

Nordic Iron Ore

Materials
Sweden

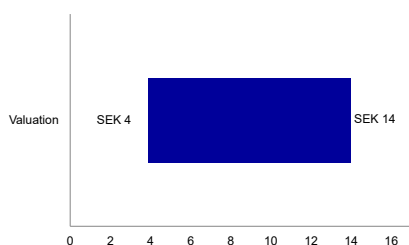
KEY DATA

Stock country	Sweden
Bloomberg	NIO SS
Reuters	NIO.ST
Share price (close)	SEK 3.35
Free Float	
Market cap. (bn)	EUR 0.01/SEK 0.11
Website	www.nordicironore.se
Next report date	

PERFORMANCE



VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2021E	2022E	2023E
Sales	n.a.	n.a.	0%
EBIT (adj)	n.a.	0%	0%

Source: Nordea estimates

Nordea Markets - Analysts

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Strong iron ore market supports financing stage

The optimisation study for Blötberget was concluded in Q4, by Whittle, which through a private placement became the third-largest owner of the company. With the current exceptionally strong iron ore market, we consider the chances of a successful first step in project financing to have improved. We maintain our long-term through-the-cycle iron ore (62% fines) price of USD ~100 per tonne, with potential project construction start during H2 2021 and with first ore potentially two years after that. We maintain our equity valuation range of SEK 4-14 per share.

Project IRR suggests a very profitable mine

The Blötberget optimisation study was reported by Whittle Consulting during the fourth quarter, and was paid for through a private placement. As a result, Whittle became the third-largest owner in Nordic Iron Ore with almost 7% of the shares. As we have mentioned previously, the study reported an improvement in NPV, IRR and unit cash cost opex from better project planning and mine scheduling, and a more detailed basis for the final design engineering and costing prior to construction. On the bottom line and due to the optimisation study, Nordic Iron says that the NPV of Blötberget has improved to more than USD 170m (SEK ~1.5bn) with a project pre-tax IRR of around 21%, which corresponds to an after-tax IRR of roughly 19%. This marks a substantial improvement in relation to the original DCF valuation, which suggested a project after-tax IRR of approximately 13%.

We maintain our valuation range

We use a sum-of-the-parts valuation combined with a sensitivity analysis to derive an equity value of SEK 4-14 per share. Our modelled after-tax IRR is approximately 17%, suggesting a slightly more conservative valuation than that suggested by the optimisation study. Furthermore, compared to spot prices of almost USD 170 per tonne for 62% fines, our through-the-cycle-price assumption of USD 100 per tonne should be seen as very prudent, we think. In addition, in our blue-sky scenario we estimate that NIO will carry out a rights issue at a share price of SEK 8.0 (ie substantially above the current share price), based on the assumption that it could potentially place an equity issue to preferably an industrial player at a value closer to our base-case value of Blötberget rather than at the current market cap. We value Blötberget at SEK 1.1bn with our DCF-based approach.

SUMMARY TABLE - KEY FIGURES

SEKm	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	n.a.	0	0	0	0	0	80
EBITDA (adj)	-9	-9	-9	-8	-18	-18	-250
EBIT (adj)	-9	-9	-10	-8	-18	-18	-267
EBIT (adj) margin	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	-333.1%
EPS (adj, SEK)	n.a.	-0.55	-0.37	-0.27	-0.05	-0.05	-0.71
EPS (adj) growth	n.a.	n.a.	31.9%	27.9%	81.9%	0.0%	1,373.1%
DPS (ord, SEK)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	4.6
EV/EBIT (adj)	n.a.	n.m.	n.m.	n.m.	5.1	1.5	n.m.
P/E (adj)	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
P/BV	n.a.	0.4	0.6	0.6	0.8	0.8	1.0
Dividend yield (ord)	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield bef A&D, lease	n.a.	-67.1%	-668.7%	-1,106.2%	-4.8%	-4.3%	-25.6%
Net debt	-2	-14	3	-5	-1,619	-1,553	-1,162
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
ROIC after tax	-8.5%	-8.0%	-6.8%	-5.3%	-10.1%	-8.1%	-96.1%

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 4-14 for Nordic Iron Ore. We value the Blötberget property at SEK 1.1bn, 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 1.7bn. In addition, we assume that Blötberget will be financed through 75% equity and 25% debt.

We estimate NIO's equity value range at SEK 4-14 per share

Given the current phase of the Blötberget property and the fact that a feasibility study (FS) has been published, we find a DCF-based valuation approach the most appropriate method for Blötberget.

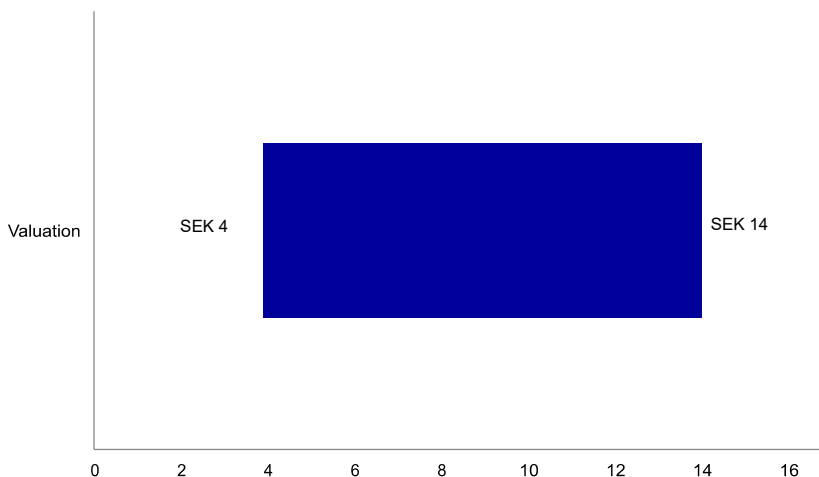
Based on our earnings outlook in combination with a WACC of 8%, we arrive at a base-case value of SEK 1.1bn for Blötberget, equal to approximately USD 8 per tonne of reserves.

For Väsman, we base our valuation on the recently published scoping study, applying a WACC of 8% for this asset as well. However, we add a risk weight of 75% due to the earlier stage of the project (compared to Blötberget). We arrive at a base-case value of SEK 0.4bn for this property, which equals approximately USD 2.5 per tonne of resources, which we calculate at roughly 20 million tonnes of Fe content.

Finally, for Håksberg, we believe it is fair to apply a similar resource multiple as for Väsman but with a risk weight of 50% instead of 75% and arrive at approximately SEK 0.15bn for this asset.

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 4-14 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, 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 at a site where a previous production mine has been operating, as is the case for NIO.

DCF valuation of Blötberget

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

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

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 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 equityholders' 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.

Our DCF valuation is based on Blötberget being able to produce roughly 34 million tonnes (Mt) of iron ore and 16 Mt of high-grade concentrate during the life-of-mine, implying an average process weight recovery of 48% during the run-of-mine and yielding total revenue of approximately SEK 16bn.

Operating costs mainly relate to mining operations, accounting for ~40% 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 ~270m in initial capex and around USD 70m in sustaining capex during the mine's lifecycle.

Given a cost of equity of 7.5%, a cost of debt of 5.5%, and a small-cap risk premium of 1.0%, we estimate a WACC of 8% based on 75% equity and 25% debt financing. The accumulated free cash flow (FCF) over the mine's estimated 12-13 years of operation totals roughly SEK 3.9bn, to which we apply our calculated WACC and calculate an NPV for Blötberget of SEK 1.1bn. This corresponds to an after-tax IRR of almost 17% and an EV/resources multiple of approximately USD 8 per tonne of reserves.

In addition, in our blue-sky scenario we estimate that the rights issue will be carried out at a share price of SEK 8.0 (ie substantially above the current share price), based on the assumption that NIO could 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.

DCF BREAKDOWN FOR BLÖTBERGET (SEKm)

Product prices (USD/t)			WACC	8%
62% delivered to China, Qingdao	101.8		Life-of-mine	13 years
Premium per % for 65% vs 62%	5.7			
69% delivered to China, Qingdao	133.5			
Premium per % for 69% vs 62%	4.5			
Shipping costs (USD/t)				
	22.2			
Net price FOB Oxelösund				
	111.3			
Mined resources (Mt)				
Ore	34.1			
- Process weight recovery (%)	47%			
Concentrate (69%)	16.2			
Life of mine, SEKm				
Revenues	15,919			
Opex	-8,059			
EBITDA	7,860			
Capex				
- Project capex	2,163			
- Sustaining capex	573			
FCF				
	3,904			
NPV				
	1,113			
USDm	128			
EV/Reserves (USD/t)	7.9			
IRR (%)				
	16.7%			

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.

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, based on the published scoping study of Väsman, and apply that multiple with a higher discount (due to higher project uncertainty) to the Håksberg property.

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 to us 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.

Overall, this gives us a total EV of approximately SEK 0.6bn for Håksberg/Väsman, equal to SEK 0.8 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	EV SEKm	Value per share SEK
	USD/t	Risk weight	Mt		
Håksberg	1.6	50%	10.3	148	0.2
Väsman	2.5	75%	19.7	424	0.6
Shares outstanding millions					764

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 1.1bn, SEK 0.15bn and SEK 0.4bn, respectively.

We estimate that NIO's net cash position by the end of 2021 will amount to approximately SEK 2.4bn, based on our forecast of 75% equity financing. With new equity assumed to be issued at a share price of SEK 2.50, this would imply the number of shares should increase to around 760 million by the end of 2021.

SOTP SUMMARY

DCF	WACC	Price	Opex	Capex	NPV	NPV	IRR
	(%)	USD/t	USD/t	USD	USD	SEKm	(%)
Blötberget	8%	133.5	56.7	338	128	1,113	16.7%
EV/resource		Contained Fe, M&I		EV adj.	Value per share		
	USD/t	Risk weight	Mt	SEKm	SEK		
Blötberget	7.9	100%	16.2	1113	1.5		
Håksberg	1.6	50%	10.3	148	0.2		
Väsman	2.5	75%	19.7	424	0.6		
Net cash 2021E (SEKm, SEK)					1,833	2.4	
Minorities (SEKm, SEK)					0.0	0.0	
Total Equity Value (SEKm, SEK/share)					3,517	4.6	
Shares outstanding millions end-2021E						764	
Current share price, SEK						2.7	
Upside/Downside to shareprice (%)						70%	

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%	4.5	4.9	5.2	5.2	5.3	5.6	5.9
	-2.0%	4.3	4.7	5.0	5.0	5.1	5.4	5.7
	-1.0%	4.1	4.5	4.7	4.8	4.9	5.2	5.5
	0.0%	3.9	4.2	4.5	4.6	4.7	5.0	5.3
	1.0%	3.7	4.0	4.3	4.4	4.4	4.7	5.1
	2.0%	3.4	3.8	4.1	4.1	4.2	4.5	4.8
	3.0%	3.2	3.5	3.8	3.9	3.9	4.2	4.6

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 (%)						
		9.5%	9.0%	8.5%	8.0%	7.5%	7.0%	6.5%
Rights issue share price (SEK)	10.0	15.1	15.5	15.9	16.4	16.9	17.4	18.0
	8.0	12.4	12.8	13.1	13.5	13.9	14.3	14.8
	5.0	8.1	8.4	8.6	8.8	9.1	9.4	9.7
	2.5	4.2	4.3	4.5	4.6	4.7	4.9	5.0
	2.0	3.4	3.5	3.6	3.7	3.8	3.9	4.1
	1.5	2.6	2.7	2.7	2.8	2.9	3.0	3.1
	1.0	1.7	1.8	1.8	1.9	1.9	2.0	2.1

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 among 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 as well as operational and 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. Below, we outline some of the key risks.

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

Price volatility of commodities

Commodities are known to be 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 that cause 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 over the past five years. The average volatility during this time has amounted to 23% but peaked at 35% owing 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 very high, 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 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. This means that there is 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.

Mining stocks can be volatile

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. These reports estimate the capex needs of a project. If the 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 that can affect the profitability and estimates of a mining project including:

- A difference in tonnage and iron content in the iron ore reserves
- Inaccuracy 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 more challenging than expected.

Funding risk

New capital may need to be raised owing to significant investment needs during mine development

During mine development, it can take years before 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 factors such as:

- 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, to fund exploration, and to a larger extent, 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	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	80
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	-18	-6	-7	-8	-9	-9	-9	-8	-18	-18	-250
Depreciation and impairments PPE	0	0	0	0	0	0	0	0	0	0	-17
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	-18	-6	-7	-8	-9	-9	-9	-8	-18	-18	-267
Amortisation and impairments	0	-5	0	0	0	0	-1	0	0	0	0
EBIT	-19	-11	-7	-8	-9	-9	-10	-8	-18	-18	-267
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	-2	-4	-2	-1	-1	-1	-2	-1	0	0	0
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	-21	-15	-9	-9	-11	-10	-11	-9	-18	-18	-267
Reported taxes	0	0	0	0	0	0	0	0	-4	-4	-59
Net profit from continued operations	-21	-15	-9	-9	-11	-10	-11	-9	-22	-22	-325
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	-21	-15	-9	-9	-11	-10	-11	-9	-22	-22	-325
EPS, SEK	n.a.	n.a.	n.a.	n.a.	n.a.	-0.55	-0.37	-0.27	-0.05	-0.05	-0.71
DPS, SEK	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.m.	n.m.	n.m.	n.m.	n.m.	-312.3%
EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	-333.1%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	-333.1%

Adjusted earnings

EBITDA (adj)	-18	-6	-7	-8	-9	-9	-9	-8	-18	-18	-250
EBITA (adj)	-18	-6	-7	-8	-9	-9	-9	-8	-18	-18	-267
EBIT (adj)	-19	-11	-7	-8	-9	-9	-10	-8	-18	-18	-267
EPS (adj, SEK)	n.a.	n.a.	n.a.	n.a.	n.a.	-0.55	-0.37	-0.27	-0.05	-0.05	-0.71

Adjusted profit margins in percent

EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	-312.3%
EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	-333.1%
EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	-333.1%

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.m.
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.m.	n.m.	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.m.
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.m.	n.m.
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.

VALUATION RATIOS - ADJUSTED EARNINGS

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	5.1	1.5	n.m.
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	5.1	1.5	n.m.
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	5.1	1.5	n.m.

VALUATION RATIOS - REPORTED EARNINGS

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	4.55
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	5.1	1.5	n.m.
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	5.1	1.5	n.m.
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	5.1	1.5	n.m.
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	-67.1%	-668.7%	-1,106.2%	-4.8%	-4.3%	-25.6%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	-67.1%	-668.7%	-1,106.2%	-4.8%	-4.3%	-25.6%
Payout ratio	n.a.	n.a.	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company data and Nordea estimates

BALANCE SHEET

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Intangible assets	74	99	109	113	122	132	149	156	156	156	156
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	74	99	109	113	122	131	149	156	156	156	156
of which goodwill	0	0	0	0	0	1	0	0	0	0	0
Tangible assets	0	0	0	0	0	0	3	0	44	88	154
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
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	74	99	110	114	122	132	153	157	201	245	310
Inventory	0	0	0	0	0	1	0	0	0	0	0
Accounts receivable	1	3	1	1	0	1	1	0	0	0	0
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0	0	1	0	0	0
Cash and bank	6	20	13	1	2	21	13	5	1,619	1,553	1,162
Total current assets	7	22	13	2	3	23	14	6	1,619	1,553	1,162
Assets held for sale	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	82	121	123	115	125	155	166	162	1,820	1,797	1,472
Shareholders equity	55	99	107	98	106	139	148	154	1,820	1,797	1,472
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	55	99	107	98	106	139	148	154	1,820	1,797	1,472
Deferred tax	0	0	0	0	0	1	1	0	0	0	0
Long term interest bearing debt	10	0	0	14	0	7	16	0	0	0	0
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
Non-current lease debt	0	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
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	10	12	13	14	0	8	20	9	0	0	0
Short-term provisions	0	0	0	0	0	1	0	0	0	0	0
Accounts payable	2	11	3	3	19	6	0	0	0	0	0
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	3	0	0	0	0	0	0	0	0	0	0
Short term interest bearing debt	11	0	0	0	0	0	0	0	0	0	0
Total current liabilities	16	11	3	3	19	7	0	0	0	0	0
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	82	121	123	115	125	155	167	162	1,820	1,797	1,472
Balance sheet and debt metrics											
Net debt	15	-20	-13	13	-2	-14	3	-5	-1,619	-1,553	-1,162
of which lease debt	0	0	0	0	0	0	0	0	0	0	0
Working capital	-4	-8	-2	-2	-18	-4	1	1	0	0	0
Invested capital	70	90	107	112	104	127	153	157	201	245	310
Capital employed	76	99	107	113	106	147	164	154	1,820	1,797	1,472
ROE	-33.0%	-19.6%	-8.9%	-9.0%	-10.3%	-8.3%	-7.8%	-6.0%	-2.2%	-1.2%	-19.9%
ROIC	-30.3%	-13.8%	-7.4%	-7.1%	-8.5%	-8.0%	-6.8%	-5.3%	-10.1%	-8.1%	-96.1%
ROCE	-25.1%	-12.7%	-7.6%	-7.1%	-8.3%	-7.3%	-6.1%	-5.2%	-1.8%	-1.0%	-16.3%
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
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	67.6%	81.6%	87.0%	85.2%	84.9%	90.1%	88.3%	94.7%	100.0%	100.0%	100.0%
Net gearing	27.2%	-19.9%	-11.9%	13.7%	-2.3%	-10.0%	2.0%	-3.4%	-89.0%	-86.4%	-78.9%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
EBITDA (adj) for associates	-18	-6	-7	-8	-9	-9	-9	-8	-18	-18	-250
Paid taxes	0	0	0	0	0	0	0	-4	-4	-4	-59
Net financials	-2	-4	-2	-1	-1	-1	-1	0	0	0	0
Change in provisions	0	0	0	0	0	1	-1	0	0	0	0
Change in other LT non-IB	0	11	1	-13	0	0	3	6	-8	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	6	-22	-5	13	1	-1	-6	-18	0	0	0
Funds from operations (FFO)	-15	-21	-13	-9	-9	-10	-14	-25	-30	-22	-309
Change in NWC	-4	7	-1	0	2	-18	-4	1	1	0	0
Cash flow from operations (CFO)	-19	-14	-14	-9	-7	-29	-18	-24	-30	-22	-309
Capital expenditure	-14	-30	-11	-4	-9	-9	-601	-961	-44	-44	-82
Free cash flow before A&D	-33	-44	-25	-13	-16	-38	-619	-985	-74	-66	-391
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	-33	-44	-25	-13	-16	-38	-619	-985	-74	-66	-391
Free cash flow bef A&D, lease adj	-33	-44	-25	-13	-16	-38	-619	-985	-74	-66	-391
Dividends paid	0	0	0	0	0	0	0	0	0	0	0
Equity issues / buybacks	0	0	0	0	0	0	1,477	0	1,688	0	0
Net change in debt	20	57	18	1	17	0	0	0	0	0	0
Other financing adjustments	0	0	0	0	0	0	0	1	0	0	0
Other non-cash adjustments	0	0	0	0	0	56	-1,366	976	0	0	0
Change in cash	-13	14	-7	-12	1	19	-8	-8	1,614	-66	-391
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.m.	n.m.	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.	3	3	3	3	3	3
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	56	93	89	1,526	1,526	1,526
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	42	96	84	-93	-27	364
Diluted no. of shares, year-end (m)	0.0	0.0	0.0	0.0	0.0	18.6	30.0	33.6	455.6	455.6	455.6

Source: Company data and Nordea estimates

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