



ERIK PENSER BANK

Penser Access | Industrial Conglomerates | Sweden | 28 October 2021

Beijer Alma

Growth continues in Q3

Revenues

Sales for Q3 amounted to SEK 1,335 million (SEK 991 million), which corresponds to y/y growth of 35%. Sales exceeded our estimate of SEK 1,254 million by approximately 6%. Lesjöfors continues to do well and had sales of SEK 805 million in the quarter, with y/y organic growth of 24%.

Adjusted profitability slightly above estimate

The operating profit included a previously known component of SEK 45 million that relates to the divestment in Germany earlier this year. EBIT before items affecting comparability was SEK 220 million, corresponding to a margin of 16.5%. Our estimate was SEK 196 million before the adjustment item, corresponding to a margin of 15.7%.

Adjustments to estimates and fair value

We are making small adjustments to our estimates (see details below in the valuation segment). We continue to choose to value Beijer Alma against both industrial companies and acquisitive companies. With a multiple of 17x operating profit for 2023e, we see a fair value of SEK 255–260 per share (SEK 250–255).

Estimate Changes (kr)				Estimates (kr)				Risk and Potential		
	Now	Before		20	21e	22e	23e	Motivated value	255.0 - 260.0	
EPS, justerad 21e	9.7	9.53	1.8%	Omsättning, mkr	4,250	5,276	5,818	6,170	Aktiekurs	SEK223.0
EPS, justerad 22e	11.05	11.05	0.0%	Tillväxt	(8)%	24%	10%	6%	Risk level	Medium
EPS, justerad 23e	13.46	13.36	0.7%	EBITDA, mkr	785	1,066	1,185	1,326		
				EBIT, mkr	545	837	918	1,045		
				EPS, justerad	6.6	9.7	11.0	13.5		
				EPS tillväxt	(8)%	47%	14%	22%		
				EK/aktie	41.5	48.8	58.6	71.1		
				Utdelning/aktie	3.0	3.0	3.0	3.0		
				EBIT-marginal	12.8%	15.9%	15.8%	16.9%		
				ROE	15.8%	19.8%	18.8%	18.9%		
				ROCE	8.5%	11.0%	11.1%	12.0%		
				EV/Sales	3.5x	2.8x	2.5x	2.4x		
				EV/EBITDA	18.8x	13.8x	12.4x	11.1x		
				EV/EBIT	27.0x	17.6x	16.1x	14.1x		
				P/E, justerad	33.9x	23.0x	20.2x	16.6x		
				P/EK	5.4x	4.6x	3.8x	3.1x		
				Direktavkastning	1.3%	1.3%	1.3%	1.3%		
				FCF yield	6.0%	5.4%	7.0%	7.9%		
				Nettosk./EBITDA	0.7g	0.9g	0.2g	(0.3)g		

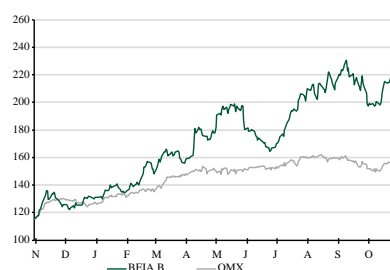
Calendar Events

Q4-rapport 2022-02-16

Key Figures (mkr)

Number of Shares 60m
 Börsvärde 13,447
 Net Debt 1,285
 EV 14,732
 Free Float 73%
 Genomsnittlig handelsvolym 29(k)
 Reuters/Bloomberg BEIAb.ST/BEIAB.SS

One Year Performance Chart



Analysts

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Overview

Growth continues in Q3

Investment Case

Beijer Alma's subsidiaries have a broad product range, attractive financial profiles and good prospects for long-term profitable growth. Acquisitions form a central part of the company's operational strategy, and we believe that this acquisition strategy is well implemented. The acquisitions take place mainly within Beijer Tech and Lesjöfors, and growth within Habia Cable is primarily organic.

Company Profile

A decentralised group of companies. Beijer Alma is a group of companies with operations in component manufacturing and industrial trading. Its strategy is based on acquiring, owning and developing companies with good growth prospects. Lesjöfors, Habia Cable and Beijer Tech are subsidiaries of Beijer Alma.

Valuation approach

Beijer Alma's sector exposure and focus on acquisitions means that we value it against both large Swedish engineering companies and acquisition-driven companies. Applying our estimates, Beijer Alma is valued at EV/EBIT 16x for 2022e, which is a discount compared to the average multiple for engineering companies. A discount is justified based on Beijer Alma's exposure to the offshore industry and thus the price of oil. If we instead value Beijer Alma compared to other acquisition-driven companies, these are valued in the range EV/EBIT 30-35x for 2022e. Even when compared with this group of companies, Beijer Alma's sector exposure justifies a certain discount.

We believe that a realistic multiple is 17x EBIT 2023e, which is justified by an increasing acquisition rate and indications of accelerating organic growth. We believe that Beijer Alma's increasing acquisition rate is not fully reflected in its valuation, and that more acquisitions can be expected. EBIT of 17x for 2023e corresponds to SEK 258 per share. Overall, we see a fair value of SEK 255–260 per share and medium risk.

The quarter in detail

Beijer Alma reported order bookings of SEK 1,361 million for Q3, representing growth of 32% y/y. Net sales increased by 35% y/y, of which 23% was organic. Revenues were 6% above our estimate, mainly explained by higher growth in Lesjöfors. EBIT (adjusted for non-recurring items) amounted to SEK 220 million, which can be compared with our estimate of SEK 196 million. EBIT before non-recurring items corresponded to a margin of 16.5%.

Lesjöfors reported strong growth of 37% y/y, of which 24% was organic. The EBIT margin before non-recurring items in Lesjöfors amounted to 20.8%, which we see as very strong. However, operating profit in Lesjöfors was charged with an SEK 45 million loss related to the divestment of S&P Federnwerk GmbH in Germany earlier this year. This amount was already known and was announced in connection with the Q2 report. Habia Cable reported y/y organic growth of 13%, with an operating margin of 11.5%. Beijer Tech showed growth in net sales of 47%, of which 30% was organic.

Deviations from forecasts

Below is a summary of this quarter's deviations from our forecasts. Revenues exceeded our estimates, primarily related to stronger growth in Lesjöfors. Due to the strong operating margin at Lesjöfors, the consolidated EBIT margin was approximately one percentage point better than we assumed.

Parameter	Utfall	EPB		Diff	Kommentar
		estimat			
Intäkter	1 335,0	1 254	6%	Stark återhämtning organiskt i Lesjöfors	
EBITDA	279,5	254	10%	Högre intäkter	
EBIT	220	196	12%	Högre intäkter	

Changes to estimates

We are making only minor adjustments to EBIT and revenues for 2021 and coming years. See below for a summary. The adjustments are primarily due to the fact that are upping our Q4 revenue estimates for Lesjöfors and upwardly adjusting our profitability assumptions slightly following indications of good profitability in acquired companies.

Nya estimat	2021e	2022e	2023e
Omsättning	5 276	5 818	6 170
Tillväxt	24%	10%	6%
EBIT	837,2	917,6	1 045,2
Rörelsemarginal	16%	16%	17%
EPS	9,70	11,05	13,46
Tidigare estimat	2021e	2022e	2023e
Omsättning	5 182	5 720	6 066
Tillväxt	22%	10%	6%
EBIT	807	902	1 029
Rörelsemarginal	16%	16%	17%
EPS	9,5	11,0	13,3
Förändring i %	2021e	2022e	2023e
Omsättning	2%	2%	2%
EBIT	4%	2%	2%
EPS	2%	1%	1%

Valuation

We value Beijer Alma using a combination of a DCF model and a multiple approach. We still choose to value Beijer Alma relative to other acquisition-driven companies. Beijer Alma is currently trading at a large discount to other acquisitive companies, but we believe this discount could be reduced as the company begins to be valued as an acquisitive company. Our valuation method is summarised below.

We construct a valuation scenario to present the value creation of acquisitions. We have compiled estimates for acquisition-driven companies for 2021-2024 in order to generate an implicit valuation multiple that takes into account future acquisitions. Consensus estimates typically do not include future acquisitions, which distorts the multiples and does not attribute any value to the acquisition opportunities. We assume in the scenario that all acquisitions are made using own cash and own cash flows during 2021–2023.

The assumed acquisition rate is the same as for the period 2018–2020, with the exception of the companies marked with an asterisk (*) below. These companies are unable to meet the historical acquisition rate with current cash and cash flows during the forecast period. For these companies, the acquisition rate has been assumed to be available funds and cash flows for 2021–2023.

Bolag	Organic Growth 2021-2024	Acq growth (%)	Sales 2023	EBIT-marg 2023e	EBIT 2023e	Implicit EV/EBIT 2023
Lifco AB Class B	1,6%	10%	19 194	17%	3 253,2	36,9
Indutrade AB	2,0%	7%	25 014	13%	3 176,1	33,2
Addtech AB Class B*	3,7%	6%	15 127	9%	1 403,9	36,6
Lagercrantz Group AB Class B	1,0%	5%	4 949	14%	700,9	35,7
Sdiptech AB Class B*	3,2%	2%	2 433	16%	394,8	40,1
NIBE Industrier AB Class B	7,1%	6%	39 277	14%	5 325,6	42,5
Beijer Ref AB Class B*	3,9%	10%	20 888	8%	1 646,8	47,9
Instalco AB*	5,4%	6%	9 904	9%	916,8	26,8
Bravida Holding AB	1,7%	5%	25 963	7%	1 784,5	16,2
					Average	35,1

The clear picture is that Beijer Alma has a large valuation discount compared to the rest of the acquisitive companies sector. This discount can probably be attributed to multiple factors. We note, among other things, that Beijer Alma had relatively low acquired growth in 2018–2020, and that there is a correlation where companies with a historically high acquisition rate have a high forward-looking multiple, which potentially reflects expectations of continued acquisitions. In addition, Beijer Alma has exposure to sectors with a large cyclical element, such as the offshore industry.

The increased rate of acquisition since 2020 is an attractive development that we do not consider to be fully valued in at current share price levels. We also believe that a continued well-executed business journey will further strengthen the multiple for Beijer Alma. At a 50% discount against sector colleagues, Beijer Alma is valued at a forward-looking EV/EBIT for 2023 of approximately 17x, which gives a fair value of SEK 255–260.

Valuation, growth and margins

	MV (mkr)	EV/Sales x			EV/EBIT x			P/E x		
		21e	22e	23e	21e	22e	23e	21e	22e	23e
Förvärvande bolag										
Lifco AB Class B	3 026	7	6	6	37	35	33	52	49	37
Indutrade AB	406 893	4	4	4	33	32	30	39	37	34
Addtech AB Class B	8 535	4	4	3	40	36	34	46	42	39
Lagercrantz Group AB C	27 365	5	4	4	29	28	26	37	34	32
Sdiptech AB Class B	1 177	6	5	4	34	26	24	42	33	29
NIBE Industrier AB Class	18 234	8	7	7	55	50	45	80	73	66
Beijer Ref AB Class B	23 740	4	4	4	52	42	39	68	55	50
Instalco AB	419 834	3	3	2	32	28	26	41	35	32
Bravida Holding AB	31 657	1	1	1	20	18	17	24	22	20
Average ex. Beijer Alma		5	4	4	37	33	30	48	42	38
Beijer Alma		3	3	2	18	16	14	23	20	17

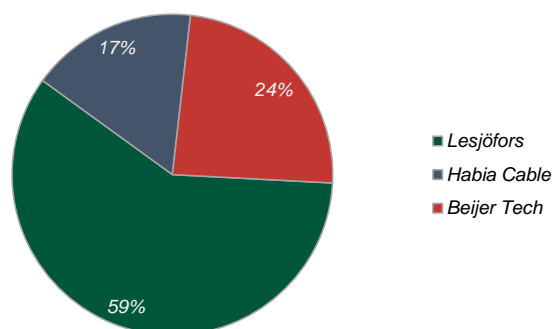
	MV (mkr)	Bruttomarginal (%)			Rörelsemarginal (%)			FCF-yield (%)		
		21e	22e	23e	21e	22e	23e	21e	22e	23e
Förvärvande bolag										
Lifco AB Class B	3 026	42%	43%	43%	18%	18%	18%	1%	2%	3%
Indutrade AB	406 893	35%	35%	35%	13%	13%	13%	2%	3%	3%
Addtech AB Class B	8 535	31%	31%	32%	10%	10%	10%	2%	3%	3%
Lagercrantz Group AB C	27 365	39%	40%	40%	15%	15%	15%	2%	3%	3%
Sdiptech AB Class B	1 177	58%	63%	64%	16%	18%	18%	0%	3%	3%
NIBE Industrier AB Class	18 234	34%	34%	34%	15%	15%	15%	1%	1%	2%
Beijer Ref AB Class B	23 740	100%	98%	97%	8%	9%	9%	1%	2%	2%
Instalco AB	419 834	#N/A	#N/A	#N/A	9%	9%	9%	2%	3%	3%
Bravida Holding AB	31 657	15%	15%	15%	6%	7%	7%	2%	6%	6%
Average ex. Beijer Alma		44%	45%	45%	12%	13%	13%	1%	3%	3%
Beijer Alma		32%	32%	33%	16%	16%	17%	10%	12%	13%

	MV (mkr)	Försäljningstillväxt			EBIT-tillväxt			EPS-tillväxt		
		21e	22e	23e	21e	22e	23e	21e	22e	23e
Förvärvande bolag										
Lifco AB Class B	3 026	24%	7%	5%	37%	7%	11%	36%	7%	33%
Indutrade AB	406 893	12%	5%	5%	20%	5%	6%	47%	7%	7%
Addtech AB Class B	8 535	18%	5%	6%	33%	8%	8%	66%	10%	8%
Lagercrantz Group AB C	27 365	22%	6%	5%	32%	7%	7%	37%	7%	6%
Sdiptech AB Class B	1 177	28%	14%	12%	35%	31%	16%	105%	28%	16%
NIBE Industrier AB Class	18 234	15%	9%	9%	27%	9%	11%	20%	9%	10%
Beijer Ref AB Class B	23 740	19%	12%	7%	32%	22%	9%	65%	23%	11%
Instalco AB	419 834	25%	11%	7%	27%	14%	8%	39%	16%	9%
Bravida Holding AB	31 657	3%	6%	4%	3%	11%	6%	17%	11%	7%
Average ex. Beijer Alma		18%	8%	7%	27%	13%	9%	48%	13%	12%
Beijer Alma		24%	10%	6%	41%	13%	21%	47%	14%	22%

Shareholder data

Shareholder	Votes	Shares
Anders Wall Stiftelser	6,9%	13,7%
Anders Wall	46,5%	11,9%
Lannebo Fonder	3,6%	7,1%
Odin Fonder	2,8%	5,6%
Other	40%	62%
Chairman		Johan Wall
CEO		Henrik Perbeck
CFO		Erika Ståhl
Investor contact		Henrik Perbeck
Website		https://beijeralma.se/

Revenue (%)



Källa: Holdings. Uppdaterat 2021-09-30

Case score card

Triggers

Starka kvartalsrapporter
Förvärv

Risker

Energipriser
Problem i distributionsled

Stöd

Diversifierad kund- och produktlista
Nära relationer med kunder

Agenda

Q4-rapport	2022-02-16
Q1-rapport	202-04-26

Income statement

	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E
Revenue	3 528	3 971	4 408	4 622	4 250	5 276	5 818	6 170
Cost of goods sold	-2 262	-2 706	-3 032	-3 242	-2 959	-3 578	-3 956	-4 134
Gross profit	1 266	1 265	1 376	1 379	1 291	1 698	1 862	2 036
Selling expenses	-369	-376	-409	-422	-383	-455	-524	-524
Admin expenses	-324	-348	-346	-375	-382	-428	-465	-457
Other revenue	0	0	0	0	0	0	0	0
Other expenses	0	0	0	0	0	-43	0	0
EBITDA	573	659	761	813	785	1 066	1 185	1 326
Depreciation and amortization	-117	-131	-139	-231	-240	-229	-267	-280
EBIT	455	528	623	583	545	837	918	1 045
Financial income	1	2	2	1	1	1	1	1
Financial expenses	-9	-12	-16	-26	-30	-34	-36	-36
Profit before taxes	447	517	609	557	515	736	837	1 020
Tax	-119	-129	-140	-127	-118	-151	-172	-209
Minority interest	0	0	0	0	0	0	0	0
Net result	328	388	469	431	397	584	666	811
Net result (adjusted)	328	388	469	431	397	584	666	811

Balance sheet

	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E
Goodwill	541	578	594	763	960	960	960	960
Other intangible assets	9	29	34	35	27	27	27	27
Tangible assets	905	892	988	1 196	1 362	2 150	2 174	2 202
Other fixed assets	49	52	61	268	40	63	63	63
Total fixed assets	1 505	1 552	1 677	2 262	2 389	3 200	3 224	3 252
Inventories	718	825	952	1 051	945	1 108	1 164	1 234
Receivables	655	731	809	777	735	791	873	925
Other current assets	0	0	0	0	0	0	0	0
Cash and cash equivalents	274	328	291	465	616	219	733	1 335
Total current assets	1 646	1 884	2 052	2 293	2 296	2 119	2 770	3 495
TOTAL ASSETS	3 151	3 435	3 729	4 555	4 685	5 318	5 993	6 746
EQUITY AND LIABILITIES	0	0	0	0	0	0	0	0
Equity	1 902	1 991	2 232	2 413	2 500	2 941	3 528	4 282
Minority interest	4	4	4	4	4	4	4	4
Total equity	1 905	1 995	2 236	2 417	2 504	2 945	3 532	4 286
Long-term interest bearing liabilities	243	145	190	532	614	614	614	614
Other non-current liabilities	66	75	81	254	304	304	304	304
Total non-current liabilities	309	220	270	786	918	918	918	918
Accounts payable	237	253	251	224	170	264	291	308
Other short-term liabilities	700	968	971	1 128	1 092	1 191	1 252	1 234
Total current liabilities	937	1 221	1 222	1 352	1 262	1 455	1 542	1 542
Total liabilities	1 246	1 440	1 493	2 138	2 180	2 373	2 461	2 461
TOTAL EQUITY AND LIABILITIES	3 151	3 435	3 729	4 555	4 685	5 318	5 993	6 746

Cash flow statement

	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E
Net result	328	388	469	431	397	584	666	811
Other non-cash items	109	132	138	239	237	229	267	280
Changes in working capital	29	-132	-155	-81	87	-12	53	0
Cash flow from operations	465	388	452	589	721	801	986	1 091
Capex	-291	-118	-228	-300	-125	-264	-291	-308
Free cash flow	174	270	224	289	596	537	695	783
Dividends	-286	-286	-286	-307	-151	-181	-181	-181
Share issue / buybacks	0	0	0	0	0	0	0	0
Acquisitions / disposals	-78	-84	-4	-356	-219	-753	0	0
Cash flow from financing	134	-60	0	66	-52	0	0	0
Cash flow	-57	-160	-66	-309	175	-397	514	602
Other non-cash adjustments	0	0	0	0	0	0	0	0
Cash & CE	274	328	291	465	616	219	733	1 335

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