

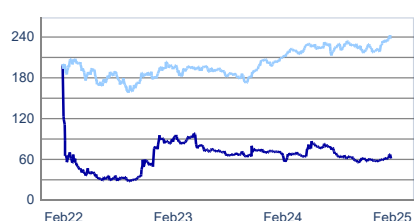
Ferronordic

Capital Goods
Sweden

KEY DATA

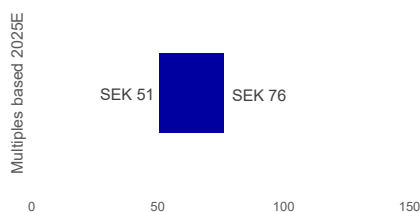
Stock country	Sweden
Bloomberg	FNM SS
Reuters	FNMA.ST
Share price (close)	SEK 62.10
Free float	83%
Market cap. (bn)	EUR 0.08/SEK 0.90
Website	https://ferronordic.com
Next report date	15 May 2025

PERFORMANCE



— Ferronordic Source: LSEG Data & Analytics
— Sweden OMX Stockholm All-Share (Rebased)

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2025E	2026E	2027E
Sales	-1%	-1%	-1%
EBIT (adj)	-5%	13%	9%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Anders Åkerblom
Analyst

Agnieszka Vilela
Managing Director

Better than feared but margins under pressure

Ferronordic reported a mixed set of Q4 2024 numbers, with sales clearly beating our expectation, largely due to significant (and price driven) new unit growth in Germany. We believe our previous organic equipment growth assumption of 8% for 2025 in Germany was too cautious and now pencil in healthy 14% y/y growth. We argue, however, that the difficulties in attaining skilled mechanics for its German operations could hamper the potential growth in the profitable aftermarket, which we expect to be flattish y/y, following a strong 2024, and to partly counteract the expected healthy sequential improvement in the US in the near term. While EBIT came in line with our estimate, excluding the inventory writedowns, we believe this could signal continued margin pressure for the quarters to come, as the company flushes out its inventory. We reiterate our multiples-based valuation range of 8-12x adjusted EV/EBIT yet move our target multiple year to 2026E, which, coupled with minor estimate revisions, yields a slightly higher fair value range of SEK 51-76 (50-75). The share is currently trading at 10.5x 2026E adjusted EV/EBIT, a 10% premium to the international equipment distributor peer group median.

Q4 2024 highlights

Q4 2024 sales were SEK 1,312m, up 43% y/y (-2% organic, 79% M&A, 0% FX), implying a gross margin of 16.5% and group EBIT (including inventory writedowns) of SEK 2m, as well as a margin of 0.2%, -310bp y/y and 150bp below our expectations, respectively. Excluding the effects of the inventory writedowns, adjusted EBIT was SEK 19m, implying a 1.4% margin. The US was the sole positive earnings contributor (EBIT of SEK 65m), compared to Germany (SEK -41m) and CIS (SEK -10m). The market fell by ~8% y/y in the area of Germany where it operates, but the company still managed to increase its new unit sales by 90% y/y, mostly driven by new orders. We now see Germany turning to profit in Q3 2025, thus limiting the detraction from the impressive development in the US.

Valuation

The share is currently trading at 14.1x 2025E adjusted EV/EBIT, a ~36% premium to the international equipment distributor peer group. Yet we now value Ferronordic on 2026E adjusted EV/EBIT, implying a more limited 10% premium to the group median. Compared to the group, however, we expect Ferronordic to show a healthy ~13-15% 2025-26 FCF yield, 4-7pp above the peer group median.

SUMMARY TABLE - KEY FIGURES

SEKm	2021	2022	2023	2024	2025E	2026E	2027E
Total revenue	6,211	5,621	2,863	4,720	4,890	4,971	5,159
EBITDA (adj)	576	455	25	383	498	553	443
EBIT (adj)	510	372	-80	21	201	259	279
EBIT (adj) margin	8.2%	6.6%	-2.8%	0.4%	4.1%	5.2%	5.4%
EPS (adj, SEK)	25.23	17.40	-5.04	-6.19	3.32	8.47	9.57
EPS (adj) growth	64.3%	-31.1%	-129.0%	-22.8%	153.5%	155.3%	13.0%
DPS (ord, SEK)	0.00	7.50	0.10	0.10	0.66	2.12	2.87
EV/Sales	0.8	0.0	0.8	0.5	0.6	0.5	0.5
EV/EBIT (adj)	10.0	0.4	n.m.	126.3	13.8	10.2	9.3
P/E (adj)	13.4	4.4	n.m.	n.m.	18.7	7.3	6.5
P/BV	4.4	0.6	0.6	0.6	0.6	0.5	0.5
Dividend yield (ord)	0.0%	9.8%	0.1%	0.2%	1.1%	3.4%	4.6%
FCF Yield bef A&D, lease	4.9%	-10.7%	-14.5%	-1.7%	15.5%	13.8%	10.6%
Net debt	199	-957	1,349	1,733	1,860	1,744	1,680
Net debt/EBITDA	0.4	-1.2	n.m.	4.5	3.7	3.2	3.8
ROIC after tax	36.4%	25.1%	-3.0%	0.5%	4.2%	5.4%	5.8%

Source: Company data and Nordea estimates

Q4 2024 deviation

Ferronordic released a mixed set of numbers. Clearly stronger sales were offset by a poor mix, yielding a gross margin of 16.4%, which was 60bp below our expectation. While sales of SEK 1,312m beat our expectation by 12%, group adjusted EBIT came in at SEK 2m, versus our estimate of SEK 20m, implying a margin of 0.2%, 150bp below our forecast. Adjusted for inventory impairments (we do not typically adjust for this, as we believe this is part of normal operations), EBIT was SEK 19m, i.e. in line with our estimate. Overall, Germany was the highlight of the report, with significantly higher sales than we had expected, and the company reporting a 90% y/y increase in new unit sales and healthy market share gains. The company reported weak cash flow of SEK -480m, versus SEK 150m in the comparison quarter.

DEVIATION TABLE

SEKm	Actual	NDA est.	Deviation		Actual		Actual	
	Q4 2024	Q4 24E		vs. actual	Q3 24	q/q	Q4 23	y/y
Sales	1,312	1,169	143	12%	1,141	15%	915	43%
Adj. EBIT	2	20	-18	-90%	2	33%	(28)	-107%
Adj. EBIT margin	0.2%	1.7%	-	-1.5pp	0.1%	0.0pp	-3.1%	3.2pp
EPS (SEK)	0.65	(0.84)	1.49	-177%	(6.06)	-111%	(6.06)	-111%
Revenue	1,312	1,169	143	12%	1,141	15%	915	43%
Cost of sales	(1,096)	(969)	(127)	13%	(937)	17%	(782)	40%
Gross profit	216	199	17	8%	204	6%	133	62%
Sales expenses	(57)	(39)	(18)	47%	(58)	-2%	(50)	14%
G&A expenses	(147)	(141)	(6)	4%	(129)	14%	(147)	0%
Other income	(11)	-	(11)	-	(8)	-	5	-
Other expenses	2	-	2	-	(8)	-	(3)	-
EBIT	2	20	(18)	-90%	2	33%	(62)	-103%
Finance income	3	-	3	-	2	50%	8	-63%
Finance costs	(37)	(35)	(2)	-	(39)	-5%	(23)	61%
Net FX gains/(losses)	66	-	-	-	(49)	-	(49)	-
PTP	34	(15)	49	-321%	(84)	-140%	(126)	-127%
Income tax	(25)	3	-	-	(4)	-	37	-
Net income	9	(12)	-	-173%	(88)	-110%	(89)	-110%
EPS (SEK)	0.65	(0.84)	1.49	-177%	(6.06)	-111%	(6.06)	-111%
Non recurring items (NRI)		0	0		0	-	-34	-
Sales per segment								
USA	720	709	11	1%	686	5%	-	-
Germany	559	398	161	41%	372	50%	555	1%
CIS	33	61	(28)	-46%	82	-60%	53	-38%
Adjusted EBIT								
USA	65	50.1	15	30%	53	22.6%	-	-
Germany	(41)	(18.9)	(22)	117%	(40)	2%	(39)	5%
CIS	-10	0.9	-11	-1267%	3	-433%	-6	77%

Source: Company data and Nordea estimates

Estimate revisions

FERRONORDIC: ESTIMATE REVISIONS

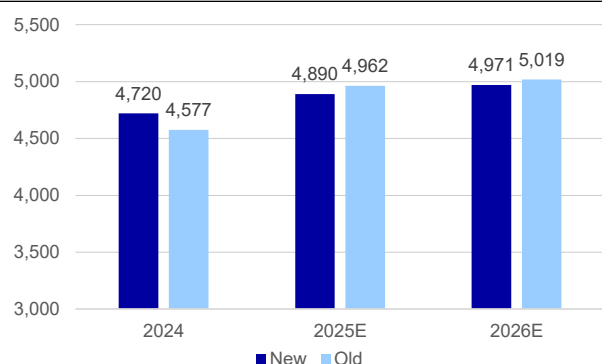
SEKm	New estimates			Old estimates			Δ		
	2024	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Sales breakdown									
Equipment Sales	2,711	2,869	2,848	2,583	2,776	2,731	5%	3%	4%
Aftermarket Sales	1,667	1,745	1,851	1,702	1,884	1,991	-2%	-7%	-7%
Contracting Services & other	342	276	273	291	302	297	18%	-8%	-8%
Group	4,720	4,890	4,971	4,577	4,962	5,019	3%	-1%	-1%
Gross profit	853	915	958	836	881	898	2%	4%	7%
Adj. EBITDA	383	498	553	387	n.a.	n.a.	-1%	-	-
Adj. EBIT	21	201	259	38	211	229	-46%	-5%	13%
Margins									
Gross margin	18.1%	18.7%	19.3%	18.3%	17.7%	17.9%	-0.2 pp	1.0 pp	1.4 pp
EBITDA margin	8.1%	10.2%	11.1%	8.5%	7.3%	7.6%	-0.4 pp	2.9 pp	3.5 pp
EBIT margin	0.4%	4.1%	5.2%	0.8%	4.3%	4.6%	-0.4 pp	-0.2 pp	0.6 pp
Per business area	2024	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
USA*									
Sales**	2,812	2,788	2,759	2,801	3,041	3,010	0%	-8%	-8%
Gross profit	686	669	669	670	623	625	2%	7%	7%
EBITDA	500	479	483	480	441	445	4%	9%	8%
EBIT**	229	249	255	214	228	235	7%	9%	9%
Adjusted EBIT**	229	249	255	214	228	235	7%	9%	9%
Gross margin	24.4%	24.0%	24.3%	23.9%	20.5%	20.8%	0.5 pp	3.5 pp	3.5 pp
EBIT margin	8.1%	8.9%	9.2%	7.6%	7.5%	7.8%	0.5 pp	1.4 pp	1.4 pp
Germany									
Sales	1,703	1,849	1,947	1,542	1,669	1,745	10%	11%	12%
Gross profit	149	211	251	137	217	230	9%	-3%	9%
EBITDA	-32	59	106	-18	83	95	78%	-30%	11%
EBIT	-120	-6	41	-98	21	32	23%	-129%	28%
Adjusted EBIT	-120	-6	41	-98	21	32	23%	-129%	28%
Gross margin	8.7%	11.4%	12.9%	8.9%	13.0%	13.2%	-0.1 pp	-1.6 pp	-0.3 pp
EBIT margin	-7.0%	-0.3%	2.1%	-6.3%	1.3%	1.9%	-0.7 pp	-1.6 pp	0.3 pp
CA									
Sales	205	253	265	233	252	264	-12%	0%	0%
Gross profit	20	35	37	31	40	43	-36%	-12%	-12%
EBITDA	-8	10	15	3	20	20	-416%	-50%	-26%
EBIT	-11	7	12	0	17	17	7575%	-58%	-30%
Adjusted EBIT	-11	7	12	0	17	17	7575%	-58%	-30%
Gross margin	9.8%	14.0%	14.2%	13.4%	16.0%	16.2%	-3.6 pp	-2.0 pp	-2.0 pp
EBIT margin	-5.4%	2.9%	4.6%	-0.1%	6.9%	6.5%	-5.3 pp	-4.0 pp	-2.0 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)

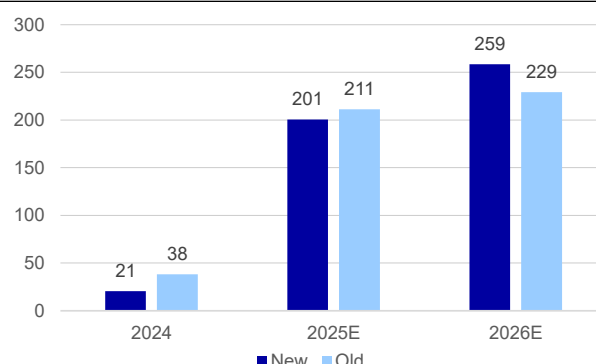
Source: Nordea estimates

SALES (SEKm): NEW VS. OLD ESTIMATES



Source: Nordea estimates

ADJUSTED EBIT (SEKm): NEW VS. OLD ESTIMATES



Source: Nordea estimates

Valuation

FERRONORDIC: PEER VALUATION TABLE

	MCAP SEKm	P/E (adj.)			EV/EBIT (adj.)			FCF Yield (adj.)			EV/EBITDA (adj.)			Implied multiple exp., m/m		
		2024	2025E	2026E	2024	2025E	2026E	2024	2025E	2026E	2024	2025E	2026E	2024	2025E	2026E
Alta Equipment Group Inc	2,571				48.7x	58.6x	27.6x	-6.8%	29.8%	35.8%	7.8x	7.5x	6.7x	97.0%	-2.6%	-2.5%
Barloworld Ltd	11,883	10.7x	9.5x	8.8x	6.4x	6.9x	6.5x		7.3%	9.0%	4.6x	4.4x	4.2x	3.9%	16.1%	17.7%
Finning International Inc	45,791	12.0x	11.3x	10.4x	9.8x	9.4x	8.9x	9.7%	8.4%	9.1%	6.5x	6.3x	5.9x	5.0%	5.4%	6.3%
Meko AB	7,033	9.9x	9.3x	8.1x	11.6x	10.4x	9.5x				5.5x	5.2x	5.0x	2.2%	0.0%	0.9%
Toromont Industries Ltd	75,472	20.0x	19.3x	17.9x	14.7x	14.0x	13.1x	2.1%	4.0%	4.3%	10.9x	10.4x	9.7x	1.2%	2.4%	3.5%
Average	28,550	13.1x	12.4x	11.3x	18.2x	19.9x	13.1x	1.7%	12.4%	14.6%	7.1x	6.8x	6.3x	21.8%	4.3%	5.2%
Median	11,883	11.3x	10.4x	9.6x	11.6x	10.4x	9.5x	2.1%	7.9%	9.1%	6.5x	6.3x	5.9x	3.9%	2.4%	3.5%
Ferronordic*	970	nm	20.1x	7.9x	126.3x	14.1x	10.5x	8.5%	14.4%	12.9%	6.8x	5.7x	4.9x	-69.1%	-3.9%	-
<i>Premium (+) discount (-) to median</i>		-	93%	-18%	987%	36%	10%	6pp	7pp	4pp	4%	-10%	-17%	-73.0pp	-6.3pp	-

*Multiple expansion is calculated based on consensus (LSEG Data & Analytics) estimates

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 24	Q4 24	Q1 25E	Q2 25E	Q3 25E	Q4 25E
Revenue	705	631	674	643	915	1,172	1,095	1,141	1,312	1,310	1,146	1,166	1,268
Cost of sales	-608	-546	-590	-568	-782	-941	-893	-937	-1,096	-1,084	-928	-941	-1,022
Gross profit	97	85	84	75	133	231	202	204	216	226	218	225	246
Sales expenses	-52	-42	-48	-49	-50	-65	-59	-58	-57	-69	-54	-85	-93
G&A expenses	-62	-57	-57	-59	-147	-154	-157	-129	-147	-120	-119	-85	-91
Other income	8	0	10	9	5	12	15	-8	-12	0	0	0	0
Other expenses	-4	0	0	-4	-3	-3	-5	-8	2	0	0	0	0
EBIT	-13	-14	-10	-28	-62	21	-4	2	2	38	46	55	62
Finance income	2	5	10	8	8	3	1	2	3	0	0	0	0
Finance costs	-5	-7	-8	-11	-23	-30	-41	-39	-37	-35	-35	-35	-35
Net FX gains/(losses)	103	23	88	-84	-49	95	-35	-49	66	0	0	0	0
EBT	87	8	80	-115	-126	89	-79	-84	34	3	11	20	27
Income tax	-37	-1	-16	26	37	-19	-2	-4	-25	-1	-2	-4	-6
Net income	-21	7	64	-89	-89	70	-81	-88	9	2	9	16	21
EPS (SEK)	-1.43	0.46	4.27	-6.06	-6.06	4.82	-5.57	-6.06	0.62	0.14	0.61	1.08	1.48
Pre-tax adjustments	0	0	0	0	-34	0	0	0	0	0	0	0	0
After-tax adjustments	0	0	0	0	-27	0	0	0	0	0	0	0	0
Adj. EBIT	-13	-14	-10	-28	-28	21	-4	2	2	38	46	55	62
Adj. PTP	87	8	80	-115	-92	89	-79	-84	34	3	11	20	27
Adj. Net income	-21	7	64	-89	-62	70	-81	-88	9	2	9	16	21
Adj. EPS (SEK)	-1.43	0.46	4.27	-6.06	-4.24	4.82	-5.57	-6.06	0.62	0.14	0.61	1.08	1.48

Source: Company data and Nordea estimates

DETAILED ESTIMATES: DIVISIONS, BY QUARTER

(SEKm)	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25E	Q2 25E	Q3 25E	Q4 25E
USA*													
Sales	-	721	727	691	308	699	707	686	720	715	681	658	733
Gross profit	-	126	127	121	82	169	156	182	179	172	163	158	176
EBITDA	-	83	84	79	39	108	131	131	130	123	117	113	126
EBIT	-	51	51	58	25	60	51	53	65	64	61	59	66
Adjusted EBIT	-	51	51	58	36	60	51	53	65	64	61	59	66
Germany													
Sales	615	548	595	575	555	440	332	372	559	527	404	447	471
Gross profit	82	68	73	66	47	57	38	14	40	45	46	58	61
EBITDA	17	24	22	7	-35	4	0	-18	-18	3	10	22	24
EBIT	-2	5	2	-16	-62	-12	-27	-40	-41	-16	-4	7	7
Adjusted EBIT	-2	5	2	-16	-39	-12	-27	-40	-41	-16	-4	7	7
CA													
Sales	89	83	80	69	53	34	56	82	33	67	62	60	64
Gross profit	15	17	11	9	5	6	8	9	-3	9	9	8	9
EBITDA	6	8	8	1	-5	-2	0	3	-9	3	2	2	3
EBIT	5	7	7	0	-6	-3	-1	3	-10	2	2	2	2
Adjusted EBIT	5	7	7	0	-6	-3	-1	3	-10	2	2	2	2

*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 2023 (i.e. once consolidated)

Source: Company data and Nordea estimates

DETAILED ESTIMATES: MARGINS, BY QUARTER

Margins	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25E	Q2 25E	Q3 25E	Q4 25E
Group													
Gross margin	13.8%	13.5%	12.5%	11.7%	14.5%	19.7%	18.4%	17.9%	16.5%	17.3%	19.1%	19.3%	19.4%
EBITDA margin	1.0%	1.0%	1.5%	-0.8%	-2.2%	7.3%	9.5%	8.9%	6.9%	8.8%	10.2%	10.8%	11.0%
EBIT margin	-1.8%	-2.2%	-1.5%	-4.4%	-6.8%	1.8%	-0.4%	0.1%	0.2%	2.9%	4.0%	4.7%	4.9%
Adjusted EBIT margin	-1.8%	-2.2%	-1.5%	-4.4%	-3.1%	1.8%	-0.4%	0.1%	0.2%	2.9%	4.0%	4.7%	4.9%
USA*													
Gross margin	-	17.5%	17.5%	17.5%	26.7%	24.2%	22.1%	26.5%	24.9%	24.0%	24.0%	24.0%	24.0%
EBITDA margin	-	11.5%	11.5%	11.5%	12.7%	15.5%	18.5%	19.1%	18.1%	17.2%	17.2%	17.2%	17.2%
EBIT margin	-	7.0%	7.0%	8.5%	8.1%	8.6%	7.2%	7.7%	9.0%	8.9%	8.9%	8.9%	8.9%
Adjusted EBIT margin	-	7.0%	7.0%	8.5%	11.7%	8.6%	7.2%	7.7%	9.0%	8.9%	8.9%	8.9%	8.9%
Germany													
Gross margin	13.3%	12.4%	12.3%	11.5%	8.5%	13.0%	11.4%	3.8%	7.2%	8.5%	11.5%	13.0%	13.0%
EBITDA margin	2.8%	4.4%	3.7%	1.2%	-6.3%	0.9%	0.0%	-4.8%	-3.2%	0.5%	2.5%	5.0%	5.0%
EBIT margin	-0.3%	0.9%	0.3%	-2.8%	-11.2%	-2.7%	-8.1%	-10.8%	-7.3%	-3.0%	-1.0%	1.5%	1.5%
Adjusted EBIT margin	-0.3%	0.9%	0.3%	-2.8%	-7.0%	-2.7%	-8.1%	-11%	-7.3%	-3.0%	-1.0%	1.5%	1.5%
CA													
Gross margin	16.9%	20.4%	14.4%	13.7%	8.9%	17.6%	14.3%	11.0%	-9.1%	14.0%	14.0%	14.0%	14.0%
EBITDA margin	6.7%	9.6%	10.0%	1.5%	-9.4%	-5.9%	0.0%	3.7%	-27.3%	4.0%	4.0%	4.0%	4.0%
EBIT margin	5.6%	8.4%	8.6%	0.4%	-10.7%	-8.8%	-1.8%	3.7%	-30.3%	2.9%	2.9%	2.9%	2.9%
Adjusted EBIT margin	5.6%	8.4%	8.6%	0.4%	-11%	-8.8%	-1.8%	3.7%	-30%	2.9%	2.9%	2.9%	2.9%

*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 2023 (i.e. once consolidated)

Source: Company data and Nordea estimates

DETAILED ESTIMATES, BY YEAR

(SEKm)	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
Revenue	3,241	3,747	4,635	6,211	5,621	2,863	4,720	4,890	4,971
Cost of sales	-2,627	-2,972	-3,837	-5,102	-4,502	-2,486	-3,867	-3,975	-4,014
Gross profit	614	775	797	1,110	1,119	377	853	915	958
Sales expenses	-138	-162	-219	-256	-288	-189	-239	-300	-262
G&A expenses	-190	-238	-264	-357	-364	-320	-587	-415	-417
Other income	4	8	24	13	356	24	7	0	-8
Other expenses	-17	-26	-11	-27	-130	-7	-14	0	-13
EBIT	274	358	328	483	693	-114	21	201	259
Finance income	7	6	12	23	19	31	9	0	4
Finance costs	-9	-58	-59	-49	-68	-49	-147	-140	-108
Net FX gains/(losses)	-5	12	-5	-5	21	-22	78	0	0
EBT	267	318	276	451	666	-153	-40	61	155
Income tax	-58	-68	-54	-112	-156	46	-50	-12	-32
Net income	209	251	222	339	439	-107	-90	48	123
EPS (SEK)	14.25	17.26	15.25	23.33	30.22	-7.38	-6.19	3.32	8.47
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	21	201	259
Adj. PTP	267	325	277	478	345	-119	-40	61	155
Adj. Net income	209	256	223	361	182	-81	-90	48	123
Adj. EPS (SEK)	14.25	17.64	15.34	24.81	12.54	-5.54	-6.19	3.32	8.47

Source: Company data and Nordea estimates

DETAILED ESTIMATES: DIVISIONS, BY YEAR

(SEKm)	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
US*									
Sales	-	-	-	-	-	2446	2812	2788	2759
Gross profit	-	-	-	-	-	456	686	669	669
EBITDA	-	-	-	-	-	285	500	479	483
EBIT	-	-	-	-	-	25	229	249	255
Adjusted EBIT	-	-	-	-	-	36	229	249	255
Germany									
Sales	-	-	983	1,367	1,770	2,272	1,703	1,849	1,947
Gross profit	-	-	84	149	214	254	149	211	251
EBITDA	-	-	-29	-6	52	18	-32	59	106
EBIT	-	-	-66	-71	-29	-71	-120	-6	41
Adjusted EBIT	-	-	-57	-43	-29	-48	-120	-6	41
CA**									
Sales	3,241	3,747	3,652	143	203	285	205	253	265
Gross profit	614	773	714	25	37	43	20	35	37
EBITDA	322	494	533	0	10	12	-8	10	15
EBIT	274	358	394	13	14	9	-11	7	12
Adjusted EBIT	274	358	383	13	14	9	-11	7	12

*Certain historical margin and FX assumptions (related to the US acquisition) made by Nordea

** Including Russian operations in CA 2018-20

Source: Company data and Nordea estimates

DETAILED ESTIMATES: MARGINS, BY YEAR

Margins	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
Group									
Gross margin	19.0%	20.7%	17.2%	17.9%	19.9%	13.2%	18.1%	18.7%	19.3%
EBITDA margin	9.9%	13.2%	10.9%	8.8%	13.8%	-0.3%	8.1%	10.2%	11.1%
EBIT margin	8.4%	9.5%	7.1%	7.8%	12.3%	-4.0%	0.4%	4.1%	5.2%
Adjusted EBIT margin	8.4%	9.7%	7.1%	8.2%	6.6%	-2.8%	0.4%	4.1%	5.2%
US*									
Gross margin	-	-	-	-	-	18.7%	24.4%	24.0%	24.3%
EBITDA margin	-	-	-	-	-	11.6%	17.8%	17.2%	17.5%
EBIT margin	-	-	-	-	-	1.0%	8.1%	8.9%	9.2%
Adjusted EBIT margin	-	-	-	-	-	1.5%	8.1%	8.9%	9.2%
Germany									
Gross margin	-	-	8.5%	10.9%	12.1%	11.2%	8.7%	11.4%	12.9%
EBITDA margin	-	-	-2.9%	-0.5%	2.9%	0.8%	-1.9%	3.2%	5.4%
EBIT margin	-	-	-6.7%	-5.2%	-1.6%	-3.1%	-7.0%	-0.3%	2.1%
Adjusted EBIT margin	-	-	-5.8%	-3.2%	-1.6%	-2.1%	-7.0%	-0.3%	2.1%
CA**									
Gross margin	19.0%	20.6%	19.5%	17.5%	18.2%	14.9%	9.8%	14.0%	14.2%
EBITDA margin	9.9%	13.2%	14.6%	0.0%	4.9%	4.2%	-3.9%	4.0%	5.7%
EBIT margin	8.4%	9.5%	10.8%	9.1%	6.9%	3.0%	-5.4%	2.9%	4.6%
Adjusted EBIT margin	8.4%	9.5%	10.5%	9.1%	6.9%	3.0%	-5.4%	2.9%	4.6%

* Certain historical margin and FX assumptions (related to the US acquisition) made by Nordea

** Including Russian operations in CA 2018-20

Source: Company data and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

SEKm	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Total revenue	2,567	3,241	3,747	4,635	6,211	5,621	2,863	4,720	4,890	4,971	5,159
Revenue growth	54.8%	26.3%	15.6%	23.7%	34.0%	-9.5%	-49.1%	64.9%	3.6%	1.7%	3.8%
of which organic	36.2%	32.2%	11.4%	16.2%	6.9%	16.7%	20.6%	-21.8%	4.3%	1.7%	3.7%
of which FX	18.6%	-6.0%	4.0%	-16.1%	-0.9%	5.1%	7.5%	0.2%	0.0%	0.0%	0.0%
EBITDA	214	322	494	504	548	776	-9	383	498	553	443
Depreciation and impairments PPE	-26	-48	-136	-176	-66	-83	-105	-362	-297	-295	-164
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	187	274	358	328	483	693	-114	21	201	259	279
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	187	274	358	328	483	693	-114	21	201	259	279
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	6	-7	-39	-53	-31	-27	-39	-61	-140	-104	-104
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	193	267	318	276	452	666	-153	-40	61	155	175
Reported taxes	-42	-58	-68	-54	-112	-156	46	-50	-12	-32	-36
Net profit from continued operations	151	209	251	222	339	510	-107	-90	48	123	139
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	87	207	251	222	339	510	-107	-90	48	123	139
EPS, SEK	8.06	14.25	17.26	15.25	23.35	35.07	-7.38	-6.19	3.32	8.47	9.57
DPS, SEK	1.73	7.50	4.25	7.50	0.00	7.50	0.10	0.10	0.66	2.12	2.87
of which ordinary	1.73	3.75	4.25	7.50	0.00	7.50	0.10	0.10	0.66	2.12	2.87
of which extraordinary	0.00	3.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit margin in percent											
EBITDA	8.3%	9.9%	13.2%	10.9%	8.8%	13.8%	-0.3%	8.1%	10.2%	11.1%	8.6%
EBITA	7.3%	8.4%	9.5%	7.1%	7.8%	12.3%	-4.0%	0.4%	4.1%	5.2%	5.4%
EBIT	7.3%	8.4%	9.5%	7.1%	7.8%	12.3%	-4.0%	0.4%	4.1%	5.2%	5.4%
Adjusted earnings											
EBITDA (adj)	214	322	501	503	576	455	25	383	498	553	443
EBITA (adj)	187	274	365	330	510	372	-80	21	201	259	279
EBIT (adj)	187	274	365	330	510	372	-80	21	201	259	279
EPS (adj, SEK)	8.06	14.25	17.74	15.36	25.23	17.40	-5.04	-6.19	3.32	8.47	9.57
Adjusted profit margins in percent											
EBITDA (adj)	8.3%	9.9%	13.4%	10.9%	9.3%	8.1%	0.9%	8.1%	10.2%	11.1%	8.6%
EBITA (adj)	7.3%	8.4%	9.7%	7.1%	8.2%	6.6%	-2.8%	0.4%	4.1%	5.2%	5.4%
EBIT (adj)	7.3%	8.4%	9.7%	7.1%	8.2%	6.6%	-2.8%	0.4%	4.1%	5.2%	5.4%
Performance metrics											
CAGR last 5 years											
Net revenue	1.4%	5.5%	9.9%	25.8%	30.2%	17.0%	-2.5%	4.7%	1.1%	-4.4%	-1.7%
EBITDA	13.0%	16.0%	23.5%	31.1%	29.1%	29.4%	n.m.	-5.0%	-0.3%	0.2%	-10.6%
EBIT	48.0%	39.6%	39.0%	40.0%	35.9%	29.9%	n.m.	-43.5%	-9.4%	-11.7%	-16.6%
EPS	n.m.	n.m.	n.m.	n.m.	50.4%	34.2%	n.m.	n.m.	-26.3%	-18.4%	-22.9%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	34.1%	-51.6%	-52.8%	-38.4%	n.m.	-17.5%
Average last 5 years											
Average EBIT margin	4.5%	6.2%	7.8%	7.9%	8.0%	9.1%	7.6%	5.9%	5.3%	4.6%	2.9%
Average EBITDA margin	7.8%	8.8%	10.3%	10.6%	10.2%	11.3%	10.0%	9.2%	9.0%	9.5%	8.3%

VALUATION RATIOS - ADJUSTED EARNINGS

SEKm	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
P/E (adj)	18.7	8.9	9.2	10.2	13.4	4.4	n.m.	n.m.	18.7	7.3	6.5
EV/EBITDA (adj)	6.1	4.8	6.1	4.5	8.9	0.3	96.3	6.8	5.5	4.8	5.8
EV/EBITA (adj)	7.0	5.6	8.4	6.9	10.0	0.4	n.m.	126.3	13.8	10.2	9.3
EV/EBIT (adj)	7.0	5.6	8.4	6.9	10.0	0.4	n.m.	126.3	13.8	10.2	9.3

VALUATION RATIOS - REPORTED EARNINGS

SEKm	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
P/E	18.7	8.9	9.4	10.3	14.4	2.2	n.m.	n.m.	18.7	7.3	6.5
EV/Sales	0.51	0.48	0.82	0.49	0.82	0.03	0.83	0.55	0.56	0.53	0.50
EV/EBITDA	6.1	4.8	6.2	4.5	9.3	0.2	n.m.	6.8	5.5	4.8	5.8
EV/EBITA	7.0	5.6	8.6	6.9	10.6	0.2	n.m.	126.3	13.8	10.2	9.3
EV/EBIT	7.0	5.6	8.6	6.9	10.6	0.2	n.m.	126.3	13.8	10.2	9.3
Dividend yield (ord.)	1.1%	2.9%	2.6%	4.8%	0.0%	9.8%	0.1%	0.2%	1.1%	3.4%	4.6%
FCF yield	8.9%	6.8%	-21.5%	28.2%	1.9%	65.9%	-121.3%	8.5%	15.5%	13.8%	10.6%
FCF Yield bef A&D, lease adj	8.8%	6.6%	-21.6%	28.1%	4.9%	-10.7%	-14.5%	-1.7%	15.5%	13.8%	10.6%
Payout ratio	21.5%	52.6%	24.0%	48.8%	0.0%	43.1%	n.m.	n.m.	20.0%	25.0%	30.0%

Source: Company data and Nordea estimates

BALANCE SHEET

SEKm	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Intangible assets	6	6	12	8	81	85	244	273	273	273	273
of which R&D	0	0	0	0	0	0	0	25	25	25	25
of which other intangibles	6	6	12	8	81	85	244	248	248	248	248
of which goodwill	0	0	0	0	0	0	0	0	0	0	0
Tangible assets	136	263	700	507	1,006	560	1,828	2,317	2,317	2,317	2,317
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	41	51	65	105	78	127	133	140	147	154
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	184	310	763	579	1,192	724	2,199	2,724	2,730	2,737	2,745
Inventory	633	741	1,290	1,014	1,432	460	1,443	1,253	1,198	1,218	1,264
Accounts receivable	243	319	322	393	535	344	630	617	611	597	619
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	3	2	84	37	46	1	6	11	11	12	12
Cash and bank	352	357	519	604	768	1,688	426	363	236	351	416
Total current assets	1,231	1,418	2,214	2,048	2,781	2,493	2,506	2,244	2,057	2,177	2,311
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	1,414	1,727	2,978	2,628	3,973	3,217	4,705	4,968	4,787	4,914	5,055
Shareholders equity	611	656	890	806	1,101	1,873	1,622	1,499	1,546	1,659	1,767
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	611	656	890	806	1,101	1,873	1,622	1,499	1,546	1,659	1,767
Deferred tax	1	1	7	5	7	1	277	281	281	281	281
Long term interest bearing debt	22	28	377	422	588	437	730	1,050	1,050	1,050	1,050
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	23	31	391	428	617	460	1,020	1,345	1,345	1,345	1,345
Short-term provisions	13	17	22	26	39	1	12	8	8	8	9
Accounts payable	737	982	917	1,188	1,809	573	997	794	831	845	877
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	12	15	21	19	28	16	8	11	11	12	12
Short term interest bearing debt	19	26	735	161	379	295	1,046	1,046	1,046	1,046	1,046
Total current liabilities	780	1,040	1,696	1,393	2,255	884	2,062	1,859	1,897	1,911	1,943
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	1,414	1,727	2,978	2,628	3,973	3,217	4,704	4,702	4,787	4,914	5,055
Balance sheet and debt metrics											
Net debt	-312	-303	689	-20	199	-957	1,349	1,733	1,860	1,744	1,680
of which lease debt	0	0	0	0	0	0	0	0	0	0	0
Working capital	130	64	756	238	176	216	1,075	1,076	978	969	1,006
Invested capital	314	374	1,519	818	1,368	940	3,274	3,800	3,708	3,707	3,750
Capital employed	651	710	2,003	1,390	2,068	2,604	3,397	3,595	3,641	3,755	3,863
ROE	16.4%	32.7%	32.4%	26.1%	35.6%	34.3%	-6.1%	-5.8%	3.2%	7.7%	8.1%
ROIC	49.2%	62.1%	30.0%	22.0%	36.4%	25.1%	-3.0%	0.5%	4.2%	5.4%	5.8%
ROCE	36.1%	41.3%	27.4%	20.1%	30.8%	16.8%	-1.6%	0.8%	5.5%	7.1%	7.4%
Net debt/EBITDA	-1.5	-0.9	1.4	0.0	0.4	-1.2	n.m.	4.5	3.7	3.2	3.8
Interest coverage	30.7	31.6	6.3	5.7	10.4	10.5	-1.7	0.2	1.4	2.4	2.6
Equity ratio	43.2%	38.0%	29.9%	30.7%	27.7%	58.2%	34.5%	31.9%	32.3%	33.8%	35.0%
Net gearing	-51.0%	-46.2%	77.4%	-2.5%	18.1%	-51.1%	83.2%	115.6%	120.3%	105.1%	95.0%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

SEKm	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
EBITDA (adj) for associates	214	322	494	504	548	776	-9	383	498	553	443
Paid taxes	0	0	-85	-71	-170	-127	-6	-19	-12	-32	-36
Net financials	-6	7	-58	-59	-55	-85	-58	-104	-140	-104	-104
Change in provisions	3	4	5	3	13	-38	11	-4	0	0	0
Change in other LT non-IB	0	3	-6	-20	-19	27	-57	-6	-7	-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	-44	-68	17	19	164	392	77	-196	0	0	0
Funds from operations (FFO)	168	267	367	377	481	945	-43	53	339	411	296
Change in NWC	-20	-106	-698	316	-24	-730	16	-533	98	9	-37
Cash flow from operations (CFO)	148	161	-330	693	457	215	-27	-480	437	419	259
Capital expenditure	-7	-38	-181	-49	-217	-334	-122	465	-297	-295	-164
Free cash flow before A&D	141	123	-511	643	240	-119	-149	-15	140	125	95
Proceeds from sale of assets	3	3	2	3	8	854	0	88	0	0	0
Acquisitions	0	0	0	0	-153	0	-1,093	0	0	0	0
Free cash flow	144	126	-509	646	95	735	-1,242	73	140	125	95
Free cash flow bef A&D, lease adj	141	123	-511	643	240	-119	-149	-15	140	125	95
Dividends paid	-58	-30	-109	-62	-109	0	-109	0	-1	-10	-31
Equity issues / buybacks	0	0	0	0	0	0	0	1	0	0	0
Net change in debt	-28	0	802	-402	253	233	105	-108	0	0	0
Other financing adjustments	-12	2	-3	-114	-81	-65	-17	-9	-265	0	0
Other non-cash adjustments	108	-94	-18	16	6	18	1	-20	0	0	0
Change in cash	153	4	163	84	164	920	-1,262	-63	-127	115	65
Cash flow metrics											
Capex/D&A	25.8%	80.1%	n.m.	28.1%	n.m.	n.m.	n.m.	n.m.	100.0%	100.0%	100.0%
Capex/Sales	0.3%	1.2%	4.8%	1.1%	3.5%	5.9%	4.3%	-9.9%	6.1%	5.9%	3.2%
Key information											
Share price year end (/current)	151	127	163	157	337	77	70	59	62	62	62
Market cap.	1,615	1,849	2,369	2,287	4,897	1,115	1,024	857	902	902	902
Enterprise value	1,303	1,546	3,058	2,267	5,096	158	2,373	2,590	2,762	2,647	2,582
Diluted no. of shares, year-end (m)	10.7	14.5	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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Nordea Bank Abp	Nordea Bank Abp, filial i Sverige	Nordea Danmark, Filial af Nordea Bank Abp, Finland	Nordea Bank Abp, filial i Norge
Nordea IB & Equity Division, Equity Research Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland Tel: +358 9 1651 Fax: +358 9 165 59710 Reg.no. 2858394-9 Satamaradankatu 5 Helsinki	Nordea IB & Equity Division, Equity Research Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden Tel: +46 8 614 7000 Fax: +46 8 534 911 60	Nordea IB & Equity Division, EquityResearch Visiting address: Grønjordsvvej 10 DK-2300 Copenhagen S Denmark Tel: +45 3333 3333 Fax: +45 3333 1520	Nordea IB & Equity Division, Equity Research Visiting address: Essendropsgate 7 N-0107 Oslo Norway Tel: +47 2248 5000 Fax: +47 2256 8650