

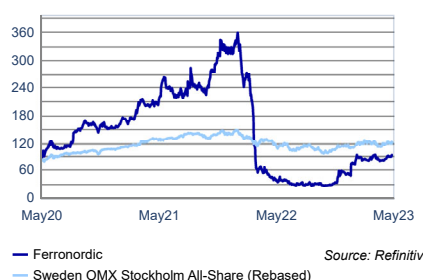
Ferronordic

Capital Goods
Sweden

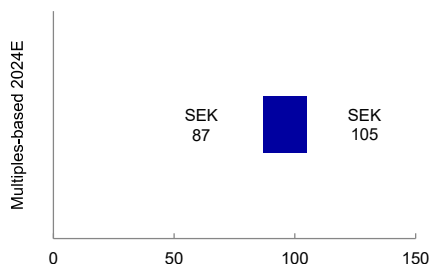
KEY DATA

Stock country	Sweden
Bloomberg	FNM SS
Reuters	FNMA.ST
Share price (close)	SEK 95.50
Free Float	84%
Market cap. (bn)	EUR 0.12/SEK 1.39
Website	www.ferronordic.ru
Next report date	11 May 2023

PERFORMANCE



VALUATION APPROACH



ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	8%	3%	1%
EBIT (adj)	3%	3%	0%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Victor Hansen
AnalystCarl Ragnerstam
Analyst

Q1 set to mark the inflection point for Germany

We expect a solid Q1 report on 11 May, supported by the recent strong delivery and order intake figures for Volvo Trucks. As a result, we expect the German margin to turn slightly positive for the first time, which is an important driver for our valuation, where we attribute most of the long-term EV to the German operations (besides the net cash position). Ferronordic is trading at 12x 2023E EV/EBIT, which declines to 7x 2024E, i.e. below Mekonomen and Finning's 8-9x 2024E (but above both for 2023E). Our multiples-based fair value range increases to SEK 87-105 (85-100), corresponding to an EV/EBIT of 9x for 2023E and 2024E.

Q1 expectations: German margin should turn positive

We forecast 14% y/y sales growth in Germany (10% organic, 3% FX, 1% M&A). This is supported by continued good momentum and market share gains, even though we expect German sales to decline 22% q/q as significant pent-up demand was delivered in Q4. We look for demand to be particularly strong for equipment sales, as was showcased by Volvo's and Renault's truck divisions each growing European HD/MD deliveries by 10%. While this implies a negative margin mix in the short term, we still expect Germany's EBIT margin to turn positive in Q1, up to 0.1% from -0.3% in Q4 2022 and -2.4% in Q1 2022.

Future expectations

Volvo Truck's strong European HD/MD order intake of 33% y/y in Q1 bodes well for Ferronordic in the near term (although Renault Trucks' intake is flat). We forecast Ferronordic group sales of SEK 2.2bn for 2023. SEK 1.9bn comes from Germany, which we expect to grow by ~6% in 2023 (3.5% organic, 2% FX). Despite the weak macro environment, we look for the EBIT margin in Germany to ramp up during the year, reaching 1.7% in Q4 2023 and 0.9% for the full year. We expect the margin improvement to continue in 2024, reaching 2.1% despite an 8% sales decline (weaker macro), as the aftermarket should remain more resilient.

Estimate revisions

We lift our sales estimates by 8% for 2023 and 1-3% for 2024-25 to better align with our higher expectations for Volvo Truck's European deliveries, particularly for 2023. We expect increased equipment sales to have a slight negative impact on mix and profitability, however, which is why we only raise adjusted EBIT by 3% for 2023E-24E.

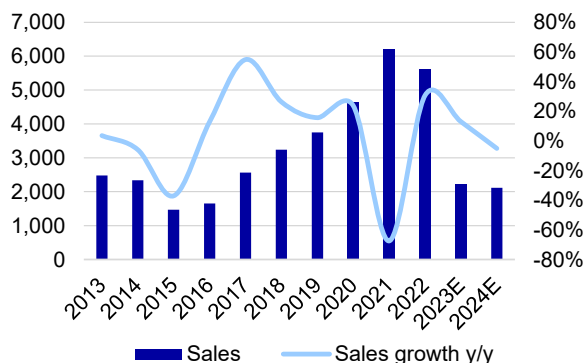
SUMMARY TABLE - KEY FIGURES

SEKm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	3,747	4,635	6,211	5,621	2,229	2,115	2,208
EBITDA (adj)	501	503	576	455	116	139	157
EBIT (adj)	365	330	510	372	41	65	81
EBIT (adj) margin	9.7%	7.1%	8.2%	6.6%	1.8%	3.1%	3.7%
EPS (adj, SEK)	17.74	15.36	25.23	17.40	2.89	4.42	5.46
EPS (adj) growth	24.5%	-13.4%	64.3%	-31.1%	-83.4%	53.1%	23.4%
DPS (ord, SEK)	4.25	7.50	0.00	7.50	2.17	3.10	3.55
EV/Sales	0.8	0.5	0.8	0.0	0.2	0.2	0.2
EV/EBIT (adj)	8.4	6.9	10.0	0.4	12.0	6.8	5.2
P/E (adj)	9.2	10.2	13.4	4.4	33.1	21.6	17.5
P/BV	2.7	2.8	4.4	0.6	0.8	0.8	0.7
Dividend yield (ord)	2.6%	4.8%	0.0%	9.8%	2.3%	3.2%	3.7%
FCF Yield bef A&D, lease	-21.6%	28.1%	4.9%	-10.7%	4.2%	5.4%	5.1%
Net debt	689	-20	199	-957	-898	-941	-967
Net debt/EBITDA	1.4	0.0	0.4	-1.2	-7.8	-6.7	-6.2
ROIC after tax	30.0%	22.0%	36.4%	25.1%	3.4%	5.5%	6.8%

Source: Company data and Nordea estimates

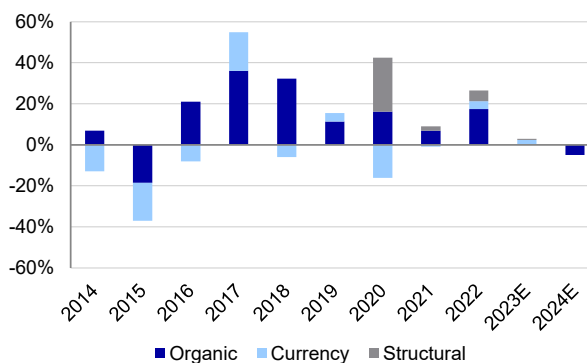
Group development

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



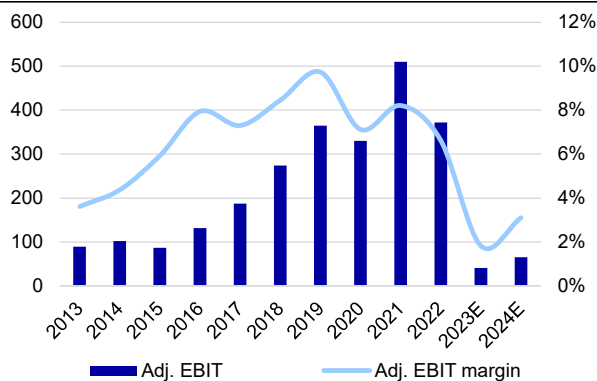
Source: Company data and Nordea estimates

SALES GROWTH BREAKDOWN (%)



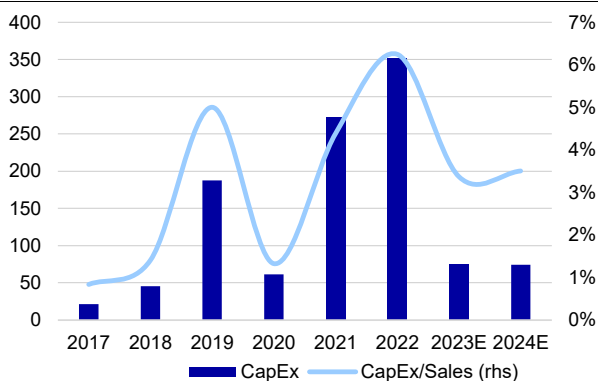
Source: Company data and Nordea estimates

EBIT (SEKm) AND EBIT MARGIN (%)



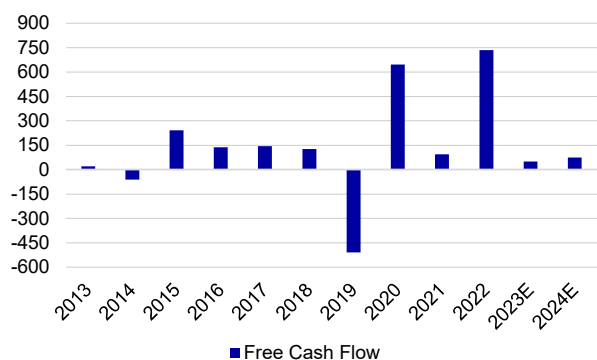
Source: Company data and Nordea estimates

CAPEX (SEKm) AND CAPEX/SALES (%)



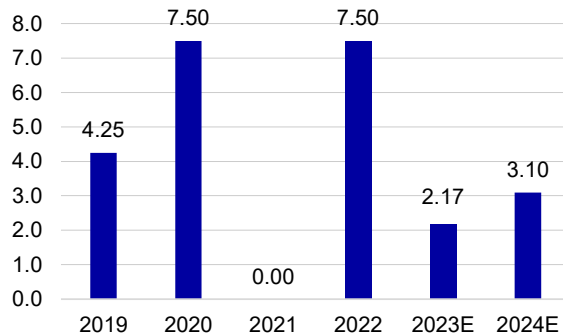
Source: Company data and Nordea estimates

FREE CASH FLOW (SEKm)



Source: Company data and Nordea estimates

DIVIDEND PER SHARE (SEK)



Source: Company data and Nordea estimates

Estimate revisions

We lift our sales estimates by 8% for 2023 and 1-3% for 2024-25 to better align with our higher expectations for Volvo Truck's European deliveries, particularly for 2023. We expect increased equipment sales, however, to have a slight negative impact on mix and profitability, hence we only raise adjusted EBIT by 3% for 2023E-24E.

FERRONORDIC: ESTIMATE REVISIONS									
SEKm	New estimates			Old estimates			Δ		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Sales breakdown									
Equipment Sales	1,561	1,469	1,542	1,408	1,417	1,515	11%	4%	2%
Aftermarket Sales	574	557	574	569	552	569	1%	1%	1%
Contracting Services & other	94	89	92	90	89	93	4%	0%	-1%
Group	2,229	2,115	2,208	2,067	2,058	2,177	8%	3%	1%
Gross profit	328	333	355	306	325	349	7%	2%	2%
Adj. EBITDA	116	139	157	108	139	156	7%	0%	1%
Adj. EBIT	41	65	81	40	64	82	3%	3%	0%
Margins									
Gross margin	14.7%	15.7%	16.1%	14.8%	15.8%	16.0%	-0.1 pp	-0.1 pp	0.0 pp
EBITDA margin	5.2%	6.6%	7.1%	5.2%	6.7%	7.2%	0.0 pp	-0.2 pp	-0.1 pp
EBIT margin	1.8%	3.1%	3.7%	1.9%	3.1%	3.7%	-0.1 pp	0.0 pp	-0.1 pp
DPS (SEK)									
	2.2	3.1	3.5	2.1	3.0	3.6	2%	2%	0%
of which ordinary	2.2	3.1	3.5	2.1	3.0	3.6	2%	2%	0%
of which extraordinary	0.0	0.0	0.0	0.0	0.0	0.0	n.a	n.a	n.a
Per business area									
CIS									
Sales	346	382	394	336	371	383	3%	3%	3%
Gross profit	62	69	72	60	66	69	4%	4%	4%
EBITDA	29	33	36	28	32	35	4%	4%	4%
EBIT	25	29	31	24	28	30	3%	3%	3%
Adjusted EBIT	25	29	31	24	28	30	3%	3%	3%
Gross margin	17.9%	18.0%	18.2%	-	-	-	-	-	-
EBIT margin	7.1%	7.5%	7.9%	-	-	-	-	-	-
Germany									
Sales	1,883	1,733	1,813	1,731	1,687	1,794	9%	3%	1%
Gross profit	266	264	283	246	259	280	8%	2%	1%
EBITDA	87	106	121	80	107	121	9%	-1%	0%
EBIT	16	37	50	16	36	51	3%	2%	-2%
Adjusted EBIT	16	37	50	16	36	51	3%	2%	-2%
Gross margin	14.1%	15.2%	15.6%	14.2%	15.3%	15.6%	-0.1 pp	-0.1 pp	0.0 pp
EBIT margin	0.9%	2.1%	2.8%	0.9%	2.1%	2.9%	0.0 pp	0.0 pp	-0.1 pp

Source: Nordea estimates

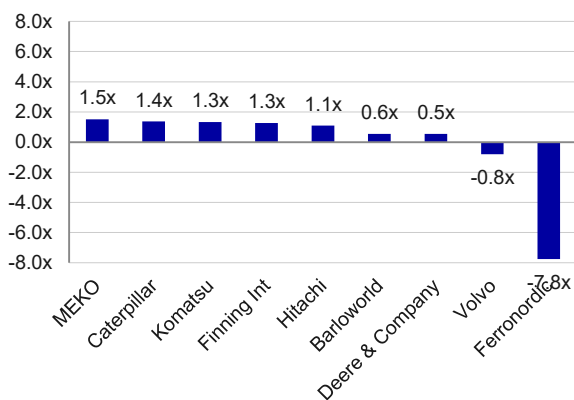
Valuation

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	-	9,635	4.6x	4.4x	6.4x	6.1x	9.0x	8.3x	5.2%	5.5%	0.6x	0.4x	10.6%	11.3%	
Caterpillar	-	1,155,722	10.9x	11.0x	12.6x	12.6x	12.3x	12.2x	2.3%	2.4%	1.4x	1.3x	51.2%	46.5%	
Cervus	-	2,094	-	-	-	-	-	-	-	-	-	-	-	-	
Deere & Company	-	1,166,480	11.9x	11.2x	14.5x	13.8x	12.5x	11.9x	1.2%	1.3%	0.5x	0.8x	42.1%	37.0%	
Ferronordic	NO RATING	1,389	4.2x	3.2x	12.1x	6.9x	33.1x	21.6x	2.3%	3.2%	-7.8x	-6.7x	2.3%	3.5%	
Finning Int	-	40,069	6.4x	6.4x	9.0x	9.0x	10.4x	10.2x	2.8%	2.8%	1.3x	0.9x	20.6%	18.7%	
Hitachi	-	543,720	6.4x	6.9x	-	-	11.3x	13.8x	1.8%	1.8%	1.1x	0.8x	14.0%	11.1%	
Komatsu	-	245,820	6.7x	6.9x	10.3x	10.0x	9.9x	10.1x	4.0%	3.9%	1.3x	0.9x	13.2%	12.1%	
MEKO	BUY	7,084	5.4x	4.9x	9.3x	8.2x	10.7x	9.7x	4.0%	4.4%	1.5x	1.2x	9.6%	10.1%	
Volvo	BUY	428,135	4.6x	5.1x	5.1x	6.5x	9.0x	11.5x	5.9%	5.7%	-0.8x	-0.8x	24.5%	19.7%	
Average		360,015	6.8x	6.7x	9.9x	9.1x	13.1x	12.1x	3.3%	3.5%	-0.1x	-0.1x	20.9%	18.9%	
Median		142,944	6.4x	6.4x	9.8x	8.6x	10.7x	11.5x	2.8%	3.2%	1.1x	0.8x	14.0%	12.1%	
Ferronordic	NO RATING	1,389	4.2x	3.2x	12.1x	6.9x	33.1x	21.6x	2.3%	3.2%	-7.8x	-6.7x	2.3%	3.5%	
vs. peer average			-38%	-52%	22%	-25%	152%	78%	-1.0pp	-0.2pp	-	-	-18.6pp	-15.4pp	
vs. peer median			-33%	-50%	24%	-20%	210%	89%	-0.5pp	0.0pp	-	-	-11.7pp	-8.5pp	
vs. Barloworld			-86%	-8%	-26%	89%	12%	267%	159%	-3.0pp	-2.3pp	-	-	-8.3pp	-7.7pp
vs. Finning			-97%	-33%	-50%	35%	-24%	218%	112%	-0.5pp	0.4pp	-	-	-18.3pp	-15.2pp
vs. Mekonomen			-80%	-22%	-34%	30%	-16%	210%	124%	-0.4pp	-0.3pp	-	-	-0.8pp	-0.7pp

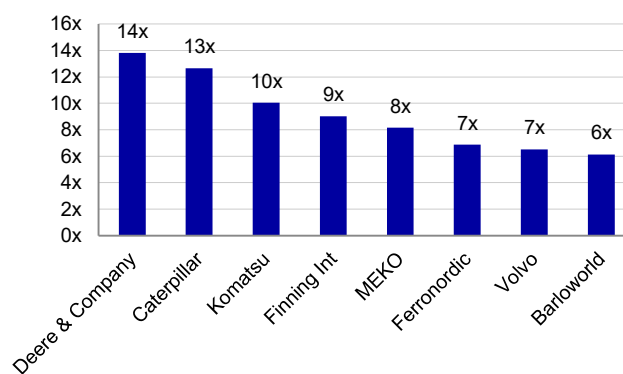
Source: Company data, Refinitiv and Nordea estimates

NET DEBT/EBITDA, 2023E



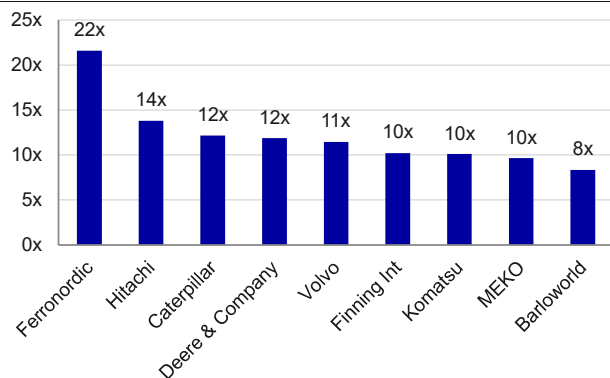
Source: Company data, Refinitiv and Nordea estimates

EV/EBIT, 2024E



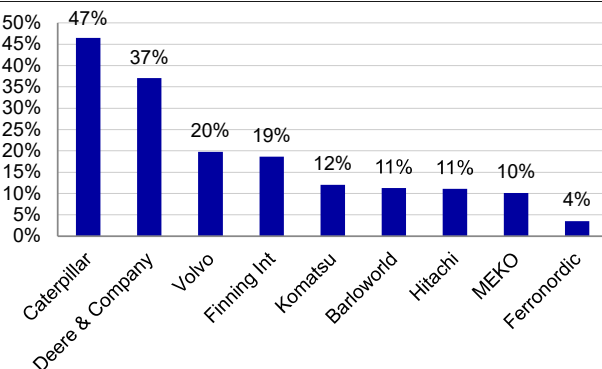
Source: Company data, Refinitiv and Nordea estimates

P/E, 2024E



Source: Company data, Refinitiv and Nordea estimates

RETURN ON EQUITY, 2024E



Source: Company data, Refinitiv and Nordea estimates

INTERIM ESTIMATES

(SEKm)	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23E	Q2 23E	Q3 23E	Q4 23E
Revenue	1,746	1,691	1,479	705	555	495	475	703
Cost of sales	-1,445	-1,335	-1,114	-608	-476	-422	-404	-598
Gross profit	301	356	365	97	79	73	71	105
Sales expenses	-79	-74	-83	-52	-33	-27	-25	-28
G&A expenses	-95	-106	-101	-62	-40	-36	-34	-58
Other income	6	10	332	8	1	1	1	1
Other expenses	-24	-40	-62	-4	-3	-2	-2	-3
EBIT	108	147	451	-13	4	9	10	18
Finance income	6	6	5	2	5	5	5	5
Finance costs	-13	-19	-31	-5	-3	-2	-2	-2
Net FX gains/(losses)	-20	-81	19	103	0	0	0	0
EBT	83	53	444	87	7	12	13	21
Income tax	-20	-22	-77	-37	-1	-2	-3	-4
Net income	63	31	367	-21	5	10	10	17
EPS (SEK)	4.30	2.10	25.25	-1.43	0.37	0.66	0.72	1.15
Pre-tax adjustments	0	0	321	0	0	0	0	0
After-tax adjustments	0	0	257	0	0	0	0	0
Adj. EBIT	108	147	130	-13	4	9	10	18
Adj. PTP	83	53	123	87	7	12	13	21
Adj. Net income	63	31	110	-21	5	10	10	17
Adj. EPS (SEK)	4.30	2.10	7.57	-1.43	0.37	0.66	0.72	1.15

Earnings overview

(SEKm)	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23E	Q2 23E	Q3 23E	Q4 23E
Russia/CIS								
Sales	35	26	53	89	78	84	88	96
Gross profit	7	6	9	15	14	15	16	17
EBITDA	0	0	0	6	5	8	8	8
EBIT	3	2	4	5	4	6	7	7
Adjusted EBIT	3	2	4	5	4	6	7	7
Germany								
Sales	420	376	359	615	478	410	387	607
Gross profit	47	36	49	82	65	57	55	88
EBITDA	15	9	11	17	18	19	21	29
EBIT	-10	-10	-7	-2	0	2	3	10
Adjusted EBIT	-10	-10	-7	-2	0	2	3	10

Margins

Group	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23E	Q2 23E	Q3 23E	Q4 23E
Gross margin	17.2%	21.1%	24.7%	13.8%	14.3%	14.7%	14.9%	14.9%
EBITDA margin	9.5%	13.2%	36.2%	1.0%	4.2%	5.4%	6.0%	5.3%
EBIT margin	6.2%	8.7%	30.5%	-1.8%	0.8%	1.8%	2.1%	2.5%
Adjusted EBIT margin	6.2%	8.7%	8.8%	-1.8%	0.8%	1.8%	2.1%	2.5%
Russia/CIS								
Gross margin	20.0%	23.1%	17.0%	16.9%	18.0%	18.2%	18.0%	17.4%
EBITDA margin	0.0%	0.0%	0.0%	6.7%	6.5%	8.9%	9.0%	8.8%
EBIT margin	8.6%	7.7%	7.5%	5.6%	5.0%	7.7%	7.8%	7.6%
Adjusted EBIT margin	8.6%	7.7%	7.5%	5.6%	5.0%	7.7%	7.8%	7.6%
Germany								
Gross margin	11.2%	9.6%	13.6%	13.3%	13.7%	14.0%	14.2%	14.5%
EBITDA margin	3.6%	2.4%	3.1%	2.8%	3.9%	4.7%	5.3%	4.7%
EBIT margin	-2.4%	-2.7%	-1.9%	-0.3%	0.1%	0.6%	0.8%	1.7%
Adjusted EBIT margin	-2.4%	-2.7%	-1.9%	-0.3%	0.1%	0.6%	0.8%	1.7%

Source: Company data and Nordea estimates

ANNUAL ESTIMATES

(SEKm)	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Revenue	2,567	3,241	3,747	4,635	6,211	5,621	2,229	2,115	2,208
Cost of sales	-2,079	-2,627	-2,972	-3,837	-5,102	-4,502	-1,901	-1,782	-1,853
Gross profit	488	614	775	797	1,110	1,119	328	333	355
Sales expenses	-125	-138	-162	-219	-256	-288	-113	-103	-103
G&A expenses	-165	-190	-238	-264	-357	-364	-169	-159	-165
Other income	5	4	8	24	13	356	5	5	5
Other expenses	-16	-17	-26	-11	-27	-130	-10	-9	-10
EBIT	187	274	358	328	483	693	41	65	81
Finance income	15	7	6	12	23	19	20	20	22
Finance costs	-7	-9	-58	-59	-49	-68	-8	-5	-4
Net FX gains/(losses)	-2	-5	12	-5	-5	21	0	0	0
EBT	193	267	318	276	451	666	52	80	99
Income tax	-42	-58	-68	-54	-112	-156	-10	-16	-20
Net income	151	209	251	222	339	439	42	64	79
EPS (SEK)	8.50	14.25	17.26	15.25	23.33	30.22	2.89	4.42	5.46
Pre-tax adjustments	0	0	-7	-2	-27	321	0	0	0
After-tax adjustments	0	0	-6	-1	-22	257	0	0	0
Adj. EBIT	187	274	365	330	510	372	41	65	81
Adj. PTP	193	267	325	277	478	345	52	80	99
Adj. Net income	151	209	256	223	361	182	42	64	79
Adj. EPS (SEK)	8.50	14.25	17.64	15.34	24.81	12.54	2.89	4.42	5.46

Earnings overview

(SEKm)	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Russia/CIS									
Sales	2,567	3,241	3,747	3,652	143	203	346	382	394
Gross profit	488	614	773	714	25	37	62	69	72
EBITDA	214	322	494	533	0	6	29	33	36
EBIT	187	274	358	394	13	14	25	29	31
Adjusted EBIT	187	274	358	383	13	14	25	29	31
Germany									
Sales	0	0	0	983	1,367	1,770	1,883	1,733	1,813
Gross profit	0	0	0	84	149	214	266	264	283
EBITDA	0	0	0	-29	-6	52	87	106	121
EBIT	0	0	0	-66	-71	-29	16	37	50
Adjusted EBIT	0	0	0	-57	-43	-29	16	37	50

Margins

Group									
Gross margin	19.0%	19.0%	20.7%	17.2%	17.9%	19.9%	14.7%	15.7%	16.1%
EBITDA margin	8.3%	9.9%	13.2%	10.9%	8.8%	13.8%	5.2%	6.6%	7.1%
EBIT margin	7.3%	8.4%	9.5%	7.1%	7.8%	12.3%	1.8%	3.1%	3.7%
Adjusted EBIT margin	7.3%	8.4%	9.7%	7.1%	8.2%	6.6%	1.8%	3.1%	3.7%
Russia/CIS									
Gross margin	19.0%	19.0%	20.6%	19.5%	17.5%	18.2%	17.9%	18.0%	18.2%
EBITDA margin	8.3%	9.9%	13.2%	14.6%	0.0%	3.0%	8.4%	8.8%	9.2%
EBIT margin	7.3%	8.4%	9.5%	10.8%	9.1%	6.9%	7.1%	7.5%	7.9%
Adjusted EBIT margin	7.3%	8.4%	9.5%	10.5%	9.1%	6.9%	7.1%	7.5%	7.9%
Germany									
Gross margin	-	-	-	8.5%	10.9%	12.1%	14.1%	15.2%	15.6%
EBITDA margin	-	-	-	-2.9%	-0.5%	2.9%	4.6%	6.1%	6.7%
EBIT margin	-	-	-	-6.7%	-5.2%	-1.6%	0.9%	2.1%	2.8%
Adjusted EBIT margin	-	-	-	-5.8%	-3.2%	-1.6%	0.9%	2.1%	2.8%

*Including Russian operations in Russia/CIS 2017-202

Source: Company data and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

SEKm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	1,469	1,658	2,567	3,241	3,747	4,635	6,211	5,621	2,229	2,115	2,208
Revenue growth	-37.1%	12.9%	54.8%	26.3%	15.6%	23.7%	34.0%	-9.5%	-60.4%	-5.1%	4.4%
of which organic	-18.6%	21.0%	36.2%	32.2%	11.4%	16.2%	6.9%	17.5%	n.a.	-5.0%	4.3%
of which FX	-18.5%	-8.1%	18.6%	-6.0%	4.0%	-16.1%	-0.9%	3.7%	2.3%	0.2%	0.0%
EBITDA	130	153	214	322	494	504	548	776	116	139	157
Depreciation and impairments PPE	-43	-34	-26	-48	-136	-176	-66	-83	-75	-74	-76
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	87	119	187	274	358	328	483	693	41	65	81
Amortisation and impairments	-26	-15	0	0	0	0	0	0	0	0	0
EBIT	61	104	187	274	358	328	483	693	41	65	81
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	-24	3	6	-7	-39	-53	-31	-27	12	15	18
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	37	107	193	267	318	276	452	666	52	80	99
Reported taxes	-8	-24	-42	-58	-68	-54	-112	-156	-10	-16	-20
Net profit from continued operations	29	84	151	209	251	222	339	510	42	64	79
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	-21	30	87	207	251	222	339	510	42	64	79
EPS, SEK	-2.12	3.03	8.06	14.25	17.26	15.25	23.35	35.07	2.89	4.42	5.46
DPS, SEK	0.00	0.00	1.73	7.50	4.25	7.50	0.00	7.50	2.17	3.10	3.55
of which ordinary	0.00	0.00	1.73	3.75	4.25	7.50	0.00	7.50	2.17	3.10	3.55
of which extraordinary	0.00	0.00	0.00	3.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Profit margin in percent

EBITDA	8.9%	9.2%	8.3%	9.9%	13.2%	10.9%	8.8%	13.8%	5.2%	6.6%	7.1%
EBITA	5.9%	7.2%	7.3%	8.4%	9.5%	7.1%	7.8%	12.3%	1.8%	3.1%	3.7%
EBIT	4.2%	6.3%	7.3%	8.4%	9.5%	7.1%	7.8%	12.3%	1.8%	3.1%	3.7%

Adjusted earnings

EBITDA (adj)	130	153	214	322	501	503	576	455	116	139	157
EBITA (adj)	87	137	187	274	365	330	510	372	41	65	81
EBIT (adj)	87	132	187	274	365	330	510	372	41	65	81
EPS (adj, SEK)	-0.08	5.18	8.06	14.25	17.74	15.36	25.23	17.40	2.89	4.42	5.46

Adjusted profit margins in percent

EBITDA (adj)	8.9%	9.2%	8.3%	9.9%	13.4%	10.9%	9.3%	8.1%	5.2%	6.6%	7.1%
EBITA (adj)	5.9%	8.3%	7.3%	8.4%	9.7%	7.1%	8.2%	6.6%	1.8%	3.1%	3.7%
EBIT (adj)	5.9%	7.9%	7.3%	8.4%	9.7%	7.1%	8.2%	6.6%	1.8%	3.1%	3.7%

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	-7.3%	1.4%	5.5%	9.9%	25.8%	30.2%	17.0%	-7.2%	-10.8%	-13.8%
EBITDA	n.m.	11.6%	13.0%	16.0%	23.5%	31.1%	29.1%	29.4%	-18.5%	-22.3%	-20.8%
EBIT	n.a.	27.7%	48.0%	39.6%	39.0%	40.0%	35.9%	29.9%	-31.7%	-28.8%	-24.4%
EPS	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	50.4%	34.2%	-27.3%	-23.8%	-18.6%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	34.1%	-10.4%	-6.1%	-13.9%
Average last 5 years											
Average EBIT margin	2.1%	3.0%	4.5%	6.2%	7.8%	7.9%	8.0%	9.1%	8.5%	7.7%	7.4%
Average EBITDA margin	5.9%	7.0%	7.8%	8.8%	10.3%	10.6%	10.2%	11.3%	10.9%	10.0%	9.4%

VALUATION RATIOS - ADJUSTED EARNINGS

SEKm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E (adj)	n.a.	n.a.	18.7	8.9	9.2	10.2	13.4	4.4	33.1	21.6	17.5
EV/EBITDA (adj)	n.a.	n.a.	6.1	4.8	6.1	4.5	8.9	0.3	4.2	3.2	2.7
EV/EBITA (adj)	n.a.	n.a.	7.0	5.6	8.4	6.9	10.0	0.4	12.0	6.8	5.2
EV/EBIT (adj)	n.a.	n.a.	7.0	5.6	8.4	6.9	10.0	0.4	12.0	6.8	5.2

VALUATION RATIOS - REPORTED EARNINGS

SEKm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E	n.a.	n.a.	18.7	8.9	9.4	10.3	14.4	2.2	33.1	21.6	17.5
EV/Sales	n.a.	n.a.	0.51	0.48	0.82	0.49	0.82	0.03	0.22	0.21	0.19
EV/EBITDA	n.a.	n.a.	6.1	4.8	6.2	4.5	9.3	0.2	4.2	3.2	2.7
EV/EBITA	n.a.	n.a.	7.0	5.6	8.6	6.9	10.6	0.2	12.0	6.8	5.2
EV/EBIT	n.a.	n.a.	7.0	5.6	8.6	6.9	10.6	0.2	12.0	6.8	5.2
Dividend yield (ord.)	n.a.	n.a.	1.1%	2.9%	2.6%	4.8%	0.0%	9.8%	2.3%	3.2%	3.7%
FCF yield	n.a.	n.a.	8.9%	6.8%	-21.5%	28.2%	1.9%	65.9%	3.6%	5.4%	5.1%
FCF Yield bef A&D, lease adj	n.a.	n.a.	8.8%	6.6%	-21.6%	28.1%	4.9%	-10.7%	4.2%	5.4%	5.1%
Payout ratio	0.0%	0.0%	21.5%	52.6%	24.0%	48.8%	0.0%	43.1%	75.0%	70.0%	65.0%

Source: Company data and Nordea estimates

BALANCE SHEET

SEKm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Intangible assets	15	2	6	6	12	8	81	85	89	89	89
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	15	2	6	6	12	8	81	85	85	85	85
of which goodwill	0	0	0	0	0	0	0	0	4	4	4
Tangible assets	83	116	136	263	700	507	1,006	560	565	565	565
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	45	42	42	41	51	65	105	78	78	78	78
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	143	160	184	310	763	579	1,192	724	733	733	733
Inventory	327	467	633	741	1,290	1,014	1,432	460	216	205	214
Accounts receivable	161	202	243	319	322	393	535	344	201	190	199
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	1	4	3	2	84	37	46	1	0	0	0
Cash and bank	175	199	352	357	519	604	768	1,688	1,629	1,672	1,698
Total current assets	665	872	1,231	1,418	2,214	2,048	2,781	2,493	2,046	2,068	2,111
Assets held for sale	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	808	1,033	1,414	1,727	2,978	2,628	3,973	3,217	2,779	2,800	2,844
Shareholders equity	322	442	611	656	890	806	1,101	1,873	1,806	1,839	1,873
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	322	442	611	656	890	806	1,101	1,873	1,806	1,839	1,873
Deferred tax	0	0	1	1	7	5	7	1	1	1	1
Long term interest bearing debt	4	15	22	28	377	422	588	437	437	437	437
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	4	16	23	31	391	428	617	460	460	460	460
Short-term provisions	4	10	13	17	22	26	39	1	0	0	0
Accounts payable	384	547	737	982	917	1,188	1,809	573	212	201	210
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	4	7	12	15	21	19	28	16	6	6	6
Short term interest bearing debt	90	11	19	26	735	161	379	295	295	295	295
Total current liabilities	482	575	780	1,040	1,696	1,393	2,255	884	513	502	511
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	808	1,033	1,414	1,727	2,978	2,628	3,973	3,217	2,779	2,800	2,844
Balance sheet and debt metrics											
Net debt	-81	-173	-312	-303	689	-20	199	-957	-898	-941	-967
of which lease debt	0	0	0	0	0	0	0	0	0	0	0
Working capital	101	120	130	64	756	238	176	216	199	189	197
Invested capital	244	280	314	374	1,519	818	1,368	940	932	922	930
Capital employed	416	468	651	710	2,003	1,390	2,068	2,604	2,537	2,570	2,604
ROE	-6.1%	7.9%	16.4%	32.7%	32.4%	26.1%	35.6%	34.3%	2.3%	3.5%	4.3%
ROIC	18.3%	39.2%	49.2%	62.1%	30.0%	22.0%	36.4%	25.1%	3.4%	5.5%	6.8%
ROCE	18.1%	31.9%	36.1%	41.3%	27.4%	20.1%	30.8%	16.8%	2.4%	3.3%	4.0%
Net debt/EBITDA	-0.6	-1.1	-1.5	-0.9	1.4	0.0	0.4	-1.2	-7.8	-6.7	-6.2
Interest coverage	2.7	14.4	30.7	31.6	6.3	5.7	10.4	10.5	7.4	17.1	25.8
Equity ratio	39.8%	42.8%	43.2%	38.0%	29.9%	30.7%	27.7%	58.2%	65.0%	65.7%	65.9%
Net gearing	-25.3%	-39.1%	-51.0%	-46.2%	77.4%	-2.5%	18.1%	-51.1%	-49.7%	-51.2%	-51.6%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

SEKm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
EBITDA (adj) for associates	130	153	214	322	494	504	548	776	116	139	157
Paid taxes	0	0	0	0	-85	-71	-170	-127	-10	-16	-20
Net financials	24	-3	-6	7	-58	-59	-55	-85	12	15	18
Change in provisions	-5	7	3	4	5	3	13	-38	-1	0	0
Change in other LT non-IB	-9	3	0	3	-6	-20	-19	27	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	-38	-36	-44	-68	17	19	164	392	0	0	0
Funds from operations (FFO)	101	123	168	267	367	377	481	945	116	138	155
Change in NWC	133	18	-20	-106	-698	316	-24	-730	17	10	-8
Cash flow from operations (CFO)	234	141	148	161	-330	693	457	215	134	149	147
Capital expenditure	3	-10	-7	-38	-181	-49	-217	-334	-75	-74	-76
Free cash flow before A&D	237	132	141	123	-511	643	240	-119	59	74	71
Proceeds from sale of assets	5	4	3	3	2	3	8	854	0	0	0
Acquisitions	0	0	0	0	0	0	-153	0	-9	0	0
Free cash flow	242	136	144	126	-509	646	95	735	50	74	71
Free cash flow bef A&D, lease adj	237	132	141	123	-511	643	240	-119	59	74	71
Dividends paid	-50	-53	-58	-30	-109	-62	-109	0	-109	-31	-45
Equity issues / buybacks	-1	0	0	0	0	0	0	0	0	0	0
Net change in debt	109	0	-28	0	802	-402	253	233	0	0	0
Other financing adjustments	-30	-15	-12	2	-3	-114	-81	-65	0	0	0
Other non-cash adjustments	-272	-45	108	-94	-18	16	6	18	0	0	0
Change in cash	-2	24	153	4	163	84	164	920	-59	43	26
Cash flow metrics											
Capex/D&A	-4.4%	20.0%	25.8%	80.1%	n.m.	28.1%	n.m.	n.m.	100.0%	100.0%	100.0%
Capex/Sales	-0.2%	0.6%	0.3%	1.2%	4.8%	1.1%	3.5%	5.9%	3.4%	3.5%	3.4%
Key information											
Share price year end (/current)	n.a.	n.a.	151	127	163	157	337	77	96	96	96
Market cap.	n.a.	n.a.	1,615	1,849	2,369	2,287	4,897	1,115	1,388	1,388	1,388
Enterprise value	n.a.	n.a.	1,303	1,546	3,058	2,267	5,096	158	490	447	421
Diluted no. of shares, year-end (m)	10.0	10.0	10.7	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5

Source: Company data and Nordea estimates

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Nordea has no market-making obligations in Ferronordic shares.

As of 01/05/2023, 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.

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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.

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