

Reason: Post-results comment

Eolus Vind

Q4 hampered by further cost increases

- Additional costs have been recognized in project dev.
- There is project development activity after Öyfjellet
- Wind Wall and Öyfjellet likely to require near-term cash

Major reported EBIT let-down but explainable

Eolus reported Q4 sales of SEK 1,034m (ABGSCe SEK 1,000m) and EBIT of SEK 72m (ABGSCe SEK 164m). The SEK 91m EBIT deviation is primarily due to 1) a SEK 24m write-down of project portfolio as 3-4 early phase projects were not worth developing further, which is a natural part of Eolus business. 2) It was also due to Nylandsbergen and Kråktorpet suffering bigger costs than previously expected in Q3, which was a result of construction being forced to meet deadlines, implying further costs. We estimate these were SEK 40-50m. 3) Furthermore, we expected FX derivatives (non-cash) to provide a boost of SEK 45m; however, it was only SEK 15m.

We expect 250MW in 2022 on the back of the project portfolio

We make estimate revisions due to increased costs in Kråktorpet and Nylandsbergen, in addition to revenue recognition adjustment of Kråktorpet, which recognized 53% revenue in Q4 relative to our estimate of 25%. Furthermore, Bäckhammar recognized 13% revenue, which we expected to start in Q2'19/20. With no communicated projects after Öyfjellet, we still believe that ~250MW will be delivered in 2022 on the back of 400MW in Sweden holds permits, in addition to the 130-190 MW (ABGSCe) wind farm in Latvia receiving an environmental permit in July.

No extraordinary dividend (yet)

Going into the quarter, we expected some communication regarding the extraordinary dividend due to Eolus's large net cash position. There was no communication, however, and SEK 1.5 per share will be distributed like last year. We now think there could be an EO dividend after the Öyfjellet divestment in two years, when we expect net cash of SEK 1.1bn. This is due to potential capital requirements for Öyfjellet until Aquila accesses project rights. Also, Wind Wall is likely to be financed by Eolus initially. Depending on the project outlook from there, we believe SEK 200m in net cash would be reasonable, which could imply a SEK 0.9bn dividend or ~SEK 35 per share. We increase our fair value range to SEK 52-151 per share due to adjusted WACC (7.7%) after project handovers.

Lead analyst: Mattias Ehrenborg

SEKm	2018	2019	2020e	2021e	2022e
Sales	1,367	2,032	1,351	675	2,953
EBITDA	217	123	335	359	233
EBITDA margin (%)	15.9	6.1	24.8	53.2	7.9
EBIT adj	202	118	331	355	229
EBIT adj margin (%)	14.8	5.8	24.5	52.6	7.8
Pretax profit	199	116	327	352	226
EPS rep	7.58	5.23	10.50	11.32	7.27
EPS adj	7.58	5.23	10.50	11.32	7.27
Sales growth (%)	28.3	48.6	-33.5	-50.0	337.2
EPS growth (%)	693.0	-31.0	100.6	7.8	-35.8

Source: ABG Sundal Collier, Company data

Company sponsored research

Not rated

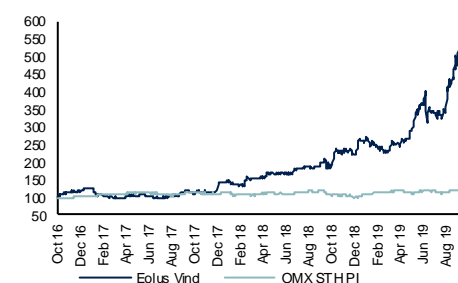
Estimate changes (%)	2020e	2021e	2022e
Sales	-41.6%	0.0%	0.0%
EBIT (rep)	-13.8%	-2.1%	0.0%
EPS (rep)	-13.9%	-2.1%	0.0%

Source: ABG Sundal Collier

Share price (SEK)	23/10/2019	112.0
Utilities, Sweden		
EOLUb.ST/EOLUB SS		
MCap (SEKm)		2,790
MCap (EURm)		259.9
Net debt (EURm)		-78
No. of shares (m)		24.9
Free float (%)		100.0
Av. daily volume (k)		120.7

Next event Q1 report: 23 Jan

Performance



	1m	3m	12m
Absolute (%)	16.4	56.4	194.0
OMX STH PI (%)	3.8	3.3	16.1

Source: FactSet

	2020e	2021e	2022e
P/E (x)	10.7	9.9	15.4
P/E adj (x)	10.7	9.9	15.4
P/BVPS (x)	2.50	2.06	1.88
EV/EBITDA (x)	5.8	4.8	6.8
EV/EBIT adj (x)	5.9	4.8	6.9
EV/sales (x)	1.45	2.53	0.53
ROE adj (%)	26.1	22.9	12.8
Dividend yield (%)	1.6	1.8	1.8
FCF yield (%)	2.6	10.3	6.6
Lease adj. FCF yld (%)	2.6	10.3	6.6
Net IB debt/EBITDA	-2.5	-3.0	-5.2
Lease adj. ND/EBITDA	-2.5	-3.0	-5.2

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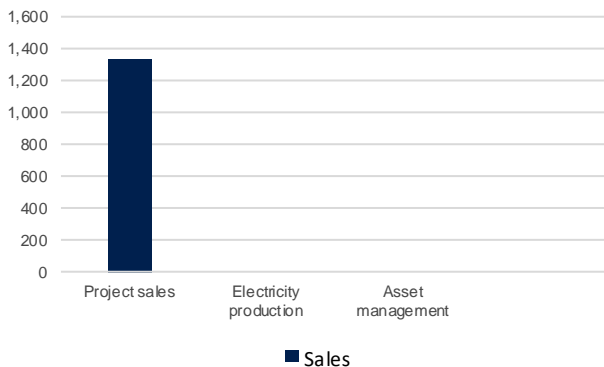
Opportunities

Faster realization of priority projects than our assumptions. De-risked operation through release of own windfarms and lower impairment risks. Potential expansion to new areas within sustainable energy.

Risks

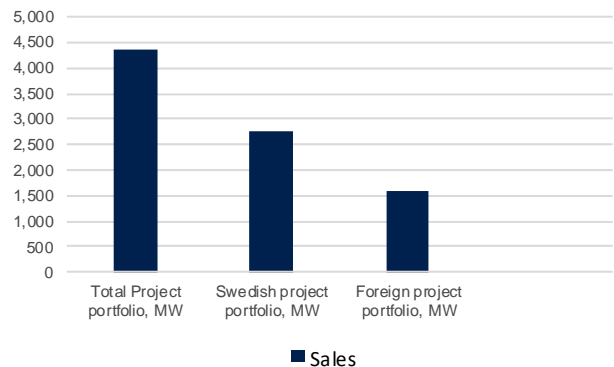
Lower investment activity in wind power facilities. Political risks and dependence on electricity prices. Construction risk.

Geographical breakdown, sales, SEKm



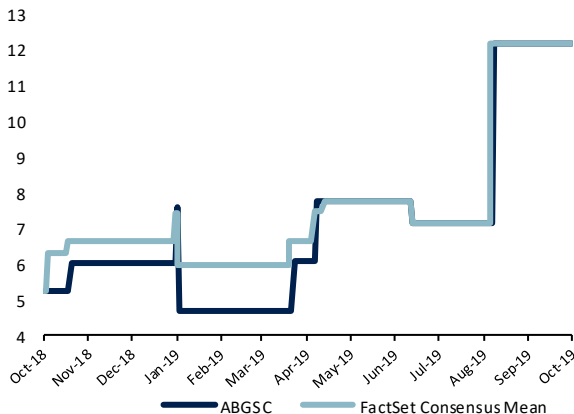
Source: ABG Sundal Collier, Company data

Business area breakdown, sales, SEKm



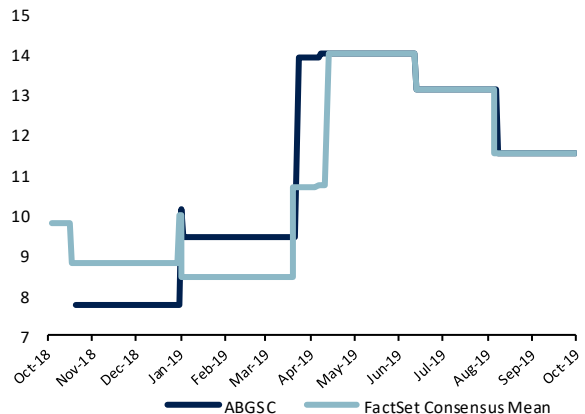
Source: ABG Sundal Collier, Company data

EPS estimate changes, 2020e, SEK



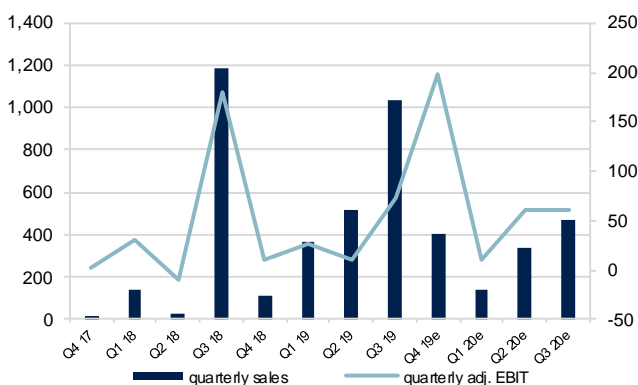
Source: ABG Sundal Collier, FactSet

EPS estimate changes, 2021e, SEK



Source: ABG Sundal Collier, FactSet

Quarterly sales and adj. EBIT, SEKm



Source: ABG Sundal Collier, Company data

Company description

Eolus is a leading Nordic wind power developer listed on Nasdaq Stockholm Small Cap. The core business is to construct wind power facilities in favorable wind locations and transfer them to customers as turnkey solutions. This has been Eolus' mission since its inception in 1990. It has gained extensive experience and expertise in the construction of wind power facilities and a broad network of landowners, authorities, investors, sub-contractors and wind turbine manufacturers. Eolus has established a combined capacity of 900+ MW, which is about 13% of the wind power constructed in Sweden.

Q3 review and estimate changes

At first glance, the Q4 results were a big disappointment. Reported EBIT was SEK 91m, or 56% below our estimate of SEK 164m.

Deviation table

(SEKm)	Last year	Actual	ABGSCe	Dev.	Dev.
FY (Sept-Aug)	Q4 17/18	Q4 18/19	Q4 18/19	(%)	(SEKm)
Sales by segment					
Project Development	1179.2	1028.2	992.7	4%	35.5
Asset Management	4.2	5.3	5.2	1%	0.1
Electricity Generation	2.7	0.1	1.8	-96%	-1.7
Net sales	1185.8	1033.7	999.7	3%	34.0
Other income	0.3	43.18	41.65	4%	1.5346
EBITDA	185.5	73.0	164.4	-56%	-91.4
Adj EBITDA	185.5	73.0	164.4	-56%	-91.4
D&A	-6.1	-1.1	-1.1	4%	0.0
EBIT	179.4	72.0	163.3	-56%	-91.4
Net financials	-12.4	0.7	-1.5	144%	2.2
Net income	155.7	81.0	129.4	-37%	-48.5
EPS diluted (SEK)	6.25	3.25	5.20	-37%	-1.9
Adj EBITDA margin	15.6%	7.1%	16.4%	-9%	<i>nmf</i>
Adj EBIT margin	15.1%	7.0%	16.3%	-9%	<i>nmf</i>
EO costs	0	0	0		

Source: ABG Sundal Collier, company data

However, when digging into the numbers, we got some explanation, although we highlight that the company's accounting methods make a direct comparison with our estimates, especially EBIT, difficult. The main drivers of the deviation were:

- Eolus reported a SEK 24m write-down of its project portfolio as it decided that 3-5 early-phase projects were not worth further development. This is a natural part of Eolus's business and should not be concerning, but it still affects reported numbers. We did not expect any write-downs in the quarter.
- Nylandsbergen and Kråktorpet had higher costs than expected in Q3, which was a result of construction being forced to meet deadlines, which implied additional costs. We do not know the size of the overrun, as management has not given information about this, but we estimate it at SEK 40-50m in this quarter. We had not expected any cost overrun.
- We expected FX derivatives (non-cash) to lift EBIT by SEK 42m, but the effect was only SEK 15m (gross figures recognized in the P&L as other income and other costs). This net deviation of ~SEK 27m should reverse by the end of the project handovers, resulting in a total net effect of zero.
- Kråktorpet and Bäckhammar recognized more revenue than we expected, which functioned as a cushion for the increased costs in the quarter, as future revenue was moved to this quarter and less will be recognized.

Forecast changes

	Old			New			Change (%)			Change (SEKm)		
	18/19e	19/20e	20/21e	18/19	19/20e	20/21e	18/19	19/20e	20/21e	18/19	19/20e	20/21e
Net sales	1998	2316	675	2032	1351	675	2%	-42%	0%	34	-965	0
Other income	57	0	0	59	27	0	3%	<i>nmf</i>	<i>nmf</i>	2	27	0
COGS	-1700	-1839	-215	-1793	-950	-215	5%	-48%	0%	-93	888	0
SG&A and other costs	-140	-90	-94	-174	-93	-101	24%	4%	8%	-34	-3	-8
EBITDA	215	387	367	123	335	359	-43%	-14%	-2%	-91	-53	-8
Adj EBITDA	215	387	367	123	335	359	-43%	-14%	-2%	-91	-53	-8
Depreciation	-5	-4	-4	-5	-4	-4	-1%	0%	0%	0	0	0
Amortization	0	0	0	0	0	0	<i>nmf</i>	<i>nmf</i>	<i>nmf</i>	0	0	0
EBIT	210	383	363	118	331	355	-44%	-14%	-2%	-91	-53	-8
Adj EBIT	210	383	363	118	331	355	-44%	-14%	-2%	-91	-53	-8
Net financials	-5	-4	-3	-2	-4	-3	-48%	0%	0%	2	0	0
EBT	205	380	360	116	327	352	-43%	-14%	-2%	-89	-53	-7
Tax	-24	-76	-72	17	-65	-70	-170%	-14%	-2%	41	11	1
Net Income	181	304	288	133	261	282	-27%	-14%	-2%	-48	-42	-6
EPS diluted (SEK)	7.28	12.19	11.56	5.33	10.50	11.32	-27%	-14%	-2%	-1.9	-1.7	-0.2
Free cash flow	278	344	294	466	72	288	68%	-79%	-2%	188	-272	-6
Net cash flow	351	302	250	363	35	244	3%	-89%	-2%	12	-267	-6
Net debt	-612	-913	-1,163	-800	-835	-1,078	31%	-9%	-7%	-189	79	85
Breakdown of sales												
Project Development	1971	2243	629	2007	1278	629	2%	-43%	0%	36	-965	0
Asset Management	20	30	41	20	30	41	0%	0%	0%	0	0	0
Electricity Production	8	0	0	7	0	0	-14%	0%	0%	-1	0	0

Source: ABG Sundal Collier, company data

We have changed our estimates for Kråktorpet and Nylandsbergen to reflect increased costs, although we note that we do not have any guidance from the company. Consequently, our analysis of the costs in the projects below has to be viewed in this context.

When Kråktorpet was initially sold, we expected a project margin of 10-11%, but now we have the total project margin going down to 6% to be on the conservative side, which is also the margin we expect for the remainder of the project. This implies costs for the project have increased by SEK 80m, now resulting in a profit of SEK 95m.

Similar to Kråktorpet, we had an initial expected project margin of 12-13% for Nylandsbergen, which now goes down to 8% for the full project. This implies additional costs of SEK 40m. However, this project is fully booked, and we will not see any further revenue recognition.

We have adjusted our expected other income to account for the FX derivatives. This is non-cash, however, but it affects reported numbers and should have a zero net effect when projects have been delivered. Therefore we increase 19/20e Other income by SEK 27m for '19/21e. We also increase the number of employees due to the expansion of Eolus – resulting in increased opex.

We make revenue recognition time adjustments on Kråktorpet and Bäckhammar, due to Kråktorpet recognizing 53% relative to our Q4 estimate of 25%. Furthermore, Eolus said it should be finalized in November, which was already in our estimates. Bäckhammar recognized 13% relative to our estimate 0%, as we expected it to start in Q2'19/20e. We find this development positive as it could imply the project is running ahead of its timeline.

We also highlight that we expect around 250MW will be delivered in 2022, despite Eolus not having communicated any projects after Öyfjellet. This is based on strong demand for Nordic wind farms in addition to 400MW in permits in the Swedish project portfolio - in addition to 150MW (ABGSCe) receiving environmental permits in Latvia in July.

Furthermore, Bäckhammar’s turbine contract will be handed over to its customer, as it is financing the project. This will, all else equal, increase sales by SEK 871m and corresponding costs by SEK 871, making the nominal project margin stay the same.

The net cash on the Q4 balance day (SEK 800m) was boosted by around SEK 200m due to receiving payments from customers (receivables) before paying suppliers (current liabilities). We understand this has now been paid, so we expect a corresponding negative effect in WC for Q1 19/20.

Prior to the quarter, we said there could be an extraordinary dividend, as the net cash balance should be high and investment possibilities limited. However, after talking to management, we understand current cash could go to financing the Wind Wall project, which is still to be sold (ABGSCe SEK 480m). Furthermore, Aquila Capital has yet to take over the shares to Öyfjellet project company (ABGSCe Q1 19/20). All costs occurring until then will be recognized in the project company, which Eolus currently owns. We therefore believe the cash could be employed in the business rather than left in the bank. Consequently, we believe an extraordinary dividend could come after the Öyfjellet divestment. However, if there are other ways to employ cash at attractive rates of returns at that date, we may not see an extraordinary dividend.

Estimated construction schedule, gross profit contribution ‘17/’18-2021e on a quarterly basis

Project	Q1 17/18	Q2 17/18	Q3 17/18	Q4 17/18	Q1	Q2	Q3	Q4e	Q1e	Q2e	Q3e	Q4e	Q1e	Q2e	Q3e	Q4e
Jenåsen (79 MW)				104												
Sötterfällan (36 MW, KGAL)						3	15	36								
Anneberg (10,8 KGAL)					9	5										
Nylandsbergen (68 MW, Aquila)						16	12	39								
Kråktorpet (163 MW, Aquila)						28	20	21	26							
Bäckhammar (130 MW, KGAL)										24	40	50				
Stigafjellet (30 MW, Ewz)											8	15	28			
Öyfjellet (400 MW, Aquila)									158				24	48	72	254
Windwall (47 MW), Repowering. (Eolus 60% share)										4	9	16				

Completed construction, handover to customer
Ongoing construction, financed by Eolus
Ongoing construction, financed by customer
Ongoing sales process
Ongoing construction, financier to be decided

Estimated gross profit contribution by project, SEKm	
Jenåsen (79 MW)	104
Sötterfällan (36 MW, KGAL)	54
Anneberg (10,8 KGAL)	14
Nylandsbergen (68 MW, Aquila)	66
Kråktorpet (163 MW, Aquila)	67
Bäckhammar (130 MW, KGAL)	115
Stigafjellet (30 MW, Ewz)	50
Öyfjellet (400 MW, Aquila)	557
Windwall (47 MW), Repowering. (Eolus 60% share)	29
Total (excl. Jenåsen)	952

Source: ABG Sundal Collier, company data

Income Statement (SEKm)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020e	Q2 2020e	Q3 2020e	Q4 2020e
Sales	108	370	520	1,034	406	135	341	469
COGS	-82	-302	-463	-947	-193	-102	-275	-381
Gross profit	26	69	58	87	213	34	66	88
Other operating items	-15	-41	-45	-14	-15	-22	-4	-25
EBITDA	11	27	12	73	199	11	62	62
Depreciation and amortisation	-1	-1	-1	-1	-1	-1	-1	-1
EBITA	10	26	11	72	198	10	61	61
EO items	0	0	0	0	0	0	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0
EBIT	10	26	11	72	198	10	61	61
Net financial items	-8	5	-1	1	-1	-1	-1	-1
Pretax profit	2	31	10	73	197	9	60	60
Tax	-1	7	2	8	-39	-2	-12	-12
Net profit	1	39	12	81	157	7	48	48
Minority interest	0	0	0	0	0	0	0	0
Net profit discontinued	0	0	0	0	0	0	0	0
Net profit to shareholders	1	39	12	81	157	7	48	48
EPS	0.04	1.53	0.49	3.21	6.32	0.30	1.94	1.94
EPS Adj	0.04	1.53	0.49	3.21	6.32	0.30	1.94	1.94
Total extraordinary items after tax	0	0	0	0	0	0	0	0
Tax rate (%)	53.2	23.9	21.6	11.5	20.0	20.0	20.0	20.0
Gross margin (%)	24.0	18.5	11.1	8.4	52.5	24.8	19.4	18.7
EBITDA margin (%)	10.0	7.4	2.3	7.1	48.9	8.2	18.3	13.3
EBITA margin (%)	9.0	7.0	2.1	7.0	48.7	7.5	18.0	13.1
EBIT margin (%)	9.0	7.0	2.1	7.0	48.7	7.5	18.0	13.1
Pretax margin (%)	2.0	8.4	1.9	7.0	48.4	6.8	17.7	12.9
Net margin (%)	0.9	10.5	2.3	7.8	38.8	5.4	14.2	10.3
Growth rates Y/Y	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020e	Q2 2020e	Q3 2020e	Q4 2020e
Sales growth (%)	494.2	165.6	2,199.1	-12.8	276.8	-63.4	-34.4	-54.7
EBITDA growth (%)	108.1	-21.0	+chg	-60.6	1,738.1	-59.1	412.7	-14.6
EBIT growth (%)	223.2	-13.7	+chg	-59.9	1,947.4	-60.7	465.1	-14.7
Net profit growth (%)	-86.6	7.8	+chg	-48.0	15,750.6	-81.0	297.5	-40.3
EPS growth (%)	-86.6	7.8	+chg	-48.0	15,750.6	-81.0	297.5	-40.3
Adj earnings numbers	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020e	Q2 2020e	Q3 2020e	Q4 2020e
EBITDA Adj	11	27	12	73	199	11	62	62
EBITDA Adj margin (%)	10.0	7.4	2.3	7.1	48.9	8.2	18.3	13.3
EBITA Adj	10	26	11	72	198	10	61	61
EBITA Adj margin (%)	9.0	7.0	2.1	7.0	48.7	7.5	18.0	13.1
EBIT Adj	10	26	11	72	198	10	61	61
EBIT Adj margin (%)	9.0	7.0	2.1	7.0	48.7	7.5	18.0	13.1
Pretax profit Adj	2	31	10	73	197	9	60	60
Net profit Adj	1	39	12	81	157	7	48	48
Net profit to shareholders Adj	1	39	12	81	157	7	48	48
Net Adj margin (%)	0.9	10.5	2.3	7.8	38.8	5.4	14.2	10.3

Source: ABG Sundal Collier, Company data

Income Statement (SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Sales	1,205	466	1,502	693	1,066	1,367	2,032	1,351	675	2,953
COGS	-969	-330	-1,239	-608	-923	-1,077	-1,793	-950	-215	-2,612
Gross profit	236	136	263	86	143	290	239	401	461	341
Other operating items	-35	-62	-79	-75	-79	-73	-115	-66	-101	-107
EBITDA	201	73	185	11	64	217	123	335	359	233
Depreciation and amortisation	-34	-31	-24	-24	-15	-15	-5	-4	-4	-4
Of which leasing depreciation	0	0	0	0	0	0	0	0	0	0
EBITA	166	42	161	-13	49	202	118	331	355	229
EO items	0	0	0	0	0	0	0	0	0	0
Impairment and PPA amortisation	-20	-1	-71	-2	-8	0	0	0	0	0
EBIT	147	41	90	-16	40	202	118	331	355	229
Net financial items	-11	-28	-15	-13	-6	-4	-2	-4	-3	-3
Pretax profit	135	13	75	-29	34	199	116	327	352	226
Tax	6	-2	5	5	-10	-5	17	-65	-70	-45
Net profit	142	11	80	-24	25	194	133	261	282	181
Minority interest	0	0	0	0	0	0	0	0	0	0
Net profit discontinued	0	0	0	0	0	0	0	0	0	0
Net profit to shareholders	142	11	80	-24	25	194	133	261	282	181
EPS	5.45	0.44	1.23	-0.97	0.96	7.58	5.23	10.50	11.32	7.27
EPS Adj	6.20	0.47	2.32	-0.87	1.29	7.58	5.23	10.50	11.32	7.27
Total extraordinary items after tax	0	0	0	0	0	0	0	0	0	0
Leasing payments	0	0	0	0	0	0	0	0	0	0
Tax rate (%)	4.6	16.8	6.3	17.7	28.4	2.3	14.5	20.0	20.0	20.0
Gross margin (%)	19.6	29.1	17.5	12.4	13.4	21.2	11.7	29.7	68.2	11.5
EBITDA margin (%)	16.7	15.8	12.3	1.6	6.0	15.9	6.1	24.8	53.2	7.9
EBITA margin (%)	13.8	9.1	10.7	-1.9	4.6	14.8	5.8	24.5	52.6	7.8
EBIT margin (%)	12.2	8.9	6.0	-2.3	3.8	14.8	5.8	24.5	52.6	7.8
Pretax margin (%)	11.2	2.8	5.0	-4.2	3.2	14.5	5.7	24.2	52.2	7.7
Net margin (%)	11.7	2.3	5.3	-3.4	2.3	14.2	6.5	19.3	41.7	6.1
Growth rates Y/Y	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Sales growth (%)	-36.2	-61.3	222.5	-53.8	53.7	28.3	48.6	-33.5	-50.0	337.2
EBITDA growth (%)	75.0	-63.4	151.1	-94.2	491.0	241.2	-43.2	171.4	7.4	-35.1
EBIT growth (%)	80.6	-71.7	117.1	-117.7	352.3	403.1	-41.5	179.4	7.5	-35.5
Net profit growth (%)	408.5	-92.3	631.9	-129.9	202.5	693.0	-31.7	96.8	7.8	-35.8
EPS growth (%)	387.3	-91.9	178.0	-178.6	198.7	693.0	-31.0	100.6	7.8	-35.8
Profitability	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
ROE (%)	15.7	1.2	9.6	-3.4	3.7	26.3	15.6	26.1	22.9	12.8
ROE Adj (%)	17.9	1.2	18.1	-3.1	5.0	26.3	15.6	26.1	22.9	12.8
ROCE (%)	11.5	3.1	7.6	-1.9	5.6	21.6	10.0	25.3	23.1	13.3
ROCE Adj (%)	13.0	3.2	13.6	-1.6	6.7	21.6	10.0	25.3	23.1	13.3
ROIC (%)	12.7	2.8	8.5	-1.9	4.9	36.2	41.2	122.5	96.7	63.4
ROIC Adj (%)	12.7	2.8	8.5	-1.9	4.9	36.2	41.2	122.5	96.7	63.4
Adj earnings numbers	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
EBITDA Adj	201	73	185	11	64	217	123	335	359	233
EBITDA Adj margin (%)	16.7	15.8	12.3	1.6	6.0	15.9	6.1	24.8	53.2	7.9
EBITDA lease Adj	201	73	185	11	64	217	123	335	359	233
EBITDA lease Adj margin (%)	16.7	15.8	12.3	1.6	6.0	15.9	6.1	24.8	53.2	7.9
EBITA Adj	166	42	161	-13	49	202	118	331	355	229
EBITA Adj margin (%)	13.8	9.1	10.7	-1.9	4.6	14.8	5.8	24.5	52.6	7.8
EBIT Adj	147	41	90	-16	40	202	118	331	355	229
EBIT Adj margin (%)	12.2	8.9	6.0	-2.3	3.8	14.8	5.8	24.5	52.6	7.8
Pretax profit Adj	155	14	146	-27	43	199	116	327	352	226
Net profit Adj	161	12	151	-21	33	194	133	261	282	181
Net profit to shareholders Adj	161	12	151	-21	33	194	133	261	282	181
Net Adj margin (%)	13.4	2.5	10.0	-3.1	3.1	14.2	6.5	19.3	41.7	6.1

Source: ABG Sundal Collier, Company data

Cash Flow Statement (SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
EBITDA	201	73	185	11	64	217	123	335	359	233
Net financial items	-11	-28	-15	-13	-6	-4	-2	-4	-3	-3
Paid tax	6	-2	5	5	-10	-5	17	-65	-70	-45
Non-cash items	0	0	0	0	0	-44	108	3	3	0
Cash flow before change in WC	196	43	174	3	48	165	245	269	289	185
Change in WC	266	-523	626	101	-96	76	321	-195	1	0
Operating cash flow	428	-488	715	134	91	242	567	74	290	185
CAPEX tangible fixed assets	124	10	44	-10	-10	-1	-5	-2	-2	-2
CAPEX intangible fixed assets	0	0	0	0	0	0	-96	0	0	0
Acquisitions and disposals	0	0	0	0	0	0	0	0	0	0
Free cash flow	552	-478	759	124	81	241	466	72	288	183
Dividend paid	-25	-37	0	-286	-37	-37	-37	-37	-45	-50
Share issues and buybacks	0	0	0	0	0	0	0	0	0	0
Other non cash items	30	3	-264	263	-7	0	33	27	0	0
Decrease in net IB debt	550	-533	474	87	28	203	429	35	244	133
Balance Sheet (SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Goodwill	0	0	0	0	0	0	0	0	0	0
Other intangible assets	0	0	0	0	0	96	54	24	20	20
Tangible fixed assets	459	415	339	259	111	52	32	30	28	26
Right-of-use asset	0	0	0	0	0	0	0	0	0	0
Total other fixed assets	4	12	13	32	37	29	25	25	25	25
Fixed assets	462	426	352	292	148	177	111	79	73	71
Inventories	653	1,335	567	667	473	882	472	467	466	466
Receivables	64	82	99	89	78	96	372	372	372	372
Other current assets	0	0	0	0	0	0	0	0	0	0
Cash and liquid assets	383	86	242	222	202	740	1,103	1,138	1,381	1,514
Total assets	1,563	1,930	1,259	1,270	901	1,895	2,058	2,055	2,292	2,423
Shareholders equity	961	937	731	671	660	816	890	1,114	1,351	1,482
Minority	0	0	0	0	0	0	0	0	0	0
Total equity	961	937	731	671	660	816	890	1,114	1,351	1,482
Long-term debt	272	508	189	82	34	369	152	152	152	152
Pension debt	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0
Leasing liability	0	0	0	0	0	0	0	0	0	0
Total other long-term liabilities	142	121	99	86	77	77	7	7	7	7
Short-term debt	0	0	0	0	0	0	151	151	151	151
Accounts payable	188	365	240	430	130	633	820	620	620	620
Other current liabilities	0	0	0	0	0	0	38	11	11	11
Total liabilities and equity	1,563	1,930	1,259	1,270	901	1,895	2,058	2,055	2,292	2,423
Net IB debt	-112	421	-53	-140	-168	-371	-800	-835	-1,078	-1,212
Net IB debt excl. pension debt	-112	421	-53	-140	-168	-371	-800	-835	-1,078	-1,212
Net IB debt excl. leasing	-112	421	-53	-140	-168	-371	-800	-835	-1,078	-1,212
Capital invested	991	1,479	778	618	569	522	135	297	291	289
Working capital	529	1,052	426	326	421	345	24	218	217	217
EV breakdown	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Market cap. diluted (m)	565	551	1,589	488	553	984	1,998	2,790	2,790	2,790
Net IB debt Adj	-112	421	-53	-140	-168	-371	-800	-835	-1,078	-1,212
Market value of minority	0	0	0	0	0	0	0	0	0	0
Reversal of shares and participations	0	0	0	0	0	0	0	0	0	0
Reversal of conv. debt assumed equity	0	0	0	0	0	0	0	0	0	0
EV	454	972	1,536	349	386	613	1,198	1,955	1,711	1,578
Capital efficiency	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Total assets turnover (%)	68.5	26.7	94.2	54.8	98.2	97.8	102.8	65.7	31.1	125.2
Working capital/sales (%)	54.9	169.7	49.2	54.2	35.1	28.0	9.1	9.0	32.3	7.4
Financial risk and debt service	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Net debt/equity	-0.12	0.45	-0.07	-0.21	-0.25	-0.45	-0.90	-0.75	-0.80	-0.82
Net debt/market cap	-0.21	0.70	-0.09	-0.26	-0.31	-0.50	-0.59	-0.30	-0.39	-0.43
Equity ratio (%)	61.5	48.5	58.1	52.9	73.2	43.1	43.2	54.2	58.9	61.2
Net IB debt adj./equity	-0.12	0.45	-0.07	-0.21	-0.25	-0.45	-0.90	-0.75	-0.80	-0.82
Current ratio	5.85	4.12	3.79	2.27	5.80	2.71	1.93	2.53	2.84	3.01
EBITDA/net interest	17.62	2.59	12.47	0.82	10.60	61.47	52.46	87.81	117.90	76.56
Net IB debt/EBITDA	-0.56	5.73	-0.29	-12.98	-2.63	-1.71	-6.49	-2.49	-3.00	-5.19
Net IB debt/EBITDA lease Adj	-0.56	5.73	-0.29	-12.98	-2.63	-1.71	-6.49	-2.49	-3.00	-5.19
Interest cover	14.59	1.49	10.85	-1.03	8.11	57.29	50.35	86.76	116.58	75.25

Source: ABG Sundal Collier, Company data

Valuation and Ratios (SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Shares outstanding adj.	25	25	25	25	25	25	25	25	25	25
Fully diluted shares Adj	26	25	65	25	26	26	25	25	25	25
EPS	5.45	0.44	1.23	-0.97	0.96	7.58	5.23	10.50	11.32	7.27
Dividend per share Adj	1.5	1.5	11.5	1.5	1.5	1.5	1.5	1.8	2.0	2.0
EPS Adj	6.20	0.47	2.32	-0.87	1.29	7.58	5.23	10.50	11.32	7.27
BVPS	38.58	37.61	29.36	26.95	26.48	32.76	35.73	44.72	54.24	59.51
BVPS Adj	38.58	37.61	29.36	26.95	26.48	28.90	33.56	43.76	53.42	58.68
Net IB debt / share	-4.5	16.9	-2.1	-5.6	-6.7	-14.9	-32.1	-33.5	-43.3	-48.6
Share price	21.75	22.35	24.50	19.80	21.60	38.40	78.70	112.00	112.00	112.00
Market cap. (m)	542	557	610	493	538	956	1,960	2,790	2,790	2,790
Valuation	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
P/E	4.0	50.4	19.9	-20.4	22.6	5.1	15.0	10.7	9.9	15.4
EV/sales	0.38	2.09	1.02	0.50	0.36	0.45	0.59	1.45	2.53	0.53
EV/EBITDA	2.3	13.2	8.3	32.4	6.1	2.8	9.7	5.8	4.8	6.8
EV/EBITA	2.7	23.0	9.6	-25.9	7.9	3.0	10.1	5.9	4.8	6.9
EV/EBIT	3.1	23.4	17.1	-21.9	9.6	3.0	10.1	5.9	4.8	6.9
Dividend yield (%)	6.9	6.7	46.9	7.6	6.9	3.9	1.9	1.6	1.8	1.8
FCF yield (%)	97.7	-86.7	47.8	25.3	14.7	24.5	23.3	2.6	10.3	6.6
Lease adj. FCF yield (%)	97.7	-86.7	47.8	25.3	14.7	24.5	23.3	2.6	10.3	6.6
P/BVPS	0.56	0.59	0.83	0.73	0.82	1.17	2.20	2.50	2.06	1.88
P/BVPS Adj	0.56	0.59	0.83	0.73	0.82	1.33	2.35	2.56	2.10	1.91
P/E Adj	3.5	47.3	10.6	-22.8	16.8	5.1	15.0	10.7	9.9	15.4
EV/EBITDA Adj	2.3	13.2	8.3	32.4	6.1	2.8	9.7	5.8	4.8	6.8
EV/EBITA Adj	2.7	23.0	9.6	-25.9	7.9	3.0	10.1	5.9	4.8	6.9
EV/EBIT Adj	3.1	23.4	17.1	-21.9	9.6	3.0	10.1	5.9	4.8	6.9
EV/cap. employed	0.4	0.7	1.7	0.5	0.6	0.5	1.0	1.4	1.0	0.9
Investment ratios	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Capex/sales	-10.3	-2.2	-2.9	1.5	0.9	0.1	5.0	0.1	0.3	0.1
Capex/depreciation	-359.8	-32.8	-184.7	42.9	65.1	6.4	2,028.3	50.0	50.0	50.0
Capex tangibles/tangible fixed assets	-27.1	-2.5	-13.0	4.0	8.7	1.8	14.5	6.7	7.2	7.7
Capex intangibles/definite intangibles	nm	nm	nm	nm	nm	0	177.8	0	0	0
Depreciation on intangibles/definite inta	nm	nm	nm	nm	nm	0	0	0	0	0
Depreciation on tangibles/tangibles	7.5	7.5	7.1	9.3	13.4	28.4	15.6	13.4	14.4	15.5

Source: ABG Sundal Collier, Company data

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