Update: Q3 2023

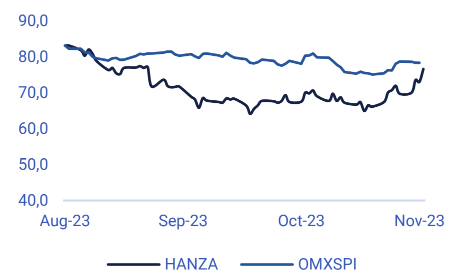
HANZA AB

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
Share price, latest: 77
Market cap: SEK 3,074m

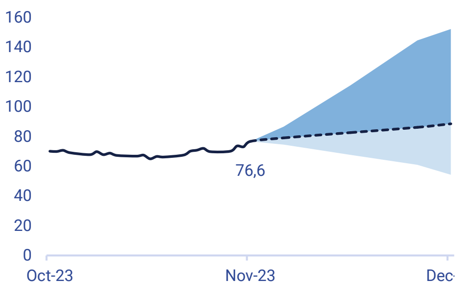
SHARE PRICE DEVELOPMENT



	12M	YTD	6M	1M
Development (%)	65	50	-19	9

Source: S&P Capital IQ

VALUATION INTERVAL



	BEAR	BASE	BULL
Value per share (SEK)	54	88	152
Up-/downside (%)	-29	18	99

Source: S&P Capital IQ and Carlsquare estimates

CARLSQUARE EQUITY RESEARCH

Niklas Elmhammer
Senior Equity Analyst

Accelerated margin expansion

Carlsquare Equity Research believes the Q3 report demonstrates considerable strength in an uncertain macro environment. Profitability has improved faster than we expected, and HANZA is closing the margin gap to its Nordic peer group. HANZA sees organic growth in the next year supported by, e.g., new projects and expansions in the Other markets segment. We continue to raise our estimates. In our view, the current valuation still underestimates the company's quality and outlook.

Main markets margin in top gear

The Main markets segment (i.e., Finland, Germany and Sweden) was seemingly unaffected by any slowdown, growing solidly at 22 per cent and increasing profit by some 115 per cent in the third quarter. As in the previous quarter, it is apparent that the German units are showing strong profitability, a scene change from 2022. The development validates HANZA's coordination work since the acquisition of Beyers in late 2021. The segment EBITA exceeded our expectations by some 28 per cent. Although earnings for the Other markets segment did not meet our forecast, Group EBITA was overall 16 per cent better than expected.

Sales outlook underpinned by added capacity and new projects

Organic growth for the group slowed to six per cent in Q3 as the Other markets segment was burdened by expansion programs and the ramping up of new customer projects. However, we believe these initiatives should pay off next year. HANZA expects organic growth from its existing customers in 2024.

The outlook supports our previous view of low double-digit sales growth next year. We leave our sales forecasts virtually unchanged but raise our earnings estimates by approximately eight per cent. Operating profit should grow faster than sales from improved efficiency in the Other markets segment following completed capacity expansion investments and increased business with existing customers (e.g., Mitsubishi Logisnext Europe).

Higher DCF valuation, but peer group multiples have come down

In 2023, HANZA earnings have repeatedly surprised on the upside, driving estimates higher and supporting increased valuation. Since the beginning of the year, we have raised our EBITA estimates by ~60 per cent. Admittedly, sector valuation has come down since the summer, but we believe investors are too cautious as the outlook from contract manufacturers is still generally solid. Due to the recent share price volatility in the group, we estimate a comparatively wider valuation range in our base case based on relative and DCF valuation of SEK 73 (100) to SEK 104 (95) per share, respectively. Consequently, the valuation in the base case drops to SEK 88 (98) per share. As before, the bull case assumes an increased pace of expansion via acquisitions. HANZA is currently eyeing capacity-enhancing expansions in existing geographic clusters.

Key figures (SEKm)

	2020	2021	2022	2023E	2024E	2025E
Net sales	2 155	2 515	3 549	4 171	4 597	5 055
Gross profit	955	1 149	1 531	1 872	2 069	2 275
EBITDA	139	232	316	486	569	657
EBITA	48	143	212	369	425	478
EBT	9	100	143	272	313	365
Earnings per share	-0,03	2,30	3,34	5,74	6,54	7,64
Growth, net sales	4,2%	16,7%	41,1%	17,5%	10,2%	10,0%
EBITDA-margin	6,4%	9,2%	8,9%	11,7%	12,4%	13,0%
EBITA-margin	2,2%	5,7%	6,0%	8,8%	9,2%	9,5%
EV/Sales	0,4x	1,2x	0,7x	0,87x	0,8x	0,7x
EV/EBITDA	6,7x	13,0x	8,1x	7,5x	6,4x	5,5x
EV/EBITA	19,3x	21,0x	12,1x	9,9x	8,6x	7,6x
P/E	NM	28,0x	15,3x	13,3x	11,7x	10,0x

Source: Company information and Carlsquare estimates

Solid growth and efficiency, encouraging outlook

The Main markets segment is so far unaffected by any slowdown, growing solidly in the double digits and increasing profit by some 115 per cent. Organic growth for the group slowed to six per cent as the Other markets segment was burdened by expansion programs and ramping up of new customer projects. However, these initiatives will likely pay off from next year.

EBITA 16 per cent better than expected

Earnings (EBITA) in Q3 were SEK 89m (50), only slightly below the seasonally stronger Q2 and approximately 16 per cent better than we had expected. The deviation is due to better sales and margins in the largest Main markets segment (i.e., Sweden, Finland and Germany) than we had anticipated. Group margins increased to 9.3 per cent (6.0), the highest level ever for HANZA. Significant factors include continued double-digit organic growth (16 per cent) in the Main markets segment and a remarkable profitability improvement in Germany compared to last year.

Organic growth on the group level was 6 per cent (13 per cent in Q2), somewhat lower than our expectations of around ten per cent. However, excluding sales from the extraordinary component or energy costs in the previous year, organic growth was still double-digit at ten per cent. Growth was lagging in the Other markets segment and was only marginally positive, excluding currency and other items affecting comparability. However, the lower pace appears to be essentially "self-chosen" due to, e.g. factory capacity expansion work in the sheet metal mechanics site in Tartu, Estonia. Also, the Estonian operations are preparing for new projects, including more than SEK 100m of increased business with forklift truck manufacturer Mitsubishi Logisnext Europe. Hence, HANZA expects Other markets' growth to bounce back when the capacity increase is completed in the first half of 2024.

The table below compares the Q3, 2023 reported sales and earnings vs our estimates.

HANZA Q3, 2023 Net sales and EBITA vs CSQ Forecast (SEKm)

	Q2 23E	Q3 22	Q3 23A	Dev
Net Sales	969	838	955	-1%
Growth, net sales	16%	40%	14%	
Main Markets, net sales	530	447	547	3%
Main Markets, growth	19%	42%	22%	
Other Markets, net sales	435	391	405	-7%
Other Markets, Growth	11%	38%	4%	
EBITA	77	50	89	16%
EBITA growth	34%	123%	78%	
EBITA-margin	7,8%	6,0%	9,3%	
Main Markets, EBITA-margin	10,0%	7,1%	12,4%	
Other Markets, EBITA-margin	5,8%	5,2%	5,7%	

Source: Company information and Carlsquare estimates.

Overall, HANZA sees continued organic growth for 2024 from existing customers. This is a similar outlook communicated by sector colleagues such as AQ Group, Kitron and NOTE. HANZA's customers are generally industrials. While there are variations in order activity between customers, we believe HANZA has gained business and is growing faster overall than its clients. This seems to be the case in e.g. Germany.

Acquisitions are also a growth opportunity. HANZA states that it is looking for capacity-enhancing targets within existing geographic clusters. In our view, it would be natural to seek to strengthen the clusters yet below SEK 1bn in sales, e.g., Germany and Finland or Central Europe. However, expansions in the larger clusters could also be an option, given the demand situation. In our view, the successful integration of the Beyers acquisition since 2021 validates the M&A track.

Cash flow was weak in the Q3 report and fell to SEK 5m (83). Cash flow from changes in working capital was the main culprit, SEK -82m (40). Thus, the positive trend of a moderate increase in working capital from previous quarters was at least temporarily reversed. The new projects in the Baltics contribute to the increase in working capital. We believe the working capital as a percentage of sales should gradually decrease in 2024. HANZA has also increased CAPEX in 2023 due to investments in added capacity. This supports our growth projections. Cash flow from investments (net) in the first nine months amounted to SEK -234m (-106), This includes the purchase of buildings and land in Töcksfors of SEK 49m.

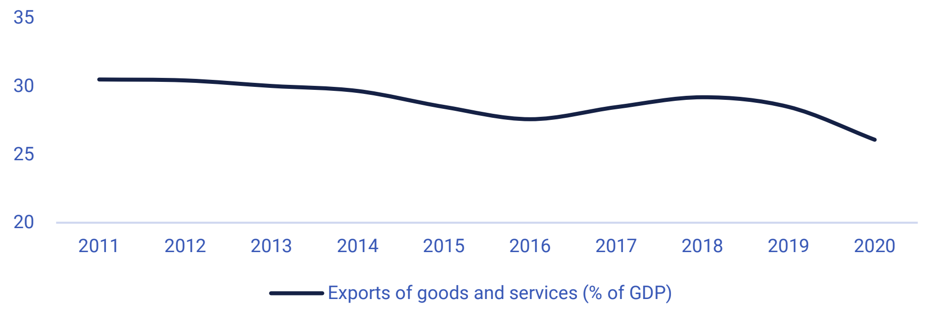
Investment Case

We believe HANZA's manufacturing cluster strategy and sustainability focus make it well-positioned for European contract manufacturing trends. 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 and 2023 supports this view.

Positioned for "slowbalization" era

Since the early 2010s, the rate of globalisation appears to have slowed, and many multinational 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

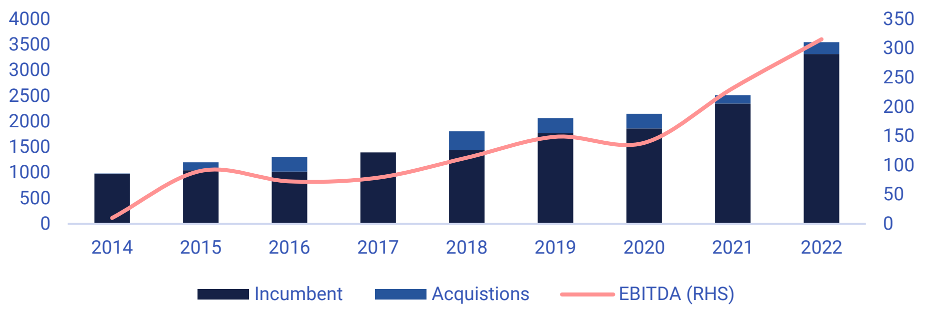


Source: World Bank and Carlsquare Equity Research

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. The 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, 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 goals 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 per cent over a business cycle. The updated goal implies a CAGR of at least twelve per cent from 2022 to 2025 and hence should be considered 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 six per cent 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

Sector outlook generally good after turbulent quarter

On October 5th, Finnish EMS InCap issued full-year guidance, anticipating a roughly 18% decline in sales, inclusive of acquisitions. This adjustment follows an updated sales forecast from its primary customer, Victron Energy, in the e-mobility and electrification markets. This corresponds to dramatically lower sales in H2 compared to 2022. InCap is a particular case, as it is highly dependent on Victron. However, Scanfil followed suit and last week backtracked on its raised guidance from July and now expects flat sales in H2.

In conclusion, the customers of EMS companies have seemingly lowered stocks in Q3 and Electric Vehicle, and new construction markets are particularly weak. However, Swedish peer NOTE is still growing and, in conjunction with the Q3 report, reiterated its full-year guidance as demand from, e.g., MedTech and Industrial customers remains solid. Moreover, it expects sales growth to increase again in the first half of 2024. Finally, AQ Group stood out by reporting organic growth of 17 per cent in Q3 and bucked the trend by citing strong demand from defence, electrification, and transportation customers.

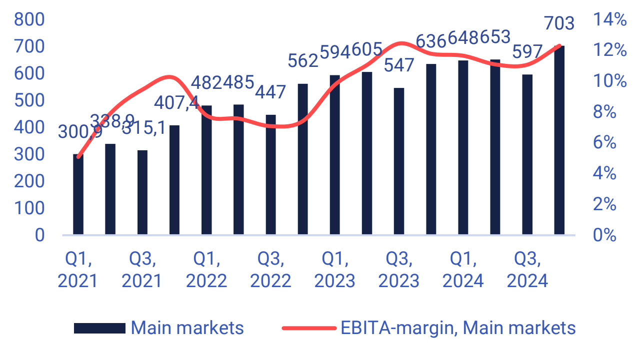
Kitron reiterated its message from the Q2 report of shorter lead times when customers book orders. However, its order book indicates some ten per cent growth for the next six months and is the backdrop for repeating the full-year guidance.

In conclusion, there seems to be a difference in the outlook of Swedish and Norwegian contract manufacturers on one hand and Finnish companies on the other hand. The latter group is more cautious, while the former seems confident about continued growth in 2024.

We see margins increasing to 9-10 per cent

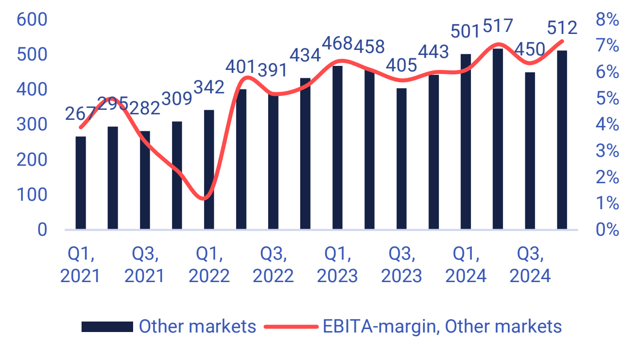
We keep our top-line estimates basically unchanged. Despite general uncertainty about the business cycle, we are encouraged by solid order books for contract manufacturers, including HANZA. We believe the company's forward-looking statements support our previous view of 15 to 20 per cent growth in 2023, followed by low double-digit growth next year.

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



Source: Company information and Carlsquare estimates

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

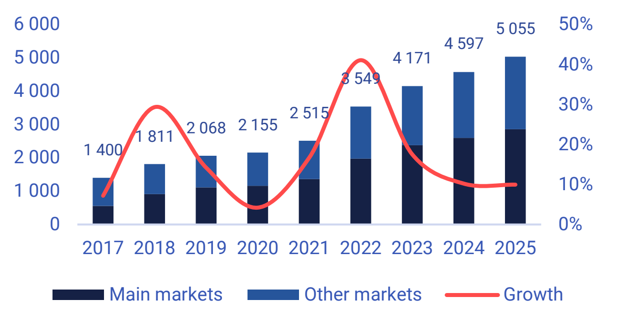


Source: Company information and Carlsquare estimates

HANZA has already reached the lower bar of its 2025 EBITA margin financial target (at least eight per cent) on a YTD 2023 basis. There should be room to improve margins further in the Other markets segment. HANZA sees sales of SEK 1bn per cluster as the scale level with a clear cluster advantage, as discussed above. According to the company, HANZA's manufacturing clusters in Sweden and the Baltics have reached that level. Also, HANZA has invested in increased automation in 2022 and 2023, as demonstrated by higher CAPEX. This should help improve productivity and hold back increases in personnel costs.

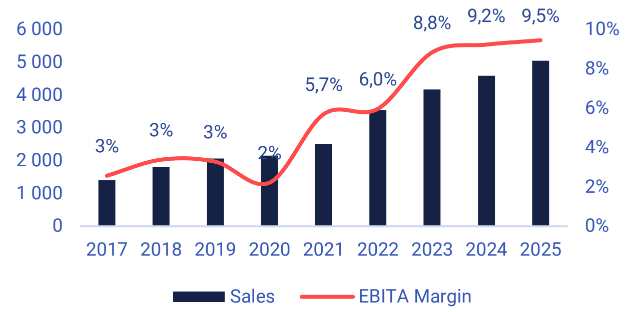
We now see good reason to believe that HANZA should be able to reach the same margins (median) as its historically more profitable Nordic peers. This corresponds to an EBITA margin of 9 to 10 per cent. Judging from the two most recent quarters, HANZA is already close to this level. Consequently, we raise our operating earnings forecasts by about eight per cent.

Revenue (SEKm) and growth (%)



Source: Company information and Carlsquare estimates

Revenue (SEKm) and EBITA margin (%)



Source: Company information and Carlsquare estimates

Valuation

Higher DCF valuation, but peer group multiples have come down

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 in the abovementioned forecast period. We have also increased our long-term margin assumptions by 0.5 per cent to better reflect the historical profitability of the industry.

DCF assessment summary, base case

DCF valuation		Discount rate		Assumptions	
PV(UFCF)	2 256,6	Risk-free rate	3,0%	CAGR, 2021-2031	7,2%
PV(TV)	2 455	Market risk premium	6,1%	EBITDA-margin, 2031	10,7%
Enterprise value	**4 711**	Size premium	1,2%	EBIT-margin, 2031	6,7%
Net debt (31-Dec)	-559,0	Beta	1,0x	Tax rate	16,0%
Shareholder value	**4 152**	Req. return on equity	10,3%		
PV(equity financing proceeds)	0,0			Implied multiples	
Shareholder value, after financing	**4 152**	Tax adjust. interest on debt	9,3%	EV/Sales, NTM	1,2x
Current shares outstanding	40,1	Leverage	15,0%	EV/Sales 2023	1,1x
New shares	0,0	WACC	10,1%	EV/EBITDA, NTM	10,5x
Shares outstanding after financing and dilution	40,1			EV/EBITDA 2023	9,7x
Value per share (before financing and dilution)	103,5	Company spec. premium	0,0%	EV/EBIT NTM	15,0x
Value per share (after financing and dilution)	**103,5**	**Discount rate**	**10,1%**	EV/EBIT, 2023	13,4x

Source: Carlsquare Estimates

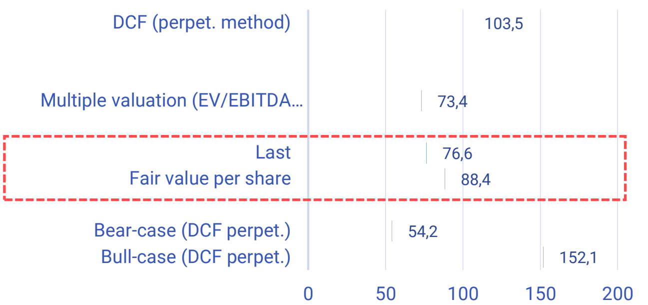
Following the changed assumptions, our DCF valuation results in a higher value per share of SEK 104 (95). However, the multiple valuation (EV/sales based on regression analysis, see below) yields a value per share of about SEK 73 (100) based on 2023-2025 average estimates. The lower value in the multiple valuation model is due to share price volatility and a lower peer group valuation. Combining the value in the DCF model with the multiple valuation in an average, we calculate a fair value per share of SEK 88 per share (previously: 98).

Fair value, base case (SEKm)

Multiple valuation	73
DCF valuation	103
Fair value per share	**88**
Potential up-/down side	15%
Shares outstanding, fully financed and diluted	40,1
Shareholder value	**3 548**
Cash	97
Debt	-656
PV cash from equity financing	0
EV	**4 107**

Source: Carlsquare Estimates

Fair value within an interval (SEK)

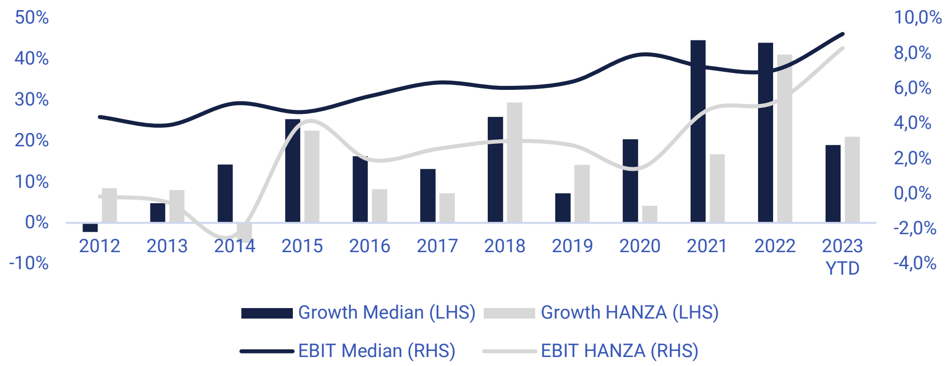


Source: Carlsquare Estimates

Multiple valuation, base case

A comparison with Nordic sector colleagues demonstrates that HANZA is growing somewhat faster than its peers and that margins are improving more quickly. As a result, the profit growth also stands out favourably vs its peers.

HANZA sales growth and EBIT margin vs Nordic peer group (%)



Source: Company information and Carlsquare estimates

Our valuation corresponds to an implied EV/EBITDA multiple 2023E of 8.4x. The companies in the Nordic contract manufacturers reference group are currently trading at a median EV/EBITDA multiple 2023E of 6.6x.

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.

Sector valuation less favourable

With expected **sales growth (23-25E) of 12.5 (previously 12.7) per cent** and an **average EBITDA margin of 12.4 (11.5) per cent** in the same period as our input for HANZA, the multiple valuation yields a motivated EV/Sales multiple (23E) of 0.84 (1.06). 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 generally higher than peers. However, there are no estimates for NOTE and AQ Group currently. Since our latest update, the sector group has experienced a significant depreciation in valuation, partly due to profit warnings from Finnish EMS companies; as discussed above, at the same time, there has been little change in the median estimate. Hence, the implied multiple valuation for HANZA drops to 73 SEK per share (100).

Multiple valuation, base case

	EV	Growth, CAGR 23-25E	EBITDA avg. 23-25E	EV/Sales, NTM	EV/EBITDA, NT
AQ,Group,AB,(publ)	8 844	NA	NA	NA	NA
NOTE,AB,(publ)	5 354	NA	NA	NA	NA
Inission,AB,(publ)	1 555	9%	11%	0,7x	6,0x
Kitron,ASA	7 499	14%	11%	0,8x	7,4x
Scanfil,Oyj	6 761	5%	9%	0,6x	7,2x
Incap,Oyj	2 463	3%	15%	0,9x	6,0x
Median	**6 057**	**7%**	**11%**	**0,7x**	**6,6x**
Average	5 413	8%	11%	0,8x	6,6x

Discount	0%
Applied EV/Sales multiple (NTM)	**0,84x**
Exp. Sales NTM (SEKm)	4 171
Enterprise value	**3 503**
Net debt	-559
PV(Cash from equity financing)	0
Shareholder value. after financing	**2 944**
Current shares outstanding (m)	40,1
New shares	0,0
Shares outstanding after financing and dilution	40,1
Value per share (before financing and dilution)	73,4
Value per share (after financing and dilution)	**73,4**

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., some 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 152 (138) per share.

For the bear case, we model an average annual growth rate of some four per cent, i.e., almost half the growth assumed in the base case. We also pencil a lower average EBIT margin of 6.7 per cent (vs 8.3 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 54 (49) 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	5,74	6,54
DPS	0.3	0.0	0.3	0.5	0,8	1,0
BVPS	14.6	14.0	16.4	22.9	28,3	33,5
TBVPS	8.2	7.9	11.4	14.0	18,6	22,9
Valuation (curr.)	2019	2020	2021	2022	2023E	2024E
P/E	20.8x	NM	28.3x	15.3x	13,3x	11,7x
P/B	7.6x	7.9x	6.4x	4.2x	2,7x	2,3x
EV/Sales	0.5x	0.4x	1.2x	0.7x	0,9x	0,8x
EV/EBITDA	7.2x	6.7x	13.0x	8.1x	7,5x	6,4x
EV/EBIT	15.8x	19.3x	21.0x	12.1x	9,9x	8,6x
Other	2019	2020	2021	2022	2023E	2024E
Dividend yield	0.3%	0.0%	0.3%	0.5%	1,0%	1,3%
FCF yield	3.4%	2.8%	5.1%	6.2%	13,1%	15,0%

Source: Company information and Carlsquare estimates

Income statement (SEKm), quarterly

	Q1, 22	Q2, 22	Q3, 22	Q4, 22	Q1, 23	Q2, 23	Q3, 23E	Q4, 23E
Sales	824	886	838	1,001	1,065	1,068	955	1083
Gross profit	361	385	357	428	456	476	442	498
EBITDA	66	82	76	91	117	121	119	130
EBITA	41	57	50	63	88	92	89	100
EBIT	37	53	46	57	84	88	85	96
EBT	25	40	30	48	70	72	58	72
Net profit	19	36	26	40	59	60	49	61
EPS (SEK)	0.54	1.01	0.73	1.06	1.50	1,51	1,22	1,51
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%	20,5%	13,9%	8,2%
Gross profit	38.4%	29.2%	31.7%	33.9%	26.5%	23,6%	23,8%	16,3%
EBITDA	55.5%	31.3%	27.8%	35.2%	76.2%	46,8%	57,0%	42,2%
EBIT	94.2%	46.7%	37.1%	47.6%	127.6%	65,3%	85,6%	66,9%
EBT	114.4%	30.9%	15.2%	51.6%	176.7%	78,6%	96,6%	50,5%
Net profit	111.0%	39.2%	30.7%	56.1%	207.3%	65,2%	88,5%	52,5%
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%	44,6%	46,3%	46,0%
EBITDA margin	8.1%	9.3%	9.0%	9.1%	11.0%	11,3%	12,5%	12,0%
EBIT margin	4.5%	6.0%	5.5%	5.7%	7.9%	8,2%	8,9%	8,8%
EBT margin	3.1%	4.5%	3.5%	4.8%	6.6%	6,7%	6,1%	6,7%
Profit margin	2.3%	4.1%	3.1%	4.0%	5.5%	5,6%	5,1%	5,6%

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**	**4 171**	**4 597**
COGS	-807	-1,006	-1,121	-1,200	-1,366	-2,018	-2 299	-2 528
Gross profit	**593**	**805**	**947**	**955**	**1,149**	**1,531**	**1 872**	**2 069**
Other operating expenses	-514	-692	-798	-816	-917	-1,215	-1 386	-1 500
EBITDA	**79**	**113**	**149**	**139**	**232**	**316**	**486**	**569**
Dep. and amort.	-43	-59	-92	-107	-105	-122	-134	-160
EBIT	**36**	**54**	**57**	**31**	**128**	**193**	**353**	**408**
Net finances	-10	-25	-25	-22	-28	-50	-81	-96
EBT	**26**	**29**	**32**	**9**	**100**	**143**	**272**	**313**
Tax	-10	-20	-22	-39	-44	-22	-43	-50
Net profit/loss	**15**	**10**	**11**	**-30**	**55**	**121**	**229**	**263**
EPS	**0.68**	**0.78**	**0.75**	**-0.03**	**2.26**	**3.34**	**5,74**	**6,54**
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%	17,5%	10,2%
Gross profit	0.9%	35.8%	17.6%	0.9%	20.3%	33.2%	22,3%	10,5%
EBITDA	8.8%	43.1%	31.6%	-7.0%	67.5%	36.0%	54,1%	17,0%
EBIT	41.7%	51.5%	5.0%	-44.9%	307.3%	51.5%	82,5%	15,8%
EBT	631.4%	14.1%	10.6%	-72.4%	1,020.2%	43.3%	90,3%	15,0%
Net profit/loss	1,089.5%	-8.0%	13.5%	-105.9%	5,820.7%	50.6%	88,5%	14,9%
EPS	722.2%	14.7%	-3.8%	-104.5%	-6794.1%	46.8%	72,1%	14,0%
Margins	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**
Gross profit	42.3%	44.5%	45.8%	44.3%	45.7%	43.1%	44,9%	45,0%
EBITDA margin	5.7%	6.3%	7.2%	6.4%	9.2%	8.9%	11,7%	12,4%
EBIT margin	2.6%	3.0%	2.7%	1.5%	5.1%	5.4%	8,5%	8,9%
EBT margin	1.8%	1.6%	1.6%	0.4%	4.0%	4.0%	6,5%	6,8%
Profit margin	1.1%	0.5%	0.5%	-1.4%	2.2%	3.4%	5,5%	5,7%

Source: Company information and Carlsquare estimates

Balance sheet (SEKm)

	2019	2020	2021	2022	2023E	2024E
Tot. intangible assets	416	396	464	478	473	473
Tot. tangible assets	279	270	407	551	746	918
Tot. other fixed assets	177	165	210	197	202	202
Total fixed assets	871	830	1,081	1,226	1 421	1 593
Inventories	423	342	663	937	1 083	1 133
Accounts Receivables	122	77	107	151	196	221
Other current assets	45	44	55	91	139	157
Cash	67	121	46	137	131	214
Total current assets	657	584	870	1,316	1 549	1 725
Total assets	**1,528**	**1,414**	**1,951**	**2,541**	**2 971**	**3 318**
Shareholder equity	498	475	586	898	1 136	1 346
Total equity	**498**	**475**	**586**	**898**	**1 136**	**1 346**
Debt to creditors	210	175	245	223	220	220
Lease liabilities	93	81	133	125	118	118
Other long-term liabilities	155	154	154	151	156	156
Tot. long-term liabilities	457	409	531	499	494	494
Debt to creditors	203	169	241	396	461	494
Accounts payable	232	200	373	488	565	635
Lease liabilities	46	43	42	41	54	54
Other short-term liabilities	93	118	178	220	262	294
Tot. short-term debt	573	530	835	1,145	1 341	1 478
Total debt	**1,030**	**939**	**1,366**	**1,643**	**1 835**	**1 972**
Tot. equity and debt	**1,528**	**1,414**	**1,951**	**2,541**	**2 971**	**3 318**

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	-715	-561
Net debt/EBITDA	3.6x	3.2x	3.1x	1.8x	1,5x	1,0x
Net debt/Equity	1.1x	0.9x	1.2x	0.6x	0,6x	0,4x
Net debt/Equity	109%	95%	122%	62%	63%	42%

Source: Company information and Carlsquare estimates

Cash flow (SEKm)

	2019	2020	2021	2022	2023E	2024E
CF operating activities	128	106	194	234	403	462
Delta WC	-6	76	-67	-89	-121	-4
CF operating activities	122	182	126	145	281	458
CF investing activites	-137	-60	-186	-184	-286	-244
CF financing activities	5	-63	-22	120	0	-118
Cash flow	-10	59	-81	81	-5	95
Exchange differences	-1	-4	6	10	-1	-12
Cash, BoP	78	67	121	46	136	131
Cash, EoP	67	121	46	136	131	214

Key ratios	2019	2020	2021	2022	2023E	2024E
CF operating activities/Sales	6%	8%	5%	4%	7%	10%
CF operating activities/Total assets	8%	13%	6%	6%	9%	14%

Source: Company information and Carlsquare estimates

Disclaimer

Carlsquare AB, www.carlsquare.se, hereinafter referred to as Carlsquare, is engaged in corporate finance and equity research, publishing information on companies and including analyses. The information has been compiled from sources that Carlsquare deems reliable. However, Carlsquare cannot guarantee the accuracy of the information. Nothing written in the analysis should be considered a recommendation or solicitation to invest in any financial instrument, option, or the like. Opinions and conclusions expressed in the analysis are intended solely for the recipient.

The content may not be copied, reproduced, or distributed to any other person without the written consent of Carlsquare. Carlsquare shall not be liable for either direct or indirect damages caused by decisions made on the basis of information contained in this analysis. Investments in financial instruments offer the potential for appreciation and gains. All such investments are also subject to risks. The risks vary between different types of financial instruments and combinations thereof. Past performance should not be taken as an indication of future returns.

The analysis is not directed at U.S. Persons (as that term is defined in Regulation S under the United States Securities Act and interpreted in the United States Investment Companies Act of 1940), nor may it be disseminated to such persons. The analysis is not directed at natural or legal persons where the distribution of the analysis to such persons would involve or entail a risk of violation of Swedish or foreign laws or regulations.

The analysis is a so-called Assignment Analysis for which the analysed company has signed an agreement with Carlsquare for analysis coverage. The analyses are published on an ongoing basis during the contract period and for the usually fixed fee.

Carlsquare may or may not have a financial interest with respect to the subject matter of this analysis. Carlsquare values the assurance of objectivity and independence and has established procedures for managing conflicts of interest for this purpose.

The analyst Niklas Elmhammer does not own and may not own shares in the analysed company.