

Telia

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Tasaista tuulta purjeissa” published on 07/21/2022 at 08:15 am.

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A steady breeze in the sails

As the share price has dropped, we raise our recommendation for Telia to Accumulate (was Reduce) and reiterate our target price of SEK 41.0. Despite inflationary headwinds, Telia's operational performance in Q2 continued to be good across a broad front, adding to confidence in the effectiveness of the strategy and the continued turnaround. We forecast moderate earnings growth over the next few years with a broader growth base. Additionally, strong balance sheet offers strategic room for maneuver. The main risk is related to the implementation of the strategy and, in particular, the realization of cost savings. With the decrease in the share price, the expected return on the stock, consisting of earnings growth (3%) and dividend (6%), exceeds the required return and supports a positive view.

Result in line with market expectations, yet there is cost pressure

Telia reported Q2 net sales that were up 1.9% at SEK 22,293 million, which was in line with our and consensus expectations. For five quarters, services revenues have shown signs of returning to healthy growth, which is important for sustainable result growth. The adjusted EBITDA was at the level of the comparison period at SEK 7,681 million and in line with both our and market expectations. Result development was slowed down by TV & Media's investments in content and inflationary pressures. Telia expects energy costs to be SEK 300 million higher in 2022 and 2023. Cash flow was down significantly year-on-year, driven by working capital, but the company remains confident in its cash flow for the full year and that it can cover the growing dividend.

Countering cost headwinds through efficiency gains and price increases

The implementation of Telia's strategy is progressing on several fronts (IT, HR and reducing outsourcing) and is starting to be better visible in the figures, although there will be headwinds for the cost base. The company has continued to take several measures to improve the cost base, but due to headwinds they have only brought savings of EUR 0.6 billion or EUR 0.9 billion without energy costs. The company deducted the impact of energy costs from its operational cost savings target of 2 billion by 2023. However, the company expects to be able to reduce the cost pressure through price increases and reiterated its medium-term objectives (e.g. EBITDA growth of ~1-7%).

We expect Telia to achieve moderate earnings growth in the coming years

As expected, Telia reiterated its guidance and estimates that service revenues and adjusted comparable EBITDA will grow by low single digit in 2022. We kept our estimates almost unchanged with the Q2 report. For 2022, we forecast comparable net sales to grow by 4% and adjusted EBITDA to grow by 3% (reported +2%). In 2022-24, we expect the result to grow by 3% and the dividend yield to be 6%.

Expected return is in favor of a positive view

We see Telia's risk profile as moderate in relation to the general stock market. As the strategy has progressed and the positive development has continued for more than a year, confidence in earnings growth has strengthened despite minor headwinds. Due to the decrease in the share price, Telia's adjusted P/E, EV/EBIT and EV/EBITDA multiples for 2022 are 21x, 18x and 7x, respectively. In our view, the valuation of the share has fallen to a neutral level. The expected return, consisting of earnings growth (3%) and dividend yield (6%) exceeds the required return and supports a positive view. In addition, the DCF calculation (SEK 42) indicates upside potential from the current share price.

Recommendation

Accumulate

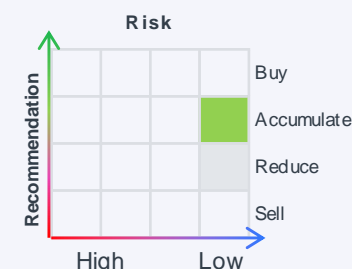
(previous Reduce)

SEK 41.00

(previous SEK 41.00)

Share price:

37.20



Key figures

	2021	2022e	2023e	2024e
Net sales	88343	89938	91722	93861
growth-%	-1%	2%	2%	2%
EBITDA (adj.)	29861	30727	31422	31936
EBITDA-% (adj.)	33.8 %	34.2 %	34.3 %	34.0 %
Net Income	11504	6265	7133	7536
EPS (adj.)	1.54	1.78	2.03	2.08
P/E (adj.)	23.0	20.9	18.3	17.9
P/B	1.8	1.9	1.9	1.9
Dividend yield-%	5.8 %	5.6 %	5.8 %	6.0 %
EV/EBIT (adj.)	20.8	17.5	16.8	16.3
EV/EBITDA	5.9	7.1	7.0	6.8
EV/S	2.3	2.4	2.3	2.3

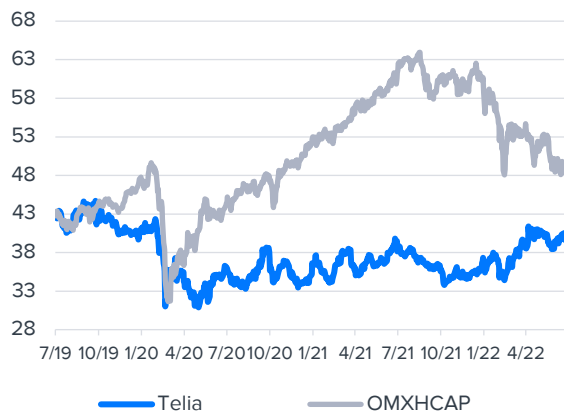
Source: Inderes

Guidance

(Unchanged)

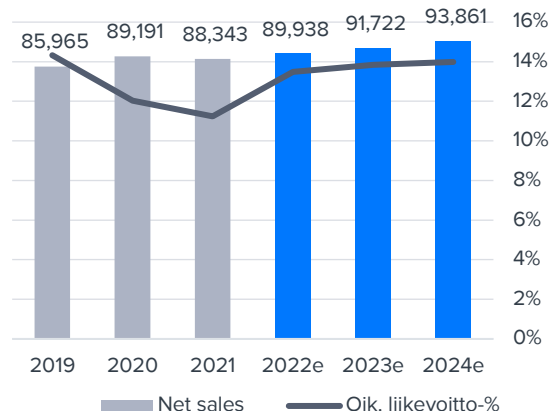
Telia estimates that service revenues and adjusted comparable EBITDA will grow by low single digit in 2022.

Share price



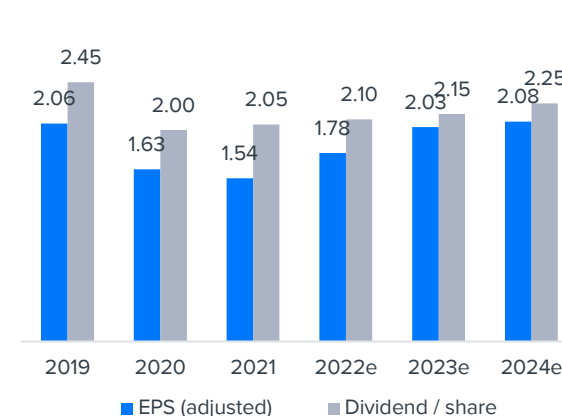
Source: Millistream Market Data AB

Net sales and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Continuing the turnaround of the Swedish business and a turnaround in Finland
- Earnings growth through growth in net sales and profitability improvement
- 5G opportunities
- Strong cash flow
- Acquisitions
- Divestment of non-strategic operations



Risk factors

- Upward pressure on the interest market
- Inflation continuing and increasing
- Tighter competition
- Realization of cost savings
- Delay or failure in the implementation of the new strategy
- Sweden's high ownership in Telia and the restriction of consolidation
- Structural changes in the industry

Valuation	2022e	2023e	2024e
Share price	37.2	37.2	37.2
Number of shares, million	3962	3962	3962
Market cap	147373	147373	147373
EV	211694	212701	213489
P/E (adj.)	20.9	18.3	17.9
P/E	23.5	20.7	19.6
P/FCF	16.7	15.5	14.7
P/B	1.9	1.9	1.9
P/S	1.6	1.6	1.6
EV/Sales	2.4	2.3	2.3
EV/EBITDA	7.1	7.0	6.8
EV/EBIT (adj.)	17.5	16.8	16.3
Payout ratio (%)	132.8 %	119.4 %	118.3 %
Dividend yield-%	5.6 %	5.8 %	6.0 %

Source: Inderes

Result in line with market expectations, yet there is cost pressure

Net sales grew in line with market expectations

Telia reported Q2 net sales that were up 1.9% at SEK 22,293 million, which was in line with our and consensus expectations. The trend of net sales excluding exchange-rate effects and M&A continued on growth track and grew by 2.2% (Q1'22: 2.1%). Comparable growth in service revenues slowed down slightly and was 2.4% in Q2 (Q1'22 3.2%). Service revenues have now shown signs of a return to healthy growth for five quarters. The growth in service revenues is important to ensure that earnings growth is on a more solid base, and both Telia's strategic objectives and new guidance reflect this. Geographically, the largest market Sweden is already on a good trend and made positive progress in several areas, which increases confidence for the future. The development of Finland's net sales has been stabilized and adjusted EBITDA improved (5%)

in Q2. The company expects Finland to start to grow in H2'22.

Result was at the level of the comparison period and exceeded our expectations slightly

Telia commented that the strategy measures and structural IT savings are progressing. The adjusted EBITDA was at the level of the comparison period at SEK 7,681 million and in line with both our and market expectations. Thus, the adjusted EBITDA margin was 34.5% and slightly below the 35.0% of the comparison period. Comparable EBIT increased by 0.8% year-on-year. Adjusted EBITDA in the operator business (excluding TV & Media) grew by 4.3% (Q1'22 4.6%), with TV & Media's investments in content weighing on the performance. Furthermore, earnings potential was limited by inflationary pressures. The company has hedged most of its energy costs, but

still expects energy costs to be SEK 300 million higher in 2022 and 2023. The company deducted the impact of energy costs from its operational cost savings target of 2 billion by 2023. However, the company expects to be able to reduce inflationary pressure through price increases. The reported EPS were SEK 0.37 and slightly below our and market expectations. The result for the comparative period included a capital gain of SEK 6.7 billion related to the sale of the Carrier and Alerta businesses.

Estimates	Q2'21	Q2'22	Q2'22e	Q2'22e	Consensus		Difference (%)		2022e
MSEK / SEK	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes		Inderes
Net sales	21877	22293	22143	22176	21825	- 22424	1%		89717
EBITDA (adj.)	7654	7681	7405	7654	7582	- 7886	4%		30540
EBITDA	14006	7499	7155	7539	7228	- 7687	5%		11971
EBIT (incl. minority holdings)	9030	2831	2541	2657	2070	- 3141	11%		11049
PTP	8352	2121	1991	2059	1522	- 2530	7%		8503
EPS	1.92	0.37	0.39	0.38	0.29	- 0.47	-4%		1.84
Net sales growth-%	0.5 %	1.9 %	1.2 %	1.4 %	-0.2 %	- 2.5 %	0.7 pp		1.6 %
EBITDA (adj.) -%	35.0 %	34.5 %	33.4 %	34.5 %	34.7 %	- 35.2 %	1 pp		34.0 %

Source: Inderes & Telia Company (consensus)

Only minor adjustments to the estimates

Estimate changes 2021e-2023e

- We made only minor adjustments to the operational estimates.
- We have prudently forecast and accounted for share buybacks this year at an average price of SEK 42.

Operational result drivers 2022-2023e:

- Service revenues growth driven by 5G and faster subscription sales
- Continuing the turnaround of the Swedish business and a successful turnaround in Finland
- TV & Media recovering from COVID
- Cost savings (2 billion by 2023 and 2 billion by 2025)

Objectives for the 2021-23 strategy period:

- Service revenues growth rate is a low single-digit number (estimate: 1-4%)
- Adjusted EBITDA growth rate is a low or medium single-digit number (estimate: at 1-7%)
- CAPEX without license fees and rights-of-use is expected to return to about 15% of net sales in 2023. In 2022, SEK 14-15 billion.

Estimate revisions	2022e	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MSEK / SEK	Old	New	%	Old	New	%	Old	New	%
Net sales	89717	89938	0%	91488	91722	0%	93621	93861	0%
EBITDA	30540	30855	1%	31359	31422	0%	31898	31936	0%
EBIT (exc. NRIs)	11971	12127	1%	12628	12697	1%	13085	13128	0%
EBIT	11049	11332	3%	11728	11797	1%	12385	12428	0%
PTP	8503	8603	1%	9745	9745	0%	10302	10269	0%
EPS (continuous operations)	1.84	1.78	-3%	2.06	2.03	-1%	2.11	2.08	-2%
DPS	2.10	2.10	0%	2.15	2.15	0%	2.25	2.25	0%

Source: Inderes

Expected return is attractive

Valuation multiples

It has been difficult to compare Telia with competitors with earnings multiples, because for example, Telia's EBITDA doesn't show the income of minority shareholdings (they are reported in operating profit) and discontinued operations are only reflected in net income. In addition, Telia has a significant number of negative and positive one-off items each year, which must be adjusted to ensure comparability. Since 2021, in particular, minority shareholdings decreased due to the Turkcell sale, and with the divestments in Eurasia there won't be discontinued operations after Q1'21. Thus, the comparability of the adjusted EV/EBIT multiple as well as the EV/EBITDA will considerably improve from 2022 onward.

Neutral valuation multiples

In the big picture, we see Telia's risk profile as moderate in relation to the general stock market. As the strategy has progressed and the positive development has continued for more than a year, confidence in earnings growth has strengthened despite minor headwinds. Due to the decrease in the share price, Telia's adjusted P/E, EV/EBIT and EV/EBITDA multiples for 2022e are 21x, 18x and 7x, respectively. In our view, the valuation of the share has fallen to a neutral level. The multiples are 6% above the Nordic peers, 21% above the overall peer group and 27% below Elisa. In addition, the company is priced 8% below historical levels with corresponding multiples for 2022-2023. We consider the company's valuation multiples neutral.

Expected return is attractive

The expected return on Telia's share comes currently from 3% earnings growth and mainly from a dividend yield of 6%. The expected return (9%) sufficiently exceeds the required return and justifies a positive view on the stock.

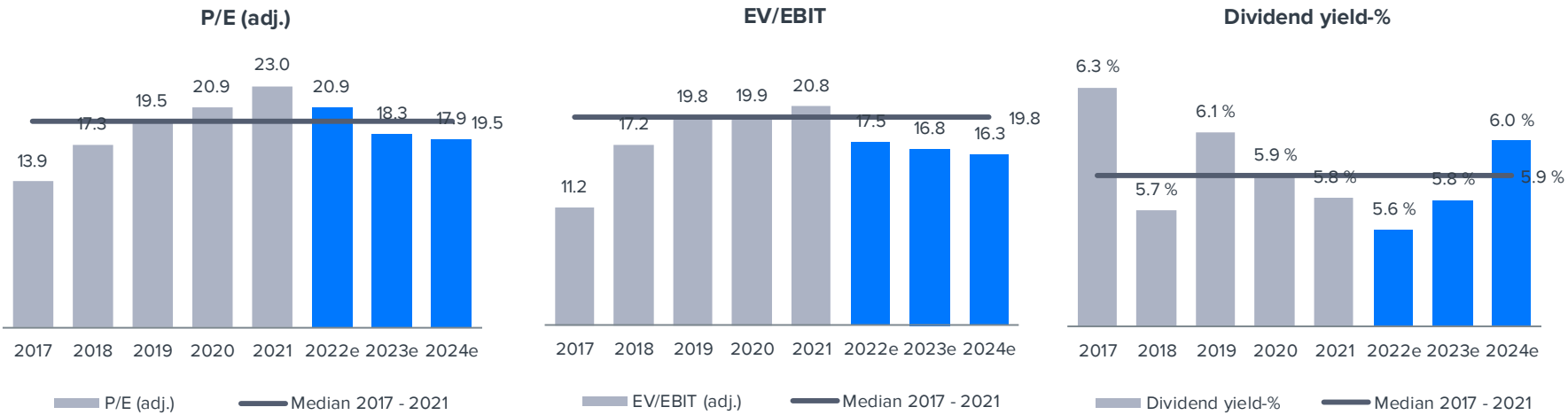
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Market cap	147373	147373	147373
EV	211694	212701	213489
P/E (adj.)	20.9	18.3	17.9
P/E	23.5	20.7	19.6
P/FCF	16.7	15.5	14.7
P/B	1.9	1.9	1.9
P/S	1.6	1.6	1.6
EV/Sales	2.4	2.3	2.3
EV/EBITDA	7.1	7.0	6.8
EV/EBIT (adj.)	17.5	16.8	16.3
Payout ratio (%)	132.8 %	119.4 %	118.3 %
Dividend yield-%	5.6 %	5.8 %	6.0 %

Source: Inderes

Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	36.6	41.2	40.3	34.0	35.4	37.2	37.2	37.2	37.2
Number of shares, millions	4330	4292	4172	4090	4090	3962	3962	3962	3962
Market cap	158264	174149	165535	138884	144793	147373	147373	147373	147373
EV	160035	223723	243678	213286	206767	211694	212701	213489	224870
P/E (adj.)	13.9	17.3	19.5	20.9	23.0	20.9	18.3	17.9	17.5
P/E	20.1	18.4	22.6	neg.	12.6	23.5	20.7	19.6	19.1
P/FCF	5.1	neg.	neg.	10.7	14.5	16.7	15.5	14.7	14.3
P/B	1.6	1.8	1.8	2.2	1.8	1.9	1.9	1.9	2.3
P/S	2.0	2.1	1.9	1.6	1.6	1.6	1.6	1.6	1.5
EV/Sales	2.0	2.7	2.8	2.4	2.3	2.4	2.3	2.3	2.3
EV/EBITDA	6.2	8.6	8.1	7.1	5.9	7.1	7.0	6.8	7.1
EV/EBIT (adj.)	11.2	17.2	19.8	19.9	20.8	17.5	16.8	16.3	16.6
Payout ratio (%)	126.4 %	104.2 %	135.5 %	neg.	72.9 %	132.8 %	119.4 %	118.3 %	120.5 %
Dividend yield-%	6.3 %	5.7 %	6.1 %	5.9 %	5.8 %	5.6 %	5.8 %	6.0 %	6.3 %

Source: Inderes



Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e
Tele2	80212	101597	16.3	17.6	9.2	8.7	3.7	3.6	15.4	17.9	7.2	8.1	3.4
Elisa	92266	107284	22.2	21.2	14.0	13.6	4.9	4.8	23.1	22.1	4.1	4.3	7.0
Telenor	180887	312403	13.2	12.1	6.5	6.0	2.8	2.7	13.4	13.9	7.6	7.8	6.3
BT	221059	446851	11.6	10.8	4.8	4.7	1.7	1.7	9.2	8.6	4.2	4.3	1.4
Proximus	48910	80179	12.2	12.8	4.2	4.3	1.4	1.3	10.3	10.6	8.7	8.7	1.5
Orange Belgium	11917	15771	16.9	15.4	4.1	3.9	1.1	1.0	18.6	18.5	3.2	3.0	1.7
Swisscom AG	287137	370639	17.6	17.3	8.0	8.0	3.2	3.2	17.8	17.4	4.2	4.2	2.4
Telekom Austria AG	42223	67975	7.9	7.6	3.7	3.6	1.3	1.3	7.5	7.0	4.8	5.2	1.2
Deutsche Telekom	995771	2799613	15.8	13.8	6.4	6.2	2.4	2.3	13.0	11.8	3.8	4.1	2.2
Koninklijke KPN	146290	200070	17.9	17.0	7.6	7.4	3.6	3.6	21.1	19.0	4.2	4.4	4.5
Telia (Inderes) MSEK	147373	211694	17.5	16.8	7.1	7.0	2.4	2.3	20.9	18.3	5.6	5.8	1.9
Average			15.2	14.6	6.9	6.6	2.6	2.6	14.9	14.7	5.2	5.4	3.2
Median			16.1	14.6	6.4	6.1	2.6	2.5	14.4	15.7	4.2	4.4	2.3
Diff-% to median			9%	15%	10%	14%	-9%	-6%	45%	17%	34%	32%	-18%
Median (Nordic)			16.3	17.6	9.2	8.7	3.7	3.6	15.4	17.9	7.2	7.8	6.3
Diff-% to median (Nordic)			7%	-5%	-23%	-20%	-36%	-36%	35%	2%	-21%	-26%	-70%

Source: Refinitiv / Inderes. NB: The market cap Inderes uses does not consider own shares held by the company.

Income statement

Income statement	2019	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Net sales	85965	89191	21814	21877	21271	23380	88343	21818	22293	21863	23964	89938	91722	93861	95738
Sweden	34905	33740	8401	8492	8424	9133	34451	8548	8641	8576	9298	35062	35588	36442	37171
Finland	15969	15260	3542	3549	3612	3801	14504	3630	3655	3684	3896	14865	15163	15527	15837
Norway	14666	13373	3309	3343	3478	3658	13788	3649	3662	3687	3804	14802	15246	15612	15925
Denmark	5675	5464	1281	1242	1287	1403	5214	1275	1269	1287	1417	5249	5354	5482	5592
Lithuania	4045	4151	999	1052	1100	1169	4320	1113	1171	1177	1216	4676	4863	4979	5079
Estonia	3333	3321	778	826	836	891	3331	868	867	861	909	3506	3646	3719	3793
TV & Media + other operations	9641	16367	4049	3847	2835	3640	14370	3019	3334	2898	3746	12998	13106	13369	13636
Eliminations and other	-2267.8	-2485	-545	-475	-300	-316	-1635	-285	-307	-306	-322	-1220	-1244	-1269	-1295
EBITDA	30017	30194	6778	14006	7477	6890	35151	7030	7499	7600	7805	29933	30522	31236	31691
EBITDA (adj.)	31017	30702	7178	7654	7739	7290	29861	7202	7681	7820	8025	30727	31422	31936	32391
Depreciation	-18863.0	-27861	-5007	-4999	-4871	-5146	-20023	-4607	-4686	-4654	-4654	-18601	-18725	-18808	-18806
EBIT (excl. NRI)	12313	10735	2171	2671	2868	2218	9929	2595	2996	3165	3371	12127	12697	13128	13585
EBIT	11154	2333	1771	9007	2606	1744	15127	2423	2814	2945	3151	11332	11797	12428	12885
Share of minority holdings' results	0.0	-20080	24	23	29	28	104	14	18	40	40	112	160	160	160
Net financial items	-2938.0	-3318	-688	-678	-677	-591	-2634	-1030	-711	-550	-550	-2841	-2212	-2319	-2522
PTP	9354	-21065	1106	8352	1958	1181	12597	1407	2121	2435	2641	8603	9745	10269	10522
Taxes	-1753.0	-1412	-153	-452	-335	3	-937	-321	-437	-463	-502	-1722	-1984	-2093	-2145
Minority interest	-167.0	-156	-9	-37	-47	-63	-156	-157	-159	-150	-150	-616	-628	-641	-654
Net earnings	7434	-22633	944	7863	1576	1121	11504	929	1525	1823	1989	6265	7133	7536	7724
EPS (adj. continuous operations)	2.06	1.63	0.33	0.37	0.45	0.39	1.54	0.28	0.43	0.52	0.56	1.78	2.03	2.08	2.13
EPS (reported)	1.78	-5.53	0.23	1.92	0.39	0.27	2.81	0.23	0.38	0.46	0.50	1.58	1.80	1.90	1.95
Key figures	2019	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Net sales growth-%	2.9 %	3.8 %	-2.7 %	0.5 %	-1.2 %	-0.4 %	-1.0 %	0.0 %	1.9 %	2.8 %	2.5 %	1.8 %	2.0 %	2.3 %	2.0 %
Adjusted EBIT growth-%		-12.8 %	-4.3 %	1.6 %	-12.5 %	-13.3 %	-7.5 %	19.5 %	12.2 %	10.4 %	51.9 %	22.1 %	4.7 %	3.4 %	3.5 %
EBITDA-% (adj.)	34.9 %	34.4 %	32.9 %	35.0 %	36.4 %	31.2 %	33.8 %	33.0 %	34.5 %	35.8 %	33.5 %	34.2 %	34.3 %	34.0 %	33.8 %

Balance sheet

Assets	2020	2021	2022e	2023e	2024e
Non-current assets	189667	194880	194979	194954	194946
Goodwill	86521	89943	89943	89943	89943
Intangible assets	0.0	0.0	0.0	0.0	0.0
Tangible assets	85707	88226	88325	88300	88292
Associated companies	3445	4749	4749	4749	4749
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	12545	10660	10660	10660	10660
Deferred tax assets	1449	1302	1302	1302	1302
Current assets	37015	42146	35661	36308	37085
Inventories	1918	2040	2077	2118	2167
Other current assets	2706	3005	3005	3005	3005
Receivables	19301	22743	21585	22013	22527
Cash and equivalents	13090	14358	8994	9172	9386
Balance sheet total	226682	237026	230640	231263	232031

Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
Equity	63954	83543	81424	80238	79256
Share capital	14961	14961	14961	14961	14961
Retained earnings	37608	55503	53384	52198	51216
Hybrid bonds	10267	10267	10267	10267	10267
Revaluation reserve	0	0	0	0	0
Other equity	0.0	0.0	0.0	0.0	0.0
Minorities	1118	2812	2812	2812	2812
Non-current liabilities	122628	110464	103282	98539	99391
Deferred tax liabilities	9845	10185	10185	10185	10185
Provisions	11787	7001	7001	7001	7001
Long term debt	84675	75005	67823	63080	63932
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	16321	18273	18273	18273	18273
Current liabilities	40100	43019	45934	52486	53385
Short term debt	5399	2215	6380	12308	12459
Payables	31376	32729	31478	32103	32851
Other current liabilities	3325	8075	8075	8075	8075
Balance sheet total	226682	237026	230640	231263	232031

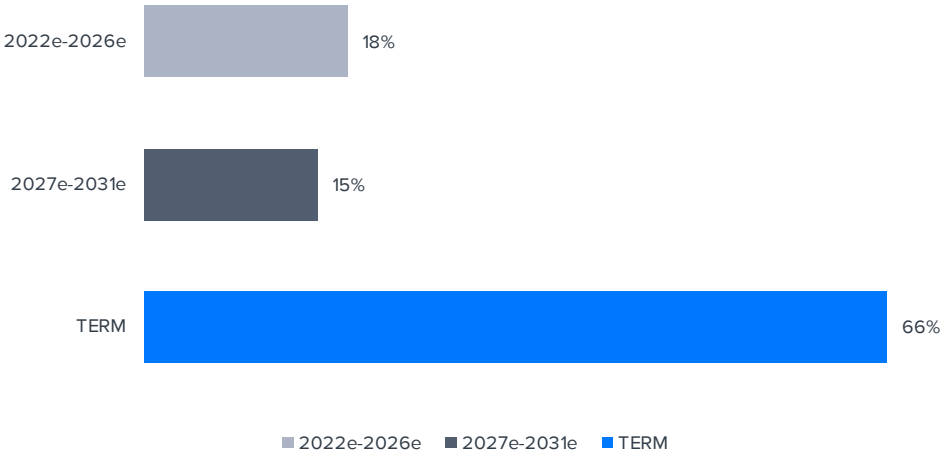
DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
EBIT (operating profit)	15127	11332	11797	12428	12885	13671	13945	14224	14508	13741	13961	
+ Depreciation	20023	18601	18725	18808	18806	18825	18860	18899	18943	18989	19038	
- Paid taxes	-450	-1722	-1984	-2093	-2145	-2265	-2323	-2393	-2464	-2316	-2370	
- Tax, financial expenses	-218	-624	-495	-518	-561	-605	-604	-593	-581	-572	-564	
+ Tax, financial income	21	47	38	38	39	40	41	42	42	43	44	
- Change in working capital	2240	-130	155	186	163	166	170	173	177	180	147	
Operating cash flow	36743	27505	28235	28849	29187	29833	30088	30352	30624	30066	30256	
+ Change in other long-term liabilities	-2834	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-24079	-18700	-18700	-18800	-18894	-18988	-19045	-19103	-19160	-19217	-19548	
Free operating cash flow	9830	8805	9535	10049	10293	10844	11042	11249	11464	10849	10708	
+/- Other	176	0	0	0	0	0	0	0	0	0	0	
FCFF	10006	8805	9535	10049	10293	10844	11042	11249	11464	10849	10708	265991
Discounted FCFF		8590	8802	8777	8506	8479	8169	7874	7593	6798	6349	157705
Sum of FCFF present value		237642	229051	220249	211472	202966	194487	186318	178444	170851	164053	157705
Enterprise value DCF		237642										
- Interesting bearing debt		-77220										
+ Cash and cash equivalents		14358										
-Minorities		-2812										
-Dividend/capital return		-8384										
Equity value DCF		167284										
Equity value DCF per share		42.2										

Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	3.0 %
Equity Beta	0.95
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.0 %
Cost of equity	6.5 %
Weighted average cost of capital (WACC)	5.7 %

Source: Inderes

Cash flow distribution



Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	85965	89191	88343	89938	91722	EPS (reported)	1.78	-5.53	2.81	1.58	1.80
EBITDA	30017	30194	35151	29933	30522	EPS (adj.)	2.06	1.63	1.54	1.78	2.03
EBIT	11154	2333	15127	11332	11797	OCF / share	6.75	9.04	8.98	6.94	7.13
PTP	9354	-21065	12597	8603	9745	FCF / share	-4.46	3.18	2.45	2.22	2.41
Net Income	7093	-22912	11680	6265	7133	Book value / share	21.82	15.36	19.74	19.84	19.54
Extraordinary items	-1159	-8403	5199	-794	-900	Dividend / share	2.45	2.00	2.05	2.10	2.15
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	264074	226682	237026	230640	231263	Revenue growth-%	3%	4%	-1%	2%	2%
Equity capital	92456	63954	83543	81424	80238	EBITDA growth-%	17%	-1%	-3%	3%	2%
Goodwill	101938	86521	89943	89943	89943	EBIT (adj.) growth-%	-5%	-13%	-8%	22%	5%
Net debt	80434	76984	62862	65209	66216	EPS (adj.) growth-%	-13%	-21%	-5%	16%	14%
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	36.1 %	34.4 %	33.8 %	34.2 %	34.3 %
EBITDA	30017	30194	35151	29933	30522	EBIT (adj.)-%	14.3 %	12.0 %	11.2 %	13.5 %	13.8 %
Change in working capital	-573	10250	2240	-130	155	EBIT-%	13.0 %	2.6 %	17.1 %	12.6 %	12.9 %
Operating cash flow	28150	36966	36743	27505	28235	ROE-%	7.9 %	-29.4 %	16.0 %	7.9 %	9.1 %
CAPEX	-27530	-4961	-24079	-18700	-18700	ROI-%	7.2 %	-10.5 %	9.9 %	7.4 %	7.8 %
Free cash flow	-18620	13009	10006	8805	9535	Equity ratio	35.0 %	28.2 %	35.2 %	35.3 %	34.7 %
						Gearing	87.0 %	120.4 %	75.2 %	80.1 %	82.5 %
Valuation multiples	2019	2020	2021	2022e	2023e						
EV/S	2.8	2.4	2.3	2.4	2.3						
EV/EBITDA (adj.)	8.1	7.1	5.9	7.1	7.0						
EV/EBIT (adj.)	19.8	19.9	20.8	17.5	16.8						
P/E (adj.)	19.5	20.9	23.0	20.9	18.3						
P/E	1.8	2.2	1.8	1.9	1.9						
Dividend-%	6.1 %	5.9 %	5.8 %	5.6 %	5.8 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
7/23/2018	Accumulate	44.00 SEK	39.06 SEK
10/22/2018	Accumulate	45.00 SEK	40.30 SEK
1/28/2019	Accumulate	44.00 SEK	39.78 SEK
3/27/2019	Accumulate	44.00 SEK	41.43 SEK
4/26/2019	Accumulate	44.00 SEK	40.80 SEK
7/18/2019	Reduce	44.00 SEK	42.90 SEK
10/18/2019	Reduce	42.00 SEK	41.65 SEK
1/14/2020	Reduce	42.00 SEK	40.57 SEK
1/30/2020	Reduce	42.00 SEK	41.83 SEK
3/19/2020	Accumulate	39.00 SEK	34.04 SEK
3/27/2020	Accumulate	38.00 SEK	35.00 SEK
4/23/2020	Accumulate	38.00 SEK	34.05 SEK
7/20/2020	Accumulate	38.00 SEK	36.27 SEK
10/22/2020	Accumulate	38.00 SEK	37.20 SEK
1/27/2021	Accumulate	38.00 SEK	36.56 SEK
2/1/2021	Accumulate	40.00 SEK	36.70 SEK
4/26/2021	Accumulate	40.00 SEK	35.07 SEK
7/22/2021	Accumulate	40.00 SEK	38.15 SEK
10/22/2021	Accumulate	39.00 SEK	35.58 SEK
1/31/2022	Accumulate	39.00 SEK	36.30 SEK
4/28/2022	Reduce	41.00 SEK	41.40 SEK
7/21/2022	Accumulate	41.00 SEK	37.20 SEK



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