

## Ferronordic

Capital Goods  
Sweden

## KEY DATA

Stock country	Sweden
Bloomberg	FNM SS
Reuters	FNMA.ST
Share price (close)	SEK 88.00
Free Float	84%
Market cap. (bn)	EUR 0.11/SEK 1.28
Website	www.ferronordic.ru
Next report date	17 Feb 2023

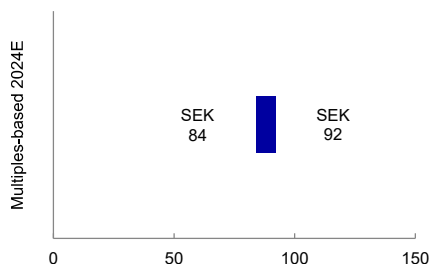
## PERFORMANCE



— Ferronordic  
— Sweden OMX Stockholm All-Share (Rebased)

Source: Refinitiv

## VALUATION APPROACH (SEK/SHARE)



Source: Nordea estimates

## ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	-15%	-45%	-40%
EBIT (adj)	-25%	-57%	-36%

Source: Nordea estimates

## Nordea IB &amp; Equity - Analysts

Victor Hansen  
Analyst

Carl Ragnerstam  
Analyst

## A new chapter begins

We expect decent Q4 results, with Germany nearing breakeven. Following the divestment of the Russian operations, we now expect Germany to make up 90% of revenues ahead. However, we remain cautious on German sales in late 2023 and 2024 due to tougher market conditions. We forecast a DPS of only SEK 6.0 (87m) for 2022, as most divestment proceeds will likely be reinvested in additional workshops in Germany (not in our estimates). Ferronordic is trading at 17x 2023E EV/EBIT but 9x 2024E, which is in line with Mekonomen but below Finning at 10x. Our multiples-based fair value range of SEK 84-92 (21-55) represents 2024E EV/EBIT of 8-10x. If Germany were to reach a 5% EBIT margin, the value would increase by SEK 30 per share.

## Q4 expectations

We expect SEK 480m in sales and SEK 1m in EBIT for Q4, excluding earnings from Russia and the SEK 1.1bn net proceeds from the divestment. For Germany, we expect sales to be down 2% y/y due to tough comps, but up 21% q/q including M&A. This is driven by lower equipment sales y/y (but up 27% q/q), while we expect the aftermarket to have been more resilient and grown 30% y/y (20 pp from M&A). We pencil in a -0.1% margin for Germany and expect comments of it being at breakeven at year-end. We expect a small yet positive profit in Q4 from Kazakhstan. Russia will be reported as a discontinued business in Q4, which will also heavily impact earnings going forward, as it represented 117% of 2021 group EBIT.

## Tougher near-term market conditions

Going forward, we expect ~90% of group revenue to be from Germany and the remainder from Kazakhstan, versus 21% for Germany in 2021. We pencil in a tougher market in Germany, with lower sales from Q4 2023 and in 2024 despite some growth from the Sandvik partnership and a more resilient aftermarket, driving the margin to 1% for 2023E and 2% for 2024E. We see some potential upside from contracting services in Kazakhstan ahead.

## Estimate revisions

We remove Russia from our estimates, and take a slightly more prudent view on Germany, due to weak macro and our worse outlook for Volvo. We lower sales by 15-45% for 2022E-24E and adjusted EBIT by 25-57%.

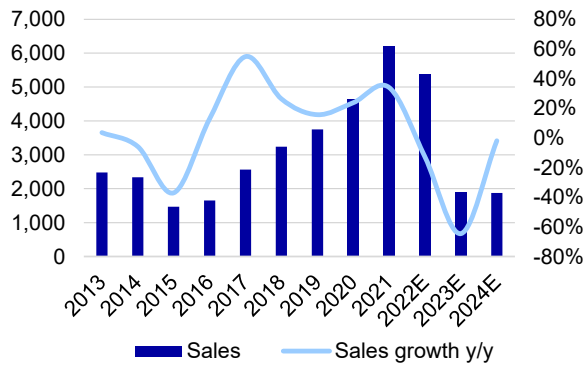
## SUMMARY TABLE - KEY FIGURES

SEKm	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	3,241	3,747	4,635	6,211	5,396	1,909	1,872
EBITDA (adj)	322	501	503	728	629	117	138
EBIT (adj)	274	365	330	510	386	33	54
EBIT (adj) margin	8.4%	9.7%	7.1%	8.2%	7.2%	1.7%	2.9%
EPS (adj, SEK)	14.25	17.74	15.36	25.23	9.58	1.65	3.05
EPS (adj) growth	76.8%	24.5%	-13.4%	64.3%	-62.0%	-82.8%	85.3%
DPS (ord, SEK)	3.75	4.25	7.50	0.00	6.00	0.82	1.68
EV/Sales	0.5	0.8	0.5	0.8	0.1	0.3	0.3
EV/EBIT (adj)	5.6	8.4	6.9	10.0	0.8	17.5	9.1
P/E (adj)	8.9	9.2	10.2	13.4	9.2	53.4	28.8
P/BV	2.8	2.7	2.8	4.4	0.8	0.9	0.8
Dividend yield (ord)	2.9%	2.6%	4.8%	0.0%	6.8%	0.9%	1.9%
FCF Yield bef A&D, lease	6.6%	-21.6%	28.1%	4.9%	5.8%	-13.8%	7.1%
Net debt	-303	689	-20	199	-979	-706	-785
Net debt/EBITDA	-0.9	1.4	0.0	0.3	-1.0	-6.0	-5.7
ROIC after tax	62.1%	30.0%	22.0%	36.4%	29.3%	3.3%	5.1%

Source: Company data and Nordea estimates

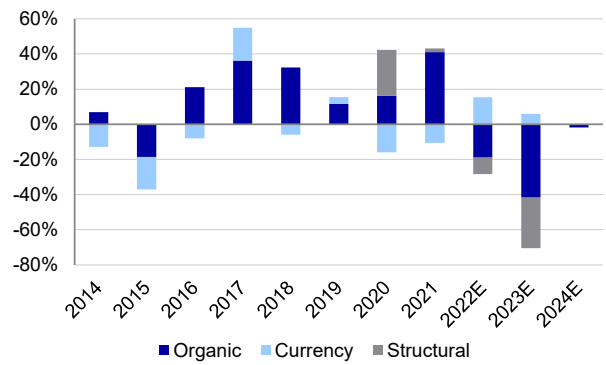
# Group development

**SALES (SEKm) AND CHANGE Y/Y (%), 2013-24E**



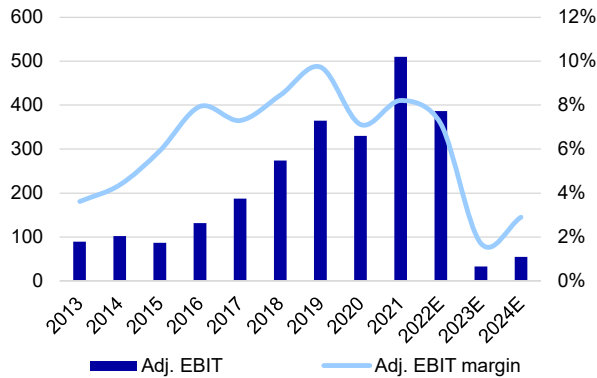
Source: Company data and Nordea estimates

**SALES GROWTH BREAKDOWN (%), 2014-24E**



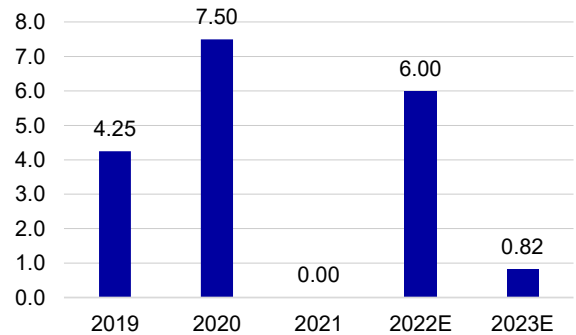
Source: Company data and Nordea estimates

**EBIT (SEKm) AND EBIT MARGIN (%), 2013-24E**



Source: Company data and Nordea estimates

**DIVIDEND PER SHARE (SEK), 2019-23E**



Source: Company data and Nordea estimates

# Estimate revisions

FERRONORDIC: ESTIMATE REVISIONS									
SEKm	New estimates			Old estimates			Δ		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
<b>Sales breakdown</b>									
Equipment Sales	2,683	1,161	1,141	3,087	1,942	1,779	-13%	-40%	-36%
Aftermarket Sales	1,481	646	629	1,724	1,106	1,041	-14%	-42%	-40%
Contracting Services & other	1,232	103	102	1,575	446	288	-22%	-77%	-65%
<b>Group</b>	<b>5,396</b>	<b>1,909</b>	<b>1,872</b>	<b>6,385</b>	<b>3,494</b>	<b>3,108</b>	<b>-15%</b>	<b>-45%</b>	<b>-40%</b>
Gross profit	1,087	284	299	1,367	634	554	-20%	-55%	-46%
Adj. EBITDA	629	117	138	815	280	243	-23%	-58%	-43%
<b>Adj. EBIT</b>	<b>386</b>	<b>33</b>	<b>54</b>	<b>514</b>	<b>76</b>	<b>85</b>	<b>-25%</b>	<b>-57%</b>	<b>-36%</b>
<b>Margins</b>									
Gross margin	20.2%	14.9%	16.0%	21.4%	18.1%	17.8%	-1.3 pp	-3.3 pp	-1.9 pp
EBITDA margin	11.7%	6.1%	7.4%	12.8%	8.0%	7.8%	-1.1 pp	-1.9 pp	-0.5 pp
EBIT margin	7.2%	1.7%	2.9%	8.0%	2.2%	2.7%	-0.9 pp	-0.5 pp	0.2 pp
<b>Sales bridge</b>	<b>-13%</b>	<b>-65%</b>	<b>-2%</b>	<b>3%</b>	<b>-45%</b>	<b>-11%</b>	<b>-15.9 pp</b>	<b>-19.3 pp</b>	<b>9.1 pp</b>
Organic	-19%	-42%	-2%	-16%	-56%	-11%	-2.7 pp	14.1 pp	9.1 pp
Structural	-9%	-29%	0%	2%	0%	0%	-11.0 pp	-28.9 pp	0.0 pp
Currency	15%	6%	0%	17%	10%	0%	-2.1 pp	-4.4 pp	0.0 pp
Other	0%	0%	0%	0%	0%	0%	0.0 pp	-0.1 pp	0.0 pp
<b>DPS (SEK)</b>	<b>6.0</b>	<b>0.8</b>	<b>1.7</b>	<b>5.7</b>	<b>0.8</b>	<b>1.4</b>	<b>5%</b>	<b>-1%</b>	<b>22%</b>
of which ordinary	6.0	0.8	1.7	5.7	0.8	1.4	5%	-1%	22%
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

## Multiples-based valuation

### FERRONORDIC: PEER VALUATION TABLE

Stock	Rec.	Mcap. SEKm	EV/EBITDA		adj. EV/EBIT		adj. P/E		Div. yield		ND/EBITDA		ROE	
			2023E	2024E	2023E	2024E	2023E	2024E	2023E	2024E	2023E	2024E	2023E	2024E
Barloworld	-	10,599	5.0x	4.7x	6.8x	6.5x	9.6x	8.8x	4.3%	4.6%	0.7x	0.5x	9.5%	9.8%
Caterpillar	-	1,320,568	13.5x	12.8x	15.8x	14.9x	15.5x	14.3x	2.0%	2.2%	1.7x	1.6x	50.0%	47.5%
Cervus	-	2,094	-	-	-	-	-	-	-	-	-	-	-	-
Deere & Company	-	1,251,777	13.9x	13.4x	16.2x	15.3x	14.5x	13.6x	1.2%	1.2%	0.7x	0.8x	44.9%	38.2%
Ferronordic	N.R.	1,274	4.8x	3.6x	17.4x	9.0x	53.2x	28.7x	0.9%	1.9%	-6.0x	-5.7x	1.6%	2.9%
Finning Int	-	44,749	7.3x	7.0x	10.4x	10.1x	12.2x	11.4x	2.5%	2.5%	1.4x	1.3x	18.2%	17.5%
Hitachi	-	521,777	7.1x	7.0x	-	-	10.6x	11.7x	2.0%	2.1%	1.1x	0.9x	13.9%	11.1%
Komatsu	-	240,540	6.7x	6.8x	10.4x	10.2x	9.4x	9.9x	4.2%	4.2%	1.3x	1.0x	13.0%	11.8%
Mekonomen	BUY	6,813	5.3x	4.7x	8.7x	7.7x	9.4x	8.6x	2.9%	3.3%	1.6x	1.2x	10.8%	11.0%
Volvo	BUY	434,228	5.0x	5.4x	6.6x	7.4x	11.7x	13.2x	5.8%	5.8%	-0.8x	-0.8x	22.4%	19.1%
<b>Average</b>		<b>383,442</b>	<b>7.6x</b>	<b>7.3x</b>	<b>11.5x</b>	<b>10.1x</b>	<b>16.2x</b>	<b>13.4x</b>	<b>2.9%</b>	<b>3.1%</b>	<b>0.2x</b>	<b>0.1x</b>	<b>20.5%</b>	<b>18.8%</b>
<b>Median</b>		<b>142,644</b>	<b>6.7x</b>	<b>6.8x</b>	<b>10.4x</b>	<b>9.6x</b>	<b>11.7x</b>	<b>11.7x</b>	<b>2.5%</b>	<b>2.5%</b>	<b>1.1x</b>	<b>0.9x</b>	<b>13.9%</b>	<b>11.8%</b>
<b>Ferronordic</b>	<b>N.R.</b>	<b>1,274</b>	<b>4.8x</b>	<b>3.6x</b>	<b>17.4x</b>	<b>9.0x</b>	<b>53.2x</b>	<b>28.7x</b>	<b>0.9%</b>	<b>1.9%</b>	<b>-6.0x</b>	<b>-5.7x</b>	<b>1.6%</b>	<b>2.9%</b>
vs. peer average	-	-	-36%	-51%	51%	-11%	228%	115%	-1.9pp	-1.2pp	-	-	-18.9pp	-15.8pp
vs. peer median	-	-	-28%	-48%	67%	-6%	355%	145%	-1.6pp	-0.6pp	-	-	-12.3pp	-8.9pp
vs. Barloworld	-	-88%	-3%	-25%	154%	40%	454%	225%	-3.3pp	-2.7pp	-	-	-7.9pp	-6.8pp
vs. Finning	-	-97%	-34%	-49%	67%	-11%	337%	151%	-1.6pp	-	-	-	-16.6pp	-14.6pp
vs. Mekonomen	-	-81%	-8%	-25%	99%	17%	469%	234%	-0.7pp	-0.4pp	-470%	-562%	-0.9pp	-0.7pp

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 22	Q4 22E	Q1 23E	Q2 23E	Q3 23E	Q4 23E
<b>Revenue</b>	<b>1,267</b>	<b>1,590</b>	<b>1,661</b>	<b>1,694</b>	<b>1,746</b>	<b>1,691</b>	<b>1,479</b>	<b>480</b>	<b>510</b>	<b>479</b>	<b>443</b>	<b>477</b>
Cost of sales	-1,052	-1,304	-1,337	-1,409	-1,445	-1,335	-1,114	-415	-438	-409	-375	-403
<b>Gross profit</b>	<b>215</b>	<b>286</b>	<b>324</b>	<b>285</b>	<b>301</b>	<b>356</b>	<b>365</b>	<b>65</b>	<b>72</b>	<b>71</b>	<b>68</b>	<b>74</b>
Sales expenses	-54	-63	-69	-71	-79	-74	-83	-33	-38	-33	-29	-32
G&A expenses	-77	-79	-98	-102	-95	-106	-101	-31	-28	-30	-30	-31
Other income	1	2	5	4	6	10	332	1	2	3	1	1
Other expenses	-5	-2	-14	-5	-24	-40	-62	-1	-2	-2	-2	-1
<b>EBIT</b>	<b>80</b>	<b>144</b>	<b>148</b>	<b>111</b>	<b>108</b>	<b>147</b>	<b>451</b>	<b>1</b>	<b>6</b>	<b>8</b>	<b>8</b>	<b>11</b>
Finance income	3	3	7	10	6	6	5	0	0	0	0	0
Finance costs	-8	-14	-20	-6	-13	-19	-31	-1	-1	-1	-1	-1
Net FX gains/(losses)	-3	-6	1	2	-20	-81	19	0	0	0	0	0
<b>EBT</b>	<b>71</b>	<b>127</b>	<b>135</b>	<b>117</b>	<b>83</b>	<b>53</b>	<b>444</b>	<b>1,090</b>	<b>5</b>	<b>8</b>	<b>7</b>	<b>10</b>
Income tax	-15	-41	-27	-29	-20	-22	-77	0	-1	-2	-1	-2
<b>Net income</b>	<b>56</b>	<b>86</b>	<b>109</b>	<b>88</b>	<b>63</b>	<b>31</b>	<b>367</b>	<b>1,090</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>8</b>
<b>EPS (SEK)</b>	<b>3.85</b>	<b>5.93</b>	<b>7.46</b>	<b>6.01</b>	<b>4.30</b>	<b>2.10</b>	<b>25.25</b>	<b>75.02</b>	<b>0.29</b>	<b>0.42</b>	<b>0.40</b>	<b>0.54</b>
Pre-tax adjustments	-4	-3	-17	-4	0	0	321	0	0	0	0	0
After-tax adjustments	-3	-3	-13	-3	0	0	257	0	0	0	0	0
<b>Adj. EBIT</b>	<b>83</b>	<b>147</b>	<b>165</b>	<b>115</b>	<b>108</b>	<b>147</b>	<b>130</b>	<b>1</b>	<b>6</b>	<b>8</b>	<b>8</b>	<b>11</b>
Adj. PTP	75	130	152	121	83	53	123	1,090	5	8	7	10
Adj. Net income	59	89	122	91	63	31	110	1,090	4	6	6	8
<b>Adj. EPS (SEK)</b>	<b>4.04</b>	<b>6.10</b>	<b>8.38</b>	<b>6.20</b>	<b>4.30</b>	<b>2.10</b>	<b>7.57</b>	<b>75.02</b>	<b>0.29</b>	<b>0.42</b>	<b>0.40</b>	<b>0.54</b>

Source: Company data and Nordea estimates

## INTERIM SALES BRIDGE

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22E	Q1 23E	Q2 23E	Q3 23E	Q4 23E
<b>Sales bridge (%) - Group</b>												
Organic	37%	50%	48%	30%	38%	-15%	-32%	-52%	-46%	-45%	-45%	-1%
Structural	0%	2%	2%	4%	2%	1%	2%	-39%	-45%	-27%	-21%	1%
Currency	-27%	-19%	-3%	7%	-3%	20%	19%	21%	21%	1%	-4%	0%
Other	3%	0%	0%	2%	0%	1%	0%	-1%	0%	0%	0%	0%
<b>Total</b>	<b>13%</b>	<b>32%</b>	<b>47%</b>	<b>43%</b>	<b>38%</b>	<b>6%</b>	<b>-11%</b>	<b>-72%</b>	<b>-71%</b>	<b>-72%</b>	<b>-70%</b>	<b>-1%</b>
<b>Sales bridge % - Russia/CIS</b>												
Organic	49%	53%	51%	22%	36%	-19%	-38%	-68%	-63%	-61%	-62%	27%
Structural	0%	0%	0%	0%	0%	0%	0%	-55%	-60%	-35%	-28%	0%
Currency	-34%	-23%	-4%	9%	-5%	24%	23%	27%	27%	0%	-6%	-10%
Other	4%	1%	0%	0%	0%	0%	-1%	-1%	0%	0%	0%	0%
<b>Total</b>	<b>20%</b>	<b>31%</b>	<b>48%</b>	<b>31%</b>	<b>32%</b>	<b>5%</b>	<b>-16%</b>	<b>-97%</b>	<b>-97%</b>	<b>-96%</b>	<b>-96%</b>	<b>17%</b>
<b>Sales bridge % - Germany</b>												
Organic	-2%	38%	36%	64%	46%	-1%	-7%	-7%	7%	11%	6%	-4%
Structural	1%	8%	11%	21%	9%	4%	10%	6%	1%	1%	1%	1%
Currency	-5%	-7%	-2%	-2%	5%	4%	5%	3%	3%	3%	2%	1%
Other	0%	-3%	-3%	9%	1%	5%	2%	-4%	0%	0%	0%	0%
<b>Total</b>	<b>-6%</b>	<b>37%</b>	<b>43%</b>	<b>91%</b>	<b>62%</b>	<b>12%</b>	<b>10%</b>	<b>-2%</b>	<b>10%</b>	<b>15%</b>	<b>10%</b>	<b>-2%</b>

Source: Company data and Nordea estimates

**GROWTH PER SEGMENT, INTERIM**

(SEKm)	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22E	Q1 23E	Q2 23E	Q3 23E	Q4 23E
<b>Russia/CIS</b>												
Sales	1,007	1,254	1,333	1,249	1,326	1,315	1,119	43	46	49	49	50
Gross profit	185	254	290	233	254	319	316	9	9	10	10	10
EBITDA	127	195	219	169	161	214	524	4	6	7	7	8
EBIT	94	157	179	124	119	157	458	2	4	4	4	5
<b>Adjusted EBIT</b>	<b>94</b>	<b>157</b>	<b>179</b>	<b>124</b>	<b>119</b>	<b>157</b>	<b>458</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5</b>
<b>Germany</b>												
Sales	260	336	327	445	420	376	359	437	464	431	394	427
Gross profit	30	32	34	53	47	36	49	56	63	61	58	64
EBITDA	-3	0	-16	9	11	9	11	17	21	22	22	23
EBIT	-14	-13	-32	-12.0	-10	-10	-7	0	2	4	4	6
<b>Adjusted EBIT</b>	<b>-10</b>	<b>-10</b>	<b>-15</b>	<b>-9</b>	<b>-10</b>	<b>-10</b>	<b>-7</b>	<b>0</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>6</b>
<b>Margins</b>												
<b>Group</b>												
Gross margin	17.0%	18.0%	19.5%	16.8%	17.2%	21.1%	24.7%	13.6%	14.1%	14.7%	15.3%	15.5%
EBITDA margin	9.8%	12.2%	12.2%	10.4%	9.5%	13.2%	36.2%	4.4%	5.4%	6.1%	6.7%	6.5%
EBIT margin	6.3%	9.0%	8.9%	6.6%	6.2%	8.7%	30.5%	0.2%	1.2%	1.7%	1.8%	2.2%
<b>Adjusted EBIT margin</b>	<b>6.6%</b>	<b>9.2%</b>	<b>9.9%</b>	<b>6.8%</b>	<b>6.2%</b>	<b>8.7%</b>	<b>8.8%</b>	<b>0.2%</b>	<b>1.2%</b>	<b>1.7%</b>	<b>1.8%</b>	<b>2.2%</b>
<b>Russia/CIS</b>												
Gross margin	18.3%	20.2%	21.8%	18.7%	19.1%	24.3%	28.2%	20.8%	20.0%	20.2%	20.1%	20.4%
EBITDA margin	12.7%	15.5%	16.4%	13.5%	12.1%	16.3%	46.8%	9.6%	14.0%	15.2%	15.1%	15.4%
EBIT margin	9.3%	12.5%	13.4%	9.9%	9.0%	11.9%	40.9%	3.6%	7.8%	9.0%	8.9%	9.2%
<b>Adjusted EBIT margin</b>	<b>9.3%</b>	<b>12.5%</b>	<b>13.4%</b>	<b>9.9%</b>	<b>9.0%</b>	<b>11.9%</b>	<b>40.9%</b>	<b>3.6%</b>	<b>7.8%</b>	<b>9.0%</b>	<b>8.9%</b>	<b>9.2%</b>
<b>Germany</b>												
Gross margin	11.6%	9.6%	10.4%	11.9%	11.2%	9.6%	13.6%	12.9%	13.5%	14.1%	14.7%	14.9%
EBITDA margin	-1.1%	-0.1%	-4.9%	2.0%	2.6%	2.4%	3.1%	3.9%	4.5%	5.1%	5.7%	5.4%
EBIT margin	-5.3%	-3.8%	-9.8%	-2.7%	-2.4%	-2.7%	-1.9%	-0.1%	0.5%	0.9%	0.9%	1.4%
<b>Adjusted EBIT margin</b>	<b>-3.9%</b>	<b>-2.9%</b>	<b>-4.6%</b>	<b>-1.9%</b>	<b>-2.4%</b>	<b>-2.7%</b>	<b>-1.9%</b>	<b>-0.1%</b>	<b>0.5%</b>	<b>0.9%</b>	<b>0.9%</b>	<b>1.4%</b>

Source: Company data and Nordea estimates

**ANNUAL ESTIMATES**

(SEKm)	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E
<b>Revenue</b>	<b>2,567</b>	<b>3,241</b>	<b>3,747</b>	<b>4,635</b>	<b>6,211</b>	<b>5,396</b>	<b>1,909</b>	<b>1,872</b>	<b>1,984</b>
Cost of sales	-2,079	-2,627	-2,972	-3,837	-5,102	-4,309	-1,625	-1,573	-1,663
<b>Gross profit</b>	<b>488</b>	<b>614</b>	<b>775</b>	<b>797</b>	<b>1,110</b>	<b>1,087</b>	<b>284</b>	<b>299</b>	<b>321</b>
Sales expenses	-125	-138	-162	-219	-256	-269	-132	-128	-126
G&A expenses	-165	-190	-238	-264	-357	-334	-119	-116	-122
Other income	5	4	8	24	13	349	7	7	7
Other expenses	-16	-17	-26	-11	-27	-127	-7	-7	-8
<b>EBIT</b>	<b>187</b>	<b>274</b>	<b>358</b>	<b>328</b>	<b>483</b>	<b>707</b>	<b>33</b>	<b>54</b>	<b>72</b>
Finance income	15	7	6	12	23	18	1	1	1
Finance costs	-7	-9	-58	-59	-49	-64	-4	0	0
Net FX gains/(losses)	-2	-5	12	-5	-5	-82	0	0	0
<b>EBT</b>	<b>193</b>	<b>267</b>	<b>318</b>	<b>276</b>	<b>451</b>	<b>1,669</b>	<b>30</b>	<b>55</b>	<b>73</b>
Income tax	-42	-58	-68	-54	-112	-119	-6	-11	-15
Net income	151	209	251	222	339	1,550	24	44	58
<b>EPS (SEK)</b>	<b>8.50</b>	<b>14.25</b>	<b>17.26</b>	<b>15.25</b>	<b>23.33</b>	<b>106.67</b>	<b>1.65</b>	<b>3.05</b>	<b>4.02</b>
Pre-tax adjustments	0	0	-7	-2	-27	321	0	0	0
After-tax adjustments	0	0	-6	-1	-22	257	0	0	0
<b>Adj. EBIT</b>	<b>187</b>	<b>274</b>	<b>365</b>	<b>330</b>	<b>510</b>	<b>386</b>	<b>33</b>	<b>54</b>	<b>72</b>
Adj. PTP	193	267	325	277	478	1348	30	55	73
Adj. Net income	151	209	256	223	361	1293	24	44	58
<b>Adj. EPS (SEK)</b>	<b>8.50</b>	<b>14.25</b>	<b>17.64</b>	<b>15.34</b>	<b>24.81</b>	<b>88.99</b>	<b>1.65</b>	<b>3.05</b>	<b>4.02</b>

Source: Company data and Nordea estimates

**ANNUAL SALES BRIDGE**

	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E
<b>Sales bridge (%) - Group</b>									
Organic	36%	32%	11%	16%	41%	-19%	-42%	-2%	6%
Structural	0%	0%	0%	26%	2%	-9%	-29%	0%	0%
Currency	19%	-6%	4%	-16%	-11%	15%	6%	0%	0%
Other	6%	2%	-1%	-3%	1%	0%	0%	0%	0%
<b>Total</b>	<b>61%</b>	<b>28%</b>	<b>15%</b>	<b>24%</b>	<b>34%</b>	<b>-13%</b>	<b>-65%</b>	<b>-2%</b>	<b>6%</b>
<b>Sales bridge % - Russia/CIS</b>									
Organic	36%	32%	11%	16%	43%	-25%	-61%	4%	4%
Structural	0%	0%	0%	0%	0%	-14%	-41%	0%	0%
Currency	19%	-6%	4%	-16%	-12%	19%	8%	0%	0%
Other	6%	2%	-4%	-3%	1%	0%	0%	0%	0%
<b>Total</b>	<b>61%</b>	<b>28%</b>	<b>11%</b>	<b>-3%</b>	<b>33%</b>	<b>-21%</b>	<b>-95%</b>	<b>4%</b>	<b>4%</b>
<b>Sales bridge % - Germany</b>									
Organic	-	-	-	0%	32%	5%	5%	-3%	6%
Structural	-	-	-	100%	10%	7%	1%	0%	0%
Currency	-	-	-	0%	-4%	4%	2%	0%	0%
Other	-	-	-	0%	1%	1%	0%	0%	0%
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100%</b>	<b>39%</b>	<b>16%</b>	<b>8%</b>	<b>-3%</b>	<b>6%</b>

Source: Company data and Nordea estimates

**ANNUAL GROWTH PER SEGMENT**

(SEKm)	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E
<b>Russia/CIS</b>									
Sales	2,567	3,241	3,747	3,652	4,843	3,804	195	202	210
Gross profit	488	614	773	714	961	898	39	40	42
EBITDA	214	322	494	533	710	903	29	29	31
EBIT	187	274	358	394	553	736	17	19	21
<b>Adjusted EBIT</b>	<b>187</b>	<b>274</b>	<b>358</b>	<b>383</b>	<b>553</b>	<b>736</b>	<b>17</b>	<b>19</b>	<b>21</b>
<b>Germany</b>									
Sales	0	0	0	983	1,367	1,592	1,715	1,670	1,774
Gross profit	0	0	0	84	149	188	245	259	278
EBITDA	0	0	0	-29	-10	48	88	109	121
EBIT	0	0	0	-66	-71	-27	16	35	51
<b>Adjusted EBIT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-57</b>	<b>-43</b>	<b>-27</b>	<b>16</b>	<b>35</b>	<b>51</b>
<b>Margins</b>									
<b>Group</b>									
Gross margin	19.0%	19.0%	20.7%	17.2%	17.9%	20.2%	14.9%	16.0%	16.2%
EBITDA margin	8.3%	9.9%	13.2%	10.9%	11.3%	17.6%	6.1%	7.4%	7.7%
EBIT margin	7.3%	8.4%	9.5%	7.1%	7.8%	13.1%	1.7%	2.9%	3.6%
<b>Adjusted EBIT margin</b>	<b>7.3%</b>	<b>8.4%</b>	<b>9.7%</b>	<b>7.1%</b>	<b>8.2%</b>	<b>7.2%</b>	<b>1.7%</b>	<b>2.9%</b>	<b>3.6%</b>
<b>Russia/CIS</b>									
Gross margin	19.0%	19.0%	20.6%	19.5%	19.8%	23.6%	20.2%	20.0%	20.1%
EBITDA margin	8.3%	9.9%	13.2%	14.6%	14.7%	23.7%	14.9%	14.5%	14.6%
EBIT margin	7.3%	8.4%	9.5%	10.8%	11.4%	19.3%	8.7%	9.5%	10.1%
<b>Adjusted EBIT margin</b>	<b>7.3%</b>	<b>8.4%</b>	<b>9.5%</b>	<b>10.5%</b>	<b>11.4%</b>	<b>19.3%</b>	<b>8.7%</b>	<b>9.5%</b>	<b>10.1%</b>
<b>Germany</b>									
Gross margin	-	-	-	8.5%	10.9%	11.8%	14.3%	15.5%	15.7%
EBITDA margin	-	-	-	-2.9%	-0.7%	3.0%	5.2%	6.5%	6.9%
EBIT margin	-	-	-	-6.7%	-5.2%	-1.7%	0.9%	2.1%	2.9%
<b>Adjusted EBIT margin</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-5.8%</b>	<b>-3.2%</b>	<b>-1.7%</b>	<b>0.9%</b>	<b>2.1%</b>	<b>2.9%</b>

Source: Company data and Nordea estimates

# Reported numbers and forecasts

## INCOME STATEMENT

SEKm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
<b>Total revenue</b>	<b>2,335</b>	<b>1,469</b>	<b>1,658</b>	<b>2,567</b>	<b>3,241</b>	<b>3,747</b>	<b>4,635</b>	<b>6,211</b>	<b>5,396</b>	<b>1,909</b>	<b>1,872</b>
Revenue growth	-5.9%	-37.1%	12.9%	54.8%	26.3%	15.6%	23.7%	34.0%	-13.1%	-64.6%	-1.9%
of which organic	6.9%	-18.6%	21.0%	36.2%	32.2%	11.4%	16.1%	41.1%	-18.9%	-41.6%	-1.9%
of which FX	-12.8%	-18.5%	-8.1%	18.6%	-6.0%	4.0%	-16.0%	-10.5%	15.4%	6.0%	0.0%
EBITDA	172	130	153	214	322	494	504	700	950	117	138
Depreciation and impairments PPE	-70	-43	-34	-26	-48	-136	-176	-218	-243	-85	-84
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	102	87	119	187	274	358	328	483	707	33	54
Amortisation and impairments	-33	-26	-15	0	0	0	0	0	0	0	0
EBIT	69	61	104	187	274	358	328	483	707	33	54
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	-128	-3	1
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
<b>Pre-tax profit</b>	<b>26</b>	<b>37</b>	<b>107</b>	<b>193</b>	<b>267</b>	<b>318</b>	<b>276</b>	<b>452</b>	<b>579</b>	<b>30</b>	<b>55</b>
Reported taxes	-7	-8	-24	-42	-58	-68	-54	-112	-119	-6	-11
Net profit from continued operations	19	29	84	151	209	251	222	339	460	24	44
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	460	24	44
<b>EPS, SEK</b>	<b>-3.10</b>	<b>-2.12</b>	<b>3.03</b>	<b>8.06</b>	<b>14.25</b>	<b>17.26</b>	<b>15.25</b>	<b>23.35</b>	<b>31.67</b>	<b>1.65</b>	<b>3.05</b>
DPS, SEK	0.00	0.00	0.00	1.73	7.50	4.25	7.50	0.00	6.00	0.82	1.68
of which ordinary	0.00	0.00	0.00	1.73	3.75	4.25	7.50	0.00	6.00	0.82	1.68
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%	17.6%	6.1%	7.4%
EBITA	4.4%	5.9%	7.2%	7.3%	8.4%	9.5%	7.1%	7.8%	13.1%	1.7%	2.9%
EBIT	3.0%	4.2%	6.3%	7.3%	8.4%	9.5%	7.1%	7.8%	13.1%	1.7%	2.9%

## Adjusted earnings

EBITDA (adj)	172	130	153	214	322	501	503	728	629	117	138
EBITA (adj)	102	87	137	187	274	365	330	510	386	33	54
EBIT (adj)	102	87	132	187	274	365	330	510	386	33	54
EPS (adj, SEK)	-0.51	-0.08	5.18	8.06	14.25	17.74	15.36	25.23	9.58	1.65	3.05

## Adjusted profit margins in percent

EBITDA (adj)	7.4%	8.9%	9.2%	8.3%	9.9%	13.4%	10.9%	11.7%	11.7%	6.1%	7.4%
EBITA (adj)	4.4%	5.9%	8.3%	7.3%	8.4%	9.7%	7.1%	8.2%	7.2%	1.7%	2.9%
EBIT (adj)	4.4%	5.9%	7.9%	7.3%	8.4%	9.7%	7.1%	8.2%	7.2%	1.7%	2.9%

## Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	-7.3%	1.4%	5.5%	9.9%	25.8%	30.2%	16.0%	-10.0%	-13.0%
EBITDA	n.m.	n.m.	11.6%	13.0%	16.0%	23.5%	31.1%	35.6%	34.8%	-18.2%	-22.5%
EBIT	n.a.	n.a.	27.7%	48.0%	39.6%	39.0%	40.0%	35.9%	30.4%	-34.6%	-31.4%
EPS	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	50.4%	31.5%	-35.0%	-29.3%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	28.2%	-26.1%	-16.9%
Average last 5 years											
Average EBIT margin	n.a.	2.1%	3.0%	4.5%	6.2%	7.8%	7.9%	8.0%	9.3%	8.7%	8.0%
Average EBITDA margin	n.a.	5.9%	7.0%	7.8%	8.8%	10.3%	10.6%	10.9%	12.8%	12.6%	12.0%

## 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	9.2	53.4	28.8
EV/EBITDA (adj)	n.a.	n.a.	n.a.	6.1	4.8	6.1	4.5	7.0	0.5	4.9	3.6
EV/EBITA (adj)	n.a.	n.a.	n.a.	7.0	5.6	8.4	6.9	10.0	0.8	17.5	9.1
EV/EBIT (adj)	n.a.	n.a.	n.a.	7.0	5.6	8.4	6.9	10.0	0.8	17.5	9.1

## 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	2.8	53.4	28.8
EV/Sales	n.a.	n.a.	n.a.	0.51	0.48	0.82	0.49	0.82	0.06	0.30	0.26
EV/EBITDA	n.a.	n.a.	n.a.	6.1	4.8	6.2	4.5	7.3	0.3	4.9	3.6
EV/EBITA	n.a.	n.a.	n.a.	7.0	5.6	8.6	6.9	10.6	0.4	17.5	9.1
EV/EBIT	n.a.	n.a.	n.a.	7.0	5.6	8.6	6.9	10.6	0.4	17.5	9.1
Dividend yield (ord.)	n.a.	n.a.	n.a.	1.1%	2.9%	2.6%	4.8%	0.0%	6.8%	0.9%	1.9%
FCF yield	n.a.	n.a.	n.a.	8.9%	6.8%	-21.5%	28.2%	1.9%	92.1%	-14.5%	7.1%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	8.8%	6.6%	-21.6%	28.1%	4.9%	5.8%	-13.8%	7.1%
Payout ratio	0.0%	0.0%	0.0%	21.5%	52.6%	24.0%	48.8%	0.0%	62.6%	50.0%	55.0%

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	81	89	91
of which R&D	0	0	0	0	0	0	0	0	0	4	6
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	4	4
Tangible assets	225	83	116	136	263	700	507	1,006	160	138	99
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	347	332	295
Inventory	425	327	467	633	741	1,290	1,014	1,432	917	496	487
Accounts receivable	265	161	202	243	319	322	393	535	691	267	262
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	135	57	56
Cash and bank	177	175	199	352	357	519	604	768	1,946	1,673	1,751
Total current assets	870	665	872	1,231	1,418	2,214	2,048	2,781	3,689	2,494	2,557
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.
<b>Total assets</b>	<b>1,173</b>	<b>808</b>	<b>1,033</b>	<b>1,414</b>	<b>1,727</b>	<b>2,978</b>	<b>2,628</b>	<b>3,973</b>	<b>4,035</b>	<b>2,826</b>	<b>2,852</b>
Shareholders equity	372	322	442	611	656	890	806	1,101	1,561	1,498	1,530
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	1,561	1,498	1,530
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	76	27	26
Accounts payable	492	384	547	737	982	917	1,188	1,809	1,295	286	281
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	108	19	19
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	1,857	711	705
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>1,173</b>	<b>808</b>	<b>1,033</b>	<b>1,414</b>	<b>1,727</b>	<b>2,978</b>	<b>2,628</b>	<b>3,973</b>	<b>4,035</b>	<b>2,826</b>	<b>2,852</b>
<b>Balance sheet and debt metrics</b>											
Net debt	109	-81	-173	-312	-303	689	-20	199	-979	-706	-785
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	340	516	506
Invested capital	496	244	280	314	374	1,519	818	1,368	687	848	801
Capital employed	658	416	468	651	710	2,003	1,390	2,068	2,528	2,465	2,497
ROE	-6.9%	-6.1%	7.9%	16.4%	32.7%	32.4%	26.1%	35.6%	34.6%	1.6%	2.9%
ROIC	14.2%	18.3%	39.2%	49.2%	62.1%	30.0%	22.0%	36.4%	29.3%	3.3%	5.1%
ROCE	14.8%	18.1%	31.9%	36.1%	41.3%	27.4%	20.1%	30.8%	17.6%	1.4%	2.2%
Net debt/EBITDA	0.6	-0.6	-1.1	-1.5	-0.9	1.4	0.0	0.3	-1.0	-6.0	-5.7
Interest coverage	2.0	2.7	14.4	30.7	31.6	6.3	5.7	10.4	11.4	8.5	n.m.
Equity ratio	31.7%	39.8%	42.8%	43.2%	38.0%	29.9%	30.7%	27.7%	38.7%	53.0%	53.7%
Net gearing	29.4%	-25.3%	-39.1%	-51.0%	-46.2%	77.4%	-2.5%	18.1%	-62.7%	-47.1%	-51.3%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

SEKm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
<b>EBITDA (adj) for associates</b>	<b>172</b>	<b>130</b>	<b>153</b>	<b>214</b>	<b>322</b>	<b>494</b>	<b>504</b>	<b>700</b>	<b>950</b>	<b>117</b>	<b>138</b>
Paid taxes	0	0	0	0	0	-85	-71	-170	-119	-6	-11
Net financials	43	24	-3	-6	7	-58	-59	-26	-128	-3	1
Change in provisions	-9	-5	7	3	4	5	3	13	37	-49	-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
<b>Funds from operations (FFO)</b>	<b>151</b>	<b>101</b>	<b>123</b>	<b>168</b>	<b>267</b>	<b>367</b>	<b>377</b>	<b>481</b>	<b>740</b>	<b>60</b>	<b>127</b>
Change in NWC	-176	133	18	-20	-106	-698	316	-24	-364	-176	10
<b>Cash flow from operations (CFO)</b>	<b>-25</b>	<b>234</b>	<b>141</b>	<b>148</b>	<b>161</b>	<b>-330</b>	<b>693</b>	<b>457</b>	<b>376</b>	<b>-116</b>	<b>137</b>
Capital expenditure	-36	3	-10	-7	-38	-181	-49	-217	-302	-61	-47
<b>Free cash flow before A&amp;D</b>	<b>-61</b>	<b>237</b>	<b>132</b>	<b>141</b>	<b>123</b>	<b>-511</b>	<b>643</b>	<b>240</b>	<b>74</b>	<b>-177</b>	<b>91</b>
Proceeds from sale of assets	0	5	4	3	3	2	3	8	1,104	0	0
Acquisitions	0	0	0	0	0	0	0	-153	0	-9	0
Free cash flow	-61	242	136	144	126	-509	646	95	1,178	-186	91
Free cash flow bef A&D, lease adj	-61	237	132	141	123	-511	643	240	74	-177	91
Dividends paid	-50	-50	-53	-58	-30	-109	-62	-109	0	-87	-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	1,178	-273	79
<b>Cash flow metrics</b>											
Capex/D&A	35.3%	-4.4%	20.0%	25.8%	80.1%	n.m.	28.1%	99.7%	n.m.	72.2%	56.0%
Capex/Sales	1.6%	-0.2%	0.6%	0.3%	1.2%	4.8%	1.1%	3.5%	5.6%	3.2%	2.5%
<b>Key information</b>											
Share price year end (/current)	n.a.	n.a.	n.a.	151	127	163	157	337	77	88	88
Market cap.	n.a.	n.a.	n.a.	1,615	1,849	2,369	2,287	4,897	1,279	1,279	1,279
Enterprise value	n.a.	n.a.	n.a.	1,303	1,546	3,058	2,267	5,096	300	573	494
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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