

Hanza Q1: Softer than Expected

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Redeye sees a softer Q1 report from Hanza than expected. While the like-for-like numbers were somewhat softer than expected, Orbit One seems to be the main driver behind the soft quarter. However, management expects a rebound in volumes already in the autumn of 2024. We will likely reduce our forecasts and Base Case.




Fredrik Nilsson

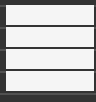
- Sales was 6% short of our expectations and amounted to SEK1253m (1065). The organic growth was -6% y/y. The softer macroeconomic environment resulted in lower demand from customers in some areas.
- EBITA (adjusted for restructuring and a write-down of the Orbit One earn-out) was SEK67m (88), corresponding to an EBITA margin of 5.3% (8.3). Our forecast was SEK96m and 7.2%.
- Main Markets beat our sales forecasts by 5%, while EBITA came in 11% short. We believe the EBITA contribution from Orbit One was lower than we anticipated, as management states that the EBITA contribution in Q1 was limited. Thus, the like-for-like EBITA development was rather solid at 8.2% vs 8.8% Q1 2023 (excluding subsidiaries). Organic growth was 1%.
- Other Markets came in below in terms of both sales and EBITA. Organic growth was -14%, and the EBITA margin fell to 3.3% overall and 4.9% (6.4) like-for-like. Our forecast was 6.1%.
- While Hanza saw reductions in order intake at the beginning of 2024, no customers were lost, and Hanza expects increases in volumes in the autumn of 2024. At the same time, some customers continue to grow.
- Although the overall like-for-like numbers were somewhat below our expectations, Orbit One seems to be experiencing a tough market, like many EMS-focused listed companies and was the main driver behind the soft Q1.
- We will likely reduce our forecasts and Base Case.


Estimates vs. Actuals					
	Q1E 2024	Q1A 2024	Diff	Q1A 2023	Q4A 2023
Sales					
Net sales	1334	1253	-6%	1065	1056
Y/Y Growth (%)	33%	18%		29%	5%
Main Markets					
Y/Y Growth (%)	21%	30%		23%	6%
EBITA (MM)	61	54	-11%	58	63
EBITA margin	8.3%	7.0%		10%	10%
Other Markets					
Y/Y Growth (%)	34%	3%		37%	2%
EBITA (OM)	37	16	-56%	30	29
EBITA margin	6.1%	3.3%		6%	6%
Earning					
EBITA	96	67	-30%	88	76
EBITA Margin (%)	7.2%	5.3%		8.3%	7.2%
EBIT	92	61	-34%	84	71
EBIT Margin (%)	6.9%	4.9%		7.9%	6.7%
Diluted EPS	1.32	0.77	-42%	1.48	1.09


Source: Hanza & Redeye Research | Segment EBITA concerns adjusted numbers



REDEYE QUALITY RATING

4

People

3

Business

3

Financials


FAIR VALUE RANGE

Price 58.0

Bear 37.0
Bull 118

Base 90.0

TIMELINESS



0

KEY STATS

Market Cap	2.5 BSEK
Entprs. Value (EV)	3.0 BSEK
Net Debt (2024e)	532.4 MSEK
30 Day Avg Vol	98 K
Shares Outstanding	43.7M
Price / Earnings	10.1x
PEG	1.1x
Dividend Yield	2.4%

Data from 2024-05-07 08:14

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All information regarding limitation of liability and potential conflicts of interest can be found at the end of the report.

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