

NEWS FLASH

23 December 2024
Sweden
Capital Goods

Research analysts:

Hugo Lisjö

W5 Solutions

Share price: SEK41.5

Fair value range: SEK39.0–58.0

Secures large order of defence shelters

Defence shelters worth SEK80m for a European defence company

W5 Solutions (W5) has secured a significant SEK80m order for deployable defence shelters in its Integration business area. The company expects the order to be delivered in 2025–27 and to be fulfilled at a steady pace, with deliveries likely starting in H1(25), given the relatively short development timelines typical for this type of operation.

Integration: currently the group's high-margin business

There are two aspects of this order that we find particularly positive. First is our belief that deliveries will start soon. Second, the Integration business, which includes shelters produced by the subsidiary W5 Box Modul, is the group's highest margin area, with an EBIT margin of around 14% in 2022 and 26% in 2023, according to Allabolag.se. This makes the order beneficial for the overall group, in our view.

Proving competitiveness in the shelter market

The identity of the customer is undisclosed, but based on W5's existing relationships with Saab and Thales, we speculate that Saab may be the customer due to the suitability of its operations. Regardless of the customer, we believe this order highlights W5's strong competitive position in the shelter market. The shelter market can be divided into two segments: one focusing on cheaper, lower quality shelters, where price is the primary concern, and another centred on higher quality shelters that are less price sensitive. W5's shelters, produced using a unique sandwich technique, are positioned in the latter segment, which explains the high margins.

The order supports our estimates

We make no changes to our estimates. We find this order supportive to our growth projections. Therefore, we maintain our fair value range of SEK39.0–58.0, corresponding to an EV/S(26e) multiple range of 1.3–1.8x, compared with the peer group's median and average multiples of 1.6x and 2.3x for 2026e.

Upcoming events

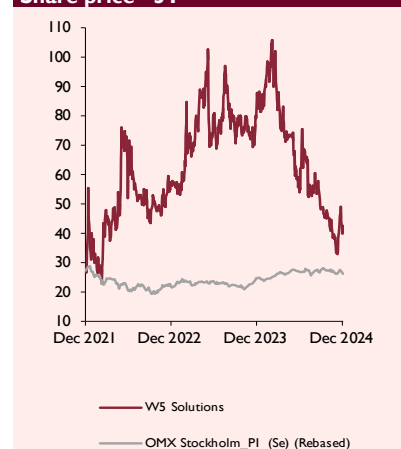
- Q4 Report: 27 Feb 2025

Key facts

No. shares (m)	15.1
Market cap. (USDm)	57
Market cap. (SEKm)	628
Net IB Debt. (SEKm)	97
Adjustments (SEKm)	0
EV (2024e) (SEKm)	725
Free float	52.0%
Avg. daily vol. ('000)	22
Risk	High Risk
Fiscal year end	December
Share price as of (CET)	20 Dec 2024 16:25

Key figures (SEK)	2023	2024e	2025e	2026e
Sales (m)	394	395	462	531
EBITDA (m)	56	18	40	72
EBIT (m)	5	-33	-11	23
EPS	-0.08	-2.39	-1.38	0.74
EPS adj.	0.98	-0.64	0.53	2.59
DPS	0.00	0.00	0.00	0.00
Sales growth Y/Y	134%	0%	17%	15%
EPS adj. growth Y/Y	-27%	-chg	+chg	393%
EBIT margin	1.2%	-8.2%	-2.3%	4.4%
P/E adj.	42.3	n.m.	79.0	16.0
EV/EBIT	>100	neg.	neg.	29.4
EV/EBITA	71.7	neg.	39.1	13.3
EV/EBITDA	24.7	41.0	17.8	9.4
P/BV	2.0	2.2	2.3	2.2
Dividend yield	0.0%	0.0%	0.0%	0.0%
FCF yield	10.0%	-3.1%	2.3%	4.8%
Equity/Total Assets	52.4%	55.3%	54.8%	57.2%
ROCE	1.7%	-6.5%	-2.2%	5.9%
ROE adj.	6.0%	-3.2%	2.8%	14.3%
Net IB debt/EBITDA	1.4	5.5	2.1	0.7

Share price - 5Y



High/Low (12M)	SEK 105.8/32.5			
Perf.	3M	6M	12M	YTD
Abs.	-15.0	-33.1	-52.9	-52.6
Rel.	-9.983	-30.24	-58.51	-57.8

Source: Carnegie Research, FactSet, Millstream & company data

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