



RESULTS UPDATE

25 April 2025

Sweden

Commercial Services & Supplies

Research analysts:

Hugo Lisjö

CAG Group

Share price: SEK 110.0

Fair value range: SEK 100.0–134.0

Another solid quarter – Q1 review

Solid sales performance despite negative calendar effects

In our view CAG delivered a relatively strong first quarter in terms of sales performance. While net sales declined by 0.9% Y/Y, this was entirely driven by lower revenue from subcontractors. When focusing solely on revenue from CAG's own consultants, the flat Y/Y development was strong, in our view. The quarter had one less working day than last year, and the average number of employees declined to 429 from 451. Despite this, revenue per consultant (excluding subcontractors) rose by 6.7%, which points to higher utilisation levels.

Margin improvement driven by utilisation, price, and cost control

What stood out to us was the adjusted EBITA margin, which improved to 9.9% (9.2). This improvement was driven by stronger utilisation, price increases, and continued cost discipline. The closure of CAG's smallest subsidiary during the quarter, due to its unsatisfactory margins, should also have a small positive effect on profitability going forward.

Segment stability and market sentiment

The banking & finance and defence segments remain stable. Together, these two segments accounted for around 58% of CAG's total revenue in the quarter. Communication from both CAG and other IT consultancies suggests to us that market sentiment is beginning to turn slightly more positive. However, the recent announcement of US tariffs has introduced a degree of uncertainty. Although this is not likely to directly affect CAG's customer base, it could still have a dampening effect on the broader market.

Fair value range increased by SEK3 per share to SEK100–134

We raise our fair value range to SEK100–134 per share (97–130). This corresponds to an EV/EBITDA(25e) of 8–11x, versus the peer group trading at a median of 8.9x and average of 9.3x. The upward revision is supported by slightly higher estimates and improved valuation levels among the peer group. Importantly, our fair value range does not factor in any potential upside from future acquisitions.

Upcoming events

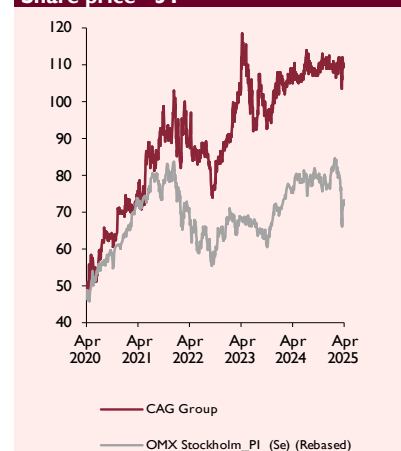
- AGM 2025: 07 May 2025
- Dividend: 08 May 2025
- Q2 Report: 14 Aug 2025
- Q3 Report: 22 Oct 2025

Changes in this report			
	From	To	Chg
EPS adj. 2025e	8.5	8.7	+3%
EPS adj. 2026e	9.7	9.8	+0%
EPS adj. 2027e	10.3	10.4	+1%

Key facts	
No. shares (m)	7.2
Market cap. (USDm)	82
Market cap. (SEKm)	788
Net IB Debt. (SEKm)	-71
Adjustments (SEKm)	0
EV (2025e) (SEKm)	717
Free float	62.4%
Avg. daily vol. ('000)	7
Risk	High Risk
Fiscal year end	December
Share price as of (CET)	24 Apr 2025 17:24

Key figures (SEK)	2024	2025e	2026e	2027e
Sales (m)	868	869	925	959
EBITDA (m)	98	99	111	117
EBIT (m)	67	71	83	89
EPS	6.78	7.46	8.89	9.55
EPS adj.	7.92	8.72	9.75	10.4
DPS	4.10	4.30	4.70	4.70
Sales growth Y/Y	-2%	0%	6%	4%
EPS adj. growth Y/Y	-8%	10%	12%	6%
EBIT margin	7.7%	8.2%	9.0%	9.3%
P/E adj.	13.9	12.6	11.3	10.6
EV/EBIT	10.7	10.1	8.3	7.4
EV/EBITDA	9.5	9.2	7.7	6.9
EV/EBITDA	7.3	7.2	6.2	5.6
P/BV	2.5	2.3	2.1	1.9
Dividend yield	3.7%	3.9%	4.3%	4.3%
FCF yield	7.6%	4.2%	7.5%	8.6%
Equity/Total Assets	58.4%	61.6%	62.5%	63.9%
ROCE	17.5%	18.5%	20.7%	20.5%
ROE adj.	18.4%	18.9%	19.4%	18.9%
Net IB debt/EBITDA	-0.7	-0.7	-0.9	-1.1

Share price - 5Y



High/Low (12M) SEK 114/103.5

Perf.	3M	6M	12M	YTD
Abs.	0.0	0.5	4.8	0.9
Rel.	10.2	7.6	8.6	5.2

Source: Carnegie Research, FactSet, Millstream & company data

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Equity story

Near term: 6–12m

Business areas that earlier had not performed as well as the overall group, like CAG's Cybersecurity branch, are now starting to perform better. At the same time, the company has started a small restructuring, and we anticipate that CAG will put more focus toward business areas where it sees higher demand and a better outlook. These actions should be margin positive in coming quarters. At the same time, we have begun to see signs of an improved market environment.

Long term: 5Y+

Technology is evolving rapidly, requiring companies to keep pace to stay competitive. This impacts multiple aspects of business operations. One key area is efficiency, adopting new technologies enhances productivity and can be essential for maintaining relevance in the market. Another critical aspect is cybersecurity, as the growing threat landscape poses significant financial and reputational risks. As an IT expert with a combination of consulting services and proprietary solutions, CAG remains a valuable partner for clients.

Key risks:

- To remain at the forefront of technology
- Competition for talent
- Reputation risk

Company description

CAG Group is a Swedish IT consultancy firm specialising in digital transformation, cybersecurity, and IT infrastructure, with a focus on defence, banking, and finance. Operating through specialised subsidiaries, the company delivers high margin consulting services, from software development to system integrations. With stable revenue streams, strong EBITA margins, and a solid financial position, CAG aims to expand through strategic acquisitions, positioning itself for continued growth in the Nordic IT consulting sector.

Key industry drivers

- Rapid technological advancements
- Rising costs for clients to maintain in-house expertise
- Growing vulnerabilities in corporate IT infrastructure

Industry outlook

- IT budgets in Sweden are projected to grow by 2–4% in the coming years. Companies will prioritise IT security, continued digitalisation, and operational efficiency, benefiting CAG.

Largest shareholders

Bo Lindström	20.1%
Nordea Funds	16.1%
Creades	10.1%

Cyclicality

Cyclicality: N/A

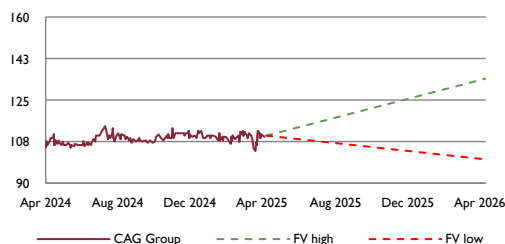
Key peers

Knowlt, B3, Precio Fishbone, Softronic, Tieto EVRY, Proact IT

Valuation and methodology

In our valuation of CAG, we have benchmarked the company against other Nordic IT consultants on EV/EBITA(25e). CAG has demonstrated more stable revenue growth and EBITA margins than its peers historically, holding the second-highest EBITA margin in the peer group in 2024. Combined with its strong financial position, which allows for acquisitions, and its high exposure to growing end markets, we believe CAG warrants a slight premium to peers.

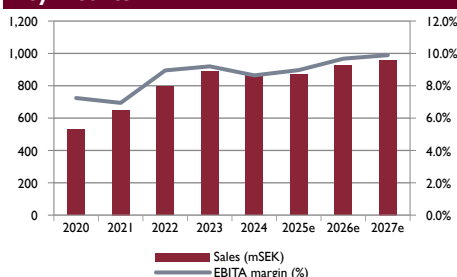
Fair value range 12m



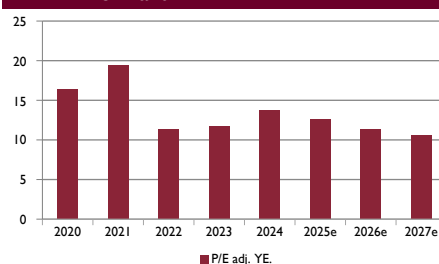
The upper end of our valuation range reflects a premium multiple compared to the peer group. To justify this, we believe CAG must deliver above-peer sales growth and achieve margin expansion in 2025.

The lower end of our valuation range reflects a scenario where CAG demonstrates low sales growth and no margin expansion. This valuation assumes a multiple slightly below the peer group, which we find reasonable if the peer group performs in line with current market expectations.

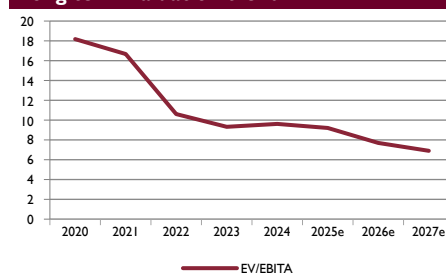
Key metrics



PE 12m forward



Long term valuation trend

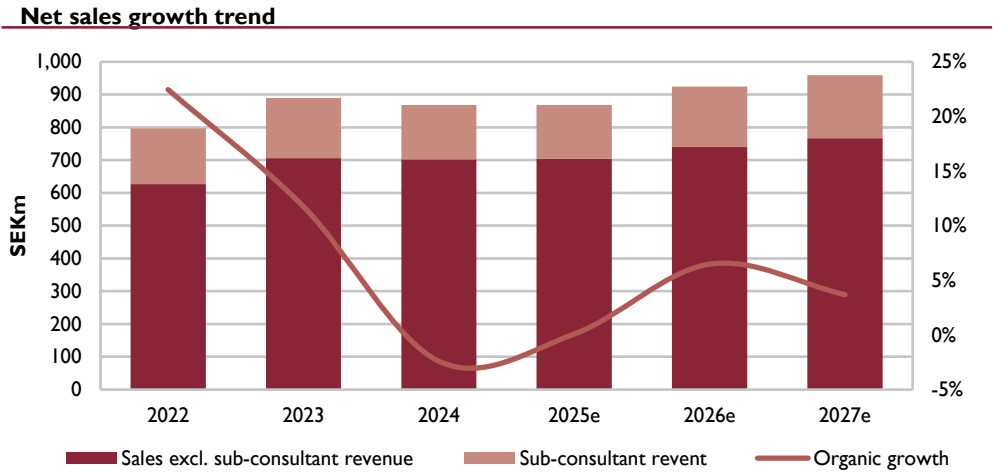


Source: Carnegie Research & company data

Key charts

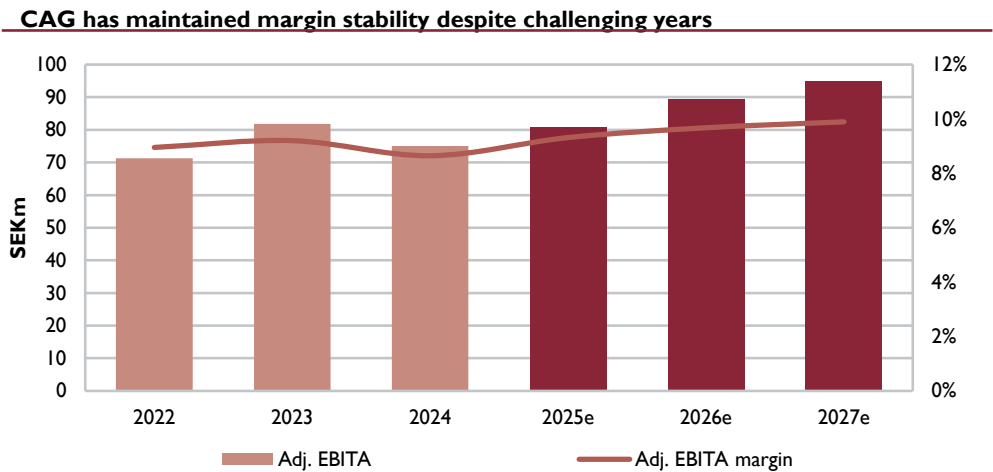
With both IT consultancy firms and broader market research indicating a more positive outlook, we estimate that 2026e will mark a return to stronger growth for CAG after two slower years

Our estimates reflect only organic growth; given CAG’s clear interest in pursuing acquisitions, we see additional upside potential from strategic add-ons



Source: Carnegie Research, CAG

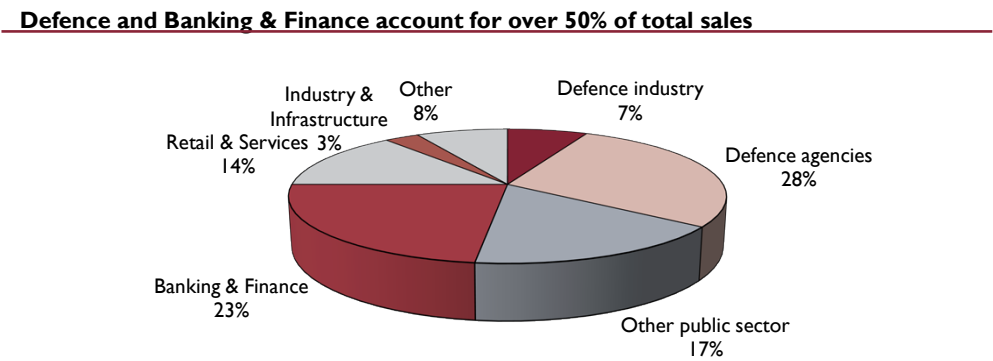
The key drivers behind our projected margin improvement include recent price increases, continued gains in utilisation, and benefits from the closure of less profitable operations in Q1(25)



Source: Carnegie Research, CAG

We view CAG’s high exposure to the defence and banking & finance sectors as attractive in the current market environment

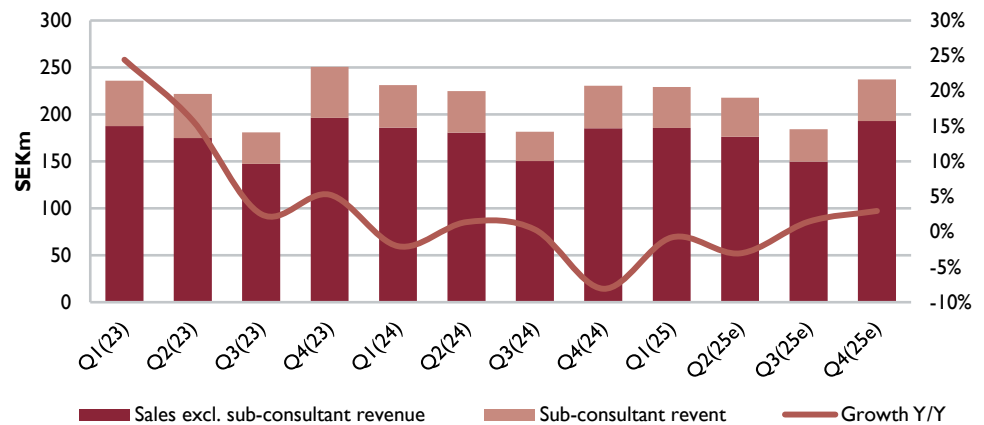
Although we do not expect explosive growth from the defence sector, we anticipate continued steady expansion over the next few years



Source: Carnegie Research, CAG

Q2(25) also includes one less working day than the same period last year. However, with a neutral calendar effect expected in H2(25), we estimate that sales growth will begin to pick up towards year-end

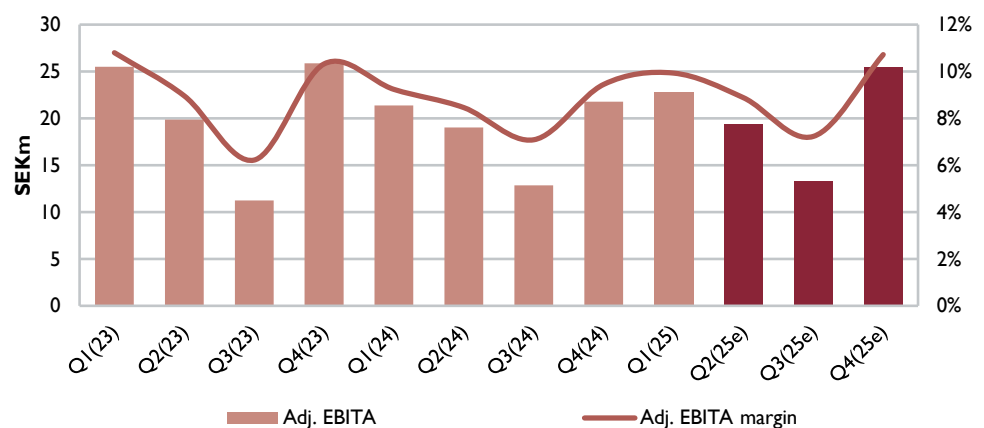
Q2(25) will also have one fewer working day



Source: Carnegie Research, CAG

Given the strong correlation between earnings, sales levels, and utilisation, we expect margins to improve in H2(25e)

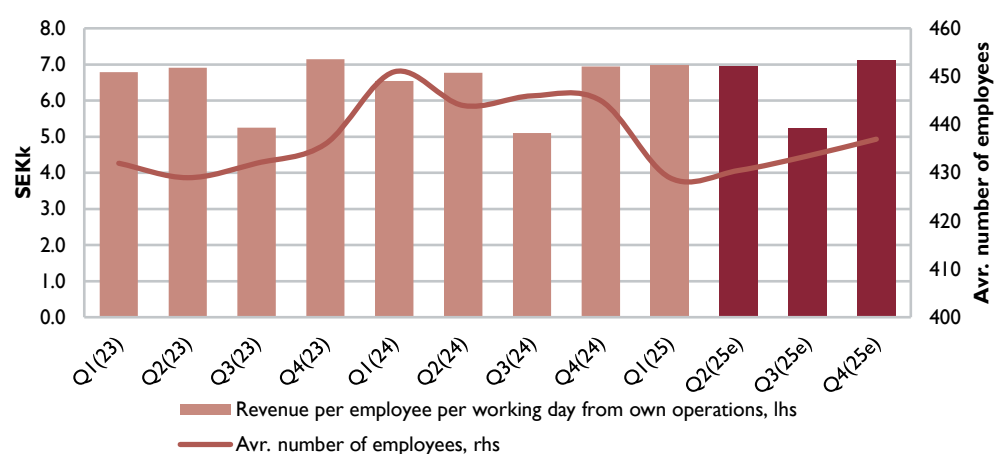
CAG has not disclosed cost savings associated with the reorganisation



Source: Carnegie Research, CAG

The sales growth we project is primarily underpinned by an increase in the number of consultants

We expect a slight utilisation increase in 2025e



Source: Carnegie Research

Room for acquisitions

We view CAG's new financial leverage target, net debt to EBITDA of 1.5x, as signalling two key messages to investors: 1) it reflects the company's intention to avoid excessive leverage purely for the sake of growth; and 2) it provides an indication of the level of debt the company could responsibly take on for potential acquisitions.

Based on our estimates, CAG should have a net cash position of about SEK71m by YE(25). With estimated EBITDA of SEK99m in 2025e, this implies room for up to SEK149m in net debt, giving CAG the possibility to add around SEK221m in debt.

Additionally, management is granted a 10% dilution option; a potential equity issuance could contribute roughly SEK80m in additional capital with current share price. Assuming the company maintains a prudent cash buffer of SEK50m, we estimate CAG could have around SEK250m available for acquisitions in 2025e.

Using an EV/S multiple of 0.7x, this would give CAG the capacity to acquire businesses with combined annual sales of about SEK357m. While we do not base our forecast on this level of M&A activity, such acquisitions could make it possible for CAG to reach its 2025 financial sales target of SEK1.0bn.

SEKm	2025e
EBITDA	99
Cash	101
IB debt	30
Net debt	-71
ND/EBITDA max	1.5x
Room for additional debt	221
10% share dilution (SEK111)	80
Total acquisition room	300
Adjusted for SEK50m	250
EV/Sales	0.7x
Potential sales acquired	357

Source: Carnegie Research

Estimates and forecast changes

Although Q1(25) sales came in around 3% higher than our estimate, this was primarily due to higher than expected revenue from subconsultants. We had forecast about SEK40m in subconsultant revenue, while the actual figure was closer to SEK44m. As a result, we are making only a modest upward adjustment to our sales estimates.

The margin improvement for the current year is entirely attributable to the Q1(25) margin beat. We are maintaining our margin expectations for the coming periods, as there has been no new information that would alter our view.

SEKm	New			Old			Change		
	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e
Net sales	869	925	959	867	923	957	0.2%	0.2%	0.2%
Y/Y growth	0%	6%	4%	0%	6%	4%	0.2	0.0	0.0
Organic	0%	6%	4%	0%	6%	4%	0.2	0.0	0.0
Acquired	0%	0%	0%	0%	0%	0%	0.0	0.0	0.0
OPEX	-769	-814	-842	-770	-810	-840	0%	-1%	0%
Personnel	-489	-518	-531	-491	-516	-529	0%	0%	0%
Cost of services	-208	-221	-235	-206	-221	-234	-1%	0%	0%
Other income/costs	-69	-75	-76	-70	-73	-76	1%	-3%	0%
EO	-3	0	0	-3	0	0	n.m.	-	-
EBITDA	99	111	117	97	113	117	2%	-2%	-1%
Depreciation	-22	-21	-22	-22	-24	-23	1%	12%	5%
EBITA	78	89	95	75	90	94	3%	0%	0%
Adj. EBITA	81	89	95	78	90	94	4%	0%	0%
Adj. EBITA margin	9.3%	9.7%	9.9%	9.0%	9.7%	9.9%	0.3	0.0	0.0
Amortisation	-7	-6	-6	-7	-6	-6	6%	3%	2%
EBIT	71	83	89	68	83	88	4%	0%	1%
Net financials	-2	-1	0	-2	-1	-1	-10%	44%	91%
PTP	69	82	89	66	82	88	4%	0%	1%
Tax	-16	-19	-20	-15	-19	-20	-4%	0%	-1%
Net profit	53	64	68	51	63	68	4%	0%	1%
EPS	7.5	8.9	9.6	7.2	8.9	9.5	4%	0%	1%

Source: Carnegie Research

SEKm	Q1(24)	Q2(24)	Q3(24)	Q4(24)	Q1(25)	Q2(25e)	Q3(25e)	Q4(25e)
Net sales	231	225	182	231	229	218	184	237
Y/Y growth	-2%	1%	0%	-8%	-1%	-3%	1%	3%
Organic	-2%	1%	0%	-8%	-1%	-3%	1%	3%
Acquired	0%	0%	0%	0%	0%	0%	0%	0%
OPEX	-204	-200	-163	-203	-204	-193	-165	-206
Personnel	-130	-130	-104	-129	-129	-125	-105	-130
Cost of services	-56	-56	-44	-56	-55	-52	-44	-57
Other income/costs	-18	-14	-15	-19	-17	-16	-17	-19
EO	0	0	0	0	-3	0	0	0
EBITDA	27	25	18	28	25	25	19	31
Depreciation	-6	-6	-6	-6	-5	-5	-5	-5
EBITA	21	19	13	22	20	19	13	25
Adj. EBITA	21	19	13	22	23	19	13	25
Adj. EBITA margin	9.2%	8.5%	7.1%	9.4%	9.9%	8.9%	7.2%	10.7%
Amortisation	-2	-2	-2	-2	-2	-2	-2	-2
EBIT	19	17	11	20	18	18	12	24
Net financials	0	-1	-2	-1	-1	0	0	-1
PTP	19	16	9	19	17	17	11	23
Tax	-4	-4	-2	-4	-4	-4	-3	-5
Net profit	15	12	7	15	13	13	9	18
EPS	2.1	1.7	1.0	2.1	1.9	1.9	1.2	2.5

	2022	2023	2024	2025e	2026e	2027e
Net sales	797	890	868	869	925	959
Y/Y growth	23%	12%	-2%	0%	6%	4%
Organic	10%	2%	-2%	0%	6%	4%
Acquired	13%	10%	0%	0%	0%	0%
OPEX	-703	-786	-770	-769	-814	-842
Personnel	-434	-481	-492	-489	-518	-531
Cost of services	-213	-231	-212	-208	-221	-235
Other income/costs	-56	-74	-67	-69	-75	-76
EO	0	0	0	-3	0	0
EBITDA	94	104	98	99	111	117
Depreciation	-22	-22	-23	-22	-21	-22
EBITA	71	82	75	78	89	95
Adj. EBITA	71	82	75	81	89	95
Adj. EBITA margin	8.9%	9.2%	8.6%	9.3%	9.7%	9.9%
Amortisation	-7	-8	-8	-7	-6	-6
EBIT	65	74	67	71	83	89
Net financials	-3	-4	-4	-2	-1	0
PTP	62	69	63	69	82	89
Tax	-14	-16	-14	-16	-19	-20
Net profit	48	53	49	53	64	68
EPS	6.8	7.5	6.8	7.5	8.9	9.6

Source: Carnegie Research, CAG

Valuation

In our valuation of CAG, we have benchmarked the company against other Nordic IT consultants. CAG has demonstrated more stable revenue growth and EBITA margins than its peers historically, holding the second-highest EBITA margin in the group in 2024. Combined with its strong financial position, which allows for acquisitions, and its high exposure to growing end-markets, we believe CAG warrants a slight premium to peers. Following a minor upward revision to our estimates and a general increase in market valuations since our previous update, we are raising our fair value range for CAG to SEK100–134 per share (previously SEK97–130). This corresponds to an EV/EBITA(25e) multiple of 8–11x, compared to the peer group median and average of 8.9x and 9.3x, respectively.

Peer group comparison

2024 was a challenging year for the sector in terms of organic growth. Companies like B3 pursued acquisitions, which helped sustain their growth figures and positioned them for strong estimated growth in 2025. The tougher market environment affected earnings across the sector, with most companies experiencing significant declines. However, as seen both historically and in 2024, CAG maintained its margins at a higher level, reinforcing its reputation as one of the sector's most stable companies, an aspect we find attractive.

Additionally, CAG's balance sheet remains in solid shape, as reflected in the proposed dividend increase. We believe its strong financial position, especially in a challenging market environment, provides an advantage for M&A opportunities. Earlier market conditions have likely led to lower valuations and increased willingness among owners to sell, making acquisitions more feasible. In our view, CAG will need to complete an acquisition to meet its financial target of SEK1.0bn in sales by 2025. Still, we prioritise strategic fit over acquisitions made solely to achieve sales targets.

	Mcap. (EURm)	Sales growth				Adj. EBITA margin				Adj. EBIT margin				Net debt/EBITDA			
		2024	2025e	2026e	2027e	2024	2025e	2026e	2027e	2024	2025e	2026e	2027e	2024	2025e	2026e	2027e
C.A.G Group AB*	72	-2.4%	0.0%	6.5%	3.7%	8.6%	9.3%	9.7%	9.9%	7.7%	8.5%	9.0%	9.3%	-0.7x	-0.7x	-0.9x	0.1x
Knowit AB	372	-9.6%	-2.4%	5.8%	5.4%	6.0%	6.4%	7.8%	8.6%	4.1%	4.2%	5.9%	6.8%	1.2x	0.8x	0.3x	-0.1x
B3 Consulting Group AB	49	-1.0%	22.3%	10.1%	5.3%	3.5%	7.0%	9.9%	10.4%	2.3%	6.3%	8.6%	9.5%	3.9x	1.4x	0.6x	0.0x
TietoEVRY Oyj	1,902	-1.7%	-2.4%	2.9%	1.4%	12.0%	10.4%	11.1%	11.4%	10.6%	9.7%	10.0%	10.2%	1.8x	2.3x	1.9x	1.7x
Proact IT Group AB	297	0.3%	2.9%	4.2%	3.2%	7.2%	7.2%	7.7%	7.8%	6.1%	6.1%	6.6%	6.8%	-0.6x	-0.6x	-0.9x	-1.3x
Average	655	-3.0%	5.1%	5.7%	3.8%	7.2%	7.7%	9.1%	9.6%	5.8%	6.6%	7.8%	8.4%	1.6x	1.0x	0.5x	0.1x
Median	334	-1.4%	0.2%	5.0%	4.2%	6.6%	7.1%	8.9%	9.5%	5.1%	6.2%	7.6%	8.2%	1.5x	1.1x	0.4x	-0.1x

*Carnegie Estimates

Source: Carnegie Research, Factset

Note: Estimates collected from Factset as per 24/04/2025

	Mcap. (EURm)	EV/Sales				EV/EBITA				EV/EBIT				PE			
		2024	2025e	2026e	2027e	2024	2025e	2026e	2027e	2024	2025e	2026e	2027e	2024	2025e	2026e	2027e
C.A.G Group AB*	72	0.8x	0.8x	0.7x	0.7x	9.6x	9.2x	7.7x	6.9x	10.8x	9.7x	8.3x	7.4x	16.2x	14.7x	12.4x	11.5x
Knowit AB	372	0.7x	0.7x	0.7x	0.7x	11.4x	11.6x	8.9x	7.7x	16.8x	17.5x	11.8x	9.7x	33.4x	26.9x	15.9x	12.6x
B3 Consulting Group AB	49	0.8x	0.6x	0.5x	0.5x	22.5x	7.9x	5.1x	4.6x	34.2x	8.8x	5.9x	5.0x	8.9x	9.5x	6.0x	5.1x
TietoEVRY Oyj	1,902	1.0x	1.0x	1.0x	1.0x	8.7x	9.9x	9.0x	8.6x	9.9x	10.6x	10.0x	9.6x	9.8x	10.3x	9.6x	8.9x
Proact IT Group AB	297	0.6x	0.6x	0.5x	0.5x	8.1x	7.9x	7.1x	6.8x	9.6x	9.3x	8.3x	7.8x	14.5x	14.1x	12.6x	11.8x
Average	655	0.8x	0.7x	0.7x	0.7x	12.7x	9.3x	7.5x	6.9x	17.6x	11.6x	9.0x	8.0x	16.6x	15.2x	11.0x	9.6x
Median	334	0.7x	0.7x	0.6x	0.6x	10.0x	8.9x	8.0x	7.3x	13.3x	10.0x	9.1x	8.7x	12.1x	12.2x	11.1x	10.3x

*Carnegie Estimates

Source: Carnegie Research, Factset

Note: Estimates collected from Factset as per 24/04/2025

Scenario analysis

To assess CAG, we have conducted a scenario analysis comprising three scenarios: a base scenario based on our estimates, a low-growth scenario assuming slower sales growth and a stagnating EBITA margin, and a high-growth scenario factoring in improved market conditions and accelerated growth, particularly in the defence sector.

In our base scenario, we expect CAG to grow in line with sector peers but to achieve a higher EBITA margin. Given this, we find it reasonable to value the company at an EV/EBITA(25e) of 8–11x, reflecting a slight premium to peers which are currently valued at a median of 8.9x and average of 9.3x, but remaining consistent with its historical valuation. We chose to maintain our current fair value range of SEK100–134 per share.

In the low-growth scenario, we assume continued market challenges with heightened competition. This scenario reflects a lower sales growth rate than our base case and includes an

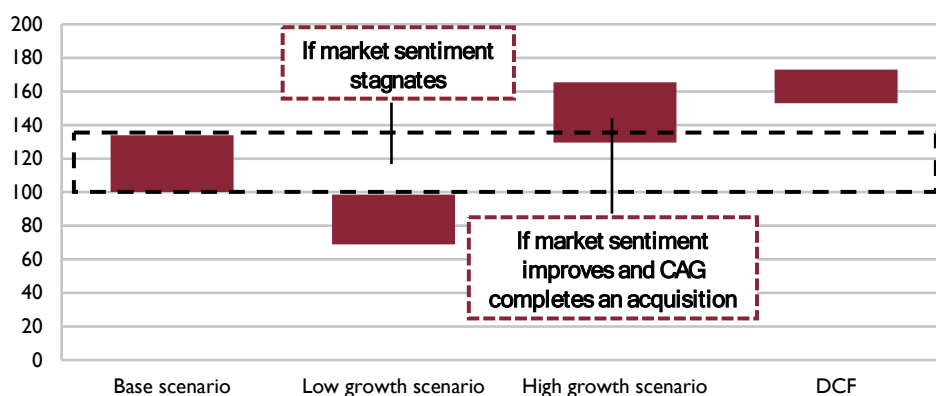
expectation of margin contraction in 2025e. Under these conditions, we anticipate a lower valuation, as CAG would not justify the premium multiple assigned in our base scenario. This scenario gives us a fair value range of SEK69–98.

The high-growth scenario assumes a significant market improvement, allowing CAG to expand even further within its niche sectors, such as defence, while maintaining strong performance in other segments. In these conditions, we believe the company should be valued at an EV/EBITDA(25e) of 10–13x, corresponding to a fair value range of SEK130–166 per share.

SEKm	2022	2023	2024	2025e	2026e	2027e	2025e		
							EV/EBITA	Value per share	
Base scenario							Higher bound:	11.0x	134
Sales	797	890	868	869	925	959			
Growth	57%	12%	-2%	0%	6%	4%			
Adj. EBITA	71	82	75	81	89	95			
Margin	8.9%	9.2%	8.6%	9.3%	9.7%	9.9%	Lower bound:	8.0x	100
Low growth scenario							Higher bound:	9.0x	98
Sales	797	890	868	851	851	868			
Growth	57%	12%	-2%	-2%	0%	2%			
EBITA	71	82	75	71	72	76			
Margin	8.9%	9.2%	8.6%	8.3%	8.5%	8.7%	Lower bound:	6.0x	69
High growth scenario							Higher bound:	13.0x	166
Sales	797	890	868	894	984	1,063			
Growth	57%	12%	-2%	3%	10%	8%			
EBITA	71	82	75	86	100	114			
Margin	8.9%	9.2%	8.6%	9.6%	10.2%	10.7%	Lower bound:	10.0x	130

Source: Carnegie Research

Fair value range of SEK100-134



Source: Carnegie Research

DCF

While our fair value range is based on the scenario and benchmarking analysis detailed above, we have also conducted a DCF valuation, which we view as a semi-bullish scenario. After our explicit forecast period that ends in 2027e, we assume growth will gradually decline linearly to 2%, in line with long-term GDP growth. We apply a WACC of 10.0%, reflecting an equity beta of 1.5x. For the terminal period, we use a 2% growth rate and assume an EBITDA margin of 12%. Our DCF valuation is SEK163 per share.

DCF assumptions - Summary	2025e	2026e	2027e	Average year			Terminal	
				4-5	6-10	11-15	16-20	period
Total sales growth	0.0%	6.5%	3.7%	3.5%	3.2%	2.7%	2.2%	2.0%
EBITDA margin	11.5%	12.0%	12.2%	12.1%	12.1%	12.1%	12.0%	12.0%
Depreciation % of sales	-2.5%	-2.3%	-2.3%	-2.3%	-2.3%	-2.3%	-2.3%	-2.3%
EBITA margin	9.0%	9.7%	9.9%	9.9%	9.8%	9.8%	9.7%	9.7%
Amortisations % of sales	-0.8%	-0.7%	-0.6%	-0.6%	-0.6%	-0.6%	-0.6%	0.0%
EBIT margin	8.2%	9.0%	9.3%	9.3%	9.2%	9.2%	9.1%	9.1%
Capex % of sales	-0.9%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%
Paid tax rate	-22.7%	-22.6%	-22.6%	-22.6%	-22.6%	-22.6%	-22.6%	-22.6%
NWC to sales	6.2%	6.1%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%
Sales	869	925	959	1,011	1,133	1,306	1,470	1,562
EBITDA	99	111	117	123	137	158	177	187
Capex	-8	-10	-11	-11	-12	-14	-16	-35
Taxes	-26	-19	-20	-23	-25	-29	-32	34
Other	-12	-2	2	-2	-2	-2	-2	1,260
Free cash flow	54	80	88	87	98	112	126	1,446
Discounted FCF	51	69	69	60	48	34	24	225
Share of total discounted FCF	5%	6%	7%	11%	22%	16%	11%	21%
Valuation	SEKm	Per share		WACC assumptions				
EV (discounted FCF)	1,065	148.6		Risk free interest rate				
- Net debt (2024)	67	9.3		Debt risk premium				
+ Associates	0	0.0		Equity risk premium				
- Minority interest	0	0.0		Equity beta				
- Outstanding warrants	0	0.0		Cost of Equity				
Other debt adjustments	0	0.0		Tax rate				
ESG penalty	0	0.0		After tax cost of debt				
Equity value at YE (24)	1,132	157.9		Equity weight				
Time adjustment	34	4.8		WACC				
Dividend	0	0.0						
Current equity value	1,166	163						

Source: Carnegie Research

The DCF valuation is highly sensitive to the applied WACC and terminal growth and margin assumptions, as reflected below.

		WACC					
		8.5%	9.0%	9.5%	10.0%	10.5%	11.0%
Terminal growth %	3.5%	213	196	182	170	160	151
	3.0%	206	191	178	167	158	149
	2.5%	201	187	175	165	156	148
	2.0%	197	184	173	163	154	146
	1.5%	193	181	170	161	152	145
	1.0%	190	178	168	159	151	144
	0.5%	187	176	166	157	150	143

Source: Carnegie Research

		WACC					
		7.5%	8.0%	8.5%	10.0%	9.5%	10.0%
Terminal EBITDA %	15%	269	246	227	184	197	184
	14%	256	235	217	177	189	177
	13%	243	224	207	170	181	170
	12%	231	213	198	163	173	163
	11%	218	202	188	156	165	156
	10%	205	190	178	149	157	149
	9%	192	179	168	142	150	142

Source: Carnegie Research

Financial statements

Profit & loss (SEKm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Sales	0	485	532	649	797	890	868	869	925	959
COGS	0	0	0	0	0	0	0	0	0	0
Gross profit	0	485	532	649	797	890	868	869	925	959
Other income & costs	0	-424	-469	-578	-703	-786	-770	-769	-814	-842
Share in ass. operations and JV	0	0	0	0	0	0	0	0	0	0
EBITDA	0	61	63	71	94	104	98	99	111	117
Depreciation PPE	0	-24	-24	-26	-22	-22	-23	-22	-21	-22
Depreciation lease assets	0	0	0	0	0	0	0	0	0	0
Amortisation development costs	0	0	0	0	0	0	0	0	0	0
Amortisation other intangibles	0	0	0	0	0	0	0	0	0	0
Impairments / writedowns	0	0	0	0	0	0	0	0	0	0
EBITA	0	37	38	45	71	82	75	78	89	95
Amortization acquisition related	0	0	-1	-5	-7	-8	-8	-7	-6	-6
Impairment acquisition related	0	0	0	0	0	0	0	0	0	0
EBIT	0	37	37	41	65	74	67	71	83	89
Share in ass. operations and JV	0	0	0	0	0	0	0	0	0	0
Net financial items	0	-1	-1	-2	-3	-4	-4	-2	-1	0
of which interest income/expenses	0	-2	-1	-2	-3	-4	-4	-2	-1	0
of which interest on lease liabilities	0	0	0	0	0	0	0	0	0	0
of which other items	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	0	36	36	38	62	69	63	69	82	89
Taxes	0	-9	-8	-8	-14	-16	-14	-16	-19	-20
Post-tax minorities interest	0	0	0	0	0	0	0	0	0	0
Discontinued operations	0	0	0	0	0	0	0	0	0	0
Net profit	0	27	28	30	48	53	49	53	64	68
Adjusted EBITDA	0	61	63	71	94	104	98	102	111	117
Adjusted EBITA	0	37	38	45	71	82	75	81	89	95
Adjusted EBIT	0	37	37	41	65	74	67	74	83	89
Adjusted net profit	0	27	29	35	55	62	57	63	70	74
Sales growth Y/Y	na	+chg	9.6%	22.1%	22.7%	11.7%	-2.4%	0.0%	6.5%	3.7%
EBITDA growth Y/Y	na	+chg	1.9%	13.6%	31.9%	10.9%	-5.7%	1.6%	11.3%	5.4%
EBITA growth Y/Y	na	+chg	2.9%	17.1%	58.2%	14.8%	-8.3%	3.8%	14.9%	6.0%
EBIT growth Y/Y	na	+chg	-0.4%	9.4%	59.7%	13.7%	-9.1%	6.4%	17.1%	6.7%
EBITDA margin	nm	12.6%	11.8%	10.9%	11.8%	11.7%	11.3%	11.5%	12.0%	12.2%
EBITA margin	nm	7.7%	7.2%	6.9%	8.9%	9.2%	8.6%	9.0%	9.7%	9.9%
EBIT margin	nm	7.7%	7.0%	6.2%	8.1%	8.3%	7.7%	8.2%	9.0%	9.3%
Tax rate	na	24.4%	21.8%	21.3%	21.9%	22.7%	22.9%	22.7%	22.6%	22.6%
Cash flow (SEKm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
EBITDA	0	61	63	71	94	104	98	99	111	117
Paid taxes	0	-15	-17	-18	-19	-18	-31	-26	-19	-20
Change in NWC	0	16	17	2	18	-15	19	-12	-2	2
Non cash adjustments	0	0	0	0	1	-1	0	0	0	0
Discontinued operations	0	0	0	0	0	0	0	0	0	0
Total operating activities	0	63	63	54	94	71	86	61	90	99
Capex tangible assets	0	-5	-4	-1	-3	-4	-4	-8	-10	-11
Capitalised development costs	0	0	0	0	0	0	0	0	0	0
Capex - other intangible assets	0	0	0	0	0	0	0	0	0	0
Acquisitions/divestments	0	-9	-19	-75	-53	-13	0	0	0	0
Other non-cash adjustments	0	0	1	1	1	0	0	0	0	0
Total investing activities	0	-14	-21	-75	-54	-17	-4	-8	-10	-11
Net financial items	0	-1	-1	-2	-3	-4	-4	-2	-1	0
Lease payments	0	-20	-20	-22	-19	-18	-19	-18	-19	-20
Dividend paid and received	0	-17	-19	-21	-22	-26	-28	-29	-31	-34
Share issues & buybacks	0	5	0	13	0	0	0	0	0	0
Change in bank debt	0	-12	-8	18	56	-29	-29	-11	0	0
Other cash flow items	0	-4	-1	0	-3	0	0	0	0	0
Total financing activities	0	-49	-49	-15	9	-77	-79	-61	-51	-54
Operating cash flow	0	63	63	54	94	71	86	61	90	99
Free cash flow	0	36	38	29	69	44	60	33	59	68
Net cash flow	0	-1	-8	-36	48	-23	3	-7	29	34
Change in net IB debt	0	31	20	-31	12	24	51	22	48	54
Capex / Sales	nm	1.1%	0.7%	0.1%	0.3%	0.5%	0.4%	0.9%	1.1%	1.1%
NWC / Sales	nm	1.0%	1.7%	2.4%	2.3%	3.3%	4.5%	5.0%	6.0%	5.8%

Source: Carnegie Research & company data

Financial statements, cont.

Balance sheet (SEKm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Acquired intangible assets	0	5	9	21	30	22	15	13	12	12
Other fixed intangible assets	0	85	106	163	213	215	215	215	215	215
Capitalised development	0	0	0	0	0	0	0	0	0	0
Tangible assets	0	35	40	28	29	43	32	29	31	35
Lease assets	0	0	0	0	0	0	0	0	0	0
Other IB assets (1)	0	0	0	0	0	0	0	0	0	0
Other non-IB assets	0	5	5	4	4	4	2	2	2	2
Fixed assets	0	130	160	216	275	284	265	258	261	264
Inventories (2)	0	0	0	0	0	0	0	0	0	0
Receivables (2)	0	88	89	126	147	171	141	161	173	175
Prepaid exp. & other NWC items (2)	0	16	23	28	34	27	32	36	39	40
IB current assets (1)	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0	0	0	0	0
Cash & cash equivalents (1)	0	123	116	81	129	105	108	101	130	164
Current assets	0	228	227	236	310	304	282	298	341	379
Total assets	0	358	387	453	585	588	546	557	602	642
Shareholders' equity	0	192	206	234	272	299	319	343	376	411
Minorities	0	0	0	0	0	0	0	0	0	0
Other equity	0	0	0	0	0	0	0	0	0	0
Total equity	0	192	206	234	272	299	319	343	376	411
Deferred tax	0	12	16	20	25	26	26	25	25	25
LT IB debt (1)	0	0	0	0	0	0	0	0	0	0
Other IB provisions (1)	0	10	2	23	59	31	9	1	1	1
Lease liabilities	0	13	17	10	9	21	11	10	10	10
Other non-IB liabilities	0	8	16	2	0	0	0	0	0	0
LT liabilities	0	43	52	55	93	77	46	36	36	36
ST IB debt (1)	0	8	8	12	29	29	21	19	19	19
Payables (2)	0	21	26	39	51	55	47	48	52	54
Accrued exp. & other NWC items (2)	0	73	77	93	116	98	93	95	103	107
Other ST non-IB liabilities	0	20	18	20	24	30	20	16	16	16
Liabilities - assets held for sale	0	0	0	0	0	0	0	0	0	0
Current liabilities	0	122	129	164	220	212	181	178	190	196
Total equity and liabilities	0	358	387	453	585	588	546	557	602	642
Net IB debt (=1)	0	-93	-89	-37	-32	-26	-67	-71	-100	-134
Net working capital (NWC) (=2)	0	10	8	23	14	45	33	54	56	54
Capital employed (CE)	0	243	265	301	394	405	387	398	431	465
Capital invested (CI)	0	134	163	235	285	325	295	310	314	315
Equity / Total assets	nm	54%	53%	52%	46%	51%	58%	62%	62%	64%
Net IB debt / EBITDA	nm	-1.5	-1.4	-0.5	-0.3	-0.2	-0.7	-0.7	-0.9	-1.1
Per share data (SEK)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Adj. no. of shares in issue YE (m)	0.00	6.85	6.95	7.00	7.11	7.17	7.17	7.17	7.17	7.17
Diluted no. of Shares YE (m)	0.00	6.85	6.95	7.00	7.11	7.17	7.17	7.17	7.17	7.17
EPS	na	7.88	4.05	4.34	6.84	7.49	6.78	7.46	8.89	9.55
EPS adj.	na	7.94	4.26	4.99	7.77	8.65	7.92	8.72	9.75	10.4
CEPS	na	9.18	4.81	5.51	8.21	9.14	8.48	8.89	10.0	10.6
DPS	0.00	2.90	3.00	3.10	3.60	3.90	4.10	4.30	4.70	4.70
BVPS	na	28.1	29.6	33.4	38.3	41.7	44.5	47.9	52.4	57.3
Performance measures	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
ROE	nm	28.1%	14.1%	13.8%	19.1%	18.7%	15.7%	16.1%	17.7%	17.4%
Adj. ROCE pre-tax	na	na	15.2%	16.0%	20.7%	21.1%	19.6%	21.0%	22.2%	21.8%
Adj. ROIC after-tax	na	na	20.3%	17.8%	21.4%	20.7%	18.6%	20.7%	22.2%	23.3%
Valuation	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
FCF yield	0.0%	4.6%	4.8%	3.7%	8.7%	5.5%	7.6%	4.2%	7.5%	8.6%
Dividend yield YE	0.0%	4.4%	4.3%	3.2%	4.1%	3.9%	3.8%	3.9%	4.3%	4.3%
Dividend payout ratio	na	36.8%	74.0%	71.4%	52.6%	52.1%	60.5%	57.7%	52.9%	49.2%
Dividend + buy backs yield YE	nm	4.3%	4.3%	3.2%	4.1%	3.9%	3.8%	3.9%	4.3%	4.3%
EV/Sales YE	nm	0.74	0.74	0.99	0.74	0.79	0.82	0.83	0.74	0.68
EV/EBITDA YE	nm	5.9	6.3	9.0	6.3	6.7	7.3	7.2	6.2	5.6
EV/EBITA YE	nm	9.6	10.3	14.3	8.3	8.5	9.5	9.2	7.7	6.9
EV/EBITA adj. YE	nm	9.6	10.3	14.3	8.3	8.5	9.5	8.9	7.7	6.9
EV/EBIT YE	nm	9.7	10.7	15.9	9.2	9.5	10.7	10.1	8.3	7.4
P/E YE	na	8.4	17.2	22.4	12.9	13.5	16.1	14.7	12.4	11.5
P/E adj. YE	na	8.3	16.3	19.4	11.3	11.7	13.8	12.6	11.3	10.6
P/BV YE	na	2.35	2.35	2.90	2.30	2.42	2.45	2.30	2.10	1.92
Share price YE (SEK)	65.5	66.0	69.6	97.0	88.0	101	109	110		

Source: Carnegie Research & company data

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