

# B3 Consulting Group

## Unfavourable setup for H2'23 and H1'24

- We lower '23e-'25e adj. EBITA by 17-8%
- Sector KPIs stabilising at low levels
- '23e-'24e EV/EBITA of 8x-7x

### What to expect in Q3'23

For Q3'23, we expect sales of SEK 218m, implying y-o-y growth of -7%, along with an EBITA of SEK 11m, corresponding to an EBITA margin of 5.1%. Our new estimates mean that we have reduced Q3 sales and adj. EBITA by 3% and 24%, respectively. The latest macroeconomic data for IT consultants is bleak: demand and recruitment are slowing, utilisation is declining and the sub-sector's pricing power is dwindling. However, September's data indicates that KPIs have stabilised, albeit at a low level. Given the competitive nature of the IT consulting sub-sector, we expect these three factors to weigh on B3 in Q3'23.

### Estimate changes

We cut '23e-'25e sales by 9-2% to reflect lower utilisation rates and a worse sub-sector-wide pricing power as the IT consulting sub-sector continues to cool. In the coming quarters, the softening of operating conditions is likely to translate into a lower recruitment appetite that implies lower organic growth. The effect is more clear on earnings, as we cut '23e-'25e adj. EBITA by 17-8%. Macroeconomic conditions are indeed softening, but we continue to see medium-term opportunities for B3 to invest in its employees and recruit talent that is more available in relatively softer markets. Moreover, we see long-term opportunities for the company to employ its strong balance sheet to capture market share through, for example, M&A activities.

### Valuation

Based on our revised estimates, the company is trading at 8x-7x '23e-'24e EV/EBITA, which is ~15% below the peer median. In addition, peers have historically traded at an NTM EV/EBITA range of 9x-13x, while B3 is currently trading at ~8x. We reiterate our fair value range of SEK 130-200.

**Analyst(s):** nikola.kalanoski@abgsc.se, +46 8 566 286 04  
daniel.thorsson@abgsc.se, +46 8 566 286 82

SEKm	2021	2022	2023e	2024e	2025e
Sales	924	1,151	1,153	1,153	1,231
EBITDA	91	159	121	130	148
EBITDA margin (%)	9.8	13.8	10.5	11.3	12.1
EBIT adj.	71	138	104	113	130
EBIT adj. margin (%)	7.6	12.0	9.0	9.8	10.5
Pretax profit	65	144	104	118	137
EPS	5.28	11.79	7.92	9.07	10.58
EPS adj.	5.28	11.82	8.21	9.07	10.58
Sales growth (%)	7.9	24.6	0.2	-0.0	6.8
EPS growth (%)	93.9	123.2	-32.8	14.6	16.6

Source: ABG Sundal Collier, Company Data

Reason: Preview of results

Commissioned research

Not rated

IT

Estimate changes (%)

	2023e	2024e	2025e
Sales	-2.4	-7.0	-8.9
EBIT	-8.0	-16.9	-13.0
EPS	-6.8	-14.8	-11.7

Source: ABG Sundal Collier

B3-SE/B3 SS

Share price (SEK)	9/10/2023	88.20
Fair value range		130.0-200.0

MCap (SEKm)	782
MCap (EURm)	67
No. of shares (m)	8.9
Free float (%)	65.3
Av. daily volume (k)	33

Next event Q3 Report 26 October 2023

Performance



	2023e	2024e	2025e
P/E (x)	11.1	9.7	8.3
P/E adj. (x)	10.7	9.7	8.3
P/BVPS (x)	4.24	3.70	3.22
EV/EBITDA (x)	6.8	6.1	5.2
EV/EBIT adj. (x)	7.9	7.1	5.9
EV/sales (x)	0.71	0.69	0.62
ROE adj. (%)	38.4	40.7	41.2
Dividend yield (%)	6.8	7.9	9.1
FCF yield (%)	11.5	12.5	15.1
Le. adj. FCF yld. (%)	9.8	11.5	14.1
Net IB debt/EBITDA (x)	0.2	-0.0	-0.3
Le. adj. ND/EBITDA (x)	0.0	-0.2	-0.5

Disclosures and analyst certifications are located on pages 9-10 of this report.

This research product is commissioned and paid for by the company covered in this report. As such, this report is deemed to constitute an acceptable minor non-monetary benefit (i.e. not investment research) as defined in MiFID II.

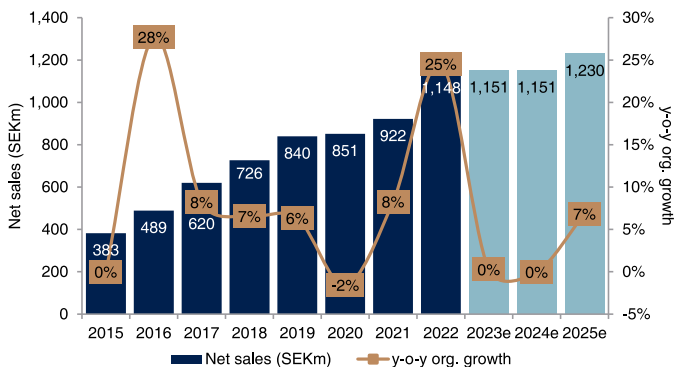
## Company description

B3 Consulting Group is an IT consulting business with approx. 800 employees in Sweden and Poland. It operates within: Digital innovation, Digital management and Cloud & Technology. The largest segment is Banking & finance, followed by Public sector, Industry and TMT. The financial targets are sales of SEK 1.7bn and an EBIT margin of 12% by 2025e, a Net debt/EBITDA ratio below 1.5x and a payout ratio of approx. 67%.

## Risks

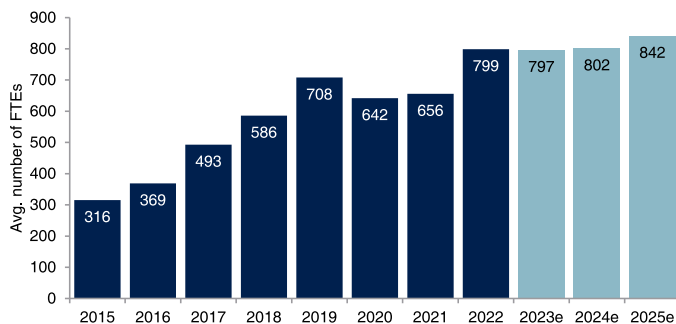
Key risks include a slowdown of the IT market, high employee turnover and wage inflation, increasing competition from IT services brokers and integration risks with respect to acquisitions.

### Net sales and org. y-o-y growth (SEKm)



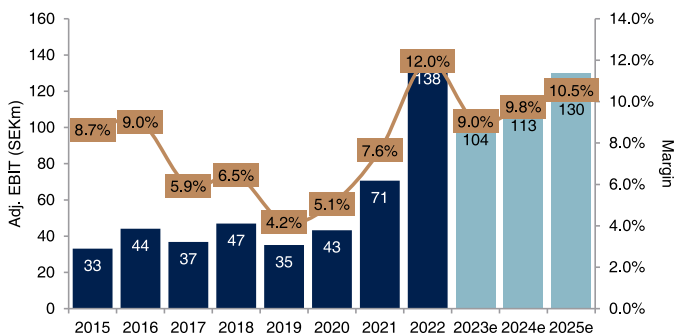
Source: ABG Sundal Collier, Company data.

### Avg. number of FTEs



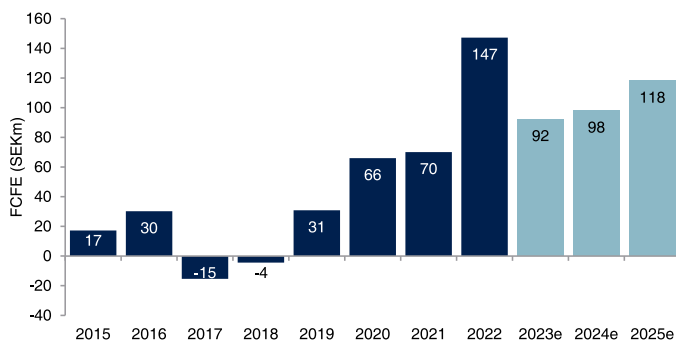
Source: ABG Sundal Collier, Company data.

### Adj. EBIT and margin (SEKm)



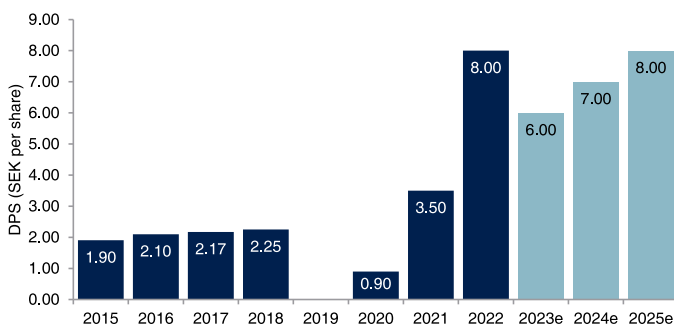
Source: ABG Sundal Collier, Company data.

### Free cash flow (SEKm)



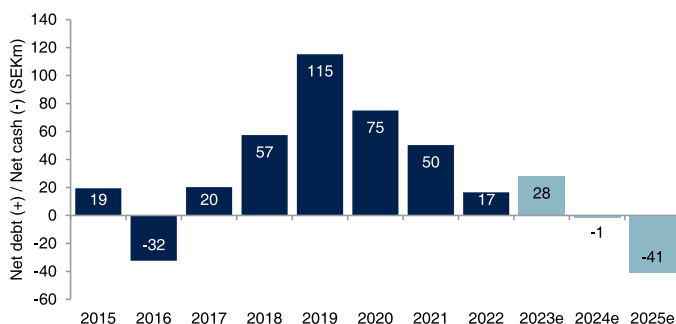
Source: ABG Sundal Collier, Company data.

### Dividend per share



Source: ABG Sundal Collier, Company data.

### Net debt (+) / Net cash (-) (SEKm)

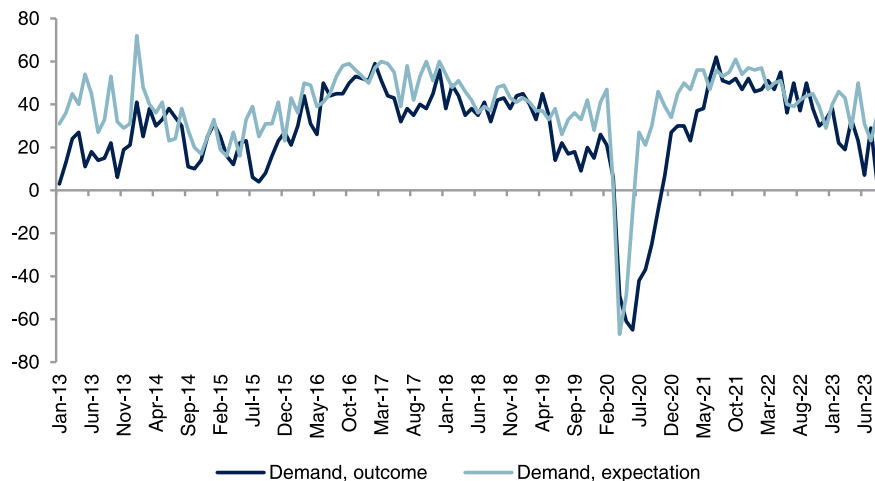


Source: ABG Sundal Collier, Company data.

# Worsening conditions

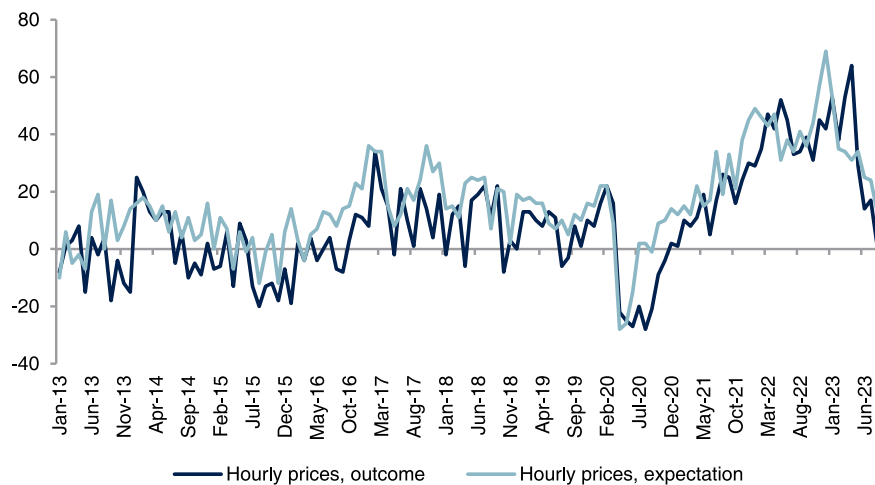
Below, we present data from the National Institute of Economic Research, a Swedish government agency that operates under the Ministry of Finance. September's data shows a significant softening of conditions for IT services businesses relating to demand and hourly prices, while recruitment shows a more modest downturn. These indicators suggest that the forces that fuel the strengths and weaknesses of B3 Consulting Group and its competitors will carry a negative impact in the short term.

## Demand



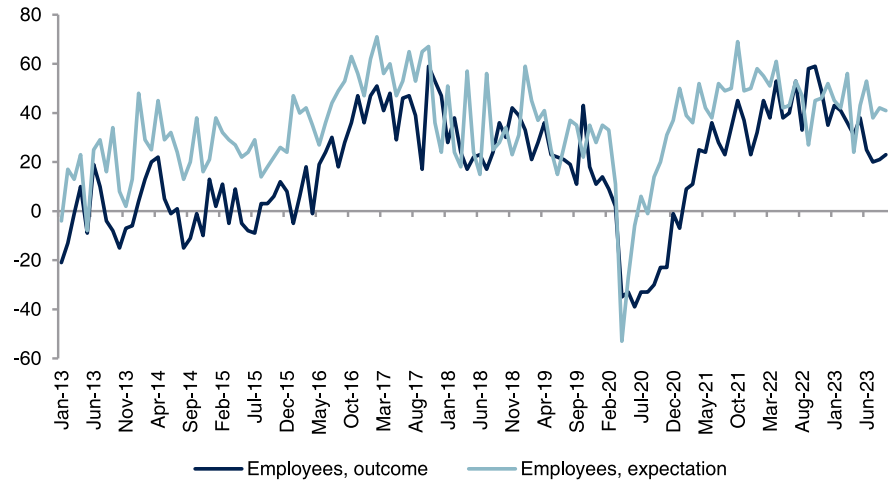
Source: National Institute of Economic Research (Swe: Konjunkturinstitutet).

## Hourly prices



Source: National Institute of Economic Research (Swe: Konjunkturinstitutet).

### Employee growth

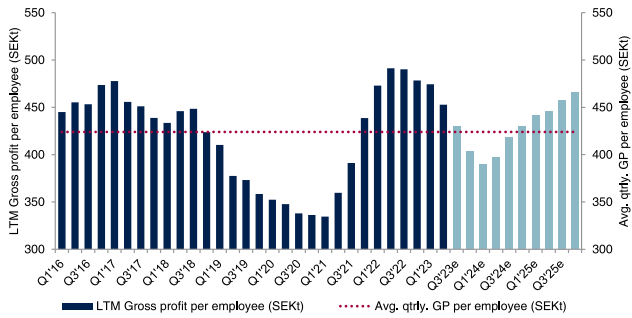


Source: National Institute of Economic Research (Swe: Konjunkturinstitutet).

## Unit economics

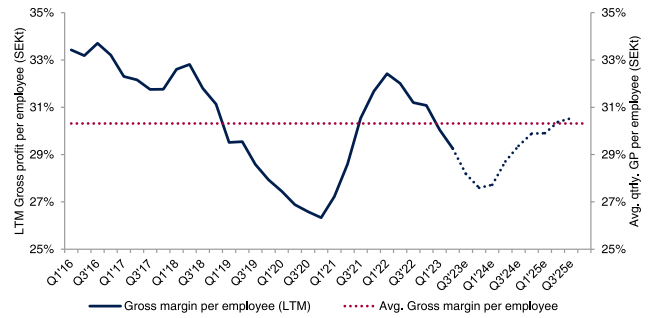
Below, we illustrate the gross profit per employee, an important component in the company's unit economics. This financial metric illustrates how well a consultant covers its own salary costs. Considering that personnel expenses constitute over 90% of the company's cost base, gross profit per employee is arguably one of the most important metrics in assessing the profitability of an IT consulting business at a unit level. When forecasting B3's profitability in the near term and estimating when profitability will turn at the unit level, we believe that the gross profit per employee will continue its sequential decline until Q1'24e, as the calendar effect will turn positive in Q2'24e. As the profitability per consultant grows, the profitability at group level will follow.

### LTM Gross profit per employee (SEKT)



Source: ABG Sundal Collier, Company data.

### LTM Gross margin per employee



Source: ABG Sundal Collier, Company data.

# Estimate changes

## Annual estimate changes (SEKm)

SEKm	Old estimates			New estimates			Change		
	2023e	2024e	2025e	2023e	2024e	2025e	2023e	2024e	2025e
<b>Net sales</b>	<b>1,179</b>	<b>1,238</b>	<b>1,351</b>	<b>1,151</b>	<b>1,151</b>	<b>1,230</b>	<b>-2%</b>	<b>-7%</b>	<b>-9%</b>
EBITDA	130	154	169	121	130	148	-7%	-15%	-12%
Adj. EBITDA	133	154	169	124	130	148	-7%	-15%	-12%
<b>EBITA</b>	<b>110</b>	<b>135</b>	<b>149</b>	<b>101</b>	<b>113</b>	<b>130</b>	<b>-8%</b>	<b>-17%</b>	<b>-13%</b>
Adj. EBITA	113	135	149	104	113	130	-8%	-17%	-13%
Net profit	87	110	123	82	93	109	-7%	-15%	-12%
<b>Growth &amp; margins</b>									
Sales growth	2.7%	4.9%	9.2%	0.3%	0.0%	6.8%	-2.4 pp	-5.0 pp	-2.3 pp
EBITDA margin	11.0%	12.4%	12.5%	10.5%	11.3%	12.1%	-0.5 pp	-1.1 pp	-0.4 pp
<b>EBITA margin</b>	<b>9.3%</b>	<b>10.9%</b>	<b>11.0%</b>	<b>8.8%</b>	<b>9.8%</b>	<b>10.5%</b>	<b>-0.5 pp</b>	<b>-1.2 pp</b>	<b>-0.5 pp</b>
Adj. EBITA margin	9.6%	10.9%	11.0%	9.0%	9.8%	10.5%	-0.5 pp	-1.2 pp	-0.5 pp

Source: ABG Sundal Collier.

## Key estimates

Profit and loss statement													
	2022	2022	2022	2022	2023	2023	2023	2023	2021	2022	2023e	2024e	2025e
SEKm	Q1	Q2	Q3	Q4	Q1	Q2	Q3e	Q4e	Actual	Actual	Est.	Est.	Est.
<b>Net sales</b>	<b>291</b>	<b>290</b>	<b>236</b>	<b>332</b>	<b>325</b>	<b>299</b>	<b>218</b>	<b>309</b>	<b>922</b>	<b>1,148</b>	<b>1,151</b>	<b>1,151</b>	<b>1,230</b>
Revenue	292	290	236	333	325	300	218	309	924	1,151	1,153	1,153	1,231
COGS	-34	-35	-31	-39	-36	-33	-30	-36	-136	-139	-136	-135	-143
<b>Gross profit</b>	<b>256</b>	<b>255</b>	<b>204</b>	<b>294</b>	<b>288</b>	<b>266</b>	<b>188</b>	<b>273</b>	<b>786</b>	<b>1,009</b>	<b>1,016</b>	<b>1,016</b>	<b>1,087</b>
Other income	2	0	0	1	1	1	0	1	2	3	2	2	2
Other external costs	-15	-14	-14	-21	-18	-20	-15	-20	-57	-64	-73	-74	-78
Personnel costs	-200	-200	-161	-229	-225	-220	-158	-221	-640	-790	-823	-814	-862
Other expenses	0	0	0	0	0	0	0	0	-1	0	0	0	0
<b>EBITDA</b>	<b>44</b>	<b>40</b>	<b>29</b>	<b>45</b>	<b>46</b>	<b>27</b>	<b>16</b>	<b>32</b>	<b>91</b>	<b>158</b>	<b>121</b>	<b>130</b>	<b>148</b>
Non-recurring items	0	0	0	0	0	3	0	0	0	0	3	0	0
<b>Adj. EBITDA</b>	<b>44</b>	<b>40</b>	<b>29</b>	<b>45</b>	<b>46</b>	<b>31</b>	<b>16</b>	<b>32</b>	<b>91</b>	<b>158</b>	<b>124</b>	<b>130</b>	<b>148</b>
Depreciation	-5	-6	-5	-5	-5	-5	-5	-5	-20	-21	-20	-18	-19
<b>EBITA</b>	<b>39</b>	<b>35</b>	<b>24</b>	<b>40</b>	<b>41</b>	<b>22</b>	<b>11</b>	<b>27</b>	<b>71</b>	<b>138</b>	<b>101</b>	<b>113</b>	<b>130</b>
Adj. EBITA	39	35	24	40	41	25	11	27	71	138	104	113	130
Amortisation	-0	0	0	0	0	0	0	0	0	-0	0	0	0
<b>EBIT</b>	<b>39</b>	<b>35</b>	<b>24</b>	<b>40</b>	<b>41</b>	<b>22</b>	<b>11</b>	<b>27</b>	<b>71</b>	<b>137</b>	<b>101</b>	<b>113</b>	<b>130</b>
Net financials	1	1	2	2	1	1	-0	1	-6	6	3	5	7
<b>EBT</b>	<b>40</b>	<b>36</b>	<b>26</b>	<b>42</b>	<b>42</b>	<b>23</b>	<b>11</b>	<b>28</b>	<b>65</b>	<b>144</b>	<b>104</b>	<b>118</b>	<b>137</b>
Tax	-8	-8	-6	-8	-9	-6	-2	-6	-15	-29	-22	-24	-28
<b>Net income</b>	<b>32</b>	<b>28</b>	<b>21</b>	<b>34</b>	<b>34</b>	<b>17</b>	<b>9</b>	<b>23</b>	<b>50</b>	<b>114</b>	<b>82</b>	<b>93</b>	<b>109</b>
<b>EPS basic (SEK)</b>	<b>3.38</b>	<b>2.97</b>	<b>2.18</b>	<b>3.43</b>	<b>3.30</b>	<b>1.62</b>	<b>0.85</b>	<b>2.19</b>	<b>5.29</b>	<b>11.97</b>	<b>7.96</b>	<b>9.07</b>	<b>10.58</b>
<b>Growth metrics</b>													
Sales growth q-o-q	7.0%	-0.3%	-18.5%	40.9%	-2.3%	-7.8%	-27.0%	41.4%	n.a.	n.a.	n.a.	n.a.	n.a.
Sales growth y-o-y	27.5%	24.0%	24.8%	22.3%	11.7%	3.4%	-7.3%	-7.0%	8.3%	24.5%	0.3%	0.0%	6.8%
Organic sales growth y-o-y	27.5%	24.0%	24.8%	22.3%	11.7%	3.4%	-7.3%	-7.0%	8.3%	24.5%	0.3%	0.0%	6.8%
EBITDA growth y-o-y	231.4%	115.6%	62.7%	42.8%	4.3%	-36.2%	-54.3%	-31.9%	n.a.	95.0%	-26.7%	11.4%	15.4%
EBIT growth y-o-y	228.8%	115.6%	62.7%	42.8%	5.2%	-36.2%	-54.3%	-31.9%	n.a.	94.6%	-26.5%	11.4%	15.4%
<b>Margins</b>													
Gross margin	88.3%	87.9%	86.7%	88.4%	88.8%	89.0%	86.3%	88.3%	85.3%	87.9%	88.2%	88.3%	88.4%
EBITDA margin	15.1%	13.8%	12.5%	13.4%	14.1%	9.1%	7.4%	10.3%	9.8%	13.8%	10.5%	11.3%	12.1%
Adj. EBITDA margin	15.1%	13.8%	12.5%	13.4%	14.1%	10.2%	7.4%	10.3%	9.8%	13.8%	10.8%	11.3%	12.1%
EBITA margin	13.4%	11.9%	10.3%	11.9%	12.5%	7.3%	5.1%	8.7%	7.6%	12.0%	8.8%	9.8%	10.5%
Adj. EBITA margin	13.4%	11.9%	10.3%	11.9%	12.5%	8.4%	5.1%	8.7%	7.6%	12.0%	9.0%	9.8%	10.5%
EBIT margin	13.3%	11.9%	10.3%	11.9%	12.5%	7.3%	5.1%	8.7%	7.6%	11.9%	8.8%	9.8%	10.5%

Source: ABG Sundal Collier, Company data.

Income Statement (SEKm)	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Sales	489	620	728	841	857	924	1,151	1,153	1,153	1,231
COGS	-73	-93	-103	-103	-111	-136	-139	-136	-135	-143
Gross profit	416	527	625	738	746	788	1,012	1,017	1,018	1,089
Other operating items	-371	-483	-571	-682	-676	-698	-854	-896	-887	-940
<b>EBITDA</b>	<b>44</b>	<b>44</b>	<b>54</b>	<b>56</b>	<b>70</b>	<b>91</b>	<b>159</b>	<b>121</b>	<b>130</b>	<b>148</b>
Depreciation and amortisation	-5	-7	-7	-25	-28	-20	-21	-20	-18	-19
of which leasing depreciation	0	0	0	0	0	0	0	-4	-7	-7
<b>EBITA</b>	<b>39</b>	<b>37</b>	<b>47</b>	<b>31</b>	<b>42</b>	<b>71</b>	<b>138</b>	<b>101</b>	<b>113</b>	<b>130</b>
EO Items	-5	0	0	-4	-1	0	0	-3	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	-0	0	0	0
<b>EBIT</b>	<b>39</b>	<b>37</b>	<b>47</b>	<b>31</b>	<b>42</b>	<b>71</b>	<b>138</b>	<b>101</b>	<b>113</b>	<b>130</b>
Net financial items	-1	-2	-4	-4	-5	-3	-1	-2	1	3
<b>Pretax profit</b>	<b>38</b>	<b>33</b>	<b>40</b>	<b>26</b>	<b>36</b>	<b>65</b>	<b>144</b>	<b>104</b>	<b>118</b>	<b>137</b>
Tax	-11	-8	-13	-8	-8	-15	-29	-22	-24	-28
<b>Net profit</b>	<b>27</b>	<b>25</b>	<b>27</b>	<b>18</b>	<b>28</b>	<b>50</b>	<b>115</b>	<b>82</b>	<b>93</b>	<b>109</b>
Minority interest	-4	-2	-5	-7	-5	-5	-11	-11	-13	-15
Net profit discontinued	0	0	0	0	0	0	0	0	0	0
<b>Net profit to shareholders</b>	<b>23</b>	<b>23</b>	<b>22</b>	<b>11</b>	<b>23</b>	<b>45</b>	<b>103</b>	<b>70</b>	<b>80</b>	<b>94</b>
EPS	3.15	3.26	3.14	1.41	2.72	5.28	11.79	7.92	9.07	10.58
EPS adj.	3.69	3.26	3.14	1.75	2.81	5.28	11.82	8.21	9.07	10.58
Total extraordinary items after tax	-4	0	0	-3	-1	0	0	-3	0	0
Leasing payments	0	0	0	0	0	0	0	-4	-7	-7
Tax rate (%)	27.7	24.9	33.2	31.9	22.2	22.8	20.3	21.6	20.6	20.6
Gross margin (%)	85.1	85.0	85.8	87.8	87.1	85.3	87.9	88.2	88.3	88.4
EBITDA margin (%)	9.0	7.0	7.4	6.7	8.2	9.8	13.8	10.5	11.3	12.1
EBITA margin (%)	7.9	5.9	6.5	3.7	4.9	7.6	12.0	8.8	9.8	10.5
EBIT margin (%)	7.9	5.9	6.5	3.7	4.9	7.6	12.0	8.8	9.8	10.5
Pre-tax margin (%)	7.8	5.4	5.5	3.1	4.2	7.0	12.5	9.0	10.2	11.1
Net margin (%)	5.6	4.0	3.7	2.1	3.2	5.4	10.0	7.1	8.1	8.8
<b>Growth Rates y-o-y</b>	-	-	-	-	-	-	-	-	-	-
Sales growth (%)	27.7	27.0	17.4	15.5	1.9	7.9	24.6	0.2	-0.0	6.8
EBITDA growth (%)	17.3	-1.4	24.1	3.9	24.8	29.9	74.5	-23.7	7.5	14.1
EBITA growth (%)	16.9	-4.9	27.7	-33.4	35.5	66.5	95.5	-26.8	11.4	15.4
EBIT growth (%)	16.9	-4.9	27.7	-33.4	35.5	66.5	95.0	-26.7	11.4	15.4
Net profit growth (%)	15.6	-8.8	8.0	-35.2	58.3	79.8	130.3	-28.9	14.5	16.6
EPS growth (%)	-12.9	3.4	-3.7	-55.1	93.2	93.9	123.2	-32.8	14.6	16.6
<b>Profitability</b>	-	-	-	-	-	-	-	-	-	-
ROE (%)	45.4	26.2	23.4	11.8	21.5	30.2	55.9	37.0	40.7	41.2
ROE adj. (%)	53.1	26.2	23.4	14.7	22.2	30.2	56.1	38.4	40.7	41.2
ROCE (%)	45.3	27.8	25.3	12.4	14.4	23.1	46.8	34.5	40.0	42.6
ROCE adj. (%)	51.6	27.8	25.3	14.0	14.7	23.1	46.9	35.6	40.0	42.6
ROIC (%)	51.4	30.4	20.2	9.8	13.4	22.4	44.9	32.6	36.8	42.3
ROIC adj. (%)	58.6	30.4	20.2	11.0	13.6	22.4	44.9	33.7	36.8	42.3
<b>Adj. earnings numbers</b>	-	-	-	-	-	-	-	-	-	-
EBITDA adj.	50	44	54	60	71	91	159	124	130	148
EBITDA adj. margin (%)	10.1	7.0	7.4	7.1	8.3	9.8	13.8	10.8	11.3	12.1
EBITDA lease adj.	50	44	54	60	71	91	159	121	123	141
EBITDA lease adj. margin (%)	10.1	7.0	7.4	7.1	8.3	9.8	13.8	10.5	10.7	11.4
EBITA adj.	44	37	47	35	43	71	138	104	113	130
EBITA adj. margin (%)	9.0	5.9	6.5	4.2	5.1	7.6	12.0	9.0	9.8	10.5
EBIT adj.	44	37	47	35	43	71	138	104	113	130
EBIT adj. margin (%)	9.0	5.9	6.5	4.2	5.1	7.6	12.0	9.0	9.8	10.5
Pretax profit Adj.	43	33	40	30	37	65	144	107	118	137
Net profit Adj.	31	25	27	20	28	50	115	84	93	109
Net profit to shareholders adj.	27	23	22	13	24	45	104	73	80	94
Net adj. margin (%)	6.4	4.0	3.7	2.4	3.3	5.4	10.0	7.3	8.1	8.8

Source: ABG Sundal Collier, Company Data

Cash Flow (SEKm)	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
EBITDA	44	44	54	56	70	91	159	121	130	148
Net financial items	-1	-2	-4	-4	-5	-3	-1	-2	1	3
Paid tax	-13	-18	-15	-16	-11	-6	-16	-22	-24	-28
Non-cash items	-5	2	5	-4	2	-8	-1	2	4	4
Cash flow before change in WC	25	25	40	31	56	74	141	98	111	127
Change in working capital	14	4	4	22	13	4	11	-2	1	6

Cash Flow (SEKm)	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
<b>Operating cash flow</b>	<b>39</b>	<b>29</b>	<b>45</b>	<b>54</b>	<b>69</b>	<b>78</b>	<b>152</b>	<b>96</b>	<b>112</b>	<b>133</b>
Capex tangible fixed assets	0	-2	-3	-2	-0	-1	-1	-3	-6	-6
Capex intangible fixed assets	0	0	0	-5	-1	-2	-0	-3	-8	-9
Acquisitions and Disposals	0	-37	-37	-11	2	0	0	0	0	0
<b>Free cash flow</b>	<b>39</b>	<b>-11</b>	<b>5</b>	<b>36</b>	<b>70</b>	<b>76</b>	<b>151</b>	<b>90</b>	<b>98</b>	<b>118</b>
Dividend paid	0	-18	-18	-19	-7	-13	-33	-77	-61	-71
Share issues and buybacks	0	0	0	0	0	3	-50	0	0	0
Leasing liability amortisation	0	0	0	0	0	-0	-12	-13	-8	-8
Other non-cash items	19	-36	-24	-73	-9	-40	-23	-12	0	-0
Balance Sheet (SEKm)	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Goodwill	39	113	157	208	212	212	211	211	211	211
Other intangible assets	0	0	1	5	5	5	5	5	7	9
Tangible fixed assets	17	25	30	5	4	3	3	2	3	4
Right-of-use asset	0	0	0	64	49	55	62	59	59	60
Total other fixed assets	7	12	16	17	15	17	23	23	23	23
Fixed assets	63	151	204	298	285	292	303	299	303	307
Inventories	0	0	0	0	0	0	0	0	0	0
Receivables	0	150	160	154	135	166	201	187	190	210
Other current assets	141	30	40	42	46	47	35	33	33	37
Cash and liquid assets	52	18	22	28	46	54	83	51	65	104
<b>Total assets</b>	<b>257</b>	<b>349</b>	<b>426</b>	<b>522</b>	<b>512</b>	<b>560</b>	<b>623</b>	<b>570</b>	<b>591</b>	<b>658</b>
Shareholders equity	80	96	93	87	126	174	195	184	212	243
Minority	6	15	30	51	40	20	33	29	35	41
<b>Total equity</b>	<b>87</b>	<b>111</b>	<b>122</b>	<b>138</b>	<b>166</b>	<b>195</b>	<b>228</b>	<b>213</b>	<b>246</b>	<b>284</b>
Long-term debt	12	28	48	78	1	52	42	21	5	5
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	43	41	25	26	26	26	26
Total other long-term liabilities	9	17	16	15	1	0	1	1	1	1
Short-term debt	9	10	31	22	79	28	33	33	33	33
Accounts payable	0	30	35	24	32	35	55	51	52	57
Other current liabilities	141	154	173	203	192	225	240	225	229	252
<b>Total liabilities and equity</b>	<b>257</b>	<b>349</b>	<b>426</b>	<b>522</b>	<b>512</b>	<b>560</b>	<b>623</b>	<b>570</b>	<b>591</b>	<b>658</b>
Net IB debt	-36	20	57	115	75	50	17	28	-1	-41
Net IB debt excl. pension debt	-36	20	57	115	75	50	17	28	-1	-41
Net IB debt excl. leasing	-36	20	57	73	34	26	-9	2	-27	-67
Capital employed	107	149	202	281	287	299	328	293	309	348
Capital invested	51	131	180	253	241	245	245	241	245	243
Working capital	0	-4	-8	-30	-43	-47	-58	-56	-57	-63
<b>EV breakdown</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Market cap. diluted (m)	643	655	655	663	742	757	773	782	782	782
Net IB debt adj.	-36	20	57	115	75	50	17	28	-1	-41
Market value of minority	6	15	30	51	40	20	33	29	35	41
Reversal of shares and participations	0	-3	-8	-10	-9	-11	-17	-18	-18	-18
Reversal of conv. debt assumed equity	-	-	-	-	-	-	-	-	-	-
<b>EV</b>	<b>614</b>	<b>687</b>	<b>734</b>	<b>820</b>	<b>848</b>	<b>816</b>	<b>806</b>	<b>822</b>	<b>798</b>	<b>765</b>
Total assets turnover (%)	224.0	204.7	187.8	177.4	165.7	172.4	194.7	193.3	198.5	197.1
Working capital/sales (%)	1.4	-0.3	-0.8	-2.3	-4.3	-4.9	-4.6	-5.0	-4.9	-4.9
<b>Financial risk and debt service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net debt/equity (%)	-41.6	18.2	46.9	83.7	45.2	25.8	7.3	13.1	-0.6	-14.4
Net debt / market cap (%)	-5.6	3.1	8.8	17.4	10.1	6.6	2.1	3.6	-0.2	-5.2
Equity ratio (%)	33.8	31.7	28.8	26.4	32.4	34.8	36.6	37.4	41.6	43.2
Net IB debt adj. / equity (%)	-41.6	18.2	46.9	83.7	45.2	25.8	7.3	13.1	-0.6	-14.4
Current ratio	1.29	1.02	0.93	0.90	0.75	0.93	0.98	0.88	0.92	1.03
EBITDA/net interest	55.1	18.9	13.8	13.0	14.0	30.3	198.3	58.8	128.9	47.6
Net IB debt/EBITDA (x)	-0.8	0.5	1.1	2.1	1.1	0.6	0.1	0.2	-0.0	-0.3
Net IB debt/EBITDA lease adj. (x)	-0.7	0.5	1.1	1.2	0.5	0.3	-0.1	0.0	-0.2	-0.5
Interest coverage	38.9	16.0	11.8	7.3	8.2	22.1	48.3	31.7	41.0	47.9

Source: ABG Sundal Collier, Company Data

Share Data (SEKm)	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Actual shares outstanding	7	7	7	8	8	9	9	9	9	9
Actual shares outstanding (avg)	7	7	7	8	8	9	9	9	9	9



Share Data (SEKm)	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
All additional shares	2	0	0	0	1	0	0	0	0	0
Issue month	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assumed dil. of shares from conv.	0	0	0	0	0	0	0	0	0	0
As. dil. of shares from conv. (avg)	0	0	0	0	0	0	0	0	0	0
Conv. debt not assumed as equity	0	0	0	0	0	0	0	0	0	0
No. of warrants	0	0	0	0	0	0	0	0	0	0
Market value per warrant	0	0	0	0	0	0	0	0	0	0
Dilution from warrants	0	0	0	0	0	0	0	0	0	0
Issue factor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Actual dividend per share	2.10	2.17	2.25	0.00	0.90	3.50	8.00	6.00	7.00	8.00
Reported earnings per share	3.66	3.28	3.14	1.44	2.94	5.32	12.01	8.13	9.07	10.58

Source: ABG Sundal Collier, Company Data

Valuation and Ratios (SEKm)	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Shares outstanding adj.	7	7	7	8	8	9	9	9	9	9
Diluted shares adj.	7	7	7	8	8	9	9	9	9	9
EPS	3.15	3.26	3.14	1.41	2.72	5.28	11.79	7.92	9.07	10.58
Dividend per share	2.10	2.17	2.25	0.00	0.90	3.50	8.00	6.00	7.00	8.00
EPS adj.	3.69	3.26	3.14	1.75	2.81	5.28	11.82	8.21	9.07	10.58
BVPS	11.02	12.93	12.52	11.53	14.98	20.32	22.25	20.78	23.85	27.43
BVPS adj.	5.68	-2.41	-8.83	-16.80	-10.81	-4.98	-2.34	-3.47	-0.67	2.65
Net IB debt/share	-4.95	2.72	7.73	15.33	8.92	5.86	1.89	3.16	-0.16	-4.62
Share price	88.20	88.20	88.20	88.20	88.20	88.20	88.20	88.20	88.20	88.20
Market cap. (m)	643	655	655	663	742	757	773	782	782	782
<b>Valuation</b>	-	-	-	-	-	-	-	-	-	-
P/E (x)	28.0	27.0	28.1	62.6	32.4	16.7	7.5	11.1	9.7	8.3
EV/sales (x)	1.26	1.11	1.01	0.98	0.99	0.88	0.70	0.71	0.69	0.62
EV/EBITDA (x)	13.9	15.8	13.6	14.6	12.1	9.0	5.1	6.8	6.1	5.2
EV/EBITA (x)	15.9	18.7	15.6	26.2	20.0	11.6	5.8	8.1	7.1	5.9
EV/EBIT (x)	15.9	18.7	15.6	26.2	20.0	11.6	5.9	8.1	7.1	5.9
Dividend yield (%)	2.4	2.5	2.6	0.0	1.0	4.0	9.1	6.8	7.9	9.1
FCF yield (%)	6.0	-1.6	0.8	5.4	9.5	10.0	19.5	11.5	12.5	15.1
Le. adj. FCF yld. (%)	6.0	-1.6	0.8	5.4	9.5	9.9	18.0	9.8	11.5	14.1
P/BVPS (x)	8.00	6.82	7.05	7.65	5.89	4.34	3.96	4.24	3.70	3.22
P/BVPS adj. (x)	15.54	-37.43	-10.19	-5.48	-8.65	-20.23	-49.62	-29.80	787.70	23.91
P/E adj. (x)	23.9	27.0	28.1	50.3	31.4	16.7	7.5	10.7	9.7	8.3
EV/EBITDA adj. (x)	12.4	15.8	13.6	13.7	12.0	9.0	5.1	6.6	6.1	5.2
EV/EBITA adj. (x)	13.9	18.7	15.6	23.4	19.6	11.6	5.8	7.9	7.1	5.9
EV/EBIT adj. (x)	13.9	18.7	15.6	23.4	19.6	11.6	5.9	7.9	7.1	5.9
EV/CE (x)	5.7	4.6	3.6	2.9	3.0	2.7	2.5	2.8	2.6	2.2
<b>Investment ratios</b>	-	-	-	-	-	-	-	-	-	-
Capex/sales (%)	0.0	0.4	0.4	0.8	0.2	0.2	0.1	0.6	1.2	1.2
Capex/depreciation	0.0	0.4	0.4	0.3	0.0	0.1	0.0	0.4	1.3	1.3
Capex tangibles / tangible fixed assets	0.0	9.5	10.1	41.3	7.9	17.9	20.0	175.1	192.2	140.0
Capex intangibles / definite intangibles	--	--	--	--	--	--	--	--	--	--
Depreciation on intang / def. intang	--	--	--	--	--	--	--	--	--	--
Depreciation on tangibles / tangibles	31.58	26.48	23.49	539.13	728.23	725.00	824.00	733.56	152.07	108.24

Source: ABG Sundal Collier, Company Data



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Norway	Sweden	Denmark	United Kingdom	USA	Germany	Singapore
Ruseløkkveien 26, 8th floor 0251 Oslo	Regeringsgatan 25, 8th floor 111 53 Stockholm	Forbindelsesvej 12, 2100 Copenhagen	10 Paternoster Row, 5th floor London EC4M 7EJ	140 Broadway, Suite 4604 New York, NY 10005	Schillerstrasse 2, 5. OG 60313 Frankfurt	10 Collyer Quay Ocean Financial Center
Norway Tel: +47 22 01 60 00 Fax: +47 22 01 60 60	Sweden Tel: +46 8 566 286 00 Fax: +46 8 566 286 01	Denmark Tel: +45 35 46 61 00 Fax: +45 35 46 61 10	UK Tel: +44 20 7905 5600 Fax: +44 20 7905 5601	USA Tel. +1 212 605 3800 Fax. +1 212 605 3801	Germany Tel +49 69 96 86 96 0 Fax +49 69 96 86 96 99	#40-07, Singapore 049315 Tel +65 6808 6082