

# Nolato

## Update on Q1 financials

- Sales of ~SEK 2.7bn (-14% vs. ABGSCe)...
- ...and implied EBITA of SEK 243m (-29% vs. ABGSCe)
- Isolated numbers would imply -7% on '22e adj. EBITA

### Q1 update: sales ~SEK 2.7bn at 9% EBITA margin

Nolato gives an update to Q1 financials, saying that group sales will be roughly SEK 2.7bn (-14% vs. ABGSCe 3.1bn) and the EBITA margin will be 9% (ABGSCe 11%, Q1'21 11.4%), for an implied EBITA of SEK 243m (-29% vs ABGSCe). The company says all three segments will see fairly flat y-o-y growth in Q1, meaning that almost the entire deviation from our estimates stems from the Integrated Solutions segment where Nolato had previously guided for ~40% y-o-y growth. The reason for the weaker performance in Integrated Solutions is 1) component shortages causing customers to reduce their production and 2) the war in Ukraine, since the Eastern European market is a meaningful end-market for vaporised heating products (VHP).

### Isolated Q1 numbers would imply 7% lower '22e adj. EBITA

The isolated numbers in the press release would imply negative sales revisions of 3% on '22e sales and 7% on '22e adj. EBITA. On a segment level, the implied '22e sales revisions would be -1% on Medical Solutions, -7% on Integrated Solutions and 0% on Industrial Solutions.

### Possible knock-on effects if issues continue

The figures above only consider direct effects from the isolated numbers in the press release. However, it is likely that similar issues will continue to affect the Integrated Solutions segment in coming quarters. Our current organic growth estimates for the segment are 20% in Q2, 10% in Q3 and 10% in Q4.

## Fast comment

### Company-sponsored research: Not rated

**Share price (SEK)** 23/03/2022 88.5  
Capital Goods, Sweden  
NOLAb.ST/NOLAB SS

MCap (SEKm) 23,787  
MCap (EURm) 2,287  
Net debt (EURm) 47

No. of shares (m) 269  
*Free float (%)* 80  
Av. daily volume (k) 313

Next event Q1 report: 03 May

Deviation table	Last yr.	Actual	ABGSCe		
Income statement	Q1'21	Q1'22	y-o-y	Q1'22e	Dev %
<b>Net sales</b>	<b>2,645</b>	<b>2,700</b>	<b>2%</b>	<b>3,123</b>	<b>-14%</b>
Gross profit	414		-100%	468	-100%
<b>Adj. EBITA</b>	<b>308</b>	<b>243</b>	<b>-21%</b>	<b>344</b>	<b>-29%</b>
Non-recurring items	0		n.a.	0	n.a.
<b>EBIT</b>	<b>299</b>		<b>-100%</b>	<b>335</b>	<b>-100%</b>
PTP	286		-100%	322	-100%
<b>Net profit</b>	<b>226</b>		<b>-100%</b>	<b>254</b>	<b>-100%</b>
<b>Growth and margins</b>	<b>Q1'21</b>	<b>Q1'22</b>	<b>y-o-y</b>	<b>Q1'22e</b>	<b>Dev %</b>
Net sales y-o-y	28.1%	2.1%		18.1%	-16.0pp
Adj. EBITA y-o-y	27.8%	-21.1%		11.6%	-32.7pp
Gross margin	15.7%			15.0%	-15.0pp
Adj. EBITA margin	11.6%			11.0%	-11.0pp
<b>Sales by segment</b>	<b>Q1'21</b>	<b>Q1'22</b>	<b>y-o-y</b>	<b>Q1'22e</b>	<b>Dev %</b>
Medical Solutions	1,006	1,006	0%	1,066	-6%
Integrated Solutions	1,045	1,045	0%	1,462	-29%
Industrial Solutions	595	595	0%	597	0%
Eliminations	-1			-1	
<b>EBITA by segment</b>	<b>Q1'21</b>	<b>Q1'22</b>	<b>y-o-y</b>	<b>Q1'22e</b>	<b>Dev %</b>
Medical Solutions	121			103	-100%
Integrated Solutions	125			193	-100%
Industrial Solutions	66			48	-100%
Eliminations	-4			-4	-100%
<b>EBITA margin by segment</b>	<b>Q1'21</b>	<b>Q1'22</b>	<b>y-o-y</b>	<b>Q1'22e</b>	<b>Dev %</b>
Medical Solutions	12.0%			10.5%	-10.5pp
Integrated Solutions	12.0%			12.8%	-12.8pp
Industrial Solutions	11.1%			8.0%	-8.0pp

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SEKm	2020	2021	2022e	2023e	2024e
Sales	9,359	11,610	12,961	14,255	15,601
Sales growth (%)	18.2	24.1	11.6	10.0	9.4
EBITDA	1,379	1,729	1,861	2,079	2,249
EBITDA margin (%)	14.7	14.9	14.4	14.6	14.4
EBIT adj	1,062	1,283	1,477	1,695	1,865
EBIT adj margin (%)	11.3	11.1	11.4	11.9	12.0
Pretax profit	1,014	1,401	1,425	1,643	1,813
EPS rep	3.02	4.32	4.18	4.82	5.32
EPS growth (%)	14.1	43.1	-3.2	15.3	10.3
EPS adj	3.14	4.26	4.31	4.95	5.45
DPS	1.60	1.90	2.00	2.20	2.40
EV/EBITDA (x)	16.3	17.1	12.8	11.1	10.0
EV/EBIT adj (x)	21.2	23.1	16.1	13.7	12.0
P/E (x)	27.6	25.0	21.2	18.4	16.6
P/E adj (x)	26.5	25.3	20.5	17.9	16.2
EV/sales (x)	2.4	2.5	1.8	1.6	1.4
FCF yield (%)	-2.4	4.2	5.5	5.2	5.6
Dividend yield (%)	1.9	1.8	2.3	2.5	2.7
Net IB debt/EBITDA	0.7	0.7	0.3	-0.1	-0.4
Lease adj. FCF yld (%)	-2.4	4.2	5.5	5.2	5.6
Lease adj. ND/EBITDA	0.0	0.2	-0.2	-0.5	-0.7

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