

SinterCast

Stable volumes despite turbulent market

- Q3 report due on Wednesday, 3 November
- Revisions to series production and installation revenues
- Trading at 17x '22e EV/EBIT, 4-8% div. yield '21e-'23e

Q3: engine equivalents consistently at 3 million or more

We expect Q3 sales of SEK 27m, up 39% y-o-y (41% org, -2% FX). According to a company press release, annualised engine equivalents were 3.2m (2.8m in Q3'20, 3.2m in Q2'21) which is impressive considering the current production stops across the automotive industry due to component shortages. Moreover, the negative FX effects seen in H1'21 should be less of a factor in Q3 due to the recent appreciation of the USD/SEK rate. We expect sampling cup volumes to increase 40% y-o-y versus abnormally low levels in Q3'20. However, sampling cup volumes should decrease sequentially, as we saw a spike in Q2'21, meaning that customers' inventories are likely stocked up. The now-stable annualised engine equivalent volumes (seven straight months at 3 million or above) indicate that most of the uncertainties of the previous 18 months are behind us. Due to SinterCast's highly scalable business model, we expect topline growth to have a significant drop-through to EBIT, leading to EBIT of SEK 7m and a margin of 27% (19%).

Slight revisions to series production and installations

Although the Q3 engine equivalent volumes signal a positive development, they are slightly below what we had expected, which combined with somewhat lowered gross margin estimates leads us to lower our '21 EBIT estimates by 14% (SEK -5m). We also move some installation revenues from H2'21e into '22e, which raises '22e EBIT by 3% (SEK 2m).

Trading at 17x '22e EV/EBIT, 4-8% div. yield '21e-'23e

On our estimates the share is currently trading at 17x '22e EV/EBIT, offering 4-8% dividend yields for '21e-'23e. Meanwhile, we see SinterCast generating a 46% '20-'23e EBIT CAGR thanks to the inherent scalability of its licensing and production fee model, with the EBIT margin going from 23% in '20 to 41% in '23e. Finally, due to our estimate revisions, we lower our fair value range slightly to SEK 130-236 (132-240) per share.

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SEKm	2019	2020	2021e	2022e	2023e
Sales	117	95	107	147	163
EBITDA	43	25	34	61	71
EBITDA margin (%)	37.2	26.6	31.7	41.3	43.7
EBIT adj	45	21	30	57	67
EBIT adj margin (%)	38.6	22.1	28.1	38.5	41.2
Pretax profit	40	22	29	57	67
EPS rep	6.80	3.12	4.92	9.31	10.79
EPS adj	7.49	3.04	4.92	9.31	10.79
Sales growth (%)	32.8	-18.1	12.5	37.3	10.9
EPS growth (%)	47.4	-54.0	57.3	89.4	15.9

Source: ABG Sundal Collier, Company data

Reason: Preview of results

Company sponsored research

Not rated

Estimate changes (%)

	2021e	2022e	2023e
Sales	-4.0%	1.4%	0.0%
EBIT (rep)	-13.5%	2.7%	0.0%
EPS (rep)	-11.9%	2.4%	0.0%

Source: ABG Sundal Collier

Share price (SEK)	12/10/2021	141.8
Fair value range (per share)		130-236

Capital Goods, Sweden

SINT.ST/SINT SS

MCap (SEKm)	1,005
MCap (EURm)	99
Net debt (EURm)	-3

No. of shares (m)	7.1
Free float (%)	99
Av. daily volume (k)	11

Next event

Q3 report: 03 Nov

Performance



	1m	3m	12m
Absolute (%)	-2.7	-8.5	-5.7

Source: FactSet

	2021e	2022e	2023e
P/E (x)	28.8	15.2	13.1
P/E adj (x)	28.8	15.2	13.1
P/BVPS (x)	8.72	6.86	6.41
EV/EBITDA (x)	28.8	15.9	13.6
EV/EBIT adj (x)	32.5	17.1	14.5
EV/sales (x)	9.13	6.58	5.96
ROE adj (%)	31.1	50.4	50.4
Dividend yield (%)	3.5	6.6	7.6
FCF yield (%)	2.7	4.7	6.2
Lease adj. FCF yld (%)	2.6	4.5	6.1
Net IB debt/EBITDA	-0.7	-0.6	-0.4
Lease adj. ND/EBITDA	-0.9	-0.7	-0.5

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.

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

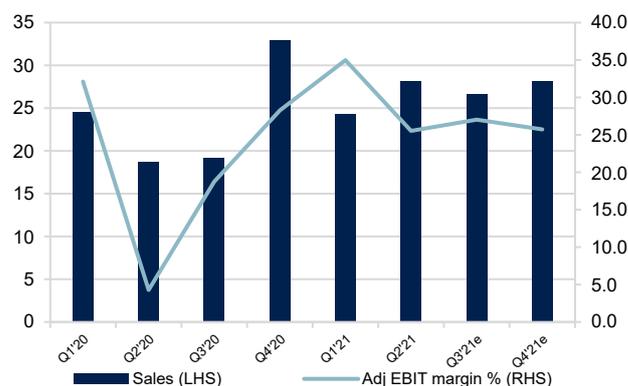
Automotive demand, and more specifically demand for larger passenger vehicles such as SUVs and pick-up trucks with diesel engines. Regulation relating to fossil fuels and diesel in particular poses risks to the business model.

Annual sales and adj. EBIT margin



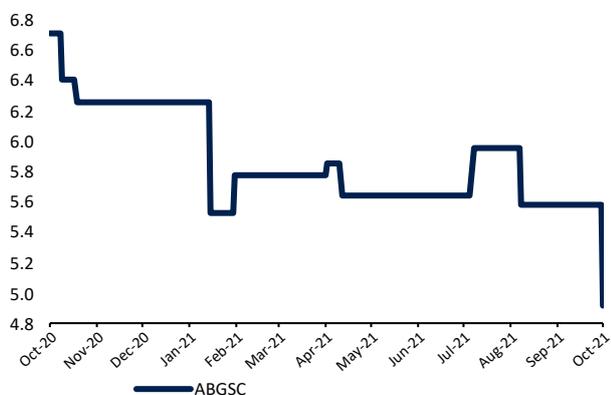
Source: ABG Sundal Collier, Company data

Quarterly sales and adj. EBIT margin



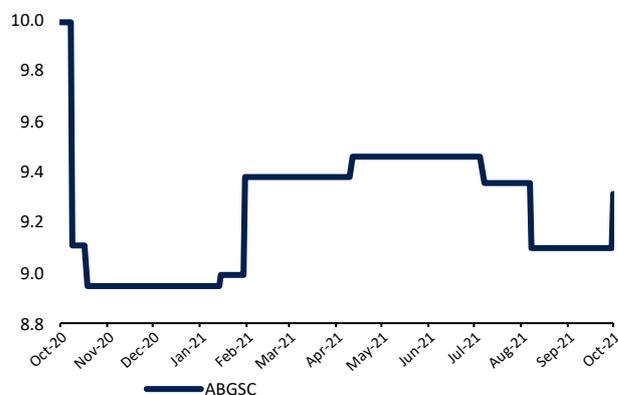
Source: ABG Sundal Collier, Company data

EPS estimate changes, 2021e, SEK



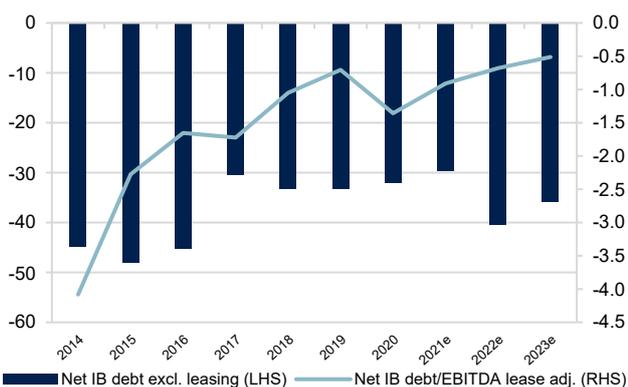
Source: ABG Sundal Collier, FactSet

EPS estimate changes, 2022e, SEK



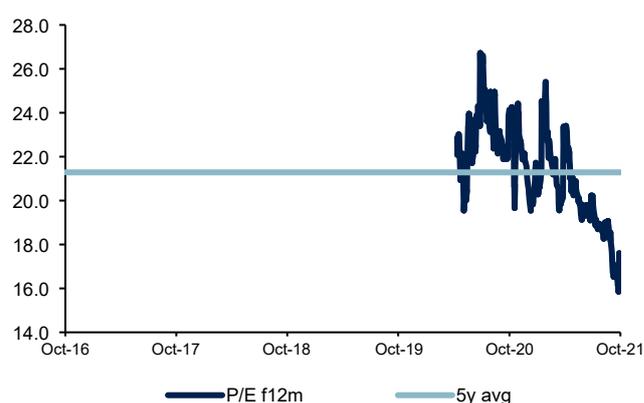
Source: ABG Sundal Collier, FactSet

Lease adj. net debt and ND/EBITDA



Source: ABG Sundal Collier, Company data

12month forward-looking P/E



Source: ABG Sundal Collier, Company data

Estimate changes, '21e-'23e

Estimate changes Income statement	Old forecast			New forecast			SEKm change			% change		
	2021e	2022e	2023e									
Revenue	112	145	163	107	147	163	-5	2	0	-4%	1%	0%
Gross profit	81	110	124	77	112	124	-5	2	0	-6%	1%	0%
Opex	-46	-55	-57	-46	-55	-57	0	0	0	0%	0%	0%
EBIT	35	55	67	30	57	67	-5	2	0	-14%	3%	0%
PTP	33	55	67	29	57	67	-5	2	0	-14%	3%	0%
Net profit	40	64	77	35	66	77	-5	2	0	-12%	2%	0%
Growth and margins	2021e	2022e	2023e									
Revenue grow th	17%	30%	12%	12%	37%	11%				-4.7pp	7.3pp	-1.5pp
EBIT grow th	61%	59%	22%	39%	88%	18%				-21.8pp	29.8pp	-3.3pp
Gross margin	73%	76%	76%	71%	76%	76%				-1.4pp	0.0pp	0.0pp
EBIT margin	31%	38%	41%	28%	39%	41%				-3.1pp	0.5pp	0.0pp
Sales split	2021e	2022e	2023e									
Equipment	8	12	12	6	14	12	-2.0	2.0	0	-24%	17%	0%
Series Production	101	130	148	99	130	148	-2	0	0	-2%	0%	0%
Engineering Service	2	3	4	2	3	4	0	0	0	-9%	0%	0%
Total revenue	112	145	163	107	147	163	-5	2	0	-4%	1%	0%
Other metrics	2021e	2022e	2023e									
Sampling cups	215,765	189,960	199,500	207,765	189,960	199,500	-8,000	0	0	-4%	0%	0%
Annualised engine eq. (mn)	3.15	4.30	5.00	3.10	4.30	5.00	-0.05	0.00	0.00	-2%	0%	0%

Source: ABG Sundal Collier estimates

Detailed quarterly financials

Quarterly overview	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21e	Q4'21e
Revenue	22.9	33.5	30.8	29.3	24.6	18.7	19.2	32.9	24.3	28.2	26.7	28.1
Gross profit	18.4	25.4	24.6	20.6	17.6	12.9	14.6	23.3	17.1	19.7	19.2	20.5
SG&A	-7.8	-9.1	-8.4	-10.9	-8.9	-7.3	-7.5	-9.8	-8.7	-8.9	-9.0	-10.3
R&D	-2.2	-2.7	-3.0	-4.1	-3.3	-2.3	-3.2	-2.9	-2.6	-2.8	-2.8	-2.8
Other opex	0.5	-0.7	1.3	-1.8	2.5	-2.5	-0.3	-1.3	2.7	-0.8	-0.2	-0.2
EBIT	8.9	12.9	14.5	3.8	7.9	0.8	3.6	9.3	8.5	7.2	7.2	7.2
Net financials	-0.6	0.3	-0.3	0.4	-1.3	2.2	0.1	-0.3	-1.6	0.2	0.0	0.0
PTP	8.3	13.2	14.2	4.2	6.6	3.0	3.7	9.0	6.9	7.4	7.2	7.2
Taxes	0.0	0.9	0.0	7.4	0.0	0.0	0.0	-0.1	0.0	4.0	1.0	1.1
Net profit	8.3	14.1	14.2	11.6	6.6	3.0	3.7	8.9	6.9	11.4	8.2	8.3
Growth and margins	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21e	Q4'21e
Revenue growth	38%	25%	56%	19%	7%	-44%	-38%	12%	-1%	51%	39%	-14%
Organic	37%	25%	56%	19%	3%	-46%	-32%	20%	8%	60%	41%	-15%
FX	1%	0%	0%	0%	4%	2%	-5%	-7%	-10%	-9%	-2%	1%
EBIT growth	82%	17%	142%	-49%	-11%	-94%	-75%	145%	8%	800%	100%	-22%
Gross margin	80%	76%	80%	70%	72%	69%	76%	71%	70%	70%	72%	73%
EBIT margin	39%	39%	47%	13%	32%	4%	19%	28%	35%	26%	27%	26%
Sales split	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21e	Q4'21e
Equipment	0.5	6.6	2.4	2.4	0.4	6.1	0.3	9.8	1.5	0.2	1.5	3.0
Series Production	22.2	26.7	28.2	25.2	23.8	12.5	18.8	21.9	22.4	27.8	24.8	24.0
Engineering Service	0.2	0.2	0.2	1.7	0.5	0.1	0.1	1.1	0.4	0.2	0.4	1.1
Total revenue	22.9	33.5	30.8	29.3	24.7	18.7	19.2	32.8	24.3	28.2	26.7	28.1
Other metrics	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21e	Q4'21e
Sampling cups	36,800	49,400	55,700	47,900	45,100	19,800	32,900	42,800	44,600	73,600	46,065	43,500
y-o-y	13%	-28%	30%	-11%	23%	-60%	-41%	-11%	-1%	272%	40%	2%
Annualised engine eq. (mn)	3.10	3.40	3.50	3.10	2.90	1.60	2.80	2.60	2.90	3.20	3.20	3.10
y-o-y	24%	26%	52%	19%	-6%	-53%	-20%	-16%	0%	100%	14%	19%
Working capital / sales R12m	24%	29%	25%	22%	21%	18%	22%	25%				
Net debt/cash	-36	-25	-41	-30	-39	-45	-42	-22				
ND/EBITDA	-1.0	-0.7	-0.9	-0.7	-0.9	-1.4	-2.1	-0.9				
Equity ratio	86%	88%	90%	88%	86%	85%	86%	85%				
FCF conversion (lease adj.)	59%	65%	68%	74%	81%	110%	80%	106%				
ROCE	33%	37%	42%	38%	34%	23%	13%	19%				

Source: ABG Sundal Collier estimates, company data

Detailed annual financials

Annual overview	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Revenue	45.9	51.9	54.5	72.4	75.4	65.6	87.7	116.5	95.4	107.3	147.4	163.4
Gross profit	32.2	37.3	40.8	55.4	58.8	50.6	68.9	89.0	68.4	76.6	112.0	124.2
SG&A	-26.2	-24.6	-24.7	-26.4	-25.0	-25.0	-28.8	-36.2	-33.5	-36.9	-38.8	-40.5
R&D	-5.5	-5.8	-6.5	-7.6	-7.9	-7.3	-10.3	-12.0	-11.6	-11.0	-15.4	-15.4
Other opex	0.5	0.4	0.6	-1.1	0.5	-0.6	-0.4	-0.7	-1.6	1.5	-1.0	-1.0
EBIT	1.0	7.3	10.2	20.3	26.4	17.7	29.4	40.1	21.7	30.2	56.8	67.3
Net financials	1.0	0.2	1.3	4.6	-0.6	0.0	0.0	-0.2	0.6	-1.4	0.0	0.0
PTP	2.0	7.5	11.5	24.9	25.8	17.7	29.4	39.9	22.3	28.8	56.8	67.3
Taxes	-5.7	0.6	0.9	0.8	1.0	0.9	3.3	8.3	-0.1	6.1	9.2	9.2
Net profit	-3.7	8.1	12.4	25.7	26.8	18.6	32.7	48.2	22.2	34.9	66.0	76.5
EPS	-0.5	1.2	1.7	3.6	3.8	2.6	4.6	6.8	3.1	4.9	9.3	10.8
DPS	1.0	1.2	2.2	3.5	4.0	2.8	5.0	3.5	4.0	4.9	9.3	10.8
Growth and margins	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Revenue growth	-6%	13%	5%	33%	4%	-13%	34%	33%	-18%	12%	37%	11%
EBIT growth	-91%	630%	40%	99%	30%	-33%	66%	36%	-46%	39%	88%	18%
Gross margin	70%	72%	75%	77%	78%	77%	79%	76%	72%	71%	76%	76%
EBIT margin	2%	14%	19%	28%	35%	27%	34%	34%	23%	28%	39%	41%
Sales split	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Equipment	9.0	10.1	4.9	7.7	7.1	3.7	4.6	11.9	16.6	6.2	14.0	12.0
Series Production	35.8	44.1	47.8	63.6	66.4	60.7	81.3	102.3	77.0	99.0	130.0	147.9
Engineering Service	1.0	1.5	1.8	1.1	1.8	1.2	1.8	2.3	1.8	2.1	3.4	3.5
Total revenue	45.8	55.7	54.5	72.4	75.3	65.6	87.7	116.5	95.4	107.3	147.4	163.4
Other metrics	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Sampling cups	102,400	118,500	133,000	153,000	168,800	144,600	197,900	189,800	140,600	207,765	189,960	199,500
y-o-y	-26%	16%	12%	15%	10%	-14%	37%	-4%	-26%	48%	-9%	5%
Annualised engine eq. (mn)	1.35	1.50	1.76	2.08	2.13	2.10	2.50	3.28	2.48	3.10	4.30	5.00
y-o-y	-4%	11%	18%	18%	2%	-1%	19%	31%	-24%	25%	39%	16%
Working capital / sales	24%	9%	18%	13%	16%	21%	24%	22%	25%	24%	24%	24%
Net debt/cash	-35	-48	-45	-48	-45	-30	-33	-30	-22	-20	-30	-26
ND/EBITDA	-17.7	-5.9	-4.1	-2.3	-1.7	-1.7	-1.0	-0.7	-0.9	-0.6	-0.5	-0.4
Equity ratio	94%	89%	91%	88%	89%	91%	90%	88%	85%	85%	84%	84%
FCF conversion (lease adj.)	8%	170%	44%	73%	82%	71%	68%	74%	107%	75%	69%	80%
ROCE	1%	9%	12%	22%	28%	19%	32%	38%	19%	26%	42%	43%
Payout ratio	-189%	104%	126%	97%	106%	105%	108%	51%	128%	100%	100%	100%

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				ESG Data			
	2018	2019	2020		2018	2019	2020
Women in workforce %	15	18	19	None provided			
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 quantified targets					Today	Target	By
None provided							

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

Income Statement (SEKm)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021e	Q4 2021e
Sales	25	19	19	33	24	28	27	28
COGS	-7	-6	-5	-10	-7	-9	-7	-8
Gross profit	18	13	15	23	17	20	19	21
Other operating items	-9	-11	-10	-13	-8	-12	-11	-12
EBITDA	9	2	5	10	10	8	8	8
Depreciation and amortisation	-1	-1	-1	-1	-1	-1	-1	-1
EBITA	8	1	4	9	9	7	7	7
EO items	0	0	0	0	0	0	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0
EBIT	8	1	4	9	9	7	7	7
Net financial items	-1	2	0	-0	-2	0	0	0
Pretax profit	7	3	4	9	7	7	7	7
Tax	0	0	0	-0	0	4	1	1
Net profit	7	3	4	9	7	11	8	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	7	3	4	9	7	11	8	8
EPS	0.93	0.42	0.52	1.26	0.97	1.61	1.16	1.18
EPS Adj	0.93	0.42	0.52	1.26	0.97	1.61	1.16	1.18
Total extraordinary items after tax	0	0	0	0	0	0	0	0
Tax rate (%)	0	0	0	1.1	0	54.1	13.9	15.2
Gross margin (%)	71.5	69.0	76.0	70.8	70.4	69.9	72.0	73.0
EBITDA margin (%)	35.4	9.1	24.0	31.0	39.5	28.4	30.8	29.3
EBITA margin (%)	32.1	4.3	18.8	28.3	35.0	25.5	27.0	25.7
EBIT margin (%)	32.1	4.3	18.8	28.3	35.0	25.5	27.0	25.7
Pretax margin (%)	26.8	16.0	19.3	27.4	28.4	26.2	27.0	25.7
Net margin (%)	26.8	16.0	19.3	27.1	28.4	40.4	30.8	29.6
Growth rates Y/Y	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021e	Q4 2021e
Sales growth (%)	7.4	-44.2	-37.7	12.3	-1.2	50.8	39.0	-14.5
EBITDA growth (%)	-8.4	-87.2	-71.1	121.7	10.3	370.6	78.6	-19.2
EBIT growth (%)	-11.2	-93.8	-75.2	144.7	7.6	800.0	100.4	-22.2
Net profit growth (%)	-20.5	-78.7	-73.9	-23.3	4.5	280.0	122.0	-6.3
EPS growth (%)	-20.5	-78.7	-73.9	-23.3	4.5	280.0	122.0	-6.3
Adj earnings numbers	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021e	Q4 2021e
EBITDA Adj	9	2	5	10	10	8	8	8
EBITDA Adj margin (%)	35.4	9.1	24.0	31.0	39.5	28.4	30.8	29.3
EBITA Adj	8	1	4	9	9	7	7	7
EBITA Adj margin (%)	32.1	4.3	18.8	28.3	35.0	25.5	27.0	25.7
EBIT Adj	8	1	4	9	9	7	7	7
EBIT Adj margin (%)	32.1	4.3	18.8	28.3	35.0	25.5	27.0	25.7
Pretax profit Adj	7	3	4	9	7	7	7	7
Net profit Adj	7	3	4	9	7	11	8	8
Net profit to shareholders Adj	7	3	4	9	7	11	8	8
Net Adj margin (%)	26.8	16.0	19.3	27.1	28.4	40.4	30.8	29.6

Source: ABG Sundal Collier, Company data

Income Statement (SEKm)	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Sales	55	72	75	66	88	117	95	107	147	163
COGS	-14	-17	-17	-15	-19	-28	-27	-31	-35	-39
Gross profit	41	55	59	51	69	89	68	77	112	124
Other operating items	-30	-34	-31	-33	-37	-46	-43	-42	-51	-53
EBITDA	11	21	27	18	32	43	25	34	61	71
Depreciation and amortisation	-1	-1	-1	0	-2	-3	-4	-4	-4	-4
Of which leasing depreciation	0	0	0	0	0	-1	-1	-1	-1	-1
EBITA	10	20	26	18	29	40	22	30	57	67
EO items	0	0	0	0	0	-5	1	0	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0	0	0
EBIT	10	20	26	18	29	40	22	30	57	67
Net financial items	1	5	-1	0	0	-0	1	-1	0	0
Pretax profit	12	25	26	18	29	40	22	29	57	67
Tax	1	1	1	1	3	8	-0	6	9	9
Net profit	12	26	27	19	33	48	22	35	66	77
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	12	26	27	19	33	48	22	35	66	77
EPS	1.75	3.62	3.78	2.62	4.61	6.80	3.12	4.92	9.31	10.79
EPS Adj	1.75	3.62	3.78	2.62	4.61	7.49	3.04	4.92	9.31	10.79
Total extraordinary items after tax	0	0	0	0	0	-5	1	0	0	0
Leasing payments	0	0	0	0	0	-1	-1	-1	-1	-1
Tax rate (%)	7.8	3.2	3.9	5.1	11.2	20.8	0.4	21.2	16.2	13.7
Gross margin (%)	74.9	76.5	78.0	77.1	78.6	76.4	71.6	71.3	76.0	76.0
EBITDA margin (%)	20.2	29.1	36.3	27.0	36.0	37.2	26.6	31.7	41.3	43.7
EBITA margin (%)	18.7	28.0	35.0	27.0	33.5	34.4	22.7	28.1	38.5	41.2
EBIT margin (%)	18.7	28.0	35.0	27.0	33.5	34.4	22.7	28.1	38.5	41.2
Pretax margin (%)	21.1	34.4	34.2	27.0	33.5	34.2	23.3	26.8	38.5	41.2
Net margin (%)	22.8	35.5	35.5	28.4	37.3	41.4	23.2	32.5	44.8	46.8
Growth rates Y/Y	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Sales growth (%)	5.0	32.8	4.1	-13.0	33.7	32.8	-18.1	12.5	37.3	10.9
EBITDA growth (%)	35.8	91.8	29.9	-35.4	78.5	37.0	-41.5	34.3	78.9	17.2
EBIT growth (%)	39.7	99.0	30.0	-33.0	66.1	36.4	-46.0	39.3	88.4	18.5
Net profit growth (%)	53.1	107.3	4.3	-30.6	75.8	47.4	-54.0	57.3	89.4	15.9
EPS growth (%)	51.3	107.3	4.3	-30.5	75.8	47.4	-54.0	57.3	89.4	15.9
Profitability	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
ROE (%)	14.3	28.3	28.4	20.5	35.4	45.7	20.1	31.1	50.4	50.4
ROE Adj (%)	14.3	28.3	28.4	20.5	35.4	50.4	19.5	31.1	50.4	50.4
ROCE (%)	11.8	22.4	27.9	19.5	31.8	37.5	19.0	25.9	42.1	43.2
ROCE Adj(%)	11.8	22.4	27.9	19.5	31.8	42.1	18.5	25.9	42.1	43.2
ROIC (%)	27.4	47.2	57.3	35.2	53.9	65.8	26.6	42.8	66.0	65.0
ROIC Adj (%)	27.4	47.2	57.3	35.2	53.9	73.9	25.9	42.8	66.0	65.0
Adj earnings numbers	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
EBITDA Adj	11	21	27	18	32	48	25	34	61	71
EBITDA Adj margin (%)	20.2	29.1	36.3	27.0	36.0	41.4	25.9	31.7	41.3	43.7
EBITDA lease Adj	11	21	27	18	32	47	24	33	60	70
EBITDA lease Adj margin (%)	20.2	29.1	36.3	27.0	36.0	40.5	24.8	30.4	40.4	42.8
EBITA Adj	10	20	26	18	29	45	21	30	57	67
EBITA Adj margin (%)	18.7	28.0	35.0	27.0	33.5	38.6	22.1	28.1	38.5	41.2
EBIT Adj	10	20	26	18	29	45	21	30	57	67
EBIT Adj margin (%)	18.7	28.0	35.0	27.0	33.5	38.6	22.1	28.1	38.5	41.2
Pretax profit Adj	12	25	26	18	29	45	22	29	57	67
Net profit Adj	12	26	27	19	33	53	22	35	66	77
Net profit to shareholders Adj	12	26	27	19	33	53	22	35	66	77
Net Adj margin (%)	22.8	35.5	35.5	28.4	37.3	45.6	22.6	32.5	44.8	46.8

Source: ABG Sundal Collier, Company data

Cash Flow Statement (SEKm)	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
EBITDA	11	21	27	18	32	43	25	34	61	71
Net financial items	1	5	-1	0	0	-0	1	-1	0	0
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	12	26	27	18	32	43	26	33	61	71
Change in WC	-6	-5	-1	-1	-7	-5	2	-2	-10	-4
Operating cash flow	7	20	25	17	25	38	28	31	51	68
CAPEX tangible fixed assets	-0	-0	-1	-0	-1	-1	-2	-2	-2	-2
CAPEX intangible fixed assets	-1	-2	-2	-3	-2	-1	-1	-2	-2	-2
Acquisitions and disposals	0	0	0	0	0	0	0	0	0	0
Free cash flow	5	19	22	13	22	37	25	27	47	63
Dividend paid	-9	-16	-25	-28	-19	-35	-25	-28	-35	-66
Share issues and buybacks	0	0	0	0	0	0	0	0	0	0
Lease liability amortisation	0	0	0	0	0	-1	-1	-1	-1	-1
Other non cash items	0	-0	0	0	-0	-3	-1	0	0	0
Balance Sheet (SEKm)	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Goodwill	0	0	0	0	0	0	0	0	0	0
Other intangible assets	2	4	5	8	8	7	6	6	6	6
Tangible fixed assets	2	2	2	2	2	2	3	3	5	6
Right-of-use asset	0	0	0	0	0	3	4	5	5	6
Total other fixed assets	30	30	32	33	36	45	50	56	65	74
Fixed assets	34	36	39	42	46	56	63	70	80	92
Inventories	4	4	4	4	7	8	9	10	13	15
Receivables	15	18	19	18	25	31	29	33	45	50
Other current assets	0	0	0	0	0	0	0	0	0	0
Cash and liquid assets	45	48	45	30	33	33	26	24	35	30
Total assets	97	106	108	95	110	128	128	136	173	186
Shareholders equity	88	93	96	86	99	112	109	115	146	157
Minority	0	0	0	0	0	0	0	0	0	0
Total equity	88	93	96	86	99	112	109	115	146	157
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	0	3	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	8	13	12	9	11	13	15	17	23	25
Other current liabilities	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	97	106	108	95	110	128	128	136	173	186
Net IB debt	-45	-48	-45	-31	-33	-31	-28	-26	-36	-32
Net IB debt excl. pension debt	-45	-48	-45	-31	-33	-31	-28	-26	-36	-32
Net IB debt excl. leasing	-45	-48	-45	-31	-33	-33	-32	-30	-40	-36
Capital invested	44	45	51	55	66	81	81	90	110	125
Working capital	10	10	12	14	21	26	24	26	36	39
EV breakdown	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Market cap. diluted (m)	540	627	580	461	573	1,383	881	1,005	1,005	1,005
Net IB debt Adj	-45	-48	-45	-31	-33	-31	-28	-26	-36	-32
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	495	579	535	430	540	1,352	853	980	969	974
Capital efficiency	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Total assets turnover (%)	56.9	71.3	70.5	64.9	85.6	98.0	74.7	81.4	95.3	90.9
Working capital/sales (%)	13.3	13.4	14.1	19.3	19.6	20.0	26.0	23.2	20.9	23.0
Financial risk and debt service	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Net debt/equity	-0.51	-0.52	-0.47	-0.36	-0.33	-0.27	-0.26	-0.22	-0.25	-0.20
Net debt/market cap	-0.08	-0.08	-0.08	-0.06	-0.06	-0.03	-0.03	-0.03	-0.04	-0.03
Equity ratio (%)	91.3	87.6	89.1	90.6	90.0	87.5	85.2	84.8	84.5	84.2
Net IB debt adj./equity	-0.51	-0.52	-0.47	-0.36	-0.33	-0.27	-0.26	-0.22	-0.25	-0.20
Current ratio	7.51	5.36	5.87	5.91	5.86	5.13	4.14	3.79	3.92	3.62
EBITDA/net interest	-8.46	-4.59	45.67	high	high	216.50	-42.25	24.32	high	high
Net IB debt/EBITDA	-4.08	-2.27	-1.65	-1.72	-1.05	-0.70	-1.10	-0.75	-0.59	-0.44
Net IB debt/EBITDA lease Adj	-4.08	-2.27	-1.65	-1.72	-1.05	-0.71	-1.36	-0.91	-0.68	-0.51
Interest cover	-7.85	-4.41	44.00	nm	nm	200.50	-36.08	21.54	nm	nm

Source: ABG Sundal Collier, Company data

Valuation and Ratios (SEKm)	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
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	1.75	3.62	3.78	2.62	4.61	6.80	3.12	4.92	9.31	10.79
Dividend per share Adj	2.2	3.5	4.0	2.8	5.0	3.5	4.0	4.9	9.3	10.8
EPS Adj	1.75	3.62	3.78	2.62	4.61	7.49	3.04	4.92	9.31	10.79
BVPS	12.45	13.13	13.50	12.10	13.99	15.75	15.35	16.26	20.66	22.14
BVPS Adj	12.11	12.62	12.77	11.02	12.92	14.81	14.47	15.48	19.87	21.32
Net IB debt / share	-6.3	-6.8	-6.4	-4.3	-4.7	-4.3	-3.9	-3.6	-5.1	-4.5
Share price	76.00	88.25	81.75	65.00	80.80	195.00	124.20	141.80	141.80	141.80
Market cap. (m)	540	627	580	461	573	1,383	881	1,005	1,005	1,005
Valuation	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
P/E	43.5	24.4	21.7	24.8	17.5	28.7	39.8	28.8	15.2	13.1
EV/sales	9.08	7.99	7.09	6.56	6.15	11.61	8.94	9.13	6.58	5.96
EV/EBITDA	45.0	27.4	19.5	24.3	17.1	31.2	33.6	28.8	15.9	13.6
EV/EBITA	48.5	28.5	20.3	24.3	18.4	33.7	39.4	32.5	17.1	14.5
EV/EBIT	48.5	28.5	20.3	24.3	18.4	33.7	39.4	32.5	17.1	14.5
Dividend yield (%)	2.9	4.0	4.9	4.2	6.2	1.8	3.2	3.5	6.6	7.6
FCF yield (%)	1.0	3.0	3.8	2.9	3.9	2.6	2.8	2.7	4.7	6.2
Lease adj. FCF yield (%)	1.0	3.0	3.8	2.9	3.9	2.6	2.7	2.6	4.5	6.1
P/BVPS	6.10	6.72	6.06	5.37	5.78	12.38	8.09	8.72	6.86	6.41
P/BVPS Adj	6.27	6.99	6.40	5.90	6.25	13.17	8.58	9.16	7.13	6.65
P/E Adj	43.5	24.4	21.7	24.8	17.5	26.0	40.9	28.8	15.2	13.1
EV/EBITDA Adj	45.0	27.4	19.5	24.3	17.1	28.1	34.5	28.8	15.9	13.6
EV/EBITA Adj	48.5	28.5	20.3	24.3	18.4	30.0	40.5	32.5	17.1	14.5
EV/EBIT Adj	48.5	28.5	20.3	24.3	18.4	30.0	40.5	32.5	17.1	14.5
EV/cap. employed	5.6	6.2	5.6	5.0	5.4	11.8	7.5	8.2	6.4	6.0
Investment ratios	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Capex/sales	2.4	2.3	4.4	5.6	3.0	1.0	2.9	3.0	2.9	2.9
Capex/depreciation	162.5	212.5	330.0	nm	118.2	50.0	93.3	97.6	137.4	152.4
Capex tangibles/tangible fixed assets	12.5	5.9	52.6	23.5	42.9	31.6	57.1	47.1	45.3	38.7
Capex intangibles/definite intangibles	45.8	44.4	44.2	42.9	22.4	9.0	19.3	29.2	39.9	42.1
Depreciation on intangibles/definite intai	23.3	15.6	13.5	0	20.3	25.1	33.8	41.9	39.3	37.4
Depreciation on tangibles/tangibles	15.0	14.1	15.8	0	31.4	37.9	32.1	28.9	20.5	15.8

Source: ABG Sundal Collier, Company data

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