

Axactor

Increasing firepower and simplifying structure

- Simplifying structure: positive for equity and bondholders
- Earnings and EPS accretive transaction
- Valuation uplift of 20% following the transaction

New equity, refinancing debt and roll-up of Axactor Invest

Through the comprehensive refinancing transaction, Axactor significantly improves its financial position, removes the main source of complexity in its business (Axactor Invest JV) and enabling future growth. Main points: 1) new equity of EUR 50m through EUR 30m private placement and repair issue of up to EUR 20m (both issues at NOK 8 per share); 2) roll-up of Axactor Invest (acquiring Geveran's stake in the JV for 50m Axactor shares) and mezzanine debt (now pari-passu with bond); 3) refinancing of RCF and EUR 200m bond, 70bp lower cost on RCF and same cost for bond. After the transaction, Axactor will not have any meaningful debt maturities before 2024 ("Transaction highlights" p. 3).

Significantly enhances its investment capacity

Given EUR 50 in new equity and significantly better headroom to covenants, we estimate that Axactor will increase its investment capacity 30-50% for 2021-22e, without assuming any new debt beyond existing facilities. Estimated earnings contribution from Axactor Invest (previously Geveran minority interest) and 70bp lower funding cost on RCF (confirmed reduction) are calculated to increase earnings estimates by ~26% for 2021 and ~15% for 2022. Overall, accounting for the effect of increased capex and somewhat better scale, earnings (after minorities) increase 39% vs. our previous estimate for 2021 and 45% for 2022. This also leads to EPS accretion when we account for ~66m new shares.

DCF valuation uplift (20%), fair value range NOK 9.3-28.8

Based on the estimate changes outlined in this report, we estimate a fair value range (based on DCF) of NOK 9.3-28.8, previously NOK 7.8-24.2 in our last report. Lastly, we point out that Axactor is still trading ~40% below peers on '21e P/E and still lagging its Nordic peers. Note that peer group valuation indicates values in the range NOK 6-36, with a mid-point range based on average peer multiples of NOK 12-24.

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EURm	2018	2019	2020e	2021e	2022e
Sales	207	285	210	275	309
EBITDA	46	92	41	110	141
EBITDA margin (%)	22.4	32.3	19.4	40.0	45.6
EBIT adj	34	84	90	99	130
EBIT adj margin (%)	16.4	29.4	42.9	36.1	42.2
Pretax profit	6	33	-19	48	78
EPS rep	0.03	0.11	-0.05	0.19	0.27
EPS adj	0.01	0.10	0.16	0.19	0.27
Sales growth (%)	130.4	37.8	-26.3	30.6	12.6
EPS growth (%)	1,512.2	307.2	-147.7	472.2	43.6

Source: ABG Sundal Collier, Company data

Reason: Estimate changes

Company sponsored research

Not rated

Estimate changes (%)

	2020e	2021e	2022e
Sales	0.0%	3.3%	10.4%
EBIT (rep)	0.0%	6.2%	16.8%
EPS (rep)	0.6%	2.6%	7.1%

Source: ABG Sundal Collier

Share price (NOK)	16/12/2020	10.3
Fair value range (per share)		9.3-28.8

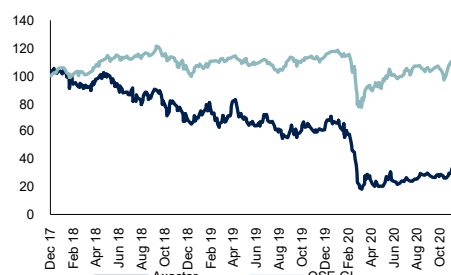
Financials, Norway
AXA.OL/AXA NO

MCap (NOKm)	1,913
MCap (EURm)	181
Net debt (EURm)	873

No. of shares (m)	185
Free float (%)	100
Av. daily volume (k)	12

Next event Q4 report: 24 Feb

Performance



	1m	3m	12m
Absolute (%)	24.3	17.9	-39.6
OSE GI (%)	3.8	7.6	0.6

Source: FactSet

	2020e	2021e	2022e
P/E (x)	-19.4	5.2	3.6
P/E adj (x)	6.1	5.2	3.6
P/BVPS (x)	0.61	0.55	0.48
EV/EBITDA (x)	25.9	10.6	8.5
EV/EBIT adj (x)	11.7	11.8	9.2
EV/sales (x)	5.01	4.25	3.88
ROE adj (%)	10.3	12.7	14.1
Dividend yield (%)	0	0	0
FCF yield (%)	-40.2	-38.6	-13.2
Lease adj. FCF yld (%)	-40.2	-38.6	-13.2
Net IB debt/EBITDA	21.4	8.4	6.8
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.

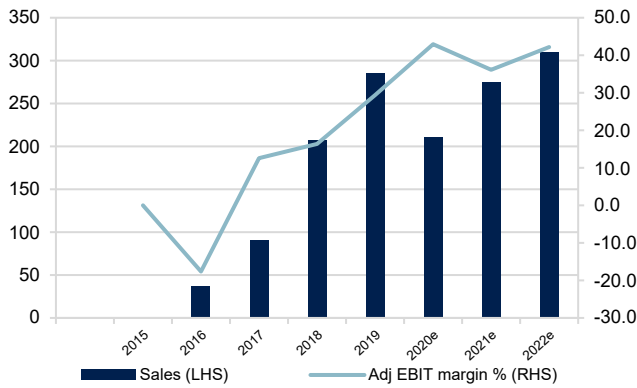
Company description

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

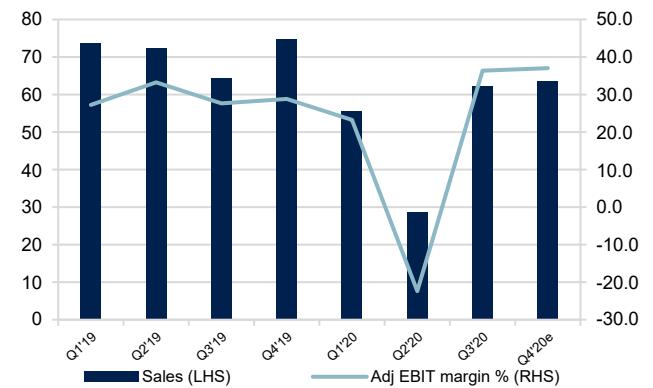
Investment risk, macro risk and regulatory risk are the biggest risks in the Axactor investment case. We see investment risk as the largest risk as we estimate that the company will have high capex going forward, and an investment into a ‘bad’ portfolio and/or company could have a detrimental impact 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



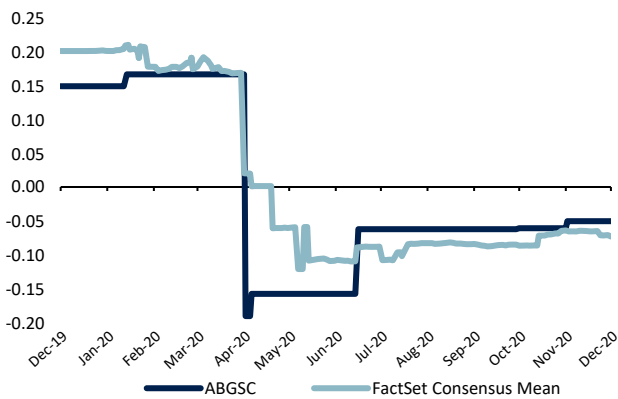
Source: ABG Sundal Collier, Company data

Quarterly sales and adj. EBIT margin



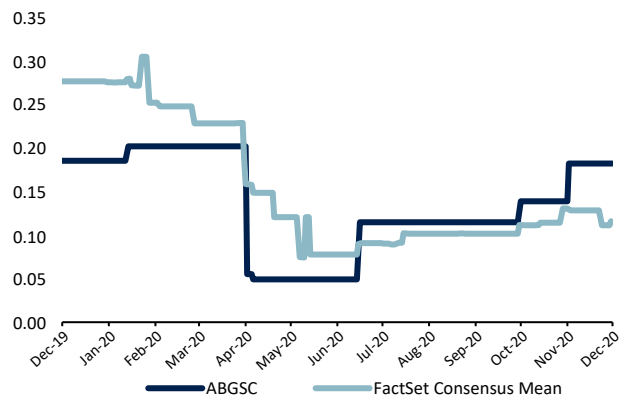
Source: ABG Sundal Collier, Company data

EPS estimate changes, 2020e, EUR



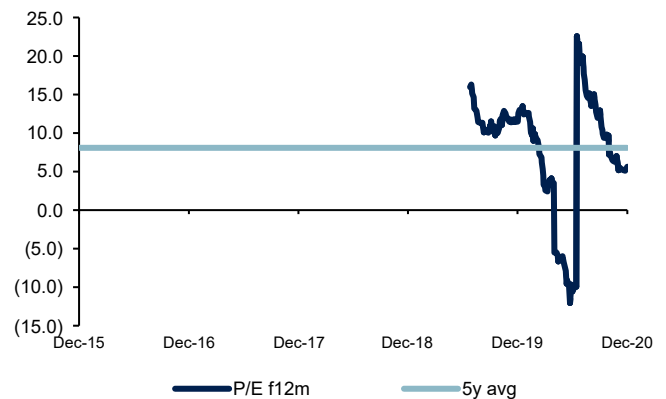
Source: ABG Sundal Collier, FactSet

EPS estimate changes, 2021e, EUR



Source: ABG Sundal Collier, FactSet

12-month forward-looking P/E



Source: ABG Sundal Collier, Company data

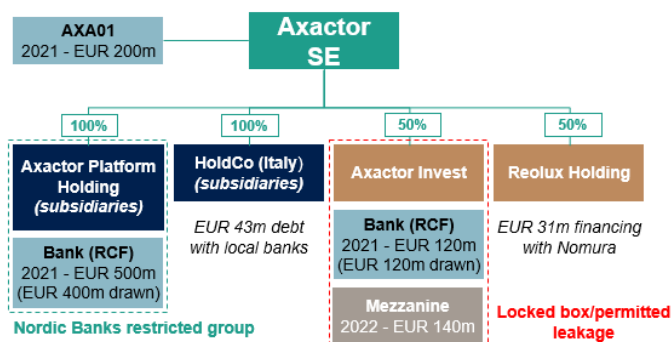
Transaction highlights (illustration)

Enhancing capacity, simplifying and no maturities before '24

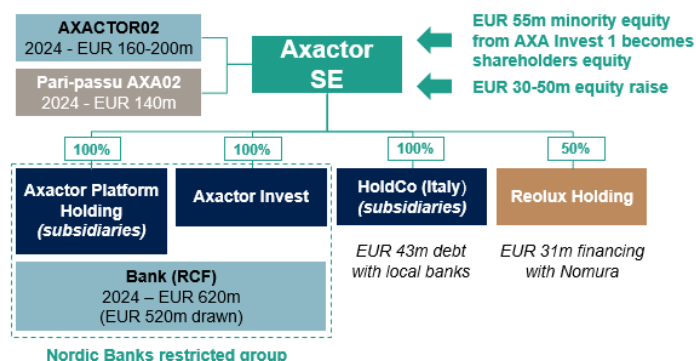
After the transaction, Axactor will not have any meaningful debt maturities before 2024, and the mezzanine previously in Axactor Invest will no longer be mezzanine (pari-passu with bond, maturing after bond and becoming senior unsecured debt). After rolling up Axactor Invest (acquiring Geveran's 50% stake in the JV), the company also removes the "locked box" mechanism, securing access to all generated cash flow, which is positive for both shareholders and bondholders.

After the transaction (accounting for repair issue as well), Geveran will hold 43% of outstanding shares and continue as a strong backer in a public setting, with Axactor Invest roll-up aligning Geveran's full equity exposure with other shareholders.

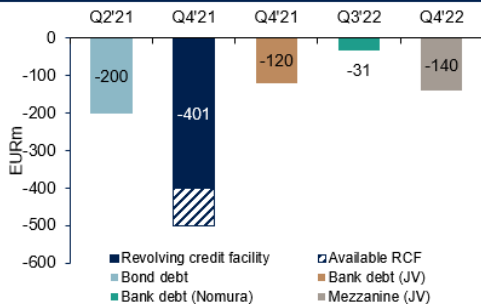
Current structure



New structure

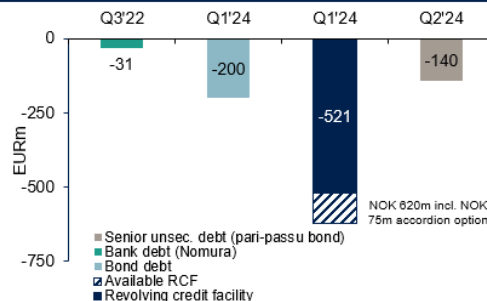


Current maturity schedule



Source: Pre-sound material, ABG Sundal Collier

New maturity schedule



Estimate changes

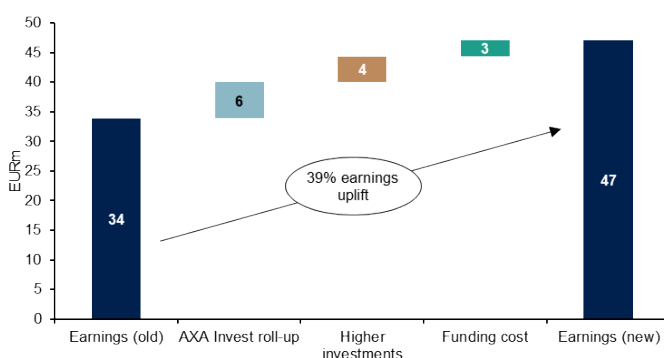
The estimate changes below reflect the roll-up of Axactor Invest, equity issues totaling EUR 50m (at NOK 8 per share = ~66m new shares) and refinancing of debt. Earnings uplift is broken down into three main categories (see charts below estimate revisions table). Note that the estimated earnings contribution from Axactor Invest (previously Geveran minority interest) and 70bp lower funding cost on RCF (confirmed reduction), is calculated to increase earnings ~26% for 2021 and ~15% for 2022. Overall, accounting for the effect of increased capex and somewhat better scale, earnings (after minorities) increase 39% vs. our previous estimate for 2021 and 45% for 2022. This also leads to EPS accretion when we account for the equity issues.

Estimate revisions EURm	New			Old			Chg %	Chg	Chg %	Chg	Chg %	Chg
	2020e	2021e	2022e	2020e	2021e	2022e	2020	2020	2021e	2021e	2022e	2022e
Gross collection	277	346	402	277	337	365	0%	0	3%	9	10%	37
Other revenue	47	60	70	47	57	63	0%	0	6%	3	11%	7
Gross revenues	324	406	472	324	393	428	0%	0	3%	12	10%	44
Net Revenue	210	275	309	210	266	280	0%	0	3%	9	10%	29
EBITDA reported	41	110	141	41	104	122	0%	0	6%	6	15%	19
EBITDA-margin (%)	19%	40%	46%	19%	39%	44%		0.0%		0.9%		2.0%
Cash EBITDA	209	274	329	209	265	296	0%	0	4%	9	11%	34
Cash-EBITDA margin	65%	68%	70%	65%	67%	69%		0.0%		0.3%		0.7%
Depreciation and amortisation	-11	-11	-11	-11	-11	-11	0%	0	0%	0	0%	0
EBIT (reported)	30	99	130	30	93	112	0.0%	0.0	6%	5.8	17%	18.7
EBIT-margin (%)	14%	36%	42%	14%	35%	40%		0.0%		1.0%		2.3%
Net profit (AXA shareholders)	-9	47	68	-9	34	47	-1%	0	39%	13	45%	21
EPS (after minority)	-0.05	0.19	0.27	-0.05	0.18	0.25	-1%	0.00	3%	0.00	7%	0.02
EPS adj. (after minority)	0.16	0.19	0.27	0.16	0.18	0.25	0%	0.00	3%	0.00	7%	0.02
ERC (reported NPL + est REO)	2,218	2,496	2,657	2,218	2,297	2,346	0%	0	9%	199	13%	310
CAPEX	211	300	285	211	200	220	0%	0	50%	100	30%	65
Return on Equity (%)	-3%	13%	14%	-3%	11%	13%		0.0%		1.9%		1.0%
ROE adj (%)	10%	13%	14%	10%	11%	13%		0.0%		1.9%		1.0%

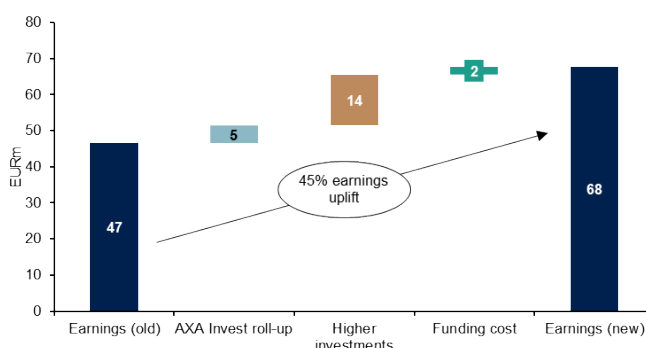
Source: Company data, ABG Sundal Collier

Estimated earnings uplift composition

Earnings uplift 2021e



Earnings uplift 2022e



Source: ABG Sundal Collier

Valuation

By triangulating the DCF valuation approaches shown below, we estimate fair value of the company to be in the range of NOK 9.3-28.8/share, and NOK 6-36/share based on peer valuation. The mid-point range (using averages of peer multiples) is NOK 12-24 per share. The DCF approach is the basis of our estimated fundamental valuation range.

DCF valuation

DCF based on terminal growth and exit-multiple indicate NOK 9.3-28.8/share

Our DCF valuation is based on the estimates outlined later in this report, while the estimated fair value is the result of triangulating two different approaches to terminal value in a steady state and sensitivities on key assumptions.

In the first approach (below), terminal value is based on a terminal growth rate of 0.9%, assumed equal to the risk-free rate (10-year Norwegian Treasury bond). In our second approach (next page), we estimate terminal value by applying the historical median EBITDA multiple of peers and our estimated reported EBITDA of EUR 169m in 2025 (the year Axactor plans to enter a “steady state”). The latter approach is less sensitive to WACC and removes uncertainty of choosing a terminal growth rate. The bolded figures in the sensitivity tables below show our estimated fair value ranges. The average of these imply a fair value range based on DCF of NOK 9.3-28.8 per share.

DCF with terminal value based on Gordon growth formula

DCF with Gordon growth terminal value

DCF valuation - Axactor

EURm	Q4'20e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e
Cash flow from operations	56	212	260	258	275	265	293	311	326
Interest cost after tax	10	38	39	39	38	38	38	39	38
Capex	-26	-307	-292	-237	-227	-227	-267	-257	-247
Free cash flow to firm	40	-56	7	60	87	76	64	92	117
Discounted free cash flow	40	-53	6	50	67	55	44	59	

Valuation summary

PV DCF	269
PV terminal value	1,287
Enterprise value	1,556
Net debt Q4'20e	883
Equity value	673
Number of shares	252
NOK/EUR	0.1
Value per share (NOK)	28

Source: ABG Sundal Collier, Axactor, Bloomberg

Assumptions

Risk-free rate	0.9% Norwegian 10yr treasury bond
Beta	1.72 Bloomberg adj. 1yr weekly data
Market risk premia	7.1% Expected market return of 8%
Cost of equity	13.1% Capital asset pricing model
Cost of debt	7.0% Based on refinancing terms
Tax-rate	25% Long-term norm. tax-rate
Terminal growth	0.9% Equal to risk-free rate
WACC	6.44% Latest market cap and NIBD

Sensitivity table – value per share (NOK)

		WACC						
		5.5%	5.8%	6.1%	6.4%	6.7%	7.0%	7.3%
Growth	P/share							
	-0.3%	29	25	21	18	15	12	10
	0.1%	33	29	25	21	18	15	12
	0.5%	38	33	29	25	21	18	15
	0.9%	44	38	33	28	24	21	17
	1.3%	51	44	38	33	28	24	20
	1.7%	59	51	44	38	33	28	24
2.1%	69	59	51	44	38	33	28	

Source: ABG Sundal Collier

DCF with terminal value based on exit-multiple and steady state in 2025

DCF with exit multiple and steady state in 2025

DCF valuation - Axactor

EURm	Q4'20e	2021e	2022e	2023e	2024e
Cash flow from operations	56	212	260	258	275
Interest cost after tax	10	38	39	39	38
Capex	-26	-307	-292	-237	-227
Free cash flow to firm	40	-56	7	60	87
Discounted free cash flow	40	-53	6	50	67

Valuation summary

PV DCF	110
PV exit value	1,170
Enterprise value	1,281
Net debt Q3'20	883
Equity value	397
Number of shares	252
NOK/EUR	0.094
Value per share (NOK)	17

Assumptions

WACC	6.44% Latest market cap and NIBD
EV/EBITDA 12m fw d.	9.5 5yr median of peers
EBITDA (reported)	169 Exit-year 2025
Exit value	1,603 EV 2025
PV exit value	1170 Discounted back

Source: ABG Sundal Collier, Axactor, Bloomberg, FactSet

Sensitivity table – value per share (NOK)

		WACC							
		P/share	5.5%	5.8%	6.1%	6.4%	6.7%	7.0%	7.3%
EV/EBITDA (exit multiple)	7.9x		10	10	9	8	8	7	7
	8.3x		13	12	11	11	10	9	9
	8.7x		15	14	13	13	12	11	11
	9.1x		17	16	15	15	14	13	13
	9.5x		19	18	18	17	16	15	15
	9.9x		21	20	20	19	18	17	17
	10.3x		23	23	22	21	20	19	19
	10.7x		26	25	24	23	22	21	21
11.1x		28	27	26	25	24	23	23	

Source: ABG Sundal Collier

Peer group valuation

Relative valuation indicates a ~40% discount to peers on 2021 P/E

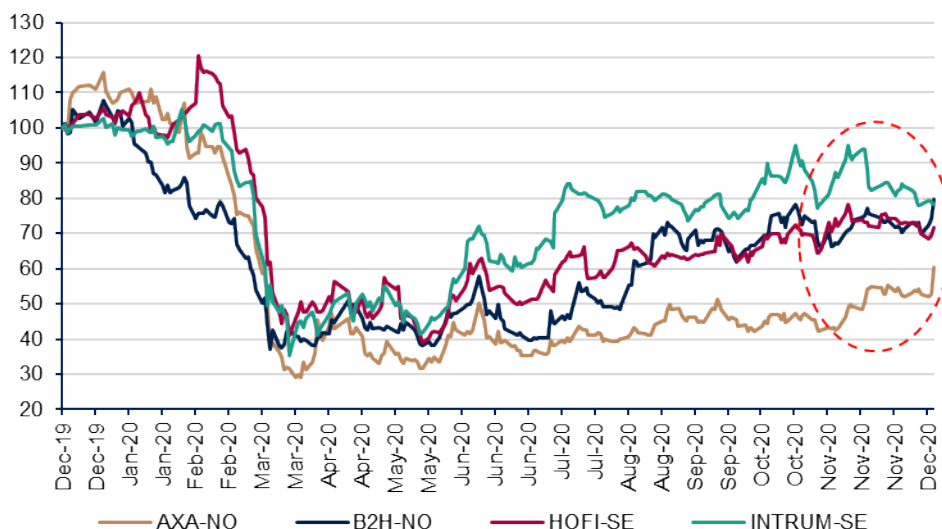
To supplement the DCF valuation outlined earlier in this chapter, we look at the valuation of Axactor's closest debt collection peers. On our estimates, Axactor is trading ~40% below its peers looking at the average P/E for 2021. Using the lowest and highest of the peer multiples for 2021e and 2022e, we find an implied value range of NOK 6-36 per share, with a mid-point range (using average values, of NOK 12-24 per share). We also note that the share is lagging peers significantly in terms of 12-month performance, but that it has started to catch up.

Peer group valuation and implied value per share

Peer group valuation						
Name	EV/EBIT		P/E		P/BV	
	2021e	2022e	2021e	2022e	2021e	2022e
ABGSC estimates:						
Axactor	12.1x	9.2x	5.2x	3.6x	0.5x	0.5x
FactSet consensus figures:						
Arrow	11.2x	9.6x	8.4x	6.3x	2.4x	1.9x
Axactor	14.2x	11.0x	8.6x	5.2x	0.5x	0.5x
B2Holding	11.3x	9.5x	6.4x	4.7x	0.6x	0.5x
Cerved Group	16.7x	15.2x	13.4x	12.6x	2.6x	2.3x
Encore	8.1x	8.0x	4.2x	4.0x	0.8x	
Hoist Finance	n.m.	n.m.	6.6x	5.6x	0.6x	0.6x
Intrum	14.1x	12.8x	8.3x	7.3x	1.0x	0.9x
Kruk	4.2x	3.6x	9.2x	8.4x		
PRA Group	14.2x	13.2x	12.6x	9.8x	1.2x	
Average	11.7x	10.4x	8.6x	7.1x	1.2x	1.1x
25th percentile	10.4x	9.1x	6.6x	5.2x	0.6x	0.5x
75th percentile	14.2x	12.9x	9.2x	8.4x	1.5x	1.7x
Value per share implied by peer group multiples (NOK)						
Implied values	EV/EBIT		P/E		P/BV	
	2021e	2022e	2021e	2022e	2021e	2022e
Average	12	20	17	20	23	24
25th percentile	6	13	13	15	11	12
75th percentile	22	34	18	24	29	36

Source: FactSet, ABG Sundal Collier

LTM performance



Source: ABG Sundal Collier, FactSet

Estimates

Key modelling assumptions

Using operating cash flow and available RCF to finance new investments

We employ operating cash flow, available cash balance and RCF to finance investments, but assume a minimum cash balance of EUR 20m. Thus, Axactor can invest EUR 285-300m/year, be well within covenants and issue additional bonds if beneficial. Estimates reflect an EUR 50m equity issue. Note that capacity in reality will be much higher, as the company could easily do a EUR 100m tap issue to its current bond (or do a new one) and still be well within covenants. Note also that more than 90% of our capex estimates are discretionary, which entails significant financial flexibility when it comes to managing liquidity.

Conservative underwriting assumptions for NPLs

In terms of NPL investments, we assume a gross money multiple (ERC/Investment) of 2x long-term, while we use 2.1x for 2021-22e to reflect lower NPL prices. The 2.1x is in line with front book money multiples currently seen among peers; our view is that this likely is a too conservative assumption given market outlook and historical money multiples in times of significant supply vs. demand imbalance in the NPL market (often 2.5-3x). Lastly, we assume a collection performance in line with business case, which goes for both Axactor's current ERC and our estimated future investments, while we apply a collection curve equal to 2019 curves for new investments (which reflects a normalisation). Given that collection performance in Q3 was in line with forecast, REOs were better and that revaluations in Q2 were quite close to our own estimate, we believe that the collection curve on Axactor's current ERC is quite prudent.

Run-off in REOs and healthy organic growth in 3PC (third-party collection)

For REOs, we estimate an ERC of EUR 84m, which is in line with the current book value. We also assume that this will be in run-off (as stated by company) and that it will practically be phased-out by YE 2022. Given high amortisation (86% vs. sales), the gradual run-off of REOs will be accretive to reported margins. For 3PC, we estimate a material pick-up from 2020e levels, with a 22% 2020-22e CAGR and a 5% CAGR for 2019-22e. This is driven by increased investments and demand from banks, while the drop in 2020 reflects COVID-19 and temporarily collection postponement from banks in Southern Europe.

Run-off in REOs, scale and cost initiatives in 2020 drive margin expansion

As mentioned above, the gradual run-off of REOs should be accretive to reported EBITDA margins due to high amortisations. In addition, enhanced scale and cost initiatives in 2020 (of which a large part will be permanent savings) are expected to drive further margin expansion, both for reported EBITDA margin and for cash EBITDA as well. The expansion in reported terms will be much higher than in cash terms due to amortisation. Margin development is shown in the P&L shown on the next page. Note that we have not assumed any new cost initiatives or programmes.

Estimated P&L and key figures 2020-2022

EBITDA margin expansion from 32% in 2019 to 40% 2021 and 46% by 2022

P&L Statement (EUR'000)	2017	2018	2019	2020e	2021e	2022e
Gross collection	60,814	186,844	308,395	276,519	345,794	402,163
Portfolio amortisation & revaluation	-14,948	-31,908	-82,934	-113,341	-130,947	-162,419
Net revenue (NPLs + REOs)	45,866	154,936	225,461	163,178	214,847	239,744
Third-party collection	43,919	51,973	59,697	47,001	59,750	69,534
NPL revaluations	0	9,738	-318	-37,529	0	0
Total net revenue	89,785	206,909	285,158	210,179	274,597	309,278
Reported gross revenues	104,733	238,817	368,092	324,144	405,544	471,697
Amortization REO	-1,321	-56,437	-74,464	-54,697	-33,540	-25,831
EBITDA	14,816	46,300	92,140	40,733	109,863	141,173
<i>EBITDA margin</i>	17%	22%	32%	19%	40%	46%
Cash EBITDA	32,891	136,019	250,794	209,288	274,351	329,422
<i>Cash EBITDA margin</i>	31%	57%	68%	65%	68%	70%
EBIT	9,489	40,290	82,024	30,220	99,208	130,469
<i>EBIT Margin</i>	11%	19%	29%	14%	36%	42%
Net Financials	-7,514	-34,140	-49,389	-49,466	-51,114	-52,574
Tax	612	-3,770	-11,667	-7,852	-12,024	-19,474
Net profit	2,587	2,388	20,968	-27,098	36,071	58,421
Attributable to:						
Equity holders	2,619	4,490	16,326	-9,325	47,131	67,673
Minority	32	2,102	-4,642	17,773	11,060	9,252
Growth:						
<i>Collection</i>	305%	207%	65%	-10%	25%	16%
<i>Third-party collection</i>	73%	18%	15%	-21%	27%	16%
<i>Net revenues</i>	142%	130%	38%	-26%	31%	13%
<i>Gross revenues</i>	159%	128%	54%	-12%	25%	16%
<i>Cash EBITDA</i>	<i>n.m.</i>	314%	84%	-17%	31%	20%
<i>Tax rate</i>	-31%	61%	36%	-41%	25%	25%
Key Items						
ERC	858	1,663	2,189	2,218	2,496	2,657
Equity ratio	47%	30%	28%	28%	31%	33%
Net debt	250,156	663,664	858,276	874,674	924,755	957,157
ROE	1.18%	1.71%	5.99%	-3.22%	12.67%	14.13%
Normalised ROE	1.62%	0.50%	6.02%	10.28%	12.67%	14.13%
Investments	363	561	399	211	300	285

Source: ABG Sundal Collier, company reports

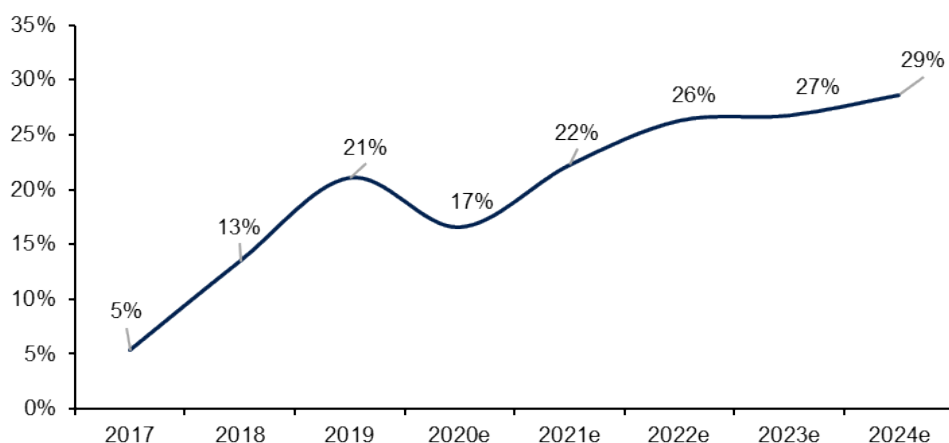
Estimated cash flow statement and credit metrics 2020-2022

Capex mostly funded by operating cash flow, steady decline in LTV

EUR'000	2017	2018	2019	2020e	2021e	2022e
Cash Flow (direct method)						
EBITDA	14,816	46,300	92,140	40,733	109,863	141,173
Portfolio amortisation & revaluation	16,402	88,332	157,398	168,038	164,487	188,249
Other non cash items	1,806	1,374	1,256	517	0	0
Cash EBITDA (adj. option cost)	33,024	136,006	250,794	209,288	274,351	329,422
Interest paid	-15,503	-34,495	-49,863	-54,354	-51,383	-52,473
Taxes paid	-1,531	-2,543	-4,741	-6,693	-12,024	-19,474
Funds from operations (FFO)	15,990	98,968	196,190	148,242	210,944	257,476
Working capital	-8,099	2,783	-679	250	1,413	2,156
Operating cash flow (CFO)	7,891	101,751	195,511	148,492	212,357	259,632
Portfolio investments	-355,202	-555,649	-401,429	-214,265	-300,000	-285,000
Investment in subsidiary	-1,409	-1,086	0	0	0	0
Purchase tangible & intangible assets	-5,401	-6,995	-9,642	-6,799	-7,061	-7,111
Purchase of financial assets	175	0	-250	442	0	0
Interest received	96	17	98	22	0	0
Free cash flow (FCF)	-353,850	-461,962	-215,712	-72,108	-94,704	-32,479
Proceeds from borrowings	277,752	600,651	303,984	81,631	355,525	111,150
Repayment of debt	-42,485	-156,791	-80,089	-107,953	-301,748	-80,047
Dividends	0	0	0	0	0	0
Proceeds share issue & minorities	107,082	38,468	-865	45,247	50,000	0
Share/bond/trans. issue cost	-1,885	-31	0	-959	-5,000	0
Net cash flow (NCF)	-13,386	20,335	7,318	-54,142	4,073	-1,376
Total cash at beginning of period	63,986	50,482	70,777	75,396	20,373	24,446
FX effects of cash	-118	-40	-2699	-879		
Total cash at the end of the period	50,482	70,777	75,396	20,375	24,446	23,070

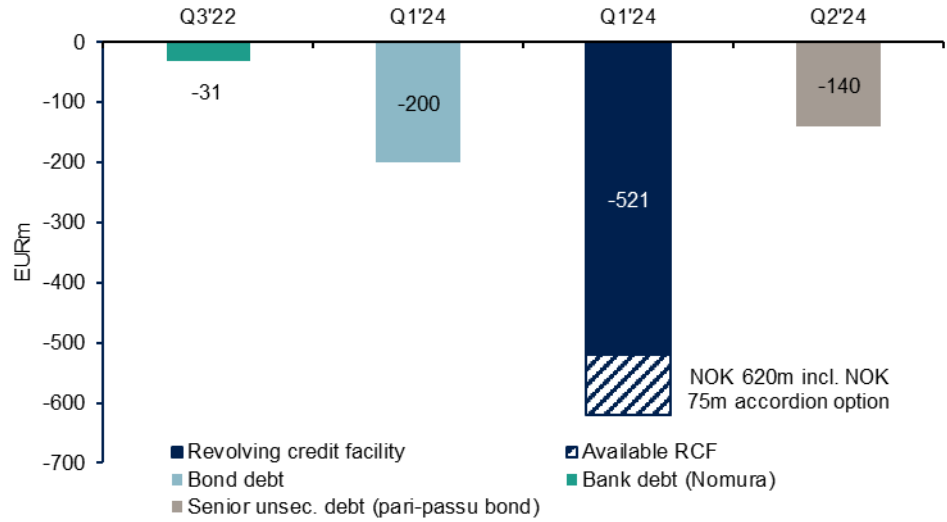
Source: ABG Sundal Collier, company data

Funds from operations / gross interest-bearing debt



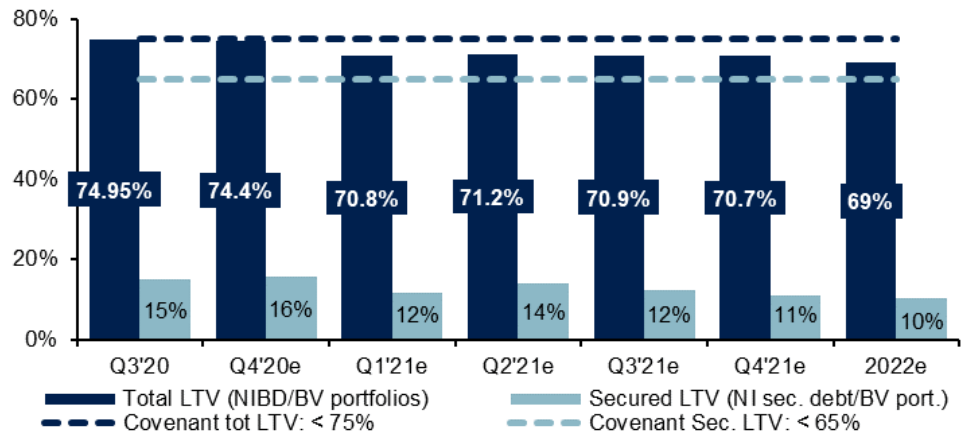
Source: ABG Sundal Collier, company reports

Maturity profile GIBD as of Q3'20 given refinancing



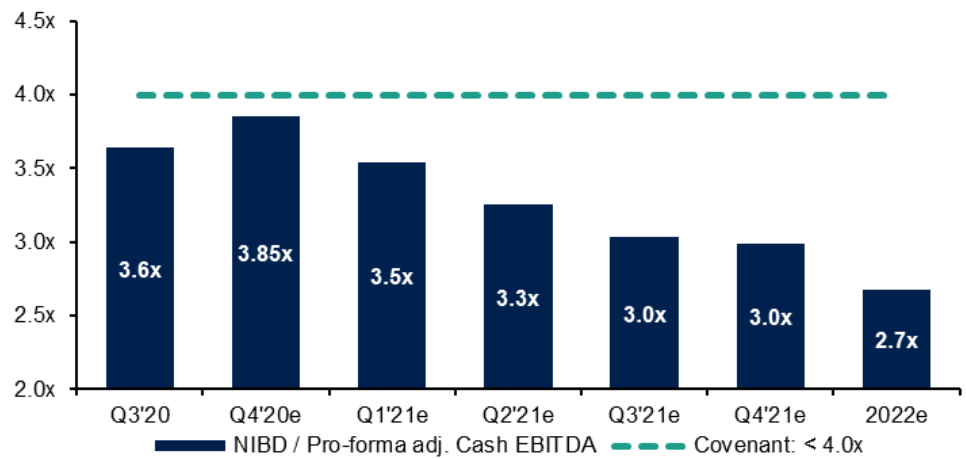
Source: Company reports. GIBD = gross interest bearing debt

Total LTV (NIBD / book value of NPLs and REOs)



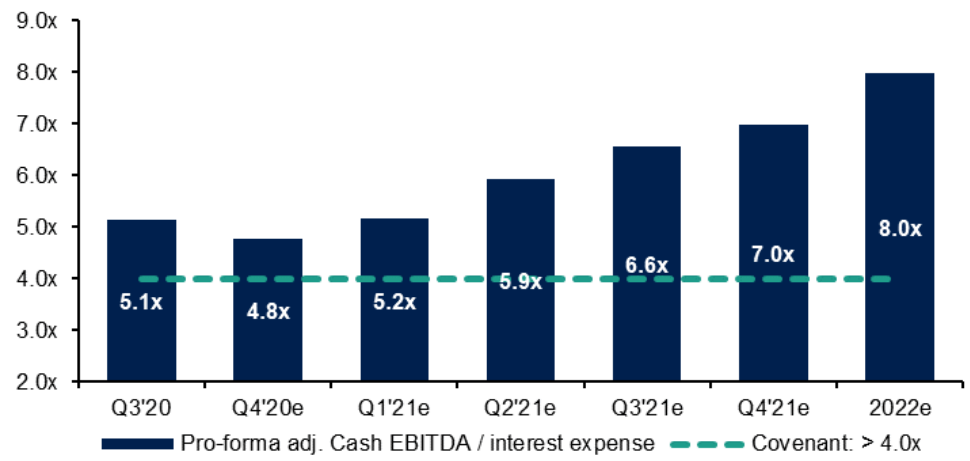
Source: ABG Sundal Collier, company reports, term sheet bond

Leverage ratio (NIBD / pro forma adj. Cash EBITDA LTM)



Source: ABG Sundal Collier, company reports, term sheet bond

Interest coverage (pro forma adj. Cash EBITDA LTM / interest expense)



Source: ABG Sundal Collier, company reports, term sheet bond

Income Statement (EURm)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020e
Sales	74	72	64	75	56	29	62	64
COGS	-52	-46	-44	-51	-41	-59	-32	-37
Gross profit	22	26	20	24	14	-30	30	26
Other operating items	0	0	0	0	0	0	0	0
EBITDA	22	26	20	24	14	-30	30	26
Depreciation and amortisation	-2	-2	-3	-3	-3	-3	-3	-3
EBITA	20	24	17	21	12	-33	28	24
EO items	-0	-0	-0	-1	-1	-26	5	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0
EBIT	20	24	17	21	12	-33	28	24
Net financial items	-11	-14	-14	-12	-15	-14	-14	-14
Pretax profit	8	10	6	9	6	-47	12	10
Tax	-3	-4	-3	-2	-2	3	-6	-2
Net profit	5	6	4	7	3	-44	7	7
Minority interest	-3	-2	1	-1	2	18	-3	1
Net profit discontinued	0	0	0	0	0	0	0	0
Net profit to shareholders	2	5	4	5	5	-27	4	9
EPS	0	0.03	0.03	0.03	0.03	-0.14	0.02	0.05
EPS Adj	0	0.03	0.02	0.04	0.00	-0.01	0.01	0.05
Total extraordinary items after tax	-0	-0	1	-0	5	-25	2	0
Tax rate (%)	42.0	37.3	42.3	23.2	38.4	5.4	47.1	25.0
Gross margin (%)	30.1	36.1	31.2	31.8	25.4	-104.6	48.7	41.2
EBITDA margin (%)	30.1	36.1	31.2	31.8	25.4	-104.6	48.7	41.2
EBITA margin (%)	27.0	32.8	27.1	28.1	20.7	-113.7	44.5	37.0
EBIT margin (%)	27.0	32.8	27.1	28.1	20.7	-113.7	44.5	37.0
Pretax margin (%)	10.8	13.6	9.9	11.4	10.1	-163.8	19.7	15.4
Net margin (%)	6.3	8.5	5.7	8.7	6.2	-154.9	10.4	11.5
Growth rates Y/Y	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020e
Sales growth (%)	105.7	33.2	32.0	10.0	-24.5	-60.4	-3.1	-14.9
EBITDA growth (%)	263.1	146.5	99.8	21.7	-36.2	-chg	51.5	10.1
EBIT growth (%)	317.9	160.1	104.4	17.4	-42.1	-chg	59.2	12.3
Net profit growth (%)	+chg	3,563.7	825.6	132.1	-25.4	-chg	77.8	12.5
EPS growth (%)	+chg	3,563.7	825.6	132.1	-25.4	-chg	77.8	12.5
Adj earnings numbers	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020e
EBITDA Adj	22	26	20	24	16	-4	25	26
EBITDA Adj margin (%)	30.3	36.6	31.7	32.6	27.9	-13.3	40.6	41.2
EBITA Adj	20	24	18	22	13	-6	23	24
EBITA Adj margin (%)	27.2	33.3	27.6	28.8	23.2	-22.4	36.4	37.0
EBIT Adj	20	24	18	22	13	-6	23	24
EBIT Adj margin (%)	27.2	33.3	27.6	28.8	23.2	-22.4	36.4	37.0
Pretax profit Adj	9	10	4	9	-2	-21	8	10
Net profit Adj	5	7	2	7	-1	-20	4	7
Net profit to shareholders Adj	2	5	3	6	1	-2	2	9
Net Adj margin (%)	6.8	9.1	3.5	9.4	-2.1	-68.8	7.1	11.5

Source: ABG Sundal Collier, Company data

Income Statement (EURm)	na	na	2015	2016	2017	2018	2019	2020e	2021e	2022e
Sales	na	na	0	37	90	207	285	210	275	309
COGS	na	na	0	-44	-75	-161	-193	-169	-165	-168
Gross profit	na	na	0	-6	15	46	92	41	110	141
Other operating items	na	na	0	0	0	0	0	0	0	0
EBITDA	na	na	0	-6	15	46	92	41	110	141
Depreciation and amortisation	na	na	0	-3	-5	-6	-10	-11	-11	-11
Of which leasing depreciation	na	na	0	0	0	0	0	0	0	0
EBITA	na	na	0	-10	9	40	82	30	99	130
EO items	na	na	0	-3	-2	6	-2	-60	0	0
Impairment and PPA amortisation	na	na	0	0	0	0	0	0	0	0
EBIT	na	na	0	-10	9	40	82	30	99	130
Net financial items	na	na	0	-2	-7	-34	-51	-57	-51	-53
Pretax profit	na	na	0	-12	2	6	33	-19	48	78
Tax	na	na	0	1	1	-4	-12	-8	-12	-19
Net profit	na	na	0	-11	3	2	21	-27	36	58
Minority interest	na	na	0	0	0	2	-5	18	11	9
Net profit discontinued	na	na	0	0	0	0	0	0	0	0
Net profit to shareholders	na	na	0	-11	3	4	16	-9	47	68
EPS	na	na	0	-0.01	0.00	0.03	0.11	-0.05	0.19	0.27
<i>EPS Adj</i>	<i>na</i>	<i>na</i>	<i>0</i>	<i>-0.01</i>	<i>0.00</i>	<i>0.01</i>	<i>0.10</i>	<i>0.16</i>	<i>0.19</i>	<i>0.27</i>
Total extraordinary items after tax	na	na	0	-3	-3	2	0	-74	0	0
Leasing payments	na	na	0	0	0	0	0	0	0	0
<i>Tax rate (%)</i>	<i>na</i>	<i>na</i>	<i>ns</i>	<i>6.1</i>	<i>31.0</i>	<i>61.3</i>	<i>35.7</i>	<i>40.8</i>	<i>25.0</i>	<i>25.0</i>
<i>Gross margin (%)</i>	<i>na</i>	<i>na</i>	<i>nm</i>	<i>-17.5</i>	<i>16.5</i>	<i>22.4</i>	<i>32.3</i>	<i>19.4</i>	<i>40.0</i>	<i>45.6</i>
<i>EBITDA margin (%)</i>	<i>na</i>	<i>na</i>	<i>nm</i>	<i>-17.5</i>	<i>16.5</i>	<i>22.4</i>	<i>32.3</i>	<i>19.4</i>	<i>40.0</i>	<i>45.6</i>
<i>EBITA margin (%)</i>	<i>na</i>	<i>na</i>	<i>nm</i>	<i>-25.9</i>	<i>10.6</i>	<i>19.5</i>	<i>28.8</i>	<i>14.4</i>	<i>36.1</i>	<i>42.2</i>
<i>EBIT margin (%)</i>	<i>na</i>	<i>na</i>	<i>nm</i>	<i>-25.9</i>	<i>10.6</i>	<i>19.5</i>	<i>28.8</i>	<i>14.4</i>	<i>36.1</i>	<i>42.2</i>
<i>Pretax margin (%)</i>	<i>na</i>	<i>na</i>	<i>nm</i>	<i>-32.1</i>	<i>2.2</i>	<i>3.0</i>	<i>11.4</i>	<i>-9.2</i>	<i>17.5</i>	<i>25.2</i>
<i>Net margin (%)</i>	<i>na</i>	<i>na</i>	<i>nm</i>	<i>-30.1</i>	<i>2.9</i>	<i>1.2</i>	<i>7.4</i>	<i>-12.9</i>	<i>13.1</i>	<i>18.9</i>
Growth rates Y/Y	na	na	2015	2016	2017	2018	2019	2020e	2021e	2022e
<i>Sales growth (%)</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>142.2</i>	<i>130.4</i>	<i>37.8</i>	<i>-26.3</i>	<i>30.6</i>	<i>12.6</i>
<i>EBITDA growth (%)</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>high</i>	<i>328.4</i>	<i>212.5</i>	<i>99.0</i>	<i>-55.8</i>	<i>169.7</i>	<i>28.5</i>
<i>EBIT growth (%)</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>high</i>	<i>198.7</i>	<i>324.6</i>	<i>103.6</i>	<i>-63.2</i>	<i>228.3</i>	<i>31.5</i>
<i>Net profit growth (%)</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>high</i>	<i>123.2</i>	<i>-8.0</i>	<i>781.0</i>	<i>-229.2</i>	<i>233.1</i>	<i>62.0</i>
<i>EPS growth (%)</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>high</i>	<i>116.0</i>	<i>1,512.2</i>	<i>307.2</i>	<i>-147.7</i>	<i>472.2</i>	<i>43.6</i>
Profitability	na	na	2015	2016	2017	2018	2019	2020e	2021e	2022e
<i>ROE (%)</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>-12.2</i>	<i>1.2</i>	<i>1.7</i>	<i>6.0</i>	<i>-3.2</i>	<i>12.7</i>	<i>14.1</i>
<i>ROE Adj (%)</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>-8.5</i>	<i>2.5</i>	<i>0.8</i>	<i>5.9</i>	<i>10.3</i>	<i>12.7</i>	<i>14.1</i>
<i>ROCE (%)</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>-7.7</i>	<i>2.1</i>	<i>4.3</i>	<i>7.1</i>	<i>2.9</i>	<i>7.5</i>	<i>9.0</i>
<i>ROCE Adj (%)</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>-4.9</i>	<i>2.6</i>	<i>3.6</i>	<i>7.1</i>	<i>6.9</i>	<i>7.5</i>	<i>9.0</i>
<i>ROIC (%)</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>-8.9</i>	<i>3.3</i>	<i>2.0</i>	<i>4.7</i>	<i>3.4</i>	<i>5.6</i>	<i>6.8</i>
<i>ROIC Adj (%)</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>-6.1</i>	<i>3.9</i>	<i>1.7</i>	<i>4.8</i>	<i>10.1</i>	<i>5.6</i>	<i>6.8</i>
Adj earnings numbers	na	na	2015	2016	2017	2018	2019	2020e	2021e	2022e
EBITDA Adj	na	na	0	-3	17	40	94	101	110	141
<i>EBITDA Adj margin (%)</i>	<i>na</i>	<i>na</i>	<i>nm</i>	<i>-9.2</i>	<i>18.5</i>	<i>19.3</i>	<i>32.9</i>	<i>47.9</i>	<i>40.0</i>	<i>45.6</i>
EBITDA lease Adj	na	na	0	0	0	0	0	0	0	0
<i>EBITDA lease Adj margin (%)</i>	<i>na</i>	<i>na</i>	<i>nm</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
EBITA Adj	na	na	0	-7	11	34	84	90	99	130
<i>EBITA Adj margin (%)</i>	<i>na</i>	<i>na</i>	<i>nm</i>	<i>-17.6</i>	<i>12.6</i>	<i>16.4</i>	<i>29.4</i>	<i>42.9</i>	<i>36.1</i>	<i>42.2</i>
EBIT Adj	na	na	0	-7	11	34	84	90	99	130
<i>EBIT Adj margin (%)</i>	<i>na</i>	<i>na</i>	<i>nm</i>	<i>-17.6</i>	<i>12.6</i>	<i>16.4</i>	<i>29.4</i>	<i>42.9</i>	<i>36.1</i>	<i>42.2</i>
Pretax profit Adj	na	na	0	-8	4	0	32	33	48	78
Net profit Adj	na	na	0	-8	6	0	21	12	36	58
Net profit to shareholders Adj	na	na	0	-8	6	2	16	30	47	68
Net Adj margin (%)	na	na	nm	-21.1	6.2	0.0	7.3	5.7	13.1	18.9

Source: ABG Sundal Collier, Company data

Cash Flow Statement (EURm)	na	na	2015	2016	2017	2018	2019	2020e	2021e	2022e
EBITDA	na	na	0	-6	15	46	92	41	110	141
Net financial items	na	na	0	-2	-7	-34	-51	-57	-51	-53
Paid tax	na	na	0	0	1	-4	-12	-8	-12	-19
Non-cash items	na	na	0	1	8	90	167	173	164	188
Cash flow before change in WC	na	na	0	-8	16	99	196	148	211	257
Change in WC	na	na	0	-6	-8	3	-1	0	1	2
Operating cash flow	na	na	0	-14	8	102	196	148	212	260
CAPEX tangible fixed assets	na	na	0	-76	-355	-556	-401	-214	-300	-285
CAPEX intangible fixed assets	na	na	0	-2	-5	-7	-10	-7	-7	-7
Acquisitions and disposals	na	na	0	-48	-1	-1	0	0	0	0
Free cash flow	na	na	0	-139	-354	-462	-215	-73	-95	-32
Dividend paid	na	na	0	0	0	0	0	0	0	0
Share issues and buybacks	na	na	0	0	0	0	0	0	0	0
Lease liability amortisation	na	na	0	0	0	0	0	0	0	0
Other non cash items	na	na	0	116	107	39	14	62	36	-5
Balance Sheet (EURm)	na	na	2015	2016	2017	2018	2019	2020e	2021e	2022e
Goodwill	na	na	0	53	54	56	56	54	54	54
Other intangible assets	na	na	0	22	25	29	40	34	34	34
Tangible fixed assets	na	na	0	128	471	929	1,171	1,188	1,319	1,412
Right-of-use asset	na	na	0	0	0	0	0	0	0	0
Total other fixed assets	na	na	0	1	1	1	1	1	1	1
Fixed assets	na	na	0	205	551	1,015	1,268	1,276	1,408	1,501
Inventories	na	na	0	0	0	0	0	0	0	0
Receivables	na	na	0	6	9	10	13	8	10	11
Other current assets	na	na	0	8	13	12	15	11	14	16
Cash and liquid assets	na	na	0	65	50	71	75	20	24	23
Total assets	na	na	0	283	622	1,108	1,372	1,315	1,457	1,551
Shareholders equity	na	na	0	183	260	264	281	299	445	513
Minority	na	na	0	0	32	64	97	74	8	-1
Total equity	na	na	0	183	292	328	378	372	453	512
Long-term debt	na	na	0	25	238	568	466	574	911	979
Pension debt	na	na	0	0	0	0	0	0	0	0
Convertible debt	na	na	0	0	0	0	0	0	0	0
Leasing liability	na	na	0	0	0	0	0	0	0	0
Total other long-term liabilities	na	na	0	9	9	15	22	16	16	16
Short-term debt	na	na	0	49	61	167	464	319	36	0
Accounts payable	na	na	0	7	4	5	6	6	4	4
Other current liabilities	na	na	0	10	19	26	36	28	37	41
Total liabilities and equity	na	na	0	283	622	1,108	1,372	1,315	1,457	1,551
Net IB debt	na	na	0	9	248	664	855	873	923	956
Net IB debt excl. pension debt	na	na	0	9	248	664	855	873	923	956
Net IB debt excl. leasing	na	na	0	0	0	0	0	0	0	0
Capital invested	na	na	0	202	549	1,006	1,255	1,261	1,392	1,483
Working capital	na	na	0	-3	-2	-8	-13	-15	-16	-18
EV breakdown	na	na	2015	2016	2017	2018	2019	2020e	2021e	2022e
Market cap. diluted (m)	na	na	1,354	3,742	4,973	323	300	181	245	245
Net IB debt Adj	na	na	0	9	248	664	855	873	923	956
Market value of minority	na	na	0	0	0	0	0	0	0	0
Reversal of shares and participations	na	na	0	0	0	0	0	0	0	0
Reversal of conv. debt assumed equity	na	na	0	0	0	0	0	0	0	0
EV	na	na	1,354	3,751	5,222	987	1,155	1,054	1,168	1,201
Capital efficiency	na	na	2015	2016	2017	2018	2019	2020e	2021e	2022e
Total assets turnover (%)	na	na	na	26.2	19.8	23.9	23.0	15.6	19.8	20.6
Working capital/sales (%)	na	na	na	-4.5	-2.9	-2.5	-3.8	-6.8	-5.7	-5.6
Financial risk and debt service	na	na	2015	2016	2017	2018	2019	2020e	2021e	2022e
Net debt/equity	na	na	nm	0.05	0.85	2.02	2.26	2.35	2.04	1.87
Net debt/market cap	na	na	0	0.00	0.06	1.66	2.92	4.84	3.76	3.90
Equity ratio (%)	na	na	nm	64.6	46.9	29.6	27.5	28.3	31.1	33.0
Net IB debt adj./equity	na	na	nm	0.05	0.85	2.02	2.26	2.35	2.04	1.87
Current ratio	na	na	nm	1.19	0.85	0.47	0.20	0.11	0.64	1.11
EBITDA/net interest	na	na	na	-3.39	2.17	1.56	1.80	0.73	2.15	2.69
Net IB debt/EBITDA	na	na	nm	-1.46	16.76	14.33	9.27	21.44	8.40	6.77
Net IB debt/EBITDA lease Adj	na	na	nm	nm	nm	nm	nm	nm	nm	nm
Interest cover	na	na	nm	-4.76	1.38	1.36	1.60	0.54	1.94	2.48

Source: ABG Sundal Collier, Company data

Valuation and Ratios (EURm)	na	na	2015	2016	2017	2018	2019	2020e	2021e	2022e
Shares outstanding adj.	na	na	597	1,226	1,516	154	155	185	252	252
Fully diluted shares Adj	na	na	652	1,282	1,702	173	155	185	252	252
EPS	na	na	0	-0.01	0.00	0.03	0.11	-0.05	0.19	0.27
Dividend per share Adj	na	na	0	0	0	0	0	0	0	0
EPS Adj	na	na	0	-0.01	0.00	0.01	0.10	0.16	0.19	0.27
BVPS	na	na	0	0.15	0.17	1.71	1.81	1.61	1.77	2.04
BVPS Adj	na	na	0	0.10	0.13	1.29	1.33	1.25	1.50	1.77
Net IB debt / share	na	na	0	0.0	0.2	4.3	5.5	4.7	3.7	3.8
Share price	na	na	2.08	2.92	2.92	1.87	1.93	0.97	0.97	0.97
Market cap. (m)	na	na	1,239	3,580	4,431	288	300	181	245	245
Valuation	na	na	2015	2016	2017	2018	2019	2020e	2021e	2022e
P/E	na	na	nm	-290.8	1,818.3	72.1	18.3	-19.4	5.2	3.6
EV/sales	na	na	nm	101.19	58.16	4.77	4.05	5.01	4.25	3.88
EV/EBITDA	na	na	nm	-578.2	352.4	21.3	12.5	25.9	10.6	8.5
EV/EBITA	na	na	nm	-390.2	550.3	24.5	14.1	34.9	11.8	9.2
EV/EBIT	na	na	nm	-390.2	550.3	24.5	14.1	34.9	11.8	9.2
Dividend yield (%)	na	na	0	0	0	0	0	0	0	0
FCF yield (%)	na	na	0	-4.3	-7.4	-143.0	-72.1	-40.2	-38.6	-13.2
Lease adj. FCF yield (%)	na	na	0	-4.3	-7.4	-143.0	-72.1	-40.2	-38.6	-13.2
P/BVPS	na	na	nm	19.57	17.04	1.09	1.07	0.61	0.55	0.48
P/BVPS Adj	na	na	nm	28.50	22.15	1.45	1.46	0.78	0.65	0.55
P/E Adj	na	na	nm	-415.6	856.4	152.4	18.4	6.1	5.2	3.6
EV/EBITDA Adj	na	na	nm	-1,100.4	314.1	24.7	12.3	10.5	10.6	8.5
EV/EBITA Adj	na	na	nm	-574.0	462.3	29.1	13.8	11.7	11.8	9.2
EV/EBIT Adj	na	na	nm	-574.0	462.3	29.1	13.8	11.7	11.8	9.2
EV/cap. employed	na	na	nm	14.6	8.8	0.9	0.9	0.8	0.8	0.8
Investment ratios	na	na	2015	2016	2017	2018	2019	2020e	2021e	2022e
Capex/sales	na	na	nm	209.7	401.5	271.9	144.1	105.2	111.8	94.4
Capex/depreciation	na	na	nm	2,486.4	6,767.5	9,361.5	4,062.6	2,102.5	2,881.8	2,729.0
Capex tangibles/tangible fixed assets	na	na	nm	59.1	75.4	59.8	34.3	18.0	22.7	20.2
Capex intangibles/definite intangibles	na	na	nm	55.7	82.3	68.1	51.6	51.6	53.5	53.7
Depreciation on intangibles/definite intai	na	na	nm	0	0	0	0	0	0	0
Depreciation on tangibles/tangibles	na	na	nm	2.4	1.1	0.6	0.9	0.9	0.8	0.8

Source: ABG Sundal Collier, Company data

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