

Second Quarter 2025

Higher Production Volume Than Expected

SinterCast's report for the second quarter of 2025 shows both challenges and resilience in its core business. Production volume exceeded our expectations and increased sequentially compared to the first quarter. However, net sales declined to SEK 31.1 million compared with SEK 35.1 million a year earlier, representing a decrease of 11.4 percent. The main reasons for this were a weak automotive market climate, reduced production volumes, and a negative impact from the USD/SEK exchange rate compared with the previous year of 9.5 percent. Operating profit fell to SEK 11.2 million from SEK 13.1 million, while the operating margin was 36.1 percent compared with 37.4 percent in the prior year. Profit before tax equalled the operating profit at SEK 11.2 million, while net profit for the quarter decreased to SEK 8.8 million.

The company reported a continued strong share of recurring revenues, which accounted for 92.3 percent of the quarter's sales. Cash flow from operating activities fell to SEK 9.1 million compared with SEK 16.6 million in the same quarter last year. Trade receivables increased by SEK 3.2 million, which temporarily reduced cash flow. Following a dividend payment of SEK 24.6 million during the quarter, cash and cash equivalents decreased from SEK 33.2 million to SEK 16.7 million.

New High-Volume Orders, Presumably from Volvo

Despite market headwinds, SinterCast received three new high-volume orders during the quarter, mainly within the heavy vehicle and industrial applications segments – signalling continued future growth in strategic areas. However, the company remains cautious regarding its growth targets, particularly in light of market uncertainty and potential new tariffs affecting the global automotive industry.

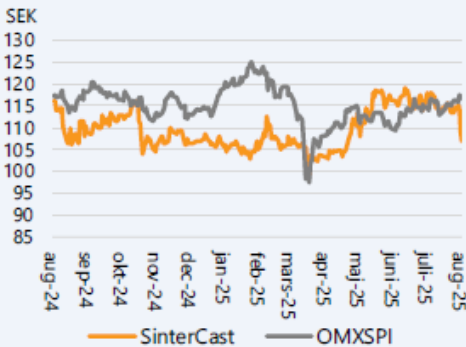
Scania, DAF, MAN and International (Navistar) have long been users of SinterCast-CGI, and SinterCast has recently included references to a new CGI engine from Fiat Powertrain (Iveco) in its investor presentations. It is also known that Daimler Trucks uses CGI for its heavy-duty cylinder heads, though not yet via the SinterCast process. During the second quarter, SinterCast's foundry partner Tupy secured new commercial vehicle orders in Brazil and Mexico, leading SinterCast to state that all commercial vehicle manufacturers have now adopted CGI. By process of elimination, the only remaining Western manufacturer is Volvo. Tupy cites the order volume as 0.5 million engine equivalents at full production.

SinterCast

Rapportkommentar – andra kvartalet 2025

Datum	21 augusti 2025
Analytiker	Philip Wendt
Basfakta	
Bransch	Industri
Styrelseordförande	Robert Dover
VD	Steve Dawson
Noteringsår	1993
Listning	Nasdaq OMX Small Cap
Ticker	SINT
Aktiekurs	107,0
Antal aktier, milj.	7,0
Börsvärde, mkr	753
Finansiell nettotillg, mkr	17
Företagsvärde (EV), mkr	737
Motiverat värde	140 kronor
Nästa rapport	5 november 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, verksamh.	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	22,2	15,5
EV/ebitda	14,6	16,2	15,9	11,6
EV/omsättning	5,3	5,7	6,1	4,7
Direktavkastning	5,8%	6,3%	5,8%	6,4%

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.

Overall, the report shows that SinterCast is navigating a period of challenges while maintaining profitability and a solid business model, with a focus on recurring revenues and efficient cost structures. Management remains optimistic about the company's long-term potential, even though short-term market conditions may affect growth. We are making no changes to our estimates, which already reflect a stronger Swedish krona and lower production volumes this year. Our fair value remains unchanged at SEK 140 per share.

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 Equivalents (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

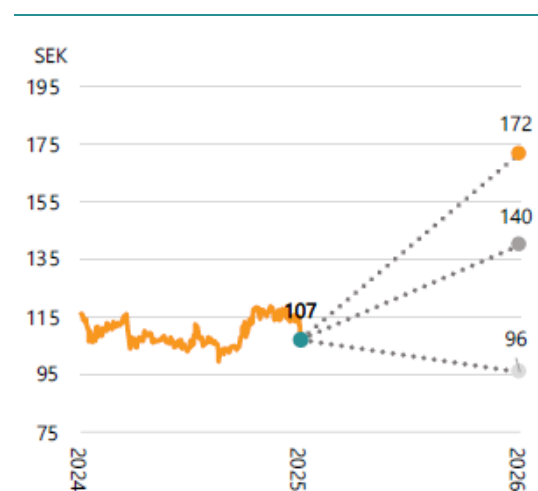
SinterCast has a predictable business model with long-term visibility. High equity ratio, low working capital and low investment needs provide continued good opportunities to return capital to shareholders. If the company's guidance to reach an annualised production volume of six million engine equivalents (MEV) by the end of 2026 and seven million by 2029 is realised, the total return – share price, buybacks and dividends – could exceed twenty percent per year over the next five years. Our fair value in the base case amounts to SEK 140. The chart on the right shows the volume assumptions and the share price.

From today's 3.4 million MEVs, the guidance is that Traton, primarily MAN and the Chinese FAW, will ramp up by one million MEVs on an annualised basis by the end of 2026. A cyclical recovery is expected to restore 0.3 million MEVs within one year. The remaining 0.5 million is set to come during the second half of 2026 from the order received by Tupy in the second quarter, which we believe is for Volvo in Brazil and Mexico.

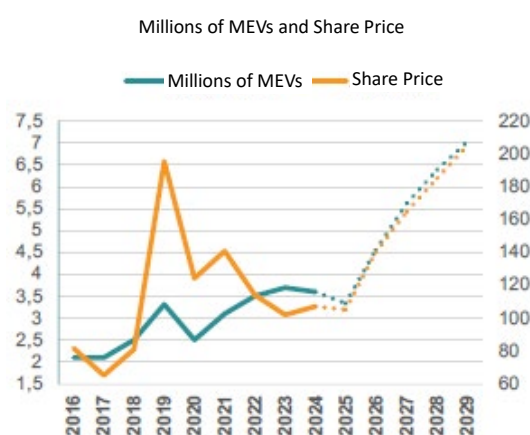
At the beginning of 2025, the company had deferred tax assets of SEK 42 million. After the second quarter, this figure stood at SEK 37.2 million. The company reports tax, which reduces earnings per share, but tax paid so far this year amounts to only SEK 0.1 million. Cash flow per share is higher, which allows for a high payout ratio. The company's guidance is that it will begin paying

The Stock is Worth Buying...

The stock's upside/downside in three different scenarios



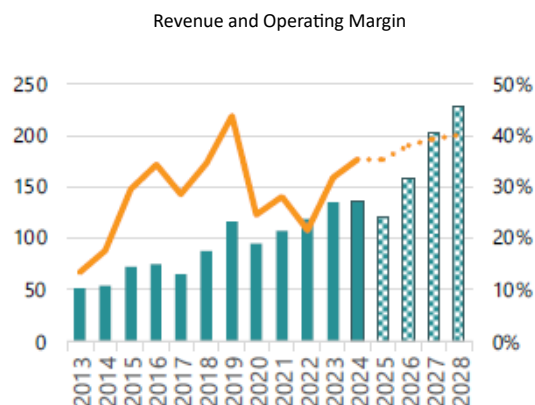
Source: Analysis Guide's bullish, base, and bearish scenarios



Swedish corporate tax in the first half of 2028. Implicitly, this means the deferred tax asset will then be fully utilised if profit this year and the following two years amounts to SEK 200 million before tax. Our forecast is SEK 184 million.

Scenario Analysis Gives a Justified Value of SEK 140

In our base case, the company's value amounts to SEK 140 per share. This is a somewhat more cautious scenario than management's assessment of market growth, market share and profitability. It assumes that the company's production will increase from the current pace of 3.4 million engine equivalents (MEVs) to five million by the end of 2026, and continue with a growth trajectory to seven million by 2029. In a bull scenario, where management's guidance is fully realised, the valuation per share amounts to SEK 172. A bear scenario yields a value of SEK 96, based on the average valuation over the past three years. A weighted scenario provides a value of SEK 140, where the base case is considered highly probable and the bull scenario carries greater weight than the bear scenario. At the current share price, the share offers an attractive risk-reward ratio, with a downside to SEK 96 and an upside to the fair value of SEK 140. Combined with a high dividend yield, this provides a sufficient margin of safety at today's share price for the share to be considered attractive.



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

Disclaimer

Aktiespararna, www.aktiespararna.se, publishes analyses about companies compiled using sources deemed reliable. However, Aktiespararna cannot guarantee the accuracy of the information. Nothing in the analysis should be considered as a recommendation or encouragement to invest in any financial instrument. Opinions and conclusions expressed in the analysis are intended solely for the recipient. The analysis is what is known as a commissioned analysis, where the analysed company has entered into an agreement with Aktiespararna. The analyses are published continuously during the contract period and against the usual fixed compensation. Aktiespararna otherwise has no financial interest in the subject matter of this analysis. Aktiespararna has procedures for handling conflicts of interest, ensuring objectivity and independence.

The content may be copied, reproduced, and distributed. However, Aktiespararna cannot be held responsible for either direct or indirect damages caused by decisions made based on information in this analysis.

Investing in financial instruments provides opportunities for capital appreciation and profits. However, all such investments also carry risks. The risks vary among different types of financial instruments and combinations thereof. Historical performance should not be regarded as an indication of future returns.

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

Responsible Analyst:

Philip Wendt