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Results Reaction	Telecom Equipment	Sweden	20 February 2025
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Q4: All about profitability and capital efficiency

Despite lower-than-expected organic sales growth, Alcadon managed to match our expectations on adj. EBITA thanks to strengthened gross margin. Cash flow was strong, supported by a NWC release, leading to sequentially reduced leverage of 2.8x. Focus ahead lies on profitability and capital efficiency, while management prepares for continued muted demand during 2025. The outcome implies -1% change to our 2024 adj. EBITA estimates. Conf call at 14:00.

Outcome: Adj. EBITA in line, strong cash flow, sequentially declining leverage

Alcadon reports Q4 sales of SEK 389m (-11% vs. SEB), -10% y/y whereof -17% organic (SEB at -9%). Gross margin 25.7% (SEB at 24.3%) vs. 23.8% Q4/23. Adj. EBITA 25m (-5% vs. SEB), margin 6.4% (SEB at 6.0%) vs. 6.6% Q4/24.

Strong leasing adj. FCF of SEK 33m (supported by 11m NWC release). Reported leverage decreases sequentially to 2.8x from 2.9x.

Data centre segment down y/y due to tough comp (also true for Q1/24), but positive outlook going forward.

Structured cabling and commercial networks are performing at steady pace, except for the UK, where project delays have dampened growth.

The broadband segment remains consistently weak but has shown some signs of improvement compared to H1/25, mainly in the UK and Denmark, although from historically low levels and with a high degree of price pressure.

Deviation table

SEKm	Q4/23	Actual	SEB est	Dev (%)	Dev (SEK)
		Q4/24	Q4/24E		
Sales	431	389	436	-11%	-47
Sales growth y/y	8%	-10%	1%		
whereof organic	3%	-17%	-9%		
whereof FX	5%	1%	2%		
whereof M&A	0%	6%	8%		
COGS	-329	-289	-330		
Gross profit	103	100	106	-6%	-6
Gross margin	23.8%	25.7%	24.3%		
EBITA	39	25	26	-4%	-1
EBITA margin	9.1%	6%	6.0%		
NRI	11	0.1	0		
Adj. EBITA	29	25	26	-5%	-1
Adj. EBITA margin	6.6%	6.4%	6.0%		
Adj. EBITA growth y/y	-6%	-13%	-8%		
Geographical sales split	Q4/23	Q4/24	Q4/24E		
Sweden	90	83	85	-2%	-2
Norway	23	23	21	9%	2
Denmark	40	33	37	-10%	-4
Germany	31	13	25	-46%	-11
UK	196	166	184	-10%	-18
Ireland	0	26	36	-28%	-10
The Benelux	51	45	49	-8%	-4
Sales growth per market	Q4/23	Q4/24	Q4/24E		
Sweden	-5%	-7%	-5%		
Norway	-31%	-3%	-11%		
Denmark	-46%	-18%	-10%		
Germany	71%	-57%	-20%		
UK	23%	-15%	-6%		
Ireland	n.a.	n.a.	0%		
The Benelux	153%	-12%	-5%		

Source: SEB, Alcadon

Outlook: Focus on profitability and capital efficiency

Slightly positive signals in several markets but prepares for continued moderate demand also in 2025. Focus on profitability and capital efficiency ahead.

Impact: Outcome mechanically decrease our 2024E adj. EBITA with 1%

The outcome implies -1% change to our 2024E adj. EBITA estimates.

Conference call details: CET 14:00 in Swedish

CET 14:00 in Swedish. <https://alcadon-group.events.inderes.com/q4-report-2024/register>

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