

First Quarter 2025

Lower Production Volume Than Expected

The company reports a slightly lower production volume than we had anticipated. The quarter started off weak but later reached our expected level. The production volume was 3.1 million Engine Equivalents (MEVs), 0.1 million below expectations and 0.8 million lower than the first quarter of last year. The decline from a baseline of 4.0 million MEVs is a combination of 0.3 million decrease in orders from vehicle manufacturers and 0.5 million from a high-volume programme that ended in September last year. Currency effects offset some of the decline, with 3 percent stronger US dollar. Overall, the company reported sales of SEK 27.1 million for the first quarter, down 15.6 percent compared to last year.

Currency Hedging Stabilises Earnings

The gross margin was also slightly lower than expected at 69.4 percent, compared to 70.1 percent in the same period last year. Historically, the first quarter has delivered the lowest margin of the year, with the second and third quarters often performing significantly better. However, the operating result came in better than expected due to lower costs and a previously unrealised currency loss from existing forward contracts that turned into a gain as the US dollar ended the quarter lower than at the start of the year. SinterCast's policy is to hedge 25–75 percent of the net foreign currency flow. Ahead of 2025, it was particularly important to mitigate risks considering "Trump 2.0" and the terminated high-volume programme. While the strong dollar early in the year caused some concern, the recent decline has proven beneficial. As a result, net profit increased by SEK 1.5 million to SEK 7.6 million, corresponding to SEK 1.08 (0.87) per share.

Cash and cash equivalents increased by SEK 10.0 million in the quarter, or SEK 1.74 per share. The difference compared to earnings per share is explained by paid taxes being significantly lower than reported tax expense. As a result, the company's capacity to pay dividends is higher than the reported profit suggests. The company has previously guided the market that it is likely to start paying Swedish corporate tax in late 2027 or early 2028.

Unchanged Intrinsic Value

Due to a weaker dollar and a revised assumption of lower volumes this year, we reduce our sales forecast for 2025 to SEK 120 million, which is eleven percent lower than after the previous report. Our previous assumption of an average dollar exchange rate of 10.6 is lowered to 9.9, and the production volume forecast

SinterCast

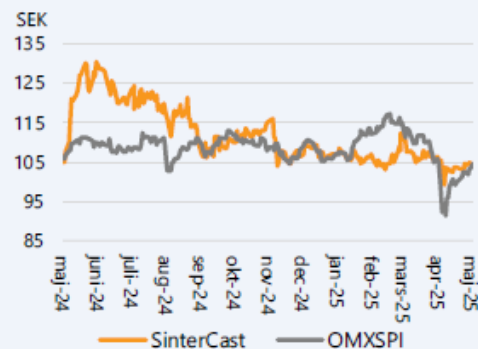
Rapportkommentar – första kvartalet 2025

Datum 2 maj 2025
Analytiker Philip Wendt

Basfakta

Bransch	Industri
Styrelseordförande	Robert Dover
VD	Steve Dawson
Noteringsår	1993
Listning	Nasdaq OMX Small Cap
Ticker	SINT
Aktiekurs	105,0
Antal aktier, milj.	7,0
Börsvärde, mkr	739
Finansiell nettotillg, mkr	33
Företagsvärde (EV), mkr	706
Motiverat värde	140 kronor
Nästa rapport	20 augusti 2025

Kursutveckling senaste året



Källa: Refinitiv

Prognoser & Nyckeltal, MSEK

	2023	2024	2025p	2026p
Omsättning	134,4	135,6	120,2	158,4
Bruttoresultat	98,5	98,3	88,1	114,5
Rörelseres. (ebit)	42,7	43,2	42,6	60,5
Resultat f. skatt	42,5	43,2	42,6	60,9
Årets resultat	45,3	34,3	33,9	48,5
Vinst per aktie	5,94 kr	4,87 kr	4,82 kr	6,89 kr
Utd. per aktie	6,10 kr	7,00 kr	6,25 kr	6,87 kr
Omsättningstillväxt	13,1%	0,9%	-11,3%	31,7%
Bruttomarginal	73,3%	72,5%	73,3%	72,3%
Rörelsemarginal	31,8%	31,9%	35,5%	38,2%
Kassaflöde, verksamhet	45,5	59,6	62,3	56,1
Kassaflöde per aktie	6,5	8,5	8,8	8,0
P/e-tal	17,7	22,8	21,8	15,2
EV/ebitda	14,6	16,2	15,3	11,2
EV/omsättning	5,3	5,7	5,9	4,5
Direktavkastning	5,8%	6,3%	6,0%	6,5%

Källa: Bolaget, Analysguiden

Motiverat värde är en uppfattning om vad bolaget borde vara värt givet Analysguidens huvudscenario. Det är inte samma sak som att aktiekursen ska spegla detta värde.

for the year is revised from 3.55 million MEVs to 3.33 million. Thanks to cost reductions and currency translation gains from forward contracts, the company should be able to match last year's earnings per share of SEK 4.85 and potentially exceed last year's cash flow per share.

Sequential production growth is expected to pick up in the second half of this year, which should gradually support the share price towards our fair value of SEK 140. This has been noted by the company's largest shareholder, Ulf Stenbeck, who increased his already significant holding at the beginning of the year.

Investment Thesis

SinterCast is a Swedish technology company that supplies process control systems to the foundry industry, primarily for the production of engine components in compacted graphite iron (CGI). The company has a global market share of 60–70 percent within its niche, and its business model is based on equipment sales as well as recurring revenue from licences and service fees linked to the volume of Engine Equivalent (MEVs) produced. Market growth is expected to come from an increased share of heavy vehicle engine components manufactured in CGI. The company states that today's share of 40–50 percent is expected to rise to 80 percent by the end of the decade.

Clear Guidance Reduces Uncertainty

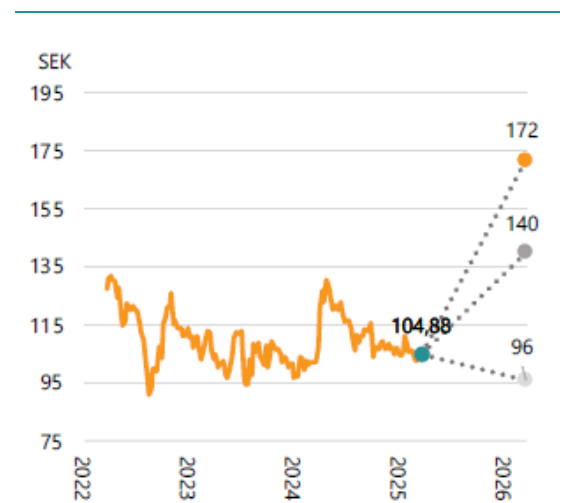
SinterCast has a predictable business model with long-term visibility. High equity ratio and low working capital and investment needs provide continued strong opportunities to return capital to shareholders. If the company delivers on its guidance of reaching an annualised production volume of five million MEVs by the end of 2026 and seven million by 2029, the total return—share price appreciation, buybacks, and dividends—could exceed twenty percent per year over the next five years. Our fair value in the base case scenario is SEK 140. The chart to the right illustrates volume assumptions and the share price.

From today's 3.2 million MEVs, the guidance is that Traton, primarily through MAN and the Chinese FAW, will ramp up by one million MEVs annualised by the end of 2026. A recovery in the economic cycle is expected to contribute 0.3 million MEVs within a year. The remaining 0.5 million is expected to come in the second half of 2026 from yet-to-be-announced high-volume programmes, according to company management.

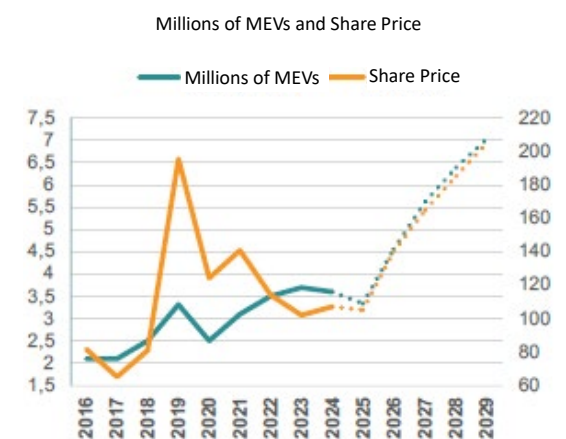
Although "Trump 2.0" has created significant uncertainty around demand in the heavy vehicle industry—due to postponed environmental legislation and fewer pre-orders of trucks in 2026—it has simultaneously reduced uncertainty regarding the

The Stock is Worth Buying...

The stock's upside/downside in three different scenarios



Source: Analysis Guide's bullish, base, and bearish scenarios

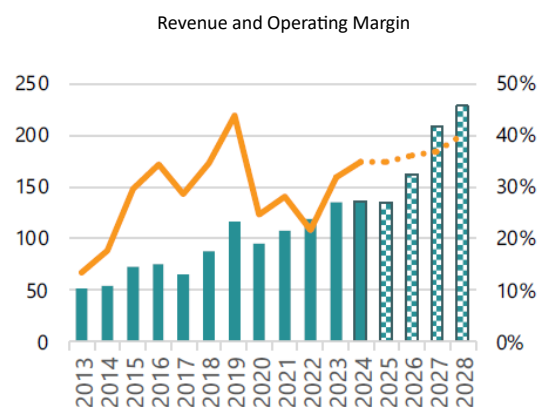


future of internal combustion engines versus electric drivetrains. The current 75 percent share of diesel-powered heavy trucks is now expected to remain stable, as opposed to previously projected gradual decline through the end of the decade.

Scenario Analysis Gives a Justified Value of SEK 140

In our base case, the company's value is estimated at SEK 140 per share. This scenario is slightly more conservative than management's outlook for market growth, market share, and profitability. It assumes production will increase from the current rate of 3.2 million MEVs to five million by the end of 2026 and continue rising to seven million by 2029.

In a bull scenario, where management's full guidance is realised, the valuation per share reaches SEK 172. A bear scenario results in a valuation of SEK 96, based on the average valuation over the past three years. A weighted scenario results in a fair value of SEK 140, with the base case assigned the highest probability and the bull scenario given more weight than the bear. At the current share price, the stock offers an attractive risk-reward ratio, with a downside to SEK 96 and upside to the fair value of SEK 140. Combined with a high dividend yield, the current share price provides a sufficient margin of safety to consider the stock a buy.



Bullish scenario: SEK 172 per share.

Base scenario: SEK 140 per share.

Bearish scenario: SEK 96 per share.

Weighted scenario: SEK 140 per share.

SinterCast – Financial History and Forecasts

Income Statement (SEK million)

	2019	2020	2021	2022	2023	2024	2025p	2026p	2027p
Revenue	116.5	95.4	107.4	118.7	134.4	135.6	120.2	158.4	203.1
<i>adjustment</i>	33%	-18%	13%	11%	13%	1%	-11%	32%	28%
Gross Result	88.8	68.2	75.9	85.8	98.5	98.3	88.1	114.5	145.5
<i>gross margin</i>	76%	71%	71%	72%	73%	72%	73%	72%	72%
Operating Result (ebit)	51.1	23.5	30.1	25.7	42.7	43.2	42.6	60.5	79.7
<i>operating margin</i>	44%	25%	28%	22%	32%	32%	35%	38%	39%
<i>Financial Net</i>	0.0	-0.2	0.6	-0.4	-0.3	-2.0	0.0	1.0	1.0
Result Before Income Tax	39.9	22.3	29.0	30.3	42.5	43.2	42.6	60.9	80.2
Income tax	3.3	8.3	-0.1	3.9	2.9	-8.9	-8.7	-12.4	-16.4
Result for the Year	43.2	30.6	28.9	34.2	45.3	34.3	33.9	48.5	63.8

Balance Sheet (SEK million)

	2019	2020	2021	2022	2023	2024	2025p	2026p	2027p
ASSETS									
Cash and Cash Equivalents	32.8	32.9	26.3	27.5	14.2	23.1	23.6	29.9	44.5
Current Assets	31.7	38.9	38.6	39.1	54.1	57.7	43.9	57.1	75.0
Non-Current Assets	45.7	55.8	62.8	64.9	62.2	61.6	40.1	26.3	8.9
TOTAL ASSETS	110.2	127.6	127.7	131.5	130.5	142.4	107.6	113.3	128.3

Equity & Liabilities

	2019	2020	2021	2022	2023	2024	2025p	2026p	2027p
Equity	99.2	111.7	108.8	113.8	111.9	102.9	101.2	101.2	101.2
Short Term Liabilities	11.0	14.0	15.7	15.3	17.1	21.1	6.2	11.9	27.0
Long Term Liabilities	0.0	1.9	3.2	2.4	1.5	0.4	0.4	0.3	0.3
Total Liabilities	11.0	15.9	18.9	17.7	18.6	21.5	6.5	12.2	27.2
TOTAL EQUITY & LIABILITIES	110.2	127.6	127.7	131.5	130.5	124.4	107.7	113.4	128.4

Cash Flows (SEK million)

	2019	2020	2021	2022	2023	2024	2025p	2026p	2027p
Operating Cash Flow	43.0	25.4	32.1	35.6	48.7	48.0	46.3	63.3	82.1
Change in Working Capital	-5.2	-3.3	0.9	-10.2	-3.2	11.6	15.9	-7.2	-12.0
Cash Flow from Operations	37.8	22.1	33.0	25.4	45.5	59.6	62.3	56.1	70.1
Financing	-36.5	-25.9	-29.1	-37.1	-41.8	-47.0	-58.6	-53.3	-67.7
Investments	-1.2	-2.8	-2.7	-1.7	-5.6	-1.8	-3.6	-2.7	-2.4
TOTAL CASH FLOW	0.1	-6.6	1.2	-13.3	-1.9	10.8	13.9	6.4	13.5
Number of Employees at the End of the Year	23	28	30	32	28	25	26	24	24

Source: The company and Analysguiden

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The analyst Philip Wendt does not own and is not allowed to own shares in the analysed company.

Responsible Analyst:

Philip Wendt