

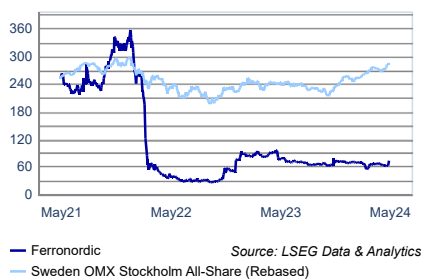
Ferronordic

Capital Goods
Sweden

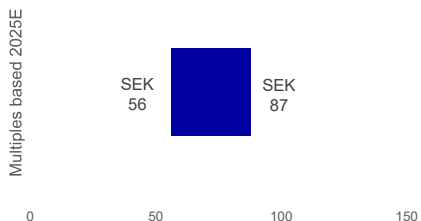
KEY DATA

Stock country	Sweden
Bloomberg	FNM SS
Reuters	FNMA.ST
Share price (close)	SEK 75.90
Free float	83%
Market cap. (bn)	EUR 0.10/SEK 1.10
Website	https://ferronordic.com
Next report date	15 Aug 2024

PERFORMANCE



VALUATION APPROACH



ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	-2%	-2%	-2%
EBIT (adj)	-2%	0%	-2%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Agnieszka Vilela
Managing DirectorAnders Åkerblom
Assistant Analyst

Keeps on trucking

We make minor cuts to our estimates after Ferronordic's Q1 results. EBIT was SEK 6m below our estimate yet gross margin (~20%) was clearly higher than our forecast, supported by solid aftermarket sales and the accretive US contribution. While we continue to expect muted 2024 sales in Germany at -13% organically driven by a decline in new equipment sales, we believe that this weakness is already understood. In our view the company's ongoing stellar performance in the US is more important, and we are reassured by its commentary on several larger infrastructure projects and market share gains in its US sales territory. As a result we find the outlook for 2024E somewhat de-risked, and reiterate our valuation range of 7-11x 2025E EV/EBIT corresponding to SEK 56-87 per share.

Q1 results and 2024 outlook

Ferronordic presented a mixed Q1 2024 result coming in 6% below our expectation on sales and SEK 6m below on EBIT at SEK 21m, yet with a clearly higher gross margin than we had anticipated. This was mainly driven by the US, with a solid gross margin of ~24% in Q1 (first quarter with full visibility). Additionally, EPS was boosted by a one-off FX gain of SEK 95m. Going forward, we expect Germany in particular to weigh on new equipment sales in 2024 and see a 23% decrease in organic sales in Germany. However, the aftermarket business should counteract some of this decline with 9% y/y sales growth in 2024 in Germany. We continue to assume a return to a healthier market in 2025E, with group organic sales growth of 8% y/y.

Estimate revisions

Following our 12% cut to 2024E EBIT into the Q1 print, we keep our estimates broadly unchanged (decreasing 2026E EBIT by SEK 5m). On the negative side, we highlight flattish unit sales q/q in Germany with new equipment sales down by 28% q/q. While we attribute this mainly to a poor mix (fewer electric trucks, in part), the supply constraints in the market have exerted slight margin pressure. Positively, we note that the company is now beginning to see signs of a normalising supply/demand balance, and we are also encouraged by the solid gross margin print in the US, showing that Q4 2023 was not a one-off quarter. As a result, we upgrade our cautious 2024E-26E gross margin estimates by ~100bp for the US. However, higher than anticipated depreciation in the US counteracts the impact of this upward revision. In total, we view the earnings trajectory as largely unchanged.

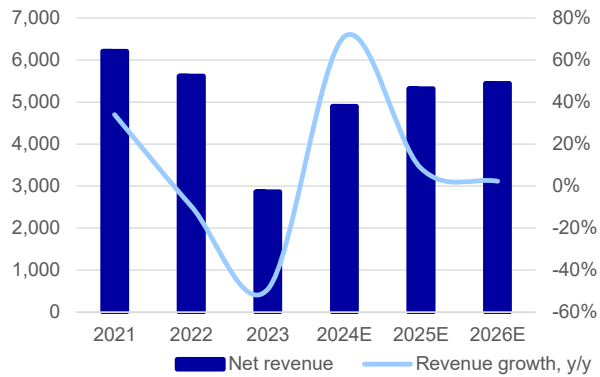
SUMMARY TABLE - KEY FIGURES

SEKm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	4,635	6,211	5,621	2,863	4,902	5,318	5,443
EBITDA (adj)	503	576	455	25	411	395	424
EBIT (adj)	330	510	372	-80	168	228	253
EBIT (adj) margin	7.1%	8.2%	6.6%	-2.8%	3.4%	4.3%	4.6%
EPS (adj, SEK)	15.36	25.23	17.40	-5.04	9.12	8.90	10.96
EPS (adj) growth	-13.4%	64.3%	-31.1%	-129.0%	280.9%	-2.4%	23.1%
DPS (ord, SEK)	7.50	0.00	7.50	0.10	1.82	2.23	2.74
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	9.0	7.7
P/E (adj)	10.2	13.4	4.4	n.m.	8.3	8.5	6.9
P/BV	2.8	4.4	0.6	0.6	0.6	0.6	0.6
Dividend yield (ord)	4.8%	0.0%	9.8%	0.1%	2.4%	2.9%	3.6%
FCF Yield bef A&D, lease	28.1%	4.9%	-10.7%	-14.5%	36.3%	3.6%	11.5%
Net debt	-20	199	-957	1,349	950	937	842
Net debt/EBITDA	0.0	0.4	-1.2	n.m.	2.3	2.4	2.0
ROIC after tax	22.0%	36.4%	25.1%	-3.0%	4.2%	5.8%	6.3%

Source: Company data and Nordea estimates

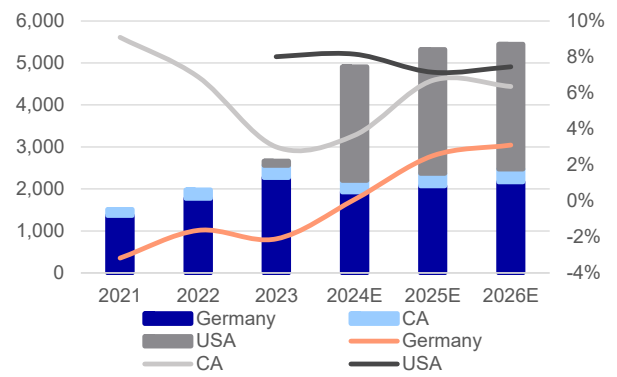
Key charts

SALES (SEKm) AND SALES GROWTH (%), 2021-26E



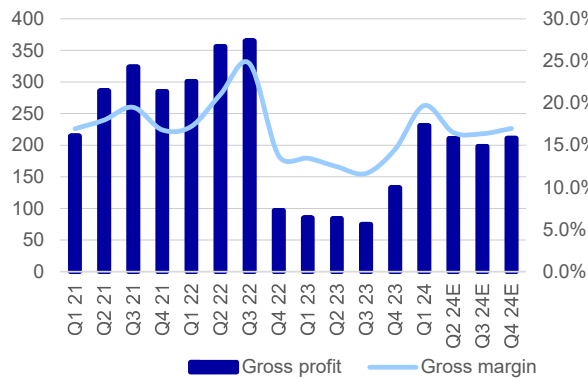
Source: Company data and Nordea estimates

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



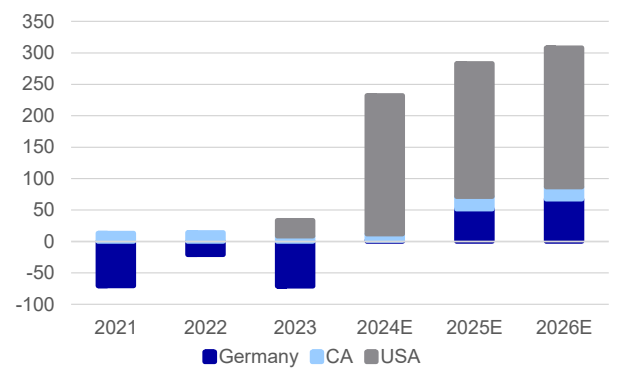
Source: Company data and Nordea estimates

QUARTERLY GROSS PROFIT (SEKm) AND MARGIN (%), 2021-24E



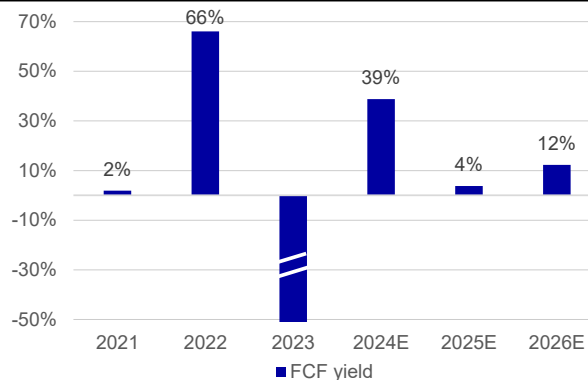
Source: Company data and Nordea estimates

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



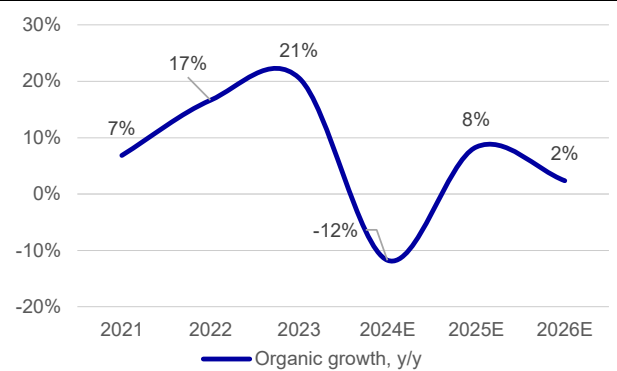
Source: Company data and Nordea estimates

FCF YIELD (%), 2021-26E



Source: Company data and Nordea estimates

GROUP ORGANIC GROWTH (%), 2021-26E



Source: Company data and Nordea estimates

Q1 2024 deviation

Ferronordic delivered a marginally weaker report than we had expected (SEK 6m miss on EBIT), burdened by continued muted new equipment sales in Germany. The aftermarket in Germany performed well, with 9% growth y/y. More importantly, the US came in strongly with sales SEK 12m above our estimate, EBIT SEK 2m above and with an EBIT margin of 8.6%. The margin missed our estimate by 40bp, but was supported by a stronger-than-expected gross margin that held up sequentially despite an unusually advantageous mix effect in Q4 2024. Rather, the deviation on EBIT in the US stemmed from higher D&A than we had expected (Q1 2024 was the first quarter with full visibility). EPS came in at SEK 4.83 versus our expectation of SEK 0.24, driven by an FX gain of a one-off nature (SEK 95m).

	Actual	NDA est.	Deviation		Actual		Actual	
SEKm	Q1 2024	Q1 24E		vs. actual	Q4 23	q/q	Q1 23	y/y
Sales	1,172	1,250	-78	-6%	915	28%	631	86%
Adj. EBIT	21	27	-6	-23%	(28)	-175%	(14)	-250%
Adj. EBIT margin	1.8%	2.2%	-	-0.4pp	-3.1%	4.9pp	-2.2%	4.0pp
EPS (SEK)	4.83	0.24	4.59	1918%	(6.06)	-180%	0.46	948%
Revenue	1,172	1,250	(78)	-6%	915	28%	631	86%
Cost of sales	(941)	(1,063)	122	-11%	(782)	20%	(546)	72%
Gross profit	231	187	44	24%	133	74%	85	172%
Sales expenses	(65)	(45)	(20)	43%	(50)	30%	(42)	55%
G&A expenses	(154)	(114)	(40)	35%	(147)	5%	(57)	170%
Other income	12	-	12	-	5	-	-	-
Other expenses	(3)	-	(3)	-	(3)	-	-	-
EBIT	21	27	(6)	-23%	(62)	-134%	(14)	-250%
Finance income	3	-	3	-	8	-63%	5	-40%
Finance costs	(30)	(23)	(7)	-	(23)	30%	(7)	362%
Net FX gains/(losses)	95	-	-	-	(49)	-	23	-
PTP	89	4	85	1913%	(126)	-171%	8	1027%
Income tax	(19)	(1)	-	-	37	-	(1)	-
Net income	70	4	-	1891%	(89)	-179%	7	945%
EPS (SEK)	4.83	0.24	4.59	1918%	(6.06)	-180%	0.46	948%
Non recurring items (NRI)	0	0	0	-	-34	-	0	-
Sales per segment								
USA	699	687	12	2%	308	n.a	-	-
Germany	439	495	(56)	-11%	555	-21%	548	-20%
CIS	34	68	(34)	-50%	53	-36%	83	-59%
Adjusted EBIT								
USA	60	61.9	-2	-3%	36	n.a	-	-
Germany	(12)	(17.3)	5	-31%	(39)	-69%	5	-340%
CIS	-3	2.6	-6	-214%	-6	-47%	7	-143%

Source: Company data and Nordea estimates

Estimate revisions

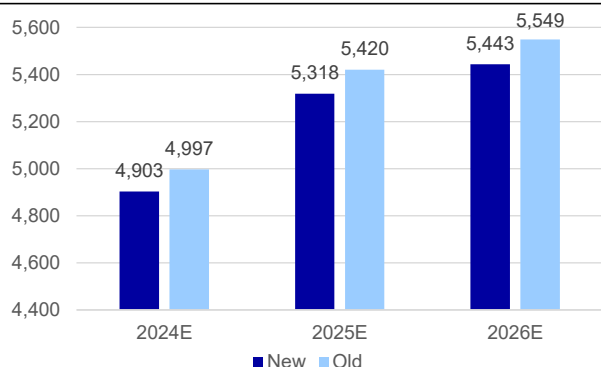
SEKm	New estimates			Old estimates			Δ		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Sales breakdown									
Equipment Sales	3,031	3,259	3,236	3,126	3,362	3,340	-3%	-3%	-3%
Aftermarket Sales	1,709	1,890	2,039	1,726	1,908	2,058	-1%	-1%	-1%
Contracting Services & other	163	169	168	145	150	151	12%	12%	11%
Group	4,903	5,318	5,443	4,997	5,420	5,549	-2%	-2%	-2%
Gross profit	851	918	949	756	863	894	13%	6%	6%
Adj. EBITDA	411	395	424	345	399	433	19%	-1%	-2%
Adj. EBIT	168	228	253	172	229	258	-2%	0%	-2%
Margins									
Gross margin	17.4%	17.3%	17.4%	15.1%	15.9%	16.1%	2.2 pp	1.3 pp	1.3 pp
EBITDA margin	8.4%	7.4%	7.8%	6.9%	7.4%	7.8%	1.5 pp	0.1 pp	0.0 pp
EBIT margin	3.4%	4.3%	4.6%	3.4%	4.2%	4.7%	0.0 pp	0.1 pp	0.0 pp
Per business area	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
USA*									
Sales**	2,702	2,954	2,970	2,690	2,943	2,960	0%	0%	0%
Gross profit	570	576	587	488	515	525	17%	12%	12%
EBITDA	389	388	400	326	328	339	19%	18%	18%
EBIT**	220	211	221	232	218	232	-5%	-3%	-5%
Adjusted EBIT**	220	211	221	232	218	232	-5%	-3%	-5%
Gross margin	21.1%	19.5%	19.8%	18.1%	17.5%	17.8%	3.0 pp	2.0 pp	2.0 pp
EBIT margin	8.2%	7.2%	7.5%	8.6%	7.4%	7.9%	-0.5 pp	-0.2 pp	-0.4 pp
Germany									
Sales	1,925	2,070	2,167	1,997	2,147	2,246	-4%	-4%	-4%
Gross profit	240	295	313	222	295	313	8%	0%	0%
EBITDA	73	129	145	60	123	139	22%	5%	4%
EBIT	1	52	67	-16	43	58	109%	21%	15%
Adjusted EBIT	1	52	67	-16	43	58	109%	21%	15%
Gross margin	12.5%	14.3%	14.5%	11.1%	13.8%	14.0%	1.3 pp	0.5 pp	0.5 pp
EBIT margin	0.1%	2.5%	3.1%	-0.8%	2.0%	2.6%	0.9 pp	0.5 pp	0.5 pp
CA									
Sales	276	294	306	310	330	343	-11%	-11%	-11%
Gross profit	42	47	49	46	53	55	-9%	-11%	-11%
EBITDA	14	24	23	19	26	26	-28%	-11%	-11%
EBIT	10	20	19	16	23	23	-36%	-14%	-14%
Adjusted EBIT	10	20	19	16	23	23	-36%	-14%	-14%
Gross margin	15.3%	16.0%	16.2%	15.0%	16.0%	16.2%	0.3 pp	0.0 pp	0.0 pp
EBIT margin	3.6%	6.7%	6.4%	5.1%	6.9%	6.6%	-1.4 pp	-0.2 pp	-0.2 pp

*Historical assumptions made by Nordea.

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

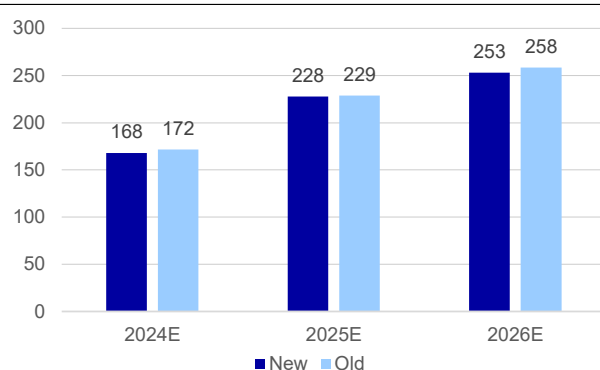
Source: Nordea estimates

FERRONORDIC SALES: NEW VS. OLD ESTIMATES (SEKm)



Source: Nordea estimates

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



Source: Nordea estimates

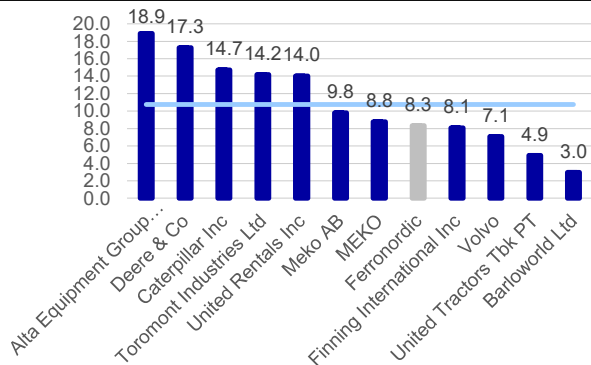
Valuation

FERRONORDIC: PEER VALUATION TABLE

SEKm	McCap.			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	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	6,898	17,278	18,020	18,378	872	957	1,069	5.0%	5.3%	5.8%	10.9	10.3	8.8	14.7	13.7	11.3			
Volvo	582,694	552,767	506,011	552,109	66,786	57,361	70,232	12.1%	11.3%	12.7%	6.4	8.6	7.1	10.7	13.6	11.3			
Ferronordic	962	2,863	4,902	5,318	-114	168	228	-4.0%	3.4%	4.3%	nm	11.4	8.3	nm	7.3	7.4			
Average	409,116	258,948	232,316	236,434	38,549	34,076	35,393	14.0%	13.5%	13.6%	11.7	11.8	11.0	12.7	16.0	12.9			
Median	83,396	82,732	74,972	77,407	7,315	7,211	7,383	12.1%	11.3%	12.7%	12.4	10.8	9.8	11.8	13.7	11.3			
Ferronordic	962	2,863	4,902	5,318	-114	168	228	-4.0%	3.4%	4.3%	nm	11.4	8.3	nm	7.3	7.4			
vs. peer average		-99%	-98%	-98%	-	-100%	-99%	-17.9pp	-10.1pp	-9.3pp	-	-3%	-24%	-	-55%	-42%			
vs. peer median		-97%	-93%	-93%	-	-98%	-97%	-16.1pp	-7.9pp	-8.4pp	-	5%	-15%	-	-47%	-34%			
vs. Alta Equipment	-79%	-85%	-76%	-76%	-	-75%	-72%	-6.9pp	0.1pp	0.5pp	-	-50%	-56%	-	-86%	-65%			
vs. Meko	-86%	-83%	-73%	-71%	-	-82%	-79%	-9.0pp	-1.9pp	-1.5pp	-	10%	-5%	-	-47%	-34%			

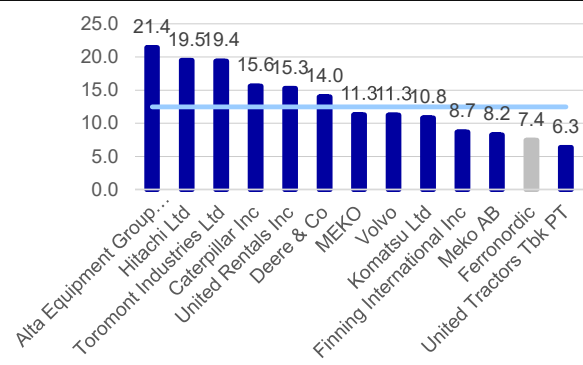
Source: LSEG Data & Analytics, company data and Nordea estimates

ADJUSTED EV/EBIT (x), 2025E



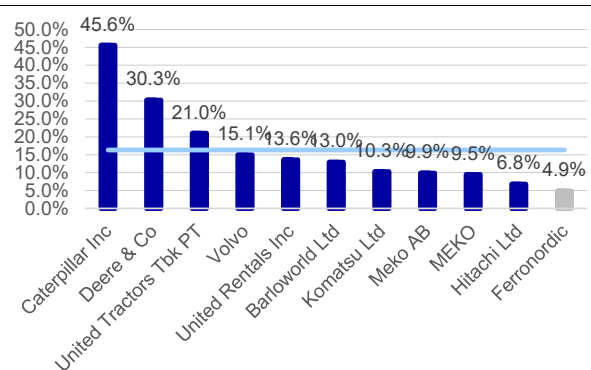
Source: LSEG Data & Analytics, company data and Nordea estimates

ADJUSTED P/E (x), 2025E



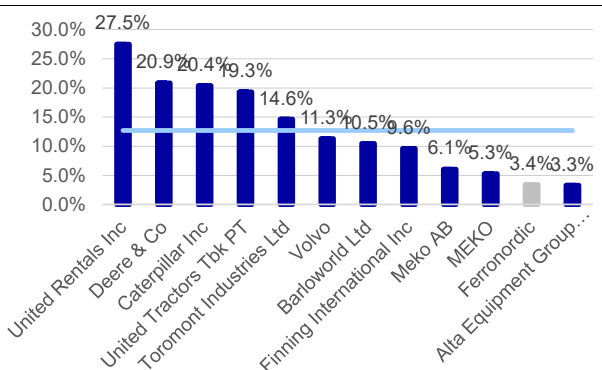
Source: LSEG Data & Analytics, company data and Nordea estimates

ADJUSTED ROCE, 2024E



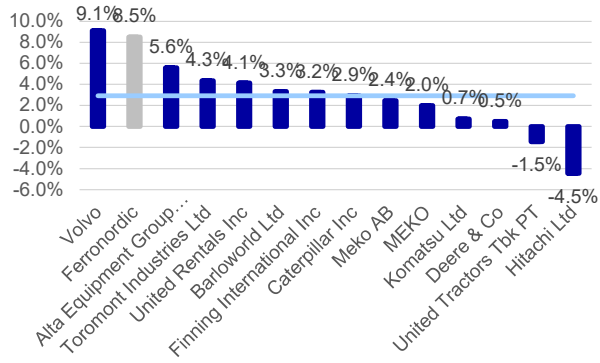
Source: LSEG Data & Analytics, company data and Nordea estimates

ADJUSTED EBIT MARGIN, 2024E



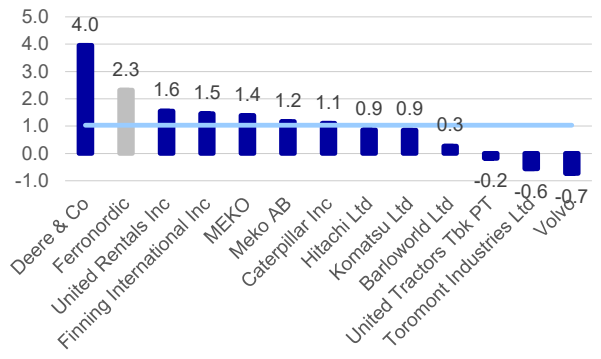
Source: LSEG Data & Analytics, company data and Nordea estimates

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 24	Q2 24E	Q3 24E	Q4 24E
Revenue	705	631	674	643	915	1,172	1,275	1,211	1,243
Cost of sales	-608	-546	-590	-568	-782	-941	-1,065	-1,013	-1,032
Gross profit	97	85	84	75	133	231	211	198	211
Sales expenses	-52	-42	-48	-49	-50	-65	-57	-40	45
G&A expenses	-62	-57	-57	-59	-147	-154	-108	-112	-201
Other income	8	0	10	9	5	12	0	0	0
Other expenses	-4	0	0	-4	-3	-3	0	0	0
EBIT	-13	-14	-10	-28	-62	21	46	46	55
Finance income	2	5	10	8	8	3	0	0	0
Finance costs	-5	-7	-8	-11	-23	-30	-23	-23	-23
Net FX gains/(losses)	103	23	88	-84	-49	95	0	0	0
EBT	87	8	80	-115	-126	89	23	23	32
Income tax	-37	-1	-16	26	37	-19	-5	-5	-7
Net income	-21	7	64	-89	-89	70	18	19	26
EPS (SEK)	-1.43	0.46	4.27	-6.06	-6.06	4.82	1.26	1.28	1.77
Pre-tax adjustments	0	0	0	0	-34	0	0	0	0
After-tax adjustments	0	0	0	0	-27	0	0	0	0
Adj. EBIT	-13	-14	-10	-28	-28	21	46	46	55
Adj. PTP	87	8	80	-115	-92	89	23	23	32
Adj. Net income	-21	7	64	-89	-62	70	18	19	26
Adj. EPS (SEK)	-1.43	0.46	4.27	-6.06	-4.24	4.82	1.26	1.28	1.77
(SEKm)	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24E	Q3 24E	Q4 24E
USA*									
Sales	-	721	727	691	308	699	690	640	672
Gross profit	-	126	127	121	82	169	138	125	138
EBITDA	-	83	84	79	39	108	97	86	97
EBIT	-	51	51	58	25	60	55	48	57
Adjusted EBIT	-	51	51	58	36	60	55	48	57
Germany									
Sales	615	548	595	575	555	440	507	488	490
Gross profit	82	68	73	66	47	57	61	61	61
EBITDA	17	24	22	7	-35	4	20	24	25
EBIT	-2	5	2	-16	-62	-12	1	6	6
Adjusted EBIT	-2	5	2	-16	-39	-12	1	6	6
CA									
Sales	89	83	80	69	53	34	78	83	81
Gross profit	15	17	11	9	5	6	12	12	12
EBITDA	6	8	8	1	-5	-2	5	5	5
EBIT	5	7	7	0	-6	-3	4	4	4
Adjusted EBIT	5	7	7	0	-6	-3	4	4	4

* 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
Revenue	3,241	3,747	4,635	6,211	5,621	2,863	4,902	5,318	5,443
Cost of sales	-2,627	-2,972	-3,837	-5,102	-4,502	-2,486	-4,051	-4,400	-4,494
Gross profit	614	775	797	1,110	1,119	377	851	918	949
Sales expenses	-138	-162	-219	-256	-288	-189	-117	-88	-85
G&A expenses	-190	-238	-264	-357	-364	-320	-576	-619	-628
Other income	4	8	24	13	356	24	12	29	29
Other expenses	-17	-26	-11	-27	-130	-7	-3	-12	-12
EBIT	274	358	328	483	693	-114	168	228	253
Finance income	7	6	12	23	19	31	3	4	4
Finance costs	-9	-58	-59	-49	-68	-49	-98	-69	-57
Net FX gains/(losses)	-5	12	-5	-5	21	-22	95	0	0
EBT	267	318	276	451	666	-153	168	163	200
Income tax	-58	-68	-54	-112	-156	46	-35	-33	-41
Net income	209	251	222	339	439	-107	133	129	159
EPS (SEK)	14.25	17.26	15.25	23.33	30.22	-7.38	9.12	8.90	10.96
Pre-tax adjustments	0	-7	-2	-27	321	-34	0	0	0
After-tax adjustments	0	-6	-1	-22	257	-27	0	0	0
Adj. EBIT	274	365	330	510	372	-80	168	228	253
Adj. PTP	267	325	277	478	345	-119	168	163	200
Adj. Net income	209	256	223	361	182	-81	133	129	159
Adj. EPS (SEK)	14.25	17.64	15.34	24.81	12.54	-5.54	9.12	8.90	10.96
(SEKm)	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
USA**									
Sales	-	-	-	-	-	2446	2702	2954	2970
Gross profit	-	-	-	-	-	456	570	576	587
EBITDA	-	-	-	-	-	285	389	388	400
EBIT	-	-	-	-	-	185	220	211	221
Adjusted EBIT	-	-	-	-	-	196	220	211	221
Germany									
Sales	-	-	983	1,367	1,770	2,272	1,925	2,070	2,167
Gross profit	-	-	84	149	214	254	240	295	313
EBITDA	-	-	-29	-6	52	18	73	129	145
EBIT	-	-	-66	-71	-29	-71	1	52	67
Adjusted EBIT	-	-	-57	-43	-29	-48	1	52	67
CA*									
Sales	3,241	3,747	3,652	143	203	285	276	294	306
Gross profit	614	773	714	25	37	43	42	47	49
EBITDA	322	494	533	0	10	12	14	24	23
EBIT	274	358	394	13	14	9	10	20	19
Adjusted EBIT	274	358	383	13	14	9	10	20	19

* 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
Total revenue	1,658	2,567	3,241	3,747	4,635	6,211	5,621	2,863	4,902	5,318	5,443
Revenue growth	12.9%	54.8%	26.3%	15.6%	23.7%	34.0%	-9.5%	-49.1%	71.2%	8.5%	2.3%
of which organic	21.0%	36.2%	32.2%	11.4%	16.2%	6.9%	16.7%	20.6%	-11.7%	8.3%	2.4%
of which FX	-8.1%	18.6%	-6.0%	4.0%	-16.1%	-0.9%	5.1%	7.5%	-2.2%	0.0%	0.0%
EBITDA	153	214	322	494	504	548	776	-9	411	395	424
Depreciation and impairments PPE	-34	-26	-48	-136	-176	-66	-83	-105	-244	-167	-171
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	119	187	274	358	328	483	693	-114	168	228	253
Amortisation and impairments	-15	0	0	0	0	0	0	0	0	0	0
EBIT	104	187	274	358	328	483	693	-114	168	228	253
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	0	-65	-53
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	168	163	200
Reported taxes	-24	-42	-58	-68	-54	-112	-156	46	-35	-33	-41
Net profit from continued operations	84	151	209	251	222	339	510	-107	133	129	159
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	133	129	159
EPS, SEK	3.03	8.06	14.25	17.26	15.25	23.35	35.07	-7.38	9.12	8.90	10.96
DPS, SEK	0.00	1.73	7.50	4.25	7.50	0.00	7.50	0.10	1.82	2.23	2.74
of which ordinary	0.00	1.73	3.75	4.25	7.50	0.00	7.50	0.10	1.82	2.23	2.74
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%	8.4%	7.4%	7.8%
EBITA	7.2%	7.3%	8.4%	9.5%	7.1%	7.8%	12.3%	-4.0%	3.4%	4.3%	4.6%
EBIT	6.3%	7.3%	8.4%	9.5%	7.1%	7.8%	12.3%	-4.0%	3.4%	4.3%	4.6%

Adjusted earnings

EBITDA (adj)	153	214	322	501	503	576	455	25	411	395	424
EBITA (adj)	137	187	274	365	330	510	372	-80	168	228	253
EBIT (adj)	132	187	274	365	330	510	372	-80	168	228	253
EPS (adj, SEK)	5.18	8.06	14.25	17.74	15.36	25.23	17.40	-5.04	9.12	8.90	10.96

Adjusted profit margins in percent

EBITDA (adj)	9.2%	8.3%	9.9%	13.4%	10.9%	9.3%	8.1%	0.9%	8.4%	7.4%	7.8%
EBITA (adj)	8.3%	7.3%	8.4%	9.7%	7.1%	8.2%	6.6%	-2.8%	3.4%	4.3%	4.6%
EBIT (adj)	7.9%	7.3%	8.4%	9.7%	7.1%	8.2%	6.6%	-2.8%	3.4%	4.3%	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%	5.5%	2.8%	-2.6%
EBITDA	11.6%	13.0%	16.0%	23.5%	31.1%	29.1%	29.4%	n.m.	-3.6%	-4.8%	-5.0%
EBIT	27.7%	48.0%	39.6%	39.0%	40.0%	35.9%	29.9%	n.m.	-14.0%	-7.1%	-12.1%
EPS	n.m.	n.m.	n.m.	n.m.	n.m.	50.4%	34.2%	n.m.	-12.0%	-10.2%	-14.0%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	34.1%	-51.6%	-15.6%	-21.6%	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%	5.1%
Average EBITDA margin	7.0%	7.8%	8.8%	10.3%	10.6%	10.2%	11.3%	10.0%	9.2%	8.5%	8.3%

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.	8.3	8.5	6.9
EV/EBITDA (adj)	n.a.	6.1	4.8	6.1	4.5	8.9	0.3	96.3	5.0	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	9.0	7.7
EV/EBIT (adj)	n.a.	7.0	5.6	8.4	6.9	10.0	0.4	n.m.	12.2	9.0	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.	8.3	8.5	6.9
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.	5.0	5.2	4.6
EV/EBITA	n.a.	7.0	5.6	8.6	6.9	10.6	0.2	n.m.	12.2	9.0	7.7
EV/EBIT	n.a.	7.0	5.6	8.6	6.9	10.6	0.2	n.m.	12.2	9.0	7.7
Dividend yield (ord.)	n.a.	1.1%	2.9%	2.6%	4.8%	0.0%	9.8%	0.1%	2.4%	2.9%	3.6%
FCF yield	n.a.	8.9%	6.8%	-21.5%	28.2%	1.9%	65.9%	-121.3%	36.3%	3.6%	11.5%
FCF Yield bef A&D, lease adj	n.a.	8.8%	6.6%	-21.6%	28.1%	4.9%	-10.7%	-14.5%	36.3%	3.6%	11.5%
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	1,610	1,610	1,610
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	2,012	2,019	2,026
Inventory	467	633	741	1,290	1,014	1,432	460	1,443	882	957	980
Accounts receivable	202	243	319	322	393	535	344	630	564	612	626
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	825	838	933
Total current assets	872	1,231	1,418	2,214	2,048	2,781	2,493	2,506	2,282	2,419	2,551
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	4,294	4,438	4,577
Shareholders equity	442	611	656	890	806	1,101	1,873	1,622	1,753	1,856	1,983
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	1,753	1,856	1,983
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	22	23
Accounts payable	547	737	982	917	1,188	1,809	573	997	441	479	490
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	15
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	1,521	1,561	1,573
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	4,294	4,438	4,577
Balance sheet and debt metrics											
Net debt	-173	-312	-303	689	-20	199	-957	1,349	950	937	842
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	1,002	1,087	1,113
Invested capital	280	314	374	1,519	818	1,368	940	3,274	3,014	3,106	3,138
Capital employed	468	651	710	2,003	1,390	2,068	2,604	3,397	3,528	3,631	3,758
ROE	7.9%	16.4%	32.7%	32.4%	26.1%	35.6%	34.3%	-6.1%	7.9%	7.2%	8.3%
ROIC	39.2%	49.2%	62.1%	30.0%	22.0%	36.4%	25.1%	-3.0%	4.2%	5.8%	6.3%
ROCE	31.9%	36.1%	41.3%	27.4%	20.1%	30.8%	16.8%	-1.6%	4.9%	6.5%	7.0%
Net debt/EBITDA	-1.1	-1.5	-0.9	1.4	0.0	0.4	-1.2	n.m.	2.3	2.4	2.0
Interest coverage	14.4	30.7	31.6	6.3	5.7	10.4	10.5	-1.7	1.7	3.4	4.5
Equity ratio	42.8%	43.2%	38.0%	29.9%	30.7%	27.7%	58.2%	34.5%	40.8%	41.8%	43.3%
Net gearing	-39.1%	-51.0%	-46.2%	77.4%	-2.5%	18.1%	-51.1%	83.2%	54.2%	50.5%	42.5%

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	411	395	424
Paid taxes	0	0	0	-85	-71	-170	-127	-6	-35	-33	-41
Net financials	-3	-6	7	-58	-59	-55	-85	-58	0	-65	-53
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	378	292	324
Change in NWC	18	-20	-106	-698	316	-24	-730	16	73	-85	-25
Cash flow from operations (CFO)	141	148	161	-330	693	457	215	-27	451	207	299
Capital expenditure	-10	-7	-38	-181	-49	-217	-334	-122	-50	-167	-171
Free cash flow before A&D	132	141	123	-511	643	240	-119	-149	401	39	127
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	401	39	127
Free cash flow bef A&D, lease adj	132	141	123	-511	643	240	-119	-149	401	39	127
Dividends paid	-53	-58	-30	-109	-62	-109	0	-109	-1	-27	-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	399	13	95
Cash flow metrics											
Capex/D&A	20.0%	25.8%	80.1%	n.m.	28.1%	n.m.	n.m.	n.m.	20.6%	100.0%	100.0%
Capex/Sales	0.6%	0.3%	1.2%	4.8%	1.1%	3.5%	5.9%	4.3%	1.0%	3.1%	3.1%
Key information											
Share price year end (/current)	n.a.	151	127	163	157	337	77	70	76	76	76
Market cap.	n.a.	1,615	1,849	2,369	2,287	4,897	1,115	1,024	1,103	1,103	1,103
Enterprise value	n.a.	1,303	1,546	3,058	2,267	5,096	158	2,373	2,053	2,040	1,945
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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