10 February 2022

# Commissioned research: Sdiptech – Strong organic growth

*Marketing material commissioned by Sdiptech*
*Webcast at 14.00 CET: www.finwire.tv/webcast/sdiptech/q4-2021/*

The Q4 report was slightly above our expectations when adjusting for earn-outs & divestments. Sales came in 6% above us and was 1% better on EBITA* than we expected. Organic sales increased 13% (and another ~11 pp from M&A and FX) and organic EBITA* up 35% (+52% in total, meaning that 17 pp is M&A and FX). Cash conversion was an issue in H1 but is now at 92% which is encouraging. The FY 2021 EBITA* margin of 18.7% is slightly below the guided 19-20% range, but up 2.1 pp y/y, and the new guidance is “around 20%" (up from 19-20% previously). Order intake is "strong” according to the CEO. For segments, W&E beat our forecast by 8% on EBITA* but SIS missed by -1%, with weaker than expected margins in both. **Estimate revisions:** at this moment we expect to make only minor positive revisions, of 2-3% for sales and 1-2% for EBITA* in the years ahead. We think the market today will focus on the stellar organic earnings growth and thus for the share to outperform the market.

**Key figures**

- Sales SEK 749m; +6.0% vs. Nordea and +24.0% y/y
- EBITA* SEK 153m; +0.6% vs. Nordea and +52.1% y/y
- EBITA* margin 20.5%; vs. Nordea at 21.5% and +3.8 pp y/y

## SDIPTECH: DEVIATION TABLE

| SEKm | Actual Q4 2021 | NDA est. Q4 2021E | Deviation vs. actual | | Actual Q3 2021 | q/q | Actual Q4 2020 | y/y |
|---|---|---|---|---|---|---|---|---|
| Net sales | 749 | 707 | 42 | 6% | 646 | 16% | 604 | 24% |
| Other operating income | 7 | 3 | - | - | 4 | - | 7 | - |
| **Total sales** | **756** | **710** | **46** | **6%** | **650** | **16%** | **612** | **24%** |
| Direct expenses | -320 | -296 | -24 | 8% | -286 | 12% | -247 | 29% |
| Other external expenses | -112 | -31 | -81 | 260% | -53 | 112% | -69 | 62% |
| Employee expenses | -198 | -207 | 9 | -4% | -175 | 14% | -187 | 6% |
| D&A on tang. non-current assets | -26 | -23 | - | - | -21 | - | -24 | - |
| D&A on intang. non-current assets | -17 | -14 | - | - | -13 | - | -7 | - |
| **Adjusted EBIT** | **83** | **138** | **-55** | **-40%** | **103** | **-19%** | **77** | **7%** |
| Non-recurring items | | | - | - | 0 | - | 0 | - |
| **EBIT** | **83** | **138** | **-55** | **-40%** | **103** | **-19%** | **77** | **7%** |
| Financial income | 0 | 6 | - | - | 6 | - | 0 | - |
| Financial expense | -19 | -13 | - | - | -13 | - | -17 | - |
| **Pre-tax profit** | **64** | **130** | **-66** | **-51%** | **95** | **-33%** | **60** | **7%** |
| Tax | -17 | -25 | - | - | -18 | - | -17 | - |
| Results from discontinued ops. | 47 | 0 | - | - | 0 | - | 0 | - |
| Minorities | 0 | 0 | - | - | 0 | - | -4 | - |
| **Net profit** | **94** | **105** | **-11** | **-10%** | **77** | **22%** | **39** | **139%** |
| | | | | | | | | |
| **Key ratios** | | | | | | | | |
| **Sales growth** | **24%** | **17%** | **-** | **7pp** | **25%** | **-1pp** | **37%** | **-13pp** |
| EBITA growth | 21% | 85% | - | -64pp | 25% | -4pp | 54% | -33pp |
| | | | | | | | | |
| **EBITA margin** | **13.2%** | **21.5%** | **-** | **-8pp** | **17.5%** | **-4pp** | **13.6%** | **0pp** |
| Tax rate | 26.6% | 19.3% | - | 7pp | 19.3% | 7pp | 27.8% | -1pp |
| | | | | | | | | |
| **Sales per business area** | | | | | | | | |
| Water & Energy | 301 | 266 | 35 | 13% | 259 | 17% | 165 | 83% |
| Special Infrastructure Solutions | 448 | 441 | 7 | 2% | 388 | 15% | 440 | 2% |
| Other | 7 | 3 | 4 | - | 4 | - | 7 | - |
| **Total** | **756** | **710** | **46** | **6%** | **650** | **16%** | **612** | **24%** |
| | | | | | | | | |
| **EBITA per business area** | | | | | | | | |
| Water & Energy | 74.8 | 69 | 5 | 8% | 65 | 16% | 35 | 115% |
| Special Infrastructure Solutions | 93.5 | 94 | -1 | -1% | 66 | 41% | 79 | 18% |
| Central costs | -15.1 | -11 | -4 | - | -12 | - | -13 | - |
| **Total EBITA*** | **153.2** | **152** | **1** | **1%** | **119** | **28%** | **101** | **52%** |
| M&A costs incl divestment | -3.6 | -3 | -1 | - | -1 | - | -5 | - |
| Non M&A Amortisation | 4.1 | 2 | 2 | - | | | | |
| Revaluation of earn-outs | -39.8 | 0 | -40 | - | -6 | - | -13 | - |
| Divestments | -11.0 | | | | | | | |
| Other adjustments | -3.7 | | | | | | | |
| **Reported EBITA** | **99** | **152** | **-52** | **-35%** | **113** | **-12%** | **82** | **21%** |
| | | | | | | | | |
| **EBITA margin per business area** | | | | | | | | |
| Water & Energy | 24.8% | 26.1% | - | -1.3pp | 25.0% | -0.2pp | 21.1% | 3.7pp |
| Special Infrastructure Solutions | 20.9% | 21.4% | - | -0.5pp | 17.1% | 3.8pp | 18.0% | 2.9pp |
| Central costs | - | - | - | - | - | - | - | - |
| **EBITA* margin** | **20.5%** | **21.5%** | **-** | **-1.1pp** | **18.5%** | **2.0pp** | **16.7%** | **3.8pp** |
| M&A costs | - | - | - | - | - | - | - | - |
| Revaluation of earn-outs | - | - | - | - | - | - | - | - |
| **Reported total** | **13.2%** | **21.4%** | **-** | **-8.1pp** | **17.4%** | **-4.2pp** | **13.6%** | **-0.3pp** |

*Source: Company data and Nordea estimates*

## SUMMARY TABLE - KEY FIGURES

| SEKm | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|---|---|---|---|---|---|
| Total revenue | 1,496 | 1,826 | 2,088 | 2,677 | 3,159 | 3,553 |
| EBITDA (adj) | 213 | 358 | 403 | 559 | 731 | 821 |
| EBIT (adj) | 143 | 222 | 310 | 422 | 565 | 634 |
| EBIT (adj) margin | 9.6% | 12.1% | 14.9% | 15.8% | 17.9% | 17.9% |
| EPS (adj, SEK) | 3.68 | 4.86 | 5.41 | 8.44 | 11.89 | 13.48 |
| EPS (adj) growth | 34.1% | 32.2% | 11.3% | 56.0% | 41.0% | 13.4% |
| DPS (ord, SEK) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.40 |
| EV/Sales | 1.3 | 1.9 | 4.4 | 5.8 | 4.8 | 4.2 |
| EV/EBIT (adj) | 13.8 | 15.7 | 29.6 | 36.5 | 26.9 | 23.8 |
| P/E (adj) | 11.3 | 15.4 | 42.5 | 48.2 | 34.2 | 30.2 |
| P/BV | 1.2 | 1.9 | 4.6 | 5.8 | 5.0 | 4.3 |
| Dividend yield (ord) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 1.3% |
| FCF Yield bef A&D, lease adj | 4.3% | 9.4% | 5.3% | 2.2% | 3.3% | 3.9% |
| Net debt | 694 | 1,176 | 1,311 | 994 | 793 | 647 |
| Net debt/EBITDA | 3.3 | 3.3 | 3.3 | 1.8 | 1.1 | 0.8 |
| ROIC after tax | 6.9% | 7.8% | 8.3% | 9.4% | 11.5% | 12.1% |

*Source: Company data and Nordea estimates*

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**Nordea analyst: Victor Hansen**

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