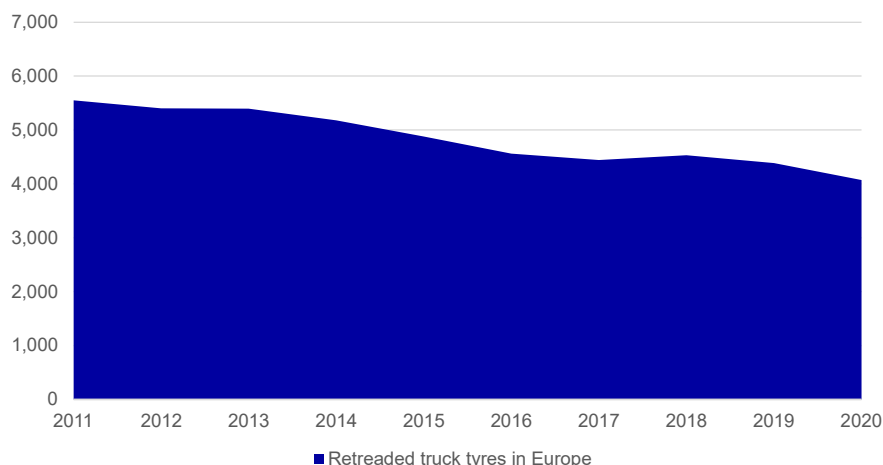
Source: Compiled by Nordea based on ACEA

Both economic and environmental benefits of retreading a truck tyre

The common arguments for retreading truck tyres are the economic and environmental aspects. The subsidiary Galdax manages to save roughly 60-80 litres of oil, at a lower price than for a new tyre, for every retreaded tyre versus new production, according to its website. Thus, an economic downturn that leads companies within the transportation sector to postpone the purchase of new tyres could create greater demand for retreads, according to Stockwik. In the meantime, there is support from regulators, which hinders companies from postponing the renewal of tyres for too long.

Imposed tariffs by the EU on inexpensive truck and bus tyres to have limited impact on retreaded tyres

Another driver is the imposed tariffs by the EU on inexpensive truck and bus tyres and retreads manufactured in China during 2018. However, this has not produced any major positive effects in the number of retreaded truck tyres in Europe, which has decelerated, according to Europol.

RETREADED TRUCK TYRES IN EUROPE, 2011-20

Source: Compiled by Nordea based on Europool

Healthcare

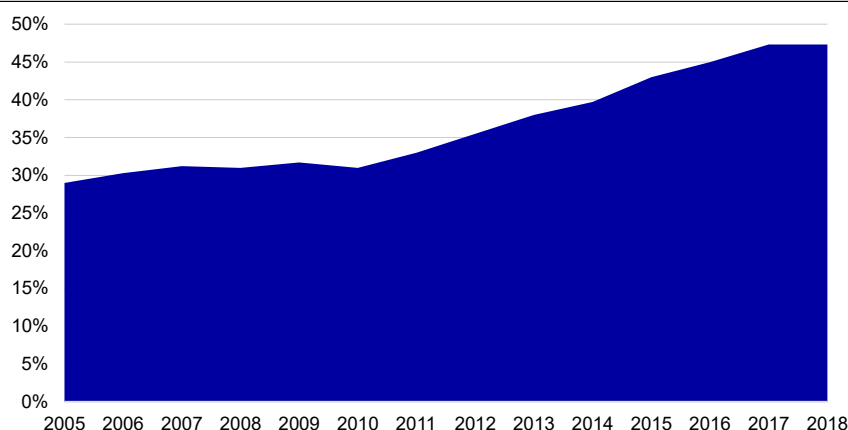
Increased health awareness in society

Similar to the underlying markets in Stockwik's other segments, the market for occupational healthcare has historically been relatively non-cyclical, in which growth is driven by increasing health awareness in society, as well as the importance of having healthy employees and being an attractive employer (among other factors). We see health awareness in society being reflected in individuals, companies and authorities investing both time and money into a healthier lifestyle.

Mental illness as a proportion of all ongoing illnesses has increased since 2010

A common way of measuring the development of illness is to look at how sick leave has developed. In 2018, mental illness was behind almost every other illness reported to the Swedish Social Insurance Agency (according to Skandia), and this has become an interesting factor for study. According to Sveriges Företagshälsor, the number of ongoing illnesses had been decreasing successively since the beginning of 2000. Since 2010, however, we have entered into a negative spiral with an increasing amount of sick leave, often due to stress and mental illness, with both factors commonly connected to work life. Worth highlighting is that the number of registrations and work-related illnesses caused by stress and high workload has doubled during the past couple of years. According to Karolinska Institutet, physical activity is as efficient in treating depression as medication and therapy. Thus, we argue that it is somewhat of a decent proxy for underlying rising demand for occupational healthcare and shows the importance of staying active, which is relevant to Stockwik at the level of its subsidiaries.

Physical activity is as efficient in treating depression as medication and therapy

PROPORTION OF ALL ONGOING ILLNESSES REPORTED TO THE SWEDISH SOCIAL INSURANCE AGENCY WITH A DIAGNOSIS OF MENTAL ILLNESS

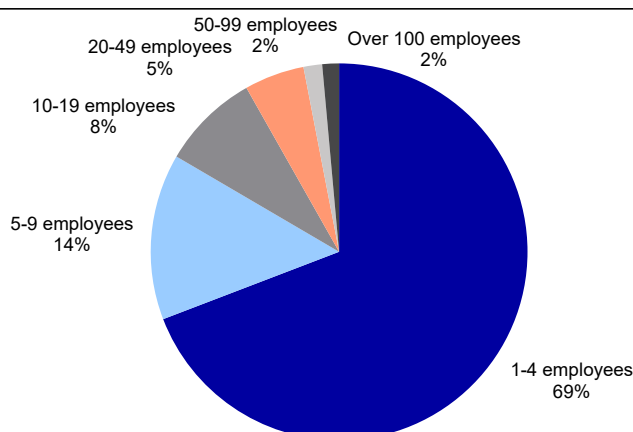
Source: Compiled by Nordea based on Skandia, Försäkringskassan and Sveriges Företagshälsor

~98% of all companies in Sweden have fewer than 100 employees

Business Services

As of November 2021, the total number of companies with at least one employee in Sweden amounted to 323,120. Of these, 98% had fewer than 100 employees and could be classified as rather small, which is the type of company that Stockwik is targeting within its fourth segment, Business Services. This emphasises the large customer base, and Svenskt Näringsliv states that 80% of all new jobs were created at SMEs in 1992-2018. This highlights the significant number of smaller companies and potential targets that Stockwik can compete for through its subsidiaries Admit, Run Communications and SOCAB.

SPLIT OF COMPANIES IN SWEDEN BY NUMBER OF EMPLOYEES

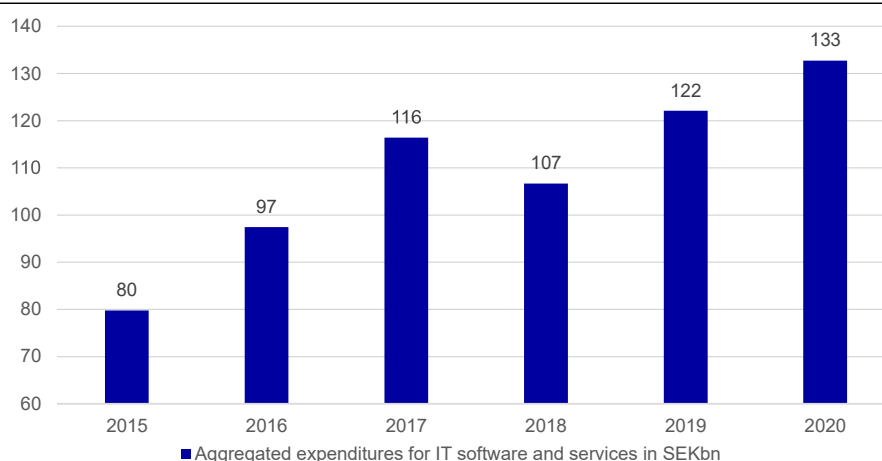


Source: Compiled by Nordea based on SCB

Stockwik's Business Services segment enables smaller companies to focus on areas within their expertise while outsourcing the workload related to finance and other consultancy services, for example.

As illustrated below, the total spending on IT software and solutions increased from SEK 80bn to SEK 133bn between 2015 and 2020, implying a CAGR of 11%.

AGGREGATED EXPENDITURES FOR IT SOFTWARE AND SERVICES (SEKbn)



Source: Compiled by Nordea based on SCB

Outsourcing non-core businesses is driving demand for third-party service providers

The demand for financial services partly has its foundation in regulatory requirements, while continuous digitalisation is driving the amount of data generated at a company, thus resulting in increased demand for IT consultants, data storage solutions and creating resiliency for the business.

Given the trend of outsourcing the parts of a business that are not within its core (i.e. its financial process) to reduce operating costs and thereby enable speed to the market, faster scaling and achieve a competitive advantage (according to Deloitte) should continue to drive demand for third-party service providers such as Stockwik.

Historical financials

Stockwik has grown rapidly in recent years, increasing sales from SEK 88m in 2017 to SEK 649m RTM pro forma 2021, while improving EBITA from SEK -2m to SEK 56m over the same period. The high level of variable costs enables Stockwik to adapt to market fluctuations, reducing the risk exposure, but this limits potential operating leverage. By increasing EBITDA, along with a directed share issue of SEK 143m during 2021, de-leveraging its balance sheet, Stockwik has reached a net debt/EBITDA of 3.4x RTM pro forma 2021. The low capex-to-sales ratio has contributed to stronger cash conversion in recent years, which should allow the company to finance a continued high M&A pace.

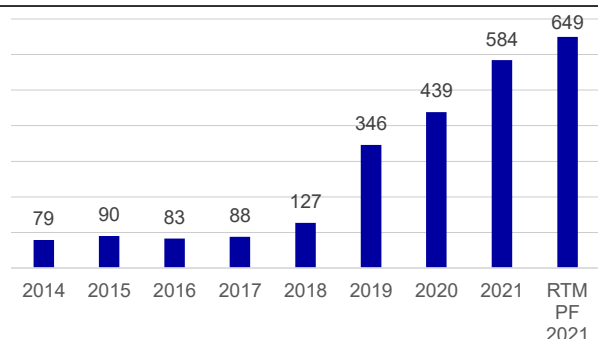
Group-wide financials

In 2014, Stockwik was active in two segments: Ground Services and Telecom. In 2016, Telecom was divested. In the same year a new division, Property Services, was set up, into which Ground Services was consolidated at the beginning of 2020. The acquisitions of Galdax (in 2019), TEAM (2019) and Admit Ekonomi (2020) were the foundation for three new segments: Industry, Healthcare and Business Services, respectively. Stockwik now consists of 19 companies split between the four divisions.

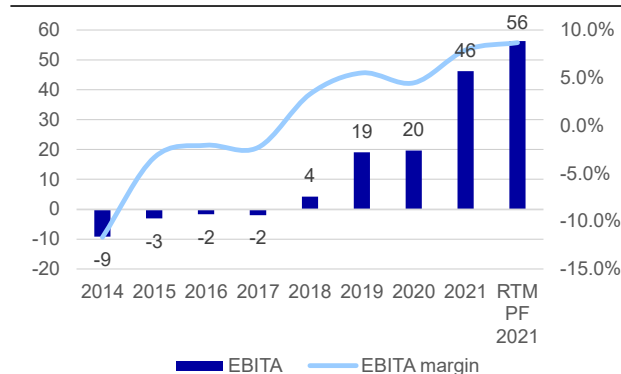
M&A has been the main growth driver

Since 2017, Stockwik has gradually intensified its M&A pace, which has been the main driver of its sales CAGR of 66% for 2018-21. We expect acquisitions to remain the main growth driver due to the company's business model, in which it specifically targets mature companies with stable underlying market characteristics. FY 2021 sales amounted to SEK 584m, but RTM pro forma 2021 (RTM is defined as last 12 months pro forma, thus including recent M&A) sales were SEK 649m.

NET SALES (SEKm), 2014-21



EBITA (SEKm) AND EBITA MARGIN (%), 2014-21



Source: Compiled by Nordea based on company data

* EBIT for the years 2014-16

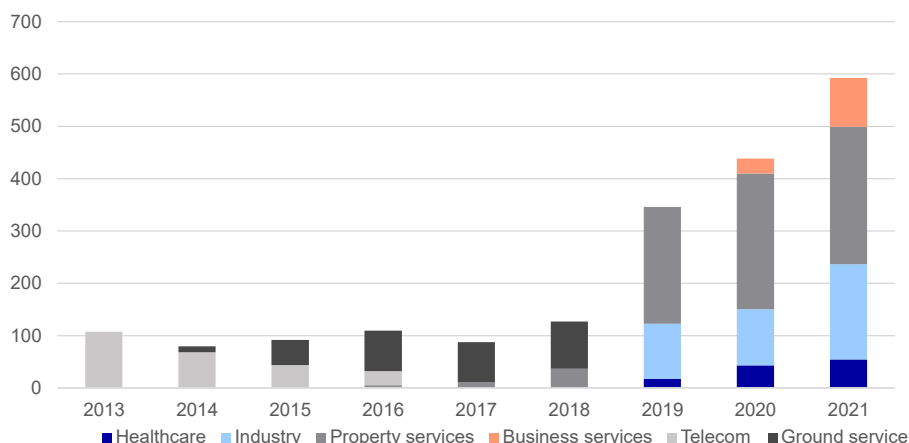
Source: Compiled by Nordea based on company data

The RTM pro forma 2021 EBITA margin is 8.7%

Similar to the growth achieved on the top line, Stockwik has reported strong development in EBITA, going from a loss of SEK 2m in 2017 to earnings of SEK 56m RTM pro forma 2021. EBITA's inflection point was in 2018 when Stockwik reported a positive figure for the first time, leading to an impressive EBITA CAGR of 283% for 2018-21. Despite EBITA being negative for several years prior to 2018, the margin has had a positive delta for most of 2018-21, reaching ~7.8% at the end of that period. If we include recent M&A, the EBITA margin for RTM pro forma 2021 is 8.7%, up 80 bp compared to 2021.

Recent expansion in Healthcare to drive further diversification

Splitting out group sales by segment, we have seen a significant development in Property Services, which has been the largest segment within Stockwik since 2016 (if including Ground Services from 2014), accounting for ~44% of group sales in 2021, followed by Industry (31%), Business Services (16%) and Healthcare (9%). We note that Property Services has declined as a percentage of group sales from 65% to 44% (2019-21), largely due to the establishment of Business Services, which has gone from 0% to 16% (2019-21). Also, three out of the four acquisitions made since mid-2021 have been within the Healthcare segment, thus we expect further diversification of the portfolio and dilution of Property Services as a percentage of sales during 2022.

NET SALES BY DIVISION, 2014-21 (SEKm)

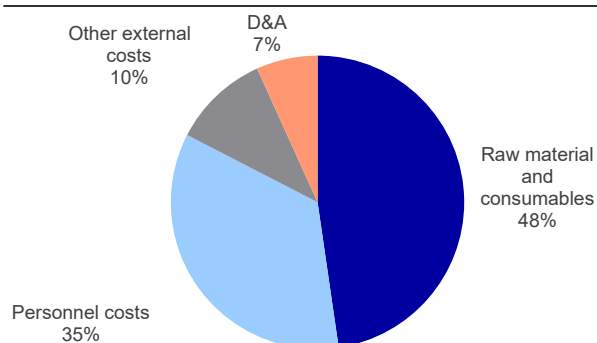
Source: Company data and Nordea estimates

Property Services has reported a CAGR of 56% for 2014-21

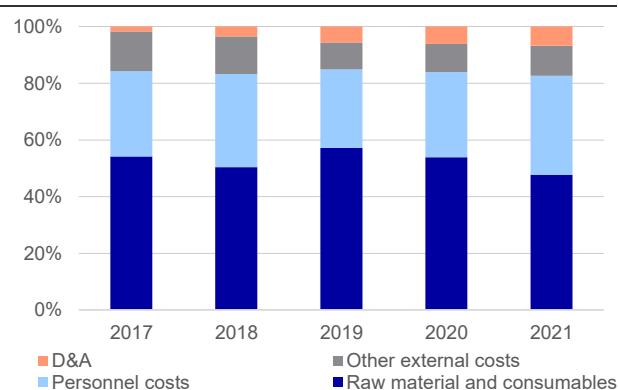
Since 2014, Property Services (including the former Ground Services division) has reported a CAGR of ~56%, reaching SEK 263m in 2021. The Industry division has grown from SEK 106m in 2019 to SEK 182m in 2021, a CAGR of 31%, while Healthcare has grown from SEK 17m to SEK 54m in 2019-21, a CAGR of 80%.

High degree of variable costs gives flexibility to adapt to market fluctuations

Stockwik has a cost base with a high degree of variable costs, mainly in terms of subcontractors, raw materials and consumables, but also personnel costs. When examining the cost split (excluding interest and tax), we see that raw materials and consumables represent 48% of the group's total costs, followed by personnel costs accounting for 35%. We note that during the last five years, raw material and consumables expenditure has declined somewhat, while personnel costs and D&A have increased. Overall, the advantages of Stockwik's cost structure include its ability to adapt to market fluctuations due to its high degree of variable costs. On the negative side, however, this limits the potential upside on operating leverage.

STOCKWIK: COST BASE AS % OF TOTAL COSTS, 2021

Source: Compiled by Nordea based on company data

STOCKWIK: COST BASE AS % OF TOTAL COSTS, 2017-21

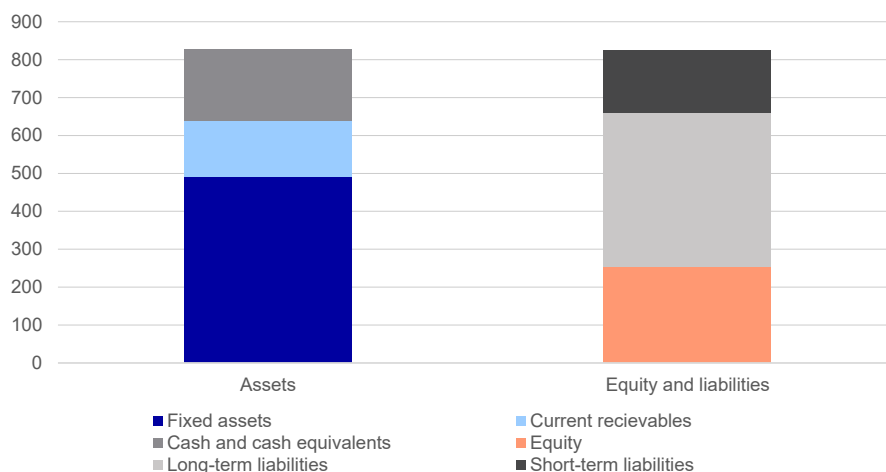
Source: Compiled by Nordea based on company data

Goodwill makes up 34% of total assets

Balance sheet strengthened after SEK 143m rights issue

Balance sheet and cash flow

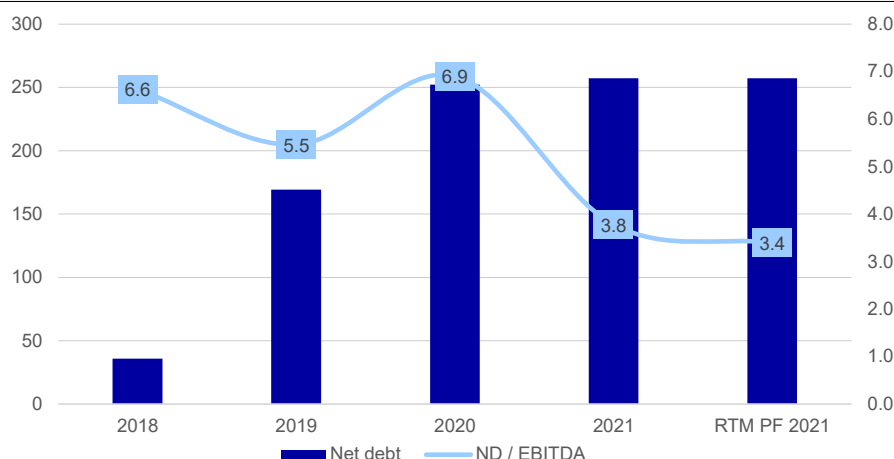
By the end of 2021, Stockwik had SEK 825m of assets on its balance sheet. Due to M&A, 60% stems from non-current assets, of which goodwill represents SEK 283m (34% of total assets). We find the significant share of goodwill to be appropriate given the nature of the business model. Given the recent SEK 143m rights issue and expansion of the current bond loan by SEK 75m, Stockwik has a healthy SEK 187m in cash and cash equivalents (as at end of 2021) to finance continued growth.

STOCKWIK'S BALANCE SHEET AS OF Q4 2021

Source: Compiled by Nordea based on company data

Deleveraging to net debt/ EBITDA 3.4x RTM pro forma by year-end 2021

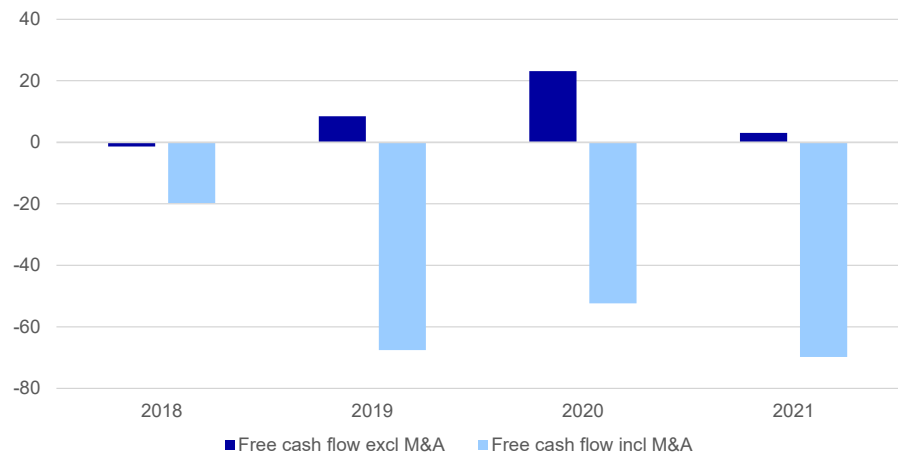
Net debt increased from SEK 36m in 2018 to SEK 252m in 2020, raising the net debt/ EBITDA ratio slightly from 6.6x to 6.9x. Since then, we have seen a deleveraging to 3.4x RTM pro forma by year-end 2021. This is driven by the increased EBITDA from SEK 37m in 2020 to SEK 79m RTM pro forma 2021, combined with the rights issue of SEK 143m during 2021. Stockwik also potentially could utilise a tap issue of current credit facility, realising an extra SEK 75m. The credit facility can be redeemed as early as in September 2022 without significant additional costs.

NET DEBT (SEKm) AND NET DEBT/EBITDA (x), 2018-21

Source: Compiled by Nordea based on company data

Free cash flow including M&A of SEK -50m to -70m over 2019-21

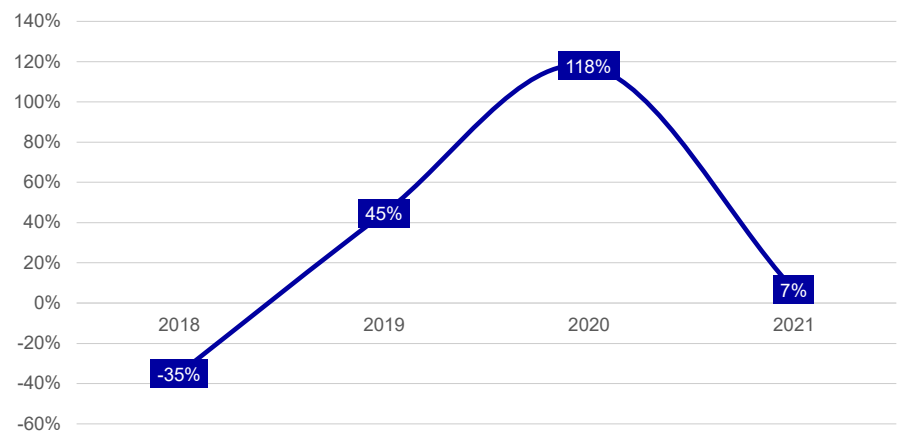
While free cash flow excluding M&A has been positive during the last three years, free cash flow including M&A has stabilised at around SEK -50m to -70m during 2019-21, as a function of the higher pace of M&A.

FREE CASH FLOW EXCLUDING AND INCLUDING ACQUISITIONS, 2018-21 (SEKm)

Source: Compiled by Nordea based on company data

Capex-to-sales reached an average of ~1% during 2018-21

Owing to the company's low capex needs, with an average of ~1% capex-to-sales for 2018-21, Stockwik is able to operate with a high level of cash conversion. Despite working capital boosting the cash conversion for 2020 by SEK 16m, while weighing on 2021 by SEK 14m, we see improvements in cash conversion from 2018, which should benefit the company's ability to finance a strong M&A pace.

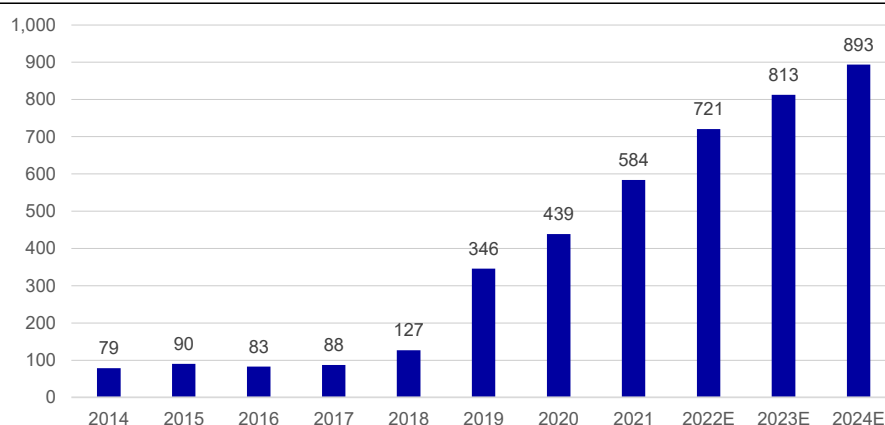
CASH CONVERSION, 2018-21

Source: Company data and Nordea estimates

Estimates

The company's performance since 2018 has been positive, in our view. We are optimistic about a continued growth journey and expect organic growth in line with historical GDP. Additionally, we argue that M&A will drive a 2021-24E sales CAGR of 15%. While we pencil in a slightly higher capex to sales ratio and a stable NWC, we forecast that Stockwik will achieve a cash conversion rate of ~74% in 2024E, which will be key for maintaining solid M&A. To this end, we expect Stockwik to continue undertaking margin-accretive M&A, prompting our slight margin uplift and a 23% EBITA CAGR for 2021-24E.

STOCKWIK: GROUP SALES, 2018-24E (SEKm)

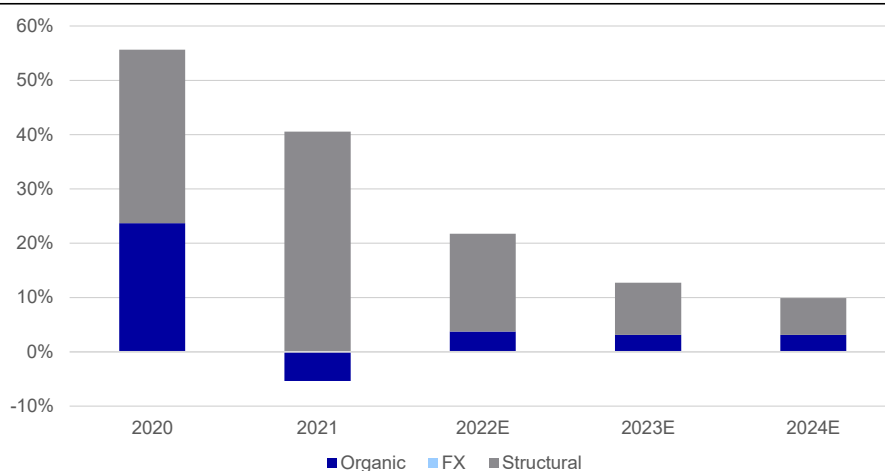


Source: Compiled by Nordea based on company data (2018-21) and Nordea estimates (2022E-24E)

Sales CAGR of 15% for 2021-24E in our base case

Stockwik sales increased from SEK 88m in 2017 to SEK 584m (SEK 649m RTM pro forma), translating to a sales CAGR of 65%. We are optimistic about continued growth, and given its outspoken strategy and history, we expect Stockwik to continue executing on the M&A path that began in 2018. We believe this will result in a 2021-24E sales CAGR of 15%, lifting sales from SEK 584m to SEK 893m. Note that we do not include future M&A in 2022E, thus the M&A contribution for 2022E is related to already closed acquisitions.

STOCKWIK: GROUP SALES GROWTH DRIVERS, 2020-24E (%)



*Organic growth for 2020-21 is based on Nordea estimates.

Source: Nordea estimates

We see strong growth of 22% for 2022E, primarily driven by recent acquisitions

Dissecting the annual sales growth by growth parameter, M&A has clearly been the most important driver historically. Thanks to its compounding business model, we expect this to also be the case going forward. We forecast an uptick in organic sales

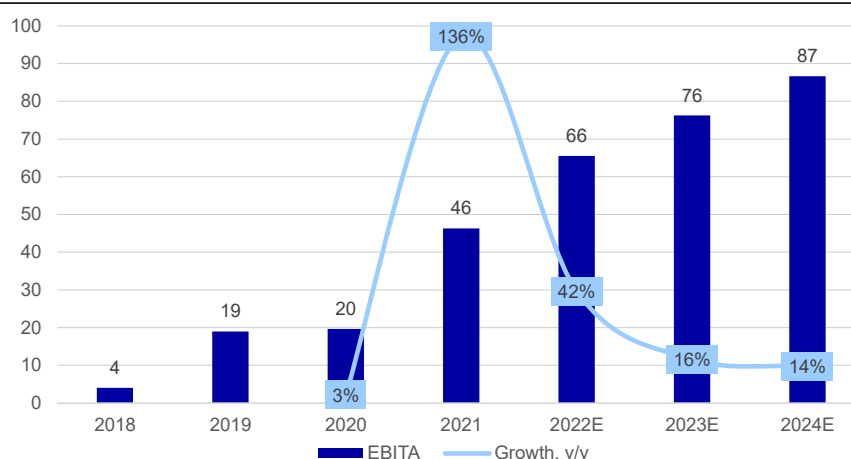
growth for 2022 in the wake of a muted 2021, partly due to COVID-19, and thus pencil in ~4% organic growth for 2022E. In addition, we expect M&A to contribute another ~18%, implying total top-line growth of 22% for 2022E.

We pencil some 30% of future M&A into our estimates

Looking ahead to 2023-24, we estimate more modest organic growth of ~3%, which is on par with historical GDP growth owing to its significant exposure to low-growth markets such as Property Services, Healthcare and Industry. We do, however, expect the majority of growth to stem from M&A, for which we pencil in 10% and 7% structural growth for 2023E and 2024E, respectively. We are conservative in that we factor in future M&A contributions that represent only 30% of the historical M&A pace. Our base-case estimates for Stockwik therefore imply SEK ~110m in aggregated acquired sales for 2023-24.

We do not envisage any FX impact, since its geographical exposure is solely in Sweden.

STOCKWIK: GROUP EBITA AND % CHANGE, Y/Y (SEKm AND %)



Source: Compiled by Nordea based on company data (2019-21) and Nordea estimates (2022E-24E)

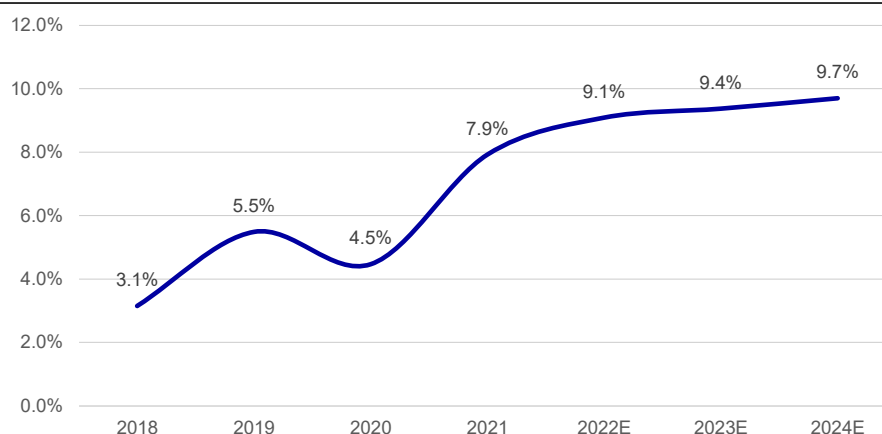
We estimate increasing EBITA driven by M&A

We forecast that strong sales growth will drive future EBITA, with y/y growth of 42% in 2022E, 16% in 2023E and 14% in 2024E. Thus, we expect EBITA to swell from SEK 46m in 2021 to SEK 87m in 2024, implying a CAGR of 23% that is mainly driven by M&A.

Margin-accretive acquisitions to drive a steady EBITA margin until 2024E

In 2018, Stockwik achieved a positive EBITA margin for the first time. Since then, we have seen a solid EBITA margin uplift from 3.1% in 2018 to an all-time high in 2021 of 7.9% (8.7% RTM pro forma). Since Q3 2020, its acquisitions have had a reported weighted average EBITDA margin of ~20%. As we expect the company to continue to expand through profitable M&A, we anticipate a somewhat firmer margin going forward, reaching an EBITA margin of 9.7% in 2024E.

STOCKWIK: EBITA MARGIN, 2018-24E (%)

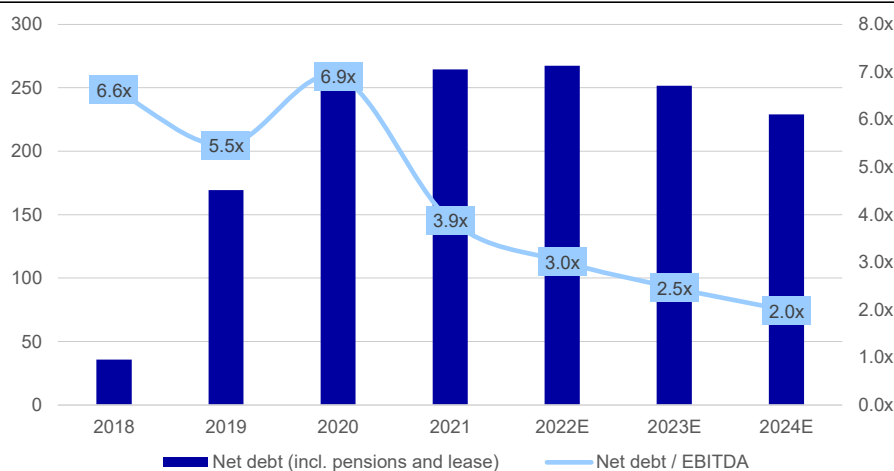


Source: Compiled by Nordea based on company data (2019-21) and Nordea estimates (2022E-24E)

Net debt/EBITDA to decline from 6.9x in 2020 to 2.0x in 2024E

Given its increased M&A pace in 2018-22, including 18 acquisitions, we have seen a rise in the company's indebtedness. This peaked at net debt/EBITDA of 6.9x in 2020, but its recent capital injection and rising EBITDA muted a further rise in net debt and lowered net debt/EBITDA to 3.9x for 2021 (3.4x RTM pro forma). For 2022E-24E, we estimate a slower deleveraging of the balance sheet and also pencil in some future M&A, resulting in net debt/EBITDA of 2.0x in 2024E.

STOCKWIK: NET DEBT AND NET DEBT/ADJUSTED EBITDA, 2018-24E (SEKm AND x)

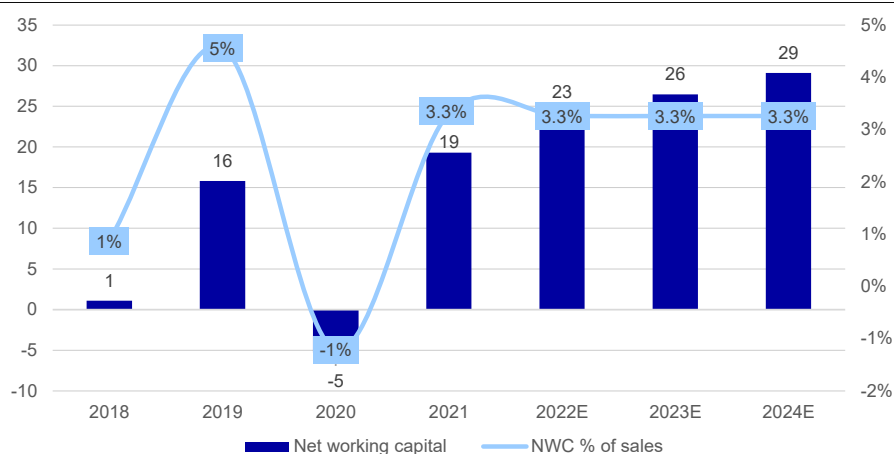


Source: Compiled by Nordea based on company data (2019-21) and Nordea estimates (2022E-24E)

NWC to sales of 3.3% for 2022E-24E

For net working capital, we estimate that Stockwik will be at 3.3% of sales during the forecast period, which is somewhere in the mid-range of the volatile history for this metric.

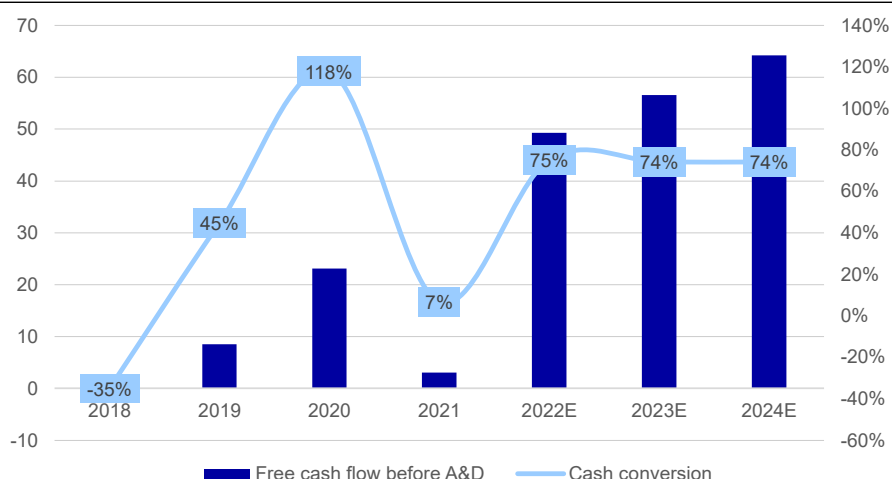
STOCKWIK: NET WORKING CAPITAL AND % OF SALES, 2018-24E (SEKm AND %)



Source: Compiled by Nordea based on company data (2019-21) and Nordea estimates (2022E-24E)

Cash conversion to reach 74% in 2024E

While the cash conversion benefitted from effects related to NWC in 2020, it was negatively impacted by unusually high net working capital in 2021. We estimate a significant uplift in the cash conversion from 2021 but look for it to stabilise thereafter.

STOCKWIK: FREE CASH FLOW BEFORE ACQUISITIONS AND DIVESTMENTS, AND CASH CONVERSION, 2018-24E (%)


*Cash conversion is defined free cash flow pre-M&A divided by adjusted EBITA

Source: Compiled by Nordea based on company data (2019-21) and Nordea estimates (2022E-24E)

STOCKWIK: QUARTERLY ESTIMATES (SEKm)

	2020				2021				2022			
SEKm	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22E	Q2 22E	Q3 22E	Q4 22E
Net sales	96	98	100	144	119	145	135	192	151	182	168	221
Raw material and consumables	-51	-53	-52	-79	-48	-69	-65	-90	-73	-86	-81	-96
Gross profit	46	47	49	68	72	78	72	106	78	95	87	124
Other external costs	-10	-8	-9	-15	-13	-16	-13	-20	-15	-18	-17	-22
Personnel costs	-29	-28	-32	-42	-45	-52	-44	-58	-47	-56	-52	-68
Other operating costs	0	0	0	0	0	0	0	0	0	0	0	0
EBITDA (excl. leasing)	6	11	8	11	13	10	16	27	16	21	18	34
Depreciation	-4	-4	-5	-5	-5	-5	-6	-6	-5	-6	-5	-7
EBITA	3	8	3	7	8	5	10	21	11	15	12	27
Amortisation	-2	-2	-3	-3	-4	-4	-4	-4	-4	-5	-4	-6
EBIT	1	6	1	3	4	1	6	17	7	10	8	21
Financial net	-5	-4	-9	-8	-8	-9	-8	-5	-9	-9	-9	-9
Pretax profit	-4	2	-9	-4	-4	-8	-2	12	-2	1	-1	12
Tax	0	1	16	-3	-4	1	1	-7	0	0	0	-3
Net profit	-4	2	7	-7	-8	-7	-1	5	-1	1	-1	10
Avg. number of shares (after dilution)	4	5	5	5	5	6	6	6	6	6	6	6
Diluted EPS, SEK	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.76	-0.20	0.18	-0.10	1.56
Margins and ratios												
Gross profit	47.6%	48.0%	49.0%	47.4%	60.3%	53.9%	53.6%	54.9%	51.6%	52.4%	51.6%	56.4%
EBITDA margin	6.2%	11.5%	8.1%	7.8%	11.1%	7.0%	11.8%	14.1%	10.6%	11.4%	10.6%	15.4%
EBITA margin	2.6%	7.8%	3.0%	4.6%	6.6%	3.3%	7.3%	11.1%	7.4%	8.2%	7.4%	12.2%
EBIT margin	0.6%	5.8%	0.5%	2.3%	3.4%	0.6%	4.3%	9.0%	4.9%	5.7%	4.9%	9.7%
Sales growth y/y												
Organic	53%	33%	9%	19%	-20%	-6%	-8%	7%	4%	4%	4%	3%
FX	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Acq	107%	31%	18%	17%	43%	54%	43%	28%	24%	21%	21%	10%
Total sales growth	116%	29%	-1%	15%	23%	47%	35%	35%	27%	25%	24%	14%

Source: Nordea estimates

STOCKWIK: ANNUAL ESTIMATES (SEKm)

	2018	2019	2020	2021	2022E	2023E	2024E
Net sales	127	346	439	584	721	813	893
Raw material and consumables	-64	-192	-234	-268	-337	-377	-412
Gross profit	64	156	210	325	384	436	482
Other external costs	-17	-32	-43	-60	-72	-81	-89
Personnel costs	-41	-93	-131	-196	-223	-252	-277
Other operating costs	0	0	0	0	0	0	0
EBITDA (excl. leasing)	5	31	37	68	89	102	115
Depreciation	-1	-12	-17	-22	-23	-26	-29
EBITA	4	19	20	46	66	76	87
Amortisation	-4	-7	-9	-16	-18	-20	-22
EBIT	1	12	10	31	48	56	64
Financial net	-3	-14	-25	-30	-36	-36	-40
Pretax profit	-3	-1	-15	1	12	20	24
Tax	20	29	14	-10	-2	-4	-5
Net profit	17	28	-1	-9	9	16	20
Avg. number of shares (after dilution)	4	4	5	6	6	6	6
Diluted EPS, SEK	3.85	6.54	-0.18	-1.92	1.48	2.56	3.17
Margins and ratios	2018	2019	2020	2021	2022E	2023E	2024E
Gross profit							
EBITDA margin	4.3%	9.0%	8.3%	11.7%	12.3%	12.6%	12.9%
EBITA margin	3.3%	5.5%	4.5%	7.9%	9.1%	9.4%	9.7%
EBIT margin	0.5%	3.6%	2.3%	5.2%	6.6%	6.9%	7.2%
Sales growth y/y	2018E	2019E	2020	2021	2022E	2023E	2024E
Organic	-10%	2%	24%	-5%	4%	3%	3%
FX	0%	0%	0%	0%	0%	0%	0%
Structural	55%	166%	32%	41%	18%	10%	7%
Total sales growth	45%	173%	27%	35%	22%	13%	10%

Source: Nordea estimates

Sustainability

Through Stockwik's long-term ownership with no exit strategy, sustainability is a fundamental part of its operations to maintain a stable business and for the subsidiaries to prosper. Through its portfolio company Galdax, along with the Healthcare and Property Services segments, Stockwik has broad end-market exposure within areas that benefit society. The central management ensures that structured guidelines are set to help the companies operate more sustainably, both internally and externally.

Sustainability is a fundamental part of operations

In recent years, more emphasis has been put on increasing sustainability awareness through the subsidiaries, and sustainability is now a fundamental part of operations. Given the company's long-term ownership with no exit strategy, sustainability is necessary to maintain a stable long-term business and for the subsidiaries to prosper for 'eternity'. According to management, Stockwik also prefers to invest in companies that contribute (in some form) to society. This can be seen through its fairly newly established segment, Healthcare.

Savings of 60-80 litres of oil per retreaded heavy vehicle tyre

Another example is the 2019 acquisition of Galdax, a company that operates in the niche of retreading tires (primarily for heavy vehicles), which implies savings of roughly 60-80 litres of oil for each tyre that is retreaded instead of producing a new tyre. According to Stockwik, this is equivalent to a ~24% reduction in CO₂ emissions and 70% lower natural resources extraction.

Exposure towards the renovation market through Property Services

Additionally, through the Property Services segment, Stockwik is exposed to the renovation market, where a significant share of the exposure is towards renovation and additional work to buildings in order for the buildings to remain functional.

Central management supports its subsidiaries through general guidelines

Central management bolsters portfolio companies' ESG awareness

Through its central management, Stockwik supports its subsidiaries and presents some general guidelines for how the portfolio companies should operate when it comes to sustainability, social factors and governance aspects. For example, it assists the companies in introducing sustainability-related requirements for key suppliers and customers, while also monitoring energy and raw material consumption internally. In addition, emphasis is put on reducing unnecessary travel through more digital meetings, offering employees solid working conditions through market-standard salaries, regulated working hours, overtime compensation and potential fringe benefits – while having a clear anti-corruption policy in place to avoid any kind of corruption.

Risks

Below, we list several risk factors that we believe could affect Stockwik's operations and financial performance. This list is not to be interpreted as an exhaustive description of all risks faced by the group, but rather the ones we find most important to highlight.

Acquisitions

Stockwik consists of 19 smaller Swedish companies, which can be seen as stable, profitable and well maintained, and which the company intends to own long term. Having been explicit in terms of its M&A agenda, we expect Stockwik to continue on this path. However, there are several risks associated with an acquisition-driven business model, e.g. Stockwik might struggle to find and acquire suitable targets that fit its criteria, and which the owners are willing to sell. There is also a risk of overpaying for acquisitions, negatively affecting Stockwik's financials and return on investments.

Key personnel

The companies in which Stockwik invests are often small with few employees. Thus, the founder or key persons are often a vital part of the companies and their departure could affect businesses negatively. The key persons are also often those who are performing some of the day-to-day work in the smaller companies, and therefore problems can arise if these persons become sick or injured.

Financing risks

Due to historical M&A along with its rather muted cash flow, Stockwik has been forced to issue new shares and take loans to fund its operation. This means that investors must be willing to put more money into the company and/or that Stockwik can raise debt. Thus, we see a risk that raising additional capital would become harder if interest from investors were to cool off. However, it is worth highlighting that Stockwik's most recent share issue in mid-2020 had a coverage ratio of roughly five times the value.

Another financing risk is related to interest rates, as the company's interest rates are affected by the underlying market rates, which have historically fluctuated due to macroeconomic factors such as inflation expectations and monetary policy.

In September 2020, Stockwik issued a bond with a floating coupon of three-month Stibor + 7.0 pp, and thus the group's debt accrues mainly at floating rates.

Impairment of intangible assets

As of 2021, around 34% of Stockwik's assets consisted of goodwill. The company regularly values its goodwill and intangible assets. Thus, we see factors such as lower growth, lower profitability, or other negative factors as risks that may lead to impairments.

Project risk

Some subsidiaries apply both fixed and variable pricing, and it is common for projects to run for more than a year. Therefore, profitability is a function of how well Stockwik is able to balance costs against its calculated offering price. Should the company price its services too low, the profitability of an entire project would be at risk. This means that larger contracts are associated with a higher level of risk, as the potential impact on the group result is larger. We saw this in Q2 2021, when a couple of projects within Property services impacted results negatively due to higher costs than expected.

Political risks and regulation

Stockwik faces the risk that regulation and/or societal changes affect its business operation. The segment Property Services is primarily exposed to this, due to the large share of state and municipal customers. Thus, political changes may impact customer demand and operational efficiency within the group (not least the segment Healthcare). Similarly, new regulations leading to portfolio companies having to adopt new techniques or materials could potentially lead to additional costs for the group.

Macroeconomic risks

Macroeconomic risks are beyond Stockwik's control and a general economic downturn

could have a negative effect on the portfolio companies. Despite Stockwik's philosophy of investing in stable, profitable and non-cyclical businesses, there is a risk of less demand for its products in a severe economic downturn.

Operational and financial benchmarks

With a bold M&A strategy, with inspiration from Nordic compounders such as Addtech and Indutrade, we compare Stockwik to a broader set of compounders. With its M&A ramp-up in 2018, we note that Stockwik has outgrown the overall sector, in terms of both sales and EBITA. While we expect Stockwik to grow sales in line with the sector for 2022 and 2023, we expect above-sector EBITA growth, with contributions from recent acquisitions. However, we still expect both margins and ROCE to remain at the lower end of the sector spectra for 2022 and 2023.

Bold M&A strategy with inspiration from e.g. Addtech and Indutrade

Given its forceful M&A strategy, with inspiration from larger compounding companies like Addtech and Indutrade, we have selected a broader group of compounding peers to compare Stockwik with. Even though we note that some of these companies are not perfect operational fits, we find this to be a beneficial exercise.

Given the company's relatively short track record and history of a higher M&A pace, we realise that solely comparing Stockwik to the compounding space may not be entirely logical.

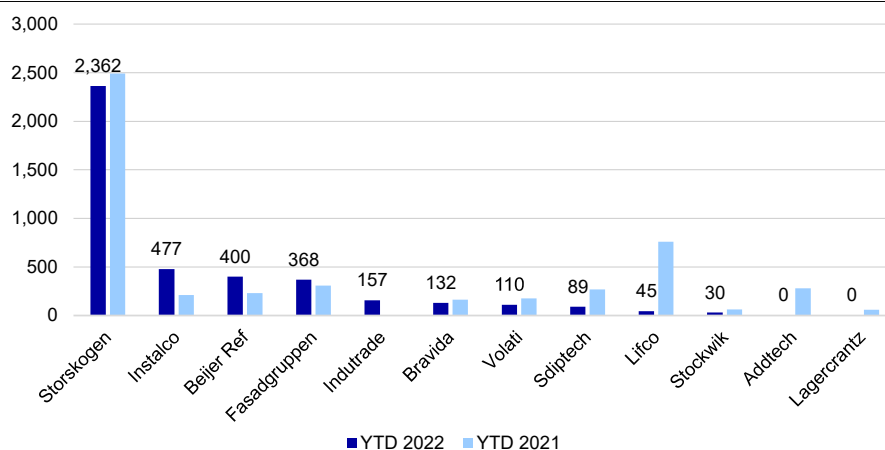
Stockwik versus compounders

All estimates below are based on our estimates (unless stated otherwise) and do not represent the overall consensus.

Acquisition overview YTD

Below, we present an overview of compounding companies' acquisition rates. We have compiled acquired sales during 1 January-15 March for both 2022 and 2021.

ACQUIRED SALES (SEKm), YTD 2022 VS SAME PERIOD IN 2021

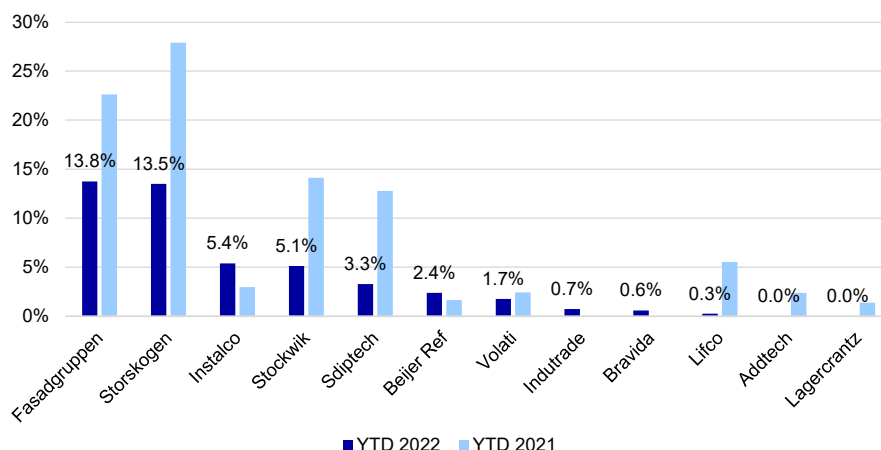


*Note: Sdiptech is commissioned research. M&A YTD until 15 March

Source: Company data and Nordea

Stockwik has added ~5.1% to sales YTD through M&A, ranking fourth in the compounding sector

Given the relatively smaller size of Stockwik, acquired sales are not fairly reflected when comparing the company in absolute terms to the other compounders. Thus, looking at acquired sales as a percentage of the previous year's sales, Stockwik has added ~5.1% to sales YTD (as of 15 March), ranking fourth in the space. However, looking at the same period in 2021, we note that Stockwik is ranked third after Storskogen and Fasadgruppen. One should note that Stockwik is growing from a significantly lower sales base than the compounding space.

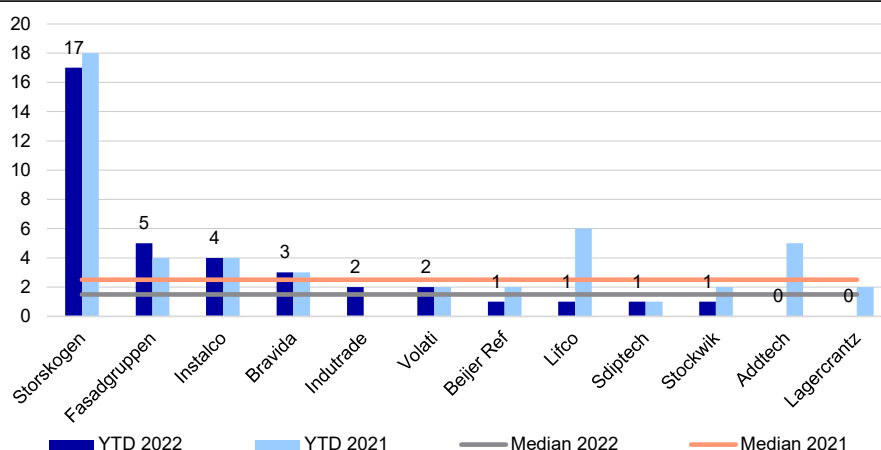
ACQUIRED SALES AS % OF PREVIOUS YEAR'S SALES, YTD AND SAME PERIOD IN 2021

*Note: Sdiptech is commissioned research. M&A YTD until 15 March

Source: Company data and Nordea

Stockwik falls short of the median number of acquisitions YTD

Looking at the number of acquisitions YTD and in the corresponding period in 2021, Stockwik made one and two acquisitions, respectively. Given the significantly higher M&A pace of Storskogen, we find it more reasonable to look at the median number of acquisitions in the space during these periods. Here, we note that Stockwik falls somewhat short for both 2021 and 2022.

NUMBER OF ACQUISITIONS YTD VERSUS SAME PERIOD LAST YEAR

*Note: Sdiptech is commissioned research. M&A YTD until 15 March

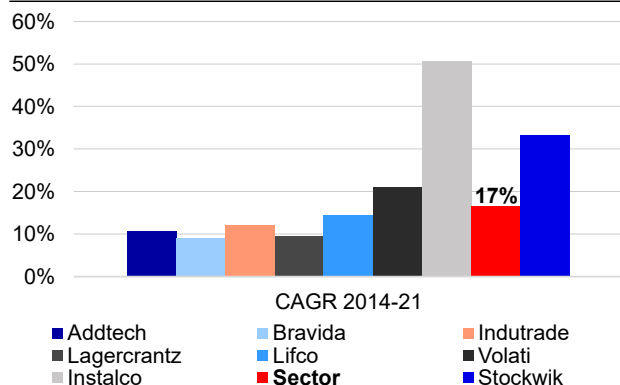
Source: Company data and Nordea

Stockwik posted the second-highest sales growth in the periods 2014-21 and 2018-21

Financial benchmarking versus compounders

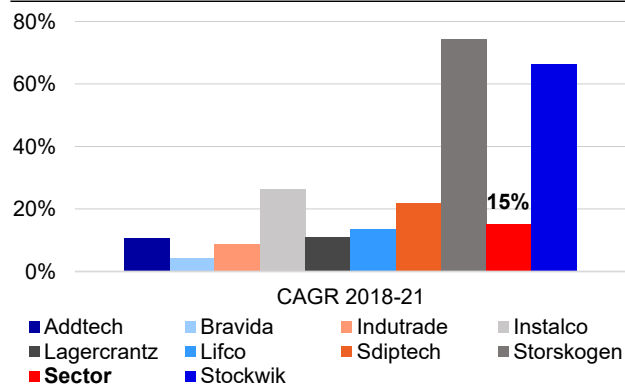
Between 2014 and 2021, the compounding sector (excluding Stockwik) grew at a CAGR of 17%, while it grew at a slightly higher rate of 15% in 2018-21. Stockwik ranks second to Instalco for the period 2014-21, and second to Storskogen for 2018-21, with a CAGR of 33% and 66%, respectively.

We note that there are no adjustments for Addtech's and Volati's respective spin-offs of Addlife in 2016 and Bokusgruppen in 2021 in the historical numbers; hence, our benchmarking understates growth for these companies.

SALES CAGR (%), 2014-21

*Note: Sdiptech is commissioned research

Source: Company data and Nordea estimates

SALES CAGR (%), 2018-21

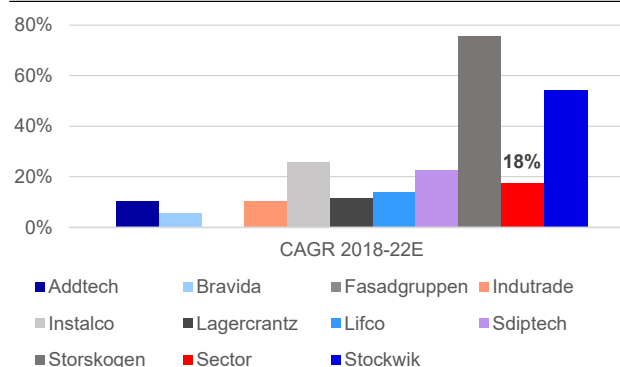
*Note: Sdiptech is commissioned research

Source: Company data and Nordea estimates

We expect the compounding sector (excluding Stockwik) to grow sales at a CAGR of 20% in 2020-23 and 18% in 2018-22, with most companies at above 10%.

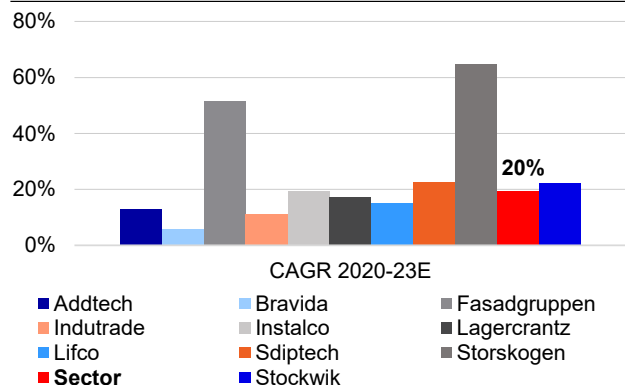
With a strong growth contribution from 2021, we expect Stockwik to grow slightly faster than the sector in 2020-23

Stockwik's growth stands out as the second highest for the period 2018-22E. As previously mentioned, we note that 2018 was an inflection point in Stockwik's M&A growth story, while it is also growing from a small base. For 2020-23, we expect Stockwik to grow slightly faster than the sector average, primarily given the positive contribution from the record year 2021, with seven acquisitions and 35% y/y growth from the 2020 base.

SALES CAGR (%), 2018-22E

*Note: Sdiptech is commissioned research

Source: Company data and Nordea estimates

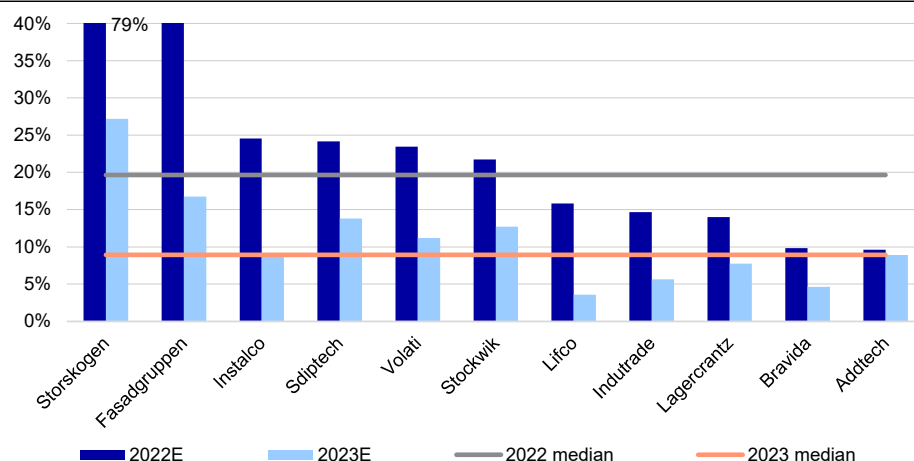
SALES CAGR (%), 2020-23E

*Note: Sdiptech is commissioned research

Source: Company data and Nordea estimates

We expect Stockwik to grow slightly below Instalco, Volati and Sdiptech in 2022

With several acquisitions consolidated in H2 2021, which will contribute positively in 2022, we expect Stockwik to post 2022 growth slightly below that of Instalco, Volati and Sdiptech (commissioned research).

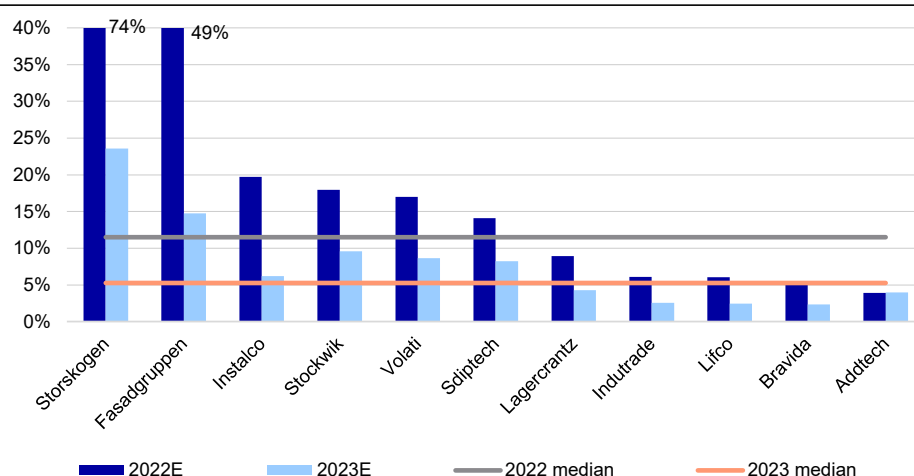
TOTAL Y/Y SALES GROWTH (%)

*Note: Sdiptech is commissioned research

Source: Company data and Nordea estimates

Stockwik's structural growth is slightly higher than the sector median for both 2022E and 2023E

We anticipate significantly higher growth in 2022 than in 2023, as the recent M&A mostly impacts growth in 2022. Thus, our 2023 growth estimate from acquisitions for Stockwik is mostly based on potential future M&A (i.e. unannounced), with a small contribution from the recent acquisitions of Hälsobolaget and Anders & Peters Däckservice. We expect Stockwik to grow above the sector median in both 2022 and 2023.

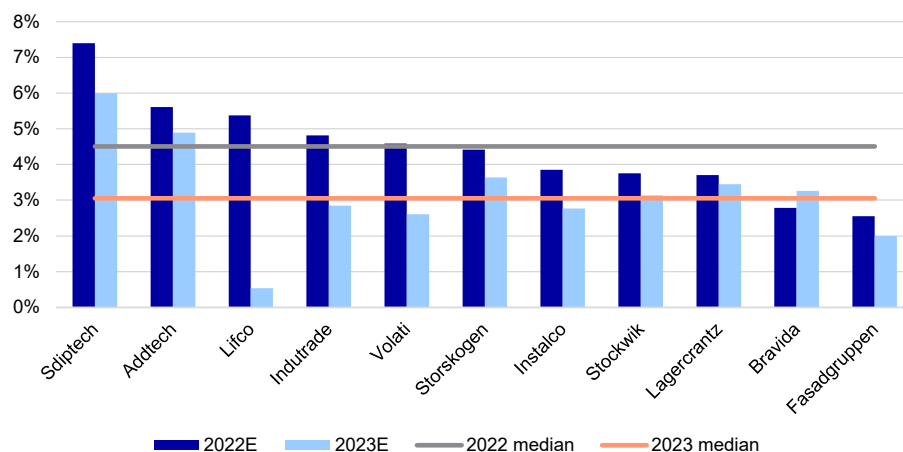
STRUCTURAL Y/Y SALES GROWTH (%)

*Note: Sdiptech is commissioned research

Source: Company data and Nordea estimates

Organic growth slightly below the sector median for 2022E and 2023E

While Stockwik is embracing the model of acquiring stable and non-cyclical companies with a low risk profile, commonly within low-growth end markets, we anticipate a somewhat lower organic growth profile compared to the compounding space. Following the negative organic growth in 2021, we expect a slight rebound during 2022. However, we expect organic growth slightly below that of the sector for both 2022 and 2023.

ORGANIC Y/Y SALES GROWTH (%)

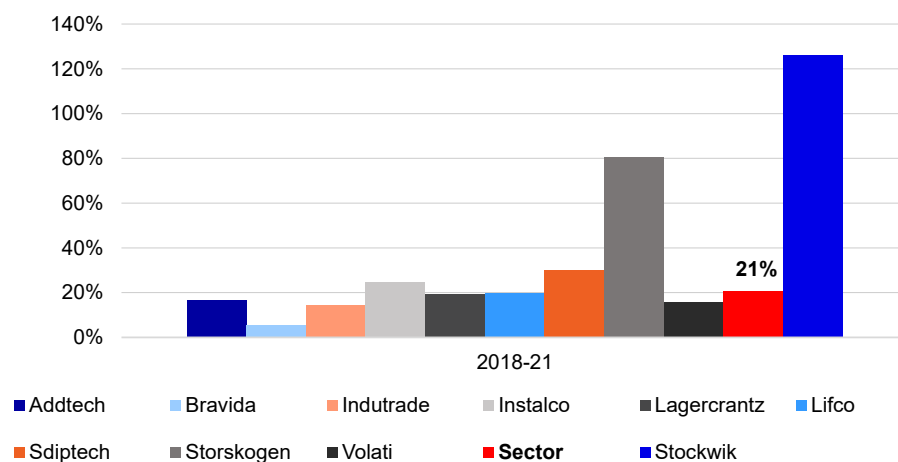
*Note: Sdiptech is commissioned research

Source: Company data and Nordea estimates

Margin expansion of 4.6 pp drove an EBITA CAGR of 126% in 2018-21

Earnings growth overview

EBITA (adjusted) for the compounding sector (excluding Stockwik) grew at a 21% CAGR in 2018-21. This can be compared to Stockwik's EBITA CAGR of 126% for the same period. Note that 2018 was the first year with positive group EBITA. Thus, 2018-21 growth was from exceptionally low levels, with a margin of 3.3%, which is 4.6 pp below the reported EBITA margin for 2021.

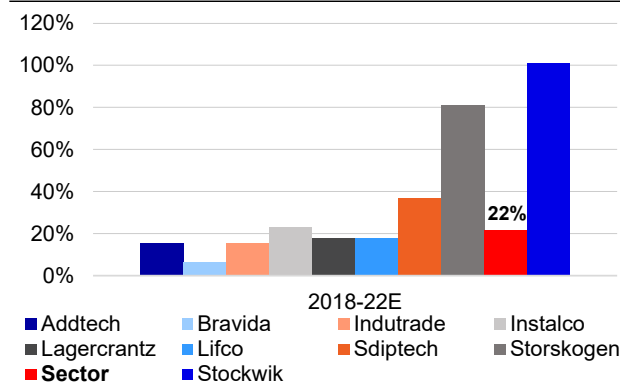
EBITA CAGR, 2018-21 (%)

*Note: Sdiptech is commissioned research. Unadjusted EBITA for Stockwik due to non-disclosure

Source: Company data and Nordea estimates

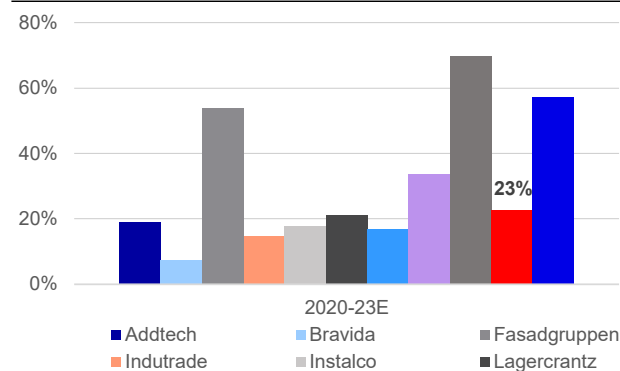
Strong 2021 to drive significantly higher EBITA growth than the sector

Our estimated adjusted EBITA CAGR for the compounding sector (excluding Stockwik) is 22% for 2018-22 and 23% for 2020-23. We expect Stockwik to deliver significantly higher growth than the sector for both periods. This is mainly driven by the strong 2021, when the company achieved 136% y/y EBITA growth.

EBITA CAGR, 2018-22E (%)

*Note: Sdiptech is commissioned research. Unadjusted EBITA for Stockwik due to non-disclosure

Source: Company data and Nordea estimates

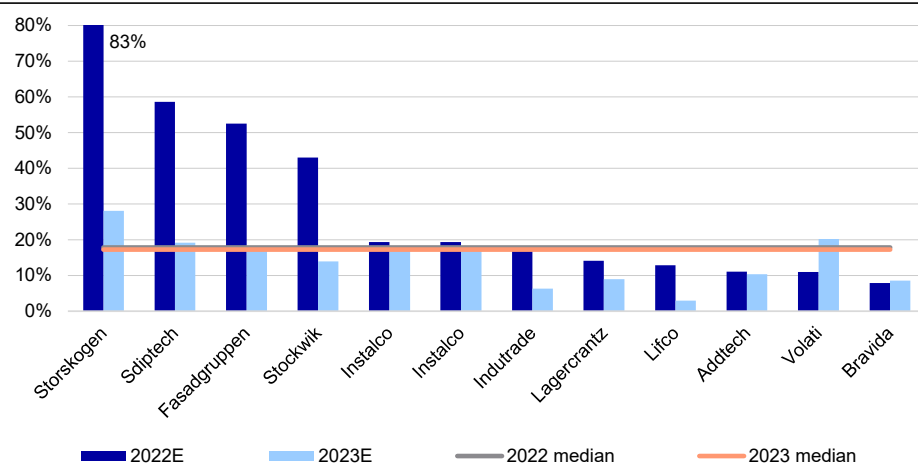
EBITA CAGR, 2020-23E (%)

*Note: Sdiptech is commissioned research. Unadjusted EBITA for Stockwik due to non-disclosure

Source: Company data and Nordea estimates

Stockwik to grow EBITA by 42% for 2022E and 16% for 2023E

We expect Stockwik to deliver y/y EBITA growth of 42% for 2022 and 16% for 2023, which compares to the compounding sector median of 18% for 2022E and 17% for 2023E. Again, the strong EBITA growth for Stockwik in 2022E is driven by the contributions from recent acquisitions.

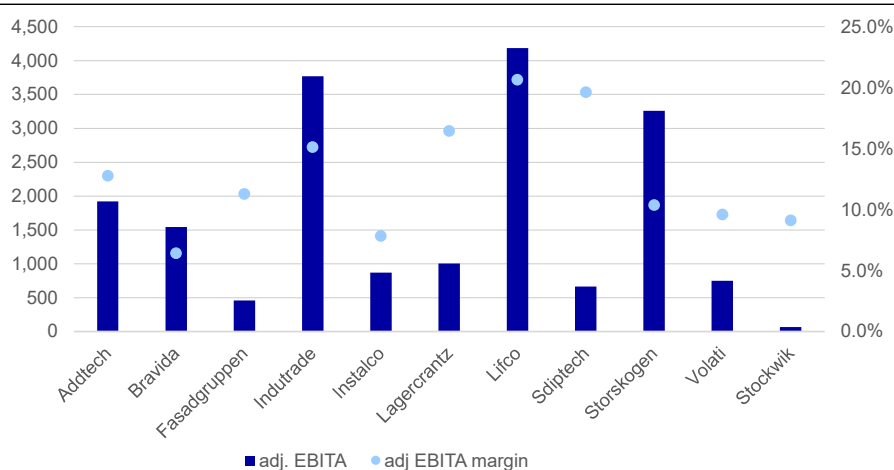
ADJUSTED Y/Y EBITA GROWTH, 2022E AND 2023E (%)

*Note: Sdiptech is commissioned research. Unadjusted EBITA for Stockwik due to non-disclosure

Source: Company data and Nordea estimates

Stockwik to post an EBITA margin below the sector average for 2022E

In absolute numbers, Stockwik is by far the smallest company in terms of EBITA. Looking at the margin, we expect the company to reach an EBITA margin of 9.1% in 2022, which is below the average margin for the sector.

ADJUSTED EBITA (SEKm) AND MARGIN (%), 2022E

*Note: Sdiptech is commissioned research. Unadjusted EBITA for Stockwik due to non-disclosure

Source: Company data and Nordea estimates

Stockwik to close in on the sector during 2022E and 2023E

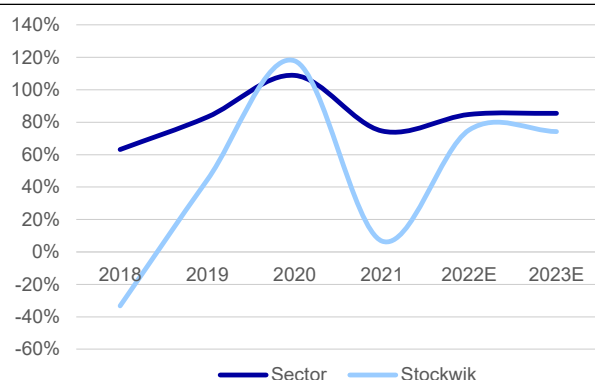
Capital structure and return on capital

Below, we define cash conversion as pre-M&A free cash flow divided by adjusted EBITA during the fiscal year, thus capturing the dynamics of the operating cash flow and the reinvestments needed to keep the company running effectively. Stockwik has historically had very volatile cash conversion, mainly due to 2018 being an inflection point in the company's growth story. While 2021 free cash flow was heavily hit by the net working capital, we anticipate a normalisation in 2022 and 2023, with cash conversion closing in on the sector average.

Net debt/EBITDA of 2.5x in 2023E

Similarly, historical net debt/EBITDA (reported) has been very stretched in absolute numbers for Stockwik. However, we foresee a steady decline to a ratio of 2.5x in 2023, which is still significantly above the 2023E sector average of 0.9x.

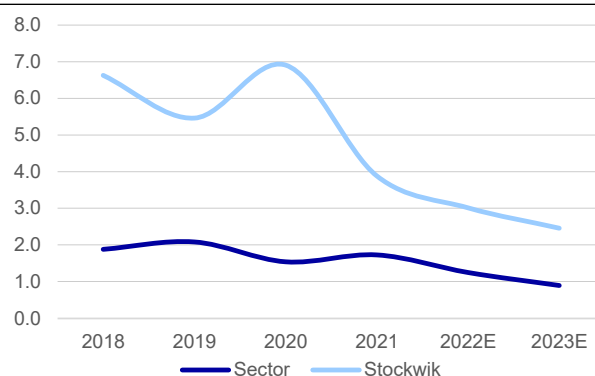
CASH CONVERSION* (%): SECTOR VERSUS STOCKWIK, 2018-23E



Note: Sdiptech is commissioned research. *Defined as FCF pre-M&A divided by adjusted EBITA. Unadjusted EBITA for Stockwik due to non-disclosure

Source: Company data and Nordea estimates

NET DEBT/EBITDA (x): SECTOR VERSUS STOCKWIK, 2013-23E



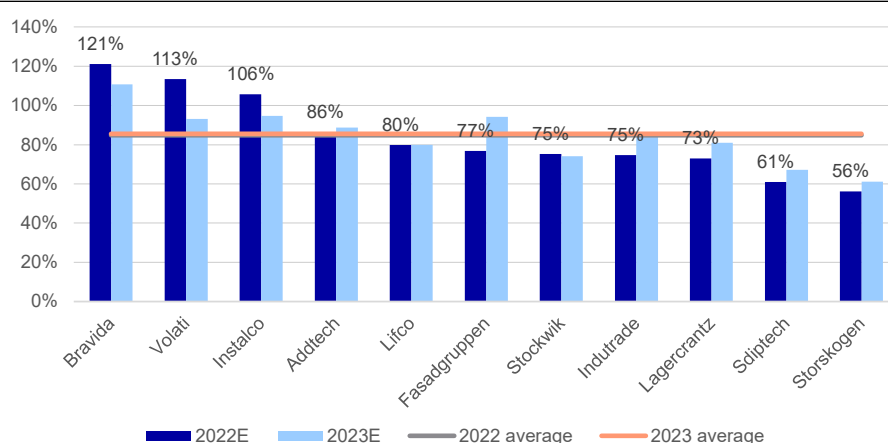
Note: Sdiptech is commissioned research

Source: Company data and Nordea estimates

Cash conversion to reach ~75% in 2022E

We estimate that Stockwik will reach cash conversion roughly in line with those of Fasadgruppen, Indutrade and Lagercrantz for 2022, slightly below the sector average.

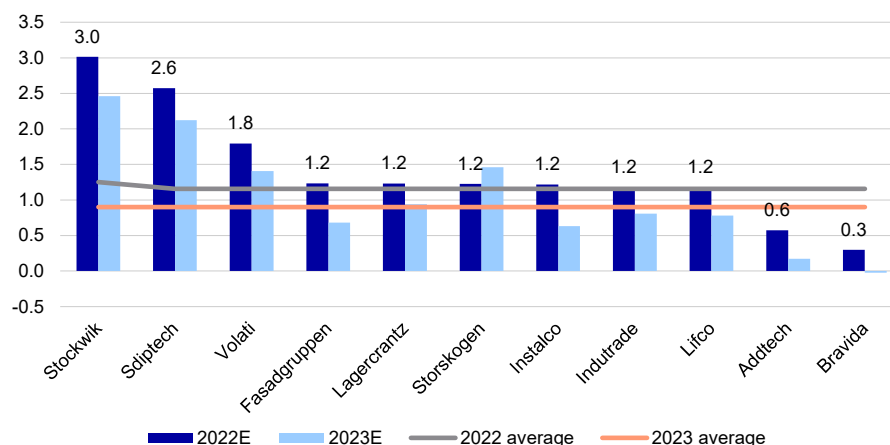
CASH CONVERSION* PER COMPANY (%), 2022E AND 2023E



Note: Sdiptech is commissioned research. *Defined as FCF pre-M&A divided by adjusted EBITA. Unadjusted EBITA for Stockwik due to non-disclosure

Source: Company data and Nordea estimates

We expect Stockwik to maintain net debt/EBITDA significantly above the sector average for 2022 and 2023 of 3.0x and 2.5x, respectively. Thus, we would highlight the more limited headroom for the company, relative to the sector.

NET DEBT/EBITDA, 2022E AND 2023E

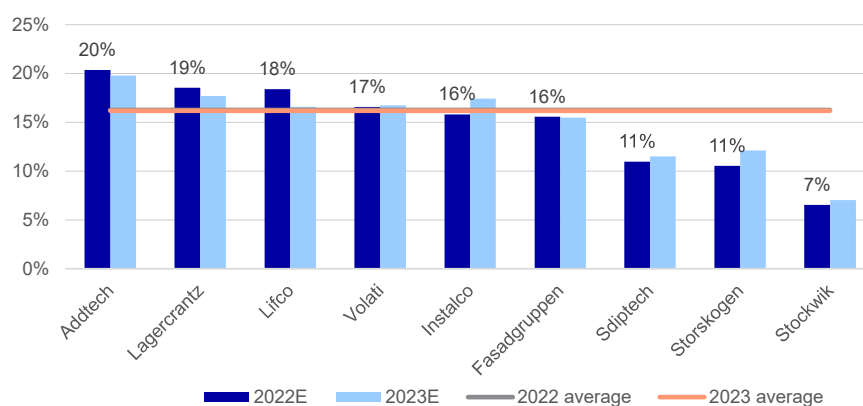
Note: Sdiptech is commissioned research

Source: Company data and Nordea estimates

ROCE significantly below the sector average

Return on capital metrics

We forecast Stockwik to post an ROCE of ~7% for both 2022 and 2023, which is significantly below the sector average (excluding Stockwik) of ~16% for these years.

ROCE, 2022E-23E (%)

Note: Sdiptech is commissioned research

Source: Company data and Nordea estimates

We note that return on capital measures are generally negatively impacted in the short term by acquisitions, as the capital base increases directly upon consolidation, while earnings take 12 months to come through.

M&A scenario

With a higher pace of M&A in recent years, Stockwik has shifted up a gear, announcing 18 acquisitions since 2018. We compile two M&A scenarios to reveal the potential if Stockwik were to gear up to net debt/EBITDA of 2.5x and 3.5x. Given the current net debt/EBITDA of 3.0x, we calculate that Stockwik could add 1-2% to 2023E sales and EBITA and 11% to 2024E. However, if the company were to increase its gearing to 3.5x, we calculate that it could add 30% to 2023E sales and 29% to 2023E EBITA, while it could add 65% and 61% to 2024E sales and EBITA, respectively.

~30% future M&A incorporated in our base-case estimates

We include future M&A in our base-case estimates but are conservative in that we factor in future M&A contributions that represent only 30% of the historical M&A pace. Our base-case estimates for Stockwik therefore imply a total of SEK ~110m in aggregated acquired sales for 2023-24.

Two scenarios to reflect M&A potential

However, to reflect the M&A potential, we conduct two M&A scenarios. In the first, we maintain net debt/EBITDA at 2.5x for 2022E-24E, while in the second scenario we assume net debt/EBITDA at 3.5x for the same years.

Scenario 1: 2022E-24E net debt/EBITDA of 2.5x

Scenario 2: 2022E-24E net debt/EBITDA of 3.5x

Scenario 1

Based on historical acquisitions, we assume that Stockwik acquires its targets at EV/EBITDA of 7x and with an EBITA margin of 9.0%.

TARGET COMPANY: VALUATION ASSUMPTIONS (SEKm)

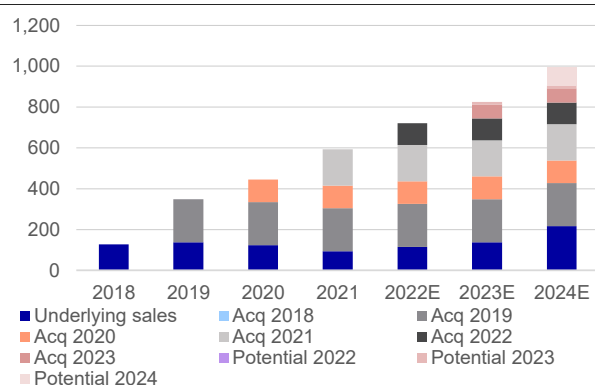
Acquisition assumptions	2022E	2023E	2024E
EV/Sales	0.6	0.6	0.6
EV/EBITDA	7.0	7.0	7.0
EBITDA margin	9.0%	9.0%	9.0%
Target company sales	0	25	152
Target company EBITA	0	2	14
Depreciation	0	1	5

Source: Nordea estimates

Given net debt/EBITDA of 3.0x, Stockwik cannot add any sales to 2022E

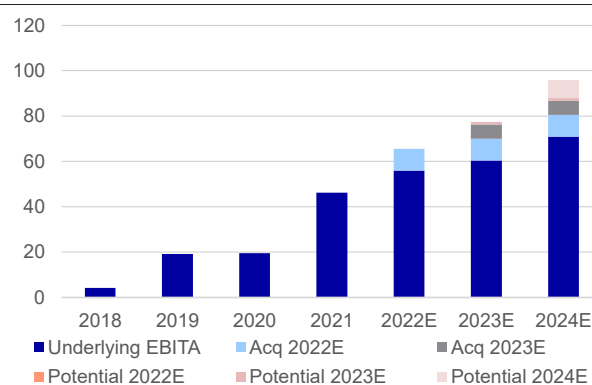
Given the current level of Stockwik's balance sheet, the company cannot add any further sales to 2022E (net debt/EBITDA of 3.0x for 2022E). However, given that net debt will be reduced with the cash flows from Stockwik as well as from the acquired companies, we see further M&A headroom for 2023 and 2024. In 2024, we see potential for Stockwik to add up to 11% to our currently estimated sales and EBITA, which would bring sales to SEK 995m and EBITA to SEK 96m.

STOCKWIK: ACQUIRED SALES POTENTIAL, NET DEBT/EBITDA 2.5x (SEKm)



Source: Company data and Nordea estimates

STOCKWIK: ACQUIRED EBITA POTENTIAL, NET DEBT/EBITDA 2.5x (SEKm)



Source: Company data and Nordea estimates

STOCKWIK: FINANCIALS AFTER ACQUISITION - NET DEBT/EBITDA: 2.5x (SEKm)

Acquired sales and EBIT (50/50)	2022E	2023E	2024E
Accumulated added sales	0	13	102
Accumulated added EBITA	0	1	9
Depreciation	0	0	3
Stockwik after acquisitions	2022E	2023E	2024E
Sales	721	826	995
EBITA	66	77	96
EBITDA	89	104	128
Acquired sales	0%	2%	11%
Acquired EBITA	0%	1%	11%
Net financials	-36	-37	-48
Pre-tax profit	12	20	23
Tax	-2	-4	-5
Net profit	9	16	18
EPS	1.48	2.53	2.98
Financing cost (7%)	0	1	8
Free cash flow Stockwik	49	57	71
whereof from acq companies	0	1	7
Net debt after acquisitions	267	260	319
ND/EBITDA	3.0	2.5	2.5
Share price (SEK)	85.00		
No. of shares (m)	6.2	6.2	6.2
Mcap (SEKm)	523		
EV (incl. pension and lease)	791	783	842
P/E	57.3	33.6	28.5
EV/EBITA	12.1	10.1	8.8

Source: Nordea estimates

Scenario 2

Stockwik can add 8% to 2022E sales and EBITA, respectively

In our second scenario, our acquisition assumptions are similar to in the first scenario, but now net debt/EBITDA is stretched to 3.5x. We then assume that 50% of the acquired sales will be booked in 2022 (and the remaining 50% in 2023), which implies that Stockwik can add 8% to 2022E sales and EBITA, respectively.

65% to sales and 61% to EBITA can be added by 2024E, given net debt/EBITDA of 3.5x

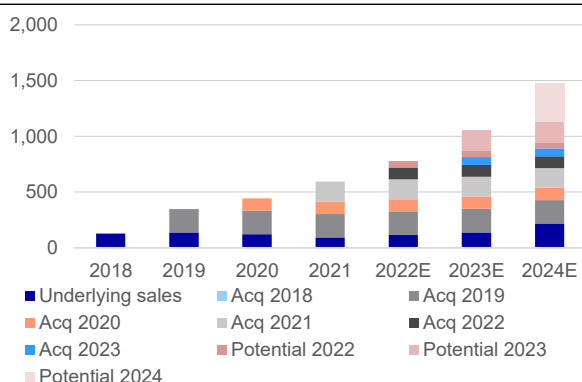
Given the cash flow generation by both Stockwik and the acquired companies, we see significant M&A headroom for 2023E and 2024E. In 2024, we see potential for Stockwik to add up to 65% to sales and 61% to EBITA compared to our currently modelled estimates, which would bring sales to SEK ~1.5bn and EBITA to SEK 139m.

As Stockwik continues to diversify its business through M&A, we see the potential for the company to receive a lower interest rate, compared to today's ~7%. Thus, if assuming a lower interest rate, we note that Stockwik would be able to increase EPS in both scenarios.

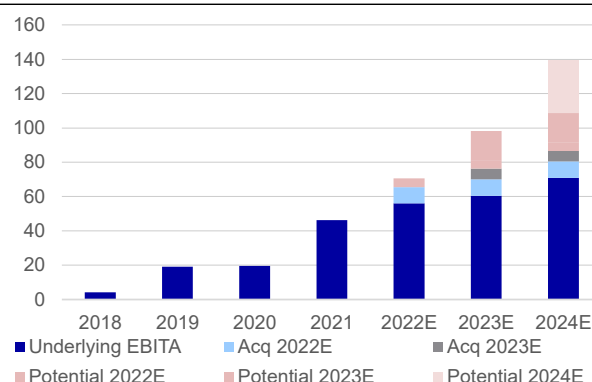
TARGET COMPANY: VALUATION ASSUMPTIONS (SEKm)

Acquisition assumptions	2022E	2023E	2024E
EV/Sales	0.6	0.6	0.6
EV/EBITA	7.0	7.0	7.0
EBITA margin	9.0%	9.0%	9.0%
Target company sales	111	267	413
Target company EBITA	10	24	37
Depreciation	4	9	13

Source: Nordea estimates

STOCKWIK: ACQUIRED SALES POTENTIAL, NET DEBT/EBITDA 3.5x (SEKm)


Source: Company data and Nordea estimates

STOCKWIK: ACQUIRED EBITA POTENTIAL, NET DEBT/EBITDA 3.5x (SEKm)


Source: Company data and Nordea estimates

STOCKWIK: FINANCIALS AFTER ACQUISITION - NET DEBT/EBITDA OF 3.5x (SEKm)

Acquired sales and EBIT (50/50)	2022E	2023E	2024E
Accumulated added sales	56	244	584
Accumulated added EBITA	5	22	53
Depreciation	2	8	19
Stockwik after acquisitions	2022E	2023E	2024E
Sales	776	1,057	1,478
EBITA	71	98	139
EBITDA	95	132	187
Acquired sales	8%	30%	65%
Acquired EBITA	8%	29%	61%
Net financials	-41	-53	-75
Pre-tax profit	10	19	27
Tax	-2	-4	-6
Net profit	8	15	22
EPS	1.32	2.47	3.54
Financing cost (7%)	5	17	35
Free cash flow Stockwik	53	73	103
whereof from acq companies	4	16	39
Net debt after acquisitions	334	462	654
ND/EBITDA	3.5	3.5	3.5
Share price (SEK)	85.00		
No. of shares (m)	6.2	6.2	6.2
Mcap (SEKm)	523		
EV (incl. pension and lease)	857	986	1,177
P/E	64.5	34.5	24.0
EV/EBITA	12.1	10.0	8.5

Source: Nordea estimates

Management and board

Management

Chief Executive Officer

David Andreasson, born 1974



Co-founded Stockwik Förvaltning together with Olle Nordberg in December 2013

Education and professional experience: M.Sc. in Economics from Uppsala University and B.Sc. in Business Adm. from Stockholm University. 15 years-plus investment banking experience from Swedbank, Kaupthing, ABGSC and Erik Penser

Number of shares: 157,082 shares

CFO

Andreas Säfstrand, born 1983



Joined Stockwik in 2014

Education and professional experience: Master of Laws (LL.M.) in Business Law from Stockholm University. Six years of commercial law (including capital raising and M&A) experience from DLA Piper.

Number of shares: 49,728 shares

COO

Rickard Henze, born 1979



Joined Stockwik in 2021

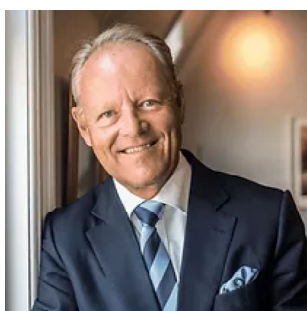
Education and professional experience: M.Sc. in Corporate Finance from Stockholm University. 20 years of industry experience (investment banking, research and portfolio management) from Swedbank, ABN AMRO, ABGSC and Nordea

Number of shares: 32,654 shares

Board of directors

Chairman of the board

Rune Rinnan, born 1958



Joined Stockwik in 2007, chairman since 2008

Other engagements: Chairman of RR Capital AS, Televenture Capital AS, TeleVenture Management, Wavetrain Systems AS, Franatech AS, Kimberlitt AS, CrayoNano AS, Condalign AS and MossHydro AS. Board member at Hybrid Energy AS, One2Touch AS, IceFrech AS, Applied Petroleum Technology AS and PolarSat Ltd.

Number of shares: 147,093 shares

Board member,

Olof Nordberg, born 1970



Joined Stockwik in 2010

Other engagements: Chairman of Aktiebolaget Guns Livsmedel, Ladza Fastigheter AB, Ekerö Intressenter AB, 10K Racelodge AB, Funäsdalen Aktivitetsboende AB, Kåvan Rundeln Hyresfastigheter AB and Ski Lodge centrum i Funäsdalen AB. Board member at Gällstaö Bryggan AB, Säbyholms Parken AB and Mareldsvatten Sverige AB. Board member and CEO of Marna Förvaltning AB, Huaso Förvaltning AB, Ladza Fastigheter Invest AB and Marna Fastigheter AB

Number of shares: 808,439 shares

**Board member**

Oskar Lindström, born 1972

Joined Stockwik in 2019

Other engagements: Board member and CEO of Velocita AB. Deputy board member at Exencotech AB and Ragdoll Los Angeles AB.

Number of shares: 433,833 shares

**Board member**

Mathias Wiesel, born 1973

Joined Stockwik in 2010

Other engagements: Chairman of Advisio Aktiebolag. Deputy board member at Cariel Spirits AB and Haga Spiritus AB.

Number of shares: 314,789 shares

Reported numbers and forecasts

INCOME STATEMENT

SEKm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	79	90	83	88	128	348	444	593	721	813	893
Revenue growth	-26.0%	15.0%	-8.4%	5.7%	45.7%	172.8%	27.7%	33.3%	21.7%	12.8%	9.9%
of which organic	n.a.	n.a.	n.a.	-36.8%	-9.9%	2.1%	23.7%	-5.4%	3.8%	3.1%	3.1%
of which FX	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA	-4	1	2	-1	5	31	37	68	89	102	115
Depreciation and impairments PPE	-5	-4	-4	-2	-1	-12	-17	-22	-23	-26	-29
of which leased assets	0	0	0	0	0	-9	-14	-4	-7	-7	-7
EBITA	-9	-3	-2	-2	4	19	20	46	66	76	87
Amortisation and impairments	0	0	0	-2	-4	-7	-9	-16	-18	-20	-22
EBIT	-9	-3	-2	-4	1	12	10	31	48	56	64
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	-2	-3	-4	-2	-3	-14	-25	-30	-36	-36	-40
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	-11	-6	-5	-5	-3	-1	-15	1	12	20	24
Reported taxes	0	1	1	13	20	29	14	-10	-2	-4	-5
Net profit from continued operations	-11	-5	-5	7	17	28	-1	-9	9	16	20
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	-5	-5	7	17	28	-1	-9	9	16	20
EPS, SEK	-0.01	0.00	0.00	0.00	3.79	6.26	-0.18	-1.56	1.48	2.56	3.17
DPS, SEK	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which ordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Profit margin in percent

EBITDA	-5.3%	1.1%	2.2%	-0.6%	4.2%	8.9%	8.2%	11.5%	12.3%	12.6%	12.9%
EBITA	-11.7%	-3.3%	-2.1%	-2.3%	3.3%	5.5%	4.4%	7.8%	9.1%	9.4%	9.7%
EBIT	-11.7%	-3.3%	-2.1%	-4.5%	0.5%	3.6%	2.3%	5.2%	6.6%	6.9%	7.2%

Adjusted earnings

EBITDA (adj)	-4	1	2	-1	5	31	37	68	89	102	115
EBITA (adj)	-9	-3	-2	-2	4	19	20	46	66	76	87
EBIT (adj)	-9	-3	-2	-4	1	12	10	31	48	56	64
EPS (adj, SEK)	-0.01	0.00	0.00	0.00	3.79	6.26	-0.18	-1.56	1.48	2.56	3.17

Adjusted profit margins in percent

EBITDA (adj)	-5.3%	1.1%	2.2%	-0.6%	4.2%	8.9%	8.2%	11.5%	12.3%	12.6%	12.9%
EBITA (adj)	-11.7%	-3.3%	-2.1%	-2.3%	3.3%	5.5%	4.4%	7.8%	9.1%	9.4%	9.7%
EBIT (adj)	-11.7%	-3.3%	-2.1%	-4.5%	0.5%	3.6%	2.3%	5.2%	6.6%	6.9%	7.2%

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	3.7%	34.6%	37.5%	48.2%	52.4%	44.8%	20.7%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	105.5%	106.8%	n.m.	80.1%	30.0%
EBIT	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	147.7%	39.0%
EPS	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	230.2%	-7.6%	-12.7%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	-8.8%	-3.7%	0.6%	1.6%	3.1%	4.5%	5.4%	6.0%
Average EBITDA margin	n.a.	n.a.	n.a.	-4.5%	0.8%	5.3%	6.8%	8.8%	10.3%	11.2%	11.9%

VALUATION RATIOS - ADJUSTED EARNINGS

SEKm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
P/E (adj)	n.m.	n.m.	n.m.	n.m.	5.8	5.1	n.m.	n.m.	57.4	33.3	26.9
EV/EBITDA (adj)	n.m.	28,614.0	21,112.0	n.m.	25.2	10.0	19.0	12.4	8.9	7.6	6.5
EV/EBITA (adj)	n.m.	n.m.	n.m.	n.m.	32.3	16.2	35.3	18.3	12.1	10.2	8.7
EV/EBIT (adj)	n.m.	n.m.	n.m.	n.m.	226.4	24.9	67.9	27.6	16.7	13.9	11.7

VALUATION RATIOS - REPORTED EARNINGS

SEKm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
P/E	n.m.	n.m.	n.m.	n.m.	5.8	5.1	n.m.	n.m.	57.4	33.3	26.9
EV/Sales	n.m.	n.m.	n.m.	n.m.	1.06	0.89	1.56	1.43	1.10	0.95	0.84
EV/EBITDA	n.m.	28,614.0	21,112.0	n.m.	25.2	10.0	19.0	12.4	8.9	7.6	6.5
EV/EBITA	n.m.	n.m.	n.m.	n.m.	32.3	16.2	35.3	18.3	12.1	10.2	8.7
EV/EBIT	n.m.	n.m.	n.m.	n.m.	226.4	24.9	67.9	27.6	16.7	13.9	11.7
Dividend yield (ord.)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	-0.1%	0.0%	0.0%	0.0%	-19.7%	-48.3%	-11.9%	-12.0%	0.8%	4.4%	5.7%
FCF Yield bef A&D, lease adj	-0.1%	0.0%	0.0%	0.0%	-1.4%	-0.6%	2.2%	-0.2%	8.0%	9.4%	10.9%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company data and Nordea estimates

BALANCE SHEET

SEKm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Intangible assets	44	43	24	22	46	157	272	370	385	390	394
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	10	7	7	5	8	28	69	87	73	56	37
of which goodwill	35	36	17	17	38	129	203	283	312	334	357
Tangible assets	3	2	4	4	4	27	34	58	58	54	49
of which leased assets	0	0	0	0	0	19	24	37	37	37	37
Shares associates	0	0	0	0	0	0	0	0	0	0	0
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	7	19	36	59	66	60	56	52	48
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	7	7	0	1	1	5	5	4	0	0	0
Total non-current assets	54	52	35	45	86	248	378	492	500	497	491
Inventory	0	0	0	0	0	17	22	33	40	45	49
Accounts receivable	15	18	17	15	23	63	83	114	139	156	172
Short-term leased assets	0	0	0	0	0	0	0	7	7	7	7
Other current assets	0	0	0	0	0	0	0	0	0	0	0
Cash and bank	3	0	4	1	3	19	87	187	229	279	336
Total current assets	18	18	21	17	27	100	192	341	415	487	564
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	72	71	56	62	113	347	570	833	914	983	1,055
Shareholders equity	20	21	18	27	48	93	119	254	263	279	298
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	20	21	18	27	48	93	119	254	263	279	298
Deferred tax	2	2	0	0	0	0	0	0	0	0	0
Long term interest bearing debt	11	5	11	10	26	169	324	406	489	523	557
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0
Non-current lease debt	0	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	10	2	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	13	17	16	11	30	170	326	406	489	523	557
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	6	8	6	5	8	30	50	59	71	80	88
Current lease debt	0	0	0	0	0	8	11	7	7	7	7
Other current liabilities	10	10	7	11	14	35	61	69	84	94	104
Short term interest bearing debt	23	15	9	8	13	12	4	39	0	0	0
Total current liabilities	39	33	22	24	35	85	126	173	162	182	199
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	72	70	56	62	113	347	570	833	914	983	1,055
Balance sheet and debt metrics											
Net debt	31	30	18	17	36	169	252	265	267	252	229
of which lease debt	0	0	0	0	0	8	11	7	7	7	7
Working capital	-1	0	4	0	1	16	-5	19	23	26	29
Invested capital	53	52	38	45	87	263	372	511	523	523	520
Capital employed	53	50	40	45	86	281	458	706	760	809	863
ROE	n.m.	-26.5%	-25.2%	32.2%	46.5%	39.3%	-0.8%	-4.8%	3.5%	5.8%	6.8%
ROIC	-27.7%	-4.5%	-3.0%	-7.4%	0.7%	5.6%	2.5%	5.5%	7.3%	8.5%	9.8%
ROCE	-34.4%	-5.8%	-3.8%	-9.2%	0.9%	7.0%	2.9%	6.3%	6.5%	7.1%	7.7%
Net debt/EBITDA	n.m.	30.1	10.0	n.m.	6.6	5.5	6.9	3.9	3.0	2.5	2.0
Interest coverage	n.m.	-1.0	-0.5	n.m.	0.2	0.9	0.4	n.m.	n.m.	n.m.	n.m.
Equity ratio	27.3%	29.1%	31.4%	43.0%	42.1%	26.8%	20.8%	30.5%	28.8%	28.4%	28.3%
Net gearing	158.0%	145.9%	102.3%	65.3%	75.4%	182.2%	212.4%	104.1%	101.6%	90.2%	76.8%

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	-4	1	2	-1	5	31	37	68	89	102	115
Paid taxes	0	0	0	0	-2	-6	-2	-10	-2	-4	-5
Net financials	-2	-3	-4	-2	-3	-14	-25	-30	-36	-36	-40
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	-7	0	3	-14	-14	-30	-8	6	8	4	4
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	6	2	-1	15	15	25	7	-14	0	0	0
Funds from operations (FFO)	-8	0	0	-1	1	7	9	20	58	66	74
Change in NWC	1	1	-2	1	-1	4	16	-14	-2	-1	-1
Cash flow from operations (CFO)	-7	1	-2	-1	0	11	25	6	57	65	73
Capital expenditure	-1	-1	-1	-1	-1	-2	-2	-3	-7	-8	-9
Free cash flow before A&D	-8	0	-3	-1	-1	9	23	3	49	57	64
Proceeds from sale of assets	2	0	0	0	0	0	0	0	0	0	0
Acquisitions	-12	-2	-3	0	-18	-76	-76	-73	-45	-34	-35
Free cash flow	-18	-2	-5	-1	-20	-68	-52	-70	4	23	30
Free cash flow bef A&D, lease adj	-8	0	-3	-1	-1	-1	10	-1	42	49	57
Dividends paid	0	0	0	0	0	0	0	0	0	0	0
Equity issues / buybacks	0	0	0	0	0	0	14	0	0	0	0
Net change in debt	8	-5	6	-2	22	91	119	0	45	34	35
Other financing adjustments	0	0	0	0	0	0	0	0	-7	-7	-7
Other non-cash adjustments	13	-2	4	0	0	-8	-13	170	0	0	0
Change in cash	3	-3	4	-3	2	16	68	100	42	49	57
Cash flow metrics											
Capex/D&A	28.1%	17.5%	25.7%	14.7%	20.8%	10.8%	5.7%	8.9%	17.5%	17.5%	17.5%
Capex/Sales	1.8%	0.8%	1.1%	0.6%	0.8%	0.6%	0.3%	0.6%	1.0%	1.0%	1.0%
Key information											
Share price year end (/current)	10	17	20	14	22	32	89	92	85	85	85
Market cap.	16,258	28,441	37,984	26,250	100	140	440	581	525	525	525
Enterprise value	16,289	28,471	38,002	26,267	136	309	692	846	792	776	754
Diluted no. of shares, year-end (m)	1,687.5	1,686.9	1,877.4	1,879.0	4.5	4.4	4.9	6.3	6.2	6.2	6.2

Source: Company data and Nordea estimates

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