RESULTS PREVIEW
23 January 2025
Sweden
Energy & Utility

Research analysts:
Örjan Rödén

Arise

Share price: SEK39.0

Fair value range: SEK65.0–86.0

Higher power production to support Q4(24) – Q4 preview

Q4(24) due on 14 February

Arise is scheduled to report Q4(24) on 14 February. No project transactions have been announced in the quarter and we expect only marginal revenue for BA Development, at SEK19m, well below the SEK116m in Q4(23). Our forecast implies a better performance for BA Production, with revenue of SEK43m, down from SE 65m in Q4(23). Electricity spot prices are softening in Sweden due to low demand and high production. However, the recently commissioned wind park Lebo is still in ramping up phase and is adding to electricity production Y/Y. Arise has recently announced a share buyback, but we expect the report to be quiet in terms of news flow. Nevertheless, we believe the report will show the strengths of the Arise equity story, such as recurring revenue and solid cash flow in difficult times for the industry.

Lower estimates on postponed project revenue and lower electricity spot prices

We lower our estimates for 2024 and 2025, but increase our 2026 forecasts. We have pushed out expected project revenue from 2024e to 2025e and from 2005e to 2026e. We have also reduced our electricity price forecast. The electricity production surplus in Sweden is substantial and is increasing due to subdued demand from the bleak economy and continued expansion of renewable energy. Hydro power is also producing at high production rates. Our changes are summarised under the Estimate revisions section in the report

Upcoming events

- Q4 Report: 14 Feb 2025
- Q1 Report: 29 Apr 2025

SOTP model based on peer multiples and DCF – fair value of SEK65–86/share

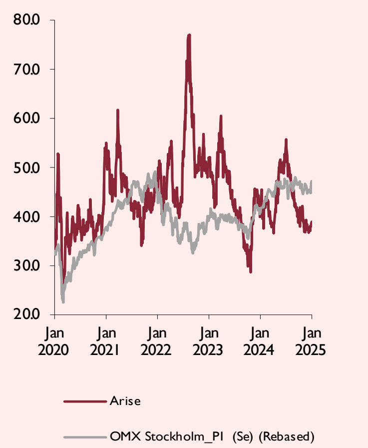
We use a SOTP model for Arise. For BA Development we use EV/EBIT of 10x, which is the 10-year average historical multiple of Eolus, the closest listed peer, in our view. We apply this to a rolling six-year EBIT window (three historical and three estimate years); EBIT in BA Development is volatile from year to year and is by nature mean-reverting, thus the smoothing method. In BA Production, we use a DCF based on the lifetime of the wind park fleet. For central costs and BA Solutions we apply an EV/EBIT of 10x to our current year estimates to reflect the current run rate. We deduct the current year net debt to arrive at our equity value.

Changes in this report	From	To	Chg
EPS adj. 2024e	n.a.	3.4	n.a.
EPS adj. 2025e	n.a.	6.0	n.a.
EPS adj. 2026e	n.a.	9.8	n.a.

Key facts	
No. shares (m)	41.6
Market cap. (USDm)	147
Market cap. (SEKm)	1,623
Net IB Debt. (SEKm)	338
Adjustments (SEKm)	0
EV (2024e) (SEKm)	1,961
Free float	54.0%
Avg. daily vol. ('000)	24
Risk	Medium Risk
Fiscal year end	December
Share price as of (CET)	22 Jan 2025 16:52

Key figures (SEK)	2023	2024e	2025e	2026e
Sales (m)	507	397	683	876
EBITDA (m)	287	197	348	498
EBIT (m)	223	117	268	418
EPS	4.63	3.37	6.01	9.81
EPS adj.	4.63	3.37	6.01	9.81
DPS	1.20	1.35	1.50	1.75
Sales growth Y/Y	-57%	-22%	72%	28%
EPS adj. growth Y/Y	-73%	-27%	79%	63%
EBIT margin	44.0%	29.4%	39.2%	47.7%
P/E adj.	8.4	11.6	6.5	4.0
EV/EBIT	10.3	16.0	7.1	4.0
EV/EBITA	10.3	16.0	7.1	4.0
EV/EBITDA	8.0	9.5	5.5	3.4
P/BV	0.9	0.9	0.8	0.7
Dividend yield	3.1%	3.5%	3.8%	4.5%
FCF yield	-7.8%	6.1%	5.9%	18.0%
Equity/Total Assets	57.9%	57.9%	58.4%	61.0%
ROCE	7.4%	3.5%	7.8%	11.4%
ROE adj.	11.8%	7.7%	12.7%	18.0%
Net IB debt/EBITDA	1.0	1.7	1.0	0.2

Share price - 5Y



High/Low (12M)				SEK55.7/36.7
Perf.	**3M**	**6M**	**12M**	**YTD**
Abs.	-3.0	-28.6	-4.8	6.1
Rel.	-5.0	-28.7	-20.1	1.0

Source: Carnegie Research, FactSet, Millistream & company data

Equity story

Near term: 6–12m

We see a pick-up in project sales relative to L9M. We see a positive market back-drop in markets such as Sweden, the UK and Finland, with particular strength in the latter two. High electricity prices (UK) and demand from electrification and fast permitting processes (Finland) makes investments in renewable energy attractive, in our view. We also expect a continued expansion of the project portfolio. In BA Production we foresee softer prices in the near term due to an adverse Swedish electricity supply/demand balance, with a recovery towards the end 2025 due to higher economic activity and structural demand from electrification from e.g. the steel industry.

Long term: 5Y+

In BA Development we see good growth prospects for investments in renewable energy. We expect increased demand from electrification of the vehicle fleet and CO_2 intensive industries such as steel combined with reduced supply. Onshore wind and solar combined with battery storage offer the cheapest supply of new energy capacity without jeopardising the functionality of the electrical grid. In BA Production we foresee stable prices with the potential of a convergence of the current low Nordic electricity prices to approach European prices, offering upside to profits. Arise's business model is asset light and we see scope for substantial cash generation to be used for dividends/buybacks or M&A.

Key risks:

- A market slowdown of new energy production investments due to e.g. a sharp economic downturn
- The EU giving up its climate ambitions, leading to investments in fossil fuel power production instead of cheap renewable energy
- A low price environment for electricity prices in Sweden

Company description

Arise is combined project developer and wind power producer. BA Development, 45% of sales in 2023, has operations in Sweden, the UK, Finland, Norway and Ukraine. It develops renewable energy projects in onshore wind power, solar and battery storage. The business model is asset light and generally operates with high margins, (45% on average 2015–23). The project portfolio is around 8 GW, with the target to reach 10 GW by 2025. BA Production, 48% of sales in 2023, operates 13 onshore wind parks in the south of Sweden. Unless investing in new greenfield projects, which is rare, investment needs are low. BA Solutions offers asset management services for renewable energy production facilities to internal and external customers.

Key industry drivers

- Transition to a low-carbon economy
- Higher electricity demand from electrification
- Lower electricity supply from ageing nuclear production

Industry outlook

- We foresee strong demand for renewable energy due to attractive costs and the positive environmental impact
- A potential of convergence of low Nordic electricity prices to the higher European prices

Largest shareholders

Claesson & Anderzén	30.2%
AltoCumulus	13.2%
Tredje AP-fonden	9.3%

Cyclicality

Cyclicality: N/A

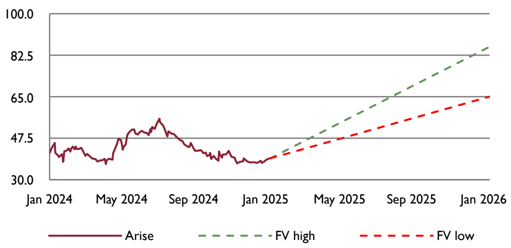
Key peers

Eolus, Magnora, Cloudberry, Energiekontor, PNE, ABO, Orrön

Valuation and methodology

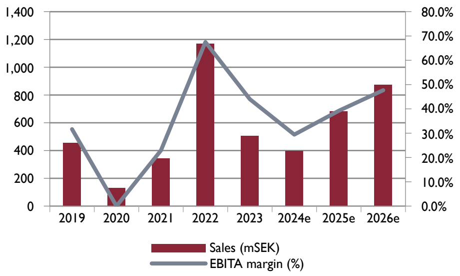
We use our SOTP model in our valuation framework. For BA Development we use EV/EBIT of 10x, which is the 10-year average historical multiple of Eolus, the closest listed peer, in our view. We apply this to a rolling 6-year window of EBIT; 3 years of historical data and 3 years of estimates. EBIT in BA Development is volatile between years and by nature mean reverting, and we thus use this smoothed EBIT method. In BA Production we use a DCF based on the lifetime of the wind park fleet, a sustainable price of SEK0.6/kWh from 2027, adjusted for company specific factors, and discounted at a WACC of 8%. For central costs and BA Solutions we apply the EV/EBIT of 10x to our current year estimates to reflect the current run rate. We deduct the current year net debt to arrive at our equity value.

Fair value range 12m

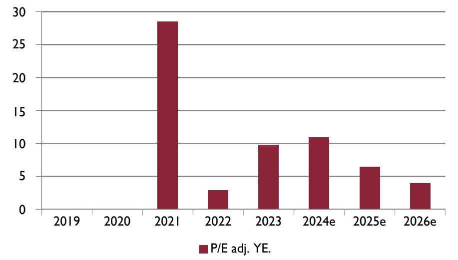


The high end of our valuation range is based on our current estimates. In the low end of our valuation range, we have reduced our EBIT estimates for BA Development by 70% relative to our current forecasts, to simulate a scenario where project activity is clearly lower than in the recent past and relative to our expectations. In this scenario we forecast an EBIT margin for BA development of 18–20% in our forecasts, relative to the average of 45% in the 2015–23 period. The rest of the assumptions are intact relative to the high-end scenario.

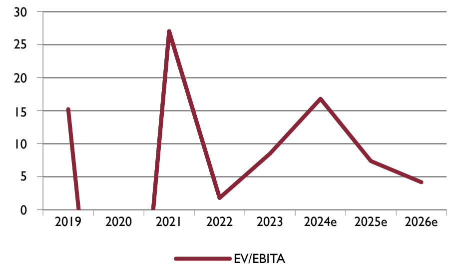
Key metrics



PE 12m forward



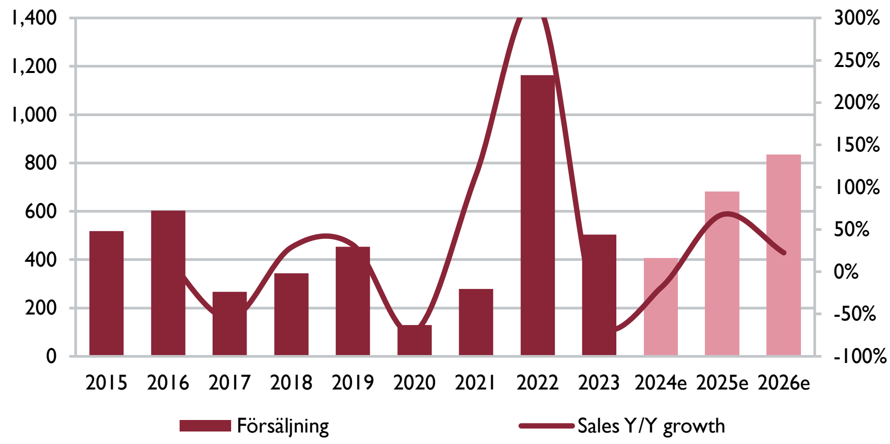
Long term valuation trend



Source: Carnegie Research & company data

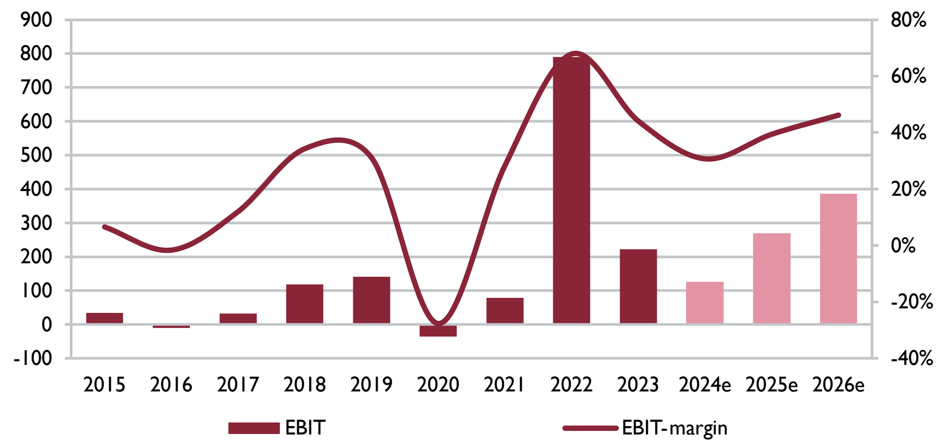
Arise in key charts (all financial data in SEKm)

Revenues and growth, Arise



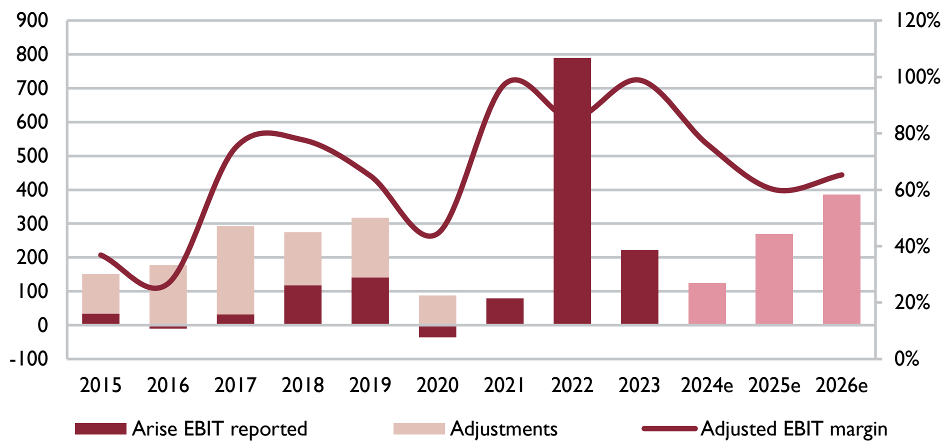
Source: Source: Company data and Carnegie Research

EBIT and EBIT-margin, Arise



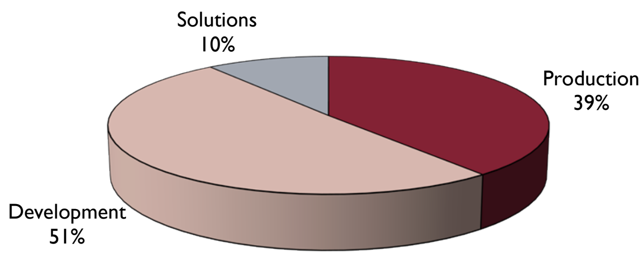
Source: Company data and Carnegie Research

Adjusted EBIT and adjusted EBIT-margin, Arise



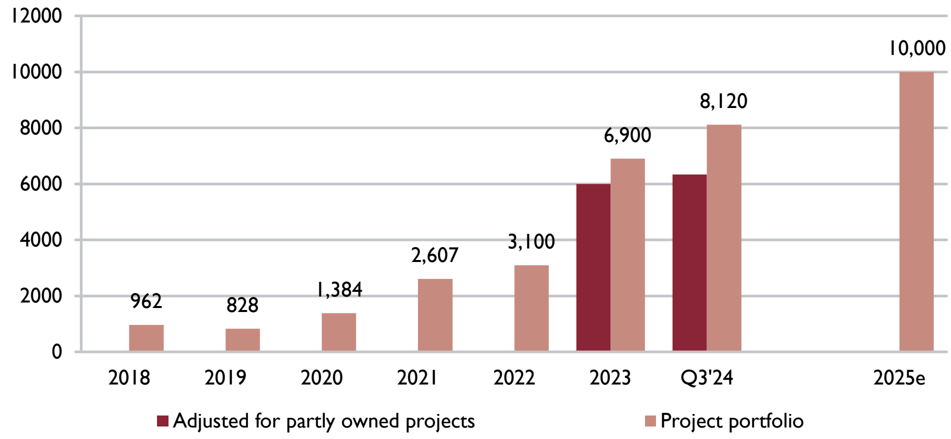
Source: Company data, Carnegie Research

Sales LTM



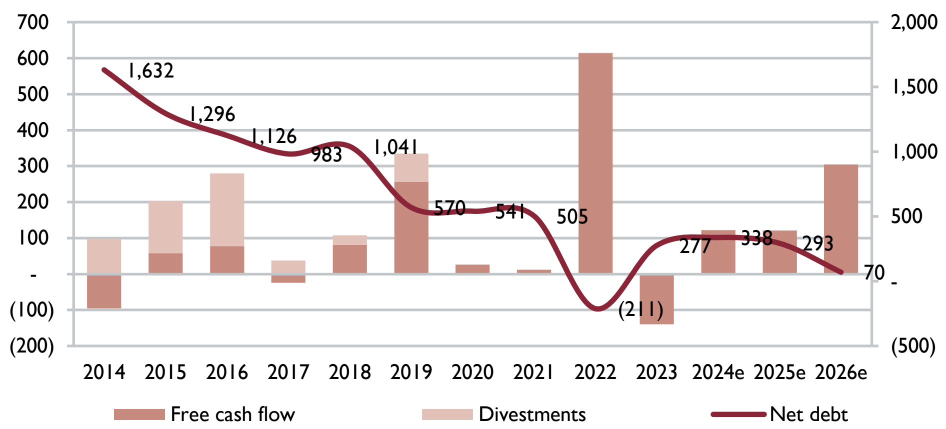
Source: Company data, Carnegie Research

Project portfolio, reported, adj. and company target in 2025e, MW



Source: Company data, Carnegie Research

FCF, divestments and net debt



Source: Company data, Carnegie Research

Estimate revisions

We lower our estimates in both 2024 and 2025 but increase our 2026 forecasts. We have pushed out expected project revenues from 2024e to 2025e and from 2005e to 2026e, which is impacting BA Development. We have also reduced our electricity price forecast for BA Production. The electricity production surplus in Sweden is substantial, and is increasing due to subdued demand due to the bleak economy and continued expansion of renewable energy. Hydro power is also producing at high production rates. Our 2024–26 electricity price forecasts are now close to our normalised electricity price forecast, SEK0.56/kWh, implying reduced earnings risk in BA Production.

Arise - Estimate changes	2024e Old	2024e New	Chg	2025e Old	2025e New	Chg	2026e Old	2026e New	Chg
Sales	535	397	-26%	654	683	4%	712	876	23%
Growth	17%	-22%	n.m.	22%	72%	n.m.	9%	28%	n.m.
EBIT	249	117	-53%	306	268	-12%	365	418	14%
EBIT margin	46.5%	29.4%	n.m.	46.8%	39.2%	n.m.	51.3%	47.7%	-358 bps
EO	0	0	n.m	0	0	n.m	0	0	n.m
Adj EBIT	**249**	**117**	-53%	**306**	**268**	-12%	**365**	**418**	14%
Adj EBIT margin	**46.5%**	**29.4%**	n.m.	**46.8%**	**39.2%**	n.m.	**51.3%**	**47.7%**	-358 bps
Pre-tax profit	229	97	-58%	283	248	-12%	341	398	17%
Net profit	229	145	-37%	283	245	-13%	341	392	15%
EPS	**5.4**	**3.4**	**-38%**	**6.7**	**6.0**	**-10%**	**8.1**	**9.8**	**21%**
EPS adj	**5.4**	**3.4**	**-38%**	**6.7**	**6.0**	**-10%**	**8.1**	**9.8**	**21%**

Source: Carnegie Research, Company data

Valuation and risks

We use a SOTP model for our fair value calculation. For BA Development we apply the average 10-year EV/EBIT multiple of 10x for Eolus, the best comparison in our view, and a six-year rolling window for EBIT to handle the high P&L volatility and the mean reversion characteristics of the renewable project business. For BA Production we use a DCF based on normalised electricity prices and industry benchmark WACC. For BA Solutions and central costs, we apply the same EV/EBIT we use for BA Development, 10x for the current year. The high end of our fair value is based on our current estimates for BA Development. The low end is based on an EBIT cut of 70% for BA Development, which implies an average EBIT for the forecast years similar to that in the 2015–22 period, to reflect a scenario where the market for renewable energy projects is clearly slower than we expect.

Historical average EV/EBIT multiple base for BA Development

For BA Development we use historical EV/EBIT multiples as the basis for our fair value calculation. We have used Eolus as reference object, the most relevant peer in our view. The calculation is based on a rolling six-year period for Eolus, three years of historical EBIT and three years of forecasts, due to the high P&L volatility between years and the mean-reverting characteristics of the renewable energy project business. Using shorter time frames, e.g. 12-month forward, does not make sense to us as the multiple range becomes too wide. Based on historical data and the rolling six-year period, Eolus shares have traded at an average EV/EBIT of 10x.

Eolus Historical EV/EBIT-multiples

Source: Company Data, FactSet, Carnegie Research

For the high end of our fair value range, we apply this 10x EV/EBIT to our current forecasts for BA Development. For the low end of our fair value range, we have reduced our current forecasts by 70% to simulate an average EBIT of SEK74m, which is in line with the average EBIT in the 2015–22 period. This scenario is reflecting a clearly softer transaction market for renewable energy projects relative to our current expectations.

DCF base for BA Production

For BA Production we have used a DCF as a base in the SOTP calculation. The business, wind power production in good locations, is stable, generates positive operating cash flows and has low investment needs in the existing operations. Investments are to a very large extent driven by new construction of wind parks, which is rare and unlikely to take place in the near-term future, in our view. Wind conditions can be volatile over shorter time frames but are in general stable over longer periods. The key swing factor is therefore spot electricity prices.

Taking the history into account, we see three different price regimes in spot prices:

- Before 2020, prices were in general depressed by high electricity production that is now closed, e.g. nuclear power in Sweden and Germany and fossil production in northern and central Europe

- 2021–24 was characterised by the reopening of societies after the pandemic and the war in Ukraine, which drove up natural gas prices on top of general high inflation, while supply of nuclear and fossil energy were reduced as per above

- 2025 and forward we foresee a more balanced situation with continued expansion of renewable energy but challenges that will ultimately reduce supply from both nuclear and hydro power due to climate change (hydro and nuclear) and ageing facilities (nuclear)

- We also expect electrification to support higher prices relative to the pre-2021 period, although we do not share the most optimistic forecasts regarding electricity demand due to a more prudent approach towards the projects involved in the green transition

We have used explicit EBITDA forecasts for BA Production in 2024–26 and applied a normalised price from 2027 and onwards. Our normalised price assumption is based on a gross realised system price of SEK0.6/kWh, adjusted for a price premium in the electricity price areas where Arise has production, SE3/SE4, and for hedging costs, to arrive at net realised price of SEK0.56/kWh. This is in line with long.-term price forecasts of ~EUR0.05, corresponding to ~SEK0.55–0.60/kWh, according to various industry sources.

	2022	2023	2024e	2025e	2026e	2027e
EBITDA, SEKm	160	189	154	154	160	145
WACC	8%					
End of life, year	2053					
Inflation adjustment from 2028e	2%					
DCF value	1,683					

Source: Company data, Carnegie Research

We use the same valuation method for BA Production in both the low and high end of our fair value calculation. The business is stable and the use of normalised electricity prices, which are lower than current spot prices, offers further stability to the calculation, in our view.

EV/EBIT 10x for Solutions and central costs based on current year

To capture the run rate in central costs and other, mainly the Solutions business area, we have applied the EV/EBIT of 10x derived from Eolus historical valuation to the current year's EBIT of these P&L items. We use the current year to capture the run rate; central costs have risen in recent years and using the smoothed method understates the correct value, in our view. We also make some adjustment for minorities and other items.

Summary of SOTP calculation, high end of fair value

	EBIT	Multiple	Value
Developm, avg EBIT 2021a-2026e, actual estimates	277	10	2,768
Central costs and other	-49	10	-490
Production, DCF			1,683
Subtotal			**3,962**
Other adjustments			-100
Enterprise value			**3,862**
Net debt, current year			-336
Equity value			**3,526**
Shares			41
Value per share			**86**

Source: Company data, Carnegie Research

Summary of SOTP calculation, low end of fair value

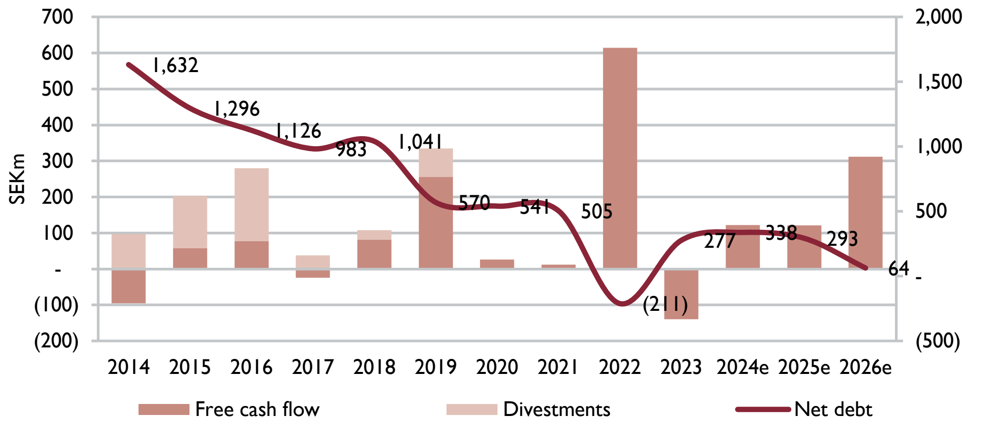
	EBIT	Multiple	Value
Developm, avg EBIT 2021a-2026e, actual estimates-70%	191	10	1,909
Central costs and other	-49	10	-490
Production, DCF			1,683
Subtotal			**3,102**
Other adjustments			-100
Enterprise value			**3,002**
Net debt, current year			-336
Equity value			**2,666**
Shares			41
Value per share			**65**

Source: Company data, Carnegie Research

Use of cash flows – dividends, buy-backs and M&A

Arise will, according to our forecasts, generate strong cash flows. On normalised electricity prices, we expect Arise to generate SEK145m in annual EBITDA from BA Production, without any investment needs, to be compared to the current market capitalisation of SEK1.6bn. BA Development generated an average EBIT margin of 45% during 2015–23, and we expect the strong margin trend to continue. The average EBIT is SEK146m per year over the same period, with no investment needs. In conclusion, we see Arise a strong cash generative company going forward, in line with the historical track record.

FCF, divestments and net debt



Source: Company data, Carnegie Research

As the balance sheet is now healthy after many years of debt reduction, there is scope for more shareholder-friendly and growth-oriented activities. We see good examples of this in recent years:

- Initiated a dividend in 2023
- The launch of no less than three share buyback programmes since 2023
- Executed on two M&A deals, in 2022 and 2023

We expect future cash flows to be used in a similar way, i.e. a mix of dividends, buybacks and acquisitions.

Risks and uncertainties

Volatile revenue and profits

Project development revenue and earnings are volatile between quarters and years. Although the risk of major losses is relatively low, given the low operational leverage compared to e.g. manufacturing companies, the significant earnings volatility can transform into share price volatility. This can ultimately affect the cost of capital from the equity investor perspective.

High dependence on the political landscape

Investments in power generation are highly dependent on political decisions. Investment returns in both onshore wind power and solar power are at or above market cost of capital on average, so the company does not need subsidies. However, power generation investments are still dependent on infrastructure decisions such as building permits, grid connections, or social impact such as wildlife impact. As exemplified by Sweden over the past few years, massive resistance at e.g. the municipal level can slow down renewable project realisation significantly.

The perception of low cyclicality has been challenged

The renewable industry is relatively young and has lived most of its life in a low inflation and low-interest rate environment (2009–21). As the most recent years have demonstrated, macroeconomic factors such as rising interest rates can have an impact on project demand.

Dependency on spot electricity prices

Arise has so far not participated in baseload PPAs, i.e. future contracts comprised of both price and volume components. The company only hedges against price fluctuations, and to a limited extent relative to total production, which is far less risky than baseload PPAs. The company is therefore exposed to spot electricity prices. Although we do not expect a return of the price regime that prevailed before 2021, with low prices, such as scenario cannot be ruled out. Extended periods of low electricity prices during the high-volume production periods in the autumn and winter months, could have a negative impact on the Production business area profitability.

Increasing need for energy storage as share of renewable energy grows

A higher share of renewable energy in the total energy mix increases electricity price volatility. Meteorological conditions are in general impacting big geographical areas in a similar way, creating an adverse price/volume mix for owners of renewable energy assets in these areas. Substantial energy storage capacity is therefore necessary for a continued expansion of weather-dependent renewable energy investments. Other industries such as steel or cement need to step in and build e.g. massive hydrogen production plants. If these investments do not materialise, demand for weather dependent renewable energy projects will probably be negatively impacted.

Production costs for other energy sources reaching current market prices

If production costs for other sources of energy such as tidal power, wave power or fusion power can meet the current market prices, current technology, e.g. wind and solar power will most likely be challenged. The biggest disruptive threat comes from nuclear power. If the Small Modular Reactor (SMR) technology reaches production costs according to the most optimistic forecasts, we believe nuclear will most likely be the future preferred energy source. The combination of stable, non-weather-dependent power generation and small-scale plants enhancing modularity and thus reducing grid investments, makes for an attractive combination.

Interim figures

SEKm	2023 Q1	Q2	Q3	Q4	2024 Q1	Q2	Q3	Q4e	2025 Q1	Q2	Q3	Q4	2023	2024e	2025e	2026e
Sales	107	111	96	195	113	103	105	75	86	67	67	462	507	397	683	876
Growth	22%	109%	-90%	84%	6%	-7%	9%	-61%	-24%	-35%	-36%	514%	-57%	-22%	72%	28%
Adj EBIT	**60**	**53**	**43**	**65**	**54**	**33**	**34**	**-5**	**46**	**31**	**31**	**160**	**223**	**117**	**268**	**418**
Adj EBIT margin	***56.2%***	***47.7%***	***44.9%***	***33.3%***	***47.9%***	***32.2%***	***32.4%***	***-6.3%***	***53.0%***	***46.3%***	***45.9%***	***34.6%***	***44.0%***	***29.4%***	***39.2%***	***47.7%***
EO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EBIT	60	53	43	65	54	33	34	-5	46	31	31	160	223	117	268	418
EBIT margin	*56.2%*	*47.7%*	*44.9%*	*33.3%*	*47.9%*	*32.2%*	*n.m.*	*-6.3%*	*53.0%*	*46.3%*	*45.9%*	*34.6%*	*44%*	*29%*	*39%*	*48%*
Net financials	-9	-17	-8	12	-7	-3	-9	-1	-5	-5	-5	-5	-23	-20	-20	-20
Pre-tax Profit	51	36	35	77	47	30	25	-6	41	26	26	155	200	97	248	398
Tax	0	0	0	0	0	0	38	0	0	0	0	-2	0	38	-2	-5
Tax rate	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*-152%*	*0%*	*1%*	*1%*	*1%*	*1%*	*0%*	*-39%*	*1%*	*1%*
Net profit	51	36	35	77	50	32	64	-2	40	26	26	153	206	145	245	392
EPS (SEK)	1.1	0.9	0.8	1.8	1.2	0.8	1.5	-0.1	1.0	0.6	0.6	3.8	4.6	3.4	6.0	9.8
EPS Adj (SEK)	**1.1**	**0.8**	**0.8**	**1.7**	**1.1**	**0.7**	**1.5**	**-0.1**	**1.0**	**0.6**	**0.6**	**3.8**	**4.6**	**3.4**	**6.0**	**9.8**

Source: Company data, Carnegie Research

Financial statements

Profit & loss (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Sales	262	343	455	130	343	1,169	507	397	683	876
COGS	0	0	0	0	0	0	0	0	0	0
Gross profit	**262**	**343**	**455**	**130**	**343**	**1,169**	**507**	**397**	**683**	**876**
Other income & costs	-138	-152	-235	-97	-200	-319	-220	-200	-335	-378
Share in ass. operations and JV	7	0	-273	0	0	0	0	0	0	0
EBITDA	**131**	**191**	**-53**	**33**	**143**	**850**	**287**	**197**	**348**	**498**
Depreciation PPE	-230	-72	-76	-70	-64	-61	-64	-80	-80	-80
Depreciation lease assets	0	0	0	0	0	0	0	0	0	0
Amortisation development costs	0	0	0	0	0	0	0	0	0	0
Amortisation other intangibles	0	0	0	0	0	0	0	0	0	0
Impairments / writedowns	0	0	0	0	0	0	0	0	0	0
EBITA	**-99**	**118**	**-129**	**-37**	**79**	**789**	**223**	**117**	**268**	**418**
Amortization acquisition related	0	0	0	0	0	0	0	0	0	0
Impairment acquisition related	0	0	0	0	0	0	0	0	0	0
EBIT	**-99**	**118**	**-129**	**-37**	**79**	**789**	**223**	**117**	**268**	**418**
Share in ass. operations and JV	0	0	0	0	0	0	0	0	0	0
Net financial items	-80	-90	-102	-71	-21	-17	-23	-20	-20	-20
of which interest income/expenses	-80	-90	-102	-71	-21	-17	-23	-20	-20	-20
Pre-tax profit	**-179**	**28**	**-231**	**-108**	**58**	**772**	**200**	**97**	**248**	**398**
Taxes	-1	-7	-2	0	-1	0	0	38	-2	-5
Post-tax minorities interest	0	0	0	0	0	0	6	10	0	0
Discontinued operations	0	0	0	0	0	0	0	0	0	0
Net profit	**-180**	**21**	**-233**	**-108**	**57**	**772**	**206**	**145**	**245**	**392**
Adjusted EBITDA	131	191	-53	33	143	850	287	197	348	498
Adjusted EBITA	-99	118	-129	-37	79	789	223	117	268	418
Adjusted EBIT	53	118	-129	-37	94	789	223	117	268	418
Adjusted net profit	-27	21	-233	-108	71	772	206	145	245	392
Sales growth Y/Y	-55.9%	30.5%	32.8%	-71.4%	163.8%	240.8%	-56.6%	-21.8%	72.2%	28.2%
EBITDA growth Y/Y	-5.4%	45.0%	-chg	+chg	333.3%	494.4%	-66.2%	-31.5%	76.8%	43.0%
EBITA growth Y/Y	-chg	+chg	-chg	+chg	+chg	903.8%	-71.7%	-47.7%	129.5%	55.9%
EBIT growth Y/Y	-chg	+chg	-chg	+chg	+chg	903.8%	-71.7%	-47.7%	129.5%	55.9%
EBITDA margin	47.4%	55.6%	48.3%	25.4%	41.7%	72.7%	56.6%	49.6%	50.9%	56.8%
EBITA margin	nm	34.5%	31.6%	nm	22.9%	67.5%	44.0%	29.4%	39.2%	47.7%
EBIT margin	-37.6%	34.5%	-28.4%	-28.5%	22.9%	67.5%	44.0%	29.4%	39.2%	47.7%
Tax rate	-0.6%	24.9%	-0.9%	na	1.7%	na	na	-39.3%	1.0%	1.3%

Cash flow (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
EBITDA	131	191	-53	33	143	850	287	197	348	498
Paid taxes	-8	-8	-10	0	-1	-4	-4	38	-2	-5
Change in NWC	-23	-70	129	38	-68	-41	-90	55	-150	-101
Non cash adjustments	226	74	337	64	132	178	65	0	0	0
Discontinued operations	0	0	0	0	0	0	0	0	0	0
Total operating activities	**326**	**187**	**403**	**135**	**206**	**983**	**258**	**289**	**196**	**392**
Capex tangible assets	-22	-6	13	-34	-124	-175	-354	-170	-80	-80
Capex - other intangible assets	0	0	0	0	0	-130	0	0	0	0
Acquisitions/divestments	0	0	0	0	0	0	-137	0	0	0
Other non-cash adjustments	0	0	0	0	0	0	-47	0	0	0
Total investing activities	**-22**	**-6**	**13**	**-34**	**-124**	**-305**	**-538**	**-170**	**-80**	**-80**
Net financial items	-80	-90	-102	-71	-21	-17	-23	-20	-20	-20
Lease payments	0	0	-5	-5	-6	-6	-8	0	0	0
Share issues & buybacks	0	0	2	0	0	3	-24	-110	-50	0
Change in bank debt	-154	-104	47	-236	-18	505	150	0	0	0
Total financing activities	**-445**	**-265**	**-111**	**-378**	**-100**	**403**	**-26**	**-183**	**-126**	**-80**
Operating cash flow	326	187	403	135	206	983	258	289	196	392
Free cash flow	224	91	309	25	55	655	-127	99	96	292
Net cash flow	-141	-85	305	-277	-18	1,081	-306	-63	-10	231
Change in net IB debt	-6	17	237	-42	-1	671	-433	-63	-10	231
Capex / Sales	8.4%	1.8%	-2.9%	26.2%	36.2%	15.0%	69.8%	42.9%	11.7%	9.1%
NWC / Sales	2.2%	6.9%	10.0%	2.7%	-7.7%	-1.5%	29.2%	59.1%	41.3%	46.5%

Source: Carnegie Research & company data

Financial statements, cont.

Balance sheet (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Other fixed intangible assets	0	0	0	0	25	25	30	30	30	30
Tangible assets	1,878	1,812	1,322	1,276	1,223	1,218	2,236	2,326	2,326	2,326
Lease assets	0	0	0	0	0	0	0	0	0	0
Fixed assets	**1,878**	**1,812**	**1,322**	**1,276**	**1,298**	**1,433**	**2,510**	**2,600**	**2,600**	**2,600**
Inventories (2)	4	8	8	1	1	0	0	0	0	0
Receivables (2)	0	0	0	2	3	7	7	5	9	12
Cash & cash equivalents (1)	146	61	365	86	70	1,220	917	854	843	1,075
Current assets	**247**	**256**	**473**	**142**	**213**	**1,483**	**1,297**	**1,157**	**1,365**	**1,744**
Total assets	**2,125**	**2,068**	**1,795**	**1,418**	**1,511**	**2,916**	**3,807**	**3,757**	**3,965**	**4,344**
Shareholders' equity	843	824	698	703	676	1,616	1,887	1,869	2,008	2,340
Minorities	0	0	0	0	0	0	318	308	308	308
Total equity	**843**	**824**	**698**	**703**	**676**	**1,616**	**2,205**	**2,177**	**2,316**	**2,648**
Deferred tax	0	0	0	1	0	0	0	0	0	0
LT IB debt (1)	1,079	922	932	609	370	925	1,070	1,070	1,070	1,070
Lease libilities	0	0	0	0	55	55	65	65	65	65
LT liabilities	**1,079**	**968**	**978**	**656**	**474**	**1,042**	**1,425**	**1,425**	**1,425**	**1,425**
ST IB debt (1)	50	180	3	18	146	27	57	57	57	57
Payables (2)	153	96	116	26	23	49	21	16	28	36
Other ST non-IB liabilities	0	0	0	0	4	2	2	2	2	2
Current liabilities	**203**	**276**	**119**	**59**	**361**	**258**	**177**	**155**	**224**	**270**
Total equity and liabilities	**2,125**	**2,068**	**1,795**	**1,418**	**1,511**	**2,916**	**3,807**	**3,757**	**3,965**	**4,344**
Net IB debt (=1)	983	1,041	570	541	501	-213	275	338	349	117
Net working capital (NWC) (=2)	-52	99	-8	15	-68	34	262	207	357	457
Capital employed (CE)	1,972	1,926	1,633	1,331	1,247	2,623	3,397	3,369	3,508	3,840
Capital invested (CI)	1,826	1,911	1,314	1,291	1,180	1,277	2,528	2,563	2,713	2,813
Equity / Total assets	40%	40%	39%	50%	45%	55%	58%	58%	58%	61%
Net IB debt / EBITDA	7.5	5.5	-10.8	16.4	3.5	-0.3	1.0	1.7	1.0	0.2

Per share data (SEK)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Adj. no. of shares in issue YE (m)	33.37	33.37	33.37	36.33	38.50	44.38	43.76	41.62	40.00	40.00
Diluted no. of Shares YE (m)	33.93	33.93	33.31	44.50	44.53	44.57	44.40	41.62	40.00	40.00
EPS	-5.29	0.62	-6.93	-2.78	1.27	17.3	4.63	3.37	6.01	9.81
EPS adj.	-0.79	0.62	-6.93	-2.78	1.60	17.3	4.63	3.37	6.01	9.81
CEPS	1.28	2.76	3.30	-1.11	2.58	18.6	5.89	5.23	7.97	11.8
DPS	0.00	0.00	0.00	0.00	0.00	1.00	1.20	1.35	1.50	1.75
BVPS	25.3	24.7	20.9	19.4	17.6	36.4	43.1	44.9	50.2	58.5

Performance measures	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
ROE	-19.3%	2.5%	-30.6%	-15.4%	8.2%	67.4%	11.8%	7.7%	12.7%	18.0%
Adj. ROCE pre-tax	-4.2%	6.1%	-7.3%	-2.5%	6.1%	40.8%	7.4%	3.5%	7.8%	11.4%
Adj. ROIC after-tax	-5.0%	4.8%	-8.1%	-2.8%	6.3%	64.2%	11.7%	6.4%	10.1%	14.9%

Valuation	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
FCF yield	13.8%	5.6%	19.0%	1.5%	3.4%	40.3%	-7.8%	6.1%	5.9%	18.0%
Dividend yield YE	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2.6%	3.7%	3.8%	4.5%
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	5.8%	25.9%	40.1%	24.9%	17.8%
Dividend + buy backs yield YE	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	3.8%	10.9%	7.1%	4.5%
EV/Sales YE	5.43	4.72	3.46	18.02	7.39	1.74	4.52	4.71	2.79	1.92
EV/EBITDA YE	11.4	8.5	7.1	>50	17.7	2.4	8.0	9.5	5.5	3.4
EV/EBITA YE	neg.	13.7	10.9	neg.	32.3	2.6	10.3	16.0	7.1	4.0
EV/EBITA adj. YE	neg.	13.7	10.9	neg.	32.3	2.6	10.3	16.0	7.1	4.0
EV/EBIT YE	neg.	13.7	10.9	neg.	32.3	2.6	10.3	16.0	7.1	4.0
P/E YE	nm	27.3	nm	nm	35.9	2.9	9.8	10.9	6.5	4.0
P/E adj. YE	nm	27.3	nm	nm	28.5	2.9	9.8	10.9	6.5	4.0
P/BV YE	0.51	0.69	1.44	2.09	2.60	1.38	1.05	0.82	0.78	0.67
Share price YE (SEK)	13.0	17.0	30.1	40.5	45.7	50.3	45.5	36.8	39.0	

Source: Carnegie Research & company data

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