



# ERIK PENSER BANK

Penser Access | Food Products | Sweden | 01 November 2022

## Midsona

### Total focus on impairment losses and rights issue

#### Relatively undramatic report

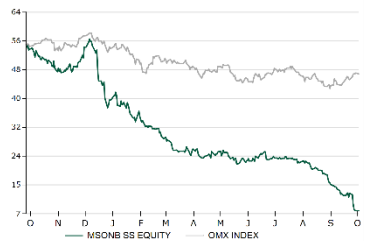
Net sales rose 6% y/y to SEK 944m. The gross margin remained weak at 24% due to the delay in Midsona's price increases, as they lag behind cost inflation for input goods, packaging and energy. The weak gross margin squeezed the EBITDA margin to 5.3% compared to 9% in Q3 2021. The perfect storm of external factors that hit Midsona in the last year seems to be abating and we are moving towards a more normalised market in 2023-24. The cost savings programme was expanded, providing further support.

#### Total focus on impairment losses and rights issue

Midsona took impairment losses of SEK 475m on assets in Germany, France and Spain based on the weak market trend and higher RRR in future. We had expected Midsona to ride out the storm without having to impair assets, so this is negative. In connection with the report, Midsona also decided a rights issue of SEK 600m. It is good that Midsona is strengthening its financial position and getting a handle on debt. The action will, however, have a major dilutive effect on the share.

#### Dilutive effect impacts valuation

The rights issue will double the number of shares and result in dilution, which affects valuation. We raise WACC from 8% to 10%, lowering fair value. This aligns with the new RRR framework. In this situation, we can no longer support that Midsona should be traded at a premium and lower the FV multiple. This, especially dilution, affects FV per share, which is now SEK 17-19 (42-46). Our case that Midsona is moving towards a more normalised situation in 2023-24 and that the share is cheap still holds.

Change in estimates (SEK)					Forecast (SEK m)					Value and risk	
	22e	Δ%	23e	Δ%		21	22e	23e	24e	Fair value	SEK 17 - 19
Total revenue	3 945	-0,7	4 024	-1,6	Total revenue	3 773	3 945	4 024	4 144	Share price	SEK 8,3
EBIT, adj.	43	-61,9	163	-35,9	Revenue growth	2%	5%	2%	3%	Risk level	Medium
EPS, adj.	0,0	-100,4	0,6	-73,8	EBITDA, adj.	329	202	353	446	<div>Price Performance 12 months</div> 	
<div>Upcoming events</div>					EBIT, adj.	161	43	163	251		
Q4 - report	03 February 2023				EPS, adj.	1,2	0,0	0,6	1,0		
Q1 - report	27 April 2023				EPS growth	N.m.	N.m.	109%	86%		
<div>Company facts (SEK m)</div>					BV/share	39,5x	42,3x	21,7x	21,7x		
Number of shares	73				Dividend per share	0,0	0,8	1,0	1,0		
Market capitalization	602				EBIT margin	4,3%	Neg.	4,1%	6,1%		
Net debt	875				ROE, adj.	3,4%	Neg.	2,6%	4,8%		
EV	1 477				ROCE, adj.	1,0%	0,2%	0,9%	1,3%		
Free float	61%				EV/Sales	1,4x	0,4x	0,4x	0,4x		
Daily trading volume, average	376 (k)				EV/EBITDA	16,3x	7,3x	4,8x	3,4x		
					EV/EBIT	33,4x	34,7x	10,3x	6,0x		
					P/E, adj.	44,3x	-2507,0x	14,7x	7,9x		
					P/BV	1,4x	0,2x	0,4x	0,4x		
					Dividend yield	0,0%	9,7%	12,1%	12,1%		
					FCF yield	-2%	15%	38%	33%		
					Net debt / EBITDA	4,4x	4,3x	1,4x	0,7x		
<div>Analyst</div>											
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## Investment case

Midsona's exposure to organic and plant-based foods means it should be able to generate higher organic growth than the food industry as a whole. Its acquisition strategy has delivered strong sales and profit growth. The company has consolidated the Nordic market and is now contributing to consolidation in the rest of Europe. Acquisitions are bringing cost synergies and economies of scale across the entire value chain from purchasing to sales. As a result of greater consumer awareness and focus on health and sustainability, Midsona's products can make the transition from specialist health food stores to ordinary grocery stores in Europe, just as they have in the Nordic region, and thus promote good organic growth.

### Company profile

Midsona is a market leader in organic and plant-based food, health foods and consumer health in the Nordic region, with a vision of being at the vanguard in Europe as well. The company develops, produces and markets several well-known brands aimed at helping people maintain a healthy lifestyle. These products are available through multiple sales channels, including grocery stores, pharmacies, health food stores, gyms and online. Midsona has targeted average annual expansion of 15 percent through both organic and acquired growth. It has delivered this historically, and we believe the company should be able to continue to achieve this with its existing strategy.

### Valuation

We previously valued Midsona at a multiple valuation on P/E. We are now opting for valuation based on EV/EBIT instead, in order to take debt into account. In the latest analysis, we valued Midsona at PE 18x, which can be translated to EV/EBIT of 15x. We previously held that Midsona should be traded at a premium based on its strong brand portfolio, acquisition strategy and its niche towards health, plant-based and organic, where there is structural growth. Considering the soft market and delay in growth, we are choosing to take a more conservative stance on valuation multiples. The share is traded on our forecasts at EV/EBIT 6x for 2024, which is significantly lower than both the Nasdaq Stockholm All Share Index and the peer group below, which are both traded at EV/EBIT 13x for 2024. We believe the share is traded too cheaply and should be traded more in line with peers. If we use an EV/EBIT of 13x for the 2024 forecasts and discount back to a WACC of 10 percent, we arrive at a multiple valuation of SEK 17 per share. We augment this with a DCF valuation, where the outcome is a value of SEK 21 per share, based on WACC of 10 percent.

### Fair value

Through the above multiple valuation combined with our DCF valuation, we arrive at a fair value of SEK 17-19, a valuation that is in line with peers and has an upside of about 120 percent.

## The quarter in detail

Net sales increased 6% y/y to SEK 944 million (893), including negative organic growth of -1 percent. Sales volumes were down for own brands in the organic category, while contract manufacturing and health food performed well. The gross margin remained weak at 24 percent (adjusted for non-recurring items) as there is a delay to Midsona's price increases, which are lagging behind cost inflation for input goods, packaging materials and energy. The weak gross margin squeezed the EBITDA margin to 5.3 percent (adjusted for non-recurring items) compared to 9 percent for the same quarter last year.

The perfect storm of external factors that Midsona has been caught in for the last year, including the unique situation of poor harvests, logistical and supply chain problems and general cost inflation in every direction, is well-known and expectations should not have been high this quarter. Midsona is gradually raising prices to counter inflation and this occurs after a delay, both when prices go up and when they go down. A large share of the price increases will have impact in early 2023.

As regards external factors, it looks like this year's harvests will be better than last year's, and that the supply chain and logistical problems have lessened considerably since a couple of quarters ago. Raw materials prices seem to be coming down in local currencies and what is now squeezing profitability is the stronger dollar, as Midsona buys a significant share of raw materials in USD. Overall, it looks like we are moving towards a more normalised business environment and that we will see a recovery in the gross margin once Midsona's price increases take effect. The cost savings programme announced last spring has now been expanded to save about SEK 60 million annually, with full effect in mid-2023.

### Major impairment losses and rights issue

On the whole, the quarterly report was relatively undramatic and the big news was instead that Midsona is posting major impairment losses and is executing a new share issue.

Following impairment testing, the company decided to post an impairment loss on assets totalling SEK 475 million. The impairments involve a factory in Germany that has had low capacity utilisation and was therefore impaired by SEK 54 million. In addition, goodwill was impaired by a total of SEK 421 million on cash generating units in Germany, France and Spain. This is thus connected to the platform acquisitions made in Germany (Davert 2018) and in France/Spain (Alimentation Santé 2019). The impairments were based on reductions in the assumptions for future cash flows and the use of a higher discount rate (WACC). We had expected Midsona to ride out the storm without having to impair assets, so this is negative. No impairment losses were recognised for the Nordic division, which accounts for about 70 percent of sales and has good profitability and a strong market position.

In connection with the report, Midsona also decided on a new share issue of SEK 600m with preferential rights for existing shareholders. The issue is guaranteed by the largest shareholder, Stena Adactum. The proceeds will be used to pay off debt of about SEK 350 million and strengthen Midsona's financial position and flexibility. Selective investments in brands will also be made to drive growth. As a result of the strained situation, the company is not focusing on acquisitions right now. Once the business environment normalises, however, we believe it would be positive to see minor supplementary acquisitions in Europe to generate additional synergies and continue the journey to consolidate the European market and drive the migration towards sales of organic products in grocery stores. Although it is good that Midsona is strengthening its financial position and getting a handle on debt the action will have a major dilutive effect on the share.

## Estimate changes

We are making minor changes to our forecasts. We are lowering organic growth for 2023 from 3 percent to 2 percent to reflect a somewhat more cautious view. We are adjusting gross margins downward to 23 percent for 2022 (previously 26 percent), 25.5 percent for 2023 (previously 28 percent) and 27.5 percent for 2024. We are doing this because the recovery has taken somewhat longer than we expected and we assume a more cautious view in the current climate. If we see that the company manages to reverse the gross margin trend faster, these forecasts could be adjusted upwards again. In parallel, we are lowering the costs of selling and administration to reflect the cost savings programme. The net effect is shown on the table below. Due to the rights issue, there will also be a dilutive effect on EPS in 2023 and 2024 with the new number of shares. This will, however, result in lower net debt going forward.

Our case is that external factors and market conditions will normalise in 2023-24. This has not changed in connection with the report.

Estimate changes			
Estimate changes	2022	2023	2024
Net Sales	-1%	-2%	-2%
EPS	-100%	-48%	-13%
EPS after dilution		-74%	-57%

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Source: EPB

## Valuation

We previously valued Midsona at a multiple valuation on P/E. We are now choosing valuation based on EV/EBIT instead in order to take debt into account. In the latest analysis, we valued Midsona at PE 18x, which can be translated to EV/EBIT of 15x. We previously held that Midsona should be traded at a premium based on its strong brand portfolio, acquisition strategy and its niche towards health, plant-based and organic, where there is structural growth. Considering the soft market and delay in growth, we are choosing to take a more conservative stance on valuation multiples. The share is traded on our forecasts at EV/EBIT 6x for 2024, which is significantly lower than both the Nasdaq Stockholm All Share Index and the peer group below, which are both traded at EV/EBIT 13x for 2024. We believe the share is traded too cheaply and should be traded more in line with peers. If we use an EV/EBIT of 13x for the 2024 forecasts and discount back to a WACC of 10 percent, we arrive at a multiple valuation of SEK 17 per share.

Valuation peer group																
	Price		MCAP (local ccy)	EV/EBIT (adj)			P/E (adj)			Div yield	EBIT-marg.			Sales growth		Share performance YTD
	(local)			22e	23e	24e	22e	23e	24e		23e	22e	23e	24e	21	
Raisio Plc Class V	1,9	EUR	313	15	12	11	27	17	15	7%	8%	10%	10%	5%	-8%	-45%
Cloetta AB Class B	18,5	SEK	5 342	11	10	10	11	10	10	5%	10%	11%	11%	6%	10%	-32%
Olvi Oyj Class A	31,2	EUR	645	15	13	12	16	17	15	4%	9%	10%	11%	11%	-3%	-42%
Orkla ASA	77,9	NOK	77 971	12	13	13	14	14	13	4%	13%	13%	12%	7%	15%	0%
Tyson Foods, Inc. Class A	67,0	SEK	23 637	7	8	8	8	9	8	3%	8%	7%	7%	11%	13%	-20%
Unilever PLC	39,3	USD	99 614	15	14	14	18	16	15	4%	16%	16%	17%	-1%	16%	1%
Nestle S.A.	108,2	EUR	297 440	22	21	19	23	21	19	3%	16%	17%	17%	3%	9%	-7%
Procter & Gamble Company	130,9	CHF	310 099	22	20	19	23	23	21	3%	22%	22%	23%	7%	5%	-7%
Hain Celestial Group, Inc.	17,8	USD	1 591	22	20	15	17	23	16		7%	7%	9%	-4%	-4%	-60%
Midsona	9,9	SEK	720	36	9	6	neg	13	8	11%	1%	4%	6%	2%	5%	-82%
Average				16	15	13	17	17	15	4%	12%	13%	13%	5%	6%	
Median				15	13	13	17	17	15	4%	10%	11%	11%	6%	9%	

Source: Factset, EPB

## Dilutive effect

The number of shares is going to double in connection with the rights issue. This entails a dilutive effect that will have serious adverse impact on fair value per share, as future profits will be distributed on twice as many shares.

## Required rate of return

We are raising our discount rate (WACC) from 8 percent to 10 percent, which has adverse impact on fair value. This is in line with the research department's new framework for required rate of return, which is intended to better reflect the risk of investing in small cap companies.

The effects of our forecast changes on fair value with respect to lower debt, the dilutive effect, lowered multiple and higher WACC are shown below.

Effects from changes in valuation parameters	
Old multiple valuation	44 SEK
Estimate change incl lower debt	2 SEK
Dilution	-22 SEK
Multiple	-4 SEK
Higher WACC	-3 SEK
New multiple valuation	17 SEK

Source: EPB

## DCF valuation

We have performed a DCF valuation as shown below to support our multiple valuation. The outcome is a value of about SEK 21 per share in Midsona. The valuation is based on a conservative long-term estimate of organic growth of 3 percent. No acquisitions are included in the estimate, although we expect such to come in on top of the organic growth. There is potential here for upward revaluation if Midsona continues its acquisition journey in Europe. We have also raised the required rate of return from 8 percent to 10 percent in the DCF valuation, which has negative impact on the value per share. Here as well, however, the most serious impact comes from the dilutive effect, which is offset to a certain extent by the lower debt following the share issue.

DCF Valuation

DCF - GROWING FCF PERPETUITY FORMULA

Valuation output			
Sum of PV of FCF (explicit period)	1 939		
PV of terminal value (perpetuity formula)	1 938		
Enterprise value	3 876		
Latest net debt	875		
Minority interests & other	0		
Equity value	3 001		
No. of shares outstanding (millions)	145		
Equity value per share (SEK)	21		

WACC assumptions	
Risk free nominal rate	2.5%
Risk premium	5.5%
Small cap premium	4.0%
Extra risk premium	-2.0%
WACC	10.0%

Sensitivity analysis							
WACC		Long-term growth rate					
		2.0%	2.5%	3.0%	3.5%	4.0%	
		9.0%	23	24	26	28	30
		9.5%	20	22	23	25	26
		10.0%	19	20	21	22	24
		10.5%	17	18	19	20	21
		11.0%	15	16	17	18	19
WACC		Long-term EBIT margin					
		4.0%	6.5%	9.0%	11.5%	14.0%	
		9.0%	13	20	26	32	38
		9.5%	12	17	23	28	34
		10.0%	11	16	21	26	31
		10.5%	10	14	19	23	28
		11.0%	9	13	17	21	25

Implicit multipl.			
2022	2023	2024	
EV/Sales	1.0	1.0	0.9
EV/EBITDA	-14.2	11.0	8.7
EV/EBIT	-4.3	23.7	15.4
EV/NOPLAT	-5.5	30.4	19.8
P/E			
ROIC/WACC			
Current Share price	10.20		

Terminal value assumptions	
Long term growth rate	3.0%
Long term EBIT margin	9.0%
Depreciation (% of sales)	4.0%
Capex (% of sales)	3.0%
Working cap. (% of sales)	18.3%
Tax rate	22%

	2022-10-31	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30	Dec-31	Dec-32	Dec-33	Dec-34	Terminal
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Sales		3 709	3 773	3 945	4 024	4 144	4 269	4 397	4 529	4 664	4 804	4 949	5 097	5 250	5 407	5 570	5 737
EBITDA		404	329	-273	353	446	468	491	515	540	566	593	621	650	681	713	746
- Depreciation		-147	-168	-637	-189	-195	-198	-201	-204	-207	-211	-214	-217	-220	-223	-226	-229
= EBIT		257	161	-910	163	251	270	290	311	333	355	379	404	430	458	486	516
- Tax on EBIT		-57	-35	200	-36	-55	-59	-64	-68	-73	-78	-83	-89	-95	-101	-107	-114
= NOPLAT		200	126	-710	127	196	211	226	242	259	277	296	315	336	357	379	403
+ Depreciation		147	168	637	189	195	198	201	204	207	211	214	217	220	223	226	229
= Gross cash flow		347	294	-73	317	391	409	427	447	467	488	510	532	556	580	606	632
- Capex		-369	-175	-129	-80	-83	-89	-96	-103	-110	-118	-126	-134	-143	-152	-162	-172
- Increase (+decrease) in WC		-36	-308	-69	199	55	-23	-23	-24	-25	-26	-26	-27	-28	-29	-30	-31
= Free cash flow from operations		-58	-189	-271	435	363	297	308	320	332	344	357	371	385	399	414	429
PV of cash flow			-207	-269	392	297	221	209	197	186	175	165	156	147	139	131	1 938
% of Enterprise value			-5%	-7%	10%	8%	6%	5%	5%	5%	5%	4%	4%	4%	4%	3%	50%
Accumulated % of Enterprise value			-5%	-12%	-2%	6%	11%	17%	22%	26%	31%	35%	39%	43%	47%	50%	100%

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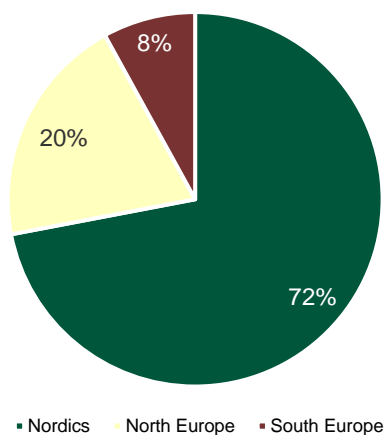
Source: EPB

## Shareholders

Shareholders	Votes	Shares
Stena Adactum AB	29,8%	29,8%
Swedbank Robur Fonder	8,3%	8,6%
La Financière de l'Echiquier	7,4%	7,6%
Peter Wahlberg	4,3%	4,5%
Övriga	50,3%	49,5%
Chairman	Ola Erics	
CEO	Peter Åsberg	
CFO	Max Bokander	
Contact	-	
Website	midsona.com	

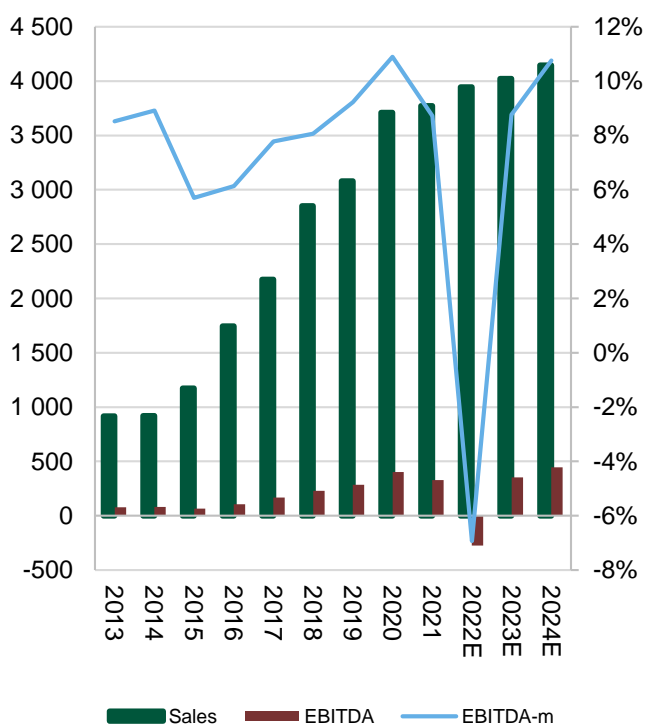
Source: Holdings

## Chart 1: Sales by geography



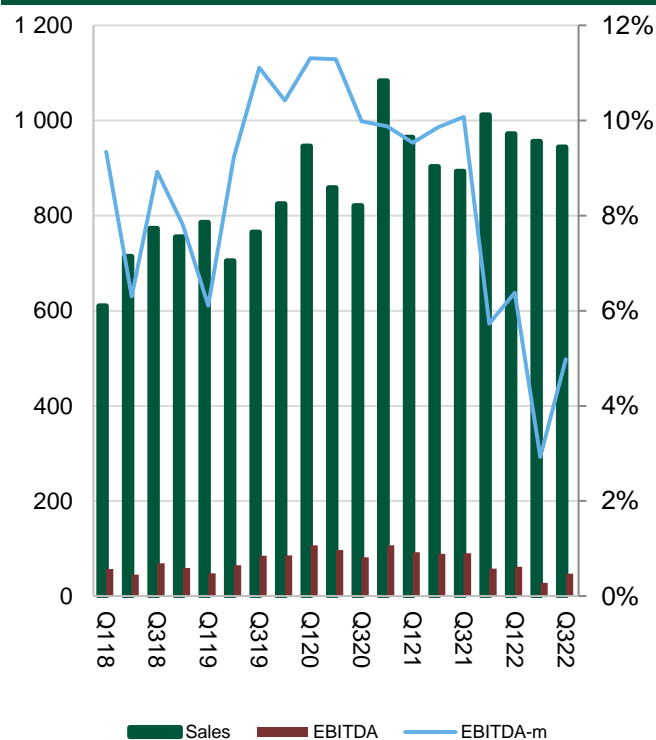
Source: Company

## Chart 2: Yearly results



Source: EPB, Company

## Chart 3: Quarterly



Source: EPB, Company

Chart 4: Target price and stock price



Income statement									
	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
<b>Net sales</b>	<b>1 744</b>	<b>2 173</b>	<b>2 852</b>	<b>3 081</b>	<b>3 709</b>	<b>3 773</b>	<b>3 945</b>	<b>4 024</b>	<b>4 144</b>
<b>Total revenue</b>	<b>1 744</b>	<b>2 173</b>	<b>2 852</b>	<b>3 081</b>	<b>3 709</b>	<b>3 773</b>	<b>3 945</b>	<b>4 024</b>	<b>4 144</b>
Cost of goods sold	-1 127	-1 430	-1 980	-2 178	-2 672	-2 758	-3 039	-2 998	-3 005
<b>Gross Profit</b>	<b>617</b>	<b>743</b>	<b>872</b>	<b>903</b>	<b>1 037</b>	<b>1 015</b>	<b>905</b>	<b>1 026</b>	<b>1 140</b>
Other operating costs	-540	-612	-701	-770	-832	-889	-1 342	-864	-890
<b>EBITDA, adjusted</b>	<b>-419</b>	<b>169</b>	<b>230</b>	<b>284</b>	<b>404</b>	<b>329</b>	<b>202</b>	<b>353</b>	<b>446</b>
<b>EBIT, adjusted</b>	<b>-444</b>	<b>134</b>	<b>178</b>	<b>170</b>	<b>257</b>	<b>161</b>	<b>43</b>	<b>163</b>	<b>251</b>
<b>EBIT</b>	<b>-444</b>	<b>134</b>	<b>178</b>	<b>170</b>	<b>257</b>	<b>161</b>	<b>-435</b>	<b>163</b>	<b>251</b>
Financial items	-24	-22	-15	-54	-53	-46	-43	-61	-61
<b>Profit before tax</b>	<b>-468</b>	<b>112</b>	<b>163</b>	<b>116</b>	<b>204</b>	<b>115</b>	<b>-478</b>	<b>102</b>	<b>190</b>
Taxes	-13	-28	-34	-19	-28	-26	0	-20	-38
<b>Net income, adjusted</b>	<b>-481</b>	<b>84</b>	<b>129</b>	<b>97</b>	<b>176</b>	<b>89</b>	<b>0</b>	<b>82</b>	<b>152</b>
<b>Net income</b>	<b>-481</b>	<b>84</b>	<b>129</b>	<b>97</b>	<b>176</b>	<b>89</b>	<b>-478</b>	<b>82</b>	<b>152</b>

Source: Midsona, EPB

Cash flow statement									
	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
EBIT	-444	134	178	170	257	161	-435	163	251
Changes in working capital	-34	6	30	-23	-36	-308	-69	199	55
<b>Cash flow from operating activities</b>	<b>-457</b>	<b>152</b>	<b>212</b>	<b>198</b>	<b>283</b>	<b>-64</b>	<b>90</b>	<b>454</b>	<b>399</b>
<b>Free cash flow</b>	<b>-457</b>	<b>152</b>	<b>212</b>	<b>198</b>	<b>283</b>	<b>-64</b>	<b>90</b>	<b>454</b>	<b>399</b>
Dividends	-23	-23	-51	-58	-81	-81	0	0	-145
New share issue / repurchase	801	-46	240	647	198	175	641	0	0
Other items	-848	-91	-357	-712	-369	-175	-129	-80	-83
<b>Cash flow</b>	<b>-527</b>	<b>-8</b>	<b>44</b>	<b>75</b>	<b>31</b>	<b>-145</b>	<b>602</b>	<b>374</b>	<b>171</b>
<b>Net debt</b>	<b>662</b>	<b>652</b>	<b>1 116</b>	<b>1 353</b>	<b>1 584</b>	<b>1 436</b>	<b>875</b>	<b>486</b>	<b>312</b>

Source: Midsona, EPB



Balance sheet									
	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
<b>ASSETS</b>									
Other intangible assets	1 940	2 129	2 466	3 058	3 289	3 364	3 003	3 003	3 003
Tangible fixed assets	55	58	254	585	548	522	461	352	240
Other fixed assets	84	102	78	101	89	95	111	111	111
<b>Total fixed assets</b>	<b>2 079</b>	<b>2 289</b>	<b>2 798</b>	<b>3 744</b>	<b>3 926</b>	<b>3 981</b>	<b>3 575</b>	<b>3 466</b>	<b>3 354</b>
Inventories	244	272	482	529	643	783	871	649	592
Accounts receivable	209	213	259	290	290	403	452	430	443
Other current assets	23	29	59	44	73	67	59	59	59
Cash and cash equivalents	65	54	101	173	195	53	655	1 044	1 218
<b>Total current assets</b>	<b>541</b>	<b>568</b>	<b>901</b>	<b>1 036</b>	<b>1 201</b>	<b>1 306</b>	<b>2 037</b>	<b>2 182</b>	<b>2 312</b>
<b>TOTAL ASSETS</b>	<b>2 620</b>	<b>2 857</b>	<b>3 699</b>	<b>4 780</b>	<b>5 127</b>	<b>5 287</b>	<b>5 612</b>	<b>5 649</b>	<b>5 666</b>
<b>EQUITY AND LIABILITIES</b>									
Equity	1 349	1 550	1 630	2 322	2 313	2 875	3 074	3 156	3 162
<b>Total equity</b>	<b>1 349</b>	<b>1 550</b>	<b>1 630</b>	<b>2 322</b>	<b>2 313</b>	<b>2 875</b>	<b>3 074</b>	<b>3 156</b>	<b>3 162</b>
Long-term interest-bearing liabilities	706	665	1 130	1 382	1 526	1 314	1 331	1 331	1 331
<b>Total long-term liabilities</b>	<b>917</b>	<b>891</b>	<b>1 484</b>	<b>1 795</b>	<b>1 906</b>	<b>1 672</b>	<b>1 695</b>	<b>1 695</b>	<b>1 695</b>
Short-term interest-bearing liabilities	21	41	87	144	253	175	199	199	199
Accounts payable	212	220	357	288	405	342	410	365	376
Other current liabilities	0	0	0	2	0	15	10	10	10
<b>Total current liabilities</b>	<b>354</b>	<b>416</b>	<b>585</b>	<b>663</b>	<b>908</b>	<b>740</b>	<b>843</b>	<b>798</b>	<b>809</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 620</b>	<b>2 857</b>	<b>3 699</b>	<b>4 780</b>	<b>5 127</b>	<b>5 287</b>	<b>5 612</b>	<b>5 649</b>	<b>5 666</b>

Source: Midsona, EPB

Growth and margins									
	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Revenue growth	-	25%	31%	8%	20%	2%	5%	2%	3%
EBITDA growth, adjusted	-	140%	36%	23%	42%	N.m.	N.m.	75%	27%
EBIT growth, adjusted	-	130%	33%	N.m.	51%	N.m.	N.m.	284%	54%
EPS growth, adjusted	-	116%	54%	N.m.	81%	N.m.	N.m.	17130%	86%
Gross margin	35,4%	34,2%	30,6%	29,3%	28,0%	26,9%	23,0%	25,5%	27,5%
EBITDA margin	-	7,8%	8,1%	9,2%	10,9%	8,7%	5,1%	8,8%	10,8%
EBITDA margin, adjusted	-	7,8%	8,1%	9,2%	10,9%	8,7%	5,1%	8,8%	10,8%
EBIT margin	-	6,2%	6,2%	5,5%	6,9%	4,3%	Neg.	4,1%	6,1%
EBIT margin, adjusted	-	6,2%	6,2%	5,5%	6,9%	4,3%	1,1%	4,1%	6,1%
Profit margin, adjusted	-	4,8%	4,5%	3,1%	4,7%	2,4%	Neg.	2,0%	3,7%

Source: Midsona, EPB

Return									
	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
ROE, adjusted	-	6%	8%	5%	8%	3%	Neg.	3%	5%
ROCE, adjusted	-	2%	2%	1%	2%	1%	0%	1%	1%
ROIC, adjusted	-	6%	7%	5%	7%	4%	1%	4%	7%

Source: Midsona, EPB

### Capital efficiency

	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Inventory / total revenue	14%	13%	17%	17%	17%	21%	22%	16%	14%
Accounts receivable / total revenue	12%	10%	9%	9%	8%	11%	11%	11%	11%
Accounts payable / COGS	19%	15%	18%	13%	15%	12%	13%	12%	13%
Total short-term liabilities / total cost	34%	72%	91%	107%	143%	108%	120%	118%	117%
Working capital / total revenue	8%	6%	11%	11%	9%	18%	19%	13%	12%
Capital turnover rate	0,8x	1,0x	1,0x	0,8x	0,9x	0,9x	0,9x	0,9x	0,9x

Source: Midsona, EPB

### Financial position

	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Net debt	662	652	1 116	1 353	1 584	1 436	875	486	312
Equity ratio	51%	54%	44%	49%	45%	54%	55%	56%	56%
Net debt / equity	0,5x	0,4x	0,7x	0,6x	0,7x	0,5x	0,3x	0,2x	0,1x
Net debt / EBITDA	-1,6x	3,9x	4,9x	4,8x	3,9x	4,4x	4,3x	1,4x	0,7x

Source: Midsona, EPB

### Per share data

	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
EPS	-11,3	1,83	2,80	1,49	2,71	1,22	-6,58	0,56	1,05
EPS, adjusted	-11,3	1,83	2,80	1,49	2,71	1,22	0,00	0,56	1,05
FCF per share	-10,7	3,30	4,61	3,05	4,35	-0,88	1,23	3,12	2,74
Dividend per share	1,10	1,25	1,25	1,25	1,25	0,00	0,80	1,00	1,00
Book value per share	31,6	33,7	35,4	35,7	35,6	39,5	42,3	21,7	21,7
Number of shares, m	42,6	46,0	46,0	65,0	65,0	72,9	72,7	145	145
Number of shares after dilution, average	42,6	46,0	46,0	65,0	65,0	72,9	72,7	145	145

Source: Midsona, EPB

### Valuation

	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
P/E, adjusted	-3,5x	28,5x	19,5x	33,1x	28,7x	44,3x	-2507,0x	14,7x	7,9x
P/BV	1,2x	1,5x	1,5x	1,4x	2,2x	1,4x	0,2x	0,4x	0,4x
P/FCF	-3,6x	15,7x	11,9x	16,2x	17,9x	-61,6x	6,7x	2,7x	3,0x
FCF-yield	-27%	6%	8%	6%	6%	-2%	15%	38%	33%
Dividend yield	2,8%	2,4%	2,3%	2,5%	1,6%	0,0%	9,7%	12,1%	12,1%
							-		
Payout ratio, adjusted	-9,8%	68,5%	44,6%	83,8%	46,2%	0,0%	24221,9%	177,8%	95,7%
EV/Sales	1,3x	1,4x	1,3x	1,5x	1,8x	1,4x	0,4x	0,4x	0,4x
EV/EBITDA, adjusted	-5,6x	18,0x	15,8x	16,1x	16,4x	16,3x	7,3x	4,8x	3,4x
EV/EBIT, adjusted	-5,2x	22,7x	20,4x	26,8x	25,8x	33,4x	34,7x	10,3x	6,0x
EV	2 330	3 044	3 635	4 564	6 641	5 378	1 477	1 690	1 516
Share price, year end	39,1	52,0	54,8	49,4	77,8	54,1	8,3	8,3	8,3

Source: Midsona, EPB

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