

Eltel

Company report

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✓ Inderes corporate customer

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res.

Slowly towards the right direction

We reiterate our Reduce recommendation and SEK 7.20 target price for Eltel. The company's growth slightly exceeded our estimates, whereas its operating result increased from the comparison period, but fell short of our expectations. Thus, the company's development was a step in the right direction, but somewhat slower than we expected. We made only small estimate revisions after that report, and we still expect the company's profitability to increase gradually in the coming years. However, we see this to be largely priced at the current stock price and view the expected risk-adjusted return to be inadequate for the next 12 months.

Q2 revenue slightly over expectations, whereas EBITA fell short of our estimate

In Q2, Eltel's revenue grew by 4% to 216 MEUR, exceeding our forecast slightly. At country unit level, the quickest growth was in Denmark with 18% growth, which also clearly exceeded our estimate (+1%). Otherwise, the other country units' development were broadly in line with our estimates. The Group's EBITA increased from the comparison period and landed at 0.5 MEUR, corresponding to an EBITA margin of 0.2%. However, the company's operating profit level was thus below our forecasts. This development was due to slightly lower margins in all country units besides Sweden, which was in line with our expectations. At the bottom line of the P&L, the net financial costs were lower than we expected and taxes slightly positive compared to our slightly negative estimate. Given the above overall picture, reported EPS landed at -0.02 EUR compared to our forecast of -0.01 EUR.

Only minor tweaks to our coming years' estimates

According to the company, it has seen reduced investment levels from telecom operators in all Nordic countries, except Finland, where a major fiber rollout is underway. On the other hand, the situation in Power is opposite in all Nordic countries, except for Power Distribution in Finland. According to our understanding, the demand situation is at a good level everywhere except in Norway. In view of this, the company has already implemented some cost reduction measures and says that further initiatives will be taken. Reflecting the report and the comments, we made only minor changes to our current year's estimates (i.e. increased our growth estimates slightly and lowered our margin expectations slightly in some country units). However, the current year's estimate revisions were mainly driven by the actualized Q2 figures. Accordingly, we kept our estimates for coming years basically intact on Group level and still expect the company's profitability to increase gradually in the coming years through its strategic initiatives. We have discussed our estimates for the coming years in more detail in our [initiation of coverage](#) report.

Short-term earnings-based valuation is still challenging

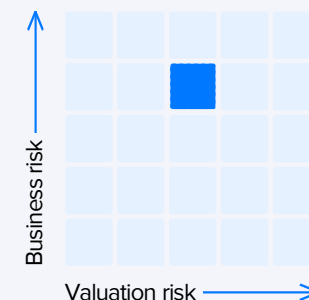
Based on our updated estimates, we believe that the overall earnings-based valuation is challenging for this year (adj. EV/EBITDA 6x, EV/EBIT 25x, P/E neg.). On the other hand, we argue that next year's overall earnings-based valuation will be more in neutral territory, at least when it comes to EV-based multiples (EV/EBITDA 5x, EV/EBIT 11x, P/E 21x). However, if the development continues along the path we expect, we believe there might be some upside in the 2026 multiples (EV/EBITDA 4x, EV/EBIT 9x, P/E 10x) with profitability improvement remaining intact. Given Eltel's volatile track record, however, it is hard to rely too much on this at this stage. Reflecting this overall picture, we see the risk-adjusted expected return on the share over the next 12 months below the cost of equity we use.

Recommendation

Reduce
(prev. Reduce)

7,20 SEK
(prev. 7,20 SEK)

Share price:
7,50



Key indicators

	2023	2024e	2025e	2026e
Revenue	850,1	842,7	871,4	906,5
growth-%	3 %	-1 %	3 %	4 %
EBIT adj.	1,7	9,8	20,5	25,4
EBIT-% adj.	0,2 %	1,2 %	2,3 %	2,8 %
Net Income	-10,4	-29,1	4,7	10,5
EPS (adj.)	-0,02	-0,04	0,03	0,07
P/E (adj.)	neg.	neg.	21,3	9,5
P/B	0,4	0,5	0,5	0,6
Dividend yield-%	0,0 %	0,0 %	0,0 %	0,0 %
EV/EBIT (adj.)	>100	24,5	11,4	8,7
EV/EBITDA	8,7	6,0	4,6	4,0
EV/S	0,3	0,3	0,3	0,2

Source: Inderes

Guidance

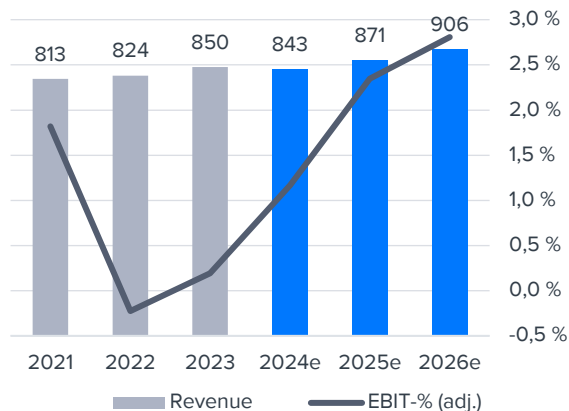
(No guidance)

Share price



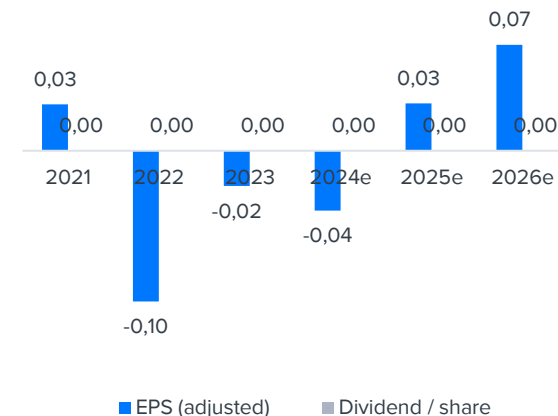
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Sustainable profitability improvement, which would also support the cash flow
- Long-term business growth drivers are healthy, especially in Power
- Expanding into new and adjacent markets and leveraging its geographical coverage
- Broadening the customer base



Risk factors

- Failure of the profitability turnaround
- Pricing and project risks
- Tight competitive situation and low barriers to entry
- Dependency on investments
- Scarce labor market and thus difficulties to find skilled workforce
- Loss of a major customer / challenges faced by the customer themselves

Valuation	2024e	2025e	2026e
Share price	0,64	0,64	0,64
Number of shares, million:	156,7	156,7	156,7
Market cap	100	100	100
EV	241	233	221
P/E (adj.)	neg.	21,3	9,5
P/E	neg.	21,3	9,5
P/B	0,5	0,5	0,6
P/S	0,1	0,1	0,1
EV/Sales	0,3	0,3	0,2
EV/EBITDA	6,0	4,6	4,0
EV/EBIT (adj.)	24,5	11,4	8,7
Payout ratio (%)	0,0 %	0,0 %	0,0 %
Dividend yield-%	0,0 %	0,0 %	0,0 %

Source: Inderes

Revenue slightly above estimates, but EBITA below

Revenue exceeded estimates slightly

In Q2, the Group's revenue grew by 4% to 216 MEUR, exceeding our forecast slightly. FX changes didn't have any material effect (+0.8 MEUR) on the Group's growth numbers in Q2 as expected.

At country unit level, the quickest growth was in Denmark with 18%, which also exceeded our estimate clearly (+1%). Otherwise, other country units' development was broadly in line with our estimates, as Finland grew by almost 9% (Inderes est. +7%), Sweden remained flat (est. +4%) and Norway declined around 2% (est. -8%). Furthermore, Other business unit revenue declined by 11% (est. -15%) reflecting the divestment of High Voltage Poland during Q2.

EBITA below estimates

Eitel's EBITA increased from the comparison period and landed at 0.5 MEUR, corresponding to an EBITA

margin of 0.2%. However, the company's operating profit level was thus below our forecasts. This development was due to slightly lower margins in all country units besides Sweden, which was in line with our expectations. However, there weren't any major surprises compared to our estimates. Hence, the company's development was a step in the right direction, but somewhat slower than we expected.

At the bottom level of the P&L, the net financial costs were lower than we expected and taxes slightly positive compared to our slightly negative estimate. Given the above overall picture, reported EPS came in at -0.02 EUR compared to our forecast of -0.01 EUR.

Cash flow at abundant levels

Eitel's cash flow from operating activities in Q3 was -2.2 MEUR, reflecting the change in working capital (-6.1 MEUR). Due to timing differences, we monitor

Eitel's cash flow especially on a yearly basis. The company's cash flow from operating activities, according to our assessment, from the last 12 months stood at 53 MEUR and clearly above its historical levels. Respectively, its last 12 months free cash flow after lease payments was also at a good level (22 MEUR, cf. 2021-2023 cumulative free cash flow after lease payments -6 MEUR). Therefore, sustaining its current cash flow level would strengthen the company's financial situation rather quickly. Overall, we think that the company is gradually moving towards right direction.

On the other hand, the company's net debt stood at 128 MEUR the end of Q2 (Q2'23: 142 MEUR). Furthermore, its leverage ratio (net debt / adj. EBITDA) was at 3.6x (net debt excluding the hybrid bond) and still quite clearly above the company's target level (1.5x-2.5x).

Estimates MEUR / EUR	Q2'23	Q2'24	Q2'24e	Q2'24e	Consensus		Difference (%)	2024e
	Comparator	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	208	216	211				3 %	843
EBITA (adj.)	-1,5	0,5	2,7				-81 %	9,8
EBIT	-1,5	0,5	2,7				-81 %	-13,4
PTP	-4,6	-2,3	-0,5				-352 %	-24,7
EPS (reported)	-0,03	-0,02	-0,01				-123 %	-0,19
Revenue growth-%	-0,2 %	3,8 %	1,2 %				2,6 pp	-0,9 %
EBITA-% (adj.)	-0,7 %	0,2 %	1,3 %				-1 pp	1,2 %

Source: Inderes

Eitel Q2'24: Structured efforts to improve profitability still ongoing



Only minor changes to coming years' estimates

Forecast changes 2024e-2026e

- The company noted in the report that it has seen reduced investment levels from telecom operators in all Nordic countries, except Finland, where a major fiber rollout is underway. On the other hand, the situation in Power is opposite in all Nordic countries, except for Power Distribution in Finland. According to our understanding, the demand situation is at a good level everywhere except in Norway, which has been hit by reduced investments for some time. Reflecting this, the company has already implemented some cost reduction measures and says that further initiatives will be taken. We estimate that decisions will be made during H2'24.
- Reflecting the report and the comments, which corresponded quite well to our expectations, we made only minor changes to our current year's estimates (i.e. increased our growth estimates slightly and lowered our margin expectations slightly in some country units). However, the current year's estimate revisions were mainly driven by the actualized Q2 figures.
- We kept our estimates for coming years basically intact on a Group level and still expect the company's profitability to increase gradually in the coming years through its strategic initiatives. We have gone through our coming years' estimates in more detail in our [initiation of coverage](#) report.

Operational earnings drivers 2023-2026e:

- During Q2, Eltel signed new contracts worth of 317 MEUR (Q2'23: 164 MEUR) and increased its total order book to 1.3 BNEUR (Q2'23: 1.2 BNEUR). On the other hand, its committed order book stood at 485 MEUR at the end of Q2 (Q2'23: 579 MEUR). Despite the decline in the committed order book, this gives a solid backbone for short-term, even though the total order book will not be recognized in the current year.
- We expect the easing of the worst inflationary pressures (i.e. as the order book rolls over) to support the company's profitability performance. It is still good to notice that due to the long frame agreements, it will take some time to roll out these pricing terms for the entire contract base
- Clear room for profitability improvement through efficiency and utilization improvements, price increases and successful expansion to new and adjacent markets
- Increase the share of New business from total signed contracts (Q2'24: 5%) and Group's total revenue (Q2'24: 4%) due to their better margin profile
- The divestment of historically loss-making High Voltage Poland will support the figures especially from Q3'24 onwards

Estimate revisions MEUR / EUR	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
	Old	New	%	Old	New	%	Old	New	%
Revenue	833	843	1 %	861	871	1 %	896	906	1 %
EBITDA	18,6	17,2	-8 %	50,5	50,4	0 %	54,6	54,6	0 %
EBIT (exc. NRIs)	11,7	9,8	-16 %	20,4	20,5	1 %	25,2	25,4	1 %
EBIT	-11,5	-13,4	-17 %	20,4	20,5	1 %	25,2	25,4	1 %
PTP	-23,2	-24,7	-7 %	10,2	10,3	1 %	15,2	15,4	1 %
EPS (excl. NRIs)	-0,03	-0,04	-31 %	0,03	0,03	2 %	0,07	0,07	2 %
DPS	0,00	0,00		0,00	0,00		0,00	0,00	

Source: Inderes

Valuation picture stays the same

Valuation methods

We approach the valuation of Eltel in particular with absolute valuation multiples. In addition, we use a total expected return calculation for the coming years and a DCF calculation to support the valuation.

Due to Eltel's current low profitability, the only relevant earnings-based multiple in the short term is the EV/EBITDA multiple, which also takes into account the company's balance sheet structure. We see that if the company is successful in its profitability improvement and its development is somewhat in line with our estimates, it would enable better usage of other earnings-based multiples such as EV/EBIT(A) and P/E multiples. We look at the multiples, in absolute terms and in relative terms compared to a peer group (especially compared to its closest peers Netel, Transtema and Enersense). The focus of our valuation is especially on 2024 and 2025 multiples, as visibility into Eltel's business is somewhat limited due to the company's historically volatile performance.

Absolute valuation

Based on our current estimates, Eltel's adjusted EV/EBITDA multiple is around 6x for 2024 and 5x for 2025. However, the corresponding EV/EBIT multiples are 25x and 11x, whereas this year's P/E multiple falls negative and next year's multiple is still elevated at 21x. Thus, looking at this year, we believe that the overall earnings-based valuation is challenging relative to the accepted valuation range (EV/EBITDA 4x-7x, EV/EBIT 7x-11x, P/E 9x-13x). However, we argue that next year's overall earnings-based valuation is more in neutral territory, at least what comes to EV-based multiples.

However, if the development continues on the path we expect, we believe there might be some upside in

the 2026 multiples (EV/EBITDA 4x, EV/EBIT 9x, P/E 10x) with the profitability improvement remaining intact. Due to Eltel's volatile track record, it is, however, hard to lean too much on this, due to the still uncertain profitability improvement. Hence, we believe that the current share price already includes a profitability turnaround. Thus, we see the stock's main return driver to be a faster and stronger profitability turnaround than our current expectations.

Expected return in the coming years and DCF model

We have also looked at an investor's expected return over the next few years by simplifying the acceptable valuation and our 2026 earnings estimates. In our view, Eltel's businesses could be valued at 9x-10x EV/EBIT and around 11x-12x P/E at the end of 2026 based on our current estimates, if the profitability improvement is still intact and there are no major changes in the company's growth outlook.

Based on this and our current estimates, we believe that Eltel could be valued at roughly SEK 8.8-9.9 per share at the end of 2026 (with the current EUR/SEK currency rate). At the current share price of SEK 7.50, we estimate that the expected annual return would be around 5-12%. On the other hand, we don't expect investors to receive any base return from dividends in the medium term. Therefore, in this scenario, the total annual expected return would on average be below the 11.0 % cost of equity that we use.

Respectively, our DCF model indicates a value of EUR 0.67 per share (SEK 7.9). Thus, the DCF value is slightly above the current share price and in our view, reflects the expectations in the current stock price quite well. We have gone through the assumptions of the DCF model and expected return for the coming years in more detail in our [initiation of coverage](#).

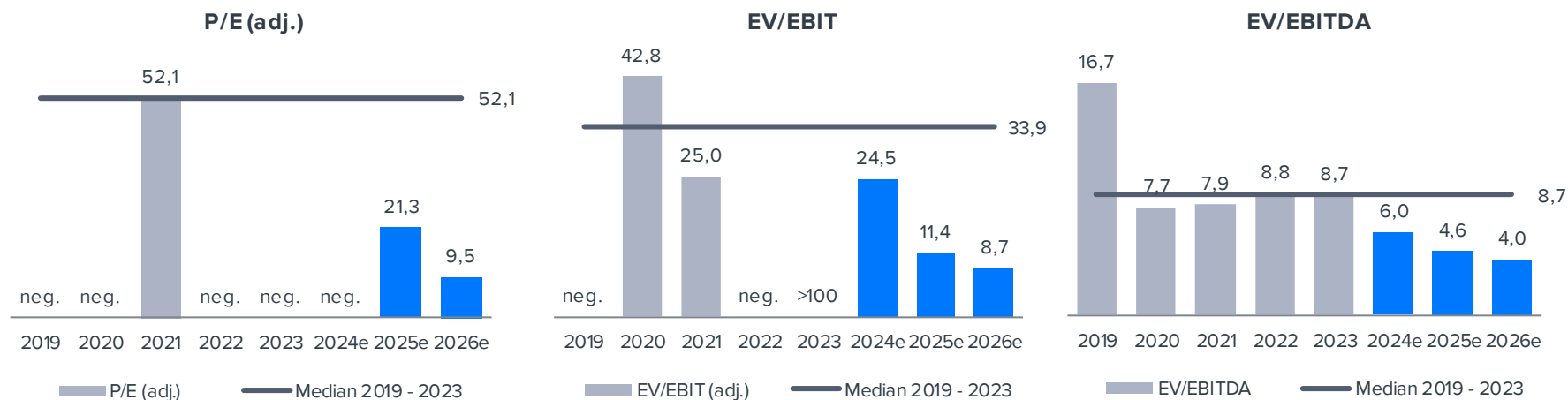
Valuation	2024e	2025e	2026e
Share price	0,64	0,64	0,64
Number of shares, millions	156,7	156,7	156,7
Market cap	100	100	100
EV	241	233	221
P/E (adj.)	neg.	21,3	9,5
P/E	neg.	21,3	9,5
P/B	0,5	0,5	0,6
P/S	0,1	0,1	0,1
EV/Sales	0,3	0,3	0,2
EV/EBITDA	6,0	4,6	4,0
EV/EBIT (adj.)	24,5	11,4	8,7
Payout ratio (%)	0,0 %	0,0 %	0,0 %
Dividend yield-%	0,0 %	0,0 %	0,0 %

Source: Inderes

Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	1,82	2,24	1,53	0,74	0,55	0,64	0,64	0,64	0,64
Number of shares, millions	156,6	156,6	156,6	156,7	156,7	156,7	156,7	156,7	156,7
Market cap	286	351	239	115	86	100	100	100	100
EV	495	488	369	245	214	241	233	221	204
P/E (adj.)	neg.	neg.	52,1	neg.	neg.	neg.	21,3	9,5	6,3
P/E	neg.	74,7	55,7	neg.	neg.	neg.	21,3	9,5	6,3
P/B	1,3	1,7	1,1	0,6	0,4	0,5	0,5	0,6	0,5
P/S	0,3	0,4	0,3	0,1	0,1	0,1	0,1	0,1	0,1
EV/Sales	0,5	0,5	0,5	0,3	0,3	0,3	0,3	0,2	0,2
EV/EBITDA	16,7	7,7	7,9	8,8	8,7	6,0	4,6	4,0	3,4
EV/EBIT (adj.)	neg.	42,8	25,0	neg.	>100	24,5	11,4	8,7	6,8
Payout ratio (%)	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %
Dividend yield-%	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Bravida Holding	1517	1736	12,5	10,4	9,0	8,0	0,7	0,7	15,5	12,3	4,1	4,3	2,0
Enersense International	49	88	37,8	9,1	6,8	4,4	0,2	0,2		74,3	3,4	3,4	1,2
Instalco	1168	1513	19,0	16,5	12,4	11,4	1,2	1,2	22,5	18,1	1,4	1,6	3,7
Netel Holding	79	144	8,7	6,9	6,3	5,2	0,5	0,4	10,0	6,6	2,7	4,2	0,8
Spie SA	5975	7267	11,7	10,7	7,9	7,3	0,7	0,7	14,2	12,9	2,8	3,2	2,8
Transtema	65	89	14,0	8,9	5,2	4,2	0,4	0,4	18,2	9,5			1,3
Vinci Energies	62089	81095	9,4	8,9	6,5	6,2	1,1	1,1	12,5	11,6	4,5	4,9	2,0
Eltel (Inderes)	100	241	24,5	11,4	6,0	4,6	0,3	0,3	-17,0	21,3	0,0	0,0	0,5
Average			16,2	10,2	7,7	6,7	0,7	0,7	15,5	20,8	3,2	3,6	2,0
Median			12,5	9,1	6,8	6,2	0,7	0,7	14,9	12,3	3,1	3,8	2,0
Diff-% to median			96 %	25 %	-12 %	-25 %	-58 %	-59 %	-214 %	73 %	-100 %	-100 %	-73 %

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	824	188	208	213	240	850	176	216	213	237	843	871	906	933
Finland	290	64,3	85,2	96,6	98,3	344	62,4	92,6	103	104	363	381	400	414
Sweden	194	48,8	50,8	42,2	56,6	198	49,8	50,9	43,1	57,8	202	210	214	218
Norway	177	32,2	32,4	31,6	33,8	130	25,7	31,6	31,0	33,8	122	132	141	147
Denmark	74,3	21,8	21,4	21,6	28,2	93,1	21,1	25,3	23,8	29,0	99,2	101	103	105
Other business	99,4	22,7	20,3	23,8	26,9	93,7	18,7	18,1	14,3	16,1	67,2	57,8	58,4	59,0
Eliminations	-10,8	-1,5	-2,1	-2,5	-3,5	-9,7	-1,5	-2,5	-2,5	-3,5	-10,0	-9,8	-9,8	-9,8
EBITDA	27,8	-3,7	5,6	12,7	10,3	24,8	-19,6	8,5	15,4	12,9	17,2	50,4	54,6	59,1
Depreciation	-29,8	-7,9	-7,1	-7,7	-7,4	-30,1	-7,6	-8,0	-7,5	-7,5	-30,6	-29,9	-29,2	-29,1
EBIT (excl. NRI)	-1,9	-5,5	-1,5	5,9	2,8	1,7	-4,0	0,5	7,9	5,4	9,8	20,5	25,4	30,0
EBIT	-2,0	-11,6	-1,5	5,0	2,9	-5,3	-27,2	0,5	7,9	5,4	-13,4	20,5	25,4	30,0
Finland	8,2	-2,3	0,8	4,8	3,2	6,5	-0,3	2,4	5,2	3,5	10,8	14,1	16,0	17,8
Sweden	-1,0	0,5	0,9	0,2	1,3	2,9	0,5	1,0	0,8	1,3	3,6	5,0	5,8	6,5
Norway	2,1	-1,6	-0,8	0,7	-0,8	-2,5	-1,7	-1,0	0,8	0,5	-1,4	1,7	4,0	5,9
Denmark	0,6	1,3	1,1	1,1	1,3	4,9	0,7	1,2	1,3	1,6	4,8	5,2	5,3	5,4
Other business	-4,0	-1,0	-0,9	0,3	0,5	-1,0	-0,5	-0,4	0,9	1,0	0,9	3,5	3,5	3,5
Group functions	-7,8	-2,4	-2,7	-1,2	-2,8	-9,1	-2,8	-2,6	-1,0	-2,5	-8,9	-9,0	-9,0	-9,1
Items affecting comparability	0,0	-6,1	0,0	-1,0	0,1	-7,0	-23,2	0,0	0,0	0,0	-23,2	0,0	0,0	0,0
Acquisition-related amortization	-0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Net financial items	-9,5	-2,9	-3,0	-3,1	-3,7	-12,7	-3,0	-2,8	-2,7	-2,8	-11,3	-10,2	-10,0	-10,0
PTP	-11,4	-14,5	-4,6	1,9	-0,8	-18,0	-30,2	-2,3	5,2	2,6	-24,7	10,3	15,4	20,0
Taxes	-3,5	-0,6	-0,1	-0,1	11,1	10,3	-0,3	0,1	-0,2	-0,4	-0,8	-2,1	-3,1	-4,0
Minority interest	-0,1	0,0	0,1	-0,3	-0,1	-0,3	0,0	0,0	-0,3	-0,1	-0,3	-0,2	-0,2	-0,2
Net earnings	-15,0	-15,1	-5,3	0,6	9,3	-10,4	-31,3	-3,0	3,9	1,4	-29,1	4,7	10,5	15,8
EPS (adj.)	-0,10	-0,06	-0,03	0,01	0,06	-0,02	-0,05	-0,02	0,02	0,01	-0,04	0,03	0,07	0,10
EPS (rep.)	-0,10	-0,10	-0,03	0,00	0,06	-0,07	-0,20	-0,02	0,02	0,01	-0,19	0,03	0,07	0,10

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	1,4 %	2,4 %	-0,2 %	3,1 %	7,3 %	3,2 %	-6,4 %	3,8 %	-0,2 %	-1,2 %	-0,9 %	3,4 %	4,0 %	2,9 %
Adjusted EBIT growth-%	-112,5 %	126,8 %	-431,9 %	43,2 %	-170,2 %	-189,2 %	-27,1 %	-134,9 %	33,6 %	94,4 %	495,5 %	108,2 %	24,3 %	18,0 %
EBITDA-%	3,4 %	-2,0 %	2,7 %	5,9 %	4,3 %	2,9 %	-11,1 %	3,9 %	7,2 %	5,5 %	2,0 %	5,8 %	6,0 %	6,3 %
Adjusted EBIT-%	-0,2 %	-2,9 %	-0,7 %	2,8 %	1,2 %	0,2 %	-2,3 %	0,2 %	3,7 %	2,3 %	1,2 %	2,3 %	2,8 %	3,2 %
Net earnings-%	-1,8 %	-8,0 %	-2,5 %	0,3 %	3,9 %	-1,2 %	-17,8 %	-1,4 %	1,8 %	0,6 %	-3,5 %	0,5 %	1,2 %	1,7 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	372	387	381	380	380
Goodwill	256	254	249	249	249
Intangible assets	35,3	32,9	33,0	33,1	33,2
Tangible assets	57,2	62,4	59,8	58,4	58,2
Associated companies	0,0	0,0	0,0	0,0	0,0
Other investments	0,0	0,0	0,0	0,0	0,0
Other non-current assets	7,1	9,8	14,2	14,2	14,2
Deferred tax assets	16,3	27,9	24,8	24,8	24,8
Current assets	250	238	206	213	222
Inventories	24,8	17,3	16,9	17,4	18,1
Other current assets	0,0	0,0	0,0	0,0	0,0
Receivables	177	196	160	166	172
Cash and equivalents	47,9	24,7	29,5	30,5	31,7
Balance sheet total	622	624	587	593	602

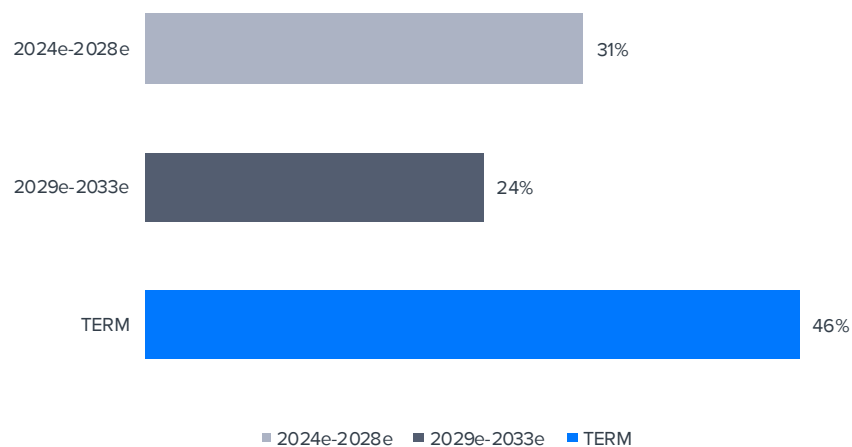
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	211	224	195	199	185
Share capital	160	162	162	162	162
Retained earnings	-381,2	-390,8	-419,9	-415,2	-404,7
Hybrid bonds	0,0	25,0	25,0	25,0	0,0
Revaluation reserve	0,0	0,0	0,0	0,0	0,0
Other equity	426	420	420	420	420
Minorities	7,4	7,6	7,7	7,7	7,7
Non-current liabilities	85,2	75,5	81,0	78,1	91,4
Deferred tax liabilities	10,3	11,3	10,7	10,7	10,7
Provisions	2,6	3,4	3,4	3,4	3,4
Interest bearing debt	65,7	54,6	60,7	57,8	71,1
Convertibles	0,0	0,0	0,0	0,0	0,0
Other long term liabilities	6,6	6,2	6,2	6,2	6,2
Current liabilities	325	325	312	316	325
Interest bearing debt	107	70,3	80,5	76,7	77,0
Payables	215	251	228	235	245
Other current liabilities	3,3	3,7	3,7	3,7	3,7
Balance sheet total	622	624	587	593	602

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	3,2 %	-0,9 %	3,4 %	4,0 %	2,9 %	2,4 %	2,3 %	2,2 %	2,2 %	2,1 %	2,0 %	2,0 %
EBIT-%	-0,6 %	-1,6 %	2,3 %	2,8 %	3,2 %	3,1 %	3,0 %	2,9 %	2,7 %	2,5 %	2,5 %	2,5 %
EBIT (operating profit)	-5,3	-13,4	20,5	25,4	30,0	29,6	29,3	29,0	27,6	26,1	26,6	
+ Depreciation	30,1	30,6	29,9	29,2	29,1	29,3	29,7	30,1	30,5	31,0	31,3	
- Paid taxes	-0,3	1,7	-2,1	-3,1	-4,0	-3,9	-3,9	-3,8	-3,5	-3,2	-4,5	
- Tax, financial expenses	-2,5	0,4	-2,0	-2,0	-2,0	-2,0	-2,0	-2,0	-2,0	-2,0	-0,8	
+ Tax, financial income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
- Change in working capital	25,8	12,4	1,7	2,1	1,6	1,3	1,3	1,3	1,3	1,3	1,3	
Operating cash flow	47,7	31,7	48,0	51,7	54,7	54,3	54,4	54,5	53,9	53,2	53,8	
+ Change in other long-term liabilities	0,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
- Gross CAPEX	-33,2	-28,0	-28,6	-29,1	-29,6	-30,1	-30,6	-31,1	-31,6	-31,6	-32,1	
Free operating cash flow	15,0	3,7	19,4	22,6	25,1	24,2	23,8	23,4	22,3	21,6	21,7	
+/- Other	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
FCFF	15,0	3,7	19,4	22,6	25,1	24,2	23,8	23,4	22,3	21,6	21,7	269
Discounted FCFF		3,5	16,9	17,8	18,0	15,7	14,0	12,5	10,8	9,5	8,7	107
Sum of FCFF present value		235	231	215	197	179	163	149	136	126	116	107
Enterprise value DCF		235										
- Interest bearing debt		-149,9										
+ Cash and cash equivalents		24,7										
-Minorities		-4,1										
-Dividend/capital return		0,0										
Equity value DCF		106										
Equity value DCF per share		0,67										
Equity value DCF per share (SEK)		7,9										

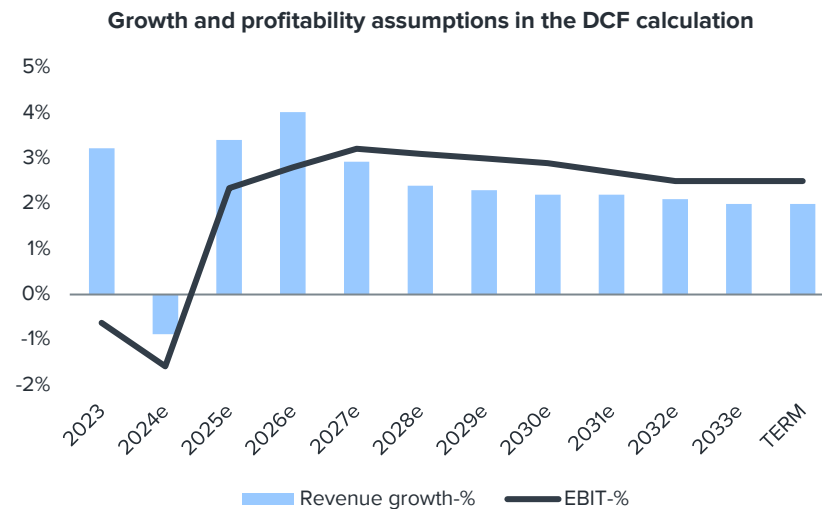
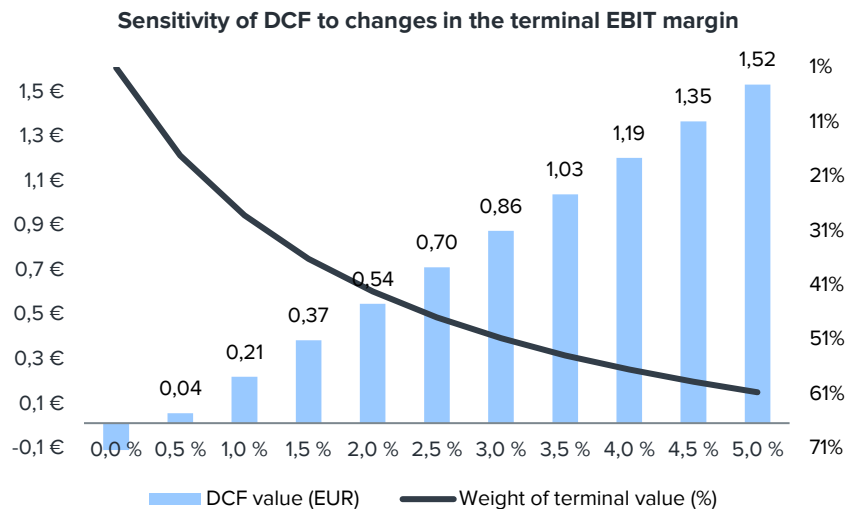
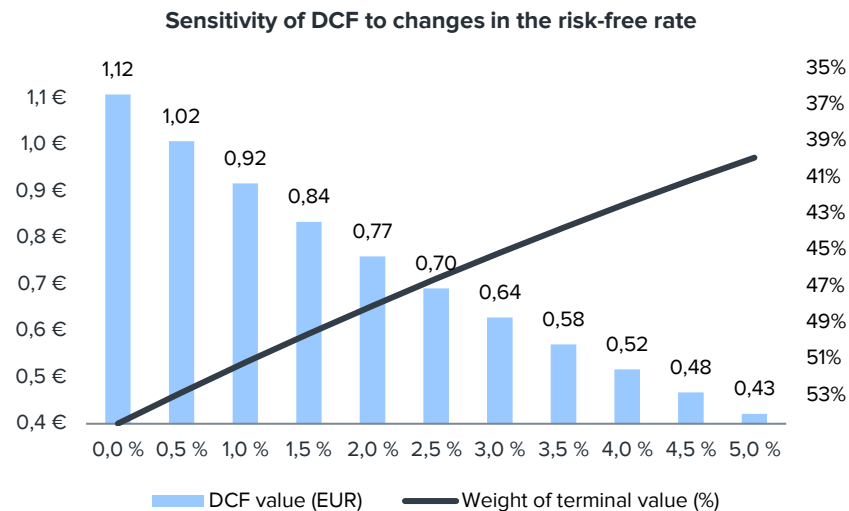
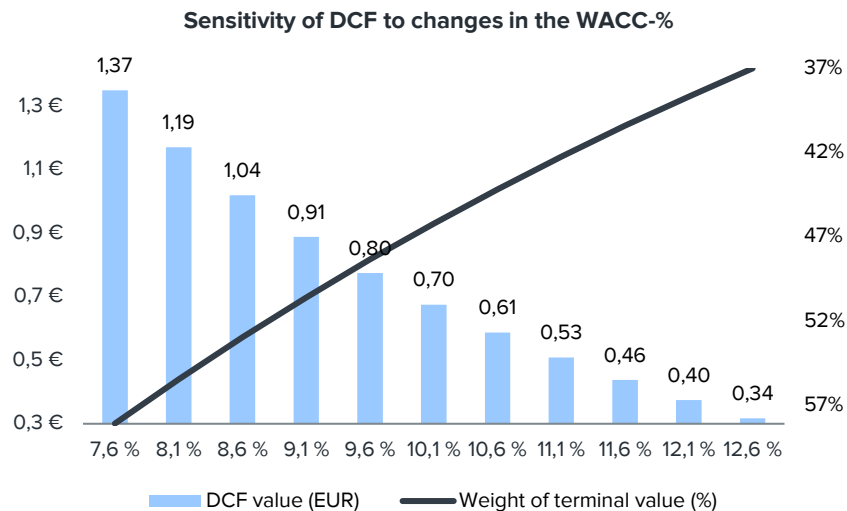
Cash flow distribution



WACC

Tax-% (WACC)	20,0 %
Target debt ratio (D/(D+E))	25,0 %
Cost of debt	10,0 %
Equity Beta	1,40
Market risk premium	4,75 %
Liquidity premium	1,80 %
Risk free interest rate	2,5 %
Cost of equity	11,0 %
Weighted average cost of capital (WACC)	10,2 %

DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	812,6	823,6	850,1	842,7	871,4	EPS (reported)	0,03	-0,10	-0,07	-0,19	0,03
EBITDA	46,5	27,8	24,8	17,2	50,4	EPS (adj.)	0,03	-0,10	-0,02	-0,04	0,03
EBIT	14,5	-2,0	-5,3	-13,4	20,5	OCF / share	0,16	0,19	0,30	0,20	0,31
PTP	8,7	-11,4	-18,0	-24,7	10,3	FCF / share	0,02	0,04	0,10	0,02	0,12
Net Income	4,3	-15,0	-10,4	-29,1	4,7	Book value / share	1,41	1,30	1,38	1,19	1,22
Extraordinary items	-0,3	-0,1	-7,0	-23,2	0,0	Dividend / share	0,00	0,00	0,00	0,00	0,00
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	630,8	621,7	624,2	587,4	593,1	Revenue growth-%	-13 %	1 %	3 %	-1 %	3 %
Equity capital	227,9	211,3	223,6	194,6	199,3	EBITDA growth-%	-26 %	-40 %	-11 %	-30 %	192 %
Goodwill	265,0	256,0	253,6	249,1	249,1	EBIT (adj.) growth-%	30 %	-113 %	-189 %	496 %	108 %
Net debt	121,8	125,0	100,2	111,7	104,0	EPS (adj.) growth-%	-153 %	-424 %	-77 %	70 %	-180 %
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	5,7 %	3,4 %	2,9 %	2,0 %	5,8 %
EBITDA	46,5	27,8	24,8	17,2	50,4	EBIT (adj.)-%	1,8 %	-0,2 %	0,2 %	1,2 %	2,3 %
Change in working capital	-16,1	5,2	25,8	12,4	1,7	EBIT-%	1,8 %	-0,2 %	-0,6 %	-1,6 %	2,3 %
Operating cash flow	25,8	29,3	47,7	31,7	48,0	ROE-%	2,0 %	-7,1 %	-5,0 %	-14,4 %	2,5 %
CAPEX	-19,5	-14,7	-33,2	-28,0	-28,6	ROI-%	3,9 %	-0,5 %	-1,4 %	-3,9 %	6,1 %
Free cash flow	3,6	6,1	15,0	3,7	19,4	Equity ratio	38,3 %	37,0 %	39,6 %	36,3 %	36,7 %
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	53,4 %	59,2 %	44,8 %	57,4 %	52,2 %
EV/S	0,5	0,3	0,3	0,3	0,3						
EV/EBITDA	7,9	8,8	8,7	6,0	4,6						
EV/EBIT (adj.)	25,0	neg.	>100	24,5	11,4						
P/E (adj.)	52,1	neg.	neg.	neg.	21,3						
P/B	1,1	0,6	0,4	0,5	0,5						
Dividend-%	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %						

Source: Inderes

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Sell The 12-month risk-adjusted expected shareholder return of the share is very weak

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7/26/2024	Reduce	SEK 7.20	SEK 7.50



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