

23 December 2022

## Commissioned research: Ferronordic – Christmas came early, divests Russian operations for SEK 1.3bn

Marketing material commissioned by Ferronordic

Ferronordic has today sold its Russian business for SEK 1.32bn (1.09bn post Russian debt repayment, which represents SEK 75 per share), with this cash now being outside of Russia and hence free to use. We expect this net cash position to be used for both dividends and investments in current geographies, and potentially also new markets and services. Ferronordic also reiterated its guidance of a "pace for positive operating profit before year-end, which we believe is similar to our forecast of Germany at break-even as of Q4 and a 1.9% EBIT margin in 2023E. Group net cash as of Q3, including the cash from its sale of Russia is now SEK 1.025bn (SEK 70.5 per share). Our SOTP for Germany and Kazakhstan based on our 2023 estimates (per our Q3 review) was SEK 23 per share, excluding the margin upside (from ~2% 2023E to 5% in Germany).

### SUMMARY TABLE - KEY FIGURES

SEKm	2019	2020	2021	2022E	2023E	2024E
Total revenue	3,747	4,635	6,211	6,385	3,494	3,108
EBITDA (adj)	501	503	728	815	280	243
EBIT (adj)	365	330	510	514	76	85
EBIT (adj) margin	9.7%	7.1%	8.2%	8.0%	2.2%	2.7%
EPS (adj, SEK)	17.74	15.36	25.23	15.89	1.39	2.50
EPS (adj) growth	24.5%	-13.4%	64.3%	-37.0%	-91.3%	80.6%
DPS (ord, SEK)	4.25	7.50	0.00	5.70	0.83	1.38
EV/Sales	0.8	0.5	0.8	0.1	0.2	0.2
EV/EBIT (adj)	8.4	6.9	10.0	1.6	8.5	5.8
P/E (adj)	9.2	10.2	13.4	3.2	37.1	20.5
P/BV	2.7	2.8	4.4	0.5	0.5	0.5
Dividend yield (ord)	2.6%	4.8%	0.0%	11.1%	1.6%	2.7%
FCF Yield bef A&D, lease adj	-21.6%	28.1%	4.9%	14.3%	37.6%	21.7%
Net debt	689	-20	199	92	-106	-256
Net debt/EBITDA	1.4	0.0	0.3	0.1	-0.4	-1.1
ROIC after tax	29.7%	21.7%	35.9%	24.5%	3.4%	4.4%

Source: Company data and Nordea estimates

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