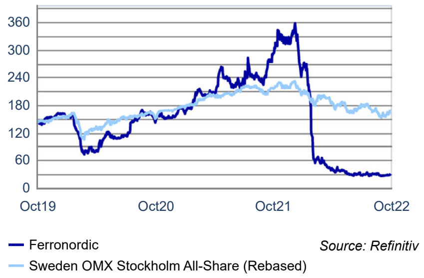
Ferronordic

Capital Goods
Sweden

KEY DATA

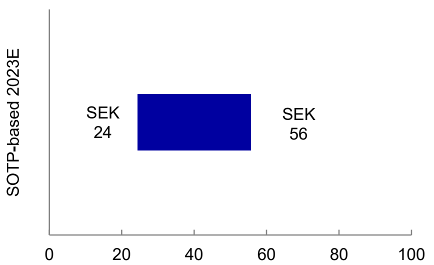
Stock country	Sweden
Bloomberg	FNM SS
Reuters	FNMA.ST
Share price (close)	SEK 33.90
Free Float	84%
Market cap. (bn)	EUR 0.05/SEK 0.49
Website	www.ferronordic.ru
Next report date	11 Nov 2022

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH (EUR/SHARE)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	6%	-5%	-10%
EBIT (adj)	43%	-4%	1%

Source: Nordea estimates

Nordea IB & Equity - Analysts
Victor Hansen
Analyst

Carl Ragnerstam
Analyst

Chugging along for now

We expect a decent Q3 report on 11 November, with group adjusted EBIT down 33% y/y, as Russia/CIS continues to decline and Germany remains loss-making. We lift 2022E earnings due to better mix in Russia, but leave 2023E-24E relatively flat. For 2023, we forecast 81% lower adjusted EBIT than in 2021. With the SEK ~321m compensation from Volvo, we raise our full-year DPS to SEK 5.0 (up ~250%) for 2022E, and now forecast ND/EBITDA of 0x by year-end. We raise our SOTP-based fair value range to SEK 24-56 (22-50). The lower end is based on our 2023E and an inventory sell-off in 2022. The upper end includes Germany at a 5% margin (up from 2% in 2023E, adding SEK 31 per share at an EBIT multiple of about 8x).

Q3 expectations

We forecast a sales decline of 3% y/y for Q3, with the expected 40% drop in organic growth mitigated by +33% for FX and +4% for M&A. We forecast group adjusted EBIT of SEK 111m, down 33% y/y (34% in Russia/CIS), although we believe that Russia will hold onto its strong gross margin q/q , owing to a positive mix from the aftermarket. For Germany, we forecast 20% organic sales growth, similar to Volvo's 18% y/y Q3 delivery growth in Europe, but negative SEK 7m in EBIT. In Q3, Ferronordic received SEK 321m (SEK 22 per share before tax) from Volvo CE as compensation for ending its Russia agreement. We include this as an adjustment to Q3 EBIT.

Germany – long-term boost from electric trucks

The transition to electric trucks should be positive for Ferronordic, as Volvo and Renault have a larger market share here than in internal combustion engines. Volvo Trucks' sale of heavy-duty electric trucks to Amazon in Germany is not in Ferronordic's region, but it is a positive market signal. We expect a breakeven margin for Germany in Q4 2022, rising to 2% in 2023-24. We forecast sales to rise 20% in 2024, versus Q2 LTM, buoyed by the Sandvik contract and new outlets, despite worsening macroeconomics.

Estimate revisions

We raise 2022E sales by 6%, as we expect a more gradual decline in the Russian/CIS aftermarket. We raise the gross margin due to a better sales mix (2022E adjusted EBIT up 43%, excluding the Volvo compensation). For 2023E-24E, we keep our margin relatively flat, but lower sales 5-10% due to Russia, despite raising our estimates for Germany to reflect the Sandvik deal. We raise our full-year DPS to SEK 5 (up ~250%) for 2022E.

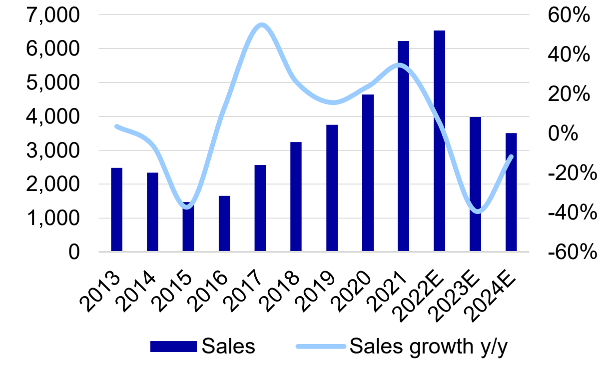
SUMMARY TABLE - KEY FIGURES

SEKm	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	3,241	3,747	4,635	6,211	6,540	3,969	3,502
EBITDA (adj)	322	501	503	728	776	299	270
EBIT (adj)	274	365	330	510	466	73	88
EBIT (adj) margin	8.4%	9.7%	7.1%	8.2%	7.1%	1.8%	2.5%
EPS (adj, SEK)	14.25	17.74	15.36	25.23	11.35	2.10	3.36
EPS (adj) growth	76.8%	24.5%	-13.4%	64.3%	-55.0%	-81.5%	59.8%
DPS (ord, SEK)	3.75	4.25	7.50	0.00	5.02	0.84	1.34
EV/Sales	0.5	0.8	0.5	0.8	0.1	0.1	0.0
EV/EBIT (adj)	5.6	8.4	6.9	10.0	1.1	3.0	0.4
P/E (adj)	8.9	9.2	10.2	13.4	3.0	16.1	10.1
P/BV	2.8	2.7	2.8	4.4	0.3	0.3	0.3
Dividend yield (ord)	2.9%	2.6%	4.8%	0.0%	14.8%	2.5%	4.0%
FCF Yield bef A&D, lease	6.6%	-21.6%	28.1%	4.9%	32.6%	78.4%	39.3%
Net debt	-303	689	-20	199	38	-275	-456
Net debt/EBITDA	-0.9	1.4	0.0	0.3	0.0	-0.9	-1.7
ROIC after tax	61.3%	29.7%	21.7%	35.9%	23.4%	3.7%	5.4%

Source: Company data and Nordea estimates

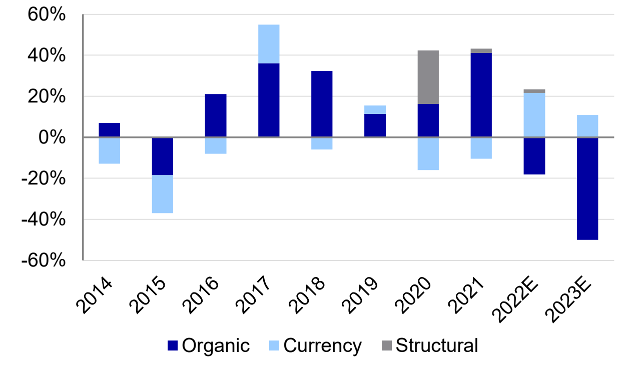
Group development

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



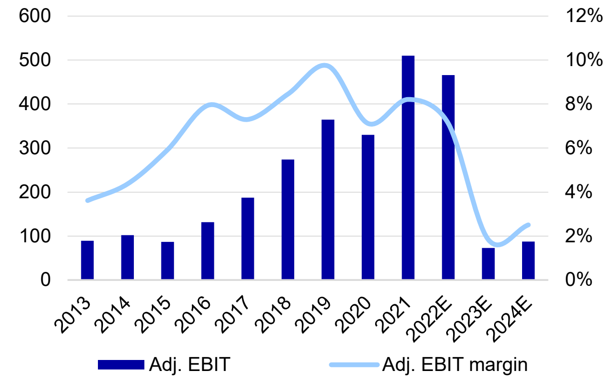
Source: Company data and Nordea estimates

SALES GROWTH BREAKDOWN (%)



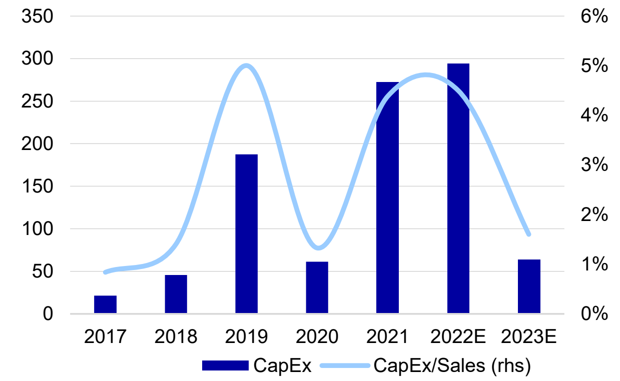
Source: Company data and Nordea estimates

EBIT (SEKm) AND EBIT MARGIN (%)



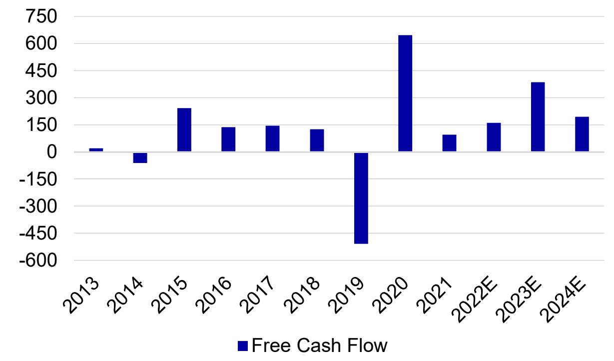
Source: Company data and Nordea estimates

CAPEX (SEKm) AND CAPEX/SALES (%)



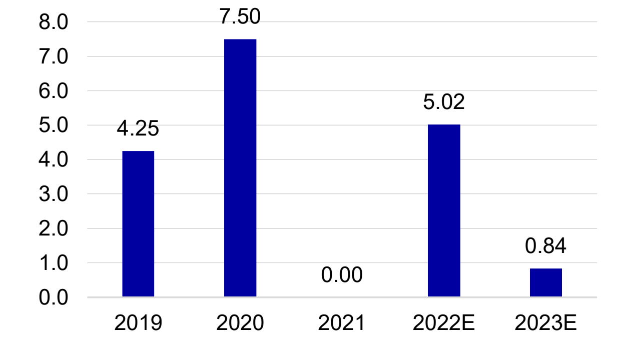
Source: Company data and Nordea estimates

FREE CASH FLOW (SEKm)



Source: Company data and Nordea estimates

DIVIDEND PER SHARE (SEK)



Source: Company data and Nordea estimates

Estimate revisions

FERRONORDIC: ESTIMATE REVISIONS

	New estimates			Old estimates			Δ		
SEKm	**2022E**	**2023E**	**2024E**	**2022E**	**2023E**	**2024E**	**2022E**	**2023E**	**2024E**
Sales breakdown									
Equipment Sales	3,561	2,472	2,221	3,494	2,800	2,636	2%	-12%	-16%
Aftermarket Sales	1,718	1,056	997	1,459	1,002	969	18%	5%	3%
Contracting Services & other	1,262	440	284	1,231	395	289	3%	11%	-2%
Group	**6,540**	**3,969**	**3,502**	**6,184**	**4,197**	**3,894**	**6%**	**-5%**	**-10%**
Gross profit	1,320	698	612	1,100	686	642	20%	2%	-5%
Adj. EBITDA	776	299	270	588	327	316	32%	-9%	-15%
Adj. EBIT	**466**	**73**	**88**	**326**	**76**	**86**	**43%**	**-4%**	**1%**
Margins									
Gross margin	20.2%	17.6%	17.5%	17.8%	16.3%	16.5%	2.4 pp	1.3 pp	1.0 pp
EBITDA margin	11.9%	7.5%	7.7%	9.5%	7.8%	8.1%	2.4 pp	-0.3 pp	-0.4 pp
EBIT margin	7.1%	1.8%	2.5%	5.3%	1.8%	2.2%	1.9 pp	0.0 pp	0.3 pp
Sales bridge	**5%**	**-39%**	**-12%**	**0%**	**-32%**	**-7%**	**5.7 pp**	**-7.2 pp**	**-4.6 pp**
Organic	-18%	-50%	-12%	-21%	-40%	-7%	3.4 pp	-10.0 pp	-4.5 pp
Structural	2%	0%	0%	2%	0%	0%	0.0 pp	0.0 pp	0.0 pp
Currency	21%	11%	0%	19%	8%	0%	2.4 pp	2.8 pp	0.0 pp
Other	0%	0%	0%	0%	0%	0%	0.0 pp	0.0 pp	0.0 pp
DPS (SEK)	**5.0**	**0.8**	**1.3**	**1.4**	**1.0**	**1.3**	**254%**	**-13%**	**5%**
of which ordinary	5.0	0.8	1.3	1.4	1.0	1.3	254%	-13%	5%
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 valuation

We believe that the earnings multiple will be low on Russian assets for the foreseeable future, even if original equipment manufacturers lift their export restrictions to Russia.

We include one potential scenario that could impact Ferronordic's value:

- Germany reaches a 5% EBIT margin, up from 2% for 2023E: SEK 31 upside – total share value of SEK 56.

FERRONORDIC: SOTP VALUATION AND FUTURE GERMANY POTENTIAL

SEKm and SEK

SOTP	**EBIT**	**x EBIT**	**EV**	**Per share**	**Comment**
Germany 2023E (~2% margin)	36	7.7	276	19	Loss-making but targets ~5% LT margin. Peer Mekonomen at 7.7x EV/EBIT 2023E.
Kazakhstan	9	5	43	3	
Remaining Russian business	74	1	74	5	Estimated 15% of Russian sales
Total	**119**	**1.6**	**394**	**27**	
Less net debt 2022E			-38	-3	Includes H2 cash flow from Russia, and Volvo compensation
Equity value			**355**	**24**	
Enterprise value 2022E			519		
Current market cap			**480**	**33.05**	
up/downside vs NDA valuation				-26%	
Future potential					
Germany at 5% margin	59	7.7	455	31	
Equity value			**810**	**56**	

Source: Company data and Nordea estimates

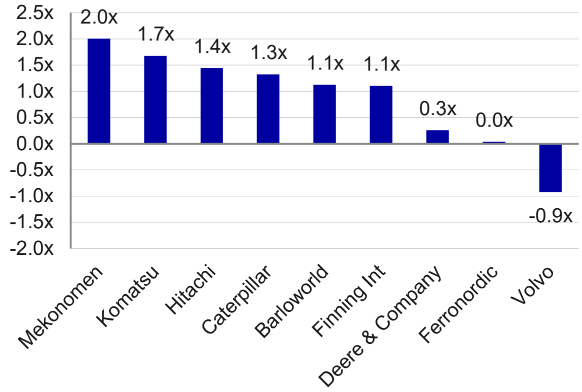
Multiples-based valuation

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	-	11,595	5.6x	6.4x	7.1x	8.5x	10.2x	11.1x	4.6%	4.2%	1.1x	0.8x	10.5%	9.2%
Caterpillar	-	1,227,305	14.1x	12.7x	18.0x	15.6x	16.4x	14.6x	2.2%	2.3%	1.3x	1.5x	45.9%	47.1%
Cervus	-	2,094	-	-	-	-	-	-	-	-	-	-	-	-
Deere & Company	-	1,305,162	15.3x	13.6x	19.3x	16.7x	16.8x	14.7x	1.1%	1.2%	0.3x	-	37.7%	38.7%
Ferronordic	N.R.	480	0.5x	0.7x	1.1x	2.8x	2.9x	15.7x	15.2%	2.5%	0.0x	-0.9x	36.2%	1.9%
Finning Int	-	34,650	6.1x	6.3x	9.3x	9.2x	9.6x	9.9x	3.2%	3.3%	1.1x	1.1x	19.1%	17.1%
Hitachi	-	462,624	7.7x	7.4x	-	-	10.9x	9.9x	1.9%	2.1%	1.4x	1.1x	14.8%	14.2%
Komatsu	-	206,075	8.2x	7.0x	-	9.0x	12.8x	10.0x	3.3%	3.9%	1.7x	1.3x	10.4%	11.5%
Mekonomen	BUY	5,816	5.7x	4.6x	9.6x	7.7x	9.4x	8.0x	2.9%	3.4%	2.0x	1.5x	8.6%	10.8%
Volvo	BUY	364,727	4.4x	3.7x	5.5x	5.1x	9.7x	9.6x	8.4%	8.9%	-0.9x	-0.8x	23.8%	24.9%
Average		**362,053**	**7.5x**	**6.9x**	**10.0x**	**9.3x**	**11.0x**	**11.5x**	**4.7%**	**3.5%**	**0.9x**	**0.7x**	**23.0%**	**19.5%**
Median		**120,362**	**6.1x**	**6.4x**	**9.3x**	**8.7x**	**10.2x**	**10.0x**	**3.2%**	**3.3%**	**1.1x**	**1.1x**	**19.1%**	**14.2%**
Ferronordic	**N.R.**	**480**	**0.5x**	**0.7x**	**1.1x**	**2.8x**	**2.9x**	**15.7x**	**15.2%**	**2.5%**	**0.0x**	**-0.9x**	**36.2%**	**1.9%**
vs. peer average	-	-	-94%	-90%	-89%	-70%	-73%	37%	10.4pp	-1.0pp	-	-	13.2pp	-17.5pp
vs. peer median	-	-	-92%	-89%	-88%	-68%	-71%	57%	12.0pp	-0.7pp	-	-	17.1pp	-12.3pp
vs. Barloworld	-	-96%	-92%	-89%	-84%	-67%	-71%	42%	10.6pp	-1.7pp	-	-	25.7pp	-7.3pp
vs. Finning	-	-99%	-92%	-89%	-88%	-69%	-70%	58%	12.0pp	-	-	-	17.1pp	-15.2pp
vs. Mekonomen	-	-92%	-92%	-85%	-88%	-64%	-69%	97%	12.3pp	-0.9pp	-	-	27.6pp	-8.8pp

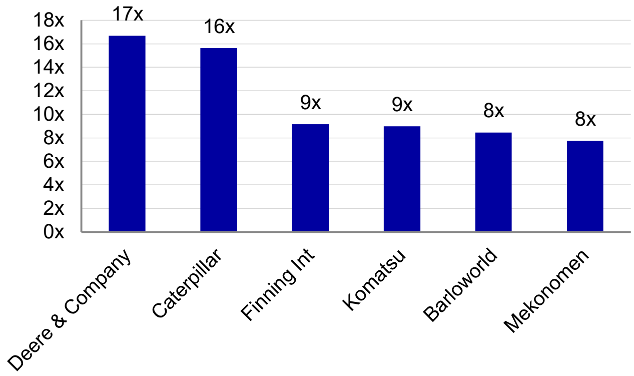
Source: Company data, Refinitiv and Nordea estimates

NET DEBT/EBITDA, 2022E



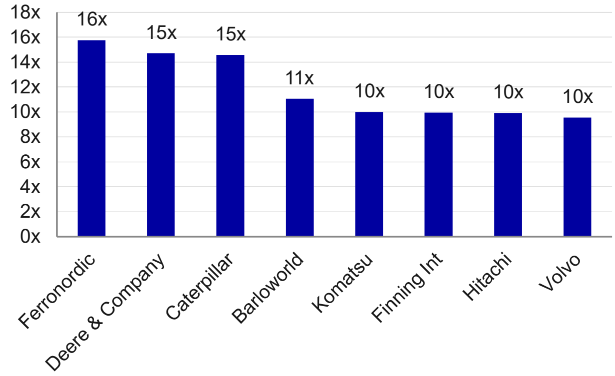
Source: Company data, Refinitiv and Nordea estimates

EV/EBIT, 2023E



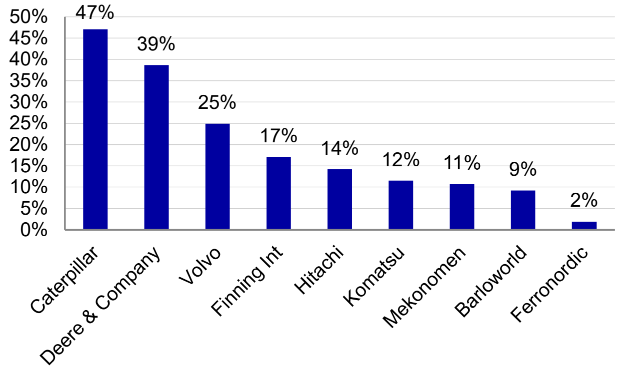
Source: Company data, Refinitiv and Nordea estimates

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 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22E	Q4 22E
Revenue	1,267	1,590	1,661	1,694	1,746	1,691	1,605	1,498
Cost of sales	-1,052	-1,304	-1,337	-1,409	-1,445	-1,335	-1,263	-1,177
Gross profit	**215**	**286**	**324**	**285**	**301**	**356**	**342**	**321**
Sales expenses	-54	-63	-69	-71	-79	-74	-139	-135
G&A expenses	-77	-79	-98	-102	-95	-106	-92	-86
Other income	1	2	5	4	6	10	326	4
Other expenses	-5	-2	-14	-5	-24	-40	-4	-4
EBIT	**80**	**144**	**148**	**111**	**108**	**147**	**432**	**99**
Finance income	3	3	7	10	6	6	6	4
Finance costs	-8	-14	-20	-6	-13	-19	-18	-15
Net FX gains/(losses)	-3	-6	1	2	-20	-81	1	0
EBT	**71**	**127**	**135**	**117**	**83**	**53**	**421**	**88**
Income tax	-15	-41	-27	-29	-20	-22	-97	-19
Net income	56	86	109	88	63	31	324	69
EPS (SEK)	**3.85**	**5.93**	**7.46**	**6.01**	**4.30**	**2.10**	**22.29**	**4.75**
Pre-tax adjustments	-4	-3	-17	-4	0	0	321	0
After-tax adjustments	-3	-3	-13	-3	0	0	252	0
Adj. EBIT	**83**	**147**	**165**	**115**	**108**	**147**	**111**	**99**
Adj. PTP	75	130	152	121	83	53	100	88
Adj. Net income	59	89	122	91	63	31	72	69
Adj. EPS (SEK)	**4.04**	**6.10**	**8.38**	**6.20**	**4.30**	**2.10**	**4.93**	**4.75**

Source: Company data and Nordea estimates

INTERIM SALES BRIDGE

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22E	Q4 22E
Sales bridge (%) - Group								
Organic	37%	50%	48%	30%	38%	-15%	-40%	-41%
Structural	0%	2%	2%	4%	2%	1%	4%	1%
Currency	-27%	-19%	-3%	7%	-3%	20%	33%	30%
Other	3%	0%	0%	2%	0%	1%	0%	-1%
Total	**13%**	**32%**	**47%**	**43%**	**38%**	**6%**	**-3%**	**-12%**
Sales bridge % - Russia/CIS								
Organic	49%	53%	51%	22%	36%	-19%	-54%	-58%
Structural	0%	0%	0%	0%	0%	0%	0%	0%
Currency	-34%	-23%	-4%	9%	-5%	24%	41%	39%
Other	4%	1%	0%	0%	0%	0%	0%	0%
Total	**20%**	**31%**	**48%**	**31%**	**32%**	**5%**	**-14%**	**-19%**
Sales bridge % - Germany								
Organic	-2%	38%	36%	64%	46%	-1%	18%	5%
Structural	1%	8%	11%	21%	9%	4%	18%	5%
Currency	-5%	-7%	-2%	-2%	5%	4%	2%	3%
Other	0%	-3%	-3%	9%	1%	5%	3%	-4%
Total	**-6%**	**37%**	**43%**	**91%**	**62%**	**12%**	**40%**	**9%**

Source: Company data and Nordea estimates

GROWTH PER SEGMENT, INTERIM

(SEKm)	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22E	Q4 22E
Russia/CIS								
Sales	1,007	1,254	1,333	1,249	1,326	1,315	1,147	1,013
Gross profit	185	254	290	233	254	319	287	253
EBITDA	127	195	219	169	161	214	187	158
EBIT	94	157	179	124	119	157	118	99
Adjusted EBIT	**94**	**157**	**179**	**124**	**119**	**157**	**118**	**99**
Germany								
Sales	260	336	327	445	420	376	458	485
Gross profit	30	32	34	53	47	36	55	68
EBITDA	-3	0	-16	9	11	9	15	22
EBIT	-14	-13	-32	-12.0	-10	-10	-7	0
Adjusted EBIT	**-10**	**-10**	**-15**	**-9**	**-10**	**-10**	**-7**	**0**
Margins								
Group								
Gross margin	17.0%	18.0%	19.5%	16.8%	17.2%	21.1%	21.3%	21.4%
EBITDA margin	9.8%	12.2%	12.2%	10.4%	9.5%	13.2%	32.6%	12.0%
EBIT margin	6.3%	9.0%	8.9%	6.6%	6.2%	8.7%	26.9%	6.6%
Adjusted EBIT margin	**6.6%**	**9.2%**	**9.9%**	**6.8%**	**6.2%**	**8.7%**	**6.9%**	**6.6%**
Russia/CIS								
Gross margin	18.3%	20.2%	21.8%	18.7%	19.1%	24.3%	25.0%	25.0%
EBITDA margin	12.7%	15.5%	16.4%	13.5%	12.1%	16.3%	16.3%	15.6%
EBIT margin	9.3%	12.5%	13.4%	9.9%	9.0%	11.9%	10.3%	9.8%
Adjusted EBIT margin	**9.3%**	**12.5%**	**13.4%**	**9.9%**	**9.0%**	**11.9%**	**10.3%**	**9.8%**
Germany								
Gross margin	11.6%	9.6%	10.4%	11.9%	11.2%	9.6%	12.0%	14.0%
EBITDA margin	-1.1%	-0.1%	-4.9%	2.0%	2.6%	2.4%	3.2%	4.6%
EBIT margin	-5.3%	-3.8%	-9.8%	-2.7%	-2.4%	-2.7%	-1.5%	0.1%
Adjusted EBIT margin	**-3.9%**	**-2.9%**	**-4.6%**	**-1.9%**	**-2.4%**	**-2.7%**	**-1.5%**	**0.1%**

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	6,540	3,969	3,502	3,667
Cost of sales	-2,079	-2,627	-2,972	-3,837	-5,102	-5,220	-3,271	-2,890	-3,021
Gross profit	**488**	**614**	**775**	**797**	**1,110**	**1,320**	**698**	**612**	**646**
Sales expenses	-125	-138	-162	-219	-256	-428	-563	-471	-451
G&A expenses	-165	-190	-238	-264	-357	-379	-228	-200	-207
Other income	5	4	8	24	13	346	210	185	194
Other expenses	-16	-17	-26	-11	-27	-72	-44	-39	-41
EBIT	**187**	**274**	**358**	**328**	**483**	**787**	**73**	**88**	**140**
Finance income	15	7	6	12	23	22	21	18	18
Finance costs	-7	-9	-58	-59	-49	-65	-55	-43	-30
Net FX gains/(losses)	-2	-5	12	-5	-5	-100	0	0	0
EBT	**193**	**267**	**318**	**276**	**451**	**644**	**39**	**63**	**128**
Income tax	-42	-58	-68	-54	-112	-158	-9	-14	-28
Net income	151	209	251	222	339	486	31	49	100
EPS (SEK)	**8.50**	**14.25**	**17.26**	**15.25**	**23.33**	**33.44**	**2.10**	**3.36**	**6.89**
Pre-tax adjustments	0	0	-7	-2	-27	321	0	0	0
After-tax adjustments	0	0	-6	-1	-22	252	0	0	0
Adj. EBIT	**187**	**274**	**365**	**330**	**510**	**466**	**73**	**88**	**140**
Adj. PTP	193	267	325	277	478	323	39	63	128
Adj. Net income	151	209	256	223	361	234	31	49	100
Adj. EPS (SEK)	**8.50**	**14.25**	**17.64**	**15.34**	**24.81**	**16.08**	**2.10**	**3.36**	**6.89**

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%	-18%	-50%	-12%	5%
Structural	0%	0%	0%	26%	2%	2%	0%	0%	0%
Currency	19%	-6%	4%	-16%	-11%	21%	11%	0%	0%
Other	6%	2%	-1%	-3%	1%	0%	0%	0%	0%
Total	**61%**	**28%**	**15%**	**24%**	**34%**	**5%**	**-39%**	**-12%**	**5%**
Sales bridge % - Russia/CIS									
Organic	36%	32%	11%	16%	43%	-27%	-71%	-21%	3%
Structural	0%	0%	0%	0%	0%	0%	0%	0%	0%
Currency	19%	-6%	4%	-16%	-12%	27%	14%	0%	0%
Other	6%	2%	-4%	-3%	1%	0%	0%	0%	0%
Total	**61%**	**28%**	**11%**	**-3%**	**33%**	**-1%**	**-57%**	**-21%**	**4%**
Sales bridge % - Germany									
Organic	-	-	-	0%	32%	14%	8%	-1%	6%
Structural	-	-	-	100%	10%	9%	0%	0%	0%
Currency	-	-	-	0%	-4%	3%	1%	0%	0%
Other	-	-	-	0%	1%	1%	0%	0%	0%
Total	**-**	**-**	**-**	**100%**	**39%**	**27%**	**9%**	**-1%**	**6%**

Source: Company data and Nordea estimates

ANNUAL GROWTH PER SEGMENT

(SEKm)	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E
Russia/CIS									
Sales	2,567	3,241	3,747	3,652	4,843	4,801	2,072	1,627	1,684
Gross profit	488	614	773	714	961	1,113	416	327	339
EBITDA	214	322	494	533	710	720	178	143	157
EBIT	187	274	358	394	553	493	37	46	81
Adjusted EBIT	**187**	**274**	**358**	**383**	**553**	**493**	**37**	**46**	**81**
Germany									
Sales	0	0	0	983	1,367	1,739	1,897	1,875	1,983
Gross profit	0	0	0	84	149	206	282	285	307
EBITDA	0	0	0	-29	-10	57	121	126	143
EBIT	0	0	0	-66	-71	-27	36	42	59
Adjusted EBIT	**0**	**0**	**0**	**-57**	**-43**	**-27**	**36**	**42**	**59**
Margins									
Group									
Gross margin	19.0%	19.0%	20.7%	17.2%	17.9%	20.2%	17.6%	17.5%	17.6%
EBITDA margin	8.3%	9.9%	13.2%	10.9%	11.3%	16.8%	7.5%	7.7%	8.2%
EBIT margin	7.3%	8.4%	9.5%	7.1%	7.8%	12.0%	1.8%	2.5%	3.8%
Adjusted EBIT margin	**7.3%**	**8.4%**	**9.7%**	**7.1%**	**8.2%**	**7.1%**	**1.8%**	**2.5%**	**3.8%**
Russia/CIS									
Gross margin	19.0%	19.0%	20.6%	19.5%	19.8%	23.2%	20.1%	20.1%	20.1%
EBITDA margin	8.3%	9.9%	13.2%	14.6%	14.7%	15.0%	8.6%	8.8%	9.3%
EBIT margin	7.3%	8.4%	9.5%	10.8%	11.4%	10.3%	1.8%	2.8%	4.8%
Adjusted EBIT margin	**7.3%**	**8.4%**	**9.5%**	**10.5%**	**11.4%**	**10.3%**	**1.8%**	**2.8%**	**4.8%**
Germany									
Gross margin	-	-	-	8.5%	10.9%	11.8%	14.9%	15.2%	15.5%
EBITDA margin	-	-	-	-2.9%	-0.7%	3.3%	6.4%	6.7%	7.2%
EBIT margin	-	-	-	-6.7%	-5.2%	-1.5%	1.9%	2.2%	3.0%
Adjusted EBIT margin	**-**	**-**	**-**	**-5.8%**	**-3.2%**	**-1.5%**	**1.9%**	**2.2%**	**3.0%**

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**	**6,540**	**3,969**	**3,502**
Revenue growth	-5.9%	-37.1%	12.9%	54.8%	26.3%	15.6%	23.7%	34.0%	5.3%	-39.3%	-11.8%
of which organic	6.9%	-18.6%	21.0%	36.2%	32.2%	11.4%	16.1%	41.1%	-18.1%	-50.0%	-11.7%
of which FX	-12.8%	-18.5%	-8.1%	18.6%	-6.0%	4.0%	-16.0%	-10.5%	21.5%	10.8%	0.0%
EBITDA	172	130	153	214	322	494	504	700	1,097	299	270
Depreciation and impairments PPE	-70	-43	-34	-26	-48	-136	-176	-218	-310	-226	-182
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	102	87	119	187	274	358	328	483	787	73	88
Amortisation and impairments	-33	-26	-15	0	0	0	0	0	0	0	0
EBIT	69	61	104	187	274	358	328	483	787	73	88
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	-142	-34	-25
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**	**644**	**39**	**63**
Reported taxes	-7	-8	-24	-42	-58	-68	-54	-112	-158	-9	-14
Net profit from continued operations	19	29	84	151	209	251	222	339	486	31	49
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	486	31	49
EPS, SEK	**-3.10**	**-2.12**	**3.03**	**8.06**	**14.25**	**17.26**	**15.25**	**23.35**	**33.44**	**2.10**	**3.36**
DPS, SEK	0.00	0.00	0.00	1.73	7.50	4.25	7.50	0.00	5.02	0.84	1.34
of which ordinary	0.00	0.00	0.00	1.73	3.75	4.25	7.50	0.00	5.02	0.84	1.34
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%	16.8%	7.5%	7.7%
EBITA	4.4%	5.9%	7.2%	7.3%	8.4%	9.5%	7.1%	7.8%	12.0%	1.8%	2.5%
EBIT	3.0%	4.2%	6.3%	7.3%	8.4%	9.5%	7.1%	7.8%	12.0%	1.8%	2.5%
Adjusted earnings											
EBITDA (adj)	172	130	153	214	322	501	503	728	776	299	270
EBITA (adj)	102	87	137	187	274	365	330	510	466	73	88
EBIT (adj)	102	87	132	187	274	365	330	510	466	73	88
EPS (adj, SEK)	-0.51	-0.08	5.18	8.06	14.25	17.74	15.36	25.23	11.35	2.10	3.36
Adjusted profit margins in percent											
EBITDA (adj)	7.4%	8.9%	9.2%	8.3%	9.9%	13.4%	10.9%	11.7%	11.9%	7.5%	7.7%
EBITA (adj)	4.4%	5.9%	8.3%	7.3%	8.4%	9.7%	7.1%	8.2%	7.1%	1.8%	2.5%
EBIT (adj)	4.4%	5.9%	7.9%	7.3%	8.4%	9.7%	7.1%	8.2%	7.1%	1.8%	2.5%
Performance metrics											
CAGR last 5 years											
Net revenue	n.a.	n.a.	-7.3%	1.4%	5.5%	9.9%	25.8%	30.2%	20.6%	4.1%	-1.3%
EBITDA	n.m.	n.m.	11.6%	13.0%	16.0%	23.5%	31.1%	35.6%	38.7%	-1.4%	-11.4%
EBIT	n.a.	n.a.	27.7%	48.0%	39.6%	39.0%	40.0%	35.9%	33.2%	-23.2%	-24.5%
EPS	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	50.4%	32.9%	-31.8%	-27.9%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	23.7%	-25.9%	-20.6%
Average last 5 years											
Average EBIT margin	n.a.	2.1%	3.0%	4.5%	6.2%	7.8%	7.9%	8.0%	9.1%	8.1%	7.1%
Average EBITDA margin	n.a.	5.9%	7.0%	7.8%	8.8%	10.3%	10.6%	10.9%	12.8%	12.3%	11.5%

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	3.0	16.1	10.1
EV/EBITDA (adj)	n.a.	n.a.	n.a.	6.1	4.8	6.1	4.5	7.0	0.7	0.7	0.1
EV/EBITA (adj)	n.a.	n.a.	n.a.	7.0	5.6	8.4	6.9	10.0	1.1	3.0	0.4
EV/EBIT (adj)	n.a.	n.a.	n.a.	7.0	5.6	8.4	6.9	10.0	1.1	3.0	0.4

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	1.0	16.1	10.1
EV/Sales	n.a.	n.a.	n.a.	0.51	0.48	0.82	0.49	0.82	0.08	0.05	0.01
EV/EBITDA	n.a.	n.a.	n.a.	6.1	4.8	6.2	4.5	7.3	0.5	0.7	0.1
EV/EBITA	n.a.	n.a.	n.a.	7.0	5.6	8.6	6.9	10.6	0.7	3.0	0.4
EV/EBIT	n.a.	n.a.	n.a.	7.0	5.6	8.6	6.9	10.6	0.7	3.0	0.4
Dividend yield (ord.)	n.a.	n.a.	n.a.	1.1%	2.9%	2.6%	4.8%	0.0%	14.8%	2.5%	4.0%
FCF yield	n.a.	n.a.	n.a.	8.9%	6.8%	-21.5%	28.2%	1.9%	32.6%	78.4%	39.3%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	8.8%	6.6%	-21.6%	28.1%	4.9%	32.6%	78.4%	39.3%
Payout ratio	0.0%	0.0%	0.0%	21.5%	52.6%	24.0%	48.8%	0.0%	44.2%	40.0%	40.0%

Source: Company data and Nordea estimates

BALANCE SHEET											
SEKm	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Intangible assets	43	15	2	6	6	12	8	81	87	91	95
of which R&D	0	0	0	0	0	0	0	0	6	10	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	977	808	694
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	1,169	1,004	894
Inventory	425	327	467	633	741	1,290	1,014	1,432	1,373	873	770
Accounts receivable	265	161	202	243	319	322	393	535	719	437	385
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	98	60	53
Cash and bank	177	175	199	352	357	519	604	768	928	1,241	1,423
Total current assets	870	665	872	1,231	1,418	2,214	2,048	2,781	3,119	2,611	2,631
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**	**4,288**	**3,615**	**3,525**
Shareholders equity	372	322	442	611	656	890	806	1,101	1,587	1,545	1,581
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	1,587	1,545	1,581
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	41	25	22
Accounts payable	492	384	547	737	982	917	1,188	1,809	1,635	1,032	910
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	29	18	16
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	2,084	1,454	1,327
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**	**4,288**	**3,615**	**3,525**
Balance sheet and debt metrics											
Net debt	109	-81	-173	-312	-303	689	-20	199	38	-275	-456
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	526	319	282
Invested capital	496	244	280	314	374	1,519	818	1,368	1,696	1,324	1,176
Capital employed	658	416	468	651	710	2,003	1,390	2,068	2,554	2,511	2,548
ROE	-6.9%	-6.1%	7.9%	16.4%	32.7%	32.4%	26.1%	35.6%	36.2%	1.9%	3.1%
ROIC	14.1%	18.1%	38.7%	48.6%	61.3%	29.7%	21.7%	35.9%	23.4%	3.7%	5.4%
ROCE	14.8%	18.1%	31.9%	36.1%	41.3%	27.4%	20.1%	30.8%	21.1%	3.7%	4.2%
Net debt/EBITDA	0.6	-0.6	-1.1	-1.5	-0.9	1.4	0.0	0.3	0.0	-0.9	-1.7
Interest coverage	2.0	2.7	14.4	30.7	31.6	6.3	5.7	10.4	12.5	1.7	2.5
Equity ratio	31.7%	39.8%	42.8%	43.2%	38.0%	29.9%	30.7%	27.7%	37.0%	42.7%	44.9%
Net gearing	29.4%	-25.3%	-39.1%	-51.0%	-46.2%	77.4%	-2.5%	18.1%	2.4%	-17.8%	-28.8%

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	**172**	**130**	**153**	**214**	**322**	**494**	**504**	**700**	**1,097**	**299**	**270**
Paid taxes	0	0	0	0	0	-85	-71	-170	-158	-9	-14
Net financials	43	24	-3	-6	7	-58	-59	-26	-142	-34	-25
Change in provisions	-9	-5	7	3	4	5	3	13	2	-16	-3
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**	**798**	**241**	**228**
Change in NWC	-176	133	18	-20	-106	-698	316	-24	-350	207	38
Cash flow from operations (CFO)	**-25**	**234**	**141**	**148**	**161**	**-330**	**693**	**457**	**448**	**448**	**265**
Capital expenditure	-36	3	-10	-7	-38	-181	-49	-217	-287	-62	-72
Free cash flow before A&D	**-61**	**237**	**132**	**141**	**123**	**-511**	**643**	**240**	**161**	**386**	**194**
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	161	386	194
Free cash flow bef A&D, lease adj	-61	237	132	141	123	-511	643	240	161	386	194
Dividends paid	-50	-50	-53	-58	-30	-109	-62	-109	0	-73	-12
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	160	313	181
Cash flow metrics											
Capex/D&A	35.3%	-4.4%	20.0%	25.8%	80.1%	n.m.	28.1%	99.7%	92.6%	27.2%	39.4%
Capex/Sales	1.6%	-0.2%	0.6%	0.3%	1.2%	4.8%	1.1%	3.5%	4.4%	1.6%	2.0%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	151	127	163	157	337	34	34	34
Market cap.	n.a.	n.a.	n.a.	1,615	1,849	2,369	2,287	4,897	493	493	493
Enterprise value	n.a.	n.a.	n.a.	1,303	1,546	3,058	2,267	5,096	531	218	37
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

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