A deep dive into a stock valuation: the case of OX2

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''The Potential Acquisition of OX2 by EQT: A Comprehensive Approach''

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Abstract

As the world transitions towards cleaner energy sources, the renewable energy sector has become a key area of focus for both economic growth and environmental sustainability. EQT Infrastructure VI evaluated the acquisition of OX2, a leading project developer and Independent Power Producer. The group part provides a comprehensive overview of the strategic motivations behind the acquisition, including OX2's business model, market position, and alignment with EQT's long-term sustainability goals. Each individual contribution uniquely addresses specific aspects of the case: the strategic and sustainability alignment of OX2's operations with EQT's objectives, the key financial considerations of the acquisition, the risks posed by market competition and operational challenges, and the comprehensive valuation that enhance OX2's attractiveness. Collectively, the study offers a multidimensional analysis of this acquisition, shedding light on the complexities and opportunities within the renewable energy sector.

Keywords: Renewable Energy, business, strategy, technology, ESG, sustainability, active ownership, acquisition, stock valuation, financial statements analysis, activity ratios, financial performance, profitability ratios, capital structure, liquidity management, efficiency ratios, value creation, competitive analysis, linear regression, interest rate sensitivity, revenue correlation, technology obsolescence, policy risk, political stability, country risk, market dynamics.

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1. Introduction to the case study

In September 2022, the CEO of EQT agreed with the board of directors to outline the firm's next strategic move. During this meeting, the board approved the launch of Infrastructure Fund VI, a milestone initiative designed to build upon the success of its predecessors. With a target size of $20 billion, this fund was set to become the largest in EQT's history within the infrastructure sector. Following the meeting, the CEO delegated responsibility to the directors of strategy and risk, while appointing a new fund manager to oversee the fund's operations. This newly designated team was tasked with developing and implementing a comprehensive strategy to ensure the fund's objectives were achieved, marking a pivotal step in EQT's ongoing expansion.

Based on the achievements of prior investments, such as Solarpack (rebranded as Zelestra) under Infrastructure Fund V and O2 Power for Infrastructure Fund IV, EQT began its search for a new Independent Power Producer to be included in the new Infrastructure Fund VI. The aim was to identify a company capable of transitioning from a traditional project developer to a fully integrated renewables player, combining development expertise with asset ownership while maintaining the flexibility to sell projects as needed. The objective was to strengthen EQT's position in the renewable energy market, tap into new growth opportunities, and establish a sustainable long-term presence in the sector.

The team assessed various markets and then it became evident that looking beyond Sweden was unnecessary. The country already hosted established leaders in the renewable energy space, offering significant potential for growth. Among these, OX2 emerged as an ideal candidate due to its expertise, proven track record, and potential for expansion under EQT's guidance. This realization positioned OX2 as the ideal fit for Infrastructure Fund VI.

On the other hand, it is late April 2024, and word has reached a trusted board advisor with close ties to the EQT fund that a formal offer to acquire OX2 might soon be launched. Following a tense board meeting where the topic was briefly addressed, the CEO was instructed to establish an independent committee to evaluate any potential offer objectively. The goal was to ensure that shareholders' interests were safeguarded and that a thorough assessment of the offer's implications would guide the company's next steps.

The timing of this development comes during a challenging period for OX2. Competition within the renewable energy sector is at an all-time high, driven by rapid technological advancements and increased investment from new market players. Meanwhile, the company's stock price has suffered a significant decline since its peak of 99.60 SEK in late July 2022. By April 2024, the share price had fallen to approximately 40 SEK, raising concerns among shareholders and intensifying the pressure on OX2's leadership to stabilize the company and deliver a clear path forward. In this context, the independent committee's role would be critical in shaping OX2's response to EQT's potential offer.

It is now the first week of May, and the anticipated offer from EQT has been formally received. The following case study will explore the context and details of this acquisition proposal, focusing on two key perspectives. First, it will analyze the business, financial, and risk factors that likely led EQT to target OX2 as part of its strategic vision for renewable energy. Second, it will delve into the independent committee's critical task of assessing the offer, evaluating its implications for shareholders, and determining whether it aligns with the long-term interests of the company. With the information provided and available online, the challenge is to explain the rationale behind EQT's decision and outline the steps the committee must take in its analysis.

Are you ready?

2. About EQT

2.1. Background

EQT Partners was founded in 1994, inspired by the Wallenberg family’s philosophy of responsible ownership. Initially focused on industrial companies in Sweden and neighboring countries, EQT quickly expanded, opening its first international office in Munich in 1999, followed by Hong Kong in 2006. Over the years, EQT introduced new business lines, including Infrastructure in 2008 and Real Estate in 2015, and broadened its global presence, further establishing itself as a leader in private equity.

Throughout its journey, EQT has integrated sustainability and innovation into its operations. In 2010, the firm became a signatory to the UN Principles for Responsible Investment and introduced sector teams to refine its investment strategy. By 2019, EQT went public on Nasdaq Stockholm, marking a new era of transparency and growth. Today, EQT operates a multi-strategy platform, encompassing private equity, credit, real estate, and public value investments, while continuing to expand its global footprint and uphold its core values of responsible and long-term ownership. Over the last 20 years, it has invested more than €232 billion across a range of funds targeting unlisted companies (EQT 2023). While its investments are primarily based in European Union countries, especially in the Nordic region, EQT also actively invests in North America and China.

2.2. Current Situation

EQT AB's role is to manage, advise, and invest in the EQT funds, receiving management fees and a share of profits. These funds, with €130 billion in assets under management (FAUM) across 51 active funds, receive capital from investors, which is then used to acquire and develop portfolio companies. Currently, EQT manages around 300 portfolio companies and owns 2030 buildings. Dividends are distributed to EQT AB’s shareholders from the profits generated.

EQT's key activities, as summarized in the Annual report of 2023, include the launch of EQT Nexus, a semi-liquid strategy allowing individuals access to a diversified portfolio, the completion of integration with BPEA (now Private Capital Asia). Additionally, EQT published its net zero guidelines and was included in the Dow Jones Sustainability Indices for the second year in a row. In terms of fundraising, EQT raised over €27 billion in 2023, reaching the target size for EQT X and finalizing €21.7 billion in fee-generating assets. Further fundraising efforts continued for EQT Infrastructure VI and EQT Exeter Industrial Value Fund VI, which exceeded its target size. In terms of EQT's value creation, all key EQT funds are on or above plan to meet targets. Investment activity saw a 60% increase in 2023 compared to 2022, after a slowdown in the previous year due to market uncertainties.

EQT has established financial targets focusing on revenue growth, EBITDA margin, and dividend policy, aiming to exceed the private market industry's growth rate. In 2023, it achieved a 39% revenue increase, primarily driven by a 48% rise in management fees from sectors like Private Capital and Infrastructure. EQT's EBITDA margin reached 58%, meeting its target range of 55%-65%, and the board proposed an increased dividend for 2023, payable in two installments in 2024.

On the sustainability side, EQT emphasizes responsible leadership, equitable business practices, and environmental stewardship. In 2023, 88% of its portfolio companies appointed board sustainability champions, and 60% are working toward net zero. EQT also promotes diversity, with notable gender diversity in leadership roles and strong employee engagement, scoring 8.0 in surveys. Its sustainability efforts reflect EQT's comprehensive commitment to growth that aligns with ethical and environmental values, including the use of 100% renewable electricity across its offices.

2.3. Strategy

EQT, as a fund, is positioning itself as a global leader in active ownership strategies by aiming for strong risk-adjusted returns and selective expansion into complementary strategies. Currently, EQT ranks in the top 3 globally in Private Capital (55% of its AUM), where it focuses on scaling strategies across global platforms (PR Newswire 2024). The annual report shows how: in Infrastructure, where it holds a top 5 position (28% of AUM), EQT aims to deepen its expertise to enhance value creation and expand its offerings and EQT Exeter ranks in the top 10 (17% of AUM) and is focusing on regional fund series in the US and Europe with plans to expand in Asia.

EQT's business model focuses on transforming good companies into great, sustainable ones by providing ownership skills and operational expertise. Through its portfolio companies, EQT drives growth and operational excellence with strategies centered on geographic expansion, new products, acquisitions, and strategic re-orientation. The EQT Playbook is a foundational tool in this process, leveraging digitalization, sustainability, and operational enhancements to future-proof companies. This model includes a thematic and sector-based approach to investment, targeting high-growth sectors influenced by macro trends such as climate, health, and technology. With a "locals-with-locals" philosophy, EQT taps into local markets and builds strong, long-term relationships. The governance model and the EQT Network, a global advisory network of industry experts, support value creation through strategic guidance and performance monitoring. Emphasizing digital transformation and sustainability, EQT aims to foster resilient, high-performing companies prepared for long-term success and positive societal impact.

Since its IPO in 2019, EQT has advanced its active ownership strategy through strategic M&A, developing new strategies, and scaling flagship funds. It has pursued growth opportunities with a high bar for cultural fit and performance in acquisitions, including Exeter, Life Sciences Partners, BPEA, Redwood, and Bear Logi. EQT has also launched new strategies such as EQT Growth, EQT Future, Active Core Infrastructure, and healthcare-focused initiatives. Alongside these expansions, EQT has consistently scaled flagship funds, increasing its assets under management with funds like EQT VIII and IX, Infra IV, and the significant EQT X in 2023, reaching approximately €40 billion.

3. Private Equity funds landscape

Private equity investments in renewable energy have seen significant growth in recent years, driven by a global shift toward cleaner energy sources and the increasing importance of environmental, social, and governance (ESG) criteria. In 2023, this trend reached new heights, with PE investments in renewable energy hitting a five-year high of $14.58 billion by the third quarter of the year, reflecting a continued push toward sustainable energy solution (Sabater 2023). This expansion can be attributed to several factors, including favourable regulatory environments, technological advancements, and the evolving demands of both investors and society for more sustainable practices

One of the key drivers behind the surge in PE investment in renewables is the robust regulatory support provided by governments, particularly in the U.S. and Europe. The Inflation Reduction Act (IRA), passed in the United States in 2022, has played a pivotal role in stimulating private investment in clean energy. By offering tax credits and other incentives for renewable energy projects, the IRA has unlocked over $100 billion in new PE commitments, contributing to more than 350 gigawatts (GW) of new generating capacity (Trevor D'Olier-Lees 2023).

In Europe, similar trends are visible where the surge in private equity investments in renewable energy is closely linked to ambitious regulatory frameworks like the European Green Deal. This policy, through the ease of permitting procedures and recognition of renewable energy as an overriding public interest, aims to make Europe the first climate-neutral continent by 2050 and has set binding targets to significantly increase the share of renewables in the energy mix by 2030 (Commission 2022). Germany has witnessed record-breaking investments in renewable energy infrastructure in the wake of the energy crisis triggered by Russia's invasion of Ukraine, underscoring the urgent need to reduce reliance on fossil fuels. The country's ambitious energy policy, exemplified by its "Easter Package," aims to increase renewable energy production and lower carbon emissions, thereby fostering greater private equity involvement in the sector.

Another critical factor driving PE interest in renewables is the maturation of renewable technologies, particularly solar and wind. Solar energy has seen rapid advancements, leading to significant cost reductions and increased efficiency. This has made solar power an attractive investment for PE firms, as evidenced by its dominance in global renewable investments in 2023. Wind energy, while slightly more cyclical due to its dependence on regulatory frameworks and subsidies, also remains a vibrant sector within alternative energy. PE firms, however, must carefully evaluate the market dynamics, as wind turbine installations are often subject to fluctuating government incentives (Debra McCoy 2023). This has prompted firms to diversify their portfolios by investing in complementary technologies, such as energy storage, which can stabilize returns and mitigate risks associated with intermittent renewable energy sources. For instance, companies like Envision Group have expanded into energy storage and wind-farm operations, ensuring they remain competitive as the market evolves (Debra McCoy 2023).

Lastly, the rising importance of ESG factors has fundamentally changed the investment process for PE firms. Investors are increasingly demanding that their portfolio companies adopt clear decarbonization strategies, and this pressure is expected to intensify as regulators impose stricter emission reporting requirements. In the U.S., the Securities and Exchange Commission (SEC) is considering regulations that would require companies to report on Scope 3 emissions, those generated across their entire value chains. This has forced many private equity-backed companies to establish comprehensive carbon management plans to avoid regulatory and financial risks (Debra McCoy 2023). Firms that incorporate ESG considerations into their investment strategies are likely to benefit from the growing demand for sustainable assets. According to a Bain & Company report, private equity-owned companies are increasingly adopting emissions-reduction strategies in line with globally recognized standards, such as the Science Based Targets initiative (SBTi) (Debra McCoy 2023). This not only shields companies from regulatory risk but also enhances their value by positioning them as leaders in the low-carbon economy. Consequently, ESG factors are now seen as integral to both the defensive and offensive strategies of PE firms, driving value creation and ensuring long-term sustainability.

4. About OX2:

4.1. Company background and history:

OX2 is a Swedish company founded in 2004 by Johan Ihrfelt and Thomas von Otter as a part of Peas Industries, with the purpose of speeding up the transition to renewable energy. It develops and sells renewable energy solutions at scale. Today it is one of the largest developers of onshore wind power in Europe. Its leading position in the market has been achieved through a progressive expansion, a solid business model, which covers all the value chain, and technology diversification.

Founded in Sweden in 2004 as O2, OX2 began by acquiring early-phase wind projects from Vestas. Its first major success came in 2005 with the sale of the Fjällberget project, Sweden's largest wind power installation at the time. By 2006, OX2 expanded its partnerships with Proventus, Folksam, and others. In 2011, Paul Stormoen became CEO, and OX2 expanded internationally, starting with Finland in 2012. The company rebranded to OX2 in 2014 to reflect its growing global presence. By 2019, it entered the Polish market and in 2022, the Company has been publicly listed on Nasdaq Stockholm, with Peas Industries as the largest shareholder. Today, OX2 leads the renewable energy transition in Europe, focusing on wind and solar power as key drivers of sustainable energy growth.

Currently, sustainability is on everyone's lips. Despite the landscape characterized by inflation, increased interest rate and volatile electricity prices, over the last years OX2 has been growing fast thanks to policy objectives and technological developments. Most European countries signed the Paris Agreement aiming to limit global warming to no more than 1.5° C. This target leads to an emission reduction of 45% by 2030 and net zero milestone by 2050. Countries have raised or already surpassed their targets for the share of renewables.

The achievement of this ambitious purpose has caused the run to electrification, in various sectors. As a result, not only there is a greater demand for electricity, but this energy requirement must also be sourced from clean alternatives. Furthermore, recent global energy crisis due to geopolitical uncertainty has made renewable energy technologies a much more financially attractive option and even fossil fuel importers have placed greater value on the energy security benefits provided by renewables (OX2 2024).

Even though OX2 origins are in onshore wind power, over the years the Sweden company led the portfolio to diversification, both in terms of technologies and in terms of markets. Technologies used are offshore wind power, onshore wind power, solar power and energy storage. Offshore wind power is capturing strong investor interest, since energy generation is higher and more predictable thanks to the stronger and more consistent wind speeds available at the sea. Challenges are related to high installation costs, potential environmental impact on marine ecosystems and possible conflicts with the maritime, defense and fishing industries. Onshore wind turbines and wind farms are usually both less numerous and smaller than their offshore equivalents. OX2 holds 20 years of experience have made this technology reliable and ensured low maintenance costs; projects can be completed entirely without government subsidies.

Solar energy is the fastest-growing technology in the global energy mix; research is increasing solar panel efficiency and reducing its costs. OX2 entered the solar power sector in 2018, and it is developing agrivoltaics projects in France, Italy and Australia. Energy storage is the last addition to the OX2 portfolio. However, it plays a key role in modern energy systems by improving grid stability, enhancing the integration of renewable energy sources and providing backup power. Energy storage can balance electricity supply and demand and can reduce peak-time costs for commercial and industrial customers.

Currently, OX2 operates in twelve markets, with a leading position in Sweden, Finland and Poland. Sweden and Finland are the only two markets where all four OX2's technologies are present and where, during 2023, fossil-free share was larger than 90% of the energy mix. The company established here in 2004 and 2012 respectively; net zero targets are the strictest. Aland, France, Lithuania, Spain, Estonia, Romania and Greece are markets where OX2 established later than 2017 and fossil-free share is higher than 65% in the energy mix, except for Greece (50%). Poland, Italy and Australia are still biased towards fossil fuel; hence, they represent the markets with the highest growth margin for the next years (OX2 2023).

Firstly, expansion takes place through new projects and new markets. OX2 launches a new project either through its own greenfield development or through the acquisition of existing projects, which can be made at every stage of the development phase. The extensive experience in the sector makes OX2 a reliable and attractive partner both for landowners and other developers. Establishing in a new market usually has been done by the acquisition of a project followed by the construction of a local organization consisting of employees skilled and experienced to closely cooperate with landowners, politicians, local communities and other stakeholders. OX2 has been particularly interested in electricity markets with a significant share of fossil energy and clear needs and opportunities to increase the share of renewable energy. Furthermore, expansion is achieved by supervising new technologies with great potential, such as energy storage and hydrogen, that could be combined with the existing systems.

Regarding the second phase, the project development portfolio comprises projects at different stages. Early phases are the ones which necessary permit applications have not yet been submitted. Late phase projects have all the necessary permits already granted. Greater priority is given to projects that provide short-term profitability.

The signing of a right of use agreement usually kicks off the development phase for a greenfield project; then, OX2 manages all the value chain. Between five and ten years is the amount of time needed to complete the development for a wind project; solar power and energy storage require less time. The high implementation rate in the portfolio is achieved by the strong local presence, which collaborate closely with all affected stakeholders, such as landowners and residents.

Many investors are reached out thanks to OX2 leading position in the market. Customers are financial and industrial investors, that distinguish themselves for their view. Financial investors, as pension funds for example, see ownership of renewable assets as long-term, sustainable investments, with stable cash flows and good risk-adjusted returns over time. Industrial customers, as Swiss energy firm Ewz, are investing in cost-effective, sustainable production that meets either their own growing electricity needs or those of their customers. During the last year, growing demand has originated more from the industrial sector, since rising interest rates made the financial customers less competitive.

Lastly, the deliver phase takes place through construction and management. Since construction contracts are based on fixed prices and terms of delivery and are set at the time of sale, project profitability is immediately clear. OX2’s responsibility encompasses not only the satisfaction of contract requirements, but also environmental compliance, which includes also suppliers and subcontractors.

Once a wind or solar farm has been commissioned, OX2 can provide management services, including day-to-day, monitoring and optimization of the facility, contracts, finance and commercial administration. Management contracts usually last from ten to fifteen years. The aim is to maximize profitability by ensuring a high-level production, low costs and effective ownership.

4.2. Financial Statements

The financial performance of OX2 over the period 2020–2023 provides valuable insights into its operations and growth trajectory. For the analysis, we have compiled the last four years of financial statements directly from OX2's official reports. These statements are organized as follows: exhibit 1 presents the Income Statement as reported, exhibit 2 contains the Balance Sheet, and exhibit 3 includes the Cash Flow Statement. These exhibits aim to provide a comprehensive understanding of OX2’s financial health. Through this approach, the students can evaluate the company's valuation and to explain its market position or explore potential opportunities for the strategic acquisitions.

4.3. OX2 Merger and Acquisition activity

Mergers and Acquisitions play a pivotal role in shaping the trajectory of Independent Power Producers like OX2. Through strategic acquisitions, OX2 achieves financial optimization by integrating companies with complementary portfolios or directly portfolios from other companies boosting revenue streams and improving profitability metrics. For instance, OX2 reinforces its strategic approach to M&A by enhancing its presence in key markets and optimizing its asset portfolio. In Finland, the company has secured a significant 475 MW solar energy project, reinforcing its commitment to renewable expansion in Northern Europe (OX2 2023). Additionally, OX2's entry into the Australian market is marked by the acquisition of ESCO Pacific, a renewable energy developer, opening opportunities in a region with high future potential in green energy (OX2 2023). On the other hand, OX2 has reduced its operations by selling a 99 MW wind project in Romania, generating 2.5 billion SEK (OX2 2024).

4.4. Mission and Vision

OX2's mission was to "accelerate access to renewable energy" (OX2 2023). As Paul Stormoen stated, "we built the first wind farm outside of the subsidy system and since then we worked actively on communicating to the industry that renewable electricity is not a cost driver, but it is actually lowering prices" (Stormoen 2024). Therefore, OX2's vision was to maintain leadership in key markets and technologies, prioritizing projects that ensure short-term profitability and adapt to market conditions. A focus on sustainability will drive efficiency and clarify roles and processes. The Company will target new markets for growth, particularly in energy storage and Power-to-X technologies, while selectively expanding in promising areas to secure long-term profitability (OX2, Our Strategy 2024) .

5. Industry Analysis:

The energy sector is of great importance in the economy, being the producer of a necessity product. However, its production is questioned due to its negative externalities on the environment. This is being solved with the generation using renewable energy sources. Specifically, in 2023, 30% of the energy generated worldwide came from renewable energy sources (Ember, 2024). Nevertheless, of this 30%, 90% was generated by G20 countries (International Energy Agency 2024). Of all this renewable energy production, the predominant, technology is still hydropower. Meanwhile, photovoltaic and wind power are facing a continue increase because they are increasingly increasing their profitability margin (Williams and Hittinger 2020). But just to be precise, the onshore still accounts for 93% and the offshore 7%, with the sum of the three technologies accounting for 13,2% in 2023 (International Energy Agency 2024). There are also others such as biomass but with the main criticism of expensive and greenhouse gas emission (Smith and Lane 2024) and in development hydrogen, with great potential, but still requires large subsidies for being profitable (Veenstra and Mulder 2024).

In addition to the various forms mentioned above, a large investment is now being made in energy storage. This new trend started in 2013 because of *The Duck Curve*, so called because of its duck-like appearance, displays the variation in daily solar energy availability and power consumption (US Department of Energy 2017). Thus, the last aim of storage is to overcome the discontinuity that characterizes solar and wind renewable energy sources or the situations of curtailment that can occur. The term curtailment means to decrease power production or power consumption when there is excess electricity in the or a lack of power in the grid (Specht 2019)

Within the energy sector and in particular, project developers and Independent Power producers, the main challenges faced by this sector can be categorized as follows. Firstly, when analyzing the feasibility of developing renewable energy projects, two things are considered: price and generating capacity through hours of sunshine or wind. Thus, regarding price, to minimize price fluctuations, attempts have been made to fix Power Purchase Agreements (PPAs), whether public or private. In this sense, as we move forward, PPA prices are expected to remain high due to increased demand from corporate buyers and ongoing inflationary pressures. Additionally, new pricing models are likely to emerge as wind and solar energy gradually incorporate battery storage solutions and advanced market price risk management technologies (Iakovlev 2023). The European PPA market is expected to see price recovery in 2024, with higher baseload prices before stabilizing, though increased solar and wind capacity will raise capture and imbalance costs (Peltegova and Zafoschnig 2024). This situation makes not only growth markets such as Australia and the United States attractive but also pioneering markets such as Spain and Portugal.

The report made by McKinsey (Bettoli, et al. 2023) shows how important issue is for the renewable energy sector the volatility and the fragility of global supply chains for wind and solar. Countries with aggressive decarbonization imperatives face increased demand for renewable energy technologies, causing strain in raw material and component supplies. Supply chain constraints have pushed up the prices of key materials, such as polysilicon-a key feedstock for solar panels-and the rare earth metals neodymium and praseodymium, used in wind turbine generators. The COVID-19 pandemic put a bright spotlight on the vulnerability of these supply chains, which can be disrupted by regional disturbances, such as lockdowns and factory accidents in China-which dominates supplies of polysilicon. The increasingly expensive steel, copper, and aluminum needed to make the turbines have further pinched industry margins. As renewable developers like OX2 expand operations, the ability to fortify supply chains through vertical integration, strategic partnerships, and better risk management will be key in blunting these challenges. As noted in the 2023 Annual Report itself, page 11, OX2 has experienced delays in the delivery of a turbine from Siemens Energy and this needs to be improved for the future.

Finally, OX2 has Europe as its main business center, and it is therefore relevant to analyze the future situation in the EU regulatory framework. For project developers, the milestone that triggers the greatest added value is Ready to Build, which is characterized by two milestones:

securing the land and obtaining all permits. In this sense, the newly enacted EU Renewable Energy Directive 2023/2413 introduces significant changes to accelerate renewable energy projects by simplifying permitting processes and establishing "renewables acceleration areas." These designated areas, which must be identified by member states by 2026, are considered particularly suitable for renewable energy installations, allowing for faster approvals and reduced environmental assessments. The Directive also sets ambitious new targets for renewable energy, aiming for at least 42.5% of the EU's total energy consumption to come from renewable sources by 2030, with a goal of reaching 45%. Overall, the directive seeks to remove regulatory barriers, expedite renewable energy deployment, and support the EU's 2030 climate goals (Fernández Rancaño and Esteban 2023). In addition, OX2's recent investment in Australia merits mentioning the regulatory situation in Australia. In this sense, the renewable energy sector is growing, driven by its abundant solar, wind, and land resources. However, the legal and regulatory landscape is complex, with businesses needing to navigate federal, state, and territory laws, as well as various market mechanisms like the Renewable Energy Target (RET) scheme (James 2024).

6. Competitive landscape

The renewable energy sector has seen rapid growth, driven by global initiatives like the Paris Agreement aimed at reducing carbon emissions through the adoption of sustainable energy sources (UNFCCC 2015). Technologies like wind, solar, and energy storage are at the forefront of this transition, with continual improvements in efficiency and cost reduction (IEA 2023). OX2 has established itself as a major player in renewable energy, with a diversified portfolio that includes onshore and offshore wind, solar power, and energy storage solutions (OX2 2023). Moreover, strategic partnerships such as the one with Ingka Investments, have strengthened the company's ability to scale projects and secure financial support in an increasingly competitive market (Board 2023). In this competitive landscape, OX2 faces challenges from both global leaders like Ørsted and Iberdola (Council, Global Wind Report 2024), as well as regional players like Arise and Eolus Vind. OX2's competitors are not only engaged in large-scale wind power projects but are also leveraging emerging technologies such as energy storage, which promises to revolutionize grid stability and energy availability (McKinsey 2023).

The renewable energy sector is dominated by several global players, each leveraging its unique strengths to compete in wind, solar, and energy storage markets. Ørsted, a Danish company, is a leader in offshore wind holding a global market share of approximately 25% and has aggressively expanded into markets such as the UK, Germany, and the US, securing a top position with its focus on offshore wind farms (Ørsted 2024). Another major player, Iberdrola, headquartered in Spain, has a diversified portfolio that spans wind, solar, and hydroelectric power, making it the number one producer of wind power and one of the world's biggest electricity utilities in terms of market capitalization (Council, Global Wind Report 2024). Regionally, Eolus Vind has a strong focus on both onshore and offshore wind projects, primarily in the Nordic countries, but it is also expanding into other European markets and North America (Eoulus 2023). Arise, is another key player in Sweden's renewable energy sector, primarily focusing on developing and managing onshore wind farms. With a portfolio concentrated in Sweden and expanding into the broader Nordic region, Arise competes directly with OX2 in developing large-scale wind projects (Arise 2023).

While these competitors excel in various technologies, they all share a focus on combining traditional wind and solar power generation with emerging energy storage solutions. This positions them to meet the increasing demand for grid stability and energy reliability, an area where OX2 is also making significant improvements.

Entering the renewable energy industry requires overcoming significant hurdles. The most prominent is the high capital investment needed for large-scale projects like wind farms and solar installations, especially offshore, where costs are considerably higher (Council, Global Offshore Wind Report 2024). Additionally, the regulatory complexity in many regions, particularly Europe, adds delays as developers navigate lengthy permitting processes and environmental assessments. The growing need for technological expertise, especially in energy storage, further complicates market entry, as companies must invest in cutting-edge solutions to balance intermittent renewable sources Finally, supply chain disruptions and the volatility of raw material prices can increase costs and delay projects, impacting profitability for new entrants.

To overcome these barriers and maintain its competitive position, OX2 has adopted several strategic approaches. First and foremost is its emphasis on strategic partnerships, exemplified by its collaboration with Ingka Investments, which provides both financial strength and scale for large, capital-intensive projects (Board 2023). These partnerships allow OX2 to mitigate capital risk and accelerate its market entry into new geographies without over-leveraging its own resources. In terms of market expansion, OX2 has pursued a geographic diversification strategy. While Europe remains its core market, the company has expanded into high-potential markets like Australia. This diversification not only spreads risk but also allows OX2 to take advantage of varying regulatory environments and growing demand in less saturated regions (OX2 2023). Moreover, OX2 is positioning itself ahead of the curve by investing in emerging technologies such as energy storage and hybrid solutions that combine solar and wind with storage. By doing so, OX2 is preparing for the increasing demand for grid flexibility, which will become critical as renewable energy sources grow in share. This positions the company to offer comprehensive, future-proof solutions, enhancing its long-term competitiveness. Another key strategy is vertical integration. OX2 manages projects through the entire value chain, from early-stage development and securing permits to construction and operational management. This not only streamlines operations but also gives OX2 greater control over costs and timelines, reducing its vulnerability to external shocks like supply chain disruptions (OX2 2023).

7. Stakeholders

Complex acquisitions bring several stakeholders to the table. The term "stakeholder" stands for *a group, corporate, organization, member, or system that affects or can be affected by an organization's actions* (Wikipedia 2024).

First, shareholders, both on seller and on buyer side, should be mentioned. At 31/12/2023, 71,32% of OX2 belonged to the largest ten shareholders (OX2 2023): at the top Peas Industries (45,56%) followed by Pictet Asset Management (4,53%), SEB Fonder (3,71%) Handelsbanken Fonder (3,53%) and Lannebo Fonder (3,32%). Peas Industries is a sustainable investment company that focuses on innovative, environmentally friendly projects. Pictet Asset Management is a global investment management firm that is part of the Pictet Group, a Swiss private bank founded in 1805. SEB Fonder is the asset management division of SEB (Skandinaviska Enskilda Banken), a leading Nordic financial services group. Handelsbanken Fonder is the asset management arm of Handelsbanken, a major Swedish bank. Lannebo Fonder is an independent Swedish asset management company specializing in actively managed mutual funds.

OX2 issued a press release stating that the board members Johan Ihrfelt, Thomas von Otter, Anna-Karin Eliasson Celsing and company's CEO, Paul Stormoen, were deemed to have a conflict of interest and they would not have participated in the company's handling or decisions regarding the offer, since they are also board members of the Company's largest shareholder Peas Industries AB (OX2 2024).

On the other side of the deal, as of 31 October 2024, EQT largest shareholders are Investor AB (14%), Jean Enric Salata (9,5%), Conni Jonnson (3,8%). All other shareholders own less than 3% of the capital. All private individuals owning a stake larger than 2% belong to the EQT executive class. Worth to be mentioned are the participation of Norges Bank (2,5%), Vanguard (2,0%) Wallenberg investments (1,8%), Black Rock (1,8%) and Swedbank Robur Fonder (1,7%) (EQT 2024).

Secondly, OX2 employees will be impacted by the buyout. EQT strategy has not been released yet, however it is likely that cultural and strategic continuity will be prioritized, preserving OX2 winning scheme. In the press release EQT states that it will support OX2 to evolve its business model from a pure developer to an integrated renewables developer and asset owner, while retaining its ability to sell projects by leveraging EQT extensive experience in the sector and by providing additional investment in OX2's pipeline (EQT 2024). It is reasonable to think that no workforce reduction or exit from specific country will be considered by the new ownership. However, analysing EQT current portfolio, some synergies cannot be ruled out. Several companies belong to the energy sector: Cypress Creek (US, solar projects), InstaVolt (UK, EV charging infrastructure), Madison Energy Infrastructure (US, solar and energy storage projects), Solarpack (Spain, solar power plants developer with strong international pipeline), O2 Power (India, utility scale solar, wind and hybrid projects), Statera (UK, pure-play energy storage) and Tion Renewables (Germany, well-diversified portfolio of utility-scale solar, wind and battery storage in Germany, the Netherlands, Italy, Poland and the United Kingdom) (EQT 2024).

Then, stakeholders are also OX2 customers, not only project commissioners but also companies relying on their solutions management. Again, given the successful business model, there are no reasons to consider any contractual changes for projects that have already been initiated. The same applies to suppliers, except for all synergies which can be leveraged out from EQT portfolio.

Lastly, OX2 business model heavily relies on legal framework and politics; experienced representatives able to set up a constructive dialogue with local communities are crucial to close deals. EQT entry should not impact the operations of these stakeholders, given the transparency of the subjects involved.

8. Acquisition

Acquisition Offer by EQT Infrastructure VI for OX2 AB

During the last weeks of April 2024, EQT Infrastructure VI, via its entity Otello BidCo AB, issued a public offer to acquire all outstanding shares of OX2 AB at a price of SEK 60 per share in cash. This proposed acquisition values OX2 at approximately SEK 16.35 billion (€1.4 billion) and represents a premium of 43.4% over OX2's last trading price prior to the offer, as well as a 45.8% premium compared to the 30-day average trading price. The offer's completion hinges on Otello BidCo acquiring more than 50% of OX2's shares, in addition to obtaining necessary regulatory approvals.

Independent Evaluation and Considerations by the Bid Committee

An independent bid committee was constituted to assess the value of the offer objectively. Given the potential conflicts of interest, three board members and the CEO, each connected with the principal shareholder, Peas Industries, abstained from participating in the committee's deliberations. The independent committee conducted a comprehensive evaluation, factoring in strategic and financial impacts, as well as market considerations. Primary considerations included the scalability of OX2's business model, integration complexities, and potential regulatory challenges. These factors were weighed against the long-term value prospects and growth trajectory of OX2 within the renewable energy industry. For shareholders opting not to accept the offer, future capital requirements for OX2's growth strategy could potentially lead to share dilution if additional equity or debt financing is sought. Remaining listed could also have cost implications for OX2, with the transaction-related expenses affecting its cash flow position.

Strategic Positioning Under EQT

With EQT as the majority shareholder, OX2 would be positioned to embark on a new strategic phase within the renewable energy landscape. This acquisition could signify a pivotal shift for OX2, empowering the company to leverage EQT's capital and expertise for its continued expansion in renewable energy development. According to EQT, the renewable energy industry is underpinned by strong growth trends despite macroeconomic challenges such as rising interest rates, extended project development timelines, and supply chain bottlenecks. EQT envisions OX2's evolution into a fully integrated renewables developer and asset owner, while still enabling the company to selectively divest projects as appropriate to its strategy. EQT's stated goal for the acquisition aligns with sector trends, as renewable energy development timelines across Europe have begun to shorten and supply chain constraints are easing. Christoph Balzer, a partner at EQT, expressed optimism about the industry's growth potential, noting in an interview that “the market opportunities are there” (Retuers, May 2024). Although the acquisition requires regulatory approval and acceptance from shareholders representing over 50% of OX2’s shares, EQT aims to secure 90% ownership to facilitate the delisting. Furthermore, EQT clarified that it does not intend to merge OX2 with other renewable entities within its European portfolio, indicating a commitment to maintaining OX2 as a standalone entity to capitalize on its established market presence and unique capabilities

9. Giovanni Masnata

A deep dive into a stock valuation: the case of OX2

Case Synopsis

In response to EQT's proposal to acquire all outstanding shares of OX2 AB at a cash offer of SEK 60 per share, which values the company at approximately SEK 16.35 billion (€1.4 billion), this thesis will critically evaluate whether the proposed acquisition price accurately reflects the intrinsic value of OX2's shares. The offer represents a 43.4% premium relative to the most recent trading price and a 45.8% premium over the 30-day average trading price preceding the announcement (OX2 2024). Assuming the role of financial advisor to OX2's independent committee, I will perform a comprehensive valuation analysis aimed at informing shareholders on the fairness of the acquisition price.

The analysis will utilize a valuation date of May 10, 2024, before the date of EQT's delisting proposal to OX2's shareholders (EQT 2024) and assuming not to be aware of it so as not to influence the analysis. It employs two primary methodologies: the Discounted Cash Flow (DCF) model and a multiples-based analysis. This approach will ensure a robust understanding of OX2's fair market value considering both quantitative valuation frameworks and key cash flow drivers.

Target audience

This case study is intended for postgraduate students in finance, private equity and MBA programmes. It is especially suited to those studying energy finance, mergers and acquisitions, corporate finance and private equity, offering practical insights into structuring private equity deals and financial evaluation. The case supports students aiming to build expertise in strategic investment decision-making within the renewable energy sector.

Questions

- Perform a comprehensive valuation analysis of OX2's projected financials. What is the estimated fair value of the company's shares? Based on this valuation, is the current offer overvalued or undervalued?
    - How might changes in the company's cash flow statement impact the final valuation? How do you justify the assumptions for the valuation? Discuss the key elements (e.g. Net Working Capital, CAPEX) that could alter the fair price of OX2's shares.

Introduction

In business transactions, the value of a company is subject to differing perceptions by buyers and sellers, making it crucial to distinguish between value and price. The price refers to the agreed-upon transaction amount, whereas value pertains to a more intrinsic assessment of the company's worth. For buyers, the goal is to determine the highest price they should pay for a target based on its expected future contributions, while sellers aim to establish a minimum value at which they are willing to divest their business. This distinction raises an important question: does the market accurately reflect each company's true value? In exploring this, (Olbert 2023) outlines several approaches to valuation, with the Discounted Cash Flow (DCF) method and Relative Valuation being prominently used in this analysis. These methods are applied to evaluate OX2's intrinsic value and its standing within the market. However, it is important to note that other valuation models may also be employed, provided they are rooted in sound theoretical foundations and supported by robust reasoning.

Macroeconomic outlook

Sweden's GDP is projected to grow at 0.9% in 2024, increasing to 2.2% by 2026 (IMF 2024), supported by export recovery and a resilient service sector (The Swedish Economy 2024). EU growth is forecast at 0.8% in 2024, rising to 1.5% by 2026, driven by government-led green initiatives and infrastructure investments (Exhibit 4). These conditions provide a stable foundation for renewable energy demand and project expansion. Inflation is expected to normalize, with Sweden's CPIF stabilizing at 2% by 2025. In the EU, inflation is projected to fall from 5.4% in 2023 to 2.4% in 2024, settling at 2% by 2026. This decline reduces cost pressures on construction and raw materials, though tighter monetary policy may still impact borrowing conditions.

The EU aims to achieve a 45% renewable energy share by 2030, complemented by Sweden's ambitious net-zero target for 2045. Strong policy support and advancements in wind technology bolster growth potential, while challenges such as grid capacity and regulatory hurdles remain. Stable GDP growth, easing inflation, and favorable energy policies create a supportive environment for wind energy expansion.

DCF Valuation

The Discounted Cash Flow (DCF) method provides a robust intrinsic valuation framework by projecting and discounting future cash flows, offering a comprehensive assessment of a firm's value beyond market volatility (Brezas 2022). Unlike equity-centric valuation approaches, DCF considers the total cash flow available to all stakeholders, incorporating operational and non-operational assets for a holistic view of value creation. Its adaptability in modelling assumptions and long-term forecasts further enhances its utility as a benchmark in negotiations (Fernandez 2002). Central to the DCF approach is the present value principle, which asserts that an asset's value corresponds to the discounted sum of expected future cash flows (Damodaran, 1996).

Specifically, it is expressed as:

$$\text{Value} = \sum_{t=1}^{t=n} \frac{CF_t}{(1+r)^t}$$

Where:

- n = asset's life span
- CF_t = cash flow at time (t)
- r = discount rate that reflects the riskiness of the cash flows

This methodology begins with estimating Unlevered Free Cash Flows (FCF), derived from projected Earnings Before Interest and Taxes (EBIT). These cash flows are discounted using an appropriate rate, yielding their Net Present Value (NPV). The Enterprise Value (EV) is then calculated by combining the NPV of FCFs with the Terminal Value, representing the firm's worth beyond the explicit forecast period. While DCF provides a detailed valuation framework, its sensitivity to assumptions necessitates caution, as minor forecast deviations can significantly affect results. To mitigate this, a scenario analysis was conducted, incorporating three cases: "Conservative," with cautious growth assumptions; "Optimistic," reflecting potential for higher growth; and "Intermediate," balancing the two. This approach addresses inherent uncertainties and enhances the reliability of the valuation. Despite its limitations, DCF serves as a foundational tool for intrinsic valuation, supporting both direct firm analysis and complementary techniques, such as relative valuation methods.

As of May 2024, the most recent financial data for OX2 was available, with the last financial report covering the year ending December 31, 2023. Furthermore, the forecast period for this analysis commenced from the first week of May 2024.

Revenue: At the valuation date, OX2's revenue segmentation was divided geographically across Sweden, Finland, Poland, Australia, France and Spain. Future revenue projections were formulated by evaluating the company's historical growth rates alongside prevailing industry trends.

Conservative Scenario: Revenue growth is anticipated to taper gradually from the industry's CAGR of 8.34% (2020-2023); (Statista 2024) to a sustainable long-term rate of 2% (Exhibit 7.1).

Intermediate Scenario: OX2's revenue is forecasted to align with the industry's CAGR of 8.34% until 2026. Post-2026, revenue growth is expected to transition gradually to the long-term rate of 2% by 2028, after which it will align with broader economic growth (7.2).

Optimistic Scenario: This model presumes a continuation of the historical average revenue growth rate of 17.2% until 2025. Revenue growth will then gradually decelerate towards the long-term rate of 2% (Exhibit 7.3).

Cost of sales: In contrast to traditional manufacturing, wind turbine operators like OX2 incur minimal direct production costs, as electricity generation primarily involves fixed expenses such as maintenance and depreciation. Accordingly, we consolidated cost of goods, project development, personnel and other external expenses, reflecting that these are revenue-dependent and thus fluctuate with revenue changes. For all scenarios, the historical average cost ratio to revenue, set at 79.72% from 2020-2023, serves as the cost driver, ensuring cost projections adjust with the corresponding revenue changes in each scenario (Exhibits 8).

Taxes: Given the complexities of forecasting fluctuating tax rates over time, we applied a standard Swedish Corporate Tax Rate of 20.6% (Trading Economics s.d.) on taxable profits across all scenarios, streamlining the tax assumptions while maintaining a realistic approach to corporate taxation.

Depreciation & Amortization (D&A): In line with the treatment of Cost of Sales, the D&A forecast across all scenarios is driven by the historical D&A-to-revenue ratio, averaged at 0.36% over the period from 2020 to 2023. This approach ensures that projected D&A expenses dynamically align with anticipated revenue shifts within each scenario (Exhibits 9).

CAPEX*:* To project future CAPEX values, it was assumed that CAPEX would grow in proportion to revenue, reflecting the expectation that increased revenue generation would necessitate expanded investment in fixed assets. CAPEX was thus derived from the cash flow statement under investing activities and estimated based on its historical average proportion of revenue observed from 2020 to 2023, calculated at 3.14% (Exhibits 10). This approach ensures alignment between revenue growth and capital investment needs.

Variation in Net Working Capital (NWC): NWC could be calculated by employing two standard methodologies: (i) subtracting current liabilities (excluding debt) from current assets (excluding cash), and (ii) calculating the sum of accounts receivable and inventory, less accounts payable. Recognizing the challenges in predicting these ratios due to market fluctuations and operational variances, NWC was estimated by analyzing historical averages and breaking down receivables, payables and other current assets and liabilities over the course of the year. This enabled the projection of NWC as a function of revenue across different financial scenarios.

For accounts receivable, the collection period was determined by dividing 365 (days in a year) by the average of accounts receivable relative to revenue for each year, which yielded an average collection period of 22 days. This implies that OX2's accounts receivable represents 22 days of operational revenue, a figure applied consistently across future projections while allowing for scenario adjustments in base, worst and best cases.

Historical averages based on revenue were also applied to other elements: other current assets (including project development portfolio, construction in progress, prepaid expenses and accrued income) were estimated at 33% of revenue, accounts receivable at 4% and other current liabilities (including advanced customer payments, accrued expenses and deferred income) at 40%. This calculation process facilitated the determination of the NWC deficit, represented by non-cash current assets minus non-debt current liabilities.

Finally, the annual variation in NWC was computed as the difference between the NWC values of consecutive years, as detailed in Exhibits 11. This methodology provides a grounded yet flexible framework for forecasting NWC in line with historical performance, while accounting for variances across economic scenarios, ultimately enhancing the precision of cash flow and valuation analysis.

Capital Structure:

The OX2's capital structure from 2020 to 2023 shows a strategic preference for equity financing, reflecting the low-risk approach typical of renewable energy projects. The average debt-to-equity (D/E) ratio of 38% and an equity-to-debt (E/D) ratio of 344% highlight this trend (Exhibit 12). Equity peaked in 2022 with a D/E ratio of 18%, driven by increased equity funding to support expansions. By 2023, the D/E ratio adjusted to 41%, reflecting a modest rise in debt financing. Equity's dominance is further illustrated by the average equity-to-enterprise value (E/EV) ratio of 74%, peaking at 85% in 2022, with debt's share (D/EV) averaging 26%. These ratios indicate a capital structure that minimizes financial risk while leveraging market conditions to boost equity value.

The high equity reliance impacts the weighted average cost of capital (WACC), where equity's higher cost plays a significant role. However, the moderate use of debt improves returns without excessive leverage. This structure positions the company for growth while maintaining stability in a capital-intensive industry.

Weighted Average Cost of Capital (WACC):

The Weighted Average Cost of Capital (WACC) is a crucial factor in valuing a company's stock as it represents the blended rate of return required by equity and debt holders. For a Swedish wind energy company, estimating the WACC involves considering regional economic conditions, industry-specific risks, and financial structure. The WACC formula is expressed as:

$$\text{WACC} = \left(\frac{E}{E+D} \cdot r_e\right) + \left(\frac{D}{E+D} \cdot r_d \cdot (1-t)\right)$$

where EE and DD are the market values of equity and debt, rer_e is the cost of equity, rdr_d is the cost of debt, and tt is the corporate tax rate.

To determine rer_e, the Capital Asset Pricing Model (CAPM) was used. The risk-free rate was set as the yield on Swedish 10-year government bonds, which stood at 2.34% in 2024 (World Government Bond s.d.). The market risk premium was assumed to be 5.7%, based on historical returns for Swedish markets (Statista s.d.). Beta was calculated through a regression analysis of OX2's daily stock returns against the daily returns of the European Index Stoxx 600 (Investing s.d.), reflecting the stock's sensitivity to market movements and systemic risk relative to the broader European market. Using these inputs, the cost of equity was estimated at 9.74%.

Estimating the cost of debt proved challenging due to difficulties in accurately determining the credit ratio. We calculated it using the interest coverage ratio, averaging the last four years by dividing EBIT by interest expense. Following Damodaran's approach (Ratings, Interest Coverage Ratios and Default Spread s.d.), OX2 was assigned the highest credit rating (AAA) and a default spread of 0.59% over the risk-free rate of 2.34%, resulting in a cost of debt of 2.93%. For the capital structure, we retrieved the average debt-to-equity ratio of the company, which stands at 38%. Given the significance of WACC in valuation, a sensitivity analysis was performed to assess its robustness under varying assumptions for beta, market risk premium, and capital structure (Exhibit 12). These variations helped test the WACC against changes in market and company-specific conditions, ensuring its reliability as the discount rate.

In conclusion, the estimated WACC of 7.81%, (reflects the company's cost of capital, incorporating industry-specific risks, regional dynamics, and financial structure. It serves as the foundation for valuing future cash flows, essential for determining the intrinsic value of OX2.

Capital Expenditures (CAPEX), NOPLAT, and Discounted Free Cash Flow (FCF): The analysis began with determining Earnings Before Interest and Taxes (EBIT), calculated by subtracting key expenses—such as COGS, Selling, General & Administrative (SG&A) expenses, and Other Expenses—from Revenue. To derive Net Operating Profit Less Adjusted Taxes (NOPLAT), taxes were deducted from EBIT, reflecting the after-tax operating income. Adjustments were then made by adding back non-cash charges for D&A and deducting both CAPEX and changes in NWC to calculate the Unlevered Free Cash Flow (FCF). These cash flows for each forecasted period were subsequently discounted using the WACC, yielding the Discounted Free Cash Flow figures detailed in Exhibits 13.

Terminal Value (TV): The Terminal Value, representing the firm's projected value once it attains a stable growth phase, was estimated using a perpetuity growth model with a conservative 2% terminal growth rate, in alignment with global economic growth expectations. This value was discounted to its present value (Discount rate – Perpetual Growth Rate), capturing the long-term sustainable cash flow of the business in a steady-state.

Enterprise Value (EV), Equity Value, and Share Price Estimation: The Enterprise Value (EV), a comprehensive indicator of a firm's total market value, was calculated by summing the Discounted FCFs for the projected period with the present value of the TV. Equity Value, representing the portion of the firm's value attributable to equity holders, was derived by subtracting Net Debt (Debt minus Excess Cash) from EV, yielding a negative Net Debt of SEK 1.017m. This Equity Value was divided by the outstanding share count to obtain a fair share price, with the results of this calculation illustrated in Exhibits 13.

The valuation analysis conducted for this thesis utilized three distinct scenarios—worst, base, and best—to estimate potential stock prices for the subject company under varying assumptions and market conditions. These scenarios yielded target stock prices of SEK 33,50 in the worst-case scenario, SEK 70,58 in the base case, and SEK 108,27 in the best-case scenario. For a comprehensive perspective, these calculated values were then compared to the company's actual current market price of SEK 41,84 (Market Screener 2024).

In the worst-case scenario (SEK 33,50), the valuation was lower than the actual market price, suggesting a cautious outlook where limited growth and challenging operational conditions may constrain the company's financial performance. The scenario assumes a conservative growth trajectory and heightened cost pressures, which would likely lead to minimal capital appreciation potential for investors.

The base-case scenario (SEK 70,58) presents a more balanced outlook, where moderate growth is achievable alongside stable cost management and capital expenditure. This scenario assumes that the company can maintain its historical growth trajectory and operate efficiently within its industry. Compared to the current market price, this estimated valuation represents a potential upside of approximately 36%, indicating that the stock may be undervalued if these moderate conditions are met. This suggests that, at the current market price of SEK 41,84, the company may offer a positive return for investors who anticipate steady, sustainable growth.

Lastly, the best-case scenario (SEK 108,27) reflects an optimistic view where the company achieves high growth, benefits from operational efficiencies, and capitalizes on favorable market conditions. This projection assumes significant revenue expansion and disciplined cost control, alongside increased profitability. At this valuation, there is substantial upside potential compared to the market price, implying a 258.8% appreciation if the company can achieve these best-case outcomes. This analysis suggests that if the company can outperform its historical growth patterns and capitalize on strategic opportunities, the market may be significantly underestimating its intrinsic value at the current price level.

In comparing these scenarios to the actual market price of SEK 41,84, the analysis highlights a range of investment implications. The worst-case scenario underperforms the current market valuation, however, indicate limited downside risk from a conservative perspective. Conversely, the base and best-case scenarios suggest the potential for meaningful upside if the company performs in line with or exceeds historical growth levels. Consequently, the current market price may reflect investor caution or uncertainty about the company's ability to achieve these growth scenarios.

A sensitivity analysis (Exhibits 13) was conducted to evaluate the impact of varying the perpetual growth rate and the discount rate on the final stock price. The analysis demonstrates that changes in these variables significantly influence valuation outcomes. Specifically, a lower discount rate coupled with a higher perpetual growth rate results in an increased stock price. Conversely, a higher WACC and a lower growth rate led to a decrease in the stock price.

Relative Valuation

In valuation practice, multiples serve as a simplified approach to assessing a company's value. They streamline the valuation process by consolidating the core assumptions underlying a full discounted cash flow (DCF) model into a single representative figure. The commonly used multiples, such as price-to-earnings (P/E) and enterprise value-to-EBITDA (EV/EBITDA), draw their numerators from either the current equity price or the firm's enterprise value, respectively. These figures aim to encapsulate the present value of anticipated cash flows across the business's operational lifespan. Stock prices reflect the market's expectations of cash flows that often extend years, if not decades, into the future. Thus, multiples offer a time-efficient, though simplified, snapshot of a company's long-term valuation outlook (Mauboussin e Callahan 2024). Two primary risks are associated with this valuation approach: (i) relying on the average of multiples derived from transactions conducted over an extended period, or on multiples from transactions with significant variability; and (ii) applying a multiple from a transaction that is atypical or non-recurring in nature.

The analysis (Exhibit 14) begins by establishing a benchmark group, selecting ARIS and Eolus Vind as peers within the Swedish market, and ABO Energy for a broader European perspective. This careful selection is critical to ensure comparability in terms of industry focus, size, and operational model.

The valuation model considers three primary multiples: EV/Revenue, EV/EBITDA, and Price-to-Book (P/B). Using the EV/Revenue multiple, the analysis derives a ratio of 1.1x for OX2, contrasted with an industry average of 2.4x across the three comparator companies (*Table 11*). For the EV/EBITDA multiple, OX2's valuation ratio is calculated at 8.1x, closely aligned with an industry average of 8.5x. Finally, using the P/B multiple, OX2 achieves a 2.5x ratio, compared to an average of 1.4x, suggesting a degree of market premium.

The EV/EBITDA multiple provides a stable valuation, demonstrating lower volatility than the DCF model due to the pooled data from comparable companies. The valuation indicates a per-share price of SEK 56.19 for OX2, closely aligned with the DCF model's base case of SEK 56.92, differing only marginally by -1.3%. However, the valuation results using EV/Revenue and P/B are less aligned, with EV/Revenue yielding an elevated average price per share of SEK 78.89, while P/B suggests a lower average of SEK 22.63. This divergence underscores the importance of selecting appropriate valuation multiples that reflect industry norms and account for variations in growth, risk, and operational efficiency among the peer companies.

Overall, the EV/EBITDA multiple emerges as the most reliable in approximating OX2's intrinsic value within this context, reflecting a balanced approach between comparability and industry-specific risks.

Conclusion

Examining OX2's historical stock performance (Exhibit 5), a negative trend can be observed since the start of 2023, with the share price declining and eventually stabilising around SEK 40 per share. This decline likely motivated EQT's approach, aiming to capitalise on the company's challenging market conditions to present an attractive offer to shareholders.

In general, the elimination of relative overvaluation is influenced by two factors: a decline in the acquirer's stock price and a rise in the target's stock price (Fu, Lin e Officer 2013). The acquirer's stock price drop may reflect concerns about overpayment or limited perceived synergies, though it may also represent a market correction, addressing any pre-announcement overvaluation of the acquirer's stock. Such a recalibration, if unavoidable, does not necessarily harm long-term shareholders. Given these potential confounding factors, acquirer announcement returns are not used as the main metric for assessing acquirer shareholder benefits. Conversely, the target's stock price reaction serves as a more direct indicator of the premium offered, aligning with (Schuert 1996), and naturally accounts for any market revaluation of the acquirer.

To determine the fair share price of OX2, it is essential to synthesize the results from multiple valuation methodologies, applying appropriate weight to each method. By consolidating these valuations into a "football field" chart, we compared price ranges across three scenarios (Exhibits 15). The DCF approach slightly overestimates the price due to the perpetual growth and an optimistic discount rate. Relative Valuation, however, generally suggested lower values compared to the DCF, with metrics such as EV/EBITDA and P/B resulting in lower implied prices, while the EV/Revenue multiple was higher than the DCF-derived average. After integrating results from all four methods, the average share price estimate stood at **SEK 53,86** (within a range from a lower bound of SEK 44,59 (Exhibit 15.1), to an upper limit of SEK 63,28 – Exhibit 15.3).

In conclusion, the EQT offer of SEK 60 per share (OX2 2024) represents a fair and attractive valuation for OX2, warranting serious consideration by shareholders. This offer notably exceeds the intrinsic value calculated in our base-case scenario, showing a premium of SEK 6,14, highlighting the competitiveness of EQT’s proposal and reflecting not only the strategic value of OX2 but also its potential for long-term growth under EQT's stewardship.

Additionally, the offer significantly surpasses the calculated fair value range established in our analysis, thereby reinforcing its attractiveness. This outcome suggests that EQT’s offer aligns closely with shareholder interests, presenting a favorable balance between current market conditions and OX2’s intrinsic worth.

In light of these findings, the committee’s recommendation strongly **supports the acceptance of this offer** as a prudent and advantageous choice for OX2’s shareholders. The proposal’s substantial premium and alignment with valuation metrics underscore its appeal, marking it as an exceptional opportunity in the current context of OX2’s financial and strategic positioning.

10. Appendix

Exhibit 1: OX2 Income Statement as reported.

Income statement - Reported

SEK mil	2020	2021	2022	2023
Net sales	5.201	4.983	7.644	7.824
COGS and project development	4.484	4.143	5.860	5.702
Gross Profit	**717**	**840**	**1.784**	**2.122**
COGS and project development	4.484	4.143	5.860	5.702
Other external costs	70	125	166	267
Personnel costs	216	283	438	678
Share of profit/loss from joint ventures	0	0	44	115
D&A	15	17	14	34
Total operating expenses	4.785	4.568	6.522	6.796
Operating Income (EBIT)	**416**	**415**	**1.122**	**1.028**
Financial Income	65	118	220	387
Financial expenses	98	126	158	289
Financial items	**-33**	**-8**	**62**	**98**
Profit/loss before tax (EBT)	**383**	**407**	**1.184**	**1.126**
Income Tax	84	73	99	118
Profit of the period	**299**	**334**	**1.085**	**1.008**
Profit for the year attributable to:				
Parent company's shareholders	298	334	1.092	1.033
Non-controlling interests		0	-7	-25
Earnings per share				
Earnings per share before dilution (SEK)	1,19	1,28	4,01	3,79
Earnings per share after dilution (SEK)		1,28	4,01	3,79
Average number of shares, basic	250.000,000	261.783,175	272.517.586	272.517.586
Average number of shares after dilution		261.783,175	272.600.913	272.640.065
Consolidated statement of comprehnsive income				
Profit for the period	298	334	1.085	1.008
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Translation differences on translation of foreign subsidiaries	-8	7	22	-20
Cash flow hedges				
Changes in fair value	23	-39	-100	78
Tax attributable to cash flow hedges	-7	10	19	-16
Total comprehensive income for the period, net after tax	**306**	**312**	**1.026**	**1.050**
Comprehensive income for the year attributable to:				
Parent company's shareholders	307	312	1033	1075
Non-controlling interests	0	0	-7	-25

Source: OX2 annual reports 2020-2023.

Exhibit 2: OX2 Balance Sheet as reported.

Balance Sheet - Reported

SEK mil	2020	2021	2022	2023
Goodwill	0	0	0	135
Other intangible assets	5	4	3	7
Fixtures, tools and installations	3	3	3	4
Right-of-use assets	19	20	45	45
Shares in joint ventures	0	0	17	118
Other financial assets	**6**	**1**	**2**	**2**
Total non-current assets	**33**	**28**	**70**	**311**
Project development portfolio	321	502	1.388	2.383
Construction in progress	0	0	0	469
Accounts receivable - trade	121	297	655	514
Tax receivables	0	7	0	0
Other receivables	16	33	115	185
Prepaid expenses and accrued income	200	496	549	1.008
Derivatives instruments	37	6	14	43
Cash and Equivalents	1.235	2.374	3.575	2.876
Total Current assets	**1.930**	**3.715**	**6.296**	**7.478**
Total assets	**1.963**	**3.743**	**6.366**	**7.789**
Share Capital	0	1	1	1
Retained earnings including profit for the year	766	2.355	3.413	4.548
Equity attributable to parent company's shareholders	766	2.355	3.421	4.545
Equity attibutable to non-controlling interests	0	0	-7	4
Total Equity	**766**	**2.356**	**3.414**	**4.549**
Non-current interest-bearing liabilities	13	15	29	22
Derivative instruments	0	17	107	72
Deferred tax liability	45	46	44	49
Non-current liabilities	**58**	**78**	**180**	**143**
Advance payments from customers	468	601	1.325	1.885
Accounts payable	124	309	159	215
Tax liabilities	12	0	28	75
Other liabilities	73	211	358	327
Current interest-bearing liabilities	11	14	228	54
Accrued expenses and deferred income	450	175	673	542
Current liabilities	**1.138**	**1.310**	**2.771**	**3.098**
Total liabilities	**1.196**	**1.388**	**2.951**	**3.241**
Total equity and liabiliites	**1.962**	**3.744**	**6.365**	**7.790**

Source: OX2 annual reports 2020-2023.

Exhibit 3: OX2 Cash Flow Statement.

Cash Flow Statement - Reported

SEK mil	2020	2021	2022	2023
Operating activities				
Profit after financial items	383	407	1.184	1.126
Adjustments for non-cash items	6	31	62	209
Income tax paid	-38	-81	-43	-93
Cash flow from operating activities before changes in working capital	**351**	**357**	**1.203**	**1.242**
Cash flow from changes in working capital				
Decrease(+)/increase(-) in work in progress	607	**-230**	96	66
Decrease(+)/increase(-) in accounts receivable	-75	**-176**	-356	143
Decrease(+)/increase(-) in current receivable	198	**-272**	-170	-531
Decrease(+)/increase(-) in accounts payable	150	316	-151	55
Decrease(+)/increase(-) in current liabilities	-418	298	1.389	279
Cash flow from operating activities before investment in project development portfolio	**813**	**293**	**2.011**	**1.254**
Investment in project development portfolio		-424	-783	-1.025
Cash flow from operating activities	**813**	**-131**	**1.228**	**229**
Investing activities				
Acquisition of subsidiaries				-829
Acquisition of shares in other companies	-3		-32	-104
Acquisition of intangible assets	-3			
Acquisition of PP&E	-2	-1	-1	-2
Non-current receivables				
Cash flow from investing activities	**-8**	**-1**	**-33**	**-935**
Financing activities				
Repayments of lease liabilities	-11	-12	-15	-24
Shareholder contributions	-200		2	53
New share issue		612		
Non-cash issue		739		
Issue costs		-73		
Dividend	-78			
Cash flow from financing activities	**-289**	**1.266**	**-13**	**29**
Cash flow of the year	**229**	**1.133**	**1.180**	**-677**
Translation difference in cash and cash equivalents	0	7	21	-22
Cash and cash equivalents at beginning of year	**1.005**	**1.235**	**2.374**	**3.575**
Cash and cash equivalents at year-end	**1.235**	**2.374**	**3.575**	**2.876**

Source: OX2 annual reports 2020-2023.

Exhibit 4: Macroeconomic outlook

Marcoeconomic outlook				
Real GDP growth %	**2023**	**2024**	**2025**	**2026**
Sweden	-2,0%	0,9%	2,4%	2,2%
Euro area	0,4%	0,8%	1,2%	1,5%
Central America	4,1%	3,8%	3,8%	4,0%
Asia and Pacific	4,9%	4,5%	4,4%	4,3%
Source: International Monetary Fund: https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/EU/EURO/EUQ/NMQ/SWE				
Inflation growth %	**2023**	**2024**	**2025**	**2026**
Sweden	5,9%	2,1%	2,0%	2,0%
Euro area	5,4%	2,4%	2,0%	2,0%
Central America	4,2%	2,6%	3,5%	3,4%
Asia and Pacific	4,9%	4,4%	3,8%	3,4%
Source: International Monetary Fund: https://www.imf.org/external/datamapper/PCPIPCH@WEO/WEOWORLD				
Forecasted renewable wind energy sector (CAGR)	**2024-2034**			

Source: *(Precedence Research s.d.)*

Exhibit 5: Historical stock prices

Historical stock prices						
Date	Price	Open	High	Low	Vol.	Change %
01/04/24	40,12	49,42	51,65	33,04	15.22M	-18.79%
01/03/24	49,4	52	54,45	44,56	5.38M	-5.00%
01/02/24	52	49,22	54,15	35,76	8.72M	4.54%
01/01/24	49,74	55,95	60	49,16	8.49M	-9.32%
01/12/23	54,85	49,24	55,7	43,46	8.77M	11.48%
01/11/23	49,2	44,14	53,6	43,02	11.79M	9.19%
01/10/23	45,06	52,1	54,45	39,62	8.82M	-13.35%
01/09/23	52	52,95	56	43,5	11.26M	-2.16%
01/08/23	53,15	65,7	66,4	52,45	11.48M	-19.29%
01/07/23	65,85	73	79,1	65,5	6.00M	-9.67%
01/06/23	72,9	67,35	78,8	67,1	6.75M	8.97%
01/05/23	66,9	79	80,85	65,5	9.98M	-15.53%
01/04/23	79,2	77	86,25	75,3	4.99M	2.66%
01/03/23	77,15	74	79,4	68,9	10.22M	4.26%
01/02/23	74	80,45	88,5	72,7	11.12M	-8.02%
01/01/23	80,45	88,8	95,5	77,4	6.53M	-8.53%
01/12/22	87,95	76,2	93	72,2	8.70M	15.42%
01/11/22	76,2	77,15	85,45	69,85	25.24M	0.00%
01/10/22	76,2	83,4	88,85	66,15	8.55M	-8.96%
01/09/22	83,7	94,5	100	78,5	9.99M	-12.08%
01/08/22	95,2	100	110,3	88,3	9.66M	-4.42%
01/07/22	99,6	77,6	99,6	74,05	4.97M	27.86%
01/06/22	77,9	88,6	95,95	65,1	21.67M	-11.98%
01/05/22	88,5	72,55	91,9	70,5	8.47M	21.48%
01/04/22	72,85	71,95	91,9	68,1	11.72M	2.61%
01/03/22	71	54,8	72,6	49,3	10.63M	30.04%
01/02/22	54,6	52	55,2	41,3	5.07M	5.41%
01/01/22	51,8	59,4	60,2	48,4	5.10M	-12.50%
01/12/21	59,2	58,8	61	53,4	2.50M	1.72%
01/11/21	58,2	52,2	62,6	52,2	6.15M	11.49%
01/10/21	52,2	49,5	57,8	47,4	2.44M	5.45%
01/09/21	49,5	57	57,2	46,5	3.39M	-12.54%
01/08/21	56,6	59,6	60,4	53,2	3.21M	-3.41%
01/07/21	58,6	56,2	60,2	55,4	8.01M	4.64%

Source: (Investing s.d.)

Exhibit 6: Income Statement – Forecasted

SEK mil	2020	2021	2022	2023	2020-2023	2024 F	2025 F	2026 F	2027 F	2028 F
	A	A	A	A	CAGR	E	E	E	E	E
Net sales	5.201	4.983	7.644	7.826		8.479	9.186	9.952	10.151	10.354
		-4%	*53%*	*2%*	*15%*	*8%*	*8%*	*8%*	*2%*	*2%*
COGS and project development	4.484	4.143	5.860	5.702		6.842	7.128	7.413	7.698	7.983
		-8%	*41%*	*-3%*	*8%*	*20%*	*4%*	*4%*	*4%*	*4%*
Gross Profit	**717**	**840**	**1.784**	**2.124**		**1.636**	**2.058**	**2.539**	**2.453**	**2.371**
		17%	*112%*	*19%*	*44%*	*-23%*	*26%*	*23%*	*-3%*	*-3%*
COGS and project development	4.484	4.143	5.860	5.702		5.987	6.101	6.272	6.443	6.557
		-8%	*41%*	*-3%*	*8%*	*5%*	*2%*	*3%*	*3%*	*2%*
Other external costs	70	125	166	267		280	294	302	307	315
		79%	*33%*	*61%*	*56%*	*5%*	*5%*	*3%*	*2%*	*3%*
Personnel costs	216	283	438	678		712	746	766	780	800
		31%	*55%*	*55%*	*46%*	*5%*	*5%*	*3%*	*2%*	*3%*
Share of profit/loss from joint ventures			44	115		121	127	130	132	136
				161%		*5%*	*5%*	*3%*	*2%*	*3%*
D&A	15	17	14	34		36	37	38	39	40
		13%	*-18%*	*143%*	*31%*	*5%*	*5%*	*3%*	*2%*	*3%*
Total operating expenses	4.785	4.568	6.522	6.796		7.136	7.305	7.509	7.701	7.848
		-5%	*43%*	*4%*	*12%*	*5%*	*2%*	*3%*	*3%*	*2%*
EBITDA	**431**	**432**	**1.136**	**1.064**		**1.378**	**1.919**	**2.482**	**2.489**	**2.546**
		0%	*163%*	*-6%*	*35%*	*30%*	*39%*	*29%*	*0%*	*2%*
% of Revenue	***8%***	***9%***	***15%***	***14%***		***16%***	***21%***	***25%***	***25%***	***25%***
					18%					
Operating Income (EBIT)	**416**	**415**	**1.122**	**1.030**		**1.343**	**1.881**	**2.443**	**2.450**	**2.506**
		0%	*170%*	*-8%*	*35%*	*30%*	*40%*	*30%*	*0%*	*2%*
% of Revenue	***8%***	***8%***	***15%***	***13%***		***16%***	***20%***	***25%***	***24%***	***24%***

Source: Companies' Annual Reports & Own Calculations

Exhibit 7.1: Revenue – Worst Case Scenario

in SEKm	2020	2021	2022	2023	2024	2025	2026	2027	2028
	A	A	A	A	E	E	E	E	E
Revenues	5.201	4.983	7.644	7.826	8.479	8.648	8.821	8.998	9.178
Growth in %		*-4%*	*53%*	*2%*	8%	2%	2%	2%	2%
Sweden	2.157	1.263	3.155	3.098	3.356	3.424	3.492	3.562	3.633
Growth in %		*-41%*	*150%*	*-2%*	*8%*	*2%*	*2%*	*2%*	*2%*
Finland	2.386	2.883	2.820	2.300	2.492	2.542	2.592	2.644	2.697
Growth in %		*21%*	*-2%*	*-18%*	8%	2%	2%	2%	2%
Poland	308	610	1.669	2.102	2.277	2.323	2.369	2.417	2.465
Growth in %		*98%*	*174%*	*26%*	8%	2%	2%	2%	2%
Australia				23	25	25	26	26	27
Growth in %					8%	2%	2%	2%	2%
France				218	236	241	246	251	256
Growth in %					8%	2%	2%	2%	2%
Spain				85	92	94	96	98	100
Growth in %					*8%*	*2%*	*2%*	*2%*	*2%*
Norway	350	227							
Growth in %		*-35%*							
All	**5.201**	**4.983**	**7.644**	**7.826**	**8.479**	**8.648**	**8.821**	**8.998**	**9.178**
Growth in %		*-4%*	*53%*	*2%*	8%	2%	2%	2%	2%

Source: Companies' Annual Reports & Own Calculations

Exhibit 7.2: Revenue – Base Case Scenario

in SEKm	2020	2021	2022	2023	2024	2025	2026	2027	2028
	A	A	A	A	E	E	E	E	E
Revenues	5.201	4.983	7.644	7.826	8.479	9.186	9.952	10.151	10.354
Growth in %		*-4%*	*53%*	*2%*	8%	8%	8%	2%	2%
Sweden	2.157	1.263	3.155	3.098	3.356	3.636	3.940	4.018	4.099
Growth in %		*-41%*	*150%*	*-2%*	*8%*	*8%*	*8%*	*2%*	*2%*
Finland	2.386	2.883	2.820	2.300	2.492	2.700	2.925	2.983	3.043
Growth in %		*21%*	*-2%*	*-18%*	8%	8%	8%	2%	2%
Poland	308	610	1.669	2.102	2.277	2.467	2.673	2.726	2.781
Growth in %		*98%*	*174%*	*26%*	8%	8%	8%	2%	2%
Australia				23	25	27	29	30	30
Growth in %					8%	8%	8%	2%	2%
France				218	236	256	277	283	288
Growth in %					8%	8%	8%	2%	2%
Spain				85	92	100	108	110	112
Growth in %					*8%*	*8%*	*8%*	*2%*	*2%*
Norway	350	227							
Growth in %		*-35%*							
All	**5.201**	**4.983**	**7.644**	**7.826**	**8.479**	**9.186**	**9.952**	**10.151**	**10.354**
Growth in %		*-4%*	*53%*	*2%*	8%	8%	8%	2%	2%

Source: Companies' Annual Reports & Own Calculations

Exhibit 7.3: Revenue – Best Case Scenario

in SEKm	2020	2021	2022	2023	2024	2025	2026	2027	2028
	A	A	A	A	E	E	E	E	E
Revenues	5.201	4.983	7.644	7.826	9.172	10.750	10.965	11.184	11.408
Growth in %		*-4%*	*53%*	*2%*	17%	17%	2%	2%	2%
Sweden	2.157	1.263	3.155	3.098	3.631	4.255	4.340	4.427	4.516
Growth in %		*-41%*	*150%*	*-2%*	*17%*	*17%*	*2%*	*2%*	*2%*
Finland	2.386	2.883	2.820	2.300	2.696	3.159	3.222	3.287	3.353
Growth in %		*21%*	*-2%*	*-18%*	17%	17%	2%	2%	2%
Poland	308	610	1.669	2.102	2.464	2.887	2.945	3.004	3.064
Growth in %		*98%*	*174%*	*26%*	17%	17%	2%	2%	2%
Australia				23	27	32	32	33	34
Growth in %					17%	17%	2%	2%	2%
France				218	255	299	305	312	318
Growth in %					17%	17%	2%	2%	2%
Spain				85	100	117	119	121	124
Growth in %					*17%*	*17%*	*2%*	*2%*	*2%*
Norway	350	227							
Growth in %		*-35%*							
All	**5.201**	**4.983**	**7.644**	**7.826**	**9.172**	**10.750**	**10.965**	**11.184**	**11.408**
Growth in %		*-4%*	*53%*	*2%*	17%	17%	2%	2%	2%

Source: Companies' Annual Reports & Own Calculations

Exhibit 8.1: Cost of sales – Worst Case Scenario

in SEKm	2020	2021	2022	2023	2024	2025	2026	2027	2028
	A	A	A	A	E	E	E	E	E
Revenue	5.201	4.983	7.644	7.826	8.479	8.648	8.821	8.998	9.178
Cost of sales	4.484	4.143	5.860	5.702	6.758	6.893	7.031	7.171	7.315
Costs / Revenue	86,21%	83,14%	76,66%	72,86%	79,70%	79,70%	79,70%	79,70%	79,70%
Gross Profit	717	840	1784	2124	1721	1756	1791	1827	1863
Gross Margin	14%	17%	23%	27%	20%	20%	20%	20%	20%

Source: Companies' Annual Reports & Own Calculations

Exhibit 8.2: Cost of sales – Base Case Scenario

in SEKm	2020	2021	2022	2023	2024	2025	2026	2027	2028
	A	A	A	A	E	E	E	E	E
Revenue	5.201	4.983	7.644	7.826	8.479	9.186	9.952	10.151	10.354
Cost of sales	4.484	4.143	5.860	5.702	6.758	7.321	7.932	8.090	8.252
Costs / Revenue	86,21%	83,14%	76,66%	72,86%	79,70%	79,70%	79,70%	79,70%	79,70%
Gross Profit	717	840	1784	2124	1721	1865	2020	2061	2102
Gross Margin	14%	17%	23%	27%	20%	20%	20%	20%	20%

Source: Companies' Annual Reports & Own Calculations

Exhibit 8.3: Cost of sales – Best Case Scenario

in SEKm	2020	2021	2022	2023	2024	2025	2026	2027	2028
	A	A	A	A	E	E	E	E	E
Revenue	5.201	4.983	7.644	7.826	9.172	10.750	10.965	11.184	11.408
Cost of sales	4.484	4.143	5.860	5.702	7.310	8.567	8.739	8.914	9.092
Costs / Revenue	86,21%	83,14%	76,66%	72,86%	79,70%	79,70%	79,70%	79,70%	79,70%
Gross Profit	717	840	1784	2124	1862	2182	2226	2270	2316
Gross Margin	14%	17%	23%	27%	20%	20%	20%	20%	20%

Source: Companies' Annual Reports & Own Calculations

Exhibit 9.1: D&A – Worst Case Scenario

in SEKm	2020	2021	2022	2023	2024	2025	2026	2027	2028
	A	A	A	A	E	E	E	E	E
Revenue	5.201	4.983	7.644	7.826	8.479	8.648	8.821	8.998	9.178
D&A	15,00	17,00	14,00	34,00	30,52	31,13	31,76	32,39	33,04
D&A / Revenue	0,33%	0,28%	0,44%	0,39%	0,36%	0,36%	0,36%	0,36%	0,36%

Source: Companies' Annual Reports & Own Calculations

Exhibit 9.2: D&A – Base Case Scenario

in SEKm	2020	2021	2022	2023	2024	2025	2026	2027	2028
	A	A	A	A	E	E	E	E	E
Revenue	5.201	4.983	7.644	7.826	8.479	9.186	9.952	10.151	10.354
D&A	15,00	17,00	14,00	34,00	30,52	33,07	35,83	36,54	37,27
D&A / Revenue	0,33%	0,28%	0,44%	0,39%	0,36%	0,36%	0,36%	0,36%	0,36%

Source: Companies' Annual Reports & Own Calculations

Exhibit 9.3: D&A – Best Case Scenario

in SEKm	2020	2021	2022	2023	2024	2025	2026	2027	2028
	A	A	A	A	E	E	E	E	E
Revenue	5.201	4.983	7.644	7.826	9.172	10.750	10.965	11.184	11.408
D&A	15,00	17,00	14,00	34,00	33,02	38,70	39,47	40,26	41,07
D&A / Revenue	0,33%	0,28%	0,44%	0,42%	0,36%	0,36%	0,36%	0,36%	0,36%

Source: Companies' Annual Reports & Own Calculations

Exhibit 10.1: CAPEX – Worst Case Scenario

in SEKm	2020	2021	2022	2023	2024	2025	2026	2027	2028
	A	A	A	A	E	E	E	E	E
Revenue	5.201	4.983	7.644	7.826	8.479	8.648	8.821	8.998	9.178
CAPEX	8,00	1,00	33,00	935,00	266,08	271,40	276,83	282,37	288,02
CAPEX / Revenue	0,15%	0,02%	0,43%	11,95%	3,14%	3,14%	3,14%	3,14%	3,14%

Source: Companies' Annual Reports & Own Calculations

Exhibit 10.2: CAPEX – Base Case Scenario

in SEKm	2020	2021	2022	2023	2024	2025	2026	2027	2028
	A	A	A	A	E	E	E	E	E
Revenue	5.201	4.983	7.644	7.826	8.479	9.186	9.952	10.151	10.354
CAPEX	8,00	1,00	33,00	935,00	266,08	288,27	312,31	318,56	324,93
CAPEX / Revenue	0,15%	0,02%	0,43%	11,95%	3,14%	3,14%	3,14%	3,14%	3,14%

Source: Companies' Annual Reports & Own Calculations

Exhibit 10.3: CAPEX – Best Case Scenario

in SEKm	2020	2021	2022	2023	2024	2025	2026	2027	2028
	A	A	A	A	E	E	E	E	E
Revenue	5.201	4.983	7.644	7.826	9.172	10.750	10.965	11.184	11.408
CAPEX	8,00	1,00	33,00	935,00	287,84	337,35	344,10	350,98	358,00
CAPEX / Revenue	0,15%	0,02%	0,43%	11,95%	3,14%	3,14%	3,14%	3,14%	3,14%

Source: Companies' Annual Reports & Own Calculations

Exhibit 11.1: NWC – Worst Case Scenario

in SEKm	2020	2021	2022	2023	2024	2025	2026	2027	2028
	A	A	A	A	E	E	E	E	E
Revenue	5.201	4.983	7.644	7.826	8.479	8.648	8.821	8.998	9.178
Costs of Revenue	4.484	4.143	5.860	5.702	6.758	6.893	7.031	7.171	7.315
Receivables	121	297	655	514	497	534	518	555	539
Other current assets	574	1.044	2.066	4.088	2.832	2.889	2.947	3.006	3.066
Total Non Cash Current Assets	**695**	**1.341**	**2.721**	**4.602**	**3.330**	**3.423**	**3.465**	**3.561**	**3.605**
Accounts payable	124	309	159	215	255	260	265	270	276
Other current liabilities	1.014	1.001	2.612	2.883	2.687	2.741	2.796	2.852	2.909
Total Non-Debt Current Liabilities	**1.138**	**1.310**	**2.771**	**3.098**	**2.942**	**3.001**	**3.061**	**3.122**	**3.184**
Net Working Capital (Deficit)	**-443**	**31**	**-50**	**1.504**	**388**	**422**	**404**	**439**	**421**
(Increase) / Decrease in Working Capital		**-474**	**81**	**-1.554**	**1.116**	**-35**	**19**	**-35**	**18**

Ratios & Assumptions	2020	2021	2022	2023	2024	2025	2026	2027	2028
	A	A	A	A	E	E	E	E	E
Number of days assumption	**365**						**Average values of historical numbers**		
Accounts receivable, net (Collection period in days)		15,3	22,7	27,3	22	22	22	22	22
Other Current Assets (% of Revenues)		21%	27%	52%	33%	33%	33%	33%	33%
Accounts Payable (% of COGS)		7%	3%	4%	4%	4%	4%	4%	4%
Other current liabilities (% of COGS)		24%	45%	51%	40%	40%	40%	40%	40%
Cash Flow from Individual line Items									
Receivables		176	358	-141	-17	37	-16	37	-16
Other current assets		470	1.022	2.022	-1.256	57	58	59	60
Accounts payable		-185	150	-56	-40	-5	-5	-5	-5
Other current liabilities		13	-1.611	-271	196	-54	-55	-56	-57
(Increase)/Decrease in Working Capital		**-474**	**81**	**-1.554**	**1.116**	**-35**	**19**	**-35**	**18**

Source: Companies' Annual Reports & Own Calculations

Exhibit 11.2: NWC – Base Case Scenario

in SEKm	2020	2021	2022	2023	2024	2025	2026	2027	2028
	A	A	A	A	E	E	E	E	E
Revenue	5.201	4.983	7.644	7.826	8.479	9.186	9.952	10.151	10.354
Costs of Revenue	4.484	4.143	5.860	5.702	6.758	7.321	7.932	8.090	8.252
Receivables	121	297	655	514	497	598	589	622	613
Other current assets	574	1.044	2.066	4.088	2.832	3.069	3.324	3.391	3.459
Total Non Cash Current Assets	**695**	**1.341**	**2.721**	**4.602**	**3.330**	**3.667**	**3.913**	**4.013**	**4.072**
Accounts payable	124	309	159	215	255	276	299	305	311
Other current liabilities	1.014	1.001	2.612	2.883	2.687	2.911	3.154	3.217	3.281
Total Non-Debt Current Liabilities	**1.138**	**1.310**	**2.771**	**3.098**	**2.942**	**3.187**	**3.453**	**3.522**	**3.593**
Net Working Capital (Deficit)	**-443**	**31**	**-50**	**1.504**	**388**	**480**	**460**	**491**	**479**
(Increase) / Decrease in Working Capital		**-474**	**81**	**-1.554**	**1.116**	**-92**	**20**	**-31**	**12**

Ratios & Assumptions	2020	2021	2022	2023	2024	2025	2026	2027	2028
	A	A	A	A	E	E	E	E	E
Number of days assumption	**365**				**Average values of historical numbers**				
Accounts receivable, net (Collection period in days)		15,3	22,7	27,3	22	22	22	22	22
Other Current Assets (% of Revenues)		21%	27%	52%	33%	33%	33%	33%	33%
Accounts Payable (% of COGS)		7%	3%	4%	4%	4%	4%	4%	4%
Other current liabilities (% of COGS)		24%	45%	51%	40%	40%	40%	40%	40%
Cash Flow from Individual line Items									
Receivables		176	358	-141	-17	101	-10	33	-9
Other current assets		470	1.022	2.022	-1.256	236	256	66	68
Accounts payable		-185	150	-56	-40	-21	-23	-6	-6
Other current liabilities		13	-1.611	-271	196	-224	-243	-63	-64
(Increase)/Decrease in Working Capital		**-474**	**81**	**-1.554**	**1.116**	**-92**	**20**	**-31**	**12**

Source: Companies' Annual Reports & Own Calculations

Exhibit 11.3: NWC – Best Case Scenario

in SEKm	2020	2021	2022	2023	2024	2025	2026	2027	2028
	A	A	A	A	E	E	E	E	E
Revenue	5.201	4.983	7.644	7.826	9.172	10.750	10.965	11.184	11.408
Costs of Revenue	4.484	4.143	5.860	5.702	7.310	8.567	8.739	8.914	9.092
Receivables	121	297	655	514	580	702	606	728	632
Other current assets	574	1.044	2.066	4.088	3.064	3.591	3.663	3.736	3.811
Total Non Cash Current Assets	**695**	**1.341**	**2.721**	**4.602**	**3.644**	**4.293**	**4.268**	**4.464**	**4.443**
Accounts payable	124	309	159	215	276	323	330	336	343
Other current liabilities	1.014	1.001	2.612	2.883	2.907	3.407	3.475	3.545	3.615
Total Non-Debt Current Liabilities	**1.138**	**1.310**	**2.771**	**3.098**	**3.183**	**3.730**	**3.805**	**3.881**	**3.958**
Net Working Capital (Deficit)	**-443**	**31**	**-50**	**1.504**	**461**	**563**	**464**	**584**	**485**
(Increase) / Decrease in Working Capital		**-474**	**81**	**-1.554**	**1.043**	**-102**	**99**	**-120**	**99**

Ratios & Assumptions	2020	2021	2022	2023	2024	2025	2026	2027	2028
	A	A	A	A	E	E	E	E	E
Number of days assumption	**365**				**Average values of historical numbers**				
Accounts receivable, net (Collection period in days)		15,3	22,7	27,3	22	22	22	22	22
Other Current Assets (% of Revenues)		21%	27%	52%	33%	33%	33%	33%	33%
Accounts Payable (% of COGS)		7%	3%	4%	4%	4%	4%	4%	4%
Other current liabilities (% of COGS)		24%	45%	51%	40%	40%	40%	40%	40%
Cash Flow from Individual line Items									
Receivables		176	358	-141	66	122	-97	123	-96
Other current assets		470	1.022	2.022	-1.024	527	72	73	75
Accounts payable		-185	150	-56	-61	-47	-6	-7	-7
Other current liabilities		13	-1.611	-271	-24	-500	-68	-70	-71
(Increase)/Decrease in Working Capital		**-474**	**81**	**-1.554**	**1.043**	**-102**	**99**	**-120**	**99**

Source: Companies' Annual Reports & Own Calculations

Exhibit 12: Discount rate

Discount rate analysis

Cost of Capital

B levered	***2,20***
Cost of debt	***2,93%***
Cost of Equity	***9,74%***
WACC	***7,81%***

$$\text{Cost of Debt (Kd)} = \text{Interest Rate on Debt} \times (1 - t)$$

$$\text{Cost of Equity (Ke)} = R_f + \beta \times (R_m - R_f)$$

$$\text{WACC} = \left(\frac{E}{D+E}\right) \times Ke + \left(\frac{D}{D+E}\right) \times Kd \times (1-t)$$

$$\text{Interest Coverage Ratio (ICR)} = \frac{\text{EBIT}}{\text{Interest Expense}}$$

Inputs

Beta levered	2,20
Beta unlevered	1,15
D/E	38,2%
Risk free rate	2,34%
Market risk premium	5,70%

Source: Statista (https://www.statista.com/statistics/664819/average-market-risk-premium

$$\beta_l = \beta_u(1 + (1 - t)(\tfrac{D}{E}))$$

β_l = levered beta
β_u = unlevered beta
t = tax rate
D = debt
E = equity

Tax rate	20,60%

Cost of Debt

	2020 A	2021 A	2022 A	2023 A
EBIT	416	415	1.122	1.030
Interest EXPENSE	1	5	9	12
Interest Coverage ratio	416,00	83,00	124,67	85,83
Average				**177,38**

For smaller and riskier firms

If interest coverage ratio is			
greater than	≤ to	Rating is	Spread is
-100000	0.499999	D2/D	20.00%
0.5	0.799999	C2/C	17.00%
0.8	1.249999	Ca2/CC	11.78%
1.25	1.499999	Caa/CCC	8.51%
1.5	1.999999	B3/B-	5.24%
2	2.499999	B2/B	3.61%
2.5	2.999999	B1/B+	3.14%
3	3.499999	Ba2/BB	2.21%
3.5	3.9999999	Ba1/BB+	1.74%
4	4.499999	Baa2/BBB	1.47%
4.5	5.999999	A3/A-	1.21%
6	7.499999	A2/A	1.07%
7.5	9.499999	A1/A+	0.92%
9.5	12.499999	Aa2/AA	0.70%
12.5	100000	Aaa/AAA	0.59%

Source: Damodaran; Data updated as of Jannuary 2024
https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ratings.html

Calculations

Swedish 10-year Bond yield as of 13/05/2024

Rf	**2,34%**

Source: https://www.worldgovernmentbonds.com/bond-historical-data/sweden/10-years/#title-historical-data

Ke	**9,74%**
Spread	0,59%
Kd estimation	**2,93%**

Capital structure

HISTORICAL	Average	2020	2021	2022	2023
Equity		766	2.356	3.421	4.545
Debt		547	432	1.395	1.017
E/D	344%	140%	545%	245%	447%
D/E	38%	71%	18%	41%	22%
E/EV	**74%**	58%	85%	71%	82%
D/EV	**26%**	42%	15%	29%	18%

https://pages.stern.nyu.edu/~adamodar/pc/datasets/waccEurope.xls

Regression Statistics	
Multiple R	0,32672929
R Square	0,106752029
Adjusted R Square	0,105511407
Standard Error	0,030285481
Observations	722

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0,078923357	0,078923357	86,04717105	2,0136E-19
Residual	720	0,660391458	0,00091721		
Total	721	0,739314814			

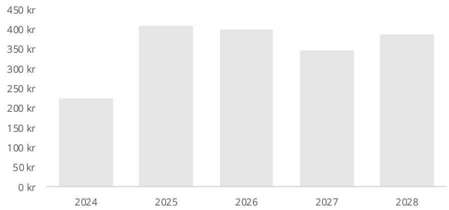
	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95,0%*	*Upper 95,0%*
Intercept	-7,07635E-05	0,001127221	-0,062776924	0,949961565	-0,002283796	0,002142269	-0,0022838	0,00214227
X Variable 1	1,146457066	0,123591754	9,276161439	2,0136E-19	0,903813792	1,38910034	0,90381379	1,38910034

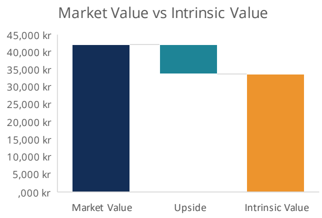
Source: Statista, World government bond, NYU & Own Calculations

Exhibit 13.1: DCF Model – Worst Case Scenario

DCF Model

Assumptions	
Tax Rate	20,6%
Discount Rate	7,81%
Perpetural Growth Rate	2%
EV/EBITDA Mulltiple	8,1x
Transaction Date	10/05/24
Fiscal Year End	31/12/24
Stock price (10/05/24)	41,84
Shares Outstanding	273
Debt	1.017
Cash	2.876





Discounted Cash Flow	Entry	2024	2025	2026	2027	2028	Exit
Date	*10/05/24*	*31/12/24*	*31/12/25*	*31/12/26*	*31/12/27*	*31/12/28*	*31/12/29*
Time Periods		*0,50*	*2*	*3*	*4*	*5*	*6*
Year Fraction		*0,50*	*1,00*	*1,00*	*1,00*	*1,00*	
EBIT		1.343	1.344	1.313	1.296	1.329	
Less: Cash Taxes		277	277	270	267	274	
Plus: D&A		36	37	38	39	40	
Less: Capex		266	271	277	282	288	
Less: Changes in NWC		388	422	404	439	421	
Unlevered FCF		448	410	400	347	387	
(Entry)/Exit	(9.563)						8.935
Transaction CF	-	224	410	400	347	387	8.935
Transaction CF	(9.563)	224	410	400	347	387	8.935

Terminal Value	
Perpetural Growth	6.798
EV/EBITDA	11.071
Average	8.935

Intrinsic Value	
Enterprise Value	7.286
Plus: Cash	2.876
Less: Debt	1.017
Equity Value	9.145
Equity Value/Share	33,50

Market Value	
Market Cap	11.422
Plus: Debt	1.017
Less: Cash	2.876
Enterprise Value	9.563
Equity Value/Share	41,84

Rate of Return	
Target Price Upside	-20%
Internal Rate of Return (IRR)	2%

Market Value vs Intrinsic Value	
Market Value	41,84 kr
Upside	-8,34 kr
Intrinsic Value	33,50 kr

Sensitivity Analysis

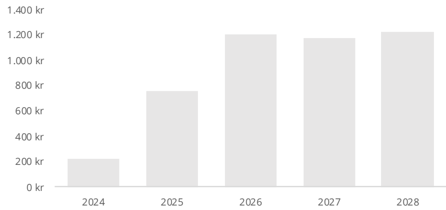
SEK		Perpetural Growth Rate				
		1,0%	1,5%	**2,0%**	2,5%	3,0%
Discount Rate	6,8%	34,70	35,55	36,57	37,83	39,43
	7,3%	33,39	34,09	34,92	35,92	37,16
	7,8%	32,23	32,81	**33,50**	34,31	35,29
	8,3%	31,19	31,68	32,25	32,92	33,71
	8,8%	30,24	30,66	31,15	31,70	32,36

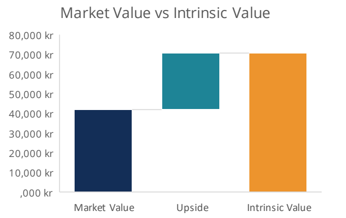
Source: Companies' Annual Reports & Own Calculations

Exhibit 13.2: DCF Model – Base Case Scenario

DCF Model

Assumptions	
Tax Rate	20,6%
Discount Rate	7,81%
Perpetural Growth Rate	2%
EV/EBITDA Mulltiple	8,1x
Transaction Date	10/05/24
Fiscal Year End	31/12/24
Stock price (10/05/24)	41,84
Shares Outstanding	273
Debt	1.017
Cash	2.876





Discounted Cash Flow	Entry	2024	2025	2026	2027	2028	Exit
Date	*10/05/24*	*31/12/24*	*31/12/25*	*31/12/26*	*31/12/27*	*31/12/28*	*31/12/29*
Time Periods		*0,50*	*2*	*3*	*4*	*5*	*6*
Year Fraction		*0,50*	*1,00*	*1,00*	*1,00*	*1,00*	
EBIT		1.343	1.881	2.443	2.450	2.506	
Less: Cash Taxes		277	388	503	505	516	
Plus: D&A		36	37	38	39	40	
Less: Capex		266	288	312	319	325	
Less: Changes in NWC		388	480	460	491	479	
Unlevered FCF		448	763	1.206	1.175	1.226	
(Entry)/Exit	(9.563)						21.059
Transaction CF	-	224	763	1.206	1.175	1.226	21.059
Transaction CF	(9.563)	224	763	1.206	1.175	1.226	21.059

Terminal Value	
Perpetural Growth	21.535
EV/EBITDA	20.582
Average	21.059

Intrinsic Value	
Enterprise Value	17.410
Plus: Cash	2.876
Less: Debt	1.017
Equity Value	19.269
Equity Value/Share	70,58

Market Value	
Market Cap	11.422
Plus: Debt	1.017
Less: Cash	2.876
Enterprise Value	9.563
Equity Value/Share	41,84

Rate of Return	
Target Price Upside	69%
Internal Rate of Return (IRR)	21%

Market Value vs Intrinsic Value	
Market Value	41,84 kr
Upside	28,74 kr
Intrinsic Value	70,58 kr

Sensitivity Analysis

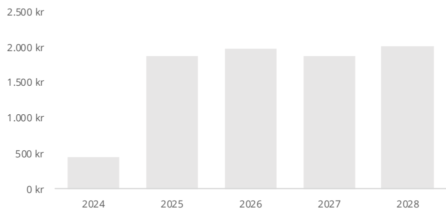
SEK		Perpetual Growth Rate				
		1,0%	1,5%	**2,0%**	2,5%	3,0%
Discount Rate	6,8%	73,43	76,11	79,36	83,35	88,40
	7,3%	69,78	71,99	74,61	77,79	81,70
	7,8%	66,58	68,42	**70,58**	73,15	76,26
	8,3%	63,74	65,30	67,10	69,22	71,73
	8,8%	61,20	62,53	64,05	65,82	67,89

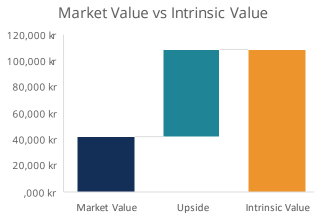
Source: Companies' Annual Reports & Own Calculations

Exhibit 13.3: DCF Model – Best Case Scenario

DCF Model

Assumptions	
Tax Rate	20,6%
Discount Rate	7,81%
Perpetural Growth Rate	2%
EV/EBITDA Mulltiple	8,1x
Transaction Date	10/05/24
Fiscal Year End	31/12/24
Stock price (10/05/24)	41,84
Shares Outstanding	273
Debt	1.017
Cash	2.876





Discounted Cash Flow	Entry	2024	2025	2026	2027	2028	Exit
Date	10/05/24	31/12/24	31/12/25	31/12/26	31/12/27	31/12/28	31/12/29
Time Periods		*0,50*	*2*	*3*	*4*	*5*	*6*
Year Fraction		*0,50*	*1,00*	*1,00*	*1,00*	*1,00*	
EBIT		2.036	3.445	3.456	3.483	3.559	
Less: Cash Taxes		419	710	712	717	733	
Plus: D&A		36	37	38	39	40	
Less: Capex		288	337	344	351	358	
Less: Changes in NWC		461	563	464	584	485	
Unlevered FCF		903	1.872	1.975	1.870	2.023	
(Entry)/Exit	(9.563)						32.326
Transaction CF	-	452	1.872	1.975	1.870	2.023	32.326
Transaction CF	(9.563)	452	1.872	1.975	1.870	2.023	32.326

Terminal Value	
Perpetural Growth	35.551
EV/EBITDA	29.101
Average	32.326

Intrinsic Value	
Enterprise Value	27.699
Plus: Cash	2.876
Less: Debt	1.017
Equity Value	29.558
Equity Value/Share	108,27

Market Value	
Market Cap	11.422
Plus: Debt	1.017
Less: Cash	2.876
Enterprise Value	9.563
Equity Value/Share	41,84

Rate of Return	
Target Price Upside	159%
Internal Rate of Return (IRR)	35%

Market Value vs Intrinsic Value	
Market Value	41,84 kr
Upside	66,43 kr
Intrinsic Value	108,27 kr

Sensitivity Analysis

SEK		Perpetual Growth Rate				
		1,0%	1,5%	**2,0%**	2,5%	3,0%
Discount Rate	6,8%	112,68	117,11	122,46	129,06	137,38
	7,3%	106,80	110,44	114,78	120,02	126,47
	7,8%	101,66	104,70	**108,27**	112,51	117,64
	8,3%	97,11	99,68	102,66	106,16	110,31
	8,8%	93,05	95,24	97,76	100,68	104,10

Source: Companies' Annual Reports & Own Calculations

Exhibit 14: Multiple Valuation

Trading Multiples

Company	Market Data								
	Ticker	Share Price (10/05/2024)	Exchange Rate (EUR to SEK)	Share Price (SEK)	Shares Outstanding	Equity Value (SEK)	Shareholders Equity (SEK)	Net Debt (SEK)	EV
OX2 (SEK)	OX2 AB	41,84		41,84	272.520.000	11.402.236.800	4.549.000.000	- 2.800.000.000	8.602.236.800
ARISE (SEK)	Arise AB	42,40		42,40	44.490.000	1.886.376.000	1.620.000.000	277.000.000	2.163.376.000
EOLUS VIND (SEK)	Eolus Vind AB	52,70		52,70	23.620.000	1.244.774.000	1.580.000.000	186.000.000	1.430.774.000
ABO Energy (EUR)	ABO Wind AG	44,20	11,26	497,69	9.220.000	4.588.720.240	2.170.365.000	2.988.000.000	7.576.720.240

Financials				Valuation		
Revenue (SEK)	EBITDA (SEK)	Net Income (SEK)	Book Value/#Share	EV/Revenue	EV/EBITDA	P/B
7.826.000.000,00	1.064.000.000,00	1.010.000.000,00	16,7	**1,1x**	**8,1x**	**2,5x**
503.000.000,00	285.000.000,00	206.000.000,00	36,4	**4,3x**	**7,6x**	**1,2x**
2.300.000.000,00	757.000.000,00	573.000.000,00	66,9	**0,6x**	**1,9x**	**0,8x**
3.374.509.400,00	475.622.400,00	306.835.000,00	235,4	**2,2x**	**15,9x**	**2,1x**

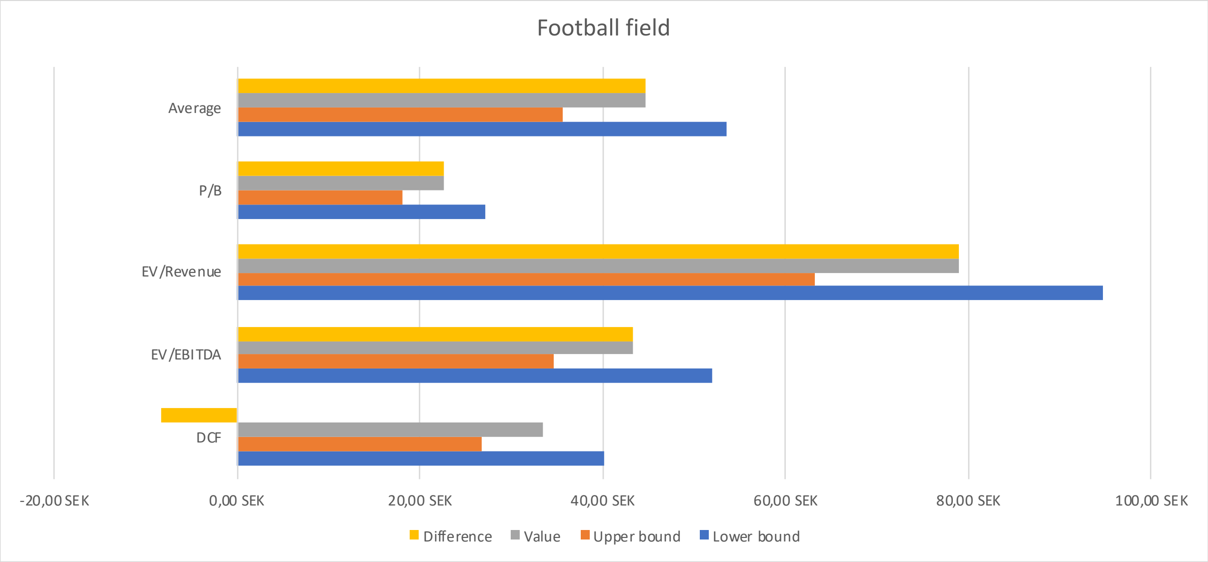
Multiples	EV/Revenue	EV/EBITDA	P/B
High	4,3x	15,9x	2,1x
75th Percentile	3,3x	11,8x	1,6x
Average	**2,4x**	**8,5x**	**1,4x**
Median	2,2x	7,6x	1,2x
25th Percentile	1,4x	4,7x	1,0x
Low	0,6x	1,9x	0,8x

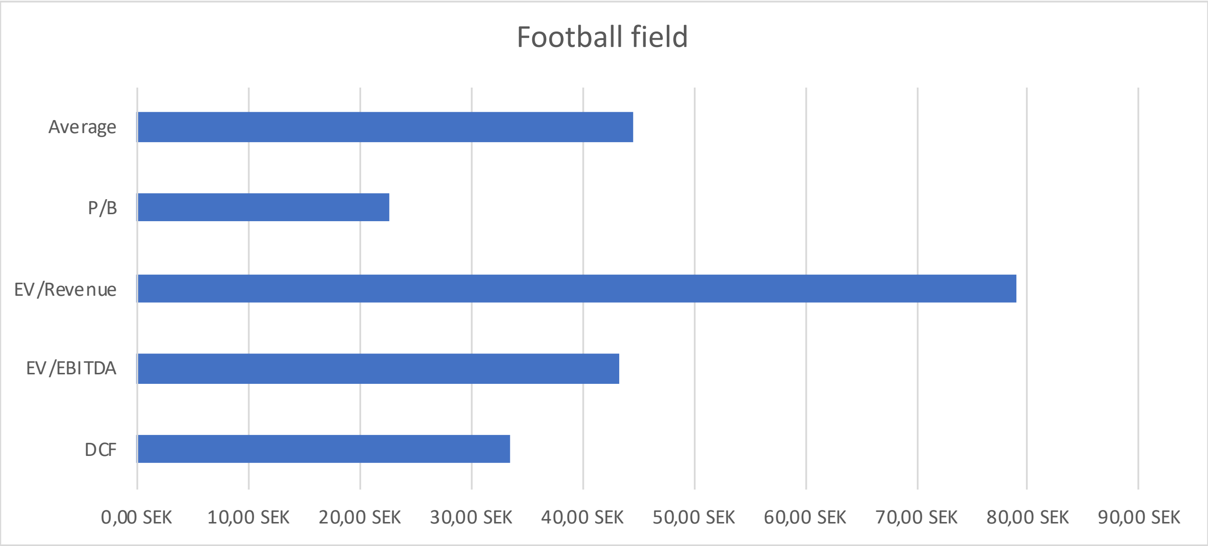
OX2 (EUR)	EV/Revenue	EV/EBITDA	P/B
Implied EV	18.699.711.788	9.012.423.176	3.366.204.789
Net Debt	- 2.800.000.000	- 2.800.000.000	- 2.800.000.000
Implied Equity Market Value	21.499.711.788	11.812.423.176	6.166.204.789
Shares Outstanding	272.520.000	272.520.000	272.520.000
Implied Value Per Share (avg)	**78,89**	**43,35**	**22,63**
Implied Equity Market Value Optimistic	28.415.385.656	15.313.123.842	7.457.384.106
Implied Value Per Share Optimistic	**104,27**	**56,19**	**27,36**
Implied Equity Market Value Pessimistic	14.019.964.724	7.843.812.789	4.440.418.270
Implied Value Per Share Pessimistic	**51,45**	**28,78**	**16,29**

Source: Yahoo Finance & Own Calculations

Exhibit 15.1: Football Field – Worst Case Scenario

Football Field Chart Data	Lower bound	Range	Upper bound	Value	Difference
DCF	40,20 SEK	-13,40 SEK	26,80 SEK	33,50 SEK	-8,34 SEK
EV/EBITDA	52,01 SEK	-17,34 SEK	34,68 SEK	43,35 SEK	43,35 SEK
EV/Revenue	94,67 SEK	-31,56 SEK	63,11 SEK	78,89 SEK	78,89 SEK
P/B	27,15 SEK	-9,05 SEK	18,10 SEK	22,63 SEK	22,63 SEK
Average	53,51 SEK	-17,84 SEK	35,67 SEK	44,59 SEK	44,59 SEK

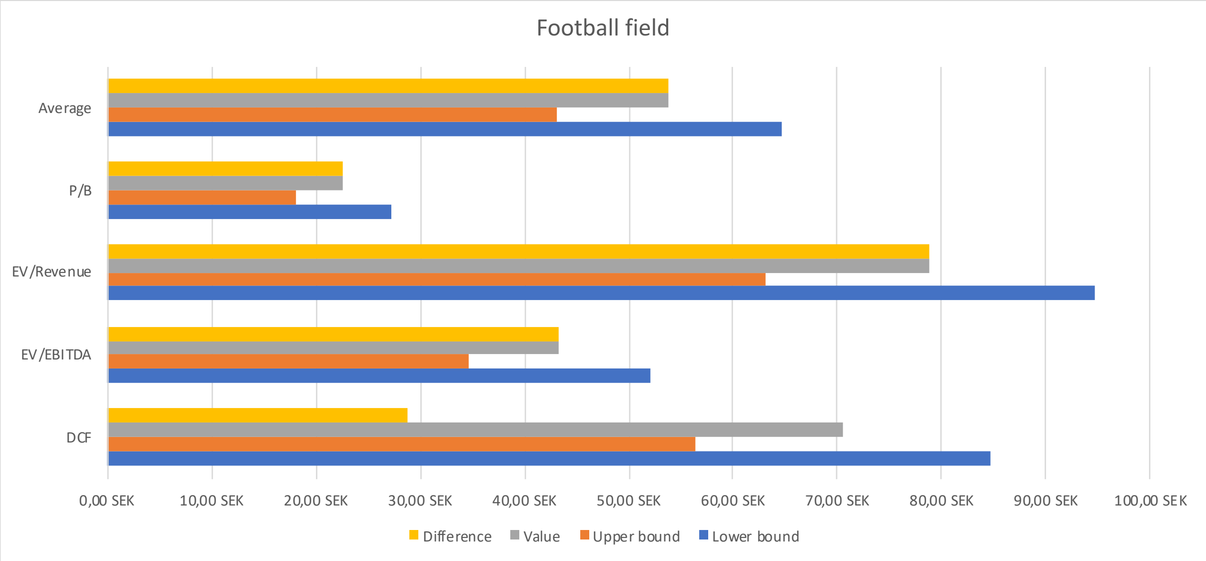


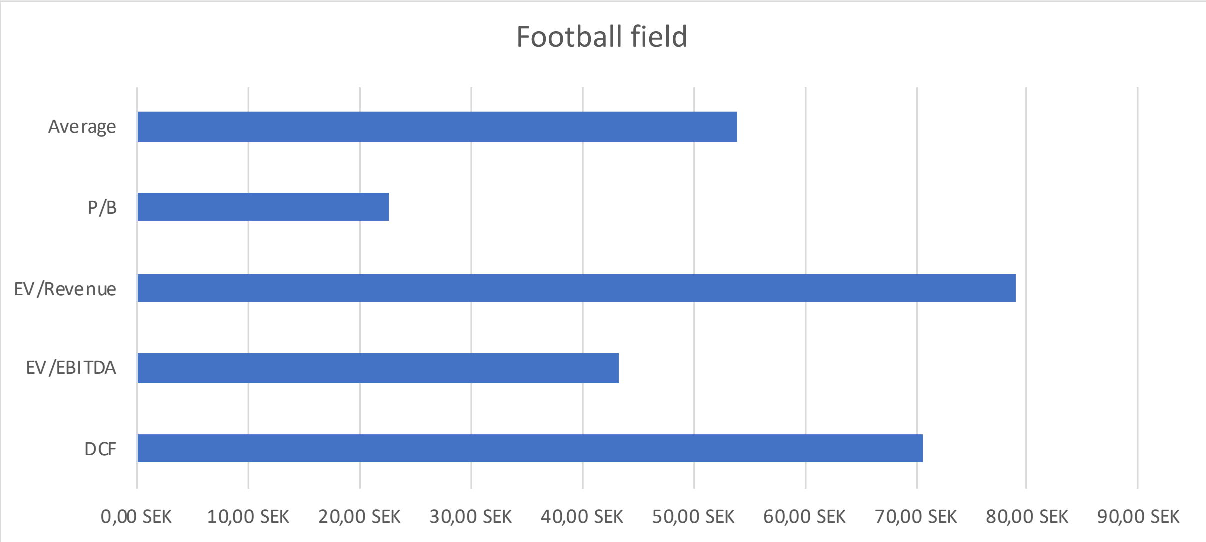


Source: Companies' Annual Reports & Own Calculations

Exhibit 15.2: Football Field – Base Case Scenario

Football Field Chart Data	Lower bound	Range	Upper bound	Value	Difference
DCF	84,70 SEK	-28,23 SEK	56,47 SEK	70,58 SEK	28,74 SEK
EV/EBITDA	52,01 SEK	-17,34 SEK	34,68 SEK	43,35 SEK	43,35 SEK
EV/Revenue	94,67 SEK	-31,56 SEK	63,11 SEK	78,89 SEK	78,89 SEK
P/B	27,15 SEK	-9,05 SEK	18,10 SEK	22,63 SEK	22,63 SEK
Average	64,63 SEK	-21,54 SEK	43,09 SEK	53,86 SEK	53,86 SEK

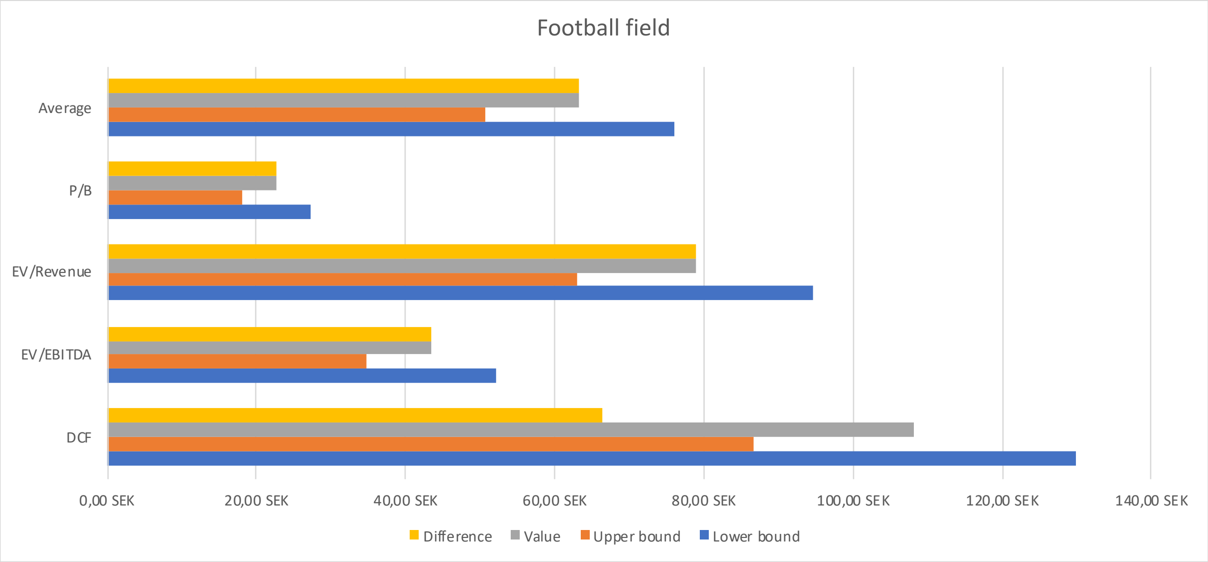


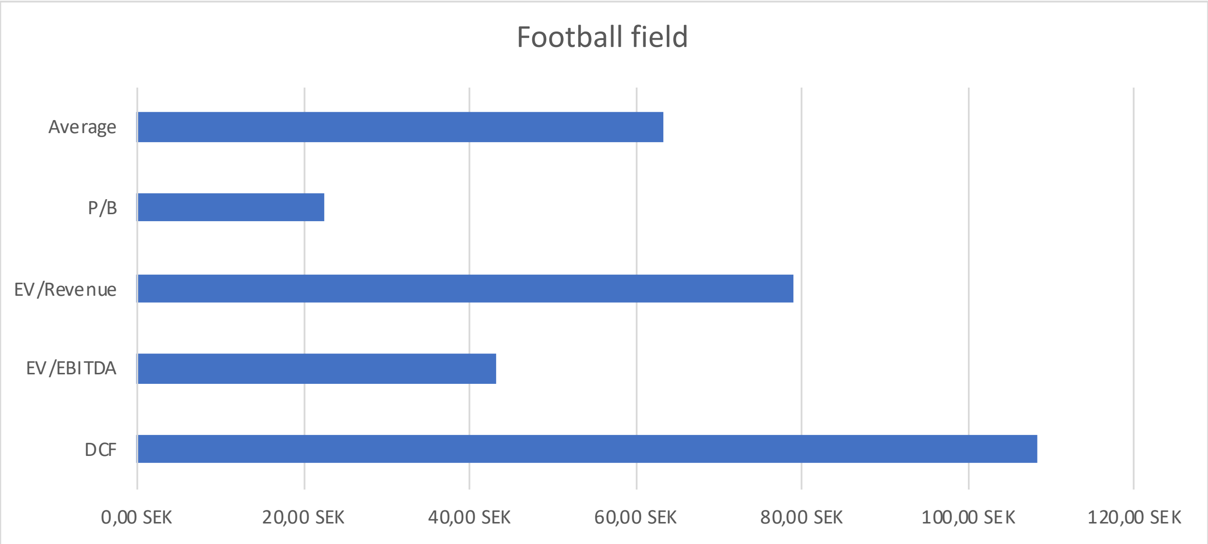


Source: Companies' Annual Reports & Own Calculations

Exhibit 15.3: Football Field – Best Case Scenario

Football Field Chart Data	Lower bound	Range	Upper bound	Value	Difference
DCF	129,93 SEK	-43,31 SEK	86,62 SEK	108,27 SEK	66,43 SEK
EV/EBITDA	52,01 SEK	-17,34 SEK	34,68 SEK	43,35 SEK	43,35 SEK
EV/Revenue	94,67 SEK	-31,56 SEK	63,11 SEK	78,89 SEK	78,89 SEK
P/B	27,15 SEK	-9,05 SEK	18,10 SEK	22,63 SEK	22,63 SEK
Average	75,94 SEK	-25,31 SEK	50,63 SEK	63,28 SEK	63,28 SEK





Source: Companies' Annual Reports & Own Calculations

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