Update: Q4 2023

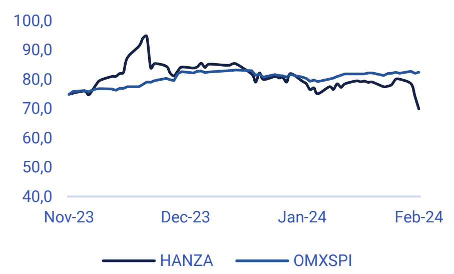
HANZA AB

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 Mid Cap
Share price, latest: SEK 69
Market cap: SEK 3,052m

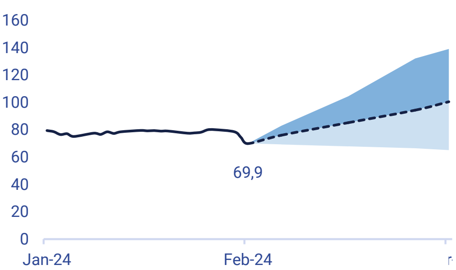
SHARE PRICE DEVELOPMENT



	12M	YTD	6M	1M
Development (%)	1	-18	-15	-11

Source: S&P Capital IQ

VALUATION INTERVAL



	BEAR	BASE	BULL
Value per share (SEK)	65	100	139
Up-/downside (%)	-7	44	99

Source: S&P Capital IQ and Carlsquare estimates

CARLSQUARE EQUITY RESEARCH

Niklas Elmhammer
Senior Equity Analyst

Going on the offensive in a slower market

Carlsquare Equity Research considers the Q4 2023 report as solid since underlying margins exceeded the eight per cent target despite slower growth compared to recent quarters. The acquisition of Orbit One will boost sales, strengthen the electronics offering, and compensate for lower organic growth in 2024. Net, higher operating earnings estimates and a lower discount rate result in a base case valuation of SEK 100 per share (88).

A slowdown with a silver lining

As several sector peers have communicated, growth also decelerated markedly in Q4 2023 for HANZA. This follows very strong Q2s and Q3s 2023, especially for the Main markets segment (i.e., Finland, Germany and Sweden). While some five per cent lower than our forecast, group EBITA (excluding costs related to the recently announced acquisition of Orbit One) still increased by 41 per cent. Hence, the report confirmed the higher level of profitability in HANZA after the company has performed extensive expansion and coordination programs in the Baltics and Germany in the last two years. We are encouraged by the margin increase in the Other markets segment to 6.5 per cent (5.5) in the quarter. The recent capacity expansions in Tartu, Estonia (sheet metal processing facility; to be completed in Q1) and Narva, Estonia (new complex assembly unit) is evidence of organic growth with existing customers (e.g., forklift manufacturer Mitsubishi Logisnext Europe). In conjunction with the Q4 2023 report, HANZA raised its sales target for 2025 to SEK 6.5bn from SEK 5bn. While this partly reflects the acquisition of Orbit One, it also implies continued underlying double-digit growth.

Acquisition should make up for lower near-term organic growth

We have lowered our expectations for organic growth 2024 from some ten per cent to five per cent on a more uncertain climate for contract manufacturers. However, this adjustment is trumped by the acquisition of electronics contract manufacturer Orbit One, which will boost sales by 27 per cent in 2024. In total, we raise our sales estimates by some 20 per cent for FY 2024. In the short term, margins will be slightly diluted by Orbit One coming on board.However, HANZA has a strong track record of raising profitability in newly added units and is confident of reaching its 2025 target of an EBITA margin of at least eight per cent. On the surface, Orbit One appears like a straightforward integration.

The current valuation does not reflect HANZA's relative strengths

In contrast to recent earnings reports, Q4 2023 was a mild negative surprise. The short-term outlook has become more uncertain, even if HANZA is optimistic about gaining market share. We believe the negative development of the share price reflects a weaker sentiment towards cyclical companies and a lack of visible near-term triggers. We believe this view is too cautious and raise the valuation in the base case to SEK 100 (88) per share on overall higher estimates following the acquisition, a lower discount rate and an increased upside in a relative valuation.

Key figures (SEKm)

	2020	2021	2022	2023	2024E	2025E
Net sales	2 155	2 515	3 549	4 144	5 490	6 065
Gross profit	955	1 149	1 531	1 843	2 360	2 608
EBITDA	139	232	316	465	587	722
EBITA	48	143	212	344	429	508
EBT	9	100	143	248	287	375
Earnings per share	-0.03	2.30	3.34	5.36	5.54	7.22
Growth, net sales	4.2%	16.7%	41.1%	16.8%	32.5%	10.5%
EBITDA-margin	6.4%	9.2%	8.9%	11.2%	10.7%	11.9%
EBITA-margin	2.2%	5.7%	6.0%	8.3%	7.8%	8.4%
EV/Sales	0.4x	1.2x	0.7x	1.0x	0.7x	0.6x
EV/EBITDA	6.7x	13.0x	8.1x	8.7x	6.6x	5.4x
EV/EBITA	19.3x	21.0x	12.1x	11.8x	9.0x	7.6x
P/E	NM	28.0x	15.3x	15.9x	12.6x	9.7x

Source: Company information and Carlsquare estimates

Going on the offensive in a slower market

Sales increased by five per cent in Q4 2023, in line with our expectations. Similar to other contract manufacturers, the short-term outlook has softened. With its broad offering, HANZA is optimistic about gaining market share in a downturn. Continued expansions in capacity and an upgraded sales target to SEK 6.5bn (previously: SEK 5bn) for 2025 are positive signals in the medium term. In our view, the acquisition of Orbit One strengthens the electronics offering considerably for a reasonable price consideration.

Q4 2023 sales in line, slightly softer outlook

Earnings (EBITA) excluding acquisition and earn-out adjustment cost of SEK-13m were SEK 89m (63), about five per cent lower than we had expected. The negative deviation from our forecast was in the Main markets segment, while Other markets performed better than we had assumed. Group margins increased to 8.4 per cent (6.3).

Sales in Q4 2023 grew five per cent, in line with our expectations. Organic growth was about four percent, excluding currency effects and lower sales from the extraordinary component or energy costs compared to 2022. HANZA upgrades its financial targets somewhat to at least SEK 6.5bn in annual sales and a minimum EBITA margin of eight per cent in 2025. Previously, the company targeted sales of SEK 5bn and an EBITA margin of at least eight per cent by the end of 2025. One important factor is the acquisition of Orbit One at the end of 2023; see below.

The dividend was increased more than we had expected to SEK 1.2 per share from SEK 0.75. The increase comes despite the directed share issue. We interpret this as a signal that the HANZA board wants to show commitment to the dividend policy. We believe the financial position supports the distribution. Cash flow increased substantially to SEK 97m (19) in Q4 2023 and was also a solid improvement from a weak Q3 2023.

HANZA sees a mixed outlook at the beginning of 2024, with a slowdown in order intake from some customers while other parts of the customer base continue to grow. However, HANZA has recently announced an expansion of the Töcksfors plant at an investment of SEK 75m, which reflects optimism. Also, capacity expansions in other sites are ongoing. For example, assembly and mechanics expansions in Narva (+5,000 sqm) and Tartu (+3,700 sqm) have been completed or will soon be opened.

The table below compares the Q4, 2023 reported sales and earnings vs our estimates.

HANZA Q4, 2023 Net sales and EBITA vs CSQ Forecast (SEKm)

	Q4 23E	Q4 22	Q4 23A	Dev
Net Sales	1057	1001	1056	0%
Growth, net sales	6%	40%	5%	
Main Markets, net sales	619	562	605	-2%
Main Markets, growth	10%	38%	8%	
Other Markets, net sales	434	434	447	3%
Other Markets, Growth	0%	40%	3%	
EBITA*	94	63	89	-5%
EBITA growth*	49%	47%	41%	
EBITA-margin*	8.9%	6.3%	8.4%	
Main Markets, EBITA-margin	11.5%	7.4%	10.4%	
Other Markets, EBITA-margin	5.7%	5.5%	6.5%	

*Source: Company information and Carlsquare estimates. *Excluding SEK-13m of acquisition-related costs.*

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.

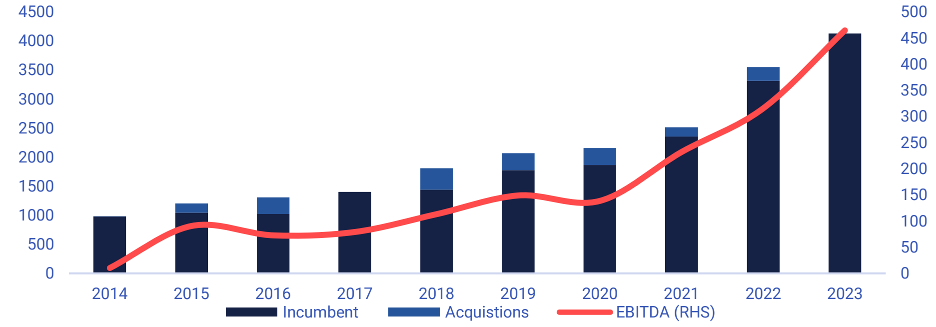
World Exports Growing Slower than GDP

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 382m plus a possible earn-out of a maximum of SEK 91m. 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.

Estimates

Mixed signals from sector peers in Q4 2023

Nordic EMS companies have grown more cautious since Q3 2023. As previously reported, customers reduced their stocks in the second half of 2023. There was initial optimism of a fairly quick subsequent rebound, but the recovery seems to be taking longer than hoped. Consequently, Kitron is guiding for flat to somewhat lower sales in 2024 of EUR 700m to EUR 800m vs EUR 775m in 2023. NOTE in December lowered its 2023 guidance but still expects about 10 per cent growth in 2024, with growth picking up gradually as the year progresses.

Growth initiatives should pay off in the medium term

HANZA's new sales target implies a CAGR of some 12 per cent in 2023-2025, adjusted for the acquisition of Orbit One. This is in line with the previous growth target. It is also in line with the organic growth, excluding FX, reported in 2023. HANZA says that further acquisitions will likely be an ingredient. The natural step would be German or Finnish companies to increase scale advantages in these clusters.

HANZA says the proforma margin, including Orbit One, is about 7.8 per cent. While HANZA does not provide any margin guidance for 2024, it points to lower demand from certain customers weighing on profitability. The integration work is expected to take at least six months. We interpret this as a hint that margins will be below target for much of 2024. There will likely be some costs involved to realise future synergies. As mentioned, Orbit One boasts of already having a high level of automation and being proficient in lean manufacturing. Also, the two entities share the same ERP system. This suggests that the integration should be relatively straightforward and not overly costly. Nevertheless, we see a possibility that some further capex might be involved as HANZA, e.g. seems to prefer owning buildings.

We recognise that it is hard to make predictions in the current economic environment, but we believe the outsourcing and backshoring trends are still valid. We lower expectations for organic growth to mid-single digits (from ten per cent) for 2024 but expect a rebound to low double-digit growth in 2025. At this point, we do not expect HANZA to reach its 2025 sales target of SEK 6.5bn without additional acquisitions. In total, including Orbit One, we raise our sales estimates for 2024-2025 by some 20 per cent and the EBITDA by some seven per cent. At the same time, lower margins for the "old HANZA" in the short term and dilution from the directed share issue of some 3.5m shares prompt us to lower the EPS estimates somewhat.

HANZA has not revealed the geographic sales split between Sweden and Poland for Orbit One. For now, we assume a 65:35 relation.

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

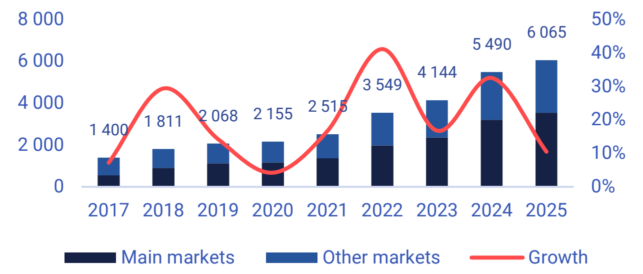
Source: Company information and Carlsquare estimates

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

Source: Company information and Carlsquare estimates

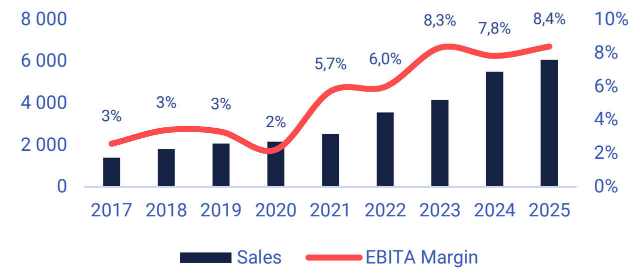
In 2023, the old HANZA group reached the lower bar of its 2025 EBITA margin financial target (at least eight per cent). There should be room to improve margins further in the Other markets segment. HANZA sees sales of SEK 1bn per cluster as the scale level with a clear cluster advantage, as discussed above. According to the company, HANZA's manufacturing clusters in Sweden and the Baltics have previously reached that level. Including Orbit One, the Central Europe cluster is now also above that threshold. 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. In sum, we are confident that HANZA will return to an EBITA margin above the target by 2025 at the latest.

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

Relative valuation looks more supportive

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

We have raised our DCF valuation due to the higher estimates from the acquisition of Orbit One, a lower discount rate on the back of a drop in interest rates since the previous update, and higher leverage. On a per-share basis, this compensates for an increased share base on the back of the SEK 300m directed share issue of 3.5m shares that was recently closed.

DCF assessment summary (SEKm), base case

DCF valuation		Discount rate		Assumptions	
PV(UFCF)	2 383.8	Risk-free rate	2.3%	CAGR, 2023-2033	7.2%
PV(TV)	3 098	Market risk premium	6.1%	EBITDA-margin, 2033	10.6%
Enterprise value	**5 482**	Size premium	1.2%	EBIT-margin, 2033	6.7%
Net debt (31-Mar)	-823.1	Beta	1.1x	Tax rate	16.0%
Shareholder value	**4 659**	Req. return on equity	10.2%		
PV(equity financing proceeds)	0.0			Implied multiples	
Shareholder value, after financing	**4659**	Tax adjust. interest on debt	6.7%	EV/Sales, NTM	1.0x
Current shares outstanding	43.7	Leverage	25.0%	EV/Sales 2024	1.0x
New shares	0.0	WACC	9.3%	EV/EBITDA, NTM	9.3x
Shares outstanding after financing and dilution	43.7			EV/EBITDA 2024	9.3x
Value per share (before financing and dilution)	106.7	Company spec. premium	0.0%	EV/EBIT NTM	13.7x
Value per share (after financing and dilution)	**106.7**	**Discount rate**	**9.3%**	EV/EBIT, 2024	13.7x

Source: Carlsquare Estimates

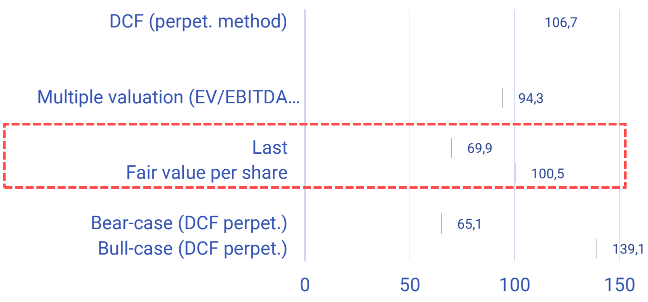
Following the changed assumptions, our DCF valuation results in a higher value per share of SEK 107 (104). Also, a relative valuation (EV/sales, see below) supports a higher valuation value per share of about SEK 94 (73), based on 2024-2025 average estimates. Combining the value in the DCF model with the multiple valuation in an average, we calculate a fair value per share of SEK 100 per share (previously: SEK 88). This aligns with the changes we foresaw in our initial comment to the Orbit One acquisition.

Fair value, base case (SEKm)

Multiple valuation	94.3
DCF valuation	106.7
Fair value per share	**100.5**
Potential up-/down side	44%
Shares outstanding, fully financed and diluted	43.7
Shareholder value	**4 387**
Cash	400
Debt	-1 223
PV cash from equity financing	0
EV	**5 210**

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 8.9x. The companies in the Nordic contract manufacturers reference group are currently trading at a median EV/EBITDA multiple 2024E of 7.0x.

Sector valuation is supportive, considering the relatively stronger growth outlook

With expected **sales growth (2024-25E) of 21 per cent** and an **average EBITDA margin of 11.3 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. Hence, despite an arguably shorter history of operating with high margins on a group level, we believe HANZA deserves a valuation at least in line with the median. Since our latest update, the sector group has experienced a mixed performance with subdued guidance. We now include NOTE as a peer, which clearly increases the median valuation. The median EV/Sales multiple (24E) rises to 0.9 (0.7). Hence, the implied multiple valuation for HANZA rises to 94 SEK per share (73).

Multiple valuation, base case

	EV	Growth, CAGR 23-25E	EBITDA avg. 24-25E	EV/Sales, NTM	EV/EBITDA, NT
AQ,Group,AB,(publ)	10 838	NA	NA	NA	NA
NOTE,AB,(publ)	4 810	10%	12%	1.0x	8.6x
Inission,AB,(publ)	1 386	7%	11%	0.6x	5.4x
Kitron,ASA	8 613	4%	11%	1.0x	8.9x
Scanfil,Oyj	6 345	2%	9%	0.6x	7.0x
Incap,Oyj	2 388	13%	14%	0.9x	6.3x
Median	**5 577**	**7%**	**11%**	**0.90x**	**7.0x**
Average	5 730	7%	12%	0.8x	7.3x

Discount	0%
Applied EV/Sales multiple (NTM)	**0.90x**
Exp. Sales NTM (SEKm)	5 490
Enterprise value	**4 938**
Net debt	-823
PV(Cash from equity financing)	0
Shareholder value. after financing	**4 115**
Current shares outstanding (m)	43.7
New shares	0.0
Shares outstanding after financing and dilution	43.7
Value per share (before financing and dilution)	94.3
Value per share (after financing and dilution)	**94.3**

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 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. In this scenario, HANZA reaches its 2025 sales target of SEK 6.4bn. Using a combined DCF model and multiple valuation (EV/sales multiple of 0.9x as above), we calculate a fair value of SEK 139 (152) per share.

For the bear case, we model an average annual growth rate of some five (four) per cent, i.e., about two thirds of the growth assumed in the base case. We also pencil a lower average EBIT margin of 5.8 per cent (vs 7.2 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 65 (54) in a DCF model.

Key figures and accounts

Key Ratios (SEK)

	2020	2021	2022	2023	2024E	2025E
Per share						
EPS	-0.03	2.30	3.34	5.36	5.54	7.22
DPS	0.0	0.3	0.5	0.8	1.2	1.4
BVPS	14.0	16.4	22.9	31.1	35.1	41.0
TBVPS	7.9	11.4	14.0	16.5	22.3	25.4
Valuation (curr.)	2020	2021	2022	2023	2024E	2025E
P/E	NM	28.0x	15.3x	15.9x	12.6x	9.7x
P/B	6.4x	5.2x	3.4x	2.3x	2.0x	1.7x
EV/Sales	0.4x	1.2x	0.7x	1.0x	0.7x	0.6x
EV/EBITDA	6.7x	13.0x	8.1x	8.7x	6.6x	5.4x
EV/EBIT	19.3x	21.0x	12.1x	11.8x	9.0x	7.6x
Other	2020	2021	2022	2023	2024E	2025E
Dividend yield	0.0%	0.4%	0.7%	1.1%	1.7%	2.0%
FCF yield	3.5%	6.3%	7.7%	11.9%	16.3%	18.9%

Source: Company information and Carlsquare estimates

Income statement (SEKm), quarterly

	Q1, 23	Q2, 23	Q3, 23	Q4, 23	Q1, 24E	Q2, 24E	Q3, 24E	Q4, 23E
Sales	1065	1068	955	1056	1409	1413	1257	1410
Gross profit	456	476	442	469	606	608	541	606
EBITDA	117	121	119	108	143	144	138	162
EBITA	88	92	89	75	107	106	97	118
EBIT	84	88	85	71	100	99	90	111
EBT	70	72	58	48	72	71	62	83
Net profit	59	60	49	47	61	59	52	70
EPS (SEK)	1.50	1.51	1.22	1.13	1.39	1.36	1.18	1.60
Growth	Q1. 23	Q2. 23	Q3. 23	Q4. 23	Q1. 24E	Q2. 24E	Q3. 24E	Q4. 23E
Sales	29.3%	20.5%	13.9%	5.5%	32.3%	32.3%	31.7%	33.6%
Gross profit	26.5%	23.6%	23.8%	9.6%	32.8%	27.7%	22.3%	29.3%
EBITDA	76.2%	46.8%	57.0%	18.6%	21.9%	19.6%	15.7%	50.4%
EBIT	127.6%	65.3%	85.6%	23.7%	19.6%	13.1%	5.5%	56.9%
EBT	176.7%	78.6%	96.6%	0.2%	2.9%	-1.4%	6.1%	72.8%
Net profit	207.3%	65.2%	88.5%	18.1%	2.6%	-0.5%	5.5%	48.2%
Margins	Q1. 23	Q2. 23	Q3. 23	Q4. 23	Q1. 24E	Q2. 24E	Q3. 24E	Q4. 23E
Gross margin	42.8%	44.6%	46.3%	44.4%	43.0%	43.0%	43.0%	43.0%
EBITDA margin	11.0%	11.3%	12.5%	10.2%	10.1%	10.2%	10.9%	11.5%
EBIT margin	7.9%	8.2%	8.9%	6.7%	7.1%	7.0%	7.1%	7.9%
EBT margin	6.6%	6.7%	6.1%	4.5%	5.1%	5.0%	4.9%	5.9%
Profit margin	5.5%	5.6%	5.1%	4.5%	4.3%	4.2%	4.1%	4.9%

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**	**5 490**	**6 065**
COGS	-1 006	-1 121	-1 200	-1 366	-2 018	-2 301	-3 130	-3 457
Gross profit	**805**	**947**	**955**	**1 149**	**1 531**	**1 843**	**2 360**	**2 608**
Other operating expenses	-692	-798	-816	-917	-1 215	-1 378	-1 773	-1 886
EBITDA	**113**	**149**	**139**	**232**	**316**	**465**	**587**	**722**
Dep. and amort.	-59	-92	-107	-105	-122	-137	-186	-233
EBIT	**54**	**57**	**31**	**128**	**193**	**328**	**401**	**489**
Net finances	-25	-25	-22	-28	-50	-80	-114	-114
EBT	**29**	**32**	**9**	**100**	**143**	**248**	**287**	**375**
Tax	-8	-9	-10	-18	-22	-33	-46	-60
Net profit/loss	**21**	**24**	**-1**	**82**	**121**	**215**	**241**	**315**
EPS	**0.78**	**0.75**	**-0.03**	**2.30**	**3.34**	**5.36**	**5.54**	**7.22**
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%	32.5%	10.5%
Gross profit	35.8%	17.6%	0.9%	20.3%	33.2%	20.4%	28.1%	10.5%
EBITDA	43.1%	31.6%	-7.0%	67.5%	36.0%	47.3%	26.3%	22.9%
EBIT	51.5%	5.0%	-44.9%	307.3%	51.5%	69.7%	22.3%	22.0%
EBT	14.1%	10.6%	-72.4%	1020.2%	43.3%	73.4%	15.9%	30.7%
Net profit/loss	-8.0%	13.5%	-105.9%	5924.6%	48.6%	77.2%	12.4%	30.7%
EPS	14.7%	-3.8%	-104.5%	-6914.4%	44.9%	60.6%	3.3%	30.5%
Margins	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**
Gross profit	44.5%	45.8%	44.3%	45.7%	43.1%	44.5%	43.0%	43.0%
EBITDA margin	6.3%	7.2%	6.4%	9.2%	8.9%	11.2%	10.7%	11.9%
EBIT margin	3.0%	2.7%	1.5%	5.1%	5.4%	7.9%	7.3%	8.1%
EBT margin	1.6%	1.6%	0.4%	4.0%	4.0%	6.0%	5.2%	6.2%
Profit margin	1.1%	1.1%	-0.1%	3.2%	3.4%	5.2%	4.4%	5.2%

Source: Company information and Carlsquare estimates

Balance sheet (SEKm)

	2020	2021	2022	2023	2024E	2025E
Tot. intangible assets	396	464	478	464	649	677
Tot. tangible assets	270	407	551	714	976	1 111
Tot. other fixed assets	165	210	197	209	245	245
Total fixed assets	830	1 081	1 226	1 387	1 870	2 032
Inventories	342	663	937	936	1 340	1 480
Accounts Receivables	77	107	151	175	234	258
Other current assets	44	55	91	91	122	134
Cash	121	46	137	340	460	478
Total current assets	584	870	1 316	1 542	2 155	2 351
Total assets	**1 414**	**1 951**	**2 541**	**2 929**	**4 025**	**4 383**
Shareholder equity	475	586	898	1 345	1 534	1 789
Total equity	**475**	**586**	**898**	**1 345**	**1 534**	**1 789**
Debt to creditors	175	245	223	326	888	888
Lease liabilities	81	133	125	114	147	147
Other long-term liabilities	154	154	151	159	187	187
Tot. long-term liabilities	409	531	499	599	1 222	1 222
Debt to creditors	169	241	396	349	438	460
Accounts payable	200	373	488	450	601	664
Lease liabilities	43	42	41	53	53	53
Other short-term liabilities	118	178	220	133	177	196
Tot. short-term debt	530	835	1 145	985	1 269	1 373
Total debt	**939**	**1 366**	**1 643**	**1 584**	**2 491**	**2 595**
Tot. equity and debt	**1 414**	**1 951**	**2 541**	**2 929**	**4 025**	**4 384**
Liquidity						
Current ratio	1.1	1.0	1.1	1.6	1.7	1.7
Cash ratio	0.2	0.1	0.1	0.3	0.4	0.3
Leverage						
Net debt (-)/Net cash(+)	-450	-712	-556	-363	-875	-858
Net debt/EBITDA	3.2x	3.1x	1.8x	0.8x	1.5x	1.2x
Net debt/Equity	0.9x	1.2x	0.6x	0.3x	0.6x	0.5x
Net debt/Equity	95%	122%	62%	27%	57%	48%

Source: Company information and Carlsquare estimates

Cash flow (SEKm)

	2020	2021	2022	2023	2024E	2025E
CF operating activities	106	194	234	363	497	577
Delta WC	76	-67	-89	-86	-2	-102
CF operating activities	182	126	145	277	494	475
CF investing activites	-60	-186	-184	-296	-671	-289
CF financing activities	-63	-22	120	218	296	-166
Cash flow	59	-81	81	198	120	19
Exchange differences	-4	6	10	4	0	0
Cash, BoP	67	121	46	136	339	459
Cash, EoP	121	46	136	339	459	478
Key ratios	2020	2021	2022	2023	2024E	2025E
CF operating activities/Sales	8%	5%	4%	7%	9%	8%
CF operating activities/Total assets	13%	6%	6%	9%	12%	11%

Source: Company information and Carlsquare estimates

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