

2015-11-12

# SINTERCAST

SHARE PRICE (SEK): 93,75

NASDAQ OMX Small Cap

Industrials

- New installations drive sales
- Riding the wave of F-150 success
- Higher estimates for series production

**New installations drive sales.** After recording a somewhat weaker Q2 than we expected due to the lack of new installations and thus lower equipment sales the opposite became true in Q3. Systems sales in Q3 amounted to an impressive MSEK 5 and resulted in a total sales increase of more than 15% more than we expected and an operating profit of a record 7.1 MSEK. Due to extended summer shutdowns series production fell sequentially to 2.0 million Engine Equivalents on an annualised basis but still increased by 11% versus comparable quarter last year. The operating profit continues to profit from the favorable currency situation and a strong dollar. The five new orders for installation was recently followed by a sixth from the Brazilian foundry Teksid, which is to be delivered in Q1 2016.

**Riding the wave of F-150 success.** The success of Ford's F-150 model continues. The start of sales of the 2.7 litre V6 petrol engine - with SinterCast's CGI-technique - has further enhanced its position. The take-rate for the petrol engine in the first half of 2015 was 25%. This has contributed to a 25% increase in passenger vehicle production in the case of SinterCast and it now accounts for 60% out of all production.

**Higher estimates for series production.** Optimistic management comments - not only about CGI-production for passenger vehicles but also relating to components for industrial power equipment - make us increase our sales forecast. We now expect a record 2.35 million (1.85) engine equivalents being produced in Q4. Due to the large amount of new installations we expect a continued increase in series production next year. Given the profit development and the lack of new investments we expect that the cash balance will exceed MSEK 50 by the end 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.

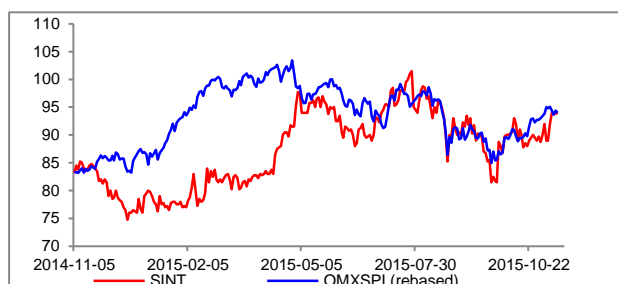
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KEY DATA		SHARE PERFORMANCE	
Market Capitalization (MSEK)	665,6	1 month (%)	3,6
Net Debt (MSEK)	-43,7	3 month (%)	-1,3
Enterprise Value (MSEK)	621,9	12 months (%)	10,3
Equity ratio(%)	90,6	YTD (%)	23,4
No of shares (mn)	7,1	52-V High	102,5
No of shares (dil.mn)	8,1	52-V Low	73,8
Free Float (%)	78,3	Ticker	SINT

	2013A	2014A	2015E	2016E
Sales (MSEK)	51,9	54,5	76,0	84,3
EBITDA (MSEK)	8,1	11,0	23,8	28,2
EBIT (MSEK)	7,3	10,2	23,1	27,2
EBT (MSEK)	7,5	11,5	22,9	27,7
EPS (just. SEK)	1,14	1,75	3,35	3,91
DPS (SEK)	1,20	2,20	2,40	2,60
Sales growth (%)	13,1	5,0	39,4	11,0
EPS growth (%)	nmf	53,1	91,6	16,8
EBIT-margin (%)	14,1	18,7	30,5	32,3

	2013A	2014A	2015E	2016E
P/E (x)	69,1	43,5	28,0	24,0
P/BV (x)	6,6	6,1	6,9	6,2
EV/Sales (x)	9,9	9,1	8,2	7,4
EV/EBITDA (x)	63,2	44,9	26,1	22,0
EV/EBIT (x)	70,2	48,4	26,9	22,8
Div. Yield (%)	1,5	2,9	2,6	2,8

## STOCK PERFORMANCE



Source: Infront, company reports, Remium Nordic, Holdings

MAJOR SHARHOLDERS	CAPITAL	VOTES
VLTCM Ltd	11,2%	11,2%
Avanza Pension	10,5%	10,5%
Nordnet Pension	8,7%	8,6%
Lars Ahlström	6,1%	6,1%

MANAGEMENT		FINANCIAL CALENDER	
Chairman	Hans-Eric Andersson	4Q-report	2016-02-11
CEO	Steve Dawson	1Q-report	2016-04-27
CFO	Daphner Uhmeier	2Q-report	2016-08-24

**INCOME STATEMENT**

MSEK	1Q14A	2Q14A	3Q14A	4Q14A	1Q15A	2Q15A	3Q15A	4Q15E	2012A	2013A	2014A	2015E	2016E	2017E
Sales	14,6	10,9	13,4	15,6	18,8	15,8	20,6	20,8	45,9	51,9	54,5	76,0	84,3	91,0
COGS	-4,4	-2,8	-3,2	-3,3	-4,6	-3,4	-5,5	-4,4	-13,7	-14,6	-18,2	-17,9	-19,4	-20,9
Gross revenue	10,2	8,1	10,2	12,3	14,2	12,4	15,1	16,4	32,2	37,3	40,8	58,1	64,9	70,1
Operating costs	-7,1	-7,2	-6,9	-8,6	-8,1	-9,3	-7,9	-9,0	-30,2	-29,2	-29,8	-34,3	-36,7	-38,5
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	7,2	7,4	2,0	8,1	11,0	23,8	28,2	31,6
Depreciation	-0,2	-0,2	-0,2	-0,2	-0,2	-0,2	-0,1	-0,2	-1,0	-0,8	-0,8	-0,7	-1,0	-1,1
EBIT	2,9	0,7	3,1	3,5	5,9	2,9	7,1	7,2	1,0	7,3	10,2	23,1	27,2	30,5
Net financials	0,4	0,2	0,4	0,2	-0,1	-0,4	0,0	0,2	1,0	0,2	1,3	-0,3	0,5	0,6
EBT	3,3	0,9	3,5	3,7	5,8	2,5	7,1	7,5	2,0	7,5	11,5	22,9	27,7	31,0
Tax & minorities	-0,1	1,0	0,0	0,0	0,0	1,0	-0,1	0,0	-5,7	0,6	0,9	0,9	0,0	0,0
Net result	3,2	1,9	3,5	3,7	5,8	3,5	7,0	7,5	-3,7	8,1	12,4	23,8	27,7	31,0
EPS bef. dil. (SEK)	0,45	0,27	0,49	0,52	0,82	0,49	0,99	1,05	-0,53	1,14	1,75	3,35	3,91	4,37
EPS aft. dil. (SEK)	0,45	0,27	0,49	0,52	0,82	0,49	0,86	1,05	-0,53	1,14	1,75	3,22	3,91	4,38
Sales Growth Q/Q	1%	-25%	23%	16%	21%	-16%	30%	1%	N/A	N/A	N/A	N/A	N/A	N/A
Sales Growth Y/Y	25%	-8%	-4%	8%	29%	45%	54%	33%	-6%	13%	5%	39%	11%	8%
Adj. EBITDA margin	21%	8%	25%	24%	32%	20%	35%	36%	4%	16%	20%	31%	34%	35%
Adj. EBIT margin	20%	6%	23%	22%	31%	18%	34%	35%	2%	14%	19%	30%	32%	33%
Adj. EBT margin	23%	8%	26%	24%	31%	16%	34%	36%	4%	14%	21%	30%	33%	34%

**CASH FLOW**

MSEK	2012A	2013A	2014A	2015E	2016E	2017E
Cash flow b.f. ch. in work.cap.	4	8	11	24	29	32
Change in working capital	-2	6	-4	-1	-2	-1
Cash flow from operating activities	1	14	7	24	27	31
Cash flow from investments	-2	-1	-1	-2	-2	-2
Free Cash Flow	0	14	5	22	25	29
Cash flow from financing	-12	-1	-9	-16	-17	-18
Net Cash Flow	-12	12	-3	6	8	11

**PER SHARE DATA & RETURN ON CAPITAL**

SEK	2012A	2013A	2014A	2015E	2016E	2017E
EPS	-0,53	1,14	1,75	3,35	3,91	4,38
Adj. EPS	0,29	1,14	1,75	3,35	3,91	4,38
BVPS	11,13	11,95	12,47	13,55	15,06	16,83
CEPS	0,19	2,03	0,94	3,32	3,83	4,42
DPS	1,00	1,20	2,20	2,40	2,60	2,80
ROE	-5%	10%	14%	25%	26%	26%
Adj. ROE	-5%	10%	14%	25%	26%	26%
Solidity	94%	89%	91%	91%	91%	92%

**BALANCE SHEET**

MSEK	2012A	2013A	2014A	2015E	2016E	2017E
Intangible Assets	2	2	2	4	4	4
Cash and cash equivalent	35	48	45	51	59	70
Total Assets	83	95	97	105	117	130
Equity	78	85	88	96	107	119
Net Debt	-35	-48	-45	-51	-59	-70
Net Working Capital	53	57	60	64	68	71

**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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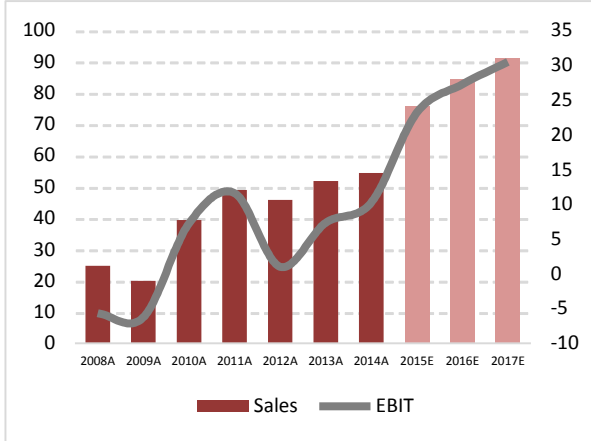
Sources: Infront, Company reports, Remium Nordic

**ESTIMATE CHANGES**

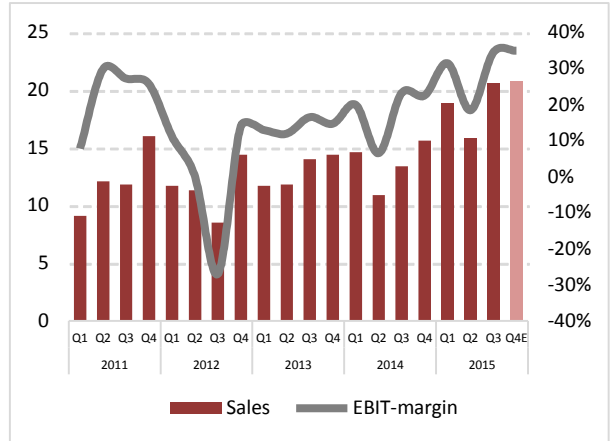
MSEK	3Q 2015A			2015E			2016E		
	Estimate	Actual	Diff (%)	Before	Now	Diff (%)	Before	Now	Diff (%)
Sales		17,7	20,6	72,1	76,0	5%	77,9	84,3	8%
EBIT		4,9	7,1	20,6	23,1	12%	23,8	27,2	14%
Adj. EPS (SEK)		0,7	1,0	2,9	3,4	16%	3,6	3,9	9%

**INCOME STATEMENT**

**SALES & EBIT, Y/Y (MSEK)**

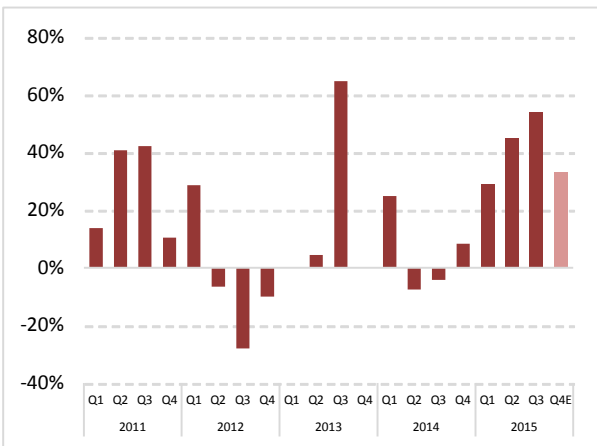


**SALES & EBIT-MARGIN, Q/Q (MSEK)**

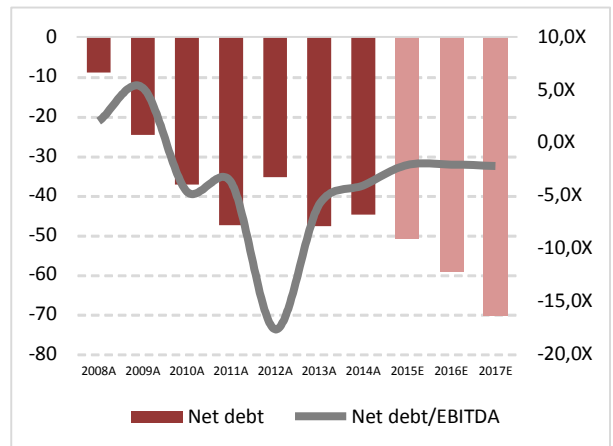


**GROWTH & BALANCE SHEET**

**SALES GROWTH Y/Y**

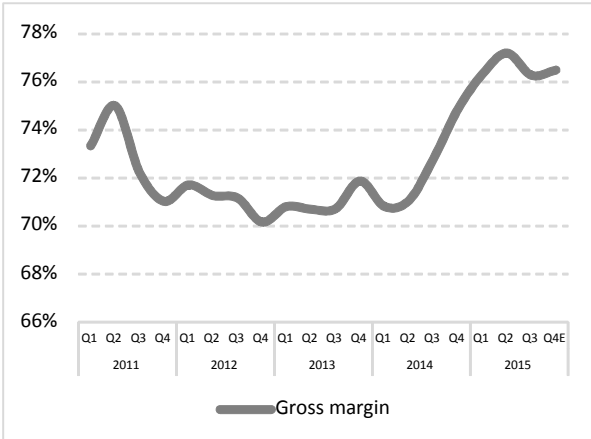


**NET DEBT & NET DEBT/EBITDA**

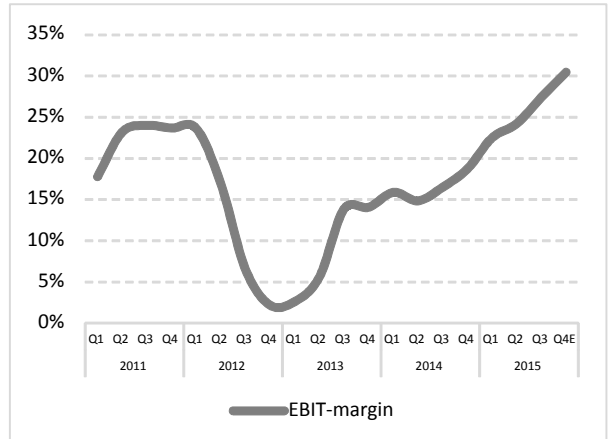


**MARGINS, ROLLING 12m**

**GROSS MARGIN (R12m)**

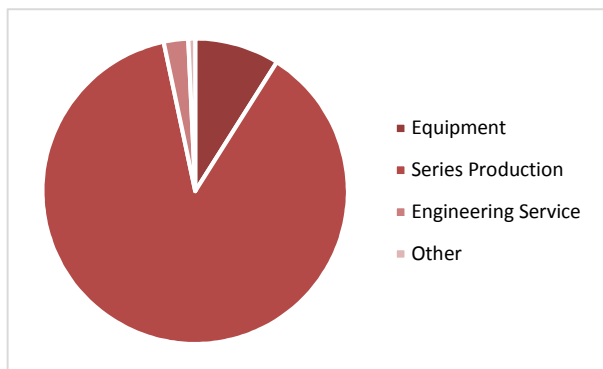


**EBIT-MARGIN (R12m)**

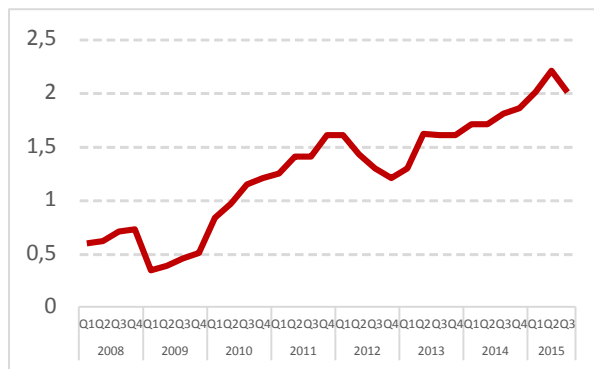


COMPANY SPECIFICS

SALES BREAKDOWN\*



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



\* Per annual report 2014, \*\* Per quarterly reports

COMPANY DESCRIPTION

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