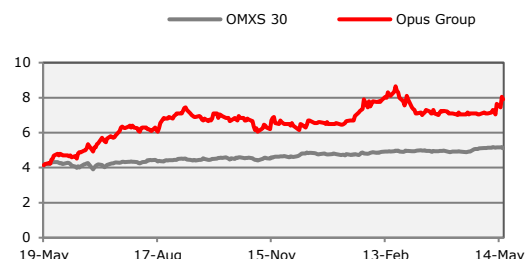
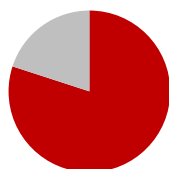
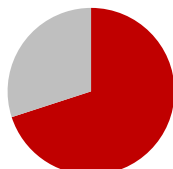
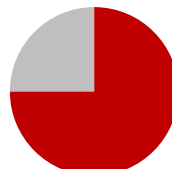
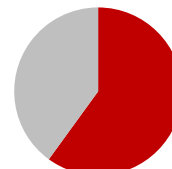
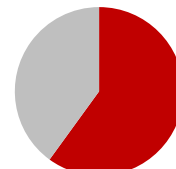


**Summary**
**Opus Group (OPUS.ST)**

## A couple of pieces have fallen into place

- Opus started the year well and the outcome in the Q1 report was a little better across the board than we had expected. Revenue rose 9% Y/Y and EBITDA was up 17% to SEK 72m.
- In February, Opus presented its new and ambitious growth plan for the next five years. We have already seen a couple of deals that are steps on the way towards the long-term target. These were in Argentina, where Opus is already up and running, and in Pakistan, where they now have the opportunity to expand into a large new province.
- We have tweaked the forecasts and made a couple of minor changes in rating and WACC. Our valuation is essentially unchanged, with a fair value estimate for the Base Case around SEK 10.3 per share. The fair value range is at SEK 6-15 per share.

List: Nasdaq Mid Cap  
Market Cap: 2,192 MSEK  
Industry: Industrial Goods & Services  
CEO: Lothar Geilen  
Chairman: Katarina Bonde


**Redeye Rating (0 – 10 points)**
**Management**

**8.0 points**
**Ownership**

**7.0 points**
**Profit outlook**

**7.5 points**
**Profitability**

**6.0 points**
**Financial strength**

**6.0 points**
**Key Financials**

	2015	2016	2017E	2018E	2019E	<b>Share information</b>	
Revenue, MSEK	1,652	1,698	1,836	1,967	2,102	Share price (SEK)	7.6
Growth	13%	3%	8%	7%	7%	Number of shares (m)	290.3
EBITDA	275	332	351	384	431	Market Cap (MSEK)	2,192
EBITDA margin	17%	20%	19%	20%	21%	Net debt (MSEK)	723
EBIT	109	149	143	175	234	Free float (%)	73%
EBIT margin	7%	9%	8%	9%	11%	Daily turnover ('000)	950
Pre-tax earnings	80	145	89	114	179	Analyst: Henrik Alveskog henrik.alveskog@redeye.se	
Net earnings	66	85	66	81	127		
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	0.27	0.43		
P/E adj.	26.9	22.6	34.1	27.8	17.7		
EV/S	1.5	1.5	1.5	1.4	1.2		
EV/EBITDA	8.9	7.8	8.1	7.2	6.0		

**Important information:** All information regarding limitation of liability and potential conflicts of interest can be found at the end of the report.

**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.

## A couple of pieces have fallen into place

*Both segments are delivering*

Opus demonstrated decent growth and earnings improvement in the first quarter of the year. Both segments, Sweden and International, reported slightly better earnings than we had expected. Total revenues rose by 9%, half organic and half currency effects from the stronger US dollar.

*Waiting for a decision from Ohio*

According to the report, operations are running as planned in all material respects. That applies to the existing vehicle inspection programmes, the roll-out of EaaS and the new RAP and Fastlign businesses, which are taking shape. Opus announced in April that its contract in Nashville has been extended for at least five years. Hopefully, there will soon be a similar decision out of Ohio. However, delays are relatively common in these contexts and in the meanwhile, Opus continues to run the programme.

*Slightly better than expected across the board*

Actual vs. Forecast				
SEKm	Q1'16	Q1'17P	Actual	Diff
Sales	395	420	429	2%
EBITDA	61	60	72	20%
EBIT	18	10	22	>100%
PTP *	-3	-10	6	n.m.
Net earnings	23	17	11	n.m.
Sales growth	-1%	6%	9%	
Whereof organic growth	3%	2%	4%	
EBITDA margin	15.5%	14.3%	16.8%	
EBIT margin	4.5%	2.4%	5.0%	

\* Fx-effects Q1-16: -8 SEKm and Q1-17: -1 SEKm

Source: Opus Group, Redeye Research

### The first steps in the five-year plan

Earlier this year, as we know, Opus presented a new and clearly ambitious growth plan for the next five years. The goal is to double sales to USD 400m and raise the EBITDA margin to 25% by 2021. In conjunction with this, Lothar Geilen took over as President and CEO, succeeding Magnus Greko. A replacement for Geilen was recently recruited, who will be in charge of markets outside Latin America and Europe. The organisation is now mainly in place and a couple of interesting events have already been announced on the business front: establishment in Argentina and a new deal in Pakistan. More details follow on the next page.

*New segment division brings greater transparency*

The company is now adjusting its operational structure and segment division. The target for the second half of the year is to be able to report the new segments, which will be: Vehicle Inspection Europe, Vehicle Inspection Latin America and Vehicle Inspection USA and RoW. One implication is that we will gain somewhat better insight into the group. We also note that the name "Vehicle Inspection Europe" reasonably indicates that the company has ambitions in European countries in addition to Sweden.

### Vehicle Inspection International – increases transparency

5% organic growth

Revenues and earnings both increased Y/Y and compared to Q4-16. Adjusted for favourable currency winds, growth was 5%. As before, EaaS, Pakistan and Latin America are contributing with successively rising revenues. As said, external reporting is about to change and will provide greater transparency. The main reason, however, is doubtless to increase efficiency, as Latin America will be given its own targets and responsibility.

Sustained strong growth for EaaS

This report also discloses the size of the EaaS business and its long-term objective. At the end of the first quarter, the annual run rate was USD 12.7m, 13% higher than at year-end 2016. The target is USD 30m by 2021. As this business is investment-heavy, but thereafter generates very high and stable profitability, it is of course a good idea to be able to track developments in greater detail. RAP and FASTLIGN® are still in the launch phase. RAP is reported to have outperformed the targets thus far and delivered over 1,000 units with sustained strong growth. The commercialisation of Fastlign is a little further out, probably in 2018.

Successful launch of RAP

### Acquisition in Argentina and new opportunities in Pakistan

Foothold in Argentina

Opus recently bought an existing business with three concessions in the city of Cordoba, Argentina. While relatively small, the business is a good base for continued expansion in the country. Just recently, the government of the Sindh province in Pakistan announced that Opus has been designated as “preferred supplier” for a forthcoming vehicle inspection programme. Long term, this has the potential to be an enormous deal, similar to the one Opus already has in the neighbouring province of Punjab. But this is going to take time, and as yet, contract negotiations are still in progress. So, what the ambition and plan is for the Sindh province remains to be seen. At the least, we see the fact that this deal is now on the table as confirmation that Opus’s operations in Punjab are developing well.

Good news from Pakistan

Quarterly performance by segment							
SEKm	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17
<b>Vehicle Inspection Sweden</b>							
Net sales	127	155	141	184	138	160	146
EBITDA	14	16	7	45	30	22	15
EBITDA-margin	11.1%	10.4%	5.2%	24.3%	22.0%	14.0%	10.1%
EBITDA-margin, TTM	14.7%	13.7%	12.6%	13.6%	15.9%	16.8%	17.9%
<b>Vehicle Inspection International</b>							
Net sales	264	259	258	274	287	275	288
EBITDA *	67	50	56	74	71	56	64
EBITDA-margin *	25.5%	19.3%	21.9%	27.2%	24.8%	20.4%	22.1%
Group elimination etc	-9	-3	-2	-1	-12	-8	-5
<b>Total sales</b>	<b>387</b>	<b>411</b>	<b>395</b>	<b>452</b>	<b>420</b>	<b>431</b>	<b>429</b>
<b>EBITDA *</b>	<b>81</b>	<b>61</b>	<b>63</b>	<b>117</b>	<b>99</b>	<b>76</b>	<b>77</b>
EBITDA-margin *	20.8%	14.9%	16.0%	25.9%	23.6%	17.6%	17.9%
EBITDA	71	58	61	116	87	68	72
Depreciation & amortization	-39	-48	-44	-43	-45	-50	-50
EBIT	32	11	18	73	41	17	22

\* Excluding acquisition and start up costs.

Source: Opus Group, Redeye Research

## Vehicle Inspection Sweden – Passing Q1-inspection

*Q1 somewhat better than expected*

Revenues and earnings were slightly higher than we had expected. The first quarter of the year is seasonally weak and thus difficult to gain a lot of traction from. We have highlighted the 12-month rolling EBITDA margin in the table above. This has now trended up to almost 18%. We do not expect the company to be able to maintain that in the near future if we do not see clearer indications of further upwards adjustment of the price level.

*Minor price war early in the year*

Several companies raised their prices during the first half of 2016. This generated both sales growth and, naturally, improved profitability last year. All firms now have differentiated prices and it is virtually impossible to determine how the average price has changed. Recent months were characterised by a minor skirmish for market shares using discounted prices in certain regions. Opus did not join the fray and has lost a percentage or so in market share thus far this year.

### Long-term, the industry needs higher prices

Of the five market players, only Opus and Besikta have shown decent profitability. In other words, the industry needs higher prices, rather than more stations and discount promotions. After all, the number of inspections increases by only one or two percent per year. Accordingly, prices should rise over the long term, and we are not particularly worried about Opus. While they have expansion with new stations on the agenda, our impression is that they are highly selective. They clearly seem to be more interested in earnings and profitability than in growth and market shares. The company itself says they would never open a new station without having carefully analysed the customer base so that the station can quickly become profitable.

Market shares								
Inspection companies	2015 Jan	June	2016 Jan	June	2017 Jan	Feb	Mar	April
AB Svensk Bilprovning	32.2%	32.1%	29.5%	28.7%	27.0%	28.4%	28.9%	28.4%
Opus Bilprovning	26.8%	27.8%	26.5%	28.2%	26.1%	25.9%	24.7%	25.2%
Besikta Bilprovning	22.5%	21.4%	21.2%	22.8%	26.6%	26.2%	26.6%	27.8%
Carspect (A-Katsastus)	9.1%	9.2%	10.3%	10.5%	11.6%	11.1%	11.1%	10.7%
Clearcar	4.2%	5.0%	6.0%	2.4%	0.0%	0.0%	0.0%	0.0%
DEKRA (inkl Applus)	4.8%	4.0%	6.1%	6.8%	8.1%	7.8%	8.0%	7.3%
Others (5 comp)	0.4%	0.5%	0.4%	0.7%	0.6%	0.7%	0.7%	0.6%
Total: (11 comp)	100%	100%	100%	100%	100%	100%	100%	100%

Source: Transportstyrelsen

## Forecasts & Valuation

*Our forecasts are based on relatively concrete business opportunities*

*Vehicle Inspection in Sweden and the US is expected to be relatively stable from current levels*

The new growth plan Opus has presented is certainly not impossible or unrealistic to achieve. A couple of initial small steps in that direction were already taken in the spring, but the journey to the five-year goal is very long. Our Bull Case valuation scenario is based on the company hitting the target; see page 9. However, our Base Case valuation scenario is clearly more conservative and primarily considers business opportunities that are relatively concrete and feasible now. This probably means that we underestimate the growth rate in the next few years. On the other hand, new business also means investment and lower initial profitability, a partially offsetting factor purely in terms of valuation.

Our forecasts for **Vehicle Inspection Sweden** are unchanged. We believe prices will continue to rise somewhat in the next few years, which provides scope for moderate growth and margins roughly in line with full year 2016.

**Vehicle Inspection International** consists mainly of the programmes in the US, where we expect unchanged volumes for Opus in forthcoming years. The growth in our forecasts comes initially and primarily from EaaS, Pakistan, Chile and Argentina. From 2018 and, even more so, 2019, we also include RAP and FASTLIGN®. All told, our forecasts for 2017-19 entail some 8% annual growth from all of these areas. Growth will be higher in 2017, due to continued fair winds from a stronger US dollar than last year.

Investment will remain high for the next few years due to foreign expansion and EaaS. Our forecast is SEK around 150m per year in 2017-18.

Depreciation and amortisation levels will thus continue to rise, masking underlying profitability. Accordingly, EBITDA is a more relevant margin measurement than EBIT.

Redeye estimates						
SEKm	2014	2015	2016	2017E	2018E	2019E
<b>Vehicle Inspection Sweden</b>						
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%
<b>Vehicle Inspection International</b>						
Net sales	783	1,017	1,093	1,212	1,323	1,435
EBITDA	161	214	246	270	299	341
EBITDA-margin	20.6%	21.1%	22.5%	22.3%	22.6%	23.8%
<b>Group &amp; Eliminations</b>						
EBITDA	-9	-23	-19	-25	-25	-25
<b>Total sales</b>	<b>1,460</b>	<b>1,644</b>	<b>1,698</b>	<b>1,836</b>	<b>1,967</b>	<b>2,102</b>
<b>EBITDA</b>	<b>246</b>	<b>275</b>	<b>332</b>	<b>351</b>	<b>384</b>	<b>431</b>
EBITDA-margin	16.9%	16.7%	19.6%	19.1%	19.5%	20.5%
Depreciation & amortization	-98	-166	-183	-208	-209	-197
<b>EBIT</b>	<b>148</b>	<b>109</b>	<b>149</b>	<b>143</b>	<b>175</b>	<b>234</b>
EBIT-margin	10.2%	6.6%	8.8%	7.8%	8.9%	11.2%

Source: Opus Group, Redeye Research

## Valuation

*Fair value estimate:  
SEK ~10.3 per share*

Our cash flow model values the business at SEK 3.7bn. With a deduction for interest-bearing net debt of SEK 0.7bn, this gives a fair market value of SEK 2.98bn, or **SEK 10.30 per share**. This is largely unchanged since the date of our last research update on 16 February 2017.

## Valuation assumptions

*Long-term assumptions:*

Our forecasts for the next few years are slightly lower than before, primarily due to the stronger SEK against USD. Our long-term estimates and assumptions are:

*15% EBIT margin*

- Sustainable EBIT margins around 15%. This corresponds to approximately the level of today with a normalised level of depreciation and amortisation.

*6% annual growth*

- For the period 2020-25, we have assumed an annual growth rate of 6%. Opus's own new target for the period until 2021 is to double revenue, which corresponds to about 15% average annual growth.
- Terminal growth rate (from year 2026): 2% (previously 3%).
- WACC: 9.5% (previously: 10.0%).

*WACC: 9.5%*

## Changes in rating and WACC

We use a slightly lower WACC because we have adjusted the risk-free rate down from 3.5 to 2.5%. Redeye uses the 10-year average for 10-year Swedish government bonds as the risk-free rate. After a prolonged period of declining interest levels, we have now implemented a general adjustment for all companies covered.

We have also made a couple of minor adjustments in our ratings for Growth Outlook and Financial Strength parameters. These are slightly lower due to changes in the rating model.

The WACC we use is calculated by applying a number of parameters that, combined, make up the Redeye rating model. The underlying factors are aimed at picking up company-specific risk and involve everything from management and owners to market position and balance sheet. These criteria, however, do not include share liquidity and volatility, which sets our WACC apart from most others. We add the risk-free rate to this company-specific risk premium.

### Sensitivity analysis: WACC vs margin

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%
<b>WACC</b>					
8.5%	9.2	10.7	12.3	13.8	15.3
9.5%	7.7	9.0	<b>10.3</b>	11.6	12.8
10.5%	6.6	7.6	8.8	9.8	10.9

Source: Redeye Research

### Valuation multiples slightly below historical levels

The earnings measures EBITA and EBITDA are the most relevant for underlying profitability since they take into account both net debt and the extremely high depreciation and amortisation levels. These refer to both intangible assets acquired through acquisition and tangible assets in EaaS, which are depreciated over 5 years, although the company estimates the useful lives of the assets as 10 years. Consequently, the unadjusted P/E ratio is misleading. As we know, Opus's net financial income/expense has varied widely with currency fluctuations and recognised net profit does not reflect earnings.

The share has now definitively bounced back from the rock-bottom price in spring 2016. The multiples for the next few years are still no higher than historical valuations of Opus.

Earnings multiples					
Share price: 7.5 SEK	2015	2016	2017E	2018E	2019E
P/E	26.2	22.0	33.0	26.7	17.0
EV/EBIT	22.4	17.2	20.2	16.6	12.4
EV/EBITA	12.1	10.0	10.7	9.4	7.9
EV/EBITDA	8.9	7.7	8.3	7.5	6.7

Source: Redeye Research



## Scenarios and fair value range

Our main scenario, under the Base Case heading below, is the starting point for our valuation and provides a fair value **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 2021 and operating margins not exceeding 12%. 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	17.7
EBITDA	900	CAPEX, total:	1800	Net Debt	-2.4
EBITDA-margin	25%			<b>DCF-value</b>	<b>15.3</b>
EBIT-margin	18%				
Base Case					
SEKm	2021E	Assumptions:	2017-21	DCF-value, SEK per share	
Revenues	2371	Annual growth	7.0%	EV	12.8
EBITDA	503	CAPEX, total:	600	Net Debt	-2.4
EBITDA-margin	21%			<b>DCF-value</b>	<b>10.3</b>
EBIT-margin	15%				
Bear Case					
SEKm	2021E	Assumptions:	2017-21	DCF-value, SEK per share	
Revenues	1880	Annual growth	2.0%	EV	8.4
EBITDA	377	CAPEX, total:	600	Net Debt	-2.4
EBITDA-margin	20%			<b>DCF-value</b>	<b>6.1</b>
EBIT-margin	12%				

Source: Redeye Research

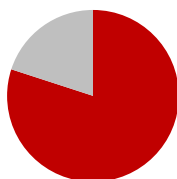
## Summary Redeye Rating

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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.

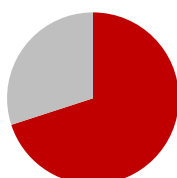
**Rating changes in the report:** Profit outlook was downgraded by 0.5p and Financial strength by 1p due to changes in our rating model.

Management 8.0p



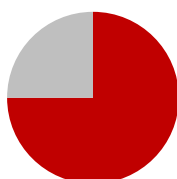
Management performance has been outstanding at growing the company in recent years. This has been accomplished both through winning new and profitable business and a few truly major acquisitions. Industry experience is considerable and the company culture seems strong.

Ownership 7.0p



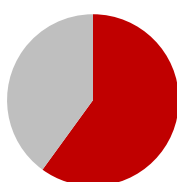
There is strong commitment among management and directors through their ownership of the company. Founder and former CEO, Magnus Greko, as well as the newly appointed, Lothar Geilen, both have substantial holdings. However, no single shareholder controls more than 20% of the votes, which limits the rating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

Profit outlook 7.5p



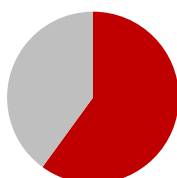
The profit outlook is very good and Opus almost takes the jackpot for all criteria. The company has obvious competitive advantages that are creating the conditions to continue growing while maintaining high profitability. Underlying market growth is limited in the Western world, but there is significant 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 6.0p



Opus has stable earnings and a good credit rating, although net debt is relatively high after a couple of major acquisitions and investments into EaaS business. As revenues from the new businesses are picking up, key ratios for Financial Strength will improve. 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	1,836	1,967	2,102
Total operating costs	-1,377	-1,366	-1,485	-1,583	-1,671
<b>EBITDA</b>	<b>275</b>	<b>332</b>	<b>351</b>	<b>384</b>	<b>431</b>
Depreciation	-92	-107	-128	-133	-131
Amortization	-74	-76	-80	-76	-66
Impairment charges	0	0	0	0	0
<b>EBIT</b>	<b>109</b>	<b>149</b>	<b>143</b>	<b>175</b>	<b>234</b>
Share in profits	0	0	0	0	0
Net financial items	-29	-4	-55	-61	-55
Exchange rate dif.	0	0	0	0	0
<b>Pre-tax profit</b>	<b>80</b>	<b>145</b>	<b>89</b>	<b>114</b>	<b>179</b>
Tax	-14	-60	-26	-33	-52
<b>Net earnings</b>	<b>66</b>	<b>85</b>	<b>66</b>	<b>81</b>	<b>127</b>

Balance	2015	2016	2017E	2018E	2019E
<b>Assets</b>					
<i>Current assets</i>					
Cash in banks	256	507	459	492	525
Receivables	97	100	147	157	168
Inventories	81	85	129	138	147
Other current assets	165	224	224	224	224
<b>Current assets</b>	<b>599</b>	<b>917</b>	<b>959</b>	<b>1,011</b>	<b>1,065</b>
<i>Fixed assets</i>					
Tangible assets	739	815	807	794	743
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	331	285	250
O intangible rights	33	49	53	57	60
O non-current assets	0	0	0	0	0
<b>Total fixed assets</b>	<b>2,003</b>	<b>2,058</b>	<b>2,004</b>	<b>1,949</b>	<b>1,866</b>
Deferred tax assets	29	32	32	32	32
<b>Total (assets)</b>	<b>2,631</b>	<b>3,007</b>	<b>2,994</b>	<b>2,991</b>	<b>2,962</b>

<b>Liabilities</b>					
<i>Current liabilities</i>					
Short-term debt	264	204	185	176	155
Accounts payable	39	42	110	118	126
O current liabilities	392	350	350	350	350
<b>Current liabilities</b>	<b>695</b>	<b>597</b>	<b>645</b>	<b>644</b>	<b>631</b>
Long-term debt	696	988	896	851	748
O long-term liabilities	0	0	0	0	0
Convertibles	0	0	0	0	0
<b>Total Liabilities</b>	<b>1,391</b>	<b>1,585</b>	<b>1,541</b>	<b>1,495</b>	<b>1,379</b>
Deferred tax liab	234	280	280	280	280
Provisions	115	100	100	100	100
Shareholders' equity	891	1,029	1,061	1,104	1,191
Minority interest (BS)	0	13	13	13	13
<b>Minority &amp; equity</b>	<b>891</b>	<b>1,042</b>	<b>1,073</b>	<b>1,116</b>	<b>1,203</b>
<b>Total liab &amp; SE</b>	<b>2,631</b>	<b>3,007</b>	<b>2,994</b>	<b>2,991</b>	<b>2,962</b>

Free cash flow	2015	2016	2017E	2018E	2019E
Net sales	1,652	1,698	1,836	1,967	2,102
Total operating costs	-1,377	-1,366	-1,485	-1,583	-1,671
Depreciations total	-166	-183	-208	-209	-197
<b>EBIT</b>	<b>109</b>	<b>149</b>	<b>143</b>	<b>175</b>	<b>234</b>
Taxes on EBIT	-19	-62	-42	-51	-68
<b>NOPLAT</b>	<b>90</b>	<b>87</b>	<b>102</b>	<b>124</b>	<b>166</b>
Depreciation	166	183	208	209	197
<b>Gross cash flow</b>	<b>256</b>	<b>271</b>	<b>310</b>	<b>334</b>	<b>363</b>
Change in WC	16	-105	-22	-12	-12
Gross CAPEX	-561	-239	-154	-154	-114
<b>Free cash flow</b>	<b>-290</b>	<b>-73</b>	<b>133</b>	<b>168</b>	<b>237</b>

Capital structure	2015	2016	2017E	2018E	2019E
Equity ratio	34%	35%	36%	37%	41%
Debt/equity ratio	108%	116%	102%	93%	76%
Net debt	704	685	622	535	377
Capital employed	1,595	1,727	1,695	1,651	1,580
Capital turnover rate	0.6	0.6	0.6	0.7	0.7

Growth	2015	2016	2017E	2018E	2019E
Sales growth	13%	3%	8%	7%	7%
EPS growth (adj)	-59%	29%	-23%	23%	57%

DCF valuation		Cash flow, MSEK	
WACC (%)	9.5 %	NPV FCF (2017-2019)	458
		NPV FCF (2020-2026)	1361
		NPV FCF (2027-)	1874
		Non-operating assets	481
		Interest-bearing debt	-1192
		Fair value estimate MSEK	2982
Assumptions 2020-2025			
Average sales growth	6%	<b>Fair value e. per share, SEK</b>	<b>10.3</b>
EBIT margin	15%	Share price, SEK	7.6

Profitability	2015	2016	2017E	2018E	2019E
ROE	9%	9%	6%	7%	11%
ROCE	6%	7%	7%	8%	11%
ROIC	7%	5%	6%	7%	10%
EBITDA margin	17%	20%	19%	20%	21%
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	0.28	0.44
EPS adj	0.22	0.29	0.22	0.27	0.43
Dividend	0.10	0.12	0.13	0.14	0.16
Net debt	2.44	2.37	2.14	1.84	1.30
Total shares	288.67	288.67	290.30	290.30	290.30

Valuation	2015	2016	2017E	2018E	2019E
EV	2,436.0	2,583.9	2,839.3	2,751.3	2,592.2
P/E	26.2	22.0	33.2	27.1	17.2
P/E diluted	26.9	22.6	34.1	27.8	17.7
P/Sales	1.0	1.1	1.2	1.1	1.0
EV/Sales	1.5	1.5	1.5	1.4	1.2
EV/EBITDA	8.9	7.8	8.1	7.2	6.0
EV/EBIT	22.4	17.3	19.8	15.7	11.1
P/BV	1.9	1.8	2.1	2.0	1.8

Share performance		Growth/year	15/17e
1 month	5.6 %	Net sales	5.4 %
3 month	-6.8 %	Operating profit adj	14.8 %
12 month	82.4 %	EPS, just	-0.5 %
Since start of the year	16.2 %	Equity	9.8 %

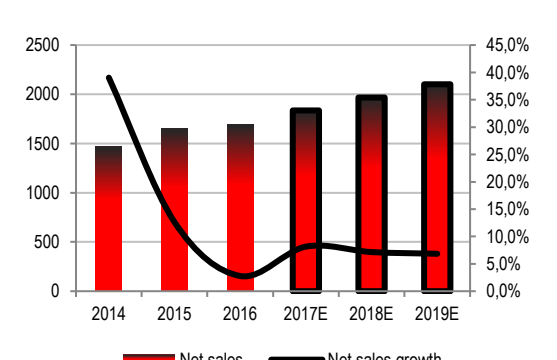
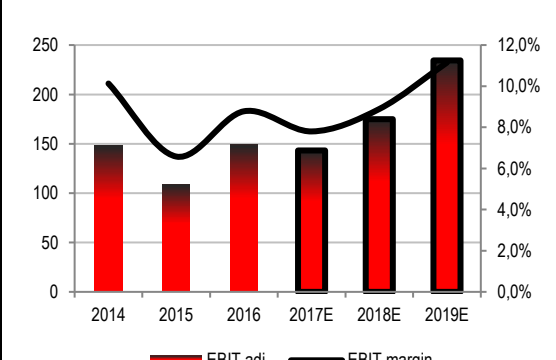
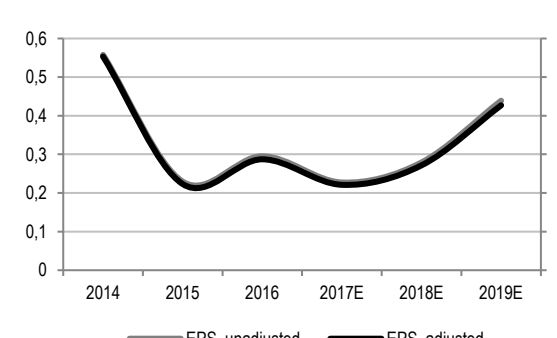
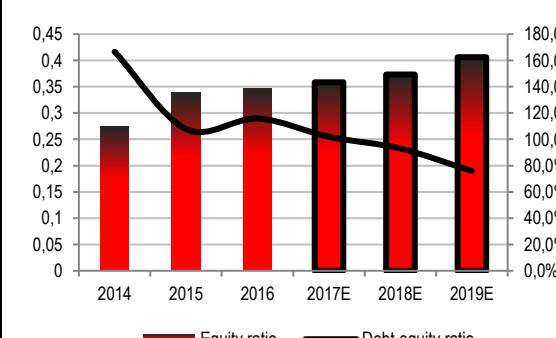
Shareholder structure %	Capital	Votes
Magnus Greko	14.7 %	14.7 %
Andra Ap-Fonden	6.5 %	6.5 %
Avanza Pension	5.7 %	5.7 %
Dimensional Fund Advisors	1.8 %	1.8 %
Nordnet Pensionsförsäkring	1.5 %	1.5 %
Grandeur Peak Fonder	1.4 %	1.4 %
Aberdeen Asset Management	1.3 %	1.3 %
Schroders	1.1 %	1.1 %
Per Hamberg	0.9 %	0.9 %
Swedbank Försäkring	0.9 %	0.9 %

Share information	
Reuters code	OPUS.ST
List	Mid Cap
Share price	7.6
Total shares, million	290.3
Market Cap, MSEK	2191.8

Management & board	
CEO	Lothar Geilen
CFO	Linus Brandt
IR	Peter Stenström
Chairman	Katarina Bonde

Financial information	
Q2 report	August 18, 2017
Q3 report	November 10, 2017

Analysts	Redeye AB
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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 ~1400 to ~2100. Growth starts at ~40% and drops to ~5%.</p>	 <p>EBIT adj (red bars) and EBIT margin (black line) from 2014 to 2019E. EBIT adj grows from ~140 to ~230. 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 ~0.25 to ~0.4. Debt-equity ratio starts at ~160% and drops to ~80%.</p>
Sales division	Geographical areas
Conflict of interests	Company description
<p><b>Henrik Alveskog owns shares in the company: Yes</b></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 (2017-05-23)**

Rating	Management	Ownership	Profit outlook	Profitability	Financial Strength
7,5p - 10,0p	44	44	17	11	21
3,5p - 7,0p	70	62	98	34	44
0,0p - 3,0p	13	22	13	83	63
Company N	127	128	128	128	128

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