Update: Q2 2022

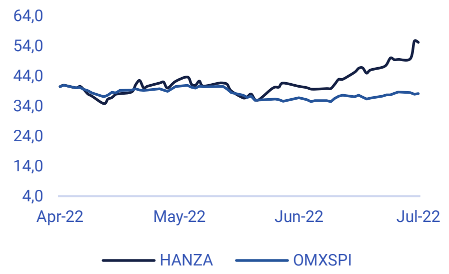
HANZA AB

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

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

Bloomberg: HANZA:SS
Reuters Eikon: HANZA.ST
List: Nasdaq Stockholm Small Cap
Last: 54.0
Market cap: SEK 1 975m

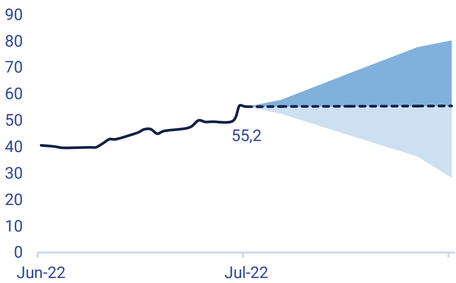
SHARE DEVELOPMENT



	12M	YTD	6M	1M
Development (%)	111	-16	18	35

Source: S&P Capital IQ

VALUATION INTERVAL



	BEAR	BASE	BULL
Value per share (SEK)	28	56	80
Up-/downside (%)	-48	3	49

Source: S&P Capital IQ and Carlsquare estimates

CARLSQUARE EQUITY RESEARCH

Niklas Elmhammer
Senior Equity Analyst

Solid demand and margin outlook

Carlsquare Equity Research believes the Q2 performance supports the view that margin improvement in HANZA is now on track and that headwinds in the beginning of the year has abated considerably. Better than expected growth in the period and a reassuring outlook also warrant a more optimistic view on earnings in coming quarters. We increase our sales and earnings estimates notably and consequently raise our base case to SEK 56 (47).

Final Q2 report surpasses preannouncement

HANZA posted 40 per cent growth in Q2' 22 to sales of SEK 886m, and thus the company "over-delivered" on the June 20 preannouncement of more than SEK 850m in revenue. Even more encouraging, EBITA was SEK 57m (40), surpassing the lower end of SEK 50m as suggested in the reverse profit warning. The main driver was a rebound in margins in the Other markets as negative effects from expansion programs and cost headwinds abated sooner than we had anticipated. Also, group EBIT margin reached the six per cent financial target for the first time. In total, the report supports the view that profitability improvement is on track and that our previous estimates have been somewhat conservative. There is further room for higher margins as expansion programs in Other markets and cluster integration in Germany is expected to be completed in the second half of 2022. The large swings in raw materials and component prices adds uncertainty but we argue that HANZA is relatively insulated from these effects as they do not sell their own products and are compensated for rising material costs from their customers.

Reassuring outlook also supports higher estimates

HANZA management sees growth across all customer industries and reports no slowdown in sight. Component shortage is still challenging but so far HANZA has managed the situation comparatively well and many companies including HANZA expect less constraints by the end of 2022.

Overall, we believe the solid Q2 report and outlook warrants a more optimistic view on coming quarters. We raise our annual sales estimates by four percent and our EBIT estimates by about 14 percent on average for 2022-2024.

Margin prospects, relative valuation lifts base case value

Following our increased estimates, we raise our DCF valuation range and our combined DCF and multiple valuation render a higher base case fair value of SEK 55.5 (47). We believe a solid profitability outlook warrants a higher valuation. Our base case fair value corresponds to an EV/sales multiple of 0.8x, in line with Nordic contract manufacturing peers.

Key figures (SEKm)

	2019	2020	2021	2022E	2023E	2024E
Total revenue	2 068	2 155	2 515	3 278	3 425	3 562
Gross profit	947	955	1 149	1 438	1 524	1 585
EBITDA	149	139	232	301	358	379
EBIT	68	48	143	204	253	257
EBT	32	9	100	145	201	204
Earnings per share	0.75	-0.03	2.26	3.32	4.42	4.43
Growth, tot. revenue	14.2%	4.2%	16.7%	30.3%	4.5%	4.0%
EBITDA-margin	7.3%	6.6%	8.7%	8.9%	10.4%	10.6%
EBIT-margin	2.8%	1.5%	4.8%	5.6%	6.9%	6.7%
EV/Sales	0.5x	0.4x	1.2x	0.80x	0.8x	0.7x
EV/EBITDA	7.2x	6.7x	13.0x	8.7x	7.3x	6.9x
EV/EBIT	15.8x	19.3x	21.0x	12.8x	10.4x	10.2x
P/E	20.8x	NM	28.5x	16.6x	12.5x	12.5x

Source: Company information and Carlsquare estimates

Solid demand and margin outlook

HANZA's Q2 2022 sales and earnings were even better than the preliminary June 20 statement had suggested, in our view. The strong growth (40 percent) reflects very robust demand from both old and new customers. In addition, it was partly boosted by price adjustments and (to a lesser extent) acquisitions. Weconsider the rebound in margins and earnings in the Other markets segment as particularly encouraging given cost headwinds in recent quarters. The company sees growth across the board with no sign of slowdown. Combined with expansion programs being finalized in the near term, it suggests continued solid earnings growth in the coming quarters.

Other markets look to be back on track

Once again, HANZA's growth exceeded expectations and the company posted 29 per cent organic growth in the second quarter. The outcome was even better than the preliminary figures in the positive preannouncement from June 20 had suggested, driven by a stronger performance than we had anticipated in the Other markets segment. Admittedly the impact from the passing through of rising component costs is significant on the top line and from management comments we deduce that price adjustments boosted sales to a larger extent than in previous quarters. However, underlying volume growth was still very solidly in the double digits. Also, EBITA improved by 42 per cent and was 25 per cent above our expectations (as well as consensus).

As we have previously commented, price adjustments from rising input costs should be earnings neutral for HANZA (lifting top line and lowering margins simultaneously). The magnitude of current price adjustments is however unprecedented in HANZA's history and, sales and margin forecasts are somewhat difficult in the current situation. However, the earnings and margin beat in the quarter are significant since they underline that other factors, e.g., increased operating efficiency, are behind the improvement for the Other markets segment. One should note that price adjustments, while boosting top-line growth, reduce the margin.

In the table below we compare the final Q2, 2022 reported sales and earnings vs our estimates *before* the preannouncement.

HANZA Q2, 2022 Net sales and EBITA vs CSQ Forecast (SEKm)

	Q2 22E	Q2 21	Q2 22A	Dev
Net Sales	846	634	886	5%
Growth, net sales	33%	13%	40%	7 p.p.
Main Markets, net sales	489	339	484	-1%
Main Markets, growth	44%	11%	43%	-1 p.p.
Other Markets, net sales	356	295	401	13%
Other Markets, Growth	21%	17%	36%	15 p.p.
EBITA	46	40	57	25 %
EBITA-margin	5,4%	6,4%	6,5%	1 p.p.
Main Markets, EBITA-margin	8,0%	7,9%	7,6%	-0.4 p.p.
Other Markets, EBITA-margin	2,5%	5,0%	5,6%	3.1 p.p.

Source: Company information and Carlsquare estimates

The Main markets segment was marginally below our expectations but without any substantial upsets and EBITA increased by a significant 37 per cent to SEK 36.7m (26.8). As previously communicated, newly acquired Beyers is still a drag on profitability; however, HANZA says that integration is going well. Excluding Beyers, margins in Main markets was around 8.5 percent, an improvement over the same period last year (7.9). Following the period, HANZA announced a small acquisition, of German product development company Budelmann Elektronik with annual sales of SEK 15m. The immediate financial impact will be marginal; however, the acquisition will strengthen product development capacity and increase head count by about 50 per cent in this competency in the German cluster.

The outlook remains solid

The company provided a reassuring outlook which likely contributed to the strong share price reaction to the report (following an already solid performance in the last month on the back of the June preannouncement). While lack of components continues to hamper growth and profitability and is expected to do so for the remainder of 2022, there are some signs of improvement in the supply chain. At the same time, HANZA does not see any weakening of demand ahead and records growth in all customer industries. We believe HANZA typically should have visibility well into the first half of next year, so the outlook is encouraging.

As in the Q1 report, HANZA states that it expects Beyers to become profitable towards the end of the year and that Germany should contribute with good profitability to the Main markets segment in 2023.

Investment Case

We believe HANZA's manufacturing cluster strategy and sustainability focus makes it well-positioned for contract manufacturing trends in Europe. As the international clusters (e.g., Germany and Other markets) become more mature, we see the company's profitability targets within reach, implying further strong earnings growth from current levels. The solid Q2 report support this view and we argue the growth and margins prospects warrants a valuation at least in line with peers.

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.

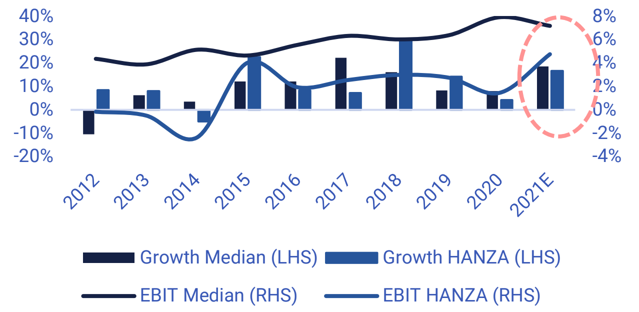
World Exports Growing Slower than GDP

Source: World Bank

Successful expansion of manufacturing clusters

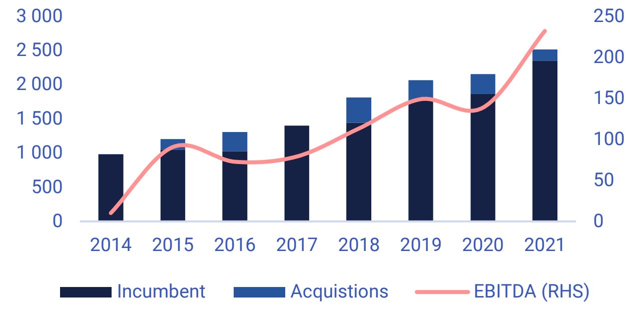
For many companies, particularly start-ups, manufacturing is not part of the strategy, and contract manufacturers are natural partners. We believe financial performance shows that the regionalisation trend has benefited regional contract manufacturers during the last decade.

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. Establishment in Germany was forced to pause from early 2020 until the summer of 2021 due to the pandemic and the hard lockdown in Germany. In 2021, the electronics firm Beyers in Mönchengladbach was added. By the end of 2022, the project should be completed according to the original plan. 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 and provide increased customer value. 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.

HANZA came out of stronger from the pandemic

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. Growth has accelerated in 2022, underpinned by acquisitions, expanding business with new and existing customers (supported by increased capacity), and price inflation.

We still see plenty of room for margin expansion towards and beyond the group's current financial target of over six per cent operating margin.

Estimates

During the last three years, HANZA has entered the German market. The expansion was delayed by the pandemic as it for a long time was impossible to have customer meetings or factory tours in Germany. We are now optimistic that the resumed German expansion will be a critical positive driver for growth and earnings. The expansion programs in Other markets are nearing completion and we believe this should contribute to growth outlook and improve operating efficiency. Following the Q2 report, we have raised our 2022-2024 sales forecasts by about four per cent and expect 30 per cent growth (previously: 26 per cent) for 2022.

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.

From management comments, we deduce some 14-15 of price adjustment per cent in Q2, up from some estimated 8-9 per cent in Q1. HANZA does not provide guidance on expected price effects going forward. During the summer, raw material prices have come down significantly. While component prices naturally lag price development in metal markets, eventually, this should have an impact on HANZA figures too. For now, we assume some additional albeit lower positive price effects in the second half. As stated above, we are not concerned by the price adjustments as regards earnings but there is an impact on top line growth which is somewhat unpredictable for us.

We see margins improving faster than previous estimates

In Q2, organic growth was 29 per cent, well over our previous estimate prior to the June preannouncement of 23 per cent. For the first half, organic growth was 27 per cent. Hence, growth accelerated in the second quarter (even though price adjustments played a big part).

In this light our previous growth estimates looks too conservative, and we now raise our FY sales forecast to some SEK 3.37bn, up from SEK 3.17bn previously. Hence, we now expect growth of 30 per cent vs 26 per cent in our latest update following the Q1 report. We here assume organic growth of 20 per cent for the full year. While the general economic outlook is uncertain, we stick with our previous growth assumptions for 23E and 24E (with a small adjustment for the acquisition of Budelmann). This reflects the positive outlook as communicated in the Q2 report, the macro trend favoring regionalization and outsourcing of manufacturing and historical organic growth rates for HANZA.

The group EBITA margin increased to 6.5 per cent in Q2 (6.4) and to 5.8 per cent (5.2) for the first six months. This was well over our estimate, explained by the increased margin for Other markets. The large expansion in Tartu (Estonia) was completed in Q1, and costs related to still ongoing projects in Poland, Czech republic and China has not affected earnings to the same extent. We consequently have become more optimistic regarding operating efficiency and margins in Other markets for the rest of 2022. For Main markets, our sales estimates are little changed, however we assume slightly lower profitability for the full year compared to our previous update. All in all, we forecast that strong top-line growth will translate to an EBITA growth of about 42 per cent for the group in 2022 (up from previously 32 per cent).

Other markets, sales (SEKm) and EBITA margin (Q)

Source: Company information and Carlsquare estimates

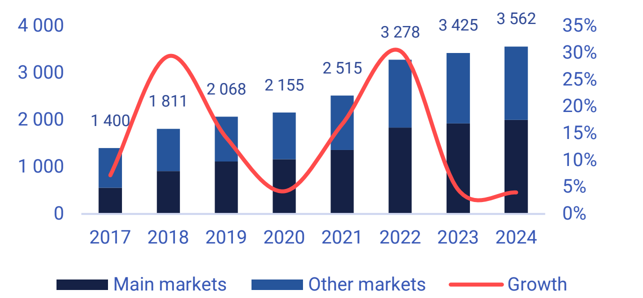
Other markets, sales (SEKm) and EBITA margin (Y)

Source: Company information and Carlsquare estimates

The EBIT margin was 6.0 and 5.3 per cent for Q2 and H1, respectively. HANZA is closing in on its six per cent EBIT margin target on an annual basis. We believe it could be surpassed (and possibly revised upwards) over the next two years. Improved capacity utilization and integration of the Beyers acquisition in Germany, resolving of supply chain issues and finalizing expansions in Other Markets are vital factors. The Q2 report shows clearly promising signs, and we raise our EBIT margin projections by 0.7 to 0.8 percentage points for 2023 and 2024.

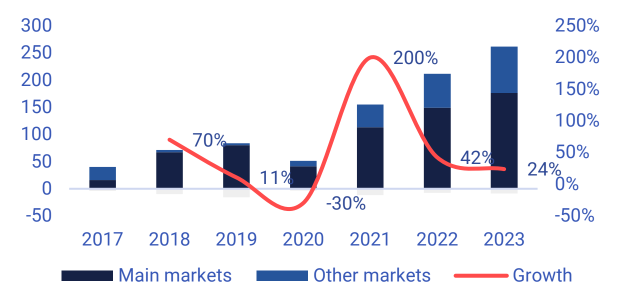
Given an expected sales CAGR of some twelve per cent from 2021 to 2024 (up from eleven), we also calculate solid earnings growth of some 26 per cent (net profit), on average.

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 2023?

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”. This initiative is expected to launch during 2023. 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

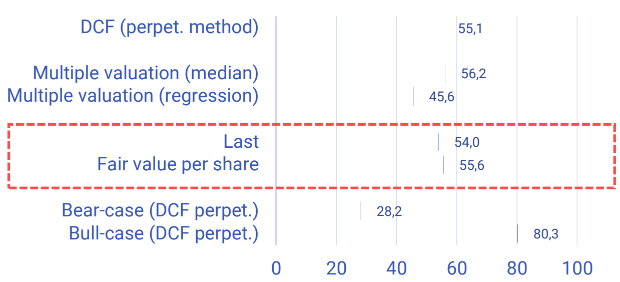
We have combined a DCF-model with a multiple valuation model in an average to calculate a fair value per share. We have raised our DCF valuation due to increased estimates and a slightly lower WACC at 10 per cent (10.4). Our DCF valuation results in a value per share of SEK 28 (bear) to SEK 80 (bull) (previously: SEK 24 to SEK 69). Our multiple valuation yields a value per share of about SEK 55.9 (47.2) from higher sector valuation and increased estimates. Combining the value in the DCF model with the multiple valuation in an average, we calculate a higher fair value per share of SEK 55.5 (47.4) after full financing and accompanied dilution for our base case.

Fair value, base case (SEKm)

Multiple valuation, SEK	55.9
DCF valuation, SEK	55.0
Fair value per share, SEK	**55.5**
Potential up-/downside	0%
Shares outstanding, fully financed, and diluted	36.6
Shareholder value	**2 032**
Cash (30 Jun)	46
Debt (30 jun)	-692
PV cash from equity financing	14
EV	**2 663**

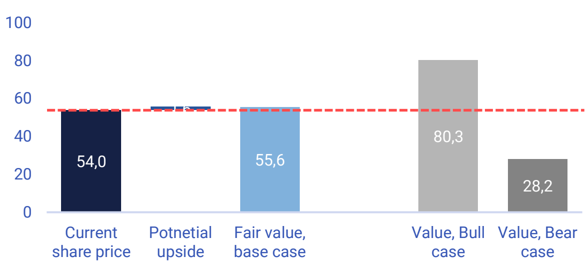
Source: Carlsquare Estimates

Fair value within an interval (SEK)



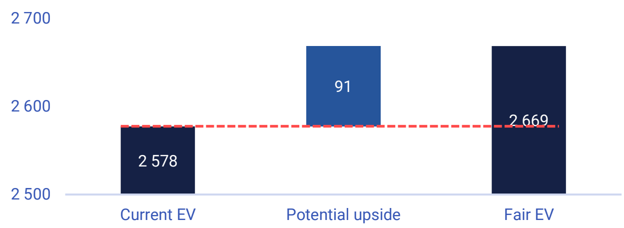
Source: Carlsquare Estimates

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 0.81x. The Nordic contract manufacturers reference group companies are currently trading at a median EV/Sales multiple 2022E of 0.82x.

Multiple valuation, base case

Contract Manufacturers	HQ	Mcap (SEKm)	Growth 2022E	EBITDA-marg. 2022E	EV/Sales. 2022E
AQ Group AB (publ)	SE	5 351	NA	NA	NA
NOTE AB (publ)	SE	5 791	NA	NA	NA
Inission AB (publ)	SE	561	28%	8%	0.58x
Kitron ASA	NO	4 242	65%	9%	0.97x
Scanfil Oyj	FI	4 810	18%	8%	0.67x
Incap Oyj	FI	4 125	34%	16%	1.78x
Median		**4 526**	**31.0%**	**8.8%**	**0.82x**
Average		4 147	36%	11%	1.0x

Discount	0%
Applied EV/Sales multiple	**0.82x**
Exp. sales 2022 (SEKm)	3 278
Enterprise value	**2 679**
Net debt (30-Jun)	-645
PV (Cash from equity financing)	14
Shareholder value. after financing	**2 047**
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)	56.8
Value per share (after financing and dilution)	**55.9**

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 eleven per cent in the forecast period, i.e., five percentage points higher than 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 80 per share.

For the bear case, we model an average annual growth rate of three 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 28.

Key figures and accounts

Key Ratios (SEK)

	2019	2020	2021	2022E	2023E	2024E
Per share						
EPS	0.75	-0.03	2.26	3.32	4.42	4.43
DPS	0.3	0.0	0.3	0.5	0.8	1.0
BVPS	14.6	14.0	16.4	20.6	24.7	28.6
Valuation (curr.)	2019	2020	2021	2022P	2023P	2024P
P/E	20.8x	NM	28.5x	16.6x	12.5x	12.5x
P/B	4.0x	4.2x	3.4x	2.7x	2.2x	1.9x
EV/Sales	0.5x	0.4x	1.2x	0.8x	0.8x	0.7x
EV/EBITDA	7.2x	6.7x	13.0x	8.7x	7.3x	6.9x
EV/EBIT	15.8x	19.3x	21.0x	12.8x	10.4x	10.2x
Other	2019	2020	2021	2022E	2023E	2024E
Dividend yield	0.5%	0.0%	0.5%	0.9%	1.4%	1.8%
FCF yield	6.5%	5.4%	9.8%	10.1%	14.5%	15.6%

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	886	756	812
Gross profit	260	298	271	320	361	385	333	359
EBITDA	43	63	59	67	66	82	69	82
EBITA	23	40	38	43	41	57	47	59
EBIT	19	36	33	39	37	53	43	55
EBT	12	31	26	32	25	40	34	46
Net profit	9	26	20	25	19	36	27	36
EPS (SEK)	0.27	0.73	0.56	0.70	0.54	1.01	0.76	1.01
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%	39.8%	26.6%	13.3%
Gross profit	-6.4%	25.5%	28.7%	39.9%	38.4%	29.2%	22.7%	12.4%
EBITDA	2.9%	228.3%	55.2%	69.3%	55.5%	31.3%	17.2%	22.2%
EBIT	13.1%	324.8%	119.7%	152.6%	94.2%	46.7%	28.9%	41.2%
EBT	24.2%	251.2%	181.3%	198.1%	114.4%	30.9%	33.5%	44.7%
Net profit	42.2%	232.7%	201.5%	382.5%	111.0%	39.2%	36.3%	44.7%
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%	43.5%	44.0%	44.3%
EBITDA margin	7.5%	9.9%	9.9%	9.4%	8.1%	9.3%	9.2%	10.1%
EBIT margin	3.3%	5.7%	5.6%	5.4%	4.5%	6.0%	5.7%	6.8%
EBT margin	2.1%	4.8%	4.3%	4.4%	3.1%	4.5%	4.5%	5.6%
Profit margin	1.6%	4.1%	3.3%	3.5%	2.3%	4.1%	3.6%	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**	**3 278**	**3 425**	**3 562**
COGS	-807	-1 006	-1 121	-1 200	-1 366	-1 840	-1 901	-1 977
Gross profit	**593**	**805**	**947**	**955**	**1 149**	**1 438**	**1 524**	**1 585**
Other operating expenses	-514	-692	-798	-816	-917	-1 137	-1 166	-1 206
EBITDA	**79**	**113**	**149**	**139**	**232**	**301**	**358**	**379**
Dep. and amort.	-43	-59	-92	-107	-105	-113	-121	-139
EBIT	**36**	**54**	**57**	**31**	**128**	**188**	**237**	**240**
Net finances	-10	-25	-25	-22	-28	-43	-36	-36
EBT	**26**	**29**	**32**	**9**	**100**	**145**	**201**	**204**
Tax	-10	-20	-27	-41	-42	-39	-41	-42
Net profit/loss	**15**	**10**	**6**	**-32**	**58**	**107**	**160**	**162**
EPS	**0.68**	**0.78**	**0.75**	**-0.03**	**2.26**	**3.32**	**4.42**	**4.43**
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%	30.3%	4.5%	4.0%
Gross profit	0.9%	35.8%	17.6%	0.9%	20.3%	25.1%	6.0%	4.0%
EBITDA	8.8%	43.1%	31.6%	-7.0%	67.5%	29.5%	19.1%	6.0%
EBIT	41.7%	51.5%	5.0%	-44.9%	307.3%	47.4%	26.0%	1.5%
EBT	631.4%	14.1%	10.6%	-72.4%	1020.2%	45.8%	38.1%	1.7%
Net profit/loss	1089.5%	-8.0%	13.5%	-105.9%	5820.7%	48.4%	34.2%	1.7%
EPS	722.2%	14.7%	-3.8%	-104.5%	-6794.1%	46.9%	33.1%	0.2%
Margins	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Gross profit	42.3%	44.5%	45.8%	44.3%	45.7%	43.9%	44.5%	44.5%
EBITDA margin	5.7%	6.3%	7.2%	6.4%	9.2%	9.2%	10.4%	10.6%
EBIT margin	2.6%	3.0%	2.7%	1.5%	5.1%	5.7%	6.9%	6.7%
EBT margin	1.8%	1.6%	1.6%	0.4%	4.0%	4.4%	5.9%	5.7%
Profit margin	1.1%	0.5%	0.3%	-1.5%	2.3%	3.3%	4.7%	4.5%

Source: Company information and Carlsquare estimates

Balance sheet (SEKm)

	2019	2020	2021	2022E	2023E	2024E
Tot. intangible assets	416	396	464	468	467	466
Tot. tangible assets	279	270	407	489	544	585
Tot. other fixed assets	177	165	210	197	197	197
Total fixed assets	871	830	1 081	1 154	1 207	1 247
Inventories	423	342	663	734	652	678
Accounts Receivables	122	77	107	181	188	196
Other current assets	45	44	55	67	70	72
Cash	67	121	46	37	216	311
Total current assets	657	584	870	1 019	1 126	1 257
Total assets	**1 528**	**1 414**	**1 951**	**2 173**	**2 333**	**2 504**
Shareholder equity	498	475	586	738	905	1 049
Total equity	**498**	**475**	**586**	**738**	**905**	**1 049**
Debt to creditors	210	175	245	207	207	207
Lease liabilities	93	81	133	137	137	137
Other long-term liabilities	155	154	154	136	136	136
Tot. long-term liabilities	457	409	531	479	479	479
Debt to creditors	203	169	241	376	350	356
Accounts payable	232	200	373	343	357	371
Lease liabilities	46	43	42	40	40	40
Other short-term liabilities	93	118	178	196	201	207
Tot. short-term debt	573	530	835	956	949	975
Total debt	**1 030**	**939**	**1 366**	**1 435**	**1 428**	**1 454**
Tot. equity and debt	**1 528**	**1 414**	**1 951**	**2 173**	**2 333**	**2 504**

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
Net debt (-)/Net cash (+)	-543	-450	-712	-800	-591	-499
Net debt/EBITDA	3.6x	3.2x	3.1x	2.7x	1.7x	1.3x
Net debt/Equity	1.1x	0.9x	1.2x	1.1x	0.7x	0.5x
Net debt/Equity	109%	95%	122%	108%	65%	48%
Assets/Equity	33%	34%	30%	34%	39%	42%
Efficiency	2019	2020	2021	2022E	2023E	2024E
ROA	1.0%	0.7%	0.3%	Neg.	2.5%	4.3%
ROE	3.1%	2.0%	1.1%	Neg.	7.0%	10.9%
ROIC	3.1%	5.2%	4.2%	1.9%	6.9%	9.3%

Source: Company information and Carlsquare estimates

Cash flow (SEKm)

	2019	2020	2021	2022E	2023E	2024E
CF, operating activities b4 delta WC	128	106	194	200	286	307
Delta operating capital	-6	76	-67	-134	89	-19
CF operating activities	122	182	126	66	375	288
CF investing activities	-137	-60	-186	-118	-112	-116
CF financing activities	5	-63	-22	28	-103	-96
Cash flow	-10	59	-81	-24	161	76
Cash, BoP	-1	-4	6	15	19	19
Cash, EoP	78	67	121	46	37	216

Key ratios	2019	2020	2021	2022E	2023E	2024E
CF operating activities/Sales	6%	8%	5%	2%	11%	8%
CF operating activities/Total assets	8%	13%	6%	3%	16%	11%

Source: Company information and Carlsquare estimates

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