Alcadon Group

Company Update | Telecom Equipment | Sweden | 12 January 2021

How to spend it

Consolidating 6X International SpA, a former partner and well-known company to Alcadon Group, into our forecasts, we raise our EPS estimates by an average of 30% in 2021-22. This includes the new issue shares as part of the payments. Importantly, we forecast an average ROCE in 6X of 19.5% in 2021-23 making the acquisition clearly value accretive compared to our WACC of 7.6%. We raise our mid-point DCF-based equity value to SEK 50 per share.

Acquisition of 6X: value accretive, adds to capital management track record

We believe the acquisition of 6X, a rather well-known and former partner company to Alcadon Group, checks the boxes in its acquisition strategy. Similar to Alcadon, 6X serves the premium segment of the market for fibre and passive network equipment components. The company shares key suppliers with Alcadon (e.g. OFS), but in other segments of the market (Telecom). The acquisition also adds geographical scope (Denmark, Germany) and we argue prospects for top-line synergies look credible. Valuing 6X at an historical EV/EBIT of 6x, or 4x excluding earn-outs, we calculate an average ROCE of 19.5% in 2021-23. Compared to our 7.6% WACC this acquisition is value accretive.

Earnings revisions: we upgrade EPS by an average of 30% in 2021-22

Consolidating full year 2021 sales of SEK 221m (+44%) and EBIT of SEK 18m (+36%), implying a margin of 8.3%, and adjusting for new issued shares (5.8% of outstanding shares pre-transaction) as part of the payments, we upgrade our EPS forecasts by 32% in 2021 and by 29% in 2022. Since the last day of trading prior to the 6X acquisition announcement, Alcadon shares are up 8.6%.

Fundamental valuation: we arrive at a new mid-point equity value of SEK 50

Pre-acquisition of 6X, we estimate Alcadon traded at 12x our 2021 EV/EBIT estimates. Buying and consolidating at 6x historical EV/EBIT, we argue Alcadon now trades at below 10x. At our new mid-point equity value of SEK 50, the prospective EV/EBIT would be 14x and a 10% discount to its peer group at 16x.

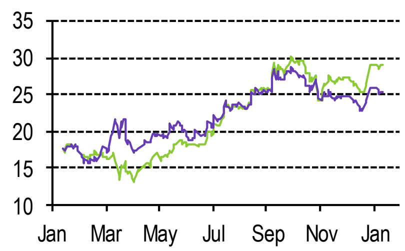
Key Data (2020E)

Price (SEK)	28.90
Reuters	ALCA.ST
Bloomberg	ALCA:SS
Market cap (SEKm)	487
Market cap (USDm)	59
Market cap (EURm)	48
Net debt (SEKm)	122
Net gearing	52%
Net debt/EBITDA (x)	2.3
Shares fully dil. (m)	16.9
Avg daily turnover (m)	0.0
Free float	73%

Estimate Revisions (%)

	2020E	2021E	2022E
Revenues	0	44	48
Adj. EBIT	0	36	36
Adj. EPS	2	32	29

Share Price (12M)



Absolute (green) / Relative to Sweden (purple).

Marketing communication commissioned by: Alcadon Group

Financials (SEK)

Year end: Dec	2018	2019	2020E	2021E	2022E
Revenues (m)	544	485	476	721	776
Adj. EBIT	58	33	43	68	77
Pre-tax profit (m)	47	25	37	63	71
EPS	2.15	1.13	1.72	2.75	3.09
Adj. EPS	2.20	1.21	1.76	2.77	3.10
DPS	0.50	0.00	0.50	0.60	0.70
Revenue growth (%)	(6.2)	(10.8)	(1.8)	51.3	7.7
Adj. EBIT growth (%)	(19.1)	(43.7)	31.7	59.6	11.8
Adj. EPS growth (%)	(25.9)	(44.9)	45.2	57.7	12.1
Adj. EBIT margin (%)	10.6	6.7	9.0	9.5	9.9
ROE (%)	21.4	9.5	13.1	18.1	16.9
ROCE (%)	18.3	9.5	12.0	16.4	15.8
PER (x)	13.7	15.1	16.4	10.4	9.3
Free cash flow yield (%)	10.2	11.5	2.0	7.1	13.8
Dividend yield (%)	1.7	0.0	1.7	2.1	2.4
P/BV (x)	2.60	1.49	2.07	1.69	1.48
EV/Sales (x)	1.15	0.90	1.28	0.92	0.78
EV/Adj. EBITDA (x)	10.4	9.9	11.4	8.0	6.6
EV/Adj. EBIT (x)	10.8	13.3	14.2	9.7	7.9
Operating cash flow/EV (%)	8.4	8.2	6.3	7.2	13.7
Net debt/Adj. EBITDA (x)	2.00	2.98	2.32	1.80	0.97

Source for all data on this page: SEB (estimates) and Millistream/Thomson Reuters (prices)

6x for 6X

Our mid-point DCF value is set at SEK 50

Valuation and mid-point equity value summary

Mid-point DCF value (SEK)	50.00		
Share price (SEK)	28.90		
2021E EV/EBIT, adj. (x)	9.7		
2021E EV/EBIT, adj. & excl. IFRS16 debt (x)	9.2		
2021E adj. PER at current share price (x)	10.4		
2020E DPS (2021 payout)	0.50		
	Low	**High**	**Mid-point**
DCF valuation range (SEK)	43.00	57.00	50.00
Equity potential (%)	**49**	**97**	**73**
2021E adj. EV/EBIT at mid-point DCF value (x)	12.8	16.4	14.6
2020E DPS yield (%)	1.7	1.7	1.7
Total return potential	**51**	**99**	**75**

Source: SEB

Alcadon Group: acquisition return analysis

Acquisitions announced:	28 December 2020
Acquisition:	6X International ApS
Consolidation assumption in model:	7 January 2021
Acqusition details	**(SEKm)**
Cash	53
Shares	29
Earn-outs	34
Market cap	**115**
Acquired net debt	(4)
EV	**111**

Acquisition P&Ls - short (SEKm)	**LTM Q2/20**	**2020E (pf)**	**2021E**	**2022E**	**2023E**
Sales	180	195	221	252	283
Sales growth (%)	n.a.	n.a.	13.9	14.0	12.0
EBIT (pre-synergies)	18	19	18	22	25
EBIT margin (pre-synergies) (%)	10.1	9.8	8.3	8.7	8.8
Alcadon Group valuation - pre-consolidation of acquisition (x)	**LTM Q2/20**	**2020E (pf)**	**2021E**	**2022E**	**2023E**
EV/Sales	n.a.	1.28	1.17	1.06	0.97
EV/EBIT	n.a.	14.2	11.6	9.9	8.8
Alcadon Group valuation - post-consolidation of acquisition (x)					
EV/Sales	n.a.	1.28	0.92	0.78	0.67
EV/EBIT	n.a.	14.2	9.7	7.9	6.6
Acquisition valuation - pre-synergies (x)					
EV/Sales, excl. earn-outs	0.45	0.42	0.37	0.32	0.29
EV/Sales, incl. earn-outs	0.62	0.57	0.50	0.44	0.39
EV/EBIT, excl. earn-outs	4.3	4.1	4.2	3.5	3.1
EV/EBIT, incl. earn-outs	6.1	5.8	6.1	5.1	4.5
Acquisition return analyses (%)					
ROCE, at acquisition value - pre-synergies	16.3	17.1	16.5	19.7	22.3
WACC assumption	7.6	7.6	7.6	7.6	7.6
Value accretion: ROCE-WACC (pp)	**8.7**	**9.5**	**8.8**	**12.1**	**14.7**

Source: SEB

Estimating the EPS impact from additional acquisitions

Historical acquisitions combined, 2017-2021	(SEKm)
Annual sales	472.7
EBIT	41.5
EBIT %	8.8
EV paid	**234.0**
EV/EBIT paid (x)	**5.6**
What if: estimating acquisition value potential in Alcadon Group	**2021E**
Assumed EV/EBIT multiples on acquisitions (x)	6.0
Cash spent on acquisitions (SEKm)	80
Acquired EBIT (SEKm)	13
Acquired EBITDA (SEKm)	17
Financing cost @ 3.5% (SEKm)	(3)
Increased pre-tax profit (SEKm)	11
Increased net income @ 22% tax rate (SEKm)	8
No of shares (m)	17.8
Increased EPS (SEK)	0.46
Network Infrastructure peer group PER 2021E, median (x)	18.0
Assumed PER post-20% discount to peer group median (x)	14.0
Value increase per share @ peer median PER post-20% discount (SEK)	**6.00**

Source: SEB

Consolidating 6X International – short P&L forecasts

(DKKm)	Q3/19E	Q4/19E	Q1/20E	Q2/20E	Q3/20E	Q4/20E	Q1/21E	Q2/21E	Q3/21E	Q4/21E	2020E pf	2021E	2022E	2023E
Contribution (%)	n.a.	n.a.	21.0	25.6	30.4	23.0	20.9	25.7	30.3	23.1	100.0	100.0	100.0	100.0
Sales	35	26	29	35	42	32	33	41	48	37	138	159	182	203
Growth (%)	n.a.	n.a.	n.a.	n.a.	19.0	20.0	15.0	16.0	15.0	16.0	n.a.	15.5	14.0	12.0
EBIT	4	2	3	4	5	2	3	4	5	2	14	13	16	18
EBIT (%)	12.2	6.7	10.5	10.1	11.7	6.2	8.3	8.6	9.7	6.0	9.8	8.3	8.7	8.8
(SEKm)														
DKKSEK	1.43	1.42	1.43	1.43	1.39	1.39	1.39	1.39	1.39	1.39	1.41	1.39	1.39	1.39
Sales	50	38	41	50	58	44	46	57	67	51	195	221	252	283
Growth (%)	n.a.	n.a.	n.a.	n.a.	15.9	17.1	12.0	12.8	14.8	16.0	n.a.	13.9	14.0	12.0
EBIT	6	3	4	5	7	3	4	5	7	3	19	18	22	25
EBIT (%)	12.2	6.7	10.5	10.1	11.7	6.2	8.3	8.6	9.7	6.0	9.8	8.3	8.7	8.8
Consolidated														
Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	46	57	67	51	n.a.	221	252	283
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4	5	7	3	n.a.	18	22	25

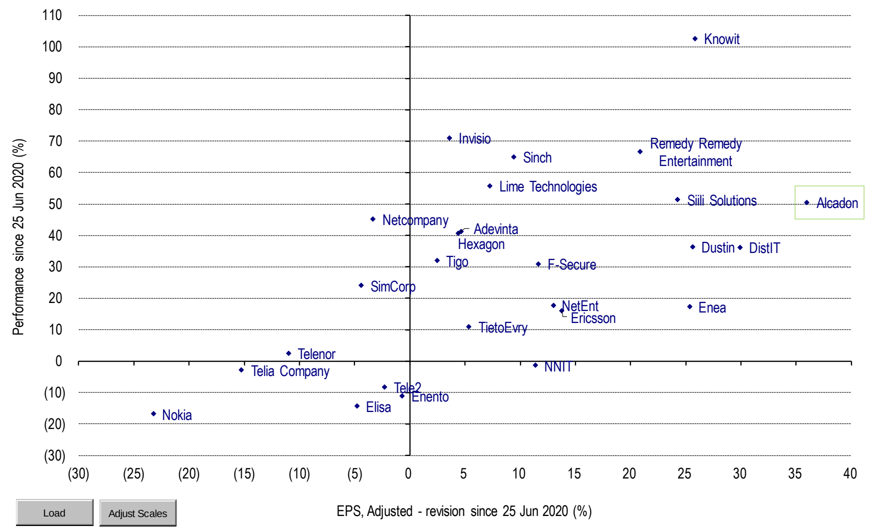
Source: SEB

Earnings revisions

		New estimates				Old estimates				Revisions (%)		
Alcadon Group (SEKm)	**Q4/20E**	**2020E**	**2021E**	**2022E**	**Q4/20E**	**2020E**	**2021E**	**2022E**	**Q4/20E**	**2020E**	**2021E**	**2022E**
Revenue	120	476	721	776	120	476	499	524	0.0	0.0	44.4	48.2
Gross profits	35	140	194	213	35	140	151	161	0.0	0.0	28.6	32.5
SG&A	(27)	(97)	(126)	(137)	(27)	(97)	(101)	(105)	0.0	0.0	25.1	30.8
EBIT, reported	9	42	68	77	9	42	50	56	0.0	0.0	35.6	35.6
EBIT, adj.	9	43	68	77	9	43	50	56	0.0	0.0	35.6	35.6
Pre-tax profit	8	37	63	71	7	37	45	52	9.9	1.9	38.9	36.5
Net profit	6	29	49	55	6	28	35	40	9.4	1.9	38.9	36.5
Net profit, adj	6	30	49	55	6	29	35	41	9.3	1.8	38.7	36.2
EPS, adj.	0.37	1.76	2.77	3.10	0.34	1.73	2.10	2.41	9.3	1.8	31.6	28.7
No of shares, f. dil., adj., avg. (m)	16.859	16.859	17.759	17.841	16.859	16.859	16.859	16.859	0.0	0.0	5.3	5.8

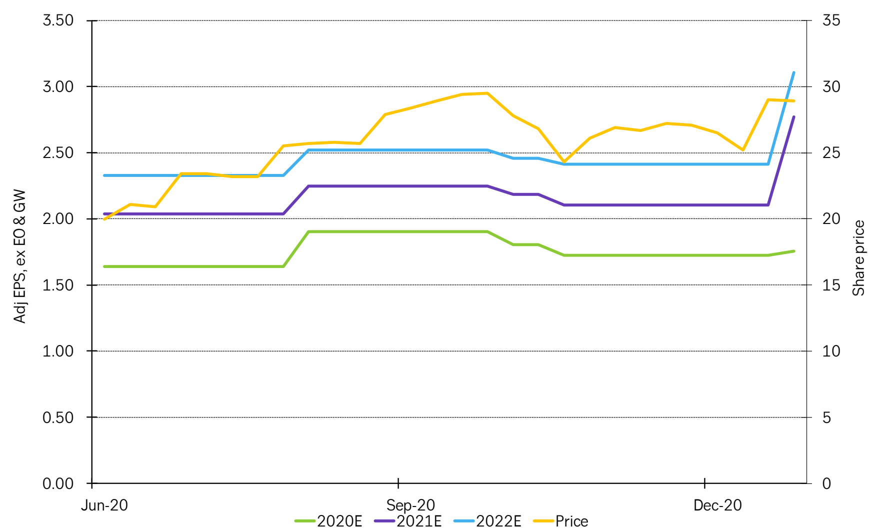
Source: SEB

Nordic TMT: 2021 EPS revisions vs. share performance, since 25 June 2020*



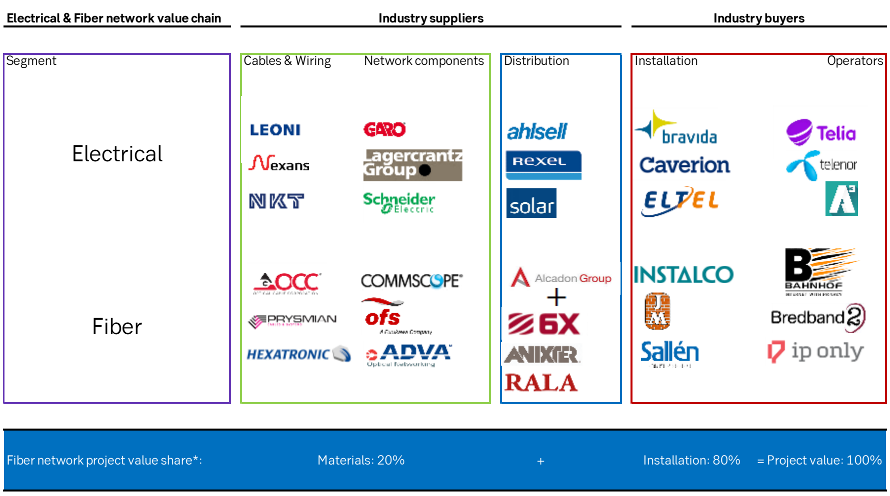
Source: SEB. * 25 June 2020 initiation of coverage in Alcadon Group

Alcadon Group 2020-2022 EPS estimates vs. share price (SEK)



Source: SEB

The Electrical and Fiber network value chain

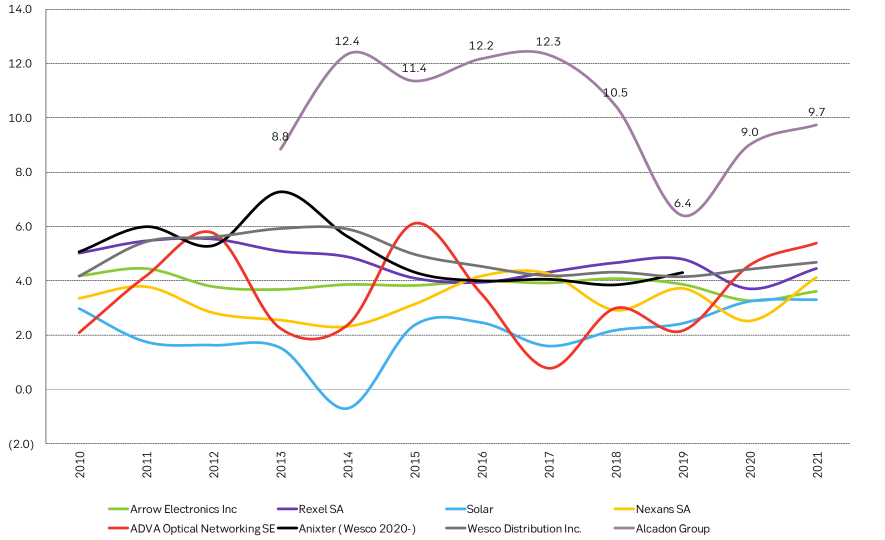


Source: SEB

6X International suppliers

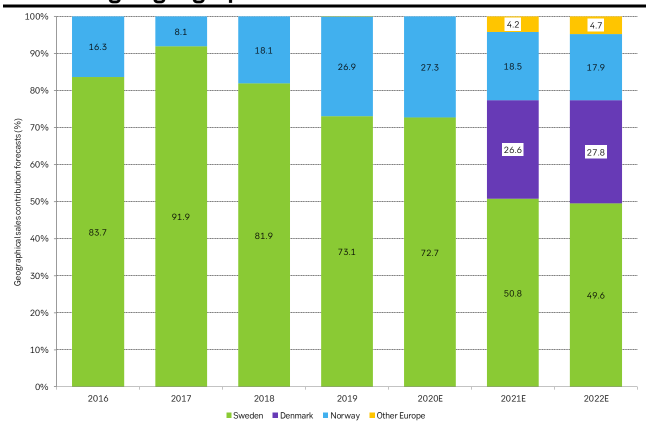
Source: 6X International, SEB

Alcadon Group is a value added distributor as corroborated by margin profile



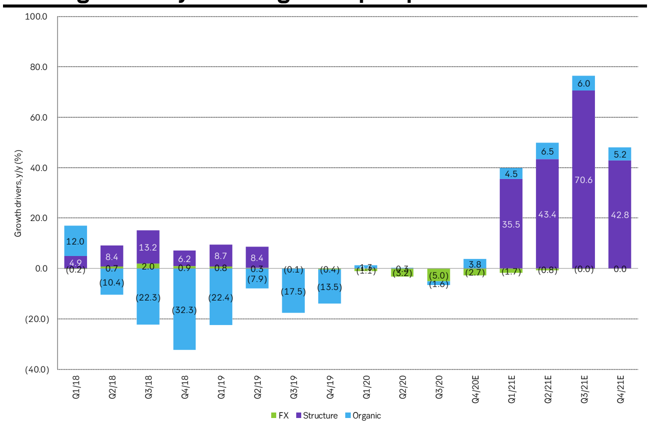
Source: SEB, Company data

6X: Adding to geographical diversification..



Source: SEB

..and significantly to total growth prospects in 2021



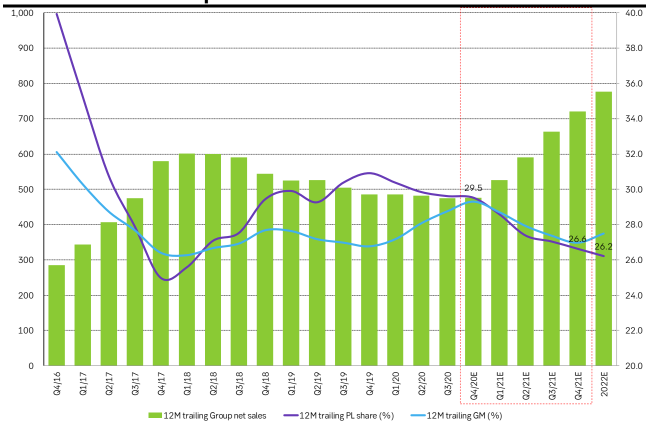
Source: SEB

Geographical sales growth forecasts

Share of sales (%)	**2016**	**2017**	**2018**	**2019**	**2020E**	**2021E**	**2022E**	**2023E**
Sweden	83.7	91.9	81.9	73.1	72.7	50.8	49.6	48.0
Denmark	0.0	0.0	0.0	0.0	0.0	26.6	27.8	29.0
Norway	16.3	8.1	18.1	26.9	27.3	18.5	17.9	17.9
Other Europe (Germany)	0.0	0.0	(0.0)	0.0	0.0	4.2	4.7	5.1
Total net sales (%)	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Growth by market (%)	**2016**	**2017**	**2018**	**2019**	**2020E**	**2021E**	**2022E**	**2023E**
Sweden	n.a.	123.3	(16.4)	(20.4)	(2.4)	5.8	5.0	3.6
Denmark	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	12.7	11.5
Norway	n.a.	0.7	110.1	32.5	(0.2)	2.2	4.4	6.9
Other Europe (Germany)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	22.0	15.0
Total net sales growth, y/y (%)	**1.6**	**103.3**	**(6.2)**	**(10.8)**	**(1.8)**	**51.3**	**7.7**	**6.9**

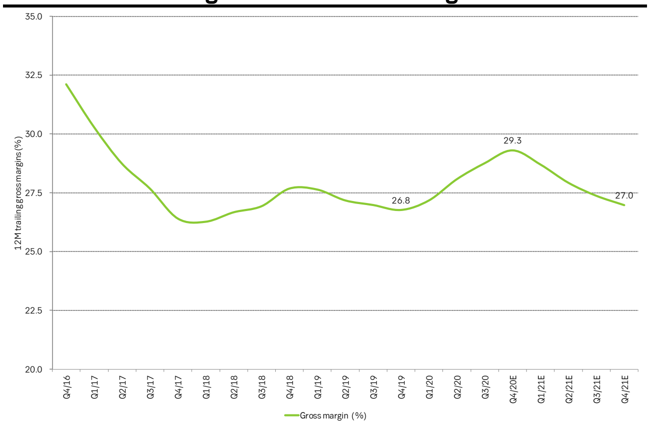
Source: SEB

6X: lower share of private labels sales..



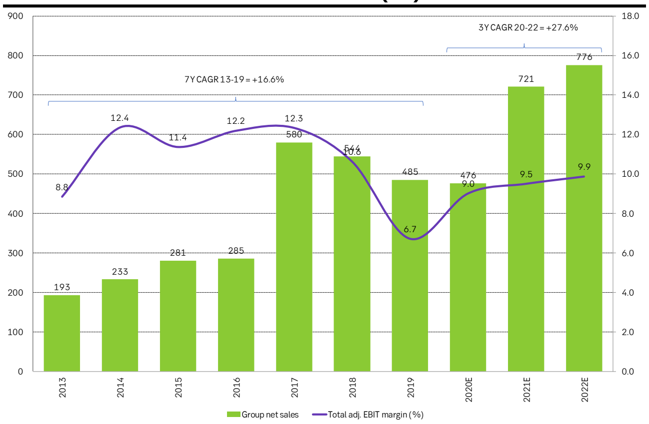
Source: SEB

..also means lower gross contribution margins



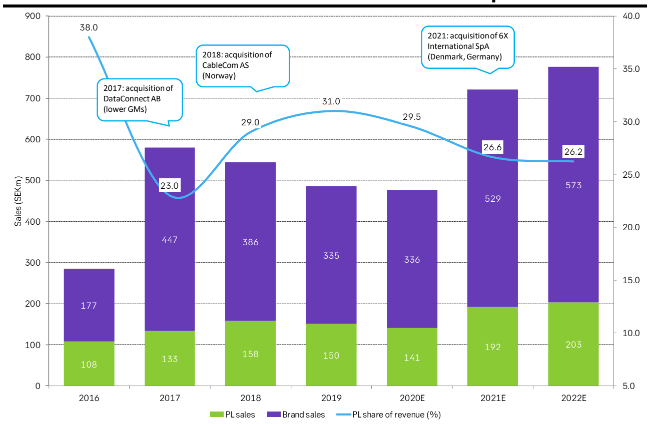
Source: SEB

Consolidated sales CAGR forecasts (%)



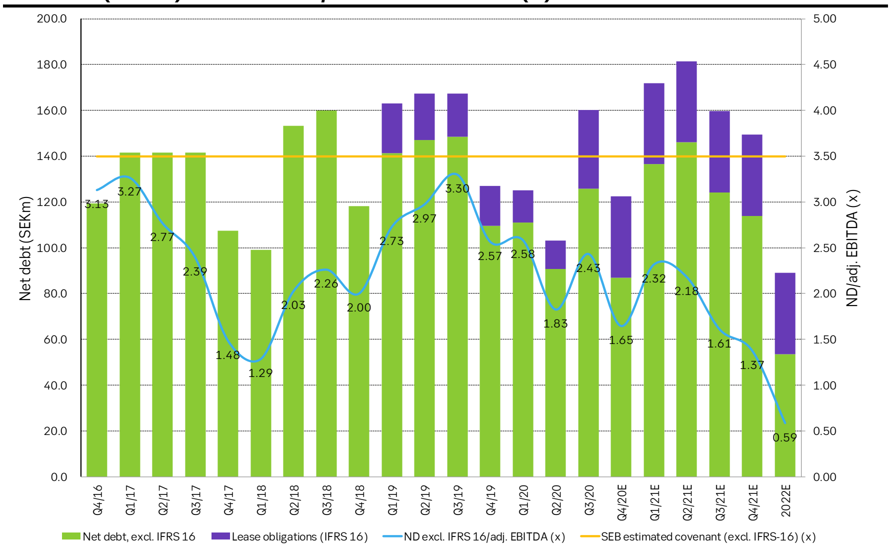
Source: SEB

Private Label vs Brand sales forecasts and acquisitions



Source: SEB

Net debt (SEKm) and net debt/EBITDA forecasts (x)



Source: SEB

Mid-point DCF-based equity valuation summary

DCF valuation (SEKm)		Weighted average cost of capital (%)	
NPV of FCF in explicit forecast period	383	Risk free interest rate	2.5
NPV of continuing value	582	Risk premium	5.5
Value of operation	**965**	**Cost of equity**	**8.0**
Net debt	122	**After tax cost of debt**	**5.0**
Share issue/buy-back in forecast period	-		
Value of associated companies	-	**WACC**	**7.6**
Value of minority shareholders' equity	-		
Value of marketable assets	-	**Assumptions**	
DCF value of equity	**842**	Number of forecast years	10
DCF value per share (SEK)	**50.00**	EBIT margin - steady state (%)	9.4
Current share price (SEK)	29.00	EBIT multiple - steady state (x)	10.4
DCF performance potential (%)	72	Continuing value (% of NPV)	60.3

Source: SEB

Mid-point DCF valuation sensitivities – cost of capital and equity capital weight

		Cost of equity (%)				
		7.0	7.5	**8.0**	8.5	9.0
Equity capital weight (%)	67	77.1	71.7	66.9	62.6	58.8
	77	66.5	61.7	57.4	53.6	50.2
	87	58.2	53.8	**50.0**	46.5	43.4
	97	51.4	47.4	43.9	40.8	38.0
	100	49.8	45.9	42.5	39.4	36.7

Source: SEB

Mid-point DCF valuation sensitivities – sales growth and margins

		Absolute change in EBITDA margin - all years				
		-2%	-1%	**0**	+1%	+2%
Abs. change in sales growth - all years	-2%	34.1	39.3	44.4	49.5	54.7
	-1%	36.2	41.7	47.1	52.5	58.0
	0	38.5	44.2	**50.0**	55.7	61.4
	+1%	40.8	46.9	53.0	59.0	65.1
	+2%	43.3	49.7	56.1	62.5	68.9

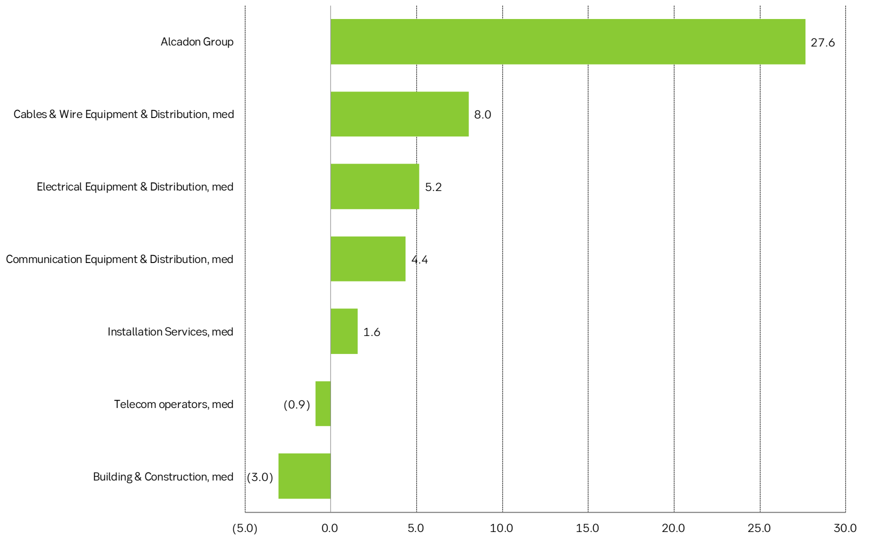
Source: SEB

Mid-point DCF equity valuation - detailed assumptions

(SEKm)	2020E	2021E	2022E	2023E	2024E	Average year 6	Average year 7-8	Average year 9-10
Sales growth (%)	(1.8)	51.3	7.7	6.9	5.2	6.0	5.3	4.0
EBITDA margin (%)	11.0	11.5	11.8	11.9	12.1	13.2	13.0	11.9
EBIT margin (%)	8.9	9.5	9.9	10.0	10.2	11.3	11.1	10.0
Gross capital expenditures as % of sales	7.1	13.3	1.5	1.9	1.9	1.9	1.9	1.9
Working capital as % of sales	6.7	8.8	6.5	6.5	6.5	6.5	6.5	6.5
Sales	476	721	776	830	873	925	1,000	1,090
Depreciation	(10)	(14)	(14)	(15)	(16)	(17)	(19)	(20)
Intangibles amortisation	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
EBIT	42	68	77	83	89	105	111	109
Taxes on EBIT	(10)	(15)	(17)	(19)	(20)	(24)	(25)	(25)
Increase in deferred taxes	0	0	0	0	0	0	0	0
NOPLAT	**33**	**53**	**60**	**65**	**69**	**81**	**86**	**85**
Gross capital expenditure	(34)	(96)	(12)	(15)	(16)	(17)	(19)	(20)
Increase in working capital	(1)	(16)	13	(4)	(3)	(3)	(3)	(3)
Free cash flow	**8**	**(44)**	**75**	**61**	**67**	**78**	**83**	**82**
ROIC (%)	9.0	11.3	11.9	12.8	13.7	15.9	16.8	16.3
ROIC-WACC (%)	1.4	3.7	4.3	5.2	6.1	8.3	9.2	8.7
Share of total net present value (%)	0.0	(4.4)	7.0	5.3	5.4	5.8	11.1	9.5

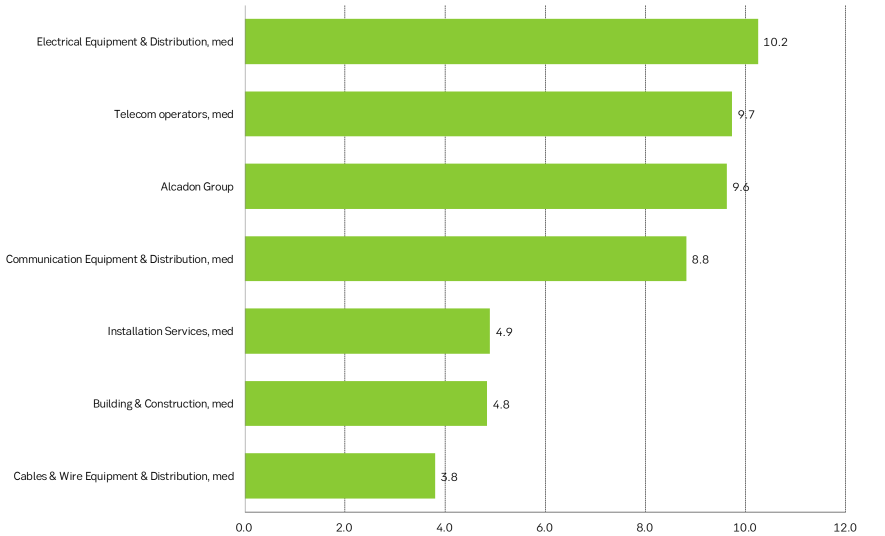
Source: SEB

Alcadon Group vs peer group averages – sales CAGR 2020-22 (%)



Source: SEB, Factset

Alcadon Group vs peer group averages – EBIT margin average 2020-22 (%)



Source: SEB, Factset

Alcadon Group vs. peer group: key financial forecast benchmarking

Company	RIC	Mkt cap (EURm)	Sales CAGR 20-22E (%)	EBIT CAGR 20-22E (%)	Avg EBIT 20-22E (%)	Avg ROCE 20-22E (%)
Nordic industry peers						
Atea ASA	ATEA.OL	1,248	4.5	16.9	2.4	16.5
Bravida	BRAV.ST	2,130	1.1	2.9	6.2	14.5
Caverion	CAV1V.HE	819	2.0	26.7	3.6	17.6
Eltel AB	ELTEL.ST	362	(0.1)	4.7	3.3	7.7
GARO AB	GARO.ST	669	14.6	15.8	13.0	26.2
Hexatronic Group AB	HTRO.ST	295	20.6	35.7	8.7	14.5
HMS Networks AB	HMSN.ST	1,276	14.5	16.6	19.0	17.6
Instalco	INSTAL.ST	1,329	13.0	14.3	8.2	20.4
JM	JM.ST	2,066	(0.9)	(5.4)	10.7	11.3
Lagercrantz Group AB Class B	LAGRb.ST	1,548	n.a.	n.a.	14.0	20.9
NKT A/S	NKT.CO	1,690	14.1	n.a.	1.2	1.8
Solar	SOLARb.CO	407	0.8	4.7	3.3	14.7
Nordic industry peer group, avg			**7.7**	**13.3**	**7.8**	**15.3**
Nordic industry peer group, med			**4.5**	**15.0**	**7.2**	**15.6**
International industry peers						
ADVA AG Optical Networking	ADAG.DE	395	6.4	12.7	5.0	8.4
Applied Optoelectronics, Inc.	AAOI.O	191	10.7	n.a.	(4.4)	(3.1)
Arrow Electronics, Inc.	ARW	6,432	4.3	12.0	3.5	12.3
Avnet, Inc.	AVT.O	3,061	1.4	8.6	2.0	6.6
Belden Inc.	BDC	1,592	4.2	14.1	11.9	8.6
CommScope Holding Co., Inc.	COMM.O	2,261	1.7	10.9	13.1	9.6
Furukawa Electric Co., Ltd.	5801.T	1,625	3.7	17.3	3.3	6.0
HUBER+SUHNER AG	HUBN.S	1,360	9.2	30.3	8.4	10.2
LEONI AG	LEOGn.DE	246	8.0	n.a.	(0.4)	(0.4)
Nexans SA	NEXS.PA	2,975	4.6	43.9	3.8	6.6
Optical Cable Corporation	OCC.O	22	n.a.	n.a.	n.a.	n.a.
Prysmian S.p.A.	PRY.MI	8,141	5.0	19.3	5.7	10.3
Rexel SA	RXL.PA	4,238	4.3	20.5	4.4	7.2
TKH Group N.V. Cert	TWKNc.AS	1,825	6.1	33.3	7.5	n.a.
WESCO International, Inc.	WCC	3,491	18.8	26.9	4.7	7.7
Int'l industry peer group, avg			**5.4**	**20.3**	**4.9**	**6.9**
Int'l industry peer group, med			**4.6**	**17.3**	**4.4**	**7.8**
All industry peer group, avg			**6.4**	**17.0**	**6.3**	**11.1**
All industry peer group, med			**4.6**	**15.8**	**5.0**	**10.3**
Alcadon Group	**ALCA.ST**	**51**	**27.6**	**33.6**	**9.5**	**14.7**
Premium/(Discount) to all peers, avg (pp)			21.2	16.6	3.2	3.6
Premium/(Discount) to all peers, med (pp)			23.1	17.8	4.4	4.5

Source: SEB, Factset

Peer group valuation, share price performance and EPS revisions

Telecom/Tech & Network Infrastructure	CCY price	Share price	Mkt cap (EURm)	EV/Sales (x) 2020E	EV/Sales (x) 2021E	EV/Sales (x) 2022E	EV/EBIT (x) 2020E	EV/EBIT (x) 2021E	EV/EBIT (x) 2022E	Abs. performance (%) -1M	Abs. performance (%) -3M	Abs. performance (%) -12M	2021E EPS rev. -12M (%)
Nordic industry peers													
Atea ASA	NOK	116.80	1,248	0.37	0.35	0.34	17.3	13.9	12.5	0.3	8.8	(6.4)	(29.6)
Bravida	SEK	106.20	2,130	1.14	1.11	1.07	18.6	17.7	16.8	(2.6)	(6.8)	18.2	8.9
Caverion	EUR	6.04	819	0.43	0.42	0.38	15.9	11.0	9.1	6.2	(5.6)	(19.5)	6.1
Eltel AB	SEK	23.25	362	0.56	0.59	0.58	17.3	19.7	16.2	4.3	7.6	24.3	n.a.
Enea	SEK	206.00	443	4.73	4.45	4.10	15.9	14.0	12.3	19.6	5.7	15.1	24.0
Ericsson	SEK	98.64	32,453	1.41	1.40	1.32	13.8	14.4	11.4	(1.4)	2.7	20.1	(7.3)
GARO AB	SEK	672.00	669	6.20	5.76	5.00	48.5	44.3	38.3	13.7	37.7	110.0	(2.5)
Hexatronic Group AB	SEK	78.60	295	1.65	1.36	1.17	21.5	15.4	12.0	18.4	24.2	31.0	1.5
HMS Networks AB	SEK	274.00	1,276	8.66	7.58	6.97	46.2	40.0	35.9	8.9	33.0	53.1	(6.6)
Instalco	SEK	262.00	1,329	1.94	1.79	1.59	23.8	22.1	19.0	15.4	20.7	105.7	27.2
JM	SEK	298.30	2,066	1.62	1.68	1.64	14.3	16.2	15.9	3.0	6.9	5.0	(0.0)
Lagercrantz Group AB Class B	SEK	78.30	1,548	3.87	3.67	n.a.	27.9	26.1	n.a.	11.1	31.9	62.2	1.2
NKT A/S	DKK	292.40	1,690	1.18	1.16	0.96	n.a.	n.a.	20.7	25.0	58.5	112.2	n.a.
Nokia	EUR	3.15	17,734	0.69	0.73	0.70	7.5	8.6	7.0	(4.6)	(8.6)	(13.9)	(31.9)
Solar	DKK	414.50	407	0.29	0.32	0.30	9.1	9.7	8.6	23.0	33.9	37.7	8.3
Nordic industry peers, avg				**2.32**	**2.16**	**1.87**	**21.3**	**19.5**	**16.8**	**9.4**	**16.7**	**37.0**	**(0.0)**
Nordic industry peers, med				**1.41**	**1.36**	**1.12**	**17.3**	**15.8**	**14.2**	**8.9**	**8.8**	**24.3**	**1.2**
International industry peers													
ADVA AG Optical Networking	EUR	7.83	395	0.69	0.72	0.67	15.1	13.3	13.1	8.7	27.3	(3.3)	(9.5)
Applied Optoelectronics, Inc.	USD	10.19	191	1.19	1.25	1.10	n.a.	n.a.	78.3	21.3	(12.1)	(19.8)	n.a.
Arrow Electronics, Inc.	USD	104.35	6,432	0.36	0.35	0.34	10.9	9.8	9.2	8.6	24.7	23.9	(16.7)
Avnet, Inc.	USD	37.96	3,061	0.28	0.28	0.28	16.5	13.0	14.0	16.8	37.3	(9.9)	(43.1)
Belden Inc.	USD	43.74	1,592	1.67	1.63	1.58	15.6	13.5	12.3	(1.2)	28.2	(18.8)	(48.9)
CommScope Holding Co., Inc.	USD	13.95	2,261	1.52	1.50	1.48	12.8	11.3	10.5	8.0	40.9	(1.1)	(41.8)
Furukawa Electric Co., Ltd.	JPY	2,925.00	1,625	0.51	0.49	0.48	18.1	14.4	13.2	1.1	14.3	6.9	(72.8)
HUBER+SUHNER AG	CHF	72.90	1,360	1.63	1.58	1.44	23.8	18.7	14.7	1.0	4.7	(4.6)	(36.8)
Legrand SA	EUR	80.94	21,647	3.66	3.80	3.63	19.9	19.6	18.1	15.3	15.7	11.1	(18.8)
LEONI AG	EUR	7.52	246	0.43	0.39	0.37	n.a.	40.2	13.1	19.8	43.9	(28.2)	n.a.
Nexans SA	EUR	68.00	2,975	0.50	0.53	0.51	19.8	13.0	10.8	26.2	43.1	56.5	(40.0)
Optical Cable Corporation	USD	3.51	22	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	18.0	9.2	6.6	n.a.
Prysmian S.p.A.	EUR	30.36	8,141	1.03	1.00	0.96	21.0	17.2	15.2	13.3	16.3	42.5	(43.8)
Rexel SA	EUR	13.92	4,238	0.53	0.53	0.51	14.3	11.9	10.3	14.7	23.7	14.4	(44.4)
Schneider Electric SE	EUR	127.85	72,500	2.89	2.90	2.79	22.0	20.0	17.8	11.1	19.0	38.1	(21.6)
TE Connectivity Ltd.	USD	130.47	35,209	2.98	3.53	3.34	20.9	21.4	19.1	9.6	23.1	33.6	(16.0)
TKH Group N.V. Cert	EUR	42.62	1,825	1.56	1.57	1.47	27.1	20.2	16.2	8.0	37.6	(15.4)	(48.2)
Ubiquiti Inc.	USD	257.00	13,166	10.89	11.55	n.a.	28.2	30.7	n.a.	(3.7)	37.1	38.1	6.2
WESCO International, Inc.	USD	85.51	3,491	0.69	0.52	0.50	15.6	11.2	10.0	19.2	74.7	43.6	(10.1)
International industry peers, avg				**1.83**	**1.90**	**1.26**	**18.9**	**17.6**	**17.4**	**11.4**	**26.8**	**11.3**	**(31.6)**
International industry peers, med				**1.11**	**1.13**	**0.96**	**18.9**	**14.4**	**13.2**	**11.1**	**24.7**	**6.9**	**(38.4)**
Installation & Network Infrastructure, avg				**2.10**	**2.06**	**1.57**	**20.1**	**18.7**	**17.4**	**10.2**	**20.7**	**22.0**	**(17.7)**
Installation & Network Infrastructure, med				**1.30**	**1.30**	**1.08**	**18.1**	**15.8**	**13.6**	**9.6**	**23.1**	**15.1**	**(16.4)**
Alcadon Group	**SEK**	**28.90**	**51**	**1.28**	**0.92**	**0.78**	**14.2**	**9.7**	**7.9**	**9.1**	**(2.0)**	**63.3**	**n.a.***
Discount/(Premium) to peers, avg (%/pp)				38.9	55.3	50.3	29.4	48.1	54.6	1.2	22.8	(41.3)	(17.7)
Discount/(Premium) to peers, med (%/pp)				1.6	29.3	28.0	21.6	38.5	41.8	0.6	25.1	(48.2)	(16.4)

Source: SEB, Factset. *SEB first financial forecasts were published on 25 June 2020 (initiation of coverage)

Alcadon Group: capitalization and valuation forecasts

Capitalization (SEKm)	2018	2019	2020E	2021E	2022E	2023E
No of shares (m)	16.9	16.9	16.9	17.8	17.8	17.8
Share price (SEK)	28.90	28.90	28.90	28.90	28.90	28.90
Market cap	**487**	**487**	**487**	**513**	**516**	**516**
Net debt/(cash), as reported	118	127	122	149	89	40
EV, as reported	**605**	**614**	**610**	**663**	**605**	**556**
Net debt/(cash) excl. IFRS16 debt	118	109	87	114	53	5
EV excl. IFRS16 debt	**605**	**597**	**574**	**627**	**569**	**521**
Valuation (x)						
EV/Sales	1.11	1.27	1.28	0.92	0.78	0.67
EV/Sales (excl. IFRS16)	1.11	1.23	1.21	0.87	0.73	0.63
EV/EBITA, adj.	10.4	18.8	14.1	9.6	7.9	6.6
EV/EBITA, adj. (excl. IFRS16)	10.4	18.2	13.3	9.1	7.4	6.2
EV/EBIT, adj.	10.5	18.9	14.2	9.7	7.9	6.6
EV/EBIT, adj. (excl. IFRS16)	10.5	18.3	13.4	9.2	7.4	6.2

Source: SEB

Financial forecasts – consolidated (and including 6X acquisition)

Consolidated P&L (SEKm)	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20E	Q1/21E	Q2/21E	Q3/21E	Q4/21E	2019	2020E	2021E	2022E
Net sales	118.1	130.6	131.1	95.1	119.5	180.6	195.5	167.8	176.9	485.2	476.3	720.8	776.1
Cost of goods sold	(85.9)	(94.0)	(91.8)	(66.7)	(84.3)	(132.5)	(142.3)	(122.8)	(128.8)	(355.4)	(336.7)	(526.3)	(562.7)
Gross profit	**32.2**	**36.6**	**39.3**	**28.4**	**35.2**	**48.0**	**53.2**	**45.1**	**48.1**	**129.8**	**139.6**	**194.4**	**213.4**
SG&A total (excl. D&A)	(23.9)	(24.7)	(19.2)	(19.2)	(24.2)	(30.1)	(25.0)	(25.1)	(31.3)	(88.7)	(87.3)	(111.5)	(122.0)
EBITDA	**8.4**	**11.9**	**20.1**	**9.2**	**11.1**	**17.9**	**28.2**	**20.0**	**16.8**	**41.1**	**52.3**	**82.9**	**91.4**
Depr. of fixed assets	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(1.1)	(1.3)	(1.9)	(1.1)	(1.1)	(0.8)	(5.3)	(5.6)
Depr. of ROU asset (IFRS16)	(2.3)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(8.8)	(8.8)	(8.8)	(8.8)
EBITA	**5.9**	**9.5**	**17.7**	**6.8**	**8.7**	**14.7**	**24.8**	**15.9**	**13.5**	**31.2**	**42.6**	**68.8**	**76.9**
Amortization	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.3)	(0.4)	(0.4)
Impairments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total D&A	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(3.3)	(3.5)	(4.2)	(3.4)	(10.0)	(10.0)	(14.5)	(14.8)
EBIT	**5.8**	**9.4**	**17.6**	**6.7**	**8.6**	**14.6**	**24.7**	**15.8**	**13.4**	**31.1**	**42.3**	**68.5**	**76.6**
o/w: total NRIs	(1.5)	0.0	0.0	(0.6)	0.0	0.0	0.0	0.0	0.0	(1.5)	(0.6)	0.0	0.0
Adj. EBIT	**7.3**	**9.4**	**17.6**	**7.3**	**8.6**	**14.6**	**24.7**	**15.8**	**13.4**	**32.6**	**42.9**	**68.5**	**76.6**
Associates										0.0	0.0	0.0	0.0
Net financials (incl. assoc. income)	(2.2)	(1.1)	(1.5)	(1.4)	(1.0)	(1.0)	(1.2)	(1.3)	(1.9)	(6.4)	(5.0)	(5.4)	(5.5)
Pre-tax profit	**3.6**	**8.3**	**16.1**	**5.3**	**7.6**	**13.6**	**23.5**	**14.5**	**11.4**	**24.6**	**37.3**	**63.0**	**71.0**
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax paid on pretax profit	(0.8)	(1.9)	(3.7)	(1.3)	(1.4)	(3.1)	(5.5)	(3.6)	(2.0)	(5.5)	(8.4)	(14.1)	(15.9)
Paid tax rate, %	21.9	22.9	23.3	24.5	18.5	22.9	23.3	24.5	17.3	22.4	22.4	22.4	22.4
Tax deferred	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Full tax rate, %	21.9	22.9	23.3	24.5	18.5	22.9	23.3	24.5	17.3	22.4	22.4	22.4	22.4
Reported after tax profit	**2.8**	**6.4**	**12.3**	**4.0**	**6.2**	**10.5**	**18.0**	**11.0**	**9.5**	**19.1**	**28.9**	**48.9**	**55.1**
Total adjustments	1.6	0.1	0.1	0.7	0.1	0.1	0.1	0.1	0.2	1.7	0.9	0.4	0.4
Tax effect of adjustments (included in taxes)	(0.4)	(0.0)	(0.0)	(0.2)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.4)	(0.2)	(0.1)	(0.1)
Adjusted profit after tax	**4.1**	**6.4**	**12.4**	**4.5**	**6.3**	**10.5**	**18.0**	**11.0**	**9.6**	**20.4**	**29.6**	**49.2**	**55.4**
Adjustments													
Cash NRIs	(1.5)	0.0	0.0	(0.6)	0.0	0.0	0.0	0.0	0.0	(1.5)	(0.6)	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total NRIs	**(1.5)**	**0.0**	**0.0**	**(0.6)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(1.5)**	**(0.6)**	**0.0**	**0.0**
EPS, reported	0.17	0.38	0.73	0.24	0.37	0.59	1.01	0.62	0.53	1.13	1.72	2.75	3.09
EPS, adj.	0.24	0.38	0.73	0.27	0.37	0.59	1.02	0.62	0.54	1.21	1.76	2.77	3.10
Adj. EBITDA	**10**	**12**	**20**	**10**	**11**	**18**	**28**	**20**	**17**	**43**	**53**	**83**	**91**
Adj. EBITA	**7**	**9**	**18**	**7**	**9**	**15**	**25**	**16**	**14**	**33**	**43**	**69**	**77**
Adj. EBIT	**7**	**9**	**18**	**7**	**9**	**15**	**25**	**16**	**13**	**33**	**43**	**68**	**77**
No of shares, avg., f. dil, adj. (m)	16.859	16.859	16.859	16.859	16.859	17.759	17.759	17.759	17.759	16.859	16.859	17.759	17.841

Source: SEB

Main forecast assumptions

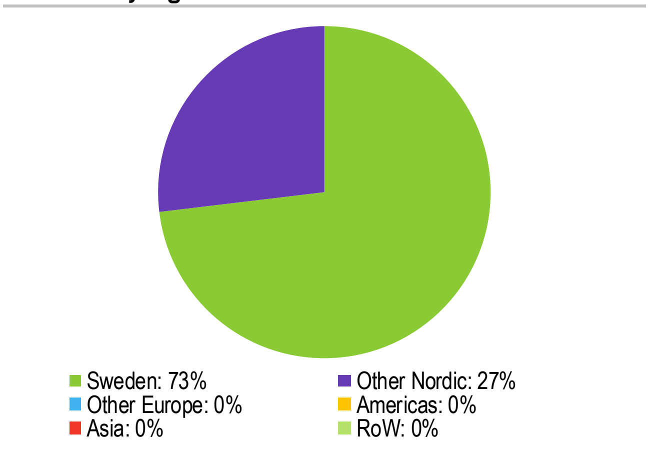
Main forecast assumptions (%)	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20E	Q1/21E	Q2/21E	Q3/21E	Q4/21E	2019	2020E	2021E	2022E
Net sales growth, y/y (%)													
FX	(0.4)	(1.1)	(3.2)	(5.0)	(2.7)	(1.7)	(0.8)	(0.0)	0.0	0.2	(2.4)	(0.7)	0.0
Structure	0.0	0.0	0.0	0.0	0.0	35.5	43.4	70.6	42.8	4.5	0.0	46.5	0.0
Organic	(13.5)	1.3	0.3	(1.6)	3.8	4.5	6.5	6.0	5.2	(15.5)	0.6	5.5	7.7
Total net sales	(13.9)	0.2	(2.9)	(6.6)	1.2	38.3	49.1	76.5	48.0	(10.8)	(1.8)	51.3	7.7
Private Labels	(8.0)	(6.0)	(9.6)	(9.5)	(0.1)	25.0	32.0	60.0	34.2	(4.7)	(6.5)	36.5	6.0
Brands	(16.3)	3.2	(0.2)	(5.2)	1.7	43.9	55.5	83.9	54.1	(13.3)	0.3	57.6	8.3
Total net sales	(13.9)	0.2	(2.9)	(6.6)	1.2	38.3	49.1	76.5	48.0	(10.8)	(1.8)	51.3	7.7
Gross margin bridge (pp)													
Price/mix	(2.1)	3.9	5.6	4.5	2.6	1.0	(0.1)	(0.6)	0.0	(2.4)	4.1	0.4	0.7
PL share	2.0	(2.0)	(2.0)	(1.0)	(0.4)	(2.9)	(3.1)	(2.9)	(2.8)	2.0	(1.5)	(2.9)	(0.4)
US dollar impact	(0.6)	(0.5)	(0.4)	(0.3)	(0.1)	0.5	0.6	0.6	0.6	(0.4)	(0.2)	0.2	0.2
Other	(0.0)	0.1	0.2	0.2	0.1	(0.1)	(0.1)	(0.2)	(0.1)	(0.0)	0.1	(0.1)	0.0
Gross margin, change, y/y (pp)	**(0.7)**	**1.5**	**3.3**	**3.3**	**2.2**	**(1.4)**	**(2.8)**	**(3.0)**	**(2.3)**	**(0.9)**	**2.5**	**(2.3)**	**0.5**
Gross margin (%)	**27.3**	**28.0**	**30.0**	**29.9**	**29.5**	**26.6**	**27.2**	**26.9**	**27.2**	**26.8**	**29.3**	**27.0**	**27.5**
Brand sales mix (%)													
PL share	31	30	27	31	31	27	24	28	28	31	30	27	26
Brands share	69	70	73	69	69	73	76	72	72	69	70	73	74
Total net sales	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: SEB

Overview

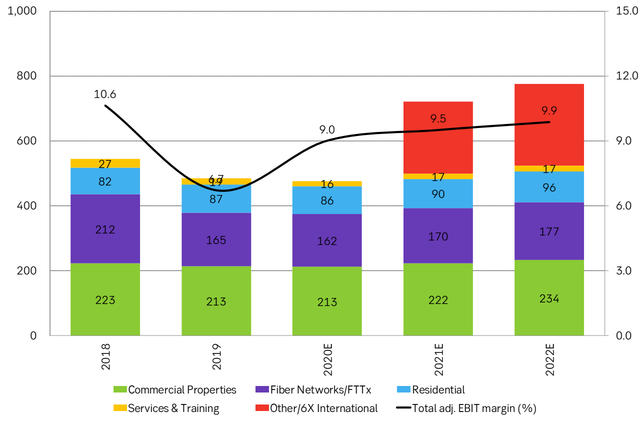
Investment case	We believe Alcadon offers a good exposure to the roll-out of 5G technology, the increasing use of edge computing (cloud) and industrial automation trends (Industry 4.0 or internet of things). To support the volume of connections, low latency and connection speeds, critical to 5G applications, this requires a much denser network infrastructure. Here, Alcadon has carved out a leading market position in the premium network equipment segment. Increasing private label sales and SG&A leverage add to EPS growth.
Company profile	From organic and M&A growth, since its start in 1988, Alcadon Group has achieved a market leading position in Sweden and in Norway as a developer and distributor of structured cable systems (SCS) and solutions for commercial properties (44% of sales), fiber- (34%) and residential (18%) networks. Its assortment includes fiber and copper-based products and passive and active components. In 2012 DistIT Group acquired and owned Alcadon until in 2016 when the company was distributed, "Lex Asea", to shareholders and separately listed. Since then the acquisition of Danish 6X is the most important, adding geographical scope, new business segments and cross-selling opportunities. Post-consolidation of 6X, more than 25% of sales are being derived from private label systems (ECS and DC-Line), carrying higher margins compared to branded goods. Here, Alcadon has trained and certified a base of 4,000 installers working with ECS and DC-Line and there are over 2m systems in operation in the Nordic region.
Valuation approach	Based on our earnings estimates, we believe Alcadon is valued at about 10x 2021 EV/EBIT, corresponding to a 40% discount to its peer group median valuation of closer to 16x. At our mid-point equity value of SEK 50 per share, this would imply 14x 2021E EV/EBIT and in our opinion a more reasonable 10% discount to peers, as justified by its small capitalization.
Target price risks	5G will be a much more expensive technology to roll out implying timing decisions could impact Alcadon's earnings and our valuation significantly. Also, Alcadon's financial disclosure and historical track record as a listed company is limited which could mean a higher equity risk premium in the medium term.

Revenues by region



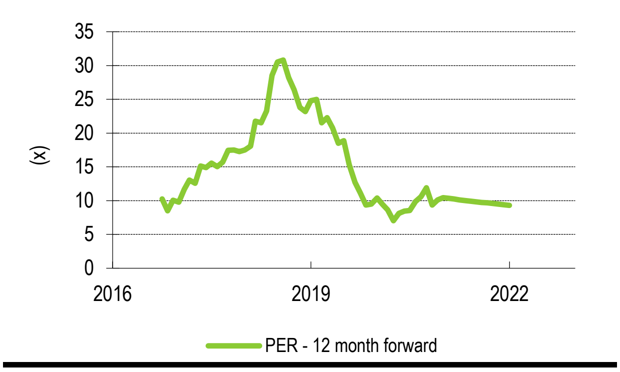
Source: SEB

Revenue by segment and group EBIT margin



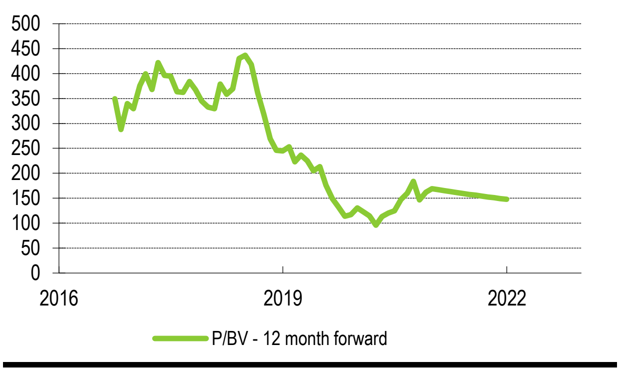
Source: SEB

PER - 12 month forward



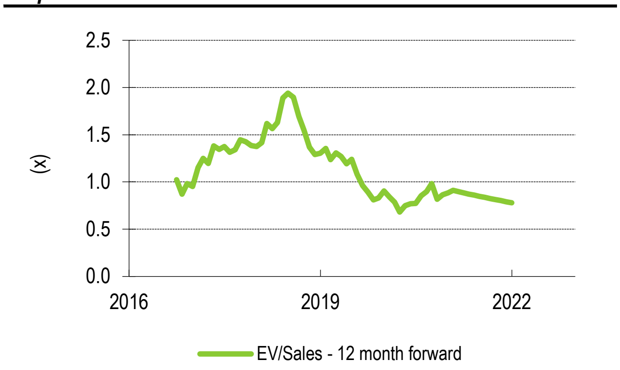
Source: SEB

P/BV - 12 month forward



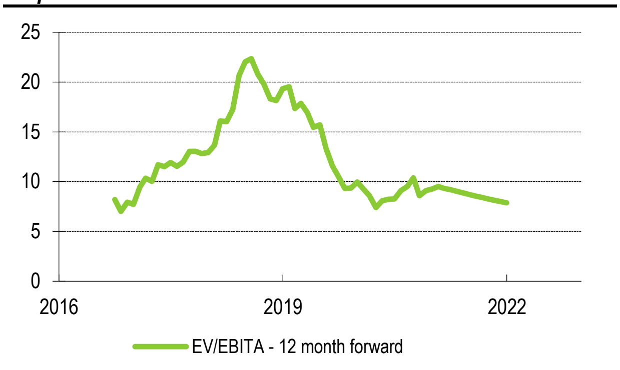
Source: SEB

EV/Sales - 12 month forward



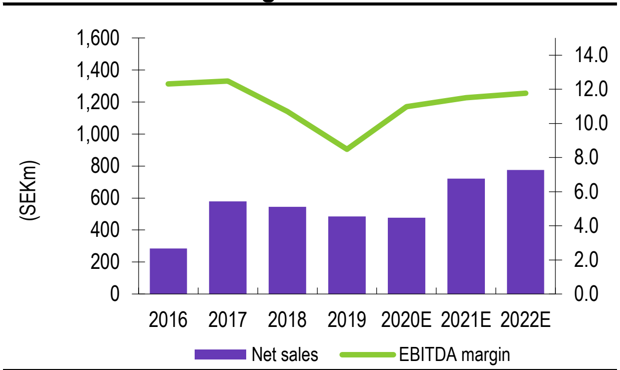
Source: SEB

EV/EBITA - 12 month forward



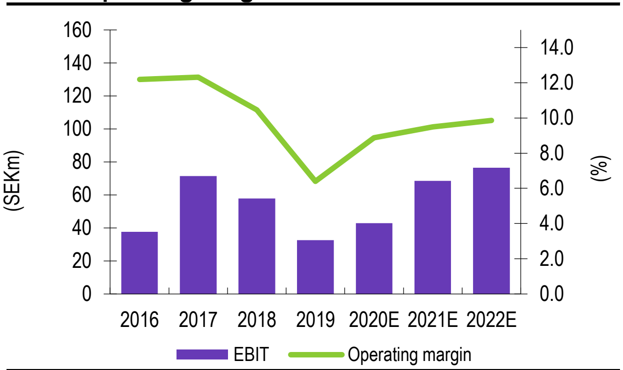
Source: SEB

Net sales & EBITDA margin



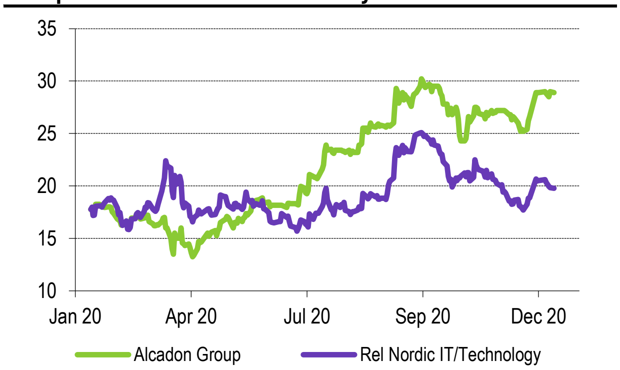
Source: SEB

EBIT & Operating margin



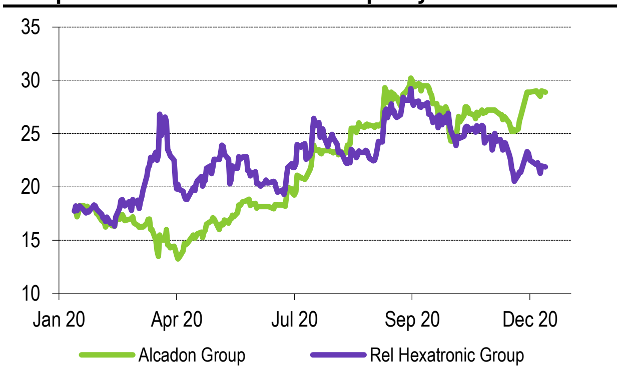
Source: SEB

Comparison with sector index - 1 year



Source: SIX

Comparison with Hexatronic Group - 1 year



Source: SIX

Profit & loss statement - Alcadon Group							
(SEKm)	**2016**	**2017**	**2018**	**2019**	**2020E**	**2021E**	**2022E**
Net Sales	285	580	544	485	476	721	776
Other revenues	0	0	0	0	0	0	0
Total revenues	**285**	**580**	**544**	**485**	**476**	**721**	**776**
Total expenses	(250)	(508)	(486)	(444)	(424)	(638)	(685)
Profit before depreciation	**35**	**72**	**58**	**41**	**52**	**83**	**91**
Depreciation - Fixed assets	(0)	(1)	(1)	(10)	(10)	(14)	(14)
Depreciation - Other assets	0	0	0	0	0	0	0
Amortisation - Goodwill	0	0	0	0	0	0	0
Amortisation - Other intangibles	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Operating profit	**35**	**71**	**57**	**31**	**42**	**68**	**77**
Net interest expenses	(6)	(9)	(10)	(6)	(5)	(5)	(5)
Foreign exchange items	(0)	0	(0)	0	0	0	0
Other financial items	0	0	0	(0)	(0)	(0)	(0)
Value changes - Fixed assets	0	0	0	0	0	0	0
Value changes - Financial assets	0	0	0	0	0	0	0
Value changes - Other assets	0	0	0	0	0	0	0
Reported pre-tax profit	**29**	**63**	**47**	**25**	**37**	**63**	**71**
Minority interests	(3)	0	0	0	0	0	0
Total taxes	(7)	(14)	(11)	(6)	(8)	(14)	(16)
Reported profit after tax	**20**	**49**	**36**	**19**	**29**	**49**	**55**
Discontinued operations	0	0	0	0	0	0	0
Extraordinary items	0	0	0	0	0	0	0
Net Profit	**20**	**49**	**36**	**19**	**29**	**49**	**55**
Adjustments:							
Discontinued operations	0	0	0	0	0	0	0
Interest on convertible debt	0	0	0	0	0	0	0
Minority interests (IFRS)	0	0	0	0	0	0	0
Value changes	0	0	0	0	0	0	0
Goodwill/intangibles amortisations	0	0	0	0	0	0	0
Restructuring charges	0	0	0	0	0	0	0
Other adjustments	3	0	1	2	1	0	0
Tax effect of adjustments	(1)	(0)	(0)	(0)	(0)	(0)	(0)
Adjusted profit after tax	**22**	**49**	**37**	**20**	**30**	**49**	**55**
Margins, tax & returns							
Operating margin	12.2	12.3	10.5	6.4	8.9	9.5	9.9
Pre-tax margin	10.1	10.8	8.6	5.1	7.8	8.7	9.2
Tax rate	22.6	22.7	22.8	22.4	22.4	22.4	22.4
ROE	66.0	47.5	21.4	9.5	13.1	18.1	16.9
ROCE	37.9	28.9	18.3	9.5	12.0	16.4	15.8
Growth rates y-o-y (%)							
Total revenues	n.a.	103.3	(6.2)	(10.8)	(1.8)	51.3	7.7
Operating profit	n.m.	105.6	(20.3)	(45.4)	36.1	61.9	11.8
Pre-tax profit	n.m.	117.0	(25.2)	(47.5)	51.2	69.1	12.7
EPS (adjusted)	0.0	105.2	(25.9)	(44.9)	45.2	57.7	12.1

Cash flow							
(SEKm)	**2016**	**2017**	**2018**	**2019**	**2020E**	**2021E**	**2022E**
Net profit	20	49	36	19	29	49	55
Non-cash adjustments	(0)	14	9	9	10	14	15
Cash flow before work cap	**19**	**62**	**45**	**28**	**39**	**63**	**70**
Ch. in working capital / Other	(4)	(9)	7	8	(1)	(16)	13
Operating cash flow	**15**	**53**	**53**	**36**	**38**	**48**	**83**
Capital expenditures	(1)	(1)	(1)	(0)	(29)	(11)	(12)
Asset disposals	0	0	0	0	0	0	0
L/T financial investments	0	0	0	0	0	0	0
Acquisitions / adjustments	0	(32)	(45)	(2)	(5)	(84)	0
Free cash flow	**15**	**19**	**7**	**34**	**4**	**(48)**	**71**
Net loan proceeds	(20)	3	(15)	(36)	(15)	39	(15)
Dividend paid	0	0	(8)	(8)	0	(8)	(11)
Share issue	0	0	0	1	0	29	0
Other	26	0	0	(0)	0	(0)	0
Net change in cash	**21**	**23**	**(16)**	**(10)**	**(11)**	**11**	**45**
Adjustments							
C/flow bef chng in work cap	19	62	45	28	39	63	70
Adjustments	0	0	0	0	0	0	0
Int on conv debt net of tax	0	0	0	0	0	0	0
Cash earnings	19	62	45	28	39	63	70
Per share information							
Cash earnings	1.27	3.79	2.69	1.65	2.31	3.57	3.92
Operating cash flow	0.99	3.23	3.13	2.11	2.27	2.68	4.63
Free cash flow	0.95	1.18	0.39	2.01	0.27	(2.71)	3.99
Investment cover							
Capex/sales (%)	0.1	0.2	0.1	0.0	6.0	1.6	1.5
Capex/depreciation (%)	120	182	57	2	295	80	80

Source for all data on this page: SEB

Balance sheet - Alcadon Group

(SEKm)	2016	2017	2018	2019	2020E	2021E	2022E
Cash and liquid assets	21	43	28	18	7	18	63
Debtors	29	79	52	40	43	77	70
Inventories	42	60	77	75	75	127	121
Other	5	6	6	9	10	14	16
Current assets	**97**	**189**	**162**	**142**	**134**	**236**	**270**
Interest bearing fixed assets	0	0	0	0	0	0	0
Other financial assets	0	0	0	0	0	0	0
Capitalized development cost	1	1	1	1	1	1	1
Goodwill	154	225	289	289	289	356	356
Other intangibles	0	0	0	0	5	5	5
Fixed tangible assets	1	1	2	18	37	34	31
Other fixed assets	0	0	0	0	0	0	0
Fixed assets	**155**	**227**	**292**	**308**	**332**	**396**	**393**
Total assets	**252**	**416**	**454**	**451**	**467**	**632**	**663**
Creditors	23	72	55	53	52	88	84
Other trade financing	10	18	19	23	18	27	29
S/T interest bearing debt	0	3	21	30	102	102	102
Other	18	28	33	18	26	40	43
Current liabilities	**51**	**121**	**128**	**123**	**197**	**256**	**257**
L/T interest bearing debt	140	148	125	115	28	66	51
Other long-term liabilities	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0
Pension provisions	0	0	0	0	0	0	0
Other provisions	0	2	7	5	5	5	5
Deferred tax	1	1	1	1	1	1	1
Long term liabilities	**141**	**150**	**132**	**121**	**34**	**71**	**56**
Minority interests	0	0	0	0	0	0	0
Shareholders' equity	**60**	**145**	**195**	**207**	**236**	**305**	**349**
Total liabilities and equity	**252**	**416**	**454**	**451**	**467**	**632**	**663**
Net debt (m)	119	108	118	127	122	149	89
Working capital (m)	25	27	28	31	32	64	51
Capital employed (m)	200	295	340	351	365	472	501
Net debt/equity (%)	199	74	61	61	52	49	25
Net debt/EBITDA (x)	3.1	1.5	2.0	3.0	2.3	1.8	1.0
Equity/total assets (%)	24	35	43	46	51	48	53
Interest cover	5.9	8.1	5.7	4.9	8.8	13.2	13.8

Valuation

(SEK)	2016	2017	2018	2019	2020E	2021E	2022E
No of shares, fully dil. (y/e)	15.4	16.4	16.9	16.9	16.9	17.8	17.8
No of shares, fully dil. avg.	15.4	16.4	16.9	16.9	16.9	17.8	17.8
Share price, y/e	29.0	38.4	30.0	18.3	28.9	28.9	28.9
Share price, high	32.0	43.7	55.0	33.0	30.2		
Share price, low	21.9	28.8	28.0	13.5	13.3		
Share price, avg	26.3	37.9	42.1	24.3	21.6		
EPS (reported)	1.29	2.96	2.15	1.13	1.72	2.75	3.09
EPS (adjusted)	1.44	2.96	2.20	1.21	1.76	2.77	3.10
Cash earnings/share	1.27	3.79	2.69	1.65	2.31	3.57	3.92
Dividend/share	0.00	0.50	0.50	0.00	0.50	0.60	0.70
Enterprise value/share	37	45	37	26	36	37	34
Book value/share	3.9	8.8	11.5	12.3	14.0	17.1	19.6
Adjusted equity/share	3.9	8.8	11.5	12.3	14.0	17.1	19.6
PER (adjusted)	20.1	13.0	13.7	15.1	16.4	10.4	9.3
CEM	22.9	10.1	11.2	11.1	12.5	8.1	7.4
Dividend yield	0.0	1.3	1.7	0.0	1.7	2.1	2.4
EV/EBITDA	14.8	10.2	10.6	10.2	11.5	8.0	6.6
EV/EBITA	14.9	10.3	10.8	13.3	14.1	9.7	7.9
EV/EBIT	15.0	10.3	10.8	13.3	14.2	9.7	7.9
EV/Sales (x)	1.98	1.27	1.15	0.90	1.28	0.92	0.78
Price/Book value	7.42	4.36	2.60	1.49	2.07	1.69	1.48
Price/adjusted equity	7.42	4.36	2.60	1.49	2.07	1.69	1.48
Free cash flow/Market cap (%)	3.3	8.2	10.2	11.5	2.0	7.1	13.8
Operating cash flow/EV (%)	2.7	7.2	8.4	8.2	6.3	7.2	13.7
EV/Capital employed (x)	2.8	2.5	1.8	1.2	1.7	1.4	1.2

Main shareholders

Name	(%) Votes	Capital
Athanase Industrial Partners	16.5	16.5
Anders Bladh	11.6	11.6
Humle Fonder	6.5	6.5
Foreign owners (total)	6.0	6.0

Management

Title	Name
COB	Pierre Fors
CEO	Sonny Mirborn
CFO	Niklas Svensson
IR	

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Source for all data on this page: SEB

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The analyst(s) responsible for this research report (jointly with their closely related persons) hold(s) 0 shares in Alcadon Group and do(es) not have holdings in other instruments related to the company.

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