

Careium

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Results Reaction	IT/Technology	Sweden	13 February 2025
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Q4: Strong recovery with 59% EBIT growth

Careium reported Q4 with 13% organic growth, leading to sales 3% ahead of SEB. EBIT grew 59% y/y, with the margin expanding 320bp y/y reaching 11.6% (SEB at 7.9%), leading to EBIT 52% ahead of SEB expectations. The better results are driven by UK improving, strong quarter for Other Markets, and good cost control. The company says it expects sales, profitability and FCF to improve in 2025. Our first take is for consensus 2025 EBIT to increase mid-single digits.

Outcome: EBIT 52% ahead of SEB expectations

Reports Q4 sales SEK 229m (+3% vs SEB), EBIT 27m (52% vs SEB), for an EBIT margin of 11.6% (SEB at 7.9%), increasing 320bp y/y. Organic growth was 13% (SEB at 10%), and EBIT grew 59% y/y (weak Q4 last year). Gross margin was 44.4% (SEB at 43%), while opex was slightly lower than our expectations. The beat versus SEB is driven by Products sales, while Service sales are weaker. UK looks to have a better quarter, growing +20% y/y (16% q/q), as well a strong quarter from Other markets (148% y/y). Nordics was below our expectations and declined 7% y/y. The operating cash flow was SEK 35m, down from 53.8m last year due to working capital but a good level compared to EBIT in our view. FCF was 17m

Outlook: Sales, profitability and FCF to increase in 2025

On outlook, it says it expects net sales, profitability and free cash flow to increase in 2025 compared to 2024, but with a slower H1 due to the Swedish market awaiting a new major tender framework.

The company also says it will launch new innovations across hardware and software in 2025, as well as focus on developing its assisted living offering and B2C offering. It also highlights it continuously evaluates opportunities for acquisitions.

Impact: 2025 EBIT to come up mid-single digits

Driven by strong profitability in Q4, we believe consensus will raise profitability expectations for 2025 (SEB currently at 9.3% 2025 vs 9.7% achieved 2024). First take is for consensus 2025 EBIT to come up by mid-single digits.

Conference call details: 13.00 CET

Webcast link: https://url.uk.m.mimecastprotect.com/s/m_-eCO7pVlpPGY7sEfDSGWMEw?domain=youtube.com

Q4 deviation table

(SEKm)	Q4/24		Deviation SEB		Q4/23		Q3/24	
	Actual	SEB	Abs	Rel (%)	Actual	y/y (%)	Actual	q/q (%)
Sales	229	222	7	3	199	15	202	13
Organic growth	13	10		3pp	0	12pp	-8	20pp
Gross profit	102	95	7	7	80	27	86	18
Opex	-75	-77	2	3	-64	-18	-70	-8
EBIT	27	17	9	52	17	59	17	60
Net income	23	11	11	99	7	204	11	106
EPS	0.89	0.43	0	106	0.27	228	0.54	64
Gross margin	44.4	42.7		1.7pp	40.2	4.2pp	42.8	1.6pp
EBIT margin	11.6	7.9		3.7pp	8.4	3.2pp	8.2	3.3pp
Sales split								
Product sales	63	52	11	21	45	39	37	68
Service sales	166	170	-4	-2	154	8	164	1
Sales by region								
Nordic	95	103	-9	-8	102	-7	98	-3
United Kingdom and Ireland	81	77	4	5	68	20	70	16
Netherlands	22	22	0	0	17	27	21	4
Other markets	32	20	12	62	13	148	14	134

Source: Careium, SEB

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