Ecoclime

Cutting costs with clean energy

- Saving both energy and costs for property owners
- '22e-'24e adj. EBITDA CAGR of 44%, SEK 75m by '24e
- ABGSC fair value range of SEK 12-20 per share

Facilitating major energy and cost savings

Ecoclime is a growing and profitable property technology company with exposure to structural sustainability trends such as improving properties' energy efficiency and indoor climate. The company's products strike a balance between environmental and financial incentives for property owners, allowing them to reduce energy usage and thereby cut costs. In our view, the main organic growth driver will be higher sales of Evertherm, a system that recycles thermal energy from wastewater and re-routes it back into the property. The company's other products include draft-free and silent ventilation panels that aim to replace conventional cooling beams, software that lets property owners monitor energy and air flows throughout the building and energy-efficient LED lighting products.

Scale effect and product mix to drive 44% adj. EBITDA CAGR

We expect '22e-'24e net sales and adj. EBITDA CAGRs of 22% and 44%, respectively. Our estimates include adj. EBITDA margin expansion to 20% by '24e, which we argue will stem from: 1) a favourable product mix as high-margin Evertherm sales come to make up a larger share, and 2) scaling on fixed costs as the company plans to significantly boost production capacity in the coming years by expanding its factory in Vilhelmina. In addition to organic growth, M&A has been a key pillar of the growth strategy and Ecoclime has already added ~40% to sales and ~30% to adj. EBITDA on a pro forma basis in '22 through the acquisition of Miljöbelysning. Furthermore, the company has signed LOIs to complete two more acquisitions.

Fair value range implies 8-14x '23e EV/EBITDA (adj.)

Using a peer valuation, an FCF yield valuation and a DCF model, all yielding similar results, we derive a fair value range of SEK 12-20 per share, corresponding to a '23e EV/EBITDA (adj.) range of 8-14x (12-23x for '22e). By conducting two M&A scenarios, we conclude that further value-accretive M&A could increase the value range to SEK 23-34. The main risks to our estimates are increasing competition, M&A execution, and poorly executed expansion.

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SEKm	2020	2021	2022e	2023e	2024e
Sales	155	157	258	334	381
EBITDA	14	-4	32	56	71
EBITDA margin (%)	*9.0*	*-2.4*	*12.5*	*16.8*	*18.6*
EBIT adj	8	1	23	42	56
EBIT adj margin (%)	*5.0*	*0.8*	*8.9*	*12.5*	*14.6*
Pretax profit	5	-14	18	37	50
EPS rep	0.15	-0.31	0.31	0.63	0.87
EPS adj	0.29	0.13	0.47	0.79	1.03
Sales growth (%)	*74.5*	*1.5*	*64.1*	*29.5*	*14.1*
EPS growth (%)	*282.0*	*-309.4*	*199.7*	*104.3*	*37.0*

Source: ABG Sundal Collier, Company data

Reason: Initiating coverage

Company sponsored research

Not rated

Share price (SEK)	07/03/2022	11.7
Fair value range (per share)		12-20
Renewable Energy, Sweden		
ECC-B.ST/ECC SS		
MCap (SEKm)		537
MCap (EURm)		50
Net debt (EURm)		-10
No. of shares (m)		46.1
Free float (%)		*61*
Av. daily volume (k)		10
Next event		Q1 report: 05 May

Performance

	1m	3m	12m
Absolute (%)	*-15.9*	*-24.6*	*-28.2*

Source: FactSet

	2022e	2023e	2024e
P/E (x)	37.6	18.4	13.4
P/E adj (x)	25.0	14.8	11.4
P/BVPS (x)	1.60	1.48	1.33
EV/EBITDA (x)	13.3	7.9	5.9
EV/EBIT adj (x)	18.6	10.6	7.6
EV/sales (x)	1.66	1.32	1.10
ROE adj (%)	*6.7*	*10.4*	*12.3*
Dividend yield (%)	*0*	*0*	*0*
FCF yield (%)	*-8.4*	*-1.6*	*4.8*
Lease adj. FCF yld (%)	*-9.1*	*-2.3*	*4.1*
Net IB debt/EBITDA	-3.4	-1.7	-1.7
Lease adj. ND/EBITDA	-3.5	-1.8	-1.7

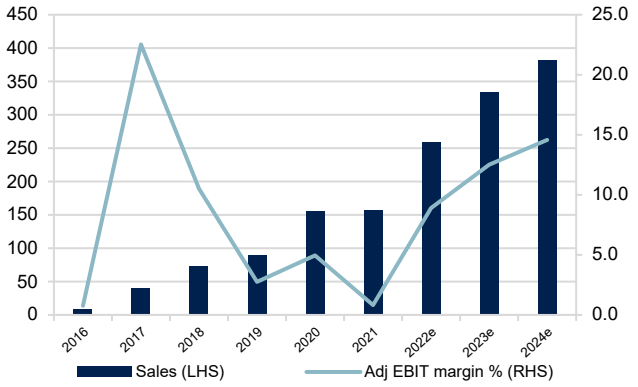
Company description

Ecoclime is a property technology (proptech) company that offers products and services in three segments: Circular Energy, Indoor Climate and Property Automation. The company aims to be a wholesale provider of proptech solutions that increase properties' energy efficiency and improve indoor climate and comfort. The products have environmental advantages as well as financial incentives for property owners.

Risks

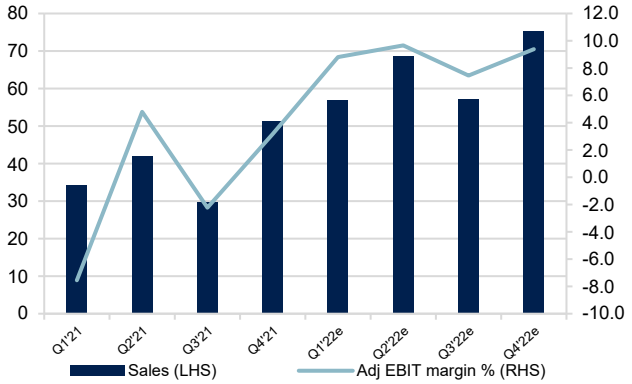
Risks include competing technologies for energy efficiency taking large market shares and Ecoclime not managing to scale up operations and increase profitability. Also, the company has an active M&A agenda, which comes with M&A identification, valuation, and integration risks.

Annual sales & adj. EBIT margin, SEKm



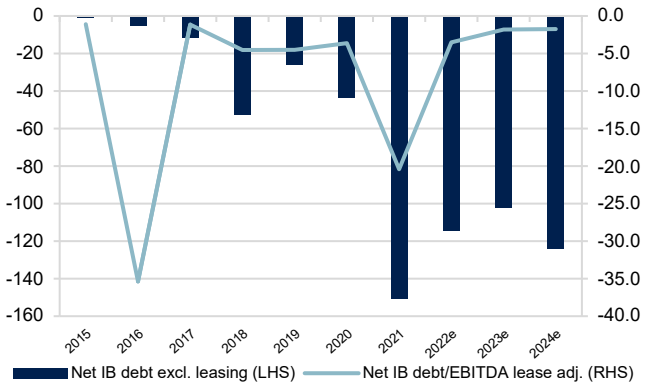
Source: ABG Sundal Collier, Company data

Quarterly sales and adj. EBIT margin



Source: ABG Sundal Collier, Company data

Lease adj. net debt and ND/EBITDA



Source: ABG Sundal Collier, Company data

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Summary

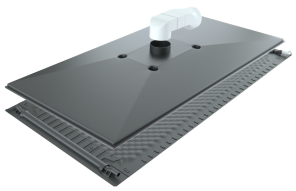
Ecoclime is a fast-growing property technology ("proptech") company with exposure to several structural sustainability trends such as improving properties' energy efficiency and indoor climate and comfort. Since the first commercial order in '14, net sales have grown to SEK 142m by '21, both organically and through several acquisitions. In the coming years, Ecoclime is set to significantly expand its current production capacity to meet growing demand for its products, and we estimate '22e-'24e net sales and adj. EBITDA CAGRs of 22% and 44%, respectively. We arrive at a fair value range of SEK 12-20 per share, which implies a '23e EV/EBITDA (adj.) range of 8-14x.

Products that combine energy and cost savings

The product offering is divided into three segments: Circular Energy, Indoor Climate, and Property Automation. In our view, the main organic growth driver will be the Circular Energy segment, where Ecoclime sells Evertherm, a system that recycles up to 95% of thermal energy from wastewater and re-routes it back into the property. The core market for Evertherm is multi-unit dwellings, and within this market we estimate there is a potential to save ~370 GWh per annum and SEK 6bn per annum at 5% Evertherm penetration in Swedish multi-unit dwellings considering that ~30% of energy used for heating in buildings exits through wastewater. To meet the growing demand for Evertherm systems, Ecoclime has a plan to expand its factory in Vilhelmina, Sweden, increasing production capacity from 15 Evertherm systems in 2021 to 50 in 2022 and 450 by year-end 2023.

In Indoor Climate, the company offers the Invisma and Charisma ventilation panels, which aim to replace conventional cooling beams as they distribute air more evenly throughout the room in a draft-free and silent manner. Finally, in Property Automation, Ecoclime offers a software platform, SDC Optima, that lets property owners monitor energy and air flows in throughout the building; as of January 2022, it also offers energy-efficient LED-lighting products within this segment.

Overview of segments and products

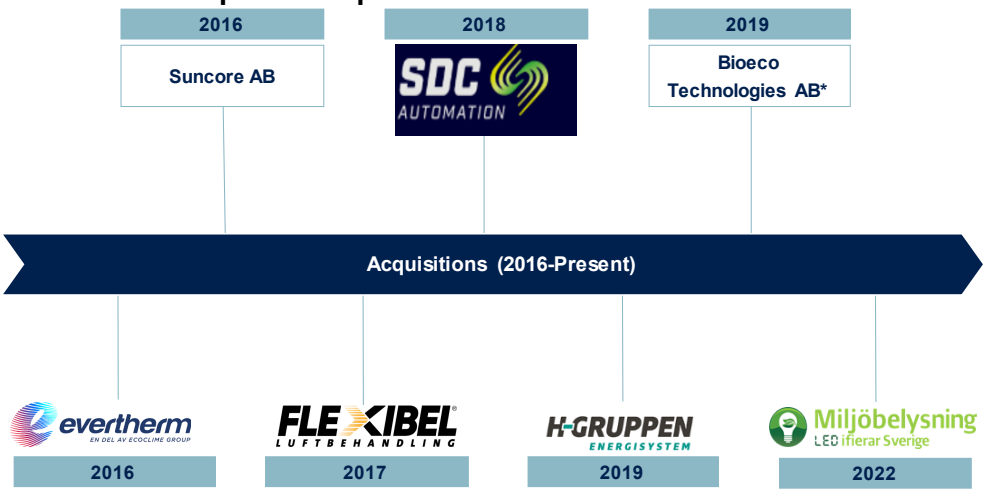
Segment	Circular Energy	Indoor Climate	Property Automation
	Evertherm system	Ecoclime comfort panels	SDC Optima platform & LEDs
Product			

Source: ABG Sundal Collier, company data

Using M&A to improve its product and service offering

In addition to the strong organic growth profile, M&A has been a central component of the growth strategy. Historically, Ecoclime has acquired companies to expand either its product offering or its presence in the value chain, for example by acquiring installation companies. Acquisitions have been financed almost entirely with equity, resulting in very low financial leverage, but we believe the new and younger management team (new CEO and CFO in 2022) may be more open to utilising leverage to conduct M&A. So far in 2022, Ecoclime has added ~40% to'22e sales and ~30% to adj. EBITDA on a pf basis through the acquisition of Miljöbelysning, and the company has signed LOIs to acquire two more companies of unspecified size.

Timeline of completed acquisitions

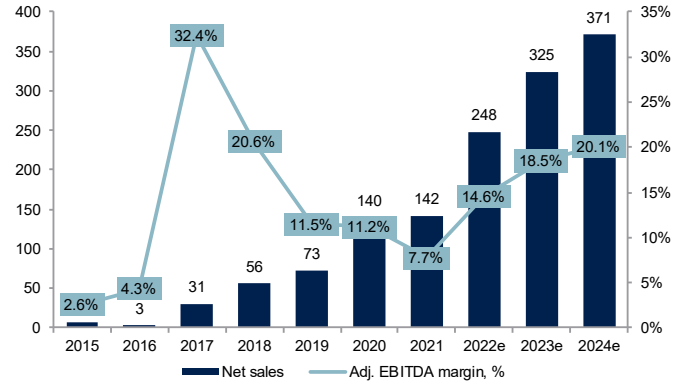


*Source: ABG Sundal Collier, company data, *Ecoclime acquired 20% of shares in Bioeco Technologies with an option to purchase an additional 31%*

'22e-'24e sales and adj. EBITDA CAGRs of 22% and 44%

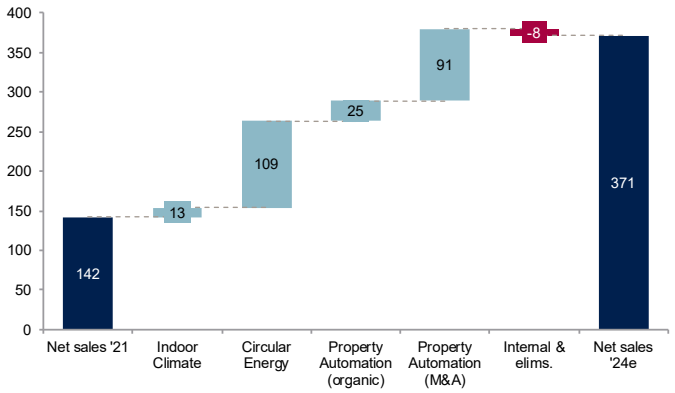
We estimate a '22e-'24e net sales CAGR of 22%. Meanwhile, we expect the adj. EBITDA margin to reach 20% by '24e (7.7% in '21, 11.2% in '20) for an adj. EBITDA CAGR of 44% and an adj. EBITDA in absolute terms of SEK 75m by '24e. We see the margin expansion being driven by: 1) an increasing share of revenues from Evertherm system sales, which we understand to be a high-margin business, and 2) scaling on fixed costs as production capacity (and by extension sales) rises. Moreover, while the underlying business is cash-generative, as evidenced by the high OCF conversion rate (96% between '17-'21), FCF will be held back in the near term by the Vilhelmina factory expansion. Following the completion of the factory expansion in '24e, we estimate Ecoclime will generate SEK 26m in FCF. We have included the announced acquisition of Miljöbelysning in our official estimates, but no further M&A.

Net sales and adj. EBITDA margin estimates



Source: ABG Sundal Collier estimates, company data

'21-'24e sales bridge by segment

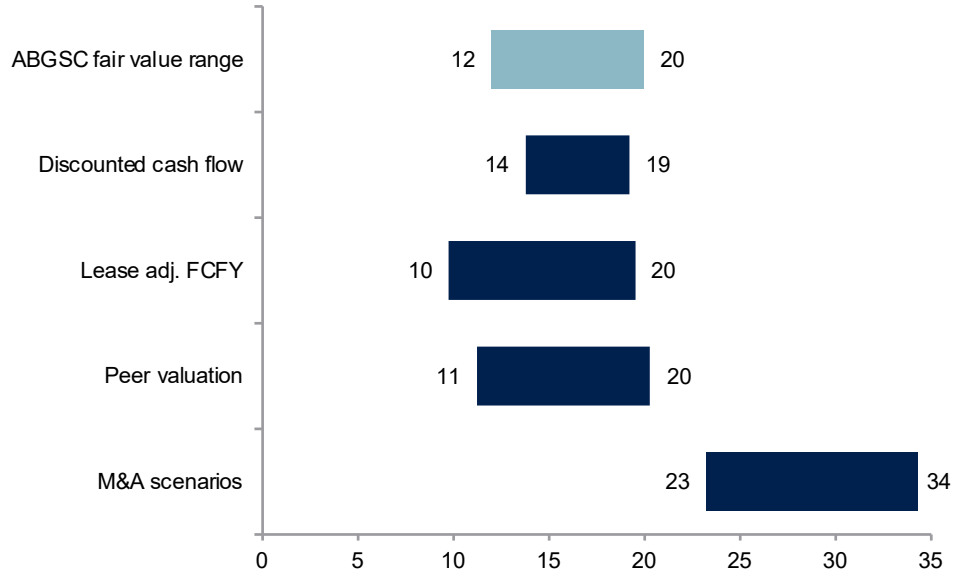


Source: ABG Sundal Collier estimates, company data

ABGSC fair value range of SEK 12-20 per share

We have conducted a peer valuation, a lease adj. FCF yield valuation and a DCF valuation, all of which yield similar value ranges. We use these methods as the basis for our fair value range for Ecoclime of SEK 12-20 per share, which implies a '23e EV/EBITDA (adj.) range of 8-14x (and a range of 12-23x for '22e). Moreover, we have conducted two separate M&A scenarios, where we conclude that adding 10-20% M&A growth per annum to our organic growth estimates could increase the value range to SEK 23-34 per share. However, since there is a risk that poor execution may also lead to M&A not being value-accretive, we do not account for the M&A scenarios in our value range.

Valuation summary



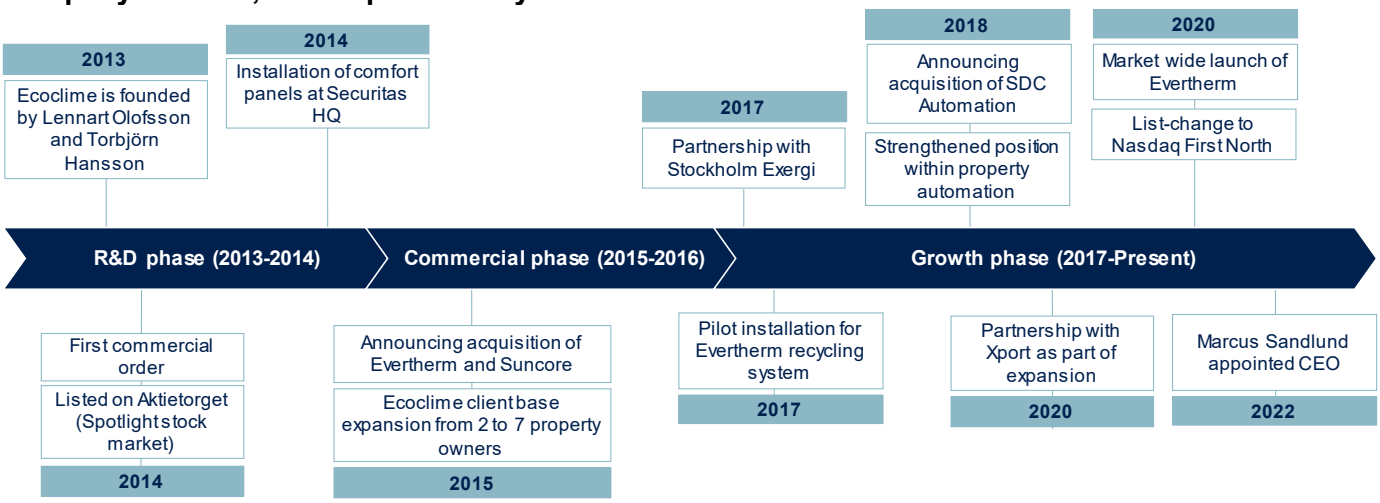
Source: ABG Sundal Collier estimates

Company overview

Ecoclime offers products and services within three segments: Circular Energy, Indoor Climate and Property Automation. The company's underlying technology revolves around the patented ETX heat exchanger, which is used in most of the company's core products. Ecoclime is set to benefit from exposure to multiple ESG trends such as improving energy efficiency and indoor comfort. Between 2015 and 2021, total sales have grown from SEK 7m to 157m, while the adj. EBITDA margin has increased from 2% to 8%.

Ecoclime was founded in 2013 and was developed in collaboration with customers such as Arcona, Skanska, Akademiska Hus and Stockholmshem. Founders Lennart Olofsson and Torbjörn Hansson served for a long time as CEO and CFO, but in February 2022, Marcus Sandlund was appointed new CEO and it has been announced that Robert Johansson will take over as CFO later in 2022. Having gone through a phase of commercialising its core products, the company now looks to focus on rapid growth, particularly in the Circular Energy segment, and plans to significantly expand production capacity in coming years to meet demand.

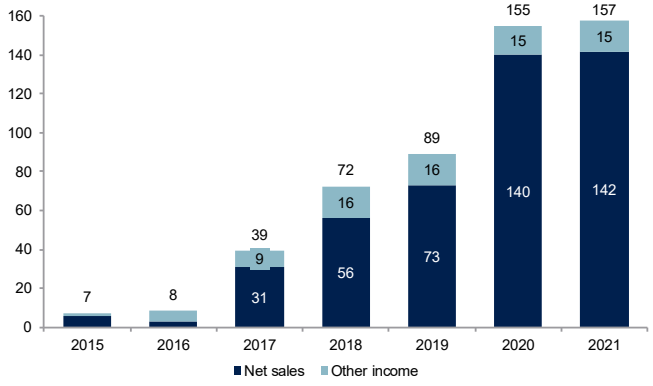
Company timeline, 2013 – present day



Source: ABG Sundal Collier, company data

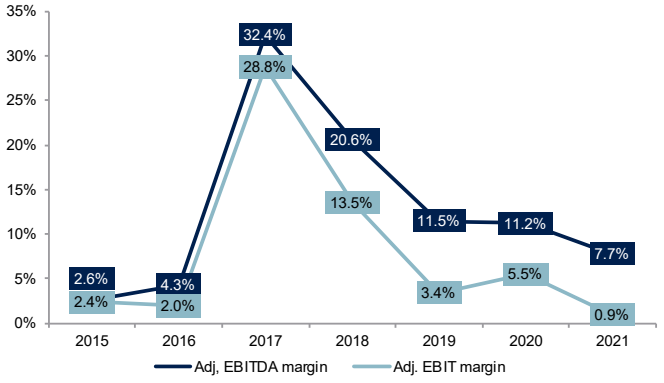
Ecoclime received its first commercial order in 2014. Between 2015 and 2021, net sales have increased from just SEK 6m to SEK 142m. In the same period, the company has gone from barely break-even to 8% adj. EBITDA margin while expanding operations. We believe Ecoclime is set to scale further as it drastically expands its factory in Vilhelmina, allowing for economies of scale to drive margins.

Total sales from SEK 7m in '15 to 155m in '20…



Source: ABG Sundal Collier, company data

…and adj. EBITA margin from 2% to 8%

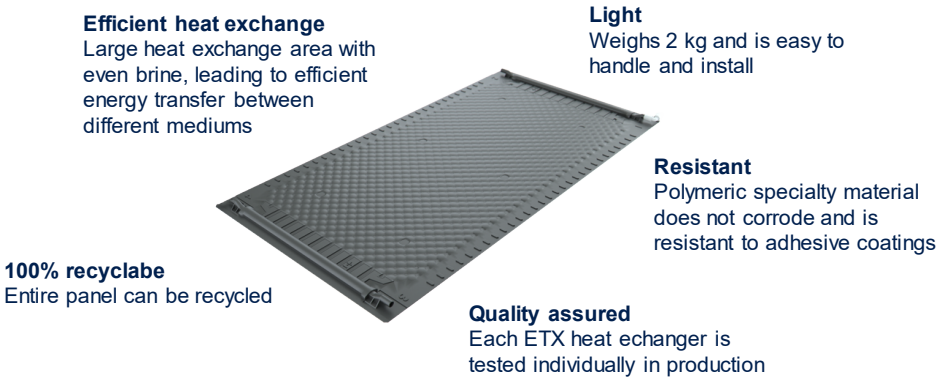


Source: ABG Sundal Collier, company data

Core technology: the ETX heat exchanger

The technology behind Ecoclime's solutions is the patented ETX panel – a heat exchanger in a polymerised material. It is part of all core products in Ecoclime's offering. The main purpose of heat exchangers is to transfer heat between mediums, a process used in several heating and cooling appliances including air conditioners, refrigerators and radiators. The ETX panel, however, carries several benefits compared to other heat exchangers, such as its superior efficiency in transferring heat and its special corrosion-resistant material. Moreover, the ETX heat exchanger is very light, making it easy to adapt into different products and to install. It is also 100% recyclable.

The ETX heat exchanger

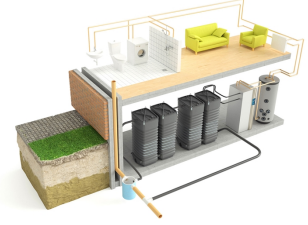
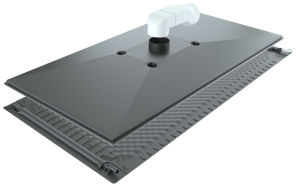
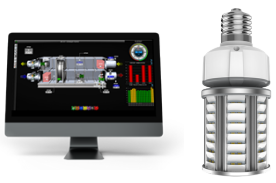


Source: ABG Sundal Collier, company data

Product offering divided into three segments

Ecoclime's product offering is divided into three segments: Circular Energy, Indoor Climate and Property Automation. The flagship product in Circular Energy is the Evertherm system, which recycles thermal energy from wastewater and reroutes it back into the property for use in heating, making the property more energy-efficient. In Indoor Climate, Ecoclime offers its legacy products, Ecoclime comfort panels, which replace conventional cooling beams. The comfort panels can distribute both hot and cool air evenly throughout a space and with less draft than a cooling beam, leading to a more comfortable and silent indoor environment. Both the Evertherm and the Ecoclime comfort panels contain one or more ETX heat exchangers. Finally, Ecoclime offers an integrable IoT platform called SDC Optima within the Property Automation segment. With Optima, a property owner can monitor and manage energy and air flows throughout their property, allowing for further energy and cost savings as well as transparency in the other products' performance. Recently, Ecoclime also added energy-efficient LED-lighting products to its Property Automation segment through the acquisition of Miljöbelysning Sverige.

Overview of segments and products

Segment	Circular Energy	Indoor Climate	Property Automation
Product	Evertherm system	Ecoclime comfort panels	SDC Optima platform & LEDs
			

Source: ABG Sundal Collier, company data

A one-stop shop for energy and air solutions

Ecoclime does not outsource parts of the value chain but rather chooses to be a one-stop shop for customers looking to make their property more energy-efficient or to make their indoor climate more comfortable. Ecoclime has a track record of developing and producing solutions itself, after which the company sells directly to construction and real estate companies or other property owners rather than going through third-party distributors. Ecoclime will also install the products and provide service and maintenance. Recently, financing solutions for Evertherm system rentals were added to the offering.

Ecoclime is present throughout the value chain

Source: ABG Sundal Collier, company data

Working with leading construction and real-estate players

Ecoclime has worked with several of the largest construction and real-estate companies in Sweden, including Skanska, PEAB, SBB, Wallenstam and many others. Its extensive customer portfolio is, in our view, a testament to the quality of the product offering. Ecoclime's agreements with these companies are currently small in scale, but we see exciting growth opportunities if a few of these customers were to commit to larger volume agreements with Ecoclime in the coming years. In fact, Ecoclime has a stated strategy of trying to sign what it calls "megadeals" with a few construction and/or real-estate companies; if these materialise, they could end up providing the bulk of Evertherm system and comfort panel orders.

Selected customers from Ecoclime's extensive portfolio

Source: ABG Sundal Collier, company data

Focus on core product sales, intl. expansion in the cards

Ecoclime's strategic focus is on the sale of its core products, and the company has ambitious plans of expanding its production facility in Vilhelmina to increase capacity and meet demand. While the expansion will facilitate production of more comfort panels, the focus is on Evertherm system capacity. Specifically, the company has targeted going from a total deliverable capacity of 15 systems per annum in 2021 to 50 systems in 2022, and thereafter 450 systems by year-end 2023, which is when the factory expansion is scheduled for completion.

The company's strategic ambitions are not limited to increasing production capacity; it has also communicated plans of venturing outside of Sweden, with the German market being the first target. Currently, this is in a very early stage and the first step will be to establish a local sales unit in Germany. For the next few years, we have not accounted for any sales contribution from Germany.

Strategy of focusing on core product sales, followed by geographic expansion

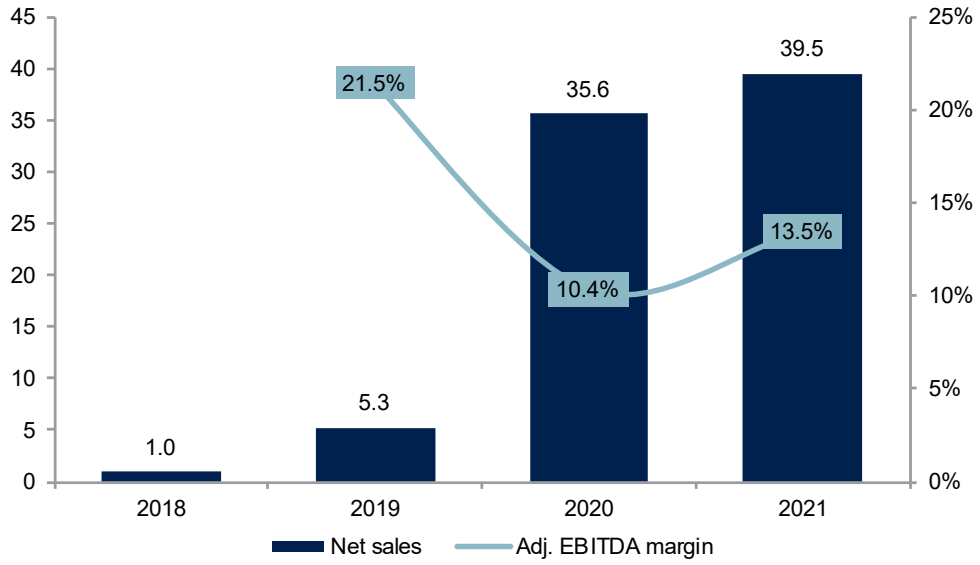
Strategy	Description
Focus on core product sales	Focus on sales of existing products within Indoor Climate (Comfort panels), Circular Energy (Evertherm), and Property automation (SDC Optima & LED-products)
Establish sales and project teams in Sweden and Northern Europe	Continue the initiated expansion of sales department
Target and focus on selected regions	Continue geographical expansion outside of Sweden, with Germany as the starting point

Source: ABG Sundal Collier, company data

Circular energy

Buildings account for roughly a third of Sweden's energy consumption and ~70% of energy consumed in buildings is attributable to heating. Moreover, 30% of the energy consumed for heating in a building exits the premises through wastewater.[1] Since 2016, when Ecoclime acquired product company Evertech, it has offered solutions that recycle and store thermal energy from wastewater using its core ETX technology. With the ETX heat exchanger, Ecoclime's Evertherm system can recycle up to 95% of the thermal energy in wastewater, which we estimate could save ~370GWh and ~SEK 6bn in energy and costs on an national scale, assuming 5% Evertherm penetration in Swedish multi-unit dwellings. In our view, the combination of a positive environmental impact and a clear financial incentive is why Evertherm sales look set to be Ecoclime's main organic growth driver.

Circular Energy net sales and adj. EBITDA margin



Source: ABG Sundal Collier, company data

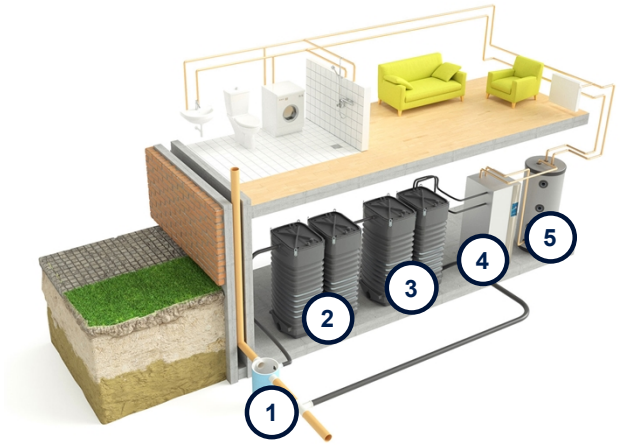
Product offering – Evertherm SEW and ARV

The Evertherm SEW is designed for use in larger multi-unit dwellings, typically those that are 2,000m^2 and above (or >33 apartments, given the average Swedish apartment size of roughly 60m^2). The system recycles thermal energy from wastewater, which is then distributed back into the property's heating and/or hot water system. Externally added energy can be recycled up to 20 times, and the system can recycle up to 95% of the thermal energy in wastewater. Evertherm SEW is scalable and can be adapted to different sizes, with larger systems needing to be installed outdoors (using underground buffer tanks) while smaller systems can be installed indoors.

[1] The Swedish Energy Agency, The Swedish National Board of Housing, Building and Planning

The Evertherm SEW has two distinct competitive advantages. First, competing technologies, which is primarily passive pipe heat exchangers, can only extract and recycle energy when water is being consumed, while the Evertherm SEW uses a buffer tank to store wastewater in order to optimise energy utilisation by evening out wastewater flows to the heat pump. Second, other technologies cannot match the Evertherm SEW's recycle rate of 95%. Ecoclime competes on quality in this regard rather than price, as competing technologies such as passive pipe heat exchangers incur a lower upfront investment but only recycle 10-15% of thermal energy from wastewater.

Evertherm SEW system overview



1. **Pump pit** distributes wastewater to buffer tanks
2. **Buffer tank** optimises energy utilisation
3. **Collector tank** supplies energy to heat pumps
4. **Heat pump** heats up the water
5. **Accumulator tank** stores warm water

Source: ABG Sundal Collier, company data

Case study: Evertherm SEW

At Norrtåg's hub in Umeå, large volumes of warm water are needed to defrost the trains, thereby wasting significant amounts of thermal energy. To solve this issue, the train operator installed Ecoclime's Evertherm solution to recycle heat from the wastewater produced, saving large amounts of energy. The plant is set up to deliver roughly 180 kW at a wastewater temperature of 25 degrees. Since the commission in 2017, no service or maintenance has been performed, showing the simplicity and durability of Ecoclime's offering.

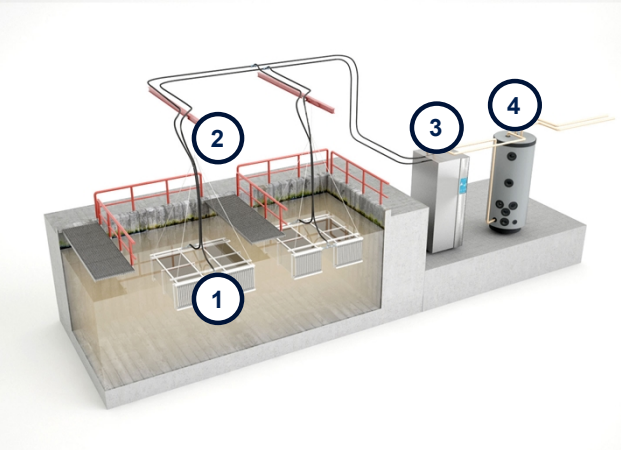
Evertherm SEW customer case: Norrtåg

Challenge	Solution	Result
Large amounts of thermal energy wasted during defrosting process	Installation of the Evertherm SEW circular energy system	The system can recycle 180 kW at a wastewater temperature of 25 degrees celsius

Source: ABG Sundal Collier, company data

The Evertherm ARV is designed for use in extremely polluted environments such as sewage treatment plants and industrial facilities. The system does not require buffer tanks, as it instead places submersible collectors directly into e.g. the sewage water in a treatment plant. The collectors then absorb the thermal energy in the wastewater. The Evertherm ARV can recycle up to 75% of thermal energy in wastewater and is guaranteed to recycle at least 70%.

Evertherm ARV system overview



1. **Collector tank** placed directly in wastewater
2. **Easy suspension** due to collector tanks' low weight
3. **Heat pump** heats up the water
4. **Accumulator tank** stores warm water

Source: ABG Sundal Collier, company data

Case study: Evertherm ARV

A sewage treatment plant in the Swedish municipality of Vilhelmina used electrical resistors to heat different parts of its premises. In a normal year, consumption averaged 36.7 MWh. To decrease its energy usage levels, the municipality installed the Evertherm ARV system, making it possible for the plant to exchange a majority of the previously added energy for renewable energy. Now the property has gone from using resistor-produced heat energy to obtaining energy via the Evertherm system. The Evertherm ARV collectors are located directly in the treatment plant's end basin. Following the success of this initial project, Vilhelmina municipality chose to implement Evertherm ARV in its two other sewage treatment plants.

Evertherm ARV customer case: Vilhelmina Saxnäs sewage treatment plant

Challenge	Solution	Result
High dependence on external energy, usage levels amounted to 36.7 MWh	Installation of the Evertherm ARV circular energy system	Annual savings of 29 MWh, 79% decrease in energy usage

Source: ABG Sundal Collier, company data

A market large enough for several competing technologies

Ecoclime's Circular Energy solutions specifically target multi-unit dwellings as their core market. Other potential end-markets, which are not the strategic focus for Ecoclime within the Circular Energy segment, include grocery stores, hotels, sewage treatment plants and hospitals. Smaller homes and office buildings are excluded, as they do not produce enough wastewater for the upfront investment in Evertherm (~SEK 2.5m) to be profitable. As such, when assessing the core market for the Circular Energy segment, we chose to focus on multi-unit dwellings.

Even when only accounting for multi-unit dwellings, our conclusion is that the market is large enough for several competing technologies. Given the Central Bureau of Statistics' (SCB) figures of ~2.35m apartments in multi-unit dwellings in Sweden,[2] we calculate that the market size should be ~SEK 73-98bn. This does not include the fact that ~60,000 new apartments in multi-unit dwellings will likely be added per year, according to The National Board of Housing, Building and Planning (Boverket).[3]

Evertherm's existing core market worth an estimated SEK 73-98bn

[3] The National Board of Housing, Building and Planning: "Bostadsbyggnadsbehov 2020-2029"

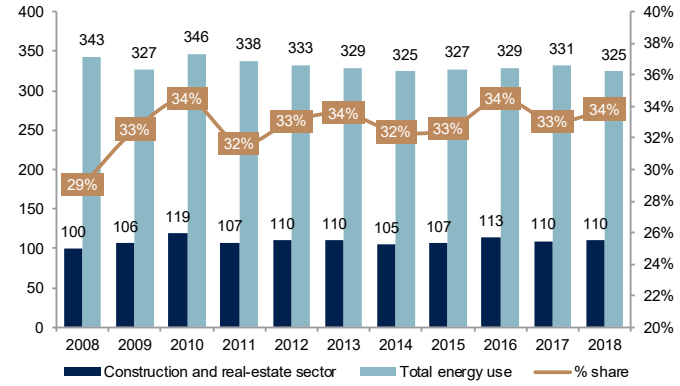
	Apartments in multi-dwellings	Assumed app. / multi-dwelling	Total multi-dwellings	Implied market size, SEKm
High	2,346,689	60	39,111	**97,779**
Low	2,346,689	80	29,334	**73,334**

Source: ABG Sundal Collier estimates, The Central Bureau of Statistics, The National Board of Housing, Building and Planning

Major energy savings potential from recycling wastewater

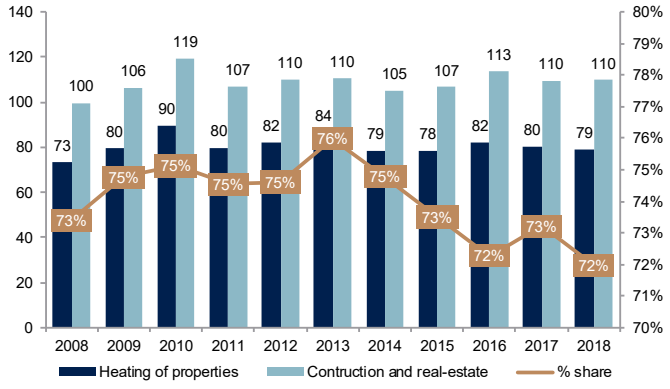
According to The National Board of Housing, Building and Planning, the real estate and construction sectors account for roughly 33% of Sweden's total energy consumption. Heating is the most energy-intense function in these sectors, accounting for more than 70% of energy consumption. In total, the heating of properties consumes roughly 80TWh in Sweden annually, almost as much as the transport sector (which consumed 83TWh in 2019).[4]

~33% of energy use from (TWh) from construction & real-estate…



Source: ABG Sundal Collier, The National Board of Housing, Building and Planning

…of which heating accounts for >70%

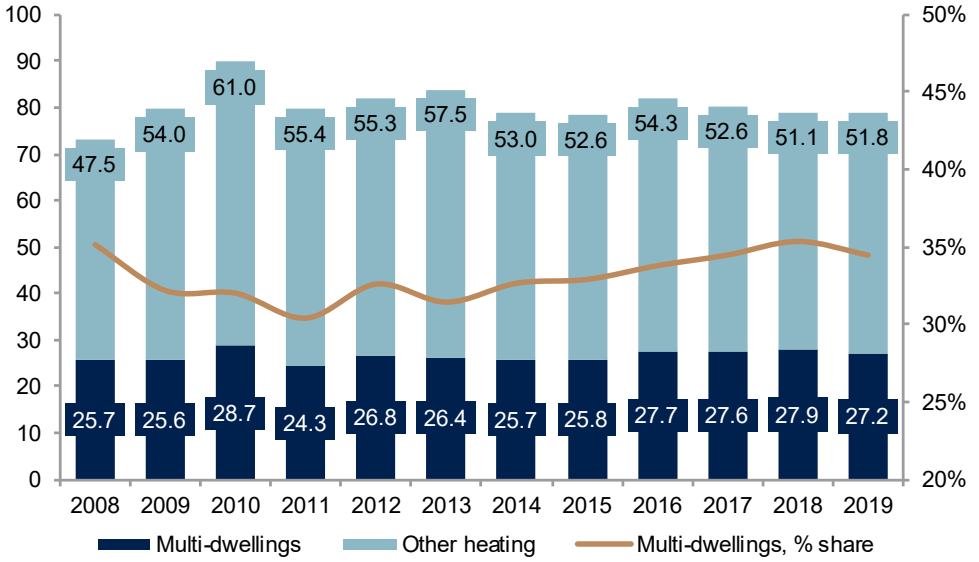


Source: ABG Sundal Collier, The National Board of Housing, Building and Planning

In 2020, the total energy consumption for heating in Swedish multi-unit dwellings amounted to 26.2 TWh (down from 27.2TWh in 2019), or 132kWh/m^2.[5] Multi-unit dwellings account for ~35% of total energy consumed for the heating of properties and ~9% of the total energy consumption in Sweden. As such, energy-efficient multi-unit dwellings are a crucial part of reducing energy consumption and achieving both Swedish and EU climate targets.

[4] https://www.boverket.se/sv/byggande/hallbart-byggande-och-forvaltning/miljoindikatorer---aktuell-status/energianvandning/
[5] The Swedish Energy Agency: "Energiläget 2021"

Heating in Swedish multi-unit dwellings consumes ~27 TWh annually



Source: ABG Sundal Collier, The Swedish National Board of Housing, Building and Planning, The Swedish Energy Agency

Of the total energy consumed for heating in multi-unit dwellings, roughly 75% exits the property through air (45%) and wastewater (30%), which in absolute terms amounts to 12TWh of energy leaving the property through air and another 8TWh through wastewater.

If we isolate only Ecoclime's core market, multi-unit dwellings, we estimate that at 5% Evertherm penetration in existing Swedish multi-unit dwellings (corresponding to an estimated ~1,850 installed systems) the potential annual energy savings would amount to ~370GWh. Moreover, this does not include potential end-markets for Ecoclime such as grocery stores, hotels, sewage treatment plants, hospitals etc. that significantly raise the total energy savings potential.

Est. annual energy savings potential (GWh) in multi-unit dwellings

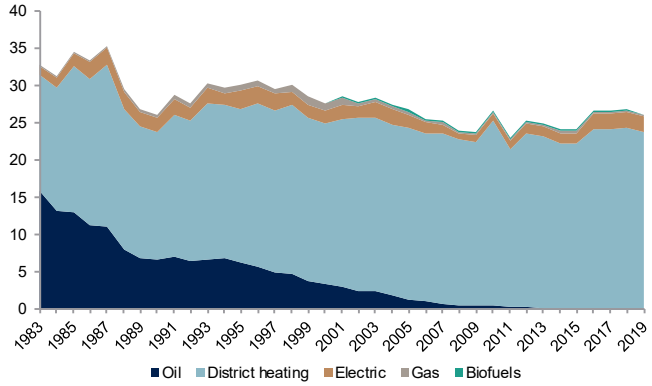
GWh savings sensitivity		Percentage of lost heat recycled									
		5%	15%	25%	35%	45%	55%	65%	75%	85%	95%
Evertherm penetration	1%	4	12	20	27	35	43	51	59	67	75
	2%	8	24	39	55	71	86	102	118	134	149
	3%	12	35	59	82	106	130	153	177	200	224
	4%	16	47	79	110	141	173	204	236	267	298
	5%	20	59	98	137	177	216	255	295	334	373
	6%	24	71	118	165	212	259	306	353	401	448
	7%	27	82	137	192	247	302	357	412	467	522
	8%	31	94	157	220	283	346	408	471	534	597
	9%	35	106	177	247	318	389	460	530	601	672

Source: ABG Sundal Collier estimates, The Swedish Energy Agency, Assumption: 30% of total heat consumed in multi-unit dwellings exits the property through wastewater

Saves money as well as energy

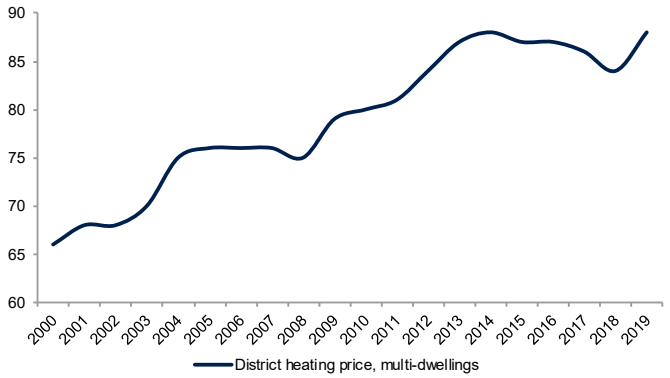
The most common source of energy used for heating in multi-unit dwellings is district heating. According to the Swedish Energy Agency (Energimyndigheten), roughly 90% of the energy used for heating in multi-unit dwellings in 2019 came from district heating. Over the past 20 years, the average price of district heating has increased substantially from 66 öre/kWh in 2000 to 88 öre/kWh in 2019, for a CAGR of 1.5%.[6] The increasing energy prices have in turn resulted in a larger incentive for property owners to invest in more energy-efficient buildings to achieve lower operating costs.

Energy use (TWh) for heating, multi-unit dwellings



Source: ABG Sundal Collier, The Swedish Energy Agency

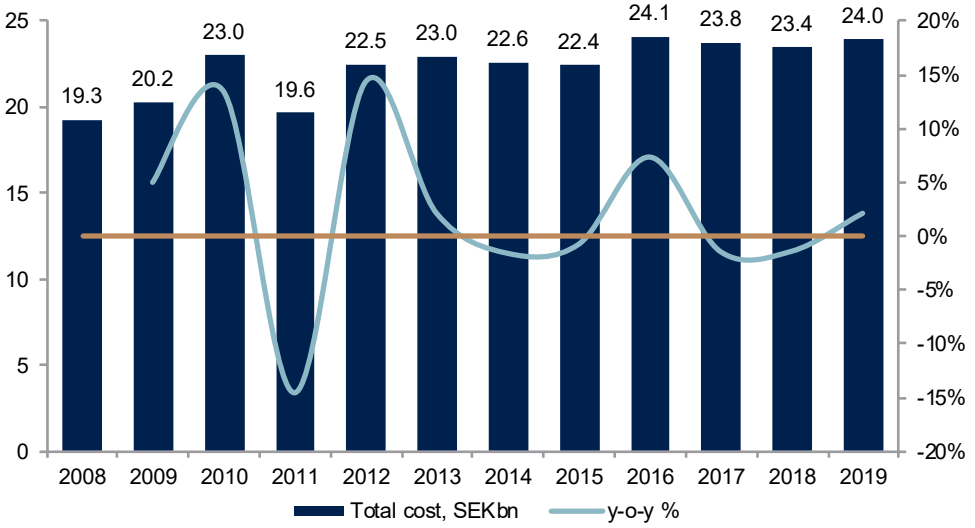
District heating price (öre/kWh), multi-unit dwellings



Source: ABG Sundal Collier, The Swedish Energy Agency

With rising district heating prices and more multi-unit dwellings being constructed, the total cost of heating Swedish multi-unit dwellings has risen, despite buildings having become more energy efficient over time. In 2019, we estimate that multi-unit dwelling owners spent ~SEK 24bn on heating (based on the total energy consumption for heating and the average cost of district heating).

Estimated total cost of heating (SEKbn), multi-unit dwellings



Source: ABG Sundal Collier, The Swedish Energy Agency

[6] https://www.energimyndigheten.se/statistik/energilaget/

In total, we estimate that ~SEK 6bn in heating costs for multi-unit dwellings could be saved if 95% of the energy that leaves properties through wastewater were to be recycled. This calculation assumes a district heating price of 80 öre/kWh, but we argue the trend of rising energy prices is likely to continue, meaning future cost savings could be significantly larger than our estimates. By contrast, passive pipe heat exchangers that recycle up to 15% of thermal energy would save ~SEK 0.9bn at 5% penetration in multi-unit dwellings.

Est. annual cost savings potential (SEKbn) in multi-unit dwellings

SEKbn savings sensitivty		Percentage of lost heat recycled									
		5%	15%	25%	35%	45%	55%	65%	75%	85%	95%
Heating cost öre/kWh	60	0.2	0.7	1.2	1.6	2.1	2.6	3.1	3.5	4.0	4.5
	65	0.3	0.8	1.3	1.8	2.3	2.8	3.3	3.8	4.3	4.9
	70	0.3	0.8	1.4	1.9	2.5	3.0	3.6	4.1	4.7	5.2
	75	0.3	0.9	1.5	2.1	2.7	3.2	3.8	4.4	5.0	5.6
	80	0.3	0.9	1.6	2.2	2.8	3.5	4.1	4.7	5.3	6.0
	85	0.3	1.0	1.7	2.3	3.0	3.7	4.3	5.0	5.7	6.3
	90	0.4	1.1	1.8	2.5	3.2	3.9	4.6	5.3	6.0	6.7
	95	0.4	1.1	1.9	2.6	3.4	4.1	4.9	5.6	6.3	7.1
	100	0.4	1.2	2.0	2.7	3.5	4.3	5.1	5.9	6.7	7.5

Source: ABG Sundal Collier estimates, The Swedish Energy Agency, Assumption: 30% of total heat consumed in multi-unit dwellings exits the property through wastewater, 5% Evertherm penetration

On a micro level, each individual property owner can utilise Evertherm to increase their annual net operating income (NOI) by reducing the amount of energy they need to purchase. Since the value of a property is calculated as NOI/yield, increasing NOI also means that the property owner can increase the overall value of the property by installing an Evertherm system. Based on company-provided assumptions,[7] we calculate that for properties larger than 2,000m^2, installing an Evertherm system generates significant ROI even at relatively high yield assumptions. However, for properties below 1,000m^2, the investment in Evertherm does not pay off at even low yield assumptions.

ROI from property value increase when installing Evertherm

ROI sensitivity		Property yield						
		1.75%	2.00%	2.25%	2.50%	2.75%	3.00%	3.25%
m2	5,000	539%	459%	397%	347%	306%	273%	244%
	4,250	443%	375%	322%	280%	245%	217%	192%
	3,500	347%	291%	248%	213%	184%	161%	141%
	3,000	283%	235%	198%	168%	144%	124%	106%
	2,250	187%	151%	124%	101%	83%	68%	55%
	1,500	92%	68%	49%	34%	22%	12%	3%
	750	-4%	-16%	-25%	-33%	-39%	-44%	-48%

Source: ABG Sundal Collier, company data, Assumptions: Initial investment of SEK 1.7m and NOI increase of SEK 38/m^2 (3.5%)

[7] SEK 1.7m initial investment, SEK 38/m^2 NOI increase

Nordic Energy Audit study on Evertherm SEW

In October 2020, the Nordic Energy Audit conducted a company-commissioned study of the energy and cost savings potential of Evertherm SEW. The study was conducted to provide nuance on the subject of thermal energy recycling from wastewater, which has been less studied than other energy-efficiency measures such as energy-efficient ventilation, windows and exhaust air energy recycling. The study reached a few key conclusions, namely that the implementation of Evertherm SEW can potentially save up to: 1) 3.7 TWh/year on a national scale vs. passive pipe heat exchangers, which can save 0.4 TWh/year, 2) ~276,000 tonnes CO_2eq/year and 3) ~SEK 3bn/year while increasing property values by ~SEK 60bn on a national scale.[8]

Conclusions from Nordic Energy Audit's study of Evertherm SEW

Nordic Energy Audit study: Key conclusions	
Potential annual energy savings (Evertherm SEW)	3.7 TWh/year
Energy savings per m^2	18.2-29.6 KWh/m^2
Total potential annual emmission reduction	275,844 tonnes CO_2eq
Emmission reduction per m^2	1.3-2.2 kg CO_2eq
Total potential annual cost savings	~SEK 3bn
Cost savings per m^2	14.5-23.7 kr/m^2
Total increase in property value	~SEK 60bn
Annual NOI increase per property	SEK 1,730
Potential annual energy savings (passive pipe heat exchangers)	0.4 TWh/year

Source: ABG Sundal Collier, Nordic Energy Audit: "Potentialstudierapport – Evertherm SEW, Okt-20"

Increasing energy efficiency a focus in energy policy

Increasing energy efficiency has been deemed one of the cornerstones of a sustainable energy policy by both the Swedish government and the EU. Therefore, the EU has set a target of becoming 32% more energy-efficient by 2030 (compared to 2005), while the Swedish government goes one step further and aims to become 50% more energy-efficient by 2030 (compared to 2005). Moreover, Sweden had set a target to become 20% more energy-efficient by 2020 (compared to 2008), a target that was reached in 2019.[9]

Increasing energy efficiency is a part of both Swedish and EU energy policy

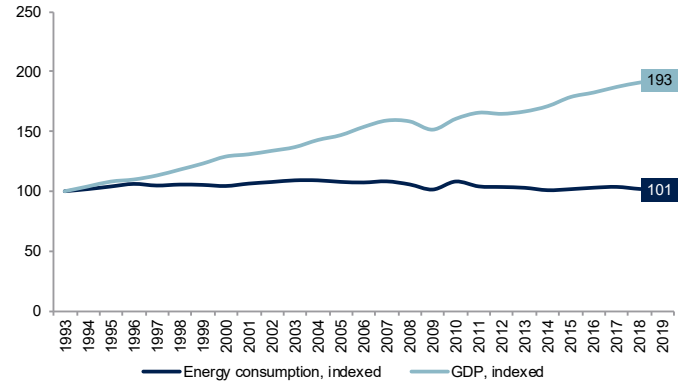
	GHG emissions	Transport sector	Energy efficiency	Renewable energy	Other
Swedish energy policy targets	63% lower GHG emissions by 2030 (vs. 1990)	70% lower emissions within domestic travel by 2030 (vs. 2010)	50% more efficient energy use by 2030 (vs. 2005)	100% renewable electricity production by 2040	Net zero emissions by 2045
EU energy policy targets	40% lower GHG emissions by 2030 (vs. 1990)	14% renewable energy used in the transport sector by 2030	32% more efficient energy use by 2030 (vs. 2005)	32% of energy usage from renewable sources by 2030	15% interconnected electricity production between member states by 2030

Source: ABG Sundal Collier, The Swedish Energy Agency

[8] https://ecoclime.se/wp-content/uploads/2020/10/NEA-rapport_201013.pdf
[9] https://www.energimyndigheten.se/klimat--miljo/sveriges-energi--och-klimatmal/

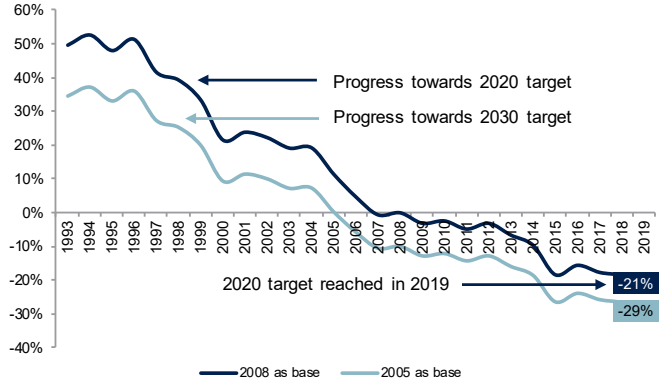
Sweden measures the degree of energy efficiency using a metric called “energy intensity”, which is calculated as the total energy consumed divided by total GDP. While Sweden’s total energy consumption has remained mostly the same since 1993, GDP has almost doubled, meaning the country now uses the same amount of energy to produce more goods and services. While Sweden reached its 2020 target of becoming 20% more energy-efficient (compared to 2008) in 2019, the 2030 target of becoming 50% more energy-efficient (compared to 2005) remains some distance away. Energy intensity in 2020 was down ~30% since 2005, meaning there is ~20pp to go until 2030.[10] As previously mentioned, making buildings more energy-efficient is a crucial aspect of reaching this target and we therefore expect regulatory support for energy-efficient building solutions to increase.

Energy consumption and GDP, indexed



Source: ABG Sundal Collier, The Swedish Energy Agency

Energy intensity down ~30% since 2005

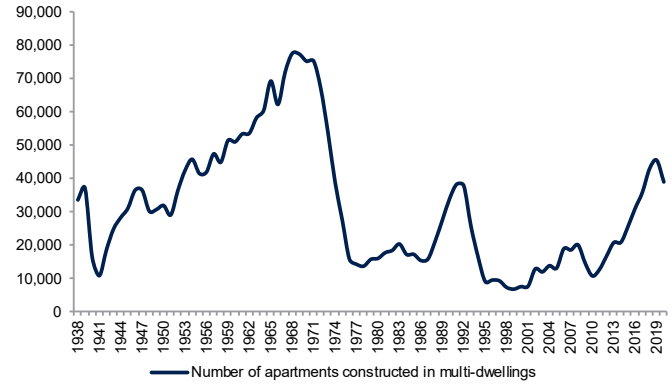


Source: ABG Sundal Collier, The Swedish Energy Agency

Ageing building stock in need of better efficiency

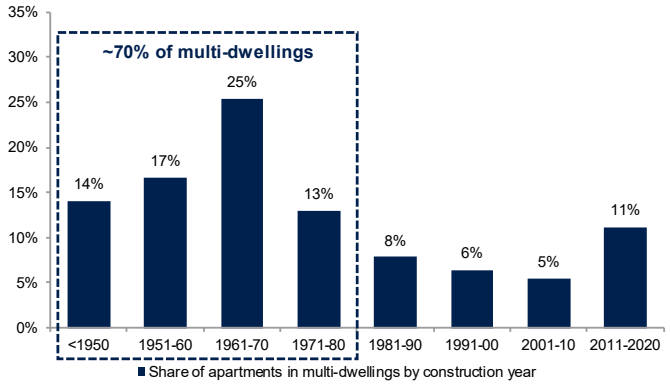
Much of Sweden’s existing stock of multi-unit dwellings was built decades ago (~55% before 1970 and ~70% before 1980). This is largely due to the Swedish “Miljonprogrammet”, a public housing programme that entailed building one million dwellings between 1965-1975, mostly in suburbs surrounding Sweden’s largest cities.

No. apartments in multi-unit dwellings built



Source: ABG Sundal Collier, The Central Bureau of Statistics, The Swedish Energy Agency

70% of dwellings built before 1980

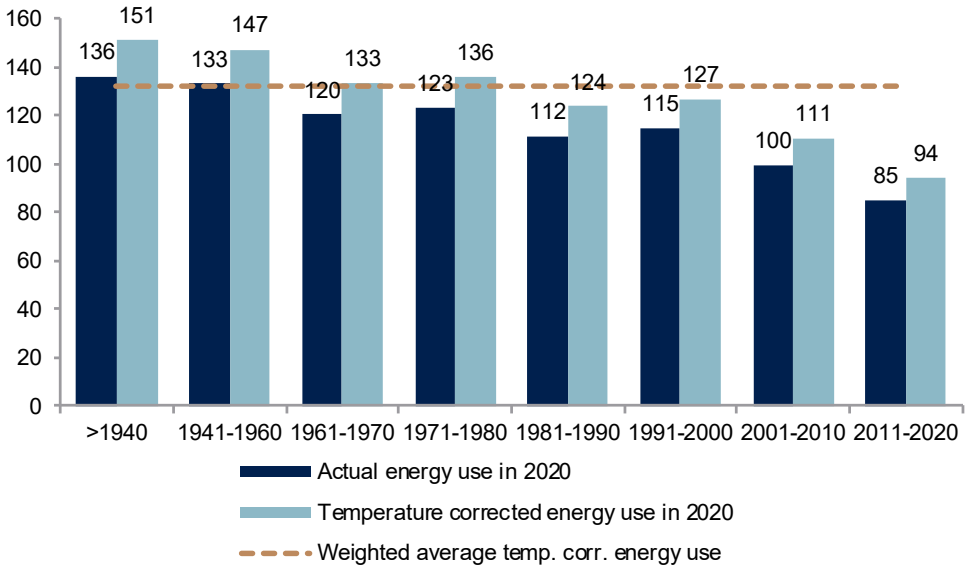


Source: ABG Sundal Collier, The Central Bureau of Statistics, The Swedish Energy Agency

[10] The Swedish Energy Agency: “Energiindikatorer 2021 – Uppföljning av Sveriges energipolitiska mål”

Sweden now has a large stock of technologically and environmentally outdated buildings, as many of the buildings constructed during *Miljonprogrammet* have not been adequately refurbished to meet modern standards. According to our calculations, the weighted average energy use in 2020 was 132kWh/m^2 in Swedish multi-unit dwellings, but it was only 94kWh/m^2 (29% below average) for buildings constructed between 2011-2020. On the other hand, multi-unit dwellings constructed before 1980 consumed 141 kWh/m^2 (7% above average). Retrofitting older multi-unit dwellings with modern energy-efficient solutions is therefore an important part of bringing down overall energy use in buildings. Finally, when looking at suburban multi-unit dwellings constructed during *Miljonprogrammet*, we argue that an Evertherm system should yield high ROI in these buildings, as they tend to house more residents per m^2 than the Swedish average, leading to more wastewater being produced and recycled per m^2.

Older buildings consume more kWh/m^2 (data for 2020)

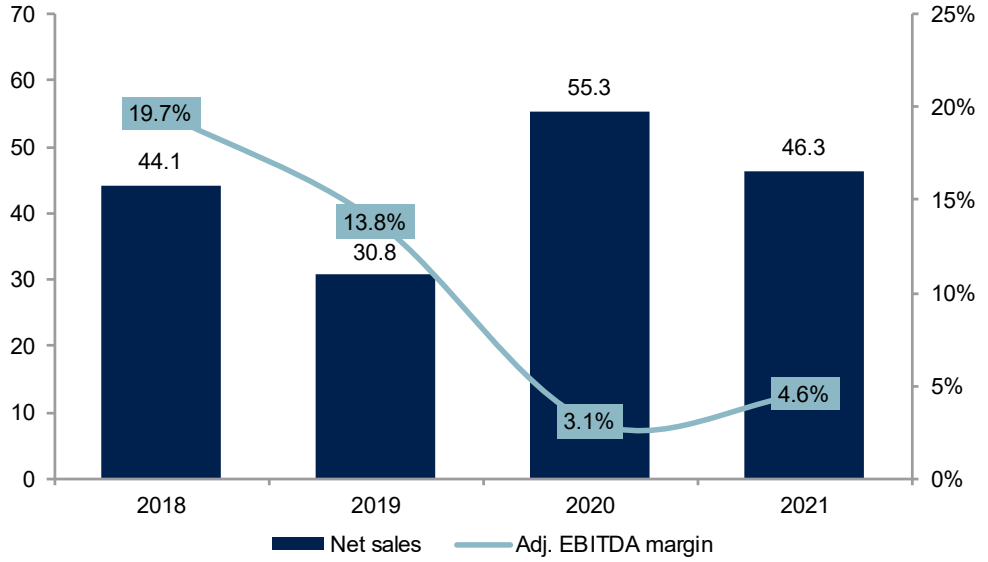


Source: ABG Sundal Collier, The Central Bureau of Statistics, The Swedish Energy Agency

Indoor climate

On average, people spend 90% of their waking hours indoors, whether in their home, at the office or at school. An indoor climate that is draft-free, silent, even in temperature and offers clean air is therefore important for several reasons. Poor indoor climate can lead to health issues and discomfort, which also decreases productivity and, from the property owner's point of view, increases complaints from tenants. Ecoclime's legacy business area, Indoor Climate, provides solutions for a high-quality indoor climate through its Ecoclime Invisma and Ecoclime Charisma comfort panels, which aim to replace traditional cooling beams. The core market segment for these comfort panels is commercial properties where employees are seated, often in a compact environment, for 8+ hours a day. Moreover, we believe schools could also be a potential end-market for comfort panels in the future.

Indoor Climate net sales and adj. EBITDA margin

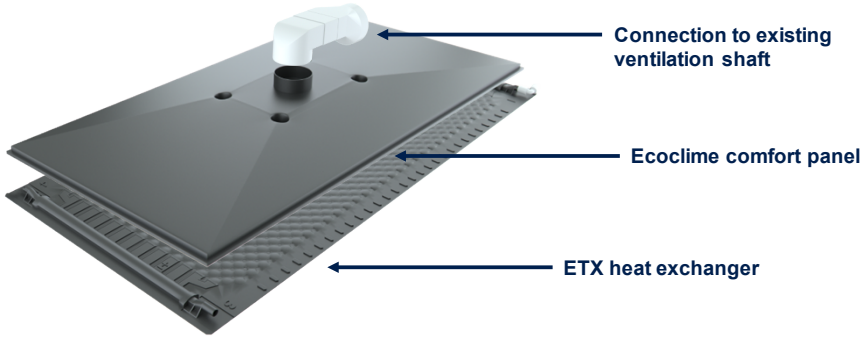


Source: ABG Sundal Collier, company data

Product offering – Ecoclime Invisma and Charisma

The two core products in Indoor Climate are the Invisma and Charisma comfort panels, both of which are fitted with an ETX heat exchanger and able to distribute both hot and cool air. Charisma is an active panel that provides added air from existing ventilation shafts. Invisma, on the other hand, is a passive panel that distributes hot or cool air using flow and radiant energy, which is most suitable for comfort cooling since it does not use any added air. The greatest advantage of Invisma is its low height of 2.7 cm, which means it can be installed in basically any property, even in properties with a very low ceiling heights where normal cooling beams do not fit. However, the integration into existing ventilation makes Charisma the preferable choice in terms of performance and is therefore recommended for all properties where it can be installed.

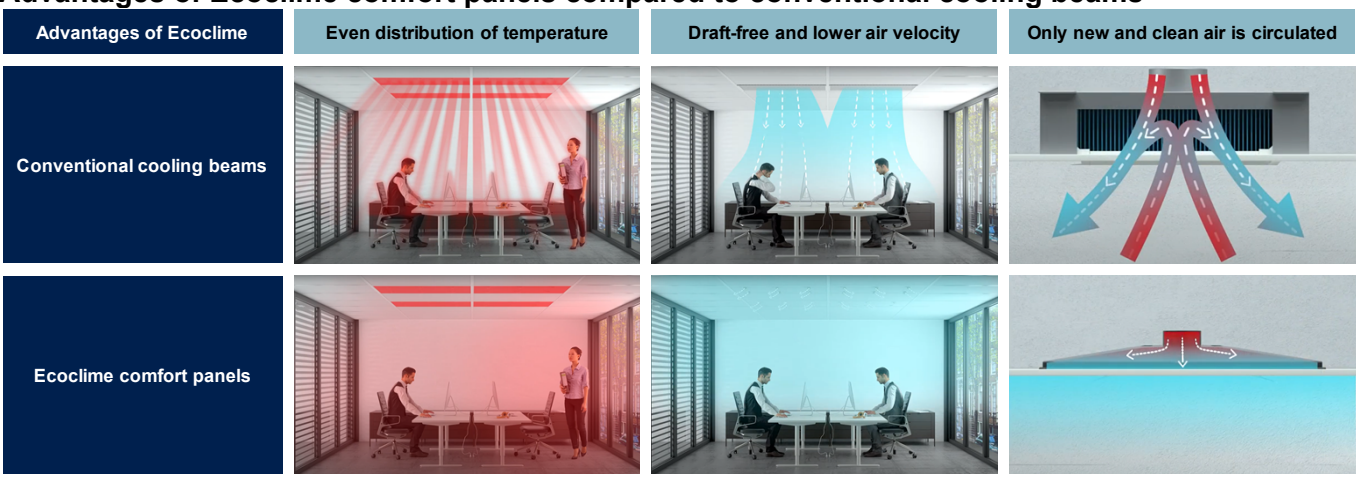
Ecoclime Charisma overview



Source: ABG Sundal Collier, company data

Ecoclime's comfort panels are a clear improvement over conventional cooling beams, which are currently the standard heating and cooling approach in office buildings. There are three advantages to Ecoclime's panels in terms of performance: temperature distribution, air velocity and air cleanliness. First, temperature is distributed more evenly across a space using comfort panels, in contrast to cooling beams that create hotter and cooler areas within the room. Second, comfort panels distribute air at a lower velocity, meaning that even people seated directly below them experience no draft. In addition, the lower air velocity means the comfort panels are also quieter than cooling beams. Third, cooling beams recirculate old air from the room that is often filled with dust particles, inevitably leading to dust swirling around the room, whereas Charisma panels only distribute new and clean air. A high-quality indoor climate can in turn lead to increased productivity, less tenant complaints and more effective space utilisation.

Advantages of Ecoclime comfort panels compared to conventional cooling beams



Source: ABG Sundal Collier, company data

Not only are Ecoclime's comfort panels superior to cooling beams in terms of performance, but they are also simple to install due to their small dimensions. In fact, the installation process is so simple that it can be carried out in an office landscape without disrupting regular operations, thereby saving costs. The process can be carried out by a single person and does not require any tools, as the panels are simply fitted directly into the existing roof framework.

Size comparison of Ecoclime comfort panels vs. selected competitors

	Ecoclime Charisma	Ecoclime Invisma	Swegon Parasol	Swegon FRB	Lindab Plexus	Fläktgroup Wega II
Length, mm	1,200	1,200	600-1,300	1,200-3,900	600	1,200-3,000
Width, mm	600	600	600	290-430	600-1,200	-
Height, mm	140	27	220-240	123-133	220	152-250
Volume, m3	0.10	0.02	0.08-0.19	0.04-0.22	0.08-0.16	-
Active/passive	Active	Passive	Active	Passive	Active	Active

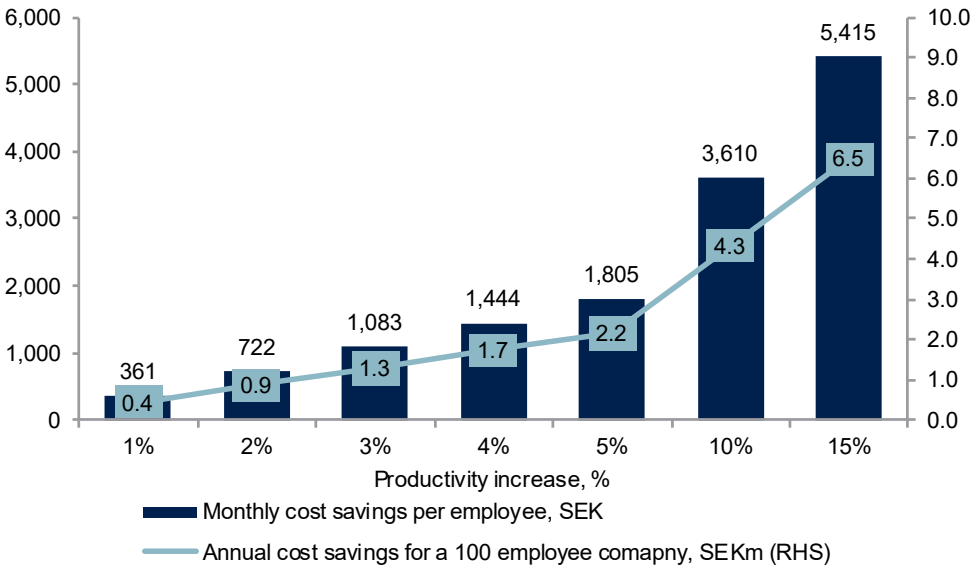
Source: ABG Sundal Collier, company data, Swegon, Lindab, Fläktgroup

Indoor comfort leads to higher employee productivity

Salaries are often a large part of an organisation's costs, and therefore small changes in employee productivity will have a significant economic impact. In some cases, it has been proven that the effects of a poor indoor climate can result in higher costs than the cost of heating the same building.[11] It is therefore beneficial to invest in solutions for a good indoor climate system.

Ventilation flow, air quality, temperature and noise are some factors that affect productivity in offices. Studies have found that a high-quality indoor climate can increase productivity by at least 1.5%, with some arguing that the increase may be as a high as 10% in cases where the indoor climate was very poor to begin with.[12] To illustrate the savings potential, productivity increases of 2%, 5% and 10% would result in monthly cost savings per employee of SEK 722, SEK 1,805 and SEK 3,610, respectively. Moreover, for a 100-employee company, productivity increases of 2%, 5%, and 10% would correspond to annual savings of SEK 0.9m, SEK 2.2m and SEK 4.3m, respectively.

Theoretical cost savings potential from productivity increase



Source: ABG Sundal Collier, The Swedish Financial Supervisory Authority, The Central Bureau of Statistics

[11] http://www.svenskventilation.se/ventilation/lokaler/kontor/
[12] https://www.researchgate.net/publication/279190533_Creating_the_Productive_Workplace

Increasing strictness in indoor climate regulation

According to the Swedish law (2010:900) on planning and building, a building must be safe in terms of hygiene, health and environment. Additionally, it should have certain “essential qualities”, although the precise qualities regarded as essential differ between buildings and is explained in detail in The National Board of Housing, Building and Planning’s regulations. To enforce indoor climate regulation, a mandatory control of ventilation has been implemented, which applies to most properties, including multi-unit dwellings and commercial properties.[13]

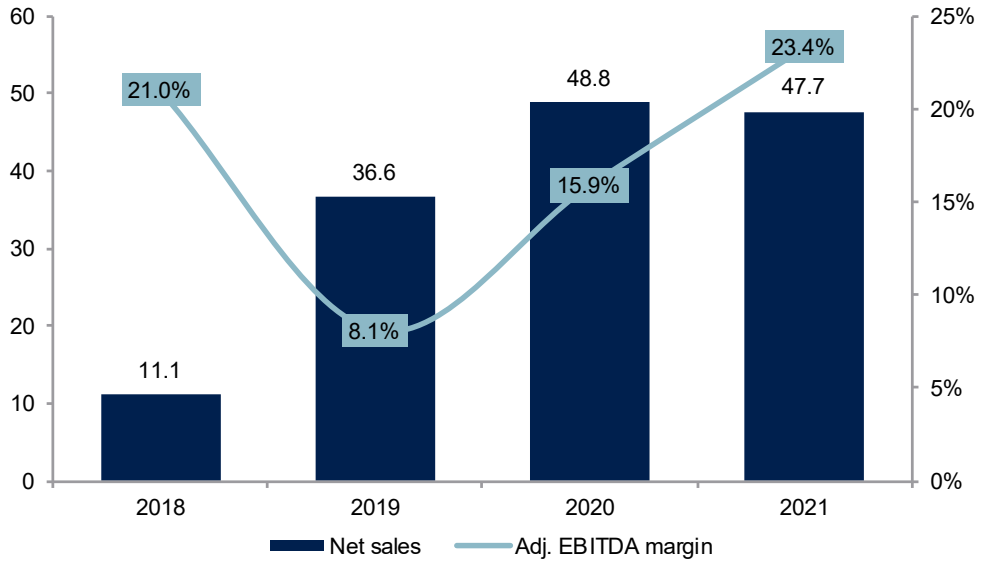
The Swedish Work Environment Authority also has regulations regarding the indoor climate in the workplace following The Workplace Design Regulations (AFS 2020:1), which state that the air quality should be free from any pollution that could harm workers’ health. Furthermore, it states that ventilation in offices should supply sufficient outdoor air and remove abundant pollution, and stipulates that air should be distributed without causing a draft. Regarding temperature, it should be appropriate depending on what kind of work is executed. We argue that regulations like this, while not overly specific, should help drive demand for high-quality indoor climate solutions such as Ecoclime’s comfort panels. Moreover, we see it as likely that regulation of indoor climate will only become stricter, particularly following the recent increase in awareness of airborne diseases due to the COVID-19 pandemic.

[13] https://www.boverket.se/sv/PBL-kunskapsbanken/regler-om-byggande/boverkets-byggregler/ventilation/

Property automation

In order to fully optimise energy flows, it is first necessary to gather the required data to understand where and how improvements can be made. Using property automation solutions, owners can monitor: 1) where in the building energy is consumed and where it is wasted, 2) when energy is bought from the grid and at what price, and 3) how much is recycled. The more information that is gathered regarding a building's energy flows, the more accurate and effective measures can be taken to streamline it. In 2018, Ecoclime entered the property automation market segment through the acquisition of SDC Automation (SDC), which offers an IoT-based automation platform called Optima that Ecoclime estimates could account for up to 15% of energy saved from its products in the mid- to long term. As of 2022, Ecoclime also offers energy-efficient LED products in this segment.

Property Automation net sales and adj. EBITDA margin

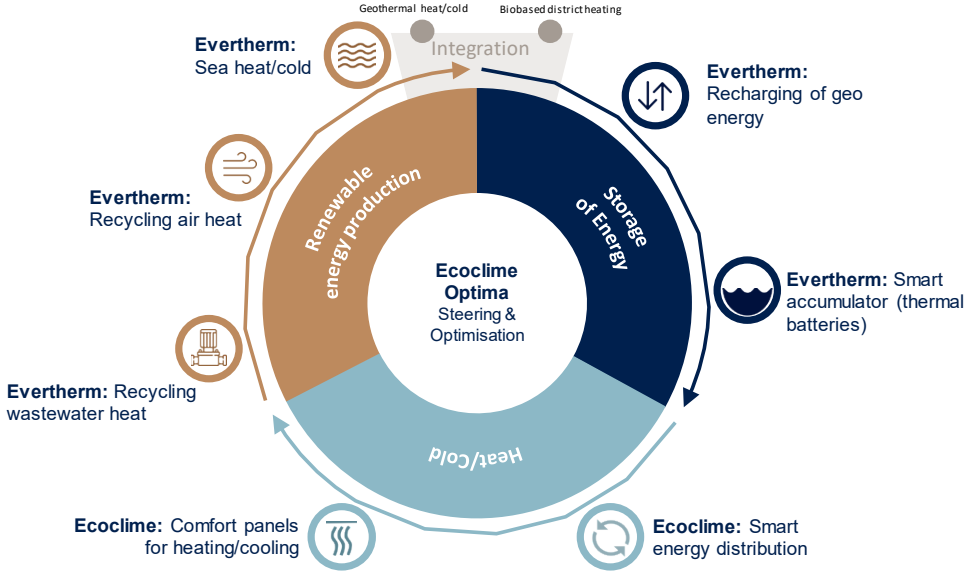


Source: ABG Sundal Collier, company data

Product offering – SDC Optima

The Optima platform is based on SDC's Keyhole software, which allows for integration of multiple systems from different producers and can connect to external services for weather and energy prices. This enables the software to lay the foundation for calculated decisions such as when to purchase energy for heating and when to use hot water stored by Evertherm. In Optima, the property owner can visualise all energy flows as well as air flows from Ecoclime's comfort panels in their property. The software can either be installed locally or as a cloud-based service, depending on property conditions or demand from customers.

Integrating all segments and products with Optima

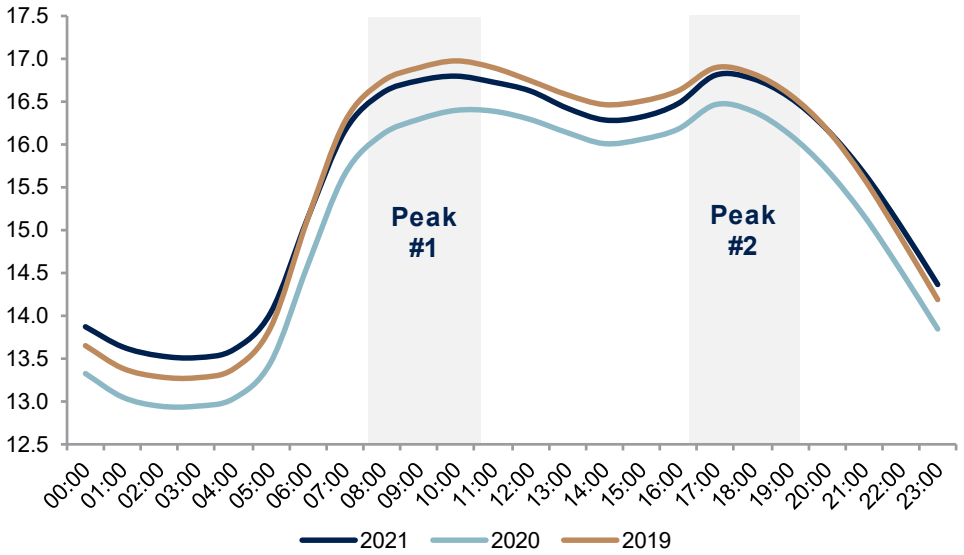


Source: ABG Sundal Collier, company data

Contributing to further energy savings

One key issue, both for individual property owners and for society in general, is how to handle power peaks during certain hours of the day. These power peaks stem from energy and electricity consumption cresting for a few hours in the morning and in the evening. If no measures are taken, this problem will only be exacerbated by the increased use of unreliable energy sources such as wind and solar power, causing potential mismatches in terms of when during the day energy is produced and when there is demand. Optima, in connection with Evertherm, provides a solution to this where water can be stored in the Evertherm system for use during peak power hours to ensure adequate heating and energy savings from purchasing less energy when it is most costly. In fact, Ecoclime estimates that in the long-term, up to 15% of the total energy savings from the company's products will be attributable to Optima. In a sense, Optima can be seen as a system that enhances the effectiveness of Ecoclime's other products.

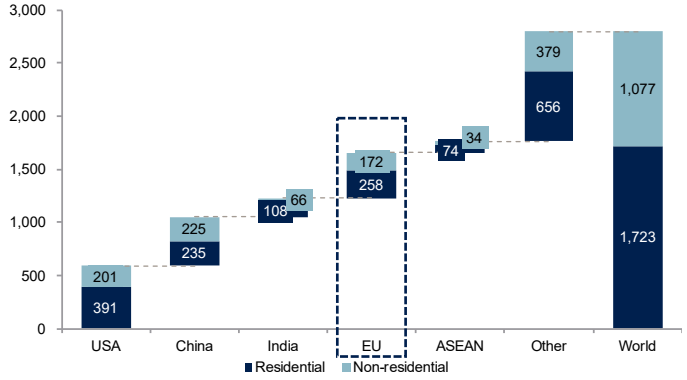
Average electricity consumption (GWh) by time of day in Sweden



Source: ABG Sundal Collier, Nordpool

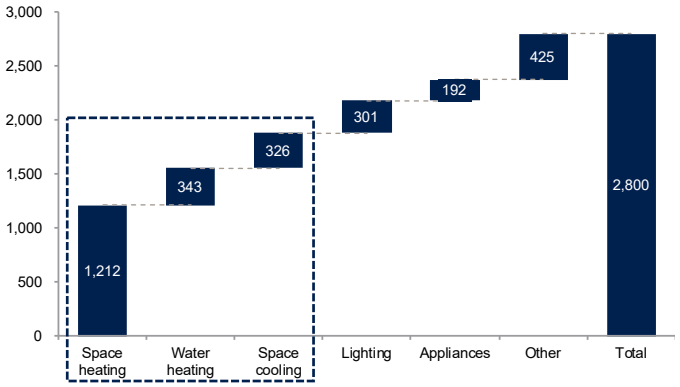
According to the International Energy Agency (IEA), global energy use in buildings is set to almost double from 11 PWh in 2014 to around 20 PWh in 2040. Moreover, the IEA calculates that global cumulative energy savings until 2040 (starting from 2017) from widespread IoT implementation could amount to ~64 PWh. This translates to average annual energy savings of ~3,000 TWh. While the EU accounts for a fairly small percentage of the total energy savings potential in a global context, it is still substantial. When looking closer at application areas, it is actually heating where the IEA identifies the largest opportunity to reduce energy usage by implementing IoT systems. Space and water heating combined can, according to the IEA, save ~1,500 TWh annually, which increases to ~1,800 TWh when factoring in cooling as well.[14]

Average annual energy savings potential (TWh) from IoT implementation, by geography



Source: ABG Sundal Collier, International Energy Agency

Average annual energy savings potential (TWh) from IoT implementation, by application area



Source: ABG Sundal Collier, International Energy Agency

Regulation to mandate property automation by 2025

On 1 January 1 2025, a new paragraph of the Swedish planning and building ordinance (2011:338) will be enforced requiring non-residential properties to install a property automation and regulation system if the building's heating and ventilation system exceeds a rated power of 290 kW.[15] For Ecoclime, this is relevant for properties installing Evertherm ARV and comfort panels, but it does not apply to Evertherm SEW installations in multi-unit dwellings, as the law relates to non-residential properties only.

Property automation to be required in many non-residential buildings

15 § / Enters into force 2025-01-01 / In order to meet the requirements for energy management and thermal insulation as specified in 8 Ch. 4 §, first paragraph 6 p. of the Planning and Building Act (2010: 900), buildings other than residential buildings shall be equipped with a system for property automation and property management, if the building's

1. heating systems or combined room heating systems and ventilation systems have a rated power of more than 290 kilowatts, or

2. air conditioning systems or combined air conditioning systems and ventilation systems have a rated power of over 290 kilowatts.

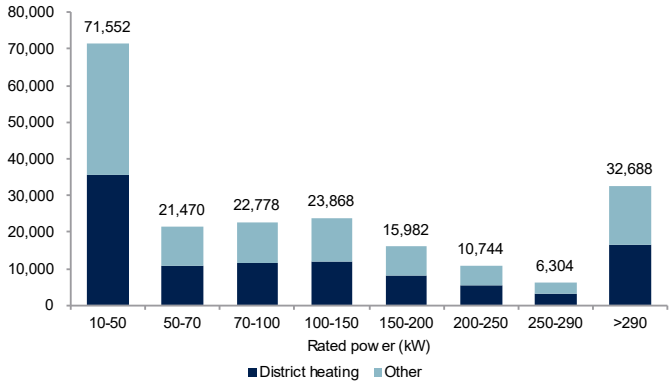
However, the first paragraph does not apply to buildings that are intended for the total defense or that are otherwise important for Sweden's security. The requirement according to the first paragraph must otherwise always be met. Regulation (2020: 274).

Source: ABG Sundal Collier, The Swedish Planning and Building ordinance (2011:338)

[14] https://www.iea.org/reports/digitalisation-and-energy
[15] https://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/plan--och-byggforordning-2011338_sfs-2011-338

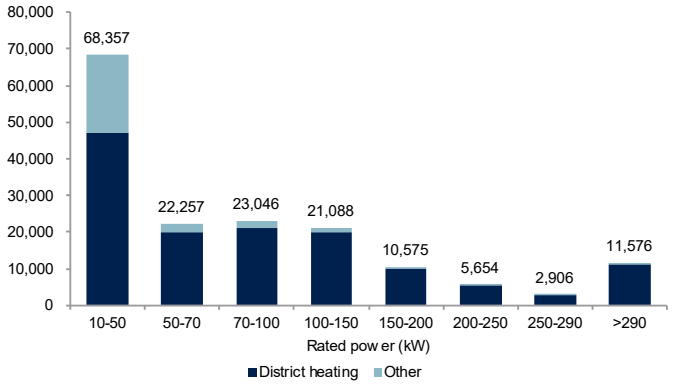
According to a joint report by the Swedish Energy Agency and The National Board of Housing, Building and Planning, there were ~32,700 commercial properties in Sweden with a rated power of >290 kW, all of which will be required to implement a property automation system by 2025. Moreover, there are also ~11,600 multi-unit dwellings in Sweden with a rated power of >290 kW. These multi-unit dwellings will not be required to implement property automation systems, but we argue it is likely many of them will due to the structural trend of increasing digitalisation and automation in properties.[16]

~32,700 commercial properties with >290 kW…



Source: ABG Sundal Collier, The Swedish Energy Agency, The National Board of Housing, Building and Planning

…and a further ~11,600 multi-unit dwellings



Source: ABG Sundal Collier, The Swedish Energy Agency, The National Board of Housing, Building and Planning

Recently added LED lighting to the offering

Ecoclime recently added energy-efficient LED-lighting products to its offering within the Property Automation segment through the acquisition of Miljöbelysning (more information on the acquisition itself in the M&A chapter and Appendix 1). There are two types of LEDs: 1) cheaper LEDs that are often used as a substitute for traditional mercury lights in households and 2) high-quality and more energy-efficient LEDs that are primarily used in commercial operations where the need to maintain good lighting quality exists alongside a higher need to minimise energy costs. Miljöbelysning operates within the second subsegment, offering energy-efficient LEDs in the form of both bulbs and strips that the firm has developed itself.

Overview of selected LED products

Cassiopeia product line			Orion
Original	Plus	Industry	T8
			

Source: ABG Sundal Collier, company data

[16] The Swedish Energy Agency, The National Board of Housing, Building and Planning: "Konsekvensutredning BFS 2020"

The main differentiating factor and competitive advantage of Miljöbelysning's LEDs is their ease of installation. The products are built for retrofitting into existing non-LED lamp fixtures, meaning that a special LED compatible lamp fixture does not need to be installed. Moreover, should the customer want a lamp fixture as well, Miljöbelysning offers its own, proprietary fixtures for several application areas such as industrial facilities, households and streetlamps, which are also built with ease of installation in mind.

LEDs versus other lighting solutions

There are several advantages to LEDs compared to other lighting sources. We would argue the most important is their climate-friendly nature, which is due to having a lifespan of 35,000-100,000 hours compared to e.g. a halogen lamp at 2,000-4,000 hours. Also, the fact that LEDs are easily dimmable by reducing the current means they can be fitted with motion-detecting sensors (also offered by Miljöbelysning) that automatically dim the lights when there is no movement, thereby further contributing to the positive climate impact. Other advantages of LEDs include: 1) emitting very little heat, which can damage textiles, 2) not containing any potentially dangerous heavy metals such as mercury (as do fluorescent lights) and 3) being more resistant to shocks and vibrations due to LEDs not containing a filament.[17]

Advantages of LED lighting

Longer lifespan	Dimmability	Low heat generation	No mercury	Mechanical resitance
▪ Lifespan of 35,000-100,000 hours, significantly longer than other light sources	▪ Easily dimmable, lights can be dimmed when nobody is present	▪ Emit very little heat and therefore do not damage nearby textiles	▪ Do not contain potentially dangerous mercury	▪ Lack a filament and are therefore more shock and vibration resistant

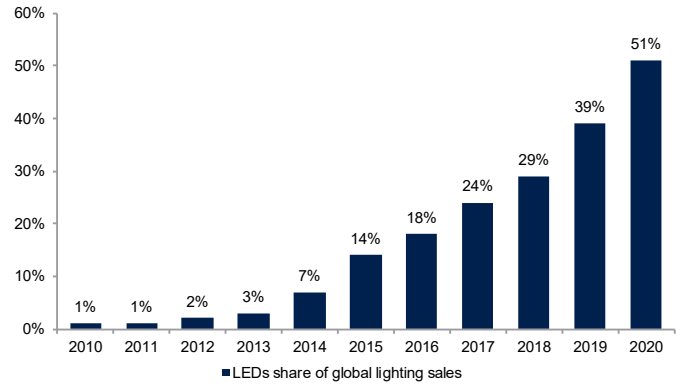
Source: ABG Sundal Collier, company data

As a result of the many clear advantages of LEDs compared to other lighting sources, LEDs have grown their share of global lighting sales considerably in the past decade. In 2010, LEDs accounted for a miniscule share (1%), but by 2019 they surpassed compact fluorescent lamps as the most common source of lighting. In 2020, LEDs grew further to 51% of global lighting sales. Since LEDs are also more energy-efficient and climate-friendly than other technologies, we see no reason for their high growth to stagnate.

A light's luminous efficacy is typically measured in lumens per watt (lm/W), i.e. the ratio between emitted light and its power. In this regard, significant advancements have been made to the efficacy of LEDs while other sources have plateaued. In 2020, LEDs surpassed linear fluorescents (often used in industrial facilities) as the most efficient lighting source; even in 2010, though, LEDs were more efficient than compact fluorescents, halogens and incandescents.

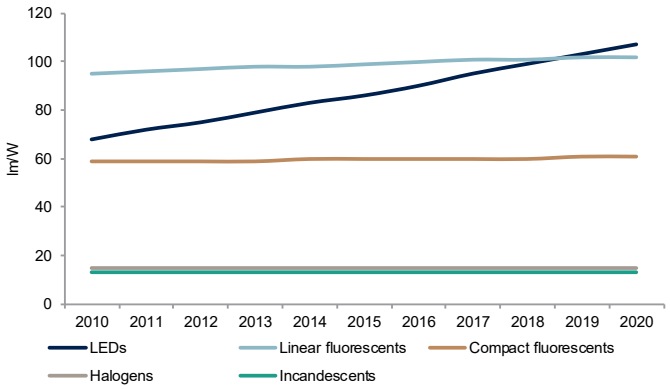
[17] www.miljobelysning.nu/om-led-belysning/

LEDs share of global lighting sales



Source: ABG Sundal Collier, IEA: Lighting analysis

Luminous efficacy (lm/W) by lighting method



Source: ABG Sundal Collier, IEA: Lighting analysis

Miljöbelysning capitalising on the growth of LEDs

In recent years, Miljöbelysning has managed to capitalise on the increased LED usage, as evidenced by the company being a two-time receiver of the DI Gasell prize given out to Sweden's fastest growing companies by Swedish newspaper *Dagens Industri*. There are several criteria that all must be met to receive the award, including growing revenues for at least three consecutive years, at least doubling revenue over the span of four years and having a positive accumulated operating profit over four years. We argue that LED lighting is likely to continue gaining ground, mainly due to its positive climate impact, and believe the growth journey for Miljöbelysning should therefore be far from over.

A two-time DI Gasell company (2019 and 2020)

Criteria:

1. Net sales of >SEK 10m
2. Ten or more employees
3. Has at least doubled revenues in the past four years
4. Has increased revenues for three consecutive years
5. Has a positive cumulative operating profit over four years
6. Has primarily grown organically, not through acquisitions
7. Has sound financials

Source: ABG Sundal Collier, DI Gasell

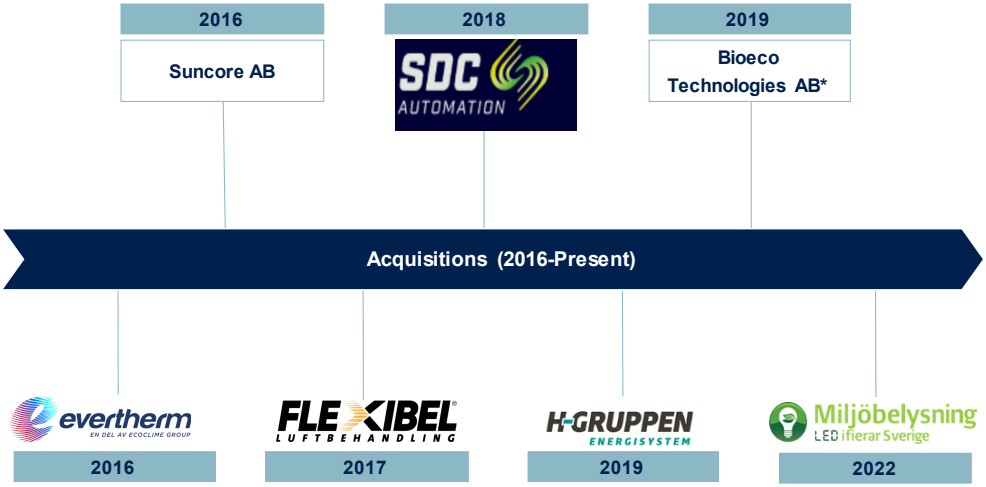
M&A strategy and headroom

Acquisitions are a central part of Ecoclime's growth strategy. The company has completed seven acquisitions since 2016 and has signed an LOI to complete two more, and the median acquisition multiple has historically been roughly 5x EV/EBITDA. The strategy when conducting M&A has been to focus on adding companies that broaden Ecoclime's product and service offering, as the goal is to provide wholesale proptech solutions. M&A has historically been financed almost entirely with equity rather than debt, which has led to a strong balance sheet. Going forward, there is significant room to acquire companies using debt, and we speculate that the new and younger management (both CEO and CFO) may be more open to using debt as a tool to finance acquisitions.

M&A is central to the growth strategy

Ecoclime's acquisition strategy mainly focuses on acquiring smaller companies to access new technologies, products and customers. The firm has a proven track record of acquiring and integrating new verticals while expanding the product and service offering. One such example is the acquisition of SDC Automation in 2018, which allowed Ecoclime to venture into software solutions that contribute to energy efficiency within properties. Also, Ecoclime has expanded its service offering through M&A to cover more of the value chain, for example by acquiring installation companies such as H-Gruppen. The median acquisition multiple has historically been roughly 5x EV/EBITDA. For a full run-down of all Ecoclime's completed acquisitions, see appendix 1.

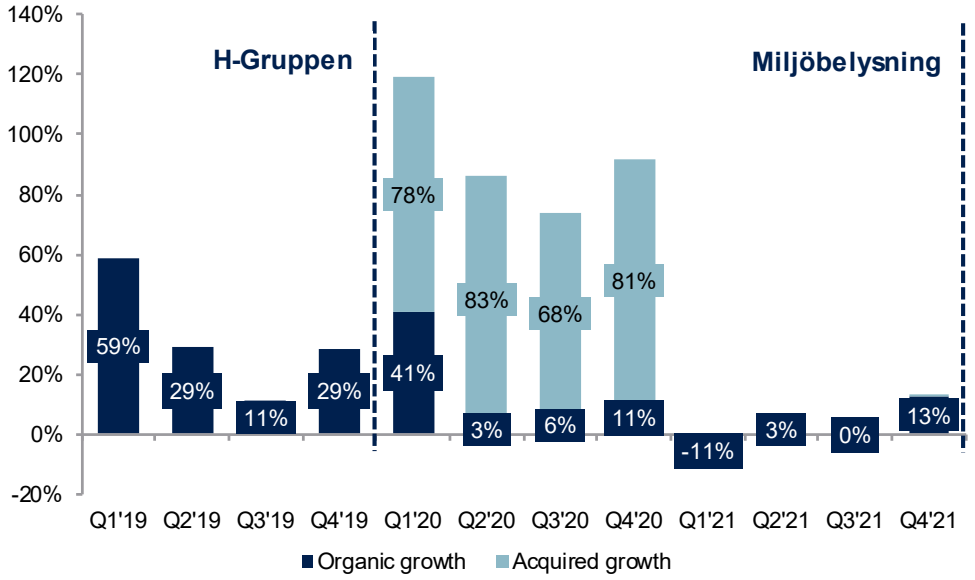
Timeline of completed acquisitions



*Source: ABG Sundal Collier, company data, *Ecoclime acquired 20% of shares in Bioeco Technologies with an option to purchase an additional 31%*

While organic growth has been strong, M&A has also been a major factor in Ecoclime's growth journey. This was especially true for the company's early years, when M&A was used to establish a solid product portfolio and broaden Ecoclime's presence in the value chain. The company has only reported organic growth since Q1'20 (and no acquisitions were made during '19), so the exact split before this is unknown. Note that '21 was also a slow year in terms of M&A, as difficult market conditions warranted a more cautious approach.

Organic and acquired growth split



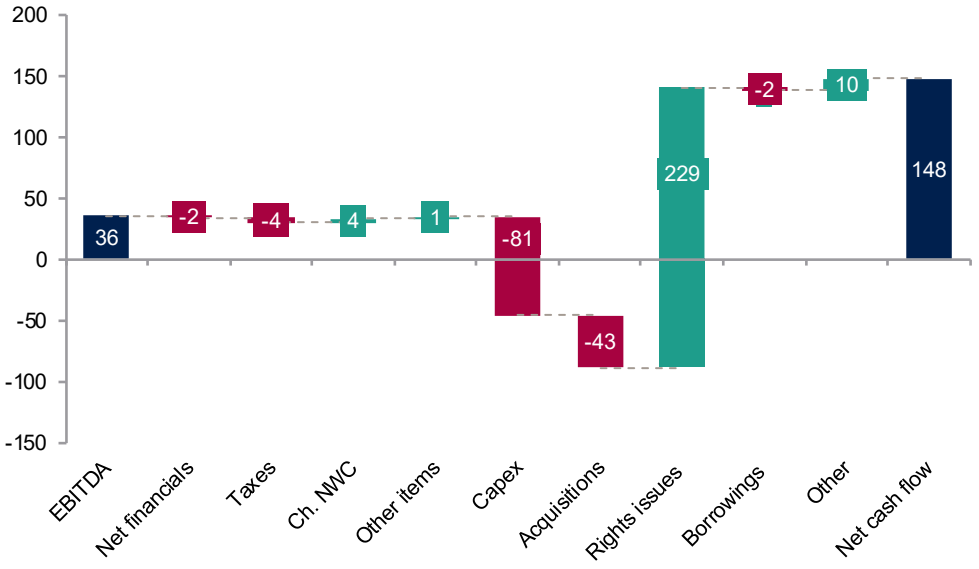
Source: ABG Sundal Collier, company data

In December 2021, Ecoclime announced it had signed LOIs to complete three separate acquisitions and that due diligence had already been completed for two of the processes. The first of these three acquisitions, Miljöbelysning, was announced in January 2022 and consolidated in February. At the time of the acquisition, the company was expected to report 2021 sales of SEK 70m (up 33% from 2020) and adj. EBITDA of SEK 7.8m, adding roughly 40% to '22e sales and 30% to adj. EBITDA on a pf basis. As mentioned, two more acquisitions now lay in waiting.

M&A headroom

The company has historically chosen to finance its M&A and capex near-entirely with equity rather than debt. In fact, while Ecoclime has spent SEK 81m on capex and a further SEK 43m on M&A between '17-'21 (and a further SEK 33m in Jan-22), it has also raised SEK 229m through rights issues, which has resulted in a robust balance sheet with an equity ratio of 86% as of '21.

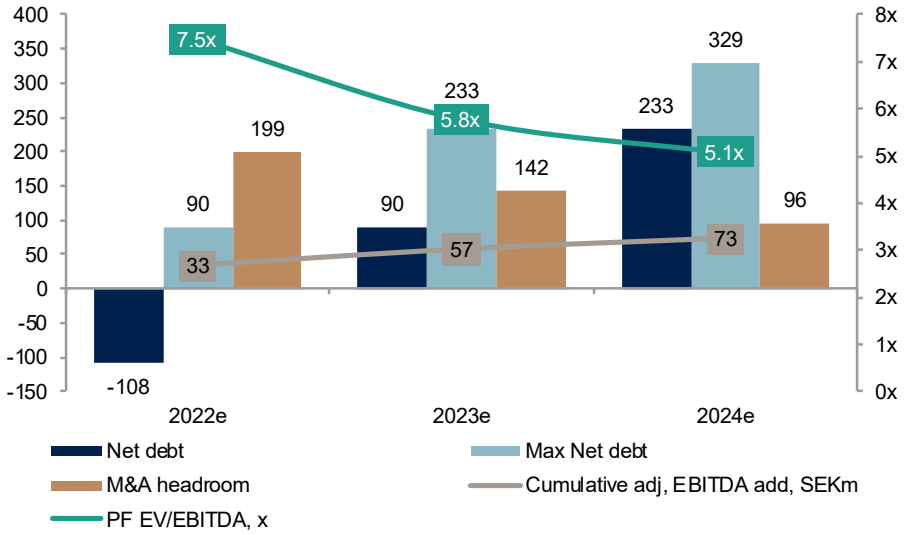
M&A and capex historically financed with equity (sum of '17-'21)



Source: ABG Sundal Collier, company data

The company does not have any financial targets regarding its capital structure. However, if we assume a maximum net debt/EBITDA (adj.) of 2.5x and an acquisition EV/EBITDA multiple of 6.0x, we calculate a total M&A headroom of SEK 438m for '22e-'24e, enough to add SEK 73m in EBITDA. This takes pf '23e-'24e EV/EBITDA to 5.8-5.1x. Here we simply illustrate Ecoclime's capability of financing acquisitions with debt, but we do not make any assumptions as to whether the company is actually willing to take on debt to finance M&A. As mentioned, the company has historically preferred to raise equity. We note, however, that with the new and younger management team in 2022, Ecoclime may be more likely to use debt as a tool to finance future acquisitions.

Acquisition headroom at 2.5x max Net debt/EBITDA (adj.)



Source: ABG Sundal Collier estimates, Assumptions: 6.0x acquisition EV/EBITDA, 2.5x max ND/EBITDA

Forecast breakdown

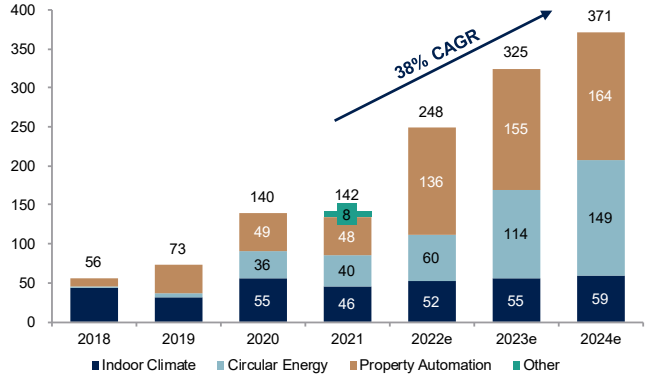
We estimate a 19% '21-'24e organic sales CAGR, along with SEK 91m M&A contribution from the acquisition of Miljöbelysning, taking net sales to SEK 371m by '24e. Moreover, we argue that: 1) a favourable product mix given that high-margin Evertherm sales make up an increasing share of sales, and 2) economies of scale due to the Vilhelmina factory expansion should drive margin expansion. We estimate '24e adj. EBITDA of SEK 75m (20.1% margin) and adj. EBIT of SEK 56m (15.0% margin). FCF will be weighed down by high capex in '22e-'23e because of the Vilhelmina expansion, but we expect Ecoclime to be FCF-positive by '24e at SEK 26m.

Sales estimates by segment

In our estimates, we include only organic growth and announced acquisitions. We see the main organic growth driver in the coming years being the Circular Energy segment, where Ecoclime is looking to expand production capacity from 15 Evertherm systems in 2021 to 50 in 2022 and 450 by year-end 2023, with the jump to 450 system capacity stemming from the planned Vilhelmina factory expansion. However, we take a more cautious view on the ramp-up in sales of Evertherm, and assuming an average system price of SEK 2.5m our Circular Energy segment sales estimates would imply 24 systems sold and delivered in '22e, 46 in '23e, and 59 in '24e. Keep in mind that lead times for a larger Evertherm project can, to our understanding, take more than a year from order to completion. At the group level, we expect an organic CAGR of 19% for '21-'24e (and 38% CAGR including announced M&A), but within the Circular Energy segment specifically we estimate an organic CAGR of 55% for the same period.

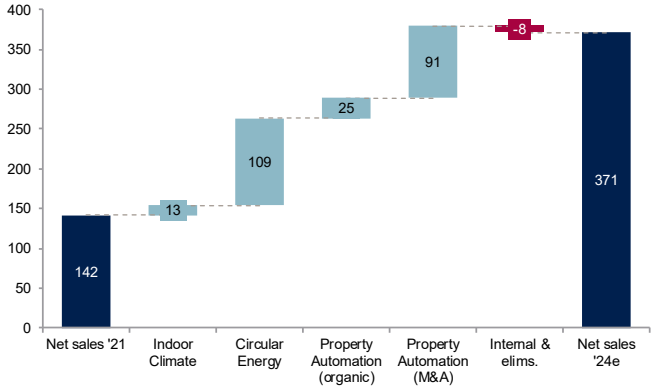
In addition to our organic sales estimates, we have included the acquisition of Miljöbelysning Sverige, which was consolidated from February '22 and adds ~40% to sales on a pro forma basis. Miljöbelysning grew 33% in '21, and management has indicated that a similar growth rate can be expected in '22e for the company, which takes our estimated M&A contribution from Miljöbelysning to ~SEK 90m (of which 11 months fall in '22e and one in '23e). To our understanding, all the added sales from Miljöbelysning will be reported under the Property Automation segment.

Annual net sales estimates by segment



Source: ABG Sundal Collier estimates, company data

'21-'24e sales bridge by segment



Source: ABG Sundal Collier estimates, company data

Margins driven by product mix and factory expansion

To illustrate the potential for margin expansion in Ecoclime, we have made assumptions of incremental EBITDA margins for the company's different products and services within the three reporting segments. In short, we believe sales of Evertherm systems to be a high-margin business, which should drive group margins as the share of sales from Circular Energy increases. However, Ecoclime also provides installation services within both Indoor Climate and Circular Energy, which we do not believe carry as attractive margins as the products themselves. There is, of course, a margin of error on these assumptions, as the company does not report margins by product or revenue stream.

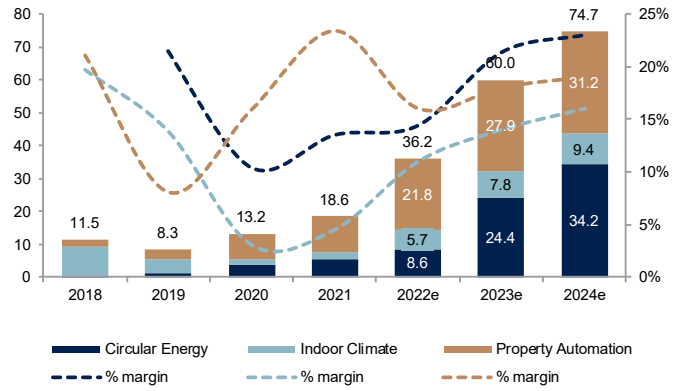
Incremental EBITDA margin assumptions by revenue type

Product/revenue type	Incremental EBITDA margin
Circular energy	
Evertherm SEW	~40%
Evertherm ARV	~40%
Installation services	~8%
Segment total	**~27%**
Indoor climate	
Comfort panels (Invisma/Charisma)	~25%
Installation services	~8%
Segment total	**~18%**
Property automation	
Automation projects	~40%
LED solutions	~12%
Segment total	**~25%**

Source: ABG Sundal Collier estimates

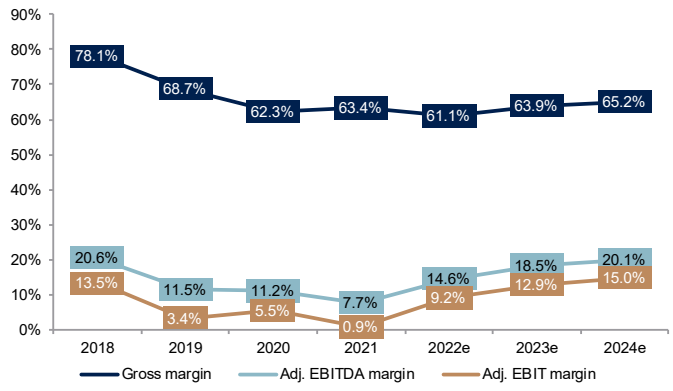
We have factored margin expansion into our estimates, which we argue will be driven by: 1) high-margin Evertherm sales making up a larger part of the product mix and 2) economies of scale, as added production capacity should allow Ecoclime to scale on fixed costs. However, the Vilhelmina factory expansion will not change the method of production for Evertherm systems, only the total volume. As a result, we expect a relatively stable gross margin at an average of 63% for '22e-'24e, with the slight margin expansion stemming from the aforementioned product mix effect. We expect adj. EBITDA and adj. EBIT margin expansions from 7.7% to 20.1% and 0.9% to 15.0%, respectively. Our estimates result in an adj. EBITDA of SEK 75m and adj. EBIT of SEK 56m.

Adj. EBITDA estimates by segment



Source: ABG Sundal Collier estimates, company data

Group margin development

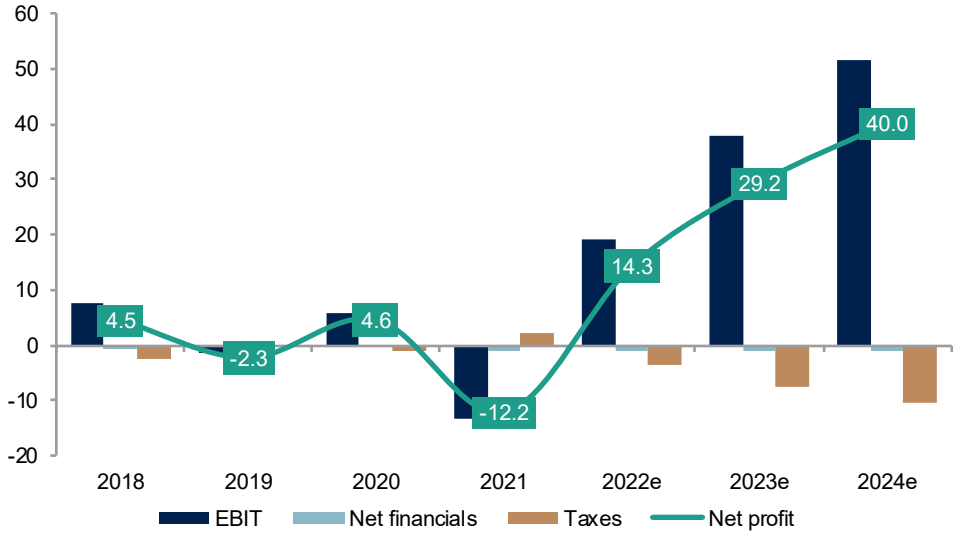


Source: ABG Sundal Collier estimates, company data

Financials to remain low

Due to having almost no interest-bearing debt (as discussed in the M&A chapter), financial expenses have historically been low. Moreover, since we do not include any added debt in our official estimates, this will likely continue to be the case. Hence, the drop-through from EBIT to net profit should be relatively high. As we noted in the M&A section above, this also means that Ecoclime has significant room to finance future M&A using debt, which would in turn affect financial expenses.

Solid drop-through from EBIT to net profit due to low net financials

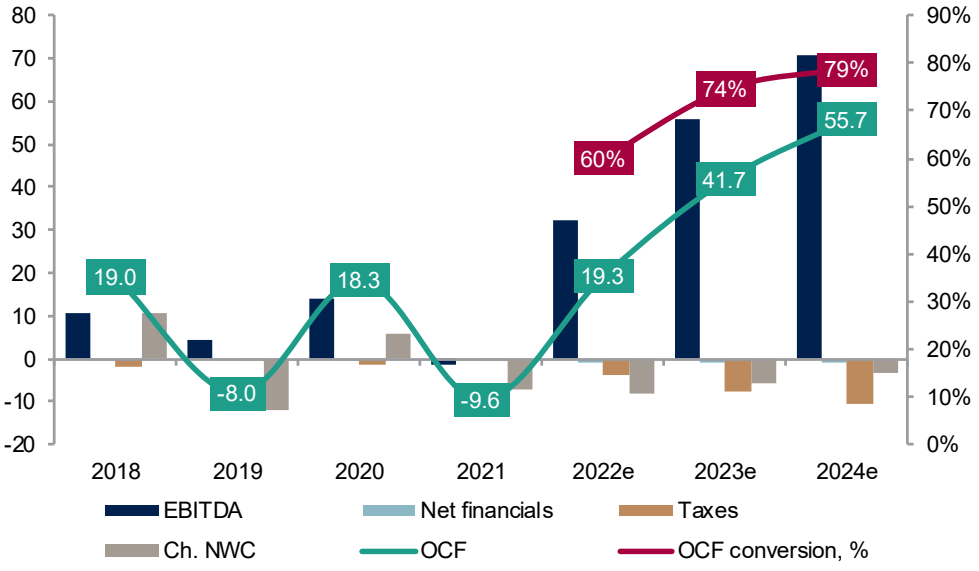


Source: ABG Sundal Collier estimates, company data

73% OCF conversion expected for ’22e-’24e

Ecoclime’s operations are proven to be cash flow-generative, as evidenced by the operating cash conversion of 96% between ’17-’21, driven by the low interest expenses and working capital. For ’22e-’24e, we expect that the company will have to increase NWC (in % of sales) as operations scale up. Despite this, we see strong OCF conversion of 73% for ’22e-’24e.

EBITDA to OCF conversion



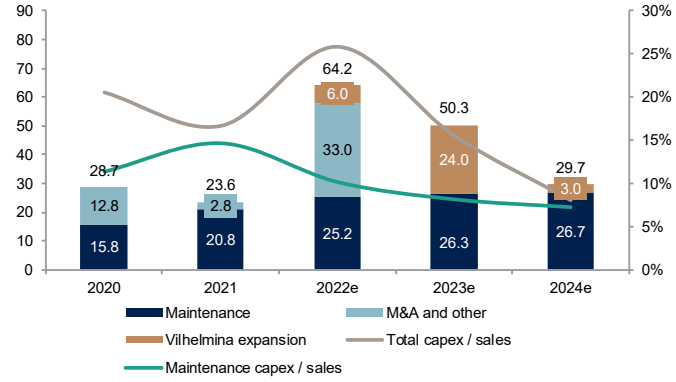
Source: ABG Sundal Collier estimates, company data

High expansion capex short-term, FCF-positive by ’24e

Other than maintenance capex, which we estimate will be roughly 7% of sales by ’24e, there will be two major sources of capex going forward: M&A and the Vilhelmina factory expansion. As for M&A, we estimate the acquisition of Miljöbelysning in ’22e came at a transaction price of SEK 33m (12m equity financed, 21m cash). No other M&A is included in our current capex estimates. The Vilhelmina factory expansion will, according to management, carry total capex of ~SEK 20-30m (we assume SEK 30m to be on the conservative side), and is planned to be finished by year-end ’23e. We have assumed a capex split for the expansion of 20%/80%/10% for ’22e/’23e/’24e. In practical terms, this means we expect work to start towards the end of ’22e, with the brunt of the investments coming in ’23e and some final investments spilling over into ’24e.

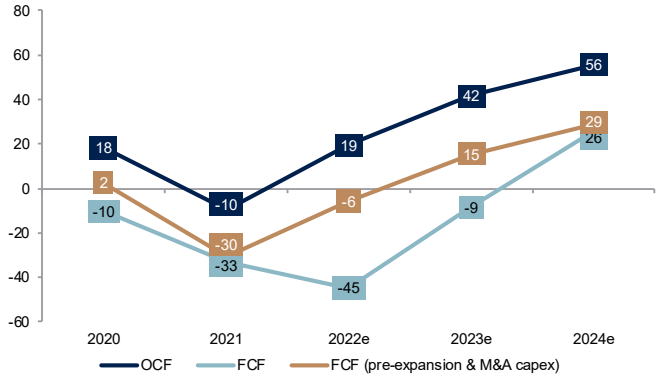
The high capex in the coming years will weigh on free cash flow. However, after the lion’s share of the Vilhelmina expansion investments are made, capex should stay fairly stable (not accounting for further M&A announcements). Despite some expansion capex assumed for ’24e, we believe Ecoclime will be in a position to generate positive free cash flows from ’24e onwards. Also, if we adjust for expansion and M&A capex, we expect Ecoclime would be close to break-even on FCF by ’22e and FCF positive by ’23e.

Estimated capex split



Source: ABG Sundal Collier estimates, company data

FCF, before and after expansion and M&A capex

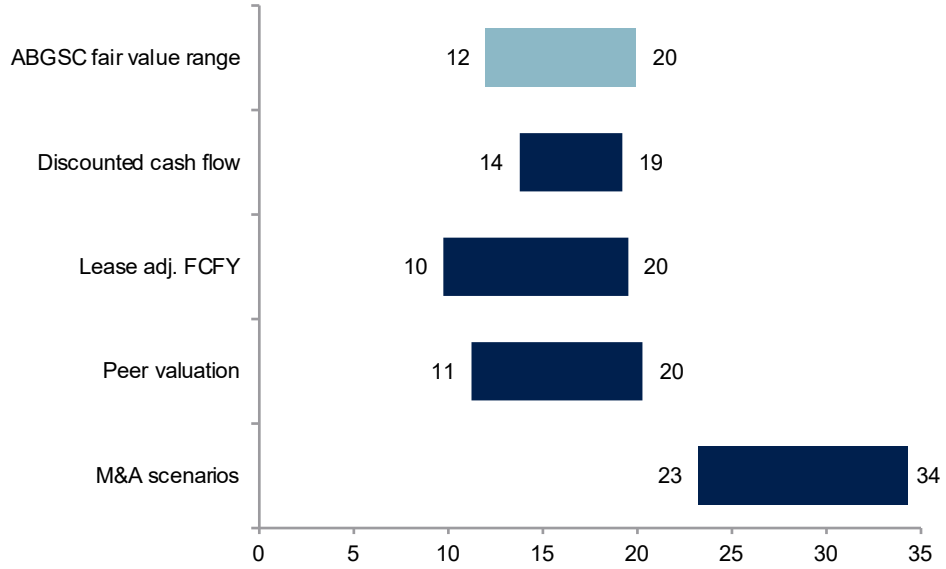


Source: ABG Sundal Collier estimates, company data

Valuation

We arrive at a fair value range of SEK 12-20 per share, in which we take into account a peer valuation, a lease adj. FCF yield valuation and a DCF valuation, all yielding similar results. Our value range corresponds to a '23e EV/EBITDA (adj.) range of 8-14x (and a range of 12-23x for '22e). In addition to these, we conduct two M&A scenarios where we add 10% and 20% M&A growth per annum (at an acquisition multiple of 6.0x EV/EBITDA) and reach the conclusion that value-accretive M&A could result in a value range of SEK 23-34 per share, i.e. above our value range. We note, however, that M&A comes with added risk, meaning that poor M&A execution and integration could also result in lost value. Therefore, we do not consider any additional potential from M&A in our fair value range.

ABGSC fair value range of SEK 12-20 per share



Source: ABG Sundal Collier estimates

Peer valuation: '23e EV/EBITDA range of 7-14x

We have chosen to benchmark Ecoclime against other companies with exposure towards similar ESG trends such as improving indoor climate and energy efficiency. That being said, Ecoclime's unique product offering makes it difficult to find wholly similar peers. In terms of performance, Ecoclime is at an earlier stage in its journey than many peers, meaning that it has a significantly higher expected sales and earnings growth, which in turn is offset by higher risk to estimates. However, the financial risk in Ecoclime is deemed lower than peers, as the company has almost no leverage.

Peer valuation and performance table

Valuation	Mcap	EV/Sales			EV/EBITDA			EV/EBIT			P/E			P/B		
Peers	SEKm	2021	2022e	2023e	2021	2022e	2023e	2021	2022e	2023e	2021	2022e	2023e	2021	2022e	2023e
Systemair	13,842	1.7x	1.6x	1.5x	12.9x	11.4x	10.5x	18.5x	15.5x	14.0x	24.0x	19.9x	17.7x	3.5x	3.1x	2.8x
Lindab	16,999	2.6x	1.7x	1.6x	16.3x	10.1x	9.5x	20.8x	13.4x	12.7x	20.0x	16.4x	15.4x	3.0x	2.6x	2.4x
NIBE	159,858	8.7x	5.4x	4.9x	46.8x	29.2x	26.1x	60.6x	37.9x	33.4x	54.3x	49.3x	43.3x	8.7x	7.7x	6.8x
Munters	10,007	2.1x	1.4x	1.3x	14.2x	9.0x	8.0x	18.6x	11.8x	10.3x	16.5x	13.9x	11.9x	2.3x	2.1x	1.8x
Nederman	5,957	2.2x	1.4x	1.3x	12.3x	9.9x	9.2x	19.0x	14.2x	13.3x	19.5x	17.5x	15.7x	3.7x	3.1x	2.7x
Instalco	17,968	2.8x	1.9x	1.8x	27.3x	19.3x	18.0x	34.9x	24.5x	22.3x	34.1x	27.6x	25.0x	7.2x	6.2x	5.3x
Bravida	21,593	1.2x	1.0x	0.9x	14.5x	11.3x	10.7x	18.8x	14.5x	13.7x	20.4x	17.8x	16.8x	3.2x	2.9x	2.7x
Qlean Air	551	2.6x	1.4x	1.3x	10.5x	6.4x	5.6x	14.1x	8.8x	7.2x	9.2x	9.3x	7.6x	2.8x	2.3x	1.9x
Caverion	7,446	0.5x	0.4x	0.4x	8.6x	5.5x	5.0x	24.9x	10.1x	8.5x	29.1x	11.8x	9.6x	3.7x	3.1x	2.8x
Beijer Ref	48,213	4.7x	2.8x	2.6x	42.7x	23.8x	21.1x	57.3x	31.1x	27.2x	50.5x	39.4x	34.3x	10.0x	8.6x	7.5x
Median	**15,420**	**2.4x**	**1.5x**	**1.4x**	**14.3x**	**10.7x**	**10.0x**	**19.9x**	**14.4x**	**13.5x**	**22.2x**	**17.7x**	**16.2x**	**3.6x**	**3.1x**	**2.7x**
Mean	**30,243**	**2.9x**	**1.9x**	**1.8x**	**20.6x**	**13.6x**	**12.4x**	**28.8x**	**18.2x**	**16.2x**	**27.8x**	**22.3x**	**19.7x**	**4.8x**	**4.2x**	**3.7x**
Ecoclime	**536**	**2.6x**	**1.7x**	**1.4x**	**-98.5x**	**13.3x**	**7.9x**	**n.m**	**22.5x**	**11.7x**	**n.m**	**37.6x**	**18.4x**	**1.7x**	**1.6x**	**1.5x**
vs. peers		*9%*	*14%*	*-2%*	*-787%*	*24%*	*-21%*	*n.a*	*57%*	*-13%*	*n.a*	*113%*	*13%*	*-54%*	*-48%*	*-46%*

Valuation	ND/EBITDA	FCF yield %			Gross margin %			EBIT margin %			ROE %			Sales CAGR %		
Peers	2022e	2021	2022e	2023e	2021e	2022e	2023e	2021	2022e	2023e	2021	2022e	2023e	'16-'19	'19-'23e	'20-'23e
Systemair	0.7x	2.7%	4.1%	4.6%	35.1%	35.1%	35.2%	9.1%	10.1%	10.5%	14.7%	15.7%	15.5%	9.1%	4.4%	7.5%
Lindab	0.6x	3.3%	5.5%	6.4%	30.7%	31.8%	31.3%	12.8%	12.5%	12.6%	14.8%	16.1%	15.5%	7.9%	3.6%	7.4%
NIBE	0.8x	1.3%	1.9%	2.1%	33.1%	33.3%	33.6%	14.4%	14.2%	14.7%	15.9%	15.6%	15.7%	18.2%	10.7%	11.9%
Munters	1.7x	2.6%	4.7%	7.7%	32.3%	33.4%	33.7%	11.1%	11.9%	12.8%	13.9%	14.9%	15.3%	5.8%	6.3%	9.2%
Nederman	0.8x	8.4%	6.1%	8.1%	37.7%	37.5%	37.6%	11.4%	10.0%	9.9%	19.1%	17.5%	17.2%	11.5%	5.6%	13.4%
Instalco	1.1x	1.8%	4.6%	4.9%	15.3%	15.5%	15.6%	7.9%	7.9%	8.2%	21.2%	22.4%	21.2%	33.2%	18.4%	16.2%
Bravida	0.2x	4.4%	6.5%	7.2%	15.1%	14.8%	15.0%	6.6%	6.6%	6.8%	15.6%	16.4%	16.1%	11.3%	5.1%	5.5%
Qlean Air	1.1x	13.8%	10.2%	12.7%	71.0%	69.8%	69.5%	18.5%	16.5%	18.1%	30.9%	24.6%	24.9%	n.a	4.9%	3.9%
Caverion	0.7x	5.2%	12.1%	14.7%	n.a	n.a	n.a	2.0%	3.7%	4.2%	12.6%	26.2%	29.6%	-3.5%	2.7%	3.1%
Beijer Ref	1.8x	-0.7%	2.3%	2.6%	n.a	n.a	n.a	8.2%	8.9%	9.5%	19.8%	21.9%	21.8%	17.9%	9.8%	15.2%
Median	**0.8x**	**3%**	**5%**	**7%**	**33%**	**33%**	**34%**	**10%**	**10%**	**10%**	**16%**	**17%**	**17%**	**11%**	**5%**	**8%**
Mean	**0.9x**	**4%**	**6%**	**7%**	**34%**	**34%**	**34%**	**10%**	**10%**	**11%**	**18%**	**19%**	**19%**	**12%**	**7%**	**9%**
Ecoclime	**-3.4x**	**-7%**	**-3%**	**-2%**	**63%**	**61%**	**64%**	**-9%**	**8%**	**12%**	**-5%**	**4%**	**8%**	**182%**	**45%**	**32%**
vs. peers	*-4.2x*	*-9.8pp*	*-8.1pp*	*-9.2pp*	*30.7pp*	*27.7pp*	*30.3pp*	*-19.6pp*	*-2.4pp*	*1.5pp*	*-20.9pp*	*-12.5pp*	*-8.3pp*	*170.5pp*	*40.0pp*	*24.1pp*

Source: ABG Sundal Collier estimates for Ecoclime, FactSet consensus for peers

Due to the significantly stronger growth profile in Ecoclime than the peer median, we chose to base our valuation on ’23e multiples. The higher sales and earnings growth as well as the lower leverage, taken in isolation, would mean that Ecoclime warrants a higher multiple than peers, but we must also account for the higher estimate risk. As such, we argue a ’23e EV/EBITDA range of 7-14x is warranted, in which the lower end is 30% below peers and the upper end is 40% above peers. This yields a fair value range of SEK 11-20 per share.

Peer valuation indicates a range of SEK 11-20 per share

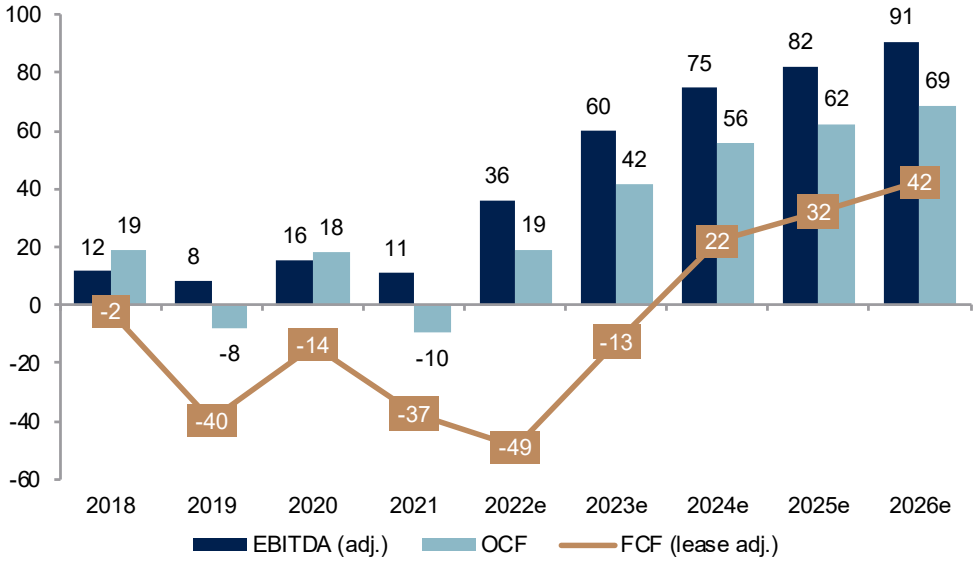
'23e EV/EBITDA	7.0x	9.0x	11.0x	13.0x	14.0x
vs. peers	***-30%***	***-10%***	***10%***	***30%***	***40%***
'23e adj. EBITDA	60.0	60.0	60.0	60.0	60.0
Enterprise value	420	540	660	780	840
'23e Net debt	-96	-96	-96	-96	-96
Equity value	516	636	756	876	936
Equity value per share	**11.2**	**13.8**	**16.4**	**19.1**	**20.4**
vs. current	*-4%*	*19%*	*41%*	*63%*	*75%*

Source: ABG Sundal Collier estimates, company data, FactSet

FCF yield valuation: ’26e lease adj. FCFY range of 3-6%

In our lease-adjusted free cash flow yield valuation, we use our official estimates until ’24e, where Ecoclime reaches SEK 22m lease adj. FCF by ’24e. Following that, we assume FCF will grow to SEK 32m by ’25e and SEK 42m by ’26e.

Cash flow estimates used for ’26e FCF yield valuation



Source: ABG Sundal Collier estimates, company data

We apply a range of 3-6% lease adj. FCF yield to our ’26 estimate, which we in turn discount by 12%, thereby accounting for what we believe to be a justified risk level for the company. Using this method, we derive a fair value range of SEK 10-20 per share.

Lease adj. FCFY value range of SEK 10-20 per share

'26e FCF yield (lease adj.)	3.0%	3.5%	4.0%	4.5%	5.0%	5.5%	6.0%
2026e FCF (lease adj.)	42.5	42.5	42.5	42.5	42.5	42.5	42.5
2026e equity value	1,416	1,213	1,062	944	849	772	708
Req. rate of return	12%	12%	12%	12%	12%	12%	12%
2021e equity value	900	771	675	600	540	491	450
Equity value per share	**20**	**17**	**15**	**13**	**12**	**11**	**10**
vs. current	*67%*	*44%*	*26%*	*12%*	*0%*	*-9%*	*-16%*

Source: ABG Sundal Collier estimates, company data

DCF: implies a ’23e EV/EBITDA range of 10-13x

For our DCF, we use our detailed estimates as outlined in the forecast breakdown chapter for ’22e-’24e. From ’25e onwards, we assume a declining growth rate that declines to 2.5% over time and a steady-state EBIT margin of 20%. Long-term D&A and capex are both set at 4% of sales, while NWC is set at 7% of sales. Our DCF estimates yield a ’25e-’26e EV/FCF of 7-6x.

Detailed DCF estimates

DCF	Historicals				Detailed estimates			DCF assumptions											
	2018	2019	2020	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e
Net sales	**56**	**73**	**140**	**142**	**248**	**325**	**371**	**401**	**433**	**464**	**496**	**526**	**557**	**585**	**609**	**627**	**646**	**662**	**678**
y-o-y %	*82%*	*30%*	*92%*	*1%*	*75%*	*31%*	*14%*	*8%*	*8%*	*7%*	*7%*	*6%*	*6%*	*5%*	*4%*	*3%*	*3%*	*3%*	*3%*
of which organic %		*30%*	*8%*	*2%*	*16%*	*28%*	*14%*	*8.0%*	*8.0%*	*7.0%*	*7.0%*	*6.0%*	*6.0%*	*5.0%*	*4.0%*	*3.0%*	*3.0%*	*2.5%*	*2.5%*
of which M&A %		*0%*	*84%*	*0%*	*59%*	*3%*	*0%*												
Other income	16	16	15	15	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Total sales	**72**	**89**	**155**	**157**	**258**	**334**	**381**	**411**	**443**	**474**	**506**	**536**	**567**	**595**	**619**	**637**	**656**	**672**	**688**
EBITDA	**12**	**4**	**14**	**-4**	**32**	**56**	**71**	**82**	**93**	**104**	**106**	**117**	**124**	**136**	**142**	**152**	**157**	**161**	**165**
EBITDA margin %	*21%*	*6%*	*10%*	*-3%*	*13%*	*17%*	*19%*	*20%*	*21%*	*22%*	*21%*	*22%*	*22%*	*23%*	*23%*	*24%*	*24%*	*24%*	*24%*
EBIT	**8**	**-2**	**6**	**-13**	**19**	**38**	**52**	**62**	**71**	**81**	**81**	**96**	**102**	**113**	**118**	**127**	**131**	**134**	**138**
EBIT margin %	*14%*	*-2%*	*4%*	*-9%*	*8%*	*12%*	*14%*	*15%*	*16%*	*17%*	*16%*	*18%*	*18%*	*19%*	*19%*	*20%*	*20%*	*20%*	*20%*
Tax on EBIT	-2	0	-1	2	-4	-8	-10	-13	-15	-17	-17	-20	-21	-23	-24	-26	-27	-28	-28
Tax rate %	*33%*	*-22%*	*15%*	*17%*	*20%*	*20%*	*20%*	*21%*	*21%*	*21%*	*21%*	*21%*	*21%*	*21%*	*21%*	*21%*	*21%*	*21%*	*21%*
NOPLAT					**15**	**30**	**41**	**49**	**56**	**64**	**64**	**77**	**81**	**90**	**93**	**101**	**104**	**107**	**109**
D&A					13	18	19	20	22	23	25	21	22	23	24	25	26	26	27
% of sales					*5%*	*6%*	*5%*	*5%*	*5%*	*5%*	*5%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*
Capex					-64	-50	-30	-20	-22	-23	-25	-21	-22	-23	-24	-25	-26	-26	-27
% of sales					*26%*	*16%*	*8%*	*5%*	*5%*	*5%*	*5%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*
CF from NWC					-8	-6	-4	0	-2	-2	-2	-2	-2	-2	-2	-1	-1	-1	-1
NWC					19	24	28	28	30	32	35	37	39	41	43	44	45	46	47
% of sales					*8%*	*8%*	*8%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*
Free cash flow					**-44**	**-8**	**27**	**49**	**54**	**62**	**62**	**74**	**79**	**88**	**92**	**100**	**103**	**106**	**108**
EV/EBITDA					*13.3x*	*7.8x*	*5.8x*	*4.4x*	*3.3x*										
EV/EBIT					*22.5x*	*11.5x*	*7.9x*	*5.8x*	*4.3x*										
EV/FCF					*-9.7x*	*-57.3x*	*15.0x*	*7.4x*	*5.6x*										

Source: ABG Sundal Collier estimates, company data

We argue a reasonable WACC range to be 10-12%, and for our terminal value we assume a growth rate range of 2-3%. This yields us an equity value range of SEK 14-19 per share. The DCF valuation, using only organic growth estimates, implies a ’23e EV/EBITDA multiple range of 10-13x, which is in line with the conclusion from our peer valuation where we apply a ’23e EV/EBITDA range of 7-14x.

DCF indicates a fair value range of SEK 14-19 per share

Value per share, SEK		Terminal growth						
		1.75%	2.00%	2.25%	2.50%	2.75%	3.00%	3.25%
WACC	9.5%	19.2	19.5	19.8	20.2	20.5	21.0	21.4
	10.0%	17.8	18.0	18.3	18.6	18.9	19.2	19.6
	10.5%	16.5	16.8	17.0	17.2	17.5	17.8	18.1
	11.0%	15.5	15.6	15.8	16.0	16.3	16.5	16.7
	11.5%	14.5	14.7	14.8	15.0	15.2	15.4	15.6
	12.0%	13.6	13.8	13.9	14.1	14.2	14.4	14.5
	12.5%	12.9	13.0	13.1	13.2	13.3	13.5	13.6

Source: ABG Sundal Collier estimates, company data

Potential from value-accretive M&A

As mentioned, M&A is an important part of Ecoclime's strategy, and we therefore analyse what the additional potential to our fair value range would be if we were to account for value-accretive M&A. We have set up two M&A scenarios where we include the announced M&A for '22e as well as an additional 10% and 20% '22e-'26e M&A CAGR, respectively, for '23e-'26e. Both scenarios assume OCF conversion of 60%, an acquisition EV/EBITDA multiple of 6.0x and cost of equity at 14%. We assume an exit EV/EBITDA of 12x in scenario 1, and 14x in scenario 2. Our conclusion is that if we add 10-20% in value-accretive M&A growth per annum, this would increase the fair value range to SEK 23-34 per share. Even with the added M&A spend, our estimated ND/EBITDA remains fairly low, as Ecoclime starts off with a large net cash position.

Value-accretive M&A increases the range to SEK 23-34 per share

M&A scenarios			
Scenario 1		**Scenario 2**	
Assumptions		**Assumptions**	
'22e-'26e M&A CAGR	10%	'22e-'26e M&A CAGR	20%
'22-'26e net sales CAGR	**25%**	**'22-'26e net sales CAGR**	**35%**
'26e adj. EBITDA margin	25%	'26e adj. EBITDA margin	25%
OCF conversion	60%	OCF conversion	60%
Acquisition EV/EBITDA	**6.0x**	**Acquisition EV/EBITDA**	**6.0x**
Valuation		**Valuation**	
'26e End EV/EBITDA	3.6x	'26e End EV/EBITDA	3.7x
'26e EBITDA	152	'26e EBITDA	207
'26 End ND/EBITDA	0.1x	'26 End ND/EBITDA	1.1x
Exit EV/EBITDA	12.0x	Exit EV/EBITDA	14.0x
'26e Net debt	20	'26e Net debt	230
'26e Equity value	1,808	'26e Equity value	2,672
Cost of equity	14%	Cost of equity	14%
'22e Equity value	1,071	'22e Equity value	1,582
Equity value per share	**23.2**	**Equity value per share**	**34.3**

Source: ABG Sundal Collier estimates, company data

M&A Scenario 1: detailed estimates

Scenario 1	2021	2022e	2023e	2024e	2025e	2026e
Net sales	**142**	**248**	**342**	**425**	**509**	**609**
y-o-y %	*1.5%*	*75.2%*	*37.6%*	*24.4%*	*19.6%*	*19.8%*
organic %	*1.5%*	*16.4%*	*27.6%*	*14.4%*	*9.6%*	*9.8%*
M&A %	*0.0%*	*58.8%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*
Other revenue	15	10	10	10	10	10
Total sales	**157**	**258**	**351**	**435**	**518**	**619**
Adj. EBITDA	**11**	**36**	**63**	**86**	**117**	**152**
margin %	**8%**	**15%**	**18%**	**20%**	**23%**	**25%**
Operating cash flow	**-10**	**22**	**38**	**51**	**70**	**91**
OCF / EBITDA %	*neg.*	*60%*	*60%*	*60%*	*60%*	*60%*
Capex	-21	-31	-50	-30	-26	-22
Capex / sales %	*13%*	*12%*	*14%*	*7%*	*5%*	*4%*
M&A spend	-3	-73	-28	-41	-59	-76
Rights issue, net of cost	142					
Net cash flow	**109**	**-82**	**-40**	**-20**	**-15**	**-7**
Market cap		536	536	536	536	536
Net debt	-145	-62	-22	-3	12	20
ND/EBITDA (adj.)	**-13.2x**	**-1.7x**	**-0.4x**	**0.0x**	**0.1x**	**0.1x**
Enterprise value		474	514	533	548	556
EV/EBITDA (adj.)		13.1x	8.1x	6.2x	4.7x	3.6x
Exit EV/EBITDA						**12.0x**
Enterprise value						1,828
Cost of equity						*14%*
Net debt						20
Equity value		**1,071**	**1,221**	**1,391**	**1,586**	**1,808**
Equity value per share		**23.2**	**26.5**	**30.2**	**34.4**	**39.2**

Source: ABG Sundal Collier estimates, company data

M&A Scenario 2: detailed estimates

Scenario 2	2021	2022e	2023e	2024e	2025e	2026e
Net sales	**142**	**248**	**367**	**493**	**639**	**829**
y-o-y %	*1.5%*	*75.2%*	*47.6%*	*34.4%*	*29.6%*	*29.8%*
organic %	*1.5%*	*16.4%*	*27.6%*	*14.4%*	*9.6%*	*9.8%*
M&A %	*0.0%*	*58.8%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*
Other revenue	15	10	10	10	10	10
Total sales	**157**	**258**	**377**	**503**	**649**	**839**
Adj. EBITDA	**11**	**36**	**68**	**99**	**147**	**207**
margin %	**8%**	**15%**	**18%**	**20%**	**23%**	**25%**
Operating cash flow	**-10**	**22**	**41**	**60**	**88**	**124**
OCF / EBITDA %	*neg.*	*60%*	*60%*	*60%*	*60%*	*60%*
Capex	-21	-31	-50	-30	-26	-22
Capex / sales %	*13%*	*12%*	*13%*	*6%*	*4%*	*3%*
M&A spend	-3	-73	-55	-89	-136	-192
Rights issue, net of cost	142					
Net cash flow	**109**	**-82**	**-65**	**-59**	**-74**	**-90**
Market cap		536	536	536	536	536
Net debt	-145	-62	3	61	136	225
ND/EBITDA (adj.)	**-13.2x**	**-1.7x**	**0.0x**	**0.6x**	**0.9x**	**1.1x**
Enterprise value		474	539	597	672	761
EV/EBITDA (adj.)		13.1x	7.9x	6.0x	4.6x	3.7x
Exit EV/EBITDA						**14.0x**
Enterprise value						2,902
Cost of equity						14%
Net debt						225
Equity value		**1,585**	**1,806**	**2,059**	**2,348**	**2,676**
Equity value per share		**34.4**	**39.2**	**44.7**	**51.0**	**58.1**

Source: ABG Sundal Collier estimates, company data

Detailed financials

Quarterly income statement and segment breakdown

Income statement	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22e	Q2'22e	Q3'22e	Q4'22e
Net sales	**34.2**	**38.8**	**27.0**	**39.7**	**30.3**	**39.8**	**26.9**	**44.7**	**54.6**	**66.2**	**54.7**	**73.0**
y-o-y %	*119%*	*86%*	*74%*	*92%*	*-11%*	*3%*	*0%*	*13%*	*80%*	*66%*	*103%*	*63%*
organic %	*41%*	*3%*	*6%*	*11%*	*-11%*	*3%*	*0%*	*13%*	*30%*	*9%*	*19%*	*12%*
M&A %	*78%*	*83%*	*68%*	*81%*	*0%*	*0%*	*0%*	*0%*	*50%*	*57%*	*85%*	*51%*
Other income	4.4	4.0	4.4	3.0	3.8	2.1	2.8	6.6	2.4	2.4	2.4	2.4
Total sales	**38.6**	**42.9**	**31.4**	**42.7**	**34.2**	**42.0**	**29.8**	**51.3**	**57.0**	**68.6**	**57.1**	**75.4**
COGS	-16.4	-19.9	-14.4	-17.8	-15.4	-18.4	-14.3	-19.2	-19.9	-23.4	-19.2	-26.3
Gross profit	22.2	22.9	17.0	24.9	18.8	23.6	15.4	32.1	32.7	40.8	33.5	44.7
Gross margin	*65%*	*59%*	*63%*	*63%*	*62%*	*59%*	*57%*	*72%*	*60%*	*62%*	*61%*	*61%*
Other external costs	-4.8	-4.7	-3.1	-3.8	-3.8	-5.8	-2.9	-10.3	-7.6	-9.2	-7.6	-9.8
Personell expenses	-14.1	-12.8	-11.0	-15.1	-14.8	-13.1	-10.2	-18.0	-19.3	-24.2	-19.9	-26.0
Non-recurring items	-0.8	0.0	-0.9	-1.9	-1.7	-2.8	-7.5	-2.6	-1.0	-1.0	-1.0	-1.0
EBITDA	**2.5**	**5.4**	**2.0**	**4.1**	**-1.6**	**1.9**	**-5.2**	**1.1**	**6.8**	**8.4**	**7.1**	**9.9**
EBITDA margin	*7%*	*14%*	*7%*	*10%*	*-5%*	*5%*	*-19%*	*3%*	*12%*	*13%*	*13%*	*14%*
Adj. EBITDA	**3.3**	**5.4**	**2.9**	**6.0**	**0.1**	**4.7**	**2.3**	**3.8**	**7.8**	**9.4**	**8.1**	**10.9**
Adj. EBITDA margin	*10%*	*14%*	*11%*	*15%*	*0%*	*12%*	*9%*	*8%*	*14%*	*14%*	*15%*	*15%*
D&A	-1.9	-1.9	-2.0	-2.2	-2.7	-2.7	-3.0	-2.2	-2.8	-2.8	-3.8	-3.8
EBIT	**0.6**	**3.5**	**0.0**	**1.9**	**-4.3**	**-0.8**	**-8.2**	**-1.0**	**4.0**	**5.6**	**3.3**	**6.1**
EBIT margin	*2%*	*9%*	*0%*	*5%*	*-14%*	*-2%*	*-30%*	*-2%*	*7%*	*9%*	*6%*	*8%*
Adj. EBIT	**1.4**	**3.5**	**0.9**	**3.8**	**-2.6**	**2.0**	**-0.7**	**1.6**	**5.0**	**6.6**	**4.3**	**7.1**
Adj. EBIT margin	*4%*	*9%*	*3%*	*10%*	*-9%*	*5%*	*-2%*	*4%*	*9%*	*10%*	*8%*	*10%*
Net financial items	-0.1	-0.1	-0.1	-0.1	-0.2	-0.1	-0.6	-0.1	-0.3	-0.3	-0.3	-0.3
PTP	**0.5**	**3.4**	**-0.1**	**1.8**	**-4.6**	**-0.9**	**-8.7**	**-1.1**	**3.8**	**5.4**	**3.0**	**5.8**
Taxes	0.2	0.0	0.8	-0.1	0.1	-0.3	-0.1	2.5	-0.8	-1.1	-0.6	-1.2
Net profit	**0.6**	**3.4**	**0.7**	**1.6**	**-4.5**	**-1.2**	**-8.8**	**1.4**	**3.0**	**4.3**	**2.4**	**4.6**
Segment breakdown	**Q1'20**	**Q2'20**	**Q3'20**	**Q4'20**	**Q1'21**	**Q2'21**	**Q3'21**	**Q4'21**	**Q1'22e**	**Q2'22e**	**Q3'22e**	**Q4'22e**
Net sales												
Indoor Climate	**13.2**	**16.2**	**11.5**	**14.4**	**10.0**	**11.2**	**10.2**	**14.8**	**12.2**	**12.5**	**11.0**	**16.0**
y-o-y %					*-24%*	*-31%*	*-11%*	*3%*	*22%*	*12%*	*8%*	*8%*
organic %									*22%*	*12%*	*8%*	*8%*
M&A %									*0%*	*0%*	*0%*	*0%*
Circular Energy	**10.3**	**14.9**	**3.6**	**6.9**	**5.1**	**12.8**	**8.8**	**12.9**	**10.2**	**17.9**	**14.0**	**18.1**
y-o-y %					*-50%*	*n.a.*	*144%*	*87%*	*100%*	*40%*	*60%*	*40%*
organic %									*100%*	*40%*	*60%*	*40%*
M&A %									*0%*	*0%*	*0%*	*0%*
Property Automation	**10.1**	**12.0**	**9.2**	**17.6**	**15.2**	**11.6**	**6.2**	**14.7**	**32.2**	**35.8**	**29.6**	**38.9**
y-o-y %					*51%*	*-3%*	*-32%*	*-17%*	*112%*	*207%*	*377%*	*165%*
organic %									*12%*	*12%*	*10%*	*10%*
M&A %									*100%*	*195%*	*367%*	*155%*
Internal & eliminations	**0.7**	**-4.2**	**2.8**	**0.8**	**0.0**	**4.2**	**1.7**	**2.3**	**0.0**	**0.0**	**0.0**	**0.0**
Adj. EBITDA												
Indoor Climate	**-0.3**	**1.5**	**0.5**	**0.1**	**-0.9**	**0.0**	**0.6**	**2.4**	**1.3**	**1.4**	**1.2**	**1.8**
EBITDA margin	*-3%*	*9%*	*4%*	*0%*	*-9%*	*0%*	*6%*	*16%*	*11%*	*11%*	*11%*	*11%*
Circular Energy	**0.2**	**-0.3**	**-0.1**	**3.8**	**-1.7**	**4.8**	**0.8**	**1.4**	**1.3**	**2.3**	**2.1**	**2.9**
EBITDA margin	*2%*	*-2%*	*-2%*	*56%*	*-33%*	*37%*	*9%*	*11%*	*13%*	*13%*	*15%*	*16%*
Property Automation	**2.0**	**1.3**	**1.0**	**3.4**	**3.0**	**1.9**	**0.5**	**5.7**	**5.2**	**5.7**	**4.7**	**6.2**
EBITDA margin	*20%*	*11%*	*11%*	*19%*	*20%*	*16%*	*9%*	*39%*	*16%*	*16%*	*16%*	*16%*
Internal & eliminations	**1.4**	**2.9**	**1.5**	**-3.3**	**-0.3**	**-1.9**	**0.3**	**-5.7**	**0.0**	**0.0**	**0.0**	**0.0**

Source: ABG Sundal Collier estimates, company data

Annual income statement and segment breakdown

Income statement	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Net sales	**6.0**	**3.2**	**30.7**	**56.1**	**72.7**	**139.7**	**141.7**	**248.4**	**324.5**	**371.4**
y-o-y %		*-46%*	*847%*	*82%*	*30%*	*92%*	*1%*	*75%*	*31%*	*14%*
organic %					*30%*	*8%*	*2%*	*16%*	*28%*	*14%*
M&A %					*0%*	*84%*	*0%*	*59%*	*3%*	*0%*
Other income	1.2	5.1	8.5	16.2	16.1	15.1	15.4	9.6	9.6	9.7
Total sales	**7.2**	**8.4**	**39.3**	**72.3**	**88.7**	**154.8**	**157.2**	**258.0**	**334.1**	**381.1**
COGS	-4.0	-1.2	-9.6	-28.5	-38.8	-67.8	-67.3	-106.3	-126.7	-138.9
Gross profit	3.3	7.2	29.7	43.8	49.9	87.0	89.9	151.7	207.4	242.2
Gross margin	*54%*	*221%*	*97%*	*78%*	*69%*	*62%*	*63%*	*61%*	*64%*	*65%*
Other external costs	-2.2	-4.0	-8.6	-10.8	-12.1	-18.3	-22.8	-34.2	-39.9	-42.2
Personell expenses	-0.9	-3.1	-11.2	-21.5	-29.5	-53.0	-56.1	-89.4	-115.5	-133.3
Non-recurring items	0.0	0.0	0.0	0.0	-4.0	-1.7	-14.7	-4.0	-4.0	-4.0
EBITDA	**0.2**	**0.1**	**10.0**	**11.5**	**4.4**	**13.9**	**-3.7**	**32.2**	**56.0**	**70.7**
EBITDA margin	*3%*	*4%*	*32%*	*21%*	*6%*	*10%*	*-3%*	*13%*	*17%*	*19%*
Adj. EBITDA	**0.2**	**0.1**	**10.0**	**11.5**	**8.3**	**15.6**	**11.0**	**36.2**	**60.0**	**74.7**
Adj. EBITDA margin	*3%*	*4%*	*32%*	*21%*	*11%*	*11%*	*8%*	*15%*	*18%*	*20%*
D&A	0.0	-0.1	-1.1	-3.9	-5.9	-8.0	-9.7	-13.2	-18.2	-19.2
EBIT	**0.1**	**0.1**	**8.9**	**7.6**	**-1.5**	**6.0**	**-13.4**	**19.0**	**37.8**	**51.5**
EBIT margin	*2%*	*2%*	*29%*	*14%*	*-2%*	*4%*	*-9%*	*8%*	*12%*	*14%*
Adj. EBIT	**0.1**	**0.1**	**8.8**	**7.6**	**2.4**	**7.7**	**1.3**	**23.0**	**41.8**	**55.5**
Adj. EBIT margin	*2%*	*2%*	*29%*	*14%*	*3%*	*5%*	*1%*	*9%*	*13%*	*15%*
Net financial items	0.0	0.0	-0.2	-0.6	-0.4	-0.5	-1.0	-1.0	-1.0	-1.1
PTP	**0.1**	**0.0**	**8.7**	**7.0**	**-1.9**	**5.5**	**-14.4**	**18.0**	**36.8**	**50.4**
Taxes	0.0	0.0	-1.8	-2.5	-0.3	-0.9	2.3	-3.7	-7.6	-10.4
Net profit	**0.1**	**0.0**	**6.8**	**4.5**	**-2.3**	**4.6**	**-12.2**	**14.3**	**29.2**	**40.0**
Segment breakdown	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022e**	**2023e**	**2024e**
Net sales										
Indoor Climate				**44.1**	**30.8**	**55.3**	**46.3**	**51.8**	**55.5**	**58.8**
y-o-y %					*-30%*	*79%*	*-16%*	*12%*	*7%*	*6%*
organic %								*12%*	*7%*	*6%*
M&A %								*0%*	*0%*	*0%*
Circular Energy				**1.0**	**5.3**	**35.6**	**39.5**	**60.1**	**114.3**	**148.5**
y-o-y %					*446%*	*578%*	*11%*	*52%*	*90%*	*30%*
organic %								*52%*	*90%*	*30%*
M&A %								*0%*	*0%*	*0%*
Property Automation				**11.1**	**36.6**	**48.8**	**47.7**	**136.4**	**154.8**	**164.1**
y-o-y %					*230%*	*33%*	*-2%*	*186%*	*13%*	*6%*
organic %								*11%*	*8%*	*6%*
M&A %								*175%*	*6%*	*0%*
Internal & eliminations				**0.0**	**0.0**	**0.0**	**8.2**	**0.0**	**0.0**	**0.0**
Adj. EBITDA										
Indoor Climate				**8.7**	**4.3**	**1.7**	**2.1**	**5.7**	**7.8**	**9.4**
EBITDA margin				*20%*	*14%*	*3%*	*5%*	*11%*	*14%*	*16%*
Circular Energy				**0.5**	**1.1**	**3.7**	**5.3**	**8.6**	**24.4**	**34.2**
EBITDA margin				*0%*	*21%*	*10%*	*13%*	*14%*	*21%*	*23%*
Property Automation				**2.3**	**3.0**	**7.8**	**11.1**	**21.8**	**27.9**	**31.2**
EBITDA margin				*21%*	*8%*	*16%*	*23%*	*16%*	*18%*	*19%*
Internal & eliminations				**0.0**	**0.0**	**2.5**	**-7.6**	**0.0**	**0.0**	**0.0**

Source: ABG Sundal Collier estimates, company data

Balance sheet

Balance sheet	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Goodwill	0.0	0.0	9.9	12.3	21.4	34.4	33.2	46.5	43.3	40.1
Other intangibles	5.5	15.3	21.1	33.0	41.7	54.9	65.8	80.7	97.0	111.8
PP&E	0.1	0.6	31.5	29.9	27.8	25.7	29.7	56.0	78.7	81.2
Right-of-use assets	0.0	0.0	0.0	0.0	5.1	7.3	8.0	8.4	8.8	9.2
Other non-current assets	2.9	0.4	1.6	0.6	17.7	19.8	20.8	20.0	20.0	20.0
Total non-current assets	**8.5**	**16.3**	**64.1**	**75.8**	**113.8**	**142.2**	**157.5**	**211.7**	**247.8**	**262.3**
Inventories	0.3	6.3	6.5	5.7	8.2	7.3	7.6	14.9	19.5	26.0
Receivables	0.5	2.1	7.0	17.3	13.4	29.9	37.9	65.8	86.0	102.1
Other current assets	1.0	0.5	1.0	2.0	5.7	2.8	4.0	7.5	9.7	11.1
Cash & Equivalents	0.2	4.9	17.1	56.8	29.0	46.3	152.7	116.0	103.4	125.4
Total current assets	**2.0**	**13.7**	**31.6**	**81.7**	**56.4**	**86.3**	**202.1**	**204.1**	**218.6**	**264.7**
Total assets	**10.4**	**30.1**	**95.7**	**157.5**	**170.2**	**228.5**	**359.6**	**415.8**	**466.4**	**527.0**
Shareholders' equity	**8.7**	**27.7**	**68.9**	**111.8**	**127.7**	**168.6**	**308.5**	**334.8**	**364.0**	**404.0**
Non-controlling interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tota equity	**8.7**	**27.7**	**68.9**	**111.8**	**127.7**	**168.6**	**308.5**	**334.8**	**364.0**	**404.0**
Long-term IB debt	0.0	0.0	4.5	3.3	2.1	1.4	1.3	0.5	0.5	0.5
LT lease liabilities	0.0	0.0	0.0	0.0	3.5	4.2	3.0	3.0	3.0	3.0
Provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-IB LT liabilities	0.0	0.0	7.2	7.1	7.2	6.8	4.0	4.0	4.0	4.0
Total LT liabilities	**0.0**	**0.0**	**11.7**	**10.4**	**12.8**	**12.4**	**8.3**	**7.5**	**7.5**	**7.5**
Short-term IB debt	0.0	0.0	1.2	1.2	1.2	1.2	0.8	1.0	1.0	1.0
ST lease liabilities	0.0	0.0	0.0	0.0	1.7	3.2	3.0	3.0	3.0	3.0
Accounts payable	0.7	1.0	3.5	11.1	7.9	13.1	12.0	22.4	29.2	37.1
Other current liabilities	1.1	1.4	10.4	23.0	18.9	30.1	27.0	47.2	61.7	74.3
Total current liabilities	**1.8**	**2.4**	**15.2**	**35.3**	**29.7**	**47.5**	**42.8**	**73.6**	**94.9**	**115.4**
Total equity & liabilities	**10.4**	**30.1**	**95.7**	**157.5**	**170.2**	**228.5**	**359.6**	**415.8**	**466.4**	**527.0**
Interest-bearing debt	0.0	0.0	5.7	4.5	8.4	9.9	8.1	7.5	7.5	7.5
Net IB debt	**-0.2**	**-4.9**	**-11.4**	**-52.3**	**-20.6**	**-36.3**	**-144.5**	**-108.4**	**-95.8**	**-117.9**
Net debt / EBITDA	**-1.1x**	**-35.4x**	**-1.1x**	**-4.5x**	**-4.7x**	**-2.6x**	**38.6x**	**-3.4x**	**-1.7x**	**-1.7x**
Equity ratio	83%	92%	72%	71%	75%	74%	86%	81%	78%	77%
Net working capital	**0.0**	**6.4**	**0.5**	**-9.2**	**0.5**	**-3.1**	**10.4**	**18.6**	**24.3**	**27.9**
NWC / sales		**100%**	**11%**	**-8%**	**-6%**	**-1%**	**3%**	**6%**	**7%**	**7%**
Invested capital	8.5	22.8	57.5	59.5	107.1	132.3	164.0	226.3	268.2	286.2
Capital employed	8.7	27.7	74.6	116.3	136.1	178.6	316.6	342.3	371.5	411.6
ROE		**0%**	**14%**	**5%**	**-2%**	**3%**	**-5%**	**4%**	**8%**	**10%**
ROIC		**0%**	**17%**	**8%**	**-2%**	**4%**	**-8%**	**8%**	**12%**	**15%**
ROCE		**0%**	**17%**	**7%**	**-2%**	**3%**	**-6%**	**5%**	**10%**	**13%**

Source: ABG Sundal Collier estimates, company data

Cash flow statement

Cash flow statement	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
EBITDA	**0.2**	**0.1**	**10.0**	**11.5**	**4.4**	**13.9**	**-3.7**	**32.2**	**56.0**	**70.7**
Interest paid	0.0	0.0	-0.2	-0.3	-0.4	-0.5	-0.5	-1.0	-1.0	-1.1
Taxes paid	0.0	-0.3	-0.8	-1.9	0.0	-1.2	-0.3	-3.7	-7.6	-10.4
Changes in NWC	1.3	-5.1	6.0	10.6	-11.7	6.0	-7.3	-8.2	-5.7	-3.5
Other non-cash items	0.0	0.4	0.0	-0.9	-0.2	0.0	2.3	0.0	0.0	0.0
Operating cash flow	**1.4**	**-4.9**	**14.9**	**19.0**	**-8.0**	**18.3**	**-9.6**	**19.3**	**41.7**	**55.7**
Intangible capex	**-2.0**	**-8.2**	**-9.8**	**-16.6**	**-15.8**	**-14.5**	**-12.2**	**-14.9**	**-16.2**	**-14.9**
Tangible capex	**0.0**	**-0.1**	**-0.2**	**-0.6**	**-1.0**	**-1.4**	**-8.6**	**-16.2**	**-34.1**	**-14.9**
Acquisitions	0.0	0.0	-10.6	-4.0	-10.0	-15.2	-2.8	-33.0	0.0	0.0
Other investing activities	-0.3	-0.4	0.0	0.0	-2.4	2.4	0.0	0.0	0.0	0.0
Free cash flow	**-0.9**	**-13.6**	**-5.7**	**-2.1**	**-37.1**	**-10.3**	**-33.2**	**-44.9**	**-8.6**	**26.0**
Rights issues	0.0	21.7	11.7	56.2	8.2	40.0	152.4	12.0	0.0	0.0
Rights issue costs	0.0	-4.9	-2.9	-15.8	-2.0	-8.8	-10.1	0.0	0.0	0.0
Changes in borrowing	0.0	0.0	3.3	-1.2	-1.2	-0.8	-2.4	0.2	0.0	0.0
Lease liability amortisation	0.0	0.0	0.0	0.0	-2.6	-3.5	-4.3	-4.0	-4.0	-4.0
Other financing activities	0.5	2.0	5.7	2.6	7.0	0.7	3.9	0.0	0.0	0.0
Net cash flow	**-0.5**	**5.1**	**12.2**	**39.7**	**-27.8**	**17.2**	**106.4**	**-36.7**	**-12.6**	**22.0**
Lease adj. FCF	**-0.6**	**-13.2**	**4.9**	**1.8**	**-27.3**	**-1.1**	**-34.6**	**-15.9**	**-12.6**	**22.0**
OCF conversion	**906%**	**-3505%**	**150%**	**165%**	**-184%**	**132%**	**256%**	**60%**	**74%**	**79%**
FCF conversion	-454%	-49652%	72%	41%	1080%	54%	249%	-83%	-29%	65%
Lease adj, FCF conversion	**-454%**	**-49652%**	**72%**	**41%**	**1193%**	**-23%**	**284%**	**-111%**	**-43%**	**55%**
Intangible capex / sales	*33%*	*254%*	*32%*	*30%*	*22%*	*10%*	*9%*	*6%*	*5%*	*4%*
Tangible capex / sales	*0%*	*4%*	*1%*	*1%*	*1%*	*1%*	*6%*	*7%*	*11%*	*4%*

Source: ABG Sundal Collier estimates, company data

Risks

Reduction of technology gap
The markets for energy efficiency, indoor climate and property automation are all growing, and are likely to see new entrants in the coming years. The increasing competition in the space means that Ecoclime runs a risk of competitors closing the current gap in technology.

M&A identification, valuation, and integration
M&A is an important part of Ecoclime's growth strategy and there are several risks associated with acquiring companies. Ecoclime could end up acquiring low-quality companies that weigh on group profitability. The company also risks overpaying for companies. Finally, there is a risk that the acquired company is not properly integrated into the group, leading to Ecoclime not being able to realise synergy effects as planned.

Property owners prioritise competing technologies
Property owners will undoubtedly strive to make their properties increasingly energy-efficient, but there are many ways of achieving this. While we believe that recycling energy from wastewater is an exciting concept, it could prove that property owners choose other methods of increasing energy efficiency in their properties, which may lead to competing solutions taking the lion's share of the market.

Poorly executed international expansion
The company recently initiated its plan for international expansion, which will begin with entry into the German market. The plan to expand into Germany, and perhaps later other European markets as well, is ambitious, but it also comes with risk. International expansion will require investment and an increased cost base, and if Ecoclime fails to reach profitability in Germany, its ambitious expansion plan could backfire.

Unsuccessful recruitments
For smaller, fast-growing companies such as Ecoclime, it is necessary to expand the organisation and recruit more employees. In particular, expanding the sales unit is crucial for continued growth. Failing to make enough or good recruitments could therefore lead to the company not reaching its growth ambitions.

Appendix 1: Overview of acquisitions

Suncore and Evertech (2017)
In 2017, Ecoclime acquired Evertech Energy Solutions AB and Suncore AB. The companies successfully developed and established the ETX technology which currently is used in both Ecoclime's indoor climate and circular energy business segment. Suncore and Evertech have together developed techniques, systems, and business models for recycling and distributing energy from wastewater. The companies were acquired at a combined value of SEK 2.7 million.[18] No previous sales numbers or acquisition multiples have been disclosed.

Flexibel Luftbehandling AB (2017)
In 2017, Ecoclime acquired Flexibel Luftbehandling AB, a company with focus on design & build contracts and project management. The company separates itself from the competition with its long service agreements with several major property owners around the Stockholm area. At the time of the acquisition, Flexibel Luftbehandling reported sales of SEK 33m and EBIT of SEK 2.3m. The purchase price (including earn-outs of SEK 4.1m) was SEK 14.3m, for an EV/EBIT of 6.2x.

SDC Automation (2018)
Ecoclime acquired SDC Automation AB in 2018, which developed the company's offering into Building Management Systems. Up until the acquisition of Miljöbelysning in 2022, SDC Automation is what made up Ecoclime's business area Property Automation. At the time of the acquisition, SDC Automation reported sales of SEK 11.7m and expected earnings of SEK 1.5m. The purchase price (including earn-outs of SEK 1.84m) was SEK 4.7m, for an EV/EBIT of 3.1x.

H-gruppen Totalinstallatör (2019)
In 2019, Ecoclime acquired H-gruppen Totalinstallatör AB, a company specialised in installations within water and sanitation, gas and cooling. In addition to adding installations to Ecoclime's offering, the acquisition also had the purpose of establishing a presence in the Mälardalen area. Along with the Stockholm region, this area has emerged as the company's main market. At the time of the acquisition, H-gruppen reported sales of SEK 70m and earnings of SEK 3.5m. The purchase price (including earn-outs of SEK 7.5m) was SEK 21.5m, for an EV/EBIT multiple of 6.1x.

Miljöbelysning Sverige (2022)
In 2022, Ecoclime acquired Miljöbelysning, a company that develops and provides electrical hardware and software aimed at making properties more energy-efficient. Primarily, Miljöbelysning has a strong market position in the Swedish market for energy efficient LED lighting products, where the company has developed modular LED products with higher flexibility in installation. Since the company was founded in 2012, it has shown strong organic growth, reaching sales of SEK 52.5m by 2020, which is expected to rise to SEK 70m in 2021. They have an expected adj. EBITDA of 7.8 for 2021 and we have estimated a purchase price of SEK 33m (12m equity financed, 21m cash), implying an EV/EBITDA (adj.) of 4.3x (and EV/sales of 0.5x).

[18] https://ecoclime.se/ecoclime-accelererar-tillvaxt-och-foretagsforvarv-via-nyemissioner/

Appendix 2: Management & Board

Executive management team

Marcus Sandlund
CEO

With the company since 2021

Mr. Sandlund has had leading management positions within the construction sector since 2009 with a focus on business and project development. He was previously VP at IBAB followed by a position as Commercial Project Manager at Skanska. Since 2015, Mr. Sandlund has worked at NCC in various management positions.

B.Sc. in Engineering at Royal Institute of Technology

No. shares: 733,950

Torbjörn Hansson
Founder and CFO

With the company since 2012 (stepping down in 2022)

Mr. Hansson is CFO and co-founder of Ecoclime. He has extensive experience of growing companies within management, finance, M&A and due-diligence processes. However, Mr. Hansson has announced he will be stepping down from his position as CFO during 2022.

M.Sc. in Economics with a specialisation in financial accounting

No. shares: 1,165,952

Robert Johansson
Incoming CFO

Will join the company in 2022

Mr. Johansson is currently CFO at Hifab, but will join Ecoclime in the first half of 2022. He has held CFO positions at Meritmind, JKL Group, Softronic and MS&L Nordics previously and he was also a Partner at Bellbird from 2017 to 2019.

Agronomist studies majoring in business from Sveriges Lantbruksuniversitet

No. shares: 0

Christoffer Eklund
Chief Sales Officer

With the company since 2022

Mr. Eklund most recently comes from a position as Senior Sales Manager at Siemens Energy. Previous experiences include Area Sales Manager at Siemens and Siemens Industrial Turbomachinery.

M.Sc. in Engineering, Engineering Physics and Medical Physics from LTH School of Engineering

No. shares: 0

Source: ABG Sundal Collier, company data

Board of directors

Peter Nygårds
Chairman of the Board

Chairman since 2014

Mr. Nygårds has extensive experience of top positions within Swedish businesses, including Secretary of State at the Ministry of Trade and Industry, CEO at SKB, Senior VP at Swedbank and as former board member of Vatenfall and Saab. Today he is Chairman of the board in Almi Invests Green Techfond, Mittuniversitetet and IVL's owner foundation.

M.Sc. in Economics at Stockholm University

No. shares: 125,000 shares and 100,000 options

Lennart Olofsson
Board Member

Board member since 2012

Mr. Olofsson co-founder of Ecoclime and was the CEO until recently. He has experience from senior positions within the Swedish Industrial sector at companies such as Volvo Aero, Boliden and Alimak. Additionally, he has been a board member in companies such as Innovationsstiftelsen, Elektronikprogrammet and IVF. Since 1986, he has founded >40 companies, including JLO Invest, Duroc amd Enycon.

B.Sc. in Construction Engineering

No. shares: 8,983,933

Roger Östlin
Board Member

Board member since 2014

Mr. Östlin has over 30 years of experience from the energy sector. Currently, he has the position of project director at SCA Förnybar Energi. Prevoisuly, he has worked as a senior consultant in his own company and as Head of Large Projects in E.ON. Mr. Östlin was awarded for his developed business concept for customer adapted industrial solutions.

M.Sc. in Electrical Engineering

No. shares: 25,000 shares and 100,000 options

Ylwa Karlgren
Board Member

Board member since 2020

Ms. Karlgren has over 30 years of experience from senior positions in the financial venture capital and real estate sectors. Currently, Karlgren is an independent business advisor and holds board assignments at Acrinova AB (publ), Ferroamp Elektronik AB, Plejd AB (publ) and Stockholm Business Angels Start II.

BBA at Uppsala University

No. shares: 13,541 shares and 100,000 options

Svante Östblom
Board Member

Board member since 2020

Mr. Östblom has over 30 years of experience from top positions and board missions within Swedish Trade and Industry and as financial adviser within private equity. Currently, he is working as an independent business advisor. He is active as a board member in Glimra Biltvätt AB, Sequent Management AB and Seguent Car Wash AB.

BBA at Uppsala University

No. shares: 80,000 shares and 100,000 options

Gaétan Boyer
Board Member

Board member since 2021

Mr. Boyer has over 15 years of experience as entrepreneur within imports and sales. Currently, he is VP of Hamberg Förvaltning and working chairman in Gullberg & Jansson AB (publ).

M.Sc. in Engineering at Polytech´Lille

No. shares: 2,316,947 shares and 100,000 options

Source: ABG Sundal Collier, company data

Appendix 3: Shareholders

Largest shareholders

#	Shareholder	Kapital	Röster
1	Celsium Group i Umeå AB	13.91%	54.63%
2	Sveafastigheter Bostad AB	13.50%	6.78%
3	Lennart Olofsson	8.98%	6.17%
4	Avanza Pension	4.62%	2.32%
5	Cliens Fonder	4.33%	2.18%
6	Nordic Cross Asset Management	3.86%	1.94%
7	Bengt Tedebo	3.38%	1.70%
8	Pernilla Boyer	2.62%	1.33%
9	Carnegie Fonder	2.43%	1.22%
10	FE Fonder	1.98%	0.99%
11	Alcur Fonder	1.76%	0.88%
12	Peter Hamberg	1.33%	0.67%
13	Kent Spångberg	1.03%	0.52%
14	Torbjörn Hansson	1.00%	0.95%
15	In Hoc Signo Aktiebolag	0.85%	0.43%
16	Folke Frömmert	0.77%	0.39%
17	Sune Bertil Spångberg	0.72%	0.36%
18	Gaetan Boyer	0.64%	0.32%
19	Anders Lindman	0.57%	0.29%
20	Björn Mathias Lindberg	0.49%	0.25%
	Top 20 shareholders	**68.76%**	**84.31%**

Source: ABG Sundal Collier, Holdings (as of 03/03/2022)

Income Statement (SEKm)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022e	Q2 2022e	Q3 2022e	Q4 2022e
Sales	34	42	30	51	57	69	57	75
COGS	-15	-18	-14	-19	-20	-23	-19	-26
Gross profit	19	24	15	32	37	45	38	49
Other operating items	-20	-22	-21	-31	-30	-37	-31	-39
EBITDA	**-2**	**2**	**-5**	**1**	**7**	**8**	**7**	**10**
Depreciation and amortisation	-2	-2	-2	-1	-2	-2	-3	-3
EBITA	**-4**	**-0**	**-8**	**-0**	**5**	**6**	**4**	**7**
EO items	-2	-3	-7	-3	-1	-1	-1	-1
Impairment and PPA amortisation	-1	-1	-1	-1	-1	-1	-1	-1
EBIT	**-4**	**-1**	**-8**	**-1**	**4**	**6**	**3**	**6**
Net financial items	-0	-0	-1	-0	-0	-0	-0	-0
Pretax profit	**-5**	**-1**	**-9**	**-1**	**4**	**5**	**3**	**6**
Tax	0	-0	-0	3	-1	-1	-1	-1
Net profit	**-4**	**-1**	**-9**	**1**	**3**	**4**	**2**	**5**
Minority interest	0	0	0	0	0	0	0	0
Net profit discontinued	0	0	0	0	0	0	0	0
Net profit to shareholders	**-4**	**-1**	**-9**	**1**	**3**	**4**	**2**	**5**
EPS	0	0	0	0	0	0	0	0
EPS Adj	0	0	0	0	0	0	0	0
Total extraordinary items after tax	-2	-3	-7	-3	-1	-1	-1	-1
Tax rate (%)	*2.1*	*30.1*	*1.1*	*219.9*	*20.6*	*20.6*	*20.6*	*20.6*
Gross margin (%)	*54.9*	*56.3*	*51.8*	*62.5*	*65.2*	*65.9*	*66.4*	*65.1*
EBITDA margin (%)	*-4.7*	*4.5*	*-17.3*	*2.2*	*12.0*	*12.3*	*12.4*	*13.1*
EBITA margin (%)	*-10.8*	*-0.4*	*-25.2*	*-0.7*	*8.5*	*9.4*	*7.1*	*9.1*
EBIT margin (%)	*-12.7*	*-2.0*	*-27.4*	*-2.0*	*7.1*	*8.2*	*5.7*	*8.1*
Pretax margin (%)	*-13.4*	*-2.1*	*-29.4*	*-2.2*	*6.6*	*7.8*	*5.3*	*7.7*
Net margin (%)	*-13.1*	*-2.8*	*-29.7*	*2.7*	*5.3*	*6.2*	*4.2*	*6.1*
Growth rates Y/Y	**Q1 2021**	**Q2 2021**	**Q3 2021**	**Q4 2021**	**Q1 2022e**	**Q2 2022e**	**Q3 2022e**	**Q4 2022e**
Sales growth (%)	*-11.5*	*-2.1*	*-5.2*	*20.2*	*66.8*	*63.4*	*91.7*	*46.9*
EBITDA growth (%)	*-chg*	*-65.3*	*-chg*	*-71.8*	*+chg*	*346.8*	*+chg*	*762.2*
EBIT growth (%)	*-chg*	*-chg*	*-chg*	*-chg*	*+chg*	*+chg*	*+chg*	*+chg*
Net profit growth (%)	*-chg*	*-chg*	*-chg*	*-15.9*	*+chg*	*+chg*	*+chg*	*236.0*
EPS growth (%)	*-chg*	*-chg*	*-chg*	*-15.9*	*+chg*	*+chg*	*+chg*	*236.0*
Adj earnings numbers	**Q1 2021**	**Q2 2021**	**Q3 2021**	**Q4 2021**	**Q1 2022e**	**Q2 2022e**	**Q3 2022e**	**Q4 2022e**
EBITDA Adj	0	5	2	4	8	9	8	11
EBITDA Adj margin (%)	*0.4*	*11.3*	*7.8*	*7.4*	*13.7*	*13.7*	*14.1*	*14.4*
EBITA Adj	-2	3	-0	2	6	7	5	8
EBITA Adj margin (%)	*-5.7*	*6.3*	*-0.1*	*4.5*	*10.2*	*10.8*	*8.9*	*10.4*
EBIT Adj	-3	2	-1	2	5	7	4	7
EBIT Adj margin (%)	*-7.5*	*4.8*	*-2.2*	*3.2*	*8.8*	*9.7*	*7.5*	*9.4*
Pretax profit Adj	-2	3	-1	2	6	7	5	8
Net profit Adj	-2	2	-1	5	5	6	4	6
Net profit to shareholders Adj	-2	2	-1	5	5	6	4	6
Net Adj margin (%)	*-6.1*	*5.5*	*-2.3*	*9.1*	*8.4*	*8.8*	*7.3*	*8.5*

Source: ABG Sundal Collier, Company data

Income Statement (SEKm)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Sales	7	8	39	72	89	155	157	258	334	381
COGS	-4	-1	-10	-28	-39	-68	-67	-106	-127	-139
Gross profit	3	7	30	44	50	87	90	152	207	242
Other operating items	-3	-7	-20	-32	-46	-73	-94	-120	-151	-171
EBITDA	**0**	**0**	**10**	**12**	**4**	**14**	**-4**	**32**	**56**	**71**
Depreciation and amortisation	-0	-0	-0	-2	-4	-5	-7	-10	-15	-16
Of which leasing depreciation	0	0	0	0	-3	-4	-4	-4	-4	-4
EBITA	**0**	**0**	**10**	**9**	**0**	**9**	**-11**	**22**	**41**	**55**
EO items	0	0	0	-0	-4	-2	-15	-4	-4	-4
Impairment and PPA amortisation	0	0	-1	-2	-2	-3	-3	-3	-3	-3
EBIT	**0**	**0**	**9**	**8**	**-2**	**6**	**-13**	**19**	**38**	**52**
Net financial items	-0	-0	-0	-1	-0	-0	-1	-1	-1	-1
Pretax profit	**0**	**0**	**9**	**7**	**-2**	**5**	**-14**	**18**	**37**	**50**
Tax	0	-0	-2	-2	-0	-1	2	-4	-8	-10
Net profit	**0**	**0**	**7**	**4**	**-2**	**5**	**-12**	**14**	**29**	**40**
Minority interest	0	0	0	0	0	0	0	0	0	0
Net profit discontinued	0	0	0	0	0	0	0	0	0	0
Net profit to shareholders	**0**	**0**	**7**	**4**	**-2**	**5**	**-12**	**14**	**29**	**40**
EPS	0	0	0	0.24	-0.08	0.15	-0.31	0.31	0.63	0.87
EPS Adj	*0*	*0*	*0*	*0.33*	*0.13*	*0.29*	*0.13*	*0.47*	*0.79*	*1.03*
Total extraordinary items after tax	0	0	0	-0	-4	-2	-15	-4	-4	-4
Leasing payments	0	0	0	0	-3	-4	-4	-4	-4	-4
Tax rate (%)	*0*	*0.5*	*21.3*	*35.7*	*17.5*	*16.7*	*15.6*	*20.6*	*20.6*	*20.6*
Gross margin (%)	*45.1*	*85.7*	*75.6*	*60.6*	*56.3*	*56.2*	*57.2*	*58.8*	*62.1*	*63.6*
EBITDA margin (%)	*2.2*	*1.7*	*25.4*	*16.0*	*4.9*	*9.0*	*-2.4*	*12.5*	*16.8*	*18.6*
EBITA margin (%)	*2.0*	*0.5*	*24.3*	*12.9*	*0.6*	*5.6*	*-6.9*	*8.6*	*12.3*	*14.4*
EBIT margin (%)	*2.0*	*0.8*	*22.6*	*10.5*	*-1.7*	*3.9*	*-8.5*	*7.4*	*11.3*	*13.5*
Pretax margin (%)	*1.8*	*0.3*	*22.1*	*9.7*	*-2.2*	*3.6*	*-9.2*	*7.0*	*11.0*	*13.2*
Net margin (%)	*1.8*	*0.3*	*17.4*	*6.2*	*-2.6*	*3.0*	*-7.8*	*5.5*	*8.7*	*10.5*
Growth rates Y/Y	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022e**	**2023e**	**2024e**
Sales growth (%)	*na*	*16.1*	*369.3*	*84.0*	*22.8*	*74.5*	*1.5*	*64.1*	*29.5*	*14.1*
EBITDA growth (%)	*high*	*-11.3*	*7,057.5*	*15.7*	*-62.3*	*219.9*	*-126.9*	*960.2*	*74.1*	*26.3*
EBIT growth (%)	*high*	*-55.3*	*13,809.2*	*-14.3*	*-120.3*	*487.7*	*-324.6*	*241.4*	*99.2*	*36.4*
Net profit growth (%)	*high*	*-79.2*	*25,466.4*	*-34.1*	*-151.0*	*300.0*	*-366.2*	*217.1*	*104.8*	*37.0*
EPS growth (%)	*na*	*na*	*na*	*high*	*-134.3*	*282.0*	*-309.4*	*199.7*	*104.3*	*37.0*
Profitability	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022e**	**2023e**	**2024e**
ROE (%)	*3.0*	*0.1*	*14.1*	*5.0*	*-1.9*	*3.1*	*-5.1*	*4.4*	*8.4*	*10.4*
ROE Adj (%)	*3.0*	*0.0*	*15.5*	*6.9*	*3.1*	*6.1*	*2.2*	*6.7*	*10.4*	*12.3*
ROCE (%)	*3.3*	*0.4*	*17.3*	*8.0*	*-1.2*	*3.8*	*-5.4*	*5.8*	*10.6*	*13.2*
ROCE Adj(%)	*3.3*	*0.2*	*18.7*	*9.8*	*3.5*	*6.6*	*1.6*	*7.9*	*12.6*	*15.0*
ROIC (%)	*3.3*	*0.4*	*15.9*	*7.4*	*-2.0*	*3.9*	*-7.4*	*7.6*	*11.9*	*14.6*
ROIC Adj (%)	*3.3*	*0.4*	*15.9*	*7.4*	*3.2*	*5.0*	*0.7*	*9.2*	*13.2*	*15.7*
Adj earnings numbers	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022e**	**2023e**	**2024e**
EBITDA Adj	0	0	10	12	8	16	11	36	60	75
EBITDA Adj margin (%)	*2.2*	*1.7*	*25.4*	*16.0*	*9.4*	*10.1*	*7.0*	*14.0*	*18.0*	*19.6*
EBITDA lease Adj	0	0	10	12	6	12	7	33	56	71
EBITDA lease Adj margin (%)	*2.2*	*1.7*	*25.4*	*16.0*	*6.4*	*7.8*	*4.7*	*12.6*	*16.9*	*18.7*
EBITA Adj	0	0	10	9	4	10	4	26	45	59
EBITA Adj margin (%)	*2.0*	*0.5*	*24.3*	*12.9*	*5.0*	*6.7*	*2.5*	*10.1*	*13.5*	*15.4*
EBIT Adj	0	0	9	8	2	8	1	23	42	56
EBIT Adj margin (%)	*2.0*	*0.8*	*22.5*	*10.5*	*2.8*	*5.0*	*0.8*	*8.9*	*12.5*	*14.6*
Pretax profit Adj	0	0	9	9	4	10	3	25	44	58
Net profit Adj	0	0	7	6	4	9	5	21	36	47
Net profit to shareholders Adj	0	0	7	6	4	9	5	21	36	47
Net Adj margin (%)	1.8	0.1	19.1	8.6	4.2	5.8	3.3	8.3	10.9	12.4

Source: ABG Sundal Collier, Company data

Cash Flow Statement (SEKm)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
EBITDA	0	0	10	12	4	14	-4	32	56	71
Net financial items	-0	-0	-0	-1	-0	-0	-1	-1	-1	-1
Paid tax	0	-0	-1	-2	-0	-1	-0	-4	-8	-10
Non-cash items	1	2	0	0	-2	2	9	0	0	0
Cash flow before change in WC	1	2	9	9	2	15	4	27	47	59
Change in WC	-0	-6	6	10	-10	4	-14	-8	-6	-4
Operating cash flow	**1**	**-5**	**15**	**19**	**-8**	**18**	**-10**	**19**	**42**	**56**
CAPEX tangible fixed assets	0	-0	-0	-1	-1	-1	-9	-16	-34	-15
CAPEX intangible fixed assets	-2	-9	-10	-17	-18	-12	-12	-15	-16	-15
Acquisitions and disposals	0	0	-11	-4	-10	-15	-3	-33	0	0
Free cash flow	**-1**	**-14**	**-6**	**-2**	**-37**	**-10**	**-33**	**-45**	**-9**	**26**
Dividend paid	0	0	0	0	0	0	0	0	0	0
Share issues and buybacks	-0	17	9	40	6	31	142	12	0	0
Lease liability amortisation	0	0	0	0	-3	-4	-4	-4	-4	-4
Other non cash items	0	2	-11	1	-4	-6	9	-12	-9	-6
Balance Sheet (SEKm)	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022e**	**2023e**	**2024e**
Goodwill	0	0	10	12	21	34	33	47	43	40
Other intangible assets	6	15	21	33	42	55	66	81	97	112
Tangible fixed assets	0	1	31	30	28	26	30	56	79	81
Right-of-use asset	0	0	0	0	5	7	8	8	9	9
Total other fixed assets	3	0	2	1	18	20	21	20	20	20
Fixed assets	8	16	64	76	114	142	158	212	248	262
Inventories	0	6	7	6	8	7	8	15	19	26
Receivables	0	1	6	10	11	29	36	62	81	97
Other current assets	1	2	2	10	8	4	6	11	15	17
Cash and liquid assets	0	5	17	57	29	46	153	116	103	125
Total assets	**10**	**30**	**96**	**158**	**170**	**229**	**360**	**416**	**466**	**527**
Shareholders equity	9	28	69	112	128	169	309	335	364	404
Minority	0	0	0	0	0	0	0	0	0	0
Total equity	**9**	**28**	**69**	**112**	**128**	**169**	**309**	**335**	**364**	**404**
Long-term debt	0	0	5	3	2	1	1	1	1	1
Pension debt	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0
Leasing liability	0	0	0	0	5	7	6	6	6	6
Total other long-term liabilities	0	0	7	7	7	7	4	4	4	4
Short-term debt	0	0	1	1	1	1	1	1	1	1
Accounts payable	1	1	4	11	8	13	12	22	29	37
Other current liabilities	1	1	10	23	19	30	27	47	62	74
Total liabilities and equity	**10**	**30**	**96**	**158**	**170**	**229**	**360**	**416**	**466**	**527**
Net IB debt	-0	-5	-11	-52	-21	-36	-145	-108	-96	-118
Net IB debt excl. pension debt	-0	-5	-11	-52	-21	-36	-145	-108	-96	-118
Net IB debt excl. leasing	-0	-5	-11	-52	-26	-44	-151	-114	-102	-124
Capital invested	9	23	65	67	114	139	168	230	272	290
Working capital	0	6	0	-9	1	-3	10	19	24	28
EV breakdown	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022e**	**2023e**	**2024e**
Market cap. diluted (m)	na	0	0	139	177	397	587	536	537	537
Net IB debt Adj	-0	-5	-11	-52	-21	-36	-145	-108	-96	-118
Market value of minority	0	0	0	0	0	0	0	0	0	0
Reversal of shares and participations	0	0	0	0	0	0	0	0	0	0
Reversal of conv. debt assumed equity	0	0	0	0	0	0	0	0	0	0
EV	**na**	**-5**	**-11**	**86**	**157**	**361**	**442**	**428**	**441**	**419**
Capital efficiency	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022e**	**2023e**	**2024e**
Total assets turnover (%)	*138.0*	*41.3*	*62.4*	*57.1*	*54.2*	*77.7*	*53.5*	*66.5*	*75.7*	*76.7*
Working capital/sales (%)	*0.2*	*38.7*	*8.8*	*-6.0*	*-4.9*	*-0.8*	*2.3*	*5.6*	*6.4*	*6.8*
Financial risk and debt service	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022e**	**2023e**	**2024e**
Net debt/equity	*-0.02*	*-0.18*	*-0.17*	*-0.47*	*-0.16*	*-0.22*	*-0.47*	*-0.32*	*-0.26*	*-0.29*
Net debt/market cap	*na*	*nm*	*nm*	*-0.28*	*-0.10*	*-0.15*	*-0.22*	*-0.20*	*-0.18*	*-0.22*
Equity ratio (%)	*83.0*	*92.1*	*72.0*	*71.0*	*75.0*	*73.8*	*85.8*	*80.5*	*78.0*	*76.7*
Net IB debt adj./equity	*-0.02*	*-0.18*	*-0.17*	*-0.47*	*-0.16*	*-0.22*	*-0.47*	*-0.32*	*-0.26*	*-0.29*
Current ratio	*1.11*	*5.80*	*2.08*	*2.31*	*1.90*	*1.82*	*4.72*	*2.78*	*2.30*	*2.29*
EBITDA/net interest	*10.96*	*3.77*	*50.93*	*19.16*	*10.67*	*29.32*	*-3.63*	*32.17*	*56.00*	*63.49*
Net IB debt/EBITDA	*-1.09*	*-35.36*	*-1.14*	*-4.53*	*-4.73*	*-2.61*	*38.65*	*-3.37*	*-1.71*	*-1.67*
Net IB debt/EBITDA lease Adj	*-1.09*	*-35.36*	*-1.15*	*-4.53*	*-4.51*	*-3.62*	*-20.42*	*-3.51*	*-1.81*	*-1.74*
Interest cover	*9.94*	*1.18*	*48.80*	*15.47*	*1.21*	*18.26*	*-10.50*	*22.17*	*41.00*	*49.13*

Source: ABG Sundal Collier, Company data

Valuation and Ratios (SEKm)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Shares outstanding adj.	0	0	0	19	28	31	39	46	46	46
Fully diluted shares Adj	0	0	0	19	28	31	39	46	46	46
EPS	0	0	0	0.24	-0.08	0.15	-0.31	0.31	0.63	0.87
Dividend per share Adj	0	0	0	0	0	0	0	0	0	0
EPS Adj	0	0	0	0.33	0.13	0.29	0.13	0.47	0.79	1.03
BVPS	0	0	0	5.93	4.55	5.47	7.88	7.28	7.90	8.77
BVPS Adj	0	0	0	3.52	2.30	2.57	5.35	4.51	4.85	5.47
Net IB debt / share	na	na	na	-2.8	-0.7	-1.2	-3.7	-2.4	-2.1	-2.6
Share price	na	4.56	3.93	7.35	6.32	12.90	14.98	11.66	11.66	11.66
Market cap. (m)	na	0	0	139	177	397	587	536	537	537
Valuation	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022e**	**2023e**	**2024e**
P/E	na	nm	nm	30.9	-77.4	86.8	-48.1	37.6	18.4	13.4
EV/sales	na	-0.59	-0.29	1.19	1.77	2.33	2.81	1.66	1.32	1.10
EV/EBITDA	na	-35.4	-1.1	7.5	36.0	25.9	-118.2	13.3	7.9	5.9
EV/EBITA	na	-113.1	-1.2	9.3	318.4	41.6	-40.9	19.3	10.8	7.7
EV/EBIT	na	-77.3	-1.3	11.4	-101.6	60.4	-32.9	22.5	11.7	8.1
Dividend yield (%)	*na*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
FCF yield (%)	*na*	*0*	*0*	*-1.5*	*-21.0*	*-2.6*	*-5.7*	*-8.4*	*-1.6*	*4.8*
Lease adj. FCF yield (%)	*na*	*nm*	*nm*	*-1.5*	*-22.4*	*-3.5*	*-6.4*	*-9.1*	*-2.3*	*4.1*
P/BVPS	na	nm	nm	1.24	1.39	2.36	1.90	1.60	1.48	1.33
P/BVPS Adj	na	nm	nm	2.09	2.75	5.01	2.80	2.58	2.40	2.13
P/E Adj	na	nm	nm	22.3	47.5	44.3	114.3	25.0	14.8	11.4
EV/EBITDA Adj	na	-35.4	-1.1	7.5	18.8	23.1	40.3	11.8	7.4	5.6
EV/EBITA Adj	na	-113.1	-1.2	9.3	35.0	34.8	113.3	16.3	9.8	7.1
EV/EBIT Adj	na	-77.3	-1.3	11.4	64.0	47.1	342.0	18.6	10.6	7.6
EV/cap. employed	na	-0.2	-0.2	0.7	1.2	2.0	1.4	1.2	1.2	1.0
Investment ratios	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022e**	**2023e**	**2024e**
Capex/sales	32.5	104.5	25.6	23.7	21.6	8.7	13.2	12.1	15.1	7.8
Capex/depreciation	16,061.9	9,140.5	2,414.6	771.4	1,564.0	790.4	598.8	486.8	441.3	239.6
Capex tangibles/tangible fixed assets	0	18.6	0.7	2.0	3.4	5.4	28.9	29.0	43.3	18.3
Capex intangibles/definite intangibles	42.4	56.3	46.5	50.2	43.6	22.0	18.5	18.5	16.7	13.3
Depreciation on intangibles/definite inta	0	0	0	0	0	0	0	0	0	0
Depreciation on tangibles/tangibles	25.1	15.4	1.3	7.4	4.4	6.6	11.7	11.4	14.5	15.3

Source: ABG Sundal Collier, Company data

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