

Lumi Gruppen

Consumer Goods
Norway

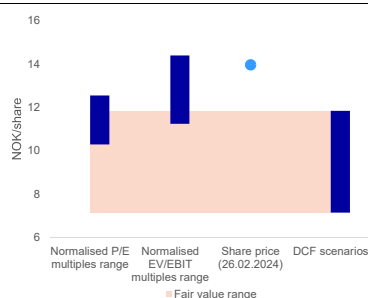
KEY DATA

Stock country	Norway
Bloomberg	LUMI NO
Reuters	LUMI.OL
Share price (close)	NOK 13.95
Free float	
Market cap. (bn)	EUR 0.07/NOK 0.77
Website	www.lumigruppen.no
Next report date	15 Aug 2024

PERFORMANCE



VALUATION APPROACH (NOK PER SHARE)



ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	0%	0%	0%
EBIT (adj)	0%	0%	0%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Jørgen Bruaset
Managing Director

Finding balance in a post-pandemic market

Lumi Gruppen is one of the leading private education providers in Norway, a frontrunner in the private candidate market and an innovator in the higher education market. We envisage increased demand from the company's efforts to offer IT vocational courses but only marginal improvements for the private candidate market. We initiate coverage of Lumi Gruppen with a fair value range of NOK 7-12, which is based on different DCF scenarios, triangulated with peer multiples.

Diversification is key during headwinds

Lumi Gruppen remains profitable, even during headwinds, and continues to realise double-digit adjusted EBIT margins. Its revenue streams are now more diversified than when it went public, which shows that the company can keep up relatively high margins even if one of the markets in which it operates faces headwinds. Lumi has improved its business model and developed a more flexible approach, which makes it possible to scale up or down more swiftly in accordance with the market outlook.

Structural demand in the higher education sector

Lumi Gruppen has solid growth prospects in the higher education market through Oslo Nye Høyskole (ONH), in our view. There is structural undersupply in higher education. Because public institutions are unable to meet the demand, ONH can fill that gap. With the launch of Oslo Nye Fagskole (previously NTech), vocational courses will broaden ONH's offering and boost its innovator role. We do not envisage any immediate improvements in the private candidate market but note that demand in this segment is highly sensitive, as seen in the wake of COVID-19. We see potential room to raise our estimates if the market turns around.

We estimate an equity value of NOK 408-676m

We value Lumi Gruppen at an equity value of NOK 408-676m, implying a fair value range of NOK 7-12 on a fully diluted basis, including estimated new equity for 2024. Our different DCF scenarios demonstrate the sensitivity to a recovery in the private candidate market, while our earnings estimates reflect no material improvement in the short term. Even so, only a modest recovery of pre-pandemic volumes leaves ample upside to our base-case assumptions. Lumi has no direct peer, but we look to Nordic/European educational institutions and course providers, as well as Nordic consulting and business services companies that lean towards B2B and B2C, to triangulate our DCF values.

SUMMARY TABLE - KEY FIGURES

NOKm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	518	532	515	423	424	456	483
EBITDA (adj)	199	188	172	104	106	115	125
EBIT (adj)	153	133	117	49	50	59	68
EBIT (adj) margin	29.5%	25.0%	22.7%	11.7%	11.8%	12.9%	14.0%
EPS (adj, NOK)	2.05	2.32	1.89	0.19	0.12	0.28	0.45
EPS (adj) growth	n.a.	13.0%	-18.4%	-90.1%	-34.1%	125.3%	60.2%
DPS (ord, NOK)	0.00	1.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	n.a.	4.2	1.9	3.0	2.8	2.6	2.4
EV/EBIT (adj)	n.a.	17.0	8.5	25.6	23.9	20.0	17.2
P/E (adj)	n.a.	20.7	6.3	81.0	n.m.	50.1	31.3
P/BV	n.a.	3.2	0.8	1.9	1.6	1.6	1.5
Dividend yield (ord)	n.a.	2.1%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield bef A&D, lease	n.a.	3.1%	0.0%	-2.4%	0.6%	1.6%	2.6%
Net debt	762	519	566	427	397	384	363
Net debt/EBITDA	4.5	3.1	4.0	4.8	3.8	3.3	2.9
ROIC after tax	12.2%	9.6%	8.0%	3.7%	4.2%	5.0%	5.7%

Source: Company data and Nordea estimates

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Factors to consider when investing

Lumi Gruppen has a solid market position, with strong brands in Norway and a proven track record on profitability. We see continued growth prospects for Oslo Nye Høyskole (ONH) in the higher education market, as well as potential upside, if the private candidate market rebounds. We expect that profitability will strengthen from already relatively high margins for the school year 2024-25. Hence, we value Lumi Gruppen at a fair value range of NOK 7-12 per share, based on our DCF scenarios, coupled with a peer valuation approach.

Both a market leader and innovator

Lumi Gruppen has more than 35 years of experience within the private education market. Through Sonans, it enjoys a market-leading position in the private candidate exam preparation market, while ONH plays an innovator role in the higher education space. With the incorporation of the Oslo Nye Fagskole (previously NTech) into ONH, the inclusion of IT vocational courses broadens the offering and bolsters the innovator role.

Lumi Gruppen has had double-digit adjusted EBIT margins even during headwinds

Diversification is key during headwinds

Lumi Gruppen remains profitable even during headwinds, and it continues to realise double-digit adjusted EBIT margins. Its revenue streams are now more diversified compared to when it went public, which shows that the company can keep relatively high margins even if one of the markets in which it operates faces headwinds. Lumi has improved its business model during the recent headwinds and developed a more flexible approach, which makes it possible to scale up or down more swiftly in accordance with the market outlook.

There is continued high demand for higher education

Structural demand in the higher education sector

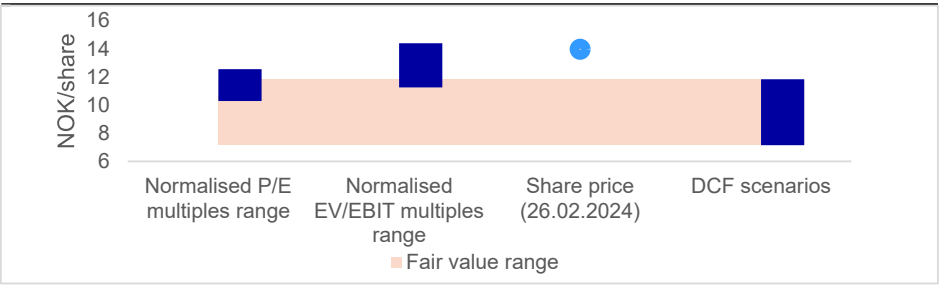
Lumi Gruppen has solid growth prospects in the higher education market through ONH, in our view. There is structural undersupply in higher education. Because public institutions are unable to meet the demand, ONH can fill that gap. The launch of Oslo Nye Fagskole vocational courses will broaden ONH's offering while strengthening its innovator role. We do not envisage any immediate improvements in the private candidate market but note that demand in this market is highly sensitive, as seen in the wake of the COVID-19 pandemic. Hence, we see potential room to raise our estimates if the market turns around.

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We initiate coverage with a fair value range of NOK 7-12 per share

VALUATION APPROACH (NOK PER SHARE)



Source: Company data and Nordea estimates

Company in brief

With more than 35 years of experience, Lumi Gruppen has grown to become one of the leading private education providers in Norway. Through Sonans and ONH, it covers the entire higher education vertical. With the integration of Oslo Nye Fagskole into ONH and the launch of its IT vocational courses, ONH is set to strengthen its market position and continue growing student numbers, in our view.

Lumi Gruppen is well positioned in the Norwegian education market

An experienced market player

Both ONH and Sonans have been present for decades, so Lumi Gruppen is well positioned in the Norwegian higher education market, in our view. Sonans is Norway's market leader within high school private candidate exam preparation courses, according to the company. In 2019, Lumi Gruppen acquired Bjørknes Høyskole (later renamed Oslo Nye Høyskole) to strengthen its market position and expand its current offering to cover the higher education space.

Sonans – a market leader within its niche

Sonans was founded in 1987 as a private candidate high school. Since then, it has grown to become the largest market player within its niche. The years 2014-17 were characterised by several changes to the organisation, with a new CEO, a new defined growth strategy and the acquisition of Frisvold Privatskole.

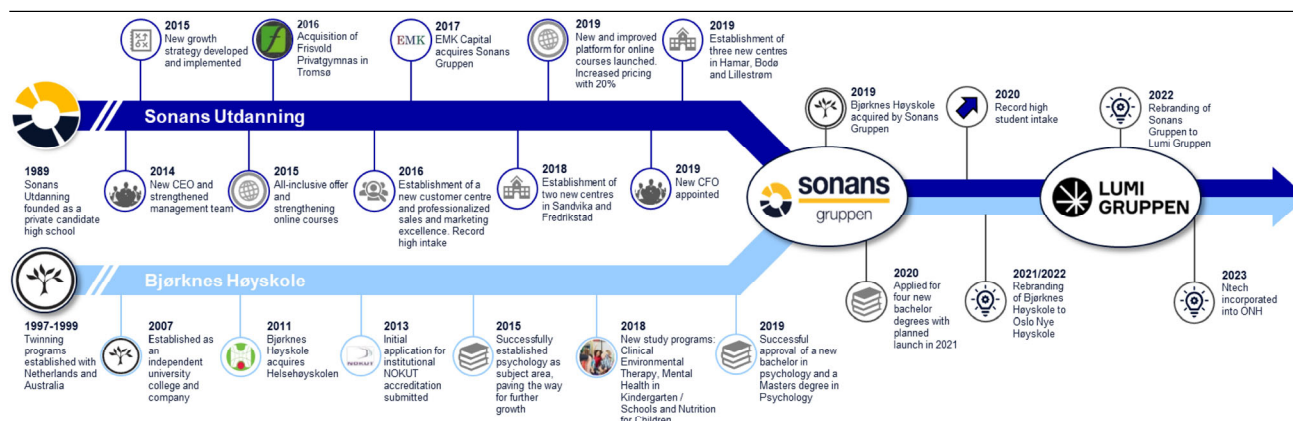
In 2017, EMK Capital acquired Lumi Gruppen (previously Sonans Gruppen) to further accelerate growth. Since then, Sonans rapidly established new campuses across Norway, before reaching 15. Sonans garnered a record-high number of students for the 2020-21 school year, of above 8,000. The post-COVID-19 pandemic effects, along with a tight labour market, hit the private candidate market for that school year, and Sonans closed six campuses as a result. More students are now tilted towards digital options, and the number of students has decreased to ~4,400.

ONH – an innovator in the higher education market

In 2007, Bjørknes Høyskole was established as an independent university college and company. It currently offers programmes within psychology, the social sciences, health and business administration. Here too, there has been some M&A activity; it acquired Helsehøyskolen in 2011, strengthening its offering within health. Since then, it has successfully launched new programmes within psychology, business administration and the social sciences, as well as obtaining accreditation from the Norwegian Agency for Quality Assurance in Education (NOKUT) for several new programmes.

In 2021-22, Bjørknes Høyskole was rebranded as Oslo Nye Høyskole, and in 2023, Oslo Nye Fagskole (previously NTech) was incorporated under ONH, with 12 new IT vocational courses in the pipeline. Hence, ONH is poised to challenge the larger market players with a broader offering of subjects that are in high demand in Norway.

COMPANY HISTORY

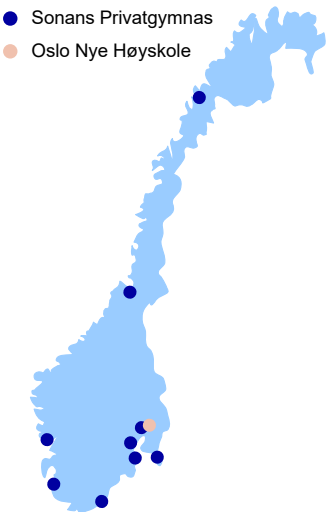


Source: Company data and Nordea




Company snapshot

- Lumi Gruppen has more than 35 years of experience and is a leading private education provider in Norway, in our view.
- As of 2024, the company has ten campuses (nine for Sonans and one for ONH) across Norway, with ~4,400 students enrolled in Sonans and ~3,300 students enrolled in ONH.
- Lumi Gruppen had revenue of NOK 423m in 2023, with an adjusted EBIT margin of ~12%. Approximately 53% of the revenue comes from the higher education services at ONH, with the remainder stemming from Sonans.
- Sonans operates for high school graduates and dropouts, to whom it offers private exam preparation courses. ONH provides higher education services, and the company therefore covers the entire higher education space.
- It receives no direct public funding, but it does do so indirectly through students using the Norwegian State Educational Loan Fund (Lånekassen).

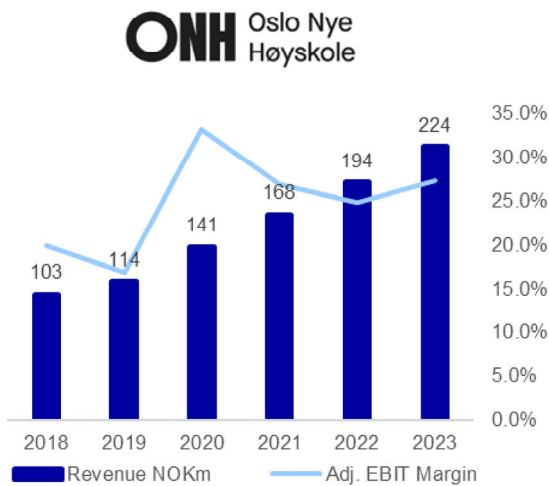
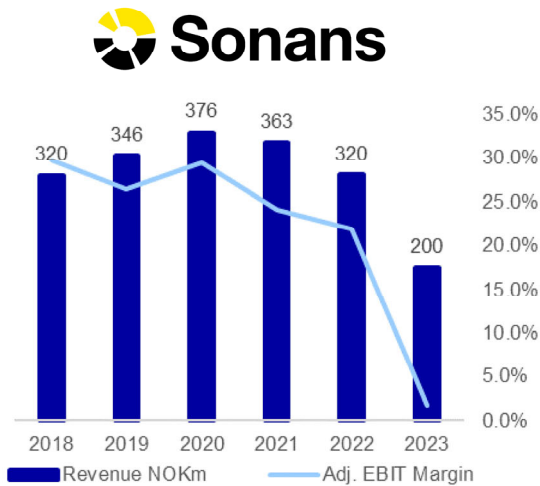
GEOGRAPHICAL COVERAGE



COMPANY SNAPSHOT

		
NOK 423m 2023 revenue	NOK 200m 2023 revenue	NOK 224m 2023 revenue
NOK 50m (~12%) Adj. EBIT 2023	NOK 3m (~2%) Adj. EBIT 2023	NOK 61m (~27%) Adj. EBIT 2023
7,666 students 2023	4,396 students 2023	3,270 students 2023
62% Online 38% Campus	51% Online 49% Campus	76% Online 24% Campus

SONANS AND ONH: EBIT MARGIN AND REVENUE (NOKm)



Source for above three charts: Company data and Nordea

Market outlook

Historically, there has been stable growth in demand for higher education, combined with structural undersupply. That is, the number of higher education applicants per admission place exceeds the number of available spots. Hence, we argue that Lumi Gruppen operates in an attractive market, even with a soft outlook for the private candidate market, with private institutions stepping in where public institutions fail to fill the gaps.

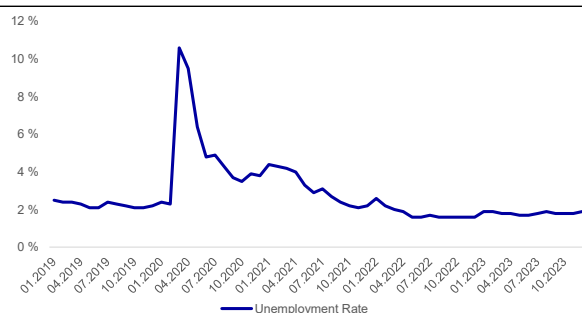
Market size and competitive position

We argue that Lumi Gruppen operates in an attractive market, both through its private candidate services and its higher education offering. Its respective markets are characterised either by high dropout rates (high school market) or structural undersupply, by which public institutions fail to meet demand (higher education market). Sonans is the dominant player in the private candidate market and still remains the market leader after the change in demand and structural changes to the online offering resulting from the COVID-19 pandemic. Additionally, Lumi Gruppen is experiencing increased demand for ONH, where the new integration of Oslo Nye Fagskole has strengthened ONH's role as an innovator.

Tight labour market and inflation

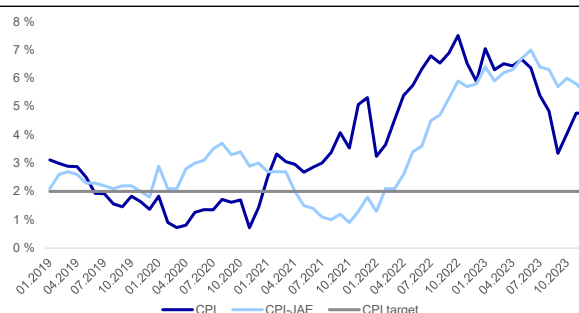
According to Nordea estimates, the Norwegian labour market will continue to be tight in 2024 and 2025. In our view, the current hot labour market, low unemployment rate of around 2% and high inflation are expected to keep driving wages up. This will continue to reduce the incentive for and interest in higher education.

NORWEGIAN UNEMPLOYMENT RATE



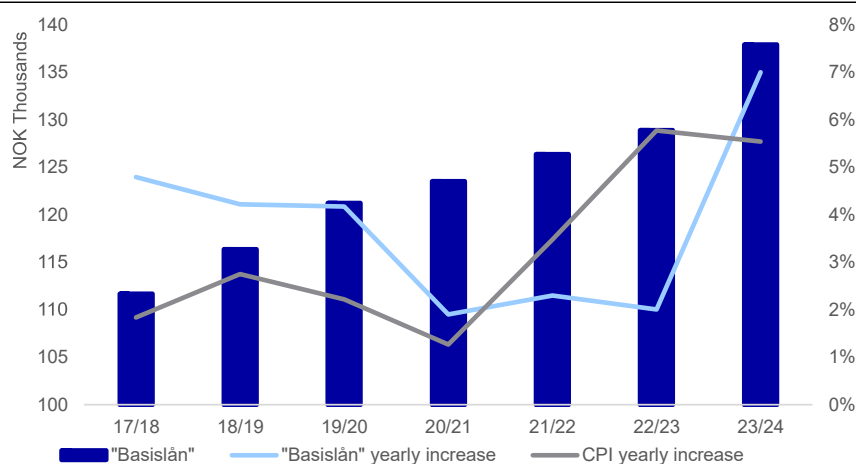
Source: NAV and Nordea

NORWEGIAN INFLATION FIGURES



Source: SSB and Nordea

BASISLÅN VERSUS INFLATION PER SCHOOL YEAR



Source: Lånekassen and Nordea

Loans and grants from Lånekassen are not keeping up with inflation

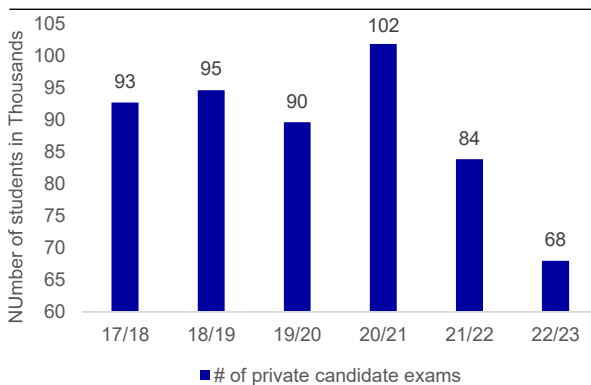
In our view, an environment with increases in housing rent, food expenses and energy prices would lead to a rise in potential students joining the labour market instead of entering higher education. The current real increase in the loan for higher education/ high school (basislån) from Lånekassen is still not offsetting the real deficit of the last two years. We argue that this could result in more students quitting their studies and fewer applying to higher education/private candidate exams.

The aftermath of the pandemic has hit the private candidate market

During the COVID-19 pandemic, there was a surge in the private candidate market, which, in our view, resulted in an unusually high number of students wanting to complete their high school diplomas. This resulted in more students fast-tracking their high school diplomas towards finishing in the 2020-21 school year, rather than in 2021-22 and 2022-23. We believe that this effect in isolation can explain to some degree the decline in the number of private candidate exams over the last two years.

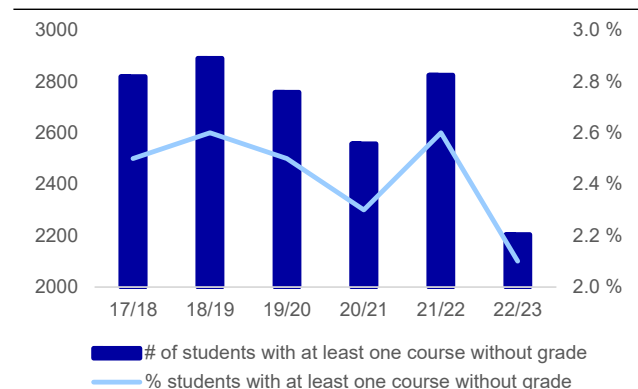
The 2022-23 school year saw an unusually low percentage of high school students fail their courses. In 2023, several exams were changed to include more diversified tasks. In our view, the change could have resulted in exams that were easier to pass. We argue that this increase in students passing their high school courses is atypical and will return to a normalised level in 2023-24, after reviewing the degree of difficulty of 2022-23 exams.

PRIVATE CANDIDATE EXAMS DOWN SINCE PEAK IN 2020-21



Source: UDIR and Nordea

NUMBER OF HIGH SCHOOL STUDENTS WHO DO NOT FINISH



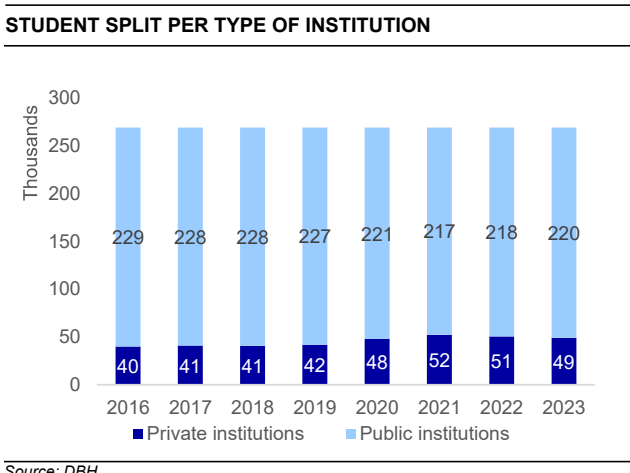
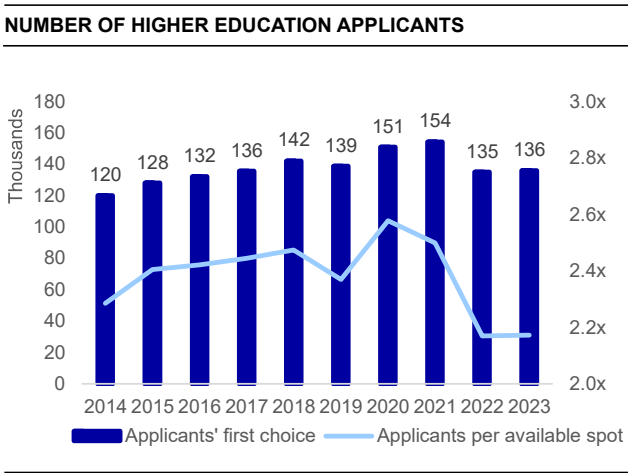
Source: UDIR and Nordea

Structural undersupply in the higher education market

There has long been a structural undersupply in the higher education market. According to the Database for Statistics on Higher Education (DBH), approximately 269,000 students were registered in Norway in 2023. ONH currently has only a small market share of ~1% of the total market.

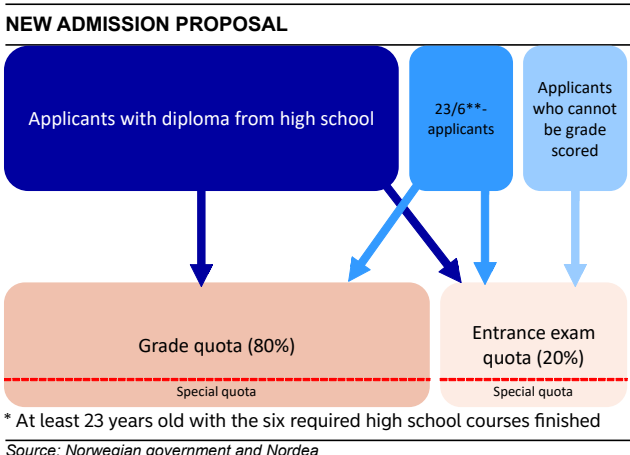
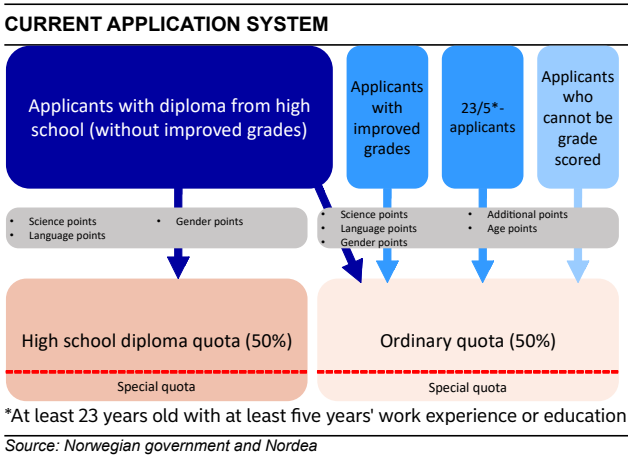
Furthermore, according to the Norwegian Universities and Colleges Admission Service (Samordna opptak), the number of higher education applicants for public institutions (and a few private) was approximately 136,000 in 2023, down 11.7% from the record high in 2021 caused by the COVID-19 pandemic. Over the past ten years, the total number of applicants has seen a 1.4% CAGR, which shows a steady increase in demand.

Looking more closely at the numbers, we see structural undersupply in the market. The number of applicants per available spot has been consistently greater than 2.0x over the last ten years. Hence, we argue that private education providers can step in when public institutions fail to fill the gap, and ONH is well positioned for that.



Proposal from the admission committee

In 2022, the admission committee proposed changes to the existing admission system. For Sonans, the most impactful change in the proposal is that grades cannot be improved after graduating from high school. According to Lumi Gruppen, about one-fourth of the Sonans students improve their grades and would be affected if the new proposal went through. The proposal is scheduled for a hearing in H1 2024, and we believe there will be modifications to the current proposal. We also note that a potential new admission system would be implemented at the earliest for the 2028-29 school year.



Estimates

The weak intake that Sonans saw in autumn 2023 will consequently effect 2024 earnings. We expect a marginal improvement for student intake in 2024, based on the still tight labour market, steep inflation and the high cost of living. We forecast a challenging 2024 for Sonans, which should be offset by continued strong performance from ONH, with the rollout of Oslo Nye Fagskole IT vocational courses.

High student turnover makes earnings less visible

Sonans

Most students at Sonans only attend the private candidate preparation courses for one year, so earnings volatility can be significant, due to high student turnover. The majority of student intake occurs in the autumn, which represents most of the revenue and profit for the school year. Because the school year extends across two financial years, weak student intake can affect revenue for multiple years. We argue that 2024 will be challenging for Sonans, followed by a marginal improvement in 2025.

Revenue and profitability drivers

Amid steep inflation, high food prices and a tight labour market, we believe the outlook for the private candidate market will remain soft in 2024 – and we only expect a marginal improvement towards 2025. We forecast a 50/50 online-to-campus ratio going forward, since the online option is a 25%-30% less expensive alternative than the on-campus option and offers flexibility for students. Hence, we only see marginal improvement in revenue per student for 2024 and 2025.

The cost programme of NOK 12-18m will be fully realised in summer 2024. We forecast that operating expenses will be at the lower end, based on the risk of a decline in product quality and increased marketing expenses to increase the company's market share. The company guides for NOK 174-176m in revenue for the 2023-24 school year, and we estimate NOK 174.7m.

SONANS: YEARLY ESTIMATES (NOKm AND %)

Sonans	2020	2021	2022	2023	2024E	2025E	2026E
Total operating income	376	363	320	200	176	181	187
Growth y/y (%)	8.8 %	-3.6 %	-11.7 %	-37.6 %	-11.6 %	2.7 %	3.2 %
Adj. EBITDA	149	131	116	42	38	45	49
Margin (%)	39.7 %	36.0 %	36.2 %	21.2 %	21.6 %	25.1 %	26.0 %
Adj. EBIT	111	88	70	3	-1	6	8
EBIT Margin (%)	29.5 %	24.1 %	21.9 %	1.7 %	-0.7 %	3.1 %	4.5 %

Source: Company data and Nordea estimates

Bachelor's and Master's programmes provide revenue visibility

ONH

Contrary to Sonans, ONH offers multi-year programmes for Bachelor's and Master's degrees, as well as annual programmes and single courses. Multi-year programmes provide revenue visibility. We argue there is a cap to the student-to-professor ratio and ONH needs to introduce new courses to continue growth, which takes time, due to the accreditation process at the Norwegian Agency for Quality Assurance in Education (NOKUT). ONH has submitted an application to NOKUT for institutional accreditation. ONH aims to attain self-accreditation rights up to the bachelor level, bypassing the NOKUT process, which can and currently is causing delays in launching new courses.

Revenue and profitability drivers

For 2024, we estimate revenue growth of 10.7% y/y, driven by 10% y/y growth in students in H2 2024 coming from the Oslo Nye Fagskole rollout, along with more students in multi-year programmes. We also see an increase in revenue per student with the introduction of Oslo Nye Fagskole courses, as IT courses come at a premium price. We estimate almost 3,600 students for H2 2024 and forecast that this number will continue to increase towards almost 4,000 by H2 2026 as the Oslo Nye Fagskole programmes continue to roll out.

Along with the increase in student intake, we foresee a proportional increase in personnel expenses and capex for the group to continue developing and launching new programmes. The continued growth is dependent on NOKUT accreditation and there are currently some delays, so we highlight some potential downside risk for student intake for the school year 2025-26 and onwards. In January 2024, ONH announced that it will move its campus to Adamstuen at the beginning of 2025. With a larger campus in place for continued student growth, we estimate NOK 8m higher campus costs for 2025 and NOK 10m higher for 2026. The company guides for NOK 235-236m in revenue for the 2023-24 school year, and we estimate NOK 235.8m.

ONH: YEARLY ESTIMATES (NOKm AND %)

Oslo Nye Høyskole	2020	2021	2022	2023	2024E	2025E	2026E
Total operating income	141	168	194	224	247	275	295
Growth y/y (%)	24.4 %	18.8 %	15.5 %	15.2 %	10.7 %	11.0 %	7.5 %
Adj. EBITDA	54	53	58	74	80	83	89
Margin (%)	37.9 %	31.6 %	30.0 %	33.0 %	32.2 %	30.2 %	30.3 %
Adj. EBIT	47	45	48	61	66	69	75
EBIT Margin (%)	33.2 %	26.9 %	24.8 %	27.3 %	26.6 %	25.0 %	25.4 %

Source: Company data and Nordea estimates

Lumi Gruppen

Based on company guidance for the 2023-24 school year and our assumptions, we project a marginal y/y improvement in revenue and slight reduction in profitability for 2024. From 2025 and onwards, we see improved student intake, based on better macro views driving top-line growth and the cost programme being fully realised in summer 2024, improving the bottom line. During H1 2024, Lumi Gruppen will make a NOK 26m instalment payment to Lola Bidco, and we calculate the need for an equity issue to comply with current loan covenants. For modelling purposes, we apply the last close as the issue price, while this likely will differ, and hence impact our per share estimates, depending on the number of shares issued to raise the nominal amount needed.

Based on the current outlook and the need for investment in new courses, we forecast Lumi is in no need of new equity in 2026 to fulfil the second repayment from Lola Bidco, based on the forecast cash balance. However, if 2024 and 2025 fall short of our estimates we cannot rule out the need for new equity in 2026.

GROUP P&L (NOKm, EPS IN NOK)

P&L - Group	2020	2021	2022	2023	2024E	2025E	2026E
Total operating income	518	532	515	423	424	456	483
Growth y/y (%)	11.6 %	2.6 %	-3.3 %	-17.8 %	0.3 %	7.6 %	5.8 %
Personnel expenses	-225	-249	-248	-220	-220	-235	-247
Other operating expenses	-124	-116	-126	-113	-99	-106	-111
Total costs	-350	-365	-374	-333	-318	-341	-358
One-off adjustments	0	0	0	0	0	0	0
Adj. EBITDA	199	188	172	104	106	115	125
EBITDA	169	167	141	90	106	115	125
Depreciation and amortization	-46	-55	-55	-55	-56	-57	-57
Adj. EBIT	153	134	113	50	50	59	68
Margin (%)	29.4 %	25.1 %	22.0 %	11.7 %	11.8 %	12.9 %	14.0 %
EBIT	123	112	82	-235	50	59	68
Net interest expense	0	-37	-30	-39	-41	-40	-36
Pre-tax profit	73	75	52	-274	9	20	33
Tax	-20	-16	-11	-2	-2	-4	-7
Net income	52	59	41	-276	7	16	25
Adj. Net income	82	85	66	8	7	16	25
EPS	1.45	1.63	1.13	-5.00	0.12	0.28	0.45
Adj. EPS	2.04	2.35	1.81	0.15	0.12	0.28	0.45

Source: Company data and Nordea estimates

Valuation

We derive a fair value range for Lumi Gruppen of NOK 7-12 per share based on a DCF sensitivity analysis. At the bottom of the range, our Sonans base-case DCF shows downside to the current share price. At the top of our range, we have our Sonans recovery scenario. Our peer valuation shows that the share is currently trading on par with peer multiples when using historical profitability numbers for Lumi Gruppen, implying that the market has priced in a potential rebound for the private candidate segment.

Sensitivity analysis of Sonans in our DCF

For our DCF analysis, we look at three different scenarios for Lumi Gruppen, as the valuation is highly sensitive to the development of the private candidate market. We assume that ONH's contribution to the valuation is static and only look at the sensitivity of Sonans' contribution to the valuation. Currently, we see no signs of recovery in the explicit forecast period 2024-26, and the sensitivity of Sonans' valuation would therefore impact 2027 and thereafter. We assume that the average price per student for Sonans will increase by 2% per year after our explicit 2024-26 forecast period. Sonans had 7,531 students in 2018, and we use this as our pre-recovery number. As of the end of H2 2023, the Sonans student base was at ~60% of pre-COVID-19 levels. Therefore, our three different scenarios are divided into: a) a base-case scenario, with no recovery in student volumes from the H2 2023 level; 2) a recovery scenario to 80% of pre-COVID-19 levels; and 3) a blue-sky scenario, with recovery to 100% of the pre-COVID-19 level.

We use 2018 as our full recovery baseline

We use 2018 as the full recovery baseline, as the number of campuses (ten) is more comparable to 2023 (nine). Online versus on-campus teaching was 50/50 in 2023, versus ~25/75 in 2018. We therefore see less restrictions during our sensitivity analysis based on on-campus capacity. We also note that in our blue-sky scenario, there would be need for additional upfront investments in campuses, product and marketing to support such rapid growth.

We derive a DCF-based fair value range of NOK 7-12 per share

We argue that using the blue-sky scenario seems unaligned with the current weak macro outlook and uncertainty regarding the proposal from the admission committee, increasing the political risk. Using the base-case scenario and recovery scenario, we derive a DCF-based fair value range of NOK 7-12 per share.

We outline our assumptions in our DCF

We utilise the same assumption in our DCF for the three different scenarios. We use a terminal growth rate of 2.3% and discount the cash flows back on a WACC of 10%. We also are using a tax rate of 22%.

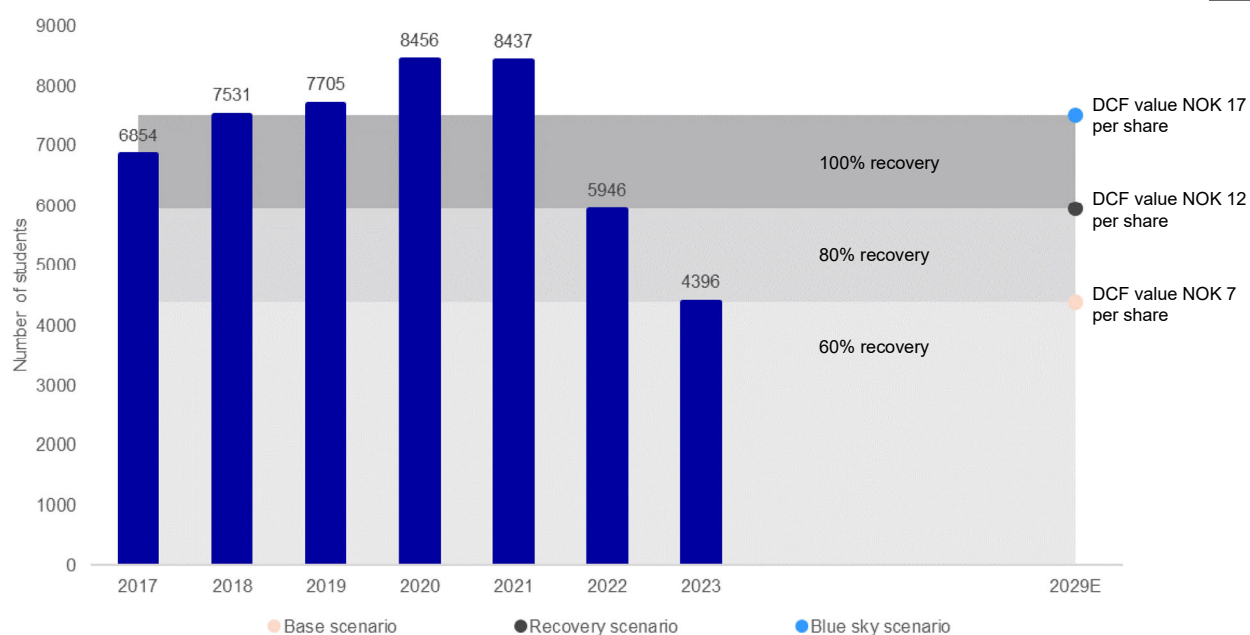
We derive an unrisks fair value range of NOK 7-12 per share from our DCF

LUMI GRUPPEN: DCF VALUATION ASSUMPTIONS AND DCF VALUE (NOK)

Lumi Gruppen valuation - summary				Valuation assumption	
Scenario	Base	Recovery	Blue sky		
NPV FCFF - 2029E	232	270	307	WACC	10.0 %
Terminal value	572	803	1,034	Tax	22.0 %
Enterprise Value (NOKm)	804	1,072	1,340	Terminal growth rate	2.3 %
NIBD end 2024E	397	397	397		
Equity value NOKm	408	676	944		
Shares outstanding (fully diluted)	57	57	57		
Fair value per share (NOK)	7	12	17		

Source: Company data and Nordea estimates

LUMI GRUPPEN: NUMBER OF SONANS STUDENTS – SENSITIVITY ON A DCF BASIS



Source: Company data and Nordea estimates

Base-case scenario – no recovery in the private candidate market

Assuming no recovery towards 2029, the number of students at Sonans would be ~60% of pre-pandemic levels. No recovery to pre-COVID-19 levels would be equal to NOK 7 per fully diluted share.

LUMI GRUPPEN: NO RECOVERY FOR SONANS – DCF VALUE BREAKDOWN (NOKm)

	2024E	2025E	2026E	2027E	2028E	2029E	TV
Revenues	424	456	483	504	525	546	
Revenue growth	0.3%	7.6%	5.8%	4.4%	4.2%	4.0%	
EBITDA	106	115	125	137	150	163	
EBITDA margin	24.9%	25.3%	25.8%	27.2%	28.6%	29.8%	
EBIT	50	59	68	79	90	102	
EBIT margin	11.8%	12.9%	14.0%	15.7%	17.2%	18.7%	
NOPLAT	39	46	53	62	71	80	
D&A	56	57	57	58	59	61	
Ad. for cash lease	13	13	13	13	13	13	
Change NWC	0	0	-1	-1	-1	-1	
Capex	-15	-16	-17	-15	-16	-16	
FCFF	37	43	48	59	67	75	997
DFCFF	34	36	36	41	42	43	572

Source: Company data and Nordea estimates

Recovery scenario – partial recovery of pre-COVID-19 levels towards 2029

Assuming a partial recovery towards 2029, the number of students in Sonans would be ~80% of pre-pandemic levels. A partial recovery to pre-COVID-19 levels would be equal to NOK 12 per fully diluted share.

LUMI GRUPPEN: PARTIAL RECOVERY FOR SONANS – DCF VALUE BREAKDOWN (NOKm)

	2024E	2025E	2026E	2027E	2028E	2029E	TV
Revenues	424	456	483	527	571	615	
Revenue growth	0.3%	7.6%	5.8%	9.2%	8.4%	7.7%	
EBITDA	106	115	125	151	178	204	
EBITDA margin	24.9%	25.3%	25.8%	28.7%	31.1%	33.2%	
EBIT	50	59	68	93	118	144	
EBIT margin	11.8%	12.9%	14.0%	17.6%	20.7%	23.3%	
NOPLAT	39	46	53	72	92	112	
D&A	56	57	57	58	59	61	
Ad. for cash lease	13	13	13	13	13	13	
Change NWC	0	0	-1	-1	-1	-1	
Capex	-15	-16	-17	-16	-17	-18	
FCFF	37	43	48	69	87	105	1,400
DFCFF	34	36	36	48	55	60	803

Source: Company data and Nordea estimates

Blue-sky scenario – full recovery of pre-COVID-19 levels towards 2029

Assuming a full recovery towards 2029, the number of students in Sonans would be equivalent to 100% of pre-pandemic levels. A full recovery to pre-COVID-19 levels would be equal to NOK 17 per fully diluted share.

LUMI GRUPPEN: FULL RECOVERY FOR SONANS – DCF VALUE BREAKDOWN (NOKm)

	2024E	2025E	2026E	2027E	2028E	2029E	TV
Revenues	424	456	483	550	617	685	
Revenue growth	0.3%	7.6%	5.8%	14.0%	12.3%	10.9%	
EBITDA	106	115	125	165	205	246	
EBITDA margin	24.9%	25.3%	25.8%	30.0%	33.3%	35.9%	
EBIT	50	59	68	107	146	185	
EBIT margin	11.8%	12.9%	14.0%	19.4%	23.7%	27.1%	
NOPLAT	39	46	53	83	114	145	
D&A	56	57	57	58	59	61	
Ad. for cash lease	13	13	13	13	13	13	
Change NWC	0	0	-1	-1	-1	-1	
Capex	-15	-16	-17	-16	-19	-21	
FCFF	37	43	48	79	107	136	1,802
DFCFF	34	36	36	55	68	78	1,034

Source: Company data and Nordea estimates

Peer group valuation

We see no direct comparison between Lumi Gruppen and other companies in the sector, given Lumi Gruppen's offering in higher education without public funding. Hence, we compare the company to Nordic/European educational institutions and course providers. We broaden the peer universe by including Nordic companies that focus on EBIT margins and FCF cash conversion and that are relatively asset-light, with low capex. Hence, we end up with businesses that are mainly driven by human capital and include Nordic consulting and business services companies that lean towards B2B and B2C.

PEER GROUP TABLE

Company	Share price (Local)	P/E (adj.)			EV/EBITDA (adj.)			EV/EBIT (adj.)		
		2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
European education and coursing										
AcadeMedia AB	47.9	6.2x	5.3x	5.0x	9.7x	8.1x	3.5x	14.0x	11.5x	9.6x
M2i SA	3.5	6.5x	-	-	4.2x	-	-	5.3x	-	-
Alfio Bardolla Training Group SpA	2	-	-	-	1.4x	0.5x	-	2.4x	0.8x	-
Mean		6.4x	5.3x	5.0x	5.1x	4.3x	3.5x	7.2x	6.1x	9.6x
Median		6.4x	5.3x	5.0x	4.2x	4.3x	3.5x	5.3x	6.1x	9.6x
Nordic consulting										
Afry AB	161	13.3x	11.3x	9.1x	7.9x	7.0x	6.5x	11.7x	10.0x	9.0x
Bouvet ASA	62	18.9x	16.8x	15.6x	11.4x	10.3x	9.3x	14.4x	12.7x	11.4x
Multiconsult ASA	142	13.3x	11.9x	10.4x	6.3x	5.7x	5.3x	10.0x	9.4x	7.9x
Netcompany Group A/S	289	24.8x	19.4x	16.8x	14.2x	11.8x	10.4x	19.8x	15.7x	13.2x
Norconsult ASA	28	15.0x	13.2x	12.2x	7.2x	6.1x	5.5x	11.8x	9.4x	8.3x
Sweco AB (publ)	109	19.2x	16.8x	16.3x	11.0x	9.7x	9.0x	15.3x	13.0x	12.2x
Mean		17.4x	14.9x	13.4x	9.7x	8.4x	7.7x	13.8x	11.7x	10.3x
Median		17.0x	15.0x	13.9x	9.5x	8.4x	7.7x	13.1x	11.4x	10.2x
Nordic business services										
Bravida Holding AB	86	14.7x	12.8x	11.9x	8.5x	7.8x	6.8x	11.4x	10.2x	8.8x
Coor Service Management Holding	45	11.0x	9.4x	9.3x	6.8x	6.2x	6.1x	11.2x	9.5x	8.8x
Loomis AB	279	9.7x	8.5x	8.0x	-	-	-	-	-	-
Zalaris ASA	51	14.3x	11.9x	-	6.5x	6.5x	-	12.7x	12.2x	-
Mean		12.4x	10.7x	9.7x	7.3x	6.9x	6.4x	11.8x	10.6x	8.8x
Median		12.7x	10.6x	9.3x	6.8x	6.5x	6.4x	11.4x	10.2x	8.8x
Overall mean										
Overall median		13.9x	12.5x	11.5x	7.9x	7.3x	6.9x	11.7x	10.4x	9.9x
Overall median										
		13.8x	11.9x	11.2x	7.5x	7.0x	6.5x	11.8x	10.2x	9.0x
Lumi (NDA)										
Lumi (NDA)	14	112.8x	50.1x	31.3x	11.3x	10.2x	9.3x	23.9x	20.0x	17.2x
Lumi (NDA) - Implied share price		NOK 1.7	NOK 3.5	NOK 5.1	NOK 9.8	NOK 9.9	NOK 10.4	NOK 6.8	NOK 7.2	NOK 8.0

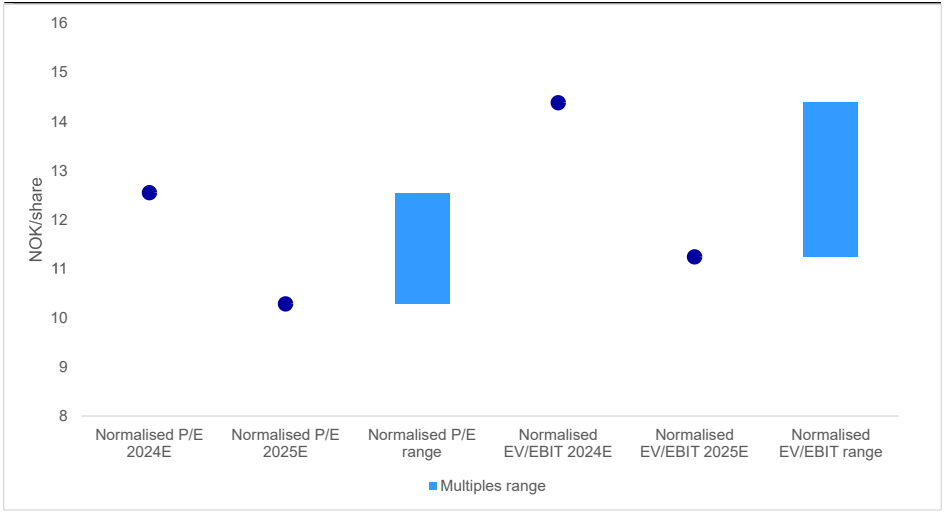
Source: LSEG Data & Analytics and Nordea estimates

We argue that using forecasts of profitability measures as multiples at a time when Lumi Gruppen is in the middle of a cost-saving programme, amid a soft macro outlook in the short term, would yield unrepresentative multiples, as the peer group is not in the same market. Hence, we use mean adjusted net income and adjusted EBIT for 2018-24E for our 2024E multiples and 2018-25E for 2025E multiples to obtain mid-cycle values. We then derive a range showing the interval between the mean 2024E and 2025E multiples. Our mid-cycle estimates show a fair value range for Lumi Gruppen of NOK 10-14 per share when using a fully diluted number of shares, implying that the market has priced in a potential rebound for the private candidate market. The normalised P/E multiple is at the lower end of the range and normalised EV/EBIT is at the higher end of the range.

Using our estimated 2024 and 2025 multiples when comparing to the peer group would not be applicable because of the cost-saving programme, a soft macro outlook in the short term and because the peer group is not in the same market. The estimated 2024 and 2025, along with 2026, multiples show high double-digit multiples, based on marginal improvement in the private candidate market. On the other hand, the market has priced in a recovery in the private candidate segment (equivalent to the recovery scenario in our DCF sensitivity).

Our peer multiples approach with normalised values yields a fair value range of NOK 10-14 per share

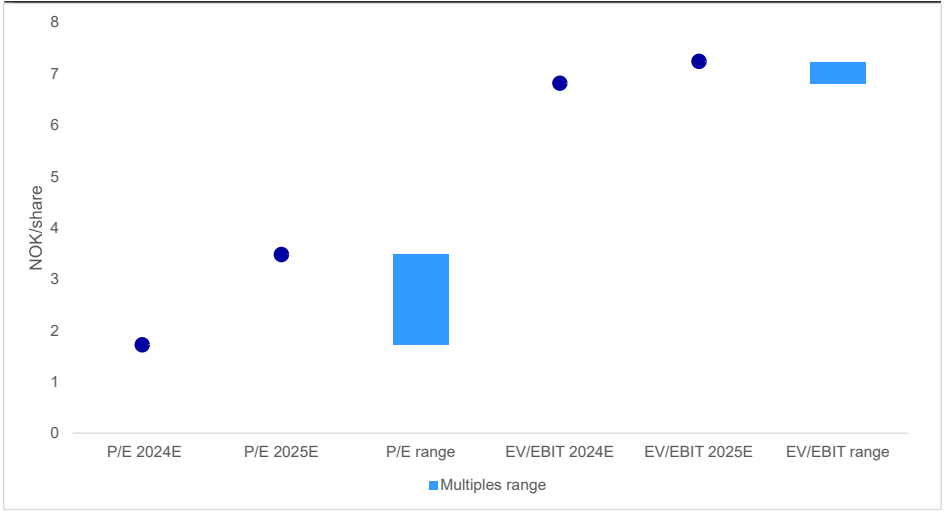
PEER VALUE RANGE WITH NORMALISED ADJUSTED NUMBERS (NOK)



Source: Company data and Nordea estimates

Our peer multiples approach yields a fair value range of NOK 2-7 per share

PEER VALUE RANGE WITH NORDEA ESTIMATES



Source: Company data and Nordea estimates

Overall, we argue that Lumi Gruppen can be considered defensive and countercyclical, while at the same time offering solid profitability, with a higher EBIT margin and FCF than its peers. We believe this should be taken into account when valuing the company.

Appendix I: Risk factors

In this section, we list the most significant risk factors that we identify for Lumi Gruppen. The purpose of this section is not to provide a comprehensive picture of every risk that the company may face, but rather to highlight those that we deem the most relevant. The company faces several industry-specific and company-specific risks.

The company has short-term equity needs	Financial risk Lumi Gruppen has a subordinated loan from Lola Bidco AS, with NOK 26m of the principal due in H1 2024. To repay the first instalment and avoid breaching its covenants, Lumi Gruppen will need to complete a rights issue. We argue this is the most crucial risk in the short term, in order to fulfil its debt obligations.
Risk of breaching financial covenants	The group has a bank loan, which is subject to financial covenants. Such covenants can be breached during headwinds, which could limit Lumi Gruppen's financial actions. During a recent phase of headwinds, the group and the bank came to an agreement on new covenants. Along with the new covenants, Lumi has reduced its NIBD and strengthened its capital structure. It also has reduced its fixed cost base, thus increasing its headroom for leverage covenants.
Delays in the accreditation process	Accreditation risk Oslo Nye Høyskole depends on NOKUT accreditation to continue launching new courses. Without accreditation for its courses, students are not eligible to apply for student loans from Lånekassen. There are delays in the NOKUT accreditation process, however, that could cause a short- to medium-term risk for the rollout of new courses for school year 2025-26 and beyond. As a long-term solution, ONH has submitted an application to NOKUT for institutional accreditation, aiming to attain self-accreditation rights up to the bachelor degree level, thereby bypassing the longer process.
Private institutions are allowed to operate for profit as long as they do not receive any form of direct public funding	Political risk Private providers of public services, such as Lumi Gruppen, are subject to political scrutiny in Norway. Private institutions are allowed to operate for profit, as long as they do not receive any form of direct public funding. Lumi Gruppen does not receive any direct public funding, so we believe the risk of not being able to operate for profit is low or virtually non-existent.
The scholarship or loan scheme could evolve	The company also faces the risk of changes to the government scholarship or loan scheme. If this disappears, it would clearly affect demand for private education and hence for Lumi Gruppen's services. We deem this risk to be low. The funding scheme is deeply rooted in the Norwegian education system, and as long as there is structural undersupply in the public market, there will be a need for private institutions.
Restrictions on the private candidate scheme pose a risk	Proposal from admission committee risk The group is exposed to the risk of government restrictions on the private candidate scheme. Today, anyone can sign up for a private candidate exam and hence obtain a high school diploma. There is currently a proposal from the admissions committee that could change the entire admissions system to higher education. The potential changes could restrict Lumi Gruppen's current offering and especially impact the private candidate scheme.
Student intake varies with the labour market	Market risk Lumi Gruppen operates in a price-sensitive market in which students' incentive to earn a high school diploma or a degree depends on the status of the labour market, so student intake can fluctuate based on Norway's macro outlook. The company operates in a countercyclical market in which a high unemployment rate usually corresponds to an increase in student intake, but it can also be affected by other macroeconomic factors, such as the inflation rate.
Private candidate market growth	The private candidate market has been declining after COVID-19, with fewer students taking private exams. Along with the current proposal from the admission committee, there is a lot of uncertainty regarding the total addressable market for private candidates. This creates a potential growth risk for Sonans, going forward.

Appendix II: Top 20 shareholders

The top 20 shareholders of Lumi Gruppen hold more than ~90% of the total shares outstanding. During 2023, Hanover Investors Management LLP acquired shares and is now the largest shareholder, with 50.7% of total outstanding shares. The nominee shares in The Bank of New York Mellon SA/NV and Euroclear Bank S.A./N.V belong to Hanover Investors Management LLP.

MAJOR SHAREHOLDERS AS OF 31 DECEMBER 2023

No.	Shareholders	Type of account	Number of shares	% of shares
1	The Bank of New York Mellon SA/NV	Nominee	20,504,212	37.1 %
2	Euroclear Bank S.A./N.V.	Nominee	7,511,792	13.6 %
3	Pareto Aksje Norge Verdipapirfond	Ordinary	3,772,937	6.8 %
4	J.P. Morgan SE	Nominee	3,046,609	5.5 %
5	Verdipapirfondet Holberg Norge	Ordinary	2,733,333	4.9 %
6	The Northern Trust Comp, London Br	Nominee	2,189,896	4.0 %
7	Forsvarets Personellservice	Ordinary	1,550,540	2.8 %
8	Melesio Invest AS	Ordinary	1,420,709	2.6 %
9	Valorem AS	Ordinary	1,217,000	2.2 %
10	CMDC AS	Ordinary	980,000	1.8 %
11	Wenaas EFTF AS	Ordinary	885,714	1.6 %
12	VJ Invest AS	Ordinary	608,198	1.1 %
13	Ginko AS	Ordinary	600,000	1.1 %
14	Dyvi Invest AS	Ordinary	593,696	1.1 %
15	Cawa Invest AS	Ordinary	520,000	0.9 %
16	Cortex AS	Ordinary	440,000	0.8 %
17	Goldman Sachs International	Nominee	383,685	0.7 %
18	Varner Equities AS	Ordinary	366,216	0.7 %
19	Bit For Bit Huset AS	Ordinary	325,895	0.6 %
20	Jacob Hatteland Holding AS	Ordinary	290,780	0.5 %
Top 20 shareholder			49,941,212	90.4 %
Other			5,300,221	9.6 %
Number of shares total			55,241,433	100.0 %

Source: Company data

Reported numbers and forecasts

INCOME STATEMENT

NOKm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	n.a.	n.a.	429	465	518	532	515	423	424	456	483
Revenue growth	n.a.	n.a.	n.a.	8.2%	11.6%	2.6%	-3.3%	-17.8%	0.3%	7.6%	5.8%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	0	0	157	154	169	167	141	90	106	115	125
Depreciation and impairments PPE	0	0	-39	-39	-39	-41	-55	-49	-49	-50	-50
of which leased assets	0	0	-39	-39	-39	-41	-55	-44	-43	-44	-44
EBITA	0	0	118	115	130	126	86	41	57	66	75
Amortisation and impairments	0	0	-9	-9	-7	-14	-4	-276	-7	-7	-7
EBIT	n.a.	n.a.	110	106	123	112	82	-235	50	59	68
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	0	0	-39	-41	-50	-36	-29	-39	-41	-39	-35
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	0	0	71	65	73	75	52	-274	9	20	33
Reported taxes	0	0	-18	-14	-20	-16	-11	-2	-2	-4	-7
Net profit from continued operations	0	0	53	50	52	59	41	-276	7	16	25
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Net profit to equity	0	0	53	50	52	59	41	-276	7	16	25
EPS, NOK	n.a.	n.a.	n.a.	n.a.	1.45	1.63	1.13	-5.00	0.12	0.28	0.45
DPS, NOK	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00
of which ordinary	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Profit margin in percent

EBITDA	n.a.	n.a.	36.6%	33.0%	32.5%	31.4%	27.4%	21.2%	24.9%	25.3%	25.8%
EBITA	n.a.	n.a.	27.6%	24.7%	25.0%	23.7%	16.6%	9.6%	13.4%	14.5%	15.4%
EBIT	n.a.	n.a.	25.6%	22.8%	23.7%	21.0%	15.9%	-55.6%	11.8%	12.9%	14.0%

Adjusted earnings

EBITDA (adj)	0	0	163	161	199	188	172	104	106	115	125
EBITA (adj)	0	0	124	122	160	147	117	55	57	66	75
EBIT (adj)	0	0	116	113	153	133	117	49	50	59	68
EPS (adj, NOK)	n.a.	n.a.	n.a.	n.a.	2.05	2.32	1.89	0.19	0.12	0.28	0.45

Adjusted profit margins in percent

EBITDA (adj)	n.a.	n.a.	38.0%	34.6%	38.3%	35.4%	33.4%	24.6%	24.9%	25.3%	25.8%
EBITA (adj)	n.a.	n.a.	28.9%	26.2%	30.8%	27.7%	22.7%	13.0%	13.4%	14.5%	15.4%
EBIT (adj)	n.a.	n.a.	26.9%	24.4%	29.5%	25.0%	22.7%	11.7%	11.8%	12.9%	14.0%

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-0.3%	-1.8%	-2.5%	-1.9%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-10.6%	-7.2%	-7.3%	-5.7%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-13.9%	-13.9%	-13.6%	-9.6%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-28.1%	-22.8%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	21.6%	7.6%	5.4%	2.8%	1.0%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	32.0%	29.4%	27.9%	26.3%	25.1%

VALUATION RATIOS - ADJUSTED EARNINGS

NOKm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	20.7	6.3	81.0	n.m.	50.1	31.3
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	12.0	5.8	12.2	11.3	10.2	9.3
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	15.3	8.5	23.1	21.0	17.9	15.6
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	17.0	8.5	25.6	23.9	20.0	17.2

VALUATION RATIOS - REPORTED EARNINGS

NOKm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	29.4	10.5	n.m.	n.m.	50.1	31.3
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	4.24	1.94	3.00	2.81	2.59	2.40
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	13.5	7.1	14.1	11.3	10.2	9.3
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	17.9	11.6	31.2	21.0	17.9	15.6
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	20.2	12.2	n.m.	23.9	20.0	17.2
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	2.1%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	3.7%	12.9%	2.8%	6.0%	7.0%	8.1%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	3.1%	0.0%	-2.4%	0.6%	1.6%	2.6%
Payout ratio	n.a.	n.a.	n.a.	n.a.	0.0%	43.2%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company data and Nordea estimates

BALANCE SHEET

NOKm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Intangible assets	0	0	823	903	884	975	985	716	719	724	729
of which R&D	0	0	1	2	2	0	0	0	0	0	0
of which other intangibles	0	0	1	0	0	18	28	29	33	37	42
of which goodwill	0	0	822	900	881	957	957	687	687	687	687
Tangible assets	0	0	11	13	203	149	134	192	191	190	188
of which leased assets	0	0	3	1	184	137	124	185	185	185	185
Shares associates	0	0	0	1	0	2	2	2	2	2	2
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	3	10	9	9	9	9
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	0	0	13	15	2	0	0	0	0	0	0
Total non-current assets	0	0	847	932	1,088	1,129	1,131	919	921	924	928
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	0	45	76	37	63	24	31	31	34	36
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	3	21	5	0	0	0	0
Cash and bank	0	0	29	35	18	64	29	68	57	55	35
Total current assets	0	0	75	111	58	147	58	99	89	89	71
Assets held for sale	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	0	0	921	1,043	1,145	1,276	1,190	1,018	1,010	1,013	999
Shareholders equity	0	0	250	231	225	545	538	450	483	498	523
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Minority interest	0	0	0	0	0	0	0	0	0	0	0
Total Equity	0	0	250	231	225	545	538	450	483	498	523
Deferred tax	0	0	1	1	0	0	0	0	0	0	0
Long term interest bearing debt	0	0	561	674	596	437	419	257	216	201	160
Pension provisions	0	0	0	1	6	2	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	0	0	3	4	0	0	0	0	0	0	0
Non-current lease debt	0	0	0	0	184	99	100	155	155	155	155
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	0	0	566	680	785	539	519	412	371	356	315
Short-term provisions	0	0	16	19	16	18	16	16	16	17	18
Accounts payable	0	0	6	11	6	2	5	8	8	9	9
Current lease debt	0	0	0	0	0	46	38	45	45	45	45
Other current liabilities	0	0	53	101	113	125	36	49	49	50	51
Short term interest bearing debt	0	0	30	0	0	0	38	37	37	37	37
Total current liabilities	0	0	106	132	135	192	134	155	156	159	161
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	0	0	921	1,043	1,145	1,276	1,190	1,018	1,010	1,013	999
Balance sheet and debt metrics											
Net debt	0	0	562	639	762	519	566	427	397	384	363
of which lease debt	0	0	0	0	184	146	138	200	200	200	200
Working capital	0	0	-14	-36	-79	-44	-12	-25	-26	-25	-24
Invested capital	0	0	833	895	1,008	1,085	1,120	894	896	899	904
Capital employed	0	0	841	905	1,005	1,128	1,132	946	938	937	921
ROE	n.m.	n.m.	42.4%	21.0%	23.0%	15.3%	7.6%	-55.9%	1.5%	3.2%	5.0%
ROIC	n.m.	n.m.	21.1%	10.0%	12.2%	9.6%	8.0%	3.7%	4.2%	5.0%	5.7%
ROCE	n.m.	n.m.	27.7%	13.0%	16.0%	12.5%	10.3%	4.8%	5.3%	6.4%	7.4%
Net debt/EBITDA	n.m.	n.m.	3.6	4.2	4.5	3.1	4.0	4.8	3.8	3.3	2.9
Interest coverage	n.a.	n.a.	2.8	2.6	2.5	3.0	2.8	-6.0	1.2	1.5	1.9
Equity ratio	n.m.	n.m.	27.1%	22.2%	19.6%	42.7%	45.2%	44.2%	47.9%	49.2%	52.3%
Net gearing	n.m.	n.m.	224.6%	276.3%	338.6%	95.3%	105.2%	94.9%	82.0%	77.1%	69.5%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

NOKm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
EBITDA (adj) for associates	0	0	157	154	169	167	141	90	106	115	125
Paid taxes	0	0	-18	-14	-20	-16	-11	-2	-2	-4	-7
Net financials	0	0	-39	-41	-50	-36	-29	-39	-41	-39	-35
Change in provisions	0	0	0	4	2	-1	-4	0	0	1	1
Change in other LT non-IB	0	0	0	-2	10	-1	-8	1	0	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	0	0	30	27	63	3	17	-30	0	-1	-1
Funds from operations (FFO)	0	0	131	127	172	115	105	19	63	72	83
Change in NWC	0	0	-1	19	31	-3	-32	14	0	0	-1
Cash flow from operations (CFO)	0	0	129	146	203	112	73	33	63	72	82
Capital expenditure	0	0	-13	-13	-13	-18	-18	-10	-15	-16	-17
Free cash flow before A&D	0	0	116	133	190	94	55	23	48	56	65
Proceeds from sale of assets	0	0	14	-1	-2	0	0	0	0	0	0
Acquisitions	0	0	0	-204	0	-30	0	0	0	0	0
Free cash flow	0	0	130	-72	188	64	55	23	48	56	65
Free cash flow bef A&D, lease adj	0	0	77	94	151	53	0	-20	5	13	21
Dividends paid	0	0	0	0	0	0	-36	0	0	0	0
Equity issues / buybacks	0	0	-2	44	0	200	0	200	26	0	0
Net change in debt	0	0	-64	99	-120	-160	19	-161	-41	-15	-41
Other financing adjustments	0	0	0	0	0	0	-73	-23	-43	-44	-44
Other non-cash adjustments	0	0	-8	-64	-85	-58	0	0	0	0	0
Change in cash	0	0	56	6	-17	46	-34	39	-10	-2	-20
Cash flow metrics											
Capex/D&A	n.m.	n.m.	27.4%	28.2%	29.2%	32.7%	30.1%	3.1%	26.7%	28.2%	29.6%
Capex/Sales	n.a.	n.a.	3.0%	2.9%	2.6%	3.4%	3.5%	2.4%	3.5%	3.5%	3.5%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	n.a.	48	12	15	14	14	14
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	1,737	431	840	797	797	797
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	2,257	996	1,267	1,193	1,181	1,160
Diluted no. of shares, year-end (m)	0.0	0.0	0.0	0.0	36.2	36.2	36.2	55.2	57.1	57.1	57.1

Source: Company data and Nordea estimates

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Completion Date

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