

Opus Group

Sector: Industrial Goods & Services

Strong Q2 report on multiple points

EBITDA: SEK 142m, new high

Underlying earnings at EBITDA level were the strongest ever. Q2's SEK 142m is a significant gain from last year's SEK 90m and clearly above our forecast of SEK 125 million. All four segments were better than expected. The two major segments, USA & Asia and Europe, accounted for the bulk of the difference.

Organic growth: 12%

Net sales in the second quarter were SEK 651m, an increase of 37 percent Y/Y. The acquisitions, primarily of Gordon-Darby but also of Autologic, accounted for the bulk of the growth. However, it was gratifying that organic growth is still very good; 12 percent is slightly higher than Opus's 9-10 percent in the most recent two quarters. The business units that contributed the most were once again EaaS and Intelligent Vehicle Support. Opus Vehicle Inspection also demonstrated reasonable sales growth through rising market shares during the spring and summer.

Earnings lowered by currency effects and by amortisation

Despite record earnings at the EBITDA level, reported net profit was below zero. However, a couple of items charged to Q2 earnings are non-recurring, and also do not affect cash flow and are only of an accounting nature. Depreciation and amortisation amounted to SEK 82m, compared to around SEK 50m in the previous quarter. Net financial income was burdened with SEK 48m in foreign exchange differences, mainly from the weakening of the Argentine peso against the US dollar.

Forecasts and valuation

We are once again raising our forecasts for both net sales and EBITDA. The Q2 report testifies to stronger growth than we had expected in a couple of units, and the USD vs SEK exchange rate has continued upward over the summer. The fair value in our Base Case has increased to SEK 10.8 per share (SEK 10.4).

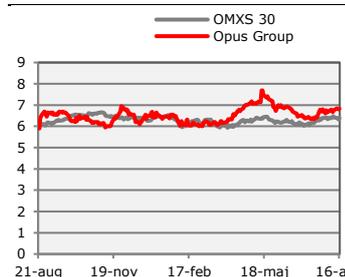
KEY FINANCIALS (MSEK)	2016	2017	2018E	2019E	2020E	2021E
Net sales	1698	1860	2501	2718	2862	3034
EBIT	149	107	207	248	305	394
EBITDA	332	308	495	551	582	631
EPS (adj.)(SEK)	0.3	0.3	0.2	0.4	0.5	0.7
EV/Sales	1.5	1.5	1.4	1.2	1.1	0.9
EV/EBIT	17.3	26.9	16.5	13.3	10.0	7.0
EV/EBITDA	7.8	9.3	6.9	6.0	5.2	4.3
P/E	22.0	23.2	41.1	17.8	12.6	8.7

Source: Redeye Research

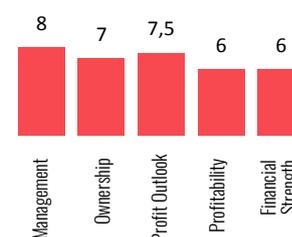
FAIR VALUE RANGE

BEAR	BASE	BULL
5.6	10.8	14.3

OPUS.ST VERSUS OMXS30



REDEYE RATING



KEY STATS

Ticker	OPUS.ST
Market	Nasdaq
Share Price (SEK)	6.6
Market Cap (MSEK)	1919
Net Debt 18E (MSEK)	1499
Free Float	75 %
Avg. daily volume ('000)	350

ANALYSTS

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Good growth and underlying profitability

Opus once again beat our expectations in terms of both growth and earnings at EBITDA level. Further down the income statement, however, there were some items that hampered reported earnings.

Opus is known for its very high pace of amortisation of intangible assets from acquisitions. These increased significantly after the acquisition of Gordon-Darby, and an additional SEK 11m million was taken in Q2 related to Q1, when the final acquisition analysis was not complete. Just over SEK 70m per quarter seems like a more normal level than the SEK 82m reported in Q2.

However, the largest non-recurring effect is in net financial income. The weakening of the Argentine peso against the US dollar led to an adjustment of Opus's internal loans, resulting in a charge to net financial income of SEK 48m. In addition, early redemption of bonds had an adverse impact on Q2 earnings of SEK 6m. Interest expenses amounted to SEK 20m, which we believe is a reasonable estimate for the level of net financial income in the future.

Actual vs. Forecast				
SEKm	Q2'17	Q2'18E	Actual	Diff
Sales	475	635	651	3%
EBITDA	90	125	142	14%
EBIT	41	65	60	-8%
PTP *	18	49	-19	n.m.
Net earnings	28	33	-27	n.m.
Sales growth	5%	34%	37%	
Whereof organic growth	-2%	7%	12%	
EBITDA margin	19.0%	19.7%	21.9%	
EBIT margin	8.6%	10.2%	9.2%	

* Fx-effects Q2-17: SEK -8 million and Q2-18: SEK -48 million

Opus's organic growth has been around 10 percent in the past three quarters, driven primarily by EaaS and Intelligent Vehicle Support. The EBITDA margin took a steep climb upward in Q2, which is the seasonally strongest quarter, but profitability has also risen in areas that have no clear seasonal patterns.

Quarterly performance									
SEKm	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18
Net sales	452	419	431	429	475	458	496	555	651
EBITDA	116	87	68	72	90	84	62	100	142
Dep. & Amort	-43	-45	-50	-50	-50	-49	-52	-50	-82
EBIT	73	41	17	22	41	34	10	50	60
PTP	77	35	36	6	18	4	-24	24	-19
Growth Y/Y	0%	9%	6%	9%	5%	9%	15%	29%	37%
Where of organic	11%	8%	1%	4%	-2%	3%	10%	9%	12%
EBITDA-margin	26%	21%	16%	17%	19%	18%	13%	18%	22%
EBIT-margin	16%	10%	4%	5%	9%	7%	2%	9%	9%

Source: Opus Group, Redeye Research

Highlights in Q2:

- All four reporting segments had higher sales (except Latin America) and better earnings than we had expected. Organic growth was in the range 7-39 percent and the total for the group was 12 percent.
- US & Asia accounts for the largest Y/Y gains in absolute terms through the acquisition of Gordon-Darby. Organic growth was 15 percent, still driven by EaaS and equipment sales. The US vehicle inspection programmes seem to be performing well and some progress is being made in Pakistan, though revenue there is still very modest. At the end of Q2, seven stations were running in the Punjab province.
- EaaS is now focusing on the state of Pennsylvania, which is upgrading its testing equipment for vehicle inspection. Opus began the roll-out in Q2 and seems clearly optimistic. CEO Lothar Geilen claims it will be possible to achieve the target of USD 30m in annual sales if it is successful in Pennsylvania. This target was set for 2021, but could therefore be achieved far earlier, perhaps even in 2019.
- Europe, which more or less consists of Opus Vehicle Inspection Sweden, also outperformed expectations. Reasonable growth and improved earnings Y/Y. See also next page.
- Latin America had slightly lower revenue but also a smaller deficit than we expected. However, the acquisition of VTV, carried out early in the summer, will provide a significant boost from Q3. VTV has two concessions in the Buenos Aires area and made sales totalling around the equivalent of EUR 10m in 2017. The fall in the Argentine peso means that revenues will be lower in both EUR and converted to SEK. However, the positive is that VTV will be able to make price adjustments to compensate for inflation in Argentina. According to Opus, this system has been running for many years and has worked well.
- Intelligent Vehicle Support once again tops the growth league with 39 percent organic growth and close to 200 percent including the acquisition of Autologic. Drew Technologies also had higher sales of equipment in Q2 than previously, which may be somewhat temporary.

Divisions & segments

SEKm	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18
<u>Division Vehicle Inspection</u>						
US & Asia						
Net sales	267	271	253	257	335	389
EBITDA	64	63	54	55	94	101
EBITDA-margin	24%	23%	21%	21%	28%	26%
Europe						
Net sales	146	176	141	163	148	188
EBITDA	15	38	26	12	9	44
EBITDA-margin	10%	22%	18%	8%	6%	23%
Latin America						
Net sales	5	13	11	12	20	17
EBITDA	-5	-7	-4	-13	-5	-7
EBITDA-margin	neg	neg	neg	neg	neg	neg
<u>Division Intelligent Vehicle Support</u>						
Net sales	17	24	61	70	59	71
EBITDA	0	1	11	14	5	11
EBITDA-margin	neg	4%	18%	19%	8%	15%

Source: Opus Group

- Opus Vehicle Inspection won back some market shares and was the leading vehicle inspection company in Sweden over the summer. However, Opus says that this is not a target in itself and profitability is much more important, as well as satisfied customers of course.
- The second quarter is undeniably the best seasonally. With fewer newly opened stations and higher capacity utilisation, the company achieved good earnings leverage. Station expansion in the south and southwestern parts of Sweden will probably continue, but likely at a fairly slow pace.
- The number of inspections in the Swedish market has probably decreased slightly Y/Y because the inspection intervals for cars have changed slightly from the previous average of every 12 months. Nowadays, vehicles must be inspected within 14 months of the last inspection. The impact of the new rules remains to be seen, but this will probably result in fewer inspections per year.

Market shares

Inspection companies	2018						
	Jan	Feb	Mar	April	May	June	July
AB Svensk Bilprovning	28.2%	28.8%	28.6%	26.2%	26.6%	26.0%	24.5%
Opus Bilprovning	24.4%	24.5%	24.7%	26.1%	27.2%	27.0%	27.6%
Besikta Bilprovning	25.3%	25.1%	25.7%	26.1%	25.2%	25.4%	25.1%
Carspect (A-Katsastus)	13.2%	13.2%	12.4%	12.8%	12.5%	11.8%	13.4%
DEKRA	8.2%	7.8%	7.9%	8.2%	7.8%	9.0%	8.7%
Others (5 comp)	0.7%	0.6%	0.6%	0.7%	0.7%	0.9%	0.6%
Total: (10 comp)	100%	100%	100%	100%	100%	100%	100%

Source: Transportstyrelsen

Forecasts & Valuation

We are once again upping our forecasts for both net sales and earnings at EBITDA level. The strong Q2 report testifies that several units are performing somewhat better than we expected and the USD vs SEK exchange rate has continued upward over the summer. The forecast changes are related mainly to:

- **US & Asia** again showed stronger growth and higher margins than we expected in Q2, perhaps because of Gordon-Darby but probably also because EaaS is giving even better earnings leverage. In the short term, however, the new business in Pennsylvania and perhaps also the expansion in Pakistan are likely to somewhat hamper earnings. We are therefore a little cautious about drawing out the trend too far.
- **Europe** has also shown a really good trend, but we expect market shares to slide back slightly while the price level continues slowly upward. Thus, Opus should be able to maintain around the same margins as today over the coming years.
- **Latin America** received a substantial boost from the acquisition of Argentine VTV, which was included from June 2018. VTV had sales equivalent to approximately EUR 10m in 2017 and probably has reasonable profitability; we guess margins of around 20 percent. The fall in the peso certainly reduces the impact of the numbers, but we still believe the segment will show profit in 2019, and this was not included in our forecast before the acquisition of VTV.
- **Intelligent Vehicle Support** is growing vigorously and has good leverage since this growth is largely from licence revenues. Opus reiterates in the report that Autologic's turnaround is on schedule and that the company is expected to return to 2016 earnings levels in 2018.

P&L, historic and forecasts					
SEKm	2016	2017	2018E	2019E	2020E
<u>Division Vehicle Inspection</u>					
US & Asia					
Net sales	n.a.	1,048	1,525	1,618	1,662
EBITDA	n.a.	236	394	415	423
EBITDA-margin		23%	26%	26%	25%
Europe					
Net sales	623	626	651	681	705
EBITDA	105	91	97	101	104
EBITDA-margin	17%	15%	15%	15%	15%
Latin America					
Net sales	n.a.	40	99	164	214
EBITDA	n.a.	-29	-13	5	15
EBITDA-margin	0	neg	neg	neg	7%
<u>Division Intelligent Vehicle Support</u>					
Net sales	n.a.	172	275	305	330
EBITDA	n.a.	25	40	55	66
EBITDA-margin		15%	15%	18%	20%
Total net sales	1,698	1,856	2,501	2,718	2,862
Sales growth	3%	9%	35%	9%	5%
EBITDA	332	308	495	551	582
EBITDA-margin	19.6%	16.6%	19.8%	20.3%	20.3%
Depreciation & amortization	-183	-201	-288	-303	-277
EBIT	149	107	207	248	305
EBIT-margin	8.8%	5.7%	8.3%	9.1%	10.7%

Source: Opus Group, Redeye Research

Valuation

Our cash flow model values the business at just above SEK 4.1 billion. With a deduction for net debt of SEK 966m, this gives a fair market value of slightly more than SEK 3.1 billion, or SEK **10.8 per share**. This is somewhat higher than in our previous research update of May 17th 2018 (SEK 10.4 per share). The reason is higher estimates for the period 2018-20.

Valuation assumptions (unchanged)

- Sustainable EBIT margins around 15%. This is substantially higher than today but underlying profitability is closer to EBITDA than EBIT. With a normalised level of depreciation and amortisation, EBIT-margins for 2018-20E would have been over 15 percent.
- For the period 2021-26, we have assumed an annual growth rate of 6 percent. Opus's own target for the period until 2021 is to double revenue, which corresponds to about 15 percent average annual growth.
- From 2027 (terminal growth rate): 2%.
- WACC: 9.5%.

The table below shows various values for WACC and long-term profitability, in the form of the EBIT margin. The box indicates the valuation assumptions in our Base Case scenario. Even if profitability does not quite reach our long-term assumptions, the stock still appears to be undervalued.

DCF-value, SEK per share					
Sustainable EBIT-margin	11%	13%	15%	17%	19%
WACC					
8.5%	9.2	11.3	13.3	15.4	17.5
9.5%	7.3	9.1	10.8	12.5	14.3
10.5%	5.9	7.4	8.9	10.3	11.8

Source: Redeye Research

Attractive multiples compared to historic levels

The earnings measure somewhere between EBITA and EBITDA is the most relevant for Opus's underlying profitability since this takes into account both net debt and the extremely high depreciation and amortisation levels in relation to the level of maintenance investment. The share is now trading well below its historic levels.

Earnings multiples					
Share price: 6.6 SEK	2016	2017	2018E	2019E	2020E
P/E	22.0	23.2	41.1	17.8	12.6
EV/EBIT	17.2	26.7	17.1	14.3	11.6
EV/EBITA	10.0	12.6	10.1	9.0	7.9
EV/EBITDA	7.7	9.3	7.2	6.4	6.1

Source: Opus Group, Redeye Research

Summary Redeye Rating

The rating consists of five valuation keys, each constituting an overall assessment of several factors that are rated on a scale of 0 to 2 points. The maximum score for a valuation key is 10 points.

Rating changes in the report: No changes

Management: 8.0

Management performance has been outstanding at growing the company in recent years. This has been accomplished both through winning new and profitable business and a few truly major acquisitions. Industry experience is considerable and the company culture seems strong.

Ownership: 7.0

There is strong commitment among management and directors through their ownership of the company. Founder and former CEO, Magnus Greko, as well as the recently appointed, Lothar Geilen, both have substantial holdings. However, no single shareholder controls more than 20% of the votes, which limits the rating for Ownership.

Profit Outlook: 7.5

The profit outlook is very good and Opus almost takes the jackpot for all criteria. The company has obvious competitive advantages that are creating the conditions to continue growing while maintaining high profitability. Underlying market growth is limited in the Western world, but there is significant long-term potential in other parts of the world.

Profitability: 6.0

The business has demonstrated good profitability and stable positive cash flows for a long time. Reported profits and return figures have been modest, however, due to high amortisation of intangible assets from previous acquisitions. Profitability and key financial data are set to improve over the next years in pace with the company's planned expansion.

Financial Strength: 6.0

Opus has stable earnings and a good credit rating, although net debt is relatively high after a couple of major acquisitions and investments into EaaS business. As revenues from the new businesses are picking up, key ratios for Financial Strength will improve. To hit the jackpot, however, would also require significantly higher revenues than currently.

INCOME STATEMENT	2016	2017	2018E	2019E	2020E
Net sales	1,698	1,860	2,501	2,718	2,862
Total operating costs	-1,366	-1,552	-2,006	-2,167	-2,279
EBITDA	332	308	495	551	582
Depreciation	-107	-120	-142	-145	-146
Amortization	-76	-81	-146	-158	-131
Impairment charges	0	0	0	0	0
EBIT	149	107	207	248	305
Share in profits	0	0	0	0	0
Net financial items	-4	-104	-145	-89	-81
Exchange rate dif.	0	-39	0	0	0
Pre-tax profit	145	3	63	159	224
Tax	-60	71	-20	-51	-72
Net earnings	85	81	47	108	153

BALANCE SHEET	2016	2017	2018E	2019E	2020E
Assets					
<i>Current assets</i>					
Cash in banks	507	643	375	408	429
Receivables	100	100	150	163	172
Inventories	85	133	175	190	200
Other current assets	224	111	111	111	111
Current assets	917	986	811	872	912
<i>Fixed assets</i>					
Tangible assets	815	831	909	913	867
Associated comp.	0	0	0	0	0
Investments	23	25	25	25	25
Goodwill	791	963	1,293	1,293	1,293
Cap. exp. for dev.	381	440	544	437	356
0 intangible rights	49	53	83	109	114
0 non-current assets	0	0	0	0	0
Total fixed assets	2,058	2,312	2,854	2,776	2,655
Deferred tax assets	32	32	32	32	32
Total (assets)	3,007	3,331	3,698	3,681	3,599
Liabilities					
<i>Current liabilities</i>					
Short-term debt	204	497	579	544	478
Accounts payable	42	201	271	294	310
0 current liabilities	350	300	300	300	300
Current liabilities	597	998	1,150	1,138	1,088
Long-term debt	988	1,112	1,295	1,216	1,070
0 long-term liabilities	0	0	0	0	0
Convertibles	0	0	0	0	0
Total Liabilities	1,585	2,110	2,445	2,354	2,159
Deferred tax liab	280	200	200	200	200
Provisions	100	74	74	74	74
Shareholders' equity	1,029	940	972	1,045	1,159
Minority interest (BS)	13	7	7	7	7
Minority & equity	1,042	947	979	1,052	1,166
Total liab & SE	3,007	3,331	3,698	3,681	3,599

FREE CASH FLOW	2016	2017	2018E	2019E	2020E
Net sales	1,698	1,860	2,501	2,718	2,862
Total operating costs	-1,366	-1,552	-2,006	-2,167	-2,279
Depreciations total	-183	-201	-288	-303	-277
EBIT	149	107	207	248	305
Taxes on EBIT	-62	-34	-66	-79	-98
NOPLAT	87	73	141	168	208
Depreciation	183	201	288	303	277
Gross cash flow	271	274	429	472	485
Change in WC	-105	175	-23	-5	-3
Gross CAPEX	-239	-455	-830	-225	-156
Free cash flow	-73	-6	-424	242	326

CAPITAL STRUCTURE	2016	2017	2018E	2019E	2020E
Equity ratio	35%	28%	26%	29%	32%
Debt/equity ratio	116%	171%	193%	168%	134%
Net debt	685	966	1,499	1,352	1,119
Capital employed	1,727	1,912	2,477	2,404	2,286
Capital turnover rate	0.6	0.6	0.7	0.7	0.8

GROWTH	2016	2017	2018E	2019E	2020E
Sales growth	3%	10%	35%	9%	5%
EPS growth (adj)	29%	-5%	-43%	131%	42%

DCF VALUATION		CASH FLOW, MSEK	
WACC (%)	9.5 %	NPV FCF (2018-2020)	66
		NPV FCF (2021-2027)	1590
		NPV FCF (2028-)	2472
		Non-operating assets	614
		Interest-bearing debt	-1608
		Fair value estimate MSEK	3135
Assumptions 2021-2026 (%)			
Average sales growth	6 %	Fair value e. per share, SEK	10.8
EBIT margin	15 %	Share price, SEK	6.6

PROFITABILITY	2016	2017	2018E	2019E	2020E
ROE	9%	8%	5%	11%	14%
ROCE	7%	3%	8%	9%	11%
ROIC	5%	4%	7%	7%	9%
EBITDA margin	20%	17%	20%	20%	20%
EBIT margin	9%	6%	8%	9%	11%
Net margin	5%	4%	2%	4%	5%

DATA PER SHARE	2016	2017	2018E	2019E	2020E
EPS	0.30	0.28	0.16	0.37	0.53
EPS adj	0.29	0.27	0.16	0.36	0.51
Dividend	0.12	0.05	0.12	0.13	0.15
Net debt	2.37	3.33	5.16	4.66	3.86
Total shares	288.67	290.30	290.30	290.30	290.30

VALUATION	2016	2017	2018E	2019E	2020E
EV	2,583.9	2,866.6	3,431.3	3,284.1	3,049.8
P/E	22.0	23.2	41.1	17.8	12.6
P/E diluted	22.6	23.9	42.3	18.3	12.9
P/Sales	1.1	1.0	0.8	0.7	0.7
EV/Sales	1.5	1.5	1.4	1.2	1.1
EV/EBITDA	7.8	9.3	6.9	6.0	5.2
EV/EBIT	17.3	26.9	16.5	13.3	10.0
P/BV	1.8	2.0	2.0	1.8	1.7

SHARE PERFORMANCE		GROWTH/YEAR	15/17
1 month	3.1 %	Net sales	21.4 %
3 month	-11.2 %	Operating profit adj	18.0 %
12 month	6.6 %	EPS, just	-26.2 %
Since start of the year	1.7 %	Equity	-3.1 %

SHAREHOLDER STRUCTURE %	CAPITAL	VOTES
RWC Fonder	19.9 %	19.9 %
Greko och Hentschel m bolag	14.7 %	14.7 %
Lothar Geilen	6.8 %	6.8 %
Andra AP-fonden	6.4 %	6.4 %
Avanza Pension	5.5 %	5.5 %
Henrik Wagner Jörgensen	3.6 %	3.6 %
Deutsche Bank AG, W8IMY	2.9 %	2.9 %
Dimensional Fund Advisors	2.2 %	2.2 %
Nordnet Pensionsförsäkring	1.2 %	1.2 %
Per Hamberg	1.0 %	1.0 %

SHARE INFORMATION	
Reuters code	OPUS.ST
List	Nasdaq Mid Cap
Share price	6.6
Total shares, million	290.3
Market Cap, MSEK	1918.9

MANAGEMENT & BOARD	
CEO	Lothar Geilen
CFO	Linus Brandt
IR	Helene Carlsson
Chairman	Katarina Bonde

FINANCIAL INFORMATION	
Q3 report	November 15, 2018
FY 2018 Results	February 15, 2019

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Redeye Rating and Background Definitions

The aim of a Redeye Rating is to help investors identify high-quality companies with attractive valuation.

Company Qualities

The aim of Company Qualities is to provide a well-structured and clear profile of a company's qualities (or operating risk) – its chances of surviving and its potential for achieving long-term stable profit growth.

We categorize a company's qualities on a ten-point scale based on five valuation keys; 1 – Management, 2 – Ownership, 3 – Profit Outlook, 4 – Profitability and 5 – Financial Strength.

Each valuation key is assessed based a number of quantitative and qualitative key factors that are weighted differently according to how important they are deemed to be. Each key factor is allocated a number of points based on its rating. The assessment of each valuation key is based on the total number of points for these individual factors. The rating scale ranges from 0 to +10 points.

The overall rating for each valuation key is indicated by the size of the bar shown in the chart. The relative size of the bars therefore reflects the rating distribution between the different valuation keys.

Management

Our Management rating represents an assessment of the ability of the board of directors and management to manage the company in the best interests of the shareholders. A good board and management can make a mediocre business concept profitable, while a poor board and management can even lead a strong company into crisis. The factors used to assess a company's management are: 1 – Execution, 2 – Capital allocation, 3 – Communication, 4 – Experience, 5 – Leadership and 6 – Integrity.

Ownership

Our Ownership rating represents an assessment of the ownership exercised for longer-term value creation. Owner commitment and expertise are key to a company's stability and the board's ability to take action. Companies with a dispersed ownership structure without a clear controlling shareholder have historically performed worse than the market index over time. The factors used to assess Ownership are: 1 – Ownership structure, 2 – Owner commitment, 3 – Institutional ownership, 4 – Abuse of power, 5 – Reputation, and 6 – Financial sustainability.

Profit Outlook

Our Profit Outlook rating represents an assessment of a company's potential to achieve long-term stable profit growth. Over the long-term, the share price roughly mirrors the company's earnings trend. A company that does not grow may be a good short-term investment, but is usually unwise in the long term. The factors used to assess Profit Outlook are: 1 – Business model, 2 – Sale potential, 3 – Market growth, 4 – Market position, and 5 – Competitiveness.

Profitability

Our Profitability rating represents an assessment of how effective a company has historically utilised its capital to generate profit. Companies cannot survive if they are not profitable. The assessment of how profitable a company has been is based on a number of key ratios and criteria over a period of up to the past five years: 1 – Return on total assets (ROA), 2 – Return on equity (ROE), 3 – Net profit margin, 4 – Free cash flow, and 5 – Operating profit margin or EBIT.

Financial Strength

Our Financial Strength rating represents an assessment of a company's ability to pay in the short and long term. The core of a company's financial strength is its balance sheet and cash flow. Even the greatest potential is of no benefit unless the balance sheet can cope with funding growth. The assessment of a company's financial strength is based on a number of key ratios and criteria: 1 – Times-interest-coverage ratio, 2 – Debt-to-equity ratio, 3 – Quick ratio, 4 – Current ratio, 5 – Sales turnover, 6 – Capital needs, 7 – Cyclicity, and 8 – Forthcoming binary events.

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Disclaimer

Important information

Redeye AB ("Redeye" or "the Company") is a specialist financial advisory boutique that focuses on small and mid-cap growth companies in the Nordic region. We focus on the technology and life science sectors. We provide services within Corporate Broking, Corporate Finance, equity research and investor relations. Our strengths are our award-winning research department, experienced advisers, a unique investor network, and the powerful distribution channel redeye.se. Redeye was founded in 1999 and since 2007 has been subject to the supervision of the Swedish Financial Supervisory Authority.

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Redeye Rating (2018-08-21)

Rating	Management	Ownership	Profit outlook	Profitability	Financial Strength
7,5p - 10,0p	43	44	18	10	19
3,5p - 7,0p	76	70	103	32	46
0,0p - 3,0p	15	20	13	92	69
Company N	134	134	134	134	134

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CONFLICT OF INTERESTS

Henrik Alveskog owns shares in the company : Yes

Viktor Westman owns shares in the company : No

Redeye performs/have performed services for the Company and receives/have received compensation from the Company in connection with this.