

NEWS FLASH

26 February 2025
Sweden
Software & Services

Research analysts:

Rikard Engberg

BTS Group

Share price: SEK290.0

Fair value range: SEK310.0–380.0

Profitability in line despite slower growth – Q4 initial comment

Marginally stronger EBITA but slightly lower sales than expected

Sales in Q4 were SEK796m, corresponding to a currency adjusted growth of 3%, and 7% lower than our estimate of SEK852m. The strongest segment was Europe, growing by 22% Y/Y adjusted for FX. North America saw FX-adjusted growth of 3% Y/Y. The lower growth rate is partly explained by two clients cancelling their annual projects. EBITA for the quarter of SEK136m was 1% higher than our estimate and corresponded to a margin of 17%, highlighting BTS's resilience in profitability and scalability.

Strong outlook for 2025

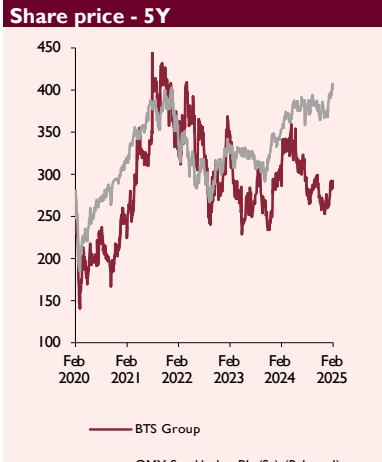
BTS's outlook is for EBITA to be higher in 2025 than 2024. Historically this has corresponded to a growth rate of ~10% Y/Y. The company also sees the market outlook for 2025 as stronger than for the two previous years. We see it as positive that the company has now started to see its AI bots being used at scale. The company ends its outlook for 2025 by stating: "These are just some of the measures planned to bring BTS back to where it belongs, thriving with double-digit growth and higher margins".

We expect a neutral to negative reaction to the report

Despite EBITA being marginally stronger than our estimate for the quarter and the positive outlook for 2025, we expect a neutral to slightly negative reaction to the report, given the strong performance ahead of the numbers.

Upcoming events

- Q4 Report: 26 Feb 2025

Key facts		Key figures (SEK)				Share price - 5Y	
No. shares (m)	19.4	2023	2024e	2025e	2026e		
Market cap. (USDm)	529	Sales (m)	2,683	2,856	3,208		
Market cap. (SEKm)	5,626	EBITDA (m)	422	434	496		
Net IB Debt. (SEKm)	-173	EBIT (m)	302	300	364		
Adjustments (SEKm)	0	EPS	11.9	19.8	12.5		
EV (2024e) (SEKm)	5,453	EPS adj.	13.4	12.1	14.7		
Free float	81.0%	DPS	5.70	6.50	6.75		
Avg. daily vol. ('000)	19	Sales growth Y/Y	6%	6%	12%		
Risk	Medium Risk	EPS adj. growth Y/Y	15%	-10%	21%		
Fiscal year end	December	EBIT margin	11.3%	10.5%	11.3%		
Share price as of (CET)	21 Feb 2025 00:00	P/E adj.	21.6	23.9	19.7		
		EV/EBIT	18.6	16.4	14.4		
		EV/EBITA	17.0	14.3	12.8		
		EV/EBITDA	13.3	11.4	10.5		
		P/BV	4.3	3.6	3.3		
		Dividend yield	2.0%	2.2%	2.3%		
		FCF yield	0.9%	3.2%	5.2%		
		Equity/Total Assets	44.0%	49.3%	50.7%		
		ROCE	18.6%	25.0%	17.2%		
		ROE adj.	20.4%	16.3%	17.5%		
		Net IB debt/EBITDA	-0.1	-0.4	-0.8		
						High/Low (12M) SEK359/253 Perf. 3M 6M 12M YTD Abs. 9.0 5.1 1.2 10.3 Rel. -0.7 -1.5 -13.2 1.4	

Source: Carnegie Research, FactSet, Millstream & company data

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Deviation table

BTS (SEKm)

Deviation table SEKm	2024			Carnegie		
	Q1	Q2	Q3	Q4a	Q4e	Dev
Sales	619	730	657	796	852	-7%
Growth	7%	4%	4%	4%	11%	-7.3pp
Adj EBITA	59	110	60	136	135	1%
Adj. EBITA margin	9.5%	15.1%	9.1%	17.1%	15.9%	1.2pp
EO	0	0	0	0	0	0
Adj EBIT	43	95	43	118.0	121.3	-3%
Adj. EBIT margin	7.0%	13.0%	6.5%	14.8%	14.2%	0.6pp
Pre-tax Profit	64	87	200	116	115	1%
Net profit	36	86	34	84	81	4%
EPS (SEK)	2.8	3.1	9.8	4.3	4.2	3%

Source: Company data, Carnegie Research *Adj. EBITA BTS reported EBITA

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