

Swedish Stirling

Positioned for growth in and outside of S.A.

- TC Smelter PWR BLOK to be installed in Q2'20e
- EBIT above our estimate, but net financials burden EPS
- New customer leads and development of PWR BLOK 3.0

An eventful first quarter

Swedish Stirling's Q1'20 was full of important events. Firstly, the deal with Glencore means that the company now has contract with 90% of the South African ferrochrome market. Further, the securing of financing in February provided stable ground ahead of COVID-19-related uncertainty and delays. Overall, sales were SEK 19m for the quarter (ABGSCe SEK 18m) and EBIT came in at SEK -3, SEK 2m above our estimate of SEK -5m. The beat here was primarily the result of lower than anticipated raw material expenses. EPS was below our estimate at SEK -0.14 (ABGSCe SEK -0.10) on higher financing costs.

Potential to expand with customers and industries

Despite a world "on pause" due to COVID-19, Swedish Stirling has been able to continue generating new business, with its currently active leads having the potential to see 90 PWR BLOKs sold (rather than providing a conversion service, as in Afarak Mougale). Two of the leads are S.A. ferrochrome smelters, but the third is a Ferromanganese smelter located in Malaysia. This gives us further confidence in the PWR BLOK's versatility and value add outside of S.A. ferrochrome. We welcome the potential expansion across geographies and industries, both in terms of diversification and long-term growth opportunities. We estimate that globally ferroalloys provide a SEK 34bn market for the PWR BLOK.

Sales estimates up, but EPS down on higher financial costs

We raise our '20e sales estimates by 8% as we expect somewhat higher capitalised development costs during the development phase of PWR BLOK 3.0. However, our net financial estimates were revised to reflect the impact of the SEK 20m short-term loan made in Q1'20. As a result, EPS for '20e falls 28%. Fair value range: SEK 5–14 (8–19).

Lead analyst: Olof Cederholm
Oskar Vikström

Reason: Post-results comment

Company sponsored research

Not rated

Estimate changes (%)	2020e	2021e	2022e
Sales	8.1%	32.6%	0.0%
EBIT (rep)	10.5%	1.5%	2.8%
EPS (rep)	-27.8%	-0.8%	0.6%

Source: ABG Sundal Collier

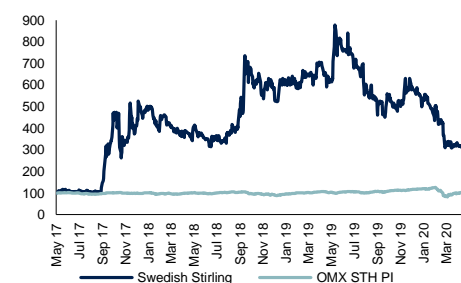
Share price (SEK) 18/05/2020 5.5
Capital Goods, Sweden
STRLNG.NGM/STRLNG:SS

MCap (SEKm) 450
MCap (EURm) 42.4
Net debt (EURm) 13

No. of shares (m) 81.6
Free float (%) 100.0
Av. daily volume (k) 0

Next event Q2 report: 18 Aug

Performance



	1m	3m	12m
Absolute (%)	-13.2	-33.5	-53.6
OMX STH PI (%)	3.6	-16.7	-0.3

Source: FactSet

SEKm	2018	2019	2020e	2021e	2022e
Sales	58	45	59	26	86
EBITDA	-15	-99	-18	-38	-38
EBITDA margin (%)	-24.9	-219.4	-31.3	-147.6	-44.1
EBIT adj	-15	-101	-21	-40	-40
EBIT adj margin (%)	-25.6	-223.5	-35.2	-156.7	-47.2
Pretax profit	-19	-126	-46	-60	-74
EPS rep	-0.23	-1.56	-0.51	-0.65	-0.81
EPS adj	-0.23	-1.56	-0.51	-0.65	-0.81
Sales growth (%)	71.4	-22.6	30.1	-56.3	234.1
EPS growth (%)	-245.6	-563.6	67.5	-28.5	-24.7

Source: ABG Sundal Collier, Company data

	2020e	2021e	2022e
P/E (x)	-10.9	-8.5	-6.8
P/E adj (x)	-10.9	-8.5	-6.8
P/BVPS (x)	2.34	3.24	6.19
EV/EBITDA (x)	-34.9	-17.7	-20.2
EV/EBIT adj (x)	-31.0	-16.7	-18.9
EV/sales (x)	10.91	26.16	8.90
ROE adj (%)	-21.5	-32.1	-62.5
Dividend yield (%)	0	0	0
FCF yield (%)	-18.4	-10.0	-16.4
Lease adj. FCF yld (%)	-18.4	-10.0	-16.4
Net IB debt/EBITDA	-7.3	-4.4	-6.8
Lease adj. ND/EBITDA	-7.3	-4.4	-6.8

Please refer to important disclosures at the end of this report

This research product is commissioned and paid for by the company covered in this report. As such, this report is deemed to constitute an acceptable minor non-monetary benefit (i.e. not investment research) as defined in MiFID II.

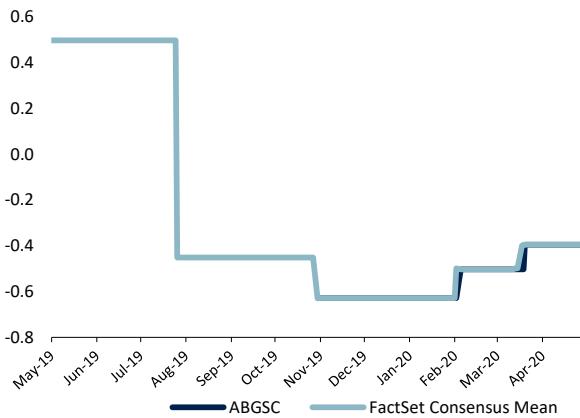
Opportunities

Swedish Stirling, through its PWR BLOK equipment, has the opportunity to help the metal processing industry lower its electricity costs, while at the same time contributing to lower CO2 emissions. Should this be successful, we think there are a wider range of industries that would be interested in the technology, given that it offers a lower cost compared with other clean-tech solutions.

Risks

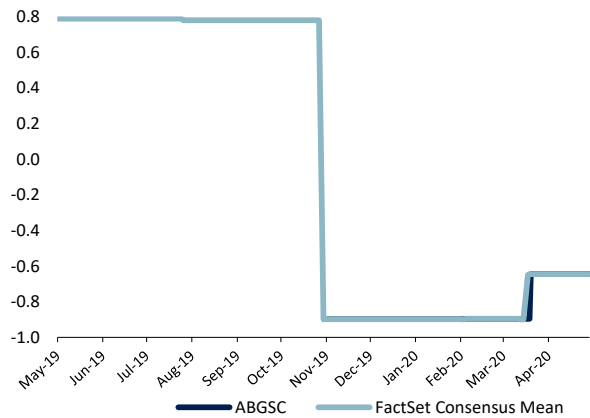
The main risks are related to the product delivery, where delays could affect how customers view the technology. In addition, the metal processing industry is conservative, and sales cycles might be longer than expected. Competing technologies are also a risk.

EPS estimate changes, 2020e, SEK



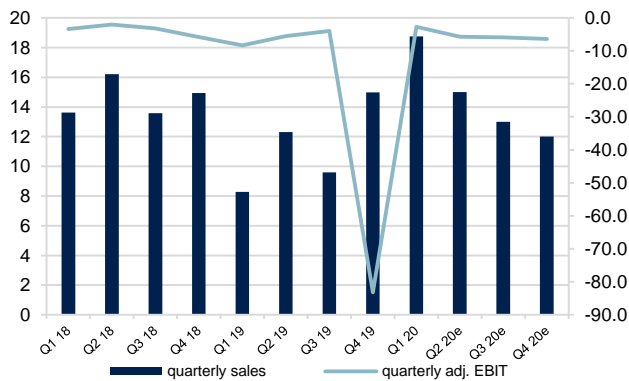
Source: ABG Sundal Collier, FactSet

EPS estimate changes, 2021e, SEK



Source: ABG Sundal Collier, FactSet

Quarterly sales and adj. EBIT, SEKm



Source: ABG Sundal Collier, Company data

Company description

Founded in 2008 by current CEO Gunnar Larsson, the firm's main technology is the PWR BLOK, based on the Stirling engine technology. The PWR BLOK creates electricity using heat as fuel, while not depending on internal combustion. This has enabled the company to develop a product that uses the heat produced by the flaring of residual gases as fuel. From that, electricity is produced, lowering operating costs. The customer also doesn't need to purchase as much electricity, which in emerging markets often means less dependence on coal-fueled power.

Q1 highlights

Agreement with Glencore

During Q1'20e, Swedish Stirling managed to close a deal with Glencore for the installation of up to 25 PWR BLOK 400-F units at the Lydenburg smelter. The deal is expected to have the potential to provide SEK 40m in revenue per year. We expect the first unit to be up and running by 31 May '21. The agreement provided an important relationship to realise the full potential of both the South African ferrochrome market and the global metals industry as a whole. We estimate that Glencore South Africa alone has a total PWR BLOK potential of ~270.

PWR BLOK potential in South Africa

Company	Plant	PWR BLOK capacity
Samancor	Ferrometals	51
Samancor	MFC	40
Samancor	Tubatse	0
Samancor	ASA Metals	53
Samancor	TC Smelters	53
Samancor	Hemic	91
Glencore	Boshhoek	51
Glencore	Lydenburg	55
Glencore	Lion	164
Glencore	Wonderkop	0
Glencore	Rustenburg	0
Assmang	Machadodorp	0
Afarak	Mogale	14
Traxys	Richards Bays Alloys	0
Total		572
Value SEKm		3,044

Source: ABG Sundal Collier, company data

Improved cash reserves

In March '20, Swedish Stirling managed to secure SEK 147m in financing (SEK 47m from share issuance and SEK 100m from a convertible bond issue). The deal was partially financed by Swedish entrepreneur and Spotify founder Daniel Ek, as well as institutional investors. The financing established a stable position for Swedish Stirling amid COVID-19 uncertainty, but also increased financial expenses.

PWR BLOK shipment to TC Smelter

The first PWR BLOK for the TC Smelter has been shipped from Gothenburg to South Africa. Due to COVID-19 restrictions, however, the TC Smelter has been forced to operate at 50% capacity and the PWR BLOK installation work has not been able to start. The PWR BLOK unit is currently in storage with a supplier, where Swedish Stirling is undertaking as much of the possible assembly and prep-work as possible. Installation is predicted to commence during the first week of June '20.

Launch of Stirling Laboratories

During the quarter, operations started at the newly launch laboratory and test facility in Gothenburg. The lab significantly improves the time needed to develop and improve both the Stirling engine and the Gen. 3 PWR BLOK (the industrial production version to be delivered to Glencore).

New board member

The Board was strengthened by the addition of Carina Andersson. Carina has a strong knowledge of the metals industry and serves on the board of well-known Swedish industrial companies such as Gränges and Systemair.

Cost savings programme

Following the COVID-19 outbreak, Swedish Stirling announced an action plan to ensure business stability in case of a prolonged crisis. The plan focuses on realising cost savings while maintaining the agility to pick up operations quickly should the outlook become more favourable again (for more details, please see our comments on April 2 and 8). In terms of cost savings, the consultant contracts are expected to be re-negotiated at the end of June '20, and we expect that activity could pick up again after that.

Outlook

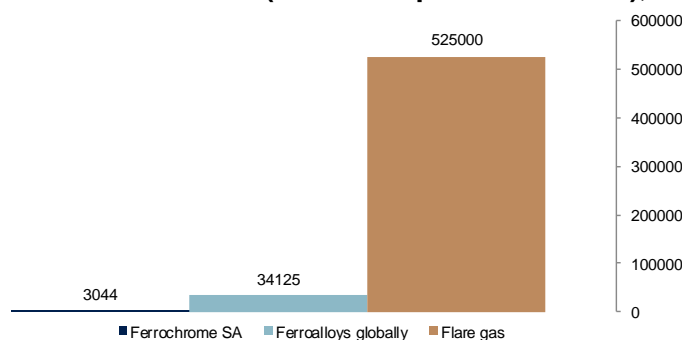
New opportunities arising in a challenging environment

Following the Q1'20 report presentation, we got the feeling that things are looking somewhat more positive today than they did back in April, as the lock-down in South Africa is slowly easing. We want to highlight that the initial expected delivery delays of up to six months remain in place, but we do not fear any further delays at this point. While the outbreak of COVID-19 has cast a shadow of uncertainty and increased risk across the globe, it has also provided opportunities. In Swedish Stirling's case, the ongoing uncertainty and difficulties faced by suppliers (heavy automotive exposure) has created an opportunity for Swedish Stirling to strengthen existing business relationships and even create new ones. We see such opportunities as key in the effort to reaching industrial-scale production of the PWR BLOK.

New leads in S.A. Ferrochrome, but also for other geographies and ferroalloys

The company's Q1'20 presentation highlighted that new leads in the South African ferrochrome market (for a new site at Richard's Bay) could lead to the potential for 18 PWR BLOKs. Additionally, there is a lead for the potential of 30-40 PWR BLOKs (similar size as TC Smelter) at a Malaysian ferromagnesium smelter. The fact that these discussions can move forward despite ongoing uncertainty surrounding the macro-economic environment gives us confidence in the PWR BLOKs value-add and cost-saving potential. We also appreciate the potential to see the PWR BLOK adapted to other ferroalloys, which would significantly increase the addressable market. We estimate that the global ferroalloy market for PWR BLOK could provide sales of around SEK 34bn (at a PWR BLOK price of SEK 500k).

Potential market values (SEK 500k per PWR BLOK), SEKm



Source: ABG Sundal Collier, company data

Dedicated sales function with clear focus

The company has for some time highlighted that it is looking to recruit a head of marketing and sales. We expect ongoing recruitment to be finalised fairly soon. We expect a dedicated sales function to be important, going forward, as the PWR BLOK is reaching the mass production stage and the technology is becoming increasingly popular.

Estimate changes

We raise sales estimates for '20e by 8% as we expect somewhat higher capitalised development costs during the development phase of PWR BLOK 3.0. However, our net financial estimates were revised to reflect the impact of the SEK 20m short-term loan made in Q1'20 (15% interest). We expect one additional PWR BLOK to be delivered for '21e, as we expect it is likely that either the Richard's Bay or the Malaysian customer could lead to a deal in '21e. We note that as serial production of the Gen. 3 PWR BLOK gears up, capitalised development costs will decline and the sale of PWR BLOKs will begin. We expect the company to have positive EBIT result by '23e and FCF by '24e.

FY'20e – '22e: estimate changes

	New estimates			Old estimates			Change %			Change SEKm		
	2020e	2021e	2022e	2020e	2021e	2022e	2020e	2021e	2022e	2020e	2021e	2022e
Sales	59	26	86	54	19	86	8%	33%	0%	4	6	0
PWR BLOK units	0	4	10	1	3	10	-100%	33%	0%	-1	1	0
ASP (EUR '000)	600	600	750	600	600	750	0%	0%	0%	0	0	0
Gross profit	33	5	22	25	4	22	35%	25%	0%	9	1	0
Gross margin	56.9%	18.6%	26.1%	45.6%	19.7%	26.1%	11%	-1%	0%			
Opex	-54	-45	-63	-48	-45	-64	-13%	-1%	2%	-6	0	1
Opex to sales	-92.1%	-175.2%	-73.3%	-88.1%	-230.8%	-74.6%	-4%	56%	1%			
EBIT	-21	-40	-40	-23	-41	-42	10%	2%	3%	2	1	1
EBIT margin	-35.2%	-156.7%	-47.2%	-42.5%	-211.1%	-48.5%	7%	54%	1%			
Net financials	-26	-20	-34	-13	-18	-33				-12	-1	-1
Pretax profit	-46	-60	-74	-36	-59	-75	-29%	-1%	1%	-10	-1	1
Tax	0	0	0	0	0	0						
Net profit	-47	-60	-74	-36	-59	-73	-28%	-1%	-2%	-10	0	-2
EPS	-0.51	-0.65	-0.81	-0.40	-0.65	-0.79	-28%	-1%	-2%	-0.11	0.00	-0.02

Source: ABG Sundal Collier, company data

Detailed estimates: FY'19 – '30e

	2019	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e
Sales	45	59	26	86	373	645	734	824	913	1,129	1,352	1,469
PWR BLOK units	1	0	4	10	45	70	80	90	100	125	150	163
ASP (EUR '000)	600	600	600	750	750	850	850	850	850	850	850	850
Gross profit	26	33	5	22	100	217	279	351	387	452	544	590
Gross margin	57%	57%	19%	26%	27%	34%	38%	43%	42%	40%	40%	40%
Opex	-127	-54	-45	-63	-71	-127	-155	-159	-177	-218	-261	-284
Opex to sales	-280%	-92%	-175%	-73%	-19%	-20%	-21%	-19%	-19%	-19%	-19%	-19%
EBIT	-101	-21	-40	-40	28	89	124	192	210	235	283	306
EBIT margin	-223%	-35%	-157%	-47%	8%	14%	17%	23%	23%	21%	21%	21%
Net financials	-25	-26	-20	-34	-61	-53	-45	-36	-36	-36	-28	-28
Pretax profit	-126	-46	-60	-74	-32	36	80	156	174	198	255	278
Tax	-1	0	0	0	0	0	0	0	-26	-44	-56	-61
Net profit	-127	-47	-60	-74	-32	36	80	156	148	155	199	217
EPS	-1.56	-0.51	-0.65	-0.81	-0.35	0.40	0.87	1.70	1.61	1.69	2.17	2.36
EPS fully diluted	-1.21	-0.44	-0.57	-0.71	-0.31	0.35	0.76	1.48	1.40	1.47	1.89	2.06

Balance sheet	2019	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e
Intangible assets	245	304	304	304	304	304	304	304	304	304	304	304
Tangible assets	8	8	6	6	12	23	33	39	45	53	62	72
Inventory	52	38	14	26	56	77	73	82	91	113	135	147
Receivables	3	6	3	9	45	77	88	99	110	135	162	176
Cash & cash equivalents	37	97	158	165	103	116	192	335	471	602	776	975
Total assets	346	452	484	509	520	597	690	859	1,020	1,207	1,439	1,674
Equity	216	216	156	82	49	86	166	321	469	623	822	1,039
Long-term debt	119	219	319	409	409	409	409	409	409	409	409	409
Short term debt	7	12	4	13	56	97	110	124	137	169	203	220
Other short term debt	5	5	5	5	5	5	5	5	5	5	5	5
Total Equity & Liabilities	346	452	484	509	520	597	690	859	1,020	1,207	1,439	1,674
Cash flow	2019	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e
EBITDA	-99	-23	-50	-38	30	92	129	199	218	244	294	319
Net financial items	-25	-26	-20	-34	-61	-53	-45	-36	-36	-36	-28	-28
Paid tax	0	0	0	0	0	0	0	0	-26	-44	-56	-61
Non cash items	66	0	0	0	0	0	0	0	0	0	0	0
Change in WC	-29	16	19	-9	-23	-13	7	-6	-6	-15	-16	-8
Operating CF	-87	-33	-50	-80	-55	26	91	156	149	149	194	221
Capex	-47	-60	-1	-3	-7	-13	-15	-12	-14	-17	-20	-22
Acquisitions/disposals	0	0	0	0	0	0	0	0	0	0	0	0
Free cash flow	-134	-93	-51	-83	-62	13	76	144	135	132	173	199
Dividend paid	0	0	0	0	0	0	0	0	0	0	0	0
Share issues	0	47	0	0	0	0	0	0	0	0	0	0
Other non cash items	-1	0	0	0	0	0	0	0	0	0	0	0
Net borrowing	142	100	100	90	0	0	0	0	0	0	0	0
Change in cash	7	54	49	7	-62	13	76	144	135	132	173	199

Source: ABG Sundal Collier, company data

Swedish Stirling

Income Statement (SEKm)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020e	Q3 2020e	Q4 2020e
Sales	8	12	10	15	19	15	13	12
COGS	-3	-4	-5	-7	-5	-8	-7	-6
Gross profit	5	8	4	8	13	8	7	6
Other operating items	-13	-13	-8	-91	-16	-13	-12	-12
EBITDA	-8	-5	-3	-83	-2	-5	-5	-6
Depreciation and amortisation	-0	-0	-0	-1	-1	-1	-1	-1
EBITA	-8	-5	-4	-83	-3	-6	-6	-6
EO items	0	0	0	0	0	0	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0
EBIT	-8	-5	-4	-83	-3	-6	-6	-6
Net financial items	-4	-6	-7	-9	-9	-7	-5	-5
Pretax profit	-12	-12	-11	-92	-12	-12	-11	-11
Tax	0	0	0	0	0	0	0	0
Net profit	-12	-12	-11	-92	-12	-12	-11	-11
Minority interest	0	0	0	0	0	0	0	0
Net profit discontinued	0	0	0	0	0	0	0	0
Net profit to shareholders	-12	-12	-11	-92	-12	-12	-11	-11
EPS	-0.16	-0.14	-0.13	-1.16	-0.15	-0.15	-0.14	-0.14
EPS Adj	-0.16	-0.14	-0.13	-1.16	-0.15	-0.15	-0.14	-0.14
Total extraordinary items after tax	0	0	0	0	0	0	0	0
Tax rate (%)	0	0	0	0	0	0	0	0
Gross margin (%)	58.6	66.5	43.3	56.1	71.6	50.0	50.0	50.0
EBITDA margin (%)	-95.9	-41.0	-36.2	-551.5	-11.6	-34.0	-40.8	-48.3
EBITA margin (%)	-100.7	-44.5	-41.2	-554.9	-14.6	-37.8	-45.2	-53.1
EBIT margin (%)	-100.7	-44.5	-41.2	-554.9	-14.6	-37.8	-45.2	-53.1
Pretax margin (%)	-150.3	-93.5	-109.8	-613.3	-63.2	-81.7	-84.9	-93.4
Net margin (%)	-150.3	-93.5	-109.8	-613.3	-63.2	-81.7	-84.9	-93.4
Growth rates Y/Y	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020e	Q3 2020e	Q4 2020e
Sales growth (%)	-39.2	-24.1	-29.3	0.3	126.4	21.9	35.4	-19.9
EBITDA growth (%)	-chg	-chg	-chg	-chg	+chg	-chg	-chg	+chg
EBIT growth (%)	-chg	-chg	-chg	-chg	+chg	-chg	-chg	+chg
Net profit growth (%)	-chg	-chg	-chg	-chg	+chg	-chg	-chg	+chg
EPS growth (%)	-chg	-chg	-chg	-chg	+chg	-chg	-chg	+chg
Adj earnings numbers	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020e	Q3 2020e	Q4 2020e
EBITDA Adj	-8	-5	-3	-83	-2	-5	-5	-6
EBITDA Adj margin (%)	-95.9	-41.0	-36.2	-551.5	-11.6	-34.0	-40.8	-48.3
EBITA Adj	-8	-5	-4	-83	-3	-6	-6	-6
EBITA Adj margin (%)	-100.7	-44.5	-41.2	-554.9	-14.6	-37.8	-45.2	-53.1
EBIT Adj	-8	-5	-4	-83	-3	-6	-6	-6
EBIT Adj margin (%)	-100.7	-44.5	-41.2	-554.9	-14.6	-37.8	-45.2	-53.1
Pretax profit Adj	-12	-12	-11	-92	-12	-12	-11	-11
Net profit Adj	-12	-12	-11	-92	-12	-12	-11	-11
Net profit to shareholders Adj	-12	-12	-11	-92	-12	-12	-11	-11
Net Adj margin (%)	-150.3	-93.5	-109.8	-613.3	-63.2	-81.7	-84.9	-93.4

Source: ABG Sundal Collier, Company data

Swedish Stirling

Income Statement (SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Sales	2	3	1	21	34	58	45	59	26	86
COGS	-1	-0	-5	-13	-23	-43	-20	-25	-21	-63
Gross profit	1	3	-4	9	11	15	26	33	5	22
Other operating items	-5	-6	-5	-17	-16	-29	-125	-52	-43	-60
EBITDA	-4	-3	-10	-8	-5	-15	-99	-18	-38	-38
Depreciation and amortisation	-1	-1	-1	-0	-0	-0	-2	-2	-2	-3
Of which leasing depreciation	0	0	0	0	0	0	0	0	0	0
EBITA	-5	-5	-10	-8	-5	-15	-101	-21	-40	-40
EO items	0	0	0	0	0	0	0	0	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0	0	0
EBIT	-5	-5	-10	-8	-5	-15	-101	-21	-40	-40
Net financial items	0	-1	-5	0	-0	-4	-25	-26	-20	-34
Pretax profit	-5	-6	-15	-8	-6	-19	-126	-46	-60	-74
Tax	0	0	0	0	0	0	-1	-0	0	0
Net profit	-5	-6	-15	-8	-6	-19	-127	-46	-60	-74
Minority interest	0	0	0	0	0	0	0	0	0	0
Net profit discontinued	0	0	0	0	0	0	0	0	0	0
Net profit to shareholders	-5	-6	-15	-8	-6	-19	-127	-46	-60	-74
EPS	0	-0.07	-0.19	-0.10	-0.07	-0.23	-1.56	-0.51	-0.65	-0.81
EPS Adj	0	-0.07	-0.19	-0.10	-0.07	-0.23	-1.56	-0.51	-0.65	-0.81
Total extraordinary items after tax	0	0	0	0	0	0	0	0	0	0
Leasing payments	0	0	0	0	0	0	0	0	0	0
Tax rate (%)	0	0	0	0	0	0	0.5	0.3	0	0
Gross margin (%)	58.8	90.8	-415.9	41.0	31.4	25.6	56.7	56.9	18.6	26.1
EBITDA margin (%)	-225.9	-116.7	-948.7	-37.2	-14.9	-24.9	-219.4	-31.3	-147.6	-44.1
EBITA margin (%)	-312.9	-163.1	-1,019.4	-38.4	-15.1	-25.6	-223.5	-35.2	-156.7	-47.2
EBIT margin (%)	-312.9	-163.1	-1,019.4	-38.4	-15.1	-25.6	-223.5	-35.2	-156.7	-47.2
Pretax margin (%)	-306.2	-211.3	-1,499.2	-38.4	-16.3	-32.8	-279.9	-78.9	-232.6	-86.8
Net margin (%)	-306.2	-211.3	-1,499.2	-38.4	-16.3	-32.8	-281.2	-79.1	-232.6	-86.8
Growth rates Y/Y	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Sales growth (%)	na	73.3	-64.1	1,965.4	60.0	71.4	-22.6	30.1	-56.3	234.1
EBITDA growth (%)	high	10.5	-192.1	18.9	35.9	-185.6	-583.2	81.5	-106.3	0.2
EBIT growth (%)	high	9.7	-124.5	22.1	37.2	-190.5	-576.3	79.5	-94.6	-0.7
Net profit growth (%)	high	-19.6	-154.9	47.0	32.3	-245.6	-563.6	63.4	-28.5	-24.7
EPS growth (%)	na	high	-154.9	47.0	32.3	-245.6	-563.6	67.5	-28.5	-24.7
Profitability	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
ROE (%)	-8.0	-4.8	-12.1	-4.8	-2.2	-6.7	-51.7	-21.5	-32.1	-62.5
ROE Adj (%)	-8.0	-4.8	-12.1	-4.8	-2.2	-6.7	-51.7	-21.5	-32.1	-62.5
ROCE (%)	-7.2	-3.4	-7.7	-4.6	-1.9	-4.6	-30.6	-5.2	-8.7	-8.2
ROCE Adj(%)	-7.2	-3.4	-7.7	-4.6	-1.9	-4.6	-30.6	-5.2	-8.7	-8.2
ROIC (%)	-7.5	-3.5	-7.9	-5.0	-2.5	-5.8	-34.2	-6.3	-12.0	-12.3
ROIC Adj (%)	-7.5	-3.5	-7.9	-5.0	-2.5	-5.8	-34.2	-6.3	-12.0	-12.3
Adj earnings numbers	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
EBITDA Adj	-4	-3	-10	-8	-5	-15	-99	-18	-38	-38
EBITDA Adj margin (%)	-225.9	-116.7	-948.7	-37.2	-14.9	-24.9	-219.4	-31.3	-147.6	-44.1
EBITDA lease Adj	-4	-3	-10	-8	-5	-15	-99	-18	-38	-38
EBITDA lease Adj margin (%)	-225.9	-116.7	-948.7	-37.2	-14.9	-24.9	-219.4	-31.3	-147.6	-44.1
EBITA Adj	-5	-5	-10	-8	-5	-15	-101	-21	-40	-40
EBITA Adj margin (%)	-312.9	-163.1	-1,019.4	-38.4	-15.1	-25.6	-223.5	-35.2	-156.7	-47.2
EBIT Adj	-5	-5	-10	-8	-5	-15	-101	-21	-40	-40
EBIT Adj margin (%)	-312.9	-163.1	-1,019.4	-38.4	-15.1	-25.6	-223.5	-35.2	-156.7	-47.2
Pretax profit Adj	-5	-6	-15	-8	-6	-19	-126	-46	-60	-74
Net profit Adj	-5	-6	-15	-8	-6	-19	-127	-46	-60	-74
Net profit to shareholders Adj	-5	-6	-15	-8	-6	-19	-127	-46	-60	-74
Net Adj margin (%)	-306.2	-211.3	-1,499.2	-38.4	-16.3	-32.8	-281.2	-79.1	-232.6	-86.8

Source: ABG Sundal Collier, Company data

Swedish Stirling

Cash Flow Statement (SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
EBITDA	-4	-3	-10	-8	-5	-15	-99	-18	-38	-38
Net financial items	0	-1	-5	0	-0	-4	-25	-26	-20	-34
Paid tax	0	0	0	0	0	0	0	-0	0	0
Non-cash items	4	-6	4	-4	1	0	0	0	0	0
Cash flow before change in WC	0	-11	-11	-12	-4	-19	-125	-44	-57	-72
Change in WC	-3	21	9	-29	-6	-2	-41	12	27	-18
Operating cash flow	-3	-10	-12	-12	-10	-10	-87	-33	-50	-80
CAPEX tangible fixed assets	na	0	0	0	-32	-61	-47	-60	-1	-3
CAPEX intangible fixed assets	0	0	0	0	0	0	0	0	0	0
Acquisitions and disposals	0	0	0	0	0	0	0	0	0	0
Free cash flow	na	-10	-12	-12	-42	-71	-134	-93	-51	-83
Dividend paid	0	0	0	0	0	0	0	0	0	0
Share issues and buybacks	0	0	0	0	0	0	0	0	0	0
Lease liability amortisation	0	0	0	0	0	0	0	0	0	0
Other non cash items	0	-3	-4	72	90	-37	79	48	20	-9
Decrease in net IB debt	na	7	-6	31	48	-81	-76	-45	-31	-92
Balance Sheet (SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Goodwill	0	0	0	0	0	0	0	0	0	0
Other intangible assets	132	144	166	186	218	275	245	304	304	304
Tangible fixed assets	2	1	0	0	0	3	8	8	6	6
Right-of-use asset	0	0	0	0	0	0	0	0	0	0
Total other fixed assets	0	0	0	0	0	0	0	0	0	0
Fixed assets	135	145	166	186	218	279	253	311	310	310
Inventories	1	1	1	1	3	32	52	38	14	26
Receivables	2	1	2	1	5	4	3	6	3	9
Other current assets	0	0	0	0	0	0	1	0	0	0
Cash and liquid assets	3	4	1	27	101	30	37	97	158	165
Total assets	141	151	170	216	328	345	346	452	484	509
Shareholders equity	127	124	130	210	296	276	216	216	156	82
Minority	0	0	0	0	0	0	0	0	0	0
Total equity	127	124	130	210	296	276	216	216	156	82
Long-term debt	0	0	0	0	25	25	119	219	319	409
Pension debt	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0
Leasing liability	0	0	0	0	0	0	0	0	0	0
Total other long-term liabilities	0	0	0	0	0	0	0	0	0	0
Short-term debt	13	7	11	6	7	17	7	12	4	13
Accounts payable	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	20	30	0	0	27	5	5	5	5
Total liabilities and equity	141	151	170	216	328	345	346	452	484	509
Net IB debt	11	3	9	-21	-69	13	89	134	165	257
Net IB debt excl. pension debt	11	3	9	-21	-69	13	89	134	165	257
Net IB debt excl. leasing	11	3	9	-21	-69	13	89	134	165	257
Capital invested	138	128	139	189	227	289	305	350	322	339
Working capital	3	-17	-27	2	8	10	51	39	12	29
EV breakdown	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Market cap. diluted (m)	na	na	na	0	727	795	865	507	507	507
Net IB debt Adj	11	3	9	-21	-69	13	89	134	165	257
Market value of minority	0	0	0	0	0	0	0	0	0	0
Reversal of shares and participations	0	0	0	0	0	0	0	0	0	0
Reversal of conv. debt assumed equity	0	0	0	0	0	0	0	0	0	0
EV	na	na	na	-21	659	808	954	641	672	764
Capital efficiency	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Total assets turnover (%)	2.3	2.0	0.6	11.0	12.5	17.3	13.1	14.7	5.5	17.3
Working capital/sales (%)	103.7	-244.4	-2,142.5	-57.3	15.8	15.8	67.8	77.0	99.4	24.1
Financial risk and debt service	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Net debt/equity	0.08	0.03	0.07	-0.10	-0.23	0.05	0.41	0.62	1.06	3.14
Net debt/market cap	na	na	na	nm	-0.24	0.02	0.09	0.27	0.33	0.51
Equity ratio (%)	90.4	82.2	76.4	97.1	90.0	80.0	62.2	47.8	32.3	16.1
Net IB debt adj./equity	0.08	0.03	0.07	-0.10	-0.23	0.05	0.41	0.62	1.06	3.14
Current ratio	0.46	0.23	0.10	4.80	14.55	1.52	8.08	8.47	20.05	11.24
EBITDA/net interest	-34.02	-2.42	-1.98	-7,922.00	-12.63	-3.44	-3.89	-0.72	-1.94	-1.11
Net IB debt/EBITDA	-2.86	-0.99	-0.95	2.68	13.55	-0.87	-0.90	-7.32	-4.36	-6.80
Net IB debt/EBITDA lease Adj	-2.86	-0.99	-0.95	2.68	13.55	-0.87	-0.90	-7.32	-4.36	-6.80
Interest cover	-3,059.42	-3.38	-2.12	nm	-12.78	-3.54	-3.96	-0.81	-2.06	-1.19

Source: ABG Sundal Collier, Company data

Swedish Stirling

Valuation and Ratios (SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Shares outstanding adj.	0	0	0	0	80	80	82	92	92	92
Fully diluted shares Adj	0	0	0	0	80	80	82	92	92	92
EPS	0	-0.07	-0.19	-0.10	-0.07	-0.23	-1.56	-0.51	-0.65	-0.81
Dividend per share Adj	0	0	0	0	0	0	0	0	0	0
EPS Adj	0	-0.07	-0.19	-0.10	-0.07	-0.23	-1.56	-0.51	-0.65	-0.81
BVPS	0	0	0	0	3.72	3.47	2.64	2.35	1.70	0.89
BVPS Adj	0	0	0	0	0.98	0.01	-0.36	-0.95	-1.60	-2.42
Net IB debt / share	na	na	na	na	-0.9	0.2	1.1	1.5	1.8	2.8
Share price	na	na	na	2.91	9.15	10.00	10.60	5.52	5.52	5.52
Market cap. (m)	na	na	na	0	727	795	865	507	507	507
Valuation	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
P/E	na	na	na	-29.0	-134.7	-42.6	-6.8	-10.9	-8.5	-6.8
EV/sales	na	na	na	-1.00	19.35	13.84	21.11	10.91	26.16	8.90
EV/EBITDA	na	na	na	2.7	-129.7	-55.7	-9.6	-34.9	-17.7	-20.2
EV/EBITA	na	na	na	2.6	-128.2	-54.1	-9.4	-31.0	-16.7	-18.9
EV/EBIT	na	na	na	2.6	-128.2	-54.1	-9.4	-31.0	-16.7	-18.9
Dividend yield (%)	na	na	na	0	0	0	0	0	0	0
FCF yield (%)	na	na	na	-5.0	-5.7	-8.7	-15.5	-18.4	-10.0	-16.4
Lease adj. FCF yield (%)	na	na	na	-5.0	-5.7	-8.7	-15.5	-18.4	-10.0	-16.4
P/BVPS	na	na	na	nm	2.46	2.88	4.01	2.34	3.24	6.19
P/BVPS Adj	na	na	na	nm	9.38	1,402.13	-29.32	-5.79	-3.44	-2.28
P/E Adj	na	na	na	-29.0	-134.7	-42.6	-6.8	-10.9	-8.5	-6.8
EV/EBITDA Adj	na	na	na	2.7	-129.7	-55.7	-9.6	-34.9	-17.7	-20.2
EV/EBITA Adj	na	na	na	2.6	-128.2	-54.1	-9.4	-31.0	-16.7	-18.9
EV/EBIT Adj	na	na	na	2.6	-128.2	-54.1	-9.4	-31.0	-16.7	-18.9
EV/cap. employed	na	na	na	-0.1	2.0	2.5	2.8	1.4	1.4	1.5
Investment ratios	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Capex/sales	na	0	0	0	94.0	105.0	104.4	102.6	3.0	3.0
Capex/depreciation	na	0	0	0	55,160.3	14,653.1	2,582.0	2,620.1	33.2	97.5
Capex tangibles/tangible fixed assets	na	0	0	0	12,797.2	1,949.4	572.0	782.2	12.5	42.3
Capex intangibles/definite intangibles	0	0	0	0	0	0	0	0	0	0
Depreciation on intangibles/definite intan	0	0	0	0	0	0	0	0	0	0
Depreciation on tangibles/tangibles	59.5	126.8	202.6	248.5	23.2	13.3	22.2	29.9	37.7	43.4

Source: ABG Sundal Collier, Company data

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