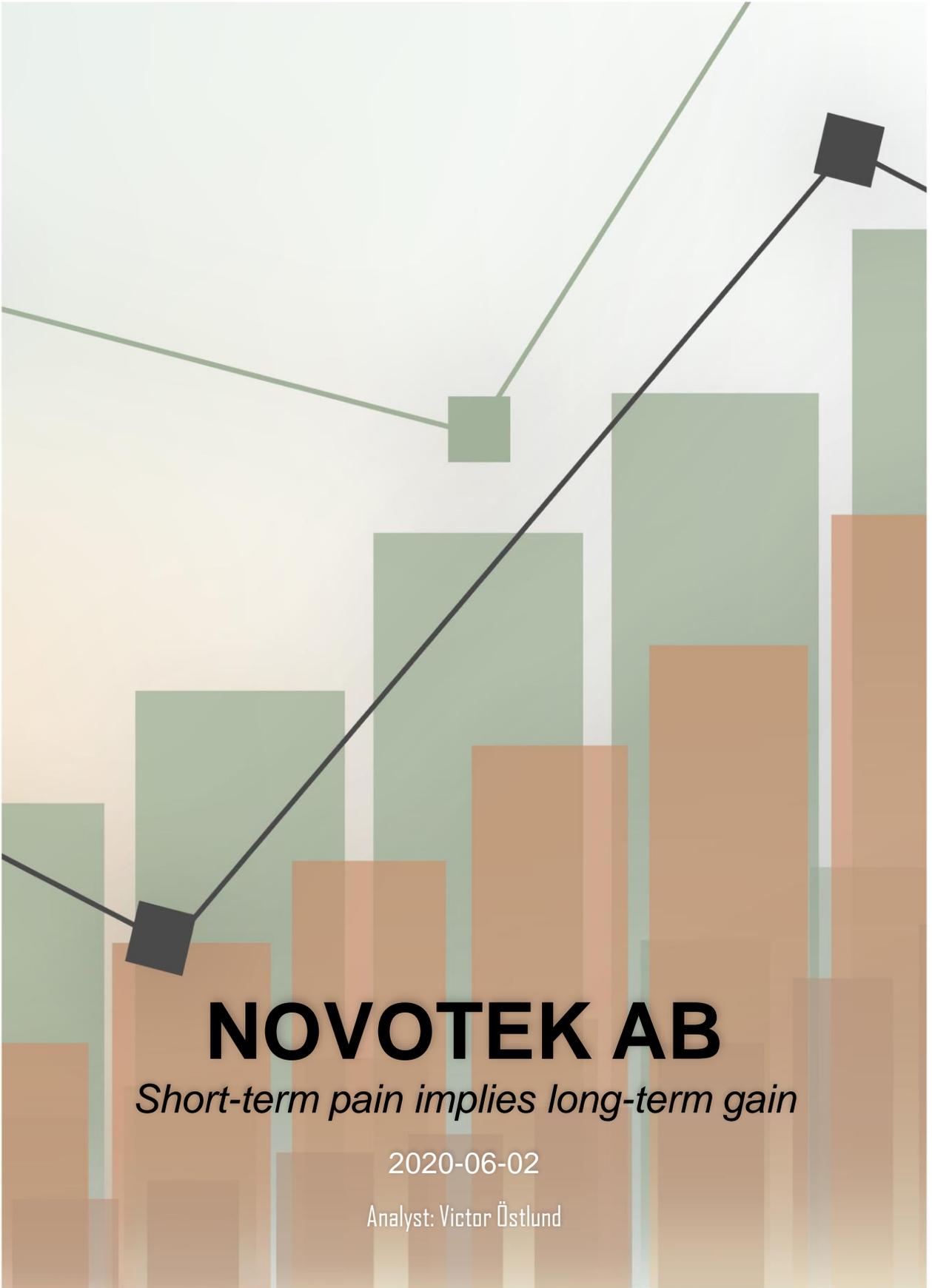


# EQUITY RESEARCH REPORT



## NOVOTEK AB

*Short-term pain implies long-term gain*

2020-06-02

Analyst: Victor Östlund

## CURRENT PRICE | SEK 30.5

## VALUATION RANGE (FY-2021)

<b>BEAR</b> SEK 22.8	<b>BASE</b> SEK 34.8	<b>BULL</b> SEK 48.5
-------------------------	-------------------------	-------------------------

## NOVOTEK AB

CEO	Tobias Antius
Chairman	Göran Andersson
Share price (2020-06-01) (SEK)	30.5
Shares outstanding (M)	10 600.0
Market Cap (SEK M)	323.3
Net cash (SEK M)	61.7
Enterprise Value (SEK M)	261.6
Exchange	OMXS Small-Cap

## SHARE PRICE DEVELOPMENT

1 month	-1.0%
3 months	-9.2%
1 year	-6.4%
YTD	-17.6%

## OWNERS (SOURCE: HOLDINGS.SE)

Arvid Svensson Invest	24.9%
Lars Göran Andersson and family	18.4%
Avanza Pension	7.7%
Jonas Jonsson	3.6%
Bernt Larsson	3.1%

## FINANCIAL CALENDAR

Q1-2020	2020-05-07
Q2-2020	2020-08-18

Estimates (Base), SEK K	2018A	2019A	2020E	2021E
Total revenue	284 468	306 373	274 330	293 533
<b>Gross profit</b>	<b>160 138</b>	<b>176 655</b>	<b>157 740</b>	<b>168 781</b>
Gross margin	56.3%	57.7%	57.5%	57.5%
<b>EBITDA</b>	<b>34 195</b>	<b>44 414</b>	<b>34 660</b>	<b>40 013</b>
EBITDA margin	12.0%	14.5%	12.6%	13.6%
<b>EBIT</b>	<b>31 625</b>	<b>34 828</b>	<b>25 113</b>	<b>29 925</b>
EBIT margin	11.1%	11.4%	9.2%	10.2%
<b>ROIC</b>	<b>31.1%</b>	<b>28.7%</b>	<b>20.1%</b>	<b>25.0%</b>
Current EV/EBIT	8.3	7.5	10.4	8.7

**About Novotek AB:** Novotek AB (“Novotek” or “the Company”) is a Swedish company offering solutions aimed at streamlining operations, with a focus on Industrial IT and Automation. Through its solutions, predominantly consisting of a combination of out-of-the-box products from General Electrics Digital (“GE”), Novotek enables its customers to more efficiently manage data processing, production processes and service offering regarding deliveries. Important industries include energy, food, medicine, iron and steel, chemicals and petrochemicals as well as paper and pulp.

Novotek AB (“Novotek” or “the Company”) is a Swedish company offering customers unique solutions aimed at streamlining operations, with a focus on Industrial IT and Automation. Novotek has a robust balance sheet with a net cash position of SEK 61.7M, and during the last three years, they showed returns on invested capital of an average of 28.4% (estimated to drop to 20.1% in 2020 but bounce back to 25.0% in 2021) and a cash conversion ratio of on average 86.5%. The excellent financial standing, in conjunction with increased demand for digitalisation post-COVID-19, makes Novotek more well-equipped to manage the current economic crisis and to continue to create value for shareholders than the current valuation indicates. With a 1-year forward-looking target EV/EBIT multiple of 10.3x in 2021, a target price of SEK 34.8 and an IRR of 22.1% over three quarters is motivated in a Base scenario.

- **Strong Q1 despite lower willingness to invest**

For the first quarter of 2020, Novotek presented revenues of SEK 81.3M (73.9M) and an EBIT of SEK 7.3M (6.9M), making Q1-2020 the best quarter yet, excl. Q4 in 2018 and 2019. While revenue growth is anticipated to be negative in 2020, the current economic climate is expected to speed up digitalisation, enabling continued growth for Novotek.

- **The business concept limits competition**

Novotek serves more than 3,000 customers per year, ranging from small manufacturers to global conglomerates. Novotek’s core business involves solutions architecture and the delivery of products and services that enable customers to stay ahead of the competition. There are no competitors with the same concept, however, several provide partial solutions. Within automation, Siemens, Schneider and ABB are direct competitors. Larger consultancy firms, such as Cap Gemini or Accenture, lean more toward being customers than direct competitors, as they often implement Novotek’s solutions for their customers.

- **Substantial value creation implies a higher valuation**

On average, Novotek traded at EV/EBIT 8.0x during 2017-2019. Considering the significant difference between the ROIC (average of 28.4%) and WACC (estimated at 7.7%), alongside the high cash conversion ratio of an average of 86.5% (FCFF/EBIT), and EBIT growth of 14.3% CAGR, during the same period, Analyst Group concludes that Novotek trades below fair value.

With conservative assumptions of no excess value creation and lower cash conversion ratio going forward, implying a large margin of safety, a fundamental EV/EBIT multiple of 10.3x and an implicit EV/Sales multiple of 1.1x are derived. Both exceed historical valuations but are in line with the 2020 pre-COVID-19 valuations. Given a 1-year forward-looking target EV/EBIT multiple of 10.3x for 2021, a potential price per share of SEK 34.8 is motivated.

# INVESTMENT THESIS

LARGE  
CONSULTANCY  
FIRMS  
IMPLEMENT  
WHAT  
NOVOTEK  
CREATES

NOVOTEK IS  
EXPECTED TO  
CONTINUE  
GROWING  
PROFITABLY  
POST-COVID-19

A FAIR VALUE  
OF SEK 34.8 PER  
SHARE IN A  
BASE  
SCENARIO

## Novotek has a definite competitive edge as large consultancy firms prefer their solutions

Novotek AB is a Swedish tech company specialized in industrial IT and automation products and system solutions, with offices in several countries in Northern Europe. Through its solutions and related consulting services, Novotek enables customers to manage data processing and production processes more efficiently. With an in-depth knowledge of how information is created, flows, and should be managed, Novotek architectures solutions by combining products and additional services such as consultation and training. The Company's solutions predominantly consist of a combination of out-of-the-box products from General Electrics Digital ("GE"), which is the world's most prominent Digital Industrial Company. The delivery and implementation of said solutions are often performed by Novotek's partners, which include all larger consulting firms, such as Accenture and Cap Gemini. Moreover, They are also customers as they often offer Novotek's solutions to their own customers.

## COVID-19 is expected to hit Q2 and Q3 but brings additional growth in the long-term

Novotek showed a strong performance in Q1-2020, recording the strongest first quarter ever; However, as COVID-19 had not yet had its full impact on the industries which Novotek serves, Analyst Group estimates negative top-line growth for the remainder of 2020. In the short-term, the shutdown of factories around the world and the downtime it brings could serve as a positive for Novotek, as customers no longer risk the same cost of failure from implementing new solutions. While a lower willingness to invest might completely negate this temporary opportunity for industrials, Novotek is expected to continue growing following the world opening up. Moreover, the COVID-19 situation is expected to speed up the ever-accelerating digitalisation even further, enabling continued growth for Novotek in the long-term.

## The market has consistently undervalued Novotek and continues to do so

Since Novotek restructured and made industrial IT and automation its core focus following the financial crisis of 2008, the Novotek share has consistently outperformed the market, compounding 18.0% between the start of 2013 and the end of 2019. Subsequently to the market downturn from COVID-19 and the decline of Novotek's share price of -17.6% in 2020, the market yet again undervalues the profitability and stability of Novotek.

On average, Novotek traded at EV/EBIT 8.0x between 2017 and 2019; Utilising the value driver formula to determine a fair valuation, Analyst Group derives that the market undervalues the long-term cash flow generation of Novotek's business. With conservative assumptions of no further additional economic value added (EVA) going forward, and a cash conversion ratio below historical levels, as a margin of safety, a fundamental EV/EBIT multiple of 10.3x is derived. Given a 1-year forward-looking target EV/EBIT of 10.3x for 2021, a potential price per share of SEK 34.8 and an IRR of 22.1% over three quarters with a substantial margin of safety is motivate in a Base scenario.

ROIC	WACC	Reinvestment rate	Growth	Tax rate	Fundamental EV/EBIT
7.7%	7.7%	26.0%	2.0%	20.6%	10.3x

## Novotek serves best as a long-term investment

Due to the market's overall view on consultancy businesses, with low valuation multiples in general, there is a risk that the market will continue pricing Novotek lower than fair value. Therefore, investors are likely to reap greater rewards from holding the share over a long period of time to receive distributions available to shareholders following further cash generation.

### INVESTMENT HIGHLIGHTS



# FORECAST

**SHORT-TERM  
PAIN IMPLIES  
LONG-TERM  
GAIN**

**MARGINS ARE  
EXPECTED TO  
CONTRACT  
2020-2021**

## Revenue is estimated to decrease 2020 following COVID-19 but bounce back in 2021

During Q1-2020, despite the lower willingness to invest within industrials following the COVID-19 pandemic, Novotek presented revenues of SEK 81.3M (73.9M), received orders of SEK 85.7M (75.8M) and fulfilled ongoing activities on all markets; However, in Q1, COVID-19 had not fully impacted the markets Novotek serve, some of which are currently contracting.

The downtime in factories brings customers a temporary opportunity to implement brand new solutions into production processes without risking the cost of failure. Still, the lower willingness to invest could negate this. Therefore, Analyst Group estimates negative revenue growth for the remainder of 2020 but expects the current COVID-19 situation to speed up the ever-accelerating digitalisation even further, increasing demand for Novotek's solutions in the long-term, and therefore, enable further revenue growth going forward. In conclusion, Analyst Group estimates that Novotek will grow total revenue at -10.5% in 2020 and 7.0% in 2021.

## Margins are expected to contract following a decrease in demand

As Novotek is a distributor for a multitude of suppliers, with GE Digital being the predominant supplier, COGS consists of out-of-box-the-products utilised in Novotek's different solutions. Novotek has historically had a gross margin of close to 60.0% and an average of 57.9% in the last three years, due to a definite competitive advantage, which is further shown by the excess returns on invested capital. Looking forward, Analyst Group expects the gross margin to remain close to historical levels and estimates a gross margin of 57.5% in 2020 and 2021. Furthermore, following expectations of a lower occupancy rate in conjunction with personnel costs being inert, personnel costs are expected to increase from an average of 37.1% of sales in 2018-2019 to 38.5% in 2020 but decrease to 37.5% in 2021, based on the assumption of economic recovery from COVID-19. Furthermore, due to some fixed expense, Analyst Group estimates that other external will increase slightly as a percentage of sales, from 6.3% of sales in 2019 to 6.5% of sales in 2020 and 2021. Meanwhile, D&A, interest expense, and interest income are estimated to increase but remain close to current levels. All in all, Analyst Group estimates that Novotek will reach an EBIT margin of 9.2% in 2020 and 10.2% in 2021.

Income statement (Base scenario), SEK K	2018A	2019A	2020E	2021E
Net sales	284 071	303 899	273 509	292 655
Other income	397	2 474	821	878
<b>Total revenue</b>	<b>284 468</b>	<b>306 373</b>	<b>274 330</b>	<b>293 533</b>
COGS	-124 330	-129 718	-116 590	-124 751
<b>Gross profit</b>	<b>160 138</b>	<b>176 655</b>	<b>157 740</b>	<b>168 781</b>
Gross margin	56.3%	57.7%	57.5%	57.5%
Other external costs	-20 972	-19 037	-17 778	-19 023
Personnel costs	-104 971	-113 204	-105 301	-109 746
<b>EBITDA</b>	<b>34 195</b>	<b>44 414</b>	<b>34 660</b>	<b>40 013</b>
EBITDA margin	12.0%	14.5%	12.6%	13.6%
Depreciation (incl. Impairments)	-639	-786	-684	-732
Amortization (incl. Impairments)	-1 931	-8 800	-8 864	-9 357
<b>EBIT</b>	<b>31 625</b>	<b>34 828</b>	<b>25 113</b>	<b>29 925</b>
EBIT margin	11.1%	11.4%	9.2%	10.2%

# VALUATION

**STRONG  
BALANCE  
SHEET, HIGH  
RETURNS AND  
ROBUST CASH  
GENERATION**

Novotek has a robust balance sheet with a cash position of SEK 86.2M and next to no interest-bearing debt (net cash of SEK 61.7M as of Q1-2020), alongside a current ratio of 1.7. During the last three years, they showed returns on invested capital of an average of 28.4% (estimated to drop to 20.1% in 2020 but bounce back to 25.0% in 2021) and a cash conversion ratio (FCFF/EBIT) of on average 86.5%. The excellent financial standing, in conjunction with increased demand for digitalisation post-COVID-19, makes Novotek more well-equipped to manage the current economic crisis and to continue to create value for shareholders than the current valuation indicates. With conservative assumptions of no further additional economic value added (EVA) going forward, and a cash conversion ratio (FCFF/NOPAT) below historical levels, as a margin of safety, a returns-based analysis motivates a fundamental EV/EBIT multiple of 10.3x. Given a 1-year forward-looking target EV/EBIT multiple of 10.3x for 2021, a potential price per share of SEK 34.8 and an IRR of 22.1% over three quarters is motivated in a Base scenario.

ROIC	WACC	Reinvestment rate	Growth	Tax rate	Fundamental EV/EBIT	
7.7%	7.7%	26.0%	2.0%	20.6%	10.3x	
Target EV/EBIT 2021	Implied EV	Cash (+) 2020	Debt (-) 2020	Implied MCAP	Share price	Upside
10.3x	308 224	84 648	-24 457	368 415	34.8	14.0%

(Values, except share price, are in SEK K)

To add perspective to the returns-based valuation motivating an EV/EBIT multiple of 10.3x, Novotek is compared to the valuations of KnowIT, Addnode, Schneider and ABB.

Key items (2021E), SEK M (Source: Bloomberg Estimates)	KnowIt	Addnode	Schneider	ABB	Novotek	Median
Current MCAP	2 899.6	6 150.6	543 463.4	401 446.9	322.2	6 150.6
Current EV	2 938.8	6 325.6	611 089.0	477 649.8	260.5	6 325.6
Revenue	3 318.0	4 351.5	280 920.0	248 632.6	292.7	4 351.5
EBITDA	364.0	471.5	50 650.8	35 999.5	40.0	471.5
EBIT	288.0	N/A	40 870.4	31 210.3	29.9	15 749.2
EBITDA margin	11.0%	10.8%	18.0%	14.5%	13.7%	13.7%
EBIT margin	8.7%	N/A	14.5%	12.6%	10.2%	11.4%
Current EV/Sales	0.9	1.5	2.2	1.9	0.9	1.5
Current EV/EBITDA	8.1	13.4	12.1	13.3	6.5	12.1
Current EV/EBIT	10.2	N/A	15.0	15.3	8.7	12.6
ND/EBITDA	0.1	0.4	1.3	2.1	N/A	0.9

(Data as of 2020-05-31)

## Relative valuation supports the returns-based valuation

While value proposition, products and services, and market differ within the chosen peer group, there are similarities within the business models. However, many of these companies are larger than Novotek, and more diversified, which potentially motivates a premium valuation. For the smaller peers, KnowIt and Addnode, we see an average EV/Sales of 1.2x, which is in line with the implied target EV/Sales multiple of 1.1 for Novotek. However, it should be mentioned that these companies are still larger than Novotek, which might contribute to a slight discount in Novotek's valuation; Nonetheless, Novotek has higher margins, which implies a higher valuation. In conclusion, based on a returns-based analysis motivating an EV/EBIT multiple of 10.3x and an implied EV/Sales multiple of 1.1x, in conjunction with comparable companies trading close to that valuation, the target multiple is considered justified.

**PEERS TRADE  
IN LINE WITH  
THE TARGET  
MULTIPLE OF  
EV/EBIT 10.3X**

# BULL & BEAR

## Bull scenario

The following are a selection of potential value drivers in a Bull scenario:

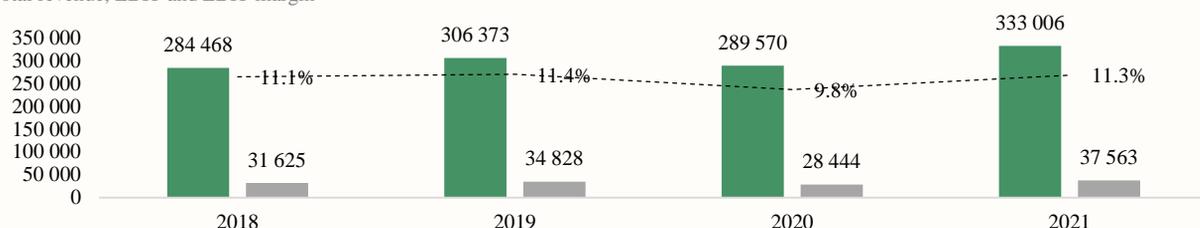
- Quicker than expected recovery from COVID-19, which revives the willingness to invest within industrials.
- Manufacturers utilise the downtime in factories to implement new solutions and streamline operations, leading to increased demand for Novotek's products and services despite the lower willingness to invest.
- Due to operational leverage from certain fixed costs, margins will continue to increase following further revenue growth.
- The market realises the value in Novotek, and prices the stock according to its excess value creation and cash flow generation.

In conclusion, Novotek is expected to grow faster with higher margins in a Bull scenario, and trade at a higher valuation of EV/EBIT 12.0x. Given a target multiple of EV/EBIT 12.0x, a potential share price of SEK 48.5 is motivated in a Bull scenario.

**IN A BULL SCENARIO, A SHARE PRICE OF SEK 48.5 IS MOTIVATED**

**In a Bull scenario, year 2021 becomes a record year despite the COVID-19 pandemic.**

Total revenue, EBIT and EBIT margin



Source: Analyst Group's estimates

## Bear scenario

The following are a selection of occurrences that could lower the value of Novotek:

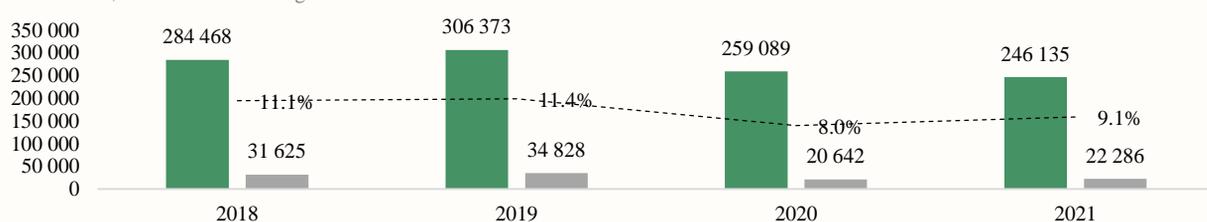
- Slower than expected recovery from COVID-19, leading to a further decline in the willingness to invest within industrials.
- A long-term manufacturing recession in the markets in which Novotek are active.
- The outcome of a potential outdrawn recession is unknown, but such an event can be expected to contribute to negative top-line growth and contracting margins for many years to come.
- Due to operational leverage with certain fixed costs, margins will decrease following further negative revenue growth.

In conclusion, Novotek is expected to show negative growth not only in 2020, but in 2021 and going forward due to a recession, and also trade at a lower valuation of EV/EBIT 8.0x. Given the target multiple of EV/EBIT 8.0x, a share price of SEK 22.8 is motivated in a Bear scenario.

**IN A BEAR SCENARIO, A SHARE PRICE OF SEK 22.8 IS MOTIVATED**

**In a Bear scenario, Novotek is expected to show negative top-line growth until manufacturing recovers.**

Total revenue, EBIT and EBIT margin



Source: Analyst Group's estimates

# APPENDIX

Income statement (Base scenario), SEK K	2018A	2019A	2020E	2021E
Net sales	284 071	303 899	273 509	292 655
Other income	397	2 474	821	878
<b>Total revenue</b>	<b>284 468</b>	<b>306 373</b>	<b>274 330</b>	<b>293 533</b>
COGS	-124 330	-129 718	-116 590	-124 751
<b>Gross profit</b>	<b>160 138</b>	<b>176 655</b>	<b>157 740</b>	<b>168 781</b>
Gross margin	56.3%	57.7%	57.5%	57.5%
Other external costs	-20 972	-19 037	-17 778	-19 023
Personnel costs	-104 971	-113 204	-105 301	-109 746
<b>EBITDA</b>	<b>34 195</b>	<b>44 414</b>	<b>34 660</b>	<b>40 013</b>
EBITDA margin	12.0%	14.5%	12.6%	13.6%
Depreciation (incl. Impairments)	-639	-786	-684	-732
Amortization (incl. Impairments)	-1 931	-8 800	-8 864	-9 357
<b>EBIT</b>	<b>31 625</b>	<b>34 828</b>	<b>25 113</b>	<b>29 925</b>
EBIT margin	11.1%	11.4%	9.2%	10.2%
Net financial items	143	-152	-134	-143
<b>EBT</b>	<b>31 768</b>	<b>34 676</b>	<b>24 979</b>	<b>29 781</b>
Taxes	-7 683	-7 927	-5 345	-6 135
<b>Net income</b>	<b>24 085</b>	<b>26 749</b>	<b>19 633</b>	<b>23 646</b>
Profit margin	8.5%	8.7%	7.2%	8.1%

Revenue by geography, SEK K	2018A		2019A	
	Sales	% of total sales	Sales	% of total sales
Sweden	55 983	19.7%	50 362	16.4%
Benelux	81 127	28.5%	87 727	28.6%
Denmark	66 753	23.5%	66 176	21.6%
Finland	31 826	11.2%	37 581	12.3%
Norway	23 255	8.2%	27 842	9.1%
UK & Ireland	32 330	11.4%	42 192	13.8%
Mother company and internal	-6 806	-2.4%	-5 507	-1.8%
	<b>284 468</b>	<b>100%</b>	<b>306 373</b>	<b>100%</b>

# APPENDIX

Balance sheet (Base scenario), SEK K	2018A	2019A	2020E	2021E
Long-term intangible assets	64 563	65 408	63 744	62 060
Long-term tangible assets	1 906	15 957	16 094	16 240
Long-term financial assets	2 608	2 808	2 808	2 808
<b>Sum long-term assets</b>	<b>69 077</b>	<b>84 173</b>	<b>82 646</b>	<b>81 108</b>
Current assets	87 328	86 650	83 866	85 606
Cash and Cash Equivalents	58 877	68 491	84 648	112 500
<b>Sum current assets</b>	<b>146 205</b>	<b>155 141</b>	<b>168 514</b>	<b>198 106</b>
<b>Sum assets</b>	<b>215 282</b>	<b>239 314</b>	<b>251 159</b>	<b>279 215</b>
Sum equity attributable to shareholders	<b>104 532</b>	<b>119 610</b>	<b>139 243</b>	<b>162 890</b>
Minority interest	3 517	2 765	2 765	2 765
<b>Sum equity</b>	<b>108 049</b>	<b>122 375</b>	<b>142 008</b>	<b>165 655</b>
Sum long-term liabilities	9 463	17 850	17 850	17 850
Sum current liabilities	97 770	99 089	91 301	95 710
<b>Sum liabilities</b>	<b>107 233</b>	<b>116 939</b>	<b>109 151</b>	<b>113 560</b>
<b>Sum equity and liabilities</b>	<b>215 282</b>	<b>239 314</b>	<b>251 159</b>	<b>279 215</b>

Cash flow statement (Base scenario), SEK K	2018A	2019A	2020E	2021E
EBIT	31 625	34 828	25 113	29 925
Non-cash adjustments	3 023	9 470	9 548	10 089
Net financials	143	-151	-134	-143
Taxes	-7 715	-7 544	-5 345	-6 135
Changes to NWC	6 593	-5 007	-5 003	2 668
<b>Operating cash flow</b>	<b>33 669</b>	<b>31 596</b>	<b>24 178</b>	<b>36 403</b>
CapEx (Intangible & Tangible)	-1 053	-1 945	-8 021	-8 551
Divestments	90	221	-	-
Changes in long-term assets/liabilities	-2 139	-237	6 700	7 173
Net CapEx in subsidiary	-232	-	-	-
<b>Cash flow from investment activities</b>	<b>-3 334</b>	<b>-1 961</b>	<b>-1 321</b>	<b>-1 378</b>
Lease amortization	-	-6 724	-6 700	-7 173
Dividends paid to non-controlling interest	-1 418	-1 032	-	-
Dividends	-13 250	-13 250	-	-
<b>Cash flow from financing activities</b>	<b>-14 668</b>	<b>-21 006</b>	<b>-6 700</b>	<b>-7 173</b>
FX	1 438	985	-	-
<b>Cash flow for the year</b>	<b>17 105</b>	<b>9 614</b>	<b>16 157</b>	<b>27 852</b>
<b>Cash at the beginning of the year</b>	<b>41 772</b>	<b>58 877</b>	<b>68 491</b>	<b>84 648</b>
<b>Cash at the end of the year</b>	<b>58 877</b>	<b>68 491</b>	<b>84 648</b>	<b>112 500</b>

ROIC	WACC	Reinvestment rate	Growth	Tax rate	Fundamental EV/EBIT
7.7%	7.7%	26.0%	2.0%	20.6%	10.3x

Target EV/EBIT 2021	Implied EV	Cash (+) 2020	Debt (-) 2020	Implied MCAP	Share price	Upside
10.3x	308 224	84 648	-24 457	368 415	34.8	14.0%

# APPENDIX

Income statement (Bull scenario), SEK K	2018A	2019A	2020E	2021E
Net sales	284 071	303 899	288 704	332 010
Other income	397	2 474	866	996
<b>Total revenue</b>	<b>284 468</b>	<b>306 373</b>	<b>289 570</b>	<b>333 006</b>
COGS	-124 330	-129 718	-123 067	-141 527
<b>Gross profit</b>	<b>160 138</b>	<b>176 655</b>	<b>166 503</b>	<b>191 478</b>
Gross margin	56.3%	57.7%	57.5%	57.5%
Other external costs	-20 972	-19 037	-18 766	-19 921
Personnel costs	-104 971	-113 204	-109 708	-122 844
<b>EBITDA</b>	<b>34 195</b>	<b>44 414</b>	<b>38 030</b>	<b>48 714</b>
EBITDA margin	12.0%	14.5%	13.1%	14.6%
Depreciation (incl. Impairments)	-639	-786	-722	-830
Amortization (incl. Impairments)	-1 931	-8 800	-8 864	-10 321
<b>EBIT</b>	<b>31 625</b>	<b>34 828</b>	<b>28 444</b>	<b>37 563</b>
EBIT margin	11.1%	11.4%	9.8%	11.3%
Net financial items	143	-152	-134	-163
<b>EBT</b>	<b>31 768</b>	<b>34 676</b>	<b>28 310</b>	<b>37 400</b>
Taxes	-7 683	-7 927	-6 058	-7 704
<b>Net income</b>	<b>24 085</b>	<b>26 749</b>	<b>22 251</b>	<b>29 695</b>
Profit margin	8.5%	8.7%	7.7%	8.9%
Income statement (Bear scenario), SEK K	2018A	2019A	2020E	2021E
Net sales	284 071	303 899	258 314	245 398
Other income	397	2 474	775	736
<b>Total revenue</b>	<b>284 468</b>	<b>306 373</b>	<b>259 089</b>	<b>246 135</b>
COGS	-124 330	-129 718	-110 113	-104 607
<b>Gross profit</b>	<b>160 138</b>	<b>176 655</b>	<b>148 976</b>	<b>141 527</b>
Gross margin	56.3%	57.7%	57.5%	57.5%
Other external costs	-20 972	-19 037	-18 082	-17 178
Personnel costs	-104 971	-113 204	-100 743	-93 251
<b>EBITDA</b>	<b>34 195</b>	<b>44 414</b>	<b>30 152</b>	<b>31 098</b>
EBITDA margin	12.0%	14.5%	11.6%	12.6%
Depreciation (incl. Impairments)	-639	-786	-646	-613
Amortization (incl. Impairments)	-1 931	-8 800	-8 864	-8 199
<b>EBIT</b>	<b>31 625</b>	<b>34 828</b>	<b>20 642</b>	<b>22 286</b>
EBIT margin	11.1%	11.4%	8.0%	9.1%
Net financial items	143	-152	-134	-120
<b>EBT</b>	<b>31 768</b>	<b>34 676</b>	<b>20 508</b>	<b>22 166</b>
Taxes	-7 683	-7 927	-4 389	-4 566
<b>Net income</b>	<b>24 085</b>	<b>26 749</b>	<b>16 119</b>	<b>17 600</b>
Profit margin	8.5%	8.7%	6.2%	7.2%

# DISCLAIMER

---

## **Disclaimer**

These analyses, documents and any other information originating from AG Equity Research AB (Henceforth "AG") are created for information purposes only, for general dissemination and are not intended to be advisory. The information in the analysis is based on sources, data and persons which AG believes to be reliable. AG can never guarantee the accuracy of the information. The forward-looking information found in this analysis are based on assumptions about the future, and are therefore uncertain by nature and using information found in the analysis should therefore be done with care. Furthermore, AG can never guarantee that the projections and forward-looking statements will be fulfilled to any extent. This means that any investment decisions based on information from AG, any employee or person related to AG are to be regarded to be made independently by the investor. These analyses, documents and any other information derived from AG is intended to be one of several tools involved in investment decisions regarding all forms of investments regardless of the type of investment involved. Investors are urged to supplement with additional relevant data and information, as well as consulting a financial adviser prior to any investment decision. AG disclaims all liability for any loss or damage of any kind that may be based on the use of analyses, documents and any other information derived from AG.

## **Conflicts of Interest and impartiality**

To ensure AG's independence, AG has established compliance rules for analysts. In addition, all analysts have signed an agreement in which they are required to report any and all conflicts of interest. These terms have been designed to ensure that *COMMISSION DELEGATED REGULATION (EU) 2016/958 of 9 March 2016, supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest*. Compliance policy: <https://analystgroup.se/interna-regler-ansvarsbegransning/> (Swedish)

The analyst owns shares in NOVOTEK Aktiebolag (publ).

## **Bull and bear**

The recommendations in the form of bull alternatively bear aim to provide a comprehensive picture of Analyst Group's opinion. The recommendations are developed through rigorous processes consisting of qualitative research and the weighing and discussion with other qualified analysts.

### **Definition Bull**

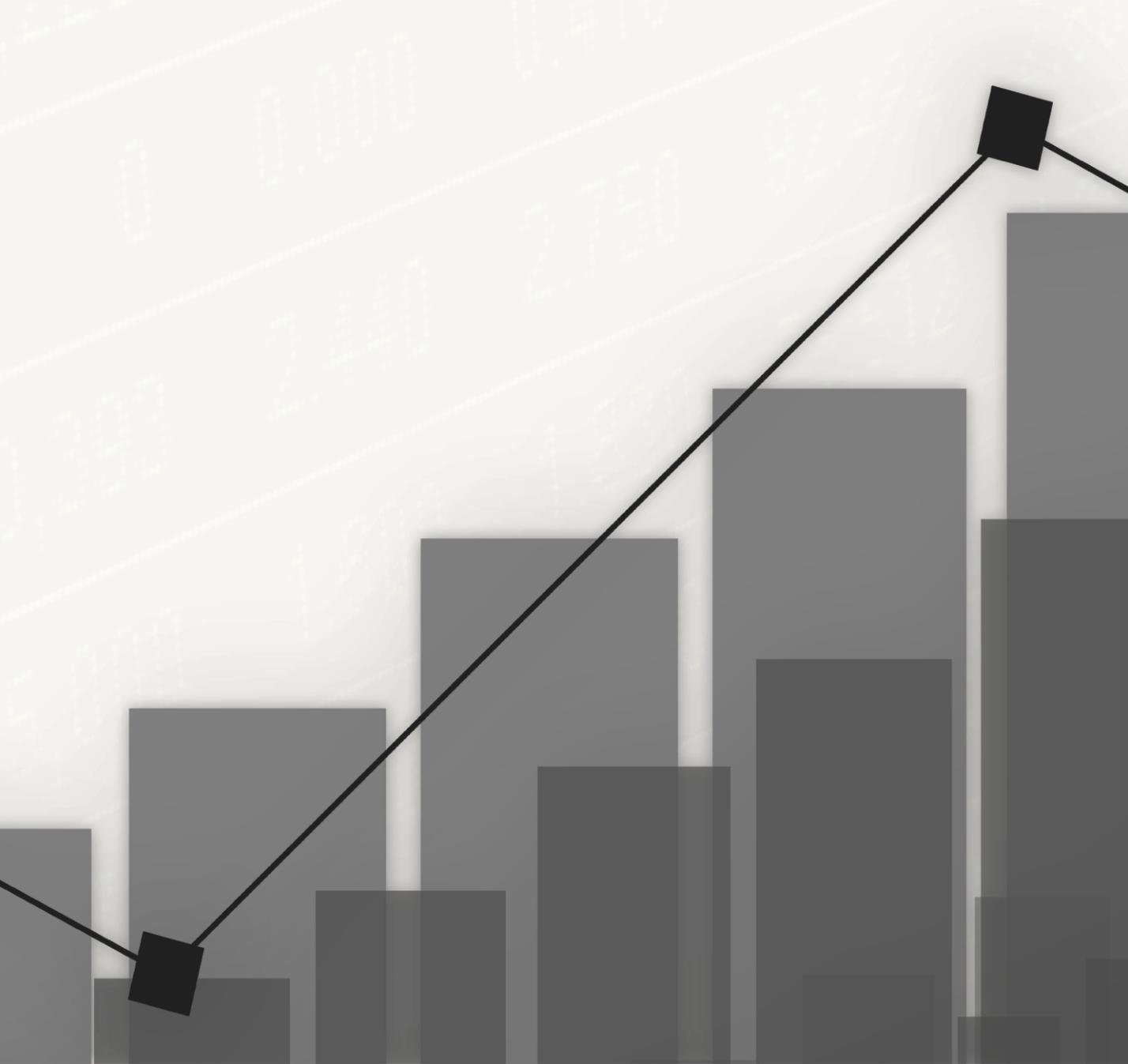
Bull is a metaphor for an optimistic view of the future. It indicates a belief in improvement.

### **Definition Bear**

Bear is a metaphor for a pessimistic view set on the future. It indicates a belief in deterioration.

## **Other**

This analysis is copyright protected by law © AG Equity Research AB (2014-2020). Sharing, dissemination or equivalent action to a third party is permitted provided that the analysis is shared unchanged.



**AG EQUITY RESEARCH AB**

Org.nr: 556999-0939 | Mail: [info@analystgroup.se](mailto:info@analystgroup.se)  
Riddargatan 35 114 57, Stockholm | Bankgatan 1A 223 52, Lund