

NEWS FLASH

 05 February 2025
Sweden
Capital Goods

Research analysts:

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Bergman & Beving

Share price: SEK325.0

Fair value range: SEK306.0–376.0

20 quarters in a row with EBITA growth – Q3 first take

Organic growth down 5% Y/Y in Q3...

The economic climate remains difficult in the construction and manufacturing sectors in the Nordics. Bergman & Beving's (B&B) organic growth in Q3 was -5% Y/Y, leading to sales coming in 2% below Modular Finance consensus and 3% below our forecast. The number of employees in the construction and manufacturing sectors, which is the key driver of B&B's sales, decreased during the autumn. The company comments that it does not see the pressure waning in the near future.

...but continuous margin expansion

Although the EBITA margin was 90bps lower sequentially, the margin expansion continued Y/Y, and B&B has now grown EBITA for 20 quarters in a row. The EBITA margin grew 30bps to 9.6% in Q3. Consensus was 9.8% and EBITA was 4% below consensus expectations. B&B continues to optimise operations and cut costs to meet the state of the market. We would expect low single-digit cuts to consensus estimates.

Four acquisitions added in the quarter

M&A continues to be a key driver for growth, and B&B added four companies in the quarter, corresponding to annualised sales of SEK310m. The contribution from acquisitions to sales in Q3 was 11%-points, therefore the company grew the top line despite negative organic growth. B&B looks for companies with EBITA margins over 15%, meaning that the add-ons are margin accretive. We expect the M&A trend to continue.

Upcoming events

- Q3 Report: 05 Feb 2025
- Q4 Report: 09 May 2025

Conference call at 09.00 CET

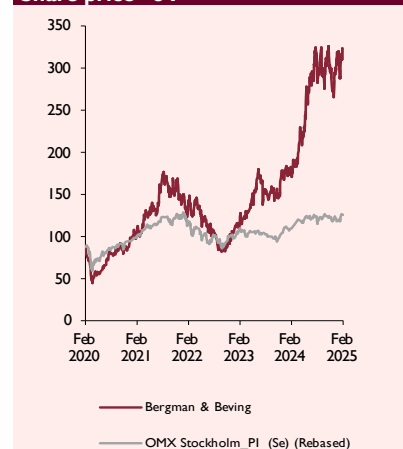
We will look for more colour on the state of demand and an update on the M&A environment.

Key facts

No. shares (m)	26.7
Market cap. (USDm)	791
Market cap. (SEKm)	8,681
Net IB Debt. (SEKm)	2,188
Adjustments (SEKm)	0
EV (2024e) (SEKm)	10,869
Free float	82.6%
Avg. daily vol. ('000)	19
Risk	High Risk
Fiscal year end	March
Share price as of (CET)	04 Feb 2025 17:29

Key figures (SEK)	2023	2024e	2025e	2026e
Sales (m)	4,723	5,051	5,428	5,631
EBITA (m)	438	520	588	629
EBITA adj. (m)	438	520	588	629
EPS	7.13	9.01	10.9	12.3
EPS adj.	9.59	12.0	13.9	15.2
DPS	3.80	4.50	5.00	5.00
Sales growth Y/Y	-1%	7%	7%	4%
EPS adj. growth Y/Y	2%	25%	16%	10%
EBITA adj. margin	9.3%	10.3%	10.8%	11.2%
EV/Sales	2.3	2.2	2.0	1.8
EV/EBITA adj.	17.5	20.9	18.2	16.5
EV/EBITA	17.5	20.9	18.2	16.5
EV/EBIT	20.6	24.7	21.0	19.0
P/E adj.	33.9	27.1	23.4	21.3
P/BV	4.1	3.9	3.6	3.3
Dividend yield	1.2%	1.4%	1.5%	1.5%
FCF yield	7.0%	4.9%	5.7%	6.8%
ROCE	8.4%	9.6%	10.8%	11.7%
ROE adj.	12.0%	14.8%	16.0%	16.2%
Net IB debt/EBITDA	3.1	3.0	2.4	1.9

Share price - 5Y



High/Low (12M) SEK327/170.8

Perf. 3M 6M 12M YTD

Abs. 10.0 9.1 89.0 4.5

Rel. 6.7 2.6 75.2 -1.7

Source: Carnegie Research, FactSet, Millstream & company data

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B&B deviation table SEKm	2023/24		2024/25		Q2	Q3a	Consensus		Carnegie		23/24	24/25e	25/26e	26/27e
	Q3	Q4	Q1	Q3e			Dev	Q3e	Dev					
Sales	1,187	1,214	1,253	1,144	1,264	1,291	-2%	1,306	-3%	4,723	5,051	5,428	5,631	
Growth	-4%	-2%	2%	5%	4%	9%	-4.6pp	10%	-5.9pp	-1%	7%	7%	4%	
Organic	-12%	-12%	-7%	-3%	-5%	-1%	-3.7pp	0%	-5pp	-10%	-2%	4%	4%	
Acquisitions	8%	10%	9%	9%	11%	10%	0.6pp	10%	0.6pp	9%	9%	4%	0%	
Currency	0%	0%	0%	-1%	0%	0%	0.4pp	0%	0.4pp	1%	0%	0%	0%	
Adj EBITA	110	116	119	120	121	126	-4%	138	-13%	438	520	588	629	
Adj EBITA margin	9.3%	9.6%	9.5%	10.5%	9.6%	9.8%	-0.2pp	10.6%	-1pp	9.3%	10.3%	10.8%	11.2%	
PPA	-16	-19	-19	-20	-23	-20	15%	-20	15%	-66	-80	-80	-80	
EO	0	0	0	0	0	0	n.m	0	n.m	0	0	0	0	
EBIT	94	97	100	100	98	106	-8%	118	-17%	372	440	508	549	
EBIT margin	7.9%	8.0%	8.0%	8.7%	7.8%	8.2%	-0.5pp	9.1%	-1.3pp	7.9%	8.7%	9.4%	9.7%	
Net financials	-24	-32	-26	-27	-28	-27	3%	-26	8%	-111	-105	-102	-93	
Pre-tax Profit	70	65	74	73	70	79	-11%	92	-24%	261	335	406	456	
Tax	-15	-16	-16	-18	-16	-20	-19%	-21	-25%	-60	-77	-93	-105	
Tax rate	21%	25%	22%	25%	22.9%	25%	-2.2pp	23%	-0.1pp	23%	23%	23%	23%	
Net profit	52	46	52	52	54	59	-9%	68	-21%	191	243	294	330	
EPS (SEK)	1.94	1.72	1.93	1.93	2.00	2.14	-7%	2.53	-21%	7.1	9.0	10.9	12.3	
EPS Adj (SEK)	2.54	2.43	2.63	2.67	1.95	2.14	-9%	3.27	-40%	9.6	12.0	13.9	15.2	

Source: Carnegie Research, Modular Finance, Company data

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