

NEWS FLASH

24 April 2025

Sweden

Commercial Services & Supplies

Research analysts:

Hugo Lisjö

CAG Group

Share price: SEK 110.0

Fair value range: SEK 97.0–130.0

Beat driven by improved utilisation – Q1 initial comment

Stronger sales than expected

Despite one fewer workday and unfavourable timing of public holidays, CAG's net sales declined by only 0.9% Y/Y, better than our forecasted -3.9%. This represents a net sales beat of approximately 3%. In light of the reduced workforce and fewer workdays than Q1 last year, the improvement was primarily driven by higher utilisation rates.

Defence gains importance in the revenue mix

As anticipated, CAG's defence-related business continued to grow, offsetting softer performance in the Industry and Other segments. Both the Defence Industry and Defence (government-oriented) segments increased their share of total revenue, which, according to our estimates, reflects slight year-on-year growth in these areas.

Margins supported by higher utilisation and cost control

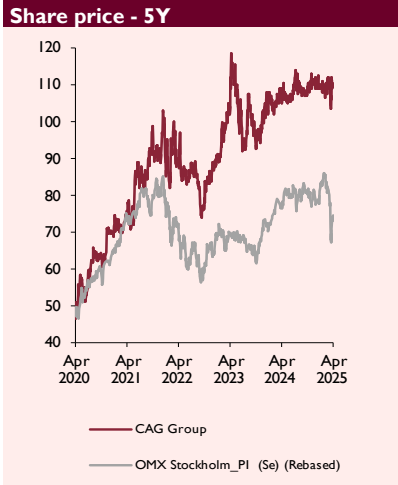
Improved utilisation and continued cost discipline contributed to an EBITA margin of 9.9% (9.2), outperforming our estimate of 8.2% by 1.7%-points. Given that CAG recently exited a less profitable business area, we expect this margin improvement to be more structural than temporary.

Upcoming events

- Q1 Report: 24 Apr 2025
- AGM 2025: 07 May 2025
- Dividend: 08 May 2025
- Q2 Report: 14 Aug 2025

Updated financial targets underscore strategic focus

Yesterday (23 April) evening, CAG announced new financial targets for the next 3–5 years, incorporating some changes. The company has replaced its previous fixed revenue goal, SEK 1.0bn by the end of 2025, with a 10% annual revenue growth target, driven by both organic growth and acquisitions. In addition, CAG has introduced a new leverage target, stating that net debt/EBITDA should not exceed 1.5x. This provides clearer guidance on the company's financial capacity to take on additional debt in connection with potential acquisitions. CAG also reaffirmed its existing targets of maintaining an EBITA margin of 10% and distributing at least 50% of net profit as dividends.

Key facts		Key figures (SEK)				Share price - 5Y	
No. shares (m)	7.2	2024	2025e	2026e	2027e		
Market cap. (USDm)	82	Sales (m)	868	867	923		
Market cap. (SEKm)	788	EBITDA (m)	98	97	113		
Net IB Debt. (SEKm)	-68	EBIT (m)	67	68	83		
Adjustments (SEKm)	0	EPS	6.78	7.17	8.85		
EV (2025e) (SEKm)	720	EPS adj.	7.92	8.46	9.75		
Free float	62.4%	DPS	4.10	4.30	4.50		
Avg. daily vol. ('000)	8	Sales growth Y/Y	-2%	0%	6%		
Risk	High Risk	EPS adj. growth Y/Y	-8%	7%	15%		
Fiscal year end	December	EBIT margin	7.7%	7.9%	9.0%		
Share price as of (CET)	23 Apr 2025 16:23	P/E adj.	13.9	13.0	11.3		
		EV/EBIT	10.7	10.5	8.3		
		EV/EBITA	9.5	9.5	7.7		
		EV/EBITDA	7.3	7.4	6.1		
		P/BV	2.5	2.3	2.1		
		Dividend yield	3.7%	3.9%	4.1%		
		FCF yield	7.6%	3.9%	7.8%		
		Equity/Total Assets	58.4%	60.4%	61.3%		
		ROCE	17.5%	17.8%	20.6%		
		ROE adj.	18.4%	18.4%	19.5%		
		Net IB debt/EBITDA	-0.7	-0.7	-0.9		
						High/Low (12M) SEK 114/103.5 Perf. 3M 6M 12M YTD Abs. 0.0 1.4 0.9 0.9 Rel. 10.4 8.7 5.2 5.2	

Source: Carnegie Research, FactSet, Millstream & company data

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SEKm	Q1(24)	Q2(24)	Q3(24)	Q4(24)	CAR			Q2(25e)	Q3(25e)	Q4(25e)
					Q1(25a)	Q1(25e)	dev			
Net sales	231	225	182	231	229	222	3%	221	184	240
Y/Y growth	-2%	1%	0%	-8%	-0.9%	-3.9%	3.0 pp	-2%	2%	4%
Organic	-2%	1%	0%	-8%	-1%	-4%	3.0 pp	-2%	2%	4%
Acquired	0%	0%	0%	0%	0%	0%	0.0 pp	0%	0%	0%
OPEX	-204	-200	-163	-203	-204	-201	-1%	-197	-164	-208
Personnel	-130	-130	-104	-129	-129	-127	-1%	-127	-105	-132
Cost of services	-56	-56	-44	-56	-55	-53	-3%	-53	-44	-57
Other income/costs	-18	-14	-15	-19	-17	-18	6%	-17	-15	-19
EO	0	0	0	0	-3	-3	-10%	0	0	0
EBITDA	27	25	18	28	25	21	21%	24	21	32
Depreciation	-6	-6	-6	-6	-5	-5	0%	-5	-5	-5
EBITA	21	19	13	22	20	15	28%	19	15	26
Adj. EBITA	21	19	13	22	23	18	26%	19	15	26
Adj. EBITA margin	9.2%	8.5%	7.1%	9.4%	9.9%	8.2%	1.8 pp	8.5%	8.2%	11.0%
Amortisation	-2	-2	-2	-2	-2	-2	8%	-2	-2	-2
EBIT	19	17	11	20	18	14	33%	17	13	25
Net financials	0	-1	-2	-1	-1	0	-	0	0	-1
PTP	19	16	9	19	17	13	34%	16	13	24
Tax	-4	-4	-2	-4	-4	-3	-25%	-4	-3	-5
Net profit	15	12	7	15	13	10	34%	13	10	19
EPS	2.1	1.7	1.0	2.1	1.9	1.4	34%	1.8	1.4	2.6

2022	2023	2024	2025e	2026e	2027e
797	890	868	867	923	957
23%	12%	-2%	0%	6%	4%
10%	2%	-2%	0%	6%	4%
13%	10%	0%	0%	0%	0%
-703	-786	-770	-770	-810	-840
-434	-481	-492	-491	-516	-529
-213	-231	-212	-206	-221	-234
-56	-74	-67	-70	-73	-76
0	0	0	-3	0	0
94	104	98	97	113	117
-22	-22	-23	-22	-24	-23
71	82	75	75	90	94
71	82	75	78	90	94
8.9%	9.2%	8.6%	9.0%	9.7%	9.9%
-7	-8	-8	-7	-6	-6
65	74	67	68	83	88
-3	-4	-4	-2	-1	-1
62	69	63	66	82	88
-14	-16	-14	-15	-19	-20
48	53	49	51	63	68
6.8	7.5	6.8	7.2	8.9	9.5

Source: Carnegie Research, CAG

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