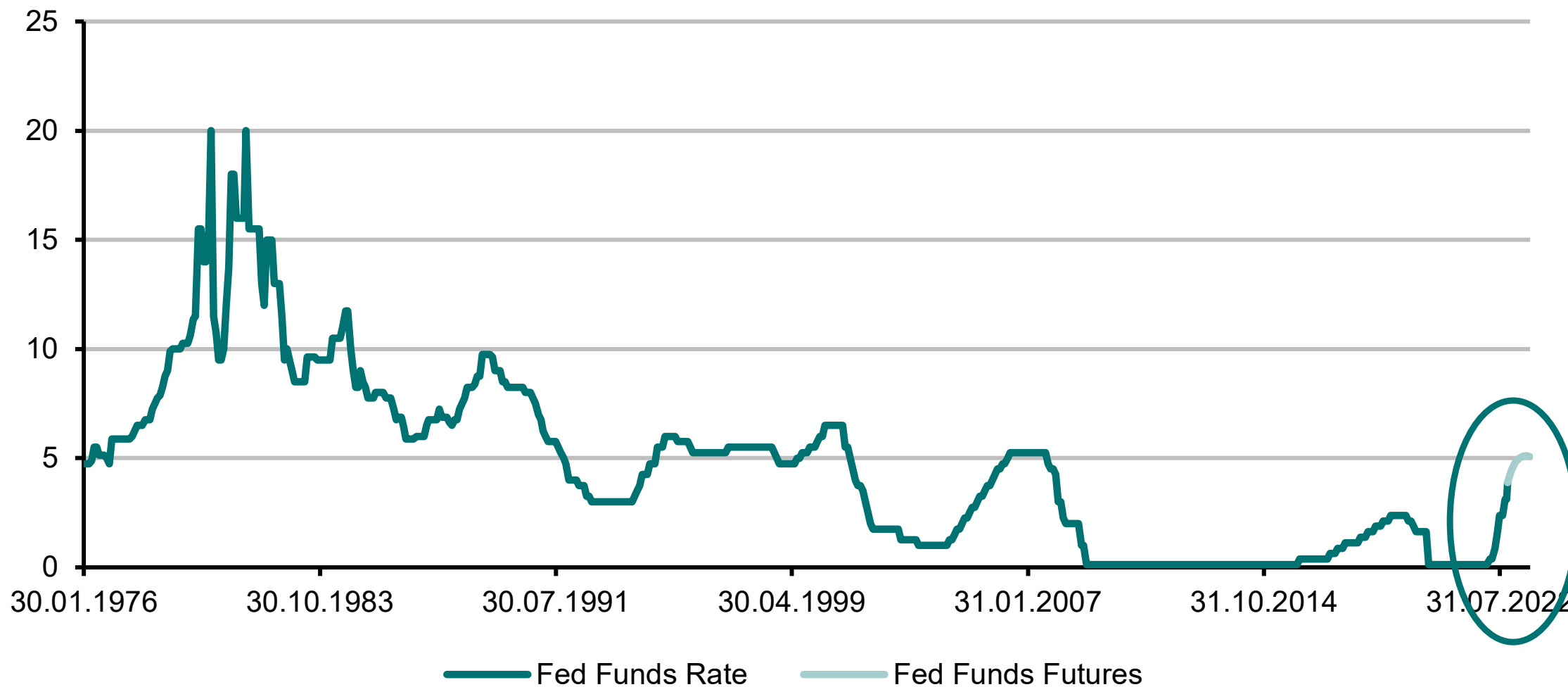


# AksjeNorge

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12 December 2022

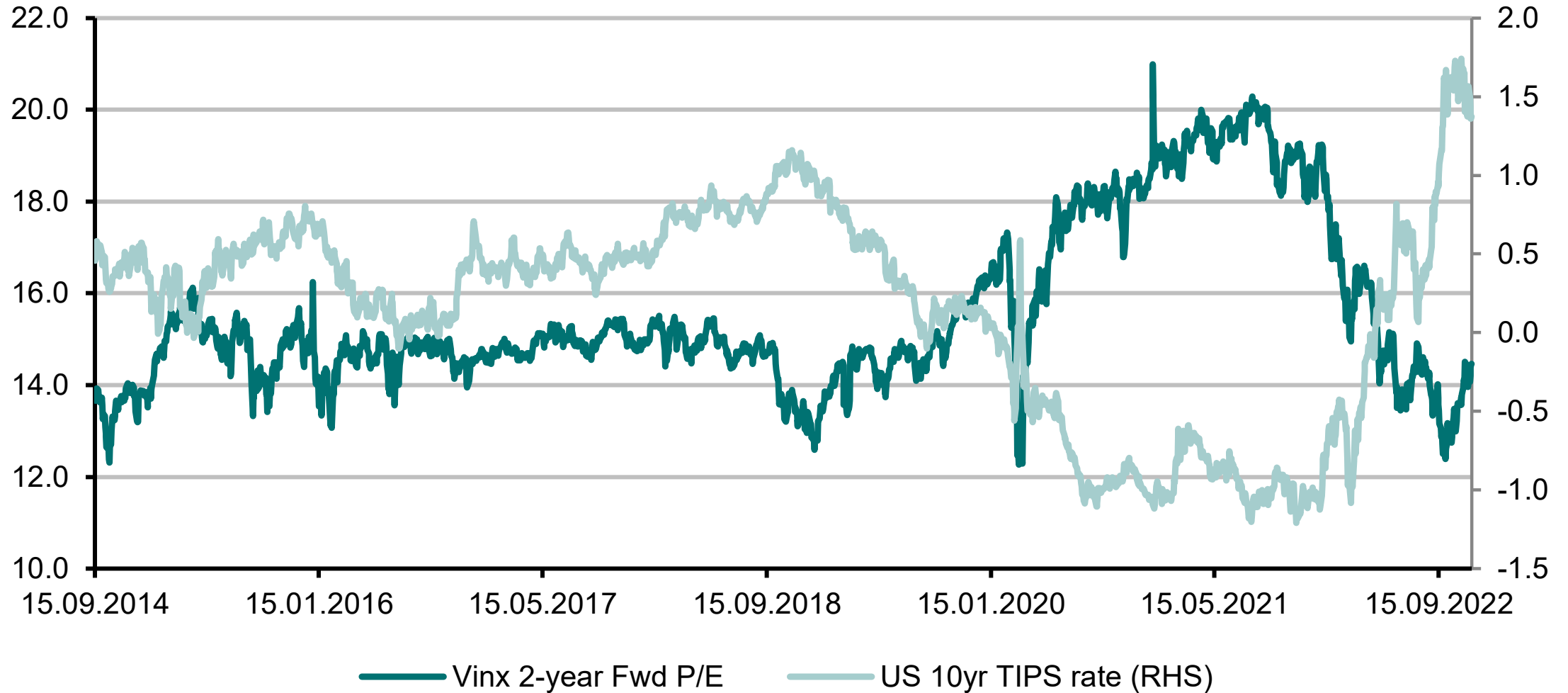
# Biggest 12-month increase in Fed Funds rate since 1980



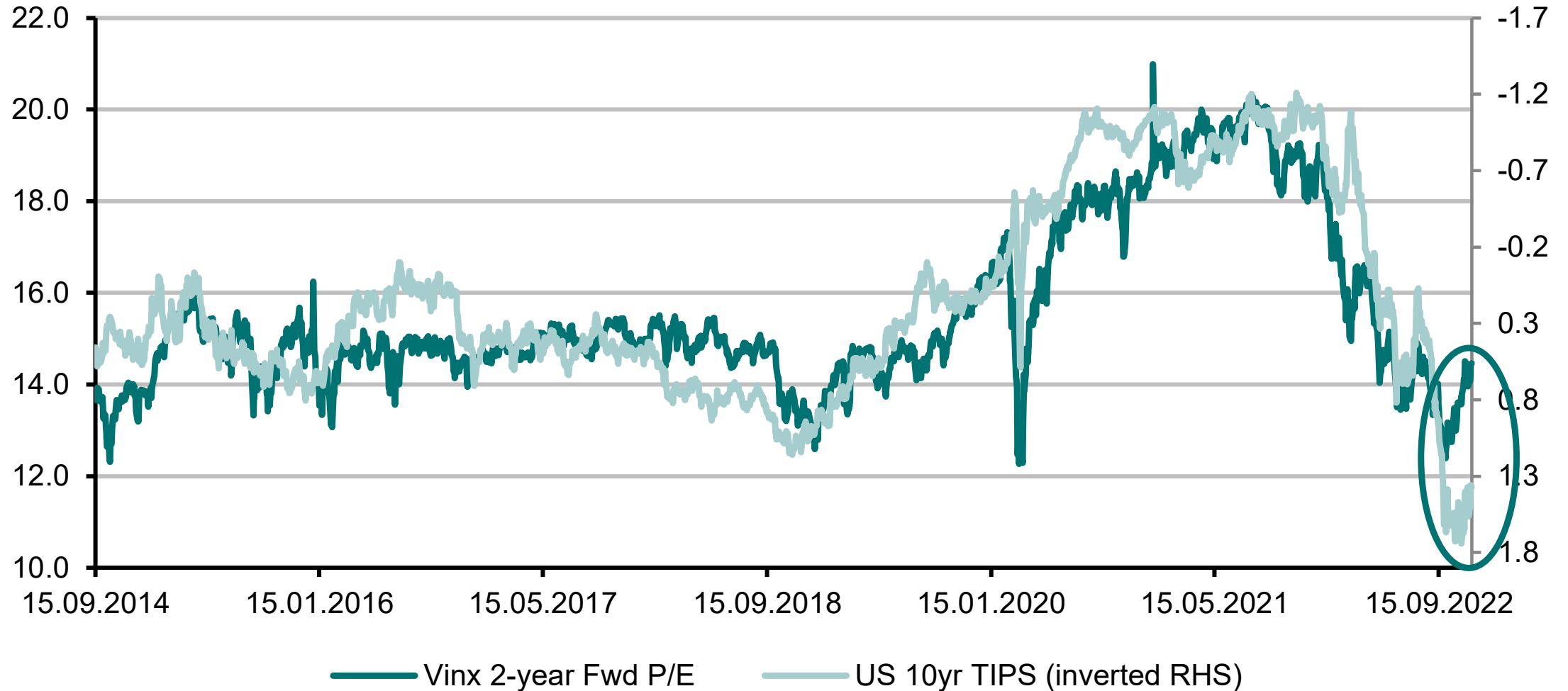
# US 10-year yield move is very significant



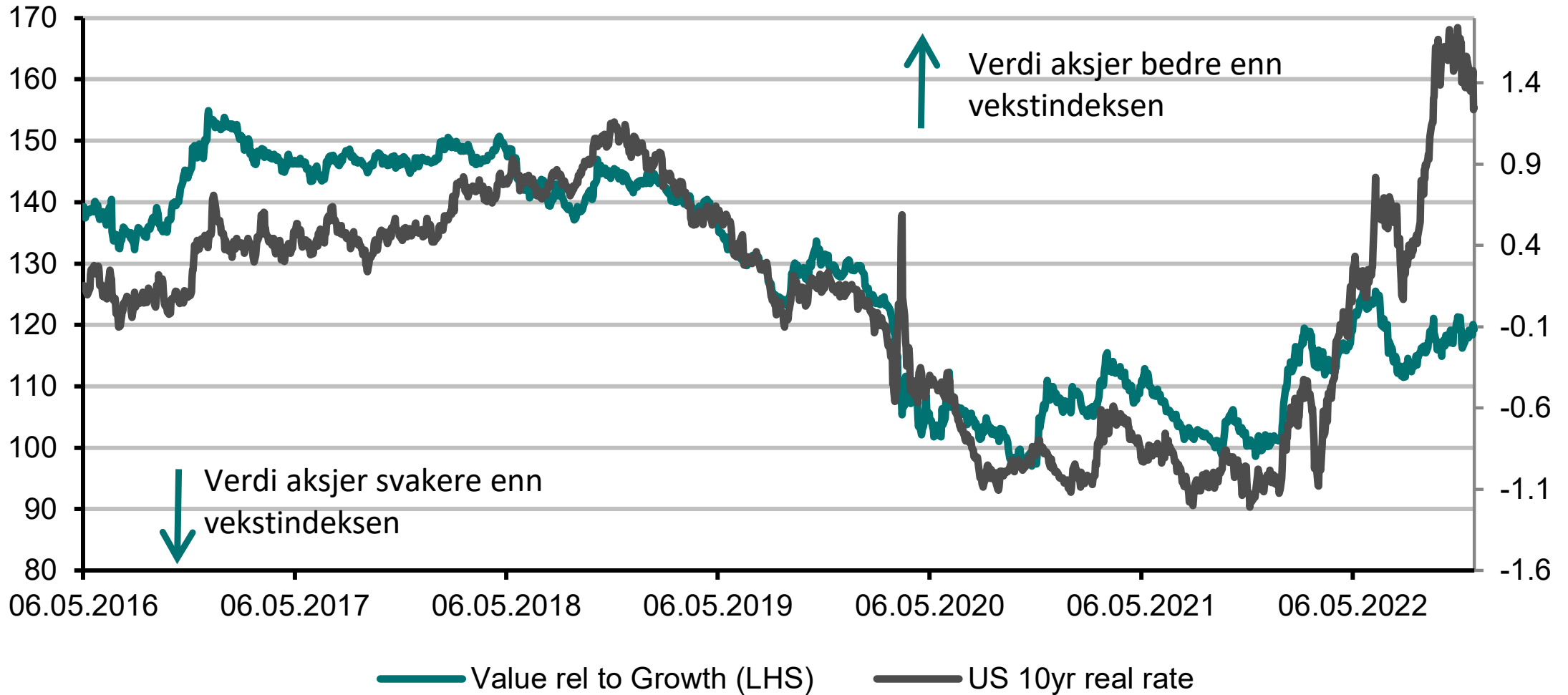
# Nordic equity P/E valuation has declined significantly this year



# The increase in US Treasury yields explains the weakness in Nordic equities this year



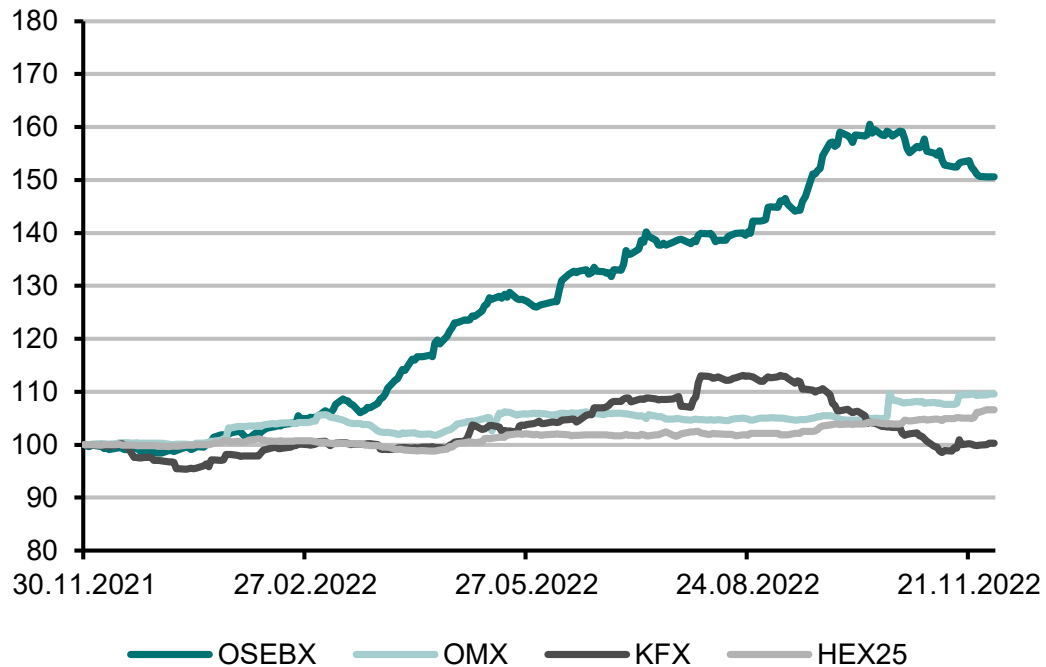
# The increase in US Treasury yields also explains growth stock underperformance



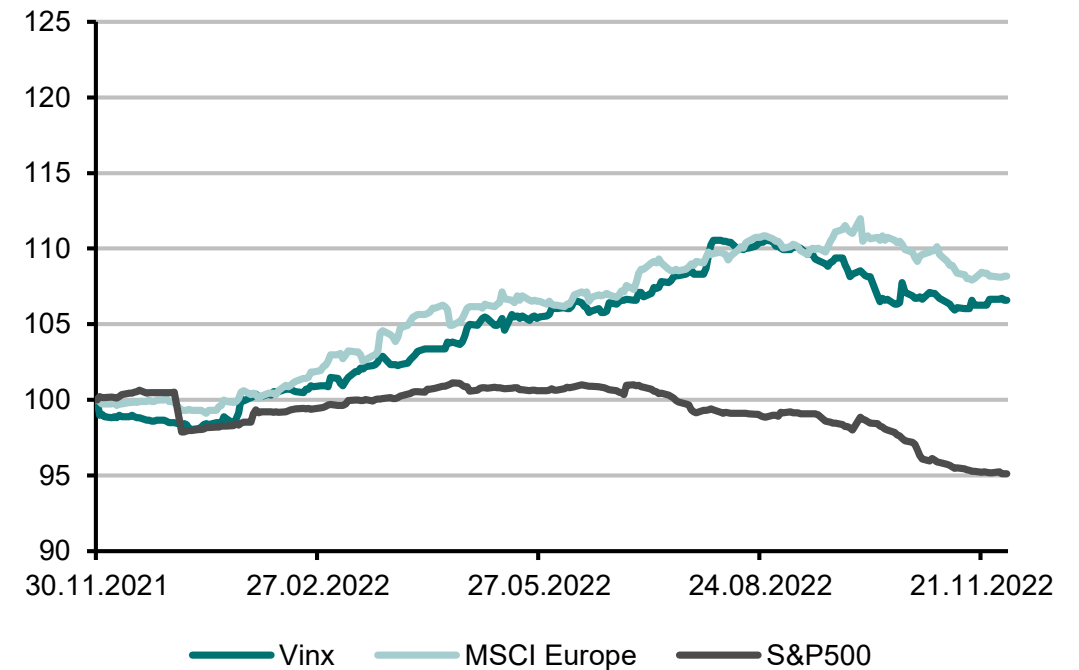
# Earnings revisions have been better than average but are levelling off now

- Rising earnings in energy, materials and transportation have pushed index EPS up, with costs passed on to consumers
- Rising costs are now beginning to hit earnings while commodity prices are levelling off

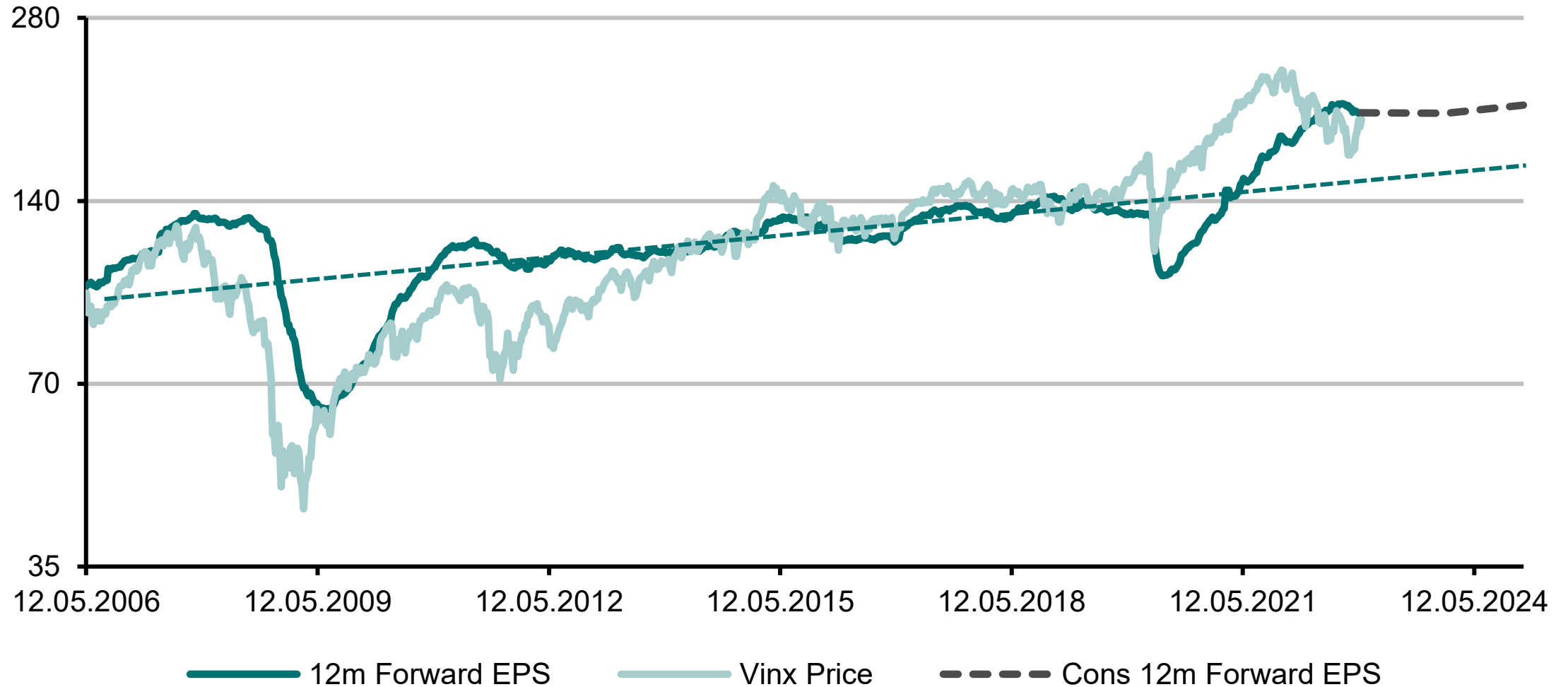
### Nordic country indices 2023 EPS



### Nordic, Europe and US 2023 EPS



# Vinx Nordic Index 12-month forward EPS and consensus estimate (rebased, log scale)





## Key factors for stock picking

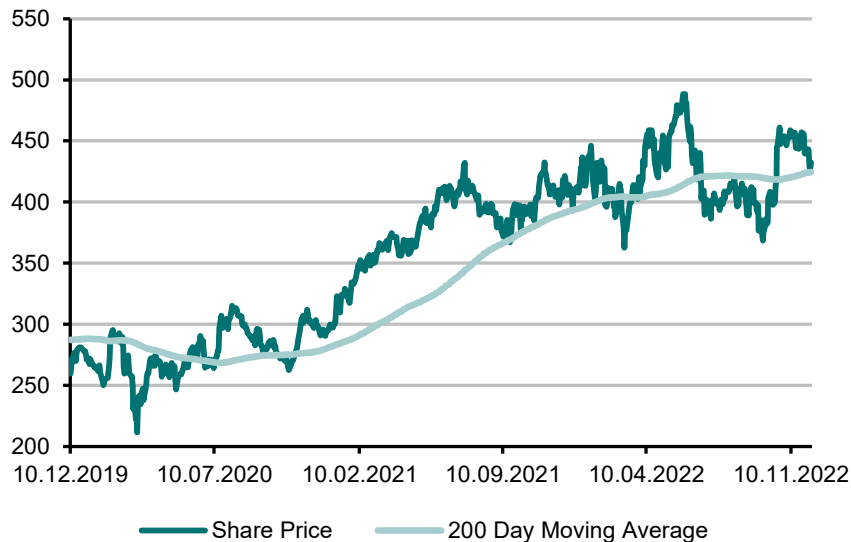
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- Strong balance sheets and cashflow
- Moderate valuation (and preferably with a solid dividend yield)
- Positive EPS revisions
- Portfolio diversification

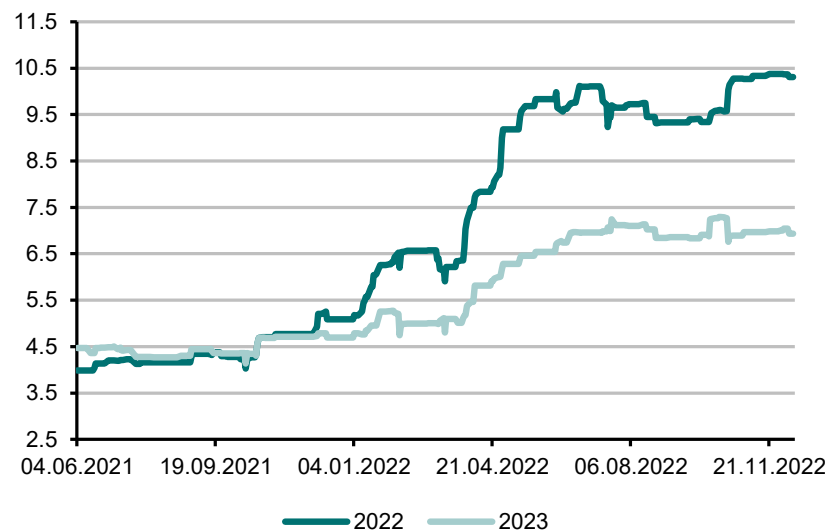
# Yara

- Business model is robust despite high gas prices
- Strong structural demand for fertilisers
- Strong balance sheet, attractive valuation and dividends

### Yara Share price (dividend adjusted)



### Yara Consensus EPS (USD)



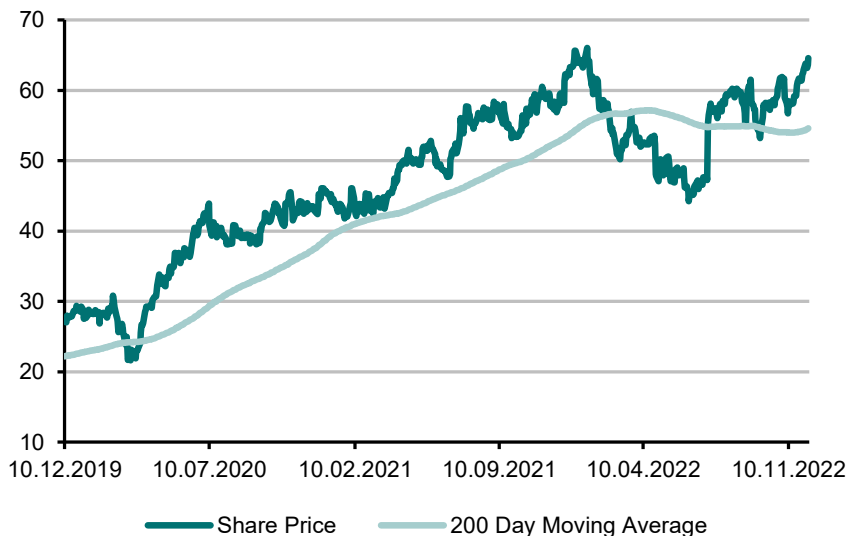
### Key Data

Yara	
Bloomberg Ticker	YAR NO
Sector	Fertilisers & Ag Chemicals
Market Cap (NOKm)	110,169
Market Cap (USDm)	11,031
Consensus year end Net Debt (USDm)	3,001
Trailing P/B (x)	1.4
12-month Forward ROE (%)	22.1
12-month Forward Dividend yield (%)	10.8
12-month Forward P/E (x)	6.1
2yr Forward P/E (x)	7.7
Last 3 years average revenue growth (%)	11.0
Net Debt/12-month trailing EBITDA	0.8
Beta	0.8
Consensus Analyst Rating (1=Sell, 5=Buy)	3.7

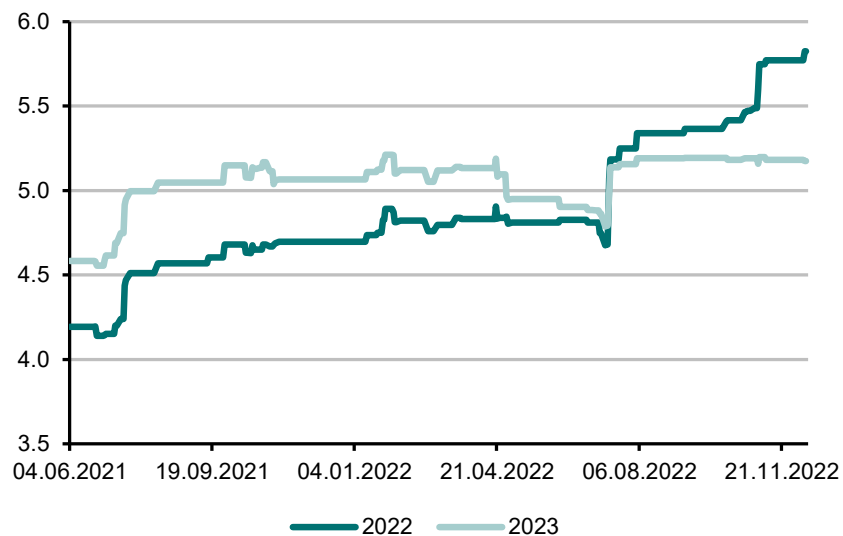
# Europris

- An economic slowdown should only have a limited impact on demand
- Freight costs are coming down and 2023 estimates look conservative
- Attractive valuation 12x P/E and dividend yield of 5%

### Europris Share price (dividend adjusted)



### Europris Consensus EPS (NOK)



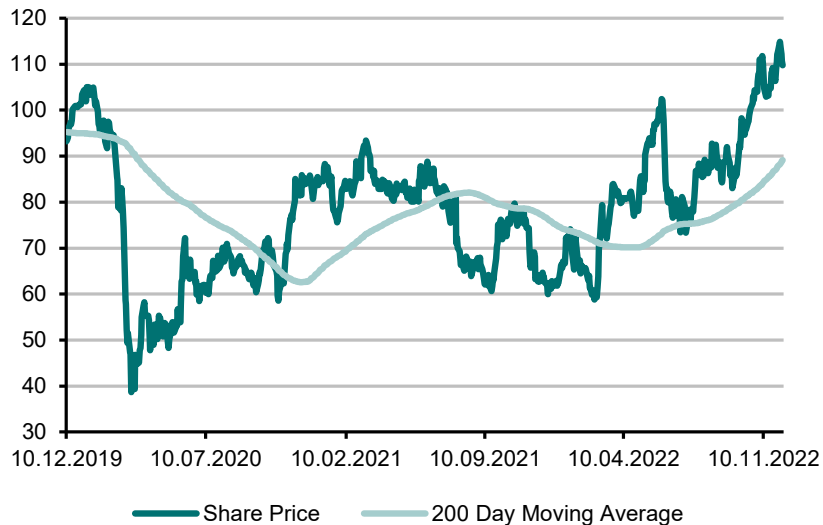
### Key Data

Europris	
Bloomberg Ticker	EPR NO
Sector	Multiline Retail
Market Cap (NOKm)	10,778
Market Cap (USDm)	1,079
Consensus year end Net Debt (USDm)	205
Trailing P/B (x)	4.3
12-month Forward ROE (%)	26.7
12-month Forward Dividend yield (%)	4.9
12-month Forward P/E (x)	12.4
2yr Forward P/E (x)	11.8
Last 3 years average revenue growth (%)	14.5
Net Debt/12-month trailing EBITDA	1.9
Beta	0.5
Consensus Analyst Rating (1=Sell, 5=Buy)	4.2

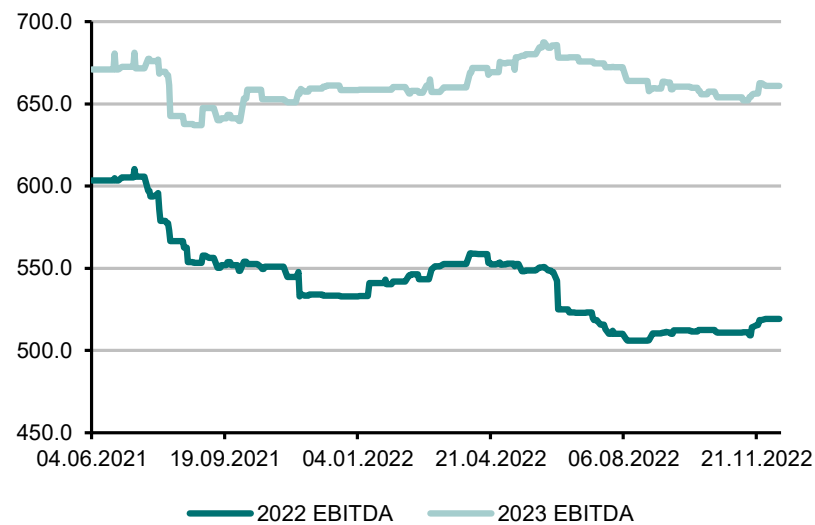
# Subsea 7

- Improved project sanctioning gives increased utilisation and improved pricing power
- Improving margin trend from 10% to 15%, but estimates are still below 2006-2019 average of 20%
- Attractive valuation at 13x 2024 P/E

**Subsea 7 Share price (dividend adjusted)**



**Subsea 7 Consensus EBITDA (USD)**



**Key Data**

Subsea 7	
Bloomberg Ticker	SUBC NO
Sector	Oil & Gas Equipment & Services
Market Cap (NOKm)	32,925
Market Cap (USDm)	3,297
Consensus year end Net Debt (USDm)	79
Trailing P/B (x)	0.8
12-month Forward ROE (%)	3.0
12-month Forward Dividend yield (%)	1.5
12-month Forward P/E (x)	27.8
2-year Forward P/E (x)	13.2
Last 3 years average revenue growth (%)	9.7
Net Debt/12-month trailing EBITDA	0.1
Beta	1.4
Consensus Analyst Rating (1=Sell, 5=Buy)	4.5

Source: Bloomberg (underlying data), DNB Markets (further calculations)

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