

SINTERCAST

SHARE PRICE (SEK): 83,25

NASDAQ OMX Small Cap

Industrials

- Record series production
- Higher installation activity in the autumn
- Stable platform

Record series production. In Q2 SinterCast was able to report a series production amounting to 2.2 million Engine Equivalents, which touched the previous high reached the comparable quarter last year. The high series production led toward record Sampling Cup shipments amounting to 48,600 providing a 34% growth y/y. Revenue from series production thus increased by 10% to SEK 16,9 m (15,4). However equipment sales disappointed and included only one smaller upgrade to increase production capacity for an American customer. Our expectation was that at least one installation would be commissioned in the period. That explains the shortfall in sales compared to our forecast. In spite of this the operating profit was almost in line with our estimate.

Higher installation activity in the autumn. According to management the lack of commissioned installations in the quarter doesn't signal any change in trend and should be seen as a natural deviation. For example it should be noted that the Teksid System 3000 installation aimed for the Teksid foundry in Brazil, that was ordered at the end of 2015, was not delivered until the current quarter. Management indicates that several negotiations are underway and that the autumn could become quite busy. The number of installations currently amounts to 24 fully automated systems and 20 mini systems. We believe that four installations will be shipped in the second half. of 2016

Stable platform. In Q2 SinterCast was able to offset the fact that some series production programmes reported reductions in Q2 by increased production in other programmes. That shows to us the stable platform the company has acquired taking part in that many programmes. Car sales continue to increase in most parts of the world and given low petrol prices the demand for heavy vehicles continue to increase. We make no major changes to our estimates.

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.

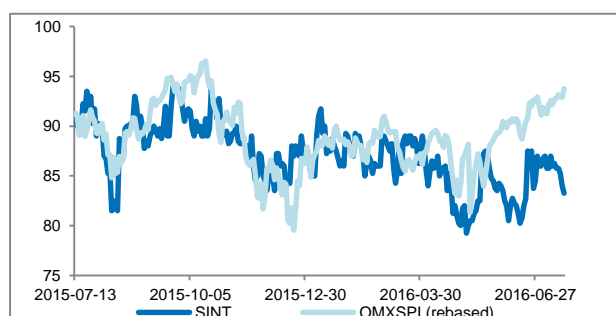
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KEY DATA		SHARE PERFORMANCE	
Market Capitalization (MSEK)	591,1	1 month (%)	2,5
Net Debt (MSEK)	-29,6	3 month (%)	-2,1
Enterprise Value (MSEK)	561,5	12 months (%)	-8,0
Equity ratio(%)	85,4	YTD (%)	-5,7
No of shares.(mn)	7,1	52-V High	99,0
No of shares (dil.mn)	7,1	52-V Low	74,3
Free Float (%)	77,2	Ticker	SINT

	2014A	2015A	2016E	2017E
Sales (MSEK)	54,5	72,4	74,8	80,7
EBITDA (MSEK)	11,0	21,1	23,6	27,5
EBIT (MSEK)	10,2	20,3	23,0	26,1
EBT (MSEK)	11,5	24,9	23,0	26,5
EPS (just. SEK)	1,7	3,6	3,4	3,7
DPS (SEK)	2,2	3,5	3,5	4,0
Sales growth (%)	5,0	32,8	3,3	8,0
EPS growth (%)	53,1	107,3	-6,7	10,6
EBIT-margin (%)	18,7	28,0	30,7	32,3

	2014A	2015A	2016E	2017E
P/E (x)	43,5	24,3	24,6	22,3
P/BV (x)	6,1	6,7	6,4	6,3
EV/Sales (x)	9,1	8,0	7,5	7,0
EV/EBITDA (x)	44,9	27,3	23,8	20,4
EV/EBIT (x)	48,4	28,4	24,4	21,5
Div. Yield (%)	2,9	4,0	4,2	4,8

STOCK PERFORMANCE



Source: Infront, company reports, Remium Nordic, Holdings

MAJOR SHARHOLDERS	CAPITAL	VOTES
VLTCM Ltd	12,1%	12,1%
Avanza Pension	10,7%	10,7%
Nordnet Pension	8,9%	8,9%
Lars Ahlström	6,1%	6,1%

MANAGEMENT		FINANCIAL CALENDER	
Chairman	Hans-Eric Andersson	3Q-report	2016-11-23
CEO	Steve Dawson	4Q-report	2017-02-22
CFO	Daphner Uhmeier	1Q-Report	2017-04-26

INCOME STATEMENT

MSEK	1Q15A	2Q15A	3Q15A	4Q15A	1Q16A	2Q16A	3Q16E	4Q16E	2013A	2014A	2015A	2016E	2017E	2018E
Sales	18,8	15,8	20,6	17,2	16,1	18,3	18,5	21,9	51,9	54,5	72,4	74,8	80,7	84,8
COGS	-4,6	-3,4	-5,5	-3,5	-3,2	-4,5	-4,4	-4,8	-14,6	-18,2	-17,0	-16,9	-18,2	-19,1
Gross revenue	14,2	12,4	15,1	13,7	12,9	13,8	14,0	17,1	37,3	40,8	55,4	57,8	62,6	65,7
Operating costs	-8,1	-9,3	-7,9	-9,0	-8,0	-8,1	-8,5	-9,6	-29,2	-29,8	-34,3	-34,2	-35,0	-34,1
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	6,1	3,1	7,2	4,7	4,9	5,7	5,5	7,5	8,1	11,0	21,1	23,6	27,5	31,6
Depreciation	-0,2	-0,2	-0,1	-0,3	-0,3	-0,3	-0,2	-0,2	-0,8	-0,8	-0,8	-1,0	-1,5	-1,5
EBIT	5,9	2,9	7,1	4,4	4,6	5,8	5,3	7,3	7,3	10,2	20,3	23,0	26,1	30,1
Net financials	-0,1	-0,4	0,0	4,7	0,1	-0,8	0,3	0,4	0,2	1,3	4,6	0,0	0,4	0,5
EBT	5,8	2,5	7,1	9,1	4,7	5,0	5,6	7,7	7,5	11,5	24,9	23,0	26,5	30,5
Tax & minorities	0,0	1,0	-0,1	-0,1	0,0	1,0	0,0	0,0	0,6	0,9	0,8	1,0	0,0	0,0
Net result	5,8	3,5	7,0	9,0	4,7	6,0	5,6	7,7	8,1	12,4	25,7	24,0	26,5	30,5
EPS bef. dil. (SEK)	0,82	0,49	0,99	1,27	0,66	0,85	0,79	1,08	1,14	1,75	3,62	3,38	3,73	4,30
EPS aft. dil. (SEK)	0,82	0,49	0,99	1,27	0,66	0,85	0,79	1,08	1,14	1,75	3,62	3,38	3,74	4,31
Sales Growth Q/Q	21%	-16%	30%	-17%	-6%	14%	1%	19%	N/A	N/A	N/A	N/A	N/A	N/A
Sales Growth Y/Y	29%	45%	54%	10%	-14%	16%	-10%	27%	13%	5%	33%	3%	8%	5%
Adj. EBITDA margin	32%	20%	35%	27%	30%	31%	30%	34%	16%	20%	29%	32%	34%	37%
Adj. EBIT margin	31%	18%	34%	26%	29%	32%	29%	33%	14%	19%	28%	31%	32%	35%
Adj. EBT margin	31%	16%	34%	53%	29%	27%	30%	35%	14%	21%	34%	31%	33%	36%

CASH FLOW

MSEK	2013A	2014A	2015A	2016E	2017E	2018E
Cash flow b.f. ch. in work.cap.	8	11	21	24	28	32
Change in working capital	6	-4	-1	-2	1	-1
Cash flow from operating activities	14	7	20	22	29	32
Cash flow from investments	-1	-1	-2	-2	-2	-2
Free Cash Flow	14	5	19	20	27	30
Cash flow from financing	-1	-9	-16	-25	-25	-28
Net Cash Flow	12	-3	3	-4	3	1

PER SHARE DATA & RETURN ON CAPITAL

SEK	2013A	2014A	2015A	2016E	2017E	2018E
EPS	1,14	1,75	3,62	3,38	3,74	4,31
Adj. EPS	1,14	1,75	3,62	3,38	3,74	4,31
BVPS	11,95	12,47	13,15	13,07	13,30	13,61
CEPS	2,03	0,94	2,88	3,13	4,10	4,44
DPS	1,20	2,20	3,50	3,50	4,00	4,00
ROE	10%	14%	28%	26%	28%	32%
Adj. ROE	10%	14%	28%	26%	28%	32%
Solidity	89%	91%	88%	85%	85%	85%

BALANCE SHEET

MSEK	2013A	2014A	2015A	2016E	2017E	2018E
Intangible Assets	2	2	4	4	4	4
Cash and cash equivalent	48	45	48	44	46	48
Total Assets	95	97	106	110	110	113
Equity	85	88	93	93	94	96
Net Debt	-48	-45	-48	-44	-46	-48
Net Working Capital	57	60	72	83	80	83

SHARE STRUCTURE

	2013A	2014A	2015A	2016E	2017E	2018E
No. of A-shares (m)	-	-	-	-	-	-
No. of B-shares (m)	7,1	7,1	7,1	7,1	7,1	7,1
Total no. of shares (m)	7,1	7,1	7,1	7,1	7,1	7,1

COMPANY CONTACT

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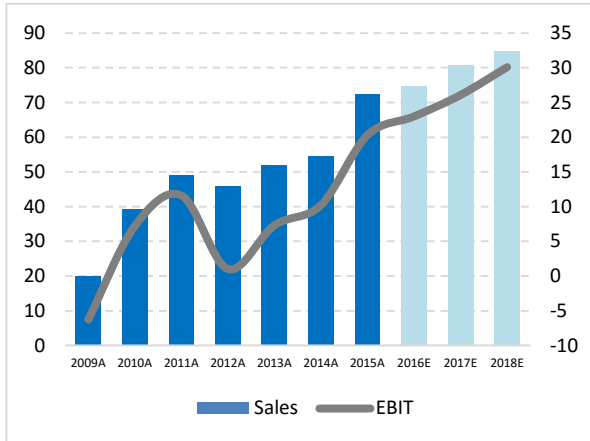
Sources: Infront, Company reports, Remium Nordic

ESTIMATE CHANGES

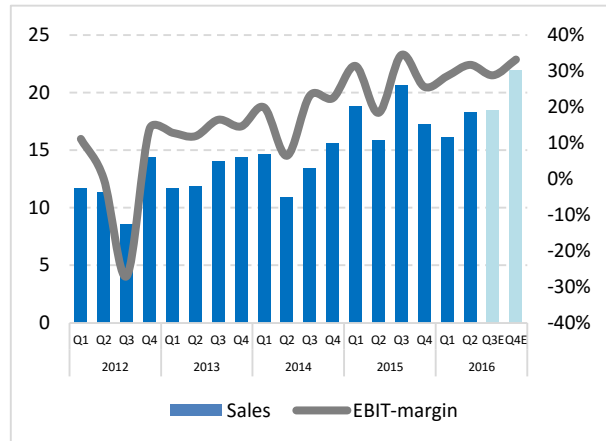
MSEK	2Q 2016A			2016E			2017E		
	Estimate	Actual	Diff (%)	Before	Now	Diff (%)	Before	Now	Diff (%)
Sales	19,9	18,3	-8%	77,1	74,8	-3%	83,2	80,7	-3%
EBIT	6,0	5,8	-3%	23,5	23,0	-2%	27,7	26,1	-6%
Adj. EPS (SEK)	0,9	0,8	-6%	3,5	3,4	-3%	4,0	3,7	-7%

INCOME STATEMENT

SALES & EBIT, Y/Y (MSEK)

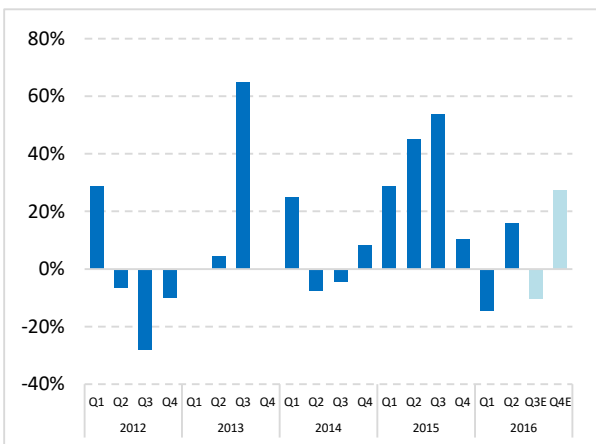


SALES & EBIT-MARGIN, Q/Q (MSEK)

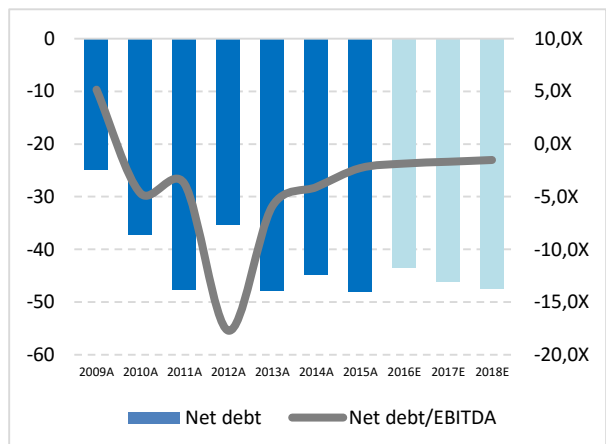


GROWTH & BALANCE SHEET

SALES GROWTH Y/Y



NET DEBT & NET DEBT/EBITDA

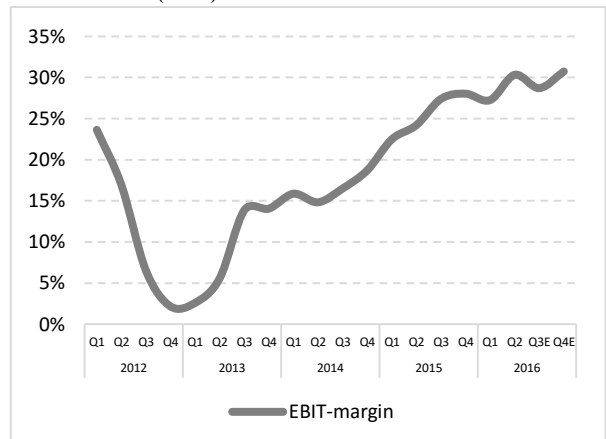


MARGINS, ROLLING 12m

GROSS MARGIN (R12m)

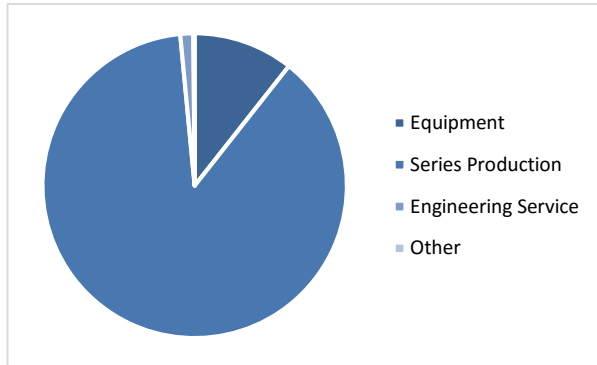


EBIT-MARGIN (R12m)

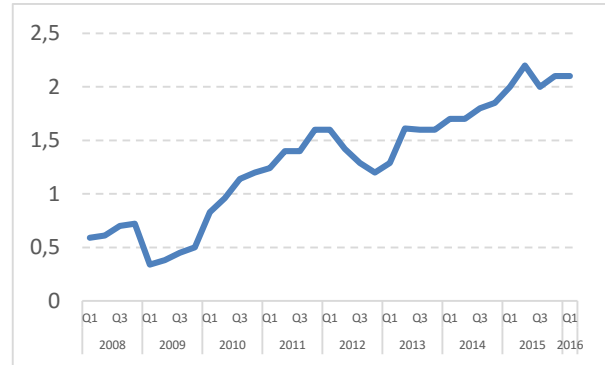


COMPANY SPECIFICS

SALES BREAKDOWN*



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



* Per 2015, ** Per quarterly reports

COMPANY DESCRIPTION

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 Hold: 16%
 Sell: 5%

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 No recommendation: 81%

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