

Fourth Quarter 2025

Lower Production Volume than Expected

SinterCast reported a weak fourth quarter, with both revenue and earnings declining markedly compared with the previous year. Net revenue fell by approximately 26 per cent to SEK 26.4 million (35.8), driven by lower volumes in serial production, primarily on the North American truck side. Operating profit decreased to SEK 5.8 million (9.5), corresponding to an operating margin of 22.0 per cent (26.5), demonstrating that the company nevertheless defended a solid profitability level despite a significantly weaker top line. Net profit was approximately halved to SEK 3.9 million (7.4), corresponding to earnings per share of SEK 0.55 (1.04), weighed down by lower volumes and weaker cash flow from operations of SEK 1.6 million (13.4).

Operationally, the quarter was characterised by a weak heavy vehicle market, with North American volumes sharply down, while Europe showed relatively better development. The company continues to highlight the impact of the termination of a high-volume programme in September 2024, which, together with prevailing market conditions, set the tone for the whole of 2025. At the same time, several positive strategic announcements were communicated: new high-volume programmes with two commercial vehicle manufacturers, with production start planned for 2026–2027; an increased long-term production target of 8 million Engine Equivalents (MEV); and planned cost savings of approximately SEK 5 million in 2026, partly related to management retirements. The company also indicated that it is evaluating opportunities for non-organic growth, confirming a more offensive agenda despite a challenging year.

Significant Upside Based on Management Guidance

From a valuation perspective, SinterCast is trading at either a clear quality discount or premium depending on the time horizon applied, although the market has largely priced in the weak 2025 outcome and the reduced dividend. With full-year revenue of SEK 108 million and an operating margin of around 30 per cent, together with expected cost reductions and new programmes from 2026 onwards, consensus points towards rising earnings levels in the coming years, although the pace remains uncertain. A reasonable analytical assessment is that the share is valued at a mid-range P/E multiple on current-year earnings – justified by structurally high margins, strong cash generation and a clear structural growth agenda, but at a discount to other quality companies given the company's small size, customer concentration and cyclical exposure to heavy vehicles. Our intrinsic value has been revised downwards due to a lower USD/SEK exchange rate. We have not materially adjusted our

SinterCast

Rapportkommentar – fjärde kvartalet 2025

Datum	18 februari 2026
Analytiker	Philip Wendt
Basfakta	
Bransch	Industri
Styrelseordförande	Ian Kershaw
VD	Steve Dawson
Noteringsår	1993
Listning	Nasdaq OMX Small Cap
Ticker	SINT
Aktiekurs	92,0
Antal aktier, milj.	7,0
Börsvärde, mkr	648
Finansiell nettotillg, mkr	5
Företagsvärde (EV), mkr	643
Motiverat värde	136 kronor
Nästa rapport	29 april 2026

Kursutveckling senaste året



Källa: Refinitiv

Prognoser & Nyckeltal, MSEK

	2025	2026p	2027p	2028p
Omsättning	108,0	103,7	161,2	185,3
Bruttoresultat	76,0	73,1	116,2	132,9
Rörelseres. (ebit)	32,8	34,5	55,5	73,1
Resultat f. skatt	32,7	34,5	55,8	73,5
Årets resultat	24,6	27,5	44,4	58,5
Vinst per aktie	3,49 kr	3,90 kr	6,31 kr	8,31 kr
Utd. per aktie	3,00 kr	4,72 kr	6,22 kr	6,73 kr
Omsättningstillväxt	-20,0%	-3,9%	55,4%	14,9%
Bruttomarginal	70,4%	70,5%	72,0%	71,7%
Rörelsemarginal	30,4%	33,3%	34,4%	39,5%
Kassaflöde, verksamh€	59,6	35,4	39,1	69,2
Kassaflöde per aktie	8,5	5,0	5,6	9,8
P/e-tal	28,6	23,6	14,6	11,1
EV/ebitda	21,4	17,4	11,2	11,2
EV/omsättning	7,1	6,2	4,0	3,5
Direktavkastning	3,0%	5,1%	6,8%	7,3%

Källa: Bolaget, Analysguiden

Motiverat värde är en uppfattning om vad bolaget borde vara värt givet Analysguidens huvudscenari. Det är inte samma sak som att aktiekursen ska spegla detta värde.

volume or margin assumptions. Based on the company’s volume guidance for the upcoming planning horizon, we see an intrinsic value of SEK 129 per share. The equity market is likely to be willing to pay this level once sequential volume growth is back within reach. In North America, Class 8 production is expected to show a weaker first half but a stronger second half of the year, where EPA 2027 regulations, ageing fleets and potential inventory build-up could drive a clearer uplift towards 2027.

Investment Thesis

SinterCast is a small but high-quality technology company providing process control and measurement systems for the production of compacted graphite iron (CGI), primarily for engine blocks and components in trucks, passenger vehicles and industrial applications. The business model is scalable and largely recurring: the majority of revenues stem from ongoing production fees and consumables, while equipment sales provide more volatile but high-margin growth. Historically, the company has delivered very high gross margins above 70 per cent and operating margins of around 30–35 per cent in normalised years. However, 2025 has been characterised by a weaker heavy vehicle cycle and delayed customer programmes, which have weighed on both volumes and margins.

Asset-Light Business Model with Operational Leverage

The balance sheet is strong, with a net cash position and no interest-bearing debt, providing a solid runway even in a weaker market. Cash flow generation is typically strong given the asset-light model and low capital expenditure requirements. Management has communicated long-term targets of double-digit revenue growth, gross margins above 70 per cent and operating margins above 40 per cent over the coming years, driven by increasing volumes (more Engine Equivalents), new OEM programmes and broader application of CGI in both vehicle and industrial segments.

Guidance Implies Meaningful Upside

In a simplified discounted cash flow framework, one could assume revenue growth of approximately 10–12 per cent per annum over the next five years, while operating margins gradually recover towards 35–40 per cent. The discount rate would then be around 7 per cent, reflecting the Swedish risk-free rate, a small-cap risk premium and the company’s relatively low leverage. Under such assumptions, a reasonable valuation range would be broadly in line with – or slightly above – the current share price. A more optimistic scenario, with faster volume recovery and margins above 40 per cent, would imply significant upside. Conversely, a more pessimistic scenario, with low volume

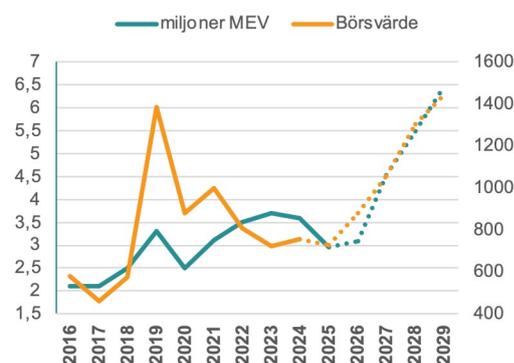
The Stock is Worth Buying...

The stock’s upside/downside in three different scenarios

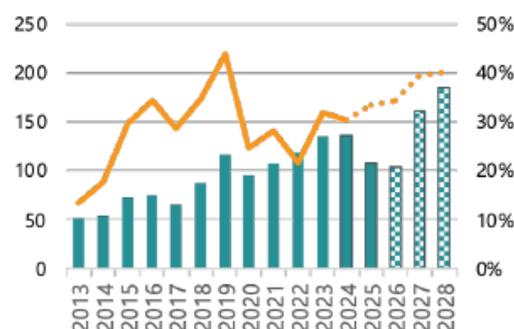


Source: Analysis Guide's bullish, base, and bearish scenarios

Millions of MEVs and Share Price



Revenue and Operating Margin



growth and pressured margins, would indicate downside risk relative to today's level.

Quality Company with Cyclical Exposure

The most important value drivers for an investor to monitor are therefore the development of heavy vehicle volumes and new engine programmes, when and how quickly production scales up, the company's ability to defend gross margins despite currency and pricing pressure, how quickly operating margins can climb back towards target levels, and the currency environment, primarily USD/SEK, which impacts profitability. On the risk side, cyclical fluctuations in the truck market remain the primary factor, alongside the risk of delays or cancellations of customer programmes and, over the longer term, the potential threat from electrification should it advance significantly faster in heavy vehicles than the industry currently expects. At the same time, the high share of recurring revenue, technological leadership and strong balance sheet provide downside protection, making SinterCast a typical "quality company with cyclical exposure" rather than a highly leveraged risk case.

Valuation Methodology

A discounted cash flow valuation is one way of estimating a reasonable value for SinterCast by forecasting future free cash flow and discounting it back to today using a required rate of return. For a retail investor, the model can be simplified while still providing a clear picture of what drives value.

The starting point is the company's current revenue and profitability. One then assumes a reasonable growth rate for the next five years, for example around 10–12 per cent per year, based on the company's target of double-digit growth and the underlying trend for CGI technology. At the same time, it is assumed that the operating margin gradually recovers from a lower level during a weaker economic cycle to approximately 35–40 per cent, in line with the company's communicated long-term targets. In the model, operating profit is converted into free cash flow by deducting tax, once tax loss carry-forwards are utilised, adjusting for low capital expenditure and changes in working capital; since the business is asset-light, cash flow typically represents a large share of operating profit.

Risk Premium Reflecting Lower Leverage

The next step is to select a discount rate. For a debt-free Swedish small-cap company such as SinterCast, a rule of thumb would be around 7–8 per cent, consisting of the Swedish risk-free rate, a general equity risk premium and an additional premium for the company's size and cyclical exposure. Since the company has no interest-bearing debt, the discount rate is in practice almost

Bullish scenario: SEK 143 per share.

Base scenario: SEK 132 per share.

Bearish scenario: SEK 107 per share.

Weighted scenario: SEK 129 per share.

Cash flow valuation as a guiding framework.

Starting point based on current revenue and profitability.

Assumptions based on management guidance.

Future cash flows are discounted to present value using a required rate of return.

equivalent to the cost of equity. A one percentage point difference in the discount rate would impact the intrinsic value by approximately SEK 20 per share.

Terminal Value in SinterCast Represents Half of Present Value

After the forecast period, a terminal value is required, representing the value beyond year five. A common approach is to use a perpetual growth model, assuming that cash flow grows at a cautious long-term rate, for example 2–2.5 per cent, which is below expected nominal GDP growth. Alternatively, one may apply an exit multiple approach, assigning a reasonable EV/EBIT or EV/EBITDA multiple to the final forecast year based on comparable companies. Both methods can be used as a cross-check; for an investor, consistency and conservative terminal growth assumptions are key.

Finally, the present value of the five years of cash flow and the terminal value are summed, net debt is deducted or net cash added, and the result is divided by the number of shares. This yields an indicative intrinsic value per share. By varying assumptions regarding growth, margins and required return, one can create base, bull and bear scenarios and derive a reasonable valuation range rather than a single precise figure. This range is often more useful for a retail investor than a single point estimate.

Scenario Analysis

The scenario analysis for SinterCast can, in simplified terms, be described as three potential future paths: a best case, a base case and a worst case, examining how volumes, margins and valuation develop and what upside or downside this implies relative to today's share price.

In the best-case scenario, "CGI accelerates", the truck market recovers clearly from 2026, delayed customer programmes are launched broadly in line with original plans and new business is added at a healthy pace. Revenue grows faster, operating margins rise above 40 per cent and earnings per share increase significantly. In this case, a reasonable valuation would be clearly above today's share price, with potential upside of 70–80 per cent if everything develops favourably.

The base scenario, "delayed recovery", is more cautious and considered the most likely outcome. Here, the truck market stabilises without surging, programme delays persist but are managed, and SinterCast reaches its volume milestones somewhat later than desired. Revenue growth remains in the low double digits, operating margins gradually recover towards approximately 35–40 per cent and cash flow remains strong

The discounted value is assessed in relation to historical multiples for valuing the business.

Significant upside potential in the share if management guidance on increased volumes in 2027/2028 materialises.

The base scenario discounts a stabilisation of demand this year.

thanks to the asset-light business model. In this scenario, a cash flow-based valuation would land somewhat above today's share price, with potential upside of around 15–25 per cent. For a retail investor, this implies that the share appears reasonably valued if one believes in a normalised cycle within a few years.

In the worst-case scenario, “structural headwinds”, weakness in heavy vehicles proves prolonged, key customer programmes are significantly delayed or partially cancelled and competition, currency effects and electrification weigh on demand over time. Revenue growth remains low, margins are pressured towards the low 20–30 per cent range and valuation declines materially. In this path, a reasonable valuation could fall clearly below today's share price, implying downside of 25–35 per cent. The purpose of the scenario analysis is to illustrate both the significant upside potential if the company delivers on its growth and margin targets, and the tangible risks if the vehicle cycle and customer programmes continue to disappoint. For an investor, the key question becomes whether the base case of gradual recovery appears most probable, or whether the risk of a more persistently weak scenario carries greater weight.

2026 appears likely to be a year of cautious recovery in heavy trucks globally, albeit with regional differences and continued uncertainty. For SinterCast, the pace at which new engine programmes enter production will also be crucial.

Heavy Vehicle Market

SinterCast sells a licensed measurement and control platform plus technical support that enables foundries and vehicle manufacturers to serially produce advanced engine and drivetrain components in compacted graphite iron. Heavy commercial vehicles account for 45–50 per cent of the customer base.

In North America, data suggest that the downturn of 2024–2025 is behind us and that the market is gradually strengthening. Order statistics for Class 8 trucks show rising levels, supported by improved freight rates, higher capacity exits, with weaker hauliers leaving the market, and increasing need to replace ageing fleets rather than build new capacity. The assessment for 2026 is therefore moderate growth rather than a boom, with volumes stabilising or growing modestly following several years of significant volatility.

In Europe, there are signs of recovery after a weak period in 2024–2025 with declining heavy vehicle registrations. Forecasts indicate that deliveries of new trucks above 3.5 tonnes could increase by mid-single-digit percentages in 2026, to a level slightly above the ten-year average, driven by postponed

Bear scenario with continued high political uncertainty and postponed investments.

Moderate growth in North America in 2026.

Europe appears more promising.

replacement purchases rather than pure capacity expansion. At the same time, the transport market remains subdued and operators are cautious with investments, limiting near-term upside even if the bottom appears to have passed.

In China, the picture is more complex. The traditional diesel-powered heavy truck market has experienced significant cyclical swings, but the most dynamic segment is now new energy trucks, electric and other drivetrains, where volumes increased sharply in 2025 and electric heavy trucks reached more than 50 per cent of new vehicle sales in December. Part of this peak was demand brought forward ahead of changes to subsidies and taxes in 2026, suggesting weaker monthly volumes in early 2026. Over the longer term, the electrification trend in heavy vehicles is considered structural, with continued high growth in the segment, while the overall Chinese market benefits from large infrastructure investments and logistics needs.

In Latin America, clearer volume growth is expected from low levels, driven by infrastructure projects, urbanisation and expanding logistics flows. Forecasts point to strong growth in heavy trucks, including electric vehicles, over the coming years, particularly in Brazil. The market is more volatile and dependent on economic and political stability, but the outlook for 2026 is broadly positive with increasing investment in transport capacity.

Overall, 2026 is expected to bring cautious improvement in North America and Europe, structural transformation towards electrification in China and strong growth potential in Latin America, but without a return to any global supercycle.

Discussions with customers regarding compensation for cost increases appear to be shifting from fixed pricing to more flexible structures, creating scope for price increases in 2026 and 2027. Revenue per MEV in SEK will naturally depend on future USD developments. At present, the market expects continued weakness in the dollar versus the krona. Over time, we assume that these effects will broadly offset each other and that revenue per million MEV will stabilise at around SEK 31–32 (33).

The Chinese truck market is more dependent on drivetrain choices.

Increased investment in transport capacity in Latin America.

Favourable outlook for more flexible pricing.

Income Statement (SEK million)

	2020	2021	2022	2023	2024	2025	2026p	2027p	2028p
Revenue	116.5	95.4	107.4	118.7	134.4	108.0	103.7	161.2	185.3
<i>adjustment</i>	33%	-18%	13%	11%	13%	-20%	-4%	55%	15%
Gross Result	89.3	63.9	74.5	82.8	97.1	76.0	73.1	116.2	132.9
<i>gross margin</i>	77%	67%	69%	70%	72%	70%	71%	72%	72%
Operating Result (ebit)	23.5	30.1	25.7	42.7	43.2	32.8	34.5	55.5	73.1
<i>operating margin</i>	20%	32%	24%	36%	32%	30%	33%	34%	39%
<i>Financial Net</i>	0.0	-0.2	0.6	-0.4	-0.3	-2.0	0.0	1.0	1.0
Result Before Income Tax	22.3	29.0	30.3	42.5	43.2	32.7	34.5	55.8	73.5
Income tax	3.3	8.3	-0.1	3.9	2.9	-8.1	-7.0	-11.4	-15.0
Result for the Year	25.6	37.3	30.2	46.4	46.0	24.6	27.5	44.4	58.5

Balance Sheet (SEK million)

	2020	2021	2022	2023	2024	2025	2026p	2027p	2028p
ASSETS									
Cash and Cash Equivalents	32.8	32.9	26.3	27.5	14.2	5.2	22.0	29.2	50.4
Current Assets	31.7	38.9	38.6	39.1	54.1	57.7	37.1	58.6	66.4
Non-Current Assets	45.7	55.8	62.8	64.9	62.2	61.6	33.2	23.0	8.9
TOTAL ASSETS	110.2	127.6	127.7	131.5	130.5	124.5	92.2	110.8	125.8

Equity & Liabilities

	2020	2021	2022	2023	2024	2025	2026p	2027p	2028p
Equity	99.2	111.7	108.8	113.8	111.9	76.1	83.8	94.9	109.5
Short Term Liabilities	11.0	14.0	15.7	15.3	17.1	9.6	8.0	15.5	15.9
Long Term Liabilities	0.0	1.9	3.2	2.4	1.5	0.4	0.5	0.4	0.4
Total Liabilities	11.0	15.9	18.9	17.7	18.6	10.0	8.5	16.0	16.3
TOTAL EQUITY & LIABILITIES	110.2	127.6	127.7	131.5	130.5	86.1	92.2	110.8	125.8

Cash Flows (SEK million)

	2020	2021	2022	2023	2024	2025	2026p	2027p	2028p
Operating Cash Flow	43.0	25.4	32.1	35.6	48.7	48.0	37.0	57.6	72.2
Change in Working Capital	-5.2	-3.3	0.9	-10.2	-3.2	11.6	-1.6	-18.5	-3.0
Cash Flow from Operations	37.8	22.1	33.0	25.4	45.5	59.6	35.4	39.1	69.2
Financing	-36.5	-25.9	-29.1	-37.1	-41.8	-47.0	-32.9	-37.0	-67.2
Investments	-1.2	-2.8	-2.7	-1.7	-5.6	-1.8	-2.5	-2.1	-2.1
TOTAL CASH FLOW	0.1	-6.6	1.2	-13.3	-1.9	10.8	12.7	4.5	23.6
Number of Employees at the End of the Year	23	28	30	32	28	25	25	23	23

Source: The company and Analysguiden

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The analyst Philip Wendt does not own and is not allowed to own shares in the analysed company.

Responsible Analyst:

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