Equity Research

Capital Goods

The Capital Goods Data Miner – August 2026

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August 2026

SUNDAL COLLIER

Finds from the mines – August 2026

It's easy to be optimistic about the sector. Most end-markets are solid or improving, with the strongest near-term support still with data centres, semiconductors and mining equipment. Large backlogs and continued proof of pricing power mean that 2027 estimates have been de-risked, so the valuation (~15% higher near-term multiples than the 10Y average) is no longer a big issue, in our view.

Our key long ideas are: **Alfa Laval, Assa Abloy, Atlas Copco, Volvo**

We are cautious on: **Epiroc, Kone, SKF**

- The Q2 reports showed order intake growth of 26%, even higher than the 17% in Q1. This was 13% above our estimate. Sales and adj. EBIT were 2-3% ahead and we raised adj. EBIT'26e-27e by 2-3%. Since our preview was published on 10 July, the sector is up 3%.
- Our globally weighted PMI of 52.5 has improved modestly over the Q2 average of 51.9, indicating a gradual sales growth acceleration. For FY'26, we forecast organic sales growth of 8% and nominal adj. EBITA growth of 13%.
- Metal prices are up 32% y-o-y. Organic order intake growth for mining equipment accelerated to 13% in Q2. It is slightly surprising that mining capex consensus is only for a 6% increase - we favour **Sandvik** and **FLSmidth,** though **Metso** and **Epiroc** also benefit.
- The flipside of this is higher input costs. After only small swings in the last three years our basket of input costs is up 22% y-o-y. So far, companies have been able to offset with price increases, so we are not too worried.
- Data centre capex continues to be upgraded. There now looks to be 89% spending growth in 2026, and another 42% in 2027. This will continue to help **Munters** (30% DC exposure), **ABB** (9%) and **Alfa Laval** (4%).
- Semiconductor capex expectations have been substantially raised, now pointing to +45% in 2026 and 27% in 2027, favouring **Atlas Copco**.
- Construction data is poor from Europe, the US and China. Waiting for this to turn, **Assa Abloy** looks cheap.
- HVAC markets have started to improve, favouring **Nibe**, **Beijer Ref** and **Alfa Laval**.
- The ship contracting recovery is now confirmed, with R12M orders up 25% in units. **Alfa Laval** and **Wärtsilä**, in addition to strong backlogs, have improving order outlooks.
- The sector is up 5% in the last three months. On an aggregated basis, it is trading at a F12M consensus P/E of 21.9x, 13% above the 10Y avg. and 34% above the broader market (higher than the 10Y average of 11%). On our numbers, excluding XO, it is at a P/E'26e of 20.6x. However, with a book-to-bill of 1.11x, there is unusually high estimate visibility, so we don't have too big issues with the valuation. **Assa Abloy** appears fundamentally cheap.

Valuation table

				Mcap	Mcap	TR %		P/E adj. (x)			EV/EBITA adj. (x)			Adj. EBITA marg (%)			FCF* yield (%)			ND/EBITDA adj. (x)			DY (%)
Company	**Rating**	**Sh. price**		**(LCUm)**	**(USDbn)**	**YTD**	**3M**	**2026e**	**2027e**	**2028e**	**2026e**	**2027e**	**2028e**	**2026e**	**2027e**	**2028e**	**2026e**	**2027e**	**2028e**	**2026e**	**2027e**	**2028e**	**2026e**
ABB Ltd	HOLD	SEK	972	1,767,871	186	44	0	24.3	26.7	24.8	24.1	20.4	18.5	19.9	21.0	21.3	2.7	2.9	3.3	-0.3	-0.2	-0.6	1.2
Alfa Laval	BUY	SEK	557	230,305	24	22	4	25.1	22.2	20.5	18.8	16.6	15.0	17.6	18.0	18.2	2.5	3.8	4.1	0.8	0.5	0.1	1.7
Assa Abloy	BUY	SEK	357	397,079	42	0	4	21.3	18.9	17.3	16.5	14.7	13.4	17.7	18.0	18.3	4.7	4.8	5.5	1.9	1.4	0.9	1.9
Atlas Copco	BUY	SEK	208	982,472	103	27	19	32.7	28.5	26.4	25.6	22.1	20.2	22.4	23.0	23.3	2.5	3.0	3.4	0.5	0.1	-0.2	1.6
Autoliv	BUY	SEK	1158	85,005	9	5	5	12.3	9.9	8.2	9.2	8.1	7.0	10.5	11.1	11.7	8.2	6.8	8.0	1.2	1.2	1.1	3.3
Epiroc	HOLD	SEK	248	286,825	30	20	-8	29.2	24.9	23.0	22.4	19.1	17.6	21.0	21.7	22.0	2.4	3.1	3.8	0.6	0.3	0.0	1.7
Hexagon	HOLD	SEK	95	257,561	27	4	18	32.8	24.3	22.5	22.3	18.9	17.2	26.8	25.9	26.9	3.3	2.9	3.8	0.9	0.6	0.2	1.5
Hexpol	BUY	SEK	90	31,034	3	8	20	14.4	12.8	12.0	11.1	9.8	8.9	15.3	15.8	16.1	7.6	7.5	8.2	0.7	0.4	0.1	4.7
Kone	HOLD	EUR	50	26,523	31	-15	1	21.5	19.1	17.3	15.6	14.0	12.7	13.2	13.7	14.2	3.9	4.7	5.4	-0.4	-0.4	-0.4	4.0
Metso	HOLD	EUR	16.4	13,628	16	13	11	20.9	18.8	17.1	16.2	14.1	12.8	16.2	16.6	16.9	2.3	4.8	4.7	1.2	0.8	0.5	2.6
Munters	BUY	SEK	186	34,254	4	9	-8	27.1	15.2	12.1	19.0	11.7	9.2	12.7	15.6	16.6	2.3	2.9	5.8	2.4	1.4	0.9	0.9
NIBE	HOLD	SEK	38	77,175	8	8	-7	20.9	17.5	16.1	17.0	14.5	13.0	12.8	13.5	13.7	3.8	4.8	5.7	2.3	1.7	1.3	1.3
Sandvik	BUY	SEK	359	450,575	47	22	0	19.9	18.6	17.4	15.5	14.3	13.2	21.8	21.5	21.7	3.8	4.5	5.0	0.7	0.4	0.1	1.8
SKF	HOLD	SEK	262	119,284	13	10	13	14.9	13.0	12.0	10.7	9.4	8.5	13.4	13.9	14.3	2.8	6.0	7.2	0.7	0.3	0.0	3.1
Traton	BUY	SEK	407	202,988	21	26	18	6.3	4.9	4.3	6.3	4.8	3.7	9.1	10.2	10.8	0.5	4.8	5.6	-0.6	-0.7	-0.8	3.5
Trelleborg	HOLD	SEK	416	87,082	9	13	11	18.9	16.6	15.1	14.6	13.0	11.8	19.0	19.5	19.9	3.4	5.7	6.1	1.0	0.9	0.7	2.0
Volvo	BUY	SEK	340	691,780	73	20	7	14.9	12.0	10.6	10.3	8.0	6.8	11.8	13.1	13.6	0.5	4.8	5.6	-0.6	-0.7	-0.8	5.0
Wärtsilä	BUY	EUR	29.7	17,568	20	2	-16	27.6	24.4	20.8	18.0	15.9	13.4	13.8	14.8	15.1	1.5	2.1	2.8	-1.8	-1.7	-1.7	2.0
Median					**23**	**11**	**5**	**21.1**	**18.7**	**17.2**	**16.3**	**14.2**	**12.9**	**15.7**	**16.2**	**16.7**	**2.7**	**4.7**	**5.4**	**0.7**	**0.4**	**0.1**	**1.9**
Flat average					**37**	**13**	**5**	**21.4**	**18.2**	**16.5**	**16.3**	**13.9**	**12.4**	**16.4**	**17.1**	**17.5**	**3.3**	**4.4**	**5.2**	**0.6**	**0.3**	**0.1**	**2.4**
Aggregated						**23**	**5**	**20.6**	**18.5**	**16.7**	**16.6**	**14.0**	**12.4**	**15.0**	**15.8**	**16.3**	**2.6**	**3.7**	**4.7**	**0.5**	**0.3**	**0.0**	**2.1**

Valuation excludes customer finance for Volvo, Traton
**Lease adj. FCF, excl. acquisitions and disposals*

Financial overview

					Mcap	L3M	Sales	EBITA*	EV/EBITA*	Sales growth (%)						Adj. EBITA growth (%)						Adj. ROCE (%)			
(LCUm)	Rating	TP	Sh. Price		(LCUm)	%	2026e	2026e	2026e	'19-'24	2025	2026e	2027e	2028e	'24-'27e	'19-'24	2025	2026e	2027e	2028e	'24-'27e	2026e	2027e	2028e	'24-'27e
ABB	HOLD	1025	SEK	972	1,767,871	23	38,061	7,589	24	3	1	15	10	7	10	12	3	23	16	8	16	29	33	33	27
Alfa Laval	BUY	630	SEK	557	230,305	2	73,108	12,900	19	7	4	5	9	6	7	8	11	5	11	8	8	19	20	20	20
Assa Abloy	BUY	430	SEK	357	397,079	-8	156,379	27,723	16	8	1	3	8	5	5	9	2	5	9	7	7	16	17	18	15
Atlas Copco	BUY	225	SEK	208	982,472	7	180,810	40,582	26	8	-5	7	11	6	8	8	-9	9	14	7	10	27	29	30	27
Autoliv	BUY	1275	SEK	1158	85,005	9	11,066	1,159	9	4	4	2	4	5	4	6	11	4	11	10	8	23	25	26	23
Epiroc	HOLD	260	SEK	248	286,825	2	66,245	13,901	22	7	-3	7	12	6	8	6	-6	9	16	7	11	21	23	23	22
Hexagon	HOLD	100	SEK	95	257,561	-1	4,139	1,110	22	6	0	-24	20	4	-2	7	-8	-25	16	7	-2	9	14	15	10
Hexpol	BUY	92	SEK	90	31,034	-4	19,758	3,013	11	4	-5	2	6	4	4	4	-13	2	10	6	6	15	16	16	16
Kone	HOLD	52	SEK	50	26,523	-12	11,952	1,581	16	2	1	6	8	7	7	2	5	11	11	10	11	40	43	44	37
Metso	HOLD	17	EUR	16.4	13,628	-7	5,672	918	16	6	8	8	9	6	8	9	-1	13	12	8	11	20	22	23	19
Munters	BUY	220	SEK	186	34,254	-9	16,669	2,112	19	13	-5	13	29	15	19	13	-20	13	59	22	30	16	25	28	16
NIBE	HOLD	38	SEK	38	77,175	-14	43,547	5,569	17	8	1	7	8	6	7	6	28	15	14	7	12	10	12	12	8
Sandvik	BUY	420	SEK	359	450,575	-2	140,836	30,759	15	3	-2	17	8	5	10	3	-2	32	6	6	14	23	23	23	19
SKF	HOLD	260	SEK	262	119,284	8	92,463	12,371	11	1	-7	1	6	4	4	2	-4	6	10	7	8	16	17	18	15
Traton	BUY	500	SEK	407	202,988	4	46,824	4,250	6	9	-7	6	12	7	8	8	-34	32	25	14	23	8	9	10	8
Trelleborg	HOLD	415	SEK	416	87,082	9	36,247	6,877	15	-1	0	6	7	4	6	4	2	9	9	7	8	15	16	17	13
Volvo	BUY	385	SEK	340	691,780	0	510,626	60,471	10	2	-9	7	14	9	9	1	-22	17	25	13	18	14	16	17	13
Wärtsilä	BUY	35.0	EUR	29.7	17,568	-15	6,283	866	18	5	7	-9	4	15	3	9	19	2	12	17	10	24	26	26	24
Average						**0**			**16**	**5**	**-1**	**4**	**10**	**7**	**7**	**7**	**-2**	**10**	**16**	**10**	**12**	**19**	**21**	**22**	**18**
Median						**0**			**16**	**5**	**0**	**6**	**9**	**6**	**7**	**7**	**-1**	**9**	**12**	**8**	**11**	**18**	**21**	**22**	**18**

					Mcap	L3M	Sales	EBITA*	P/E*	Adj. EPS growth (%)						Adj. EBITA margin						ROE (%)			
(LCUm)	Rating	TP	Sh. Price		(LCUm)	%	2026e	2026e	2026e	'19-'24	2025	2026e	2027e	2028e	'24-'27e	2020	2025	2026e	2027e	2028e	'24-'27e	2026e	2027e	2028e	'24-'27e
ABB	HOLD	1025	SEK	972	1,767,871	23	38,061	7,589	24	17	6	57	-9	8	15	11.1	18.6	19.9	21.0	21.3	20.7	40	31	30	33
Alfa Laval	BUY	630	SEK	557	230,305	2	73,108	12,900	25	5	10	5	13	8	9	17.4	17.7	17.6	18.0	18.2	18.0	19	19	19	19
Assa Abloy	BUY	430	SEK	357	397,079	-8	156,379	27,723	21	10	3	8	12	9	8	14.2	17.2	17.7	18.0	18.3	18.0	16	17	17	15
Atlas Copco	BUY	225	SEK	208	982,472	7	180,810	40,582	33	12	-10	7	15	8	4	21.5	22.2	22.4	23.0	23.3	22.9	26	27	26	26
Autoliv	BUY	1275	SEK	1158	85,005	9	11,066	1,159	12	8	17	0	24	20	13	6.5	10.3	10.5	11.1	11.7	11.1	25	33	36	27
Epiroc	HOLD	260	SEK	248	286,825	2	66,245	13,901	29	8	-5	12	17	8	7	22.3	20.5	21.0	21.7	22.0	21.5	22	23	22	21
Hexagon	HOLD	100	SEK	95	257,561	-1	4,139	1,110	33	8	-2	-39	37	8	-6	26.8	27.2	26.8	25.9	26.9	26.6	27	13	14	14
Hexpol	BUY	92	SEK	90	31,034	-4	19,758	3,013	14	7	-16	5	12	7	0	15.6	15.2	15.3	15.8	16.1	15.7	14	15	15	14
Kone	HOLD	52	SEK	50	26,523	-12	11,952	1,581	22	1	2	15	13	10	10	13.0	12.6	13.2	13.7	14.1	13.7	38	40	44	35
Metso	HOLD	17	EUR	16.4	13,628	-7	5,672	918	21	3	24	36	11	10	23	11.5	15.5	16.2	16.6	16.9	16.6	20	22	22	16
Munters	BUY	220	SEK	186	34,254	-9	16,669	2,112	27	67	-54	111	73	24	19	12.9	12.7	12.7	15.6	16.6	15.0	19	31	31	13
NIBE	HOLD	38	SEK	38	77,175	-14	43,547	5,569	21	-4	37	29	18	9	28	14.6	11.9	12.8	13.5	13.7	13.3	10	12	12	7
Sandvik	BUY	420	SEK	359	450,575	-2	140,836	30,759	20	3	1	35	7	7	14	17.4	19.4	21.8	21.5	21.7	21.7	21	20	19	16
SKF	HOLD	260	SEK	262	119,284	8	92,463	12,371	15	5	-12	15	14	9	5	12.3	12.7	13.4	13.9	14.3	13.9	11	13	14	10
Traton	BUY	500	SEK	407	202,988	4	46,824	4,250	6	16	-35	45	28	15	6	1.0	7.3	9.1	10.2	10.8	10.0	12	16	17	12
Trelleborg	HOLD	415	SEK	416	87,082	9	36,247	6,877	19	n.a.	3	15	14	10	10	13.8	18.3	19.0	19.5	19.9	19.4	11	13	13	10
Volvo	BUY	385	SEK	340	691,780	0	510,626	60,471	15	7	-26	26	25	13	5	8.3	10.8	11.8	13.1	13.6	12.8	23	28	28	23
Wärtsilä	BUY	35.0	EUR	29.7	17,568	-15	6,283	866	28	9	26	0	13	17	13	6.7	12.2	13.8	14.8	15.1	14.6	21	23	24	22
Average						**0**			**21**	**11**	**-2**	**21**	**19**	**11**	**10**	**13.7**	**15.7**	**16.4**	**17.1**	**17.5**	**17.0**	**21**	**22**	**22**	**19**
Median						**0**			**21**	**8**	**2**	**15**	**14**	**9**	**9**	**13.4**	**15.3**	**15.7**	**16.2**	**16.7**	**16.2**	**20**	**21**	**20**	**16**

Purchasing manager indices and sector sales growth

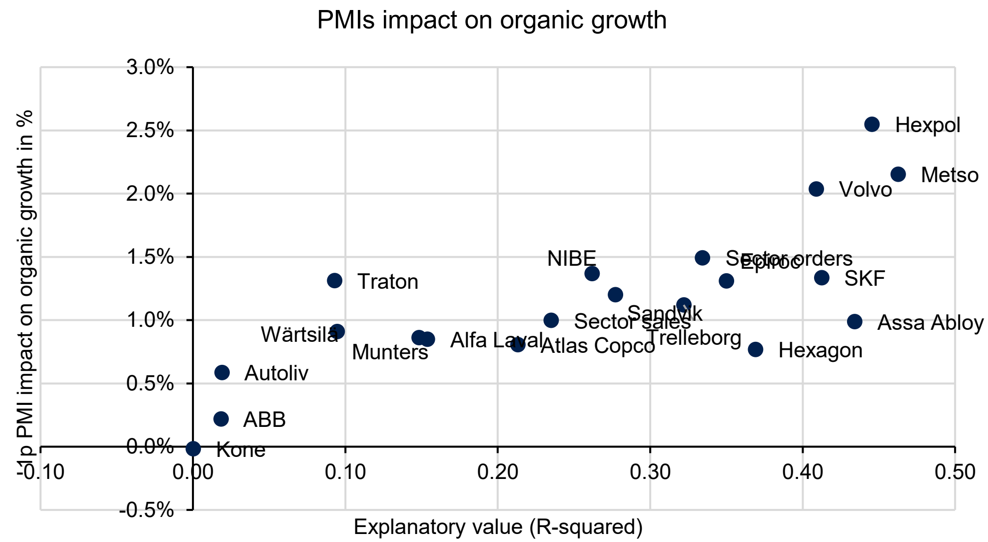
The July global weighted PMI was 52.5, both a sequential increase and above the 51.9 for Q2 as a whole. Both the ISM at 55.6 and the Eurozone PMI of 51.9 are above the expansion mark.

The recent improvement has de-risked our sales volume forecasts. For the sector, we factor in 10% growth in Q3 and Q4.

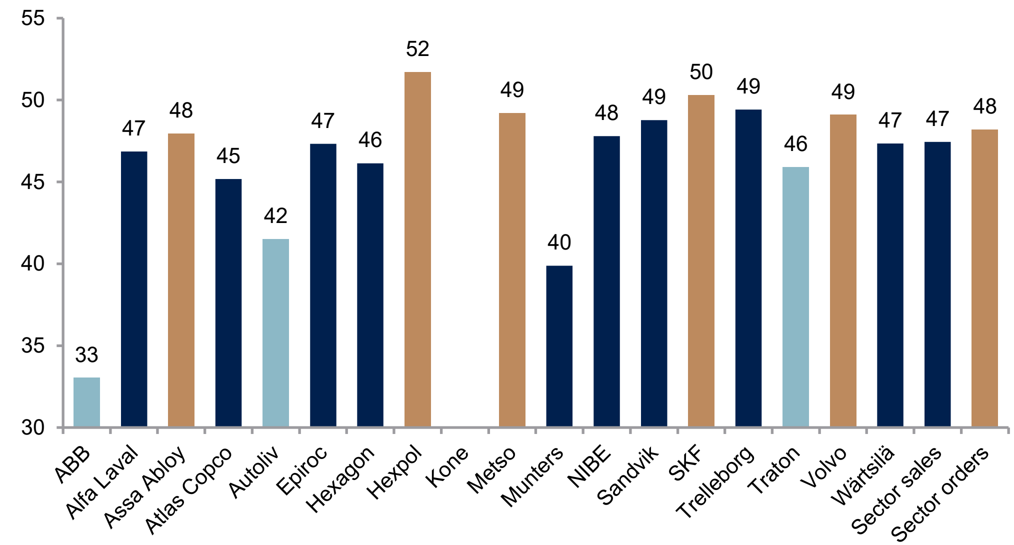
Source: Datastream, ABG Sundal Collier

Predictive powers of PMI

- PMI is a high explanatory factor for Hexpol, Metso, Assa, SKF, Volvo, Hexagon, Sandvik, Epiroc and Trelleborg.
- Not so much for Kone, Autoliv and ABB.



Company	Calculated growth at PMI 47	50	53	56	2026 est ABG
ABB	3%	4%	4%	5%	13%
Alfa Laval	0%	3%	5%	8%	5%
Assa Abloy	-1%	2%	5%	8%	3%
Atlas Copco	1%	4%	6%	9%	7%
Autoliv	3%	5%	7%	8%	0%
Epiroc	0%	4%	7%	11%	8%
Hexagon	1%	3%	5%	8%	7%
Hexpol	-12%	-4%	3%	11%	4%
Kone	4%	4%	4%	4%	6%
Metso	-5%	2%	8%	15%	6%
Munters	6%	9%	11%	14%	16%
NIBE	-1%	3%	7%	11%	8%
Sandvik	-2%	1%	5%	9%	17%
SKF	-4%	0%	4%	8%	3%
Trelleborg	-3%	1%	4%	7%	6%
Traton	1%	5%	9%	13%	6%
Volvo	-4%	2%	8%	14%	10%
Wärtsilä	0%	2%	5%	8%	6%
Sector sales	0%	3%	6%	9%	8%
Sector orders	-2%	3%	7%	12%	17%



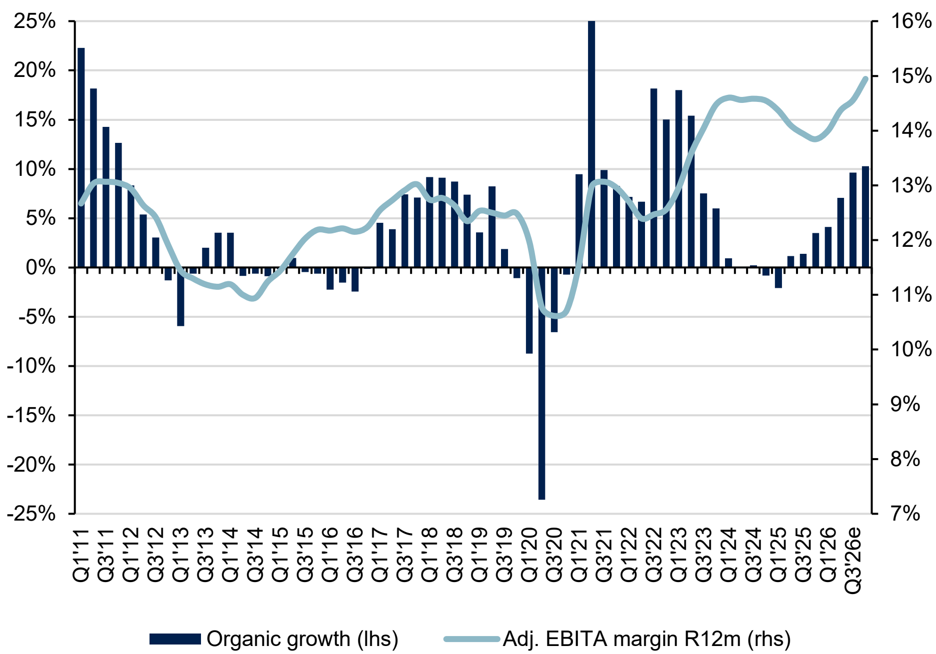
Sales and earnings growth: the big picture

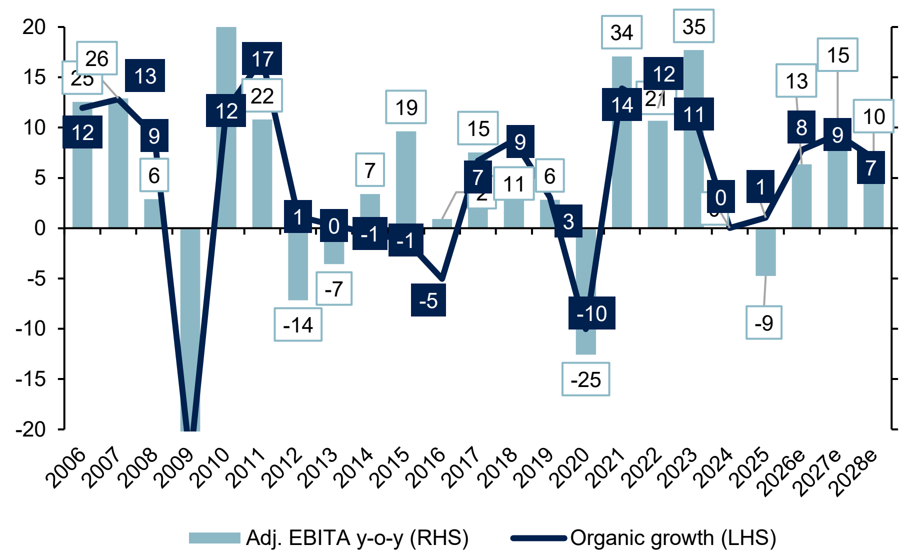
Sector orders increased by 26% y-o-y in Q2 (Q1 +17%). All companies that report orders grew.

Sector sales were up 7% y-o-y, a slight acceleration from 4% in Q1.

The adj. EBIT margin was 14.4%, up 30bps y-o-y. R12M margins are 20bps lower than the 2024 peak.

For 2026, we expect 8% organic sales growth and 13% adj. EBITA growth.





Source: Company data, ABG Sundal Collier

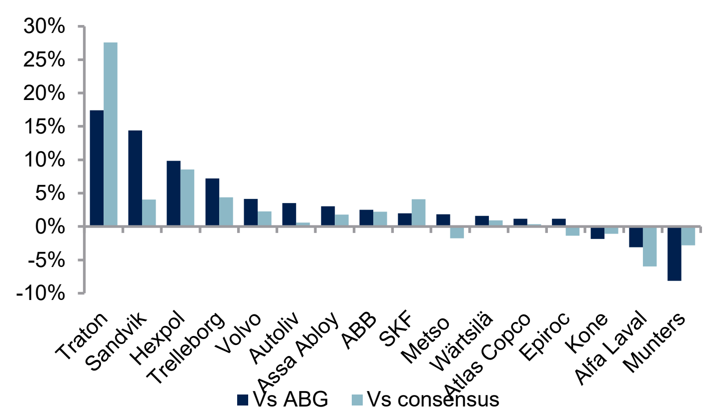
Q2 report outcomes

Orders were 13% above our expectations (with big beats for Munters, Alfa Laval, ABB and Atlas Copco). Sales were 2% above, adj. EBIT was 3% above and net profit was 1% above. On adj. EBIT, Traton and Sandvik beat, while Munters and Alfa Laval missed.

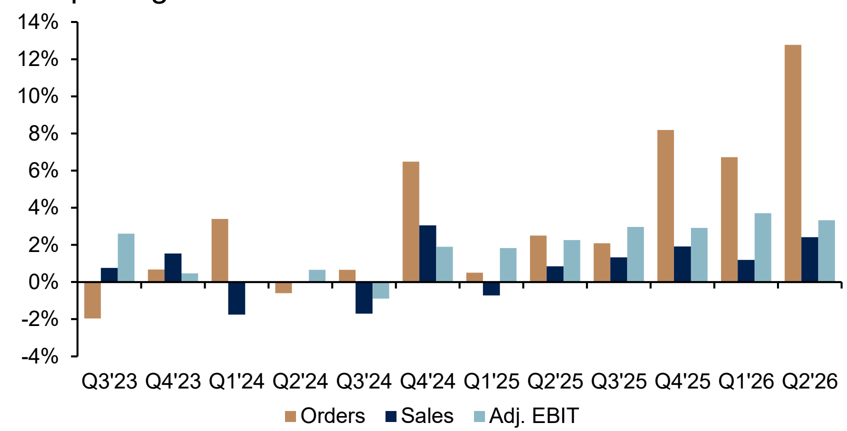
	Order intake					Sales					Adj. EBIT					Net profit				
	Actual	ABGSCe	Δ%	Consensus	Δ%	Actual	ABGSCe	Δ%	Consensus	Δ%	Actual	ABGSCe	Δ%	Consensus	Δ%	Actual	ABGSCe	Δ%	Consensus	Δ%
ABB[1]	12,042	10,357	16%	10,540	14%	9,475	9,334	2%	9,471	0%	1,925	1,878	3%	1,883	2%	1,231	1,309	-6%	1,316	-6%
Alfa Laval[1]	22,235	18,666	19%	18,577	20%	18,117	17,698	2%	17,941	1%	3,071	3,170	-3%	3,266	-6%	2,028	2,135	-5%	2,208	-8%
Assa Abloy						39,259	38,852	1%	39,042	1%	6,478	6,286	3%	6,365	2%	4,422	4,155	6%	4,206	5%
Atlas Copco	50,951	44,587	14%	44,914	13%	44,974	43,491	3%	43,786	3%	9,249	9,143	1%	9,215	0%	7,060	6,987	1%	7,066	0%
Autoliv						2,803	2,745	2%	2,768	1%	270	261	4%	268	1%	101	91	11%	74	37%
Epiroc	17,305	17,443	-1%	17,959	-4%	16,702	16,096	4%	16,552	1%	3,349	3,311	1%	3,396	-1%	2,431	2,486	-2%	2,491	-2%
Hexpol[1]						5,280	5,066	4%	5,067	4%	813	740	10%	749	9%	517	472	9%	499	4%
Kone	2,562	2,420	6%	2,424	6%	2,938	2,994	-2%	2,970	-1%	370	377	-2%	374	-1%	238	252	-6%	270	-12%
Metso [1]	1,462	1,393	5%	1,355	8%	1,334	1,360	-2%	1,360	-2%	221	217	2%	225	-2%	128	126	2%	140	-9%
Munters[1]	8,699	6,697	30%	6,596	32%	3,805	3,870	-2%	3,869	-2%	417	454	-8%	429	-3%	202	189	7%	164	23%
Sandvik[1]	37,799	36,626	3%	39,232	-4%	36,752	34,171	8%	35,845	3%	8,306	7,262	14%	7,983	4%	5,236	4,797	9%	5,393	-3%
SKF						23,195	23,099	0%	22,999	1%	3,223	3,160	2%	3,096	4%	1,263	1,361	-7%	1,328	-5%
Traton						11,765	11,523	2%	11,530	2%	957	815	17%	750	28%	709	601	18%	495	43%
Trelleborg[1]						9,161	8,952	2%	9,031	1%	1,551	1,447	7%	1,486	4%	1,082	1,017	6%	1,040	4%
Volvo						126,273	120,964	4%	124,742	1%	14,783	14,195	4%	14,457	2%	10,373	9,458	10%	9,663	7%
Wärtsilä	2,849	2,332	22%	2,545	12%	1,559	1,588	-2%	1,582	-1%	218	215	2%	216	1%	146	150	-3%	161	-9%
Total			**12.8%**		**9.9%**			**2.4%**		**0.8%**			**3.3%**		**1.5%**			**1.4%**		**-1.2%**

[1] EBITA

Adj. EBIT vs ABGSC estimate



Reporting outcomes vs ABGSC estimate



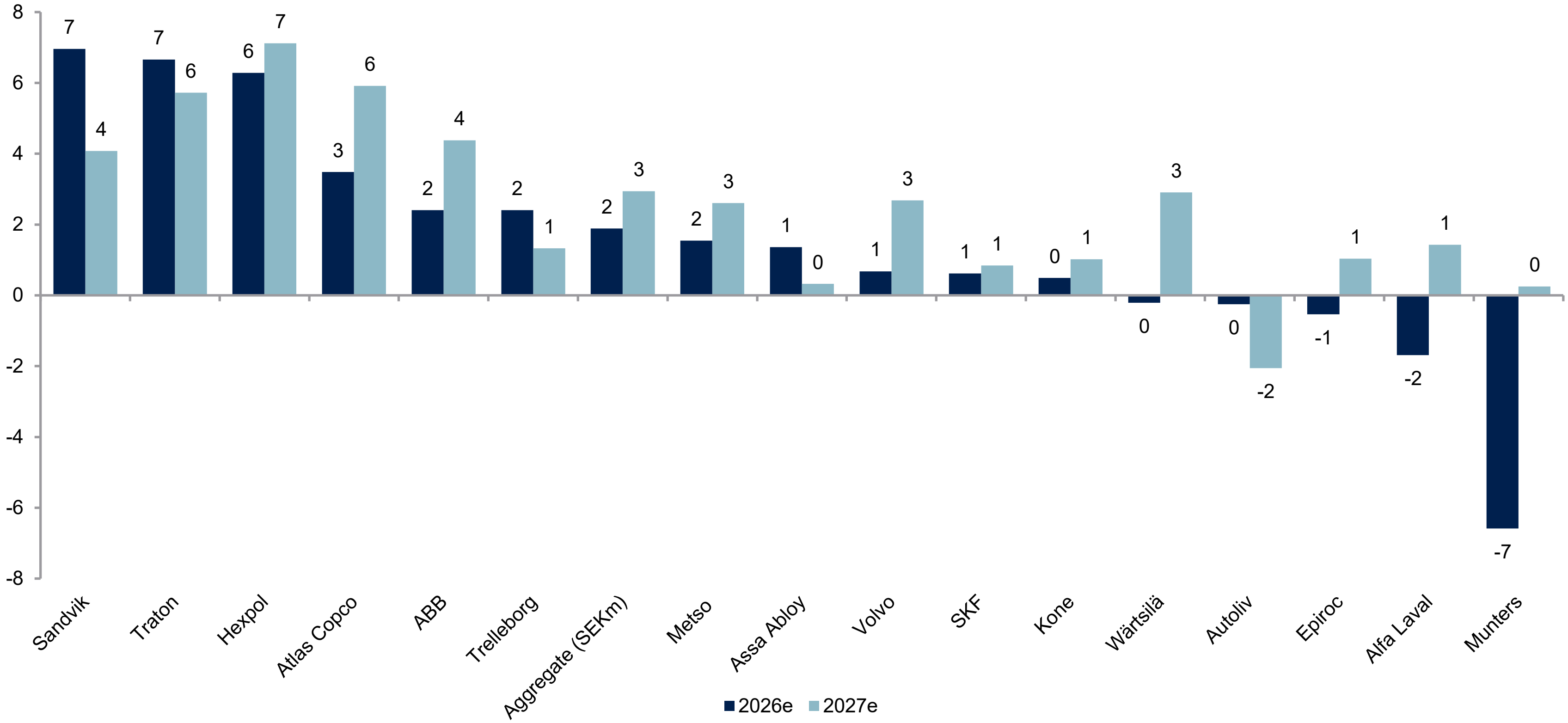
Source: Company data, ABG Sundal Collier, Infront, Vara

Estimate changes over reporting season

Aggregate adj. EBIT'26e-'27e upgraded 2-3%.

Biggest upgrades on adj. EBIT'26e: Sandvik, Traton, Hexpol and Atlas Copco.

Small downgrades for Munters, Alfa Laval, Epiroc and Autoliv.



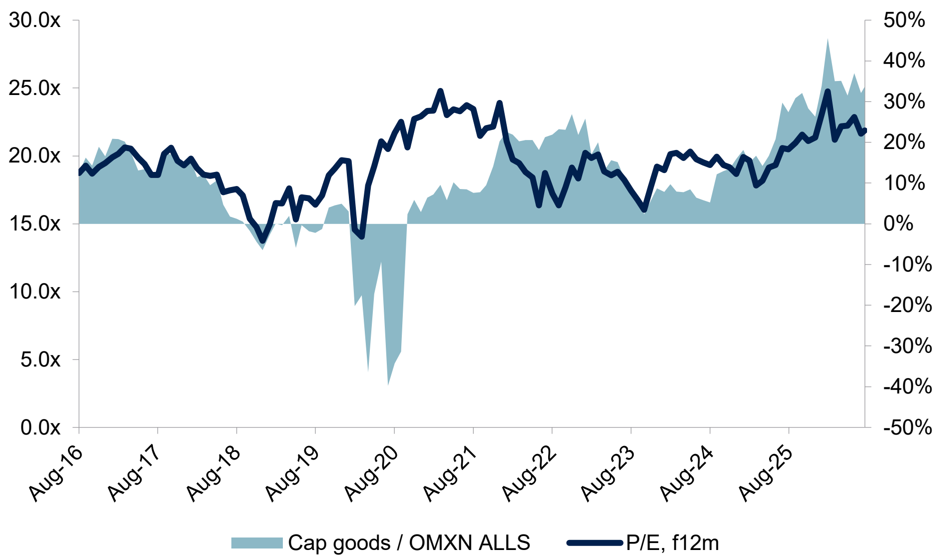
Source: Company data, ABG Sundal Collier

Valuation versus 10Y history

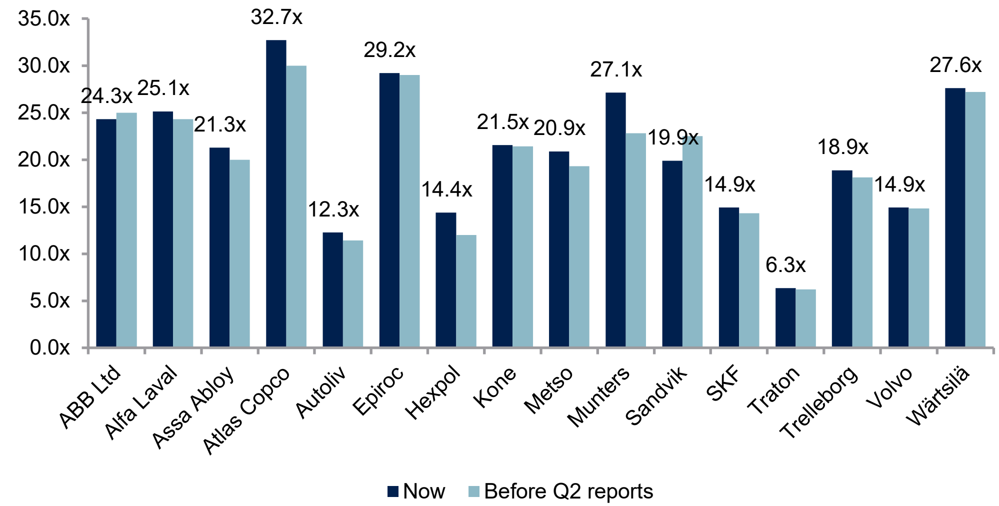
On a F12M consensus basis, the sector is trading at a P/E of 21.9x, 13% above its 10Y average. The premium to the broad market is 34%, compared to a 10Y average of 11%.

Adj. P/E'26e increased slightly to 20.6x (20.3x) over the reporting season. The largest multiple expansions during the reporting season were seen for Hexpol (from P/E 12x to 14x) and Munters (23x to 27x). Conversely, the largest multiple contraction was seen for Sandvik (23x to 20x).

F12M P/E and premium to market



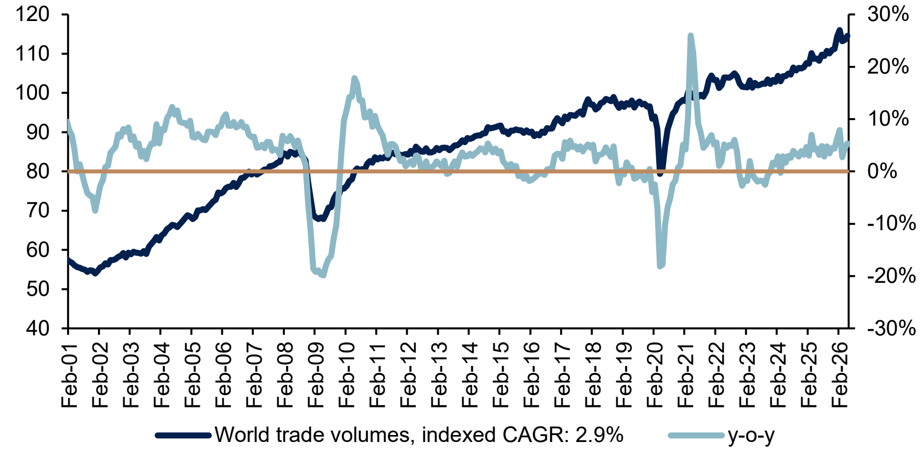
Adj. P/E'26e

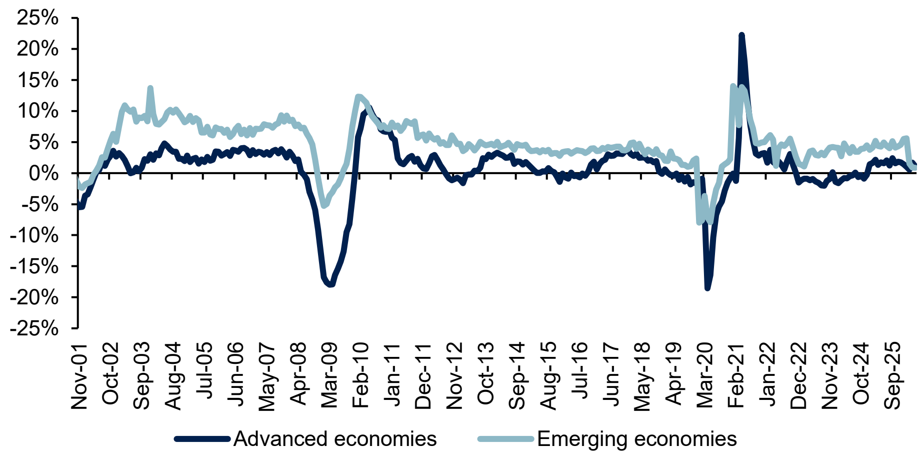


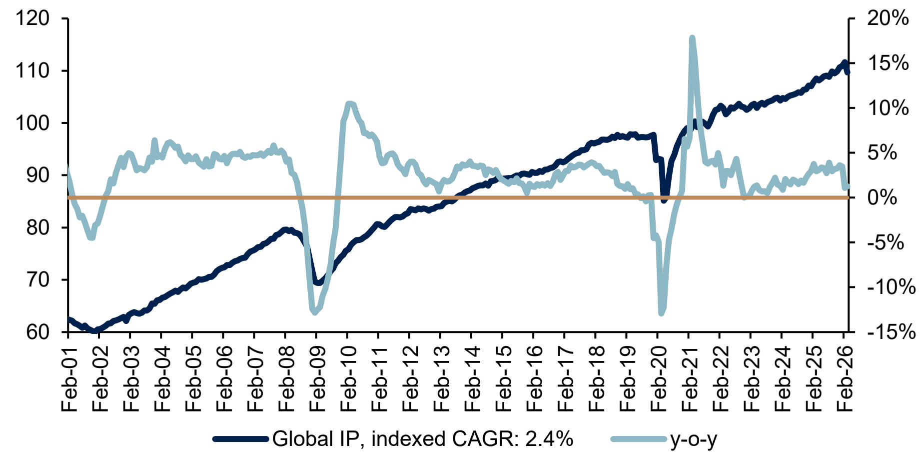
Source: Factset, ABG Sundal Collier

Global industrial production and trade

- US industrial production was up 1.1% in June (+1.7% in May). China was up +4.5% in July (+5.3% in June). The EU was up 0.6% in June (0.6% in May).
- Global industrial production was up by 1.0% in May (+1.3% in April). Advanced economies were up by 1.1% and emerging economies up 0.8%.
- Global trade growth for May was up 5.3%.



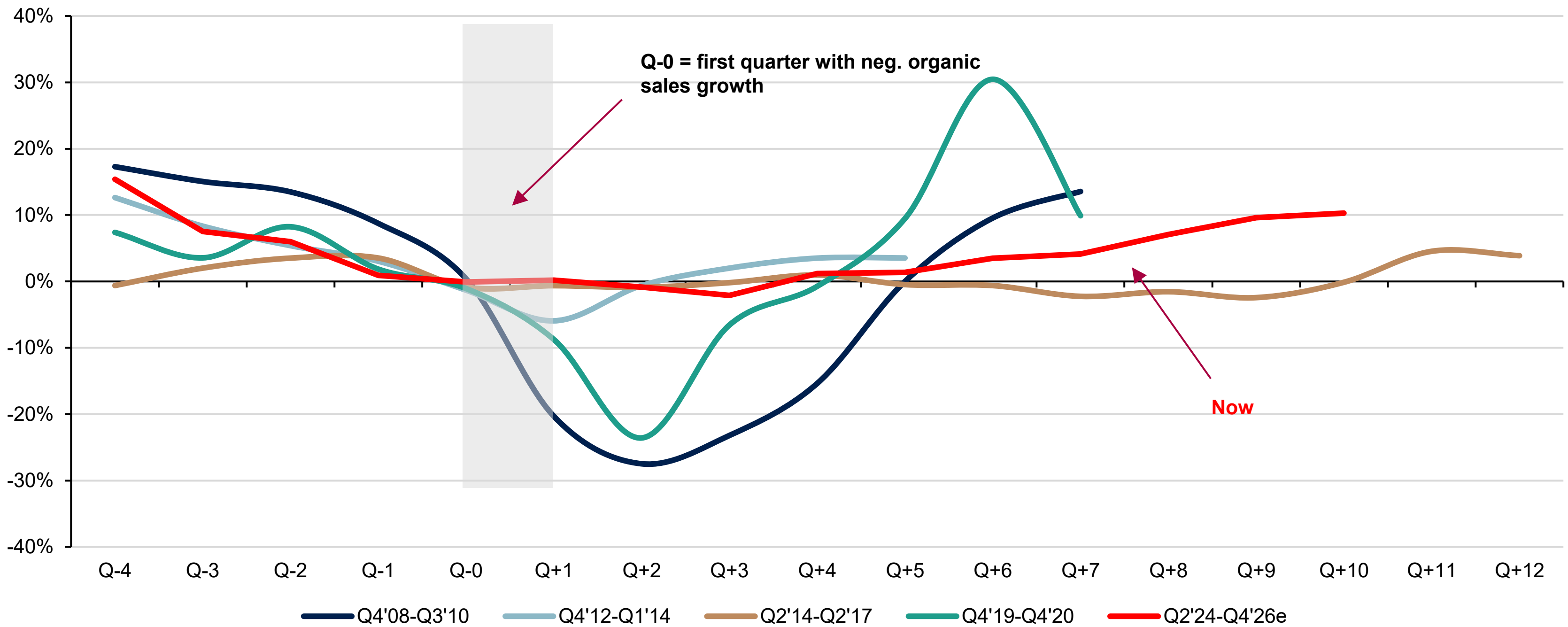




Source: ABG Sundal Collier, Datastream, CPB

Comparison of cycles

When looking at the expected 2026 recovery, we need to keep in mind that the preceding downturn was not harsh.

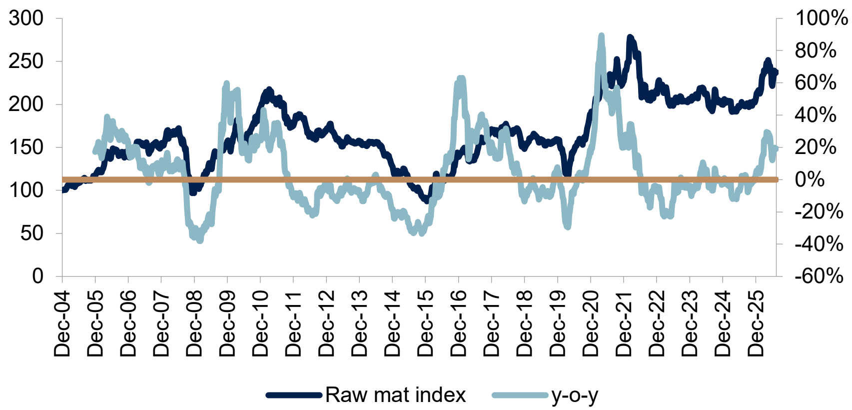


Source: Company data, ABG Sundal Collier

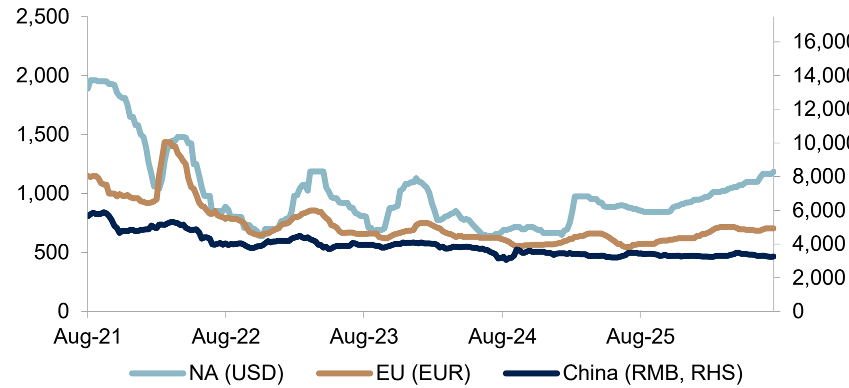
Key variable costs

Key input raw materials, on aggregate, are up 19% y-o-y. So far, sector companies have been able to offset costs admirably.

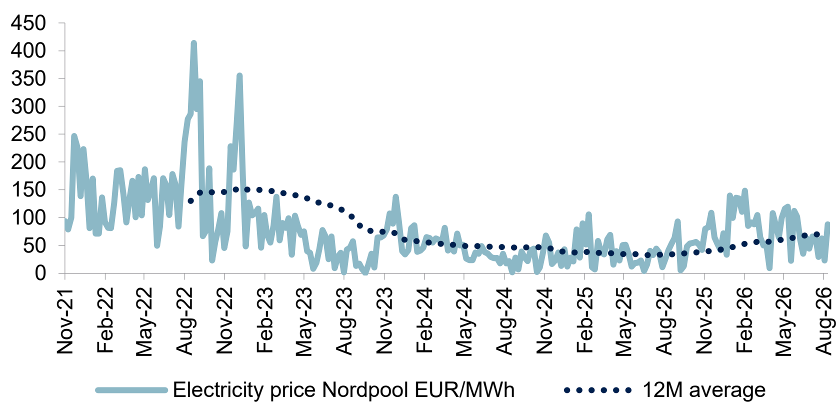
ABGSC raw material indicator



Steel price / tonne



Nordpool system price (EUR/MWh)



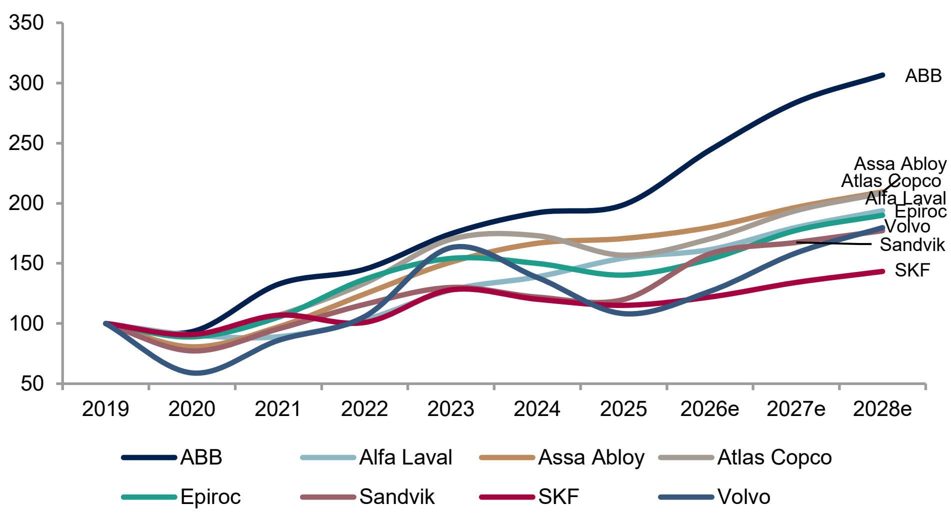
Container rates (USD/40ft box)

Source: ABG Sundal Collier, Bloomberg, FactSet

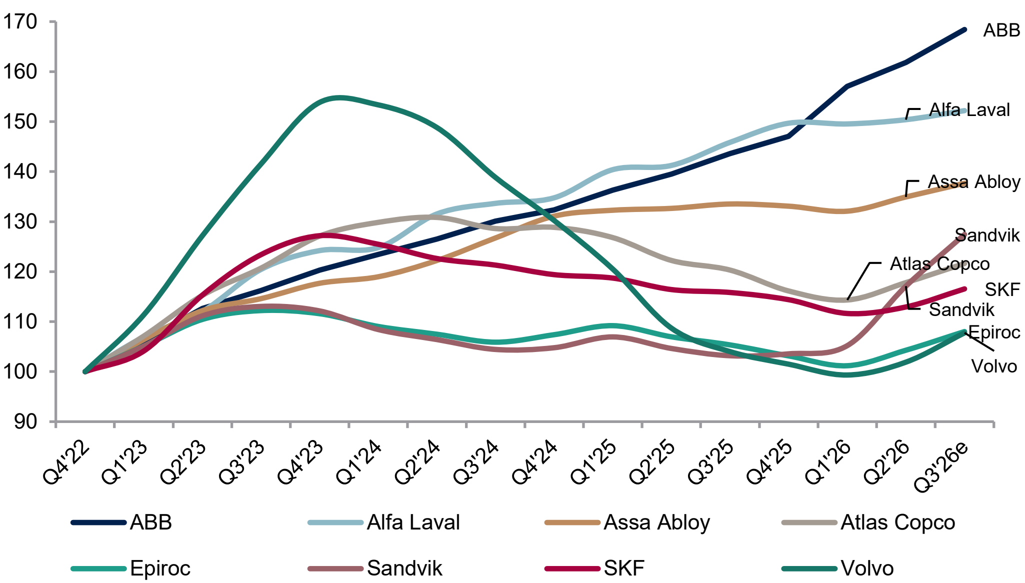
Earnings trends (indexed)

Consistent strong earnings trend for ABB, Alfa Laval and Assa Abloy. There are signs of improvement for the bottom performers though.

Adj. EBITA

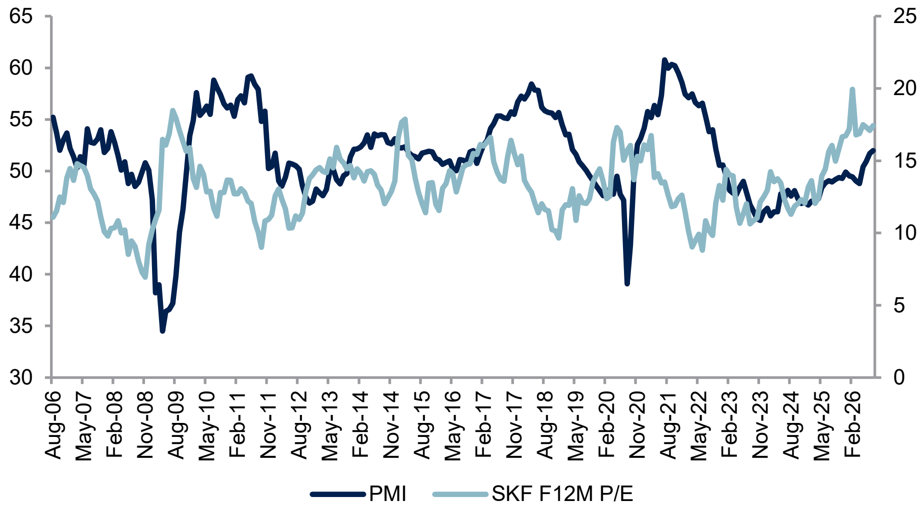


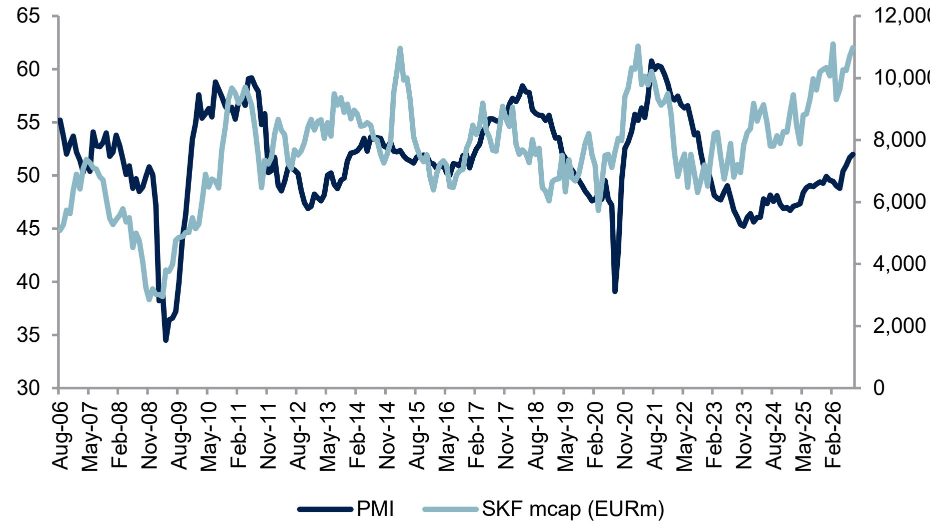
Adj. EBITA R12M

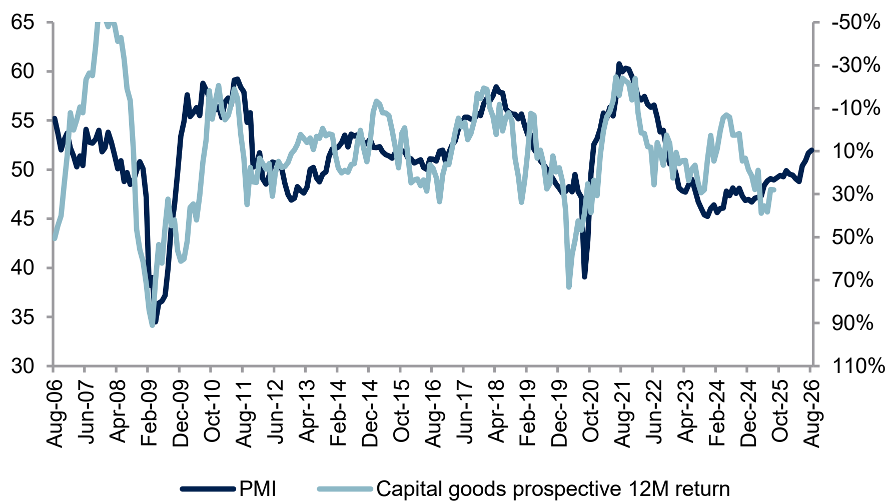


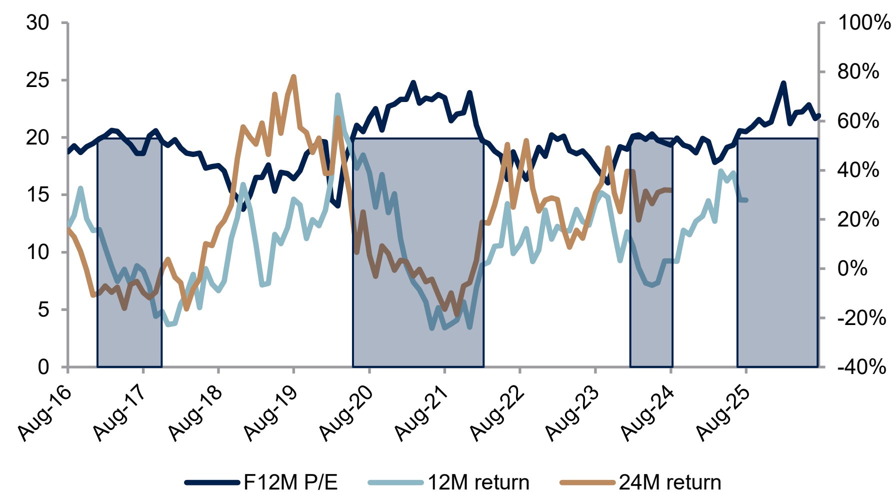
Source: Company data, ABG Sundal Collier

Market timing









Source: ABG Sundal Collier, Bloomberg, FactSet

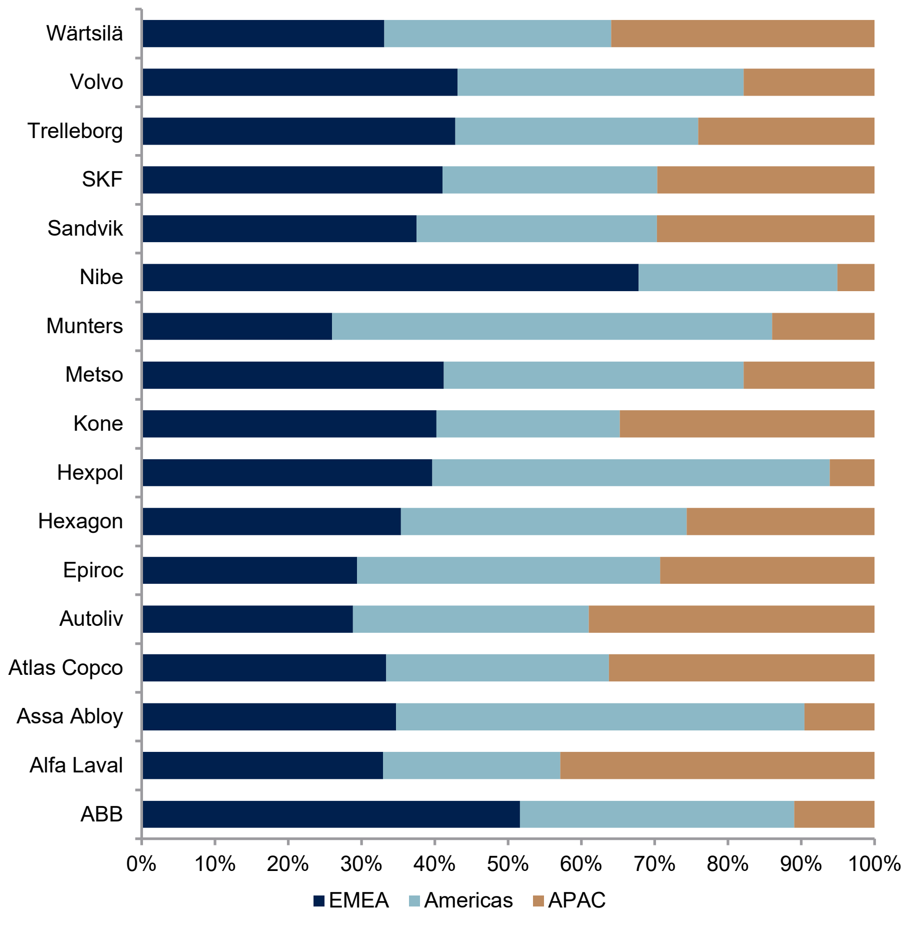
End-market trends

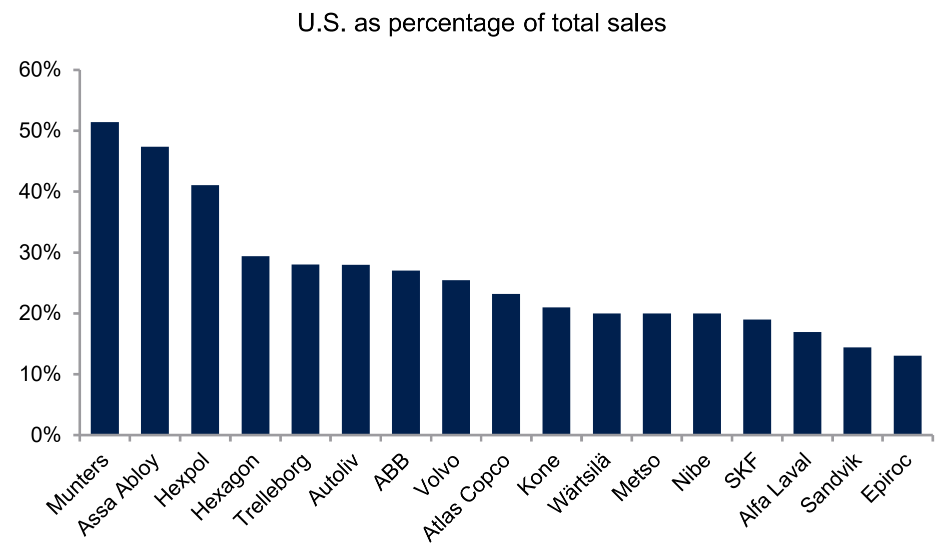
Capital goods customer exposure

	Gen. Ind. Prod.	Gen. Ind. Capex	Electronics and Data Centers	Auto/Truck	Food, Bev, Pharma	Mining	Marine	Buildings	Infrastructure	Energy and Process	Aftermarket
ABB	5%	25%	13%	4%	3%	10%	6%	12%	11%	11%	**17%**
Alfa Laval	4%	6%	7%		36%		26%	8%		13%	**27%**
Assa Abloy								100%			**67%**
Atlas Copco	21%	21%	16%	8%	3%	2%			11%	18%	**38%**
Autoliv				100%							**0%**
Epiroc						79%			21%		**66%**
Hexagon	27%	13%		9%		9%			30%	12%	**61%**
Hexpol	18%			41%				8%		8%	
Kone								100%			**63%**
Metso						75%			25%		**54%**
Munters			40%		12%			48%			**8%**
NIBE											
Sandvik	25%	5%		7%		51%			10%	2%	**40%**
SKF	40%	10%		30%	4%	2%	2%		6%	6%	**44%**
Trelleborg	25%	26%		16%	18%		3%	2%	5%	5%	**20%**
Volvo		7%		71%		3%	4%		16%		**26%**
Wärtsilä			5%				50%			45%	**52%**
Nordic cap goods	**19%**	**14%**	**16%**	**32%**	**13%**	**29%**	**15%**	**40%**	**14%**	**13%**	**39%**

Source: ABG Sundal Collier, Company data

Capital goods geographic exposure

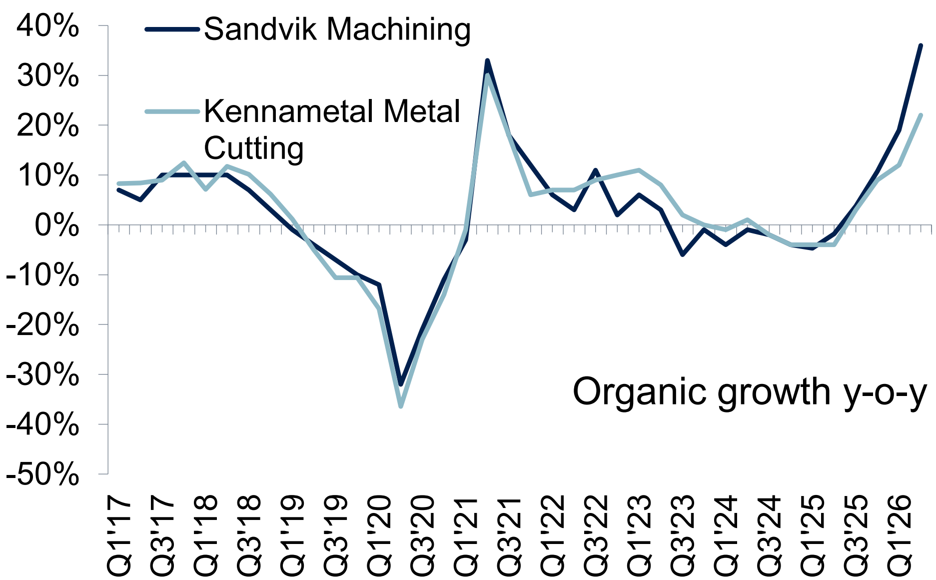


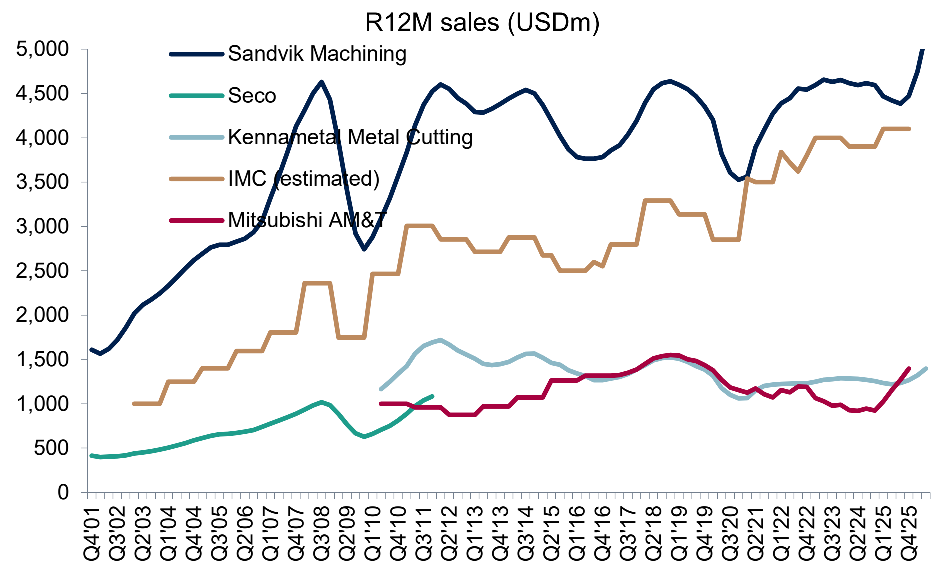


Source: ABG Sundal Collier, Company data

Cutting tools sales

With a heavy impact from soaring tungsten prices, Sandvik Machining sales increased by 36% in Q2, and Kennametal was up 22%.

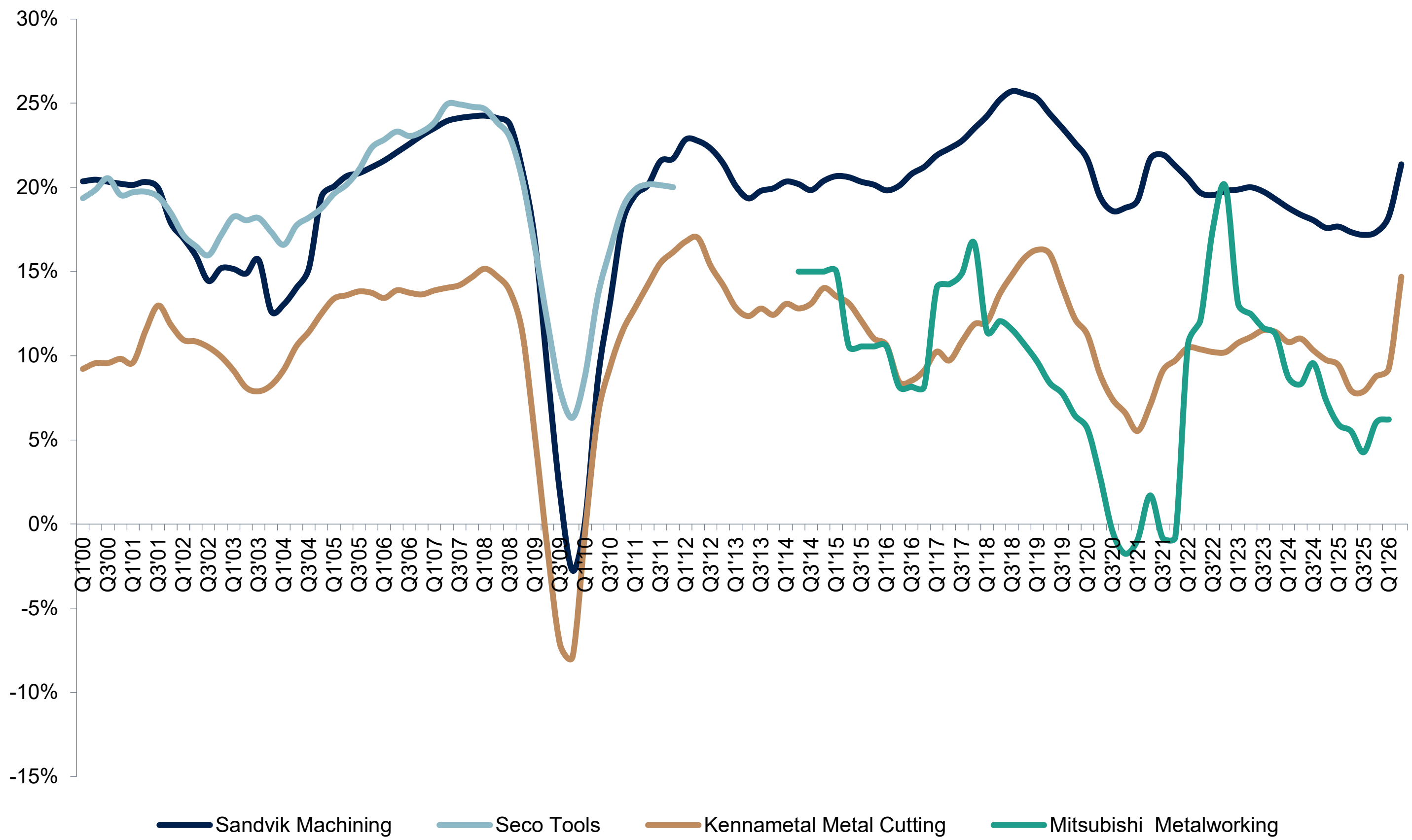




Source: ABG Sundal Collier, Company data

Cutting tools, adjusted EBIT margin (R12M)

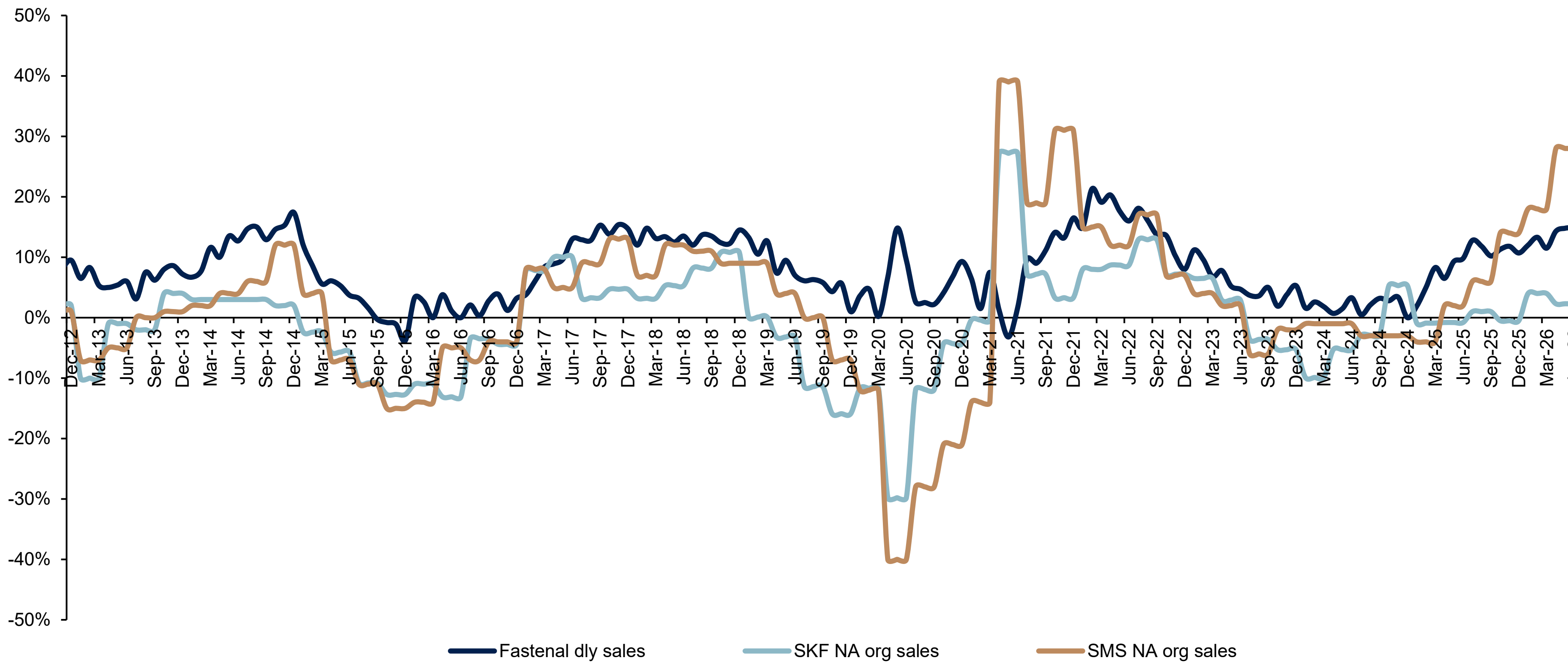
Margins also improved substantially on the tungsten timing impact. Kennametal's margins still lag Sandvik's by 6pp.



Source: ABG Sundal Collier, Company data

US industrial distributors vs. SKF and SMM

Fastenal July daily sales +15.5%, up from +15.0% in June. Similar to Fastenal, we have seen gradual acceleration in US short-cycle sales.

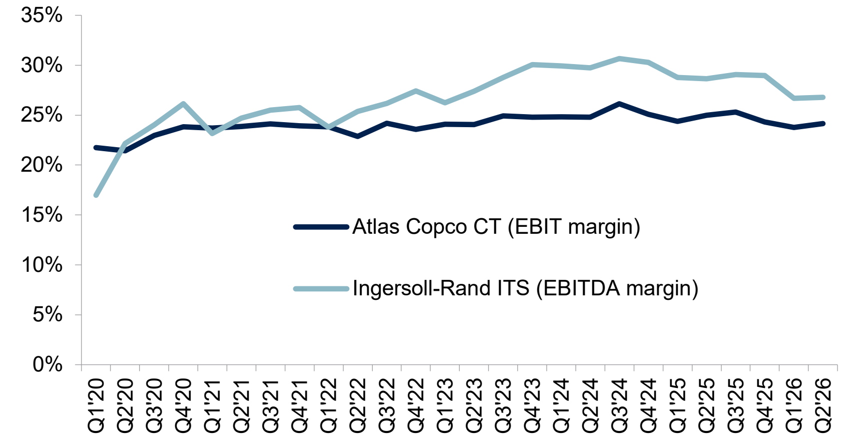


Source: ABG Sundal Collier, Company data

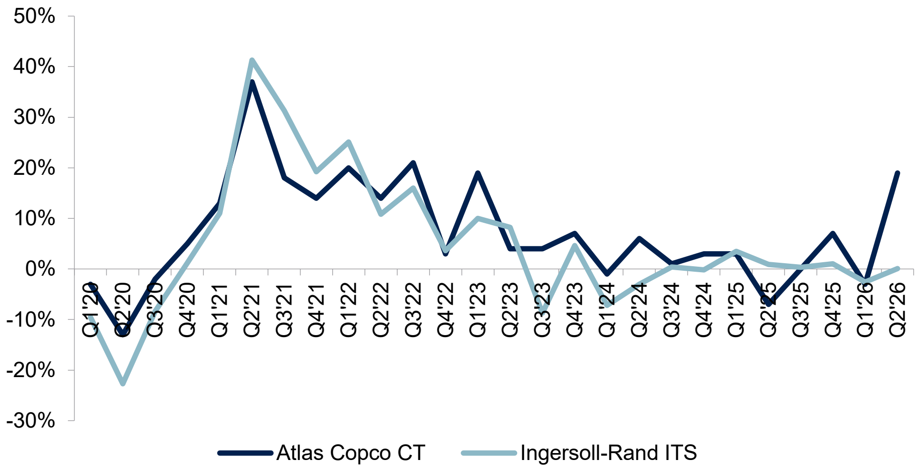
Industrial compressors

- Atlas Copco Compressor Technique order growth jumped 19% in Q2 after lacklustre performance previously. Ingersoll-Rand ITS was still around zero.
- Ingersoll-Rand slightly upgraded full-year 2026 group organic growth guidance to 1-3% (0-2%).
- Also some improvement of previously negative margin trends.

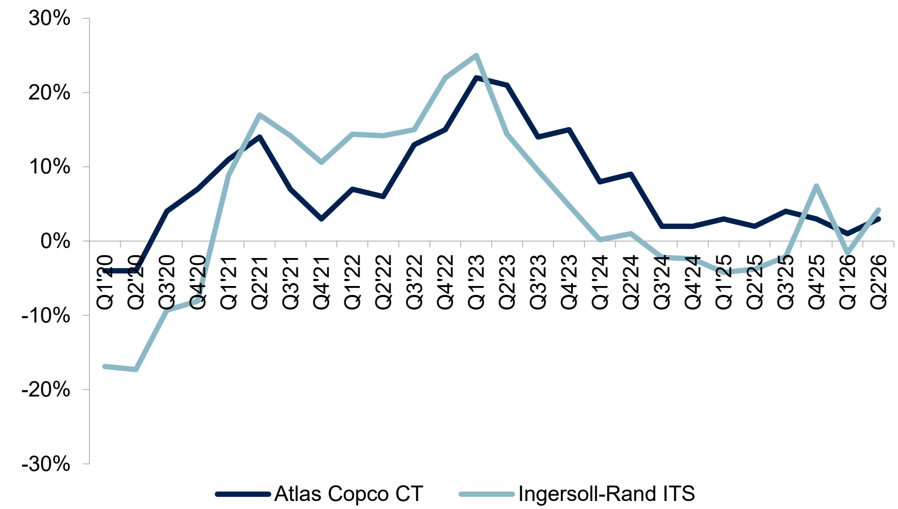
Adj. EBIT margin



Organic order growth y-o-y



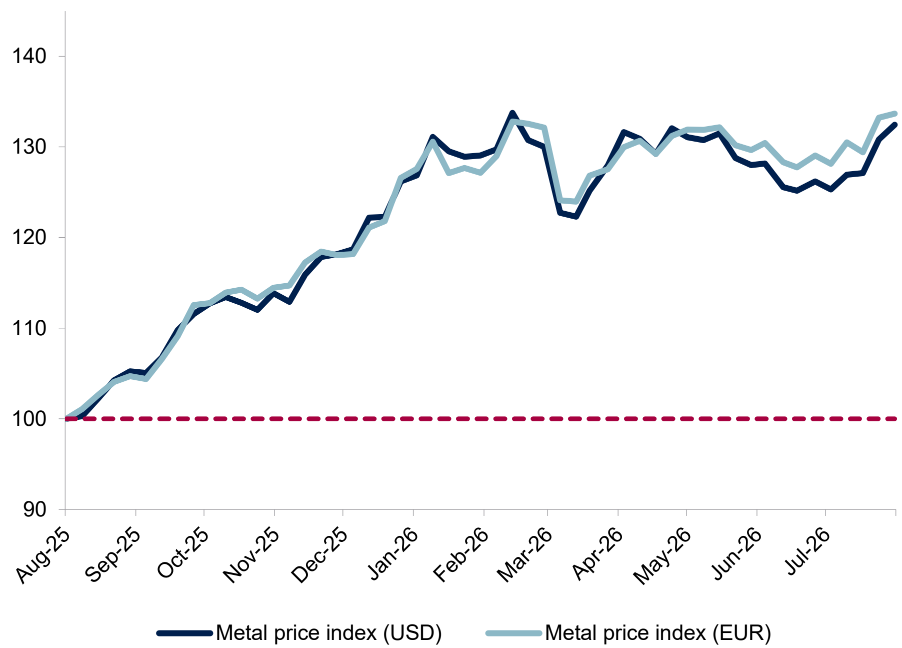
Organic sales growth y-o-y

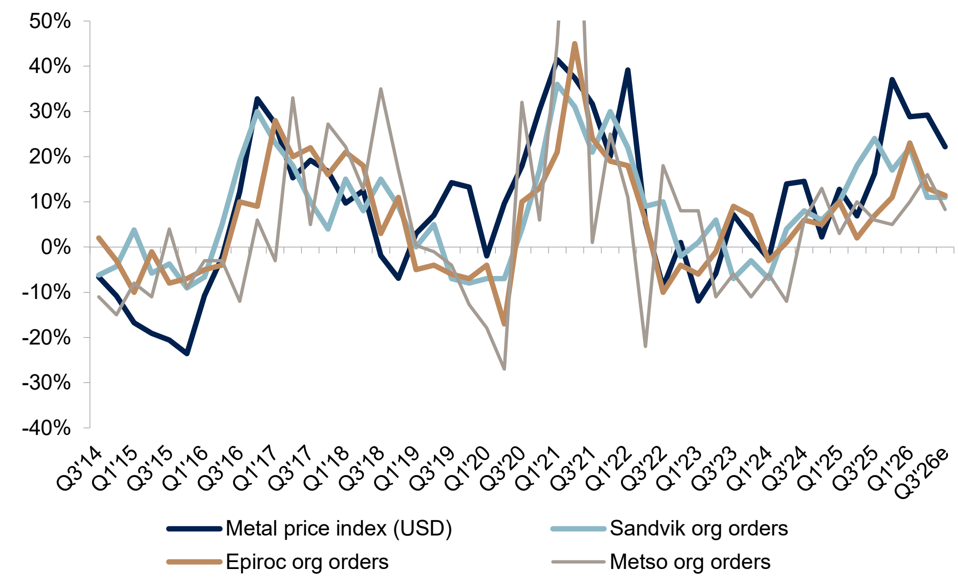


Source: ABG Sundal Collier, Company data, FactSet,

Metal prices and mining equipment orders

- Mining commodities are up 32% y-o-y (+34% in EUR terms) and are 2% higher than the Q2’26 average.
- There is a high correlation between metal prices and mining equipment order intake.



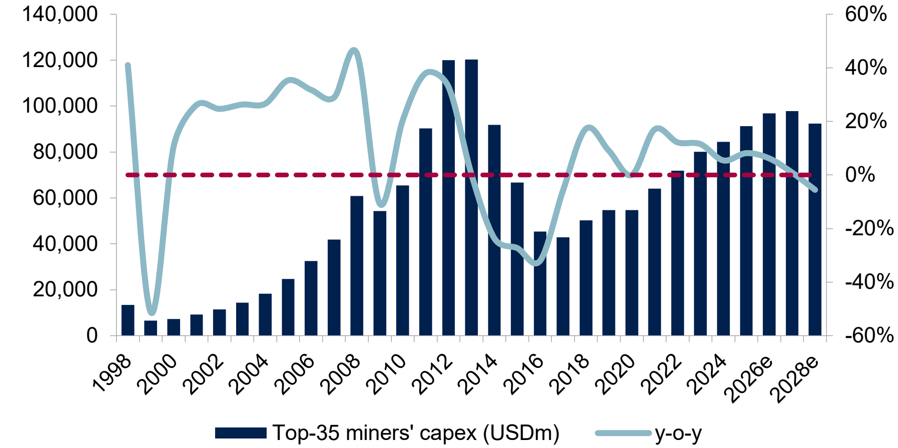


Source: ABG Sundal Collier, Company data, FactSet,

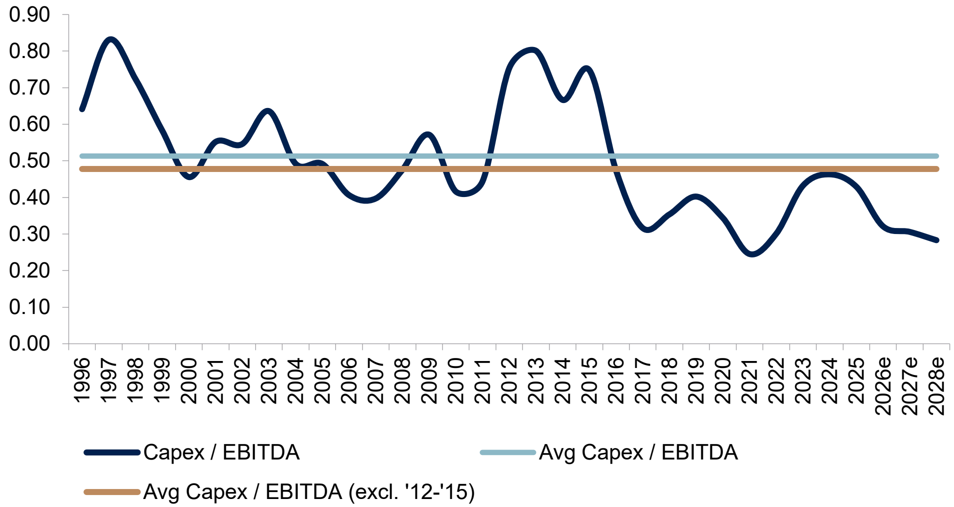
Mining companies' capex

- Consensus for the top-35 miners is for capex to grow 6% in 2026e.

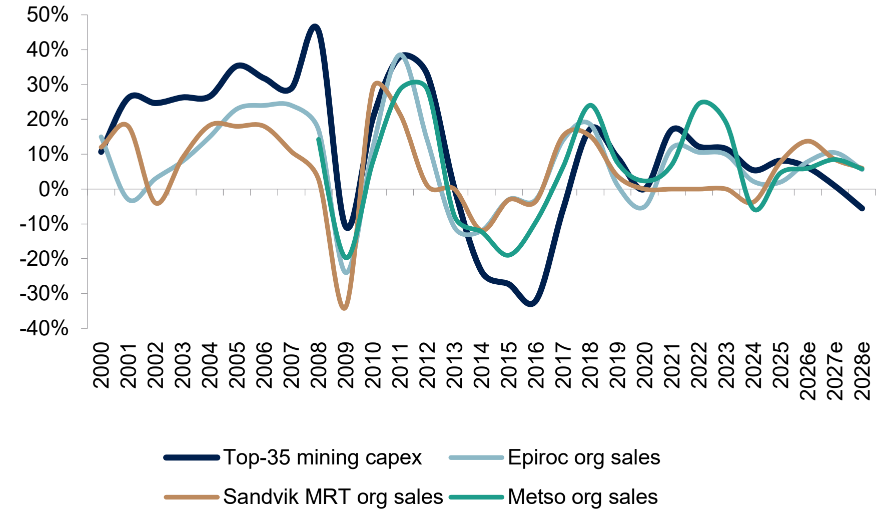
Top-35 consensus capex estimates (USDm)



Top-35 capex/EBITDA



Top-35 consensus capex (USDm) y-o-y

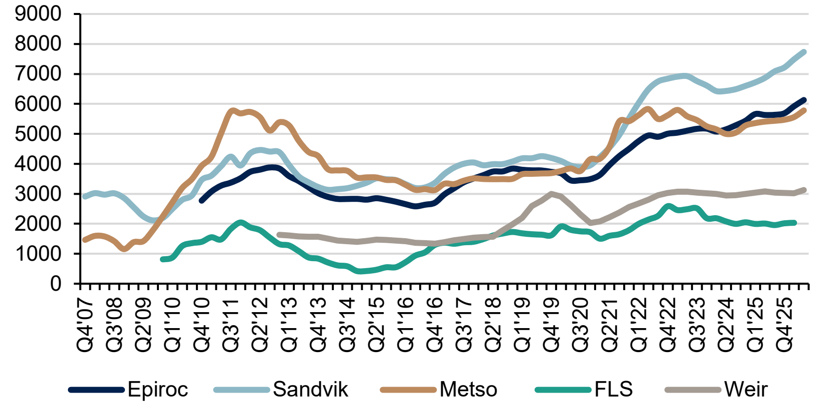


Source: ABG Sundal Collier, Company data, FactSet,

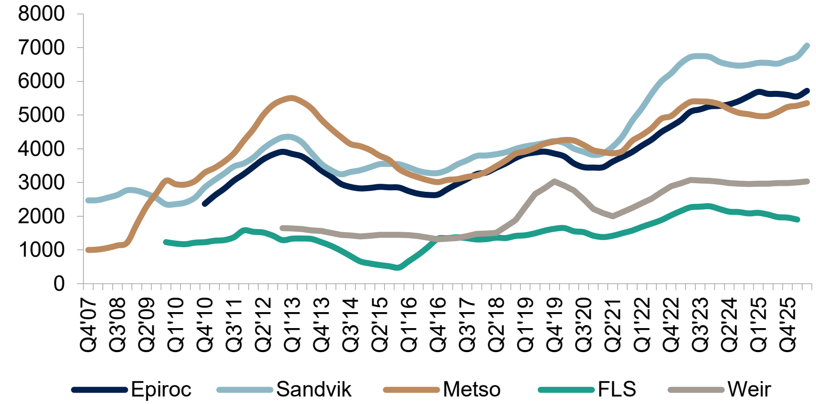
Mining equipment

On a y-o-y basis, organic orders grew 13% and organic sales grew 12%. Demand trends are now clearly moving in the right direction. Epiroc, Sandvik and Weir now have similar margins (19-20%), while FLS is now on par with Metso (15%).

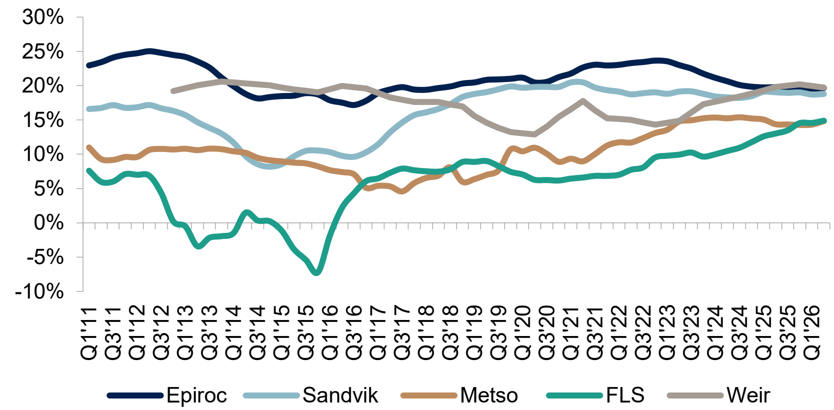
R12M orders (EURm)



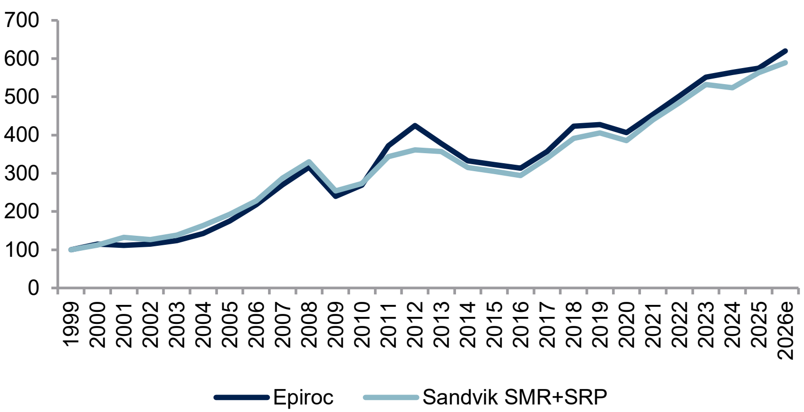
R12M sales (EURm)



EBIT margin (adj.) R12m



Indexed organic sales

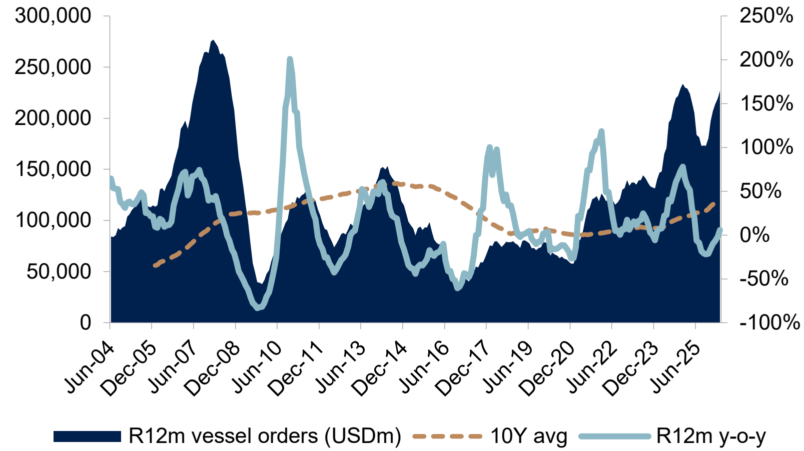


Source: ABG Sundal Collier, Company data

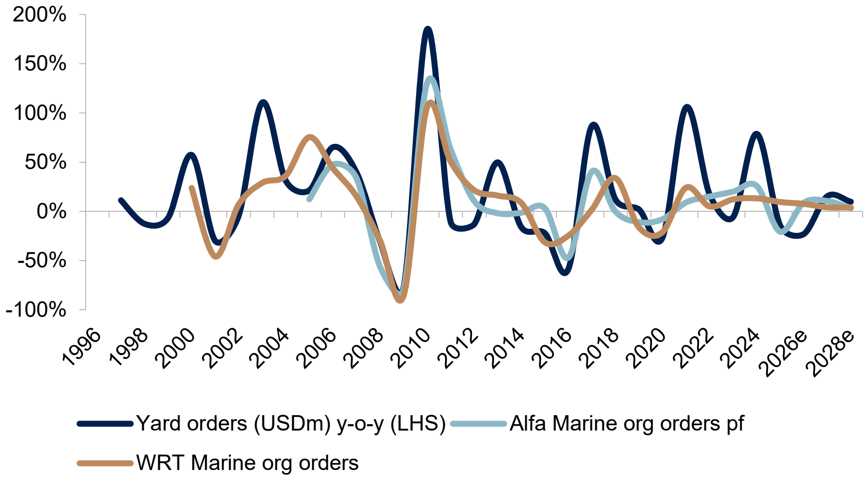
Ship orders

- Contracting continues to improve. On a R12M basis, order intake is now up 25% in units, and up 43% in terms of USD.
- Compared to the 20Y avg., R12M orders in units is 28% higher. Alfa Laval Marine had a 21% fall in organic orders for 2025, and we expect a 9% order intake for 2026e. For Wärtsilä, we expect +8% for 2026e.

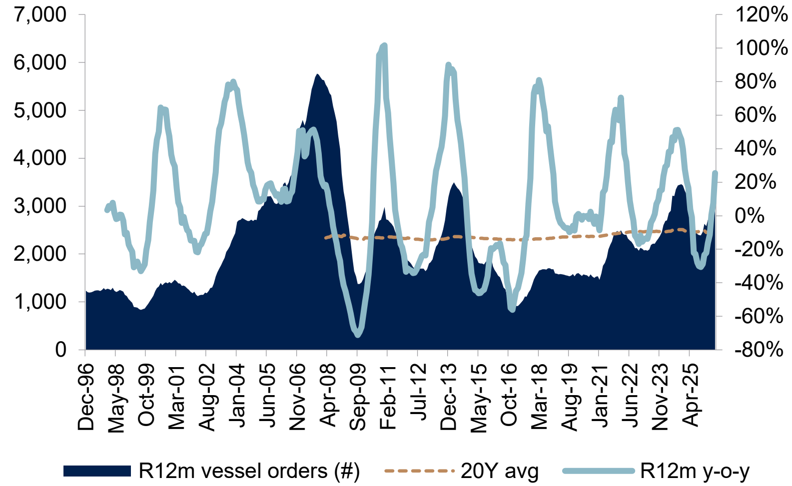
R12M vessel orders (USDm)



Yard orders vs. Alfa/WRT Marine orders



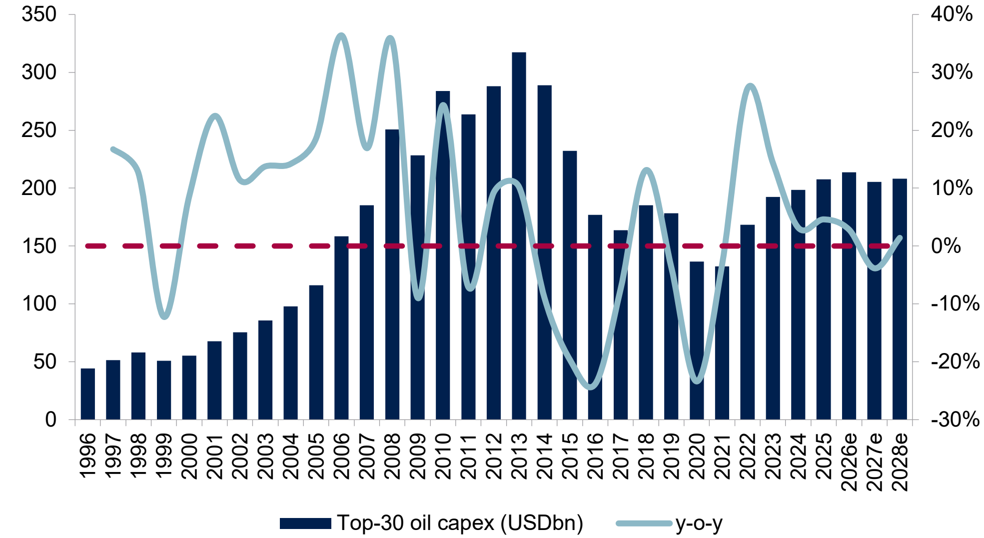
R12M vessel orders (units)



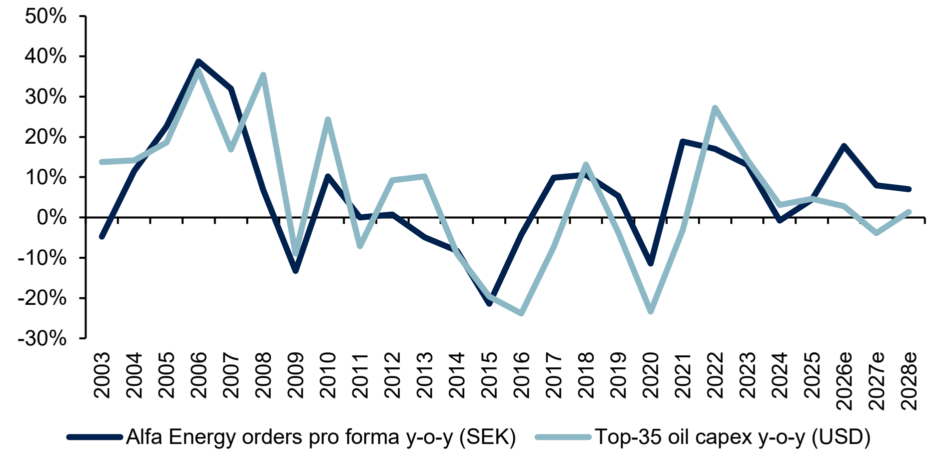
Source: ABG Sundal Collier, Company data, Clarksons

Oil capex

- FactSet consensus estimates oil and gas spending to be 3%/-4%/1% for the top-30 oil producers in 2026e, 2027e and 2028e.



- Alfa's Energy business remains correlated with oil capex. We expect Alfa Energy orders to be up 24% in 2026e.

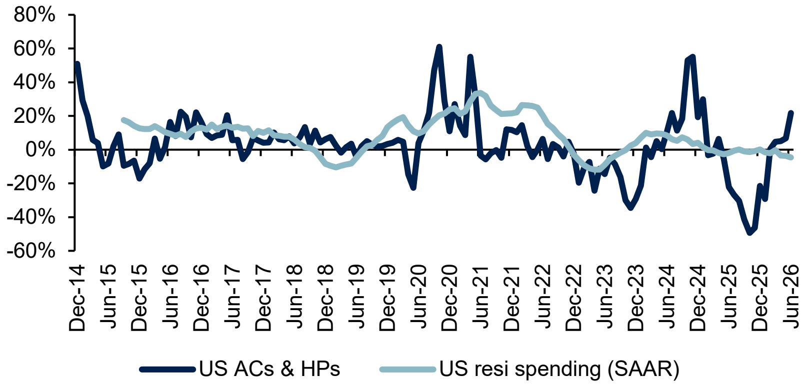


Source: ABG Sundal Collier, Company data, FactSet

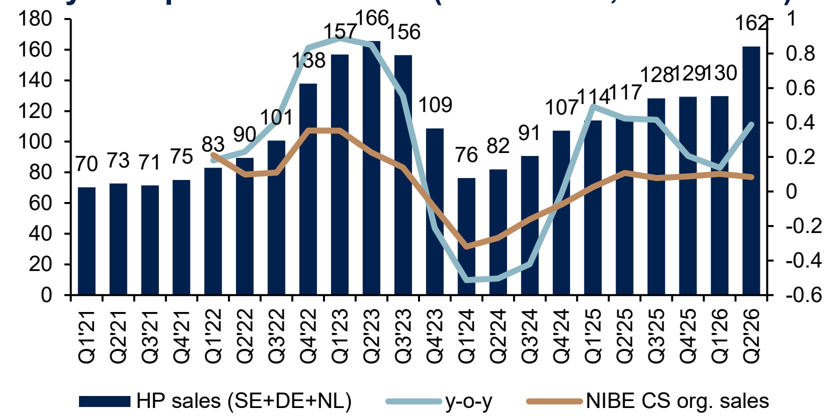
The HVAC market

The European HVAC market showed solid growth, and accelerated in key markets during Q2'26, following energy price uncertainty as a result of the Iran war and likely also due to increased cooling demand in connection to the recent heat wave. German HP sales grew 44% in Q2'26 (+34% in Q1'26), Swedish HP sales grew 18% (-4%) and Dutch HP sales grew 35% (-14%). The HVAC market in the US is still slow in absolute terms but grew 22% y-o-y in June (+7% in May). All in all, inventory levels are balanced, demand is good, so the HVAC vertical should support organic growth in 2026 for names such as Alfa Laval, Beijer Ref, NIBE, etc. The EU HP market grew 11% in 2026, vs. NIBE Climate's organic growth of 8%.

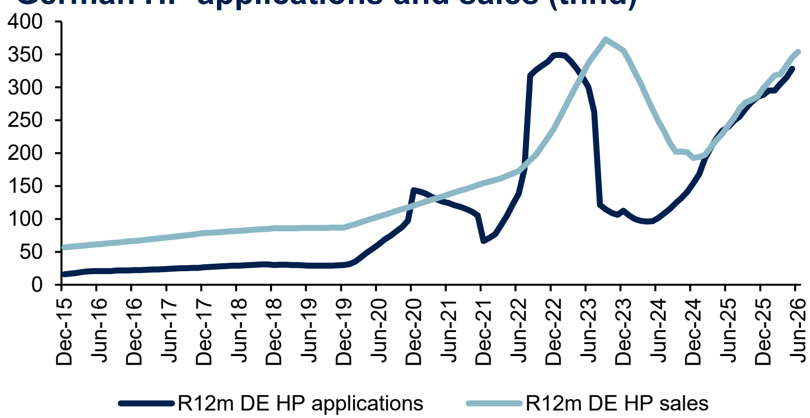
US OEMs' HVAC shipments



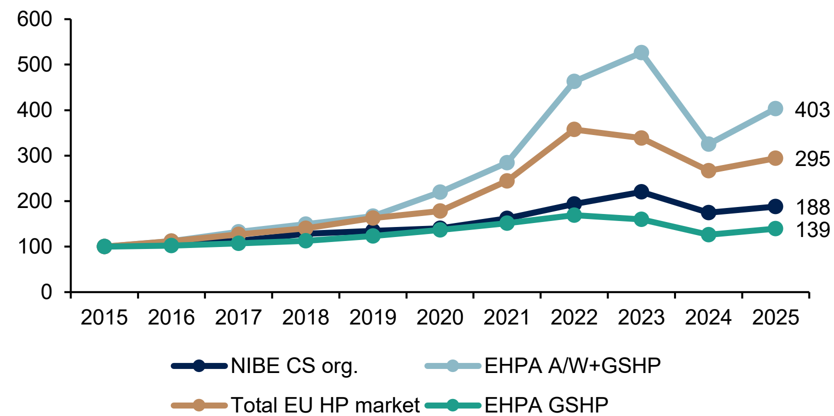
Key European HP markets (SE+DE+NL, thnd units)



German HP applications and sales (thnd)



European HP market vs. NIBE CS sales

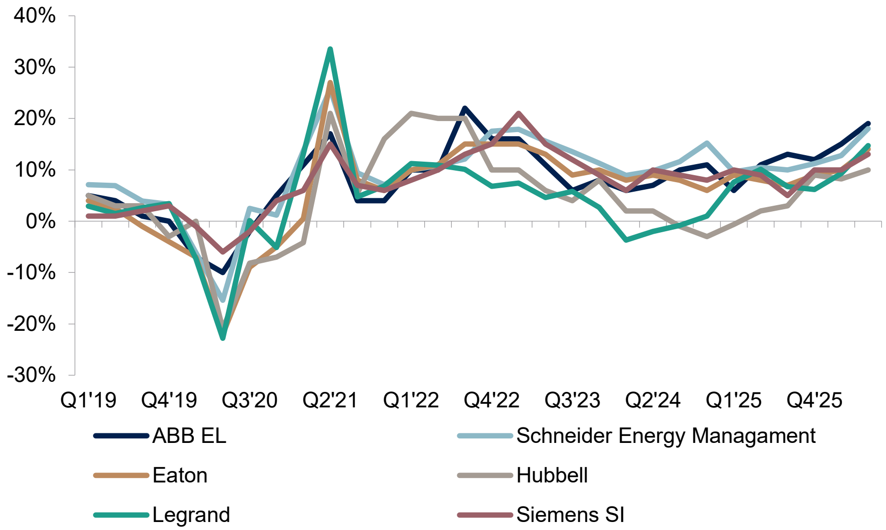


Source: ABG Sundal Collier, company data, FactSet

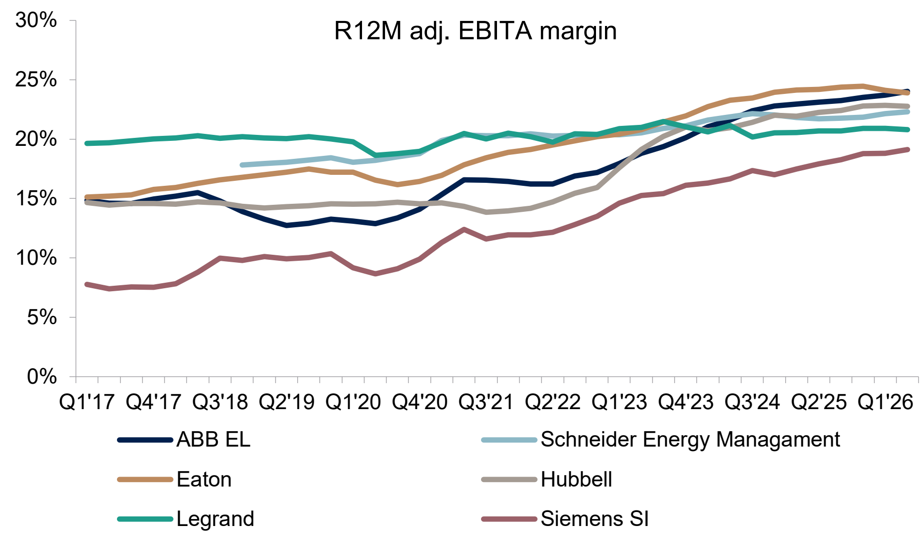
Electrification products

ABB Electrification delivered 19% organic growth in Q2'26, which we expect to accelerate to 22% in Q3. All companies in the peer group showed accelerating growth in Q2, to 15% on average.

Organic sales growth y-o-y



R12M adj. EBITA margin

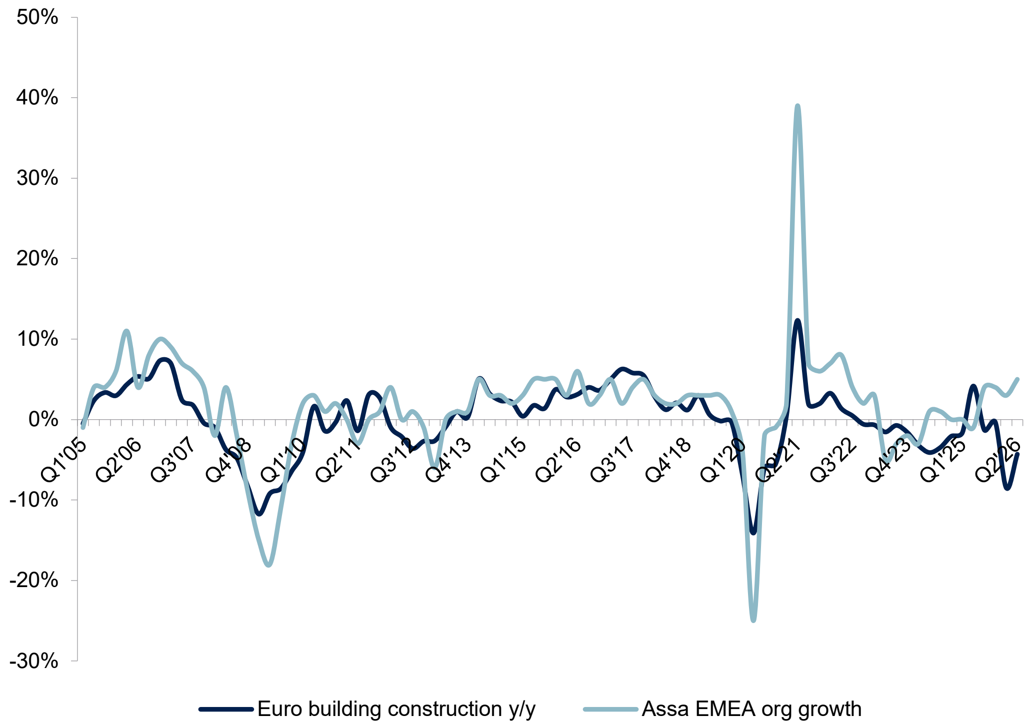


Source: ABG Sundal Collier, Company data

European construction

In May, EU building production was down 5.2% (-3.4% in April)

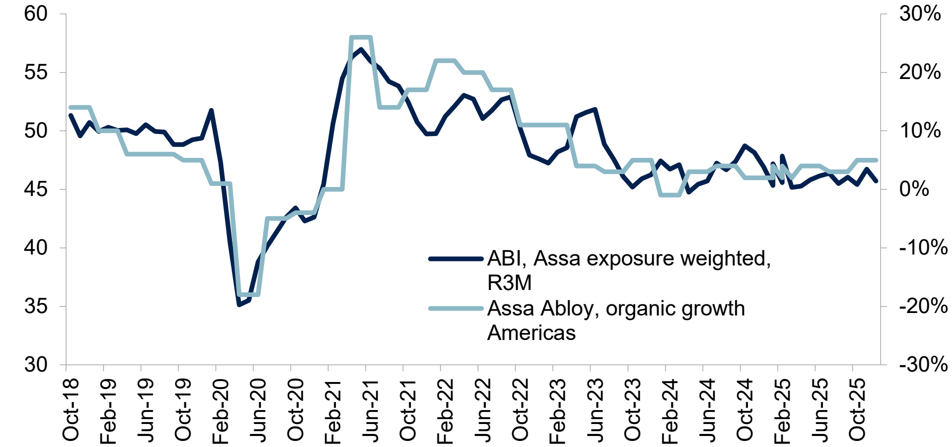
In Q2, Assa EMEIA had +5% organic growth.

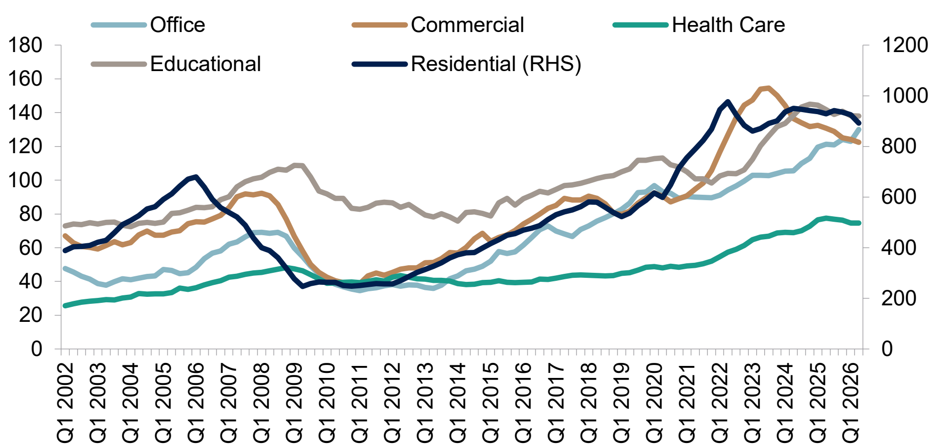


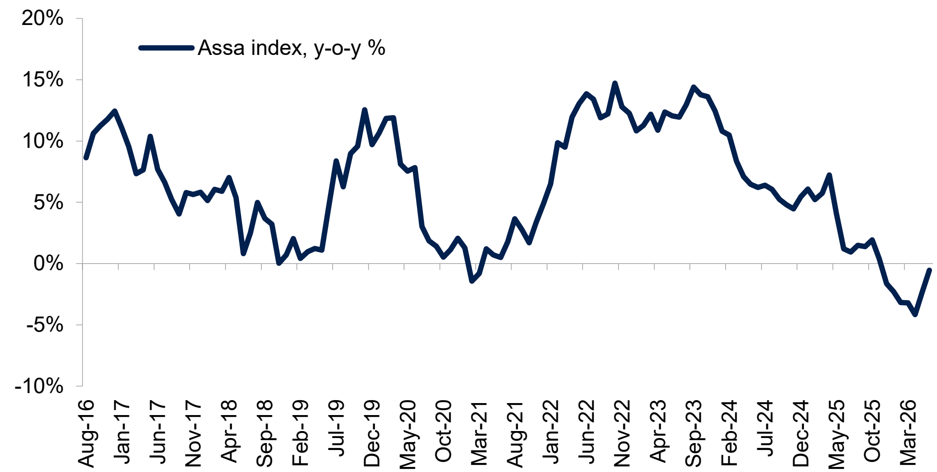
Source: ABG Sundal Collier, Company data, Eurostat

US construction

- The ABI was up to 47.3 in June (44.5 in May). An Assa-weighted index (which is based on 3M category averages) was down slightly at 46.7 (47.5).



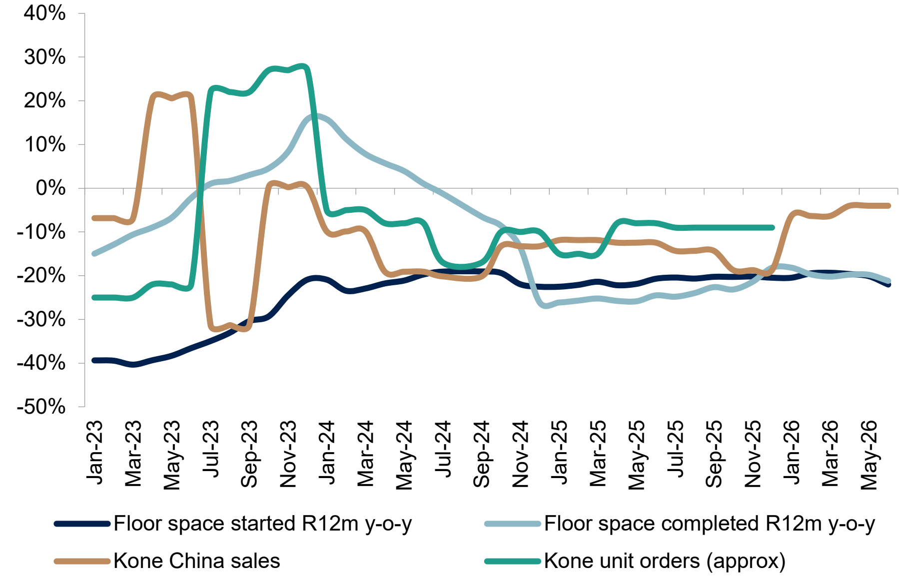


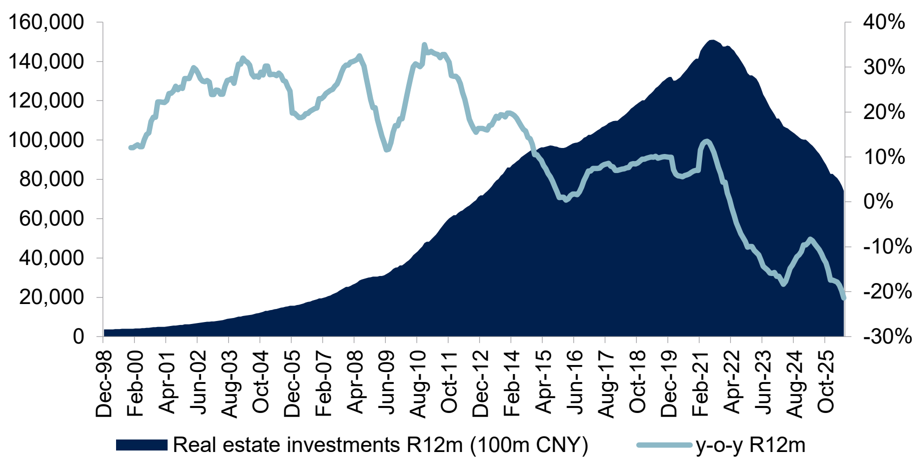


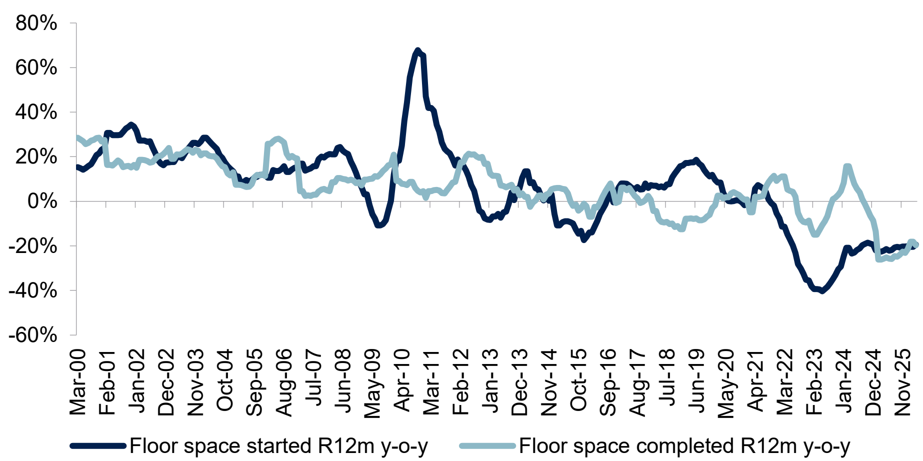
Source: ABG Sundal Collier, Company data, AIA, U.S. Census Bureau

Chinese construction

- Building starts were down 26% in June (-25% in May). Completions were down 25% and real estate investment was down 26%. On a R12M basis, floor space starts are down 22% y-o-y.
- Assa had -4% organic sales growth in Asia Pacific in Q2'26 and we estimate -3% growth in Q3'26e.
- Kone's unit orders in China decreased by 6% in Q2'26





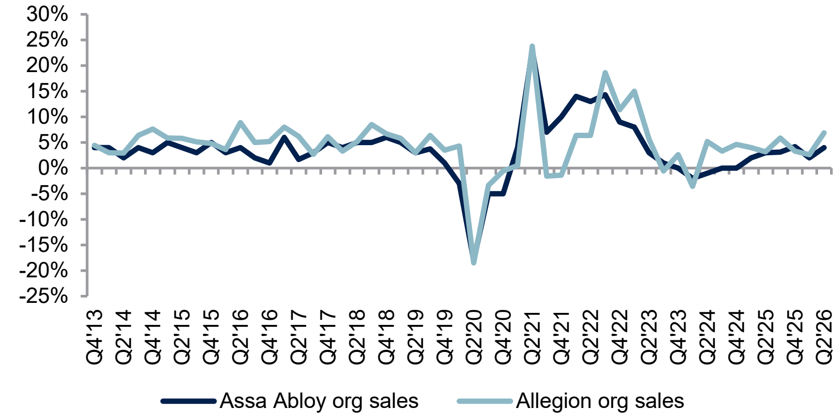


Source: ABG Sundal Collier, Company data, Datastream

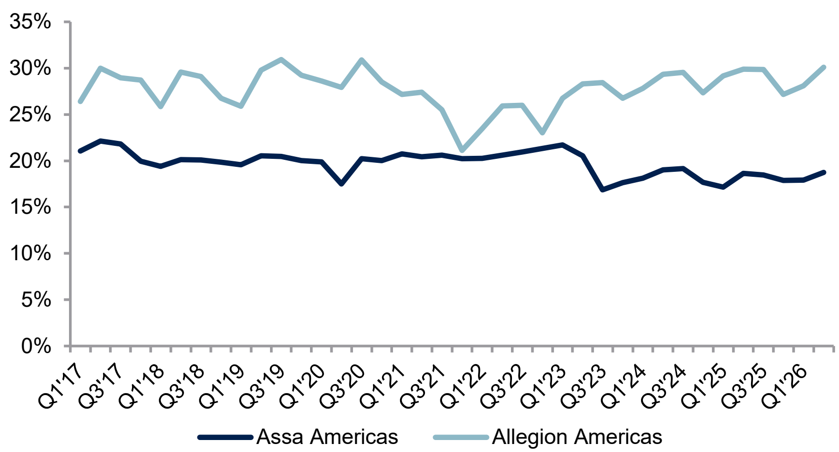
Assa Abloy and Allegion

- Allegion Americas organic growth +9% (Assa +4%) and margin up 20bps (Assa +10bps) to 30.1%.
- FY growth guidance upgraded slightly to 3.5-4.5% (2-4%) and EPS +2% at mid-point.

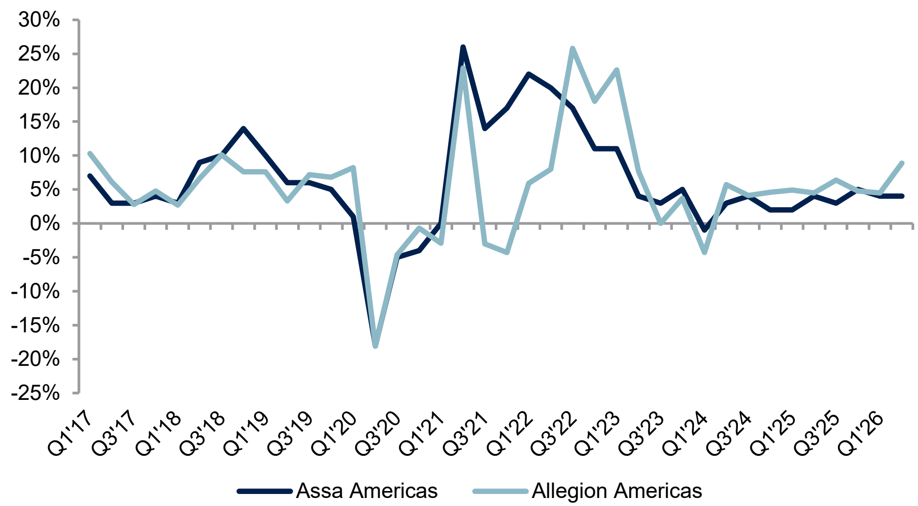
Assa Abloy vs. Allegion group organic sales



Assa Americas vs. Allegion Americas EBIT margin



Assa Americas vs. Allegion Americas organic sales

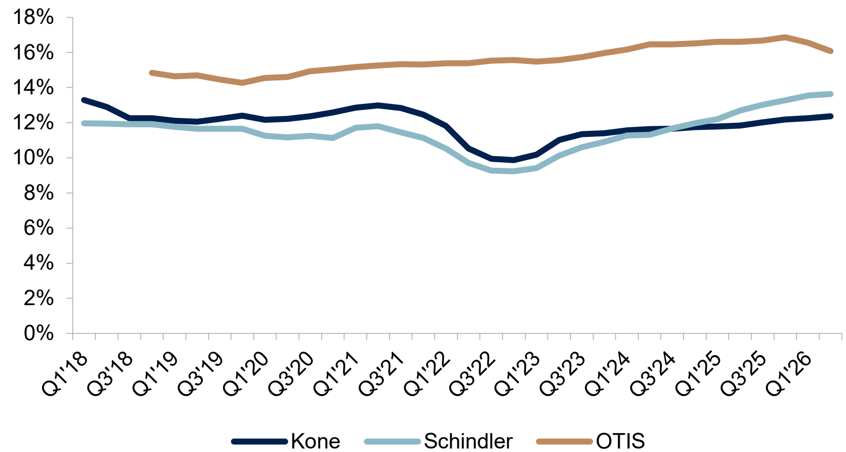


Source: ABG Sundal Collier, Company data, FactSet,

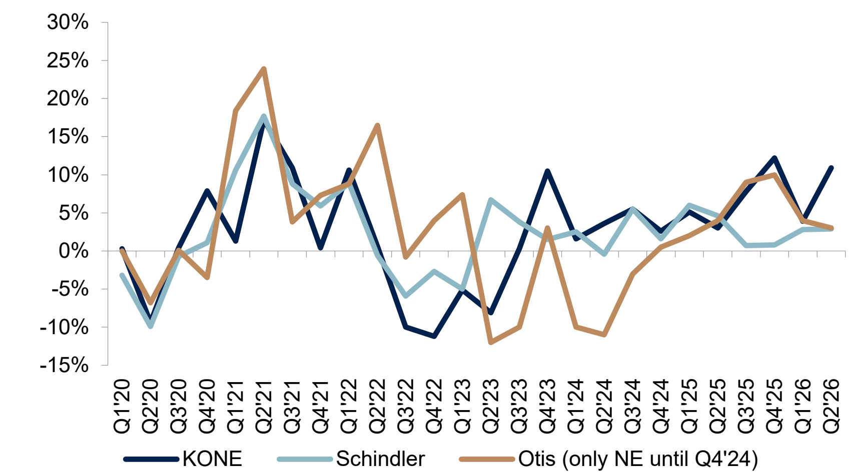
Elevators and escalators

- Kone outperformed on order growth (+11% versus 3% for Schindler and Otis).
- FY’26 sales growth guidance maintained all around: Kone “to grow 3-6%”, Schindler “low to mid single digits”, OTIS “low to mid single digits”.
- R12M margins y-o-y: Kone +60bps, Schindler +90bps, OTIS -50bps.

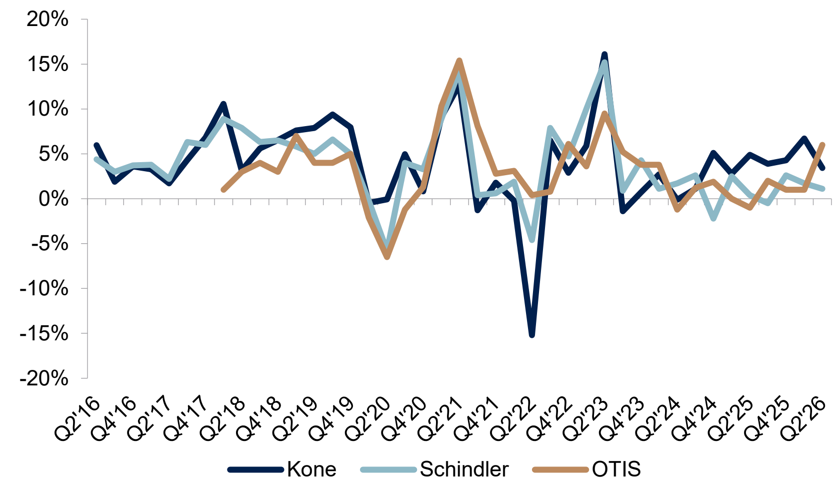
R12M adj. EBIT margin



Organic order growth y-o-y



Organic sales growth y-o-y

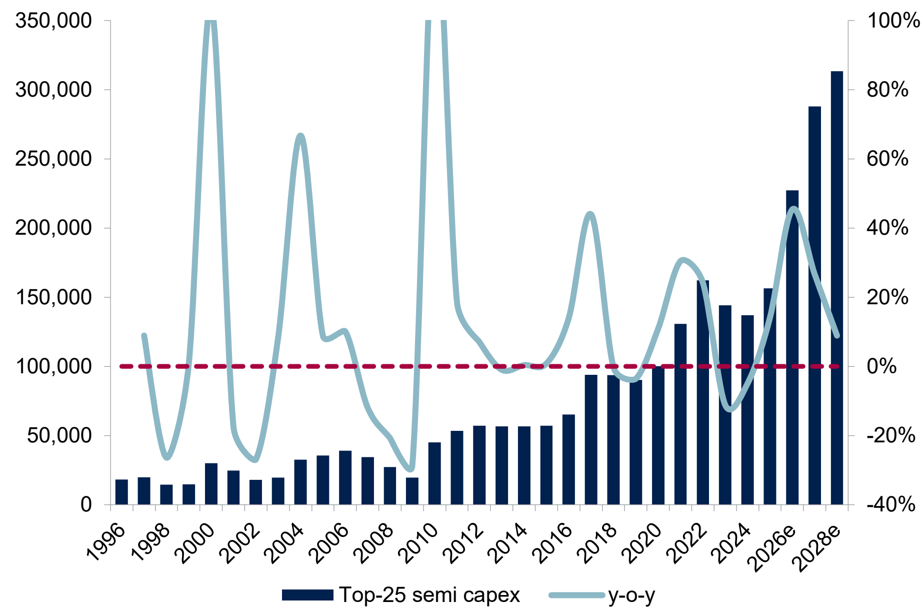


Source: ABG Sundal Collier, Company data, FactSet,

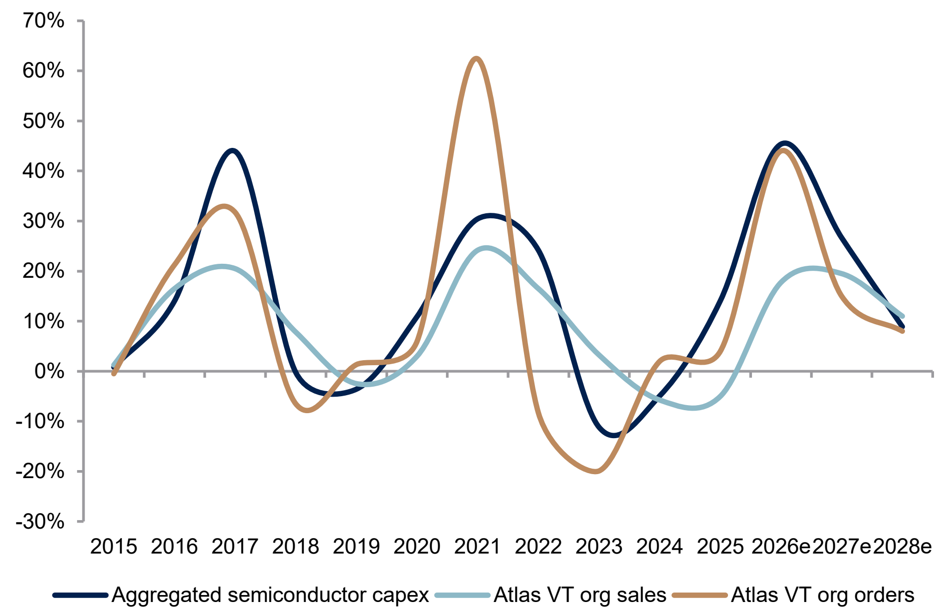
Semiconductor capex

- Semiconductor capex expectations have moved up further. Looking at FactSet consensus, capex from the top-25 global semiconductor manufacturers is now expected to grow by 45% in 2026. Atlas Copco Vacuum Technique (50% related to semi/electronics capex) showed a 59% organic order increase in Q2'26, and we expect 45% in Q3 and 44% in FY'26.

Top-25 semiconductor company capex (USDm)



Semi capex and Vacuum Technique organic growth y-o-y

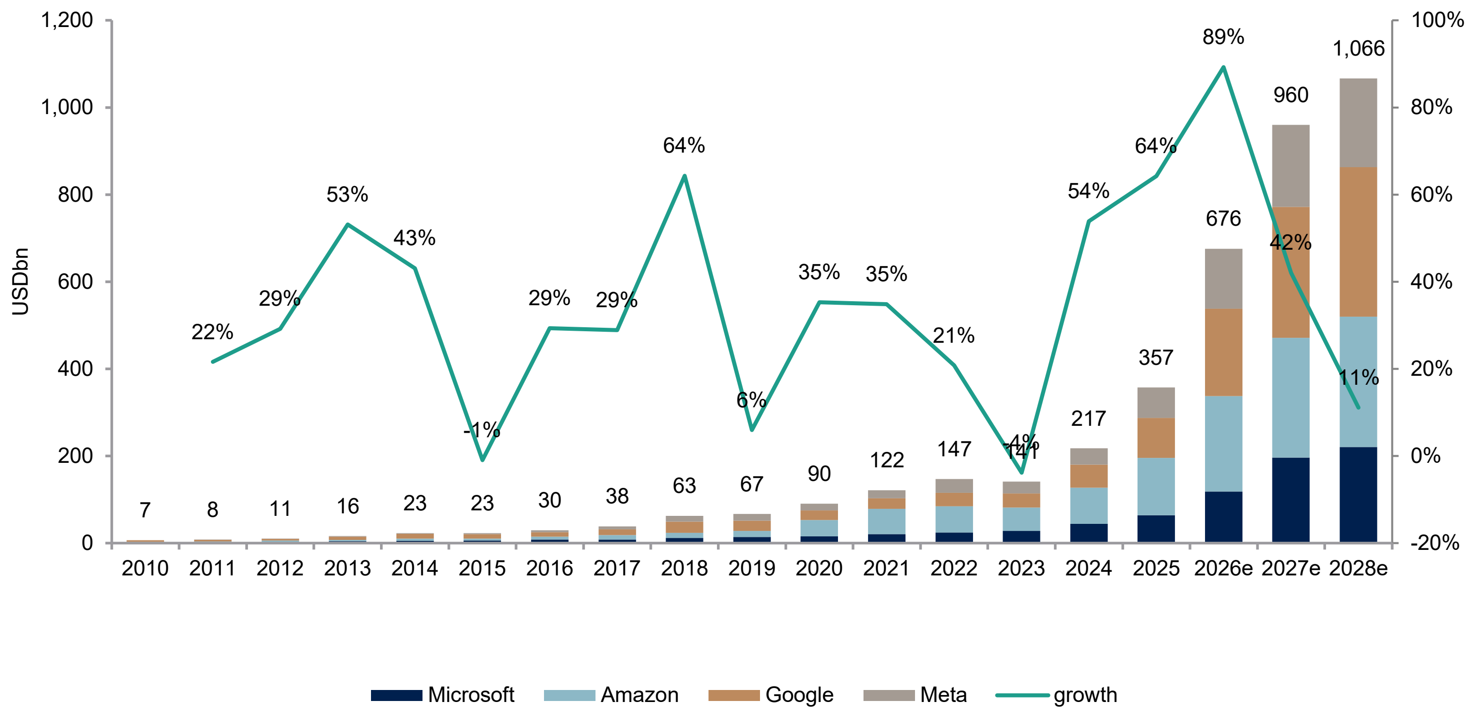


Source: ABG Sundal Collier, Company data, FactSet

Data center capex

Capex by the four largest hyperscalers is indicated to grow by another 89% in 2026 and 42% in 2027.

Consensus capex (USDm)

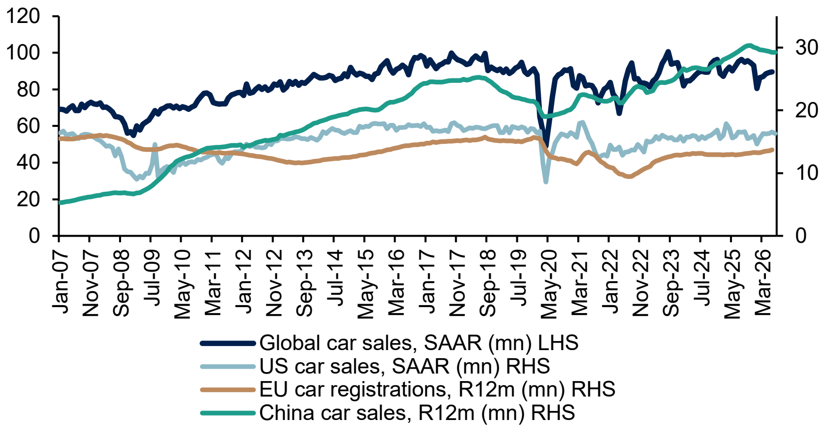


Source: FactSet

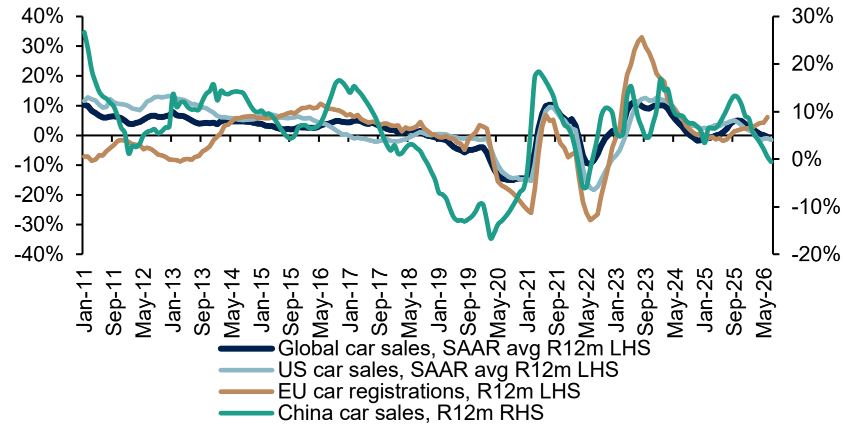
Auto data

For 2026, the latest forecasts for global LVP growth point to a 2-3% decline in LVP due to a decline in Chinese domestic car sales (exports have been strong), and still slow overall markets in the US and Europe. For Autoliv, content per vehicle grew in all regions, and encouragingly so in China as well.

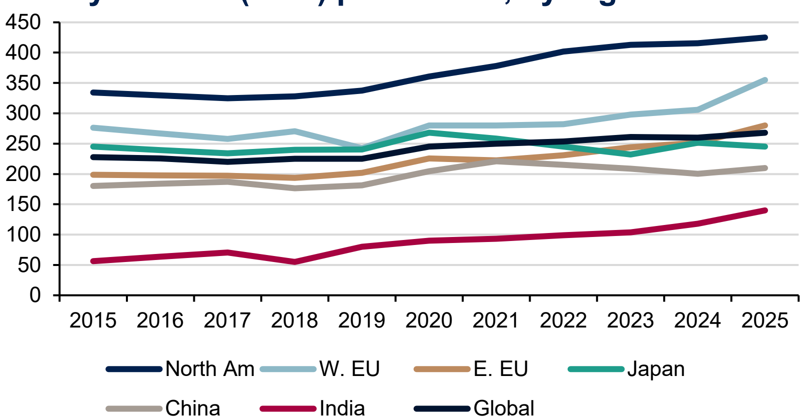
Annualised car sales / registrations



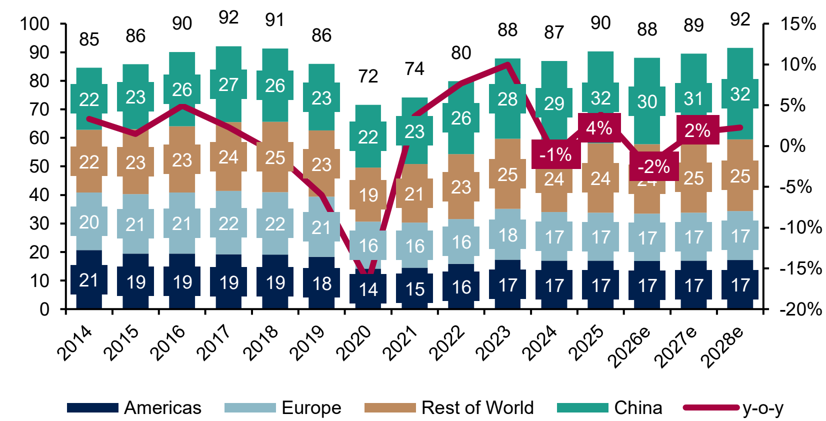
Annualised car sales / registrations y-o-y



Safety content (USD) per vehicle, by region



Global LVP, millions



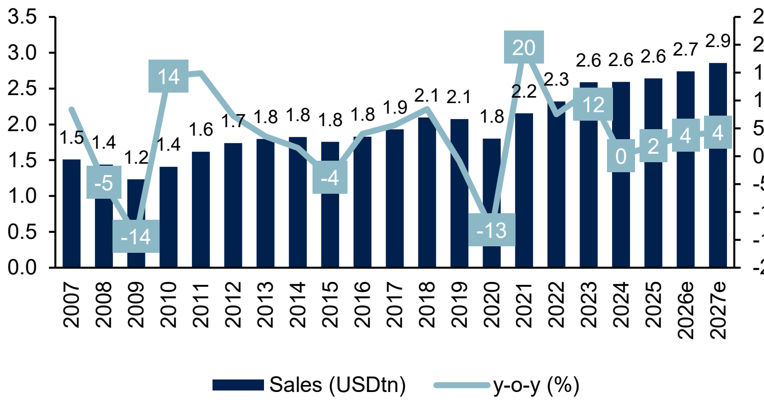
Source: ABG Sundal Collier, Autoliv, ACEA, BBG

Source: ABG Sundal Collier, Autoliv

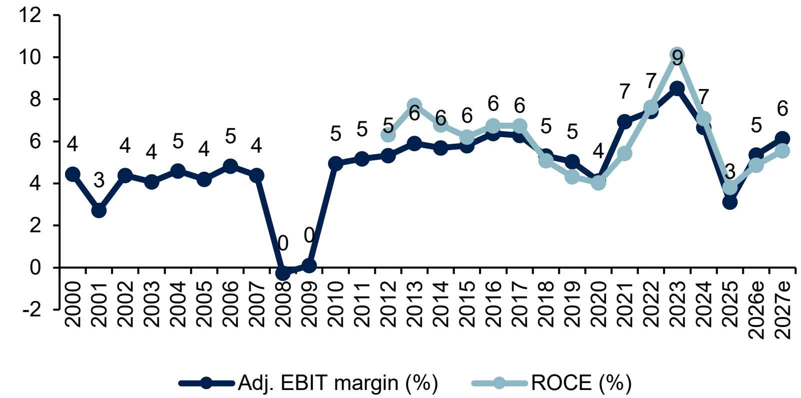
State of the car industry

Despite the tariff uncertainty, low end-market demand and supply chain disturbances, expectations for automotive OEMs have remained stable. Expectations are for 4% sales growth in 2026e (+4% last month) and +4% 2027e. Expectations are also that margins troughed in 2025 and should approach historical levels in 2026. On the supplier level, capex spending is expected to grow 5% y-o-y after +2% in 2025. Capex intensity has increased again in 2025-2026 vs. 2018-2023 levels.

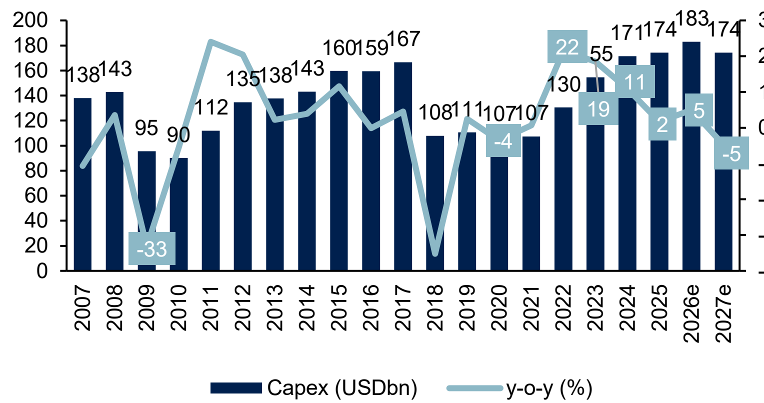
Aggregate sales for 25 car OEMs



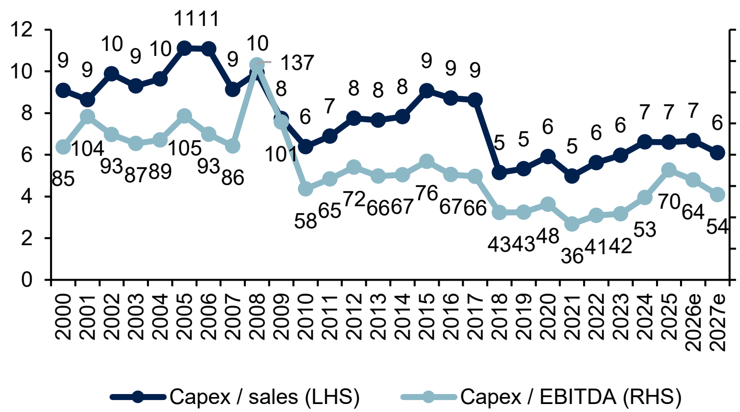
Aggregate profitability (median for ROCE)



Aggregate capex development



Capex intensity

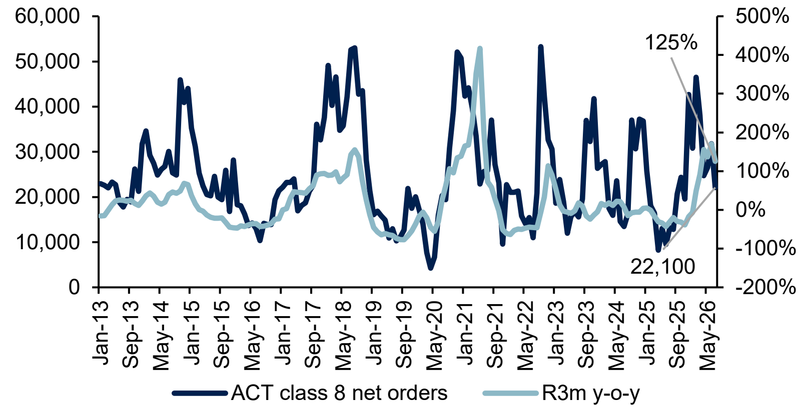


Source: ABG Sundal Collier, company data, FactSet

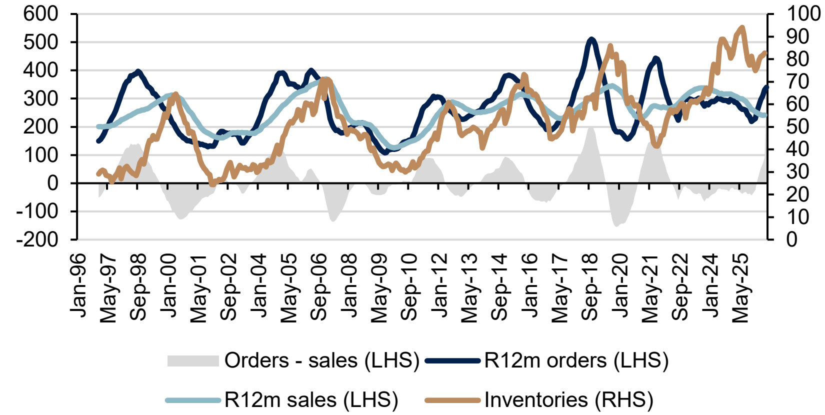
The US truck market

ACT Class 8 truck orders were still solid in July after a strong H1'26, and arrived at 22.1k, up 68% y-o-y and -30% m-o-m. The numbers continue to be encouraging in light of geopolitical uncertainty and high fuel costs, as higher spot freight rates and regulatory clarity have supported higher orders. Annualised orders were 365k (+70% y-o-y). Q2 orders were up 170% y-o-y, vs. Volvo's 122% and Traton's 176%. Retail sales should return to growth from Q3. We have 5% delivery growth for Volvo and 7% for Traton in the US in 2026.

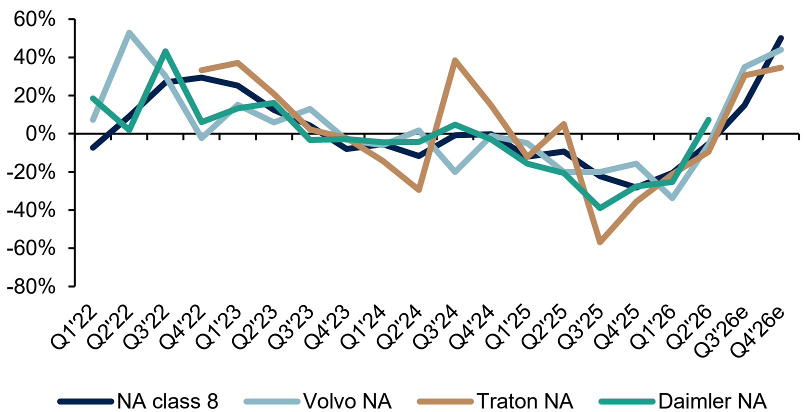
ACT Class 8 net orders



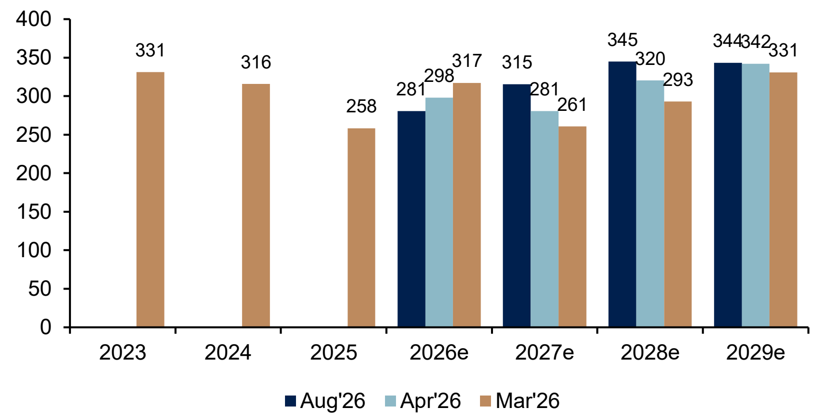
Orders and inventory levels



Retail sales vs. truck deliveries y-o-y



ACT's North Am. Class 8 sales outlook (thnd units)

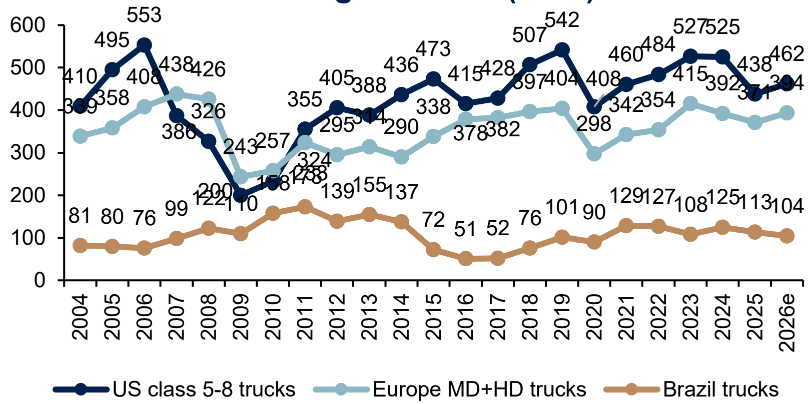


Source: ABG Sundal Collier, company data, ACT

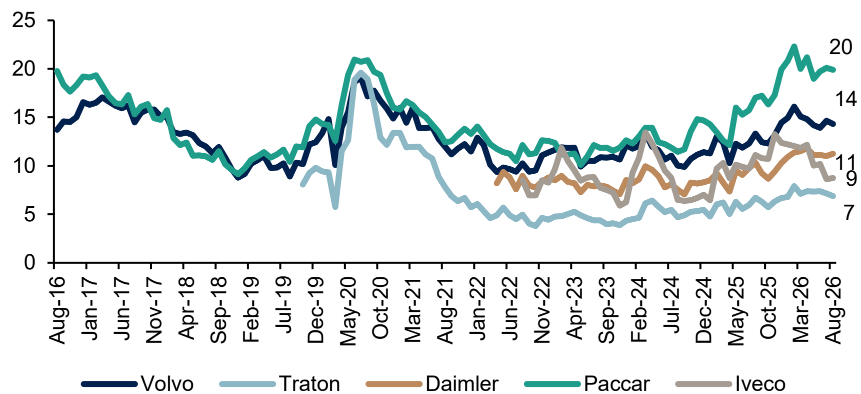
Truck data

For 2026, Volvo expects the North American market to grow by 3% (ACT 9%), Europe to grow by 6% and Brazil to decline by 8%. Based on encouraging order figures and rising PMIs, we believe visibility for an upcoming upturn in the truck has considerably improved, and also lowered the earnings uncertainty in both Volvo and Traton, with the caveat that tariffs are still an issue, but less so now that reimbursements are starting to support P&L margins (cash impact has not yet occurred).

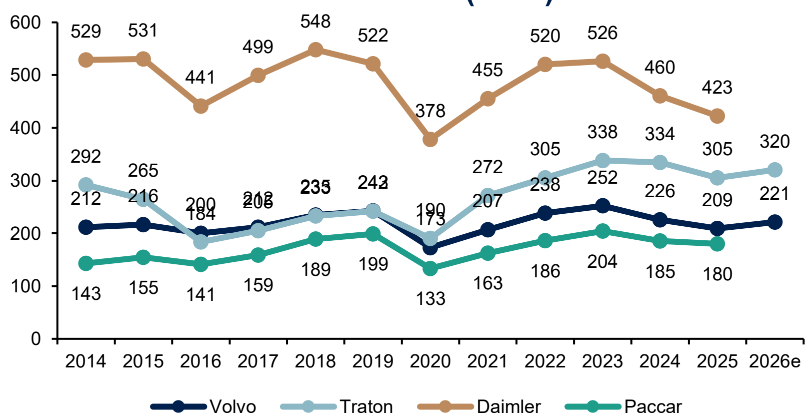
Global truck sales/registrations (thnd)



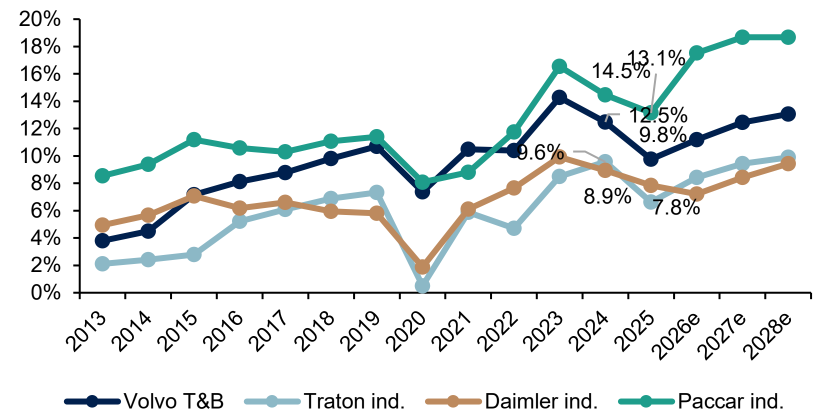
Truck F12m P/E



Global truck & bus deliveries (thnd)



Truck & Bus adj. EBIT margins

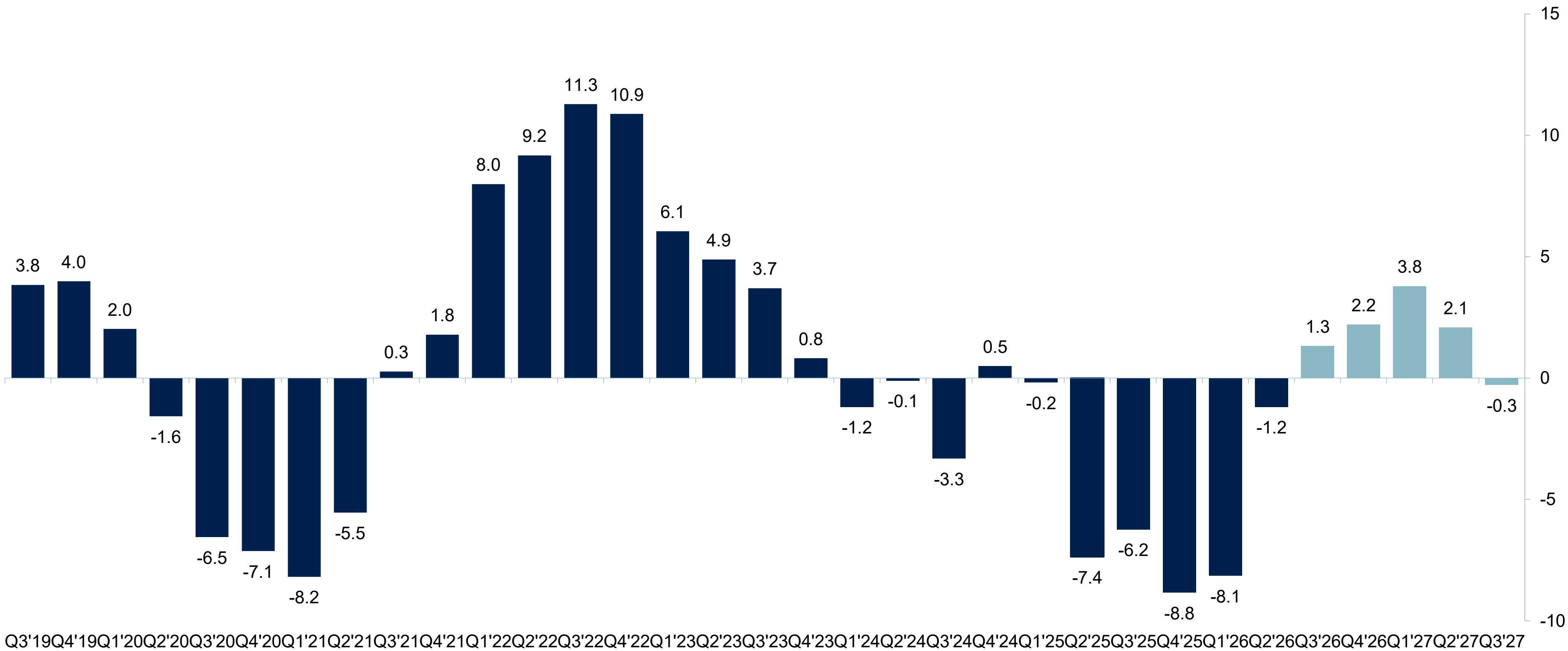


Source: ABG Sundal Collier, company data, ACT, ACEA, Anfavea, FactSet, pf for Traton pre-2016

Estimates and performance

Currency impact on sales for Swedish engineers (average)

At current rates, Swedish engineers will have an FX tailwind of ~1% in Q3’26e and a headwind of ~1% for FY’26.

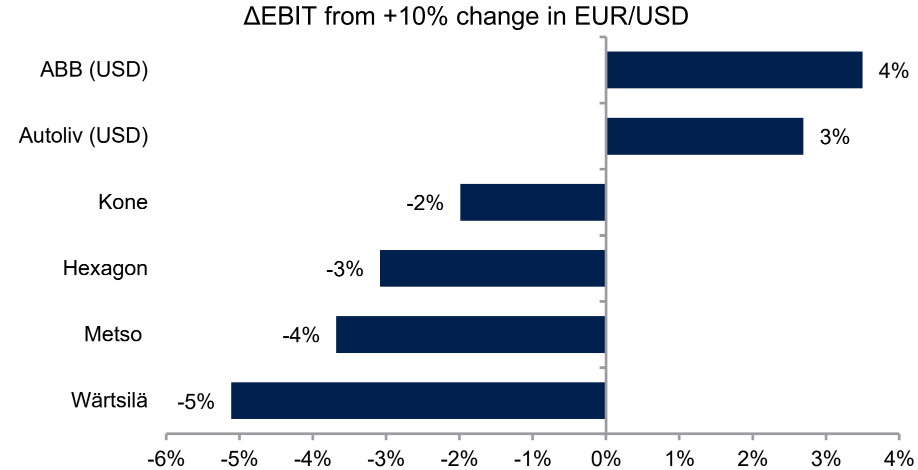


Source: ABG Sundal Collier, Company data, FactSet

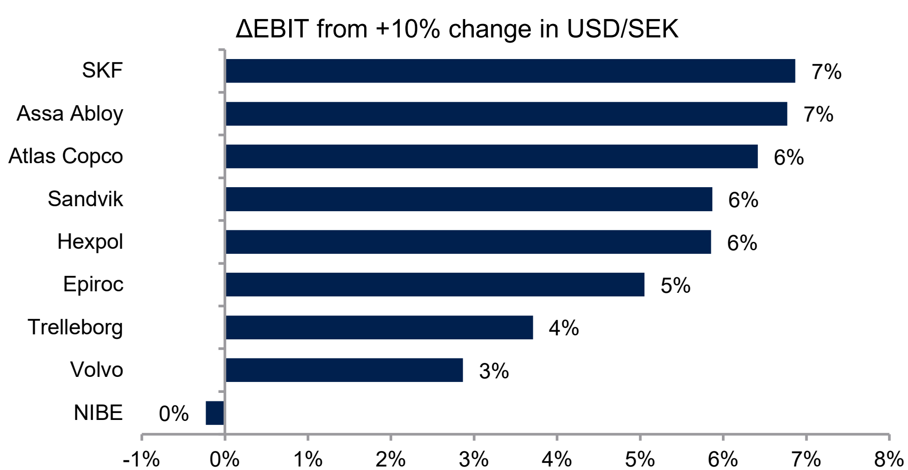
Currency sensitivity for Nordic engineers

- Most Swedish companies benefit from a weaker SEK.

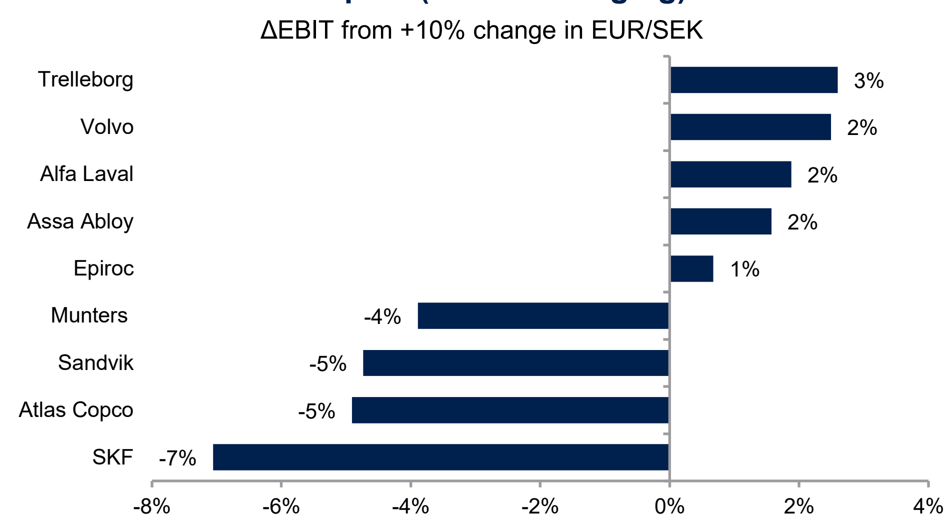
Nominal EBIT impact (without hedging) of EUR/USD +10%



Nominal EBIT impact (without hedging) of USD/SEK +10%



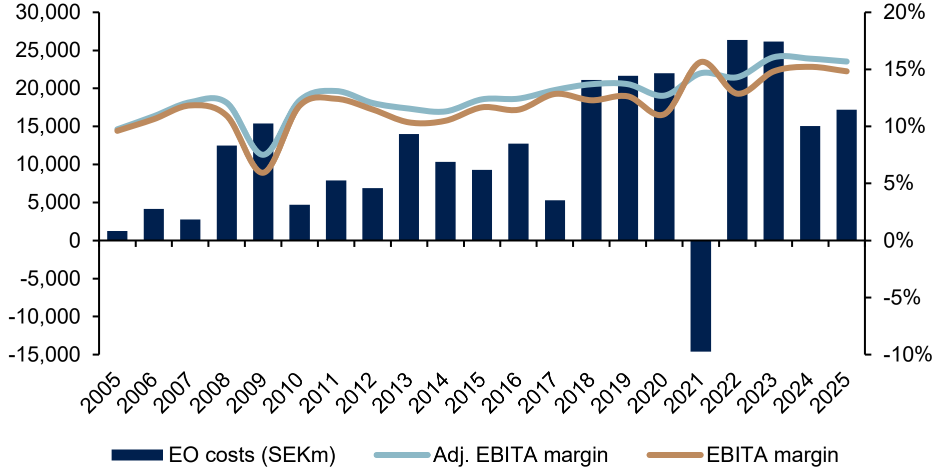
Nominal EBIT impact (without hedging) of EUR/SEK +10%

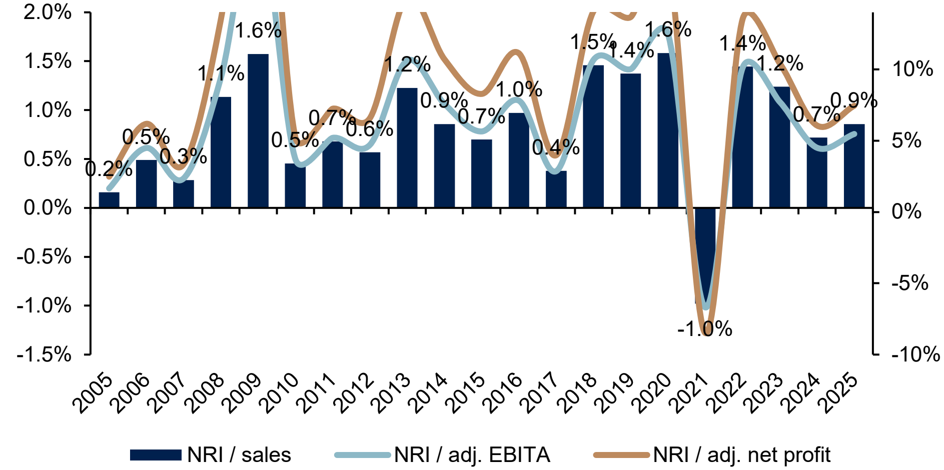


Source: ABG Sundal Collier, Company data

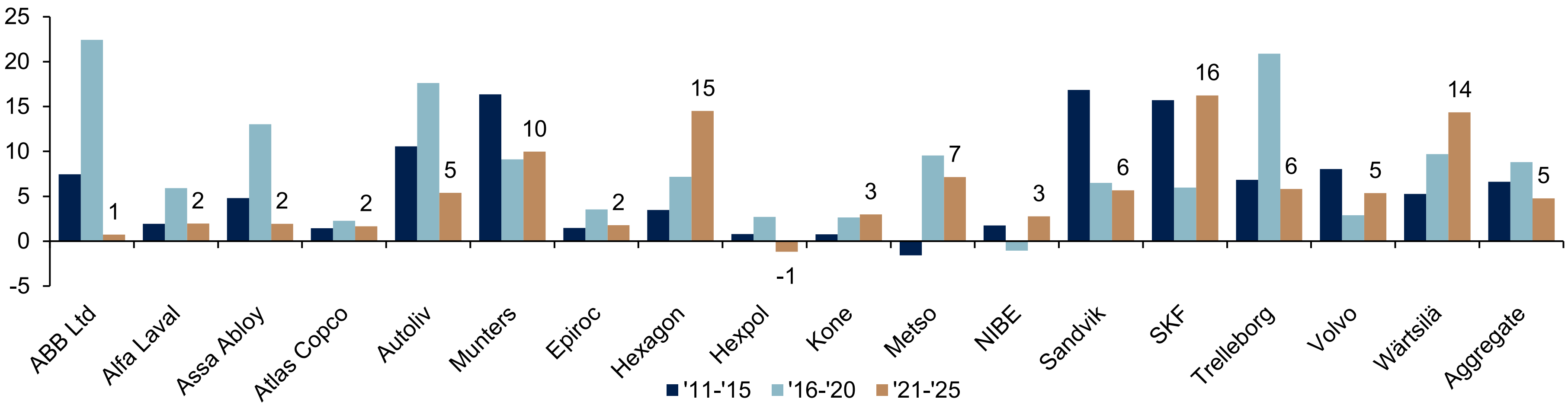
EO items’ impact on earnings

Since 2005, NRIs have shaved 7% off adj. earnings and 0.8% off margins





NRI / adj. EBITA 2011-2015, 2016-2020 and 2021-25 (%)



Source: ABG Sundal Collier, Company data

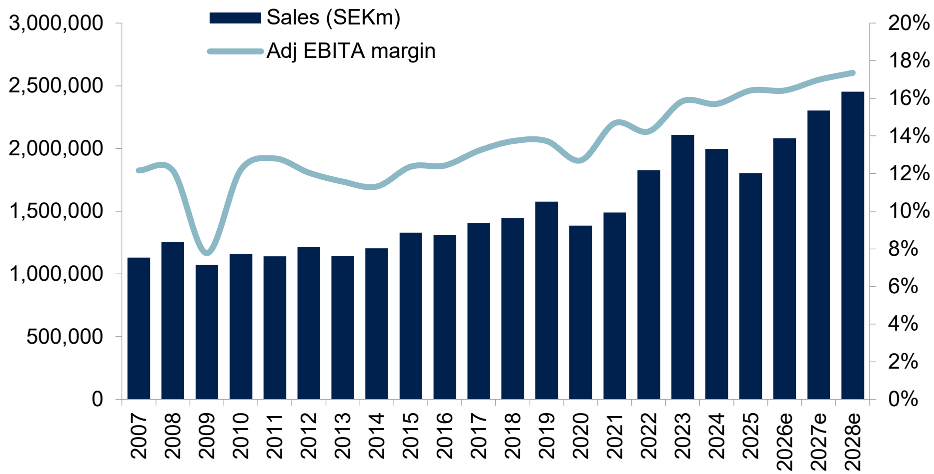
Adj. EBIT/EBITA growth

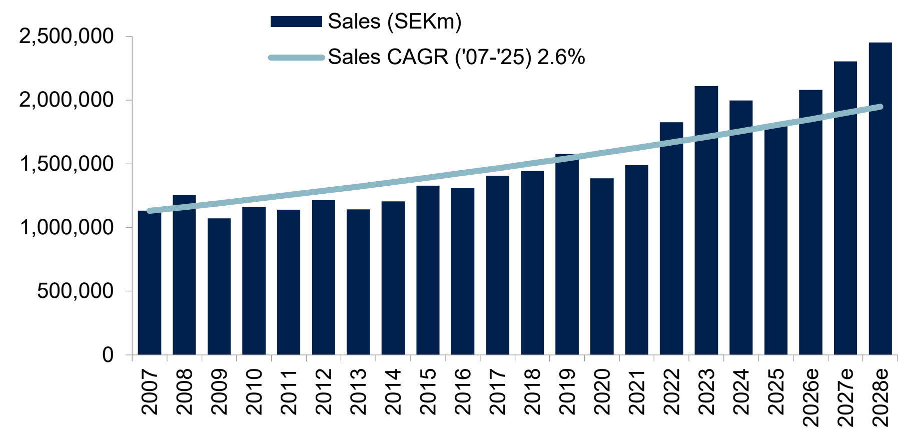
Adj. EBIT/A margin y-o-y	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26	Q3'26e	Q4'26e
ABB	0.4%	0.7%	1.5%	1.6%	1.9%	1.8%	0.8%	1.5%	1.8%	1.5%	1.6%	0.5%	2.1%	0.2%	0.1%	0.9%	3.3%	1.1%	1.9%	1.7%
Alfa Laval	0.0%	-0.9%	-3.4%	-1.7%	-0.2%	-1.6%	2.0%	0.6%	-0.6%	1.8%	0.6%	0.1%	1.3%	1.1%	1.2%	0.9%	0.5%	-0.9%	-0.6%	0.8%
Assa Abloy	0.4%	-0.2%	0.6%	0.0%	1.0%	0.9%	-0.9%	-0.2%	-0.6%	0.1%	2.0%	1.0%	-0.5%	0.2%	0.1%	0.3%	0.4%	0.8%	0.3%	0.4%
Atlas Copco	0.0%	-0.2%	0.3%	-1.8%	0.0%	0.6%	0.5%	2.1%	0.4%	0.0%	-0.8%	-0.3%	-1.4%	-1.4%	-0.6%	-1.3%	-0.2%	0.6%	0.0%	0.6%
Autoliv	-7.4%	-2.3%	1.9%	1.6%	2.1%	2.1%	1.9%	2.1%	2.4%	0.4%	-0.1%	1.2%	2.3%	0.8%	0.7%	-1.4%	-1.0%	0.4%	-0.4%	1.7%
Traton	-2.9%	-4.2%	3.0%	3.3%	3.4%	4.6%	3.2%	2.5%	1.9%	-0.1%	2.0%	0.8%	-3.3%	-2.4%	-3.0%	-3.0%	0.6%	3.4%	0.2%	2.5%
Epiroc	0.4%	1.0%	0.5%	0.8%	-0.4%	-2.0%	-2.1%	-3.0%	-2.6%	-1.9%	-2.2%	-1.0%	-0.5%	0.1%	-0.7%	-0.2%	0.0%	0.3%	0.8%	1.0%
Hexagon	1.2%	0.3%	0.5%	-0.8%	0.0%	-0.6%	-0.2%	0.7%	0.1%	0.6%	-0.1%	0.6%	-2.9%	-3.2%	-2.2%	-1.7%	0.0%	-0.3%	0.7%	-1.5%
Hexpol	-3.5%	-3.4%	-2.3%	-0.6%	0.8%	1.7%	2.9%	2.5%	1.2%	0.2%	-1.0%	-3.8%	-1.4%	-1.4%	-1.4%	-1.5%	-1.4%	0.3%	0.5%	0.8%
Kone	-2.7%	-5.1%	-2.3%	-0.5%	1.4%	3.5%	1.3%	0.2%	0.8%	0.2%	0.1%	0.2%	0.2%	0.2%	0.7%	0.6%	0.4%	0.4%	0.7%	0.8%
Metso	1.7%	-0.7%	1.9%	2.7%	1.7%	4.8%	0.7%	1.3%	0.6%	-0.3%	0.7%	-0.6%	-0.5%	-2.1%	-0.1%	-0.1%	0.4%	2.0%	0.4%	0.4%
Munters	-2.8%	-3.7%	-0.5%	-0.5%	2.8%	3.1%	3.0%	2.7%	1.8%	4.2%	2.1%	-0.2%	-0.6%	-4.1%	-2.8%	-2.6%	-2.6%	-2.7%	-0.6%	5.2%
NIBE	-0.6%	-1.3%	-0.7%	2.1%	3.2%	1.8%	1.2%	-2.6%	-9.9%	-9.0%	-6.7%	-3.4%	2.6%	2.7%	2.2%	3.1%	0.9%	1.1%	1.4%	0.1%
Sandvik	0.6%	0.0%	1.0%	2.7%	-0.2%	1.1%	-0.1%	-1.1%	-1.6%	-0.9%	-0.7%	0.0%	1.5%	-0.6%	-0.4%	0.1%	0.3%	3.6%	3.4%	2.5%
SKF	-0.7%	-4.6%	-4.7%	-0.7%	-0.2%	2.9%	2.9%	2.0%	0.3%	-0.3%	0.4%	-0.9%	0.1%	0.4%	0.4%	0.7%	0.0%	0.6%	0.9%	1.2%
Trelleborg	0.6%	1.7%	2.1%	1.6%	-0.5%	-0.7%	-0.2%	0.4%	0.6%	0.4%	-0.2%	1.2%	0.1%	0.2%	0.7%	0.3%	0.2%	0.7%	1.1%	0.6%
Volvo	-0.5%	0.8%	-0.7%	-0.8%	2.0%	3.9%	4.1%	3.3%	-0.2%	-1.6%	-2.4%	-2.3%	-3.0%	-2.9%	-1.5%	0.2%	0.1%	0.7%	0.9%	2.3%
Wärtsilä	0.8%	-0.6%	-2.5%	-4.8%	0.6%	1.3%	3.0%	5.5%	3.9%	3.8%	1.4%	0.5%	0.8%	0.7%	1.6%	1.4%	1.8%	2.0%	1.1%	1.5%
Aggregate	**-1.1%**	**-1.3%**	**0.2%**	**0.4%**	**1.5%**	**2.5%**	**1.9%**	**1.8%**	**0.5%**	**-0.2%**	**0.1%**	**-0.1%**	**-0.8%**	**-1.1%**	**-0.6%**	**-0.4%**	**0.7%**	**1.4%**	**0.8%**	**1.5%**

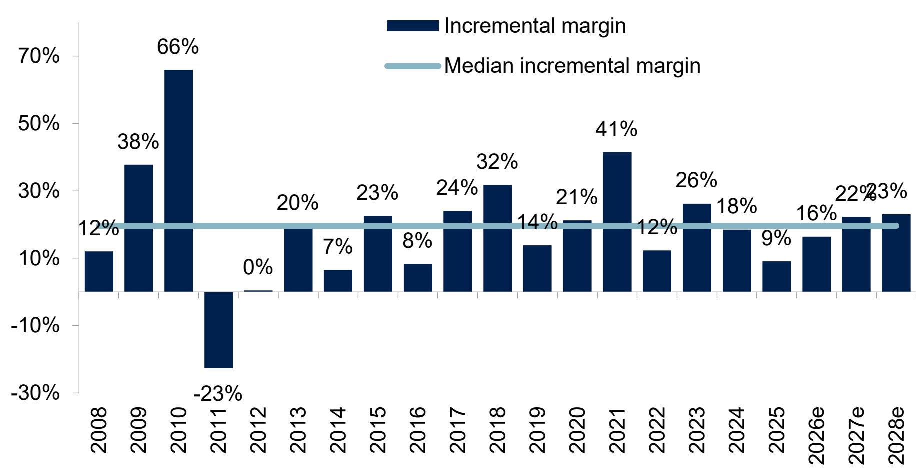
Adj. EBIT/A y-o-y	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26	Q3'26e	Q4'26e
ABB	4%	2%	16%	16%	28%	25%	13%	16%	11%	10%	12%	8%	13%	9%	12%	11%	28%	13%	17%	23%
Alfa Laval	19%	13%	4%	27%	31%	21%	36%	12%	2%	23%	7%	3%	19%	2%	14%	11%	0%	2%	5%	12%
Assa Abloy	26%	23%	39%	28%	30%	24%	9%	11%	5%	11%	15%	14%	4%	1%	3%	-1%	-3%	9%	8%	9%
Atlas Copco	16%	19%	39%	24%	33%	35%	19%	24%	10%	3%	-7%	1%	-7%	-14%	-6%	-13%	-6%	12%	13%	16%
Autoliv	-71%	-25%	68%	32%	93%	71%	41%	43%	52%	4%	-2%	4%	28%	14%	14%	-3%	-4%	7%	-4%	14%
Traton	-14%	-28%	>100%	>100%	>100%	>100%	66%	48%	27%	-2%	28%	4%	-37%	-28%	-36%	-33%	5%	55%	11%	56%
Epiroc	28%	27%	31%	29%	23%	22%	7%	-2%	-9%	-5%	-6%	5%	7%	-8%	-6%	-8%	-7%	12%	15%	20%
Hexagon	24%	20%	24%	12%	11%	4%	2%	5%	1%	1%	-4%	3%	-8%	-10%	-7%	-7%	-27%	-27%	-21%	-29%
Hexpol	10%	15%	24%	29%	22%	13%	11%	3%	-4%	-4%	-14%	-25%	-7%	-16%	-14%	-19%	-16%	1%	9%	24%
Kone	-21%	-44%	-6%	2%	23%	59%	3%	-2%	8%	1%	1%	8%	7%	4%	7%	4%	5%	7%	16%	16%
Metso	35%	13%	45%	28%	36%	61%	5%	7%	-2%	-12%	-4%	-7%	-7%	-12%	9%	10%	6%	21%	15%	13%
Munters	2%	5%	36%	40%	94%	76%	72%	54%	28%	41%	21%	17%	1%	-27%	-16%	-35%	-22%	-15%	10%	>100%
NIBE	22%	13%	22%	60%	69%	38%	25%	-16%	-71%	-64%	-50%	-29%	51%	40%	25%	30%	11%	19%	23%	11%
Sandvik	19%	15%	24%	23%	23%	26%	7%	-3%	-14%	-7%	-7%	1%	9%	-8%	-6%	1%	6%	48%	42%	33%
SKF	10%	-21%	-20%	12%	14%	46%	39%	15%	-5%	-8%	-5%	-7%	-2%	-7%	-2%	-5%	-9%	4%	13%	18%
Trelleborg	-11%	-7%	4%	3%	19%	14%	11%	6%	-2%	2%	-2%	11%	8%	-1%	5%	-3%	-2%	11%	15%	14%
Volvo	7%	41%	26%	21%	45%	58%	61%	51%	-1%	-11%	-26%	-24%	-27%	-31%	-17%	-9%	-8%	10%	25%	45%
Wärtsilä	50%	15%	-8%	-40%	31%	25%	52%	84%	44%	59%	37%	18%	28%	17%	9%	22%	15%	5%	-4%	-3%
Aggregate	**8.7%**	**10.6%**	**33.8%**	**32.8%**	**42.9%**	**48.3%**	**30.5%**	**23.3%**	**4.9%**	**-0.5%**	**-2.6%**	**-0.9%**	**-6.8%**	**-13.2%**	**-8.6%**	**-9.1%**	**-1.0%**	**14.4%**	**13.6%**	**23.4%**

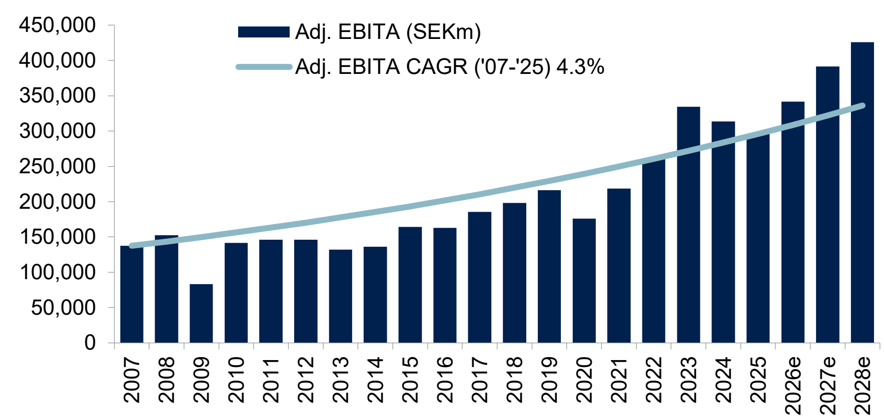
Source: ABG Sundal Collier, Company data

Long-term sector growth and earnings









Source: ABG Sundal Collier

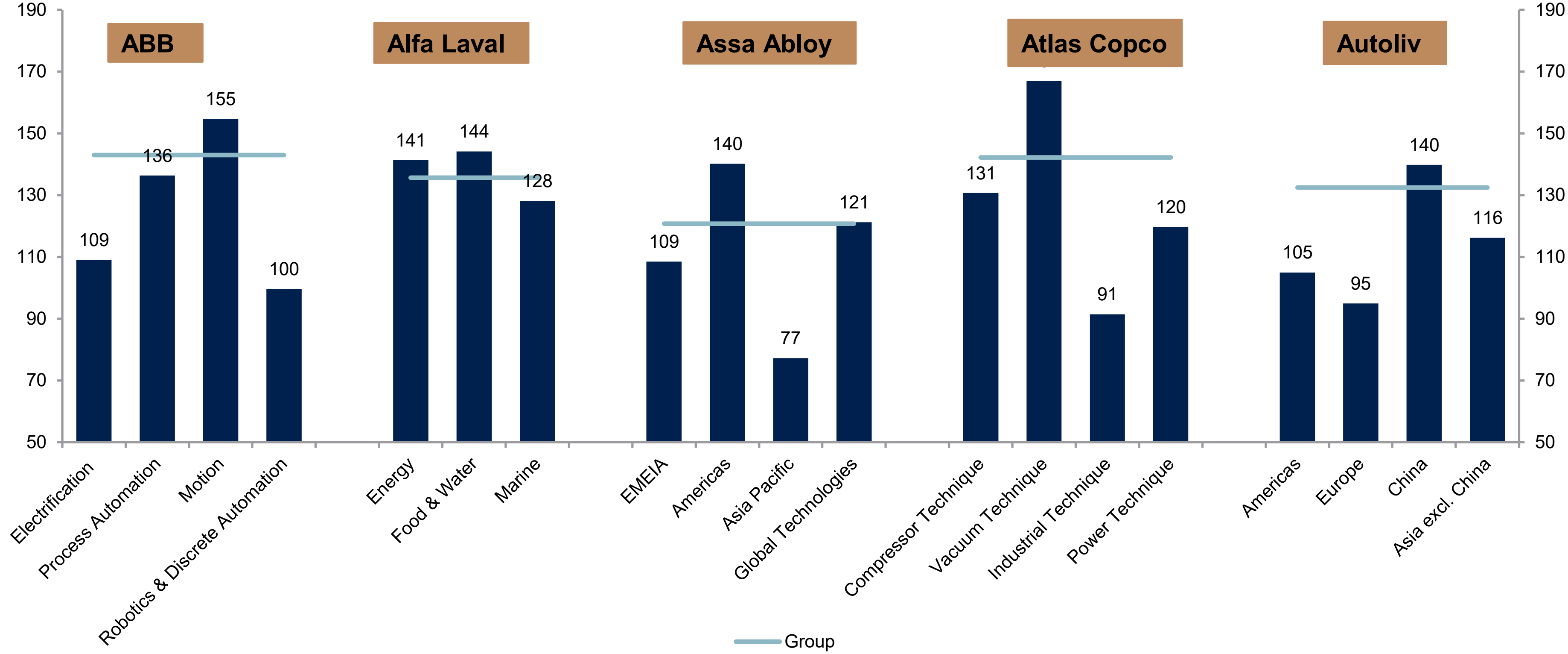
Organic growth rates

Marathon (15-25)		Race (19-25)		Futures (25-28)	
Munters	9.6%	Munters	12.0%	Munters	19.6%
Metso	6.5%	Wärtsilä	7.0%	ABB	10.6%
Epiroc	6.3%	ABB	6.3%	Wärtsilä	10.3%
Atlas Copco	5.8%	Atlas Copco	6.3%	Volvo	10.1%
NIBE	5.6%	NIBE	5.9%	Sandvik	9.0%
Volvo	5.1%	Metso	5.6%	Epiroc	7.9%
Autoliv	4.7%	Epiroc	5.4%	Atlas Copco	7.2%
Alfa Laval	4.5%	Alfa Laval	5.4%	Metso	6.7%
ABB	4.2%	Autoliv	5.3%	Kone	6.6%
Wärtsilä	4.2%	Hexagon	4.2%	NIBE	6.6%
Hexagon	4.0%	Volvo	4.2%	Alfa Laval	6.3%
Kone	3.8%	Trelleborg	4.0%	Hexagon	5.2%
Assa Abloy	3.5%	Assa Abloy	3.4%	Trelleborg	4.9%
Sandvik	3.3%	Kone	2.7%	Assa Abloy	4.7%
Trelleborg	2.6%	Sandvik	2.6%	SKF	3.7%
SKF	1.9%	SKF	1.4%	Autoliv	3.2%

Source: ABG Sundal Collier, Company data

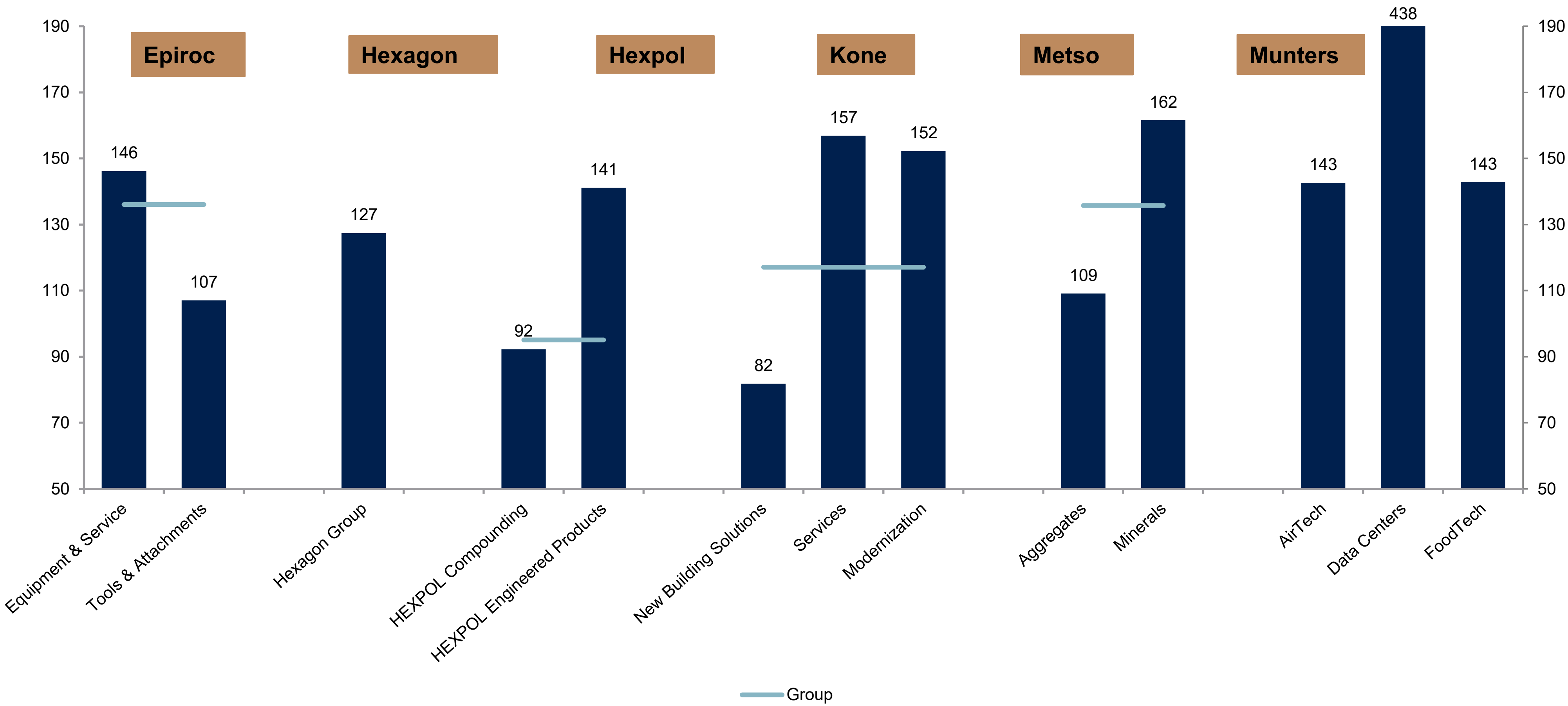
Organic sales (2019=100) 1/3

- **Atlas Copco**: Among the top achievers with remarkable consistency between business areas. VT in particular is now at a cyclical low, meaning high growth is likely for the next five years as well.
- **ABB**: Good growth, but RA a clear underperformer. ABB is now exiting this business area (9% of group)
- **Alfa Laval**: Much focus on Marine but investors need to remember this is the lowest cross-cycle (and least valuable) part.
- **Autoliv**: The key to continued growth is market share gains in China and rest of Asia.



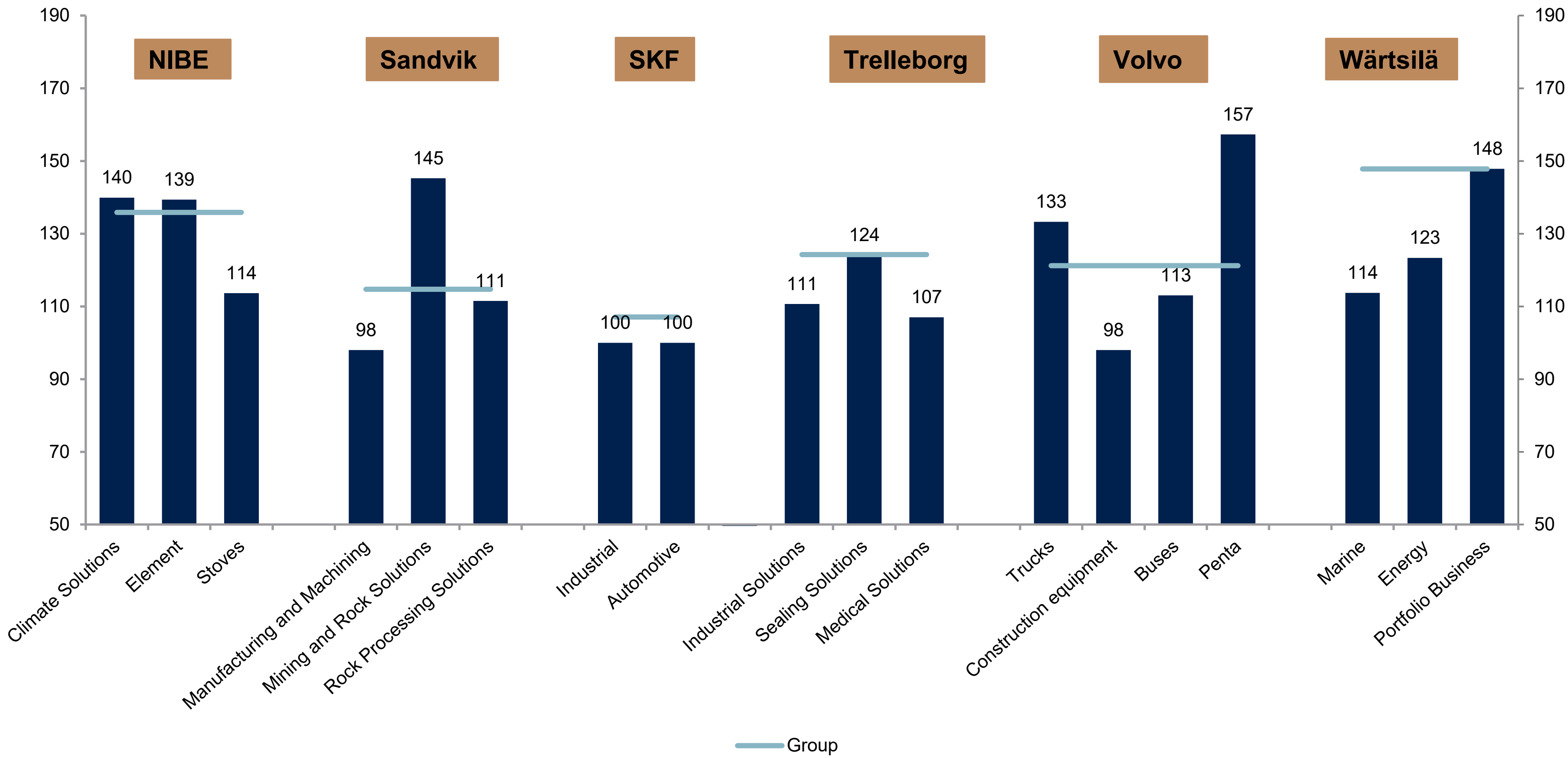
Organic sales (2019=100) 2/3

- **Munters**: Growth standout. Growth in its Data Center division has been +338%.
- For both **Epiroc** and **Metso**, strong mining growth has been partly offset by weak construction, but the total is still respectable.
- Impressive growth for **Kone's** service business. If the large equipment decline is now behind (as we believe), Kone will re-emerge as a growth company.



Organic sales (2019=100) 3/3

- **SKF** has shown unimpressive growth in both divisions (volumes are likely down versus 2019)
- **Sandvik** SMM has significantly dragged down a good mining performance, so that the total comes out on par with SKF. We believe that this is partly structural.
- **Volvo** Trucks has shown top-tier growth. Non-Truck divisions have shown solid earnings, as price/mix offsets slow deliveries



Return on incremental capital employed

Long-term improvement in earnings in relation to the increase in capital employed provides a good measure of the true incremental return on investment.

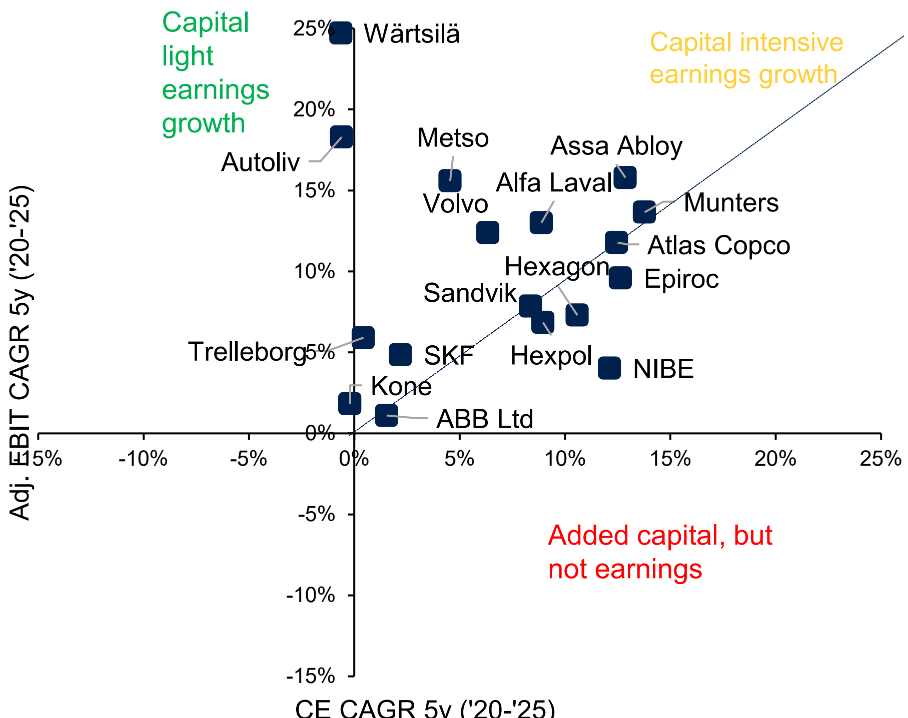
	Sales CAGR			Adj. EBIT CAGR			CE CAGR			Incr. adj. ROCE		
Company	**'3y**	**'5y**	**'8y**	**'3y**	**'5y**	**'8y**	**'3y**	**'5y**	**'8y**	**'3y**	**'5y**	**'8y**
Trelleborg	4%	1%	1%	4%	6%	4%	-10%	0%	2%	-4%	**144%**	28%
Metso	0%	6%	9%	4%	16%	16%	5%	5%	8%	14%	**44%**	25%
SKF	-2%	4%	2%	5%	5%	3%	-3%	2%	3%	-20%	**31%**	16%
Alfa Laval	10%	11%	9%	17%	13%	12%	6%	9%	8%	41%	**24%**	23%
Atlas Copco	6%	11%	5%	5%	12%	4%	8%	12%	7%	17%	**23%**	17%
ABB Ltd	1%	3%	0%	7%	1%	8%	5%	2%	1%	36%	**20%**	204%
Volvo	0%	7%	5%	0%	12%	7%	4%	6%	7%	2%	**20%**	12%
Assa Abloy	8%	12%	9%	10%	16%	9%	11%	13%	10%	13%	**17%**	14%
Epiroc	8%	11%	9%	1%	10%	9%	12%	13%	16%	2%	**16%**	14%
Sandvik	2%	7%	4%	1%	8%	5%	-1%	8%	7%	-9%	**15%**	13%
Traton	3%	14%	8%	11%	69%	9%	7%	10%	7%	9%	**14%**	7%
Hexpol	-5%	8%	6%	-5%	7%	4%	0%	9%	11%	-248%	**12%**	8%
Munters	12%	16%	11%	18%	14%	16%	9%	14%	8%	20%	**12%**	17%
Hexagon	2%	8%	6%	-1%	7%	8%	2%	11%	0%	-7%	**7%**	212%
NIBE	1%	9%	10%	-9%	4%	8%	9%	12%	12%	-11%	**3%**	6%
Kone	1%	3%	3%	8%	2%	2%	3%	0%	2%	93%	**-313%**	37%
Autoliv	7%	8%	1%	23%	18%	3%	3%	-1%	-2%	142%	**-411%**	-33%
Wärtsilä	6%	8%	4%	37%	25%	5%	4%	-1%	1%	142%	**-491%**	68%

Source: ABG Sundal Collier, Company data

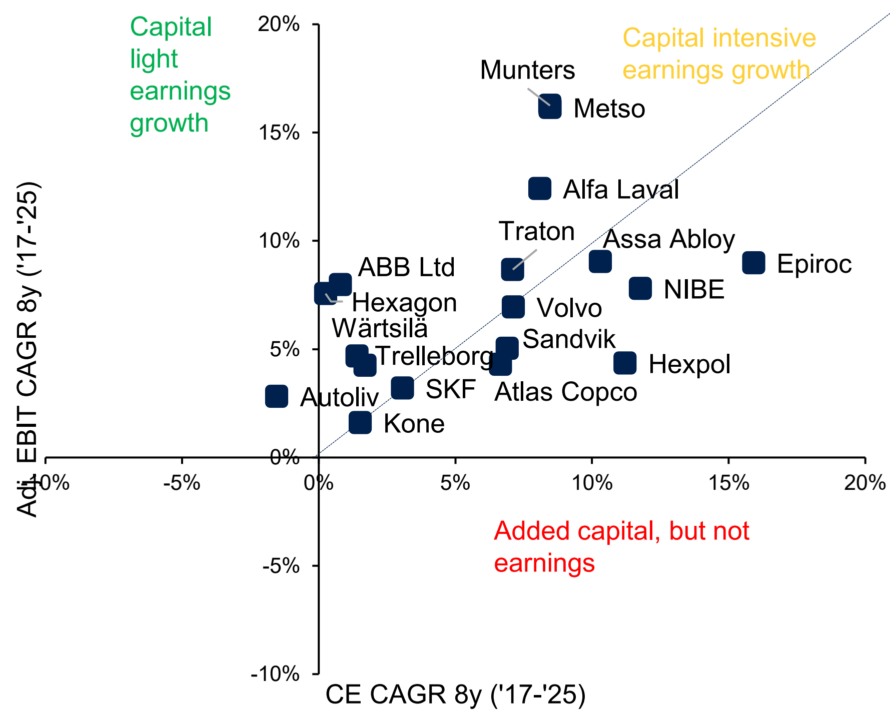
Return on incremental capital employed

In the period 2020-2025, Wärtsilä and Autoliv managed to show earnings growth in excess of growth of capital employed. Nibe, ABB, Epiroc, Hexpol and Hexagon grew earnings less than they grew capital.

Adj. EBIT vs. capital employed 5yr CAGR ('20-'25)



Adj. EBIT vs. capital employed 8yr CAGR ('17-'25)



Source: ABG Sundal Collier, Company data

Room for acquisitions

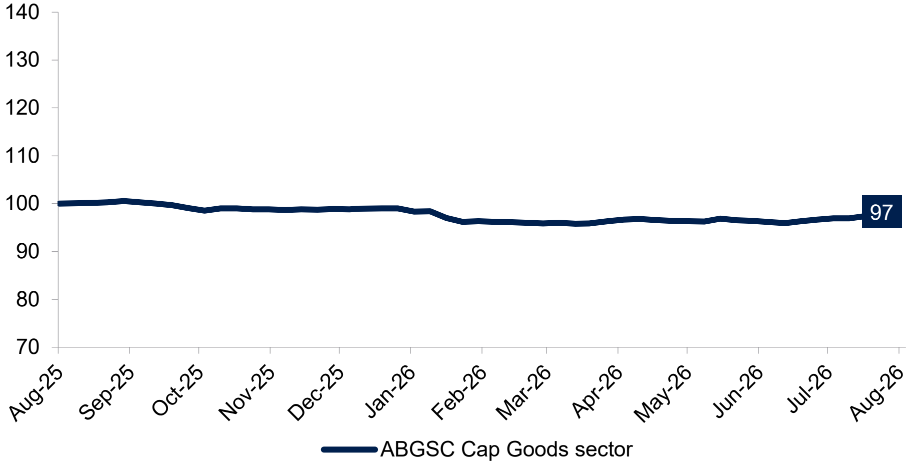
Balance sheets are generally strong and with a few exceptions, companies can do M&A. The following table is based on our assumption about which gearing levels each company would be comfortable with following an acquisition. Note that it does not say anything about their willingness to make acquisitions.

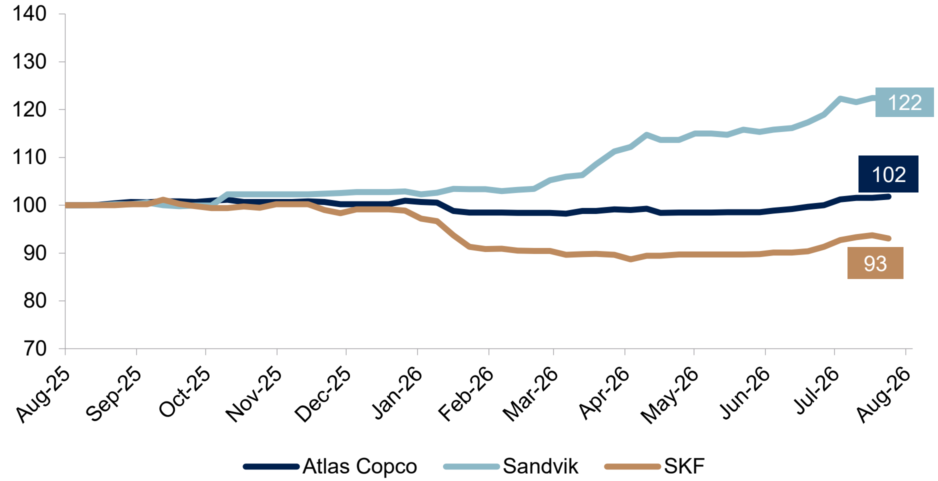
	NIBD/EBITDA 2026e	Scenario	Purchase EV/EBITDA	Acq. window (rep. FX)
Wärtsilä	-1.8x	1.5x	12.0x	3,741
Volvo	-0.6x	1.0x	10.0x	141,070
SKF	0.7x	2.5x	12.0x	34,857
Sandvik	0.7x	2.5x	12.0x	72,201
Assa Abloy	1.9x	3.5x	11.0x	57,940
ABB Ltd	-0.3x	1.5x	12.0x	16,105
Alfa Laval	0.8x	2.5x	12.0x	26,556
Atlas Copco	0.5x	2.0x	12.0x	79,954
Trelleborg	1.0x	2.5x	12.0x	13,209
Epiroc	0.6x	2.0x	12.0x	25,302
Hexagon	0.9x	2.5x	14.0x	2,606
Hexpol	0.7x	2.0x	12.0x	5,029
Kone	-0.4x	0.5x	12.0x	1,780
Autoliv	1.2x	1.5x	10.0x	616
Metso	1.2x	1.5x	11.0x	390
NIBE	2.3x	2.5x	12.0x	1,443
Munters	2.4x	2.5x	12.0x	277

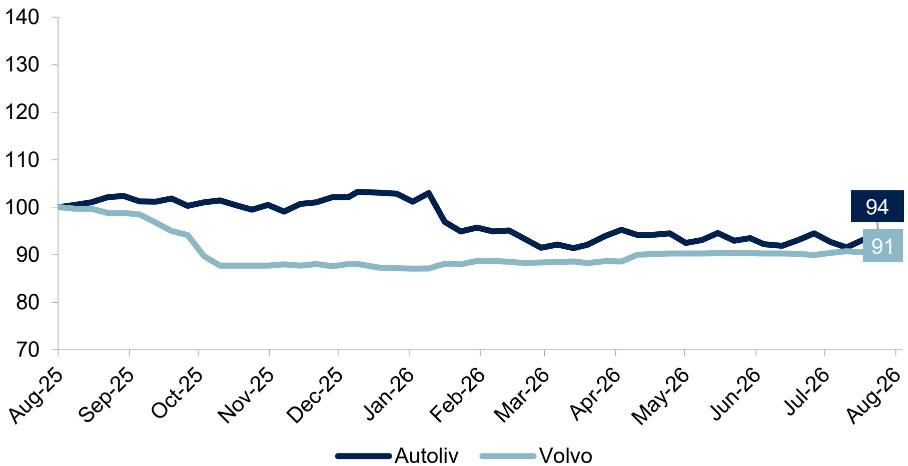
Source: ABG Sundal Collier

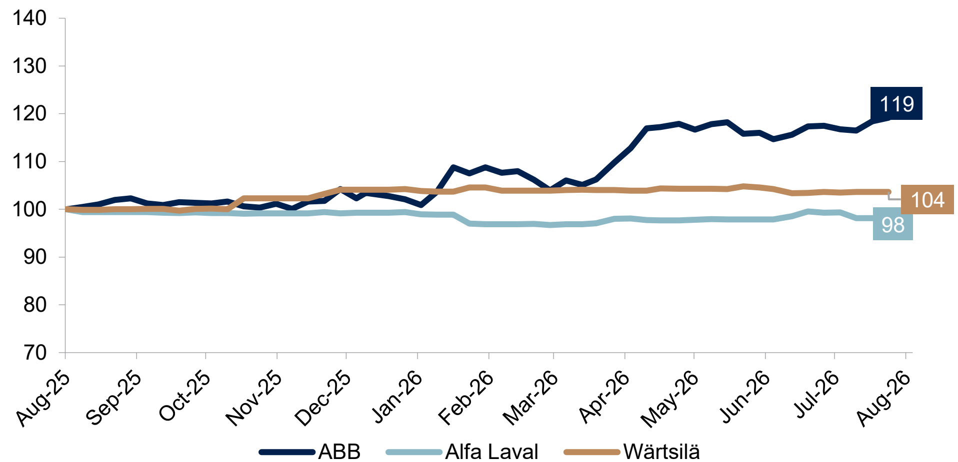
Indexed ’26e EPS consensus trend

The sector average ’26e EPS is 3% lower than a year ago. The estimate trend has been solid in ABB and Sandvik, while weak in Volvo.





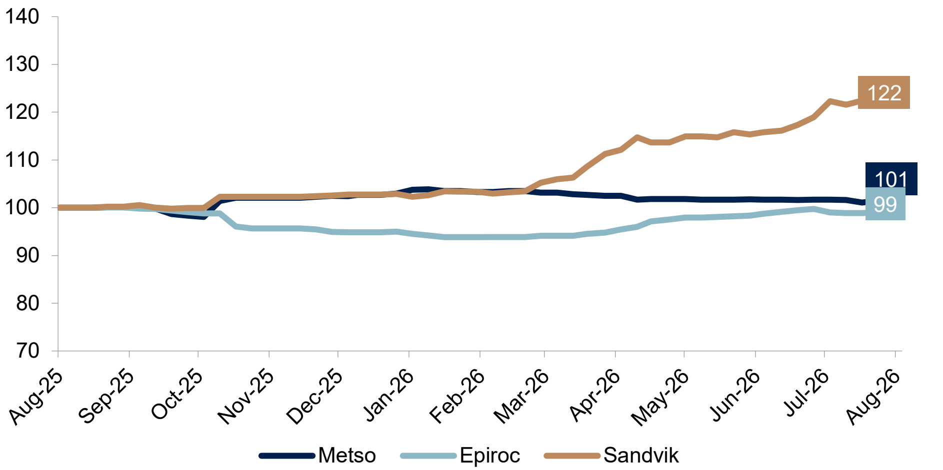


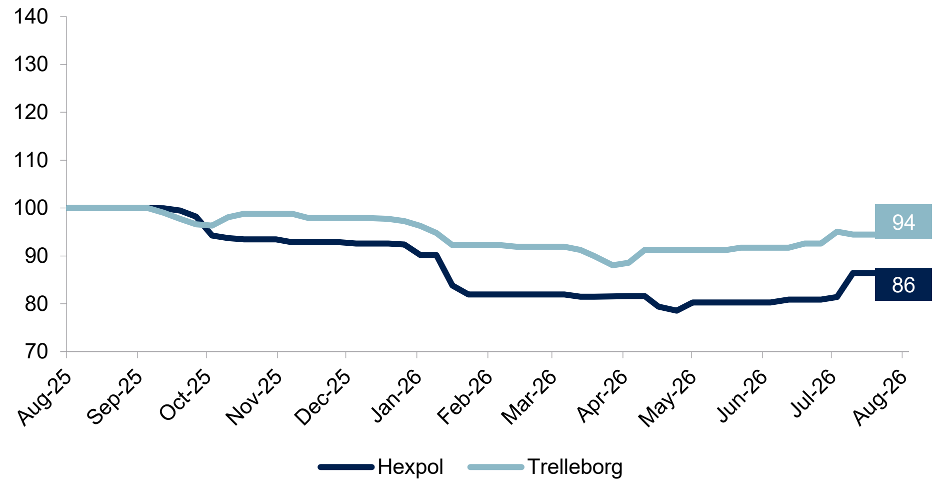


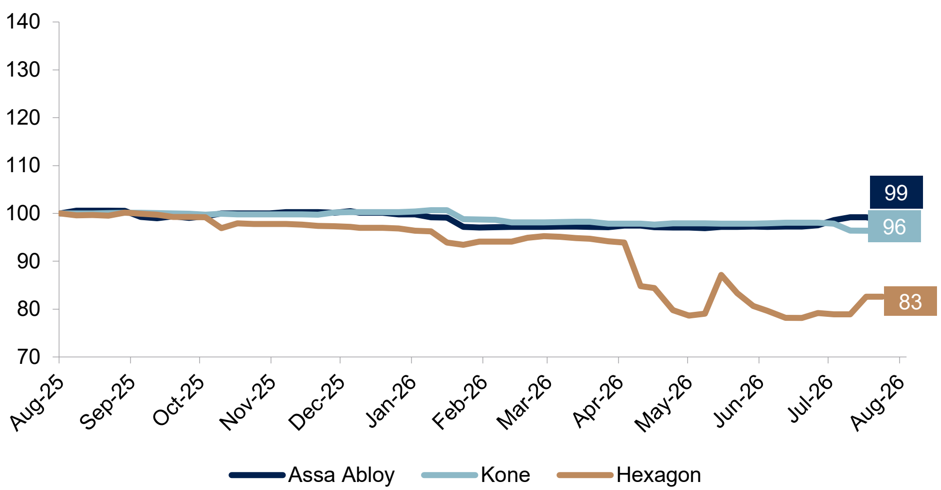
Source: ABG Sundal Collier, Company data, FactSet

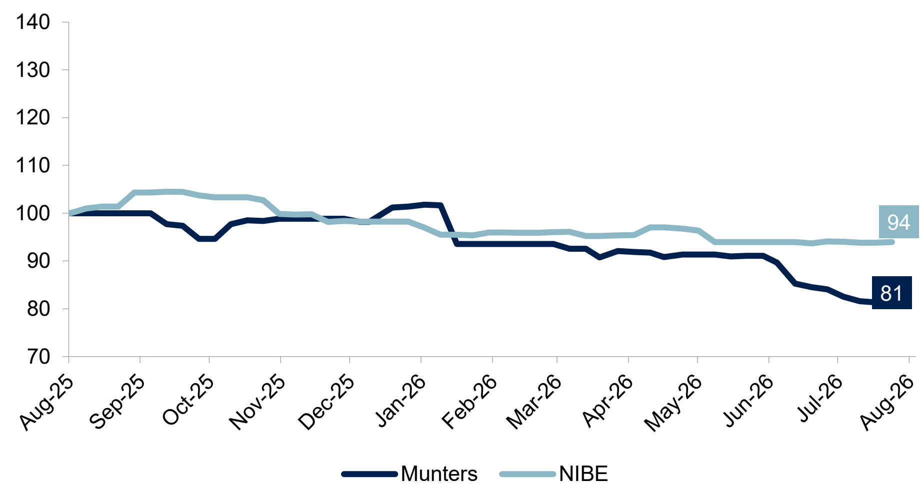
Indexed ’26e EPS consensus trend

Weak trend in Hexpol, Munters and Hexagon.





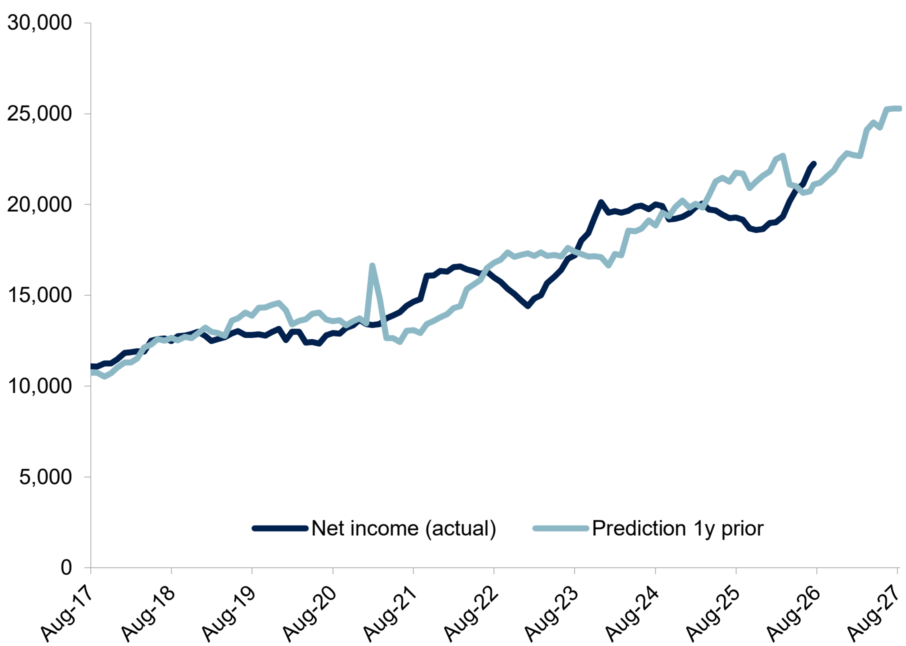


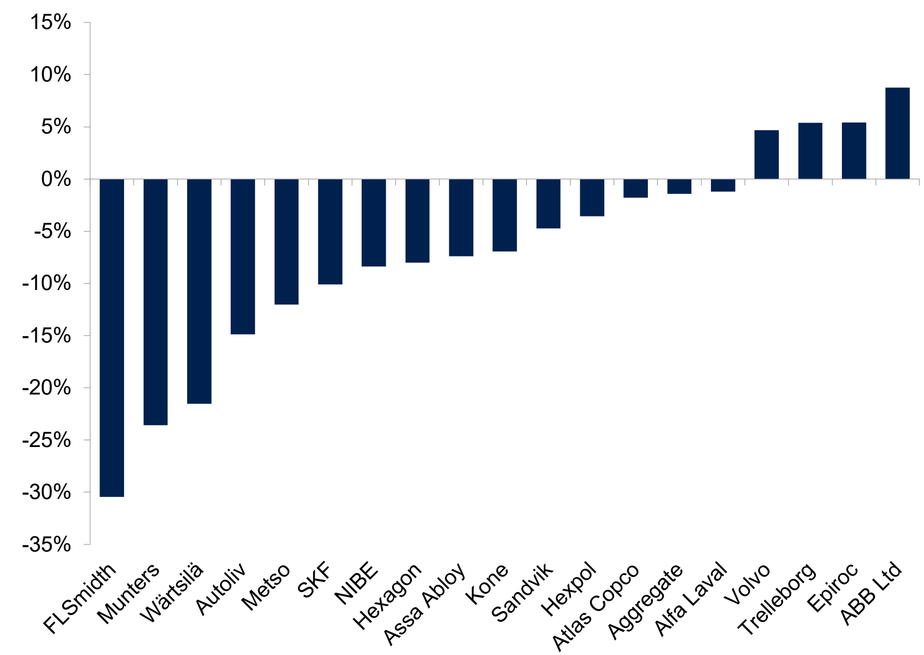


Source: ABG Sundal Collier, Company data, FactSet

Historical estimate fulfilment

Over the past 10 years, actual earnings (R12M) have been 1% lower than consensus forecasts a year earlier. Actual earnings have significantly undershot prior expectations for FLS Smidth (30%), Munters (24%) and Wärtsilä (22%); ABB, Epiroc, Trelleborg and Volvo, are companies where actual earnings have come out higher on aggregate. We believe there are partly structural reasons behind this, which must be considered when evaluating forward earnings multiples.





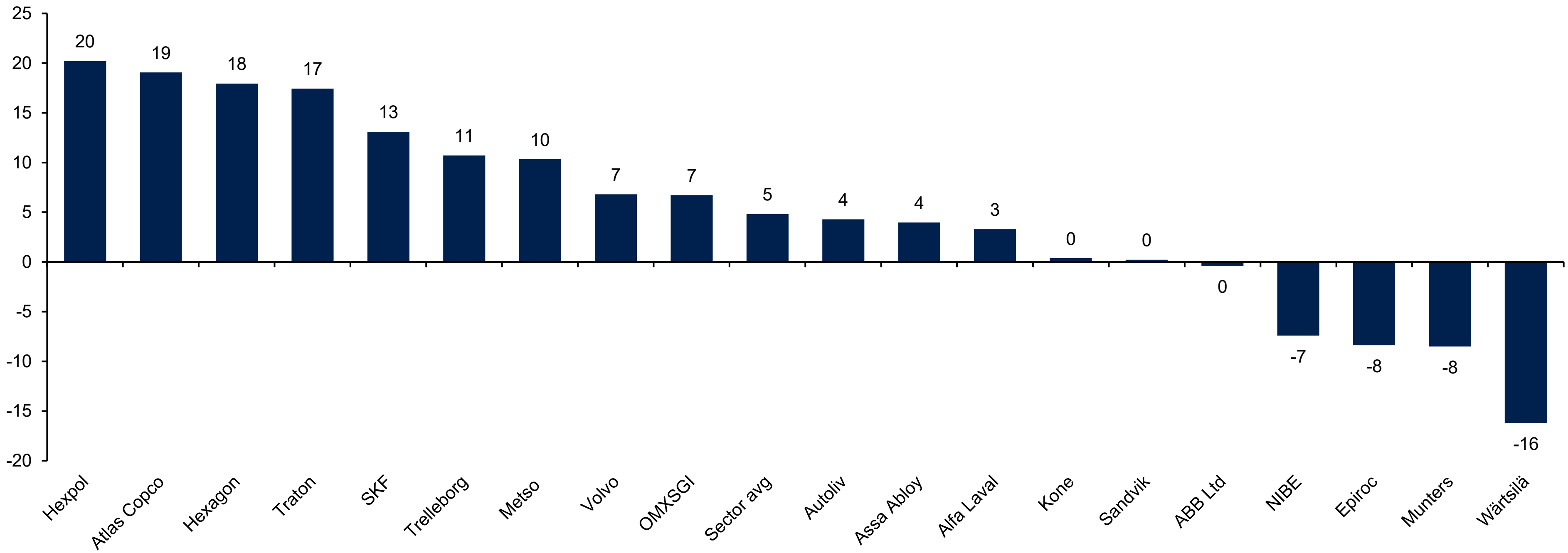
Source: ABG Sundal Collier, FactSet

3-month performance

During the last 3-month period, the sector has been up 5%, 2pp below the broader index

Top performers: Hexpol, Atlas Copco and Hexagon

Underperformers: Wärtsilä, Munters and Epiroc



Source: ABG Sundal Collier, Datastream

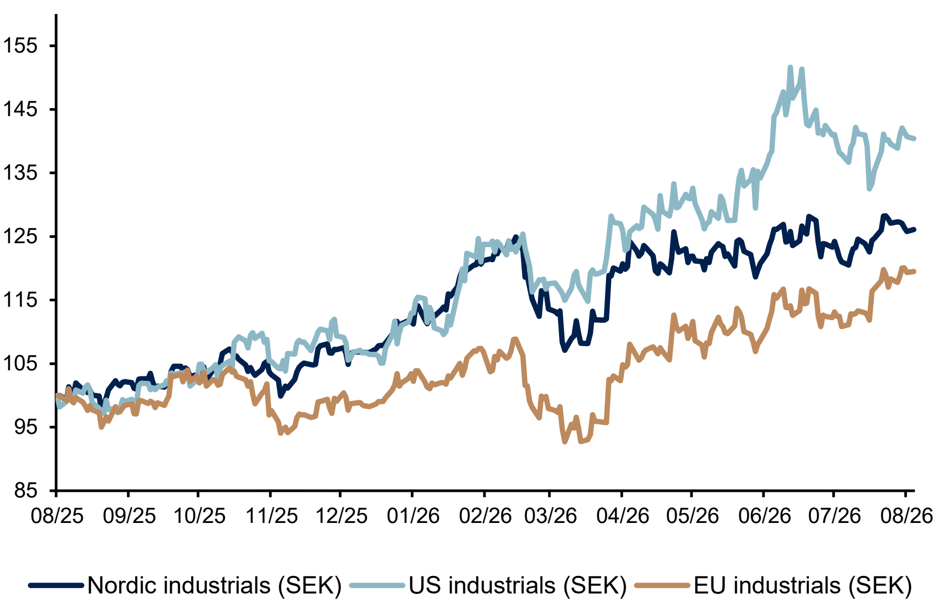
Performance overview

	Compounded return (%)										
	Compounded return (%)	**-5AY**	**-4AY**	**-3AY**	**-2AY**	**-1AY**	**0CY**	**-6AM**	**-3AM**	**-1AM**	**Selected**
FactSet	**Company**	**13/08/21**	**12/08/22**	**14/08/23**	**14/08/24**	**14/08/25**	**30/12/25**	**13/02/26**	**13/05/26**	**14/07/26**	**09/07/26**
HPOL.B-SE	Hexpol	-5	4	-4	-10	13	7	23	20	24	23
ATCO.A-SE	Atlas Copco	53	94	52	19	42	27	10	19	10	9
HEXA.B-SE	Hexagon	-18	-1	14	14	7	4	17	18	19	18
8TRA-SE	Traton	82	197	94	43	17	25	9	17	6	8
SKF.B-SE	SKF	37	80	57	49	14	10	6	13	2	3
TREL.B-SE	Trelleborg	122	96	68	19	26	13	12	11	6	6
METSO-FI	Metso	106	124	80	99	54	13	1	10	8	10
VOLV.B-SE	Volvo	131	137	78	46	21	19	3	7	1	2
ALIV-SE	Autoliv	56	50	25	19	5	5	4	4	-1	1
ASSA.B-SE	Assa Abloy	34	62	51	18	8	-1	-6	4	7	6
ALFA-SE	Alfa Laval	67	99	54	29	35	22	12	3	-1	0
KNEBV-FI	Kone	-15	39	26	15	-2	-15	-15	0	2	2
SAND-SE	Sandvik	88	127	87	84	54	22	-3	0	-8	-7
ABB-SE	ABB Ltd	246	253	146	80	54	44	21	0	-4	-4
NIBE.B-SE	NIBE	-62	-60	-55	-17	-13	8	-3	-7	6	11
EPI.A-SE	Epiroc	37	51	29	35	31	20	-3	-8	-3	-2
MTRS-SE	Munters	149	153	43	-8	34	8	-5	-8	10	13
	Sector avg	**71**	**99**	**58**	**34**	**24**	**13**	**4**	**5**	**5**	**5**
OMXSALLS	**OMXSGI**	**13**	**38**	**38**	**18**	**16**	**9**	**5**	**7**	**4**	**3**
	Over/under	***58***	***61***	***20***	***16***	***8***	***4***	***-1***	***-2***	***1***	***2***

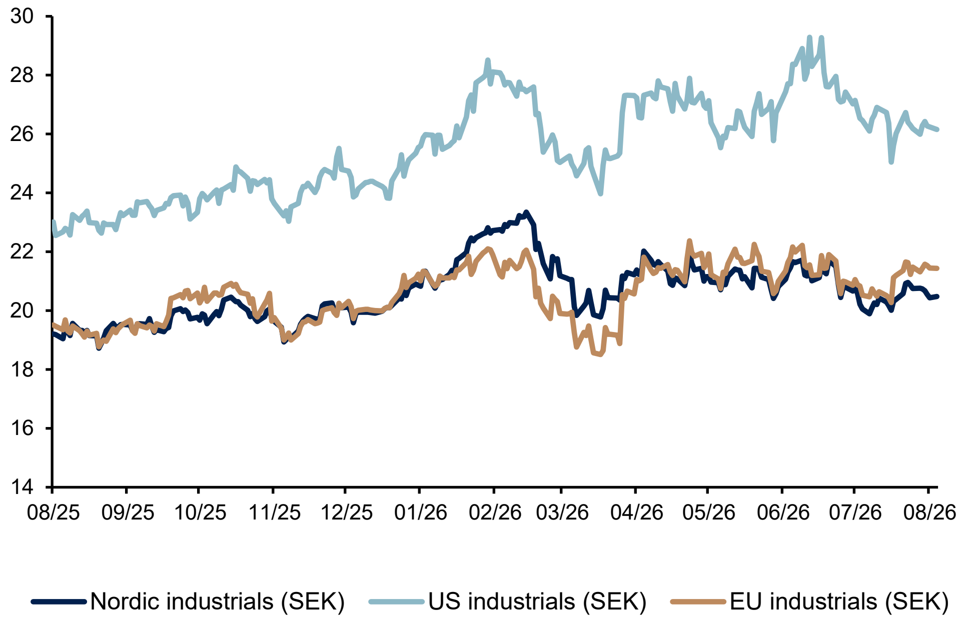
Source: ABG Sundal Collier, FactSet

US, European and Nordic Industrials performance

Sector performance



F12M consensus P/E

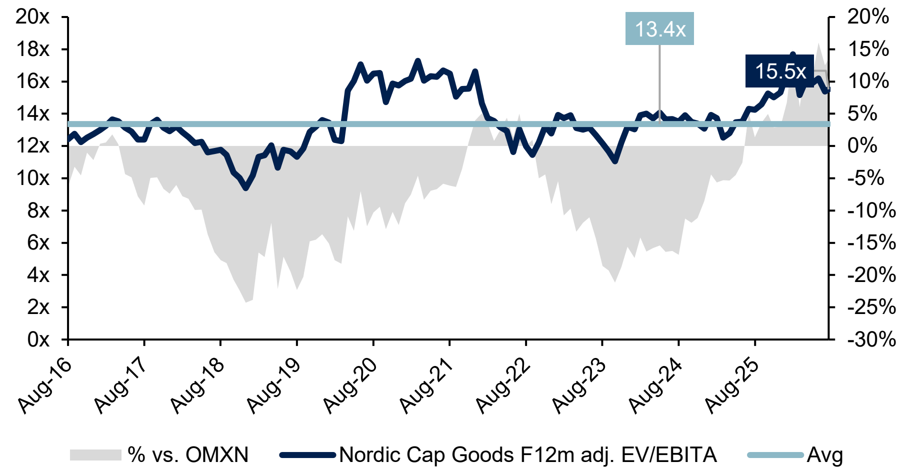


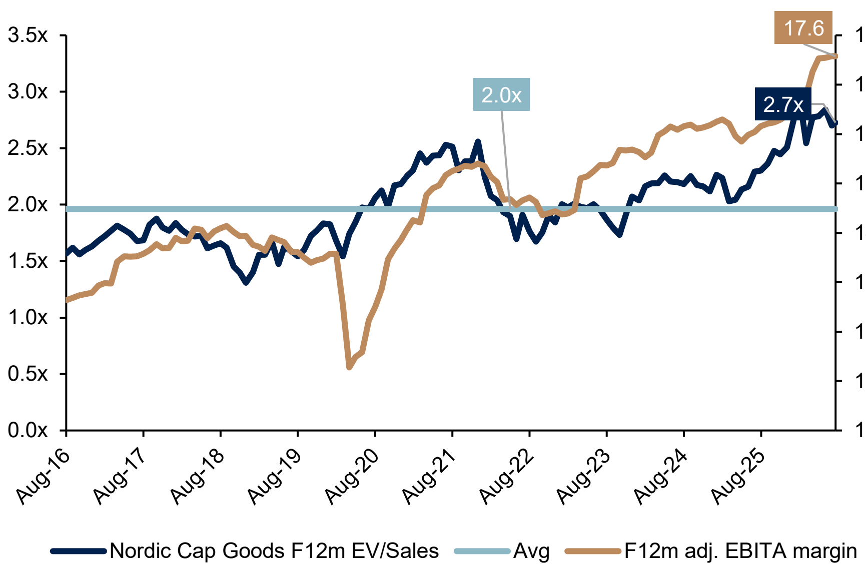
Source: ABG Sundal Collier, FactSet

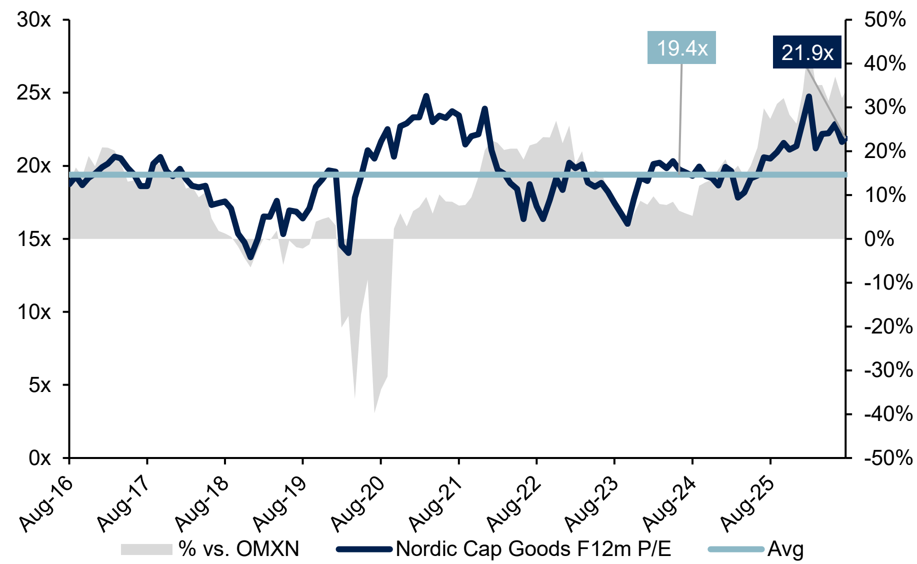
Valuation

10Y sector valuation overview

- Cons. F12M P/E is at 21.9x (21.6x in July), 13% above the 10Y avg. of 19.4x and 34% above the broader market (10Y average: 11% premium).
- Cons. F12M adj. EV/EBITA is at 15.5x (15.4x in July), 16% above its 10Y avg. of 13.4x and 13% above the broader market (10Y average: 8% discount).
- Cons. F12M EV/Sales is at 2.7x (2.7x in July), 39% above its 10Y avg. of 2.0x. F12M adj. EBITA margins of 17.6% are at an ATH.







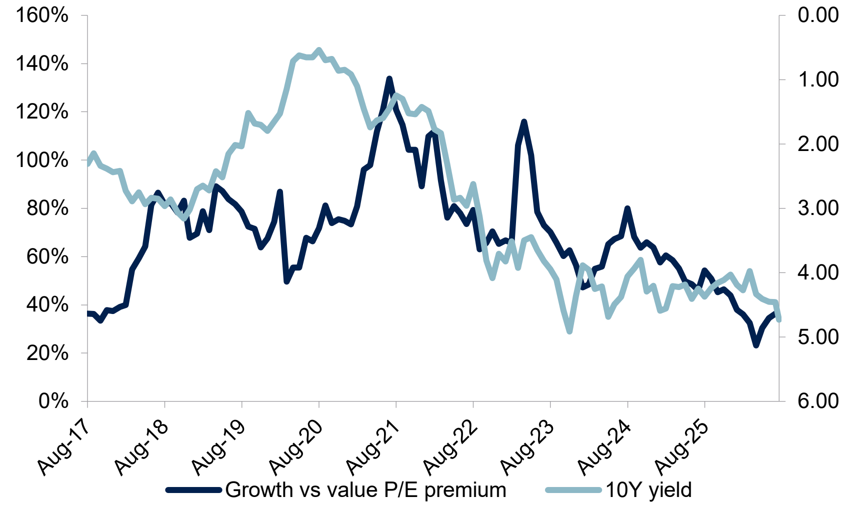
Source: ABG Sundal Collier, FactSet

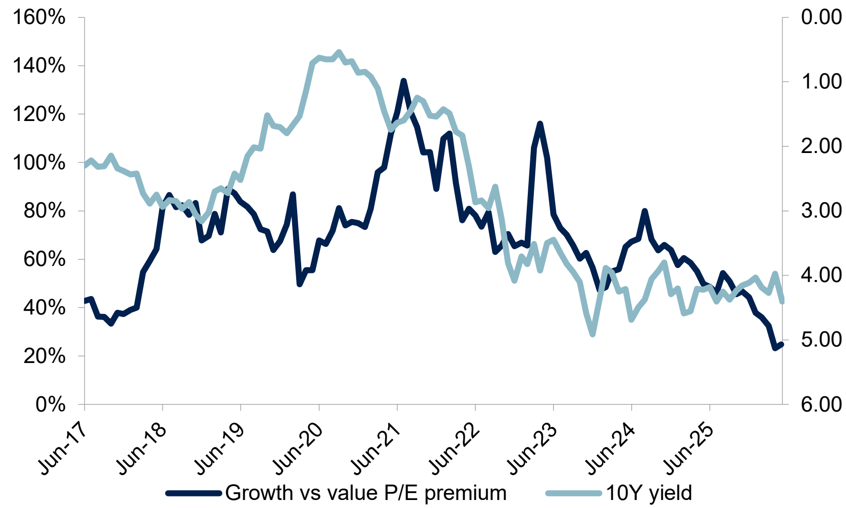
Estimates and market cap: a 20-year overview

Source: ABG Sundal Collier, FactSet

High quality/growth versus deep cyclicals

- The premium for high quality/growth names versus deep cyclicals is now at a low level (25% premium vs 10Y average 69%).
- *Stability/growth: Alfa Laval, Assa Abloy, Atlas Copco, Hexagon, Kone*
- *Cyclical/value: Autoliv, Sandvik, SKF, Trelleborg, Volvo*



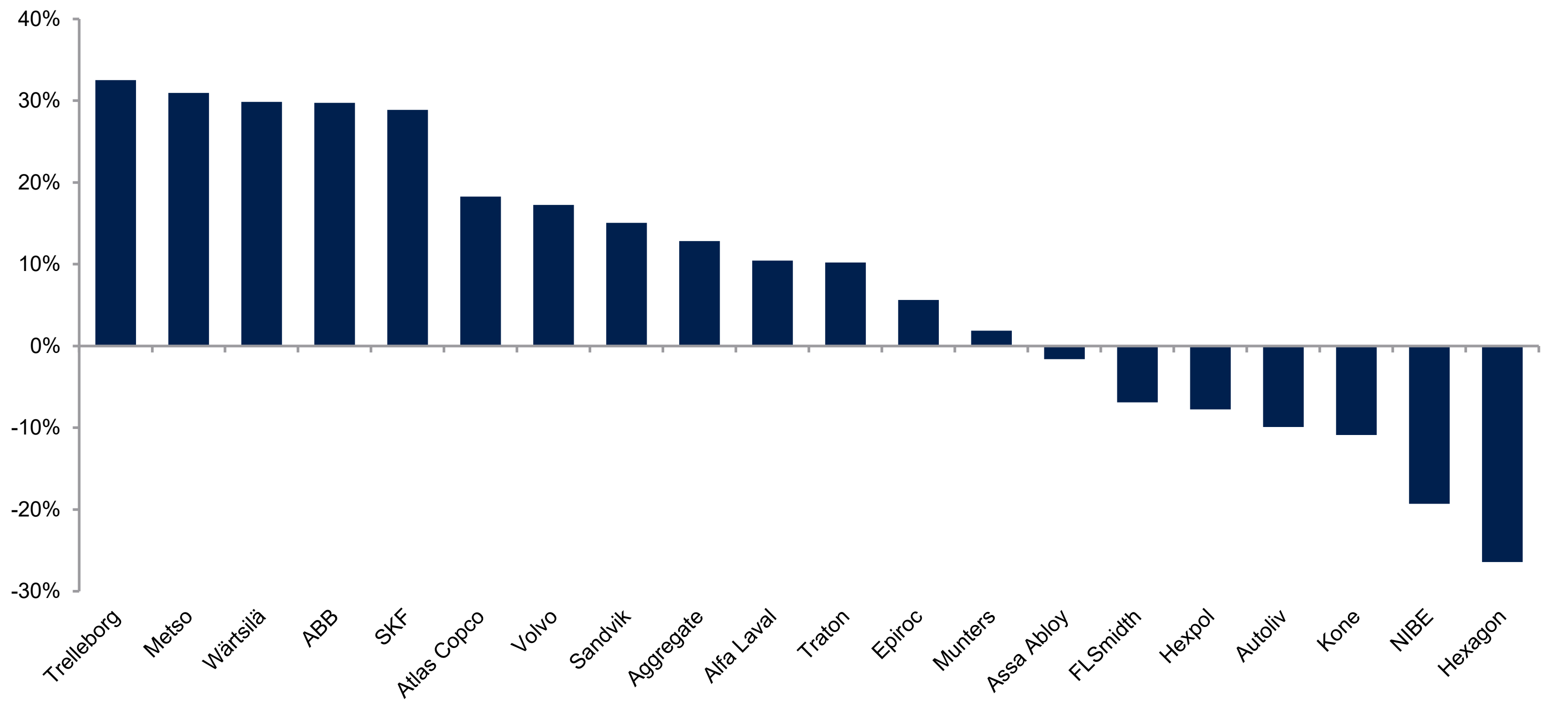


Source: ABG Sundal Collier, FactSet

Current valuation vs. 10-year average

Compared to how the shares have traded historically (measured as consensus 12-mth fwd. P/E), the most expensive (in our coverage) are Trelleborg (21x), Metso (21x) and Wärtsilä (25x). The cheapest are Hexagon (17x), Nibe (21x) and Kone (22x).

F12M consensus P/E vs 10Y avg



Source: ABG Sundal Collier, FactSet

Valuation on historical margins and multiples

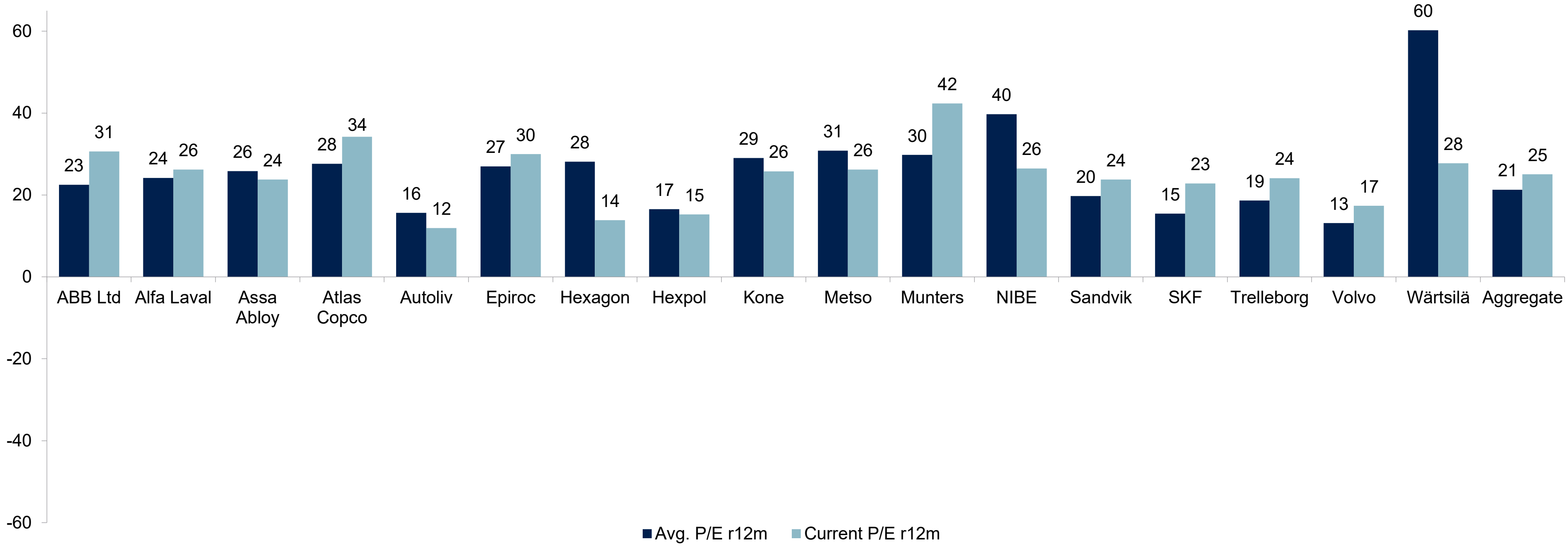
If applying 10Y historical valuation and profitability, we find upside in Hexpol, Nibe and Kone.

	Average adj. margin			EV/EBITA adj. f12m			Implied SP		Current	Up/Downside	
	10Y	5Y	2026e	10Y	5Y	Current	10Y	5Y	SP	10Y	5Y
ABB	13.7%	16.6%	19.9%	14.4x	15.6x	21.1x	326	432	972	-66%	-56%
Alfa Laval	16.8%	16.7%	17.6%	14.4x	15.4x	16.8x	373	399	557	-33%	-28%
Assa Abloy	16.2%	16.5%	17.7%	16.0x	15.3x	15.3x	313	304	357	-12%	-15%
Atlas Copco	22.4%	22.9%	22.4%	18.1x	19.2x	21.5x	134	146	208	-36%	-30%
Autoliv	8.9%	8.8%	10.5%	9.3x	8.7x	8.4x	920	835	1,158	-21%	-28%
Epiroc	22.1%	22.4%	21.0%	16.7x	17.1x	17.9x	179	186	248	-28%	-25%
Hexagon	26.3%	29.0%	26.8%	16.6x	17.0x	11.8x	86	99	95	-10%	4%
Hexpol	15.7%	16.3%	15.3%	11.5x	10.4x	10.4x	97	90	90	7%	-1%
Kone	12.4%	11.9%	13.2%	17.5x	17.3x	15.9x	55	56	50	11%	12%
Metso	13.1%	14.6%	16.2%	10.6x	10.0x	14.2x	7	8	16	-55%	-53%
Munters	10.2%	12.7%	12.7%	13.7x	13.8x	13.9x	75	103	186	-60%	-44%
NIBE	13.6%	13.7%	12.8%	19.1x	20.9x	15.6x	49	55	38	27%	43%
Sandvik	18.0%	19.5%	21.8%	12.2x	12.1x	14.2x	185	200	359	-49%	-44%
SKF	12.2%	12.3%	13.4%	8.9x	8.3x	10.1x	191	179	262	-27%	-32%
Traton	5.9%	8.0%	9.1%	9.1x	8.4x	10.6x	290	427	407	-29%	5%
Trelleborg	15.4%	17.5%	19.0%	12.5x	13.2x	14.1x	292	355	416	-30%	-15%
Volvo	9.9%	11.8%	11.8%	7.6x	7.3x	9.2x	206	233	340	-39%	-32%
Wärtsilä	9.7%	9.0%	13.8%	12.5x	12.0x	15.9x	18	16	30	-41%	-46%

Source: ABG Sundal Collier, FactSet

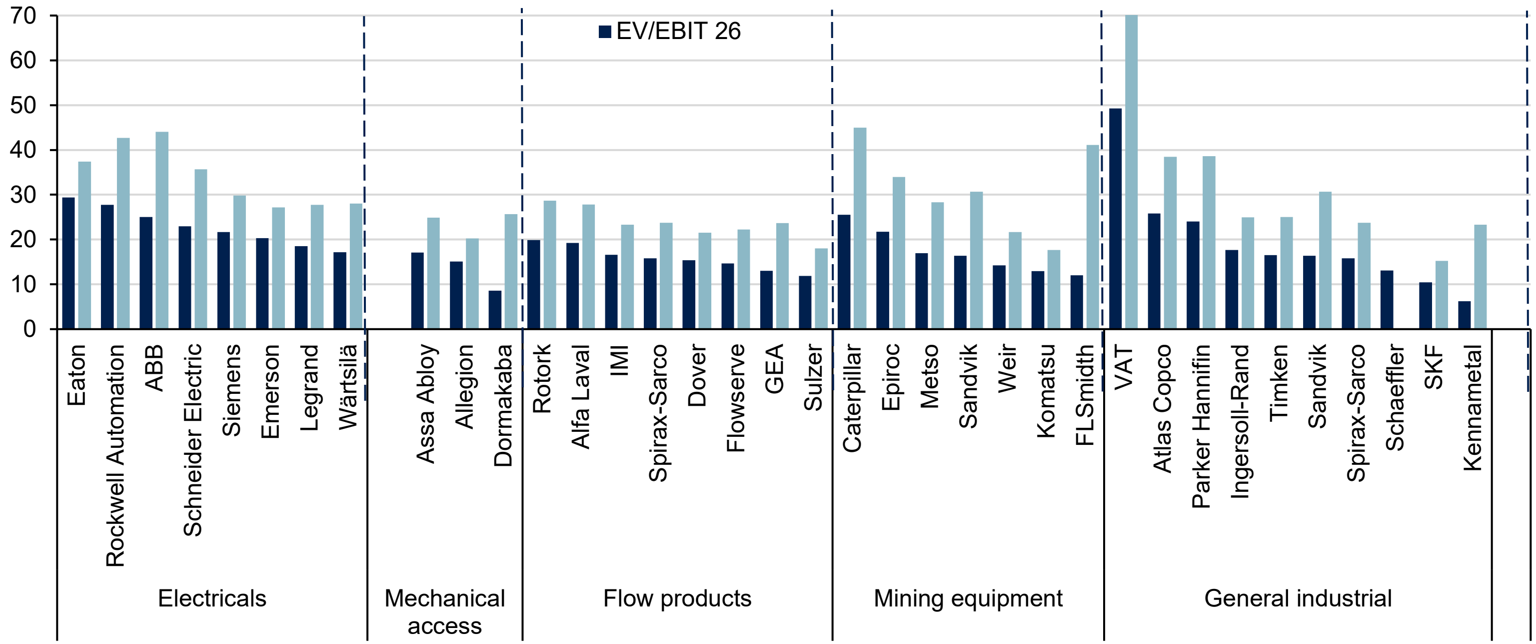
Valuation on trailing earnings versus 10-year history

Trailing earnings are valued lowest vs. the historical averages for Wärtsilä, Hexagon and Nibe. The opposite is true for SKF, Munters, ABB and Volvo. On aggregate, current trailing earnings are valued 26% above than the 10Y average.



Source: ABG Sundal Collier, FactSet

Valuation vs. international peers



Source: ABG Sundal Collier, FactSet

CEO and chairman shareholdings

CEO ownership in Nordic engineers averages EUR 3.6m, corresponding to 105% of average annual pay. We note that some companies have large option programmes that are rarely converted into direct holdings. Companies with strong alignment with other shareholders include Nibe, ABB, Wärtsilä, Volvo, Autoliv, Hexagon and Metso. Kone, Epiroc and SKF stand out with low ownership.

	Chief Executive Officer					Chairman of the Board			Executive Management ex. CEO	
EURm*	2024	2025			2026***	2025		2026***	2025	
Company	Shares	Total comp	Options/LTI	Shares	Shares	Options	Shares	Shares	Shares**	Ratio without shares
ABB Ltd	*15.3*	6.6	12.1	20.0	22.8	0.0	20.5	18.0	2.6	14%
Alfa Laval	*6.3*	3.9	0.0	6.3	6.3	0.0	10.3	10.3	0.2	29%
Assa Abloy	*12.1*	6.4	n.a.	16.3	18.9	0.0	0.3	0.3	1.3	0%
Atlas Copco	*0.4*	2.6	9.7	1.4	2.2	0.8	4.2	4.2	0.2	0%
Autoliv	*2.3*	4.0	n.a.	3.5	4.1	0.0	7.7	7.9	0.2	18%
Epiroc	*0.6*	2.2	8.4	0.6	0.6	0.9	1.5	1.5	0.2	0%
Hexagon	*n.a.*	6.3	6.2	2.2	2.2	8.7	2.9	3.8	1.0	31%
Hexpol	*0.3*	1.7	0.0	0.3	0.3	0.0	0.07	0.1	0.7	17%
Kone	*0.0*	2.0	8.1	0.0	0.0	0.0	6305	6305	1.8	17%
Metso	*1.9*	1.3	7.2	2.0	2.4	0.0	1.4	1.4	0.5	0%
Munters	*2.9*	2.4	0.0	3.6	3.6	4.9	0.4	0.5	0.2	0%
NIBE	*354*	1.0	0.0	354	354	0.0	0.04	0	15.8	20%
Sandvik	*2.9*	3.4	n.a.	3.6	3.6	32.3	31.1	31.1	0.2	0%
SKF	*0.5*	3.5	2.2	0.6	1.0	0.1	1.5	1.5	0.1	27%
Trelleborg	*2.2*	2.9	0.0	2.4	2.4	0.0	0.5	0.5	0.2	0%
Volvo	*9.6*	6.5	8.7	10.8	12.1	0.0	0.6	0.6	1.4	0%
Wärtsilä	*6.0*	3.5	5.4	8.2	12.7	0.0	1.8	1.8	0.5	13%

**At current share price*
***Average per member of management team*
****As of May 2026*

Other companies mentioned

Company	Currency	Target	Ticker	Rating
Allegion	USD	n.a	ALLE-US	Not rated
Caterpillar	USD	n.a	CAT-US	Not rated
Dormakaba	CHF	n.a	DOKA-CH	Not rated
Dover	USD	n.a	DOV-US	Not rated
Eaton	USD	n.a	ETN-US	Not rated
Emerson	USD	n.a	EMR-US	Not rated
Fastenal	USD	n.a	FAST-US	Not rated
Flowserve	USD	n.a	FLS-US	Not rated
GEA	EUR	n.a	G1A-DE	Not rated
Hubbell	USD	n.a	HUBB-US	Not rated
IMI	GBP	n.a	IMI-GB	Not rated
Ingersoll-Rand	USD	n.a	IR-US	Not rated
Kennametal	USD	n.a	KMT-US	Not rated
Komatsu	JPY	n.a	6301-JP	Not rated
Legrand	EUR	n.a	LR-FR	Not rated
Mitsubishi Electric	JPY	n.a	6503-JP	Not rated

Company	Currency	Target	Ticker	Rating
OTIS	USD	n.a	OTIS-US	Not rated
PaRker Hannifin	USD	n.a	PH-US	Not rated
Pfeiffer	EUR	n.a	PFV-DE	Not rated
Rockwell Automation	USD	n.a	ROK-US	Not rated
Rolls-Royce	GBP	n.a	RR-GB	Not rated
Rotork	GBP	n.a	ROR-GB	Not rated
Schaeffler	EUR	n.a	SHA-DE	Not rated
Scheider Electric	EUR	n.a	SU-FR	Not rated
Schindler	CHF	n.a	SCHP-CH	Not rated
Siemens	EUR	n.a	SIE-DE	Not rated
Spirax-Sarco	GBP	n.a	SPX-GB	Not rated
Sulzer	CHF	n.a	SUN-CH	Not rated
Timken	USD	n.a	TKR-US	Not rated
VAT	CHF	n.a	VACN-CH	Not rated
Weir	GBP	n.a	WEIR-GB	Not rated

Source: ABG Sundal Collier, FactSet

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	% of	% of	% of
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HOLD	34.44%	2%	1.38%
SELL	3.80%	1%	6.25%

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