

HMS Networks

2025 looking intriguing - up to BUY

- Orders to gradually pick up after the Q2 trough
- Improved orders, cost savings to drive strong earnings growth in '25e
- Valuation now attractive, up to BUY (Hold), TP SEK 500 (435)

Things look better after eight quarters with neg. org. orders

After a period with particularly strong order growth in 2021-2022, organic orders have now been negative for eight consecutive quarters. Indeed, some of the weakness derives from the industry's inventory build-ups, but a significant headwind more recently is derived from the cyclical nature of the market. We note that inventories levels are now close-to normalised, and we believe the market troughed in Q2, which is also supported by industry comments ([link](#)). In combination with easy comps, this bodes well for a gradual recovery in orders over the coming quarters, with Q3e being the first quarter with positive organic orders since Q2'22 (+21% y-o-y vs. down 17-36% over the past six quarters). However, we stress that we expect a larger delta in Q4e and in the subsequent quarters rather than as early as Q3e for underlying orders. Nonetheless, with ~62% gross margins and recent cost savings fully fruitful as of Q2, improved sales on the back of the higher orders bodes well for a period of strong profit growth in 2025e (adj. EBITA +36%).

Adj. EBITA down 2-3% in '24e-'26e, due to FX

We make small changes to our organic growth assumptions, but cut '24e-'26e adj. EBITA by 2-3% due to recent FX movements.

We upgrade to BUY (Hold)

Orders are recovering, margins are improving, the valuation (EV/adj. EBITA) of 24x '25e is below its historical multiple of 25-30x (ranging from 20x-45x), and the share is down 15% YTD. Although the Red Lion acquisition is dilutive to the group's organic growth and finding synergies may be pushed out in time, we find the setup attractive - particularly in 2025 - and therefore upgrade to BUY (Hold) with a new TP of SEK 500 (435).

Analyst(s): simon.granath@abgsc.se, +46 8 566 286 32
daniel.thorsson@abgsc.se, +46 8 566 286 82

SEKm	2022	2023	2024e	2025e	2026e
Sales	2,506	3,025	3,239	3,906	4,250
EBITDA	752	873	745	1,067	1,187
EBITDA margin (%)	30.0	28.9	23.0	27.3	27.9
EBIT adj.	625	777	612	840	952
EBIT adj. margin (%)	24.9	25.7	18.9	21.5	22.4
Pretax profit	624	718	404	760	907
EPS	10.89	12.24	6.53	12.42	14.73
EPS adj.	10.80	12.90	9.12	14.35	16.42
Sales growth (%)	27.1	20.7	7.1	20.6	8.8
EPS growth (%)	40.1	12.4	-46.6	90.2	18.6

Source: ABG Sundal Collier, Company Data

Reason: Recommendation change



IT

Estimate changes (%)

	2024e	2025e	2026e
Sales	-0.7	-1.6	-1.6
EBIT	-2.1	-3.1	-3.0
EPS	-2.8	-3.4	-3.1

Source: ABG Sundal Collier

HMS-SE/HMS SS

Share price (SEK)	22/8/2024	419.60
Target price	(435.0)	500.0
MCap (SEKm)		21,114
MCap (EURm)		1,856
No. of shares (m)		50.3
Free float (%)		63.0
Av. daily volume (k)		45

Next event

Q3 Report 18 October 2024

Performance



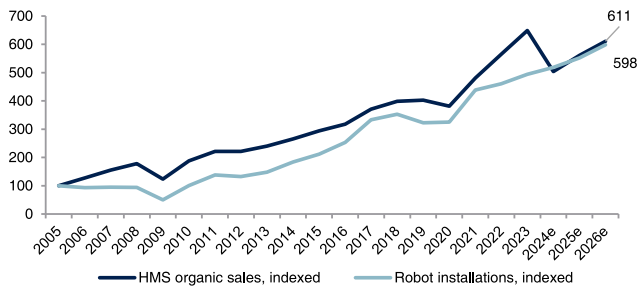
	2024e	2025e	2026e
P/E (x)	64.3	33.8	28.5
P/E adj. (x)	46.0	29.2	25.6
P/BVPS (x)	6.14	5.50	4.88
EV/EBITDA (x)	31.3	21.4	18.8
EV/EBIT adj. (x)	38.1	27.2	23.5
EV/sales (x)	7.20	5.86	5.26
ROE adj. (%)	17.7	20.4	20.7
Dividend yield (%)	1.1	1.2	1.4
FCF yield (%)	-15.4	3.6	3.9
Le. adj. FCF yld. (%)	-15.7	3.3	3.6
Net IB debt/EBITDA (x)	3.1	1.7	1.1
Le. adj. ND/EBITDA (x)	2.7	1.6	1.0

Company description

HMS Networks is a global supplier of products within the communication technology area. The primary focus is to make industrial devices accessible of communicating with each other. In addition to this, the company develops and commercializes software for remote monitoring and control. More than 90% of the total sales is done outside of Sweden, whereas the central markets are Germany, Japan and the US.

[Sustainability information](#)

Outgrowing robot installations

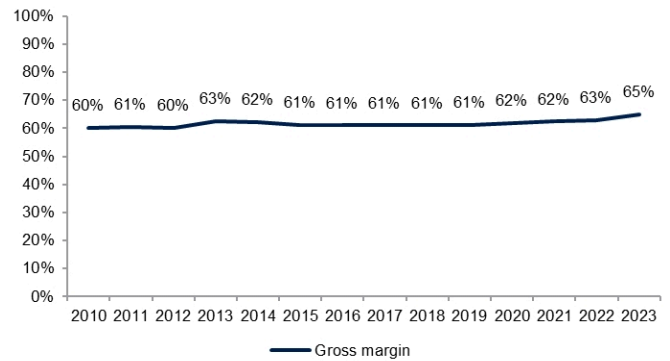


Source: ABG Sundal Collier, company data, IFR

Risks

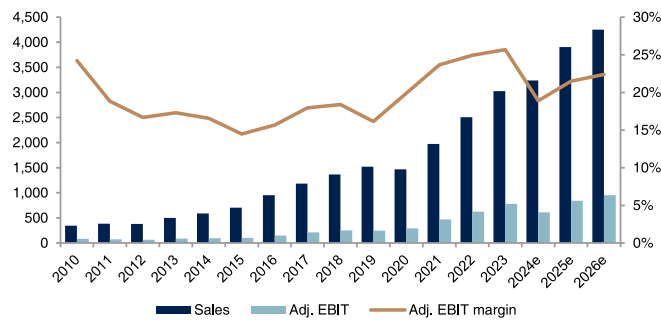
Even though a key driver for HMS is the digitalization trend, it is operating within the industrial segment, which is characterized by cyclicality. Hence, the demand for HMS's products should be affected by the general economic condition. Another risk lies with competition. HMS is exposed to competition, which could affect the profitability going forward. The primary competition is from HMS's customers themselves, who can choose to use substitutional self-developed solutions instead of implementing HMS's products.

Exceptionally low gross margin volatility



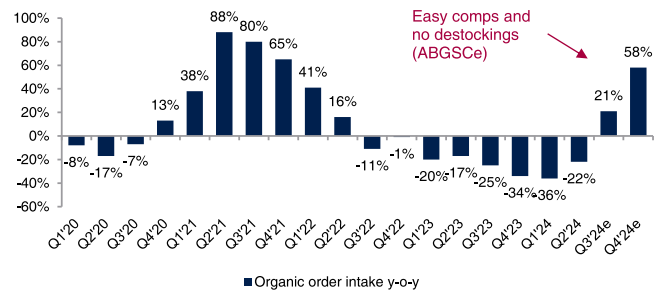
Source: ABG Sundal Collier, company data

Forecasts, yearly



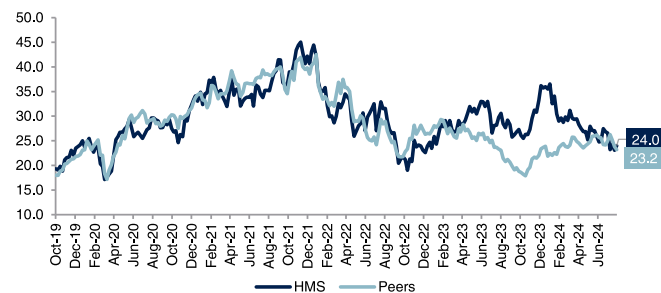
Source: ABG Sundal Collier, company data

Org. orders y-o-y



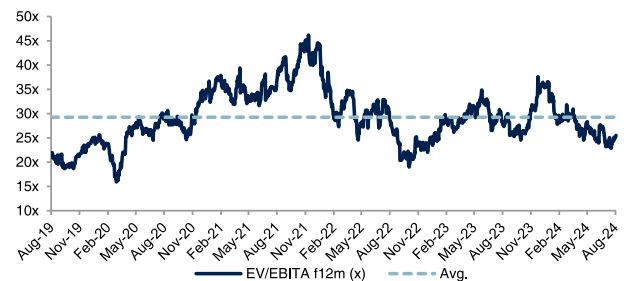
Source: ABG Sundal Collier, company data

EV/EBITA f12m (x) - HMS vs. Nordic HW peers



Source: ABG Sundal Collier, FactSet

EV/EBITA f12m (x)



Source: ABG Sundal Collier, FactSet

Improved earnings growth in 2025e

With less destocking headwinds, easy comps and a gradually recovering market, we forecast org. orders to rise 21% y-o-y in Q3e (the first quarter with positive org. growth since Q2'22), +58% y-o-y in Q4e, and +17% in '25e. Although Q3e comps in terms of EBIT are tough, we expect the trajectory of improved organic orders to drive increased sales, and thereby lead the company to enter a period of improved earnings growth in Q4e and beyond. We expect this, combined with the share being down 15% YTD (trading at 24x f12m EV/EBITA vs. its historical avg. of 25x-30x) to benefit the share. As such, we upgrade to BUY (Hold) with a new TP of SEK 500 (435).

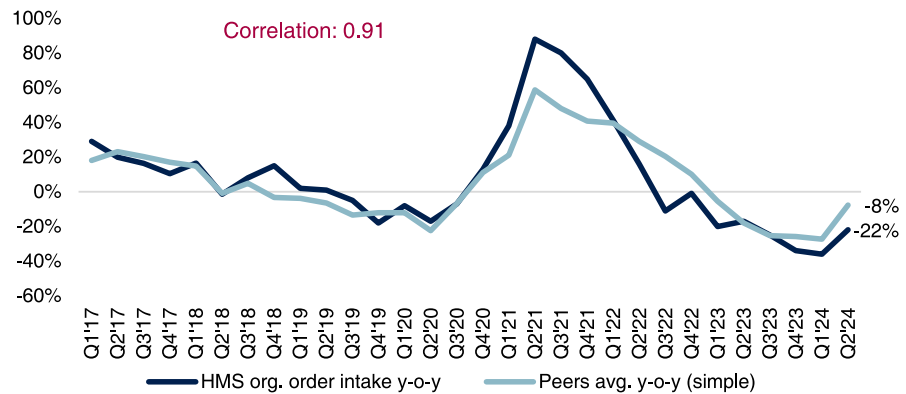
Orders weak recently, but should gradually improve

HMS's operations have historically been sensitive to the general economic situation, and this has the case been in recent quarters. Amid destocking and normalising demand after a particularly strong market in 2021-2022, HMS' organic orders have been in decline for eight consecutive quarters. Although we expect some continued destocking headwinds in Q3e, we note a much brighter order intake outlook over the coming quarters, driven by: 1) positive peer comments ([see our Q2 summary from robotic peers](#)), 2) troughing Japan MT orders, 3) a continued upbeat outlook from key customer Rockwell, 4) continued high salary inflation, which is one of the key drivers for investments in automation, and 5) lower drag from inventory digestion after Q3e. We forecast Q3e organic orders of +21% y-o-y (vs. down 17-36% in the recent six quarters).

Robot OEM peers/customers orders are normalising

Summarising the Q2 reports for our selection of automation/robotics peers to HMS (Yaskawa, Fanuc, ABB, Rockwell, u-blox, Omron, Schneider Electric), we conclude that orders are starting to improve after a 3-year period of deteriorating metrics since the peak in Q2'21. On average, orders declined 8% y-o-y in Q2 vs. -27% y-o-y in Q1, driven by easier comps and normalising inventory levels. Several companies are noting sequential improvements in orders, albeit at a slower pace than previously expected. Nevertheless, we expect gradual improvements to continue in H2, but with a larger delta in Q4e and in the subsequent quarters rather than as early as Q3e.

HMS org. order intake vs. orders y-o-y for selected robotics players

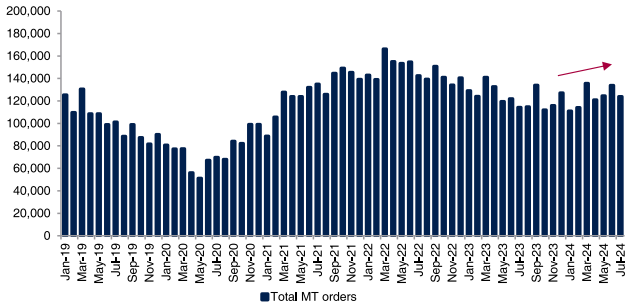


Source: ABG Sundal Collier, company data (simple avg. for HMS, Fanuc, Yaskawa, ABB Robotics, Kuka)

Japan MT orders have troughed

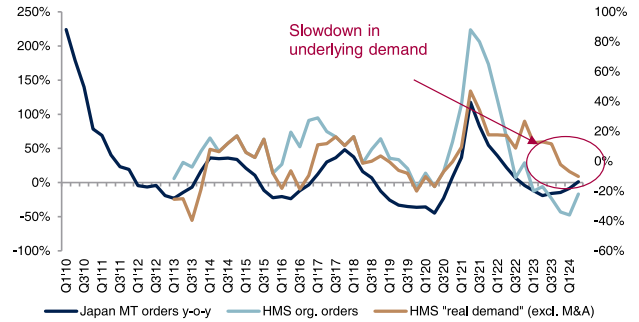
There is no official data on HMS's end market, but Japanese Machine Tool orders (0.8 correlation with HMS orders) serve as a good proxy for how the market is performing. Japan MT orders peaked in March '22, but have now posted three consecutive months of positive growth (after ~19 months of declines). In our view, this suggests that the market has bottomed out and is gradually starting to recover.

Total Japan MT orders, monthly (JPYm)



Source: ABG Sundal Collier, JMTBA

Japan machinery orders vs. HMS org. orders

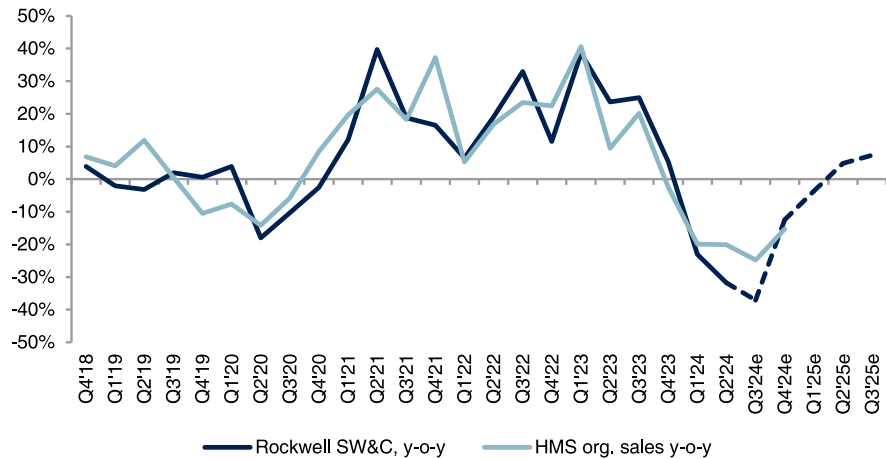


Source: ABG Sundal Collier, company data, JMTBA

Rockwell is positive on continued order improvements

Turning to specific industry commentary, US-based Rockwell is HMS's largest customer and consequently provides the most important outlook to scrutinise. Since Q3'23 Rockwell has been positive on sequential improvement in orders, after a weaker period exacerbated by destocking. While we understand that Rockwell's order trajectory has indeed been positive since then, the company has also clearly highlighted that the uptick in orders in 2024 has been weaker than it previously expected. It first warned of this in March ([link](#)), and the message was reiterated in May and again in the Q3 (calendar Q2) report on 7 August. Nevertheless, Rockwell's latest comments point to a continued positive order trend in the coming quarters, which we think bodes well for HMS. We also note positive expectations for the Software&Control business when looking at current FactSet consensus estimates, and this segment has historically shown a good correlation with HMS's organic sales growth (0.9 correlation over the last five years).

Rockwell Software&Control vs. HMS org. sales

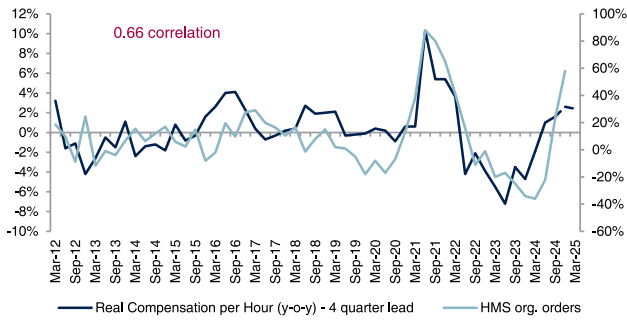


Source: ABG Sundal Collier, company data, FactSet

Continued high salary inflation is a tailwind

Looking at labour costs, there is a solid correlation between HMS's organic order growth rates and real hourly wage growth in the US durable goods manufacturing sector (using labour costs as a four-quarter leading indicator). Recent growth rates for the latter would suggest that order growth should improve in H2'24e. While we do not expect this to be a perfect determinant of new order growth (as it has not been in the past), we argue that it should provide a tailwind for new orders. We also note that quarterly job vacancy rates in the EU remain at high levels. This is also a driver for demand, given that robots can substitute for labour.

US real compensation/hour (LHS) vs. HMS org. orders y-o-y (RHS)



Source: ABG Sundal Collier, company data, FactSet

EU job vacancies

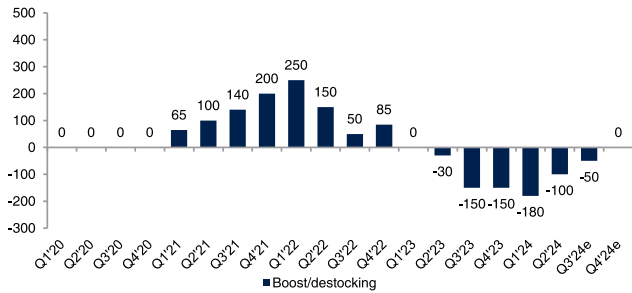


Source: ABG Sundal Collier, Eurostat

Lower drag from destocking after Q3e

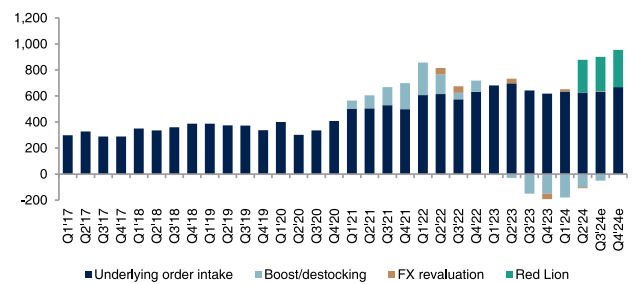
The supply chain disruptions experienced in '21-'22 led to inflated orders for most of the robotics peers, including HMS. In total, HMS recorded inflated orders of SEK 1bn between Q1'21 and Q4'22, equivalent to ~20% of order intake in the same period, and a reversal of this has been expected by the market for some time. While the timing of the latter has been brought forward (we initially expected destocking to weigh on orders in Q1'23), partly due to a prolonged supply chain drought, this has started to reverse, resulting in a drag on orders since Q2'23. Although we do not expect the full SEK 1bn to be digested, we model a total of SEK 660m, of which SEK 610m has been digested so far.

"Boosted" orders (SEKm) in decline



Source: ABG Sundal Collier, company data

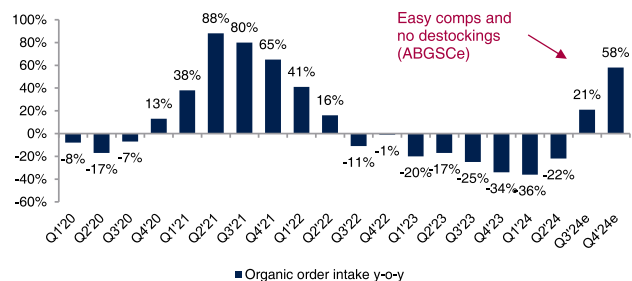
Underlying orders vs. inventory effects (SEKm)



Source: ABG Sundal Collier, company data

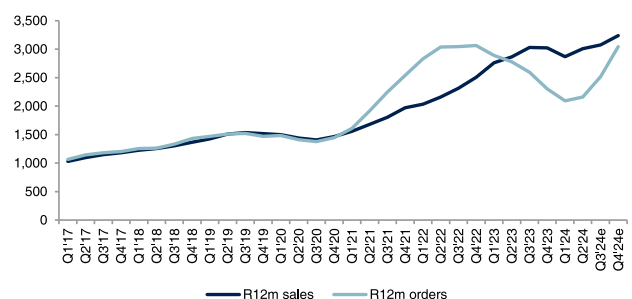
Ultimately, we expect +21% org. orders y-o-y in Q3e, and +58% y-o-y in Q4e. As shown in the right-hand chart below, we expect the inventory situation to normalise after Q3e.

Org. orders y-o-y



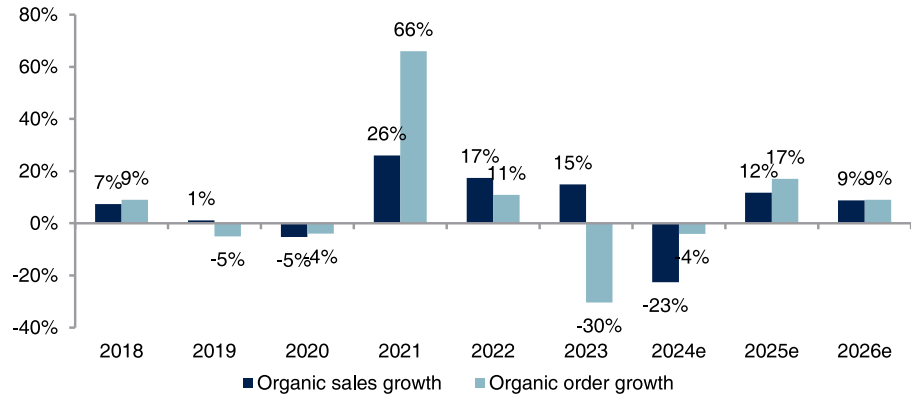
Source: ABG Sundal Collier, company data

R12m orders vs. r12m sales (SEKm)



Source: ABG Sundal Collier, company data

Organic sales and orders y-o-y



Source: ABG Sundal Collier, company data

Our thoughts around Red Lion

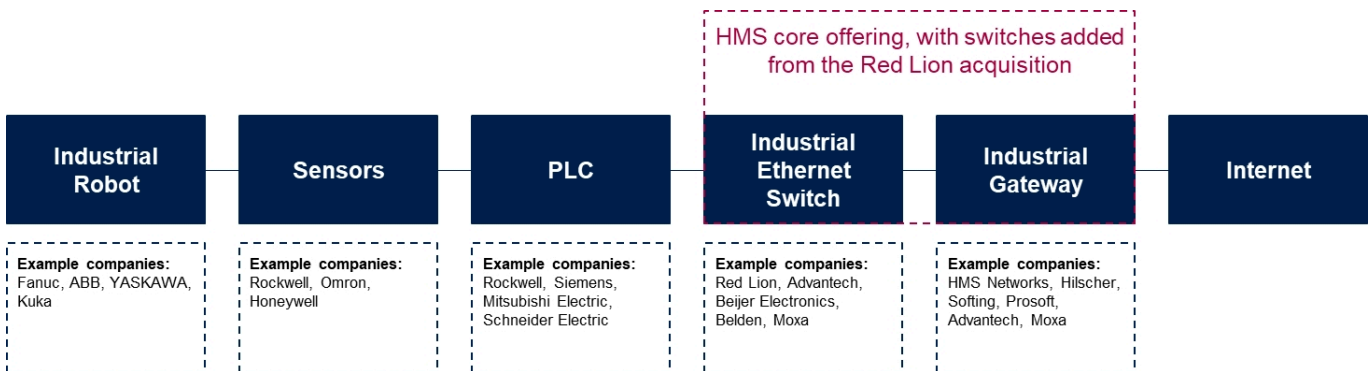
The rationale makes sense, but we expect cross-selling to be slow

The acquisition of Red Lion was an important step for HMS in broadening its product portfolio and increasing its exposure to the US market. At an enterprise value (EV) of SEK 3.7bn (USD 345m), HMS announced the acquisition of Red Lion in December 2023 and the transaction closed on 1 April 2024. The strategic rationale was to strengthen its presence in North America (~20% of HMS' preacquisition sales) - a market where HMS has been looking to expand and which has also outperformed other markets in recent years - and to broaden its product offering. HMS has also highlighted synergies, both in terms of sales and costs.

Red Lion's offering consists of three distinct areas: 1) Access (19% of sales), which has some overlap with HMS' industrial gateways, 2) Connect (34% of sales), which mainly includes Ethernet switches and is an area that HMS has been trying to expand into for some years, and 3) Visualise (47% of sales), which mainly includes HMLs, i.e. products that visualise human-machine interfaces and panel meters.

Given that Ethernet switches are included in virtually all installations of industrial applications (see figure below), we believe that this is the product area with which HMS expects to find the most cross-selling synergies. This is also driven by the geographic differences between HMS and Red Lion, as Red Lion generated ~80% of its revenues in the US and ~10% in EMEA. The corresponding figures for HMS prior to the acquisition were ~20% and ~60% respectively. We believe the strategic rationale makes sense, but expect the cross-selling to be slow but gradual given the relatively long sales cycles in the industry.

Value chain

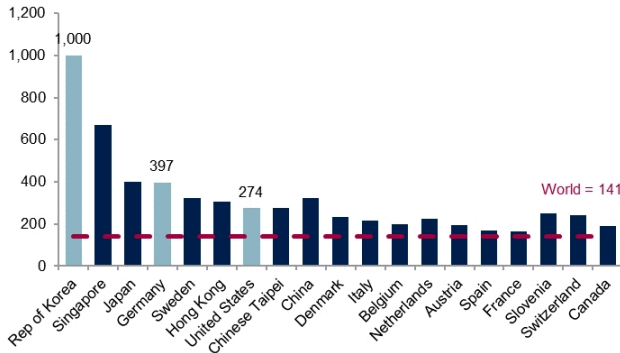


Source: ABG Sundal Collier

The US still has low robot penetration

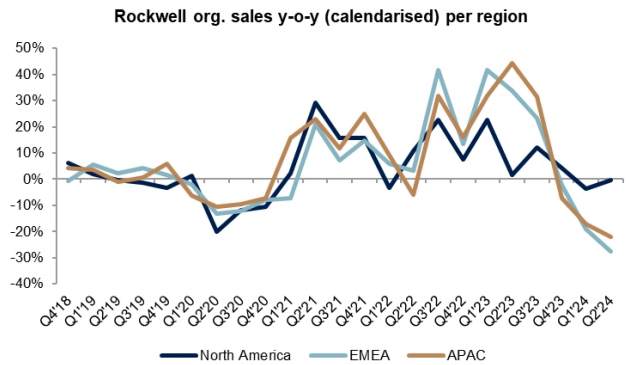
The US is the market that most robotics players — including HMS — are most optimistic about, both currently and going forward. Investment levels are currently healthier than in the EU/APAC (specifically China), while we note that the country's robot penetration is only 274 per 10,000 employees in 2021 (vs. e.g. South Korea at 1,000, Japan at 399 and Germany at 397). This means that there is ample room for growth, while the acquisition gives HMS a new platform to do more M&A.

Robots installed per 10,000 employees



Source: ABG Sundal Collier, IFR

Rockwell's org. sales suggest that the US is currently outperforming EMEA and APAC

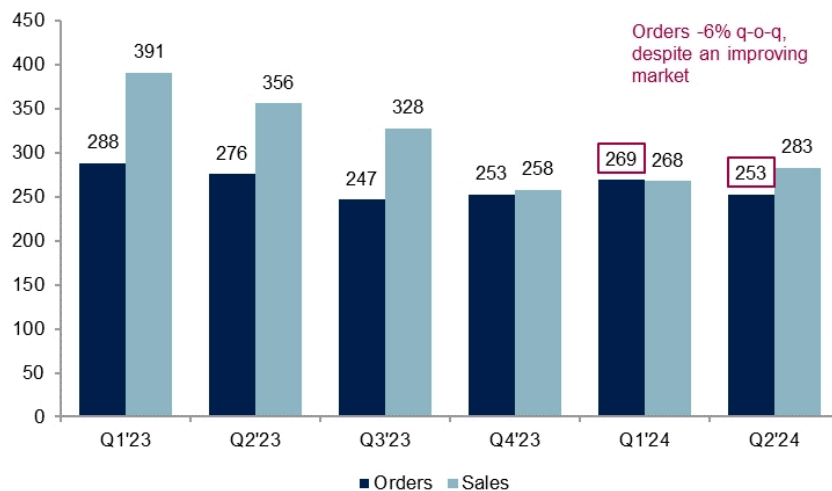


Source: ABG Sundal Collier, company data

The three main concerns we have with the acquisitions are: 1) Red Lion is dilutive to the growth profile (4% sales CAGR in recent years, well below HMS at ~10%), 2) low visibility on how much synergies can be found, especially given the fact that HMS has historically rarely sought clear synergies when doing M&A, and 3) recent financial performance, as Red Lion saw weak orders in Q2, down 6% q-o-q - despite our belief, as suggested by industry comments, that the broader market saw sequential improvements in Q2. Moving forward, we expect Red Lion's orders to gradually improve, similar to the rest of HMS.

Going back to our original point about Red Lion being dilutive to the growth profile, this could be a topic of discussion in the market once orders (and sales) start to normalise. Nevertheless, the price paid for the asset (13x EV/EBIT), and also in light of HMS' own multiple at closing (~28x EV/EBIT), leads us to view the acquisition as accretive.

Red Lion quarterly sales and orders (SEKm)



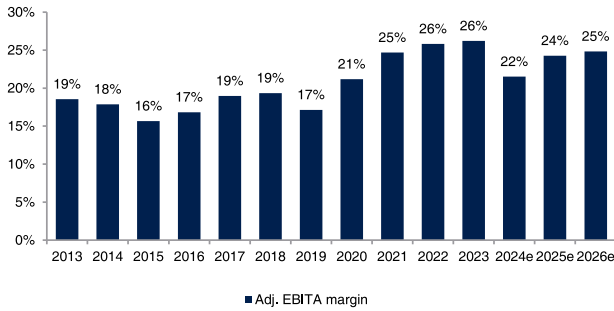
Source: ABG Sundal Collier, company data

Margins to trough in 2024e

Against the backdrop of a particularly strong market and its scalable business model, HMS delivered record adj. EBITA margins of 26% in 2022-2023. This represents a significant increase from the '15-'19 average of 18%, with around half of the increase coming from gross margin expansion (partly driven by price increases and FX) and the remainder from operational leverage. However, we expect a sharp margin contraction to 22% in 2024e, due to lower sales volumes and the margin-dilutive Red Lion acquisition (21% EBIT margin in 2023).

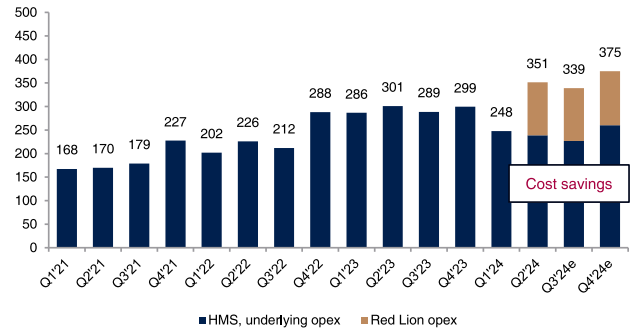
We believe that management has already started to anticipate a challenging 2024e in H2'23, impacted by several consecutive quarters of negative organic orders, which is why opex growth slowed significantly in late 2023 and early 2024. However, as previously highlighted, the market recovery in 2024 has so far been slower than initially expected, which is why we believe HMS has taken further action and announced a cost savings programme on 16 April, covering 45 FTEs and resulting in annual savings of SEK 41m. As of Q2, the programme is now fully in place, which means that the company should be able to scale well in terms of margins as orders and sales improve. This leads us to forecast a 24% EBITA margin in '25e (adj. EBITA 36% y-o-y), and 25% in '26e.

Adj. EBITA margin



Source: ABG Sundal Collier, company data

Adj. opex breakdown

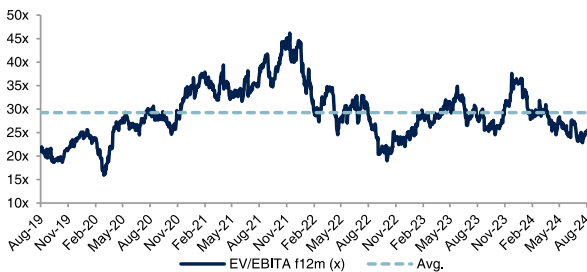


Source: ABG Sundal Collier, company data

Valuation looking attractive: BUY

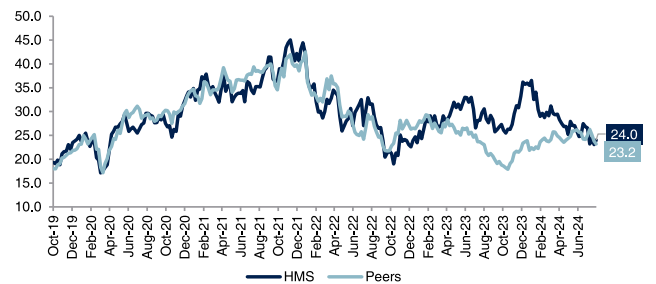
We remain impressed by HMS' financial track record (2013-2023 organic sales CAGR of 11%), robust market position, and strong mid/long-term growth opportunities, and see the company as well-positioned to continue benefiting from the structurally growing investments in automation and robotics. Although finding synergies with Red Lion may be a slow process while we only expect end market demand to improve marginally in Q3, we expect orders to pick up well in Q4e and into 2025e, driving strong earnings growth (adj. EBITA +36% y-o-y in '25e) amid higher sales volumes and normalising margins. We are -3%/-2%/-9% vs. FactSet cons on Q3e orders/sales/EBITA, and -4%/-2%/-5% in 2025e, though this is likely partly explained by recent (negative) FX movements. At 24x f12m EV/EBITA, the share is trading below its historical average of 25-30x and at a 4% premium to Nordic hardware peers (historically 6% premium). To conclude, we expect the share to benefit from the prospects of improved orders and earnings growth, particularly in 2025e, while the valuation is comparably undemanding. As such, we upgrade to BUY, with a new TP of SEK 500 (435).

EV/EBITA f12m (x)



Source: ABG Sundal Collier, FactSet

EV/EBITA f12m (x) - HMS vs. Nordic HW peers



Source: ABG Sundal Collier, FactSet

HMS vs. peers

Valuation	Mcap SEKm	EV/Sales			EV/EBIT(A)			P/E			EBIT(A) margin (%)		
		2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Nordic HW peers													
Autostore	37,155	6.0	5.1	4.4	14.6	13.3	11.0	19.7	17.0	14.7	41.2	38.5	39.5
CTT	3,408	10.0	6.4	5.2	27.0	18.6	15.5	34.8	23.5	19.7	37.2	34.3	33.3
engcon	12,599	9.5	7.5	5.9	52.9	34.3	25.8	72.9	46.9	35.4	18.0	21.8	23.0
Hexagon	268,217	5.0	4.6	4.2	17.0	14.3	12.8	21.1	18.6	16.8	29.7	32.2	32.7
Invisio	10,736	6.2	5.7	4.9	28.5	24.0	19.0	41.3	34.4	27.5	21.6	23.8	25.7
Nordic Semiconductor	26,180	4.6	3.4	2.8	n.a.	47.9	22.2	n.a.	64.1	31.3	-5.4	7.2	12.6
NCAB	13,649	3.8	3.2	2.9	26.4	21.1	19.0	38.7	29.5	27.1	14.2	15.0	15.2
Mycronic	37,150	5.2	4.8	4.7	18.1	16.7	17.7	24.5	23.6	25.7	28.8	28.8	26.7
Tomra	45,070	3.2	2.8	2.5	25.3	18.5	15.0	43.7	29.1	23.4	12.8	15.4	16.5
Troxax	13,080	4.1	3.7	3.3	23.2	19.0	16.3	33.9	26.4	22.3	17.7	19.6	20.5
Mips	13,260	25.9	18.8	14.5	71.0	43.0	30.4	90.9	55.7	39.7	36.5	43.9	47.8
Median	13,649	5.2	4.8	4.4	25.8	19.0	17.7	36.7	29.1	25.7	21.6	23.8	25.7
Average	43,682	7.6	6.0	5.0	30.4	24.6	18.6	42.2	33.5	25.8	22.9	25.5	26.7
International automation													
ABB	1,065,760	3.1	2.9	2.7	17.5	15.7	14.4	23.6	21.7	20.0	17.7	18.3	18.4
Advantech	95,595	4.7	4.1	3.6	30.7	22.8	18.6	33.3	27.1	22.9	15.4	17.9	19.5
Belden	43,866	2.1	1.9	1.8	15.3	12.4	11.5	17.5	14.0	12.9	13.8	15.2	15.3
Cognex	70,138	7.2	6.3	5.4	44.4	28.0	20.3	63.5	39.5	28.6	16.2	22.4	26.7
Emerson	608,921	3.7	3.4	3.1	15.2	13.7	12.2	18.5	17.0	15.7	23.8	24.7	25.3
Fanuc	297,076	4.6	4.2	3.9	24.7	20.5	17.4	29.5	25.3	21.9	18.7	21.3	22.9
Honeywell	1,337,559	3.8	3.5	3.3	15.4	14.0	13.2	19.9	18.0	16.5	24.4	24.6	25.1
Rockwell Automation	307,988	4.0	3.8	3.5	20.3	18.1	n.a.	26.6	23.8	20.5	19.2	20.5	21.4
u-blox	7,035	1.7	1.2	1.0	n.a.	15.0	7.9	n.a.	21.2	11.5	-15.4	8.0	12.3
Yaskawa	91,303	2.3	2.1	2.0	20.4	17.2	14.8	25.7	22.0	19.2	11.2	12.7	13.6
Median	196,335	3.7	3.4	3.2	20.3	16.5	14.4	25.7	21.9	19.6	17.0	19.4	20.4
Average	392,524	3.7	3.3	3.0	22.7	17.7	14.5	28.7	23.0	19.0	14.5	18.6	20.1
HMS (ABGSCe)	20,923	7.2	5.8	5.2	33.4	24.1	21.1	63.9	33.6	28.3	21.5	24.3	24.8
vs. Nordic HW		-5%	-3%	-4%	10%	-2%	14%	52%	0%	10%			
vs. int. automation		94%	75%	73%	47%	36%	46%	123%	46%	49%			

Source: ABG Sundal Collier, FactSet

Estimate changes

Estimate changes SEKm	Old forecast			New forecast			Change		
	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Net sales	3,261	3,969	4,319	3,239	3,906	4,250	-0.7%	-1.6%	-1.6%
EBIT	548	856	981	537	830	952	-2.1%	-3.1%	-3.0%
NRIs	-75	-10	0	-75	-10	0	0%	0.0%	nmf
Adj. EBIT	623	866	981	612	840	952	-1.9%	-3.1%	-3.0%
Adj. EBITA	708	974	1,085	697	948	1,056	-1.6%	-2.7%	-2.7%
Pre-tax profit	415	786	936	404	760	907	-2.8%	-3.4%	-3.1%
Net income	337	645	763	328	623	739	-2.8%	-3.4%	-3.1%
Orders	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Order intake	3,076	3,936	4,290	3,047	3,852	4,199	-1.0%	-2.1%	-2.1%
Destockings	-320	0	0	-330	0	0	3.1%	na	na
FX revaluation	24	0	0	14	0	0	-42%	na	na
Underlying orders	3,372	3,936	4,290	3,363	3,852	4,199	-0.3%	-2.1%	-2.1%

Source: ABG Sundal Collier, company data

ABGSCe vs. FactSet consensus

ABGSC vs. cons. SEKm	ABGSC			Cons			%		
	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Orders	3,047	3,852	4,199	3,082	3,995	4,393	-1%	-4%	-4%
Net sales	3,239	3,906	4,250	3,261	3,988	4,397	-1%	-2%	-3%
Gross profit	2,010	2,425	2,648	2,020	2,493	2,762	-1%	-3%	-4%
EBITA adj.	697	948	1,056	688	1,002	1,118	1%	-5%	-6%
Adj. EBIT	612	840	952	594	835	1,021	3%	1%	-7%
Net profit	328	623	739	344	594	764	-5%	5%	-3%
%	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Sales growth	7%	21%	9%	8%	22%	10%			
Gross margin	62%	62%	62%	62%	62%	63%			
Adj. EBITA growth	-12%	36%	11%	-13%	46%	12%			
Adj. EBITA margin	21.5%	24.3%	24.8%	21.1%	25.1%	25.4%			

Source: ABG Sundal Collier, company data, FactSet

Forecasts, quarterly

SEKm	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24e	Q4'24e
Net sales	455	474	472	571	517	601	624	764	773	703	789	760	616	845	853	926
COGS	-163	-172	-182	-224	-198	-227	-227	-278	-272	-248	-273	-264	-231	-322	-325	-352
Gross profit	291	302	290	347	319	374	397	486	501	455	516	496	385	523	528	574
Opex	-177	-182	-189	-237	-180	-232	-218	-294	-290	-305	-293	-326	-256	-419	-381	-417
adj. opex	-173	-175	-184	-232	-207	-231	-218	-294	-290	-305	-293	-303	-252	-377	-366	-402
EBIT	114	121	101	109	139	143	179	192	211	150	223	170	130	104	147	157
Net financials	1	-4	1	5	-4	-2	-11	-11	2	-8	-2	-28	3	-61	-40	-35
PTP	115	117	102	114	135	140	168	180	213	143	220	142	133	42	107	122
Taxes	-21	-19	-18	-28	-23	-31	-33	-29	-40	-27	-48	-32	-27	-8	-19	-22
Minority	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
Net profit	94	98	84	86	112	109	135	151	173	116	172	110	107	34	88	100
EPS	2.0	2.1	1.8	1.8	2.4	2.3	2.9	3.2	3.7	2.5	3.7	2.3	2.3	0.7	1.7	2.0
Adj. EBIT	118	127	106	115	112	143	179	192	211	150	223	193	133	146	162	172
Adj. EBITA	123	132	111	120	117	148	185	198	215	154	227	197	137	172	189	199
Order intake	565	606	669	699	857	815	675	718	682	703	492	426	473	769	851	954
Book-to-bill	1.24	1.28	1.42	1.22	1.66	1.36	1.08	0.94	0.88	1.00	0.62	0.56	0.77	0.91	1.00	1.03
"Boosted" orders	65	100	140	200	250	150	50	85	0	-30	-150	-150	-180	-100	-50	0
FX revaluation of backlog	0	0	0	0	0	50	50	0	0	35	0	-43	18	-9	5	0
Underlying orders	500	506	529	499	607	615	575	633	682	698	642	619	635	878	896	954
Growth	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24e	Q4'24e
Sales growth y-o-y	26%	34%	37%	41%	14%	27%	32%	34%	50%	17%	26%	-1%	-20%	20%	8%	22%
Of which M&A	14%	15%	21%	5%	4%	4%	0%	0%	1%	1%	0%	0%	0%	40%	35%	38%
Of which organic	20%	28%	18%	37%	5%	17%	24%	22%	41%	9%	20%	-3%	-20%	-20%	-25%	-15%
Of which FX	-8%	-9%	-2%	-2%	5%	6%	9%	11%	8%	6%	6%	2%	0%	0%	-3%	-1%
Adj. EBIT y-o-y	76%	74%	38%	53%	-5%	13%	69%	67%	88%	5%	25%	1%	-37%	-3%	-27%	-11%
Adj. EBITA y-o-y	71%	71%	35%	50%	-5%	12%	67%	65%	84%	4%	23%	-1%	-36%	12%	-17%	1%
Orders y-o-y	41%	101%	99%	71%	52%	34%	1%	3%	-20%	-14%	-27%	-41%	-31%	9%	73%	124%
Organic orders y-o-y	38%	88%	80%	65%	41%	16%	-11%	-1%	-20%	-17%	-25%	-34%	-36%	-22%	21%	58%
"Real demand" y-o-y	25%	68%	57%	22%	21%	22%	9%	27%	12%	13%	12%	-2%	-7%	26%	40%	54%
"Real demand" excl M&A	9%	47%	34%	18%	18%	17%	9%	27%	12%	13%	12%	-2%	-7%	-10%	-14%	-13%
Margins	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24e	Q4'24e
Gross margin	64.0%	63.7%	61.4%	60.8%	61.7%	62.2%	63.6%	63.6%	64.8%	64.7%	65.4%	65.3%	62.5%	61.9%	61.9%	62.0%
EBITDA margin	31.2%	31.0%	26.3%	23.1%	31.1%	27.8%	32.7%	28.9%	31.0%	25.5%	31.9%	26.6%	26.1%	19.3%	24.1%	23.3%
EBIT margin	25.1%	25.5%	21.4%	19.1%	26.9%	23.8%	28.7%	25.1%	27.3%	21.3%	28.3%	22.4%	21.1%	12.3%	17.2%	17.0%
Adj. EBIT margin	25.9%	26.8%	22.5%	20.1%	21.7%	23.8%	28.7%	25.1%	27.3%	21.3%	28.3%	25.4%	21.6%	17.3%	19.0%	18.6%
Adj. EBITA margin	27.0%	27.8%	23.5%	21.0%	22.6%	24.6%	29.6%	25.9%	27.8%	21.9%	28.8%	25.9%	22.2%	20.4%	22.1%	21.5%
PTP margin	25.3%	24.7%	21.6%	20.0%	26.1%	23.3%	26.9%	23.6%	27.6%	20.3%	27.9%	18.7%	21.6%	5.0%	12.5%	13.2%
Incremental EBIT margin	50.0%	43.7%	18.9%	20.5%	40.3%	17.3%	51.3%	43.0%	28.1%	6.9%	26.7%	550.0%	51.6%	-32.4%	#####	-7.9%
Sales breakdown	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24e	Q4'24e
Anybus	214	231	220	249	257	276	324	375	440	381	486	450	320	269	289	315
IXXAT	47	41	53	51	46	67	61	60	62	78	91	84	62	56	58	62
eWon	93	97	73	116	98	130	110	137	157	126	117	116	100	121	117	135
Intesis	31	34	34	34	41	49	39	49	56	64	60	59	59	70	67	70
Services + other	69	71	92	122	75	79	90	143	59	54	34	52	75	47	42	54
Red Lion	0	0	0	0	0	0	0	0	0	0	0	0	0	283	280	290
Total	454	474	472	572	517	601	624	764	774	703	788	761	616	846	853	926

Source: ABG Sundal Collier, company data

Forecasts, yearly

SEKm	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Net sales	702	952	1,183	1,366	1,519	1,467	1,972	2,506	3,025	3,239	3,906	4,250
COGS	-272	-371	-462	-532	-591	-558	-741	-930	-1,057	-1,230	-1,480	-1,602
Gross profit	430	581	722	834	928	909	1,230	1,576	1,968	2,010	2,425	2,648
Opex	-328	-432	-509	-583	-685	-621	-785	-924	-1,214	-1,473	-1,595	-1,696
adj. opex	-328	-432	-509	-583	-682	-617	-764	-951	-1,191	-1,398	-1,585	-1,696
EBIT	102	149	212	251	243	288	446	652	754	537	830	952
Net financials	-14	-10	-17	-20	-15	-14	3	-28	-36	-133	-70	-45
PTP	88	140	195	232	228	274	449	624	718	404	760	907
Taxes	-27	-39	-52	-61	-23	-54	-86	-116	-147	-76	-137	-168
Minority	0	0	0	0	0	0	0	0	0	0	0	0
Net profit	60	100	143	171	205	220	363	508	571	328	623	739
EPS	1.3	2.2	3.1	3.8	4.4	4.7	7.7	10.9	12.2	6.5	12.4	14.7
	0	0	0	0	0	0	0	0	0	0	0	0
Adj. EBIT	102	149	212	251	245	292	467	625	777	612	840	952
Adj. EBITA	110	160	225	264	260	311	487	647	793	697	948	1,056
Order intake	682	966	1,204	1,433	1,470	1,447	2,539	3,065	2,303	3,047	3,852	4,199
Book-to-bill	0.97	1.01	1.02	1.05	0.97	0.99	1.29	1.22	0.76	0.94	0.99	0.99
"Boosted" orders							505	535	-330	-330	0	0
FX revaluation of backlog							0	100	-8	14	0	0
Underlying orders	681	965	1,204	1,433	1,471	1,447	2,034	2,430	2,641	3,363	3,852	4,199
Growth	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Sales growth y-o-y	19%	36%	24%	15%	11%	-3%	34%	27%	21%	7%	21%	9%
Of which M&A	0%	26%	6%	3%	5%	3%	13%	2%	0%	28%	10%	0%
Of which organic	11%	8%	17%	7%	1%	-5%	26%	17%	15%	-23%	12%	9%
Of which FX	8%	2%	2%	5%	5%	-1%	-5%	8%	5%	1%	-1%	0%
Adj. EBIT y-o-y	4%	47%	42%	18%	-2%	19%	60%	34%	24%	-21%	37%	13%
Adj. EBITA y-o-y	4%	46%	40%	18%	-1%	19%	57%	33%	23%	-12%	36%	11%
Orders y-o-y	12%	42%	25%	19%	3%	-2%	75%	21%	-25%	32%	26%	9%
Organic orders y-o-y	3%	8%	17%	9%	-5%	-4%	66%	11%	-30%	-4%	17%	9%
"Real demand" y-o-y	11%	42%	25%	19%	3%	-2%	41%	19%	9%	27%	15%	9%
"Real demand" excl M&A	3%	8%	19%	14%	-1%	-5%	25%	18%	9%	-8%	4%	9%
Margins	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Gross margin	61.2%	61.0%	61.0%	61.1%	61.1%	62.0%	62.4%	62.9%	65.1%	62.0%	62.1%	62.3%
EBITDA margin	19.3%	20.2%	22.2%	22.1%	22.1%	27.3%	27.7%	30.0%	28.9%	23.0%	27.3%	27.9%
EBIT margin	14.5%	15.7%	17.9%	18.4%	16.0%	19.6%	22.6%	26.0%	24.9%	16.6%	21.3%	22.4%
Adj. EBIT margin	14.5%	15.7%	17.9%	18.4%	16.2%	19.9%	23.7%	24.9%	25.7%	18.9%	21.5%	22.4%
Adj. EBITA margin	15.7%	16.8%	19.0%	19.4%	17.1%	21.2%	24.7%	25.8%	26.2%	21.5%	24.3%	24.8%
PTP margin	12.5%	14.7%	16.5%	17.0%	15.0%	18.7%	22.8%	24.9%	23.7%	12.5%	19.5%	21.3%
Incremental EBIT margin	3.6%	19.0%	27.3%	21.4%	-5.4%	-86.0%	31.3%	38.6%	19.7%	-101.3%	44.0%	35.3%
Sales breakdown	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Anybus	498	581	700	792	873	797	914	1,232	1,757	1,192	1,413	1,512
IXXAT	140	133	153	166	176	167	192	234	315	238	249	266
eWon	21	190	231	264	292	301	379	475	516	473	537	623
Intesis	0	0	74	98	117	114	133	178	239	267	289	330
Services + other	42	48	26	46	60	87	354	387	199	218	230	248
Red Lion	0	0	0	0	0	0	0	0	0	853	1,188	1,271
Total	702	952	1,184	1,366	1,519	1,467	1,972	2,506	3,026	3,240	3,906	4,250

Source: ABG Sundal Collier, company data

Income Statement (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Sales	1,183	1,366	1,519	1,467	1,972	2,506	3,025	3,239	3,906	4,250
COGS	-462	-532	-591	-558	-741	-930	-1,057	-1,230	-1,480	-1,602
Gross profit	722	834	928	909	1,230	1,576	1,968	2,010	2,425	2,648
Other operating items	-459	-532	-593	-509	-685	-824	-1,095	-1,265	-1,358	-1,461
EBITDA	262	302	335	400	546	752	873	745	1,067	1,187
Depreciation and amortisation	-38	-38	-77	-74	-72	-78	-103	-123	-129	-131
of which leasing depreciation	0	0	-31	-34	-33	-41	-50	-63	-63	-63
EBITA	225	264	258	326	474	674	770	622	938	1,056
EO Items	0	0	-2	-4	-21	27	-23	-75	-10	0
Impairment and PPA amortisation	-12	-13	-15	-38	-28	-22	-16	-85	-108	-104
EBIT	212	251	243	288	446	652	754	537	830	952
Net financial items	-17	-20	-15	-14	3	-28	-36	-133	-70	-45
Pretax profit	195	232	228	274	449	624	718	404	760	907
Tax	-52	-61	-23	-54	-86	-116	-147	-76	-137	-168
Net profit	143	171	205	220	363	508	571	328	623	739
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	143	171	205	220	363	508	571	328	623	739
EPS	3.04	3.65	4.38	4.71	7.77	10.89	12.24	6.53	12.42	14.73
EPS adj.	3.24	3.86	4.71	5.43	8.62	10.80	12.90	9.12	14.35	16.42
Total extraordinary items after tax	0	0	-2	-3	-17	22	-18	-61	-8	0
Leasing payments	0	0	-29	-35	-36	-41	-60	-61	-63	-63
<i>Tax rate (%)</i>	<i>26.9</i>	<i>26.1</i>	<i>10.2</i>	<i>19.5</i>	<i>19.2</i>	<i>18.6</i>	<i>20.5</i>	<i>18.9</i>	<i>18.0</i>	<i>18.5</i>
<i>Gross margin (%)</i>	<i>61.0</i>	<i>61.1</i>	<i>61.1</i>	<i>62.0</i>	<i>62.4</i>	<i>62.9</i>	<i>65.1</i>	<i>62.0</i>	<i>62.1</i>	<i>62.3</i>
<i>EBITDA margin (%)</i>	<i>22.2</i>	<i>22.1</i>	<i>22.1</i>	<i>27.3</i>	<i>27.7</i>	<i>30.0</i>	<i>28.9</i>	<i>23.0</i>	<i>27.3</i>	<i>27.9</i>
<i>EBITA margin (%)</i>	<i>19.0</i>	<i>19.4</i>	<i>17.0</i>	<i>22.2</i>	<i>24.0</i>	<i>26.9</i>	<i>25.5</i>	<i>19.2</i>	<i>24.0</i>	<i>24.8</i>
<i>EBIT margin (%)</i>	<i>17.9</i>	<i>18.4</i>	<i>16.0</i>	<i>19.6</i>	<i>22.6</i>	<i>26.0</i>	<i>24.9</i>	<i>16.6</i>	<i>21.3</i>	<i>22.4</i>
<i>Pre-tax margin (%)</i>	<i>16.5</i>	<i>17.0</i>	<i>15.0</i>	<i>18.7</i>	<i>22.8</i>	<i>24.9</i>	<i>23.7</i>	<i>12.5</i>	<i>19.5</i>	<i>21.3</i>
<i>Net margin (%)</i>	<i>12.1</i>	<i>12.5</i>	<i>13.5</i>	<i>15.0</i>	<i>18.4</i>	<i>20.3</i>	<i>18.9</i>	<i>10.1</i>	<i>16.0</i>	<i>17.4</i>
Growth Rates y-o-y	-	-	-	-	-	-	-	-	-	-
<i>Sales growth (%)</i>	<i>24.3</i>	<i>15.4</i>	<i>11.2</i>	<i>-3.4</i>	<i>34.4</i>	<i>27.1</i>	<i>20.7</i>	<i>7.1</i>	<i>20.6</i>	<i>8.8</i>
<i>EBITDA growth (%)</i>	<i>36.7</i>	<i>15.1</i>	<i>11.0</i>	<i>19.3</i>	<i>36.5</i>	<i>37.8</i>	<i>16.1</i>	<i>-14.7</i>	<i>43.3</i>	<i>11.2</i>
<i>EBITA growth (%)</i>	<i>40.1</i>	<i>17.7</i>	<i>-2.3</i>	<i>26.2</i>	<i>45.4</i>	<i>42.3</i>	<i>14.2</i>	<i>-19.2</i>	<i>50.9</i>	<i>12.5</i>
<i>EBIT growth (%)</i>	<i>42.2</i>	<i>18.4</i>	<i>-3.3</i>	<i>18.4</i>	<i>54.9</i>	<i>46.3</i>	<i>15.6</i>	<i>-28.8</i>	<i>54.6</i>	<i>14.7</i>
<i>Net profit growth (%)</i>	<i>42.1</i>	<i>20.0</i>	<i>19.7</i>	<i>7.5</i>	<i>64.5</i>	<i>40.1</i>	<i>12.4</i>	<i>-42.6</i>	<i>90.2</i>	<i>18.6</i>
<i>EPS growth (%)</i>	<i>41.5</i>	<i>20.0</i>	<i>19.7</i>	<i>7.6</i>	<i>65.1</i>	<i>40.1</i>	<i>12.4</i>	<i>-46.6</i>	<i>90.2</i>	<i>18.6</i>
Profitability	-	-	-	-	-	-	-	-	-	-
<i>ROE (%)</i>	<i>21.0</i>	<i>21.7</i>	<i>22.0</i>	<i>19.8</i>	<i>30.2</i>	<i>36.5</i>	<i>32.2</i>	<i>12.2</i>	<i>17.2</i>	<i>18.2</i>
<i>ROE adj. (%)</i>	<i>22.8</i>	<i>23.3</i>	<i>23.8</i>	<i>23.5</i>	<i>34.0</i>	<i>36.5</i>	<i>34.2</i>	<i>17.7</i>	<i>20.4</i>	<i>20.7</i>
<i>ROCE (%)</i>	<i>18.7</i>	<i>21.2</i>	<i>17.9</i>	<i>19.4</i>	<i>28.3</i>	<i>35.0</i>	<i>34.5</i>	<i>12.8</i>	<i>13.9</i>	<i>16.2</i>
<i>ROCE adj. (%)</i>	<i>19.8</i>	<i>22.3</i>	<i>19.1</i>	<i>22.2</i>	<i>31.0</i>	<i>34.8</i>	<i>36.3</i>	<i>16.7</i>	<i>15.9</i>	<i>18.0</i>
<i>ROIC (%)</i>	<i>15.8</i>	<i>17.7</i>	<i>17.9</i>	<i>18.7</i>	<i>26.5</i>	<i>32.9</i>	<i>30.4</i>	<i>12.7</i>	<i>13.5</i>	<i>15.2</i>
<i>ROIC adj. (%)</i>	<i>15.8</i>	<i>17.7</i>	<i>18.1</i>	<i>18.9</i>	<i>27.7</i>	<i>31.6</i>	<i>31.3</i>	<i>14.3</i>	<i>13.6</i>	<i>15.2</i>
Adj. earnings numbers	-	-	-	-	-	-	-	-	-	-
<i>EBITDA adj.</i>	<i>262</i>	<i>302</i>	<i>337</i>	<i>404</i>	<i>567</i>	<i>725</i>	<i>896</i>	<i>820</i>	<i>1,077</i>	<i>1,187</i>
<i>EBITDA adj. margin (%)</i>	<i>22.2</i>	<i>22.1</i>	<i>22.2</i>	<i>27.5</i>	<i>28.7</i>	<i>28.9</i>	<i>29.6</i>	<i>25.3</i>	<i>27.6</i>	<i>27.9</i>
<i>EBITDA lease adj.</i>	<i>262</i>	<i>302</i>	<i>308</i>	<i>368</i>	<i>531</i>	<i>684</i>	<i>836</i>	<i>759</i>	<i>1,014</i>	<i>1,124</i>
<i>EBITDA lease adj. margin (%)</i>	<i>22.2</i>	<i>22.1</i>	<i>20.3</i>	<i>25.1</i>	<i>26.9</i>	<i>27.3</i>	<i>27.6</i>	<i>23.4</i>	<i>26.0</i>	<i>26.4</i>
<i>EBITA adj.</i>	<i>225</i>	<i>264</i>	<i>260</i>	<i>330</i>	<i>495</i>	<i>647</i>	<i>793</i>	<i>697</i>	<i>948</i>	<i>1,056</i>
<i>EBITA adj. margin (%)</i>	<i>19.0</i>	<i>19.4</i>	<i>17.1</i>	<i>22.5</i>	<i>25.1</i>	<i>25.8</i>	<i>26.2</i>	<i>21.5</i>	<i>24.3</i>	<i>24.8</i>
<i>EBIT adj.</i>	<i>212</i>	<i>251</i>	<i>245</i>	<i>311</i>	<i>475</i>	<i>625</i>	<i>777</i>	<i>612</i>	<i>840</i>	<i>952</i>
<i>EBIT adj. margin (%)</i>	<i>17.9</i>	<i>18.4</i>	<i>16.2</i>	<i>21.2</i>	<i>24.1</i>	<i>24.9</i>	<i>25.7</i>	<i>18.9</i>	<i>21.5</i>	<i>22.4</i>
<i>Pretax profit Adj.</i>	<i>207</i>	<i>245</i>	<i>245</i>	<i>316</i>	<i>498</i>	<i>619</i>	<i>757</i>	<i>564</i>	<i>878</i>	<i>1,011</i>
<i>Net profit Adj.</i>	<i>155</i>	<i>184</i>	<i>222</i>	<i>262</i>	<i>408</i>	<i>508</i>	<i>605</i>	<i>473</i>	<i>739</i>	<i>843</i>
<i>Net profit to shareholders adj.</i>	<i>155</i>	<i>184</i>	<i>222</i>	<i>262</i>	<i>408</i>	<i>508</i>	<i>605</i>	<i>473</i>	<i>739</i>	<i>843</i>
<i>Net adj. margin (%)</i>	<i>13.1</i>	<i>13.5</i>	<i>14.6</i>	<i>17.8</i>	<i>20.7</i>	<i>20.3</i>	<i>20.0</i>	<i>14.6</i>	<i>18.9</i>	<i>19.8</i>

Source: ABG Sundal Collier, Company Data

Cash Flow (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
EBITDA	262	302	335	400	546	752	873	745	1,067	1,187
Net financial items	-17	-20	-15	-14	3	-28	-36	-133	-70	-45
Paid tax	-59	-79	-58	-39	-33	-84	-129	-76	-137	-168
Non-cash items	15	28	2	9	21	7	42	29	0	0
Cash flow before change in WC	201	232	264	356	536	647	751	565	860	974
Change in working capital	6	-39	-10	14	-28	-216	-232	126	20	-14

Cash Flow (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Operating cash flow	207	193	254	370	508	431	519	691	880	960
Capex tangible fixed assets	-15	-20	-26	-6	-16	-36	-44	-46	-40	-35
Capex intangible fixed assets	-10	-17	-42	-41	-24	-49	-36	-87	-90	-95
Acquisitions and Disposals	0	-26	-24	-40	-60	-280	-55	-3,799	0	0
Free cash flow	182	131	161	282	408	65	384	-3,241	750	830
Dividend paid	-47	-70	-84	0	-93	-140	-187	-221	-226	-252
Share issues and buybacks	0	0	0	0	0	0	0	1,390	0	0
Leasing liability amortisation	0	0	-29	-35	-36	-41	-60	-61	-63	-63
Other non-cash items	-15	-84	-106	-46	-409	178	-157	56	0	-0
Balance Sheet (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Goodwill	759	841	876	902	1,034	1,120	1,117	3,745	3,745	3,745
Other intangible assets	261	254	290	278	281	290	276	919	863	814
Tangible fixed assets	49	52	45	42	45	69	70	193	205	212
Right-of-use asset	0	0	111	102	81	164	266	259	259	259
Total other fixed assets	2	11	13	14	46	51	55	75	75	75
Fixed assets	1,072	1,158	1,335	1,339	1,486	1,693	1,783	5,191	5,147	5,105
Inventories	117	157	159	158	195	362	589	696	625	637
Receivables	133	161	143	175	286	412	385	405	469	510
Other current assets	25	42	69	73	63	119	130	176	176	176
Cash and liquid assets	91	59	51	82	172	144	124	237	197	112
Total assets	1,438	1,577	1,758	1,826	2,204	2,730	3,011	6,705	6,613	6,540
Shareholders equity	721	857	1,010	1,220	1,177	1,610	1,933	3,431	3,827	4,315
Minority	0	0	0	0	0	0	0	0	0	0
Total equity	721	857	1,010	1,220	1,177	1,610	1,933	3,431	3,827	4,315
Long-term debt	391	378	339	177	431	226	143	2,040	1,540	940
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	113	102	78	160	261	255	255	255
Total other long-term liabilities	84	76	77	80	85	90	104	125	125	125
Short-term debt	4	24	1	1	3	36	1	302	302	302
Accounts payable	99	105	76	91	165	243	250	178	195	212
Other current liabilities	140	138	142	154	265	365	320	374	369	391
Total liabilities and equity	1,438	1,577	1,758	1,826	2,204	2,730	3,011	6,705	6,613	6,540
Net IB debt	301	331	389	184	309	242	247	2,303	1,843	1,328
Net IB debt excl. pension debt	301	331	389	184	309	242	247	2,303	1,843	1,328
Net IB debt excl. leasing	301	331	276	82	231	82	-14	2,048	1,588	1,073
Capital employed	1,116	1,258	1,464	1,501	1,689	2,033	2,337	6,028	5,924	5,812
Capital invested	1,022	1,188	1,399	1,405	1,486	1,851	2,179	5,734	5,670	5,643
Working capital	36	117	154	161	116	285	534	725	705	720
EV breakdown	-	-	-	-	-	-	-	-	-	-
Market cap. diluted (m)	19,670	19,662	19,656	19,651	19,578	19,578	19,578	21,054	21,054	21,054
Net IB debt adj.	301	331	389	184	309	242	247	2,303	1,843	1,328
Market value of minority	0	0	0	0	0	0	0	0	0	0
Reversal of shares and participations	0	0	0	0	-15	-14	-21	-18	-18	-18
Reversal of conv. debt assumed equity	-	-	-	-	-	-	-	-	-	-
EV	19,971	19,993	20,045	19,835	19,872	19,806	19,804	23,339	22,879	22,364
Total assets turnover (%)	83.2	90.6	91.1	81.9	97.9	101.6	105.4	66.7	58.6	64.6
Working capital/sales (%)	4.6	5.6	8.9	10.7	7.0	8.0	13.5	19.4	18.3	16.8
Financial risk and debt service	-	-	-	-	-	-	-	-	-	-
Net debt/equity (%)	41.7	38.7	38.5	15.1	26.3	15.0	12.8	67.1	48.2	30.8
Net debt / market cap (%)	1.5	1.7	2.0	0.9	1.6	1.2	1.3	10.9	8.7	6.3
Equity ratio (%)	50.2	54.3	57.5	66.8	53.4	59.0	64.2	51.2	57.9	66.0
Net IB debt adj. / equity (%)	41.7	38.7	38.5	15.1	26.3	15.0	12.8	67.1	48.2	30.8
Current ratio	1.51	1.57	1.93	1.98	1.66	1.61	2.15	1.77	1.69	1.58
EBITDA/net interest	15.3	15.5	22.3	28.9	183.4	26.9	24.3	5.6	15.2	26.4
Net IB debt/EBITDA (x)	1.1	1.1	1.2	0.5	0.6	0.3	0.3	3.1	1.7	1.1
Net IB debt/EBITDA lease adj. (x)	1.1	1.1	0.9	0.2	0.4	0.1	-0.0	2.7	1.6	1.0
Interest coverage	13.1	13.5	17.2	23.6	159.2	24.1	21.4	4.7	13.4	23.5

Source: ABG Sundal Collier, Company Data

Share Data (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Actual shares outstanding	47	46	47	47	47	47	47	50	50	50
Actual shares outstanding (avg)	47	46	47	47	47	47	47	50	50	50

HMS Networks

Share Data (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
All additional shares	-0	-1	1	0	0	0	0	3	0	0
Issue month	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assumed dil. of shares from conv.	0	0	0	0	0	0	0	0	0	0
As. dil. of shares from conv. (avg)	0	0	0	0	0	0	0	0	0	0
Conv. debt not assumed as equity	0	0	0	0	0	0	0	0	0	0
No. of warrants	0	0	0	0	0	0	0	0	0	0
Market value per warrant	0	0	0	0	0	0	0	0	0	0
Dilution from warrants	0	1	0	0	-0	-0	-0	-0	-0	-0
Issue factor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Actual dividend per share	1.50	1.80	0.00	2.00	3.00	4.00	4.40	4.50	5.00	6.00
Reported earnings per share	3.04	3.65	4.38	4.71	7.77	10.89	12.24	6.53	12.42	14.73

Source: ABG Sundal Collier, Company Data

Valuation and Ratios (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Shares outstanding adj.	47	46	47	47	47	47	47	50	50	50
Diluted shares adj.	47	47	47	47	47	47	47	50	50	50
EPS	3.04	3.65	4.38	4.71	7.77	10.89	12.24	6.53	12.42	14.73
Dividend per share	1.50	1.80	0.00	2.00	3.00	4.00	4.40	4.50	5.00	6.00
EPS adj.	3.24	3.86	4.71	5.43	8.62	10.80	12.90	9.12	14.35	16.42
BVPS	15.39	18.29	21.57	26.06	25.23	34.50	41.42	68.37	76.28	85.99
BVPS adj.	-6.38	-5.09	-3.32	0.86	-2.95	4.28	11.58	-24.58	-15.56	-4.87
Net IB debt/share	6.42	7.07	8.30	3.93	6.62	5.18	5.29	45.91	36.73	26.47
Share price	419.60	419.60	419.60	419.60	419.60	419.60	419.60	419.60	419.60	419.60
Market cap. (m)	19,579	19,109	19,553	19,576	19,645	19,645	19,645	21,114	21,114	21,114
Valuation	-	-	-	-	-	-	-	-	-	-
P/E (x)	137.8	114.8	95.9	89.2	54.0	38.5	34.3	64.3	33.8	28.5
EV/sales (x)	16.88	14.64	13.20	13.52	10.08	7.90	6.55	7.20	5.86	5.26
EV/EBITDA (x)	76.1	66.2	59.8	49.6	36.4	26.3	22.7	31.3	21.4	18.8
EV/EBITA (x)	88.9	75.6	77.7	60.9	42.0	29.4	25.7	37.5	24.4	21.2
EV/EBIT (x)	94.0	79.5	82.4	68.9	44.6	30.4	26.3	43.5	27.6	23.5
Dividend yield (%)	0.4	0.4	0.0	0.5	0.7	1.0	1.0	1.1	1.2	1.4
FCF yield (%)	0.9	0.7	0.8	1.4	2.1	0.3	2.0	-15.4	3.6	3.9
Le. adj. FCF yld. (%)	0.9	0.7	0.7	1.3	1.9	0.1	1.7	-15.7	3.3	3.6
P/BVPS (x)	27.27	22.95	19.45	16.10	16.63	12.16	10.13	6.14	5.50	4.88
P/BVPS adj. (x)	-65.43	-80.15	-125.76	487.71	-142.63	98.32	36.37	-17.12	-27.05	-86.39
P/E adj. (x)	129.7	108.7	89.1	77.3	48.7	38.9	32.5	46.0	29.2	25.6
EV/EBITDA adj. (x)	76.1	66.2	59.4	49.1	35.1	27.3	22.1	28.5	21.2	18.8
EV/EBITA adj. (x)	88.9	75.6	77.0	60.2	40.2	30.6	25.0	33.5	24.1	21.2
EV/EBIT adj. (x)	94.0	79.5	81.7	63.8	41.9	31.7	25.5	38.1	27.2	23.5
EV/CE (x)	17.9	15.9	13.7	13.2	11.8	9.7	8.5	3.9	3.9	3.8
Investment ratios	-	-	-	-	-	-	-	-	-	-
Capex/sales (%)	2.1	2.6	4.5	3.2	2.0	3.4	2.6	4.1	3.3	3.1
Capex/depreciation	0.7	1.0	1.5	1.2	1.0	2.3	1.5	2.2	2.0	1.9
Capex tangibles / tangible fixed assets	31.1	37.8	58.9	14.6	36.3	52.5	63.2	23.8	19.5	16.5
Capex intangibles / definite intangibles	3.7	6.5	14.3	14.9	8.6	17.0	13.0	9.5	10.4	11.7
Depreciation on intang / def. intang	10	9	11	10	10	9	12	4	4	5
Depreciation on tangibles / tangibles	22.01	26.15	33.34	28.58	26.75	17.47	27.14	12.95	13.66	13.21

Source: ABG Sundal Collier, Company Data

Analyst Certification

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Total of Rating	Research Coverage	Investment Banking Clients (IBC)	
	% of Total Rating	% of Total IBC	% of Total Rating by Type
BUY	64.66%	18%	7.63%
HOLD	30.96%	4%	3.54%
SELL	3.84%	1%	7.14%

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HOLD = We expect this stock’s total return to be in line with the market’s expected total return within a range of 4% over the next six months.

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Stock price, company ratings and target price history

Company: HMS Networks

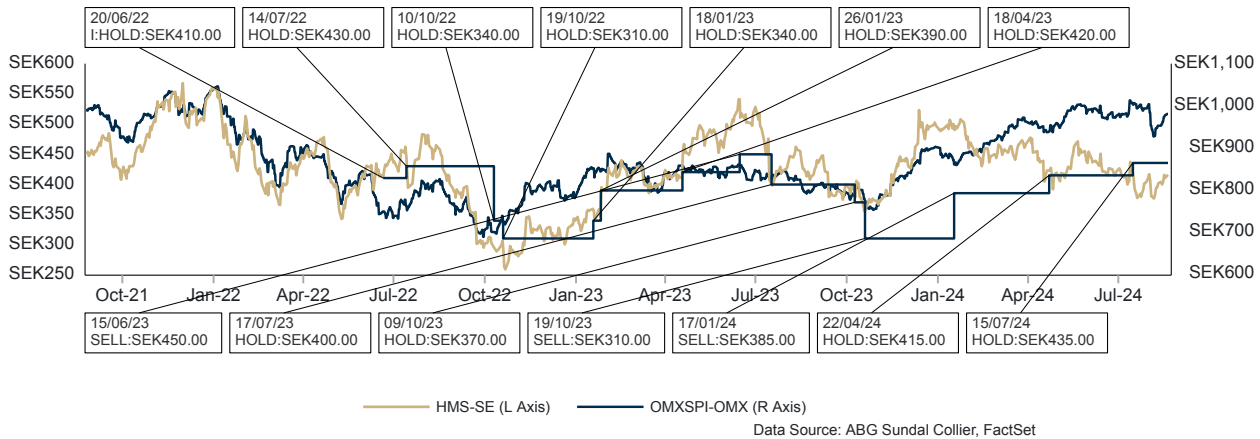
Currency: SEK

Current Recommendation: BUY

Date: 22/8/2024

Current Target price: 500.0

Current Share price: 419.60



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Norway	Sweden	Denmark	United Kingdom	USA	Germany	Singapore
Ruseløkkveien 26, 8th floor 0251 Oslo	Regeringsgatan 25, 8th floor	Forbindelsesvej 12, 2100 Copenhagen	10 Paternoster Row, 5th floor	140 Broadway, Suite 4604 New York, NY 10005	Schillerstrasse 2, 5. OG 60313 Frankfurt	10 Collyer Quay Ocean Financial Center
Norway	111 53 Stockholm	Denmark	London EC4M 7EJ	USA	Germany	#40-07, Singapore 049315
Tel: +47 22 01 60 00	Sweden	Tel: +45 35 46 61 00	UK	Tel. +1 212 605 3800	Tel +49 69 96 86 96 0	Tel +65 6808 6082
Fax: +47 22 01 60 60	Tel: +46 8 566 286 00 Fax: +46 8 566 286 01	Fax: +45 35 46 61 10	Tel: +44 20 7905 5600 Fax: +44 20 7905 5601	Fax. +1 212 605 3801	Fax +49 69 96 86 96 99	