

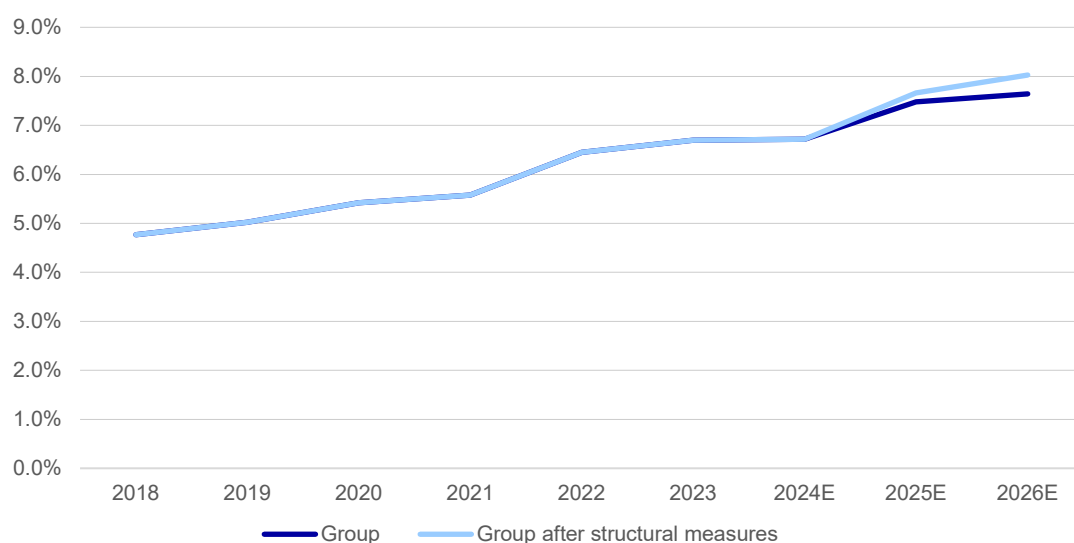
16 December 2024

Commissioned research: Elanders – Further structural measures that will strengthen margins*Marketing material commissioned by Elanders*

Today (16 December), **Elanders** announced that it has implemented structural measures regarding its road transport operations in Germany – specifically concerning its subsidiary LGI. These measures are in line with the group's strategy to reduce the share of services with lower profitability and increase the share of value-added services. As a consequence of the closure, sales is expected to decrease by SEK ~450m in 2025 (i.e. ~3% of group sales in 2025E) and SEK ~900m thereafter on an annual basis (i.e. ~6% of 2026E group sales). This will also imply a significant reduction to its current automotive exposure, which is inevitably facing challenges. The structural measures will likely lead to one-off costs of SEK 45m and burden the Q4 2024 result.

Conclusion: We are encouraged by Elanders continuing to reduce its exposure to the depressed automotive market, and we foresee sales to this market being reduced from ~19% of group sales (Q3 2024 LTM) to ~13%. We also view this as a logical step in terms of margins, as we fear the weak automotive market might result in increased pressure on the profitability of its road transportation business, once new contracts are renegotiated. With further actions to streamline operations towards more value-added services within contract and technical logistics, we find this supportive for longer-term margins. As such, by assuming a low-single-digit margin for the German road transport operations, we foresee ~40bp margin upside to our current estimates for 2026.

ADJUSTED EBITA MARGIN, %



Source: Company data and Nordea estimates

SUMMARY TABLE - KEY FIGURES

SEKm	2021	2022	2023	2024E	2025E	2026E
Total revenue	11,732	14,974	13,866	14,166	14,786	15,353
EBITDA (adj)	1,497	1,967	2,078	2,277	2,498	2,557
EBIT (adj)	596	877	834	844	998	1,065
EBIT (adj) margin	5.1%	5.9%	6.0%	6.0%	6.7%	6.9%
EPS (adj, SEK)	9.42	13.75	9.05	7.31	10.21	12.55
EPS (adj) growth	2.5%	46.0%	-34.2%	-19.3%	39.7%	23.0%
DPS (ord, SEK)	3.60	4.15	4.15	4.15	5.16	5.59
EV/Sales	0.9	0.8	0.8	0.9	0.8	0.8
EV/EBIT (adj)	17.9	13.6	13.9	14.4	12.3	11.2
P/E (adj)	18.5	10.9	10.6	12.9	9.3	7.5
P/BV	1.9	1.4	0.9	0.8	0.8	0.7
Dividend yield (ord)	2.1%	2.8%	4.3%	4.4%	5.5%	5.9%
FCF Yield bef A&D, lease adj	4.2%	3.8%	9.6%	31.0%	29.2%	30.9%
Net debt	4,511	6,560	8,191	8,780	8,871	8,530
Net debt/EBITDA	3.0	3.4	4.2	3.7	3.6	3.3
ROIC after tax	5.7%	6.1%	4.9%	4.6%	5.2%	5.5%

Source: Company data and Nordea estimates

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