

# Transtema Q3: Soft Q3 – Retained Optimism for 2025

Transtema Research Note 2024-11-07 09:06

Redeye sees a Q3 report on the soft side from Transtema. However, the optimistic outlook for 2025 remains largely intact, although we might have to somewhat lower our assumptions on Norway.




Fredrik Nilsson




- Sales beat our forecast by 9%. The organic y/y growth was 0.3%, a significant improvement compared to recent quarters. The Norwegian segment grew by 8.4% y/y related to the final delivery of a large 5G project. The Swedish segment grew by -4.5% y/y as Transtema did not fully manage to compensate for the decline in copper (now about 5% of sales).
- Adjusted EBITA was SEK16m (21) and was 25% short of our forecast. The Swedish segment had a positive margin development, as the efficiency measures taken earlier now have a positive effect. However, margins remain limited in Norway as the efficiency measures have not yet fully impacted.
- Management seems satisfied with the initiatives in both markets, stating that the sales initiatives in Sweden have had a positive effect and that the changes in the Norwegian organization have developed according to plan so far – although they are not impacting the numbers now.
- From 1 January 2025, Transtema will cover all of Norway with its service organization (likely with partners in some areas), improving its chances of adding further nationwide service and maintenance deals in Norway.
- The SEK250m deal signed in July has developed well so far. Transtema has added over 200 employees over eight weeks, and the customer is happy so far. The deal has been running at full speed since 1 October.
- Overall, it was another soft quarter, but our positive outlook for 2025 remains largely intact – although we might have to lower our assumptions on Norway somewhat.

Estimates						
	Q3E 2024	Q3A 2024	Diff	Q3A 2023	Q2A 2024	
<b>Sales</b>						
Net Sales	543	591	9%	603	609	
Y/Y Growth (%)	-10%	-2%		-15%	-15%	
<b>Earnings</b>						
EBITA	22	16	-25%	21	19	
EBITA Margin (%)	4.0%	2.8%		3.5%	3.1%	
Diluted EPS	0.24	0.23	-3%	0.68	0.00	

Source: Redeye, Company Reports. EBITA concerns adjusted numbers



### REDEYE QUALITY RATING

4	4	3
		
People	Business	Financials


### FAIR VALUE RANGE

Price 14.5

Bear 10.0
|
Bull 48.0

Base 27.0

### TIMELINESS



4

### KEY STATS

Market Cap	624.5 MSEK
Entprs. Value (EV)	761.2 MSEK
Net Debt (2024e)	136.7 MSEK
30 Day Avg Vol	55 K
Shares Outstanding	43.0M
Price / Earnings	36.6x
PEG	N/A
Dividend Yield	N/A

Data from 2024-11-07 09:07

### IMPORTANT INFORMATION

All information regarding limitation of liability and potential conflicts of interest can be found at the end of the report.

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