

FAGERHULT GROUP

January 2025



FAGERHULT



1

Company overview

2

Key investment highlights

3

Valuation

4

Potentially interested parties

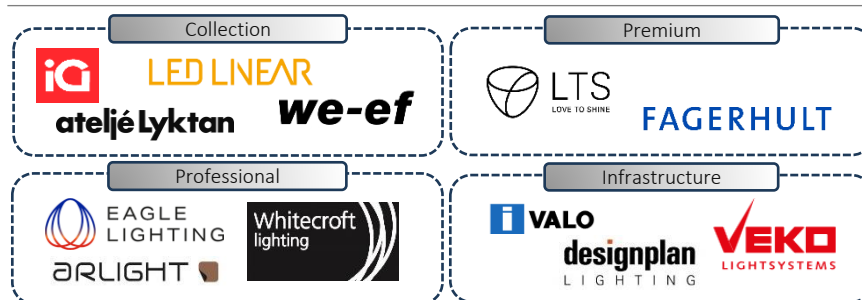
Fagerhult overview

Fagerhult is a leading manufacturer of professional lighting solutions

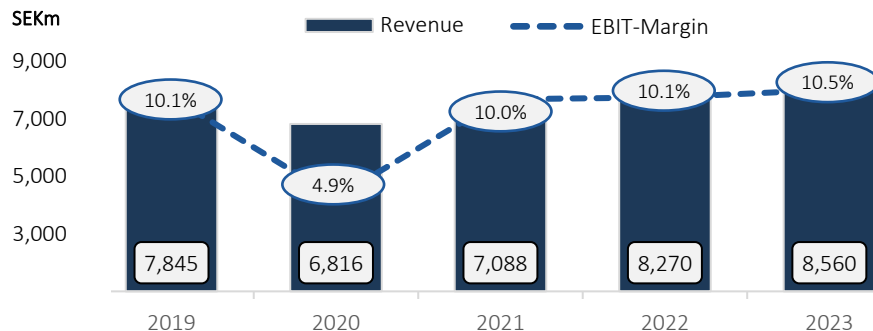
Company description

- Founded in 1945, Fagerhult Group is a leading provider of professional lighting solutions in Europe, focusing on energy-efficient and innovative lighting systems for a variety of environments, including offices, retail, healthcare, and outdoor spaces
- A key strength of the Group is its ability to integrate sustainability and technology into its lighting solutions, offering both standard and customized products
- The company operates across four main business areas: – Indoor Lighting (approx. 45% of revenue) – Retail Lighting (approx. 25% of revenue) – Outdoor Lighting (approx. 20% of revenue) – Customized Solutions (approx. 10% of revenue)
- Headquartered in Habo, Sweden, with over 3,700 employees across 28 countries
- Listed on Nasdaq Stockholm since 1997, with a current market cap of SEK 9.8 billion

Four key business segments

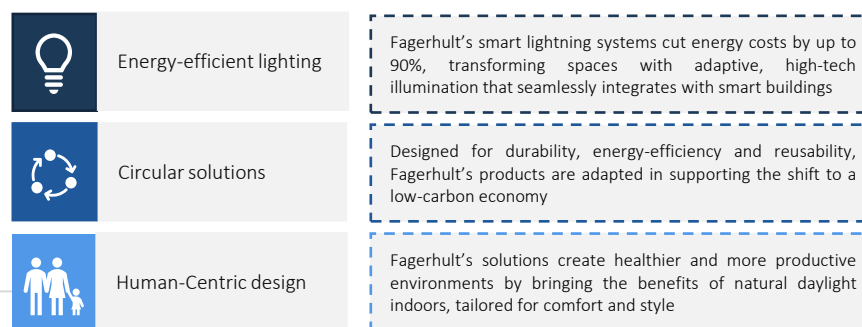


Financial overview – Revenue 2019-2023



Sources: Company information

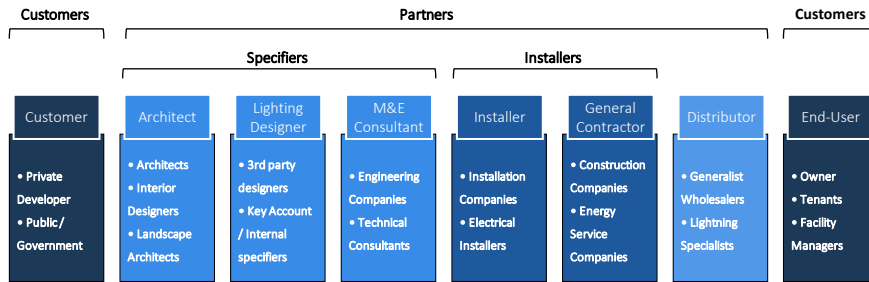
Value proposition



Fagerhult overview (cont.)

Fagerhult is a leading manufacturer of professional lighting solutions

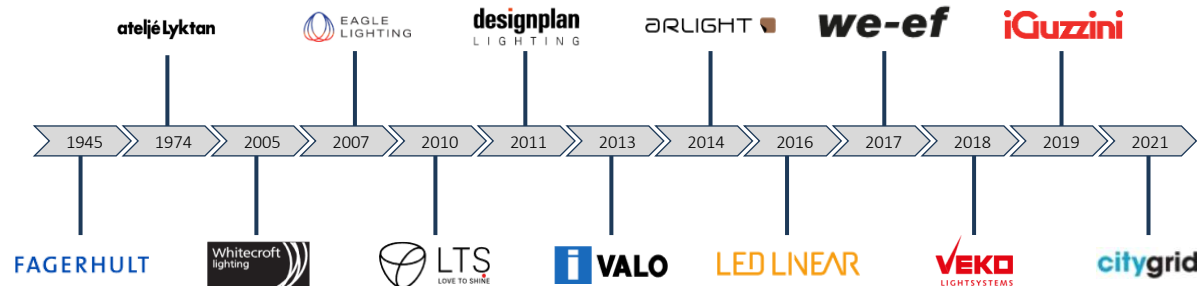
Key players in the product journey



Core management and stakeholders

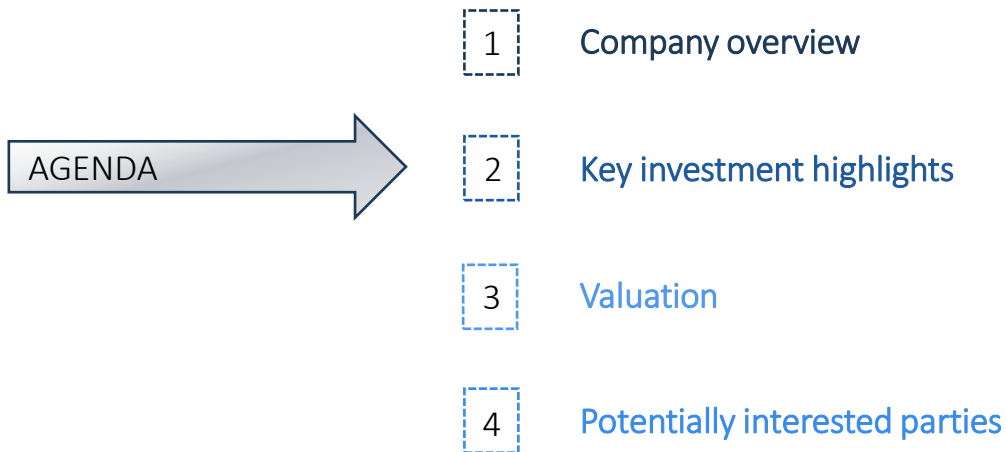
 Bodil Sonesson President & CEO since 2018 AXIS COMMUNICATIONS ateljé Lyktan	 Michael Wood CFO since 2016 Whitecroft lighting ateljé Lyktan	 Jan Svensson Chairman since 2007 TOMRA TROAX	 Eric Douglas Vice Chairman since 1993 LATOUR
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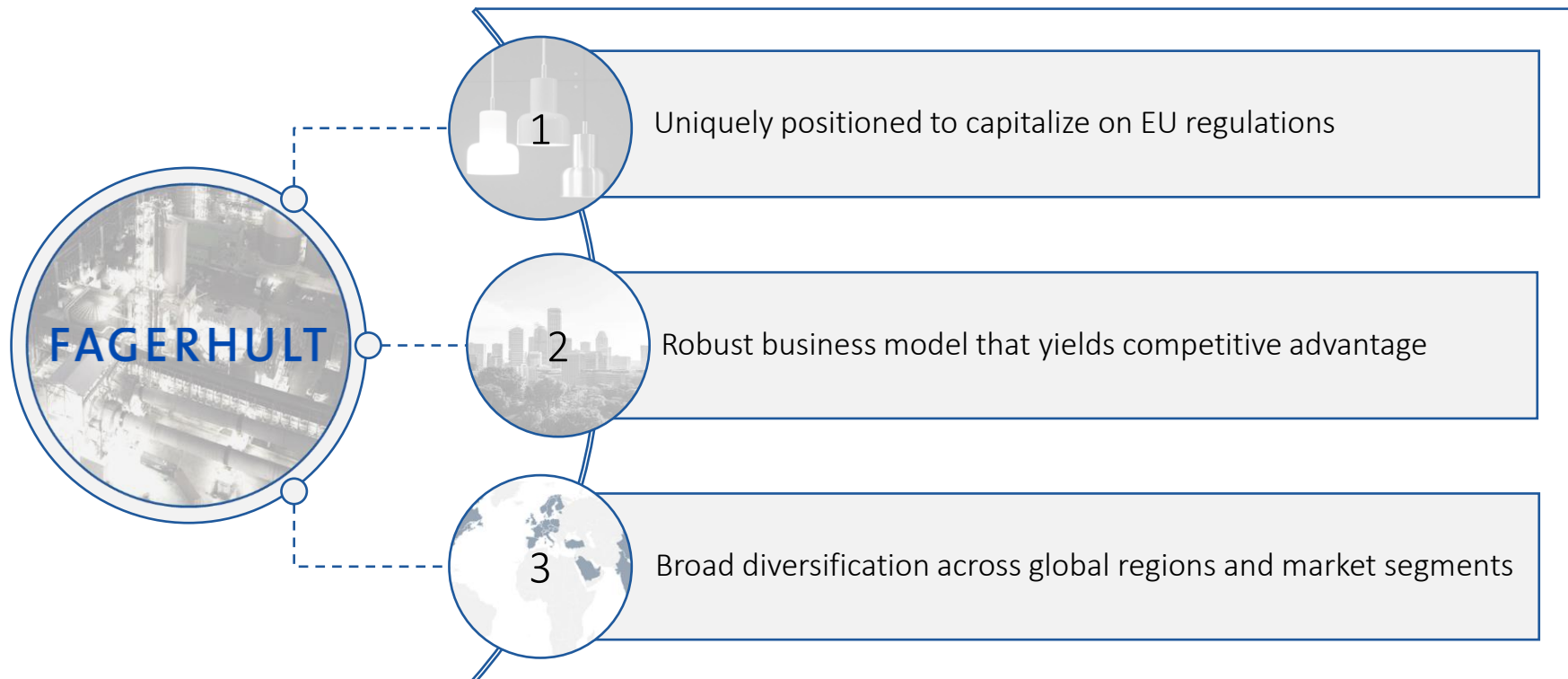
The acquisition story of Fagerhult



- With 80 years of lighting expertise rooted in southern Sweden, Fagerhult has attracted top lighting companies worldwide
- Today, Fagerhult's twelve brands combine experience and technology to lead in professional lighting solutions

Sources: Company Information, LinkedIn



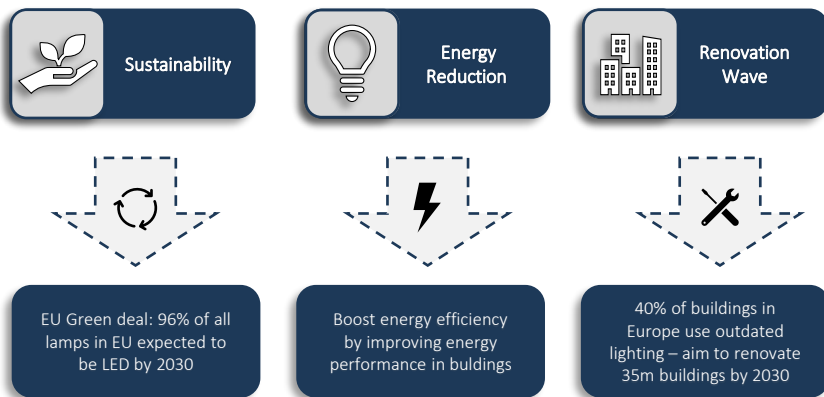


Key investment highlights (cont.)

Strong positioning towards emerging trends and robust business model

1) Uniquely positioned to capitalize on EU regulations

Market Drivers & Energy Transition Initiatives

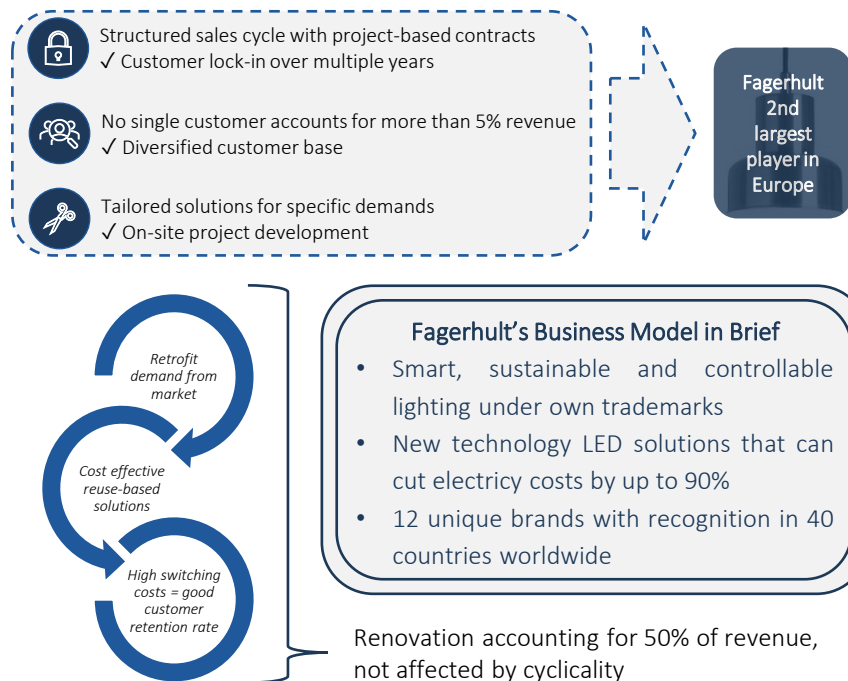


Comments

- Lighting is the third largest primary energy consumer within the EU
- Demand is growing for sustainable, low-energy LED lighting solutions as awareness of energy conservation and environmental impact increases
- Manufacturers are focusing on creating solutions using sustainable materials

Sources: Company Information

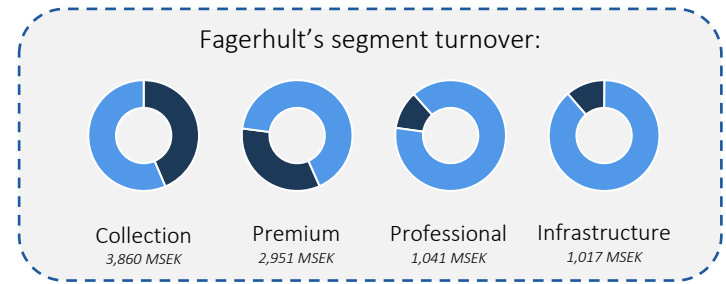
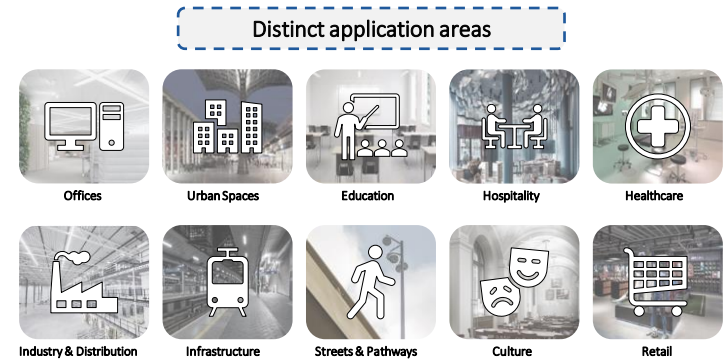
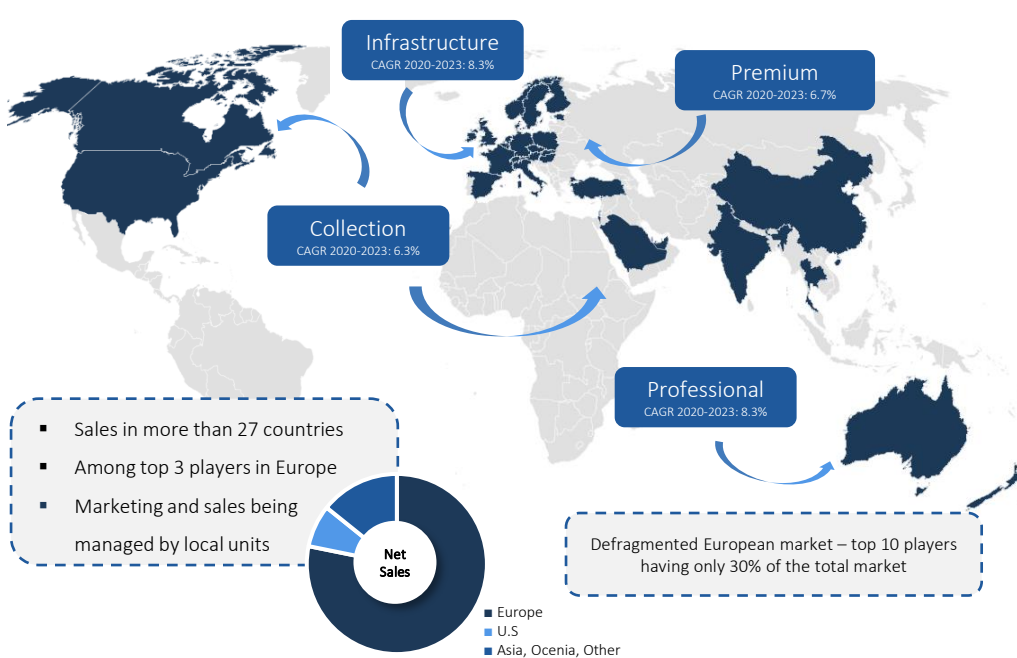
2) Robust business model yields competitive advantage



Key investment highlights (cont.)

Exposure towards varied geographies and industry segments

3) Operational diversification across global regions and industry segments

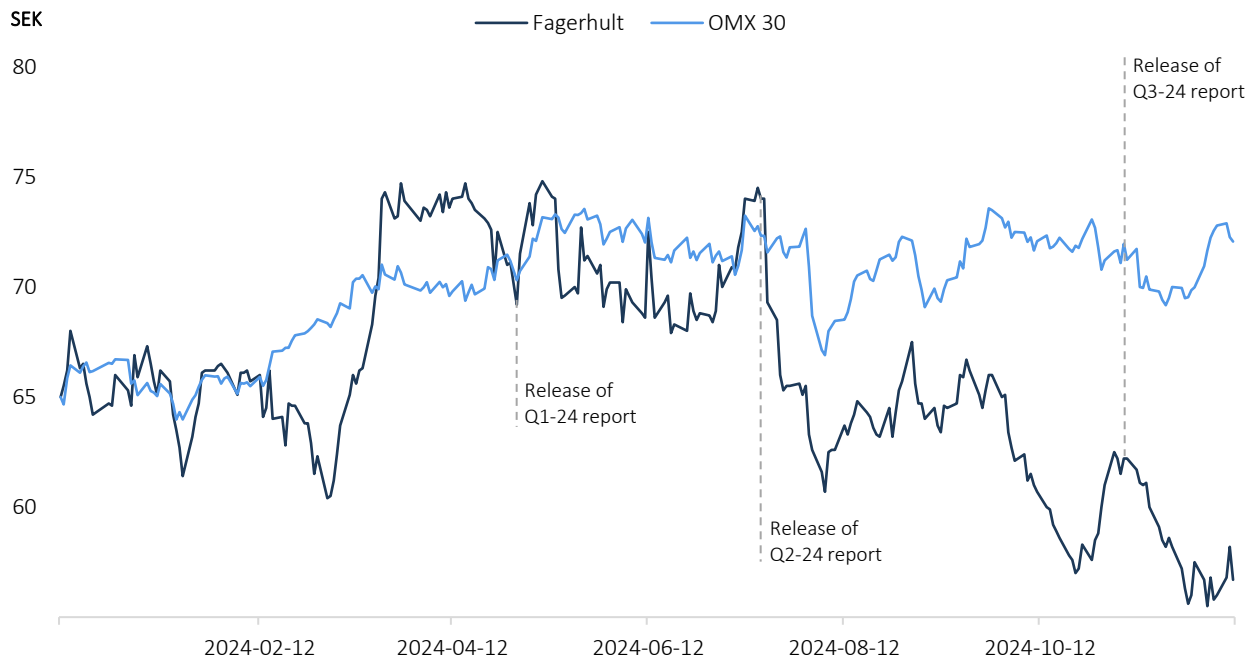


Sources: Company Information

Share price performance and ownership

A company trusted by prominent institutional investors

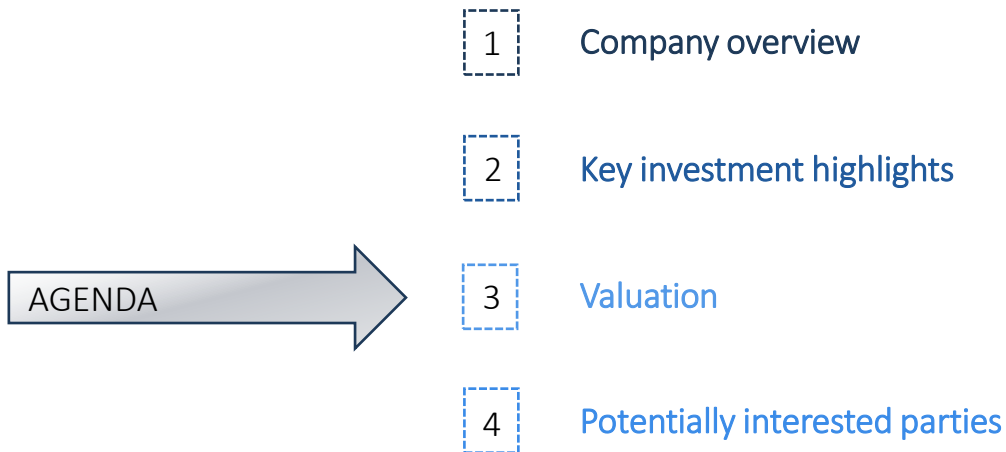
Share price performance



Sources: Company information, Bloomberg, Börnsdata

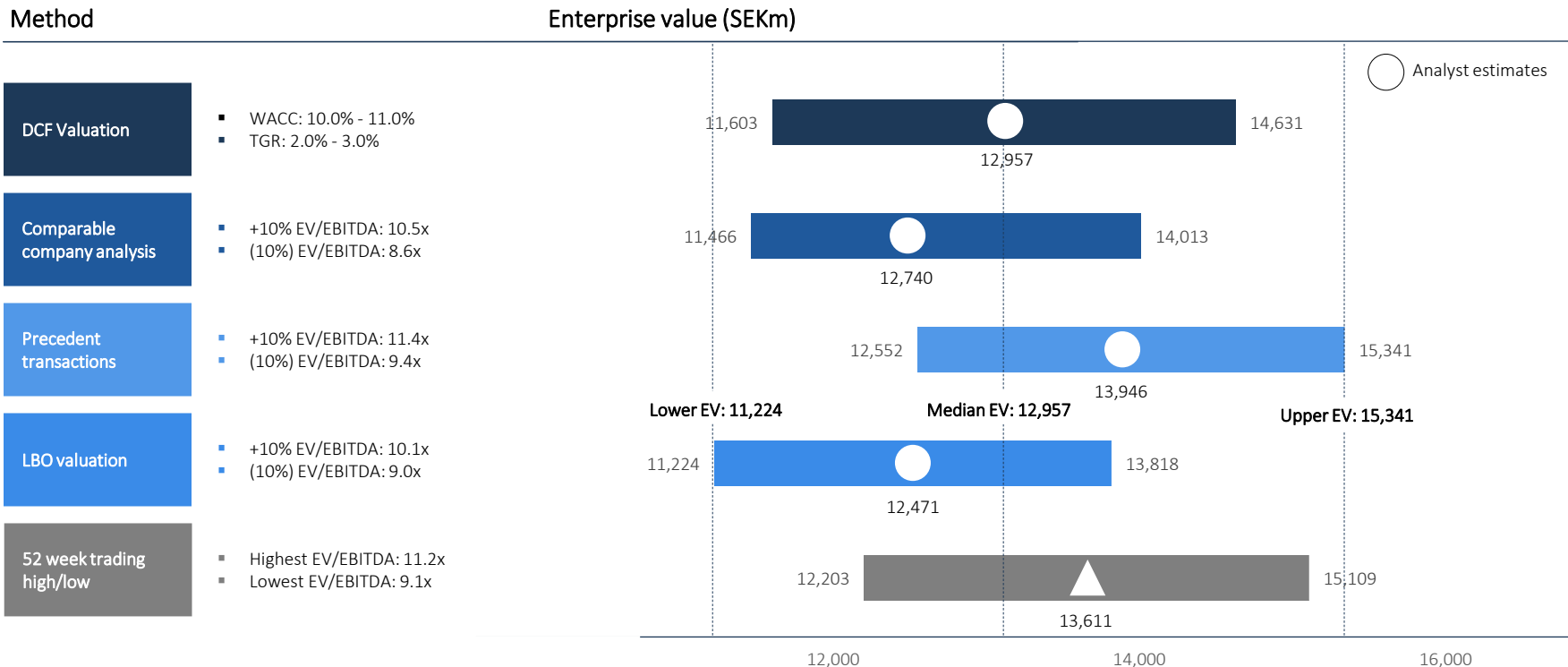
Ownership

Company name	Country	% of Shares
Latour		48.4%
Fjärde AP-fonden		7.9%
Nordea Fonder		6.7%
Handelsbanken Fonder		3.6%
Swedbank Robur Fonder		2.3%
Top 5 shareholders		68.9%
Carnegie Fonder		2.3%
Alcur Fonder		2.3%
Fam. Palmstierna		2.2%
Andra AP-Fonden		1.8%
Vanguard		1.4%
Top 10 shareholders		78.9%



Valuation summary

EV-valuation ranges from SEK 11,200-15,300m



Sources: Analyst estimates, Bloomberg

Discounted cash flow valuation

Discounted cash flow analysis results in an EV of SEK 12,957m

Discounted cash flows

SEKm	2023A	2024E	2025E	2026E	2027E	2028E	2029E
EBITDA	1,341	1,342	1,503	1,684	1,852	2,009	2,160
<i>% margin</i>	15.7%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
EBIT	899	893	1,045	1,217	1,376	1,524	1,665
Tax	180	179	209	243	275	305	333
NOPAT	719	715	836	973	1,101	1,219	1,332
(+) D&A	440	449	458	467	476	486	496
(-) Adj. for leasing	(68)	(76)	(85)	(94)	(102)	(110)	(116)
(-) Capex	(302)	(336)	(377)	(414)	(450)	(483)	(512)
(-) NWC chg	72	102	(43)	(173)	(154)	(138)	(128)
FCFF	760	853	789	759	871	974	1,071

Comments

- WACC at 10.0%
- Terminal growth rate of 2.5%, aligned with long-term economic trends and industry forecasts
- Focus on international expansion and brand recognition is expected to drive EBITDA margin expansion over the forecast period, with improvements coming from operational scaling and cost efficiencies
- Fagerhult is well-positioned to leverage growth opportunities in both mature and emerging markets, especially with anticipated revenue growth at a 8.9% CAGR from 2024E-2029E

		EBIT-margin					
WACC	12,957	10.1%	10.6%	11.1%	11.6%	12.1%	
	9.0%	14,857	14,891	14,925	14,958	14,992	
	9.5%	13,803	13,837	13,870	13,904	13,937	
	10.0%	12,890	12,924	12,957	12,990	13,024	
	10.5%	12,092	12,125	12,159	12,192	12,225	
	11.0%	11,389	11,422	11,455	11,488	11,520	

		TGR				
WACC	12,957	1.5%	2.0%	2.5%	3.0%	3.5%
	9.0%	13,402	14,109	14,925	15,877	17,002
	9.5%	12,570	13,177	13,870	14,670	15,604
	10.0%	11,837	12,362	12,957	13,637	14,422
	10.5%	11,185	11,643	12,159	12,742	13,410
	11.0%	10,603	11,005	11,455	11,960	12,533

















DCF Summary	
Sum of PV of FCFF	4,083
PV of terminal value	8,873
Equity value	10,507
Enterprise value	12,957
Implied EV/EBIT 2025E	12.4x

Sources: Analyst estimates, Bloomberg, Company information

Comparable Companies

Selected comparable companies indicate an EV/EBIT of 11.0x in 2025E

Financial data

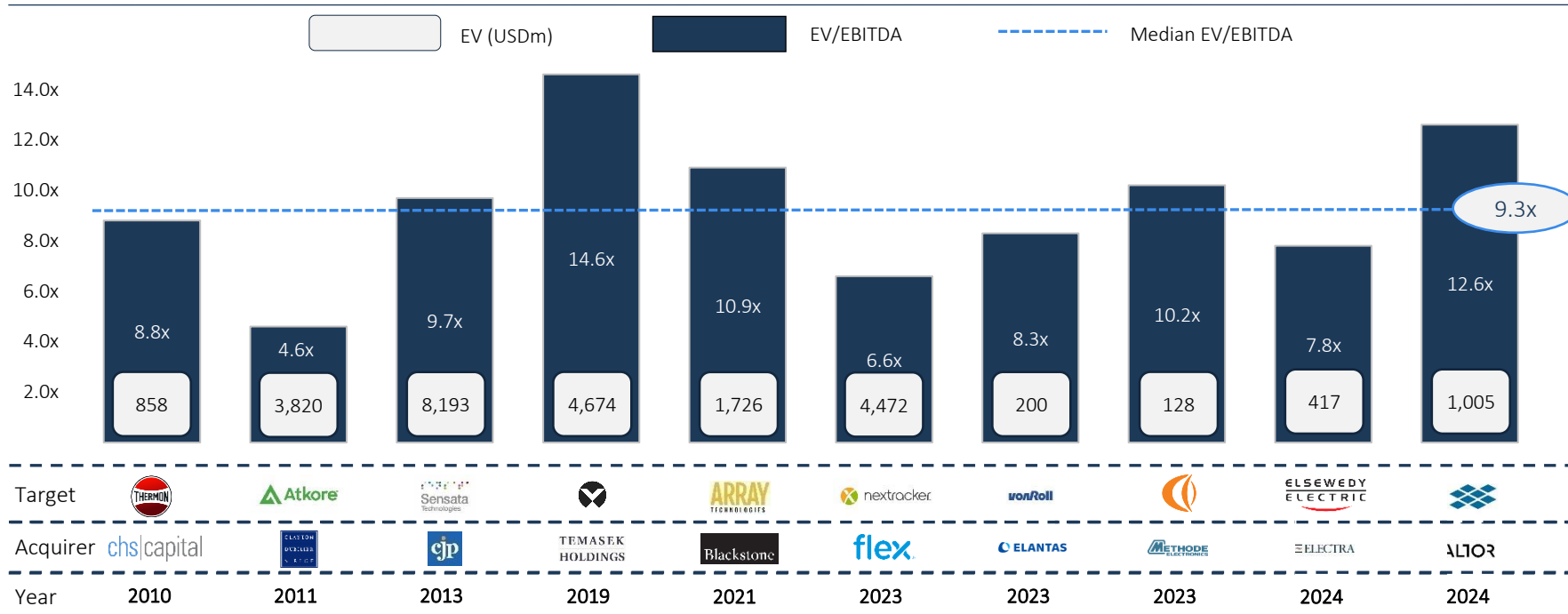
Comparable Companies		Market Data (SEKm)		Financials		Multiples	
		MCAP	EV	Sales CAGR	EBIT Margin	EV/EBIT	P/E
Company name		2023A		2023A-2025E	2023A	2025E	
	 Signify	42,534	55,850	(3.7%)	9.2%	11.3x	9.5x
	 NIBE	142,738	160,926	(1.9%)	14.9%	9.1x	41.8x
	 systemair	18,491	19,997	1.6%	13.2%	10.6x	20.2x
	 meier tobler	5,123	5,149	1.0%	5.8%	16.7x	16.9x
	 AcuityBrands.	54,822	56,933	(1.6%)	13.5%	6.2x	10.4x
	 Nederman	6,301	7,603	(0.6%)	9.9%	8.5x	13.1x
	 ZUMTOBEL	3,473	4,464	(1.6%)	7.2%	23.8x	12.2x
	 K&N	3,852	4,324	1.9%	7.5%	13.3x	13.5x
Median		12,396	13,800	(1.1%)	9.5%	11.0x	13.3x
Average		34,667	39,406	(0.6%)	10.1%	12.4x	17.2x
FAGERHULT		11,626	13,668	3.4%	10.5%	8.1x	16.6x

Sources: Company information, Bloomberg, Analyst estimates

Precedent transactions

Precedent transactions imply a target multiple of 9.3x EV/EBITDA

Precedent transactions



Sources: Bloomberg, Google, CapitalIQ, FactSet

Leveraged buyout analysis

An IRR of 20.7% is implied in a Leveraged Buyout Analysis

LBO cash flows

SEKm	2023A	2024E	2025E	2026E	2027E	2028E
Debt	8,717	8,609	8,258	7,646	6,913	6,057
Debt repayment	(2,042)	(108)	(351)	(612)	(733)	(856)
Net income	603	97	227	387	552	716
(+) D&A	440	449	458	467	476	486
(-) Capex	(302)	(336)	(377)	(414)	(450)	(483)
(+/-) NWC	72	102	(43)	(173)	(154)	(138)
Levered FCF	812	311	351	612	733	856

Comments

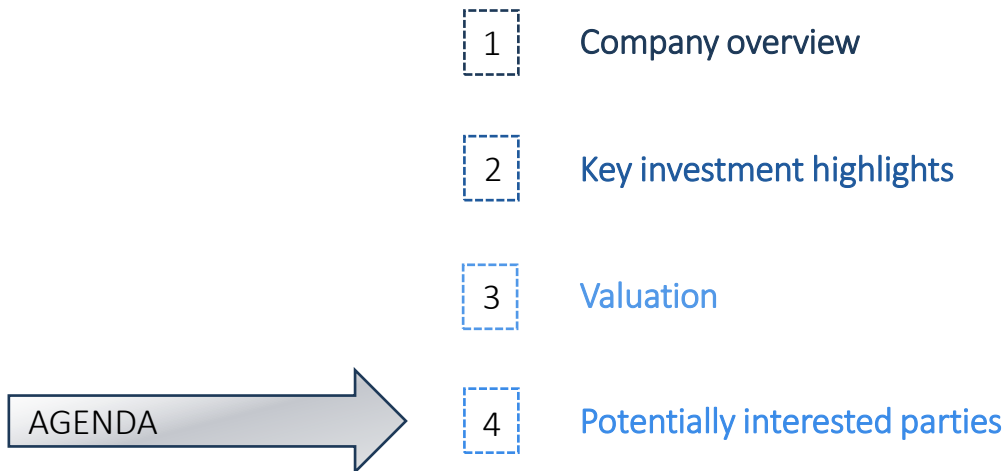
- The transaction assumes a total purchase price of SEK 12,680, which corresponds to a 9.5x EBITDA multiple based on the presented data
- Total leverage is 6.5x EBITDA, split between 4.5x bank debt and 2.0x senior notes, totaling SEKm 8,717 in debt
- The sponsor is injecting SEKm 3,963, representing 3.0x EBITDA of equity contribution
- 20.7% IRR is achieved under the baseline scenario, supported by increased performance and deleveraging
- Leveraged FCF grows steadily, as it is projected to increase from SEKm 311 in 2024E to SEKm 856 in 2028E
- Annual repayments of debt are significant, with SEKm 856 repaid by 2028E, reducing debt to SEKm 6,057

Sources			Uses		
	Amount	xEBITDA		Amount	xEBITDA
Bank debt	6,035	4.5x	Debt retirement	2,042	1.5x
Senior notes	2,682	2.0x	Equity payment	10,429	7.8x
Total debt	8,717	6.5x	Total payment	12,471	9.3x
Sponsor equity	3,963	3.0x	Fees and expenses	209	0.2x
Total sources	12,680	9.5x	Total uses	12,680	9.5x

Sources: Company information, Analyst estimates

Leverage xEBITDA	Exit xEBITDA					
	IRR	8.3x	8.8x	9.3x	9.8x	10.3x
7.5x	19.5%	22.2%	24.6%	26.8%	28.9%	
7.0x	17.9%	20.2%	22.4%	24.5%	26.4%	
6.5x	16.6%	18.8%	20.7%	22.6%	24.4%	
6.0x	15.6%	17.6%	19.4%	21.1%	22.8%	
5.5x	14.8%	16.6%	18.3%	19.9%	21.4%	

Exit xEBITDA	Exit EBITDA				
	IRR	1,809	1,909	2,009	2,109
10.3x	20.6%	22.6%	24.4%	26.1%	27.7%
9.8x	18.9%	20.8%	22.6%	24.3%	25.9%
9.3x	17.0%	18.9%	20.7%	22.5%	24.1%
8.8x	14.9%	16.9%	18.8%	20.5%	22.2%
8.3x	12.7%	14.7%	16.6%	18.4%	20.1%



Buyers universe

FAGERHULT

Potential strategic buyers and financial sponsors

Strategic acquirers



Logos of strategic acquirers: Schneider Electric, Signify, Acuity Brands, LEDVANCE, GE General Electric, Legrand, OSRAM, and Cree Lighting.





Financial sponsors



Logos of financial sponsors: EQT, Bridgepoint, Invest Industrial, Triton, CVC Capital Partners, ik, Asterion Industrial, and MidEuropa.

Potentially interested parties





Selected strategic acquirers

Company	Key metrics		Comments
	Ownership Market cap Revenue Cash	Public EUR 136.3bn EUR 35.9bn EUR 4.6bn	<ul style="list-style-type: none"> ▪ Schneider Electric specializes in energy management and automation solutions for buildings and infrastructure invests in companies that enhance sustainable building technology ▪ Acquiring Fagerhult would strengthen Schneider's lighting and building management solutions ▪ A recent acquisition, RIB Software, focuses on digital solutions for construction, creating potential synergies with Fagerhult by offering comprehensive solutions to similar customers
	Ownership Market cap Revenue Cash	Public EUR 2.8bn EUR 6.7bn EUR 1.2bn	<ul style="list-style-type: none"> ▪ Signify specializes in advanced lighting solutions, focusing on energy efficiency and smart lighting systems for residential, commercial, and urban environments ▪ Signify acquires companies that expand their connected lighting and sustainability portfolio ▪ Acquiring Fagerhult would boost Signify's presence in professional and architectural lighting ▪ A recent acquisition, Cooper Lighting, focuses on professional lighting systems and could create synergies with Fagerhult while expanding Signify's European reach
	Ownership Market cap Revenue Cash	Public EUR 165.3bn EUR 60.9bn EUR 14.9bn	<ul style="list-style-type: none"> ▪ General Electric focuses on intelligent lighting and advanced industrial solutions ▪ The company pursues acquisitions to strategically expand its smart infrastructure, intelligent lighting, and sustainable product portfolio, ensuring a comprehensive offering across sectors ▪ Acquiring Fagerhult would strengthen GE's presence in commercial and architectural lighting ▪ The Current, powered by GE acquisition aligns with Fagerhult, creating synergies for shared customer bases in energy efficiency
	Ownership Market cap Revenue Cash	Public EUR 27.1bn EUR 8.4bn EUR 12.8bn	<ul style="list-style-type: none"> ▪ Legrand specializes in electrical and digital infrastructure for buildings, focusing on energy efficiency and smart technology ▪ The company's acquisition strategy is to expand its intelligent lighting and energy-efficient solutions - acquiring Fagerhult would enhance Legrand's presence in the commercial and architectural lighting sectors ▪ Recent acquisitions, like Netatmo, align with Fagerhult, creating synergies in sustainable building solutions for shared markets

Sources: Bloomberg, Company Information

Potentially interested parties

Selected financial sponsors

Company	Key metrics		Comments
	<p>AUM EUR 246.0bn</p> <p># of portfolio companies 327</p> <p>Latest fund size EUR 2.6bn</p> <p>Ticket size EUR 125m - 1.5bn</p>	<ul style="list-style-type: none"> Swedish investment firm that invests in private equity, infrastructure, real estate, growth equity and venture capital with deep experience in Nordic industrial and tech-driven sectors Known for investing in companies that leverage smart technology to enhance operational efficiency and sustainability Focus on technological innovation in traditional sectors makes it well-suited to support Fagerhult's use of technology to create energy-efficient lightning solutions 	
	<p>AUM EUR 67.0bn</p> <p># of portfolio companies 72</p> <p>Latest fund size EUR 4.4bn</p> <p>Ticket size EUR 250m - 1bn</p>	<ul style="list-style-type: none"> UK-based firm with a track record of scaling European mid-market industrial and infrastructure companies into market leaders by enhancing efficiency and market reach Invests in advanced industrials as a sector with specific thematic focus towards energy transition enablers that support decarbonization and sustainability technologies, which makes Fagerhult's business model highly relevant especially with regards to an expansion of their infrastructure segment across Europe 	
	<p>AUM EUR 193.2bn</p> <p># of portfolio companies 170</p> <p>Latest fund size EUR 6.2bn</p> <p>Ticket size EUR 500 - 1bn</p>	<ul style="list-style-type: none"> A leading global private markets investment firm that manages a diverse portfolio of which includes industrial, consumer and technology sectors Notable for large-scale investments in industrial technology and environmental solutions with specialized manufacturing and distributional needs Their current portfolio company Radwell International within the electrical equipment sector can have potential synergy effects with Fagerhult especially in the aftermarket offering 	
	<p>AUM EUR 13.1bn</p> <p># of portfolio companies 74</p> <p>Latest fund size EUR 505.2m</p> <p>Ticket size EUR 50m - 1bn+</p>	<ul style="list-style-type: none"> European mid-market specialist with a strong focus on sectors like consumer, industrial manufacturing and sustainable technology across the Benelux, DACH, France, Nordics & UK IK's focus on the Nordics as well as sustainability-driven growth aligns naturally with Fagerhult's mission to provide lightning solutions that support eco-friendly environments IK's broad expertise and investments across sectors and companies highly relevant to Fagerhult's operations can lead to Fagerhult leveraging growth within all of their segments 	

Sources: Bloomberg, Company Information