CARLSQUARE

Equity Research

HANZA AB | Industrial Goods and Services | May 12, 2022

Update: Q1 2022

HANZA AB

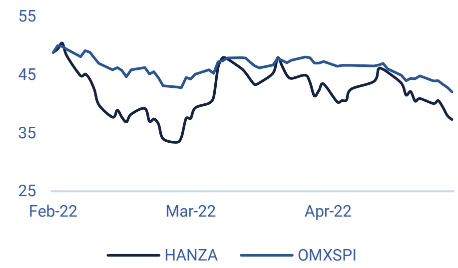
CEO: Erik Stenfors
CoB: Francesco Franzé
www.hanza.com

Bloomberg: HANZA:SS
Reuters Eikon: HANZA.ST

List: Nasdaq Stockholm Small Cap

Last: 37.3
Market cap: SEK 1 335m

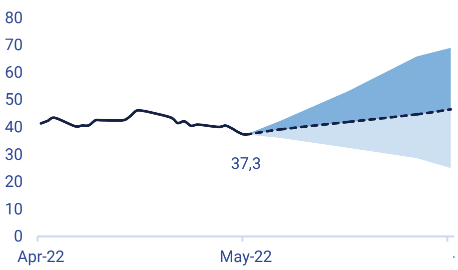
SHARE DEVELOPMENT



	12M	YTD	6M	1M
Development (%)	81	-43	-10	-9

Source: S&P Capital IQ

VALUATION INTERVAL



	BEAR	BASE	BULL
Value per share (SEK)	24.5	47.4	68.6
Up-/downside (%)	-33	28	85

Source: S&P Capital IQ and Carlsquare estimates

CARLSQUARE EQUITY RESEARCH

Niklas Elmhammer
Senior Equity Analyst

Fredrik Nilsson
Associate Equity Analyst

Strong growth in extraordinary times

The robust growth for contract manufacturer HANZA continues and especially sales in the Main markets segment (i.e., Sweden, Finland and Germany) surprised us on the upside. Margins lagged our expectations, but we see improvement as short term headwinds abate. We make minor adjustments to our earnings estimates and raise our base case to some SEK 47 (44) as the relative valuation has become even more supportive.

Clustered advantages

HANZA is a contract manufacturer founded in 2008 that has successfully built six regional manufacturing clusters in Europe and China through organic growth and acquisitions in, e.g., sheet metal processing, heavy mechanics, and electronics. It boasts several large European industrial groups among its customers.

Strong growth momentum

HANZA delivered 45 per cent growth in Q1' 22. Hence the strong momentum from H2 2021 continues. Demand for European contract manufacturing, especially electronics, is buoyant, although sales are also boosted by price inflation in raw materials. Sales growth exceeded our expectations by 16 p.p. despite our estimates being above consensus. We are encouraged that the Main markets segment is now growing faster than Other markets and that a recovery in the critical German market is a significant driver. That provides further validation to HANZA's expansion strategy. We raise our sales estimates by six per cent following the top-line beat.

Room for margin improvement as headwinds abate

Despite better sales, operating earnings fell somewhat short of our forecast. Operating leverage was hampered by capacity constraints (worsened by covid) and heightened costs in Other markets, and a negative impact from newly acquired Beyers in Germany in Main markets. However, we expect completed expansion programs in Other markets and strong demand to contribute to margin improvement, in line with the company outlook, from Q2 onwards. While we believe the strong sales support our EBITA estimates, higher interest rates lead to a minor reduction (-6 per cent) in our FY 2022 EPS forecast.

Higher sector valuation trumps interest rates

Since we initiated coverage at the beginning of March, valuations in the Nordic contract manufacturing space have generally recovered somewhat. Hence, while we lower our DCF valuation range slightly due to higher interest rates and WACC, our combined DCF and multiple valuation render a higher base case fair value of SEK 47.3 (44.2) Besides relative low valuation multiples, e.g., PE 22E at 12.3x, we expect continued good sales and earnings momentum to drive the shares higher in the coming quarters.

Key figures (SEKm)

	2019	2020	2021	2022E	2023E	2024E
Total revenue	2 068	2 155	2 515	3 167	3 301	3 433
Gross profit	947	955	1 149	1 406	1 485	1 545
EBITDA	149	139	232	284	323	343
EBIT	68	48	143	189	218	223
EBT	32	9	100	137	168	174
Earnings per share	0.75	-0.03	2.26	3.01	3.71	3.76
Growth, tot. revenue	14.2%	4.2%	16.7%	25.9%	4.2%	4.0%
EBITDA-margin	7.3%	6.6%	8.7%	8.9%	9.8%	10.0%
EBIT-margin	2.8%	1.5%	4.8%	5.4%	6.1%	6.0%
EV/Sales	0.5x	0.4x	1.2x	0.62x	0.6x	0.6x
EV/EBITDA	7.2x	6.7x	13.0x	6.9x	6.1x	5.7x
EV/EBIT	15.8x	19.3x	21.0x	10.3x	9.0x	8.7x
P/E	20.8x	NM	28.5x	12.3x	10.0x	9.8x

Source: Company information and Carlsquare estimates

Fast growth in extraordinary times

HANZA's Q1 2022 followed a similar pattern to the previous quarter, with extraordinary growth and heightened costs. The 26 per cent organic growth is partly inflated by the pass-through of component price inflation but mostly reflects the high underlying demand for HANZA services. However, margins and EBITA were somewhat below our expectations, mainly from capacity constraints in Other markets, which at least temporarily worsened during the period.

Very strong growth, though margins lagging

Organic growth of 26 per cent exceeded our estimates of some 16 per cent. The performance is solid for both Main markets (+28 per cent) and Other markets (+24 per cent). EBITA improved to SEK 41m (22) but was 8 per cent lower than our expectations. Continued elevated cost levels due to capacity constraints, a bad covid situation in several sites during the beginning of the year, the expansion program in Other markets, and low profitability in newly acquired Beyers have hampered margin development.

HANZA Q1, 2022 Actual vs CSQ Forecast (SEKm)

	Q1 22E	Q1 21	Q1 22A	Deviation
Net Sales	736	567	824	12%
Growth, net sales	30%	-5%	45%	16 p.p.
Main Markets, net sales	428	301	482	13%
Main Markets, growth	42%	-11%	60%	18 p.p.
Other Markets, net sales	308	267	342	11%
Other Markets, Growth	15%	2%	28%	13 p.p.
EBITA	45	22	41	-8 %
EBITA-margin	6.1%	4.0%	5.0%	-1.1 p.p.
Main Markets, EBITA-margin	9.6%	5.1%	7.8%	-1.8 p.p.
Other Markets, EBITA-margin	2.3%	3.9%	1.3%	-1 p.p.

Source: Company information and Carlsquare estimates

Excluding Beyers, we consider margins in the Main markets in the period as quite encouraging (we estimate ~nine per cent EBITA margin vs 5.1 per cent 2021). Customer demand in Germany is supportive of earnings with a record order stock. Unfortunately, Other markets are negatively affected by expansion plans as crucial units, e.g., Estonia, are in a transition mode and not operating at normal efficiency. However, HANZA states that the expansions will be completed in Q2 and that high demand bodes well for utilisation rates when the increased capacity becomes available. Cash flow was weaker than 2021 from higher working capital. The CEO expects a similar tight situation to prevail over the next twelve months or so to maintain good delivery capacity.

The company affirms a positive outlook

HANZA states that the company expects the result in Other markets to increase and normalise during the year. It also stands by the previously communicated outlook (Q4 2021 report) of continued growth with improved profitability for 2022. HANZA now also says it expects Beyers to become profitable towards the end of the year.

Raw materials inflation should be neutral, bottom-line

Price inflation on raw materials and components influenced the reported numbers, lifting sales by an undisclosed amount and putting pressure on the gross margin.

However, over time it should not affect earnings as changes in input prices are passed on to the client.

The initial share reaction to the report was positive as sales and operating profit was much higher and in line with consensus estimates, respectively (source S&P Captial IQ). We also believe a generally positive outlook, despite the many uncertainties facing industrial companies, was also helpful. However, the shares have subsequently dropped back (albeit in a generally weak market environment).

Investment Case

We believe HANZA's manufacturing cluster strategy and sustainability focus makes it well-positioned for contract manufacturing trends in Europe. As the German cluster becomes more mature, we see the company's profitability targets within reach, implying further strong earnings growth from current levels. We argue that HANZA's proven cash-generating abilities warrant a higher valuation and that a relative valuation supports this view.

Positioned for "slowbalization" era

Since the early 2010s, the rate of globalisation appears to have slowed, and many multi-national companies are redirecting investments and production to regional sites, also called "back shoring" and "regionalisation". One reason is risk mitigation in the face of potential disturbances to supply chains from, e.g., trade wars and, more recently, pandemics and armed conflicts. Another reason is the waning cost advantages of sourcing manufacturing from developing economies. The chart below demonstrates that growth in global trade has slowed already following the great financial crisis.

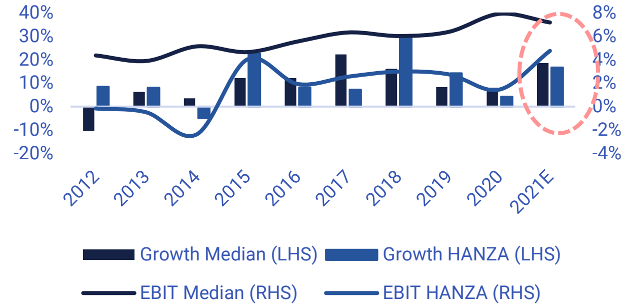
World Exports Growing Slower than GDP

Source: World Bank

Successful expansion of manufacturing clusters

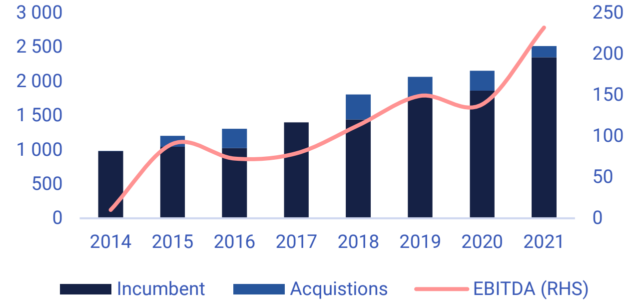
For many companies, particularly start-ups, manufacturing is not part of the strategy, and contract manufacturers are natural partners. We believe financial performance shows that the regionalisation trend has benefited regional contract manufacturers during the last decade.

Nordic contract manufactures growth & EBIT margin



Source: Company information. Median of AQ Group, Inission, Kitron, Note and Scanfil

HANZA sales and EBITDA (SEKm)



Source: Company information and Carlsquare estimates

HANZA is a contract manufacturer founded in 2008 that has successfully built regional manufacturing clusters in the Nordics, the Baltics, and Central Europe mainly through acquisitions of sheet metal processing, heavy mechanics, and electronics operations. We believe HANZA has demonstrated that the shift from globalisation to regionalisation is advantageous. In 2019, HANZA took the first step towards expanding the cluster approach to Germany by acquiring RITTER Elektronik GmBH in Remscheid in Western Germany. In 2021, the electronics firm Beyers in Mönchengladbach was added. The six manufacturing clusters are currently divided into Main Markets (Sweden, Finland, and Germany) and Other Markets (The Baltics, Central Europe, and China).

Thus, acquisitions have been, and will likely remain, vital to HANZA's growth. The main objective behind acquisitions is to add to HANZA's competitive strength. Also, we believe the company has demonstrated solid value-enhancing qualities by acquiring companies at moderate valuations and subsequently improving margins. HANZAs philosophy is that margins and cash flow can be significantly increased by coordinating and sharing resources between sites within a cluster. The development within the Main Markets segment, especially the Swedish cluster, is strong evidence that the approach is valid.

We believe the management and board represent extensive manufacturing expertise with an established network and proven company building quality and capital allocation. They have a background in leading Swedish industrial companies, including Note, Husqvarna, Hexagon, Nibe and Systemair.

Estimates

During the last three years, HANZA has entered the German market. We are optimistic that the German expansion will be a critical positive driver for growth and earnings.

Post-pandemic recovery is well underway

While HANZA was initially hit hard by the pandemic from lower customer orders, the management did not panic. Instead, it launched a program ("Roadmap 2021") to expand or invest in all geographic clusters. Sticking to the strategy paid off in 2021 as demand has rapidly recovered toward pre-pandemic levels. We expect growth to increase in 2022, underpinned by acquisitions, expanding business with new and existing customers (supported by increased capacity), and price inflation. Following the Q1 report, we have raised our 2022-2024 sales forecasts by six per cent and expect 26 per cent growth (previously: 19 per cent) for 2022.
We still see plenty of room for margin expansion towards the group's financial target of over six per cent operating margin.

Contained exposure to rising input costs

We expect cost inflation across the board in 2022. That includes HANZA purchased goods such as thin sheet steel and electronics. However, HANZA does not sell its own products and is typically compensated for input cost changes in its contracts. Hence, raw material cost increases are pushed to the customer, and while price inflation puts pressure on the reported gross margin, it should be about earnings neutral as sales also increase.

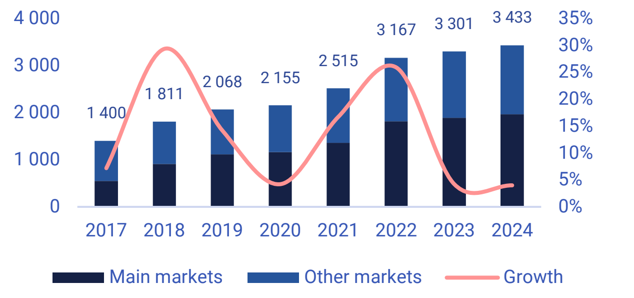
However, capacity constraints and related costs have been more severe at the beginning of the year than we had anticipated. The outlook for Beyers ("profitability by the end of the year") was also more cautious than we had hoped for, as we had assumed returning customer volumes would have a more immediate effect on earnings. Consequently, our operating earnings estimates are largely unchanged despite higher sales forecasts. Our EPS estimate for 2022 is reduced by six per cent as we expect working capital levels to remain higher for longer, which will impact financials.

We see main markets driving strong earnings growth

In its Q4, 2021 report, HANZA, on February 15, stated that it expects 2022 to be another year of growth with increased profitability. We subscribe to this view as we believe total margins should increase from higher profitability in Main Markets. In Other Markets, we calculate that some temporary costs related to the expansion and handling of capacity issues currently hampering earnings should abate in the second half of 2022. We believe this is more or less in line with the HANZA communication. All in all, we forecast that strong top-line growth will translate to an EBITA growth of about 32 per cent for the group in 2022 (previously 33 per cent).

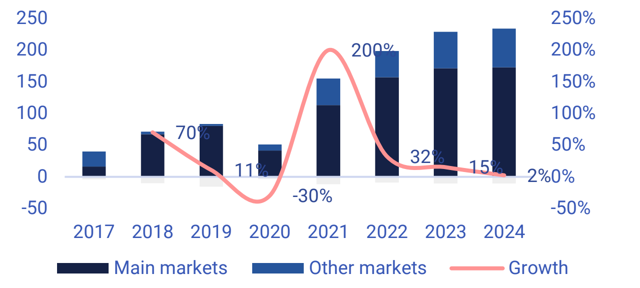
We believe the EBIT margin target of six per cent is within reach over the next two years. Improved capacity utilisation in Germany, resolving supply chain issues and finalising expansions in Other Markets are vital factors. Given an expected sales CAGR of some eleven per cent from 2021 to 2024 (up from nine), we also calculate solid earnings growth of some 20 per cent (net profit), on average.

Revenue (SEKm) and growth (%)



Source: Company information and Carlsquare estimates

EBITA (SEKm) and growth (%)



Source: Company information and Carlsquare estimates

Further acquisitions and growth initiatives in the cards

For our base case, we have not assumed any additional acquisitions; however, historically, they have contributed significantly to HANZA's growth. Hence, our sales assumptions may prove conservative. HANZA's financial targets include more than ten per cent annual growth. During the Q4 2021 conference call, management hinted that they are planning for the next phase of development – a "Roadmap 2025". The company has not yet provided any details, but so far, all development phases have involved acquisitions to add manufacturing technologies or access new geographic markets. In a bull case (see below), we assume an additional five per cent growth per year from acquisitions.

Valuation

Higher sector valuation trumps interest rates

We have combined a DCF-model with a multiple valuation model in an average to calculate a fair value per share. We have lowered our DCF valuation due to higher interest rates and a higher WACC at 10.4 per cent (9.5). Our DCF valuation results in a value per share of SEK 24 to SEK 69 (ex dividend). Our multiple valuation yields a value per share of about SEK 47.2 (38.5) as the sector has recovered from the lows at the beginning of March when our previous report was published. Combining the median value in the DCF model with the multiple valuation in an average, we calculate a higher fair value per share of SEK 47.4 (44.2) after full financing and accompanied dilution for our base case.

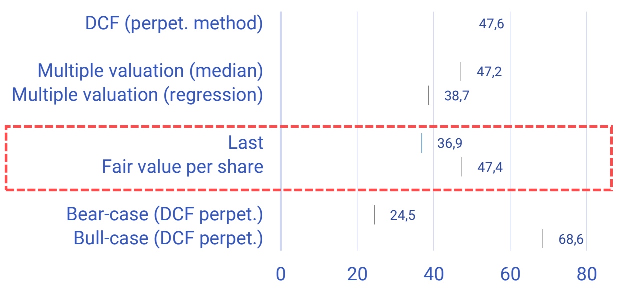
Hence, our fair value per share in the base case represents a promising potential upside to the last paid price of some 28 per cent.

Fair value, base case (SEKm)

Multiple valuation, SEK	47.2
DCF valuation, SEK	47.6
Fair value per share, SEK	**47.4**
Potential up-/down side	28%
Shares outstanding, fully financed and diluted	36.6
Shareholder value	**1 737**
Cash (31 March)	-1
Debt (31 March)	-634
PV cash from equity financing	14
EV	**2 358**

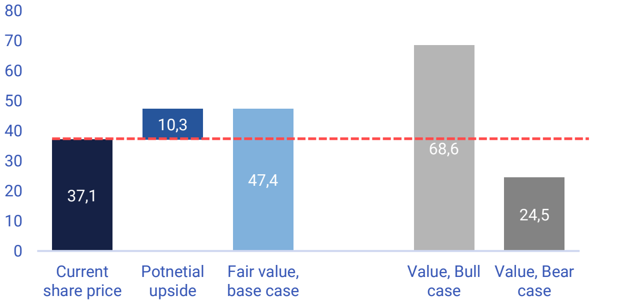
Source: Carlsquare Estimates

Fair value within an interval (SEK)



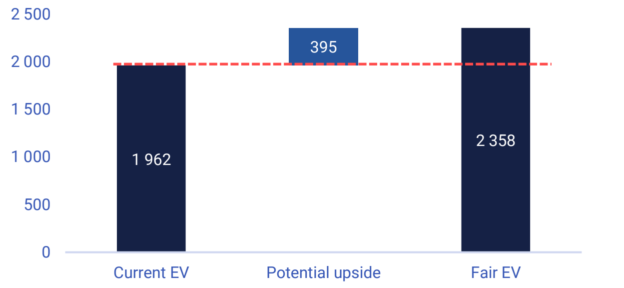
Source: Carlsquare Estimates

Fair value per share, base scenario (SEK)



Source: Carlsquare Estimates

Visualisation of EV, base scenario (SEKm)



Source: Carlsquare Estimates

Relative valuation, base case

Our valuation corresponds to an EV/Sales multiple 2022E of 0.74x. The Nordic contract manufacturers reference group companies are currently trading at a median EV/Sales multiple 2022E of 0.73x. We believe a premium is justified based on our expectations of higher growth and EBITDA margin than peers.

Multiple valuation, base case

Contract Manufacturers	HQ	Mcap (SEKm)	Growth 2022E	EBITDA-marg., 2022E	EV/Sales, 2022E
AQ Group AB (publ)	4 601	NA	NA	NA	4 601
NOTE AB (publ)	5 408	NA	NA	NA	5 408
Inission AB (publ)	554	26%	8%	0.58x	554
Kitron ASA	3 566	58%	10%	0.87x	3 566
Scanfil Oyj	4 284	17%	8%	0.61x	4 284
Incap Oyj	3 847	35%	16%	1.64x	3 847
Median	**4 066**	**30.8%**	**9.0%**	**0.74x**	**4 066**
Average	3 710	34%	11%	0.9x	3 710
Discount	0%				
Applied EV/Sales multiple	**0.74x**				
Exp. sales 2022 (SEKm)	3 167				
Enterprise value	**2 349**				
Net debt (30-March)	-635				
PV(Cash from equity financing)	14				
Shareholder value, after financing	**1 728**				
Current shares outstanding (m)	35.8				
New shares	0.9				
Shares outstanding after financing and dilution	36.6				
Value per share (before financing and dilution)	47.9				
Value per share (after financing and dilution)	**47.2**				

Source: S&P Capital IQ and Carlsquare estimates

Valuation within an interval

We have used our DCF model (perpetual method) in the bull and bear case but developed alternative growth curves and profitability targets.

In the bull case, we assume higher growth at an average of ten per cent in the forecast period, i.e., double the calculated rate in the base case scenario, propelled by acquisitions. We assume acquisitions corresponding to an EV/Sales of 0.5 valuation. On average, we also pencil in a one percentage point higher EBIT margin at seven per cent. We calculate a fair value of SEK 69 per share.

For the bear case, we model an average annual growth rate of 2.5 per cent, i.e., half the growth assumed in the base case. We also pencil in 1.5 per cent lower EBIT margins over the forecast period. After total financing and dilution, the more pessimistic scenario yields a fair value per share of SEK 24.

Key figures and accounts

Key Ratios (SEK)

	2019	2020	2021	2022E	2023E	2024E
Per share						
EPS	0.75	-0.03	2.26	3.01	3.71	3.76
DPS	0.3	0.0	0.3	0.5	0.8	1.0
BVPS	14.6	14.0	16.4	19.3	22.3	25.2
Valuation (curr.)	2019	2020	2021	2022P	2023P	2024P
P/E	20.8x	NM	28.5x	12.3x	9.9x	9.8x
P/B	2.6x	2.8x	2.3x	1.9x	1.6x	1.4x
EV/Sales	0.5x	0.4x	1.2x	0.6x	0.6x	0.6x
EV/EBITDA	7.2x	6.7x	13.0x	6.9x	6.1x	5.7x
EV/EBIT	15.8x	19.3x	21.0x	10.3x	8.9x	8.7x
Other	2019	2020	2021	2022E	2023E	2024E
Dividend yield	0.7%	0.0%	0.7%	1.4%	2.0%	2.7%
FCF yield	9,7%	8,1%	14,7%	15,5%	19,7%	21,2%

Source: Company information and Carlsquare estimates

Income statement (SEKm), quarterly

	Q1, 21	Q2, 21	Q3, 21	Q4, 21	Q1, 22	Q2, 22E	Q3, 22E	Q4, 22E
Sales	567	634	597	717	824	846	737	760
Gross profit	260	298	271	320	361	372	332	342
EBITDA	43	63	59	67	66	68	70	80
EBITA	23	40	38	43	41	46	47	56
EBIT	19	36	33	39	37	42	43	52
EBT	12	31	26	32	25	33	34	44
Net profit	9	26	20	25	19	27	27	35
EPS (SEK)	0.27	0.73	0.56	0.70	0.54	0.74	0.76	0.97
Growth	Q1, 21	Q2, 21	Q3, 21	Q4, 21	Q1, 22	Q2, 22E	Q3, 22E	Q4, 22E
Sales	-5.3%	13.4%	18.7%	45.1%	45.2%	33.5%	23.4%	6.0%
Gross profit	-6.4%	25.5%	28.7%	39.9%	38.4%	24.9%	22.3%	7.0%
EBITDA	2.9%	228.3%	55.2%	69.3%	55.5%	8.3%	17.7%	18.7%
EBIT	13.1%	324.8%	119.7%	152.6%	94.2%	14.8%	27.7%	33.8%
EBT	24.2%	251.2%	181.3%	198.1%	114.4%	8.8%	34.3%	37.7%
Net profit	42.2%	232.7%	201.5%	382.5%	111.0%	2.0%	37.2%	37.7%
Margins	Q1, 21	Q2, 21	Q3, 21	Q4, 21	Q1, 22	Q2, 22E	Q3, 22E	Q4, 22E
Gross margin	45.9%	47.0%	45.4%	44.6%	43.8%	44.0%	45.0%	45.0%
EBITDA margin	7.5%	9.9%	9.9%	9.4%	8.1%	8.0%	9.5%	10.5%
EBIT margin	3.3%	5.7%	5.6%	5.4%	4.5%	4.9%	5.8%	6.9%
EBT margin	2.1%	4.8%	4.3%	4.4%	3.1%	3.9%	4.7%	5.7%
Profit margin	1.6%	4.1%	3.3%	3.5%	2.3%	3.1%	3.7%	4.5%

Source: Company information and Carlsquare estimates

Income statement (MSEK)

	2017	2018	2019	2020	2021	2022P	2023P	2024P
Total revenue	**1 400**	**1 811**	**2 068**	**2 155**	**2 515**	**3 167**	**3 301**	**3 433**
COGS	-807	-1 006	-1 121	-1 200	-1 366	-1 761	-1 815	-1 888
Gross profit	**593**	**805**	**947**	**955**	**1 149**	**1 406**	**1 485**	**1 545**
Other operating expenses	-514	-692	-798	-816	-917	-1 122	-1 163	-1 202
EBITDA	**79**	**113**	**149**	**139**	**232**	**284**	**323**	**343**
Dep. and amort.	-43	-59	-92	-107	-105	-111	-121	-135
EBIT	**36**	**54**	**57**	**31**	**128**	**173**	**202**	**207**
Net finances	-10	-25	-25	-22	-28	-37	-34	-34
EBT	**26**	**29**	**32**	**9**	**100**	**137**	**168**	**174**
Tax	-10	-20	-29	-35	-36	-37	-39	-41
Net profit/loss	**15**	**10**	**3**	**-26**	**64**	**99**	**129**	**133**
EPS	**0.68**	**0.78**	**0.75**	**-0.03**	**2.26**	**3.01**	**3.71**	**3.76**
Shares, EoP	24.2	29.9	34.0	34.0	35.8	35.8	36.6	36.6
Shares, avg.	24.2	27.0	31.9	34.0	34.9	35.8	36.2	36.6

Growth	2017	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	7.2%	29.4%	14.2%	4.2%	16.7%	25.9%	4.2%	4.0%
Gross profit	0.9%	35.8%	17.6%	0.9%	20.3%	22.4%	5.6%	4.0%
EBITDA	8.8%	43.1%	31.6%	-7.0%	67.5%	22.4%	13.7%	6.1%
EBIT	41.7%	51.5%	5.0%	-44.9%	307.3%	35.8%	16.7%	2.6%
EBT	631.4%	14.1%	10.6%	-72.4%	1020.2%	37.0%	23.4%	3.1%
Net profit/loss	1089.5%	-8.0%	13.5%	-105.9%	5820.7%	34.3%	24.4%	3.1%
EPS	722.2%	14.7%	-3.8%	-104.5%	-6794.1%	33.0%	23.3%	1.6%
Margins	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Gross profit	42.3%	44.5%	45.8%	44.3%	45.7%	44.4%	45.0%	45.0%
EBITDA margin	5.7%	6.3%	7.2%	6.4%	9.2%	9.0%	9.8%	10.0%
EBIT margin	2.6%	3.0%	2.7%	1.5%	5.1%	5.5%	6.1%	6.0%
EBT margin	1.8%	1.6%	1.6%	0.4%	4.0%	4.3%	5.1%	5.1%
Profit margin	1.1%	0.5%	0.2%	-1.2%	2.5%	3.1%	3.9%	3.9%

Source: Company information and Carlsquare estimates

Balance sheet (SEKm)

	2019	2020	2021	2022E	2023E	2024E
Tot. intangible assets	416	396	464	452	451	450
Tot. tangible assets	279	270	407	464	500	525
Tot. other fixed assets	177	165	210	197	197	197
Total fixed assets	871	830	1 081	1 114	1 148	1 172
Inventories	423	342	663	675	610	634
Accounts Receivables	122	77	107	169	176	183
Other current assets	45	44	55	63	65	68
Cash	67	121	46	11	151	223
Total current assets	657	584	870	918	1 002	1 108
Total assets	**1 528**	**1 414**	**1 951**	**2 031**	**2 151**	**2 280**
Shareholder equity	498	475	586	691	817	921
Total equity	**498**	**475**	**586**	**691**	**817**	**921**
Debt to creditors	210	175	245	204	204	204
Lease liabilities	93	81	133	132	132	132
Other long-term liabilities	155	154	154	148	148	148
Tot. long-term liabilities	457	409	531	483	483	483
Debt to creditors	203	169	241	306	282	288
Accounts payable	232	200	373	321	334	348
Lease liabilities	46	43	42	42	42	42
Other short-term liabilities	93	118	178	188	193	198
Tot. short-term debt	573	530	835	857	850	875
Total debt	**1 030**	**939**	**1 366**	**1 341**	**1 334**	**1 358**
Tot. equity and debt	**1 528**	**1 414**	**1 951**	**2 031**	**2 151**	**2 280**

Current ratio	1.1	1.1	1.0	1.1	1.2	1.3
Cash ratio	0.1	0.2	0.1	0.0	0.2	0.3
Leverage	2019	2020	2021	2022E	2023E	2024E
Net debt(-)/Net cash(+)	-543	-450	-712	-766	-598	-530
Net debt/EBITDA	3.6x	3.2x	3.1x	2.7x	1.9x	1.5x
Net debt/Equity	1.1x	0.9x	1.2x	1.1x	0.7x	0.6x
Net debt/Equity	109%	95%	122%	111%	73%	57%
Assets/Equity	33%	34%	30%	34%	38%	40%
Efficiency	2019	2020	2021	2022E	2023E	2024E
ROA	1.0%	0.7%	0.2%	Neg.	3.0%	4.3%
ROE	3.1%	2.0%	0.6%	Neg.	8.5%	11.4%
ROIC	3.1%	5.2%	4.2%	2.1%	7.8%	9.7%

Source: Company information and Carlsquare estimates

Cash flow (SEKm)

	2019	2020	2021	2022E	2023E	2024E
CF, operating activities b4 delta WC	128	106	194	204	260	279
Delta operating capital	-6	76	-67	-100	71	-18
CF operating activities	122	182	126	104	331	261
CF investing activities	-137	-60	-186	-89	-93	-96
CF financing activities	5	-63	-22	-54	-101	-96
Cash flow	-10	59	-81	-38	137	68
Cash, BoP	-1	-4	6	3	3	3
Cash, EoP	78	67	121	46	11	151

Key ratios	2019	2020	2021	2022E	2023E	2024E
CF operating activities/Sales	6%	8%	5%	3%	10%	8%
CF operating activities/Total assets	8%	13%	6%	5%	15%	11%

Source: Company information and Carlsquare estimates

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