

# SAF Tehnika AS

2Q'20/21 results: At full-speed ahead

# SAF1R.RI

Information Technology | Latvia

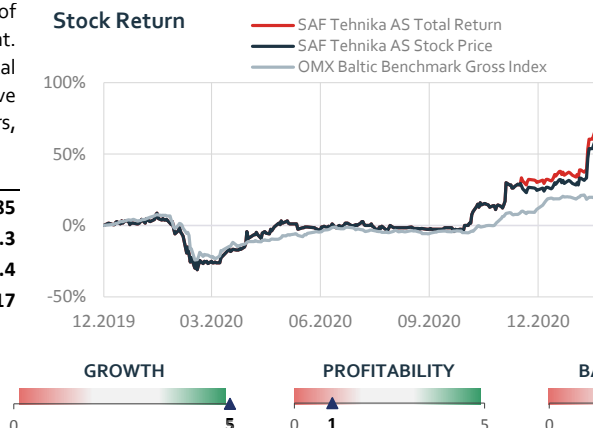
SAF Tehnika is Latvian-based manufacturer of wireless data transmission equipment. Company focuses on the following: Digital microwave radio equipment, Microwave spectrum analyzers and signal generators, Wireless sensor network solutions.

### Market data

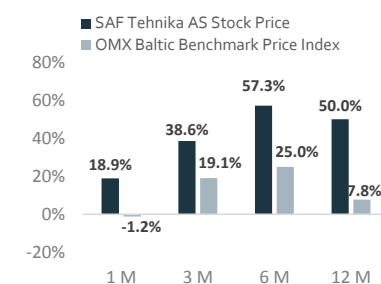
Price (€)	<b>5.85</b>
Market cap (mn €)	<b>17.3</b>
Free float (%)	<b>42.4</b>
Avg. daily volume - 30 days (mn €)	<b>0.0017</b>

### Alphinox Quantitative score

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



### Stock Price Performance



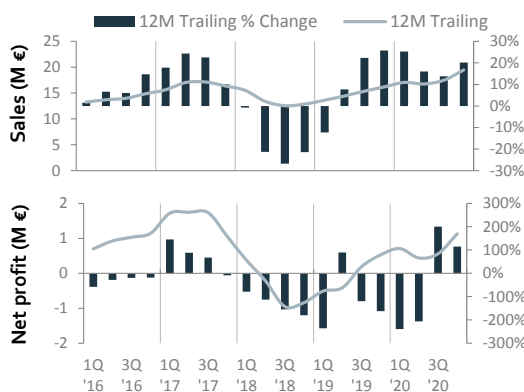
### Company Update

For the second quarter in a row the company continues bringing joy to its investors by reporting good results: sales increased by 42%, driven by strong turnover growth in all regions SAF Tehnika operates: Americas +39% (67% of sales), AMEA +42% (8% of sales), Europe and CIS +52% (25% of sales). Apart from its main business segment, the company continued to develop its new initiative -CO<sub>2</sub> measurement tool Aranet. The demand for this product exceeded company's expectations as pandemic reinforced customers' apprehension for it to be a crucial component of good ventilation and air quality set-up. Net profit margin of the company has expanded from 4% to 11% and net profit increased four-fold in 2Q'20/21. The company does not see any significant changes to the current situation in the near term and states that there is still buoyant demand for the radio links, fuelled by the global requirement for the data transfer.

### Growth

Sales	last Q	LTM	2019	2018
Company (M €)	6.7	19.5	16.2	12.9
Company	42.0%	20.2%	25.8%	-21.4%
Sector*	-3.1%	2.0%	14%	4.9%
Baltic Market	-6.6%	-4.6%	4.6%	7.7%

Profit	last Q	LTM	2019	2018
Company (M €)	0.8	1.1	0.5	-0.8
Company	297%	115%	-163%	-180%
Sector*	4.5%	9.7%	-5.5%	-27%
Baltic Market	-1.4%	-23%	-40%	5.4%

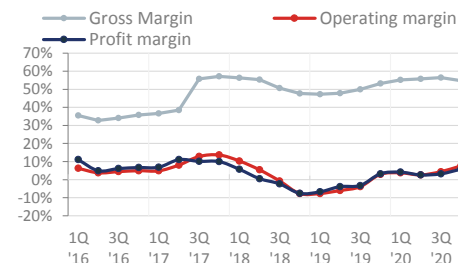
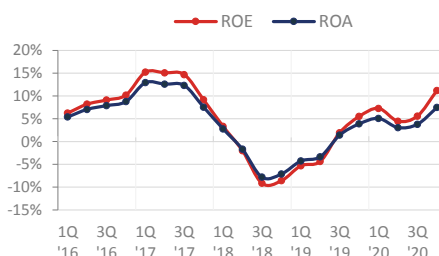


### Key performance indicators

	4Q '20	4Q '19	LTM
Allowance for uncollectible receivables / Total assets, %	2.2%	0.2%	-
Number of employees	222	201	217
	+10%		

### Profitability

Last 12M	ROE	ROA	GM	OPM	PM
Company	11.2%	7.5%	54.7%	7.6%	5.8%
Sector*	10.8%	4.9%	65.1%	4.8%	2.8%
Baltic Market	8.5%	3.3%	23.7%	4.8%	3.7%
3y average	ROE	ROA	GM	OPM	PM
Company	3.0%	2.4%	49.7%	2.7%	2.0%
Sector*	11.0%	5.5%	59.4%	4.7%	3.3%
Baltic Market	7.2%	3.0%	20.9%	3.2%	2.2%

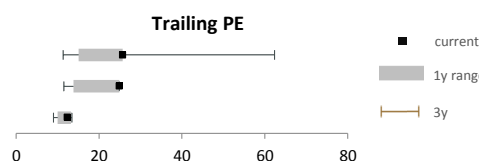


### Balance sheet & Cash flow

	last	Q-1	Q-2	Q-3	LTM	2019	2018		last	Q-1	Q-2	Q-3	LTM	2019	2018
Equity / Assets ratio	62%	67%	64%	72%	66%	70%	75%	Cash Flow to Debt	2.98	1.35	2.29	-0.11	1.63	0.89	-
Debt / Equity ratio	11%	12%	13%	11%	12%	12%	0%	CAPEX / Sales	1.7%	0.4%	19%	0.0%	5.2%	0.0%	2.2%
Cash ratio	1.18	1.11	1.18	1.42	1.22	1.20	0.97	FCF/OCF	84%	73%	87%	356%	150%	63%	159%

### Valuation

	Last	1y avg	3y avg		last	1y avg	3y avg	
P/E	25.7	20.8	6.69	P/B	1.43	1.15	1.11	Company
EV/EBITDA	7.49	6.72	31.5	P/CF	8.55	-17.7	-11.8	Sector
P/S	0.82	0.67	0.74	Dvd yield	0.0%	3.1%	4.2%	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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