

Equity Research

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Strategy Wrap

PepsiCo bets USD 3.85bn in Rockstar Energy Beverages



JACOB EDLER, JAED02@handelsbanken.se, +46(0) 8701 43 38

Yesterday's actions

US

Wall Street ended down with indices losing 0.8-1.0 p.p after the European closing

S&P 500 -4.9%, Nasdaq -4.7%, DJIA -5.9%

Strongest US sector was Health Care (-3.9%), weakest was Industrials (-5.9%)

VIX rose to 53.9 (47.3)

US 10y yield rose to 0.83% (0.76%)

EUR/USD -0.6% to 1.13, JPY/USD 1.1% to 104.8 and USD/SEK 0.0% to 9.5

BBG Commodity Index -1.4%, Gold -1.1%, Copper -0.8% and Silver -0.3%

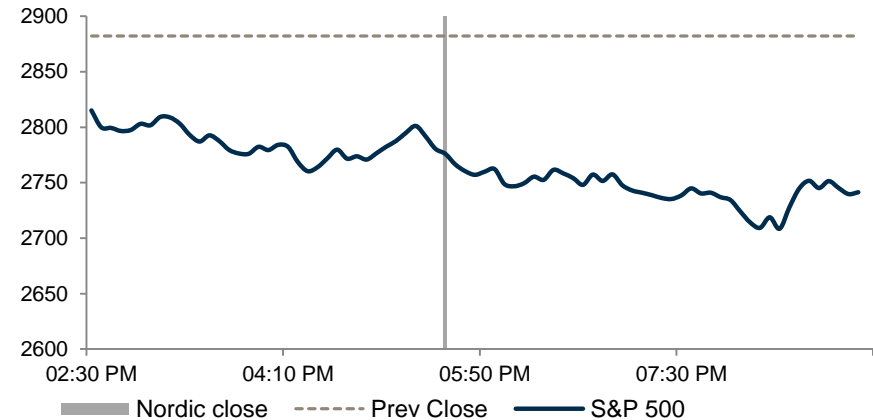
Europe

STOXX Europe 600 -0.7%, STOXX Europe 50 -0.1%, FTSE 100 -1.4%

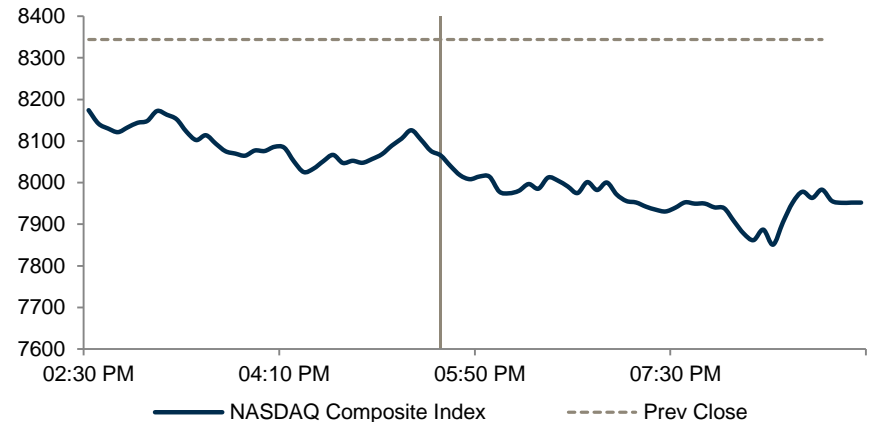
Germany HDAX -0.6%, France CAC 40 -0.6%

Strongest sector was Materials (0.3%), weakest was Consumer Services (-2.5%)

S&P 500, 11/03/2020 [CET]



Nasdaq, 11/03/2020 [CET]



After hours

US

PepsiCo made its biggest bet in the energy drinks market with a USD 3.85bn deal to buy Rockstar Energy Beverages, opening a new front in its long-running battle with Coca-Cola. The deal is also the latest move by PepsiCo's new CEO, Ramon Laguarta, to reduce the company's dependence on its core sugary drinks and salty snacks, which have been increasingly shunned by health-conscious consumers. Pepsi last July announced the acquisition of South African maker of cereal and fruit juice Pioneer Food Group, a few months after closing its USD 3.2bn buyout of carbonated drink-machine maker SodaStream. The Rockstar deal comes about two months after Coca-Cola, which owns a stake in Monster Beverage Co, rolled out Coke-branded energy drinks in the United States, after launching in European markets last year.

Shares in Telefonica Brasil and TIM Participações rose in the morning trading as both companies said they are planning a joint offer to buy the mobile unit of bankrupt Brazilian carrier Oi. The move comes months after the struggling carrier, which filed for bankruptcy protection in June 2016, told market participants early in December it had hired financial advisors to put a value on its mobile unit. Preferred shares in Oi rose as much as 18%, while TIM stocks surged up to 8.3% and Telefonica Brasil climbed 4.4% before trimming earlier gains. TIM and Telefonica Brasil informed Oi's advisor Bank of America of their interest in kicking off talks for a potential acquisition of all or part of Oi's mobile division. If their bid is successful, the two companies would divide up that business, securities filings showed, without disclosing how the division would be.

White House officials met with U.S. technology industry officials to discuss tech-related response efforts to combat the coronavirus outbreak and ways for government to collaborate with the private sector. COVID19, the disease caused by the virus, has killed about 30 people in the United States, and infected more than 1,000 Americans and over 115,000 people globally. U.S. CTO Michael Kratsios discussed the planned release of a new database of full-text coronavirus-related scholarly literature and urged tech firms to use tools like "artificial intelligence, to help medical researchers glean scientific insights from this collection of articles," the White House said.

AT&T advertising unit Xandr said it is partnering with Walt Disney, AMC Networks and sister company WarnerMedia to make it easier for advertisers to buy TV commercials across the networks. Since forming Xandr in 2018, phone carrier AT&T has sought to allow advertisers to target certain audiences using AT&T data, which it gathers from offering phone, internet and TV services. The moves are part of an effort by the TV industry as a whole to catch up to digital advertising behemoths like Alphabet's Google and Facebook, where the ability to target ads has long been more advanced.

Rest of the World

Financial markets reeled on Thursday as stocks dived and oil slumped after US President Donald Trump took the dramatic step of banning travel from Europe to stem the spread of coronavirus, threatening more disruptions to trade and the world economy.

As of CET 07:20: Stoxx Asia Pacific -6.42%, Topix 100 -5.61%, Hang Seng -4.14% and Shanghai -2.67%.

Australia's government said it would pump USD 11.4bn into the economy to try to stop the coronavirus outbreak triggering a recession, as it weighed an extension of travel restrictions following a formal pandemic declaration. The country's first stimulus package since the 2008 global financial crisis, which helped Australia avert a recession then, illustrates the lengths the government will take to pare the economic impact of the outbreak. Despite only affecting about 130 people in Australia so far, with three confirmed deaths, economists expect the outbreak, classified as a pandemic by the World Health Organisation, to cause a recession in the second quarter. The package will subsidize the wages of 120,000 apprentices, offer one-off cash payments for welfare recipients and give up to USD 16,160 to small businesses, Prime Minister Scott Morrison said at a news conference in Canberra.

Chinese airlines reported a total loss of USD 3bn in February as the coronavirus epidemic spread and hit travel demand, the aviation regulator said. China's overall aviation industry recorded a loss of USD 3.5bn for the month, Zhang Qing, an official with Civil Aviation Administration of China, told a press conference.

Budding media mogul Byron Allen has made a bid for broadcaster Tegna. that values the owner of 62 local television stations at USD 4.4bn. The all-cash, USD 20-a-share bid was submitted to Tegna. Taking into consideration Tegna's hefty debt load, the bid is worth about USD 8.5bn.

An activist investor has built a stake in Sensyne Health, the struggling healthcare company founded by Lord Drayson, the former science minister. Gatmore Capital Management has emerged with a 5.06% holding in Sensyne, making it a top ten shareholder, after it began investing in the company in January. The move comes at a time when the shares have fallen 78% since the company floated at 175p on the London Stock Exchange's junior AIM in August 2018.

Balfour Beatty has shelved a GBP 200m share buyback as the construction giant braces for the impact of the coronavirus outbreak. Balfour is understood to have been preparing the share buyback as it looked to spend some of the £500m of cash it amassed last year as Mr Quinn's five-year turnaround of the FTSE 250 business bedded in.

Asian movers, CET 07:20

Change EW [%]	Sector Movers
Utilities	-2.1 TOHO GAS, 4.5%, Meridian Energy Limited 1.2%, TOKYO GAS, 0.8%, APA -11.3%, Spark Infrastructure -8.8%, AGL Energy Limited -4.6%
Consumer Staples	-3.2 Yihai Holding 3.4%, Sugi, 1.8%, Pigeon Corporation 1.3%, Wilmar Limited -9.4%, Fanciel Corporation -9.3%, Metcash Limited -8.9%
Communication Services	-5.6 HKT Trust and HKT Ltd -0.8%, Nippon Telegraph and Telephone Corporation -0.9%, Singapore Press Limited -1.1%, Dentsu -11.0%, Telstra Corporation Limited -10.9%, REA Ltd -10.7%
Consumer Disc.	-5.9 Pan Pacific Corporation 1.0%, Takashimaya Company, Limited -1.2%, Bridgestone Corporation -1.5%, Star Entertainment Limited -17.4%, Aristocrat Leisure Limited -14.2%, Harvey Norman Ltd -11.9%
Industrials	-6.1 MonotaRO, 0.2%, Jardine Matheson Limited 0.0%, Kinden Corporation -1.3%, Qantas Airways Limited -18.2%, Reliance Worldwide -16.4%, Atlas Arteria -15.2%
Health Care	-6.6 Suzuken, -0.7%, Tsumura & -2.2%, Alfresa Corporation -2.5%, Peptidream -11.1%, Ryman Healthcare -10.4%, Takeda Pharmaceutical -10.2%
Financials	-7.1 Japan Post Bank, 1.3%, Japan Exchange, -1.1%, Seven Bank, -1.2%, Magellan Financial Ltd -15.4%, National Australia Bank Limited -14.1%, Commonwealth Bank of Australia -14.0%
Materials	-7.6 NIPPON PAINT HOLDINGS CO.LTD. -1.8%, Hitachi Chemical Company, -2.4%, Taiheiyo Cement Corporation -3.7%, Newcrest Mining Limited -16.6%, Amcor PLC Shs Chess Depository Interests Repr 1 Sh -15.4%, Saracen Mineral Limited -15.2%
Information Technology	-8.1 Hitachi High-Tech Corporation 0.0%, Xerox Limited -1.8%, Venture Corporation Limited -2.8%, Ricoh Company, -15.2%, Taiyo Yuden, -14.1%, Link Administration -12.7%
Energy	-9.3 Idemitsu Kosan, -3.1%, JXTG, -4.8%, Washington H. Soul Pattinson and -7.0%, Woodside Petroleum Ltd -13.2%, Santos Limited -12.8%, Worley Limited -12.6%
STOXX Asia/Pac 600 (US\$)	-6.42 135.1
TOPIX 100	-5.61 875.4
Hang Seng Index	-4.14 24 342
SSE Composite Index	-2.67 2 917

Yesterday's US Movers

Change %	Sector Movers
Health Care	-3.9 Gilead Sciences, 1.9%, Henry Schein, -0.3%, UnitedHealth Incorporated -0.8% // Align Technology, -11.4%, Illumina, -8.3%, ABIOMED, -8.3%
Telecom Services	-4.3 T-Mobile US, 1.7%, Take-Two Interactive Software, 0.3%, Electronic Arts -2.1% // Live Nation Entertainment, -16.6%, DISH Network Corporation Class A -10.5%, Twitter, -8.8%
Information Technology	-4.7 Akamai Technologies, 1.0%, Advanced Micro Devices, 0.7%, Citrix Systems, 0.0% // IPG Photonics Corporation -10.1%, Microchip Technology Incorporated -9.9%, Alliance Data Systems Corporation -9.9%
Materials	-4.8 Linde plc -1.3%, Ecolab -2.2%, Air Products and Chemicals, -3.2% // Amcor PLC -10.9%, Dow, -10.9%, Freeport-McMoRan, -9.8%
Consumer Staples	-4.9 Campbell Soup Company -1.5%, Lamb Weston, -1.8%, Kellogg Company -1.9% // Sysco Corporation -11.6%, Estee Lauder Companies Class A -7.9%, Procter & Gamble Company -7.4%
Utilities	-5.1 PPL Corporation -1.9%, Ameren Corporation -2.1%, Xcel Energy -2.4% // Public Service Enterprise Inc -7.9%, Exelon Corporation -7.7%, NRG Energy, -7.3%
Consumer Disc.	-5.4 Tiffany & -1.1%, Newell Brands Inc -1.2%, Genuine Parts Company -2.4% // Norwegian Cruise Line Ltd. -26.7%, Darden Restaurants, -15.0%, Royal Caribbean Cruises Ltd. -14.1%
Energy	-5.5 Williams Companies, -1.7%, Chevron Corporation -2.3%, Exxon Mobil Corporation -3.3% // Apache Corporation -23.5%, Noble Energy, -20.1%, Occidental Petroleum Corporation -17.7%
Financials	-5.5 Aon plc 1.0%, Willis Towers Watson Public Limited Company 0.3%, Charles Schwab Corporation -1.5% // Invesco Ltd. -10.5%, Lincoln National Corporation -10.2%, People's United Financial, -9.6%
Industrials	-5.9 Trane Technologies plc -0.1%, Kansas City Southern -0.6%, C.H. Robinson Worldwide, -1.0% // Boeing Company -18.2%, Textron -11.3%, United Technologies Corporation -9.9%
Last trading day	
S&P 500	-4.9 2 741
Nasdaq Composite	-4.7 7 952
Dow Jones IA	-5.9 23 553
eMini Futures as of 07:20:	
	eMini S&P 500 Future -4.0 2 631
	eMini Nasdaq Future -4.1 7 677
	eMini Dow Future -4.3 22 570

Yesterday's European Movers

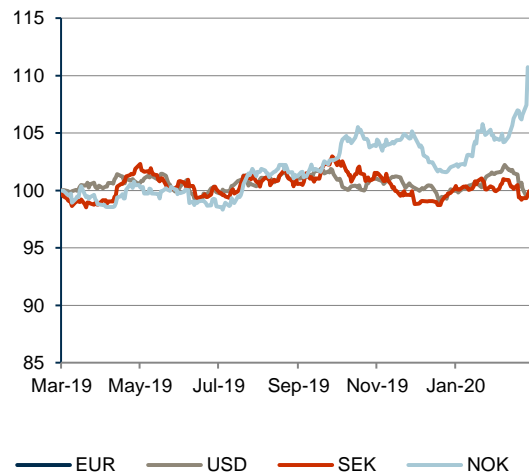
Change % Sector Movers

Materials	0.3	K+S 14.1%, Linde plc 3.9%, Symrise 2.0% // KGHM Polska Miedz -5.5%, Boliden -4.7%, Norsk Hydro -4.2%
Financials	0.1	Banco BPM SpA 7.6%, Unione di Banche Italiane SpA 6.1%, Commerzbank 5.6% // BANK POLSKA KASA OPIEKI SA -6.3%, Santander Bank Polska SA -5.8%, Stor
Health Care	-0.2	DiaSorin 8.2%, bioMerieux SA 5.9%, Eurofins Scientific Societe Europeenne 4.2% // Getinge Class B -7.5%, GN Store Nord -5.9%, Straumann Holding -5.3%
Technology	-0.5	ASML Holding NV 1.4%, Dialog Semiconductor plc 1.3%, Sage plc 0.5% // ams -10.6%, AVEVA plc -9.3%, Avast Plc -8.4%
Utilities	-0.9	Terna 2.2%, Iberdrola SA 1.6%, EDP-Energias de Portugal SA 1.4% // Centrica plc -4.1%, Fortum -3.8%, Rubis SCA -3.5%
Consumer Goods	-1.0	Renault SA 3.4%, Pirelli & C. 3.1%, Anheuser-Busch InBev SA/NV 3.0% // adidas -9.1%, Royal Unibrew -8.8%, Coca-Cola HBC -8.4%
Telecommunications	-1.1	Telecom Italia 3.9%, BT plc 2.6%, freenet 1.1% // Cellnex Telecom -4.1%, Vodafone Plc -3.6%, Tele2 Class B -3.2%
Industrials	-1.3	Knorr-Bremse 5.8%, Royal Vopak NV 3.9%, Interpump 2.3% // G4S plc -22.6%, Aeroports de Paris SA -6.2%, Smiths Plc -5.7%
Oil & Gas	-2.0	Tullow Oil plc 10.8%, Neste Corporation 4.6%, Snam 1.5% // TGS-NOPEC Geophysical Company -10.5%, Polski Koncern Naftowy ORLEN -9.6%, Subsea 7 -9.6%
Consumer Services	-2.5	Carrefour SA 1.0%, Royal Ahold Delhaize 0.9%, Galenica 0.8% // Cinew orld plc -7.9%, easyJet plc -7.6%, HelloFresh SE -7.0%

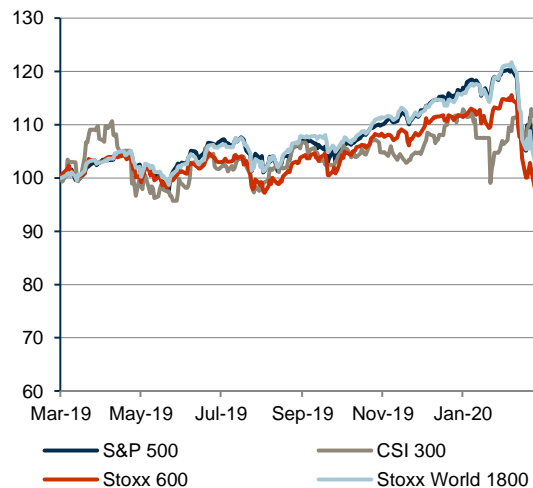
STOXX Europe 600	-0.7	333	OMXS30	-1.4	1 512
STOXX Europe 50	-0.1	2 761	OMXC20	-1.8	1 051
FTSE 100	-1.4	5 877	OMXH25	-0.9	3 504
Germany HDAX	-0.6	5 824	OBX	-3.3	641
France CAC 40	-0.6	4 610			

Charts

FX indices



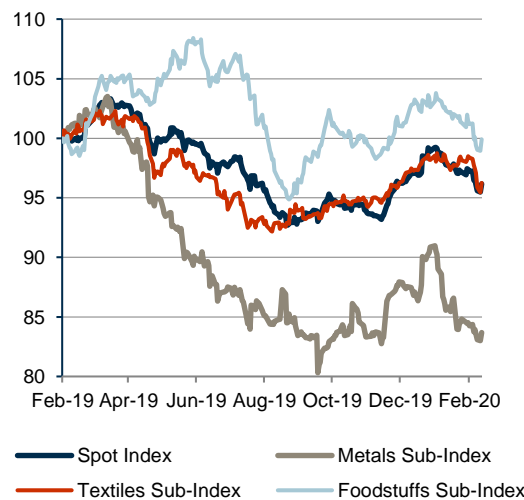
Equity indices, price return



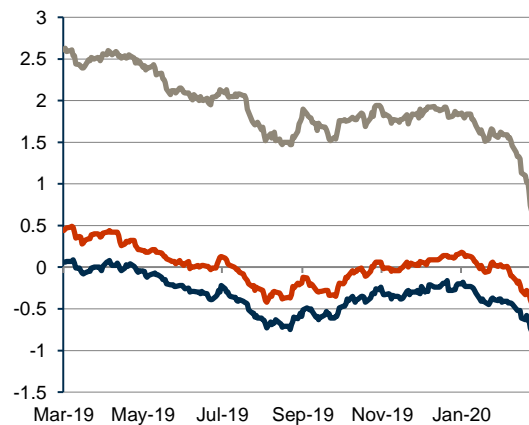
Nordic indices, price return



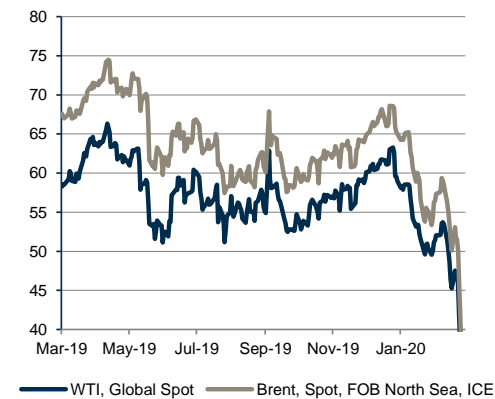
CRB index



Government 10 year yields



Crude oil, USD



Nordic performance (-1 day), top 10 and bottom 10

Sweden

Top 10	-1d	Bottom 10	-1d
SKF	1.7	Getinge	-7.5
Medivir	1.4	Millicom International Ce	-7.1
Autoliv	1.3	Betsson AB Class B	-6.9
Swedbank	1.3	Pandox	-6.6
Cavotec SA	0.5	Kindred Group plc Shs S	-6.4
Hexagon	0.3	Sinch	-6.0
AAK	0.2	Knowit	-5.9
AstraZeneca	0.1	Lundin Mining	-5.9
Avanza	0.0	Loomis	-5.5
Industrivarden AB Class	-0.3	Clas Ohlson	-5.5

Norway

Top 10	-1d	Bottom 10	-1d
XXL	2.1	Archer Limited	-16.6
Orkla	1.7	Norwegian Air Shuttle AŞ	-15.3
Telenor ASA	-1.1	Royal Caribbean Cruises	-14.1
AF Gruppen	-1.3	Aker ASA	-10.9
Equinor	-1.9	TGS-Nopec	-10.5
Bakkafrost	-2.4	Subsea 7	-9.6
Tomra	-2.7	Aker BP	-8.3
Grieg Seafood	-2.9	Akastor ASA	-8.0
Entra ASA	-2.9	BW Offshore Limited	-7.4
Gjensidige	-2.9	Aker Solutions	-7.2

Denmark

Top 10	-1d	Bottom 10	-1d
D/S Norden A/S	1.7	H+H International A/S Cl	-10.4
A.P. Møller-Mærsk	1.5	Royal Unibrew	-8.8
Jyske Bank	1.3	GN Store Nord	-5.9
Veloxis Pharmaceuticals	0.0	Zealand Pharma	-5.3
Coloplast	-0.1	Demant	-5.1
DSV Panalpina	-0.3	ISS	-5.1
Chr. Hansen	-0.6	Alk-Abello	-5.0
Novo Nordisk	-1.0	SimCorp	-4.2
Spar Nord	-1.4	Vestas	-3.9
FLSmidth & Co	-1.4	Rockwool	-3.8

Finland

Top 10	-1d	Bottom 10	-1d
Neste	4.6	Stockmann	-5.2
Wartsila	1.1	Fortum	-3.8
Nokian Tyres	0.8	Oriola Corp Class B	-3.8
Metsä Board	0.3	Aktia Bank plc	-3.7
Cramo	0.1	Metso	-3.3
Valmet	0.1	Tieto	-3.2
Kone	-0.2	Sanoma Oyj	-3.1
Uponor	-0.2	UPM-Kymmene	-2.8
Kemira	-0.5	Konecranes	-2.7
Outotec	-0.8	Sampo	-2.6

Nordic RSI(14d) top 10 and bottom 10

Sweden

Highest 10	RSI	Lowest 10	RSI
Oriflame Holding AG	69	HiQ International	10
Acando AB Class B	66	Knowit	11
KappAhl AB	51	Nobia	11
Medivir	49	Pandox	12
Sinch	46	Intrum	13
Evolution Gaming Group	42	Alfa Laval	13
Cavotec SA	42	Mekonomen	14
Swedish Match	42	Lundin Petroleum	14
AstraZeneca	40	Securitas	14
Getinge	38	SSAB AB Class A	15

Norway

Highest 10	RSI	Lowest 10	RSI
Tomra	47	PGS	8
Orkla	44	Storebrand	10
Leroy Seafood Group	41	TGS-Nopec	11
XXL	37	Aker ASA	11
Norway Royal Salmon	37	Aker BP	12
Kongsberg Gruppen ASA	37	Aker Solutions	12
SalMar	37	Subsea 7	14
Telenor ASA	35	BW Offshore Limited	14
Borregaard	34	Royal Caribbean Cruises	14
Yara International	33	Norwegian Air Shuttle AS	15

Denmark

Highest 10	RSI	Lowest 10	RSI
Veloxis Pharmaceuticals	51	Ringkjøbing Landbobank	14
Chr. Hansen	41	Matas A/S	15
Coloplast	39	DFDS A/S	16
D/S Norden A/S	37	ISS	16
Alk-Abello	37	Sydbank	17
Novo Nordisk	34	Carlsberg	18
Vestas	32	Royal Unibrew	18
NKT A/S	32	Danske Bank	18
DSV Panalpina	30	Topdanmark	19
Zealand Pharma	28	Spar Nord	19

Finland

Highest 10	RSI	Lowest 10	RSI
Cramo	52	Konecranes	16
Technopolis Oyj	50	Citycon Oyj	16
Amer Sports Oyj Class A	49	Wartsila	16
Ramirent Oyj	48	Cargotec	16
Stockmann	42	Sampo	17
Sanoma Oyj	37	Fortum	17
Metsä Board	36	Oriola Corp Class B	18
Neste	33	Metso	18
Valmet	32	Kemira	18
Aktia Bank plc	31	Nokia	19

Nordic stocks closing in US/Canada yesterday

US/Sweden	US closing	SEK/USD	SEK price	SE closing	Difference	%	Volume 1000's
ABB	18.8	9.5	178.9	180.9	-2.0	-1.1%	2 947
Astrazeneca	44.6	9.5	846.9	851.7	-4.8	-0.6%	5 829
Autoliv	61.1	9.5	580.0	579.8	0.2	0.0%	998
Ericsson	7.1	9.5	67.6	68.8	-1.2	-1.7%	7 961
Millicom	37.2	9.5	353.4	355.0	-1.6	-0.5%	100
Lundin Petroleum	18.9	9.5	179.7	179.7	0.0	0.0%	1
Veoneer	9.0	9.5	85.4	85.8	-0.4	-0.5%	684
US/Finland	US closing	EUR/USD	EUR price	FN closing	Difference	%	Volume
Nokia	3.1	0.9	2.8	2.8	0.0	-1.3%	41 336
US/Norway	US closing	NOK/USD	NOK price	NO closing	Difference	%	Volume
Frontline	9.2	9.6	88.4	88.9	-0.5	-0.6%	6 020
Norsk Hydro	2.3	9.6	22.1	22.1	0.0	0.0%	262
Seadrill		9.6					n.m
StatoilHydro	11.2	9.6	107.3	108.5	-1.2	-1.1%	10 505
Subsea 7	5.5	9.6	53.3	54.1	-0.8	-1.5%	23
US/Denmark	US closing	DKK/USD	DKK price	DK closing	Difference	%	Volume
Novo Nordisk	57.9	6.6	383.6	387.0	-3.4	-0.9%	2 747
Canada/Sweden	Canada closing	SEK/CAD	SEK price	SE closing	Difference	%	Volume
Africa Oil	1.0	6.9	6.6	6.7	-0.1	-1.3%	47
Etrion	0.2	6.9	1.4	1.3	0.1	9.6%	0
Lundin Mining	5.9	6.9	40.9	41.8	-0.9	-2.2%	2 768
Semafo	2.6	6.9	18.2	19.3	-1.0	-5.4%	1 623

This week's agenda

Macro

Monday

Tuesday

- EZ: GDP (YoY) 0.9(0.9)

Wednesday

- US: Core CPI (MoM) (Feb) 0.2%(0.2%)
- US: Crude Oil Inventories 0.785M

Thursday

- SE: CPI (YoY) (Feb) 1.7%(1.3%)
- US: PPI (MoM) (Feb) (0.5%)

Friday

- US: Export Price Index (MoM) -0.2%(0.7%)
- US: Import Price Index (MoM) -0.5%(0.0%)

Corporate

Monday

- ICA Gruppen: Feb sales (08:45)

Tuesday

- Demant: AGM (16:00)
- Royal Unibrew: FY report (17:00)

Wednesday

- Electrolux: Investor day (10:00)

Thursday

- Neste: CMD

Friday

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Handelsbanken Capital Markets Equity Research (HCM) employs a three-graded recommendation scale. The recommendations reflect the analyst's assessment of how much the share price may appreciate or depreciate in absolute terms in a 12-month time horizon and takes into account risks related to both fundamental expectations and share performance. This assessment is not based on a proprietary HCM model and the basis for the analyst's assessment is dependent on the characteristics of the sector and the company and a multitude of fundamental and timing factors are incorporated. For more detailed information about the recommendation structure please consult the Handelsbanken Capital Markets website:

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HCM rating	R _{TP} is expected to be ¹	HCM Universe ²	IB services ³
Buy	above 10%	41%	11%
Hold	between 0% and +10%	41%	18%
Sell	below 0%	18%	22%

Source: Handelsbanken Capital Markets, as per 06/03/2020

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The target price (TP) is the analyst's assessment of the level at which the share should be traded in a 12-month period. The TP is used as a basis for the recommendation (see explanation above) and takes into account timing-related issues and triggers, such as relative valuation and newsflow. The TP does not represent the analyst's or the bank's assessment of the company's fundamental value or quality.

Unless otherwise specified, share prices mentioned in this report refer to the closing price of the previous day.

At times, the expected total returns may fall outside of the above stated ranges because of price movement and/or volatility. Such interim deviations from specified ranges will be permitted but will become subject to review by Research

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All investments involve risks and investors are encouraged to make their own decision as to the appropriateness of an investment in any securities referred to in this report, based on their specific investment objectives, financial status and risk tolerance. The historical return of a financial instrument is not a guarantee of future return. The value of financial instruments can rise or fall, and it is not certain that you will get back all the capital you have invested. At times, the expected total returns may fall outside of the above stated ranges because of price movement and/or volatility. Such interim deviations from specified ranges will be permitted but will become subject to review by Research Management.

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Target prices, outlooks and recommendations expressed in this research report are based on a combination of valuation models, such as discounted cash flow (DCF) and relative valuation to peers using ratios such as price-to-earnings (P/E), enterprise-value-to-operating-profit (EV/EBITDA), price-to-book (P/B) and earnings models. Sales and earnings forecasts are based on historical financial data as reported by the company and the analyst's expectations for company-specific performance are derived from expectations of micro- and macroeconomic developments. The company's different business segments are modelled separately in this process and then aggregated to achieve group forecasts for sales, earnings, cash flow and the balance sheet. For more detailed information about the valuation and methodology please consult the Handelsbanken Capital Markets website:

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