

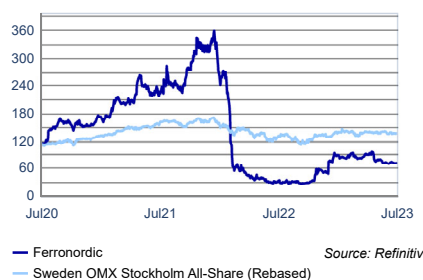
Ferronordic

Capital Goods
Sweden

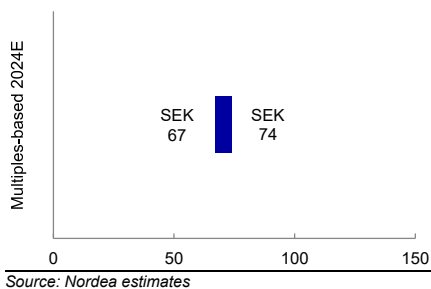
KEY DATA

Stock country	Sweden
Bloomberg	FNM SS
Reuters	FNMA.ST
Share price (close)	SEK 72.40
Free float	84%
Market cap. (bn)	EUR 0.09/SEK 1.05
Website	www.ferronordic.ru
Next report date	17 Aug 2023

PERFORMANCE



VALUATION APPROACH



ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	2%	2%	2%
EBIT (adj)	-383%	-64%	-44%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Victor Hansen
AnalystCarl Ragnerstam
Associate Director

Yet to grow into its suit

We expect a decent Q2 report. While sales are set to grow by nearly 60% y/y, driven by good momentum amid easing supply chain constraints, we still forecast group EBIT of SEK -7m (due to SEK 21m in central costs for the quarter). However, we still forecast a net cash position of SEK 740m by year-end. This could potentially allow for acquiring and building a business of up to SEK 3bn in sales, i.e. larger than its German operations. This based on the P/S ratio of 0.22x it paid for Germany, including its initial losses. We do not rule out Ferronordic entering an 'emerging market' outside Europe, which could carry an even lower acquisition multiple. The share is trading at 12x 2024E EV/EBIT, versus MEKO and Finning that are trading at 7-10x. We calculate a lower multiples-based fair value range of SEK 67-74 (85-97), corresponding to 2024E EV/EBIT of 7-12x.

Q2 expectation

We expect sales of SEK 639m, representing 59% y/y growth, mainly organically but also supported by FX and M&A. Germany represents about 85% of total sales, with CIS (Kazakhstan) accounting for the remainder. We still see a catch-up effect for new truck sales after the supply constraints endured during the pandemic. However, strong equipment sales will likely dilute the margin slightly owing to a relatively lower share of aftermarket sales. We forecast central costs of SEK 21m, versus underlying business area EBIT of SEK 13m, thus representing a SEK 7m group EBIT loss (albeit an improvement versus the SEK -14m in Q1 2023). Finally, we expect a SEK 10m FX gain to push EPS to SEK +0.05.

Cash balance allows for an acquisition larger than Germany

Based on the financials and valuation of its German market entry in 2019/20, we believe that Ferronordic could acquire a dealership business with sales of up to SEK 3bn. In Germany, it initially acquired nearly SEK 1.6bn in sales (albeit only breakeven EBIT) from trucks and aftermarket. For this it paid SEK 185m (P/S ~0.12x) before the initial expected losses (total EBIT of SEK -166m 2020-22), i.e. a P/S of 0.22x including losses.

Estimate revisions and medium-term cost outlook

We lower 2023E-25E EBIT by SEK 20-35m as we raise our central cost expectations. This is since we think the company will keep most of its overhead staff in order to secure a running start in a new market. Note that we still forecast lower central costs beyond 2023 for the current operations.

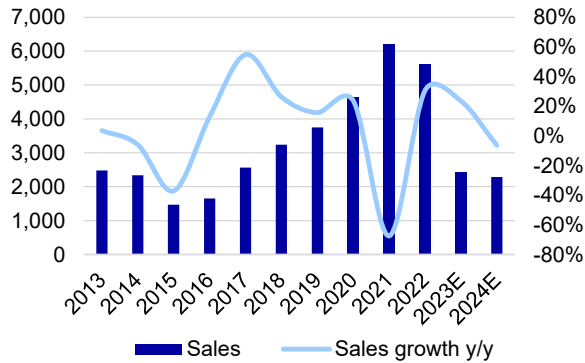
SUMMARY TABLE - KEY FIGURES

SEKm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	3,747	4,635	6,211	5,621	2,437	2,282	2,382
EBITDA (adj)	501	503	576	455	50	99	121
EBIT (adj)	365	330	510	372	-26	19	40
EBIT (adj) margin	9.7%	7.1%	8.2%	6.6%	-1.1%	0.8%	1.7%
EPS (adj, SEK)	17.74	15.36	25.23	17.40	0.04	1.84	3.13
EPS (adj) growth	24.5%	-13.4%	64.3%	-31.1%	-99.7%	4,113.8%	70.6%
DPS (ord, SEK)	4.25	7.50	0.00	7.50	0.07	1.19	2.04
EV/Sales	0.8	0.5	0.8	0.0	0.1	0.1	0.1
EV/EBIT (adj)	8.4	6.9	10.0	0.4	n.m.	11.3	5.1
P/E (adj)	9.2	10.2	13.4	4.4	n.m.	39.4	23.1
P/BV	2.7	2.8	4.4	0.6	0.6	0.6	0.6
Dividend yield (ord)	2.6%	4.8%	0.0%	9.8%	0.1%	1.6%	2.8%
FCF Yield bef A&D, lease	-21.6%	28.1%	4.9%	-10.7%	-9.2%	8.8%	3.3%
Net debt	689	-20	199	-957	-742	-834	-851
Net debt/EBITDA	1.4	0.0	0.4	-1.2	-14.8	-8.4	-7.0
ROIC after tax	30.0%	22.0%	36.4%	25.1%	-2.0%	1.5%	3.2%

Source: Company data and Nordea estimates

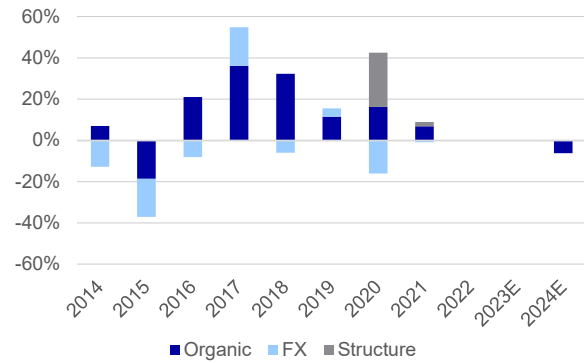
Group development

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



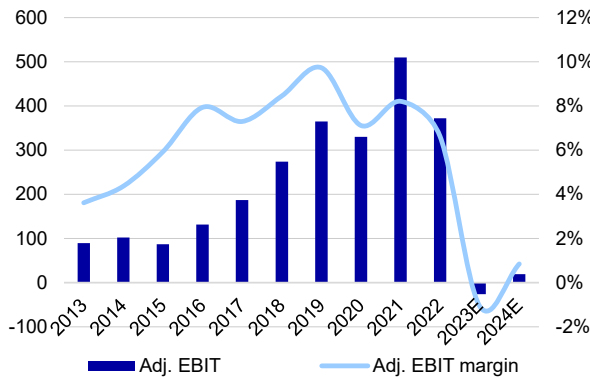
Source: Company data and Nordea estimates

SALES GROWTH BREAKDOWN (%)



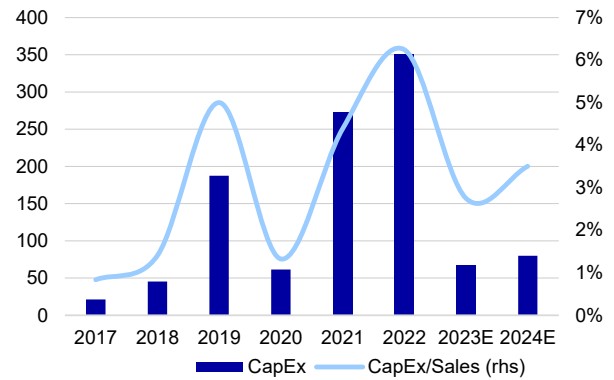
Source: Company data and Nordea estimates

EBIT (SEKm) AND EBIT MARGIN (%)



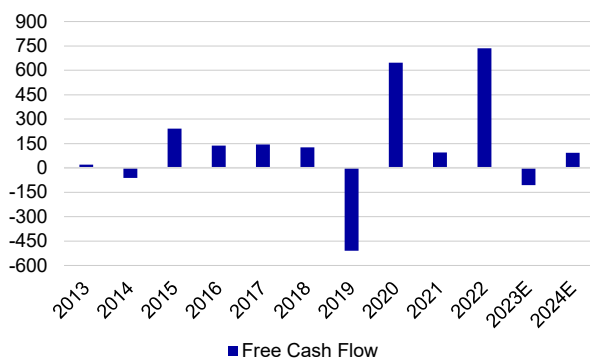
Source: Company data and Nordea estimates

CAPEX (SEKm) AND CAPEX/SALES (%)



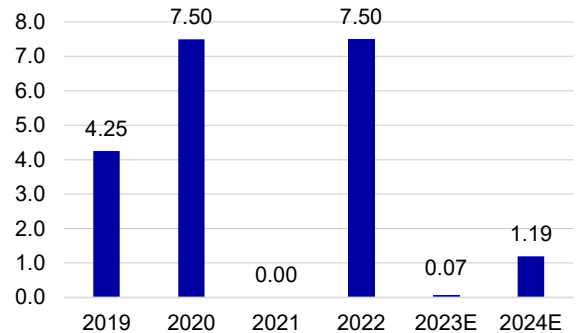
Source: Company data and Nordea estimates

FREE CASH FLOW (SEKm)



Source: Company data and Nordea estimates

DIVIDEND PER SHARE (SEK)



Source: Company data and Nordea estimates

Estimate revisions

FERRONORDIC: ESTIMATE REVISIONS

	New estimates			Old estimates			Δ		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
SEKm									
Sales breakdown									
Equipment Sales	1,685	1,561	1,639	1,634	1,515	1,591	3%	3%	3%
Aftermarket Sales	654	629	649	650	625	644	1%	1%	1%
Contracting Services & other	97	92	94	95	90	92	2%	2%	2%
Group	2,437	2,282	2,382	2,379	2,230	2,327	2%	2%	2%
Gross profit	346	365	389	349	357	380	-1%	2%	2%
Adj. EBITDA	50	99	121	69	132	151	-27%	-25%	-19%
Adj. EBIT	-26	19	40	-5	54	71	nm	-64%	-44%
Margins									
Gross margin	14.2%	16.0%	16.3%	14.7%	16.0%	16.3%	-0.5 pp	0.0 pp	0.0 pp
EBITDA margin	2.1%	4.3%	5.1%	2.9%	5.9%	6.5%	-0.8 pp	-1.6 pp	-1.4 pp
EBIT margin	-1.1%	0.8%	1.7%	-0.2%	2.4%	3.1%	-0.8 pp	-1.6 pp	-1.4 pp
DPS (SEK)	0.1	1.2	2.0	1.0	2.4	3.2	-93%	-51%	-36%
of which ordinary	0.1	1.2	2.0	1.0	2.4	3.2	-93%	-51%	-36%
of which extraordinary	0.0	0.0	0.0	0.0	0.0	0.0	n.a	n.a	n.a
Per business area	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
CIS									
Sales	370	399	413	370	399	413	0%	0%	0%
Gross profit	72	78	82	72	78	82	0%	0%	0%
EBITDA	35	39	42	35	39	42	0%	0%	0%
EBIT	31	35	38	31	35	38	0%	0%	0%
Adjusted EBIT	31	35	38	31	35	38	0%	0%	0%
Gross margin	19.5%	19.6%	19.8%	19.5%	19.6%	19.8%	0.0 pp	0.0 pp	0.0 pp
EBIT margin	8.3%	8.7%	9.1%	8.3%	8.7%	9.1%	0.0 pp	0.0 pp	0.0 pp
Germany									
Sales	2,066	1,882	1,969	2,008	1,830	1,915	3%	3%	3%
Gross profit	274	286	307	276	278	299	-1%	3%	3%
EBITDA	103	115	131	114	112	127	-9%	3%	3%
EBIT	31	40	54	44	38	53	-28%	3%	3%
Adjusted EBIT	31	40	54	44	38	53	-28%	3%	3%
Gross margin	13.2%	15.2%	15.6%	13.8%	15.2%	15.6%	-0.5 pp	0.0 pp	0.0 pp
EBIT margin	1.5%	2.1%	2.8%	2.2%	2.1%	2.8%	-0.7 pp	0.0 pp	0.0 pp

Source: Nordea estimates

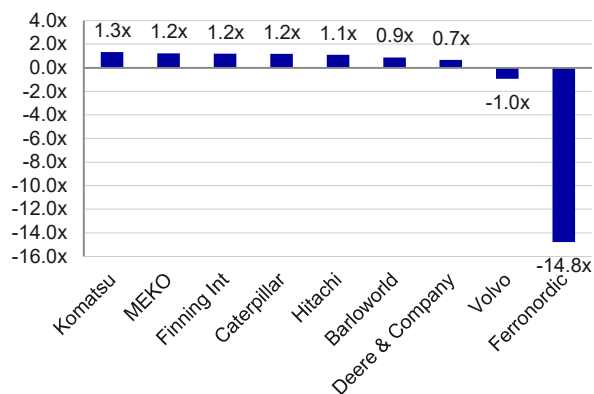
Valuation

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
Barlworld	-	8,993	4.4x	4.7x	5.6x	5.8x	6.5x	7.2x	5.7%	5.8%	0.9x	0.7x	16.6%	12.8%
Caterpillar	-	1,391,519	12.6x	12.7x	14.7x	14.2x	14.6x	14.4x	2.0%	2.1%	1.2x	1.0x	52.6%	47.5%
Cervus	-	2,094	-	-	-	-	-	-	-	-	-	-	-	-
Deere & Company	-	1,333,004	13.2x	13.1x	15.0x	15.1x	13.8x	13.7x	1.1%	1.2%	0.7x	1.0x	52.9%	39.3%
Ferronordic	NO RATING	1,058	6.3x	2.3x	neg	11.6x	neg	39.7x	0.1%	1.6%	-14.8x	-8.4x	0.0%	1.5%
Finning Int	-	50,055	7.1x	7.2x	9.9x	9.8x	10.9x	11.7x	2.3%	2.3%	1.2x	0.9x	22.8%	20.5%
Hitachi	-	611,746	7.0x	8.0x	-	-	12.7x	15.5x	1.6%	1.7%	1.1x	1.1x	14.0%	10.4%
Komatsu	-	275,127	7.3x	7.0x	11.2x	11.0x	11.1x	11.1x	3.6%	3.6%	1.3x	0.7x	13.2%	12.5%
MEKO	BUY	6,081	4.5x	4.1x	8.0x	7.0x	9.7x	8.5x	4.6%	5.1%	1.2x	0.9x	10.0%	9.8%
Volvo	BUY	461,443	4.7x	5.5x	5.0x	6.9x	9.0x	12.2x	6.4%	6.6%	-1.0x	-1.0x	25.8%	19.7%
Average		414,112	7.5x	7.2x	9.9x	10.2x	11.0x	14.9x	3.0%	3.3%	-0.9x	-0.3x	23.1%	19.3%
Median		162,591	7.0x	7.0x	9.9x	10.4x	11.0x	12.2x	2.3%	2.3%	1.1x	0.9x	16.6%	12.8%
Ferronordic	NO RATING	1,058	6.3x	2.3x	neg	11.6x	neg	39.7x	0.1%	1.6%	-14.8x	-8.4x	0.0%	1.5%
vs. peer average			-16%	-69%	-	14%	-	166%	-2.9pp	-1.7pp	-	-	-23.1pp	-17.8pp
vs. peer median			-11%	-68%	-	12%	-	225%	-2.2pp	-0.7pp	-	-	-16.6pp	-11.3pp
vs. Barlworld		-88%	43%	-52%	-	101%	-	449%	-5.6pp	-4.2pp	-	-	-16.6pp	-11.3pp
vs. Finning		-98%	-12%	-69%	-	18%	-	240%	-2.2pp	-0.7pp	-	-	-22.8pp	-19.0pp
vs. Mekonomen		-83%	41%	-45%	-	66%	-	365%	-1.0pp	-0.7pp	-	-	-1.0pp	-0.8pp

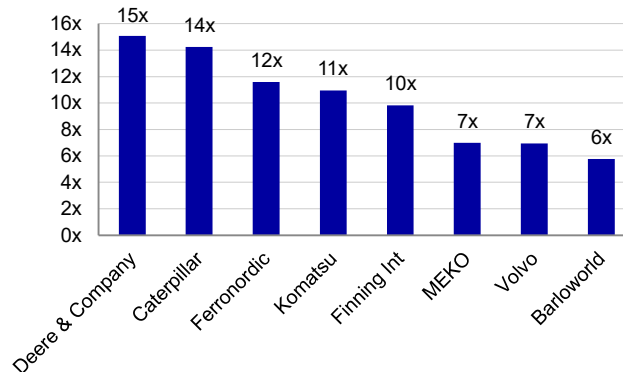
Source: Company data, Refinitiv and Nordea estimates

NET DEBT/EBITDA, 2023E



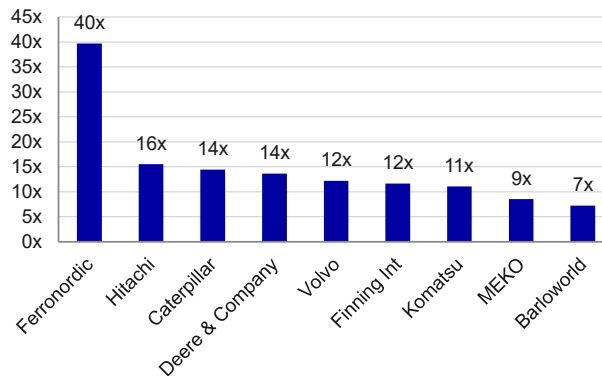
Source: Company data, Refinitiv and Nordea estimates

EV/EBIT, 2024E



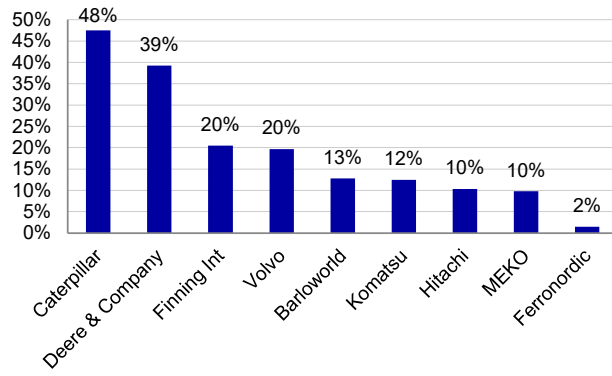
Source: Company data, Refinitiv and Nordea estimates

P/E, 2024E



Source: Company data, Refinitiv and Nordea estimates

RETURN ON EQUITY, 2024E



Source: Company data, Refinitiv and Nordea estimates

Detailed estimates

INTERIM ESTIMATES

Earnings overview

(SEKm)	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23E	Q3 23E	Q4 23E
Russia/CIS								
Sales	35	26	53	89	83	90	96	102
Gross profit	7	6	9	15	17	18	18	19
EBITDA	0	0	0	6	8	9	9	9
EBIT	3	2	4	5	7	8	7	8
Adjusted EBIT	3	2	4	5	7	8	7	8
Germany								
Sales	420	376	359	615	548	549	450	520
Gross profit	47	36	49	82	68	69	62	75
EBITDA	15	9	11	17	24	24	24	31
EBIT	-10	-10	-7	-2	5	5	9	13
Adjusted EBIT	-10	-10	-7	-2	5	5	9	13

Margins

Group

Gross margin	17.2%	21.1%	24.7%	13.8%	13.5%	13.7%	14.6%	15.1%
EBITDA margin	9.5%	13.2%	36.2%	1.0%	1.0%	2.0%	2.3%	3.0%
EBIT margin	6.2%	8.7%	30.5%	-1.8%	-2.2%	-1.1%	-0.8%	0.0%
Adjusted EBIT margin	6.2%	8.7%	8.8%	-1.8%	-2.2%	-1.1%	-0.8%	0.0%

Russia/CIS

Gross margin	20.0%	23.1%	17.0%	16.9%	20.4%	20.4%	19.0%	18.4%
EBITDA margin	0.0%	0.0%	0.0%	6.7%	9.6%	10.4%	9.0%	9.0%
EBIT margin	8.6%	7.7%	7.5%	5.6%	8.4%	9.2%	7.8%	7.9%
Adjusted EBIT margin	8.6%	7.7%	7.5%	5.6%	8.4%	9.2%	7.8%	7.9%

Germany

Gross margin	11.2%	9.6%	13.6%	13.3%	12.4%	12.6%	13.7%	14.4%
EBITDA margin	3.6%	2.4%	3.1%	2.8%	4.4%	4.4%	5.4%	5.9%
EBIT margin	-2.4%	-2.7%	-1.9%	-0.3%	0.9%	0.9%	1.9%	2.5%
Adjusted EBIT margin	-2.4%	-2.7%	-1.9%	-0.3%	0.9%	0.9%	1.9%	2.5%

Source: Company data and Nordea estimates

INTERIM ESTIMATES

(SEKm)	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23E	Q3 23E	Q4 23E
Revenue	1,746	1,691	1,479	705	631	639	546	621
Cost of sales	-1,445	-1,335	-1,114	-608	-546	-551	-466	-528
Gross profit	301	356	365	97	85	87	80	94
Sales expenses	-79	-74	-83	-52	-42	-39	-33	-38
G&A expenses	-95	-106	-101	-62	-57	-56	-51	-55
Other income	6	10	332	8	0	1	1	2
Other expenses	-24	-40	-62	-4	0	-2	-2	-2
EBIT	108	147	451	-13	-14	-7	-4	0
Finance income	6	6	5	2	5	5	5	5
Finance costs	-13	-19	-31	-5	-7	-7	-7	-7
Net FX gains/(losses)	-20	-81	19	103	23	10	0	0
EBT	83	53	444	87	8	1	-6	-2
Income tax	-20	-22	-77	-37	-1	0	1	0
Net income	63	31	367	-21	7	1	-5	-2
EPS (SEK)	4.30	2.10	25.25	-1.43	0.46	0.05	-0.36	-0.11
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	-14	-7	-4	0
Adj. PTP	83	53	123	87	8	1	-6	-2
Adj. Net income	63	31	110	-21	7	1	-5	-2
Adj. EPS (SEK)	4.30	2.10	7.57	-1.43	0.46	0.05	-0.36	-0.11

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	2,437	2,282	2,382
Cost of sales	-2,079	-2,627	-2,972	-3,837	-5,102	-4,502	-2,091	-1,917	-1,993
Gross profit	488	614	775	797	1,110	1,119	346	365	389
Sales expenses	-125	-138	-162	-219	-256	-288	-151	-141	-138
G&A expenses	-165	-190	-238	-264	-357	-364	-219	-203	-209
Other income	5	4	8	24	13	356	5	4	5
Other expenses	-16	-17	-26	-11	-27	-130	-6	-6	-7
EBIT	187	274	358	328	483	693	-26	19	40
Finance income	15	7	6	12	23	19	20	20	22
Finance costs	-7	-9	-58	-59	-49	-68	-27	-6	-5
Net FX gains/(losses)	-2	-5	12	-5	-5	21	33	0	0
EBT	193	267	318	276	451	666	0	33	57
Income tax	-42	-58	-68	-54	-112	-156	0	-7	-11
Net income	151	209	251	222	339	439	1	27	46
EPS (SEK)	8.50	14.25	17.26	15.25	23.33	30.22	0.04	1.84	3.13
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	-26	19	40
Adj. PTP	193	267	325	277	478	345	0	33	57
Adj. Net income	151	209	256	223	361	182	1	27	46
Adj. EPS (SEK)	8.50	14.25	17.64	15.34	24.81	12.54	0.04	1.84	3.13

Source: Company data and Nordea estimates

ANNUAL ESTIMATES**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	370	399	413
Gross profit	488	614	773	714	25	37	72	78	82
EBITDA	214	322	494	533	0	6	35	39	42
EBIT	187	274	358	394	13	14	31	35	38
Adjusted EBIT	187	274	358	383	13	14	31	35	38

Germany

Sales	0	0	0	983	1,367	1,770	2,066	1,882	1,969
Gross profit	0	0	0	84	149	214	274	286	307
EBITDA	0	0	0	-29	-6	52	103	115	131
EBIT	0	0	0	-66	-71	-29	31	40	54
Adjusted EBIT	0	0	0	-57	-43	-29	31	40	54

Margins**Group**

Gross margin	19.0%	19.0%	20.7%	17.2%	17.9%	19.9%	14.2%	16.0%	16.3%
EBITDA margin	8.3%	9.9%	13.2%	10.9%	8.8%	13.8%	2.1%	4.3%	5.1%
EBIT margin	7.3%	8.4%	9.5%	7.1%	7.8%	12.3%	-1.1%	0.8%	1.7%
Adjusted EBIT margin	7.3%	8.4%	9.7%	7.1%	8.2%	6.6%	-1.1%	0.8%	1.7%

Russia/CIS

Gross margin	19.0%	19.0%	20.6%	19.5%	17.5%	18.2%	19.5%	19.6%	19.8%
EBITDA margin	8.3%	9.9%	13.2%	14.6%	0.0%	3.0%	9.5%	9.9%	10.3%
EBIT margin	7.3%	8.4%	9.5%	10.8%	9.1%	6.9%	8.3%	8.7%	9.1%
Adjusted EBIT margin	7.3%	8.4%	9.5%	10.5%	9.1%	6.9%	8.3%	8.7%	9.1%

Germany

Gross margin	-	-	-	8.5%	10.9%	12.1%	13.2%	15.2%	15.6%
EBITDA margin	-	-	-	-2.9%	-0.5%	2.9%	5.0%	6.1%	6.7%
EBIT margin	-	-	-	-6.7%	-5.2%	-1.6%	1.5%	2.1%	2.8%
Adjusted EBIT margin	-	-	-	-5.8%	-3.2%	-1.6%	1.5%	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	2,437	2,282	2,382
Revenue growth	-37.1%	12.9%	54.8%	26.3%	15.6%	23.7%	34.0%	-9.5%	-56.7%	-6.4%	4.4%
of which organic	-18.6%	21.0%	36.2%	32.2%	11.4%	16.2%	6.9%	n.a.	n.a.	-6.3%	4.3%
of which FX	-18.5%	-8.1%	18.6%	-6.0%	4.0%	-16.1%	-0.9%	n.a.	n.a.	0.2%	0.0%
EBITDA	130	153	214	322	494	504	548	776	50	99	121
Depreciation and impairments PPE	-43	-34	-26	-48	-136	-176	-66	-83	-76	-80	-81
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	87	119	187	274	358	328	483	693	-26	19	40
Amortisation and impairments	-26	-15	0	0	0	0	0	0	0	0	0
EBIT	61	104	187	274	358	328	483	693	-26	19	40
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	26	14	17
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	0	33	57
Reported taxes	-8	-24	-42	-58	-68	-54	-112	-156	0	-7	-11
Net profit from continued operations	29	84	151	209	251	222	339	510	1	27	46
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	1	27	46
EPS, SEK	-2.12	3.03	8.06	14.25	17.26	15.25	23.35	35.07	0.04	1.84	3.13
DPS, SEK	0.00	0.00	1.73	7.50	4.25	7.50	0.00	7.50	0.07	1.19	2.04
of which ordinary	0.00	0.00	1.73	3.75	4.25	7.50	0.00	7.50	0.07	1.19	2.04
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%	2.1%	4.3%	5.1%
EBITA	5.9%	7.2%	7.3%	8.4%	9.5%	7.1%	7.8%	12.3%	-1.1%	0.8%	1.7%
EBIT	4.2%	6.3%	7.3%	8.4%	9.5%	7.1%	7.8%	12.3%	-1.1%	0.8%	1.7%

Adjusted earnings

EBITDA (adj)	130	153	214	322	501	503	576	455	50	99	121
EBITA (adj)	87	137	187	274	365	330	510	372	-26	19	40
EBIT (adj)	87	132	187	274	365	330	510	372	-26	19	40
EPS (adj, SEK)	-0.08	5.18	8.06	14.25	17.74	15.36	25.23	17.40	0.04	1.84	3.13

Adjusted profit margins in percent

EBITDA (adj)	8.9%	9.2%	8.3%	9.9%	13.4%	10.9%	9.3%	8.1%	2.1%	4.3%	5.1%
EBITA (adj)	5.9%	8.3%	7.3%	8.4%	9.7%	7.1%	8.2%	6.6%	-1.1%	0.8%	1.7%
EBIT (adj)	5.9%	7.9%	7.3%	8.4%	9.7%	7.1%	8.2%	6.6%	-1.1%	0.8%	1.7%

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	-7.3%	1.4%	5.5%	9.9%	25.8%	30.2%	17.0%	-5.5%	-9.4%	-12.5%
EBITDA	n.m.	11.6%	13.0%	16.0%	23.5%	31.1%	29.1%	29.4%	-31.0%	-27.5%	-24.8%
EBIT	n.a.	27.7%	48.0%	39.6%	39.0%	40.0%	35.9%	29.9%	n.m.	-44.2%	-34.4%
EPS	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	50.4%	34.2%	-68.6%	-36.1%	-27.1%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	34.1%	-54.9%	-22.4%	-23.0%
Average last 5 years											
Average EBIT margin	2.1%	3.0%	4.5%	6.2%	7.8%	7.9%	8.0%	9.1%	8.1%	7.1%	6.4%
Average EBITDA margin	5.9%	7.0%	7.8%	8.8%	10.3%	10.6%	10.2%	11.3%	10.5%	9.3%	8.4%

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	n.m.	39.4	23.1
EV/EBITDA (adj)	n.a.	n.a.	6.1	4.8	6.1	4.5	8.9	0.3	6.2	2.2	1.7
EV/EBITA (adj)	n.a.	n.a.	7.0	5.6	8.4	6.9	10.0	0.4	n.m.	11.3	5.1
EV/EBIT (adj)	n.a.	n.a.	7.0	5.6	8.4	6.9	10.0	0.4	n.m.	11.3	5.1

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	n.m.	39.4	23.1
EV/Sales	n.a.	n.a.	0.51	0.48	0.82	0.49	0.82	0.03	0.13	0.10	0.08
EV/EBITDA	n.a.	n.a.	6.1	4.8	6.2	4.5	9.3	0.2	6.2	2.2	1.7
EV/EBITA	n.a.	n.a.	7.0	5.6	8.6	6.9	10.6	0.2	n.m.	11.3	5.1
EV/EBIT	n.a.	n.a.	7.0	5.6	8.6	6.9	10.6	0.2	n.m.	11.3	5.1
Dividend yield (ord.)	n.a.	n.a.	1.1%	2.9%	2.6%	4.8%	0.0%	9.8%	0.1%	1.6%	2.8%
FCF yield	n.a.	n.a.	8.9%	6.8%	-21.5%	28.2%	1.9%	65.9%	-10.1%	8.8%	3.3%
FCF Yield bef A&D, lease adj	n.a.	n.a.	8.8%	6.6%	-21.6%	28.1%	4.9%	-10.7%	-9.2%	8.8%	3.3%
Payout ratio	0.0%	0.0%	21.5%	52.6%	24.0%	48.8%	0.0%	43.1%	161.0%	65.0%	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	556	556	556
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	724	724	724
Inventory	327	467	633	741	1,290	1,014	1,432	460	317	274	286
Accounts receivable	161	202	243	319	322	393	535	344	244	205	214
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	1,473	1,565	1,582
Total current assets	665	872	1,231	1,418	2,214	2,048	2,781	2,493	2,034	2,044	2,082
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	2,758	2,768	2,806
Shareholders equity	322	442	611	656	890	806	1,101	1,873	1,765	1,790	1,818
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	1,765	1,790	1,818
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	231	217	226
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	7	6	7
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	533	518	528
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	2,758	2,768	2,806
Balance sheet and debt metrics											
Net debt	-81	-173	-312	-303	689	-20	199	-957	-742	-834	-851
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	322	256	268
Invested capital	244	280	314	374	1,519	818	1,368	940	1,046	980	991
Capital employed	416	468	651	710	2,003	1,390	2,068	2,604	2,496	2,521	2,550
ROE	-6.1%	7.9%	16.4%	32.7%	32.4%	26.1%	35.6%	34.3%	0.0%	1.5%	2.5%
ROIC	18.3%	39.2%	49.2%	62.1%	30.0%	22.0%	36.4%	25.1%	-2.0%	1.5%	3.2%
ROCE	18.1%	31.9%	36.1%	41.3%	27.4%	20.1%	30.8%	16.8%	-0.2%	1.6%	2.4%
Net debt/EBITDA	-0.6	-1.1	-1.5	-0.9	1.4	0.0	0.4	-1.2	-14.8	-8.4	-7.0
Interest coverage	2.7	14.4	30.7	31.6	6.3	5.7	10.4	10.5	-0.2	6.6	12.4
Equity ratio	39.8%	42.8%	43.2%	38.0%	29.9%	30.7%	27.7%	58.2%	64.0%	64.7%	64.8%
Net gearing	-25.3%	-39.1%	-51.0%	-46.2%	77.4%	-2.5%	18.1%	-51.1%	-42.1%	-46.6%	-46.8%

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	50	99	121
Paid taxes	0	0	0	0	-85	-71	-170	-127	0	-7	-11
Net financials	24	-3	-6	7	-58	-59	-55	-85	26	14	17
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	76	107	127
Change in NWC	133	18	-20	-106	-698	316	-24	-730	-106	66	-11
Cash flow from operations (CFO)	234	141	148	161	-330	693	457	215	-30	173	116
Capital expenditure	3	-10	-7	-38	-181	-49	-217	-334	-67	-80	-81
Free cash flow before A&D	237	132	141	123	-511	643	240	-119	-97	93	34
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	-106	93	34
Free cash flow bef A&D, lease adj	237	132	141	123	-511	643	240	-119	-97	93	34
Dividends paid	-50	-53	-58	-30	-109	-62	-109	0	-109	-1	-17
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	-215	92	17
Cash flow metrics											
Capex/D&A	-4.4%	20.0%	25.8%	80.1%	n.m.	28.1%	n.m.	n.m.	88.2%	100.0%	100.0%
Capex/Sales	-0.2%	0.6%	0.3%	1.2%	4.8%	1.1%	3.5%	5.9%	2.7%	3.5%	3.4%
Key information											
Share price year end (/current)	n.a.	n.a.	151	127	163	157	337	77	72	72	72
Market cap.	n.a.	n.a.	1,615	1,849	2,369	2,287	4,897	1,115	1,052	1,052	1,052
Enterprise value	n.a.	n.a.	1,303	1,546	3,058	2,267	5,096	158	310	218	201
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

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 research report has not been prepared for distribution outside the EU, the UK or the US. The content of this research report is not a product disclosure statement or other regulated document for the purposes of the Australian Corporations Act 2001 (CTH). The distribution of this research report in Australia has not been authorised by any regulatory authority in Australia, and Nordea bank Abp is not licensed by the Australian Securities and Investment Commission to provide financial services in Australia.

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 upon 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 Ferronordic shares.

As of 22/07/2023, 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.

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

23 Jul 2023, 19:41 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: Grønjørdsvej 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			