

## Ferronordic

Capital Goods  
Sweden

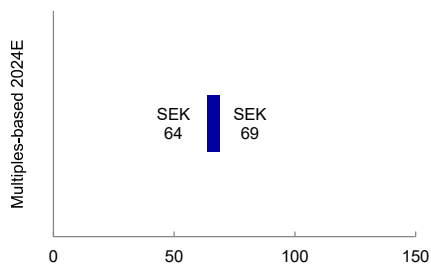
## KEY DATA

Stock country	Sweden
Bloomberg	FNM SS
Reuters	FNMA.ST
Share price (close)	SEK 64.25
Free float	84%
Market cap. (bn)	EUR 0.08/SEK 0.93
Website	www.ferronordic.ru
Next report date	16 Nov 2023

## PERFORMANCE



## VALUATION APPROACH



## ESTIMATE CHANGES

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

Source: Nordea estimates

## Nordea IB &amp; Equity - Analysts

Victor Hansen  
AnalystCarl Ragnerstam  
Associate Director

## Keeps on trucking, despite softer market ahead

Ferronordic will report its Q3 results on 16 November. We expect a decent quarter, with good underlying sales growth, but with EBIT still at SEK -10m (same as Q2), owing to high central costs (SEK 23m for Q3 2023E) incurred as the group prepares for significant expansion. We estimate that Ferronordic is in a position to acquire a dealership business with sales of SEK ~2.5bn by using its current net cash balance (SEK 539m as of Q2). This is based on our calculations of the investment in Germany, until it reached breakeven, representing a price-to-sales ratio (P/S) of ~0.2x. We make only limited estimate revisions, mostly due to FX. We continue to expect a softer market in 2024, supported by the likes of Volvo's European heavy-duty (HD) truck outlook, at -15% y/y. We lower our multiples-based fair value range to SEK 64-69 (65-72), representing 2024E EV/EBIT of 6-10x. Our key peers, MEKO and Finning, are trading at about 6-8.5x 2024E EV/EBIT.

## Q3 expectations

We forecast group sales of SEK 670m, up 63% y/y. We expect 62% y/y sales growth in Germany and 66% for Kazakhstan. We note that Volvo's truck sales (Volvo and Renault) saw increased deliveries of 11% y/y, giving a hint of market direction. We expect EBIT to remain at SEK -10m, similar to Q2, as its central costs are intended for a larger business. However, excluding the higher central costs (SEK 4m higher q/q), we see underlying earnings continuing to improve, with Germany increasing to SEK 5m, versus SEK 2m in Q2, and Kazakhstan up SEK 1m q/q, to SEK 8m.

## Medium-term expectations; market headwinds in 2024

We continue to see headwinds for Ferronordic in 2024 based on market data for HD trucks: 1) Volvo Group stated in its Q3 report that it expects the European HD market to decline 15% y/y for full-year 2024, to 290,000 units; and 2) in Q3 YTD, Volvo had lost ~1.5pp in European market share (to 17%). We believe these points will negatively affect Ferronordic's short-term volume development (2023-24). For Germany (represents 84% of 2024E group sales), we forecast sales of SEK 2.0bn (-12% y/y) for 2024, as we remain bearish on truck sales owing to the macro environment. We pencil in equipment sales to fall 17% y/y, but only 5% for the aftermarket. This is positive for the mix (and therefore the margin), for which we expect German EBIT to increase to SEK 38m (+114%), due to a 112bp margin improvement, related to aftermarket and efficiency gains.

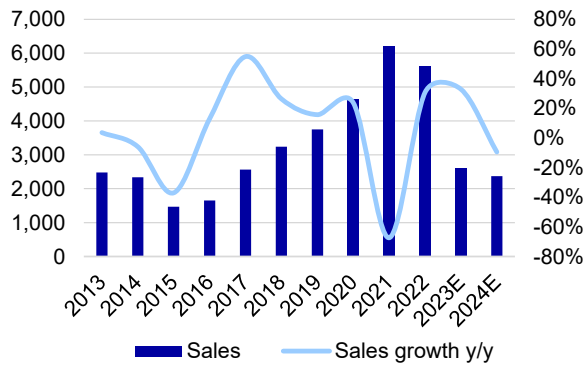
## SUMMARY TABLE - KEY FIGURES

SEKm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	3,747	4,635	6,211	5,621	2,621	2,371	2,470
EBITDA (adj)	501	503	576	455	42	102	126
EBIT (adj)	365	330	510	372	-42	18	40
EBIT (adj) margin	9.7%	7.1%	8.2%	6.6%	-1.6%	0.8%	1.6%
EPS (adj, SEK)	17.74	15.36	25.23	17.40	3.68	2.04	3.16
EPS (adj) growth	24.5%	-13.4%	64.3%	-31.1%	-78.8%	-44.7%	55.3%
DPS (ord, SEK)	4.25	7.50	0.00	7.50	0.10	1.18	2.02
EV/Sales	0.8	0.5	0.8	0.0	0.1	0.0	0.0
EV/EBIT (adj)	8.4	6.9	10.0	0.4	n.m.	6.3	2.3
P/E (adj)	9.2	10.2	13.4	4.4	17.5	31.6	20.3
P/BV	2.7	2.8	4.4	0.6	0.5	0.5	0.5
Dividend yield (ord)	2.6%	4.8%	0.0%	9.8%	0.2%	1.8%	3.1%
FCF Yield bef A&D, lease	-21.6%	28.1%	4.9%	-10.7%	-13.6%	11.8%	3.7%
Net debt	689	-20	199	-957	-713	-821	-839
Net debt/EBITDA	1.4	0.0	0.4	-1.2	-17.0	-8.0	-6.7
ROIC after tax	30.0%	22.0%	36.4%	25.1%	-3.1%	1.3%	3.0%

Source: Company data and Nordea estimates

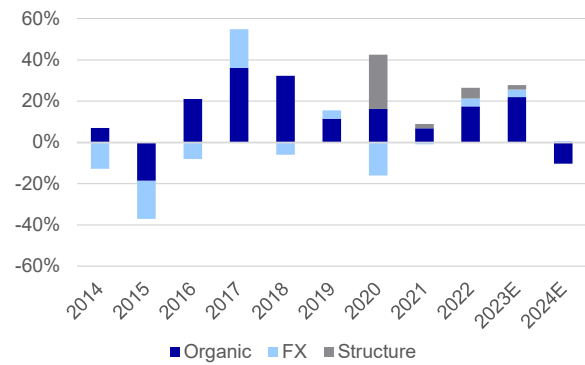
# Group development

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



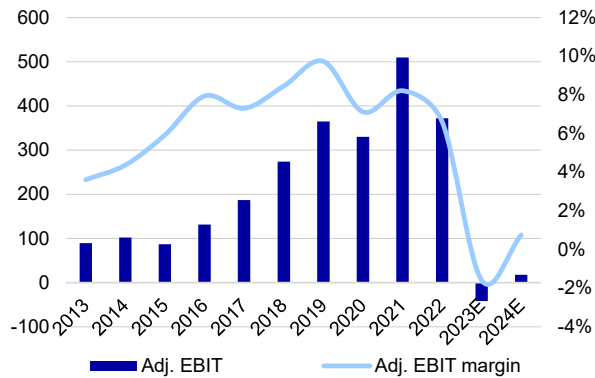
Source: Company data and Nordea estimates

**SALES GROWTH BREAKDOWN (%)**



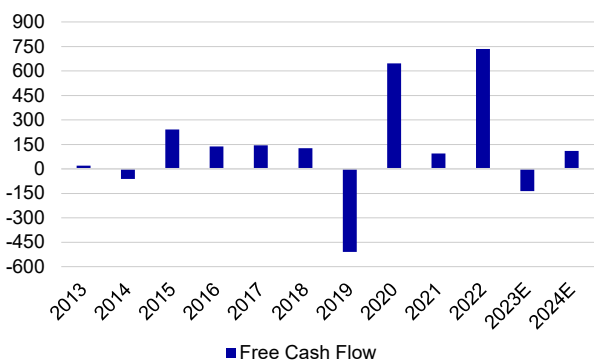
Source: Company data and Nordea estimates

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



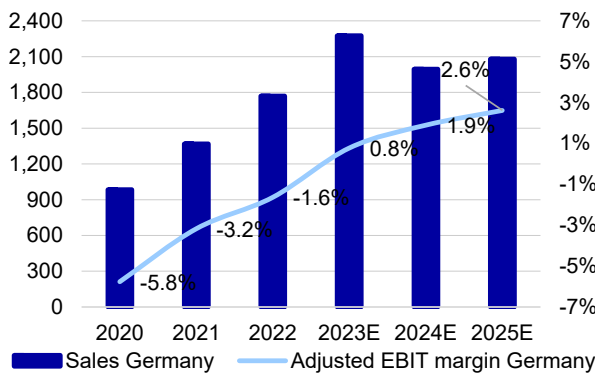
Source: Company data and Nordea estimates

**FREE CASH FLOW (SEKm)**



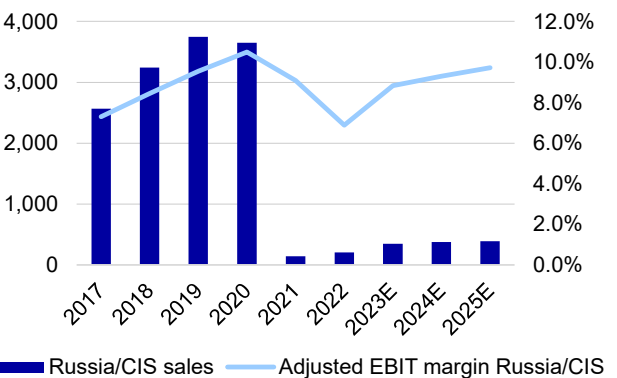
Source: Company data and Nordea estimates

**GERMANY: SALES (SEKm) AND ADJUSTED EBIT MARGIN (%)**



Source: Company data and Nordea estimates

**RUSSIA/CIS: SALES (SEKm) AND ADJUSTED EBIT MARGIN (%)**



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
<b>SEKm</b>									
<b>Sales breakdown</b>									
Equipment Sales	1,860	1,626	1,702	1,855	1,614	1,690	0%	1%	1%
Aftermarket Sales	664	644	664	660	636	656	1%	1%	1%
Contracting Services & other	97	101	104	96	100	103	1%	1%	1%
<b>Group</b>	<b>2,622</b>	<b>2,371</b>	<b>2,470</b>	<b>2,611</b>	<b>2,350</b>	<b>2,448</b>	<b>0%</b>	<b>1%</b>	<b>1%</b>
Gross profit	356	368	394	356	365	391	0%	1%	1%
Adj. EBITDA	42	102	126	41	102	125	2%	1%	1%
<b>Adj. EBIT</b>	<b>-42</b>	<b>18</b>	<b>40</b>	<b>-42</b>	<b>18</b>	<b>41</b>	<b>nm</b>	<b>-1%</b>	<b>0%</b>
<b>Margins</b>									
Gross margin	13.6%	15.5%	16.0%	13.6%	15.5%	16.0%	0.0 pp	0.0 pp	0.0 pp
EBITDA margin	1.6%	4.3%	5.1%	1.6%	4.3%	5.1%	0.0 pp	0.0 pp	0.0 pp
EBIT margin	-1.6%	0.8%	1.6%	-1.6%	0.8%	1.7%	0.0 pp	0.0 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>0%</b>	<b>-1%</b>	<b>0%</b>
of which ordinary	0.1	1.2	2.0	0.1	1.2	2.0	0%	-1%	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	347	378	391	352	380	393	-1%	-1%	-1%
Gross profit	62	69	72	63	70	73	-2%	-1%	-1%
EBITDA	35	40	43	36	40	43	-3%	-2%	-2%
<b>EBIT</b>	<b>31</b>	<b>35</b>	<b>38</b>	<b>31</b>	<b>36</b>	<b>39</b>	<b>-3%</b>	<b>-2%</b>	<b>-2%</b>
Adjusted EBIT	31	35	38	31	36	39	-3%	-2%	-2%
<b>Gross margin</b>	<b>17.9%</b>	<b>18.2%</b>	<b>18.4%</b>	<b>18.0%</b>	<b>18.4%</b>	<b>18.5%</b>	<b>-0.1 pp</b>	<b>-0.1 pp</b>	<b>-0.1 pp</b>
<b>EBIT margin</b>	<b>8.8%</b>	<b>9.3%</b>	<b>9.7%</b>	<b>8.9%</b>	<b>9.4%</b>	<b>9.8%</b>	<b>-0.1 pp</b>	<b>-0.1 pp</b>	<b>-0.1 pp</b>
<b>Germany</b>									
Sales	2,274	1,994	2,079	2,260	1,970	2,055	1%	1%	1%
Gross profit	295	299	322	293	296	318	1%	1%	1%
EBITDA	98	118	136	97	116	134	1%	1%	1%
<b>EBIT</b>	<b>18</b>	<b>38</b>	<b>54</b>	<b>18</b>	<b>37</b>	<b>54</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>
Adjusted EBIT	18	38	54	18	37	54	1%	1%	1%
<b>Gross margin</b>	<b>13.0%</b>	<b>15.0%</b>	<b>15.5%</b>	<b>13.0%</b>	<b>15.0%</b>	<b>15.5%</b>	<b>0.0 pp</b>	<b>0.0 pp</b>	<b>0.0 pp</b>
<b>EBIT margin</b>	<b>0.8%</b>	<b>1.9%</b>	<b>2.6%</b>	<b>0.8%</b>	<b>1.9%</b>	<b>2.6%</b>	<b>0.0 pp</b>	<b>0.0 pp</b>	<b>0.0 pp</b>

Source: Nordea estimates

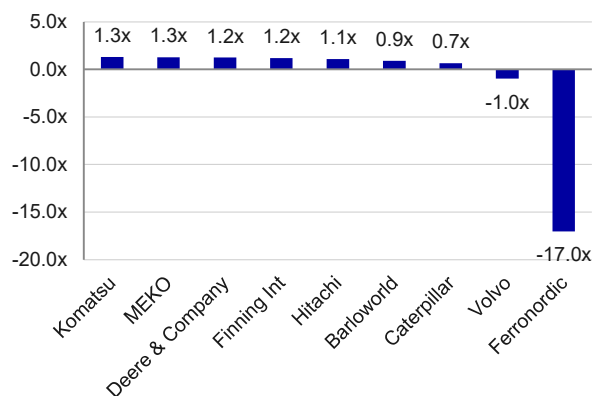
# Valuation

## 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	-	8,804	4.5x	4.8x	6.0x	6.0x	7.2x	7.8x	5.2%	4.8%	0.9x	0.8x	10.7%	11.8%
Caterpillar	-	1,287,904	9.8x	9.8x	10.8x	10.8x	11.0x	10.8x	2.2%	2.4%	0.7x	0.6x	63.4%	49.0%
Deere & Company	-	1,175,172	10.7x	11.6x	12.5x	13.2x	10.8x	11.2x	1.3%	1.4%	1.2x	2.2x	46.4%	38.0%
Ferronordic	NO RATING	952	5.7x	1.3x	neg	7.3x	neg	32.2x	0.2%	1.8%	-17.0x	-8.0x	2.9%	1.6%
Finning Int	-	43,454	6.1x	6.0x	8.5x	8.4x	9.8x	9.3x	2.7%	2.7%	1.2x	0.8x	23.6%	22.3%
Hitachi	-	658,283	7.6x	8.6x	-	-	13.8x	16.6x	1.5%	1.6%	1.1x	1.0x	14.0%	10.6%
Komatsu	-	250,688	6.9x	6.1x	-	-	10.1x	8.9x	3.9%	4.1%	1.3x	0.7x	13.2%	13.6%
MEKO	BUY	5,061	4.0x	3.7x	7.2x	6.3x	8.6x	7.4x	4.3%	5.0%	1.3x	1.0x	9.2%	9.5%
Volvo	BUY	448,648	4.3x	4.4x	4.6x	5.5x	8.1x	10.2x	6.6%	6.8%	-1.0x	-1.1x	27.7%	22.2%
<b>Average</b>		<b>430,996</b>	<b>6.6x</b>	<b>6.2x</b>	<b>8.3x</b>	<b>8.2x</b>	<b>9.9x</b>	<b>12.7x</b>	<b>3.1%</b>	<b>3.4%</b>	<b>-1.1x</b>	<b>-0.2x</b>	<b>23.5%</b>	<b>19.8%</b>
<b>Median</b>		<b>250,688</b>	<b>6.1x</b>	<b>6.0x</b>	<b>7.9x</b>	<b>7.3x</b>	<b>9.9x</b>	<b>10.2x</b>	<b>2.7%</b>	<b>2.7%</b>	<b>1.1x</b>	<b>0.8x</b>	<b>14.0%</b>	<b>13.6%</b>
<b>Ferronordic</b>	<b>NO RATING</b>	<b>952</b>	<b>5.7x</b>	<b>1.3x</b>	<b>neg</b>	<b>7.3x</b>	<b>neg</b>	<b>32.2x</b>	<b>0.2%</b>	<b>1.8%</b>	<b>-17.0x</b>	<b>-8.0x</b>	<b>2.9%</b>	<b>1.6%</b>
vs. peer average			-14%	-79%	-	-11%	-	153%	-2.9pp	-1.6pp	-	-	-20.6pp	-18.2pp
vs. peer median			-6%	-79%	-	0%	-	215%	-2.5pp	-0.9pp	-	-	-11.1pp	-12.0pp
vs. Barloworld		-89%	27%	-73%	-	21%	-	312%	-5.1pp	-3.0pp	-	-	-7.8pp	-10.2pp
vs. Finning		-98%	-6%	-79%	-	-13%	-	246%	-2.5pp	-0.9pp	-	-	-20.7pp	-20.7pp
vs. Mekonomen		-81%	41%	-65%	-	16%	-	334%	-1.0pp	-0.6pp	-	-	-0.7pp	-0.8pp

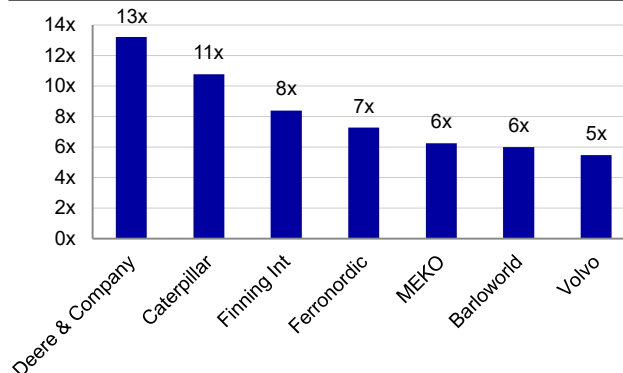
Source: Company data, Refinitiv and Nordea estimates

### NET DEBT/EBITDA, 2023E



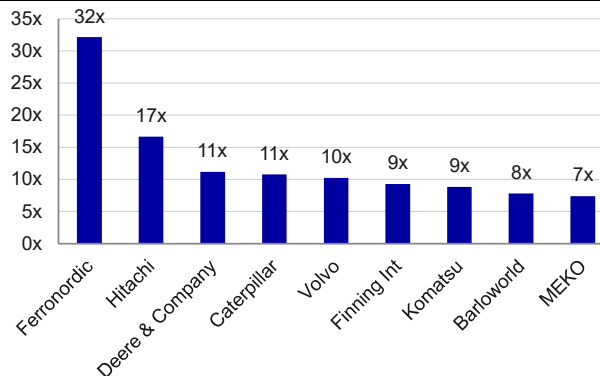
Source: Company data, Refinitiv and Nordea estimates

### EV/EBIT, 2024E



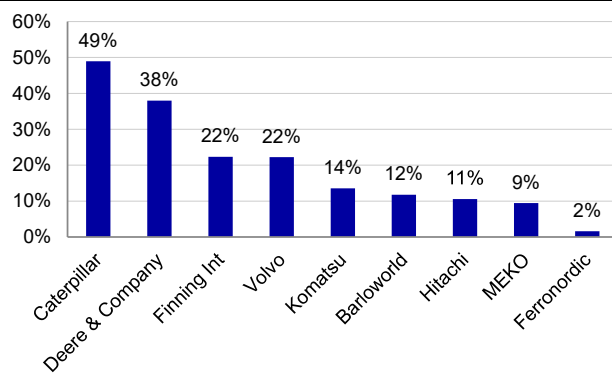
Source: Company data, Refinitiv and Nordea estimates

### P/E, 2024E



Source: Company data, Refinitiv and Nordea estimates

### RETURN ON EQUITY, 2024E



Source: Company data, Refinitiv and Nordea estimates

# Detailed 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>670</b>	<b>645</b>
Cost of sales	-1,445	-1,335	-1,114	-608	-546	-590	-578	-550
<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>96</b>
Sales expenses	-79	-74	-83	-52	-42	-48	-43	-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>-10</b>	<b>-8</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>-12</b>	<b>-10</b>
Income tax	-20	-22	-77	-37	-1	-16	2	2
Net income	63	31	367	-21	7	64	-10	-8
<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>-0.64</b>	<b>-0.51</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>-10</b>	<b>-8</b>
Adj. PTP	83	53	123	87	8	80	-12	-10
Adj. Net income	63	31	110	-21	7	64	-10	-8
<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>-0.64</b>	<b>-0.51</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>Russia/CIS</b>								
Sales	35	26	53	89	83	80	88	96
Gross profit	7	6	9	15	17	11	15	19
EBITDA	0	0	0	6	8	8	9	10
EBIT	3	2	4	5	7	7	8	9
<b>Adjusted EBIT</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>5</b>	<b>7</b>	<b>7</b>	<b>8</b>	<b>9</b>
<b>Germany</b>								
Sales	420	376	359	615	548	595	582	550
Gross profit	47	36	49	82	68	73	77	77
EBITDA	15	9	11	17	24	22	26	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>
<b>Margins</b>								
<b>Group</b>								
Gross margin	17.2%	21.1%	24.7%	13.8%	13.5%	12.5%	13.7%	14.8%
EBITDA margin	9.5%	13.2%	36.2%	1.0%	1.0%	1.5%	1.7%	2.2%
EBIT margin	6.2%	8.7%	30.5%	-1.8%	-2.2%	-1.5%	-1.5%	-1.2%
<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>-1.5%</b>	<b>-1.2%</b>
<b>Russia/CIS</b>								
Gross margin	20.0%	22.7%	17.0%	16.9%	20.4%	14.4%	17.0%	19.5%
EBITDA margin	0.0%	0.0%	0.0%	6.7%	9.6%	10.0%	10.0%	10.5%
EBIT margin	8.6%	7.6%	7.5%	5.6%	8.4%	8.6%	8.8%	9.4%
<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>8.8%</b>	<b>9.4%</b>
<b>Germany</b>								
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

**ANNUAL ESTIMATES**

(SEKm)	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
<b>Revenue</b>	<b>2,567</b>	<b>3,241</b>	<b>3,747</b>	<b>4,635</b>	<b>6,211</b>	<b>5,621</b>	<b>2,621</b>	<b>2,371</b>	<b>2,470</b>
Cost of sales	-2,079	-2,627	-2,972	-3,837	-5,102	-4,502	-2,264	-2,003	-2,076
<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>368</b>	<b>394</b>
Sales expenses	-125	-138	-162	-219	-256	-288	-178	-153	-150
G&A expenses	-165	-190	-238	-264	-357	-364	-230	-206	-212
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>40</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>57</b>
Income tax	-42	-58	-68	-54	-112	-156	-13	-7	-11
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>3.68</b>	<b>2.04</b>	<b>3.16</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>40</b>
Adj. PTP	193	267	325	277	478	345	66	37	57
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>3.68</b>	<b>2.04</b>	<b>3.16</b>

Source: Company data and Nordea estimates

**ANNUAL ESTIMATES**

(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	347	378	391
Gross profit	488	614	773	714	25	37	62	69	72
EBITDA	214	322	494	533	0	6	35	40	43
EBIT	187	274	358	394	13	14	31	35	38
<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>35</b>	<b>38</b>
<b>Germany</b>									
Sales	0	0	0	983	1,367	1,770	2,274	1,994	2,079
Gross profit	0	0	0	84	149	214	295	299	322
EBITDA	0	0	0	-29	-6	52	98	118	136
EBIT	0	0	0	-66	-71	-29	18	38	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>38</b>	<b>54</b>
<b>Margins</b>									
<b>Group</b>									
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%	1.6%
<b>Adjusted EBIT margin</b>	<b>7.3%</b>	<b>8.4%</b>	<b>9.7%</b>	<b>7.1%</b>	<b>8.2%</b>	<b>6.6%</b>	<b>-1.6%</b>	<b>0.8%</b>	<b>1.6%</b>
<b>Russia/CIS</b>									
Gross margin	19.0%	19.0%	20.6%	19.5%	17.5%	18.2%	17.9%	18.2%	18.4%
EBITDA margin	8.3%	9.9%	13.2%	14.6%	0.0%	2.9%	10.0%	10.5%	10.9%
EBIT margin	7.3%	8.4%	9.5%	10.8%	9.1%	6.9%	8.8%	9.3%	9.7%
<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>8.8%</b>	<b>9.3%</b>	<b>9.7%</b>
<b>Germany</b>									
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 2017-2020

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>2,621</b>	<b>2,371</b>	<b>2,470</b>
Revenue growth	-37.1%	12.9%	54.8%	26.3%	15.6%	23.7%	34.0%	-9.5%	-53.4%	-9.5%	4.2%
of which organic	-18.6%	21.0%	36.2%	32.2%	11.4%	16.2%	6.9%	17.5%	22.0%	-10.3%	4.1%
of which FX	-18.5%	-8.1%	18.6%	-6.0%	4.0%	-16.1%	-0.9%	3.7%	3.6%	0.6%	0.0%
EBITDA	130	153	214	322	494	504	548	776	42	102	126
Depreciation and impairments PPE	-43	-34	-26	-48	-136	-176	-66	-83	-83	-84	-86
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	40
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	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	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>57</b>
Reported taxes	-8	-24	-42	-58	-68	-54	-112	-156	-13	-7	-11
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>3.68</b>	<b>2.04</b>	<b>3.16</b>
DPS, SEK	0.00	0.00	1.73	7.50	4.25	7.50	0.00	7.50	0.10	1.18	2.02
of which ordinary	0.00	0.00	1.73	3.75	4.25	7.50	0.00	7.50	0.10	1.18	2.02
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%	1.6%
EBIT	4.2%	6.3%	7.3%	8.4%	9.5%	7.1%	7.8%	12.3%	-1.6%	0.8%	1.6%

## Adjusted earnings

EBITDA (adj)	130	153	214	322	501	503	576	455	42	102	126
EBITA (adj)	87	137	187	274	365	330	510	372	-42	18	40
EBIT (adj)	87	132	187	274	365	330	510	372	-42	18	40
EPS (adj, SEK)	-0.08	5.18	8.06	14.25	17.74	15.36	25.23	17.40	3.68	2.04	3.16

## 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%	1.6%
EBIT (adj)	5.9%	7.9%	7.3%	8.4%	9.7%	7.1%	8.2%	6.6%	-1.6%	0.8%	1.6%

## 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%	-8.7%	-11.8%
EBITDA	n.m.	11.6%	13.0%	16.0%	23.5%	31.1%	29.1%	29.4%	-33.5%	-27.0%	-24.2%
EBIT	n.a.	27.7%	48.0%	39.6%	39.0%	40.0%	35.9%	29.9%	n.m.	-45.0%	-34.2%
EPS	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	50.4%	34.2%	-23.7%	-34.8%	-27.0%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	34.1%	-51.6%	-22.6%	-23.1%
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	17.5	31.6	20.3
EV/EBITDA (adj)	n.a.	n.a.	6.1	4.8	6.1	4.5	8.9	0.3	5.3	1.1	0.8
EV/EBITA (adj)	n.a.	n.a.	7.0	5.6	8.4	6.9	10.0	0.4	n.m.	6.3	2.3
EV/EBIT (adj)	n.a.	n.a.	7.0	5.6	8.4	6.9	10.0	0.4	n.m.	6.3	2.3

## 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	17.5	31.6	20.3
EV/Sales	n.a.	n.a.	0.51	0.48	0.82	0.49	0.82	0.03	0.08	0.05	0.04
EV/EBITDA	n.a.	n.a.	6.1	4.8	6.2	4.5	9.3	0.2	5.3	1.1	0.8
EV/EBITA	n.a.	n.a.	7.0	5.6	8.6	6.9	10.6	0.2	n.m.	6.3	2.3
EV/EBIT	n.a.	n.a.	7.0	5.6	8.6	6.9	10.6	0.2	n.m.	6.3	2.3
Dividend yield (ord.)	n.a.	n.a.	1.1%	2.9%	2.6%	4.8%	0.0%	9.8%	0.2%	1.8%	3.1%
FCF yield	n.a.	n.a.	8.9%	6.8%	-21.5%	28.2%	1.9%	65.9%	-14.5%	11.8%	3.7%
FCF Yield bef A&D, lease adj	n.a.	n.a.	8.8%	6.6%	-21.6%	28.1%	4.9%	-10.7%	-13.6%	11.8%	3.7%
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	341	285	296
Accounts receivable	161	202	243	319	322	393	535	344	262	213	222
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	1,444	1,552	1,570
Total current assets	665	872	1,231	1,418	2,214	2,048	2,781	2,493	2,047	2,051	2,089
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>2,828</b>	<b>2,832</b>	<b>2,871</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	249	225	235
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	551	527	537
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>2,828</b>	<b>2,832</b>	<b>2,871</b>
<b>Balance sheet and debt metrics</b>											
Net debt	-81	-173	-312	-303	689	-20	199	-957	-713	-821	-839
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	347	266	277
Invested capital	244	280	314	374	1,519	818	1,368	940	1,128	1,048	1,059
Capital employed	416	468	651	710	2,003	1,390	2,068	2,604	2,549	2,577	2,606
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%	-3.1%	1.3%	3.0%
ROCE	18.1%	31.9%	36.1%	41.3%	27.4%	20.1%	30.8%	16.8%	-0.6%	1.7%	2.4%
Net debt/EBITDA	-0.6	-1.1	-1.5	-0.9	1.4	0.0	0.4	-1.2	-17.0	-8.0	-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%	-39.2%	-44.5%	-44.8%

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>42</b>	<b>102</b>	<b>126</b>
Paid taxes	0	0	0	0	-85	-71	-170	-127	-13	-7	-11
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>114</b>	<b>132</b>
Change in NWC	133	18	-20	-106	-698	316	-24	-730	-131	80	-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>194</b>	<b>121</b>
Capital expenditure	3	-10	-7	-38	-181	-49	-217	-334	-132	-84	-86
<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>-127</b>	<b>110</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	-136	110	35
Free cash flow bef A&D, lease adj	237	132	141	123	-511	643	240	-119	-127	110	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	-244	109	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%	3.6%	3.5%
<b>Key information</b>											
Share price year end (/current)	n.a.	n.a.	151	127	163	157	337	77	64	64	64
Market cap.	n.a.	n.a.	1,615	1,849	2,369	2,287	4,897	1,115	934	934	934
Enterprise value	n.a.	n.a.	1,303	1,546	3,058	2,267	5,096	158	221	113	95
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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