

First Quarter 2026

Marginal Increase in Sales in Constant Currency

SinterCast reported a weaker first quarter of 2026, with declines in both sales and earnings while maintaining high profitability and a strong balance sheet. Revenue decreased by 7.7 percent to SEK 25.0 million (27.1), primarily driven by a negative currency effect of approximately 11 percent – adjusted for currency, sales increased marginally. Gross profit declined to SEK 17.4 million (18.8), but the gross margin remained stable at 69.6 percent (69.4). Operating profit fell to SEK 6.3 million (10.2), corresponding to an operating margin of 25.2 percent (37.6), with lower gross profit and higher costs weighing on the comparison. Profit for the period after tax amounted to SEK 5.1 million (7.6), resulting in earnings per share of SEK 0.73 (1.08). The cash flow profile remains strong, with a high share of recurring revenue (96.6 percent) and a net cash position providing scope for continued dividend distribution despite more volatile quarterly dynamics.

The Quarter Ended Strongly

Operationally, the quarter was characterised by a mixed volume trend but a clearly strong finish in March, which the company highlights as confirmation of improving market conditions. Series production decreased by approximately 3 percent, while deliveries of sampling cups increased by 2 percent and a price increase from a major customer came into effect mid-quarter – factors that partly offset the currency impact. The company reiterates its view of an emerging replacement cycle in heavy trucks and notes that the ageing Class 8 fleet in North America, together with new model programmes from major customers, provides good visibility for volume growth in the coming years. In the notice of the Annual General Meeting, the Board proposes an ordinary dividend of SEK 3.00 per share (6.00) and no special dividend (1.00 in the previous year), amounting to SEK 21.1 million (49.5) – a clear normalisation following the very high distributions in 2024–2025. The Nomination Committee proposes the re-election of the Board largely in its current composition, signalling continuity in strategy and capital discipline.

Significant Upside Based on Management Guidance

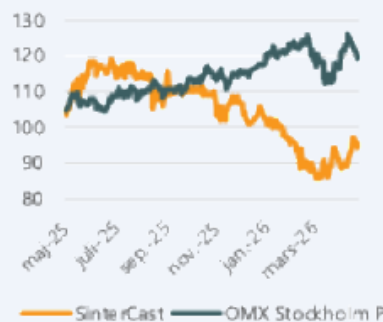
Over the past twelve months, the share has underperformed relative to broader engineering indices, weighed down by weaker volumes exiting 2025, a reduced dividend and increased uncertainty regarding the timing of the truck upcycle. At the same time, the valuation has declined to levels that now imply a moderate multiple on normalised earnings – with guidance indicating an operating margin of just over 30 percent and

SinterCast

Rapportkommentar – första kvartalet 2026

Datum	4 maj 2026
Analytiker	Philip Wendt
Basfakta	
Bransch	Industri
Styrelseordförande	Ian Kershaw
VD	Steve Dawson
Noteringsår	1993
Listning	Nasdaq OMX Small Cap
Ticker	SINT
Aktiekurs	94,6
Antal aktier, milj.	7,0
Börsvärde, mkr	666
Finansiell nettotillg, mkr	10
Företagsvärde (EV), mkr	656
Motiverat värde	125 kronor
Nästa rapport	19 augusti 2026

Kursutveckling senaste året



Källa: Refinitiv

Prognoser & Nyckeltal, MSEK

	2025	2026p	2027p	2028p
omsättning	108,0	115,2	142,2	172,1
bruttoresultat	76,0	80,3	98,5	118,8
rörelseres. (ebit)	32,8	38,6	50,0	61,8
resultat f. skatt	32,7	38,6	50,3	62,4
årets resultat	24,6	30,7	40,1	49,7
vinst per aktie	3,49 kr	4,36 kr	5,69 kr	7,05 kr
utd. per aktie	3,00 kr	4,26 kr	5,28 kr	6,27 kr
omsättningsstillväxt	-20,0%	6,7%	23,4%	21,0%
bruttomarginal	70,4%	69,7%	69,3%	69,0%
rörelsemarginal	30,4%	33,5%	35,2%	35,9%
kassaflöde, verksamh.	59,6	34,2	45,5	58,8
kassaflöde per aktie	8,5	4,9	6,5	8,3
P/e-tal	28,6	21,7	16,6	13,4
EV/ebitda	21,4	16,0	12,6	12,6
EV/omsättning	7,1	5,7	4,6	3,8
direktavkastning	3,0%	4,5%	5,6%	6,6%

Källa: Bolaget, Analysguiden

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

growing volumes from new programmes during 2026–2030. With a proposed dividend of SEK 3.00 per share, the dividend yield corresponds to approximately 3–3.5 percent, well covered by cash flow. Overall, SinterCast appears as a cyclical quality niche, where short-term earnings weakness has already been partly priced in, while the upside lies in a multi-year replacement cycle in heavy vehicles and gradually increasing licence volumes.

Investment Thesis

SinterCast is an attractive niche company where the investment case is built on an unusually scalable business model, a high share of recurring revenue and the potential for a clear step-up in earnings as volumes in heavy vehicles recover.

The company does not sell cast components, but rather process control technology, software, know-how and support to foundries producing compacted graphite iron, with revenues largely generated through production fees per unit produced.

This makes the model asset-light, with low capital intensity and very high operating leverage as customer volumes increase. The fact that recurring revenue accounts for more than 90 percent of sales – and 96.6 percent in the first quarter of 2026 – also provides high earnings quality, even if quarterly performance can be volatile.

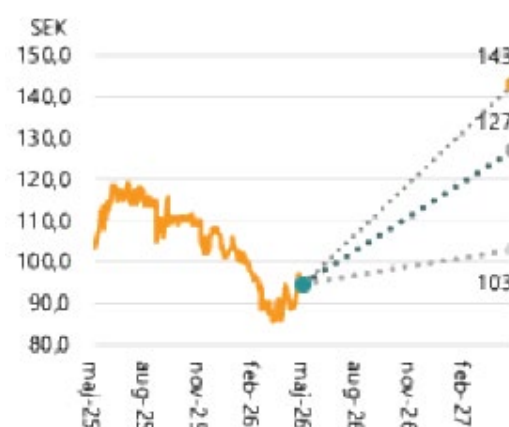
New Model Programmes Driving Growth

Historically, SinterCast has demonstrated a level of profitability that few small-cap companies on the Stockholm Stock Exchange can match. The company itself states that the operating margin has historically been around 30 percent, with an ambition to exceed 40 percent by 2028. In 2025, revenue amounted to SEK 108.0 million and operating profit to SEK 32.8 million, corresponding to an operating margin of 30.4 percent, despite weaker volumes and currency headwinds.

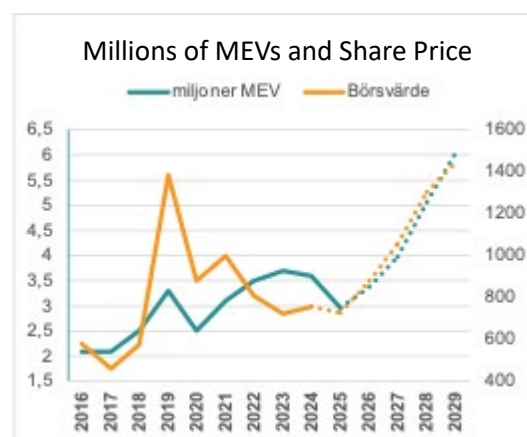
Over the longer term, the company has also delivered annual growth of 5.3 percent in series production volume over the past ten years and 11.0 percent over fifteen years, demonstrating that profitability is underpinned by structural growth in CGI applications rather than solely short-term cyclicality. If the new model programmes at major customers materialise as planned, this should drive both higher revenues and gradual margin expansion. This year's focus will be on sales to Traton for increased utilisation of the jointly developed engine programme for MAN and, in the US, International Motors.

The Stock is Worth Buying...

The stock's upside/downside in three different scenarios



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



A Quality Company with Cyclical Exposure

From a valuation perspective, the share appears reasonable rather than expensive. Based on an assumed operating profit of SEK 52 million this year and SEK 64 million next year, a blend of these implies a fair value of SEK 143 per share in a discounted cash flow valuation, indicating clear upside potential. A valuation of 16 times operating profit yields SEK 127 per share, while a more conservative multiple of 13 times results in SEK 103 per share.

The scenario analysis is therefore key: in a bear case, with a weak North American truck cycle, slow ramp-up and continued currency headwinds, around SEK 103 appears reasonable; in a base case, SEK 127 is more justified; and in a bull case, where the Class 8 replacement cycle accelerates and new programmes lift margins more rapidly, SEK 143 appears fully achievable.

For a long-term investor, the thesis is therefore straightforward: SinterCast is a high-margin company with recurring revenue, strong cash generation and asymmetric upside if volume growth returns.

Valuation Methodology

Discounted cash flow valuation is a method used to estimate a reasonable value for SinterCast by forecasting future free cash flow and then discounting it back to the present using a required rate of return. For an individual investor, the model can be simplified while still providing a clear picture of the key value drivers.

The starting point is the company's current revenue and profitability. One then assumes a reasonable growth rate for the coming five years, for example around 10–12 percent per year, based on the company's target of double-digit growth and the underlying trend in CGI technology. At the same time, it is assumed that the operating margin gradually recovers from a lower level in a weaker economic environment to approximately 35–40 percent, in line with the company's communicated long-term target. In the model, operating profit is converted into free cash flow by deducting tax (once loss carryforwards have been utilised), and adjusting for low capital expenditure and changes in working capital; since the business is asset-light, cash flow typically represents a large share of operating profit.

Risk Premium with Lower Leverage

The next step is to select a discount rate. For a debt-free Swedish small-cap company such as SinterCast, a reasonable rule of thumb is around 7–8 percent, where the building blocks consist of the Swedish risk-free rate (government bond yield), a general

Bullish scenario: SEK 143 per share.

Base scenario: SEK 127 per share.

Bearish scenario: SEK 103 per share.

Weighted scenario: SEK 125 per share.

Cash flow valuation as a guiding framework.

Based on current revenue and profitability.

Assumptions based on management guidance.

Future cash flows are discounted to the present using a required rate of return.

equity risk premium and an additional premium for the company's size and cyclical exposure. As the company has no interest-bearing debt, the discount rate is in practice almost equivalent to the cost of equity. Using this rate, the free cash flows over the next five years are discounted. A one percentage point change in the discount rate impacts the fair value by approximately SEK 20 per share.

Terminal Value in SinterCast – Half of the Present Value

After the forecast period, a terminal value is required – an assumption about the value beyond year five. A common approach is to use a perpetual growth model, assuming that cash flow grows at a conservative long-term rate, for example 2–2.5 percent, which is below expected nominal GDP growth. Alternatively, an exit multiple approach can be applied, where a reasonable EV/EBIT or EV/EBITDA multiple is assigned to the final forecast year based on comparable companies. Both methods can be used as a cross-check; for an investor, it is sufficient to remain consistent and avoid overly aggressive terminal growth assumptions.

Finally, the present value of the five years of cash flows and the terminal value are combined, any net debt is deducted (or net cash added), and the result is divided by the number of shares. This provides an indicative intrinsic value per share. By varying assumptions regarding growth, margins and the required rate of return, one can construct base, bull and bear scenarios and derive a reasonable valuation range rather than a single point estimate. This range is often more useful for an equity investor than a precise figure.

Scenario Analysis

The scenario analysis for SinterCast can, in simplified terms, be described as three possible future paths: a best case, a base case and a worst case, where one assesses how volumes, margins and valuation develop, and the corresponding upside or downside relative to the current share price.

In the best-case scenario (“CGI accelerates”), it is assumed that the truck market recovers clearly from 2026, that delayed customer programmes commence broadly in line with original plans, and that new business is added at a healthy pace. Revenue then grows more rapidly, the operating margin rises to above 40 percent, and earnings per share increase significantly. In this scenario, a reasonable valuation would be well above the current share price, with potential upside of perhaps 70–80 percent if everything develops favourably.

The base case (“delayed recovery”) is more cautious and considered the most likely outcome. Here, the truck market is

The discounted value is assessed in relation to historical multiples for valuing the business.

Different scenarios are discounted to the present.

Significant upside potential in the share if management's guidance of increased volumes in 2027/2028 materialises.

The base scenario discounts a stabilisation of demand this year.

The bearish scenario reflects continued high political uncertainty with investments being postponed.

assumed to stabilise but not surge, programme delays persist but are managed, and SinterCast reaches its volume milestones somewhat later than anticipated. Revenue growth is in the low double digits, the operating margin gradually recovers to around 35–40 percent, and cash flow remains strong thanks to the asset-light business model. In this scenario, a cash flow-based valuation ends up slightly above the current share price, with potential upside of around 15–25 percent. For an investor, this implies that the share appears reasonably valued if one believes in a normalised economic environment within a few years.

In the worst-case scenario (“structural headwinds”), it is assumed that weakness in heavy vehicles becomes prolonged, that key customer programmes are significantly delayed or partly fail to materialise, and that competition, currency and electrification weigh on demand over time. Revenue growth would then be limited, margins would come under pressure towards the low 20–30 percent range, and the valuation would decline materially.

Under this path, a reasonable valuation could fall clearly below the current share price, with downside of 25–35 percent. The purpose of the scenario analysis is to illustrate that while the upside can be substantial if the company delivers on its growth and margin targets, the risks are also meaningful if the vehicle cycle and programme execution continue to disappoint. For an investor, the key question becomes: do you place greater weight on the base case of gradual recovery, or on the risk of a more prolonged weak scenario?

Overall, 2026 appears likely to be a year of cautious recovery for heavy trucks globally – albeit with regional differences and continued uncertainty. For SinterCast, the pace at which new engine programmes enter production will also be a decisive factor.

Heavy Vehicle Market

Fuel Costs Support Sales

After more than a year of restraint, hauliers in Europe and the US have once again begun investing in new trucks. Operating costs have risen to such an extent that it is now justified to rejuvenate the truck fleet on the roads. In the US, ACT Research reports that the average age of the truck fleet now exceeds the historical level at which hauliers typically replace their vehicles. Rising energy prices and material costs have led to clear margin pressure for hauliers, making more fuel-efficient trucks with lower maintenance costs increasingly attractive in order to maintain profitability. According to SinterCast, a new truck can reduce fuel consumption by 8–10 percent with a new engine in compacted graphite iron.

Rising operating costs for hauliers are driving sales of new heavy trucks.

Volvo left its North American forecast unchanged at 265,000 trucks, while Scania and Traton provided broad guidance in their quarterly reports, ranging from slightly down to clearly up. In Europe, both Traton and Volvo were more constructive.

Europe appears more promising.

The US Class 8 fleet (heavy long-haul trucks) is currently significantly older than normal, creating pent-up replacement demand that supports structurally favourable demand for new trucks in the coming years, according to ACT Research. Historically, the average replacement cycle for the full fleet has been around 7–8 years, while large long-haul fleets often replace vehicles after approximately 3–4 years. During the 2010s and into the early 2020s, the actual fleet age was closer to 4–4.5 years, resulting in a relatively young fleet and limited pent-up replacement demand.

The North American truck fleet is ageing.

Following the pandemic, component shortages and supply chain disruptions, many hauliers have been forced to keep their vehicles in service longer than planned. Recent industry data now points to an average fleet age of approximately 6.3–6.5 years—the highest level in more than a decade. Surveys also show that a clear majority of fleets report their trucks are older than their normal replacement policy. For a truck manufacturer with significant exposure to North America, this supports the case for a multi-year replacement cycle, with order levels sustained by the need to renew an ageing fleet alongside growing freight volumes.

In Volvo's quarterly report, China is described as a market already at an exceptionally high level but expected to decline in 2026 rather than continue growing. The company's global truck market data shows that registrations of medium-duty and heavy-duty trucks in China amounted to just over 903,000 vehicles in 2025, while the forecast for 2026 is 760,000—a decline of just under 16%. This forecast has not been revised this year, unlike Europe, Brazil and India, where Volvo has raised its estimates. In CEO commentary and market outlook sections, it is noted that China's economy is entering a phase of lower growth, less aggressive stimulus and a greater focus on quality rather than volume, which is dampening investment appetite in heavy vehicles following a subsidy-driven record year. Volvo's unchanged forecast of 760,000 units therefore reflects a normalisation from a high peak, rather than a revised view of further deterioration during the first quarter.

The Chinese heavy truck market is expected to decline in 2026.

A notable aspect for SinterCast is that, despite a weaker Chinese market this year, one of its most important customers, Traton, is making a long-term commitment to establishing China as its third global industrial pillar, alongside Europe and Latin America.

The company is building a wholly owned “megafactory” in Rugao, China, with capacity of up to 50,000 trucks per year—an investment of approximately EUR 2 billion intended to serve both China and the rest of Asia. Traton’s Scania has produced 13-litre high-performance engines with compacted graphite iron cylinder blocks since 2013 and has built a dedicated CGI foundry using SinterCast technology, with the stated ambition that the entire new generation of engines (the CBE/“Super” family) will use CGI blocks. The Rugao engine is effectively the same new 13-litre platform (TRATON CBE/Scania Super) as in Europe, where Scania highlights the CGI cylinder block as a key factor behind higher efficiency and up to approximately 12% lower fuel consumption. The expectation is that this 13-litre engine will prove sufficiently successful to encourage Chinese truck manufacturers to follow Traton and increase their use of compacted graphite iron.

Traton is paving the way for compacted graphite iron engines in China.

Could prompt FAW to accelerate its ambition to match Traton’s fuel efficiency.

Good Prospects for Ten Percent Volume Growth This Year

In addition to an emerging replacement cycle, SinterCast has new model programmes with several of its major customers, providing good short-term visibility for this year’s volume growth. Following a first quarter showing early signs of growth, we expect volume growth of 5–10% over the year. The company’s guidance points to a volume of six million MEV by 2029 and eight million by 2031, supported by four new model programmes with production starts in 2026/2027 and 2030.

New model programmes are set to drive growth into the 2030s.

Improved Balance on the Board

Ahead of this year’s Annual General Meeting in SinterCast, the Nomination Committee proposes the re-election of a relatively small and focused Board of five ordinary members without deputies, maintaining a strong emphasis on industrial and international experience, in line with the company’s niche in process control for compacted graphite iron. Compared with the previous year, the composition reflects a better balance between experience from the automotive industry and complementary expertise in activities beyond compacted graphite iron, particularly within process control and measurement technologies. With a new Chairman appointed last autumn and a new Chief Executive Officer to take office following the Annual General Meeting, it is evident that the company intends to step up its ambition to grow within complementary business areas.

The number of Board members is reduced by one, achieving a balance between the core business and new initiatives.

Reduced Dividend

The Board proposes, in the notice of the Annual General Meeting, a total dividend of SEK 3.00 per share for 2025 (compared with SEK 7.00 for 2024, of which SEK 6.00 ordinary and SEK 1.00 special), corresponding to approximately SEK 21 million. This represents a clear normalisation following two years of very high

The ordinary dividend is reduced by half.

dividend levels and reflects both lower earnings, increased investment requirements and an ambition to retain financial flexibility ahead of the expected upturn in volumes during 2026–2030.

Income Statement (SEK million)

	2020	2021	2022	2023	2024	2025	2026p	2027p	2028p
Revenue	116.5	95.4	107.4	118.7	134.4	108.0	115.2	142.2	172.1
<i>adjustment</i>	33%	-18%	13%	11%	13%	-20%	7%	23%	21%
Gross Result	89.3	63.9	74.5	82.8	97.1	76.0	80.3	98.5	118.8
<i>gross margin</i>	77%	67%	69%	70%	72%	70%	70%	69%	69%
Operating Result (ebit)	23.5	30.1	25.7	42.7	43.2	32.8	38.6	50.0	61.8
<i>operating margin</i>	20%	32%	24%	36%	32%	30%	33%	35%	36%
<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	22.3	29.0	30.3	42.5	43.2	32.7	38.6	50.3	62.4
Income tax	3.3	8.3	-0.1	3.9	2.9	-8.1	-7.9	-10.3	-12.7
Result for the Year	25.6	37.3	30.2	46.4	46.0	24.6	30.7	40.1	49.7

Balance Sheet (SEK million)

	2020	2021	2022	2023	2024	2025	2026p	2027p	2028p
ASSETS									
Cash and Cash Equivalents	32.8	32.9	26.3	27.5	14.2	5.2	22.1	35.9	54.6
Current Assets	31.7	38.9	38.6	39.1	54.1	57.7	42.4	51.6	61.4
Non-Current Assets	45.7	55.8	62.8	64.9	62.2	61.6	32.2	22.0	8.9
TOTAL ASSETS	110.2	127.6	127.7	131.5	130.5	124.5	96.7	109.6	124.9

Equity & Liabilities

	2020	2021	2022	2023	2024	2025	2026p	2027p	2028p
Equity	99.2	111.7	108.8	113.8	111.9	76.1	85.3	95.3	107.7
Short Term Liabilities	11.0	14.0	15.7	15.3	17.1	9.6	10.9	13.9	16.8
Long Term Liabilities	0.0	1.9	3.2	2.4	1.5	0.4	0.5	0.4	0.4
Total Liabilities	11.0	15.9	18.9	17.7	18.6	10.0	11.4	14.3	17.3
TOTAL EQUITY & LIABILITIES	110.2	127.6	127.7	131.5	130.5	86.1	96.7	109.6	124.9

Cash Flows (SEK million)

	2020	2021	2022	2023	2024	2025	2026p	2027p	2028p
Operating Cash Flow	43.0	25.4	32.1	35.6	48.7	48.0	41.1	52.2	63.9
Change in Working Capital	-5.2	-3.3	0.9	-10.2	-3.2	11.6	-6.9	-6.6	-5.1
Cash Flow from Operations	37.8	22.1	33.0	25.4	45.5	59.6	34.2	45.5	58.8
Financing	-36.5	-25.9	-29.1	-37.1	-41.8	-47.0	-31.7	-43.4	-56.7
Investments	-1.2	-2.8	-2.7	-1.7	-5.6	-1.8	-2.5	-2.1	-2.1
TOTAL CASH FLOW	0.1	-6.6	1.2	-13.3	-1.9	10.8	11.5	13.9	20.4
Number of Employees at the End of the Year	23	28	30	32	28	25	24	23	23

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