Update: Q1 2023

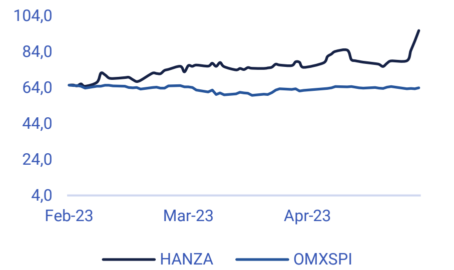
HANZA AB

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: 95.8
Market cap: SEK 3 763m

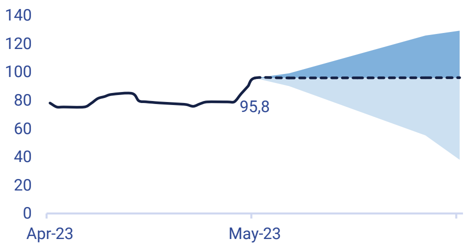
SHARE DEVELOPMENT



	12M	YTD	6M	1M
Development (%)	157	88	105	27

Source: S&P Capital IQ

VALUATION INTERVAL



	BEAR	BASE	BULL
Value per share (SEK)	38,0	96,0	129,3
Up-/downside (%)	-60%	0%	35%

Source: S&P Capital IQ and Carlsquare estimates

CARLSQUARE EQUITY RESEARCH

Niklas Elmhammer
Senior Equity Analyst

Ahead of the curve

Carlsquare Equity Research increases our sales and earnings estimates markedly as the strong Q1 performance validates the company strategy and puts HANZA ahead of the curve in pursuit of its financial targets. The outlook motivates a premium valuation to industry peers, and we raise the base case to SEK 96 (66) per share (adjusted for SEK 0.75 per share dividend).

Strength across the board

HANZA's Q1 2023 sales and earnings widely exceeded the previous consensus estimates, as indicated by the positive preannouncement in April. Sales grew by 29 per cent in the first quarter and surpassed SEK 1bn for the second quarter in a row at SEK 1,065m. Organic growth was 23 per cent, only slightly below the previous quarters, and the order book is at record levels. Excluding electricity subsidies in Sweden of SEK 6m, the EBITA result about doubled to SEK 82m. While the strongest earnings improvement came in Other markets, the margin in the Main markets segment was just as much of a positive surprise to us. The completed coordination program in Germany drove efficiency, and the performance bodes well for the future development of the cluster.

Industry-leading outlook as financial targets appear within reach

Following the strong development and outlook in Q1, 2023, we raise the sales estimates for 2023 and 2024 by some twelve per cent. We review the base case and assume that HANZA will reach its 2025 target of at least SEK 5bn in sales. This implies a CAGR of about twelve per cent from 2022 to 2025. We believe HANZA will be ahead of the curve in 2023, and we assume around 17 per cent growth for the full year. The margin improvement to 7.7 per cent (5.0) in the quarter is also a significant step towards the company's goal of reaching an EBITA margin of at least eight per cent by the end of 2025. All in all, we lift our EBITDA estimates by some 23 per cent per year for the next two years from higher sales and better economies of scale/operating leverage than our previous forecast. Based on consensus estimates, the growth and earnings outlook are better than the Nordic peer group median.

Momentum motivates premium valuation

We lift our base case markedly by over 40 per cent from raised estimates due to increased confidence in HANZA's financial targets. We believe the outlook motivates a premium valuation to industry peers. HANZA shares have gained almost 90 per cent YTD, clearly outperforming the general market. However, there is still potential upside if HANZA can further increase the pace of expansion, e.g., via acquisitions.

Key figures (SEKm)

	2020	2021	2022	2023E	2024E	2025E
Net sales	2 155	2 515	3 549	4 139	4 571	5 026
Gross profit	955	1 149	1 531	1 802	2 007	2 237
EBITDA	139	232	316	429	509	608
EBITA	48	143	212	314	360	405
EBT	9	100	143	242	286	331
Earnings per share	-0.03	2.27	3.34	5.15	5.76	6.66
Growth, net sales	4.2%	16.7%	41.1%	16.6%	10.4%	10.0%
EBITDA-margin	6.6%	8.7%	8.5%	10.3%	11.1%	12.1%
EBITA-margin	2.2%	5.7%	6.0%	7.6%	7.9%	8.1%
EV/Sales	0.4x	1.2x	0.7x	1.0x	0.9x	0.9x
EV/EBITDA	6.7x	13.0x	8.1x	10.1x	8.5x	7.1x
EV/EBITA	19.3x	21.0x	12.1x	13.8x	12.0x	10.7x
P/E	NM	28.3x	15.3x	18.6x	16.6x	14.4x

Source: Company information and Carlsquare estimates

Ahead of the curve

In Q1, HANZA achieved the strongest sales, the highest margin, and the best operating cash flow yet and seemed to have hardly put a foot wrong. Sales and earnings exceeded the previous consensus estimates widely, as indicated by the positive preannouncement in April. The rapid improvement in profitability suggests that HANZA is ahead of the plan to reach the recently announced 2025 financial targets.

Strength across the board

HANZA sales grew at a very robust 29 per cent in the first quarter and surpassed SEK 1bn for the second quarter in a row at SEK 1,065m. Organic growth was 23 per cent, slightly below the levels seen in the recent previous quarters. However, the outcome validates the outlook from HANZA, stated in conjunction with the Q4 report, of no slowdown in sight. Excluding electricity subsidies in Sweden of SEK 6m, the EBITA result about doubled to SEK 82m. The margin improvement to 7.7 per cent (5.0) is a significant step towards the company's goal of reaching an EBITA margin of at least eight per cent by the end of 2025. While one quarter is a short period, it is remarkable that the gap to the target has narrowed rapidly already some six months after the goal was announced.

As a reminder, HANZA stated in the positive Q1 preannouncement from April 17 that it expected sales of around SEK 1,050m (824) and an EBITA margin exceeding 7.5 (5.0) per cent for the January to March 2023 period. The company also said in the press release that it sees continued good development for 2023 due to high demand and effective production following the expansion programs completed in 2022.

As anticipated, the most robust earnings improvement came in Other markets partly due to an easy comparison in Q1 2022, which was burdened by short-term cost headwinds. The capacity increases, and higher volumes are also paying off, and the profitability increase picked up to a new record level at 6.4 per cent (1.3) EBITA margin.

However, the margin in the Main markets segment was just as much of a positive surprise to us. We believe that increased profitability in Germany is a major contribution. The coordination program in Germany between the Beyers and RITTER unit is now completed, following a year of integration in 2022. Previous Beyers customers have struggled in recent years, and the capacity has now been redirected under the HANZA ownership.

The table below compares the final Q1, 2023 reported sales and earnings vs our estimates before the preannouncement.

HANZA Q1, 2023 Net sales and EBITA vs CSQ Forecast (SEKm)

	Q1 23E	Q1 22A	Q1 23A	Dev
Net Sales	945	824	1065	13%
Growth, net sales	15%	45%	29%	
Main Markets, net sales	553	482	594	7%
Main Markets, growth	15%	60%	23%	
Other Markets, net sales	387	342	468	21%
Other Markets, Growth	13%	28%	37%	
EBITA*	62	41	82	33%
EBITA growth*	50%	122%	99%	
EBITA-margin	6.5%	5.0%	7.7%	
Main Markets, EBITA-margin*	7.6%	7.8%	8.8%	
Other Markets, EBITA-margin	5.5%	1.3%	6.4%	

*Source: Company information and Carlsquare estimates. * Excluding electricity subsidies*

In view of the strong growth, cash flow from operations was remarkably strong at SEK 89m (13). Working capital has probably plateau'-ed as supply chain issues have eased.

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 solid 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, geopolitics 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 slowed already following the great financial crisis.

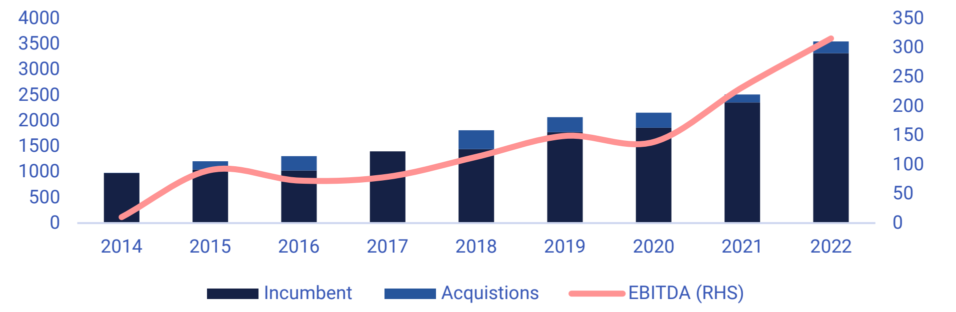
World Exports Growing Slower than GDP

Source: World Bank and Carlsquare Equity Research

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 the 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. The six manufacturing clusters are currently divided into Main Markets (Sweden, Finland, and Germany) and Other Markets (The Baltics, Central Europe, and China).

HANZA's 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 possess extensive manufacturing expertise with an established network and proven company building quality. They have a background in leading Swedish industrial companies, including Note, Husqvarna, Hexagon, Nibe and Systemair.

Financial targets were raised at the end of 2022

In conjunction with the Q3 2022 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 an average sales growth of at least ten percent over a business cycle. The updated goal implies a CAGR of at least twelve percent from 2022 to 2025 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 per cent** by the end of 2025. This is also more ambitious than the previous objective of at least sixper centt EBIT-margin and implies that EBITA should almost double compared to 2022, at minimum.
- 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.

Estimates

Overall, orders and sales reports for HANZA's listed industrial customers, such as ABB and Epiroc, have been better than expected in 2023, with underlying growth defying concerns of an industrial slowdown. The construction industry is admittedly a mixed picture, but, on average other sectors, e.g., energy, are faring well. Other Nordic contract manufacturers have shown good progress.

- Nordic EMS peer NOTE saw in its Q1 report strong growth from communication and medtech customers, while the greentech segment (in this case, electronic vehicle recharging) has weakened in recent quarters. For the second quarter, NOTE expects around 20 per cent growth.
- At the beginning of April, Finnish contract manufacturer Scanfil raised its full-year 2023 sales and earnings guidance by about six and 13 per cent, respectively. It cited a strengthened outlook for Energy & Cleantech, Automation & Safety and Medtech & Life Science segments. Another positive factor is that the availability of electronic components has improved faster than expected. Scanfil's guidance corresponds to about seven per cent sales growth compared to 2022 (using the midpoint in the guidance).
- In sharp contrast, another Nordic EMS player Incap was recently forced to warn of lower sales and profits in 2023 as its largest customer in India, Victron Energy, has announced it wants to reduce inventory levels.

While we struggle to see any readthrough from the Incap news on HANZA, HANZA and Scanfil, on the other hand, share some customers, including ABB, Tomra, Getinge and KONE. Further, it is encouraging that Scanfil shares HANZA's view that the availability of electronic components has improved.

In sum, demand is overall keeping up well. While some interest-rate-sensitive businesses face challenges, a diversified customer portfolio is a clear advantage for companies like NOTE and HANZA. Unlike Incap, HANZA's sales do not rely on a few large customers, and the exposure to start-ups is limited. No single customer represents more than ten per cent of sales, and the ten largest customers total well under 50 per cent.

2025 targets our new base case, HANZA is ahead of the curve

The sharp margin increase supports the view that HANZA's model is resilient in an inflationary environment. Efficiency has seemingly also improved after the completion of the expansion programs in the Other markets segment and the coordination program in Germany following the acquisition of Beyers in Q4 2021. Unlike the same period last year, HANZA reports no impact from extraordinary component or energy costs. This has likely had a positive effect on margins. At the same time, we believe it makes the high growth rate in the quarter even more impressive.

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

Source: Company information and Carlsquare estimates

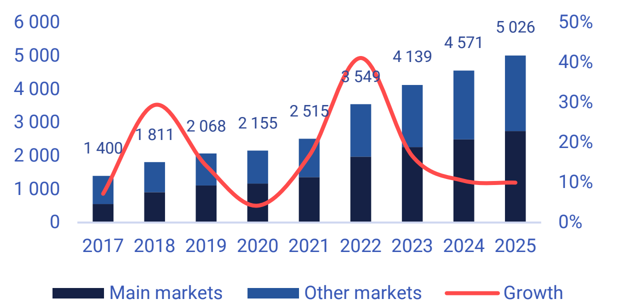
Other markets, sales (SEKm) and EBITA margin (Q)

Source: Company information and Carlsquare estimates

Following the strong development and outlook in Q1, 2023, we raise the sales estimates for 2023 and 2024 by some twelve per cent. We review the base case and now assume that HANZA will reach its 2025 target of at least SEK 5bn in sales. This implies a CAGR of about twelve per cent from 2022 to 2025. We believe HANZA will be ahead of the curve in 2023, and we assume around 17 per cent growth for the full year. This is slightly ahead of the current guidance from several Nordic contract manufacturing peers such as Kitron, Note and Scanfil.

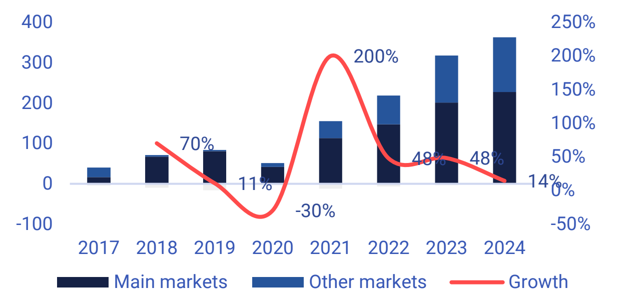
On the back of the impressive margin improvement, we are more confident that HANZA also will reach its margin target of at least eight per cent EBITA (by the end of 2025). A possible question mark is what additional investments (and depreciation) will be required. Still, HANZA's comments suggest to us that no significant further investment programs are needed to reach SEK 5bn in sales per se, but instead rather investments of a modular nature. For 2023 we now see net profit growth of some 68 per cent, compared to 24 per cent previously. HANZA has already made significant headway in Q1, with a net profit increase of over 200 per cent. Overall, we lift our EBITDA estimates by some 23 per cent per year for the next two years from higher sales and better economies of scale/operating leverage than our previous forecast.

Revenue (SEKm) and growth (%)



Source: Company information and Carlsquare estimates

EBITA (SEKm) and growth (%)



Source: Company information and Carlsquare estimates

Valuation

Higher estimates and growth outlook support higher base case

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 the higher estimates discussed above. We also assume better long-term EBIT margins of six versus five per cent previously. However, we also pencil in somewhat higher capex to support stronger growth. Also, we have raised the cost of equity slightly as interest rates have increased. The WACC is consequently adjusted to 10.9 per cent (10.4).

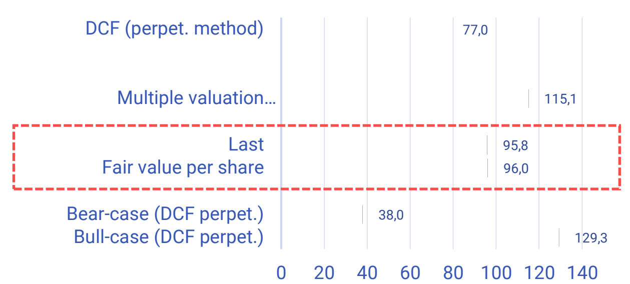
Our DCF valuation results in a value per share of SEK 77 (60). Our multiple valuation (EV/sales based on regression analysis, see below) yields a value per share of about SEK 115 based on 2023-2025 average estimates. Combining the value in the DCF model with the multiple valuation in an average, we calculate a higher fair value per share of SEK 96 (66) after full financing and accompanied dilution for our base case.

Fair value, base case (SEKm)

Multiple valuation	115.1
DCF valuation	77.0
Fair value per share	**96.0**
Potential up-/down side	0%
Shares outstanding, fully financed and diluted	40.1
Shareholder value	**3 854**
Cash	106
Debt	-674
PV cash from equity financing	15
EV	**4 408**

Source: Carlsquare Estimates

Fair value within an interval (SEK)



Source: Carlsquare Estimates

Multiple valuation, base case

Our valuation corresponds to an EV/EBITDA multiple 2023E of 10.3x. The companies in the Nordic contract manufacturers reference group are currently trading at a median EV/EBITDA multiple 2023E of 8.3x.

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 (23-25E) of 12 per cent** and an **average EBITDA margin of 11 per cent** in the same period as our input for HANZA, the multiple valuation yields a motivated EV/Sales multiple (23E) of 1.25. This corresponds to a premium to the peer group. The premium is motivated by the combination of expected sales growth and forecast EBITDA margin being higher than peers.

This corresponds to a value per share of SEK 115 after total financing and dilution.

Multiple valuation, base case

	EV	Growth, CAGR 23-25E	EBITDA avg. 23-25E	EV/Sales, NTM	EV/EBITDA, NT
AQ Group AB (publ)	8 518	NA	NA	NA	NA
NOTE AB (publ)	7 443	NA	NA	NA	NA
Inission AB (publ)	1 806	8%	11%	0.8x	7.5x
Kitron ASA	9 670	11%	10%	1.1x	10.4x
Scanfil Oyj	7 243	5%	9%	0.7x	8.0x
Incap Oyj	3 600	3%	16%	1.3x	8.7x
Median	**7 343**	**7%**	**11%**	**1.0x**	**8.3x**
Average	6 380	7%	11%	1.0x	8.7x

Discount	0%
Applied EV/Sales multiple (NTM)	**1.25x**
Exp. Sales NTM (SEKm)	4 139
Enterprise value	**5 173**
Net debt	-568
PV(Cash from equity financing)	15
Shareholder value. after financing	**4 620**
Current shares outstanding (m)	39.3
New shares	0.9
Shares outstanding after financing and dilution	40.1
Value per share (before financing and dilution)	117.2
Value per share (after financing and dilution)	**115.1**

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. For the bull case, we have also used a multiple valuation method.

In the bull case, we assume higher growth at an average of about twelve 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 correspond to an EV/Sales valuation of 0.5. Using a combined DCF model and multiple valuation (EV/sales multiple based on regression analysis), we calculate a fair value of SEK 129 per share.

For the bear case, we model an average annual growth rate of some four, i.e., almost half the growth assumed in the base case. We also pencil a lower average EBIT margin of five per cent (vs seven in the base case) over the forecast period. After total financing and dilution, the more pessimistic scenario yields a fair value per share of about SEK 38 in a DCF model.

Key figures and accounts

Key Ratios (SEK)

	2019	2020	2021	2022	2023E	2024E
Per share						
EPS	0.75	-0.03	2.27	3.34	5.15	5.76
DPS	0.3	0.0	0.3	0.5	0.8	1.0
BVPS	14.6	14.0	16.4	22.9	27.3	32.1
TBVPS	8.2	7.9	11.4	14.0	18.0	21.9
Valuation (curr.)	2019	2020	2021	2022	2023E	2024E
P/E	20.8x	NM	28.3x	15.3x	18.6x	16.6x
P/B	7.6x	7.9x	6.4x	4.2x	3.4x	2.9x
EV/Sales	0.5x	0.4x	1.2x	0.7x	1.0x	0.9x
EV/EBITDA	7.2x	6.7x	13.0x	8.1x	10.1x	8.5x
EV/EBIT	15.8x	19.3x	21.0x	12.1x	13.8x	12.0x
Other	2019	2020	2021	2022	2023E	2024E
Dividend yield	0.3%	0.0%	0.3%	0.5%	0.8%	1.0%
FCF yield	3.4%	2.8%	5.1%	6.2%	9.4%	11.4%

Source: Company information and Carlsquare estimates

Income statement (SEKm), quarterly

	Q1, 22	Q2, 22	Q3, 22	Q4, 22	Q1, 23	Q2, 23E	Q3, 23E	Q4, 23E
Sales	824	886	838	1001	1065	1089	929	1056
Gross profit	361	385	357	428	456	476	406	465
EBITDA	66	82	76	91	117	108	96	108
EBITA	41	57	50	63	88	82	67	77
EBIT	37	53	46	57	84	78	63	73
EBT	25	40	30	48	70	63	49	59
Net profit	19	36	26	40	59	53	41	50
EPS (SEK)	0.54	1.01	0.73	1.06	1.50	1.36	1.04	1.24
Growth	Q1. 22	Q2. 22	Q3. 22	Q4. 22	Q1. 23	Q2. 23E	Q3. 23E	Q4. 23E
Sales	45.2%	39.8%	40.3%	39.7%	29.3%	23.0%	10.8%	5.5%
Gross profit	38.4%	29.2%	31.7%	33.9%	26.5%	23.6%	13.7%	8.5%
EBITDA	55.5%	31.3%	27.8%	35.2%	76.2%	31.3%	26.3%	19.0%
EBIT	94.2%	46.7%	37.1%	47.6%	127.6%	46.0%	37.9%	27.9%
EBT	114.4%	30.9%	15.2%	51.6%	176.7%	57.7%	67.0%	23.8%
Net profit	111.0%	39.2%	30.7%	56.1%	207.3%	47.4%	59.6%	25.4%
Margins	Q1. 22	Q2. 22	Q3. 22	Q4. 22	Q1. 23	Q2. 23E	Q3. 23E	Q4. 23E
Gross margin	43.8%	43.5%	42.6%	42.8%	42.8%	43.7%	43.7%	44.0%
EBITDA margin	8.1%	9.3%	9.0%	9.1%	11.0%	9.9%	10.3%	10.3%
EBIT margin	4.5%	6.0%	5.5%	5.7%	7.9%	7.1%	6.8%	7.0%
EBT margin	3.1%	4.5%	3.5%	4.8%	6.6%	5.8%	5.3%	5.6%
Profit margin	2.3%	4.1%	3.1%	4.0%	5.5%	4.9%	4.5%	4.7%

Source: Company information and Carlsquare estimates

Income statement (MSEK)

	2017	2018	2019	2020	2021	2022	2023E	2024E
Total revenue	**1 400**	**1 811**	**2 068**	**2 155**	**2 515**	**3 549**	**4 139**	**4 571**
COGS	-807	-1 006	-1 121	-1 200	-1 366	-2 018	-2 336	-2 563
Gross profit	**593**	**805**	**947**	**955**	**1 149**	**1 531**	**1 802**	**2 007**
Other operating expenses	-514	-692	-798	-816	-917	-1 215	-1 373	-1 499
EBITDA	**79**	**113**	**149**	**139**	**232**	**316**	**429**	**509**
Dep. and amort.	-43	-59	-92	-107	-105	-122	-131	-165
EBIT	**36**	**54**	**57**	**31**	**128**	**193**	**298**	**343**
Net finances	-10	-25	-25	-22	-28	-50	-56	-57
EBT	**26**	**29**	**32**	**9**	**100**	**143**	**242**	**286**
Tax	-10	-20	-22	-39	-44	-22	-38	-55
Net profit/loss	**15**	**10**	**11**	**-30**	**55**	**121**	**204**	**231**
EPS	**0.68**	**0.78**	**0.75**	**-0.03**	**2.26**	**3.34**	**5.15**	**5.76**
Shares. EoP	24.2	29.9	34.0	34.0	35.8	39.3	40.1	40.1
Shares. avg.	24.2	27.0	31.9	34.0	34.9	37.5	39.7	40.1

Growth	2017	2018	2019	2020	2021	2022	2023E	2024E
Total revenue	7.2%	29.4%	14.2%	4.2%	16.7%	41.1%	16.6%	10.4%
Gross profit	0.9%	35.8%	17.6%	0.9%	20.3%	33.2%	17.7%	11.4%
EBITDA	8.8%	43.1%	31.6%	-7.0%	67.5%	36.0%	36.0%	18.5%
EBIT	41.7%	51.5%	5.0%	-44.9%	307.3%	51.5%	54.3%	15.2%
EBT	631.4%	14.1%	10.6%	-72.4%	1020.2%	43.3%	69.3%	18.4%
Net profit/loss	1089.5%	-8.0%	13.5%	-105.9%	5820.7%	50.6%	68.1%	13.4%
EPS	722.2%	14.7%	-3.8%	-104.5%	-6794.1%	46.8%	54.4%	11.8%
Margins	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**
Gross profit	42.3%	44.5%	45.8%	44.3%	45.7%	43.1%	43.5%	43.9%
EBITDA margin	5.7%	6.3%	7.2%	6.4%	9.2%	8.9%	10.4%	11.1%
EBIT margin	2.6%	3.0%	2.7%	1.5%	5.1%	5.4%	7.2%	7.5%
EBT margin	1.8%	1.6%	1.6%	0.4%	4.0%	4.0%	5.8%	6.3%
Profit margin	1.1%	0.5%	0.5%	-1.4%	2.2%	3.4%	4.9%	5.1%

Source: Company information and Carlsquare estimates

Balance sheet (SEKm)

	2019	2020	2021	2022	2023E	2024E
Tot. intangible assets	416	396	464	478	481	467
Tot. tangible assets	279	270	407	551	721	877
Tot. other fixed assets	177	165	210	197	193	193
Total fixed assets	871	830	1 081	1 226	1 395	1 538
Inventories	423	342	663	937	950	1 049
Accounts Receivables	122	77	107	151	164	181
Other current assets	45	44	55	91	87	96
Cash	67	121	46	137	166	185
Total current assets	657	584	870	1 316	1 366	1 511
Total assets	**1 528**	**1 414**	**1 951**	**2 541**	**2 761**	**3 049**
Shareholder equity	498	475	586	898	1 097	1 288
Total equity	**498**	**475**	**586**	**898**	**1 097**	**1 288**
Debt to creditors	210	175	245	223	228	228
Lease liabilities	93	81	133	125	132	132
Other long-term liabilities	155	154	154	151	153	153
Tot. long-term liabilities	457	409	531	499	513	513
Debt to creditors	203	169	241	396	363	382
Accounts payable	232	200	373	488	508	560
Lease liabilities	46	43	42	41	48	48
Other short-term liabilities	93	118	178	220	233	257
Tot. short-term debt	573	530	835	1 145	1 151	1 248
Total debt	**1 030**	**939**	**1 366**	**1 643**	**1 664**	**1 761**
Tot. equity and debt	**1 528**	**1 414**	**1 951**	**2 541**	**2 761**	**3 049**

Liquidity	2019	2020	2021	2022E	2023E	2024E
Current ratio	1.1	1.1	1.0	1.1	1.2	1.2
Cash ratio	0.1	0.2	0.1	0.1	0.1	0.1
Leverage	2019	2020	2021	2022	2023E	2024E
Net debt (-)/Net cash(+)	-543	-450	-712	-556	-618	-608
Net debt/EBITDA	3.6x	3.2x	3.1x	1.8x	1.4x	1.2x
Net debt/Equity	1.1x	0.9x	1.2x	0.6x	0.6x	0.5x
Net debt/Equity	109%	95%	122%	62%	56%	47%

Source: Company information and Carlsquare estimates

Cash flow (SEKm)

	2019	2020	2021	2022	2023E	2024E
CF operating activities	128	106	194	234	352	429
Delta WC	-6	76	-67	-89	9	-63
CF operating activities	122	182	126	145	361	366
CF investing activites	-137	-60	-186	-184	-236	-229
CF financing activities	5	-63	-22	120	-98	-117
Cash flow	-10	59	-81	81	28	20
Exchange differences	-1	-4	6	10	1	0
Cash, BoP	78	67	121	46	136	165
Cash, EoP	67	121	46	136	165	185

Key ratios	2019	2020	2021	2022	2023E	2024E
CF operating activities/Sales	6%	8%	5%	4%	9%	8%
CF operating activities/Total assets	8%	13%	6%	6%	13%	12%

Source: Company information and Carlsquare estimates

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