

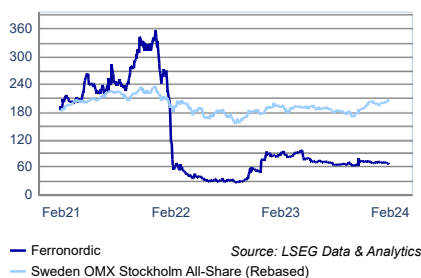
Ferronordic

Capital Goods
Sweden

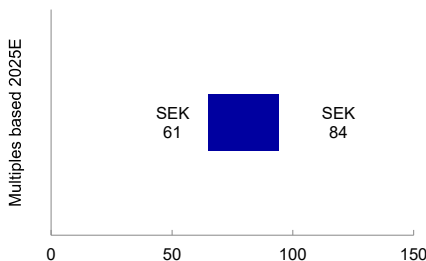
KEY DATA

Stock country	Sweden
Bloomberg	FNM SS
Reuters	FNMA.ST
Share price (close)	SEK 68.10
Free float	85%
Market cap. (bn)	EUR 0.09/SEK 0.99
Website	https://ferronordic.com
Next report date	16 Apr 2024

PERFORMANCE



VALUATION APPROACH



ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	2%	2%	2%
EBIT (adj)	-2%	3%	2%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Agnieszka Vilela
Managing DirectorAnders Åkerblom
Assistant Analyst

Looking past the headlines

Ferronordic's Q4 2023 results were a mixed bag, coming in somewhat below our expectations. However, we argue that the company's long-term outlook has improved thanks to: 1) evidence of solid operational performance in the US business (contributing only one month in the quarter), which should compensate for the weaker markets in Germany and Central Asia (CA) in 2024E; 2) improved margin resilience following a well-needed reorganisation in Germany; and 3) healthy aftermarket demand, up 20% y/y in Germany. While still not having reached breakeven, we believe the inflection point is near and model the segment turning a profit (EBIT) in H2 2024. Trading at 9.0x 2025E EV/EBIT, between key peers Finning and MEKO, we highlight an interesting entry point to an appealing and somewhat de-risked long-term story, following the recent subdued share price performance. We cut our multiples-based fair value range to SEK 61-84 (68-94), despite raising 2025E EBIT by 2%, as a result of the company's changed debt profile following the US acquisition.

Q4 performance

At first glance Ferronordic presented a weak report, with sales coming in at SEK 915m, up 30.1% y/y (roughly -19% organic, 45% M&A, 5% FX) yet 5% below our estimate. EBIT was clearly weaker at SEK -61.7m, owing to a disappointing performance in CA, muted order intake and a slower delivery of trucks in Germany. EBIT was also burdened by costs relating to the US acquisition as well as the announced restructuring programme in Germany and impairments relating to slow-moving inventory (we adjust for the former two). Accounting for this, adjusted Q4 EBIT came in at SEK -28m, -3.1% y/y (-130bp y/y). More positively we note the impressive performance in the US, operating with a gross margin of 26.7% and an adjusted EBIT margin of 9.3% (in part due to seasonal effects and a beneficial mix).

Estimate revisions and 2024-25 outlook

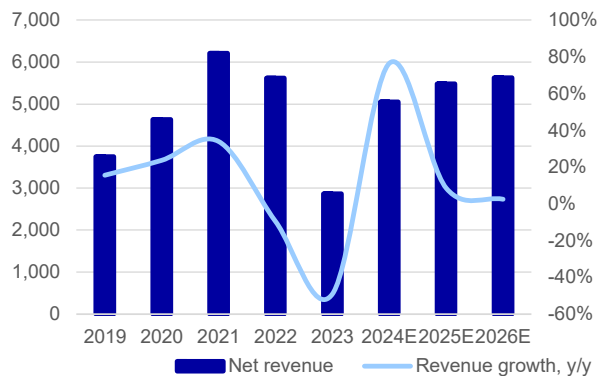
We trim our EBIT estimate by 2% for 2024E, mainly due to lower profitability in Germany and CA. While we expect the softer construction equipment & truck market to continue in 2024 (with management stating that some customers are postponing orders in Germany), we believe this is already well understood. With substantial infrastructure investment programmes likely to underpin demand in 2024-25, we are encouraged by Ferronordic's potential to capitalise on a return to a healthier market in 2025E, and therefore raise our EBIT estimates by 3-2% in 2025-26, spurred by the solid operational performance in the US and the company's opportunity to harness future growth in the North American market.

SUMMARY TABLE - KEY FIGURES

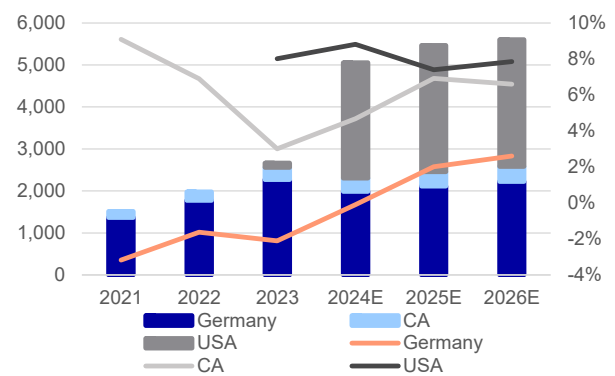
SEKm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	4,635	6,211	5,621	2,863	5,052	5,485	5,626
EBITDA (adj)	503	576	455	25	368	403	437
EBIT (adj)	330	510	372	-80	195	233	263
EBIT (adj) margin	7.1%	8.2%	6.6%	-2.8%	3.9%	4.3%	4.7%
EPS (adj, SEK)	15.36	25.23	17.40	-5.04	5.70	8.93	10.99
EPS (adj) growth	-13.4%	64.3%	-31.1%	-129.0%	212.9%	56.8%	23.0%
DPS (ord, SEK)	7.50	0.00	7.50	0.10	1.14	2.23	2.75
EV/Sales	0.5	0.8	0.0	0.8	0.4	0.4	0.4
EV/EBIT (adj)	6.9	10.0	0.4	n.m.	10.8	9.0	7.6
P/E (adj)	10.2	13.4	4.4	n.m.	12.0	7.6	6.2
P/BV	2.8	4.4	0.6	0.6	0.6	0.5	0.5
Dividend yield (ord)	4.8%	0.0%	9.8%	0.1%	1.7%	3.3%	4.0%
FCF Yield bef A&D, lease	28.1%	4.9%	-10.7%	-14.5%	23.4%	3.7%	12.6%
Net debt	-20	199	-957	1,349	1,119	1,099	1,007
Net debt/EBITDA	0.0	0.4	-1.2	n.m.	3.0	2.7	2.3
ROIC after tax	22.0%	36.4%	25.1%	-3.0%	4.8%	5.7%	6.3%

Source: Company data and Nordea estimates

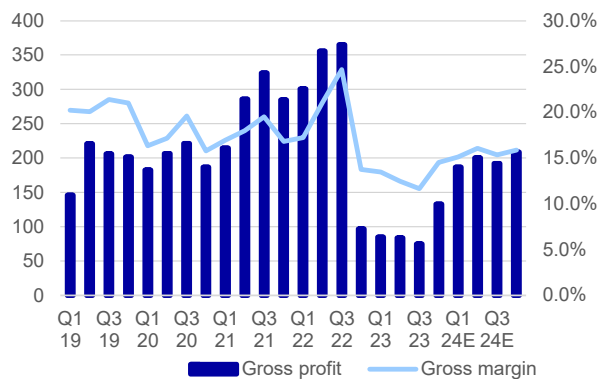
Key charts

SALES AND SALES GROWTH (SEKm, %), 2019-26E


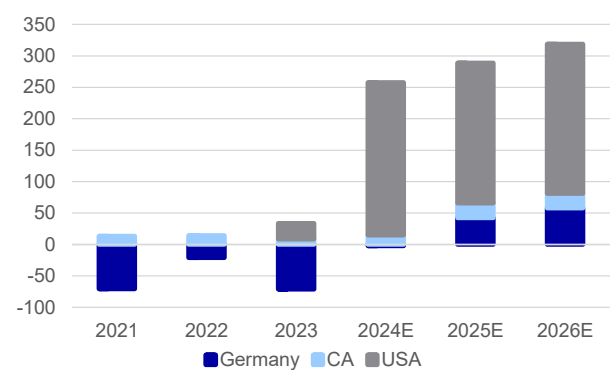
Source: Company data and Nordea estimates

SALES AND EBIT MARGIN PER MARKET (SEKm, %), 2021-26E


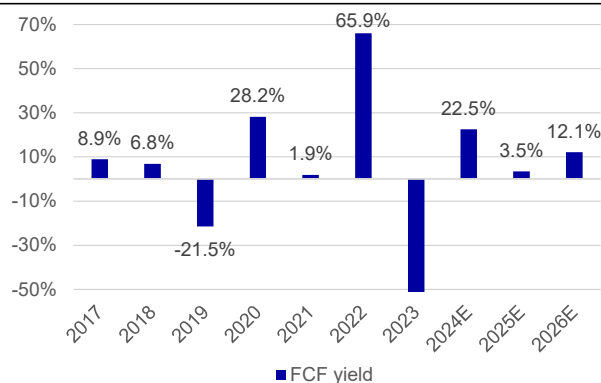
Source: Company data and Nordea estimates

GROSS PROFIT AND MARGIN (SEKm, %), 2019-24E


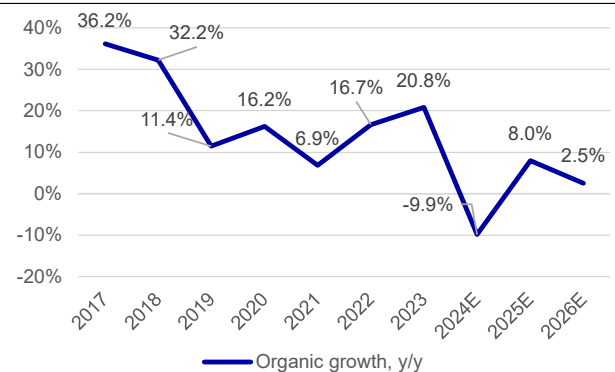
Source: Company data and Nordea estimates

OPERATING PROFIT PER MARKET (SEKm), 2021-26E


Source: Company data and Nordea estimates

FCF YIELD (%), 2017-26E


Source: Company data and Nordea estimates

GROUP ORGANIC GROWTH (%), 2017-26E


Source: Company data and Nordea estimates

Estimate revisions

FERRONORDIC: ESTIMATE REVISIONS

SEKm	New estimates			Old estimates			Δ		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Sales breakdown									
Equipment Sales	2,016	3,171	3,398	2,062	3,056	3,281	-2%	4%	4%
Aftermarket Sales	749	1,736	1,913	759	1,804	2,010	-1%	-4%	-5%
Contracting Services & other	100	145	150	88	98	99	14%	49%	51%
Group	2,865	5,077	5,485	2,909	4,932	5,365	-2%	3%	2%
Gross profit	377	788	871	381	796	818	-1%	-1%	7%
Adj. EBITDA	25	368	403	62	368	393	-60%	0%	2%
Adj. EBIT	-80	195	233	-53	199	226	-52%	-2%	3%
Margins									
Gross margin	13.2%	15.6%	15.9%	13.1%	16.1%	15.2%	0.1 pp	-0.4 pp	0.6 pp
EBITDA margin	0.9%	7.3%	7.3%	2.1%	7.4%	7.3%	-1.3 pp	-0.1 pp	0.0 pp
EBIT margin	-2.8%	3.9%	4.3%	-1.8%	4.0%	4.2%	-1.0 pp	-0.2 pp	0.0 pp
DPS (SEK)									
of which ordinary	0.1	1.1	2.3	0.1	1.5	2.4	0%	-25%	-6%
of which extraordinary	0.0	0.0	0.0	0.0	0.0	0.0	n.a	n.a	n.a
Per business area									
USA*	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Sales**	2,447	2,749	3,007	2,875	2,676	2,986	-15%	3%	1%
Gross profit	456	508	526	435	433	455	5%	17%	16%
EBITDA	285	339	335	306	284	343	-7%	19%	-2%
EBIT**	185	242	223	215	191	231	-14%	27%	-4%
Adjusted EBIT**	196	242	223	215	191	231	-9%	27%	-4%
Gross margin	18.7%	18.5%	17.5%	15.1%	16.2%	15.3%	3.5 pp	2.3 pp	2.3 pp
EBIT margin	7.6%	8.8%	7.4%	7.5%	7.1%	7.8%	0.1 pp	1.7 pp	-0.4 pp
Germany									
Sales	2,272	1,984	2,114	2,342	1,946	2,049	-3%	2%	3%
Gross profit	254	234	291	291	304	302	-13%	-23%	-4%
EBITDA	18	71	122	72	109	110	-75%	-35%	11%
EBIT	-71	-2	42	-15	37	33	-366%	-106%	29%
Adjusted EBIT	-48	-2	42	-15	37	33	-215%	-106%	29%
Gross margin	11.2%	11.8%	13.8%	12.4%	15.6%	14.8%	-1.3 pp	-3.8 pp	-1.0 pp
EBIT margin	-3.1%	-0.1%	2.0%	-0.7%	1.9%	1.6%	-2.5 pp	-2.0 pp	0.4 pp
CA									
Sales	285	319	340	323	335	355	-12%	-5%	-4%
Gross profit	43	46	54	53	59	60	-19%	-22%	-10%
EBITDA	12	18	27	25	30	32	-52%	-38%	-15%
EBIT	9	15	24	21	26	28	-60%	-43%	-16%
Adjusted EBIT	9	15	24	21	26	28	-60%	-43%	-16%
Gross margin	14.9%	14.4%	16.0%	16.4%	17.5%	17.0%	-1.4 pp	-3.1 pp	-1.0 pp
EBIT margin	3.0%	4.7%	6.9%	6.6%	7.8%	7.9%	-3.6 pp	-3.1 pp	-1.0 pp

* Certain historical assumptions made by Nordea.

** Certain calculations for old USA estimates are on an annualised basis and are not pro forma, prompting the substantial 2023 differential (group calculations however are pro forma).

Source: Company data and Nordea estimates

Q4 2023 outcome

FERRONORDIC: DEVIATION TABLE

	Actual	NDA est.	Deviation		Actual		Actual	
	Q4 2023	Q4 23		vs. actual	Q3 23	q/q	Q4 22	y/y
SEKm								
Sales	915	960	-45	-5%	643	42%	705	30%
Adj. EBIT	(28)	(1)	-27	3883%	(28)	0%	(13)	115%
Adj. EBIT margin	-3.1%	-0.1%	-	-3.0pp	-4.4%	1.3pp	-1.8%	-1.2pp
EPS (SEK)	(6.11)	(0.85)	-5.26	620%	(6.06)	1%	(1.43)	327%
Revenue	915	960	(45)	-5%	643	42%	705	30%
Cost of sales	(782)	(823)	41	-5%	(568)	38%	(608)	29%
Gross profit	133	137	(4)	-3%	75	77%	97	37%
Sales expenses	(50)	(53)	3	-5%	(49)	2%	(52)	-4%
G&A expenses	(147)	(85)	(62)	72%	(59)	149%	(62)	137%
Other income	5	-	5	-	9	-	8	-
Other expenses	(3)	-	(3)	-	(4)	-	(4)	-
EBIT	(62)	(1)	(61)	8720%	(28)	121%	(13)	377%
Finance income	8	-	8	-	8	0%	2	300%
Finance costs	(23)	(15)	(8)	-	(11)	109%	(5)	360%
Net FX gains/(losses)	(49)	-	-	-	(84)	-	103	-
PTP	(126)	(16)	(110)	709%	(115)	10%	87	-245%
Income tax	37	3	-	-	26	-	(37)	-
Net income	(89)	(12)	-	614%	(89)	0%	(21)	328%
EPS (SEK)	(6.11)	(0.85)	(5.26)	620%	(6.06)	1%	(1.43)	327%
Non recurring items (NRI)	-34	0	-34		0	-	0	-
Sales per segment								
USA	308	245	63	26%	n.a	n.a	n.a	n.a
Germany	555	624	(69)	-11%	575	-3%	615	-10%
CIS	52	91	(39)	-43%	69	-24%	89	-42%
Adjusted EBIT								
USA	36	18.4	18	96%	n.a	n.a	n.a	n.a
Germany	(39)	(6.2)	(33)	525%	(16)	144%	(2)	1850%
CIS	-6	7.2	-13	-184%	0	-2100%	5	-220%

Source: Company data and Nordea estimates

Valuation

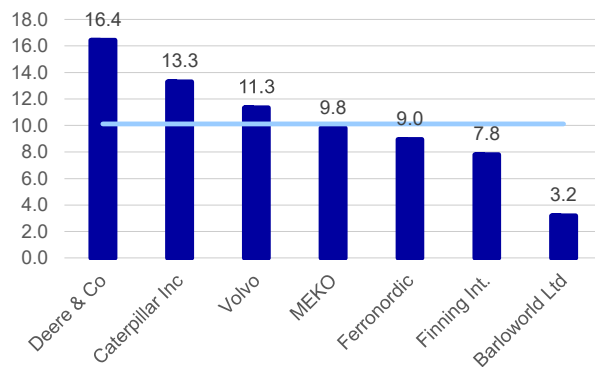
FERRONORDIC: PEER VALUATION TABLE

SEKm		Mcap.	Sales			EBIT (adj.)			EBIT margin (adj.)			EV/EBIT (adj.)			P/E (adj.)		
Stock	Rec.	Current	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Barloworld Ltd	-	7,128	24,140	22,866	23,513	2,558	2,490	2,531	10.6%	10.9%	10.8%	3.1	3.2	3.2	5.8	6.8	6.0
Caterpillar Inc	-	1,640,692	700,481	713,121	728,586	142,844	144,616	147,517	20.4%	20.3%	20.2%	13.7	13.6	13.3	15.1	14.8	14.2
Deere & Co	-	1,036,359	603,709	492,017	492,508	137,403	102,987	99,779	22.8%	20.9%	20.3%	11.9	15.9	16.4	10.1	13.1	12.9
Finnish Int.	-	38,642	74,876	74,972	77,407	7,315	7,211	7,383	9.8%	9.6%	9.5%	7.9	8.0	7.8	8.8	8.8	8.2
Hitachi Ltd	-	823,548	820,466	649,573	620,592				-	-	-				17.4	21.2	19.9
Komatsu Ltd	-	286,648	270,374	259,514	258,705				-	-	-				11.4	10.3	10.8
MEKO	BUY	6,657	17,007	17,873	18,311	946	1,084	1,200	5.6%	6.1%	6.6%	12.5	10.9	9.8	12.0	9.9	8.3
Volvo	BUY	567,823	542,932	499,650	527,326	74,292	58,841	63,831	13.7%	11.8%	12.1%	9.7	12.3	11.3	9.7	12.8	11.4
Average		550,937	381,748	341,198	343,368	60,893	52,871	53,707	13.8%	13.3%	13.2%	9.8	10.6	10.3	11.3	12.2	11.5
Median		427,235	406,653	375,765	375,607	40,803	33,026	35,607	12.1%	11.3%	11.4%	10.8	11.6	10.6	10.7	11.5	11.1
Ferronordic	NO RATING*	990	2,863	5,052	5,485	-114	195	233	-4.0%	3.9%	4.3%	nm	10.8	9.0	nm	12.0	7.6
vs. peer average			-99%	-99%	-98%	nm	-100%	-100%	nm	-9.4pp	-9.0pp	nm	2%	-13%	nm	-2%	-34%
vs. peer median			-99%	-99%	-99%	nm	-99%	-99%	nm	-7.5pp	-7.2pp	nm	-7%	-15%	nm	4%	-32%
vs. Finnish		-97%	-96%	-93%	-93%	nm	-97%	-97%	nm	-5.8pp	-5.3pp	nm	35%	15%	nm	36%	-7%
vs. MEKO		-85%	-83%	-72%	-70%	nm	-82%	-81%	nm	-2.2pp	-2.3pp	nm	-1%	-9%	nm	21%	-8%

*No Rating indicates companies under commissioned coverage; the other companies are not in our coverage universe, except those for which a recommendation is stated

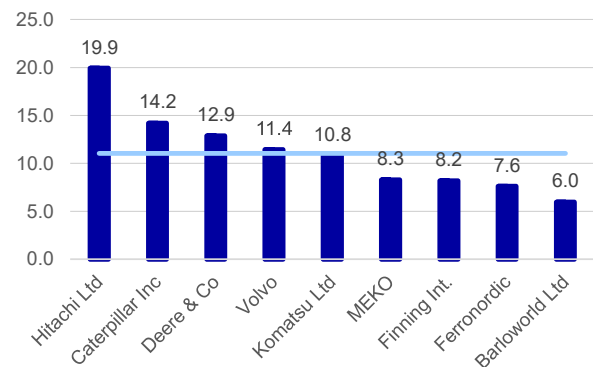
Source: LSEG Data & Analytics, Company data and Nordea estimates

ADJUSTED EV/EBIT (x), 2025E



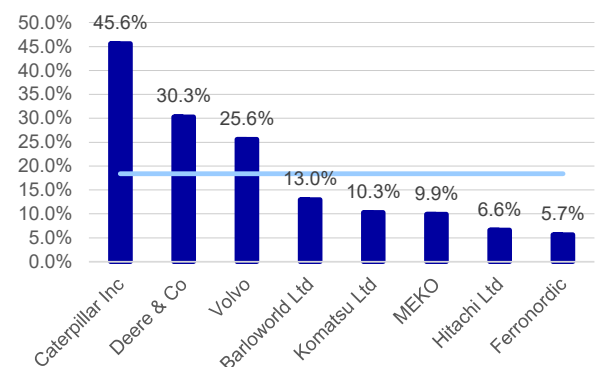
Source: LSEG Data & Analytics, company data and Nordea estimates

ADJUSTED P/E (x), 2025E



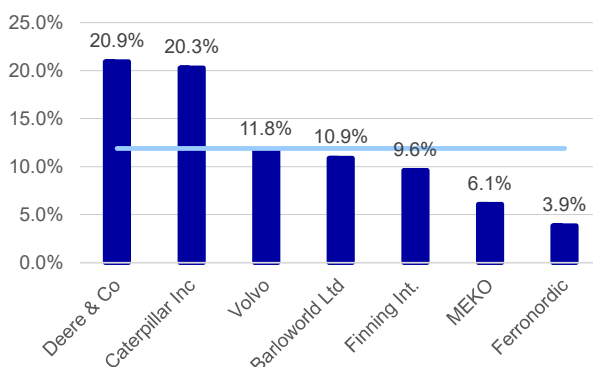
Source: LSEG Data & Analytics, company data and Nordea estimates

ADJUSTED ROCE, 2024E



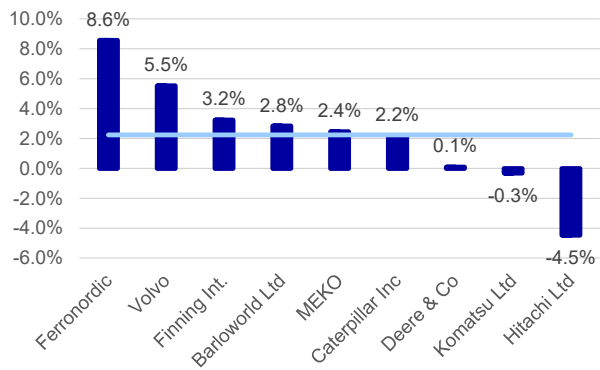
Source: LSEG Data & Analytics, company data and Nordea estimates

ADJUSTED EBIT MARGIN, 2024E



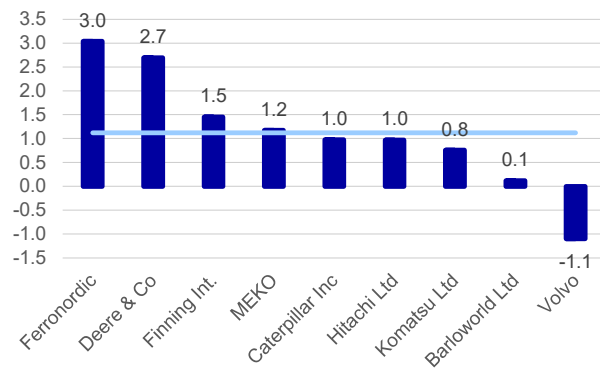
Source: LSEG Data & Analytics, company data and Nordea estimates

SALES CAGR, 2024E-25E



Source: LSEG Data & Analytics, company data and Nordea estimates

ADJUSTED ND/EBITDA (x), 2024E



Source: LSEG Data & Analytics, company data and Nordea estimates

Detailed estimates

INTERIM ESTIMATES

(SEKm)	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24E	Q2 24E	Q3 24E	Q4 24E
Revenue	705	631	674	643	915	1,235	1,249	1,255	1,313
Cost of sales	-608	-546	-590	-568	-782	-1,048	-1,048	-1,063	-1,105
Gross profit	97	85	84	75	133	187	200	193	209
Sales expenses	-52	-42	-48	-49	-50	-45	-41	-28	68
G&A expenses	-62	-57	-57	-59	-147	-113	-106	-116	-212
Other income	8	0	10	9	5	0	0	0	0
Other expenses	-4	0	0	-4	-3	0	0	0	0
EBIT	-13	-14	-10	-28	-62	29	54	48	64
Finance income	2	5	10	8	8	0	0	0	0
Finance costs	-5	-7	-8	-11	-23	-23	-23	-23	-23
Net FX gains/(losses)	103	23	88	-84	-49	0	0	0	0
EBT	87	8	80	-115	-126	6	31	26	41
Income tax	-37	-1	-16	26	37	-1	-6	-5	-9
Net income	-21	7	64	-89	-89	5	25	20	33
EPS (SEK)	-1.43	0.46	4.27	-6.06	-6.06	0.32	1.68	1.39	2.24
Pre-tax adjustments	0	0	0	-34	-34	0	0	0	0
After-tax adjustments	0	0	0	-27	-27	0	0	0	0
Adj. EBIT	-13	-14	-10	-28	-28	29	54	48	64
Adj. PTP	87	8	80	-115	-92	6	31	26	41
Adj. Net income	-21	7	64	-89	-62	5	25	20	33
Adj. EPS (SEK)	-1.43	0.46	4.27	-6.06	-4.24	0.32	1.68	1.39	2.24

Source: Company data and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

SEKm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	1,658	2,567	3,241	3,747	4,635	6,211	5,621	2,863	5,052	5,485	5,626
Revenue growth	12.9%	54.8%	26.3%	15.6%	23.7%	34.0%	-9.5%	-49.1%	76.5%	8.6%	2.6%
of which organic	21.0%	36.2%	32.2%	11.4%	16.2%	6.9%	16.7%	20.8%	-9.9%	8.0%	2.5%
of which FX	-8.1%	18.6%	-6.0%	4.0%	-16.1%	-0.9%	5.1%	7.3%	-0.9%	0.0%	0.0%
EBITDA	153	214	322	494	504	548	776	-9	368	403	437
Depreciation and impairments PPE	-34	-26	-48	-136	-176	-66	-83	-105	-173	-169	-174
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	119	187	274	358	328	483	693	-114	195	233	263
Amortisation and impairments	-15	0	0	0	0	0	0	0	0	0	0
EBIT	104	187	274	358	328	483	693	-114	195	233	263
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	3	6	-7	-39	-53	-31	-27	-39	-91	-70	-63
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	107	193	267	318	276	452	666	-153	104	163	201
Reported taxes	-24	-42	-58	-68	-54	-112	-156	46	-21	-33	-41
Net profit from continued operations	84	151	209	251	222	339	510	-107	83	130	160
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	30	87	207	251	222	339	510	-107	83	130	160
EPS, SEK	3.03	8.06	14.25	17.26	15.25	23.35	35.07	-7.38	5.70	8.93	10.99
DPS, SEK	0.00	1.73	7.50	4.25	7.50	0.00	7.50	0.10	1.14	2.23	2.75
of which ordinary	0.00	1.73	3.75	4.25	7.50	0.00	7.50	0.10	1.14	2.23	2.75
of which extraordinary	0.00	0.00	3.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Profit margin in percent

EBITDA	9.2%	8.3%	9.9%	13.2%	10.9%	8.8%	13.8%	-0.3%	7.3%	7.3%	7.8%
EBITA	7.2%	7.3%	8.4%	9.5%	7.1%	7.8%	12.3%	-4.0%	3.9%	4.3%	4.7%
EBIT	6.3%	7.3%	8.4%	9.5%	7.1%	7.8%	12.3%	-4.0%	3.9%	4.3%	4.7%

Adjusted earnings

EBITDA (adj)	153	214	322	501	503	576	455	25	368	403	437
EBITA (adj)	137	187	274	365	330	510	372	-80	195	233	263
EBIT (adj)	132	187	274	365	330	510	372	-80	195	233	263
EPS (adj, SEK)	5.18	8.06	14.25	17.74	15.36	25.23	17.40	-5.04	5.70	8.93	10.99

Adjusted profit margins in percent

EBITDA (adj)	9.2%	8.3%	9.9%	13.4%	10.9%	9.3%	8.1%	0.9%	7.3%	7.3%	7.8%
EBITA (adj)	8.3%	7.3%	8.4%	9.7%	7.1%	8.2%	6.6%	-2.8%	3.9%	4.3%	4.7%
EBIT (adj)	7.9%	7.3%	8.4%	9.7%	7.1%	8.2%	6.6%	-2.8%	3.9%	4.3%	4.7%

Performance metrics

CAGR last 5 years											
Net revenue	-7.3%	1.4%	5.5%	9.9%	25.8%	30.2%	17.0%	-2.5%	6.2%	3.4%	-2.0%
EBITDA	11.6%	13.0%	16.0%	23.5%	31.1%	29.1%	29.4%	n.m.	-5.7%	-4.4%	-4.4%
EBIT	27.7%	48.0%	39.6%	39.0%	40.0%	35.9%	29.9%	n.m.	-11.4%	-6.6%	-11.4%
EPS	n.m.	n.m.	n.m.	n.m.	n.m.	50.4%	34.2%	n.m.	-19.9%	-10.2%	-14.0%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	34.1%	-51.6%	-23.2%	-21.5%	n.m.
Average last 5 years											
Average EBIT margin	3.0%	4.5%	6.2%	7.8%	7.9%	8.0%	9.1%	7.6%	6.5%	5.9%	5.2%
Average EBITDA margin	7.0%	7.8%	8.8%	10.3%	10.6%	10.2%	11.3%	10.0%	9.0%	8.3%	8.0%

VALUATION RATIOS - ADJUSTED EARNINGS

SEKm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E (adj)	n.a.	18.7	8.9	9.2	10.2	13.4	4.4	n.m.	12.0	7.6	6.2
EV/EBITDA (adj)	n.a.	6.1	4.8	6.1	4.5	8.9	0.3	96.3	5.7	5.2	4.6
EV/EBITA (adj)	n.a.	7.0	5.6	8.4	6.9	10.0	0.4	n.m.	10.8	9.0	7.6
EV/EBIT (adj)	n.a.	7.0	5.6	8.4	6.9	10.0	0.4	n.m.	10.8	9.0	7.6

VALUATION RATIOS - REPORTED EARNINGS

SEKm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E	n.a.	18.7	8.9	9.4	10.3	14.4	2.2	n.m.	12.0	7.6	6.2
EV/Sales	n.a.	0.51	0.48	0.82	0.49	0.82	0.03	0.83	0.42	0.38	0.35
EV/EBITDA	n.a.	6.1	4.8	6.2	4.5	9.3	0.2	n.m.	5.7	5.2	4.6
EV/EBITA	n.a.	7.0	5.6	8.6	6.9	10.6	0.2	n.m.	10.8	9.0	7.6
EV/EBIT	n.a.	7.0	5.6	8.6	6.9	10.6	0.2	n.m.	10.8	9.0	7.6
Dividend yield (ord.)	n.a.	1.1%	2.9%	2.6%	4.8%	0.0%	9.8%	0.1%	1.7%	3.3%	4.0%
FCF yield	n.a.	8.9%	6.8%	-21.5%	28.2%	1.9%	65.9%	-121.3%	23.4%	3.7%	12.6%
FCF Yield bef A&D, lease adj	n.a.	8.8%	6.6%	-21.6%	28.1%	4.9%	-10.7%	-14.5%	23.4%	3.7%	12.6%
Payout ratio	0.0%	21.5%	52.6%	24.0%	48.8%	0.0%	43.1%	n.m.	20.0%	25.0%	25.0%

Source: Company data and Nordea estimates

BALANCE SHEET

SEKm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Intangible assets	2	6	6	12	8	81	85	244	269	269	269
of which R&D	0	0	0	0	0	0	0	0	25	25	25
of which other intangibles	2	6	6	12	8	81	85	244	244	244	244
of which goodwill	0	0	0	0	0	0	0	0	0	0	0
Tangible assets	116	136	263	700	507	1,006	560	1,828	1,699	1,699	1,699
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	42	42	41	51	65	105	78	127	133	140	147
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	160	184	310	763	579	1,192	724	2,199	2,101	2,108	2,115
Inventory	467	633	741	1,290	1,014	1,432	460	1,443	909	987	1,013
Accounts receivable	202	243	319	322	393	535	344	630	581	631	647
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	4	3	2	84	37	46	1	6	11	12	12
Cash and bank	199	352	357	519	604	768	1,688	426	657	676	769
Total current assets	872	1,231	1,418	2,214	2,048	2,781	2,493	2,506	2,158	2,307	2,441
Assets held for sale	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	1,033	1,414	1,727	2,978	2,628	3,973	3,217	4,705	4,259	4,414	4,555
Shareholders equity	442	611	656	890	806	1,101	1,873	1,622	1,703	1,817	1,944
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	442	611	656	890	806	1,101	1,873	1,622	1,703	1,817	1,944
Deferred tax	0	1	1	7	5	7	1	277	277	277	277
Long term interest bearing debt	15	22	28	377	422	588	437	730	730	730	730
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	16	23	31	391	428	617	460	1,020	1,020	1,020	1,020
Short-term provisions	10	13	17	22	26	39	1	12	21	23	24
Accounts payable	547	737	982	917	1,188	1,809	573	997	455	494	506
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	7	12	15	21	19	28	16	8	14	15	16
Short term interest bearing debt	11	19	26	735	161	379	295	1,046	1,046	1,046	1,046
Total current liabilities	575	780	1,040	1,696	1,393	2,255	884	2,062	1,536	1,578	1,591
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	1,033	1,414	1,727	2,978	2,628	3,973	3,217	4,704	4,259	4,414	4,555
Balance sheet and debt metrics											
Net debt	-173	-312	-303	689	-20	199	-957	1,349	1,119	1,099	1,007
of which lease debt	0	0	0	0	0	0	0	0	0	0	0
Working capital	120	130	64	756	238	176	216	1,075	1,033	1,121	1,150
Invested capital	280	314	374	1,519	818	1,368	940	3,274	3,134	3,229	3,265
Capital employed	468	651	710	2,003	1,390	2,068	2,604	3,397	3,479	3,592	3,719
ROE	7.9%	16.4%	32.7%	32.4%	26.1%	35.6%	34.3%	-6.1%	5.0%	7.4%	8.5%
ROIC	39.2%	49.2%	62.1%	30.0%	22.0%	36.4%	25.1%	-3.0%	4.8%	5.7%	6.3%
ROCE	31.9%	36.1%	41.3%	27.4%	20.1%	30.8%	16.8%	-1.6%	5.7%	6.7%	7.3%
Net debt/EBITDA	-1.1	-1.5	-0.9	1.4	0.0	0.4	-1.2	n.m.	3.0	2.7	2.3
Interest coverage	14.4	30.7	31.6	6.3	5.7	10.4	10.5	-1.7	2.1	3.2	4.0
Equity ratio	42.8%	43.2%	38.0%	29.9%	30.7%	27.7%	58.2%	34.5%	40.0%	41.2%	42.7%
Net gearing	-39.1%	-51.0%	-46.2%	77.4%	-2.5%	18.1%	-51.1%	83.2%	65.7%	60.5%	51.8%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

SEKm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
EBITDA (adj) for associates	153	214	322	494	504	548	776	-9	368	403	437
Paid taxes	0	0	0	-85	-71	-170	-127	-6	-21	-33	-41
Net financials	-3	-6	7	-58	-59	-55	-85	-58	-91	-70	-63
Change in provisions	7	3	4	5	3	13	-38	11	9	2	1
Change in other LT non-IB	3	0	3	-6	-20	-19	27	-57	-6	-7	-7
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	-36	-44	-68	17	19	164	392	77	0	0	0
Funds from operations (FFO)	123	168	267	367	377	481	945	-43	259	294	327
Change in NWC	18	-20	-106	-698	316	-24	-730	16	42	-89	-29
Cash flow from operations (CFO)	141	148	161	-330	693	457	215	-27	301	206	298
Capital expenditure	-10	-7	-38	-181	-49	-217	-334	-122	-69	-169	-174
Free cash flow before A&D	132	141	123	-511	643	240	-119	-149	232	36	125
Proceeds from sale of assets	4	3	3	2	3	8	854	0	0	0	0
Acquisitions	0	0	0	0	0	-153	0	-1,093	0	0	0
Free cash flow	136	144	126	-509	646	95	735	-1,242	232	36	125
Free cash flow bef A&D, lease adj	132	141	123	-511	643	240	-119	-149	232	36	125
Dividends paid	-53	-58	-30	-109	-62	-109	0	-109	-1	-17	-32
Equity issues / buybacks	0	0	0	0	0	0	0	0	0	0	0
Net change in debt	0	-28	0	802	-402	253	233	105	0	0	0
Other financing adjustments	-15	-12	2	-3	-114	-81	-65	-17	0	0	0
Other non-cash adjustments	-45	108	-94	-18	16	6	18	1	0	0	0
Change in cash	24	153	4	163	84	164	920	-1,262	230	20	92
Cash flow metrics											
Capex/D&A	20.0%	25.8%	80.1%	n.m.	28.1%	n.m.	n.m.	n.m.	39.7%	100.0%	100.0%
Capex/Sales	0.6%	0.3%	1.2%	4.8%	1.1%	3.5%	5.9%	4.3%	1.4%	3.1%	3.1%
Key information											
Share price year end (/current)	n.a.	151	127	163	157	337	77	70	68	68	68
Market cap.	n.a.	1,615	1,849	2,369	2,287	4,897	1,115	1,024	990	990	990
Enterprise value	n.a.	1,303	1,546	3,058	2,267	5,096	158	2,373	2,108	2,088	1,996
Diluted no. of shares, year-end (m)	10.0	10.7	14.5	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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