

SINTERCAST

SHARE PRICE (SEK): 84,50

NASDAQ OMX Small Cap

Industrials

- Installation revenue increased
- Positive market outlook
- No major changes

Installation revenue increased. Sintercast presented its Q3 report with sales 30% above our estimates and rose to 23.8 MSEK (20.6). Production measured in engine equivalent was admittedly unchanged at the annual rate of 2.0 million compared to the same quarter last year. However, the number of Sampling Cups was at a record level of 50,900 pieces (36,900), an increase of 40% compared to the same quarter last year, which increased revenue from series production to 17.4 million (15.3). The large deviation was primary in the equipment segment where sales in the quarter was 5.9 MSEK (5.0), due to delivery of the System 3000 Plus to Teksid do Brazil. Our estimated revenue from this segment was 2.0 MSEK. Operating profit was also higher than our expectations and rose to 11.2 million (7.1) corresponding to an operating margin of 47.1% (34.5).

Positive market outlook for large vehicles. Management stated that the outlook for serial production of large vehicles remain positive, which suggest that the pick-up sector in North America might be a growing market for SinterCast. For the fourth year in a row, a vehicle with Sintercast CGI engine has won the award, "Truck of Texas". With the introduction of Ladle Tracker technology, installation activities are under discussions with several of its existing as well as new customers.

No major changes. The Q3 record result was due to some extraordinary circumstances, such as the high proportion of Sampling Cups and high revenue from the sale of Teksid 3000 Plus system. Therefore, it's important not to raise expectations too high for the Q4 report. We make no major changes to our estimates, and we are conservative with volume assumptions ahead in anticipation of new programs from Cummins among other.

COMPANY DESCRIPTION

SinterCast is the world leading supplier of on-line process control technology and know-how for the reliable high-volume production of Compacted Graphite Iron (CGI). The company provides CGI solutions to the world foundry and automotive industries. SinterCast is a publicly listed company on the NASDAQ OMX Stockholm Stock Exchange.

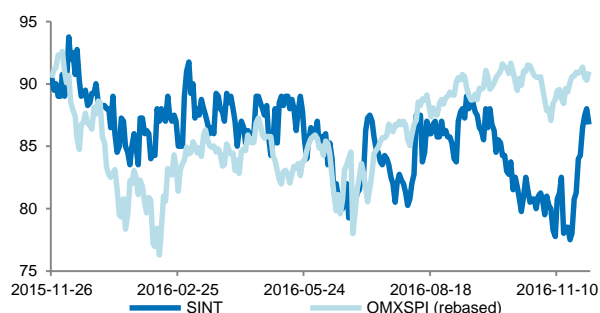
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KEY DATA		SHARE PERFORMANCE	
Market Capitalization (MSEK)	600,0	1 month (%)	6,3
Net Debt (MSEK)	-35,9	3 month (%)	0,6
Enterprise Value (MSEK)	564,1	12 months (%)	-5,1
Equity ratio(%)	88,7	YTD (%)	-4,2
No of shares.(mn)	7,1	52-V High	94,0
No of shares (dil.mn)	7,1	52-V Low	74,3
Free Float (%)	66,0	Ticker	SINT

	2014A	2015A	2016E	2017E
Sales (MSEK)	54,5	72,4	76,2	78,8
EBITDA (MSEK)	11,0	21,1	27,6	28,7
EBIT (MSEK)	10,2	20,3	27,0	27,2
EBT (MSEK)	11,5	24,9	26,5	27,7
EPS (just. SEK)	1,7	3,6	3,9	3,9
DPS (SEK)	2,2	3,5	3,5	3,7
Sales growth (%)	5,0	32,8	5,3	3,4
EPS growth (%)	53,1	107,3	6,7	0,8
EBIT-margin (%)	18,7	28,0	35,4	34,5

	2014A	2015A	2016E	2017E
P/E (x)	43,5	24,3	21,9	21,7
P/BV (x)	6,1	6,7	6,2	6,0
EV/Sales (x)	9,1	8,0	7,4	7,2
EV/EBITDA (x)	44,9	27,3	20,4	19,7
EV/EBIT (x)	48,4	28,4	20,9	20,8
Div. Yield (%)	2,9	4,0	4,1	4,4

STOCK PERFORMANCE



Source: Infront, company reports, Remium Nordic, Holdings

MAJOR SHARHOLDERS	CAPITAL	VOTES
VLTCM Ltd	12,1%	12,1%
UBS AG Client	11,2%	11,2%
Avanza Pension	10,7%	10,7%
Nordnet Pension	9,0%	9,0%

MANAGEMENT		FINANCIAL CALENDER	
Chairman	Hans-Eric Andersson	3Q-report	2017-02-22
CEO	Steve Dawson	4Q-report	2017-04-26
CFO	Daphner Uhmeier	1Q-Report	2017-08-23

INCOME STATEMENT

MSEK	1Q15A	2Q15A	3Q15A	4Q15A	1Q16A	2Q16A	3Q16A	4Q16E	2013A	2014A	2015A	2016E	2017E	2018E
Sales	18,8	15,8	20,6	17,2	16,1	18,3	23,8	18,0	51,9	54,5	72,4	76,2	78,8	83,4
COGS	-4,6	-3,4	-5,5	-3,5	-3,2	-4,5	-5,4	-4,0	-14,6	-18,2	-17,0	-17,1	-17,2	-17,9
Gross revenue	14,2	12,4	15,1	13,7	12,9	13,8	18,4	14,1	37,3	40,8	55,4	59,2	61,6	65,5
Operating costs	-8,1	-9,3	-7,9	-9,0	-8,0	-8,1	-7,0	-8,5	-29,2	-29,8	-34,3	-31,6	-33,0	-32,4
EO-costs	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EBITDA	6,1	3,1	7,2	4,7	4,9	5,7	11,4	5,6	8,1	11,0	21,1	27,6	28,7	33,1
Depreciation	-0,2	-0,2	-0,1	-0,3	-0,3	-0,3	-0,2	-0,2	-0,8	-0,8	-0,8	-1,0	-1,5	-1,5
EBIT	5,9	2,9	7,1	4,4	4,6	5,8	11,2	5,4	7,3	10,2	20,3	27,0	27,2	31,6
Net financials	-0,1	-0,4	0,0	4,7	0,1	-0,8	-0,2	0,4	0,2	1,3	4,6	-0,5	0,5	0,5
EBT	5,8	2,5	7,1	9,1	4,7	5,0	11,0	5,8	7,5	11,5	24,9	26,5	27,7	32,1
Tax & minorities	0,0	1,0	-0,1	-0,1	0,0	1,0	0,0	0,0	0,6	0,9	0,8	1,0	0,0	0,0
Net result	5,8	3,5	7,0	9,0	4,7	6,0	11,0	5,8	8,1	12,4	25,7	27,5	27,7	32,1
EPS bef. dil. (SEK)	0,82	0,49	0,99	1,27	0,66	0,85	1,55	0,81	1,14	1,75	3,62	3,87	3,90	4,53
EPS aft. dil. (SEK)	0,82	0,49	0,99	1,27	0,66	0,85	1,55	0,81	1,14	1,75	3,62	3,87	3,90	4,53
Sales Growth Q/Q	21%	-16%	30%	-17%	-6%	14%	30%	-24%	N/A	N/A	N/A	N/A	N/A	N/A
Sales Growth Y/Y	29%	45%	54%	10%	-14%	16%	16%	5%	13%	5%	33%	5%	3%	6%
Adj. EBITDA margin	32%	20%	35%	27%	30%	31%	48%	31%	16%	20%	29%	36%	36%	40%
Adj. EBIT margin	31%	18%	34%	26%	29%	32%	47%	30%	14%	19%	28%	35%	34%	38%
Adj. EBT margin	31%	16%	34%	53%	29%	27%	46%	32%	14%	21%	34%	35%	35%	39%

CASH FLOW

MSEK	2013A	2014A	2015A	2016E	2017E	2018E
Cash flow b.f. ch. in work.cap.	8	11	21	27	29	34
Change in working capital	6	-4	-1	1	-1	-1
Cash flow from operating activities	14	7	20	28	28	33
Cash flow from investments	-1	-1	-2	-2	-2	-2
Free Cash Flow	14	5	19	26	27	31
Cash flow from financing	-1	-9	-16	-25	-25	-26
Net Cash Flow	12	-3	3	1	2	5

PER SHARE DATA & RETURN ON CAPITAL

SEK	2013A	2014A	2015A	2016E	2017E	2018E
EPS	1,14	1,75	3,62	3,87	3,90	4,53
Adj. EPS	1,14	1,75	3,62	3,87	3,90	4,53
BVPS	11,95	12,47	13,15	13,57	13,97	14,79
CEPS	2,03	0,94	2,88	3,94	4,01	4,65
DPS	1,20	2,20	3,50	3,50	3,70	4,00
ROE	10%	14%	28%	28%	28%	31%
Adj. ROE	10%	14%	28%	28%	28%	31%
Solidity	89%	91%	88%	87%	86%	86%

BALANCE SHEET

MSEK	2013A	2014A	2015A	2016E	2017E	2018E
Intangible Assets	2	2	4	4	4	4
Cash and cash equivalent	48	45	48	49	51	56
Total Assets	95	97	106	110	115	122
Equity	85	88	93	96	99	105
Net Debt	-48	-45	-48	-49	-51	-56
Net Working Capital	57	60	72	75	80	82

SHARE STRUCTURE**COMPANY CONTACT**

No. of A-shares (m)	-	Box 10203
No. of B-shares (m)	7,1	100 55 Stockholm
Total no. of shares (m)	7,1	+46 (0)8 660 77 50
		www.sintercast.com

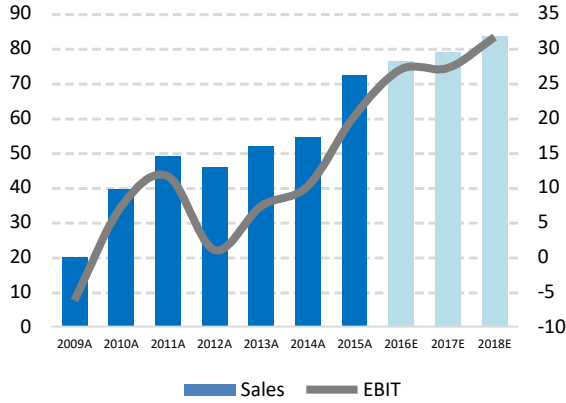
Sources: Infront, Company reports, Remium Nordic

ESTIMATE CHANGES

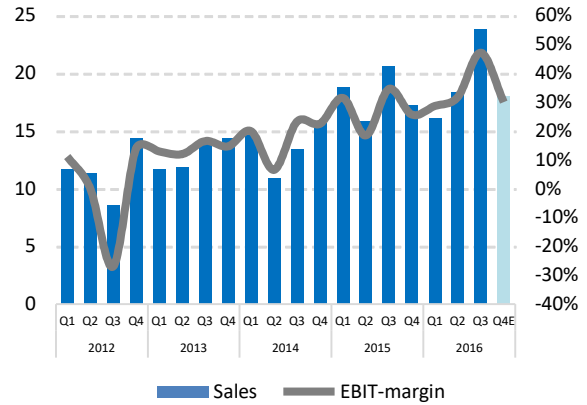
MSEK	3Q 2016A			2016E			2017E			
	Estimate	Actual	Diff (%)	Before	Now	Diff (%)	Before	Now	Diff (%)	
Sales		18,5	23,8	29%	77,1	76,2	-1%	84,8	78,8	-7%
EBIT		5,6	11,2	100%	23,5	27,0	15%	27,7	27,2	-2%
Adj. EPS (SEK)		0,8	1,5	94%	3,5	3,9	10%	4,0	3,9	-2%

INCOME STATEMENT

SALES & EBIT, Y/Y (MSEK)

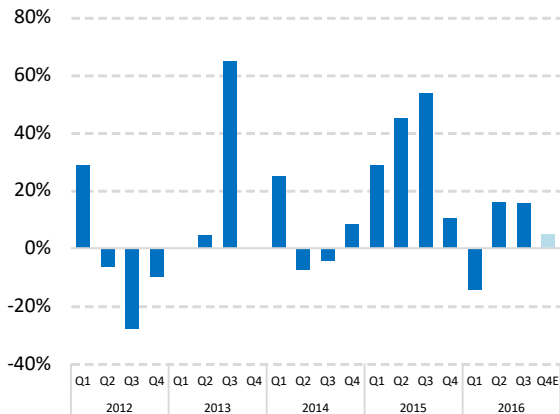


SALES & EBIT-MARGIN, Q/Q (MSEK)

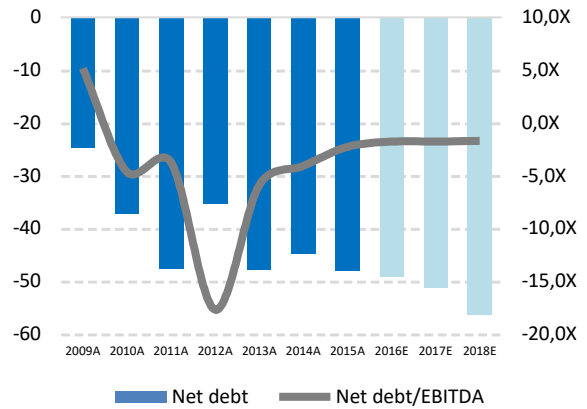


GROWTH & BALANCE SHEET

SALES GROWTH Y/Y

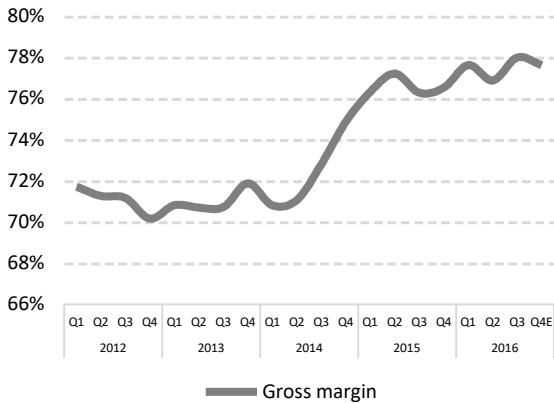


NET DEBT & NET DEBT/EBITDA

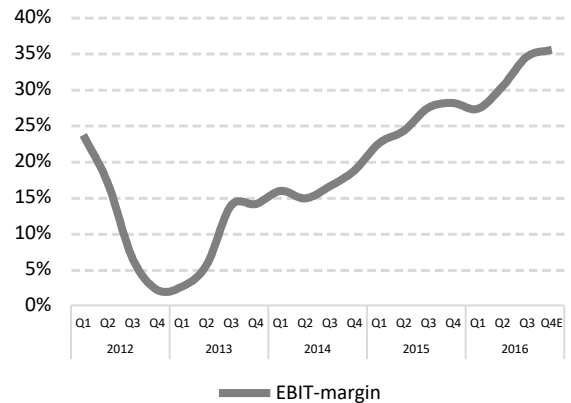


MARGINS, ROLLING 12m

GROSS MARGIN (R12m)

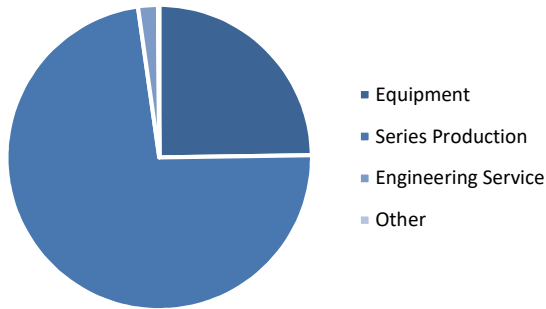


EBIT-MARGIN (R12m)

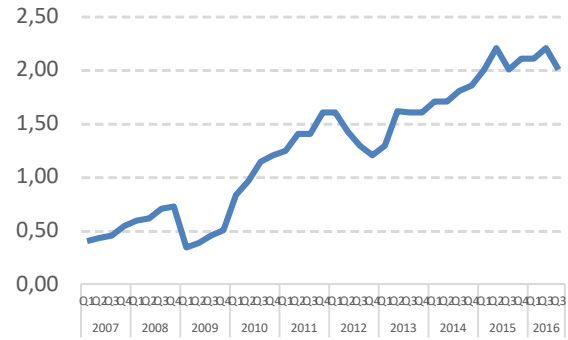


COMPANY SPECIFICS

SALES BREAKDOWN*



SERIAL PRODUCTION, MOTOR EQUIVALENTS/YR (MILLION)**



* Per 2016, ** Per quarterly reports

COMPANY DESCRIPTION

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 Sell: 5%

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 No recommendation: 74%

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