SinterCast

Reason: Preview of results

Production ramping up on the ’21 installations

- Q2 report due on Wednesday, 17 August
- Strong production volumes, sampling cups decline y-o-y
- Full order books support stable sales if demand declines

Pre-released figures show strong production, softer sales

On 12 July, SinterCast pre-released selected H1 figures ahead of the report. Series production volumes came in at 3.6m engine equivalents (ABGSCe 3.5m), up 13% y-o-y, but sales were down 1% y-o-y at SEK 27.9m (-15% vs. ABGSCe 32.7m). This was partly due to a 37% y-o-y decline in sampling cup sales volumes (Q2’21 was a record quarter for sampling cups). Driven by a favourable revenue split and positive FX effects on a strong USD, we estimate a strong gross margin of 75% (70%) and adj. EBIT of SEK 7.5m, for a margin of 27% (26%). This includes a one-off expense tied of the termination of a deferred purchase agreement of a System 4000 (which the company has said will not result in lost sales, as there was no CGI production in this foundry).

Raised FX boosts top-line, but lowered equipment sales

For ’22e, we take a more cautious approach to estimated equipment sales, as the pipeline is fairly empty at the moment. We now model SEK 3m for FY’22e. However, we remain confident that the installations completed in ’21 should ramp up according to plan, driving solid series production sales growth. Raised FX assumptions also help the ’22e top-line, but should be mostly offset at the EBIT level by hedges.

Order books should be filled for some time to come

There are increasing worries of a looming economic recession. While SinterCast is not immune to economic conditions, we argue that the order backlog in the automotive industry should mean that even if demand and new orders slow down, it will take customers a long time to deliver on the existing order books. Per the latest company communication, however, the bottleneck is still on the supply side, and slowing demand has not been observed so far. Finally, on our estimate changes, we lower our fair value range to SEK 110-200 (130-230) per share, and on our current estimates the share is trading at 21x ’22e EV/EBIT (adj.), offering a 5-8% dividend yield for ’22e-’24e.

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SEKm	2020	2021	2022e	2023e	2024e
Sales	95	107	127	154	163
EBITDA	25	35	44	64	68
EBITDA margin (%)	*26.6*	*32.8*	*35.1*	*41.4*	*41.9*
EBIT adj	21	31	40	60	64
EBIT adj margin (%)	*22.1*	*29.2*	*31.8*	*38.7*	*39.3*
Pretax profit	22	29	37	59	63
EPS rep	3.12	4.64	5.57	8.86	9.49
EPS adj	3.04	4.64	6.21	8.86	9.49
Sales growth (%)	*-18.1*	*12.6*	*17.9*	*21.6*	*5.8*
EPS growth (%)	*-54.0*	*48.5*	*20.1*	*59.0*	*7.1*

Source: ABG Sundal Collier, Company data

Commissioned research

Not rated

Estimate changes (%)

	2022e	2023e	2024e
Sales	-4.0%	-0.6%	-0.6%
EBIT (rep)	-9.1%	-2.9%	-3.3%
EPS (rep)	-8.3%	-8.4%	-8.4%

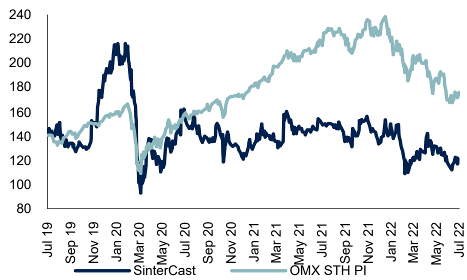
Source: ABG Sundal Collier

Share price (SEK)	19/07/2022	120.0
Fair value range (per share)		110-200

Capital Goods, Sweden
SINT.ST/SINT SS

MCap (SEKm)	851
MCap (EURm)	81
Net debt (EURm)	-2
No. of shares (m)	7.1
Free float (%)	*99*
Av. daily volume (k)	5
Next event	Q2 report: 17 Aug

Performance



	1m	3m	12m
Absolute (%)	*1.7*	*-4.8*	*-20.4*

Source: FactSet

	2022e	2023e	2024e
P/E (x)	21.5	13.5	12.6
P/E adj (x)	19.3	13.5	12.6
P/BVPS (x)	7.25	6.18	5.88
EV/EBITDA (x)	18.7	12.9	12.1
EV/EBIT adj (x)	20.6	13.8	12.9
EV/sales (x)	6.55	5.34	5.06
ROE adj (%)	*38.2*	*49.3*	*47.7*
Dividend yield (%)	*5.0*	*7.1*	*7.9*
FCF yield (%)	*3.6*	*6.0*	*7.1*
Lease adj. FCF yld (%)	*3.4*	*5.8*	*6.9*
Net IB debt/EBITDA	-0.5	-0.4	-0.4
Lease adj. ND/EBITDA	-0.5	-0.5	-0.5

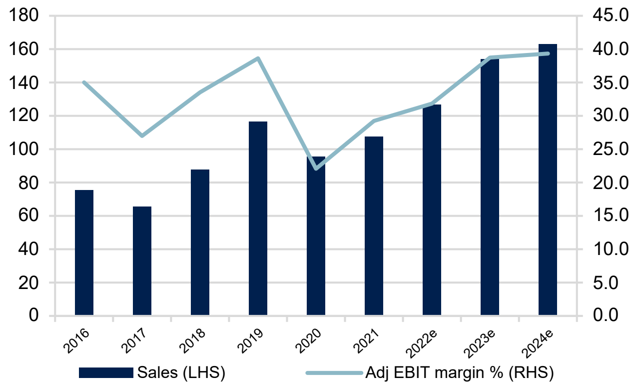
Company description

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

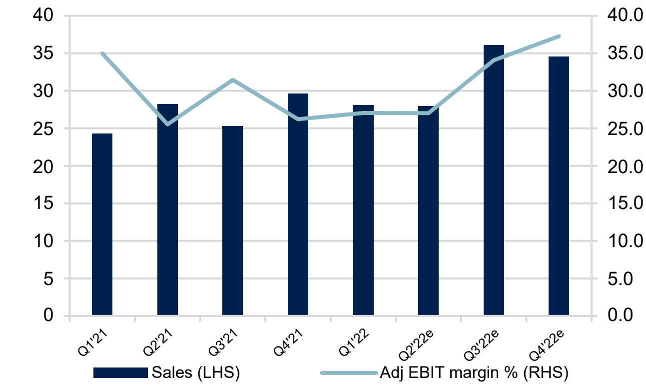
Automotive demand, and more specifically demand for larger passenger vehicles such as SUVs and pick-up trucks with diesel engines. Regulation relating to fossil fuels and diesel in particular poses risks to the business model.

Annual sales and adj. EBIT margin



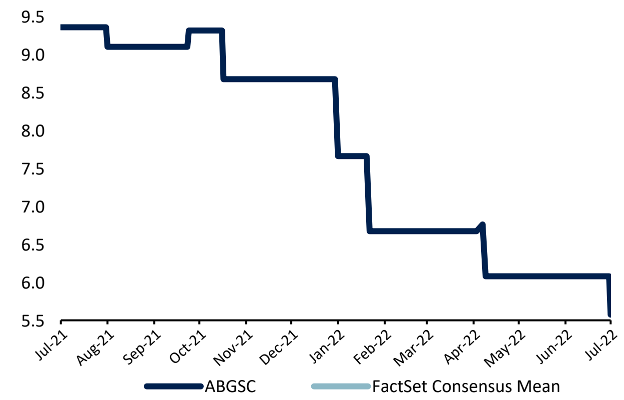
Source: ABG Sundal Collier, Company data

Quarterly sales and adj. EBIT margin



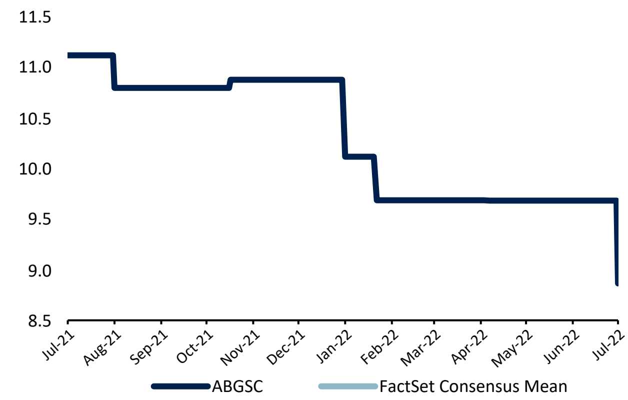
Source: ABG Sundal Collier, Company data

EPS estimate changes, 2022e, SEK



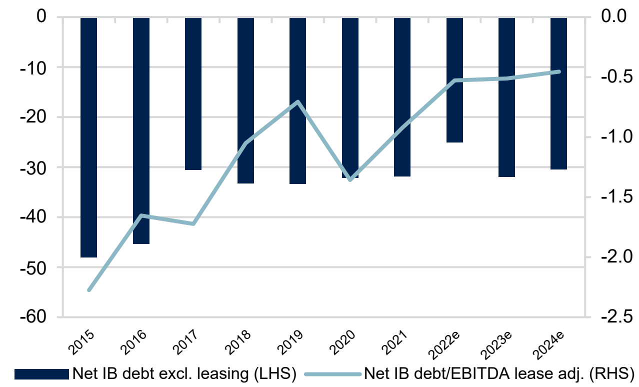
Source: ABG Sundal Collier, FactSet

EPS estimate changes, 2023e, SEK



Source: ABG Sundal Collier, FactSet

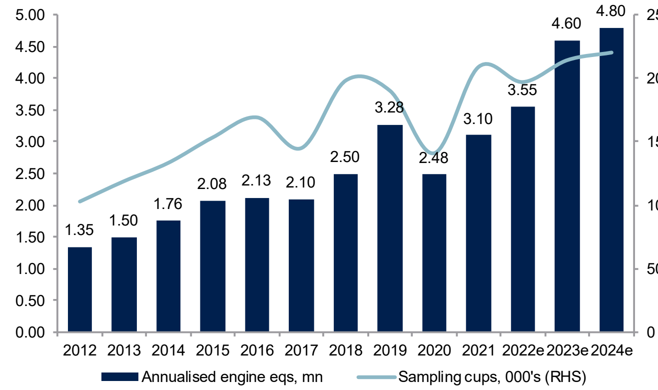
Lease adj. net debt and ND/EBITDA



Source: ABG Sundal Collier, Company data

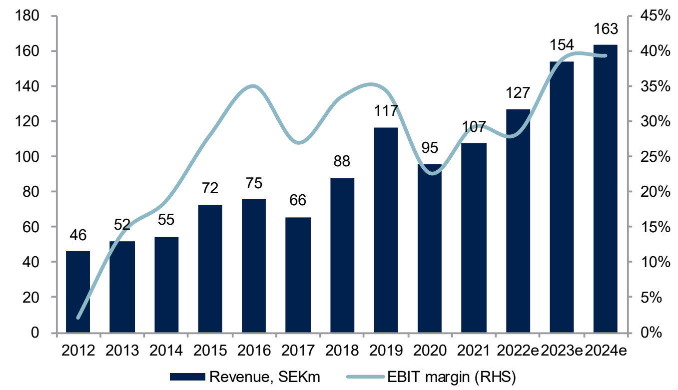
Supporting charts

Annualised engine eqs and sampling cups…



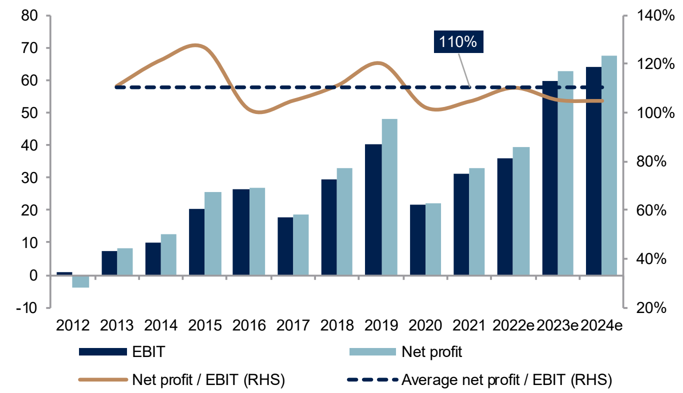
Source: ABG Sundal Collier estimates, company data

…correlate well with sales and EBIT margin



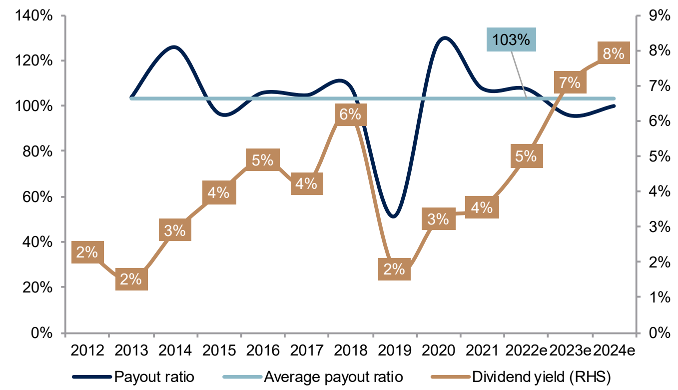
Source: ABG Sundal Collier estimates, company data

>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, '22e-'24e

Estimate changes	Old forecast			New forecast			SEKm change			% change		
Income statement	**2022e**	**2023e**	**2024e**	**2022e**	**2023e**	**2024e**	**2022e**	**2023e**	**2024e**	**2022e**	**2023e**	**2024e**
Revenue	**132**	**155**	**164**	**127**	**154**	**163**	**-5.2**	**-1.0**	**-1.0**	**-4.0%**	**-0.6%**	**-0.6%**
Gross profit	97	116	123	93	114	121	-3.3	-2.3	-2.4	-3.4%	-2.0%	-1.9%
Opex	-57	-55	-57	-58	-54	-57	-0.3	0.5	0.2	0.5%	-0.9%	-0.4%
EBIT	**39**	**61**	**66**	**36**	**60**	**64**	**-3.6**	**-1.8**	**-2.2**	**-9.1%**	**-2.9%**	**-3.3%**
Non-recurring items	-5	0	0	-5	0	0	0.0	0.0	0.0			
Adj. EBIT	**44**	**61**	**66**	**40**	**60**	**64**	**-3.6**	**-1.8**	**-2.2**	**-8.2%**	**-2.9%**	**-3.3%**
PTP	40	61	65	37	59	63	-3.6	-1.8	-2.2	-8.9%	-3.0%	-3.3%
Net profit	**43**	**69**	**73**	**40**	**63**	**67**	**-3.6**	**-5.8**	**-6.2**	**-8.3%**	**-8.4%**	**-8.4%**
Growth and margins	**2022e**	**2023e**	**2024e**	**2022e**	**2023e**	**2024e**	**2022e**	**2023e**	**2024e**	**2022e**	**2023e**	**2024e**
Revenue growth	23%	17%	6%	18%	22%	6%				-4.9pp	4.1pp	0.0pp
Organic	11%	17%	6%	3%	22%	6%				-7.7pp	4.1pp	0.0pp
FX	12%	0%	0%	15%	0%	0%				2.8pp	0.0pp	0.0pp
EBIT growth	25%	56%	8%	14%	67%	7%				-11.4pp	10.6pp	-0.4pp
Gross margin	73%	75%	75%	74%	74%	74%				0.4pp	-1.0pp	-1.0pp
EBIT margin	30%	40%	40%	28%	39%	39%				-1.6pp	-0.9pp	-1.1pp
Sales split	**2022e**	**2023e**	**2024e**	**2022e**	**2023e**	**2024e**	**2022e**	**2023e**	**2024e**	**2022e**	**2023e**	**2024e**
Equipment	6	12	12	3	12	12	-2.8	0.0	0.0	-48%	0%	0%
Series Production	124	139	147	122	139	147	-1.2	0.0	0.0	-1%	0%	0%
Engineering Service	3	4	5	1	3	4	-1.2	-1.0	-1.0	-46%	-29%	-22%
Total revenue	**132**	**155**	**164**	**127**	**154**	**163**	**-5.2**	**-1.0**	**-1.0**	**-4%**	**-1%**	**-1%**
Other metrics	**2022e**	**2023e**	**2024e**	**2022e**	**2023e**	**2024e**	**2022e**	**2023e**	**2024e**	**2022e**	**2023e**	**2024e**
Sampling cups	203,800	214,000	220,000	196,720	214,000	220,000	-7,080	0	0	-3%	0%	0%
Annualised engine eq. (mn)	3.58	4.60	4.80	3.55	4.60	4.80	-0.02	0.00	0.00	-1%	0%	0%

Source: ABG Sundal Collier estimates, company data

Detailed quarterly figures

Quarterly overview	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22e	Q3'22e	Q4'22e
Revenue	**24.6**	**18.7**	**19.2**	**32.9**	**24.3**	**28.2**	**25.3**	**29.6**	**28.1**	**27.9**	**36.1**	**34.6**
Gross profit	17.6	12.9	14.6	23.3	17.1	19.7	19.0	20.3	20.2	20.9	26.7	25.6
SG&A	-8.9	-7.3	-7.5	-9.8	-8.7	-8.9	-8.8	-9.9	-9.2	-9.4	-9.4	-9.4
R&D	-3.3	-2.3	-3.2	-2.9	-2.6	-2.8	-3.3	-3.1	-2.6	-3.0	-3.0	-3.0
Other opex	2.5	-2.5	-0.3	-1.3	2.7	-0.8	1.0	0.4	-0.8	-5.5	-2.0	-0.3
EBIT	**7.9**	**0.8**	**3.6**	**9.3**	**8.5**	**7.2**	**8.0**	**7.8**	**7.6**	**3.0**	**12.3**	**12.9**
Net financials	-1.3	2.2	0.1	-0.3	-1.6	0.2	-0.5	-0.5	0.3	0.2	0.1	0.1
PTP	6.6	3.0	3.7	9.0	6.9	7.4	7.5	7.3	7.9	3.2	12.4	13.0
Taxes	0.0	0.0	0.0	-0.1	0.0	4.0	0.0	0.0	0.0	1.0	1.0	1.0
Net profit	**6.6**	**3.0**	**3.7**	**8.9**	**6.9**	**11.4**	**7.5**	**7.2**	**7.9**	**4.2**	**13.4**	**14.0**
Growth and margins	**Q1'20**	**Q2'20**	**Q3'20**	**Q4'20**	**Q1'21**	**Q2'21**	**Q3'21**	**Q4'21**	**Q1'22**	**Q2'22e**	**Q3'22e**	**Q4'22e**
Revenue growth	7%	-44%	-38%	12%	-1%	51%	32%	-10%	16%	-1%	43%	17%
EBIT growth	-11%	-94%	-75%	145%	8%	800%	121%	-17%	-11%	-58%	54%	66%
Gross margin	72%	69%	76%	71%	70%	70%	75%	69%	72%	75%	74%	74%
EBIT margin	32%	4%	19%	28%	35%	26%	31%	26%	27%	11%	34%	37%
Sales split	**Q1'20**	**Q2'20**	**Q3'20**	**Q4'20**	**Q1'21**	**Q2'21**	**Q3'21**	**Q4'21**	**Q1'22**	**Q2'22e**	**Q3'22e**	**Q4'22e**
Equipment	0.4	6.1	0.3	9.8	1.5	0.2	2.5	4.3	0.8	0.2	1.0	1.0
Series Production	23.8	12.5	18.8	21.9	22.4	27.8	22.1	25.0	26.9	27.5	34.8	33.1
Engineering Service	0.5	0.1	0.1	1.1	0.4	0.2	0.7	0.2	0.4	0.2	0.3	0.5
Total revenue	**24.7**	**18.7**	**19.2**	**32.8**	**24.3**	**28.2**	**25.3**	**29.6**	**28.1**	**27.9**	**36.1**	**34.6**
Other metrics	**Q1'20**	**Q2'20**	**Q3'20**	**Q4'20**	**Q1'21**	**Q2'21**	**Q3'21**	**Q4'21**	**Q1'22**	**Q2'22e**	**Q3'22e**	**Q4'22e**
Sampling cups	45,100	19,800	32,900	42,800	44,600	76,300	35,400	52,400	48,800	47,920	50,000	50,000
y-o-y	*23%*	*-60%*	*-41%*	*-11%*	*-1%*	*285%*	*8%*	*22%*	*9%*	*-37%*	*41%*	*-5%*
Annualised engine eq. (mn)	2.90	1.60	2.80	2.60	2.90	3.20	3.20	3.10	3.20	3.60	3.80	3.60
y-o-y	*-6%*	*-53%*	*-20%*	*-16%*	*0%*	*100%*	*14%*	*19%*	*10%*	*13%*	*19%*	*16%*
Working capital / sales R12m	21%	18%	22%	25%	27%	24%	19%	23%				
Net debt/cash	-39	-45	-42	-22	-28	-21	-34	-23				
ND/EBITDA	-0.9	-1.4	-2.1	-0.9	-1.1	-0.6	-0.9	-0.7				
Equity ratio	86%	85%	86%	85%	86%	84%	87%	86%				
FCF conversion (lease adj.)	81%	110%	80%	106%	90%	64%	103%	89%				
ROCE	34%	23%	13%	19%	18%	24%	26%	27%				

Source: ABG Sundal Collier estimates, company data

Detailed annual figures

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**	**126.7**	**154.0**	**163.0**
Gross profit	37.3	40.8	55.4	58.8	50.6	68.9	89.0	68.4	76.1	93.4	113.9	120.6
SG&A	-24.6	-24.7	-26.4	-25.0	-25.0	-28.8	-36.2	-33.5	-36.2	-37.4	-40.3	-41.5
R&D	-5.8	-6.5	-7.6	-7.9	-7.3	-10.3	-12.0	-11.6	-11.8	-11.6	-14.0	-15.0
Other opex	0.4	0.6	-1.1	0.5	-0.6	-0.4	-0.7	-1.6	3.3	-8.6	0.0	0.0
EBIT	**7.3**	**10.2**	**20.3**	**26.4**	**17.7**	**29.4**	**40.1**	**21.7**	**31.4**	**35.8**	**59.6**	**64.1**
Net financials	0.2	1.3	4.6	-0.6	0.0	0.0	-0.2	0.6	-2.4	0.7	-0.8	-0.8
PTP	7.5	11.5	24.9	25.8	17.7	29.4	39.9	22.3	29.0	36.5	58.8	63.3
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**	**39.5**	**62.8**	**67.3**
EPS	1.2	1.7	3.6	3.8	2.6	4.6	6.8	3.1	4.6	5.6	8.9	9.5
DPS	**1.2**	**2.2**	**3.5**	**4.0**	**2.8**	**5.0**	**3.5**	**4.0**	**5.0**	**6.0**	**8.5**	**9.5**
Payout ratio	*104%*	*126%*	*97%*	*106%*	*105%*	*108%*	*51%*	*128%*	*108%*	*108%*	*96%*	*100%*
Dividend / FCF	*61%*	*289%*	*133%*	*128%*	*148%*	*160%*	*68%*	*115%*	*117%*	*140%*	*119%*	*112%*
Dividend yield	*1.5%*	*2.9%*	*4.0%*	*4.9%*	*4.2%*	*6.2%*	*1.8%*	*3.2%*	*3.6%*	*5.0%*	*7.1%*	*7.9%*
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%	18%	22%	6%
EBIT growth	630%	40%	99%	30%	-33%	66%	36%	-46%	45%	14%	67%	7%
Gross margin	72%	75%	77%	78%	77%	79%	76%	72%	71%	74%	74%	74%
EBIT margin	14%	19%	28%	35%	27%	34%	34%	23%	29%	28%	39%	39%
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	3.0	12.0	12.0
Series Production	44.1	47.8	63.6	66.4	60.7	81.3	102.3	77.0	97.3	122.3	139.5	147.5
Engineering Service	1.5	1.8	1.1	1.8	1.2	1.8	2.3	1.8	1.5	1.4	2.5	3.5
Total revenue	**55.7**	**54.5**	**72.4**	**75.3**	**65.6**	**87.7**	**116.5**	**95.4**	**107.4**	**126.7**	**154.0**	**163.0**
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**	**196,720**	**214,000**	**220,000**
y-o-y	*16%*	*12%*	*15%*	*10%*	*-14%*	*37%*	*-4%*	*-26%*	*48%*	*-6%*	*9%*	*3%*
Annualised engine eq. (mn	**1.50**	**1.76**	**2.08**	**2.13**	**2.10**	**2.50**	**3.28**	**2.48**	**3.10**	**3.55**	**4.60**	**4.80**
y-o-y	*11%*	*18%*	*18%*	*2%*	*-1%*	*19%*	*31%*	*-24%*	*25%*	*15%*	*30%*	*4%*
Working capital / sales	9%	18%	13%	16%	21%	24%	22%	25%	23%	28%	28%	28%
Net debt/cash	-48	-45	-48	-45	-30	-33	-30	-22	-23	-17	-24	-22
ND/EBITDA	-5.9	-4.1	-2.3	-1.7	-1.7	-1.0	-0.7	-0.9	-0.7	-0.4	-0.4	-0.3
Equity ratio	89%	91%	88%	89%	91%	90%	88%	85%	86%	85%	85%	85%
FCF conversion (lease adj.)	170%	44%	73%	82%	71%	68%	74%	107%	90%	73%	79%	87%
ROCE	9%	12%	22%	28%	19%	32%	38%	19%	27%	30%	45%	44%

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
Environment	70%
Carbon emissions	
Pollution and waste	
Toxic emissions and waste	
Social	20%
Product safety and quality	
Chemical safety	
Product liability	
Governance	10%
Business ethics	
Corporate behaviour	
Corporate governance	

Previous ESG incidents

None

Exposure to ESG Trends

Energy efficiency, Reduced fuel consumption

Social and governance data	2018	2019	2020
Women in workforce %	15	18	19
Women in management %	0	0	0
Women in board %	19	15	15
CEO total compensation, SEKm p.a.	na	na	na
Employee turnover %	na	na	na
Employee absence %	na	na	na

Person responsible for sustainability: Steve Dawson

Senior management: Yes

ESG Data	2018	2019	2020
None provided			

ESG quantified targets	Today	Target	By
None provided			

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

Income Statement (SEKm)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022e	Q3 2022e	Q4 2022e
Sales	24	28	25	30	28	28	36	35
COGS	-7	-9	-6	-9	-8	-7	-9	-9
Gross profit	17	20	19	20	20	21	27	26
Other operating items	-8	-12	-10	-12	-12	-12	-13	-12
EBITDA	**10**	**8**	**9**	**9**	**9**	**9**	**13**	**14**
Depreciation and amortisation	-1	-1	-1	-1	-1	-6	-1	-1
EBITA	**9**	**7**	**8**	**8**	**8**	**3**	**12**	**13**
EO items	0	0	0	0	0	-5	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0
EBIT	**9**	**7**	**8**	**8**	**8**	**3**	**12**	**13**
Net financial items	-2	0	-1	-1	0	0	0	0
Pretax profit	**7**	**7**	**7**	**7**	**8**	**3**	**12**	**13**
Tax	0	4	0	0	0	1	1	1
Net profit	**7**	**11**	**7**	**7**	**8**	**4**	**13**	**14**
Minority interest	0	0	0	0	0	0	0	0
Net profit discontinued	0	0	0	0	0	0	0	0
Net profit to shareholders	**7**	**11**	**7**	**7**	**8**	**4**	**13**	**14**
EPS	0.97	1.61	1.05	1.02	1.11	0.60	1.89	1.97
EPS Adj	0.97	1.61	1.05	1.02	1.11	1.23	1.89	1.97
Total extraordinary items after tax	0	0	0	0	0	-5	0	0
Tax rate (%)	*0*	*54.1*	*0*	*0*	*0*	*30.8*	*8.1*	*7.7*
Gross margin (%)	*70.4*	*69.9*	*75.1*	*68.6*	*71.9*	*75.0*	*74.0*	*74.0*
EBITDA margin (%)	*39.5*	*28.4*	*35.4*	*29.3*	*31.0*	*30.6*	*36.8*	*40.2*
EBITA margin (%)	*35.0*	*25.5*	*31.5*	*26.2*	*27.0*	*10.9*	*34.1*	*37.3*
EBIT margin (%)	*35.0*	*25.5*	*31.5*	*26.2*	*27.0*	*10.9*	*34.1*	*37.3*
Pretax margin (%)	*28.4*	*26.2*	*29.5*	*24.5*	*28.1*	*11.6*	*34.3*	*37.6*
Net margin (%)	*28.4*	*40.4*	*29.5*	*24.5*	*28.1*	*15.2*	*37.1*	*40.5*
Growth rates Y/Y	**Q1 2021**	**Q2 2021**	**Q3 2021**	**Q4 2021**	**Q1 2022**	**Q2 2022e**	**Q3 2022e**	**Q4 2022e**
Sales growth (%)	*-1.2*	*50.8*	*31.8*	*-10.0*	*15.6*	*-1.0*	*42.5*	*16.8*
EBITDA growth (%)	*10.3*	*370.6*	*94.8*	*-15.1*	*-9.4*	*6.8*	*48.3*	*60.4*
EBIT growth (%)	*7.6*	*800.0*	*121.1*	*-16.6*	*-10.6*	*-57.7*	*54.3*	*66.1*
Net profit growth (%)	*4.5*	*280.0*	*101.6*	*-18.4*	*14.5*	*-62.7*	*79.4*	*92.7*
EPS growth (%)	*4.5*	*280.0*	*101.6*	*-18.4*	*14.5*	*-62.7*	*79.4*	*92.7*
Adj earnings numbers	**Q1 2021**	**Q2 2021**	**Q3 2021**	**Q4 2021**	**Q1 2022**	**Q2 2022e**	**Q3 2022e**	**Q4 2022e**
EBITDA Adj	10	8	9	9	9	13	13	14
EBITDA Adj margin (%)	*39.5*	*28.4*	*35.4*	*29.3*	*31.0*	*46.7*	*36.8*	*40.2*
EBITA Adj	9	7	8	8	8	8	12	13
EBITA Adj margin (%)	*35.0*	*25.5*	*31.5*	*26.2*	*27.0*	*27.0*	*34.1*	*37.3*
EBIT Adj	9	7	8	8	8	8	12	13
EBIT Adj margin (%)	*35.0*	*25.5*	*31.5*	*26.2*	*27.0*	*27.0*	*34.1*	*37.3*
Pretax profit Adj	7	7	7	7	8	8	12	13
Net profit Adj	7	11	7	7	8	9	13	14
Net profit to shareholders Adj	7	11	7	7	8	9	13	14
Net Adj margin (%)	*28.4*	*40.4*	*29.5*	*24.5*	*28.1*	*31.3*	*37.1*	*40.5*

Source: ABG Sundal Collier, Company data

Income Statement (SEKm)	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022e**	**2023e**	**2024e**
Sales	72	75	66	88	117	95	107	127	154	163
COGS	-17	-17	-15	-19	-28	-27	-31	-33	-40	-42
Gross profit	55	59	51	69	89	68	76	93	114	121
Other operating items	-34	-31	-33	-37	-46	-43	-41	-49	-50	-52
EBITDA	**21**	**27**	**18**	**32**	**43**	**25**	**35**	**44**	**64**	**68**
Depreciation and amortisation	-1	-1	0	-2	-3	-4	-4	-9	-4	-4
Of which leasing depreciation	0	0	0	0	-1	-1	-1	-1	-1	-1
EBITA	**20**	**26**	**18**	**29**	**40**	**22**	**31**	**36**	**60**	**64**
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**	**36**	**60**	**64**
Net financial items	5	-1	0	0	-0	1	-2	1	-1	-1
Pretax profit	**25**	**26**	**18**	**29**	**40**	**22**	**29**	**37**	**59**	**63**
Tax	1	1	1	3	8	-0	4	3	4	4
Net profit	**26**	**27**	**19**	**33**	**48**	**22**	**33**	**40**	**63**	**67**
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**	**40**	**63**	**67**
EPS	3.62	3.78	2.62	4.61	6.80	3.12	4.64	5.57	8.86	9.49
EPS Adj	*3.62*	*3.78*	*2.62*	*4.61*	*7.49*	*3.04*	*4.64*	*6.21*	*8.86*	*9.49*
Total extraordinary items after tax	0	0	0	0	-5	1	0	-5	0	0
Leasing payments	0	0	0	0	-1	-1	-1	-1	-1	-1
Tax rate (%)	*3.2*	*3.9*	*5.1*	*11.2*	*20.8*	*0.4*	*13.4*	*8.2*	*6.8*	*6.3*
Gross margin (%)	*76.5*	*78.0*	*77.1*	*78.6*	*76.4*	*71.6*	*70.9*	*73.8*	*74.0*	*74.0*
EBITDA margin (%)	*29.1*	*36.3*	*27.0*	*36.0*	*37.2*	*26.6*	*32.8*	*35.1*	*41.4*	*41.9*
EBITA margin (%)	*28.0*	*35.0*	*27.0*	*33.5*	*34.4*	*22.7*	*29.2*	*28.3*	*38.7*	*39.3*
EBIT margin (%)	*28.0*	*35.0*	*27.0*	*33.5*	*34.4*	*22.7*	*29.2*	*28.3*	*38.7*	*39.3*
Pretax margin (%)	*34.4*	*34.2*	*27.0*	*33.5*	*34.2*	*23.3*	*27.0*	*28.8*	*38.2*	*38.8*
Net margin (%)	*35.5*	*35.5*	*28.4*	*37.3*	*41.4*	*23.2*	*30.6*	*31.2*	*40.8*	*41.3*
Growth rates Y/Y	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022e**	**2023e**	**2024e**
Sales growth (%)	*32.8*	*4.1*	*-13.0*	*33.7*	*32.8*	*-18.1*	*12.6*	*17.9*	*21.6*	*5.8*
EBITDA growth (%)	*91.8*	*29.9*	*-35.4*	*78.5*	*37.0*	*-41.5*	*38.9*	*26.2*	*43.5*	*7.0*
EBIT growth (%)	*99.0*	*30.0*	*-33.0*	*66.1*	*36.4*	*-46.0*	*45.0*	*14.1*	*66.5*	*7.5*
Net profit growth (%)	*107.3*	*4.3*	*-30.6*	*75.8*	*47.4*	*-54.0*	*48.5*	*20.1*	*59.0*	*7.1*
EPS growth (%)	*107.3*	*4.3*	*-30.5*	*75.8*	*47.4*	*-54.0*	*48.5*	*20.1*	*59.0*	*7.1*
Profitability	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022e**	**2023e**	**2024e**
ROE (%)	*28.3*	*28.4*	*20.5*	*35.4*	*45.7*	*20.1*	*29.6*	*34.3*	*49.3*	*47.7*
ROE Adj (%)	*28.3*	*28.4*	*20.5*	*35.4*	*50.4*	*19.5*	*29.6*	*38.2*	*49.3*	*47.7*
ROCE (%)	*22.4*	*27.9*	*19.5*	*31.8*	*37.5*	*19.0*	*27.3*	*30.1*	*45.4*	*44.2*
ROCE Adj(%)	*22.4*	*27.9*	*19.5*	*31.8*	*42.1*	*18.5*	*27.3*	*33.8*	*45.4*	*44.2*
ROIC (%)	*47.2*	*57.3*	*35.2*	*53.9*	*65.8*	*26.6*	*42.9*	*42.8*	*62.2*	*60.0*
ROIC Adj (%)	*47.2*	*57.3*	*35.2*	*53.9*	*73.9*	*25.9*	*42.9*	*48.2*	*62.2*	*60.0*
Adj earnings numbers	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022e**	**2023e**	**2024e**
EBITDA Adj	21	27	18	32	48	25	35	49	64	68
EBITDA Adj margin (%)	*29.1*	*36.3*	*27.0*	*36.0*	*41.4*	*25.9*	*32.8*	*38.6*	*41.4*	*41.9*
EBITDA lease Adj	21	27	18	32	47	24	35	48	62	67
EBITDA lease Adj margin (%)	*29.1*	*36.3*	*27.0*	*36.0*	*40.5*	*24.8*	*32.1*	*37.5*	*40.5*	*41.0*
EBITA Adj	20	26	18	29	45	21	31	40	60	64
EBITA Adj margin (%)	*28.0*	*35.0*	*27.0*	*33.5*	*38.6*	*22.1*	*29.2*	*31.8*	*38.7*	*39.3*
EBIT Adj	20	26	18	29	45	21	31	40	60	64
EBIT Adj margin (%)	*28.0*	*35.0*	*27.0*	*33.5*	*38.6*	*22.1*	*29.2*	*31.8*	*38.7*	*39.3*
Pretax profit Adj	25	26	18	29	45	22	29	41	59	63
Net profit Adj	26	27	19	33	53	22	33	44	63	67
Net profit to shareholders Adj	26	27	19	33	53	22	33	44	63	67
Net Adj margin (%)	35.5	35.5	28.4	37.3	45.6	22.6	30.6	34.8	40.8	41.3

Source: ABG Sundal Collier, Company data

Cash Flow Statement (SEKm)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
EBITDA	21	27	18	32	43	25	35	44	64	68
Net financial items	5	-1	0	0	-0	1	-2	1	-1	-1
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	26	27	18	32	43	26	33	45	63	67
Change in WC	-5	-1	-1	-7	-5	2	1	-11	-8	-3
Operating cash flow	**20**	**25**	**17**	**25**	**38**	**28**	**33**	**34**	**55**	**65**
CAPEX tangible fixed assets	-0	-1	-0	-1	-1	-2	-1	-2	-2	-2
CAPEX intangible fixed assets	-2	-2	-3	-2	-1	-1	-2	-2	-2	-2
Acquisitions and disposals	0	0	0	0	0	0	0	0	0	0
Free cash flow	**19**	**22**	**13**	**22**	**37**	**25**	**30**	**30**	**51**	**60**
Dividend paid	-16	-25	-28	-19	-35	-25	-28	-35	-43	-60
Share issues and buybacks	0	0	0	0	0	0	0	0	0	0
Lease liability amortisation	0	0	0	0	-1	-1	-1	-1	-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	2	2	3
Tangible fixed assets	2	2	2	2	2	3	3	2	4	5
Right-of-use asset	0	0	0	0	3	4	4	4	5	5
Total other fixed assets	30	32	33	36	45	50	53	56	60	64
Fixed assets	36	39	42	46	56	63	65	64	70	76
Inventories	4	4	4	7	8	9	10	14	17	18
Receivables	18	19	18	25	31	29	29	39	47	50
Other current assets	0	0	0	0	0	0	0	0	0	0
Cash and liquid assets	48	45	30	33	33	26	27	21	28	26
Total assets	**106**	**108**	**95**	**110**	**128**	**128**	**131**	**138**	**162**	**170**
Shareholders equity	93	96	86	99	112	109	113	117	138	145
Minority	0	0	0	0	0	0	0	0	0	0
Total equity	**93**	**96**	**86**	**99**	**112**	**109**	**113**	**117**	**138**	**145**
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	17	20	22
Other current liabilities	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**106**	**108**	**95**	**110**	**128**	**128**	**131**	**138**	**162**	**170**
Net IB debt	-48	-45	-31	-33	-31	-28	-28	-22	-28	-27
Net IB debt excl. pension debt	-48	-45	-31	-33	-31	-28	-28	-22	-28	-27
Net IB debt excl. leasing	-48	-45	-31	-33	-33	-32	-32	-25	-32	-30
Capital invested	45	51	55	66	81	81	85	96	109	118
Working capital	10	12	14	21	26	24	25	36	44	46
EV breakdown	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022e**	**2023e**	**2024e**
Market cap. diluted (m)	627	580	461	573	1,383	881	998	851	851	851
Net IB debt Adj	-48	-45	-31	-33	-31	-28	-28	-22	-28	-27
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
EV	**579**	**535**	**430**	**540**	**1,352**	**853**	**970**	**829**	**822**	**824**
Capital efficiency	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022e**	**2023e**	**2024e**
Total assets turnover (%)	*71.3*	*70.5*	*64.9*	*85.6*	*98.0*	*74.7*	*82.9*	*94.1*	*102.7*	*98.2*
Working capital/sales (%)	*13.4*	*14.1*	*19.3*	*19.6*	*20.0*	*26.0*	*22.7*	*23.9*	*25.8*	*27.5*
Financial risk and debt service	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022e**	**2023e**	**2024e**
Net debt/equity	*-0.52*	*-0.47*	*-0.36*	*-0.33*	*-0.27*	*-0.26*	*-0.25*	*-0.18*	*-0.21*	*-0.19*
Net debt/market cap	*-0.08*	*-0.08*	*-0.06*	*-0.06*	*-0.03*	*-0.03*	*-0.03*	*-0.03*	*-0.03*	*-0.03*
Equity ratio (%)	*87.6*	*89.1*	*90.6*	*90.0*	*87.5*	*85.2*	*86.2*	*85.0*	*85.0*	*85.0*
Net IB debt adj./equity	*-0.52*	*-0.47*	*-0.36*	*-0.33*	*-0.27*	*-0.26*	*-0.25*	*-0.18*	*-0.21*	*-0.19*
Current ratio	*5.36*	*5.87*	*5.91*	*5.86*	*5.13*	*4.14*	*4.21*	*4.01*	*4.18*	*4.06*
EBITDA/net interest	*-4.59*	*45.67*	*high*	*high*	*216.50*	*-42.25*	*14.67*	*-63.46*	*79.70*	*85.27*
Net IB debt/EBITDA	*-2.27*	*-1.65*	*-1.72*	*-1.05*	*-0.70*	*-1.10*	*-0.79*	*-0.48*	*-0.44*	*-0.39*
Net IB debt/EBITDA lease Adj	*-2.27*	*-1.65*	*-1.72*	*-1.05*	*-0.71*	*-1.36*	*-0.92*	*-0.53*	*-0.51*	*-0.45*
Interest cover	*-4.41*	*44.00*	*nm*	*nm*	*200.50*	*-36.08*	*13.08*	*-51.18*	*74.56*	*80.14*

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
Fully 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	5.57	8.86	9.49
Dividend per share Adj	3.5	4.0	2.8	5.0	3.5	4.0	5.0	6.0	8.5	9.5
EPS Adj	3.62	3.78	2.62	4.61	7.49	3.04	4.64	6.21	8.86	9.49
BVPS	13.13	13.50	12.10	13.99	15.75	15.35	15.97	16.54	19.40	20.40
BVPS Adj	12.62	12.77	11.02	12.92	14.81	14.47	15.13	16.22	19.06	20.02
Net IB debt / share	-6.8	-6.4	-4.3	-4.7	-4.3	-3.9	-3.9	-3.0	-4.0	-3.8
Share price	88.25	81.75	65.00	80.80	195.00	124.20	140.80	120.00	120.00	120.00
Market cap. (m)	627	580	461	573	1,383	881	998	851	851	851
Valuation	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022e**	**2023e**	**2024e**
P/E	24.4	21.7	24.8	17.5	28.7	39.8	30.3	21.5	13.5	12.6
EV/sales	7.99	7.09	6.56	6.15	11.61	8.94	9.04	6.55	5.34	5.06
EV/EBITDA	27.4	19.5	24.3	17.1	31.2	33.6	27.6	18.7	12.9	12.1
EV/EBITA	28.5	20.3	24.3	18.4	33.7	39.4	30.9	23.1	13.8	12.9
EV/EBIT	28.5	20.3	24.3	18.4	33.7	39.4	30.9	23.1	13.8	12.9
Dividend yield (%)	*4.0*	*4.9*	*4.2*	*6.2*	*1.8*	*3.2*	*3.6*	*5.0*	*7.1*	*7.9*
FCF yield (%)	*3.0*	*3.8*	*2.9*	*3.9*	*2.6*	*2.8*	*3.0*	*3.6*	*6.0*	*7.1*
Lease adj. FCF yield (%)	*3.0*	*3.8*	*2.9*	*3.9*	*2.6*	*2.7*	*3.0*	*3.4*	*5.8*	*6.9*
P/BVPS	6.72	6.06	5.37	5.78	12.38	8.09	8.82	7.25	6.18	5.88
P/BVPS Adj	6.99	6.40	5.90	6.25	13.17	8.58	9.31	7.40	6.30	5.99
P/E Adj	24.4	21.7	24.8	17.5	26.0	40.9	30.3	19.3	13.5	12.6
EV/EBITDA Adj	27.4	19.5	24.3	17.1	28.1	34.5	27.6	17.0	12.9	12.1
EV/EBITA Adj	28.5	20.3	24.3	18.4	30.0	40.5	30.9	20.6	13.8	12.9
EV/EBIT Adj	28.5	20.3	24.3	18.4	30.0	40.5	30.9	20.6	13.8	12.9
EV/cap. employed	6.2	5.6	5.0	5.4	11.8	7.5	8.3	6.8	5.8	5.5
Investment ratios	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022e**	**2023e**	**2024e**
Capex/sales	2.3	4.4	5.6	3.0	1.0	2.9	3.0	2.9	2.9	2.9
Capex/depreciation	212.5	330.0	nm	118.2	50.0	93.3	97.0	46.5	143.6	152.0
Capex tangibles/tangible fixed assets	5.9	52.6	23.5	42.9	31.6	57.1	27.6	77.0	61.1	46.8
Capex intangibles/definite intangibles	44.4	44.2	42.9	22.4	9.0	19.3	40.5	82.6	94.9	90.5
Depreciation on intangibles/definite inta	15.6	13.5	0	20.3	25.1	33.8	39.0	240.4	89.5	80.6
Depreciation on tangibles/tangibles	14.1	15.8	0	31.4	37.9	32.1	34.1	102.9	26.5	19.1

Source: ABG Sundal Collier, Company data

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Production of report: 19/07/2022 15:13 CET.

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