

TELIA

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COMPANY REPORT



We forecast best earnings growth in years

We reiterate our SEK 32 target price and Reduce recommendation for Telia's share. Overall, Telia's Q4 report was slightly weaker than we expected. However, the company is confident about the current year, and we have left our forecasts broadly unchanged. We expect the company to grow in line with guidance, which is a good level by historical standards. However, the somewhat volatile development of revenue and the historical disappointments regarding the impact of efficiency measures continue to keep us on our toes. The valuation picture of the stock (2025e P/E and EV/EBIT 15x) remains neutral given the already tight earnings growth expectations.

Q4 results missed expectations, but dividend proposal was expected

Telia reported Q4 revenue up 3% to 23,497 MSEK, in line with our expectations. Adjusted EBITDA increased by 5% to 7,870 MSEK and was slightly below our expectations. In the lower rows, depreciation and financing costs were both around 0.9 BNSEK higher than expected. As a result, EPS from continuing operations were -0.13, well below our expectations and those of the market. The structural cash flow for 2024 was 7.5 BNSEK and in line with the original guidance of 7-8 BNSEK. As expected, Telia's Board of Directors proposed to pay a dividend of SEK 2 per share for 2024. Therefore, as expected, cash flow is not quite enough to cover the dividend this year. However, the company expects future cash flow to cover this minimum dividend of SEK 2.0 and it to increase in the future.

Ongoing divestment of non-strategic operations

Telia has been selling its Eurasian businesses since the mid-2010s. In 2020, it sold, among other things, its masts, its Danish business, its copper network properties in Q4'24 and its 10% stake in the Marshall Group in Q1'25 (1.2 BNSEK), which together represent a balance sheet value of 37 BNSEK after 2020. In other words, the process has been going on for a long time, and the

company will continue to divest various non-strategic activities, such as copper-related properties in Sweden. Divestments obviously strengthen the balance sheet, and the company has indicated that it may pay additional dividends as the balance sheet permits. The company's net debt/EBITDA ratio was 2.3x at the end of the fourth quarter, within the target range of 2-2.5x. Therefore, the time for additional dividends is probably not yet. In addition, cash flow must first be brought to a sustainable level of at least 8 BNSEK to cover the minimum dividend.

2025 guidance was known and indicates good growth

In 2025, the company expects comparable service revenue growth of 2%, comparable EBITDA growth of at least 5% (H1'25 below 2% and H2 above), capital expenditure below 14 BNSEK and free cash flow of approximately 8 BNSEK. We believe that the guidance for this year and next year is realistic and in line with our forecasts (revenue +2% and EBITDA +6%). Revenue growth will be supported by an increase in services revenues, while profitability will be driven by the significant cost savings of 2.6 BNSEK in Q4. In our view, it is now important for the company to continue to grow earnings and further improve cash flow in order to restore confidence in its sustainable business and reduce risk levels.

Valuation still argues for caution

We forecast Telia's adjusted P/E and EV/EBIT multiples for 2025e to be 15x and 15x. The multiples are just under 10% below the Nordic peers and slightly above the overall peer group. In absolute and relative terms, we believe the valuation is even cautiously attractive, but given the improved earnings level in this year's forecasts, the numerous disappointments in the past, and the level of risk associated with earnings growth in the coming years, the overall picture is neutral. The dividend yield (6%) partially limits the stock's downside, but it is not sustainable and thus does not act as a safety cushion. A positive view on Telia would require better evidence of sustained performance growth without further setbacks.

Recommendation

Reduce

(was Reduce)

Target price:

32.00 SEK

(was SEK 32.00)

Share price:

31.72

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	89127	90768	92979	95092
growth-%	0%	2%	2%	2%
EBITDA (adj.)	31345	33079	33729	34540
EBITDA-% (adj.)	35.2 %	36.4 %	36.3 %	36.3 %
Net income	3819	7504	7932	8339
EPS (adj.)	1.51	2.08	2.25	2.38
P/E (adj.)	20.3	15.3	14.1	13.3
P/B	2.2	2.3	2.3	2.7
Dividend yield-%	6.5 %	6.3 %	6.5 %	6.6 %
EV/EBIT (adj.)	17.0	15.2	14.2	13.5
EV/EBITDA	7.2	6.7	6.6	6.4
EV/S	2.4	2.4	2.3	2.3

Source: Inderes

Guidance

(Unchanged)

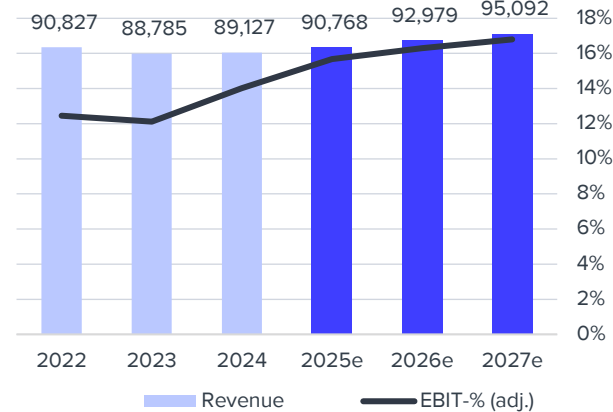
In 2025, the company expects comparable service revenue growth of 2%, comparable EBITDA growth of at least 5%, capital expenditure below 14 BNSEK and free cash flow of approximately 8 BNSEK.

Share price



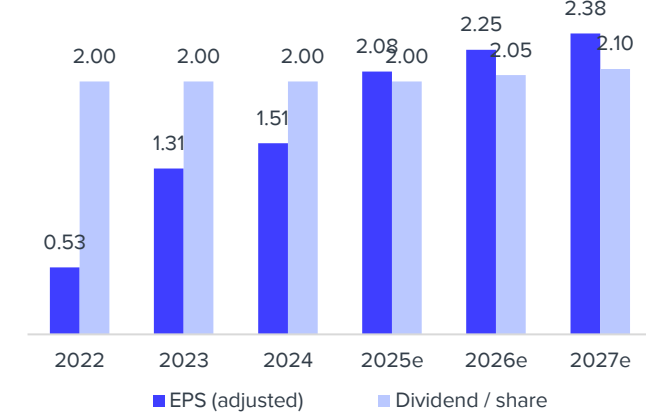
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Continuing the turnaround in Sweden and a turnaround in Finland and Norway
- Earnings growth through top-line growth and profitability improvement
- 5G opportunities
- Strong cash flow
- Acquisitions
- Divestment of non-strategic businesses

Risk factors

- Upward pressure on the interest market
- Inflation continuing and increasing
- Intensified competition
- Realization of cost savings
- Delay or failure in the implementation of the new strategy
- Sweden's high ownership in Telia and the restriction of consolidation
- Structural changes in the industry

Valuation	2025e	2026e	2027e
Share price	31.7	31.7	31.7
Number of shares, millions	3923	3923	3923
Market cap	124441	124441	124441
EV	216419	215862	215389
P/E (adj.)	15.3	14.1	13.3
P/E	16.6	15.7	14.9
P/B	2.3	2.3	2.7
P/S	1.4	1.3	1.3
EV/Sales	2.4	2.3	2.3
EV/EBITDA	6.7	6.6	6.4
EV/EBIT (adj.)	15.2	14.2	13.5
Payout ratio (%)	104.6 %	101.4 %	98.8 %
Dividend yield-%	6.3 %	6.5 %	6.6 %

Source: Inderes

Q4 results missed expectations, but dividend proposal was expected

Revenue grew in line with our expectations in Q4

Telia's revenue in the fourth quarter increased by 3% to 23,497 MSEK, and excluding currency effects and M&A, net sales increased by +3.8%. Revenue was in line with our expectations. Comparable services revenue growth slowed further to +0.6% (Q3: 1.2%), which is somewhat worrying. However, operator service revenue growth accelerated slightly to 1.7% (Q3: 1.1%). In the largest geographic markets, Sweden and Finland performed as expected or better, but Norway was weaker than expected and the company announced a change in leadership in Norway. TV and Media was down 1%, driven by the end of the UEFA Champions League and in line with our expectations.

Earnings lines missed expectations in Q4

Adjusted EBITDA increased by 5% to 7,870 MSEK and was slightly below our expectations. The adjusted EBITDA margin was 33.2%, slightly above the 32.5% of the

comparison period. As expected, there were one-off items related to the extensive cost reduction program. In the lower rows, depreciation and financing costs were both around 0.9 BNSEK higher than expected. We understand that depreciation in Norway was higher than expected (400 MSEK) due to a history of underdepreciation, and this has been corrected. Financing expenses were higher than expected due to the restructuring of an old bond. However, interest expenses decreased year-on-year. As a result, EPS from continuing operations were SEK -0.13, well below our and the market's expectations (0.21 and 0.13, respectively).

Structural cash flow for 2024 was 7.5 BNSEK, in line with the original guidance of 7-8 BNSEK, but slightly better than the fall commentary when the company said it was in the lower half of the original guidance range. As expected, Telia's Board of Directors proposed to pay a dividend of SEK 2 per share for 2024. Therefore, as expected, cash

flow is not quite enough to cover the dividend this year. However, the company expects cash flow in the future to cover this minimum of SEK 2.0 per share and the subsequent dividend increase.

Estimates MSEK	Q4'23	Q4'24	Q4'24e	Q4'24e	Consensus		Difference (%)	2024
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	23039	23724	23497	23331	22952	- 23922	1%	89127
EBITDA (adj.)	7490	7870	7994	7915	7762	- 8217	-2%	33279
EBIT (incl. minorities)	-2399	1393	2065	1770	1016	- 3498	-33%	10510
PTP	-3300	-403	1210	718	-250	- 2534	-133%	5760
EPS (continuing operations)	-0.82	-0.13	0.21	0.13	-0.15	- 0.26	-163%	0.97
DPS	0.00	2.00	2.00	2.00	2.00	- 2.00	0%	2.00
Revenue growth-%	-4.8 %	3.0 %	2.0 %	1.3 %	-0.4 %	- 3.8 %	1 pp	0.4 %
EBITDA-% (adj.)	32.5 %	33.2 %	34.0 %	33.9 %	33.8 %	- 34.3 %	-0.8 pp	37.3 %

Source: Inderes & Telia Company,
21 forecasts (consensus)

Estimates virtually unchanged

Estimate revisions

- We kept our projections for 2025 almost unchanged. We slightly raised our earnings forecasts for 2026.

Guidance for 2025 and our expectations

- In 2025, the company expects comparable service revenue growth of 2%, comparable EBITDA growth of at least 5% (H1'25 below 2% and H2'25 above 2%), capital expenditure below 14 BNSEK and free cash flow of approximately 8 BNSEK.
- We forecast revenue to grow by 2% and adjusted EBITDA by 6% in 2025. In 2026-2027, we expect revenue to grow by 2% and profitability to remain at the 2025 level.

Operational earnings drivers:

- Service revenue growth driven by 5G and faster subscription sales.
- Low attrition and price increases across the sector are supporting revenue and especially profitability.
- TV and Media turnaround.
- Massive cost savings in 2024, followed by further efficiency measures.

Telia's financial targets for 2025-27 are:

- Comparable service revenue growth of 2% per year on average
- Comparable annual average EBITDA growth of 4%
- Investments excluding licenses and spectrum fees under 14 BNSEK per year
- Free cash flow of at least 10 BNSEK in 2027

Estimate revisions	2024	2024	Change	2025e	2025e	Change	2026e	2026e	Change
MSEK	Old	New	%	Old	New	%	Old	New	%
Revenue	88900	89127	0%	90630	90768	0%	92840	92979	0%
EBITDA	29517	29723	1%	32684	33079	1%	33279	33729	1%
EBIT (exc. NRIs)	13020	12501	-4%	14185	14229	0%	14687	15154	3%
EBIT	11086	10391	-6%	13385	13579	1%	13787	14254	3%
PTP	7373	5760	-22%	10045	10206	2%	10273	10819	5%
EPS (oik. sis lopetetut toiminnot)	1.80	1.51	-16%	2.08	2.08	0%	2.13	2.25	6%
DPS	2.00	2.00	0%	2.00	2.00	0%	2.05	2.05	0%

Source: Inderes

Valuation still argues for caution

Valuation multiples

Historically, it has been difficult to compare Telia with competitors with earnings multiples, because e.g., Telia's EBITDA does not show the income from minority holdings (they are reported in EBIT) and discontinued operations are only reflected in net income. In addition, Telia has a significant number of negative and positive one-off items each year, which must be adjusted to ensure comparability. These items have gradually decreased, but they continue to occur every year. There is also a constant need for restructuring, which amounts to 500-1,000 MSEK per year, or a few percent of EBITDA.

Overall, Telia's risk profile remains moderate relative to the broader equity market, although the company's past disappointments and the early stages of the TV & Media turnaround keep it elevated. The operator business has performed better than in the past between 2022 and 2024, with the exception of a small dip last year. Telia's risk profile is clearly different from, for example, Elisa, which has been able to mitigate macro pressures much better through systematic energy and especially interest rate hedging and has developed in a solid and predictable operational way.

With our estimates, Telia's adjusted P/E and EV/EBIT ratios for 2025 are 15x and 15x. The multiples are just under 10% below the Nordic peers and slightly above the overall peer group. In absolute and relative terms, we believe the valuation is even cautiously attractive. However, taking into account the improved earnings level in this year's forecasts, the numerous disappointments in the past, and the level of risk to earnings growth in the coming years, the overall picture is neutral. The multiples are below the company's own average over the last five years (19x and 18x). Given the rising expected returns, the valuation is also neutral from this perspective.

Expected return is not quite enough yet

The expected return on Telia's share mainly consists of the dividend yield (6%), the sustainability of which is still questionable. We forecast earnings growth of around 3% in the coming years, with a high level of risk. We consider the valuation to be neutral. The expected rate of return just exceeds the expected return on equity. However, this alone is not enough to warrant a positive view, as the risk level is high due to the projected earnings growth.

DCF calculation

The DCF calculation supports our view on the share (SEK 32). The last five years or so have been a rollercoaster ride for Telia, with many disappointments. In addition, the overall business mix has changed significantly (Eurasia and masts divested, Danish operations sold and TV & Media acquired). These factors continue to undermine the predictability of long-term cash flows, even though most quarters in recent years have been relatively good.

Our DCF model indicates a value of SEK 32.1 per share for Telia. The model assumes that the company's revenue growth will be about 2% in the medium term and 1.5% in the terminal. We forecast an EBIT margin of around 13-16% between 2024 and 2030 and 16% in the terminal period. The adjusted EBIT margin has averaged 14% over the last 5 years. However, the weight of the terminal assumption in the valuation remains high (59%).

With a predictable and stable business relative to the general market, we continue to use a low (7.0%) discount rate (WACC) compared to the market. The weighting of the DCF still relies heavily on the terminal value, but it serves as one of the approaches for Telia's valuation and reflects the fact that the stock is fully priced.

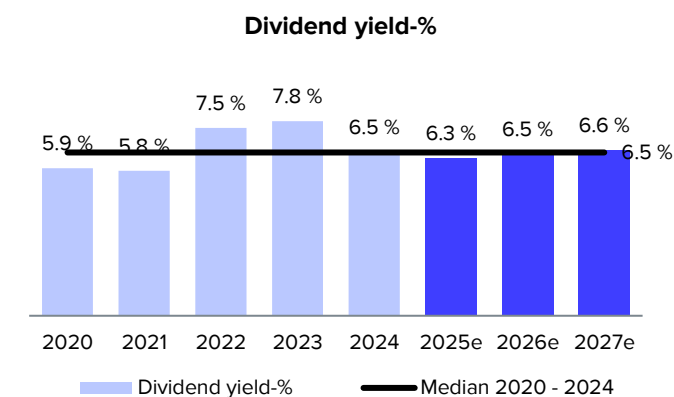
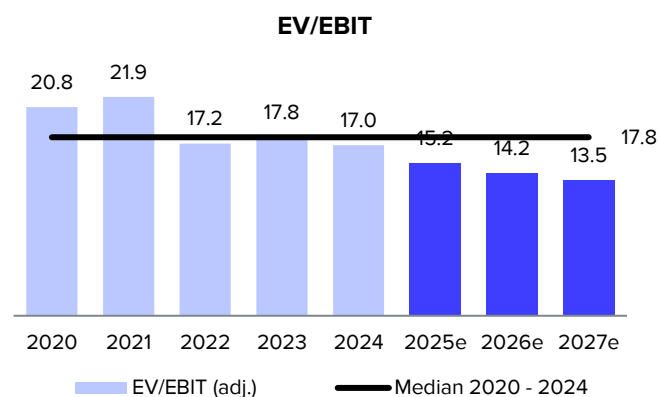
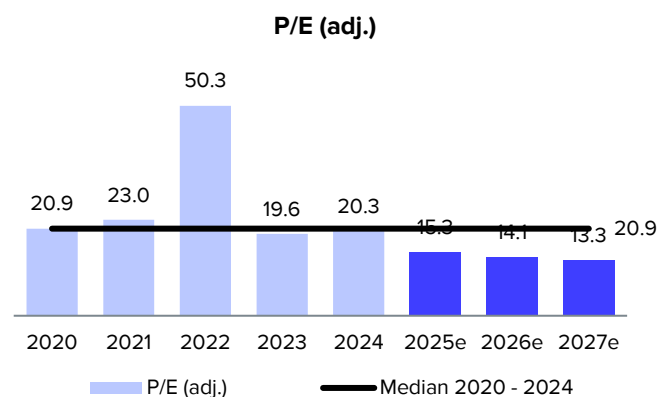
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P/E (adj.)	15.3	14.1	13.3
P/E	16.6	15.7	14.9
P/B	2.3	2.3	2.7
P/S	1.4	1.3	1.3
EV/Sales	2.4	2.3	2.3
EV/EBITDA	6.7	6.6	6.4
EV/EBIT (adj.)	15.2	14.2	13.5
Payout ratio (%)	104.6 %	101.4 %	98.8 %
Dividend yield-%	6.3 %	6.5 %	6.6 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	34.0	35.4	26.7	25.7	30.7	31.7	31.7	31.7	31.7
Number of shares, millions	4090	4090	4035	4035	3923	3923	3923	3923	3923
Market cap	138884	144793	104830	101173	120322	124441	124441	124441	124441
EV	223553	217034	194448	191731	212721	216419	215862	215389	214274
P/E (adj.)	20.9	23.0	50.3	19.6	20.3	15.3	14.1	13.3	12.1
P/E	neg.	12.6	neg.	neg.	31.5	16.6	15.7	14.9	13.5
P/B	2.2	1.8	1.6	1.9	2.2	2.3	2.3	2.7	2.7
P/S	1.6	1.6	1.2	1.1	1.4	1.4	1.3	1.3	1.3
EV/Sales	2.5	2.5	2.1	2.2	2.4	2.4	2.3	2.3	2.2
EV/EBITDA	7.4	6.2	6.6	6.8	7.2	6.7	6.6	6.4	6.2
EV/EBIT (adj.)	20.8	21.9	17.2	17.8	17.0	15.2	14.2	13.5	12.5
Payout ratio (%)	neg.	73%	neg.	neg.	205%	105%	101%	99%	95%
Dividend yield-%	5.9 %	5.8 %	7.5 %	7.8 %	6.5 %	6.3 %	6.5 %	6.6 %	7.0 %

Source: Inderes



Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Tele2	7329	9987	17.6	16.2	9.4	9.0	3.8	3.7	18.3	16.4	6.3	6.8	4.2
Elisa	7326	8624	16.2	15.6	10.6	10.3	3.8	3.7	17.5	16.7	5.5	5.7	5.6
Telenor	16054	23382	14.0	13.2	7.6	7.3	3.3	3.3	16.1	13.9	6.9	7.0	2.9
BT	17348	42251	10.8	10.6	4.4	4.3	1.7	1.7	8.2	8.1	5.4	5.5	1.1
Proximus	1731	6644	10.3	10.1	3.5	3.4	1.0	1.0	4.5	4.4	11.3	11.3	0.5
Orange Belgium	891	2990	22.2	22.5	5.5	5.5	1.5	1.5	24.3	19.2			1.3
Swisscom AG	28461	36101	15.5	14.9	6.6	6.3	2.8	2.7	17.3	16.6	4.6	4.7	2.2
Telekom Austria AG	5356	7810	7.9	7.5	3.8	3.7	1.4	1.4	8.3	7.8	5.7	6.0	1.0
Deutsche Telekom	159267	283762	10.7	9.6	5.9	5.6	2.4	2.3	15.5	13.6	3.1	3.6	2.6
Koninklijke KPN	14086	20305	13.6	13.0	7.5	7.3	3.5	3.4	15.2	14.2	5.0	5.4	3.5
Telia (Inderes) MSEK	124441	216419	15.2	14.2	6.7	6.6	2.4	2.3	15.3	14.1	6.3	6.5	2.3
Median			13.8	13.1	6.2	5.9	2.6	2.5	15.8	14.0	5.5	5.7	2.4
Diff-% to median			10%	9%	7%	11%	-7%	-6%	-3%	0%	14%	13%	-6%
Median (Nordics)			16.2	15.6	9.4	9.0	3.8	3.7	17.5	16.4	6.3	6.8	4.2
Diff-% to median (Nordics)			-6%	-8%	-29%	-27%	-37%	-37%	-13%	-14%	0%	-5%	-46%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	90827	88785	21274	22380	21749	23724	89127	21605	22718	22158	24286	90768	92979	95092	96994
Sweden	35112	35869	8798	8890	8655	9362	35704	8798	9032	8854	9596	36279	37114	37893	38651
Finland	15190	16545	3910	4074	3928	4234	16147	3910	4156	3987	4319	16372	16733	17067	17409
Norway	15022	15114	3608	3668	3750	3640	14667	3536	3668	3788	3713	14705	15117	15495	15804
Lithuania	4784	5516	1337	1389	1395	1523	5644	1364	1431	1437	1583	5815	5989	6169	6293
Estonia	3637	4145	984	1023	1022	1080	4110	994	1043	1043	1101	4182	4307	4437	4525
TV & Media + other operations	13032	13410	3060	3749	3395	4245	14449	3436	3810	3454	4340	15040	15378	15723	16037
Eliminations and other	-1248.4	-1814	-424	-414	-396	-359	-1594	-433	-422	-404	-366	-1626	-1658	-1691	-1725
EBITDA	29417	28392	6753	7607	8473	6890	29723	7445	8082	8772	8131	32429	32829	33540	34625
EBITDA (adj.)	30328	30254	7144	7856	8475	7870	31345	7645	8232	8922	8281	33079	33729	34540	35725
Depreciation	-38936.0	-23517	-4506	-4684	-4581	-5561	-19332	-4750	-4700	-4700	-4700	-18850	-18575	-18564	-18576
EBIT (excl. NRI)	11310	10758	2638	3172	3860	2830	12501	2895	3532	4222	3581	14229	15154	15976	17149
EBIT	-9518.7	4875	2247	2923	3892	1329	10391	2695	3382	4072	3431	13579	14254	14976	16049
Share of associated companies' profit/loss	0.0	105	37	19	10	53	119	32	32	32	32	127	130	130	130
Net financial items	-3366.0	-3875	-1261	-940	-754	-1795	-4750	-900	-880	-870	-850	-3500	-3565	-3756	-3741
PTP	-12783	1105	1023	2002	3148	-413	5760	1827	2533	3233	2613	10206	10819	11349	12438
Taxes	-1381.0	-1099	-277	-400	-626	64	-1239	-365	-507	-647	-523	-2041	-2213	-2322	-2548
Minority interest	-474.0	-594	-160	-168	-187	-187	-702	-165	-165	-165	-165	-661	-674	-688	-701
Net earnings	-14638	-588	586	1434	2335	-536	3819	1296	1861	2421	1925	7504	7932	8339	9189
EPS (continuing operations)	-3.63	-0.15	0.15	0.37	0.60	-0.14	0.97	0.33	0.47	0.62	0.49	1.91	2.02	2.13	2.34

Key figures	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	2.8 %	-2.2 %	-2.2 %	2.0 %	-1.1 %	2.7 %	0.4 %	1.6 %	1.5 %	1.9 %	2.4 %	1.8 %	2.4 %	2.3 %	2.0 %
Adjusted EBIT growth-%		-4.9 %	13.9 %	27.9 %	6.7 %	20.7 %	16.2 %	9.8 %	11.3 %	9.4 %	26.5 %	13.8 %	6.5 %	5.4 %	7.3 %
EBITDA-% (adj.)	32.4 %	34.1 %	33.6 %	35.1 %	39.0 %	33.2 %	35.2 %	35.4 %	36.2 %	40.3 %	34.1 %	36.4 %	36.3 %	36.3 %	36.8 %

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	172878	170878	170462	170413	170467
Goodwill	66020	65442	65442	65442	65442
Intangible assets	0.0	0.0	0.0	0.0	0.0
Tangible assets	87004	86014	85598	85549	85603
Associated companies	6742	10964	10964	10964	10964
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	11929	7383	7383	7383	7383
Deferred tax assets	1183	1075	1075	1075	1075
Current assets	53590	33394	30343	30849	31506
Inventories	2307	1869	1903	1950	1994
Other current assets	2851	1935	1935	1935	1935
Receivables	28476	19778	20151	20455	20920
Cash and equivalents	19956	9812	6354	6509	6656
Balance sheet total	226468	204272	200804	201261	201973

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	56994	59357	59015	59100	49435
Share capital	14961	14961	14961	14961	14961
Retained earnings	28545	30516	30174	30259	30556
Hybrid bonds	9962	9962	9962	9962	0
Revaluation reserve	0	0	0	0	0
Other equity	0.0	0.0	0.0	0.0	0.0
Minorities	3526	3918	3918	3918	3918
Non-current liabilities	115316	103792	102098	103456	111647
Deferred tax liabilities	9013	9079	9079	9079	9079
Provisions	5710	5697	5697	5697	5697
Interest bearing debt	86657	81923	80229	81587	89778
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long-term liabilities	13936	7093	7093	7093	7093
Current liabilities	54158	41123	39692	38705	40890
Interest bearing debt	14069	10108	7923	6162	7608
Payables	35920	31015	31769	32543	33282
Other current liabilities	4169	0.0	0.0	0.0	0.0
Balance sheet total	226468	204272	200804	201261	201973

DCF-calculation

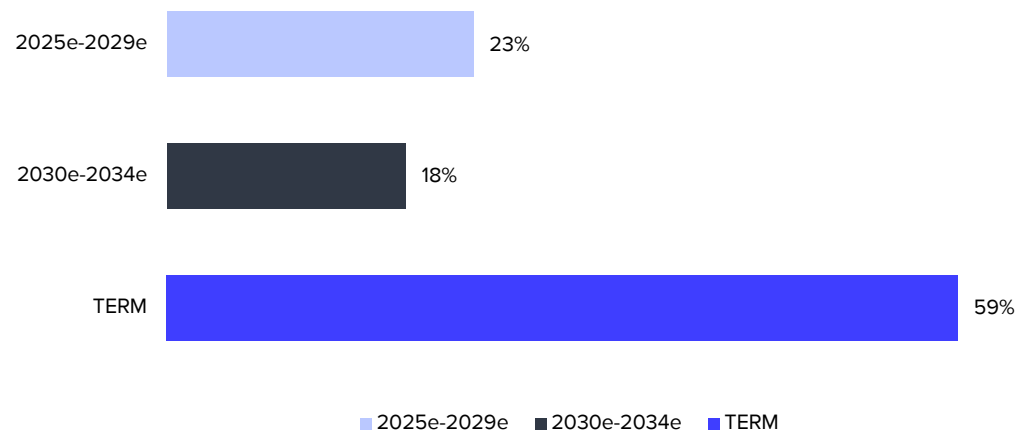
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	0.4 %	1.8 %	2.4 %	2.3 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	1.5 %	1.5 %
EBIT-%	11.7 %	15.0 %	15.3 %	15.7 %	16.5 %	16.0 %	16.0 %	16.0 %	16.0 %	16.0 %	16.0 %	16.0 %
EBIT (operating profit)	10391	13579	14254	14976	16049	15829	16146	16469	16798	17134	17391	
+ Depreciation	19332	18850	18575	18564	18576	18585	18592	18618	18659	18711	18772	
- Paid taxes	-1065	-2041	-2213	-2322	-2548	-2549	-2619	-2752	-2826	-2900	-2958	
- Tax, financial expenses	-1101	-742	-765	-805	-802	-756	-752	-687	-682	-677	-673	
+ Tax, financial income	58	33	27	27	28	28	29	30	30	31	31	
- Change in working capital	978	347	423	230	207	212	216	220	224	229	175	
Operating cash flow	28593	30026	30301	30670	31510	31349	31612	31898	32204	32527	32739	
+ Change in other long-term liabilities	-6856	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-13218	-18434	-18526	-18618	-18618	-18618	-18711	-18805	-18899	-18994	-19004	
Free operating cash flow	8519	11593	11775	12052	12892	12731	12900	13093	13305	13534	13735	
+/- Other	3260	0	0	0	0	0	0	0	0	0	0	
FCFF	11779	11593	11775	12052	12892	12731	12900	13093	13305	13534	13735	253015
Discounted FCFF		10896	10343	9892	9889	9126	8641	8196	7783	7398	7016	129248
Sum of FCFF present value		218427	207531	197188	187296	177407	168282	159641	151445	143662	136264	129248
Enterprise value DCF		218427										
- Interest bearing debt		-101993										
+ Cash and cash equivalents		9812										
-Minorities		-3918										
-Dividend/capital return		0										
Equity value DCF		126028										
Equity value DCF per share		32.1										

WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.0 %
Equity Beta	1.15
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.0 %
Weighted average cost of capital (WACC)	7.0 %

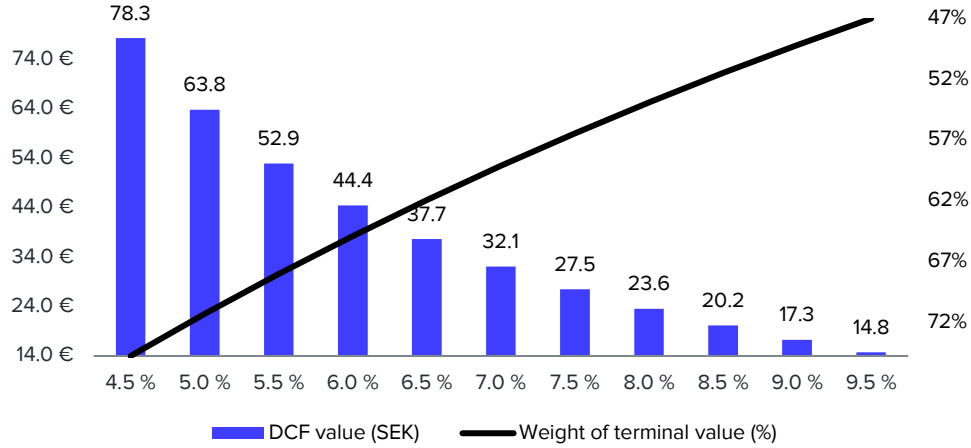
Source: Inderes

Cash flow distribution

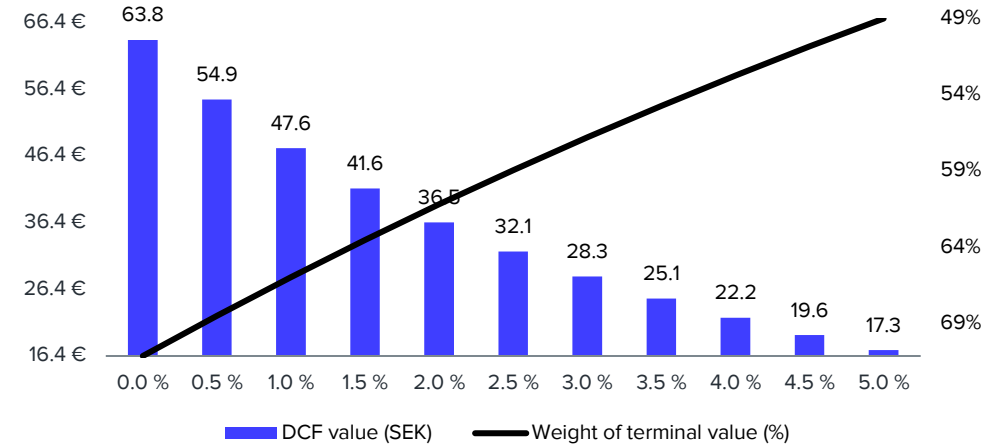


DCF sensitivity calculations and key assumptions in graphs

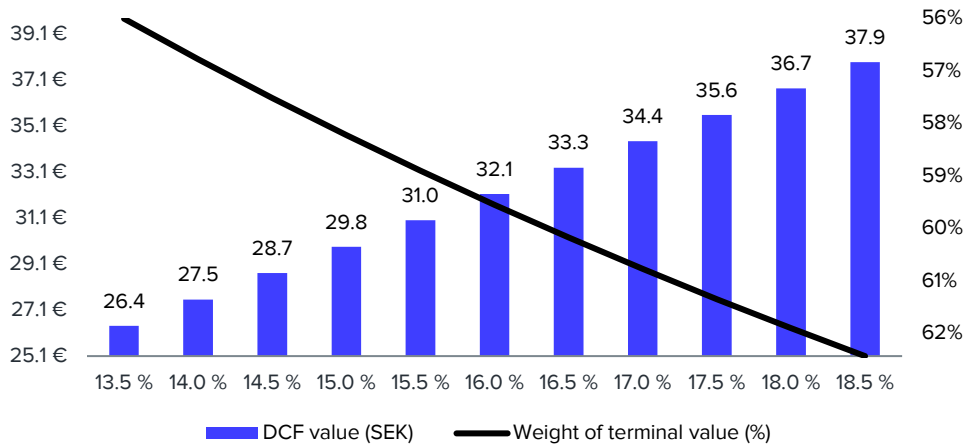
Sensitivity of DCF to changes in the WACC-%



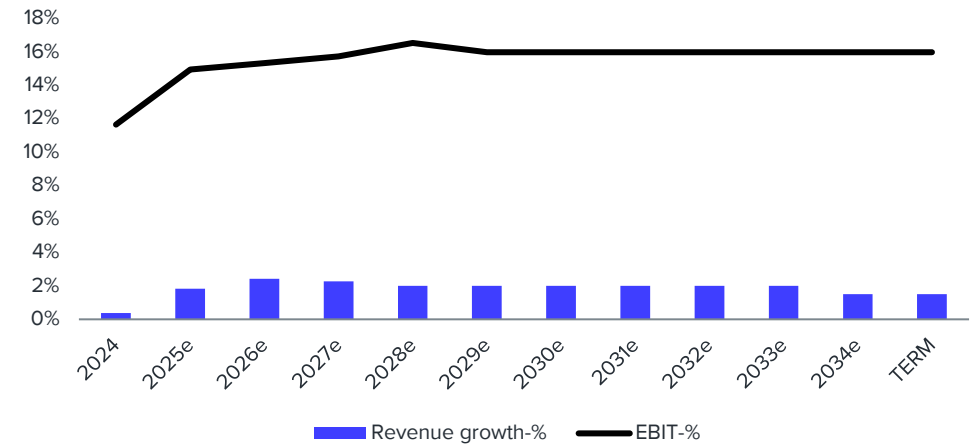
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Lähde: Inderes. Huomaa, että terminaaliarvon paino (%) on esitetty käänteisellä asteikolla selkeyden vuoksi.

Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	90827	88785	89127	90768	92979	EPS (reported)	-3.63	-0.15	0.97	1.91	2.02
EBITDA	29417	28392	29723	32429	32829	EPS (adj.)	0.53	1.31	1.51	2.08	2.25
EBIT	-9519	4875	10391	13579	14254	OCF / share	6.08	5.64	7.29	7.65	7.72
PTP	-12783	1105	5760	10206	10819	FCF / share	-2.06	3.05	3.00	2.95	3.00
Net Income	-14638	303	7079	7504	7932	Book value / share	15.92	13.25	14.13	14.04	14.07
Extraordinary items	-20829	-5883	-2110	-650	-900	Dividend / share	2.00	2.00	2.00	2.00	2.05
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	222793	226468	204272	200804	201261	Revenue growth-%	3%	-2%	0%	2%	2%
Equity capital	67673	56994	59357	59015	59100	EBITDA growth-%	1%	0%	4%	6%	2%
Goodwill	74547	66020	65442	65442	65442	EBIT (adj.) growth-%	14%	-5%	16%	14%	6%
Net debt	79922	80770	82219	81798	81241	EPS (adj.) growth-%	-66%	147%	15%	38%	8%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	33.4 %	34.1 %	35.2 %	36.4 %	36.3 %
EBITDA	29417	28392	29723	32429	32829	EBIT (adj.)-%	12.5 %	12.1 %	14.0 %	15.7 %	16.3 %
Change in working capital	-4416	-2145	978	347	423	EBIT-%	-10.5 %	5.5 %	11.7 %	15.0 %	15.3 %
Operating cash flow	24541	22760	28593	30026	30301	ROE-%	-20.2 %	-1.0 %	7.0 %	13.6 %	14.4 %
CAPEX	-25955	-12622	-13218	-18434	-18526	ROI-%	-5.8 %	3.3 %	7.0 %	9.3 %	9.9 %
Free cash flow	-8306	12293	11779	11593	11775	Equity ratio	30.4 %	25.2 %	29.1 %	29.4 %	29.4 %
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	118.1 %	141.7 %	138.5 %	138.6 %	137.5 %
EV/S	2.1	2.2	2.4	2.4	2.3						
EV/EBITDA	6.6	6.8	7.2	6.7	6.6						
EV/EBIT (adj.)	17.2	17.8	17.0	15.2	14.2						
P/E (adj.)	50.3	19.6	20.3	15.3	14.1						
P/B	1.6	1.9	2.2	2.3	2.3						
Dividend-%	7.5 %	7.8 %	6.5 %	6.3 %	6.5 %						

Source: Inderes

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

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
7/23/2018	Accumulate	44.0 SEK	39.1 SEK
10/22/2018	Accumulate	45.0 SEK	40.3 SEK
1/28/2019	Accumulate	44.0 SEK	39.8 SEK
3/27/2019	Accumulate	44.0 SEK	41.4 SEK
4/26/2019	Accumulate	44.0 SEK	40.8 SEK
7/18/2019	Reduce	44.0 SEK	42.9 SEK
10/18/2019	Reduce	42.0 SEK	41.7 SEK
1/14/2020	Reduce	42.0 SEK	40.6 SEK
1/30/2020	Reduce	42.0 SEK	41.8 SEK
3/19/2020	Accumulate	39.0 SEK	34.0 SEK
3/27/2020	Accumulate	38.0 SEK	35.0 SEK
4/23/2020	Accumulate	38.0 SEK	34.1 SEK
7/20/2020	Accumulate	38.0 SEK	36.3 SEK
10/22/2020	Accumulate	38.0 SEK	37.2 SEK
1/27/2021	Accumulate	38.0 SEK	36.6 SEK
2/1/2021	Accumulate	40.0 SEK	36.7 SEK
4/26/2021	Accumulate	40.0 SEK	35.1 SEK
7/22/2021	Accumulate	40.0 SEK	38.1 SEK
10/22/2021	Accumulate	39.0 SEK	35.6 SEK
1/31/2022	Accumulate	39.0 SEK	36.3 SEK
4/28/2022	Reduce	41.0 SEK	41.4 SEK
7/21/2022	Accumulate	41.0 SEK	37.2 SEK
10/24/2022	Reduce	29.0 SEK	28.3 SEK
1/27/2023	Reduce	29.0 SEK	26.7 SEK
4/27/2023	Reduce	29.0 SEK	28.0 SEK
7/21/2023	Reduce	25.0 SEK	24.5 SEK
10/5/2023	Reduce	24.0 SEK	22.6 SEK
10/20/2023	Reduce	26.0 SEK	25.4 SEK
1/29/2024	Reduce	26.0 SEK	26.9 SEK
4/26/2024	Reduce	26.0 SEK	25.9 SEK
7/19/2024	Reduce	29.0 SEK	30.6 SEK
9/27/2024	Reduce	32.0 SEK	33.8 SEK
10/25/2024	Reduce	32.0 SEK	31.9 SEK
1/31/2025	Reduce	32.0 SEK	31.7 SEK



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