

OPERATIONAL PERFORMANCE

Capital Efficiency Outlook 2026

Which working capital earns its place on the balance sheet?

About Knowit Annual Capital Efficiency Outlook

Working capital is part of a company's investment model. Tied up in the right places, it supports profitable growth and reliable delivery. Tied up without a reason, it raises financing needs and crowds out other investments.

This edition follows around 50 listed Swedish companies, shows how their returns on capital have developed, where the capital tied up in operations deserves a closer look, and the decisions owners, boards and management teams face.

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Foreword

Capital Efficiency Outlook 2026

Each year, Knowit's Capital Efficiency Outlook examines working capital performance across around 50 large companies listed on Nasdaq Stockholm, from raw materials to retail. Drawing on this analysis, the Outlook explores how companies can strengthen cash flow and create room for investment and growth. Working capital management is one of Knowit's core areas of expertise, and this annual publication shares insights and practical perspectives on how to respond to changing market conditions and identify opportunities for lasting improvement.

In 2024 the Outlook looked at levels: working capital was still well above where it had been before the pandemic. In 2025 it looked at resilience: three scenarios, and the argument that preparedness, not prediction, decides performance.

This year the theme is value creation. Demand in Sweden has picked up, long-term interest rates have risen to their highest levels in more than a decade, and many owners are preparing for listings and exits in 2027. At the same time, the companies in the benchmark have started to tie up more working capital again, after two years of releasing it.

This edition follows how returns on capital have developed, shows where working capital deserves a closer look, and uses ROIC as a framework for judging which capital supports profitable growth and which can be released. It ends with how lasting improvements are made, and the decisions that turn them into value.

Erik Påhlson Malte Byström Gunnel Sköld

Knowit, Stockholm, November 2026

Executive Summary

Which working capital earns its place on the balance sheet?

A lasting reduction in working capital intensity releases cash today and reduces the funding required for future growth, while protecting margin and delivery. This benchmark shows where capital is currently tied up, while ROIC provides a framework for assessing how efficiently that capital generates returns, with value creation as the goal rather than maximizing the ratio itself.

Change Q3 2025 to Q3 2026



OBSERVATION

1. Capital is being tied up again.

NOWC/Sales rose from 21.8% to 24.6% between Q3 2025 and Q3 2026, and about three in four companies increased it. The rise came in the first half of the year; from Q2 to Q3 the level held at about 24.6%.

OBSERVATION

2. Margins are higher than before the pandemic; returns are not.

The after-tax margin is 9.5% against 8.8% in 2019, before the pandemic, yet ROIC is 10.3% against 11.7%. Invested capital has grown faster than sales, initially driven by investments in fixed assets and acquisitions, and more recently by an increase in working capital.

ILLUSTRATION

3. A lasting cut releases cash and lowers the cost of growth.

If all companies achieved working capital efficiency in line with the top quartile of their industry, they could release cash equivalent to around 5% of annual sales, or 43% of one year's operating profit. Maintaining this efficiency would also reduce the additional working capital needed to support future growth.

Implications for owners and boards

- **Treat working capital as an investment.** Ask how much capital planned growth requires, and what return it earns.
- **Follow cash, not only profit.** How much of operating profit turns into cash, quarter by quarter and over several years.
- **Release what can be released lastingly,** without harming margin, service or resilience, and decide how released capital is used.
- **Prepare early for a transaction.** Buyers reward improvements that have held for a year or more.

Key definitions and how to read the figures

The measures used in this Outlook

Measure	Definition	What it tells you
NOWC	Net operating working capital: inventory + accounts receivable − accounts payable	The capital tied up in day-to-day operations
NOWC / Sales	NOWC divided by sales for the last twelve months (R12)	Capital intensity: working capital needed per krona of sales. Lower is not automatically better
DIO	Inventory / cost of goods sold (R12) × 365	How long goods sit in stock
DSO	Accounts receivable / sales (R12) × 365	How long customers take to pay
DPO	Accounts payable / cost of goods sold (R12) × 365	How long the company takes to pay suppliers
CCC	Cash conversion cycle: DIO + DSO − DPO	Days from paying suppliers to collecting from customers
ROIC	Operating profit after tax / invested capital	What the business earns on the capital it ties up
Capital turnover	Sales / invested capital	How much sales each krona of capital supports
WACC	Weighted average cost of capital: the return lenders and owners together require	The bar ROIC is measured against
R12	Rolling twelve months: the latest four quarters	Reduces seasonal swings in sales and costs

How to read the figures

The sample

Around 50 listed Swedish companies, grouped by their place in the value chain: raw materials & components, manufacturers, and wholesale & retail. Results are shown for the group and by value-chain segment, never per company.

Each analysis uses the companies with comparable data

Trends build on reported figures only; returns over time on companies whose profit and capital have been checked against annual reports for every year; inventory and payable days on companies that report cost of goods sold. The appendix describes each sample

Proxies and scenarios

ROIC is a proxy, the cost of capital an illustrative range, and scenarios are illustrations under stated assumptions.

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Higher interest rates and market uncertainty increase the need for working capital efficiency

What has changed in the past year

3.1%
Swedish 10-year yield, 3 Nov 2026. About 0.5 points higher than a year ago

3.3%
German 10-year yield, 3 Nov 2026, after peaking above 3.4% in September

15%
US tariff on most EU goods since July 2026

2.50%
ECB deposit rate; unchanged in October after a hike in September

2.00%
Riksbank policy rate; increased from 1,75% November 4th

Up to June 2026

OBSERVATION

The period the benchmark history covers

- **Policy rate flat.** The Riksbank held at 1.75% from October 2025 through the first half of 2026.
- **Required return roughly unchanged.** Investors' required return on large listed equities was 8.4% in spring 2026, against 8.5% a year earlier.
- **Stronger Swedish demand.** GDP grew 3.3% year on year in Q2, helped by fiscal measures.

Since June 2026

OBSERVATION

Mainly a forward-looking risk

- **Long rates up.** German and Swedish 10-year yields reached their highest levels in more than a decade in September and October.
- **Central banks turning.** The Riksbank increased the policy rate by 0,25 pp during the November meeting. ECB raised its rate in September.
- **Tariffs a known cost.** Most EU goods face up to 15% in the US since July.
- **Energy and geopolitics.** US–Iran hostilities lifted Brent to around USD 100.

These developments mainly affect the forward-looking risk assessment. They may explain part of the working capital build-up already visible in the figures.

The forces at play

Market development	Business implications	Management priority
Higher interest rates	Capital tied up in operations becomes more expensive, increasing the return needed to create value.	Release unnecessary working capital and reassess capital requirements.
Tariffs and changing supply chains	Longer lead times and additional inventory buffers can increase working capital needs.	Adapt sourcing and inventory policies to balance supply reliability, cost and cash.
Energy and raw material price volatility	Cost increases can squeeze margins and raise the cash needed to finance inventory.	Align pricing, purchasing and inventory decisions to protect margins and cash flow.
Potential listings and exits in 2027	Sustainable cash generation becomes important in demonstrating business quality to investors and buyers.	Demonstrate lasting improvements in cash conversion ahead of a transaction.

A higher cost of capital raises the bar for working capital. Capital without a clear purpose is costly at any rate; with long rates at decade highs, it is more so.

Demand outperformed the 2025 base case, while financing moved closer to the downside scenario

Looking back at the 2025 Outlook

The 2025 Outlook presented three economic scenarios and outlined how companies could manage working capital under each. The aim was to help companies prepare for different outcomes. A year later, the picture is mixed: demand has recovered somewhat faster than in the base case, while financing conditions have developed closer to the pessimistic scenario.

Scenario	What it described in 2025	What happened	Key take-away
Base case	Gradual rebound during 2026 (GDP +2.6%), recession over in 2027. Advice: stay cautious, keep purchasing discipline and forecast accuracy	GDP now expected at +3.0% for 2026; Q2 was +3.3% year on year. Unemployment 8.7%, above the 8.4% expected	Demand slightly better
Optimistic	Expansionary policy, lower rates and easing trade tensions bring an early recovery in 2026. Advice: time the build-up of stock, avoid overstocking	Rates stopped falling: The Riksbank and ECB recently increased policy rates. Tariffs became a known cost rather than easing	Not on rates or trade
Pessimistic	Persistent inflation, geopolitical instability or trade conflicts delay recovery to 2028 or later. Advice: make do with what you have, cut stock, accelerate collection	Energy prices and the US–Iran conflict lifted inflation risk, mainly after June	Triggers present on financing

INTERPRETATION

The scenarios held up as a framework.

The surprise came through financing, trade and energy, not through demand. That is the kind of shift a set of scenarios is meant to prepare for. Whether individual companies were prepared is not something the benchmark can show.

INTERPRETATION

Capital was rebuilt as demand returned.

The benchmark companies are international, and their reported sales grew only modestly. The build may reflect buffers, tariffs and longer flows, mix, currency, acquisitions or preparation for growth. The data does not show which, so it should not be read as a loss of discipline.

FORWARD-LOOKING RISK

The bar may keep moving.

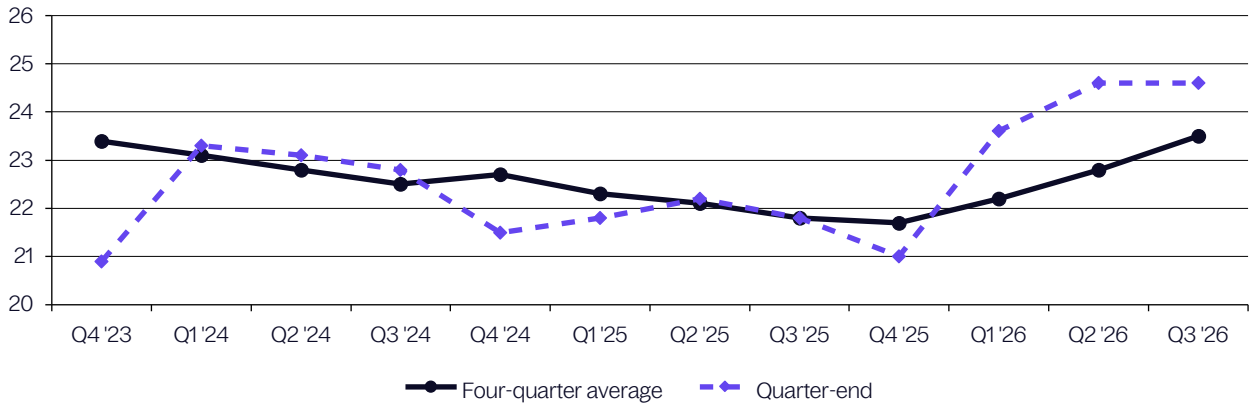
Buyers in the 2027 listing and exit queue will price the same cash flows against whatever required return prevails then, so the capital now on balance sheets will be scrutinized.

Working capital intensity rises after two years of decline; inventory days show the largest increase

Where working capital stands Q4 2023 to Q3 2026

OBSERVATION

Figure 1. *NOWC / Sales, %, sales-weighted: four-quarter average and quarter-end value. The average smooths the seasonal low at each year-end.*



- **Inventory shows the largest increase.** Stock days rose most, by 12 days at the median company (Figure 2). Possible drivers include tariffs and regional supply chains, more suppliers per critical component, and preparation for growth. Longer supplier credit offset part of it; some of that may come from supplier finance rather than better terms.
- **A rise after two years of decline.** On a four-quarter average, NOWC/Sales fell from 23.4% at the end of 2023 to 21.7% at the end of 2025. In Q3 2026 it was 24.6% at quarter-end, against 21.8% a year earlier, while sales grew 2.9%. About three in four companies had a higher NOWC-to-sales ratio in Q3 2026 than in Q3 2025.
- **Not rising further since mid-year.** The quarter-end value was 24.6% in Q2 and 24.6% in Q3: the increase came in the first half of 2026.

Figure 2. *Change in days, Q3 2025 to Q3 2026 (median company).*

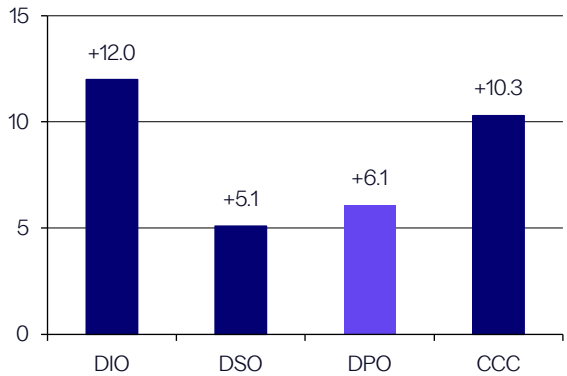


Figure 3. *Change in NOWC / Sales, Q3 2025 to Q3 2026, percentage points, by part of the value chain.*

	Low	Mean	High	Share up
All companies	−4.0	+1.8	+8.1	76%
Raw materials & components	−0.8	+1.8	+3.8	89%
Manufacturers	−4.0	+2.7	+8.1	83%
Wholesale & retail	−2.5	−1.0	+1.1	25%

Manufacturers and raw materials & components rose; wholesale & retail fell on average.

Assessing working capital efficiency through its impact on returns and cash flow

A framework for judging the capital tied up in operations

Working capital is usually discussed in days and cash. Owners judge it by what it does to the return on their capital and to the cash the business generates. Three measures connect the two.

Measure	What it is	Who it matters to
ROIC	The return the business earns on its operating capital, after tax and before financing	Management and board: does the business earn more than its capital costs?
WACC	The return lenders and owners together require on that capital: equity and debt after tax, weighted by market value	Everyone: the bar ROIC is measured against
IRR	The owner's return on its equity over the holding period. Driven by ROIC, growth and cash flow, but also by leverage and entry and exit prices	PE and other owners: did the investment pay off?

How working capital drives ROIC

ROIC = Operating margin after tax × Capital turnover

Capital turnover is sales divided by invested capital, and in industrial companies working capital is often a fifth to a third of that capital. Less working capital for the same sales means higher turnover, and a higher ROIC without any change in margin.

One-off release or lasting change

Cutting stock once releases cash once. A business model that lastingly needs less working capital per krona of sales also lowers the capital needed for future growth. How much either is worth depends on the size of the change, how long it lasts, what it costs to implement and how fast the company grows.

Growth and ROIC

An investment creates value if its expected return exceeds the cost of capital, even if it lowers average ROIC for a while. The aim is not the highest possible ROIC, but that every new krona, including in working capital, is worth its cost. A higher ROIC does not by itself mean a higher valuation.

- **What the benchmark can and cannot show.** It measures ROIC and capital intensity for whole groups, not the return on individual buffers or customer credits. It shows where to look; management judges which capital supports profitable growth.

Stronger margins have not translated into higher returns as capital intensity has increased

Return on invested capital, 2019 to Q3 2026

OBSERVATION

Figure 4. *ROIC proxy, %. Companies whose profit and capital have been checked against the annual reports for every year since 2018. 2019–2025: full years; Q3 2026: last twelve months. Excluding items affecting comparability and forest revaluation.*

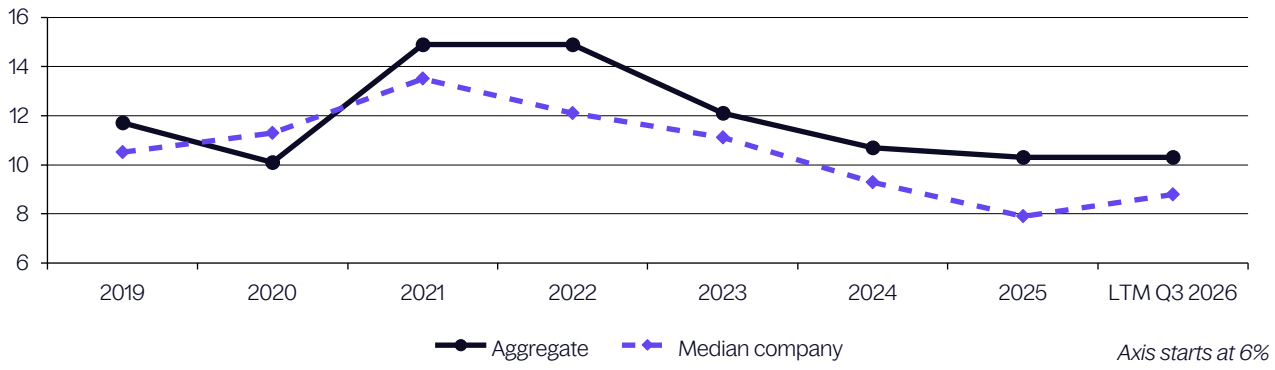


Figure 5. *ROIC = operating margin after tax × capital turnover (aggregate). Capital turnover covers all invested capital: working capital, fixed assets and goodwill.*

	2019	2021	2023	2025	LTM Q3 2026
ROIC (aggregate)	11.7%	14.9%	12.1%	10.3%	10.3%
= Operating margin after tax	8.8%	11.6%	10.0%	9.6%	9.5%
× Capital turnover, times	1.33	1.28	1.21	1.08	1.09
Working capital: NOWC / Sales	19.7%	18.8%	22.5%	21.7%	24.2%*

** Quarter-end; year-end values are seasonally lower.*

- **Margins have recovered; returns have not.** The after-tax margin is 9.5%, higher than in 2019 (8.8%), but ROIC is 10.3% against 11.7%, because capital turnover has fallen from 1.33 to 1.09.
- **Working capital: steady until 2025, rising since.** Year-end NOWC/Sales moved only from 19.7% to 21.7% between 2019 and 2025, so most of the extra capital went into fixed assets and acquisitions. In the past year it has turned: from Q3 2025 to Q3 2026 NOWC/Sales in the same companies rose from 21.9% to 24.2%.

By part of the value chain: aggregate ROIC

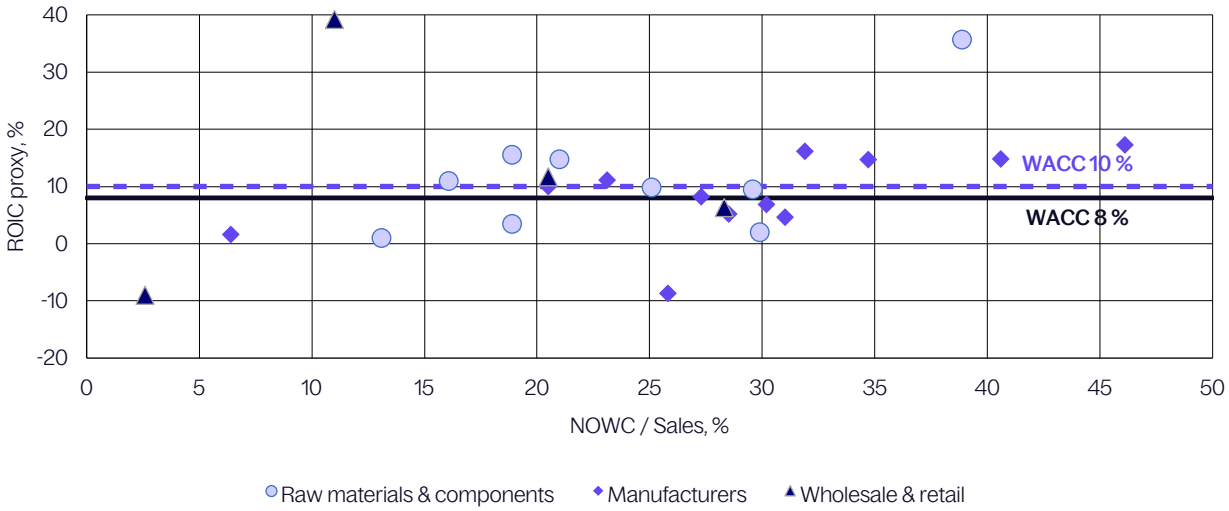
	2019	2021	2023	2025	LTM Q3 2026
Raw materials & components	5.6%	11.6%	8.3%	6.1%	6.9%
Manufacturers	16.0%	17.3%	14.4%	12.7%	12.4%
Wholesale & retail	12.7%	14.9%	9.8%	9.0%	8.1%

Higher capital costs could put value creation at risk for many companies

Q3 2026 returns against an illustrative, forward-looking cost of capital

SCENARIO

Figure 6. ROIC proxy against NOWC / Sales, %, Q3 2026. A selection of the data with one dot per company, colored by part of the value chain. Dotted lines: a possible future cost of capital of 8% and 10%.



43%
of the companies have a ROIC above 10% today. Returns exceed the illustrative range, but new investments must also cover their capital cost.

17%
of the companies have a ROIC between 8% and 10% today. Small changes in profit, capital or financing costs could determine value is created or destroyed.

40%
of the companies have a ROIC below 8% today. Returns fall below the illustrative range, calling for higher profits or greater capital efficiency.

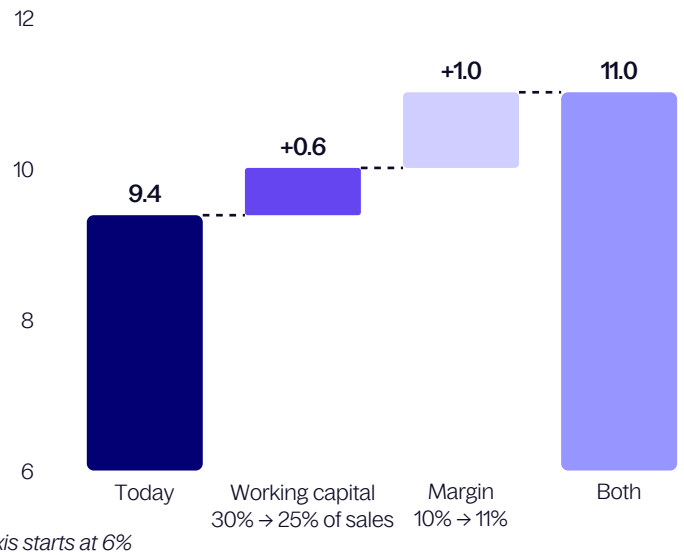
- **A scenario, not a verdict.** Q3 2026 returns are compared with a possible future cost of capital. This shows how exposed companies are if the cost of capital rises; it does not show whether they created or destroyed value in the quarter.
- **Returns are close to the cost of capital.** Median ROIC is 9.4%, inside the range. About one in four companies are within a point of it, so a modest change in the cost of capital moves many from comfortable to marginal.
- **Strong margins can offset high capital requirements.** High NOWC/Sales does not by itself mean low returns. Several of the companies with the most working capital earn the highest returns, because pricing power and margins pay for it.
- **Why 8-10%.** 8.4% is investors' required return on equity for large listed companies (spring 2026). Debt is cheaper after tax, so WACC for a large company is lower, around 7-8%. Rates have since risen, and many companies in the benchmark are mid-sized, where investors add 1-3 points to the equity return.

A lasting cut in working capital lifts returns and lowers the cost of growth

What working capital can do for value

ILLUSTRATION

Figure 7. *ROIC, %, in an illustrative company, step by step. Full effect once the lower level is reflected in average capital.*



Axis starts at 6%

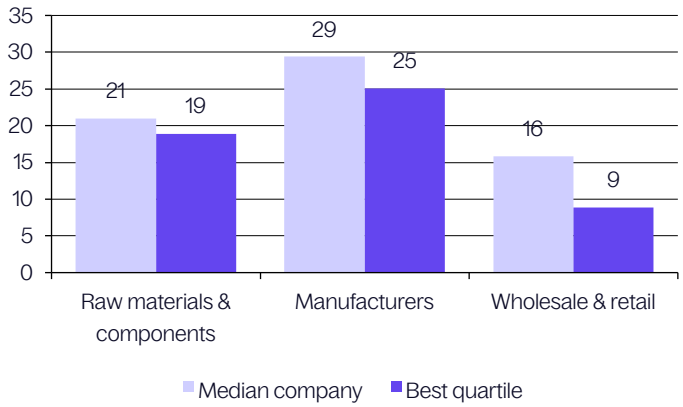
- **The company.** Sales 100, operating margin 10%, tax 25%: profit after tax 7.5. Invested capital 80, of which working capital 30. ROIC is 7.5 / 80 = 9.4%.
- **Step 1: working capital.** NOWC/Sales falls from 30% to 25%. Capital drops to 75, cash equal to half a year's operating profit is released, and ROIC rises to 10.0%.
- **Step 2: margin.** One more point of margin lifts ROIC to 11.0%. On its own, the margin step would give 10.3%.
- **Growth.** If the change lasts, each 100 of extra sales needs 25 of working capital instead of 30.

While the margin effect is stronger, reduced working capital not only contributes to ROIC but also releases cash and lowers the cost of growth.

Is five points realistic? The benchmark says yes

The example above assumes a cut of five percentage points in NOWC/sales. In the benchmark, the gap between the median company and the best quartile is 3-7 pp. depending on the part of the value chain.

Figure 8. *NOWC / Sales, %, Q3 2026: the median company and the best quartile, by part of the value chain.*



About 5% of sales

is the cash that would be released if every company reached the best quartile in its respective part of the value chain. That equals about 43% of one year's operating profit.

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Buyers pay for lasting improvements, not quarter-end pushes

Working capital when a company is valued, listed or sold

INTERPRETATION

The listing window has reopened, and a long queue of PE-owned companies is preparing for an exit in 2027. Buyers value the cash a business generates and the capital it needs to grow. Working capital affects both, and in a sale it also affects the price directly.

The normal level in the price

In most transactions the price assumes a "normal" level of working capital, typically an average over the past twelve months. If the company delivers less at closing, the price is adjusted down; if more, up. Cutting working capital just before a sale therefore adds little: the cash gained is taken back in the price adjustment.

What buyers test

Cash conversion over several years, not only the last quarter. How much working capital each krona of growth has required. Whether seasonal swings are understood and explained. Whether improvements rest on policies, targets and owners, or on one-off pushes at the balance-sheet date.

Example: the same cut, made in two ways

	Push in the last quarter	Lasting improvement
Starting point working capital before any change	**100**	**100**
The cut both reach 80 at closing	100 → 80 in the last quarter	100 → 80 a year before the sale
Working capital, last four quarters	100 | 100 | 100 | 80	80 | 80 | 80 | 80
Normal level in the price average of the four quarters	**95**	**80**
Price adjustment at closing − normal level	**80 − 95 = −15**	**80 − 80 = 0**
Cash released by the cut	+20	+20
What the seller keeps	**+20 − 15 = about +5**	**+20, plus a higher valuation**
How the buyer values the business	Expects working capital to go back to 100: no extra value	Less capital needed per krona of sales, also for growth: higher value

Illustrative figures. In some deals the normal level is set from a single balance sheet (a "locked box"); the logic is the same.

A push before a sale is mostly taken back in the price. Only an improvement that has held long enough to lower the normal level, and that convinces the buyer it will last, creates value. Start 12-24 months before an exit, and build the evidence: targets, owners and follow-up.

Lasting improvements need alignment from strategy to daily routines

How lasting improvements are made

The 2024 Outlook argued that working capital improvements last only when strategic, tactical and operational decisions point the same way. If they do not, a target set at the top is undone by everyday choices further down. The same framework connects the owner's question about value with the decisions that create it.

Strategic Owners, board and executive team	**Key question:** Which capital should the business model carry, and what return do we require on it? **In practice:** Footprint of factories and warehouses; near-shore or off-shore; make or buy; targets that include ROIC and NOWC/Sales next to growth and margin; incentives. **Current situation:** Tariffs and regional supply chains are adding stock: inventory days are up by 12 at the median company. Footprint and sourcing are working capital decisions again.
Tactical Management and business units, reviewed a few times a year	**Key question:** Which service levels, payment terms and product range are customers willing to pay for? **In practice:** Turning strategy into rules: service level and lead time per customer segment; standard payment terms and which customers may deviate; how broad the range is and which items are kept in stock; regular forums that follow up deviations. **Current situation:** Customers are paying later (receivables +5 days) and companies are paying suppliers later (+6 days). Terms are being renegotiated in both directions. The questions per part of the value chain on the next page are decisions of this kind.
Operational The organization, every day	**Key question:** Are the rules followed, and are deviations caught and handled? **In practice:** Clear processes and routines; guidelines with escalation (e.g. acceptable payment terms); business intelligence with views per role; tools and templates. **Current situation:** Much of this year's increase came in the first two quarters of 2026. Routines and follow-up decide whether it is reversed or becomes the new normal, and they are what buyers test in due diligence.

A target set at the top is not enough. If terms, range and daily routines stay unchanged, working capital falls for a quarter and then returns. The following case shows the opposite: a short-term target supported at all three levels.

Working capital priorities differ across the value chain, from inventory buffers to customer terms

Observation → decision → questions to investigate → considerations and constraints

Raw materials & components

NOWC/Sales 21.0% (best quartile 18.9%).
Average change +1.8 pp in a year.
Median change in inventory +13, receivables +4, payables +6 days.
Median ROIC proxy 9.7%.

Decision: Which buffers are justified by supply and delivery risk?

Questions: How much of the stock build is price rather than volume? Are raw-material, energy and component buffers set per supplier risk class and reviewed against actual lead times? Do larger customers get credit they do not pay for?

Considerations and constraints: Release stock where risk allows; delivery reliability and the cost of a production stop set the limit. Longer supplier credit may reverse as suppliers' funding costs rise.

Manufacturers

NOWC/Sales 29.4% (best quartile 25.1%).
Average change +2.7 pp in a year.
Median change in inventory +18, receivables +6, payables +8 days.
Median ROIC proxy 9.1%.

Decision: Which capital in production, aftermarket and projects is paid for by customers?

Questions: How much of the stock build follows new sourcing set-ups or tariffs? Does spare-parts availability differ by criticality and contract? Do larger project orders carry advance or milestone payments? Are pre-season builds approved against sell-through data?

Considerations and constraints: Capital behind profitable service and seasonal sales is justified; capital in projects or variants without matching terms is a pricing question. Any reduction must preserve the availability promised to customers.

Wholesale & retail

NOWC/Sales 15.8% (best quartile 8.9%).
Average change −1.0 pp in a year.
Median change in inventory −2, receivables +1, payables +3 days.
Median ROIC proxy 8.1%.

Decision: Which range and availability are customers willing to pay for?

Questions: Are reorder points set from demand variability rather than supplier minimums? Could slow movers be held on consignment, where the supplier owns the stock until it is sold? Vendor-managed inventory moves planning, not necessarily ownership.

Considerations and constraints: Price differentiation on availability, or narrow the range. Ensure that the core range customers come for is kept to avoid lost sales.

Q3 2026, value-chain groups as in earlier Outlooks. Levels, days and ROIC are medians; the change in NOWC/Sales is the average. The figures point to where to look, not to what a given company can release.

Case: Stronger processes enabled growth at lower working capital intensity

How a fast-growing company cut working capital intensity while volumes grew

NOWC/Sales 30% → 25%
while volumes grew by around 30%

Situation

A company on a rapid growth journey ran into weak cash conversion and a strained liquidity position. The causes were both internal and external: inefficient processes, supply problems, staff shortages and a backlog of incomplete deliveries. Management launched an internal program with ambitious targets, and Knowit was engaged to support it. The brief was twofold: release cash by the coming quarter-end, and improve working capital in a way that would last, without harming customer or supplier relationships or other strategic goals.

What was done, at all three levels

Five cross-functional workstreams: payables, inventory, delivery and administration, receivables, and targets.

Strategic Targets and direction	Defined KPIs and their components, with short- and long-term target levels, so that working capital became part of how the business was steered rather than a one-off exercise.
Tactical Terms, purchasing and responsibilities	Renegotiated supplier terms and set minimum accepted terms; introduced customer prepayment when material arrived; reviewed the purchasing process and paused planned purchases where stock was excessive; clarified roles in invoicing and delivery.
Operational Routines and tools	A process for slow-moving and obsolete stock; a reduced invoicing backlog; automatic payment reminders; tools for supplier performance, inventory, delivery status, overdue items and KPI follow-up; workshops and training.

Results

- **Target met.** NOWC/Sales fell from 30% to 25% during the period.
- **Achieved during growth.** Volumes grew by around 30%, so working capital grew much more slowly than the business.
- **Delivery improved.** External capacity was brought in to reduce the delivery backlog.

What it shows: The cash target created the urgency; the structure around it is what makes such a change last. Without it, a quarter-end release tends to reverse within a few quarters. With it, lower capital intensity also reduces the funding needed for the next phase of growth.

Four decisions for owners and boards to turn working capital improvements into lasting value

From observation to decision

The benchmark shows more capital tied up, while the cost of that capital is rising. Whether that is a problem depends on what the capital does for the business. Four decisions turn that question into value.

	Question for the board	Typical examples	Ask management for
1 Priority	**Where are we financing customers without being paid for it?**	Long payment terms at standard prices; stock held for a few customers; consignment stock carried for free	The customers and products that tie up the most capital, and what they pay for it
2 Priority	**What can be released for good without hurting sales or delivery?**	Reorder points set too high; invoicing at month-end instead of on delivery; overdue and disputed invoices	A prioritised plan: cash effect, cost, effect on margin and service, and an owner for each item
3	**Which capital must stay to protect sales and delivery?**	Critical spare parts; buffers for components with a single supplier; stock behind promised delivery times	Clear rules for service levels and buffers, and the reason behind the largest items
4	**How will released capital be used, and how is the effect kept?**	Repay debt, invest where returns beat the cost of capital, or return cash to owners; targets in incentives	A decision on the use of capital, and quarterly follow-up of NOWC/Sales and cash conversion next to ROIC

FORWARD-LOOKING RISK

At the median company, stock is up 12 days and customers pay 5 days later. Companies pay suppliers 6 days later, but that may be hard to keep as suppliers face the same higher rates.

In short

- **Margins are higher than before the pandemic, but returns are lower:** capital has grown faster than sales.
- **Working capital is rising again** just as capital becomes more expensive.
- **Treat every krona of working capital as an investment:** keep what pays for itself in growth, margin or delivery, and release the rest for good.
- **Work business by business, with clear owners,** not with general efficiency targets.

Appendix: method and samples

How the figures were produced

Analysis	Which companies are included
Trend in NOWC/Sales and change in a year	Companies with a complete series of reported inventory, receivables and payables from Q1 2023 to Q3 2026
Robustness check	The same, plus companies where some receivable or payable quarters are estimated from broader balance-sheet items; the direction is the same
Receivable days (DSO)	All companies in the trend
Inventory and payable days (DIO, DPO, CCC)	Companies in the trend that report cost of goods sold. Companies that report costs by nature, common in forest products and some manufacturers, are left out, so these measures rest on a smaller group
Returns over time	Companies whose profit and capital have been checked against the annual reports for every year since 2018, without major divestments
Returns in Q3 2026	All companies with a ROIC proxy, including those whose receivables or payables are not reported separately
Value-chain comparisons and potential	Companies in the trend, grouped as in earlier Outlooks

Definitions and choices

- **Sample.** Around 50 listed Swedish companies, grouped by their place in the value chain: raw materials & components, manufacturers, and wholesale & retail. Results are shown for the group and by segment. Companies with financial-services arms, major divestments or scope changes, or a delisting are left out of the affected measures. Companies that report later are added when available.
- **Reported figures only.** Trends and days use reported figures. Estimated quarters, including one large group where receivables and payables are derived from broad items, are used only as a robustness check.
- **Returns.** ROIC proxy: operating profit for the last twelve months taxed at a standard 25%, divided by invested capital (equity plus interest-bearing debt including leases, less all cash; pensions and derivatives excluded). Quarterly: average of five quarter-ends. Over time: average of opening and closing capital, with leases added to 2018 capital for IFRS 16. Negative profit gets no tax benefit. Items affecting comparability above 10% of operating profit and changes in the value of forest assets are excluded from the series over time.
- **Cost of capital and scenarios.** 8-10% is an illustrative, forward-looking range, not a calculated WACC for each company. Scenario and potential figures are illustrations under stated assumptions.
- **Sources.** Quarterly and annual reports. Companies with broken fiscal years are mapped to the nearest calendar quarter. Companies reporting in EUR are compared on ratios only.

About Knowit and the authors

Knowit helps owners, boards and management teams improve capital efficiency, from benchmarking and diagnostics to hands-on work with inventory, customer terms and supplier terms. The Capital Efficiency Outlook is published every year and follows how listed Swedish companies manage the capital tied up in their operations.



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Want to see how your company compares?
Contact one of the authors for a company-specific benchmark.