Update: Q3 2022

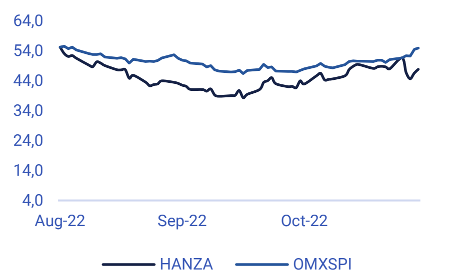
HANZA AB

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: 47.8
Market cap: SEK 1 710m

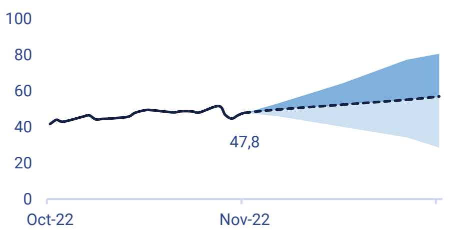
SHARE DEVELOPMENT



	12M	YTD	6M	1M
Development (%)	17	-26	26	11

Source: S&P Capital IQ

VALUATION INTERVAL



	BEAR	BASE	BULL
Value per share (SEK)	28	57	81
Up-/downside (%)	-40	19	69

Source: S&P Capital IQ and Carlsquare estimates

CARLSQUARE EQUITY RESEARCH

Niklas Elmhammer
Senior Equity Analyst

Staying on course

Carlsquare Equity Research believes the strong sales growth and positive outlook in the Q3 report support the case for solid earnings growth to continue into 2023. The Other markets segment continue to shine while there is room for margin increase in Germany. High order intake and raised financial targets are encouraging signals. We raise our base case to SEK 57 (56) on somewhat higher growth assumptions.

Robust sales and positive outlook in uncertain times

The robust sales trend continued in Q3, and the growth of 40 percent clearly surpassed our expectations. The Other markets segment once again was the strongest performer with 33 percent organic growth. The completion of expansion programs contributed to EBITA increasing by 34 percent to SEK 50m (38), in line with our expectations. The EBITA margin contracted slightly as price inflation remained considerable and as profitability in the German cluster is still burdened by the Beyers unit. HANZA reports very good order intake which bodes well for continued volume growth the coming quarters. We raise our sales estimates for 2022 to 2024 by some two percent following the report. At the same time, we assume a somewhat more drawn-out trajectory for margin expansion than previously and has adjusted our earnings estimates slightly as a result.

Raised financial targets a positive signal for the long-term

HANZA announced new financial targets and aims for at least SEK 5bn of sales in 2025 and an EBITA margin of at least 8 percent by the end of 2025.This implies, e.g., a doubling of profit compared to 2022E and an almost similar strong growth rate as in the 2018 to 2022 period. We believe HANZA will need additional M&A to reach its ambitious targets, however, the new objectives also reflect confidence that the company will continue to execute on its cluster strategy and the backsourcing trend. The strong outcome in the 2018 to 2022 period of some 17 percent average annual growth supports the positive long-term view and we now project average seven percent organic growth (excluding re-invoicing of cost increases) for the coming three-year period compared to four percent in our previous update.

We believe rerating potential remains

We believe the negative share price reaction on the report should be viewed against the strong run ahead of the announcement and do not consider the minor margin disappointment as significant for the investment case. We raise our base case fair value slightly to about SEK 57 (56) as our higher growth assumptions until 2025 compensate for somewhat slower margin development in the near-term than our previous estimate. In our view, a higher valuation is supported by a comparison to other Nordic contract manufacturing peers.

Key figures (SEKm)

	2019	2020	2021	2022E	2023E	2024E
Net sales	2 068	2 155	2 515	3 419	3 406	3 644
Gross profit	947	955	1 149	1 482	1 523	1 638
EBITDA	149	139	232	305	339	386
EBITA	68	48	143	205	234	263
EBT	32	9	100	135	165	193
Earnings per share	0.75	-0.03	2.26	3.15	3.62	4.18
Growth, net sales	14.2%	4.2%	16.7%	35.9%	-0.4%	7.0%
EBITDA-margin	7.3%	6.6%	8.7%	8.6%	10.0%	10.6%
EBIT-margin	2.8%	1.5%	4.8%	5.3%	6.4%	6.8%
EV/Sales	0.5x	0.4x	1.2x	0.68x	0.7x	0.6x
EV/EBITDA	7.2x	6.7x	13.0x	7.6x	6.8x	6.0x
EV/EBITA	15.8x	19.3x	21.0x	11.3x	9.9x	8.8x
P/E	20.8x	NM	28.5x	15.2x	13.2x	11.4x

Source: Company information and Carlsquare estimates

Staying on course

Sales for HANZA (+40 percent in Q3) continue to exceed our expectations, boosted by strong volume growth, price inflation and acquisitions. High order intake supports a positive outlook and raised financial targets suggests that HANZA sees a good possibility to continue to expand at an almost similar pace as in recent years.

Strong sales and raised financial targets

HANZA reported continued strong organic growth of 26 percent in Q3, in line with the first six months, and topping our estimate of 20 per cent. Once again, the main positive deviation was in the Other Markets segment with 33 percent organic growth. HANZA cites very good order intake in all regions. In addition, the effects from acquisitions (Main markets) and increased prices for energy and materials were considerable. For the first nine months, organic growth was 28 percent.

EBITA rose 34 percent to SEK 50m (38) which was in line our forecast. Higher margin than expected in the Other markets segment compensated for somewhat disappointing profitability in Main markets segment compared to our estimate (see table below). The latter segment was burdened by low profitability in the German cluster as well as costs related to reduction of staff in Beyers which was acquired last year. Adjusted for items affecting comparability of net SEK -2.2m, group EBITA was slightly better than our forecast.

The strong development in the Other markets segment follows the completion of expansion programs in Estonia, China, Poland and the Czech republic which contributed to doubling of segment EBITA. In our view, it confirms that the segment is back on track after facing cost headwinds in the end of 2021/beginning of 2022. In sum, the group EBITA margin contracted somewhat to 6.0 per cent (6.3). While this was below our expectations, it is in line with other contract manufacturers as price inflation boosts sales without margin. Moreover, there is room to lift margins in the German cluster when the coordination project for Beyers is completed in Q4. As a sidenote, HANZA has reassessed the valuation of the reserve for additional earnout, resulting in a positive non-cash effect of SEK 10.3m. We interpret this as sales for Beyers have not reached the expected level in the first twelve months following the acquisition. Consequently, HANZA will not have to pay the first part of the contingent earn-outs to the sellers of Beyers.

HANZA Q3, 2022 Net sales and EBITA vs CSQ Forecast (SEKm)

	Q3 22E	Q3 21	Q3 22A	Deviation
Net Sales	769	597	838	9%
Growth, net sales	29%	18%	40%	
Main Markets, net sales	421	315	448	6%
Main Markets, growth	34%	19%	42%	
Other Markets, net sales	347	282	391	12%
Other Markets, Growth	23%	19%	36%	
EBITA	50	38	50	1.0%
EBITA growth	33%	75%	34%	
EBITA-margin	6.5%	6.3%	6.0%	
Main Markets, EBITA-margin	8.7%	9.5%	7.0%	
Other Markets, EBITA-margin	4.5%	3.4%	5.1%	

Source: Company information and Carlsquare estimates

Despite the strong growth and increasing inventories, operating cash flow was a bright spot. It increased to SEK 83m (-19). HANZA says it expects inventories to move towards normal levels in 2023.

Recently HANZA has acquired the previously leased sheet metal production facility in Tartu, as well as additional land of 11,000 sqm för EUR 3.8m. It enables HANZA to build additional production facilities close to the existing sheet metal and complex assembly units. In our view, it is a positive signal that HANZA is considering further expansion in Estonia following the recent SEK 90m investment in complex assembly. Already in the short-term, operating margin also improves slightly.

Ambitious financial targets for 2025

In conjunction with the Q3 report, HANZA also reviewed its financial targets, for the period up to and including 2025. The targets are a part of the "HANZA 2025" strategy. In short, the company will continue to develop the existing manufacturing clusters with possible acquisitions to increase capacity. Also, the company plans to further expand its product development and advisory services.

- The new growth target is to reach **sales of at least SEK 5bn by 2025**. The old target was average sales growth of at least ten percent over a business cycle. The updated goal implies CAGR of at least 19 percent 2021 to 2025 (or some 14 percent with 2022E as base year (our estimate)) and hence should be considered as an upgrade, in our view.

- HANZA raises its profitability target and aims for an **EBITA margin of at least eight percent** by the end of 2025. This also more ambitious than the previous objective of at least six percent EBIT-margin and implies that EBITA should double compared to the expected level for 2022.

- In addition, HANZA defines a new target for debt. Net interest-bearing debt should not exceed 2.5x rolling 12-month EBITDA.

At the same time, the board has decided to keep the capital structure target and dividend policy unchanged.

During the coming years, HANZA will also investigate a possible expansion to new geographies to meet its customers' needs. According to the present outlook, this step may begin by the end of 2025.

As the old financial targets have to a large extent been met (HANZA has exceeded the previous growth target, while the EBIT margin is currently "distorted" from short-term effects of price inflation), the timing is natural for the next phase, we believe. We interpret the new financial targets positively, especially against the backdrop of an uncertain general economic outlook. They seem to reflect confidence that the trend towards regional manufacturing and backsourcing will continue and that HANZA should gain market share building on its manufacturing cluster strategy.

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 approaching its leading Nordic peers, implying further strong earnings growth from current levels. HANZA's operating performance in 2022 support 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.

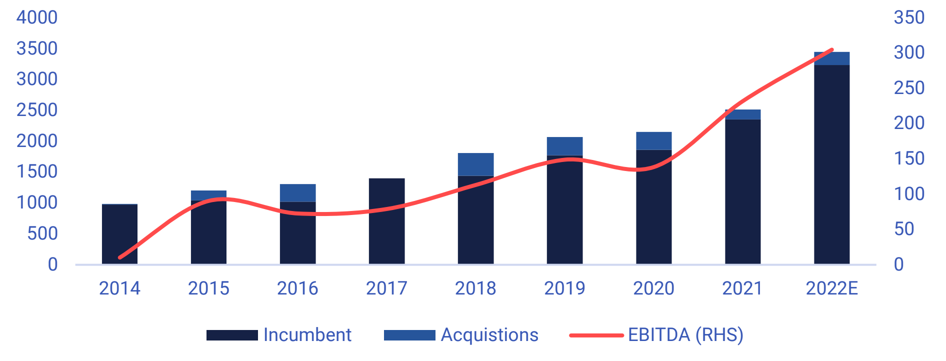
World Exports Growing Slower than GDP

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.

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 strong 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.

Estimates

As mentioned above, margins in the Main markets segment were somewhat disappointing in Q3, partly explained by low profitability and restructuring in the German Beyers unit. We are still optimistic, however, that the resumed German expansion will be a critical positive driver for margins in 2023.

The last two quarters show that the expansion programs in Other markets have been successful, and we believe this should support a higher profitability as well as contribute to growth outlook for the segment. Following the Q3 report, we have raised our 2022-2024 sales forecasts by about two per cent, but we assume a somewhat slower earnings growth.

Price inflation, a “known unknown”

Cost inflation has been a major factor in 2022 for contract manufactures, boosting topline growth while putting a lid on margins. More specifically, HANZA does not sell its own products and is typically compensated for input cost changes in its contracts. Hence, most cost increases are re-invoiced to the customer, and while price inflation puts pressure on the reported gross margin, it should be about earnings neutral as sales also increase. HANZA did not disclose the impact from re-invoicing of cost increases in the past quarter but says it is not the main component of growth.

Strong order intake mitigates slowdown concerns

Organic growth in Q3 amounted to 26 percent, well above our expectations of 20 percent. We now assume higher Q4 growth (including organic growth of 15 percent vs ten percent previously) and combined with the Q3 sales beat we raise our full year sales estimate by four percent compared to our latest update. In total, we expect 36 percent growth (24 percent organic) for the full year.

According to HANZA, order intake has been very strong and customer contracts are typically long-term. This supports a view of continued volume growth into next year, we believe. Some of HANZA’s large industrial customers such as Oerlikon and Epiroc report that orders in Q3 flattened or fell somewhat from high levels. However, HANZA has a diversified customer base, and some recently published orders indicate continued expansion into new industries. For example, at the beginning of October, HANZA reported that one of its new customers for this year, a global developer of digital solutions, will double its order value in 2023 to about SEK 60m. HANZA cites manufacturing flexibility and ability to meet high security demands as factors behind the order increase.

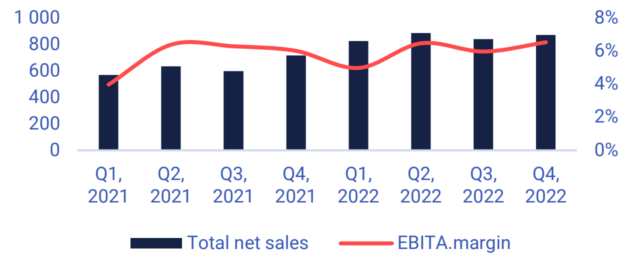
We assume some five percent volume growth in 2023, slightly higher than previous assumptions of four percent. Price inflation is a dark horse, but we believe less re-invoicing to customers could have a negative (non-margin) impact on the top-line. All in all, we expect about unchanged sales for 2023.

For 2024, we have assumed higher growth of seven percent, slightly below the 2011 to 2022 historical average excluding acquisitions. For the period 2022 to 2025 we assume a CAGR of about five percent, or seven percent excluding price inflation effects. This somewhat higher than the previous assumption of four percent. We have not included any additional acquisitions in our forecasts.

Despite margin drop in Q3, we see a positive trajectory ahead

We still expect Q4, 2022 margins to increase over the same period in 2021 mainly from improved operating efficiency in Other markets. We also pencil higher earnings in Main markets compared to Q3, which was burdened by one-off costs and zero profitability in the Beyers unit. However, we have slightly lowered the forecast compared to the previous report. For the full year we now see an EBITA margin of six percent, a minor downward revision.

Sales (SEKm) and EBITA margin (Q)



Source: Company information and Carlsquare estimates

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

Source: Company information and Carlsquare estimates

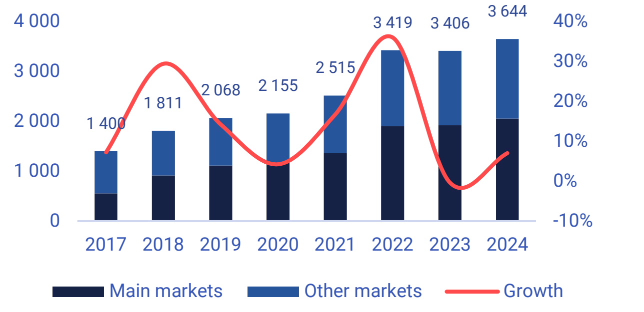
For 2023, we believe earnings will grow at a faster pace than sales from a continued positive development for Other markets from increased capacity and reduced cost headwinds. HANZA has said it predicts "increased profitability" in the German cluster by the start of 2023. Assuming this is at between six and seven percent, i.e., in line with the former group margin target, we believe it should lift Main market EBITA margin by some 70 basis points.

For Other markets, management comments implies that they expect margins to rise faster. The completed expansion programs in Estonia, as well as Poland, the Czech Republic and China should result in lower costs and increased operating efficiency, and the Q2 and Q3 reports demonstrate good progress.

We forecast EBITA margins in 2023 to approach seven percent, with higher gross margins as a significant contributor. We acknowledge that margins are somewhat unpredictable in a generally uncertain economic and inflationary environment and project a slightly flatter margin expansion trajectory compared to previously. We assume the EBITA-margin will continue to expand in 2024 and 2025, to above seven percent.

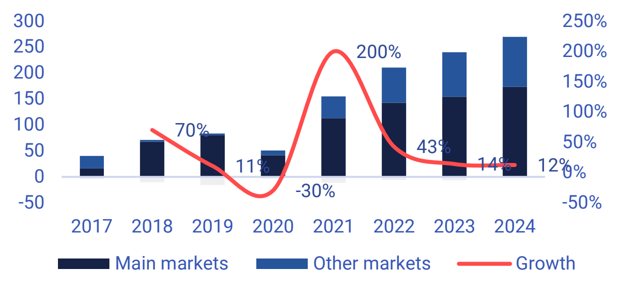
Given an expected sales CAGR of some five per cent from 2022 to 2025, we also calculate solid earnings growth of some 13 per cent (net profit), on average.

Revenue (SEKm) and growth (%)



Source: Company information and Carlsquare estimates

EBITA (SEKm) and growth (%)

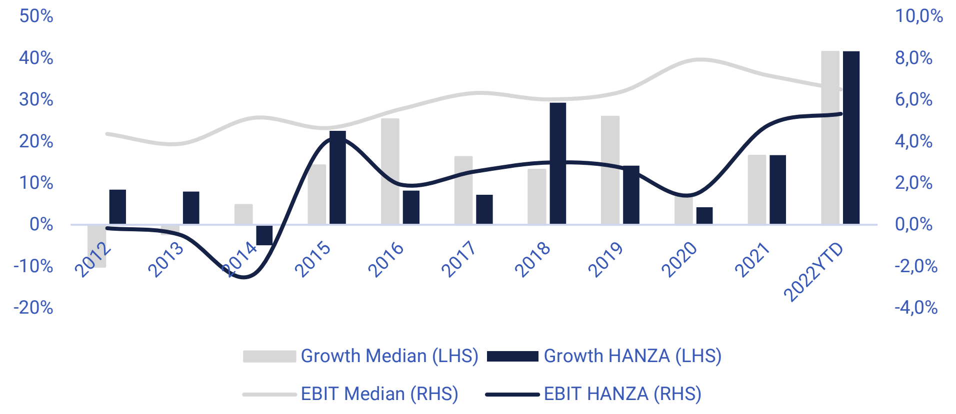


Source: Company information and Carlsquare estimates

Peer comparison also indicates margin upside

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. As mentioned, HANZA has now adjusted its annual growth target from more than ten per cent to at least some 14 percent for the period 2022 to 2025. While being harder hit by the pandemic, HANZA now appears to be growing very much in line with other Nordic contract manufacturers, see below:

Nordic contract manufactures growth & EBIT margin



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

As we have previously discussed, a comparison with Nordic peers also indicates a possible margin upside. While we acknowledge differences in terms of technology and customer mix, an obvious factor is sales per employee which is lower compared to, e.g., NOTE. However, HANZA is clearly closing in on its peers. As illustrated above, HANZA is currently expanding margins at a better pace.

Valuation

Higher sector valuation trumps interest rates

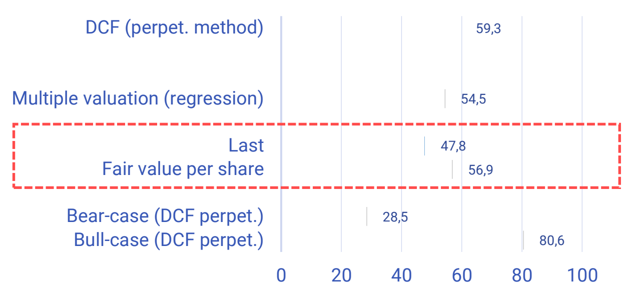
We have combined a DCF-model with a multiple valuation model in an average to calculate a fair value per share. We have raised our DCF valuation as we assume higher growth rates over the next five years. Also, cash flow has improved faster than expected. Our DCF valuation results in a value per share of SEK 28 (bear) to SEK 81 (bull) (previously: SEK 28 to SEK 80). Our multiple valuation yields a value per share of about SEK 54.5 based on 2023 estimates. Combining the value in the DCF model with the multiple valuation in an average, we calculate a slightly higher fair value per share of SEK 56.9 (55.5) after full financing and accompanied dilution for our base case.

Fair value, base case (SEKm)

Multiple valuation, SEK	54.5
DCF valuation, SEK	59.3
Fair value per share, SEK	**56.9**
Potential up-/downside	19%
Shares outstanding, fully financed, and diluted	36.6
Shareholder value	**2 084**
Cash (30 Sep)	99
Debt (30 Sep)	-702
PV cash from equity financing	14
EV	**2 673**

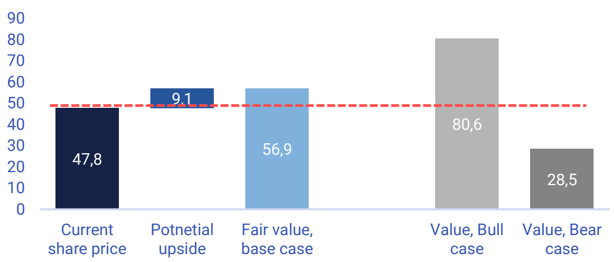
Source: Carlsquare Estimates

Fair value within an interval (SEK)



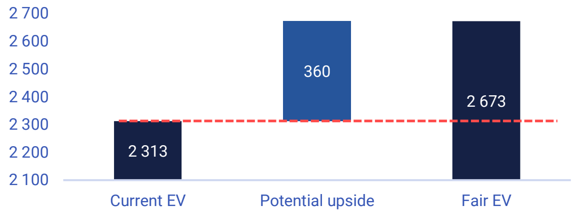
Source: Carlsquare Estimates

Fair value per share, base scenario (SEK)



Source: Carlsquare Estimates

Visualisation of EV, base scenario (SEKm)



Source: Carlsquare Estimates

Multiple valuation, base case

We have derived a motivated EV/Sales multiple from a regressions analysis of a peer group with forward EBITDA-margin and expected growth as variables for a multiple valuation. With expected sales growth (23E) of -0.4 per cent and an EBITDA margin of 10 per cent, the multiple valuation yields a motivated EV/Sales multiple (23E) of 0.76. This corresponds to a value per share of SEK 54.5 after total financing and dilution.

Multiple valuation, base case

Contract Manufacturers	HQ	Mcap (SEKm)	Growth 2023E	EBITDA-marg., 23E	EV/Sales, 23E
AQ Group AB (publ)	SE	5 397	NA	NA	NA
NOTE AB (publ)	SE	4 948	NA	NA	NA
Inission AB (publ)	SE	614	NA	NA	NA
Kitron ASA	NO	4 931	9%	10%	0.92x
Scanfil Oyj	FI	4 353	-5%	8%	0.64x
Incap Oyj	FI	5 341	10%	17%	1.72x
Median		**4 939**	**8.9%**	**9.5%**	**0.92x**
Average		4 264	4%	11%	1.1x

Discount	0%
Applied EV/Sales multiple	**0.76x**
Exp. sales 2023 (SEKm)	3 406
Enterprise value	**2 584**
Net debt	-603
PV (Cash from equity financing)	14
Shareholder value. after financing	**1 995**
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)	55.4
Value per share (after financing and dilution)	**54.5**

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 about ten 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 a higher EBIT margin at seven per cent. We calculate a fair value of SEK 81 per share.

For the bear case, we model an average annual growth rate of 2.5, i.e., about half the growth assumed in the base case. We also pencil in 1.8 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	3.15	3.62	4.18
DPS	0.3	0.0	0.3	0.5	0.8	1.0
BVPS	14.6	14.0	16.4	20.8	23.8	27.3
	8.2	7.9	11.4	14.5	15.6	16.8
Valuation (curr.)	2019	2020	2021	2022E	2023E	2024E
P/E	20.8x	NM	28.5x	15.2x	13.2x	11.4x
P/B	3.4x	3.6x	2.9x	2.3x	2.0x	1.7x
EV/Sales	0.5x	0.4x	1.2x	0.7x	0.7x	0.6x
EV/EBITDA	7.2x	6.7x	13.0x	7.6x	6.8x	6.0x
EV/EBIT	15.8x	19.3x	21.0x	11.3x	9.9x	8.8x
Other	2019	2020	2021	2022E	2023E	2024E
Dividend yield	0.5%	0.0%	0.5%	1.0%	1.6%	2.1%

Source: Company information and Carlsquare estimates

Income statement (SEKm), quarterly

	Q1, 21	Q2, 21	Q3, 21	Q4, 21	Q1, 22	Q2, 22	Q3, 22	Q4, 22E
Sales	567	634	597	717	824	886	838	871
Gross profit	260	298	271	320	361	385	357	379
EBITDA	43	63	59	67	66	82	76	81
EBITA	23	40	38	43	41	57	50	57
EBIT	19	36	33	39	37	53	46	53
EBT	12	31	26	32	25	40	30	40
Net profit	9	26	20	25	19	36	26	31
EPS (SEK)	0.27	0.73	0.56	0.70	0.54	1.01	0.73	0.88
Growth	Q1. 21	Q2. 21	Q3. 21	Q4. 21	Q1. 22	Q2. 22	Q3. 22	Q4. 22E
Sales	-5.3%	13.4%	18.7%	45.1%	45.2%	39.8%	40.3%	21.6%
Gross profit	-6.4%	25.5%	28.7%	39.9%	38.4%	29.2%	31.7%	18.6%
EBITDA	2.9%	228.3%	55.2%	69.3%	55.5%	31.3%	27.8%	19.5%
EBIT	13.1%	324.8%	119.7%	152.6%	94.2%	46.7%	37.1%	35.9%
EBT	24.2%	251.2%	181.3%	198.1%	114.4%	30.9%	15.2%	25.3%
Net profit	42.2%	232.7%	201.5%	382.5%	111.0%	39.2%	30.7%	25.3%
Margins	Q1. 21	Q2. 21	Q3. 21	Q4. 21	Q1. 22	Q2. 22	Q3. 22	Q4. 22E
Gross margin	45.9%	47.0%	45.4%	44.6%	43.8%	43.5%	42.6%	43.5%
EBITDA margin	7.5%	9.9%	9.9%	9.4%	8.1%	9.3%	9.0%	9.2%
EBIT margin	3.3%	5.7%	5.6%	5.4%	4.5%	6.0%	5.5%	6.1%
EBT margin	2.1%	4.8%	4.3%	4.4%	3.1%	4.5%	3.5%	4.5%
Profit margin	1.6%	4.1%	3.3%	3.5%	2.3%	4.1%	3.1%	3.6%

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**	**3 419**	**3 406**	**3 644**
COGS	-807	-1 006	-1 121	-1 200	-1 366	-1 937	-1 883	-2 006
Gross profit	**593**	**805**	**947**	**955**	**1 149**	**1 482**	**1 523**	**1 638**
Other operating expenses	-514	-692	-798	-816	-917	-1 177	-1 184	-1 252
EBITDA	**79**	**113**	**149**	**139**	**232**	**305**	**339**	**386**
Dep. and amort.	-43	-59	-92	-107	-105	-116	-122	-140
EBIT	**36**	**54**	**57**	**31**	**128**	**189**	**218**	**247**
Net finances	-10	-25	-25	-22	-28	-54	-53	-54
EBT	**26**	**29**	**32**	**9**	**100**	**135**	**165**	**193**
Tax	-10	-20	-27	-41	-42	-43	-49	-54
Net profit/loss	**15**	**10**	**6**	**-32**	**58**	**91**	**116**	**139**
EPS	**0.68**	**0.78**	**0.75**	**-0.03**	**2.26**	**3.15**	**3.62**	**4.18**
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%	35.9%	-0.4%	7.0%
Gross profit	0.9%	35.8%	17.6%	0.9%	20.3%	28.9%	2.8%	7.6%
EBITDA	8.8%	43.1%	31.6%	-7.0%	67.5%	31.4%	11.1%	13.9%
EBIT	41.7%	51.5%	5.0%	-44.9%	307.3%	48.0%	15.3%	13.4%
EBT	631.4%	14.1%	10.6%	-72.4%	1020.2%	35.0%	22.4%	17.2%
Net profit/loss	1089.5%	-8.0%	13.5%	-105.9%	5820.7%	40.9%	15.9%	17.2%
EPS	722.2%	14.7%	-3.8%	-104.5%	-6794.1%	39.5%	14.9%	15.5%
Margins	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Gross profit	42.3%	44.5%	45.8%	44.3%	45.7%	43.3%	44.7%	44.9%
EBITDA margin	5.7%	6.3%	7.2%	6.4%	9.2%	8.9%	10.0%	10.6%
EBIT margin	2.6%	3.0%	2.7%	1.5%	5.1%	5.5%	6.4%	6.8%
EBT margin	1.8%	1.6%	1.6%	0.4%	4.0%	3.9%	4.8%	5.3%
Profit margin	1.1%	0.5%	0.3%	-1.5%	2.3%	2.7%	3.4%	3.8%

Source: Company information and Carlsquare estimates

Balance sheet (SEKm)

	2019	2020	2021	2022E	2023E	2024E
Tot. intangible assets	416	396	464	474	472	456
Tot. tangible assets	279	270	407	518	573	616
Tot. other fixed assets	177	165	210	195	195	195
Total fixed assets	871	830	1 081	1 187	1 240	1 267
Inventories	423	342	663	917	730	781
Accounts Receivables	122	77	107	179	191	204
Other current assets	45	44	55	87	71	76
Cash	67	121	46	96	178	265
Total current assets	657	584	870	1 280	1 169	1 326
Total assets	**1 528**	**1 414**	**1 951**	**2 467**	**2 409**	**2 592**
Shareholder equity	498	475	586	743	873	998
Total equity	**498**	**475**	**586**	**743**	**873**	**998**
Debt to creditors	210	175	245	207	207	207
Lease liabilities	93	81	133	131	131	131
Other long-term liabilities	155	154	154	136	136	136
Tot. long-term liabilities	457	409	531	474	474	474
Debt to creditors	203	169	241	346	343	353
Accounts payable	232	200	373	541	362	387
Lease liabilities	46	43	42	43	43	43
Other short-term liabilities	93	118	178	320	315	337
Tot. short-term debt	573	530	835	1 249	1 062	1 120
Total debt	**1 030**	**939**	**1 366**	**1 724**	**1 536**	**1 594**
Tot. equity and debt	**1 528**	**1 414**	**1 951**	**2 467**	**2 409**	**2 592**

Current ratio	1.1	1.1	1.0	1.0	1.1	1.2
Cash ratio	0.1	0.2	0.1	0.1	0.2	0.2
Leverage	2019	2020	2021	2022E	2023E	2024E
Net debt (-)/Net cash (+)	-543	-450	-712	-733	-649	-573
Net debt/EBITDA	3,6x	3,2x	3,1x	2.4x	1.9x	1.5x
Net debt/Equity	1,1x	0,9x	1,2x	1.0x	0.7x	0.6x
Net debt/Equity	109%	95%	122%	99%	74%	57%

Source: Company information and Carlsquare estimates

Cash flow (SEKm)

	2019	2020	2021	2022E	2023E	2024E
CF, operating activities b4 delta WC	128	106	194	223	262	316
Delta operating capital	-6	76	-67	-47	-3	-39
CF operating activities	122	182	126	176	258	277
CF investing activities	-137	-60	-186	-148	-111	-104
CF financing activities	5	-63	-22	13	-75	-95
Cash flow	-10	59	-81	40	72	78
Cash, BoP	-1	-4	6	10	9	9
Cash, EoP	78	67	121	46	96	178

Key ratios	2019	2020	2021	2022E	2023E	2024E
CF operating activities/Sales	6%	8%	5%	5%	8%	8%
CF operating activities/Total assets	8%	13%	6%	7%	11%	11%

Source: Company information and Carlsquare estimates

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