

# NEXAM CHEMICAL

## Building its ESG credentials

Nexam Chemical reported a solid Q2, with sales growth of 64% YOY in line with our estimate, driven by 114% growth in Performance Chemicals. We believe this highlights the significant potential beyond its 2022 sales target, with a good business case for the plastics industry to increase recyclability, and better use of plastic materials. Booking a proof-of-concept order in fibre recycling during Q2 and announcing it will adopt the EU Taxonomy, we believe Nexam Chemical is building its ESG credentials, offering potential for a re-rating, and we have lifted our fair value to SEK15–20 (13–17).

**Q2 review.** Encouragingly, Q2 sales were again in line with our forecast, and run-rate sales are now only 15% below the company's 2022 target. Adj. EBITDA of SEK3.3m was below our SEK4.6m forecast, but we expect earnings to be lumpy given Nexam Chemical is in a growth and commercialisation phase, where margins will be driven by the sales mix.

**Building its ESG credentials.** Announcing its first fibre recycling order in Q2, where adding Nexam Chemical's additive increases the degree of recycled material in the end-products, we believe the ESG case is growing, to which investors could assign a higher valuation. We believe PET outside the foam business could offer a SEK200m sales opportunity by 2025 (50% of our 2023 forecast), while our scenario analysis indicates SEK9/share in additional value if the recycling opportunity is successfully commercialised. However, we acknowledge that uncertainty is still high, and do not include any breakthrough in our estimates.

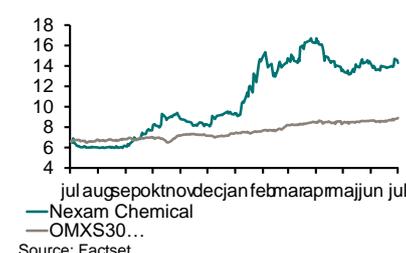
**Estimate changes.** We have fine-tuned our 2021–2022e sales following the results, and cut our EBITDA by 7–5% to reflect investments in the organisation.

**Fair value raised to SEK15–20,** reflecting prospects of a re-rating on improved ESG credentials. Our fair value is based on a 10% premium to peers' 2023e EV/sales of 3.6x. We believe Nexam Chemical could screen favourably in the EU Taxonomy, noting that PET foam sales to wind farms alone could yield a 46% alignment, versus our estimate of a Nordic Capital Goods sector average of 11%.

Year-end Dec	2017	2018	2019	2020	2021e	2022e	2023e
Revenue (SEKm)	19	110	130	166	233	324	399
EBITDA adj (SEKm)	-21	-9	-9	5	16	44	63
EBIT adj (SEKm)	-24	-19	-19	-5	5	31	48
PTP (SEKm)	-23	-17	-17	-8	2	27	42
EPS rep (SEK)	-0.09	-0.25	-0.25	-0.14	0.02	0.26	0.41
EPS adj (SEK)	-0.11	-0.30	-0.31	-0.11	0.03	0.26	0.41
Revenue growth (%)	126.1	487.5	18.4	27.5	40.7	38.9	23.1
EBIT growth adj (%)	nm	nm	nm	nm	nm	472.1	53.3
EPS growth adj (%)	nm	nm	nm	nm	nm	850.3	57.0
EBIT margin adj (%)	-129.3	-16.9	-14.9	-3.2	2.3	9.6	11.9
EV/Sales adj (x)	31.49	5.58	4.33	4.22	4.78	3.43	2.74
EV/EBITDA adj (x)	nm	nm	nm	nm	70.0	25.3	17.2
EV/EBIT adj (x)	nm	nm	nm	nm	nm	35.9	23.0
P/E adj (x)	nm	nm	nm	nm	nm	54.8	34.9
ROE (%)	nm	nm	nm	nm	0.4	8.9	12.5

Source: Company (historical figures), DNB Markets (estimates)

NEXAM versus OMXS30 (12m)



### SUMMARY

Share price (SEK)	14.3
Tickers	NEXAM SS

### CAPITAL STRUCTURE

No. of shares (m)	78.9
No. of shares fully dil. (m)	78.9
Market cap. (SEKm)	1,128
NIBD adj end-2021e (SEKm)	-13
Enterprise value adj (SEKm)	1,116
Net debt/EBITDA adj (x)	-0.79
Free float (%)	84

Source: Company, DNB Markets (estimates)

Note: Unless otherwise stated, the share prices in this note are the last closing price.

### NEXT EVENT

Q3 2021	21/10/2021
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### ESTIMATE CHANGES (SEK)

Year-end Dec	2021e	2022e	2023e
Sales (old)	234.1	325.9	408.4
Sales (new)	233.3	324.0	398.8
Change (%)	-0.3	-0.6	-2.4
EPS (old)	0.03	0.28	0.45
EPS (new)	0.03	0.26	0.41
Change (%)	-10.8	-7.5	-8.3

Source: DNB Markets,

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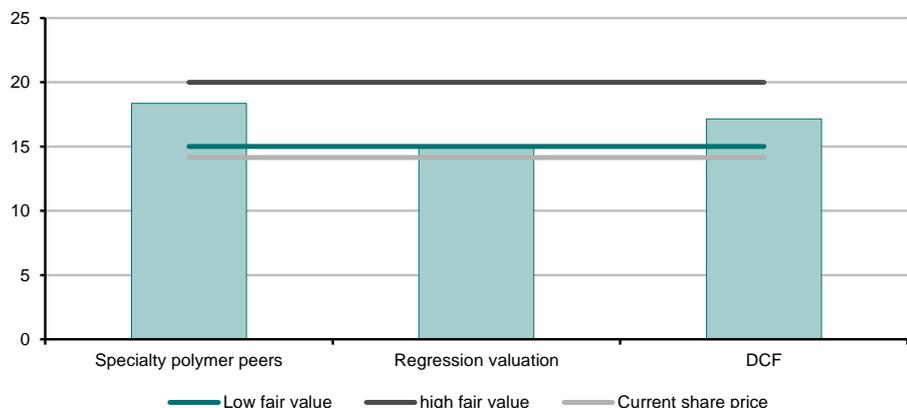
### ANALYSTS

Viktor Trollsten

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# Overview

## Valuation (SEK)



Source: DNB Markets

## Valuation methodology

- Our fair value of SEK15–20 is based on peers’ 2023e EV/sales, a small-cap/high-growth regression valuation, and our DCF.
- The high end of the range is based on a 10% premium to our peer group’s 2023e EV/sales applied to our forecasts and DCF.
- The low end of the range is based on a 10% higher WACC of 14.1% in our base-case DCF.

Source: DNB Markets

## Downside risks to our fair value

- A lack of growth in the Performance Chemicals segment could make the valuation look high.
- A cyclical downturn hitting Performance Masterbatch (currently accounting for 50% of sales), leading to the group missing its sales target.
- Lower than expected margins raising the risk of recapitalisation.
- Long-term, substituting plastic bottles with bottles for life and plastic packaging with paper could be negative for Performance Masterbatch.

Source: DNB Markets

## DNB Markets estimates

- We expect a 2021–2023 sales CAGR of 31%, and the company to meet its 2022 sales target.
- We expect margins to improve as soon as 2022, reflected in our forecast of an EBIT margin of 10%.
- We believe the balance sheet is well capitalised for now, but would not rule out further capital injections in the coming years.

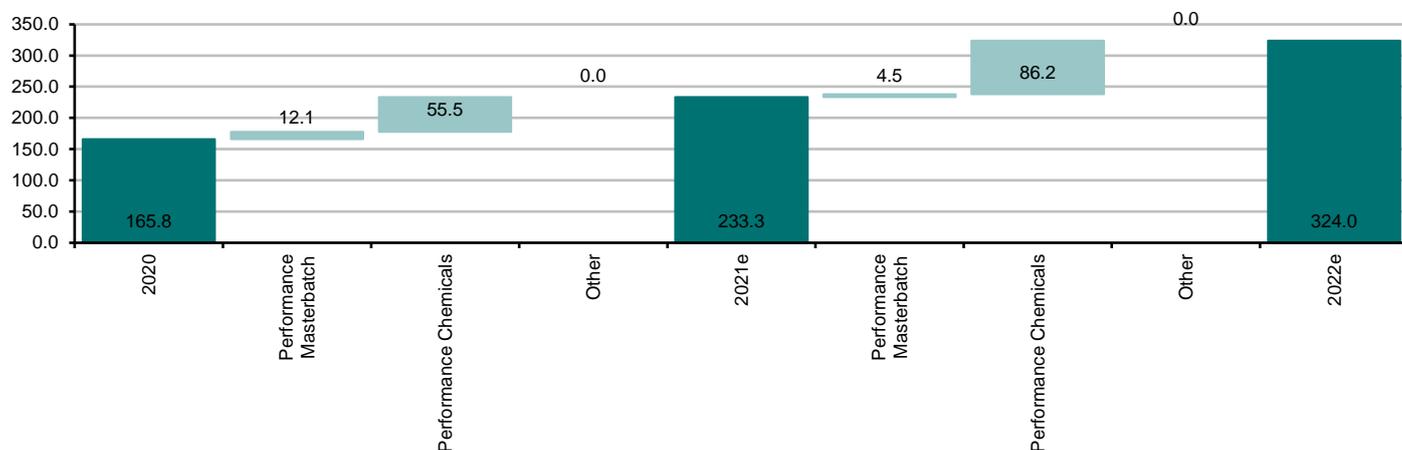
Source: DNB Markets

## Upside risks to our fair value

- Higher than expected order intake in High Performance segment.
- In our view, the PE pipes market offers the largest potential, and any proof of gaining market share could be a swing factor in the valuation.
- Better cost control could improve the margin profile and in a mature state we note that EBIT margins average 18% at specialty polymer peers.

Source: DNB Markets

## Sales bridge 2020–2022e (SEKm)



Source: DNB Markets (forecasts), company (historical data)

## ESG overview

### Sustainability assessment

#### Positive

- Conclusions ■ Nexam Chemical's products are designed to improve resource efficiency and recyclability, restoring features of used polymers, which is both cost- and climate-effective. For example, wind turbines can be built out of PET foam (from recycled PET), improving sustainability.
- Nexam Chemical's products allow clients to substitute heavier materials with polymers, reducing energy-consumption/aiding the environment.
  - Nexam Chemical's products are a crucial part of the wind energy market in our view, enhancing the performance of core materials, allowing for taller and larger rotor blades, and in turn improving efficiency and lowering the LCOE.

#### Negative

- We believe the Performance Masterbatch segment could face structural headwinds from increasing penetration of paper versus plastic in several applications such as bottles, packaging, etc. which could reduce the need for colour and additive masterbatches.
- Despite contributing to higher plastic recyclability and resource efficiency, there is a risk of negative ESG perception, as Nexam Chemical's technology is designed to be used with plastics.
- Regulatory frameworks and directives could work against the use of plastics, and competing solutions could erode the scope for market share gains and opportunities for Nexam Chemical.

### Key ESG drivers

- Short-term ■ Lightweighting in industries like aerospace and automotive is a key topic, and complex settings such as engines are one of the few areas where development has not moved forward over the past few years. For instance, incorporating Nexam Chemical's additives in the production of jet engines can result in a c30% weight saving versus titanium.
- According to BNEF, installed wind capacity is set to increase significantly over the coming years. Given the move towards longer and larger rotor blades, we also expect demand for stronger core materials, and thus Nexam Chemical's products.
- Long-term ■ Hybrid and electric vehicles contain more polymers and composite technologies than ICE+, and could offer a sizeable market for Nexam Chemical's products.

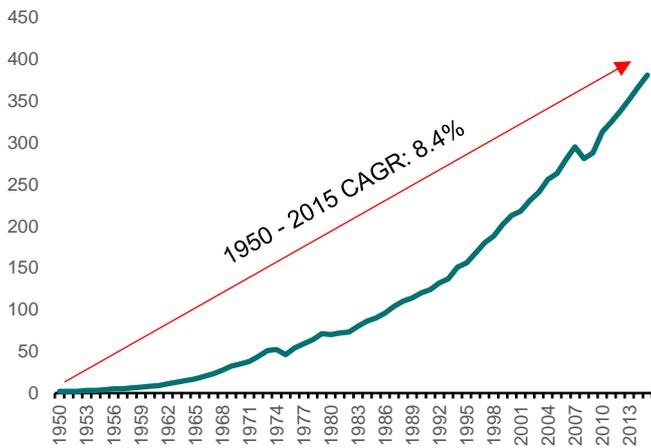
- Changing consumer behaviour could affect the market drivers for the more mature Performance Masterbatch segment, e.g. slumping demand if the use of certain plastics (like single-use) is banned, and finding alternative products for substitution could limit growth.
- Significant changes to regulations could render Nexam Chemical's technology and business model outdated/obsolete.

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## Building its ESG credentials

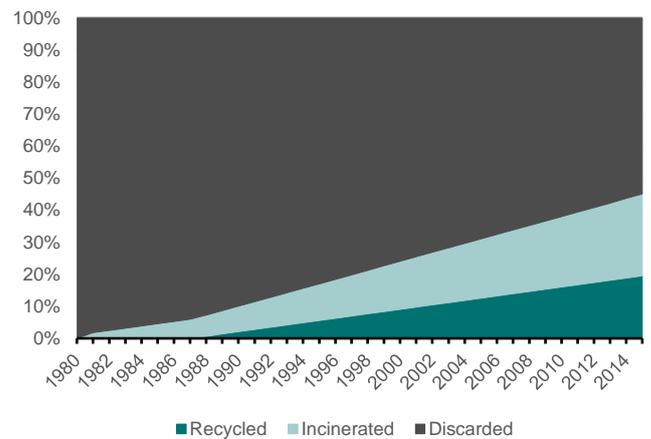
Increased circularity and efficiency in recycling streams is a prerequisite to reducing harmful environmental effects caused by incinerated/discarded materials. According to Our World in Data, global plastic production saw a 1950–2015 CAGR of 8% and stands at 380m tonnes per year, of which ~80% is either incinerated or discarded, a waste of resources as it requires an influx of new fossil-based raw materials. While the rate of recycled plastics has increased, it still accounts for a minority of global plastic waste, since recycled materials generally lose properties and performance each time they are processed.

**Figure 1: Global plastics production (mt, 1950–2015)**



Source: Our World in Data

**Figure 2: Global plastic waste by disposal method (1980–2015)**

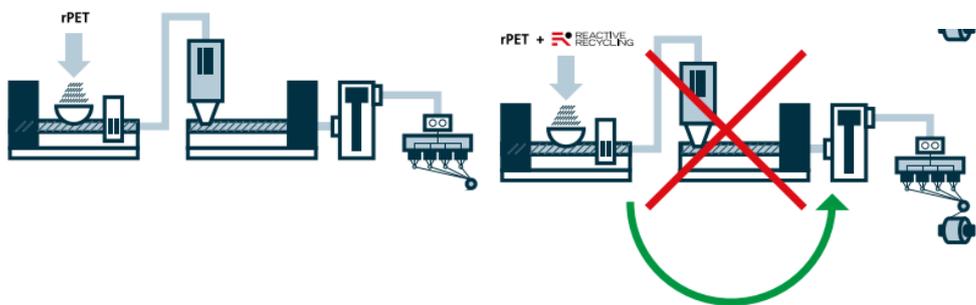


Source: ABC

### Nexam Chemical’s reactive recycling part of the solution...

By adding Nexam Chemical’s additive and reactive recycling concept, it is possible to restore properties and upgrade lower-quality plastics, potentially increasing the rate of recycled plastics without the need for significant investment, and in a cost- and energy-efficient process. Nexam Chemical’s reactive recycling enables users to modify and upgrade material to meet requirements, meaning some steps in the production process can be avoided, while also reducing the time required from several hours to just a few minutes.

**Figure 3: Reactive recycling can modify r-PET in the extrusion stage, saving energy and time, but avoiding the need for investment in an SSP process**



Source: Nexam Chemical

Polyester production from r-PET is expected to grow by 7.2% annually through end-2024 according IHS Markit, and under the EU’s ban single-use plastics, recycled materials will have to make up at least 25% of PET bottles by 2025 and 30% by 2030. This will also require increased recycling rates of other types of PET products (such as plastic trays, food packaging and polyester clothing).

Increased recyclability is also possible in other basic plastic categories such as polypropylene, one of the most common plastics in circulation (e.g. in automotive interiors, food packaging and non-pressurised pipes in buildings, and tap water pipes). However, polypropylene quickly loses

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its properties when it is recycled, often meaning a large amount of virgin material is added for the plastic to be commercially viable in its recycled form. But by adding Nexam Chemical's additive, it is possible to adjust the properties of recycled polypropylene, such that the end-product has the same properties as are currently achieved by adding virgin material. Thus, Nexam Chemical is helping to make plastics more recyclable while at the same time reducing the virgin material requirement.

**Potential for increased shareholder value**

Acknowledging that it is still early days for Nexam Chemical's recyclability business, we welcome its first fibre and filament order (announced in June 2021) from a regular customer, where the filament producer can increase the ratio of recycled material in its products by adding Nexam Chemical's additives. Worth SEK2m–3m in sales annually, we believe the contract could act as a proof-of-concept order to attract further customers.

Uncertainty remains high, and we have not included any breakthrough in the potential recyclability platform in our 2021–2023 estimates, but to put the value potential into context, we conducted a scenario analysis (see below). While the size of the global plastic recyclability opportunity for Nexam Chemical is difficult to quantify, we assume that annually 325mt of plastic globally is being incinerated/discarded. In our scenario analysis, we assume Nexam Chemical's solutions could address 10% of these streams, and an additive content per ton of recycled plastic of 1%, corresponding to 325kt per year. In Figure 4, we illustrate the sales potential in our scenario analysis, assuming different ASPs and potential market shares, averaging around SEK1bn annually. Applying an EV/sales of 1.5–3.5x and discounting the potential value back by a factor of 13–17% indicates that this could potentially add SEK4–14/share to our fair value range in this example.

However, if Nexam Chemical can continue to execute on its potential and announce additional orders, we believe investors are likely to factor in an increasing value from recycling. In our scenario analysis, adding our implied recycling value per share would correspond to a 2023e EV/sales of 4.9x; put into context, this could be compared with Renewcell at 11.4x (recycling cotton textiles).

**Figure 4: Scenario analysis – 2030e potential sales scenario analysis (SEKm)**

		ASP, USD/kg				
		2	7	12	17	22
Market share	5.0%	281	983	1,685	2,387	3,090
	4.0%	225	786	1,348	1,910	2,472
	3.0%	169	590	1,011	1,432	1,854
	2.0%	112	393	674	955	1,236
	1.0%	56	197	337	477	618

Source: DNB Markets

**Figure 5: Scenario analysis – discounted recycling value per share from potential 2030e sales (SEK)**

		EV/Sales (x)				
		1.5	2.0	2.5	3.0	3.5
Discount factor	17.0%	4	6	7	9	10
	16.0%	5	6	8	9	11
	15.0%	5	7	9	10	12
	14.0%	6	7	9	11	13
	13.0%	6	8	10	12	14

Source: DNB Markets

## Summary of positives

### Sustainability the core of business case

Nexam Chemical's products enhance the properties and performance of polymer materials, including improving strength, recyclability, ductility, and temperature resistance. This allows manufacturers to substitute more expensive and heavier materials with polymers, resulting in lower opex while increasing resource efficiency by using recycled polymers, and reducing energy consumption by lightweighting. This is a key topic in several industries such as wind power (Nexam Chemical's products make it possible to build taller and larger rotor blades, increasing efficiency and lowering the levelised cost of energy (LCOE) of wind energy) and aerospace (where lightweighting can dramatically cut fuel consumption).

Multiple uses and multiple benefits

### Proof-of-concept in each focus area and evidence of customer demand

Orders from manufacturers have validated Nexam Chemical's decade-long R&D programme in all three of its focus areas, exemplified by the renewal of the delivery agreement with DIAB, one of the world's largest PET foam manufacturers, in 2019, which we believe is worth cSEK60m annually to Nexam Chemical (corresponding to 46% of 2019 group sales). Nexam Chemical has announced orders in all three of its focus areas, with high performance chemicals and PET foam in particular showing steady growth in volumes, demonstrating healthy demand.

Healthy demand evidenced in announced orders

### Long-standing customer relationships and patented know-how

It takes several years to develop a product and reach commercial sales. Proof of its success, Nexam Chemical has built long-standing relationships with large international polymer producers, converters and recyclers. It is collaborating with some of the industry leaders in its focus areas, three of the four largest PET foam manufacturers and other well-established brands in the sector, such as DIAB and Armacell; we also believe it is in discussion with Rolls-Royce and Safran (related to jet engines). In addition, the company has 54 patents, in our view raising the barriers to entry and reinforcing its standing as first-mover in its niches.

Client relationships, collaborations and patents form the foundations to Nexam Chemical's strategy

### Vast market potential

Given the broad applications for Nexam Chemical's products, quantifying the addressable market is challenging; however, we believe the potential is vast. We estimate a total PET foam opportunity of cSEK500m based on the four largest PET foam manufacturers, of which Nexam Chemical is already collaborating with three. We estimate a total High Performance opportunity of SEK100m just looking at the jet engine market. In our view, Nexam Chemical has yet to prove its entry in the Polyethylene (PE) pipe market, which we believe is the largest swing factor, offering the most potential at SEK1bn. Overall, we estimate the total market opportunity amounted to SEK1.7bn in 2020, meaning the company had an implicit market share of 5%, indicating solid growth prospects if it can exploit its addressable market.

The sheer number of applications for Nexam Chemical's products indicates real scope for growth

### Well positioned for 2021–2023e sales CAGR of >30%, and 10% EBIT margin by 2022e

We believe the company is well positioned to meet its 2022 sales target of SEK275m–325m, implying a 2020–2022e sales CAGR of >35% as:

- we expect continued solid growth in sales in our forecast horizon;
- following the DIAB delivery agreement, we believe SEK110m in sales growth is needed to reach the mid-point (implying fewer than two additional DIAB deals); and
- Nexam Chemical is already collaborating with three of the four largest PET foam manufacturers; it would be on course to meet its sales target if it could capture 40% of the value of the other two compared with currently capturing 60% of DIAB, we estimate.

We still believe our 2022 sales estimate of cSEK324m will be within the company's reach, even if growth slows YOY. Nexam Chemical is already approaching net profit breakeven, and we expect higher purchasing power versus suppliers and volume growth to boost gross margins. Taken together with higher fixed-cost absorption, we forecast an EBIT margin just shy of 10% in 2022.

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## Summary of negatives

The key risks that could affect our fair value are failure to capitalise on the underlying growth prospects, such as: 1) slower composite uptake in select focus areas than expected; 2) entry of large and well-resourced companies offering composite solutions in select applications, and 3) slower regulatory approvals than expected significantly delaying volume growth.

### Competitive landscape

While Nexam Chemical has 54 patents and has built long-standing customer relationships within its focus areas, the polymer industry is still highly competitive, driven by technological advances and shifting market trends; any further intensifying of competition could threaten Nexam Chemical's value offering. The entry of any large and well-resourced companies could hit the company's market share trajectory hard. Nexam Chemical's products also face indirect competition from other materials, such as metals, while falling metal and oil prices could reduce the economic appeal of substituting metals with composite materials.

Technology advances and shifting demand trends can influence the competitive landscape

### Consolidated end-markets could limit customer base

The PET foam market and jet engine industry are both highly consolidated. Nexam Chemical has built close relationships with key participants; however, other market leaders could look for alternative solutions to prevent any information-sharing with competitors. While we believe Nexam Chemical's products are the most attractive in the market, failure to expand its customer base could limit the total market potential and/or delay growth.

Potential clients may be reluctant to work with a company that is already working with many of the sector leaders

### Financing and future capital requirements and dilution risk

We estimate the company will have cash of cSEK40m at end-2021 following the directed rights issue during Q1 2021, and a quarterly burn-rate of cSEK3m, indicating a well-capitalised balance sheet for now. However, given the growth potential, we do not rule out that it could raise additional funding, resulting in dilution risk for investors.

Balance sheet well-capitalised, for now at least

### Valuation could look high if performance chemicals fail to take off

We believe the narrative on the stock centres on the Performance Chemicals growth case. In the event sales do not materialise, we believe the entire organic growth case would be far less appealing, and a 2022e EV/sales of 3.4x would be unwarranted (Plasticolor, now Masterbatch, was acquired at an EV/sales of 1.35x). Assuming market share gains to just 9% in PET foam by 2025 and an unsuccessful launch in high performance chemicals and PE pipes would warrant a low-case fair value of SEK5–7 in our view.

Low-case fair value of SEK3–5 based on Performance Chemicals failing to take off

### Worsening economic conditions

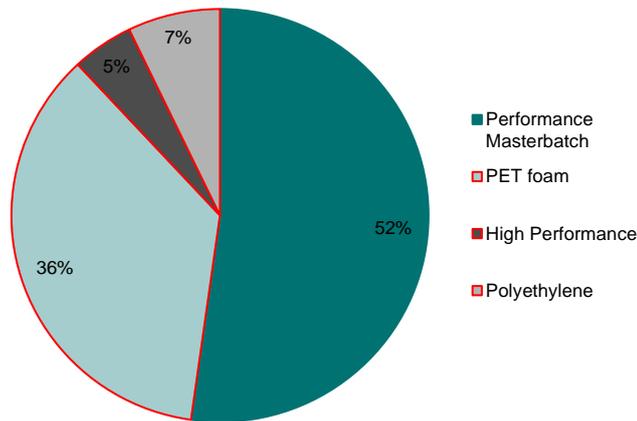
Demand in Performance Masterbatch (accounting for 52% of 2020 group sales) generally tracks overall economic activity, so is susceptible to weakening economic fundamentals. Our base case assumes Performance Chemicals offsets any deterioration in key indicators, given structural growth drivers in its end-markets and market share gains. However, we see a risk to the group reaching its 2022 sales target in the event a global recession slows organic growth in the Performance Masterbatch segment.

Time will tell if Performance Chemicals makes Nexam Chemical immune to recession

## Company overview

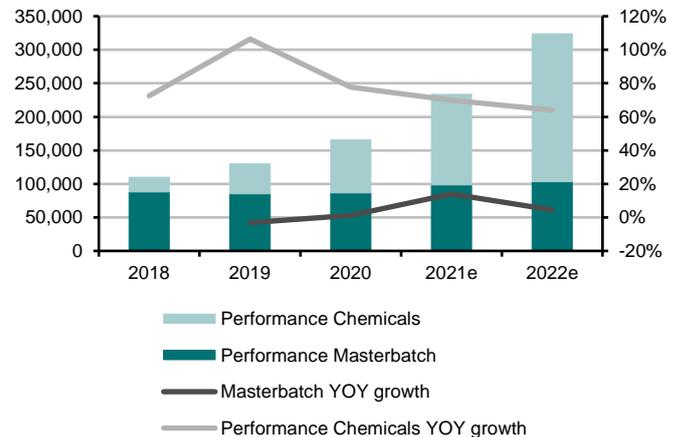
Nexam Chemical is a specialty chemical company with a world-leading, unique technology to enhance the properties and performance of plastics and polymers based on a decade-long R&D programme. It has deep roots in the scientific community, such as NASA's space programme.

Figure 6: Estimated sales by segment (2020)



Source: Company, DNB Markets (Performance Chemicals split)

Figure 7: Sales (LHS, SEKk) and growth (RHS, %)



Source: Company (historical data), DNB Markets (estimates)

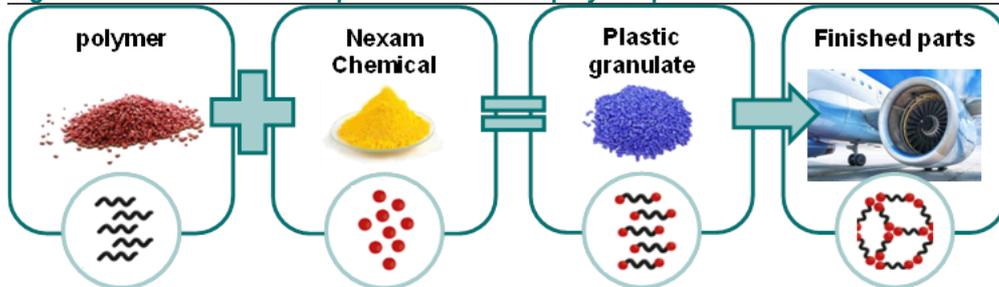
The company is structured into two divisions:

- Performance Chemicals.** Includes the company's enhancing products for PET foam, high performance and polyethylene applications. The segment increased its top line by 78% in 2020, and we believe will be the growth driver at Nexam Chemical.
- Performance Masterbatch.** Includes the former Plasticolor and mainly targets the plastics industry in the Nordics and eastern Europe. We view the masterbatch business as more mature than performance chemicals.

Man-made polymers are found in everything, from clothing to packaging, household goods and coatings. Durability, flexibility and low costs are key characteristics. Nexam Chemical has created additives that are incorporated in the production process to improve the end-products, making them more resource-efficient in terms of lightweighting, temperature resistance, strength, durability and recyclability. This allows customers to substitute heavier and often more expensive inputs, in turn reducing opex. They also enhance environmental credentials, allowing manufacturers to use recycled plastics by restoring and improving the plastic's original properties.

Polymers are (pretty much) everywhere and in (pretty much) everything

Figure 8: Nexam Chemical's products enhance polymer performance



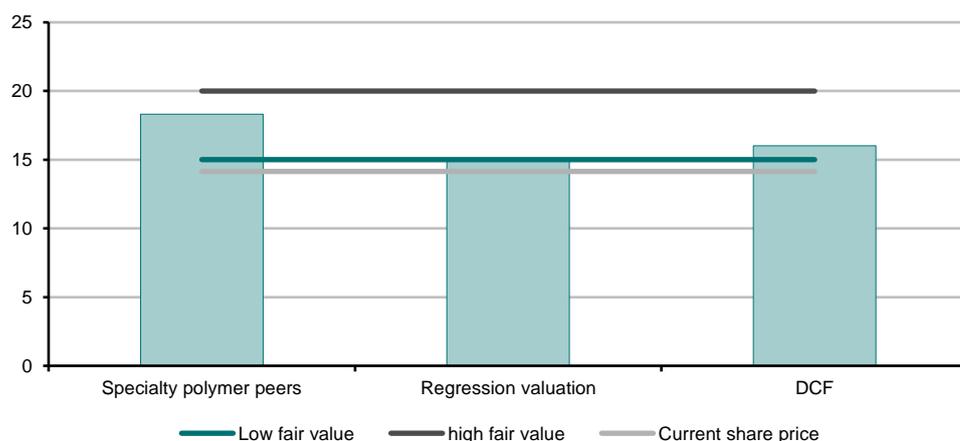
Source: Company

## Valuation

We calculate a fair value of SEK15–20 for Nexam Chemical, based on an equally weighted average of the 2022e EV/sales for our specialty polymer peer group, a small-cap/high-growth regression valuation, and our DCF. Our fair value corresponds to 2022e EV/sales of 4.4x, an EV/EBITDA of 32.6x, and a P/E of 70.2x.

- **The low end of the range assumes:** a 10% higher WACC of 14.1% in our base-case DCF.
- **The high end of the range assumes:** 10% premium to the peer group's 2023e EV/sales applied to our forecasts and DCF.

Figure 9: Valuation summary (SEK/share)



Source: DNB Markets

## Peer group valuation

Being in a growth phase, we believe the best way to arrive at a valuation estimate for Nexam Chemical is EV/sales, even though we expect Nexam Chemical's bottom line to move into the black in 2021. We have identified relevant specialty polymer peers in their value proposition, end-market exposure, and business models. Nexam Chemical is trading at a 24% discount to our peer group on 2023e EV/sales, with an 8%-point higher gross margin but a 7%-point lower EBIT margin versus peers. This indicates a fair value of SEK16–20 for Nexam Chemical.

Figure 10: Valuations – Nexam Chemical versus listed peers

	Mkt. Cap. (SEKm)	P/E (x)			EV/EBITDA (x)			EV/Sales (x)			Gross margin			EBIT margin		
		2021e	2022e	2023e	2021e	2022e	2023e	2021e	2022e	2023e	2021e	2022e	2023e	2021e	2022e	2023e
<b>Nexam Chemical (DNBe)</b>	<b>1,116</b>	<b>520.7</b>	<b>54.8</b>	<b>34.9</b>	<b>70.0</b>	<b>25.3</b>	<b>17.2</b>	<b>4.8</b>	<b>3.4</b>	<b>2.7</b>	<b>42%</b>	<b>45%</b>	<b>45%</b>	<b>2%</b>	<b>10%</b>	<b>12%</b>
Premium(+)/discount(-)*		834%	127%	67%	325%	79%	35%	12%	-12%	-24%	8%	16%	22%	-87%	-47%	-37%
<b>Specialty polymer peers</b>																
Solvay SA	118,472	13.6	12.3	11.1	6.8	6.4	5.9	1.5	1.4	1.3	34%	34%	33%	15%	16%	17%
Ashland Global Holdings, Inc.	46,032	18.4	15.0	13.1	11.6	10.0	9.3	2.8	2.5	2.4	33%	35%	39%	13%	14%	
Croda International Plc	129,328	36.5	33.6	31.4	23.0	21.1	19.5	6.6	6.2	5.9	46%	46%	47%	24%	24%	22%
Hexcel Corporation	43,022	307.4	40.7	27.0	27.7	16.7	13.5	4.1	3.4	3.0	22%	27%	27%	5%	12%	16%
Umicore	131,184	19.0	21.6	21.6	11.4	12.4	12.3	3.5	3.2	2.9	66%	61%		24%	18%	15%
Victrex plc	28,034	30.9	27.4	24.7	20.3	18.9	17.1	7.5	7.2	6.7	55%	56%	56%	31%	32%	33%
Johnson Matthey Plc	74,471	12.5	11.8	11.0	8.4	8.0	7.5	1.6	1.6	1.5	27%	27%	27%	15%	15%	15%
Toray Industries, Inc.	90,685	14.0	12.1	10.6	8.0	7.2	6.4	0.9	0.8	0.8	20%	21%	21%	6%	6%	6%
Lonza Group AG	463,235	49.5	42.5	37.0	30.9	26.6	23.5	9.8	8.7	7.9	44%	43%	44%	25%	26%	27%
<b>Average</b>	<b>124,940</b>	<b>55.8</b>	<b>24.1</b>	<b>20.8</b>	<b>16.5</b>	<b>14.1</b>	<b>12.8</b>	<b>4.3</b>	<b>3.9</b>	<b>3.6</b>	<b>39%</b>	<b>39%</b>	<b>37%</b>	<b>17%</b>	<b>18%</b>	<b>19%</b>
<b>Median</b>	<b>90,685</b>	<b>19.0</b>	<b>21.6</b>	<b>21.6</b>	<b>11.6</b>	<b>12.4</b>	<b>12.3</b>	<b>3.5</b>	<b>3.2</b>	<b>2.9</b>	<b>34%</b>	<b>35%</b>	<b>36%</b>	<b>15%</b>	<b>16%</b>	<b>16%</b>

Source: Bloomberg (underlying data), DNB Markets (Nexam Chemical estimates)

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# DCF

Figure 11: DCF model – detailed base-case assumptions (SEKk)

	Explicit forecasts				Growth state						Maturing state					Terminal
	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	Value
Sales	165,637	233,339	324,060	398,819	498,524	623,154	778,943	973,679	1,217,099	1,521,373	1,749,579	2,012,016	2,313,819	2,660,891	3,060,025	3,136,526
Growth		41%	39%	23%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	15.0%	15.0%	15.0%	15.0%	15.0%	2.5%
EBITDA	4,908	14,642	43,961	63,471	79,764	99,705	124,631	155,789	194,736	243,420	314,924	362,163	416,487	478,960	550,805	564,575
Margin	3%	6%	14%	16%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18%
D&A	-10,193	-10,522	-12,960	-15,953	-16,489	-21,246	-24,334	-30,417	-34,500	-43,125	-59,409	-68,911	-78,279	-87,105	-93,941	-108,033
% of sales	6%	5%	4%	4%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
EBIT	-5,285	4,120	31,001	47,518	63,275	78,458	100,297	125,371	160,236	200,295	255,515	293,252	338,208	391,855	456,863	456,542
Margin	-3%	2%	10%	12%	13%	13%	13%	13%	13%	13%	15%	15%	15%	15%	15%	15%
Net financial items	-2,312	-2,410	-4,256	-5,517	-6,896	-8,620	-10,774	-13,468	-16,835	-21,044	-24,200	-27,831	-32,005	-36,806	-42,327	-43,385
Pre tax profit	-7,598	1,710	26,745	42,001	56,379	69,839	89,522	111,903	143,401	179,251	231,315	265,422	306,203	355,050	414,536	413,157
Taxes	-496	-840	-6,151	-9,660	-14,553	-18,045	-23,068	-28,835	-36,854	-46,068	-58,768	-67,448	-77,788	-90,127	-105,079	-105,005
Tax rate	-7%	49%	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%
Net income	-8,094	869	20,593	32,341	41,826	51,793	66,454	83,068	106,546	133,183	172,546	197,974	228,415	264,923	309,458	308,153
<b>FCF calculation</b>																
EBIT	-5,285	4,120	31,001	47,518	63,275	78,458	100,297	125,371	160,236	200,295	255,515	293,252	338,208	391,855	456,863	456,542
D&A (-)	10,193	10,522	12,960	15,953	16,489	21,246	24,334	30,417	34,500	43,125	59,409	68,911	78,279	87,105	93,941	108,033
Taxes (+)	-496	-840	-6,151	-9,660	-14,553	-18,045	-23,068	-28,835	-36,854	-46,068	-58,768	-67,448	-77,788	-90,127	-105,079	-105,005
Capex (+)	-6,307	-9,662	-20,656	-19,148	-23,935	-29,919	-37,399	-46,748	-58,435	-73,044	-75,253	-86,541	-99,522	-114,450	-131,618	-134,908
% sales	3.8%	4.1%	6.4%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Acquisitions (-)/divestments (+)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in NWC (-)	-18,481	-11,616	-9,160	-9,229	-10,314	-12,892	-16,116	-20,144	-25,181	-31,476	-21,325	-24,523	-28,202	-32,432	-37,297	-7,149
% of sales growth		17%	10%	12%	10%	10%	10%	10%	10%	10%	9%	9%	9%	9%	9%	9%
<b>Free cash flow</b>	<b>-7,476</b>	<b>7,994</b>	<b>25,434</b>	<b>30,961</b>	<b>38,848</b>	<b>48,048</b>	<b>60,061</b>	<b>74,266</b>	<b>92,832</b>	<b>159,578</b>	<b>183,651</b>	<b>210,976</b>	<b>241,951</b>	<b>276,811</b>	<b>317,513</b>	

Source: DNB Markets

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Forecast changes – P&L

(SEKm)	New			Old			Change		
	2021e	2022e	2023e	2021e	2022e	2023e	2021e	2022e	2023e
Revenues	233	324	399	234	326	408	-1	-2	-10
Cost of sales	-136	-178	-219	-135	-179	-225	-1	1	5
Gross profit	98	146	179	99	147	184	-2	-1	-4
Operating expenses	-83	-102	-116	-82	-100	-116	-1	-2	0
EBITDA	15	44	63	17	46	68	-3	-2	-4
EBITDA adj	16	44	63	17	46	68	-1	-2	-4
EBITDA margin (%)	6.3	13.6	15.9	7.4	14.2	16.6	-1.1	-0.7	-0.7
Depreciation	-11	-13	-16	-11	-13	-16	1	0	0
EBIT	4	31	48	6	33	52	-2	-2	-4
EBIT adj	5	31	48	6	33	52	-1	-2	-4
Net interest	-2	-4	-6	-3	-4	-6	0	0	0
Net financial items	-2	-4	-6	-3	-4	-6	0	0	0
PBT	2	27	42	3	29	46	-2	-2	-4
Taxes	-1	-6	-10	-1	-7	-11	0	0	1
Net profit	1	21	32	2	22	35	-2	-2	-3
Adjustments to net profit	1	0	0	0	0	0	1	0	0
Net profit adj	2	21	32	2	22	35	0	-2	-3
<i>Per share data (SEK)</i>									
EPS	0.02	0.26	0.41	0.04	0.28	0.45	-0.02	-0.02	-0.04
EPS adj	0.03	0.26	0.41	0.03	0.28	0.45	0.00	-0.02	-0.04
<i>Other key metrics (%)</i>									
Revenue growth	40.7	38.9	23.1	41.2	39.2	25.3	-0.5	-0.4	-2.2
EBIT adj growth	nm	472.1	53.3	-213.2	458.0	54.4	nm	14.2	-1.1
EPS adj growth	nm	850.3	57.0	-128.8	816.5	58.4	nm	33.8	-1.4
Avg. number of shares (m)	79	79	79	79	79	79	0	0	0
Capex	-10	-21	-19	-12	-16	-15	2	-4	-4
OpFCF	6	23	44	6	30	53	1	-7	-9
NIBD adj	-13	-16	-36	-21	-26	-41	8	9	5

Source: DNB Markets

Forecast changes – By segment and assumptions

(SEKm)	New			Old			Change		
	2021e	2022e	2023e	2021e	2022e	2023e	2021e	2022e	2023e
<b>Revenue</b>									
Performance Masterbatch	99	103	107	98	102	106	1	1	1
Performance Chemicals	135	221	292	137	224	302	-2	-3	-11
<b>Assumptions</b>									
Revenue org. % YOY	41.46	38.83	23.09	41.93	39.20	25.30	-0.46	-0.37	-2.22
Structure impact % YOY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Currency impact % YOY	-0.75	0.02	0.00	-0.75	0.02	0.00	0.00	0.00	0.00

Source: DNB Markets

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### Quarterly numbers

(SEKm)	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021e	Q3 2021e	Q4 2021e	Q1 2022e	Q2 2022e
<b>Revenues</b>	<b>32</b>	<b>42</b>	<b>36</b>	<b>41</b>	<b>47</b>	<b>53</b>	<b>60</b>	<b>58</b>	<b>64</b>	<b>71</b>	<b>82</b>
Cost of sales	-17	-24	-21	-23	-27	-31	-35	-33	-36	-39	-45
<b>Gross profit</b>	<b>15</b>	<b>18</b>	<b>15</b>	<b>18</b>	<b>20</b>	<b>21</b>	<b>25</b>	<b>24</b>	<b>27</b>	<b>32</b>	<b>37</b>
Operating expenses	-17	-16	-14	-16	-19	-20	-22	-20	-21	-23	-26
<b>EBITDA</b>	<b>-3</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>9</b>	<b>11</b>
Depreciation	-2	-3	-3	-2	-3	-3	-3	-3	-3	-3	-3
<b>EBIT</b>	<b>-5</b>	<b>0</b>	<b>-2</b>	<b>-1</b>	<b>-2</b>	<b>0</b>	<b>-1</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>8</b>
Net interest	-1	0	-1	0	-1	0	-1	-1	-1	-1	-1
Net financial items	-1	0	-1	0	-1	0	-1	-1	-1	-1	-1
<b>PBT</b>	<b>-6</b>	<b>0</b>	<b>-3</b>	<b>-1</b>	<b>-3</b>	<b>-1</b>	<b>-1</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>7</b>
Taxes	0	0	0	0	0	0	0	0	-1	-1	-2
<b>Net profit</b>	<b>-6</b>	<b>-1</b>	<b>-4</b>	<b>-1</b>	<b>-3</b>	<b>-1</b>	<b>-1</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>5</b>
Adjustments to net profit	1	0	0	0	0	0	1	0	0	0	0
Net profit adj	-5	-1	-4	-1	-3	-1	0	1	2	4	5
Avg. number of shares (m)	68	68	76	76	76	79	79	79	79	79	79
<i>Per share data (SEK)</i>											
EPS	-0.09	-0.01	-0.05	-0.03	-0.05	0.00	-0.02	0.01	0.03	0.05	0.07
<b>EPS adj</b>	<b>-0.07</b>	<b>-0.01</b>	<b>-0.05</b>	<b>-0.02</b>	<b>-0.04</b>	<b>-0.01</b>	<b>0.00</b>	<b>0.01</b>	<b>0.03</b>	<b>0.05</b>	<b>0.07</b>
<i>Growth and margins (%)</i>											
Revenues, QOQ growth	3.0	30.2	-12.8	12.9	13.7	12.4	13.6	-3.5	10.5	12.0	15.2
Revenues, YOY growth	8.4	31.3	3.4	32.1	45.8	25.9	64.0	40.3	36.2	35.7	37.6
EPS adj, YOY growth	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Gross margin	45.6	42.8	41.8	43.2	42.6	40.7	41.3	42.0	43.0	45.0	45.0
EBITDA adj margin	nm	5.5	0.5	4.3	1.4	4.0	5.5	7.2	10.1	12.1	13.7
Depreciation/revenues	-6.8	-6.0	-7.3	-5.8	-5.7	-4.9	-4.4	-4.4	-4.4	-4.0	-4.0
EBIT adj margin	-13.6	-0.5	-6.8	-1.5	-4.2	-0.9	1.1	2.8	5.7	8.1	9.7
Net profit margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm

Source: Company (historical figures), DNB Markets (estimates)

### Adjustments to quarterly numbers

(SEKm)	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021e	Q3 2021e	Q4 2021e	Q1 2022e	Q2 2022e
<b>EBITDA</b>	<b>-3</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>9</b>	<b>11</b>
Gains and losses	0	0	0	0	0	0	0	0	0	0	0
EBITDA adj	-2	2	0	2	1	2	3	4	6	9	11
Gains and losses	0	0	0	0	0	0	0	0	0	0	0
<b>EBIT</b>	<b>-5</b>	<b>0</b>	<b>-2</b>	<b>-1</b>	<b>-2</b>	<b>0</b>	<b>-1</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>8</b>
Gains and losses	0	0	0	0	0	0	0	0	0	0	0
EBIT adj	-4	0	-2	-1	-2	0	1	2	4	6	8
<b>Net profit</b>	<b>-6</b>	<b>-1</b>	<b>-4</b>	<b>-1</b>	<b>-3</b>	<b>-1</b>	<b>-1</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>5</b>
Gains and losses	0	0	0	0	0	0	0	0	0	0	0
Net profit adj	-5	-1	-4	-1	-3	-1	0	1	2	4	5

Source: Company (historical figures), DNB Markets (estimates)

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Quarterly numbers by segment and assumptions

(SEKm)	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021e	Q3 2021e	Q4 2021e	Q1 2022e	Q2 2022e
<b>Revenue</b>											
Performance Masterbatch	18	22	21	21	22	25	27	23	24	26	28
Performance Chemicals	14	20	15	20	24	27	33	35	40	45	54
<b>Assumptions</b>											
Revenue org. % YOY	7.46	30.89	3.70	33.29	47.50	27.35	65.21	40.66	36.28	35.60	37.55
Structure impact % YOY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Currency impact % YOY	0.92	0.45	-0.34	-1.21	-1.70	-1.45	-1.21	-0.41	-0.08	0.09	0.00

Source: Company (historical figures), DNB Markets (estimates)

Annual P&L

(SEKm)	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
<b>Revenues</b>	2	8	8	19	110	130	166	233	324	399
Cost of sales	-4	-5	-5	-12	-68	-82	-95	-136	-178	-219
<b>Gross profit</b>	1	5	5	9	47	54	71	98	146	179
Operating expenses	-32	-25	-24	-29	-53	-59	-66	-83	-102	-116
<b>EBITDA</b>	-31	-19	-19	-20	-6	-6	5	15	44	63
Depreciation	-4	-3	-2	-3	-10	-10	-10	-11	-13	-16
<b>EBIT</b>	-35	-22	-22	-23	-16	-15	-5	4	31	48
Net interest	0	0	0	0	-1	-2	-2	-2	-4	-6
Net financial items	0	0	0	0	-1	-2	-2	-2	-4	-6
<b>PBT</b>	-35	-22	-22	-23	-17	-17	-8	2	27	42
Taxes	0	0	0	17	0	0	0	-1	-6	-10
Effective tax rate (%)	0	0	0	75	-1	0	-7	49	23	23
<b>Net profit</b>	-35	-22	-22	-6	-17	-17	-8	1	21	32
Adjustments to net profit	-2	-1	0	-1	-3	-4	0	1	0	0
Net profit adj	-37	-23	-22	-7	-20	-21	-8	2	21	32
Avg. number of shares	52	52	62	65	68	68	76	79	79	79
<i>Per share data (SEK)</i>										
EPS	-0.58	-0.42	-0.36	-0.09	-0.25	-0.25	-0.14	0.02	0.26	0.41
<b>EPS adj</b>	-0.71	-0.44	-0.36	-0.11	-0.30	-0.31	-0.11	0.03	0.26	0.41
<i>Growth and margins (%)</i>										
Revenue growth	-37.1	389.5	5.4	126.1	487.5	18.4	27.5	40.7	38.9	23.1
EPS adj growth	nm	nm	nm	nm	nm	nm	nm	nm	850.3	57.0
Gross margin	nm	30.8	43.4	37.4	38.1	36.7	42.6	41.8	45.0	45.0
EBITDA margin	nm	nm	nm	nm	nm	nm	3.0	6.3	13.6	15.9
EBITDA adj margin	nm	nm	nm	nm	nm	nm	3.0	6.8	13.6	15.9
Depreciation/revenues	-259.4	-35.7	-29.5	-15.9	-9.0	-7.6	-6.1	-4.5	-4.0	-4.0
EBIT margin	nm	nm	nm	nm	nm	nm	nm	1.8	9.6	11.9
EBIT adj margin	-2328.9	-295.6	-268.0	-129.3	-16.9	-14.9	-3.2	2.3	9.6	11.9
PBT margin	nm	nm	nm	nm	nm	nm	nm	0.7	8.3	10.5
Net profit margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm

Source: Company (historical figures), DNB Markets (estimates)

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### Adjustments to annual P&L

(SEKm)	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
<b>EBITDA</b>	<b>-31</b>	<b>-19</b>	<b>-19</b>	<b>-20</b>	<b>-6</b>	<b>-6</b>	<b>5</b>	<b>15</b>	<b>44</b>	<b>63</b>
Gains and losses	-3	-3	-1	-2	-5	-6	0	0	0	0
EBITDA adj	-33	-20	-20	-21	-9	-9	5	16	44	63
Gains and losses	-3	-3	-1	-2	-5	-6	0	0	0	0
<b>EBIT</b>	<b>-35</b>	<b>-22</b>	<b>-22</b>	<b>-23</b>	<b>-16</b>	<b>-15</b>	<b>-5</b>	<b>4</b>	<b>31</b>	<b>48</b>
Gains and losses	-3	-3	-1	-2	-5	-6	0	0	0	0
EBIT adj	-37	-23	-22	-24	-19	-19	-5	5	31	48
<b>Net profit</b>	<b>-35</b>	<b>-22</b>	<b>-22</b>	<b>-6</b>	<b>-17</b>	<b>-17</b>	<b>-8</b>	<b>1</b>	<b>21</b>	<b>32</b>
Gains and losses	-3	-3	-1	-2	-5	-6	0	0	0	0
Net profit adj	-37	-23	-22	-7	-20	-21	-8	2	21	32
<i>Per share data (SEK)</i>										
EPS	-0.58	-0.42	-0.36	-0.09	-0.25	-0.25	-0.14	0.02	0.26	0.41
Recommended adjustment	-0.13	-0.02	0.00	-0.02	-0.05	-0.06	0.03	0.01	0.00	0.00
EPS adj	-0.71	-0.44	-0.36	-0.11	-0.30	-0.31	-0.11	0.03	0.26	0.41

Source: Company (historical figures), DNB Markets (estimates)

### Cash flow

(SEKm)	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Net profit	-35	-22	-22	-6	-17	-17	-8	1	21	32
Other non-cash adjustments	0	0	0	0	-1	-2	0	-3	-10	-15
Change in net working capital	0	-4	2	1	-6	-14	-18	-12	-9	-9
<b>Cash flow from operations (CFO)</b>	<b>-31</b>	<b>-23</b>	<b>-18</b>	<b>-18</b>	<b>-13</b>	<b>-21</b>	<b>-17</b>	<b>0</b>	<b>24</b>	<b>39</b>
Capital expenditure	-2	-2	-2	-84	-6	-11	-6	-10	-21	-19
<b>Cash flow from investing (CFI)</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>	<b>-84</b>	<b>-6</b>	<b>-11</b>	<b>-6</b>	<b>-10</b>	<b>-21</b>	<b>-19</b>
<b>Free cash flow (FCF)</b>	<b>-33</b>	<b>-26</b>	<b>-20</b>	<b>-102</b>	<b>-18</b>	<b>-32</b>	<b>-23</b>	<b>-10</b>	<b>4</b>	<b>20</b>
Net change in debt	63	-1	117	55	-14	1	30	23	-7	-4
<b>Cash flow from financing (CFF)</b>	<b>63</b>	<b>-1</b>	<b>117</b>	<b>55</b>	<b>-14</b>	<b>1</b>	<b>30</b>	<b>23</b>	<b>-7</b>	<b>-4</b>
<b>Total cash flow (CFO+CFI+CFF)</b>	<b>30</b>	<b>-26</b>	<b>97</b>	<b>-47</b>	<b>-33</b>	<b>-31</b>	<b>7</b>	<b>13</b>	<b>-3</b>	<b>16</b>
<i>FCFF calculation</i>										
Free cash flow	-33	-26	-20	-102	-18	-32	-23	-10	4	20
Less: net interest	0	0	0	0	1	2	2	2	4	6
Less: tax shields/other	0	0	0	0	0	0	0	0	0	0
<b>Growth (%)</b>										
CFO	-27.1	26.4	24.1	-5.0	30.2	-65.1	19.7	98.3	8738.8	60.1
CFI	39.3	-40.0	16.6	-3923.3	93.4	-89.7	40.0	-53.2	-113.8	7.3
FCF	-20.1	22.8	23.4	-418.9	81.9	-72.5	26.4	57.5	137.6	432.9
CFF	19.3	-100.9	19874.1	-52.6	-125.9	105.6	3658.8	-23.6	-130.5	42.9
FCFF	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm

Source: Company (historical figures), DNB Markets (estimates)

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## Balance sheet

(SEKm)	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
<b>Assets</b>	<b>85</b>	<b>74</b>	<b>174</b>	<b>282</b>	<b>248</b>	<b>228</b>	<b>250</b>	<b>300</b>	<b>318</b>	<b>355</b>
Inventories	5	6	6	15	19	25	32	53	68	76
Trade receivables	0	2	2	15	16	19	32	48	45	56
Other receivables	3	2	3	5	3	5	6	7	7	7
Cash and cash equivalents	63	36	133	86	54	23	30	43	39	55
<b>Current assets</b>	<b>70</b>	<b>46</b>	<b>143</b>	<b>121</b>	<b>92</b>	<b>72</b>	<b>100</b>	<b>150</b>	<b>160</b>	<b>194</b>
Property, plant and equipment	13	11	9	50	48	49	45	46	53	56
Goodwill	2	18	19	111	108	106	105	104	105	105
Non-current financial assets	0	0	3	0	0	0	0	0	0	0
<b>Non-current assets</b>	<b>15</b>	<b>28</b>	<b>30</b>	<b>161</b>	<b>156</b>	<b>156</b>	<b>150</b>	<b>150</b>	<b>158</b>	<b>161</b>
<b>Total assets</b>	<b>85</b>	<b>74</b>	<b>174</b>	<b>282</b>	<b>248</b>	<b>228</b>	<b>250</b>	<b>300</b>	<b>318</b>	<b>355</b>
<b>Equity and liabilities</b>	<b>85</b>	<b>74</b>	<b>174</b>	<b>282</b>	<b>248</b>	<b>228</b>	<b>250</b>	<b>300</b>	<b>318</b>	<b>355</b>
<b>Total equity</b>	<b>74</b>	<b>66</b>	<b>164</b>	<b>188</b>	<b>171</b>	<b>155</b>	<b>187</b>	<b>222</b>	<b>243</b>	<b>275</b>
Trade payables	2	1	1	14	14	12	14	35	39	48
Other payables and accruals	4	3	5	11	11	7	8	13	13	13
Short-term debt	2	1	1	13	13	14	13	13	13	13
<b>Total current liabilities</b>	<b>7</b>	<b>5</b>	<b>7</b>	<b>38</b>	<b>39</b>	<b>33</b>	<b>36</b>	<b>61</b>	<b>64</b>	<b>73</b>
Long-term debt	2	2	1	50	37	35	24	13	6	2
Pension liabilities	0	0	0	0	0	0	0	0	0	0
Other non-current liabilities	2	1	1	5	1	4	3	4	4	4
<b>Total non-current liabilities</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>56</b>	<b>39</b>	<b>40</b>	<b>27</b>	<b>17</b>	<b>10</b>	<b>6</b>
<b>Total liabilities</b>	<b>11</b>	<b>8</b>	<b>10</b>	<b>94</b>	<b>77</b>	<b>73</b>	<b>63</b>	<b>78</b>	<b>75</b>	<b>80</b>
<b>Total equity and liabilities</b>	<b>85</b>	<b>74</b>	<b>174</b>	<b>282</b>	<b>248</b>	<b>228</b>	<b>250</b>	<b>300</b>	<b>318</b>	<b>355</b>
<i>Key metrics</i>										
Net interest bearing debt	-59	-33	-131	-31	-15	17	-3	-13	-16	-36

Source: Company (historical figures), DNB Markets (estimates)

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Valuation ratios

(SEKm)	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
<i>Enterprise value</i>										
Share price (SEK)	11.55	12.50	12.25	9.55	9.30	8.10	9.26	14.30	14.30	14.30
Number of shares (m)	51.14	51.78	62.11	64.85	67.52	67.52	75.80	78.90	78.90	78.90
Market capitalisation	591	647	761	619	628	547	702	1,128	1,128	1,128
Net interest bearing debt	-59	-33	-131	-31	-15	17	-3	-13	-16	-36
Adjustments to NIBD	0	0	0	0	0	0	0	0	0	0
Net interest bearing debt adj	-59	-33	-131	-31	-15	17	-3	-13	-16	-36
EV	532	614	630	589	613	563	699	1,116	1,112	1,092
EV adj	532	614	630	589	613	563	699	1,116	1,112	1,092
<i>Valuation</i>										
EPS	-0.58	-0.42	-0.36	-0.09	-0.25	-0.25	-0.14	0.02	0.26	0.41
<b>EPS adj</b>	<b>-0.71</b>	<b>-0.44</b>	<b>-0.36</b>	<b>-0.11</b>	<b>-0.30</b>	<b>-0.31</b>	<b>-0.11</b>	<b>0.03</b>	<b>0.26</b>	<b>0.41</b>
P/E	-19.9	-29.8	-34.0	-106.1	-37.2	-32.4	-66.5	941.0	54.8	34.9
P/E adj	-16.3	-28.2	-34.1	-88.5	-31.4	-26.1	-86.7	520.7	54.8	34.9
Average ROE	-59.8%	-31.4%	-19.2%	-3.3%	-9.6%	-10.5%	-4.7%	0.4%	8.9%	12.5%
Earnings yield adj	-5.0%	-3.4%	-2.9%	-0.9%	-2.7%	-3.1%	-1.5%	0.1%	1.8%	2.9%
EV/SALES	332.05	78.28	76.19	31.49	5.58	4.33	4.22	4.78	3.43	2.74
EV/SALES adj	332.05	78.28	76.19	31.49	5.58	4.33	4.22	4.78	3.43	2.74
EV/EBITDA	-17.0	-31.8	-32.3	-29.5	-106.4	-101.1	142.5	76.2	25.3	17.2
EV/EBITDA adj	-16.0	-30.1	-31.9	-27.8	-71.2	-59.4	142.5	70.0	25.3	17.2
EV/EBIT	-15.0	-27.8	-28.7	-25.7	-39.1	-36.6	-132.3	270.8	35.9	23.0
EV/EBIT adj	-14.3	-26.5	-28.4	-24.4	-33.1	-29.2	-132.3	205.9	35.9	23.0
EV/capital employed	6.9	8.9	3.8	2.4	2.9	2.9	3.3	4.7	4.4	3.9
EV/OpFCF (taxed)	-19.8	-34.9	-37.5	-7.3	-56.3	-36.6	-649.1	230.8	62.0	32.0

Source: Company (historical figures), DNB Markets (estimates)

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**Key accounting ratios**

	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
<i>Profitability (%)</i>										
ROA	-50.3	-27.7	-17.8	-2.5	-6.5	-7.2	-3.4	0.3	6.7	9.6
ROCE	-59.1	-31.6	-18.8	-11.8	-8.2	-9.6	-2.6	2.4	12.6	17.8
<i>Return on invested capital (%)</i>										
Net PPE/revenues	784.3	135.8	105.3	268.4	43.5	37.8	27.1	19.7	16.3	14.0
<i>Cash flow ratios (%)</i>										
FCF/revenues	-2076.8	-327.4	-237.8	-545.8	-16.8	-24.4	-14.1	-4.3	1.2	5.0
FCF yield (%)	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
CFO/revenues	-1965.7	-295.6	-212.7	-98.8	-11.7	-16.4	-10.3	-0.1	7.5	9.8
CFO/market capitalisation	-5.3	-3.6	-2.3	-3.0	-2.1	-3.9	-2.4	0.0	2.2	3.5
CFO/capex	-1770.2	-931.0	-846.7	-22.1	-232.7	-202.5	-270.9	-2.9	118.1	204.0
CFO/current liabilities	-428.9	-490.5	-237.5	-48.0	-33.4	-63.6	-47.9	-0.5	37.9	53.2
Cash conversion ratio	94.9	116.8	89.0	1775.1	107.2	186.2	289.0	-1144.3	18.2	61.6
Capex/revenues	111.0	31.8	25.1	447.0	5.0	8.1	3.8	4.1	6.4	4.8
Capex/depreciation	42.8	89.0	85.2	2817.4	55.8	106.8	61.9	91.8	159.4	120.0
OpFCF margin	-2180.5	-291.7	-263.7	-560.4	-12.9	-15.4	-0.8	2.7	7.2	11.1
<i>Leverage and solvency (x)</i>										
Interest cover	nm	nm	nm	nm	-11.49	-9.43	-2.07	1.70	7.71	9.10
EBIT/interest payable	nm	nm	nm	nm	nm	nm	nm	1.68	7.78	9.17
Cash coverage	70.59	192.85	-120.28	-179.78	-4.29	-3.47	2.12	6.07	10.33	11.51
Net debt/EBITDA	1.87	1.73	6.72	1.53	2.62	-2.96	-0.54	-0.86	-0.37	-0.57
Total debt/total capital (BV)	0.04	0.04	0.01	0.23	0.20	0.22	0.15	0.09	0.06	0.04
LTD / (LTD + equity (MV))	0.00	0.00	0.00	0.08	0.06	0.06	0.03	0.01	0.01	0.00
<i>Cash conversion cycle</i>										
Inventory turnover days	454.6	385.7	465.8	460.9	104.4	110.4	124.5	141.5	139.4	126.1
Receivables turnover days	689.2	174.3	193.3	384.6	62.6	68.2	83.9	85.8	59.1	57.6
Credit period	179.0	52.5	98.4	448.8	77.8	53.6	54.3	94.1	79.6	79.6
Cash conversion cycle	964.8	507.6	560.7	396.8	89.1	124.9	154.1	133.2	118.8	104.1

Source: Company (historical figures), DNB Markets (estimates)

14 July 2021

## Important Information

Company: Nexam Chemical  
 Coverage by Analyst: Viktor Trollsten  
 Date: 14/07/2021

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