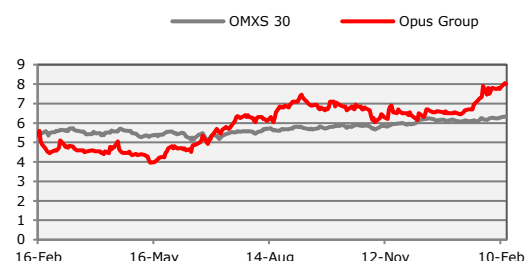


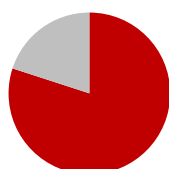
Summary
Opus Group (OPUS.ST)
Significantly raising the bar

- There is certainly nothing wrong with the level of ambition in the company's newly launched growth plan for 2017-21. Sales are to double and the EBITDA margin is to rise to 25%, compared with 20% in full-year 2016. The new CEO will be Lothar Geilen, which is hardly surprising given that he has been in charge of the entire group's vehicle inspection business for several years.
- Q4 was this time a little weaker than we anticipated. Revenue rose 5% Y/Y (our forecast: 12%) and EBITDA rose 16% to SEK 68m. However, we expected more from both reporting segments.
- The new growth plan does not appear unrealistic, but will have to take clearer shape before we start including it in our forecasts. Our forecasts, assumptions and valuation (Base Case SEK 10.2 per share) are largely unchanged. However, a Bull Case based on success for the five-year plan provides significant valuation potential up to SEK 15 per share.

List: Nasdaq Mid Cap
Market Cap: 2,396 MSEK
Industry: Industrial Goods & Services
CEO: Magnus Greko
Chairman: Katarina Bonde

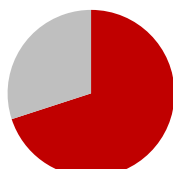

Redeye Rating (0 – 10 points)

Management



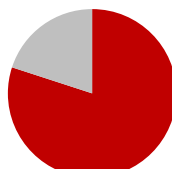
8.0 points

Ownership



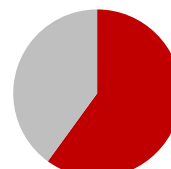
7.0 points

Profit outlook



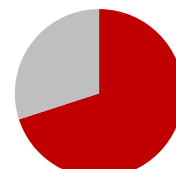
8.0 points

Profitability



6.0 points

Financial strength



7.0 points

Key Financials

	2015	2016	2017E	2018E	2019E
Revenue, MSEK	1,652	1,698	1,866	2,018	2,143
Growth	13%	3%	10%	8%	6%
EBITDA	275	332	352	390	436
EBITDA margin	17%	20%	19%	19%	20%
EBIT	109	149	145	180	239
EBIT margin	7%	9%	8%	9%	11%
Pre-tax earnings	80	145	93	121	186
Net earnings	66	85	66	86	132
Net margin	4%	5%	4%	4%	6%
Dividend/Share	0.10	0.12	0.13	0.14	0.16
EPS adj.	0.22	0.29	0.22	0.29	0.45
P/E adj.	26.9	27.9	37.2	28.7	18.6
EV/S	1.5	1.8	1.6	1.5	1.3
EV/EBITDA	8.9	9.1	8.7	7.6	6.4

Share information

Share price (SEK)	8.3
Number of shares (m)	288.7
Market Cap (MSEK)	2,396
Net debt (MSEK)	685
Free float (%)	73%
Daily turnover ('000)	900

Analysts:
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henrik.alveskog@redeye.se

Redeye Rating: Background and definitions

The aim of a Redeye Rating is to help investors identify high-quality companies with attractive valuation.

Company Qualities

The aim of Company Qualities is to provide a well-structured and clear profile of a company's qualities (or operating risk) – its chances of surviving and its potential for achieving long-term stable profit growth.

We categorize a company's qualities on a ten-point scale based on five valuation keys; 1 – Management, 2 – Ownership, 3 – Profit Outlook, 4 – Profitability and 5 – Financial Strength.

Each valuation key is assessed based a number of quantitative and qualitative key factors that are weighted differently according to how important they are deemed to be. Each key factor is allocated a number of points based on its rating. The assessment of each valuation key is based on the total number of points for these individual factors. The rating scale ranges from 0 to +10 points.

The overall rating for each valuation key is indicated by the size of the bar shown in the chart. The relative size of the bars therefore reflects the rating distribution between the different valuation keys.

Management

Our Management rating represents an assessment of the ability of the board of directors and management to manage the company in the best interests of the shareholders. A good board and management can make a mediocre business concept profitable, while a poor board and management can even lead a strong company into crisis. The factors used to assess a company's management are: 1 – Execution, 2 – Capital allocation, 3 – Communication, 4 – Experience, 5 – Leadership and 6 – Integrity.

Ownership

Our Ownership rating represents an assessment of the ownership exercised for longer-term value creation. Owner commitment and expertise are key to a company's stability and the board's ability to take action. Companies with a dispersed ownership structure without a clear controlling shareholder have historically performed worse than the market index over time. The factors used to assess Ownership are: 1 – Ownership structure, 2 – Owner commitment, 3 – Institutional ownership, 4 – Abuse of power, 5 – Reputation, and 6 – Financial sustainability.

Profit Outlook

Our Profit Outlook rating represents an assessment of a company's potential to achieve long-term stable profit growth. Over the long-term, the share price roughly mirrors the company's earnings trend. A company that does not grow may be a good short-term investment, but is usually unwise in the long term. The factors used to assess Profit Outlook are: 1 – Business model, 2 – Sale potential, 3 – Market growth, 4 – Market position, and 5 – Competitiveness.

Profitability

Our Profitability rating represents an assessment of how effective a company has historically utilised its capital to generate profit. Companies cannot survive if they are not profitable. The assessment of how profitable a company has been is based on a number of key ratios and criteria over a period of up to the past five years: 1 – Return on total assets (ROA), 2 – Return on equity (ROE), 3 – Net profit margin, 4 – Free cash flow, and 5 – Operating profit margin or EBIT.

Financial Strength

Our Financial Strength rating represents an assessment of a company's ability to pay in the short and long term. The core of a company's financial strength is its balance sheet and cash flow. Even the greatest potential is of no benefit unless the balance sheet can cope with funding growth. The assessment of a company's financial strength is based on a number of key ratios and criteria: 1 – Times-interest-coverage ratio, 2 – Debt-to-equity ratio, 3 – Quick ratio, 4 – Current ratio, 5 – Sales turnover, 6 – Capital needs, 7 – Cyclicity, and 8 – Forthcoming binary events.

Lukewarm Q4, but the bar is raised significantly

The end of 2016 was not quite as strong as we expected. We clearly had high expectations after Opus delivered two very strong interims (Q2 and Q3). This might seem a little strange for a business that is mainly stable and predictable. Both the Swedish and international segments are certainly improving their Y/Y earnings, but we had hoped for a bit more, and the difference was not due to start-up costs which, for once, we managed to guess correctly (SEK 8m). The results were nonetheless as expected on the bottom line, but this is solely because of the foreign exchange difference in net finance income, which is purely down to accounting and does not affect cash flow. The dividend has been upped 20% to SEK 0.12 per share.

Dividend upped 20%

Revenue and profit up Y/Y but the outcome was a little way below our expectations

Actual vs. Forecast				
SEKm	Q4'15	Q4'16P	Actual	Diff
Sales	411	460	431	-6%
EBITDA	58	86	68	-21%
EBIT	11	40	17	-57%
PTP *	-6	32	36	13%
Net earnings	23	17	11	-3%
Sales growth	3%	12%	5%	
Whereof organic growth	6%	5%	1%	
EBITDA margin	14.1%	18.7%	15.8%	
EBIT margin	2.7%	8.7%	4.0%	

* Fx-effects Q4-15: -4 SEKm and Q4-16: 34 SEKm

Source: Opus Group, Redeye Research

Margins fell back compared with an obviously strong Q3, particularly in Vehicle Inspection Sweden, but for the full-year 2016 there was still a marked improvement in profitability.

Quarterly performance by segment

SEKm	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
Vehicle Inspection Sweden									
Net sales	137	139	166	127	155	141	184	138	160
EBITDA *	19	13	37	14	16	7	45	30	22
EBITDA-margin *	14.1%	9.5%	22.2%	11.1%	10.4%	5.2%	24.3%	22.0%	14.0%
Vehicle Inspection International									
Net sales	226	235	259	264	259	258	274	287	275
EBITDA *	39	42	64	67	50	56	74	71	56
EBITDA-margin *	17.4%	17.9%	24.5%	25.5%	19.3%	21.9%	27.2%	24.8%	20.4%
Group elimination etc	-12	-5	-3	-9	-3	-2	-1	-12	-8
Total sales	401	402	452	387	411	395	452	420	431
EBITDA *	59	56	97	81	61	63	117	99	76
EBITDA-margin *	14.7%	13.9%	21.5%	20.8%	14.9%	16.0%	25.9%	23.6%	17.6%
EBITDA	49	51	94	71	58	61	116	87	68
Depreciation & amortization	-31	-39	-39	-39	-48	-44	-43	-45	-50
EBIT	18	11	55	32	11	18	73	41	17

* Excluding acquisition and start up costs.

Source: Opus Group, Redeye Research

Five-year plan: Ready, Set, Grow!

Opus presented its framework and ambitions for the next five years. One of the headlines in its presentation was “Next step for Opus Group: Ready, Set, Grow!”, and most of us who follow Opus probably already know that growth has been high on its agenda; the company has quadrupled in size over the past four years. But it is apparent that the more consolidating developments of the past year mean the company now more clearly wishes to move up a gear in its expansion. Its goal is obviously ambitious, with a doubling of revenue and with profitability to be raised even more considerably, from a 20% EBITDA margin to 25%.

Target year 2021: 400/100/25		
MUSD	Opus today, app	Target 2021
Revenue	200	400
EBITDA	40	100
EBITDA-margin	20%	25%
Revenue per region		
USA	127	185
Sweden	73	90
Rest of Europe	0	30
Latin America	1	50
RoW (mainly Asia)	0	45
Total:	200	400

Source: Opus Group

Some assumptions used for the new strategy, in broad terms:

- Existing vehicle inspection programmes in the US and Sweden will show stable development. Fairly low growth and hopefully somewhat improved profitability through continuous efficiency improvements.
- Expansion in new markets, primarily in Latin America and Asia. These are expected to be more profitable than the mature markets, otherwise the risks are not worth taking.
- New products and services like RAP and Fastlign launched initially to existing customers in the United States. Then also in Europe and other markets. High profitability potential since these are largely software-based services or offered as EaaS.
- Estimated Capex over five years: SEK 1.5-2bn. Approximately 60% buildings and land and only 10% add-on acquisitions. Financed with own cash flow and borrowing.

Change of CEO completely undramatic

Lothar Geilen, who has for several years been head of the entire vehicle inspection business, becomes the new President and CEO from April 1. Magnus Greko remains in charge of business development, including start-ups and evaluation of acquisition targets. This seems quite logical and undramatic, and is probably a switch that both parties have wished for.

High-profile pair remain in place but with slightly new roles

Vehicle Inspection International – EaaS revving up

Stable Q4, but nothing more

Revenues in local currency were virtually unchanged against Q4 last year. Margins admittedly rose Y/Y, but were lower than earlier in 2016, even adjusted for start-up costs. It is difficult to know precisely what these differences are due to since the segment has a number of different units. There are some seasonal effects, with a weaker Q4, but there is also large variation in profitability between the different businesses.

EaaS driving both growth and profitability for the coming years

Growth will certainly return in 2017 since revenues from EaaS and the programmes in Pakistan and Chile are gradually revving up. At the presentation it was stated that within around two years EaaS is expected to generate revenues of around USD 30m. There are good opportunities for Opus in states like Texas, Pennsylvania and North Carolina, partly because authorities will demand new equipment for environmental testing. In 2016, Opus achieved revenues from EaaS of an estimated USD 10m. This business is also extremely profitable, with margins well above the group average.

No major news has emerged about the new product areas and services for RAP and FASTALIGN®. Both are in the launch phase and will certainly be charged against earnings for a while. RAP is a remote assistance service (software and support desk) that allows independent workshops to service all modern cars. Certainly a very attractive product. Fastalign is a system that measures a vehicle's wheel alignment using lasers. This type of equipment usually involves significant investment for workshops and will therefore be sold mainly as EaaS.

Fewer acquisitions, more partnerships?

We previously expected that Opus would use its war chest for significant acquisitions, but this does not appear to be the priority. The growth plan is not based on any major acquisitions, at only ~10 percent of the investment budget. However, it will seek out partnerships. This will be primarily intended to create a local presence in new countries. It will not be easy, but is probably a better route than starting on its own from scratch. Although Opus is a world champion in vehicle inspection, it requires much more to succeed in building a viable business in many of the markets the company is now targeting.

Vehicle Inspection Sweden – somewhat lukewarm

Better Y/Y, but we expected more

After a couple of brilliant quarters, the Q4 results were no more than lukewarm. As shown in the table on Page 3, margins slipped significantly compared to Q3, even though Q4 is seasonally stronger and revenues therefore much higher. Compared to Q4 2015, though, it is certainly a step forward, although in the previous year Opus had problems with issues such as high staff turnover, which impacted profits.

Part of the explanation is that Opus opened a couple of new stations in Q4, and another three earlier in the year. These have naturally had a cost initially, but hardly explain the whole difference. Although it was no secret, it is becoming increasingly clear that the company is serious about continuing to expand in order to achieve a nationwide network of inspection stations. This is not an end in itself, and the benefit is the ability to serve all business customers, which make up an important customer group.

Small changes in market share

The general trend has not changed recently. Smaller providers like Carspect and Dekra continue to nibble away at some market share. The main loser has been AB Svensk Bilprovning, which has lost out after changing to a new IT system, which it has not yet fine-tuned. An error arose in the reporting to the Swedish Transport Agency that impacted market share numbers for December and January. This means that an average for these two months would be more accurate than the numbers reported and presented in the table below.

No changes to inspection intervals

On the positive side for the market as a whole, we can now say that there will only be very minor changes to inspection intervals, and the controversial proposal to extend inspections on older vehicles to every other year was rejected by the government. We had anticipated this outcome, so it changes nothing in our forecasts.

Market shares								
Inspection companies	2015			2016			2017	
	Jan	June	Dec	Jan	June	Oct	Dec	Jan
AB Svensk Bilprovning	32.2%	32.1%	30.5%	29.5%	28.7%	28.2%	25.7%	27.0%
Opus Bilprovning	26.8%	27.8%	27.5%	26.5%	28.2%	27.6%	27.8%	26.1%
Besikta Bilprovning	22.5%	21.4%	19.5%	21.2%	22.8%	25.2%	25.4%	26.6%
Carspect (A-Katsastus)	9.1%	9.2%	10.7%	10.3%	10.5%	11.2%	12.3%	11.6%
Clearcar	4.2%	5.0%	6.0%	6.0%	2.4%	0.0%	0.0%	0.0%
DEKRA (inkl Applus)	4.8%	4.0%	5.1%	6.1%	6.8%	7.1%	8.0%	8.1%
Others (5 comp)	0.4%	0.5%	0.7%	0.4%	0.7%	0.6%	0.7%	0.6%
Total: (11 comp)	100%	100%	100%	100%	100%	100%	100%	100%

Source: Transportstyrelsen

Forecasts & Valuation

We expect new business during the year, but remain cautious about factoring it in

The new aspirations presented for the next five-year period are certainly not impossible or unrealistic. We have taken them into consideration even though they are not directly reflected in our forecasts. The new CEO, Lothar Geilen, is very intentionally restrained with information in order to not disrupt the operations. At the same time he gives a clear impression of having a number of new projects in the pipeline. We would be surprised if a few of these are not presented in the coming year. The investment budget mentioned above is expected to be front-heavy and largely implemented in 2017-18; in other words, pretty soon. But we are holding back on factoring this in, and we base our forecasts mainly on the business plans already announced to date.

We have now lowered our forecasts for **Vehicle Inspection Sweden** following a weaker than expected Q4. The difference is not big, but we expect moderate growth and margins that will remain around today's level.

Vehicle Inspection International will certainly gain from its growing EaaS business. On top of this are Pakistan and Chile, and these three together should provide around USD 30m, or SEK 250m, in higher revenues towards 2018 than in 2016. FASTLIGN® and RAP seem to have really good potential, but these are new services that have just been launched so we remain very cautious about factoring in this potential.

Investment will remain at a high level in the coming years as a result of international expansion and EaaS. Our forecast is SEK 120-130m per year, and the level of amortisation will therefore continue to rise. In order to fully realise its growth plan, however, the company itself is counting on very much higher investments (SEK 1.5-2bn in 2017-21).

Redeye estimates						
SEKm	2014	2015	2016	2017E	2018E	2019E
Vehicle Inspection Sweden						
Net sales	560	587	623	644	664	687
EBITDA	86	80	105	106	110	115
EBITDA-margin	15.3%	13.7%	16.8%	16.5%	16.6%	16.7%
Vehicle Inspection International						
Net sales	783	1,017	1,093	1,242	1,374	1,476
EBITDA	161	214	246	276	309	351
EBITDA-margin	20.6%	21.1%	22.5%	22.2%	22.5%	23.8%
Group & Eliminations						
EBITDA	-9	-23	-19	-30	-30	-30
Total sales	1,460	1,644	1,698	1,866	2,018	2,143
EBITDA	246	275	332	352	390	436
EBITDA-margin	16.9%	16.7%	19.6%	18.9%	19.3%	20.3%
Depreciation & amortization	-98	-166	-183	-207	-210	-197
EBIT	148	109	149	145	180	239
EBIT-margin	10.2%	6.6%	8.8%	7.8%	8.9%	11.2%

Source: Opus Group, Redeye Research

Valuation

*Fair value estimate:
SEK ~10.2 per share*

Our cash flow model values the business at close to SEK 3.7bn. With a deduction for interest-bearing net debt of SEK 0.7bn, this gives a fair market value of SEK 2.95bn, or **SEK 10.20 per share**. This is largely unchanged since the date of our last research update on 22 November 2017.

Unchanged long-term assumptions

Long-term assumptions:

*15% EBIT margin
6% annual growth*

Our assumption for the company's sustainable EBIT margin is 15 percent. This corresponds to approximately the level of today with a normalised level of depreciation and amortisation. For the period 2019-24, we have assumed an annual growth rate of 6 percent. Opus has its own new target for the period until 2021 to double revenue, which corresponds to 15 percent average annual growth.

The table below shows various values for WACC and long-term profitability, in the form of the EBIT margin. The box indicates the valuation assumptions in our Base Case scenario. Even if profitability does not quite reach our long-term assumptions, the stock still appears to be undervalued.

DCF-value, SEK per share					
Sustainable EBIT-margin	11%	13%	15%	17%	19%
WACC					
9%	9.2	10.7	12.3	13.8	15.3
10%	7.7	8.9	10.2	11.5	12.8
11%	6.5	7.6	8.7	9.8	10.9

Source: Redeye Research

The earnings measures EBITA and EBITDA are the most relevant for underlying profitability since they take into account both the high amortisation of intangible assets and the fact that depreciation of tangible assets in EaaS is also high. The stock has now recovered substantially from its trading low of spring 2016. With better growth numbers and a positive profit trend, the multiples are still clearly at attractive levels.

Earnings multiples					
Share price: 8.0 SEK	2015	2016	2017E	2018E	2019E
P/E	26.2	22.0	34.8	26.9	17.5
EV/EBIT	22.4	17.2	20.6	16.7	12.5
EV/EBITA	12.1	10.0	10.9	9.6	8.1
EV/EBITDA	8.9	7.7	8.5	7.7	6.9

Source: Redeye Research

Scenarios and fair value range

Our main scenario, the Base Case in the table below, is the starting point for our valuation and provides a fair value of **around SEK 10 per share**. We have also outlined two other possible outcomes. These scenarios are both entirely possible, albeit clearly positive or negative.

Bull Case

Our assumptions for this positive scenario are based on the company delivering in line with its five-year growth plan, communicated at the start of 2017. This would double revenue to around SEK 3,600m (USD 400m) and improve the EBITDA margin to 25%. It would also require investment of an estimated SEK 1.5-2bn. The fair value in this scenario is much higher, at **just over SEK 15 per share**.

Bear Case

We should not ignore the risk of the company losing some of its existing contracts in the US. There is nothing to suggest that customers are currently dissatisfied, but this could naturally change. In a negative scenario, we could also imagine the competition in Sweden intensifying significantly and Opus losing market share, resulting in impaired capacity utilisation and profitability. However, prices for inspection services in Sweden will in all likelihood continue to rise since all the other providers currently have lower profitability than Opus. In this scenario, we simulate 1-2% annual growth until 2022 and operating margins not exceeding 12 percent. This makes the fair value around **SEK 6 per share**.

Bull Case					
SEKm	2021E	Assumptions:	2017-21	DCF-value, SEK per share	
Revenues	3600	Annual growth	15.0%	EV	17.8
EBITDA	900	CAPEX	1 800 MSEK	Net Debt	-2.4
EBITDA-margin	25%			DCF-value	15.4
EBIT-margin	18%				
Base Case					
SEKm	2021E	Assumptions:	2017-21	DCF-value, SEK per share	
Revenues	2418	Annual growth	7.0%	EV	12.7
EBITDA	508	CAPEX	600 MSEK	Net Debt	-2.4
EBITDA-margin	21%			DCF-value	10.2
EBIT-margin	15%				
Bear Case					
SEKm	2021E	Assumptions:	2017-21	DCF-value, SEK per share	
Revenues	1880	Annual growth	2.0%	EV	8.5
EBITDA	377	CAPEX	600 MSEK	Net Debt	-2.4
EBITDA-margin	20%			DCF-value	6.1
EBIT-margin	12%				

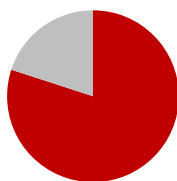
Source: Redeye Research

Summary Redeye Rating

The rating consists of five valuation keys, each constituting an overall assessment of several factors that are rated on a scale of 0 to 2 points. The maximum score for a valuation key is 10 points.

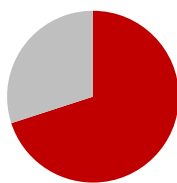
Rating changes in the report: No changes.

Management 8.0p



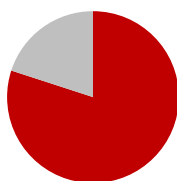
Management performance has been outstanding at growing the company in recent years. This has been accomplished both through winning new and profitable business and a few truly major acquisitions. Industry experience is considerable and the company culture seems strong.

Ownership 7.0p



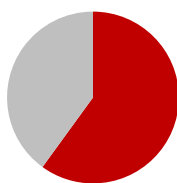
There is strong commitment among management and directors through their ownership of the company. Present CEO, Magnus Greko, as well as the newly appointed, Lothar Geilen, both have substantial holdings. However, no single shareholder controls more than 20% of the votes, which limits the rating for Ownership.

Profit outlook 8.0p



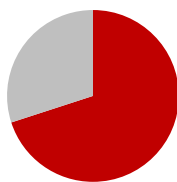
The profit outlook is very good and Opus almost takes the jackpot for all criteria. The company has obvious competitive advantages that are creating the conditions to continue growing while maintaining high profitability. Underlying market growth is limited in the Western world, but there is significant long-term potential in other parts of the world.

Profitability 6.0p



The business has demonstrated good profitability and stable positive cash flows for a long time. Reported profits and return figures have been modest, however, due to high amortisation of intangible assets from previous acquisitions. Profitability and key financial data are set to improve over the next years in pace with the company's planned expansion.

Financial strength 7.0p



Opus has stable earnings and a good credit rating, although net debt is relatively high after the last two major acquisitions. As the loans are paid off, the Financial Strength rating will improve as the interest coverage ratio rises and the debt/equity ratio falls. To hit the jackpot, however, would also require sales above SEK 10 billion, which still is a long way off.

Income statement	2015	2016	2017E	2018E	2019E
Net sales	1,652	1,698	1,866	2,018	2,143
Total operating costs	-1,377	-1,366	-1,514	-1,628	-1,707
EBITDA	275	332	352	390	436
Depreciation	-92	-107	-130	-133	-131
Amortization	-74	-76	-76	-77	-66
Impairment charges	0	0	0	0	0
EBIT	109	149	145	180	239
Share in profits	0	0	0	0	0
Net financial items	-29	-4	-52	-59	-53
Exchange rate dif.	0	0	0	0	0
Pre-tax profit	80	145	93	121	186
Tax	-14	-60	-27	-35	-54
Net earnings	66	85	66	86	132

Balance	2015	2016	2017E	2018E	2019E
Assets					
<i>Current assets</i>					
Cash in banks	256	507	466	504	536
Receivables	97	100	149	161	171
Inventories	81	85	131	141	150
Other current assets	165	224	224	224	224
Current assets	599	917	970	1,031	1,081
<i>Fixed assets</i>					
Tangible assets	739	815	805	792	741
Associated comp.	0	0	0	0	0
Investments	14	23	23	23	23
Goodwill	791	791	791	791	791
Cap. exp. for dev.	427	381	335	288	252
O intangible rights	33	49	54	58	62
O non-current assets	0	0	0	0	0
Total fixed assets	2,003	2,058	2,007	1,951	1,868
Deferred tax assets	29	32	32	32	32
Total (assets)	2,631	3,007	3,008	3,014	2,981

Liabilities					
<i>Current liabilities</i>					
Short-term debt	264	204	187	178	155
Accounts payable	39	42	112	121	129
O current liabilities	392	350	350	350	350
Current liabilities	695	597	649	649	634
Long-term debt	696	988	906	862	753
O long-term liabilities	0	0	0	0	0
Convertibles	0	0	0	0	0
Total Liabilities	1,391	1,585	1,555	1,512	1,387
Deferred tax liab	234	280	280	280	280
Provisions	115	100	100	100	100
Shareholders' equity	891	1,029	1,061	1,109	1,201
Minority interest (BS)	0	13	13	13	13
Minority & equity	891	1,042	1,073	1,122	1,214
Total liab & SE	2,631	3,007	3,008	3,014	2,981

Free cash flow	2015	2016	2017E	2018E	2019E
Net sales	1,652	1,698	1,866	2,018	2,143
Total operating costs	-1,377	-1,366	-1,514	-1,628	-1,707
Depreciations total	-166	-183	-207	-210	-197
EBIT	109	149	145	180	239
Taxes on EBIT	-19	-62	-42	-52	-69
NOPLAT	90	87	103	128	170
Depreciation	166	183	207	210	197
Gross cash flow	256	271	310	337	367
Change in WC	16	-105	-25	-14	-11
Gross CAPEX	-561	-239	-155	-154	-114
Free cash flow	-290	-73	130	169	242

Capital structure	2015	2016	2017E	2018E	2019E
Equity ratio	34%	35%	36%	37%	41%
Debt/equity ratio	108%	116%	103%	94%	76%
Net debt	704	685	626	536	372
Capital employed	1,595	1,727	1,700	1,658	1,586
Capital turnover rate	0.6	0.6	0.6	0.7	0.7

Growth	2015	2016	2017E	2018E	2019E
Sales growth	13%	3%	10%	8%	6%
EPS growth (adj)	-59%	29%	-22%	30%	54%

DCF valuation		Cash flow, MSEK	
WACC (%)	10.0 %	NPV FCF (2017-2019)	445
		NPV FCF (2020-2026)	1305
		NPV FCF (2027-)	1883
		Non-operating assets	507
		Interest-bearing debt	-1192
		Fair value estimate MSEK	2948
Assumptions 2020-2025 (%)			
Average sales growth	6.0 %	Fair value e. per share, SEK	10.2
EBIT margin	15.0 %	Share price, SEK	8.3

Profitability	2015	2016	2017E	2018E	2019E
ROE	9%	9%	6%	8%	11%
ROCE	6%	7%	7%	9%	11%
ROIC	7%	5%	6%	8%	10%
EBITDA margin	17%	20%	19%	19%	20%
EBIT margin	7%	9%	8%	9%	11%
Net margin	4%	5%	4%	4%	6%

Data per share	2015	2016	2017E	2018E	2019E
EPS	0.23	0.30	0.23	0.30	0.46
EPS adj	0.22	0.29	0.22	0.29	0.45
Dividend	0.10	0.12	0.13	0.14	0.16
Net debt	2.44	2.37	2.17	1.86	1.29
Total shares	288.67	288.67	288.67	288.67	288.67

Valuation	2015	2016	2017E	2018E	2019E
EV	2,436.0	3,022.2	3,050.5	2,959.1	2,793.2
P/E	26.2	27.1	36.2	27.9	18.1
P/E diluted	26.9	27.9	37.2	28.7	18.6
P/Sales	1.0	1.4	1.3	1.2	1.1
EV/Sales	1.5	1.8	1.6	1.5	1.3
EV/EBITDA	8.9	9.1	8.7	7.6	6.4
EV/EBIT	22.4	20.3	21.0	16.5	11.7
P/BV	1.9	2.2	2.3	2.2	2.0

Share performance		Growth/year	15/17e
1 month	23.9 %	Net sales	6.3 %
3 month	21.2 %	Operating profit adj	15.5 %
12 month	55.1 %	EPS, just	0.1 %
Since start of the year	27.7 %	Equity	9.8 %

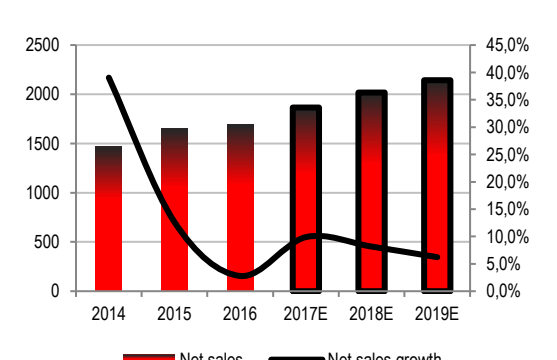
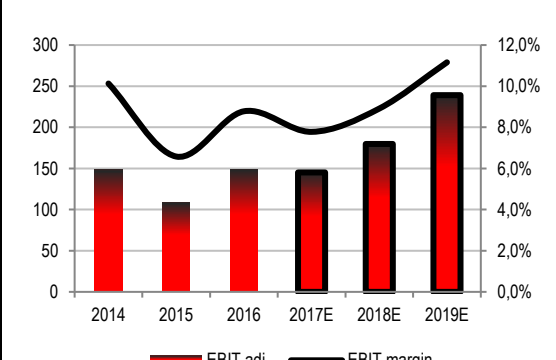
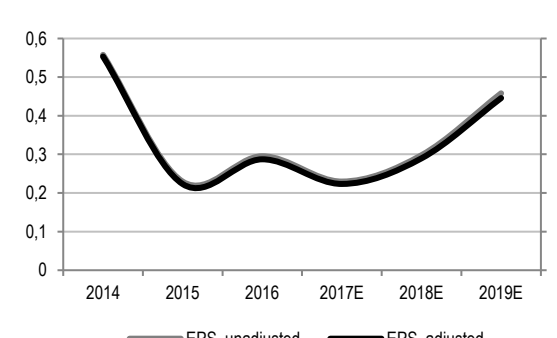
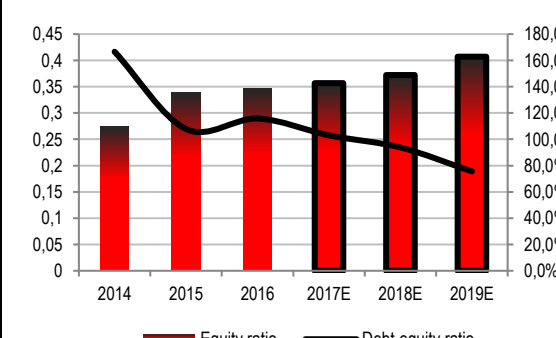
Shareholder structure %	Capital	Votes
AB Kommandoran	14.5 %	14.5 %
Lothar Geilen	6.8 %	6.8 %
Morgan Stanley LLC, W9	6.6 %	6.6 %
Andra AP-fonden	6.4 %	6.4 %
Avanza	5.7 %	5.7 %
BNY Mellon SA/NV	3.7 %	3.7 %
Henrik Wagner Jörgensen	3.6 %	3.6 %
Grandeur Peak Global	1.4 %	1.4 %
Aberdeen Investment Funds	1.3 %	1.3 %
Per Hamburg	0.9 %	0.9 %

Share information	
Reuters code	OPUS.ST
List	Mid Cap
Share price	8.3
Total shares, million	288.7
Market Cap, MSEK	2396.0

Management & board	
CEO	Magnus Greko
CFO	Linus Brandt
IR	Peter Stenström
Chairman	Katarina Bonde

Financial information	
Q1 report	May 12, 2017
Q2 report	August 18, 2017

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Revenue & Growth (%)	EBIT (adjusted) & Margin (%)
 <p>Net sales (red bars) and Net sales growth (black line) from 2014 to 2019E. Net sales grow from ~1450 to ~2150. Growth starts at ~40% and declines to ~5%.</p>	 <p>EBIT adj (red bars) and EBIT margin (black line) from 2014 to 2019E. EBIT adj grows from ~150 to ~240. EBIT margin fluctuates between 6% and 10%.</p>
Earnings per share	Equity & debt-equity ratio (%)
 <p>EPS, unadjusted (grey line) and EPS, adjusted (black line) from 2014 to 2019E. Both start at ~0.55, dip to ~0.2 in 2015, and rise to ~0.45 by 2019E.</p>	 <p>Equity ratio (red bars) and Debt-equity ratio (black line) from 2014 to 2019E. Equity ratio grows from ~0.28 to ~0.42. Debt-equity ratio declines from ~160% to ~80%.</p>
Sales division	Geographical areas
Conflict of interests	Company description
<p>Henrik Alveskog owns shares in the company : Yes</p> <p>Redeye performs/have performed services for the Company and receives/have received compensation from the Company in connection with this.</p>	<p>Opus är en serviceleverantör inom miljö- och säkerhetskontroll av fordon. Bolaget driver bilprovsningsprogram i Nordamerika och sedan 2012 i Sverige. De har även tillverkning av utrustning för bilprovsningsanläggningar och verkstäder.</p>

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Redeye Rating (2017-02-17)

Rating	Management	Ownership	Profit outlook	Profitability	Financial Strength
7,5p - 10,0p	42	41	19	9	20
3,5p - 7,0p	72	64	96	36	45
0,0p - 3,0p	9	18	8	78	58
Company N	123	123	123	123	123

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