

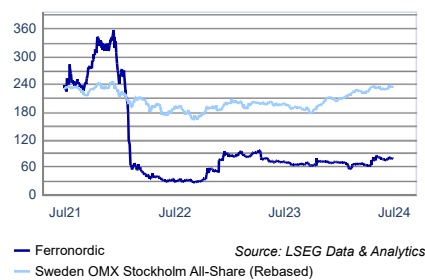
# Ferronordic

Capital Goods  
Sweden

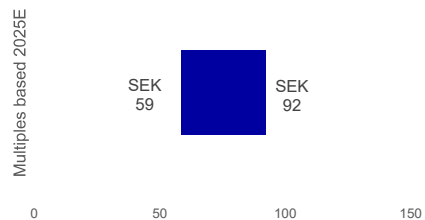
## KEY DATA

Stock country	Sweden
Bloomberg	FNM SS
Reuters	FNMA.ST
Share price (close)	SEK 79.90
Free float	83%
Market cap. (bn)	EUR 0.10/SEK 1.16
Website	<a href="https://ferronordic.com">https://ferronordic.com</a>
Next report date	15 Aug 2024

## PERFORMANCE



## VALUATION APPROACH



## ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	2%	2%	0%
EBIT (adj)	3%	2%	0%

Source: Nordea estimates

### Nordea IB & Equity - Analysts

Anders Åkerblom  
Analyst

Agnieszka Vilela  
Managing Director

## Continued sequential improvement

We upgrade adjusted EBIT by 2-3% for 2024-26E, encouraged by a continued healthy North American market and a return to a more normalised market dynamic in Germany. While 2024 will likely remain challenging – we expect group organic growth to decline by 14% y/y – we believe this is already well understood. Rather, we focus on the green shoots that are appearing. We expect a continued positive sequential earnings delta throughout 2024, with the adjusted EBIT margin reaching ~4% by year-end 2024, compared to ~2% in Q1 2024 and -4.5% at the trough in Q3 2023. In 2025, we expect a return to a healthier market, with pre-buying in the market ahead of new legislation in 2026, yielding 8% y/y group sales growth. We reiterate our valuation range of 7-11x 2025E EV/EBIT, corresponding to SEK 59-92 per share.

### Q2 2024 expectations

For Q2 2024, we expect group sales of SEK 1,281m, up 90% y/y (-18% organic, 108% M&A, 2% FX), and group adjusted EBIT of SEK 49m versus SEK -10m in Q2 2023, driven by the US acquisition of Rudd Equipment.

### Germany "less bad"

With increased highway tolls and fleet utilisation rates in Germany during Q2 2024, we continue to expect some of the current pricing scrutiny in the market to abate. As such, we expect the gross margin to contract by a limited 0.4pp y/y in Q2 2024, reaching ~12%. We find support for our assumption of a continued sequential improvement in the gross margin expansion of 4.5pp in Q1 2024, suggesting that Q4 2023 was likely the trough in terms of pricing. We should begin to see a more meaningful impact of the cost-savings programme announced in Q1 2024, which is expected to save SEK 60m on a yearly basis. Given this, we expect Germany to show the first positive adjusted EBIT print since Q2 2023, at SEK 1.3m.

### Continued solid performance in the US

In Volvo's Q2 2024 report released last week, VCE deliveries in North America were clearly still weak at -28% y/y. More importantly, however, was its strong order intake, up 32% y/y. Along with more normalised inventories and delivery lead times, we find support for continued positive momentum for Ferronordic entering H2 2024. This – along with commentary on several large infrastructure projects and market share gains YTD – is encouraging for the outlook for the remainder of 2024.

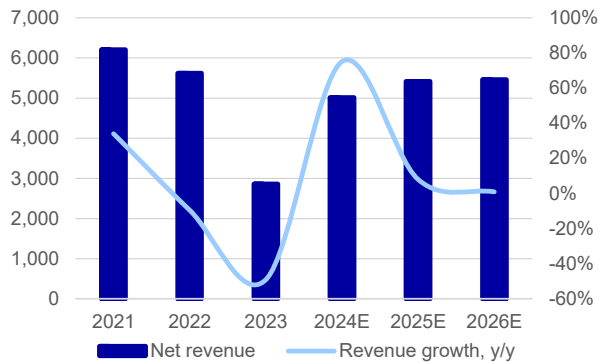
## SUMMARY TABLE - KEY FIGURES

SEKm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	4,635	6,211	5,621	2,863	5,016	5,415	5,464
EBITDA (adj)	503	576	455	25	427	401	425
EBIT (adj)	330	510	372	-80	174	232	254
EBIT (adj) margin	7.1%	8.2%	6.6%	-2.8%	3.5%	4.3%	4.6%
EPS (adj, SEK)	15.36	25.23	17.40	-5.04	9.06	8.97	10.62
EPS (adj) growth	-13.4%	64.3%	-31.1%	-129.0%	279.7%	-1.1%	18.5%
DPS (ord, SEK)	7.50	0.00	7.50	0.10	1.81	2.24	2.66
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.	12.8	9.5	8.3
P/E (adj)	10.2	13.4	4.4	n.m.	8.8	8.9	7.5
P/BV	2.8	4.4	0.6	0.6	0.7	0.6	0.6
Dividend yield (ord)	4.8%	0.0%	9.8%	0.1%	2.3%	2.8%	3.3%
FCF Yield bef A&D, lease	28.1%	4.9%	-10.7%	-14.5%	24.6%	3.1%	11.8%
Net debt	-20	199	-957	1,349	1,065	1,055	951
Net debt/EBITDA	0.0	0.4	-1.2	n.m.	2.5	2.6	2.2
ROIC after tax	22.0%	36.4%	25.1%	-3.0%	4.2%	5.7%	6.1%

Source: Company data and Nordea estimates

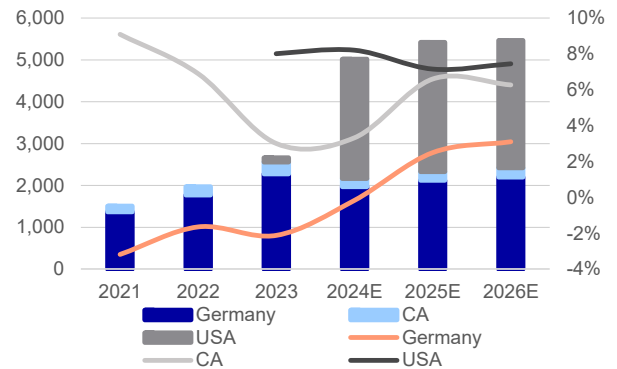
# Key charts

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



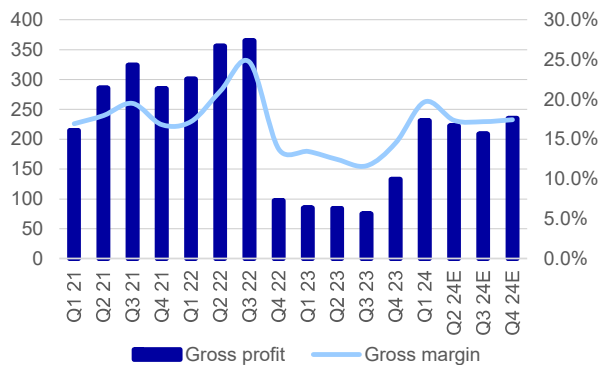
Source: Company data and Nordea estimates

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



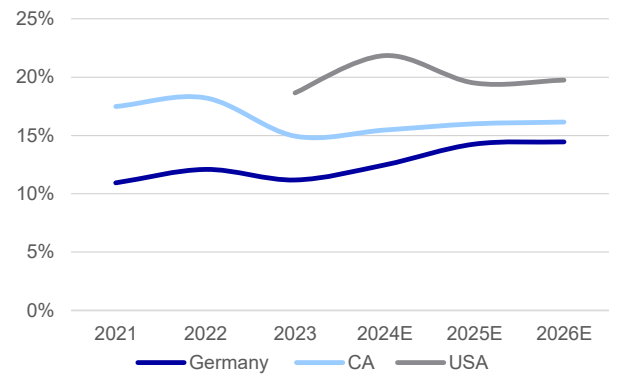
Source: Company data and Nordea estimates

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



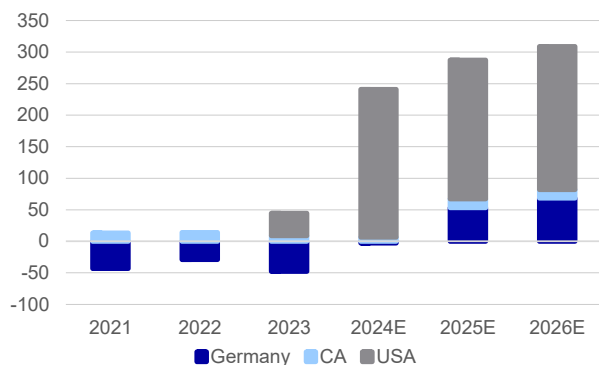
Source: Company data and Nordea estimates

**GROSS MARGIN PER MARKET (SEKm), 2021-26E**



Source: Company data and Nordea estimates

**ADJUSTED EBIT PER MARKET (SEKm), 2021-26E**



Source: Company data and Nordea estimates

**GROUP ORGANIC GROWTH (%), 2021-26E**



Source: Company data and Nordea estimates

# Estimate revisions

## FERRONORDIC: ESTIMATE REVISIONS

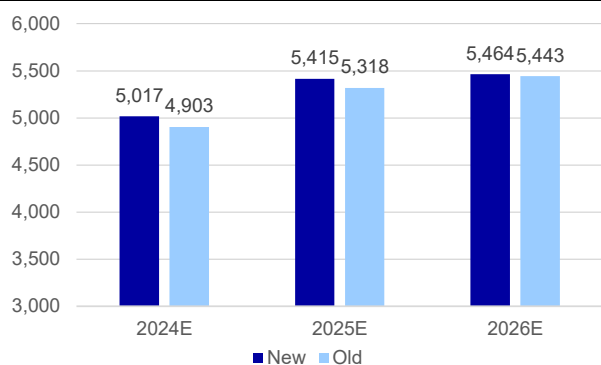
SEKm	New estimates			Old estimates			Δ		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
<b>Sales breakdown</b>									
Equipment Sales	3,095	3,309	3,250	3,031	3,259	3,236	2%	2%	0%
Aftermarket Sales	1,746	1,924	2,034	1,709	1,890	2,039	2%	2%	0%
Contracting Services & other	175	181	179	163	169	168	8%	7%	7%
<b>Group</b>	<b>5,017</b>	<b>5,415</b>	<b>5,464</b>	<b>4,903</b>	<b>5,318</b>	<b>5,443</b>	<b>2%</b>	<b>2%</b>	<b>0%</b>
Gross profit	898	937	955	851	918	949	5%	2%	1%
Adj. EBITDA	427	401	425	411	395	424	4%	1%	0%
<b>Adj. EBIT</b>	<b>174</b>	<b>232</b>	<b>254</b>	<b>168</b>	<b>228</b>	<b>253</b>	<b>3%</b>	<b>2%</b>	<b>0%</b>
<b>Margins</b>									
Gross margin	17.9%	17.3%	17.5%	17.4%	17.3%	17.4%	0.5 pp	0.0 pp	0.0 pp
EBITDA margin	8.5%	7.4%	7.8%	8.4%	7.4%	7.8%	0.1 pp	0.0 pp	0.0 pp
EBIT margin	3.5%	4.3%	4.6%	3.4%	4.3%	4.6%	0.0 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**	2,854	3,083	3,044	2,702	2,954	2,970	6%	4%	2%
Gross profit	623	601	601	570	576	587	9%	4%	2%
EBITDA	412	405	409	389	388	400	6%	4%	2%
<b>EBIT**</b>	<b>234</b>	<b>220</b>	<b>227</b>	<b>220</b>	<b>211</b>	<b>221</b>	<b>6%</b>	<b>4%</b>	<b>2%</b>
Adjusted EBIT**	234	220	227	220	211	221	6%	4%	2%
<b>Gross margin</b>	<b>21.8%</b>	<b>19.5%</b>	<b>19.8%</b>	<b>21.1%</b>	<b>19.5%</b>	<b>19.8%</b>	<b>0.8 pp</b>	<b>0.0 pp</b>	<b>0.0 pp</b>
<b>EBIT margin</b>	<b>8.2%</b>	<b>7.2%</b>	<b>7.5%</b>	<b>8.2%</b>	<b>7.2%</b>	<b>7.5%</b>	<b>0.0 pp</b>	<b>0.0 pp</b>	<b>0.0 pp</b>
<b>Germany</b>									
Sales	1,968	2,123	2,200	1,925	2,070	2,167	2%	3%	2%
Gross profit	246	302	318	240	295	313	2%	3%	2%
EBITDA	70	133	147	73	129	145	-4%	3%	2%
<b>EBIT</b>	<b>-3</b>	<b>53</b>	<b>68</b>	<b>1</b>	<b>52</b>	<b>67</b>	<b>-304%</b>	<b>3%</b>	<b>2%</b>
Adjusted EBIT	-3	53	68	1	52	67	-304%	3%	2%
<b>Gross margin</b>	<b>12.5%</b>	<b>14.3%</b>	<b>14.5%</b>	<b>12.5%</b>	<b>14.3%</b>	<b>14.5%</b>	<b>0.0 pp</b>	<b>0.0 pp</b>	<b>0.0 pp</b>
<b>EBIT margin</b>	<b>-0.2%</b>	<b>2.5%</b>	<b>3.1%</b>	<b>0.1%</b>	<b>2.5%</b>	<b>3.1%</b>	<b>-0.2 pp</b>	<b>0.0 pp</b>	<b>0.0 pp</b>
<b>CA</b>									
Sales	194	209	219	276	294	306	-30%	-29%	-28%
Gross profit	30	33	35	42	47	49	-29%	-29%	-28%
EBITDA	9	17	17	14	24	23	-33%	-29%	-28%
<b>EBIT</b>	<b>6</b>	<b>14</b>	<b>14</b>	<b>10</b>	<b>20</b>	<b>19</b>	<b>-36%</b>	<b>-30%</b>	<b>-29%</b>
Adjusted EBIT	6	14	14	10	20	19	-36%	-30%	-29%
<b>Gross margin</b>	<b>15.5%</b>	<b>16.0%</b>	<b>16.2%</b>	<b>15.3%</b>	<b>16.0%</b>	<b>16.2%</b>	<b>0.1 pp</b>	<b>0.0 pp</b>	<b>0.0 pp</b>
<b>EBIT margin</b>	<b>3.3%</b>	<b>6.6%</b>	<b>6.3%</b>	<b>3.6%</b>	<b>6.7%</b>	<b>6.4%</b>	<b>-0.3 pp</b>	<b>-0.1 pp</b>	<b>-0.1 pp</b>

\* Certain historical assumptions made by Nordea

\*\* Certain 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).

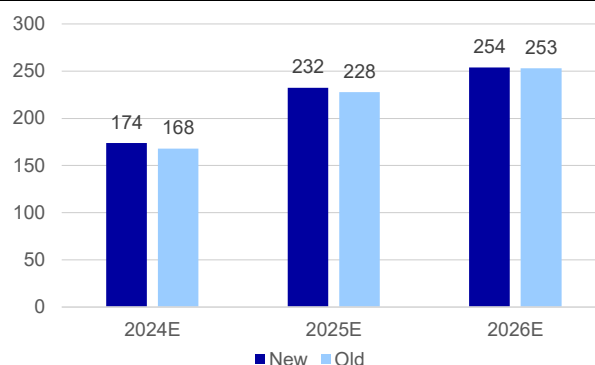
Source: Nordea estimates

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



Source: Nordea estimates

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



Source: Nordea estimates

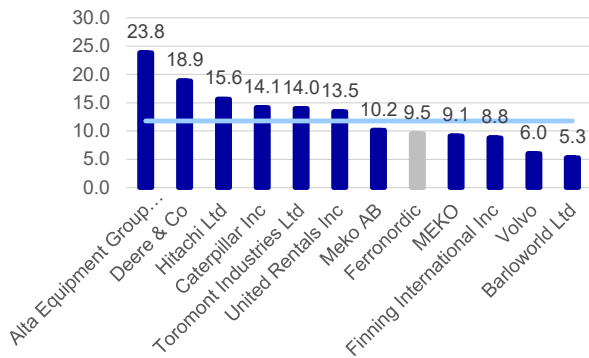
# Valuation

## 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	3,744	19,475	21,278	22,272	576	503	644	3.0%	2.4%	2.9%	26.6	30.5	23.8	2023	2024E	2025E
Barloworld Ltd	9,866	24,140	23,495	23,662	2,558	2,277	2,333	10.6%	9.7%	9.9%	4.8	5.4	5.3	8.0	8.2	7.5
Caterpillar Inc	1,771,139	700,481	705,733	732,177	142,844	145,187	150,385	20.4%	20.6%	20.5%	14.9	14.6	14.1	16.7	15.7	14.9
Deere & Co	1,097,043	603,709	482,867	477,648	137,403	93,894	92,525	22.8%	19.4%	19.4%	12.7	18.6	18.9	10.8	14.7	15.5
Finning International Inc	43,141	74,876	77,424	79,855	7,315	7,166	7,422	9.8%	9.3%	9.3%	8.9	9.1	8.8	10.1	10.1	9.5
Hitachi Ltd	999,580	820,466	667,140	624,352			65,243	-	-	10.4%			15.6	21.1	24.9	22.5
Komatsu Ltd	306,930	270,374	268,194	267,484				-	-	-				12.2	10.7	10.9
Meko AB	6,430	17,007	18,565	19,193	946	967	1,130	5.6%	5.2%	5.9%	12.1	11.9	10.2	11.5	9.6	8.5
Toromont Industries Ltd	81,724	37,182	36,756	38,318	5,318	5,308	5,657	14.3%	14.4%	14.8%	14.9	14.9	14.0	20.5	20.5	19.3
United Rentals Inc	513,710	145,835	163,991	171,568	41,644	45,590	47,765	28.6%	27.8%	27.8%	15.4	14.1	13.5	18.7	16.2	15.0
United Tractors Tbk PT	61,751	82,732	78,753	77,791	17,776	15,770	14,590	21.5%	20.0%	18.8%	3.6	4.0	4.4	4.6	5.3	5.6
MEKO	6,413	17,278	18,170	18,495	872	851	990	5.0%	4.7%	5.4%	10.9	11.2	9.1	14.7	15.0	11.5
Volvo	549,589	552,767	525,030	568,203	66,786	64,239	75,555	12.1%	12.2%	13.3%	6.4	7.1	6.0	10.7	11.3	9.8
<b>Average</b>	<b>419,312</b>	<b>258,948</b>	<b>237,492</b>	<b>240,078</b>	<b>38,549</b>	<b>34,705</b>	<b>38,687</b>	<b>14.0%</b>	<b>13.2%</b>	<b>13.2%</b>	<b>11.9</b>	<b>12.9</b>	<b>12.0</b>	<b>13.3</b>	<b>13.5</b>	<b>59.7</b>
<b>Median</b>	<b>81,724</b>	<b>82,732</b>	<b>78,753</b>	<b>79,855</b>	<b>7,315</b>	<b>7,166</b>	<b>11,006</b>	<b>12.1%</b>	<b>12.2%</b>	<b>11.9%</b>	<b>12.1</b>	<b>11.9</b>	<b>11.8</b>	<b>11.9</b>	<b>13.0</b>	<b>11.5</b>
<b>Ferronordic</b>	<b>1,163</b>	<b>2,863</b>	<b>5,016</b>	<b>5,415</b>	<b>-114</b>	<b>174</b>	<b>232</b>	<b>-4.0%</b>	<b>3.5%</b>	<b>4.3%</b>	<b>nm</b>	<b>12.8</b>	<b>9.5</b>	<b>nm</b>	<b>8.8</b>	<b>8.9</b>
vs. peer average		-99%	-98%	-98%	-	-99%	-99%	-17.9pp	-9.8pp	-8.9pp	-	0%	-20%	-	-35%	-85%
vs. peer median		-97%	-94%	-93%	-	-98%	-98%	-16.1pp	-8.8pp	-7.6pp	-	8%	-19%	-	-32%	-23%
vs. Alta Equipment	-69%	-85%	-76%	-76%	-	-65%	-64%	-6.9pp	1.1pp	1.4pp	-	-58%	-60%	-	-	-99%
vs. Meko	-82%	-83%	-72%	-71%	-	-80%	-77%	-9.0pp	-1.2pp	-1.1pp	-	15%	4%	-	-41%	-23%

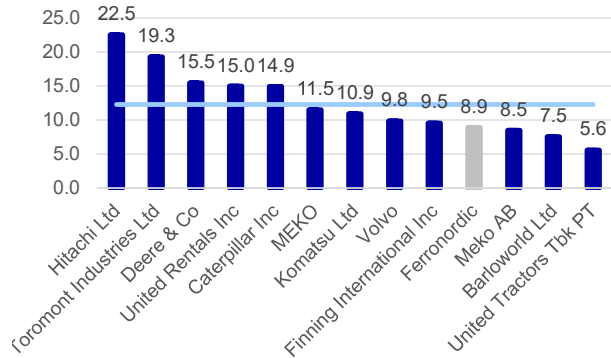
Source: LSEG Data & Analytics, company data and Nordea estimates

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



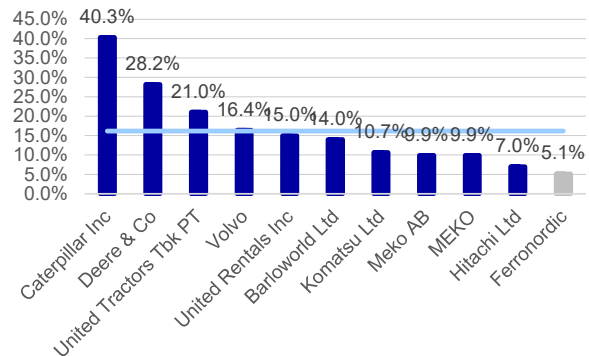
Source: LSEG Data & Analytics, company data and Nordea estimates

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



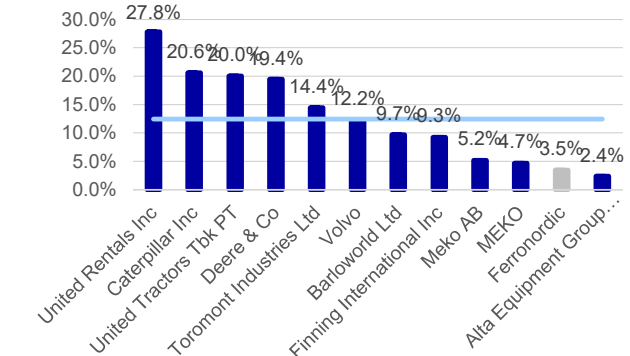
Source: LSEG Data & Analytics, company data and Nordea estimates

### ADJUSTED ROCE, 2024E



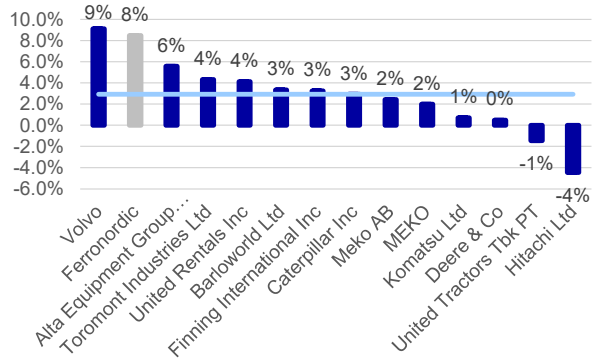
Source: LSEG Data & Analytics, company data and Nordea estimates

### ADJUSTED EBIT MARGIN, 2024E



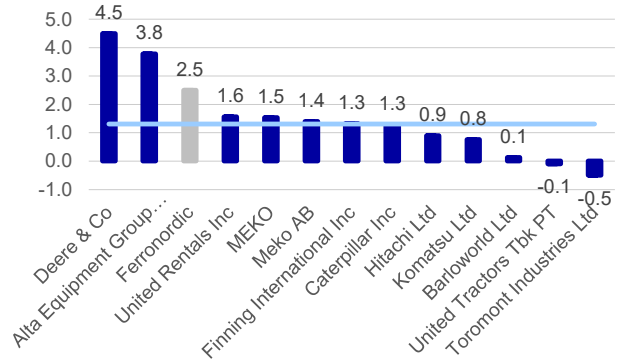
Source: LSEG Data & Analytics, company data and Nordea estimates

**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
<b>Revenue</b>	<b>705</b>	<b>631</b>	<b>674</b>	<b>643</b>	<b>915</b>	<b>1,172</b>	<b>1,281</b>	<b>1,215</b>	<b>1,347</b>
Cost of sales	-608	-546	-590	-568	-782	-941	-1,058	-1,006	-1,112
<b>Gross profit</b>	<b>97</b>	<b>85</b>	<b>84</b>	<b>75</b>	<b>133</b>	<b>231</b>	<b>223</b>	<b>209</b>	<b>235</b>
Sales expenses	-52	-42	-48	-49	-50	-65	-65	-49	39
G&A expenses	-62	-57	-57	-59	-147	-154	-109	-113	-218
Other income	8	0	10	9	5	12	0	0	0
Other expenses	-4	0	0	-4	-3	-3	0	0	0
<b>EBIT</b>	<b>-13</b>	<b>-14</b>	<b>-10</b>	<b>-28</b>	<b>-62</b>	<b>21</b>	<b>49</b>	<b>47</b>	<b>56</b>
Finance income	2	5	10	8	8	3	0	0	0
Finance costs	-5	-7	-8	-11	-23	-30	-25	-25	-25
Net FX gains/(losses)	103	23	88	-84	-49	95	0	0	0
<b>EBT</b>	<b>87</b>	<b>8</b>	<b>80</b>	<b>-115</b>	<b>-126</b>	<b>89</b>	<b>24</b>	<b>22</b>	<b>31</b>
Income tax	-37	-1	-16	26	37	-19	-5	-5	-6
Net income	-21	7	64	-89	-89	70	19	18	25
<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>4.82</b>	<b>1.33</b>	<b>1.21</b>	<b>1.71</b>
Pre-tax adjustments	0	0	0	0	-34	0	0	0	0
After-tax adjustments	0	0	0	0	-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>21</b>	<b>49</b>	<b>47</b>	<b>56</b>
Adj. PTP	87	8	80	-115	-92	89	24	22	31
Adj. Net income	-21	7	64	-89	-62	70	19	18	25
<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>4.82</b>	<b>1.33</b>	<b>1.21</b>	<b>1.71</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 24</b>	<b>Q2 24E</b>	<b>Q3 24E</b>	<b>Q4 24E</b>
<b>USA*</b>									
Sales	-	721	727	691	308	699	730	656	769
Gross profit	-	126	127	121	82	169	155	138	162
EBITDA	-	83	84	79	39	108	104	92	108
EBIT	-	51	51	58	25	60	60	52	62
<b>Adjusted EBIT</b>	<b>-</b>	<b>51</b>	<b>51</b>	<b>58</b>	<b>36</b>	<b>60</b>	<b>60</b>	<b>52</b>	<b>62</b>
<b>Germany</b>									
Sales	615	548	595	575	555	440	504	502	522
Gross profit	82	68	73	66	47	57	60	63	65
EBITDA	17	24	22	7	-35	4	20	23	24
EBIT	-2	5	2	-16	-62	-12	1	4	4
<b>Adjusted EBIT</b>	<b>-2</b>	<b>5</b>	<b>2</b>	<b>-16</b>	<b>-39</b>	<b>-12</b>	<b>1</b>	<b>4</b>	<b>4</b>
<b>CA</b>									
Sales	89	83	80	69	53	34	48	57	55
Gross profit	15	17	11	9	5	6	7	9	8
EBITDA	6	8	8	1	-5	-2	3	4	4
EBIT	5	7	7	0	-6	-3	3	3	3
<b>Adjusted EBIT</b>	<b>5</b>	<b>7</b>	<b>7</b>	<b>0</b>	<b>-6</b>	<b>-3</b>	<b>3</b>	<b>3</b>	<b>3</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>5,016</b>	<b>5,415</b>	<b>5,464</b>
Cost of sales	-2,627	-2,972	-3,837	-5,102	-4,502	-2,486	-4,118	-4,478	-4,509
<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>898</b>	<b>937</b>	<b>955</b>
Sales expenses	-138	-162	-219	-256	-288	-189	-140	-87	-83
G&A expenses	-190	-238	-264	-357	-364	-320	-593	-635	-635
Other income	4	8	24	13	356	24	12	29	29
Other expenses	-17	-26	-11	-27	-130	-7	-3	-12	-12
<b>EBIT</b>	<b>274</b>	<b>358</b>	<b>328</b>	<b>483</b>	<b>693</b>	<b>-114</b>	<b>174</b>	<b>232</b>	<b>254</b>
Finance income	7	6	12	23	19	31	3	4	4
Finance costs	-9	-58	-59	-49	-68	-49	-105	-87	-95
Net FX gains/(losses)	-5	12	-5	-5	21	-22	95	0	0
<b>EBT</b>	<b>267</b>	<b>318</b>	<b>276</b>	<b>451</b>	<b>666</b>	<b>-153</b>	<b>167</b>	<b>149</b>	<b>163</b>
Income tax	-58	-68	-54	-112	-156	46	-35	-31	-33
Net income	209	251	222	339	439	-107	132	118	129
<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>9.06</b>	<b>8.14</b>	<b>8.89</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>174</b>	<b>232</b>	<b>254</b>
Adj. PTP	267	325	277	478	345	-119	167	149	163
Adj. Net income	209	256	223	361	182	-81	132	118	129
<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>9.06</b>	<b>8.14</b>	<b>8.89</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	2854	3083	3044
Gross profit	-	-	-	-	-	456	623	601	601
EBITDA	-	-	-	-	-	285	412	405	409
EBIT	-	-	-	-	-	25	234	220	227
<b>Adjusted EBIT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36</b>	<b>234</b>	<b>220</b>	<b>227</b>
<b>Germany</b>									
Sales	-	-	983	1,367	1,770	2,272	1,968	2,123	2,200
Gross profit	-	-	84	149	214	254	246	302	318
EBITDA	-	-	-29	-6	52	18	70	133	147
EBIT	-	-	-66	-71	-29	-71	-3	53	68
<b>Adjusted EBIT</b>	<b>-</b>	<b>-</b>	<b>-57</b>	<b>-43</b>	<b>-29</b>	<b>-48</b>	<b>-3</b>	<b>53</b>	<b>68</b>
<b>CA*</b>									
Sales	3,241	3,747	3,652	143	203	285	194	209	219
Gross profit	614	773	714	25	37	43	30	33	35
EBITDA	322	494	533	0	10	12	9	17	17
EBIT	274	358	394	13	14	9	6	14	14
<b>Adjusted EBIT</b>	<b>274</b>	<b>358</b>	<b>383</b>	<b>13</b>	<b>14</b>	<b>9</b>	<b>6</b>	<b>14</b>	<b>14</b>

\* Including Russian operations in CA 2018-2020

\*\* Certain historical margin and FX assumptions (related to US acquisition) made 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>5,016</b>	<b>5,415</b>	<b>5,464</b>
Revenue growth	12.9%	54.8%	26.3%	15.6%	23.7%	34.0%	-9.5%	-49.1%	75.2%	8.0%	0.9%
of which organic	21.0%	36.2%	32.2%	11.4%	16.2%	6.9%	16.7%	20.6%	-14.2%	7.8%	0.9%
of which FX	-8.1%	18.6%	-6.0%	4.0%	-16.1%	-0.9%	5.1%	7.5%	0.4%	0.0%	0.0%
EBITDA	153	214	322	494	504	548	776	-9	427	401	425
Depreciation and impairments PPE	-34	-26	-48	-136	-176	-66	-83	-105	-253	-169	-172
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	119	187	274	358	328	483	693	-114	174	232	254
Amortisation and impairments	-15	0	0	0	0	0	0	0	0	0	0
EBIT	104	187	274	358	328	483	693	-114	174	232	254
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	-7	-68	-60
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>167</b>	<b>164</b>	<b>194</b>
Reported taxes	-24	-42	-58	-68	-54	-112	-156	46	-35	-34	-40
Net profit from continued operations	84	151	209	251	222	339	510	-107	132	130	154
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	132	130	154
<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>9.06</b>	<b>8.97</b>	<b>10.62</b>
DPS, SEK	0.00	1.73	7.50	4.25	7.50	0.00	7.50	0.10	1.81	2.24	2.66
of which ordinary	0.00	1.73	3.75	4.25	7.50	0.00	7.50	0.10	1.81	2.24	2.66
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%	8.5%	7.4%	7.8%
EBITA	7.2%	7.3%	8.4%	9.5%	7.1%	7.8%	12.3%	-4.0%	3.5%	4.3%	4.6%
EBIT	6.3%	7.3%	8.4%	9.5%	7.1%	7.8%	12.3%	-4.0%	3.5%	4.3%	4.6%

## Adjusted earnings

EBITDA (adj)	153	214	322	501	503	576	455	25	427	401	425
EBITA (adj)	137	187	274	365	330	510	372	-80	174	232	254
EBIT (adj)	132	187	274	365	330	510	372	-80	174	232	254
EPS (adj, SEK)	5.18	8.06	14.25	17.74	15.36	25.23	17.40	-5.04	9.06	8.97	10.62

## Adjusted profit margins in percent

EBITDA (adj)	9.2%	8.3%	9.9%	13.4%	10.9%	9.3%	8.1%	0.9%	8.5%	7.4%	7.8%
EBITA (adj)	8.3%	7.3%	8.4%	9.7%	7.1%	8.2%	6.6%	-2.8%	3.5%	4.3%	4.6%
EBIT (adj)	7.9%	7.3%	8.4%	9.7%	7.1%	8.2%	6.6%	-2.8%	3.5%	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%	6.0%	3.2%	-2.5%
EBITDA	11.6%	13.0%	16.0%	23.5%	31.1%	29.1%	29.4%	n.m.	-2.9%	-4.5%	-4.9%
EBIT	27.7%	48.0%	39.6%	39.0%	40.0%	35.9%	29.9%	n.m.	-13.5%	-6.7%	-12.1%
EPS	n.m.	n.m.	n.m.	n.m.	n.m.	50.4%	34.2%	n.m.	-12.1%	-10.1%	-14.6%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	34.1%	-51.6%	-15.7%	-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%	6.4%	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.	8.8	8.9	7.5
EV/EBITDA (adj)	n.a.	6.1	4.8	6.1	4.5	8.9	0.3	96.3	5.2	5.5	5.0
EV/EBITA (adj)	n.a.	7.0	5.6	8.4	6.9	10.0	0.4	n.m.	12.8	9.5	8.3
EV/EBIT (adj)	n.a.	7.0	5.6	8.4	6.9	10.0	0.4	n.m.	12.8	9.5	8.3

## 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.	8.8	8.9	7.5
EV/Sales	n.a.	0.51	0.48	0.82	0.49	0.82	0.03	0.83	0.44	0.41	0.39
EV/EBITDA	n.a.	6.1	4.8	6.2	4.5	9.3	0.2	n.m.	5.2	5.5	5.0
EV/EBITA	n.a.	7.0	5.6	8.6	6.9	10.6	0.2	n.m.	12.8	9.5	8.3
EV/EBIT	n.a.	7.0	5.6	8.6	6.9	10.6	0.2	n.m.	12.8	9.5	8.3
Dividend yield (ord.)	n.a.	1.1%	2.9%	2.6%	4.8%	0.0%	9.8%	0.1%	2.3%	2.8%	3.3%
FCF yield	n.a.	8.9%	6.8%	-21.5%	28.2%	1.9%	65.9%	-121.3%	24.6%	3.1%	11.8%
FCF Yield bef A&D, lease adj	n.a.	8.8%	6.6%	-21.6%	28.1%	4.9%	-10.7%	-14.5%	24.6%	3.1%	11.8%
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	1,600	1,600	1,600
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	2,003	2,010	2,017
Inventory	467	633	741	1,290	1,014	1,432	460	1,443	1,003	1,083	1,093
Accounts receivable	202	243	319	322	393	535	344	630	577	623	628
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	711	720	824
Total current assets	872	1,231	1,418	2,214	2,048	2,781	2,493	2,506	2,302	2,438	2,557
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>4,305</b>	<b>4,447</b>	<b>4,574</b>
Shareholders equity	442	611	656	890	806	1,101	1,873	1,622	1,752	1,856	1,978
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	1,752	1,856	1,978
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	451	487	492
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	1,532	1,571	1,576
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>4,305</b>	<b>4,447</b>	<b>4,574</b>
<b>Balance sheet and debt metrics</b>											
Net debt	-173	-312	-303	689	-20	199	-957	1,349	1,065	1,055	951
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	1,126	1,215	1,226
Invested capital	280	314	374	1,519	818	1,368	940	3,274	3,128	3,225	3,243
Capital employed	468	651	710	2,003	1,390	2,068	2,604	3,397	3,527	3,631	3,753
ROE	7.9%	16.4%	32.7%	32.4%	26.1%	35.6%	34.3%	-6.1%	7.8%	7.2%	8.1%
ROIC	39.2%	49.2%	62.1%	30.0%	22.0%	36.4%	25.1%	-3.0%	4.2%	5.7%	6.1%
ROCE	31.9%	36.1%	41.3%	27.4%	20.1%	30.8%	16.8%	-1.6%	5.1%	6.6%	7.0%
Net debt/EBITDA	-1.1	-1.5	-0.9	1.4	0.0	0.4	-1.2	n.m.	2.5	2.6	2.2
Interest coverage	14.4	30.7	31.6	6.3	5.7	10.4	10.5	-1.7	1.7	3.3	4.1
Equity ratio	42.8%	43.2%	38.0%	29.9%	30.7%	27.7%	58.2%	34.5%	40.7%	41.7%	43.2%
Net gearing	-39.1%	-51.0%	-46.2%	77.4%	-2.5%	18.1%	-51.1%	83.2%	60.8%	56.8%	48.1%

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>427</b>	<b>401</b>	<b>425</b>
Paid taxes	0	0	0	-85	-71	-170	-127	-6	-35	-34	-40
Net financials	-3	-6	7	-58	-59	-55	-85	-58	-7	-68	-60
Change in provisions	7	3	4	5	3	13	-38	11	9	2	0
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>388</b>	<b>294</b>	<b>319</b>
Change in NWC	18	-20	-106	-698	316	-24	-730	16	-51	-90	-11
<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>337</b>	<b>204</b>	<b>308</b>
Capital expenditure	-10	-7	-38	-181	-49	-217	-334	-122	-51	-169	-172
<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>286</b>	<b>36</b>	<b>137</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	286	36	137
Free cash flow bef A&D, lease adj	132	141	123	-511	643	240	-119	-149	286	36	137
Dividends paid	-53	-58	-30	-109	-62	-109	0	-109	-1	-26	-33
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	284	9	104
<b>Cash flow metrics</b>											
Capex/D&A	20.0%	25.8%	80.1%	n.m.	28.1%	n.m.	n.m.	n.m.	20.1%	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%
<b>Key information</b>											
Share price year end (/current)	n.a.	151	127	163	157	337	77	70	80	80	80
Market cap.	n.a.	1,615	1,849	2,369	2,287	4,897	1,115	1,024	1,161	1,161	1,161
Enterprise value	n.a.	1,303	1,546	3,058	2,267	5,096	158	2,373	2,226	2,216	2,112
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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