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COMPANY REPORT



Good execution, premium price

We reiterate our Reduce recommendation for Telia and raise our target price to SEK 43.0 (was SEK 41.0), reflecting minor forecast changes and a lower required rate of return. In terms of figures, Telia's Q3 was even clearly better than expected, and the company narrowed its guidance upwards. In the big picture, confidence in earnings growth and particularly in cash flow has improved over the past couple of years, which has simultaneously reduced the company's risk level. However, the slope of earnings growth is challenging to maintain for longer, and thus, in our view, the valuation picture is tight (2026e adj. EV/EBIT 18x and P/E 20x).

Strong results everywhere in Q3 except in Finland

Telia's 7% revenue growth to 21,306 MSEK clearly exceeded our expectations. The strong growth was partly due to timing, as license and ICT deliveries materialized in Q3, whereas they were expected to take place only in Q4. The strong top line performance fed directly into earnings, and comparable adjusted EBITDA improved by 2.9% to 8,872 MSEK. Growth was driven by an increase in service revenue and a 2.6% decrease in operating expenses. Geographically, earnings growth was driven by the company's primary market, Sweden, as well as Norway and the Baltic countries.

Balance sheet has strengthened, making room for M&A or later additional dividends

Leverage (ND/EBITDA of 2.0x) is at the lower end of the target range (2.0x–2.5x). This, together with strong cash flow that already covers the annual dividend payment, gives the company flexibility for acquisitions or potential additional dividend distributions in the future. We will likely hear more about this at next year's Capital Markets Day in H1.

Earnings stronger than expected led to a guidance upgrade

We expected the company to reiterate its previous outlook (although our forecasts were practically in line with the new guidance), but driven by a stronger-than-expected quarter, Telia

raised its guidance for the current year slightly. The company now estimates that comparable adjusted EBITDA for 2026 will grow by "3–4% (previously ~3%)" and that free cash flow will land at "at least 9 billion kronor (previously around 9 billion kronor)". Following the better-than-expected report, we raised our forecasts by 1–4% for the coming years. We forecast revenue and adjusted EBITDA to grow by 4% in 2026. In 2027–2028, we expect revenue to grow by ~2–3% annually and profitability to remain at the 2026e level. Earnings growth is mainly supported by service revenue growth, and geographically this is driven by the gradual recovery of the company's weaker-performing markets (Finland and Norway). In addition, earnings growth and profitability are supported by the gross savings target of 1 BSEK announced in October starting from 2028, which represents a "normal" annual savings level and provides backing for profitability development going forward. We also expect the company to put its balance sheet to work more and make new acquisitions, which will support growth.

Quality has improved, but it comes at a price

In recent years, Telia has clearly improved its operational execution and delivered more of what it has promised. This has then been reflected in strong earnings growth and a clearly improved cash flow. This means that the repeated disappointments of the past 10 years have clearly decreased. The stock prices in (2026e adj. EV/EBIT 18x and P/E 20x) the continuation of strong earnings growth. However, the valuation gap to its closest Nordic peers and Elisa has continued to widen, and the company is now priced at a ~30% premium to them (prev. 19%). Thus, the absolute valuation is tight, and in our view, the relative valuation remains very tight as well, even though the quality gap has narrowed and even turned in Telia's favor. In our view, however, maintaining the current earnings growth slope (+4%) is challenging, as the extensive efficiency measures were largely implemented by the end of 2024. Telia's risk profile has declined with improved focus, but a more positive view on the stock would require signs of faster earnings growth in the coming years than what we forecast (~2%).

Recommendation

Reduce

(was Reduce)

Target price:

SEK 43.00

(was SEK 41.00)

Share price:

SEK 48.26

Business risk



Valuation risk



	2025	2026e	2027e	2028e
Revenue	80982	84212	86458	88261
growth-%	0%	4%	3%	2%
EBITDA (adj.)	31920	33148	33880	34769
EBITDA-% (adj.)	39.4 %	39.4 %	39.2 %	39.4 %
Net Income	5067	8685	9621	9771
EPS (adj.)	2.36	2.47	2.63	2.69
P/E (adj.)	16.7	19.5	18.3	17.9
P/B	3.8	4.5	4.4	4.3
Dividend yield-%	5.2 %	4.4 %	4.5 %	4.6 %
EV/EBIT (adj.)	16.2	17.6	16.7	15.9
EV/EBITDA	8.5	8.6	8.2	8.1
EV/S	2.9	3.3	3.2	3.1

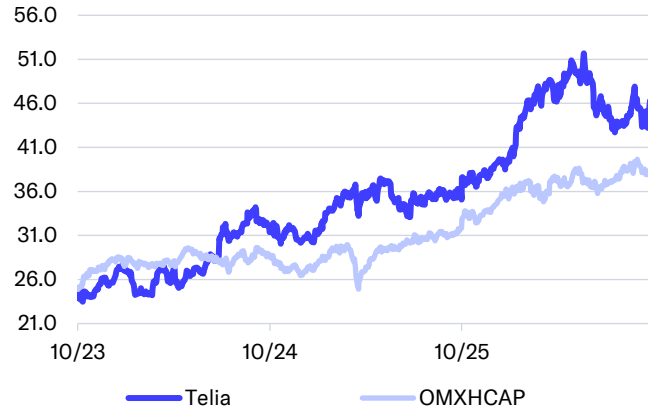
Source: Inderes

Guidance

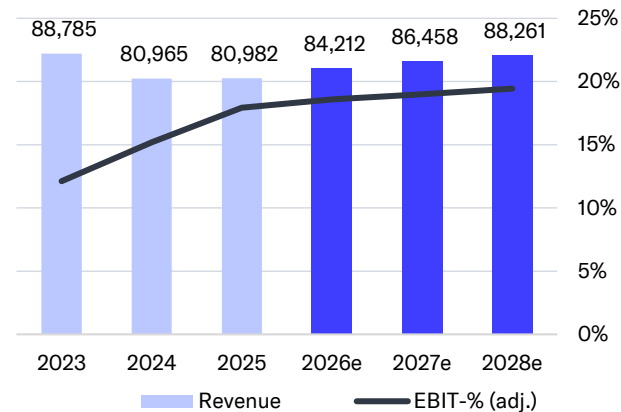
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Telia guides for comparable service revenue growth of around 2% and comparable EBITDA growth of around 3% in 2026.

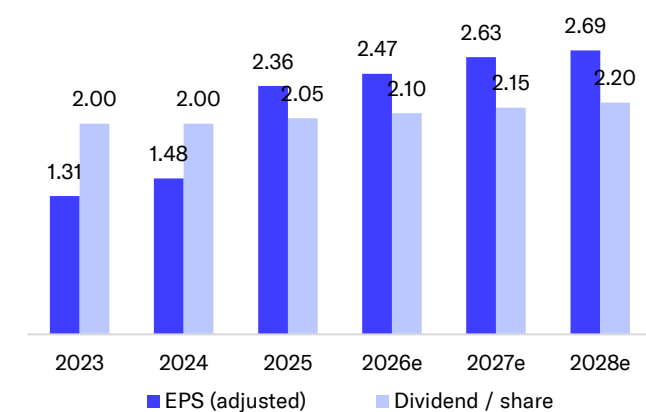
Share price



Revenue and EBIT-% (adj.)



EPS and DPS



Value drivers

- Continuing the turnaround in Sweden and a turnaround in Finland and Norway
- Earnings growth through top-line growth and profitability improvement
- 5G opportunities
- Strong cash flow
- Acquisitions
- Divestment of non-strategic businesses

Risk factors

- Realization of cost savings
- Intensified competition
- 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
- Intensified inflation

Valuation	2026e	2027e	2028e
Share price	48.3	48.3	48.3
Number of shares, millions	3923	3923	3923
Market cap	189329	189329	189329
EV	275417	274404	273527
P/E (adj.)	19.5	18.3	17.9
P/E	21.8	19.7	19.4
P/B	4.5	4.4	4.3
P/S	2.2	2.2	2.1
EV/Sales	3.3	3.2	3.1
EV/EBITDA	8.6	8.2	8.1
EV/EBIT (adj.)	17.6	16.7	15.9
Payout ratio (%)	94.9 %	87.7 %	88.3 %
Dividend yield-%	4.4 %	4.5 %	4.6 %

Source: Inderes

Strong results everywhere except in Finland

Strong momentum in Sweden and Norway accelerated service revenue

Telia's 7% revenue growth to 21,306 MSEK clearly exceeded our expectations. The company's reported comparable service revenue continued its excellent development, accelerating to 3.3% growth. The strong growth was partly due to timing, as license and ICT deliveries materialized in Q3, whereas they were expected to take place only in Q4. In addition, the comparable figures reported by Telia are adjusted for currency effects and business divestments, but they do include acquisitions (e.g., the impact of Bredband2). Consequently, the development is not purely organic. Geographically, organic growth was driven by the company's most important market, Sweden, as well as Norway and the Baltic countries. The Norwegian market, where a turnaround is underway, continued its impressive recovery, supported by price increases in the fixed network. In Finland, the tight

competition in the consumer business was, in turn, offset by the strong appeal of corporate customers and fixed broadband services. In Sweden, the positive development was driven by strong momentum in the consumer business and the successful integration of Bredband2, acquired early in the year.

Cost savings and temporary factors supported profitability

Strong top-line momentum directly reflected in earnings, and operating profit beat our estimate even by a relatively clear margin. Comparable adjusted EBITDA improved by 2.9% to 8,872 MSEK. Growth was driven by an increase in service revenue and a 2.6% decrease in operating expenses. In addition to cost discipline, earnings were, according to the company, also boosted by temporary factors, such as the favorable development of energy costs and credit losses. Examined by country, Norway progressed in line with our expectations and returned to

EBITDA growth supported by price increases in fixed services. In Sweden, earnings growth was somewhat held back by lower-margin corporate customer projects, the profitability of which the company nonetheless expects to recover during the rest of the year. On the lower lines, earnings per share also continued to perform stronger than we expected, and free cash flow strengthened to 3.7 BSEK. The good cash flow was partly driven by timing factors, but naturally also by solid earnings growth.

Estimates	Q3'25	Q3'26	Q3'26e	Q3'26e	Consensus			Difference (%)	2026e
MSEK	Comparison	Actualized	Inderes	Consensus	Low	High		Act. vs. inderes	Inderes
Revenue	19861	21306	20499	20725	20499	-	20986	4%	84212
EBITDA (adj.)	8459	8872	8663	8792	8613	-	8942	2%	33266
EBIT (incl. minorities)	3987	4337	4186	4169	3924	-	4252	4%	14630
PTP	3275	3695	3529	3418	3117	-	3622	5%	11861
EPS (continuing operations)	0.59	0.69	0.68	0.65	0.56	-	0.70	1%	2.47
Revenue growth-%		7.3 %	3.2 %	4.4 %	3.2 %	-	5.7 %	4.1 pp	4.0 %
EBITDA (adj.) -%	42.6 %	41.6 %	42.3 %	42.4 %	42.0 %	-	42.6 %	-0.6 pp	39.5 %

Source: Inderes & Telia Company, 19 forecasts (consensus)

We slightly raised our estimates

Estimate revisions

- We raised our estimates for the next few years slightly (1–4%), driven largely by the successful turnaround in Norway.

Guidance for 2026 and our expectations

- The company now estimates that comparable adjusted EBITDA for 2026 will grow by "3–4% (previously ~3%)" and that free cash flow will land at "at least 9 billion kronor (previously around 9 billion kronor)".
- We forecast revenue to grow by 4.0% and adjusted EBITDA by 3.8% in 2026 (consensus before Q3 report +3.4% and 4.8%). Growth is driven by service revenue and acquisitions.
- In 2027–2028, we expect revenue to grow by ~2–3% annually and profitability to remain at the 2026e level. Earnings growth is mainly supported by growth in service revenue and, geographically, the gradual recovery of weak markets (Finland and Norway). In addition, earnings growth and profitability are supported by the gross savings target of 1 BSEK announced in October starting from 2028, which represents a "normal" annual savings level and provides backing for profitability development going forward.
- We also expect the company to put its balance sheet to work more and make new acquisitions, which will support growth. However, potential acquisitions are naturally not yet included in our forecasts.

Operational earnings drivers

- Service revenue growth driven by 5G and faster subscription sales.
- Low attrition and price increases across the sector are supporting revenue and especially profitability. However, the Finnish market appears to be a competitive one, whereas Telia currently has the best momentum in Norway.
- Ongoing annual efficiency measures of around 1 BSEK (the latest were announced in October 2026 and will fully support the figures starting from 2028 onwards).

Telia's financial targets for 2025–2027 are:

- Comparable service revenue growth of 2% per year on average
- Comparable annual average EBITDA growth of 4%
- Investments excluding licenses and spectrum fees under 14 BSEK per year
- Free cash flow of at least 10 BSEK in 2027

Estimate revisions	2026e	2026	Change	2027e	2027e	Change	2028e	2028e	Change
MSEK	Old	New	%	Old	New	%	Old	New	%
Revenue	83299	84212	1%	85171	86458	2%	86946	88261	2%
EBITDA	31851	32124	1%	33764	33980	1%	34521	34769	1%
EBIT (exc. NRIs)	15588	15654	0%	16259	16416	1%	16877	17156	2%
EBIT	14447	14630	1%	15559	15716	1%	16077	16356	2%
PTP	11752	11861	1%	12414	12946	4%	12761	13163	3%
EPS (continuing operations)	2.50	2.47	-1%	2.53	2.63	4%	2.62	2.69	3%
DPS	2.10	2.10	0%	2.15	2.15	0%	2.20	2.20	0%

Source: Inderes

Valuation is stretched

Valuation multiples

In the big picture, Telia's risk profile relative to the general stock market is moderate and has also decreased compared to its closest peers (particularly Elisa). Overall, the operator business has performed better in 2022–2026 than previously, which has been reflected in revitalized growth (partly driven by 5G), with the exception of a minor fluctuation in 2024 and intense competition in the Finnish market in H2'25. Telia's risk profile has improved, the company has delivered on more of its promises in recent years, and there have clearly been fewer disappointments than in the past. Meanwhile, Elisa, a close peer, has started to show some signs of distress, having already had to lower its targets a few times (regarding Telecom service revenue). Confidence in Telia's earnings capability, and particularly its cash flow, has improved over the past couple of years.

The stock is still pricing in (2026e adj. EV/EBIT 18x and P/E 20x) the continuation of strong earnings growth. However, the valuation gap to closest Nordic peers and Elisa has continued to widen, and the company is now priced at a ~30% premium to them (prev. 19%). Thus, the absolute valuation is tight, and in our view, the relative valuation remains very tight as well, even though the quality gap has narrowed and in some respects even turned in Telia's favor. The multiples are in line with the company's own 5-year median (17x and 21x).

With geopolitical uncertainty being high, we consider operators and Telia to be one of the safe havens among Finnish stocks. On the other hand, rising interest rates could once again put selling pressure on the stock, as some investors view telecom operators and Telia as an alternative to fixed income investments.

Expected return from dividends and earnings growth is insufficient

The expected return on Telia's stock mainly consists of the dividend yield (4–5%), whose sustainability has clearly improved. We forecast earnings growth of just above 2% in the coming years, and its risk level has diminished. Additionally, we believe there is downside in the valuation. The expected return therefore falls short of our required return on equity (8.0%) and does not warrant a positive view on the share.

DCF calculation

The DCF calculation supports our view on the share (SEK 44.9). Historically, Telia's performance has been a roller coaster, and both the company and investors have experienced several disappointments in terms of numbers. In addition, the overall business mix has changed significantly (Eurasia and masts divested, Danish operations sold and TV & Media acquired and now sold, Latvian operations currently being sold and Bredband2 has been acquired). However, performance has now been good and steady for a couple of years already. Furthermore, in the big picture, the structure remains unchanged. These factors improve forecastability.

The model assumes that the company's revenue growth will be about 2% in the medium term and 1.8% in the terminal. We forecast an EBIT margin of around 17-19.5% between 2026 and 2030 and 19.5% in the terminal period. The forecasts are relatively ambitious, which is also reflected in the highish terminal weight in the valuation (64%).

With a predictable and stable business relative to the general market, we continue to use a low (6.8%) discount rate (WACC). We slightly lowered the WACC due to the decreased risk level (was 6.9%).

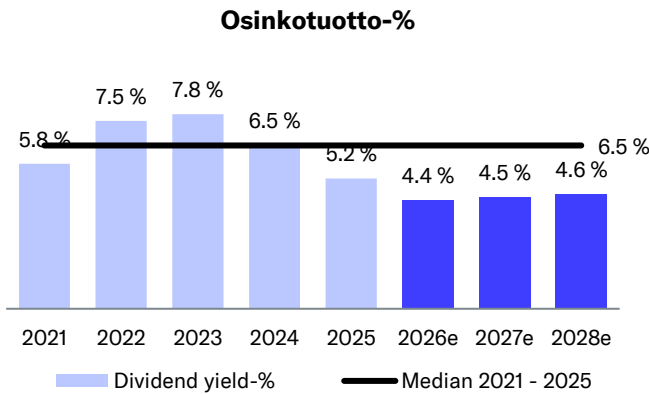
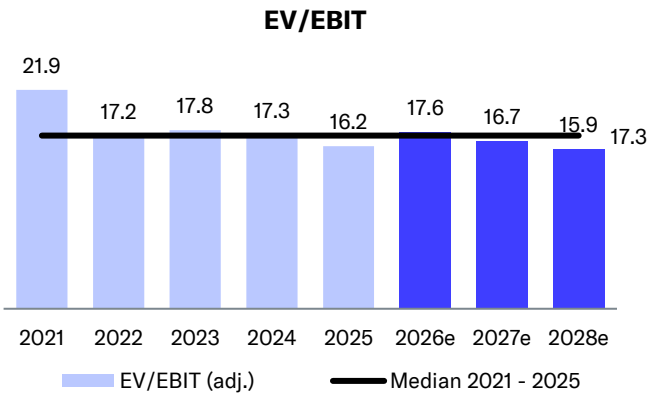
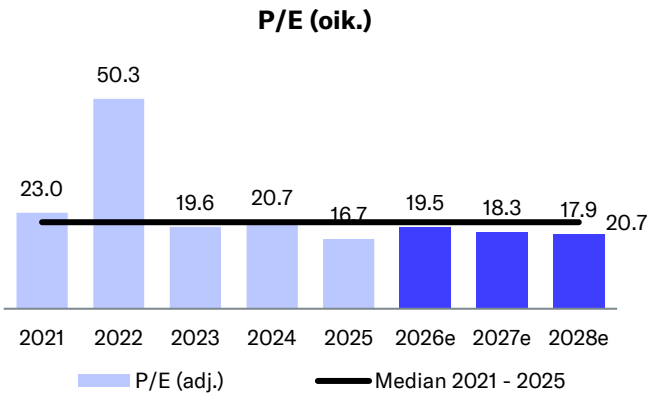
Valuation	2026e	2027e	2028e
Share price	48.3	48.3	48.3
Number of shares, millions	3923	3923	3923
Market cap	189329	189329	189329
EV	275417	274404	273527
P/E (adj.)	19.5	18.3	17.9
P/E	21.8	19.7	19.4
P/B	4.5	4.4	4.3
P/S	2.2	2.2	2.1
EV/Sales	3.3	3.2	3.1
EV/EBITDA	8.6	8.2	8.1
EV/EBIT (adj.)	17.6	16.7	15.9
Payout ratio (%)	94.9 %	87.7 %	88.3 %
Dividend yield-%	4.4 %	4.5 %	4.6 %

Source: Inderes

Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	35.4	26.7	25.7	30.7	39.4	48.3	48.3	48.3	48.3
Number of shares, millions	4090	4035	4035	3923	3923	3923	3923	3923	3923
Market cap	144793	104830	101173	120322	154492	189329	189329	189329	189329
EV	217034	194448	191731	212721	235792	275417	274404	273527	272310
P/E (adj.)	23.0	50.3	19.6	20.7	16.7	19.5	18.3	17.9	17.1
P/E	12.6	neg.	neg.	28.5	30.5	21.8	19.7	19.4	18.6
P/B	2.1	1.9	2.3	2.6	3.8	4.5	4.4	4.3	4.1
P/S	1.6	1.2	1.1	1.5	1.9	2.2	2.2	2.1	2.1
EV/Sales	2.5	2.1	2.2	2.6	2.9	3.3	3.2	3.1	3.0
EV/EBITDA	6.2	6.6	6.8	7.3	8.5	8.6	8.2	8.1	7.8
EV/EBIT (adj.)	21.9	17.2	17.8	17.3	16.2	17.6	16.7	15.9	15.3
Payout ratio (%)	73%	neg.	neg.	186%	159%	95%	88%	88%	95%
Dividend yield-%	5.8 %	7.5 %	7.8 %	6.5 %	5.2 %	4.4 %	4.5 %	4.6 %	5.1 %

Source: Inderes



The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2026e
			2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	
Tele2	9865	12112	14.3	16.8	9.3	9.4	4.4	4.3	17.5	17.8	6.9	7.1	4.7
Elisa	5720	7208	14.1	13.5	9.8	8.6	3.2	3.1	14.4	13.9	7.2	7.4	4.3
Telenor	16243	21156	13.1	12.3	6.8	6.6	3.0	3.0	11.9	13.1	7.9	8.0	2.5
BT	24557	49373	12.6	12.3	5.1	5.1	2.1	2.3	11.7	11.2	4.0	4.1	1.6
Proximus	1866	6605	12.0	12.5	3.5	3.5	1.1	1.1	5.7	6.1	5.4	6.9	0.4
Orange Belgium	1483	3448	19.3	18.5	6.6	6.5	1.9	1.8	183.3	91.7		0.6	1.6
Swisscom AG	37407	54942	25.0	23.6	8.1	7.8	3.5	3.5	24.8	23.1	3.9	4.1	2.9
Telekom Austria AG	5741	7254	7.6	7.2	3.3	3.2	1.3	1.2	8.3	7.8	5.3	5.7	1.0
Telia (Inderes) MSEK	189329	275417	17.6	16.7	8.6	8.2	3.3	3.2	19.5	18.3	4.4	4.5	3.7
Median			13.6	13.0	6.7	6.6	2.7	2.6	13.2	13.5	5.3	5.8	2.3
Diff-% to median			29%	29%	28%	26%	22%	20%	48%	36%	-18%	-24%	62%
Median (Nordic)			14.1	13.5	9.3	8.6	3.2	3.1	14.4	13.9	7.2	7.4	4.3
Diff-% to median (Nordic)			25%	24%	-8%	-4%	1%	1%	36%	32%	-39%	-40%	-15%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26	Q4'26e	2026e	2027e	2028e	2029e
Revenue	88785	80965	20035	19787	19861	21300	80982	19969	20705	21306	22233	84212	86458	88261	90014
Sweden	35869	35392	8894	9042	8689	9457	36082	9234	9516	9612	10052	38415	39482	40193	40796
Finland	16545	15507	3756	3641	3709	3850	14956	3569	3574	3743	3889	14775	15101	15448	15834
Norway	15114	14307	3415	3249	3373	3418	13455	3232	3524	3631	3657	14044	14526	14889	15261
Lithuania	5516	5618	1366	1334	1392	1552	5644	1378	1418	1519	1599	5914	6091	6274	6462
Estonia	4145	4095	1025	983	1040	1088	4137	978	1033	1078	1099	4187	4312	4442	4575
Other	13410	6046	1579	1538	1656	1935	6707	1578	1640	1723	1937	6878	6947	7016	7086
EBITDA	28392	29303	7942	7667	8385	3745	27740	7389	7990	8889	7857	32124	33280	33969	34694
EBITDA (adj.)	30254	30892	7803	7965	8459	7693	31920	7942	8378	8872	7957	33148	33880	34769	35594
Depreciation	-23517	-18589	-4365	-4340	-4398	-4302	-17405	-4307	-4330	-4464	-4394	-17495	-17564	-17613	-17749
EBIT (excl. NRI)	10758	12303	3438	3625	4061	3390	14515	3635	4048	4408	3563	15654	16416	17156	17845
EBIT	4875	10714	3577	3327	3987	-557	10335	3082	3660	4425	3463	14630	15716	16356	16945
Share in associates' result	0	120	25	24	23	19	91	20	30	-44	23	29	130	130	130
Net financial items	-3875	-4600	-769	-750	-735	-872	-3126	-719	-722	-687	-670	-2798	-2900	-3323	-3383
PTP	1105	6234	2833	2601	3275	-1410	7300	2383	2968	3694	2816	11861	12946	13163	13692
Taxes	-1099	-1313	-557	-434	-761	285	-1467	-547	-548	-789	-563	-2447	-2582	-2633	-2740
Minority interest	-594	-702	-183	-206	-191	-186	-766	-172	-190	-202	-165	-729	-744	-759	-774
Net earnings	-588	4219	2093	1961	2323	-1311	5067	1664	2230	2703	2087	8685	9621	9771	10179
EPS (continuing operations)	-0.15	1.08	0.53	0.50	0.59	-0.33	1.29	0.42	0.57	0.69	0.53	2.21	2.45	2.49	2.59
Key figures	2023	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	-2.2 %	-8.8 %	3.5 %	-2.0 %	-0.7 %	-0.6 %	0.0 %	-0.3 %	4.6 %	7.3 %	4.4 %	4.0 %	2.7 %	2.1 %	2.0 %
Adjusted EBITDA growth-%		2.1 %	6.7 %	2.9 %	2.5 %	1.3 %	3.3 %	1.8 %	5.2 %	4.9 %	3.4 %	3.8 %	2.2 %	2.6 %	2.4 %
EBITDA-% (adj.)	32.0 %	38.2 %	38.9 %	40.3 %	42.6 %	36.1 %	39.4 %	39.8 %	40.5 %	41.6 %	35.8 %	39.4 %	39.2 %	39.4 %	39.5 %

Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	170878	158396	164181	164800	165459
Goodwill	65442	56890	61770	61770	61770
Intangible assets	0	0	0	0	0
Tangible assets	86014	84395	85300	85919	86578
Associated companies	10964	13699	13699	13699	13699
Other investments	0	0	0	0	0
Other non-current assets	7383	2869	2869	2869	2869
Deferred tax assets	1075	543	543	543	543
Current assets	33394	30855	31938	32789	33473
Inventories	1869	1559	1621	1664	1699
Other current assets	1935	0	0	0	0
Receivables	19778	17769	19369	19885	20300
Cash and equivalents	9812	11527	10948	11240	11474
Balance sheet total	204272	189251	196119	197589	198932

Source: Inderes

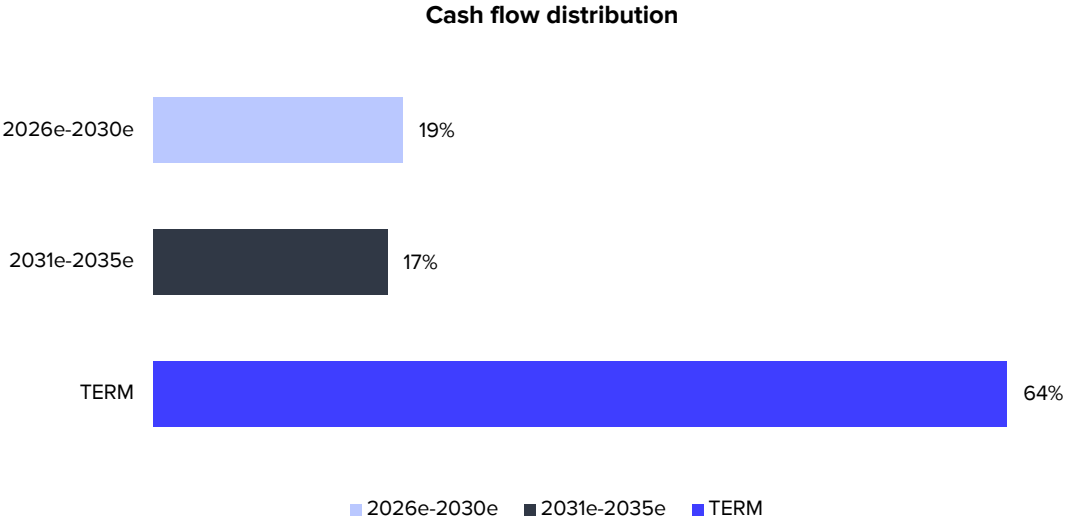
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	59357	54820	55462	46883	48219
Share capital	14961	14961	14961	14961	14961
Retained earnings	30516	26146	26788	28171	29507
Hybrid bonds	9962	9962	9962	0	0
Revaluation reserve	0	0	0	0	0
Other equity	0	0	0	0	0
Minorities	3918	3751	3751	3751	3751
Non-current liabilities	103792	100801	102037	109892	109346
Deferred tax liabilities	9079	8615	8615	8615	8615
Provisions	5697	8566	8566	8566	8566
Interest bearing debt	81923	77483	78719	86574	86028
Convertibles	0	0	0	0	0
Other long term liabilities	7093	6137	6137	6137	6137
Current liabilities	41123	33630	38620	40815	41367
Interest bearing debt	10108	5331	8303	9690	9593
Payables	31015	28299	30316	31125	31774
Other current liabilities	0	0	0	0	0
Balance sheet total	204272	189251	196119	197589	198932

DCF calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	0.0 %	4.0 %	2.7 %	2.1 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	1.8 %	1.8 %
EBIT-%	12.8 %	17.4 %	18.2 %	18.5 %	18.8 %	19.5 %	19.5 %	19.5 %	19.5 %	19.5 %	19.5 %	19.5 %
EBIT (operating profit)	10335	14630	15716	16356	16945	17904	18262	18627	19000	19380	19732	
+ Depreciation	17405	17495	17564	17613	17749	17856	17960	18062	18150	18228	18298	
- Paid taxes	-1399	-2447	-2582	-2633	-2740	-2941	-3076	-3154	-3233	-3314	-3389	
- Tax, financial expenses	-678	-625	-629	-717	-730	-724	-662	-659	-656	-652	-650	
+ Tax, financial income	41	46	45	46	47	48	49	50	51	52	53	
- Change in working capital	1538	355	249	200	194	199	203	207	212	216	200	
Operating cash flow	27243	29454	30363	30865	31465	32343	32737	33134	33524	33909	34244	
+ Change in other long-term liabilities	1913	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-2720	-23280	-18182	-18273	-18273	-18364	-18456	-18493	-18530	-18567	-19102	
Free operating cash flow	26436	6174	12181	12592	13192	13978	14280	14641	14994	15342	15143	
+/- Other	-1543	0	0	0	0	0	0	0	0	0	0	
FCFF	24893	6174	12181	12592	13192	13978	14280	14641	14994	15342	15143	310189
Discounted FCFF		6098	11266	10906	10699	10616	10156	9750	9350	8959	8280	169611
Sum of FCFF present value		265689	259591	248325	237419	226720	216104	205949	196199	186850	177891	169611
Enterprise value DCF		265689										
- Interest bearing debt		-92776										
+ Cash and cash equivalents		11527										
+ Associated companies		3700										
-Minorities		-3751										
-Dividend/capital return		-8042										
Equity value DCF		176346										
Equity value DCF per share		45.0										

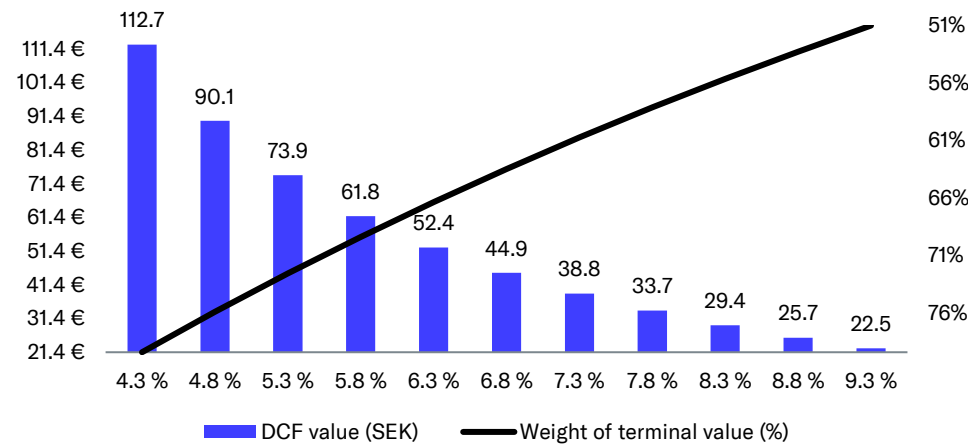
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	25.0 %
Cost of debt	4.0 %
Equity Beta	1.05
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	3.0 %
Cost of equity	8.0 %
Weighted average cost of capital (WACC)	6.8 %

Source: Inderes

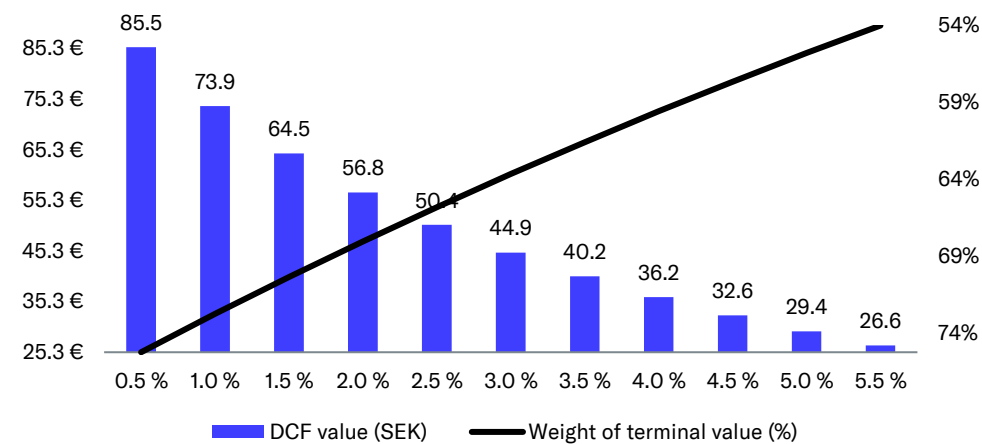


DCF sensitivity calculations and key assumptions in graphs

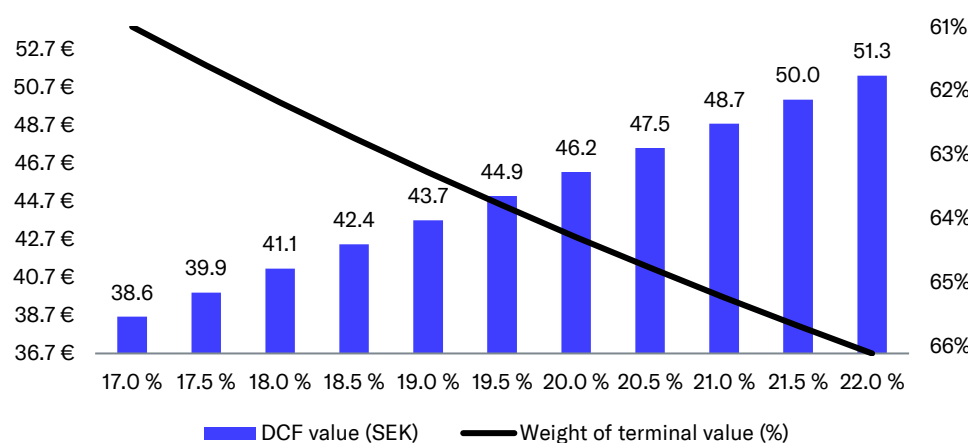
Sensitivity of DCF to changes in the WACC-%



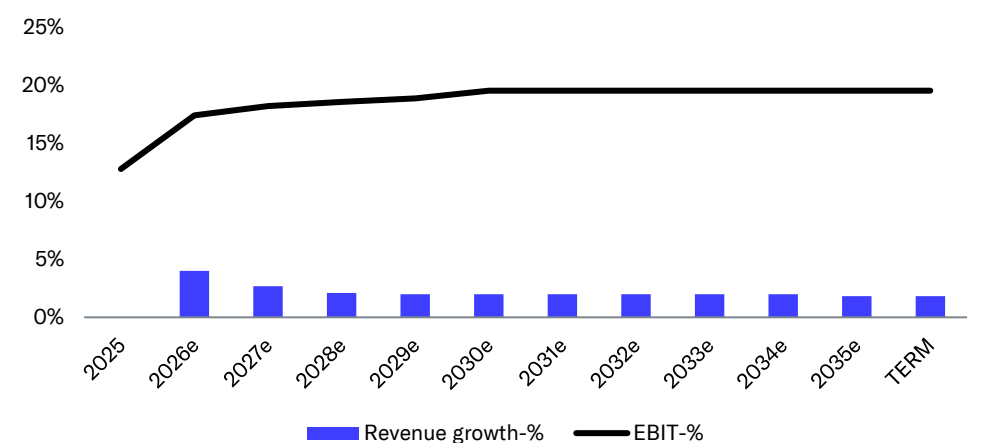
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2023	2024	2025	2026e	2027e	Per share data	2023	2024	2025	2026e	2027e
Revenue	88785	80965	80982	84212	86458	EPS (reported)	-0.15	1.08	1.29	2.21	2.45
EBITDA	28392	29303	27740	32124	33280	EPS (adj.)	1.31	1.48	2.36	2.47	2.63
EBIT	4875	10714	10335	14630	15716	OCF / share	5.64	7.18	6.94	7.51	7.74
PTP	1105	6234	7300	11861	12946	OFCF / share	3.05	2.98	6.35	1.57	3.10
Net Income	303	7079	3524	8685	9621	Book value / share	13.25	14.13	13.02	13.18	10.99
Extraordinary items	-5883	-1589	-4180	-1024	-700	Dividend / share	2.00	2.00	2.05	2.10	2.15
Balance sheet	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
Balance sheet total	226468	204272	189251	196119	197589	Revenue growth-%	-2%	-9%	0%	4%	3%
Equity capital	56994	59357	54820	55462	46883	EBITDA growth-%	-40%	2%	3%	4%	2%
Goodwill	66020	65442	56890	61770	61770	EBIT (adj.) growth-%	-5%	14%	18%	8%	5%
Net debt	80770	82219	71287	76075	85024	EPS (adj.) growth-%	147%	13%	59%	5%	6%
Cash flow	2023	2024	2025	2026e	2027e	EBITDA-%	34.1 %	38.2 %	39.4 %	39.4 %	39.2 %
EBITDA	28392	29303	27740	32124	33280	EBIT (adj.)-%	12.1 %	15.2 %	17.9 %	18.6 %	19.0 %
Change in working capital	-2145	978	1538	355	249	EBIT-%	5.5 %	13.2 %	12.8 %	17.4 %	18.2 %
Operating cash flow	22760	28156	27243	29454	30363	ROE-%	-1.0 %	7.7 %	9.5 %	16.9 %	20.3 %
CAPEX	-12622	-12475	-2720	-23280	-18182	ROI-%	3.3 %	7.2 %	7.4 %	10.6 %	11.3 %
Free cash flow	12293	11683	24893	6174	12181	Equity ratio	25.2 %	29.1 %	29.0 %	28.3 %	23.7 %
Valuation multiples	2023	2024	2025	2026e	2027e	Gearing	141.7 %	138.5 %	130.0 %	137.2 %	181.4 %
EV/S	2.2	2.6	2.9	3.3	3.2	Net debt/EBITDA	2.8	2.8	2.6	2.4	2.6
EV/EBITDA	6.8	7.3	8.5	8.6	8.2	EBITDA/net financials	7.3	6.4	8.9	11.5	11.5
EV/EBIT (adj.)	17.8	17.3	16.2	17.6	16.7						
P/E (adj.)	19.6	20.7	16.7	19.5	18.3						
P/B	2.3	2.6	3.8	4.5	4.4						
Dividend-%	7.8 %	6.5 %	5.2 %	4.4 %	4.5 %						

Source: Inderes

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Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
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
7/23/2018	Accumulate	44.0 SEK	39.1 SEK
10/22/2018	Accumulate	45.0 SEK	40.3 SEK
1/28/2019	Accumulate	44.0 SEK	39.8 SEK
3/27/2019	Accumulate	44.0 SEK	41.4 SEK
4/26/2019	Accumulate	44.0 SEK	40.8 SEK
7/18/2019	Reduce	44.0 SEK	42.9 SEK
10/18/2019	Reduce	42.0 SEK	41.7 SEK
1/14/2020	Reduce	42.0 SEK	40.6 SEK
1/30/2020	Reduce	42.0 SEK	41.8 SEK
3/19/2020	Accumulate	39.0 SEK	34.0 SEK
3/27/2020	Accumulate	38.0 SEK	35.0 SEK
4/23/2020	Accumulate	38.0 SEK	34.1 SEK
7/20/2020	Accumulate	38.0 SEK	36.3 SEK
10/22/2020	Accumulate	38.0 SEK	37.2 SEK
1/27/2021	Accumulate	38.0 SEK	36.6 SEK
2/1/2021	Accumulate	40.0 SEK	36.7 SEK
4/26/2021	Accumulate	40.0 SEK	35.1 SEK
7/22/2021	Accumulate	40.0 SEK	38.1 SEK
10/22/2021	Accumulate	39.0 SEK	35.6 SEK
1/31/2022	Accumulate	39.0 SEK	36.3 SEK
4/28/2022	Reduce	41.0 SEK	41.4 SEK
7/21/2022	Accumulate	41.0 SEK	37.2 SEK
10/24/2022	Reduce	29.0 SEK	28.3 SEK
1/27/2023	Reduce	29.0 SEK	26.7 SEK
4/27/2023	Reduce	29.0 SEK	28.0 SEK
7/21/2023	Reduce	25.0 SEK	24.5 SEK
10/5/2023	Reduce	24.0 SEK	22.6 SEK
10/20/2023	Reduce	26.0 SEK	25.4 SEK
1/29/2024	Reduce	26.0 SEK	26.9 SEK
4/26/2024	Reduce	26.0 SEK	25.9 SEK
7/19/2024	Reduce	29.0 SEK	30.6 SEK
9/27/2024	Reduce	32.0 SEK	33.8 SEK
10/25/2024	Reduce	32.0 SEK	31.9 SEK
1/31/2025	Reduce	32.0 SEK	31.7 SEK
4/17/2025	Reduce	32.0 SEK	35.8 SEK
4/25/2025	Reduce	34.0 SEK	35.4 SEK
7/14/2025	Reduce	34.0 SEK	33.2 SEK
7/21/2025	Reduce	35.0 SEK	35.0 SEK
10/24/2025	Reduce	35.0 SEK	37.6 SEK
1/30/2026	Reduce	38.0 SEK	40.0 SEK
4/22/2026	Sell	38.0 SEK	46.2 SEK
4/27/2026	Sell	41.0 SEK	48.1 SEK
7/20/2026	Reduce	41.0 SEK	46.3 SEK
10/23/2026	Reduce	43.0 SEK	48.3 SEK



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