

Nordic Iron Ore

Materials
Sweden

KEY DATA

Stock country	Sweden
Bloomberg	0612616D SS
Reuters	NIO.ST
Share price (close)	SEK 3.50
Free Float	
Market cap. (bn)	EUR 0.01/SEK 0.07
Website	www.nordicironore.se
Next report date	

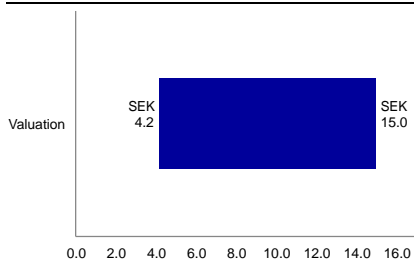
PERFORMANCE



— Nordic Iron Ore
— Sweden OMX Stockholm All-Share (Rebased)

Source: Thomson Reuters

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2019E	2020E	2021E
Sales	n.a.	n.a.	n.a.
EBIT (adj)	0%	0%	0%

Source: Nordea estimates

Nordea Markets - Analysts

Christian Kopfer
Chief Analyst, Sector Coordinator

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Analyst

DFS and financing coming up

Nordic Iron Ore presented a fourth quarter in line with our expectations. To reflect the strengthening iron ore market, we raise our iron ore price deck by USD 5 per tonne from 2022 and onwards. We increase our fair value range for the company to SEK 4.2-15.0 (3.2-6.8).

Q4 2018 uneventful; all eyes on pending feasibility study

As Nordic Iron Ore (NIO) is currently pre-revenue, the fourth quarter as such was fairly uneventful. Operating costs were SEK 2.6m, up SEK 0.86m y/y, driven by higher personnel costs. However, focus should be on the pending feasibility study and the results for its concession area in Blötberget. The study is planned to be ready during Q2 2019. During Q4 2019, underground logistics and hoisting of ore were evaluated. Further, the company also evaluated and requested tenders from service providers and equipment manufacturers. A positive outcome from the study in combination with successful financing would allow NIO to commence construction of the mine infrastructure in 2020.

Financing in focus after the feasibility study

Nordic Iron Ore has a solid cash position covering the current run-rate. However, as the result from the feasibility study is approaching and thereby the process of construction of the Blötberget mine, focus will likely be on the future capital needs and timing. As we wrote in our initiation report (11 January), we estimate the capital need at USD 200m for the initial two pre-production years and an additional USD 50m in working capital for the 15 years when the mine is up and running.

Valuation and capital requirements

We use a sum-of-the-parts valuation combined with a sensitivity analysis to derive an equity value per share of SEK 4.2-15.0 (3.2-6.8) for NIO. The increase is due to our raised iron ore price deck. In addition, in our blue-sky scenario we estimate that the rights issue will be done at a share price of SEK 7.0 (ie double the current share price), based on the assumption that there is a certain likelihood that the company will be successful in placing an upcoming equity issue at a value closer to our base case value of Blötberget rather than at the current share price. We value Blötberget at SEK 0.8bn, applying a DCF-based valuation approach. Adding our valuation for the Håksberg and Väsman properties, we arrive at a total risk-adjusted value of SEK 2.6bn. In addition, we assume that Blötberget will be financed using 75% equity and 25% debt.

SUMMARY TABLE - KEY FIGURES

SEKm	2015	2016	2017	2018	2019E	2020E	2021E
Total revenue	n.a.	n.a.	n.a.	0	0	0	0
EBITDA (adj)	-7	-8	-9	-9	-15	-18	-18
EBIT (adj)	-7	-8	-9	-9	-15	-18	-18
EBIT (adj) margin	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.
EPS (adj)	n.a.	n.a.	n.a.	-0.55	-0.04	-0.05	-0.05
EPS (adj) growth	n.a.	n.a.	n.a.	n.a.	93.5%	-40.7%	0.0%
DPS (ord)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	n.a.	n.a.	n.a.	n.m.	n.a.	n.a.	n.a.
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.m.	n.a.	n.a.	n.a.
P/E (adj)	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.
P/BV	n.a.	n.a.	n.a.	0.4	1.0	1.0	1.0
Dividend yield (ord)	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%
FCF Yield bef acq & disp	n.a.	n.a.	n.a.	-67.1%	n.a.	n.a.	n.a.
Net debt	-13	13	-2	-14	n.a.	n.a.	n.a.
Net debt/EBITDA	1.8	-1.7	0.3	1.5	n.a.	n.a.	n.a.
ROIC after tax	-7.4%	-7.1%	-8.5%	-7.9%	n.a.	n.a.	n.a.

Source: Company data and Nordea estimates

Valuation

We use a sum-of-the-parts valuation combined with a sensitivity analysis to derive an equity value per share of SEK 4.2-15.0 for Nordic Iron Ore. We value the Blötberget property at SEK 0.8bn applying a DCF-based valuation approach. Adding our valuation for the Håksberg and Väsman properties, we arrive at a total risk-adjusted value of SEK 1.5bn. In addition, we are assuming that Blötberget will be financed through 75% equity and 25% debt.

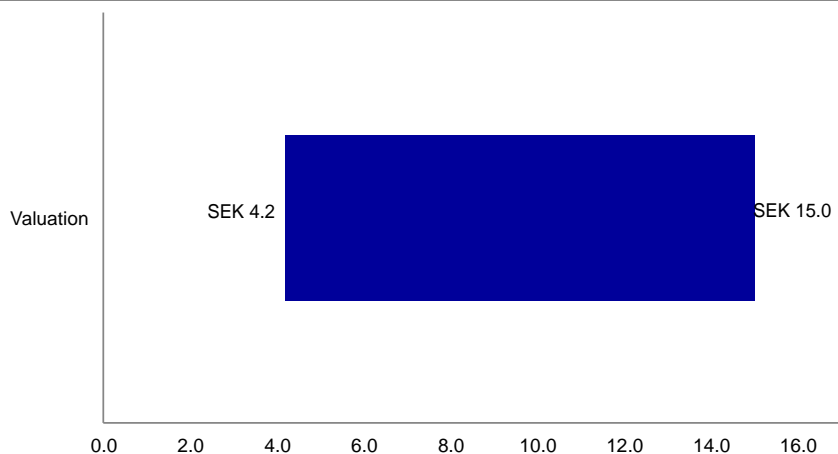
We estimate NIO's equity value range at SEK 4.2-15 per share

Given the phase in the Blötberget property and the fact that a feasibility study is in the final stages, we find a DCF-based valuation approach the most appropriate method for Blötberget.

Based on our earnings outlook in combination with a WACC of 10%, we arrive at a base-case value of SEK 0.8bn for Blötberget, equal to approximately USD 4 per tonne of M&I and Inferred resources. We believe it is fair to apply this resource multiple to the Håksberg and Väsman properties with a risk weight of 50% and arrive at approximately SEK 0.4bn for these assets.

Given our assumption that 75% of the future capital required will be financed through equity and 25% through debt, we arrive at a fair equity value range of SEK 4.2-15 per share for NIO.

EQUITY FAIR VALUE RANGE PER SHARE, SEK



Source: Company data and Nordea estimates

Income or cash flow-based method

Income or cash flow-based valuation approaches are widely used for mineral development properties such as NIO's; properties where a mineral resource has been identified via a pre-feasibility or feasibility study but is not yet financed or under construction. Such projects could typically be on a site where a previous production mine has been operating, as is the case for NIO.

DCF valuation of Blötberget

DCF is one of the most common ways to value a business

A common way of valuing a business is by using a discounted cash flow analysis (DCF). The core of the DCF analysis is to discount free cash flows at the weighted cost of capital (WACC) to arrive at their present value. The WACC takes into account the equity and debt investors of a company and is therefore dependent on the capital structure of a company.

One of the main benefits of a DCF is that it offers a structured way to arrive at the intrinsic value of a business. The DCF can be broken down into three different steps: 1) discount a company's free cash flow at WACC to derive the company's total EV; 2) identify which parts of the total EV relate to debt holders and non-equity claims; and 3) deduct all components that are not related to the equity holders' claim to derive the equity value for the company. Once the total equity value of the company has been

calculated, the share price can be computed by dividing the total equity value by the total number of the company's outstanding shares.

OPEX 2022E-34E, USD PER TONNE

Mining	22.2
Processing	6.5
Railway	9.2
Port handling	6.5
Other	4.7
G&A	4.0
Total	53.2

Source: Company data and Nordea estimates

WACC BREAKDOWN

Equity	75%
Debt	25%
Tax rate	22%
Cost of equity	8.8%
After tax cost of debt	5.5%
Small cap premium	2.0%
WACC	10.0%

Source: Company data and Nordea estimates

Our DCF valuation is based on Blötberget being able to produce roughly 35 million tonnes (Mt) of iron ore and 17 Mt of high-grade concentrate during the life-of-mine, implying an average process weight recovery of 47% during the run-of-mine and yielding total revenue of approximately SEK 13.7bn.

Operating costs mainly relate to mining operations, accounting for 37% of total operating costs. We estimate this to increase by 2% per year during the run-of-mine. We estimate the capex needed to set up the mine at USD 200m in initial capex and around USD 30m in sustaining capex during the mine's lifecycle.

Given a cost of equity of 8.8%, a cost of debt of 5.5%, and a small cap risk premium of 2.0%, we estimate a WACC of 10% based on 75% equity and 25% debt financing.

The accumulated free cash flow (FCF) over the mine's estimated 13 years of operation totals roughly SEK 3.5bn, to which we apply our calculated WACC and calculate an NPV for Blötberget of SEK 0.8bn. This corresponds to an IRR of just shy of 17% and an EV/resources multiple of approximately USD 4 per tonne of M&I and Inferred resources.

DCF BREAKDOWN FOR BLÖTBERGET

Product prices (USD/t)		WACC	
62% delivered to China, Qingdao	84.9		10%
Premium per % for 65% vs 62%	5.7	Life-of-mine	13 years
69% delivered to China, Qingdao	116.6		
Premium per % for 69% vs 62%	4.5		
Shipping costs (USD/t)	22.2		
Net price FOB Oxelösund	94.3		
Mined resources (Mt)			
Ore	34.7		
- Process weight recovery (%)	49%		
Concentrate (69%)	16.8		
Accumulated numbers of expected life of mine, SEKm			
Revenues	14,540		
Opex	-7,880		
EBITDA	6,660		
Capex			
- Project capex	1,803		
- Sustaining capex	276		
FCF	3,637		
NPV			
- USDm	88		
- EV/Resource (SEK/t)	4.3		
IRR (%)	17.2%		

Source: Company data and Nordea estimates

Comparable transactions and relative valuation

A comparable transactions approach is built on finding the value of a company's business by comparing M&A transactions and benchmarking them against one another. A relative valuation approach is similar to this, calculating specific multiples and benchmarking against peers, ie other businesses that are similar to the company being valued. Some common multiples used for mining companies are: EV/resources (USD/tonne of resources), EV/reserves (USD/tonne of reserves), EV/operating cash flow, EV/EBIT, EV/earnings and EV/NPV.

Relative valuation is easy to apply and makes it quick to find the equity value

One of the main benefits of this approach is that it can be easily applied, which makes it quick to arrive at the equity value. This is particularly the case for junior mining companies where limited information about resources is available, which can make it difficult to estimate future cash flows. However, there are also several negative aspects

to this approach, such as it being difficult to find peers with similar mining projects or peers in the same phase of their mining projects as the company being valued. This might result in a subjective judgment when selecting peers that could result in an unfair value of the business.

Håksberg and Väsman valuation using EV/resources

We choose not to use a comparable transactions or relative valuation approach

In NIO's case, we choose not to use a comparable transactions or relative valuation approach as our primary valuation method, because the differences are too big between Håksberg/Väsman and other listed iron ore projects/resources.

We use an EV/resources multiple to value Håksberg and Väsman

Instead of a comparable transactions or relative valuation approach, we apply the calculated EV/resources multiple retrieved for Blötberget and apply it to the Håksberg and Väsman properties. We believe this is a fair valuation approach, as there should be meaningful synergies between Blötberget and Håksberg/Väsman, as a significant part of the Blötberget infrastructure, including the mill, could be used. These factors suggest that Håksberg/Väsman should enjoy a higher resource multiple. However, on the other hand, the capital required for these properties is more uncertain than for Blötberget.

Furthermore, we apply risk weights of 50% to both Håksberg and Väsman given the early stages at which these potential projects are. Finally, we apply discount factors of 0.6, which is driven by WACC of 10% compounded for five years, as we assume these properties potentially could be in production five years after Blötberget.

In all, this gives us a total EV of SEK 0.2bn for Håksberg/Väsman, equal to SEK 0.5 per share if we take into account the financing structure of 75% equity.

VALUATION SUMMARY FOR HÅKSBERG AND VÄSMAN

	EV/resource		Contained Fe, M&I&I Mt	Discount factor	EV SEKm	Value per share	
	USD/t	Risk weight				SEK	SEK
Håksberg	3.1	50%	10.3	0.6	124	0.3	
Väsman	3.1	50%	19.7	0.6	237	0.5	
Shares outstanding millions							438

Source: Company data and Nordea estimates

Sum-of-the-parts

We use a SOTP approach to value NIO's business

To arrive at the value of NIO's equity, which we use as a basis for our sensitivity analyses, we apply a SOTP approach to the values calculated for the Blötberget, Håksberg and Väsman properties. This results in an adjusted EV for Blötberget, Håksberg and Väsman of SEK 0.8bn, SEK 0.1bn and SEK 0.2bn, respectively.

We estimate that NIO's net cash position in 2019 will amount to approximately SEK 1.4bn, based on our forecast of 75% equity financing. At a share price of around SEK 3.50, that would imply the number of shares should increase to around 422 million by the end of 2019.

SOTP SUMMARY

DCF	WACC	Price	Opex	Capex	NPV	NPV	IRR
	(%)	USD/t	USD/t	USD	USD	SEKm	(%)
Blötberget	10%	116.6	53.2	231	88	796	17.2%
		EV/resource		Discount factor	EV adj. SEKm	Value per share	
		USD/t	Contained Fe, M&I&I Mt			SEK	SEK
Blötberget		4.3	20.5	-	796	1.8	
Håksberg		4.3	10.3	0.6	124	0.3	
Väsman		4.3	19.7	0.6	237	0.5	
Net cash 2019E (SEKm, SEK)					1,465	3.3	
Minorities (SEKm, SEK)					0.0	0.0	
Total Equity Value (SEKm, SEK/share)					2,623	6.0	
Shares outstanding millions end-2019E						438	
Current share price, SEK						3.5	

Source: Company data and Nordea estimates

We derive our value range for NIO's equity by looking at changes in the price premium for iron ore

Our first sensitivity analysis is based on changes in Blötberget's parameters of capex, opex and net product price of 69% iron ore, which are the key determinants for NIO's EV. The sensitivity analysis shows that the equity value varies materially, depending on the magnitude of the change in the respective parameter.

SHARE PRICE SENSITIVITY FOR BLÖTBERGET: NET PRODUCT PRICE, OPEX AND CAPEX, USD PER TONNE, USD AND %

		Net product price delta FOB Oxelösund (USD/t)						
		-10.0	-5.0	-1.0	0.0	1.0	5.0	10.0
Opex and sustaining capex delta (%)	-3.0%	5.6	6.5	7.2	7.4	7.6	8.3	9.2
	-2.0%	5.1	6.0	6.8	6.9	7.1	7.9	8.8
	-1.0%	4.7	5.6	6.3	6.5	6.7	7.4	8.3
	0.0%	4.2	5.1	5.8	6.0	6.2	6.9	7.8
	1.0%	3.7	4.6	5.3	5.5	5.6	6.4	7.3
	2.0%	3.1	4.0	4.7	4.9	5.1	5.8	6.7
	3.0%	2.6	3.4	4.2	4.3	4.5	5.2	6.2

Source: Company data and Nordea estimates

Our second sensitivity analysis shows the sensitivity to changes in the assumed equity issue price along with changes in the cost of capital.

SHARE PRICE SENSITIVITY FOR BLÖTBERGET: WACC AND RIGHTS ISSUE SHARE PRICE, SEK AND %

		WACC (%)						
		11.5%	11.0%	10.5%	10.0%	9.5%	9.0%	8.5%
Rights issue share price (SEK)	6.4	9.2	9.6	10.1	10.5	11.0	11.6	12.2
	5.4	7.9	8.2	8.6	9.0	9.4	9.9	10.4
	4.4	6.5	6.8	7.1	7.4	7.8	8.2	8.6
	3.5	5.2	5.5	5.7	6.0	6.3	6.6	6.9
	2.4	3.6	3.8	4.0	4.2	4.4	4.6	4.8
	1.4	2.1	2.2	2.3	2.5	2.6	2.7	2.8
	0.4	0.6	0.6	0.7	0.7	0.7	0.8	0.8

Source: Company data and Nordea estimates

We use our calculated EV/
resources multiples to
benchmark against NIO

Given the geographical and resources spread, as well as the difference between the projects amongst peers and in comparison with NIO, we do not derive an equity value range based on a multiples or comparative transactions approach. Instead, we use it for benchmarking. We can conclude from this that NIO is trading at the upper end of the scale versus peers but lower in relation to those peers active in the same geographical region as NIO.

Risks

The mining industry is characterised by high volatility and operational as well as market-driven risks. Pre-revenue mining stocks such as Nordic Iron Ore offer potential for considerable profit but are often associated with high risk. Moreover, exploration and prospecting do not guarantee results, while they demand substantial amounts of invested capital. Some of the most important risks are highlighted below.

As iron contracts are decided quarterly, price volatility can have a direct impact on revenue potential

Price volatility of commodities

Commodities are known as one of the more volatile asset classes, where prices can differ substantially from day to day and quarter to quarter. As iron contracts are decided quarterly in accordance with spot prices, short-term shifts in iron prices will directly impact the revenue Nordic Iron Ore can generate from potential deposits. There are numerous factors as to why there is volatility in commodity prices, which include but are not limited to:

- The economic cycle and the effect it has on economic activity, predominantly in major industrialised and industrialising countries
- Increasing supply from production, disinvestment and scrap
- Speculative positions taken by investors
- Increased or decreased taxes, tariffs and other regulation
- Availability of substitute materials

The price of iron ore has fluctuated considerably during the past five-year period. The average volatility during this time amounts to 23% but peaked at 35% due to decreased demand for steel in Asia. As the final product for iron is steel – which is heavily used in construction and building – prices have a strong correlation with economic cycles. During downturns, iron ore pricing could be affected more than other metal commodities.

Success in exploration and prospecting is certainly not guaranteed

Exploration risks

Exploration and prospecting for natural resources are activities associated with high uncertainty. While costs in this stage can be profound, success is certainly not guaranteed and there is a risk that no economically minable resources, or only small amounts, are identified. As Nordic Iron Ore is a junior mining company, it has not yet started extracting minerals and is still in the process of exploring and prospecting, making it vulnerable to these risks.

While Blötberget and Håksberg are so-called brownfield sites, meaning there has been previous exploration in the area, the Väsman field is unexplored, decreasing the reliability of measured, indicated and inferred mineral assets in comparison, resulting in no guarantee that the underlying assets conform to the estimates provided from exploration. Nordic Iron Ore therefore needs to explore further to provide more accurate estimates.

Mine development is partly dependent on accurate estimates

Risks related to mineral estimates

Estimates of mineral reserves are one of the main factors used as the basis for planning mining operations. For instance, feasibility studies are used to assess the need for capital and costs for initiating operations, based on estimates. Therefore, mine development is, to a certain degree, dependent on them being accurate.

As estimates are based on probabilistic analysis of relatively small data samples collected from drill holes, they are subject to ample uncertainty. Subsequently, there is a risk that the measured, indicated or inferred iron ore partly or entirely does not exist, is not economically minable, or is in other ways not as valuable as previously thought. For Nordic Iron Ore, this risk is somewhat mitigated by the fact that mineral extraction has previously taken place at Blötberget and Håksberg, as it proves the historical existence of economically minable iron in the fields.

Valuation methods are affected by volatile commodity prices

Pricing and profitability

Valuation techniques for mining stocks often measure the value of the company's mineral resources in relation to its enterprise value. As the value of these resources depends on volatile market pricing, mining stocks can also be volatile.

As previously explained, estimates of the size of deposits are associated with uncertainty. This creates additional issues in making financial projections. Furthermore, planning during development is usually based on recommendations from feasibility reports. It is within these reports that the capex needs of a project are estimated. If results from the feasibility report are inaccurate, the economic profitability of a project might differ from expectations. Moreover, delays may occur in mine development, incurring more costs as time passes. There are several other factors affecting the profitability and estimates of a mining project including:

- A difference in tonnage and iron content in the iron ore reserves
- Inaccuracies of estimates for beneficiation, ie the reachable iron content in processed products
- Quality and size of data upon which estimates are made
- Potential delays in the development and construction of projects, possibly due to geographical conditions proving to be more challenging than expected

The lack of cash flow results in a need for external funding

Funding risk

Mine development can take years until ore extraction can be initiated, during which time the need for investments can be significant. The lack of cash flow during this period therefore results in a need for projects to be funded by other means. Nordic Iron Ore's ability to raise new capital will be dependent on a multitude of different factors, for instance:

- Iron price movements
- Financial market conditions
- Operational performance
- The company's financial position

The re-opening of the Ludvika mines is highly dependent on capital investments, both to fund exploration but even more so, the potentially imminent development of mining operations at Blötberget. If any of the factors mentioned above were to turn unfavourable, the company's ability to complete these projects would likely be limited.

Reported numbers and forecasts

INCOME STATEMENT

SEKm	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0
Revenue growth	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	-19	-13	-18	-6	-7	-8	-9	-9	-15	-18	-18
Depreciation and impairments PPE	0	0	0	0	0	0	0	0	0	0	0
EBITA	-19	-13	-18	-6	-7	-8	-9	-9	-15	-18	-18
Amortisation and impairments	0	0	0	-5	0	0	0	0	0	0	0
EBIT	-19	-14	-19	-11	-7	-8	-9	-9	-15	-18	-18
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	0	-3	-2	-4	-2	-1	-1	-1	-1	-1	0
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	-19	-16	-21	-15	-9	-9	-11	-10	-16	-18	-18
Reported taxes	0	0	0	0	0	0	0	0	0	-4	-4
Net profit from continued operations	-19	-16	-21	-15	-9	-9	-11	-10	-16	-22	-22
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Net profit to equity	-19	-16	-21	-15	-9	-9	-11	-10	-16	-22	-22
EPS	n.a.	-2.07	n.a.	n.a.	n.a.	n.a.	n.a.	-0.55	-0.04	-0.05	-0.05
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which ordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Profit margin in percent

EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.
EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.

Adjusted earnings

EBITDA (adj)	-19	-13	-18	-6	-7	-8	-9	-9	-15	-18	-18
EBITA (adj)	-19	-13	-18	-6	-7	-8	-9	-9	-15	-18	-18
EBIT (adj)	-19	-14	-19	-11	-7	-8	-9	-9	-15	-18	-18
EPS (adj)	n.a.	-2.07	n.a.	n.a.	n.a.	n.a.	n.a.	-0.55	-0.04	-0.05	-0.05

Adjusted profit margins in percent

EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.
EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.
EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

VALUATION RATIOS - ADJUSTED EARNINGS

SEKm	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.a.	n.a.	n.a.
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.a.	n.a.	n.a.
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.a.	n.a.	n.a.

VALUATION RATIOS - REPORTED EARNINGS

SEKm	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.a.	n.a.	n.a.
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.a.	n.a.	n.a.
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.a.	n.a.	n.a.
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.a.	n.a.	n.a.
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-67.1%	n.a.	n.a.	n.a.
Payout ratio	n.a.	0.0%	n.a.	n.a.	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%

Source: Company data and Nordea estimates

BALANCE SHEET

SEKm	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
Intangible assets	34	60	74	99	109	113	122	133	133	133	133
of which R&D	0	0	0	0	0	0	0	1	1	1	1
of which other intangibles	34	60	74	99	109	113	122	131	131	131	131
of which goodwill	0	0	0	0	0	0	0	1	1	1	1
Tangible assets	0	0	0	0	0	0	0	0	601	1,562	1,606
Shares associates	0	0	0	0	0	0	0	0	0	0	0
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	0	0	0	0	0	0
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	34	60	74	99	110	114	122	133	734	1,695	1,739
Inventory	0	0	0	0	0	0	0	1	n.a.	n.a.	n.a.
Accounts receivable	1	2	1	3	1	1	0	1	n.a.	n.a.	n.a.
Other current assets	0	0	0	0	0	0	0	0	n.a.	n.a.	n.a.
Cash and bank	1	19	6	20	13	1	2	21	n.a.	n.a.	n.a.
Total current assets	2	21	7	22	13	2	3	23	n.a.	n.a.	n.a.
Assets held for sale	0	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	36	81	82	121	123	115	125	156	n.a.	n.a.	n.a.
Shareholders equity	30	71	55	99	107	98	106	139	1,601	1,579	1,556
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Minority interest	0	0	0	0	0	0	0	0	0	0	0
Total Equity	30	71	55	99	107	98	106	139	1,601	1,579	1,556
Deferred tax	0	0	0	0	0	0	0	1	1	1	1
Long term interest bearing debt	0	0	10	0	0	14	0	7	7	7	7
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	500	500	500
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	0	0	10	12	13	14	0	8	508	508	508
Short-term provisions	0	0	0	0	0	0	0	1	n.a.	n.a.	n.a.
Accounts payable	6	10	2	11	3	3	19	6	n.a.	n.a.	n.a.
Other current liabilities	0	0	3	0	0	0	0	0	n.a.	n.a.	n.a.
Short term interest bearing debt	0	0	11	0	0	0	0	0	0	0	0
Total current liabilities	6	10	16	11	3	3	19	7	n.a.	n.a.	n.a.
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	36	81	82	121	123	115	125	155	n.a.	n.a.	n.a.
Balance sheet and debt metrics											
Net debt	-1	-19	15	-20	-13	13	-2	-14	n.a.	n.a.	n.a.
Working capital	-5	-8	-4	-8	-2	-2	-18	-4	n.a.	n.a.	n.a.
Invested capital	29	52	70	90	107	112	104	128	n.a.	n.a.	n.a.
Capital employed	30	71	65	110	120	113	106	149	n.a.	n.a.	n.a.
ROE	n.m.	-32.0%	-33.0%	-19.6%	-8.9%	-9.0%	-10.3%	-8.3%	-1.8%	-1.4%	-1.4%
ROIC	n.m.	-33.3%	-30.3%	-13.8%	-7.4%	-7.1%	-8.5%	-7.9%	n.a.	n.a.	n.a.
ROCE	-64.0%	-19.1%	-28.4%	-10.1%	-6.1%	-6.9%	-8.7%	-6.2%	n.a.	n.a.	n.a.
Net debt/EBITDA	0.0	1.4	-0.8	3.2	1.8	-1.7	0.3	1.5	n.a.	n.a.	n.a.
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	83.6%	87.3%	67.6%	81.6%	87.0%	85.2%	84.9%	90.1%	n.a.	n.a.	n.a.
Net gearing	-2.7%	-26.8%	27.2%	-19.9%	-11.9%	13.7%	-2.3%	-10.0%	n.a.	n.a.	n.a.

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

SEKm	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
EBITDA (adj) for associates	-19	-13	-18	-6	-7	-8	-9	-9	-15	-18	-18
Paid taxes	0	0	0	0	0	0	0	0	0	-4	-4
Net financials	0	-3	-2	-4	-2	-1	-1	-1	-1	0	0
Change in provisions	0	0	0	0	0	0	0	1	n.a.	n.a.	n.a.
Change in other LT non-IB	0	0	0	11	1	-13	0	0	0	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	12	-6	6	-22	-5	13	1	-1	0	0	0
Funds from operations (FFO)	-7	-22	-15	-21	-13	-9	-9	-10	n.a.	n.a.	n.a.
Change in NWC	3	3	-4	7	-1	0	2	-18	n.a.	n.a.	n.a.
Cash flow from operations (CFO)	-4	-18	-19	-14	-14	-9	-7	-29	n.a.	n.a.	n.a.
Capital expenditure	-17	-26	-14	-30	-11	-4	-9	-9	-601	-961	-44
Free cash flow before A&D	-21	-44	-33	-44	-25	-13	-16	-38	n.a.	n.a.	n.a.
Proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	0	0	0	0	0	0	0	0	0	0	0
Free cash flow	-21	-44	-33	-44	-25	-13	-16	-38	n.a.	n.a.	n.a.
Dividends paid	0	0	0	0	0	0	0	0	0	0	0
Equity issues / buybacks	0	0	0	0	0	0	0	0	1,477	0	0
Net change in debt	21	63	20	57	18	1	17	0	0	0	0
Other financing adjustments	0	0	0	0	0	0	0	0	n.a.	n.a.	n.a.
Other non-cash adjustments	1	0	0	0	0	0	0	56	0	0	0
Change in cash	1	18	-13	14	-7	-12	1	19	n.a.	n.a.	n.a.

Cash flow metrics

Capex/D&A	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Capex/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.

Key information

Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3	4	4	4
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	56	1,542	1,542	1,542
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	42	n.a.	n.a.	n.a.
Diluted no. of shares, year-end (m)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.6	440.6	440.6	440.6

Source: Company data and Nordea estimates

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