Corporate Research

Green Landscaping

ESG

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Results due: 16 February

Likely to be a strong finish to an eventful year

We expect a strong Q4 report from Green Landscaping, with price increases mitigating part of the cost pressure and given reasonably favourable weather in the quarter, even if seasonality is less prominent now than it was a couple of years ago. In our view, the group is well positioned to navigate an economic slowdown, thanks to stable end-markets and large public sector exposure (~2/3). We reiterate our mid-point value of SEK 83 per share.

High M&A activity

Green Landscaping announced four new acquisitions in Q4, which added revenue of c. SEK 350m. The acquisition of UAB Stebule in Lithuania saw the company enter a new market, establish itself outside the Nordics and expand its acquisition "hunting ground". The group's 11 acquisitions in 2022 added c. SEK 1.3bn of annual revenue, a significant increase from 2021. Looking ahead, we expect the relative growth contribution from M&A to be lower in 2023, considering the balance sheet.

Strong organic growth looks set to continue

We expect revenue of SEK 1.4bn and EBITA of SEK 115m, which correspond to a margin of 8.4% and revenue growth of 47% y/y. The group has delivered high organic growth for three consecutive quarters; we expect the trend to continue in Q4 and estimate organic growth of 8%, driven by price indexation for the majority of contracts now coming through.

We reiterate our mid-point of SEK 83 per share

We reiterate our DCF-based mid-point of SEK 83. After minor adjustments to our forecasts, adj. EPS falls by 0-1% on slightly increased interest expenses. Our sensitivity analysis yields a value range of SEK 76-92. Green Landscaping is trading at a 2023E EV/EBITA of c. 12x, a ~40% discount to compounder peers, which looks low to us, given the stability of the business model.

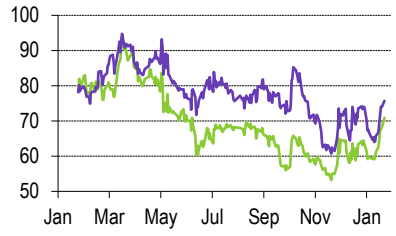
Key Data (2022E)

Price (SEK)	70.90
Reuters	GREENL.ST
Bloomberg	GREEN SS
Market cap (SEKm)	3,927
Market cap (USDm)	384
Net debt (SEKm)	1,493
Net gearing	139%
Net debt/EBITDA (x)	3.0
Shares fully dil. (m)	55.4
Avg daily turnover (m)	2.8
Free float	57%

Estimate Revisions (%)

	2022E	2023E	2024E
Revenues	0	0	0
Adj. EBIT	0	0	0
Adj. EPS	(1)	(1)	(1)

Share Price (12M)



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

Marketing communication commissioned by:
Green Landscaping

Financials (SEK)

Year end: Dec	2020	2021	2022E	2023E	2024E
Revenues (m)	2,135	3,182	4,579	5,160	5,340
Adj. EBIT	59	155	248	286	315
Pre-tax profit (m)	50	122	195	219	259
EPS	0.90	1.78	2.71	3.03	3.57
Adj. EPS	1.92	2.89	4.16	4.82	5.40
DPS	0.00	0.00	0.00	1.93	2.16
Revenue growth (%)	7.1	49.0	43.9	12.7	3.5
Adj. EBIT growth (%)	(4.7)	164.5	59.6	15.4	10.0
Adj. EPS growth (%)	13.2	50.8	43.7	15.9	12.2
Adj. EBIT margin (%)	2.7	4.9	5.4	5.5	5.9
ROE (%)	10.9	13.5	15.0	14.5	15.3
ROCE (%)	5.6	8.4	9.6	10.3	11.7
PER (x)	21.0	30.4	17.1	14.7	13.1
Free cash flow yield (%)	3.0	(0.5)	3.1	8.7	7.8
Dividend yield (%)	0.0	0.0	0.0	2.7	3.0
P/BV (x)	4.10	5.17	3.66	3.15	2.94
EV/Sales (x)	1.30	1.82	1.19	0.99	0.93
EV/Adj. EBITDA (x)	13.6	16.6	10.9	8.6	7.8
EV/Adj. EBIT (x)	46.6	36.9	21.9	18.0	15.8
Operating cash flow/EV (%)	4.2	0.5	3.6	8.4	8.3
Net debt/EBITDA (x)	4.06	3.15	2.99	1.95	1.55

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

Forecast and valuation

Estimate changes

	New estimates			Old estimates			Difference (%)		
(SEKm)	**2022E**	**2023E**	**2024E**	**2022E**	**2023E**	**2024E**	**2022E**	**2023E**	**2024E**
Net sales	4,579	5,160	5,323	4,560	5,141	5,321	0.4	0.4	0.0
EBITA	352	415	447	350	413	446	0.4	0.4	0.2
EBIT	248	286	314	247	285	313	0.4	0.4	0.2
EBT	195	219	259	194	218	258	0.6	0.5	0.3
Net income	148	169	199	147	168	198	0.7	0.6	0.4
Adj. EBITA	**352**	**415**	**447**	**350**	**413**	**446**	**0.4**	**0.4**	**0.2**
Adj. EBITA margin	**7.7%**	**8.0%**	**8.4%**	**7.7%**	**8.0%**	**8.4%**	**0.0pp**	**0.0pp**	**0.0pp**
Sales									
Region South	614	611	633	614	611	633	0.0	0.0	0.0
Region Norway	1,796	2,290	2,370	1,786	2,280	2,359	0.6	0.4	0.4
Region Middle	1,193	1,192	1,216	1,188	1,187	1,229	0.4	0.4	-1.1
Region Stockholm	554	603	624	554	603	624	0.0	0.0	0.0
Region North	394	401	415	393	400	414	0.2	0.2	0.2
Region Finland	209	250	259	209	250	258	0.2	0.2	0.2
Eliminations/other	-181	-187	-194	-184	-190	-197	1.4	1.4	1.4
Group sales	**4,579**	**5,160**	**5,323**	**4,560**	**5,141**	**5,321**	**0.4**	**0.4**	**0.0**
Adjusted EBITA									
Region South	48	46	49	48	46	49	0.0	0.0	0.0
Region Norway	222	272	289	220	271	288	0.7	0.4	0.4
Region Middle	48	50	57	48	50	58	-0.1	0.4	-1.1
Region Stockholm	18	27	32	18	27	32	0.0	0.0	0.0
Region North	39	37	39	39	37	39	0.3	0.2	0.2
Region Finland	17	33	36	17	32	36	0.2	0.2	0.2
Eliminations/other	-40	-50	-55	-40	-50	-55	0.0	0.0	0.0
Group EBITA	**352**	**415**	**447**	**350**	**413**	**446**	**0.4**	**0.4**	**0.2**

Source: SEB

Interim financial statement

(SEKm)	**Q1/21**	**Q2/21**	**Q3/21**	**Q4/21**	**Q1/22**	**Q2/22**	**Q3/22**	**Q4/22E**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Total revenues	**669**	**794**	**761**	**957**	**886**	**1,143**	**1,181**	**1,374**	**1,993**	**2,135**	**3,182**	**4,579**	**5,160**	**5,323**
Growth	78%	44%	38%	46%	32%	44%	55%	43%	68.9%	7.1%	49.0%	43.9%	12.7%	3.2%
- of which organic	34%	3%	5%	16%	5%	7%	12%	8%	2%	-6%	12.4%	7.8%	0.3%	3.2%
Cost of goods sold	-324	-315	-321	-435	-383	-523	-565	-591	-851	-892	-1394	-2,062	-2,219	-2,289
Personnel expenses	-215	-285	-235	-265	-278	-332	-329	-412	-714	-758	-1000	-1,351	-1,600	-1,650
Other external costs	-62	-71	-75	-88	-131	-161	-155	-192	-208	-187	-295	-639	-464	-479
Other operating expenses	-25	-31	-34	-57	-4	-4	-5	-15	-56	-96	-147	-28	-282	-271
Depreciation	-29	-28	-28	-29	-30	-31	-39	-48	-107	-100	-114	-148	-181	-186
EBITA	15	65	69	84	61	92	89	115	57	101	232	352	415	447
NRI	0	0	0	0	0	0	0	0	-33	0	0	0	0	0
Adjusted EBITA	**15**	**65**	**69**	**84**	**61**	**92**	**89**	**115**	**90**	**101**	**232**	**352**	**415**	**447**
Margin	2.2%	8.2%	9.0%	8.7%	6.9%	8.0%	7.5%	8.4%	4.5%	4.7%	7.3%	7.7%	8.0%	8.4%
EBIT	0	47	48	61	39	69	64	81	29	59	156	248	286	314
Margin	0.0%	5.9%	6.3%	6.4%	4.4%	6.0%	5.4%	5.9%	1.4%	2.7%	4.9%	5.4%	5.5%	5.9%
Net financials	-6	-8	-9	-11	-18	-7	-2	-14	-19	-9	-34	-53	-67	-55
EBT	-6	39	39	50	21	62	62	67	9	49	122	195	219	259
Taxes	-1	-2	-9	-18	-7	-19	-14	-7	-2	-12	-30	-47	-50	-60
Net income	-7	36	30	32	14	43	48	60	7	37	92	148	169	199
EPS	-0.1	0.8	0.6	0.6	0.3	0.8	0.9	1.1	0.2	0.9	1.8	2.7	3.0	3.6

Source: SEB, Green Landscaping Group

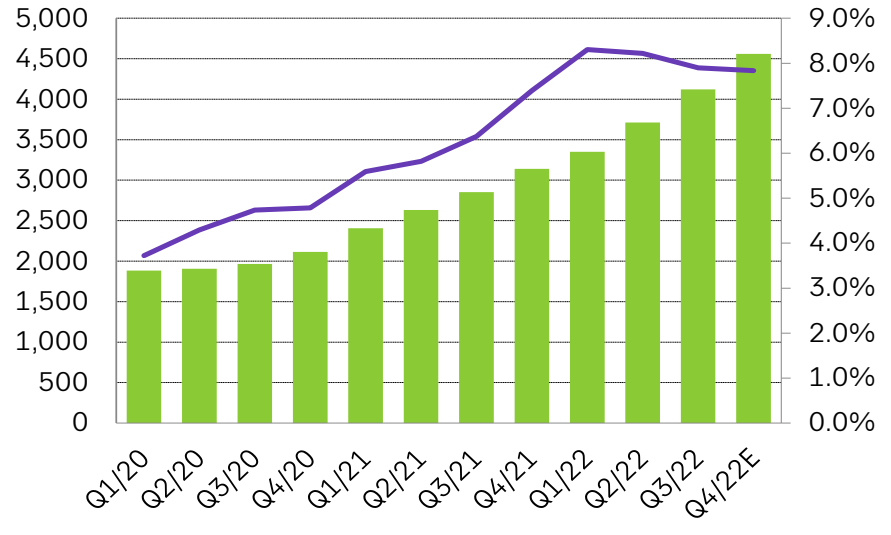
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Estimates by region

Sales	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22E	Q4/22E	2019	2020	2021	2022E	2023E	2024E
Region South	116	140	125	163	120	165	148	181	371	492	543	614	611	633
Region Norway	136	222	217	325	290	410	505	591	0	228	900	1,796	2,290	2,370
Region Middle	198	254	232	236	267	333	283	310	753	715	920	1,193	1,192	1,216
Region Stockholm	137	139	142	163	127	123	136	168	594	515	581	554	603	624
Region North	111	71	75	97	117	90	84	102	324	290	354	394	401	415
Region Finland	0	0	30	36	10	59	58	82	0	0	66	209	250	259
Eliminations/other	-29	-32	-59	-63	-46	-37	-38	-60	-50	-104	-182	-181	-187	-194
Group sales	**669**	**794**	**761**	**957**	**886**	**1,143**	**1,176**	**1,374**	**1,993**	**2,135**	**3,182**	**4,579**	**5,160**	**5,323**
Sales growth														
Region South	34%	17%	-2%	3%	4%	18%	19%	11%	90%	33%	10%	13%	0%	3%
Region Norway	1150%	551%	273%	160%	113%	85%	132%	82%			295%	99%	28%	3%
Region Middle	34%	20%	37%	27%	35%	31%	22%	31%	37%	-5%	29%	30%	0%	2%
Region Stockholm	60%	2%	6%	3%	-7%	-12%	-4%	3%	59%	-13%	13%	-5%	9%	3%
Region North	84%	-1%	-4%	21%	6%	28%	13%	5%	788%	-11%	22%	11%	2%	3%
Region Finland	n.a	n.a	n.a	n.a	n.a	n.a	92%	130%	n.a	n.a	n.a	218%	20%	3%
Group sales growth	**78%**	**44%**	**38%**	**46%**	**32%**	**44%**	**55%**	**43%**	**69%**	**7%**	**49%**	**44%**	**13%**	**3%**
EBITA														
Region South	-2	13	15	12	5	15	14	14	26	28	38	48	46	49
Region Norway	18	36	26	64	37	51	59	75	0	41	145	222	272	289
Region Mid	2	20	10	-6	17	20	4	7	40	35	27	48	50	57
Region Stockholm	-10	-4	6	8	7	1	3	7	-1	-13	-1	18	27	32
Region North	9	2	9	11	14	6	8	11	25	20	31	39	37	39
Region Finland	0	0	5	5	-5	5	7	9	0	0	10	17	33	36
Group-wide expenses	-2	-2	-3	-11	-14	-8	-6	-7	0	-10	-18	-40	-50	-55
Group EBITA	**15**	**65**	**69**	**84**	**61**	**92**	**89**	**115**	**90**	**101**	**232**	**352**	**415**	**447**
EBITA margin														
Region South	-2.0%	9.5%	11.9%	7.6%	4.1%	9.3%	9.5%	7.8%	7%	5.7%	7.1%	7.9%	7.5%	7.8%
Region Norway	13.0%	16.4%	12.1%	19.8%	12.6%	12.5%	11.7%	12.7%	0%	18.0%	16.1%	12.4%	11.9%	12.2%
Region Mid	1.0%	8.0%	4.4%	-2.4%	6.4%	6.1%	1.4%	2.1%	5%	4.9%	2.9%	4.0%	4.2%	4.7%
Region Stockholm	-7.4%	-3.2%	4.0%	4.9%	5.8%	1.1%	2.2%	3.9%	0%	-2.5%	-0.1%	3.3%	4.5%	5.1%
Region North	8.2%	2.5%	12.2%	11.5%	11.7%	7.1%	9.5%	10.5%	8%	6.8%	8.8%	9.9%	9.2%	9.3%
Region Finland	n.a	n.a	17.5%	12.7%	-43.1%	8.8%	12.1%	11.4%	n.a	n.a	14.9%	8.1%	13.0%	14.0%
Group EBITA margin	**2.2%**	**8.2%**	**9.0%**	**8.7%**	**6.9%**	**8.0%**	**7.6%**	**8.4%**	**4.5%**	**4.7%**	**7.3%**	**7.7%**	**8.0%**	**8.4%**

Source: SEB, Green Landscaping Group

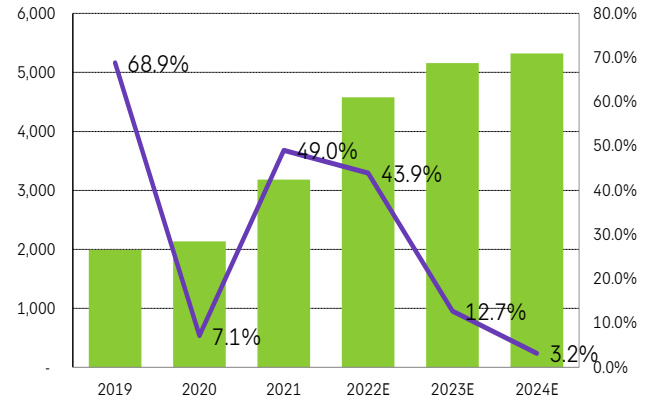
LTM revenue (SEKm) and LTM EBITA margin (%)



Source: SEB, Green Landscaping Group

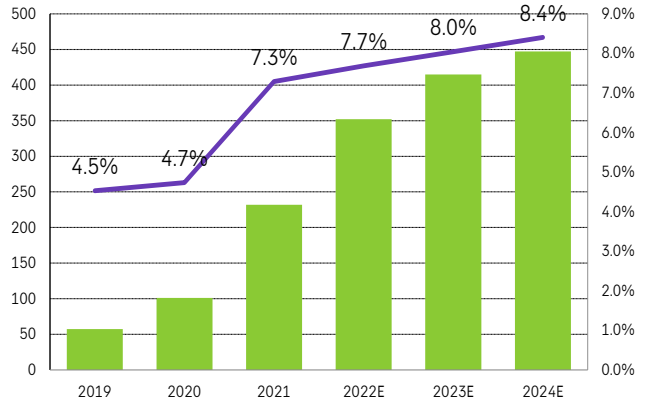
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Revenue (SEKm) and revenue growth (%y/y)



Source: SEB, Green Landscaping Group

EBITA (SEKm) and EBITA margin (%)



Source: SEB, Green Landscaping Group

We reiterate our mid-point of SEK 83

We reiterate our DCF-based mid-point value of SEK 83 per share, which assumes a WACC of 7.7%. We arrive at a fair value range of SEK 76-92 via our sensitivity analysis by changing the cost of equity by +/- 0.5pp.

DCF valuation (SEKm)

DCF valuation (SEKm)		**Weighted average cost of capital (%)**	
NPV of FCF in explicit forecast period	3,077	Risk free interest rate	2.5
NPV of continuing value	2,764	Risk premium	6.0
Value of operation	**5,841**	**Cost of equity**	**8.5**
Net debt	1,219	**After tax cost of debt**	**4.7**
Share issue/buy-back in forecast period	-		
Value of associated companies	-	**WACC**	**7.7**
Value of minority shareholders' equity	-		
Value of marketable assets	-	**Assumptions**	
DCF value of equity	**4,622**	Number of forecast years	20
DCF value per share (SEK)	**83**	EBIT margin - steady state (%)	8.4
Current share price (SEK)	70.90	EBIT multiple - steady state (x)	10.4
DCF performance potential (%)	17	Continuing value (% of NPV)	47.3

Source: SEB

DCF sensitivity (SEK/share)

		Cost of equity (%)				
		7.5	8.0	**8.5**	9.0	9.5
Equity capital weight (%)	59	153	141	129	119	110
	69	124	113	103	94	87
	79	102	92	**83**	76	69
	89	84	76	68	62	56
	99	70	63	56	50	45

Source: SEB

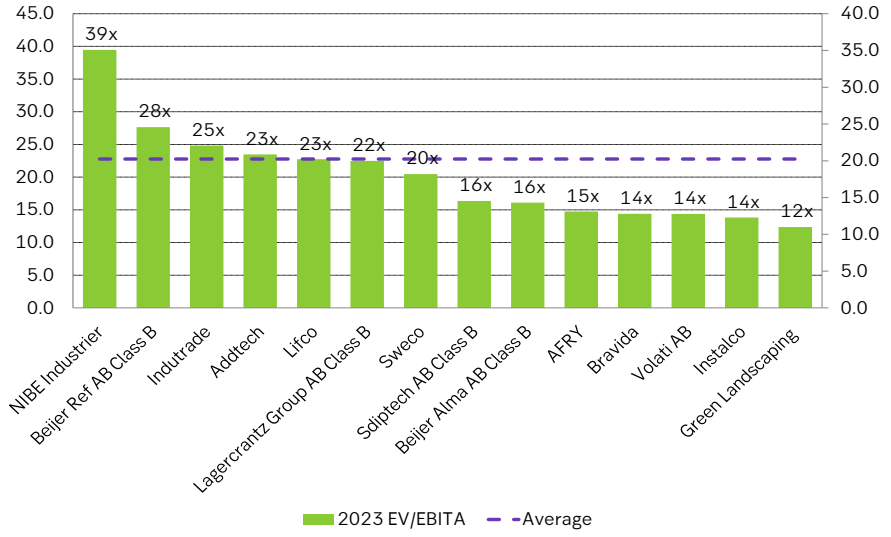
DCF sensitivity (SEK/share)

		Absolute change in EBITDA margin - all years				
		-2%	-1%	**0**	+1%	+2%
Abs. change in sales growth - all years	-2%	35	48	62	75	89
	-1%	42	57	72	87	102
	0	50	67	**83**	100	117
	+1%	59	78	97	115	134
	+2%	70	91	112	133	153

Source: SEB

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Peer group valuation



Source: SEB, FactSet

Peer group valuation table

Peers	Mkt cap (EURm)	EV/SALES 2022E	EV/SALES 2023E	EV/EBITA 2022E	EV/EBITA 2023E	PER 2022E	PER 2023E	Rev CAGR 21-24E (%)	ND/EBITDA 2022
Nordic services peers									
Bravida	2,140	0.9	0.9	14.4	14.3	18.3	18.6	7.3	0.6x
Coor	586	0.9	0.7	12.2	12.2	14.0	13.5	8.2	1.9x
Instalco	1,029	1.1	1.0	13.8	12.1	17.1	16.1	12.6	2.2x
ISS	3,900	0.6	0.5	11.6	10.2	14.1	12.6	3.2	
Lassila & Tikanoja	436	0.7	0.6	11.4	10.0	11.6	10.7	1.2	1.6x
Securitas	4,982	0.7	0.6	9.7	8.6	9.0	8.2	13.5	3.7x
Average		**0.8**	**0.7**	**12.2**	**11.2**	**14.0**	**13.3**	**7.7**	**2.0x**
Green peers									
Brightview Holdings	631	0.8	0.8	-	-	7.2	11.5	5.2	3.4x
Husqvarna	4,132	1.1	1.0	12.3	8.9	17.4	11.1	4.4	1.6x
Pool Corporation	12,913	2.2	2.7	-	-	19.2	21.4	6.2	1.6x
SiteOne Landscape Supply	5,756	1.5	1.8	-	-	24.2	30.3	6.3	0.5x
Scotts Miracle-Gro	3,275	1.4	1.7	-	-	15.6	17.5	-5.7	2.1x
Toro Company	10,406	2.7	2.5	-	-	25.9	22.0	10.4	0.5x
Average		**1.6**	**1.7**	**12.3**	**8.9**	**18.2**	**18.9**	**4.5**	**1.6x**
Compounder peers									
Addtech	4,067	2.5	2.8	19.5	23.5	24.3	30.9	8.3	1.8x
Beijer Alma AB Class B	1,057	2.1	2.3	13.7	16.1	18.6	18.4	6.2	1.5x
Beijer Ref AB Class B	5,717	2.8	2.7	29.0	27.6	42.9	36.4	18.1	2.5x
Bravida	2,140	0.9	0.9	14.7	14.4	18.1	18.3	7.3	0.6x
Indutrade	7,784	3.1	3.4	20.5	24.8	25.1	31.8	7.5	1.4x
Instalco	1,029	1.1	1.1	14.5	13.8	16.1	17.1	12.6	2.2x
Lagercrantz Group AB Class B	2,000	3.5	3.3	21.9	22.5	28.3	27.9	12.3	1.7x
Lifco	7,947	4.0	4.4	18.9	22.7	23.6	30.1	7.2	1.4x
NIBE Industrier	20,322	5.3	5.4	40.2	39.5	51.7	51.1	14.4	1.0x
Sdiptech AB Class B	887	2.9	2.8	16.0	16.4	20.6	19.7	18.0	3.9x
Sweco	3,704	1.7	1.8	19.0	20.5	21.8	24.3	5.5	1.3x
AFRY	1,977	1.1	1.2	14.1	14.8	14.4	16.1	7.0	2.9x
Volati AB	720	1.2	1.3	12.7	14.4	18.3	20.3	9.3	1.6x
Average	**4,565**	**2.5**	**2.6**	**19.6**	**20.8**	**24.9**	**26.3**	**10.3**	**1.8x**
Green Landscaping	**284**	**1.1**	**1.0**	**14.2**	**12.4**	**15.3**	**14.7**	**19.4**	**3.0x**
prem/disc, Nordic services peers		*37%*	*42%*	*17%*	*10%*	*9%*	*11%*	*11.7*	*1.0x*
prem/disc, Green peers		*-32%*	*-42%*	*16%*	*40%*	*-16%*	*-22%*	*14.9*	*1.4x*
prem/disc, Compounder peers		*-56%*	*-62%*	*-27%*	*-41%*	*-39%*	*-44%*	*9.1*	*1.2x*

Source: SEB, FactSet

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SEAM (SEB's ESG Assessment Methodology)

Green Landscaping

Country: Sweden Sector: Services Enterprise value (yr end): SEK 4.5bn Mid-point Equity Valuation: SEK 5.3bn

ESG impact on NPV (as % of enterprise valuation)		ESG impact on NPV (as % of equity valuation)	
Total impact over time	1	Total impact over time	1
of which:		of which:	
- impact reflected in mid-point enterprise valuation	1	- impact reflected in mid-point equity valuation	1
- impact yet-to-be reflected in mid-point enterprise valuation	(0)	- impact yet-to-be reflected in mid-point equity valuation	(0)

In our view, ESG factors will be overall positive to the company's financial value over time, with the impact increasing during the next 10 years. The most material ESG factors (sub-issues) are Petrol and diesel-powered vehicles and tools are being replaced with electrically powered ones. We believe that some of the key ESG factors could be manageable by the company. For those manageable factors, we believe that the company's current approach is optimal . Our mid-point equity valuation partly reflects the ESG impact. In our view, the company's revenues do not comply with EU taxonomy technical assessment criteria. From a responsibility perspective, we believe that the company is managing current ESG issues effectively. Sustainalytics overall ESG risk assessment for the company is medium, while our ESG financial assessment suggests a positive financial impact.

SEB ESG Financial Assessment ("SEFA")

	0-3 yrs	4-10+ yrs
SEFA overall assessment (qualitative):		

Most material issues from a financial performance and value perspective (SEB view)

	Climate related impact - products/services		
A	Petrol and diesel-powered vehicles and tools are being replaced with electrically powered ones	🟩	🟩
	Emissions, Effluents, Waste excl Greenhouse Gas		
B	Organic waste is recycled and used again in the business	🟩	🟩
	Greenhouse Gas emissions - own operations		
C	Annual goal to decrease CO2 by 5%	⬜	🟩
	Ethical business		
D	Subsidiaries engage subcontractors to supplement their own staffing	🟥	🟥

Sales (price/volume) exposure to ESG opportunities/threats

		NPV/EV (%)	Impact on Sales CAGR (%pa)	
D	Risk of subcontractors not complying with laws and requirements applicable to Green's operations	(1)	(0)	(0)
	Sub-total	**(1)**	**(0)**	**(0)**

Costs (CAPEX/OPEX) exposure to ESG opportunities/threats

		NPV/EV (%)	Impact on costs (as % of sales)	
A	Petrol and diesel-powered vehicles and tools are being replaced with electrically powered ones	1	(1)	(1)
B	Organic waste is recycled and used again in the business	0	(0)	(0)
	Sub-total	**1**	**(1)**	**(2)**

Cost of capital exposure to ESG opportunities/threats

		NPV/EV (%)	Impact on cost of capital (percent units)	
C	Annual goal to decrease CO2 by 5%	0.5	(0.1)	(0.3)
	Sub-total	**0.5**	**(0.1)**	**(0.3)**

Grand total of impacts (% NPV/EV) 1

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Green Landscaping (cont.)

SEB ESG Responsibility Assessment ("SERA")

	0-3 yrs	4-10+ yrs
SERA overall assessment (qualitative):		

Key concern responsibility issues (SEB view)

Ethical business		
Conscientious efforts to reduce the use of chemicals used in the business.		
Working with clear strategic sustainability goals		

Other high profile issues/controversies but assessed to be of intermediate or low concern (SEB view)

Land Use and Biodiversity		
Strategic goal of at least five new projects each year focused on increasing biodiversity		
Community Relations		
Green Steps program provides immigrants with job opportunities strengthens the community		

Sustainalytics Assessment (note: 1st is lowest risk)

Overall risk	Medium
Percentile vs. companies in all industries	30
Percentile vs. others in industry	48

The Sustainalytics ESG rating is an assessment of how well a company is managing its material ESG risks, while SEB's SEFA is a bottom up evaluation of the impact of most material ESG factors on the company's financial performance.

Sustainalytics rating	**SEB SEFA (as % of EV)**
Negligible	Very positive
Low	**Positive**
Medium	Neutral
High	Negative
Severe	Very negative

EU Taxonomy compliance - bottom-up analysis

In our view, the company's revenues **do not comply with** EU taxonomy technical assessment criteria.

Compliant activities (% of group revenues from taxonomy-compliant activities)	**0-3 yrs**	**4-10+ yrs**

Sustainability governance information

Committment to Paris Accord (e.g. approved science based targets)	No
CEO participation in Sustainability Committee	Yes
CEO remuneration linked to delivery of sustainability goals and reporting	No
Ultimate Responsible for Sustainability	BoD & CEO
Is Ultimate Responsible a member of the company's top management committee?	Yes

Last updated: 2022-11-29

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Overview

Investment considerations	Green Landscaping's position as a market leader in a countercyclical industry sets a foundation for continued growth and enhanced profitability. In our opinion, the company's strategy of decentralised operations gives it the potential to improve margins by adapting to local preferences, thereby maximising value creation. Furthermore, the company has taken a step towards consolidating the Nordic market through the entry into Norway and Finland, which expands its universe for potential acquisitions.
Company profile	Green Landscaping is Sweden's leading service provider of maintenance and landscaping of green areas and outdoor environments. Services include cleaning, lawn mowing, tree care, road maintenance and snow and ice removal during the winter. In addition, outdoor environments are constructed around buildings and in parks through landscaping services. The business is tilted towards public customers, which account for approximately two-thirds of sales, and is characterised by long-term contracts.
Valuation approach	Our fair share price range is based on a mid-point DCF value +/- 0.5pp change to our COE assumptions being the lower and upper end of the range.
Investment risks	The service offering differs between seasons, which means Green Landscaping is subject to seasonal effects. Extreme weather variations such as unexpectedly mild winters can have a material impact on the company. Furthermore, acquisitions remain an integral part of Green's growth strategy, which brings certain risks if they turn out poorly or if the integrations do not go as planned.

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Profit & loss statement - Green Landscaping								
(SEKm)	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Net Sales	797	1,176	1,974	2,113	3,139	4,555	5,160	5,340
Other revenues	2	4	19	22	42	23	0	0
Total revenues	**799**	**1,180**	**1,993**	**2,135**	**3,182**	**4,579**	**5,160**	**5,340**
Total expenses	(744)	(1,125)	(1,829)	(1,933)	(2,836)	(4,079)	(4,564)	(4,705)
Profit before depreciation	**56**	**55**	**164**	**202**	**346**	**500**	**596**	**635**
Depreciation - Fixed assets	(26)	(37)	(20)	(24)	(38)	(58)	(87)	(89)
Depreciation - Other assets	0	0	0	0	0	0	0	0
Depreciation of right-of-use assets	0	0	(87)	(77)	(76)	(90)	(94)	(98)
Amortisation - Goodwill	0	0	0	0	(0)	0	0	0
Amortisation - Other intangibles	(4)	(14)	(29)	(43)	(76)	(104)	(129)	(134)
Operating profit	**26**	**4**	**29**	**59**	**155**	**248**	**286**	**315**
Net interest expenses	(17)	(16)	(19)	(9)	(33)	(53)	(67)	(55)
Foreign exchange items	0	0	0	0	0	0	0	0
Other financial items	0	0	0	0	0	0	0	0
Value changes - Fixed assets	0	0	0	0	0	0	0	0
Value changes - Financial assets	0	0	0	0	0	0	0	0
Value changes - Other assets	0	0	0	0	0	0	0	0
Reported pre-tax profit	**9**	**(12)**	**9**	**50**	**122**	**195**	**219**	**259**
Minority interests	0	0	0	0	0	0	0	0
Total taxes	(4)	6	(2)	(12)	(30)	(47)	(50)	(60)
Reported profit after tax	**5**	**(6)**	**7**	**38**	**92**	**148**	**169**	**200**
Discontinued operations	0	0	0	0	0	0	0	0
Extraordinary items	0	0	0	0	0	0	0	0
Net Profit	**5**	**(6)**	**7**	**38**	**92**	**148**	**169**	**200**
Adjustments:								
Discontinued operations	0	0	0	0	0	0	0	0
Interest on convertible debt	0	0	0	0	0	0	0	0
Minority interests (IFRS)	0	0	0	0	0	0	0	0
Value changes	0	0	0	0	0	0	0	0
Goodwill/intangibles amortisations	4	14	29	43	77	104	129	134
Restructuring charges	0	0	0	0	0	0	0	0
Other adjustments	10	42	33	0	0	0	0	0
Tax effect of adjustments	(2)	(9)	(7)	0	(19)	(25)	(30)	(31)
Adjusted profit after tax	**17**	**41**	**61**	**80**	**150**	**227**	**268**	**302**
Margins, tax & returns								
Operating margin	3.2	0.3	1.5	2.8	4.9	5.4	5.5	5.9
Pre-tax margin	1.1	(1.0)	0.5	2.3	3.9	4.3	4.3	4.9
Tax rate	46.2	53.1	24.5	24.0	24.5	24.0	23.0	23.0
ROE	11.9	(4.0)	3.4	10.9	13.5	15.0	14.5	15.3
ROCE	35.7	9.8	8.5	5.6	8.4	9.6	10.3	11.7
Growth rates y-o-y (%)								
Total revenues	n.a.	47.6	68.9	7.1	49.0	43.9	12.7	3.5
Operating profit	n.m.	(85.5)	670.7	104.5	164.5	59.6	15.4	10.0
Pre-tax profit	n.m.	n.m.	n.m.	426.6	146.1	60.0	12.6	18.2
EPS (adjusted)	0.0	(45.6)	20.9	13.2	50.8	43.7	15.9	12.2

Cash flow								
(SEKm)	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Net profit	5	(6)	7	38	92	148	169	200
Non-cash adjustments	41	35	43	56	102	162	216	222
Cash flow before work cap	**46**	**29**	**51**	**94**	**194**	**310**	**385**	**422**
Ch. in working capital / Other	(29)	(26)	(31)	22	(164)	(116)	45	(13)
Operating cash flow	**17**	**3**	**19**	**116**	**30**	**194**	**430**	**410**
Capital expenditures	(34)	(52)	(31)	(66)	(54)	(74)	(87)	(98)
Asset disposals	3	4	9	10	1	0	0	0
L/T financial investments	0	0	0	0	0	0	0	0
Acquisitions / adjustments	(76)	(213)	(15)	(364)	(433)	(598)	(28)	(25)
Free cash flow	**(90)**	**(257)**	**(19)**	**(305)**	**(457)**	**(478)**	**315**	**287**
Net loan proceeds	117	247	(33)	206	495	334	(250)	(200)
Dividend paid	0	0	0	0	0	0	0	(108)
Share issue	0	73	0	149	146	30	17	0
Other	(0)	0	0	0	0	0	0	(0)
Net change in cash	**28**	**63**	**(52)**	**51**	**184**	**(114)**	**82**	**(21)**
Adjustments								
C/flow bef chng in work cap	46	29	51	94	194	310	385	422
Adjustments	0	0	0	0	0	0	0	0
Int on conv debt net of tax	0	0	0	0	0	0	0	0
Cash earnings	46	29	51	94	194	310	385	422
Per share information								
Cash earnings	6.97	0.99	1.4	2.25	3.75	5.67	6.9	7.54
Operating cash flow	2.58	0.11	0.53	2.77	0.58	3.54	7.72	7.31
Free cash flow	(13.6)	(8.73)	(0.51)	(7.29)	(8.83)	(8.74)	5.66	5.12
Investment cover								
Capex/sales (%)	4.1	4.2	1.2	2.8	1.5	1.4	1.4	1.5
Capex/depreciation (%)	124	132	126	250	124	108	83	90

Source for all data on this page: SEB

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Balance sheet - Green Landscaping								
(SEKm)	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Cash and liquid assets	34	96	45	95	352	238	320	299
Debtors	221	414	418	433	722	1,048	1,089	1,127
Inventories	31	24	26	28	39	62	71	73
Other	29	0	0	72	39	39	39	39
Current assets	**314**	**534**	**489**	**628**	**1,152**	**1,388**	**1,518**	**1,537**
Interest bearing fixed assets	0	0	0	0	0	0	0	0
Other financial assets	0	0	0	0	0	0	0	0
Capitalized development cost	0	0	0	0	0	12	27	45
Goodwill	138	419	436	709	1,084	1,084	1,084	1,084
Other intangibles	41	139	130	270	410	605	489	368
Right-of-use lease assets	0	0	236	184	267	276	277	279
Fixed tangible assets	82	166	56	180	233	536	535	538
Other fixed assets	17	21	18	21	27	27	27	27
Fixed assets	**278**	**744**	**876**	**1,363**	**2,020**	**2,538**	**2,439**	**2,342**
Total assets	**592**	**1,278**	**1,365**	**1,991**	**3,171**	**3,926**	**3,957**	**3,879**
Creditors	148	185	183	173	227	349	396	410
Other trade financing	141	150	137	171	246	357	404	418
S/T lease liabilities	0	0	0	69	60	60	60	60
S/T interest bearing debt	82	70	73	139	79	79	79	79
Other	22	60	54	142	266	266	266	266
Current liabilities	**393**	**466**	**447**	**694**	**878**	**1,112**	**1,205**	**1,233**
L/T interest bearing debt	51	454	430	589	1,043	1,378	1,128	928
L/T lease liabilities	0	0	0	116	206	215	217	219
Other long-term liabilities	50	117	233	83	39	39	39	39
Convertible debt	47	0	0	0	0	0	0	0
Pension provisions	0	0	0	0	0	0	0	0
Other provisions	2	2	1	1	3	3	3	3
Deferred tax	14	37	35	60	106	106	106	106
Long term liabilities	**165**	**610**	**699**	**850**	**1,398**	**1,741**	**1,493**	**1,295**
Minority interests	0	0	0	0	0	0	0	0
Shareholders' equity	**34**	**203**	**219**	**468**	**896**	**1,073**	**1,259**	**1,351**
Total liabilities and equity	**592**	**1,278**	**1,365**	**2,012**	**3,171**	**3,926**	**3,957**	**3,879**
Net debt (m)	147	428	458	818	1,089	1,493	1,163	987
Working capital (m)	(30)	42	70	47	61	177	132	144
Capital employed (m)	215	727	722	1,381	2,337	2,805	2,742	2,636
Net debt/equity (%)	426	211	209	175	122	139	92	73
Net debt/EBITDA (x)	2.2	4.4	2.3	4.1	3.2	3.0	2.0	1.6
Equity/total assets (%)	6	16	16	23	28	27	32	35
Interest cover	1.5	0.3	1.5	6.4	4.6	4.7	4.3	5.7

Valuation								
(SEK)	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
No of shares, fully dil. (y/e)	6.6	29.5	36.2	47.7	52.7	55.4	56.0	56.0
No of shares, fully dil. avg.	6.6	29.5	36.2	41.8	51.8	54.7	55.7	56.0
Share price, y/e		27.4	34.8	40.2	88.0	70.9	70.9	70.9
Share price, high		30.7	37.3	41.0	108.0	95.2		
Share price, low		17.9	24.6	20.4	37.4	52.1		
Share price, avg		24.5	30.9	29.5	72.8	70.5		
EPS (reported)	0.73	(0.19)	0.20	0.90	1.78	2.71	3.03	3.57
EPS (adjusted)	2.58	1.40	1.70	1.92	2.89	4.16	4.82	5.40
Cash earnings/share	6.97	0.99	1.40	2.25	3.75	5.67	6.90	7.54
Dividend/share	0.00	0.00	0.00	0.00	0.00	0.00	1.93	2.16
Enterprise value/share		42	47	57	109	98	92	89
Book value/share	5.2	6.9	6.1	9.8	17.0	19.4	22	24
Adjusted equity/share	5.2	6.9	6.1	9.8	17.0	19.4	22	24
PER (adjusted)		19.5	20.5	21.0	30.4	17.1	14.7	13.1
CEM		27.7	24.9	17.9	23.4	12.5	10.3	9.4
Dividend yield		0.0	0.0	0.0	0.0	0.0	2.7	3.0
EV/EBITDA		12.7	8.7	13.6	16.6	10.9	8.6	7.8
EV/EBITA		20.6	19.0	27.0	24.7	15.4	12.4	11.1
EV/EBIT		27.1	27.9	46.6	36.9	21.9	18.0	15.8
EV/Sales (x)		1.05	0.87	1.30	1.82	1.19	0.99	0.93
Price/Book value		3.98	5.73	4.10	5.17	3.66	3.15	2.94
Price/adjusted equity		3.98	5.73	4.10	5.17	3.66	3.15	2.94
Free cash flow/Market cap (%)		(6.1)	(1.0)	3.0	(0.5)	3.1	8.7	7.8
Operating cash flow/EV (%)		0.3	1.1	4.2	0.5	3.6	8.4	8.3
EV/Capital employed (x)		1.7	2.4	2.0	2.4	1.9	1.9	1.9

Main shareholders				Management		Company information	
Name	**(%)**	**Votes**	**Capital**	**Title**	**Name**	**Contact**	
Salén family via company		15.9	15.9	COB	Per Sjöstrand	Internet	www.greenlandscapinggroup.se
Byggmästare Anders J Ahlström Holding AB		15.9	15.4	CEO	Johan Nordström	Phone number	010-499 70 00
Johan Nordström via company		6.8	6.8	CFO	Carl-Fredrik Meijer		
Foreign owners (total)		21.7	21.7	IR	Carl-Fredrik Meijer		

Source for all data on this page: SEB

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Methodology
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