Alcadon (ALCA)

Sweden | Network Infrastructure | MCAP SEK 750m

02 August 2026

Buy

Target price:	SEK 47.8
Current price:	SEK 30.6
Upside:	56.8%

Cleaning House, Building Cash

Alcadon (ALCA) is a Swedish distributor of networking and infrastructure products, supplying installers across Northern Europe. Alcadon's revenue is specification-driven, meaning end-customers select specific brands at the design stage. This locks in Alcadon as the sole-source supplier, eliminating price competition before the installer places an order. This makes the business far more defensive than a standard distributor, as Alcadon's customers cannot easily switch to a cheaper alternative once a product has been specified. Under newly assigned CEO Fredrik Valentin, whose Bergman & Beving background underpins an EBITA/WC framework targeting above 50% from the current 33%. Alcadon is repositioning as a capital-efficient compounder. Valentin places capital allocation at the centre of every strategic decision, targeting founder-led specialists at 4-6x EV/EBITDA, well below Alcadon's own trading multiple. As working capital improvements and margin expansion drive FCFF toward SEK 120-136m annually over 2026E-2028E, bolt-on deals will be funded organically, with SEK 525m in available credit as additional firepower. An equally weighted DCF and peer valuation yields a SEK 47.8 target price, implying an upside of 56.8%.

Key takeaways

- **Working Capital Release Creates Immediate Value:** The exit from German operations is expected to unlock approximately SEK 30-50m in working capital by 2027E as inventory is sold and receivables collected. Simultaneously, compressing the cash conversion cycle from 71 days toward 55-60 days is projected to release a further SEK 40-60m. With ND/EBITDA declining from 5.3x in 2022A to 2.3x today and projected to reach 1.3x by 2027E, Alcadon has the financial capacity to pursue multiple bolt-on acquisitions at 4-6x EV/EBITDA.

- **Margin Mix Inflecting Despite Flat Revenues:** Alcadon's revenue is specification-driven, with end-customers selecting brands at the design stage and making supplier substitution highly impractical. The growing share of own-brand products, generating 14-17% EBITDA margins compared to 5-8% for third-party distribution, is the primary driver of margin expansion. This mix shift is already visible in the numbers, with gross margins set to expand 300 basis points from 26.7% in 2025A to 29.7% by 2027E, increasing EBIT margins from 6.1% into the 7-9% range.

- **Capital Allocation Discipline Compounds Returns:** Valentin, newly appointed CEO of Alcadon, targets EBITA/WC above 50% from today's 33%, driven by NWC compression and lower CCC. This is estimated to release SEK 100-140m in deployable capital. With FCFF rising from SEK 110m in 2026E to SEK 136m by 2028E, acquisitions can be funded entirely organically at 4-6x EV/EBITDA. Each deal adds an estimated SEK 5m in incremental EBIT, equivalent to SEK 0.16 per share in EPS accretion, compounding returns without relying on external capital.

Analysts	
Nicolaj Feilberg	Financial Analyst

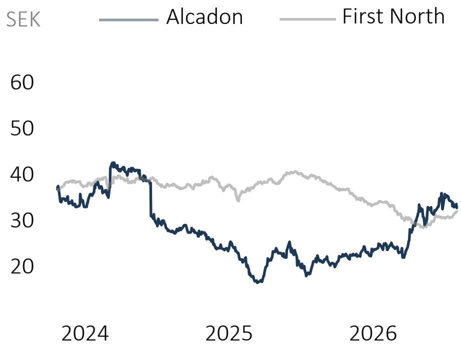
Market Data, SEK	
Exchange	First North Stockholm
Shares (m)	24.5
MCAP (m)	750
EV (m)	1,053

Metrics & Drivers	25A	26E	27E
EV/EBIT	11.8x	11.1x	9.7x
EV/EBITDA	7.9x	7.2x	6.5x
EV/S	0.7x	0.7x	0.7x
EV/FCF	18.2x	9.6x	9.0x
ND/EBITDA	2.3x	1.8x	1.3x

Forecast, SEKm	25A	26E	27E
Total revenue	1,450	1,436	1,493
Rev. growth y/y	(3.4%)	(1.0%)	4.0%
Gross Profit	400	416	443
Gross Margin	27.6%	29.0%	29.7%
EBITDA	133	146	163
EBITDA Margin	9.2%	10.2%	10.9%
EBIT	89	95	109
EBIT Margin	6.1%	6.6%	7.3%

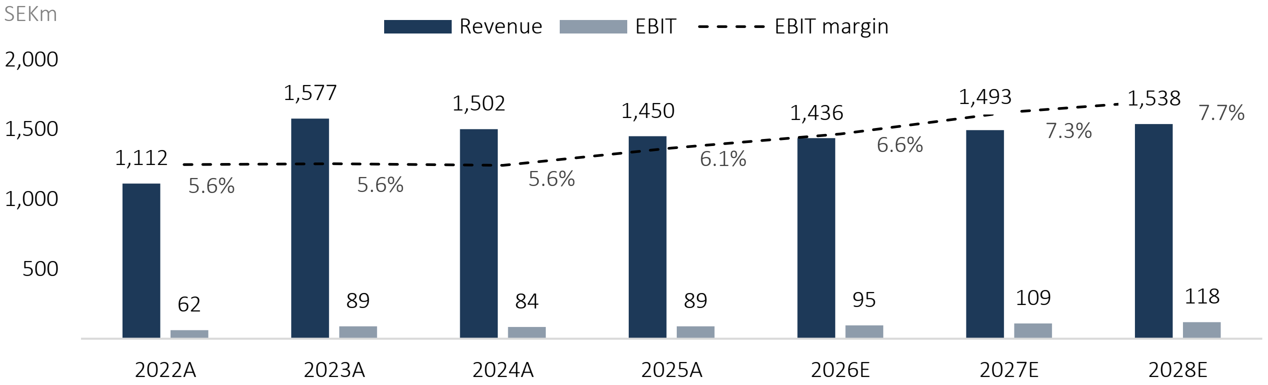
Major Shareholders	
Investment AB Spiltan	18.3%
Ribbskottet AB	10.2%
Jeansson, Theodor	8.8%
Andra AP-fonden	8.7%

Price Development, SEK



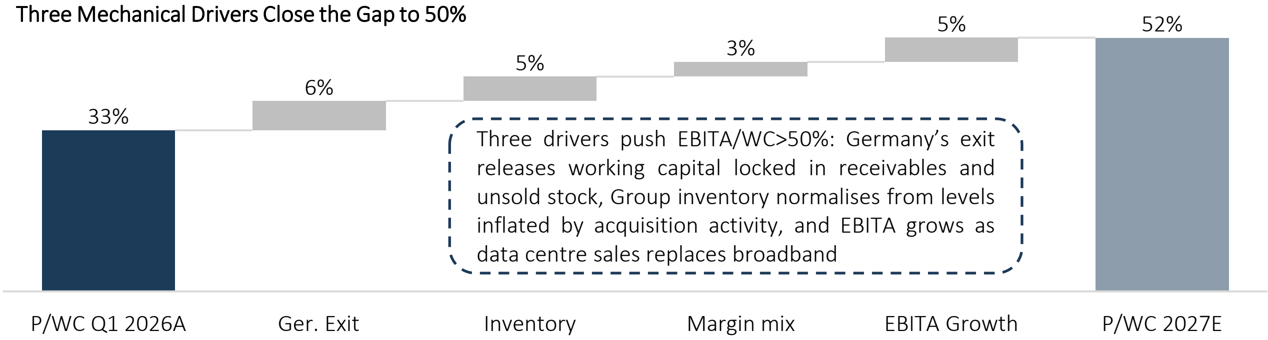
Investment Thesis In Charts

Less Revenue, More Profit – Data Centre and Private Label Already Delivering



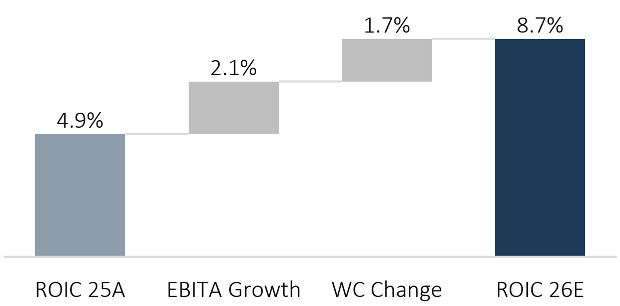
Source: The Company, Analyst Estimates

Three Mechanical Drivers Close the Gap to 50%



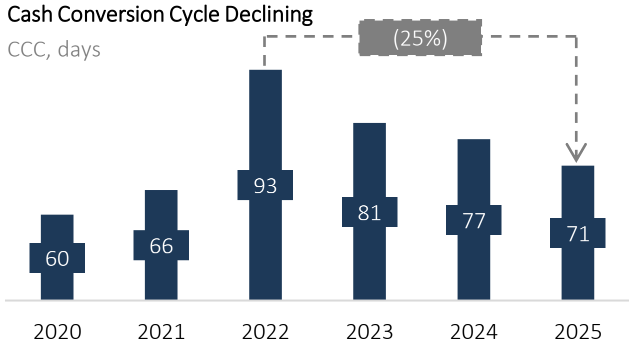
Source: The Company, Analyst Estimates

Working Capital Release Doubles ROIC Within 12 Months



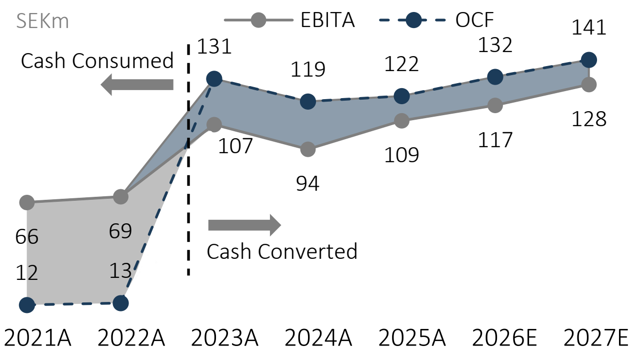
Source: The Company, Analyst Estimates

Cash Conversion Cycle Declining



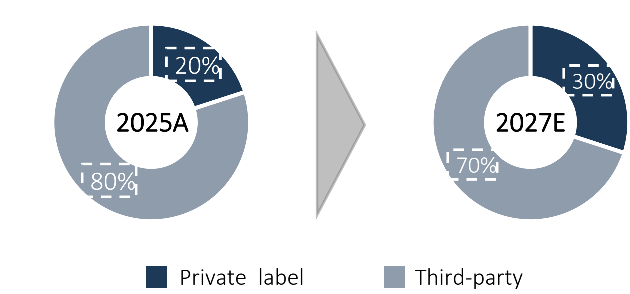
Source: The Company

The Business Generates Stronger Cash Conversion



Source: The Company

Mix Shift Toward Own Brands Structurally Lifts Gross Margin



Source: The Company, Analyst Estimates

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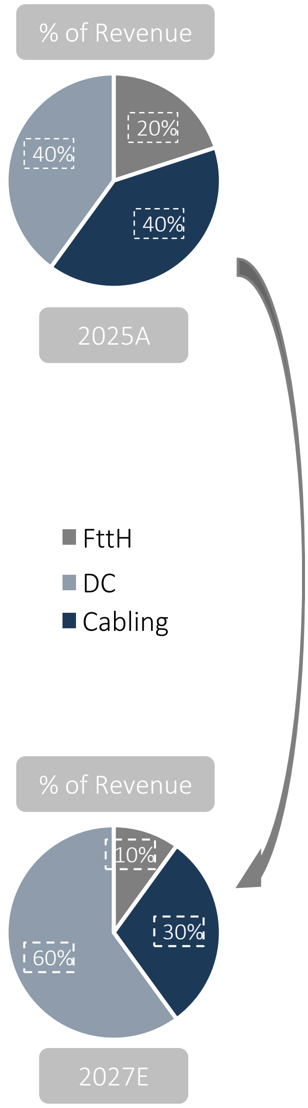
Investment Thesis

Structural Cash Release Hidden in Working Capital Removal

The most immediate value driver is capital release rather than earnings growth. Analyst estimates suggest the German exit will release SEK 30-50m of previously tied-up working capital by end of 2027, while further cash generation is driven by cash conversion cycle normalisation from 71 days toward 55-60 days, unlocking an additional SEK 40-60m. In total, this implies SEK 70-110m of deployable capital, supported by both a one-off release of working capital and a structurally lower ongoing capital intensity base. Inventory rationalisation targeting stock held beyond 12 months is already underway under Valentin's operational framework, evidenced by the SEK 87m inventory reduction in 2025, of which only SEK 24m was driven by write-downs. FCFF is estimated to reach SEK 110m in 2026E and SEK 136m in 2028E, while leverage declines from 2.3x to 1.3x EBITDA over the same period, marking a transition toward a stronger balance sheet and higher internal cash generation. At 1.3x ND/EBITDA, Alcadon is estimated to have sufficient financial flexibility to execute three to four bolt-on acquisitions at 4-6x EV/EBITDA fully funded through organic cash flow, with each deal likely being accretive, reinforcing a compounding acquisition-led model.



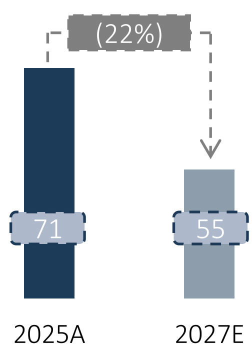
Gross Margin Expansion Driven by Mix and Market Segment

Alcadon's margin profile is improving structurally, driven by a shift toward two higher-margin areas: data centre infrastructure and premium branded products. Broadband, Alcadon's lowest-margin segment at 5-8% EBITDA, is being deliberately phased out, most visibly through the strategic exit from Germany, which was entirely broadband-exposed. The mix is shifting toward data centre and cabling activities that generate 14-17% EBITDA margins, making the margin expansion story largely self-executing. This transition is already visible in accelerating data centre-related sales across multiple subsidiaries, particularly Networks Centre in the UK and Wood Communications in Ireland. Data centre customers typically require certified, specification-approved suppliers, giving Alcadon a defensible position that supports better pricing than standard distribution. At the same time, management has explicitly shifted focus from revenue volume to profitability, applying a stricter discipline around product mix. The effect is already visible in the numbers: gross margin expanded from 26.1% in 2024A to 26.7% in 2025A despite a 4.5% decline in total sales, demonstrating that the revenue mix is improving even as the top line declines. With broadband shrinking as a share of revenue and European data centre capacity expanding at 21% year-on-year, Alcadon's mix is organically rotating toward segments that generate 14-17% EBITDA margins versus 5-8% in broadband.

Lean Governance Model Maximises Capital Deployed Into Operations

Fredrik Valentin, appointed CEO in January 2025, brings direct operational experience from Bergman & Beving, a serial acquirer widely regarded as the blueprint for P/WC-driven capital allocation. He is now implementing the same model at Alcadon, with a stated target of exceeding 50%, vs. the current 33%. A key initiative is aggressive inventory rationalisation, including the elimination of stock held for more than 12 months. This builds on the SEK 87m inventory reduction already achieved in 2025A, of which only SEK 24m came from write-downs, highlighting a genuine operational shift.

WC Release, CCC



Driven by inventory rationalisation and a shorter cash conversion cycle, these actions could unlock an additional SEK 40-60m of deployable cash by the end of 2027. Combined with SEK 525m of available credit facilities, this establishes a clear forward-looking M&A driver. Management targets founder-led specialists at 4-6x EV/EBITDA, materially below Alcadon's trading multiple, making acquisitions potentially highly accretive and creating a self-reinforcing loop where working capital improvements help fund the next round of M&A.

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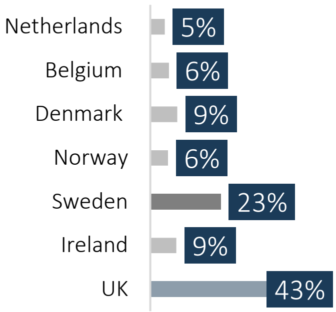
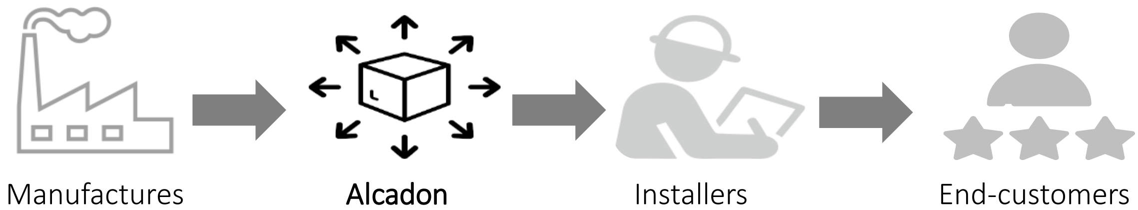
Company Overview

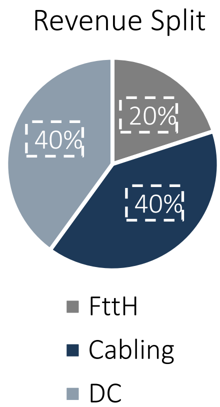
Alcadon Group is a Swedish-listed group founded in 1988, operating as a specialist distributor of network infrastructure products and systems across seven European countries through six independent subsidiaries. The company generates revenue of approximately SEK 1,434 million and employs around 180 people, serving three core end-markets - structured cabling for commercial and public buildings, data centre infrastructure, and broadband and fibre networks. The company's largest subsidiary, Networks Centre, operates across the UK and Netherlands and accounts for nearly half of total revenue, while Wood Communications in Ireland, acquired in 2024, provides further exposure to the fast-growing hyperscale data centre segment.



Business Model



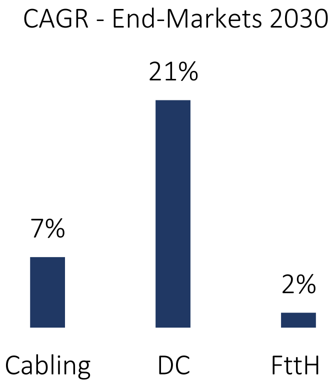
Alcadon operates as a value-added distributor, positioning itself between global manufacturers such as CommScope and Panduit and installers across Europe. Unlike commodity distributors competing purely on price, Alcadon operates in a specification-driven segment where end-customers pre-select products at the design stage, locking in supplier choice before any order is placed. The company's own brands create an additionally sticky business model, with over 2m Nordic installations and around 4,000 licensed installers whose certification requirements and ongoing training generate recurring demand without active selling. Switching to a competitor requires re-certification, making retention structural rather than commercial. This business model requires minimal reinvestment, as CapEx has averaged under SEK 6m over the past three years, reflecting the asset-light nature of the distribution model.



Market Overview

Alcadon operates at the intersection of three European infrastructure markets, each at a different stage of its growth cycle. The company's revenue mix is increasingly tilted toward the two fastest-growing segments. Structured cabling accounts for approximately 40% of revenue and is forecast to grow at a 7% CAGR through 2030. Growth is supported by enterprise digitalisation spending and the EU's gigabit connectivity targets, which require full household coverage by 2030.

Data centre infrastructure also represents roughly 40% of revenue and is Alcadon's fastest-growing end market. EMEA operational capacity reached 10.3 GW in H1 2025, up 21% year-on-year, while the development pipeline expanded 43% to 14.1 GW, driven by hyperscale cloud investments. The FLAPD markets of Frankfurt, London, Amsterdam, Paris, and Dublin, together with Stockholm, form the core of this buildout and are all geographies where Alcadon has a direct presence.



Broadband and fibre, now reduced to approximately 20% of revenue, faces structural headwinds. European fixed broadband connections are forecast to grow at just 2% CAGR through 2030, while Nordic FttH penetration is approaching saturation. As a result, the segment's revenue share is likely to continue declining as the business shifts toward higher-margin, faster-growing end markets.

Valuation

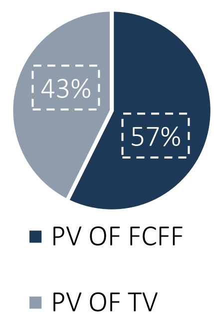
SEKm	Market data		Financials			EV/EBITDA		EV/EBIT	
	MCAP	EV	EBIT margin 2025A	EBIT margin 2027E	CCC 2025A	2025A	2027E	2025A	2027E
Hexatronic	8,833	10,973	3.0%	5.3%	106	8.5x	7.4x	30.1x	11.4x
Transtema	237	767	(4.0%)	1.9%	(27)	6.6x	4.4x	(6.7x)	15.7x
Waystream	360	327	12.0%	16.7%	123	17.5x	8.1x	34.3x	10.4x
Distit	185	338	(16.0%)	3.0%	140	(2.2x)	14.5x	(1.1x)	15.6x
Average	**2,404**	**3,101**	**(1.3%)**	**6.7%**	**85**	**7.6x**	**8.6x**	**14.2x**	**13.3x**
Median	**299**	**553**	**(0.5%)**	**4.2%**	**114**	**7.6x**	**7.8x**	**14.5x**	**13.5x**
Alcadon	750	1,053	6.1%	7.3%	71	7.9x	6.5x	11.8x	9.7x

The peer group is selected on the basis of shared exposure to network infrastructure and overlapping Nordic end-markets. Despite reporting above-average EBIT margins relative to the peer group, Alcadon trades at a discount on forward valuation, at 6.5x EV/EBITDA versus a peer median of 7.8x. The gap reflects differences in business mix and scale, where Alcadon is more niche-focused within network infrastructure distribution, while peers have broader exposure across manufacturing and installation services and typically benefit from larger scale and more diversified revenue streams. Alcadon does, however, hold the lowest CCC in the peer group at 71 days, reflecting structurally lower capital tied up in the working capital cycle and stronger cash conversion than peers. Analyst suggest that Alcadon should trade in line with the peer median, supported by improving profitability and its structural working capital advantage. Applying the peer-median EV/EBIT multiple to Alcadon's estimated 2027E EBIT of SEK 109m implies an equity value corresponding to a share price of SEK 48, representing an upside of approximately 57%.

	Terminal Growth Rate					
WACC	48	0.6%	0.9%	1.2%	1.5%	1.8%
	13.5%	33	33	34	34	35
	12.0%	39	39	40	41	41
	10.5%	46	47	48	49	50
	9.0%	56	58	59	61	62
	7.5%	71	73	76	78	81

DCF Breakdown	
PV OF FCFF	848
Terminal Value	1,590
PV OF TV	631
EV	**1,479**
Net Debt	303
Equity	**1,176**
NOSH	24.5
Implied share price	**48**
Current share price (2026-06-17)	30
Upside	56.8%

The DCF is based on a 5-year forecast period to 2030E, with terminal period starting in 2030E and ending at 2035E, which is discounted at a WACC of 10.5%, derived from a beta of 0.74, risk-free rate at 4.9% and market risk premium 9.7%, with a TGR of 1.2%. The terminal value accounts for 43% of EV, conservative for a business with structural datacentre tailwinds through the forecasted period. Furthermore, the 120% average FCF conversion over 2023-2025 provides confidence that FCFF estimations are achievable, as the business consistently generates more cash than reported earnings. The sensitivity analysis shows limited downside, even at 13.5% WACC and 0.6% TGR, the implied price remains broadly in line with current trading. This is consistent with a market that has re-rated Alcadon on broadband weakness without yet pricing in the structural margin improvement.



Appendix: Income Statement

Income Statement, SEKm	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Total sales	1,502	1,450	1,436	1,493	1,538	1,576	1,608
% growth	*(4.7%)*	*(3.4%)*	*(1.0%)*	*4.0%*	*2.5%*	*2.0%*	*2.0%*
COGS	(1,110)	(1,051)	(1,019)	(1,050)	(1,078)	(1,104)	(1,126)
% of sales	*73.9%*	*72.4%*	*71.0%*	*70.3%*	*70.1%*	*70.0%*	*70.0%*
Gross profit	**393**	**400**	**416**	**443**	**460**	**473**	**482**
Gross margin	*26.1%*	*27.6%*	*29.0%*	*29.7%*	*29.9%*	*30.0%*	*30.0%*
Other external expenses	(91)	(83)	(83)	(90)	(92)	(95)	(96)
% of sales	*6.1%*	*5.7%*	*5.8%*	*6.0%*	*6.0%*	*6.0%*	*6.0%*
Personnel costs	(173)	(184)	(187)	(191)	(194)	(199)	(203)
% of sales	*11.5%*	*12.7%*	*13.0%*	*12.8%*	*12.6%*	*12.6%*	*12.6%*
EBITDA	**128**	**133**	**146**	**163**	**174**	**180**	**183**
EBITDA margin	*8.5%*	*9.2%*	*10.2%*	*10.9%*	*11.3%*	*11.4%*	*11.4%*
D&A	(44)	(44)	(52)	(54)	(55)	(57)	(58)
% of sales	*2.9%*	*3.0%*	*3.6%*	*3.6%*	*3.6%*	*3.6%*	*3.6%*
EBIT	**84**	**89**	**95**	**109**	**118**	**123**	**125**
EBIT margin	*5.6%*	*6.1%*	*6.6%*	*7.3%*	*7.7%*	*7.8%*	*7.8%*

Source: The Company, Analyst Estimates

Appendix: Discounted Cash Flow Valuation

FCFF SEKm	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
NOPAT	71	67	71	75	87	94	98	100
D&A	39	44	44	52	54	55	57	58
CapEx	(6)	(7)	(2)	(6)	(16)	(21)	(23)	(26)
Δ in NWC	(51)	(8)	(55)	(11)	(7)	8	6	5
FCFF	**53**	**96**	**58**	**110**	**117**	**136**	**137**	**136**
FCFF Margin	*3.3%*	*6.4%*	*4.0%*	*7.7%*	*7.8%*	*8.9%*	*8.7%*	*8.5%*

Source: The Company, Analyst Estimates

Disclaimer