

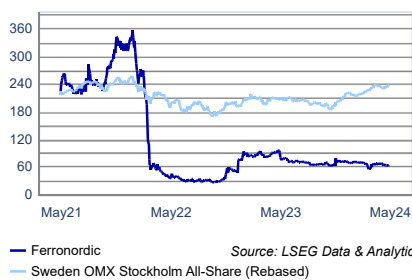
## Ferronordic

Capital Goods  
Sweden

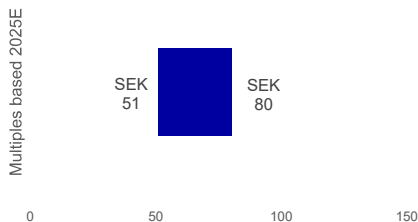
## KEY DATA

Stock country	Sweden
Bloomberg	FNM SS
Reuters	FNMA.ST
Share price (close)	SEK 66.40
Free float	83%
Market cap. (bn)	EUR 0.08/SEK 0.96
Website	<a href="https://ferronordic.com">https://ferronordic.com</a>
Next report date	

## PERFORMANCE



## VALUATION APPROACH



## ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	-1%	-1%	-1%
EBIT (adj)	-12%	-2%	-2%

Source: Nordea estimates

## Nordea IB &amp; Equity - Analysts

Agnieszka Vilela  
Managing DirectorAnders Åkerblom  
Assistant Analyst

## Challenging 2024 but long-term story still intact

Ferronordic will report its Q1 results on 16 May. Taken together, we expect another challenging quarter burdened by hesitant customers. For Germany, and new equipment sales in particular, we expect sales to contract 9.6% y/y organically, while the US should show a more resilient development (see key charts on North American CE outlook inside this report). While the outlook for 2024 remains uncertain, we argue that Q4 2023 clearly represented the trough quarter, with full contribution from the margin-accretive US acquisition driving a sequential EBIT margin uplift of 520bp. As such, we continue to find the long-term story and trajectory appealing, and we expect a return to organic growth of 8% y/y in 2025. Shorter term, however, Ferronordic continues to face a challenging market and we hence lower 2024E EBIT by 12% to more accurately reflect this. We also expand our valuation interval to 7-11x 2025E EV/EBIT, representing SEK 51-80 per share (61-84) to better reflect the temporarily elevated degree of uncertainty in the market.

## Split market outlook

Looking at market expectations, demand in North America is expected to remain robust in 2024, partly due to supportive infrastructure projects. In contrast to the rather positive trajectory for construction equipment OEMs and distributors, we note that truck retail sales are expected to contract by 10% y/y in 2024. While not a perfect read, the two have correlated rather well over time, and as such the broader market outlook for 2024 may carry some downside risk. For Ferronordic, we expect a slightly negative price contribution owing to a temporary supply glut, with volumes seeming likely to suffer from the prevailing wait-and-see mode in the market.

## Q1 and 2024 expectations

Ahead of the Q1 results, we lower 2024E group EBIT by ~12% (from SEK 195m to SEK 172m), while keeping our previous full-year sales forecast fairly intact at SEK ~5bn (we cut this by 2%). We expect a full-year gross margin contraction of 0.5pp, owing to a limited ability to realise full price carry-over from OEMs to hesitant customers, burdening margins. On the positive side, we expect profitability to be somewhat supported by a solid absorption ratio thanks to healthy aftermarket demand and the announced cost-savings programme in Germany targeting annual cost savings of SEK 60m. Perhaps most importantly, we expect to see a return to organic growth in 2025, with proof of a sequential improvement from Q2 2024E.

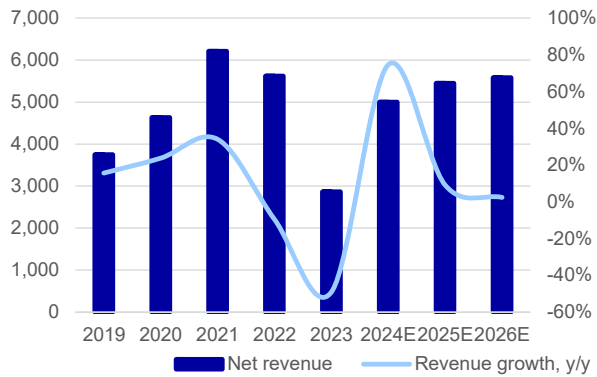
## SUMMARY TABLE - KEY FIGURES

SEKm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	4,635	6,211	5,621	2,863	4,997	5,450	5,578
EBITDA (adj)	503	576	455	25	345	399	433
EBIT (adj)	330	510	372	-80	172	229	258
EBIT (adj) margin	7.1%	8.2%	6.6%	-2.8%	3.4%	4.2%	4.6%
EPS (adj, SEK)	15.36	25.23	17.40	-5.04	4.42	8.66	10.67
EPS (adj) growth	-13.4%	64.3%	-31.1%	-129.0%	187.6%	95.9%	23.3%
DPS (ord, SEK)	7.50	0.00	7.50	0.10	0.88	2.16	2.67
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.	12.2	9.1	7.7
P/E (adj)	10.2	13.4	4.4	n.m.	15.0	7.7	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%	1.3%	3.3%	4.0%
FCF Yield bef A&D, lease	28.1%	4.9%	-10.7%	-14.5%	23.0%	3.0%	12.7%
Net debt	-20	199	-957	1,349	1,128	1,113	1,022
Net debt/EBITDA	0.0	0.4	-1.2	n.m.	3.3	2.8	2.4
ROIC after tax	22.0%	36.4%	25.1%	-3.0%	4.2%	5.6%	6.2%

Source: Company data and Nordea estimates

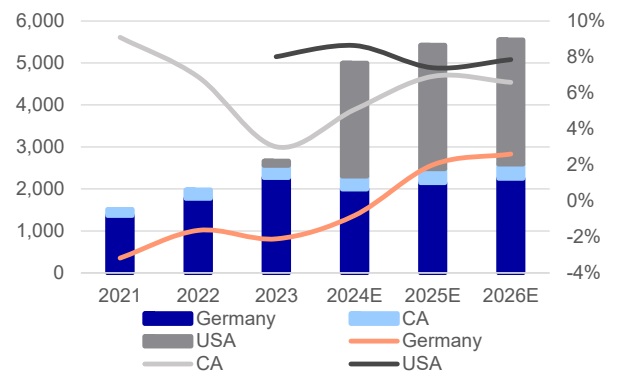
# Key charts

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



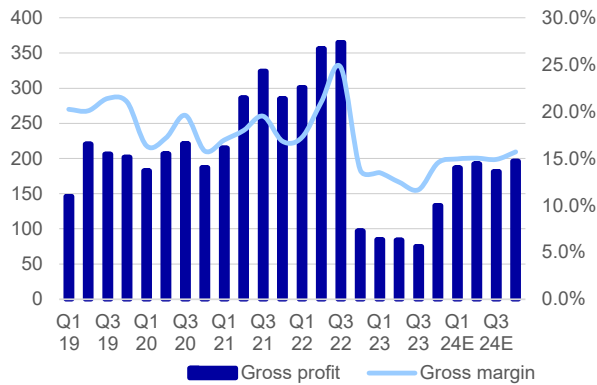
Source: Company data and Nordea estimates

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



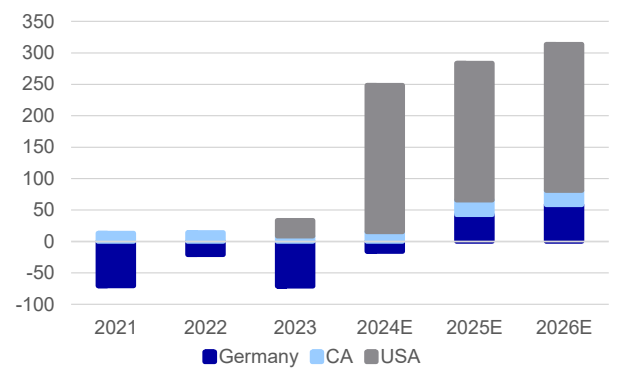
Source: Company data and Nordea estimates

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



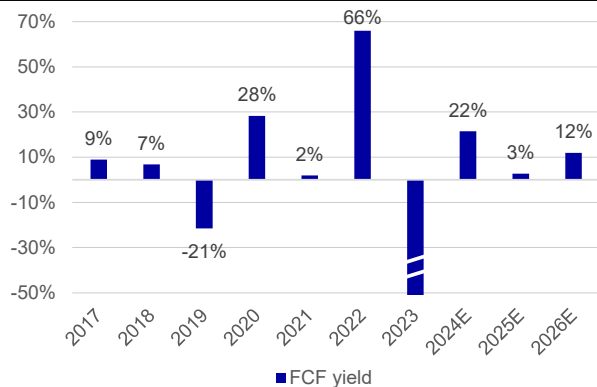
Source: Company data and Nordea estimates

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



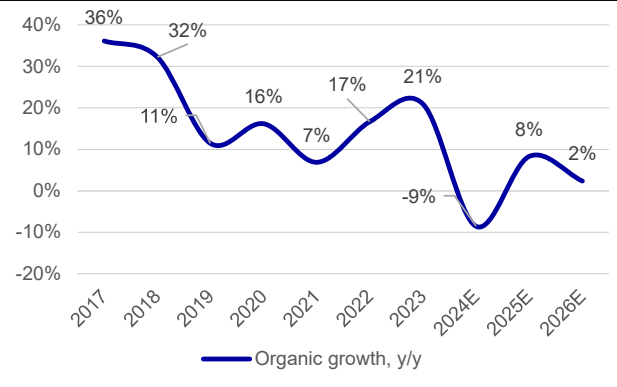
Source: Company data and Nordea estimates

**FCF YIELD (%), 2017-26E**



Source: Company data and Nordea estimates

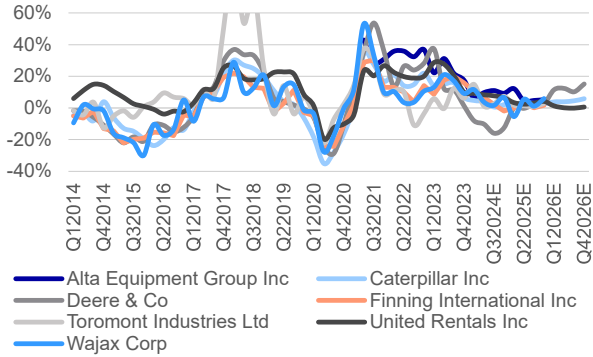
**GROUP ORGANIC GROWTH (%), 2017-26E**



Source: Company data and Nordea estimates

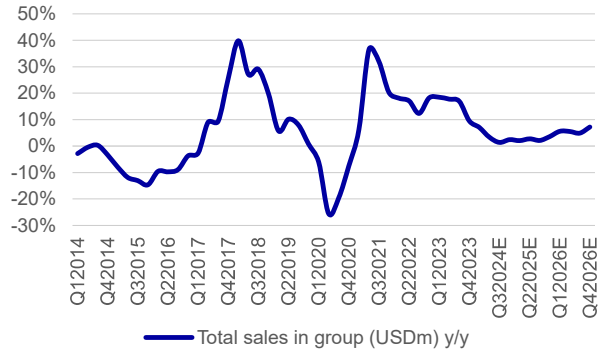
# Key charts: North American CE outlook

**SALES PROFILE BY OEM/DISTRIBUTOR, QUARTERLY (Y/Y, USDm)**



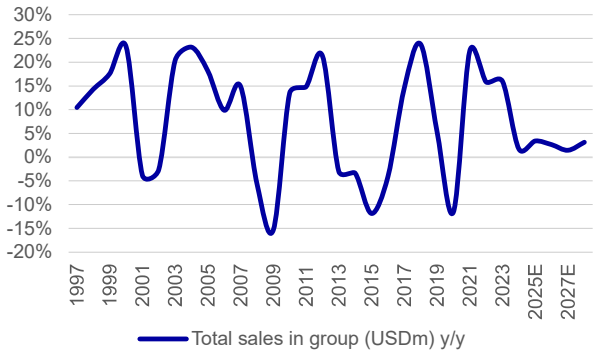
Source: Company data, Nordea estimates and Visible Alpha

**SALES IN GROUP, QUARTERLY (Y/Y, USDm)**



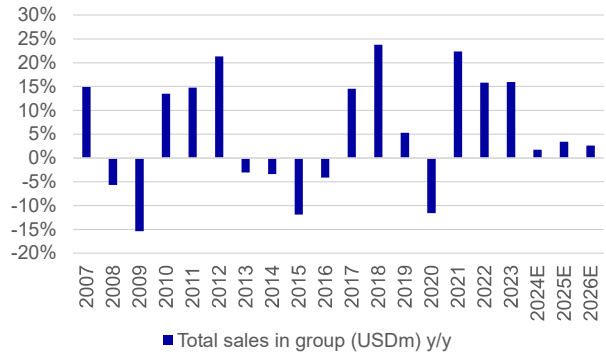
Source: Company data, Nordea estimates and Visible Alpha

**SALES IN GROUP, YEARLY 1997-27E (Y/Y, USDm)**



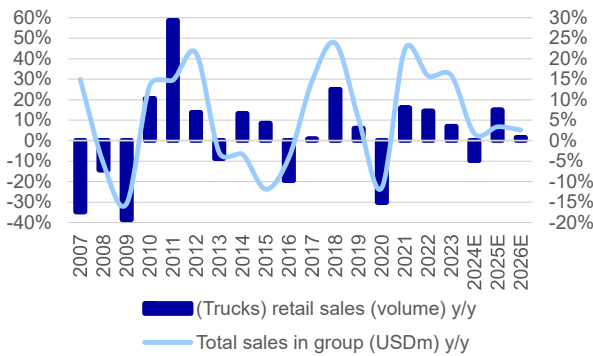
Source: Company data, Nordea estimates and Visible Alpha

**SALES IN GROUP, YEARLY 2007-26E (Y/Y, USDm)**



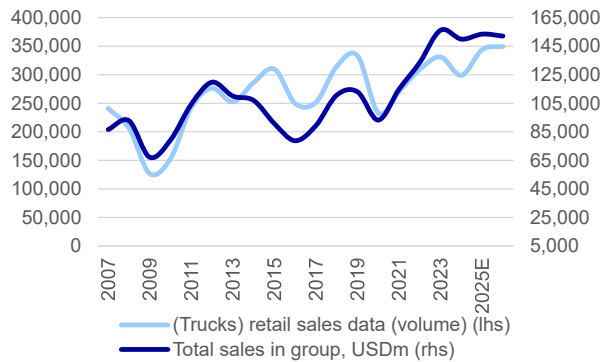
Source: Company data, Nordea estimates and Visible Alpha

**CE VS. TRUCK SALES, YEARLY 2007-26E (Y/Y, USDm)**



Source: Company data, Nordea estimates and Visible Alpha

**CE VS. TRUCK SALES, YEARLY 2007-26E (Y/Y, USDm)**



Source: Company data, Nordea estimates and Visible Alpha

# Estimate revisions

## FERRONORDIC: ESTIMATE REVISIONS

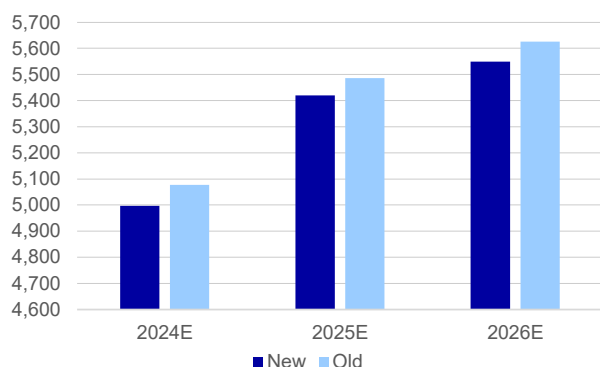
SEKm	New estimates			Old estimates			Δ		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
<b>Sales breakdown</b>									
Equipment Sales	3,126	3,362	3,340	3,171	3,398	3,387	-1%	-1%	-1%
Aftermarket Sales	1,726	1,908	2,058	1,736	1,913	2,063	-1%	0%	0%
Contracting Services & other	145	150	151	145	150	151	0%	0%	0%
<b>Group</b>	<b>4,997</b>	<b>5,420</b>	<b>5,549</b>	<b>5,077</b>	<b>5,485</b>	<b>5,626</b>	<b>-2%</b>	<b>-1%</b>	<b>-1%</b>
Gross profit	756	863	894	788	871	904	-4%	-1%	-1%
Adj. EBITDA	345	399	433	368	403	437	-6%	-1%	-1%
Adj. EBIT	172	229	258	195	233	263	-12%	-2%	-2%
<b>Margins</b>									
Gross margin	15.1%	15.9%	16.1%	15.6%	15.9%	16.1%	-0.5 pp	0.0 pp	0.0 pp
EBITDA margin	6.9%	7.4%	7.8%	7.3%	7.3%	7.8%	-0.4 pp	0.0 pp	0.0 pp
EBIT margin	3.4%	4.2%	4.7%	3.9%	4.3%	4.7%	-0.4 pp	0.0 pp	0.0 pp
<b>Per business area</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>USA*</b>									
Sales**	2,690	2,943	2,960	2,749	3,007	3,022	-2%	-2%	-2%
Gross profit	488	515	525	508	526	536	-4%	-2%	-2%
EBITDA	326	328	339	339	335	346	-4%	-2%	-2%
<b>EBIT**</b>	<b>232</b>	<b>218</b>	<b>232</b>	<b>242</b>	<b>223</b>	<b>237</b>	<b>-4%</b>	<b>-2%</b>	<b>-2%</b>
Adjusted EBIT**	232	218	232	242	223	237	-4%	-2%	-2%
<b>Gross margin</b>	<b>18.1%</b>	<b>17.5%</b>	<b>17.8%</b>	<b>18.5%</b>	<b>17.5%</b>	<b>17.8%</b>	<b>-0.4 pp</b>	<b>0.0 pp</b>	<b>0.0 pp</b>
<b>EBIT margin</b>	<b>8.6%</b>	<b>7.4%</b>	<b>7.9%</b>	<b>8.8%</b>	<b>7.4%</b>	<b>7.9%</b>	<b>-0.2 pp</b>	<b>0.0 pp</b>	<b>0.0 pp</b>
<b>Germany</b>									
Sales	1,997	2,147	2,246	1,984	2,114	2,225	1%	2%	1%
Gross profit	222	295	313	234	291	310	-5%	2%	1%
EBITDA	60	123	139	71	122	138	-16%	2%	1%
<b>EBIT</b>	<b>-16</b>	<b>43</b>	<b>58</b>	<b>-2</b>	<b>42</b>	<b>58</b>	<b>-652%</b>	<b>2%</b>	<b>1%</b>
Adjusted EBIT	-16	43	58	-2	42	58	-652%	2%	1%
<b>Gross margin</b>	<b>11.1%</b>	<b>13.8%</b>	<b>14.0%</b>	<b>11.8%</b>	<b>13.8%</b>	<b>14.0%</b>	<b>-0.7 pp</b>	<b>0.0 pp</b>	<b>0.0 pp</b>
<b>EBIT margin</b>	<b>-0.8%</b>	<b>2.0%</b>	<b>2.6%</b>	<b>-0.1%</b>	<b>2.0%</b>	<b>2.6%</b>	<b>-0.7 pp</b>	<b>0.0 pp</b>	<b>0.0 pp</b>
<b>CA</b>									
Sales	310	330	343	319	340	354	-3%	-3%	-3%
Gross profit	46	53	55	46	54	57	1%	-3%	-3%
EBITDA	19	26	26	18	27	27	4%	-3%	-3%
<b>EBIT</b>	<b>16</b>	<b>23</b>	<b>23</b>	<b>15</b>	<b>24</b>	<b>23</b>	<b>5%</b>	<b>-3%</b>	<b>-3%</b>
Adjusted EBIT	16	23	23	15	24	23	5%	-3%	-3%
<b>Gross margin</b>	<b>15.0%</b>	<b>16.0%</b>	<b>16.2%</b>	<b>14.4%</b>	<b>16.0%</b>	<b>16.2%</b>	<b>0.6 pp</b>	<b>0.0 pp</b>	<b>0.0 pp</b>
<b>EBIT margin</b>	<b>5.1%</b>	<b>6.9%</b>	<b>6.6%</b>	<b>4.7%</b>	<b>6.9%</b>	<b>6.6%</b>	<b>0.4 pp</b>	<b>0.0 pp</b>	<b>0.0 pp</b>

\* 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).

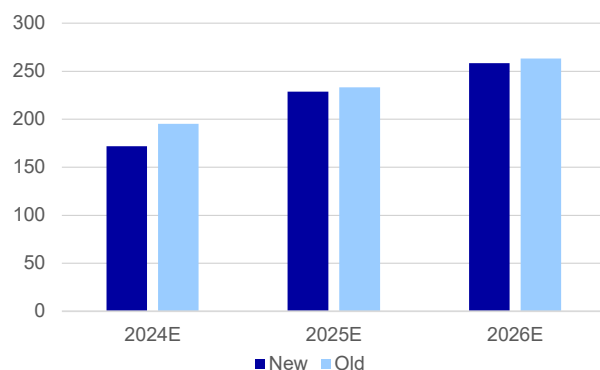
Source: Company data and Nordea estimates

### FERRONORDIC SALES: NEW VS. OLD ESTIMATES (SEKm)



Source: Company data and Nordea estimates

### FERRONORDIC ADJUSTED EBIT: NEW VS. OLD ESTIMATES (SEKm)



Source: Company data and Nordea estimates

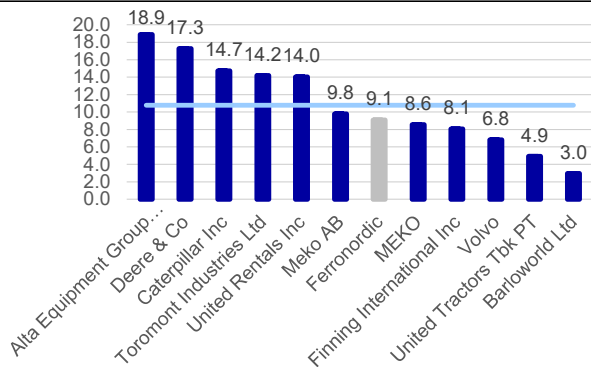
# Valuation

## FERRONORDIC: PEER VALUATION TABLE

SEKm	Mcap.	Sales			EBIT (adj.)			EBIT margin (adj.)			EV/EBIT (adj.)			P/E (adj.)		
Stock	Current	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E
Alta Equipment Group Inc	4,486	19,475	20,597	21,744	576	680	817	3.0%	3.3%	3.8%	26.8	22.7	18.9	50.2	50.2	21.4
Barlworld Ltd	6,379	24,140	22,866	23,626	2,558	2,390	2,458	10.6%	10.5%	10.4%	2.9	3.1	3.0	5.2	6.0	5.3
Caterpillar Inc	1,793,697	700,481	687,423	707,562	142,844	140,209	143,469	20.4%	20.4%	20.3%	14.8	15.1	14.7	16.6	16.5	15.6
Deere & Co	1,104,774	603,709	489,158	491,592	137,403	102,019	98,867	22.8%	20.9%	20.1%	12.4	16.7	17.3	10.8	14.2	14.0
Finning International Inc	40,634	74,876	74,972	77,407	7,315	7,211	7,383	9.8%	9.6%	9.5%	8.1	8.3	8.1	9.3	9.3	8.7
Hitachi Ltd	817,986	820,466	652,585	623,490	-	-	-	-	-	-	-	-	-	17.3	20.8	19.5
Komatsu Ltd	295,962	270,374	262,030	263,864	-	-	-	-	-	-	-	-	-	11.8	10.6	10.8
Meko AB	6,634	17,007	17,873	18,311	946	1,084	1,200	5.6%	6.1%	6.6%	12.4	10.8	9.8	11.9	9.8	8.2
Toromont Industries Ltd	83,396	37,182	37,265	38,881	5,318	5,449	5,678	14.3%	14.6%	14.6%	15.2	14.8	14.2	20.9	20.2	19.4
United Rentals Inc	513,305	145,835	156,558	163,009	41,644	43,047	44,977	28.6%	27.5%	27.6%	15.2	14.7	14.0	18.5	16.7	15.3
United Tractors Tbk PT	61,667	82,732	74,753	73,666	17,776	14,434	13,171	21.5%	19.3%	17.9%	3.6	4.5	4.9	4.6	5.7	6.3
MEKO	6,695	17,278	18,020	18,378	872	957	1,069	5.0%	5.3%	5.8%	10.9	10.1	8.6	14.7	13.3	11.0
Volvo	562,587	552,767	506,011	552,109	66,786	57,361	70,232	12.1%	11.3%	12.7%	6.4	8.3	6.8	10.7	13.2	10.9
<b>Average</b>	<b>407,554</b>	<b>258,948</b>	<b>232,316</b>	<b>236,434</b>	<b>38,549</b>	<b>34,076</b>	<b>35,393</b>	<b>14.0%</b>	<b>13.5%</b>	<b>13.6%</b>	<b>11.7</b>	<b>11.7</b>	<b>10.9</b>	<b>12.7</b>	<b>15.9</b>	<b>12.8</b>
<b>Median</b>	<b>83,396</b>	<b>82,732</b>	<b>74,972</b>	<b>77,407</b>	<b>7,315</b>	<b>7,211</b>	<b>7,383</b>	<b>12.1%</b>	<b>11.3%</b>	<b>12.7%</b>	<b>12.4</b>	<b>10.8</b>	<b>9.8</b>	<b>11.8</b>	<b>13.3</b>	<b>11.0</b>
<b>Ferronordic</b>	<b>965</b>	<b>2,863</b>	<b>4,997</b>	<b>5,450</b>	<b>-114</b>	<b>172</b>	<b>229</b>	<b>-4.0%</b>	<b>3.4%</b>	<b>4.2%</b>	<b>nm</b>	<b>12.2</b>	<b>9.1</b>	<b>nm</b>	<b>15.0</b>	<b>7.7</b>
vs. peer average		-99%	-98%	-98%	-	-99%	-99%	-17.9pp	-10.1pp	-9.4pp	-	4%	-17%	-	-5%	-40%
vs. peer median		-97%	-93%	-93%	-	-98%	-97%	-16.1pp	-7.9pp	-8.5pp	-	12%	-7%	-	13%	-30%
vs. Alta Equipment	-78%	-85%	-76%	-75%	-	-75%	-72%	-6.9pp	0.1pp	0.4pp	-	-46%	-52%	-	-70%	-64%
vs. Meko	-86%	-83%	-72%	-70%	-	-82%	-79%	-9.0pp	-1.9pp	-1.6pp	-	21%	6%	-	13%	-30%

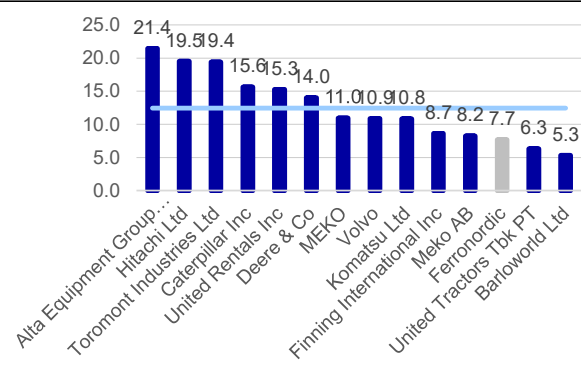
Source: LSEG Data & Analytics, company data and Nordea estimates

### ADJUSTED EV/EBIT (x), 2025E



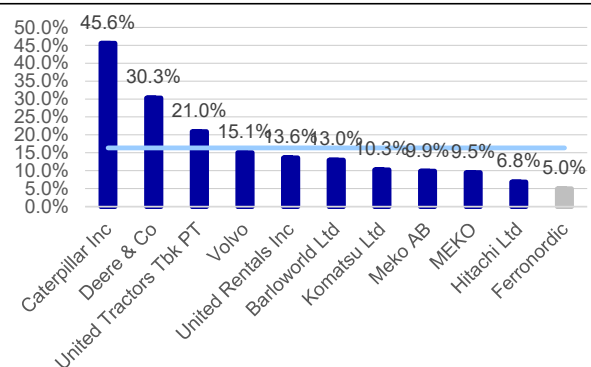
Source: LSEG Data & Analytics, company data and Nordea estimates

### ADJUSTED P/E (x), 2025E



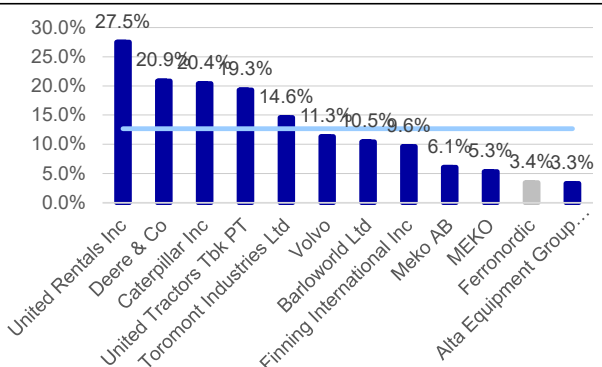
Source: LSEG Data & Analytics, company data and Nordea estimates

### ADJUSTED ROCE, 2024E



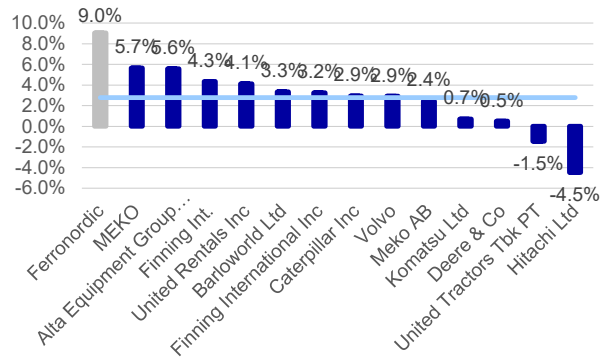
Source: LSEG Data & Analytics, company data and Nordea estimates

### ADJUSTED EBIT MARGIN, 2024E



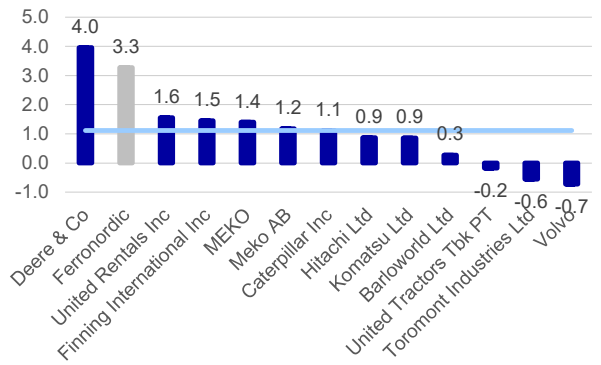
Source: LSEG Data & Analytics, company data and Nordea estimates

**SALES CAGR, 2024E-25E**



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

**ADJUSTED NET DEBT/EBITDA (x), 2024E**



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

# Detailed estimates

## DETAILED ESTIMATES BY QUARTER

(SEKm)	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24E	Q2 24E	Q3 24E	Q4 24E
<b>Revenue</b>	<b>705</b>	<b>631</b>	<b>674</b>	<b>643</b>	<b>915</b>	<b>1,250</b>	<b>1,280</b>	<b>1,216</b>	<b>1,251</b>
Cost of sales	-608	-546	-590	-568	-782	-1,063	-1,088	-1,035	-1,055
<b>Gross profit</b>	<b>97</b>	<b>85</b>	<b>84</b>	<b>75</b>	<b>133</b>	<b>187</b>	<b>192</b>	<b>181</b>	<b>196</b>
Sales expenses	-52	-42	-48	-49	-50	-45	-40	-24	62
G&A expenses	-62	-57	-57	-59	-147	-114	-109	-113	-202
Other income	8	0	10	9	5	0	0	0	0
Other expenses	-4	0	0	-4	-3	0	0	0	0
<b>EBIT</b>	<b>-13</b>	<b>-14</b>	<b>-10</b>	<b>-28</b>	<b>-62</b>	<b>27</b>	<b>44</b>	<b>44</b>	<b>56</b>
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
<b>EBT</b>	<b>87</b>	<b>8</b>	<b>80</b>	<b>-115</b>	<b>-126</b>	<b>4</b>	<b>21</b>	<b>22</b>	<b>33</b>
Income tax	-37	-1	-16	26	37	-1	-4	-4	-7
Net income	-21	7	64	-89	-89	4	17	17	27
<b>EPS (SEK)</b>	<b>-1.43</b>	<b>0.46</b>	<b>4.27</b>	<b>-6.06</b>	<b>-6.06</b>	<b>0.24</b>	<b>1.15</b>	<b>1.17</b>	<b>1.80</b>
Pre-tax adjustments	0	0	0	-34	-34	0	0	0	0
After-tax adjustments	0	0	0	-27	-27	0	0	0	0
<b>Adj. EBIT</b>	<b>-13</b>	<b>-14</b>	<b>-10</b>	<b>-28</b>	<b>-28</b>	<b>27</b>	<b>44</b>	<b>44</b>	<b>56</b>
Adj. PTP	87	8	80	-115	-92	4	21	22	33
Adj. Net income	-21	7	64	-89	-62	4	17	17	27
<b>Adj. EPS (SEK)</b>	<b>-1.43</b>	<b>0.46</b>	<b>4.27</b>	<b>-6.06</b>	<b>-4.24</b>	<b>0.24</b>	<b>1.15</b>	<b>1.17</b>	<b>1.80</b>
<b>(SEKm)</b>	<b>Q4 22</b>	<b>Q1 23</b>	<b>Q2 23</b>	<b>Q3 23</b>	<b>Q4 23</b>	<b>Q1 24E</b>	<b>Q2 24E</b>	<b>Q3 24E</b>	<b>Q4 24E</b>
<b>USA*</b>									
Sales	-	721	727	691	308	687	690	640	672
Gross profit	-	126	127	121	82	127	124	112	124
EBITDA	-	83	84	79	39	86	83	74	84
EBIT	-	51	51	58	25	62	59	51	60
<b>Adjusted EBIT</b>	<b>-</b>	<b>51</b>	<b>51</b>	<b>58</b>	<b>36</b>	<b>62</b>	<b>59</b>	<b>51</b>	<b>60</b>
<b>Germany</b>									
Sales	615	548	595	575	555	495	512	493	498
Gross profit	82	68	73	66	47	49	56	57	60
EBITDA	17	24	22	7	-35	2	15	20	22
EBIT	-2	5	2	-16	-62	-17	-4	1	4
<b>Adjusted EBIT</b>	<b>-2</b>	<b>5</b>	<b>2</b>	<b>-16</b>	<b>-39</b>	<b>-17</b>	<b>-4</b>	<b>1</b>	<b>4</b>
<b>CA</b>									
Sales	89	83	80	69	53	68	78	83	81
Gross profit	15	17	11	9	5	10	12	12	12
EBITDA	6	8	8	1	-5	3	5	5	5
EBIT	5	7	7	0	-6	3	4	4	4
<b>Adjusted EBIT</b>	<b>5</b>	<b>7</b>	<b>7</b>	<b>0</b>	<b>-6</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>

\* Certain historical margin assumptions made by Nordea, USD/SEK translated by Nordea.

USA: Q1-Q3 2023 shows Rudd Equipment results prior to acquisition, Q4 2023 shows sales only from 30 November in Q4 23023 (i.e. once consolidated).

Source: Company data and Nordea estimates

**DETAILED ESTIMATES BY YEAR**

(SEKm)	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
<b>Revenue</b>	<b>3,241</b>	<b>3,747</b>	<b>4,635</b>	<b>6,211</b>	<b>5,621</b>	<b>2,863</b>	<b>4,997</b>	<b>5,450</b>	<b>5,578</b>
Cost of sales	-2,627	-2,972	-3,837	-5,102	-4,502	-2,486	-4,241	-4,586	-4,684
<b>Gross profit</b>	<b>614</b>	<b>775</b>	<b>797</b>	<b>1,110</b>	<b>1,119</b>	<b>377</b>	<b>756</b>	<b>863</b>	<b>894</b>
Sales expenses	-138	-162	-219	-256	-288	-189	-47	-71	-64
G&A expenses	-190	-238	-264	-357	-364	-320	-538	-581	-589
Other income	4	8	24	13	356	24	0	29	30
Other expenses	-17	-26	-11	-27	-130	-7	0	-12	-13
<b>EBIT</b>	<b>274</b>	<b>358</b>	<b>328</b>	<b>483</b>	<b>693</b>	<b>-114</b>	<b>172</b>	<b>229</b>	<b>258</b>
Finance income	7	6	12	23	19	31	0	4	4
Finance costs	-9	-58	-59	-49	-68	-49	-91	-74	-67
Net FX gains/(losses)	-5	12	-5	-5	21	-22	0	0	0
<b>EBT</b>	<b>267</b>	<b>318</b>	<b>276</b>	<b>451</b>	<b>666</b>	<b>-153</b>	<b>81</b>	<b>158</b>	<b>195</b>
Income tax	-58	-68	-54	-112	-156	46	-17	-32	-40
Net income	209	251	222	339	439	-107	64	126	155
<b>EPS (SEK)</b>	<b>14.25</b>	<b>17.26</b>	<b>15.25</b>	<b>23.33</b>	<b>30.22</b>	<b>-7.38</b>	<b>4.42</b>	<b>8.66</b>	<b>10.67</b>
Pre-tax adjustments	0	-7	-2	-27	321	-34	0	0	0
After-tax adjustments	0	-6	-1	-22	257	-27	0	0	0
<b>Adj. EBIT</b>	<b>274</b>	<b>365</b>	<b>330</b>	<b>510</b>	<b>372</b>	<b>-80</b>	<b>172</b>	<b>229</b>	<b>258</b>
Adj. PTP	267	325	277	478	345	-119	81	158	195
Adj. Net income	209	256	223	361	182	-81	64	126	155
<b>Adj. EPS (SEK)</b>	<b>14.25</b>	<b>17.64</b>	<b>15.34</b>	<b>24.81</b>	<b>12.54</b>	<b>-5.54</b>	<b>4.42</b>	<b>8.66</b>	<b>10.67</b>
<b>(SEKm)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>USA**</b>									
Sales	-	-	-	-	-	2446	2690	2943	2960
Gross profit	-	-	-	-	-	456	488	515	525
EBITDA	-	-	-	-	-	285	326	328	339
EBIT	-	-	-	-	-	185	232	218	232
<b>Adjusted EBIT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>196</b>	<b>232</b>	<b>218</b>	<b>232</b>
<b>Germany</b>									
Sales	-	-	983	1,367	1,770	2,272	1,997	2,147	2,246
Gross profit	-	-	84	149	214	254	222	295	313
EBITDA	-	-	-29	-6	52	18	60	123	139
EBIT	-	-	-66	-71	-29	-71	-16	43	58
<b>Adjusted EBIT</b>	<b>-</b>	<b>-</b>	<b>-57</b>	<b>-43</b>	<b>-29</b>	<b>-48</b>	<b>-16</b>	<b>43</b>	<b>58</b>
<b>CA*</b>									
Sales	3,241	3,747	3,652	143	203	285	310	330	343
Gross profit	614	773	714	25	37	43	46	53	55
EBITDA	322	494	533	0	10	12	19	26	26
EBIT	274	358	394	13	14	9	16	23	23
<b>Adjusted EBIT</b>	<b>274</b>	<b>358</b>	<b>383</b>	<b>13</b>	<b>14</b>	<b>9</b>	<b>16</b>	<b>23</b>	<b>23</b>

\* Including Russian operations in CA 2018-2020

\*\* Certain historical margin assumptions made by Nordea, USD/SEK translated by Nordea.

Source: Company data and Nordea estimates

# Reported numbers and forecasts

## INCOME STATEMENT

SEKm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
<b>Total revenue</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>2,863</b>	<b>4,997</b>	<b>5,450</b>	<b>5,578</b>
Revenue growth	12.9%	54.8%	26.3%	15.6%	23.7%	34.0%	-9.5%	-49.1%	74.5%	9.0%	2.4%
of which organic	21.0%	36.2%	32.2%	11.4%	16.2%	6.9%	16.7%	20.9%	-8.6%	8.3%	2.4%
of which FX	-8.1%	18.6%	-6.0%	4.0%	-16.1%	-0.9%	5.1%	7.1%	-2.5%	0.0%	0.0%
EBITDA	153	214	322	494	504	548	776	-9	345	399	433
Depreciation and impairments PPE	-34	-26	-48	-136	-176	-66	-83	-105	-174	-170	-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	172	229	258
Amortisation and impairments	-15	0	0	0	0	0	0	0	0	0	0
EBIT	104	187	274	358	328	483	693	-114	172	229	258
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
<b>Pre-tax profit</b>	<b>107</b>	<b>193</b>	<b>267</b>	<b>318</b>	<b>276</b>	<b>452</b>	<b>666</b>	<b>-153</b>	<b>81</b>	<b>158</b>	<b>195</b>
Reported taxes	-24	-42	-58	-68	-54	-112	-156	46	-17	-32	-40
Net profit from continued operations	84	151	209	251	222	339	510	-107	64	126	155
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	64	126	155
<b>EPS, SEK</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>-7.38</b>	<b>4.42</b>	<b>8.66</b>	<b>10.67</b>
DPS, SEK	0.00	1.73	7.50	4.25	7.50	0.00	7.50	0.10	0.88	2.16	2.67
of which ordinary	0.00	1.73	3.75	4.25	7.50	0.00	7.50	0.10	0.88	2.16	2.67
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%	6.9%	7.3%	7.8%
EBITA	7.2%	7.3%	8.4%	9.5%	7.1%	7.8%	12.3%	-4.0%	3.4%	4.2%	4.6%
EBIT	6.3%	7.3%	8.4%	9.5%	7.1%	7.8%	12.3%	-4.0%	3.4%	4.2%	4.6%

## Adjusted earnings

EBITDA (adj)	153	214	322	501	503	576	455	25	345	399	433
EBITA (adj)	137	187	274	365	330	510	372	-80	172	229	258
EBIT (adj)	132	187	274	365	330	510	372	-80	172	229	258
EPS (adj, SEK)	5.18	8.06	14.25	17.74	15.36	25.23	17.40	-5.04	4.42	8.66	10.67

## Adjusted profit margins in percent

EBITDA (adj)	9.2%	8.3%	9.9%	13.4%	10.9%	9.3%	8.1%	0.9%	6.9%	7.3%	7.8%
EBITA (adj)	8.3%	7.3%	8.4%	9.7%	7.1%	8.2%	6.6%	-2.8%	3.4%	4.2%	4.6%
EBIT (adj)	7.9%	7.3%	8.4%	9.7%	7.1%	8.2%	6.6%	-2.8%	3.4%	4.2%	4.6%

## Performance metrics

CAGR last 5 years											
Net revenue	-7.3%	1.4%	5.5%	9.9%	25.8%	30.2%	17.0%	-2.5%	5.9%	3.3%	-2.1%
EBITDA	11.6%	13.0%	16.0%	23.5%	31.1%	29.1%	29.4%	n.m.	-6.9%	-4.6%	-4.6%
EBIT	27.7%	48.0%	39.6%	39.0%	40.0%	35.9%	29.9%	n.m.	-13.6%	-7.0%	-11.7%
EPS	n.m.	n.m.	n.m.	n.m.	n.m.	50.4%	34.2%	n.m.	-23.9%	-10.7%	-14.5%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	34.1%	-51.6%	-27.0%	-22.0%	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%	6.4%	5.8%	5.0%
Average EBITDA margin	7.0%	7.8%	8.8%	10.3%	10.6%	10.2%	11.3%	10.0%	8.9%	8.2%	7.9%

## 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.	15.0	7.7	6.2
EV/EBITDA (adj)	n.a.	6.1	4.8	6.1	4.5	8.9	0.3	96.3	6.1	5.2	4.6
EV/EBITA (adj)	n.a.	7.0	5.6	8.4	6.9	10.0	0.4	n.m.	12.2	9.1	7.7
EV/EBIT (adj)	n.a.	7.0	5.6	8.4	6.9	10.0	0.4	n.m.	12.2	9.1	7.7

## 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.	15.0	7.7	6.2
EV/Sales	n.a.	0.51	0.48	0.82	0.49	0.82	0.03	0.83	0.42	0.38	0.36
EV/EBITDA	n.a.	6.1	4.8	6.2	4.5	9.3	0.2	n.m.	6.1	5.2	4.6
EV/EBITA	n.a.	7.0	5.6	8.6	6.9	10.6	0.2	n.m.	12.2	9.1	7.7
EV/EBIT	n.a.	7.0	5.6	8.6	6.9	10.6	0.2	n.m.	12.2	9.1	7.7
Dividend yield (ord.)	n.a.	1.1%	2.9%	2.6%	4.8%	0.0%	9.8%	0.1%	1.3%	3.3%	4.0%
FCF yield	n.a.	8.9%	6.8%	-21.5%	28.2%	1.9%	65.9%	-121.3%	23.0%	3.0%	12.7%
FCF Yield bef A&D, lease adj	n.a.	8.8%	6.6%	-21.6%	28.1%	4.9%	-10.7%	-14.5%	23.0%	3.0%	12.7%
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	1,701	1,701	1,701
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	2,103	2,110	2,117
Inventory	467	633	741	1,290	1,014	1,432	460	1,443	900	981	1,004
Accounts receivable	202	243	319	322	393	535	344	630	575	627	642
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	647	663	754
Total current assets	872	1,231	1,418	2,214	2,048	2,781	2,493	2,506	2,132	2,282	2,411
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>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>4,705</b>	<b>4,235</b>	<b>4,392</b>	<b>4,528</b>
Shareholders equity	442	611	656	890	806	1,101	1,873	1,622	1,685	1,798	1,921
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	1,685	1,798	1,921
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	23
Accounts payable	547	737	982	917	1,188	1,809	573	997	450	490	502
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	1,530	1,574	1,587
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</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>4,704</b>	<b>4,235</b>	<b>4,392</b>	<b>4,528</b>
<b>Balance sheet and debt metrics</b>											
Net debt	-173	-312	-303	689	-20	199	-957	1,349	1,128	1,113	1,022
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	1,021	1,114	1,140
Invested capital	280	314	374	1,519	818	1,368	940	3,274	3,125	3,224	3,257
Capital employed	468	651	710	2,003	1,390	2,068	2,604	3,397	3,460	3,573	3,697
ROE	7.9%	16.4%	32.7%	32.4%	26.1%	35.6%	34.3%	-6.1%	3.9%	7.2%	8.3%
ROIC	39.2%	49.2%	62.1%	30.0%	22.0%	36.4%	25.1%	-3.0%	4.2%	5.6%	6.2%
ROCE	31.9%	36.1%	41.3%	27.4%	20.1%	30.8%	16.8%	-1.6%	5.0%	6.6%	7.2%
Net debt/EBITDA	-1.1	-1.5	-0.9	1.4	0.0	0.4	-1.2	n.m.	3.3	2.8	2.4
Interest coverage	14.4	30.7	31.6	6.3	5.7	10.4	10.5	-1.7	1.9	3.1	3.9
Equity ratio	42.8%	43.2%	38.0%	29.9%	30.7%	27.7%	58.2%	34.5%	39.8%	40.9%	42.4%
Net gearing	-39.1%	-51.0%	-46.2%	77.4%	-2.5%	18.1%	-51.1%	83.2%	67.0%	61.9%	53.2%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

SEKm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
<b>EBITDA (adj) for associates</b>	<b>153</b>	<b>214</b>	<b>322</b>	<b>494</b>	<b>504</b>	<b>548</b>	<b>776</b>	<b>-9</b>	<b>345</b>	<b>399</b>	<b>433</b>
Paid taxes	0	0	0	-85	-71	-170	-127	-6	-17	-32	-40
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
<b>Funds from operations (FFO)</b>	<b>123</b>	<b>168</b>	<b>267</b>	<b>367</b>	<b>377</b>	<b>481</b>	<b>945</b>	<b>-43</b>	<b>241</b>	<b>291</b>	<b>323</b>
Change in NWC	18	-20	-106	-698	316	-24	-730	16	53	-92	-26
<b>Cash flow from operations (CFO)</b>	<b>141</b>	<b>148</b>	<b>161</b>	<b>-330</b>	<b>693</b>	<b>457</b>	<b>215</b>	<b>-27</b>	<b>294</b>	<b>199</b>	<b>297</b>
Capital expenditure	-10	-7	-38	-181	-49	-217	-334	-122	-71	-170	-174
<b>Free cash flow before A&amp;D</b>	<b>132</b>	<b>141</b>	<b>123</b>	<b>-511</b>	<b>643</b>	<b>240</b>	<b>-119</b>	<b>-149</b>	<b>222</b>	<b>29</b>	<b>122</b>
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	222	29	122
Free cash flow bef A&D, lease adj	132	141	123	-511	643	240	-119	-149	222	29	122
Dividends paid	-53	-58	-30	-109	-62	-109	0	-109	-1	-13	-31
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	221	16	91
<b>Cash flow metrics</b>											
Capex/D&A	20.0%	25.8%	80.1%	n.m.	28.1%	n.m.	n.m.	n.m.	41.1%	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%
<b>Key information</b>											
Share price year end (/current)	n.a.	151	127	163	157	337	77	70	66	66	66
Market cap.	n.a.	1,615	1,849	2,369	2,287	4,897	1,115	1,024	965	965	965
Enterprise value	n.a.	1,303	1,546	3,058	2,267	5,096	158	2,373	2,093	2,077	1,987
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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Nordea Bank Abp	Nordea Bank Abp, filial i Sverige	Nordea Danmark, Filial af Nordea Bank Abp, Finland	Nordea Bank Abp, filial i Norge
<b>Nordea IB &amp; Equity Division, Equity Research</b> Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland	<b>Nordea IB &amp; Equity Division, Equity Research</b> Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden	<b>Nordea IB &amp; Equity Division, Equity Research</b> Visiting address: Grønjørdsvej 10 DK-2300 Copenhagen S Denmark	<b>Nordea IB &amp; Equity Division, Equity Research</b> 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			