

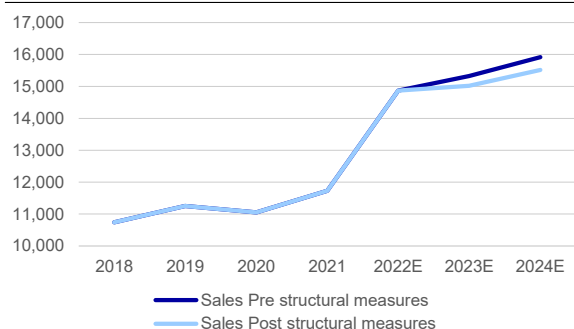
16 December 2022

## Commissioned research: Elanders - Structural measures that will strengthen margins

*Marketing material commissioned by Elanders*

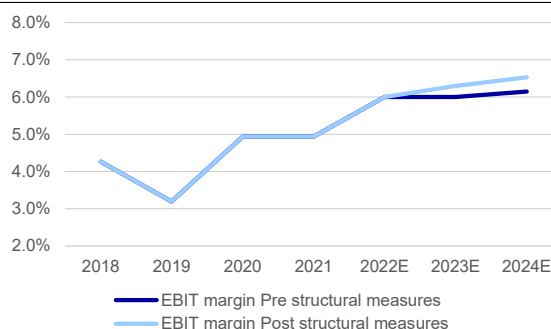
Today, **Elanders** announced that it implements structural measures regarding non-profitable parts of the road transportation operations in Germany, with a primary exposure towards automotive and industrials. This is connected to the subsidiary LGI (Supply Chain Solutions), which has been stuck in unprofitable contracts, something the company communicated back in 2019. As such, the business that is being discontinued has had issues with profitability for a longer period of time, and should not be seen as something new. As a consequence of the closure, sales will decrease by SEK 400m on an annual basis (i.e. ~3% of 2024E group sales), while this will allow for savings of SEK 35m on an annual basis (i.e. ~4% of 2024E group EBIT). The structural measures will lead to one-off costs of SEK 50m, and we expect this to mainly burden H1 2023. **Conclusion:** We view this as positive for Elanders, as it will lead to an additional ~4% on group EBIT based on our estimates for 2024E, while we expect this to strengthen the group margin by ~40 bps for 2024E. In addition, we also expect this to contribute positively to 2023E-24E EPS by some 4-6% (all else equal).

**SALES PRE- AND POST STRUCTURAL MEASURES, SEKm**



Source: Company data and Nordea estimates

**EBIT MARGIN PRE- AND POST STRUCTURAL MEASURES, %**



Source: Company data and Nordea estimates

## SUMMARY TABLE - KEY FIGURES

| SEKm                         | 2019   | 2020   | 2021   | 2022E  | 2023E  | 2024E  |
|------------------------------|--------|--------|--------|--------|--------|--------|
| Total revenue                | 11,254 | 11,050 | 11,732 | 14,871 | 15,326 | 15,918 |
| EBITDA (adj)                 | 1,409  | 1,426  | 1,497  | 1,926  | 1,955  | 2,016  |
| EBIT (adj)                   | 509    | 546    | 596    | 862    | 920    | 978    |
| EBIT (adj) margin            | 4.5%   | 4.9%   | 5.1%   | 5.8%   | 6.0%   | 6.1%   |
| EPS (adj, SEK)               | 7.13   | 9.19   | 9.56   | 13.19  | 13.15  | 15.79  |
| EPS (adj) growth             | -0.4%  | 29.0%  | 4.0%   | 38.0%  | -0.3%  | 20.1%  |
| DPS (ord, SEK)               | 0.00   | 3.10   | 3.50   | 4.60   | 4.80   | 5.00   |
| EV/Sales                     | 0.6    | 0.6    | 1.0    | 0.8    | 0.7    | 0.7    |
| EV/EBIT (adj)                | 13.9   | 13.0   | 19.1   | 13.9   | 11.9   | 10.7   |
| P/E (adj)                    | 12.2   | 13.0   | 18.2   | 11.2   | 11.2   | 9.3    |
| P/BV                         | 1.1    | 1.5    | 1.9    | 1.4    | 1.3    | 1.2    |
| Dividend yield (ord)         | 0.0%   | 2.6%   | 2.0%   | 3.1%   | 3.3%   | 3.4%   |
| FCF Yield bef A&D, lease adj | 16.7%  | 23.2%  | 3.5%   | -5.8%  | 12.5%  | 10.4%  |
| Net debt                     | 3,994  | 2,854  | 5,249  | 6,720  | 5,650  | 5,184  |
| Net debt/EBITDA              | 3.2    | 2.0    | 3.5    | 3.4    | 2.9    | 2.6    |
| ROIC after tax               | 5.9%   | 6.4%   | 5.7%   | 6.5%   | 6.9%   | 7.5%   |

Source: Company data and Nordea estimates

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