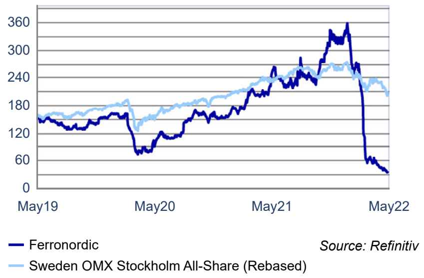
Ferronordic

Capital Goods
Sweden

KEY DATA

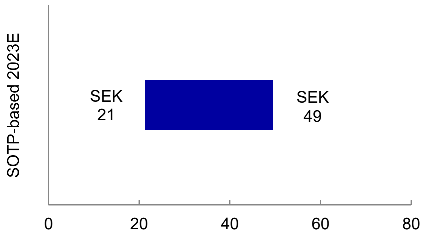
Stock country	Sweden
Bloomberg	FNM SS
Reuters	FNMA.ST
Share price (close)	SEK 39.60
Free Float	84%
Market cap. (bn)	EUR 0.05/SEK 0.58
Website	www.ferronordic.ru
Next report date	17 Aug 2022

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	9%	6%	6%
EBIT (adj)	27%	4%	0%

Source: Nordea estimates

Nordea Markets - Analysts
Victor Hansen
Analyst

Carl Ragnerstam
Analyst

Bumpy road ahead

Ferronordic delivered a decent Q1 report with earnings significantly stronger than expected (EBIT 41% above our estimate and up 30% y/y). This was driven by Russia/CIS, however, which we expect to materially decline ahead. For the German operations, where most of our fair value is derived, sales were 5% below our estimate and the EBIT loss was larger than expected, but the company reiterated its 2022 guidance for positive EBIT in Germany. Ferronordic released April sales figures for Russia, which we find supportive for our 2022 estimates. We raise 2022E EBIT by 27% due to the the Q1 beat. We lower our SOTP-based fair value range to SEK 21-49 (22-51), however, with the lower end based on our 2023 estimates and an inventory sell-off in 2022 valued at 1x EBIT, while the upper end includes Germany at a 5% margin (up from 1.7% in 2023E, adds SEK 28 per share at 7x EBIT). We also find SEK 106 in value uplift if suppliers return to Russia (at 3x EBIT). The 2023E valuation is now 5.6x EV/EBIT, with an implied WACC of 35% and a 3% dividend yield.

Q1 outcome

Sales reached SEK 1,746m in Q1, up 38% y/y (organic: 38%, M&A 2%, FX -3%). Q1 adjusted EBIT was SEK 108m, up 30% y/y and 41% above our estimate, due to stronger EBIT in Russia/CIS (48% above our estimate), while the loss in Germany was SEK 10m (Nordea estimate: SEK -4m). We make no adjustments to Q1 2022 EBIT (SEK -3.6m in Q1 2021 for the German restructuring), but note that provisions related to Russia hurt EBIT by SEK 43m. The sales beat was mainly driven by strong equipment sales and aftermarket. New units in Russia/CIS reached 348, up 17% y/y, versus our anticipated 261. Ferronordic's total unit deliveries for Russia/CIS were up 15% y/y, below the CE market's 25%. In Germany, Ferronordic's new unit deliveries increased 66% y/y and outpaced the regional market for a fourth consecutive quarter, by 62 pp in Q1 and 53 pp on average for the last four quarters. Ferronordic stated that the financial targets will be updated at a later date, due to current low visibility related to Russia.

Estimate revisions

We find that Ferronordic's preliminary April sales volumes support our Q2 estimates. As a result of the Q1 beat, we lift Q2 2022E sales by 9% and EBIT by 27%. While we continue to expect most Russian operations to taper off in 2022-23 as some of the inventory depletes, we raise our group sales estimates by 6% for 2023-24 and EBIT by 0-4%. We raise our dividend expectations by 10-18% for 2022-24, which represents a 20% payout ratio in 2022 and 50% in 2023-24.

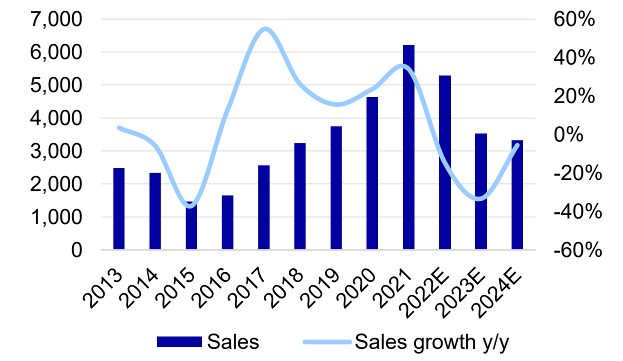
SUMMARY TABLE - KEY FIGURES

SEKm	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	3,241	3,747	4,635	6,211	5,286	3,522	3,328
EBITDA (adj)	322	501	503	728	447	264	259
EBIT (adj)	274	365	330	510	206	63	66
EBIT (adj) margin	8.4%	9.7%	7.1%	8.2%	3.9%	1.8%	2.0%
EPS (adj, SEK)	14.25	17.74	15.36	25.23	8.60	2.47	2.65
EPS (adj) growth	76.8%	24.5%	-13.4%	64.3%	-65.9%	-71.2%	7.2%
DPS (ord, SEK)	3.75	4.25	7.50	0.00	1.72	1.24	1.33
EV/Sales	0.5	0.8	0.5	0.8	0.1	0.1	0.1
EV/EBIT (adj)	5.6	8.4	6.9	10.0	2.5	5.6	2.9
P/E (adj)	8.9	9.2	10.2	13.4	4.6	16.0	14.9
P/BV	2.8	2.7	2.8	4.4	0.5	0.5	0.5
Dividend yield (ord)	2.9%	2.6%	4.8%	0.0%	4.3%	3.1%	3.3%
FCF Yield bef A&D, lease	6.6%	-21.6%	28.1%	4.9%	43.8%	33.4%	31.7%
Net debt	-303	689	-20	199	-53	-220	-384
Net debt/EBITDA	-0.9	1.4	0.0	0.3	-0.1	-0.8	-1.5
ROIC after tax	61.3%	29.7%	21.7%	35.9%	12.2%	4.2%	5.1%

Source: Company data and Nordea estimates

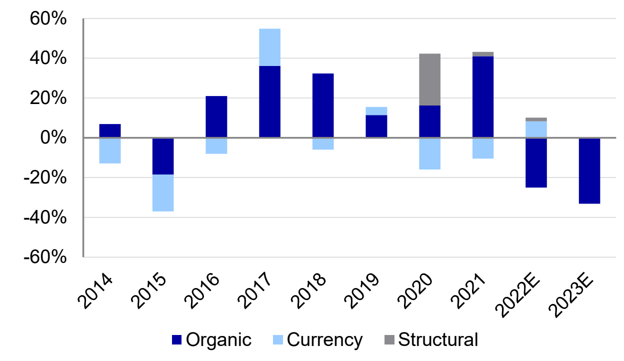
Group development

SALES (SEKm) AND CHANGE Y/Y (%)



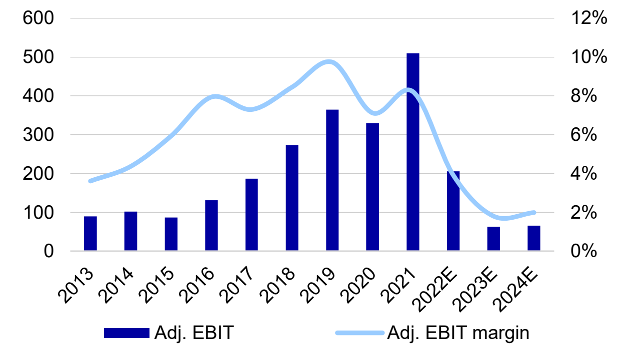
Source: Company data and Nordea estimates

SALES GROWTH BREAKDOWN (%)



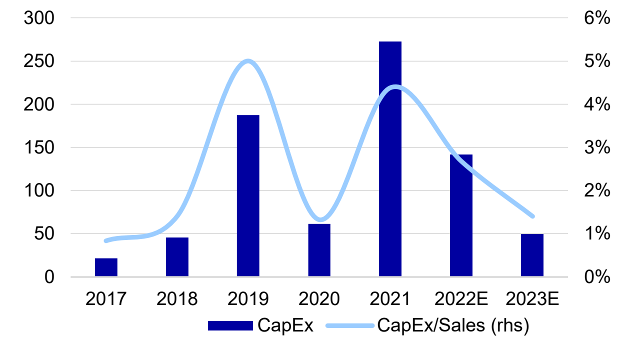
Source: Company data and Nordea estimates

ADJUSTED EBIT (SEKm) AND MARGIN (%)



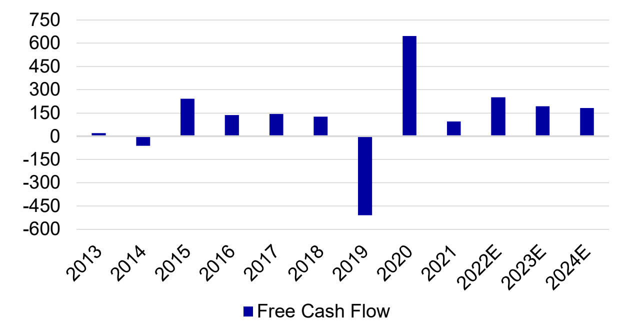
Source: Company data and Nordea estimates

CAPEX (SEKm) AND CAPEX/SALES (%)



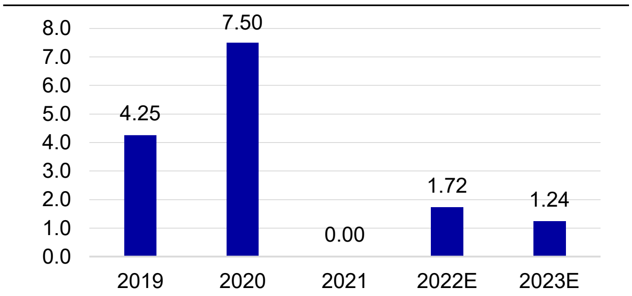
Source: Company data and Nordea estimates

FREE CASH FLOW (SEKm)



Source: Company data and Nordea estimates

DIVIDEND PER SHARE (SEK)



Source: Company data and Nordea estimates

Q1 2022 outcome

Ferronordic had a decent Q1 report, in our view, with stronger earnings (EBIT up 30% y/y, 41% above our estimate) , driven by Russia/CIS (which we expect to materially decline), but Germany missed on sales (5% below our estimate) and had a larger EBIT loss. For Germany, Ferronordic grew new trucks sales by 66%, versus a flat German market and aftermarket that was up 36%. While Germany is currently loss-making (SEK -10m EBIT), the CEO reiterated guidance for positive 2022 EBIT in Germany. April sales reached SEK 375m in Russia.

FERRONORDIC: DEVIATION TABLE

	Actual	NDA est.	Deviation		Actual		Actual	
SEKm	**Q1 2022**	**Q1 22E**	**vs. actual**		**Q4 21**	**q/q**	**Q1 21**	**y/y**
Sales	**1,746**	**1,417**	**329**	**23%**	**1,694**	**3%**	**1,267**	**38%**
Adj. EBIT	**108.0**	**77**	**31**	**41%**	**115**	**-6%**	**83**	**30%**
Adj. EBIT margin	6.2%	5.4%	-	0.8pp	6.8%	-0.6pp	6.6%	-0.4pp
EPS (SEK)	4.30	3.66	0.64	18%	6.01	-28%	3.85	12%
Revenue	1,746	1,417	329	23%	1,694	3%	1,267	38%
Cost of sales	(1,445)	(1,183)	(262)	22%	(1,409)	3%	(1,052)	37%
Gross profit	300	234	66	28%	285	5%	215	40%
Sales expenses	(79)	(72)	(7)	9%	(71)	11%	(54)	47%
G&A expenses	(95)	(82)	(13)	15%	(102)	-7%	(77)	23%
Other income	6	2	4	-	4	-	1	-
Other expenses	(24)	(5)	(19)	-	(5)	-	(5)	-
EBIT	**108**	**77**	**31**	**41%**	**111**	**-3%**	**80**	**36%**
Finance income	6	4	3	-	10	-40%	3	114%
Finance costs	(13)	(11)	(2)	-	(6)	117%	(8)	54%
Net FX gains/(losses)	(20)	1	-	-	2	-	(3)	-
PTP	81	70	11	16%	117	-31%	71	14%
Income tax	(20)	(16)	-	-	(29)	-	(15)	-
Net income	61	54	-	14%	88	-31%	56	9%
EPS (SEK)	**4.30**	**3.66**	**0.64**	**18%**	**6.01**	**-28%**	**3.85**	**12%**
Non recurring items (NRI)		0	0	-	-4	-	-4	-
Sales per segment								
Russia/CIS								
Equipment	854	579	275	48%	720	19%	624	37%
Aftermarket	291	204	87	43%	294	-1%	220	32%
Contracting Services	177	161	16	10%	228	-22%	159	11%
Germany								
Equipment	287	308	-21	-7%	291	-1%	159	80%
Aftermarket	112	135	(23)	-17%	108	4%	82	36%
Adjusted EBIT								
Russia/CIS	119	80	39	48%	124	-4%	94	27%
Germany	(10)	(4)	(6)	167%	(9)	18%	(10)	-2%

Source: Company data and Nordea estimates

Estimate revisions

FERRONORDIC: ESTIMATE REVISIONS

	New estimates			Old estimates			Δ		
SEKm	**2022E**	**2023E**	**2024E**	**2022E**	**2023E**	**2024E**	**2022E**	**2023E**	**2024E**
Sales breakdown									
Equipment Sales	3,128	2,398	2,340	2,785	2,229	2,169	12%	8%	8%
Aftermarket Sales	1,233	887	879	1,155	853	844	7%	4%	4%
Contracting Services & other	925	238	109	915	242	115	1%	-1%	-5%
Group	**5,286**	**3,522**	**3,328**	**4,855**	**3,324**	**3,127**	**9%**	**6%**	**6%**
Gross profit	884	573	550	811	543	510	9%	5%	8%
Adj. EBITDA	447	264	259	412	245	240	8%	8%	8%
Adj. EBIT	**206**	**63**	**66**	**163**	**61**	**66**	**27%**	**4%**	**0%**
Margins									
Gross margin	16.7%	16.3%	16.5%	16.7%	16.3%	16.3%	0.0 pp	-0.1 pp	0.2 pp
EBITDA margin	8.4%	7.5%	7.8%	8.5%	7.4%	7.7%	0.0 pp	0.1 pp	0.1 pp
EBIT margin	3.9%	1.8%	2.0%	3.3%	1.8%	2.1%	0.6 pp	0.0 pp	-0.1 pp
Sales bridge	**-15%**	**-33%**	**-6%**	**-22%**	**-32%**	**-6%**	**6.9 pp**	**-1.8 pp**	**0.4 pp**
Organic	-25%	-33%	-6%	-32%	-31%	-6%	7.3 pp	-1.8 pp	0.4 pp
Structural	2%	0%	0%	2%	0%	0%	-0.2 pp	0.0 pp	0.0 pp
Currency	8%	0%	0%	8%	0%	0%	-0.1 pp	0.0 pp	0.0 pp
Other	0%	0%	0%	0%	0%	0%	0 pp	0 pp	0 pp
DPS (SEK)	**1.7**	**1.2**	**1.3**	**1.5**	**1.0**	**1.2**	**18%**	**18%**	**10%**
of which ordinary	1.7	1.2	1.3	1.5	1.0	1.2	18%	18%	10%
of which extraordinary	0.0	0.0	0.0	0.0	0.0	0.0	n.a	n.a	n.a

Source: Nordea estimates

Valuation

Sum-of-the-parts

We include three potential scenarios that could impact Ferronordic's value:

- Volvo and Sandvik do not return to Russia, 1.7% margin in Germany for 2023E: total share value of **SEK 21**
- Volvo and Sandvik return to Russia: SEK 106 upside – total share value of **SEK 128**
- Germany reaches a 5% EBIT margin: SEK 28 upside – total share value of **SEK 49**

If all of these scenarios come true: **SEK 156** in total share price

We believe the earnings multiple will be low on the Russian assets for the foreseeable future even if OEMs lift their export restrictions to Russia.

FERRONORDIC: SOTP VALUATION AND FUTURE POTENTIAL SCENARIOS

Ferronordic: SOTP and future possibilities SEKm and SEK per share SOTP	EBIT	x EBIT	EV	Per share	Comment
Germany 2023E (1.7% margin)	33	7.0	233	16	Currently loss-making but targets ~5% LT margin. Peer Mekonomen at 6.7x EV/EBIT 2023E (Nordea estimate)
Kazakhstan	9	5.0	43	3	Likely hurt by spill-over effect from negative Russian GDP growth
Remaining Russian business 2023E	30	3.0	90	6	Estimated 20% of Russian sales
Russian inventory sell-off (2022E)	198	1.0	198	14	Full 2022 RUS/CIS EBIT estimates less CIS
Total	**270**	**1.4**	**565**	**39**	
Less net debt Q1 2022			255	18	
Equity value			**310**	**21**	
Current enterprise value			830		
Current market cap			**575**	**39.60**	14.5m shares
Future potential					
If Volvo AB & Sandvik returns	514	3.0	1,543	106	Earnings multiple for Russia likely low coming decade. EBIT estimate based on 2021 excl. remaining Russia/CIS business
Germany at 5% margin	58	7.0	407	28	~3 pp additional EBIT margin uplift 2023E (2% -> 5%)
Equity value			**2,261**	**156**	

Source: Company data and Nordea estimates

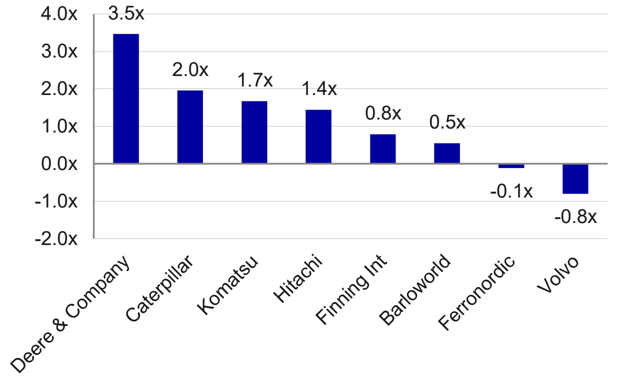
Multiples-based valuation

FERRONORDIC: PEER VALUATION TABLE

		Mcap.	EV/EBITDA		adj. EV/EBIT		adj. P/E		Div. yield		ND/EBITDA		ROE	
Stock	**Rec.**	**SEKm**	**2022E**	**2023E**	**2022E**	**2023E**	**2022E**	**2023E**	**2022E**	**2023E**	**2022E**	**2023E**	**2022E**	**2023E**
Barloworld	-	13,563	3.4x	3.5x	5.4x	5.4x	8.2x	7.9x	4.5%	4.8%	0.5x	0.5x	13.2%	13.6%
Caterpillar	-	1,101,674	14.0x	12.2x	17.5x	14.8x	16.4x	14.1x	2.2%	2.3%	2.0x	1.7x	41.9%	45.1%
Cervus	-	2,094	-	-	-	-	-	-	-	-	-	-	-	-
Deere & Company	-	1,124,068	15.1x	12.9x	18.7x	16.4x	16.5x	14.4x	1.1%	1.1%	3.5x	2.6x	43.4%	39.4%
Ferronordic	N.R.	575	1.2x	1.3x	2.5x	5.6x	4.6x	16.0x	4.3%	3.1%	-0.1x	-0.8x	10.7%	2.9%
Finning Int	-	40,528	7.3x	6.9x	11.1x	10.1x	12.9x	11.7x	2.8%	2.9%	0.8x	0.7x	17.6%	17.6%
Hitachi	-	464,028	7.6x	7.4x	-	-	11.0x	10.3x	1.9%	2.1%	1.4x	1.0x	14.8%	13.7%
Komatsu	-	227,161	8.6x	7.4x	-	-	14.2x	12.0x	3.0%	3.3%	1.7x	1.3x	10.4%	10.8%
Volvo	BUY	321,710	4.0x	3.3x	5.1x	4.5x	9.0x	8.4x	9.2%	9.5%	-0.8x	-0.8x	22.6%	25.2%
Average		**366,156**	**7.6x**	**6.9x**	**10.1x**	**9.5x**	**11.6x**	**11.8x**	**3.6%**	**3.6%**	**1.1x**	**0.8x**	**21.8%**	**21.0%**
Median		**227,161**	**7.4x**	**7.1x**	**8.2x**	**7.8x**	**11.9x**	**11.9x**	**2.9%**	**3.0%**	**1.1x**	**0.8x**	**16.2%**	**15.7%**
Ferronordic	**N.R.**	**575**	**1.2x**	**1.3x**	**2.5x**	**5.6x**	**4.6x**	**16.0x**	**4.3%**	**3.1%**	**-0.1x**	**-0.8x**	**10.7%**	**2.9%**
vs. peer average	-	-	-85%	-80%	-75%	-41%	-60%	35%	0.7pp	-0.5pp	-	-	-11.1pp	-18.1pp
vs. peer median	-	-	-84%	-81%	-69%	-29%	-61%	35%	1.5pp	0.1pp	-	-	-5.5pp	-12.7pp
vs. Barloworld	-	-96%	-66%	-61%	-53%	3%	-44%	104%	-0.2pp	-1.7pp	-	-	-2.5pp	-10.7pp
vs. Finning	-	-99%	-84%	-80%	-77%	-44%	-64%	37%	1.6pp	-	-	-	-6.8pp	-14.7pp

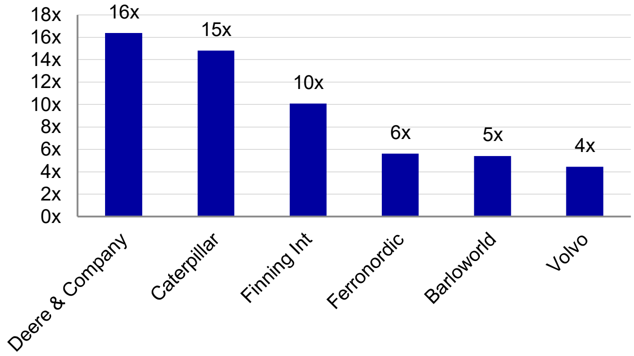
Source: Company data, Refinitiv and Nordea estimates

NET DEBT/EBITDA, 2022E



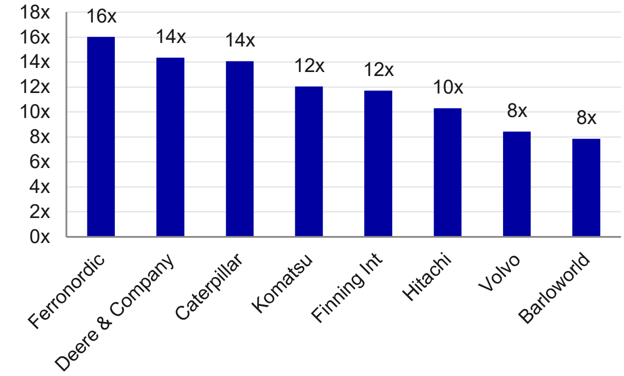
Source: Company data, Refinitiv and Nordea estimates

EV/EBIT, 2023E



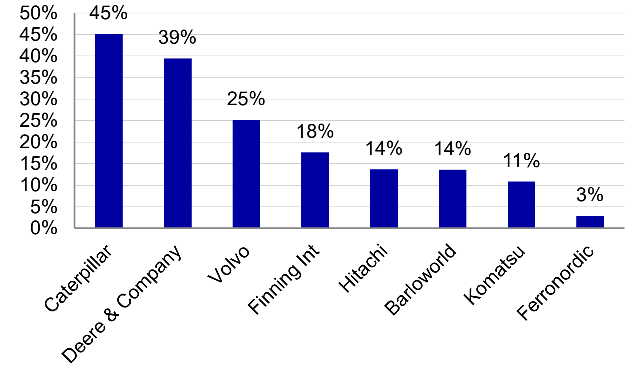
Source: Company data, Refinitiv and Nordea estimates

P/E, 2023E



Source: Company data, Refinitiv and Nordea estimates

RETURN ON EQUITY, 2023E



Source: Company data, Refinitiv and Nordea estimates

Detailed estimates

INTERIM ESTIMATES

(SEKm)	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22E	Q3 22E	Q4 22E
Revenue	1,118	1,203	1,129	1,185	1,267	1,590	1,661	1,694	1,746	1,420	1,126	994
Cost of sales	-936	-996	-908	-998	-1,052	-1,304	-1,337	-1,409	-1,445	-1,185	-943	-829
Gross profit	**183**	**207**	**221**	**187**	**215**	**286**	**324**	**285**	**301**	**234**	**183**	**165**
Sales expenses	-55	-53	-55	-55	-54	-63	-69	-71	-79	-90	-95	-99
G&A expenses	-74	-60	-61	-69	-77	-79	-98	-102	-95	-78	-65	-57
Other income	2	13	4	6	1	2	5	4	6	2	3	2
Other expenses	-5	-2	-2	-3	-5	-2	-14	-5	-24	-4	-3	-3
EBIT	**51**	**105**	**107**	**65**	**80**	**144**	**148**	**111**	**108**	**65**	**24**	**9**
Finance income	2	5	2	3	3	3	7	10	6	7	8	4
Finance costs	-19	-21	-11	-9	-8	-14	-20	-6	-13	-12	-11	-13
Net FX gains/(losses)	-5	3	-1	-3	-3	-6	1	2	-20	1	1	0
EBT	**29**	**92**	**98**	**56**	**71**	**127**	**135**	**117**	**83**	**60**	**21**	**0**
Income tax	-9	-16	-17	-12	-15	-41	-27	-29	-20	-14	-5	0
Net income	20	76	81	44	56	86	109	88	63	46	16	0
EPS (SEK)	**1.39**	**5.24**	**5.57**	**3.05**	**3.85**	**5.93**	**7.46**	**6.01**	**4.30**	**3.20**	**1.11**	**-0.01**
Pre-tax adjustments	0	11	-5	-8	-4	-3	-17	-4	0	0	0	0
After-tax adjustments	0	9	-4	-6	-3	-3	-13	-3	0	0	0	0
Adj. EBIT	**51**	**94**	**112**	**73**	**83**	**147**	**165**	**115**	**108**	**65**	**24**	**9**
Adj. PTP	29	81	103	64	75	130	152	121	83	60	21	0
Adj. Net income	20	68	85	50	59	89	122	91	63	46	16	0
Adj. EPS (SEK)	**1.39**	**4.65**	**5.82**	**3.47**	**4.04**	**6.10**	**8.38**	**6.20**	**4.30**	**3.20**	**1.11**	**-0.01**

Source: Company data and Nordea estimates

INTERIM SALES BRIDGE

	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22E	Q3 22E	Q4 22E
Sales bridge (%) - Group												
Organic	15%	2%	12%	36%	37%	50%	48%	30%	38%	-25%	-47%	-50%
Structural	38%	22%	24%	24%	0%	2%	2%	4%	2%	2%	3%	1%
Currency	4%	-9%	-22%	-33%	-27%	-19%	-3%	7%	-3%	12%	12%	9%
Other	-3%	-7%	3%	-4%	3%	0%	0%	2%	0%	1%	0%	-1%
Total	**55%**	**9%**	**17%**	**23%**	**13%**	**32%**	**47%**	**43%**	**38%**	**-11%**	**-32%**	**-41%**
Sales bridge % - Russia/CIS												
Organic	15%	2%	12%	36%	49%	53%	51%	22%	36%	-37%	-64%	-70%
Structural	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Currency	4%	-9%	-22%	-33%	-34%	-23%	-4%	9%	-5%	15%	15%	12%
Other	-3%	-7%	3%	-4%	4%	1%	0%	0%	0%	0%	0%	0%
Total	**17%**	**-13%**	**-7%**	**-1%**	**20%**	**31%**	**48%**	**31%**	**32%**	**-22%**	**-50%**	**-58%**
Sales bridge % - Germany												
Organic	0%	0%	0%	0%	-2%	38%	36%	64%	46%	17%	22%	6%
Structural	100%	100%	100%	100%	1%	8%	11%	21%	9%	11%	14%	3%
Currency	0%	0%	0%	0%	-5%	-7%	-2%	-2%	5%	1%	1%	1%
Other	0%	0%	0%	0%	0%	-3%	-3%	9%	1%	4%	2%	-4%
Total	**100%**	**100%**	**100%**	**100%**	**-6%**	**37%**	**43%**	**91%**	**62%**	**33%**	**39%**	**6%**

Sales split (% of Group)	**Q1 20**	**Q2 20**	**Q3 20**	**Q4 20**	**Q1 21**	**Q2 21**	**Q3 21**	**Q4 21**	**Q1 22**	**Q2 22E**	**Q3 22E**	**Q4 22E**
Russia/CIS	**75%**	**80%**	**80%**	**80%**	**80%**	**79%**	**80%**	**74%**	**76%**	**69%**	**60%**	**53%**
Equipment	46%	51%	50%	52%	49%	49%	48%	43%	49%	35%	31%	25%
Aftermarket	20%	18%	19%	17%	17%	16%	17%	17%	17%	17%	8%	9%
Contracting Services	9%	10%	11%	11%	13%	13%	15%	13%	10%	16%	20%	18%
Other	1%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%
Germany	**25%**	**20%**	**20%**	**20%**	**20%**	**21%**	**20%**	**26%**	**24%**	**31%**	**40%**	**47%**
Equipment	17%	13%	12%	12%	13%	15%	13%	17%	16%	21%	26%	31%
Aftermarket	6%	6%	6%	5%	6%	5%	5%	6%	6%	9%	13%	13%
Other	2%	2%	2%	2%	1%	1%	1%	3%	1%	2%	2%	3%

Source: Company data and Nordea estimates

GROWTH PER SEGMENT, INTERIM

Earnings overview (SEKm)	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22E	Q3 22E	Q4 22E
Russia/CIS												
Sales	843	958	900	951	1,007	1,254	1,333	1,249	1,326	974	673	523
Gross profit	156	190	199	169	185	254	290	233	254	173	120	96
EBITDA	100	156	155	122	127	195	219	169	161	103	63	44
EBIT	60	120	124	91	94	157	179	124	119	64	21	3
Adjusted EBIT	**60**	**109**	**124**	**91**	**94**	**157**	**179**	**124**	**119**	**64**	**21**	**3**
Germany												
Sales	275	245	229	233	260	336	327	445	420	445	453	470
Gross profit	27	16	23	18	30	32	34	53	47	61	64	69
EBITDA	-1	-4	-8	-16	-3	0	-16	9	11	19	21	24
EBIT	-10	-15	-17	-25	-14	-13	-32	-12.0	-10	1	3	6
Adjusted EBIT	**-10**	**-15**	**-12**	**-20**	**-10**	**-10**	**-15**	**-9**	**-10**	**1**	**3**	**6**
Margins												
Group												
Gross margin	16.3%	17.2%	19.6%	15.8%	17.0%	18.0%	19.5%	16.8%	17.2%	16.5%	16.3%	16.6%
EBITDA margin	8.9%	12.6%	13.0%	8.9%	9.8%	12.2%	12.2%	10.4%	9.5%	8.6%	7.4%	6.9%
EBIT margin	4.6%	8.7%	9.5%	5.5%	6.3%	9.0%	8.9%	6.6%	6.2%	4.6%	2.1%	0.9%
Adjusted EBIT margin	**4.6%**	**7.8%**	**9.9%**	**6.2%**	**6.6%**	**9.2%**	**9.9%**	**6.8%**	**6.2%**	**4.6%**	**2.1%**	**0.9%**
Russia/CIS												
Gross margin	18.5%	19.9%	22.1%	17.8%	18.3%	20.2%	21.8%	18.7%	19.1%	17.8%	17.8%	18.4%
EBITDA margin	11.8%	16.3%	17.2%	12.8%	12.7%	15.5%	16.4%	13.5%	12.1%	10.6%	9.4%	8.5%
EBIT margin	7.1%	12.5%	13.8%	9.5%	9.3%	12.5%	13.4%	9.9%	9.0%	6.6%	3.2%	0.5%
Adjusted EBIT margin	**7.1%**	**11.3%**	**13.8%**	**9.5%**	**9.3%**	**12.5%**	**13.4%**	**9.9%**	**9.0%**	**6.6%**	**3.2%**	**0.5%**
Germany												
Gross margin	9.8%	6.7%	9.8%	7.7%	11.6%	9.6%	10.4%	11.9%	11.2%	13.7%	14.1%	14.6%
EBITDA margin	-0.2%	-1.8%	-3.4%	-6.8%	-1.1%	-0.1%	-4.9%	2.0%	2.6%	4.3%	4.6%	5.2%
EBIT margin	-3.5%	-6.1%	-7.3%	-10.7%	-5.3%	-3.8%	-9.8%	-2.7%	-2.4%	0.3%	0.6%	1.3%
Adjusted EBIT margin	**-3.5%**	**-6.1%**	**-5.2%**	**-8.7%**	**-3.9%**	**-2.9%**	**-4.6%**	**-1.9%**	**-2.4%**	**0.3%**	**0.6%**	**1.3%**

Source: Company data and Nordea estimates

ANNUAL ESTIMATES

(SEKm)	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E
Revenue	2,567	3,241	3,747	4,635	6,211	5,286	3,522	3,328	3,473
Cost of sales	-2,079	-2,627	-2,972	-3,837	-5,102	-4,402	-2,949	-2,778	-2,893
Gross profit	**488**	**614**	**775**	**797**	**1,110**	**884**	**573**	**550**	**580**
Sales expenses	-125	-138	-162	-219	-256	-364	-303	-289	-297
G&A expenses	-165	-190	-238	-264	-357	-295	-194	-182	-188
Other income	5	4	8	24	13	14	9	9	9
Other expenses	-16	-17	-26	-11	-27	-33	-22	-22	-23
EBIT	**187**	**274**	**358**	**328**	**483**	**206**	**63**	**66**	**81**
Finance income	15	7	6	12	23	25	25	26	26
Finance costs	-7	-9	-58	-59	-49	-49	-43	-43	-35
Net FX gains/(losses)	-2	-5	12	-5	-5	-19	0	0	0
EBT	**193**	**267**	**318**	**276**	**451**	**164**	**45**	**49**	**72**
Income tax	-42	-58	-68	-54	-112	-39	-10	-10	-15
Net income	151	209	251	222	339	125	36	39	57
EPS (SEK)	**8.50**	**14.25**	**17.26**	**15.25**	**23.33**	**8.60**	**2.47**	**2.58**	**3.82**
Pre-tax adjustments	0	0	-7	-2	-27	0	0	0	0
After-tax adjustments	0	0	-6	-1	-22	0	0	0	0
Adj. EBIT	**187**	**274**	**365**	**330**	**510**	**206**	**63**	**66**	**81**
Adj. PTP	193	267	325	277	478	164	45	49	72
Adj. Net income	151	209	256	223	361	125	36	39	57
Adj. EPS (SEK)	**8.50**	**14.25**	**17.64**	**15.34**	**24.81**	**8.60**	**2.47**	**2.58**	**3.82**

Source: Company data and Nordea estimates

ANNUAL SALES BRIDGE

	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E
Sales bridge (%) - Group									
Organic	36%	32%	11%	16%	41%	-25%	-33%	-6%	4%
Structural	0%	0%	0%	26%	2%	2%	0%	0%	0%
Currency	19%	-6%	4%	-16%	-11%	8%	0%	0%	0%
Other	6%	2%	-1%	-3%	1%	0%	0%	0%	0%
Total	**61%**	**28%**	**15%**	**24%**	**34%**	**-15%**	**-33%**	**-6%**	**4%**
Sales bridge % - Russia/CIS									
Organic	36%	32%	11%	16%	43%	-38%	-55%	-6%	4%
Structural	0%	0%	0%	0%	0%	0%	0%	0%	0%
Currency	19%	-6%	4%	-16%	-12%	10%	0%	0%	0%
Other	6%	2%	-4%	-3%	1%	0%	0%	0%	0%
Total	**61%**	**28%**	**11%**	**-3%**	**33%**	**-28%**	**-55%**	**-6%**	**4%**
Sales bridge % - Germany									
Organic	-	-	-	0%	32%	20%	8%	-5%	4%
Structural	-	-	-	100%	10%	9%	0%	0%	0%
Currency	-	-	-	0%	-4%	2%	0%	0%	0%
Other	-	-	-	0%	1%	0%	0%	0%	0%
Total	-	-	-	**100%**	**39%**	**31%**	**8%**	**-5%**	**5%**
Sales split (% of Group)	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**	**2025E**
Russia/CIS	**100%**	**100%**	**100%**	**79%**	**78%**	**66%**	**45%**	**44%**	**44%**
Equipment	69%	71%	65%	50%	47%	37%	32%	34%	34%
Aftermarket	27%	24%	25%	19%	17%	14%	9%	10%	10%
Contracting Services	0%	0%	10%	10%	14%	15%	4%	0%	0%
Other	4%	5%	1%	0%	0%	0%	0%	0%	0%
Germany	**0%**	**0%**	**0%**	**21%**	**22%**	**34%**	**55%**	**56%**	**56%**
Equipment	0%	0%	0%	14%	15%	22%	36%	36%	36%
Aftermarket	0%	0%	0%	6%	6%	10%	16%	17%	16%
Other	0%	0%	0%	2%	2%	2%	3%	3%	3%

Source: Company data and Nordea estimates

ANNUAL GROWTH PER SEGMENT

Earnings overview (SEKm)	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E
Russia/CIS									
Sales	2,567	3,241	3,747	3,652	4,843	3,497	1,583	1,481	1,542
Gross profit	488	614	773	714	961	643	285	269	281
EBITDA	214	322	494	533	710	372	154	147	155
EBIT	187	274	358	394	553	207	30	33	37
Adjusted EBIT	**187**	**274**	**358**	**383**	**553**	**207**	**30**	**33**	**37**
Germany									
Sales	0	0	0	983	1,367	1,789	1,940	1,847	1,931
Gross profit	0	0	0	84	149	241	288	281	299
EBITDA	0	0	0	-29	-10	75	111	112	126
EBIT	0	0	0	-66	-71	0	33	34	44
Adjusted EBIT	**0**	**0**	**0**	**-57**	**-43**	**0**	**33**	**34**	**44**
Margins									
Group									
Gross margin	19.0%	19.0%	20.7%	17.2%	17.9%	16.7%	16.3%	16.5%	16.7%
EBITDA margin	8.3%	9.9%	13.2%	10.9%	11.3%	8.4%	7.5%	7.8%	8.1%
EBIT margin	7.3%	8.4%	9.5%	7.1%	7.8%	3.9%	1.8%	2.0%	2.3%
Adjusted EBIT margin	**7.3%**	**8.4%**	**9.7%**	**7.1%**	**8.2%**	**3.9%**	**1.8%**	**2.0%**	**2.3%**
Russia/CIS									
Gross margin	19.0%	19.0%	20.6%	19.5%	19.8%	18.4%	18.0%	18.2%	18.2%
EBITDA margin	8.3%	9.9%	13.2%	14.6%	14.7%	10.6%	9.7%	9.9%	10.0%
EBIT margin	7.3%	8.4%	9.5%	10.8%	11.4%	5.9%	1.9%	2.2%	2.4%
Adjusted EBIT margin	**7.3%**	**8.4%**	**9.5%**	**10.5%**	**11.4%**	**5.9%**	**1.9%**	**2.2%**	**2.4%**
Germany									
Gross margin	-	-	-	8.5%	10.9%	13.4%	14.9%	15.2%	15.5%
EBITDA margin	-	-	-	-2.9%	-0.7%	4.2%	5.7%	6.1%	6.5%
EBIT margin	-	-	-	-6.7%	-5.2%	0.0%	1.7%	1.8%	2.3%
Adjusted EBIT margin	**-**	**-**	**-**	**-5.8%**	**-3.2%**	**0.0%**	**1.7%**	**1.8%**	**2.3%**

Source: Company data and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT											
SEKm	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Total revenue	**2,335**	**1,469**	**1,658**	**2,567**	**3,241**	**3,747**	**4,635**	**6,211**	**5,286**	**3,522**	**3,328**
Revenue growth	-5.9%	-37.1%	12.9%	54.8%	26.3%	15.6%	23.7%	34.0%	-14.9%	-33.4%	-5.5%
of which organic	6.9%	-18.6%	21.0%	36.2%	32.2%	11.4%	16.1%	41.1%	-25.0%	-33.3%	-5.5%
of which FX	-12.8%	-18.5%	-8.1%	18.6%	-6.0%	4.0%	-16.0%	-10.5%	8.2%	0.0%	0.0%
EBITDA	172	130	153	214	322	494	504	700	447	264	259
Depreciation and impairments PPE	-70	-43	-34	-26	-48	-136	-176	-218	-240	-201	-193
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	102	87	119	187	274	358	328	483	206	63	66
Amortisation and impairments	-33	-26	-15	0	0	0	0	0	0	0	0
EBIT	69	61	104	187	274	358	328	483	206	63	66
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	-43	-24	3	6	-7	-39	-53	-31	-43	-18	-17
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	**26**	**37**	**107**	**193**	**267**	**318**	**276**	**452**	**164**	**45**	**49**
Reported taxes	-7	-8	-24	-42	-58	-68	-54	-112	-39	-10	-10
Net profit from continued operations	19	29	84	151	209	251	222	339	125	36	39
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	-31	-21	30	87	207	251	222	339	125	36	39
EPS, SEK	**-3.10**	**-2.12**	**3.03**	**8.06**	**14.25**	**17.26**	**15.25**	**23.35**	**8.60**	**2.47**	**2.65**
DPS, SEK	0.00	0.00	0.00	1.73	7.50	4.25	7.50	0.00	1.72	1.24	1.33
of which ordinary	0.00	0.00	0.00	1.73	3.75	4.25	7.50	0.00	1.72	1.24	1.33
of which extraordinary	0.00	0.00	0.00	0.00	3.75	0.00	0.00	0.00	0.00	0.00	0.00
Profit margin in percent											
EBITDA	7.4%	8.9%	9.2%	8.3%	9.9%	13.2%	10.9%	11.3%	8.4%	7.5%	7.8%
EBITA	4.4%	5.9%	7.2%	7.3%	8.4%	9.5%	7.1%	7.8%	3.9%	1.8%	2.0%
EBIT	3.0%	4.2%	6.3%	7.3%	8.4%	9.5%	7.1%	7.8%	3.9%	1.8%	2.0%
Adjusted earnings											
EBITDA (adj)	172	130	153	214	322	501	503	728	447	264	259
EBITA (adj)	102	87	137	187	274	365	330	510	206	63	66
EBIT (adj)	102	87	132	187	274	365	330	510	206	63	66
EPS (adj, SEK)	-0.51	-0.08	5.18	8.06	14.25	17.74	15.36	25.23	8.60	2.47	2.65
Adjusted profit margins in percent											
EBITDA (adj)	7.4%	8.9%	9.2%	8.3%	9.9%	13.4%	10.9%	11.7%	8.4%	7.5%	7.8%
EBITA (adj)	4.4%	5.9%	8.3%	7.3%	8.4%	9.7%	7.1%	8.2%	3.9%	1.8%	2.0%
EBIT (adj)	4.4%	5.9%	7.9%	7.3%	8.4%	9.7%	7.1%	8.2%	3.9%	1.8%	2.0%
Performance metrics											
CAGR last 5 years											
Net revenue	n.a.	n.a.	-7.3%	1.4%	5.5%	9.9%	25.8%	30.2%	15.5%	1.7%	-2.3%
EBITDA	n.m.	n.m.	11.6%	13.0%	16.0%	23.5%	31.1%	35.6%	15.9%	-3.8%	-12.1%
EBIT	n.a.	n.a.	27.7%	48.0%	39.6%	39.0%	40.0%	35.9%	1.9%	-25.4%	-28.6%
EPS	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	50.4%	1.3%	-29.5%	-31.3%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-0.1%	-19.9%	-20.8%
Average last 5 years											
Average EBIT margin	n.a.	2.1%	3.0%	4.5%	6.2%	7.8%	7.9%	8.0%	7.1%	6.1%	5.0%
Average EBITDA margin	n.a.	5.9%	7.0%	7.8%	8.8%	10.3%	10.6%	10.9%	10.7%	10.3%	9.5%

VALUATION RATIOS - ADJUSTED EARNINGS											
SEKm	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
P/E (adj)	n.a.	n.a.	n.a.	18.7	8.9	9.2	10.2	13.4	4.6	16.0	14.9
EV/EBITDA (adj)	n.a.	n.a.	n.a.	6.1	4.8	6.1	4.5	7.0	1.2	1.3	0.7
EV/EBITA (adj)	n.a.	n.a.	n.a.	7.0	5.6	8.4	6.9	10.0	2.5	5.6	2.9
EV/EBIT (adj)	n.a.	n.a.	n.a.	7.0	5.6	8.4	6.9	10.0	2.5	5.6	2.9

VALUATION RATIOS - REPORTED EARNINGS											
SEKm	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
P/E	n.a.	n.a.	n.a.	18.7	8.9	9.4	10.3	14.4	4.6	16.0	14.9
EV/Sales	n.a.	n.a.	n.a.	0.51	0.48	0.82	0.49	0.82	0.10	0.10	0.06
EV/EBITDA	n.a.	n.a.	n.a.	6.1	4.8	6.2	4.5	7.3	1.2	1.3	0.7
EV/EBITA	n.a.	n.a.	n.a.	7.0	5.6	8.6	6.9	10.6	2.5	5.6	2.9
EV/EBIT	n.a.	n.a.	n.a.	7.0	5.6	8.6	6.9	10.6	2.5	5.6	2.9
Dividend yield (ord.)	n.a.	n.a.	n.a.	1.1%	2.9%	2.6%	4.8%	0.0%	4.3%	3.1%	3.3%
FCF yield	n.a.	n.a.	n.a.	8.9%	6.8%	-21.5%	28.2%	1.9%	43.8%	33.4%	31.7%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	8.8%	6.6%	-21.6%	28.1%	4.9%	43.8%	33.4%	31.7%
Payout ratio	0.0%	0.0%	0.0%	21.5%	52.6%	24.0%	48.8%	0.0%	20.0%	50.0%	50.0%

Source: Company data and Nordea estimates

BALANCE SHEET

SEKm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Intangible assets	43	15	2	6	6	12	8	81	88	92	95
of which R&D	0	0	0	0	0	0	0	0	7	11	14
of which other intangibles	43	15	2	6	6	12	8	81	81	81	81
of which goodwill	0	0	0	0	0	0	0	0	0	0	0
Tangible assets	225	83	116	136	263	700	507	1,006	895	738	597
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
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	36	45	42	42	41	51	65	105	105	105	105
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	303	143	160	184	310	763	579	1,192	1,088	934	797
Inventory	425	327	467	633	741	1,290	1,014	1,432	1,110	775	732
Accounts receivable	265	161	202	243	319	322	393	535	449	299	283
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	2	1	4	3	2	84	37	46	39	26	25
Cash and bank	177	175	199	352	357	519	604	768	1,020	1,187	1,351
Total current assets	870	665	872	1,231	1,418	2,214	2,048	2,781	2,618	2,287	2,391
Assets held for sale	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	**1,173**	**808**	**1,033**	**1,414**	**1,727**	**2,978**	**2,628**	**3,973**	**3,706**	**3,222**	**3,188**
Shareholders equity	372	322	442	611	656	890	806	1,101	1,226	1,237	1,257
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	372	322	442	611	656	890	806	1,101	1,226	1,237	1,257
Deferred tax	7	0	0	1	1	7	5	7	7	7	7
Long term interest bearing debt	21	4	15	22	28	377	422	588	588	588	588
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	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	28	4	16	23	31	391	428	617	617	617	617
Short-term provisions	9	4	10	13	17	22	26	39	33	22	21
Accounts payable	492	384	547	737	982	917	1,188	1,809	1,427	951	899
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	8	4	7	12	15	21	19	28	24	16	15
Short term interest bearing debt	265	90	11	19	26	735	161	379	379	379	379
Total current liabilities	774	482	575	780	1,040	1,696	1,393	2,255	1,863	1,368	1,313
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**1,173**	**808**	**1,033**	**1,414**	**1,727**	**2,978**	**2,628**	**3,973**	**3,706**	**3,222**	**3,188**
Balance sheet and debt metrics											
Net debt	109	-81	-173	-312	-303	689	-20	199	-53	-220	-384
of which lease debt	0	0	0	0	0	0	0	0	0	0	0
Working capital	193	101	120	130	64	756	238	176	147	133	126
Invested capital	496	244	280	314	374	1,519	818	1,368	1,235	1,068	923
Capital employed	658	416	468	651	710	2,003	1,390	2,068	2,193	2,204	2,224
ROE	-6.9%	-6.1%	7.9%	16.4%	32.7%	32.4%	26.1%	35.6%	10.7%	2.9%	3.1%
ROIC	14.1%	18.1%	38.7%	48.6%	61.3%	29.7%	21.7%	35.9%	12.2%	4.2%	5.1%
ROCE	14.8%	18.1%	31.9%	36.1%	41.3%	27.4%	20.1%	30.8%	10.8%	4.0%	4.1%
Net debt/EBITDA	0.6	-0.6	-1.1	-1.5	-0.9	1.4	0.0	0.3	-0.1	-0.8	-1.5
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	31.7%	39.8%	42.8%	43.2%	38.0%	29.9%	30.7%	27.7%	33.1%	38.4%	39.4%
Net gearing	29.4%	-25.3%	-39.1%	-51.0%	-46.2%	77.4%	-2.5%	18.1%	-4.3%	-17.8%	-30.6%

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	**172**	**130**	**153**	**214**	**322**	**494**	**504**	**700**	**447**	**264**	**259**
Paid taxes	0	0	0	0	0	-85	-71	-170	-39	-10	-10
Net financials	43	24	-3	-6	7	-58	-59	-26	-43	-18	-17
Change in provisions	-9	-5	7	3	4	5	3	13	-6	-11	-1
Change in other LT non-IB	-14	-9	3	0	3	-6	-20	-19	0	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	-42	-38	-36	-44	-68	17	19	-17	0	0	0
Funds from operations (FFO)	**151**	**101**	**123**	**168**	**267**	**367**	**377**	**481**	**359**	**226**	**230**
Change in NWC	-176	133	18	-20	-106	-698	316	-24	29	14	7
Cash flow from operations (CFO)	**-25**	**234**	**141**	**148**	**161**	**-330**	**693**	**457**	**388**	**240**	**237**
Capital expenditure	-36	3	-10	-7	-38	-181	-49	-217	-136	-48	-55
Free cash flow before A&D	**-61**	**237**	**132**	**141**	**123**	**-511**	**643**	**240**	**252**	**192**	**182**
Proceeds from sale of assets	0	5	4	3	3	2	3	8	0	0	0
Acquisitions	0	0	0	0	0	0	0	-153	0	0	0
Free cash flow	-61	242	136	144	126	-509	646	95	252	192	182
Free cash flow bef A&D, lease adj	-61	237	132	141	123	-511	643	240	252	192	182
Dividends paid	-50	-50	-53	-58	-30	-109	-62	-109	0	-25	-18
Equity issues / buybacks	0	-1	0	0	0	0	0	0	0	0	0
Net change in debt	849	109	0	-28	0	802	-402	253	0	0	0
Other financing adjustments	-1	-30	-15	-12	2	-3	-114	-81	0	0	0
Other non-cash adjustments	-722	-272	-45	108	-94	-18	16	6	0	0	0
Change in cash	15	-2	24	153	4	163	84	164	252	167	164
Cash flow metrics											
Capex/D&A	35.3%	-4.4%	20.0%	25.8%	80.1%	n.m.	28.1%	99.7%	56.7%	23.7%	28.5%
Capex/Sales	1.6%	-0.2%	0.6%	0.3%	1.2%	4.8%	1.1%	3.5%	2.6%	1.3%	1.6%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	151	127	163	157	337	40	40	40
Market cap.	n.a.	n.a.	n.a.	1,615	1,849	2,369	2,287	4,897	575	575	575
Enterprise value	n.a.	n.a.	n.a.	1,303	1,546	3,058	2,267	5,096	523	355	191
Diluted no. of shares, year-end (m)	10.0	10.0	10.0	10.7	14.5	14.5	14.5	14.5	14.5	14.5	14.5

Source: Company data and Nordea estimates

Disclaimer and legal disclosures

Origin of the report
This publication or report originates from: Nordea Bank Abp, including its branches Nordea Danmark, Filial af Nordea Bank Abp, Finland, Nordea Bank Abp, filial i Norge and Nordea Bank Abp, filial i Sverige (together "Nordea") acting through their units Nordea Markets and Equity Sales & Research.

Nordea Bank Abp is supervised by the European Central Bank and the Finnish Financial Supervisory Authority and the branches are supervised by the European Central Bank and the Finnish Financial Supervisory Authority and the Financial Supervisory Authorities in their respective countries.

Content of report
This report has been prepared solely by Nordea Markets or Equity Sales & Research.

Opinions or suggestions from Nordea Markets credit and equity research may deviate from one another or from opinions presented by other departments in Nordea. This may typically be the result of differing time horizons, methodologies, contexts or other factors.

The information provided herein is not intended to constitute and does not constitute investment advice nor is the information intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has no regard to the specific investment objectives, the financial situation or particular needs of any particular recipient. Relevant and specific professional advice should always be obtained before making any investment or credit decision

Opinions or ratings are based on one or more methods of valuation, for instance cash flow analysis, use of multiples, behavioural technical analyses of underlying market movements in combination with considerations of the market situation and the time horizon. Key assumptions of forecasts or ratings in research cited or reproduced appear in the research material from the named sources. The date of publication appears from the research material cited or reproduced. Opinions and estimates may be updated in subsequent versions of the report, provided that the relevant company/issuer is treated anew in such later versions of the report.

Validity of the report
All opinions and estimates in this report are, regardless of source, given in good faith, and may only be valid as of the stated date of this report and are subject to change without notice.

No individual investment or tax advice
The report is intended only to provide general and preliminary information to investors and shall not be construed as the basis for any investment decision. This report has been prepared by Nordea Markets or Equity Sales & Research as general information for private use of investors to whom the report has been distributed, but it is not intended as a personal recommendation of particular financial instruments or strategies and thus it does not provide individually tailored investment advice, and does not take into account the individual investor's particular financial situation, existing holdings or liabilities, investment knowledge and experience, investment objective and horizon or risk profile and preferences. The investor must particularly ensure the suitability of an investment as regards his/her financial and fiscal situation and investment objectives. The investor bears the risk of losses in connection with an investment.

Before acting on any information in this report, it is recommendable to consult (without being limited to) one's financial, legal, tax, accounting, or regulatory advisor in any relevant jurisdiction.

The information contained in this report does not constitute advice on the tax consequences of making any particular investment decision. Each investor shall make his/her own appraisal of the tax and other financial merits of his/her investment.

Sources
This report may be based on or contain information, such as opinions, estimates and valuations which emanate from: Nordea Markets' or Equity Sales & Research analysts or representatives, publicly available information, information from other units of Nordea, or other named sources.

To the extent this publication or report is based on or contain information emanating from other sources ("Other Sources") than Nordea Markets or Equity Sales & Research ("External Information"), Nordea Markets or Equity Sales & Research has deemed the Other Sources to be reliable but neither Nordea, others associated or affiliated with Nordea nor any other person, do guarantee the accuracy, adequacy or completeness of the External Information.

Limitation of liability
Nordea or other associated and affiliated companies assume no liability as regards to any investment, divestment or retention decision taken by the investor on the basis of this report. In no event will Nordea or other associated and affiliated companies be liable for direct, indirect or incidental, special or consequential damages (regardless of whether being considered as foreseeable or not) resulting from the information in this report.

Risk information
The risk of investing in certain financial instruments, including those mentioned in this report, is generally high, as their market value is exposed to a lot of different factors such as the operational and financial conditions of the relevant company, growth prospects, change in interest rates, the economic and political environment, foreign exchange rates, shifts in market sentiments etc. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. Past performance is not a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. When investing in individual shares, the investor may lose all or part of the investments.

Conflicts of interest
Readers of this document should note that Nordea Markets or Equity Sales & Research has received remuneration from the company mentioned in this document for the production of the report. The remuneration is not dependent on the content of the report.

Nordea, affiliates or staff in Nordea, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the report.

To limit possible conflicts of interest and counter the abuse of inside knowledge, the analysts of Nordea Markets and Equity Sales & Research are subject to internal rules on sound ethical conduct, the management of inside information, handling of unpublished research material, contact with other units of Nordea and personal account dealing. The internal rules have been prepared in accordance with applicable legislation and relevant industry standards. The object of the internal rules is for example to ensure that no analyst will abuse or cause others to abuse confidential information. It is the policy of Nordea that no link exists between revenues from capital markets activities and individual analyst remuneration. Nordea and the branches are members of national stockbrokers' associations in each of the countries in which Nordea has head offices. Internal rules have been developed in accordance with recommendations issued by the stockbrokers associations. This material has been prepared following the Nordea Conflict of Interest Policy, which may be viewed at www.nordea.com/mifid.
Please find a list of all recommendations disseminated by Nordea Equities during the preceding 12-month period here: https://research.nordea.com/compliance

Distribution restrictions
The securities referred to in this report may not be eligible for sale in some jurisdictions. This report is not intended for, and must not be distributed to private customers in the UK or the US or to customers in any other jurisdiction where restrictions may apply.

This publication or report may be distributed in the UK to institutional investors by Nordea Bank Abp London Branch of 6th Floor, 5 Aldermanbury Square, London, EC2V 7AZ, which is under supervision of the European Central Bank, Finanssivalvonta (Financial Supervisory Authority) in Finland and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority in the United Kingdom. Details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request.

Nordea Bank Abp (“Nordea”) research is not “globally branded” research. Nordea research reports are intended for distribution in the United States solely to “major U.S. institutional investors,” as defined in Rule 15a-6 under the Securities Exchange Act of 1934. Any transactions in securities discussed within the research reports will be chaperoned by Nordea Securities LLC (“Nordea Securities”), an affiliate of Nordea and a SEC registered broker dealer and member of FINRA. Nordea Securities does not employ research analysts and has no contractual relationship with Nordea that is reasonably likely to inform the content of Nordea research reports. Nordea makes all research content determinations without any input from Nordea Securities.

The research analyst(s) named on this report are not registered/qualified as research analysts with FINRA. Such research analyst(s) are also not registered with Nordea Securities and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Analyst Shareholding
Nordea analysts do not hold shares in the companies that they cover.
No holdings or other affiliations by analysts or associates.

Fair value and sensitivity
We calculate our fair values by weighting DCF, DDM, SOTP, asset-based and other standard valuation methods. Our fair values are sensitive to changes in valuation assumptions, of which growth, margins, tax rates, working capital ratios, investment-to-sales ratios and cost of capital are typically the most sensitive.
It should be noted that our fair values would change by a disproportionate factor if changes are made to any or all valuation assumptions, owing to the non-linear nature of the standard valuation models applied (mentioned above). As a consequence of the standard valuation models we apply, changes of 1-2 percentage points in any single valuation assumption can change the derived fair value by as much as 30% or more. All research is produced on an ad hoc basis and will be updated when the circumstances require it.

Marketing Material
This research report should be considered marketing material, as it has been commissioned and paid for by the subject company, and has not been prepared in accordance with the regulations designed to promote the independence of investment research and it is not subject to any legal prohibition on dealing ahead of the dissemination of the report. However, Nordea Markets analysts are according to internal policies not allowed to hold shares in the companies/sectors that they cover.

Market-making obligations and other significant financial interest
Nordea has no market-making obligations in Ferronordic shares.

As of 12/05/2022, Nordea Abp holds no positions of 0.5% or more of shares issued by Ferronordic.

As of the publication of this report, the issuer does not hold a position exceeding 5% of the total shares issued in Nordea Abp.

Investment banking transactions
In view of Nordea's position in its markets readers should assume that the bank may currently or may in the coming three months and beyond be providing or seeking to provide confidential investment banking services to the company/companies

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

Completion Date
13 May 2022, 00:35 CET

Nordea Bank Abp	Nordea Bank Abp, filial i Sverige	Nordea Danmark, Filial af Nordea Bank Abp, Finland	Nordea Bank Abp, filial i Norge
Nordea Markets Division, Research Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland	**Nordea Markets Division, Research** Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden	**Nordea Markets Division, Research** Visiting address: Grønjordsvej 10 DK-2300 Copenhagen S Denmark	**Nordea Markets Division, Research** Visiting address: Essendropsgate 7 N-0107 Oslo Norway
Tel: +358 9 1651 Fax: +358 9 165 59710	Tel: +46 8 614 7000 Fax: +46 8 534 911 60	Tel: +45 3333 3333 Fax: +45 3333 1520	Tel: +47 2248 5000 Fax: +47 2256 8650
Reg.no. 2858394-9 Satamaradankatu 5 Helsinki			