

SinterCast

Solid '23e-'24e growth prospects, but lower FX

- Strong USD should keep supporting Q4 results...
- ...but slight recent decline reduces expectations for '23e-'24e
- Fair value of SEK 100-175 (110-200), 5-8% '23e-'24e div. yields

Q4e margins up y-o-y, but down from Q3 on seasonal effects

For Q4, we expect engine equivalents to come in at 3.5m, down from 3.6m in Q3, as Q4 is usually slower than Q3; however, considering the Q3 shutdowns, which should now be solved, we do not expect the difference to be substantial. We estimate this will translate into SEK 32.6m in revenue, up 10% y-o-y, mostly due to the continued strength of the USD in Q4, as the unusually high equipment sales in Q4'21 provide tough comps for organic growth. We expect a slight sequential gross margin decline, to 74%, down from 78%, as Q4 tends to perform below Q3 in this regard; however, the strong USD will likely result in an increase from Q4'21's 69%. On the EBIT margin and net earnings levels, we expect margins of 33% (26%) and 27% (24%). Finally, we estimate a '22e dividend per share of SEK 5.00 (104% of '22e EPS) to be announced in the Q4 report.

Somewhat lowered FX and volume estimates

We decrease '23e and '24e sales by 9% and 7% respectively, partly due to somewhat more conservative expectations on series production volumes, but also the slightly weaker USD compared to Q3. The unfavourable mix-effect resulting from lower series production revenue expectations in turn affects the EBIT margin negatively.

Double-digit earnings growth to continue into '23e-'24e

We continue to believe that SinterCast will see double-digit revenue growth, helped by the order backlog in the automotive industry and customer ramp-ups, while also expanding its margin and rewarding shareholders by distributing all EPS as dividends. However, following our slightly more conservative estimates, we tighten our fair value range for the company to SEK 100-175 (110-200) per share. On our current estimates, the share is trading at 16x '23e EV/EBIT (adj.) with an expected dividend yield of 5-8% for '22e-'24e.

Analyst(s): adrian.gilani@abgsc.se, +46 8 566 286 92
henric.hintze@abgsc.se, +46 8 566 294 89

| SEKm | 2020 | 2021 | 2022e | 2023e | 2024e |
|----------------------|-------|------|-------|-------|-------|
| Sales | 95 | 107 | 118 | 145 | 168 |
| EBITDA | 25 | 35 | 41 | 53 | 65 |
| EBITDA margin (%) | 26.6 | 32.8 | 34.7 | 36.5 | 38.7 |
| EBIT adj. | 21 | 31 | 42 | 49 | 61 |
| EBIT adj. margin (%) | 22.1 | 29.2 | 35.2 | 33.4 | 36.0 |
| Pretax profit | 22 | 29 | 31 | 46 | 60 |
| EPS | 3.12 | 4.64 | 4.81 | 7.00 | 8.97 |
| EPS adj. | 3.04 | 4.64 | 5.57 | 7.00 | 8.97 |
| Sales growth (%) | -18.1 | 12.6 | 10.3 | 22.8 | 15.8 |
| EPS growth (%) | -54.0 | 48.5 | 3.7 | 45.4 | 28.1 |

Source: ABG Sundal Collier, Company Data

Reason: Preview of results

Commissioned Research

Not rated

Capital Goods

Estimate changes (%)

| | 2022e | 2023e | 2024e |
|-------|-------|-------|-------|
| Sales | -0.8 | -9.1 | -6.8 |
| EBIT | 0.0 | -18.2 | -13.0 |
| EPS | -1.0 | -17.9 | -12.5 |

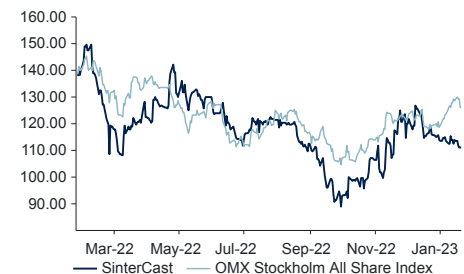
Source: ABG Sundal Collier

| | | |
|-------------------|-----------|---------|
| Share price (SEK) | 22/1/2023 | 111.2 |
| Fair value range | | 100-175 |

| | |
|----------------------|------|
| MCap (SEKm) | 788 |
| MCap (EURm) | 71 |
| No. of shares (m) | 7.1 |
| Free float (%) | 72.0 |
| Av. daily volume (k) | 8 |

Next event Q4 Report 8 February 2023

Performance



| | 2022e | 2023e | 2024e |
|------------------------|-------|-------|-------|
| P/E (x) | 23.1 | 15.9 | 12.4 |
| P/E adj. (x) | 20.0 | 15.9 | 12.4 |
| P/BVPS (x) | 7.05 | 6.25 | 5.78 |
| EV/EBITDA (x) | 19.1 | 14.6 | 11.9 |
| EV/EBIT adj. (x) | 18.7 | 15.9 | 12.8 |
| EV/sales (x) | 6.60 | 5.32 | 4.61 |
| ROE adj. (%) | 35.1 | 41.7 | 48.4 |
| Dividend yield (%) | 4.5 | 6.7 | 8.1 |
| FCF yield (%) | 2.0 | 5.7 | 6.7 |
| Le. adj. FCF yld. (%) | 1.8 | 5.5 | 6.5 |
| Net IB debt/EBITDA (x) | -0.2 | -0.3 | -0.2 |
| Le. adj. ND/EBITDA (x) | -0.2 | -0.3 | -0.2 |

Disclosures and analyst certifications are located on pages 9-10 of this report.

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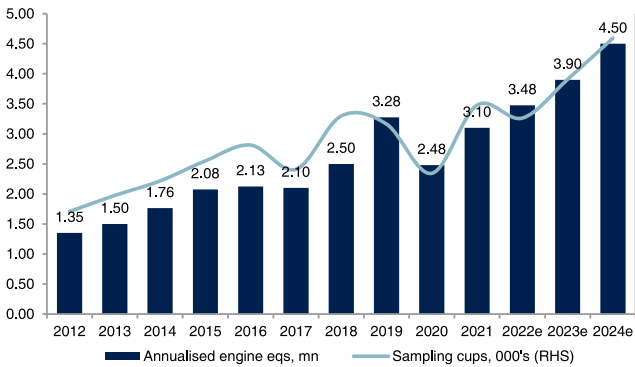
Company description

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

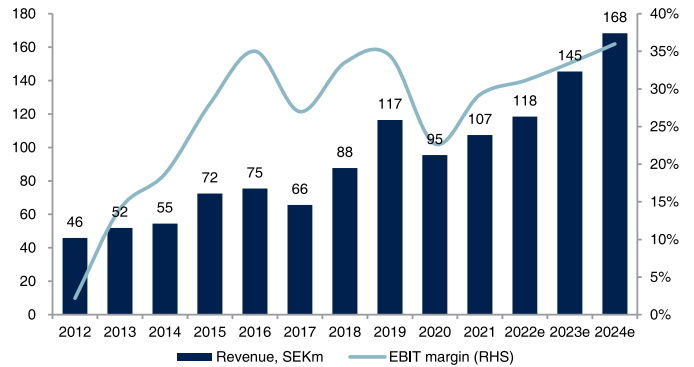
Automotive demand, and more specifically demand for larger passenger vehicles such as SUVs and pick-up trucks with diesel engines. Regulation relating to fossil fuels and diesel in particular poses risks to the business model.

Annualised engine eqs and sampling cups...



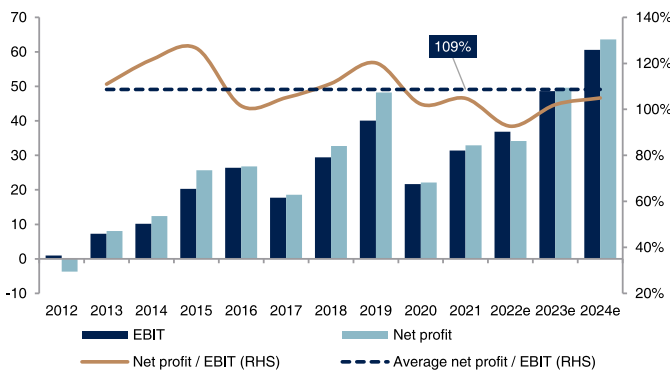
Source: ABG Sundal Collier estimates, company data

...correlate well with sales and EBIT margin



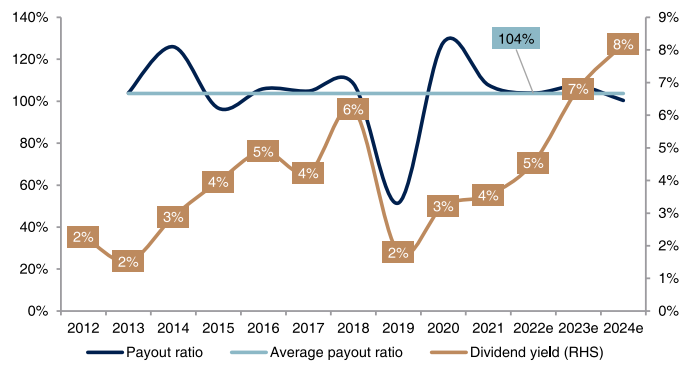
Source: ABG Sundal Collier estimates, company data

>100% EBIT to net profit conversion...



Source: ABG Sundal Collier estimates, company data

...and ~100% of net profit paid out in dividends



Source: ABG Sundal Collier estimates, company data

Estimate changes

| Estimate changes | Old forecast | | | New forecast | | | SEKm change | | | % change | | |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| | 2022e | 2023e | 2024e | 2022e | 2023e | 2024e | 2022e | 2023e | 2024e | 2022e | 2023e | 2024e |
| Income statement | | | | | | | | | | | | |
| Revenue | 119 | 160 | 181 | 118 | 145 | 168 | -0.9 | -14.6 | -12.2 | -0.8% | -9.1% | -6.8% |
| Gross profit | 89 | 118 | 134 | 88 | 108 | 125 | -0.3 | -10.8 | -9.0 | -0.4% | -9.1% | -6.8% |
| Opex | -52 | -59 | -64 | -52 | -59 | -64 | 0.0 | 0.0 | 0.0 | 0.0% | 0.0% | 0.0% |
| EBIT | 37 | 59 | 70 | 37 | 49 | 61 | -0.3 | -10.8 | -9.0 | -0.9% | -18.2% | -13.0% |
| Non-recurring items | -5 | 0 | 0 | -5 | 0 | 0 | 0.0 | 0.0 | 0.0 | 0.0% | n.a. | n.a. |
| Adj. EBIT | 42 | 59 | 70 | 42 | 49 | 61 | -0.3 | -10.8 | -9.0 | -0.8% | -18.2% | -13.0% |
| PTP | 31 | 56 | 69 | 31 | 46 | 60 | -0.3 | -10.8 | -9.0 | -1.1% | -19.2% | -13.2% |
| Net profit | 34 | 60 | 73 | 34 | 50 | 64 | -0.3 | -10.8 | -9.0 | -1.0% | -17.9% | -12.5% |
| Growth and margins | 2022e | 2023e | 2024e | 2022e | 2023e | 2024e | 2022e | 2023e | 2024e | 2022e | 2023e | 2024e |
| Revenue growth | 11% | 34% | 13% | 10% | 23% | 16% | | | | -0.9pp | -11.3pp | 3.0pp |
| EBIT growth | 18% | 60% | 17% | 17% | 32% | 25% | | | | -1.1pp | -27.9pp | 7.5pp |
| Gross margin | 74% | 74% | 74% | 75% | 74% | 74% | | | | 0.3pp | 0.0pp | 0.0pp |
| EBIT margin | 31% | 37% | 39% | 31% | 33% | 36% | | | | 0.0pp | -3.7pp | -2.6pp |
| Adj. EBIT margin | 35% | 37% | 39% | 35% | 33% | 36% | | | | 0.0pp | -3.7pp | -2.6pp |
| Sales split | 2022e | 2023e | 2024e | 2022e | 2023e | 2024e | 2022e | 2023e | 2024e | 2022e | 2023e | 2024e |
| Equipment | 3 | 8 | 8 | 3 | 8 | 8 | 0.0 | 0.0 | 0.0 | 0% | 0% | 0% |
| Series Production | 115 | 150 | 169 | 114 | 135 | 157 | -0.9 | -14.6 | -12.2 | -1% | -10% | -7% |
| Engineering Service | 2 | 3 | 4 | 2 | 3 | 4 | 0.0 | 0.0 | 0.0 | 0% | 0% | 0% |
| Total revenue | 119 | 160 | 181 | 118 | 145 | 168 | -0.9 | -14.6 | -12.2 | -1% | -9% | -7% |
| Other metrics | 2022e | 2023e | 2024e | 2022e | 2023e | 2024e | 2022e | 2023e | 2024e | 2022e | 2023e | 2024e |
| Sampling cups | 195,800 | 246,494 | 281,809 | 195,800 | 234,470 | 275,683 | 0 | -12,024 | -6,126 | 0% | -5% | -2% |
| Annualised engine eq. (mn) | 3.48 | 4.10 | 4.60 | 3.48 | 3.90 | 4.50 | 0.00 | -0.20 | -0.10 | 0% | -5% | -2% |

Source: ABG Sundal Collier estimates, company data

Key figures, quarterly

| Quarterly overview | Q1'20 | Q2'20 | Q3'20 | Q4'20 | Q1'21 | Q2'21 | Q3'21 | Q4'21 | Q1'22 | Q2'22 | Q3'22 | Q4'22e |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenue | 24.6 | 18.7 | 19.2 | 32.9 | 24.3 | 28.2 | 25.3 | 29.6 | 28.1 | 27.9 | 29.8 | 32.6 |
| Gross profit | 17.6 | 12.9 | 14.6 | 23.3 | 17.1 | 19.7 | 19.0 | 20.3 | 20.2 | 20.8 | 23.2 | 24.1 |
| SG&A | -8.9 | -7.3 | -7.5 | -9.8 | -8.7 | -8.9 | -8.8 | -9.9 | -9.2 | -10.1 | -10.0 | -10.4 |
| R&D | -3.3 | -2.3 | -3.2 | -2.9 | -2.6 | -2.8 | -3.3 | -3.1 | -2.6 | -2.9 | -2.5 | -3.0 |
| Other opex | 2.5 | -2.5 | -0.3 | -1.3 | 2.7 | -0.8 | 1.0 | 0.4 | -0.8 | -2.3 | 2.3 | 0.0 |
| EBIT | 7.9 | 0.8 | 3.6 | 9.3 | 8.5 | 7.2 | 8.0 | 7.8 | 7.6 | 5.5 | 13.0 | 10.7 |
| Net financials | -1.3 | 2.2 | 0.1 | -0.3 | -1.6 | 0.2 | -0.5 | -0.5 | 0.3 | -2.1 | -1.9 | -2.0 |
| PTP | 6.6 | 3.0 | 3.7 | 9.0 | 6.9 | 7.4 | 7.5 | 7.3 | 7.9 | 3.4 | 11.1 | 8.7 |
| Taxes | 0.0 | 0.0 | 0.0 | -0.1 | 0.0 | 4.0 | 0.0 | 0.0 | 0.0 | 3.0 | 0.0 | 0.0 |
| Net profit | 6.6 | 3.0 | 3.7 | 8.9 | 6.9 | 11.4 | 7.5 | 7.2 | 7.9 | 6.4 | 11.1 | 8.7 |
| Growth and margins | Q1'20 | Q2'20 | Q3'20 | Q4'20 | Q1'21 | Q2'21 | Q3'21 | Q4'21 | Q1'22 | Q2'22 | Q3'22 | Q4'22e |
| Revenue growth | 7% | -44% | -38% | 12% | -1% | 51% | 32% | -10% | 16% | -1% | 18% | 10% |
| EBIT growth | -11% | -94% | -75% | 145% | 8% | 800% | 121% | -17% | -11% | -24% | 63% | 38% |
| Gross margin | 72% | 69% | 76% | 71% | 70% | 70% | 75% | 69% | 72% | 75% | 78% | 74% |
| EBIT margin | 32% | 4% | 19% | 28% | 35% | 26% | 31% | 26% | 27% | 20% | 44% | 33% |
| Sales split | Q1'20 | Q2'20 | Q3'20 | Q4'20 | Q1'21 | Q2'21 | Q3'21 | Q4'21 | Q1'22 | Q2'22 | Q3'22 | Q4'22e |
| Equipment | 0.4 | 6.1 | 0.3 | 9.8 | 1.5 | 0.2 | 2.5 | 4.3 | 0.8 | 0.2 | 0.3 | 1.2 |
| Series Production | 23.8 | 12.5 | 18.8 | 21.9 | 22.4 | 27.8 | 22.1 | 25.0 | 26.9 | 27.1 | 29.2 | 31.1 |
| Engineering Service | 0.5 | 0.1 | 0.1 | 1.1 | 0.4 | 0.2 | 0.7 | 0.2 | 0.4 | 0.6 | 0.3 | 0.3 |
| Total revenue | 24.7 | 18.7 | 19.2 | 32.8 | 24.3 | 28.2 | 25.3 | 29.6 | 28.1 | 27.9 | 29.8 | 32.6 |
| Other metrics | Q1'20 | Q2'20 | Q3'20 | Q4'20 | Q1'21 | Q2'21 | Q3'21 | Q4'21 | Q1'22 | Q2'22 | Q3'22 | Q4'22e |
| Sampling cups | 45,100 | 19,800 | 32,900 | 42,800 | 44,600 | 76,300 | 35,400 | 52,400 | 48,800 | 48,500 | 45,000 | 53,500 |
| y-o-y | 23% | -60% | -41% | -11% | -1% | 285% | 8% | 22% | 9% | -36% | 27% | 2% |
| Annualised engine eq. (mn) | 2.90 | 1.60 | 2.80 | 2.60 | 2.90 | 3.20 | 3.20 | 3.10 | 3.20 | 3.60 | 3.60 | 3.50 |
| y-o-y | -6% | -53% | -20% | -16% | 0% | 100% | 14% | 19% | 10% | 13% | 13% | 13% |
| Working capital / sales R12m | 21% | 18% | 22% | 25% | 27% | 24% | 19% | 23% | 32% | 36% | 36% | |
| Net debt/cash | -39 | -45 | -42 | -22 | -28 | -21 | -34 | -23 | -21 | -7 | -17 | |
| ND/EBITDA | -0.9 | -1.4 | -2.1 | -0.9 | -1.1 | -0.6 | -0.9 | -0.7 | -0.6 | -0.2 | -0.4 | |
| Equity ratio | 86% | 85% | 86% | 85% | 86% | 84% | 87% | 86% | 89% | 85% | 87% | |
| FCF conversion (lease adj.) | 81% | 110% | 80% | 106% | 90% | 64% | 103% | 89% | 62% | 58% | 44% | |
| ROCE | 34% | 23% | 13% | 19% | 18% | 24% | 26% | 27% | 25% | 25% | 27% | |

Source: ABG Sundal Collier estimates, company data

Key figures, annual

| Annual overview | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenue | 51.9 | 54.5 | 72.4 | 75.4 | 65.6 | 87.7 | 116.5 | 95.4 | 107.4 | 118.4 | 145.4 | 168.3 |
| Gross profit | 37.3 | 40.8 | 55.4 | 58.8 | 50.6 | 68.9 | 89.0 | 68.4 | 76.1 | 88.3 | 107.6 | 124.6 |
| SG&A | -24.6 | -24.7 | -26.4 | -25.0 | -25.0 | -28.8 | -36.2 | -33.5 | -36.2 | -39.7 | -45.0 | -50.0 |
| R&D | -5.8 | -6.5 | -7.6 | -7.9 | -7.3 | -10.3 | -12.0 | -11.6 | -11.8 | -11.0 | -13.0 | -14.0 |
| Other opex | 0.4 | 0.6 | -1.1 | 0.5 | -0.6 | -0.4 | -0.7 | -1.6 | 3.3 | -0.8 | -1.0 | 0.0 |
| EBIT | 7.3 | 10.2 | 20.3 | 26.4 | 17.7 | 29.4 | 40.1 | 21.7 | 31.4 | 36.8 | 48.6 | 60.6 |
| Net financials | 0.2 | 1.3 | 4.6 | -0.6 | 0.0 | 0.0 | -0.2 | 0.6 | -2.4 | -5.7 | -3.0 | -1.0 |
| PTP | 7.5 | 11.5 | 24.9 | 25.8 | 17.7 | 29.4 | 39.9 | 22.3 | 29.0 | 31.1 | 45.6 | 59.6 |
| Taxes | 0.6 | 0.9 | 0.8 | 1.0 | 0.9 | 3.3 | 8.3 | -0.1 | 3.9 | 3.0 | 4.0 | 4.0 |
| Net profit | 8.1 | 12.4 | 25.7 | 26.8 | 18.6 | 32.7 | 48.2 | 22.2 | 32.9 | 34.1 | 49.6 | 63.6 |
| EPS | 1.2 | 1.7 | 3.6 | 3.8 | 2.6 | 4.6 | 6.8 | 3.1 | 4.6 | 4.8 | 7.0 | 9.0 |
| DPS | 1.2 | 2.2 | 3.5 | 4.0 | 2.8 | 5.0 | 3.5 | 4.0 | 5.0 | 5.0 | 7.5 | 9.0 |
| <i>Payout ratio</i> | <i>104%</i> | <i>126%</i> | <i>97%</i> | <i>106%</i> | <i>105%</i> | <i>108%</i> | <i>51%</i> | <i>128%</i> | <i>108%</i> | <i>104%</i> | <i>107%</i> | <i>100%</i> |
| <i>Dividend / FCF</i> | <i>61%</i> | <i>289%</i> | <i>133%</i> | <i>128%</i> | <i>148%</i> | <i>160%</i> | <i>68%</i> | <i>115%</i> | <i>117%</i> | <i>229%</i> | <i>119%</i> | <i>121%</i> |
| <i>Dividend yield</i> | <i>1.5%</i> | <i>2.9%</i> | <i>4.0%</i> | <i>4.9%</i> | <i>4.2%</i> | <i>6.2%</i> | <i>1.8%</i> | <i>3.2%</i> | <i>3.6%</i> | <i>4.5%</i> | <i>6.7%</i> | <i>8.1%</i> |
| Growth and margins | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
| Revenue growth | 13% | 5% | 33% | 4% | -13% | 34% | 33% | -18% | 13% | 10% | 23% | 16% |
| EBIT growth | 630% | 40% | 99% | 30% | -33% | 66% | 36% | -46% | 45% | 17% | 32% | 25% |
| Gross margin | 72% | 75% | 77% | 78% | 77% | 79% | 76% | 72% | 71% | 75% | 74% | 74% |
| EBIT margin | 14% | 19% | 28% | 35% | 27% | 34% | 34% | 23% | 29% | 31% | 33% | 36% |
| Sales split | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
| Equipment | 10.1 | 4.9 | 7.7 | 7.1 | 3.7 | 4.6 | 11.9 | 16.6 | 8.5 | 2.5 | 8.0 | 8.0 |
| Series Production | 44.1 | 47.8 | 63.6 | 66.4 | 60.7 | 81.3 | 102.3 | 77.0 | 97.3 | 114.3 | 134.9 | 156.8 |
| Engineering Service | 1.5 | 1.8 | 1.1 | 1.8 | 1.2 | 1.8 | 2.3 | 1.8 | 1.5 | 1.6 | 2.5 | 3.5 |
| Total revenue | 55.7 | 54.5 | 72.4 | 75.3 | 65.6 | 87.7 | 116.5 | 95.4 | 107.4 | 118.4 | 145.4 | 168.3 |
| Other metrics | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
| Sampling cups | 118,500 | 133,000 | 153,000 | 168,800 | 144,600 | 197,900 | 189,800 | 140,600 | 208,700 | 195,800 | 234,470 | 275,683 |
| <i>y-o-y</i> | <i>16%</i> | <i>12%</i> | <i>15%</i> | <i>10%</i> | <i>-14%</i> | <i>37%</i> | <i>-4%</i> | <i>-26%</i> | <i>48%</i> | <i>-6%</i> | <i>20%</i> | <i>18%</i> |
| Annualised engine eq. (mn) | 1.50 | 1.76 | 2.08 | 2.13 | 2.10 | 2.50 | 3.28 | 2.48 | 3.10 | 3.48 | 3.90 | 4.50 |
| <i>y-o-y</i> | <i>11%</i> | <i>18%</i> | <i>18%</i> | <i>2%</i> | <i>-1%</i> | <i>19%</i> | <i>31%</i> | <i>-24%</i> | <i>25%</i> | <i>12%</i> | <i>12%</i> | <i>15%</i> |
| Working capital / sales | 9% | 18% | 13% | 16% | 21% | 24% | 22% | 25% | 23% | 36% | 30% | 30% |
| Net debt/cash | -48 | -45 | -48 | -45 | -30 | -33 | -30 | -22 | -23 | -6 | -14 | -12 |
| ND/EBITDA | -5.9 | -4.1 | -2.3 | -1.7 | -1.7 | -1.0 | -0.7 | -0.9 | -0.7 | -0.1 | -0.3 | -0.2 |
| Equity ratio | 89% | 91% | 88% | 89% | 91% | 90% | 88% | 85% | 86% | 86% | 86% | 85% |
| FCF conversion (lease adj.) | 170% | 44% | 73% | 82% | 71% | 68% | 74% | 107% | 90% | 41% | 87% | 80% |
| ROCE | 9% | 12% | 22% | 28% | 19% | 32% | 38% | 19% | 27% | 32% | 40% | 45% |

Source: ABG Sundal Collier estimates, company data

| Income Statement (SEKm) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Sales | 72 | 75 | 66 | 88 | 117 | 95 | 107 | 118 | 145 | 168 |
| COGS | -17 | -17 | -15 | -19 | -28 | -27 | -31 | -30 | -38 | -44 |
| Gross profit | 55 | 59 | 51 | 69 | 89 | 68 | 76 | 88 | 108 | 125 |
| Other operating items | -34 | -31 | -33 | -37 | -46 | -43 | -41 | -47 | -55 | -59 |
| EBITDA | 21 | 27 | 18 | 32 | 43 | 25 | 35 | 41 | 53 | 65 |
| Depreciation and amortisation | -1 | -1 | 0 | -2 | -3 | -4 | -4 | -4 | -4 | -5 |
| of which leasing depreciation | 0 | 0 | 0 | 0 | -1 | -1 | -1 | -0 | -1 | -1 |
| EBITA | 20 | 26 | 18 | 29 | 40 | 22 | 31 | 37 | 49 | 61 |
| EO Items | 0 | 0 | 0 | 0 | -5 | 1 | 0 | -5 | 0 | 0 |
| Impairment and PPA amortisation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EBIT | 20 | 26 | 18 | 29 | 40 | 22 | 31 | 37 | 49 | 61 |
| Net financial items | 5 | -1 | 0 | 0 | -0 | 1 | -2 | -6 | -3 | -1 |
| Pretax profit | 25 | 26 | 18 | 29 | 40 | 22 | 29 | 31 | 46 | 60 |
| Tax | 1 | 1 | 1 | 3 | 8 | -0 | 4 | 3 | 4 | 4 |
| Net profit | 26 | 27 | 19 | 33 | 48 | 22 | 33 | 34 | 50 | 64 |
| 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 |
| Net profit to shareholders | 26 | 27 | 19 | 33 | 48 | 22 | 33 | 34 | 50 | 64 |
| EPS | 3.62 | 3.78 | 2.62 | 4.61 | 6.80 | 3.12 | 4.64 | 4.81 | 7.00 | 8.97 |
| EPS adj. | 3.62 | 3.78 | 2.62 | 4.61 | 7.63 | 3.04 | 4.64 | 5.57 | 7.00 | 8.97 |
| Total extraordinary items after tax | 0 | 0 | 0 | 0 | -6 | 1 | 0 | -5 | 0 | 0 |
| Leasing payments | 0 | 0 | 0 | 0 | -1 | -1 | -1 | -2 | -1 | -1 |
| Tax rate (%) | -3.2 | -3.9 | -5.1 | -11.2 | -20.8 | 0.4 | -13.4 | -9.6 | -8.8 | -6.7 |
| Gross margin (%) | 76.5 | 78.0 | 77.1 | 78.6 | 76.4 | 71.6 | 70.9 | 74.6 | 74.0 | 74.0 |
| EBITDA margin (%) | 29.1 | 36.3 | 27.0 | 36.0 | 37.2 | 26.6 | 32.8 | 34.7 | 36.5 | 38.7 |
| EBITA margin (%) | 28.0 | 35.0 | 27.0 | 33.5 | 34.4 | 22.7 | 29.2 | 31.1 | 33.4 | 36.0 |
| EBIT margin (%) | 28.0 | 35.0 | 27.0 | 33.5 | 34.4 | 22.7 | 29.2 | 31.1 | 33.4 | 36.0 |
| Pre-tax margin (%) | 34.4 | 34.2 | 27.0 | 33.5 | 34.2 | 23.3 | 27.0 | 26.3 | 31.4 | 35.4 |
| Net margin (%) | 35.5 | 35.5 | 28.4 | 37.3 | 41.4 | 23.2 | 30.6 | 28.8 | 34.1 | 37.8 |
| Growth Rates y-o-y | - | - | - | - | - | - | - | - | - | - |
| Sales growth (%) | 32.8 | 4.1 | -13.0 | 33.7 | 32.8 | -18.1 | 12.6 | 10.3 | 22.8 | 15.8 |
| EBITDA growth (%) | 91.8 | 29.9 | -35.4 | 78.5 | 37.0 | -41.5 | 38.9 | 16.6 | 29.2 | 22.9 |
| EBITA growth (%) | 99.0 | 30.0 | -33.0 | 66.1 | 36.4 | -46.0 | 45.0 | 17.3 | 32.0 | 24.6 |
| EBIT growth (%) | 99.0 | 30.0 | -33.0 | 66.1 | 36.4 | -46.0 | 45.0 | 17.3 | 32.0 | 24.6 |
| Net profit growth (%) | 107.3 | 4.3 | -30.6 | 75.8 | 47.4 | -54.0 | 48.5 | 3.7 | 45.4 | 28.1 |
| EPS growth (%) | 107.3 | 4.3 | -30.5 | 75.8 | 47.4 | -54.0 | 48.5 | 3.7 | 45.4 | 28.1 |
| Profitability | - | - | - | - | - | - | - | - | - | - |
| ROE (%) | 28.3 | 28.4 | 20.5 | 35.4 | 45.7 | 20.1 | 29.6 | 30.3 | 41.7 | 48.4 |
| ROE adj. (%) | 28.3 | 28.4 | 20.5 | 35.4 | 51.3 | 19.5 | 29.6 | 35.1 | 41.7 | 48.4 |
| ROCE (%) | 32.5 | 27.9 | 19.5 | 31.8 | 37.5 | 20.1 | 27.3 | 31.7 | 39.7 | 44.9 |
| ROCE adj. (%) | 22.4 | 27.9 | 19.5 | 31.8 | 42.1 | 18.5 | 27.3 | 35.9 | 39.7 | 44.9 |
| ROIC (%) | 44.3 | 53.0 | 31.8 | 43.0 | 43.1 | 26.8 | 32.7 | 34.9 | 40.9 | 47.9 |
| ROIC adj. (%) | 44.3 | 53.0 | 31.8 | 43.0 | 48.4 | 26.1 | 32.7 | 39.6 | 40.9 | 47.9 |
| Adj. earnings numbers | - | - | - | - | - | - | - | - | - | - |
| EBITDA adj. | 21 | 27 | 18 | 32 | 48 | 25 | 35 | 46 | 53 | 65 |
| EBITDA adj. margin (%) | 29.1 | 36.3 | 27.0 | 36.0 | 41.4 | 25.9 | 32.8 | 38.8 | 36.5 | 38.7 |
| EBITDA lease adj. | 21 | 27 | 18 | 32 | 47 | 24 | 35 | 44 | 52 | 64 |
| EBITDA lease adj. margin (%) | 29.1 | 36.3 | 27.0 | 36.0 | 40.5 | 24.8 | 32.1 | 37.5 | 35.5 | 37.9 |
| EBITA adj. | 20 | 26 | 18 | 29 | 45 | 21 | 31 | 42 | 49 | 61 |
| EBITA adj. margin (%) | 28.0 | 35.0 | 27.0 | 33.5 | 38.6 | 22.1 | 29.2 | 35.2 | 33.4 | 36.0 |
| EBIT adj. | 20 | 26 | 18 | 29 | 45 | 21 | 31 | 42 | 49 | 61 |
| EBIT adj. margin (%) | 28.0 | 35.0 | 27.0 | 33.5 | 38.6 | 22.1 | 29.2 | 35.2 | 33.4 | 36.0 |
| Pretax profit Adj. | 25 | 26 | 18 | 29 | 45 | 22 | 29 | 36 | 46 | 60 |
| Net profit Adj. | 26 | 27 | 19 | 33 | 54 | 22 | 33 | 40 | 50 | 64 |
| Net profit to shareholders adj. | 26 | 27 | 19 | 33 | 54 | 22 | 33 | 40 | 50 | 64 |
| Net adj. margin (%) | 35.5 | 35.5 | 28.4 | 37.3 | 46.5 | 22.6 | 30.6 | 33.4 | 34.1 | 37.8 |

Source: ABG Sundal Collier, Company Data

| Cash Flow (SEKm) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
|-------------------------------|------|------|------|------|------|------|------|-------|-------|-------|
| EBITDA | 21 | 27 | 18 | 32 | 43 | 25 | 35 | 41 | 53 | 65 |
| Net financial items | 5 | -1 | 0 | 0 | -0 | 1 | -2 | -6 | -3 | -1 |
| Paid tax | -0 | 0 | -0 | 0 | 0 | -0 | 0 | 0 | 0 | 0 |
| Non-cash items | 0 | -1 | 1 | 0 | -0 | 1 | -2 | 0 | 0 | 0 |
| Cash flow before change in WC | 26 | 26 | 19 | 32 | 43 | 26 | 31 | 35 | 50 | 64 |
| Change in working capital | -6 | -1 | -2 | -7 | -5 | 1 | 3 | -18 | -0 | -7 |

| Cash Flow (SEKm) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
|----------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Operating cash flow | 20 | 25 | 17 | 25 | 38 | 28 | 33 | 18 | 50 | 57 |
| Capex tangible fixed assets | -0 | -1 | -0 | -1 | -1 | -2 | -1 | -1 | -3 | -2 |
| Capex intangible fixed assets | -2 | -2 | -3 | -2 | -1 | -1 | -2 | -1 | -2 | -3 |
| Acquisitions and Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Free cash flow | 19 | 22 | 13 | 22 | 37 | 25 | 30 | 16 | 45 | 53 |
| Dividend paid | -16 | -25 | -28 | -19 | -35 | -25 | -28 | -35 | -35 | -53 |
| Share issues and buybacks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Leasing liability amortisation | 0 | 0 | 0 | 0 | -1 | -1 | -1 | -2 | -1 | -1 |
| Other non-cash items | -0 | 0 | 0 | -0 | -3 | -1 | -1 | 0 | 0 | 0 |
| Balance Sheet (SEKm) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
| Goodwill | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other intangible assets | 4 | 5 | 8 | 8 | 7 | 6 | 6 | 4 | 4 | 3 |
| Tangible fixed assets | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 4 | 6 |
| Right-of-use asset | 0 | 0 | 0 | 0 | 3 | 4 | 4 | 5 | 6 | 6 |
| Total other fixed assets | 30 | 32 | 33 | 36 | 45 | 50 | 53 | 52 | 56 | 60 |
| Fixed assets | 36 | 39 | 42 | 46 | 56 | 63 | 65 | 63 | 69 | 75 |
| Inventories | 4 | 4 | 4 | 7 | 8 | 9 | 10 | 15 | 16 | 19 |
| Receivables | 18 | 19 | 18 | 25 | 31 | 29 | 29 | 41 | 44 | 51 |
| Other current assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash and liquid assets | 48 | 45 | 30 | 33 | 33 | 26 | 27 | 9 | 17 | 15 |
| Total assets | 106 | 108 | 95 | 110 | 128 | 128 | 131 | 130 | 147 | 160 |
| Shareholders equity | 93 | 96 | 86 | 99 | 112 | 109 | 113 | 112 | 126 | 136 |
| Minority | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total equity | 93 | 96 | 86 | 99 | 112 | 109 | 113 | 112 | 126 | 136 |
| 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 | 3 | 4 | 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 | 13 | 12 | 9 | 11 | 13 | 15 | 14 | 14 | 17 | 20 |
| Other current liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total liabilities and equity | 106 | 108 | 95 | 110 | 128 | 128 | 131 | 130 | 147 | 160 |
| Net IB debt | -48 | -45 | -31 | -33 | -31 | -28 | -28 | -6 | -14 | -12 |
| Net IB debt excl. pension debt | -48 | -45 | -31 | -33 | -31 | -28 | -28 | -6 | -14 | -12 |
| Net IB debt excl. leasing | -48 | -45 | -31 | -33 | -33 | -32 | -32 | -10 | -18 | -16 |
| Capital employed | 93 | 96 | 86 | 99 | 115 | 113 | 117 | 115 | 130 | 140 |
| Capital invested | 45 | 51 | 55 | 66 | 81 | 81 | 85 | 105 | 112 | 124 |
| Working capital | 10 | 12 | 14 | 21 | 26 | 24 | 25 | 43 | 43 | 50 |
| EV breakdown | - | - | - | - | - | - | - | - | - | - |
| Market cap. diluted (m) | 790 | 789 | 788 | 788 | 788 | 788 | 788 | 788 | 788 | 788 |
| Net IB debt adj. | -48 | -45 | -31 | -33 | -31 | -28 | -28 | -6 | -14 | -12 |
| 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 | - | - | - | - | - | - | - | - | - | - |
| EV | 742 | 744 | 758 | 755 | 758 | 761 | 761 | 782 | 774 | 776 |
| Total assets turnover (%) | 71.3 | 70.5 | 64.9 | 85.6 | 98.0 | 74.7 | 82.9 | 90.8 | 105.1 | 109.6 |
| Working capital/sales (%) | 13.4 | 14.1 | 19.3 | 19.6 | 20.0 | 26.0 | 22.7 | 28.5 | 29.4 | 27.5 |
| Financial risk and debt service | - | - | - | - | - | - | - | - | - | - |
| Net debt/equity (%) | -51.5 | -47.3 | -35.5 | -33.5 | -27.3 | -25.6 | -24.6 | -5.8 | -11.3 | -9.0 |
| Net debt / market cap (%) | -6.1 | -5.7 | -3.9 | -4.2 | -3.9 | -3.5 | -3.5 | -0.8 | -1.8 | -1.6 |
| Equity ratio (%) | 87.6 | 89.1 | 90.6 | 90.0 | 87.5 | 85.2 | 86.2 | 86.3 | 85.7 | 85.2 |
| Net IB debt adj. / equity (%) | -51.5 | -47.3 | -35.5 | -33.5 | -27.3 | -25.6 | -24.6 | -5.8 | -11.3 | -9.0 |
| Current ratio | 5.36 | 5.87 | 5.91 | 5.86 | 5.48 | 4.42 | 4.68 | 4.67 | 4.45 | 4.21 |
| EBITDA/net interest | 4.6 | 45.7 | -- | -- | 216.5 | 42.3 | 14.7 | 7.2 | 17.7 | 65.2 |
| Net IB debt/EBITDA (x) | -2.3 | -1.7 | -1.7 | -1.1 | -0.7 | -1.1 | -0.8 | -0.2 | -0.3 | -0.2 |
| Net IB debt/EBITDA lease adj. (x) | -2.3 | -1.7 | -1.7 | -1.1 | -0.7 | -1.4 | -0.9 | -0.2 | -0.3 | -0.2 |
| Interest coverage | 4.4 | 44.0 | -- | -- | 200.5 | 36.1 | 13.1 | 6.5 | 16.2 | 60.6 |

Source: ABG Sundal Collier, Company Data

| Share Data (SEKm) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
|---------------------------------|------|------|------|------|------|------|------|-------|-------|-------|
| Actual shares outstanding | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Actual shares outstanding (avg) | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |

| Share Data (SEKm) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
|-------------------------------------|------|------|------|------|------|------|------|-------|-------|-------|
| All additional shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Issue month | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Assumed dil. of shares from conv. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| As. dil. of shares from conv. (avg) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Conv. debt not assumed as equity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| No. of warrants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Market value per warrant | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dilution from warrants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Issue factor | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Actual dividend per share | 3.50 | 4.00 | 2.75 | 5.00 | 3.50 | 4.00 | 5.00 | 5.00 | 7.50 | 9.00 |
| Reported earnings per share | 3.62 | 3.78 | 2.62 | 4.61 | 6.80 | 3.12 | 4.64 | 4.81 | 7.00 | 8.97 |

Source: ABG Sundal Collier, Company Data

| Valuation and Ratios (SEKm) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
|------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Shares outstanding adj. | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Diluted shares adj. | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| EPS | 3.62 | 3.78 | 2.62 | 4.61 | 6.80 | 3.12 | 4.64 | 4.81 | 7.00 | 8.97 |
| Dividend per share | 3.50 | 4.00 | 2.75 | 5.00 | 3.50 | 4.00 | 5.00 | 5.00 | 7.50 | 9.00 |
| EPS adj. | 3.62 | 3.78 | 2.62 | 4.61 | 7.63 | 3.04 | 4.64 | 5.57 | 7.00 | 8.97 |
| BVPS | 13.13 | 13.50 | 12.10 | 13.99 | 15.75 | 15.35 | 15.97 | 15.78 | 17.78 | 19.25 |
| BVPS adj. | 12.62 | 12.77 | 11.02 | 12.92 | 14.81 | 14.47 | 15.13 | 15.18 | 17.25 | 18.76 |
| Net IB debt/share | -6.76 | -6.38 | -4.30 | -4.68 | -4.30 | -3.94 | -3.93 | -0.92 | -2.02 | -1.73 |
| Share price | 111.2 | 111.2 | 111.2 | 111.2 | 111.2 | 111.2 | 111.2 | 111.2 | 111.2 | 111.2 |
| Market cap. (m) | 790 | 789 | 788 | 788 | 788 | 788 | 788 | 788 | 788 | 788 |
| Valuation | - | - | - | - | - | - | - | - | - | - |
| P/E (x) | 30.7 | 29.4 | 42.4 | 24.1 | 16.4 | 35.6 | 24.0 | 23.1 | 15.9 | 12.4 |
| EV/sales (x) | 10.24 | 9.87 | 11.55 | 8.61 | 6.51 | 7.97 | 7.08 | 6.60 | 5.32 | 4.61 |
| EV/EBITDA (x) | 35.1 | 27.2 | 42.8 | 23.9 | 17.5 | 30.0 | 21.6 | 19.1 | 14.6 | 11.9 |
| EV/EBITA (x) | 36.5 | 28.2 | 42.8 | 25.7 | 18.9 | 35.1 | 24.2 | 21.2 | 15.9 | 12.8 |
| EV/EBIT (x) | 36.5 | 28.2 | 42.8 | 25.7 | 18.9 | 35.1 | 24.2 | 21.2 | 15.9 | 12.8 |
| Dividend yield (%) | 3.1 | 3.6 | 2.5 | 4.5 | 3.1 | 3.6 | 4.5 | 4.5 | 6.7 | 8.1 |
| FCF yield (%) | 2.4 | 2.8 | 1.7 | 2.8 | 4.6 | 3.1 | 3.8 | 2.0 | 5.7 | 6.7 |
| Le. adj. FCF yld. (%) | 2.4 | 2.8 | 1.7 | 2.8 | 4.5 | 3.0 | 3.7 | 1.8 | 5.5 | 6.5 |
| P/BVPS (x) | 8.47 | 8.24 | 9.19 | 7.95 | 7.06 | 7.25 | 6.96 | 7.05 | 6.25 | 5.78 |
| P/BVPS adj. (x) | 8.81 | 8.71 | 10.09 | 8.61 | 7.51 | 7.69 | 7.35 | 7.33 | 6.44 | 5.93 |
| P/E adj. (x) | 30.7 | 29.4 | 42.4 | 24.1 | 14.6 | 36.6 | 24.0 | 20.0 | 15.9 | 12.4 |
| EV/EBITDA adj. (x) | 35.1 | 27.2 | 42.8 | 23.9 | 15.7 | 30.7 | 21.6 | 17.0 | 14.6 | 11.9 |
| EV/EBITA adj. (x) | 36.5 | 28.2 | 42.8 | 25.7 | 16.8 | 36.1 | 24.2 | 18.7 | 15.9 | 12.8 |
| EV/EBIT adj. (x) | 36.5 | 28.2 | 42.8 | 25.7 | 16.8 | 36.1 | 24.2 | 18.7 | 15.9 | 12.8 |
| EV/CE (x) | 8.0 | 7.8 | 8.8 | 7.6 | 6.6 | 6.7 | 6.5 | 6.8 | 6.0 | 5.5 |
| Investment ratios | - | - | - | - | - | - | - | - | - | - |
| Capex/sales (%) | 2.3 | 4.4 | 5.6 | 3.0 | 1.0 | 2.9 | 3.0 | 1.7 | 3.5 | 2.9 |
| Capex/depreciation | 2.1 | 3.3 | -- | 1.2 | 0.5 | 0.9 | 1.0 | 0.5 | 1.3 | 1.2 |
| Capex tangibles / tangible fixed assets | 5.9 | 52.6 | 23.5 | 42.9 | 31.6 | 57.1 | 27.6 | 36.2 | 64.7 | 41.7 |
| Capex intangibles / definite intangibles | 44.4 | 44.2 | 42.9 | 22.4 | 9.0 | 19.3 | 40.5 | 23.4 | 58.6 | 73.3 |
| Depreciation on intang / def. intang | 16 | 13 | 0 | 20 | 25 | 34 | 39 | 62 | 73 | 81 |
| Depreciation on tangibles / tangibles | 14.12 | 15.79 | 0.00 | 31.43 | 37.89 | 32.14 | 34.14 | 41.30 | 26.01 | 21.22 |

Source: ABG Sundal Collier, Company Data

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