

Alcadon

Price negotiations yield strong Q2 results

- Significant earnings beat driven by strong gross margin
- Improved margins and solid underlying markets
- Operational turning point, trading at 8.6x '21e EV/EBIT

Gross margins return to normal quicker than expected

Alcadon's Q2 results easily sailed by our earnings estimates. Sales were not particularly impressive, down 3% compared to Q2'19 and up 2% vs. ABGSCe. However, Alcadon was able to increase pricing to customers while at the same time renegotiating lower prices from its suppliers. We believe FX drove some of this, as COGS are mainly denominated in USD and EUR, and sales in NOK and SEK. This led to a strong gross margin of 30%, which is 330bp better than Q2'19, and 450bp better than we expected. The strong gross margin, coupled with disciplined cost control, led to Alcadon to deliver adj. EBIT of SEK 17.6m, 73% above ABGSCe of SEK 10.5m.

Pencilling in growth at solid margins

The gross margin should remain at good levels for H2'20, supported by improved supplier contracts, FX tailwinds that have continued into Q3'20, and maintained pricing discipline from Alcadon. The underlying market remains mostly stable and unaffected by COVID-19, but we are a bit cautious on sales for '20, as new construction has stalled, and we do not see a significant 5G rollout in the near term. However, we are confident in the significant positive long-term prospects of the 5G rollout for Alcadon. Coupled with the imminent replacement of old, low capacity fiber cables, we believe in organic growth over the coming years.

Share is trading at 8.6x 2021e EV/EBIT

The gross margin improvement signals a turning point from the historical negative margin trend which has affected investor sentiment. At the same time, we see a return to organic growth, meaning that the operational momentum will go from negative to positive. The share is up 40% YTD and is trading at 8.6x EV/EBIT for '21e.

Lead analyst: Erik Cassel
Oskar Vikström

Reason: Post-results comment

Company sponsored research

Not rated

Estimate changes (%)

	2020e	2021e	2022e
Sales	-0.7%	-0.7%	-0.7%
EBIT (rep)	36.3%	14.3%	12.7%
EPS (rep)	40.4%	18.1%	15.7%

Source: ABG Sundal Collier

Share price (SEK) 14/08/2020 25.5

Capital Goods, Sweden
ALCA.ST/ALCA SS

MCap (SEKm) 437

MCap (EURm) 42.4

Net debt (EURm) 7

No. of shares (m) 17.1

Free float (%) 73.0

Av. daily volume (k) 2.6

Next event Q3 report: 06 Nov

Performance



	1m	3m	12m
Absolute (%)	15.9	47.0	17.0
OMX STH PI (%)	2.6	21.6	19.6

Source: FactSet

SEKm	2018	2019	2020e	2021e	2022e
Sales	544	485	505	545	575
EBITDA	58	41	65	65	70
EBITDA margin (%)	10.7	8.5	13.0	12.0	12.2
EBIT adj	58	33	56	54	58
EBIT adj margin (%)	10.6	6.7	11.1	9.9	10.1
Pretax profit	47	25	51	50	54
EPS rep	2.16	1.15	2.34	2.31	2.50
EPS adj	2.22	1.24	2.37	2.31	2.50
Sales growth (%)	-6.2	-10.8	4.0	8.0	5.5
EPS growth (%)	-27.1	-46.8	102.9	-1.2	8.3

Source: ABG Sundal Collier, Company data

	2020e	2021e	2022e
P/E (x)	10.9	11.0	10.2
P/E adj (x)	10.8	11.0	10.2
P/BVPS (x)	1.76	1.52	1.32
EV/EBITDA (x)	7.7	7.1	6.0
EV/EBIT adj (x)	9.0	8.6	7.3
EV/sales (x)	1.00	0.85	0.73
ROE adj (%)	17.7	14.8	13.9
Dividend yield (%)	0	0	0
FCF yield (%)	12.9	4.6	10.5
Lease adj. FCF yld (%)	12.9	4.6	10.5
Net IB debt/EBITDA	1.2	0.6	-0.1
Lease adj. ND/EBITDA	1.0	0.4	-0.3

Please refer to important disclosures at the end 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.

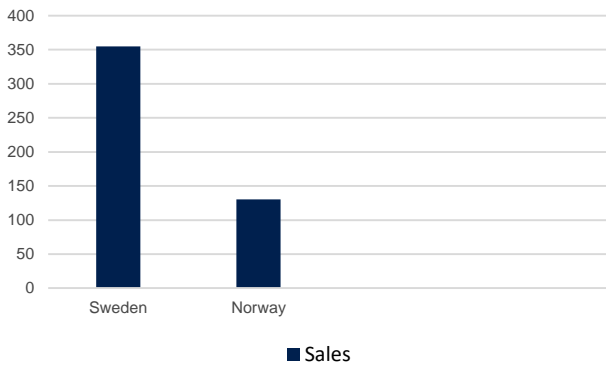
Opportunities

Momentum in own brands and roll-out of broadband in the Scandinavian market. Demand drivers are fiber for various areas of use, called Fiber to the X (FTTX), the 5G expansion and data centers. Additionally, there are opportunities in cross-selling synergies and value-added M&A opportunities.

Risks

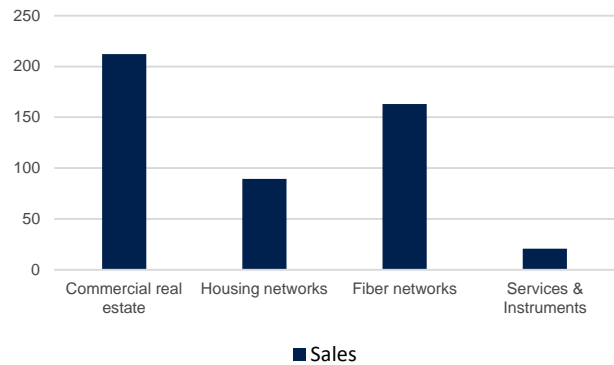
Price pressure in broadband projects, shifts in technology development.

Geographical breakdown, sales, SEKm



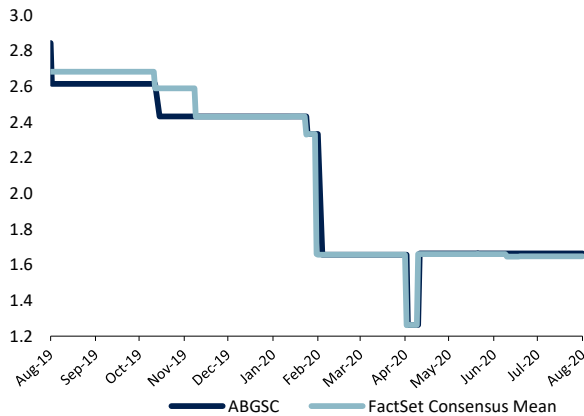
Source: ABG Sundal Collier, Company data

Business area breakdown, sales, SEKm



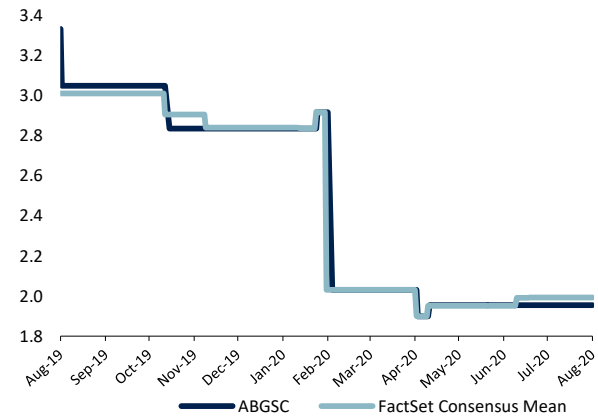
Source: ABG Sundal Collier, Company data

EPS estimate changes, 2020e, SEK



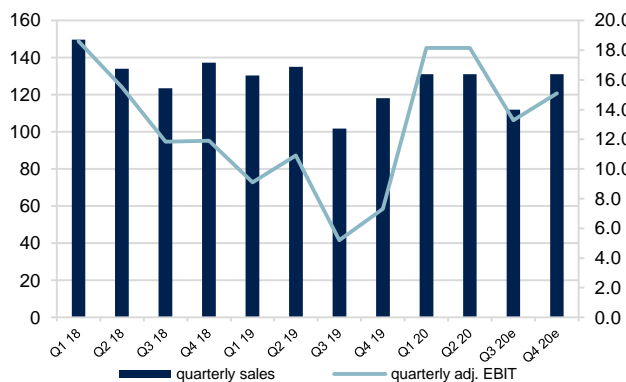
Source: ABG Sundal Collier, FactSet

EPS estimate changes, 2021e, SEK



Source: ABG Sundal Collier, FactSet

Quarterly sales and adj. EBIT, SEKm



Source: ABG Sundal Collier, Company data

Company description

Alcadon is a leading supplier of data and telecommunications products in the Nordics. It offers a wide range of high quality products and components from leading brands and their own brands ECS and DC-line (20%+ of sales). Alcadon has a heritage from 1988 and was divested from DistIT (publ) in 2015/2016. The shares are listed on Nasdaq First North since 2016. In 2017 sales were SEK 0.6bn with an EBIT margin of 12.3%. Financial targets include >10% EPS growth p.a.

Deviation table

	Q2'19	Q2'20 Actual	Q2'20e ABGSCe	Deviation ABGSCe
Net sales	135.0	131	128.3	2%
Gross profit	36.0	39.3	32.7	20%
- margin (%)	26.7%	30.0%	25.5%	
EBIT	10.9	17.6	10.5	67%
- margin (%)	8.1%	13.4%	8.2%	
adj. EBIT	10.9	18.2	10.5	73%
- margin (%)	8.1%	13.9%	8.2%	
Net profit	7.2	12.3	7.3	68%
- margin (%)	5.3%	9.4%	5.7%	

Divisional deviation	Q2'19	Actual	ABGSCe	ABGSCe
Commercial	58.1	59.2	61.6	-4%
Residential	23.0	19.6	23.1	-15%
Fiber networks/FTTx	48.6	47.8	38.5	24%
Services & Training	5.4	4.5	5.1	-12%

Source: ABG Sundal Collier, company data

Estimate revisions

	Old			New			Change (%)			Change (SEKm)		
	2020e	2021e	2022e	2020e	2021e	2022e	2020e	2021e	2022e	2020e	2021e	2022e
Net sales	508	549	579	505	545	575	-1%	-1%	-1%	-3	-4	-4
COGS	-376	-398	-420	-362	-390	-411	-4%	-2%	-2%	15	8	9
SG&A	-81	-92	-95	-78	-90	-94	-4%	-2%	-1%	3	2	1
EO items	0	0	0	-1	0	0	n.m.	n.m.	n.m.	-0.6	0	0
EBITDA	51	59	64	65	65	70	28%	10%	9%	14	6	6
Adj EBITDA	51	59	64	66	65	70	29%	10%	9%	15	6	6
D&A	-11	-12	-13	-10	-11	-12	-6%	-5%	-5%	1	1	1
EBIT	41	47	52	55	54	58	36%	14%	13%	15	7	7
Adj EBIT	41	47	52	56	54	58	38%	14%	13%	15	7	7
Net financials	-5	-5	-5	-4	-4	-4	-1%	-18%	-16%	0	1	1
Tax	-8	-9	-10	-11	-11	-12	43%	18%	16%	-3	-2	-2
Net profit	28	33	36	39	39	42	40%	18%	16%	11	6	6
EPS diluted (SEK)	1.66	1.95	2.16	2.34	2.31	2.50	40%	18%	16%	1	0	0
Margins												
Gross margin	25.9%	27.5%	27.5%	28.3%	28.5%	28.6%	2.4pp	1.0pp	1.1pp			
EBIT margin	8.0%	8.6%	8.9%	11.0%	9.9%	10.1%	3.0pp	1.3pp	1.2pp			
Adj EBIT margin	8.0%	8.6%	8.9%	11.1%	9.9%	10.1%	3.1pp	1.3pp	1.2pp			
Growth ratios												
Sales growth y-o-y	5%	8%	5%	4%	8%	5%	-0.7pp	0.0pp	0.0pp			
Organic growth y-o-y	5%	8%	6%	5%	8%	6%	0.2pp	0.0pp	0.0pp			
Adj EBIT growth	25%	16%	9%	72%	-3%	8%	47.2pp	-19.8pp	-1.5pp			
Cost ratios												
COGS/Sales	74.1%	72.5%	72.5%	71.7%	71.5%	71.4%	-2.4pp	-1.0pp	-1.1pp			
Adj. OPEX/Sales	15.9%	16.7%	16.4%	15.5%	16.5%	16.4%	-0.4pp	-0.2pp	0.0pp			
D&A/Sales	-2.1%	-2.2%	-2.2%	-2.0%	-2.1%	-2.1%	0.1pp	0.1pp	0.1pp			

Source: ABG Sundal Collier, company data

Market outlook

We believe the digitalisation trend in Sweden and Norway is robust and ongoing, with industries, commercial buildings and data centres adapting to faster communication networks. In addition, the housing (re)construction markets in Sweden and Norway are seeing long-term underlying demand, even if we expect stagnated or even slightly lower volumes given the emerging COVID-19 turmoil in the near term. The investment pace for Fiber to the Home (FTTH) network infrastructure will further decrease as urban areas are already highly developed. However, we expect a new wave in demand for fiber infrastructure (FTTX) in conjunction with the rollout of 5G, which will require a more extensive fiber network than the existing infrastructure can offer today.

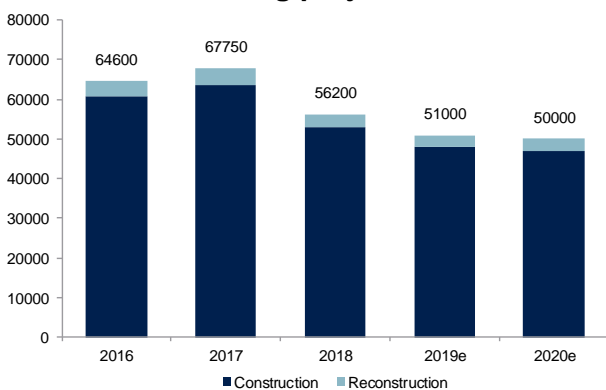
Market drivers for Alcadon’s segments

Market drivers		Commercial	FTTX	Housing
Big Data/Analytics, IoT, Industry 4.0, Service on Demand	5G rollout	●	●	
	Data centers	●	●	
	FTTH		●	●
	Smart homes/cities	●	●	●
Renovation, new- and reconstruction	Infrastructure	●	●	
	Industry- and public sector	●		
	Housing			●

Source: ABG Sundal Collier, company data

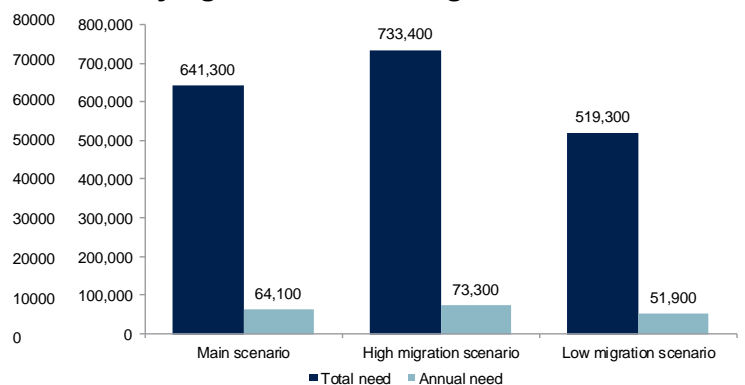
Housing networks (17% of sales) are dependent on construction and reconstruction efforts in Sweden and Norway, as electricity and data network products are mainly used when building or reconstructing major parts of apartments and houses. Boverket forecasts an underlying annual need in the area of 52,000-73,000 new residences in Sweden until '27e, above the projected commenced buildings for '19e and '20e (51,000 and 50,000 respectively). We believe Alcadon will grow at the pace of the broader market at minimum, and note there could be further long-term growth as housing becomes more digitalised.

Commenced housing projects in Sweden



Source: ABG Sundal Collier, Boverket

Underlying need for housing in Sweden, '18-'27e

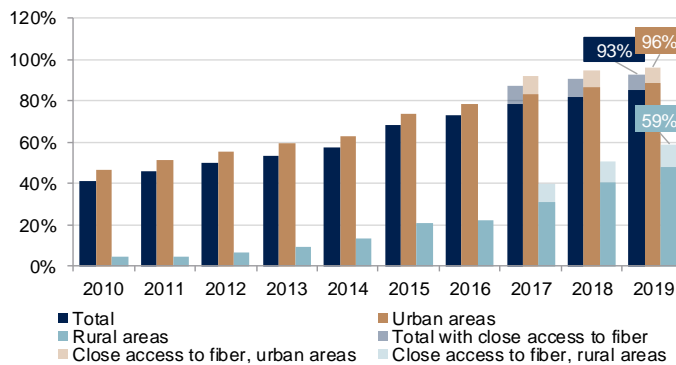


Source: ABG Sundal Collier, Boverket

FTTH investments mature

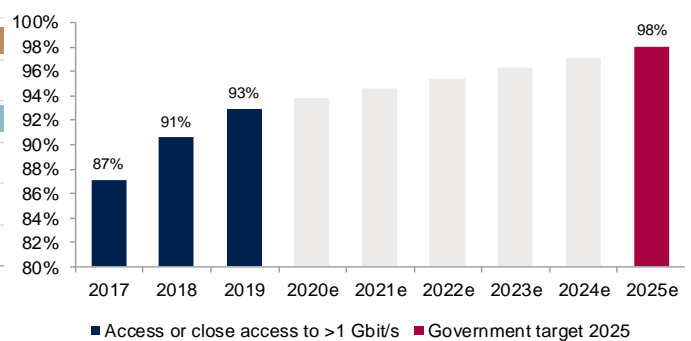
Major historical investments in fiber infrastructure have resulted in a high share of fiber-to-the-home (FTTH) access per capita in both Sweden and Norway (SE 85%, NO 86%). The FTTH market is presently maturing; Sweden is moving closer to the governmental goal of 95% of all households and businesses having 100 Mbit/s connectivity by 2020, and 98% of all households having 1 Gbit/s connectivity by 2025. Broadband infrastructure is often built along roads and requires households to pay for cable installation from the roadway to the house, which can be expensive. As a result, not all households and businesses choose to install fiber. Most of the infrastructure along roads is already built, which is the most important factor for the fiber cable business, as it accounts for the bulk of the network. The government has limited influence over homeowners' choice of installation, thus the target of 98% connectivity could be too ambitious. We believe that "access to fiber plus close access to fiber" would be a more reasonable definition. Measuring accordingly, Sweden reached a 93% connectivity rate in 2019, with 96% in urban areas and 59% in rural areas.

Share of Swedish population with fiber access



Source: ABG Sundal Collier, Post & Telestyrelsen, company data
*The figures reports share of households from 2015

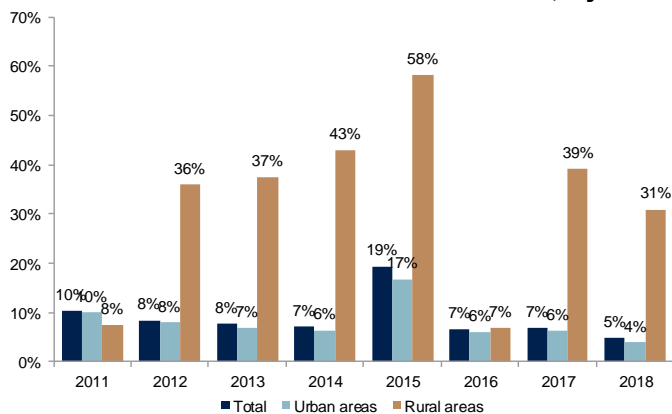
Share of Swedish households with 1 Gbit/s



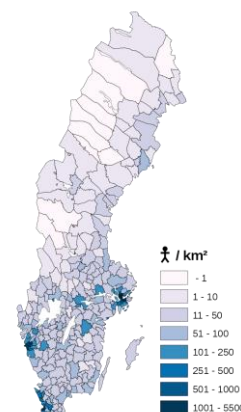
Source: ABG Sundal Collier, Post & Telestyrelsen, company data

Rural areas are running far behind the target. We presently see declining growth in both urban and rural areas. In urban areas, this comes down to saturation and a limited amount of new investment needed to boost the connectivity rate further. In rural areas, growth is hindered by the need for large-scale, less profitable investments to cover large and sparsely populated regions. Observing a regional map of Sweden, the distances between regions are immense, and the population density in some areas is as low as below one person per km². Norway is similar in this regard.

Growth of households with >100 Mbit/s, by area Population density by region, Sweden



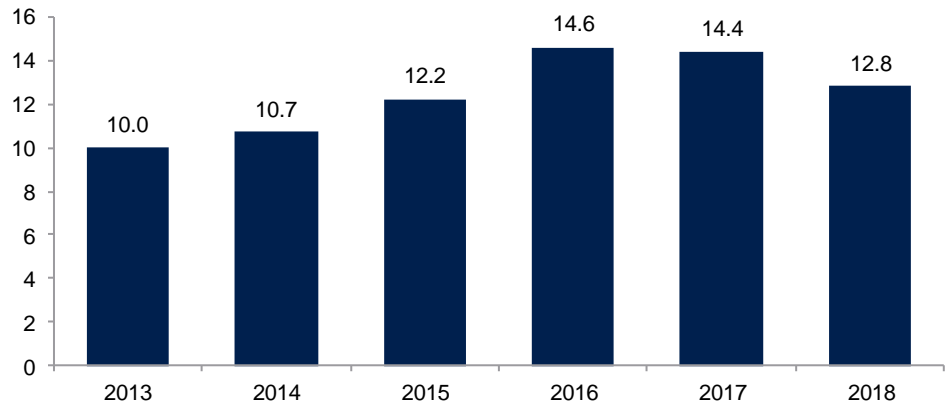
Source: ABG Sundal Collier, company data



Source: ABG Sundal Collier, company data

According to Post & Telestyrelsen, SEK 3.65b of governmental support was invested into broadband infrastructure for rural areas between 2014 and 2018. The majority of investments took place during 2016/2017. For 2020, SEK 136m of governmental support for broadband infrastructure is aimed towards rural areas. In total, SEK 650m will be distributed over the next three years. Thus, we assess that the pace of investment will continue to decrease.

Private investments in Swedish broadband infrastructure, SEKm

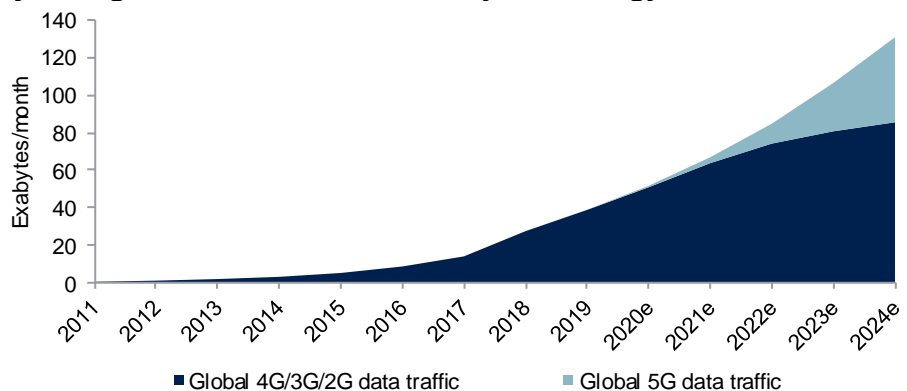


Source: ABG Sundal Collier, company data

5G could be a major wave of growth

The expected 5G technology will enable high-speed mobile broadband. Technically, a fiber cable network is a prerequisite for 5G, not an alternative. Every broadcasting antenna needs broadband connectivity from a fiber network. The coverage for a 4G antenna is ~15km, while 5G antennas have a range of ~300m. This implies a much more complex fiber network to communicate with all 5G antennas, with more cables, connectors and other equipment required. The extant fiber network will support the quick rollout of 5G by limiting the number and degree of necessary long-distance infrastructure installations.

Projected global mobile data traffic by technology



Source: ABG Sundal Collier, Ericsson

As a supplier of network hardware and equipment, Alcadon is poised to benefit from development early in the cycle, with 5G network investments having a direct, positive impact on order volumes, even prior to any commercial 5G data volume appears. We believe that 5G, along with FTTX, is an opportunity for Alcadon, especially as the company has established itself as a trustworthy supplier in previous technological shifts (e.g. 3G, 4G and FTTH). In our view, the question boils down to when the 5G network investments will commence, and we expect this to occur in 2021.

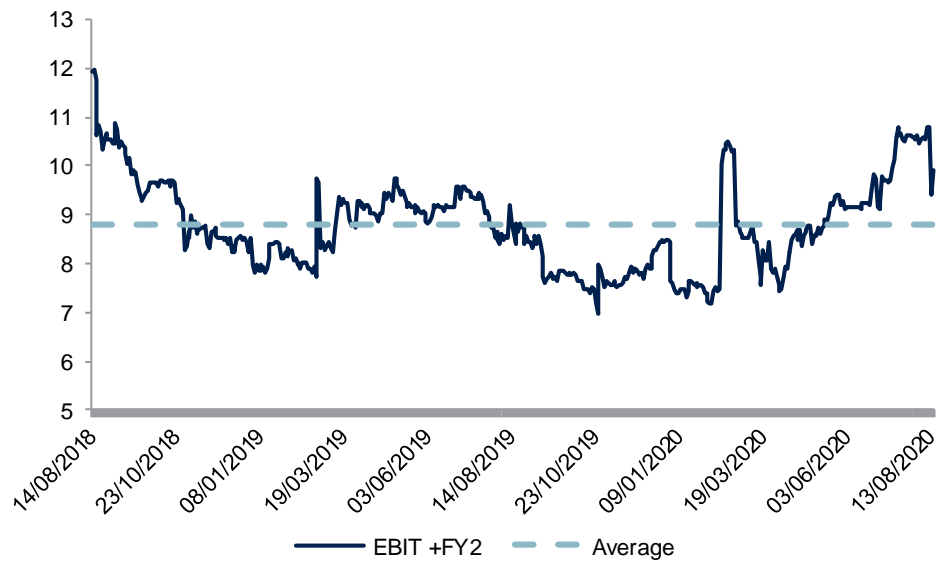
We make this assumption as the rollout scheduled for 2020 has been delayed; the auction for Swedish 5G network frequency spectra has been postponed until October 2020 due to national safety reasons. However, as the EU has mandated that the auction take place no later than 2020, we believe that further delays are unlikely. Ericsson, Hi3Q, Huawei, Hi3Q, Tele2, Telia and Telenor have all signed up to participate, and we expect some of these companies will be involved in building the necessary infrastructure. Swedish mobile operators have expressed reluctance to make network investments until the frequency spectra are fully allocated. As of now, the companies are running small-scale pilot projects in order to prepare for the larger rollout. Hence, we do not estimate any visible 5G-related volumes for Alcadon until 2021.

Post and Telestyrelsen have suggested that a limited group of three parties should receive the bulk of the bandwidth spectra in the primary 5G-band in order to provide sufficient competition in the building of the network. This is positive news for the rollout, as there have been previous concerns regarding Swedish firms' unwillingness to take the first step. It could also imply increased competition for Alcadon, however, as it means fewer players will be involved in this part of the cycle. This is in contrast to the rollout of FTTH, where we saw investments from numerous parties, including local municipalities.

Valuation

At current levels, the share is trading ~13% above its 24-month historical average. The average historical valuation reflects a company with declining top line and margins. However, we expect a rather solid 2020 to unfold and forecast increasing demand in '21-22e as 5G and FTTX volumes gradually are about to appear. Alcadon has historically been aided by technological shifts, such as 3G, 4G and FTTH. This time we expect 5G and FTTX to provide a boost for the company, together with a new management and strategy.

Stock is trading 13% above its two-year average



Source: ABG Sundal Collier, company data

Quarterly financial overview

P&L	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20e	Q4'20e
Net sales	150	134	124	137	130	135	102	118	131	131	112	131
COGS	-110	-96	-90	-99	-96	-99	-75	-86	-99	-92	-79	-92
OPEX	-21	-23	-22	-26	-23	-23	-19	-24	-20	-19	-17	-21
EO items	0	-1	0	0	0	0	0	-2	0	-1	0	0
adj OPEX	-21	-24	-22	-26	-23	-23	-19	-25	-20	-20	-17	-21
EBITDA	19	15	12	12	12	14	8	8	12	20	16	18
D&A	0	0	0	0	-2	-3	-3	-3	-3	-3	-3	-3
EBIT	19	15	12	12	9	11	5	6	9	18	13	15
Adj. EBIT	19	16	12	12	9	11	5	7	9	18	13	15
Net financials	-2	-2	-5	-1	-1	-2	-1	-2	-1	-2	-1	-1
EBT	17	12	7	11	8	9	4	4	8	16	12	14
Tax	-4	-3	-2	-2	-2	-2	-1	-1	-2	-4	-3	-3
Net profit	13	10	6	8	6	7	3	3	6	12	10	11
EPS basic (SEK)	0.79	0.56	0.33	0.49	0.35	0.43	0.19	0.18	0.38	0.73	0.57	0.65
EPS diluted (SEK)	0.78	0.56	0.33	0.48	0.35	0.42	0.19	0.18	0.38	0.73	0.57	0.65
Sales breakdown	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20e	Q4'20e
Organic ex. FX (est.)	12%	-10%	-22%	-32%	-22%	-8%	-18%	-14%	0%	0%	10%	11%
Structure (est.)	5%	9%	15%	7%	9%	9%	0%	0%	0%	-3%	0%	0%
Group y-o-y	17%	-1%	-7%	-25%	-13%	1%	-18%	-14%	0%	-3%	10%	11%
Margins	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20e	Q4'20e
Gross margin	26.8%	28.5%	27.5%	28.0%	26.5%	26.7%	26.6%	27.3%	24.5%	30.0%	29.5%	29.5%
Adj. EBITDA margin	12.6%	11.8%	9.9%	8.9%	8.8%	10.0%	7.6%	8.4%	9.1%	15.7%	14.1%	13.5%
Adj. EBIT margin	12.4%	11.6%	9.6%	8.7%	7.0%	8.1%	5.1%	6.2%	7.2%	13.8%	11.9%	11.5%
Reported EBIT margin	12.4%	10.9%	9.6%	8.7%	7.0%	8.1%	5.1%	4.9%	7.2%	13.4%	11.9%	11.5%
EBIT growth y-o-y	1%	-2%	-3%	-4%	-5%	-3%	-4%	-4%	0%	5%	7%	7%
Adj. EBIT growth y-o-y	32%	-9%	-30%	-49%	-51%	-30%	-56%	-39%	3%	67%	156%	107%
Cash flow	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20e	Q4'20e
CF before change in WC	13	11	4	8	0	12	5	8	5	18	12	14
Change in NWC	-8	-14	-14	30	-27	-5	-4	37	-8	6	6	-6
Operating cash flow	8	-1	-6	41	-17	7	3	43	3	24	20	11
CF from Investments	0	0	0	0	0	-1	-1	0	-1	-1	-1	-1
Acquisitions	0	-45	0	0	0	0	0	0	0	0	0	0
FCF	8	-1	-6	41	-17	6	2	43	2	24	20	10
FCF adj for M&A	8	-46	-6	41	-17	6	2	43	2	24	20	10
Cash flow from financing	0	6	3	-22	2	-6	-8	-32	-4	-5	0	0
<i>-of which paid dividend</i>												
Net cash flow	8	5	-3	19	-15	-1	-6	11	-2	19	20	10
Net debt	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20e	Q4'20e
Net debt	99	153	160	117	128	126	127	106	104	82	63	54
Net debt/EBITDA	1.3x	2.1x	2.3x	2.0x	2.5x	2.6x	2.8x	2.6x	2.5x	1.7x	1.1x	1.0x
Net debt/EBITDA lease adj.	1.3x	2.1x	2.3x	2.0x	2.2x	2.3x	2.6x	2.1x	2.2x	1.4x	0.9x	0.8x
Ratios	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20e	Q4'20e
COGS/sales	73%	72%	73%	72%	74%	73%	73%	73%	76%	70%	71%	71%
Adj OPEX/sales	14%	18%	18%	19%	18%	17%	19%	21%	15%	15%	15%	16%
D&A/sales	-0.1%	-0.2%	-0.2%	-0.2%	-0.6%	-1.1%	-1.5%	-2.1%	-2.1%	-2.1%	-2.1%	-2.0%

Source: ABG Sundal Collier, company data

Annual financial overview

P&L	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Net sales	193	233	281	285	580	544	485	505	545	575
COGS	-124	-153	-195	-194	-427	-394	-355	-362	-390	-411
OPEX	-51	-50	-52	-56	-81	-93	-89	-78	-90	-94
EO items	0	0	0	-3	0	-1	-2	-1	0	0
adj OPEX	-51	-50	-52	-59	-81	-93	-90	-78	-90	-94
EBITDA	19	30	34	35	72	58	41	65	65	70
D&A	-2	0	0	0	-1	-1	-10	-10	-11	-12
EBIT	17	30	34	35	71	57	31	55	54	58
Adj. EBIT	17	30	34	38	71	58	33	56	54	58
Net financials	0	0	0	-6	-9	-10	-6	-4	-4	-4
EBT	17	30	34	29	63	47	25	51	50	54
Tax	0	0	0	-7	-14	-11	-6	-11	-11	-12
Net profit	17	30	34	22	49	36	19	39	39	42
EPS basic (SEK)	0.00	0.00	0.00	1.61	2.97	2.16	1.15	2.34	2.31	2.50
EPS diluted (SEK)	0.00	0.00	0.00	1.61	2.96	2.15	1.14	2.34	2.31	2.50
Sales breakdown	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Organic ex. FX (est.)	0%	0%	0%	0%	90%	-15%	-16%	5%	8%	6%
Structure (est.)	0%	0%	0%	0%	13%	9%	5%	-1%	0%	0%
Group y-o-y	0%	21%	21%	1%	103%	-6%	-11%	4%	8%	5%
Margins	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Gross margin	36.0%	34.3%	30.6%	32.1%	26.4%	27.7%	26.8%	28.3%	28.5%	28.6%
Adj. EBITDA margin	9.8%	12.8%	12.0%	13.4%	12.5%	10.8%	8.8%	13.1%	12.0%	12.2%
Adj. EBIT margin	8.8%	12.7%	11.9%	13.2%	12.3%	10.6%	6.7%	11.1%	9.9%	10.1%
Reported EBIT margin	8.8%	12.7%	11.9%	12.2%	12.3%	10.5%	6.4%	11.0%	9.9%	10.1%
EBIT growth y-o-y	0%	4%	-1%	0%	0%	-2%	-4%	5%	-1%	0%
Adj. EBIT growth y-o-y	0%	4%	-1%	1%	-1%	-2%	-4%	4%	-1%	0%
Cash flow	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
CF before change in WC	0	0	0	20	55	35	26	48	45	49
Change in NWC	0	0	0	-14	-16	-5	1	-2	-39	-18
Operating cash flow	0	0	0	16	48	43	36	59	23	48
CF from Investments	0	0	0	-1	-1	-1	-2	-3	-3	-3
Acquisitions	0	0	0	0	-35	-45	0	0	0	0
FCF	0	0	0	15	46	42	34	55	20	45
FCF adj for M&A	0	0	0	15	12	-3	34	55	20	45
Cash flow from financing	0	0	0	-20	11	-13	-44	-9	0	0
-of which paid dividend	0	0	0	0	-8	-8	-8	0	0	0
Net cash flow	0	0	0	-5	23	-16	-10	47	20	45
Net debt	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Net debt	0	0	0	119	106	117	106	54	36	-7
Net debt/EBITDA	0.0	0.0	0.0	3.4x	1.5x	2.0x	2.6x	0.8x	0.6x	-0.1x
Net debt/EBITDA lease adj.				3.4x	1.5x	2.0x	2.1x	0.6x	0.4x	-0.3x
Ratios	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
COGS/sales	64%	66%	69%	68%	73.6%	72.3%	73.2%	71.7%	71.5%	71.4%
Adj OPEX/sales	26%	22%	19%	21%	13.9%	17.2%	18.6%	15.5%	16.5%	16.4%
D&A/sales	-0.9%	0.0%	-0.1%	-0.1%	-0.2%	-0.2%	-2.1%	-2.0%	-2.1%	-2.1%

Source: ABG Sundal Collier, company data

Income Statement (SEKm)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020e	Q4 2020e
Sales	130	135	102	118	131	131	112	131
COGS	-96	-99	-75	-86	-92	-92	-79	-92
Gross profit	35	36	27	32	39	39	33	39
Other operating items	-23	-23	-19	-24	-19	-19	-17	-21
EBITDA	12	14	8	8	20	20	16	18
Depreciation and amortisation	-2	-3	-3	-3	-3	-3	-3	-3
EBITA	9	11	5	6	18	18	13	15
EO items	0	0	0	-2	-1	-1	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0
EBIT	9	11	5	6	18	18	13	15
Net financial items	-1	-2	-1	-2	-2	-2	-1	-1
Pretax profit	8	9	4	4	16	16	12	14
Tax	-2	-2	-1	-1	-4	-4	-3	-3
Net profit	6	7	3	3	12	12	10	11
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	6	7	3	3	12	12	10	11
EPS	0.35	0.42	0.19	0.18	0.73	0.73	0.57	0.65
EPS Adj	0.35	0.42	0.19	0.18	0.73	0.73	0.57	0.65
Total extraordinary items after tax	0	0	0	-2	-1	-1	0	0
Tax rate (%)	23.4	23.4	17.9	20.5	23.1	23.1	22.0	22.0
Gross margin (%)	26.5	26.7	26.6	27.3	30.0	30.0	29.5	29.5
EBITDA margin (%)	8.8	10.0	7.6	7.1	15.3	15.3	14.1	13.5
EBITA margin (%)	7.0	8.1	5.1	4.9	13.4	13.4	11.9	11.5
EBIT margin (%)	7.0	8.1	5.1	4.9	13.4	13.4	11.9	11.5
Pretax margin (%)	5.9	7.0	3.8	3.3	12.2	12.2	11.0	10.8
Net margin (%)	4.5	5.3	3.1	2.6	9.4	9.4	8.6	8.4
Growth rates Y/Y	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020e	Q4 2020e
Sales growth (%)	-12.9	0.8	-17.6	-13.9	0.6	-2.9	10.0	11.0
EBITDA growth (%)	-38.8	-9.4	-36.8	-31.2	74.3	48.5	105.1	110.7
EBIT growth (%)	-51.1	-25.3	-56.1	-51.3	92.9	61.0	155.6	160.3
Net profit growth (%)	-54.3	-24.2	-43.0	-62.2	109.3	71.5	201.1	256.0
EPS growth (%)	-54.3	-24.2	-43.0	-62.2	109.3	71.5	201.1	256.0
Adj earnings numbers	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020e	Q4 2020e
EBITDA Adj	12	14	8	10	21	21	16	18
EBITDA Adj margin (%)	8.8	10.0	7.6	8.4	15.8	15.8	14.1	13.5
EBITA Adj	9	11	5	7	18	18	13	15
EBITA Adj margin (%)	7.0	8.1	5.1	6.2	13.8	13.8	11.9	11.5
EBIT Adj	9	11	5	7	18	18	13	15
EBIT Adj margin (%)	7.0	8.1	5.1	6.2	13.8	13.8	11.9	11.5
Pretax profit Adj	8	9	4	5	17	17	12	14
Net profit Adj	6	7	3	5	13	13	10	11
Net profit to shareholders Adj	6	7	3	5	13	13	10	11
Net Adj margin (%)	4.5	5.3	3.1	3.9	9.9	9.9	8.6	8.4

Source: ABG Sundal Collier, Company data

Income Statement (SEK m)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Sales	0	0	0	285	580	544	485	505	545	575
COGS	0	0	0	-194	-427	-394	-355	-362	-390	-411
Gross profit	0	0	0	92	153	151	130	143	155	164
Other operating items	0	0	0	-56	-81	-93	-89	-78	-90	-94
EBITDA	0	0	0	35	72	58	41	65	65	70
Depreciation and amortisation	0	0	0	-0	-1	-1	-10	-10	-11	-12
Of which leasing depreciation	0	0	0	0	0	0	0	0	0	0
EBITA	0	0	0	35	72	57	31	55	54	58
EO items	0	0	0	-3	0	-1	-2	-1	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0	0	0
EBIT	0	0	0	35	72	57	31	55	54	58
Net financial items	0	0	0	-6	-9	-10	-6	-4	-4	-4
Pretax profit	0	0	0	29	63	47	25	51	50	54
Tax	0	0	0	-7	-14	-11	-6	-11	-11	-12
Net profit	0	0	0	22	49	36	19	39	39	42
Minority interest	0	0	0	-3	0	0	0	0	0	0
Net profit discontinued	0	0	0	0	0	0	0	0	0	0
Net profit to shareholders	0	0	0	20	49	36	19	39	39	42
EPS	0	0	0	1.43	2.97	2.16	1.15	2.34	2.31	2.50
EPS Adj	0	0	0	1.64	2.97	2.22	1.24	2.37	2.31	2.50
Total extraordinary items after tax	0	0	0	-3	0	-1	-2	-1	0	0
Leasing payments	0	0	0	0	0	0	0	0	0	0
Tax rate (%)	ns	ns	ns	22.6	22.6	22.9	22.1	22.5	22.0	22.0
Gross margin (%)	nm	nm	nm	32.1	26.4	27.7	26.8	28.3	28.5	28.6
EBITDA margin (%)	nm	nm	nm	12.3	12.5	10.7	8.5	13.0	12.0	12.2
EBITA margin (%)	nm	nm	nm	12.2	12.3	10.5	6.4	11.0	9.9	10.1
EBIT margin (%)	nm	nm	nm	12.2	12.3	10.5	6.4	11.0	9.9	10.1
Pretax margin (%)	nm	nm	nm	10.1	10.8	8.6	5.1	10.1	9.2	9.4
Net margin (%)	nm	nm	nm	7.8	8.4	6.7	4.0	7.8	7.1	7.3
Growth rates Y/Y	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Sales growth (%)	na	na	na	na	103.4	-6.2	-10.8	4.0	8.0	5.5
EBITDA growth (%)	na	na	na	high	106.3	-19.8	-29.2	59.1	0.0	7.3
EBIT growth (%)	na	na	na	high	106.1	-20.3	-45.6	78.3	-2.4	7.6
Net profit growth (%)	na	na	na	high	117.9	-25.5	-46.4	102.9	-1.2	8.3
EPS growth (%)	na	na	na	high	108.0	-27.1	-46.8	102.9	-1.2	8.3
Profitability	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
ROE (%)	nm	nm	nm	65.7	47.5	21.4	9.7	17.5	14.8	13.9
ROE Adj (%)	nm	nm	nm	75.7	47.5	21.9	10.4	17.7	14.8	13.9
ROCE (%)	nm	nm	nm	34.8	29.0	18.0	9.0	15.0	13.7	13.7
ROCE Adj (%)	nm	nm	nm	37.9	29.0	18.3	9.4	15.2	13.7	13.7
ROIC (%)	na	na	na	30.0	25.7	15.6	7.5	13.1	13.2	14.2
ROIC Adj (%)	na	na	na	32.5	25.7	15.8	7.8	13.2	13.2	14.2
Adj earnings numbers	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
EBITDA Adj	0	0	0	38	72	59	43	66	65	70
EBITDA Adj margin (%)	nm	nm	nm	13.4	12.5	10.8	8.8	13.1	12.0	12.2
EBITDA lease Adj	0	0	0	38	72	59	43	66	65	70
EBITDA lease Adj margin (%)	nm	nm	nm	13.4	12.5	10.8	8.8	13.1	12.0	12.2
EBITA Adj	0	0	0	38	72	58	33	56	54	58
EBITA Adj margin (%)	nm	nm	nm	13.2	12.3	10.6	6.7	11.1	9.9	10.1
EBIT Adj	0	0	0	38	72	58	33	56	54	58
EBIT Adj margin (%)	nm	nm	nm	13.2	12.3	10.6	6.7	11.1	9.9	10.1
Pretax profit Adj	0	0	0	32	63	48	26	51	50	54
Net profit Adj	0	0	0	25	49	37	21	40	39	42
Net profit to shareholders Adj	0	0	0	23	49	37	21	40	39	42
Net Adj margin (%)	nm	nm	nm	8.9	8.4	6.8	4.3	7.9	7.1	7.3

Source: ABG Sundal Collier, Company data

Cash Flow Statement (SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
EBITDA	0	0	0	35	72	58	41	65	65	70
Net financial items	0	0	0	-6	-9	-10	-6	-4	-4	-4
Paid tax	0	0	0	-7	-14	-11	-6	-11	-11	-12
Non-cash items	0	0	0	0	0	0	0	0	0	0
Cash flow before change in WC	0	0	0	23	50	37	30	49	50	54
Change in WC	0	0	0	-7	-2	5	6	9	-28	-6
Operating cash flow	0	0	0	16	48	43	36	59	23	48
CAPEX tangible fixed assets	0	0	0	-1	-1	-1	-2	-3	-3	-3
CAPEX intangible fixed assets	0	0	0	0	0	0	0	0	0	0
Acquisitions and disposals	0	0	0	0	-35	-45	0	0	0	0
Free cash flow	0	0	0	15	12	-3	34	55	20	45
Dividend paid	0	0	0	0	0	-8	-8	-8	0	0
Share issues and buybacks	0	0	0	0	0	0	0	0	0	0
Lease liability amortisation	0	0	0	0	0	0	0	0	0	0
Other non cash items	0	0	0	-157	-25	-10	-22	6	16	-4
Decrease in net IB debt	0	0	0	-119	12	-11	-9	51	40	43
Balance Sheet (SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Goodwill	0	0	0	154	225	289	289	289	289	289
Other intangible assets	0	0	0	1	1	1	1	1	1	1
Tangible fixed assets	0	0	0	1	1	2	18	13	11	8
Right-of-use asset	0	0	0	0	0	0	0	0	0	0
Total other fixed assets	0	0	0	0	0	0	0	0	0	0
Fixed assets	0	0	0	155	227	292	308	303	301	299
Inventories	0	0	0	42	60	77	75	72	78	82
Receivables	0	0	0	29	79	52	40	64	69	72
Other current assets	0	0	0	5	6	6	9	8	9	9
Cash and liquid assets	0	0	0	21	43	28	18	65	85	130
Total assets	0	0	0	252	416	454	451	512	541	593
Shareholders equity	0	0	0	60	145	195	207	244	283	325
Minority	0	0	0	0	0	0	0	0	0	0
Total equity	0	0	0	60	145	195	207	244	283	325
Long-term debt	0	0	0	139	150	145	106	107	108	110
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	17	12	12	12
Total other long-term liabilities	0	0	0	1	1	1	1	1	1	1
Short-term debt	0	0	0	0	0	0	21	21	0	0
Accounts payable	0	0	0	28	72	55	53	83	90	95
Other current liabilities	0	0	0	24	49	59	46	43	47	49
Total liabilities and equity	0	0	0	252	416	454	451	512	541	593
Net IB debt	0	0	0	119	106	117	127	76	36	-7
Net IB debt excl. pension debt	0	0	0	119	106	117	127	76	36	-7
Net IB debt excl. leasing	0	0	0	119	106	117	110	63	24	-20
Capital invested	0	0	0	179	252	313	334	320	320	318
Working capital	0	0	0	24	25	21	26	17	19	20
EV breakdown	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Market cap. diluted (m)	0	0	0	401	629	502	308	430	430	430
Net IB debt Adj	0	0	0	119	106	117	127	76	36	-7
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	0	0	0	519	735	620	435	506	466	423
Capital efficiency	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Total assets turnover (%)	nm	nm	nm	226.4	173.7	125.1	107.3	104.9	103.6	101.5
Working capital/sales (%)	nm	nm	nm	4.2	4.2	4.2	4.8	4.3	3.3	3.3
Financial risk and debt service	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Net debt/equity	nm	nm	nm	1.98	0.73	0.60	0.61	0.31	0.13	-0.02
Net debt/market cap	na	na	na	0.33	0.17	0.17	0.31	0.18	0.08	-0.02
Equity ratio (%)	nm	nm	nm	23.8	34.8	42.9	45.9	47.6	52.3	54.8
Net IB debt adj./equity	nm	nm	nm	1.98	0.73	0.60	0.61	0.31	0.13	-0.02
Current ratio	nm	nm	nm	1.86	1.56	1.43	1.11	1.36	1.69	1.96
EBITDA/net interest	na	na	na	5.95	8.32	5.81	6.74	14.58	16.05	17.21
Net IB debt/EBITDA	nm	nm	nm	3.38	1.47	2.02	3.09	1.16	0.55	-0.11
Net IB debt/EBITDA lease Adj	nm	nm	nm	3.11	1.47	1.99	2.57	0.96	0.36	-0.28
Interest cover	nm	nm	nm	5.88	8.22	5.70	5.08	12.33	13.24	14.25

Source: ABG Sundal Collier, Company data

Alcadon

Valuation and Ratios (SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Shares outstanding adj.	0	0	0	14	16	17	17	17	17	17
Fully diluted shares Adj	0	0	0	14	16	17	17	17	17	17
EPS	0	0	0	1.43	2.97	2.16	1.15	2.34	2.31	2.50
Dividend per share Adj	0	0	0	0	0.5	0.5	0.5	0	0	0
EPS Adj	0	0	0	1.64	2.97	2.22	1.24	2.37	2.31	2.50
BVPS	0	0	0	4.34	8.82	11.62	12.27	14.46	16.77	19.27
BVPS Adj	0	0	0	-6.77	-4.89	-5.65	-4.89	-2.69	-0.39	2.11
Net IB debt / share	na	na	na	8.6	6.5	7.0	7.5	4.5	2.1	-0.4
Share price	8.60	8.60	8.60	29.00	38.40	30.00	18.25	25.50	25.50	25.50
Market cap. (m)	0	0	0	401	629	502	308	430	430	430
Valuation	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
P/E	nm	nm	nm	20.3	12.9	13.9	15.9	10.9	11.0	10.2
EV/sales	nm	nm	nm	1.82	1.27	1.14	0.90	1.00	0.85	0.73
EV/EBITDA	nm	nm	nm	14.8	10.2	10.7	10.6	7.7	7.1	6.0
EV/EBITA	nm	nm	nm	15.0	10.3	10.9	14.0	9.1	8.6	7.3
EV/EBIT	nm	nm	nm	15.0	10.3	10.9	14.0	9.1	8.6	7.3
Dividend yield (%)	0	0	0	0	1.3	1.7	2.7	0	0	0
FCF yield (%)	0	0	0	3.7	1.9	-0.7	11.0	12.9	4.6	10.5
Lease adj. FCF yield (%)	nm	nm	nm	3.7	1.9	-0.7	11.0	12.9	4.6	10.5
P/BVPS	nm	nm	nm	6.68	4.35	2.58	1.49	1.76	1.52	1.32
P/BVPS Adj	nm	nm	nm	-4.28	-7.85	-5.31	-3.73	-9.46	-66.04	12.07
P/E Adj	nm	nm	nm	17.7	12.9	13.5	14.7	10.8	11.0	10.2
EV/EBITDA Adj	nm	nm	nm	13.6	10.2	10.5	10.2	7.7	7.1	6.0
EV/EBITA Adj	nm	nm	nm	13.8	10.3	10.7	13.4	9.0	8.6	7.3
EV/EBIT Adj	nm	nm	nm	13.8	10.3	10.7	13.4	9.0	8.6	7.3
EV/cap. employed	nm	nm	nm	2.6	2.5	1.8	1.2	1.3	1.2	0.9
Investment ratios	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Capex/sales	nm	nm	nm	0.2	0.2	0.2	0.4	0.6	0.5	0.5
Capex/depreciation	nm	nm	nm	150.0	155.6	78.9	18.8	30.1	23.8	23.8
Capex tangibles/tangible fixed assets	nm	nm	nm	85.7	107.7	45.0	10.4	23.6	25.5	34.2
Capex intangibles/definite intangibles	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Depreciation on intangibles/definite inta	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Depreciation on tangibles/tangibles	nm	nm	nm	57.1	69.2	57.0	55.5	78.4	107.0	143.7

Source: ABG Sundal Collier, Company data

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