

SinterCast

Blow-out quarter reveals potential

- EPS growth 107% y-o-y
- '18e a catch-up year, decent growth ahead
- Operating leverage de-risks valuation

EPS growth 107% y-o-y highlights low variable costs

Q2 sales were SEK 26.8m, 11% higher than we expected. EBIT was SEK 20.9m, giving a margin of 41%. EPS was SEK 1.60, corresponding to a 107% improvement y-o-y. SinterCast announced its production numbers ahead of the report, with engine equivalents at a full-year speed of 2.7m while the number of sampling cups was 68,800, up 109% y-o-y. The report demonstrates that SinterCast has high operating leverage; SG&A only increased by SEK 1.4m q-o-q, while sales improved by SEK 10.2m. Since the company has no debt and pays little or no tax due to loss carry-forwards, EBIT filters through almost fully to the bottom line.

New programme starting in Q3

SinterCast announced a new high volume programme in July, which is expected to begin in Q3. As the programme ramps-up, we understand that the full-year speed will reach 3m engine equivalents, assuming that all projects perform well. The company's CEO, Steve Dawson, is targeting growth well-above 10% per annum over the next few years, although we predict slightly less than this for our forecast period. The historical five-year average is 8%, with a wide range from -13% to 33%. There is some upside risk to our estimates, considering that if you extrapolate the numbers from this quarter for a full year, the result would be higher than our forecast in 2020e. However, we remain on the conservative side, partly due to signs of a weakening automotive sector.

EV/EBIT high on 18e numbers, estimate risk on upside

SinterCast is a fairly expensive stock on 2018e numbers, trading at EV/EBIT 18.7x and P/E 21.3x, which corresponds to a significant premium compared with our capital goods peer group. Due to the company's high operating leverage, any additional sales increase is likely to have a significantly positive impact on the margin. As we mentioned above, we believe that the risk to estimates are rather on the upside, which limits the risk of a high valuation.

Lead analyst: Emmi Ostlund

SEKm	2016	2017	2018e	2019e	2020e
Sales	75	66	87	95	102
EBITDA	27	19	33	39	44
EBITDA margin (%)	36.3	29.3	38.4	40.9	42.7
EBIT adj	26	18	31	36	40
EBIT adj margin (%)	35.0	27.0	35.8	37.9	39.7
Pretax profit	26	18	30	36	40
EPS rep	3.78	2.62	4.33	5.09	5.71
EPS adj	3.78	2.62	4.33	5.09	5.71
Sales growth (%)	4.1	-13.0	32.7	9.6	6.9
EPS growth (%)	4.3	-30.6	65.2	17.5	12.1

Source: ABG Sundal Collier, Company data

Reason: Post-results comment

Company-sponsored research

Not rated

Estimate changes (%)	2018e	2019e	2020e
Sales	6.8%	2.7%	6.6%
EBIT (rep)	25.5%	18.0%	28.7%
EPS (rep)	53.5%	47.5%	60.8%

Source: ABG Sundal Collier

Share price (SEK)	10/09/2018	92.2
Capital Goods, Sweden		
SINT.ST/SINT.SS		

MCap (SEKm)	654
MCap (EURm)	62.4
Net debt (EURm)	-7

No. of shares (m)	7.1
Free float (%)	75.0
Av. daily volume (k)	4.9

Next event Q3 report: 14 Nov

Performance



	1m	3m	12m
Absolute (%)	17.6	16.1	28.5
OMX STH PI (%)	0.2	3.8	7.6

Source: FactSet

	2018e	2019e	2020e
P/E (x)	21.3	18.1	16.1
P/E adj (x)	21.3	18.1	16.1
P/BVPS (x)	6.72	6.18	5.75
EV/EBITDA (x)	17.4	14.8	13.1
EV/EBIT adj (x)	18.7	15.9	14.1
EV/sales (x)	6.69	6.03	5.58
ROE adj (%)	33.6	35.6	36.9
Dividend yield (%)	4.2	5.0	5.4
FCF yield (%)	4.9	5.5	6.1
Net IB debt/EBITDA	-2.1	-2.0	-1.9

Please refer to important disclosures at the end of this report

This research product is commissioned and paid for by the company covered in this report. As such, this report is deemed to constitute an acceptable minor non-monetary benefit (i.e. not investment research) as defined in MiFID II.

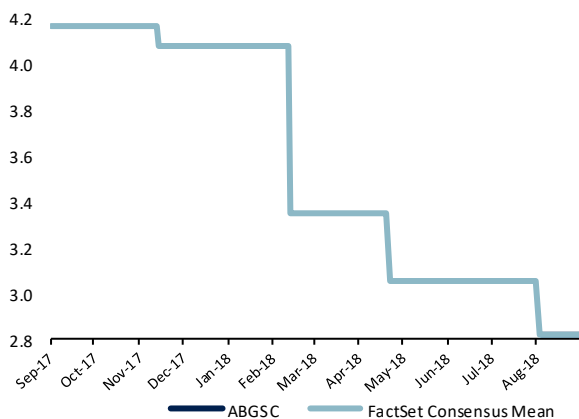
Opportunities

Increased focus on higher energy efficiency and lighter diesel engines. Increasing average vehicle size. Higher penetration of the truck and commercial vehicle segments.

Risks

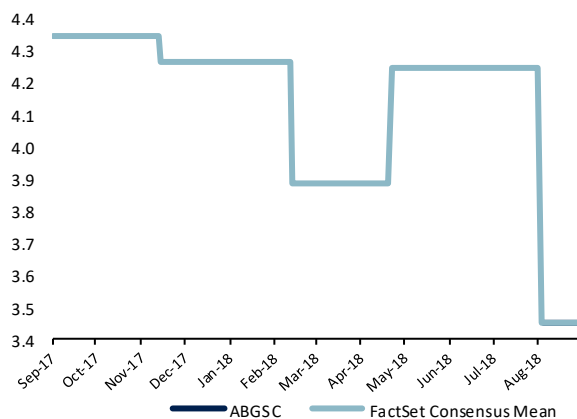
Automotive demand, and more specifically demand for larger passenger vehicles such as SUVs and pick-up trucks with diesel engines. Regulation relating to fossil fuels and diesel in particular poses risks to the business model.

EPS estimate changes, 2018e, SEK



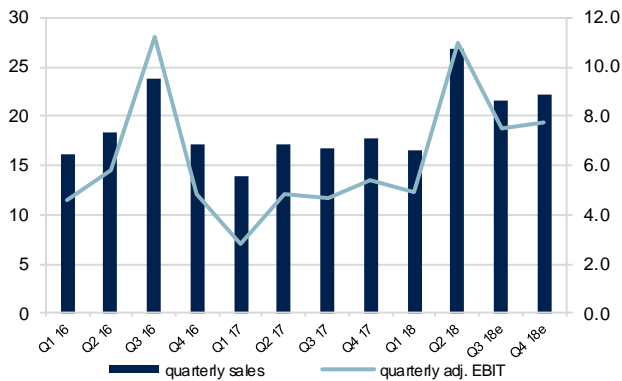
Source: ABG Sundal Collier, FactSet

EPS estimate changes, 2019e, SEK



Source: ABG Sundal Collier, FactSet

Quarterly sales and adj. EBIT, SEKm



Source: ABG Sundal Collier, Company data

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 lighter and stronger than traditional iron, which enables lower engine weight. The technology is used in diesel engines, primarily for larger passenger vehicles such as SUVs and pick-ups as well as commercial vehicles and offroad equipment.

SinterCast in a nutshell

SinterCast was founded in 1983 and listed on the Nasdaq in 1993. The company provides process control technology for high-volume production of Compacted Graphite Iron (CGI). CGI is used in diesel engines, mainly in larger passenger cars, as well as commercial vehicles and off-road equipment. The material is lighter and stronger than traditional iron, which enables lower engine weight and 20-30% higher energy efficiency.

SinterCast's process control system



Source: SinterCast

Business model

SinterCast's business model is built around the System 3000 system.

1. The hardware is sold or leased.
2. The system software is leased.
3. Sampling consumables (cups) are sold.
4. A licence fee is paid for every tonne of castings produced using the SinterCast technology.
5. Additional revenue is earned from spare parts, customer service, customer demonstrations and sales of test pieces.
6. The company has also expanded its offering to include traceability solutions for tracking ladles, moulds, and castings within the foundry.

The total actual production costs (sampling consumables plus production charges) depend on ladle size and replacement for casting for each foundry and each product. A typical engine block production line provides revenue of around EUR 40-50 per tonne of castings, representing EUR 2.00-2.50 for each engine equivalent of 50kg.

SinterCast's technology is used in 13 countries in 45 foundries for the production of more than 50 CGI components in sizes ranging from 2kg to 17 tonnes, all produced using the same process control technology. Another 15 foundries have installed process control systems for product development and R&D activities. The end users of the CGI components are vehicle manufacturers such as Aston Martin, Audi, Renault, and Scania.

The company reports four revenue segments; Series Production, Equipment, Engineering Service and Other. The Series Production segment accounts for ~90% of revenue, meaning that the others account for a relatively small part of the business.

Detailed quarterly results and forecast Q1'16-Q4'18e

	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18e	Q4'18e
Net revenue	16.1	18.3	23.8	17.2	13.9	17.2	16.7	17.8	16.6	26.8	21.6	22.1
COGS	-3.2	-4.5	-5.4	-3.5	-3.1	-3.8	-4	-4.1	-3.4	-5.9	-4.6	-4.6
Gross profit	12.9	13.8	18.4	13.7	10.8	13.4	12.7	13.7	13.2	20.9	17.0	17.5
Sales cost	-4.8	-5.2	-4.4	-4.6	-5.0	-5.0	-4.4	-4.3	-4.8	-5.2	-5.1	-5.1
Administrative costs	-1.6	-1.6	-1.3	-1.5	-1.8	-1.4	-1.4	-1.7	-1.7	-2.0	-1.8	-2.0
R&D cost	-1.7	-2.0	-1.5	-2.7	-1.0	-1.9	-2.1	-2.3	-2.3	-3.0	-2.6	-2.6
Other income	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.5	0.3	0.0	0.0
Other costs	-0.2	0.4	0.0	0.0	-0.2	-0.3	-0.1	0.0	0.0	0.0	0.0	0.0
EBIT	4.6	5.8	11.2	4.8	2.8	4.8	4.7	5.4	4.9	11.0	7.5	7.8
Net financials	0.1	-0.8	-0.2	0.3	0.2	-0.2	0.0	0.0	-0.8	-0.6	0.0	0.0
PTP	4.7	5.0	11.0	5.1	3.0	4.6	4.7	0.0	4.1	10.4	7.5	7.8
Tax	0.0	1.0	0.0	0.0	0.0	0.9	0.0	0.0	0.0	1.0	0.0	0.0
Profit for the period	4.7	6.0	11.0	5.1	3.0	5.5	4.7	5.4	4.1	11.4	7.5	7.8
EPS	0.66	0.85	1.55	0.72	0.42	0.78	0.66	0.76	0.58	1.61	1.05	1.10
<i>Gross margin</i>	<i>80%</i>	<i>75%</i>	<i>77%</i>	<i>80%</i>	<i>78%</i>	<i>78%</i>	<i>76%</i>	<i>77%</i>	<i>80%</i>	<i>78%</i>	<i>79%</i>	<i>79%</i>
<i>EBIT margin</i>	<i>29%</i>	<i>32%</i>	<i>47%</i>	<i>28%</i>	<i>20%</i>	<i>28%</i>	<i>28%</i>	<i>30%</i>	<i>30%</i>	<i>41%</i>	<i>35%</i>	<i>35%</i>

Production assumptions

Sampling cups	36,100	46,800	50,900	35,000	28,700	32,900	40,600	42,400	32,500	68,800	45,000	47,000
Engine equivalents/year	2.1	2.2	2.0	2.2	2.0	2.2	2.0	2.2	2.5	2.7	2.7	2.8

Source: ABG Sundal Collier, company data

Detailed annual figures and forecast 2010-2020e

	2010	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e
Net revenue	39.4	49.0	45.9	51.9	54.5	72.4	75.4	65.6	87.0	95.4	102.0
COGS	-10.2	-14.2	-13.7	-14.6	-18.2	-17.0	-16.6	-15	-18.5	-20.9	-22.2
Gross profit	29.2	34.8	32.2	37.3	40.8	55.4	58.8	50.6	68.5	74.5	79.8
Sales cost	-11.3	-14.4	-19.7	-18.2	-18.2	-20.1	-19	-18.7	-20.2	-20.5	-20.8
Administrative costs	-5.5	-6.6	-6.5	-6.4	-6.5	-6.3	-6	-6.3	-7.5	-7.9	-8.2
R&D cost	-4.5	-4.4	-5.5	-5.8	-6.5	-7.6	-7.9	-7.3	-10.5	-10.0	-10.3
Other income	0.0	2.2	0.5	0.4	0.6	0.0	0.5	0.0	0.8	0.0	0.0
Other costs	-0.7	0.0	0.0	0.0	0.0	-1.1	0.0	-0.6	0.0	0.0	0.0
EBIT	7.2	11.6	1.0	7.3	10.2	20.3	26.4	17.7	31.1	36.1	40.5
Net financials	1.4	-0.5	1.0	0.2	1.3	4.6	-0.6	0	-1.4	0.0	0.0
PTP	8.6	11.1	2	7.5	11.5	24.9	25.8	17.7	29.7	36.1	40.5
Tax	8.0	3.4	-5.7	0.6	0.9	0.8	1.0	0.9	1.0	0.0	0.0
Profit for the period	16.5	14.5	-3.7	8.1	12.3	25.2	26.8	18.6	30.7	36.1	40.5
EPS	2.37	2.08	-0.53	1.14	1.73	3.55	3.78	2.62	4.33	5.09	5.71
<i>Sales growth</i>		<i>24%</i>	<i>-6%</i>	<i>13%</i>	<i>5%</i>	<i>33%</i>	<i>4%</i>	<i>-13%</i>	<i>33%</i>	<i>10%</i>	<i>7%</i>
<i>EPS growth</i>		<i>-12%</i>	<i>-125%</i>	<i>-316%</i>	<i>52%</i>	<i>105%</i>	<i>6%</i>	<i>-31%</i>	<i>65%</i>	<i>18%</i>	<i>12%</i>
<i>Gross margin</i>	<i>74%</i>	<i>71%</i>	<i>70%</i>	<i>72%</i>	<i>75%</i>	<i>77%</i>	<i>78%</i>	<i>77%</i>	<i>79%</i>	<i>78%</i>	<i>78%</i>
<i>EBIT margin</i>	<i>18%</i>	<i>24%</i>	<i>2%</i>	<i>14%</i>	<i>19%</i>	<i>28%</i>	<i>35%</i>	<i>27%</i>	<i>36%</i>	<i>38%</i>	<i>40%</i>

Production assumptions

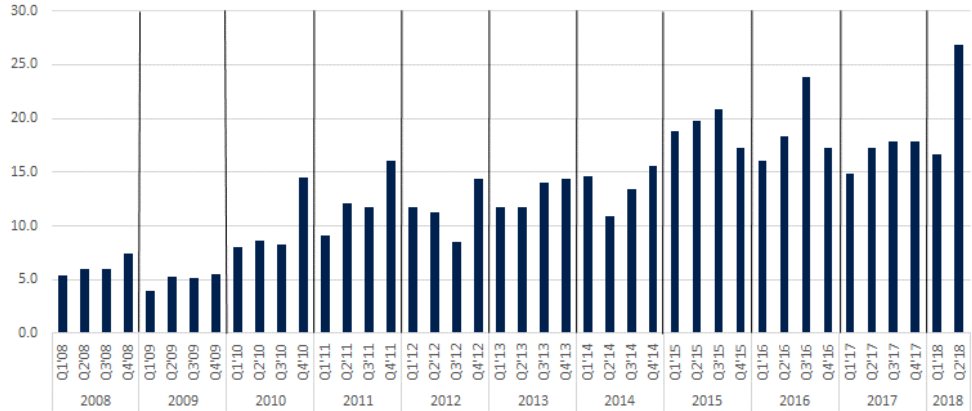
Sampling cups	102,650	138,200	102,400	118,500	133,000	153,000	168,800	144,600	193,300	216,698	232,645
Engine equivalents/year	1.04	1.41	1.35	1.50	1.76	2.08	2.13	2.10	2.65	2.89	3.10

Source: ABG Sundal Collier, company data

Seasonality

The seasonality of the revenue is not completely clear-cut, but looking at the 10-year average, Q1 is the weakest (22%) and Q4 the strongest (29%).

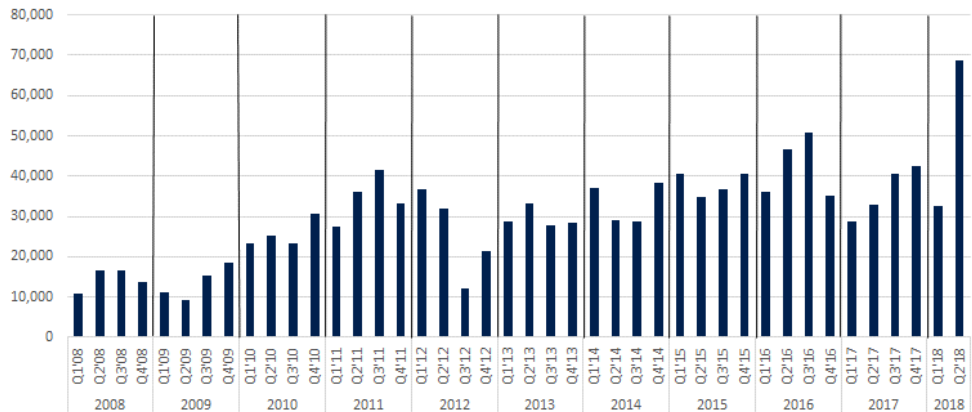
Total revenues, by quarter Q1'08-Q2'18



Source: ABG Sundal Collier, company data

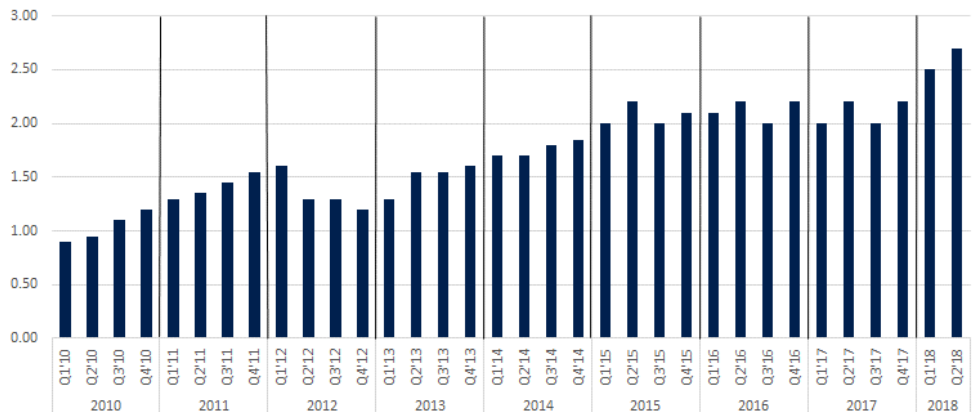
Split between sampling cups and engine equivalents, the graphs show that they do not move in tandem on a quarter-by-quarter basis. Sampling cups have a higher variation with a revenue share range of 12-36%, compared with 22-30% for engine equivalents.

No. of sampling cups, by quarter Q1'08-Q2'18



Source: ABG Sundal Collier, company data

Full-year engine equivalents, by quarter Q1'10-Q2'18



Source: ABG Sundal Collier, company data

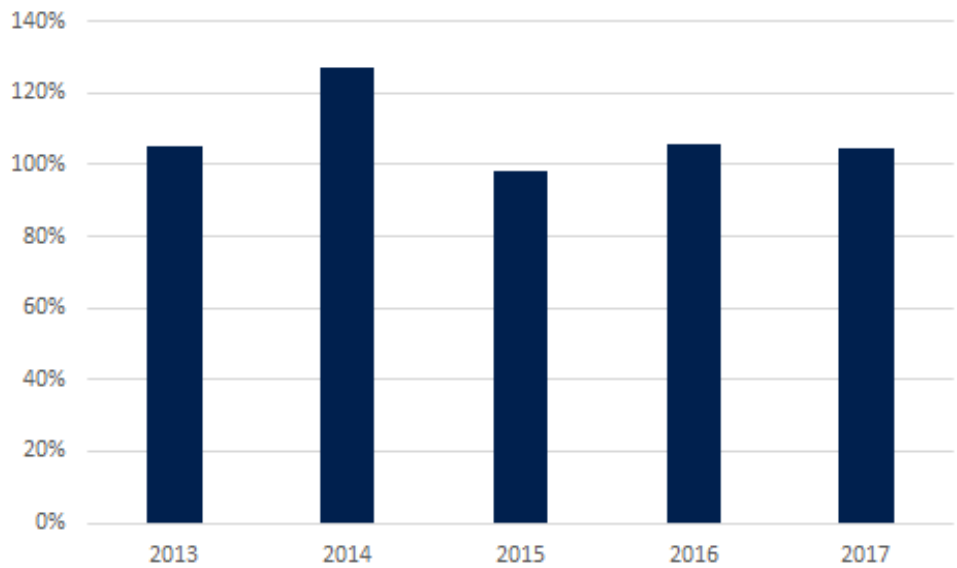
Balance sheet

SinterCast has been debt-free since 2010. The company does not have a significant investment need, nor is it targeting any M&A activity. We doubt, therefore, that it will take up new debt during our forecast period.

Dividend policy

There is no specific pay-out ratio target. However, in the past 5 years it has averaged 108% and ranged between 98-127%. As long as the company is performing well, the ratio fluctuates mostly with the R&D need and we do not expect this to change significantly in the forecast period.

Dividend pay-out ratio



Source: ABG Sundal Collier, company data

Income Statement (SEKm)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018e	Q4 2018e
Sales	14	17	17	18	17	27	22	22
COGS	-3	-4	-4	-4	-3	-6	-5	-5
Gross profit	11	13	13	14	13	21	17	17
Other operating items	-8	-8	-8	-8	-8	-9	-9	-9
EBITDA	3	5	5	6	6	12	8	8
Depreciation on tangibles	-0	-0	-1	-0	-1	-1	-1	-1
Depreciation on intangibles	0	0	0	0	0	0	0	0
EBITA	3	5	5	5	5	11	7	8
Goodwill impairment charges	0	0	0	0	0	0	0	0
Other impairment and amortisation	0	0	0	0	0	0	0	0
EBIT	3	5	5	5	5	11	7	8
Interest Net	0	-0	0	0	-1	-1	0	0
Other financial items	0	0	0	0	0	0	0	0
Associated income	0	0	0	0	0	0	0	0
Other EO items	0	0	0	0	0	0	0	0
Pretax profit	3	5	5	5	4	10	7	8
Tax	0	1	0	0	0	1	0	0
Net profit	3	6	5	5	4	11	7	8
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	3	6	5	5	4	11	7	8
EPS	0.42	0.78	0.66	0.76	0.58	1.61	1.05	1.10
EPS Adj	0.42	0.78	0.66	0.76	0.58	1.61	1.05	1.10
Total extraordinary items after tax	0	0	0	0	0	0	0	0
Tax rate (%)	0	19.6	0	0	0	9.6	0	0
Gross margin (%)	77.7	77.9	76.0	77.0	79.5	78.0	78.7	79.1
EBITDA margin (%)	22.3	29.7	31.1	32.6	33.1	42.9	37.3	37.8
EBITA margin (%)	20.1	27.9	28.1	30.3	29.5	41.0	34.6	35.2
EBIT margin (%)	20.1	27.9	28.1	30.3	29.5	41.0	34.6	35.2
Pretax margin (%)	21.6	26.7	28.1	30.3	24.7	38.8	34.6	35.2
Net margin (%)	21.6	32.0	28.1	30.3	24.7	42.5	34.6	35.2
Growth rates Y/Y	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018e	Q4 2018e
Sales growth (%)	-13.7	-6.0	-29.8	3.5	19.4	55.8	29.1	24.1
EBITDA growth (%)	-36.7	-16.4	-54.4	16.0	77.4	125.5	54.7	43.8
EBIT growth (%)	-39.1	-17.2	-58.0	12.5	75.0	129.2	58.8	43.9
Net profit growth (%)	-36.2	-8.3	-57.3	5.9	36.7	107.3	58.8	43.9
EPS growth (%)	-36.2	-8.3	-57.3	5.9	36.7	107.3	58.8	43.9
Adj earnings numbers	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018e	Q4 2018e
EBITDA Adj	3	5	5	6	6	12	8	8
EBITDA Adj margin (%)	22.3	29.7	31.1	32.6	33.1	42.9	37.3	37.8
EBITA Adj	3	5	5	5	5	11	7	8
EBITA Adj margin (%)	20.1	27.9	28.1	30.3	29.5	41.0	34.6	35.2
EBIT Adj	3	5	5	5	5	11	7	8
EBIT Adj margin (%)	20.1	27.9	28.1	30.3	29.5	41.0	34.6	35.2
Pretax profit Adj	3	5	5	5	4	10	7	8
Net profit Adj	3	6	5	5	4	11	7	8
Net profit to shareholders Adj	3	6	5	5	4	11	7	8
Net Adj margin (%)	21.6	32.0	28.1	30.3	24.7	42.5	34.6	35.2

Source: ABG Sundal Collier, Company data

Income Statement (SEKm)	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e
Sales	49	46	52	55	72	75	66	87	95	102
COGS	-14	-14	-15	-18	-17	-17	-15	-19	-21	-22
Gross profit	35	32	37	36	55	59	51	69	75	80
Other operating items	-22	-30	-29	-25	-34	-31	-31	-35	-36	-36
EBITDA	13	2	8	11	21	27	19	33	39	44
Depreciation on tangibles	-1	-1	-1	-1	-1	-1	-2	-2	-3	-3
Depreciation on intangibles	0	0	0	0	0	0	0	0	0	0
EBITA	12	1	7	10	20	26	18	31	36	40
Goodwill impairment charges	0	0	0	0	0	0	0	0	0	0
Other impairment and amortisation	0	0	0	0	0	0	0	0	0	0
EBIT	12	1	7	10	20	26	18	31	36	40
Interest Net	-1	1	0	1	5	-1	0	-1	0	0
Other financial items	0	0	0	0	0	0	0	0	0	0
Associated income	0	0	0	0	0	0	0	0	0	0
Other EO items	0	0	0	0	0	0	0	0	0	0
Pretax profit	11	2	8	12	25	26	18	30	36	40
Tax	3	-6	1	1	1	1	1	1	0	0
Net profit	15	-4	8	12	26	27	19	31	36	40
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	15	-4	8	12	26	27	19	31	36	40
EPS	2.08	-0.53	1.14	1.75	3.62	3.78	2.62	4.33	5.09	5.71
EPS Adj	2.08	-0.53	1.14	1.75	3.62	3.78	2.62	4.33	5.09	5.71
Total extraordinary items after tax	0	0	0	0	0	0	0	0	0	0
Tax rate (%)	30.6	285.0	8.0	7.8	3.2	3.9	5.1	3.4	0	0
Gross margin (%)	71.0	70.2	71.9	66.6	76.5	78.0	77.1	78.7	78.1	78.2
EBITDA margin (%)	25.9	4.4	15.6	20.2	29.1	36.3	29.3	38.4	40.9	42.7
EBITA margin (%)	23.7	2.2	14.1	18.7	28.0	35.0	27.0	35.8	37.9	39.7
EBIT margin (%)	23.7	2.2	14.1	18.7	28.0	35.0	27.0	35.8	37.9	39.7
Pretax margin (%)	22.7	4.4	14.5	21.1	34.4	34.2	27.0	34.2	37.9	39.7
Net margin (%)	29.6	-8.1	15.6	22.8	35.5	35.5	28.4	35.3	37.9	39.7
Growth rates Y/Y	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e
Sales growth (%)	24.4	-6.3	13.1	5.0	32.8	4.1	-13.0	32.7	9.6	6.9
EBITDA growth (%)	58.8	-84.3	305.0	35.8	91.8	29.9	-29.9	73.9	16.8	11.7
EBIT growth (%)	61.1	-91.4	630.0	39.7	99.0	30.0	-33.0	75.9	16.0	12.1
Net profit growth (%)	-12.7	-125.5	318.9	53.1	107.3	4.3	-30.6	65.2	17.5	12.1
EPS growth (%)	-12.7	-125.4	316.1	53.1	107.3	4.3	-30.6	65.2	17.5	12.1
Profitability	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e
ROE (%)	16.6	-4.3	10.0	14.3	28.3	28.4	20.5	33.6	35.6	36.9
ROE Adj (%)	16.6	-4.3	10.0	14.3	28.3	28.4	20.5	33.6	35.6	36.9
ROCE (%)	84.7	7.3	63.8	92.7	141.5	156.7	84.7	126.7	135.4	144.3
ROCE Adj(%)	84.7	7.3	63.8	92.7	141.5	156.7	84.7	126.7	135.4	144.3
ROIC (%)	110.6	-13.5	68.9	100.0	146.0	162.7	89.0	131.0	135.4	144.3
ROIC Adj (%)	110.6	-13.5	68.9	100.0	146.0	162.7	89.0	131.0	135.4	144.3
Adj earnings numbers	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e
EBITDA Adj	13	2	8	11	21	27	19	33	39	44
EBITDA Adj margin (%)	25.9	4.4	15.6	20.2	29.1	36.3	29.3	38.4	40.9	42.7
EBITA Adj	12	1	7	10	20	26	18	31	36	40
EBITA Adj margin (%)	23.7	2.2	14.1	18.7	28.0	35.0	27.0	35.8	37.9	39.7
EBIT Adj	12	1	7	10	20	26	18	31	36	40
EBIT Adj margin (%)	23.7	2.2	14.1	18.7	28.0	35.0	27.0	35.8	37.9	39.7
Pretax profit Adj	11	2	8	12	25	26	18	30	36	40
Net profit Adj	15	-4	8	12	26	27	19	31	36	40
Net profit to shareholders Adj	15	-4	8	12	26	27	19	31	36	40
Net Adj margin (%)	29.6	-8.1	15.6	22.8	35.5	35.5	28.4	35.3	37.9	39.7

Source: ABG Sundal Collier, Company data

Cash Flow Statement (SEKm)	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e
EBITDA	13	2	8	11	21	27	19	33	39	44
Net financial items	-1	1	0	1	5	-1	0	-1	0	0
Paid tax	0	0	0	0	0	0	0	1	0	0
Non-cash items	-0	2	-7	4	-5	2	2	0	0	0
Cash flow before change in WC	12	5	2	16	21	29	21	33	39	44
Change in WC	2	-1	6	-5	0	-2	-2	-2	-1	-1
Operating cash flow	13	4	8	11	21	27	19	35	39	44
CAPEX tangible fixed assets	-0	-2	-1	-1	-2	-3	-4	-3	-3	-4
CAPEX intangible fixed assets	0	0	0	0	0	0	0	0	0	0
Acquisitions and disposals	0	0	0	0	0	0	0	0	0	0
Free cash flow	13	2	8	10	20	24	15	32	36	40
Dividend paid	-7	-7	-9	-16	-25	-28	-19	-20	-28	-33
Share issues and buybacks	0	0	0	0	0	0	0	0	0	0
Other non cash items	8	-12	14	4	9	3	-10	-4	-1	-1
Decrease in net IB debt	14	-17	13	-2	4	-1	-14	8	7	6
Balance Sheet (SEKm)	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e
Goodwill	0	0	0	0	0	0	0	0	0	0
Indefinite intangible assets	2	2	2	2	4	5	8	7	7	7
Definite intangible assets	0	0	0	0	0	0	0	0	0	0
Tangible fixed assets	0	2	2	2	2	2	2	3	3	4
Other fixed assets	33	28	29	30	30	32	33	34	34	34
Fixed assets	36	32	32	34	36	39	42	44	44	45
Inventories	4	4	4	4	4	4	4	6	7	7
Receivables	12	12	11	15	18	19	18	22	24	26
Other current assets	0	0	0	0	0	0	0	0	0	0
Cash and liquid assets	48	35	48	45	48	45	30	37	45	51
Total assets	100	83	95	97	106	108	95	109	120	129
Shareholders equity	93	78	85	88	93	96	86	97	106	114
Minority	0	0	0	0	0	0	0	0	0	0
Total equity	93	78	85	88	93	96	86	97	106	114
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
Deferred tax	0	0	0	0	0	0	0	0	0	0
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	7	5	10	8	13	12	9	12	14	15
Other current liabilities	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	100	83	95	97	106	108	95	109	120	129
Net IB debt	-81	-63	-77	-75	-78	-77	-63	-71	-79	-85
Net IB debt excl. pension debt	-81	-63	-77	-75	-78	-77	-63	-71	-79	-85
Capital invested	13	15	8	14	15	19	23	26	27	29
Working capital	10	11	5	10	10	12	14	16	17	18
EV breakdown	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e
Market cap. diluted (m)	na	na	560	539	626	580	461	654	654	654
Net IB debt Adj	-81	-63	-77	-75	-78	-77	-63	-71	-79	-85
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	na	na	484	464	547	503	398	583	575	569
Capital efficiency (%)	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e
Total assets turnover (%)	51.1	50.2	58.4	56.9	71.3	70.5	64.9	85.4	83.2	81.9
Capital invested turnover (%)	357.7	335.0	453.3	495.5	504.5	447.5	313.9	354.2	357.5	363.6
Capital employed turnover (%)	357.7	335.0	453.3	495.5	504.5	447.5	313.9	354.2	357.5	363.6
Inventories/sales (%)	7.6	9.2	7.6	6.8	5.5	5.8	6.5	5.7	6.5	6.8
Customer advances/sales (%)	0	0	0	0	0	0	0	0	0	0
Payables/sales (%)	14.4	12.9	14.6	17.0	14.9	16.5	15.7	11.9	13.7	14.5
Working capital/sales (%)	22.0	22.9	15.1	13.3	13.4	14.1	19.3	17.0	17.2	16.9
Financial risk and debt service	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e
Net debt/equity (%)	-86.4	-81.1	-90.3	-84.4	-84.0	-80.4	-73.2	-73.1	-74.3	-74.6
Net debt/market cap (%)	na	na	-16.5	-12.9	-12.5	-12.8	-11.9	-10.9	-12.0	-13.0
Equity ratio (%)	93.3	93.9	89.3	91.3	87.6	89.1	90.6	89.2	88.1	88.1
Net IB debt adj./equity (%)	-86.4	-81.1	-90.3	-84.4	-84.0	-80.4	-73.2	-73.1	-74.3	-74.6
Current ratio (%)	959.7	1,009.8	619.8	751.2	536.4	587.2	591.0	555.9	530.1	550.5
EBITDA/net interest (%)	2,540.0	-200.0	-4,050.0	-846.2	-458.7	4,566.7	high	2,384.8	high	high
Net IB debt/EBITDA (%)	-633.9	-3,160.0	-944.4	-678.2	-371.1	-281.0	-327.1	-213.2	-201.6	-194.7
Interest cover (%)	2,320.0	-100.0	-3,650.0	-784.6	-441.3	4,400.0	nm	2,223.9	nm	nm

Source: ABG Sundal Collier, Company data

Valuation and Ratios (SEKm)	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e
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	2.08	-0.53	1.14	1.75	3.62	3.78	2.62	4.33	5.09	5.71
Dividend per share Adj	1.0	1.0	1.2	2.2	3.5	4.0	2.8	3.9	4.6	5.0
EPS Adj	2.08	-0.53	1.14	1.75	3.62	3.78	2.62	4.33	5.09	5.71
BVPS	13.36	11.13	11.95	12.47	13.15	13.51	12.10	13.73	14.92	16.03
BVPS Adj	13.36	11.13	11.95	12.47	13.15	13.51	12.10	13.73	14.92	16.03
Net IB debt / share	-11.5	-9.0	-10.8	-10.5	-11.0	-10.9	-8.9	-10.0	-11.1	-12.0
Share price	na	na	79.00	76.00	88.25	81.75	65.00	92.20	92.20	92.20
Market cap. (m)	na	na	560	539	626	580	461	654	654	654
Valuation	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e
P/E	na	na	69.1	43.5	24.3	21.6	24.8	21.3	18.1	16.1
EV/sales	na	na	9.32	8.52	7.56	6.67	6.07	6.69	6.03	5.58
EV/EBITDA	na	na	59.7	42.2	25.9	18.3	20.7	17.4	14.8	13.1
EV/EBITA	na	na	66.2	45.5	27.0	19.0	22.5	18.7	15.9	14.1
EV/EBIT	na	na	66.2	45.5	27.0	19.0	22.5	18.7	15.9	14.1
Dividend yield (%)	na	na	1.5	2.9	4.0	4.9	4.2	4.2	5.0	5.4
FCF yield (%)	na	na	1.3	1.8	3.1	4.1	3.3	4.9	5.5	6.1
P/BVPS	na	na	6.61	6.10	6.71	6.05	5.37	6.72	6.18	5.75
P/BVPS Adj	na	na	6.61	6.10	6.71	6.05	5.37	6.72	6.18	5.75
P/E Adj	na	na	69.1	43.5	24.3	21.6	24.8	21.3	18.1	16.1
EV/EBITDA Adj	na	na	59.7	42.2	25.9	18.3	20.7	17.4	14.8	13.1
EV/EBITA Adj	na	na	66.2	45.5	27.0	19.0	22.5	18.7	15.9	14.1
EV/EBIT Adj	na	na	66.2	45.5	27.0	19.0	22.5	18.7	15.9	14.1
EV/cap. employed	na	na	59.0	33.6	36.7	26.7	17.3	22.3	21.1	19.7
Investment ratios	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e
Capex/sales	0.8	3.5	1.2	2.4	2.3	4.4	5.6	3.5	3.5	3.5
Capex/depreciation	36.4	160.0	75.0	162.5	212.5	330.0	246.7	134.6	116.7	116.7
Capex tangibles/tangible fixed assets	100.0	80.0	31.6	81.3	100.0	173.7	217.6	109.1	102.6	94.8
Capex intangibles/definite intangibles	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Depreciation on intangibles/definite inta	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Depreciation on tangibles/tangibles	275.0	50.0	42.1	50.0	47.1	52.6	88.2	81.1	87.9	81.2

Source: ABG Sundal Collier, Company data

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ABGSC Research Department

Joint Global Head of Research

John Olaisen +47 22 01 61 87
 Christer Linde +46 8 566 286 90

Head of Introduce /Company-sponsored research

Arash Hakimi Fard +46 8 566 286 35

Strategy

Christer Linde, Quant/Technical +46 8 566 286 90
 Derek Laliberte +46 8 566 286 78
 Bengt Jonassen +47 22 01 60 98

Capital Goods

Anders Idborg +46 8 566 286 74
 Olof Cederholm +46 8 566 286 22
 Karl Bokvist +46 8 566 286 33

Chemicals

Martin Melbye +47 22 01 61 37
 Bengt Jonassen +47 22 01 60 98
 Petter Nyström +47 22 01 61 35
 Glenn Kringhaug +47 22 01 61 62

Construction & Real Estate

Tobias Kaj +46 8 566 286 21
 Bengt Jonassen +47 22 01 60 98
 Philip Hallberg +46 8 566 286 95
 Glenn Kringhaug +47 22 01 61 62
 Laurits Louis Kjaergaard +45 35 46 30 12

Consumer Goods

Andreas Lundberg +46 8 566 286 51
 Petter Nyström +47 22 01 61 35
 Michael Vitfell-Rasmussen +45 35 46 30 16
 Ludvig Kapanen +46 8 566 286 91

Credit Research

Alexander Jost +47 22 01 60 88
 Rikard Magnus Braaten +47 22 01 60 86
 Andreas Johannessen +47 22 01 60 31
 Haakon Amundsen +47 22 01 60 25
 Eric Wahlström +46 8 566 286 25

Financials

Magnus Andersson +46 8 566 294 69
 Mads Thinggaard +45 35 46 30 18
 Patrik Brattelius +46 8 566 286 64
 Jan Erik Gjerland +47 22 01 61 16
 Jonas Bru Lien +47 22 01 61 71

Food & Beverages

Michael Vitfell-Rasmussen +45 35 46 30 16

Healthcare

Morten Larsen +45 35 46 30 19
 Sten Gustafsson +46 8 566 286 93
 Christopher W. Uhde +46 8 566 286 39
 Daniel Thorsson +46 8 566 286 82
 Andrew Carlsen +45 35 46 30 13
 Glenn Kringhaug +47 22 01 61 62

Investment Companies

Derek Laliberte +46 8 566 286 78

IT

Aksel Øverland Engebakken +47 22 01 61 11
 Daniel Thorsson +46 8 566 286 82
 Andrew Carlsen +45 35 46 30 13
 Simon Granath +46 8 566 286 32

Media

Aksel Øverland Engebakken +47 22 01 61 11
 Derek Laliberte +46 8 566 286 78
 Andreas Lundberg +46 8 566 286 51

Metals & Mining

Martin Melbye +47 22 01 61 37
 Bengt Jonassen +47 22 01 60 98
 Petter Nyström +47 22 01 61 35

Oil & Gas

John Olaisen +47 22 01 61 87
 Karl Fredrik Schjøtt-Pedersen +47 22 01 61 65

Oil Service

John Olaisen +47 22 01 61 87
 Haakon Amundsen +47 22 01 60 25
 Lukas Daul +47 22 01 61 39
 Karl Fredrik Schjøtt-Pedersen +47 22 01 61 65

Online Gaming

Aksel Øverland Engebakken +47 22 01 61 11
 Erik Moberg +46 8 566 286 87
 Stefan Knutsson +46 8 566 286 37

Pulp & Paper

Martin Melbye +47 22 01 61 37
 Glenn Kringhaug +47 22 01 61 62
 Øystein Elton Lodgaard +47 22 01 60 26

Renewable Energy

Casper Blom +45 35 46 30 15
 Petter Nyström +47 22 01 61 35

Retail

Andreas Lundberg +46 8 566 286 51
 Ludvig Kapanen +46 8 566 286 91

Seafood

Vidar Strat +47 22 01 61 60

Services

Andreas Lundberg +46 8 566 286 51
 Michael Vitfell-Rasmussen +45 35 46 30 16
 Victor Forssell +46 8 566 286 92

Shipping & Transport

Dennis Anghelopoulos +47 22 01 60 37
 Casper Blom +45 35 46 30 15
 Lukas Daul +47 22 01 61 39

Telecom Operators

Peter Kurt Nielsen +44 207 905 5631

Utilities

Martin Melbye +47 22 01 61 37
 Petter Nyström +47 22 01 61 35

Small Caps

Andrew Carlsen +45 35 46 30 13
 Arash Hakimi Fard +46 8 566 286 35
 Emmi Östlund +46 8 566 286 73
 Daniel Thorsson +46 8 566 286 82
 Johan Nilsson Wall +46 8 566 286 41
 Laurits Louis Kjaergaard +45 35 46 30 12

Norway

Pb. 1444 Vika
 NO-0115 OSLO
 Norway
 Tel: +47 22 01 60 00
 Fax: +47 22 01 60 60

Sweden

Box 7269
 SE-103 89 STOCKHOLM
 Sweden
 Tel: +46 8 566 286 00
 Fax: +46 8 566 286 01

Denmark

Forbindelsesvej 12,
 DK-2100 COPENHAGEN
 Denmark
 Tel: +45 35 46 61 00
 Fax: +45 35 46 61 10

United Kingdom

10 Paternoster Row, 5th fl
 LONDON EC4M 7EJ
 UK
 Tel: +44 20 7905 5600
 Fax: +44 20 7905 5601

USA

850 Third Avenue, Suite 9-C
 NEW YORK, NY 10022
 USA
 Tel: +1 212 605 3800
 Fax: +1 212 605 3801

Germany

Schillerstrasse 2, 5. OG
 DE-60313 FRANKFURT
 Germany
 Tel +49 69 96 86 96 0
 Fax +49 69 96 86 96 99

Singapore

10 Collyer Quay
 Ocean Financial Center
 #40-07, Singapore 049315
 Tel +65 6808 6082