

## SinterCast

### On the path to normal production volumes

- Recovering production volumes and strong EBIT margin
- '21-'22e sales up ~1%, '21e and '22e EBIT up 3% and 1%
- Trading at 27x '21e EV/EBIT, 4-7% '21-'23e div. yield

### Continued recovery in production volumes and EBIT margin

SinterCast reported Q1 net sales of SEK 24.3m (-1% vs. ABGSCe, -1% y-o-y). Annualised engine equivalents were in line with Q1'20 at 2.9m, and sampling cup volumes were -1% y-o-y (+9% vs. ABGSCe). Despite this, series production revenues decreased 6% y-o-y (-1% vs. ABGSCe) as a result of FX headwinds. Equipment sales were unusually high for Q1, at SEK 1.5m (ABGSCe 1.2m, Q1'20 0.4m), driven by a high number of spare part shipments. EBIT was ~SEK 9m (+14% vs. ABGSCe), for a margin of 35% (32%) (ABGSCe 30%), which is the highest margin since Q3'19, driven by a decrease in R&D costs and sales & marketing costs. Finally, net profit was ~SEK 7m (-18% vs. ABGSCe) due to an unexpected increase in financial expenses. Management highlighted a strong outlook for installation sales and said that March series production volumes were indicative of future demand.

### '21e and '22e sales and EBIT up 3% and 1%, '21e EPS -4%

We raise '21e and '22e sales by ~1% and '21e and '22e EBIT by 3% and 1%, respectively, while '23e is unchanged. The higher sales are driven by 8% and 3% increases in sampling cup estimates, respectively, supported by strong Q1 series production volumes. Consequently, we expect that '22e production volumes will be back to normal. Our EBIT estimates benefit from the sales revisions, and '21e EBIT is also up on the higher than expected margins in Q1. Unusually high financial costs in Q1'21 lower '21e EPS by 4%, but we view this as a one-off, so it does not affect '22-'23 estimates.

### Maintained fair value range of SEK 130-241 per share

The stock is trading at ~27x '21e EV/EBIT, offering a dividend yield of 4-7% for '21-'23e when assuming a 100% payout ratio. By discounting future dividends and assuming an 8-12% cost of equity, we arrive at our fair value range of SEK 130-241 per share.

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SEKm	2019	2020	2021e	2022e	2023e
Sales	117	95	115	149	168
EBITDA	43	25	43	62	75
EBITDA margin (%)	37.2	26.6	37.0	41.6	44.5
EBIT adj	45	21	39	58	70
EBIT adj margin (%)	38.6	22.1	33.5	38.9	42.1
Pretax profit	40	22	37	58	70
EPS rep	6.80	3.12	5.64	9.46	11.24
EPS adj	7.49	3.04	5.64	9.46	11.24
Sales growth (%)	32.8	-18.1	20.7	29.3	12.6
EPS growth (%)	47.4	-54.0	80.6	67.7	18.8

Source: ABG Sundal Collier, Company data

Reason: Post-results comment

### Company sponsored research

Not rated

Estimate changes (%)

	2021e	2022e	2023e
Sales	0.9%	0.5%	0.0%
EBIT (rep)	2.8%	1.0%	0.0%
EPS (rep)	-3.6%	0.9%	0.0%

Source: ABG Sundal Collier

Share price (SEK)	23/04/2021	151.4
Fair value range (per share)		130-241

Capital Goods, Sweden

SINT.ST/SINT SS

MCap (SEKm)	1,073
MCap (EURm)	106
Net debt (EURm)	-3

No. of shares (m)	7.1
Free float (%)	88
Av. daily volume (k)	21

Next event

Q2 report: 18 Aug

### Performance



	1m	3m	12m
Absolute (%)	16.1	12.3	20.5

Source: FactSet

	2021e	2022e	2023e
P/E (x)	26.8	16.0	13.5
P/E adj (x)	26.8	16.0	13.5
P/BVPS (x)	8.91	7.28	6.70
EV/EBITDA (x)	24.4	16.7	13.9
EV/EBIT adj (x)	27.0	17.9	14.7
EV/sales (x)	9.04	6.94	6.19
ROE adj (%)	34.9	50.1	51.8
Dividend yield (%)	3.7	6.2	7.4
FCF yield (%)	3.1	4.6	6.1
Lease adj. FCF yld (%)	3.0	4.5	5.9
Net IB debt/EBITDA	-0.7	-0.6	-0.5
Lease adj. ND/EBITDA	-0.9	-0.7	-0.6

Please refer to important disclosures at the end of this report

This research product is commissioned and paid for by the company covered in this report. As such, this report is deemed to constitute an acceptable minor non-monetary benefit (i.e. not investment research) as defined in MiFID II.

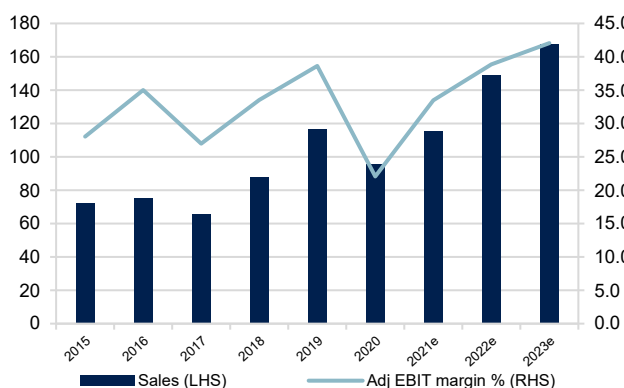
### Company description

SinterCast is a leading supplier of online process control technology and know-how for the reliable high-volume production of Compacted Graphite Iron (CGI). The material is stronger than traditional iron, which enables downsizing, increased thermal and mechanical loading, and increased engine performance. The technology is primarily used in diesel engines for larger passenger vehicles such as SUVs and pick-ups as well as commercial vehicles and offroad equipment.

### Risks

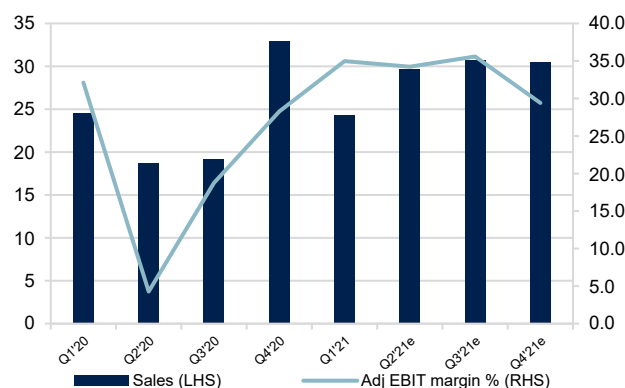
Automotive demand, and more specifically demand for larger passenger vehicles such as SUVs and pick-up trucks with diesel engines. Regulation relating to fossil fuels and diesel in particular poses risks to the business model.

### Annual sales and adj. EBIT margin



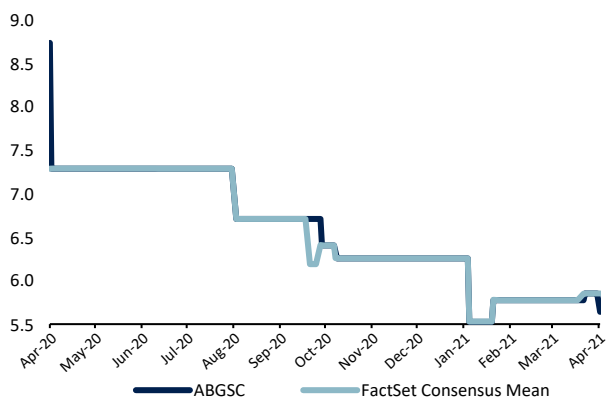
Source: ABG Sundal Collier, Company data

### Quarterly sales and adj. EBIT margin



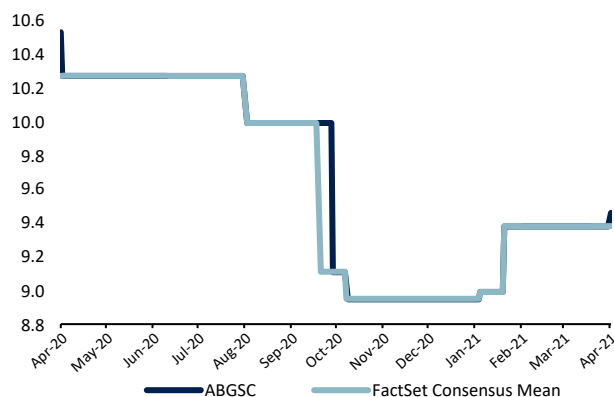
Source: ABG Sundal Collier, Company data

### EPS estimate changes, 2021e, SEK



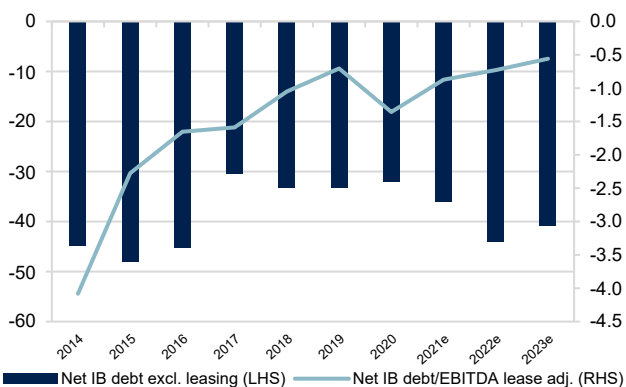
Source: ABG Sundal Collier, FactSet

### EPS estimate changes, 2022e, SEK



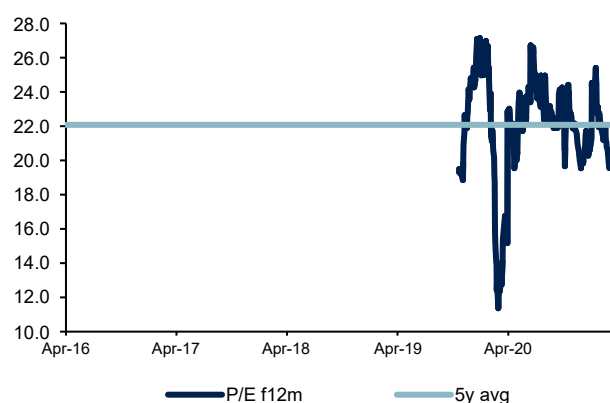
Source: ABG Sundal Collier, FactSet

### Lease adj. net debt and ND/EBITDA



Source: ABG Sundal Collier, Company data

### 12month forward-looking P/E



Source: ABG Sundal Collier, Company data

## Q1'21 deviation table

	Actual	Actual		ABGSCe	Dev	Dev
Deviation table	Q1'20	Q1'21	y-o-y	Q1'21e	%	SEKm
<b>Revenue</b>	<b>24.6</b>	<b>24.3</b>	<b>-1%</b>	<b>24.6</b>	<b>-1%</b>	<b>-0.3</b>
Gross profit	17.6	17.1	-3%	18.5	-7%	-1.4
Opex	-9.7	-8.6	-11%	-11.0	-22%	2.4
<b>EBIT</b>	<b>7.9</b>	<b>8.5</b>	<b>8%</b>	<b>7.5</b>	<b>14%</b>	<b>1.0</b>
PTP	6.6	6.9	5%	7.5	-8%	-0.6
<b>Net profit</b>	<b>6.6</b>	<b>6.9</b>	<b>5%</b>	<b>8.4</b>	<b>-18%</b>	<b>-1.5</b>
Growth and margins	Q1'20	Q1'21	y-o-y	Q1'21e	%	SEKm
Revenue growth	7%	-1%		0%	-1%	
EBIT growth	-11%	8%		-6%	13%	
Gross margin	72%	70%	-1%	75%	-5%	
EBIT margin	32%	35%	3%	30%	5%	
Sales split	Q1'20	Q1'21	y-o-y	Q1'21e	%	SEKm
Equipment	0.4	1.5	275%	1.2	25%	0.3
Series Production	23.8	22.4	-6%	22.7	-1%	-0.3
Engineering Service	0.5	0.4	-11%	0.7	-43%	-0.3
<b>Total revenue</b>	<b>24.7</b>	<b>24.3</b>	<b>-1%</b>	<b>24.6</b>	<b>-1%</b>	<b>-0.3</b>
Other metrics	Q1'20	Q1'21	y-o-y	Q1'21e	%	SEKm
Sampling cups	45,100	44,600	-1%	40,780	9%	
Annualised engine eq. (mn)	2.90	2.90	0%	2.90	0%	

Source: ABG Sundal Collier estimates, company data

## Estimate changes, '21-'23e

Estimate changes	Old			New			SEKm			%		
SEKm	2021e	2022e	2023e	2021e	2022e	2023e	2021e	2022e	2023e	2021e	2022e	2023e
<b>Revenue</b>	<b>114.1</b>	<b>148.1</b>	<b>167.6</b>	<b>115.2</b>	<b>148.9</b>	<b>167.6</b>	<b>1.0</b>	<b>0.8</b>	<b>0.0</b>	<b>1%</b>	<b>1%</b>	<b>0%</b>
Gross profit	85.6	112.6	127.4	85.3	113.2	127.4	-0.4	0.6	0.0	0%	1%	0%
Opex	-48.1	-55.3	-56.9	-46.7	-55.3	-56.9	1.4	0.0	0.0	-3%	0%	0%
<b>EBIT</b>	<b>37.5</b>	<b>57.3</b>	<b>70.5</b>	<b>38.6</b>	<b>57.9</b>	<b>70.5</b>	<b>1.0</b>	<b>0.6</b>	<b>0.0</b>	<b>3%</b>	<b>1%</b>	<b>0%</b>
PTP	37.5	57.3	70.5	37.0	57.9	70.5	-0.6	0.6	0.0	-1%	1%	0%
<b>Net profit</b>	<b>41.5</b>	<b>66.5</b>	<b>79.7</b>	<b>40.0</b>	<b>67.1</b>	<b>79.7</b>	<b>-1.5</b>	<b>0.6</b>	<b>0.0</b>	<b>-4%</b>	<b>1%</b>	<b>0%</b>
Growth and margins	2021e	2022e	2023e	2021e	2022e	2023e	2021e	2022e	2023e	2021e	2022e	2023e
Revenue growth	20%	30%	13%	21%	29%	13%				1%	-1%	-1%
EBIT growth	73%	53%	23%	78%	50%	22%				5%	-3%	-1%
Gross margin	75%	76%	76%	74%	76%	76%				-1%	0%	0%
EBIT margin	33%	39%	42%	33%	39%	42%				1%	0%	0%
Sales split	2021e	2022e	2023e	2021e	2022e	2023e	2021e	2022e	2023e	2021e	2022e	2023e
Equipment	12.4	14.4	15.0	12.7	14.4	15.0	0.3	0.0	0.0	2%	0%	0%
Series Production	98.7	130.3	149.1	99.8	131.1	149.1	1.0	0.8	0.0	1%	1%	0%
Engineering Service	3.0	3.4	3.5	2.7	3.4	3.5	-0.3	0.0	0.0	-10%	0%	0%
<b>Total revenue</b>	<b>114.1</b>	<b>148.1</b>	<b>167.6</b>	<b>115.2</b>	<b>148.9</b>	<b>167.6</b>	<b>1.0</b>	<b>0.8</b>	<b>0.0</b>	<b>1%</b>	<b>1%</b>	<b>0%</b>
Other metrics	2021e	2022e	2023e	2021e	2022e	2023e	2021e	2022e	2023e	2021e	2022e	2023e
Sampling cups	167,410	189,960	204,500	180,230	194,960	204,500	12,820	5,000	0	8%	3%	0%
Annualised engine eq. (mn)	3.18	4.30	5.00	3.18	4.30	5.00	0.00	0.00	0.00	0%	0%	0%

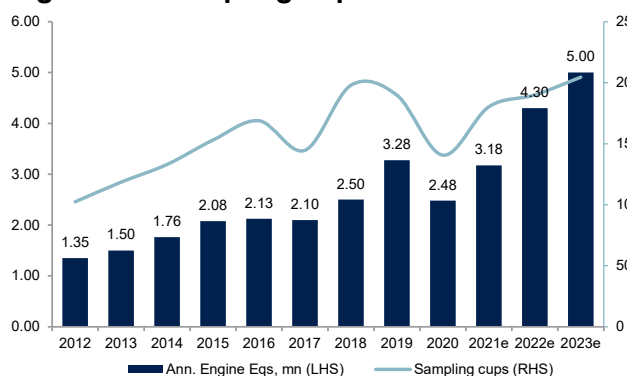
Source: ABG Sundal Collier estimates

### Production volumes recovering, margins to follow

SinterCast’s business model is highly scalable, with an average gross margin of 76% between ’15 and ’20 and an average EBIT margin of 30% for the same period. This is due to the revenue model, which includes monthly software licensing fees connected to the System 4000 (as well as older generations of SinterCast process control systems). However, the scalable nature of SinterCast’s business also means that margins were significantly lower in 2020 as production volumes and sales decreased due to COVID-19 shutdowns.

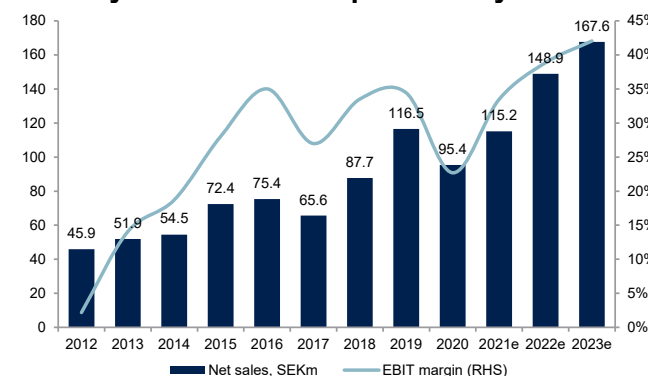
In the Q1 report, management says that although there will be continued challenges from COVID-19 and semiconductor shortages, it believes many of the one-off events that have hampered production volumes are now easing. As a result, we expect that production volumes will fully normalise in ’22 and be relatively close to normal in ’21, which in turn should drive margins back up.

#### Engine and sampling cup volumes...



Source: ABG Sundal Collier estimates, company data

#### ...closely correlated with profitability

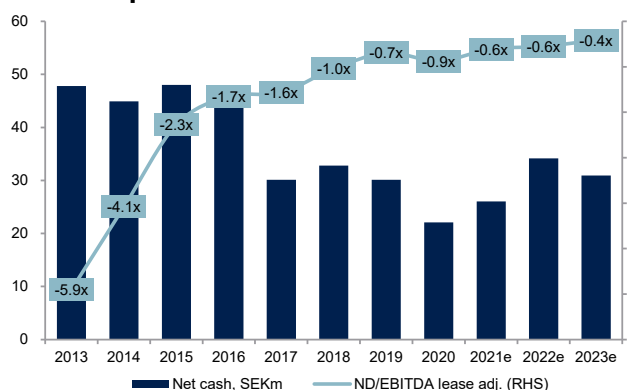


Source: ABG Sundal Collier estimates, company data

### Dividend potential remains high despite a weaker 2020

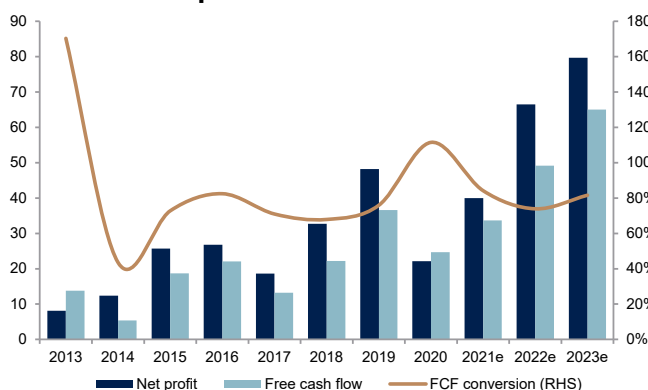
The Board of Directors has proposed to payout an ordinary dividend of SEK 4.00 (3.50) per share in 2021, corresponding 128% of ’20 EPS, showing that the company’s ability to pay dividends remains high despite 2020 being a weaker year. The proposed dividend is in line with SinterCast’s history of distributing all of its earnings to shareholders. The company has no loans and has historically held a net cash position while also averaging a 90% FCF conversion rate between ’13 and ’20 due to low capex needs, creating a strong financial position that allows for continued dividend payments.

#### Net cash position due to a lack of loans



Source: ABG Sundal Collier estimates, company data

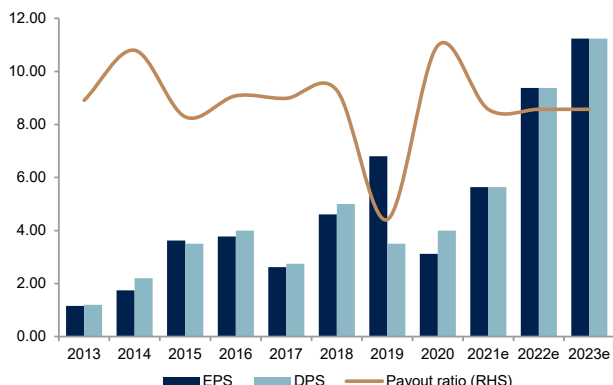
#### Almost all net profit converted to FCF



Source: ABG Sundal Collier estimates, company data

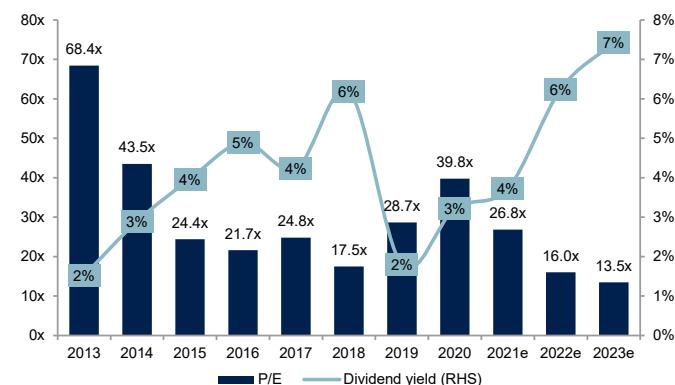
Therefore, we assume that SinterCast will not have any trouble in continuing to pay out 100% of EPS as dividends, and it offers a dividend yield of 4-7% for '21-'23e.

**Assuming 100% payout ratio '21-'23e...**



Source: ABG Sundal Collier estimates, company data

**...translates to 4-7% div. yield '21e-'23e**

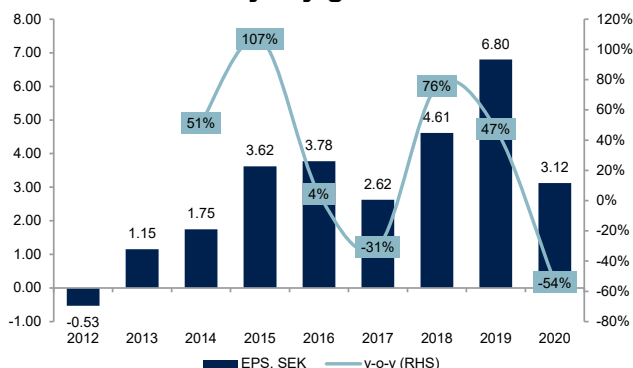


Source: ABG Sundal Collier estimates, company data

**Asset-light business allows growth without reinvestment**

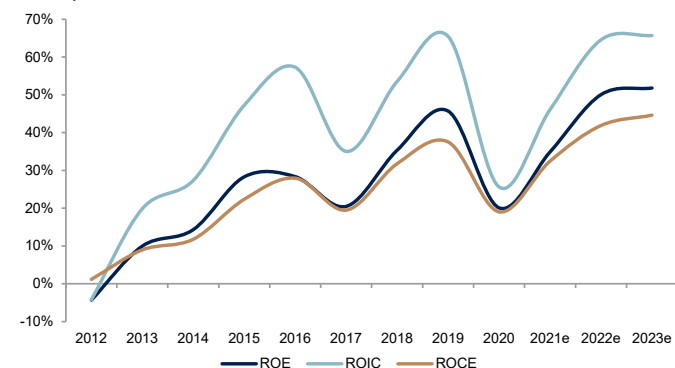
Due to the asset-light nature of the business, with licensing fees and consumables that require little investment, SinterCast has had an EPS CAGR of 34% between '13 and '19 despite barely reinvesting any of its earnings. Also, as SinterCast has not needed to take up loans and minimises its equity by distributing dividends, the company can generate impressive ROE, ROIC and ROCE.

**Historical EPS and y-o-y growth**



Source: ABG Sundal Collier estimates, company data

**ROE, ROIC and ROCE**



Source: ABG Sundal Collier estimates, company data

**Market leader in an emerging niche**

SinterCast is a market-leading supplier of process control technology for the production of compacted graphite iron (CGI), a form of cast iron. The material offers at least 75% higher tensile strength, 45% higher stiffness and about double the fatigue strength of grey iron and aluminium. These characteristics make it ideal for engine production and the material is primarily used to produce engine blocks for passenger vehicles and commercial vehicles. This allows for improved performance and durability of the engine as well as lower fuel consumption. This is not just beneficial for the end-customer, but also for the manufacturer due to a reduction in material costs (less iron).

Hence, even though the automotive industry is characterised by price pressure throughout the supply chain, we believe that SinterCast can add value in the form of 1) added product benefits, 2) reduced cost of production inefficiencies and 3) improved tracking allows the company to maintain its value-added price model and

mitigate price pressure. Usually, the cost of SinterCast’s product is 1-2% of the total production costs for the engine.

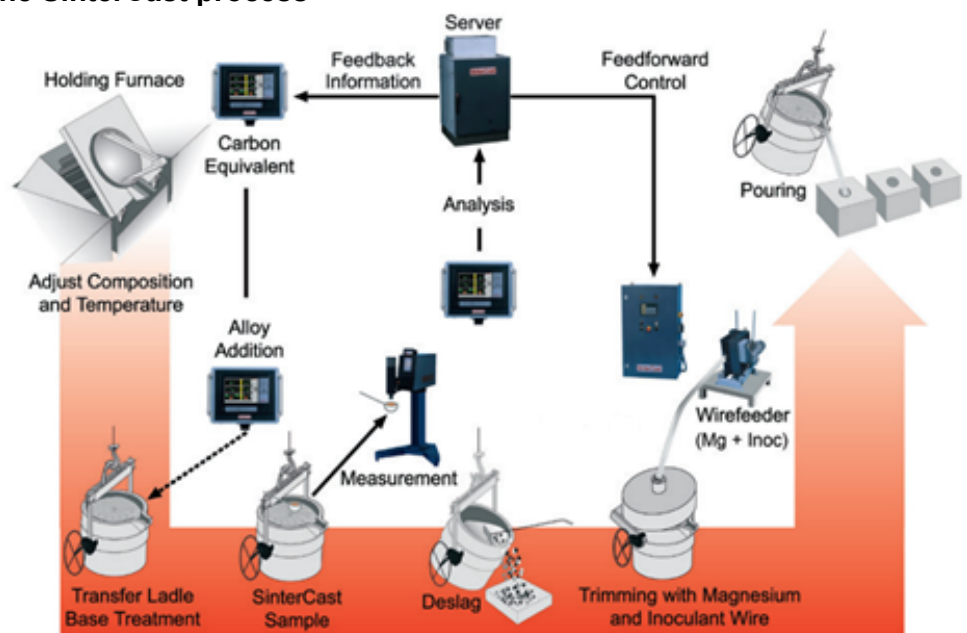
The company’s process technology is deeply embedded in its customers’ production, creating high barriers to entry – once the technology is implemented it is hard to remove or replace. Therefore, we believe that the main risk for the company lies within its own product quality. To our understanding, this is an area of key importance to the company, with it investing significant resources to make sure that quality defects are virtually 0%. SinterCast’s biggest customer is Tupy, which accounts for more than 50% of group sales, a figure that has grown over the years, illustrating SinterCast’s ability to gain additional contracts with its current customers

### The SinterCast process

The SinterCast process allows the foundry to control the quality of each cast. This is crucial since engines are expected to last a long time and not break or lose capacity. When the cast is poured into the mould, a SinterCast sample cup is filled with the current CGI pour and the SinterCast thermometer in the sample cup measures the current properties. It then sends data to the system, which interprets the data and determines whether the cast’s properties are good enough. If good, the casting process can proceed. If bad, a wire-feeder can add magnesium to get the right properties – the process can then proceed without having to discard the casting.

It is also important to be able to track the specific casts in production to know where they have been and what properties they had. To this end, SinterCast has developed its own ladle tracking system with radio frequency identification (RFID), making it possible to track the cast while in production. If the system detects a problem, the production is shut down immediately so no harm is caused to other casts. This makes it possible to track and backlog the right cast and its properties even years after it has left the factory.

### The SinterCast process



Source: ABG Sundal Collier, company data



## New generations of process control systems

Since 1996, SinterCast has launched four generations of its process control system hardware: 1st generation in 1996, 2nd in 1998, 3rd in 2009 and its 4th and latest (System 4000) in 2019, thus implying a product life cycle of ~10 years. The system comes in three versions (Mini, Main and Plus), where customers are able to choose between the alternatives depending on the scale of production. The MiniSystem suits smaller-scale prototype or niche volumes, the main System for medium-sized foundries while the Plus System could apply for larger foundries such as the new Scania foundry in Sweden. Capacity varies between 15 and 20 ladles per hour. Between System 2000 and 3000 (1998 and 2009), SinterCast launched 61 minor software updates and patches (~1 new version every second month), indicating that it is a development-intensive operation. In conjunction with the launch of System 4000, SinterCast came with its next major software update, PCS 7.0 (PCS 6.0), with several updates and patches behind it.

### System generational updates every ~10 years

Generation	Versions	Feature improvements
 <p><b>System 4000</b> Launched in 2019</p>	<p>System Plus System Mini-System</p>	<ul style="list-style-type: none"> <li>• Display and software</li> <li>• Computing power</li> <li>• Process control software (PCS) 7.0</li> <li>• Re-engineered ejection mechanism for sampling cups</li> <li>• Thermocouple holder, mounting and laser based positioning</li> <li>• Ethernet based communication</li> <li>• Increased visibility and flexibility for signal lamp</li> </ul>
 <p><b>System 3000</b> Launched in 2009</p>	<p>System Plus System Mini-System</p>	<ul style="list-style-type: none"> <li>• Updated internal hardware components</li> <li>• New operating system</li> <li>• Process control software (PCS) 6.0</li> <li>• Improved measuring technology</li> <li>• Touch display</li> <li>• New sampling cups included in the technology package</li> <li>• Mini-System introduced for niche and prototype production</li> </ul>

Source: ABG Sundal Collier, company data

## The business model

SinterCast sells or leases its Systems product line and has recently launched its System 4000. The system is installed at the foundry and comes with a leased process control software that is required to use it. On average, the systems are leased for seven years, with the software licence paid annually. The company also sells sampling cups, which are non-reusable and required for every casting, along with a thermometer that is reusable up to 250 times. SinterCast is also paid a running production fee for each tonne of CGI casting, typically EUR 40-50. The System 3000 is fundamental for controlling the process, collecting, and interpreting data. The system can be configured to suit the layout or process flow of any foundry, making it possible to install anywhere. It is also possible to add different modules such as wire-feeders and a sampling module to increase capacity.

As the installed hardware system base grows, other revenue streams will also increase, such as software licences, sampling cups and running production fees per tonne of cast. SinterCast also offers its MiniSystem, which offers similar capabilities (fewer features) but with greater mobility due to the system weighing less and being mounted on wheels. One important contributor to SinterCast's sales growth is increased production volumes in existing programmes at current customers, but the main contributor is adding new high-volume programmes. SinterCast has done this

successfully in the last few years, producing bestselling engines for bestselling cars such as the Ford F-series and now the new Ram 6.7 litre in-line diesel engine.

### The market & diesel outlook

SinterCast's main market is commercial vehicles such as trucks, and passenger vehicles in the upper segment such as SUVs, vans, and pick-up trucks. Since CGI engines improve fuel efficiency and reduce weight, bigger cars benefit more from them. This is especially true as these cars, besides volume weight, often have many extra features compared to a small car – CGI therefore makes it possible to reduce weight while also having a strong engine.

According to a survey by Citi, diesel penetration in medium and smaller cars will see a decline of 20-25% by 2025. Meanwhile, the upper segment will remain relatively unchanged. Furthermore, the trend is that cars are getting bigger on average, further increasing potential for SinterCast in the segment. In terms of fuel source, the fuel consumption increases less for a diesel engine compared to a petrol engine as a car's weight increases.

The impact is biggest for heavier cars, the segment in which SinterCast operates. Therefore, the future of diesel engines within the segment should be more stable than for petrol engines. In the small-car segment, the future is more uncertain. The trend is that more companies are introducing CGI engines in their new models. This is because they are more efficient, which is essential to meet future CO<sub>2</sub> emission standards. For instance, the world's most popular pick-up truck, the Ford F-series, has engines with SinterCast technology. Ford previously offered a petrol engine only but last year it started producing a CGI SinterCast diesel engine, reducing fuel consumption further and increasing torque.

### Production strategy continues to drive growth

SinterCast's Five Waves strategy was originally introduced in 2002 and was intended to summarise the company's view on the overall market development for CGI volumes. As shown below, we note that the first wave concerning CGI material to V-Diesel engines for passenger vehicles in Europe has been fairly stable over time. However, the main growth drivers for SinterCast have been the successful adoption of CGI materials within Wave 2 (commercial vehicle engines) and Wave 4 (V-Diesel passenger vehicles engines outside of Europe). In addition, CGI material is now present across all five waves, as SinterCast has started to produce 300,000-engine equivalent worth of CGI material to Wave 3 (in-line passenger vehicle diesel engines).

### SinterCast's five wave production strategy and annualised year-end production ('000 eng. eqs)

Wave	Type	Customer(s)	Sintercast component(s)	Annualised year-end production, thousand engine equivalents										
				2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1	V-Diesel Passenger Vehicle Engines in Europe	Audi, Ford, Jaguar, Land Rover, Maserati, Porsche, Volkswagen	Cylinder blocks 2.7-4.4 litres	265	290	230	270	310	315	290	300	325	300	130
2	Commercial Vehicle Engines Worldwide	DAF, Ford-Otosan, Hyundai, Jiangling Motors, MAN, Navistar, Scania	Cylinder blocks and heads 3.9-16.4 litres	370	555	300	600	650	680	795	765	1050	1180	880
3	In-Line Passenger Vehicle Diesel Engines Worldwide	Cummins turbodiesel in RAM Super Duty	Cummins 6.7 litre	0	0	0	0	0	0	0	0	0	500	460
4	V-Diesel Passenger Vehicle Engines Beyond Europe	Ford, Kia, Nissan, RAM	Cylinder blocks 2.7-6.7 litres	360	510	530	590	700	705	750	705	700	850	590
5	Passenger Vehicle Petrol Engines Worldwide	Ford, Lincoln	Cylinder blocks 2.7-3.0 litres	0	0	0	0	0	250	250	240	240	325	290
Other	Automotive Non-Block & Head	Various OEMs+Tier-1, BorgWarner, Honeywell	Exhaust manifolds, turbocharger housings	155	155	90	80	85	85	40	62	110	65	21
Other	Industrial Power	Allen Diesels, Cameron Compression, Caterpillar, Cummins, Deutz, Doosan, Federal Mogul, GE, Jenbacher, MAN, MTU, Waukesha	Agricultural, marine, locomotive, off-road and stationary power	50	40	50	55	60	85	45	120	140	115	95
				<b>1,200</b>	<b>1,550</b>	<b>1,200</b>	<b>1,595</b>	<b>1,805</b>	<b>2,120</b>	<b>2,170</b>	<b>2,192</b>	<b>2,565</b>	<b>3,335</b>	<b>2,466</b>

Source: ABG Sundal Collier, company data



## Detailed quarterly figures

Quarterly overview	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21e	Q3'21e	Q4'21e
<b>Revenue</b>	16.6	26.8	19.7	24.6	22.9	33.5	30.8	29.3	24.6	18.7	19.2	32.9	24.3	29.7	30.7	30.5
Gross profit	13.2	20.9	15.8	19.0	18.4	25.4	24.6	20.6	17.6	12.9	14.6	23.3	17.1	22.3	23.0	22.9
SG&A	-6.5	-7.2	-6.8	-8.3	-7.8	-9.1	-8.4	-10.9	-8.9	-7.3	-7.5	-9.8	-8.7	-8.9	-8.9	-10.7
R&D	-2.3	-3.0	-2.1	-2.9	-2.2	-2.7	-3.0	-4.1	-3.3	-2.3	-3.2	-2.9	-2.6	-3.0	-3.0	-3.0
Other opex	0.5	0.3	-0.9	-0.3	0.5	-0.7	1.3	-1.8	2.5	-2.5	-0.3	-1.3	2.7	-0.2	-0.2	-0.2
<b>EBIT</b>	4.9	11.0	6.0	7.5	8.9	12.9	14.5	3.8	7.9	0.8	3.6	9.3	8.5	10.2	10.9	9.0
Net financials	-0.8	-0.6	1.0	0.4	-0.6	0.3	-0.3	0.4	-1.3	2.2	0.1	-0.3	-1.6	0.0	0.0	0.0
PTP	4.1	10.4	7.0	7.9	8.3	13.2	14.2	4.2	6.6	3.0	3.7	9.0	6.9	10.2	10.9	9.0
Taxes	0.0	1.0	0.0	2.3	0.0	0.9	0.0	7.4	0.0	0.0	0.0	-0.1	0.0	0.9	1.0	1.1
<b>Net profit</b>	4.1	11.4	7.0	10.2	8.3	14.1	14.2	11.6	6.6	3.0	3.7	8.9	6.9	11.1	11.9	10.1
<b>Growth and margins</b>	<b>Q1'18</b>	<b>Q2'18</b>	<b>Q3'18</b>	<b>Q4'18</b>	<b>Q1'19</b>	<b>Q2'19</b>	<b>Q3'19</b>	<b>Q4'19</b>	<b>Q1'20</b>	<b>Q2'20</b>	<b>Q3'20</b>	<b>Q4'20</b>	<b>Q1'21</b>	<b>Q2'21e</b>	<b>Q3'21e</b>	<b>Q4'21e</b>
Revenue growth	19%	56%	18%	38%	38%	25%	56%	19%	7%	-44%	-38%	12%	-1%	59%	60%	-7%
EBIT growth	75%	129%	28%	39%	82%	17%	142%	-49%	-11%	-94%	-75%	145%	8%	1170%	204%	-4%
Gross margin	80%	78%	80%	77%	80%	76%	80%	70%	72%	69%	76%	71%	70%	75%	75%	75%
EBIT margin	30%	41%	30%	30%	39%	39%	47%	13%	32%	4%	19%	28%	35%	34%	36%	29%
<b>Sales split</b>	<b>Q1'18</b>	<b>Q2'18</b>	<b>Q3'18</b>	<b>Q4'18</b>	<b>Q1'19</b>	<b>Q2'19</b>	<b>Q3'19</b>	<b>Q4'19</b>	<b>Q1'20</b>	<b>Q2'20</b>	<b>Q3'20</b>	<b>Q4'20</b>	<b>Q1'21</b>	<b>Q2'21e</b>	<b>Q3'21e</b>	<b>Q4'21e</b>
Equipment	0.1	2.3	0.5	1.7	0.5	6.6	2.4	2.4	0.4	6.1	0.3	9.8	1.5	3.3	3.8	4.1
Series Production	16.5	23.8	18.7	22.3	22.2	26.7	28.2	25.2	23.8	12.5	18.8	21.9	22.4	25.8	26.3	25.3
Engineering Service	0.0	0.7	0.5	0.6	0.2	0.2	0.2	1.7	0.5	0.1	0.1	1.1	0.4	0.6	0.6	1.1
<b>Total revenue</b>	<b>16.6</b>	<b>26.8</b>	<b>19.7</b>	<b>24.6</b>	<b>22.9</b>	<b>33.5</b>	<b>30.8</b>	<b>29.3</b>	<b>24.7</b>	<b>18.7</b>	<b>19.2</b>	<b>32.8</b>	<b>24.3</b>	<b>29.7</b>	<b>30.7</b>	<b>30.5</b>
<b>Other metrics</b>	<b>Q1'18</b>	<b>Q2'18</b>	<b>Q3'18</b>	<b>Q4'18</b>	<b>Q1'19</b>	<b>Q2'19</b>	<b>Q3'19</b>	<b>Q4'19</b>	<b>Q1'20</b>	<b>Q2'20</b>	<b>Q3'20</b>	<b>Q4'20</b>	<b>Q1'21</b>	<b>Q2'21e</b>	<b>Q3'21e</b>	<b>Q4'21e</b>
Sampling cups	32,500	68,800	42,800	53,800	36,800	49,400	55,700	47,900	45,100	19,800	32,900	42,800	44,600	45,065	44,065	46,500
y-o-y	13%	109%	5%	27%	13%	-28%	30%	-11%	23%	-60%	-41%	-11%	-1%	128%	34%	9%
Annualised engine eq. (mm)	2.50	2.70	2.30	2.60	3.10	3.40	3.50	3.10	2.90	1.60	2.80	2.60	2.90	3.30	3.40	3.10
y-o-y	25%	23%	15%	18%	24%	26%	52%	19%	-6%	-53%	-20%	-16%	0%	106%	21%	19%
Working capital / sales R12m	16%	24%	20%	24%	24%	29%	25%	22%	21%	18%	22%	25%				
Net debt/cash	-37	-20	-29	-33	-36	-25	-41	-30	-39	-45	-42	-22				
ND/EBITDA	-1.7	-0.7	-1.0	-1.0	-1.0	-0.7	-0.9	-0.7	-0.9	-1.4	-2.1	-0.9				
Equity ratio	89%	88%	91%	90%	86%	88%	90%	88%	86%	85%	86%	85%				
FCF conversion (lease adj.)	83%	68%	95%	68%	59%	65%	68%	74%	81%	110%	80%	106%				
ROCE	21%	33%	32%	32%	33%	37%	42%	38%	34%	23%	13%	19%				

Source: ABG Sundal Collier estimates, company data

## Detailed annual figures

Annual overview	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
<b>Revenue</b>	45.9	51.9	54.5	72.4	75.4	65.6	87.7	116.5	95.4	115.2	148.9	167.6
Gross profit	32.2	37.3	40.8	55.4	58.8	50.6	68.9	89.0	68.4	85.3	113.2	127.4
SG&A	-26.2	-24.6	-24.7	-26.4	-25.0	-25.0	-28.8	-36.2	-33.5	-37.2	-38.9	-40.5
R&D	-5.5	-5.8	-6.5	-7.6	-7.9	-7.3	-10.3	-12.0	-11.6	-11.6	-15.4	-15.4
Other opex	0.5	0.4	0.6	-1.1	0.5	-0.6	-0.4	-0.7	-1.6	2.1	-1.0	-1.0
<b>EBIT</b>	1.0	7.3	10.2	20.3	26.4	17.7	29.4	40.1	21.7	38.6	57.9	70.5
Net financials	1.0	0.2	1.3	4.6	-0.6	0.0	0.0	-0.2	0.6	-1.6	0.0	0.0
PTP	2.0	7.5	11.5	24.9	25.8	17.7	29.4	39.9	22.3	37.0	57.9	70.5
Taxes	-5.7	0.6	0.9	0.8	1.0	0.9	3.3	8.3	-0.1	3.0	9.2	9.2
<b>Net profit</b>	-3.7	8.1	12.4	25.7	26.8	18.6	32.7	48.2	22.2	40.0	67.1	79.7
EPS	-0.5	1.2	1.7	3.6	3.8	2.6	4.6	6.8	3.1	5.6	9.5	11.2
DPS	1.0	1.2	2.2	3.5	4.0	2.8	5.0	3.5	4.0	5.6	9.5	11.2
<b>Growth and margins</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
Revenue growth	-6%	13%	5%	33%	4%	-13%	34%	33%	-18%	21%	29%	13%
EBIT growth	-91%	630%	40%	99%	30%	-33%	66%	36%	-46%	78%	50%	22%
Gross margin	70%	72%	75%	77%	78%	77%	79%	76%	72%	74%	76%	76%
EBIT margin	2%	14%	19%	28%	35%	27%	34%	34%	23%	33%	39%	42%
<b>Sales split</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
Equipment	9.0	10.1	4.9	7.7	7.1	3.7	4.6	11.9	16.6	12.7	14.4	15.0
Series Production	35.8	44.1	47.8	63.6	66.4	60.7	81.3	102.3	77.0	99.8	131.1	149.1
Engineering Service	1.0	1.5	1.8	1.1	1.8	1.2	1.8	2.3	1.8	2.7	3.4	3.5
<b>Total revenue</b>	<b>45.8</b>	<b>55.7</b>	<b>54.5</b>	<b>72.4</b>	<b>75.3</b>	<b>65.6</b>	<b>87.7</b>	<b>116.5</b>	<b>95.4</b>	<b>115.2</b>	<b>148.9</b>	<b>167.6</b>
<b>Other metrics</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
Sampling cups	102,400	118,500	133,000	153,000	168,800	144,600	197,900	189,800	140,600	180,230	194,960	204,500
y-o-y	-26%	16%	12%	15%	10%	-14%	37%	-4%	-26%	28%	8%	5%
Annualised engine eq. (mm)	1.35	1.50	1.76	2.08	2.13	2.10	2.50	3.28	2.48	3.18	4.30	5.00
y-o-y	-4%	11%	18%	18%	2%	-1%	19%	31%	-24%	28%	35%	16%
Working capital / sales	24%	9%	18%	13%	16%	21%	24%	22%	25%	24%	24%	24%
Net debt/cash	-35	-48	-45	-48	-45	-30	-33	-30	-22	-26	-34	-31
ND/EBITDA	-17.7	-5.9	-4.1	-2.3	-1.7	-1.6	-1.0	-0.7	-0.9	-0.6	-0.6	-0.4
Equity ratio	94%	89%	91%	88%	89%	91%	90%	88%	85%	85%	84%	84%
FCF conversion (lease adj.)	8%	170%	44%	73%	82%	71%	68%	74%	107%	81%	72%	80%
ROCE	1%	9%	12%	22%	28%	19%	32%	38%	19%	32%	42%	45%
Payout ratio	-189%	104%	126%	97%	106%	105%	108%	51%	128%	100%	100%	100%

Source: ABG Sundal Collier estimates, company data

## ESG profile

### Risks and opportunities

SinterCast is a market-leading supplier of process control technology for production of CGI (Compacted Graphite Iron), a form of cast iron that is primarily used in the production of vehicle engines. The material offers higher tensile strength, stiffness and fatigue strength of grey iron and aluminium. This enables smaller-volume engines with higher efficiency (because the engines are lighter, the vehicles have lower emissions as less energy is required to transport them). The producer of the engine (the foundry) is also likely to reduce its production energy costs as the volumes of the engines are smaller, which lowers both electricity consumption and emissions. SinterCast's technologies also enable the foundry to test every batch of liquid iron to ensure that it has the right properties before the castings are produced. This enables savings in terms of energy, costs and the environment.

### Company ESG activities

SinterCast has both a direct and an indirect impact on the environment. In the foundry, the improved efficiency of the SinterCast CGI technology reduces energy consumption, lowers CO2 emissions, and reduces the demand for raw materials. On the road, CGI enables the use of more efficient downsized engines, improving fuel economy and reducing CO2 emissions. Potential risks for SinterCast are the future for combustion engines and the timing of OEM decisions, in addition to emissions legislation, which is both a risk and an opportunity.

Key issues*	ABGSC weight
<b>Environment</b>	70%
Carbon emissions	
Pollution and waste	
Toxic emissions and waste	
<b>Social</b>	20%
Product safety and quality	
Chemical safety	
Product liability	
<b>Governance</b>	10%
Business ethics	
Corporate behaviour	
Corporate governance	
<b>Previous ESG incidents</b>	
None	
<b>Exposure to ESG Trends</b>	
Energy efficiency, Reduced fuel consumption	

Social and governance data			
	2017	2018	2019
Women in workforce %	19	19	17
Women in management %	0	0	0
Women in board %	21	15	15
CEO salary, SEKm p.a.	3.6	4	4.8
Employee turnover %	na	na	na
Employee absence %	na	na	na
Person responsible for sustainability:	Steve Dawson		
Senior management:	Yes		

\*based on the MSCI framework but not using all the parameters.

Income Statement (SEKm)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021e	Q3 2021e	Q4 2021e
Sales	25	19	19	33	24	30	31	30
COGS	-7	-6	-5	-10	-7	-7	-8	-8
Gross profit	18	13	15	23	17	22	23	23
Other operating items	-9	-11	-10	-13	-8	-11	-11	-13
<b>EBITDA</b>	<b>9</b>	<b>2</b>	<b>5</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>10</b>
Depreciation and amortisation	-1	-1	-1	-1	-1	-1	-1	-1
<b>EBITA</b>	<b>8</b>	<b>1</b>	<b>4</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>9</b>
EO items	0	0	0	0	0	0	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0
<b>EBIT</b>	<b>8</b>	<b>1</b>	<b>4</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>9</b>
Net financial items	-1	2	0	-0	-2	0	0	0
<b>Pretax profit</b>	<b>7</b>	<b>3</b>	<b>4</b>	<b>9</b>	<b>7</b>	<b>10</b>	<b>11</b>	<b>9</b>
Tax	0	0	0	-0	0	1	1	1
<b>Net profit</b>	<b>7</b>	<b>3</b>	<b>4</b>	<b>9</b>	<b>7</b>	<b>11</b>	<b>12</b>	<b>10</b>
Minority interest	0	0	0	0	0	0	0	0
Net profit discontinued	0	0	0	0	0	0	0	0
<b>Net profit to shareholders</b>	<b>7</b>	<b>3</b>	<b>4</b>	<b>9</b>	<b>7</b>	<b>11</b>	<b>12</b>	<b>10</b>
EPS	0.93	0.42	0.52	1.26	0.97	1.57	1.68	1.42
EPS Adj	0.93	0.42	0.52	1.26	0.97	1.57	1.68	1.42
Total extraordinary items after tax	0	0	0	0	0	0	0	0
Tax rate (%)	0	0	0	1.1	0	9.3	9.1	12.3
Gross margin (%)	71.5	69.0	76.0	70.8	70.4	75.0	75.0	75.0
EBITDA margin (%)	35.4	9.6	24.0	31.0	39.5	37.6	38.9	32.7
EBITA margin (%)	32.1	4.3	18.8	28.3	35.0	34.2	35.6	29.4
EBIT margin (%)	32.1	4.3	18.8	28.3	35.0	34.2	35.6	29.4
Pretax margin (%)	26.8	16.0	19.3	27.4	28.4	34.2	35.6	29.4
Net margin (%)	26.8	16.0	19.3	27.1	28.4	37.4	38.9	33.0
<b>Growth rates Y/Y</b>	<b>Q1 2020</b>	<b>Q2 2020</b>	<b>Q3 2020</b>	<b>Q4 2020</b>	<b>Q1 2021</b>	<b>Q2 2021e</b>	<b>Q3 2021e</b>	<b>Q4 2021e</b>
Sales growth (%)	7.4	-44.2	-37.7	12.3	-1.2	58.7	59.9	-7.3
EBITDA growth (%)	-8.4	-86.5	-71.1	121.7	10.3	520.1	159.3	-2.3
EBIT growth (%)	-11.2	-93.8	-75.2	144.7	7.6	1,170.1	203.6	-3.6
Net profit growth (%)	-20.5	-78.7	-73.9	-23.3	4.5	270.0	222.4	13.1
EPS growth (%)	-20.5	-78.7	-73.9	-23.3	4.5	270.0	222.4	13.1
<b>Adj earnings numbers</b>	<b>Q1 2020</b>	<b>Q2 2020</b>	<b>Q3 2020</b>	<b>Q4 2020</b>	<b>Q1 2021</b>	<b>Q2 2021e</b>	<b>Q3 2021e</b>	<b>Q4 2021e</b>
EBITDA Adj	9	2	5	10	10	11	12	10
EBITDA Adj margin (%)	35.4	9.6	24.0	31.0	39.5	37.6	38.9	32.7
EBITA Adj	8	1	4	9	9	10	11	9
EBITA Adj margin (%)	32.1	4.3	18.8	28.3	35.0	34.2	35.6	29.4
EBIT Adj	8	1	4	9	9	10	11	9
EBIT Adj margin (%)	32.1	4.3	18.8	28.3	35.0	34.2	35.6	29.4
Pretax profit Adj	7	3	4	9	7	10	11	9
Net profit Adj	7	3	4	9	7	11	12	10
Net profit to shareholders Adj	7	3	4	9	7	11	12	10
Net Adj margin (%)	26.8	16.0	19.3	27.1	28.4	37.4	38.9	33.0

Source: ABG Sundal Collier, Company data

Income Statement (SEKm)	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Sales	55	72	75	66	88	117	95	115	149	168
COGS	-14	-17	-17	-15	-19	-28	-27	-30	-36	-40
Gross profit	41	55	59	51	69	89	68	85	113	127
Other operating items	-30	-34	-31	-31	-37	-46	-43	-43	-51	-53
<b>EBITDA</b>	<b>11</b>	<b>21</b>	<b>27</b>	<b>19</b>	<b>32</b>	<b>43</b>	<b>25</b>	<b>43</b>	<b>62</b>	<b>75</b>
Depreciation and amortisation	-1	-1	-1	-2	-2	-3	-4	-4	-4	-4
Of which leasing depreciation	0	0	0	0	0	-1	-1	-1	-1	-1
<b>EBITA</b>	<b>10</b>	<b>20</b>	<b>26</b>	<b>18</b>	<b>29</b>	<b>40</b>	<b>22</b>	<b>39</b>	<b>58</b>	<b>70</b>
EO items	0	0	0	0	0	-5	1	0	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0	0	0
<b>EBIT</b>	<b>10</b>	<b>20</b>	<b>26</b>	<b>18</b>	<b>29</b>	<b>40</b>	<b>22</b>	<b>39</b>	<b>58</b>	<b>70</b>
Net financial items	1	5	-1	0	0	-0	1	-2	0	0
<b>Pretax profit</b>	<b>12</b>	<b>25</b>	<b>26</b>	<b>18</b>	<b>29</b>	<b>40</b>	<b>22</b>	<b>37</b>	<b>58</b>	<b>70</b>
Tax	1	1	1	1	3	8	-0	3	9	9
<b>Net profit</b>	<b>12</b>	<b>26</b>	<b>27</b>	<b>19</b>	<b>33</b>	<b>48</b>	<b>22</b>	<b>40</b>	<b>67</b>	<b>80</b>
Minority interest	0	0	0	0	0	0	0	0	0	0
Net profit discontinued	0	0	0	0	0	0	0	0	0	0
<b>Net profit to shareholders</b>	<b>12</b>	<b>26</b>	<b>27</b>	<b>19</b>	<b>33</b>	<b>48</b>	<b>22</b>	<b>40</b>	<b>67</b>	<b>80</b>
EPS	1.75	3.62	3.78	2.62	4.61	6.80	3.12	5.64	9.46	11.24
<i>EPS Adj</i>	<i>1.75</i>	<i>3.62</i>	<i>3.78</i>	<i>2.62</i>	<i>4.61</i>	<i>7.49</i>	<i>3.04</i>	<i>5.64</i>	<i>9.46</i>	<i>11.24</i>
Total extraordinary items after tax	0	0	0	0	0	-5	1	0	0	0
Leasing payments	0	0	0	0	0	-1	-1	-1	-1	-1
<i>Tax rate (%)</i>	<i>7.8</i>	<i>3.2</i>	<i>3.9</i>	<i>5.1</i>	<i>11.2</i>	<i>20.8</i>	<i>0.4</i>	<i>8.2</i>	<i>15.9</i>	<i>13.1</i>
<i>Gross margin (%)</i>	<i>74.9</i>	<i>76.5</i>	<i>78.0</i>	<i>77.1</i>	<i>78.6</i>	<i>76.4</i>	<i>71.6</i>	<i>74.0</i>	<i>76.0</i>	<i>76.0</i>
<i>EBITDA margin (%)</i>	<i>20.2</i>	<i>29.1</i>	<i>36.3</i>	<i>29.3</i>	<i>36.0</i>	<i>37.2</i>	<i>26.6</i>	<i>37.0</i>	<i>41.6</i>	<i>44.5</i>
<i>EBITA margin (%)</i>	<i>18.7</i>	<i>28.0</i>	<i>35.0</i>	<i>27.0</i>	<i>33.5</i>	<i>34.4</i>	<i>22.7</i>	<i>33.5</i>	<i>38.9</i>	<i>42.1</i>
<i>EBIT margin (%)</i>	<i>18.7</i>	<i>28.0</i>	<i>35.0</i>	<i>27.0</i>	<i>33.5</i>	<i>34.4</i>	<i>22.7</i>	<i>33.5</i>	<i>38.9</i>	<i>42.1</i>
<i>Pretax margin (%)</i>	<i>21.1</i>	<i>34.4</i>	<i>34.2</i>	<i>27.0</i>	<i>33.5</i>	<i>34.2</i>	<i>23.3</i>	<i>32.1</i>	<i>38.9</i>	<i>42.1</i>
<i>Net margin (%)</i>	<i>22.8</i>	<i>35.5</i>	<i>35.5</i>	<i>28.4</i>	<i>37.3</i>	<i>41.4</i>	<i>23.2</i>	<i>34.7</i>	<i>45.0</i>	<i>47.5</i>
<b>Growth rates Y/Y</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
<i>Sales growth (%)</i>	<i>5.0</i>	<i>32.8</i>	<i>4.1</i>	<i>-13.0</i>	<i>33.7</i>	<i>32.8</i>	<i>-18.1</i>	<i>20.7</i>	<i>29.3</i>	<i>12.6</i>
<i>EBITDA growth (%)</i>	<i>35.8</i>	<i>91.8</i>	<i>29.9</i>	<i>-29.9</i>	<i>64.6</i>	<i>37.0</i>	<i>-41.5</i>	<i>68.3</i>	<i>45.3</i>	<i>20.4</i>
<i>EBIT growth (%)</i>	<i>39.7</i>	<i>99.0</i>	<i>30.0</i>	<i>-33.0</i>	<i>66.1</i>	<i>36.4</i>	<i>-46.0</i>	<i>78.1</i>	<i>50.1</i>	<i>21.8</i>
<i>Net profit growth (%)</i>	<i>53.1</i>	<i>107.3</i>	<i>4.3</i>	<i>-30.6</i>	<i>75.8</i>	<i>47.4</i>	<i>-54.0</i>	<i>80.6</i>	<i>67.7</i>	<i>18.8</i>
<i>EPS growth (%)</i>	<i>51.3</i>	<i>107.3</i>	<i>4.3</i>	<i>-30.5</i>	<i>75.8</i>	<i>47.4</i>	<i>-54.0</i>	<i>80.6</i>	<i>67.7</i>	<i>18.8</i>
<b>Profitability</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
<i>ROE (%)</i>	<i>14.3</i>	<i>28.3</i>	<i>28.4</i>	<i>20.5</i>	<i>35.4</i>	<i>45.7</i>	<i>20.1</i>	<i>34.9</i>	<i>50.1</i>	<i>51.8</i>
<i>ROE Adj (%)</i>	<i>14.3</i>	<i>28.3</i>	<i>28.4</i>	<i>20.5</i>	<i>35.4</i>	<i>50.4</i>	<i>19.5</i>	<i>34.9</i>	<i>50.1</i>	<i>51.8</i>
<i>ROCE (%)</i>	<i>11.8</i>	<i>22.4</i>	<i>27.9</i>	<i>19.5</i>	<i>31.8</i>	<i>37.5</i>	<i>19.0</i>	<i>32.5</i>	<i>41.9</i>	<i>44.6</i>
<i>ROCE Adj(%)</i>	<i>11.8</i>	<i>22.4</i>	<i>27.9</i>	<i>19.5</i>	<i>31.8</i>	<i>42.1</i>	<i>18.5</i>	<i>32.5</i>	<i>41.9</i>	<i>44.6</i>
<i>ROIC (%)</i>	<i>27.4</i>	<i>47.2</i>	<i>57.3</i>	<i>35.2</i>	<i>53.9</i>	<i>65.8</i>	<i>26.6</i>	<i>49.3</i>	<i>68.4</i>	<i>69.0</i>
<i>ROIC Adj (%)</i>	<i>27.4</i>	<i>47.2</i>	<i>57.3</i>	<i>35.2</i>	<i>53.9</i>	<i>73.9</i>	<i>25.9</i>	<i>49.3</i>	<i>68.4</i>	<i>69.0</i>
<b>Adj earnings numbers</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
EBITDA Adj	11	21	27	19	32	48	25	43	62	75
<i>EBITDA Adj margin (%)</i>	<i>20.2</i>	<i>29.1</i>	<i>36.3</i>	<i>29.3</i>	<i>36.0</i>	<i>41.4</i>	<i>25.9</i>	<i>37.0</i>	<i>41.6</i>	<i>44.5</i>
EBITDA lease Adj	11	21	27	19	32	47	24	41	61	73
<i>EBITDA lease Adj margin (%)</i>	<i>20.2</i>	<i>29.1</i>	<i>36.3</i>	<i>29.3</i>	<i>36.0</i>	<i>40.5</i>	<i>24.8</i>	<i>35.8</i>	<i>40.7</i>	<i>43.7</i>
EBITA Adj	10	20	26	18	29	45	21	39	58	70
<i>EBITA Adj margin (%)</i>	<i>18.7</i>	<i>28.0</i>	<i>35.0</i>	<i>27.0</i>	<i>33.5</i>	<i>38.6</i>	<i>22.1</i>	<i>33.5</i>	<i>38.9</i>	<i>42.1</i>
EBIT Adj	10	20	26	18	29	45	21	39	58	70
<i>EBIT Adj margin (%)</i>	<i>18.7</i>	<i>28.0</i>	<i>35.0</i>	<i>27.0</i>	<i>33.5</i>	<i>38.6</i>	<i>22.1</i>	<i>33.5</i>	<i>38.9</i>	<i>42.1</i>
Pretax profit Adj	12	25	26	18	29	45	22	37	58	70
Net profit Adj	12	26	27	19	33	53	22	40	67	80
Net profit to shareholders Adj	12	26	27	19	33	53	22	40	67	80
Net Adj margin (%)	22.8	35.5	35.5	28.4	37.3	45.6	22.6	34.7	45.0	47.5

Source: ABG Sundal Collier, Company data

Cash Flow Statement (SEKm)	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
EBITDA	11	21	27	19	32	43	25	43	62	75
Net financial items	1	5	-1	0	0	-0	1	-2	0	0
Paid tax	-0	-0	0	-0	0	0	-0	0	0	0
Non-cash items	0	0	0	0	0	0	0	0	0	0
Cash flow before change in WC	12	26	27	19	32	43	26	41	62	75
Change in WC	-6	-5	-1	-2	-7	-5	2	-4	-8	-5
<b>Operating cash flow</b>	<b>7</b>	<b>20</b>	<b>25</b>	<b>17</b>	<b>25</b>	<b>38</b>	<b>28</b>	<b>37</b>	<b>54</b>	<b>70</b>
CAPEX tangible fixed assets	-0	-0	-1	-0	-1	-1	-2	-2	-2	-2
CAPEX intangible fixed assets	-1	-2	-2	-3	-2	-1	-1	-2	-2	-3
Acquisitions and disposals	0	0	0	0	0	0	0	0	0	0
<b>Free cash flow</b>	<b>5</b>	<b>19</b>	<b>22</b>	<b>13</b>	<b>22</b>	<b>37</b>	<b>25</b>	<b>34</b>	<b>50</b>	<b>65</b>
Dividend paid	-9	-16	-25	-28	-19	-35	-25	-28	-40	-67
Share issues and buybacks	0	0	0	0	0	0	0	0	0	0
Lease liability amortisation	0	0	0	0	0	-1	-1	-1	-1	-1
Other non cash items	0	-0	0	0	-0	-3	-1	0	0	0
Balance Sheet (SEKm)	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Goodwill	0	0	0	0	0	0	0	0	0	0
Other intangible assets	2	4	5	8	8	7	6	6	6	6
Tangible fixed assets	2	2	2	2	2	2	3	4	5	6
Right-of-use asset	0	0	0	0	0	3	4	5	5	5
Total other fixed assets	30	30	32	33	36	45	50	53	62	71
Fixed assets	34	36	39	42	46	56	63	67	77	89
Inventories	4	4	4	4	7	8	9	10	13	15
Receivables	15	18	19	18	25	31	29	35	45	51
Other current assets	0	0	0	0	0	0	0	0	0	0
Cash and liquid assets	45	48	45	30	33	33	26	30	38	35
<b>Total assets</b>	<b>97</b>	<b>106</b>	<b>108</b>	<b>95</b>	<b>110</b>	<b>128</b>	<b>128</b>	<b>142</b>	<b>175</b>	<b>190</b>
Shareholders equity	88	93	96	86	99	112	109	120	148	160
Minority	0	0	0	0	0	0	0	0	0	0
<b>Total equity</b>	<b>88</b>	<b>93</b>	<b>96</b>	<b>86</b>	<b>99</b>	<b>112</b>	<b>109</b>	<b>120</b>	<b>148</b>	<b>160</b>
Long-term debt	0	0	0	0	0	0	0	-0	-0	-0
Pension debt	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0
Leasing liability	0	0	0	0	0	3	4	4	4	4
Total other long-term liabilities	0	0	0	0	0	0	0	0	0	0
Short-term debt	0	0	0	0	0	0	0	0	0	0
Accounts payable	8	13	12	9	11	13	15	18	23	26
Other current liabilities	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>97</b>	<b>106</b>	<b>108</b>	<b>95</b>	<b>110</b>	<b>128</b>	<b>128</b>	<b>142</b>	<b>175</b>	<b>190</b>
Net IB debt	-45	-48	-45	-31	-33	-31	-28	-32	-40	-37
Net IB debt excl. pension debt	-45	-48	-45	-31	-33	-31	-28	-32	-40	-37
Net IB debt excl. leasing	-45	-48	-45	-31	-33	-33	-32	-36	-44	-41
Capital invested	44	45	51	55	66	81	81	89	108	123
Working capital	10	10	12	14	21	26	24	28	36	40
EV breakdown	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Market cap. diluted (m)	540	627	580	461	573	1,383	881	1,073	1,073	1,073
Net IB debt Adj	-45	-48	-45	-31	-33	-31	-28	-32	-40	-37
Market value of minority	0	0	0	0	0	0	0	0	0	0
Reversal of shares and participations	0	0	0	0	0	0	0	0	0	0
Reversal of conv. debt assumed equity	0	0	0	0	0	0	0	0	0	0
<b>EV</b>	<b>495</b>	<b>579</b>	<b>535</b>	<b>430</b>	<b>540</b>	<b>1,352</b>	<b>853</b>	<b>1,042</b>	<b>1,033</b>	<b>1,037</b>
Capital efficiency	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Total assets turnover (%)	56.9	71.3	70.5	64.9	85.6	98.0	74.7	85.3	94.0	91.9
Working capital/sales (%)	13.3	13.4	14.1	19.3	19.6	20.0	26.0	22.4	21.4	22.8
Financial risk and debt service	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Net debt/equity	-0.51	-0.52	-0.47	-0.36	-0.33	-0.27	-0.26	-0.26	-0.27	-0.23
Net debt/market cap	-0.08	-0.08	-0.08	-0.06	-0.06	-0.03	-0.03	-0.03	-0.04	-0.03
Equity ratio (%)	91.3	87.6	89.1	90.6	90.0	87.5	85.2	84.6	84.5	84.2
Net IB debt adj./equity	-0.51	-0.52	-0.47	-0.36	-0.33	-0.27	-0.26	-0.26	-0.27	-0.23
Current ratio	7.51	5.36	5.87	5.91	5.86	5.13	4.13	4.04	4.06	3.78
EBITDA/net interest	-8.46	-4.59	45.67	high	high	216.50	-42.25	26.66	high	high
Net IB debt/EBITDA	-4.08	-2.27	-1.65	-1.59	-1.05	-0.70	-1.10	-0.75	-0.64	-0.49
Net IB debt/EBITDA lease Adj	-4.08	-2.27	-1.65	-1.59	-1.05	-0.71	-1.36	-0.87	-0.73	-0.56
Interest cover	-7.85	-4.41	44.00	nm	nm	200.50	-36.08	24.10	nm	nm

Source: ABG Sundal Collier, Company data

Valuation and Ratios (SEKm)	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Shares outstanding adj.	7	7	7	7	7	7	7	7	7	7
Fully diluted shares Adj	7	7	7	7	7	7	7	7	7	7
EPS	1.75	3.62	3.78	2.62	4.61	6.80	3.12	5.64	9.46	11.24
Dividend per share Adj	2.2	3.5	4.0	2.8	5.0	3.5	4.0	5.6	9.5	11.2
EPS Adj	1.75	3.62	3.78	2.62	4.61	7.49	3.04	5.64	9.46	11.24
BVPS	12.45	13.13	13.50	12.10	13.99	15.75	15.35	16.99	20.80	22.58
BVPS Adj	12.11	12.62	12.77	11.02	12.92	14.81	14.47	16.20	20.01	21.75
Net IB debt / share	-6.3	-6.8	-6.4	-4.3	-4.7	-4.3	-3.9	-4.5	-5.6	-5.2
Share price	76.00	88.25	81.75	65.00	80.80	195.00	124.20	151.40	151.40	151.40
Market cap. (m)	540	627	580	461	573	1,383	881	1,073	1,073	1,073
<b>Valuation</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
P/E	43.5	24.4	21.7	24.8	17.5	28.7	39.8	26.8	16.0	13.5
EV/sales	9.08	7.99	7.09	6.56	6.15	11.61	8.94	9.04	6.94	6.19
EV/EBITDA	45.0	27.4	19.5	22.4	17.1	31.2	33.6	24.4	16.7	13.9
EV/EBITA	48.5	28.5	20.3	24.3	18.4	33.7	39.4	27.0	17.9	14.7
EV/EBIT	48.5	28.5	20.3	24.3	18.4	33.7	39.4	27.0	17.9	14.7
Dividend yield (%)	2.9	4.0	4.9	4.2	6.2	1.8	3.2	3.7	6.2	7.4
FCF yield (%)	1.0	3.0	3.8	2.9	3.9	2.6	2.8	3.1	4.6	6.1
Lease adj. FCF yield (%)	1.0	3.0	3.8	2.9	3.9	2.6	2.7	3.0	4.5	5.9
P/BVPS	6.10	6.72	6.06	5.37	5.78	12.38	8.09	8.91	7.28	6.70
P/BVPS Adj	6.27	6.99	6.40	5.90	6.25	13.17	8.58	9.34	7.56	6.96
P/E Adj	43.5	24.4	21.7	24.8	17.5	26.0	40.9	26.8	16.0	13.5
EV/EBITDA Adj	45.0	27.4	19.5	22.4	17.1	28.1	34.5	24.4	16.7	13.9
EV/EBITA Adj	48.5	28.5	20.3	24.3	18.4	30.0	40.5	27.0	17.9	14.7
EV/EBIT Adj	48.5	28.5	20.3	24.3	18.4	30.0	40.5	27.0	17.9	14.7
EV/cap. employed	5.6	6.2	5.6	5.0	5.4	11.8	7.5	8.4	6.8	6.3
<b>Investment ratios</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
Capex/sales	2.4	2.3	4.4	5.6	3.0	1.0	2.9	3.0	2.9	2.9
Capex/depreciation	162.5	212.5	330.0	246.7	118.2	50.0	93.3	101.6	138.8	156.3
Capex tangibles/tangible fixed assets	12.5	5.9	52.6	23.5	42.9	31.6	57.1	49.3	44.7	38.6
Capex intangibles/definite intangibles	45.8	44.4	44.2	42.9	22.4	9.0	19.4	31.1	39.9	42.3
Depreciation on intangibles/definite intai	23.3	15.6	13.5	13.6	20.3	25.1	33.9	42.9	38.8	36.6
Depreciation on tangibles/tangibles	15.0	14.1	15.8	26.5	31.4	37.9	32.1	29.1	20.0	15.4

Source: ABG Sundal Collier, Company data



## Analyst certification

I/We, Adrian Gilani, Ofelia Aspemyr, the author(s) of this report, certify that notwithstanding the existence of any such potential conflicts of interests referred to below, the views expressed in this report accurately reflect my/our personal view about the companies and securities covered in this report.

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