# Update: Q1 2024

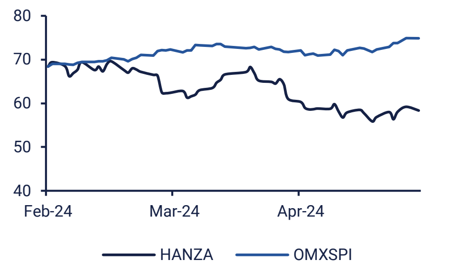
## HANZA AB

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 Mid Cap
Share price, latest: SEK 57.8
Market cap: SEK 2,548 m

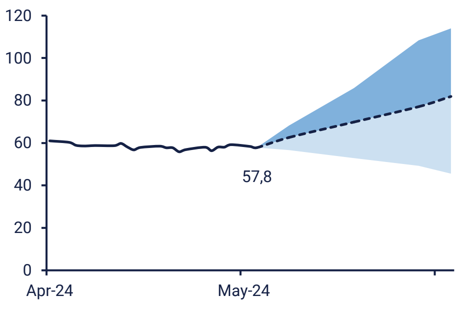
## SHARE PRICE DEVELOPMENT




| | 12M | YTD | 6M | 1M |
|---|---|---|---|---|
| Development (%) | -40 | -32 | -24 | -6 |

*Source: S&P Capital IQ*

## VALUATION INTERVAL




| | BEAR | BASE | BULL |
|---|---|---|---|
| Value per share (SEK) | 45,6 | 81,9 | 114,0 |
| Up-/downside (%) | -21% | 42% | 97% |

*Source: S&P Capital IQ and Carlsquare estimates*

## CARLSQUARE EQUITY RESEARCH

Niklas Elmhammer
*Senior Equity Analyst*

# Temporarily in a lower orbit

Carlsquare Equity Research lowers our estimates following more sluggish sales and a sharper drop in profitability than expected in Q1. The performance of newly acquired Orbit One was a disappointment, but cost-cutting measures were already announced in March. Due to reduced sales forecasts, we cut our base case valuation to SEK 82 (91) per share (ex-dividend). The possibility of new large orders as a result of the broadened offering, and an expected gradual recovery in profitability, are potential catalysts for a rerating.

## Less resilience than we had hoped for

EBITA dropped to SEK 67m (88) in Q1 2024, including a positive revaluation effect of SEK 20m, Adjusted for this item, the outcome was significantly lower than expected. Compared to our forecast, the deviation stemmed mainly from weaker than expected sales and meagre profitability in the newly acquired Orbit One unit. Excluding acquisitions and currency effects, sales for the group contracted by six per cent, a performance weaker than our anticipated decline of around one per cent. Going forward, HANZA sees weaker orders from some customers but expects a recovery already during autumn. HANZA comments that the integration of Orbit One is progressing smoothly despite the soft sales. While sales in the Other markets segment, adjusted for acquisitions and FX, fell quite sharply at -14 per cent, Main markets still grew in line with our expectations. Still, profitability was affected by a recent Finnish strike.

## HANZA is strengthening its offering in a soft market

We lower our expectations for organic growth for 2024 to -1 from +2 per cent due to the slower-than-anticipated start to the year. Orders are mixed, and at this point, there are no signs of a quick rebound in Q2. HANZA is optimistic about gaining market share in a weak macro environment, and Orbit One contributes to a broader and more attractive offering to customers. News of new larger orders could validate the strategy and help boost the share price but is unlikely to influence sales significantly in the short term. EBITA margin in the old HANZA units remained quite good at 6.4 (7.7) per cent, and there is room to improve Orbit One's profitability from the depressed level in Q1. We cut our sales forecasts for 2024 and 2025 by some five and four per cent, respectively, but anticipate a return to double-digit growth in 2025. The EBITA estimates are lowered by seven and four per cent.

## New orders and signs of successful integration as possible triggers

We cut our base case fair value further to SEK 82 (91) per share due to the poor start to the year and a dampened near-term growth outlook. At the same time, sector valuation has improved somewhat lately, indicating a possible bottom. However, investors might want more evidence that the sharp drop in profitability in Q1 was a temporary glitch. Demonstratively higher profitability in the Orbit One unit and clear signs of market share gains in a softer market could help turn sentiment around for the share.

## Key figures (SEKm)

| | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E |
|---|---|---|---|---|---|---|
| Net sales | 2 155 | 2 515 | 3 549 | 4 144 | 5 106 | 5 717 |
| Gross profit | 955 | 1 149 | 1 531 | 1 843 | 2 184 | 2 458 |
| EBITDA | 139 | 232 | 316 | 465 | 499 | 647 |
| EBITA | 48 | 143 | 212 | 344 | 352 | 457 |
| EBT | 9 | 100 | 143 | 248 | 221 | 338 |
| Earnings per share | -0.03 | 2.30 | 3.34 | 5.36 | 4.37 | 6.67 |
| Growth, net sales | 4.2% | 16.7% | 41.1% | 16.8% | 23.2% | 12.0% |
| EBITDA-margin | 6.4% | 9.2% | 8.9% | 11.2% | 9.8% | 11.3% |
| EBITA-margin | 2.2% | 5.7% | 6.0% | 8.3% | 6.9% | 8.0% |
| EV/Sales | 0.4x | 1.2x | 0.7x | 1.0x | 0.7x | 0.6x |
| EV/EBITDA | 6.7x | 13.0x | 8.1x | 8.7x | 6.8x | 5.2x |
| EV/EBITA | 19.3x | 21.0x | 12.1x | 11.8x | 9.6x | 7.4x |
| P/E | NM | 28.0x | 15.3x | 15.9x | 13.2x | 8.7x |

*Source: Company information and Carlsquare estimates*

# Temporarily in a lower orbit

The Q1 report was below expectations as demand contracted. Newly acquired EMS company Orbit One was a significant drag. However, HANZA stands by its financial goals for 2025, implying a successfully completed integration and a clear recovery in profitability during the next year. We cut our sales forecasts for 2024 and 2025 by some five and four per cent, respectively.

## Messy Q1 likely a low point for earnings

Reported earnings (EBITA) for Q1 2024 were SEK 67m (88), about ten per cent lower than expected. However, we had not included a positive revaluation effect of SEK 20m in our forecast, hence the adjusted results were significantly lower (-36 per cent) than expectations. The one-off positive item stemmed from an adjustment of the remaining acquisition purchase price for Orbit One.

In Q1, sales increased by 18 per cent, falling notably short of our forecast. Excluding acquisitions and currency effects, sales contracted by six per cent, a weaker performance than our anticipated decline of around one per cent.

HANZA says lower volumes have affected primarily the 'Other markets'-segment, including the Orbit One business in Poland. Adjusted for acquisitions and FX, sales in the segment dropped by 14 per cent, the most significant contraction in some eight years, to our knowledge. However, the corresponding period in 2023 saw robust sales and thus represented a challenging comparison. HANZA mentions the "industrials" and mining segments as soft spots. Going forward, HANZA sees weaker orders from some customers. At the same time, said clients say they expect a recovery already during autumn, according to HANZA. On the other hand, sales in the Main markets were almost in line with our expectations. However, a recent Finnish strike affected volumes and profitability to some extent.

### Slowdown affecting the Other markets segment disproportionately

Compared to our earnings forecast, the deviation mainly stems from low profitability in the newly acquired Orbit One unit (we calculate an EBITA margin of some ~0.5 per cent). Adjusted for Orbit One and the one-off charges/revaluation effects, the group EBITA margin amounted to 6.4 (7.7) per cent, corresponding to a 21 per cent decline in underlying EBITA. Digging further into the underlying dynamics, it is again clear that 'Other markets' is the culprit – hardly surprising given the low sales stated above. The imbalance in growth contributed to lower efficiency and profitability and hence put further pressure on the margin for the whole group.

### HANZA Q1, 2024 Net sales and EBITA vs CSQ Forecast (SEKm)

| | Q1 24E | Q1 23 | Q1 24A | Dev |
|---|---|---|---|---|
| Net Sales | 1344 | 1065 | 1253 | -7% |
| Growth, net sales | 26% | 29% | 18% | |
| Main Markets, net sales | 778 | 594 | 770 | -1% |
| Main Markets, growth | 31% | 23% | 30% | |
| Other Markets, net sales | 562 | 468 | 480 | -15% |
| Other Markets, Growth | 20% | 37% | 3% | |
| EBITA** | 74 | 88 | 67 | -10% |
| EBITA growth | -16% | 114% | -24% | |
| EBITA-margin | 5.5% | 8.3% | 5.3% | |
| Main Markets, EBITA-margin* | 8.3% | 9.8% | 7.0% | |
| Other Markets, EBITA-margin* | 5.8% | 6.4% | 3.3% | |

*Source: Company information and Carlsquare estimates. *Excluding restructuring costs **Including a positive revaluation effect of SEK 20m in Q1 2024.*

Cash flow from operations declined to SEK 31m (89). HANZA points to ramping up the expanded business with forklift manufacturer MLE as a factor for high working capital. Also, as we have pointed out previously, Orbit One has had some challenges managing high inventory levels in recent years.

# Estimates

## Despite softness, the 2025 margin target looks feasible

Despite disappointing earnings in Q1 2024, underlying margins in the old Hanza units are generally still relatively healthy. We believe this bodes well for overall profitability to eventually recover towards the financial target. Also, the 'Central Europe'-cluster has now passed the lower threshold of SEK 1bn in sales that HANZA has identified to achieve sufficient economies of scale from its geographic cluster strategy.

The main explanation for the meagre profitability in Orbit One seems to be a rapid drop in sales, probably about as bad as in the 'Other markets'-segment. However, we do not have comparable financials from the corresponding period the previous year. We judge that the Polish operations (some 30 per cent of Orbit One sales) appear to have suffered the most. The ensuing inefficient capacity utilisation results in a detrimental negative operating leverage.

The underlying sales decline for the overall group was six percent, which is probably pretty much in line with the overall European EMS market. Still, recent financial developments have not yet provided convincing support to HANZA's claims that it should gain market share in a weaker environment. However, management seems optimistic that it can announce new, larger deals in 2024.

### Lowered growth expectations for 2024

We lower our organic growth expectations in 2024 from +2 to -1 per cent. In addition, we lower the effect of the Orbit One acquisition somewhat to +25 per cent (previously +27). Hence, we expect a sharper drop in sales for Orbit One than "old HANZA" in 2024. For 2025, we assume a rebound in growth to some twelve per cent, slightly above the trend in organic growth since 2018. However, our new sales forecast is from a lower base than previously assumed. This implies a "V-shaped" recovery in the 'Other markets'-segment and Orbit One starting towards the end of 2024.

HANZA's sales target similarly implies a CAGR of some 12 per cent in 2023-2025, adjusted for the acquisition of Orbit One. This is also in line with the organic growth reported in 2023. HANZA says that further acquisitions will likely be an ingredient to eventually reach a turnover of at least SEK 6.5bn by 2025. The natural step would be German or Finnish companies to increase scale advantages in these clusters.

### Margins should start to improve from Q2

While we lower our EBITA forecast due to lower sales, we believe an EBITA margin of around seven per cent for the full year is achievable. According to HANZA, the proforma margin, including Orbit One, was about 7.8 per cent in 2023. Notwithstanding the soft market in the near term, Hanza says the integration is going smoothly, which is encouraging. It stands by its 2025 margin target of eight per cent, implying a substantial profitability boost for Orbit One within the next 12 months.

Our 2024 forecast includes the positive revaluation effect as well as restructuring costs. Hence, we believe in a gradual but steady recovery in margins in the coming quarters from the reported 5.3 per cent in Q1. As previously explained, the depressed margin at the beginning of the year was largely due to exceptionally low profitability in Orbit One as well as restructuring costs. Even if integration takes time, margins should improve from these unusually low levels already in the current quarter.

Assuming a solid sales rebound in 2025 and some positive effects from integration, we believe HANZA can return to an eight per cent margin next year. Here, we assume that Orbit One can reach a margin of about six per cent.

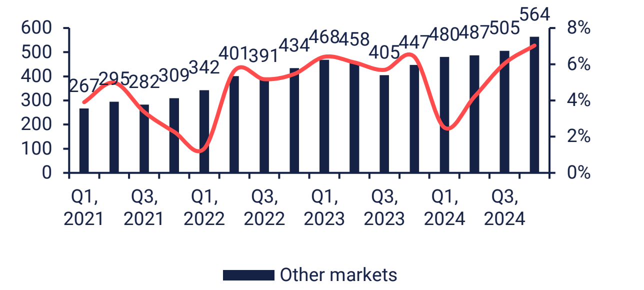
All in all, we cut our sales forecasts for 2024 and 2025 by some five and four per cent, respectively. The EBITA estimates are lowered by seven and four per cent.

At this point, we are hesitant to assume any significant reduction in HANZA's working capital requirements in the coming years to boost cash flow, especially following the Orbit One acquisition. To some extent, we see carrying large inventories as a cost of doing business for most contract manufacturers in the new “back-shoring” era.

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

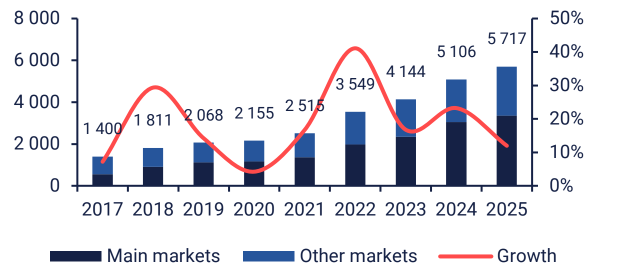

*Source: Company information and Carlsquare estimates*

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



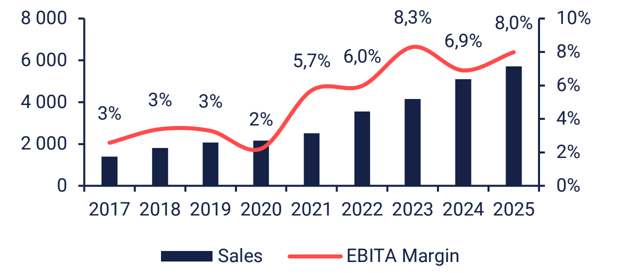

*Source: Company information and Carlsquare estimates*

### Revenue (SEKm) and growth (%) 2017-2025E




*Source: Company information and Carlsquare estimates*

### Revenue (SEKm) and EBITA margin (%) 2017-2025E




*Source: Company information and Carlsquare estimates*

# Valuation

## Reduced growth forecasts lower valuation

We have combined a DCF model with a multiple valuation model in an average to calculate a fair value per share in HANZA.

As stated above, we have reduced top-line estimates for 2024-2025E by 4-5 per cent. This also results in slightly lower margin assumptions.

### DCF assessment summary (SEKm), base case

| DCF valuation | | Discount rate | | Assumptions | |
|---|---|---|---|---|---|
| PV(UFCF) | 2 006.8 | Risk-free rate | 2.3% | CAGR, 2023-2033 | 6.5% |
| PV(TV) | 2 862 | Market risk premium | 6.1% | EBITDA-margin, 2033 | 10.8% |
| **Enterprise value** | **4 869** | Size premium | 1.3% | EBIT-margin, 2033 | 7.2% |
| Net debt (31-Mar) | -905.8 | Beta | 1.1x | Tax rate | 16.0% |
| **Shareholder value** | **3 963** | Req. return on equity | 10.4% | | |
| PV(equity financing proceeds) | 0.0 | | | Implied multiples | |
| **Shareholder value, after financing** | **3963** | Tax adjust. interest on debt | 7.1% | EV/Sales, NTM | |
| Current shares outstanding | 43.7 | Leverage | 25.0% | EV/Sales 2024 | 1.0x |
| New shares | 0.0 | WACC | 9.6% | EV/EBITDA, NTM | |
| Shares outstanding after financing and dilution | 43.7 | | | EV/EBITDA 2024 | 9.8x |
| Value per share (before financing and dilution) | 90.8 | Company spec. premium | 0.0% | EV/EBIT NTM | |
| **Value per share (after financing and dilution)** | **90.8** | **Discount rate** | **9.6%** | EV/EBIT, 2024 | 15.0x |

*Source: Carlsquare Estimates*

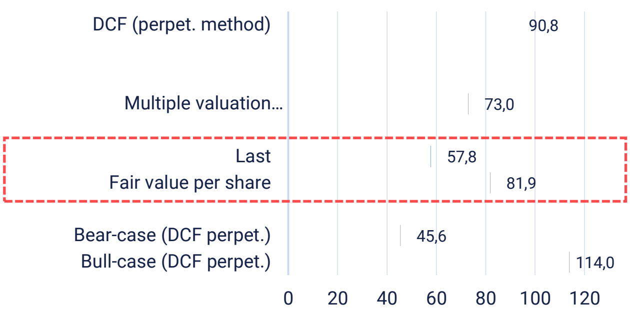
Following the changed assumptions, we cut our DCF valuation to SEK 91 per share (103). At the same time, we now prefer a blended (EV/sales and EV/EBITDA) multiple valuation; see below. It supports a rerating to about SEK 73 (79) per share, based on 2024 median estimates. Combining the value in the DCF model with the multiple valuation in an average, we calculate a fair value per share of SEK 82 (previously: SEK 91).

### Fair value, base case (SEKm)

| | |
|---|---|
| Multiple valuation | 73,0 |
| DCF valuation | 90,8 |
| **Fair value per share** | **81,9** |
| Potential up-/down side | 42% |
| Shares outstanding, fully financed and diluted | 43,7 |
| **Shareholder value** | **3 576** |
| Cash | 115 |
| Debt | -1 021 |
| PV cash from equity financing | 0 |
| **EV** | **4 482** |

*Source: Carlsquare Estimates*

### Fair value within an interval (SEK)




*Source: Carlsquare Estimates*

## Multiple valuation, base case

Our valuation corresponds to an implied EV/EBITDA multiple 2024E of 9.0x. The companies in the 'Nordic contract manufacturers'-reference group are currently trading at a median EV/EBITDA multiple 2024E of 7.6x.

### Lower sales multiples and trimmed estimates

With expected **sales growth (2024-25E) of 17.5 (20) per cent** and an **average EBITDA margin of 10.5 (11) per cent** in the same period as our input for HANZA, we expect HANZA to perform better on these operating metrics than its peer group (although the Orbit One acquisition boosts HANZA). As we have argued before, HANZA deserves a valuation that aligns with the median. Since our latest update, the sector group has recovered somewhat. The median EV/Sales multiple (24E) has increased to 0.86 (0.79). However, we recognise that earnings multiples might be a better gauge of resilience in profitability during a weaker period and hence also include EV/EBITDA in our model to calculate a blended average. The implied multiple valuation for HANZA drops to 73 SEK per share (79).

### Multiple valuation, base case

| | EV (SEKm) | Growth, CAGR 24-25E | EBITDA avg. 24-25E | EV/Sales, NTM | EV/EBITDA, NT |
|---|---|---|---|---|---|
| AQ,Group,AB,(publ) | 12 660 | NA | NA | NA | NA |
| NOTE,AB,(publ) | 4 733 | 9% | 12% | 1.1x | 9.6x |
| Inission,AB,(publ) | 1 618 | 6% | 11% | 0.7x | 6.3x |
| Kitron,ASA | 7 529 | 2% | 11% | 0.9x | 7.6x |
| Scanfil,Oyj | 6 497 | 3% | 9% | 0.6x | 7.0x |
| Incap,Oyj | 3 969 | 12% | 14% | 1.5x | 10.9x |
| **Median** | **5 615** | **6%** | **11%** | **0.86x** | **7.6x** |
| Average | 6 168 | 6% | 12% | 1.0x | 8.3x |

| | | | | | |
|---|---|---|---|---|---|
| Discount | 0% | Discount | 0% | | |
| **Applied EV/Sales multiple (NTM)** | **0.86x** | **Applied EV/EBITDA multiple (NTM)** | **7.62x** | | |
| Exp. Sales NTM (SEKm) | 5 106 | Exp. EBITDA NTM (SEKm) | 499 | | |
| **Enterprise value** | **4 393** | **Enterprise value** | **3 797** | | |
| Net debt (30-Jun) | -906 | Net debt (30-Jun) | -906 | | |
| PV(Cash from equity financing) | 0 | PV(Cash from equity financing) | 0 | | |
| **Shareholder value, after financing** | **3 487** | **Shareholder value. after financing** | **2 891** | | |
| Current shares outstanding (m) | 43.7 | Current shares outstanding (m) | 43.7 | | |
| New shares | 0.0 | New shares | 0.0 | | |
| Shares outstanding after financing and dilution | 43.7 | Shares outstanding after financing and dilution | 43.7 | | |
| Value per share (before financing and dilution) | 79.9 | Value per share (before financing and dilution) | 66.2 | | |
| **Value per share (after financing and dilution)** | **79.9** | **Value per share (after financing and dilution)** | **66.2** | **Average per share** | **73.0** |

*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 eleven 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. In this scenario, HANZA reaches its 2025 sales target of SEK 6.5bn. Using a combined DCF model and multiple valuation (EV/sales multiple of 0.86x as above), we calculate a fair value of SEK 114 (128) per share.

For the bear case, we model an average annual growth rate of some four per cent, i.e., about two-thirds of the growth assumed in the base case. We also pencil in negative organic growth of five per cent in 2024 and a lower average EBIT margin of 5.3 per cent (vs 7.0 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 46 (53) in a DCF model.

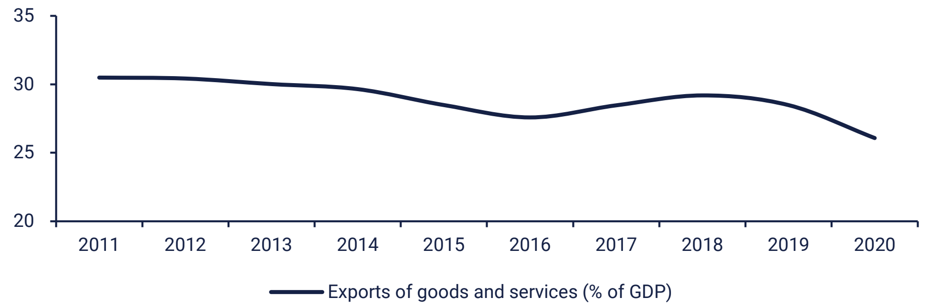
# Investment Case

We believe HANZA's manufacturing cluster strategy and focus on sustainability 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 closing in further on its leading Nordic peers, implying solid earnings growth over time. 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**

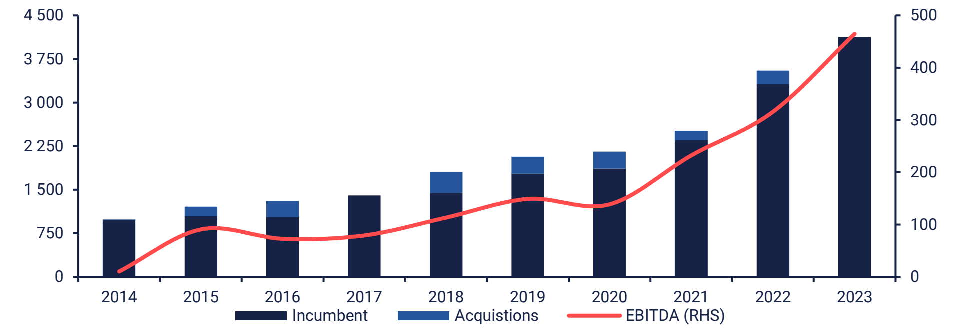



*Source: World Bank and Carlsquare Equity Research*

## 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 for their operational growth. 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 Covid-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). At the end of 2023, HANZA announced its largest acquisition yet, Swedish EMS manufacturer Orbit One.

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.

## Orbit One lifts the growth trajectory

At the beginning of January 2024, HANZA closed the acquisition of Orbit One for about SEK 367m plus a possible earn-out of a maximum of SEK 116m. Orbit One is a well-known Swedish electronic manufacturing service (EMS) company headquartered in Ronneby with a 2023 turnover of SEK 1.1bn and an EBITA margin of some six per cent. Thus, it will expand HANZA's sales footprint by about 27 per cent. We calculate that the consideration amounts to EV/Sales of 0.5x. This is well below HANZA's own valuation multiple at the time of the announcement and in line with previous acquisitions. Unlike HANZA, Orbit One does not have any significant ownership of property. This, in combination with what are perhaps cycle peak earnings, could partly explain a relatively low acquisition multiple. Based on historical financials, Orbit One has had some challenges managing high inventory levels in recent years. HANZA will surely want to address this issue. Since 2019, Orbit has grown by about five per cent per year on average, well below HANZA. We note that Orbit One has reported that it exited the Russian market in 2022 and closed a factory in Kaliningrad.

## Increased exposure to electronics

The Orbit deal considerably strengthens HANZA's position in electronics and electromechanics, representing more than half of group sales now. According to HANZA, there is not much customer overlap between the two companies. Orbit One has two factories in Sweden and one in Poland. We believe it is a sizeable addition to the HANZA Central European cluster and an essential step in HANZA's goal of at least SEK 1bn in sales per geographic cluster to achieve the desired scale advantages. Orbit One reportedly already has a high level of automation, which fits HANZA's ambitions to increase efficiency.

### Orbit One segments


*Source: HANZA and Carlsquare Equity Research*

Orbit One has a diversified customer base of primarily industrial customers. "Professional Consumer" is another critical group, which includes Access Control and rugged computers.

# Key figures and accounts

## Key Ratios (SEK)

| | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E |
|---|---|---|---|---|---|---|
| Per share | | | | | | |
| EPS | -0.03 | 2.30 | 3.34 | 5.36 | 4.37 | 6.67 |
| DPS | 0.0 | 0.3 | 0.5 | 0.8 | 1.2 | 1.3 |
| BVPS | 14.0 | 16.4 | 22.9 | 31.1 | 35.7 | 41.0 |
| TBVPS | 7.9 | 11.4 | 14.0 | 16.5 | 22.7 | 25.4 |
| Valuation (curr.) | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E |
| P/E | NM | 28.0x | 15.3x | 15.9x | 13.2x | 8.7x |
| P/B | 6.4x | 5.2x | 3.4x | 2.3x | 1.6x | 1.4x |
| EV/Sales | 0.4x | 1.2x | 0.7x | 1.0x | 0.7x | 0.6x |
| EV/EBITDA | 6.7x | 13.0x | 8.1x | 8.7x | 6.8x | 5.2x |
| EV/EBIT | 19.3x | 21.0x | 12.1x | 11.8x | 9.6x | 7.4x |
| Other | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E |
| Dividend yield | 0.0% | 0.4% | 0.7% | 1.1% | 2.1% | 2.3% |
| FCF yield | 3.5% | 6.3% | 7.7% | 11.9% | 14.8% | 21.1% |

*Source: Company information and Carlsquare estimates*

## Income statement (SEKm), quarterly

| | Q1, 23 | Q2, 23 | Q3, 23 | Q4, 23 | Q1, 24 | Q2, 24E | Q3, 24E | Q4, 23E |
|---|---|---|---|---|---|---|---|---|
| Sales | 1065 | 1068 | 955 | 1056 | 1253 | 1268 | 1207 | 1378 |
| Gross profit | 456 | 476 | 442 | 469 | 527 | 545 | 519 | 593 |
| EBITDA | 117 | 121 | 119 | 108 | 104 | 116 | 127 | 152 |
| EBITA | 88 | 92 | 89 | 75 | 67 | 80 | 91 | 115 |
| EBIT | 84 | 88 | 85 | 71 | 61 | 73 | 84 | 108 |
| EBT | 70 | 72 | 58 | 48 | 35 | 47 | 58 | 81 |
| Net profit | 59 | 60 | 49 | 47 | 34 | 39 | 49 | 68 |
| EPS (SEK) | 1.50 | 1.51 | 1.22 | 1.13 | 0,78 | 0.90 | 1.12 | 1.57 |
| Growth | Q1. 23 | Q2. 23 | Q3. 23 | Q4. 23 | Q1, 24 | Q2. 24E | Q3. 24E | Q4. 23E |
| Sales | 29.3% | 20.5% | 13.9% | 5.5% | 17,7% | 18.8% | 26.4% | 30.5% |
| Gross profit | 26.5% | 23.6% | 23.8% | 9.6% | 15,6% | 14.6% | 17.4% | 26.3% |
| EBITDA | 76.2% | 46.8% | 57.0% | 18.6% | -11,1% | -4.4% | 7.0% | 40.4% |
| EBIT | 127.6% | 65.3% | 85.6% | 23.7% | -27,4% | -17.3% | -1.0% | 51.5% |
| EBT | 176.7% | 78.6% | 96.6% | 0.2% | -50,0% | -35.1% | 0.2% | 69.7% |
| Net profit | 207.3% | 65.2% | 88.5% | 18.1% | -42,4% | -34.6% | -0.3% | 45.6% |
| Margins | Q1. 23 | Q2. 23 | Q3. 23 | Q4. 23 | Q1, 24 | Q2. 24E | Q3. 24E | Q4. 23E |
| Gross margin | 42.8% | 44.6% | 46.3% | 44.4% | 42,1% | 43.0% | 43.0% | 43.0% |
| EBITDA margin | 11.0% | 11.3% | 12.5% | 10.2% | 8,3% | 9.1% | 10.6% | 11.0% |
| EBIT margin | 7.9% | 8.2% | 8.9% | 6.7% | 4,9% | 5.7% | 7.0% | 7.8% |
| EBT margin | 6.6% | 6.7% | 6.1% | 4.5% | 2,8% | 3.7% | 4.8% | 5.9% |
| Profit margin | 5.5% | 5.6% | 5.1% | 4.5% | 2,7% | 3.1% | 4.0% | 5.0% |

*Source: Company information and Carlsquare estimates*

## Income statement (SEKm)

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E |
|---|---|---|---|---|---|---|---|---|
| **Total revenue** | **1 811** | **2 068** | **2 155** | **2 515** | **3 549** | **4 144** | **5 106** | **5 717** |
| COGS | -1 006 | -1 121 | -1 200 | -1 366 | -2 018 | -2 301 | -2 922 | -3 272 |
| **Gross profit** | **805** | **947** | **955** | **1 149** | **1 531** | **1 843** | **2 184** | **2 445** |
| Other operating expenses | -692 | -798 | -816 | -917 | -1 215 | -1 378 | -1 685 | -1 798 |
| **EBITDA** | **113** | **149** | **139** | **232** | **316** | **465** | **499** | **647** |
| Dep. and amort. | -59 | -92 | -107 | -105 | -122 | -137 | -173 | -205 |
| **EBIT** | **54** | **57** | **31** | **128** | **193** | **328** | **325** | **442** |
| Net finances | -25 | -25 | -22 | -28 | -50 | -80 | -104 | -104 |
| **EBT** | **29** | **32** | **9** | **100** | **143** | **248** | **221** | **338** |
| Tax | -8 | -9 | -10 | -18 | -22 | -33 | -31 | -47 |
| **Net profit/loss** | **21** | **24** | **-1** | **82** | **121** | **215** | **190** | **291** |
| **EPS** | **0.78** | **0.75** | **-0.03** | **2.30** | **3.34** | **5.36** | **4.37** | **6.67** |
| Shares. EoP | 29.9 | 34.0 | 34.0 | 35.8 | 39.3 | 43.2 | 43.7 | 43.7 |
| Shares. avg. | 27.0 | 31.9 | 34.0 | 34.9 | 37.5 | 41.2 | 43.4 | 43.7 |

| Growth | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E |
|---|---|---|---|---|---|---|---|---|
| Total revenue | 29.4% | 14.2% | 4.2% | 16.7% | 41.1% | 16.8% | 23.2% | 12.0% |
| Gross profit | 35.8% | 17.6% | 0.9% | 20.3% | 33.2% | 20.4% | 18.5% | 12.6% |
| EBITDA | 43.1% | 31.6% | -7.0% | 67.5% | 36.0% | 47.3% | 7.3% | 29.9% |
| EBIT | 51.5% | 5.0% | -44.9% | 307.3% | 51.5% | 69.7% | -0.8% | 36.0% |
| EBT | 14.1% | 10.6% | -72.4% | 1020.2% | 43.3% | 73.4% | -10.7% | 52.8% |
| Net profit/loss | -8.0% | 13.5% | -105.9% | 5924.6% | 48.6% | 77.2% | -11.4% | 52.8% |
| EPS | 14.7% | -3.8% | -104.5% | -6914.4% | 44.9% | 60.6% | -18.5% | 52.7% |
| **Margins** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024E** | **2025E** |
| Gross profit | 44.5% | 45.8% | 44.3% | 45.7% | 43.1% | 44.5% | 42.8% | 42.8% |
| EBITDA margin | 6.3% | 7.2% | 6.4% | 9.2% | 8.9% | 11.2% | 9.8% | 11.3% |
| EBIT margin | 3.0% | 2.7% | 1.5% | 5.1% | 5.4% | 7.9% | 6.4% | 7.7% |
| EBT margin | 1.6% | 1.6% | 0.4% | 4.0% | 4.0% | 6.0% | 4.3% | 5.9% |
| Profit margin | 1.1% | 1.1% | -0.1% | 3.2% | 3.4% | 5.2% | 3.7% | 5.1% |

*Source: Company information and Carlsquare estimates*

## Balance sheet (SEKm)

| | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E |
|---|---|---|---|---|---|---|
| Tot. intangible assets | 396 | 464 | 478 | 464 | 671 | 700 |
| Tot. tangible assets | 270 | 407 | 551 | 714 | 992 | 1 110 |
| Tot. other fixed assets | 165 | 210 | 197 | 209 | 263 | 263 |
| Total fixed assets | 830 | 1 081 | 1 226 | 1 387 | 1 926 | 2 073 |
| Inventories | 342 | 663 | 937 | 936 | 1 309 | 1 466 |
| Accounts Receivables | 77 | 107 | 151 | 175 | 397 | 445 |
| Other current assets | 44 | 55 | 91 | 91 | 170 | 191 |
| Cash | 121 | 46 | 137 | 340 | 106 | 94 |
| Total current assets | 584 | 870 | 1 316 | 1 542 | 1 983 | 2 196 |
| **Total assets** | **1 414** | **1 951** | **2 541** | **2 929** | **3 909** | **4 269** |
| Shareholder equity | 475 | 586 | 898 | 1 345 | 1 558 | 1 792 |
| **Total equity** | **475** | **586** | **898** | **1 345** | **1 558** | **1 792** |
| Debt to creditors | 175 | 245 | 223 | 326 | 509 | 509 |
| Lease liabilities | 81 | 133 | 125 | 114 | 147 | 147 |
| Other long-term liabilities | 154 | 154 | 151 | 159 | 198 | 198 |
| Tot. long-term liabilities | 409 | 531 | 499 | 599 | 854 | 854 |
| Debt to creditors | 169 | 241 | 396 | 349 | 554 | 575 |
| Accounts payable | 200 | 373 | 488 | 450 | 586 | 656 |
| Lease liabilities | 43 | 42 | 41 | 53 | 55 | 55 |
| Other short-term liabilities | 118 | 178 | 220 | 133 | 302 | 338 |
| Tot. short-term debt | 530 | 835 | 1 145 | 985 | 1 497 | 1 624 |
| **Total debt** | **939** | **1 366** | **1 643** | **1 584** | **2 351** | **2 478** |
| **Tot. equity and debt** | **1 414** | **1 951** | **2 541** | **2 929** | **3 909** | **4 270** |
| | | | | | | |
| Liquidity | | | | | | |
| Current ratio | 1.1 | 1.0 | 1.1 | 1.6 | 1.3 | 1.4 |
| Cash ratio | 0.2 | 0.1 | 0.1 | 0.3 | 0.1 | 0.1 |
| Leverage | | | | | | |
| Net debt (-)/Net cash(+) | -450 | -712 | -556 | -363 | -1032 | -1048 |
| Net debt/EBITDA | 3.2x | 3.1x | 1.8x | 0.8x | 2.1x | 1.6x |
| Net debt/Equity | 0.9x | 1.2x | 0.6x | 0.3x | 0.7x | 0.6x |
| Net debt/Equity | 95% | 122% | 62% | 27% | 66% | 59% |

*Source: Company information and Carlsquare estimates*

## Cash flow (SEKm)

| | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E |
|---|---|---|---|---|---|---|
| CF operating activities | 106 | 194 | 234 | 363 | 373 | 533 |
| Delta WC | 76 | -67 | -89 | -86 | -40 | -134 |
| CF operating activities | 182 | 126 | 145 | 277 | 333 | 399 |
| CF investing activities | -60 | -186 | -184 | -296 | -655 | -270 |
| CF financing activities | -63 | -22 | 120 | 218 | 79 | -140 |
| Cash flow | 59 | -81 | 81 | 198 | -243 | -11 |
| Exchange differences | -4 | 6 | 10 | 4 | 9 | 0 |
| Cash, BoP | 67 | 121 | 46 | 136 | 339 | 105 |
| Cash, EoP | 121 | 46 | 136 | 339 | 105 | 94 |
| | | | | | | |
| Key ratios | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E |
| CF operating activities/Sales | 8% | 5% | 4% | 7% | 7% | 7% |
| CF operating activities/Total assets | 13% | 6% | 6% | 9% | 9% | 9% |

*Source: Company information and Carlsquare estimates*

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