

## Svedbergs Group

Consumer Goods  
Sweden

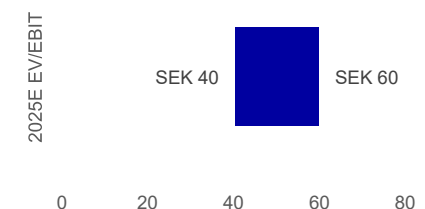
## KEY DATA

Stock country	Sweden
Bloomberg	SVEDB SS
Reuters	SVEDb.ST
Share price (close)	SEK 46.60
Free float	
Market cap. (bn)	EUR 0.22/SEK 2.47
Website	www.svedbergsgroup.se
Next report date	18 Jul 2024

## PERFORMANCE



## VALUATION APPROACH



## ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	0%	0%	0%
EBIT (adj)	-1%	-1%	-1%

Source: Nordea estimates

## Nordea IB &amp; Equity - Analysts

Mona Kilsgård  
AnalystAgnieszka Vilela  
Managing Director

## Where there's a will, there's a way

Ahead of Svedbergs Group's Q2 report on 18 July, we expect a decent quarter, with a 1% organic sales decline y/y but yet another improvement q/q. While we continue to be cautious about market sentiment in the Nordics, especially for the Svedbergs brand, we remain encouraged by the company's performance in the UK, and continue to expect Roper Rhodes to outperform the market. Overall, we only make minor changes to our 2024-26 estimates, but trim our adjusted EBITA estimates slightly due to FX. We have a fair value range of SEK 40-60 per share, translating to 2025E EV/EBIT of 7.5-10.5x.

## We look for adjusted EBITA growth of nearly 40% y/y

We expect a decent report from Svedbergs Group and forecast Q2 sales of SEK 560m, 23% y/y growth (-1% organic growth, FX +1%). While we expect Roper Rhodes to continue to show resilience despite a soft market outlook being maintained for the year, we foresee a sequential drop in organic y/y growth for the segment, primarily owing to tougher comparisons. We still expect demand to be soft in the Nordics, especially for the Svedbergs brand, which accounts for the largest share of the company's exposure to newbuilds, and pencil in negative y/y organic growth of ~11% for the segment, although we expect a sequential improvement q/q. Moreover, we expect adjusted EBITA to grow by 38% y/y to SEK 80m, and the margin to increase y/y by 1.6pp, from 12.6% to 14.2% (-0.4pp q/q).

## Estimate revisions and expectations

We leave our 2024-26 estimates fairly unchanged, but trim our adjusted EBITA forecasts by 1%, mainly due to FX, and now expect 2024 adjusted EBITA to grow by ~40% y/y to SEK 331m, after which we pencil in a CAGR of 7% for 2024-26. Following the investment in new production equipment for the Thebalux brand, which was initiated during Q2 2024 and is already reflected in our 2024 capex estimate, we take a slightly more cautious view on the margin development for Thebalux in the quarter, but still expect the segment to be margin-accretive. As such, Svedbergs Group still looks set to reach its adjusted EBITA margin target of 15% in 2024.

## We trim our fair value range to SEK 40-60

We slightly trim our fair value range to SEK 40-60 (41-60) per share, reflecting 2025E adjusted EV/EBIT of ~7.5-10.5x. On our updated numbers, Svedbergs Group is trading at a 2025E adjusted EV/EBIT of 8.5x, which reflects a ~30% discount to our selected peer group.

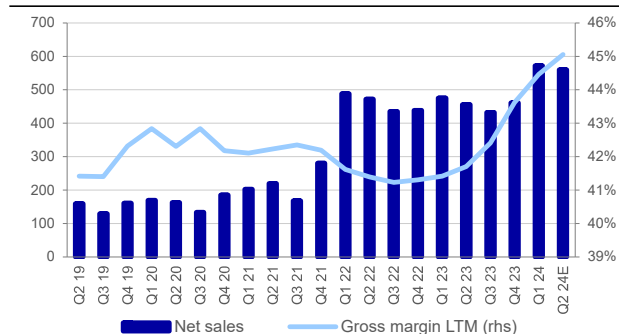
## SUMMARY TABLE - KEY FIGURES

SEKm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	649	869	1,833	1,824	2,217	2,306	2,392
EBITDA (adj)	100	146	298	292	398	435	460
EBIT (adj)	76	114	242	229	316	343	364
EBIT (adj) margin	11.8%	13.1%	13.2%	12.5%	14.2%	14.9%	15.2%
EPS (adj, SEK)	2.88	3.15	5.17	4.01	3.79	4.19	4.50
EPS (adj) growth	47.0%	9.3%	64.0%	-22.4%	-5.6%	10.6%	7.5%
DPS (ord, SEK)	0.00	1.25	0.00	1.50	1.00	1.24	1.49
EV/Sales	1.1	3.2	0.7	1.2	1.4	1.3	1.1
EV/EBIT (adj)	9.6	24.1	5.7	9.7	9.8	8.5	7.4
P/E (adj)	8.5	19.6	4.3	7.8	12.3	11.1	10.3
P/BV	2.3	6.0	0.8	1.1	1.6	1.3	1.2
Dividend yield (ord)	0.0%	2.0%	0.0%	4.8%	2.1%	2.7%	3.2%
FCF Yield bef A&D, lease	12.8%	5.0%	27.0%	15.4%	6.5%	10.1%	10.9%
Net debt	212	1,137	623	1,108	628	431	227
Net debt/EBITDA	2.4	9.0	2.1	4.0	1.6	1.0	0.5
ROIC after tax	13.0%	8.4%	11.2%	8.6%	10.3%	10.8%	11.2%

Source: Company data and Nordea estimates

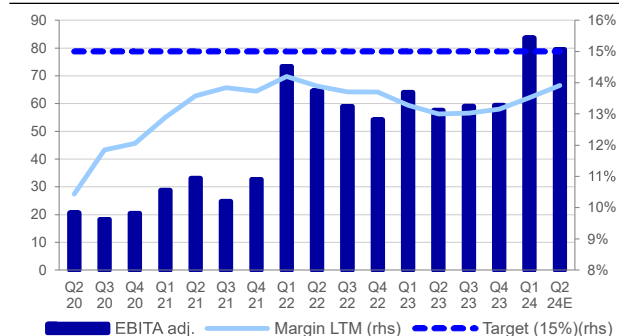
# Key charts

## NET SALES (SEKm) AND GROSS MARGIN LTM (%)



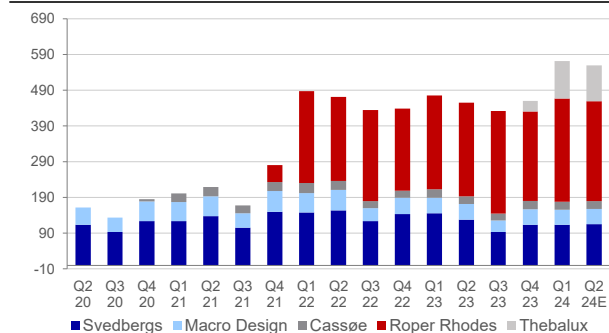
Source: Company data and Nordea estimates

## ADJUSTED EBITA (SEKm) AND MARGIN (%)



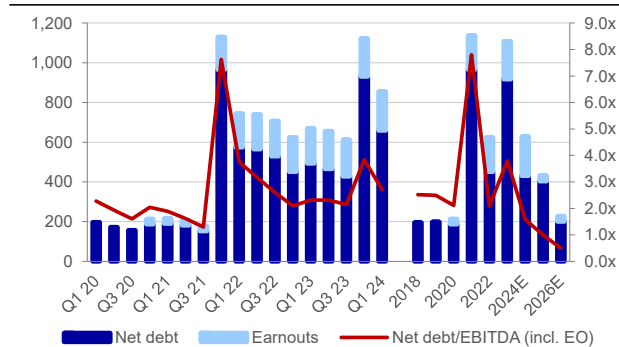
Source: Company data and Nordea estimates

## EXTERNAL SALES DISTRIBUTION (SEKm)



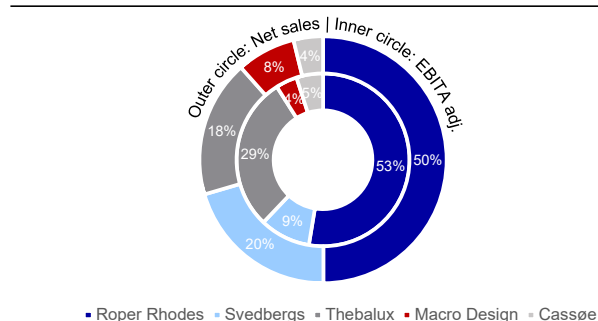
Source: Company data and Nordea estimates

## NET DEBT (SEKm) AND LEVERAGE RATIO (x)



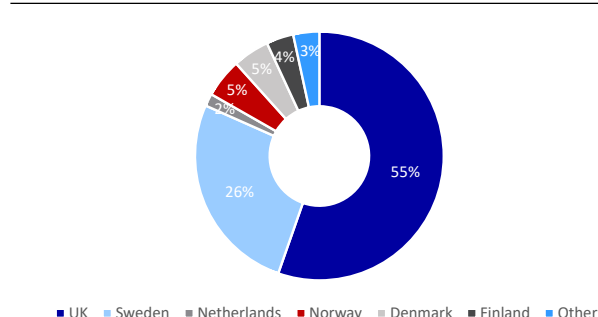
Source: Company data and Nordea estimates

## DIVISIONAL DISTRIBUTIONS, Q2 2024E



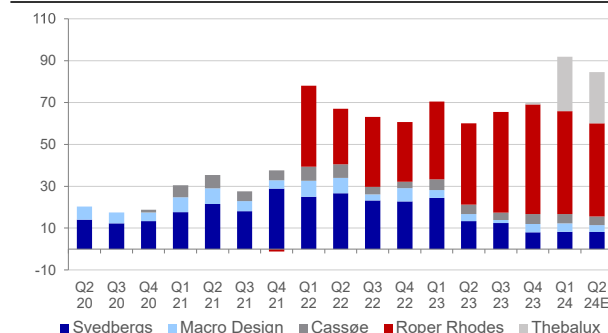
Source: Company data and Nordea estimates

## GEOGRAPHICAL SALES SPLIT (SEKm), 2023



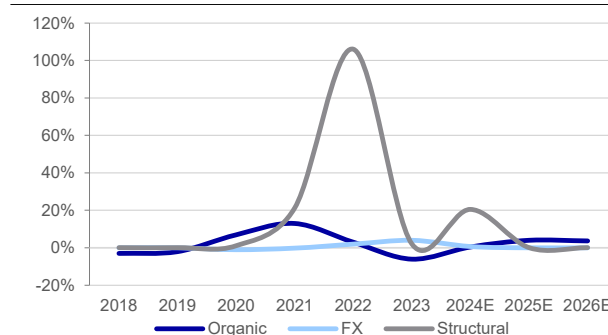
Source: Company data and Nordea estimates

## ADJUSTED EBITA DISTRIBUTION (SEKm)



Source: Company data and Nordea estimates

## SALES GROWTH DRIVERS (%)



Source: Company data and Nordea estimates

# Revisions

## SVEDBERGS GROUP: ESTIMATE REVISIONS

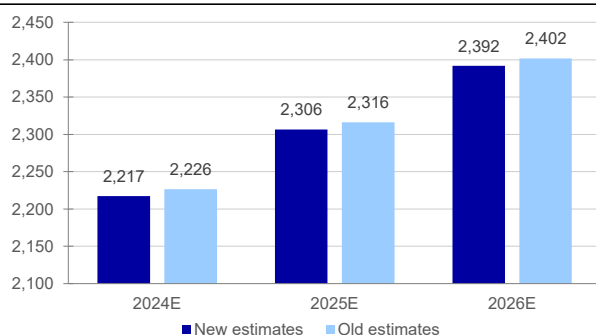
SEKm	New estimates				Old estimates				Difference %			
	Q2 24E	2024E	2025E	2026E	Q2 24E	2024E	2025E	2026E	Q2 24E	2024E	2025E	2026E
<b>Net sales</b>	<b>560</b>	<b>2,217</b>	<b>2,306</b>	<b>2,392</b>	<b>562</b>	<b>2,226</b>	<b>2,316</b>	<b>2,402</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
COGS	-309	-1,218	-1,260	-1,305	-309	-1,223	-1,264	-1,310	0%	0%	0%	0%
Gross profit	251	999	1,046	1,087	252	1,004	1,052	1,092	-1%	0%	0%	0%
Gross margin	44.8%	45.0%	45.4%	45.4%	44.9%	45.1%	45.4%	45.5%	-0.1pp	0.0pp	0.0pp	0.0pp
Adj. opex	-155	-601	-611	-627	-156	-603	-614	-629	0%	0%	0%	0%
<b>Adj. EBITDA</b>	<b>96</b>	<b>398</b>	<b>435</b>	<b>460</b>	<b>97</b>	<b>400</b>	<b>438</b>	<b>463</b>	<b>-1%</b>	<b>-1%</b>	<b>-1%</b>	<b>-1%</b>
Adj. EBITDA margin	17.1%	17.9%	18.9%	19.2%	17.2%	18.0%	18.9%	19.3%	-0.1pp	0.0pp	0.0pp	0.0pp
Depreciation	-16	-66	-78	-81	-16	-67	-79	-82	0%	0%	0%	0%
<b>Adj. EBITA</b>	<b>80</b>	<b>331</b>	<b>357</b>	<b>379</b>	<b>80</b>	<b>334</b>	<b>359</b>	<b>381</b>	<b>-1%</b>	<b>-1%</b>	<b>-1%</b>	<b>-1%</b>
Adj. EBITA margin	14.2%	14.9%	15.5%	15.8%	14.3%	15.0%	15.5%	15.9%	-0.1pp	0.0pp	0.0pp	0.0pp
Amortisation (PPA)	-4	-16	-14	-14	-4	-16	-14	-14	0%	0%	0%	0%
<b>Adj. EBIT</b>	<b>76</b>	<b>316</b>	<b>343</b>	<b>364</b>	<b>76</b>	<b>318</b>	<b>345</b>	<b>367</b>	<b>-1%</b>	<b>-1%</b>	<b>-1%</b>	<b>-1%</b>
Adj. EBIT margin	13.5%	14.2%	14.9%	15.2%	13.6%	14.3%	14.9%	15.3%	-0.1pp	0.0pp	0.0pp	0.0pp
IAC	0	0	0	0	0	0	0	0	n.a.	0%	n.a.	n.a.
EBIT	76	315	343	364	76	317	345	367	-1%	-1%	-1%	-1%
EBIT margin	13.5%	14.2%	14.9%	15.2%	13.6%	14.2%	14.9%	15.3%	-0.1pp	0.0pp	0.0pp	0.0pp
Net financials	-12	-48	-47	-46	-12	-48	-47	-46	0%	0%	0%	0%
Pre-tax profit	64	267	296	318	64	269	298	320	-1%	-1%	-1%	-1%
Tax	-16	-67	-74	-80	-16	-68	-75	-80	-1%	-1%	-1%	-1%
Net profit	48	200	222	239	48	202	224	240	-1%	-1%	-1%	-1%
<b>Adj. EPS (SEK)</b>	<b>0.90</b>	<b>3.79</b>	<b>4.19</b>	<b>4.50</b>	<b>0.91</b>	<b>3.82</b>	<b>4.22</b>	<b>4.54</b>	<b>-1%</b>	<b>-1%</b>	<b>-1%</b>	<b>-1%</b>
EPS (SEK)	0.90	3.78	4.19	4.50	0.91	3.81	4.22	4.54	-1%	-1%	-1%	-1%

BY SEGMENT	New estimates				Old estimates				Difference %			
	Q2 24E	2024E	2025E	2026E	Q2 24E	2024E	2025E	2026E	Q2 24E	2024E	2025E	2026E
<b>Sales (external)</b>												
Svedbergs	115	444	466	489	115	445	467	490	0%	0%	0%	0%
Macro design	43	163	171	178	43	163	171	178	0%	0%	0%	0%
Cassøe	22	87	93	96	22	88	94	97	0%	-1%	-1%	-1%
Roper Rhodes	280	1,121	1,154	1,189	281	1,128	1,162	1,196	-1%	-1%	-1%	-1%
Thebalux	101	402	422	439	101	403	423	440	0%	0%	0%	0%
<b>Group</b>	<b>560</b>	<b>2,217</b>	<b>2,306</b>	<b>2,392</b>	<b>562</b>	<b>2,226</b>	<b>2,316</b>	<b>2,402</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>Adj. EBITA</b>												
Svedbergs	8	32	40	45	8	33	41	45	-3%	-1%	-1%	-1%
Macro design	3	13	15	17	3	13	15	17	0%	0%	0%	0%
Cassøe	4	17	18	19	4	17	18	19	1%	-1%	-1%	-1%
Roper Rhodes	44	198	206	216	45	199	207	218	0%	-1%	-1%	-1%
Thebalux	24	99	106	111	25	99	106	111	-1%	0%	0%	0%
Eliminations	-5	-28	-29	-29	-5	-28	-29	-29	0%	0%	0%	0%
<b>Group</b>	<b>80</b>	<b>331</b>	<b>357</b>	<b>379</b>	<b>80</b>	<b>334</b>	<b>359</b>	<b>381</b>	<b>-1%</b>	<b>-1%</b>	<b>-1%</b>	<b>-1%</b>
<b>Adj. EBITA margin</b>												
Svedbergs	7.0%	7.3%	8.6%	9.2%	7.2%	7.4%	8.7%	9.2%	-0.2pp	-0.1pp	-0.1pp	-0.1pp
Macro design	7.9%	8.2%	9.0%	9.6%	7.9%	8.2%	9.0%	9.6%	0.0pp	0.0pp	0.0pp	0.0pp
Cassøe	19.4%	19.3%	19.4%	19.6%	19.2%	19.3%	19.3%	19.5%	0.3pp	0.1pp	0.1pp	0.1pp
Roper Rhodes	15.9%	17.6%	17.8%	18.2%	15.9%	17.6%	17.9%	18.2%	0.0pp	0.0pp	0.0pp	0.0pp
Thebalux	24.3%	24.6%	25.1%	25.3%	24.6%	24.6%	25.1%	25.3%	-0.3pp	-0.1pp	-0.1pp	-0.1pp
<b>Group</b>	<b>14.2%</b>	<b>14.9%</b>	<b>15.5%</b>	<b>15.8%</b>	<b>14.3%</b>	<b>15.0%</b>	<b>15.5%</b>	<b>15.9%</b>	<b>-0.1pp</b>	<b>0.0pp</b>	<b>0.0pp</b>	<b>0.0pp</b>

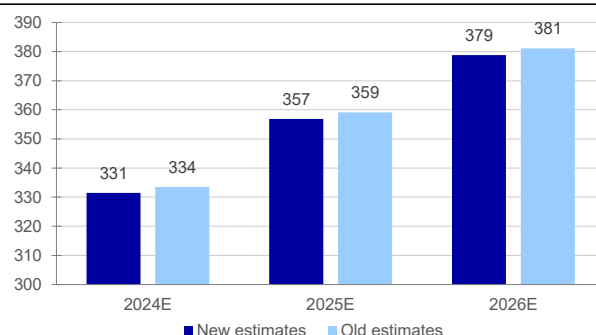
Source: Company data and Nordea estimates

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



Source: Company data and Nordea estimates

### EBITA ADJUSTED (SEKm): NEW VS. OLD ESTIMATES



Source: Company data and Nordea estimates

# Detailed estimates

## SVEDBERGS GROUP: BREAKDOWN OF OUR ESTIMATES

SEKm	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24E	2021	2022	2023	2024E	2025E	2026E
Net sales	435	438	476	456	432	460	572	560	869	1,833	1,824	2,217	2,306	2,392
COGS	-253	-257	-279	-263	-239	-248	-317	-309	-502	-1,076	-1,028	-1,218	-1,260	-1,305
Gross profit	182	181	197	193	193	213	255	251	366	757	796	999	1,046	1,087
Adj. opex	-112	-115	-121	-123	-122	-138	-156	-155	-221	-459	-504	-601	-611	-627
Adj. EBITDA	70	67	76	70	72	75	100	96	146	298	292	398	435	460
Depreciation	-11	-13	-12	-12	-13	-15	-16	-16	-26	-47	-52	-66	-78	-81
Adj. EBITA	59	54	64	58	59	59	84	80	119	251	240	331	357	379
Amortisation (PPA)	-3	-2	-3	-3	-3	-3	-4	-4	-6	-9	-11	-16	-14	-14
Adj. EBIT	56	52	62	55	56	56	80	76	114	242	229	316	343	364
IAC	-1	-5	0	-4	0	-15	0	0	-19	-7	-18	0	0	0
EBIT	55	48	62	51	57	41	80	76	95	234	210	315	343	364
Net financials	-3	-9	-10	-9	-13	-18	-12	-12	-16	-28	-51	-48	-47	-46
Pre-tax profit	52	39	52	42	43	23	67	64	79	206	160	267	296	318
Tax	-10	-9	-10	-9	-9	-13	-17	-16	-21	-40	-41	-67	-74	-80
Net profit	42	30	42	33	34	10	50	48	59	166	119	200	222	239
Adj. EPS (SEK)	1.22	0.95	1.19	1.02	0.96	0.60	0.95	0.90	2.82	5.07	3.77	3.79	4.19	4.50
EPS (SEK)	1.19	0.84	1.19	0.93	0.97	0.27	0.95	0.90	2.26	4.90	3.37	3.78	4.19	4.50

Margins	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24E	2021	2022	2023	2024E	2025E	2026E
Gross margin	41.8%	41.3%	41.4%	42.3%	44.7%	46.2%	44.6%	44.8%	42.2%	41.3%	43.6%	45.0%	45.4%	45.4%
Adj. EBITDA margin	16.1%	15.2%	16.0%	15.3%	16.6%	16.2%	17.4%	17.1%	16.8%	16.3%	16.0%	17.9%	18.9%	19.2%
Adj. EBITA margin	13.5%	12.4%	13.5%	12.6%	13.7%	12.9%	14.6%	14.2%	13.7%	13.7%	13.2%	14.9%	15.5%	15.8%
Adj. EBIT margin	12.9%	11.9%	12.9%	12.0%	13.0%	12.2%	14.0%	13.5%	13.1%	13.2%	12.5%	14.2%	14.9%	15.2%
EBIT margin	12.6%	10.9%	12.9%	11.2%	13.1%	9.0%	13.9%	13.5%	10.9%	12.8%	11.5%	14.2%	14.9%	15.2%

Sales drivers (y/y, %)	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24E	2021	2022	2023	2024E	2025E	2026E
Organic	6%	-9%	-4%	-8%	-8%	-5%	-4%	-1%	13%	3%	-6%	0%	4%	4%
FX	2%	3%	1%	4%	7%	3%	2%	1%	0%	2%	4%	1%	0%	0%
Structure	152%	63%	0%	1%	0%	7%	22%	22%	21%	106%	2%	20%	0%	0%
Total	160%	56%	-3%	-3%	-1%	5%	20%	23%	34%	111%	-1%	22%	4%	4%

## PERFORMANCE BY SEGMENT

External net sales	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24E	2021	2022	2023	2024E	2025E	2026E
Svedbergs	124	144	146	128	93	113	113	115	516	569	480	444	466	489
Macro design	36	45	44	43	32	44	42	43	208	193	163	163	171	178
Cassøe	20	20	24	22	20	23	23	22	97	94	88	87	93	96
Roper Rhodes	255	230	263	262	287	250	289	280	47	977	1,062	1,121	1,154	1,189
Thebalux	0	0	0	0	0	30	105	101	0	0	30	402	422	439
Group	435	438	476	456	432	460	572	560	869	1,833	1,824	2,217	2,306	2,392

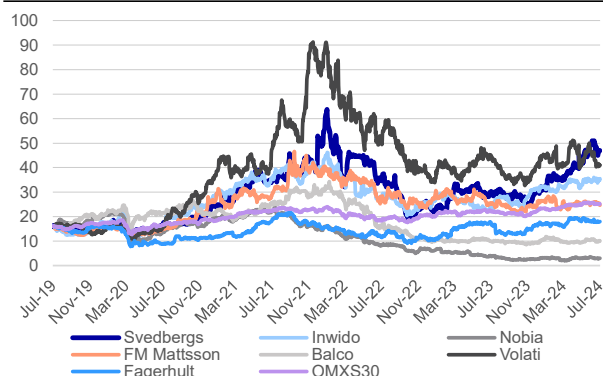
Adj. EBITA	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24E	2021	2022	2023	2024E	2025E	2026E
Svedbergs	23	23	24	13	12	8	8	8	86	99	59	32	40	45
Macro design	3	6	4	3	2	4	4	3	24	24	12	13	15	17
Cassøe	4	3	5	5	4	5	4	4	22	20	18	17	18	19
Roper Rhodes	34	28	37	39	48	52	49	44	-1	130	179	198	206	216
Thebalux	0	0	0	0	0	1	26	24	0	0	1	99	106	111
Eliminations	-4	-6	-6	-3	-6	-11	-8	-5	-11	-22	-28	-28	-29	-29
Group	59	54	64	58	59	59	84	80	119	251	240	331	357	379

Adj. EBITA margin	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24E	2021	2022	2023	2024E	2025E	2026E
Svedbergs	18.7%	15.9%	16.8%	10.5%	13.3%	7.1%	7.2%	7.0%	16.6%	17.3%	12.2%	7.3%	8.6%	9.2%
Macro design	7.7%	13.9%	8.7%	7.4%	4.7%	8.9%	9.7%	7.9%	11.3%	12.5%	7.4%	8.2%	9.0%	9.6%
Cassøe	18.2%	15.6%	21.2%	20.8%	17.8%	20.5%	19.5%	19.4%	22.5%	21.4%	20.3%	19.3%	19.4%	19.6%
Roper Rhodes	13.1%	12.4%	14.1%	14.8%	16.7%	20.9%	17.0%	15.9%	-2.5%	13.3%	16.8%	17.6%	17.8%	18.2%
Thebalux						3.4%	24.8%	24.3%			3.4%	24.6%	25.1%	25.3%
Group	13.5%	12.4%	13.5%	12.6%	13.7%	12.9%	14.6%	14.2%	13.7%	13.7%	13.2%	14.9%	15.5%	15.8%

Source: Company data and Nordea estimates

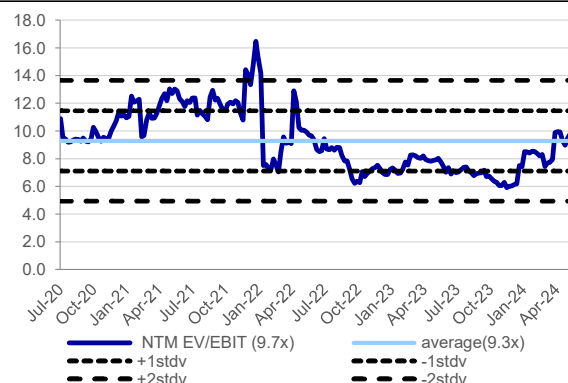
# Performance and valuation

## SHARE PRICE PERFORMANCE (SEK)



Source: LSEG Data &amp; Analytics

## SVEDBERGS GROUP: NTM EV/EBIT (x)



Source: LSEG Data &amp; Analytics

## SWEDISH BUILDING MATERIALS COMPANIES: VALUATION TABLE

Company	Rating	Mcap SEKm	EV/EBITDA (adj.)			EV/EBITA (adj.)			EV/EBIT (adj.)			P/E (adj.)			EBIT %	Growth
			24E	25E	26E	24E	25E	26E	24E	25E	26E	24E	25E	26E	24E-26E	24E-26E
Inwido	BUY	8,597	7.7x	6.6x	5.7x	10.4x	8.8x	7.6x	10.9x	9.2x	7.9x	14.8x	12.2x	11.0x	11.0%	4.9%
Nobia	BUY	3,092	8.5x	5.5x	4.2x	-	19.4x	10.7x	-	24.8x	12.4x	-	-	14.1x	2.4%	5.5%
Volati	BUY	8,099	11.9x	9.3x	8.5x	14.4x	11.0x	10.0x	17.3x	12.9x	11.5x	-	19.0x	16.5x	8.4%	7.0%
FM Mattsson	NOT COVERED	1,868	5.7x	5.3x	4.8x	6.9x	5.8x	-	7.7x	6.9x	6.1x	13.4x	11.2x	9.9x	12.3%	6.0%
Balco	NOT COVERED	994	9.7x	7.1x	6.6x	13.7x	9.3x	8.5x	9.7x	7.1x	6.6x	15.3x	8.9x	7.7x	8.1%	8.7%
Nordic Waterproofing	NOT COVERED	3,819	9.7x	8.0x	7.6x	13.1x	10.3x	9.7x	13.5x	10.6x	10.1x	16.1x	12.2x	10.8x	9.1%	5.0%
Fagerhult	NOT COVERED	12,099	10.9x	10.2x	9.5x	13.9x	12.7x	-	15.5x	14.1x	12.7x	18.3x	16.2x	14.4x	11.4%	6.1%
<b>Peers average</b>			<b>9.1x</b>	<b>7.4x</b>	<b>6.7x</b>	<b>12.1x</b>	<b>11.0x</b>	<b>9.3x</b>	<b>12.5x</b>	<b>12.2x</b>	<b>9.6x</b>	<b>15.6x</b>	<b>13.3x</b>	<b>12.0x</b>	<b>9.0%</b>	<b>6.2%</b>
Peers median			9.7x	7.1x	6.6x	13.4x	10.3x	9.7x	12.2x	10.6x	10.1x	15.3x	12.2x	11.0x	9.1%	6.0%
<b>Svedbergs (Nordea)</b>	<b>NO RATING</b>	<b>2,485</b>	<b>7.8x</b>	<b>6.7x</b>	<b>5.9x</b>	<b>9.4x</b>	<b>8.2x</b>	<b>7.2x</b>	<b>9.9x</b>	<b>8.5x</b>	<b>7.4x</b>	<b>12.4x</b>	<b>11.2x</b>	<b>10.4x</b>	<b>14.8%</b>	<b>3.9%</b>
<b>vs. peers average</b>			<b>-14%</b>	<b>-10%</b>	<b>-12%</b>	<b>-22%</b>	<b>-26%</b>	<b>-23%</b>	<b>-21%</b>	<b>-30%</b>	<b>-22%</b>	<b>-21%</b>	<b>-16%</b>	<b>-14%</b>	<b>5.8 pp</b>	<b>-2.3 pp</b>
<b>vs. peers median</b>			<b>-19%</b>	<b>-6%</b>	<b>-10%</b>	<b>-30%</b>	<b>-21%</b>	<b>-27%</b>	<b>-19%</b>	<b>-20%</b>	<b>-26%</b>	<b>-19%</b>	<b>-8%</b>	<b>-5%</b>	<b>5.8 pp</b>	<b>-2.3 pp</b>

Source: LSEG Data &amp; Analytics and Nordea estimates

## EUROPEAN BUILDING MATERIALS COMPANIES: VALUATION TABLE

Company	Rating	Mcap SEKm	EV/EBITDA (adj.)			EV/EBITA (adj.)			EV/EBIT (adj.)			P/E (adj.)			EBIT %	Growth
			24E	25E	26E	24E	25E	26E	24E	25E	26E	24E	25E	26E	24E-26E	24E-26E
Geberit	NOT COVERED	219,823	22.2x	21.1x	19.9x	25.7x	24.3x	22.9x	26.6x	25.2x	23.7x	30.4x	28.3x	26.6x	24.7%	4.3%
Villeroy & Boch	NOT COVERED	2,681	4.2x	3.8x	3.7x	-	-	-	7.2x	6.8x	6.5x	6.5x	5.9x	5.5x	8.7%	6.8%
Howden	NOT COVERED	64,984	10.7x	9.8x	9.3x	14.6x	13.3x	12.2x	14.6x	13.2x	12.5x	18.5x	16.4x	15.1x	15.8%	6.4%
<b>Peers average</b>			<b>12.3x</b>	<b>11.6x</b>	<b>11.0x</b>	<b>20.1x</b>	<b>18.8x</b>	<b>17.6x</b>	<b>16.1x</b>	<b>15.1x</b>	<b>14.2x</b>	<b>18.5x</b>	<b>16.9x</b>	<b>15.7x</b>	<b>16.4%</b>	<b>5.8%</b>
Peers median			10.7x	9.8x	9.3x	20.1x	18.8x	17.6x	14.6x	13.2x	12.5x	18.5x	16.4x	15.1x	15.8%	6.4%
<b>Svedbergs (Nordea)</b>	<b>NO RATING</b>	<b>2,485</b>	<b>7.8x</b>	<b>6.7x</b>	<b>5.9x</b>	<b>9.4x</b>	<b>8.2x</b>	<b>7.2x</b>	<b>9.9x</b>	<b>8.5x</b>	<b>7.4x</b>	<b>12.4x</b>	<b>11.2x</b>	<b>10.4x</b>	<b>14.8%</b>	<b>3.9%</b>
<b>vs. peers average</b>			<b>-37%</b>	<b>-42%</b>	<b>-46%</b>	<b>-53%</b>	<b>-57%</b>	<b>-59%</b>	<b>-39%</b>	<b>-44%</b>	<b>-48%</b>	<b>-33%</b>	<b>-34%</b>	<b>-34%</b>	<b>-1.6 pp</b>	<b>-2.0 pp</b>
<b>vs. peers median</b>			<b>-27%</b>	<b>-31%</b>	<b>-37%</b>	<b>-53%</b>	<b>-57%</b>	<b>-59%</b>	<b>-32%</b>	<b>-35%</b>	<b>-41%</b>	<b>-33%</b>	<b>-32%</b>	<b>-31%</b>	<b>-1.6 pp</b>	<b>-2.0 pp</b>

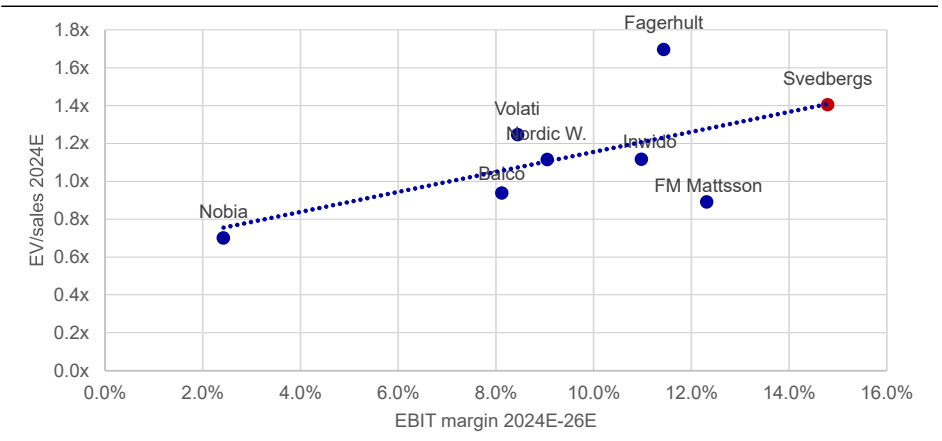
Source: LSEG Data &amp; Analytics and Nordea estimates

## VALUATION: 2025E ADJUSTED EV/EBIT SENSITIVITY (SEK PER SHARE, SEKm, x)

Adjusted EV/EBIT 2025E - multiple	7.0x	7.5x	8.0x	8.5x	9.0x	9.5x	10.0x	10.5x	11.0x	11.5x	12.0x	12.5x	13.0x
Implied EV	2,401	2,573	2,744	2,916	3,087	3,259	3,430	3,602	3,773	3,945	4,116	4,288	4,459
ND	431	431	431	431	431	431	431	431	431	431	431	431	431
Implied Mcap	1,970	2,142	2,313	2,485	2,656	2,828	2,999	3,171	3,342	3,514	3,685	3,857	4,028
Mcap per share (SEK)	37	40	44	47	50	53	57	60	63	66	70	73	76
Implied P/E	8.9x	9.6x	10.4x	11.2x	12.0x	12.7x	13.5x	14.3x	15.1x	15.8x	16.6x	17.4x	18.1x
Implied FCF yield	4.1%	3.8%	3.5%	3.3%	3.0%	2.9%	2.7%	2.6%	2.4%	2.3%	2.2%	2.1%	2.0%
Implied EV/EBIT 2025E vs. peer average	-43%	-39%	-34%	-30%	-26%	-22%	-18%	-14%	-10%	-6%	-2%	2%	6%
Implied EV/EBIT 2025E vs. peer median	-34%	-29%	-24%	-20%	-15%	-10%	-6%	-1%	4%	9%	13%	18%	23%
Upside/downside to current share price	-21%	-14%	-7%	0%	7%	14%	21%	28%	35%	41%	48%	55%	62%

Source: Nordea estimates

EV/SALES (x) VS. EBIT MARGIN (%)



Source: LSEG Data & Analytics 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>449</b>	<b>639</b>	<b>622</b>	<b>609</b>	<b>649</b>	<b>869</b>	<b>1,833</b>	<b>1,824</b>	<b>2,217</b>	<b>2,306</b>	<b>2,392</b>
Revenue growth	0.3%	42.4%	-2.7%	-2.1%	6.6%	33.8%	111.0%	-0.5%	21.6%	4.0%	3.7%
of which organic	n.a.	n.a.	-3.0%	-2.0%	7.0%	13.0%	3.0%	-6.0%	0.5%	4.0%	3.7%
of which FX	n.a.	n.a.	0.0%	0.0%	-1.0%	-0.2%	2.0%	4.0%	0.7%	0.0%	0.0%
EBITDA	57	83	75	79	90	127	291	274	397	435	460
Depreciation and impairments PPE	0	-19	-19	-21	-22	-26	-47	-52	-66	-78	-81
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	57	64	56	58	68	101	244	222	331	357	379
Amortisation and impairments	0	-1	-1	-2	-2	-6	-9	-11	-16	-14	-14
EBIT	57	63	55	56	66	95	234	210	315	343	364
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	0	-3	-3	-3	-4	-16	-28	-51	-48	-47	-46
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>57</b>	<b>60</b>	<b>51</b>	<b>53</b>	<b>62</b>	<b>79</b>	<b>206</b>	<b>160</b>	<b>267</b>	<b>296</b>	<b>318</b>
Reported taxes	-13	-13	-11	-12	-14	-21	-40	-41	-67	-74	-80
Net profit from continued operations	44	46	41	41	48	59	166	119	200	222	239
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	44	46	41	41	48	59	166	119	200	222	239
<b>EPS, SEK</b>	<b>2.10</b>	<b>2.20</b>	<b>1.93</b>	<b>1.96</b>	<b>2.28</b>	<b>2.26</b>	<b>4.90</b>	<b>3.37</b>	<b>3.78</b>	<b>4.19</b>	<b>4.50</b>
DPS, SEK	2.25	2.25	2.25	1.25	0.00	1.25	0.00	1.50	1.00	1.24	1.49
of which ordinary	2.25	2.25	2.25	1.25	0.00	1.25	0.00	1.50	1.00	1.24	1.49
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

## Profit margin in percent

EBITDA	12.8%	13.0%	12.1%	13.0%	13.9%	14.6%	15.9%	15.0%	17.9%	18.9%	19.2%
EBITA	12.8%	10.0%	9.0%	9.5%	10.5%	11.6%	13.3%	12.2%	14.9%	15.5%	15.8%
EBIT	12.8%	9.9%	8.8%	9.2%	10.2%	10.9%	12.8%	11.5%	14.2%	14.9%	15.2%

## Adjusted earnings

EBITDA (adj)	58	87	77	79	100	146	298	292	398	435	460
EBITA (adj)	58	68	58	58	78	119	251	240	331	357	379
EBIT (adj)	58	67	57	56	76	114	242	229	316	343	364
EPS (adj, SEK)	2.13	2.44	2.05	1.96	2.88	3.15	5.17	4.01	3.79	4.19	4.50

## Adjusted profit margins in percent

EBITDA (adj)	12.9%	13.6%	12.4%	13.0%	15.5%	16.8%	16.3%	16.0%	17.9%	18.9%	19.2%
EBITA (adj)	12.9%	10.7%	9.3%	9.5%	12.0%	13.7%	13.7%	13.2%	14.9%	15.5%	15.8%
EBIT (adj)	12.9%	10.5%	9.1%	9.2%	11.8%	13.1%	13.2%	12.5%	14.2%	14.9%	15.2%

## Performance metrics

CAGR last 5 years											
Net revenue	0.5%	9.8%	11.0%	9.8%	7.7%	14.1%	23.5%	24.0%	29.5%	28.9%	22.5%
EBITDA	-3.7%	24.1%	24.9%	10.9%	15.4%	17.2%	28.4%	29.4%	38.0%	37.0%	29.4%
EBIT	-3.7%	17.4%	17.2%	3.5%	8.5%	10.6%	30.1%	30.9%	41.2%	39.0%	30.8%
EPS	-2.3%	15.5%	18.4%	2.7%	7.3%	1.5%	17.3%	11.8%	14.0%	13.0%	14.8%
DPS	n.m.	n.m.	n.m.	4.6%	n.m.	-11.1%	n.m.	-7.8%	-4.4%	n.m.	3.6%
Average last 5 years											
Average EBIT margin	9.8%	10.3%	10.5%	9.9%	10.0%	9.9%	11.1%	11.4%	12.5%	13.2%	13.9%
Average EBITDA margin	9.8%	11.2%	12.1%	12.3%	13.0%	13.4%	14.5%	14.9%	15.9%	16.8%	17.6%

## VALUATION RATIOS - ADJUSTED EARNINGS

SEKm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E (adj)	14.3	10.5	7.7	8.3	8.5	19.6	4.3	7.8	12.3	11.1	10.3
EV/EBITDA (adj)	14.1	8.1	6.8	6.9	7.3	18.8	4.6	7.6	7.8	6.7	5.9
EV/EBITA (adj)	14.1	10.4	9.1	9.4	9.4	23.0	5.5	9.2	9.3	8.1	7.1
EV/EBIT (adj)	14.1	10.6	9.3	9.7	9.6	24.1	5.7	9.7	9.8	8.5	7.4

## VALUATION RATIOS - REPORTED EARNINGS

SEKm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E	14.6	11.6	8.2	8.3	10.8	27.4	4.5	9.3	12.3	11.1	10.3
EV/Sales	1.82	1.11	0.85	0.89	1.13	3.16	0.75	1.21	1.40	1.26	1.13
EV/EBITDA	14.2	8.5	7.0	6.9	8.1	21.6	4.7	8.1	7.8	6.7	5.9
EV/EBITA	14.2	11.1	9.4	9.4	10.8	27.2	5.6	10.0	9.4	8.1	7.1
EV/EBIT	14.2	11.3	9.6	9.7	11.1	28.8	5.9	10.5	9.8	8.5	7.4
Dividend yield (ord.)	7.4%	8.8%	14.3%	7.6%	0.0%	2.0%	0.0%	4.8%	2.1%	2.7%	3.2%
FCF yield	-19.0%	8.0%	11.0%	10.0%	1.9%	-44.0%	8.2%	-27.8%	6.5%	3.3%	10.9%
FCF Yield bef A&D, lease adj	6.6%	7.8%	10.9%	9.9%	12.8%	5.0%	27.0%	15.4%	6.5%	10.1%	10.9%
Payout ratio	105.6%	92.4%	109.7%	63.7%	0.0%	39.7%	0.0%	37.4%	26.4%	29.5%	33.1%

Source: Company data and Nordea estimates

**BALANCE SHEET**

SEKm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Intangible assets	165	163	160	160	260	971	1,001	1,381	1,385	1,561	1,568
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	51	49	46	46	98	376	388	543	547	554	561
of which goodwill	114	114	114	114	162	595	614	838	838	1,007	1,007
Tangible assets	70	70	70	85	81	322	317	461	425	369	312
of which leased assets	0	0	0	9	9	40	28	82	82	82	82
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	0	0	0	0	0	0	0	0	0	0	0
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	2	3	3	3	3
Total non-current assets	235	233	231	245	341	1,294	1,320	1,845	1,813	1,933	1,883
Inventory	108	131	118	134	130	326	444	499	551	573	594
Accounts receivable	119	118	126	120	138	322	291	296	353	368	381
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	5	7	12	5	7	67	35	64	67	70	72
Cash and bank	17	16	21	36	58	320	200	217	303	331	535
Total current assets	249	272	277	296	334	1,035	971	1,076	1,274	1,341	1,582
Assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total assets</b>	<b>484</b>	<b>505</b>	<b>508</b>	<b>541</b>	<b>674</b>	<b>2,328</b>	<b>2,291</b>	<b>2,921</b>	<b>3,086</b>	<b>3,274</b>	<b>3,465</b>
Shareholders equity	170	168	163	179	227	267	935	979	1,511	1,849	2,022
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	170	168	163	179	227	267	935	979	1,511	1,849	2,022
Deferred tax	14	13	17	21	36	135	132	174	174	174	174
Long term interest bearing debt	153	131	131	132	132	528	563	490	489	489	489
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	25	163	164	187	30	30	3
Other long-term liabilities	8	15	0	0	0	0	0	0	0	0	0
Non-current lease debt	0	0	0	3	4	20	10	64	64	66	66
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	176	158	148	156	196	846	868	915	758	760	733
Short-term provisions	2	3	3	3	6	13	12	11	174	5	32
Accounts payable	45	50	43	37	39	102	113	161	174	181	188
Current lease debt	0	0	0	7	6	20	19	19	19	17	17
Other current liabilities	55	69	65	66	96	363	282	261	288	300	311
Short term interest bearing debt	36	56	86	93	105	718	61	576	163	163	163
Total current liabilities	139	178	197	206	251	1,216	487	1,027	818	665	710
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>484</b>	<b>505</b>	<b>508</b>	<b>541</b>	<b>674</b>	<b>2,328</b>	<b>2,291</b>	<b>2,921</b>	<b>3,086</b>	<b>3,274</b>	<b>3,465</b>
<b>Balance sheet and debt metrics</b>											
Net debt	172	171	195	198	212	1,137	623	1,108	628	431	227
of which lease debt	0	0	0	10	9	39	29	83	83	83	83
Working capital	131	137	148	156	140	249	375	437	509	529	549
Invested capital	367	370	379	401	481	1,543	1,695	2,281	2,321	2,462	2,432
Capital employed	359	355	379	414	474	1,552	1,588	2,126	2,246	2,584	2,757
ROE	25.8%	27.5%	24.6%	24.3%	23.7%	23.7%	27.5%	12.4%	16.1%	13.2%	12.3%
ROIC	15.6%	13.6%	11.4%	10.8%	13.0%	8.4%	11.2%	8.6%	10.3%	10.8%	11.2%
ROCE	21.4%	18.7%	15.5%	14.2%	17.2%	11.2%	15.4%	12.3%	14.4%	14.2%	13.6%
Net debt/EBITDA	3.0	2.1	2.6	2.5	2.4	9.0	2.1	4.0	1.6	1.0	0.5
Interest coverage	n.m.	20.6	15.6	21.1	16.1	6.2	8.3	4.1	6.6	7.3	7.9
Equity ratio	35.1%	33.3%	32.1%	33.1%	33.7%	11.5%	40.8%	33.5%	49.0%	56.5%	58.4%
Net gearing	101.4%	101.6%	120.0%	110.8%	93.4%	426.0%	66.6%	113.2%	41.6%	23.3%	11.2%

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>57</b>	<b>83</b>	<b>75</b>	<b>79</b>	<b>90</b>	<b>127</b>	<b>291</b>	<b>274</b>	<b>397</b>	<b>435</b>	<b>460</b>
Paid taxes	-20	-14	-16	0	-12	0	-30	-49	-67	-74	-80
Net financials	0	-3	-3	-3	-4	-15	-23	-38	-48	-47	-46
Change in provisions	0	1	0	0	27	145	0	22	6	-169	0
Change in other LT non-IB	8	7	-15	0	0	0	-2	-1	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	8	-6	15	1	-25	-156	4	-24	-6	169	0
<b>Funds from operations (FFO)</b>	<b>53</b>	<b>67</b>	<b>57</b>	<b>78</b>	<b>77</b>	<b>101</b>	<b>240</b>	<b>183</b>	<b>282</b>	<b>314</b>	<b>334</b>
Change in NWC	6	-6	-2	-17	18	-5	0	13	-72	-20	-20
<b>Cash flow from operations (CFO)</b>	<b>60</b>	<b>61</b>	<b>55</b>	<b>61</b>	<b>94</b>	<b>96</b>	<b>240</b>	<b>196</b>	<b>210</b>	<b>294</b>	<b>315</b>
Capital expenditure	-17	-19	-19	-26	-27	-15	-38	-26	-50	-44	-45
<b>Free cash flow before A&amp;D</b>	<b>43</b>	<b>42</b>	<b>36</b>	<b>34</b>	<b>67</b>	<b>81</b>	<b>203</b>	<b>170</b>	<b>161</b>	<b>250</b>	<b>269</b>
Proceeds from sale of assets	5	1	0	0	0	1	8	0	0	0	0
Acquisitions	-170	0	0	0	-57	-788	-149	-477	0	-169	0
Free cash flow	-123	43	37	35	10	-707	62	-307	161	81	269
Free cash flow bef A&D, lease adj	43	42	36	34	67	81	203	170	161	250	269
Dividends paid	-48	-47	-48	-26	0	-26	0	-53	-53	-53	-65
Equity issues / buybacks	-1	-1	1	1	1	2	480	0	391	0	0
Net change in debt	180	4	15	8	12	992	-655	407	-413	0	0
Other financing adjustments	0	0	0	0	0	0	0	0	0	0	0
Other non-cash adjustments	0	0	0	0	0	0	12	-7	0	0	0
Change in cash	9	-1	5	15	22	261	-120	17	86	28	204
<b>Cash flow metrics</b>											
Capex/D&A	n.m.	92.8%	89.9%	n.m.	n.m.	48.5%	67.0%	40.6%	60.7%	47.5%	47.5%
Capex/Sales	3.7%	3.0%	3.0%	4.3%	4.2%	1.8%	2.1%	1.4%	2.3%	1.9%	1.9%
<b>Key information</b>											
Share price year end (/current)	31	26	16	16	25	62	22	31	47	47	47
Market cap.	644	539	332	346	521	1,606	750	1,102	2,469	2,469	2,469
Enterprise value	817	710	528	545	734	2,742	1,373	2,210	3,097	2,900	2,696
Diluted no. of shares, year-end (m)	21.1	21.1	21.1	21.1	21.2	26.0	33.8	35.3	53.0	53.0	53.0

Source: Company data and Nordea estimates

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