I-Tech

Fast comment

Big Q2 miss halts sales growth

- Sales -39% vs. ABGSCe, EBIT SEK 5m vs. ABGSCe 16m
- Weak Q2 due to inventory build-up following strong Q4/Q1
- Gross margin continues to improve (59% vs. ABGSCe 56%)

Weaker Q2 than expected

Sales came in lower than expected at SEK 32m (-39% vs. ABGSCe 52m), -26% y-o-y (-17% org. vs. ABGSCe 48%). The company writes that the lower sales are mainly due to natural quarterly variation, as well as strong sales in Q4'24 and Q1'25, contributing to inventory build-up among customers. As a result of lower sales, EBIT came in lower at SEK 4.7m (vs. ABGSCe 16m), for a margin of +15% (ABGSCe +30%). On a positive note, the gross margin continued to improve in the quarter and was 59% (vs. ABGSCe 56%). However, operating expenses rose in the quarter, mainly from costs linked to regulatory process (unspecified, estimated at SEK 1.8m) and increased personnel expenses following staff reinforcements. FCF lease adj. came in at SEK 2.7m (-61% vs. ABGSCe 6.9m).

Estimates and outlook

On numbers alone, '25e-'27e sales change by -9%, and EBIT adj. changes by -18%. Management writes that the global macro for shipping remains broadly positive. However, the company highlights one customer that is working down high inventory, which we believe could suppress near-term sales. Regarding the ongoing regulatory process, the company writes that it has met with the Commissioner's Cabinet to provide feedback on factual errors in the Selektope re-registration case. The company expects the outcome of the meeting to positively influence the next step in the process, which is the quarterly meeting of the Standing Committee on Biocidal Products (SCPB) in September.

Valuation

The share has returned +18% L3M (vs. peer median -3% and OMXSSMAC +12%), and is currently trading at 21x-14x '25e-'27e P/E on our pre-report estimates vs. the peer median of 47x-20x. The company will host a presentation of the Q2 results at 10:30 CET.

Commissioned research

Not rated

Chemicals

ITECH-SE/ITECH SS

Share price (SEK)	21/8/2025	115.00
MCap (SEKm)		1,369
MCap (EURm)		122
Net debt (SEKm)		-126.16
No. of shares (m)		11.9
Free float (%)		55.0
Av. daily volume (k)		5

Next event Q2 Report 22 August 2025

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Deviation table

	Reported			ABGSCe	
	Q2'24	Q2'25	y-o-y	Q2'25e	Deviation
Sales	**43**	**32**	**-26%**	**52**	**-39%**
of which organic	28%	-17%		35%	
of which FX	2.5%	-8.8%		-13%	
of which M&A	0%	0%		0%	
Extraordinary operating items	(1.6)			(1.8)	
Impairment part of depreciation	-			-	
EBIT	**10**	**4.7**	**-53%**	**16**	**-70%**
margin	24%	15%	-8.9pp	30%	-15pp
Impairment part of amortisation	-			-	
EBIT adj.	**12**	**4.7**	**-60%**	**17**	**-73%**
margin	28%	15%	-13pp	34%	-19pp
Extraordinary financial items	-			-	
Net income	**8.7**	**3.6**	**-59%**	**13**	**-73%**
margin	21%	11%	-9.2pp	26%	-15pp
Net income from disc. ops.	-			-	
Extraordinary tax items	0.33			-	
Net income adj.	**11**	**3.6**	**-68%**	**16**	**-78%**
margin	26%	11%	-15pp	31%	-20pp
Minority interest	-		n.a.	-	n.a.
EPS	**0.70**	**0.30**	**-57%**	**1.1**	**-73%**
EPS adj.	**0.93**	**0.30**	**-68%**	**1.4**	**-78%**
FCF lease adj.	3.9	2.7	-31%	6.9	-61%

Source: ABG Sundal Collier Estimates, Company Data

SEKm	2023	2024	2025e	2026e	2027e
Sales	121	179	218	260	312
Sales growth (%)	*44.5*	*48.5*	*21.3*	*19.5*	*20.0*
EBITDA	31	54	73	98	124
EBITDA margin (%)	*26.0*	*29.9*	*33.7*	*37.5*	*39.6*
EBIT adj.	24	52	71	89	120
EBIT adj. margin (%)	*20.2*	*29.0*	*32.5*	*34.3*	*38.4*
Pretax profit	25	49	69	94	126
EPS	1.70	3.28	4.63	6.25	8.37
EPS growth (%)	*91.0*	*92.9*	*41.2*	*34.9*	*34.1*
EPS adj.	2.13	4.08	5.45	6.65	8.37
DPS	1.50	1.75	1.84	2.50	3.35
EV/EBITDA (x)	41.0	23.6	16.7	12.0	8.9
EV/EBIT adj. (x)	52.7	24.4	17.3	13.1	9.2
P/E (x)	67.6	35.1	24.8	18.4	13.7
P/E adj. (x)	53.9	28.2	21.1	17.3	13.7
EV/sales (x)	10.64	7.07	5.64	4.51	3.52
FCF yield (%)	2.4	2.5	4.6	5.6	7.4
Le. adj. FCF yld. (%)	2.4	2.5	4.6	5.6	7.4
Dividend yield (%)	1.3	1.5	1.6	2.2	2.9
Net IB debt/EBITDA (x)	-2.7	-1.9	-1.9	-2.0	-2.2
Le. adj. ND/EBITDA (x)	-2.6	-1.7	-1.8	-2.0	-2.2

Source: ABG Sundal Collier, Company Data

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