TELIA

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COMPANY REPORT

Execution is good, but valuation is strained

We raise the target price of Telia's share to SEK 41.0 (was SEK 38.0), driven by its convincing execution of strategy and efficiency measures, which has decreased operational risk. At the same time, we reiterate our Sell recommendation. Telia's Q1 revenue was slightly below expectations, and earnings grew in line with our expectations. In the big picture, confidence in earnings growth and particularly in cash flow has improved over a little more than the past year. However, the slope of earnings growth is insufficient to turn the valuation positive, as the valuation picture is very tight.

No major drama in Q1, which is a good thing

Telia's Q1 revenue was at the level of the comparison period at 19,969 MSEK, which was slightly below our and consensus estimates. Like-for-like service revenue grew by 2.1%, exactly in line with the guidance. Adjusted EBITDA increased by 1.8% and was in line with our and consensus expectations. Like-for-like earnings increased by 4.0%. This figure is adjusted for currencies and divestments but, to our understanding, still includes acquisitions, i.e., the earnings impact of the recently acquired Bredband2. Thus, in our view, this is not purely organic earnings growth. The adjusted EBITDA margin was 39.8%, with the improvement driven by continuous cost savings. Adjustment items exceeded expectations by 250 MSEK, which, in practice, directly explains the shortfall in lower-line earnings.

Geographically, Sweden continued to perform strongly and Finland improved, while Norway still faced challenges

In geographical terms, Sweden was the most important market and continued to drive growth in revenue and earnings. The small Baltic markets also performed well. Finland and Norway have been the main sources of concern in recent years. The outlook for the Finnish market is now somewhat brighter, as competition has returned to more normal levels and efficiency measures are taking effect. However, competition for consumer customers in Norway remains fierce, though the decline in earnings slowed to -3% (Q4'25: -9%). There is no detailed information yet on the economic impact of the RAN partnership in Norway, as it is still awaiting approval from the competition authorities.

Telia reiterated its guidance as expected

The company expects comparable service revenue to grow by 2% and comparable EBITDA to grow by some 3% in 2026. In addition, Telia guides for cash flow of around 9 BSEK in 2026, assuming normalized spectrum CAPEX of 650 MSEK. Based on the Q1 report, we only made minor adjustments to our operational estimates (0-2%). Overall, however, the risk level associated with earnings growth has decreased as the company has systematically implemented its strategy without any major disappointments, unlike in the past. We forecast revenue to grow by 2.1% and adjusted EBITDA by 2.7% in 2026 (consensus before Q1 report +3.0% and 3.6%). In 2027-2028, we expect revenue to grow by ~2%, with no change in profitability. Earnings growth is mainly supported by growth in service revenue and, geographically, the gradual recovery of weak markets (Finland and Norway).

Valuation picture remains very strained

In recent years, Telia has clearly improved its operational performance and delivered on its promises more consistently. This means that the recurring disappointments of the past 10 years have clearly decreased. The share price (2026e, adj. EV/EBIT 18x and P/E 20x), however, anticipates continued strong performance. The valuation is 13% higher than that of its closest Nordic peers and Elisa, which we consider to be very tight. In our view, however, maintaining the growth rate of earnings is challenging now that significant efficiency measures have already been implemented. Although Telia's risk profile has declined due to its improved focus, a more positive view of the stock would require signs of a faster earnings growth rate (~2%) than we are forecasting in the coming years.

Recommendation
Sell
(was Sell)

Target price:
SEK 41.00
(was SEK 38.00)

Share price:
SEK 48.08

Business risk

Valuation risk

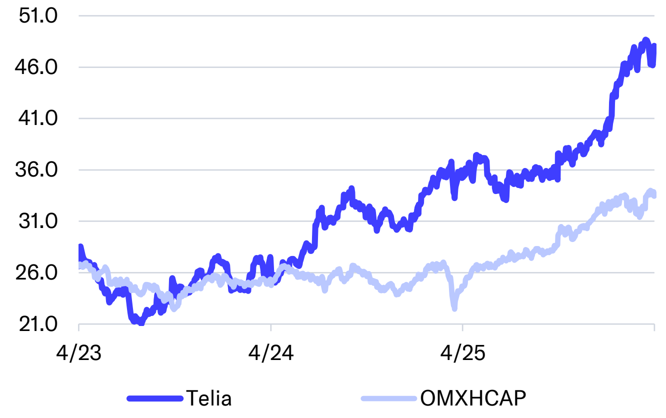
	2025	2026e	2027e	2028e
Revenue	80982	82698	84393	86043
growth-%	0%	2%	2%	2%
EBITDA (adj.)	31920	32772	33399	34093
EBITDA-% (adj.)	39.4 %	39.6 %	39.6 %	39.6 %
Net Income	5067	8713	8964	9166
EPS (adj.)	2.36	2.44	2.46	2.54
P/E (adj.)	16.7	19.7	19.5	18.9
P/B	3.8	4.5	4.4	4.4
Dividend yield-%	5.2 %	4.4 %	4.5 %	4.6 %
EV/EBIT (adj.)	16.2	17.9	17.3	16.7
EV/EBITDA	8.5	8.6	8.4	8.2
EV/S	2.9	3.3	3.3	3.2

Source: Inderes

Guidance (Unchanged)

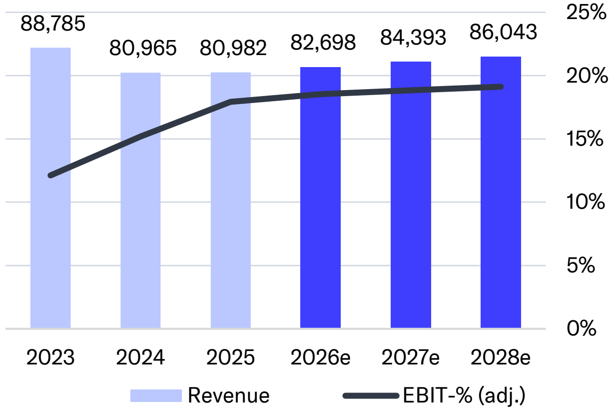
Telia guides for comparable service revenue growth of around 2% and comparable EBITDA growth of around 3% in 2026.

Share price



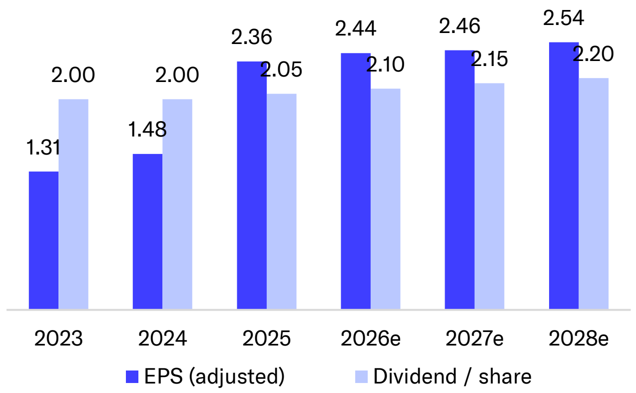
Source: Millistream Market Data AB

Revenue and EBIT % (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

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	48.1	48.1	48.1
Number of shares, millions	3923	3923	3923
Market cap	188623	188623	188623
EV	274900	274671	274393
P/E (adj.)	19.7	19.5	18.9
P/E	21.6	21.0	20.6
P/B	4.5	4.4	4.4
P/S	2.3	2.2	2.2
EV/Sales	3.3	3.3	3.2
EV/EBITDA	8.6	8.4	8.2
EV/EBIT (adj.)	17.9	17.3	16.7
Payout ratio (%)	94.6 %	94.1 %	94.2 %
Dividend yield-%	4.4 %	4.5 %	4.6 %

Source: Inderes

No major drama in Q1, which is a good thing

Comparable revenue grew slightly

Telia's revenue in the first quarter stayed flat year-on-year at 19,969 MSEK, and excluding currency effects and M&A, net sales increased by +1.3%. Revenue slightly missed our and consensus forecasts. Like-for-like service revenue grew by 2.1%, which is consistent with the previous quarter and exactly in line with guidance.

Geographically, comparable growth was driven by Sweden and Lithuania, while operations in Finland, Norway, and Estonia remained nearly unchanged from the comparison period. Finland and Norway have been "turnaround markets" for some time, and comments suggest that the outlook for Finland is slightly brighter, while competition for consumer customers in Norway remains tough. The company's main market, Sweden, performed according to plan, i.e., well.

Result grew in line with our expectations

Adjusted EBITDA increased by 1.8% to 7,942 MSEK and was in line with our and consensus expectations. Like-for-like earnings increased by 4.0%. This figure is adjusted for currencies and divestments but, to our understanding, still includes the earnings impact of the recently acquired Bredband2. Thus, in our view, this is not purely organic earnings growth. The adjusted EBITDA margin was 39.8%, with the improvement driven by continuous cost savings.

Geographically, Sweden saw strong like-for-like earnings growth (6%) driven by the acquisition of Bredband2, while Finland's earnings turned to a slight increase of 1% (Q4'25: -6%), and Norway's earnings decline moderated to -3% (Q4’25: -9%). Adjustment items exceeded expectations by 250 MSEK, which, in practice, directly explains the shortfall in lower-line earnings.

Cash flow was 1.9 BSEK, stronger than expected. However, this was due to changes in working capital, which the company expects will level off in Q2. The company reiterated its cash flow guidance of 9 BSEK and still expects 1/3 of this to be recognized in H1 and 2/3 in H2.

Estimates	Q1'25	Q1'26	Q1'26e	Q1'26e	Consensus			Difference (%)	2026e
MSEK	Comparison	Actualized	Inderes	Consensus	Low		High	Act. vs. inderes	Inderes
Revenue	20035	19969	20445	20155	19765	-	20526	-2%	82698
EBITDA (adj)	7803	7942	7940	7836	7628	-	7948	0%	32519
EBIT (incl. associated companies)	3577	3102	3293	3257	2982	-	3584	-6%	14474
PTP	2833	2382	2616	2539	2240	-	2834	-9%	11814
EPS (continuing operations)	0.53	0.42	0.49	0.47	0.44	-	0.54	-14%	2.44
Revenue growth-%	3.5 %	-0.3 %	2.0 %	0.6 %	-1.3 %	-	2.4 %	-2.4 pp	2.1 %
EBITDA-% (adj)	38.9 %	39.8 %	38.8 %	38.9 %	38.6 %	-	38.7 %	0.9 pp	39.3 %

Source: Inderes & Telia Company, 10-13 estimates (consensus)

We slightly lowered our estimates

Estimate revisions

- We made minor adjustments to our operational estimates.

Guidance for 2026 and our expectations

- In 2026, the company expects comparable service revenue to grow by 2% and comparable EBITDA to grow by around 3%. In addition, Telia guides for cash flow of around 9 BSEK in 2026, assuming normalized spectrum CAPEX of 650 MSEK.
- We forecast revenue to grow by 2.1% and adjusted EBITDA by 2.7% in 2026 (consensus before Q1 report +3.0% and 3.0%). In 2027-2028, we expect revenue to grow by ~2% annually, with no change in profitability.

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.
- Ongoing annual efficiency measures of around BSEK.

Telia's financial targets for 2025-27 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 BNSEK per year
- Free cash flow of at least 10 BNSEK in 2027

Estimates MSEK	Q1'25 Comparison	Q1'26 Actualized	Q1'26e Inderes	Q1'26e Consensus	Consensus Low		 High	Difference (%) Act. vs. inderes	2026e Inderes
Revenue	20035	19969	20445	20155	19765	-	20526	-2%	82698
EBITDA (adj)	7803	7942	7940	7836	7628	-	7948	0%	32519
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EPS (continuing operations)	0.53	0.42	0.49	0.47	0.44	-	0.54	-14%	2.44
Revenue growth-%	3.5 %	-0.3 %	2.0 %	0.6 %	-1.3 %	-	2.4 %	-2.4 pp	2.1 %
EBITDA-% (adj)	38.9 %	39.8 %	38.8 %	38.9 %	38.6 %	-	38.7 %	0.9 pp	39.3 %

Source: Inderes & Telia Company, 10-13 estimates (consensus)

Valuation picture is very strained

Valuation multiples

In the big picture, Telia's risk profile compared to the general stock market is moderate, although the company's previous earnings disappointments still partly keep us cautious. The operator business has performed better in 2022-2026 than before, apart from a small fluctuation in 2024. In terms of its risk profile, Telia still differs from, e.g., its competitor Elisa (though less than before), which has systematically and continuously streamlined its operations for over a decade, and has developed solidly and predictably in operational terms. However, confidence in Telia's earnings capability, and particularly its cash flow, has improved over the past year.

We forecast Telia's adjusted P/E and EV/EBIT multiples for 2026e to be 20x and 18x, respectively. The multiples are 13% above the Nordic peers and 16% above the entire peer group. In absolute terms, the valuation level is tight. In relative terms, we find the valuation very tight, considering the gentle slope of earnings growth and numerous past disappointments. The multiples are also in line with the company's five-year average (20x and 18x), even though the required return has increased.

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 around 2% in the coming years, and its risk level has diminished. Additionally, we believe there is downside in the valuation. Thus, the expected return isn't enough to meet the required return on equity and therefore to have a positive view of the stock.

DCF calculation

The DCF calculation supports our view on the share (SEK 41). The last five years have been a roller coaster for Telia, and the company and its 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). These factors continue to undermine the predictability and comparability of long-term cash flows, even though most quarters in recent years have been good.

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 16-19.5% between 2024 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 (7.0%) discount rate (WACC) compared to the general market. Due to the decreased risk level, we lowered the WACC by 0.2 pp.

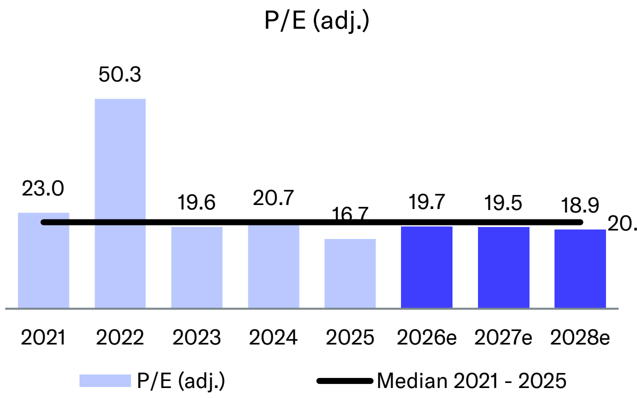
Valuation	2026e	2027e	2028e
Share price	48.1	48.1	48.1
Number of shares, millions	3923	3923	3923
Market cap	188623	188623	188623
EV	274900	274671	274393
P/E (adj.)	19.7	19.5	18.9
P/E	21.6	21.0	20.6
P/B	4.5	4.4	4.4
P/S	2.3	2.2	2.2
EV/Sales	3.3	3.3	3.2
EV/EBITDA	8.6	8.4	8.2
EV/EBIT (adj.)	17.9	17.3	16.7
Payout ratio (%)	94.6 %	94.1 %	94.2 %
Dividend yield-%	4.4 %	4.5 %	4.6 %

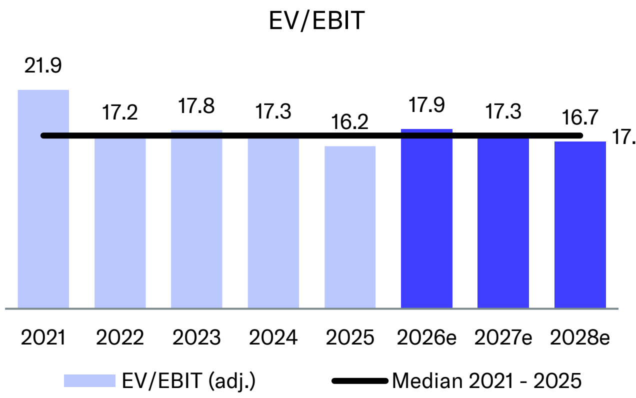
Source: Inderes

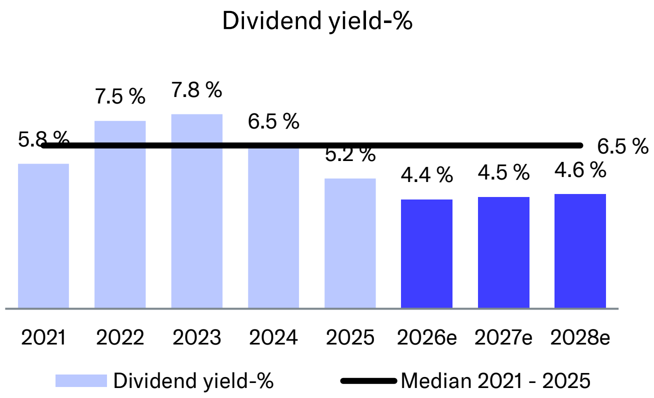
Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	35.4	26.7	25.7	30.7	39.4	48.1	48.1	48.1	48.1
Number of shares, millions	4090	4035	4035	3923	3923	3923	3923	3923	3923
Market cap	144793	104830	101173	120322	154492	188623	188623	188623	188623
EV	217034	194448	191731	212721	235792	274900	274671	274393	273726
P/E (adj.)	23.0	50.3	19.6	20.7	16.7	19.7	19.5	18.9	17.9
P/E	12.6	neg.	neg.	28.5	30.5	21.6	21.0	20.6	19.6
P/B	2.1	1.9	2.3	2.6	3.8	4.5	4.4	4.4	4.3
P/S	1.6	1.2	1.1	1.5	1.9	2.3	2.2	2.2	2.1
EV/Sales	2.5	2.1	2.2	2.6	2.9	3.3	3.3	3.2	3.1
EV/EBITDA	6.2	6.6	6.8	7.3	8.5	8.6	8.4	8.2	8.1
EV/EBIT (adj.)	21.9	17.2	17.8	17.3	16.2	17.9	17.3	16.7	16.0
Payout ratio (%)	73%	neg.	neg.	186%	159%	95%	94%	94%	95%
Dividend yield-%	5.8 %	7.5 %	7.8 %	6.5 %	5.2 %	4.4 %	4.5 %	4.6 %	4.8 %

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	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e
Tele2	12087	14388	18.6	19.2	10.9	10.9	5.1	5.0	22.4	21.6	5.6	5.7	5.6
Elisa	6954	8389	15.9	15.2	10.1	9.8	3.7	3.6	16.9	16.3	6.0	6.2	5.2
Telenor	20559	28739	16.4	15.5	9.0	8.7	4.1	4.0	15.7	16.0	6.0	6.1	3.0
BT	25638	50669	13.5	13.2	5.4	5.3	2.2	2.3	12.9	12.6	3.7	3.9	1.7
Proximus	2248	6345	11.7	11.4	3.4	3.3	1.0	1.0	6.9	6.6	5.9	7.0	0.5
Orange Belgium	1416	3420	21.1	18.4	6.5	6.3	1.8	1.8	80.8	47.4		0.6	1.8
Swisscom AG	37656	54078	23.2	22.0	7.7	7.6	3.4	3.4	25.5	23.8	4.0	4.1	2.8
Telekom Austria AG	6472	8058	8.7	8.3	3.8	3.7	1.4	1.4	9.8	9.3	4.7	5.1	1.1
Telia (Inderes) MSEK	188623	274900	17.9	17.3	8.6	8.4	3.3	3.3	19.7	19.5	4.4	4.5	3.6
Median			16.1	15.4	7.1	7.0	2.9	2.9	16.3	16.1	4.7	5.1	2.5
Diff-% to median			11%	12%	21%	21%	14%	13%	21%	21%	-7%	-13%	49%
Median (Nordic)			16.4	15.5	10.1	9.8	4.1	4.0	16.9	16.3	6.0	6.1	5.2
Diff-% to median (Nordic)			9%	11%	-15%	-14%	-19%	-19%	17%	20%	-27%	-26%	-30%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	88785	80965	20035	19787	19861	21300	80982	19969	20049	20533	22147	82698	84393	86043	87748
Sweden	35869	35392	8894	9042	8689	9457	36082	9234	9512	9254	10100	38100	38938	39600	40194
Finland	16545	15507	3756	3641	3709	3850	14956	3569	3532	3746	3927	14775	15070	15417	15802
Norway	15114	14307	3415	3249	3373	3418	13455	3232	3151	3407	3486	13277	13476	13745	14089
Lithuania	5516	5618	1366	1334	1392	1552	5644	1378	1361	1427	1599	5765	5938	6116	6299
Estonia	4145	4095	1025	983	1040	1088	4137	978	954	1040	1099	4070	4193	4318	4448
Other businesses	13410	6046	1579	1538	1656	1935	6707	1578	1539	1658	1937	6712	6779	6846	6915
EBITDA	28392	29303	7942	7667	8385	3745	27740	7389	7950	8639	7941	31919	32699	33293	33989
EBITDA (adj.)	30254	30892	7803	7965	8459	7693	31920	7942	8050	8739	8041	32772	33399	34093	34889
Depreciation	-23517	-18589	-4365	-4340	-4398	-4302	-17405	-4307	-4372	-4377	-4389	-17445	-17497	-17637	-17768
EBIT (excl. NRI)	10758	12303	3438	3625	4061	3390	14515	3635	3678	4362	3652	15327	15903	16456	17122
EBIT	4875	10714	3577	3327	3987	-557	10335	3082	3578	4262	3552	14474	15203	15656	16222
Share of profit of associated companies	0	120	25	24	23	19	91	20	23	23	23	89	130	130	130
Net financial items	-3875	-4600	-769	-750	-735	-872	-3126	-719	-680	-680	-670	-2749	-3278	-3462	-3448
PTP	1105	6234	2833	2601	3275	-1410	7300	2383	2921	3605	2905	11814	12054	12324	12904
Taxes	-1099	-1313	-557	-434	-761	285	-1467	-547	-584	-721	-581	-2433	-2409	-2463	-2580
Minority interest	-594	-702	-183	-206	-191	-186	-766	-172	-165	-165	-165	-668	-681	-695	-709
Net earnings	-588	4219	2093	1961	2323	-1311	5067	1664	2171	2719	2159	8713	8964	9166	9615
EPS (continuing operations)	-0.15	1.08	0.53	0.50	0.59	-0.33	1.29	0.42	0.55	0.69	0.55	2.22	2.29	2.34	2.45

Key figures	2023	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	-2.2 %	-8.8 %	3.5 %	-2.0 %	-0.7 %	-0.6 %	0.0 %	-0.3 %	1.3 %	3.4 %	4.0 %	2.1 %	2.0 %	2.0 %	2.0 %
Adjusted EBIT growth-%		14.4 %	14.9 %	11.9 %	5.4 %	52.9 %	18.0 %	5.7 %	1.4 %	7.4 %	7.7 %	5.6 %	3.8 %	3.5 %	4.0 %
EBITDA-% (adj.)	32.0 %	38.2 %	38.9 %	40.3 %	42.6 %	36.1 %	39.4 %	39.8 %	40.2 %	42.6 %	36.3 %	39.6 %	39.6 %	39.6 %	39.8 %
Adjusted EBIT-%	12.1 %	15.2 %	17.2 %	18.3 %	20.4 %	15.9 %	17.9 %	18.2 %	18.3 %	21.2 %	16.5 %	18.5 %	18.8 %	19.1 %	19.5 %
Net earnings-%	-0.7 %	5.2 %	10.4 %	9.9 %	11.7 %	-6.2 %	6.3 %	8.3 %	10.8 %	13.2 %	9.7 %	10.5 %	10.6 %	10.7 %	11.0 %

Source: Inderes, NB! 2024 figures updated to reflect the new structure, excluding TV & Media businesses and Nordic masts

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	164231	164916	165552
Goodwill	65442	56890	61770	61770	61770
Intangible assets	0	0	0	0	0
Tangible assets	86014	84395	85350	86035	86671
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	31363	32006	32632
Inventories	1869	1559	1592	1625	1656
Other current assets	1935	0	0	0	0
Receivables	19778	17769	19021	19410	19790
Cash and equivalents	9812	11527	10751	10971	11186
Balance sheet total	204272	189251	195594	196923	198184

Source: Inderes

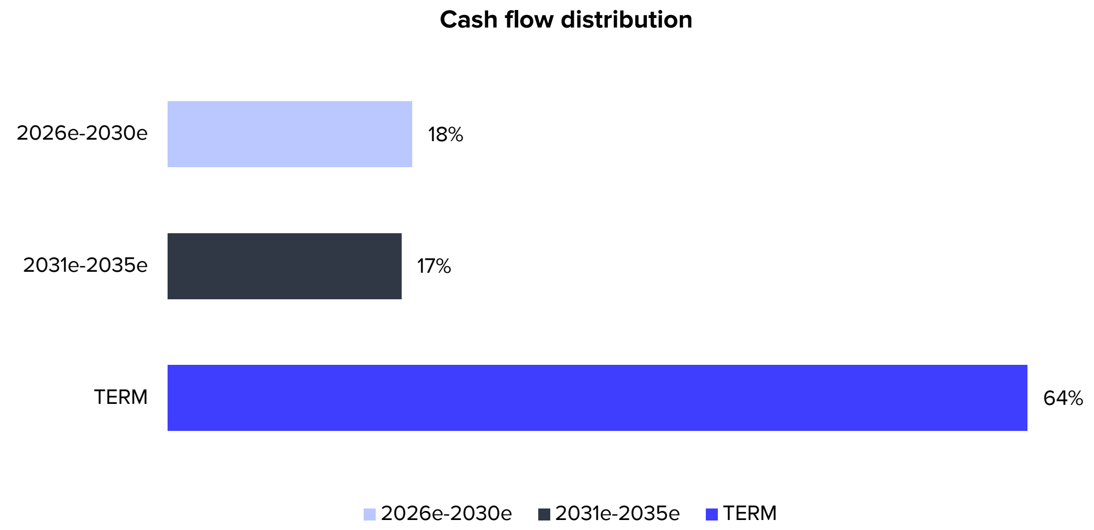
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	59357	54820	55491	46255	46986
Share capital	14961	14961	14961	14961	14961
Retained earnings	30516	26146	26817	27543	28274
Hybrid bonds	9962	9962	9962	0	0
Revaluation reserve	0	0	0	0	0
Other equity	0	0	0	0	0
Minorities	3918	3751	3751	3751	3751
Non-current liabilities	103792	100801	102030	110491	110437
Deferred tax liabilities	9079	8615	8615	8615	8615
Provisions	5697	8566	8566	8566	8566
Interest bearing debt	81923	77483	78712	87173	87119
Convertibles	0	0	0	0	0
Other long term liabilities	7093	6137	6137	6137	6137
Current liabilities	41123	33630	38074	40177	40761
Interest bearing debt	10108	5331	8302	9795	9786
Payables	31015	28299	29771	30382	30976
Other current liabilities	0	0	0	0	0
Balance sheet total	204272	189251	195594	196923	198184

DCF-calculation

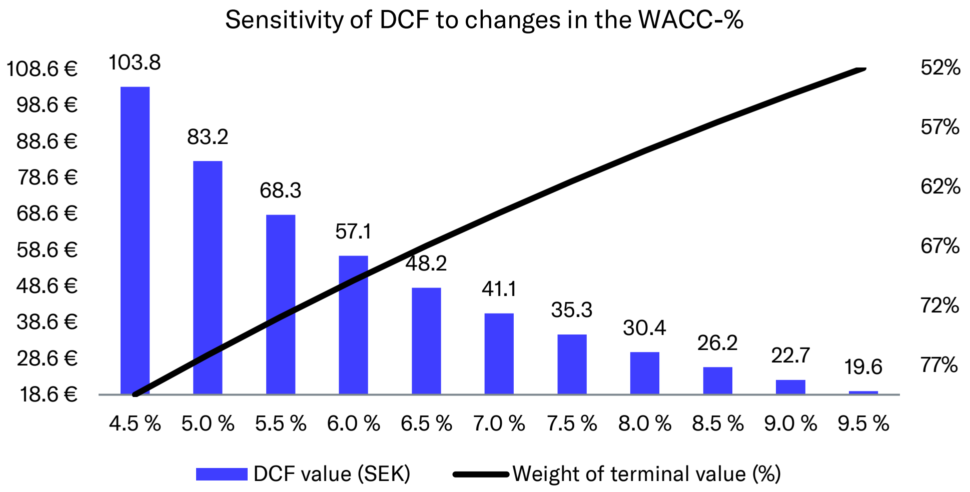
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	0.0 %	2.1 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	1.8 %	1.8 %
EBIT-%	12.8 %	17.5 %	18.0 %	18.2 %	18.5 %	19.5 %	19.5 %	19.5 %	19.5 %	19.5 %	19.5 %	19.5 %
EBIT (operating profit)	10,335	14,474	15,203	15,656	16,222	17,453	17,802	18,158	18,521	18,892	19,236	
+ Depreciation	17,405	17,445	17,497	17,637	17,768	17,871	17,972	18,071	18,158	18,234	18,302	
- Paid taxes	(1,399)	(2,433)	(2,409)	(2,463)	(2,580)	(2,835)	(2,970)	(3,046)	(3,123)	(3,203)	(3,278)	
- Tax, financial expenses	(678)	(617)	(706)	(744)	(742)	(737)	(673)	(670)	(667)	(664)	(659)	
+ Tax, financial income	41	46	44	45	46	47	47	48	49	50	51	
- Change in working capital	1,538	188	188	183	189	194	198	202	206	210	195	
Operating cash flow	27,243	29,103	29,816	30,313	30,901	31,993	32,377	32,764	33,144	33,520	33,848	
+ Change in other long-term liabilities	1,913	-	-	-	-	-	-	-	-	-	-	
- Gross CAPEX	(2,720)	(23,280)	(18,182)	(18,273)	(18,273)	(18,364)	(18,456)	(18,493)	(18,530)	(18,567)	(18,295)	
Free operating cash flow	26,436	5,823	11,634	12,040	12,628	13,629	13,920	14,271	14,614	14,953	15,553	
+/- Other	(1,543)	-	-	-	-	-	-	-	-	-	-	
FCFF	24,893	5,823	11,634	12,040	12,628	13,629	13,920	14,271	14,614	14,953	15,553	308,687
Discounted FCFF		5 561	10,389	10,053	9,859	9,949	9,501	9,107	8,720	8,343	8,114	161,036
Sum of FCFF present value		250 634	245,072	234,683	224,630	214,771	204,822	195,321	186,213	177,493	169,150	161,036
Enterprise value DCF		250,634										
- Interest bearing debt		(92,776)										
+ Cash and cash equivalents		11,527										
+ Associated companies		3,700										
-Minorities		(3,751)										
-Dividend/capital return		(8,042)										
Equity value DCF		161,292										
Equity value DCF per share		41.1										

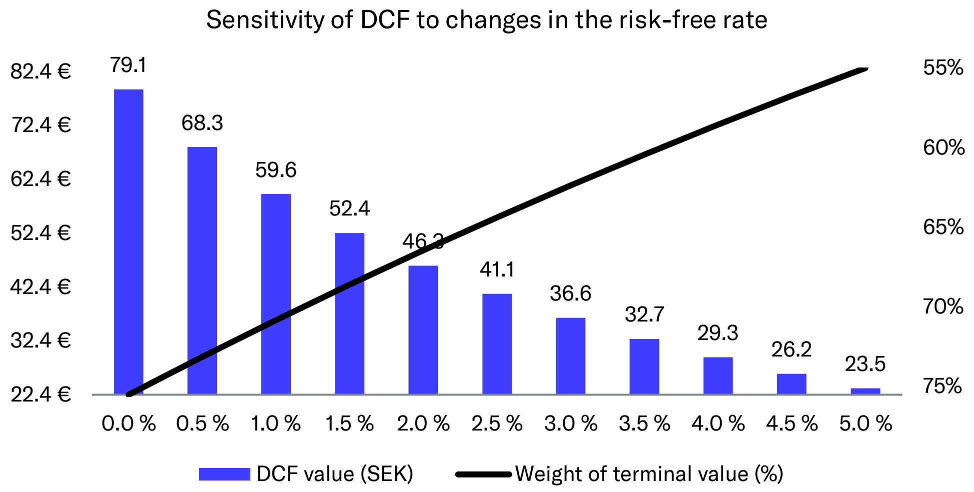
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	25.0 %
Cost of debt	4.0 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.2 %
Weighted average cost of capital (WACC)	7.0 %

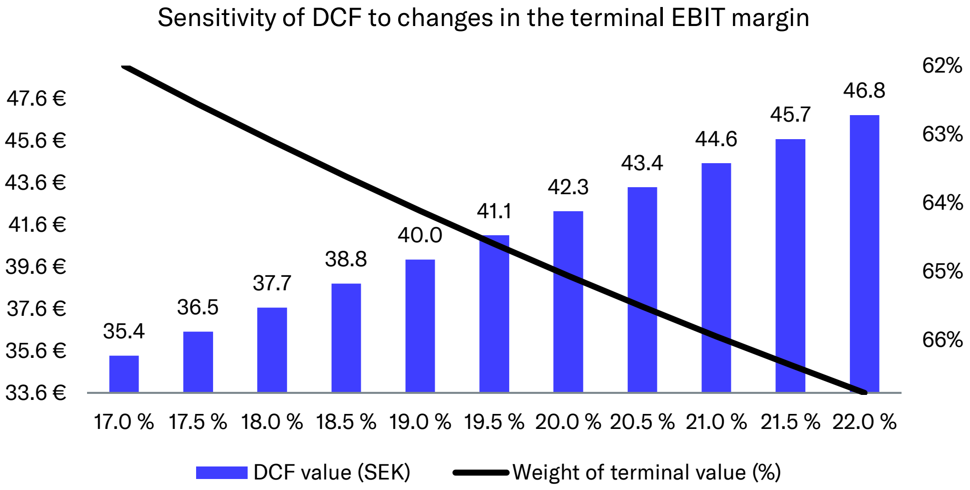
Source: Inderes

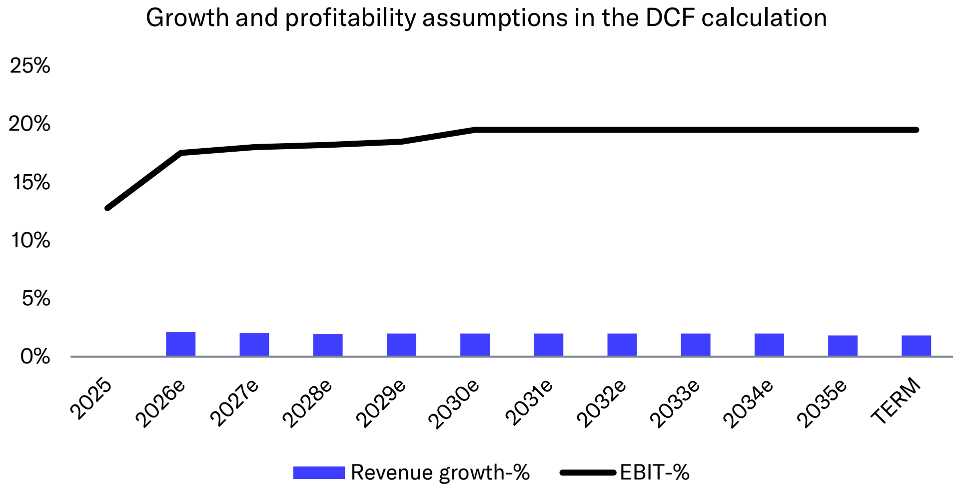


DCF sensitivity calculations and key assumptions in graphs









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
Revenue	88785	80965	80982	82698	84393
EBITDA	28392	29303	27740	31919	32699
EBIT	4875	10714	10335	14474	15203
PTP	1105	6234	7300	11814	12054
Net Income	303	7079	3524	8713	8964
Extraordinary items	-5883	-1589	-4180	-853	-700

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	226468	204272	189251	195594	196923
Equity capital	56994	59357	54820	55491	46255
Goodwill	66020	65442	56890	61770	61770
Net debt	80770	82219	71287	76264	85997

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	28392	29303	27740	31919	32699
Change in working capital	-2145	978	1538	188	188
Operating cash flow	22760	28156	27243	29103	29816
CAPEX	-12622	-12475	-2720	-23280	-18182
Free cash flow	12293	11683	24893	5823	11634

Valuation multiples	2023	2024	2025	2026e	2027e
EV/S	2.2	2.6	2.9	3.3	3.3
EV/EBITDA	6.8	7.3	8.5	8.6	8.4
EV/EBIT (adj.)	17.8	17.3	16.2	17.9	17.3
P/E (adj.)	19.6	20.7	16.7	19.7	19.5
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

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	-0.15	1.08	1.29	2.22	2.29
EPS (adj.)	1.31	1.48	2.36	2.44	2.46
OCF / share	5.64	7.18	6.94	7.42	7.60
OFCF / share	3.05	2.98	6.35	1.48	2.97
Book value / share	13.25	14.13	13.02	13.19	10.83
Dividend / share	2.00	2.00	2.05	2.10	2.15

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	-2%	-9%	0%	2%	2%
EBITDA growth-%	-40%	2%	3%	3%	2%
EBIT (adj.) growth-%	-5%	14%	18%	6%	4%
EPS (adj.) growth-%	147%	13%	59%	3%	1%
EBITDA-%	34.1 %	38.2 %	39.4 %	39.6 %	39.6 %
EBIT (adj.)-%	12.1 %	15.2 %	17.9 %	18.5 %	18.8 %
EBIT-%	5.5 %	13.2 %	12.8 %	17.5 %	18.0 %
ROE-%	-1.0 %	7.7 %	9.5 %	17.0 %	19.0 %
ROI-%	3.3 %	7.2 %	7.4 %	10.6 %	10.9 %
Equity ratio	25.2 %	29.1 %	29.0 %	28.4 %	23.5 %
Gearing	141.7 %	138.5 %	130.0 %	137.4 %	185.9 %
Net debt/EBITDA	2.8	2.8	2.6	2.4	2.6
EBITDA/net financials	7.3	6.4	8.9	11.6	10.0

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. Per-share figures are calculated using the number of shares at year-end.

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Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
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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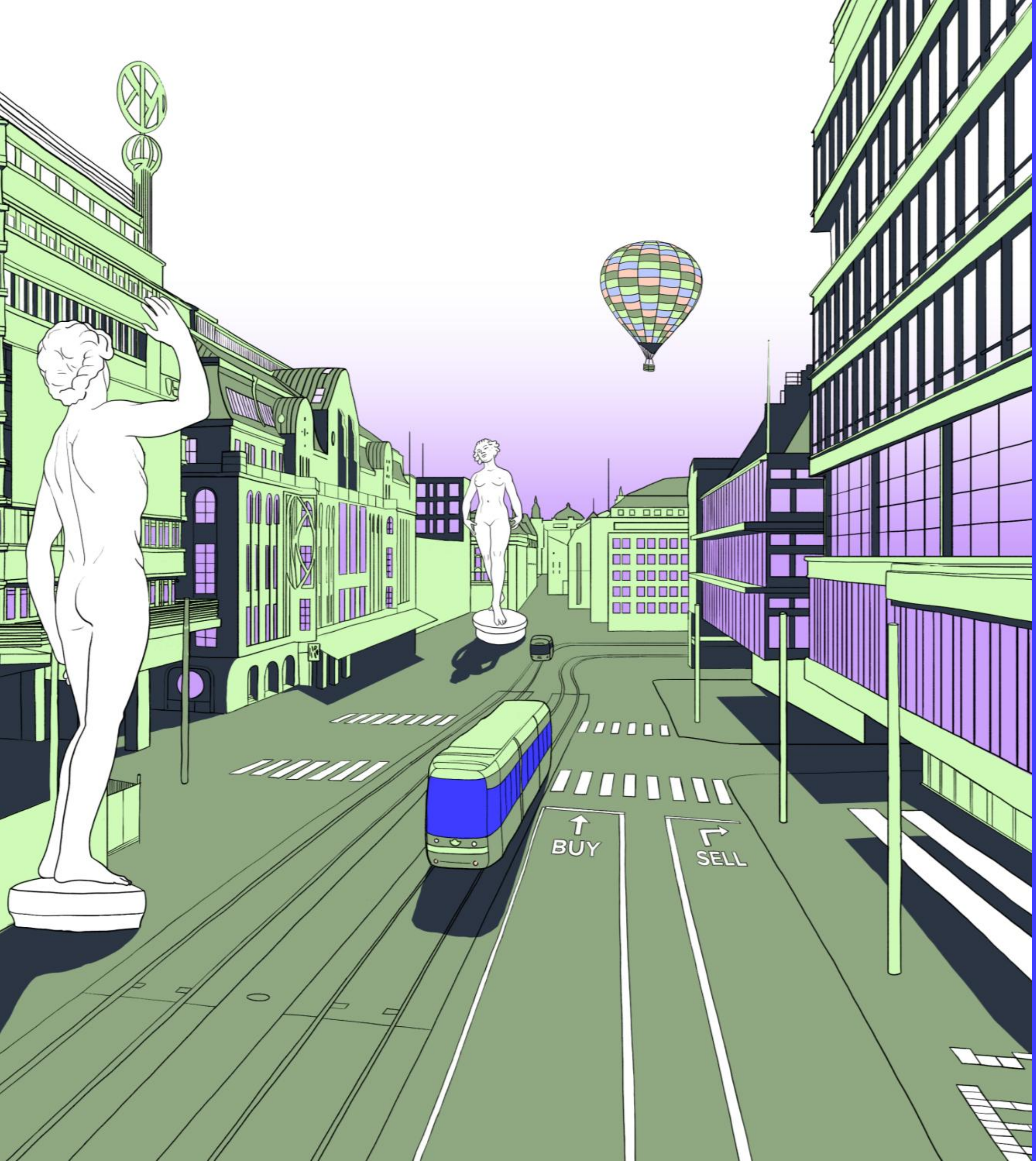
Recommendation history (>12 mo)

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



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