

## Update: Q2 2024

### HANZA AB

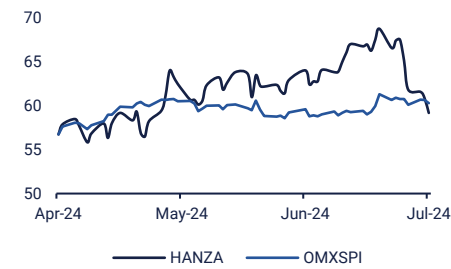
HANZA is a contract manufacturer founded in 2008 that has successfully built six regional manufacturing clusters in Europe and China through new factories, organic growth, and acquisitions in, e.g., sheet metal processing, heavy mechanics, and electronics. Several large European industrial groups are among its customers.

CEO: Erik Stenfors  
CoB: Francesco Franzé  
[www.hanza.com](http://www.hanza.com)

Bloomberg: HANZA:SS  
Reuters Eikon: HANZA.ST  
List: Nasdaq Stockholm Mid Cap

Share price, latest: SEK 59.2  
Market cap: SEK 2,585m

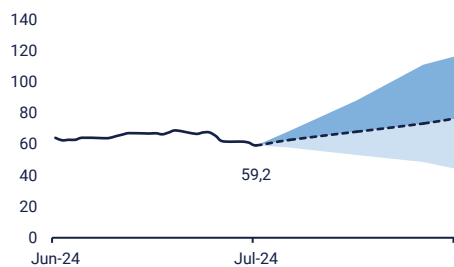
### SHARE PRICE DEVELOPMENT



	12M	YTD	6M	1M
Development (%)	-32	-31	-23	-5

Source: S&P Capital IQ

### VALUATION INTERVAL



	BEAR	BASE	BULL
Value per share (SEK)	44.0	76.7	116.6
Up-/downside (%)	-26%	30%	97%

Source: S&P Capital IQ and Carlsquare estimates

### CARLSQUARE EQUITY RESEARCH

Niklas Elmhammer  
Senior Equity Analyst

## Turning a corner

Carlsquare Equity Research lowers our estimates as Q2 2024 sales and profits were weaker than expected, and an upturn in volumes is taking longer than anticipated. However, we believe the low point in earnings is likely behind HANZA as a broadened offering and efficiency measures should start paying off in the second half of the year.

### There is still softness in the short term, but sequential progress

Adjusted EBITA in Q2 2024 at SEK 70m (92) was twelve per cent lower than expected as organic sales and profitability for the Main markets segment (the most profitable segment) declined more than we had anticipated. Overall, underlying sales for the group fell by eight per cent, which aligns with the development listed sector peers have reported so far. However, sales at the newly acquired Orbit One unit were lower than we had predicted, which also contributed to the negative deviation.

However, adjusted margins and profits improved sequentially over the first quarter, suggesting that the low point is behind HANZA. The company lowered its full-year outlook, now anticipating a rebound in volumes towards the end of the year rather than autumn, as previously communicated. On a positive note, the integration of Orbit One has now been completed ahead of time. Combined with the restructuring programs announced in Q1 and Q2, this should underpin margin improvement from now on.

### HANZA's broadened offering could gain traction

Despite the weak first half of 2024, there are encouraging signs. In conjunction with the Q2 2024 report, HANZA reported its largest order yet to an undisclosed customer in the defence industry at a value of SEK 134m. Deliveries will start in January 2025. HANZA is optimistic regarding opportunities to close additional large orders, primarily based on so-called MIG advisory projects ("Manufacturing Solutions for Increased Growth and Earnings"), already during 2024. While we lower our expectations for organic growth for 2024 to -4 per cent from -1, we stick to our forecast of a return to double-digit growth in 2025 based on the signals of sales efforts gaining traction. In addition, volumes from existing customers should reasonably improve/normalise as end markets are probably not as weak as the lower sales of contract manufacturers would suggest. We cut our sales forecasts for 2024 and 2025 by three per cent. The EBIT estimates are lowered by 17 per cent and five per cent, respectively. We still believe HANZA can return to an eight per cent EBITA margin (the lower bar for the 2025 profitability target) next year. However, there is some added uncertainty as an upturn remains elusive.

### Rerating potential as operating metrics gradually improves

We reduce our base case fair value to SEK 77 (82) per share due to lower estimates and other model adjustments, including higher capex assumptions. That corresponds to an EV/ EBIT multiple of 10.3x 2025E, slightly above the median of listed Nordic peers.

### Key figures (SEKm)

	2020	2021	2022	2023	2024E	2025E
Net sales	2 155	2 515	3 549	4 144	4 950	5 543
Gross profit	955	1 149	1 531	1 843	2 141	2 422
EBITDA	139	232	316	465	477	634
EBITA	48	143	212	344	298	445
EBT	9	100	143	248	157	306
Earnings per share	-0.03	2.30	3.34	5.36	3.11	5.89
Growth, net sales	4.2%	16.7%	41.1%	16.8%	19.5%	12.0%
EBITDA-margin	6.4%	9.2%	8.9%	11.2%	9.6%	11.4%
EBITA-margin	2.2%	5.7%	6.0%	8.3%	6.0%	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	7.5x	5.6x
EV/EBITA	19.3x	21.0x	12.1x	11.8x	12.0x	8.0x
P/E	NM	28.0x	15.3x	15.9x	19.1x	10.1x

Source: Company information and Carlsquare estimates

## Getting in shape for a recovery

Weakness in key customer segments hampered Q2 sales and earnings more than we had expected. However, HANZA is launching a new efficiency program and reports new orders and promising leads for H2 2024. We cut our sales forecasts for 2024 and 2025 by some three per cent. While we expect subdued profitability for 2024, we believe a strong margin recovery to eight per cent in 2025 is still within reach.

## Making some headway in a slow quarter

Sales in Q2 grew by 14 per cent, which was four percentage points below our forecast. Excluding acquisitions and currency effects, underlying sales declined by eight per cent, only slightly worse than our estimates of about minus seven per cent. However, sales at the newly acquired Orbit One unit were lower than we had predicted, which also contributed to the negative deviation.

We believe the organic decline for old HANZA aligns with the development that listed sector peers have reported so far. The Q2 2023 period was strong for the industry, representing a challenging comparison. HANZA mentions mining, the textile industry, and recycling as weak sectors, which helps explain the relatively sharp slowdown in sales for the Main markets segment in the quarter (minus nine per cent, excluding acquisitions and currency effects).

Group earnings (EBITA) adjusted for restructuring costs were SEK 70m (92), about twelve per cent lower than we had expected. Compared to our forecast, the negative deviation was almost entirely in the Main markets segment. The quarter's slow sales were the main culprit. The adjusted EBITA margin for the largest business area (~60 per cent of sales) dropped to 7.2 per cent (11.1). For the old HANZA units, the corresponding decline was less, to 8.2 per cent. For the Other markets segment, sales and adjusted EBITA were roughly in line with our expectations at SEK 495m (458) and SEKm 20 (28).

Sales at Orbit One dropped slightly from the first quarter to SEK 239 m (or ~20 per cent of group sales), but EBITA (excluding restructuring costs) increased sequentially to SEK 5m from SEK 2m. The profitability of Orbit One is still low but moving in the right direction, and HANZA says the integration is now completed, earlier than the previous target of Q3 2024. We do not know the corresponding sales for Q2 2023 but are inclined to assume that Orbit One has faced a somewhat worse decline than the group overall. HANZA also says it has exited some Orbit One business but does not quantify the impact on revenue. The rationale is to free capacity for larger, more profitable customers.

As previously reported, HANZA has already taken steps to increase efficiency. At the beginning of June, HANZA announced redundancies in Sweden and Finland of around 70 people as it plans to close two smaller units (in Electronics and Mechanics, respectively). As a result, HANZA reported a one-off charge of SEK -20m. That is in addition to the restructuring measures at Orbit One announced in Q1 2024 (involving some 50 employees).

## Cash flow and margins improving sequentially

Despite the earnings disappointment and lower revenue, adjusted earnings and EBITA margin increased slightly compared to the first quarter, to SEK 70m (67) and 5.7 per cent (5.3), respectively. It supports the view that the low point in quarterly earnings is behind HANZA.

Cash flow from operating activities was a bright spot, improving to SEK 135 million (86) from lower working capital. Hence, the poor cash conversion in Q1 was essentially reversed.

## HANZA confident of solid order intake in H2

In sum, Q2 2024 was decidedly slower than we had anticipated at the outset. Judging from the lowered guidance from most companies, the volume decline has probably been steeper than the industry had expected.

However, there are encouraging signs. In conjunction with the Q2 2024 report, HANZA reported its largest order yet to an undisclosed customer in the defence industry at a value of SEK 134m. Deliveries will start in January 2025. HANZA is optimistic regarding opportunities to close additional new orders, primarily based on so-called MIG projects, already during 2024. MIG projects involve showcasing HANZA's strengths in its broad offering of manufacturing technologies and restructuring the customer's supply chain. A prime example is the expanded production deal for Mitsubishi forklifts announced in the summer of 2023. However, due to a ramp-up time of some six months or more, sales from such deals will likely not materialise until 2025.

HANZA sees a rebound in volumes from existing customers towards the end of the year. This is slightly more cautious than the previously communicated view of better volumes in the autumn. Still, we reckon that many customer industries, e.g., mining equipment, actually report stable demand and orders. Hence, at least temporarily, HANZA appears to have grown slower than its customers in some areas in 2024. HANZA says it is not losing market share but rather the opposite. If so, stable customer activity could support the view of a rebound later this year. The upturn could be steeper in the case of a more pronounced cyclical recovery.

## HANZA Q2, 2024 Net sales and EBITA vs CSQ Forecast (SEKm)

	Q2 24E	Q2 23A	Q1 24A	Dev
Net Sales	1268	1221	1253	-4%
Growth, net sales	19%	14%	18%	
Main Markets, net sales	778	723	770	-7%
Main Markets, growth	28%	19%	30%	
Other Markets, net sales	487	495	480	2%
Other Markets, Growth	6%	8%	3%	
EBITA*	80	70	67	-12%
EBITA growth	-13%	-24%	-24%	
EBITA-margin	6.3%	5.7%	5.3%	
Main Markets, EBITA-margin*	8.0%	7.2%	7.0%	
Other Markets, EBITA-margin*	4.3%	4.0%	3.3%	

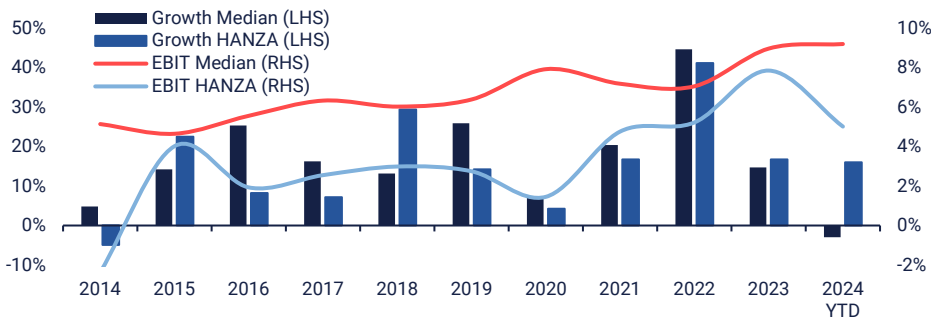
Source: Company information and Carlsquare estimates. \*Excluding restructuring costs.

## Estimates

### We expect relative improvement in the second half

According to our comparison below, HANZA's profitability declined more than the median company of other Nordic contract manufacturers in 2024. We use the EBIT margin for increased comparability. The caveat is that not all companies have reported yet.

#### Growth and EBIT margins



Source: Company information and Carlsquare estimates

While it appears that, at first glance, HANZA has broken the positive trend of recent years of closing in on its largest peers, margins are also being diluted from the acquisition of Orbit One. For the EBITA margin, the effect is -1.9 percentage points, corresponding to roughly half the decline for the first half of 2024.

Of course, the upside is increased sales from adding Orbit One. It strengthens the offer in electronics manufacturing, adding more advanced technologies and a new customer base that does not overlap with the old HANZA. Also, due to Orbit One's presence in Poland, the 'Central Europe'-cluster should clear the lower threshold of SEK 1bn in sales that HANZA has identified to achieve sufficient economies of scale from its geographic cluster strategy.

On the back of the current low profitability in Orbit One (some two per cent EBITA margin in Q2 2024), the concern is that Orbit One will continue to hamper group margins. However, we believe the restructuring measures announced in Q1 are an important step towards narrowing the gap to the rest of the HANZA group. As stated above, it is also likely that Orbit One's sales and margins have declined proportionally worse during the market downturn. Once volumes return, better capacity utilisation combined with the announced efficiency measures should boost margins for Orbit One. HANZA's track record, including the successful integration of, e.g., electronics manufacturer Beyers in 2022, gives us confidence that margins should at least return to historical levels of some six per cent in 2025.

This should help HANZA recoup the lost ground in 2024 and resume its positive margin trend.

### We expect a gradual return to organic growth

We cut our organic growth expectations for 2024 from -1 to -3 per cent. This implies a flat underlying development in H2, reflecting some continued weakness in Q3 (-4 per cent) and a volume upturn in Q4 (+4 per cent). Previously, we had

assumed a more rapid recovery and an upturn in the second half. In addition, we lower the effect of the Orbit One acquisition somewhat to +23.5 per cent (previously +25). Hence, we expect a sharper drop in sales for Orbit One than "old HANZA" in 2024 based on the development in the first half of the year.

For 2025, we assume a rebound in growth to some twelve per cent, slightly above the trend in organic growth since 2018. As previously described, HANZA is confident of gaining new orders based on its improved customer offer. This is supported by the Orbit One acquisition and capacity expansions in, e.g., Sweden and Estonia in 2024 and 2025. However, the timing of new larger orders is hard to predict and 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.

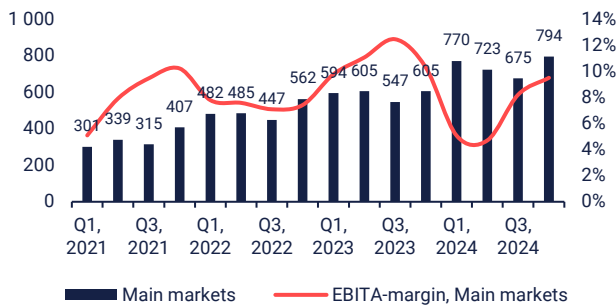
**Despite lower sales, we believe the 2025 margin target is feasible**

Due to a weaker-than-expected first half and lowered growth assumptions for the second half, we now expect the EBITA margin for the full year to decline to six per cent (8.3), down from our previous assumption of seven per cent. However, this still represents a major improvement from 4.7 per cent reported in the first half.

Assuming a solid sales rebound in 2025 and 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. However, we acknowledge that reaching eight per cent might be more of a challenge if a rebound in volumes is delayed. Further, the margin assumption might have to be reviewed in case of further acquisitions if HANZA is to reach its 2025 sales target of SEK 6.5bn.

Overall, we cut our sales forecasts for 2024 and 2025 by three per cent. The EBITA estimates are lowered by 15 and three per cent, respectively.

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



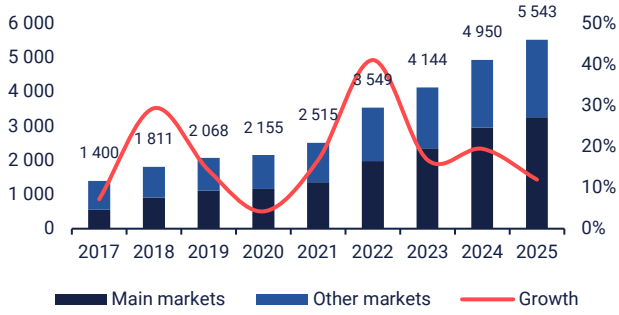
Source: Company information and Carlsquare estimates

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



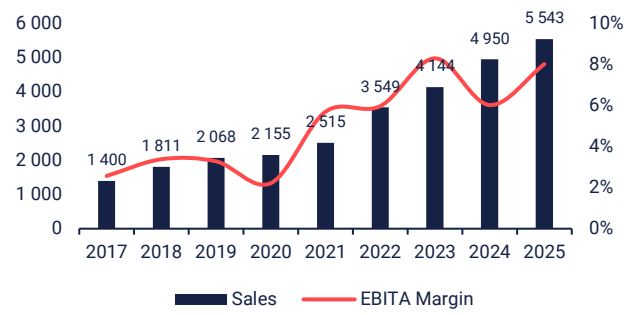
Source: Company information and Carlsquare estimates

**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 three per cent. Combined with lower margin assumptions in the near term, we reduce the earnings estimates (EBIT by some ten per cent on average in 2024-2025). We have also made other adjustments to our model, including assumptions of higher capex levels.

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

DCF valuation		Discount rate		Assumptions	
PV(UFCF)	1,676	Risk-free rate	2.3%	CAGR, 2023-2033	6.2%
PV(TV)	2,667	Market risk premium	6.1%	EBITDA-margin, 2033	10.4%
<b>Enterprise value</b>	<b>4 343</b>	Size premium	1.3%	EBIT-margin, 2033	7.5%
Net debt (31-Mar)	-978	Beta	1.1x	Tax rate	16.0%
<b>Shareholder value</b>	<b>3,365</b>	Req. return on equity	10.3%		
PV(equity financing proceeds)	0.0			<b>Implied multiples</b>	
<b>Shareholder value, after financing</b>	<b>3,365</b>	Tax adjust. interest on debt	7.5%		
Current shares outstanding	43.7	Leverage	25.0%	EV/Sales 2024	0.9x
New shares	0.0	WACC	9.6%		
Shares outstanding after financing and dilution	43.7			EV/EBITDA 2024	9.1x
Value per share (before financing and dilution)	77.1	Company spec. premium	0.0%		
<b>Value per share (after financing and dilution)</b>	<b>77.1</b>	<b>Discount rate</b>	<b>9.6%</b>	EV/EBIT, 2024	16.0x

Source: Carlsquare Estimates

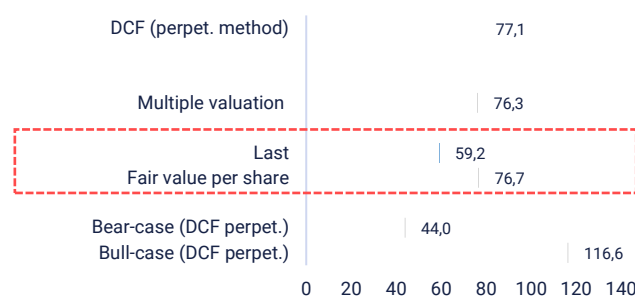
Following the changed assumptions, we trim our DCF valuation to SEK 78 per share (91). Our blended (EV/sales and EV/EBIT) multiple valuation; see below. It supports a rerating to about SEK 76 (73) per share, based on 2025 median estimates. Combining the value in the DCF model with the multiple valuation in an average, we calculate a fair value per share of SEK 77 (previously: SEK 82).

#### Fair value, base case (SEKm)

Multiple valuation	76,3
DCF valuation	77,1
<b>Fair value per share</b>	<b>76,7</b>
Potential up-/down side	30%
Shares outstanding, fully financed and diluted	43,7
<b>Shareholder value</b>	<b>3 349</b>
Cash	187
Debt	-1 165
PV cash from equity financing	0
<b>EV</b>	<b>4 327</b>

Source: Carlsquare Estimates

#### Fair value within an interval (SEK)



Source: Carlsquare Estimates

## Multiple valuation, base case

Our valuation corresponds to an implied EV/EBIT multiple 2025E of 10.3x. The companies in the 'Nordic contract manufacturers' reference group are currently trading at a median EV/EBIT multiple 2024E of 9.5.

### Lower sales multiples and trimmed estimates

With expected **sales growth (2024-25E) of 15.6 (17.5) per cent** and an **EBIT margin of 7.6 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, HANZA deserves a valuation that aligns with the median. The median EV/Sales multiple (25E) is around 0.84). However, we recognise that earnings multiples might be a better gauge of resilience in profitability during a weaker period and hence also include EV/EBIT in our model to calculate a blended average. The implied multiple valuation for HANZA increase to 76 SEK per share (73).

## Multiple valuation, base case

	EV	Growth, CAGR 23-25E	EBIT-margin 2025E	EV/Sales, 2025E	EV/EBIT, 2025E
AQ Group AB (publ)	13,321	NA	NA	NA	NA
NOTE AB (publ)	4,624	9%	NA	NA	NA
Inission AB (publ)	1,591	6%	7%	0.6x	8.8x
Kitron ASA	8,787	-1%	9%	1.0x	11.5x
Scanfil Oyj	6,259	1%	7%	0.6x	8.6x
Incap Oyj	4,152	16%	13%	1.3x	10.1x
<b>Median</b>	<b>5,441</b>	<b>6%</b>	<b>8%</b>	<b>0.84x</b>	<b>9.5x</b>
Average	6,456	6%	9%	0.9x	9.8x

Discount	0%	Discount	0%		
<b>Applied EV/Sales multiple (202E)</b>	<b>0.84x</b>	<b>Applied EV/EBITDA multiple (2025E)</b>	<b>9.47x</b>		
Exp. Sales2025E (SEKm)	5 543	Exp. EBITDA 2025E (SEKm)	421		
<b>Enterprise value</b>	<b>4 635</b>	<b>Enterprise value</b>	<b>3 986</b>		
Net debt (30-Jun)	-978	Net debt (30-Jun)	-978		
PV(Cash from equity financing)	0	PV(Cash from equity financing)	0		
<b>Shareholder value, after financing</b>	<b>3 657</b>	<b>Shareholder value, after financing</b>	<b>3 008</b>		
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)	83.8	Value per share (before financing and dilution)	68.9		
<b>Value per share (after financing and dilution)</b>	<b>83.8</b>	<b>Value per share (after financing and dilution)</b>	<b>68.9</b>	<b>Average</b>	<b>76.3</b>

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 117 (114) 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 a lower average EBIT margin of 6 per cent (vs 7.5 in the base case) over the forecast period. The more pessimistic scenario yields a fair value per share of about SEK 44 (46) in a DCF model.

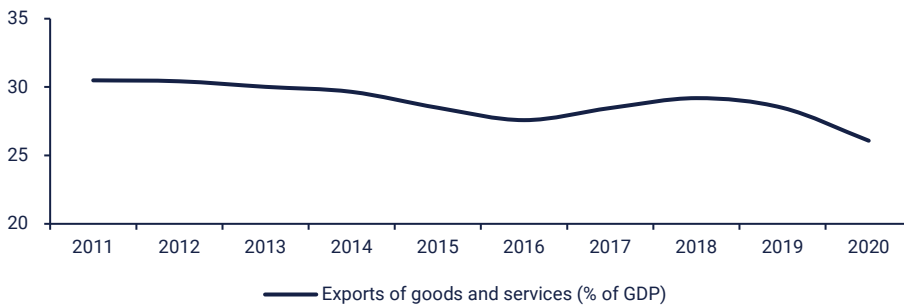
# Investment Case

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

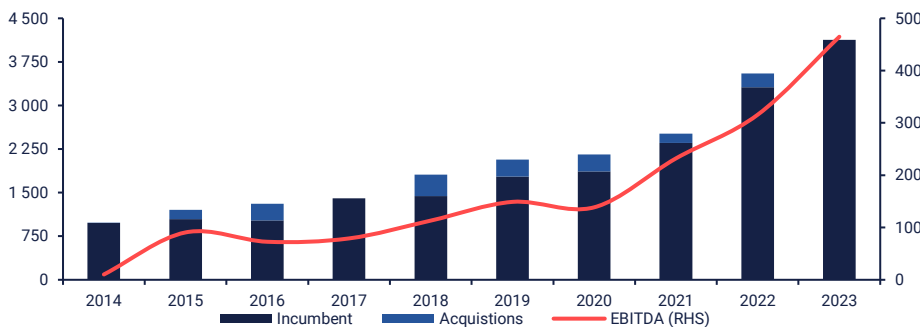


Source: World Bank and Carlsquare Equity Research

## 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 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, combined with 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

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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
<b>Per share</b>						
EPS	-0.03	2.30	3.34	5.36	3.11	5.89
DPS	0.0	0.3	0.5	0.8	1.2	1.2
BVPS	14.0	16.4	22.9	31.1	34.2	38.9
TBVPS	7.9	11.4	14.0	16.5	20.0	22.7
<b>Valuation (curr.)</b>						
	2020	2021	2022	2023	2024E	2025E
P/E	NM	28.0x	15.3x	15.9x	19.0x	10.1x
P/B	6.4x	5.2x	3.4x	2.3x	1.7x	1.5x
EV/Sales	0.4x	1.2x	0.7x	1.0x	0.7x	0.6x
EV/EBITDA	6.7x	13.0x	8.1x	8.7x	7.5x	5.6x
EV/EBIT	19.3x	21.0x	12.1x	11.8x	11.9x	8.0x
<b>Other</b>						
	2020	2021	2022	2023	2024E	2025E
Dividend yield	0.0%	0.4%	0.7%	1.1%	2.0%	2.0%
FCF yield	3.5%	6.3%	7.7%	11.9%	13.7%	19.8%

Source: Company information and Carlsquare estimates

## Income statement (SEKm), quarterly

	Q1, 23	Q2, 23	Q3, 23	Q4, 23	Q1, 24	Q2, 24	Q3, 24E	Q4, 23E
Sales	1065	1068	955	1056	1253	1221	1134	1342
Gross profit	456	476	442	469	527	528	501	585
EBITDA	117	121	119	108	104	94	122	157
EBITA	88	92	89	75	67	50	75	106
EBIT	84	88	85	71	61	43	68	99
EBT	70	72	58	48	35	8	42	72
Net profit	59	60	49	47	34	6	35	61
EPS (SEK)	1.50	1.51	1.22	1.13	0,78	0,14	0.80	1.39
<b>Growth</b>								
	Q1, 23	Q2, 23	Q3, 23	Q4, 23	Q1, 24	Q2, 24	Q3, 24E	Q4, 23E
Sales	29.3%	20.5%	13.9%	5.5%	17.7%	14.3%	18.7%	27.1%
Gross profit	26.5%	23.6%	23.8%	9.6%	15.6%	11.0%	13.4%	24.8%
EBITDA	76.2%	46.8%	57.0%	18.6%	-11,1%	-22,2%	2.7%	45.2%
EBIT	127.6%	65.3%	85.6%	23.7%	-27,4%	-51,0%	-19.8%	39.6%
EBT	176.7%	78.6%	96.6%	0.2%	-50,0%	-88,9%	-28.4%	50.5%
Net profit	207.3%	65.2%	88.5%	18.1%	-42,4%	-90,0%	-28.8%	29.1%
<b>Margins</b>								
	Q1, 23	Q2, 23	Q3, 23	Q4, 23	Q1, 24	Q2, 24	Q3, 24E	Q4, 23E
Gross margin	42.8%	44.6%	46.3%	44.4%	42,1%	43,2%	44.2%	43.6%
EBITDA margin	11.0%	11.3%	12.5%	10.2%	8,3%	7,7%	10.8%	11.7%
EBIT margin	7.9%	8.2%	8.9%	6.7%	4,9%	3,5%	6.0%	7.4%
EBT margin	6.6%	6.7%	6.1%	4.5%	2,8%	0,7%	3.7%	5.4%
Profit margin	5.5%	5.6%	5.1%	4.5%	2,7%	0,5%	3.1%	4.5%

Source: Company information and Carlsquare estimates

**Income statement (SEKm)**

	2018	2019	2020	2021	2022	2023	2024E	2025E
<b>Total revenue</b>	<b>1 811</b>	<b>2 068</b>	<b>2 155</b>	<b>2 515</b>	<b>3 549</b>	<b>4 144</b>	<b>4 950</b>	<b>5 543</b>
COGS	-1 006	-1 121	-1 200	-1 366	-2 018	-2 301	-2 809	-3 134
<b>Gross profit</b>	<b>805</b>	<b>947</b>	<b>955</b>	<b>1 149</b>	<b>1 531</b>	<b>1 843</b>	<b>2 141</b>	<b>2 408</b>
Other operating expenses	-692	-798	-816	-917	-1 215	-1 378	-1 664	-1 774
<b>EBITDA</b>	<b>113</b>	<b>149</b>	<b>139</b>	<b>232</b>	<b>316</b>	<b>465</b>	<b>477</b>	<b>634</b>
Dep. and amort.	-59	-92	-107	-105	-122	-137	-206	-213
<b>EBIT</b>	<b>54</b>	<b>57</b>	<b>31</b>	<b>128</b>	<b>193</b>	<b>328</b>	<b>271</b>	<b>421</b>
Net finances	-25	-25	-22	-28	-50	-80	-115	-115
<b>EBT</b>	<b>29</b>	<b>32</b>	<b>9</b>	<b>100</b>	<b>143</b>	<b>248</b>	<b>157</b>	<b>306</b>
Tax	-8	-9	-10	-18	-22	-33	-21	-49
<b>Net profit/loss</b>	<b>21</b>	<b>24</b>	<b>-1</b>	<b>82</b>	<b>121</b>	<b>215</b>	<b>136</b>	<b>257</b>
<b>EPS</b>	<b>0.78</b>	<b>0.75</b>	<b>-0.03</b>	<b>2.30</b>	<b>3.34</b>	<b>5.36</b>	<b>3.11</b>	<b>5.89</b>
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

	2018	2019	2020	2021	2022	2023	2024E	2025E
<b>Growth</b>								
Total revenue	29.4%	14.2%	4.2%	16.7%	41.1%	16.8%	19.5%	12.0%
Gross profit	35.8%	17.6%	0.9%	20.3%	33.2%	20.4%	16.2%	13.1%
EBITDA	43.1%	31.6%	-7.0%	67.5%	36.0%	47.3%	2.6%	33.0%
EBIT	51.5%	5.0%	-44.9%	307.3%	51.5%	69.7%	-17.2%	55.2%
EBT	14.1%	10.6%	-72.4%	1020.2%	43.3%	73.4%	-36.7%	95.2%
Net profit/loss	-8.0%	13.5%	-105.9%	5924.6%	48.6%	77.2%	-36.9%	89.6%
EPS	14.7%	-3.8%	-104.5%	-6914.4%	44.9%	60.6%	-42.0%	89.4%
<b>Margins</b>								
Gross profit	44.5%	45.8%	44.3%	45.7%	43.1%	44.5%	43.3%	43.4%
EBITDA margin	6.3%	7.2%	6.4%	9.2%	8.9%	11.2%	9.6%	11.4%
EBIT margin	3.0%	2.7%	1.5%	5.1%	5.4%	7.9%	5.5%	7.6%
EBT margin	1.6%	1.6%	0.4%	4.0%	4.0%	6.0%	3.2%	5.5%
Profit margin	1.1%	1.1%	-0.1%	3.2%	3.4%	5.2%	2.7%	4.6%

Source: Company information and Carlsquare estimates

## Balance sheet (SEKm)

	2020	2021	2022	2023	2024E	2025E
Tot. intangible assets	396	464	478	464	668	684
Tot. tangible assets	270	407	551	714	874	993
Tot. other fixed assets	165	210	197	209	301	301
<b>Total fixed assets</b>	<b>830</b>	<b>1,081</b>	<b>1,226</b>	<b>1,387</b>	<b>1,843</b>	<b>1,977</b>
Inventories	342	663	937	936	1,275	1,386
Accounts Receivables	77	107	151	175	400	443
Other current assets	44	55	91	91	166	186
Cash	121	46	137	340	260	291
<b>Total current assets</b>	<b>584</b>	<b>870</b>	<b>1,316</b>	<b>1,542</b>	<b>2,101</b>	<b>2,306</b>
<b>Total assets</b>	<b>1,414</b>	<b>1,951</b>	<b>2,541</b>	<b>2,929</b>	<b>3,944</b>	<b>4,283</b>
Shareholder equity	475	586	898	1,345	1,492	1,696
<b>Total equity</b>	<b>475</b>	<b>586</b>	<b>898</b>	<b>1,345</b>	<b>1,492</b>	<b>1,696</b>
Debt to creditors	175	245	223	326	486	486
Lease liabilities	81	133	125	114	171	171
Other long-term liabilities	154	154	151	159	198	198
<b>Tot. long-term liabilities</b>	<b>409</b>	<b>531</b>	<b>499</b>	<b>599</b>	<b>855</b>	<b>855</b>
Debt to creditors	169	241	396	349	577	599
Accounts payable	200	373	488	450	617	691
Lease liabilities	43	42	41	53	75	75
Other short-term liabilities	118	178	220	133	327	367
<b>Tot. short-term debt</b>	<b>530</b>	<b>835</b>	<b>1,145</b>	<b>985</b>	<b>1,597</b>	<b>1,732</b>
<b>Total debt</b>	<b>939</b>	<b>1,366</b>	<b>1,643</b>	<b>1,584</b>	<b>2,452</b>	<b>2,587</b>
<b>Tot. equity and debt</b>	<b>1,414</b>	<b>1,951</b>	<b>2,541</b>	<b>2,929</b>	<b>3,944</b>	<b>4,283</b>
<b>Liquidity</b>						
Current ratio	1.1	1.0	1.1	1.6	1.3	1.3
Cash ratio	0.2	0.1	0.1	0.3	0.2	0.2
<b>Leverage</b>						
Net debt (-)/Net cash(+)	-450	-712	-556	-363	-903	-878
Net debt/EBITDA	3.2x	3.1x	1.8x	0.8x	1.9x	1.4x
Net debt/Equity	0.9x	1.2x	0.6x	0.3x	0.6x	0.5x
Net debt/Equity	95%	122%	62%	27%	61%	52%

Source: Company information and Carlsquare estimates

## Cash flow (SEKm)

	2020	2021	2022	2023	2024E	2025E
CF operating activities	106	194	234	363	354	511
Delta WC	76	-67	-89	-86	39	-80
CF operating activities	182	126	145	277	393	431
CF investing activities	-60	-186	-184	-296	-664	-348
CF financing activities	-63	-22	120	218	180	-52
<b>Cash flow</b>	<b>59</b>	<b>-81</b>	<b>81</b>	<b>198</b>	<b>-91</b>	<b>31</b>
Exchange differences	-4	6	10	4	10	0
<b>Cash, BoP</b>	<b>67</b>	<b>121</b>	<b>46</b>	<b>136</b>	<b>339</b>	<b>260</b>
<b>Cash, EoP</b>	<b>121</b>	<b>46</b>	<b>136</b>	<b>339</b>	<b>258</b>	<b>291</b>
<b>Key ratios</b>						
CF operating activities/Sales	8%	5%	4%	7%	8%	8%
CF operating activities/Total assets	13%	6%	6%	9%	10%	10%

Source: Company information and Carlsquare estimates

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