

# Eltel

Company report

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✓ Inderes corporate customer

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# Gradual improvement continued

We reiterate our Reduce recommendation and SEK 7.20 target price for Eltel. The company's Q3 report was well in line with our expectations and reflects the continued gradual improvement of the company. We made only minor estimate revisions at Group level after the report, and we expect the company's profitability turnaround to continue in the coming years. However, we see this as priced in at the current stock price and thus the expected risk-adjusted return as weak for the next 12 months.

## Q3 was well in line with our estimates at Group level

In Q3, the Group's decreased by 1% to 210 MEUR, which was well in line with our forecast. At country unit level, the quickest growth was in Sweden with 22%, which also clearly exceeded our estimates (est. +2%). Respectively, Finland's growth was broadly in line with our estimates, while Denmark's and Norway's development was significantly slower than we expected. The Group's EBITA increased from the comparison period and landed at 8.2 MEUR, corresponding to an EBITA margin of 3.9%, both slightly exceeding our estimates. The positive development was driven especially by Finland and Sweden compared to our estimates, as both country units were able to raise their margins clearly. On the negative side was Norway, as the country unit's profitability ended up in the red, following the trend of the previous quarters. Due to the negative development, Eltel has implemented a restructuring program in Norway and in relation to that has booked 3.8 MEUR restructuring charges (one-time item), which affect the reported numbers. On the lower lines of the P&L, all the cost lines were higher than we expected and therefore, reported EPS landed at -0.01 EUR compared to our forecast of 0.02 EUR.

## Estimate changes remained small at Group level

According to our assessment, there were no major changes in the outlook, as the demand situation is currently quite mixed across countries and different service areas. According to our understanding, the demand situation is currently at least decent everywhere else than in Norway, where in our no short-term help is in sight. Reflecting the report and the comments, we have raised the estimates for Finland and Sweden but the estimates of the other country units somewhat (especially Norway's). However, on a Group level, our estimates stayed almost intact. Respectively, our EBITA estimates for coming years remained almost unchanged after the revisions. Therefore, we 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.

## Short-term earnings-based valuation is still challenging

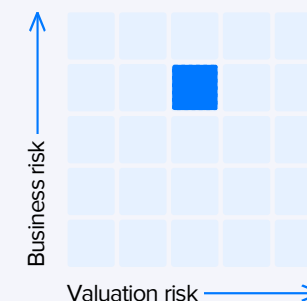
Based on our updated estimates, we believe that the overall earnings-based valuation is challenging for this year (adj. EV/EBITDA 6x, EV/EBIT 25x, P/E neg.). In contrast, we argue that next year's overall earnings-based valuation will be more in neutral territory, at least when it comes to EV-based multiples (EV/EBITDA 5x, EV/EBIT 12x, P/E 47x). However, if the development continues on the path we expect, we believe there could be some upside in the 2026 multiples (EV/EBITDA 4x, EV/EBIT 9x, P/E 10x) with profitability improvement remaining intact. Due to 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 to be below the cost of equity we use over the next 12 months.

## Recommendation

**Reduce**  
(prev. Reduce)

**SEK 7.20**  
(prev. SEK 7.20)

**Share price:**  
0,64



## Key indicators

	2023	2024e	2025e	2026e
<b>Revenue</b>	850,1	828,9	843,8	877,3
<b>growth-%</b>	3 %	-2 %	2 %	4 %
<b>EBIT adj.</b>	1,7	10,1	20,3	25,3
<b>EBIT-% adj.</b>	0,2 %	1,2 %	2,4 %	2,9 %
<b>Net Income</b>	-8,0	-31,5	5,4	11,8
<b>EPS (adj.)</b>	-0,02	-0,05	0,01	0,06
<b>P/E (adj.)</b>	neg.	neg.	47,1	9,8
<b>P/B</b>	0,4	0,6	0,5	0,6
<b>Dividend yield-%</b>	0,0 %	0,0 %	0,0 %	0,0 %
<b>EV/EBIT (adj.)</b>	>100	25,5	12,4	9,3
<b>EV/EBITDA</b>	8,7	5,8	5,0	4,5
<b>EV/S</b>	0,3	0,3	0,3	0,3

Source: Inderes

## Guidance

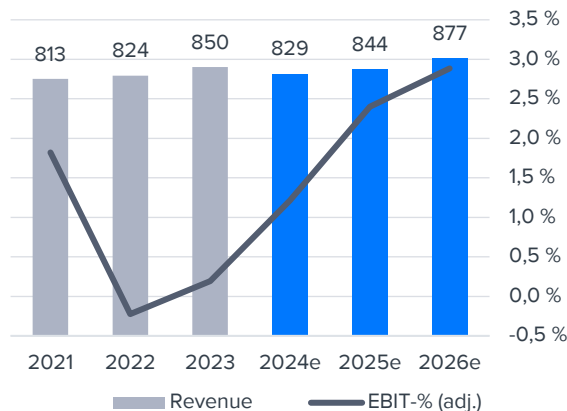
(No guidance)

## Share price



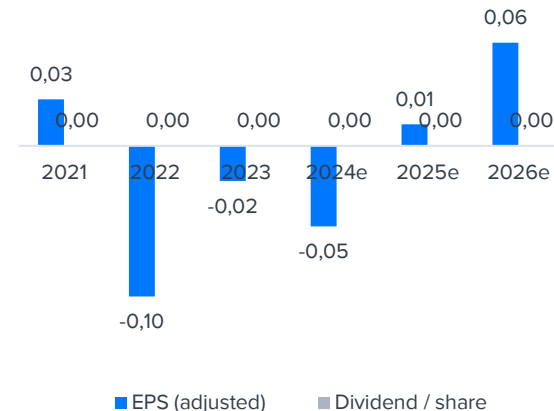
Source: Millstream Market Data AB

## 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, millions	156,7	156,7	156,7
Market cap	100	100	100
EV	257	251	235
P/E (adj.)	neg.	47,1	9,8
P/E	neg.	47,1	9,8
P/B	0,6	0,5	0,6
P/S	0,1	0,1	0,1
EV/Sales	0,3	0,3	0,3
EV/EBITDA	5,8	5,0	4,5
EV/EBIT (adj.)	25,5	12,4	9,3
Payout ratio (%)	0,0 %	0,0 %	0,0 %
Dividend yield-%	0,0 %	0,0 %	0,0 %

Source: Inderes

# Q3 development was well in line with our estimates at Group level

## Revenue well in line with our estimates

In Q3, the Group's revenue decreased by 1% to 210 MEUR, which was well in line with our forecast. FX changes didn't have any material effect (+0.6 MEUR) on the Group's growth numbers in Q3, as expected.

At the country unit level, the quickest growth was in Sweden with 22% reported growth, supported somewhat also by the finalization of some larger successful projects ahead of schedule. The country unit's growth was also well above our estimates (Inderes est. +2%). Respectively, Finland's 5% growth was broadly in line with our estimates (est. +7%). On the other hand, the other country units' development was clearly slower than we had estimated, with Denmark down 9% (est. 10%) and Norway down 12% (est. -2%). In addition, Other business unit revenue declined by 49% (est. -40%), reflecting the divestment of High Voltage Poland during Q2.

## EBITA increased as anticipated

Eltel's EBITA increased from the comparison period and landed at 8.2 MEUR, corresponding to an EBITA margin

of 3.9%, both just slightly exceeding our estimates. The positive development was driven especially by Finland and Sweden compared to our estimates, as both country units were able to raise their margins clearly. On the negative side was Norway, as the country unit's profitability ended up in the red, following the trend of the previous quarters. Due to the negative development, Eltel has implemented a restructuring program in Norway and booked restructuring charges of 3.8 MEUR (one-time item), which affect the reported figures. Similarly, the development of other smaller units also fell slightly short of our expectations, but the overall picture was again a step in the right direction.

At the bottom level of the P&L, net financial costs, taxes and minority interest were all slightly higher than we expected. Given the overall picture, reported EPS landed at -0.01 EUR, below our forecast.

## Cash flow negative due to tied up net working capital

Eltel's cash flow from operating activities in Q3 was -4.4 MEUR, reflecting the change in working capital

(-19.9 MEUR). Due to the timing differences, we monitor Eltel's cash flow especially on an annual basis. According to our estimate, the company's cash flow from operating activities from the last 12 months stood at 28.2 MEUR. Correspondingly, its free cash flow after lease payments in the last 12 months was -3.0 MEUR (cf. 2021-2023 cumulative free cash flow after lease payments -6 MEUR). Therefore, the company needs be able to increase its cash flow in order to strengthen its financial situation. However, Q4 has typically been the strongest quarter and therefore the situation can change rather quickly if we also notice that the company's profitability has increased from last year.

On the other hand, the company's net debt stood at 145 MEUR at the end of Q3 (Q3'23: 133 MEUR). Furthermore, its leverage ratio (net debt / adj. EBITDA) was at 3.5x (net debt excluding the hybrid bond) and still quite clearly above the company's target level (1.5x-2.5x).

Estimates MEUR / EUR	Q3'23	Q3'24	Q3'24e	Q3'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	213	210	213				-1 %	829
EBITA (adj.)	5,9	8,2	7,9				4 %	10,1
EBIT	5,0	4,5	7,9				-43 %	-16,8
PTP	1,9	0,8	5,2				-85 %	-29,3
EPS (reported)	0,00	-0,01	0,02				-151 %	-0,22
Revenue growth-%	3,1 %	-1,4 %	-0,2 %				-1,3 pp	-2,5 %
EBITA-% (adj.)	2,8 %	3,9 %	3,7 %				0,2 pp	1,2 %

Source: Inderes

## Eltel Q3'24: Progress is evident but still lot of room for improvement



# Estimate changes remained small at Group level

## Forecast changes 2024e-2026e

- There were no major changes in the outlook as the demand situation is currently quite mixed between countries and service areas
- However, Eltel removed the timeframe for achieving its financial targets (was 2025) due to the recession as well as to continuous operational challenges, especially in Norway
- At the Group level, our estimates stayed almost intact
- Reflecting the report, we raised our profitability estimates for Finland and Sweden
- Due to the difficult situation and no visible short-term help in sight, we clearly lowered our forecasts regarding Norway
- Other operative changes were quite modest at the Group level
- We also raised our cost estimates in the lower lines reflecting the development
- We have gone through our coming years' estimates in more detail in our [Initiation of coverage](#) report.

## Operational earnings drivers 2023-2026e:

- During Q3, Eltel signed new contracts worth of 136 MEUR (Q3'23: 171 MEUR), but its total order book decreased to 1.1 BNEUR (Q3'23: 1.2 BNEUR). On the other hand, its committed order backlog stood at 445 MEUR at the end of Q3 (Q3'23: 569 MEUR). Despite the decline in the committed order backlog, this gives a solid backbone for the short term.
- 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 should still be noted 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 into new and adjacent markets
- Increasing the share of New business in terms of total signed contracts (Q3'24: 11%) and Group's total revenue (Q2'24: 3%) due to their better margin profile

Estimate revisions MEUR / EUR	2024e		Change %	2025e		Change %	2026e		Change %
	Old	New		Old	New		Old	New	
Revenue	843	829	-2 %	871	844	-3 %	906	877	-3 %
EBITDA	17,2	17,0	-2 %	50,4	50,3	0 %	54,6	52,9	-3 %
EBIT (exc. NRIs)	9,8	10,1	2 %	20,5	20,3	-1 %	25,4	25,3	-1 %
EBIT	-13,4	-16,8	-26 %	20,5	20,3	-1 %	25,4	25,3	-1 %
PTP	-24,7	-29,3	-19 %	10,3	9,3	-10 %	15,4	15,3	-1 %
EPS (excl. NRIs)	-0,04	-0,05	-27 %	0,03	0,01	-46 %	0,07	0,06	-10 %
DPS	0,00	0,00		0,00	0,00		0,00	0,00	

Source: Inderes

Eltel, Webcast with teleconference, Q3'24



# No changes in the valuation picture

## 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 a better use of other earnings-based multiples such as EV/EBIT(A) and P/E multiples. We look at 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 12x, whereas this year's P/E multiple turns negative and next year's multiple is still elevated at 47x. 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). Whereas next year, we argue that the overall earnings-based valuation is still elevated, but closer to neutral territory, at least in terms of 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. Given Eltel's volatile track record, however, it is hard to rely too much on this, due to the still uncertain profitability improvement. Hence, we believe that the current share price already reflects 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 7.7-9.0 per share at the end of 2026 (with the current EUR/SEK currency rate). At the current share price of SEK 7.38, we estimate that the expected annual return would be around 2-10%. 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.

Accordingly, our DCF model indicates a value of EUR 0.63 per share (SEK 7.3). Thus, the DCF value is well in line with the current share price and, in our view, reflects the expectations in the current stock price. 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](#).

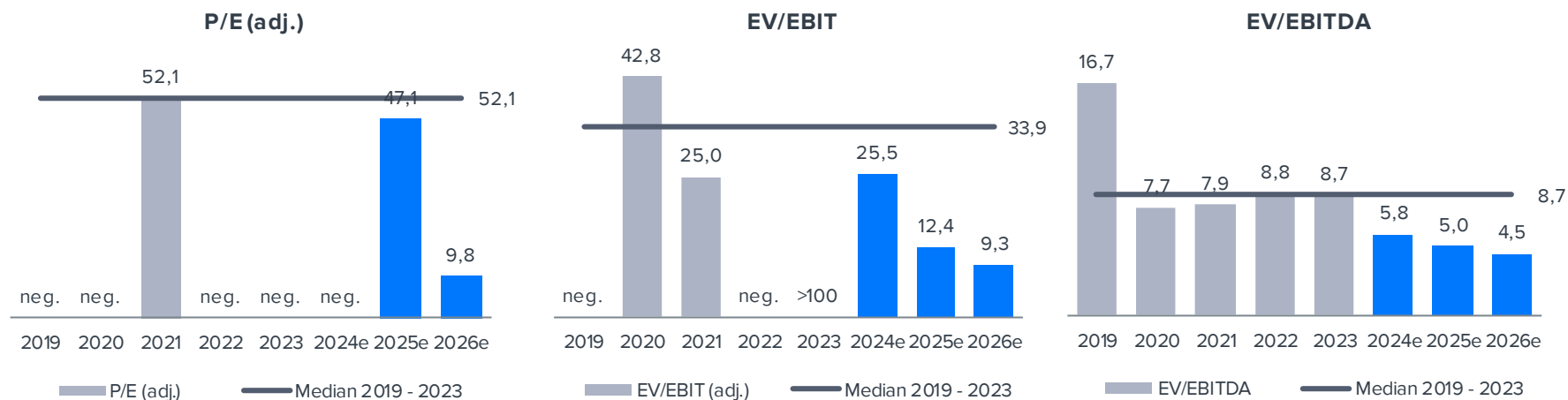
Valuation	2024e	2025e	2026e
Share price	0,64	0,64	0,64
Number of shares, millions	156,7	156,7	156,7
Market cap	100	100	100
EV	257	251	235
P/E (adj.)	neg.	47,1	9,8
P/E	neg.	47,1	9,8
P/B	0,6	0,5	0,6
P/S	0,1	0,1	0,1
EV/Sales	0,3	0,3	0,3
EV/EBITDA	5,8	5,0	4,5
EV/EBIT (adj.)	25,5	12,4	9,3
Payout ratio (%)	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	<b>0,64</b>	<b>0,64</b>	<b>0,64</b>	<b>0,64</b>
Number of shares, millions	156,6	156,6	156,6	156,7	156,7	<b>156,7</b>	<b>156,7</b>	<b>156,7</b>	<b>156,7</b>
Market cap	286	351	239	115	86	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
EV	495	488	369	245	214	<b>257</b>	<b>251</b>	<b>235</b>	<b>218</b>
P/E (adj.)	neg.	neg.	52,1	neg.	neg.	neg.	<b>47,1</b>	<b>9,8</b>	<b>6,5</b>
P/E	neg.	74,7	55,7	neg.	neg.	neg.	<b>47,1</b>	<b>9,8</b>	<b>6,5</b>
P/B	1,3	1,7	1,1	0,6	0,4	<b>0,6</b>	<b>0,5</b>	<b>0,6</b>	<b>0,5</b>
P/S	0,3	0,4	0,3	0,1	0,1	<b>0,1</b>	<b>0,1</b>	<b>0,1</b>	<b>0,1</b>
EV/Sales	0,5	0,5	0,5	0,3	0,3	<b>0,3</b>	<b>0,3</b>	<b>0,3</b>	<b>0,2</b>
EV/EBITDA	16,7	7,7	7,9	8,8	8,7	<b>5,8</b>	<b>5,0</b>	<b>4,5</b>	<b>3,8</b>
EV/EBIT (adj.)	neg.	42,8	25,0	neg.	>100	<b>25,5</b>	<b>12,4</b>	<b>9,3</b>	<b>7,3</b>
Payout ratio (%)	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	<b>0,0 %</b>	<b>0,0 %</b>	<b>0,0 %</b>	<b>0,0 %</b>
Dividend yield-%	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	<b>0,0 %</b>	<b>0,0 %</b>	<b>0,0 %</b>	<b>0,0 %</b>

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	1376	1602	11,9	9,9	8,4	7,5	0,6	0,6	14,5	11,6	4,5	4,7	1,9
Enersense International	48	90		9,6	12,3	4,6	0,2	0,2		96,0			1,4
Instalco	745	1108	16,0	13,7	9,7	9,0	0,9	0,9	17,4	13,4	2,0	2,4	2,4
Netel Holding	71	137	9,7	7,3	6,7	5,3	0,4	0,4	12,2	6,9	2,8	4,3	0,7
Spie SA	5808	8219	13,3	12,1	8,9	8,1	0,8	0,8	13,6	12,2	3,0	3,4	2,7
Transtema	54	83	17,5	8,7	5,4	4,0	0,4	0,4	32,3	8,6			1,1
Vinci Energies	60140	86719	9,9	9,4	6,9	6,6	1,2	1,2	12,5	11,5	4,5	4,9	2,0
<b>Eltel (Inderes)</b>	<b>100</b>	<b>257</b>	<b>25,5</b>	<b>12,4</b>	<b>5,8</b>	<b>5,0</b>	<b>0,3</b>	<b>0,3</b>	<b>-12,5</b>	<b>47,1</b>	<b>0,0</b>	<b>0,0</b>	<b>0,6</b>
<b>Average</b>			<b>13,0</b>	<b>10,1</b>	<b>8,3</b>	<b>6,4</b>	<b>0,7</b>	<b>0,6</b>	<b>17,1</b>	<b>22,9</b>	<b>3,4</b>	<b>3,9</b>	<b>1,7</b>
<b>Median</b>			<b>12,6</b>	<b>9,6</b>	<b>8,4</b>	<b>6,6</b>	<b>0,6</b>	<b>0,6</b>	<b>14,1</b>	<b>11,6</b>	<b>3,0</b>	<b>4,3</b>	<b>1,9</b>
<b>Diff-% to median</b>			<b>103 %</b>	<b>29 %</b>	<b>-31 %</b>	<b>-24 %</b>	<b>-50 %</b>	<b>-51 %</b>	<b>-189 %</b>	<b>307 %</b>	<b>-100 %</b>	<b>-100 %</b>	<b>-70 %</b>

Source: Refinitiv / Inderes



# Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
<b>Revenue</b>	<b>824</b>	<b>188</b>	<b>208</b>	<b>213</b>	<b>240</b>	<b>850</b>	<b>176</b>	<b>216</b>	<b>210</b>	<b>226</b>	<b>829</b>	<b>844</b>	<b>877</b>	<b>903</b>
Finland	290	64,3	85,2	96,6	98,3	344	62,4	92,6	101	102	359	376	395	409
Sweden	194	48,8	50,8	42,2	56,6	198	49,8	50,9	51,6	52,7	205	210	215	219
Norway	177	32,2	32,4	31,6	33,8	130	25,7	31,6	27,8	29,7	115	115	123	128
Denmark	74,3	21,8	21,4	21,6	28,2	93,1	21,1	25,3	19,6	28,2	94,2	96,1	98,1	100
Other business	99,4	22,7	20,3	23,8	26,9	93,7	18,7	18,1	12,2	16,1	65,1	55,1	55,7	56,2
Eliminations	-10,8	-1,5	-2,1	-2,5	-3,5	-9,7	-1,5	-2,5	-2,3	-2,5	-8,8	-8,8	-8,8	-8,8
<b>EBITDA</b>	<b>27,8</b>	<b>-3,7</b>	<b>5,6</b>	<b>12,7</b>	<b>10,3</b>	<b>24,8</b>	<b>-19,6</b>	<b>8,5</b>	<b>15,2</b>	<b>12,9</b>	<b>17,0</b>	<b>50,3</b>	<b>52,9</b>	<b>58,0</b>
Depreciation	-29,8	-7,9	-7,1	-7,7	-7,4	-30,1	-7,6	-8,0	-10,7	-7,5	-33,8	-30,0	-27,6	-28,3
<b>EBIT (excl. NRI)</b>	<b>-1,9</b>	<b>-5,5</b>	<b>-1,5</b>	<b>5,9</b>	<b>2,8</b>	<b>1,7</b>	<b>-4,0</b>	<b>0,5</b>	<b>8,2</b>	<b>5,4</b>	<b>10,1</b>	<b>20,3</b>	<b>25,3</b>	<b>29,7</b>
<b>EBIT</b>	<b>-2,0</b>	<b>-11,6</b>	<b>-1,5</b>	<b>5,0</b>	<b>2,9</b>	<b>-5,3</b>	<b>-27,2</b>	<b>0,5</b>	<b>4,5</b>	<b>5,4</b>	<b>-16,8</b>	<b>20,3</b>	<b>25,3</b>	<b>29,7</b>
Finland	8,2	-2,3	0,8	4,8	3,2	6,5	-0,3	2,4	7,3	4,6	13,9	16,6	17,8	19,2
Sweden	-1,0	0,5	0,9	0,2	1,3	2,9	0,5	1,0	2,2	1,5	5,2	5,9	6,4	7,2
Norway	2,1	-1,6	-0,8	0,7	-0,8	-2,5	-1,7	-1,0	-0,7	-0,5	-3,9	0,0	2,5	4,5
Denmark	0,6	1,3	1,1	1,1	1,3	4,9	0,7	1,2	1,0	1,4	4,3	4,5	4,9	5,0
Other business	-4,0	-1,0	-0,9	0,3	0,5	-1,0	-0,5	-0,4	0,5	1,0	0,5	2,8	3,3	3,4
Group functions	-7,8	-2,4	-2,7	-1,2	-2,8	-9,1	-2,8	-2,6	-2,0	-2,5	-9,9	-9,6	-9,6	-9,6
Items affecting comparability	0,0	-6,1	0,0	-1,0	0,1	-7,0	-23,2	0,0	-3,7	0,0	-26,9	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	-3,7	-3,0	-12,4	-11,0	-10,0	-10,0
<b>PTP</b>	<b>-11,4</b>	<b>-14,5</b>	<b>-4,6</b>	<b>1,9</b>	<b>-0,8</b>	<b>-18,0</b>	<b>-30,2</b>	<b>-2,3</b>	<b>0,8</b>	<b>2,4</b>	<b>-29,3</b>	<b>9,3</b>	<b>15,3</b>	<b>19,7</b>
Taxes	-3,5	-0,6	-0,1	-0,1	11,1	10,3	-0,3	-0,4	-0,7	-0,4	-1,7	-3,4	-3,1	-3,9
Minority interest	-0,1	0,0	0,1	-0,3	-0,1	-0,3	0,0	0,0	-0,5	-0,1	-0,6	-0,4	-0,4	-0,4
<b>Net earnings</b>	<b>-15,0</b>	<b>-15,1</b>	<b>-4,5</b>	<b>1,5</b>	<b>10,2</b>	<b>-8,0</b>	<b>-30,5</b>	<b>-2,6</b>	<b>-0,4</b>	<b>1,9</b>	<b>-31,5</b>	<b>5,4</b>	<b>11,8</b>	<b>15,3</b>
<b>EPS (adj.)</b>	<b>-0,10</b>	<b>-0,06</b>	<b>-0,03</b>	<b>0,01</b>	<b>0,06</b>	<b>-0,02</b>	<b>-0,05</b>	<b>-0,02</b>	<b>0,02</b>	<b>0,01</b>	<b>-0,05</b>	<b>0,01</b>	<b>0,06</b>	<b>0,10</b>
<b>EPS (rep.)</b>	<b>-0,10</b>	<b>-0,10</b>	<b>-0,03</b>	<b>0,00</b>	<b>0,06</b>	<b>-0,07</b>	<b>-0,20</b>	<b>-0,02</b>	<b>-0,01</b>	<b>0,01</b>	<b>-0,22</b>	<b>0,01</b>	<b>0,06</b>	<b>0,10</b>

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
<b>Revenue growth-%</b>	1,4 %	2,4 %	-0,2 %	3,1 %	7,3 %	3,2 %	-6,4 %	3,8 %	-1,5 %	-5,7 %	-2,5 %	1,8 %	4,0 %	2,9 %
<b>Adjusted EBIT growth-%</b>	-112,5 %	126,8 %	-431,9 %	43,2 %	-170,2 %	-189,2 %	-27,1 %	-133,6 %	38,6 %	92,6 %	509,2 %	101,5 %	25,0 %	17,3 %
<b>EBITDA-%</b>	3,4 %	-2,0 %	2,7 %	5,9 %	4,3 %	2,9 %	-11,1 %	3,9 %	7,2 %	5,7 %	2,0 %	6,0 %	6,0 %	6,4 %
<b>Adjusted EBIT-%</b>	-0,2 %	-2,9 %	-0,7 %	2,8 %	1,2 %	0,2 %	-2,3 %	0,2 %	3,9 %	2,4 %	1,2 %	2,4 %	2,9 %	3,3 %
<b>Net earnings-%</b>	-1,8 %	-8,0 %	-2,2 %	0,7 %	4,2 %	-0,9 %	-17,3 %	-1,2 %	-0,2 %	0,9 %	-3,8 %	0,6 %	1,3 %	1,7 %

Source: Inderes

# Balance sheet

Assets	2022	2023	2024e	2025e	2026e
<b>Non-current assets</b>	<b>372</b>	<b>387</b>	<b>378</b>	<b>376</b>	<b>378</b>
Goodwill	256	254	249	249	249
Intangible assets	35,3	32,9	33,0	33,1	33,2
Tangible assets	57,2	62,4	56,6	55,1	56,6
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
<b>Current assets</b>	<b>250</b>	<b>238</b>	<b>216</b>	<b>219</b>	<b>224</b>
Inventories	24,8	17,3	16,6	16,9	17,5
Other current assets	0,0	0,0	0,0	0,0	0,0
Receivables	177	196	170	173	175
Cash and equivalents	47,9	24,7	29,0	29,5	30,7
<b>Balance sheet total</b>	<b>622</b>	<b>624</b>	<b>593</b>	<b>596</b>	<b>602</b>

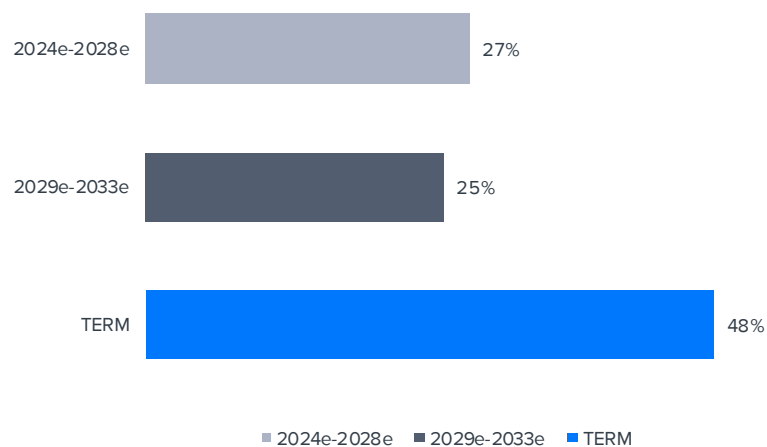
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
<b>Equity</b>	<b>211</b>	<b>224</b>	<b>189</b>	<b>191</b>	<b>176</b>
Share capital	160	162	162	162	162
Retained earnings	-381,2	-390,8	-425,7	-423,5	-413,4
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
<b>Non-current liabilities</b>	<b>85,2</b>	<b>75,5</b>	<b>87,6</b>	<b>85,3</b>	<b>98,0</b>
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	67,3	65,0	77,7
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
<b>Current liabilities</b>	<b>325</b>	<b>325</b>	<b>317</b>	<b>319</b>	<b>327</b>
Interest bearing debt	107	70,3	89,2	86,2	84,2
Payables	215	251	224	230	240
Other current liabilities	3,3	3,7	3,7	3,7	3,7
<b>Balance sheet total</b>	<b>622</b>	<b>624</b>	<b>593</b>	<b>596</b>	<b>602</b>

# DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	3,2 %	-2,5 %	1,8 %	4,0 %	2,9 %	2,4 %	2,3 %	2,2 %	2,2 %	2,1 %	2,0 %	2,0 %
EBIT-%	-0,6 %	-2,0 %	2,4 %	2,9 %	3,3 %	3,1 %	3,0 %	2,9 %	2,7 %	2,5 %	2,5 %	2,5 %
<b>EBIT (operating profit)</b>	<b>-5,3</b>	<b>-16,8</b>	<b>20,3</b>	<b>25,3</b>	<b>29,7</b>	<b>28,7</b>	<b>28,4</b>	<b>28,0</b>	<b>26,7</b>	<b>25,2</b>	<b>25,7</b>	
+ Depreciation	30,1	33,8	30,0	27,6	28,3	28,9	29,4	30,0	30,5	31,0	31,2	
- Paid taxes	-0,3	0,8	-3,4	-3,1	-3,9	-3,7	-3,7	-3,6	-3,3	-3,0	-4,1	
- Tax, financial expenses	-2,5	0,7	-2,2	-2,0	-2,0	-2,0	-2,0	-2,0	-2,0	-2,0	-1,0	
+ 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	-0,9	2,4	6,8	3,2	3,0	2,2	2,2	2,2	2,3	1,2	
<b>Operating cash flow</b>	<b>47,7</b>	<b>17,6</b>	<b>47,0</b>	<b>54,6</b>	<b>55,2</b>	<b>54,9</b>	<b>54,3</b>	<b>54,6</b>	<b>54,1</b>	<b>53,4</b>	<b>53,1</b>	
+ 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	-31,7	
<b>Free operating cash flow</b>	<b>15,0</b>	<b>-10,4</b>	<b>18,4</b>	<b>25,5</b>	<b>25,6</b>	<b>24,8</b>	<b>23,7</b>	<b>23,5</b>	<b>22,5</b>	<b>21,8</b>	<b>21,4</b>	
+/- 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	-10,4	18,4	25,5	25,6	24,8	23,7	23,5	22,5	21,8	21,4	266
<b>Discounted FCFF</b>		<b>-10,3</b>	<b>16,4</b>	<b>20,7</b>	<b>18,8</b>	<b>16,5</b>	<b>14,3</b>	<b>12,9</b>	<b>11,2</b>	<b>9,9</b>	<b>8,8</b>	<b>109</b>
Sum of FCFF present value		228	238	222	201	183	166	152	139	128	118	109
<b>Enterprise value DCF</b>		<b>228</b>										
- Interest bearing debt		-149,9										
+ Cash and cash equivalents		24,7										
-Minorities		-4,2										
-Dividend/capital return		0,0										
<b>Equity value DCF</b>		<b>98,7</b>										
<b>Equity value DCF per share</b>		<b>0,63</b>										
<b>Equity value DCF per share (SEK)</b>		<b>7,3</b>										

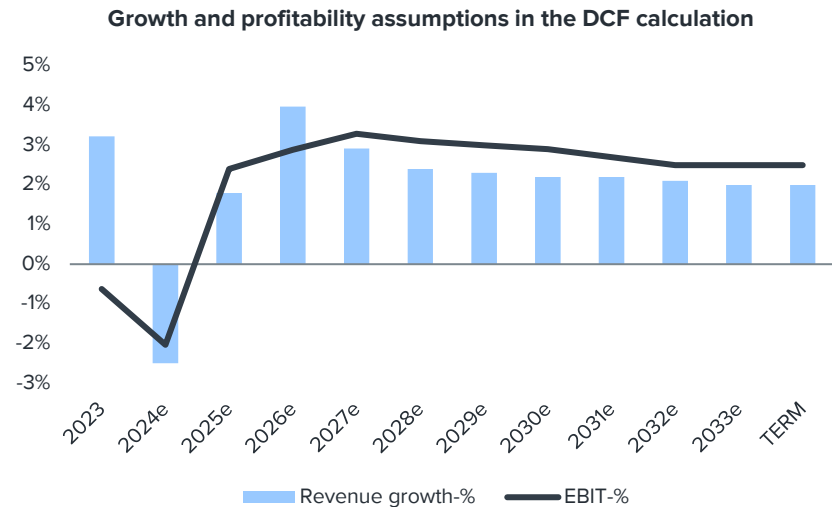
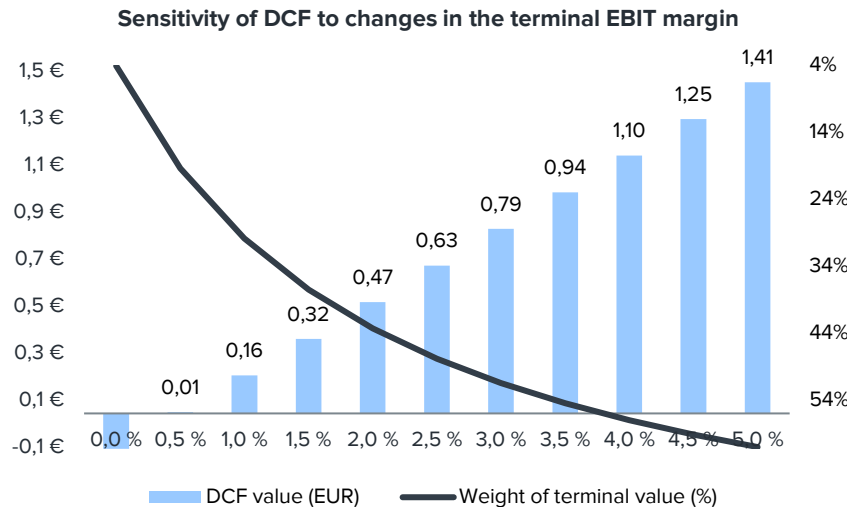
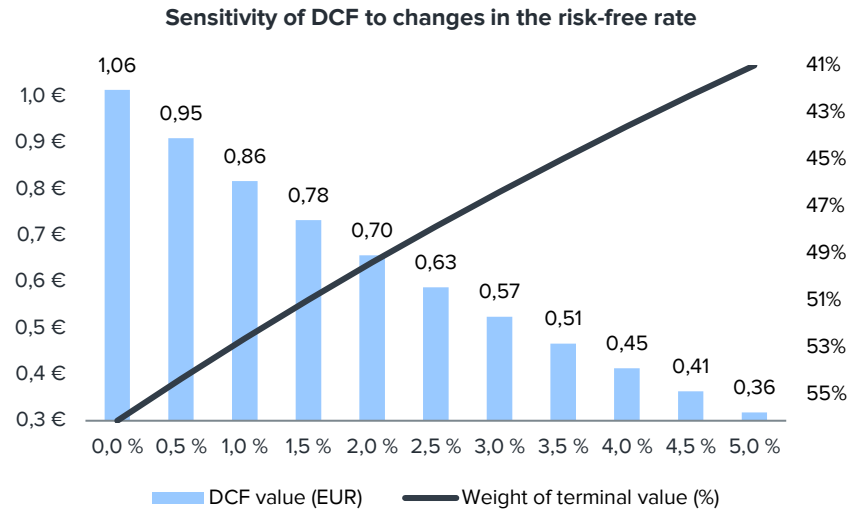
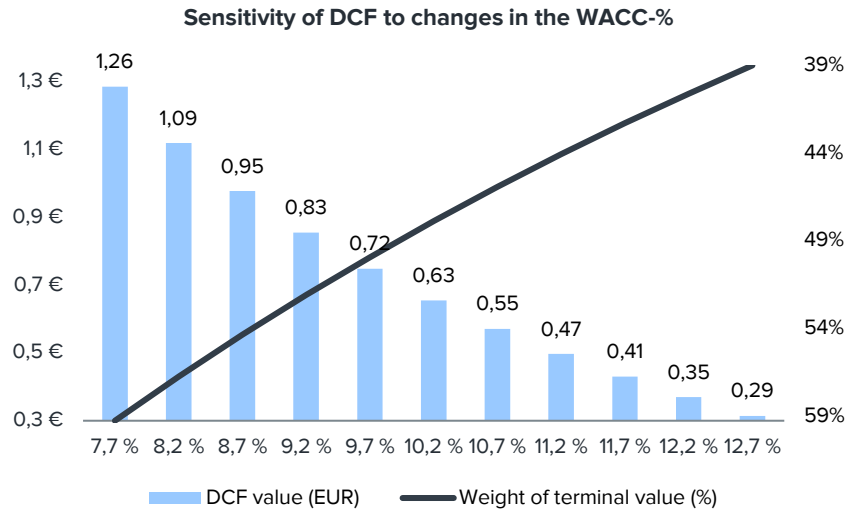
## Cash flow distribution



## 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 %
<b>Cost of equity</b>	<b>11,0 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>10,2 %</b>

# 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	<b>828,9</b>	<b>843,8</b>	EPS (reported)	0,03	-0,10	-0,07	<b>-0,22</b>	<b>0,01</b>
EBITDA	46,5	27,8	24,8	<b>17,0</b>	<b>50,3</b>	EPS (adj.)	0,03	-0,10	-0,02	<b>-0,05</b>	<b>0,01</b>
EBIT	14,5	-2,0	-5,3	<b>-16,8</b>	<b>20,3</b>	OCF / share	0,16	0,19	0,30	<b>0,11</b>	<b>0,30</b>
PTP	8,7	-11,4	-18,0	<b>-29,3</b>	<b>9,3</b>	FCF / share	0,02	0,04	0,10	<b>-0,07</b>	<b>0,12</b>
Net Income	4,3	-15,0	-8,0	<b>-31,5</b>	<b>5,4</b>	Book value / share	1,41	1,30	1,38	<b>1,16</b>	<b>1,17</b>
Extraordinary items	-0,3	-0,1	-7,0	<b>-26,9</b>	<b>0,0</b>	Dividend / share	0,00	0,00	0,00	<b>0,00</b>	<b>0,00</b>
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	630,8	621,7	624,2	<b>593,2</b>	<b>595,7</b>	Revenue growth-%	-13 %	1 %	3 %	<b>-2 %</b>	<b>2 %</b>
Equity capital	227,9	211,3	223,6	<b>188,8</b>	<b>191,0</b>	EBITDA growth-%	-26 %	-40 %	-11 %	<b>-32 %</b>	<b>196 %</b>
Goodwill	265,0	256,0	253,6	<b>249,1</b>	<b>249,1</b>	EBIT (adj.) growth-%	30 %	-113 %	-189 %	<b>509 %</b>	<b>101 %</b>
Net debt	121,8	125,0	100,2	<b>127,6</b>	<b>121,7</b>	EPS (adj.) growth-%	-153 %	-424 %	-77 %	<b>129 %</b>	<b>-127 %</b>
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	5,7 %	3,4 %	2,9 %	<b>2,0 %</b>	<b>6,0 %</b>
EBITDA	46,5	27,8	24,8	<b>17,0</b>	<b>50,3</b>	EBIT (adj.)-%	1,8 %	-0,2 %	0,2 %	<b>1,2 %</b>	<b>2,4 %</b>
Change in working capital	-16,1	5,2	25,8	<b>-0,9</b>	<b>2,4</b>	EBIT-%	1,8 %	-0,2 %	-0,6 %	<b>-2,0 %</b>	<b>2,4 %</b>
Operating cash flow	25,8	29,3	47,7	<b>17,6</b>	<b>47,0</b>	ROE-%	2,0 %	-7,1 %	-3,8 %	<b>-15,9 %</b>	<b>3,0 %</b>
CAPEX	-19,5	-14,7	-33,2	<b>-28,0</b>	<b>-28,6</b>	ROI-%	3,9 %	-0,5 %	-1,4 %	<b>-4,9 %</b>	<b>5,9 %</b>
Free cash flow	3,6	6,1	15,0	<b>-10,4</b>	<b>18,4</b>	Equity ratio	38,3 %	37,0 %	39,6 %	<b>34,8 %</b>	<b>35,0 %</b>
						Gearing	53,4 %	59,2 %	44,8 %	<b>67,6 %</b>	<b>63,7 %</b>
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	0,5	0,3	0,3	<b>0,3</b>	<b>0,3</b>						
EV/EBITDA	7,9	8,8	8,7	<b>5,8</b>	<b>5,0</b>						
EV/EBIT (adj.)	25,0	neg.	>100	<b>25,5</b>	<b>12,4</b>						
P/E (adj.)	52,1	neg.	neg.	<b>neg.</b>	<b>47,1</b>						
P/B	1,1	0,6	0,4	<b>0,6</b>	<b>0,5</b>						
Dividend-%	0,0 %	0,0 %	0,0 %	<b>0,0 %</b>	<b>0,0 %</b>						

Source: Inderes

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Date	Recommendation	Target	Share price
5/30/2024	Reduce	SEK 7.20	SEK 6.60
7/26/2024	Reduce	SEK 7.20	SEK 7.50
11/1/2024	Reduce	SEK 7.20	SEK 7.38



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