

Serneke

Construction and Real Estate
Sweden

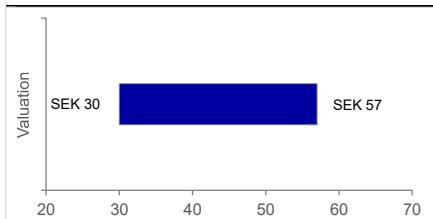
KEY DATA

Stock country	Sweden
Bloomberg	SRNKEB.SS
Reuters	SRNKEB.ST
Share price (close)	SEK 27.50
Free float	58%
Market cap. (bn)	EUR 0.07/SEK 0.78
Website	www.serneke.se
Next report date	14 Jul 2023

PERFORMANCE



VALUATION APPROACH (SEK PER SHARE)



ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	-3%	-3%	-3%
EBIT (adj)	-1%	-2%	-2%

Source: Nordea estimates

Nordea IB & Equity - Analysts

David Flemmich
Senior Analyst, Sector CoordinatorStaffan Bülow
Analyst

Good trend in core profitability

Serneke delivered a mixed set of numbers for Q1, with the group EBIT margin slightly below our expectation (0% versus our estimate of 0.7%). However, construction and project development posted margins slightly ahead of our expectations. Both segments achieved a positive margin in Q1, which is an improvement from Q4 when they were negative. Sales and orders came in below our expectations and we therefore lower our sales and EBIT estimates by 1-3% for 2023-25, while our margin assumptions are unchanged. For 2023 and 2024, we expect EBIT margins of 2.1% and 3.1%, respectively. Meanwhile, Serneke targets an EBIT margin of above 6%. The share is trading at low-single-digit earnings multiples for 2023E-25E.

Q1 outcome and revisions

Serneke's Q1 results were mixed. Net sales came in at SEK 2.1bn, up 3% y/y and 4% below our forecast. EBIT totalled SEK 1m, down from SEK 36m in Q1 2022 and below our SEK 15m estimate. The EBIT margin of 0% was below our 0.7% forecast, as other and eliminations were lower than our expectations, while the construction business showed a margin of 0.6% (we expected 0.5%) and project development delivered a margin of 3.1% (we forecast 2.0%). Order intake of SEK 1.3bn was on the weaker side versus our estimate of SEK 1.9bn. Due to order intake missing our forecast, we lower our sales estimate for 2023-25 by 3% and EBIT estimates by 1-2%.

Doxa announced a bid for Serneke

The bid is non-cash and entails that Serneke's shareholders are offered six Doxa shares per Serneke share. Hence, the bid values Serneke's share at SEK 32, or SEK 900m in total, at Doxa's current share price. For 2023, we expect EPS of SEK 4.9. Hence, the bid implies a 2023 P/E of 7x. The largest owners (Ola Serneke, Lommen, Balder and Svolder), holding 50% of the shares, have accepted the bid. Also, the board of directors recommend Serneke's shareholders to accept the offer. Doxa states that it sees several synergies, including organisational and financial. Further, at a later stage, Doxa intends to list or spin off Serneke as a pure construction company while keeping Serneke's land bank and project development. We lower our fair value EV/EBIT multiples to reflect our estimate revisions. In our bear case, we calculate 3x 2023E EV/EBIT for the construction business and 8x in our bull case. We also include a potential excess value of SEK 9-18 per share from the Karlstad building rights. This takes our fair value range to SEK 30-57.

SUMMARY TABLE - KEY FIGURES

SEKm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	6,725	6,871	8,735	9,205	8,354	8,381	8,987
EBITDA (adj)	-59	-49	265	-79	208	294	386
EBIT (adj)	-84	-79	235	-109	178	264	356
EBIT (adj) margin	-1.2%	-1.1%	2.7%	-1.2%	2.1%	3.1%	4.0%
EPS (adj, SEK)	-3.64	-4.27	12.39	-8.30	4.87	7.29	9.86
EPS (adj) growth	-112.2%	-17.3%	389.9%	-167.0%	158.7%	49.6%	35.4%
DPS (ord, SEK)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	0.4	0.2	0.1	0.0	0.0	0.0	0.0
EV/EBIT (adj)	n.m.	n.m.	2.8	0.0	1.6	1.2	0.8
P/E (adj)	n.m.	n.m.	4.4	n.m.	5.6	3.8	2.8
P/BV	0.6	0.7	0.6	0.3	0.3	0.3	0.3
Dividend yield (ord)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield bef A&D, lease	-31.1%	-26.1%	8.8%	-118.8%	-17.6%	-1.9%	2.6%
Net debt	1,224	20	-873	-625	-488	-473	-493
Net debt/EBITDA	n.m.	n.m.	-3.3	n.m.	-2.3	-1.6	-1.3
ROIC after tax	-1.8%	-1.7%	5.1%	-2.2%	3.2%	4.5%	5.8%

Source: Company data and Nordea estimates

Deviation table and estimate changes

SERNEKE: DEVIATION TABLE (SEKm; EPS IN SEK)

SEKm	Actual	NDA est.			Actual		Actual	
	Q1 23A	Q1 23E	vs. actual		Q4 22	q/q	Q1 22	y/y
Net Sales	2,116	2,203	(87)	-4%	2,440	-13%	2,052	3%
EBIT	1	15	(14)	-93%	(167)	-101%	36	-97%
EBIT-margin	0.0%	0.7%	-0.6%	-0.6%	-6.8%	689%	1.8%	-1.7%
of which non-recurring		-	-		-		-	-
EBIT adj	1	15	(14)	-93%	(167)	-101%	36	-97%
EBIT adj - margin	0.0%	0.7%	-0.6%	-0.6%	-6.8%	689%	1.8%	-1.7%
Pre-tax profit	0	14	(14)	-100%	(233)	-100%	38	-100%
Net profit	(10)	11	(21)	-193%	(269)	-96%	55	-118%
EPS	(0.4)	0.4	(0.7)	-193%	(9.5)	-96%	2.0	-118%
Order Intake	1,303	1,855	(552)	-30%	974	34%	1,837	-29%
Order backlog	9,834	10,321	(487)	-5%	10,582	-7.1%	11,966	-18%
Segment mix	Actual	NDA est.			Actual		Actual	
	Q1 23A	Q1 23E	vs. actual		Q4 22	q/q	Q1 22	y/y
Sales								
Sweden	2,173	2,116	57	3%	2,545	-15%	2,026	7%
Project development	383	424	(41)	-10%	536	-29%	501	-24%
Other sales	46	44	2	5%	45	2%	46	0%
Eliminations	(486)	(381)	(105)	28%	(686)	-29%	(521)	-7%
Total Serneke	2,116	2,203	(87)	-4%	2,440	-13%	2,052	3.1%
EBIT reported ex restructuring								
Sweden	13	11	2	23%	(86)	-115%	10	30%
- margin, %	0.6%	0.5%	0.1%	0.1%	-3.4%	4.0%	0.5%	0.1%
Project development	12	8	4	41%	(23)	-152%	60	-80%
- margin, %	3.1%	2.0%	1.1%	1.1%	-4.3%	7.4%	12.0%	-9%
Other & Eliminations	(24)	(5)	(20)	nm	(58)	nm	(34)	nm.
- margin, %	-5.5%	-1.3%	-4.1%	-4.1%	-9.0%	3.6%	-7.2%	2%
Total EBIT	1	15	(14)	-93%	(167)	-101%	36	-97%
- margin, %	0.0%	0.7%	-0.6%	-0.6%	-6.8%	6.9%	1.8%	-1.7%

Source: Company data and Nordea estimates

ESTIMATE REVISIONS (SEKm; EPS IN SEK)

	New			Old			Difference (SEKm)			Difference (%)		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Total Sales	8,354	8,381	8,987	8,647	8,680	9,305	(293)	(299)	(318)	-3%	-3%	-3%
EBIT	178	264	356	179	270	364	(1)	(7)	(9)	-1%	-2%	-2%
non recurring	-	-	-	-	-	-	-	-	-	-	-	-
EBIT adj.	178	264	356	179	270	364	(1)	(7)	(9)	-1%	-2%	-2%
EBIT margin (adj.)	2.1%	3.1%	4.0%	2.1%	3.1%	3.9%				0.1%	0.0%	0.0%
Pre-tax	174	260	352	175	266	360	(1)	(7)	(9)	-1%	-2%	-2%
Net profit	138	206	279	139	211	286	(1)	(5)	(7)	-1%	-2%	-2%
EPS	5	7	10	5	7	10	(0)	(0)	(0)	-1%	-2%	-2%
EPS adj	5	7	10	5	7	10	(0)	(0)	(0)	-1%	-2%	-2%
DPS	-	-	-	-	-	-	-	-	-			
Order intake	6,612	6,942	7,289	7,164	7,307	7,673	(552)	(365)	(383)	-8%	-5%	-5%
Segment sales												
Sweden	8,095	8,176	8,830	8,276	8,359	9,028	(181)	(183)	(197)	-2%	-2%	-2%
Invest	1,656	1,672	1,689	1,697	1,714	1,731	(41)	(42)	(42)	-2%	-2%	-2%
International	-	-	-	-	-	-	-	-	-	nm.	nm.	nm.
Group functions	168	176	194	169	178	196	(2)	(2)	(2)	-1%	-1%	-1%
Eliminations	(1,565)	(1,644)	(1,726)	(1,496)	(1,571)	(1,649)	(69)	(73)	(76)	nm.	nm.	nm.
Total Sales	8,354	8,381	8,987	8,647	8,680	9,305	(293)	(299)	(318)	-3%	-3%	-3%
EBIT adj.												
Sweden	102	123	212	103	125	217	(1)	(3)	(5)	-1%	-2%	-2%
margin %	1.3%	1.5%	2.4%	1.2%	1.5%	2.4%				0.0%	0.0%	0.0%
Invest	97	151	152	93	154	156	4	(4)	(4)	4%	-2%	-2%
margin %	5.8%	9.0%	9.0%	5.5%	9.0%	9.0%				35%	0%	0%
Other and eliminations	(22)	(9)	(8)	(18)	(9)	(8)	(4)	(0)	(0)	nm.	nm.	nm.
Sales growth y/y												
Sweden	-9%	0%	7%	-6%	0%	7%				-3%	0%	0%
Invest	-263%	48%	35%	-264%	51%	35%				1%	-3%	0%
Total Sales growth	-9%	0%	7%	-6%	0%	7%				-3%	0%	0%

Source: Company data and Nordea estimates

Detailed estimates

QUARTERLY AND ANNUAL ESTIMATES (SEKm; EPS IN SEK)

	2022				2023								
	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23E	Q3 23E	Q4 23E	2021	2022	2023E	2024E	2025E
SUMMARY INCOME STATEMENT													
Sales													
Sweden	2,026	2,709	1,932	2,545	2,173	1,967	1,896	2,059	8,103	9,212	8,095	8,176	8,830
Invest	501	472	607	536	383	424	424	424	1,686	2,116	1,656	1,672	1,689
International	-	-	-	-	-	-	-	-	-	-	-	-	-
Group functions	46	46	47	45	46	40	39	42	154	184	168	176	194
Eliminations	-521	-569	-531	-686	-486	-359	-348	-373	-1208	-2307	-1565	-1644	-1726
Total Sales	2,052	2,658	2,055	2,440	2,116	2,073	2,012	2,153	8,735	9,205	8,354	8,381	8,987
Sales growth y/y													
Sweden	14%	34%	0%	7%	7%	-27%	-2%	-19%	16%	14%	-12%	1%	8%
Invest	49%	6%	89%	-8%	-24%	-10%	-30%	-21%	419%	26%	-22%	1%	1%
International	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Sales growth	5%	17%	4%	-4%	3%	-22%	-2%	-12%	27%	5%	-9%	0%	7%
EBIT													
Sweden	10	22	-25	-86	13	20	28	41	57	-79	102	123	212
Invest	60	69	-8	-23	12	17	34	34	319	98	97	151	152
International	-5	-4	9	-1	0	-1	-1	-1	-17	-1	-3	0	0
Other and Eliminations	-29	-26	-15	-57	-24	-4	-4	-4	-124	-127	-19	-9	-8
Total EBIT	36	61	-39	-167	1	32	58	71	235	-109	178	264	356
Non recurring items	0	0	0	0	0	0	0	0	0	0	0	0	0
Total EBIT adj.	36	61	-39	-167	1	32	58	71	235	-109	178	264	356
EBIT margin													
Sweden	0.5%	0.8%	-1.3%	-3.4%	0.6%	1.0%	1.5%	2.0%	0.7%	-0.9%	1.3%	1.5%	2.4%
Invest	12.0%	14.6%	-1.3%	-4.3%	3.1%	4.0%	8.0%	8.0%	18.9%	4.6%	5.8%	9.0%	9.0%
International	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total EBIT margin	1.8%	2.3%	-1.9%	-6.8%	0.0%	1.6%	2.9%	3.3%	2.7%	-1.2%	2.1%	3.1%	4.0%
Financial net													
Financial net	2	4	-48	-66	-1	-1	-1	-1	21	-108	-4	-4	-4
Pre-tax													
Pre-tax	38	65	-87	-233	0	31	57	70	256	-217	174	260	352
Tax													
Tax	17	7	-5	-36	-10	-7	-12	-15	92	-17	-36	-54	-72
Net profit													
Net profit	55	72	-92	-269	-10	25	45	55	348	-234	138	206	279
EPS	2.0	2.5	-3.3	-9.5	-0.4	0.9	1.6	1.9	12.4	-8.3	4.9	7.3	9.9
EPS adj	2.0	2.5	-3.3	-9.5	-0.4	0.9	1.6	1.9	12.4	-8.3	4.9	7.3	9.9
Order intake													
Order intake	1,837	1,598	2,684	974	1,303	1,614	2,711	984	6,344	7,093	6,612	6,942	7,289
y/y	56%	-28%	125%	-44%	-29%	1%	1%	5%	-40%	12%	-7%	5%	5%
Order backlog													
Order backlog	11,966	11,234	11,994	10,582	9,834	9,481	10,296	9,220	11,860	9,741	8,257	7,023	5,482
y/y	-9%	-16%	-5%	-13%	-18%	-16%	-14%	-13%	-13%	-18%	-15%	-15%	-22%

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	3,107	3,978	5,605	5,934	6,725	6,871	8,735	9,205	8,354	8,381	8,987
Revenue growth	72.6%	28.0%	40.9%	5.9%	13.3%	2.2%	27.1%	5.4%	-9.2%	0.3%	7.2%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	143	515	438	609	-59	-384	265	-79	208	294	386
Depreciation and impairments PPE	0	-68	-20	-22	-25	-30	-30	-30	-30	-30	-30
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	143	447	418	587	-84	-414	235	-109	178	264	356
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	143	447	418	587	-84	-414	235	-109	178	264	356
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	-16	-17	-18	-37	-27	-88	21	-108	-4	-4	-4
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	127	430	400	550	-111	-502	256	-217	174	260	352
Reported taxes	25	0	-78	46	29	144	92	-17	-36	-54	-72
Net profit from continued operations	152	430	322	596	-82	-358	348	-234	138	206	279
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	152	430	322	596	-82	-358	348	-234	138	206	279
EPS, SEK	9.00	23.16	13.76	26.59	-3.64	-15.82	12.39	-8.30	4.87	7.29	9.86
DPS, SEK	0.00	0.00	4.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which ordinary	0.00	0.00	4.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Profit margin in percent

EBITDA	4.6%	12.9%	7.8%	10.3%	-0.9%	-5.6%	3.0%	-0.9%	2.5%	3.5%	4.3%
EBITA	4.6%	11.2%	7.5%	9.9%	-1.2%	-6.0%	2.7%	-1.2%	2.1%	3.1%	4.0%
EBIT	4.6%	11.2%	7.5%	9.9%	-1.2%	-6.0%	2.7%	-1.2%	2.1%	3.1%	4.0%

Adjusted earnings

EBITDA (adj)	143	515	438	609	-59	-49	265	-79	208	294	386
EBITA (adj)	143	447	418	587	-84	-79	235	-109	178	264	356
EBIT (adj)	143	447	418	657	-84	-79	235	-109	178	264	356
EPS (adj, SEK)	9.00	23.16	13.76	29.98	-3.64	-4.27	12.39	-8.30	4.87	7.29	9.86

Adjusted profit margins in percent

EBITDA (adj)	4.6%	12.9%	7.8%	10.3%	-0.9%	-0.7%	3.0%	-0.9%	2.5%	3.5%	4.3%
EBITA (adj)	4.6%	11.2%	7.5%	9.9%	-1.2%	-1.1%	2.7%	-1.2%	2.1%	3.1%	4.0%
EBIT (adj)	4.6%	11.2%	7.5%	11.1%	-1.2%	-1.1%	2.7%	-1.2%	2.1%	3.1%	4.0%

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	34.8%	40.8%	39.0%	30.2%	17.2%	17.0%	10.4%	7.1%	4.5%	5.5%
EBITDA	n.m.	114.5%	356.9%	107.1%	n.m.	n.m.	-12.4%	n.m.	-19.4%	n.m.	n.m.
EBIT	n.a.	193.0%	n.m.	105.5%	n.m.	n.m.	-12.1%	n.m.	-21.3%	n.m.	n.m.
EPS	n.a.	n.m.	n.m.	102.8%	n.m.	n.m.	-11.8%	n.m.	-28.8%	n.m.	n.m.
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Average last 5 years											
Average EBIT margin	3.4%	6.5%	7.3%	8.4%	6.0%	3.3%	2.2%	0.6%	-0.5%	0.4%	2.1%
Average EBITDA margin	3.6%	7.1%	7.8%	8.9%	6.5%	3.8%	2.6%	0.9%	-0.1%	0.7%	2.5%

VALUATION RATIOS - ADJUSTED EARNINGS

SEKm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E (adj)	n.a.	4.5	6.5	2.0	n.m.	n.m.	4.4	n.m.	5.6	3.8	2.8
EV/EBITDA (adj)	n.a.	3.7	5.3	3.1	n.m.	n.m.	2.5	0.0	1.4	1.0	0.7
EV/EBITA (adj)	n.a.	4.3	5.6	3.2	n.m.	n.m.	2.8	0.0	1.6	1.2	0.8
EV/EBIT (adj)	n.a.	4.3	5.6	2.9	n.m.	n.m.	2.8	0.0	1.6	1.2	0.8

VALUATION RATIOS - REPORTED EARNINGS

SEKm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E	n.a.	4.5	6.5	2.3	n.m.	n.m.	4.4	n.m.	5.6	3.8	2.8
EV/Sales	n.a.	0.48	0.42	0.32	0.39	0.21	0.08	0.00	0.03	0.04	0.03
EV/EBITDA	n.a.	3.7	5.3	3.1	n.m.	n.m.	2.5	0.0	1.4	1.0	0.7
EV/EBITA	n.a.	4.3	5.6	3.2	n.m.	n.m.	2.8	0.0	1.6	1.2	0.8
EV/EBIT	n.a.	4.3	5.6	3.2	n.m.	n.m.	2.8	0.0	1.6	1.2	0.8
Dividend yield (ord.)	n.a.	0.0%	4.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	n.a.	-7.2%	-13.0%	-15.7%	-31.1%	-26.1%	8.8%	-118.8%	-17.6%	-1.9%	2.6%
FCF Yield bef A&D, lease adj	n.a.	-6.7%	-0.7%	13.7%	-31.1%	-26.1%	8.8%	-118.8%	-17.6%	-1.9%	2.6%
Payout ratio	0.0%	0.0%	29.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company data and Nordea estimates

BALANCE SHEET

SEKm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Intangible assets	23	23	23	23	23	24	25	30	30	30	30
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	0	0	0	0	0	0	0	0	0	0	0
of which goodwill	23	23	23	23	23	24	25	30	30	30	30
Tangible assets	74	404	990	335	298	416	351	330	381	434	494
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
Shares associates	0	424	446	122	145	148	160	158	158	158	158
Interest bearing assets	0	30	10	51	37	1,354	1,900	2,356	2,356	2,356	2,356
Deferred tax assets	37	48	0	0	0	15	108	91	0	0	0
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	274	231	213	563	158	199	181	214	214	214	214
Total non-current assets	408	1,160	1,682	1,094	661	2,156	2,725	3,179	3,139	3,192	3,252
Inventory	4	2	1	1	1	1	1	4	4	4	4
Accounts receivable	588	589	845	972	825	1,012	966	937	1,671	1,844	1,977
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	641	1,115	1,445	3,099	4,085	2,589	2,647	2,741	2,088	2,095	2,337
Cash and bank	11	571	431	389	162	234	575	252	115	100	120
Total current assets	1,244	2,277	2,722	4,461	5,073	3,836	4,189	3,934	3,877	4,043	4,438
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	1,652	3,437	4,404	5,555	5,734	5,992	6,914	7,113	7,016	7,235	7,690
Shareholders equity	453	1,469	1,821	2,272	2,179	1,946	2,467	2,252	2,390	2,596	2,875
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	453	1,469	1,821	2,272	2,179	1,946	2,467	2,252	2,390	2,596	2,875
Deferred tax	0	0	29	157	128	0	0	0	0	0	0
Long term interest bearing debt	107	436	641	826	1,246	840	467	1,701	1,701	1,701	1,701
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	120	158	223	183	187	202	202	207	212	217
Other long-term liabilities	291	208	152	83	162	31	71	82	82	82	82
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	398	764	980	1,289	1,719	1,058	740	1,985	1,990	1,995	2,000
Short-term provisions	13	10	8	13	12	2	0	0	0	0	0
Accounts payable	349	541	799	991	958	1,058	1,344	1,352	1,227	1,231	1,320
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	292	525	742	824	689	1,160	1,228	1,242	1,127	1,131	1,213
Short term interest bearing debt	147	128	54	166	177	768	1,135	282	282	282	282
Total current liabilities	801	1,204	1,603	1,994	1,836	2,988	3,707	2,876	2,636	2,644	2,815
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	1,652	3,437	4,404	5,555	5,734	5,992	6,914	7,113	7,016	7,235	7,690
Balance sheet and debt metrics											
Net debt	243	-37	254	552	1,224	20	-873	-625	-488	-473	-493
of which lease debt	0	0	0	0	0	0	0	0	0	0	0
Working capital	592	640	750	2,257	3,264	1,384	1,042	1,088	1,409	1,581	1,785
Invested capital	1,000	1,800	2,432	3,351	3,925	3,540	3,767	4,267	4,547	4,773	5,037
Capital employed	707	2,033	2,516	3,264	3,602	3,554	4,069	4,235	4,373	4,579	4,858
ROE	41.5%	44.7%	19.6%	29.1%	-3.7%	-17.4%	15.8%	-9.9%	5.9%	8.3%	10.2%
ROIC	13.5%	25.4%	15.7%	18.0%	-1.8%	-1.7%	5.1%	-2.2%	3.2%	4.5%	5.8%
ROCE	20.7%	33.4%	n.a.	22.7%	-2.4%	-2.2%	6.2%	-2.6%	4.1%	5.9%	7.5%
Net debt/EBITDA	1.7	-0.1	0.6	0.9	n.m.	n.m.	-3.3	n.m.	-2.3	-1.6	-1.3
Interest coverage	8.1	16.4	n.a.	15.9	-3.1	-4.7	-11.2	-1.0	44.4	65.9	88.9
Equity ratio	27.4%	42.7%	41.3%	40.9%	38.0%	32.5%	35.7%	31.7%	34.1%	35.9%	37.4%
Net gearing	53.6%	-2.5%	13.9%	24.3%	56.2%	1.0%	-35.4%	-27.8%	-20.4%	-18.2%	-17.1%

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	143	515	438	609	-59	-384	265	-79	208	294	386
Paid taxes	0	-6	-2	46	28	54	92	15	-36	-54	-72
Net financials	0	-17	-30	-37	-26	-88	21	-49	-4	-4	-4
Change in provisions	10	117	36	70	-41	-6	13	0	5	5	5
Change in other LT non-IB	25	-51	10	-419	484	-187	-35	-5	91	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	-253	-569	-260	-341	-438	252	-219	-195	3	0	0
Funds from operations (FFO)	-75	-11	192	-72	-52	-359	137	-313	267	241	314
Change in NWC	111	56	-145	337	-593	7	-22	-383	-321	-172	-204
Cash flow from operations (CFO)	36	45	47	265	-645	-352	115	-696	-54	69	110
Capital expenditure	-10	-175	-62	-81	211	-20	20	-44	-84	-84	-90
Free cash flow before A&D	26	-130	-15	184	-434	-372	135	-740	-137	-15	20
Proceeds from sale of assets	4	0	0	222	0	0	0	0	0	0	0
Acquisitions	0	-10	-257	-618	0	0	0	0	0	0	0
Free cash flow	30	-140	-272	-212	-434	-372	135	-740	-137	-15	20
Free cash flow bef A&D, lease adj	26	-130	-15	184	-434	-372	135	-740	-137	-15	20
Dividends paid	0	0	0	-93	0	0	0	0	0	0	0
Equity issues / buybacks	36	598	0	-65	0	122	170	0	0	0	0
Net change in debt	0	0	139	-338	200	150	135	100	0	0	0
Other financing adjustments	n.a.	n.a.	-15	122	0	-1,500	0	0	0	0	0
Other non-cash adjustments	-139	102	0	544	7	1,672	-99	317	0	0	0
Change in cash	-73	560	-140	-42	-227	72	341	-323	-137	-15	20
Cash flow metrics											
Capex/D&A	n.m.	n.m.	n.m.	n.m.	n.m.	66.7%	-66.7%	n.m.	n.m.	n.m.	n.m.
Capex/Sales	0.3%	4.4%	1.1%	1.4%	-3.1%	0.3%	-0.2%	0.5%	1.0%	1.0%	1.0%
Key information											
Share price year end (/current)	n.a.	105	89	60	62	58	55	22	28	28	28
Market cap.	n.a.	1,950	2,088	1,347	1,394	1,423	1,536	623	778	778	778
Enterprise value	n.a.	1,913	2,342	1,899	2,618	1,443	663	-2	291	306	286
Diluted no. of shares, year-end (m)	16.9	18.6	23.4	22.4	22.6	24.7	28.1	28.3	28.3	28.3	28.3

Source: Company data and Nordea estimates

Disclaimer and legal disclosures

Origin of the report

This publication or report originates from: Nordea Bank Abp, including its branches Nordea Danmark, Filial af Nordea Bank Abp, Finland, Nordea Bank Abp, filial i Norge and Nordea Bank Abp, filial i Sverige (together "Nordea") acting through their units Nordea Markets and Equity Sales & Research.

Nordea Bank Abp is supervised by the European Central Bank and the Finnish Financial Supervisory Authority and the branches are supervised by the European Central Bank and the Finnish Financial Supervisory Authority and the Financial Supervisory Authorities in their respective countries.

Content of report

This report has been prepared solely by Nordea Markets or Equity Sales & Research.

Opinions or suggestions from Nordea Markets credit and equity research may deviate from one another or from opinions presented by other departments in Nordea. This may typically be the result of differing time horizons, methodologies, contexts or other factors.

The information provided herein is not intended to constitute and does not constitute investment advice nor is the information intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has no regard to the specific investment objectives, the financial situation or particular needs of any particular recipient. Relevant and specific professional advice should always be obtained before making any investment or credit decision.

Opinions or ratings are based on one or more methods of valuation, for instance cash flow analysis, use of multiples, behavioural technical analyses of underlying market movements in combination with considerations of the market situation and the time horizon. Key assumptions of forecasts or ratings in research cited or reproduced appear in the research material from the named sources. The date of publication appears from the research material cited or reproduced. Opinions and estimates may be updated in subsequent versions of the report, provided that the relevant company/issuer is treated anew in such later versions of the report.

Validity of the report

All opinions and estimates in this report are, regardless of source, given in good faith, and may only be valid as of the stated date of this report and are subject to change without notice.

No individual investment or tax advice

The report is intended only to provide general and preliminary information to investors and shall not be construed as the basis for any investment decision. This report has been prepared by Nordea Markets or Equity Sales & Research as general information for private use of investors to whom the report has been distributed, but it is not intended as a personal recommendation of particular financial instruments or strategies and thus it does not provide individually tailored investment advice, and does not take into account the individual investor's particular financial situation, existing holdings or liabilities, investment knowledge and experience, investment objective and horizon or risk profile and preferences. The investor must particularly ensure the suitability of an investment as regards his/her financial and fiscal situation and investment objectives. The investor bears the risk of losses in connection with an investment.

Before acting on any information in this report, it is recommendable to consult (without being limited to) one's financial, legal, tax, accounting, or regulatory advisor in any relevant jurisdiction.

The information contained in this report does not constitute advice on the tax consequences of making any particular investment decision. Each investor shall make his/her own appraisal of the tax and other financial merits of his/her investment.

Sources

This report may be based on or contain information, such as opinions, estimates and valuations which emanate from: Nordea Markets' or Equity Sales & Research analysts or representatives, publicly available information, information from other units of Nordea, or other named sources.

To the extent this publication or report is based on or contain information emanating from other sources ("Other Sources") than Nordea Markets or Equity Sales & Research ("External Information"), Nordea Markets or Equity Sales & Research has deemed the Other Sources to be reliable but neither Nordea, others associated or affiliated with Nordea nor any other person, do guarantee the accuracy, adequacy or completeness of the External Information.

Limitation of liability

Nordea or other associated and affiliated companies assume no liability as regards to any investment, divestment or retention decision taken by the investor on the basis of this report. In no event will Nordea or other associated and affiliated companies be liable for direct, indirect or incidental, special or consequential damages (regardless of whether being considered as foreseeable or not) resulting from the information in this report.

Risk information

The risk of investing in certain financial instruments, including those mentioned in this report, is generally high, as their market value is exposed to a lot of different factors such as the operational and financial conditions of the relevant company, growth prospects, change in interest rates, the economic and political environment, foreign exchange rates, shifts in market sentiments etc. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. Past performance is not a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. When investing in individual shares, the investor may lose all or part of the investments.

Conflicts of interest

Readers of this document should note that Nordea Markets or Equity Sales & Research has received remuneration from the company mentioned in this document for the production of the report. The remuneration is not dependent on the content of the report.

Nordea, affiliates or staff in Nordea, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the report.

To limit possible conflicts of interest and counter the abuse of inside knowledge, the analysts of Nordea Markets and Equity Sales & Research are subject to internal rules on sound ethical conduct, the management of inside information, handling of unpublished research material, contact with other units of Nordea and personal account dealing. The internal rules have been prepared in accordance with applicable legislation and relevant industry standards. The object of the internal rules is for example to ensure that no analyst will abuse or cause others to abuse confidential information. It is the policy of Nordea that no link exists between revenues from capital markets activities and individual analyst remuneration. Nordea and the branches are members of national stockbrokers' associations in each of the countries in which Nordea has head offices. Internal rules have been developed in accordance with recommendations issued by the stockbrokers associations. This material has been prepared following the Nordea Conflict of Interest Policy, which may be viewed at www.nordea.com/mifid.

Please find a list of all recommendations disseminated by Nordea Equities during the preceding 12-month period here: <https://research.nordea.com/compliance>

Distribution restrictions

The securities referred to in this report may not be eligible for sale in some jurisdictions. This report is not intended for, and must not be distributed to private customers in the UK or the US or to customers in any other jurisdiction where restrictions may apply.

This publication or report may be distributed in the UK to institutional investors by Nordea Bank Abp London Branch of 6th Floor, 5 Aldermanbury Square, London, EC2V 7AZ, which is under supervision of the European Central Bank, Finanssivalvonta (Financial Supervisory Authority) in Finland and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority in the United Kingdom. Details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request.

Nordea Bank Abp ("Nordea") research is not "globally branded" research. Nordea research reports are intended for distribution in the United States solely to "major U.S. institutional investors," as defined in Rule 15a-6 under the Securities Exchange Act of 1934. Any transactions in securities discussed within the research reports will be chaperoned by Nordea Securities LLC ("Nordea Securities"), an affiliate of Nordea and a SEC registered broker dealer and member of FINRA. Nordea Securities does not employ research analysts and has no contractual relationship with Nordea that is reasonably likely to inform the content of Nordea research reports. Nordea makes all research content determinations without any input from Nordea Securities.

The research analyst(s) named on this report are not registered/qualified as research analysts with FINRA. Such research analyst(s) are also not registered with Nordea Securities and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

This report may not be mechanically duplicated, photocopied or otherwise reproduced, in full or in part, under applicable copyright laws.

Analyst Shareholding

Nordea analysts do not hold shares in the companies that they cover.
No holdings or other affiliations by analysts or associates.

Fair value and sensitivity

We calculate our fair values by weighting DCF, DDM, SOTP, asset-based and other standard valuation methods. Our fair values are sensitive to changes in valuation assumptions, of which growth, margins, tax rates, working capital ratios, investment-to-sales ratios and cost of capital are typically the most sensitive. It should be noted that our fair values would change by a disproportionate factor if changes are made to any or all valuation assumptions, owing to the non-linear nature of the standard valuation models applied (mentioned above). As a consequence of the standard valuation models we apply, changes of 1-2 percentage points in any single valuation assumption can change the derived fair value by as much as 30% or more. All research is produced on an ad hoc basis and will be updated when the circumstances require it.

Marketing Material

This research report should be considered marketing material, as it has been commissioned and paid for by the subject company, and has not been prepared in accordance with the regulations designed to promote the independence of investment research and it is not subject to any legal prohibition on dealing ahead of the dissemination of the report. However, Nordea Markets analysts are according to internal policies not allowed to hold shares in the companies/sectors that they cover.

Market-making obligations and other significant financial interest

Nordea has no market-making obligations in Serneke shares.

As of 25/05/2023, Nordea Abp holds no positions of 0.5% or more of shares issued by Serneke.

As of the publication of this report, the issuer does not hold a position exceeding 5% of the total shares issued in Nordea Abp.

Investment banking transactions and/or services

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 and/or ancillary services to the company/ companies.

Issuer Review

This report has not been reviewed by the Issuer prior to publication.

Completion Date

26 May 2023, 07:31 CET

Nordea Bank Abp	Nordea Bank Abp, filial i Sverige	Nordea Danmark, Filial af Nordea Bank Abp, Finland	Nordea Bank Abp, filial i Norge
Nordea IB & Equity Division, Equity Research Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland	Nordea IB & Equity Division, Equity Research Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden	Nordea IB & Equity Division, Equity Research Visiting address: Grønlandsvej 10 DK-2300 Copenhagen S Denmark	Nordea IB & Equity Division, Equity Research Visiting address: Essendropsgate 7 N-0107 Oslo Norway
Tel: +358 9 1651 Fax: +358 9 165 59710	Tel: +46 8 614 7000 Fax: +46 8 534 911 60	Tel: +45 3333 3333 Fax: +45 3333 1520	Tel: +47 2248 5000 Fax: +47 2256 8650
Reg.no. 2858394-9 Satamaradankatu 5 Helsinki			