

# HansaMatrix AS

# HMX1R.RI

Finance costs grew rapidly, leaving their mark on FY 2019 net profit

Information Technology | Latvia

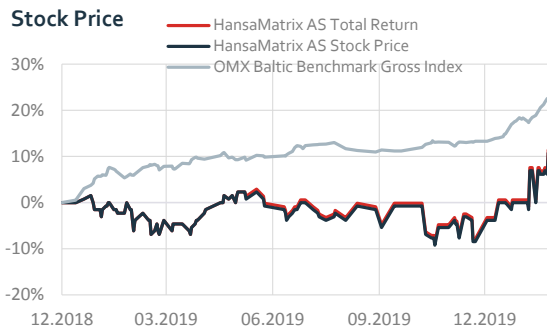
The electronics manufacturer providing full chain of service, from design phase to after-market, for business clients in Baltic, Scandinavian countries and rest of the EU.

## Market data

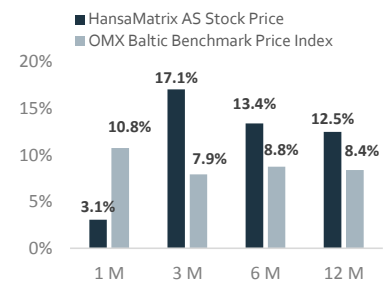
Price (€)	7.2
Market cap (mn €)	13.2
Free float (%)	46.4
Avg. daily volume - 30 days (€)	146

## Alphinox Quantitative score

Score displays Company's financial conditions, growth pace and valuation based on latest results and stock price



## Stock Return

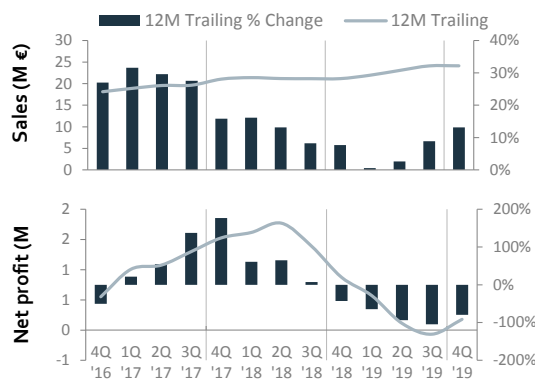


## Company Update

On February 20th, company reported Q4 '19 and 12M '19 financial results. In both periods company's top line has grown double-digit – in Q4 '19 up by 17.1%, while in 12M up by 13.1%, reaching almost EUR 24mn. HMX managed to improve Q4 '19 bottom line y-o-y, showing profit of EUR 60.3K (was negative in Q4 '18) as this Q4 it recognized smaller loss from its investment in associated companies (in Q4 '19 EUR 32K, while in Q4 '18 it was EUR 252K). Though revenues and EBITDA in 12M grew, net profit fell by 77% and was EUR 178K. Company was struggling with rising costs and expenses therefore gross margin fell from 17% to 14% and operating margin from 6.6% to 5.3%. Net profit was impacted by recognition of loss from investment in associates. In 2019 loss was EUR 0.6mn, while in 2018 it was EUR 0.48mn. Company's finance costs rose 2.8 times from EUR 0.17mn to EUR 0.5mn in 2019 as the amounts of interest payments increased due to the jump in debt +32%, which also pushed Debt/Equity ratio higher (from 107% to 130%). For 2020 Hansamatrix expects revenues of EUR 30mn (up by 25%), EBITDA margin between 12%-15%

## Growth

Sales	last Q	LTM	2018	2017
Company (M €)	5.9	23.9	21.2	19.6
Company	17%	13.1%	7.7%	16%
Sector*	0.5%	7.5%	5.1%	3.8%
Baltic Market	6.2%	4.5%	7.7%	1.6%



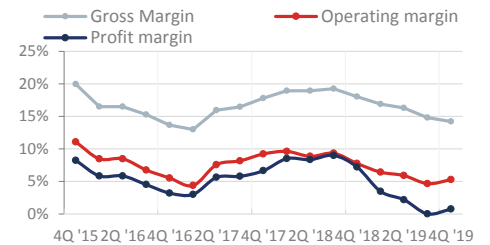
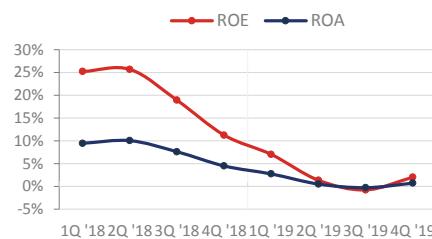
## Key performance indicators

	4Q '19	4Q '18	LTM
R&D turnover, th EUR	782	680	2277
	+15%		

Profit	last Q	LTM	2018	2017
Company (M €)	0.1	0.2	0.8	1.5
Company	-	-80%	-49%	177%
Sector*	-31.6%	4.3%	-27%	0.0%
Baltic Market	23.1%	-1.0%	5.4%	7.8%

## Profitability

Last 12M	ROE	ROA	GM	OPM	PM
Company	2.0%	0.7%	14.2%	5.3%	0.7%
Sector*	11.2%	4.4%	58.0%	3.7%	3.8%
Baltic Market	4.5%	1.8%	18.7%	2.7%	2.5%
3y average	ROE	ROA	GM	OPM	PM
Company	4.2%	1.6%	16.1%	6.0%	2.7%
Sector*	8.7%	3.3%	60.3%	4.5%	3.5%
Baltic Market	8.6%	4.1%	19.6%	5.2%	4.3%



## Balance sheet & Cash flow

	last	Q-1	Q-2	Q-3	LTM	2018	2017		last	Q-1	Q-2	Q-3	LTM	2018	2017
Equity / Assets ratio	30%	31%	30%	32%	31%	35%	44%	Cash Flow to Debt	19%	37%	21%	28%	26%	25%	66%
Debt / Equity ratio	138%	128%	135%	121%	130%	107%	65%	CAPEX / Sales	22%	38%	34%	15%	27%	50%	42%
Cash ratio	0.03	0.01	0.01	0.10	0.05	0.33	0.04	FCF/OCF	-120%	-150%	-255%	-143%	-167%	-139%	4%

## Valuation

	Last	1y avg	3y avg		last	1y avg	3y avg		Trailing PE		
P/E	74.27	21.30	14.9	P/B	1.47	1.32	1.86	Company	[Bar chart showing Trailing PE for Company, Sector, and Market]		
EV/EBITDA	6.96	6.35	7.91	P/CF	5.62	4.68	5.04	Sector			
P/S	0.55	0.53	0.89	Dvd yield	0.6%	0.6%	0.7%	Market			

\*Sector: average of respective GICS sector companies from NASDAQ OMX Baltic and NASDAQ OMX Nordic small cap indices, Market: NASDAQ OMX Baltic median

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