

NEWS FLASH

06 February 2025

Sweden

Technology Hardware & Equipment

Research analysts:

Markus Almerud

Transtema

Share price: SEK16.0

Fair value range: SEK23.0–30.0

Back to growth and margin expansion – Q4 first take

Positive momentum in Sweden drives sales...

In the past year Transtema has signed several large contracts, some of which started to have an impact in Q4. Organic growth came in at 9%, compared to our expectation of -5%, and sales were 14% ahead of our estimate. Norway continues to weigh on growth, declining almost 17% organically Y/Y in the quarter, whereas Sweden grew by over 24% organically.

...and margin expanded somewhat, which is positive

Adj. EBITA came in 61% ahead of our expectations at SEK45m, giving an adj. EBITA margin of 5.8% (5.6% in Q4(23)). The margin has contracted in all quarters but one in the past three years, so it is positive that the margin was growing. In recent years, Transtema has constantly been adapting the cost base to the market environment and we see the combination of the lower cost and positive growth as the main driver of the earnings beat.

Initial signs of recovery in Norway

The telecom sector has been contracting since early 2023 when several operators decided to cut capex and to delay the rollout of fibre as well as mobile networks. Additionally we believe that the closure of the copper network was accelerated, which further weighed on Transtema's growth in 2023–24 as it was unable to compensate for the downturn. We believe that we are now largely through this period – the copper network is largely closed and it has signed several new contracts which should compensate for the lost sales. Also, according to the company, we should expect a slow recovery in Norway during 2025.

Cautiously optimistic as we look into 2025

Transtema cut costs and reorganised operations during 2024 to adapt to market conditions. As these measures start having an impact and as the larger contracts taken during 2024 start to have an impact – it has signed five larger contracts since the end of 2023 –we expect sales to accelerate.

Upcoming events

- Q4 Report: 06 Feb 2025
- Q1 Report: 08 May 2025
- AGM 2025: 08 May 2025
- Q2 Report: 14 Aug 2025

Key facts

No. shares (m)	43.0
Market cap. (USDm)	63
Market cap. (SEKm)	687
Net IB Debt. (SEKm)	286
Adjustments (SEKm)	0
EV (2024e) (SEKm)	974
Free float	65.0%
Avg. daily vol. ('000)	55
Risk	High Risk
Fiscal year end	December
Share price as of (CET)	05 Feb 2025 00:00

Key figures (SEK)	2023	2024e	2025e	2026e
Sales (m)	2,689	2,389	2,546	2,674
EBITDA (m)	191	137	203	246
EBIT (m)	59	22	80	117
EPS	3.19	0.04	1.07	1.84
EPS adj.	4.78	0.28	1.07	1.84
DPS	0.00	0.00	0.00	0.00
Sales growth Y/Y	9%	-11%	7%	5%
EPS adj. growth Y/Y	44%	-94%	283%	72%
EBIT margin	2.2%	0.9%	3.2%	4.4%
P/E adj.	3.3	57.3	15.0	8.7
EV/EBIT	15.8	43.2	11.1	6.6
EV/EBITA	10.5	17.7	7.9	5.1
EV/EBITDA	4.9	6.8	4.4	3.2
P/BV	1.2	1.2	1.1	1.0
Dividend yield	0.0%	0.0%	0.0%	0.0%
FCF yield	7.8%	22.0%	22.9%	28.4%
Equity/Total Assets	32.6%	34.1%	36.9%	40.9%
ROCE	25.5%	4.5%	8.1%	12.0%
ROE adj.	39.6%	7.8%	13.6%	17.7%
Net IB debt/EBITDA	1.5	2.1	1.0	0.4

Share price - 5Y



	3M	6M	12M	YTD
Perf. Abs.	7.1	4.0	16.3	6.4
Rel.	3.8	-5.3	1.3	0.1

Source: Carnegie Research, FactSet, Millstream & company data

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Transtema devaiton table		2023						2024			Carnegie					
SEKm		Q1	Q2	Q3	Q4	Q1	Q2	Q3		Q4a	Q4e	Dev		2023	2024e	2025e
Sales		646	713	603	727	500	609	590		790	690	14%		2,689	2,389	2,546
Growth		45%	14%	-2%	-6%	-23%	-15%	-2%		9%	-5%	13.7pp		9%	-11%	7%
Organic		1%	-6%	-17%	-17%	-28%	-15%	0%		9%	-5%	14pp		-11%	-12%	7%
Currency		0%	-3%	-1%	-2%	-1%	0%	-2%		0%	0%	-0.3pp		-1%	-1%	0%
Acquisitions		44%	23%	15%	13%	6%	0%	0%		0%	0%	0pp		22%	1%	0%
Adj EBITA		37	21	21	41	3	19	16		45	28	61%		120	66	114
Adj EBITA margin		5.7%	3.0%	3.5%	5.6%	0.6%	3.1%	2.8%		5.8%	4.1%	1.7pp		4.5%	2.8%	4.5%
PPA		-6	-12	-6	-6	-7	-7	-7		-6	-11			-30	-31	-33
EO		-7	-7	-16	-3	-7	0	-7		-4	0			-32	-14	0
EBIT		24	3	-1	32	-11	12	3		35	17	110%		59	22	80
EBIT margin		3.8%	0.4%	-0.1%	4.4%	-2.1%	2.0%	0.5%		4.5%	0	2pp		2.2%	0.9%	3.2%
Net financials		24	69	28	0	-9	-11	6		-33	-8	+2.9 ppts		121	-22	-22
Pre-tax Profit		48	72	27	32	-20	1	10		2	8	-76%		179	0	58
Tax		1	1	2	-11	4	0	0		-8	-2	311%		-7	1	-12
Tax rate		-2%	-2%	-9%	36%	20%	37%	3%		380%	22%	358pp		4%	304%	21%
Net profit		49	73	29	20	-16	1	9		-6	7	-1.9 ppts		172	1	46
EPS (SEK)		1.20	1.77	0.71	0.49	-0.37	0.02	0.23		-0.12	0.14	-184%		4.18	0.02	1.07
EPS Adj (SEK)		1.33	1.90	1.01	0.54	-0.24	0.02	0.35		0.14	0.14	-2%		4.78	0.28	1.07

Source: Carnegie Research, Company data

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