

Kinnevik

Disappointing but we still see upside

- Key figures below ABGSCe due to VillageMD write-down
- Bypassing buybacks a costly mistake that should be remedied
- BUY: valuation upside and attractive portfolio outlook

Strong operations and better transparency were positives

NAVPS of SEK 170 was -3% vs. ABGSCe. The main reason was Kinnevik's 5% lowering of its private portfolio valuation. VillageMD was the main driver, as Kinnevik decided to plug in the value implied by WBA's impairment, despite seeing a higher intrinsic value. This concerns us, but we consider VillageMD a unique situation and expect the final value to be higher. Otherwise, we were encouraged by the meaningful investment pipeline, and that Kinnevik has a pro-forma net cash position of SEK 14bn. As mentioned in our separate comment, we think the dividend amount lived up to our expectations, while we were disappointed by the absence of buybacks. Other positive aspects of the Q1 report include an improved operational outlook for the private companies, a solid valuation increase of 3% for the private portfolio, excluding VillageMD, and the promise of continued improved transparency.

Lower fair value but conviction in key assets

We lower our fair value of the unlisted assets by 7% due to Q2TD peer valuation declines and following a general review based on the latest information. We are currently 5% below Kinnevik's value.

We see attractive risk/reward despite the Q1 blunder

We continue to have issues with Kinnevik and were discouraged by its decision not to buy back shares, which we think would have reassured investors. That said, Kinnevik does not rule out future buybacks, and we hope that it will atone. While being a bit disappointed by this recent sequence of events, we remain optimistic based on the valuation upside that we see, and our expectations for the private portfolio. We think recent data points have been supportive. We reiterate BUY but lower our TP to SEK 134 (140) due to the lower NAV.

Reason: Post-results comment

BUY  HOLD  SELL 

Investment Companies

KINV.B-SE/KINVB SS

Share price (SEK)	10/4/2024	118.20
Target price	(140.0)	134.0

MCap (SEKm)	32,758
MCap (EURm)	2,801
No. of shares (m)	277.0
Free float (%)	90.0
Av. daily volume (k)	766

Next event AGM 3 June 2024

Performance



Analyst: derek.laliberte@abgsc.se, +46 8 566 286 78

Company description

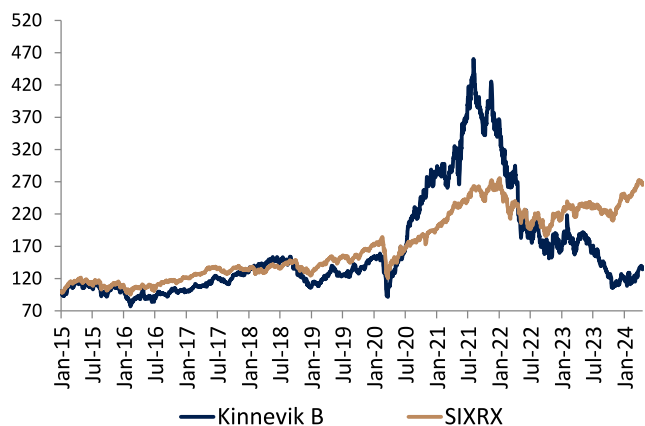
Kinnevik was founded in 1936 by the Stenbeck, Klingspor and von Horn families. Being an industry-focused investment company, Kinnevik's aim is to be the leading publicly traded growth investor. It invests in digital companies in Europe and in the US. The European investments are mainly made in the Nordic region.

[Sustainability information](#)

Risks

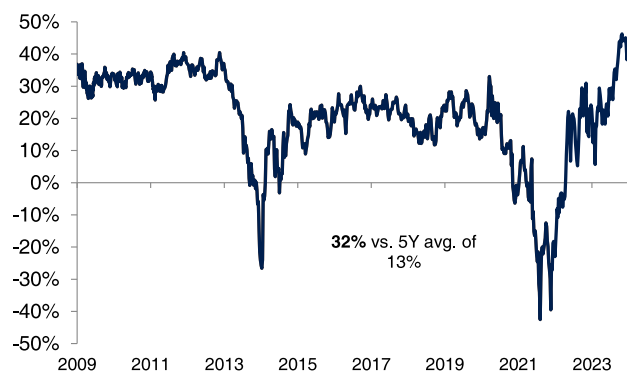
We consider the main risk to be poor performance in the holdings, which conceivably could be driven by inefficient corporate governance, which could negatively impact the investment community's perception of Kinnevik as an active owner and, in turn, drive the NAV discount higher. The main risk, however, lies in the general market environment and the industries in which the holding companies operate. Kinnevik is also meaningfully exposed to various currencies. Poorly timed investments and bad investment decisions are risks as well.

Total return (2015-)



Source: ABGSC, company data

ABGSCe NAV discount



Source: ABGSC, company data

Kinnevik
BUY
Price B: 111.85
NAV discount: 32%
Target NAV discount: 20%
20%
NAVPS: 164.1

Reported discount: 34%

Fair value:
134

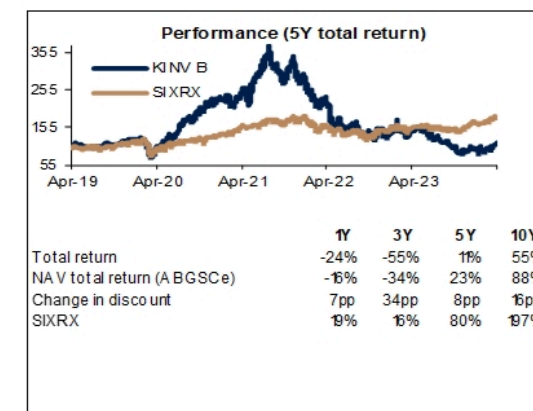
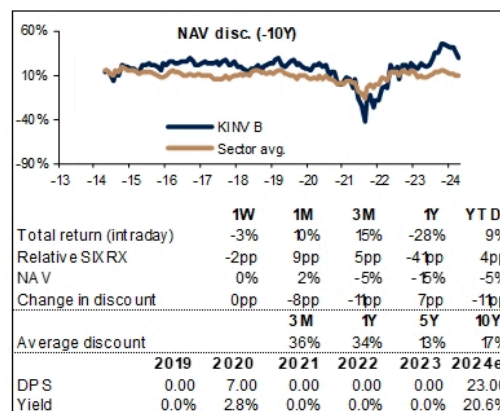
Holding	Number of shares (m)	Price	Kinnevik's NAV (m)	Kinnevik's NAVPS	ABG SC NAV (m)	ABG SC NAVPS	Of total assets	Interest Cap/Votes	ABG SC Rating
Tele2 A	20.73	110	2,094	7.4	2,094	7.4	5.7%	6/33	Buy
Tele2 B	85.55	93.0	7,956	28.3	7,956	28.3	21.5%		Buy
Global Fashion Group	79.09	2.8	221	0.8	221	0.8	0.6%	35/35	-
Recursion	10.41	813	846	3.0	846	3.0	2.3%	5/5	-
Total listed assets			11,117	39	11,117	39	30.1%		
Spring Health			3,894	13.8	3,699	13.1	10.0%	12/12	
Cityblock			2,388	8.5	2,149	7.6	5.8%	8/8	
VillageMD			1,059	3.8	1,589	5.6	4.3%	2/2	
Pleo			3,405	12.1	2,813	10.0	7.6%	11/14	
TravelPerk			2,336	8.3	2,336	8.3	6.3%	6/6	
Mews			1,061	3.8	1,167	4.1	3.2%	8/8	
Other health & bio			1,699	6.0	1,529	5.4	4.1%		
Other software			1,630	5.8	1,630	5.8	4.4%		
Platforms & marketplaces			5,257	18.7	4,468	15.9	12.1%		
Climate tech			2,519	8.9	2,519	8.9	6.8%		
Other			2,025	7.2	1,924	6.8	5.2%		
Total unlisted assets			27,273	97	25,823	92	69.9%		
Net debt (-) / cash (+)			9,279	32.9	9,279	32.9	25.1%		
NET ASSET VALUE			47,669	169.3	46,220	164.1			

Net debt calculation (m)		
Reported net debt	3103/2024	9,298
Accrued interest expense		0
Management costs (391m p.a., ABGSCe)		-19
Cash flow subsidiaries (SEK 0m p.a.)		0
Dividends		0
Other transactions		0
Net debt (-) / cash (+)		9,279
Management costs/NAV		0.85%

Shareholders	Capital	Votes
Baillie Gifford & Co.	1%	5%
Spiltan Fonder	7%	3%
Verdere	4%	1%
Norges Bank	3%	2%
Vanguard	3%	2%
Free float	90%	

Stock data	
# Shares (m):	28167
M cap (SEKm):	31498
Turnover (3M avg.):	66
High/low (-12m):	170.3/91
Bloomberg code:	KINVB.SS
Datastream code:	W:KIVB
Reuters code:	KINVB.ST

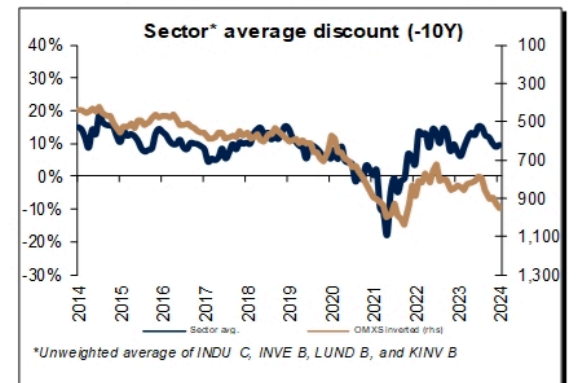
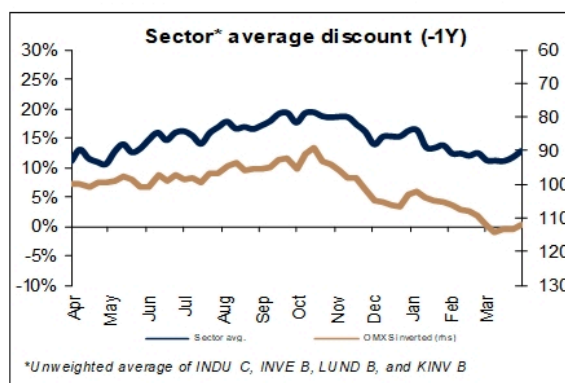
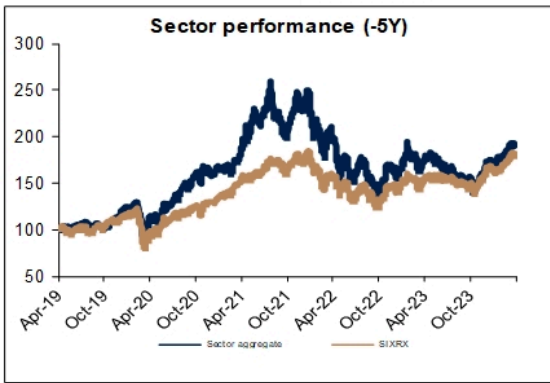
Company information	
Next report:	09/07/2024
Website:	www.kinnevik.se/en
CEO:	Georgi Ganev
IR:	Torun Litzén
E-mail:	info@kinnevik.se
Tel (IR):	+46 (0)8 562 000 83



Source: Company data, ABGSC research, Inf front, Bloomberg, Refinitiv

Investment companies

(SE K) Company	Rec.	Mcap. (m)	Price	NAVPS	NAV discount ABG	NAV discount Reported	Target discount	Fair value	Up-/downside	5Y annualized TSR	5Y annualized NAV	Total return (TSR)				Change in discount				Average discount			Net gearing	Div. y. 2023	DPS CAGR 2020-2023	Mgmt. costs/NAV	Unlisted share
												1W	1M	3M	1Y	1W	1M	3M	1Y	1Y	5Y	10Y					
Active coverage																											
Industrivärden	HOLD	€3,842	356.20	384.48	7%	7%	6%	350	-2%	6%	12%	0%	0%	15%	25%	-1pp	1pp	-1pp	-3pp	6%	9%	11%	1%	2.2%	-2%	0.07%	0%
Investor	BUY	800,030	261.20	299.53	13%	-2%	5%	289	11%	22%	20%	1%	0%	16%	27%	2pp	3pp	-3pp	0pp	15%	6%	21%	1%	1.8%	1%	0.07%	26%
Kinnevik	BUY	31,498	11185	€4.13	32%	34%	20%	134	20%	2%	4%	-3%	10%	15%	-28%	0pp	-8pp	-11pp	7pp	34%	13%	17%	-25%	0.0%	na	0.85%	70%
Other NAV calculations																											
Latour	Not Rated	178,073	277.50	€9.14	-39%	-39%	N/A	N/A	N/A	8%	13%	-1%	3%	10%	32%	-2pp	-9pp	-3pp	-17pp	-24%	-33%	-5%	7%	15%	1%	0.02%	42%
Lundbergs	Not Rated	€4,044	540.50	559.48	3%	3%	N/A	N/A	N/A	14%	12%	-1%	-5%	4%	13%	3pp	5pp	5pp	1pp	4%	0%	1%	0%	0.8%	7%	0.06%	5%
Bure	Not Rated	23,890	322.20	286.88	-12%	-12%	N/A	N/A	N/A	6%	na	-1%	-2%	14%	26%	na	na	na	na	na	na	na	-8%	0.8%	8%	0.38%	13%
Öresund	Not Rated	4,777	107.60	105.89	-2%	-1%	N/A	N/A	N/A	2%	1%	-1%	2%	11%	-3%	1pp	0pp	-3pp	3pp	-4%	-2%	-5%	-8%	6.5%	5%	0.53%	7%
Creades	Not Rated	8,960	66.00	67.89	3%	3%	N/A	N/A	N/A	8%	19%	-3%	-2%	4%	-17%	4pp	2pp	10pp	23pp	-9%	-25%	N/A	-6%	2.4%	5%	2.60%	28%
VIVGlobal	Not Rated	3,094	23.00	51.88	56%	56%	N/A	N/A	N/A	na	na	-7%	6%	34%	12%	-2pp	-6pp	-8pp	-14pp	67%	33%	N/A	10%	0.0%	na	156%	100%
VEF	Not Rated	2,245	2.6	4.68	54%	54%	N/A	N/A	N/A	na	na	-4%	10%	18%	na	-3pp	-7pp	-6pp	3pp	52%	25%	N/A	4%	0.0%	na	134%	100%
Average SIXR X					12%	11%	13%		10%	13%	12%	-2%	3%	13%	8%	1pp	-2pp	-1pp	1pp	6%	4%	5%	-5%	2.0%	7%	0.83%	45%



Source: Company data, ABGSC research, Infront, Bloomberg, Refinitiv

Analys: Derek Laliberré, derek.laliberre@abgsc.se, +46-8-566 286 78

Analyst Certification

We, ABGSC Investment Companies Research and Derek Laliberté, analyst(s) with ABG Sundal Collier ASA, ABG Sundal Collier Denmark, filial af ABG Sundal Collier ASA, Norge, ABG Sundal Collier AB and/or ABG Sundal Collier Limited (hereinafter collectively referred to as “ABG Sundal Collier”), and the author(s) of this report, certify that notwithstanding the existence of any such potential conflicts of interests referred to below, the views expressed in this report accurately reflect my/our personal view about the companies and securities covered in this report. I/We further certify that I/We has/have not been, nor am/are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

This report is produced by ABG Sundal Collier, which may cover companies either in accordance with legal requirements designed to promote the independence of investment research (“independent research”) or as commissioned research. Commissioned research is paid for by the subject company. As such, commissioned research is deemed to constitute an acceptable minor non-monetary benefit (i.e., not investment research) as defined in MiFID II.

Stock ratings distribution

ABG Sundal Collier Ratings and Investment Banking by 4/18/2024

Total of Rating	Research Coverage	Investment Banking Clients (IBC)	
	% of Total Rating	% of Total IBC	% of Total Rating by Type
BUY	62.40%	16%	7.14%
HOLD	31.20%	3%	2.68%
SELL	5.85%	0%	0.00%

IBC: Companies in respect of which ABG SC or an affiliate has received compensation for investment banking services within the past 12 months.

Analyst stock ratings definitions

BUY = We expect this stock’s total return to exceed the market’s expected total return by 5% or more over the next six months.

HOLD = We expect this stock’s total return to be in line with the market’s expected total return within a range of 4% over the next six months.

SELL = We expect this stock’s total return to underperform the market’s expected total return by 5% or more over the next six months.

Analyst valuation methods

When setting the individual ratings for investment research (“independent research”), ABG Sundal Collier assumes that a normal total absolute return (including dividends) for the market is 8% per annum, or 4% on a 6-month basis. Therefore, when we rate a stock a BUY, we expect an absolute return of 9% or better over six months. Volatility and low trading volumes mean that we have a wider range for expected returns on small cap stocks than for large caps.

ABG Sundal Collier’s analysts publish price targets for independent research and may publish valuation ranges for commissioned research. These price targets or valuation ranges rely on various valuation methods. One of the most frequently used methods is the valuation of a company by calculation of that company’s discounted cash flow (DCF). Another valuation method is the analysis of a company’s return on capital employed relative to its cost of capital. Finally, the analysts may analyse various valuation multiples (e.g., the P/E multiples and the EV/EBITDA multiples) relative to global industry peers. In special cases, particularly for property companies and investment companies, the ratio of price to net asset value is considered. Price targets and valuation ranges are changed when earnings and cash flow forecasts are changed. They may also be changed when the underlying value of a company’s assets changes (in the cases of investment companies, real estate companies or insurance companies) or when factors impacting the required rate of return change.

Expected updates

ABGSC has no fixed schedule for updating its research reports. Unless expressly stated otherwise, ABGSC expects (but does not undertake) to issue updates when considered necessary by the research department, for example following the publication of new figures or forecasts by a company or in the event of any material news on a company or its industry.

Stock price, company ratings and target price history

Company: Kinnevik

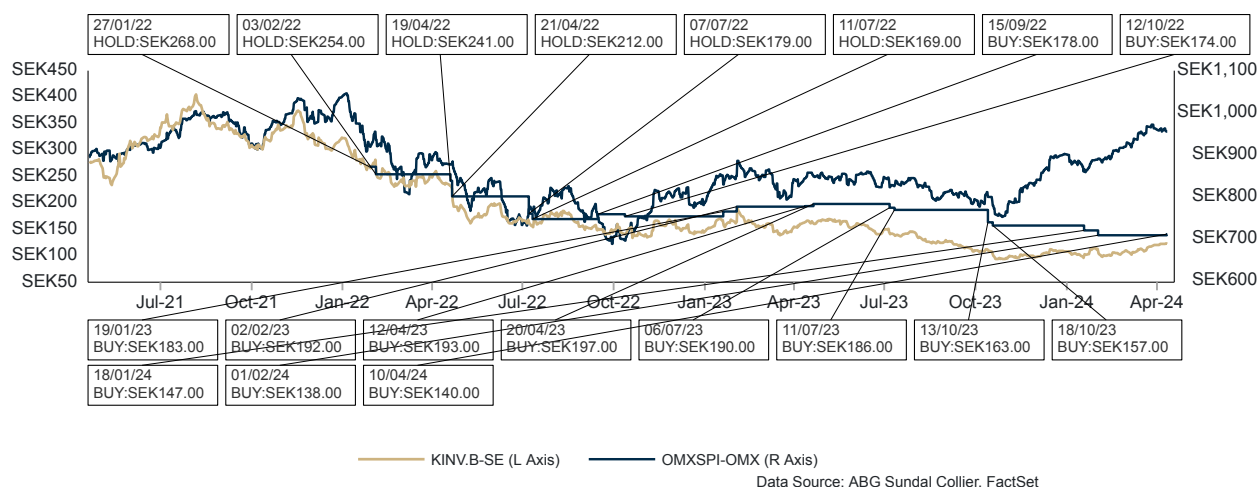
Currency: SEK

Current Recommendation: BUY

Date: 10/4/2024

Current Target price: 134.0

Current Share price: 118.20



Important Company Specific Disclosure

The following disclosures relate to the relationship between ABG Sundal Collier and its affiliates and the companies covered by ABG Sundal Collier referred to in this research report.

Unless disclosed in this section, neither ABG Sundal Collier nor any of their affiliated or associated companies and their directors, officers, representatives, and employees have any required regulatory disclosures to make in relation to an ownership position for the analyst(s) and members of the analyst's household, ownership by ABG Sundal Collier and/or its affiliates, ownership in ABG Sundal Collier Holding ASA by the company(ies) to whom the recommendation(s) refer(s) to, liquidity provision/market making agreement, managed or co-managed public offerings, compensation for provision of certain services, directorship of the analyst, or a member of the analyst's household, or in relation to any contractual obligations to the issuance of this research report.

ABG Sundal Collier is not aware of any other actual, material conflicts of interest of the analyst or ABG Sundal Collier of which the analyst knows or has reason to know at the time of the publication of this report.

Production of recommendation: 4/18/2024 14:05.

All prices are as of market close on 10 April, 2024 unless otherwise noted.

For full details of recommendation and target price history for the subject company, please see company page on Research Web.

For details of recommendations and target prices for ABG Sundal Collier coverage universe, please see coverage page on ABG Sundal Collier's Research Web.

Disclaimer

This report has been prepared by ABG Sundal Collier ASA, ABG Sundal Collier Denmark, filial af ABG Sundal Collier ASA, Norge, ABG Sundal Collier AB and/or ABG Sundal Collier Limited and any of their directors, officers, representatives and employees (hereinafter collectively referred to as "ABG Sundal Collier"). This report is not a product of any other affiliated or associated companies of any of the above entities.

This report is provided solely for the information and use of professional investors, who are expected to make their own investment decisions without undue reliance on this report. The information contained herein does not apply to, and should not be relied upon by, retail clients. This report is for distribution only under such circumstances as may be permitted by applicable law. Research reports prepared by ABG Sundal Collier are for information purposes only. The recommendation(s) in this report is (are) has/ have no regard to specific investment objectives and the financial situation or needs of any specific recipient. ABG Sundal Collier and/or its affiliates accepts no liability whatsoever for any losses arising from any use of this report or its contents. This report is not to be used or considered as an offer to sell, or a solicitation of an offer to buy. The information herein has been obtained from, and any opinions herein are based upon, sources believed reliable, but ABG Sundal Collier and/or its affiliates make no representation as to its accuracy or completeness and it should not be relied upon as such. All opinions and estimates herein

reflect the judgment of ABG Sundal Collier on the date of this report and are subject to change without notice. Past performance is not indicative of future results.

The compensation of our research analysts is determined exclusively by research management and senior management, but not including investment banking management. Compensation is not based on specific investment banking revenues, however, it is determined from the profitability of the ABG Sundal Collier group, which includes earnings from investment banking operations and other business. Investors should assume that ABG Sundal Collier ASA, ABG Sundal Collier Denmark, filial af ABG Sundal Collier ASA, Norge and/or ABG Sundal Collier AB is seeking or will seek investment banking or other business relationships with the companies in this report.

The research analyst(s) responsible for the preparation of this report may interact with trading desk and sales personnel and other departments for the purpose of gathering, synthesizing and interpreting market information. From time to time, ABG Sundal Collier and/or its affiliates and any shareholders, directors, officers, or employees thereof may (I) have a position in, or otherwise be interested in, any securities directly or indirectly connected to the subject of this report, or (II) perform investment banking or other services for, or solicit investment banking or other services from, a company mentioned in this report. ABG Sundal Collier and/or its affiliates rely on information barriers to control the flow of information contained in one or more areas of ABG Sundal Collier, into other areas, units, groups or affiliates of ABG Sundal Collier.

Norway: ABG Sundal Collier ASA is regulated by the Financial Supervisory Authority of Norway (Finanstilsynet)

Denmark: ABG Sundal Collier Denmark, filial af ABG Sundal Collier ASA, Norge, is regulated by the Financial Supervisory Authority of Norway (Finanstilsynet) and the Danish Financial Supervisory Authority (Finanstilsynet)

Sweden: ABG Sundal Collier AB is regulated by the Swedish Financial Supervisory Authority (Finansinspektionen)

UK: This report is a communication made, or approved for communication in the UK, by ABG Sundal Collier Limited, authorised and regulated by the Financial Conduct Authority in the conduct of its business.

US: This report is being distributed in the United States (U.S.) in accordance with FINRA Rule 1220 by ABG Sundal Collier Inc., an SEC registered broker-dealer and a FINRA/SIPC member which accepts responsibility for its content and its compliance with FINRA Rule 2241. Research reports distributed in the U.S. are intended solely for "major U.S. institutional investors," and "U.S. institutional investors" as defined under Rule 15a-6 of the Securities Exchange Act of 1934 and any related interpretive guidance and no-action letters issued by the Staff of the U.S. Securities and Exchange Commission ("SEC") collectively ("SEC Rule 15a-6"). Each major U.S. institutional investor and U.S. institutional investor that receives a copy of this research report, by its acceptance of such report, represents that it agrees that it will not distribute this research report to any other person. This communication is only intended for major U.S. institutional investors and U.S. institutional investors. Any person which is not a major U.S. institutional investor, or a U.S. institutional investor as covered by SEC Rule 15a-6 must not rely on this communication. The delivery of this research report to any person in the U.S. is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein. Any major U.S. institutional investor or U.S. institutional investor receiving this report which wishes to effect transactions in any securities referred to herein should contact ABG Sundal Collier Inc., not its affiliates. Further information on the securities referred to herein may be obtained from ABG Sundal Collier Inc., on request.

Singapore: This report is distributed in Singapore by ABG Sundal Collier Pte. Ltd, which is not licensed under the Financial Advisors Act (Chapter 110 of Singapore). In Singapore, this report may only be distributed to institutional investors as defined in Section 4A(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) ("SFA"), and should not be circulated to any other person in Singapore.

Canada: This report is being distributed by ABG Sundal Collier ASA in Canada pursuant to section 8.25 of National Instrument 31-103 or an equivalent provision and has not been tailored to the needs of any specific investor in Canada. The information contained in this report is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering or an offer to sell the securities described herein, in Canada or any province or territory thereof. No securities commission or similar regulatory authority in Canada has reviewed or considered this report, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. Under no circumstances is this report to be construed as an offer to sell such securities or as a solicitation of an offer to buy such securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada may only be made in accordance with applicable securities laws and only by a dealer properly registered under such securities laws, or alternatively, pursuant to an applicable dealer registration exemption, in the Canadian jurisdiction in which such offer or sale is made.

This report may not be reproduced, distributed, or published by any recipient for any purpose whatsoever without the prior written express permission of ABG Sundal Collier.

Additional information available upon request. If reference is made in this report to other companies and ABG Sundal Collier provides research coverage for those companies, details regarding disclosures may be found on our website www.abgsc.com.

© Copyright 2024 ABG Sundal Collier ASA

Norway	Sweden	Denmark	United Kingdom	USA	Germany	Singapore
Ruseløkkveien 26, 8th floor 0251 Oslo	Regeringsgatan 25, 8th floor	Forbindelsesvej 12, 2100 Copenhagen	10 Paternoster Row, 5th floor	140 Broadway, Suite 4604 New York, NY 10005	Schillerstrasse 2, 5. OG 60313 Frankfurt	10 Collyer Quay Ocean Financial Center
Norway	111 53 Stockholm	Denmark	London EC4M 7EJ	USA	Germany	#40-07, Singapore 049315
Tel: +47 22 01 60 00	Sweden	Tel: +45 35 46 61 00	UK	Tel. +1 212 605 3800	Tel +49 69 96 86 96 0	Tel +65 6808 6082
Fax: +47 22 01 60 60	Tel: +46 8 566 286 00	Fax: +45 35 46 61 10	Tel: +44 20 7905 5600	Fax. +1 212 605 3801	Fax +49 69 96 86 96 99	
	Fax: +46 8 566 286 01		Fax: +44 20 7905 5601			