Ferronordic

Capital Goods
Sweden

Delayed recovery in Germany

Ferronordic presented a muted set of Q2 numbers below our expectations, with organic sales declining by 42% y/y, thus showing a clear sequential drop-off from the Q1 2024 organic pace of -25% y/y. The muted performance was driven by Germany, in which new equipment sales declined by 65% y/y despite broader market growth of 11% y/y and 22% y/y in Ferronordic's area. Here, the weaker performance was seemingly driven by both fleet renewal postponements and cancellations, along with unfavourable pricing competition. Going forward, however, we continue to expect order growth in the market to trend in the right direction, which should serve to alleviate the current pricing scrutiny and yield a normalising ordering dynamic. More importantly, the US continued to perform well, with healthy profitability and market share gains, and further large construction projects throughout the US Midwest. Overall, we lower our 2025E-26E adjusted EBIT by 6%. We maintain our multiples-based valuation range of 7-11x 2025E EV/EBIT, corresponding to SEK 47-74 per share, which implies limited rerating potential from current levels.

Q2 2024 results

In the US, Ferronordic continued to gain market share and recorded sales of SEK 707m, with sales of larger construction equipment (GPE) declining by 7% y/y compared to a broader market decline of 27% y/y. At the same time, it managed to maintain a healthy gross margin of ~22%, along with an adjusted EBIT margin of 7.2%. In Germany, by contrast, organic sales declined by ~44% y/y, while the aftermarket remained resilient and flat y/y. Profitability in the quarter was also hampered by significantly higher depreciation of SEK -108m, and a slower implementation of the restructuring programme (saving SEK 60m/year) than the company initially anticipated. As such, the group's adjusted EBIT margin remained subdued and returned to negative territory, at -0.4% (down 220bp sequentially).

Estimate revisions

We make substantial cuts to 2024E adjusted EBIT, of -31%, yet more limited revisions going forward, of -6%, mainly due to the encouraging gross margin print of 22.1% in the US (80bp above our expectation). With indications of resilient pricing, alongside structural tailwinds from the IRA, we raise our 2025-26 US gross margin assumptions by 50bp, to 20%. In turn, this serves to counteract the weaker (and likely transitory) elements of the Q2 report, namely weaker profitability in Germany (SEK -29m y/y impact) and higher levels of depreciation in the US (SEK -32m q/q impact).

SUMMARY TABLE - KEY FIGURES

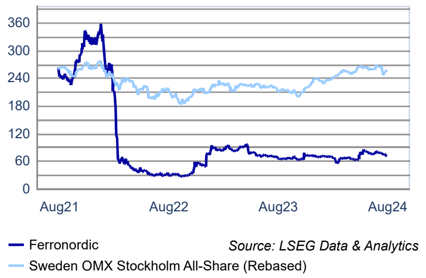
SEKm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	4,635	6,211	5,621	2,863	4,822	5,212	5,260
EBITDA (adj)	503	576	455	25	447	378	402
EBIT (adj)	330	510	372	-80	120	217	238
EBIT (adj) margin	7.1%	8.2%	6.6%	-2.8%	2.5%	4.2%	4.5%
EPS (adj, SEK)	15.36	25.23	17.40	-5.04	2.16	7.77	8.97
EPS (adj) growth	-13.4%	64.3%	-31.1%	-129.0%	142.8%	259.6%	15.5%
DPS (ord, SEK)	7.50	0.00	7.50	0.10	0.43	1.94	2.24
EV/Sales	0.5	0.8	0.0	0.8	0.5	0.4	0.4
EV/EBIT (adj)	6.9	10.0	0.4	n.m.	19.5	10.7	9.5
P/E (adj)	10.2	13.4	4.4	n.m.	33.3	9.3	8.0
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%	0.6%	2.7%	3.1%
FCF Yield bef A&D, lease	28.1%	4.9%	-10.7%	-14.5%	4.7%	1.9%	10.8%
Net debt	-20	199	-957	1,349	1,302	1,288	1,203
Net debt/EBITDA	0.0	0.4	-1.2	n.m.	2.9	3.4	3.0
ROIC after tax	22.0%	36.4%	25.1%	-3.0%	2.9%	5.1%	5.5%

Source: Company data and Nordea estimates

KEY DATA

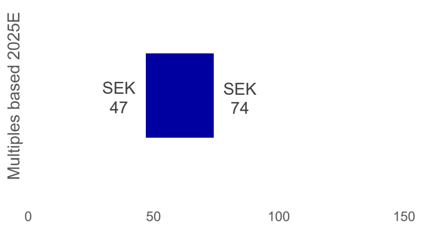
Stock country	Sweden
Bloomberg	FNM SS
Reuters	FNMA.ST
Share price (close)	SEK 72.00
Free float	83%
Market cap. (bn)	EUR 0.09/SEK 1.05
Website	https://ferronordic.com
Next report date	14 Nov 2024

PERFORMANCE



Source: LSEG Data & Analytics

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	-4%	-4%	-4%
EBIT (adj)	-31%	-6%	-6%

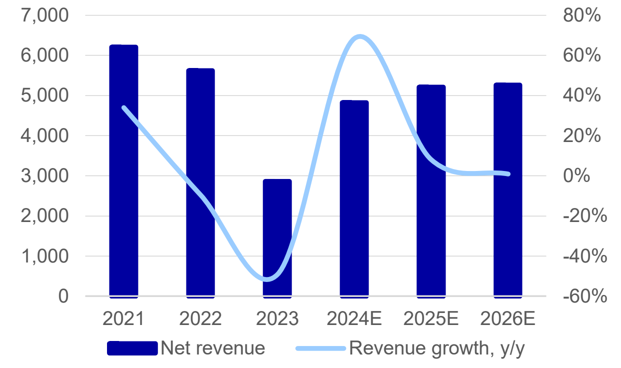
Source: Nordea estimates

Nordea IB & Equity - Analysts
Anders Åkerblom
Analyst

Agnieszka Vilela
Managing Director

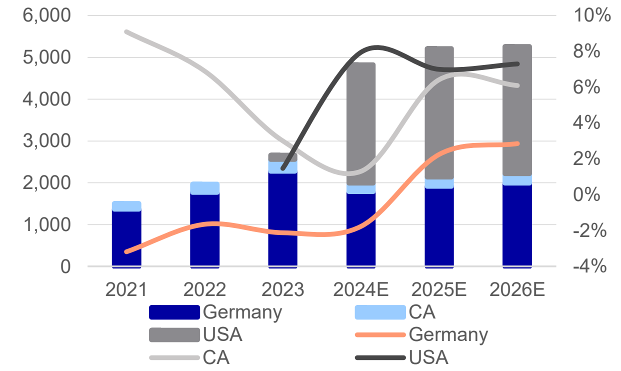
Key charts

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



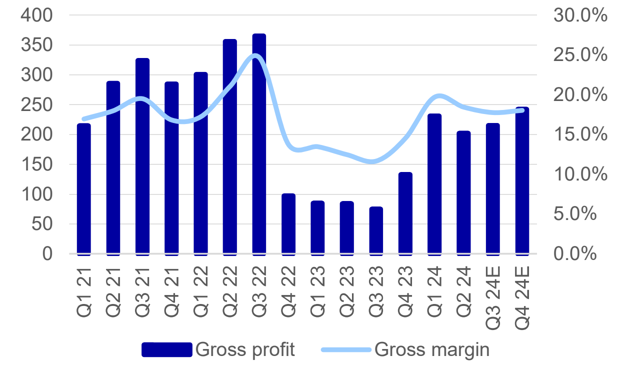
Source: Company data and Nordea estimates

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



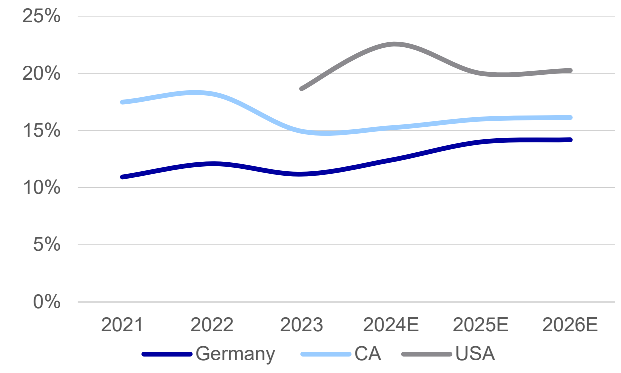
Source: Company data and Nordea estimates

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



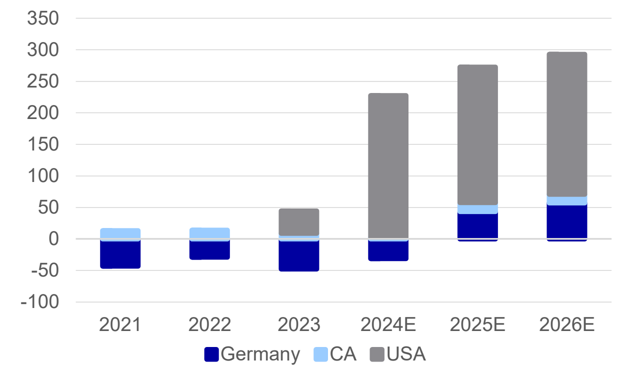
Source: Company data and Nordea estimates

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



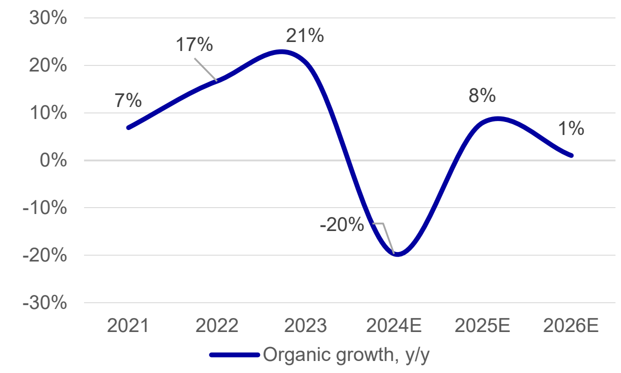
Source: Company data and Nordea estimates

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



Source: Company data and Nordea estimates

GROUP ORGANIC GROWTH (%), 2021-26E



Source: Company data and Nordea estimates

Q2 2024 deviation

Ferronordic's Q2 report was clearly below our expectations, with US sales largely in line but sales in Germany down by 44% y/y and 25% q/q, despite a broader market recovery of 11%. This was mainly due to new equipment sales declining by 65% y/y, seemingly driven by postponements and cancellations and a degree of pricing pressure in the market, despite our impression that this began to abate during the quarter.

DEVIATION TABLE

Ferronordic: Deviation table

	Actual	NDA est.	Deviation		Actual		Actual	
SEKm	**Q2 2024**	**Q2 24E**		**vs. actual**	**Q1 24**	**q/q**	**Q2 23**	**y/y**
Sales	1,095	1,281	-186	-15%	1,172	-7%	674	62%
Adj. EBIT	**(3)**	**49**	**-52**	**-106%**	**21**	**-114%**	**(10)**	**-70%**
Adj. EBIT margin	-0.3%	3.8%	-	-4.1pp	1.8%	-2.1pp	-1.5%	1.2pp
EPS (SEK)	(5.56)	1.33	-6.89	-519%	4.82	-215%	4.27	-230%
Revenue	**1,095**	**1,281**	**(186)**	**-15%**	**1,172**	**-7%**	**674**	**62%**
Cost of sales	(893)	(1,058)	165	-16%	(941)	-5%	(590)	51%
Gross profit	**202**	**223**	**(21)**	**-9%**	**231**	**-13%**	**84**	**140%**
Sales expenses	(59)	(65)	6	-9%	(65)	-9%	(48)	24%
G&A expenses	(157)	(109)	(48)	44%	(154)	2%	(57)	178%
Other income	15	-	15	-	12	-	10	-
Other expenses	(4)	-	(4)	-	(3)	-	-	-
EBIT	**(3)**	**49**	**(52)**	**-106%**	**21**	**-114%**	**(10)**	**-70%**
Finance income	1	-	1	-	3	-67%	10	-90%
Finance costs	(41)	(25)	(16)	-	(30)	37%	(8)	413%
Net FX gains/(losses)	(35)	-	-	-	95	-	88	-
PTP	**(78)**	**24**	**(102)**	**-421%**	**89**	**-188%**	**80**	**-198%**
Income tax	(2)	(5)	-	-	(19)	-	(16)	-
Net income	**(80)**	**19**	**-**	**-515%**	**70**	**-214%**	**64**	**-225%**
EPS (SEK)	**(5.56)**	**1.33**	**(6.89)**	**-519%**	**4.82**	**-215%**	**4.27**	**-230%**
Non recurring items (NRI)		0	0		0	-	0	-
Sales per segment								
USA	707	730	(23)	-3%	699	n.a	-	-
Germany	332	504	(172)	-34%	440	-25%	595	-44%
CIS	56	48	8	17%	34	65%	80	-30%
Adjusted EBIT								
USA	51	60.2	-9	-15%	60	n.a	-	-
Germany	(27)	1.3	(28)	-2244%	(12)	125%	2	-1450%
CIS	-1	2.8	-4	-136%	-3	-67%	7	-114%

Source: Company data and Nordea estimates

Estimate revisions

FERRONORDIC: ESTIMATE REVISIONS

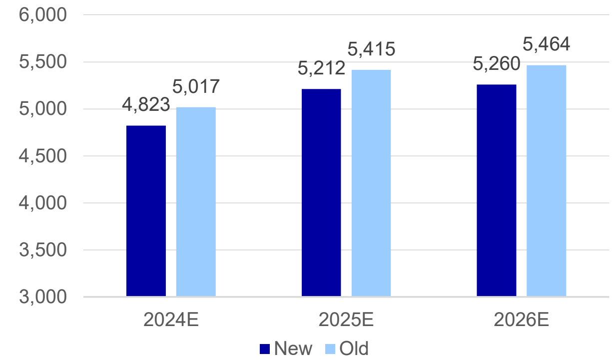
	New estimates			Old estimates			Δ		
SEKm	**2024E**	**2025E**	**2026E**	**2024E**	**2025E**	**2026E**	**2024E**	**2025E**	**2026E**
Sales breakdown									
Equipment Sales	2,861	3,064	3,007	3,095	3,309	3,250	-8%	-7%	-7%
Aftermarket Sales	1,738	1,916	2,025	1,746	1,924	2,034	0%	0%	0%
Contracting Services & other	224	232	228	175	181	179	28%	28%	27%
Group	**4,823**	**5,212**	**5,260**	**5,017**	**5,415**	**5,464**	**-4%**	**-4%**	**-4%**
Gross profit	891	919	935	898	937	955	-1%	-2%	-2%
Adj. EBITDA	447	378	402	427	401	425	5%	-6%	-6%
Adj. EBIT	**120**	**217**	**238**	**174**	**232**	**254**	**-31%**	**-6%**	**-6%**
Margins									
Gross margin	18.5%	17.6%	17.8%	17.9%	17.3%	17.5%	0.6 pp	0.3 pp	0.3 pp
EBITDA margin	9.3%	7.3%	7.6%	8.5%	7.4%	7.8%	0.8 pp	-0.1 pp	-0.1 pp
EBIT margin	2.5%	4.2%	4.5%	3.5%	4.3%	4.6%	-1.0 pp	-0.1 pp	-0.1 pp
Per business area	**2024E**	**2025E**	**2026E**	**2024E**	**2025E**	**2026E**	**2024E**	**2025E**	**2026E**
USA*									
Sales**	2,831	3,075	3,040	2,854	3,083	3,044	-1%	0%	0%
Gross profit	639	615	616	623	601	601	2%	2%	2%
EBITDA	467	431	435	412	405	409	13%	6%	6%
EBIT**	**225**	**215**	**222**	234	220	227	**-4%**	**-2%**	**-2%**
Adjusted EBIT**	225	215	222	234	220	227	-4%	-2%	-2%
Gross margin	**22.6%**	**20.0%**	**20.3%**	**21.8%**	**19.5%**	**19.8%**	**0.7 pp**	**0.5 pp**	**0.5 pp**
EBIT margin	**7.9%**	**7.0%**	**7.3%**	**8.2%**	**7.2%**	**7.5%**	**-0.3 pp**	**-0.1 pp**	**-0.2 pp**
Germany									
Sales	1,788	1,918	1,991	1,968	2,123	2,200	-9%	-10%	-10%
Gross profit	222	268	283	246	302	318	-10%	-11%	-11%
EBITDA	50	115	128	70	133	147	-29%	-13%	-13%
EBIT	**-31**	**43**	**57**	**-3**	**53**	**68**	**926%**	**-19%**	**-17%**
Adjusted EBIT	-31	43	57	-3	53	68	926%	-19%	-17%
Gross margin	**12.4%**	**14.0%**	**14.2%**	**12.5%**	**14.3%**	**14.5%**	**-0.1 pp**	**-0.2 pp**	**-0.2 pp**
EBIT margin	**-1.8%**	**2.3%**	**2.9%**	**-0.2%**	**2.5%**	**3.1%**	**-1.6 pp**	**-0.2 pp**	**-0.2 pp**
CA									
Sales	203	219	229	194	209	219	4%	4%	5%
Gross profit	31	35	37	30	33	35	3%	4%	5%
EBITDA	6	17	18	9	17	17	-36%	4%	5%
EBIT	**3**	**14**	**14**	**6**	**14**	**14**	**-59%**	**2%**	**2%**
Adjusted EBIT	3	14	14	6	14	14	-59%	2%	2%
Gross margin	**15.2%**	**16.0%**	**16.2%**	**15.5%**	**16.0%**	**16.2%**	**-0.2 pp**	**0.0 pp**	**0.0 pp**
EBIT margin	**1.3%**	**6.4%**	**6.1%**	**3.3%**	**6.6%**	**6.3%**	**-2.0 pp**	**-0.2 pp**	**-0.2 pp**

* 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).

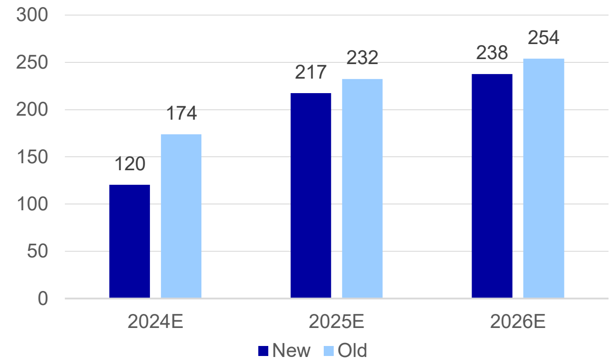
Source: Nordea estimates

SALES: NEW VS. OLD ESTIMATES (SEKm)



Source: Nordea estimates

ADJUSTED EBIT: NEW VS. OLD ESTIMATES (SEKm)



Source: Nordea estimates

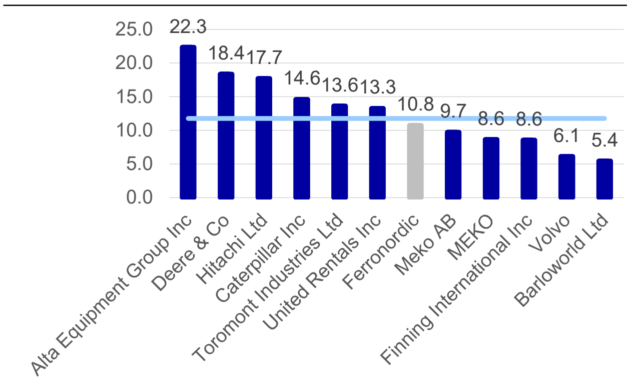
Valuation

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	1,991	19,475	20,381	21,054	576	458	619	3.0%	2.2%	2.9%	24.0	30.2	22.3			
Barloworld Ltd	10,181	24,140	23,495	23,662	2,558	2,277	2,333	10.6%	9.7%	9.9%	4.9	5.6	5.4	8.3	8.4	7.8
Caterpillar Inc	1,713,037	700,481	683,245	703,454	142,844	145,851	140,874	20.4%	21.3%	20.0%	14.4	14.1	14.6	16.3	15.2	14.6
Deere & Co	1,013,007	603,709	479,205	467,848	137,403	91,596	89,477	22.8%	19.1%	19.1%	12.0	17.9	18.4	10.0	14.0	14.7
Finning International Inc	41,976	74,876	77,212	79,499	7,315	6,948	7,248	9.8%	9.0%	9.1%	8.5	8.9	8.6	9.8	9.9	9.3
Hitachi Ltd	1,118,559	820,466	667,140	664,234			65,504	-	-	9.9%			17.7	23.6	27.9	23.2
Komatsu Ltd	283,630	270,374	268,435	288,750				-	-	-				11.3	9.9	9.7
Meko AB	5,932	17,007	18,565	19,193	946	967	1,130	5.6%	5.2%	5.9%	11.6	11.4	9.7	10.6	8.8	7.8
Toromont Industries Ltd	76,785	37,182	37,984	39,362	5,318	5,216	5,561	14.3%	13.7%	14.1%	14.2	14.5	13.6	19.3	19.4	18.2
United Rentals Inc	489,317	145,835	159,719	167,235	41,644	44,374	46,640	28.6%	27.8%	27.9%	14.9	14.0	13.3	17.8	15.9	14.6
United Tractors Tbk PT	61,758	82,732	81,630	80,993	17,776	16,517	15,434	21.5%	20.2%	19.1%	3.5	3.8	4.1	4.6	5.2	5.4
MEKO	5,917	17,278	18,170	18,495	872	851	990	5.0%	4.7%	5.4%	10.9	10.6	8.6	14.7	13.8	10.6
Volvo	526,841	552,767	524,411	545,941	66,786	64,887	71,297	12.1%	12.4%	13.1%	6.4	6.7	6.1	10.7	10.7	10.0
Average	**411,456**	**258,948**	**235,353**	**239,979**	**38,549**	**34,540**	**37,259**	**14.0%**	**13.2%**	**13.0%**	**11.4**	**12.5**	**11.9**	**13.1**	**13.3**	**12.2**
Median	**76,785**	**82,732**	**81,630**	**80,993**	**7,315**	**6,948**	**11,341**	**12.1%**	**12.4%**	**11.5%**	**11.6**	**11.4**	**11.5**	**11.0**	**12.3**	**10.3**
Ferronordic	**1,051**	**2,863**	**4,822**	**5,212**	**-114**	**120**	**217**	**-4.0%**	**2.5%**	**4.2%**	**nm**	**19.6**	**10.8**	**nm**	**33.5**	**9.3**
vs. peer average		-99%	-98%	-98%	-	-100%	-99%	-17.9pp	-10.7pp	-8.9pp	-	56%	-9%	-	152%	-23%
vs. peer median		-97%	-94%	-94%	-	-98%	-98%	-16.1pp	-9.9pp	-7.3pp	-	72%	-7%	-	173%	-10%
vs. Alta Equipment	-47%	-85%	-76%	-75%	-	-74%	-65%	-6.9pp	0.2pp	1.2pp	-	-35%	-52%	-	-	-
vs. Meko	-82%	-83%	-73%	-72%	-	-86%	-78%	-9.0pp	-2.2pp	-1.2pp	-	85%	24%	-	142%	-12%

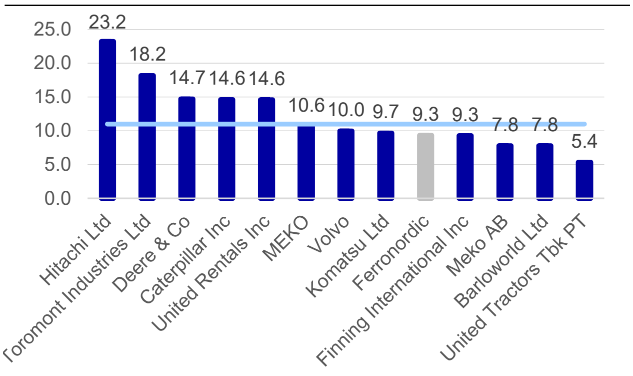
Source: LSEG Data & Analytics, company data and Nordea estimates

ADJUSTED EV/EBIT (x), 2025E



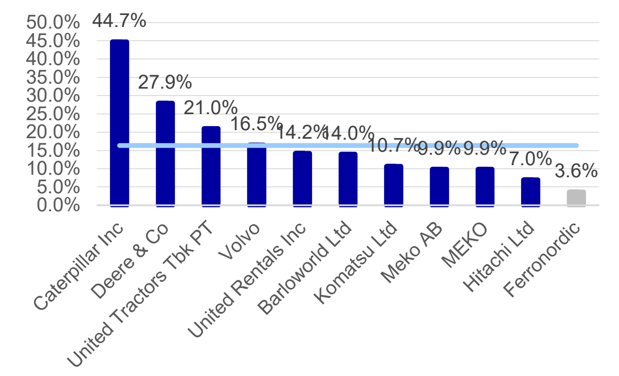
Source: LSEG Data & Analytics, company data and Nordea estimates

ADJUSTED P/E (x), 2025E



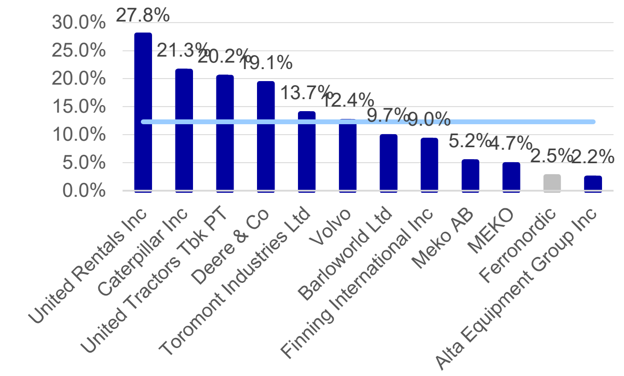
Source: LSEG Data & Analytics, company data and Nordea estimates

ADJUSTED ROCE, 2024E



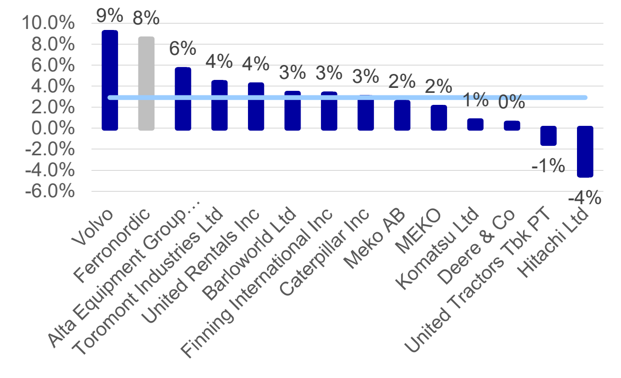
Source: LSEG Data & Analytics, company data and Nordea estimates

ADJUSTED EBIT MARGIN, 2024E



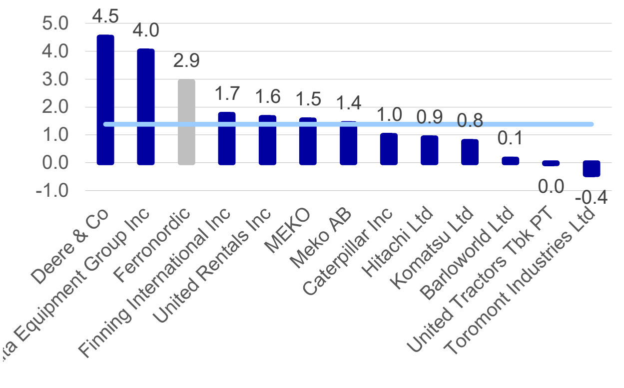
Source: LSEG Data & Analytics, company data and Nordea estimates

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 24	Q3 24E	Q4 24E
Revenue	**705**	**631**	**674**	**643**	**915**	**1,172**	**1,095**	**1,211**	**1,343**
Cost of sales	-608	-546	-590	-568	-782	-941	-893	-996	-1,101
Gross profit	**97**	**85**	**84**	**75**	**133**	**231**	**202**	**215**	**242**
Sales expenses	-52	-42	-48	-49	-50	-65	-59	-56	31
G&A expenses	-62	-57	-57	-59	-147	-154	-157	-112	-217
Other income	8	0	10	9	5	12	15	0	0
Other expenses	-4	0	0	-4	-3	-3	-5	0	0
EBIT	**-13**	**-14**	**-10**	**-28**	**-62**	**21**	**-4**	**47**	**56**
Finance income	2	5	10	8	8	3	1	0	0
Finance costs	-5	-7	-8	-11	-23	-30	-41	-25	-25
Net FX gains/(losses)	103	23	88	-84	-49	95	-35	0	0
EBT	**87**	**8**	**80**	**-115**	**-126**	**89**	**-79**	**22**	**31**
Income tax	-37	-1	-16	26	37	-19	-2	-5	-6
Net income	-21	7	64	-89	-89	70	-81	18	25
EPS (SEK)	**-1.43**	**0.46**	**4.27**	**-6.06**	**-6.06**	**4.82**	**-5.57**	**1.21**	**1.71**
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**	**-4**	**47**	**56**
Adj. PTP	87	8	80	-115	-92	89	-79	22	31
Adj. Net income	-21	7	64	-89	-62	70	-81	18	25
Adj. EPS (SEK)	**-1.43**	**0.46**	**4.27**	**-6.06**	**-4.24**	**4.82**	**-5.57**	**1.21**	**1.71**
(SEKm)	**Q4 22**	**Q1 23**	**Q2 23**	**Q3 23**	**Q4 23**	**Q1 24**	**Q2 24**	**Q3 24E**	**Q4 24E**
USA*									
Sales	-	721	727	691	308	699	707	656	769
Gross profit	-	126	127	121	82	169	156	144	169
EBITDA	-	83	84	79	39	108	131	105	123
EBIT	-	51	51	58	25	60	51	52	62
Adjusted EBIT	**-**	**51**	**51**	**58**	**36**	**60**	**51**	**52**	**62**
Germany									
Sales	615	548	595	575	555	440	332	498	518
Gross profit	82	68	73	66	47	57	38	62	65
EBITDA	17	24	22	7	-35	4	0	22	23
EBIT	-2	5	2	-16	-62	-12	-27	4	4
Adjusted EBIT	**-2**	**5**	**2**	**-16**	**-39**	**-12**	**-27**	**4**	**4**
CA									
Sales	89	83	80	69	53	34	56	57	55
Gross profit	15	17	11	9	5	6	8	9	8
EBITDA	6	8	8	1	-5	-2	0	4	4
EBIT	5	7	7	0	-6	-3	-1	3	3
Adjusted EBIT	**5**	**7**	**7**	**0**	**-6**	**-3**	**-1**	**3**	**3**

**Certain historic assumptions made by Nordea, Including US from 30 November 2023, USD/SEK translated by Nordea

Source: Company data and Nordea estimates

DETAILED ESTIMATES BY QUARTER (CONTINUED)

Margins	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24E	Q4 24E
Group									
Gross margin	17.2%	21.1%	24.7%	13.8%	13.5%	12.5%	11.7%	14.5%	19.7%
EBITDA margin	9.5%	13.2%	36.2%	1.0%	1.0%	1.5%	-0.8%	-2.2%	7.3%
EBIT margin	6.2%	8.7%	30.5%	-1.8%	-2.2%	-1.5%	-4.4%	-6.8%	1.8%
Adjusted EBIT margin	**6.2%**	**8.7%**	**8.8%**	**-1.8%**	**-2.2%**	**-1.5%**	**-4.4%**	**-3.1%**	**1.8%**
USA*									
Gross margin	-	17.5%	17.5%	17.5%	26.7%	24.2%	22.1%	22.0%	22.0%
EBITDA margin	-	11.5%	11.5%	11.5%	12.7%	15.5%	18.5%	16.0%	16.0%
EBIT margin	-	7.0%	7.0%	8.5%	8.1%	8.6%	7.2%	8.0%	8.0%
Adjusted EBIT margin	-	7.0%	7.0%	8.5%	11.7%	8.6%	7.2%	8.0%	8.0%
Germany									
Gross margin	13.3%	12.4%	12.3%	11.5%	8.5%	13.0%	11.4%	12.5%	12.5%
EBITDA margin	2.8%	4.4%	3.7%	1.2%	-6.3%	0.9%	0.0%	4.5%	4.5%
EBIT margin	-0.3%	0.9%	0.3%	-2.8%	-11.2%	-2.7%	-8.1%	0.8%	0.8%
Adjusted EBIT margin	**-0.3%**	**0.9%**	**0.3%**	**-2.8%**	**-7.0%**	**-2.7%**	**-8.1%**	**0.8%**	**0.8%**
CA									
Gross margin	16.9%	20.4%	14.4%	13.7%	8.9%	17.6%	14.3%	15.0%	15.0%
EBITDA margin	6.7%	9.6%	10.0%	1.5%	-9.4%	-5.9%	0.0%	7.0%	7.0%
EBIT margin	5.6%	8.4%	8.6%	0.4%	-10.7%	-8.8%	-1.8%	5.9%	5.9%
Adjusted EBIT margin	**5.6%**	**8.4%**	**8.6%**	**0.4%**	**-10.7%**	**-8.8%**	**-1.8%**	**5.9%**	**5.9%**

* 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).

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**	**4,822**	**5,212**	**5,260**
Cost of sales	-2,627	-2,972	-3,837	-5,102	-4,502	-2,486	-3,931	-4,293	-4,325
Gross profit	**614**	**775**	**797**	**1,110**	**1,119**	**377**	**891**	**919**	**935**
Sales expenses	-138	-162	-219	-256	-288	-189	-149	-30	-26
G&A expenses	-190	-238	-264	-357	-364	-320	-641	-687	-688
Other income	4	8	24	13	356	24	27	28	28
Other expenses	-17	-26	-11	-27	-130	-7	-8	-12	-12
EBIT	**274**	**358**	**328**	**483**	**693**	**-114**	**120**	**217**	**238**
Finance income	7	6	12	23	19	31	4	4	4
Finance costs	-9	-58	-59	-49	-68	-49	-121	-80	-78
Net FX gains/(losses)	-5	12	-5	-5	21	-22	60	0	0
EBT	**267**	**318**	**276**	**451**	**666**	**-153**	**63**	**142**	**164**
Income tax	-58	-68	-54	-112	-156	46	-32	-29	-34
Net income	209	251	222	339	439	-107	31	113	130
EPS (SEK)	**14.25**	**17.26**	**15.25**	**23.33**	**30.22**	**-7.38**	**2.16**	**7.77**	**8.97**
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**	**120**	**217**	**238**
Adj. PTP	267	325	277	478	345	-119	63	142	164
Adj. Net income	209	256	223	361	182	-81	31	113	130
Adj. EPS (SEK)	**14.25**	**17.64**	**15.34**	**24.81**	**12.54**	**-5.54**	**2.16**	**7.77**	**8.97**

Source for all tables on this page: Company data and Nordea estimates

DETAILED ESTIMATES BY YEAR (CONTINUED)

(SEKm)	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
USA**									
Sales	-	-	-	-	-	2446	2831	3075	3040
Gross profit	-	-	-	-	-	456	639	615	616
EBITDA	-	-	-	-	-	285	467	431	435
EBIT	-	-	-	-	-	25	225	215	222
Adjusted EBIT	-	-	-	-	-	36	225	215	222
Germany									
Sales	-	-	983	1,367	1,770	2,272	1,788	1,918	1,991
Gross profit	-	-	84	149	214	254	222	268	283
EBITDA	-	-	-29	-6	52	18	50	115	128
EBIT	-	-	-66	-71	-29	-71	-31	43	57
Adjusted EBIT	-	-	**-57**	**-43**	**-29**	**-48**	**-31**	**43**	**57**
CA*									
Sales	3,241	3,747	3,652	143	203	285	203	219	229
Gross profit	614	773	714	25	37	43	31	35	37
EBITDA	322	494	533	0	10	12	6	17	18
EBIT	274	358	394	13	14	9	3	14	14
Adjusted EBIT	**274**	**358**	**383**	**13**	**14**	**9**	**3**	**14**	**14**
Margins	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Group									
Gross margin	19.0%	20.7%	17.2%	17.9%	19.9%	13.2%	18.5%	17.6%	17.8%
EBITDA margin	9.9%	13.2%	10.9%	8.8%	13.8%	-0.3%	9.3%	7.3%	7.6%
EBIT margin	8.4%	9.5%	7.1%	7.8%	12.3%	-4.0%	2.5%	4.2%	4.5%
Adjusted EBIT margin	**8.4%**	**9.7%**	**7.1%**	**8.2%**	**6.6%**	**-2.8%**	**2.5%**	**4.2%**	**4.5%**
USA**									
Gross margin	-	-	-	-	-	18.7%	22.6%	20.0%	20.3%
EBITDA margin	-	-	-	-	-	11.6%	16.5%	14.0%	14.3%
EBIT margin	-	-	-	-	-	1.0%	7.9%	7.0%	7.3%
Adjusted EBIT margin	-	-	-	-	-	1.5%	7.9%	7.0%	7.3%
Germany									
Gross margin	-	-	8.5%	10.9%	12.1%	11.2%	12.4%	14.0%	14.2%
EBITDA margin	-	-	-2.9%	-0.5%	2.9%	0.8%	2.8%	6.0%	6.5%
EBIT margin	-	-	-6.7%	-5.2%	-1.6%	-3.1%	-1.8%	2.3%	2.9%
Adjusted EBIT margin	-	-	**-5.8%**	**-3.2%**	**-1.6%**	**-2.1%**	**-1.8%**	**2.3%**	**2.9%**
CA*									
Gross margin	19.0%	20.6%	19.5%	17.5%	18.2%	14.9%	15.2%	16.0%	16.2%
EBITDA margin	9.9%	13.2%	14.6%	0.0%	4.9%	4.2%	2.9%	8.0%	7.7%
EBIT margin	8.4%	9.5%	10.8%	9.1%	6.9%	3.0%	1.3%	6.4%	6.1%
Adjusted EBIT margin	**8.4%**	**9.5%**	**10.5%**	**9.1%**	**6.9%**	**3.0%**	**1.3%**	**6.4%**	**6.1%**

* Including Russian operations in CA 2018-20
** 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**
Total revenue	**1,658**	**2,567**	**3,241**	**3,747**	**4,635**	**6,211**	**5,621**	**2,863**	**4,822**	**5,212**	**5,260**
Revenue growth	12.9%	54.8%	26.3%	15.6%	23.7%	34.0%	-9.5%	-49.1%	68.4%	8.1%	0.9%
of which organic	21.0%	36.2%	32.2%	11.4%	16.2%	6.9%	16.7%	20.6%	-19.8%	7.9%	1.0%
of which FX	-8.1%	18.6%	-6.0%	4.0%	-16.1%	-0.9%	5.1%	7.5%	0.3%	0.0%	0.0%
EBITDA	153	214	322	494	504	548	776	-9	447	378	402
Depreciation and impairments PPE	-34	-26	-48	-136	-176	-66	-83	-105	-326	-161	-164
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	119	187	274	358	328	483	693	-114	120	217	238
Amortisation and impairments	-15	0	0	0	0	0	0	0	0	0	0
EBIT	104	187	274	358	328	483	693	-114	120	217	238
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	-57	-76	-74
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**	**63**	**142**	**164**
Reported taxes	-24	-42	-58	-68	-54	-112	-156	46	-32	-29	-34
Net profit from continued operations	84	151	209	251	222	339	510	-107	31	113	130
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	31	113	130
EPS, SEK	**3.03**	**8.06**	**14.25**	**17.26**	**15.25**	**23.35**	**35.07**	**-7.38**	**2.16**	**7.77**	**8.97**
DPS, SEK	0.00	1.73	7.50	4.25	7.50	0.00	7.50	0.10	0.43	1.94	2.24
of which ordinary	0.00	1.73	3.75	4.25	7.50	0.00	7.50	0.10	0.43	1.94	2.24
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%	9.3%	7.3%	7.6%
EBITA	7.2%	7.3%	8.4%	9.5%	7.1%	7.8%	12.3%	-4.0%	2.5%	4.2%	4.5%
EBIT	6.3%	7.3%	8.4%	9.5%	7.1%	7.8%	12.3%	-4.0%	2.5%	4.2%	4.5%
Adjusted earnings											
EBITDA (adj)	153	214	322	501	503	576	455	25	447	378	402
EBITA (adj)	137	187	274	365	330	510	372	-80	120	217	238
EBIT (adj)	132	187	274	365	330	510	372	-80	120	217	238
EPS (adj, SEK)	5.18	8.06	14.25	17.74	15.36	25.23	17.40	-5.04	2.16	7.77	8.97
Adjusted profit margins in percent											
EBITDA (adj)	9.2%	8.3%	9.9%	13.4%	10.9%	9.3%	8.1%	0.9%	9.3%	7.3%	7.6%
EBITA (adj)	8.3%	7.3%	8.4%	9.7%	7.1%	8.2%	6.6%	-2.8%	2.5%	4.2%	4.5%
EBIT (adj)	7.9%	7.3%	8.4%	9.7%	7.1%	8.2%	6.6%	-2.8%	2.5%	4.2%	4.5%
Performance metrics											
CAGR last 5 years											
Net revenue	-7.3%	1.4%	5.5%	9.9%	25.8%	30.2%	17.0%	-2.5%	5.2%	2.4%	-3.3%
EBITDA	11.6%	13.0%	16.0%	23.5%	31.1%	29.1%	29.4%	n.m.	-2.0%	-5.6%	-6.0%
EBIT	27.7%	48.0%	39.6%	39.0%	40.0%	35.9%	29.9%	n.m.	-19.6%	-7.9%	-13.2%
EPS	n.m.	n.m.	n.m.	n.m.	n.m.	50.4%	34.2%	n.m.	-34.0%	-12.6%	-17.4%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	34.1%	-51.6%	-36.7%	-23.7%	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%	6.3%	5.7%	4.9%
Average EBITDA margin	7.0%	7.8%	8.8%	10.3%	10.6%	10.2%	11.3%	10.0%	9.4%	8.7%	8.4%

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.	33.3	9.3	8.0
EV/EBITDA (adj)	n.a.	6.1	4.8	6.1	4.5	8.9	0.3	96.3	5.3	6.2	5.6
EV/EBITA (adj)	n.a.	7.0	5.6	8.4	6.9	10.0	0.4	n.m.	19.5	10.7	9.5
EV/EBIT (adj)	n.a.	7.0	5.6	8.4	6.9	10.0	0.4	n.m.	19.5	10.7	9.5

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.	33.3	9.3	8.0
EV/Sales	n.a.	0.51	0.48	0.82	0.49	0.82	0.03	0.83	0.49	0.45	0.43
EV/EBITDA	n.a.	6.1	4.8	6.2	4.5	9.3	0.2	n.m.	5.3	6.2	5.6
EV/EBITA	n.a.	7.0	5.6	8.6	6.9	10.6	0.2	n.m.	19.5	10.7	9.5
EV/EBIT	n.a.	7.0	5.6	8.6	6.9	10.6	0.2	n.m.	19.5	10.7	9.5
Dividend yield (ord.)	n.a.	1.1%	2.9%	2.6%	4.8%	0.0%	9.8%	0.1%	0.6%	2.7%	3.1%
FCF yield	n.a.	8.9%	6.8%	-21.5%	28.2%	1.9%	65.9%	-121.3%	4.7%	1.9%	10.8%
FCF Yield bef A&D, lease adj	n.a.	8.8%	6.6%	-21.6%	28.1%	4.9%	-10.7%	-14.5%	4.7%	1.9%	10.8%
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	1,780	1,780	1,780
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	2,182	2,189	2,196
Inventory	467	633	741	1,290	1,014	1,432	460	1,443	964	1,042	1,052
Accounts receivable	202	243	319	322	393	535	344	630	554	599	605
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	11	12
Cash and bank	199	352	357	519	604	768	1,688	426	473	487	572
Total current assets	872	1,231	1,418	2,214	2,048	2,781	2,493	2,506	2,003	2,141	2,240
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**	**4,185**	**4,330**	**4,437**
Shareholders equity	442	611	656	890	806	1,101	1,873	1,622	1,652	1,758	1,861
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	1,652	1,758	1,861
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	20	22	22
Accounts payable	547	737	982	917	1,188	1,809	573	997	434	469	473
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	13	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	1,513	1,551	1,556
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**	**4,185**	**4,330**	**4,437**
Balance sheet and debt metrics											
Net debt	-173	-312	-303	689	-20	199	-957	1,349	1,302	1,288	1,203
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	1,082	1,170	1,180
Invested capital	280	314	374	1,519	818	1,368	940	3,274	3,264	3,359	3,377
Capital employed	468	651	710	2,003	1,390	2,068	2,604	3,397	3,427	3,534	3,636
ROE	7.9%	16.4%	32.7%	32.4%	26.1%	35.6%	34.3%	-6.1%	1.9%	6.6%	7.2%
ROIC	39.2%	49.2%	62.1%	30.0%	22.0%	36.4%	25.1%	-3.0%	2.9%	5.1%	5.5%
ROCE	31.9%	36.1%	41.3%	27.4%	20.1%	30.8%	16.8%	-1.6%	3.6%	6.4%	6.7%
Net debt/EBITDA	-1.1	-1.5	-0.9	1.4	0.0	0.4	-1.2	n.m.	2.9	3.4	3.0
Interest coverage	14.4	30.7	31.6	6.3	5.7	10.4	10.5	-1.7	1.0	2.8	3.1
Equity ratio	42.8%	43.2%	38.0%	29.9%	30.7%	27.7%	58.2%	34.5%	39.5%	40.6%	41.9%
Net gearing	-39.1%	-51.0%	-46.2%	77.4%	-2.5%	18.1%	-51.1%	83.2%	78.8%	73.2%	64.7%

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**	**447**	**378**	**402**
Paid taxes	0	0	0	-85	-71	-170	-127	-6	-32	-29	-34
Net financials	-3	-6	7	-58	-59	-55	-85	-58	-57	-76	-74
Change in provisions	7	3	4	5	3	13	-38	11	8	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
Funds from operations (FFO)	**123**	**168**	**267**	**367**	**377**	**481**	**945**	**-43**	**360**	**269**	**288**
Change in NWC	18	-20	-106	-698	316	-24	-730	16	-7	-88	-11
Cash flow from operations (CFO)	**141**	**148**	**161**	**-330**	**693**	**457**	**215**	**-27**	**352**	**181**	**277**
Capital expenditure	-10	-7	-38	-181	-49	-217	-334	-122	-303	-161	-164
Free cash flow before A&D	**132**	**141**	**123**	**-511**	**643**	**240**	**-119**	**-149**	**49**	**20**	**113**
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	49	20	113
Free cash flow bef A&D, lease adj	132	141	123	-511	643	240	-119	-149	49	20	113
Dividends paid	-53	-58	-30	-109	-62	-109	0	-109	-1	-6	-28
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	47	14	84
Cash flow metrics											
Capex/D&A	20.0%	25.8%	80.1%	n.m.	28.1%	n.m.	n.m.	n.m.	93.0%	100.0%	100.0%
Capex/Sales	0.6%	0.3%	1.2%	4.8%	1.1%	3.5%	5.9%	4.3%	6.3%	3.1%	3.1%
Key information											
Share price year end (/current)	n.a.	151	127	163	157	337	77	70	72	72	72
Market cap.	n.a.	1,615	1,849	2,369	2,287	4,897	1,115	1,024	1,046	1,046	1,046
Enterprise value	n.a.	1,303	1,546	3,058	2,267	5,096	158	2,373	2,348	2,334	2,250
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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