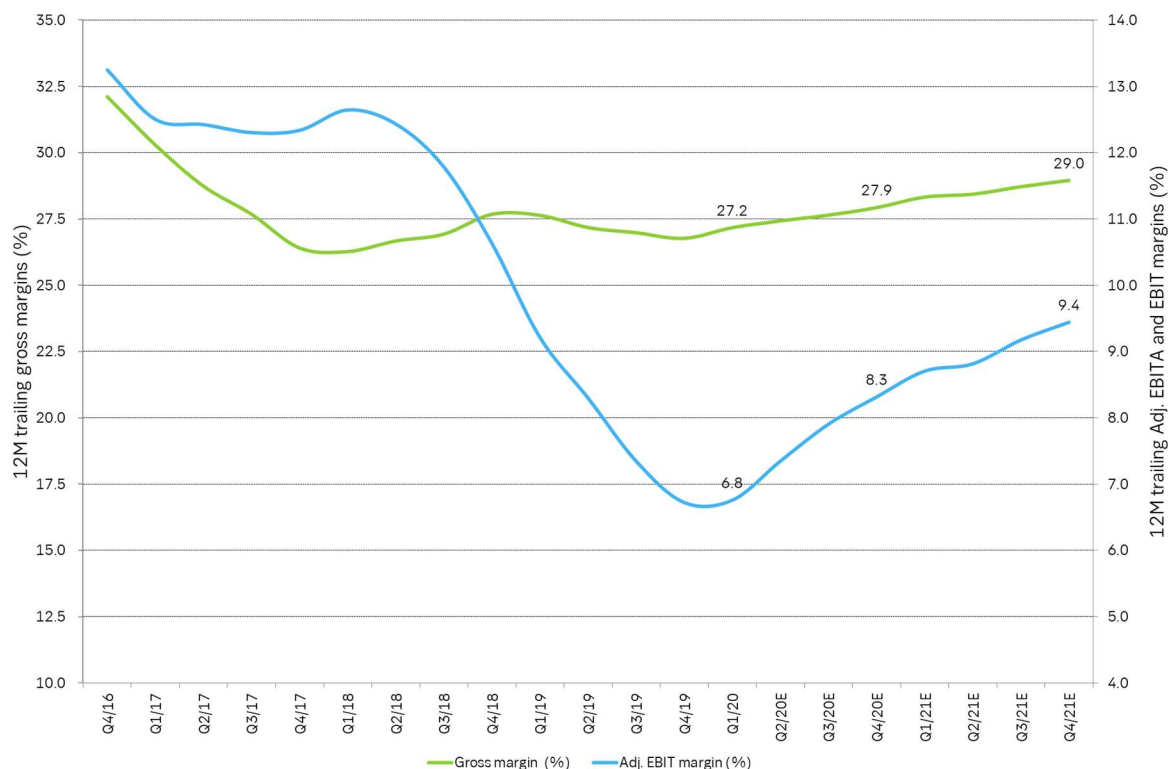
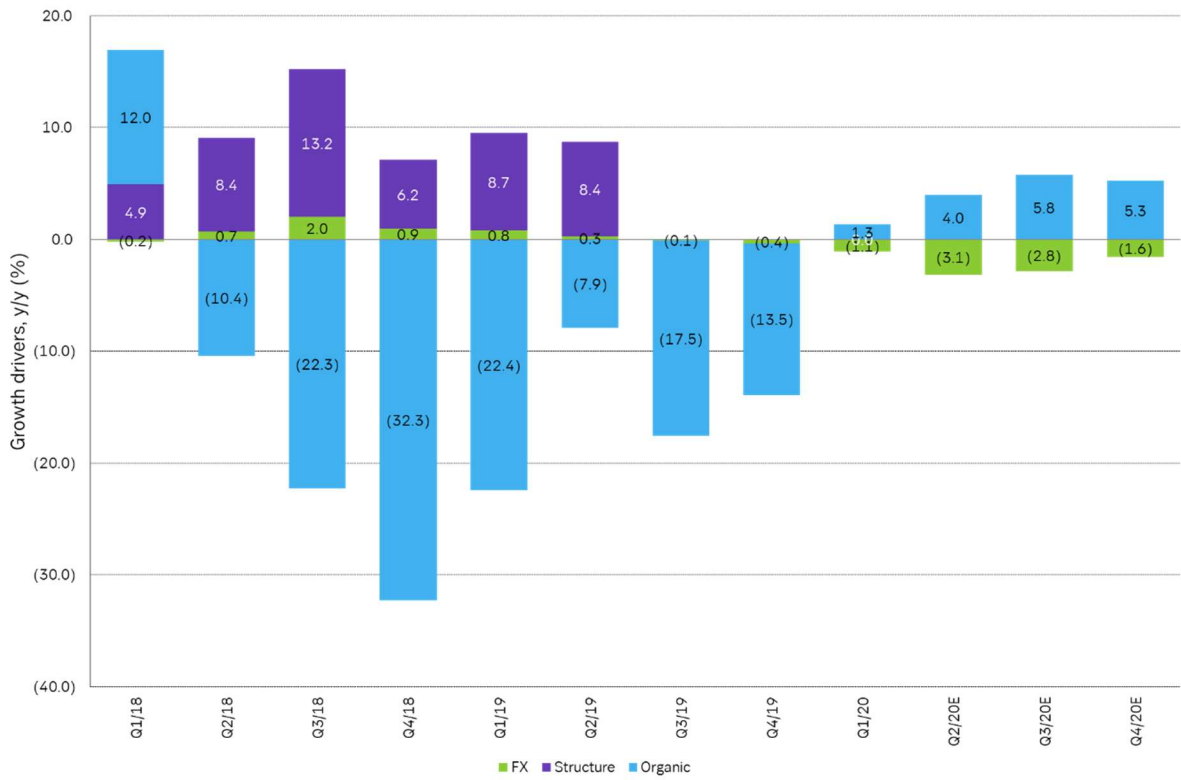
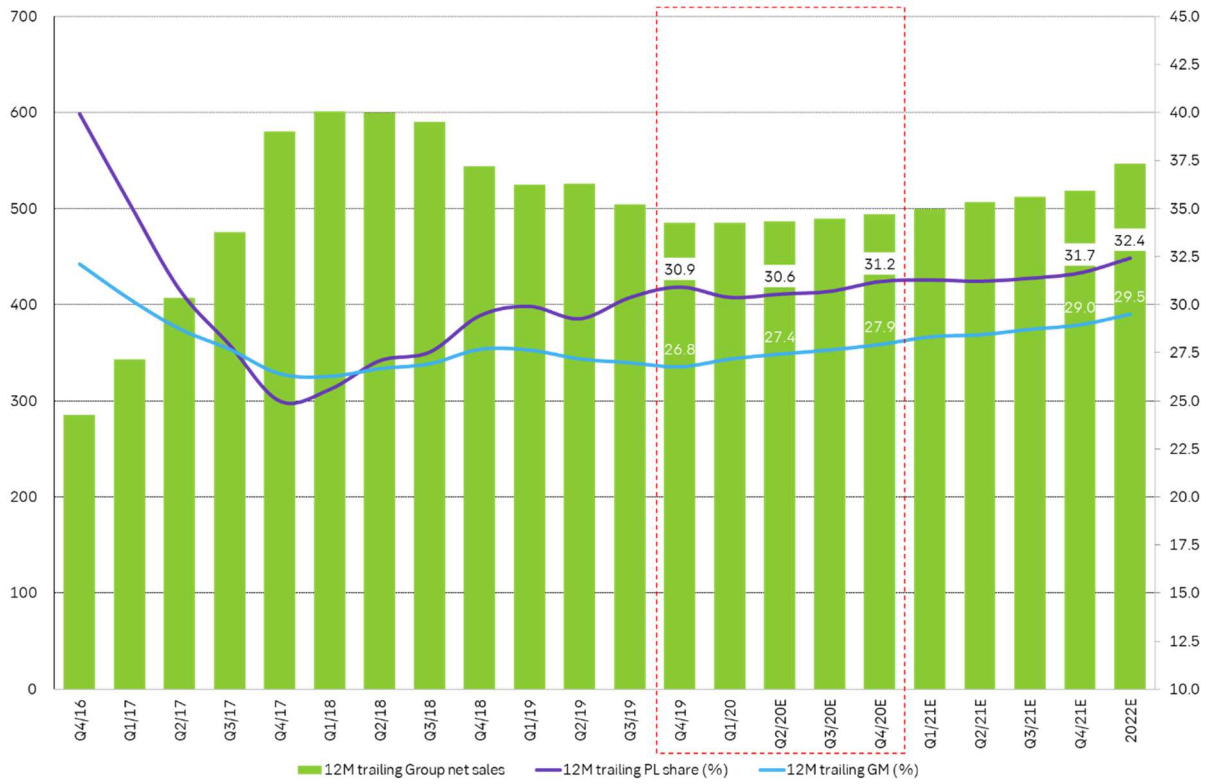


Alcadon Group – SEB Corporate Research

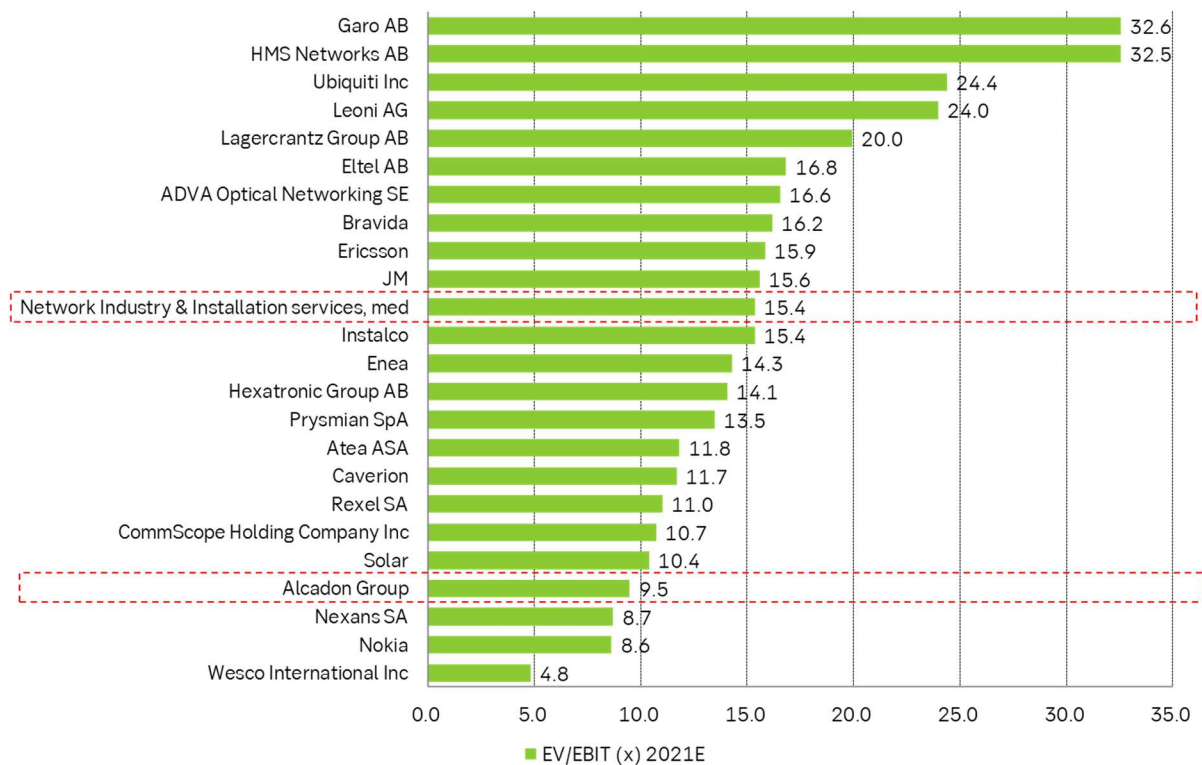
Valuation summary

Mid-point DCF value (SEK)	30.00				
Share price (SEK)	22.60				
2021E EV/EBIT, adj. (x)	9.3				
2021E EV/EBIT, adj. & excl. IFRS16 debt (x)	8.9				
2021E adj. PER at current share price (x)	11.1				
2020E DPS (2021 payout)	0.50				
	Low	High	Mid-point		
DCF valuation range (SEK)	26.00	34.00	30.00		
Equity potential (%)	15	50	33		
2021E adj. EV/EBIT at mid-point DCF value (x)	10.1	12.8	11.5		
2020E DPS yield (%)	2.2	2.2	2.2		
Total return potential	17	53	35		
Capitalization (SEKm)	2018	2019	2020E	2021E	2022E
No of shares (m)	16.9	16.9	16.9	16.9	16.9
Share price (SEK)	22.60	22.60	22.60	22.60	22.60
Market cap	381	381	381	381	381
Net debt/(cash), as reported	118	127	100	73	45
EV, as reported	499	508	481	454	426
Net debt/(cash) excl. IFRS16 debt	118	109	83	56	27
EV excl. IFRS16 debt	499	491	464	437	408
Valuation (x)	2018	2019	2020E	2021E	2022E
EV/Sales	0.92	1.05	0.97	0.88	0.78
EV/Sales (excl. IFRS16)	0.92	1.01	0.94	0.84	0.75
EV/EBITA, adj.	8.6	15.5	11.7	9.2	7.8
EV/EBITA, adj. (excl. IFRS16)	8.6	15.0	11.2	8.9	7.5
EV/EBIT, adj. (excl. IFRS16)	8.6	15.1	11.3	8.9	7.5





Telecom/Tech & Services	CCY price	Share price	Mkt cap (EURm)	EV/Sales (x)			EV/EBIT (x)			Abs. performance (%)			2021E EPS rev. -12M (%)
				2020E	2021E	2022E	2020E	2021E	2022E	-1M	-3M	-12M	
Network Industry & Installation peers													
ADVA Optical Networking SE	EUR	7.42	376	0.74	0.70	0.64	22.2	16.6	13.2	23.7	27.7	19.1	(19.5)
Applied Optoelectronics Inc	USD	15.80	305	1.69	1.34	1.21	n.a.	57.9	14.6	41.7	29.5	54.8	(80.3)
Atea ASA	NOK	105.20	1,092	0.32	0.31	0.30	15.7	11.8	10.0	9.1	17.3	(6.1)	(24.8)
Bravida	SEK	100.90	1,974	1.01	1.01	0.97	16.5	16.2	15.3	13.2	24.6	26.8	9.6
Caverion	EUR	6.19	840	0.44	0.41	0.37	16.9	11.7	9.8	2.1	16.8	7.5	(0.3)
CommScope Holding Company Inc	USD	11.02	1,839	1.46	1.43	1.39	12.8	10.7	10.9	38.2	(0.0)	(14.6)	(41.4)
Eltel AB	SEK	20.30	511	0.48	0.48	0.47	15.2	16.8	13.5	(3.3)	(3.8)	(9.0)	11.1
Enea	SEK	180.60	379	4.16	3.69	3.42	17.4	14.3	12.6	1.1	34.8	19.2	(2.3)
Ericsson	SEK	101.55	32,581	1.43	1.42	1.37	15.6	15.9	12.9	14.7	23.4	24.2	(5.7)
Furukawa Electric Co Ltd	JPY	2,350.00	1,330	0.45	0.42	0.40	n.a.	n.a.	n.a.	(11.3)	20.5	(3.0)	(34.0)
Garo AB	SEK	414.00	404	4.17	3.62	3.15	42.4	32.6	27.7	11.3	24.3	35.5	(14.2)
Hexatronic Group AB	SEK	59.90	220	1.40	1.19	1.01	21.0	14.1	10.9	15.9	45.7	24.5	(13.4)
HMS Networks AB	SEK	211.00	958	7.24	6.24	n.a.	40.6	32.5	n.a.	21.4	31.2	35.6	(26.5)
Instalco	SEK	168.80	827	1.32	1.22	1.08	16.3	15.4	13.0	9.2	29.8	93.6	52.2
JM	SEK	262.20	1,771	1.48	1.53	1.59	13.6	15.6	15.8	17.1	51.4	11.1	(10.4)
Lagercrantz Group AB	SEK	174.80	1,124	2.74	2.49	2.36	23.7	20.0	18.8	15.8	34.3	46.4	(13.7)
Leoni AG	EUR	7.24	238	0.35	0.32	0.31	n.a.	24.0	13.5	0.0	15.6	(36.3)	(99.1)
Nexans SA	EUR	46.50	2,028	0.39	0.38	0.37	12.7	8.7	7.4	8.4	29.0	64.3	(4.6)
NKT A/S	DKK	187.50	818	0.80	0.68	0.58	n.a.	n.a.	22.2	28.4	23.5	113.8	(120.8)
Nokia	EUR	4.20	23,675	0.95	0.94	0.92	10.1	8.6	7.7	5.1	27.2	(10.6)	(23.4)
Prysmian SpA	EUR	22.20	5,953	0.84	0.79	0.75	17.8	13.5	11.9	2.2	27.5	18.7	(28.0)
Rexel SA	EUR	10.58	3,245	0.48	0.45	0.44	17.4	11.0	9.6	(2.0)	24.7	17.0	(26.4)
Solar	DKK	270.50	265	0.24	0.24	0.22	11.8	10.4	8.4	3.2	7.6	(6.9)	(30.6)
Ubiquiti Inc	USD	191.98	10,373	9.01	9.30	n.a.	25.0	24.4	n.a.	9.1	19.9	61.4	(11.1)
Wesco International Inc	USD	42.42	1,800	0.28	0.20	0.20	8.4	4.8	4.3	27.6	61.4	(7.4)	(26.7)
Network Industry & Installation services, avg				1.75	1.63	1.02	18.7	17.7	12.9	12.1	25.8	23.2	(23.4)
Network Industry & Installation services, med				0.95	0.94	0.75	16.5	15.4	12.7	9.2	24.7	19.1	(19.5)
Alcadon Group	SEK	23.20	38	0.99	0.90	0.80	12.0	9.5	8.0	11.5	41.0	0.0	0.0
Discount/(Premium) to peers, avg (%/pp)				43.3	45.1	22.1	36.1	46.5	38.3	0.5	(15.3)	23.2	(23.4)
Discount/(Premium) to peers, med (%/pp)				(4.7)	4.5	(5.6)	27.6	38.3	37.5	(2.4)	(16.3)	19.1	(19.5)



DCF valuation (SEKm)		Weighted average cost of capital (%)	
NPV of FCF in explicit forecast period	293	Risk free interest rate	2.5
NPV of continuing value	312	Risk premium	5.5
Value of operation	605	Cost of equity	8.0
Net debt	100	After tax cost of debt	5.0
Share issue/buy-back in forecast period	-	WACC	7.5
Value of associated companies	-	Assumptions	
Value of minority shareholders' equity	-	Number of forecast years	10
Value of marketable assets	-	EBIT margin - steady state (%)	8.1
DCF value of equity	505	EBIT multiple - steady state (x)	10.5
DCF value per share (SEK)	30.00	Continuing value (% of NPV)	51.6
Current share price (SEK)	23.20		
DCF performance potential (%)	29		

Cost of equity (%)

		7.0	7.5	8.0	8.5	9.0
Equity capital weight (%)	63	45.0	42.1	39.6	37.3	35.2
	73	39.1	36.5	34.2	32.1	30.3
	83	34.4	32.1	30.0	28.1	26.4
	93	30.6	28.5	26.5	24.8	23.3
	100	28.5	26.4	24.6	23.0	21.5

Absolute change in EBITDA margin - all years

		-2%	-1%	0	+1%	+2%
Abs. change in sales growth - all years	-2%	20.4	23.6	26.9	30.1	33.4
	-1%	21.5	24.9	28.4	31.8	35.2
	0	22.7	26.3	30.0	33.6	37.2
	+1%	23.9	27.8	31.6	35.5	39.3
	+2%	25.3	29.3	33.4	37.4	41.5

Historical three acquisitions combined, 2017-2018	(SEKm)
Annual sales	278.2
EBIT	22.5
EBIT %	8.1
EV paid	152.6
EV/EBIT paid (x)	6.8

What if: estimating acquisition value potential in Alcadon Group	2021E
Assumed EV/EBIT multiples on acquisitions (x)	7.0
Cash spent on acquisitions (SEKm)	70
Acquired EBIT (SEKm)	10
Acquired EBITDA (SEKm)	13
Financing cost @ 3.5% (SEKm)	(2)
Increased pre-tax profit (SEKm)	8
Increased net income @ 22% tax rate (SEKm)	6
No of shares (m)	16.9
Increased EPS (SEK)	0.35
Network Infrastructure peer group PER 2021E, median (x)	15.0
Assumed PER post-20% discount to peer group median (x)	12.0
Value increase per share @ peer median PER post-20% discount (SEK)	4.00