HEXAGON AB

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COMPANY REPORT

Diversification and quality to protect against the worst

The recent ~30% decline in the share price offers an attractive entry point for a long-term investor. The high share of recurring revenue such as software and services should partially mitigate the upcoming weakness in the hardware sales caused by tariff uncertainty. We note, however, that even after reducing our 2025 adjusted EBIT estimate by 8%, there is still elevated uncertainty around the estimates. However, we find the current valuation attractive for a long-term value creator like Hexagon, which is why we upgrade our recommendation to Accumulate (was Reduce) and lower our target price to SEK 100 (was SEK 125).

Q1 expected to continue in line with the previous quarters

Hexagon will publish its Q1 2025 report on April 30. We expect Q1 revenue to be somewhat in line with the previous quarter, including slightly negative growth in cyclical, hardware-led segments such as Manufacturing Intelligence and Geosystems. On the other hand, we expect recurring revenue, including software and services, to continue to grow at around 7% year-on-year. Our total revenue growth estimate for the first quarter is 4%, including 1.5% organic growth and a positive contribution from both M&A and FX changes. The improving revenue mix should also be reflected in the gross margin, which we estimate to improve by 0.4pp to 66.9%. Our adjusted EBIT estimate of 397 MEUR corresponds to a margin of 29.4% (Q1'24: 29.0%).

Tariff uncertainty could prevent a growth recovery in 2025

The high level of uncertainty surrounding global trade tariffs is likely to affect Hexagon's customers' investment activity in the early part of the second quarter. It is still difficult to estimate what kind of tariffs will ultimately be imposed and what the impact will be on global GDP growth in 2025. We currently assume global GDP growth to decline from around 3% in 2024 to around 1% in 2025. We have lowered our 2025 revenue and adjusted EBIT estimates by 6% and 8%, respectively, due to the weaker economic outlook and partly due to the weaker USD/EUR. We don't expect the direct impact of the tariffs to be significant, as approximately 6% of Hexagon's sales are imported into the US, and even a portion of these products are highly specialized technologies that are unlikely to be replaced by domestic production, at least in the short term. There's also the possibility that a reshuffling of global production chains could also encourage investment, for example in the US automotive industry, which could mitigate the apparent negative impact of the tariffs. Our current 2025e revenue growth estimate of 2.6% includes 0.9% organic growth and a positive contribution from the small acquisitions completed in 2024. We would also like to highlight that approximately 41% of Hexagon's revenue in 2024 is recurring in nature. The positive growth trend (2024: 7%) in recurring revenue, including both software and services, should support growth in the short term despite market uncertainty. A further decline in hardware sales could also improve the revenue mix and increase gross margins similar to 2024.

Discounted valuation for a diversified value-creator

Hexagon currently trades at an adjusted EV/EBIT multiple of 15x for 2025e and 13x for 2026e, which we find attractive. Previously, we considered an EV/EBIT multiple of 18x to be fair for the company, but in the current uncertain market environment, we would like to have more of a safety margin and consider a fair value multiple of 16-17x. Hexagon is a diversified, value-creating, high-quality technology company that has historically grown organically at around 5% per year over the cycle and has consistently improved its gross margins. It has some leverage, which adds to the risk profile, but we believe that net debt to EBITDA of around 1.8x (2024) is a relatively safe level for a company as stable and diversified as Hexagon. The likely spin-off of Asset Lifetime Intelligence and related businesses to a US-listed company could be a valuation driver in a year's time, but our positive view on the stock is not based on this transaction.

Recommendation
Accumulate
(prev. Reduce)

Target price:
100.0 SEK
(prev. 125.0 SEK)

Share price:
90.0 SEK

Business risk
●○○○○

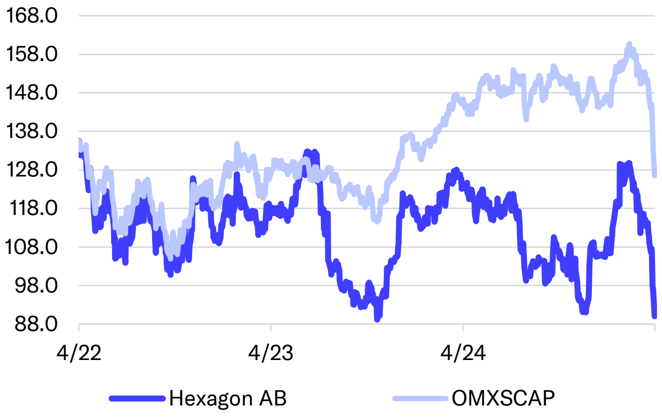
Valuation risk
●●●○○

	2024	2025e	2026e	2027e
Revenue	5401.1	5541.9	5872.9	6175.6
growth-%	-1 %	3 %	6 %	5 %
EBIT adj.	1602.9	1668.0	1789.6	1894.6
EBIT-% adj.	29.7 %	30.1 %	30.5 %	30.7 %
Net Income	1023.4	1100.6	1225.7	1316.2
EPS (adj.)	0.43	0.46	0.50	0.53
P/E (adj.)	21.3	17.8	16.4	15.5
P/B	2.2	1.8	1.7	1.6
Dividend yield-%	1.5 %	1.8 %	2.0 %	2.1 %
EV/EBIT (adj.)	17.5	14.7	13.3	12.1
EV/EBITDA	13.9	11.7	10.5	9.6
EV/S	5.2	4.4	4.0	3.7

Source: Inderes

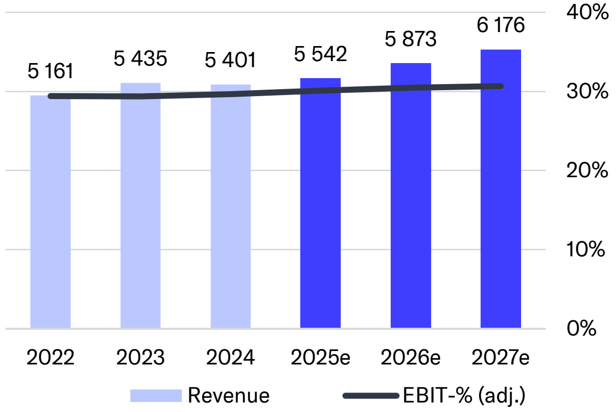
Guidance (No guidance)

Share price



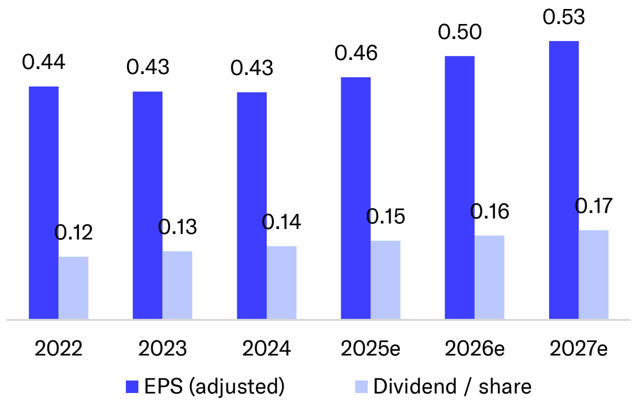
Source: Millistream Market Data AB

Net sales and operating earnings-%



Source: Inderes

Earnings per share and dividend



Source: Inderes

Value drivers

- Strong market position in core technologies
- Need to utilize data more efficiently in various industries adds demand for Hexagon's solutions over medium-term
- Focus on margin-additive growth and increasing the share of recurring revenue
- Solid track-record of creating value through acquisitions

Risk factors

- Cyclical demand in hardware sales and certain software products
- M&A strategy partially dependent on strong valuation multiples of Hexagon's share
- Execution risk in M&A
- Gradually saturating end-markets in certain segments

Valuation (EUR)	2025e	2026e	2027e
Share price	8.19	8.19	8.19
Number of shares, millions	2684.3	2684.3	2684.3
Market cap	21982	21982	21982
EV	24528	23731	22881
P/E (adj.)	17.8	16.4	15.5
P/E	20.0	17.9	16.7
P/B	1.8	1.7	1.6
P/S	4.0	3.7	3.6
EV/Sales	4.4	4.0	3.7
EV/EBITDA	11.7	10.5	9.6
EV/EBIT (adj.)	14.7	13.3	12.1
Payout ratio (%)	36.6 %	35.0 %	34.7 %
Dividend yield-%	1.8 %	2.0 %	2.1 %

Source: Inderes

We cut our estimates for 2025 and adjusted our valuation approach

Estimates MEUR / EUR	Q1'24 Comparison	Q1'25 Actualized	Q1'25e Inderes	Q1'25e Consensus	Consensus Low	 High	2025e Inderes
Revenue	1300		1396	1353			5542
Gross margin	66.5 %		66.9 %	66.8 %			166803.8 %
EBIT (adj.)	377		413	391			1668
EBIT	336		374				1498
EPS (reported)	0.09		0.10	0.10			0.41
Revenue growth-%	1.2 %		7.4 %	4.1 %			2.6 %
EBIT-% (adj.)	29.0 %		29.6 %	28.9 %			30.1 %

Source: Inderes & Bloomberg
(consensus includes 20 estimates)

Estimate revisions MEUR / EUR	2025e Old	2024 New	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
Revenue	5913	5542	-6 %	6275	5873	-6 %	6598	6176	-6 %
EBITDA	2226	2090	-6 %	2402	2259	-6 %	2531	2382	-6 %
EBIT (exc. NRIs)	1805	1668	-8 %	1931	1790	-7 %	2043	1895	-7 %
EBIT	1634	1498	-8 %	1783	1642	-8 %	1913	1765	-8 %
PTP	1494	1358	-9 %	1668	1527	-8 %	1813	1665	-8 %
EPS (excl. NRIs)	0.50	0.46	-8 %	0.54	0.50	-8 %	0.57	0.53	-8 %
DPS	0.15	0.15	0 %	0.16	0.16	0 %	0.17	0.17	0 %

Source: Inderes

Division specific organic sales growth

	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25e	Q2 25e	Q3 25e	Q4 25e
Group	**8%**	**8%**	**8%**	**5%**	**3%**	**0%**	**-2%**	**1%**	**1%**	**0%**	**2%**	**2%**
Manufacturing Intelligence	10%	11%	8%	7%	5%	0%	-2%	-2%	-1%	-3%	0%	2%
Asset Lifetime Intelligence	16%	11%	10%	8%	2%	9%	6%	10%	8%	6%	5%	4%
Geosystems	7%	4%	3%	1%	-2%	-5%	-5%	-2%	-1%	-1%	-1%	-1%
Autonomous Solutions	13%	27%	34%	16%	8%	-2%	-12%	-2%	4%	3%	6%	7%
Safety. Infrastructure and Geospatial	-11%	-9%	-5%	-4%	5%	6%	2%	11%	6%	6%	6%	6%

Valuation scenarios

2026 estimates, MEUR	Base case	Adj. EBIT (inc. PPA): 30% scenario
Revenue	5 873	5 873
Adj. EBIT-%	30.5 %	31.3 %
Adj, EBIT	1 790	1 838
Adj. EV/EBIT	16.5x	17x
EV	29529	30331
Net debt	2 481	2 481
Market cap	27048	27849
Share price 2026, EUR	10.1	10.4
Dividends 24-25e, EUR	0.31	0.31
Total, EUR	10.4	10.7
Total, SEK	114.1	117.4
Current share price, SEK	90	90
Return per year	12.6 %	14.2 %

For our valuation scenarios, we cut the accepted multiple from adj. EV/EBIT 18x to 16.5x owing to the increased market uncertainty. We also increased the cost of equity by 0.5pp in our DCF model.

Detailed estimates

Group, MEUR	2018	2019	2020	2021	2022	2023	2024	2025e	2026e
Net operating sales	**3761**	**3908**	**3771**	**4347**	**5176**	**5440**	**5401**	**5542**	**5873**
-Growth y/y	8 %	4 %	-4 %	15 %	19 %	5 %	-1 %	3 %	6 %
-of which organic	8 %	-1 %	-4 %	12 %	8 %	7 %	0 %	1 %	6 %
-of which FX	-3 %	2 %	-2 %	-1 %	6 %	-4 %	-1 %	0 %	0 %
-of which structural	4 %	3 %	3 %	5 %	5 %	2 %	0 %	2 %	0 %
Gross margin (%)	62.1 %	62.8 %	63.6 %	64.6 %	65.4 %	66.1 %	66.9 %	67.2 %	67.2 %
Fixed costs (excluding adjustments)	-1357	-1430	-1385	-1535	-1857	-1996	-2010	-2056	-2157
-Growth y/y	10 %	5 %	-3 %	11 %	21 %	7 %	1 %	2 %	5 %
Adjusted EBIT	**978**	**1024**	**1010**	**1270**	**1518**	**1597**	**1603**	**1668**	**1790**
-of net operating sales	26.0 %	26.2 %	26.8 %	29.2 %	29.3 %	29.4 %	29.7 %	30.1 %	30.5 %
FX-impact on adj. EBIT					98	-81	-19	-14	0
EBIT-% change y/y if adjusting for FX-impact					0.6 pp	0.7 pp	0.6 pp	0.6 pp	0.7 pp

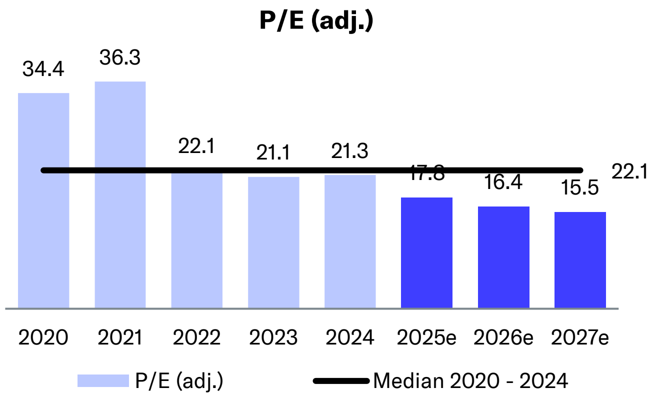
Divisions	2018	2019	2020	2021	2022	2023	2024	2025e	2026e
Manufacturing Intelligence									
Sales					1902	2013	1956	1959	2076
Organic growth	9 %	-5 %	-9 %	15 %	10 %	9 %	0 %	-1 %	6 %
Adj. EBIT-%					25.9 %	26.4 %	27.2 %	27.3 %	27.7 %
Asset Lifecycle Intelligence									
Sales					728	782	832	879	932
Organic growth	7 %	8 %	-3 %	1 %	7 %	11 %	7 %	6 %	6 %
Adj. EBIT-%					35.8 %	36.2 %	35.7 %	36.4 %	36.6 %
Geosystems									
Sales					1585	1603	1555	1539	1624
Organic growth	11 %	2 %	-4 %	19 %	7 %	4 %	-3 %	-1 %	6 %
Adj. EBIT-%					32.8 %	31.8 %	31.8 %	32.0 %	32.5 %
Autonomous Solutions									
Sales					476	571	558	634	685
Organic growth	18 %	2 %	2 %	8 %	13 %	22 %	-3 %	5 %	8 %
Adj. EBIT-%					33.1 %	33.9 %	34.4 %	35.1 %	35.3 %
Safety, Infrastructure & Geospational									
Sales					476	464	497	526	552
Organic growth	-6 %	-3 %	13 %	-3 %	3 %	-7 %	6 %	6 %	5 %
Adj. EBIT-%					22.8 %	22.4 %	23.1 %	23.8 %	24.0 %

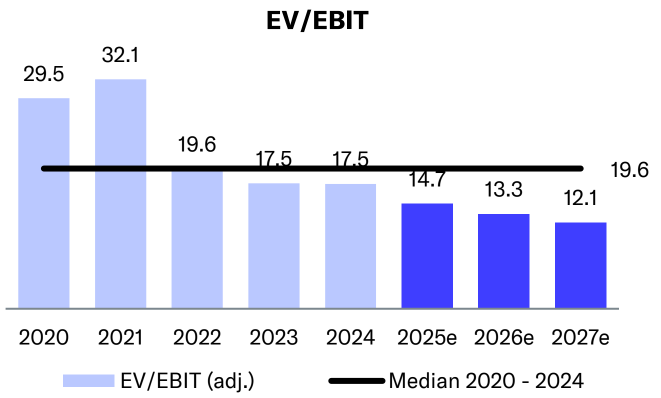
Source: Inderes

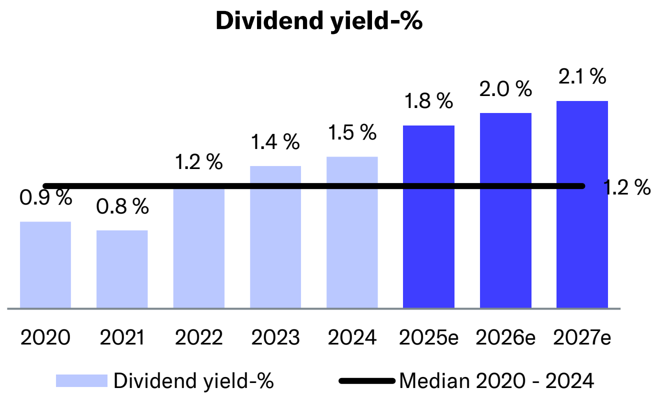
Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	10.7	14.1	9.79	9.13	9.22	**8.19**	**8.19**	**8.19**	**8.19**
Number of shares, millions	2568.3	2599.3	2689.7	2684.3	2684.3	**2684.3**	**2684.3**	**2684.3**	**2684.3**
Market cap	27415	38095	26345	24506	24737	**21982**	**21982**	**21982**	**21982**
EV	29732	40703	29747	27992	27982	**24528**	**23731**	**22881**	**21917**
P/E (adj.)	34.4	36.3	22.1	21.1	21.3	**17.8**	**16.4**	**15.5**	**14.3**
P/E	44.4	45.7	26.1	28.5	24.2	**20.0**	**17.9**	**16.7**	**15.1**
P/B	4.6	4.4	2.7	2.4	2.2	**1.8**	**1.7**	**1.6**	**1.5**
P/S	7.3	8.8	5.1	4.5	4.6	**4.0**	**3.7**	**3.6**	**3.4**
EV/Sales	7.9	9.4	5.8	5.2	5.2	**4.4**	**4.0**	**3.7**	**3.4**
EV/EBITDA	22.5	25.6	17.0	15.7	13.9	**11.7**	**10.5**	**9.6**	**8.7**
EV/EBIT (adj.)	29.5	32.1	19.6	17.5	17.5	**14.7**	**13.3**	**12.1**	**11.0**
Payout ratio (%)	38.6 %	37.1 %	32.0 %	40.6 %	36.7 %	**36.6 %**	**35.0 %**	**34.7 %**	**33.3 %**
Dividend yield-%	0.9 %	0.8 %	1.2 %	1.4 %	1.5 %	**1.8 %**	**2.0 %**	**2.1 %**	**2.2 %**

Source: Inderes







Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	**MEUR**	**MEUR**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**
Ansys	22805	22125	19.4	17.3	18.5	15.4	8.7	7.9	24.6	21.9			3.6
Autodesk	47507	47874	24.0	20.8	22.5	19.8	8.5	7.5	29.3	25.6			18.7
Dassault Systemes	42666	41768	20.5	18.5	17.3	15.8	6.3	5.8	23.1	21.2	0.9	1.0	4.2
Faro Technologies	420	394	12.9	10.9	9.6	8.4	1.2	1.2	20.5	17.2	4.1		
Nikon	2627	2573	0.7	0.6	7.0	5.3	0.6	0.6	26.2	14.3	4.3	4.6	0.7
Renishaw	1844	1586	12.0	10.3	9.1	8.1	1.9	1.8	15.8	13.5	3.6	3.8	1.7
Topcon	2118	2546			19.7	14.6	1.9	1.8	160.0	40.5	1.2	1.2	3.1
Trimble	12606	13203	15.8	14.2	14.6	13.3	4.2	3.9	19.5	17.0			2.5
Hexagon AB (Inderes)	**21982**	**24528**	**16.4**	**14.5**	**11.7**	**10.5**	**4.4**	**4.0**	**25.6**	**21.5**	**1.8**	**2.0**	**1.8**
Average			**15.0**	**13.2**	**14.8**	**12.6**	**4.2**	**3.8**	**39.9**	**21.4**	**2.8**	**2.6**	**4.9**
Median			**15.8**	**14.2**	**16.0**	**13.9**	**3.1**	**2.9**	**23.8**	**19.2**	**3.6**	**2.5**	**3.1**
Diff-% to median			***4 %***	***2 %***	***-27 %***	***-25 %***	***45 %***	***41 %***	***7 %***	***12 %***	***-49 %***	***-22 %***	***-41 %***

Source: Refinitiv / Inderes

Income statement

Income statement	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	**5161**	**5435**	**1300**	**1353**	**1300**	**1448**	**5401**	**1353**	**1368**	**1341**	**1479**	**5542**	**5873**	**6176**	**6484**
Manufacturing Intelligence	2537	2013	478	484	464	530	1956	479	472	471	537	1959	2076	2180	2289
Asset Lifecycle Intelligence	2639	782	192	203	208	229	832	211	213	218	237	879	932	988	1037
Geosystems	-15.0	1603	377	406	373	400	1555	381	400	369	389	1539	1624	1705	1790
Autonomous Solutions	0.0	571	136	141	135	147	558	155	157	155	167	634	685	719	755
Safety, Infrastructure & Geospatial	0.0	464	117	120	120	141	497	126	126	127	147	526	552	579	608
Group adjustments	0.0	2.2	0.4	0.0	1.0	1.8	3.2	1.3	1.3	1.3	1.3	5	4	4	4
EBITDA	**1754**	**1779**	**471**	**497**	**475**	**567**	**2010**	**500**	**516**	**508**	**565**	**2090**	**2259**	**2382**	**2507**
Depreciation	-467.0	-563.0	-134.8	-136.6	-140.5	-165.6	-577.5	-142.0	-145.0	-150.0	-155.0	-592	-617	-617	-627
EBIT (excl. NRI)	**1518**	**1597**	**377**	**400**	**377**	**450**	**1603**	**397**	**410**	**397**	**463**	**1668**	**1790**	**1895**	**1990**
EBIT	**1287**	**1216**	**336**	**361**	**334**	**401**	**1432**	**358**	**371**	**358**	**410**	**1498**	**1642**	**1765**	**1880**
Manufacturing Intelligence	787	531	125	129	118	159	531	126	127	122	159	535	575	608	639
Asset Lifecycle Intelligence	755	283	66.5	70.5	72.5	87.4	297	74.4	76.8	78.5	90.3	320	341	364	382
Geosystems	-254.9	510	118	131	122	124	494	119	129	122	122	493	528	554	582
Autonomous Solutions	0.0	194	47.7	52.6	45.8	46.0	192	55.5	58.9	54.2	54.0	223	242	260	273
Safety, Infrastructure & Geospatial	0.0	104	24.3	23.8	24.6	41.9	115	26.9	25.4	26.9	45.8	125	132	139	146
Group adjustments	0.0	-405.9	-44.9	-46.5	-48.3	-57.2	-197	-43.4	-46.7	-45.3	-61.8	-197	-177	-160	-142
Net financial items	-38.7	-155.3	-42.7	-42.1	-44.2	-41.1	-170	-38.4	-34.5	-34.5	-32.6	-140	-115	-100	-45
PTP	**1248**	**1061**	**293**	**318**	**290**	**360**	**1262**	**320**	**337**	**324**	**378**	**1358**	**1527**	**1665**	**1835**
Taxes	-228.9	-188.9	-52.8	-57.3	-52.2	-64.8	-227	-57.6	-60.6	-58.3	-68.0	-244	-287	-333	-367
Minority interest	-11.5	-12.9	-2.6	-3.1	-2.8	-3.1	-12	-2.9	-3.4	-3.1	-3.4	-13	-14	-15	-16
Net earnings	**1008**	**859**	**238**	**258**	**235**	**292**	**1023**	**259**	**273**	**262**	**306**	**1101**	**1226**	**1316**	**1452**
EPS (adj.)	**0.44**	**0.43**	**0.10**	**0.11**	**0.10**	**0.12**	**0.43**	**0.11**	**0.11**	**0.11**	**0.13**	**0.46**	**0.50**	**0.53**	**0.57**
EPS (rep.)	**0.37**	**0.32**	**0.09**	**0.10**	**0.09**	**0.11**	**0.38**	**0.10**	**0.10**	**0.10**	**0.11**	**0.41**	**0.46**	**0.49**	**0.54**

Key figures	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	18.9 %	5.3 %	1.2 %	-0.8 %	-3.7 %	0.9 %	-0.6 %	4.1 %	1.1 %	3.2 %	2.1 %	2.6 %	6.0 %	5.2 %	5.0 %
Adjusted EBIT growth-%		5.2 %	1.4 %	1.4 %	-4.2 %	2.7 %	0.4 %	5.5 %	2.7 %	5.5 %	2.9 %	4.1 %	7.3 %	5.9 %	5.0 %
EBITDA-%	34.0 %	32.7 %	36.2 %	36.7 %	36.5 %	39.2 %	37.2 %	37.0 %	37.7 %	37.9 %	38.2 %	37.7 %	38.5 %	38.6 %	38.7 %
Adjusted EBIT-%	29.4 %	29.4 %	29.0 %	29.5 %	29.0 %	31.1 %	29.7 %	29.4 %	30.0 %	29.6 %	31.3 %	30.1 %	30.5 %	30.7 %	30.7 %
Net earnings-%	19.5 %	15.8 %	18.3 %	19.1 %	18.1 %	20.2 %	18.9 %	19.2 %	19.9 %	19.6 %	20.7 %	19.9 %	20.9 %	21.3 %	22.4 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	**14132**	**14899**	**14935**	**14958**	**14992**
Goodwill	9931	10033	10013	10013	10013
Intangible assets	3063	3734	3790	3813	3847
Tangible assets	801	804	804	804	804
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	158	167	167	167	167
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	179	161	161	161	161
Current assets	**2752**	**2951**	**2968**	**3093**	**3199**
Inventories	585	566	570	592	611
Other current assets	200	195	195	195	195
Receivables	1420	1526	1538	1601	1653
Cash and equivalents	547	664	665	705	741
Balance sheet total	**16884**	**17851**	**17903**	**18051**	**18191**

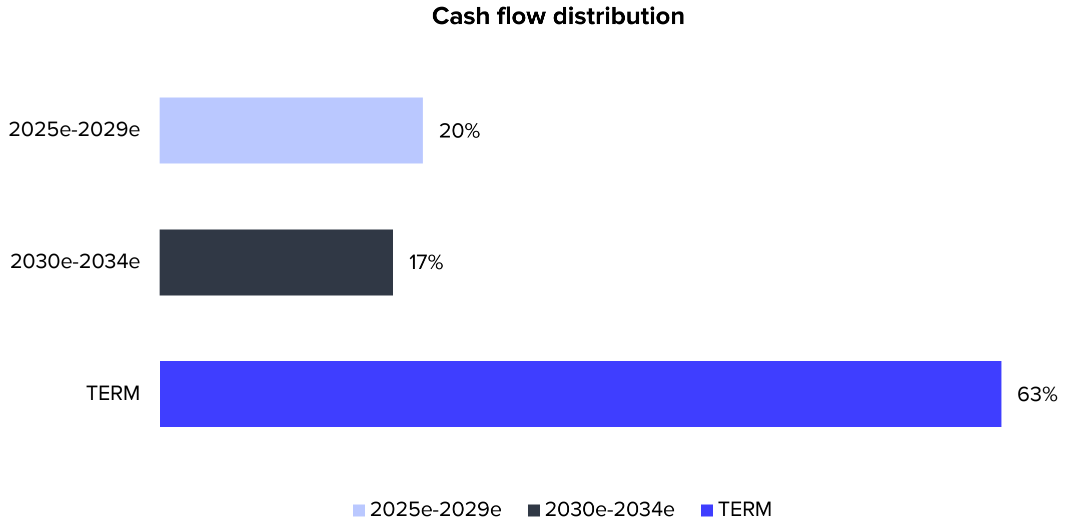
Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	**10046**	**11196**	**11921**	**12744**	**13631**
Share capital	0.0	0.0	0.0	0.0	0.0
Retained earnings	0.0	674	1399	2222	3109
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	10014	10486	10486	10486	10486
Minorities	32.2	35.2	35.2	35.2	35.2
Non-current liabilities	**3753**	**3947**	**3393**	**2783**	**2128**
Deferred tax liabilities	580	582	582	582	582
Provisions	65.0	79.0	79.0	79.0	79.0
Interest bearing debt	2984	3100	2546	1936	1281
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	124	186	186	186	186
Current liabilities	**3085**	**2707**	**2589**	**2523**	**2432**
Interest bearing debt	1100	731	600	457	302
Payables	1985	1976	1989	2067	2130
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**16884**	**17851**	**17903**	**18051**	**18191**

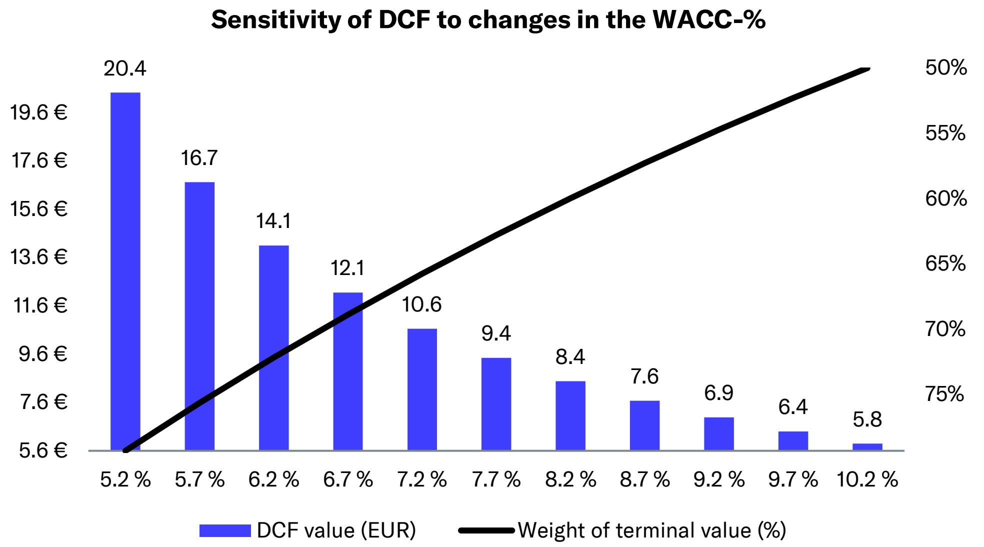
DCF-calculation

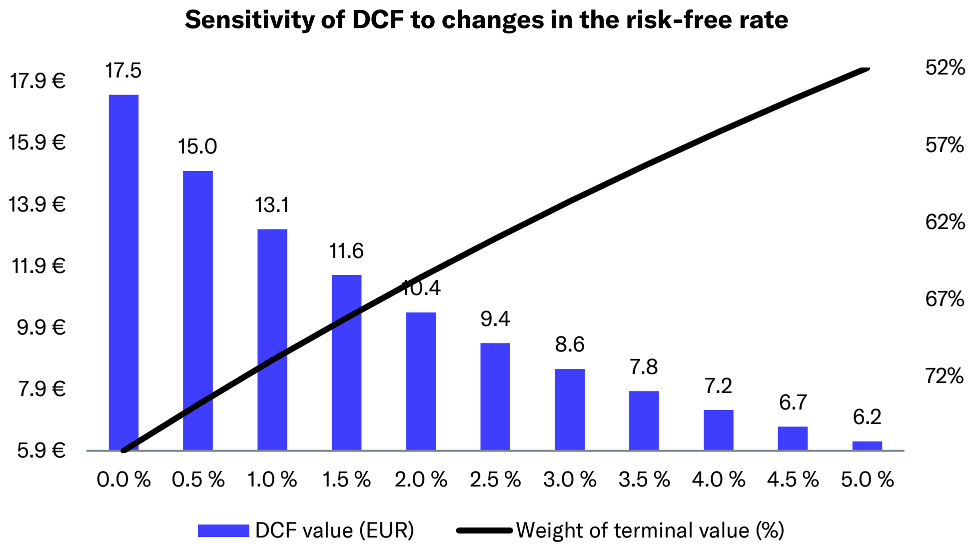
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-0.6 %	2.6 %	6.0 %	5.2 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.8 %	2.8 %
EBIT-%	26.5 %	27.0 %	28.0 %	28.6 %	29.0 %	29.4 %	30.7 %	30.7 %	30.7 %	26.0 %	26.0 %	26.0 %
EBIT (operating profit)	**1432**	**1498**	**1642**	**1765**	**1880**	**2000**	**2196**	**2305**	**2421**	**2151**	**2213**	
+ Depreciation	578	592	617	617	627	631	619	637	653	669	684	
- Paid taxes	-207	-244	-287	-333	-367	-397	-439	-461	-484	-430	-443	
- Tax, financial expenses	-29.7	-24.8	-21.6	-20.0	-9.0	-2.6	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-91.1	-3.0	-7.1	-6.5	-0.2	0.2	0.5	0.9	1.3	1.8	-3.7	
Operating cash flow	**1682**	**1817**	**1943**	**2023**	**2130**	**2231**	**2376**	**2483**	**2591**	**2392**	**2450**	
+ Change in other long-term liabilities	76.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-1363	-628	-640	-651	-662	-673	-684	-696	-710	-724	-691	
Free operating cash flow	**394**	**1190**	**1303**	**1371**	**1468**	**1558**	**1692**	**1787**	**1882**	**1668**	**1760**	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	394	1190	1303	1371	1468	1558	1692	1787	1882	1668	1760	36978
Discounted FCFF		**1127**	**1145**	**1119**	**1112**	**1095**	**1104**	**1082**	**1058**	**870**	**852**	**17912**
Sum of FCFF present value		28477	27350	26205	25086	23974	22879	21775	20692	19635	18764	17912
Enterprise value DCF		**28477**										
- Interest bearing debt		-3831.0										
+ Cash and cash equivalents		664										
-Minorities		-65.1										
-Dividend/capital return		0.0										
Equity value DCF		**25245**										
Equity value DCF per share		**9.4**										
Equity value DCF per share (SEK)		**103.4**										

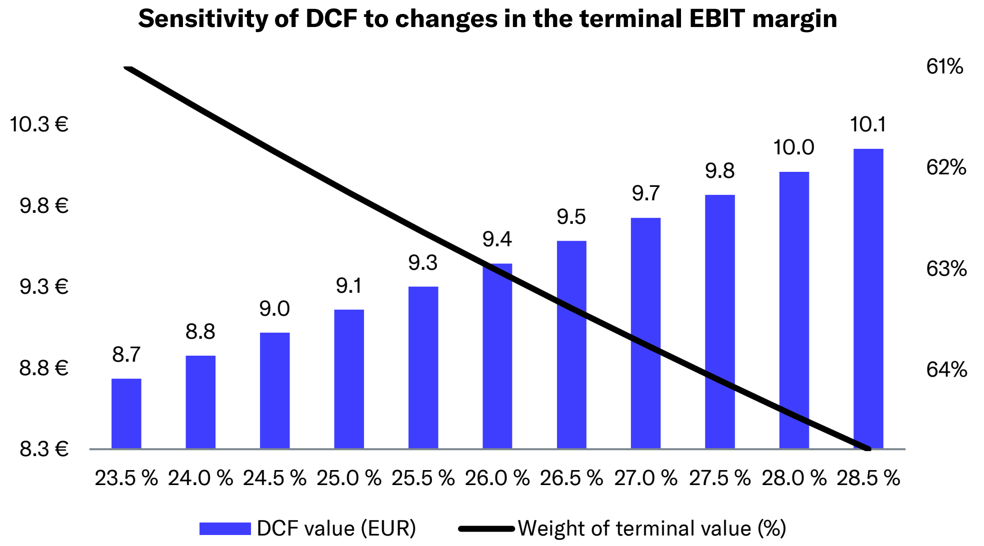
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	15.0 %
Cost of debt	3.0 %
Equity Beta	1.30
Market risk premium	4.75 %
Liquidity premium	0.00 %
Risk free interest rate	2.5 %
Cost of equity	**8.7 %**
Weighted average cost of capital (WACC)	**7.7 %**

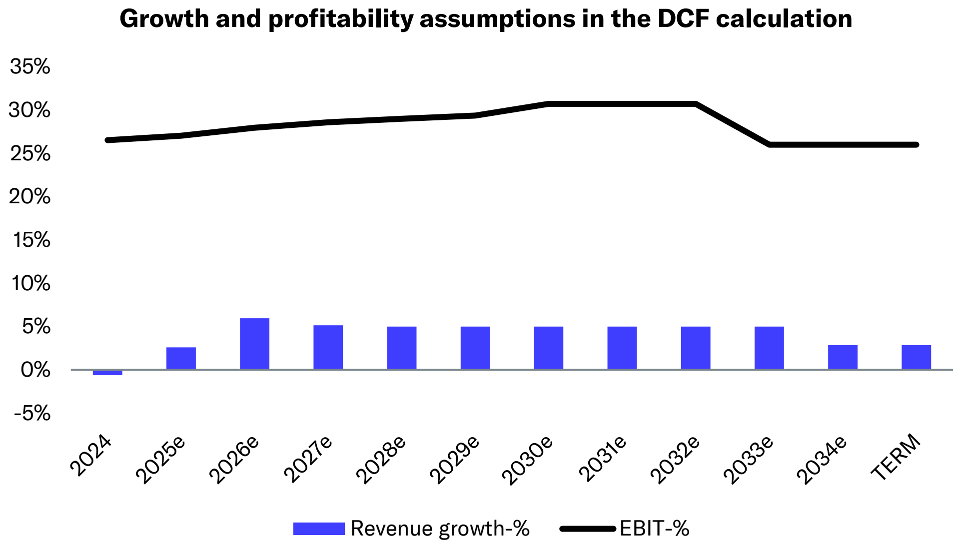


DCF sensitivity calculations and key assumptions in graphs









Summary

Income statement	2022	2023	2024	2025e	2026e
Revenue	5161	5435	5401	**5542**	**5873**
EBITDA	1754	1779	2010	**2090**	**2259**
EBIT	1287	1216	1432	**1498**	**1642**
PTP	1248	1061	1262	**1358**	**1527**
Net Income	1008	859	1023	**1101**	**1226**
Extraordinary items	-231	-381	-171	**-170**	**-148**

Balance sheet	2022	2023	2024	2025e	2026e
Balance sheet total	16477	16884	17851	**17903**	**18051**
Equity capital	9865	10046	11196	**11921**	**12744**
Goodwill	9600	9931	10033	**10013**	**10013**
Net debt	3388	3536	3167	**2481**	**1688**

Cash flow	2022	2023	2024	2025e	2026e
EBITDA	1754	1779	2010	**2090**	**2259**
Change in working capital	-96	-34	-91	**-3**	**-7**
Operating cash flow	1509	1471	1682	**1817**	**1943**
CAPEX	-2461	-804	-1363	**-628**	**-640**
Free cash flow	-971	670	394	**1190**	**1303**

Valuation multiples	2022	2023	2024	2025e	2026e
EV/S	5.8	5.2	5.2	**4.4**	**4.0**
EV/EBITDA	17.0	15.7	13.9	**11.7**	**10.5**
EV/EBIT (adj.)	19.6	17.5	17.5	**14.7**	**13.3**
P/E (adj.)	22.1	21.1	21.3	**17.8**	**16.4**
P/B	2.7	2.4	2.2	**1.8**	**1.7**
Dividend-%	1.2 %	1.4 %	1.5 %	**1.8 %**	**2.0 %**

Source: Inderes

Per share data	2022	2023	2024	2025e	2026e
EPS (reported)	0.37	0.32	0.38	**0.41**	**0.46**
EPS (adj.)	0.44	0.43	0.43	**0.46**	**0.50**
OCF / share	0.56	0.55	0.63	**0.68**	**0.72**
FCF / share	-0.36	0.25	0.15	**0.44**	**0.49**
Book value / share	3.65	3.73	4.16	**4.43**	**4.73**
Dividend / share	0.12	0.13	0.14	**0.15**	**0.16**

Growth and profitability	2022	2023	2024	2025e	2026e
Revenue growth-%	19 %	5 %	-1 %	**3 %**	**6 %**
EBITDA growth-%	10 %	1 %	13 %	**4 %**	**8 %**
EBIT (adj.) growth-%	20 %	5 %	0 %	**4 %**	**7 %**
EPS (adj.) growth-%	14 %	-2 %	0 %	**7 %**	**9 %**
EBITDA-%	34.0 %	32.7 %	37.2 %	**37.7 %**	**38.5 %**
EBIT (adj.)-%	29.4 %	29.4 %	29.7 %	**30.1 %**	**30.5 %**
EBIT-%	24.9 %	22.4 %	26.5 %	**27.0 %**	**28.0 %**
ROE-%	10.9 %	8.7 %	9.7 %	**9.6 %**	**10.0 %**
ROI-%	10.1 %	8.7 %	9.8 %	**10.0 %**	**10.9 %**
Equity ratio	59.9 %	59.5 %	62.7 %	**66.6 %**	**70.6 %**
Gearing	34.3 %	35.2 %	28.3 %	**20.8 %**	**13.2 %**

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Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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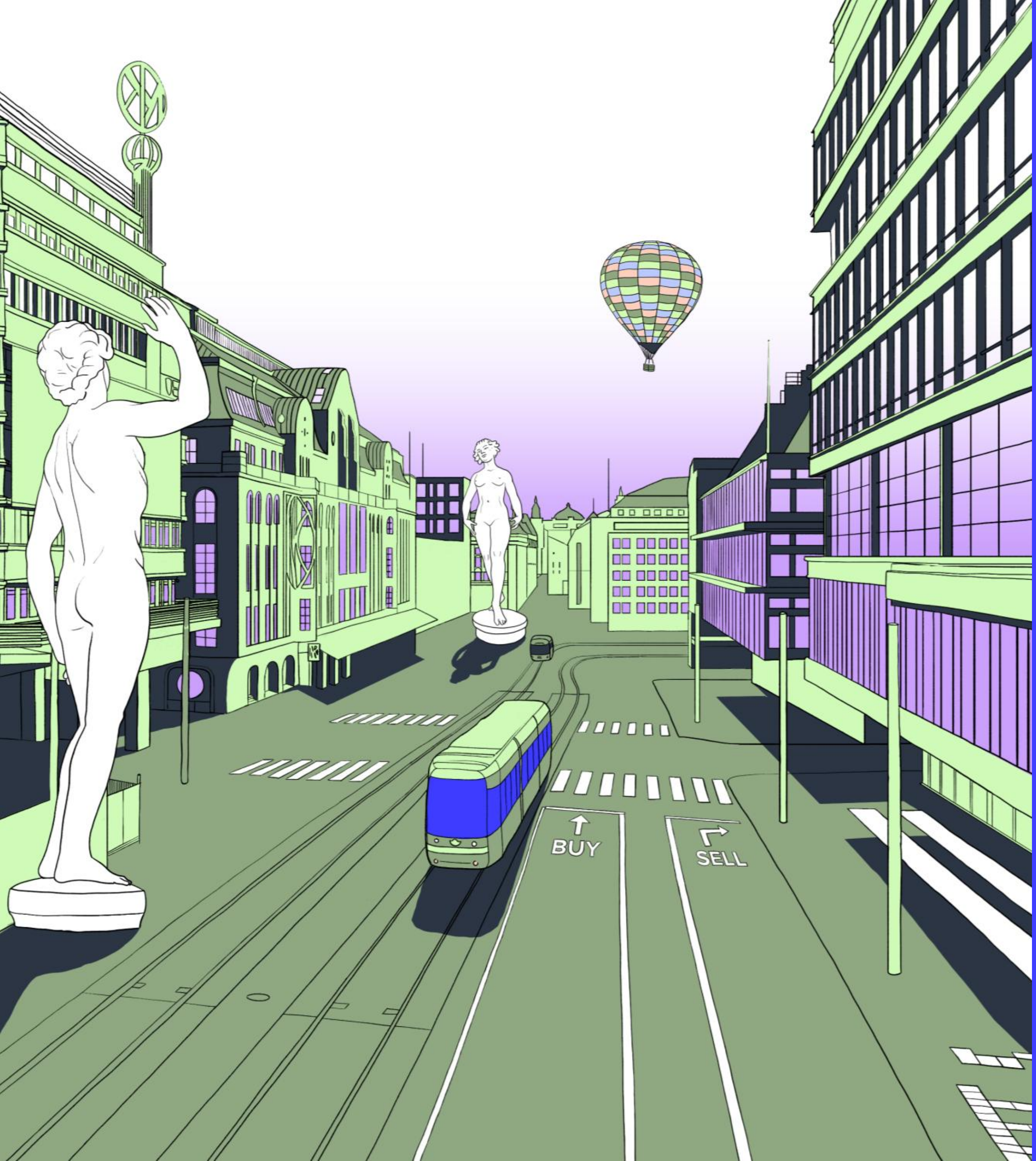
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
11/24/2023	Reduce	102.00 SEK	104.00 SEK
02/02/2024	Reduce	106.00 SEK	118.10 SEK
29/04/2024	Reduce	110.00 SEK	120.20 SEK
28/07/2024	Accumulate	115.00 SEK	107.25 SEK
25/10/2024	Accumulate	115.00 SEK	106.40 SEK
28/01/2025	Reduce	120.00 SEK	118.45 SEK
03/02/2025	Reduce	125.00 SEK	129.60 SEK
08/04/2025	Accumulate	100.00 SEK	90.00 SEK



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