

Nordic spin-offs: A quantitative study (2016-25)

Reason: Strategy Comments

- Upcoming spin-offs: Coffee stain spin-off from Embracer
- Others: SKF, Hexagon, Stora Enso, Kongerberg Gruppen
- A quantitative study on 20 spin-offs: -4% from opening-close 4D later

Note: ABG Sundal Collier is acting as financial advisor to the Ministry of Trade, Industry and Fisheries in connection with the planned separation and demerger of Kongsberg Maritime.

Ahead of the Coffee Stain spin-off

The X-Day has not been set for the spin-off of Coffee Stain from Embracer. We are waiting for more information from Embracer, and the upcoming CMD on 17 November for Coffee Stain will most likely provide more details. The extraordinary general meeting 3 November will take the final decision on distribution of all Coffee Stain shares to the Embracer shareholders and to list the shares at Nasdaq First North. If we first assume a market cap of SEK 6-8bn in value for Coffee Stain (We expect that Coffee Stain will trade at an adj. P/E of ~15x and Remainco ~10x on next year's earnings post spin-off). If we then assume that the passive money (around 10% of market cap) will be sellers first days (with stock not being listed at the main list) and also some additional flow from active funds (20% of market cap), we could see around SEK 700m-SEK 1bn in selling pressure, with most of the flow to come in the first trading days.

Historic analysis of previous spin-offs 2016-2025

We have studied how spin-offs trade on their first listing day as well as after three trading days, 10 trading days and one month (27 Nordic spin-offs in 2016-2025). On average, performance for the spun-off entity on the first trading day was 0%, followed by an average decline of -5% over the subsequent 3 trading days. Only 26% of all spin-offs had positive returns three trading days after their first trading day. After the first three-four days, the selling pressure fades and the return from day four to one month later is +6% on average. The key reason for the weak performance in the first three-four days is what we think are passive index funds/ETFs selling the spin-off. This is explained by the fact that the new company (spin-off) is normally not included in most indices, which leads to technical selling pressure. Another finding is that the average return was 8% the calendar month prior to the X-Day, with 74% of the companies showing a positive return. This aligns with a previous study by S&P Global Market Intelligence that found a daily excess return of 5bp compared with industry peers between the announcement date and the closing date. If we take a very long horizon, the total return buying the main company 1m before X-Day and hold it for 3 years (both main company and spin-off) has created an average 37% total return (10% for main company and 56% for spin-off company).

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Other potential spin-offs over coming 12 months

SKF's Board announced its decision to initiate a separation of the Automotive business with the objective of a separate listing on Nasdaq Stockholm. The intention is to list the Automotive business on Nasdaq Stockholm in first half of 2026 (earliest June). Progress of the separation will be shared in the CMD on 11 November, as well as in interim reports. ABGSC View: In our latest SOTP on SKF we have estimated that Industrial corresponds to 92% of the EV and Automotive 8% of the EV.

Hexagon has announced that the spin-off of its Asset Lifecycle Intelligence and Safety, Infrastructure & Geospatial divisions, and related businesses, will operate as Octave. If approved by relevant stakeholders, it is the Hexagon Board's current expectation that the separation and listing process will be completed in the first half of 2026. Hexagon expects Octave to list on a US national securities exchange and recently confirmed the duration of the related Swedish Depository Receipt program. ABGSC View: in our latest SOTP we have set an indicative value of SEK 38/share (33% of total EV (114 SEK/share).

Kongsberg Gruppen plans to spin off its Maritime segment and list it as a separate entity. The transaction is expected to be completed in Q2'26. ABGSC View: we have valued Kongsberg Maritime at ~NOK 73/sh based on a EV/EBITDA multiple of 15x (close to Maritime peer Wartsila at the time). The remaining stub consisting of Kongsberg defence and Aerospace and Kongsberg Discovery will have a '26e EBITDA of ~NOK 6.6bn on our estimates. Assuming an EV/EBITDA multiple of 18x (average of European defence peers) the stub would be valued at ~NOK 155/sh (including net cash and Patria/KSAT).

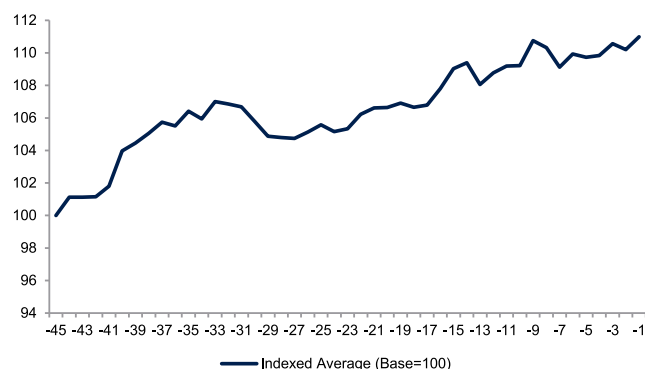
Stora Enso: After selling 12% of its Swedish forests at a P/B of 1x, Stora has launched a strategic review of the remainder, considering a demerger or a separate listing to create pure play forest and packaging/pulp companies. Further details could come at the CMD on 25 November. ABGSC View: Stora looks undervalued in such a break-up, with our mid-cycle SOTP at EUR 16/sh.

Performance analysis of Nordic spin-offs (2016–2025)

Nordic Spin-offs (2016-2025)	Perf.1M ahead X-day	Perf.10D ahead X-day	Perf.3D ahead X-day	X-day	From X-day-last day before spin-off listing day	Spin off first trading day (open-close)	3D post spin-off (ex. first trading day)	10D post spin-off first trading day	1M post spin-off first from trading day	3M post spin-off from first trading day	1Y post spin-off	3Y post spin-off
Main company (average)	8%	2%	0.2%	-1%	0%	-1%	-2%	-3%	-1%	-5%	-3%	10%
Win/Loss	74%	52%	48%	44%	52%	26%	33%	33%	48%	37%	48%	56%
Spin off company (average)						0%	-5%	-1%	1%	-4%	12%	56%
Win/Loss						44%	26%	30%	41%	41%	59%	67%

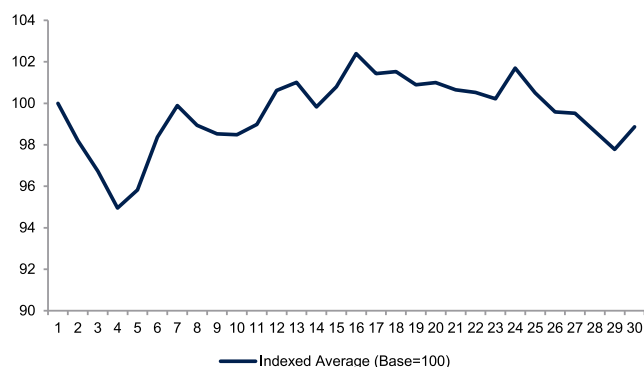
Source: Factset, ABG Sundal Collier

Main company - 45d prior to spin-off



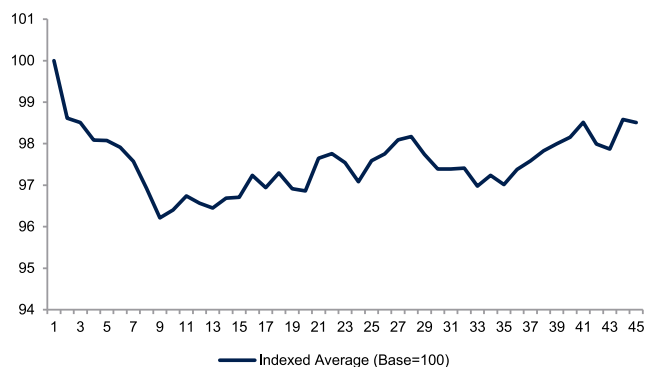
Source: Factset, ABG Sundal Collier

Spun-off entity - 30d following spin-off



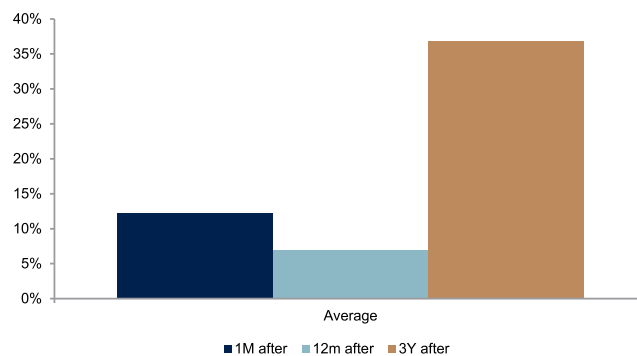
Source: Factset, ABG Sundal Collier

Main company - 45d post spin-off



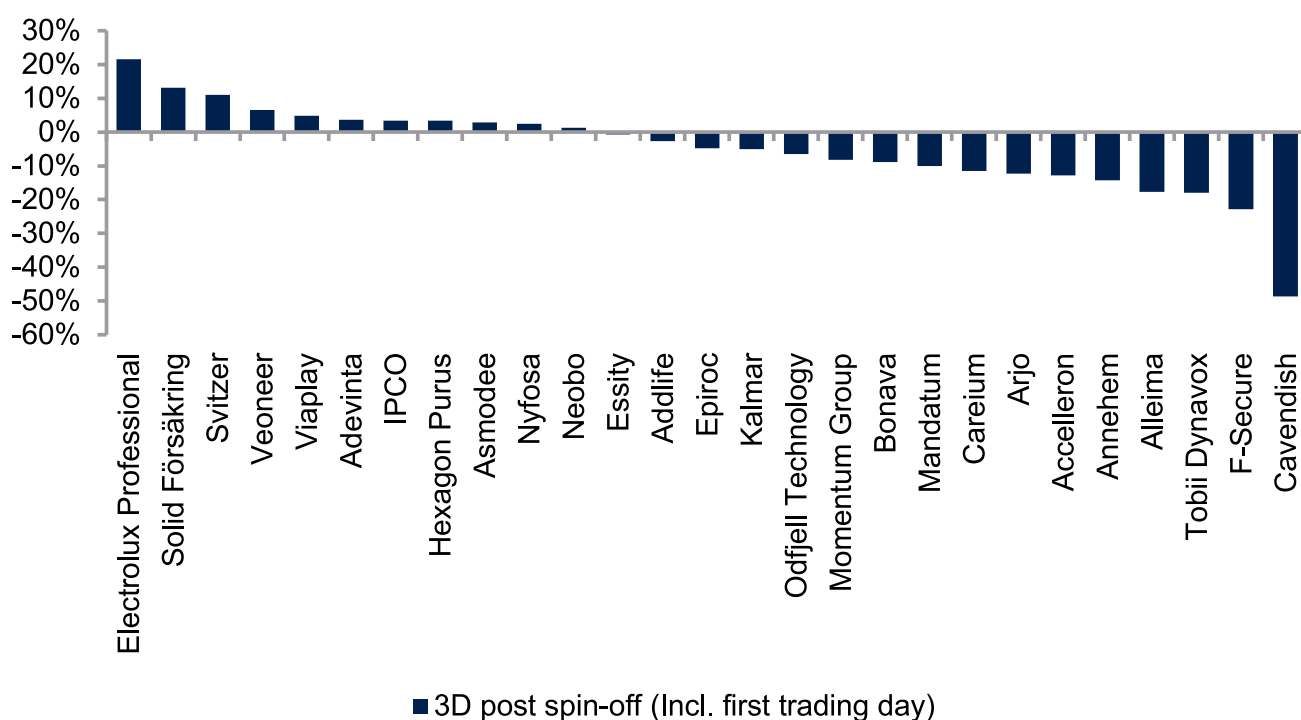
Source: Factset, ABG Sundal Collier

MCap (remaining part & spin-off company)



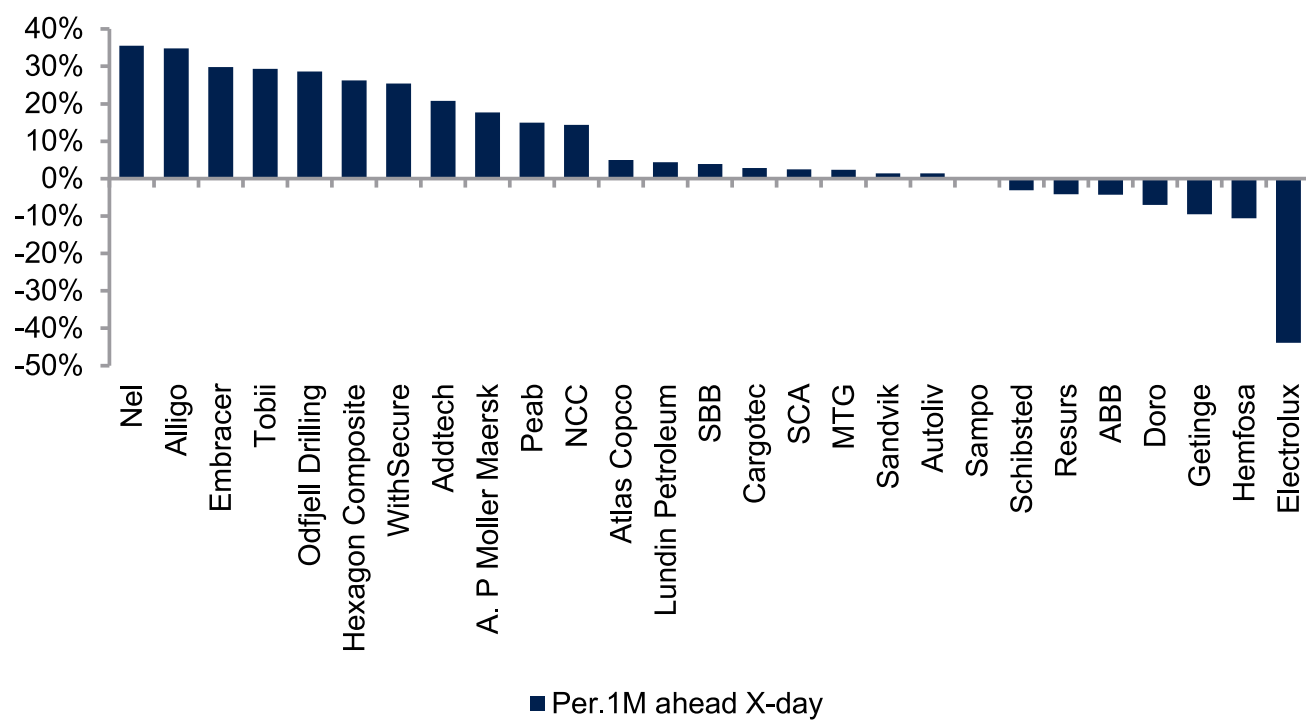
Source: Factset, ABG Sundal Collier

Performance first trading day + 3D fwd. (spin-offs)



Source: Factset, ABG Sundal Collier

Performance 1M ahead X-day (Main company)



Source: Factset, ABG Sundal Collier

Nordic spin-offs

	Per.1M ahead X- day	Perf.10D ahead X-day	Perf.3D ahead X-day	X-day	From X-day- last day before spin-off listing day	Spin off first trading day (open-close)	3D post spin-off (ex. first trading day)	10D post spin-off first trading day	1M post spin-off first from trading day	3M post spin- off from first trading day	1Y post spin- off from first trading day
Autoliv Veoneer	1%	-9%	-4%	-2%	0%	-2% 10%	-3% -3%	2.5% 1%	0% -1%	-16% -1%	-29% -60%
Atlas Copco Epiroc	5%	3%	5%	0%	-1%	-1% 2%	-2% -7%	-10% -1%	-9% 0%	-9% 0%	2% 4%
SCA Essity	2%	0%	1%	3%	2%	2% 0%	3% -1%	3% -7%	1% -4%	3% -11%	60% -13%
Lundin Petroleum IPCO	4%	1%	-4%	-5%	-6%	-1% 6%	-5% -2%	-6% -8%	6% -7%	-3% -27%	36% 18%
Getinge Arjo	-9%	-4%	-3%	2%	2%	1% -5%	3% -7%	-2% -4%	-5% 1%	-16% 6%	-29% 24%
NCC Bonava	14%	4%	0%	4%	3%	-1.0% -5%	1% -4%	-3% -1%	-2% 0%	7% 0%	23% 44%
Addtech Addlife	21%	7%	2%	-5%	-9%	-7% 0%	-9% -3%	-7% 0%	6% 7%	-14% 7%	18% 67%
Hemfosa Nyfosa	-11%	-5%	-3%	0%	3%	2% 0%	5% 2%	11% -2%	5% 5%	22% 25%	80% 61%
Electrolux Electrolux Professional	-44%	-33%	-13%	3%	4%	-1% -1%	-1% 23%	11% 41%	22% 22%	53% 75%	126% 157%
Sandvik Alleima	1%	-1%	1%	1%	1%	-3% -3%	-2% -15%	-3% -8%	-10% -19%	14% -4%	18% 17%
SBB Neobo	4%	-5%	2%	0%	16%	1% -4%	4% 5%	24% -24%	0% -24%	-19% -50%	-68% -29%
ABB Accelleron	-4%	-3%	-1%	-2%	0%	-4% 1%	-1% -13%	-1% -14%	14% -8%	14% 6%	32% 28%
Peab Annehem	15%	1%	3%	-2%	-4%	0% -3%	-4% -11%	-7% -5%	1% -11%	14% -13%	16% 13%
Schibsted Adevinta	-3%	0%	-2%	1%	2%	-9% 9%	0% -5%	-8% -4%	-6% -3%	-4% 7%	-16% 17%
MTG Viaplay	2%	5%	0%	1%	5%	-1% 1%	4% 4%	1% -2%	1% 6%	-6% -2%	-40% -15%
Doro Careium	-7%	-3%	-3%	-1%	-3%	-1% -2%	-3% -10%	-16% -12%	6% -4%	-18% -49%	-51% -70%
Resurs Solid Försäkring	-4%	-1%	-1%	0%	-2%	-1% 9%	-2% 3%	-4% -8%	-3% -2%	-34% -21%	-35% -2%
Odfjell Drilling Odfjell Technology	29%	11%	4%	-4%	-4%	-7% 9%	-5% -14%	1% 1%	5% 2%	-8% -5%	-2% 116%
Tobii Tobii Dynavox	29%	3%	-3%	5%	11%	-7% -14%	4% -5%	-10% -2%	-7% 1%	-27% -32%	-56% -26%
Hexagon Composite Hexagon Purus	26%	12%	-7%	5%	8%	0% 11%	-2% -7%	-16% 25%	-4% 81%	-4% 18%	-35% -38%
Alligo Momentum Group	35%	27%	15%	-4%	-4%	-7% 0%	-4% -8%	-24% -11%	-15% -7%	-38% -21%	-30% 1%
Sampo Mandatum	0%	-2%	2%	-2%	0%	0% -1%	0% -9%	1% 6%	2% -1%	7% 11%	13% 20%
WithSecure F-Secure	25%	9%	5%	-16%	-20%	0% -9%	-19% -15%	-8% -6%	-30% 12%	-37% -10%	-54% -14%
Embracer Asmodee	30%	15%	1%	5%	8%	-2% 0%	5% 3%	-7% 5%	-20% -10%	-10% 7%	-23% 17%
Nel Cavendish	35%	1%	-1%	-8%	-8%	-2% -17%	-9% -38%	-21% 8%	-11% -16%	-27% -52%	-65% -50%
A. P Moller Maersk Svitzer	18%	12%	9%	-1%	0%	-1% 17%	-6% -5%	15% -2%	23% 15%	9% 10%	10%
Cargotec Kalmar	3%	-1%	1%	-4%	-5%	12% -12%	-5% 8%	-7% 7%	0% 3%	12% 9%	8% 36%

Source: Factset, ABG Sundal Collier

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