

## QleanAir AB (QAIR)

### About QleanAir

QleanAir AB ("QleanAir" or the "Company") is developing air-purifying devices and particle filters designed for indoor environments. The solutions are module-based and rented to the clients over long time periods as the products are used in large corporate environments, such as hospitals and schools. QleanAir operates in EMEA, APAC and Americas, with the headquarter in Stockholm, Sweden. The main markets are Japan, Germany, the USA and Sweden.

#### Overweight

Target Price	SEK 87.8
Current Price	SEK 49.9
Upside	75.9%

#### Market Data

Exchange	Nasdaq First North Stockholm
Shares (mn)	14.9
MCAP (SEKm)	746.3
EV (SEKm)	884.6

Forecast, SEKm	20A	21E	22E
Total revenue	495.8	457.7	505.9
Rev. growth	8.5%	-7.7%	10.5%
Gross Profit	339.2	326.7	349.8
Gross Margin	68.4%	71.4%	69.1%
EBITDA	123.7	118.8	114.1
EBITDA Margin	25.0%	26.0%	22.6%
EBIT	95.0	89.8	90.9
EBIT Margin	19.2%	19.6%	18.0%

Key Metrics	20A	21E	22E
P/E	12.5x	14.0x	14.0x
EV/S	2.2x	2.3x	2.1x
EV/EBIT	11.2x	11.8x	11.7x

#### ANALYSTS CONTACT INFORMATION

Oscar Wennberg, Financial Analyst



### QleanAir – A qlean breeze on the stock exchange

QleanAir is developing air-purifying devices and particle filters designed to clean the air in indoor environments. The Company has two main revenue streams: sales of new units and recurring revenue from rentals and aftermarket services, which is estimated to account for 59% of the total revenue in 2023E. With a great potential market for Cabin Solutions in Asia where over 50% of the total population are smokers, QleanAir can introduce products from the Facility Solutions and increase its presence in this region through cross-selling. Although 2021E is not estimated to reach the same result as the successful year of 2020A, it is estimated that the Company's operations will normalize by 2022E, resulting in an estimated revenue growth of 10.5% from 2021E to 2022E. Based on a relative valuation, an EV/EBIT target multiple of 14.5x in 2023E is justified, which implies a target price of SEK 87.8 and a potential upside of 75.9%.

#### Key takeaways

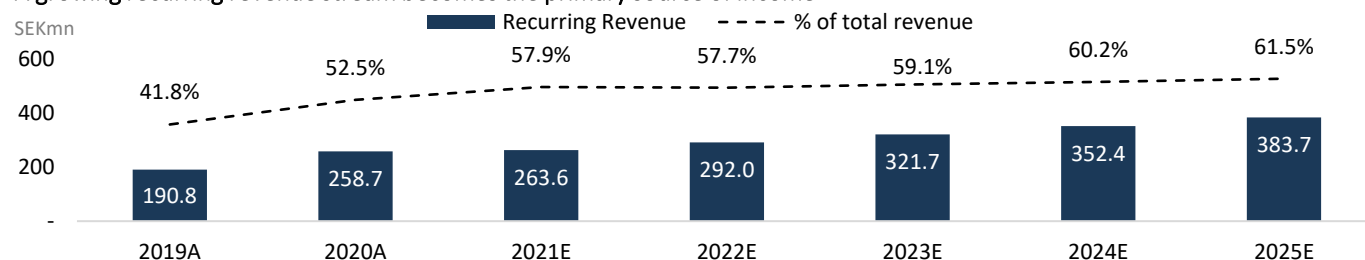
- **Cross-selling enables a global expansion:** QleanAir's modular air purifying units can be modified by adding different particle filters to the devices, which makes them available for use in different industries. Customers usually start an agreement within Cabin Solutions, and QleanAir has then succeeded well with the cross-selling to further widen the installed base of units. For example, applying the HEPA14 FG filter (Food Grade) to a device gets it approved to be used in the food industry, and QleanAir can therefore focus on cross-selling to expand their clients' installed base units to work in different areas. This is estimated to result in a revenue CAGR of 3.4% from 2020A to 2023E, and total revenue of SEK 544.3mn in 2023E.
- **Recurring revenue expected to reach 59% of total sales in 2023E:** As the total installed base of units is estimated to steadily increase from 10 980 units in Q3 2021A to 12 928 units in 2023E, the recurring revenue creates a stable cash flow for the Company and allows QleanAir to further develop and expand in the Facility Solutions and Room Solutions segments. With flexible units in the Facility segment and specially designed Room Solutions, QleanAir will be able to secure both future sales and future recurring revenue from rentals and aftermarket services. Recurring revenue from rentals and after-market services accounted for over 53% of the total revenue in 2020A and is estimated to grow to 59% by 2023E.
- **QleanAir is traded at an unmotivated discount:** QleanAir is currently traded at an EV/EBIT multiple of 9.1x on 2023E estimates, compared to the peer average of 16.1x. A strong estimated EBIT margin of 18.5% in 2023E compared to the peer average of 12.2% justify a valuation in line with peers. However, a discount has been taken into consideration due to the differences in market capitalization between the peers and the increased risks that accrue to a smaller company. This results in an EV/EBIT target multiple of 14.5x for 2023E and indicates a justified price per share of SEK 87.8. A DCF valuation with a discount rate (WACC) of 8.4% provides additional support for the valuation, where a present value per share of SEK 81.6 has been derived.

## Investment thesis

### An increase in recurring revenue lays the foundation for further expansion in Asia

As QleanAir install new units for their clients, the recurring revenue from rentals and after-market services continues to create a stable cash flow. This contributes to QleanAir having an expected revenue CAGR of 3.4% from 2020A to 2023E, implying an increase in total revenue from SEK 495.8mn in 2020A to SEK 544.3mn in 2023E. Furthermore, EBIT is expected to increase from SEK 95.0mn in 2020A to SEK 100.9mn in 2023E due to a better product mix with higher margins on the aftermarket sales. The Company is also estimated to further expand into Asia as the Japan Health Act was accepted during 2020, which is an important catalyst as it contains guidelines and regulations concerning indoor air quality. These new regulations are estimated to set a new standard of air quality regulations in Asia, and since the products are already in use in the Asian market, QleanAir will benefit from the first mover's advantage. The Asian market is strong for Cabin Solutions as air pollution is a major problem in the region. This allows QleanAir to increase the cross-selling of other products, which is further proven in Q3 2021, where QleanAir increased its sales in Japan by 14.0% compared to Q3 2020.

### A growing recurring revenue stream becomes the primary source of income



Source: Analyst estimates

### At the forefront of an increased demand thanks to innovative solutions

As the combination of stricter legislation in air quality and the demand for "Clean Air as a Service" is increasing, QleanAir is in a good position to further widen the Company's portfolios of both air purifying units and particle filters. With the use of the developed HEPA-filter, QleanAir's devices can remove over 99.9% of the dangerous particles and bacteria in the air, which is among the highest efficiency in the market. As the Covid-19 pandemic spread, the pattern of behavior changed, leading to increased fundamental requirements and expectations of the air quality. Since QleanAir's products have already been tested and approved, the Company was given the opportunity to install its Facility Solution units in different hospitals in Sweden to create clean zones. These clean zones showed to be a great success and are a huge market to continue to expand into in the future.

### Long contract periods and a high extension rate of over 75% shows strong financial moats

With an average contract length of over three years, the contracts contribute to a secured future revenue and cash flow. The combination of long-term contracts and a successful extension rate where over 75% of the outstanding contracts get extended after their expiration proves that QleanAir has strong moats. QleanAir has also developed a diversified client portfolio where the top ten clients only account for 15% of the total revenue, which helps to smoothen unsystematic risks and further strengthen the financial moats.

### Relocated productions could minimize the risks of supply issues

The primary risks that QleanAir faces are high increases in material and shipping costs along with a global shortage of semiconductors. However, in the long term, it is estimated that the possibilities in the addressable markets transcend the current risks as they will not linger indefinitely.

## Overview of the Company

### A global company with over 25 years of experience

QleanAir has over 25 years of experience in solutions for air cleaning of indoor environments. The Company's solutions are used to protect people, processes, and products from harmful particles and gases. The harmful particles in the air are captured and filtered out through the Company's products. QleanAir operates in EMEA, APAC, and Americas, with its headquarter in Stockholm, Sweden. The markets for the different business segments differ, but QleanAir's main markets are Japan, Germany, the USA, and Sweden. The company is also active in other European and Asian countries, as well as several smaller export markets.

### Diversified business segments make QleanAir well-positioned

The solutions are rented to the clients as the products are divided into three business segments: Cabin Solutions, Facility Solutions, and Room Solutions. The Cabin Solutions segment accounts for approximately 75% of the total revenue and is QleanAir's biggest business segment. The Cabin Solutions primarily consist of smoking cabins designed for public areas and offices. The Facility Solutions are modular air-purifying devices and roof-mounted devices and are therefore adjustable for different areas of use. By applying specially developed particle filters to the air purifying devices they become available to use in different markets, for example, the HEPA14 FG filter, where FG stands for Food Grade. By applying this filter to the Facility Solution device, it gets approved to be used in the food industry. The Room Solutions are tailored and developed to suit the clients' demands. These solutions are primarily used in hospitals and chemical-heavy zones where the surroundings must be shielded from the surface where chemicals are handled.

## Overview of the market

### Air pollution drives a market growth of 10% CAGR

Air pollution is a growing problem as almost the entire population of the world breathes air daily that exceeds the guidelines of the World Health Organization considering the number of particles in the air, causing respiratory diseases and approximately 4.2 million deaths each year. Since the outdoor air is usually contaminated by particles and bacteria, ventilation is not ample for the indoor air to be sufficiently clean. This has become evident during the Covid-19 pandemic as the requirements for clean air have become explicit, especially in hospitals and in so-called "clean zones". QleanAir operates in a market that has grown with a CAGR of 19.7%, from approximately 6 million units in 2015A to approximately 21 million units in 2021A. The global air purification market is, according to Grand View Research, estimated to be worth approximately USD 12.3bn and is estimated to grow with a CAGR of 10% to be worth USD 22.8bn in 2028E.

### The Japan Health Act and new regulations in Asia

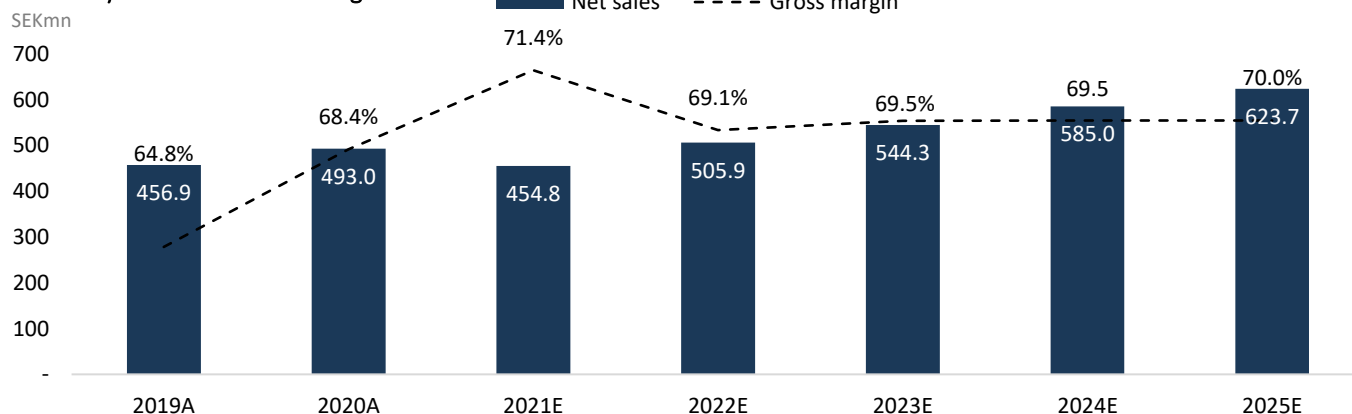
Asia has long been a region with major problems of air pollution where 92% of the population, about 4 billion people, are exposed to air where the level of air pollution is a significant risk to their health. As over 50% of the total population in Asia are smokers, there is a large potential market in the Cabin Solution segment. Given this, QleanAir gets the opportunity to introduce other products in these markets through cross-selling and can thus increase its presence in the region. QleanAir has recently expanded to Japan, where there are great opportunities for further expansion. This also simplifies further expansions too, for example, China, which is a market of interest due to its similarities with the Japanese market and its size. The Japan Health Act contains guidelines and legislation concerning air quality and is estimated to set a new standard in Asia as more countries are expected to follow similar restrictions. As QleanAir's products are already in use in these markets, a great growth opportunity is projected as the units have already been tested and approved under the new regulations.

## Financial forecast breakdown

### Increased revenue due to cross-selling and an expanded installed base of units

QleanAir has two main revenue streams: sales of new units and recurring revenue from rentals and after-sales services. Recurring revenue accounted for 53% of the total revenue in 2020A but is estimated to account for 59% of the total revenue in 2023E as a result of the growing installed base of units. The Cabin Solution segment is the largest and accounts for approximately 75% of total revenue in 2021E. The already installed units create a strong cash flow that QleanAir will be able to use as a cash cow while continuing to sell units in the other market segments and growing markets. Both the Facility Solutions and Room Solutions are new segments that are still under development with great opportunities due to product variations and combinations of different particle filters. QleanAir has executed a cross-selling strategy that has proven successful as the installed base of units has grown from 6 264 units in 2016A to 10 980 units in Q3 2021A. The installed base is then estimated to continue to grow to 12 928 units in 2023E, where Cabin Solutions is estimated to account for SEK 430.8mn, Facility Solutions is estimated to account for SEK 50.9mn, and Room Solutions is estimated to account for SEK 62.6mn. As the Japan Health Act enters into force, sales of new units are estimated to increase both through new contracts and through cross-selling to customers who already use products from the Cabin segment. As the products are already available on the Asian market, and already fulfill the new requirements that will be added to the new legislation, there is great growth potential. In connection with the easing of the restrictions that have arisen because of the Covid-19 pandemic, there is also great growth potential in the specially designed Room Solution segment, which is currently only available on the American market. The total revenue has therefore been estimated to be SEK 544.3mn for 2023E, increasing with a CAGR of 2.5% from 2020A as a result of expanding markets and cross-selling.

### Scalability decreases the cost of goods sold



Source: Analyst estimates

### Maintained gross margin of 68.4% through the Covid-19 pandemic in 2020A

The Covid-19 pandemic has had a major impact on QleanAir's business through high increases in material and shipping costs along with a global shortage of semiconductors, which affected QleanAir's production of new units. The increased costs are estimated to continue to affect the company up to and including 2022E and are estimated to amount to SEK 166.1mn in 2023E. In connection with QleanAir increasing its production and growing in scale, the costs for goods sold are projected to normalize, resulting in an estimated gross margin of 69.5% in 2023E, an increase of 1.1 percentage points from 2020A.

## Financial forecast breakdown

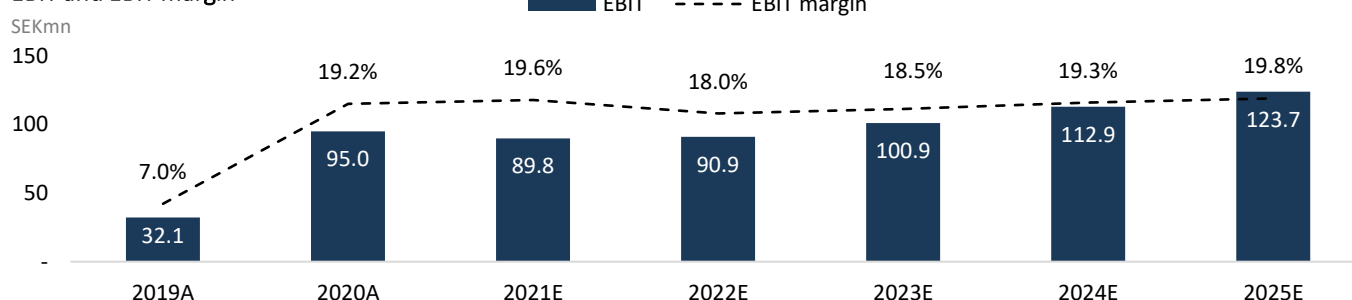
### Increased operating expenses as a result of the ongoing global expansion

The largest part of operating expenses is the cost of personnel, accounting for approximately 55% of the total operating expenses. However, as QleanAir increases its presence in emerging markets, such as Asia and primarily Japan, the need for staff will increase to fulfill the need for aftermarket services. The number of employees in 2020A was 106 people and is estimated to grow to 119 employees in 2023E spread across different parts of the world. Other external costs consist of travel expenses, IT infrastructure, and auditing expenses. As QleanAir's business grows, it is estimated that these expenses will increase from SEK 96.1mn in 2021E to SEK 118.9mn in 2023E and account for 21.8% of sales. The increased costs are expected to have a negative effect on the EBITDA margin until 2022E, but then return to normal, resulting in an EBITDA margin of 23.2% in 2023E, a decrease of 1.8 percentage points from 2020A.

### Global expansion requires CapEx increase corresponding to 5.3% of sales

As QleanAir continues to expand into new markets, future investments will continue to be required. QleanAir's reported capital expenditures for 2020A amounted to SEK 26.4mn, which corresponds to 5.3% of total sales. In 2020A, SEK 21.5mn was invested in tangible non-current assets such as modules. It is projected that this trend will continue as the modules are the core of QleanAir's solutions and are needed to cater to new clients in expanding markets and suffice for cross-selling. The value of QleanAir's goodwill amounted to SEK 343.7mn in 2020A which was 70% of sales and is not expected to change within the next few years. The goodwill value has a depreciation period of 15 years and has not been considered overvalued, which is why no write-downs of the value yet have been made but may therefore affect future results. CapEx has historically accounted for approximately 5.0% of total sales, which has been used as a measure to estimate future CapEx. For 2023E, QleanAir has an estimated EBIT of SEK 100.9mn with an EBIT margin of 18.5% compared to an EBIT of SEK 95.0mn with an EBIT margin of 19.2% in 2020A, implying an EBIT CAGR of 2.0%.

#### EBIT and EBIT margin



Source: Analyst estimates

### Net income margin of 14.9% in 2023E driven by increased revenue

As QleanAir changed the accounting principles regarding amortization during 2020A, the financial items decreased dramatically. The financial items accounted for 1.9% of sales in 2020A and are estimated to stay on this level as QleanAir for the foreseeable future will not drastically accrue their liabilities, resulting in financial items of SEK 8.2mn in 2023E. The taxes have been estimated by applying the Swedish corporate tax rate of 20.6%. QleanAir reported negative net income during both 2017A and 2019A, but then reported a net income during 2020A of SEK 73.8mn. QleanAir has an estimated net income for 2023E of SEK 73.6mn with a net income margin of 13.5%, compared to 14.9% in 2020A.

## Valuation

Peer valuation	Market data (SEKmn)		Financials	Valuation 23E		DCF Summary	
Company name	Market Cap	EV	20A-23E Revenue CAGR	23E EBIT margin	EV/EBIT	Output value	
Lindab	22 691	23 774	5.3%	13.2%	17.1x	Value of forecast period	603 529
Munters	12 100	14 415	5.1%	12.4%	13.5x	Present value of terminal value	748 355
Nederman	7 240	8 348	11.6%	9.7%	14.8x	<b>EV (SEK)</b>	<b>1 351 883 777</b>
Systemair	17 212	18 747	2.5%	9.2%	18.8x	Net debt	139 675 000
<b>Median</b>	<b>14 656</b>	<b>16 581</b>	<b>5.2%</b>	<b>11.0%</b>	<b>16.0x</b>	<b>Equity value (SEK)</b>	<b>1 212 208 777</b>
<b>Average</b>	<b>14 811</b>	<b>16 321</b>	<b>6.1%</b>	<b>11.1%</b>	<b>16.1x</b>	Number of shares outstanding	14 859 200
QleanAir	746	885	3.4%	18.5%	9.1x	<b>Estimated price per share</b>	<b>81.6 SEK</b>
						<b>Estimated upside</b>	<b>65.2%</b>

Source: Analyst estimates, Bloomberg

### QleanAir is trading at an unjustified discount as a peer valuation indicates a 75.9% upside

The peer group consists of companies whose main area of business is within ventilation, but who also have air cleaning incorporated into their businesses. The peers operate in broader geographic markets than QleanAir, but all have similar characteristics. All companies have similar revenue models and capital structures and hence QleanAir should be valued at a similar multiple, adjusted for the difference in risks and size. QleanAir has a market capitalization of SEK 1.0bn which is significantly lower compared to the peer average of SEK 15.4bn. Considering the size differences and the peers operating on a broader market with QleanAir yet to capitalize on their expansion, a size discount of 10% has been applied to the peer valuation. QleanAir has a high estimated EBIT margin of 18.5% on 2023E estimates and is expected to reach an EBIT of SEK 100.9mn in 2023E, which is a result of the increased recurring revenue. The margin outperforms both the median and average margins of the peers and shows that QleanAir is estimated to be more profitable than the peers in 2023E, why a higher multiple is justified. QleanAir is currently valued at an EV/EBIT multiple of 9.1x on 2023E estimates. With an EBIT margin higher than the peers and promising growth potential in Asia due to the Japan Health Act, an EV/EBIT target multiple of 14.5x is justified, which indicates a price per share of SEK 87.8 and a potential upside of 75.9%. A DCF valuation with a discounting rate (WACC) of 8.4% provides additional support for the valuation, where a present value per share of SEK 81.6 has been derived.

### Discounted intrinsic value is estimated at SEK 81.6, resulting in a potential upside of 65.2%

The intrinsic valuation is made through a DCF, which is based on estimates for the coming ten years, from 2021E to 2030E. To calculate the discounting rate (WACC), a beta-value of 0.8 and a risk-free rate of 0.4% is used. Furthermore, the market risk premium is set to 12.6% as recommended in Bloomberg, resulting in a WACC of 8.4%. The forecasted period results in a discounted present value of SEK 603.5mn. The terminal value is calculated using a terminal growth rate of 1.5%, resulting in a present value of the firm of SEK 748.4mn. Given the company's capital structure and net debt, the equity value is calculated to SEK 1.2bn. A total amount of 14.9 million shares outstanding gives a price per share of SEK 81.6, indicating a potential upside of 65.2%. A sensitivity analysis has been made and is attached in the appendix, which is providing a valuation range given different terminal growth rates and different values for the WACC.



## Management

### Christina Lindstedt, CEO

Christina Lindstedt is the CEO of QleanAir AB. Christina has 20 years of experience in various international business leadership roles at Electrolux, Sony Ericsson, and Sony, based both in Sweden and abroad. Before joining QleanAir she served as a board member and business consultant, mainly to international B2B companies.

*Ownership: 60 000 shares and 47 989 subscription options (0.03%).*



### Henrik Resmark, CFO

Henrik Resmark was appointed as Chief Financial Officer for QleanAir Scandinavia in March 2013. Henrik held other CFO and corporate finance positions before coming to QleanAir Scandinavia; most notably at Aros Securities/Nordea Securities, from 1998–2003 and NeuroNova (Newron), from 2003–2013.

*Ownership: 30 000 shares and 16 717 subscription options (0.02%).*



### Henrik Fernsund, CMO

Henrik Fernsund joined in 2019 as Global Marketing Director to lead QleanAir's global marketing effort and to further develop the QleanAir brand. Henrik has spent over 5 years at the global air purifier brand Blueair and has over 20 years of experience in creating marketing and brand development both at marketing departments and agencies.

*Ownership: N/A.*



### Glen Shimizu, Head of Sales Japan

Glen Shimizu was appointed as the Country Manager of Japan in August 2010. In his role, Glen has sales, accounting, and operational responsibilities related specifically to the Japanese market. Previously to his role at QleanAir, Glen was an Executive Marketing Director at General Electric and Representative Director for Steelcase Japan.

*Ownership: N/A.*



### Bengt Engström, Chairman

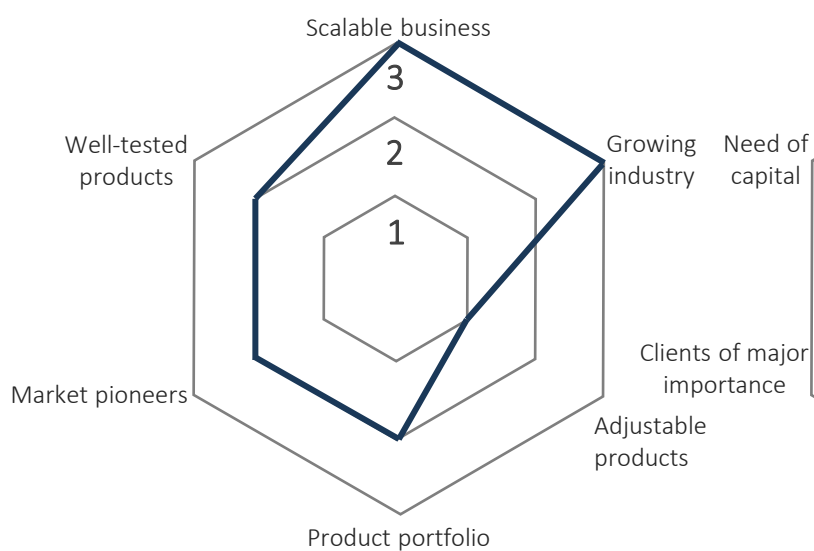
Bengt Engström has worked in senior positions in various companies since the 1980s. Bengt started as a Director of Production & Supply chain at Bofors AB. Then various managerial jobs at Whirlpool such as Europe VP Manufacturing & Technology and President of Whirlpool Europe. After moving home to Sweden, he was CEO of Duni AB and Nordic CEO of Fujitsu. In recent years, he has worked as an advisor, board member, and investor in multiple large and small companies.

*Ownership: 6 000 shares (0.003%).*

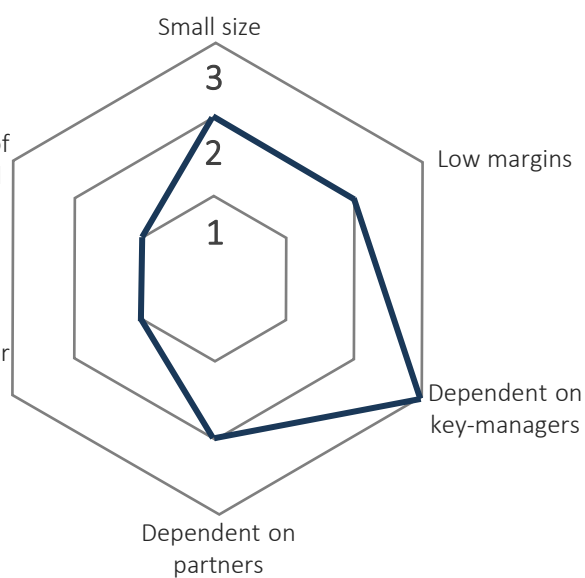


## SWOT Analysis

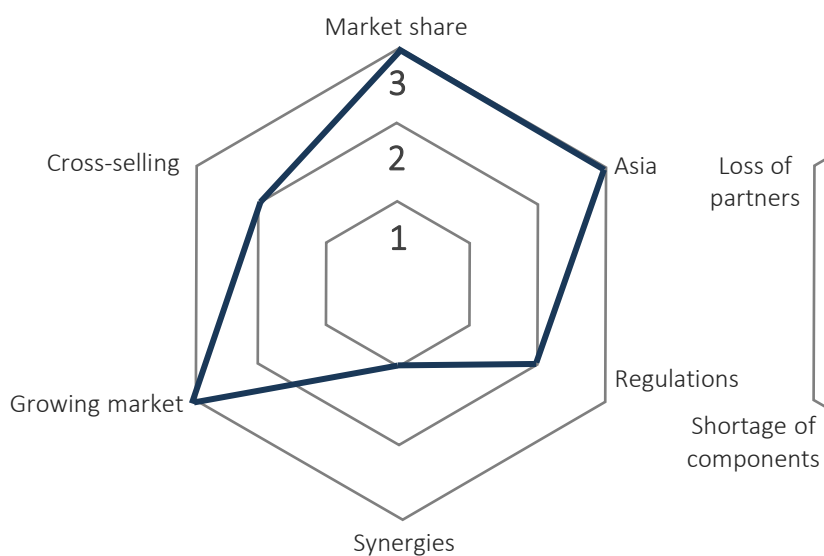
### STRENGTHS



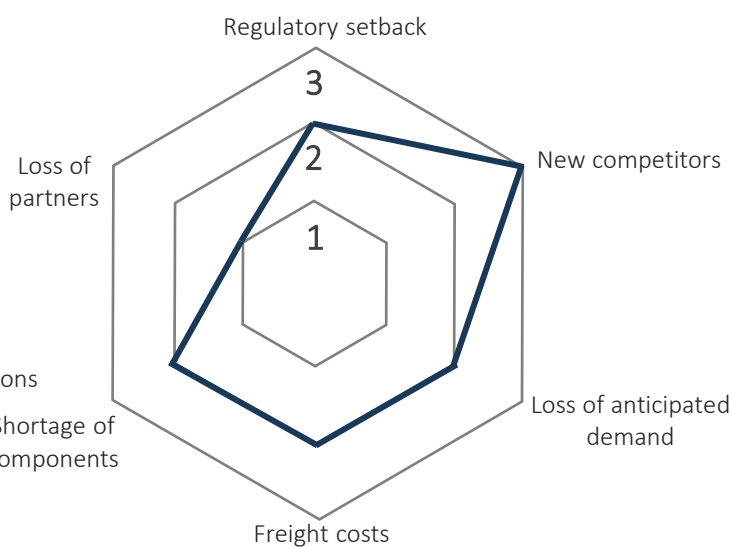
### WEAKNESSES



### OPPORTUNITIES



### THREATS





## Appendix

Table 1 – Income Statement

Income Statement (KSEK)	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Cabin solutions	359 502	393 458	359 968	400 364	430 777	463 023	493 713
Facility solutions	41 647	45 907	42 569	47 351	50 916	54 699	58 291
Cleanrooms / Clean zones	55 730	53 605	52 301	58 171	62 582	67 260	71 710
Net sales	456 879	492 970	454 838	505 887	544 276	584 982	623 714
Other income	-	2 831	2 875	-	-	-	-
<b>Total Revenue</b>	<b>456 879</b>	<b>495 801</b>	<b>457 713</b>	<b>505 887</b>	<b>544 276</b>	<b>584 982</b>	<b>623 714</b>
<b>Revenue Growth</b>	<b>14.0%</b>	<b>8.5%</b>	<b>(7.7%)</b>	<b>10.5%</b>	<b>7.6%</b>	<b>7.5%</b>	<b>6.6%</b>
COGS	(160 959)	(156 567)	(130 970)	(156 074)	(166 052)	(178 471)	(190 288)
<b>Gross profit</b>	<b>295 920</b>	<b>339 234</b>	<b>326 743</b>	<b>349 812</b>	<b>378 223</b>	<b>406 511</b>	<b>433 426</b>
Gross margin	64.8%	68.4%	71.4%	69.1%	69.5%	69.5%	69.5%
Personnel costs	(104 883)	(119 614)	(110 377)	(122 519)	(131 548)	(139 619)	(147 839)
Other external costs	(110 210)	(92 012)	(96 119)	(111 658)	(118 853)	(126 369)	(133 271)
Other operating expenses	(1 071)	(3 860)	(1 460)	(1 460)	(1 460)	(1 460)	(1 460)
<b>EBITDA</b>	<b>79 756</b>	<b>123 748</b>	<b>118 787</b>	<b>114 176</b>	<b>126 363</b>	<b>139 063</b>	<b>150 856</b>
EBITDA margin	17.5%	25.0%	26.0%	22.6%	23.2%	23.8%	24.2%
D&A	(47 682)	(28 711)	(28 955)	(23 241)	(25 480)	(26 162)	(27 125)
<b>EBIT</b>	<b>32 074</b>	<b>95 037</b>	<b>89 832</b>	<b>90 934</b>	<b>100 883</b>	<b>112 901</b>	<b>123 732</b>
EBIT margin	7.0%	19.2%	19.6%	18.0%	18.5%	19.3%	19.8%
Net financial items	(23 236)	(9 421)	(6 865)	(7 641)	(8 225)	(8 845)	(9 434)
<b>EBT</b>	<b>8 838</b>	<b>85 616</b>	<b>82 967</b>	<b>83 293</b>	<b>92 658</b>	<b>104 057</b>	<b>114 298</b>
EBT margin	1.9%	17.3%	18.1%	16.5%	17.0%	17.8%	18.3%
Taxes	(21 732)	(11 815)	(17 091)	(17 158)	(19 087)	(21 436)	(23 545)
<b>Net income</b>	<b>(12 894)</b>	<b>73 801</b>	<b>65 876</b>	<b>66 135</b>	<b>73 570</b>	<b>82 621</b>	<b>90 753</b>
Net income margin	(2.8%)	14.9%	14.4%	13.1%	13.5%	14.1%	14.6%

Table 2 – Discounted Cash Flow Analysis

DCF (SEKtn)	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal value
Sales	505 887	544 276	584 982	623 714	659 343	693 017	723 571	750 413	773 790	
EBIT-margin	18.0%	18.5%	19.3%	19.8%	20.0%	19.8%	19.8%	20.3%	20.9%	
EBIT	90 934	100 883	112 901	123 732	132 012	137 155	143 127	152 354	161 409	
Taxes	18 733	20 782	23 258	25 489	27 194	28 254	29 484	31 385	33 250	
<b>NOPAT</b>	<b>72 202</b>	<b>80 101</b>	<b>89 644</b>	<b>98 243</b>	<b>104 818</b>	<b>108 901</b>	<b>113 643</b>	<b>120 969</b>	<b>128 159</b>	
D&A	23 241	25 480	26 162	27 125	29 169	31 039	32 831	34 485	35 985	
CapEx	(25 283)	(27 201)	(29 236)	(31 171)	(32 952)	(34 635)	(36 162)	(37 504)	(38 672)	
Change in NWC	3 970	2 985	3 165	3 012	2 771	2 619	2 376	2 087	1 818	
<b>Unlevered Free Cash Flow</b>	<b>74 130</b>	<b>81 364</b>	<b>89 735</b>	<b>97 208</b>	<b>103 805</b>	<b>107 924</b>	<b>112 688</b>	<b>120 038</b>	<b>127 290</b>	<b>1 856 699</b>
Discount factor	0.93	0.87	0.81	0.76	0.71	0.66	0.61	0.57	0.53	0.50
<b>Discounted Cash Flow</b>	<b>69 141</b>	<b>70 782</b>	<b>72 811</b>	<b>73 567</b>	<b>73 272</b>	<b>71 053</b>	<b>69 197</b>	<b>68 750</b>	<b>67 998</b>	<b>925 098</b>

## Appendix

Table 3 – Sensitivity Analysis, WACC & DCF Summary

WACC	8.4%	DCF Summary	
Beta	0.8	Output value	
Risk-free rate	0.4%	Value of forecast period	603 529 45%
Equity risk premium	12.6%	Present value of terminal value	748 355 55%
Cost of equity	8.7%	EV (SEK)	1 351 883 777
Weight of equity	82.1%	Net debt	139 675 000
Weighted cost of equity	7.2%	Equity value (MSEK)	1 212 208 777
Book-value of debt	-		
After-tax cost of debt	0.2%	Number of shares outstanding	14 859 200
Weight of debt	17.9%	Estimated price per share	81.6 SEK
Weighted cost of debt	0.0%	Estimated upside	65.2%

Table 4 – Peer Table & Valuation

Peer valuation	Market data (SEKmn)		Financials		Valuation 23E
Company name	Market Cap	EV	20A-23E Revenue CAGR	23E EBIT margin	EV/EBIT
Lindab	22 691	23 774	5.3%	13.2%	17.1x
Munters	12 100	14 415	5.1%	12.4%	13.5x
Nederman	7 240	8 348	11.6%	9.7%	14.8x
Systemair	17 212	18 747	2.5%	9.2%	18.8x
Median	14 656	16 581	5.2%	11.0%	16.0x
Average	14 811	16 321	6.1%	11.1%	16.1x
QleanAir	846	985	3.4%	18.5%	9.1x

Target price 2023E	
Average EV/EBIT multiple	16.1
Size-Discount	10.0%
Target EV/EBIT multiple	14.5
Estimated EBIT	100 883 048
Estimated EV	1 461 795 364
Net Debt	154 352 000
Estimated Market Cap	1 307 443 364
Outstanding Shares	14 859 200
Target Price	87.8 SEK
Target Upside	75.9%

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### Other

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