Opus Group

Sector: Industrial Goods & Services

Subdued growth, rising margins

In terms of profit, the second quarter was once again somewhat better than anticipated for Opus. The report was clearly acceptable overall, with the consolidated EBITA margin touching a new peak of 17 percent, but there were some question marks about the performance of the small IVS and Latin America units.

Revenue increased by 9 percent Y/Y, with organic growth of 2 percent. EBITA increased to SEK 120m (SEK 108m in Q2 2018). The earnings gain comes mainly from the Vehicle Inspection US & Asia segment, which is showing new peaks for both profits and margins. The biggest positive surprise was however Opus Vehicle Inspection in Sweden, with unchanged profit Y/Y.

Red numbers for IVS and Latin America

The two smaller segments, IVS and Latin America, had a weaker earnings trend than we had anticipated. Both show continued growth and, in a slightly longer perspective, undoubtedly still have good prospects. But their profit was below the zero mark in Q2 and is obviously harder to predict than we thought. Of course, the peso collapse in Argentina during the summer also increases the uncertainty in our forecasts.

EaaS steams on, soon also in the Philippines

EaaS continues to grow, and reached an annualised USD 31m in leasing income in June. This is 35 percent higher Y/Y and 50 percent when calculated in Swedish kronor. The report also revealed that Opus is entering the Philippine market. The company hopes to be able to win its first business there in the current Q3. The market potential is fairly large, and vehicle testing has long existed there, which should mean the risks are manageable.

Minor forecast adjustments

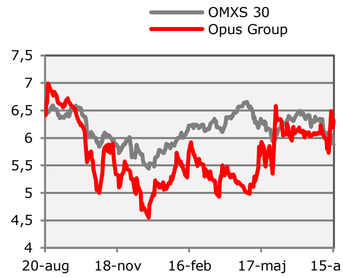
All in all, we can once again raise our earnings forecasts slightly, especially since the largest business segment, US & Asia, is showing better profitability than expected. Although currency effects on net financial income will weigh on the profit for the year, they will not impact cash flows and will therefore not affect the valuation either. Our new rating model also provides a lower required return (WACC). With 9 percent WACC (previously 10 percent), the fair value in our Base Case increases to SEK 10 per share (previously SEK 8.6).

KEY FINANCIALS (SEKm)	2017	2018	2019E	2020E	2021E	2022E
Net sales	1860	2497	2705	2839	2997	3147
EBITDA	308	504	641	687	728	713
EBIT	107	206	255	300	371	409
EPS (adj.)	0.3	0.1	0.1	0.4	0.7	0.8
EV/Sales	1.5	1.2	1.1	1.0	0.8	0.7
EV/EBITDA	9.3	6.2	4.8	4.1	3.4	3.0
EV/EBIT	26.9	15.1	12.2	9.3	6.6	5.2
P/E	23.2	59.6	77.6	12.8	8.6	7.1

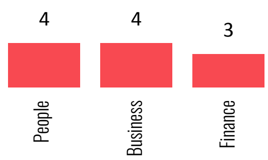
FAIR VALUE RANGE

BEAR	BASE	BULL
6.0	**10.0**	13.0

OPUS.ST VERSUS OMXS30



REDEYE RATING



KEY STATS

Ticker	OPUS.ST
Market	Nasdaq
Share Price (SEK)	6.0
Market Cap (MSEK)	1740
Net Debt 19E (MSEK)	1735
Free Float	58 %
Avg. daily volume ('000)	240

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Subdued growth, rising margins

Overall, the outcome of the Q2 report was a little better than we had expected. Although sales this time were slightly lower than we predicted, profits down to EBIT level were slightly above our forecasts. Profit before tax was still as expected, at SEK 37m since net financial income was weighed down by unrealised exchange rate losses, this time mainly due to a weakening of the Pakistani rupee.

Cash flow improved to SEK 132m before investments (Q2 2018: SEK 111m) and the EBITA margin reached a new peak of 17 percent. The profit gain at EBIT level was even bigger Y/Y as amortisation of intangible assets has decreased. This item will continue to decline, which means that reported earnings will improve to a corresponding extent.

Actual vs. Forecast

SEKm	Q2'18	Q2'19E	Actual	Diff
Sales	651	715	708	-1%
EBITDA excl. IFRS 16)	142	150	155	3%
EBITA	108	111	120	8%
EBIT	60	69	84	22%
PTP *	-19	38	37	-3%
Sales growth	37%	10%	9%	
Whereof organic growth	12%	3%	2%	
EBITA margin	16.6%	15.5%	17.0%	
EBIT margin	9.2%	9.7%	11.9%	

* Financial items are impacted by Fx-effects of SEK -20m in Q2-19 (Q2-18: SEK -40m)

Source: Opus Group, Redeye Research

Consolidated organic growth was only 2 percent this quarter, but this is largely because Q2 2018 was really strong (12 percent) and included unusually high sales of equipment in the US. EaaS contributed most to the group's growth, followed by Latin America and IVS. Vehicle Inspection in Sweden (Europe segment) was unchanged Y/Y, which was surprisingly good; we expected some decline since the total market has shrunk, as has Opus's share.

Opus's margins have steadily improved over a long period, and 17 percent at EBITA level is a new record. The second quarter is certainly its strongest seasonally, so the full-year figure will be lower. The company may possibly reach its own target of an EBITA margin of 15 percent.

SEKm	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19
Net sales	475	458	496	555	651	634	657	633	708
EBITDA	90	84	62	100	142	129	132	144	180
EBITA	60	55	32	69	108	91	90	87	120
Dep. & Amort	-50	-49	-52	-50	-82	-81	-84	-99	-96
EBIT	41	34	10	50	60	48	48	45	84
PTP	18	4	-24	24	-19	3	42	-6	37
Growth Y/Y	5%	9%	15%	29%	37%	38%	32%	14%	9%
Where of organic	-2%	3%	10%	9%	12%	8%	8%	3%	2%
EBITA-marginal	12.6%	11.9%	6.4%	12.5%	16.6%	14.3%	13.6%	13.7%	17.0%

Source: Opus Group, Redeye Research

Q2 highlights:

- Vehicle Inspection US & Asia increased its revenue by 9 percent Y/Y thanks to the dollar appreciation against the Swedish krona. Although EaaS has continued to show good growth (see below), organic growth was zero for the segment. Opus had unusually high sales of equipment in Q2 2018, and the proportion was significantly lower this year. EBITA margins improved another notch to 22 percent. Twenty-six stations have now been opened in Pakistan. The last number we heard was 12 (sometime in 2018). Hopefully this is a sign that the business is starting to move.
- EaaS achieved an annualised leasing income level of USD 31m in June, which is 35 percent higher Y/Y. Opus expects to continue to grow in Pennsylvania in the coming autumn, and in Texas next year as well.
- New market in Philippines. Opus also announced that it is about to establish the EaaS concept in the Philippines. The first contracts may be won in the current Q3. The Philippines already has a vehicle inspection programme, but will increase the equipment requirements. This suits Opus very well as many stations are probably considering leasing rather than buying expensive equipment. At the same time, revenue is relatively predictable since vehicle inspection is nothing new and the compliance rates are known. Opus has probably kept a low profile in the Philippines in order not to attract competitors unnecessarily. This was news to us.
- Vehicle Inspection Latin America is showing substantial growth, mainly through last year's acquisition of Argentine VTV. Inspection fees have been adjusted for inflation in Argentina, but further major adjustments will be necessary after the recent Peso collapse. We expected slightly better figures from this segment and do not really know where the variations come from. Operations in Chile seem to be going well, with increasing volumes and three new stations in the autumn. In total, Opus will then have 11 stations in Chile.
- Intelligent Vehicle Support had 7 percent organic growth in Q2, but profit slipped to minus. Expansion costs and a one-off expense related to a legal case punished earnings. According to Opus, the launch of the new Drive platform is more or less on schedule, but it will probably be another 2-3 quarters before we can really see how it is received by customers. A new and potentially big deal was recently won when IVS signed a contract with US Mitchell in collision repair scanning. Mitchell will use IVS scanning tools for collision-damaged cars in the US. This deal was also announced by Mitchell on June 24.

Divisions & segments

SEKm	Q1'18	Q2'18	Q3'18	Q4'18	2018 Full year	Q1'19	Q2'19
Division Vehicle Inspection							
US & Asia							
Net sales	335	389	391	381	1496	385	422
EBITA	70	74	74	68	286	82	91
EBITA-margin	21%	19%	19%	18%	19%	21%	22%
Europe							
Net sales	148	188	142	148	626	141	186
EBITA	5	39	15	4	64	0	39
EBITA-margin	4%	21%	11%	2%	10%	0%	21%
Latin America							
Net sales	20	17	37	35	109	35	30
EBITA	-6	-9	3	-4	-16	3	-3
EBITA-margin	neg	neg	7%	neg	neg	10%	neg
Division Intelligent Vehicle Support							
Net sales	59	71	75	103	308	78	81
EBITA	3	9	0	27	40	3	-3
EBITA-margin	5%	13%	0%	27%	13%	4%	neg

Source: Opus Group

- Vehicle Inspection Europe, which is essentially Opus Vehicle Inspection in Sweden, had unchanged levels of both revenue and earnings Y/Y. This was surprising and clearly positive, especially given that the total market has decreased by an estimated 7-8 percent compared to last year. This is partly because Opus had higher revenue from supplementary services that are not statutory inspections. Average prices for inspections have also risen, which was confirmed by both Opus and AB Svensk Bilprovning, and we can see that discounting campaigns have also thinned out in the Swedish market. Furthermore, as is well known, Opus has reviewed its costs and trimmed the organisation.
- Market shares for Opus are relatively stable at around 25 percent. During the second half of the year, the total market in Sweden should be at about the same level as last year in terms of the number of inspections, and with higher prices the total market should grow a little. Considering Opus's efficiency programme, there are also now prospects of improving profits in the near future.
- Ireland looks set to go to Applus. Spanish Applus, which has been running the vehicle inspection programme in Ireland for several years, looks set to renew its contract. According to the company itself, it has received positive information from the authority. The contract has not yet been signed, but the most likely thing now is that Applus will retain the vehicle inspection programme in Ireland. Four other companies participated, but we have not seen any appeals.

Market shares, Sweden

Inspection companies	April	May	June	Apr	May	June
AB Svensk Bilprovning	26.2%	26.6%	26.0%	26.5%	26.9%	26.7%
Opus Bilprovning	26.1%	27.2%	27.0%	25.8%	26.2%	25.4%
Besikta Bilprovning	26.1%	25.2%	25.4%	23.5%	23.5%	23.7%
Carspect (A-Katsastus)	12.8%	12.5%	11.8%	14.2%	13.9%	14.3%
DEKRA	8.2%	7.8%	9.0%	9.4%	8.9%	9.3%
Others (5 comp)	0.7%	0.7%	0.9%	0.6%	0.6%	0.6%
Total: (10 comp)	100%	100%	100%	100%	100%	100%

Source: Transportstyrelsen

Forecasts & Valuation

All in all, we have now increased our earnings forecasts for the coming years. This is mainly because the largest segment, Vehicle Inspection US & Asia, is delivering better margins than we had anticipated. We are more cautious about IVS and Latin America in the short term and are lowering expectations as a result of the outcome of the Q2 report and the peso collapse in Argentina.

- US & Asia shows a stable trend with some growth and improved margins. EaaS will continue to contribute to both growth and profitability for at least the coming year, and perhaps even further ahead in the case of the Philippines. Pakistan should now be able to move in the right direction, but we are not yet factoring in any major boost. We anticipate mainly unchanged development for the other programmes in the coming years.
- Europe (Opus Vehicle Inspection in Sweden) has experienced a slight downturn in the past year as the total market has contracted. Revenue and profitability should be able to improve somewhat as we expect rising prices for inspections, and Opus has trimmed the organisation.
- Latin America seems set to continue to grow well in both Chile and Argentina, but in the short term the figures will probably be heavily weighed down by the decline of the Argentine peso. We have no reason to doubt Opus's continued expansion in the region, but it is naturally difficult to try to predict where or at what pace this will happen.
- Intelligent Vehicle Support has begun the launch of the Drive platform. We still have a hard time assessing what this will mean in the short term. The leverage in this business is significant, and we hope to see this within 2-3 quarters.

P&L, historic and forecasts

SEKm	2016	2017	2018	2019E	2020E	2021E
Division Vehicle Inspection						
US & Asia						
Net sales	n.a.	1,048	1,496	1,650	1,693	1,738
EBITA	n.a.	n.a.	286	342	348	355
EBITA-margin			19%	21%	21%	20%
Europe						
Net sales	623	626	626	621	652	680
EBITA	n.a.	n.a.	64	62	69	75
EBITA-margin	0%		10%	10%	11%	11%
Latin America						
Net sales	n.a.	40	109	128	168	218
EBITA	n.a.	n.a.	-16	1	9	17
EBITA-margin			neg	1%	5%	8%
Division Intelligent Vehicle Support						
Net sales	n.a.	172	308	332	365	402
EBITA	n.a.	n.a.	40	10	29	48
EBITA-margin			13%	3%	8%	12%
Total net sales	**1,698**	**1,856**	**2,497**	**2,696**	**2,839**	**2,997**
Sales growth	3%	9%	35%	8%	5%	6%
EBITDA	**332**	**308**	**504**	**641**	**687**	**728**
Depreciation	-107	-120	-146	-238	-248	-248
EBITA	**225**	**188**	**358**	**403**	**440**	**480**
Amortization	-76	-81	-152	-148	-140	-109
EBIT	**149**	**107**	**206**	**255**	**300**	**371**
EBITA-margin	13.2%	10.1%	14.3%	14.9%	15.5%	16.0%
EBIT-margin	8.8%	5.7%	8.3%	9.5%	10.6%	12.4%

Source: Opus Group, Redeye Research

Valuation

Fair value estimate: ~SEK 10 per share

Our cash flow model values the business at approximately SEK 4.5 billion. A deduction for interest-bearing net debt of SEK 1,597m at the latest year-end gives a fair value market cap of around SEK 2.9bn, or SEK 10 per share.

Lower WACC with new rating model

The corresponding value in our last research update of May 2019 was SEK 8.6 per share. The difference is explained more or less entirely by a lower discount rate (WACC) than before. This, in turn, is because our entire rating model has changed. Our WACC is now 9.0 percent, compared to 10.0 percent previously. Despite this relatively small change to the discount rate, the difference in the valuation becomes large due to Opus's high financial leverage.

Other assumptions in the valuation

EBIT and EBITA will converge over time, provided no new acquisitions add new amortisation. The EBITA margin is currently 14-15 percent, and we expect some improvement by 2021. The assumption of sustainable EBIT margins at around 13 percent is a little lower, which is reasonable given that uncertainty in forecasts increases over time.

- Sustainable EBIT margins around 13%.
- For the period 2022-27, we have assumed an annual growth rate of 5%. Opus's own new growth target is 5-10 percent per year, including add-on acquisitions.
- From 2028 (terminal growth rate): 2%.
- Discount rate (WACC): 9.0 percent.

The table below shows various values for WACC and sustainable profitability in the form of the EBIT margin. The box indicates the assumptions in our Base Case scenario. Even with slightly lower sustainable margins than 13 percent the share appears clearly undervalued.

DCF-value, SEK per share

Sustainable EBIT-margin	9%	11%	13%	15%	17%
WACC					
8.0%	8.0	10.3	12.5	14.8	17.1
9.0%	6.3	8.1	**10.0**	11.9	13.7
10.0%	5.0	6.6	8.2	9.8	11.4

Source: Redeye Research

An earnings measure somewhere between EBITA and EBITDA is the most indicative 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. Note that EV/EBITDA includes lease debt, while other EV multiples are excluding lease debt.

Multiples remain low vs historical levels

Earnings multiples

Share price SEK: 6.0	2016	2017	2018	2019E	2020E	2021E
P/E	22.0	23.2	59.6	80.7	13.3	8.9
EV/EBIT	17.3	23.5	15.2	13.3	11.3	9.1
EV/EBITA	10.0	11.0	8.9	6.9	6.2	5.5
EV/EBITDA	7.7	8.1	6.2	5.7	5.3	5.0

Source: Opus Group, Redeye Research

Summary Redeye Rating

The rating consists of three valuation keys, each constituting an overall assessment of several factors that are rated on a scale of 0 to 1 points. The maximum score for a valuation key is 5 points.

Rating changes in the report: The entire rating model is new

People: 4

Managements´ 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. There is strong commitment among management and some directors through their ownership of the company. Founder and former CEO, Magnus Greko, as well as Lothar Geilen who is CEO since 2017, both have substantial holdings. However, the single largest shareholder is not represented on the board.

Business: 4

The business conditions for profitable growth are overall very good. The company has obvious competitive advantages such as good track record and economies of scale 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.

Financials: 3

The business has demonstrated good profitability and stable positive cash flows for a long time. Reported profits and return figures have been modest, however, primarily due to high amortization 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. 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. With a rather aggressive expansion plan, net debt will probably remain high in the next few years, in spite of strong cash flows from operations.

INCOME STATEMENT	2017	2018	2019E	2020E	2021E
Net sales	1,860	2,497	2,705	2,839	2,997
Total operating costs	-1,552	-1,993	-2,064	-2,152	-2,269
EBITDA	308	504	641	687	728
Depreciation	-120	-146	-238	-248	-248
Amortization	-81	-152	-148	-140	-109
Impairment charges	0	0	0	0	0
EBIT	107	206	255	300	371
Share in profits	0	0	0	0	0
Net financial items	-104	-155	-183	-108	-83
Exchange rate dif.	-39	0	0	0	0
Pre-tax profit	3	51	72	192	288
Tax	71	-57	-50	-61	-92
Net earnings	81	26	22	131	196

BALANCE SHEET	2017	2018	2019E	2020E	2021E
Assets					
Current assets					
Cash in banks	643	384	650	437	461
Receivables	102	129	140	146	155
Inventories	133	133	144	152	160
Other current assets	109	125	202	202	202
Current assets	986	771	1,136	937	978
Fixed assets					
Tangible assets	831	990	952	855	757
Associated comp.	0	0	0	0	0
Investments	25	59	59	59	59
Goodwill	1,045	1,460	1,460	1,460	1,460
Cap. exp. for dev.	389	507	359	219	109
O intangible rights	23	53	83	113	143
O non-current assets	0	0	200	200	200
Total fixed assets	2,312	3,069	3,113	2,906	2,728
Deferred tax assets	32	27	27	27	27
Total (assets)	3,331	3,867	4,276	3,869	3,733
Liabilities					
Current liabilities					
Short-term debt	497	0	0	0	0
Accounts payable	201	263	285	299	316
O current liabilities	300	300	360	360	360
Current liabilities	998	563	645	659	676
Long-term debt	1,112	1,980	2,100	1,569	1,249
O long-term liabilities	0	0	200	200	200
Convertibles	0	0	0	0	0
Total Liabilities	2,110	2,543	2,945	2,428	2,125
Deferred tax liab	200	200	200	200	200
Provisions	74	137	137	137	137
Shareholders' equity	940	1,001	1,008	1,119	1,285
Minority interest (BS)	7	-14	-14	-14	-14
Minority & equity	947	987	994	1,104	1,271
Total liab & SE	3,331	3,867	4,276	3,869	3,733

FREE CASH FLOW	2017	2018	2019E	2020E	2021E
Net sales	1,860	2,497	2,705	2,839	2,997
Total operating costs	-1,552	-1,993	-2,064	-2,152	-2,269
Depreciations total	-201	-298	-386	-388	-357
EBIT	107	206	255	300	371
Taxes on EBIT	-34	-66	-82	-96	-119
NOPLAT	73	140	173	204	252
Depreciation	201	298	386	388	357
Gross cash flow	274	438	559	591	609
Change in WC	75	-10	-17	0	0
Gross CAPEX	-355	-1,055	-430	-180	-180
Free cash flow	-6	-627	112	411	429

CAPITAL STRUCTURE	2017	2018	2019E	2020E	2021E
Equity ratio	28%	26%	23%	29%	34%
Debt/equity ratio	171%	198%	208%	140%	97%
Net debt	966	1,596	1,450	1,132	788
Capital employed	1,912	2,583	2,444	2,236	2,059
Capital turnover rate	0.6	0.6	0.6	0.7	0.8

GROWTH	2017	2018	2019E	2020E	2021E
Sales growth	10%	34%	8%	5%	6%
EPS growth (adj)	-5%	-68%	-16%	505%	50%

DCF VALUATION		CASH FLOW, MSEK	
WACC (%)	9.0 %	NPV FCF (2019-2021)	943
		NPV FCF (2022-2027)	1262
		NPV FCF (2028-)	2282
		Non-operating assets	393
		Interest-bearing debt	-1980
		Fair value estimate MSEK	2900
Assumptions 2022-2027 (%)			
Average sales growth	5 %	Fair value e. per share, SEK	10.0
EBIT margin	13 %	Share price, SEK	6.0

PROFITABILITY	2017	2018	2019E	2020E	2021E
ROE	8%	3%	2%	12%	16%
ROCE	3%	8%	8%	10%	14%
ROIC	4%	7%	7%	8%	11%
EBITDA margin	17%	20%	24%	24%	24%
EBIT margin	6%	8%	9%	11%	12%
Net margin	4%	1%	1%	5%	7%

DATA PER SHARE	2017	2018	2019E	2020E	2021E
EPS	0.28	0.09	0.07	0.45	0.67
EPS adj	0.27	0.09	0.07	0.44	0.66
Dividend	0.05	0.05	0.07	0.10	0.15
Net debt	3.33	5.50	4.99	3.90	2.71
Total shares	290.30	290.30	290.30	290.30	290.30

VALUATION	2017	2018	2019E	2020E	2021E
EV	2,866.6	3,112.6	3,101.4	2,785.9	2,444.6
P/E	23.2	59.6	77.6	12.8	8.6
P/E diluted	23.9	61.3	79.8	13.2	8.8
P/Sales	1.0	0.6	0.6	0.6	0.6
EV/Sales	1.5	1.2	1.1	1.0	0.8
EV/EBITDA	9.3	6.2	4.8	4.1	3.4
EV/EBIT	26.9	15.1	12.2	9.3	6.6
P/BV	2.0	1.5	1.7	1.5	1.3

SHARE PERFORMANCE		GROWTH/YEAR	16/18
1 month	-4.6 %	Net sales	20.6 %
3 month	-2.7 %	Operating profit adj	54.5 %
12 month	-12.7 %	EPS, just	-48.5 %
Since start of the year	20.7 %	Equity	2.5 %

SHAREHOLDER STRUCTURE %	CAPITAL	VOTES
RWC Asset Management	19.9 %	19.9 %
Magnus Greko och Jörgen Hentschel	14.6 %	14.6 %
Lothar Geilen	6.8 %	6.8 %
Andra AP-fonden	6.4 %	6.4 %
Henrik Wagner Jørgensen	3.5 %	3.5 %
Dimensional Fund Advisors	3.2 %	3.2 %
Rickard Andersson	2.9 %	2.9 %

SHARE INFORMATION	
Reuters code	OPUS.ST
List	Nasdaq Mid Cap
Share price	5.8
Total shares, million	290.3
Market Cap, MSEK	1675.0

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

FINANCIAL INFORMATION	
Q3 report	November 14, 2019
FY 2019 Results	February 18, 2020

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Redeye Rating and Background Definitions

Company Quality

Company Quality is based on a set of quality checks across three categories; PEOPLE, BUSINESS, FINANCE. These are the building blocks that enable a company to deliver sustained operational outperformance and attractive long-term earnings growth.

Each category is grouped into multiple sub-categories assessed by five checks. These are based on widely accepted and tested investment criteria and used by demonstrably successful investors and investment firms. Each sub-category may also include a complementary check that provides additional information to assist with investment decision-making.

If a check is successful, it is assigned a score of one point; the total successful checks are added to give a score for each sub-category. The overall score for a category is the average of all sub-category scores, based on a scale that ranges from 0 to 5 rounded up to the nearest whole number.

The overall score for each category is then used to generate the size of the bar in the Company Quality graphic.

People

At the end of the day, people drive profits. Not numbers. Understanding the motivations of people behind a business is a significant part of understanding the long-term drive of the company. It all comes down to doing business with people you trust, or at least avoiding dealing with people of questionable character.

The People rating is based on quantitative scores in seven categories: Passion, Execution, Capital Allocation, Communication, Compensation, Ownership, and Board.

Business

If you don't understand the competitive environment and don't have a clear sense of how the business will engage customers, create value and consistently deliver that value at a profit, you won't succeed as an investor. Knowing the business model inside out will provide you some level of certainty and reduce the risk when you buy a stock.

The Business rating is based on quantitative scores grouped into five sub-categories: Business Scalability, Market Structure, Value Proposition, Economic Moat, and Operational Risks.

Financials

Investing is part art, part science. Financial ratios make up most of the science. Ratios are used to evaluate the financial soundness of a business. Also, these ratios are key factors that will impact a company's financial performance and valuation. However, you only need a few to determine whether a company is financially strong or weak.

The Financial rating is based on quantitative scores that are grouped into five separate categories: Earnings Power, Profit Margin, Growth Rate, Financial Health, and Earnings Quality.

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Disclaimer

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Redeye Rating (2019-08-20)

Rating	People	Business	Financials
5p	8	6	0
3p - 4p	41	33	23
0p - 2p	28	38	54
Company N	77	77	77

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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.