

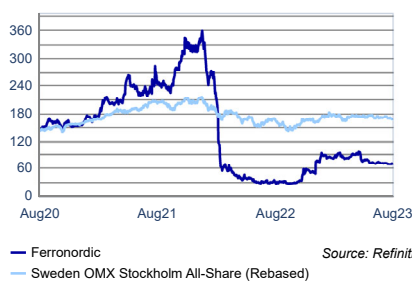
## Ferronordic

Capital Goods  
Sweden

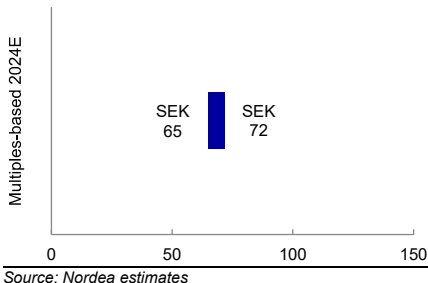
## KEY DATA

Stock country	Sweden
Bloomberg	FNM SS
Reuters	FNMA.ST
Share price (close)	SEK 69.10
Free float	84%
Market cap. (bn)	EUR 0.08/SEK 1.00
Website	www.ferronordic.ru
Next report date	16 Nov 2023

## PERFORMANCE



## VALUATION APPROACH



## ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	7%	3%	3%
EBIT (adj)	-62%	-6%	2%

Source: Nordea estimates

## Nordea IB &amp; Equity - Analysts

Victor Hansen  
AnalystCarl Ragnerstam  
Associate Director

## Expansion on the cards

Ferronordic delivered a mixed Q2 report, growing sales 68% y/y (more than expected), but it is still loss-making at the EBIT level (SEK -10m), due to high overhead costs in preparation for using its waning yet still large net cash position to enter new markets and product areas; for example, contracting services in Kazakhstan. The company's net cash position as of Q2 was SEK 36 per share, compared to SEK 45 in Q1. We raise our sales estimates slightly, mainly for H2 2023, owing to higher equipment sales (dilutive margin), and EBIT largely unchanged in absolute terms owing to higher opex. We lower our multiples-based fair value range to SEK 65-72 (67-74), representing 2024E EV/EBIT of 7-12x. Our selected key peers, MEKO and Finning, are trading at 7-9.5x 2024E EV/EBIT.

## Q2 outcome

Q2 sales beat our estimate by 6% due to Germany growing 58% y/y (8% above our estimate), but a weaker group EBIT margin (due to higher core opex) meant that EBIT missed our estimate by SEK 3m. EPS was significantly boosted by FX revaluations (EUR and USD assets), which did not fully translate into cash flow. Operating cash flow was decent, at SEK 40m, supported by a SEK 35m working capital release (working capital as a percentage of sales declined slightly but is still high at 19.5%). We note that the net cash position declined to SEK 539m due to SEK 78m of capex.

## Estimate revisions

We raise our German sales estimates owing to good momentum (mostly in the lower-margin equipment sales) but do not extrapolate all the momentum, owing to likely continued tough macro conditions in the medium term. We trim our margin estimates for 2024 and beyond due to mix and opex (including higher central costs in H2 versus Q2). All in all, the higher sales and costs expectations largely cancel each other out, leading to relatively small estimate revisions in absolute terms beyond 2023.

## Keeping costs for a running start in contracting services

During the Q2 conference call, we learned that Ferronordic is taking on some costs (management did not want to specify) to make sure it can get a running start in contracting services (most likely related to gold mining operations in Kazakhstan). Previously, Ferronordic operated a similar and successful high-margin business in Russia. We note that this could be a meaningful future earnings driver for the company, but we do not yet pencil in any contracting services sales, as we await more clarity.

## SUMMARY TABLE - KEY FIGURES

SEKm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	3,747	4,635	6,211	5,621	2,611	2,350	2,448
EBITDA (adj)	501	503	576	455	41	102	125
EBIT (adj)	365	330	510	372	-42	18	41
EBIT (adj) margin	9.7%	7.1%	8.2%	6.6%	-1.6%	0.8%	1.7%
EPS (adj, SEK)	17.74	15.36	25.23	17.40	3.66	2.05	3.17
EPS (adj) growth	24.5%	-13.4%	64.3%	-31.1%	-78.9%	-44.0%	54.5%
DPS (ord, SEK)	4.25	7.50	0.00	7.50	0.10	1.19	2.03
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.	9.9	4.0
P/E (adj)	9.2	10.2	13.4	4.4	18.9	33.7	21.8
P/BV	2.7	2.8	4.4	0.6	0.6	0.5	0.5
Dividend yield (ord)	2.6%	4.8%	0.0%	9.8%	0.1%	1.7%	2.9%
FCF Yield bef A&D, lease	-21.6%	28.1%	4.9%	-10.7%	-12.5%	11.1%	3.5%
Net debt	689	-20	199	-957	-714	-823	-841
Net debt/EBITDA	1.4	0.0	0.4	-1.2	-17.4	-8.1	-6.7
ROIC after tax	30.0%	22.0%	36.4%	25.1%	-3.2%	1.3%	3.0%

Source: Company data and Nordea estimates

## Q2 2023 outcome

Q2 sales beat our estimate by 6% due to Germany growing 58% y/y (8 pp above us), but a weaker group EBIT margin (due to higher core opex) meant that EBIT missed our estimate by SEK 3m. EPS was significantly boosted by FX revaluations (EUR and USD assets, non-cash effect). Operating cash flow was decent at SEK 40m, supported by a SEK 35m working capital release (working capital as a percentage of sales declined slightly but is still high at 19.5%). However, the net cash position declined to SEK 539m due to SEK 78m of capex. Net cash now corresponds to SEK 35.9 per share, versus SEK 45.4 per share in Q1. In terms of outlook, Germany remains stable and the supply chain has improved. The company continues to search for new markets, as expected.

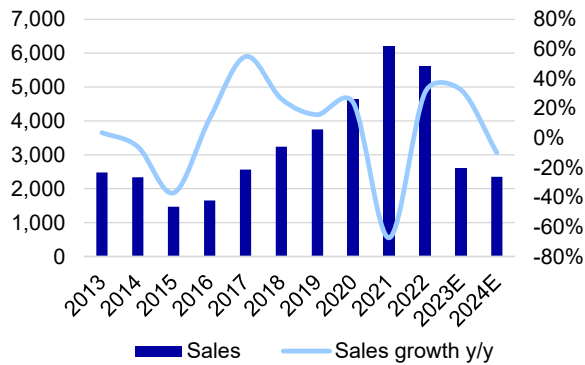
### FERRONORDIC: DEVIATION TABLE

SEKm	Actual	NDA est.	Deviation		Actual		Actual	
	Q2 2023	Q2 23E	vs. actual		Q1 23	q/q	Q2 22	y/y
Sales	674	639	35	6%	631	7%	1,691	-60%
Adj. EBIT	(10)	(7)	-3	41%	(14)	-26%	147	-107%
Adj. EBIT margin	-1.5%	-1.1%	-	-0.4pp	-2.2%	0.7pp	8.7%	-10.2pp
EPS (SEK)	4.41	0.05	4.36	8951%	0.46	857%	2.10	110%
<b>Revenue</b>	<b>674</b>	<b>639</b>	<b>35</b>	<b>6%</b>	<b>631</b>	<b>7%</b>	<b>1,691</b>	<b>-60%</b>
Cost of sales	(590)	(551)	(39)	7%	(546)	8%	(1,335)	-56%
<b>Gross profit</b>	<b>84</b>	<b>87</b>	<b>(3)</b>	<b>-4%</b>	<b>85</b>	<b>-1%</b>	<b>356</b>	<b>-76%</b>
Sales expenses	(48)	(39)	(9)	24%	(42)	14%	(74)	-35%
G&A expenses	(57)	(56)	(0)	1%	(57)	-1%	(106)	-47%
Other income	10	1	9	-	-	-	10	-
Other expenses	(0)	(2)	1	-	-	-	(40)	-
<b>EBIT</b>	<b>(10)</b>	<b>(7)</b>	<b>(3)</b>	<b>41%</b>	<b>(14)</b>	<b>-26%</b>	<b>147</b>	<b>-107%</b>
Finance income	10	5	5	-	5	100%	6	67%
Finance costs	(8)	(7)	(1)	-	(7)	23%	(19)	-58%
Net FX gains/(losses)	88	10	-	-	23	-	(81)	-
<b>PTP</b>	<b>80</b>	<b>1</b>	<b>79</b>	<b>nm</b>	<b>8</b>	<b>909%</b>	<b>53</b>	<b>52%</b>
Income tax	(16)	(0)	-	-	(1)	-	(22)	-
<b>Net income</b>	<b>64</b>	<b>1</b>	<b>-</b>	<b>nm</b>	<b>7</b>	<b>851%</b>	<b>31</b>	<b>109%</b>
<b>EPS (SEK)</b>	<b>4.41</b>	<b>0.05</b>	<b>4.36</b>	<b>nm</b>	<b>0.46</b>	<b>857%</b>	<b>2.10</b>	<b>110%</b>
Non recurring items (NRI)		0	0	-	0	-	0	-
<b>Sales per segment</b>								
CIS	80	90	(10)	-11%	83	-4%	26	208%
Germany	595	549	46	8%	548	9%	376	58%
<b>Adjusted EBIT</b>								
CIS	7	8.2	-1	-15%	7	0%	2	250%
Germany	2	4.9	(3)	-60%	5	-60%	(10)	-

Source: Company data and Nordea estimates

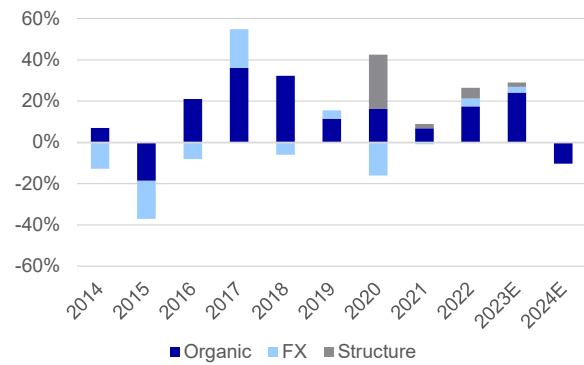
# Group development

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



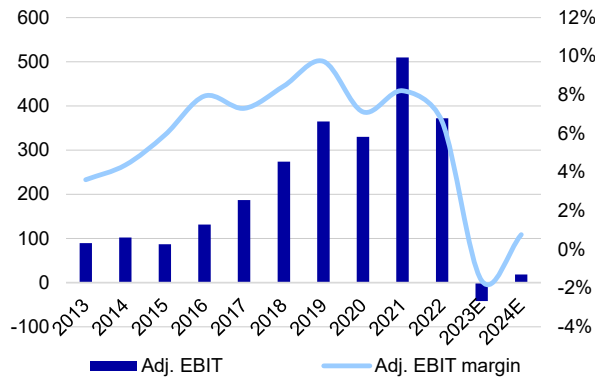
Source: Company data and Nordea estimates

**SALES GROWTH BREAKDOWN (%)**



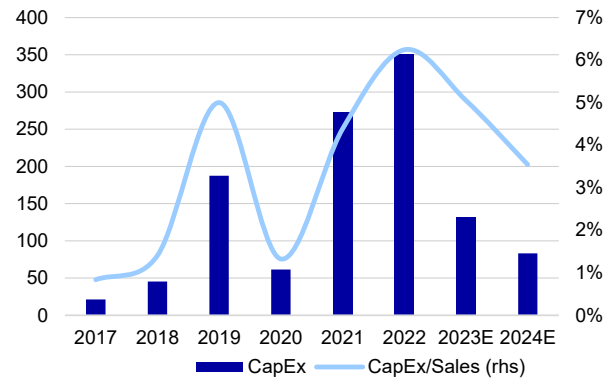
Source: Company data and Nordea estimates

**EBIT (SEKm) AND EBIT MARGIN (%)**



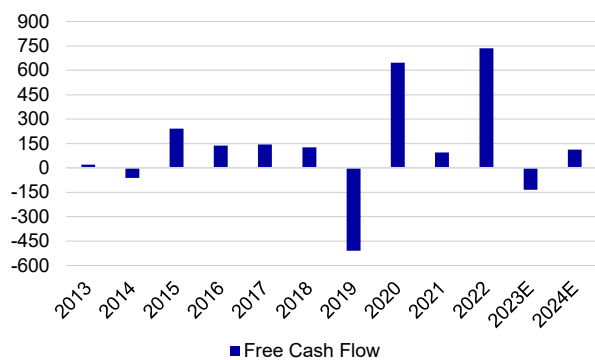
Source: Company data and Nordea estimates

**CAPEX (SEKm) AND CAPEX/SALES (%)**



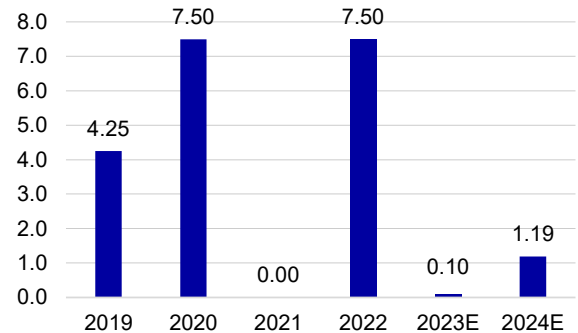
Source: Company data and Nordea estimates

**FREE CASH FLOW (SEKm)**



Source: Company data and Nordea estimates

**DIVIDEND PER SHARE (SEK)**



Source: Company data and Nordea estimates

# Estimate revisions

We raise our German sales owing to good momentum (mostly in the lower-margin equipment sales) but do not extrapolate all the momentum, due to likely tough macro conditions in the medium term. We trim our margin estimates for 2024 and beyond due to mix and opex (including higher central costs in H2 versus Q2). All in all, the higher sales and costs expectations largely cancel each other out, leading to relatively small estimate revisions in absolute terms beyond 2023.

FERRONORDIC: ESTIMATE REVISIONS									
	New estimates			Old estimates			Δ		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
<b>SEKm</b>									
<b>Sales breakdown</b>									
Equipment Sales	1,855	1,614	1,690	1,685	1,561	1,639	10%	3%	3%
Aftermarket Sales	660	636	656	654	629	649	1%	1%	1%
Contracting Services & other	96	100	103	97	92	94	-1%	9%	9%
<b>Group</b>	<b>2,611</b>	<b>2,350</b>	<b>2,448</b>	<b>2,437</b>	<b>2,282</b>	<b>2,382</b>	<b>7%</b>	<b>3%</b>	<b>3%</b>
Gross profit	356	365	391	346	365	389	3%	0%	1%
Adj. EBITDA	41	102	125	50	99	121	-18%	2%	3%
Adj. EBIT	-42	18	41	-26	19	40	nm	-6%	2%
<b>Margins</b>									
Gross margin	13.6%	15.5%	16.0%	14.2%	16.0%	16.3%	-0.6 pp	-0.4 pp	-0.3 pp
EBITDA margin	1.6%	4.3%	5.1%	2.1%	4.3%	5.1%	-0.5 pp	0.0 pp	0.0 pp
EBIT margin	-1.6%	0.8%	1.7%	-1.1%	0.8%	1.7%	-0.5 pp	-0.1 pp	0.0 pp
<b>DPS (SEK)</b>	<b>0.1</b>	<b>1.2</b>	<b>2.0</b>	<b>0.1</b>	<b>1.2</b>	<b>2.0</b>	<b>43%</b>	<b>0%</b>	<b>0%</b>
of which ordinary	0.1	1.2	2.0	0.1	1.2	2.0	43%	0%	0%
of which extraordinary	0.0	0.0	0.0	0.0	0.0	0.0	n.a	n.a	n.a
<b>Per business area</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>CIS</b>									
Sales	352	380	393	370	399	413	-5%	-5%	-5%
Gross profit	63	70	73	72	78	82	-12%	-11%	-11%
EBITDA	36	40	43	35	39	42	2%	2%	2%
EBIT	31	36	39	31	35	38	2%	3%	3%
Adjusted EBIT	31	36	39	31	35	38	2%	3%	3%
<b>Gross margin</b>	<b>18.0%</b>	<b>18.4%</b>	<b>18.5%</b>	<b>19.5%</b>	<b>19.6%</b>	<b>19.8%</b>	<b>-1.5 pp</b>	<b>-1.3 pp</b>	<b>-1.3 pp</b>
<b>EBIT margin</b>	<b>8.9%</b>	<b>9.4%</b>	<b>9.8%</b>	<b>8.3%</b>	<b>8.7%</b>	<b>9.1%</b>	<b>0.6 pp</b>	<b>0.7 pp</b>	<b>0.7 pp</b>
<b>Germany</b>									
Sales	2,260	1,970	2,055	2,066	1,882	1,969	9%	5%	4%
Gross profit	293	296	318	274	286	307	7%	3%	4%
EBITDA	97	116	134	103	115	131	-6%	1%	2%
EBIT	18	37	54	31	40	54	-44%	-5%	-1%
Adjusted EBIT	18	37	54	31	40	54	-44%	-5%	-1%
<b>Gross margin</b>	<b>13.0%</b>	<b>15.0%</b>	<b>15.5%</b>	<b>13.2%</b>	<b>15.2%</b>	<b>15.6%</b>	<b>-0.3 pp</b>	<b>-0.2 pp</b>	<b>-0.1 pp</b>
<b>EBIT margin</b>	<b>0.8%</b>	<b>1.9%</b>	<b>2.6%</b>	<b>1.5%</b>	<b>2.1%</b>	<b>2.8%</b>	<b>-0.7 pp</b>	<b>-0.2 pp</b>	<b>-0.1 pp</b>

Source: Nordea estimates

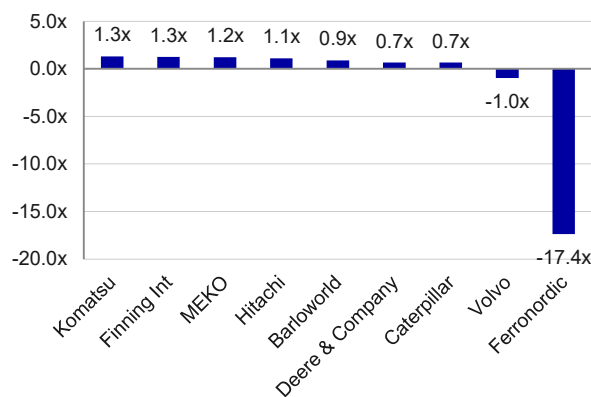
# Valuation

**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	-	9,197	4.5x	4.8x	6.0x	6.3x	7.4x	7.8x	5.1%	4.8%	0.9x	0.8x	10.7%	12.8%
Caterpillar	-	1,525,841	11.6x	11.2x	12.9x	12.3x	13.7x	13.1x	1.8%	2.0%	0.7x	0.6x	63.5%	52.0%
Cervus	-	2,094	-	-	-	-	-	-	-	-	-	-	-	-
Deere & Company	-	1,354,303	12.3x	12.7x	14.5x	14.7x	13.3x	13.2x	1.1%	1.2%	0.7x	1.0x	52.9%	39.3%
Ferronordic	NO RATING	1,061	8.5x	2.3x	neg	13.0x	neg	35.6x	0.1%	1.6%	-17.4x	-8.1x	2.9%	1.6%
Finning Int	-	51,016	6.8x	6.8x	9.6x	9.5x	11.1x	10.6x	2.2%	2.3%	1.3x	0.9x	23.3%	22.3%
Hitachi	-	642,991	7.4x	8.8x	-	-	13.3x	16.2x	1.6%	1.6%	1.1x	1.2x	14.0%	10.6%
Komatsu	-	283,372	7.7x	7.1x	11.8x	11.5x	11.4x	10.6x	3.5%	3.5%	1.3x	0.7x	13.2%	13.4%
MEKO	BUY	6,007	4.4x	4.1x	7.9x	6.9x	9.6x	8.4x	4.7%	5.2%	1.2x	0.9x	10.0%	9.8%
Volvo	BUY	459,818	4.7x	5.5x	5.0x	6.9x	9.0x	12.2x	6.4%	6.6%	-1.0x	-1.0x	25.8%	19.7%
<b>Average</b>		<b>433,570</b>	<b>7.5x</b>	<b>7.0x</b>	<b>9.7x</b>	<b>10.1x</b>	<b>11.1x</b>	<b>14.2x</b>	<b>2.9%</b>	<b>3.2%</b>	<b>-1.2x</b>	<b>-0.3x</b>	<b>24.0%</b>	<b>20.2%</b>
<b>Median</b>		<b>167,194</b>	<b>7.4x</b>	<b>6.8x</b>	<b>9.6x</b>	<b>10.5x</b>	<b>11.3x</b>	<b>12.2x</b>	<b>2.2%</b>	<b>2.3%</b>	<b>0.9x</b>	<b>0.8x</b>	<b>14.0%</b>	<b>13.4%</b>
<b>Ferronordic</b>	<b>NO RATING</b>	<b>1,061</b>	<b>8.5x</b>	<b>2.3x</b>	<b>neg</b>	<b>13.0x</b>	<b>neg</b>	<b>35.6x</b>	<b>0.1%</b>	<b>1.6%</b>	<b>-17.4x</b>	<b>-8.1x</b>	<b>2.9%</b>	<b>1.6%</b>
vs. peer average			12%	-67%	-	28%	-	151%	-2.8pp	-1.6pp	-	-	-21.1pp	-18.5pp
vs. peer median			14%	-66%	-	24%	-	193%	-2.1pp	-0.7pp	-	-	-11.1pp	-11.8pp
vs. Barloworld		-88%	87%	-52%	-	105%	-	357%	-5.0pp	-3.2pp	-	-	-7.8pp	-11.2pp
vs. Finning		-98%	24%	-66%	-	37%	-	235%	-2.1pp	-0.7pp	-	-	-20.5pp	-20.7pp
vs. Mekonomen		-82%	91%	-43%	-	88%	-	323%	-1.0pp	-0.7pp	-	-	-0.7pp	-0.8pp

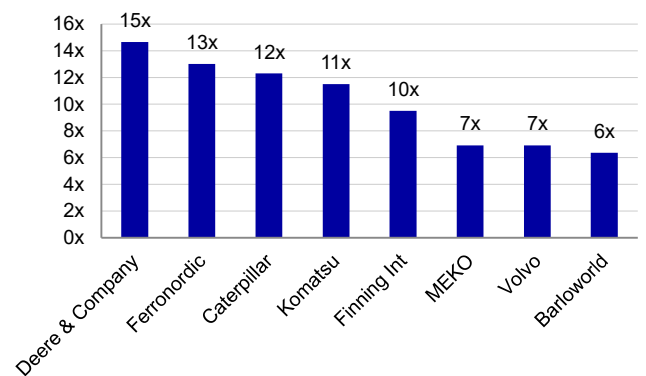
Source: Company data, Refinitiv and Nordea estimates

**NET DEBT/EBITDA, 2023E**



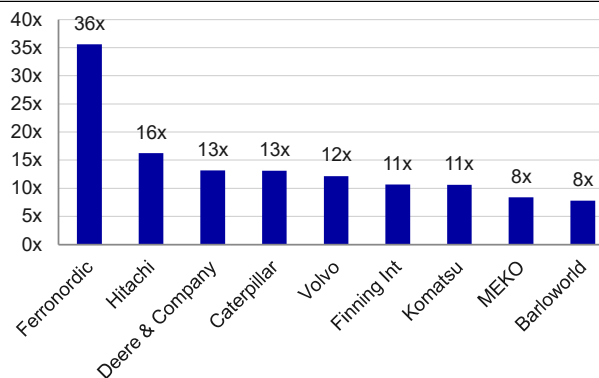
Source: Company data, Refinitiv and Nordea estimates

**EV/EBIT, 2024E**



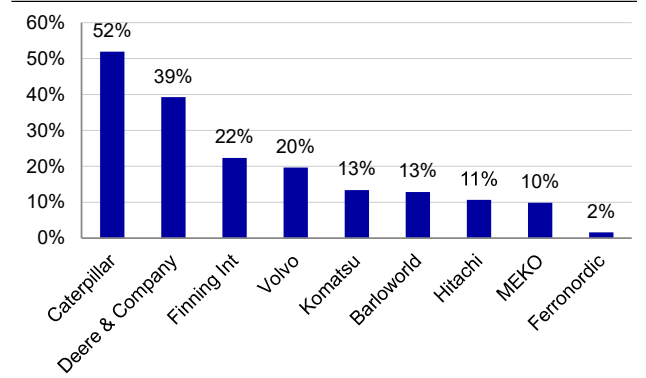
Source: Company data, Refinitiv and Nordea estimates

**P/E, 2024E**



Source: Company data, Refinitiv and Nordea estimates

**RETURN ON EQUITY, 2024E**



Source: Company data, Refinitiv and Nordea estimates

**INTERIM ESTIMATES****Earnings overview**

(SEKm)	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23E	Q4 23E
<b>Russia/CIS</b>								
Sales	35	26	53	89	83	80	90	99
Gross profit	7	6	9	15	17	11	16	19
EBITDA	0	0	0	6	8	8	10	10
EBIT	3	2	4	5	7	7	9	9
<b>Adjusted EBIT</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>5</b>	<b>7</b>	<b>7</b>	<b>9</b>	<b>9</b>
<b>Germany</b>								
Sales	420	376	359	615	548	595	576	541
Gross profit	47	36	49	82	68	73	76	76
EBITDA	15	9	11	17	24	22	25	26
EBIT	-10	-10	-7	-2	5	2	5	5
<b>Adjusted EBIT</b>	<b>-10</b>	<b>-10</b>	<b>-7</b>	<b>-2</b>	<b>5</b>	<b>2</b>	<b>5</b>	<b>5</b>

**Margins****Group**

Gross margin	17.2%	21.1%	24.7%	13.8%	13.5%	12.5%	13.8%	14.8%
EBITDA margin	9.5%	13.2%	36.2%	1.0%	1.0%	1.5%	1.8%	2.0%
EBIT margin	6.2%	8.7%	30.5%	-1.8%	-2.2%	-1.5%	-1.4%	-1.4%
<b>Adjusted EBIT margin</b>	<b>6.2%</b>	<b>8.7%</b>	<b>8.8%</b>	<b>-1.8%</b>	<b>-2.2%</b>	<b>-1.5%</b>	<b>-1.4%</b>	<b>-1.4%</b>

**Russia/CIS**

Gross margin	20.0%	22.7%	17.0%	16.9%	20.4%	14.4%	18.0%	19.0%
EBITDA margin	0.0%	0.0%	0.0%	6.7%	9.6%	10.0%	11.0%	10.0%
EBIT margin	8.6%	7.6%	7.5%	5.6%	8.4%	8.6%	9.8%	8.9%
<b>Adjusted EBIT margin</b>	<b>8.6%</b>	<b>7.6%</b>	<b>7.5%</b>	<b>5.6%</b>	<b>8.4%</b>	<b>8.6%</b>	<b>9.8%</b>	<b>8.9%</b>

**Germany**

Gross margin	11.2%	9.6%	13.6%	13.3%	12.4%	12.3%	13.2%	14.0%
EBITDA margin	3.6%	2.4%	3.1%	2.8%	4.4%	3.7%	4.4%	4.8%
EBIT margin	-2.4%	-2.7%	-1.9%	-0.3%	0.9%	0.3%	0.9%	1.0%
<b>Adjusted EBIT margin</b>	<b>-2.4%</b>	<b>-2.7%</b>	<b>-1.9%</b>	<b>-0.3%</b>	<b>0.9%</b>	<b>0.3%</b>	<b>0.9%</b>	<b>1.0%</b>

Source: Company data and Nordea estimates

**INTERIM ESTIMATES**

(SEKm)	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23E	Q4 23E
<b>Revenue</b>	<b>1,746</b>	<b>1,691</b>	<b>1,479</b>	<b>705</b>	<b>631</b>	<b>674</b>	<b>666</b>	<b>640</b>
Cost of sales	-1,445	-1,335	-1,114	-608	-546	-590	-574	-545
<b>Gross profit</b>	<b>301</b>	<b>356</b>	<b>365</b>	<b>97</b>	<b>85</b>	<b>84</b>	<b>92</b>	<b>94</b>
Sales expenses	-79	-74	-83	-52	-42	-48	-42	-46
G&A expenses	-95	-106	-101	-62	-57	-57	-59	-57
Other income	6	10	332	8	0	10	0	0
Other expenses	-24	-40	-62	-4	0	0	0	0
<b>EBIT</b>	<b>108</b>	<b>147</b>	<b>451</b>	<b>-13</b>	<b>-14</b>	<b>-10</b>	<b>-9</b>	<b>-9</b>
Finance income	6	6	5	2	5	10	5	5
Finance costs	-13	-19	-31	-5	-7	-8	-7	-7
Net FX gains/(losses)	-20	-81	19	103	23	88	0	0
<b>EBT</b>	<b>83</b>	<b>53</b>	<b>444</b>	<b>87</b>	<b>8</b>	<b>80</b>	<b>-11</b>	<b>-11</b>
Income tax	-20	-22	-77	-37	-1	-16	2	2
Net income	63	31	367	-21	7	64	-9	-9
<b>EPS (SEK)</b>	<b>4.30</b>	<b>2.10</b>	<b>25.25</b>	<b>-1.43</b>	<b>0.46</b>	<b>4.27</b>	<b>-0.59</b>	<b>-0.58</b>
Pre-tax adjustments	0	0	321	0	0	0	0	0
After-tax adjustments	0	0	257	0	0	0	0	0
<b>Adj. EBIT</b>	<b>108</b>	<b>147</b>	<b>130</b>	<b>-13</b>	<b>-14</b>	<b>-10</b>	<b>-9</b>	<b>-9</b>
Adj. PTP	83	53	123	87	8	80	-11	-11
Adj. Net income	63	31	110	-21	7	64	-9	-9
<b>Adj. EPS (SEK)</b>	<b>4.30</b>	<b>2.10</b>	<b>7.57</b>	<b>-1.43</b>	<b>0.46</b>	<b>4.27</b>	<b>-0.59</b>	<b>-0.58</b>

Source: Company data and Nordea estimates

**ANNUAL ESTIMATES****Earnings overview**

(SEKm)	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
<b>Russia/CIS</b>									
Sales	2,567	3,241	3,747	3,652	143	203	352	380	393
Gross profit	488	614	773	714	25	37	63	70	73
EBITDA	214	322	494	533	0	6	36	40	43
EBIT	187	274	358	394	13	14	31	36	39
<b>Adjusted EBIT</b>	<b>187</b>	<b>274</b>	<b>358</b>	<b>383</b>	<b>13</b>	<b>14</b>	<b>31</b>	<b>36</b>	<b>39</b>

**Germany**

Sales	0	0	0	983	1,367	1,770	2,260	1,970	2,055
Gross profit	0	0	0	84	149	214	293	296	318
EBITDA	0	0	0	-29	-6	52	97	116	134
EBIT	0	0	0	-66	-71	-29	18	37	54
<b>Adjusted EBIT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-57</b>	<b>-43</b>	<b>-29</b>	<b>18</b>	<b>37</b>	<b>54</b>

**Margins****Group**

Gross margin	19.0%	19.0%	20.7%	17.2%	17.9%	19.9%	13.6%	15.5%	16.0%
EBITDA margin	8.3%	9.9%	13.2%	10.9%	8.8%	13.8%	1.6%	4.3%	5.1%
EBIT margin	7.3%	8.4%	9.5%	7.1%	7.8%	12.3%	-1.6%	0.8%	1.7%
<b>Adjusted EBIT margin</b>	<b>7.3%</b>	<b>8.4%</b>	<b>9.7%</b>	<b>7.1%</b>	<b>8.2%</b>	<b>6.6%</b>	<b>-1.6%</b>	<b>0.8%</b>	<b>1.7%</b>

**Russia/CIS**

Gross margin	19.0%	19.0%	20.6%	19.5%	17.5%	18.2%	18.0%	18.4%	18.5%
EBITDA margin	8.3%	9.9%	13.2%	14.6%	0.0%	2.9%	10.2%	10.6%	11.0%
EBIT margin	7.3%	8.4%	9.5%	10.8%	9.1%	6.9%	8.9%	9.4%	9.8%
<b>Adjusted EBIT margin</b>	<b>7.3%</b>	<b>8.4%</b>	<b>9.5%</b>	<b>10.5%</b>	<b>9.1%</b>	<b>6.9%</b>	<b>8.9%</b>	<b>9.4%</b>	<b>9.8%</b>

**Germany**

Gross margin	-	-	-	8.5%	10.9%	12.1%	13.0%	15.0%	15.5%
EBITDA margin	-	-	-	-2.9%	-0.5%	2.9%	4.3%	5.9%	6.5%
EBIT margin	-	-	-	-6.7%	-5.2%	-1.6%	0.8%	1.9%	2.6%
<b>Adjusted EBIT margin</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-5.8%</b>	<b>-3.2%</b>	<b>-1.6%</b>	<b>0.8%</b>	<b>1.9%</b>	<b>2.6%</b>

\*Including Russian operations in Russia/CIS 2017-202

Source: Company data and Nordea estimates

**ANNUAL ESTIMATES**

<b>(SEKm)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>Revenue</b>	<b>2,567</b>	<b>3,241</b>	<b>3,747</b>	<b>4,635</b>	<b>6,211</b>	<b>5,621</b>	<b>2,611</b>	<b>2,350</b>	<b>2,448</b>
Cost of sales	-2,079	-2,627	-2,972	-3,837	-5,102	-4,502	-2,255	-1,985	-2,057
<b>Gross profit</b>	<b>488</b>	<b>614</b>	<b>775</b>	<b>797</b>	<b>1,110</b>	<b>1,119</b>	<b>356</b>	<b>365</b>	<b>391</b>
Sales expenses	-125	-138	-162	-219	-256	-288	-178	-152	-149
G&A expenses	-165	-190	-238	-264	-357	-364	-229	-204	-210
Other income	5	4	8	24	13	356	10	9	9
Other expenses	-16	-17	-26	-11	-27	-130	0	0	-1
<b>EBIT</b>	<b>187</b>	<b>274</b>	<b>358</b>	<b>328</b>	<b>483</b>	<b>693</b>	<b>-42</b>	<b>18</b>	<b>41</b>
Finance income	15	7	6	12	23	19	25	25	22
Finance costs	-7	-9	-58	-59	-49	-68	-29	-6	-5
Net FX gains/(losses)	-2	-5	12	-5	-5	21	111	0	0
<b>EBT</b>	<b>193</b>	<b>267</b>	<b>318</b>	<b>276</b>	<b>451</b>	<b>666</b>	<b>66</b>	<b>37</b>	<b>58</b>
Income tax	-42	-58	-68	-54	-112	-156	-13	-7	-12
Net income	151	209	251	222	339	439	53	30	46
<b>EPS (SEK)</b>	<b>8.50</b>	<b>14.25</b>	<b>17.26</b>	<b>15.25</b>	<b>23.33</b>	<b>30.22</b>	<b>3.66</b>	<b>2.05</b>	<b>3.17</b>
Pre-tax adjustments	0	0	-7	-2	-27	321	0	0	0
After-tax adjustments	0	0	-6	-1	-22	257	0	0	0
<b>Adj. EBIT</b>	<b>187</b>	<b>274</b>	<b>365</b>	<b>330</b>	<b>510</b>	<b>372</b>	<b>-42</b>	<b>18</b>	<b>41</b>
Adj. PTP	193	267	325	277	478	345	66	37	58
Adj. Net income	151	209	256	223	361	182	53	30	46
<b>Adj. EPS (SEK)</b>	<b>8.50</b>	<b>14.25</b>	<b>17.64</b>	<b>15.34</b>	<b>24.81</b>	<b>12.54</b>	<b>3.66</b>	<b>2.05</b>	<b>3.17</b>

Source: Company data and Nordea estimates

# Reported numbers and forecasts

## INCOME STATEMENT

SEKm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
<b>Total revenue</b>	<b>1,469</b>	<b>1,658</b>	<b>2,567</b>	<b>3,241</b>	<b>3,747</b>	<b>4,635</b>	<b>6,211</b>	<b>5,621</b>	<b>2,611</b>	<b>2,350</b>	<b>2,448</b>
Revenue growth	-37.1%	12.9%	54.8%	26.3%	15.6%	23.7%	34.0%	-9.5%	-53.6%	-10.0%	4.2%
of which organic	-18.6%	21.0%	36.2%	32.2%	11.4%	16.2%	6.9%	17.5%	24.0%	-10.3%	4.0%
of which FX	-18.5%	-8.1%	18.6%	-6.0%	4.0%	-16.1%	-0.9%	3.7%	2.8%	0.1%	0.0%
EBITDA	130	153	214	322	494	504	548	776	41	102	125
Depreciation and impairments PPE	-43	-34	-26	-48	-136	-176	-66	-83	-83	-83	-85
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	87	119	187	274	358	328	483	693	-42	18	41
Amortisation and impairments	-26	-15	0	0	0	0	0	0	0	0	0
EBIT	61	104	187	274	358	328	483	693	-42	18	41
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	108	19	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
<b>Pre-tax profit</b>	<b>37</b>	<b>107</b>	<b>193</b>	<b>267</b>	<b>318</b>	<b>276</b>	<b>452</b>	<b>666</b>	<b>66</b>	<b>37</b>	<b>58</b>
Reported taxes	-8	-24	-42	-58	-68	-54	-112	-156	-13	-7	-12
Net profit from continued operations	29	84	151	209	251	222	339	510	53	30	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	53	30	46
<b>EPS, SEK</b>	<b>-2.12</b>	<b>3.03</b>	<b>8.06</b>	<b>14.25</b>	<b>17.26</b>	<b>15.25</b>	<b>23.35</b>	<b>35.07</b>	<b>3.66</b>	<b>2.05</b>	<b>3.17</b>
DPS, SEK	0.00	0.00	1.73	7.50	4.25	7.50	0.00	7.50	0.10	1.19	2.03
of which ordinary	0.00	0.00	1.73	3.75	4.25	7.50	0.00	7.50	0.10	1.19	2.03
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%	1.6%	4.3%	5.1%
EBITA	5.9%	7.2%	7.3%	8.4%	9.5%	7.1%	7.8%	12.3%	-1.6%	0.8%	1.7%
EBIT	4.2%	6.3%	7.3%	8.4%	9.5%	7.1%	7.8%	12.3%	-1.6%	0.8%	1.7%

## Adjusted earnings

EBITDA (adj)	130	153	214	322	501	503	576	455	41	102	125
EBITA (adj)	87	137	187	274	365	330	510	372	-42	18	41
EBIT (adj)	87	132	187	274	365	330	510	372	-42	18	41
EPS (adj, SEK)	-0.08	5.18	8.06	14.25	17.74	15.36	25.23	17.40	3.66	2.05	3.17

## Adjusted profit margins in percent

EBITDA (adj)	8.9%	9.2%	8.3%	9.9%	13.4%	10.9%	9.3%	8.1%	1.6%	4.3%	5.1%
EBITA (adj)	5.9%	8.3%	7.3%	8.4%	9.7%	7.1%	8.2%	6.6%	-1.6%	0.8%	1.7%
EBIT (adj)	5.9%	7.9%	7.3%	8.4%	9.7%	7.1%	8.2%	6.6%	-1.6%	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%	-4.2%	-8.9%	-12.0%
EBITDA	n.m.	11.6%	13.0%	16.0%	23.5%	31.1%	29.1%	29.4%	-33.7%	-27.1%	-24.3%
EBIT	n.a.	27.7%	48.0%	39.6%	39.0%	40.0%	35.9%	29.9%	n.m.	-44.8%	-34.2%
EPS	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	50.4%	34.2%	-23.8%	-34.7%	-27.0%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	34.1%	-51.6%	-22.5%	-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%	8.0%	6.9%	6.2%
Average EBITDA margin	5.9%	7.0%	7.8%	8.8%	10.3%	10.6%	10.2%	11.3%	10.4%	9.2%	8.3%

## 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	18.9	33.7	21.8
EV/EBITDA (adj)	n.a.	n.a.	6.1	4.8	6.1	4.5	8.9	0.3	7.1	1.8	1.3
EV/EBITA (adj)	n.a.	n.a.	7.0	5.6	8.4	6.9	10.0	0.4	n.m.	9.9	4.0
EV/EBIT (adj)	n.a.	n.a.	7.0	5.6	8.4	6.9	10.0	0.4	n.m.	9.9	4.0

## 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	18.9	33.7	21.8
EV/Sales	n.a.	n.a.	0.51	0.48	0.82	0.49	0.82	0.03	0.11	0.08	0.07
EV/EBITDA	n.a.	n.a.	6.1	4.8	6.2	4.5	9.3	0.2	7.1	1.8	1.3
EV/EBITA	n.a.	n.a.	7.0	5.6	8.6	6.9	10.6	0.2	n.m.	9.9	4.0
EV/EBIT	n.a.	n.a.	7.0	5.6	8.6	6.9	10.6	0.2	n.m.	9.9	4.0
Dividend yield (ord.)	n.a.	n.a.	1.1%	2.9%	2.6%	4.8%	0.0%	9.8%	0.1%	1.7%	2.9%
FCF yield	n.a.	n.a.	8.9%	6.8%	-21.5%	28.2%	1.9%	65.9%	-13.4%	11.1%	3.5%
FCF Yield bef A&D, lease adj	n.a.	n.a.	8.8%	6.6%	-21.6%	28.1%	4.9%	-10.7%	-12.5%	11.1%	3.5%
Payout ratio	0.0%	0.0%	21.5%	52.6%	24.0%	48.8%	0.0%	43.1%	2.7%	58.0%	64.0%

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	614	614	614
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	782	782	782
Inventory	327	467	633	741	1,290	1,014	1,432	460	339	282	294
Accounts receivable	161	202	243	319	322	393	535	344	261	212	220
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	1,445	1,554	1,572
Total current assets	665	872	1,231	1,418	2,214	2,048	2,781	2,493	2,046	2,048	2,087
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.
<b>Total assets</b>	<b>808</b>	<b>1,033</b>	<b>1,414</b>	<b>1,727</b>	<b>2,978</b>	<b>2,628</b>	<b>3,973</b>	<b>3,217</b>	<b>2,827</b>	<b>2,830</b>	<b>2,868</b>
Shareholders equity	322	442	611	656	890	806	1,101	1,873	1,817	1,846	1,874
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	1,817	1,846	1,874
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	248	223	233
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	7	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	550	525	534
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>808</b>	<b>1,033</b>	<b>1,414</b>	<b>1,727</b>	<b>2,978</b>	<b>2,628</b>	<b>3,973</b>	<b>3,217</b>	<b>2,827</b>	<b>2,830</b>	<b>2,868</b>
<b>Balance sheet and debt metrics</b>											
Net debt	-81	-173	-312	-303	689	-20	199	-957	-714	-823	-841
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	345	264	275
Invested capital	244	280	314	374	1,519	818	1,368	940	1,127	1,046	1,057
Capital employed	416	468	651	710	2,003	1,390	2,068	2,604	2,548	2,577	2,605
ROE	-6.1%	7.9%	16.4%	32.7%	32.4%	26.1%	35.6%	34.3%	2.9%	1.6%	2.5%
ROIC	18.3%	39.2%	49.2%	62.1%	30.0%	22.0%	36.4%	25.1%	-3.2%	1.3%	3.0%
ROCE	18.1%	31.9%	36.1%	41.3%	27.4%	20.1%	30.8%	16.8%	-0.7%	1.7%	2.4%
Net debt/EBITDA	-0.6	-1.1	-1.5	-0.9	1.4	0.0	0.4	-1.2	-17.4	-8.1	-6.7
Interest coverage	2.7	14.4	30.7	31.6	6.3	5.7	10.4	10.5	-0.6	7.2	12.5
Equity ratio	39.8%	42.8%	43.2%	38.0%	29.9%	30.7%	27.7%	58.2%	64.3%	65.2%	65.3%
Net gearing	-25.3%	-39.1%	-51.0%	-46.2%	77.4%	-2.5%	18.1%	-51.1%	-39.3%	-44.6%	-44.9%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

SEKm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
<b>EBITDA (adj) for associates</b>	<b>130</b>	<b>153</b>	<b>214</b>	<b>322</b>	<b>494</b>	<b>504</b>	<b>548</b>	<b>776</b>	<b>41</b>	<b>102</b>	<b>125</b>
Paid taxes	0	0	0	0	-85	-71	-170	-127	-13	-7	-12
Net financials	24	-3	-6	7	-58	-59	-55	-85	108	19	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
<b>Funds from operations (FFO)</b>	<b>101</b>	<b>123</b>	<b>168</b>	<b>267</b>	<b>367</b>	<b>377</b>	<b>481</b>	<b>945</b>	<b>136</b>	<b>113</b>	<b>131</b>
Change in NWC	133	18	-20	-106	-698	316	-24	-730	-129	81	-11
<b>Cash flow from operations (CFO)</b>	<b>234</b>	<b>141</b>	<b>148</b>	<b>161</b>	<b>-330</b>	<b>693</b>	<b>457</b>	<b>215</b>	<b>6</b>	<b>195</b>	<b>120</b>
Capital expenditure	3	-10	-7	-38	-181	-49	-217	-334	-132	-83	-85
<b>Free cash flow before A&amp;D</b>	<b>237</b>	<b>132</b>	<b>141</b>	<b>123</b>	<b>-511</b>	<b>643</b>	<b>240</b>	<b>-119</b>	<b>-126</b>	<b>111</b>	<b>35</b>
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	-135	111	35
Free cash flow bef A&D, lease adj	237	132	141	123	-511	643	240	-119	-126	111	35
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	-243	110	18
<b>Cash flow metrics</b>											
Capex/D&A	-4.4%	20.0%	25.8%	80.1%	n.m.	28.1%	n.m.	n.m.	n.m.	100.0%	100.0%
Capex/Sales	-0.2%	0.6%	0.3%	1.2%	4.8%	1.1%	3.5%	5.9%	5.1%	3.5%	3.5%
<b>Key information</b>											
Share price year end (/current)	n.a.	n.a.	151	127	163	157	337	77	69	69	69
Market cap.	n.a.	n.a.	1,615	1,849	2,369	2,287	4,897	1,115	1,004	1,004	1,004
Enterprise value	n.a.	n.a.	1,303	1,546	3,058	2,267	5,096	158	291	181	163
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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