

2015-10-29

SINTERCAST

SHARE PRICE (SEK): 89,75

NASDAQ OMX Small Cap

Industrials

- Another series production record
- New installations increasing
- Positive momentum

Another series production record. SinterCast reached a new record level in Q2 for its series production amounting to 2.2 million Engine Equivalents, expressed on a yearly basis. This is an increase of 30% and the sixth quarterly consecutive increase. The sharp increase is partly due to the success of Ford's 2.7 litres version of the V6 petrol engines. However total sales in the quarter fell short of our high expectations, given the strong recording in Q1 and the currency development. The shortfall in sales of new installations of new equipment and a low level income from services explains part of the deviation. Given the lower sales figure than we expected and currency losses our profit forecast turned out to be too optimistic.

New installations increasing. The absence of new installations of equipment in Q2 is not symptomatic for the year and should not be seen as a sign of decreasing interest in the technique. SinterCast has already obtained five new installation commitments, whereof three will be undertaken in Q3. 2015 could thus become a record year for new installations. However given the continuous rise in series production, installations are set to become a smaller part of total income.

Positive momentum. SinterCast is currently enjoying a very positive momentum based on the mounting interest in the production of Compacted Graphite Iron (CGI). The current production programs alone provide SinterCast an opportunity for a volume of 2.5 million Engine Equivalents. Almost as large volume of Engine Equivalents could be provided from the programs that are currently being developed. We believe this increase could arise without any large additional costs, which should lead to a margin increase. In spite of the lower than expected profit for Q2 we don't make any major changes in our estimates for the remaining part of the year.

COMPANY DESCRIPTION

SinterCast is the world leading supplier of on-line process control technology and know-how for the reliable high-volume production of Compacted Graphite Iron (CGI). The company provides CGI solutions to the world foundry and automotive industries. SinterCast is a publicly listed company on the NASDAQ OMX Stockholm Stock Exchange.

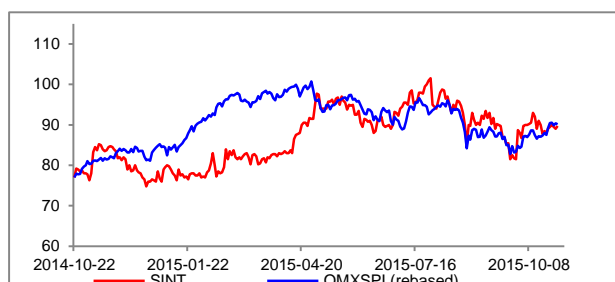
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KEY DATA		SHARE PERFORMANCE	
Market Capitalization (MSEK)	637,2	1 month (%)	9,8
Net Debt (MSEK)	-37,6	3 month (%)	-11,6
Enterprise Value (MSEK)	599,6	12 months (%)	14,0
Equity ratio(%)	87,1	YTD (%)	18,1
No of shares (mn)	7,1	52-V High	102,5
No of shares (dil.mn)	7,1	52-V Low	73,8
Free Float (%)	78,1	Ticker	SINT

	2013A	2014A	2015E	2016E
Sales (MSEK)	51,9	54,5	72,1	77,9
EBITDA (MSEK)	8,1	11,0	20,6	24,8
EBIT (MSEK)	7,3	10,2	19,8	23,8
EBT (MSEK)	7,5	11,5	19,7	24,2
EPS (just. SEK)	1,14	1,75	2,92	3,59
DPS (SEK)	1,20	2,20	2,40	2,60
Sales growth (%)	13,1	5,0	32,3	8,0
EPS growth (%)	nmf	53,1	67,2	22,6
EBIT-margin (%)	14,1	18,7	27,5	30,5

	2013A	2014A	2015E	2016E
P/E (x)	69,1	43,5	30,7	25,0
P/BV (x)	6,6	6,1	6,9	6,3
EV/Sales (x)	9,9	9,1	8,3	7,7
EV/EBITDA (x)	63,2	44,9	29,0	24,2
EV/EBIT (x)	70,2	48,4	30,2	25,2
Div. Yield (%)	1,5	2,9	2,7	2,9

STOCK PERFORMANCE



Source: Infront, company reports, Remium Nordic, Holdings

MAJOR SHARHOLDERS	CAPITAL	VOTES
VLTCM Ltd	11,2%	11,2%
Avanza Pension	10,7%	10,7%
Nordnet Pension	8,6%	8,6%
Lars Ahlström	6,1%	6,1%

MANAGEMENT	FINANCIAL CALENDER	
Chairman	Hans-Eric Andersson	
CEO	Steve Dawson	3Q-report 2015-11-11
CFO	Daphner Uhmeier	4Q-report 2016-02-17

INCOME STATEMENT

MSEK	1Q14A	2Q14A	3Q14A	4Q14A	1Q15A	2Q15A	3Q15E	4Q15E	2012A	2013A	2014A	2015E	2016E	2017E
Sales	14,6	10,9	13,4	15,6	18,8	15,8	17,7	19,8	45,9	51,9	54,5	72,1	77,9	83,4
COGS	-4,4	-2,8	-3,2	-3,3	-4,6	-3,4	-4,1	-4,6	-13,7	-14,6	-18,2	-16,6	-17,9	-19,2
Gross revenue	10,2	8,1	10,2	12,3	14,2	12,4	13,6	15,3	32,2	37,3	40,8	55,5	60,0	64,2
Operating costs	-7,1	-7,2	-6,9	-8,6	-8,1	-9,3	-8,5	-8,9	-30,2	-29,2	-29,8	-34,9	-35,2	-37,0
EO-costs	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EBITDA	3,1	0,9	3,3	3,7	6,1	3,1	5,1	6,3	2,0	8,1	11,0	20,6	24,8	27,2
Depreciation	-0,2	-0,2	-0,2	-0,2	-0,2	-0,2	-0,2	-0,2	-1,0	-0,8	-0,8	-0,8	-1,0	-1,1
EBIT	2,9	0,7	3,1	3,5	5,9	2,9	4,9	6,1	1,0	7,3	10,2	19,8	23,8	26,0
Net financials	0,4	0,2	0,4	0,2	-0,1	-0,4	0,2	0,2	1,0	0,2	1,3	-0,1	0,5	0,5
EBT	3,3	0,9	3,5	3,7	5,8	2,5	5,1	6,3	2,0	7,5	11,5	19,7	24,2	26,6
Tax & minorities	-0,1	1,0	0,0	0,0	0,0	1,0	0,0	0,0	-5,7	0,6	0,9	1,0	1,2	1,3
Net result	3,2	1,9	3,5	3,7	5,8	3,5	5,1	6,3	-3,7	8,1	12,4	20,7	25,4	27,9
EPS bef. dil. (SEK)	0,45	0,27	0,49	0,52	0,82	0,49	0,72	0,89	-0,53	1,14	1,75	2,92	3,58	3,93
EPS aft. dil. (SEK)	0,45	0,27	0,49	0,52	0,82	0,49	0,72	0,89	-0,53	1,14	1,75	2,92	3,59	3,94
Sales Growth Q/Q	1%	-25%	23%	16%	21%	-16%	12%	12%	N/A	N/A	N/A	N/A	N/A	N/A
Sales Growth Y/Y	25%	-8%	-4%	8%	29%	45%	32%	27%	-6%	13%	5%	32%	8%	7%
Adj. EBITDA margin	21%	8%	25%	24%	32%	20%	29%	32%	4%	16%	20%	29%	32%	33%
Adj. EBIT margin	20%	6%	23%	22%	31%	18%	28%	31%	2%	14%	19%	28%	30%	31%
Adj. EBT margin	23%	8%	26%	24%	31%	16%	29%	32%	4%	14%	21%	27%	31%	32%

CASH FLOW

MSEK	2012A	2013A	2014A	2015E	2016E	2017E
Cash flow b.f. ch. in work.cap.	4	8	11	20	26	29
Change in working capital	-2	6	-4	-1	-1	-1
Cash flow from operating activities	1	14	7	19	25	28
Cash flow from investments	-2	-1	-1	-2	-2	-2
Free Cash Flow	0	14	5	17	24	27
Cash flow from financing	-12	-1	-9	-16	-17	-18
Net Cash Flow	-12	12	-3	2	7	8

PER SHARE DATA & RETURN ON CAPITAL

SEK	2012A	2013A	2014A	2015E	2016E	2017E
EPS	-0,53	1,14	1,75	2,92	3,59	3,94
Adj. EPS	0,29	1,14	1,75	2,92	3,59	3,94
BVPS	11,13	11,95	12,47	13,04	14,22	15,55
CEPS	0,19	2,03	0,94	2,70	3,59	3,99
DPS	1,00	1,20	2,20	2,40	2,60	2,80
ROE	-5%	10%	14%	22%	25%	25%
Adj. ROE	-5%	10%	14%	22%	25%	25%
Solidity	94%	89%	91%	89%	89%	89%

BALANCE SHEET

MSEK	2012A	2013A	2014A	2015E	2016E	2017E
Intangible Assets	2	2	2	4	4	4
Cash and cash equivalent	35	48	45	47	54	62
Total Assets	83	95	97	104	113	124
Equity	78	85	88	92	101	110
Net Debt	-35	-48	-45	-47	-54	-62
Net Working Capital	53	57	60	70	72	75

SHARE STRUCTURE

	2012A	2013A	2014A	2015E	2016E	2017E
No. of A-shares (m)		-				
No. of B-shares (m)		7,1				
Total no. of shares (m)		7,1				

COMPANY CONTACT

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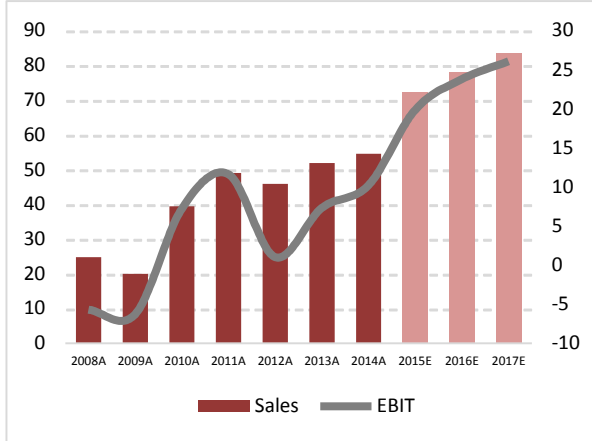
Sources: Infront, Company reports, Remium Nordic

ESTIMATE CHANGES

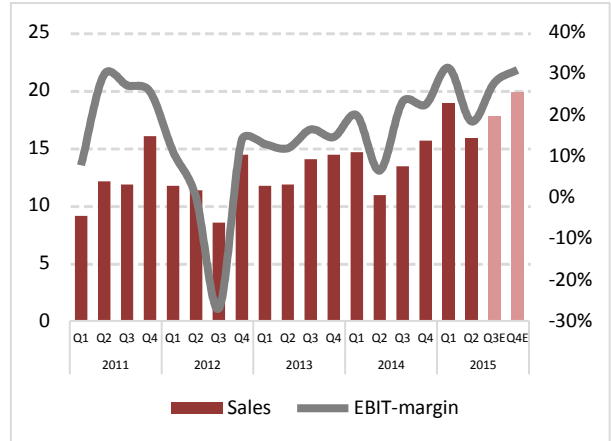
MSEK	2Q 2015A			2015E			2016E			
	Estimate	Actual	Diff (%)	Before	Now	Diff (%)	Before	Now	Diff (%)	
Sales		18,5	15,8	-15%	74,8	72,1	-4%	80,8	77,9	-4%
EBIT		5,8	2,9	-50%	23,3	19,8	-15%	25,9	23,8	-8%
Adj. EPS (SEK)		0,9	0,5	-45%	2,1	2,9	39%	3,9	3,6	-8%

INCOME STATEMENT

SALES & EBIT, Y/Y (MSEK)

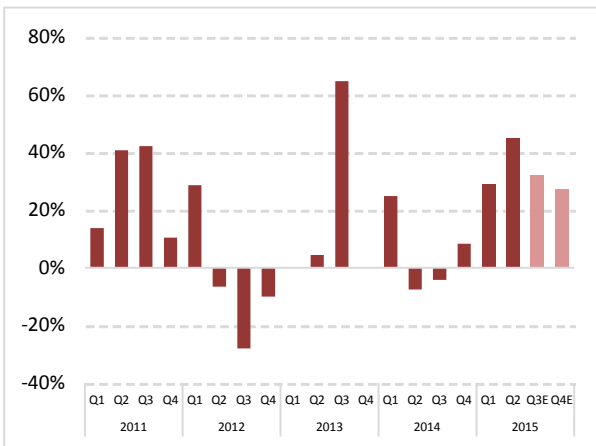


SALES & EBIT-MARGIN, Q/Q (MSEK)

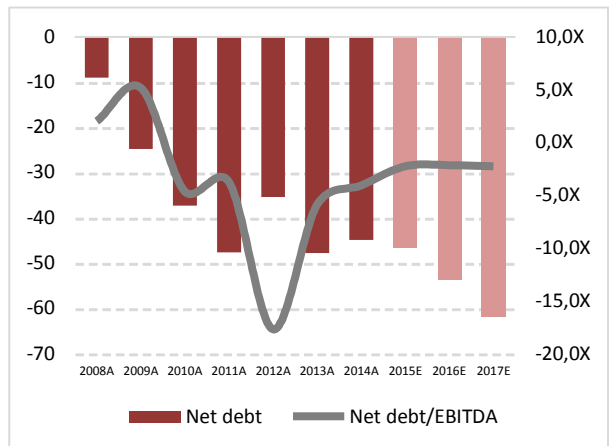


GROWTH & BALANCE SHEET

SALES GROWTH Y/Y

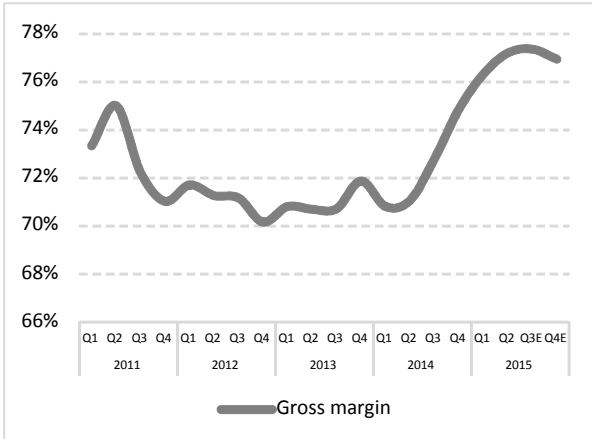


NET DEBT & NET DEBT/EBITDA

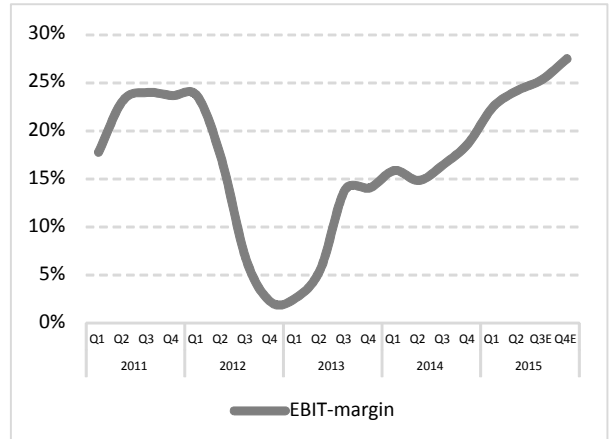


MARGINS, ROLLING 12m

GROSS MARGIN (R12m)

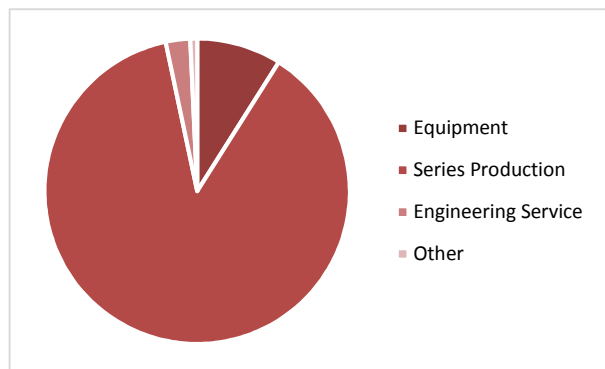


EBIT-MARGIN (R12m)

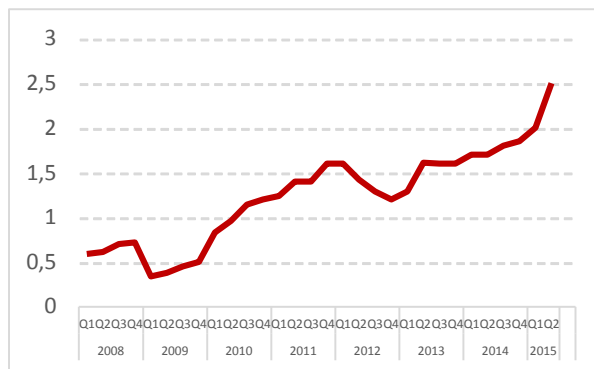


COMPANY SPECIFICS

SALES BREAKDOWN*



SERIAL PRODUCTION, MOTOR EQUIVALENTS/YR (MILLION)**



* Per annual report 2014, ** Per quarterly reports

COMPANY DESCRIPTION

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