

HANZA

Reason: Post-results comment

Soft quarter, but margins to improve in '20e

- Q4'19 sales +27% and adj. EBITA margin flat y-o-y
- '20 margin estimates down 30bp, but still expanding
- Share trades 30% below peer group average

Solid sales growth, Nordic margins below estimates

HANZA reported a weaker than expected quarter. Sales were 2% above our estimate at SEK 548m (ABGSCe SEK 535m) while adj. EBITA came in below our forecast at SEK 17m (-28% vs. ABGSCe 23m). Adj. EBITA margin was 3.0% (flat y-o-y); we expected 4.3%. The miss was primarily in the Nordic region, where the margin was 4.0% vs. our 7.0%. The reason for the miss was a larger than expected impact from factory shutdowns during the Christmas holiday period. Looking at '19 overall, HANZA grew sales by 14% to SEK 2.1bn while the EBITA margin was down 10bp to 3.3% (3.4% in '18). EPS declined 1% y-o-y to SEK 0.73.

Est: Sales largely unchanged, but margins slightly lowered

While we only fine-tune sales estimates, we lower our '20e EBITA margin estimates by 30bp on concerns of the coronavirus outbreak potentially causing short-term issues, primarily on the component supply side. On the other hand, several initiatives that burdened margins in 2019 have now been completed and should provide a relief on earnings over '20e. We still estimate that margins will improve, but at a somewhat lower rate than previously anticipated. For the year overall we expect sales growth of 13% and EBITA margin expansion from 3.3% to 4.4%, which we expect would result in EPS of SEK 1.12.

'20e EV/EBITA -30% vs. our peer group

HANZA is up 11% y-t-d and currently trades at 9.8x EV/EBITA '20e, which is 29% below our peer group average. While margins are currently lower, we consider the current gap to peers to be high. Our three-scenario DCF valuation provides a value range of SEK 13-30, with the second scenario yielding an implied share price of SEK 21.5. More information regarding the assumptions can be found in our coverage initiation report ("All you need is HANZA") from 28 January 2020.

Lead analyst: Oskar Vikström

Company sponsored research

Not rated

Estimate changes (%)

	2020e	2021e	2022e
Sales	-0.2%	-0.2%	-0.2%
EBIT (rep)	-6.4%	-4.3%	-2.0%
EPS (rep)	-6.3%	-2.6%	1.4%

Source: ABG Sundal Collier

Share price (SEK) 19/02/2020 17.3

Capital Goods, Sweden
HANZA.ST/HANZA SS

MCap (SEKm) 571

MCap (EURm) 54.0

Net debt (EURm) 42

No. of shares (m) 33.0

Free float (%) 73.0

Av. daily volume (k) 13.8

Performance



	1m	3m	12m
Absolute (%)	-3.9	19.7	3.9
OMX STH PI (%)	3.9	11.5	24.2

Source: FactSet

SEKm	2018	2019	2020e	2021e	2022e
Sales	1,811	2,068	2,336	2,441	2,551
EBITDA	113	149	190	206	220
EBITDA margin (%)	6.3	7.2	8.1	8.4	8.6
EBIT adj	71	76	90	101	111
EBIT adj margin (%)	3.9	3.7	3.8	4.1	4.3
Pretax profit	29	32	52	62	70
EPS rep	0.74	0.72	1.12	1.33	1.51
EPS adj	1.61	1.62	1.55	1.78	1.97
Sales growth (%)	29.4	14.2	13.0	4.5	4.5
EPS growth (%)	8.9	-3.2	56.9	18.7	13.0

Source: ABG Sundal Collier, Company data

	2020e	2021e	2022e
P/E (x)	15.4	13.0	11.5
P/E adj (x)	11.2	9.7	8.8
P/BVPS (x)	1.08	1.02	0.96
EV/EBITDA (x)	5.3	4.7	4.2
EV/EBIT adj (x)	11.3	9.6	8.4
EV/sales (x)	0.43	0.40	0.36
ROE adj (%)	10.0	10.8	11.3
Dividend yield (%)	1.4	2.2	2.6
FCF yield (%)	13.1	14.5	16.5
Lease adj. FCF yld (%)	13.1	14.5	16.5
Net IB debt/EBITDA	2.3	1.9	1.6
Lease adj. ND/EBITDA	3.0	2.2	1.0

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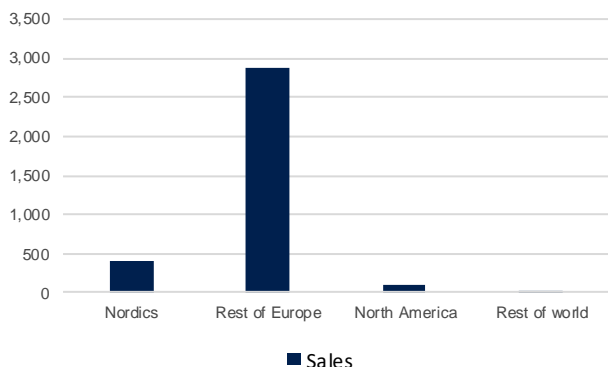
Opportunities

The biggest opportunity for the industry in general is the near-sourcing trend that has hit the market. Partly for environmental reasons, but also for cost and efficiency purposes, companies are moving back their outsourcing activities to more proximate sites. For HANZA in particular, the main opportunity lies in its expansion to new markets, with Germany as the most recent through the acquisition of RITTER Technologies. The German economy is the largest in Europe, and the fourth-largest in the world.

Risks

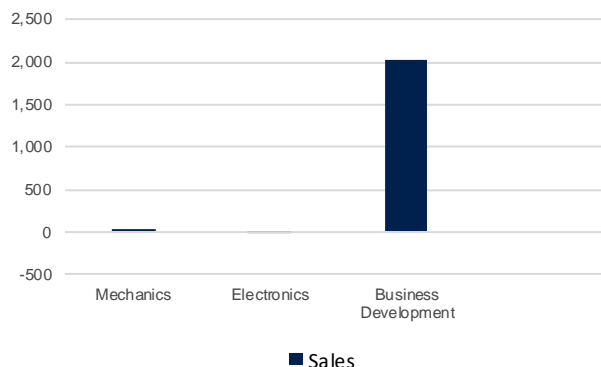
HANZA's biggest risk is its exposure towards the overall economic cycle. In a recession, we expect that it will be difficult for HANZA to maintain its 10% sales growth target. Increased competition and consequent price pressure might affect the group negatively. Furthermore, it could be difficult for the company to find and hire the right competence during high-growth periods.

Geographical breakdown, sales, SEKm



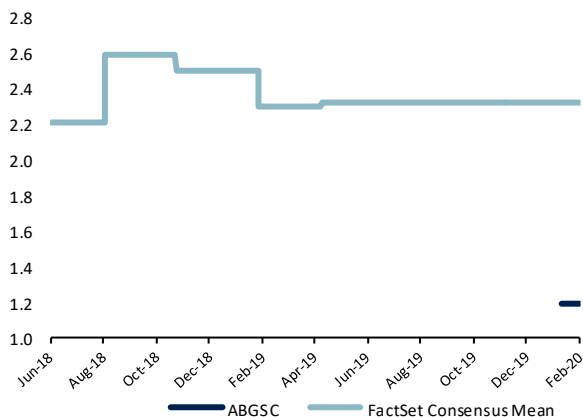
Source: ABG Sundal Collier, Company data

Business area breakdown, sales, SEKm



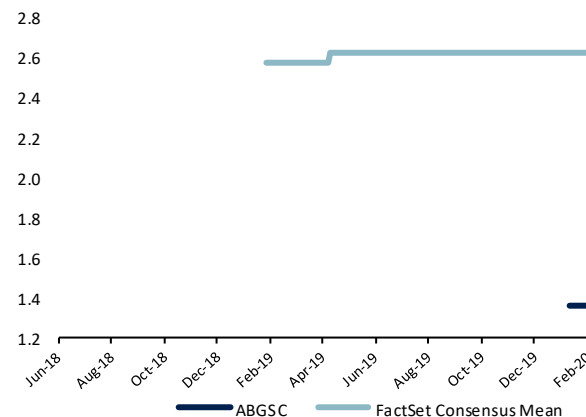
Source: ABG Sundal Collier, Company data

EPS estimate changes, 2020e, SEK



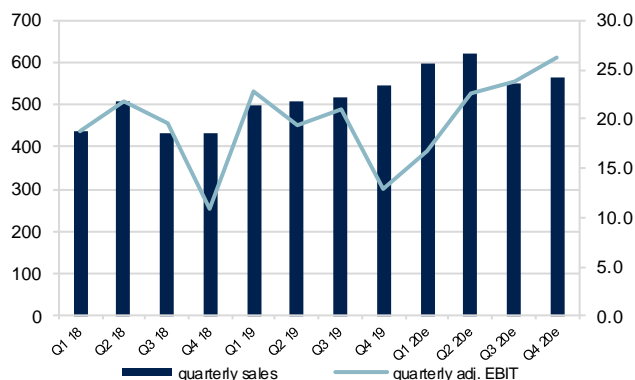
Source: ABG Sundal Collier, FactSet

EPS estimate changes, 2021e, SEK



Source: ABG Sundal Collier, FactSet

Quarterly sales and adj. EBIT, SEKm



Source: ABG Sundal Collier, Company data

Company description

HANZA is a manufacturing company founded in 2008 with the vision “all you need is one”. This means that it aims to provide a complete manufacturing solution for its clients. The company's manufacturing expertise spans over solutions within mechanics, electronics, cabling and assembly. HANZA's production sites are formed as clusters serving customers at a local level, with operations in the Nordic, Baltics, Asia and Central Europe.

Q4'19 deviations

(SEKm)	Last year	Actual	ABGSC	
	Q4 18	Q4 19	Q4 19e	Dev (%)
Net sales	433	548	535	2%
EBITA	-1	12	23	-49%
Adj EBITA	13	17	23	-28%
EBIT	-3	8	20	-59%
Adj EBIT	11	13	20	-35%
Net profit	-10	6	8	-27%
EPS	-0.33	0.16	0.23	-7.0%
<i>EBITA margin</i>	-0.3%	2.1%	4.3%	-2.1%
Adj EBITA margin	3.0%	3.0%	4.3%	-1.3%
<i>EBIT margin</i>	-0.7%	1.5%	3.7%	-2.2%
Adj EBIT margin	2.5%	2.4%	3.7%	-1.3%
<i>EO</i>	<i>-14</i>	<i>-5</i>	<i>0</i>	

Growth y-o-y	Last year	Actual	ABGSC	Dev (%)
Sales	-69.1%	27%	24%	-3%
adj. EBITA	43.3%	27.9%	78%	50%
Net Profit	-846.2%	-156.7%	-178%	-21%
Per segment	Last year	Actual	ABGSC	Dev (%)
Sales				
Nordics	227	232	234	-1%
Rest of the world	206	316	301	5%
Business Development	0	0	0	n.m.
EBITA				
Nordics	16	9	16	-43%
Rest of the world	-4	4	8	-52%
Business Development	1	-1	-1	30%
EBITA margin				
Nordics	7.1%	4.0%	7.0%	-3.0%
Rest of the world	-1.9%	1.1%	2.5%	-1.4%
Business Development	n.m.	n.m.	n.m.	n.m.

Source: ABG Sundal Collier, company data

Estimate changes

	Old			New			Change (%)			Change (SEKm)		
	2020e	2021e	2022e	2020e	2021e	2022e	2020e	2021e	2022e	2020e	2021e	2022e
Net sales	2,341	2,446	2,556	2,336	2,441	2,551	-0.2%	-0.2%	-0.2%	-5	-5	-5
COGS	-1,264	-1,321	-1,378	-1,261	-1,319	-1,375	-0.2%	-0.2%	-0.2%	3	3	3
Gross Profit	1,077	1,125	1,178	1,075	1,122	1,176	-0.2%	-0.2%	-0.2%	-2	-2	-2
Opex	-981	-1,019	-1,065	-985	-1,022	-1,065	0.4%	0.2%	0.0%	-4	-2	0
EBIT	96	106	113	90	101	111	-6.4%	-4.3%	-2.0%	-6	-5	-2
Adj EBIT	96	106	113	90	101	111	-6.4%	-4.3%	-2.0%	-6	-5	-2
D&A	-101	-105	-110	-100	-105	-110	-0.2%	-0.2%	-0.2%	0	0	0
ow depreciation	-87	-91	-95	-86	-90	-94	-0.2%	-0.2%	-0.2%	0	0	0
ow amortization	-14	-15	-15	-14	-15	-15	-0.2%	-0.2%	-0.2%	0	0	0
EBITDA	196	211	223	190	206	220	-3.2%	-2.3%	-1.1%	-6	-5	-2
EBITA	110	120	128	104	116	126	-5.6%	-3.8%	-1.8%	-6	-5	-2
Adj EBITA	110	120	128	104	116	126	-5.6%	-3.8%	-1.8%	-6	-5	-2
Net financials	-37	-39	-41	-37	-39	-41	-0.2%	-0.2%	-0.2%	0	0	0
Tax	-19	-21	-23	-15	-18	-20	-18.7%	-15.5%	-12.1%	3	3	3
EO	0	0	0	0	0	0						
Net profit	40	45	49	37	44	50	-6.4%	-2.6%	1.3%	-3	-1	1
EPS diluted (SEK)	1.20	1.37	1.49	1.12	1.33	1.51	-6.4%	-2.6%	1.4%	-0.08	-0.04	0.02
Gross margin	46.0%	46.0%	46.1%	46.0%	46.0%	46.1%	0.0%	0.0%	0.0%			
EBITA margin	4.7%	4.9%	5.0%	4.4%	4.7%	4.9%	-0.3%	-0.2%	-0.1%			
Adj EBITA margin	4.7%	4.9%	5.0%	4.4%	4.7%	4.9%	-0.3%	-0.2%	-0.1%			
EBITDA	8.4%	8.6%	8.7%	8.1%	8.4%	8.6%	-0.3%	-0.2%	-0.1%			
Adj EBITDA	-3.5%	-3.5%	-3.5%	-3.5%	-3.5%	-3.5%	0.0%	0.0%	0.0%			

Source: ABG Sundal Collier, company data

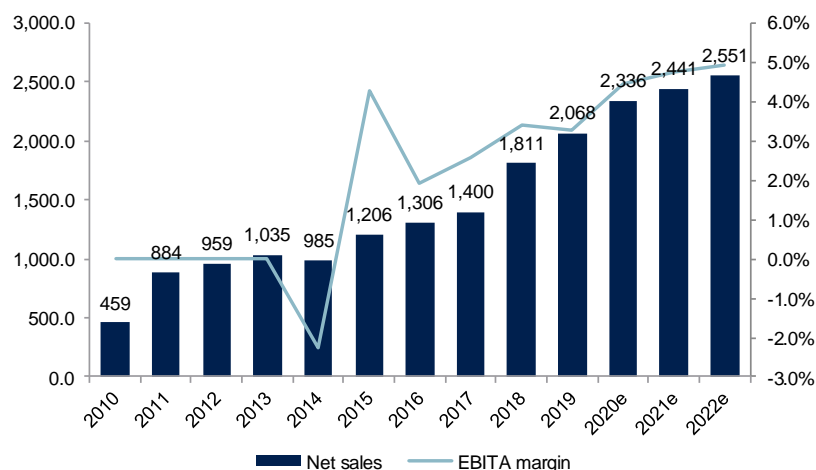
Focus on profitability and growth

HANZA has underperformed its peers since its June 2014 IPO. Low profitability, capex growth and the limited history of the “all you need is one” concept have historically been behind the discount. Now that the firm has the right structure in place, however, it can focus on profitability and growth. We estimate that HANZA will see sales of SEK 2.5bn and an EBITA margin of 4.9% by 2022. We see potential in the business model and believe that the next three years will prove that an in-line valuation to peers is granted.

Phase 3 improving profitability and sales growth

So far, the company's focus has been on acquiring the desired manufacturing technologies and building its manufacturing cluster structure (Phases 1 and 2). The group is now in Phase 3, which means trimming these clusters, improving profitability and expanding its non-Nordic businesses. As a result, we believe that we will see a favourable margin expansion over the next the years and that the viability of the “all you need is one” framework will be validated.

Sales and EBITA estimates



Source: ABG Sundal Collier, company data

Attractive potential in Germany

The EUR 12m acquisition of RITTER in Germany in mid-2019 opened HANZA up to the largest manufacturing market in Europe. The acquisition not only adds sales of >20% (~SEK 430m) and supports margins (EBITDA +100bp), but it also provides key manufacturing technologies and product development capabilities for the Central European cluster. Together with the Nordic cluster, we expect that Central Europe will be one of the key clusters and a main driver of margin expansion going forward. Following our conversation with Central Europe management, we do not see a current need for add-on acquisitions, but rather expect strategic changes in the existing manufacturing sites. The general trend in Central Europe is to “near-source” rather than outsource in order to decrease the environmental impact, improve quality assurances and ultimately reduce costs. Apparently, cost gains from near-sourcing are primarily applicable to either complex products or to smaller batches. As such, this is a sweet-spot in HANZA's business model.

Valuation currently ~30% below peers

HANZA is trading 30% below its broader peer group and 37% below more core peers (such as NCAB). We expect that the gap will narrow over the coming 12 months on our estimation that margins will expand until 2022. We argue that HANZA deserves a valuation in line with its core peer group, which would imply a '20e EV/EBITA of ~14x, currently trading at 9.8x.

There are several reasons why HANZA should trade in line with its peer group :

- Its overall group margin increase (on cluster efficiency and boosted by the RITTER acquisition)
- Its strong quality focus within management and a proven business model where the company develops long-term client relationships
- Its large potential for further growth, both with new and existing clients as well as through acquisitions

Peer table

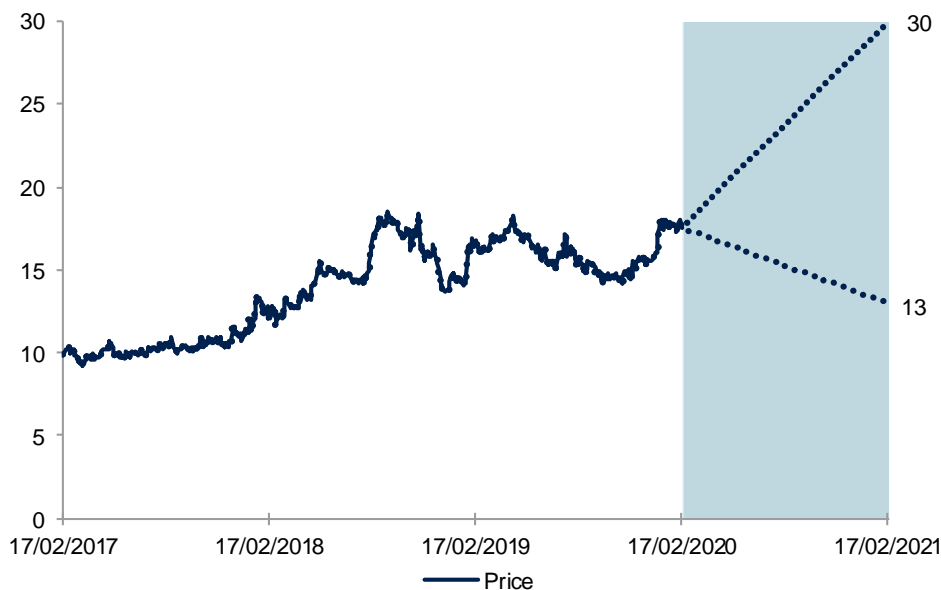
Valuation overview	Mcap	P/E			EV/EBITA			EV/Sales			EBIT margin (%)		
Company	SEKm	2019e	2020e	2021e	2019e	2020e	2021e	2019e	2020e	2021e	2019e	2020e	2021e
Nolato	14,321	22.1	19.6	17.8	17.3	14.8	13.2	2.0	1.8	1.6	11.6	11.8	12.0
Elos Medtech	815	23.1	19.1	15.3	19.4	16.2	12.9	1.8	1.7	1.5	9.5	10.3	11.3
Kitron	2,318	17.0	13.4	11.3	14.7	12.1	10.5	0.9	0.8	0.7	6.2	6.8	7.1
NCAB	2,780	20.5	20.5	18.2	16.6	15.5	13.7	1.6	1.4	1.3	9.4	9.3	9.5
SP Group	3,772	18.7	16.7	13.7	17.9	15.9	13.5	1.7	1.6	1.4	9.4	9.9	10.7
Scanfil	3,556	10.8	10.8	10.3	10.3	8.8	7.8	0.7	0.6	0.6	6.6	6.9	7.1
Peer average	4,801	18.7	16.7	14.4	16.0	13.9	12.0	1.4	1.3	1.2	8.8	9.2	9.6
Peer median	2,780	19.6	17.9	14.5	16.9	15.1	13.1	1.6	1.5	1.4	9.4	9.6	10.1
Hanza	588	9.6	11.2	9.7	11.6	9.8	8.4	0.5	0.4	0.4	3.7	3.8	4.1
vs. peer average		-49%	-33%	-33%	-28%	-29%	-30%	-66%	-67%	-66%	-58%	-58%	-57%
vs. NCAB		-53%	-45%	-46%	-30%	-37%	-39%	-69%	-70%	-70%	-61%	-59%	-57%

Source: ABG Sundal Collier, company data

Fair value range: SEK 13-30

We set our fair value range at SEK 13-30. This is derived from a combination of DCF and peer valuation models. Our DCF 2 scenario reflects our estimates of future performance and yields an implied midpoint share price of SEK 21.5.

Fair value range



Source: ABG Sundal Collier, company data

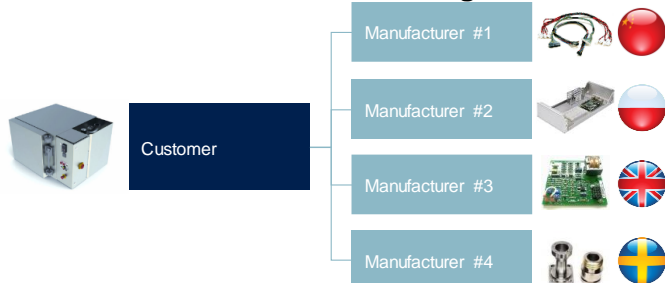
HANZA in brief

HANZA was founded in 2008 by current CEO Erik Stenfors. The ambition was to create a new solution for contract manufacturing by collecting different existing manufacturing technologies locally to allow for shorter lead-times and more efficient transportation, which would in turn lead to improved profitability for customers. Since then, the group has grown to over SEK 2bn in sales. Today HANZA owns 16 manufacturing sites (plus one set for closure) divided into five “clusters” that primarily serve customers at their local level. The group provides production of individual components as well as product development and assembly services. In addition to production capabilities, HANZA has a consultancy-type business that works with customers to optimise production and demonstrate how HANZA’s platform can significantly reduce costs and improve flexibility.

A new take on manufacturing: “all you need is one”

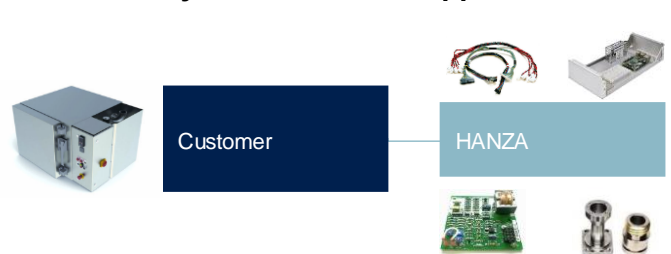
The general product company has several contract manufacturing suppliers. Contract manufacturers are often spread globally, specialising in the production of niche components and relying on high volumes to maintain the desired profitability. The global spread causes challenges for companies in terms of logistical timing and high transport-related costs. Additionally, traditional contract manufacturers provide a limited value add due to the standardisation of components produced. What HANZA does is bundle together different manufacturing capabilities in so-called “clusters” where clients – i.e. the product companies – can purchase products and deal with one manufacturer at a local level. These factors reduce the hassle of dealing with several manufacturers, which in turn reduces lead-times, transport time/cost as well as potential communication challenges.

Traditional contract manufacturing



Source: ABG Sundal Collier, company data

HANZA’s “all you need is one” approach



Source: ABG Sundal Collier, company data

Detailed estimates: Q1'17-Q4'20e

Quarterly overview, SEKm																
	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19e	Q1'20e	Q2'20e	Q3'20e	Q4'20e
Sales	350	368	324	358	439	508	431	433	498	507	516	548	600	622	549	565
COGS	-201	-219	-187	-200	-238	-284	-238	-246	-272	-280	-280	-288	-325	-335	-296	-305
Gross Profit	149	149	137	157	201	224	193	187	225	226	236	260	275	287	253	260
SG&A	-141	-135	-130	-151	-182	-202	-176	-190	-208	-209	-221	-252	-259	-264	-229	-234
EBIT	8	14	7	6	18	22	17	-3	17	17	14	8	17	23	24	26
Non-recurring items	-4	4	-1	-3	0	0	-3	-14	-6	-2	-7	-5	0	0	0	0
Adj. EBIT	13	10	8	9	19	22	20	11	23	19	21	13	17	23	24	26
Amortisation	0	0	0	0	-1	-2	-2	-2	-2	-2	-3	-3	-4	-4	-3	-3
Adj. EBITA	13	10	8	9	20	24	22	13	25	22	24	17	20	26	27	30
Net financial expenses	-4	-5	-2	-6	-8	-8	-5	-5	-6	-5	-8	-5	-10	-10	-9	-9
PTP	5	9	5	1	11	14	12	-8	11	12	6	3	7	13	15	17
Taxes	-1	-1	-1	1	-2	-3	-2	-2	-2	-4	-5	3	-2	-4	-4	-5
NCI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Profit	3	8	4	1	9	11	11	-10	9	8	1	5	5	9	11	12
Margin and growth metrics																
	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19e	Q1'20e	Q2'20e	Q3'20e	Q4'20e
Sales growth	3%	7%	10%	9%	25%	38%	33%	21%	13%	0%	20%	27%	21%	23%	7%	3%
Gross margin	42.7%	40.5%	42.2%	44.0%	45.8%	44.1%	44.8%	43.2%	45.3%	44.7%	45.7%	47.4%	45.9%	46.1%	46.0%	46.0%
EBIT margin	2.4%	3.8%	2.1%	1.8%	4.2%	4.3%	4.0%	-0.7%	3.5%	3.4%	2.8%	1.5%	2.8%	3.6%	4.4%	4.6%
Adj. EBIT margin	3.6%	2.8%	2.5%	2.5%	4.3%	4.3%	4.5%	2.5%	4.6%	3.8%	4.1%	2.4%	2.8%	3.6%	4.4%	4.6%
Adj. EBITA margin	3.6%	2.8%	2.5%	2.5%	4.6%	4.6%	5.0%	3.0%	5.0%	4.2%	4.7%	3.0%	3.4%	4.2%	5.0%	5.2%
Tax rate	29.8%	12.1%	20.8%	-62.5%	17.8%	22.0%	13.0%	-22.8%	20.2%	31.4%	85.2%	32.0%	29.0%	29.0%	29.0%	29.0%
EBIT y-o-y	-32.8%	29.6%	115.6%	-740.0%	119.0%	55.0%	147.8%	-148.4%	-6.0%	-21.2%	-16.4%	n.m.	-3.0%	32.3%	67.1%	223.7%
Sales per segment, SEKm																
	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19e	Q1'20e	Q2'20e	Q3'20e	Q4'20e
Nordics	144	146	121	141	217	262	204	227	249	268	217	232	252	276	221	243
Rest of the world	205	221	203	217	221	246	228	206	248	239	299	316	348	346	328	322
Group	350	368	324	358	439	508	431	433	498	507	516	548	600	622	549	565
Growth																
	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19e	Q1'20e	Q2'20e	Q3'20e	Q4'20e
Nordics	0%	0%	0%	0%	50%	79%	68%	61%	15%	2%	6%	2%	1%	3%	2%	5%
Rest of the world	0%	0%	0%	0%	8%	11%	12%	-5%	12%	-3%	31%	54%	40%	45%	10%	2%
Group	3%	7%	10%	9%	25%	38%	33%	21%	13%	0%	20%	27%	21%	23%	7%	3%
EBITA per segment, SEKm																
	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19e	Q1'20e	Q2'20e	Q3'20e	Q4'20e
Nordics	8	2	1	7	14	21	16	16	17	19	18	8	15	18	18	20
Rest of the world	5	8	7	4	8	4	6	-4	8	2	9	9	6	10	10	11
Business Development	-1	1	0	-1	-3	-2	0	1	0	0	-3	-1	-1	-1	-1	-1
Group	13	10	8	9	20	24	22	13	25	21	24	16	20	26	27	30
EBITA-margin per segment																
	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19e	Q1'20e	Q2'20e	Q3'20e	Q4'20e
Nordics	5.3%	1.6%	0.8%	4.7%	6.5%	8.1%	7.9%	7.1%	6.7%	7.1%	8.1%	3.6%	6.0%	6.4%	8.0%	8.1%
Rest of the world	2.6%	3.4%	3.6%	1.8%	3.8%	1.8%	2.6%	-1.9%	3.3%	0.8%	3.0%	2.9%	1.8%	2.8%	3.2%	3.4%
Group	3.6%	2.8%	2.5%	2.5%	4.6%	4.6%	5.0%	3.0%	5.0%	4.0%	4.7%	3.0%	3.4%	4.2%	5.0%	5.2%
Other metrics R12m																
	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19e	Q1'20e	Q2'20e	Q3'20e	Q4'20e
FCF conversion	1103%	133%	453%	1269%	-1677%	372%	106%	-204%	-141%	552%	-5100%	-25%	-56%	378%	184%	193%
ND/EBITDA	2.6	2.4	2.0	1.8	3.6	2.8	2.4	2.3	3.0	2.7	4.5	2.6	2.3	2.2	2.0	1.8
NWC / Sales	10%	11%	11%	11%	16%	12%	11%	9%	9%	9%	16%	15%	14%	14%	14%	14%
ROE	0%	2%	4%	5%	6%	6%	8%	5%	5%	4%	2%	5%	4%	4%	6%	7%
ROIC	4%	5%	5%	7%	5%	6%	7%	6%	5%	5%	3%	4%	5%	5%	5%	7%

Source: ABG Sundal Collier, company data

Detailed estimates: FY'10-20e

Annual overview, SEKm	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Sales	459	884	959	1,035	985	1,206	1,306	1,400	1,811	2,068	2,336	2,441	2,551
COGS	-309	-537	-544	-634	-596	-711	-718	-807	-1,006	-1,121	-1,261	-1,319	-1,375
Gross Profit	150	348	415	402	389	495	588	593	805	947	1,075	1,122	1,176
SG&A	-132	-340	-426	-407	-412	-444	-562	-557	-751	-890	-985	-1,022	-1,065
EBIT	18	7	-11	-5	-23	51	25	36	54	57	90	101	111
Non-recurring items	0	0	0	0	0	40	-9	-4	-17	-19	0	0	0
Adj. EBIT	18	7	-11	-5	-23	11	34	40	71	76	90	101	111
Amortisation	0	0	0	0	-1	-1	0	0	-7	-11	-14	-15	-15
Adj. EBITA	0	0	0	0	-22	11	34	40	79	87	104	116	126
Net financial expenses	-1	-14	-16	-17	-14	-17	-22	-16	-25	-25	-37	-39	-41
PTP	17	-7	-27	-22	-37	34	4	19	29	32	52	62	70
Taxes	-2	10	2	-2	3	4	-2	-3	-8	-9	-15	-18	-20
NCI	-3	0	0	0	0	0	0	0	0	0	0	0	0
Net Profit	13	3	-25	-23	-34	37	2	16	21	24	37	44	50
Margin and growth metrics	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Sales growth	0%	92%	8%	8%	-5%	23%	8%	7%	29%	14%	13%	4%	4%
Gross margin	32.7%	39.3%	43.3%	38.8%	39.5%	41.0%	45.0%	42.3%	44.5%	45.8%	46.0%	46.0%	46.1%
EBIT margin	4.0%	0.8%	-1.1%	-0.5%	-2.4%	4.2%	1.9%	2.6%	3.0%	2.7%	3.8%	4.1%	4.3%
Adj. EBIT margin	4.0%	0.8%	-1.1%	-0.5%	-2.4%	0.9%	2.6%	2.9%	3.9%	3.7%	3.8%	4.1%	4.3%
EBITA margin	4.0%	0.8%	-1.1%	-0.5%	-2.3%	4.3%	1.9%	2.6%	3.4%	3.3%	4.4%	4.7%	4.9%
Adj. EBITA margin	0.0%	0.0%	0.0%	0.0%	-2.3%	0.9%	2.6%	2.9%	4.3%	4.2%	4.4%	4.7%	4.9%
Tax rate	10.6%	149.8%	6.4%	-7.8%	8.9%	-10.3%	45.7%	15.5%	28.8%	26.9%	29.0%	29.0%	29.0%
EBIT y-o-y	0%	-60%	-243%	-53%	366%	-319%	-51%	42%	52%	5%	58%	13%	10%
Sales per segment, SEKm	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Nordics								553	910	967	992	1,037	1,083
Rest of the world								846	901	1,101	1,344	1,405	1,468
Group								1,400	1,811	2,068	2,336	2,441	2,551
ABGSCe growth	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Nordics									65%	6%	3%	4%	5%
Rest of the world									6%	22%	22%	4%	5%
Group		92%	8%	8%	-5%	23%	8%	7%	29%	14%	13%	4%	4%
EBITA per segment, SEKm	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Nordics								18	67	62	70	75	80
Rest of the world								24	15	28	37	45	50
Business Development								-2	-4	-4	-4	-4	-4
Group								40	79	86	104	116	126
EBITA-margin per segment	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Nordics								3.2%	7.4%	6.4%	7.1%	7.2%	7.4%
Rest of the world								2.8%	1.6%	2.6%	2.8%	3.2%	3.4%
Group								2.9%	4.3%	4.2%	4.4%	4.7%	4.9%
Other metrics	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
FCF conversion	1886%	4214%	-549%	-94%	50%	-110%	2205%	492%	-363%	-65%	201%	188%	189%
ND/EBITDA	-0.5x	6.2x	8.7x	5.8x	18.2x	2.7x	3.1x	1.8x	2.3x	2.6x	1.8x	1.4x	1.1x
NWC / Sales	54%	21%	12%	10%	10%	12%	11%	11%	9%	15%	14%	14%	14%
ROE	n.a.	3%	-15%	-17%	-22%	15%	1%	5%	5%	5%	7%	8%	8%
ROIC	n.a.	2%	-2%	-1%	-6%	14%	4%	7%	6%	4%	6%	7%	7%

Source: ABG Sundal Collier, company data

Income Statement (SEKm)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020e	Q2 2020e	Q3 2020e	Q4 2020e
Sales	498	507	516	548	600	622	549	565
COGS	225	226	236	260	275	287	253	260
Gross profit	723	733	751	808	876	909	802	824
Other operating items	-684	-695	-715	-772	-833	-860	-754	-774
EBITDA	39	38	36	36	43	49	48	51
Depreciation and amortisation	-19	-19	-19	-25	-22	-23	-20	-21
EBITA	20	19	17	11	20	26	27	30
EO items	-6	-2	-7	-5	0	0	0	0
Impairment and PPA amortisation	-2	-2	-3	-3	-4	-4	-3	-3
EBIT	17	17	14	8	17	23	24	26
Net financial items	-6	-5	-8	-5	-10	-10	-9	-9
Pretax profit	11	12	6	3	7	13	15	17
Tax	-2	-4	-5	3	-2	-4	-4	-5
Net profit	9	8	1	6	5	9	11	12
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	9	8	1	6	5	9	11	12
EPS	0.30	0.26	0.03	0.17	0.15	0.27	0.33	0.37
EPS Adj	0.37	0.33	0.12	0.27	0.26	0.39	0.43	0.47
Total extraordinary items after tax	-6	-2	-7	-5	0	0	0	0
Tax rate (%)	20.2	31.4	85.2	83.3	29.0	29.0	29.0	29.0
Gross margin (%)	145.3	144.7	145.7	147.4	145.9	146.1	146.0	146.0
EBITDA margin (%)	7.8	7.5	7.0	6.6	7.1	7.9	8.7	8.9
EBITA margin (%)	3.9	3.8	3.4	2.1	3.4	4.2	5.0	5.2
EBIT margin (%)	3.5	3.4	2.8	1.5	2.8	3.6	4.4	4.6
Pretax margin (%)	2.3	2.3	1.2	0.5	1.2	2.0	2.8	3.0
Net margin (%)	1.8	1.6	0.2	1.0	0.8	1.4	2.0	2.2
Growth rates Y/Y	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020e	Q2 2020e	Q3 2020e	Q4 2020e
Sales growth (%)	13.5	-0.3	19.6	26.6	20.6	22.8	6.5	3.1
EBITDA growth (%)	21.6	2.4	11.4	207.7	9.5	29.9	31.6	40.3
EBIT growth (%)	-6.0	-21.2	-16.4	+chg	-3.0	32.3	67.1	223.7
Net profit growth (%)	3.4	-26.4	-91.6	+chg	-44.1	11.1	1,092.4	121.8
EPS growth (%)	3.4	-26.4	-91.6	+chg	-44.1	11.1	1,092.4	121.8
Adj earnings numbers	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020e	Q2 2020e	Q3 2020e	Q4 2020e
EBITDA Adj	44	40	43	41	43	49	48	51
EBITDA Adj margin (%)	8.9	7.9	8.3	7.4	7.1	7.9	8.7	8.9
EBITA Adj	25	22	24	16	20	26	27	30
EBITA Adj margin (%)	5.0	4.2	4.7	3.0	3.4	4.2	5.0	5.2
EBIT Adj	23	19	21	13	17	23	24	26
EBIT Adj margin (%)	4.6	3.8	4.1	2.4	2.8	3.6	4.4	4.6
Pretax profit Adj	19	16	16	11	11	16	18	21
Net profit Adj	17	13	11	14	9	13	14	16
Net profit to shareholders Adj	17	13	11	14	9	13	14	16
Net Adj margin (%)	3.4	2.5	2.1	2.5	1.4	2.0	2.6	2.8

Source: ABG Sundal Collier, Company data

Income Statement (SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Sales	1,035	985	1,206	1,306	1,400	1,811	2,068	2,336	2,441	2,551
COGS	402	389	495	588	593	805	947	1,075	1,122	1,176
Gross profit	1,437	1,374	1,701	1,893	1,992	2,616	3,014	3,411	3,564	3,727
Other operating items	-1,442	-1,363	-1,611	-1,821	-1,913	-2,502	-2,865	-3,221	-3,358	-3,506
EBITDA	-5	10	91	73	79	113	149	190	206	220
Depreciation and amortisation	0	-32	-39	-48	-43	-52	-81	-86	-90	-94
Of which leasing depreciation	0	0	0	0	0	0	0	0	0	0
EBITA	-5	-22	52	25	36	61	68	104	116	126
EO items	0	0	40	-9	-4	-17	-19	0	0	0
Impairment and PPA amortisation	0	-1	-1	0	-0	-7	-11	-14	-15	-15
EBIT	-5	-23	51	25	36	54	57	90	101	111
Net financial items	-17	-14	-17	-22	-16	-25	-25	-37	-39	-41
Pretax profit	-22	-37	34	4	19	29	32	52	62	70
Tax	-2	3	4	-2	-3	-8	-9	-15	-18	-20
Net profit	-24	-34	38	2	16	21	24	37	44	50
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	-24	-34	38	2	16	21	24	37	44	50
EPS	-4.24	-5.08	3.17	0.09	0.68	0.74	0.72	1.12	1.33	1.51
EPS Adj	-4.24	-4.92	-0.20	0.49	0.87	1.61	1.62	1.55	1.78	1.97
Total extraordinary items after tax	0	0	40	-9	-4	-17	-19	0	0	0
Leasing payments	0	0	0	0	0	0	-88	-88	-88	0
Tax rate (%)	7.8	8.9	10.3	45.7	15.5	28.8	26.9	29.0	29.0	29.0
Gross margin (%)	138.8	139.5	141.0	145.0	142.3	144.5	145.8	146.0	146.0	146.1
EBITDA margin (%)	-0.5	1.0	7.5	5.6	5.7	6.3	7.2	8.1	8.4	8.6
EBITA margin (%)	-0.5	-2.3	4.3	1.9	2.6	3.4	3.3	4.4	4.7	4.9
EBIT margin (%)	-0.5	-2.4	4.2	1.9	2.6	3.0	2.7	3.8	4.1	4.3
Pretax margin (%)	-2.1	-3.7	2.8	0.3	1.4	1.6	1.6	2.2	2.5	2.7
Net margin (%)	-2.3	-3.4	3.1	0.1	1.2	1.1	1.1	1.6	1.8	1.9
Growth rates Y/Y	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Sales growth (%)	8.0	-4.9	22.5	8.2	7.2	29.4	14.2	13.0	4.5	4.5
EBITDA growth (%)	52.9	304.0	788.2	-19.8	8.8	43.1	31.6	27.5	8.4	7.1
EBIT growth (%)	52.9	-366.0	319.3	-50.7	41.7	51.5	5.0	57.6	12.7	9.7
Net profit growth (%)	7.3	-43.0	211.6	-94.9	763.2	26.8	13.5	56.9	18.7	13.0
EPS growth (%)	high	-19.9	162.3	-97.3	693.0	8.9	-3.2	56.9	18.7	13.0
Profitability	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
ROE (%)	-16.3	-22.5	18.7	0.7	5.7	5.8	5.2	7.2	8.1	8.6
ROE Adj (%)	-16.3	-21.8	-1.2	4.2	7.2	12.6	11.8	10.0	10.8	11.3
ROCE (%)	-1.8	-8.1	13.1	5.4	8.0	9.4	6.4	8.3	8.9	9.2
ROCE Adj (%)	-1.8	-7.7	2.9	7.3	9.1	13.7	9.8	9.6	10.2	10.5
ROIC (%)	-2.1	-8.3	16.3	3.2	7.4	7.4	4.9	6.2	7.1	7.8
ROIC Adj (%)	-2.1	-8.3	3.4	4.3	8.3	9.7	6.6	6.2	7.1	7.8
Adj earnings numbers	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
EBITDA Adj	-5	10	50	82	83	131	168	190	206	220
EBITDA Adj margin (%)	-0.5	1.0	4.2	6.3	6.0	7.2	8.1	8.1	8.4	8.6
EBITDA lease Adj	-5	10	50	82	83	131	80	102	118	220
EBITDA lease Adj margin (%)	-0.5	1.0	4.2	6.3	6.0	7.2	3.9	4.4	4.8	8.6
EBITA Adj	-5	-22	11	34	40	79	87	104	116	126
EBITA Adj margin (%)	-0.5	-2.3	0.9	2.6	2.9	4.3	4.2	4.4	4.7	4.9
EBIT Adj	-5	-23	11	34	40	71	76	90	101	111
EBIT Adj margin (%)	-0.5	-2.4	0.9	2.6	2.9	3.9	3.7	3.8	4.1	4.3
Pretax profit Adj	-22	-36	-6	13	24	54	62	66	77	85
Net profit Adj	-24	-33	-2	11	21	45	54	51	59	65
Net profit to shareholders Adj	-24	-33	-2	11	21	45	54	51	59	65
Net Adj margin (%)	-2.3	-3.3	-0.2	0.8	1.5	2.5	2.6	2.2	2.4	2.5

Source: ABG Sundal Collier, Company data

Cash Flow Statement (SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
EBITDA	-5	10	91	73	79	113	149	190	206	220
Net financial items	-17	-14	-17	-22	-16	-25	-25	-37	-39	-41
Paid tax	-2	3	4	-2	-3	-8	-9	-15	-18	-20
Non-cash items	52	3	-19	0	0	0	0	0	0	0
Cash flow before change in WC	29	3	59	49	60	80	116	137	149	159
Change in WC	35	21	-47	5	6	-26	-127	9	-3	-7
Operating cash flow	52	23	5	42	72	114	122	150	160	175
CAPEX tangible fixed assets	-20	-24	-17	0	-14	-47	-51	-76	-77	-81
CAPEX intangible fixed assets	0	0	0	0	0	0	0	0	0	0
Acquisitions and disposals	-10	-16	-30	0	23	-143	-87	0	0	0
Free cash flow	22	-17	-41	42	81	-76	-15	75	83	94
Dividend paid	0	0	0	0	0	0	-8	-8	-12	-15
Share issues and buybacks	0	0	0	0	0	0	0	0	0	0
Lease liability amortisation	0	0	0	0	0	0	0	0	0	0
Other non cash items	4	6	-42	-15	-16	-100	-308	-37	-36	-46
Decrease in net IB debt	31	-8	-77	25	83	-146	-272	49	41	41
Balance Sheet (SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Goodwill	127	146	141	145	148	265	299	299	299	299
Other intangible assets	0	0	0	1	4	66	113	113	113	113
Tangible fixed assets	125	129	253	244	206	270	279	268	255	241
Right-of-use asset	0	0	0	0	0	0	144	144	144	144
Total other fixed assets	7	14	17	18	17	17	32	32	32	32
Fixed assets	260	288	412	407	374	617	866	855	842	829
Inventories	183	202	239	244	270	290	423	467	488	510
Receivables	44	46	67	72	63	102	150	165	165	173
Other current assets	7	10	9	10	6	10	17	17	17	17
Cash and liquid assets	26	32	49	24	56	78	67	133	203	283
Total assets	518	578	776	756	770	1,096	1,523	1,638	1,717	1,812
Shareholders equity	152	146	254	269	309	411	498	527	558	593
Minority	0	0	0	0	0	0	0	0	0	0
Total equity	152	146	254	269	309	411	498	527	558	593
Long-term debt	77	54	133	69	87	207	210	228	257	295
Pension debt	3	3	3	4	0	5	109	109	109	109
Convertible debt	0	0	0	0	0	0	0	0	0	0
Leasing liability	0	0	0	0	0	0	138	138	138	138
Total other long-term liabilities	5	4	4	3	7	29	46	46	46	46
Short-term debt	50	92	94	107	42	85	101	101	101	101
Accounts payable	115	139	147	155	167	219	232	270	278	290
Other current liabilities	116	139	141	148	156	140	190	220	230	240
Total liabilities and equity	518	578	776	756	770	1,096	1,523	1,638	1,717	1,812
Net IB debt	96	104	181	156	73	219	491	442	401	360
Net IB debt excl. pension debt	94	101	178	152	73	215	382	333	292	251
Net IB debt excl. leasing	96	104	181	156	73	219	353	304	263	222
Capital invested	254	255	439	428	390	659	1,034	1,015	1,005	999
Working capital	1	-20	27	22	16	42	169	160	163	170
EV breakdown	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Market cap. diluted (m)	na	94	91	228	259	390	516	571	571	571
Net IB debt Adj	96	104	181	156	73	219	491	442	401	360
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	198	272	383	332	609	1,007	1,013	971	930
Capital efficiency	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Total assets turnover (%)	198.3	179.7	178.2	170.5	183.5	194.1	157.9	147.8	145.5	144.6
Working capital/sales (%)	1.8	-0.9	0.3	1.8	1.3	1.6	5.1	7.0	6.6	6.5
Financial risk and debt service	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Net debt/equity	0.63	0.71	0.71	0.58	0.24	0.53	0.99	0.84	0.72	0.61
Net debt/market cap	na	0.89	1.81	0.78	0.30	0.53	0.95	0.78	0.70	0.63
Equity ratio (%)	29.4	25.3	32.7	35.6	40.2	37.5	32.7	32.2	32.5	32.7
Net IB debt adj./equity	0.63	0.71	0.71	0.58	0.24	0.53	0.99	0.84	0.72	0.61
Current ratio	0.92	0.78	0.95	0.85	1.08	1.08	1.16	1.23	1.34	1.45
EBITDA/net interest	-0.30	0.75	5.30	3.35	4.85	4.55	6.08	5.08	5.27	5.40
Net IB debt/EBITDA	-19.28	10.23	2.00	2.14	0.92	1.94	3.29	2.33	1.95	1.63
Net IB debt/EBITDA lease Adj	-19.28	10.23	3.60	1.90	0.88	1.68	4.40	2.98	2.23	1.00
Interest cover	-0.30	-1.63	3.02	1.16	2.21	2.46	2.76	2.77	2.96	3.09

Source: ABG Sundal Collier, Company data

Valuation and Ratios (SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Shares outstanding adj.	6	7	12	22	24	28	33	33	33	33
Fully diluted shares Adj	6	7	12	22	24	28	33	33	33	33
EPS	-4.24	-5.08	3.17	0.09	0.68	0.74	0.72	1.12	1.33	1.51
Dividend per share Adj	0	0	0	0	0	0	0.2	0.2	0.4	0.4
EPS Adj	-4.24	-4.92	-0.20	0.49	0.87	1.61	1.62	1.55	1.78	1.97
BVPS	27.47	22.13	21.46	12.11	12.81	14.59	15.09	15.97	16.93	17.99
BVPS Adj	4.51	0.12	9.49	5.55	6.54	2.85	2.59	3.47	4.43	5.49
Net IB debt / share	17.4	15.8	15.3	7.0	3.0	7.8	14.9	13.4	12.2	10.9
Share price	na	14.21	7.71	10.25	10.71	13.85	15.65	17.30	17.30	17.30
Market cap. (m)	na	94	91	228	259	390	516	571	571	571
Valuation	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
P/E	na	-2.8	2.4	119.7	15.8	18.7	21.9	15.4	13.0	11.5
EV/sales	na	0.20	0.23	0.29	0.24	0.34	0.49	0.43	0.40	0.36
EV/EBITDA	na	19.4	3.0	5.3	4.2	5.4	6.8	5.3	4.7	4.2
EV/EBITA	na	-8.9	5.3	15.2	9.2	9.9	14.9	9.8	8.4	7.4
EV/EBIT	na	-8.5	5.3	15.2	9.3	11.3	17.7	11.3	9.6	8.4
Dividend yield (%)	na	0	0	0	0	0	1.6	1.4	2.2	2.6
FCF yield (%)	na	-17.8	-45.0	18.4	31.2	-19.4	-3.0	13.1	14.5	16.5
Lease adj. FCF yield (%)	na	-17.8	-45.0	18.4	31.2	-19.4	-3.0	13.1	14.5	16.5
P/BVPS	na	0.64	0.36	0.85	0.84	0.95	1.04	1.08	1.02	0.96
P/BVPS Adj	na	117.44	0.81	1.85	1.64	4.86	6.04	4.98	3.91	3.15
P/E Adj	na	-2.9	-38.0	20.9	12.4	8.6	9.6	11.2	9.7	8.8
EV/EBITDA Adj	na	19.4	5.4	4.7	4.0	4.7	6.0	5.3	4.7	4.2
EV/EBITA Adj	na	-8.9	24.3	11.2	8.3	7.7	11.6	9.8	8.4	7.4
EV/EBIT Adj	na	-8.5	25.4	11.2	8.3	8.5	13.3	11.3	9.6	8.4
EV/cap. employed	na	0.7	0.6	0.9	0.8	0.9	1.0	0.9	0.8	0.8
Investment ratios	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Capex/sales	1.9	2.4	1.4	0	1.0	2.6	2.4	3.2	3.2	3.2
Capex/depreciation	nm	74.1	42.3	0	33.2	89.6	62.0	87.5	85.8	85.8
Capex tangibles/tangible fixed assets	15.6	18.6	6.5	0	6.9	17.2	18.1	28.2	30.4	33.5
Capex intangibles/definite intangibles	nm	nm	0	0	0	0	0	0	0	0
Depreciation on intangibles/definite inta	nm	nm	0	0	0	0	0	0	0	0
Depreciation on tangibles/tangibles	0	25.1	15.4	19.5	20.9	19.3	29.2	32.3	35.4	39.1

Source: ABG Sundal Collier, Company data

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