

Beijer Electronics Group

Sector: Industrial Goods & Services

Awaiting a More Stable Business

Westermo continues to drive the Group

Beijer Electronics Groups report for the fourth quarter fortifies the story of the previous quarter; Westermo continues to drive the Groups sales and earnings, Beijer Electronics continues to be adversely affected by the phasing out process of older products and Korenix has yet to reach profitability. Business cycle wise, uncertainty among customers remains with a few delayed orders as a result.

Some bumpy quarters ahead?

Looking into 2020, we highlight that the macro environment, phase out process within Beijer Electronics, and dependence on larger orders within Korenix represents a risk for the Group's 2020 earnings profile. This is now reflected in our lowered '20E EBIT-margin at 7.4% (cut from previous 9.8%). On a long-term-basis, the Group is well positioned for continued growth and increased profitability but given current conditions, a couple of bumpy quarters are likely before the Group reaches more stable performance. This development mainly rests on Beijer Electronics and Korenix increasing its activities (i.e. accelerated growth and improved profitability).

Long-term case still intact

As challenges within Korenix and Beijer Electronics seems to persist longer than anticipated, we have mainly cut our EBIT '20E with 26%. Sales '20E are marginally lowered, by around 4%. We argue that the long-term case is still intact, among other things, demonstrated by the strategically important agreement with Otis, and we see no reason to make any bigger long-term estimate adjustments.

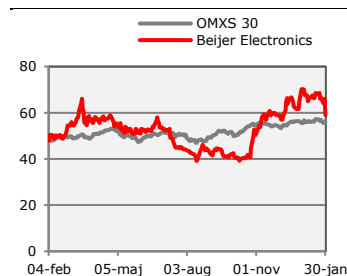
Following the weaker than expected quarter and our estimate revisions we end up with a slightly lower base case at **SEK 55.0 (57.0) per share**. Fair value range now amounts to SEK 33.0 – 75.0 (33.0 – 78.0). Increased order intake and accelerated growth will be the most important metrics going forward, as profitability will follow (increased sales is the most important factor for margin expansion).

KEY FINANCIALS (SEKm)	2018	2019	2020E	2021E	2022E	2023E
Net sales	1417	1559	1771	1895	2016	2130
EBITDA	151	227	276	341	373	405
EBIT	74	104	132	195	224	257
EPS (adj.)	1.5	2.3	3.0	4.7	5.7	6.8
EV/Sales	1.0	1.4	1.2	1.1	0.9	0.8
EV/EBITDA	9.7	9.4	7.9	6.0	5.1	4.4
EV/EBIT	19.7	20.7	16.5	10.5	8.5	6.9
P/E	23.8	23.8	18.6	12.2	10.0	8.3

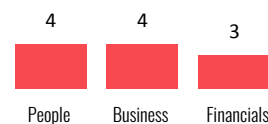
FAIR VALUE RANGE

BEAR	BASE	BULL
33.0	55.0	75.0

VERSUS OMXS30



REDEYE RATING



KEY STATS

Ticker	BELE
Market	Small Cap
Share Price (SEK)	57.4
Market Cap (MSEK)	1652
Net Debt 20E (MSEK)	536
Free Float	48 %
Avg. daily volume ('000)	35

ANALYSTS

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Beijer Electronics Group: Q4'19

The report for the fourth quarter showed some mixed outcomes for the Group. Westermo development is solid, Beijer Electronics is still negatively affected by the phase-out of older products and Korenix has yet to reach profitability. Importantly, cash flow improvements continued with a free cash flow of over SEK 70m.

SEKm	Beijer Electronics			Westermo			Korenix		
	Q4'19	Q4'18	change	Q4'19	Q4'18	change	Q4'19	Q4'18	change
Order Intake	198	232	-15%	184	188	-2%	30	36	-17%
Sales	194	191	1%	199	167	19%	27	26	3%
EBIT-margin	6%	9%	-38%	11%	8%	64%	neg.	neg.	n.a

Source: Redeye Research, Beijer Electronics Group

Order intake at SEK 406.9m (452.0) was 10% lower y/y as Q4'18 was an exceptional quarter driven by last-time buys (customers placed extra-large orders for products in phase-out in late-2018, which impacted order intake and sales in 2019). Acquired entities added SEK 30m to the order intake (and around SEK 15m in Q3'19), leaving the organic order book at SEK ~377m, in line with previous quarters during 2019. During the conference call management communicated that the pipeline is solid which should support increased order intake going forward. On the negative side the macro environment has led to elongated sales cycles with a more cautious customer behavior (some postponed orders during the quarter), a worsened environment would put a pressure on order intake.

The Group's sales rose by 9% to SEK 415.3m (381.2), adjusted for currencies and acquisitions, sales are moving sideways (0.5% growth y/y). Sales was not boosted by any larger order for any of the business entities. The backlog at SEK 507.0m (460.9) was 10% higher y/y, where acquired entities added SEK 49m. Thus the organic backlog at ~SEK 460m is at the same levels as last year.

Sales were in line with estimates, but costs came in much higher than expected, resulting in a lower EBIT (across all entities).

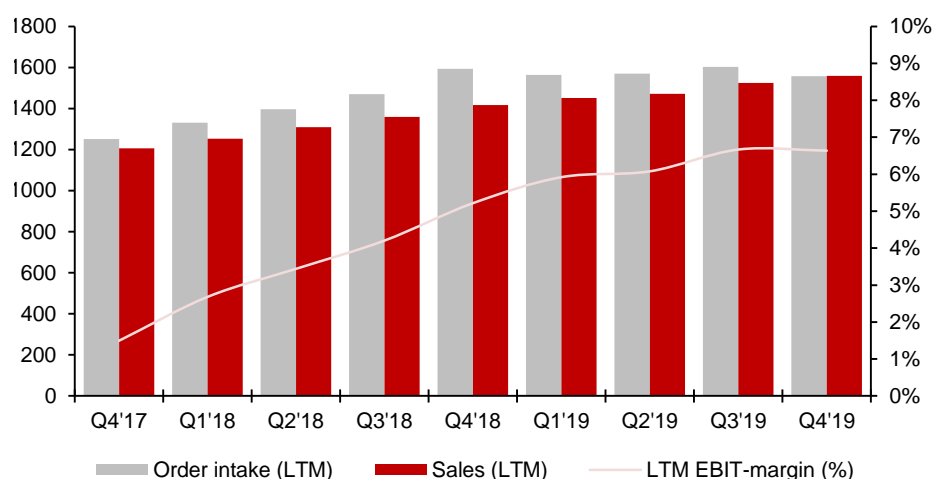
Beijer Electronics Group Q4'19: Actuals vs Estimates				
SEKm	Q4'18	Q4'19E	Q4'19A	Diff (%)
Net sales	381	411	415	1%
<i>growth, y/y</i>	18%	8%	9%	
<i>Beijer Electronics</i>	191	185	194	5%
<i>Westermo</i>	167	195	199	2%
<i>Korenix</i>	26	35	27	-24%
EBITDA	41	66	56	-15%
D&A	-20	-34	-34	
EBIT	20	32	22	-32%
<i>margin</i>	5%	8%	5%	
<i>Beijer Electronics</i>	17	13	11	-15%
<i>Westermo</i>	14	28	22	-20%
<i>Korenix</i>	-4	1	-3	n.a
PTP	16	28	19	-32%
Net earnings	12	21	12	-40%
<i>margin</i>	3%	5%	3%	

Source: Redeye Research. *) Excludes IFRS16 effects

Even if EBIT increased by 9% to SEK 22.0m (20.2), corresponding to a margin of 5.3% (5.3), one can conclude that Beijer Group was not able to sustain the higher profitability levels demonstrated during Q3'19 (7.6%). It is clear that increased margins rest on Beijer Electronics and Korenix increasing sales levels (the nature of the business does not allow to quickly adjust the cost base when orders are delayed/lost). Management targets increased margins during 2020 compared to 2019.

Entity-wise Westermo continue to show healthy EBIT-margins at 11.2% (8.1), up 64% y/y. Adjusting for negative effects from IFRS 16 (SEK 0.2m) and acquisition expenses (SEK 3.0m), the margin is around 12.8%. For Beijer Electronics and Korenix we had anticipated much higher EBIT. Before the irregularities caused by the phasing out of older products fades away within Beijer Electronics and Korenix dependence on larger orders decreases, the quarterly numbers will be difficult to estimate. Korenix is currently also in the process of updating its product portfolio, which pressure the results. Going forward we thus argue that the long-term trend should be in focus and no single quarterly number.

Beijer Electronics Group: Order Intake, Sales, EBIT, Q4'17-Q4'19, SEKm



Source: Redeye Research, Beijer Electronics Group

Overall, a somewhat muted development that should improve if the macro environment does not worsen. Although fluctuations will always be evident between quarters, this year's development highlights that the business needs further improvements before showing a more stable trend.

Beijer Electronics signs a deal with Otis

In December Beijer Electronics Group announced that it had signed an agreement, through its business entity Beijer Electronics with Otis valued at more than 150 MSEK (over five years). Leaving the financials aside (the contract does not lead to any significant estimate revisions), the agreement highlights two strategic factors; i) Beijer Electronics can attract leading global companies and ii) live up to high requirements in terms of logistics and supply chain. All in all, an evidence of a competent organisation with strong capabilities.

Regular deliveries will start in April/May and will gradually contribute positively to results during the year

Financial Forecasts

We reiterate that the macro environment, phase out process within Beijer Electronics, and dependence on larger orders within Korenix represents a risk for the Group's 2020 earnings profile. This is now reflected in our lowered '20E EBIT-margin at 7.4% (cut from previous 9.8%). On a long-term-basis, the Group is well positioned for continued growth and increased profitability but given current conditions, a couple of bumpy quarters are likely before the Group reaches more stable performance. This development mainly rests on Beijer Electronics and Korenix increasing its activities (i.e. accelerated growth and improved profitability), Westermo continues to show steady progress and the prospects for continued growth remain good.

In contrast to management's communication, we currently do not see Beijer Electronics Group reaching its financial target of a 10% operating margin during H2'20 (on a quarterly basis), leaving room for positive surprises as our expectations appears slightly pessimistic. At a group level we expect a soft development during H1'20, while our full-year estimates implies a sales/EBIT/EPS increase of 14%/28%/33%, clearly satisfying numbers given that there should be opportunity for additional improvements in each entity.

Beijer Electronics Group: Estimates, '18-'22E												
(SEKm)	2018	Q1'19	Q2'19	Q3'19	Q4'19	2019	Q1'20E	Q2'20E	Q3'20E	Q4'20E	2020E	2021E
Sales	1 417	371	381	391	415	1 559	416	432	449	475	1 771	1 895
<i>growth y/y</i>	18%	10%	6%	16%	9%	10%	12%	13%	15%	14%	14%	7%
Beijer Electronics	731	189	193	180	194	756	195	199	189	202	785	824
Westermo	586	159	164	183	199	705	197	207	232	248	883	963
Korenix	118	29	31	33	27	120	29	32	34	30	124	131
Total costs (excl. D&A)	-1 267	-315	-331	-328	-360	-1 335	-355	-367	-372	-401	-1 495	-1 554
EBITDA	151	58	50	63	56	227	60	65	77	74	276	341
D&A	-77	-28	-29	-33	-34	-124	-35	-35	-36	-38	-144	-146
EBIT	74	30	22	30	22	103	25	29	40	37	132	195
<i>margin (%)</i>	5%	8%	6%	8%	5%	7%	6%	7%	9%	8%	7%	10%
Beijer Electronics	47	18	14	12	11	55	13	14	17	17	60	82
<i>margin (%)</i>	6%	10%	7%	7%	6%	7%	6%	7%	9%	8%	8%	10%
Westermo	70	21	20	26	22	90	23	24	31	27	105	142
<i>margin (%)</i>	12%	13%	12%	14%	11%	13%	12%	12%	13%	11%	12%	15%
Korenix	-6	-1	0	-1	-3	-4	-1	1	2	2	4	8
<i>margin (%)</i>	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.	6%	6%	3%	6%
PTP	63	27	20	26	19	92	22	26	37	33	117	181
EPS, SEK	1.52	0.70	0.48	0.65	0.43	2.26	0.56	0.67	0.94	0.85	3.02	4.72
Net margin (%)	3%	5%	4%	5%	3%	4%	4%	4%	6%	5%	5%	7%

Source: Redeye Research, Beijer Electronics Group

Beijer Electronics has showed improvements but as stated many times earlier, the entity continues to be negatively affected by the phase-out process (a temporary issue of transient character). Taking into account the agreement with Otis, launch of Acirro+ and migration to a single product family (should improve working capital and margins) the entities future looks promising.

Looking at Korenix, the strategy is more uncertain and more work needs to be done before Korenix is "fully restructured" and ready for growth. In this context, it is important to mention that Korenix is a small part of our investment case. Nevertheless, the business unit represents an interesting optionality if it should surprise on the positive side the coming year.

Valuation

Our valuation is based on a DCF analysis for three scenarios - a base case plus an optimistic bull case and pessimistic bear case. No additional acquisitions are considered. Following the weaker than expected quarter and our estimate revisions we end up with a slightly lower base case at **SEK 55.0 (57.0) per share**. Fair value range now amounts to **SEK 33.0 – 75.0 (33.0 – 78.0)**.

Base Case

Sales should grow at a CAGR of 8.9% between 2020 and 2022. Beyond 2022, we assume a sales CAGR of 3.8% and terminal growth of 2%. We forecast substantially improved profitability on the back of increased sales and new products. The prospects for additional profitability improvements remain favorable given the recent profitability enhancing acquisition, higher margins from sales of new products, and the opportunities to leverage on higher sales volumes. We believe the company should be able to reach its financial goal (10% EBIT-margin) during 2021, and further expect it to achieve higher margins in the long-term.

Valuation: Base case				
Assumptions	2020-2022	2023-2029	DCF-value	
CAGR Sales	8.9%	3.8%	WACC	10%
EBIT-margin (avg)	9.6%	12.9%	NPV FCF	1 142
ROIC	10.8 %	17.6%	NPV Terminal value	1 001
			Sum NPV	2 143
Terminal			Net debt (20E)	-537
Terminal FCF growth		2%	DCF-value	1 589
Terminal EBIT-margin		11%	Fair value per share	55
			Current share price	57

Source: Redeye Research

In the short-term the stock looks fully valued at today's levels around **SEK 57.0 per share**. There is, however, substantial upside to our bull case (SEK 75.0 per share), which is based on higher sales growth and profitability, a scenario with relatively high probability.

Fair Value Range

We have also updated our bull case following the report, resulting in a fair value of SEK 75.0 (78.0) per share, while leaving bear case unchanged.

Bear Case 33.0 SEK

Key assumptions:

- Sales growth (CAGR) 20-22E: 7.9%
- Sales growth (CAGR) 23-29E: 3.0%
- Average EBIT-margin 20-22E: 7.3%
- Average EBIT-margin 23-29E: 9.1%
- Terminal EBIT-margin: 8%

In general, we take a more cautious stance on the company's ability to remain growing in higher figures over the two coming years.

Our conservative bear case incorporates lower returns of the commercial launch of its software offering, less successful penetration of Westermo's new target markets as well as an extended turnaround in Korenix – ultimately resulting in lower sales and earnings in both short and long run.

This case reflects the scenario where the strong momentum BELE currently is showing will scale down, returning to more conservative growth rates in a shorter period. We assume both lower growth rates and gross margins compared to the two previously presented scenarios. Less profitability improvements following lower sales growth and lower returns from new offerings.

Base Case 55.0 SEK

Key assumptions:

- Sales growth (CAGR) 20-22E: 8.9%
- Sales growth (CAGR) 23-29E: 3.8%
- Average EBIT-margin 20-22E: 9.6%
- Average EBIT-margin 23-29E: 12.9%
- Terminal EBIT-margin: 11%

Following increased sales of new products, we expect its gross margins to increase. Over time, we estimate the company to maintain a gross margin exceeding 50% and EBIT improvements in all units.

We expect continued EBIT improvements over the next years, seeing the EBIT-margin increasing from around 5% in 2018 up towards 10% by 2021, primarily from leveraging on increased sales volumes and sales of new products.

Bull Case 75.0 SEK

Key assumptions

- Sales growth (CAGR) 20-22E: 12.4%
- Sales growth (CAGR) 23-29E: 4.7%
- Average EBIT-margin 20-22E: 10.3%
- Average EBIT-margin 23-29E: 13.7%
- Terminal EBIT-margin: 13%

In our upbeat bull case, we are estimating higher growth rate in each respective business entity. We assume a more successful launch of Beijer Electronics software offering, leading to higher gross margins during 2021 and beyond. We further expect higher sales growth from sales of operator panels and IIoT gateways. Regarding profitability, we expect the improved gross margin to result in Beijer Electronics reaching higher EBIT-margins.

This case also incorporates higher sales growth for Westermo following successful penetration of both new focus segments. Furthermore, we estimate improved profitability following increased sales. The recent acquisition of Virtual Access is also expected to contribute to greater profitability.

Besides, we expect quicker and higher returns from Korenix's turnaround. We also assume a slightly higher long-term sales growth following a successfully established positioning as a primer provider of connectivity products within its security and surveillance segments.

Hence, apart from higher growth rates, we also expect somewhat higher gross margins, ultimately resulting in improved profitability compared to our base case.

Investment Case

An emerging Industrial IoT player with favorable profitability prospects. Over the recent three years, Beijer Group has updated its product portfolio, increased the share of proprietary products, and re-staffed its organization. When entering 2020, more than half of the company's revenues should originate from products developed after 2016. Its updated product offering is also well reflected by Beijer Electronics' recent launch of a licensed-based cloud platform.

We expect this development to be reflected in continued profitability improvements that leverage on higher sales volumes and slightly improved gross margins. We forecast that the company will reach its profitability target (10% EBIT-margin) during 2021, and expect it to expand margins additionally over the following years.

Digitalization to drive growth. Industrial digitalization is a trend to which all businesses are directly exposed. BELE's target markets are forecast to grow at CAGR of between 7% and 15% over the next five years (financial target of annual growth exceeding 7%). Beijer Electronics' business is characterized by long relationships, with solutions designed into customers' systems, which suggests a potentially durable competitive advantage due to switching costs.

Westermo, the group's golden nugget, has grown revenues and EBIT at CAGR of 9% and 10%, respectively, since the acquisition in 2008. Its current sales growth is substantially higher, increasing by 21% so far in 2019. It operates in non-price-sensitive niche segments with long project deals, where it is positioned as the most reliable provider of rugged connectivity equipment. We expect the company to repeat its successful train networking efforts in rail trackside, where several existing customers operate, and power distribution.

Strengthened by recent acquisitions. We have a positive view of the two recent additions, which are expected to support Westermo in its move towards the new market segments. The companies are further expected to add about SEK 200m to the entity's revenues while also enhancing the group's profitability.

Limited upside potential. In the short-term the stock looks fully valued at today's levels around SEK 57 per share, as reflected by our base case at SEK 55 (57) per share. There is, however, substantial upside to our bull case (SEK 75 per share), which is based on higher sales growth and profitability, a scenario with relatively high probability. We remain believing that reports showing high growth, and especially, continued profitability improvements will be the most crucial share price drivers going forward.

Counter Thesis

Cyclical business

A large share of the group's revenues stems from industrial clients. Thus, there is an inevitable risk that its sales will be negatively affected in a period of economic downturn. On the other hand, it becomes especially important to focus on investments in improved efficiency in such an environment. The latter pertains to the group's value proposition, and this dynamic could thus dampen negative effects. Looking back to 2009, sales dropped by 15% while EBIT decreased by 45%. Yet the company remained profitable with an operating margin of 6% and solid positive cash flows, thus demonstrating that it could manoeuvre in this environment before returning to growth and increased profitability in 2010.

Failure to turn Korenix profitable

In recent years, Korenix has been hit by management problems, high staff turnover, and a strategic transformation. In 2018, the company negatively affected the group's EBIT by SEK -6m. Management claims that 2018 was a year of recovery and that Korenix should become profitable very soon. The company is currently showing improvements,

but there is still some work left before reaching break-even on EBIT-level. There is, however, a risk that the turnaround could take longer time and that the company continues to burden the group's profitability.

Summary Redeye Rating

The rating consists of three valuation keys, each constituting an overall assessment of several factors that are rated on a scale of 0 to 1 points. The maximum score for a valuation key is 5 points.

Rating changes in the report

No changes.

People: 4

The People rating is based on quantitative scores in seven sub-categories: Passion, Execution, Capital Allocation, Communication, Compensation, Ownership, and Board. In our rating assessment, Beijer Group gains the highest points from its open communication, qualified and experienced board, and compensation. Relevant industry experience characterizes BELE's management and board of directors. Management shows a good understanding for the targeted markets, and has a clear long-term focus. BELE has shown solid progress with current management, which we judge to have completed the company's turnaround.

Business: 4

The Business rating is based on quantitative scores in five sub-categories: Business Scalability, Market Structure, Value Proposition, Economic Moat, and Operational Risks. Beijer Group receives the highest scores in Value Proposition and Operational Risk. The company operates in large fragmented growth markets, primarily related to the digitalization trend. Long customer relationships characterize its business, where products are designed into customers' systems - laying the ground for potentially durable competitive advantages (switching costs).

Financials: 3

The Financials rating is based on quantitative scores in five sub-categories: Earnings Power, Profit Margin, Growth Rate, Financial Health, and Earnings Quality. Although currently showing solid progress, BELE's financial rating is burdened by a couple of years of negative results and free cash flow. As additional profitability improvements are expected, we see room for an increased rating going forward. The company has a solid capital structure, the business is diversified, and we see no risk of needing to raise external capital going forward. On the negative side, the business is cyclical, implying that there is a risk of negative growth in a period of economic downturn.

INCOME STATEMENT	2018	2019	2020E	2021E	2022E
Net sales	1,417	1,559	1,771	1,895	2,016
Total operating costs	-1,267	-1,331	-1,495	-1,554	-1,643
EBITDA	151	227	276	341	373
Depreciation	-18	-58	-64	-65	-66
Amortization	-58	-66	-80	-81	-82
Impairment charges	0	0	0	0	0
EBIT	74	104	132	195	224
Share in profits	0	0	0	0	0
Net financial items	-11	-12	-14	-15	-14
Exchange rate dif.	0	0	0	0	0
Pre-tax profit	63	92	118	181	210
Tax	-20	-27	-31	-40	-46
Net earnings	44	65	87	141	164

BALANCE SHEET	2018	2019	2020E	2021E	2022E
Assets					
<i>Current assets</i>					
Cash in banks	94	122	138	221	277
Receivables	251	277	319	341	363
Inventories	178	222	248	265	282
Other current assets	59	65	65	65	65
Current assets	581	686	769	893	987
<i>Fixed assets</i>					
Tangible assets	91	204	203	201	198
Associated comp.	1	1	1	1	1
Investments	0	0	0	0	0
Goodwill	525	815	815	815	815
Cap. exp. for dev.	0	0	0	0	0
0 intangible rights	264	274	270	266	261
0 non-current assets	2	2	2	2	2
Total fixed assets	883	1,296	1,291	1,285	1,278
Deferred tax assets	51	53	53	53	53
Total (assets)	1,515	2,036	2,113	2,231	2,317
Liabilities					
<i>Current liabilities</i>					
Short-term debt	75	145	145	140	60
Accounts payable	293	312	354	379	403
0 current liabilities	0	30	30	30	30
Current liabilities	368	487	529	549	493
Long-term debt	436	567	529	500	500
0 long-term liabilities	5	75	75	75	75
Convertibles	0	0	0	0	0
Total Liabilities	808	1,128	1,133	1,124	1,068
Deferred tax liab	50	50	50	50	50
Provisions	0	150	150	150	150
Shareholders' equity	653	704	776	903	1,045
Minority interest (BS)	4	4	4	4	4
Minority & equity	657	708	780	907	1,049
Total liab & SE	1,515	2,036	2,113	2,231	2,317

FREE CASH FLOW	2018	2019	2020E	2021E	2022E
Net sales	1,417	1,559	1,771	1,895	2,016
Total operating costs	-1,267	-1,331	-1,495	-1,554	-1,643
Depreciations total	-77	-124	-144	-146	-149
EBIT	74	104	132	195	224
Taxes on EBIT	-23	-30	-34	-43	-49
NOPLAT	51	73	98	152	175
Depreciation	77	124	144	146	149
Gross cash flow	128	197	242	298	324
Change in WC	-28	-29	-25	-15	-14
Gross CAPEX	-117	-537	-139	-140	-141
Free cash flow	-17	-369	78	143	168

CAPITAL STRUCTURE	2018	2019	2020E	2021E	2022E
Equity ratio	43%	35%	37%	41%	45%
Debt/equity ratio	78%	101%	87%	71%	54%
Net debt	416	590	536	419	283
Capital employed	1,071	1,296	1,316	1,325	1,332
Capital turnover rate	0.9	0.8	0.8	0.9	0.9

GROWTH	2018	2019	2020E	2021E	2022E
Sales growth	18%	10%	14%	7%	6%
EPS growth (adj)	-898%	48%	34%	62%	16%

PROFITABILITY	2018	2019	2020E	2021E	2022E
ROE	7%	10%	12%	17%	17%
ROCE	7%	8%	9%	13%	14%
ROIC	5%	7%	8%	12%	13%
EBITDA margin	11%	15%	16%	18%	19%
EBIT margin	5%	7%	7%	10%	11%
Net margin	3%	4%	5%	7%	8%

DATA PER SHARE	2018	2019	2020E	2021E	2022E
EPS	1.52	2.26	3.03	4.72	5.69
EPS adj	1.52	2.26	3.03	4.72	5.69
Dividend	0.50	0.50	0.50	0.75	1.99
Net debt	14.52	20.48	18.64	14.55	9.84
Total shares	28.64	28.79	28.79	28.79	28.79

VALUATION	2018	2019	2020E	2021E	2022E
EV	1,458.5	2,147.1	2,168.3	2,049.6	1,913.0
P/E	23.8	23.8	18.6	12.2	10.0
P/E diluted	23.8	23.8	18.6	12.2	10.0
P/Sales	0.7	1.0	0.9	0.9	0.8
EV/Sales	1.0	1.4	1.2	1.1	0.9
EV/EBITDA	9.7	9.4	7.9	6.0	5.1
EV/EBIT	19.7	20.7	16.5	10.5	8.5
P/BV	1.6	2.2	2.1	1.8	1.6

SHARE PERFORMANCE	GROWTH/YEAR		16/18E
1 month	-16.6 %	Net sales	11.8 %
3 month	12.4 %	Operating profit adj	33.5 %
12 month	24.0 %	EPS, just	41.1 %
Since start of the year	-19.7 %	Equity	9.0 %

SHAREHOLDER STRUCTURE %	CAPITAL	VOTES
Stena	29.6 %	29.8 %
Svolder	12.1 %	12.2 %
Nordea Fonder	10.4 %	10.5 %
Fjärde AP-fonden	6.1 %	6.2 %
Humle Fonder	4.8 %	4.8 %
Cliens Fonder	3.9 %	3.9 %
SEB Fonder	3.3 %	3.3 %
Torsten Bjurman	2.0 %	2.1 %
Tredje AP-fonden	1.7 %	1.7 %
KK-stiftelsen	1.4 %	1.4 %

SHARE INFORMATION	
Reuters code	BELE
List	Small Cap
Share price	57.4
Total shares, million	28.8
Market Cap, MSEK	1652.0

MANAGEMENT & BOARD	
CEO	Per Samuelsson
CFO	Joakim Laurén
IR	Joakim Laurén
Chairman	Bo Elisson

FINANCIAL INFORMATION	
Q1'20 (January-March 2020)	2020-04-21
Q2'20 (January-June 2020)	2020-07-14

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Redeye Rating and Background Definitions

Company Quality

Company Quality is based on a set of quality checks across three categories; PEOPLE, BUSINESS, FINANCE. These are the building blocks that enable a company to deliver sustained operational outperformance and attractive long-term earnings growth.

Each category is grouped into multiple sub-categories assessed by five checks. These are based on widely accepted and tested investment criteria and used by demonstrably successful investors and investment firms. Each sub-category may also include a complementary check that provides additional information to assist with investment decision-making.

If a check is successful, it is assigned a score of one point; the total successful checks are added to give a score for each sub-category. The overall score for a category is the average of all sub-category scores, based on a scale that ranges from 0 to 5 rounded up to the nearest whole number. The overall score for each category is then used to generate the size of the bar in the Company Quality graphic.

People

At the end of the day, people drive profits. Not numbers. Understanding the motivations of people behind a business is a significant part of understanding the long-term drive of the company. It all comes down to doing business with people you trust, or at least avoiding dealing with people of questionable character.

The People rating is based on quantitative scores in seven categories:

- Passion, Execution, Capital Allocation, Communication, Compensation, Ownership, and Board.

Business

If you don't understand the competitive environment and don't have a clear sense of how the business will engage customers, create value and consistently deliver that value at a profit, you won't succeed as an investor. Knowing the business model inside out will provide you some level of certainty and reduce the risk when you buy a stock.

The Business rating is based on quantitative scores grouped into five sub-categories:

- Business Scalability, Market Structure, Value Proposition, Economic Moat, and Operational Risks.

Financials

Investing is part art, part science. Financial ratios make up most of the science. Ratios are used to evaluate the financial soundness of a business. Also, these ratios are key factors that will impact a company's financial performance and valuation. However, you only need a few to determine whether a company is financially strong or weak.

The Financial rating is based on quantitative scores that are grouped into five separate categories:

- Earnings Power, Profit Margin, Growth Rate, Financial Health, and Earnings Quality.

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Disclaimer

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Redeye Rating (2020-02-04)

Rating	People	Business	Financials
5p	12	13	4
3p - 4p	92	69	27
0p - 2p	9	31	82
Company N	113	113	113

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Conflict of interests

Havan Hanna owns shares in the company: No

Redeye performs/have performed services for the Company and receives/have received compensation from the Company in connection with this.