

2016-02-23

SINTERCAST

SHARE PRICE (SEK): 87,00

NASDAQ OMX Small Cap

Industrials

- Slightly weaker ending
- Towards a new record year
- Unchanged forecasts

Slightly weaker ending. The end of 2015 was slightly weaker than we expected due to some inventory buildup by the customers in December. Deliveries of the equipment was also at a low level in relation to Q3. Due to this, sales came in about 15 % lower than our estimates and had an even greater impact on operating profits. Overall, 2015 still showed a very good development with an 18 % increase in production to the record level of 2,1 m Engine Equivalents. The increased serial production also led to an increase in the number of sampling cups by 15 %. Contracts for six new installations were signed during the year, of which five were revenue recognized in 2015.

Towards a new record year. Car sales worldwide continue to perform well and SinterCast is especially favored by the success of the Ford F-150 with its petrol engine and continued strong sales of the 3,0 liters VG diesel engines to Audi, FCA and Ford. There are currently 25 fully automatic equipments and 20 mini systems in operation after the installation of the System 3000 Plus at the Brazilian foundry Teksid during the current quarter. We believe that serial production expressed in Engine Equivalents will grow by 15 % during 2016. Moreover, other areas such as components for the power industry is becoming increasingly important.

Unchanged forecasts. We predict that the positive trend continues and make no major changes in our estimates. Because of SinterCasts large dollar dependency, major changes in currency relations can derail our forecasts. Without any major investments, large carryforwards loss and no financial liabilities, SinterCasts ability to maintain a high dividend level is very good. With this year's proposed dividend of 3,5 SEK per share (of which 1,5 SEK is extraordinary), the company will have distributed approximately 75 MSEK to shareholders over the past five years.

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.

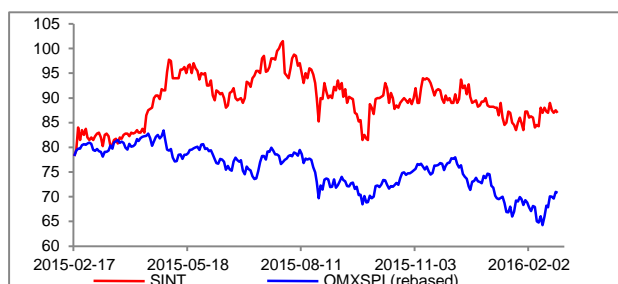
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KEY DATA		SHARE PERFORMANCE	
Market Capitalization (MSEK)	617,7	1 month (%)	3,0
Net Debt (MSEK)	-48,0	3 month (%)	-4,9
Enterprise Value (MSEK)	569,7	12 months (%)	6,7
Equity ratio(%)	87,6	YTD (%)	-1,4
No of shares (mn)	7,1	52-V High	102,5
No of shares (dil.mn)	7,1	52-V Low	77,5
Free Float (%)	78,2	Ticker	SINT

	2014A	2015A	2016E	2017E
Sales (MSEK)	54,5	72,4	81,4	90,4
EBITDA (MSEK)	11,0	21,1	26,6	31,8
EBIT (MSEK)	10,2	20,3	25,8	30,7
EBT (MSEK)	11,5	24,9	27,6	31,2
EPS (just. SEK)	1,75	3,62	3,90	4,41
DPS (SEK)	2,20	3,50	3,50	4,00
Sales growth (%)	5,0	32,8	12,5	11,0
EPS growth (%)	53,1	107,3	7,5	13,0
EBIT-margin (%)	18,7	28,0	31,7	34,0

	2014A	2015A	2016E	2017E
P/E (x)	43,5	24,3	22,3	19,7
P/BV (x)	6,1	6,7	6,4	6,0
EV/Sales (x)	9,1	8,0	7,0	6,3
EV/EBITDA (x)	44,9	27,3	21,4	17,9
EV/EBIT (x)	48,4	28,4	22,1	18,5
Div. Yield (%)	2,9	4,0	4,0	4,6

STOCK PERFORMANCE



Source: Infront, company reports, Remium Nordic, Holdings

MAJOR SHARHOLDERS	CAPITAL	VOTES
VLTCM Ltd	11,2%	11,2%
Avanza Pension	10,6%	10,6%
Nordnet Pension	8,7%	8,7%
Lars Ahlström	6,1%	6,1%

MANAGEMENT		FINANCIAL CALENDER	
Chairman	Hans-Eric Andersson	1Q-report	2016-04-27
CEO	Steve Dawson	2Q-report	2016-08-24
CFO	Daphner Uhmeier	3Q-report	2016-11-09

INCOME STATEMENT

MSEK	1Q15A	2Q15A	3Q15A	4Q15A	1Q16E	2Q16E	3Q16E	4Q16E	2013A	2014A	2015A	2016E	2017E	2018E
Sales	18,8	15,8	20,6	17,2	21,2	20,7	18,8	20,7	51,9	54,5	72,4	81,4	90,4	97,6
COGS	-4,6	-3,4	-5,5	-3,5	-5,0	-4,8	-3,9	-4,6	-14,6	-18,2	-17,0	-18,3	-20,3	-21,0
Gross revenue	14,2	12,4	15,1	13,7	16,2	15,9	14,9	16,1	37,3	40,8	55,4	63,2	70,1	76,6
Operating costs	-8,1	-9,3	-7,9	-9,0	-9,1	-9,5	-8,5	-9,5	-29,2	-29,8	-34,3	-36,5	-38,3	-39,2
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	7,1	6,5	6,3	6,7	8,1	11,0	21,1	26,6	31,8	37,4
Depreciation	-0,2	-0,2	-0,1	-0,3	-0,2	-0,2	-0,2	-0,2	-0,8	-0,8	-0,8	-0,8	-1,0	-1,0
EBIT	5,9	2,9	7,1	4,4	6,9	6,3	6,1	6,5	7,3	10,2	20,3	25,8	30,7	36,4
Net financials	-0,1	-0,4	0,0	4,7	0,5	0,5	0,4	0,4	0,2	1,3	4,6	1,8	0,5	0,5
EBT	5,8	2,5	7,1	9,1	7,4	6,8	6,5	6,9	7,5	11,5	24,9	27,6	31,2	37,0
Tax & minorities	0,0	1,0	-0,1	-0,1	0,0	0,0	0,0	0,0	0,6	0,9	0,8	0,0	0,0	0,0
Net result	5,8	3,5	7,0	9,0	7,4	6,8	6,5	6,9	8,1	12,4	25,7	27,6	31,2	37,0
EPS bef. dil. (SEK)	0,82	0,49	0,99	1,27	1,04	0,96	0,92	0,98	1,14	1,75	3,62	3,89	4,40	5,21
EPS aft. dil. (SEK)	0,82	0,49	0,99	1,27	1,04	0,96	0,92	0,98	1,14	1,75	3,62	3,89	4,41	5,21
Sales Growth Q/Q	21%	-16%	30%	-17%	23%	-2%	-9%	10%	N/A	N/A	N/A	N/A	N/A	N/A
Sales Growth Y/Y	29%	45%	54%	10%	13%	31%	-9%	20%	13%	5%	33%	12%	11%	8%
Adj. EBITDA margin	32%	20%	35%	27%	34%	31%	34%	32%	16%	20%	29%	33%	35%	38%
Adj. EBIT margin	31%	18%	34%	26%	33%	30%	33%	31%	14%	19%	28%	32%	34%	37%
Adj. EBT margin	31%	16%	34%	53%	35%	33%	35%	34%	14%	21%	34%	34%	35%	38%

CASH FLOW

MSEK	2013A	2014A	2015A	2016E	2017E	2018E
Cash flow b.f. ch. in work.cap.	8	11	21	28	32	38
Change in working capital	6	-4	-1	-1	-1	-1
Cash flow from operating activities	14	7	20	27	31	37
Cash flow from investments	-1	-1	-2	-2	-2	-2
Free Cash Flow	14	5	19	25	30	35
Cash flow from financing	-1	-9	-16	-25	-25	-28
Net Cash Flow	12	-3	3	1	5	7

PER SHARE DATA & RETURN ON CAPITAL

SEK	2013A	2014A	2015A	2016E	2017E	2018E
EPS	1,14	1,75	3,62	3,90	4,41	5,21
Adj. EPS	1,14	1,75	3,62	3,90	4,41	5,21
BVPS	11,95	12,47	13,15	13,54	14,44	15,65
CEPS	2,03	0,94	2,88	3,82	4,44	5,22
DPS	1,20	2,20	3,50	3,50	4,00	4,00
ROE	10%	14%	28%	29%	31%	33%
Adj. ROE	10%	14%	28%	29%	31%	33%
Solidity	89%	91%	88%	86%	85%	85%

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	53	60
Total Assets	95	97	106	112	120	130
Equity	85	88	93	96	102	111
Net Debt	-48	-45	-48	-49	-53	-60
Net Working Capital	57	60	72	79	85	90

SHARE STRUCTURE

	2013A	2014A	2015A	2016E	2017E	2018E
No. of A-shares (m)		-				
No. of B-shares (m)		7,1				
Total no. of shares (m)		7,1				

COMPANY CONTACT

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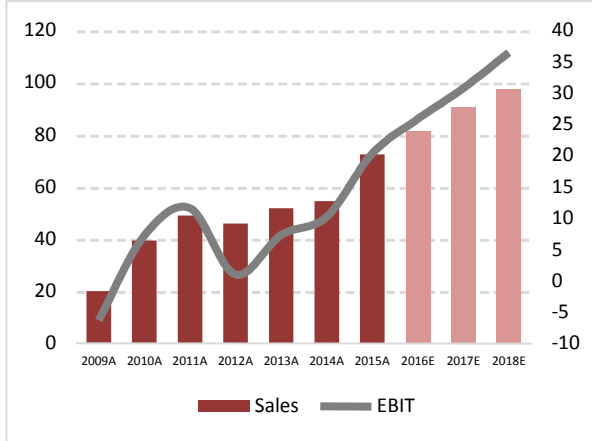
Sources: Infront, Company reports, Remium Nordic

ESTIMATE CHANGES

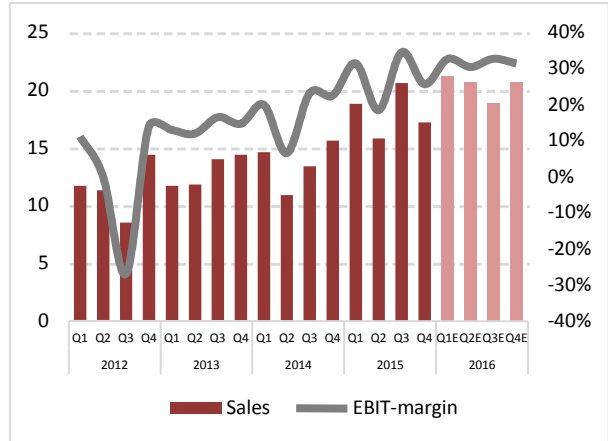
MSEK	4Q 2015A			2016E			2017E			
	Estimate	Actual	Diff (%)	Before	Now	Diff (%)	Before	Now	Diff (%)	
Sales		20,8	17,2	-17%	84,3	81,4	-3%	91,0	90,4	-1%
EBIT		7,2	4,4	-39%	27,2	25,8	-5%	30,5	30,7	1%
Adj. EPS (SEK)		1,1	1,3	18%	3,9	3,9	0%	4,4	4,4	0%

INCOME STATEMENT

SALES & EBIT, Y/Y (MSEK)

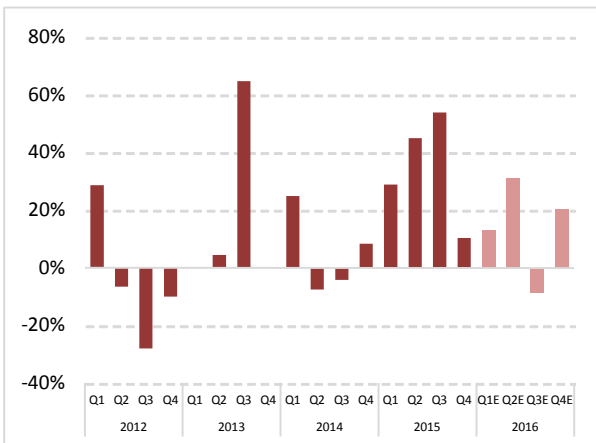


SALES & EBIT-MARGIN, Q/Q (MSEK)

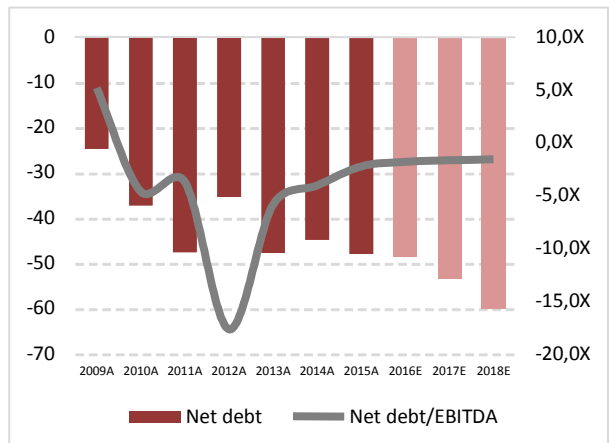


GROWTH & BALANCE SHEET

SALES GROWTH Y/Y

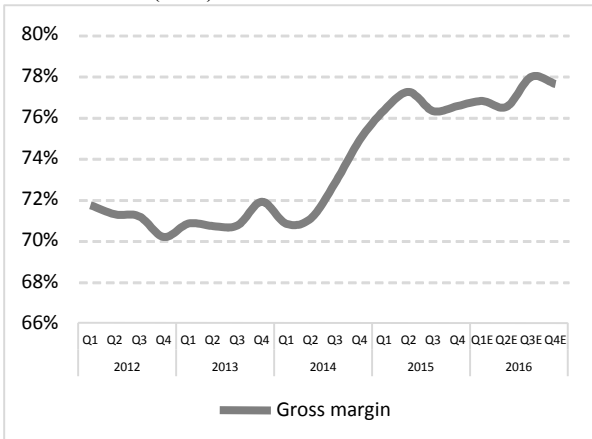


NET DEBT & NET DEBT/EBITDA

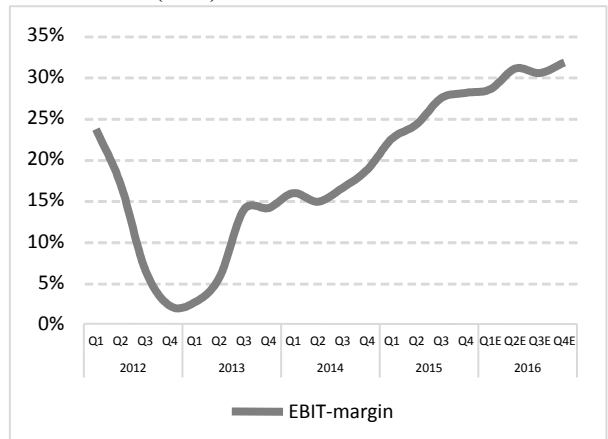


MARGINS, ROLLING 12m

GROSS MARGIN (R12m)

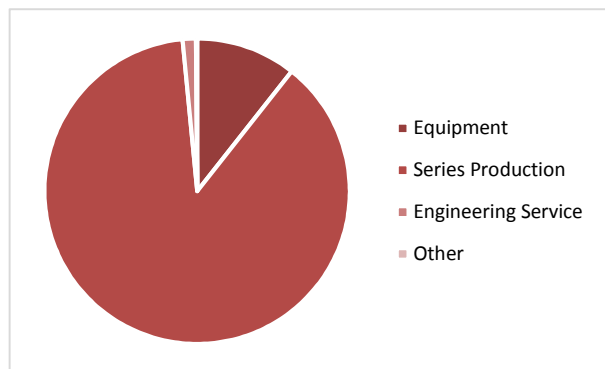


EBIT-MARGIN (R12m)

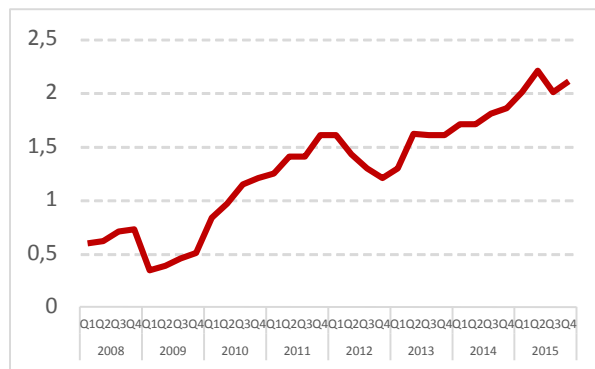


COMPANY SPECIFICS

SALES BREAKDOWN*



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



* Per 2015, ** Per quarterly reports

COMPANY DESCRIPTION

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