

Hanza: Prel. Q2 Adj. EBITA >16% Above Forecast

Redeye reinforces its positive view on Hanza following solid preliminary Q2 2021 numbers, showing improved internal efficiency rather than a market rebound. We raise our forecasts and Base case.

Today, Hanza released preliminary sales of SEK 600+m and EBITA of SEK 35+m for Q2 2021. Sales was in line with our forecasts, while adj. EBITA came in >16% above. We believe the numbers are indicating improvements in internal efficiency rather than textile and other weak markets rebounding. Like Q1 2021, the preliminary figures strengthen our view on Hanza's cluster strategy.

Hanza Holding: prel 2Q21

(SEKm)	2Q20	2Q21	2Q21E	Diff
Net sales	559	600	604	-0.7%
<i>Growth YoY</i>	10%	7%	8%	
Adj. EBITA	18	35	30	16.3%
<i>Adj. EBITA margin</i>	3.2%	5.8%	5.0%	
EBIT	-16	n/a	25	n/a
<i>EBIT margin</i>	-2.9%	n/a	4.1%	

Source: Redeye Research, Hanza

During the last weeks, Hanza has announced investments in its facilities in Sweden and China, indicating management expects a substantial pickup in demand in 2022. While awaiting the full Q2 report for details, we believe the combination of improved internal efficiency and a likely market rebound around the corner justifies increased forecasts and Base case at this point. We raise our 2021 and 2022 EBITA forecasts by ~9-10% and increase our Base case to SEK 25 (23).

Estimate revisions Prel. Q2 2021

(SEKm)	2021			2022		
	New	Prev.	Change	New	Prev.	Change
Net sales	2324	2324	0.0%	2525	2505	0.8%
<i>Growth</i>	8%	8%		9%	8%	
Adj. EBITA	129	119	8.7%	152	138	10.4%
<i>Adj. EBITA margin</i>	5.6%	5.1%		6.0%	5.2%	
EBIT	107	97	10.7%	138	124	11.6%
<i>EBIT margin</i>	4.6%	4.2%		5.5%	5.0%	

Source: Redeye Research

Fredrik Nilsson, Equity Analyst

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Redeye has been manager or co-lead manager for a transaction performed by Hanza Holding Group during the last 12 months: NO

Redeye has been market maker or liquidity provider for Hanza Holding Group during the last 12 months: NO

Analyst Fredrik Nilsson owns shares in Hanza Holding Group: NO

Redeye owns shares in Hanza Holding Group: NO