

2015-05-08

SINTERCAST

SHARE PRICE (SEK): 92,50

NASDAQ OMX Small Cap

Industrials

- Continued record series production
- Asia's increasing importance
- Positive momentum

Continued record series production. SinterCast reached an annualized series production in the first quarter of 2,0 m Engine Equivalents, providing an 18% year-on-year increase. This is the fifth consecutive quarter with record production. The series production benefitted among other things from accelerated growth of the Ford 2,7 litre V6 petrol engine. The record high production level, positive currency movements and production mix all contributed to an increased income from series production by approximately 40% to 16,3 MSEK (11,6). Income from sold equipment decreased somewhat compared to the corresponding quarter last year. Despite this, total income increased by almost 30%. Due to the large share of income from series production with high gross margin, the company reported an increased EBIT of 5,9 MSEK (2,9).

Asia's increasing importance. SinterCast has for a long time put a lot of effort to make inroads into the Asian Markets and it is thus rewarding to notice that twelve out of the last twenty installations have been made in the area. Asia currently accounts for 40% of the current 40 installations. All three agreements about new installations in Q1 were also made with partners in Asia.

Positive momentum. SinterCast is currently enjoying a very positive momentum based on the mounting interest in the production of Compacted Graphite Iron (CGI). The increased share of series production and currency movements should bolster gross margin. The current production programs alone provide 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 come about without any large additional costs, which should lead to a margin increase. We increase our estimates both for sales and EBIT substantially

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.

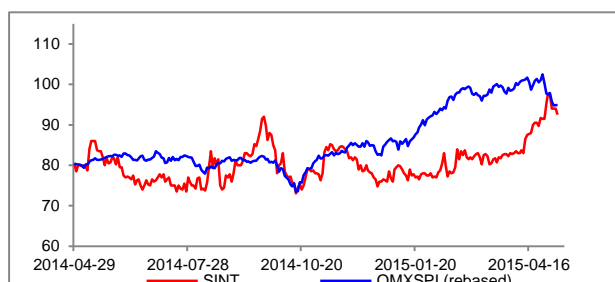
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KEY DATA		SHARE PERFORMANCE	
Market Capitalization (MSEK)	656,8	1 month (%)	10,8
Net Debt (MSEK)	-48,7	3 month (%)	17,5
Enterprise Value (MSEK)	608,1	12 months (%)	15,6
Equity ratio(%)	89,5	YTD (%)	21,7
No of shares (mn)	7,1	52-V High	98,0
No of shares (dil.mn)	7,1	52-V Low	71,5
Free Float (%)	78,5	Ticker	SINT

	2013A	2014A	2015E	2016E
Sales (MSEK)	51,9	54,5	74,8	80,8
EBITDA (MSEK)	8,1	11,0	24,1	26,9
EBIT (MSEK)	7,3	10,2	23,3	25,9
EBT (MSEK)	7,5	11,5	23,8	26,5
EPS (just. SEK)	1,14	1,75	3,36	3,92
DPS (SEK)	1,20	2,20	2,40	2,60
Sales growth (%)	13,1	5,0	37,3	8,0
EPS growth (%)	nmf	53,1	92,1	16,7
EBIT-margin (%)	14,1	18,7	31,1	32,1

	2013A	2014A	2015E	2016E
P/E (x)	69,1	43,5	27,5	23,6
P/BV (x)	6,6	6,1	6,8	6,1
EV/Sales (x)	9,9	9,1	8,1	7,5
EV/EBITDA (x)	63,2	44,9	25,3	22,6
EV/EBIT (x)	70,2	48,4	26,1	23,4
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	10,3%	10,3%
Nordnet Pension	8,3%	8,3%
Lars Ahlström	6,1%	6,1%

MANAGEMENT	FINANCIAL CALENDER
Chairman Hans-Eric Andersson	2Q-report 2015-07-29
CEO Steve Dawson	3Q-report 2015-11-11
CFO Daphner Uhmeier	4Q-report 2016-02-17

INCOME STATEMENT

MSEK	1Q14A	2Q14A	3Q14A	4Q14A	1Q15A	2Q15E	3Q15E	4Q15E	2012A	2013A	2014A	2015E	2016E	2017E
Sales	14,6	10,9	13,4	15,6	18,8	18,5	17,7	19,8	45,9	51,9	54,5	74,8	80,8	86,5
COGS	-4,4	-2,8	-3,2	-3,3	-4,6	-4,4	-4,2	-4,8	-13,7	-14,6	-18,2	-18,1	-19,4	-20,8
Gross revenue	10,2	8,1	10,2	12,3	14,2	14,1	13,5	15,1	32,2	37,3	40,8	56,8	61,4	65,7
Operating costs	-7,1	-7,2	-6,9	-8,6	-8,1	-8,1	-7,8	-8,7	-30,2	-29,2	-29,8	-32,7	-34,5	-36,4
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	6,0	5,6	6,3	2,0	8,1	11,0	24,1	26,9	29,3
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	5,8	5,4	6,1	1,0	7,3	10,2	23,3	25,9	28,2
Net financials	0,4	0,2	0,4	0,2	-0,1	0,2	0,2	0,2	1,0	0,2	1,3	0,6	0,5	0,6
EBT	3,3	0,9	3,5	3,7	5,8	6,0	5,6	6,4	2,0	7,5	11,5	23,8	26,5	28,8
Tax & minorities	-0,1	1,0	0,0	0,0	0,0	0,0	0,0	0,0	-5,7	0,6	0,9	0,0	1,3	1,4
Net result	3,2	1,9	3,5	3,7	5,8	6,0	5,6	6,4	-3,7	8,1	12,4	23,8	27,8	30,2
EPS bef. dil. (SEK)	0,45	0,27	0,49	0,52	0,82	0,85	0,79	0,89	-0,53	1,14	1,75	2,10	3,91	4,26
EPS aft. dil. (SEK)	0,45	0,27	0,49	0,52	0,82	0,85	0,79	0,89	-0,53	1,14	1,75	2,10	3,92	4,26
Sales Growth Q/Q	1%	-25%	23%	16%	21%	-2%	-4%	12%	N/A	N/A	N/A	N/A	N/A	N/A
Sales Growth Y/Y	25%	-8%	-4%	8%	29%	70%	32%	27%	-6%	13%	5%	37%	8%	7%
Adj. EBITDA margin	21%	8%	25%	24%	32%	32%	32%	32%	4%	16%	20%	32%	33%	34%
Adj. EBIT margin	20%	6%	23%	22%	31%	31%	31%	31%	2%	14%	19%	31%	32%	33%
Adj. EBT margin	23%	8%	26%	24%	31%	33%	32%	32%	4%	14%	21%	32%	33%	33%

CASH FLOW

MSEK	2012A	2013A	2014A	2015E	2016E	2017E
Cash flow b.f. ch. in work.cap.	4	8	11	25	29	31
Change in working capital	-2	6	-4	0	-4	-1
Cash flow from operating activities	1	14	7	24	25	30
Cash flow from investments	-2	-1	-1	-2	-2	-2
Free Cash Flow	0	14	5	23	23	29
Cash flow from financing	-12	-1	-9	-16	-17	-18
Net Cash Flow	-12	12	-3	7	6	10

PER SHARE DATA & RETURN ON CAPITAL

SEK	2012A	2013A	2014A	2015E	2016E	2017E
EPS	-0,53	1,14	1,75	3,36	3,92	4,26
Adj. EPS	0,29	1,14	1,75	3,36	3,92	4,26
BVPS	11,13	11,95	12,47	13,61	15,13	16,79
CEPS	0,19	2,03	0,94	3,44	3,52	4,29
DPS	1,00	1,20	2,20	2,40	2,60	2,80
ROE	-5%	10%	14%	25%	26%	25%
Adj. ROE	-5%	10%	14%	25%	26%	25%
Solidity	94%	89%	91%	89%	90%	90%

BALANCE SHEET

MSEK	2012A	2013A	2014A	2015E	2016E	2017E
Intangible Assets	2	2	2	4	4	4
Cash and cash equivalent	35	48	45	52	58	68
Total Assets	83	95	97	108	119	132
Equity	78	85	88	97	107	119
Net Debt	-35	-48	-45	-52	-58	-68
Net Working Capital	53	57	60	68	73	77

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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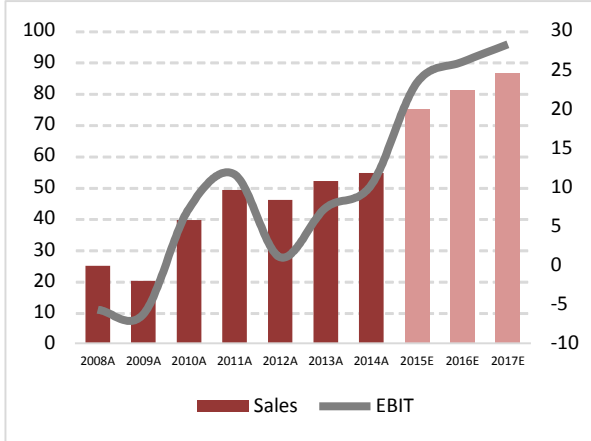
Sources: Infront, Company reports, Remium Nordic

ESTIMATE CHANGES

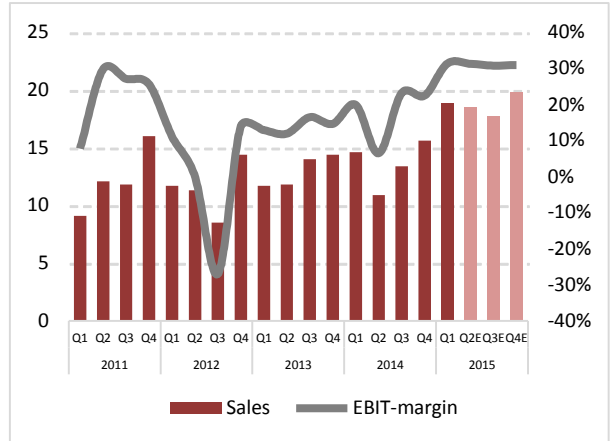
MSEK	1Q 2015A			2015E			2016E			
	Estimate	Actual	Diff (%)	Before	Now	Diff (%)	Before	Now	Diff (%)	
Sales		16,9	18,8	11%	64,4	74,8	16%	69,5	80,8	16%
EBIT		4,9	5,9	20%	15,8	23,3	47%	18,3	25,9	42%
Adj. EPS (SEK)		0,7	0,8	17%	2,0	3,4	68%	2,8	3,9	40%

INCOME STATEMENT

SALES & EBIT, Y/Y (MSEK)

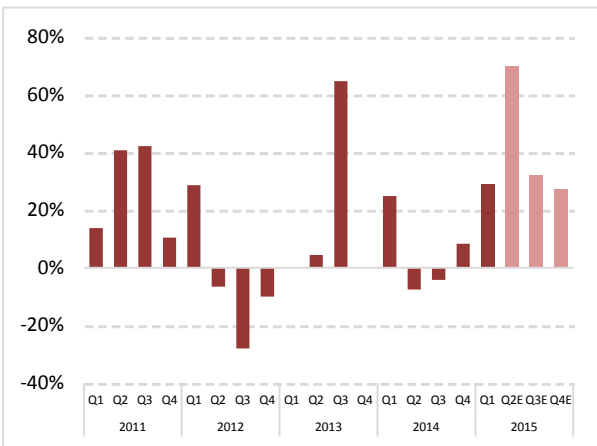


SALES & EBIT-MARGIN, Q/Q (MSEK)

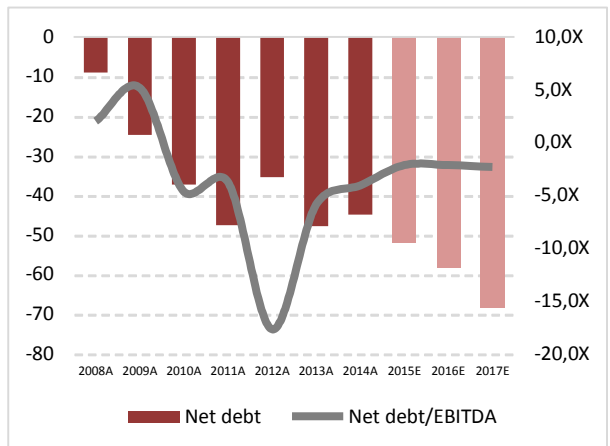


GROWTH & BALANCE SHEET

SALES GROWTH Y/Y

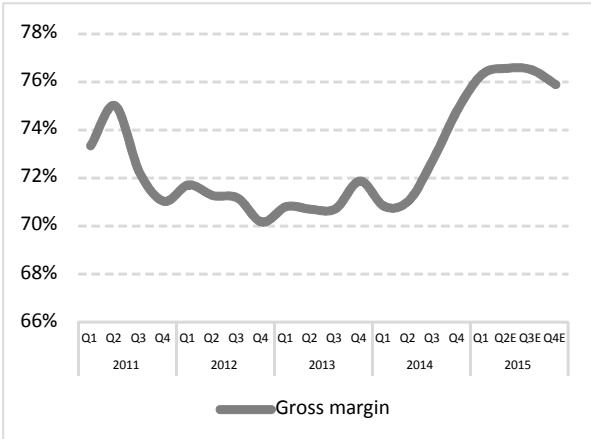


NET DEBT & NET DEBT/EBITDA

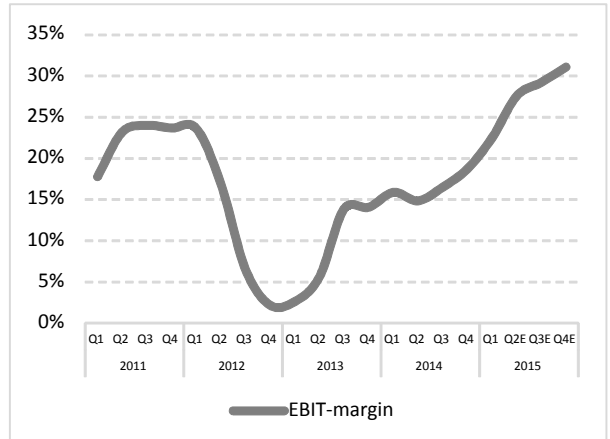


MARGINS, ROLLING 12m

GROSS MARGIN (R12m)

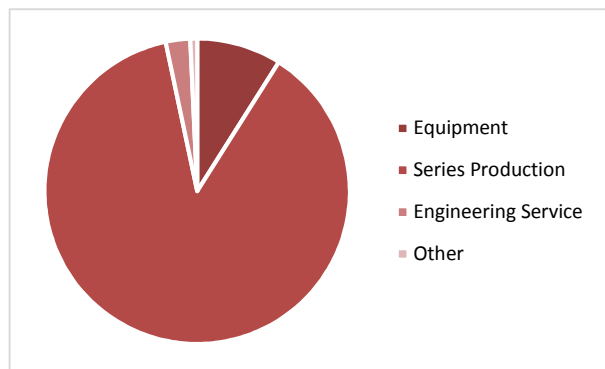


EBIT-MARGIN (R12m)

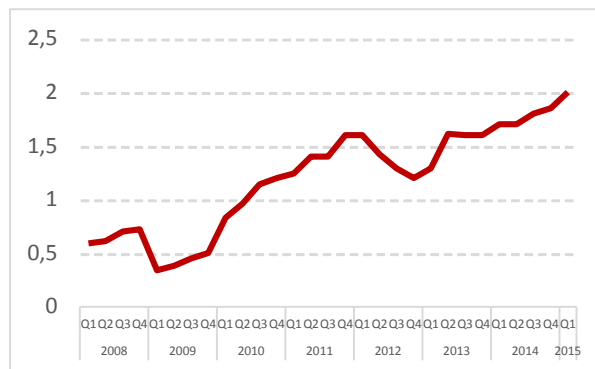


COMPANY SPECIFICS

SALES BREAKDOWN*



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



* Per annual report 2014, ** Per quarterly reports

COMPANY DESCRIPTION

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