Seafire

Results Reaction	Industrial Sales	Sweden	24 February 2025

Q4: Stable at a low level

Seafire reported Q4 2024 adj. EBITA of SEK 6m (SEB at SEK 4m). It took a goodwill impairment of SEK 87m. ND/EBITDA was 3.0x, according to bank covenant. Going into 2025, management believes markets have stabilised at a low level, with early signs that market conditions are improving, which could become visible during Q2 and Q3. Focus during 2025 will be on improving gross margin and reducing working capital.

Outcome: Slightly better than feared. SEK 87m goodwill impairment

Seafire reported Q4 2024 sales of SEK 211m (1% vs. SEB), -7% y/y whereof -7% organic (SEB -8%). Segment Industrial Components reported -7% organic sales growth y/y, and segment Products -4% y/y. Adj. EBITA was SEK 6m (50% vs. SEB at SEK 4m), 100% y/y, translating to an adj. EBITA margin of 2.8% (SEB at 1.9%) vs. 1.3% in Q4/23.

Leasing adj. FCF was -2m, burden by seasonal working capital build up.

ND/EBITDA of 3.0x (3.0x Q3/24) as it is defined in order to calculate the bank loan's covenant. Total ND/EBITDA at 4.2x.

Takes a goodwill impairment of SEK 87m relating to Borö-Pannan, Kenpo Sandwich and Thor Ahlgren during Q4/24.

Q4 deviation table

Deviation table	Q4 23	Q4 24 Actual	Q4 24 SEBE	Deviation SEBE	Change y/y
Net sales	**227**	**211**	**208**	1%	-7%
Gross profit	**99**	**95**	**95**	0%	-4%
- margin (%)	43.6%	45.0%	45.8%		
EBITA	**17**	**1**	**4**	-75%	-94%
- margin (%)	7.5%	0.5%	1.9%		
Total EO	**-14**	**5**	**0**	n.a	
Adj. EBITA	**3**	**6**	**4**	50%	100%
- margin (%)	1.3%	2.8%	1.9%		
EBIT	**-20**	**-92**	**-2**	4512%	360%
- margin (%)	-8.8%	-43.6%	-1.0%		
Net profit	**-28**	**-97**	**-7**	1265%	246%
- margin (%)	-12.3%	-46.0%	-3.4%		

Source: SEB, Seafire

Outlook: Stable at a low level, with some positive signs

Focus areas: During 2025, Seafire will increase its focus on collaboration between subsidiaries. Its remuneration model will have an even clearer focus on growing profits and cash flow going forward. Scope to reduce the fixed cost base over the coming years is limited according to management, thus focus will be on actively improving gross margin (pricing/procurement). Continued focus on reducing NWC in group.

Outlook: Going into 2025, management believes markets have stabilised at a low level, with early signs that market conditions are improving, which could become visible during Q2 and Q3.

M&A: Once management sees stability in financial results, cash flow and debt, it will increase its focus on growing the group through acquisitions, primarily with a focus on markets that it already understand and likes.

Impact: 2024E adj. EBITA estimates to come up 5% mechanically.

The outcome results in +5% revisions to our 2024E adj. EBITA estimates mechanically.

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