

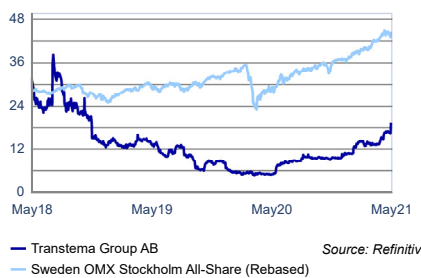
## Transtema Group AB

Business Services  
Sweden

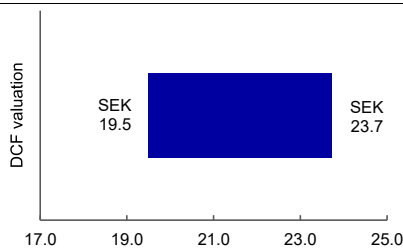
## KEY DATA

Stock country	Sweden
Bloomberg	Trans ss
Reuters	Trans.st
Share price (close)	SEK 19.50
Free Float	100%
Market cap. (bn)	EUR 0.07/SEK 0.75
Website	www.transtemagroup.se/
Next report date	12 Aug 2021

## PERFORMANCE



## VALUATION APPROACH



## ESTIMATE CHANGES

Year	2021E	2022E	2023E
Sales	-3%	-3%	-3%
EBIT (adj)	51%	29%	21%

Source: Nordea estimates

## Nordea Markets - Analysts

Klas Danielsson  
AnalystFredrik Stenkil  
Analyst

## Financial targets sometimes age quickly

Transtema has reached its current long-term EBITA margin target of above 5% only one quarter after it was set in Q4 2020 (TTM adjusted EBITA margin of 6%). This is despite being in the early stages of ramping up large contracts which we thought would have burdened profitability. We believe that management has done a fantastic job in turning the business around over the past few years, and that it will continue to improve profitability and deliver on its growth initiatives. We expect EBITA growth of 74% in 2021 and believe there could be upside if Transtema were to gain traction in 5G. The share is now trading at 8x 2021E EV/EBITA (a ~43% discount versus peers), whereas our valuation range implies 8-10x. We raise our DCF-based fair value range to SEK 19.5-23.7 (14.3-17.4).

## Profitability continues to exceed expectations

Transtema delivered a strong Q1 2021 report, with organic sales growth of 19%, driven by the new Telia, 3GIS and E.ON. contracts, and an EBITA margin of 8.3% (up 4.2 pp y/y), resulting in EBITA beating our estimate by 65%. The margins were driven by operational leverage, with some efficiency improvements from a higher mix of in-house staff. We note that the company now has reached its financial targets, even on an LTM basis, which is significantly earlier than we had predicted. However, management notes that the current targets are still relevant. Transtema has reported seeing an increase in business activity and leads at the beginning of 2021, with the diversity of its customer base increasing, which to us sounds like there could be 5G-discussions ongoing.

## Estimate revisions

We lower revenue by 3% for 2021E-23E due to a slightly more cautious view on Transtema's contract intake during 2021E. We expect the margin to vary quarter to quarter, and so we do not fully extrapolate the strong performance in Q1. However, we lift our adjusted EBITA margin assumptions by 1.1-1.7 pp for 2021-23. This boils down to positive EBITA revisions of 16-37%.

## Continues to trade at a discount

The share is now trading at 8x 2021E EV/EBITA, corresponding to a discount of ~43% versus similar installation and business services companies. While there are a few outliers in the peer group, even after adjusting for these the discount is still ~29%.

## SUMMARY TABLE - KEY FIGURES

SEKm	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	970	1,058	1,497	1,405	1,575	1,620	1,669
EBITDA (adj)	43	-24	137	144	172	183	193
EBIT (adj)	26	-71	29	49	78	84	91
EBIT (adj) margin	2.7%	-6.7%	1.9%	3.5%	4.9%	5.2%	5.5%
EPS (adj, SEK)	1.46	-2.04	-8.00	0.54	1.40	1.36	1.51
EPS (adj) growth	2.6%	-239.1%	-292.8%	106.8%	157.6%	-3.0%	10.9%
DPS (ord, SEK)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	1.0	0.6	0.3	0.4	0.5	0.4	0.4
EV/EBIT (adj)	36.0	n.m.	14.0	11.2	9.9	8.5	7.1
P/E (adj)	24.5	n.m.	n.m.	20.1	13.9	14.3	12.9
P/BV	3.2	1.2	1.7	2.6	4.2	3.2	2.6
Dividend yield (ord)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield bef A&D, lease	-10.1%	-4.1%	-6.3%	21.3%	11.8%	7.7%	8.7%
Net debt	124	282	235	130	22	-35	-100
Net debt/EBITDA	2.9	n.m.	1.7	1.0	0.1	-0.2	-0.5
ROIC after tax	7.2%	-11.0%	4.9%	13.1%	24.9%	30.9%	34.2%

Source: Company data and Nordea estimates

# Company overview

Transtema is a Swedish company that delivers services and solutions in networks and communications infrastructure. It is one of the leading players in the market, and its biggest customer is currently Telia. The company recently changed its strategy, discontinuing its operations in the FTTH and in the data centre and cloud infrastructure segments; it also shifted its focus to operation and maintenance services. The company employs around 920 people and has operations in 35 different locations in Sweden, as well as in Oslo, Norway.

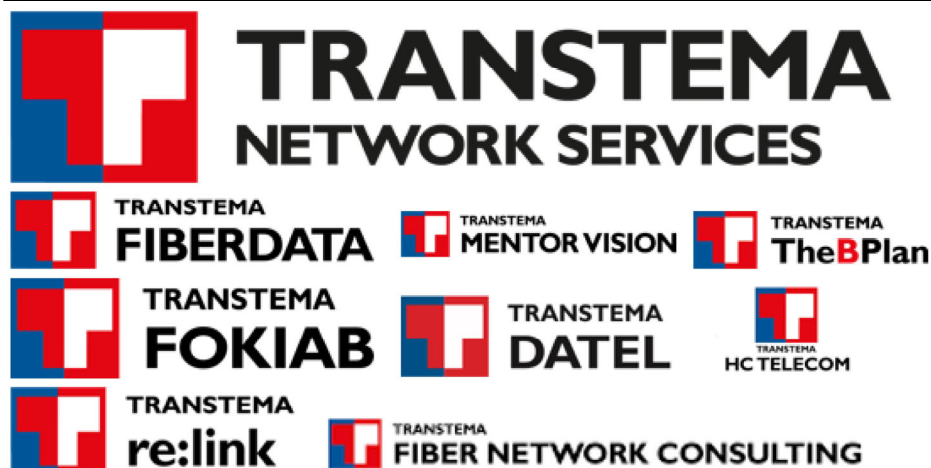
Transtema is involved in the design, construction, maintenance and operation of communication networks

## Company overview

Transtema consists of ten subsidiaries and is active in both construction, where it can handle large turn-key projects, as well as aftermarket services in the operation and maintenance of communication networks. Traditional telecommunication network owners are its largest customers, however, Transtema can also address installation and maintenance of smaller and more concentrated networks. The company generated approximately 96% of its revenues in Sweden during 2019, whereas the remainder came from its operations in Norway. Transtema has developed three financial targets that it is striving to achieve over the course of an economic cycle:

- Revenue growth of 3% per year
- An EBITA margin of 5%
- Net debt/EBITDA below 3x

## TRANSTEMA SUBSIDIARIES



Source: Company data

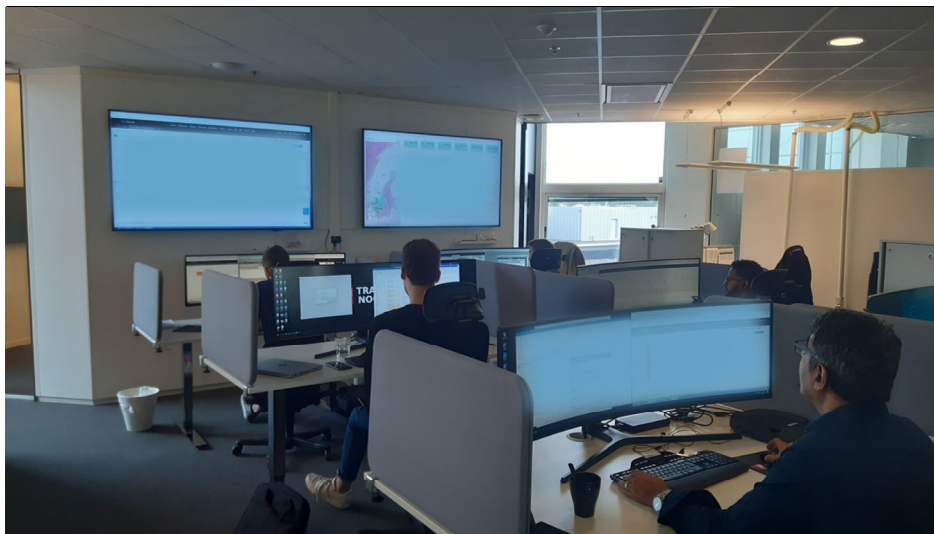
Transtema's main income driver is now in operations and maintenance

While the company's core operations historically have been FTTH installations, it recently shifted strategies by divesting the business area due to its poor profitability and unstable nature. The core of Transtema's new strategy is a focus on its operations and maintenance business (O&M), which is more stable and profitable than FTTH. In 2019, O&M generated 70% of net sales in the company's continuing operations.

The company has developed a proprietary IT system for resource handling, which optimises route handling and service agent allocation

The O&M business includes running the daily operations in the networks, which in turn includes ensuring the quality of service and minimising network downtime. To ensure maximum efficiency and quality of service, the company has developed a proprietary IT system for resource handling. The system automatically optimises ticket-handling routes and allocation for its service agents, in effect increasing the pace at which Transtema can handle its tickets and enhancing efficiency by increasing the number of tickets handled per employee. The maintenance division manages operations and maintenance for 25 network owners with a 24/7 service and network operating centre.

### ONE OF TRANSTEMA'S NETWORK OPERATING CENTRES (NOC)



Source: Company data and Nordea

The company currently has a service coverage of 60% of the Swedish population, which it can reach within one hour, and is currently expanding to 100%

With the acquisition of TNS in 2018, the group increased its geographical coverage in southern and central Sweden and now has the capability of reaching 60% of the Swedish population within one hour. In order to support Transtema's contract expansion with Telia, the company is in the process of increasing its reach across Sweden. In time, the company will have service coverage of 100% of the Swedish population, which is a unique position in the country.

### Company history

Transtema was founded in Mölndal in 1997, and has since grown from being a local player to a well-known national company

Transtema AB was founded in 1997 by current group CEO and member of the board, Magnus Johansson. It was first established in Mölndal, outside Gothenburg in Western Sweden, where its headquarters are still located. However, the company has expanded its operations and is now present in over 35 cities all over Sweden, as well as in Oslo, Norway. Over the years, the company has, through strategic acquisitions and business development, expanded from being a local player to becoming a well-known national company. Because of this, Transtema has succeeded in developing a solid business platform with a broad technical knowledge as well as large geographical coverage, which enables it to compete for large contracts, eg Telia and E.ON. Its wide geographical coverage enables it to reach approximately 60% of the Swedish population within one hour, a reach which will expand to 100% in December 2020 when new contracts are operational.

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**TRANSTEMA: MILESTONES**


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Year	Event
1997	Transtema is founded by Magnus Johansson, with a focus on radio link, network and consulting services
1998	First service agreement for operation of communication networks
2002	First service agreement for operation all day and night, all year around
2003	Optic fiber installations becomes bigger than radio link systems
2004	Starts own 24-hour network operating center, "NOC"
2008	Subsidiary Relink Network is established
2011	Introduction of management systems for quality assurance, environmental assurance and work environment Transtema acquires IP-konsulterna AB
2014	Transtema Group is created from Transtema AB and Relink AB and a new growth strategy is established
2015	Listed on Aktietorget
2016	Transtema Group acquires Fiber Gruppen i Sverige AB Transtema acquires Datelab AB Transtema acquires Fiber Solution Sweden AB Transtema acquires HC Telecom AB Transtema acquires WinCore AB Transtema acquires BearCom AB Transtema changes its listing exchange from Aktietorget to Nasdaq First North
2017	Transtema acquires Foki AB Transtema acquires Andersson & Jansäter Entreprenad AB Rights issue of 900,000 new shares Transtema acquires Effektivision AB Transtema acquires Fiberdata AB Transtema acquires Copiad Telecom Acquires TheBplan AS, Norway A project accounting issue is discovered in one of the groups subsidiaries, incurring negative effect on Q4 17 earnings
2018	Rights issue of 325,000 new shares Transtema acquires Ericsson Local Services AB and renames the entity Transtema Network Services AB
2019	Decides to divest Transtema Infrastructure, and file for bankruptcies for the subsidiaries Andersson & Jansäter, Nordlund Entreprenad and TIAB Recognises Transtema Infrastructure as discontinued TNS wins procurement, estimated order value from E.ON of SEK 180 million over three years
2020	TNS wins procurement with 3GIS TNS renews and extends its contract with Telia Transtema divests its Emerging Business segment

Source: Company data

The company experienced high growth in FTTH between 2016 and 2018 and made several acquisitions

However, the company eventually experienced governance and project calculation issues within its FTTH operations

The company decided to diversify into operations and maintenance at the end of 2018, as the market was refocusing away from construction

Subsequently, the company decided to divest its FTTH operations in 2019

Between 2016 and 2018, the company experienced high growth due to strong fibre expansion, spurred on by connectivity goals set by the Swedish government. During this period, Transtema focused on FTTH (fibre-to-the-home) construction, which included large turnkey projects and excavation activities. Moreover, the company made a large number of acquisitions within this area.

While the acquisitions created a solid foundation with a large geographical footprint, the high pace also led to governance problems in the company's portfolio of subsidiaries, as aggressive revenue recognition for some of its unfinished projects was eventually discovered. This resulted in significant writedowns and project losses. Moreover, final adjustments in excavation projects related to its FTTH operations continued to burden the company.

### Strategy shift and acquisition of Ericsson Local Services

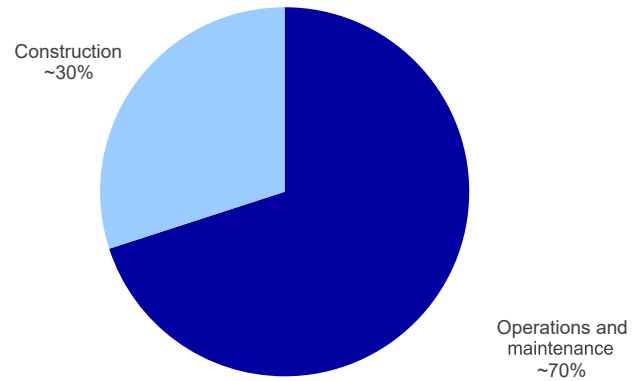
In 2018, the company started to experience a downturn in the FTTH market, as the market had matured and there was little to no expansion in the underlying fibre network. The company subsequently decided to diversify its operations by acquiring the maintenance-focused company Ericsson Local Services (LSS), stating that the market was gradually refocusing from construction to operation and maintenance. This marked a first step towards a new strategy entailing a greater focus on operation, maintenance and technical services related to network infrastructure.

In 2019, the company decided to divest its Infrastructure division and five of its subsidiaries active in the FTTH market. In conjunction with this, it also decided to exit Denmark. The new strategy and the acquisition of LSS changed the business mix radically for Transtema. Previously, 85% of the company's business consisted of building fibre networks, where Transtema had contracts controlling the whole value chain – from design to installation. Today, the mix is the opposite, with around 70% of the company's business consisting of network operations and maintenance ("O&M"), which is set to increase as new contracts are implemented in H2 2020 and 2021.

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**BUSINESS MIX AT THE END OF 2019**

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*Source: Company data and Nordea estimates*

We see the strategy shift as beneficial since the new focus is characterised by lower risk and seasonality, as well as by higher margins and more stability than FTTH

In our view, this represents a solid strategy shift, as O&M is typically characterised by longer contracts of around three to five years, better profitability and less seasonality than construction, as well as significantly lower project risk compared to the FTTH business. The company has also decided to discontinue its Emerging Business division, as it is not considered to be a part of Transtema's core operations. As a result of the implementation of the new strategy, the company now solely operates within its Network Services business area, in which it runs both construction and O&M.

# Outcome and estimate changes

## Outcome

### OUTCOME VERSUS NORDEA MARKETS ESTIMATES

SEKm	Actual	NDA est.	Deviation		Actual	Actual		y/y
	Q1 2021	Q1 2021E	vs. actual		Q4 2020	q/q	Q1 2020	
<b>Net sales</b>	<b>388</b>	<b>399</b>	<b>-11</b>	<b>-3%</b>	<b>414</b>	<b>-7%</b>	<b>343</b>	<b>12%</b>
Revenue	389	399	-11	-3%	417	-7%	345	11%
EBITDA	48	38	10	21%	36	24%	36	25%
<b>EBITA</b>	<b>32</b>	<b>11</b>	<b>21</b>	<b>65%</b>	<b>21</b>	<b>34%</b>	<b>14</b>	<b>56%</b>
EBIT	29	7	22	76%	13	56%	10	64%
PTP	26	4	22	85%	11	58%	7	71%
Net profit	26	3	23	88%	20	23%	7	72%
Ordinary EPS	0.68	0.08	0.60	88%	0.17	75%	0.11	498%
Diluted EPS	0.68	0.08	0.60	88%	0.17	75%	0.11	498%
Adj. EBITDA	48	38	10	21%	36	24%	36	33%
<b>Adj. EBITA</b>	<b>32</b>	<b>11</b>	<b>21</b>	<b>65%</b>	<b>21</b>	<b>34%</b>	<b>14</b>	<b>128%</b>
Adj. EBIT	29	7	22	76%	13	56%	10	179%
Adj. EBITDA Margin	12.4%	9.6%	2.9pp		8.8%	3.6pp	10.6%	1.9pp
<b>Adj. EBITA Margin</b>	<b>8.3%</b>	<b>2.8%</b>	<b>5.5pp</b>		<b>5.2%</b>	<b>3.2pp</b>	<b>4.1%</b>	<b>4.2pp</b>
Adj. EBIT Margin	7.5%	1.7%	5.8pp		3.1%	4.4pp	3.0%	4.5pp

Source: Company data and Nordea estimates

## Estimate changes

We lower revenue by 3% for 2021E-23E due to a slightly more cautious view on Transtema's contract intake during 2021E. As Transtema's margins tend to vary quarter to quarter we do not fully extrapolate the strong performance in Q1; however, we lift our adjusted EBITA margin assumptions by 1.1-1.7 pp for 2021E-23E. This boils down to positive EBITA revisions of 16-37%.

### ESTIMATE CHANGES (SEKm; EPS IN SEK)

SEKm	New estimates			Old estimates			Difference %		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
<b>Net sales</b>	<b>1,575</b>	<b>1,620</b>	<b>1,669</b>	<b>1,616</b>	<b>1,664</b>	<b>1,714</b>	<b>-3%</b>	<b>-3%</b>	<b>-3%</b>
Revenue	1,575	1,620	1,669	1,616	1,664	1,714	-3%	-3%	-3%
EBITDA	172.1	182.9	193.4	161.3	178.2	192.1	6.7%	2.7%	0.7%
<b>EBITA</b>	<b>94.9</b>	<b>101.6</b>	<b>109.6</b>	<b>69.2</b>	<b>83.4</b>	<b>94.5</b>	<b>37.1%</b>	<b>21.8%</b>	<b>16.1%</b>
EBIT	77.9	83.8	91.3	51.4	65.1	75.6	51.5%	28.7%	20.8%
PTP	65.7	71.8	79.1	39.5	52.9	63.1	66.3%	35.8%	25.2%
Net profit	57.4	56.0	61.7	30.8	41.2	49.3	86.3%	35.8%	25.2%
Ordinary EPS	1.49	1.46	1.61	0.80	1.08	1.28	86.0%	35.8%	25.2%
Diluted EPS	1.49	1.46	1.61	0.80	1.08	1.28	86.0%	35.8%	25.2%
Adj. EBITDA	172	183	193	161	178	192	6.7%	2.7%	0.7%
<b>Adj. EBITA</b>	<b>95</b>	<b>102</b>	<b>110</b>	<b>69</b>	<b>83</b>	<b>94</b>	<b>37.1%</b>	<b>21.8%</b>	<b>16.1%</b>
Adj. EBIT	78	84	91	51	65	76	51.5%	28.7%	20.8%
Adj. EBITDA Margin	10.9%	11.3%	11.6%	10.0%	10.7%	11.2%	0.9pp	0.6pp	0.4pp
<b>Adj. EBITA Margin</b>	<b>6.0%</b>	<b>6.3%</b>	<b>6.6%</b>	<b>4.3%</b>	<b>5.0%</b>	<b>5.5%</b>	<b>1.7pp</b>	<b>1.3pp</b>	<b>1.1pp</b>
Adj. EBIT Margin	4.9%	5.2%	5.5%	3.2%	3.9%	4.4%	1.8pp	1.3pp	1.1pp

Source: Company data and Nordea estimates

# Valuation

## Valuation methodology

From our DCF model, we derive a valuation range of SEK 19.5-23.7 (14.3-17.4), based on a WACC in the range of 8.0-9.5%.

### DCF VALUE (DKKm; DKK PER SHARE)

DCF value	8.0% WACC		9.5% WACC	
	Value	Per share	Value	Per share
NPV FCFF	992	25.9	830.2	21.7
(Net debt)	-130	-3.4	-130.4	-3.4
Market value of associates	0	0.0	0.0	0.0
(Market value of minorities)	-1	0.0	-0.5	0.0
Surplus values	0	0.0	0.0	0.0
(Market value preference shares)	0	0.0	0.0	0.0
Share based adjustments	0	0.0	0.0	0.0
Other adjustments	20	0.5	20.0	0.5
Time value	28	0.7	27.7	0.7
<b>DCF Value</b>	<b>909</b>	<b>23.7</b>	<b>747.0</b>	<b>19.5</b>

Source: Nordea estimates

### WACC COMPONENTS

WACC components	High-end of range	Low-end of range
Risk-free interest rate	2.0%	2.0%
Market risk premium	4.5%	4.5%
Forward looking asset beta	nm	nm
Beta debt	0.10	0.10
Forward looking equity beta	1.75	2.20
Cost of equity	9.9%	11.9%
Cost of debt	3.0%	3.0%
Tax-rate used in WACC	22.0%	22.0%
Equity weight	75.0%	75.0%
<b>WACC</b>	<b>8.0%</b>	<b>9.5%</b>

Source: Nordea estimates

### PEER MULTIPLES

	Mkt cap (SEKm)	P/E (adj)			EV/EBITA (adj.)			Div Yield (%)			Net debt/EBITDA		
		21E	22E	23E	21E	22E	23E	21E	22E	23E	21E	22E	23E
<b>Key peers</b>													
Eltel AB	4,048	33.5	22.9	17.5	20.4	14.3	11.9	0.0%	2.4%	2.8%	1.8	1.2	0.9
Caverion Oyj	9,311	19.6	15.3	12.5	11.2	8.2	6.4	2.4%	3.0%	3.8%	0.4	0.4	-0.3
Bravida Holding AB	25,587	23.7	21.6	21.0	16.8	13.9	12.8	2.2%	2.4%	2.6%	0.5	0.1	-0.3
Spie SA	34,285	14.2	12.7	29.7	9.9	8.6	8.0	2.8%	3.2%	3.1%	2.1	1.7	1.4
<b>Broader service peers</b>													
Instalco AB	18,742	34.4	31.6	11.8	14.2	13.4	12.4	0.9%	1.0%	1.0%	0.5	0.1	-0.4
Coor	6,848	15.1	14.4	14.2	14.2	13.4	12.4	5.2%	5.4%	5.2%	1.7	1.5	1.3
Securitas AB	49,875	14.7	13.2	12.1	11.4	10.4	9.5	3.2%	3.5%	3.8%	1.8	1.6	1.4
Loomis AB	20,771	14.9	12.5	11.2	10.1	8.9	n.a.	3.3%	3.8%	4.0%	1.2	0.9	n.a.
Lassila & Tikanoja Oyj	5,758	17.3	15.7	14.8	15.2	13.8	12.7	3.9%	4.3%	4.4%	1.2	1.0	0.9
Iss A/S	34,895	38.6	17.9	13.2	22.7	11.7	6.7	0.0%	0.0%	4.3%	n.a.	3.1	2.4
Key peers median	18,308	21.6	18.4	19.2	14.0	11.3	10.0	2.3%	2.7%	2.9%	1.2x	0.8x	0.3x
Peer median	21,012	18.5	15.5	13.7	14.2	12.6	11.9	2.6%	3.1%	3.8%	1.2x	1.1x	0.9x
<b>Transtema Group (Nordea est.)</b>	<b>646</b>	<b>12.0</b>	<b>12.4</b>	<b>11.2</b>	<b>8.1</b>	<b>7.0</b>	<b>5.9</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.1x</b>	<b>-0.2x</b>	<b>-0.5x</b>
- relative to key peers		-44.4%	-32.7%	-41.8%	-42.0%	-37.6%	-40.6%	-2.3 pp	-2.7 pp	-2.9 pp	-89.0%	-124%	-261%
- relative to peer group		-34.9%	-19.8%	-18.5%	-42.8%	-44.2%	-50.3%	-2.6 pp	-3.1 pp	-3.8 pp	-90%	-117%	-158%

Source: Refinitiv and Nordea estimates

# Detailed estimates

## QUARTERLY DETAILED ESTIMATES (SEKm; EPS IN SEK; SHARES IN M)

SEKm	Q2 20A	Q3 20A	Q4 20A	Q1 20A	Q2 21E	Q3 21E	Q4 21E	Q1 22E
<b>Net sales</b>	<b>344</b>	<b>304</b>	<b>414</b>	<b>343</b>	<b>395</b>	<b>354</b>	<b>437</b>	<b>397</b>
Other Income	2	2	3	2	0	0	0	0
<b>Revenue</b>	<b>346</b>	<b>306</b>	<b>417</b>	<b>345</b>	<b>395</b>	<b>354</b>	<b>437</b>	<b>397</b>
Raw materials and inventory	-149	-124	-169	-139	-143	-125	-158	-139
Other external cost	-44	-30	-55	-35	-48	-44	-57	-53
Personnel expenses	-134	-115	-157	-134	-166	-150	-185	-164
Other operating expenses	0	0	0	0	0	0	0	0
<b>EBITDA</b>	<b>19</b>	<b>38</b>	<b>36</b>	<b>36</b>	<b>38</b>	<b>43</b>	<b>43</b>	<b>49</b>
Depreciation	-19	-19	-15	-22	-21	-21	-19	-18
<b>EBITA</b>	<b>0</b>	<b>19</b>	<b>21</b>	<b>14</b>	<b>17</b>	<b>22</b>	<b>23</b>	<b>31</b>
Amortisation	-4	-10	-8	-4	-4	-5	-5	-4
<b>EBIT</b>	<b>-4</b>	<b>9</b>	<b>13</b>	<b>10</b>	<b>13</b>	<b>17</b>	<b>19</b>	<b>27</b>
Net finance	-3	-2	-2	-3	-3	-3	-3	-3
<b>PTP</b>	<b>-6</b>	<b>7</b>	<b>11</b>	<b>7</b>	<b>10</b>	<b>15</b>	<b>15</b>	<b>24</b>
Tax	1	0	10	0	-2	-3	-3	-5
<b>Net profit</b>	<b>-6</b>	<b>8</b>	<b>20</b>	<b>7</b>	<b>8</b>	<b>11</b>	<b>12</b>	<b>19</b>
Ordinary EPS	-0.14	-0.03	0.17	0.11	0.20	0.30	0.31	0.49
Diluted EPS	-0.14	-0.03	0.17	0.11	0.20	0.30	0.31	0.49
Ordinary number of shares	33	38	38	27	38	38	38	38
Diluted number of shares	33	38	38	27	38	38	38	38
Adj. EBITDA	33	38	36	36	38	43	43	49
Adj. EBITA	14	19	21	14	17	22	23	31
Adj. EBIT	10	16	13	10	13	17	19	27
Adj. EBITDA Margin	9.6%	12.3%	8.7%	10.5%	9.7%	12.0%	9.8%	12.4%
Adj. EBITA Margin	4.0%	6.2%	5.1%	4.1%	4.4%	6.2%	5.4%	7.8%
Adj. EBIT Margin	3.0%	5.1%	3.1%	3.0%	3.3%	4.9%	4.3%	6.7%

Source: Company data and Nordea estimates

## ANNUAL DETAILED ESTIMATES (SEKm; EPS IN SEK; SHARES IN M)

SEKm	2016	2017	2018	2019	2020	2021E	2022E	2023E
<b>Net sales</b>	<b>432</b>	<b>970</b>	<b>1,058</b>	<b>1,497</b>	<b>1,405</b>	<b>1,575</b>	<b>1,620</b>	<b>1,669</b>
Other Income	1	8	45	30	9	1	0	0
<b>Revenue</b>	<b>433</b>	<b>978</b>	<b>1,103</b>	<b>1,528</b>	<b>1,414</b>	<b>1,575</b>	<b>1,620</b>	<b>1,669</b>
Raw materials and inventory	-288	-660	-621	-650	-580	-537	-575	-590
Other external cost	-44	-104	-148	-176	-164	-201	-206	-211
Personnel expenses	-57	-170	-355	-565	-540	-678	-664	-682
Other operating expenses	0	-1	-3	0	0	0	0	0
<b>EBITDA</b>	<b>44</b>	<b>43</b>	<b>-24</b>	<b>137</b>	<b>130</b>	<b>172</b>	<b>183</b>	<b>193</b>
Depreciation	-3	-7	-33	-92	-75	-77	-81	-84
<b>EBITA</b>	<b>41</b>	<b>36</b>	<b>-57</b>	<b>45</b>	<b>55</b>	<b>95</b>	<b>102</b>	<b>110</b>
Amortisation	-4	-10	-14	-16	-26	-17	-18	-18
<b>EBIT</b>	<b>37</b>	<b>26</b>	<b>-71</b>	<b>29</b>	<b>29</b>	<b>78</b>	<b>84</b>	<b>91</b>
Net finance	-1	-7	-9	-12	-10	-12	-12	-12
<b>PTP</b>	<b>36</b>	<b>19</b>	<b>-80</b>	<b>17</b>	<b>19</b>	<b>66</b>	<b>72</b>	<b>79</b>
Tax	-9	14	24	14	10	-8	-16	-17
<b>Net profit</b>	<b>27</b>	<b>33</b>	<b>-56</b>	<b>31</b>	<b>30</b>	<b>57</b>	<b>56</b>	<b>62</b>
EPS	1.41	1.28	-2.03	-8.03	0.10	1.49	1.46	1.61
Diluted EPS	1.36	1.22	-2.03	-8.03	0.10	1.49	1.46	1.61
Ordinary number of shares	19	21	27	27	38	38	38	38
Diluted number of shares	19	22	27	27	38	38	38	38
Adj. EBITDA	44	43	-24	137	144	172	183	193
Adj. EBITA	41	36	-57	45	69	95	102	110
Adj. EBIT	37	26	-71	29	49	78	84	91
Adj. EBITDA Margin	10.2%	4.4%	-2.2%	8.9%	10.2%	10.9%	11.3%	11.6%
Adj. EBITA Margin	9.5%	3.7%	-5.2%	2.9%	4.9%	6.0%	6.3%	6.6%
Adj. EBIT Margin	8.6%	2.6%	-6.4%	1.9%	3.5%	4.9%	5.2%	5.5%

Source: Company data and Nordea estimates



# Reported numbers and forecasts

## INCOME STATEMENT

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
<b>Total revenue</b>	n.a.	n.a.	n.a.	432	970	1,058	1,497	1,405	1,575	1,620	1,669
Revenue growth	n.a.	n.a.	n.a.	n.a.	124.3%	9.1%	41.5%	-6.2%	12.1%	2.9%	3.0%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	0	0	0	44	43	-24	137	130	172	183	193
Depreciation and impairments PPE	0	0	0	-3	-7	-33	-92	-75	-77	-81	-84
of which leased assets	0	0	0	0	0	0	-75	-67	-69	-73	-74
EBITA	0	0	0	41	36	-57	45	55	95	102	110
Amortisation and impairments	0	0	0	-4	-10	-14	-16	-26	-17	-18	-18
EBIT	n.a.	n.a.	n.a.	37	26	-71	29	29	78	84	91
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	0	0	0	-1	-7	-9	-12	-13	-16	-16	-16
of which lease interest	0	0	0	0	0	0	-4	-4	-4	-4	-4
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
<b>Pre-tax profit</b>	0	0	0	36	19	-80	17	15	62	68	75
Reported taxes	0	0	0	-9	14	24	14	10	-8	-16	-17
Net profit from continued operations	0	0	0	27	33	-56	31	26	54	52	58
Discontinued operations	0	0	0	0	0	0	-250	-26	0	0	0
Minority interests	0	0	0	1	0	0	0	0	0	0	0
Net profit to equity	0	0	0	28	33	-56	-219	0	54	52	58
<b>EPS, SEK</b>	n.a.	n.a.	n.a.	1.43	1.46	-2.04	-8.00	0.01	1.40	1.36	1.51
DPS, SEK	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which ordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

## Profit margin in percent

EBITDA	n.a.	n.a.	n.a.	10.3%	4.5%	-2.3%	9.1%	9.2%	10.9%	11.3%	11.6%
EBITA	n.a.	n.a.	n.a.	9.6%	3.7%	-5.4%	3.0%	3.9%	6.0%	6.3%	6.6%
EBIT	n.a.	n.a.	n.a.	8.6%	2.7%	-6.7%	1.9%	2.1%	4.9%	5.2%	5.5%

## Adjusted earnings

EBITDA (adj)	0	0	0	44	43	-24	137	144	172	183	193
EBITA (adj)	0	0	0	41	36	-57	45	69	95	102	110
EBIT (adj)	0	0	0	37	26	-71	29	49	78	84	91
EPS (adj, SEK)	n.a.	n.a.	n.a.	1.43	1.46	-2.04	-8.00	0.54	1.40	1.36	1.51

## Adjusted profit margins in percent

EBITDA (adj)	n.a.	n.a.	n.a.	10.3%	4.5%	-2.3%	9.1%	10.2%	10.9%	11.3%	11.6%
EBITA (adj)	n.a.	n.a.	n.a.	9.6%	3.7%	-5.4%	3.0%	4.9%	6.0%	6.3%	6.6%
EBIT (adj)	n.a.	n.a.	n.a.	8.6%	2.7%	-6.7%	1.9%	3.5%	4.9%	5.2%	5.5%

## Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	29.5%	10.8%	9.5%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	31.1%	33.5%	n.m.
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	15.9%	26.6%	n.m.
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-0.4%	-1.5%	n.m.
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.9%	1.4%	2.1%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	6.1%	7.0%	8.3%

## VALUATION RATIOS - ADJUSTED EARNINGS

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E (adj)	n.a.	n.a.	n.a.	16.5	24.5	n.m.	n.m.	20.1	13.9	14.3	12.9
EV/EBITDA (adj)	n.a.	n.a.	n.m.	10.9	21.5	n.m.	3.0	3.8	4.5	3.9	3.4
EV/EBITA (adj)	n.a.	n.a.	n.m.	11.7	25.8	n.m.	9.1	8.0	8.1	7.0	5.9
EV/EBIT (adj)	n.a.	n.a.	n.m.	13.0	36.0	n.m.	14.0	11.2	9.9	8.5	7.1

## VALUATION RATIOS - REPORTED EARNINGS

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E	n.a.	n.a.	n.a.	16.5	24.5	n.m.	n.m.	n.m.	13.9	14.3	12.9
EV/Sales	n.a.	n.a.	n.a.	1.12	0.96	0.63	0.27	0.39	0.49	0.44	0.39
EV/EBITDA	n.a.	n.a.	n.m.	10.9	21.5	n.m.	3.0	4.2	4.5	3.9	3.4
EV/EBITA	n.a.	n.a.	n.m.	11.7	25.8	n.m.	9.1	10.1	8.1	7.0	5.9
EV/EBIT	n.a.	n.a.	n.a.	13.0	36.0	n.m.	14.0	19.1	9.9	8.5	7.1
Dividend yield (ord.)	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	n.a.	n.a.	n.m.	-15.7%	-10.7%	-14.4%	42.1%	42.0%	21.0%	17.5%	18.6%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.m.	-7.7%	-10.1%	-4.1%	-6.3%	21.3%	11.8%	7.7%	8.7%
Payout ratio	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company data and Nordea estimates

**BALANCE SHEET**

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Intangible assets	0	0	0	74	230	255	180	141	128	115	102
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	0	0	0	40	111	131	87	65	52	39	26
of which goodwill	0	0	0	34	119	124	93	76	76	76	76
Tangible assets	0	0	0	24	51	219	158	153	179	195	211
of which leased assets	0	0	0	0	0	179	121	125	136	136	136
Shares associates	0	0	0	0	0	0	0	0	0	0	0
Interest bearing assets	0	0	0	2	1	1	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	3	18	27	28	24	20
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	0	0	0	100	282	478	355	321	336	335	333
Inventory	0	0	0	1	18	19	17	17	23	24	24
Accounts receivable	0	0	0	101	190	199	163	168	105	108	111
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	72	200	416	220	121	99	102	105
Cash and bank	0	0	0	13	29	22	19	65	169	227	291
Total current assets	0	0	0	187	437	656	419	371	396	460	531
Assets held for sale	0	0	0	0	0	0	104	67	0	0	0
<b>Total assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>287</b>	<b>720</b>	<b>1,133</b>	<b>878</b>	<b>758</b>	<b>731</b>	<b>795</b>	<b>865</b>
Shareholders equity	0	0	0	103	252	323	104	160	179	231	286
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	1	0	0	1	1	0	0	0
Total Equity	0	0	0	104	252	323	104	160	179	231	287
Deferred tax	0	0	0	14	20	0	13	12	11	14	18
Long term interest bearing debt	0	0	0	33	39	31	47	19	5	5	5
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	11	3	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	93	66	80	90	90	90
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	0	0	0	47	59	124	137	114	106	109	113
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	0	0	0	67	187	328	166	140	125	129	133
Current lease debt	0	0	0	0	0	55	58	48	48	48	48
Other current liabilities	0	0	0	45	105	178	276	212	224	228	235
Short term interest bearing debt	0	0	0	25	116	125	83	49	49	49	49
Total current liabilities	0	0	0	136	409	686	582	448	446	454	465
Liabilities for assets held for sale	0	0	0	0	0	0	54	36	0	0	0
<b>Total liabilities and equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>287</b>	<b>720</b>	<b>1,133</b>	<b>878</b>	<b>758</b>	<b>731</b>	<b>795</b>	<b>865</b>
<b>Balance sheet and debt metrics</b>											
Net debt	0	0	0	43	124	282	235	130	22	-35	-100
of which lease debt	0	0	0	0	0	148	124	127	138	138	138
Working capital	0	0	0	62	115	128	-42	-46	-123	-124	-128
Invested capital	0	0	0	162	398	606	313	275	213	211	205
Capital employed	0	0	0	161	407	628	359	355	371	423	478
ROE	n.m.	n.m.	n.m.	53.9%	18.5%	-19.4%	n.m.	0.3%	31.8%	25.4%	22.4%
ROIC	n.m.	n.m.	n.m.	35.8%	7.2%	-11.0%	4.9%	13.1%	24.9%	30.9%	34.2%
ROCE	n.m.	n.m.	n.m.	44.9%	6.6%	-15.4%	4.2%	11.1%	18.1%	18.1%	17.5%
Net debt/EBITDA	n.m.	n.m.	n.m.	1.0	2.9	n.m.	1.7	1.0	0.1	-0.2	-0.5
Interest coverage	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	n.m.	n.m.	n.m.	35.8%	35.0%	28.5%	11.8%	21.0%	24.5%	29.1%	33.1%
Net gearing	n.m.	n.m.	n.m.	41.0%	49.3%	87.2%	224.8%	81.4%	12.5%	-15.1%	-34.8%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
<b>EBITDA (adj) for associates</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>44</b>	<b>43</b>	<b>-24</b>	<b>137</b>	<b>130</b>	<b>172</b>	<b>183</b>	<b>193</b>
Paid taxes	0	0	0	-3	-9	-13	-10	-6	-9	-12	-13
Net financials	0	0	0	-1	-7	-8	-13	0	-16	-16	-16
Change in provisions	0	0	0	0	0	0	11	-8	-3	0	0
Change in other LT non-IB	0	0	0	0	0	-3	-15	-9	-1	4	4
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	0	0	0	0	-4	-31	-71	-8	-34	0	-2
<b>Funds from operations (FFO)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40</b>	<b>23</b>	<b>-79</b>	<b>38</b>	<b>99</b>	<b>108</b>	<b>158</b>	<b>165</b>
Change in NWC	0	0	0	-70	-101	67	35	62	77	1	4
<b>Cash flow from operations (CFO)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-30</b>	<b>-78</b>	<b>-12</b>	<b>74</b>	<b>161</b>	<b>186</b>	<b>160</b>	<b>169</b>
Capital expenditure	0	0	0	-4	-3	-4	-10	-4	-28	-29	-30
<b>Free cash flow before A&amp;D</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-34</b>	<b>-81</b>	<b>-16</b>	<b>64</b>	<b>157</b>	<b>157</b>	<b>131</b>	<b>139</b>
Proceeds from sale of assets	0	0	0	0	0	0	10	19	0	0	0
Acquisitions	0	0	0	-35	-4	-40	-1	0	0	0	0
Free cash flow	0	0	0	-69	-86	-56	73	176	157	131	139
Free cash flow bef A&D, lease adj	0	0	0	-34	-81	-16	-11	90	88	57	65
Dividends paid	0	0	0	0	0	0	0	0	0	0	0
Equity issues / buybacks	0	0	0	11	46	74	0	54	0	0	0
Net change in debt	0	0	0	55	46	-14	-4	-62	-14	0	0
Other financing adjustments	0	0	0	0	0	0	0	-42	-39	-73	-74
Other non-cash adjustments	0	0	0	17	10	-12	-47	-85	0	0	0
Change in cash	0	0	0	13	16	-8	-2	45	104	57	65
<b>Cash flow metrics</b>											
Capex/D&A	n.m.	n.m.	n.m.	59.6%	18.9%	8.8%	9.3%	4.2%	30.1%	29.4%	29.4%
Capex/Sales	n.a.	n.a.	n.a.	1.0%	0.3%	0.4%	0.7%	0.3%	1.8%	1.8%	1.8%
<b>Key information</b>											
Share price year end (/current)	n.a.	n.a.	9	24	36	14	6	11	20	20	20
Market cap.	n.a.	n.a.	0	441	803	389	173	420	748	748	748
Enterprise value	n.a.	n.a.	0	484	927	671	408	551	771	713	648
Diluted no. of shares, year-end (m)	0.0	0.0	0.0	18.7	22.4	27.4	27.4	38.3	38.3	38.3	38.3

Source: Company data and Nordea estimates

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