

Axactor

Disappointing Q3 and limited short-term visibility

- Significant collection underperformance and revaluations
- Estimates lowered on Q3 miss and short-term uncertainty
- Strengthening its third-party collection business in Italy

Q3: cash EBITDA EUR 10m shy of consensus due to NPLs

Cash EBITDA came in at EUR 50.8m in Q3, down 10% y-o-y and EUR 10m below consensus. The deviation vs. consensus was driven mostly by weaker performance in the collection of NPLs, which was 89% in Q3 vs. active forecast and 95% on an LTM basis. This was surprisingly weak and driven mostly by Norway and Sweden, as debtors seem to have prioritized personal consumption. In addition, the company booked EUR 13.1m in negative revaluations, which significantly depressed earnings.

Cash EBITDA -12% for '21e, -7% for '22e and -3% for '23e

Given the collection miss, short-term uncertainty, and the new ERC, we lower gross collection (incl. REOs) by 10% for '21e, 6% for '22e and '3% for '23e. We also lower capex for '21e to reflect the capex in Q3 and the lowered guiding on full-year capex for 2021 (now EUR 150m vs. EUR 200m). Axactor continues to be prudent on new investments and we note that the market is slowly coming back, hence we estimate that full-year capex could undershoot the guidance. In addition, we mute 3PC revenue slightly as debt moratorias in Europe are likely to slide into Q1'22. An offsetting factor is the recent acquisition of C.R. Service in Italy, adding EUR 6.2m in 3PC revenue (based on 2020 figures) and an EBITDA of EUR 0.9m. This is margin accretive vs. the current 3PC business and the valuation is likely accretive; similar transactions at 5-10x EV/EBITDA, this one likely in the lower end of the range. In sum, cash EBITDA is down 12% in '21e, -7% for '22e and -3% for '23e following the report.

Still well-positioned to capitalize on increasing activity

Although we lower estimates meaningfully to account for limited short-term visibility, we estimate Axactor to have an ample investment capacity and a platform suitable for adding new NPL vintages. This will be crucial for growth and profitability going forward, as activity in the NPL market slowly picks up in the coming quarters. Based on our updated estimates, we estimate a DCF fair value range of NOK 8-25/share.

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EURm	2019	2020	2021e	2022e	2023e
Sales	285	205	234	279	283
EBITDA	92	36	72	121	148
EBITDA margin (%)	32.3	17.5	30.7	43.4	52.5
EBIT adj	84	91	64	111	139
EBIT adj margin (%)	29.4	44.6	27.4	39.8	49.0
Pretax profit	33	-28	8	60	86
EPS rep	0.11	-0.08	0.03	0.17	0.22
EPS adj	0.10	0.14	0.04	0.17	0.22
Sales growth (%)	37.8	-28.1	14.1	19.1	1.5
EPS growth (%)	307.2	-177.9	138.6	450.4	27.1

Source: ABG Sundal Collier, Company data

Reason: Post-results comment

Company sponsored research

Not rated

Estimate changes (%)

	2021e	2022e	2023e
Sales	-10.6%	-6.4%	-6.2%
EBIT (rep)	-24.2%	-13.4%	-9.2%
EPS (rep)	-65.8%	-20.5%	-14.4%

Source: ABG Sundal Collier

Share price (NOK)	27/10/2021	8.7
Fair value range (per share)		8.0-25.0

Financials, Norway

AXA.OL/AXA NO

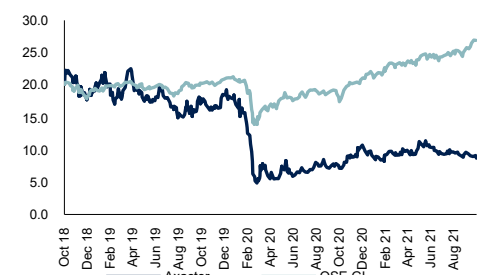
MCap (NOKm)	2,629
MCap (EURm)	271
Net debt (EURm)	811

No. of shares (m)	302
Free float (%)	54
Av. daily volume (k)	9

Next event

Q4 report: 24 Feb

Performance



	1m	3m	12m
Absolute (%)	-5.2	-0.3	28.6

Source: FactSet

	2021e	2022e	2023e
P/E (x)	28.3	5.1	4.0
P/E adj (x)	21.9	5.1	4.0
P/BVPS (x)	0.65	0.57	0.50
EV/EBITDA (x)	15.0	9.5	7.8
EV/EBIT adj (x)	16.9	10.4	8.3
EV/sales (x)	4.62	4.12	4.07
ROE adj (%)	3.4	11.8	13.2
Dividend yield (%)	0	0	0
FCF yield (%)	8.1	-24.5	-0.8
Lease adj. FCF yld (%)	8.1	-24.5	-0.8
Net IB debt/EBITDA	11.3	7.3	5.9
Lease adj. ND/EBITDA	nm	nm	nm

Please refer to important disclosures at the end of this report

This research product is commissioned and paid for by the company covered in this report. As such, this report is deemed to constitute an acceptable minor non-monetary benefit (i.e. not investment research) as defined in MiFID II.

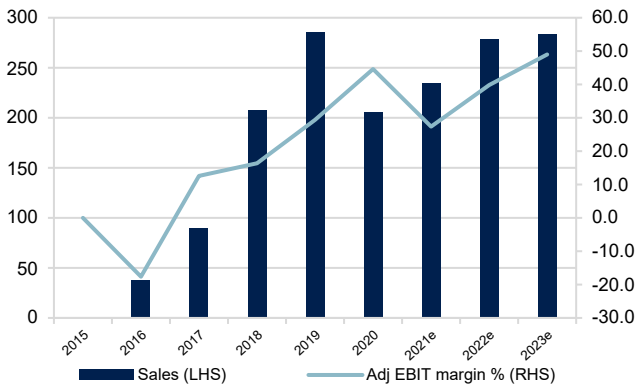
Company description

Axactor is a pan-European debt collector with operations in Finland, Germany, Italy, Norway, Spain and Sweden. Headquartered in Oslo, Norway, Axactor was established in late 2015 and has grown to become one of the ten-largest players in the industry, with support from its cornerstone- and co-investor Geveran. Its core business areas are purchased debt and 3PC (third-party collection), focusing on well-developed NPL markets with a legal environment beneficial for collection. Through its streamlined “One Axactor” operating model, it has developed a scalable, no legacy and low-complexity NPL platform.

Risks

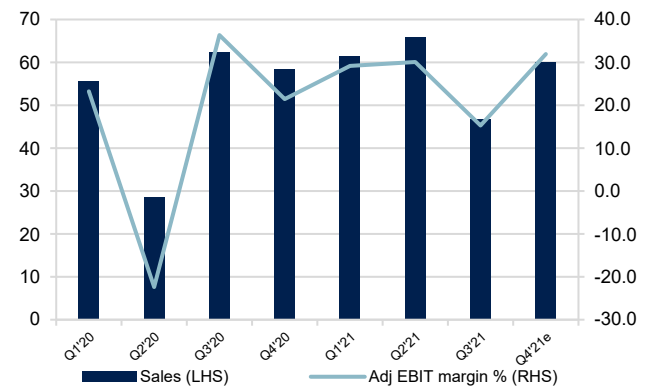
Investment risk, macro risk and regulatory risk are the biggest risks in the Axactor investment case. We see investment risk as the largest risk as we estimate that the company will have high capex going forward, and an investment into a ‘bad’ portfolio and/or company could have a detrimental impact on earnings in the coming years. Furthermore, changes in the macro environment could affect cash collection and the 3PC business.

Annual sales and adj. EBIT margin EURm



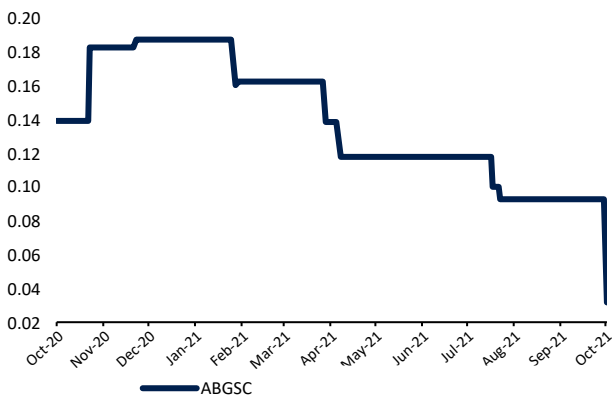
Source: ABG Sundal Collier, Company data

Quarterly sales and adj. EBIT margin



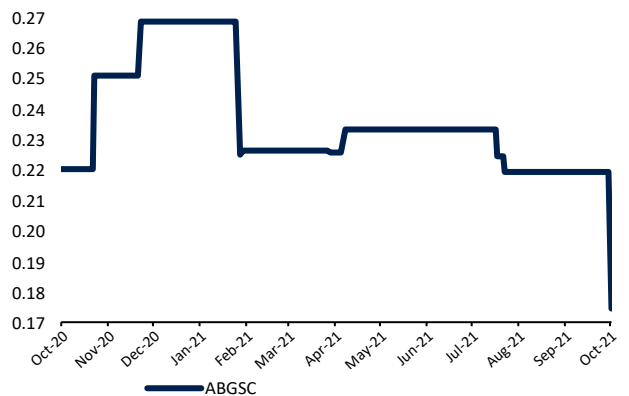
Source: ABG Sundal Collier, Company data

EPS estimate changes, 2021e, EUR



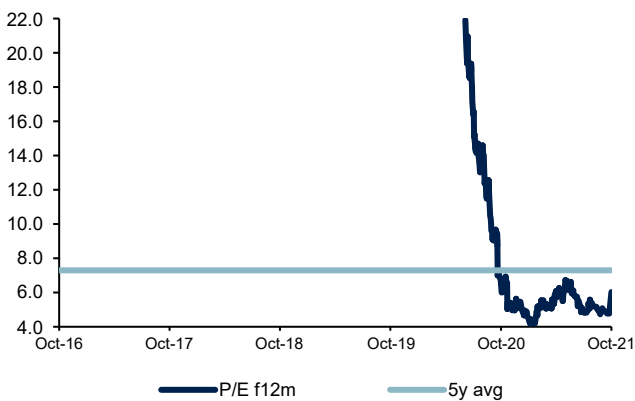
Source: ABG Sundal Collier, FactSet

EPS estimate changes, 2022e, EUR



Source: ABG Sundal Collier, FactSet

12-month forward-looking P/E



Source: ABG Sundal Collier, Company data

Q3'21 deviation table

EURm	Outcome	ABGSCe			IR consensus			q-o-q		y-o-y	
	Q3'21	Q3'21	Deviation		Q3'21	Deviation		Q2'21	growth	Q3'20	growth
Net Revenue	46.7	63.8	-17.0	-27%	61.3	-14.6	-24%	65.9	-29%	62.3	-25%
Total operating cost	-36.3	-38.1	1.8	-5%	-39.0	2.7	-7%	-43.7	-17%	-31.9	14%
EBITDA reported	10.4	25.6	-15.2	-59%	22.3	-11.9	-53%	22.1	-53%	30.3	-66%
EBITDA-margin	22.3%	40.2%	-17.9%		36.4%	-14.1%		33.6%		48.7%	
Depreciation and amortisation	-2.3	-2.5	0.2	-6%	-2.5	0.2	-8%	-2.3	-1%	-2.6	-13%
EBIT reported	8.1	23.2	-15.1	-65%	19.8	-11.7	-59%	19.8	-59%	27.7	-71%
EBIT-margin	17.4%	36.4%	-19%		32.3%	-14.9%		30.1%		44.5%	
Net financials	-13.1	-12.0	-1.1	9%	-13.1	0.0	0%	-11.8	11%	-15.4	-15%
tax	-0.5	-3.1	2.7	-86%	-2.3	1.9	-80%	-3.6	n.m.	-5.8	-92%
Net profit	-5.4	8.1	-13.5	n.m.	4.5	-9.9	n.m.	4.4	n.m.	6.5	-184%
Net profit to minorities	-2.0	2.7	-4.7	n.m.	1.6	-3.6	n.m.	2.8		-2.9	
Net profit (after minority)	-3.4	10.8	-14.2	n.m.	6.1	-9.5	n.m.	7.2	n.m.	3.6	-197%
ERC	2,176	2,172	4.5	0%				2,174	0%	2,251	-3%
Change ERC q-o-q	-2	-2	0.0	0%							
CAPEX	32.0	46.0	-14.0	-30%	36.4	-4.4	-12%	12	158%	35	-8%

Source: Company data, ABG Sundal Collier, IR consensus 24 Oct. Note: we count ERC as ERC NPLs (reported) + REO book value

Q3'21: Forecast - Cash

EURm	Outcome	ABGSCe			IR consensus			q-o-q		y-o-y	
	Q3'21	Q3'21	Deviation		Q3'21	Deviation		Q2'21	growth	Q3'20	growth
Net revenue	46.7	63.8	-17.0	-27%	61.3	-14.6	-24%	65.9	-29%	62.3	-25%
Gross revenues	78.1	94.5	-16.4	-17%	91.6	-13.5	-15%	95.2	-18%	83.3	-6%
Opex ex. REO amortisation	-27.3	-27.6	0.3	-1%	-30.6	3.3	-11%	-29.5	-7%	-27.1	1%
Cash EBITDA	50.8	66.9	-16.1	-24%	61.0	-10.2	-17%	65.7	-23%	56.2	-10%
Cash-EBITDA margin	65.0%	70.8%	-6%		66.6%	-2%		69.0%		67.4%	

Source: Company data, ABG Sundal Collier, IR consensus 24 Oct. Note: we count ERC as ERC NPLs (reported) + REO book value

Source: ABG Sundal Collier, company data, IR consensus

Estimate changes table

Estimate revisions	New			Old			Chg %		Chg		Chg %		Chg	
	2021e	2022e	2023e	2021	2022e	2023e	2021	2021	2022e	2022e	2023e	2023e	2023e	2023e
Gross collection	298	364	385	330	388	399	-10%	-32	-6%	-24	-3%	-14		
Other revenue	48	61	65	52	63	67	-7%	-4	-3%	-2	-3%	-2		
Gross revenues	346	425	450	381	451	465	-9%	-35	-6%	-26	-3%	-15		
Net Revenue	234	279	283	262	298	301	-11%	-28	-6%	-19	-6%	-19		
EBITDA reported	72	121	148	92	138	162	-22%	-20	-12%	-17	-9%	-14		
EBITDA-margin (%)	31%	43%	52%	35%	46%	54%		-4%		-3%		-1%		
Cash EBITDA	228	299	323	260	321	332	-12%	-32	-7%	-21	-3%	-9		
Cash-EBITDA margin	66%	70%	72%	68%	71%	71%		-2%		-1%		0%		
Depreciation and amortisation	-10	-10	-10	-10	-10	-10	-2%	0	0%	0	0%	0		
EBIT (reported)	62	111	139	82	128	153	-24%	-20	-13%	-17	-9%	-14		
EBIT-margin (%)	27%	40%	49%	31%	43%	51%		-5%		-3%		-2%		
Net profit (after minority)	10	53	67	28	66	78	-66%	-18	-20%	-14	-14%	-11		
Net profit adj. (after minority)	31	53	67	39	66	78	-19%	-7	-20%	-14	-14%	-11		
EPS (after minority)	0.03	0.17	0.22	0.09	0.22	0.26	-66%	-0.06	-20%	-0.04	-14%	-0.04		
EPS adj. (after minority)	0.10	0.17	0.22	0.13	0.22	0.26	-19%	-0.02	-20%	-0.04	-14%	-0.04		
ERC (reported NPL + est REO)	2,257	2,475	2,578	2,371	2,567	2,656	-5%	-115	-4%	-92	-3%	-79		
CAPEX	130	290	245	200	290	245	-35%	-70	0%	0	0%	0		
Return on Equity (%)	3%	12%	13%	8%	14%	14%		-4.9%		-2.2%		-1.1%		
ROE adj (%)	9%	12%	13%	10%	14%	14%		-1.8%		-2.2%		-1.1%		

Source: Company data, ABG Sundal Collier

Source: ABG Sundal Collier, company data

ABG estimates vs. IR consensus (pre-Q3 figures)

EURm	ABG			IR consensus			Difference		
	2021e	2022e	2023e	2021e	2022e	2023e	2021e	2022e	2023e
Gross collection	298	364	385	325	371	393	-8%	-2%	-2%
Other revenue	48	61	65	52	65	71	-8%	-6%	-9%
Gross revenue	346	425	450	377	437	464	-8%	-3%	-3%
Net revenue	234	279	283	257	289	299	-9%	-4%	-5%
EBITDA	72	121	148	87	126	152	-17%	-4%	-2%
EBITDA margin	31%	43%	52%	34%	43%	51%	-3%	0%	2%
EBIT	62	111	139	77	116	142	-19%	-4%	-3%
Net profit (after minority)	10	53	67	20	51	67	-52%	3%	1%
Cash EBITDA	228	299	323	246	299	318	-7%	0%	2%
Cash EBITDA margin	66%	70%	72%	65%	69%	69%	1%	2%	3%
CAPEX	130	290	245	189	336	296	-31%	-14%	-17%

Source: ABG Sundal Collier, IR collected consensus 24 October

Source: ABG Sundal Collier, IR consensus

DCF valuation

DCF with Gordon growth terminal value

DCF valuation - Axactor

EURm	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e
Cash flow from operations	160	230	249	297	277	289	301	313
Interest cost after tax	40	38	39	39	38	39	39	39
Capex	-138	-296	-251	-246	-246	-246	-246	-247
Free cash flow to firm	62	-28	37	89	69	81	94	105
Discounted free cash flow	61	-26	32	73	52	58	63	66

Valuation summary

PV DCF	379
PV terminal value	1,213
Enterprise value	1,591
Net debt Q4'21e	805
Equity value	786
Number of shares	302
NOK/EUR	0.10
Value per share (NOK)	25

Source: ABG Sundal Collier, Axactor, Bloomberg

Assumptions

Risk-free rate	1.3% Nonweigan 10yr treasury bond
Beta	1.4 Bloomberg adj. 5yr weekly data
Market risk premia	6.7% ABGSCe market return of 8%
Cost of equity	10.8% Capital asset pricing model
Cost of debt	7.0% Based on last refinancing
Tax-rate	25.0% Long-term norm. tax-rate
Terminal growth	1.3% Equal to risk-free rate
WACC	6.76% Latest market cap and NIBD

Source: ABG Sundal Collier, company data, Bloomberg

DCF valuation matrix

		WACC						
P/share		6.0%	6.3%	6.5%	6.8%	7.4%	7.8%	8.2%
Growth	-0.4%	21.2	19.2	17.4	15.7	11.8	9.7	7.8
	0.3%	25.7	23.3	21.1	19.1	14.5	12.1	9.9
	0.8%	29.6	26.9	24.3	22.0	16.8	14.1	11.7
	1.3%	34.4	31.1	28.2	25.4	19.5	16.4	13.7
	1.8%	40.3	36.3	32.8	29.5	22.7	19.1	16.0
	2.3%	47.8	42.9	38.5	34.6	26.4	22.3	18.8
	2.8%	57.5	51.2	45.8	40.9	31.0	26.2	22.0

Source: ABG Sundal Collier, company data

Income Statement (EURm)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021e
Sales	56	29	62	58	61	66	47	60
COGS	-41	-59	-32	-37	-43	-44	-36	-38
Gross profit	14	-30	30	21	18	22	10	22
Other operating items	0	0	0	0	-0	-0	0	0
EBITDA	14	-30	30	21	18	22	10	22
Depreciation and amortisation	-3	-3	-3	-3	-3	-2	-2	-2
EBITA	12	-33	28	18	15	20	8	19
EO items	-1	-26	5	6	-3	0	1	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0
EBIT	12	-33	28	18	15	20	8	19
Net financial items	-15	-14	-14	-21	-14	-13	-13	-12
Pretax profit	6	-47	12	1	-2	8	-5	7
Tax	-2	3	-6	3	-2	-4	-0	-2
Net profit	3	-44	7	3	-3	4	-5	5
Minority interest	2	18	-3	-1	2	3	2	2
Net profit discontinued	0	0	0	0	0	0	0	0
Net profit to shareholders	5	-27	4	3	-1	7	-3	7
EPS	0.03	-0.14	0.02	0.01	-0.00	0.02	-0.01	0.02
EPS Adj	0.00	-0.01	0.01	-0.02	0.01	0.02	-0.01	0.02
Total extraordinary items after tax	5	-25	2	7	-5	1	1	0
Tax rate (%)	38.4	5.4	47.1	399.0	101.6	45.2	9.0	27.0
Gross margin (%)	25.4	-104.6	48.7	36.5	29.5	33.6	22.3	36.0
EBITDA margin (%)	25.4	-104.6	48.7	36.5	28.9	33.6	22.3	36.0
EBITA margin (%)	20.7	-113.7	44.5	31.4	24.7	30.1	17.4	31.9
EBIT margin (%)	20.7	-113.7	44.5	31.4	24.7	30.1	17.4	31.9
Pretax margin (%)	10.1	-163.8	19.7	1.1	-2.7	12.1	-10.7	11.4
Net margin (%)	6.2	-154.9	10.4	5.7	-5.5	6.6	-11.6	8.3
Growth rates Y/Y	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021e
Sales growth (%)	-24.5	-60.4	-3.1	-21.8	10.4	129.8	-25.0	2.5
EBITDA growth (%)	-36.2	-chg	51.5	-10.4	25.6	+chg	-65.7	1.2
EBIT growth (%)	-42.1	-chg	59.2	-12.5	31.6	+chg	-70.7	4.3
Net profit growth (%)	-25.4	-chg	77.8	-48.9	-chg	+chg	-chg	49.0
EPS growth (%)	-25.4	-chg	77.8	-48.9	-chg	+chg	-chg	49.0
Adj earnings numbers	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021e
EBITDA Adj	16	-4	25	16	21	22	9	22
EBITDA Adj margin (%)	27.9	-13.3	40.6	26.5	33.4	33.6	20.2	36.0
EBITA Adj	13	-6	23	13	18	20	7	19
EBITA Adj margin (%)	23.2	-22.4	36.4	21.4	29.2	30.1	15.3	31.9
EBIT Adj	13	-6	23	13	18	20	7	19
EBIT Adj margin (%)	23.2	-22.4	36.4	21.4	29.2	30.1	15.3	31.9
Pretax profit Adj	-2	-21	8	-9	4	6	-6	7
Net profit Adj	-1	-20	4	-4	1	3	-6	5
Net profit to shareholders Adj	1	-2	2	-4	3	6	-4	7
Net Adj margin (%)	-2.1	-68.8	7.1	-6.5	1.8	4.9	-12.8	8.3

Source: ABG Sundal Collier, Company data

Income Statement (EURm)	na	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Sales	na	0	37	90	207	285	205	234	279	283
COGS	na	0	-44	-75	-161	-193	-169	-162	-158	-134
Gross profit	na	0	-6	15	46	92	36	72	121	148
Other operating items	na	0	0	0	0	0	0	-0	0	0
EBITDA	na	0	-6	15	46	92	36	72	121	148
Depreciation and amortisation	na	0	-3	-5	-6	-10	-11	-10	-10	-10
Of which leasing depreciation	na	0	0	0	0	0	0	0	0	0
EBITA	na	0	-10	9	40	82	25	62	111	139
EO items	na	0	-3	-2	6	-2	-66	-2	0	0
Impairment and PPA amortisation	na	0	0	0	0	0	0	0	0	0
EBIT	na	0	-10	9	40	82	25	62	111	139
Net financial items	na	0	-2	-7	-34	-51	-65	-52	-51	-52
Pretax profit	na	0	-12	2	6	33	-28	8	60	86
Tax	na	0	1	1	-4	-12	-3	-8	-15	-22
Net profit	na	0	-11	3	2	21	-31	1	45	65
Minority interest	na	0	0	0	2	-5	16	9	8	2
Net profit discontinued	na	0	0	0	0	0	0	0	0	0
Net profit to shareholders	na	0	-11	3	4	16	-15	10	53	67
EPS	na	0	-0.01	0.00	0.03	0.11	-0.08	0.03	0.17	0.22
EPS Adj	na	0	-0.01	0.00	0.01	0.10	0.14	0.04	0.17	0.22
Total extraordinary items after tax	na	0	-3	-3	2	0	-60	-3	0	0
Leasing payments	na	0	0	0	0	0	0	0	0	0
Tax rate (%)	na	ns	6.1	31.0	61.3	35.7	9.6	93.6	25.1	25.0
Gross margin (%)	na	nm	-17.5	16.5	22.4	32.3	17.5	30.9	43.4	52.5
EBITDA margin (%)	na	nm	-17.5	16.5	22.4	32.3	17.5	30.7	43.4	52.5
EBITA margin (%)	na	nm	-25.9	10.6	19.5	28.8	12.2	26.6	39.8	49.0
EBIT margin (%)	na	nm	-25.9	10.6	19.5	28.8	12.2	26.6	39.8	49.0
Pretax margin (%)	na	nm	-32.1	2.2	3.0	11.4	-13.8	3.5	21.4	30.5
Net margin (%)	na	nm	-30.1	2.9	1.2	7.4	-15.2	0.2	16.0	22.8
Growth rates Y/Y	na	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Sales growth (%)	na	na	na	142.2	130.4	37.8	-28.1	14.1	19.1	1.5
EBITDA growth (%)	na	na	high	328.4	212.5	99.0	-61.1	100.6	67.9	22.9
EBIT growth (%)	na	na	high	198.7	324.6	103.6	-69.5	148.8	78.2	24.9
Net profit growth (%)	na	na	high	123.2	-8.0	781.0	-248.4	101.7	8,501.5	45.0
EPS growth (%)	na	na	high	116.0	1,512.2	307.2	-177.9	138.6	450.4	27.1
Profitability	na	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
ROE (%)	na	na	-12.2	1.2	1.7	6.0	-5.2	2.6	11.8	13.2
ROE Adj (%)	na	na	-8.5	2.5	0.8	5.9	8.6	3.4	11.8	13.2
ROCE (%)	na	na	-7.7	2.1	4.3	7.1	2.7	4.7	8.4	9.8
ROCE Adj(%)	na	na	-4.9	2.6	3.6	7.1	6.9	5.0	8.4	9.8
ROIC (%)	na	na	-8.9	3.3	2.0	4.7	2.2	0.3	6.4	7.5
ROIC Adj (%)	na	na	-6.1	3.9	1.7	4.8	7.9	0.3	6.4	7.5
Adj earnings numbers	na	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
EBITDA Adj	na	0	-3	17	40	94	102	74	121	148
EBITDA Adj margin (%)	na	nm	-9.2	18.5	19.3	32.9	49.9	31.5	43.4	52.5
EBITDA lease Adj	na	0	0	0	0	0	0	0	0	0
EBITDA lease Adj margin (%)	na	nm	0	0	0	0	0	0	0	0
EBITA Adj	na	0	-7	11	34	84	91	64	111	139
EBITA Adj margin (%)	na	nm	-17.6	12.6	16.4	29.4	44.6	27.4	39.8	49.0
EBIT Adj	na	0	-7	11	34	84	91	64	111	139
EBIT Adj margin (%)	na	nm	-17.6	12.6	16.4	29.4	44.6	27.4	39.8	49.0
Pretax profit Adj	na	0	-8	4	0	32	27	12	60	86
Net profit Adj	na	0	-8	6	0	21	9	3	45	65
Net profit to shareholders Adj	na	0	-8	6	2	16	25	12	53	67
Net Adj margin (%)	na	nm	-21.1	6.2	0.0	7.3	4.6	1.4	16.0	22.8

Source: ABG Sundal Collier, Company data

Cash Flow Statement (EURm)	na	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
EBITDA	na	0	-6	15	46	92	36	72	121	148
Net financial items	na	0	-2	-7	-34	-51	-65	-52	-51	-52
Paid tax	na	0	0	1	-4	-12	-3	-8	-15	-22
Non-cash items	na	0	1	8	90	167	186	146	179	175
Cash flow before change in WC	na	0	-8	16	99	196	154	159	233	249
Change in WC	na	0	-6	-8	3	-1	-1	2	-3	-0
Operating cash flow	na	0	-14	8	102	196	154	160	230	249
CAPEX tangible fixed assets	na	0	-76	-355	-556	-401	-212	-133	-290	-245
CAPEX intangible fixed assets	na	0	-2	-5	-7	-10	-6	-5	-6	-6
Acquisitions and disposals	na	0	-48	-1	-1	0	0	0	0	0
Free cash flow	na	0	-139	-354	-462	-215	-64	22	-66	-2
Dividend paid	na	0	0	0	0	0	0	0	0	0
Share issues and buybacks	na	0	0	0	0	0	0	0	0	0
Lease liability amortisation	na	0	0	0	0	0	0	0	0	0
Other non cash items	na	0	116	107	39	14	35	56	-1	0
Balance Sheet (EURm)	na	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Goodwill	na	0	53	54	56	56	55	55	55	55
Other intangible assets	na	0	22	25	29	40	35	33	34	34
Tangible fixed assets	na	0	128	471	929	1,171	1,203	1,178	1,287	1,358
Right-of-use asset	na	0	0	0	0	0	0	0	0	0
Total other fixed assets	na	0	1	1	1	1	1	1	1	1
Fixed assets	na	0	205	551	1,015	1,268	1,294	1,267	1,377	1,448
Inventories	na	0	0	0	0	0	0	0	0	0
Receivables	na	0	6	9	10	13	7	7	8	8
Other current assets	na	0	8	13	12	15	15	12	14	14
Cash and liquid assets	na	0	65	50	71	75	51	27	28	36
Total assets	na	0	283	622	1,108	1,372	1,367	1,313	1,427	1,506
Shareholders equity	na	0	183	260	264	281	304	420	473	540
Minority	na	0	0	32	64	97	74	6	-2	0
Total equity	na	0	183	292	328	378	379	426	471	540
Long-term debt	na	0	25	238	568	466	579	806	905	54
Pension debt	na	0	0	0	0	0	0	0	0	0
Convertible debt	na	0	0	0	0	0	0	0	0	0
Leasing liability	na	0	0	0	0	0	0	0	0	0
Total other long-term liabilities	na	0	9	9	15	22	12	11	11	11
Short-term debt	na	0	49	61	167	464	357	31	0	861
Accounts payable	na	0	7	4	5	6	6	7	8	8
Other current liabilities	na	0	10	19	26	36	34	31	32	32
Total liabilities and equity	na	0	283	622	1,108	1,372	1,367	1,313	1,427	1,506
Net IB debt	na	0	9	248	664	855	885	811	877	879
Net IB debt excl. pension debt	na	0	9	248	664	855	885	811	877	879
Net IB debt excl. leasing	na	0	0	0	0	0	0	0	0	0
Capital invested	na	0	202	549	1,006	1,255	1,276	1,248	1,359	1,430
Working capital	na	0	-3	-2	-8	-13	-18	-19	-18	-18
EV breakdown	na	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Market cap. diluted (m)	na	1,311	3,634	4,830	314	292	189	271	271	271
Net IB debt Adj	na	0	9	248	664	855	885	811	877	879
Market value of minority	na	0	0	0	0	0	0	0	0	0
Reversal of shares and participations	na	0	0	0	0	0	0	0	0	0
Reversal of conv. debt assumed equity	na	0	0	0	0	0	0	0	0	0
EV	na	1,311	3,643	5,078	977	1,146	1,074	1,082	1,148	1,150
Capital efficiency	na	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Total assets turnover (%)	na	na	26.2	19.8	23.9	23.0	15.0	17.5	20.3	19.3
Working capital/sales (%)	na	na	-4.5	-2.9	-2.5	-3.8	-7.8	-8.1	-6.7	-6.3
Financial risk and debt service	na	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Net debt/equity	na	nm	0.05	0.85	2.02	2.26	2.34	1.90	1.86	1.63
Net debt/market cap	na	0	0.00	0.06	1.71	3.00	5.67	2.99	3.23	3.24
Equity ratio (%)	na	nm	64.6	46.9	29.6	27.5	27.7	32.5	33.0	35.8
Net IB debt adj./equity	na	nm	0.05	0.85	2.02	2.26	2.34	1.90	1.86	1.63
Current ratio	na	nm	1.19	0.85	0.47	0.20	0.18	0.66	1.24	0.06
EBITDA/net interest	na	na	-3.39	2.17	1.56	1.80	0.56	1.39	2.35	2.83
Net IB debt/EBITDA	na	nm	-1.46	16.76	14.33	9.27	24.70	11.27	7.26	5.92
Net IB debt/EBITDA lease Adj	na	nm	nm	nm	nm	nm	nm	nm	nm	nm
Interest cover	na	nm	-4.76	1.38	1.36	1.60	0.39	1.20	2.16	2.65

Source: ABG Sundal Collier, Company data

Valuation and Ratios (EURm)	na	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Shares outstanding adj.	na	597	1,226	1,516	154	155	185	302	302	302
Fully diluted shares Adj	na	652	1,282	1,702	173	155	185	302	302	302
EPS	na	0	-0.01	0.00	0.03	0.11	-0.08	0.03	0.17	0.22
Dividend per share Adj	na	0	0	0	0	0	0	0	0	0
EPS Adj	na	0	-0.01	0.00	0.01	0.10	0.14	0.04	0.17	0.22
BVPS	na	0	0.15	0.17	1.71	1.81	1.64	1.39	1.56	1.79
BVPS Adj	na	0	0.10	0.13	1.29	1.33	1.26	1.16	1.33	1.55
Net IB debt / share	na	0	0.0	0.2	4.3	5.5	4.8	2.7	2.9	2.9
Share price	na	2.01	2.83	2.84	1.81	1.88	1.02	0.90	0.90	0.90
Market cap. (m)	na	1,199	3,477	4,303	280	292	189	271	271	271
Valuation	na	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
P/E	na	nm	-282.4	1,765.9	70.0	17.8	-12.4	28.3	5.1	4.0
EV/sales	na	nm	98.27	56.56	4.72	4.02	5.24	4.62	4.12	4.07
EV/EBITDA	na	nm	-561.6	342.7	21.1	12.4	30.0	15.0	9.5	7.8
EV/EBITA	na	nm	-379.0	535.2	24.3	14.0	43.0	17.4	10.4	8.3
EV/EBIT	na	nm	-379.0	535.2	24.3	14.0	43.0	17.4	10.4	8.3
Dividend yield (%)	na	0	0	0	0	0	0	0	0	0
FCF yield (%)	na	0	-4.4	-7.7	-147.2	-74.2	-33.9	8.1	-24.5	-0.8
Lease adj. FCF yield (%)	na	0	-4.4	-7.7	-147.2	-74.2	-33.9	8.1	-24.5	-0.8
P/BVPS	na	nm	19.01	16.55	1.06	1.04	0.62	0.65	0.57	0.50
P/BVPS Adj	na	nm	27.68	21.51	1.41	1.42	0.81	0.78	0.67	0.58
P/E Adj	na	nm	-403.6	831.7	148.0	17.9	7.5	21.9	5.1	4.0
EV/EBITDA Adj	na	nm	-1,068.8	305.5	24.5	12.2	10.5	14.7	9.5	7.8
EV/EBITA Adj	na	nm	-557.5	449.6	28.9	13.7	11.7	16.9	10.4	8.3
EV/EBIT Adj	na	nm	-557.5	449.6	28.9	13.7	11.7	16.9	10.4	8.3
EV/cap. employed	na	nm	14.2	8.6	0.9	0.9	0.8	0.9	0.8	0.8
Investment ratios	na	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Capex/sales	na	nm	209.7	401.5	271.9	144.1	106.3	59.1	106.4	88.9
Capex/depreciation	na	nm	2,486.4	6,767.5	9,361.5	4,062.6	2,010.6	1,430.2	3,003.3	2,536.4
Capex tangibles/tangible fixed assets	na	nm	59.1	75.4	59.8	34.3	17.6	11.3	22.5	18.0
Capex intangibles/definite intangibles	na	nm	55.7	82.3	68.1	51.6	40.3	34.4	41.7	41.9
Depreciation on intangibles/definite intai	na	nm	0	0	0	0	0	0	0	0
Depreciation on tangibles/tangibles	na	nm	2.4	1.1	0.6	0.9	0.9	0.8	0.8	0.7

Source: ABG Sundal Collier, Company data

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