LUND UNIVERSITY FINANCE SOCIETY EST 1991

SinterCast (SINT)

Sweden | Industrials | MCAP SEKm 735.0

18 June 2026

BUY

Target price:	SEK 131.6
Current price:	SEK 104.0
Upside	26.5%

Driving Your Portfolio with Heavy-Duty Returns

SinterCast AB ("SinterCast" or "the Company") is the world's leading supplier of high-volume Compacted Graphite Iron (CGI) process control systems, used in ⅔ of global CGI manufacturing. EPA 2027 and Euro 7 mandate lower NO_x and CO_2 output, pushing OEMs towards higher-pressure engines that require CGI. This is expected to drive CGI adoption in heavy-duty diesel engines to 80% by 2030, while new engine programmes and North American pre-buy demand support further growth. The Company operates a scalable, asset-light licensing model, with roughly 90% recurring revenue, limited CapEx and a largely fixed cost-base. Production is measured in Engine Equivalents (EEs), a proprietary metric equal to 50kg of CGI castings. On the confirmed programme pipeline, the analysts estimate 8m EEs by 2031, 2.6x 2025 volumes, corresponding to SEK 272m in revenue. As volumes recover against the largely fixed cost-base, EBIT margins expand from 30.0% in 2025 to 47.5% in 2028. An equally weighted DCF and peer valuation, based on an 11.1x target EV/EBIT multiple and a DCF assuming a 10% WACC and 1% terminal growth, yields a SEK 132 target price and 26.5% upside.

Key takeaways

- **New Emissions Legislation Provides Regulatory Tailwinds:** EPA 2027, effective January 2027, and Euro 7, effective May 2028, tighten heavy-duty emissions standards, pushing OEMs towards higher combustion pressures that exceed grey iron's limits and require CGI. Based on legislative analysis and interviews with CEO Vitor Anjos and industry experts, full CGI adoption in heavy-duty vehicles could lift EE production by 300–360% by 2030, assuming SinterCast maintains its market share. This illustrates the regulatory tailwind's scale, not the analysts' confirmed pipeline base case. With revenue largely from the installed base, incremental volumes flow through a largely fixed cost-base, supporting the expected 17.5pp EBIT margin expansion through 2028.
- **The Market is Pricing a Cyclical Downturn as Structural:** In 2025, revenue declined by 20% due to a programme stoppage, weak heavy-duty vehicle demand and regulatory uncertainty. The market interpreted this as structural deterioration, reinforced by rapid growth in Chinese battery electric vehicles (BEVs). However, delayed volumes, intact technology relevance and recovering North American Class 8 orders, supported by fleet replacement demand and EPA 2027 pre-buy activity, suggest a cyclical downturn. Thus, the analysts view the pipeline and installed base as intact.
- **SinterCast's Pipeline as a Long-Term Value Driver:** The Company is ramping up two large-scale FAW and MAN programmes, expected to lift production by 2m EEs from current levels. At SEK 34 per EE, this implies SEK 68m of incremental ARR. Five programmes are expected to ramp up through 2031, taking volumes to 8m EEs and revenue to SEK 272m. As SinterCast systems are embedded in foundry processes, switching costs are high, meaning each additional programme adds recurring revenue at a 73% gross margin. Against a largely fixed cost-base, this converts into EBIT and supports margin expansion towards 47.7% by 2030.

Analysts	
Gal Teyar	Financial Analyst
Esther Wärnsby	Financial Analyst

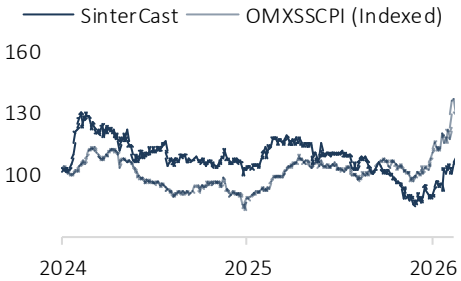
Market Data, SEK	
Exchange	Nasdaq Stockholm Small Cap
Shares (m)	7.0
MCAP (m)	735.0
EV (m)	725.0

Metrics & Drivers	25A	26E	27E
EV/EBIT	23.3x	15.3x	9.9x
EV/EBITDA	21.0x	14.4x	9.5x
EV/S	7.0x	5.9x	4.4x
P/E	25.4x	16.6x	10.7x
ND/EBITDA	(0.1x)	(0.6x)	(1.1x)

Forecast, SEKm	25A	26E	27E
Total revenue	108	129	170
Rev. growth y/y	(20.4%)	19.6%	31.6%
Gross Profit	76	94	123
Gross Margin	70.4%	72.6%	72.6%
EBITDA	36	53	79
EBITDA Margin	33.3%	40.7%	46.7%
EBIT	32	49	76
EBIT Margin	30.0%	38.2%	44.9%

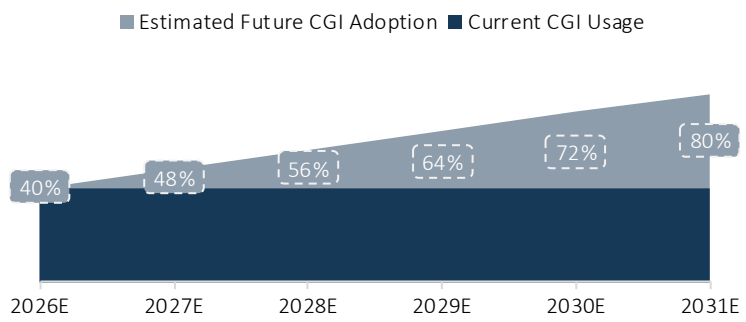
Major Shareholders	
Ulf Stenbeck	9.6%
Avanza Pension	8.3%
Torbjörn Gustafsson	4.6%

Price Development, SEK



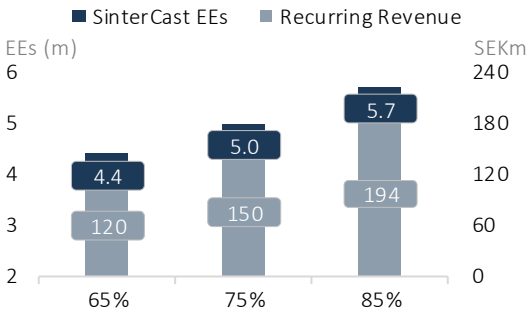
Investment Thesis in Charts

Estimated Future CGI Adoption Rates



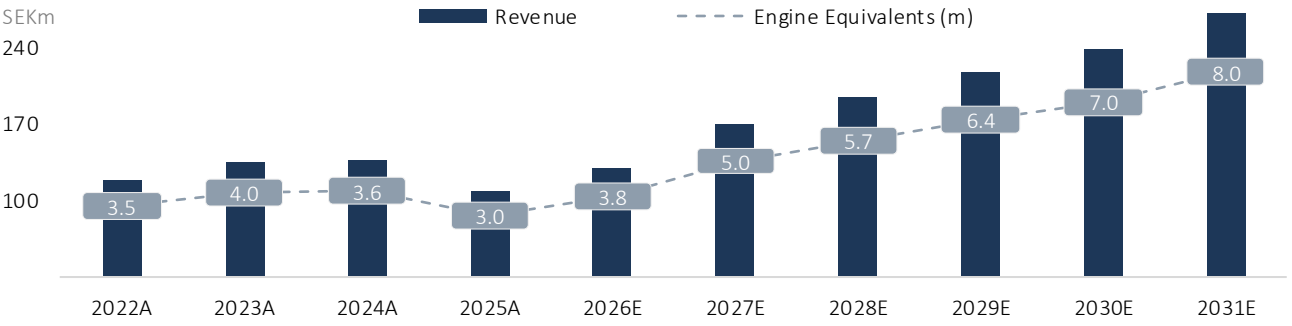
Source: the Company, Analyst estimates, S&P Global

HDV EE Volumes & ARR by % of CGI Penetration Rate



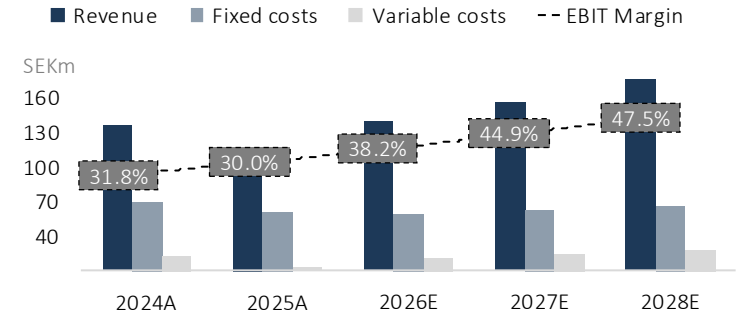
Source: Analyst estimates, S&P Global

Annual Revenue and EE Production as New Engine Programmes Ramp Up, 2022–2031



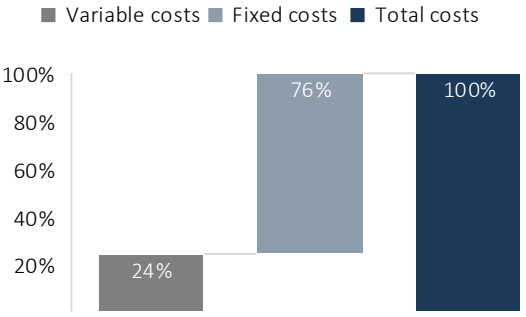
Source: the Company, Analyst estimates, Management interviews

Margin Expansion Driven by Cost-Base Structure & Revenue Growth



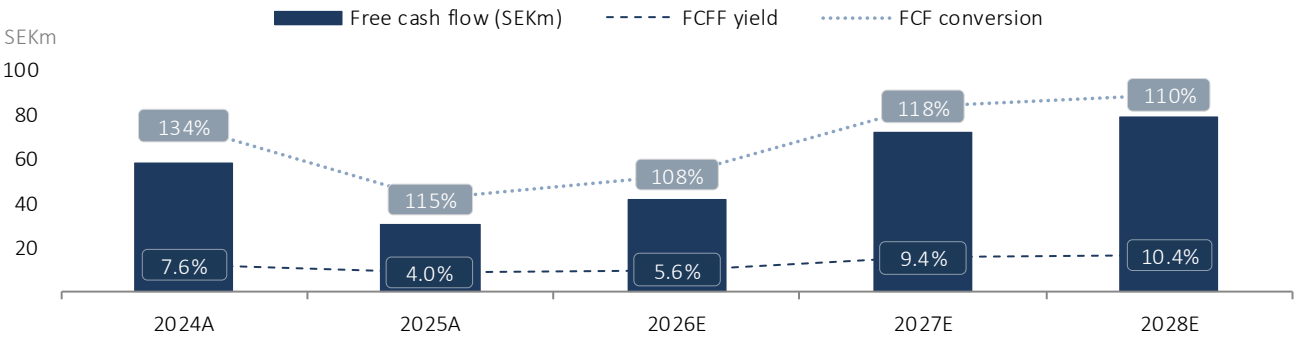
Source: the Company, Bloomberg, Börsdata, Analyst estimates

Total Cost-Base Structure 2024



Source: the Company, Analyst estimates

Asset-Light Cash Generation Compounds to a Double-Digit FCF Yield



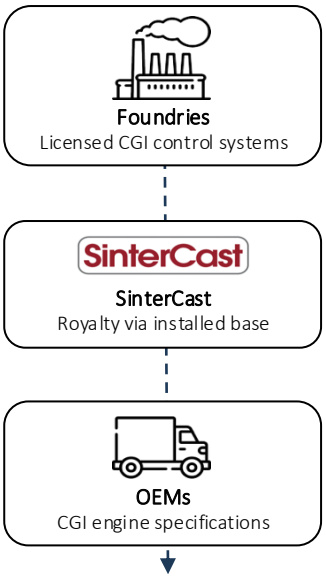
Source: Bloomberg, Börsdata, Analyst estimates

Investment Thesis

Euro 7 and Tightening Emissions Standards Drive CGI Adoption

Tightening emissions legislation is forcing commercial vehicle OEMs to increase engine combustion pressure while reducing CO_2 and NO_x output, a challenge that Compacted Graphite Iron (CGI) is uniquely suited to address. Compared to traditional engine materials such as grey iron, CGI enables engines that are 10% lighter and 75% stronger. According to studies conducted by Tupy, a Brazilian cast-iron components manufacturer and SinterCast licensee, CGI also improves fuel efficiency by approximately 8%, resulting in an estimated annual reduction of 83 million tonnes of CO_2. CGI adoption in heavy-duty diesel engines has already reached 40% of new vehicle production and, according to CEO Vitor Anjos, is expected to exceed 80% by 2030, supported by the US EPA 2027 standards and the European Euro 7 framework implemented in 2028. Against this backdrop, the global heavy-duty truck market is projected to reach 1.9 million units by 2030. At 80% CGI penetration and 5 Engine Equivalents (EEs) per truck, this implies a total addressable market of roughly 7.6 million EEs annually. Applying SinterCast's 67% share of global CGI production, the Company is positioned to capture approximately 5.1 million EEs and SEK 174m in annual segment revenue. In 2025, the segment generated roughly SEK 44m from 1.4m EEs, around 47% of total revenue, implying a 4x revenue opportunity. SinterCast's technology is already used by Scania, Volvo, FAW Group, MAN Truck & Bus and Daimler Truck, and its dominant share is protected by decades of technical expertise and significant switching costs. Critically, SinterCast's CGI architecture is fuel-independent, so any emissions-driven engine transition is likely to increase the technology's relevance.

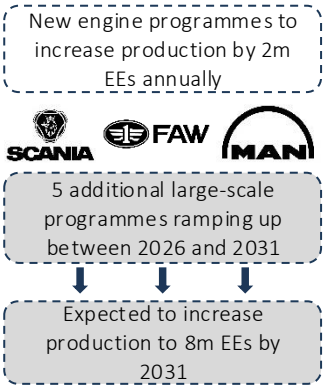
SinterCast Business Model



Production Recovery and Multiple Near-Term Catalysts

SinterCast's series production fell from 3.8m to 3.0m Engine Equivalents (EEs) in 2025, as a programme stoppage, weak commercial vehicle demand and regulatory uncertainty weighed on volumes, resulting in a 20% revenue decline and a 36% share price drop. This marked a cyclical setback after revenue had ranged between SEK 119m and SEK 136m during 2022–2024. Since early 2026, however, heavy-duty truck demand has recovered sharply and the programme pipeline has strengthened. North American Class 8 orders are up roughly 110% YTD from a weak 2025 base, signalling demand normalisation driven by fleet replacement and pre-buy activity ahead of EPA 2027. Layered on top of this cyclical recovery are several newly confirmed engine programmes ramping up production: Traton's 13-litre platform for MAN, FAW's new heavy-duty family in China, two large-scale agriculture programmes, FPT's XC13 and Volvo's D13. In total, five new large-scale programmes are expected to enter production between 2026 and 2031, supporting our estimates of 5m EEs by 2027 and 8m by 2031, corresponding to a 21.7% CAGR.

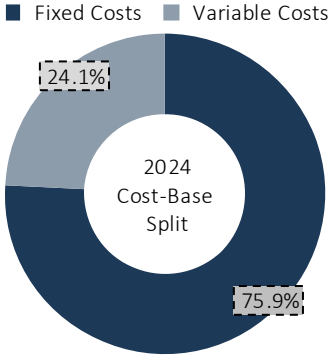
Understated Project Pipeline



Asset-Light Licensing Model Drives Disproportionate Margin Expansion

SinterCast operates an asset-light licensing model in which royalties are collected per tonne of CGI castings produced using SinterCast's technology. With systems already embedded in customers' foundry processes, higher production volumes mainly increase royalty and consumables revenue without requiring proportional increases in headcount, working capital or CapEx. The Company can absorb higher Engine Equivalent (EE) volumes through its existing installed base and technical organisation, allowing a large share of additional revenue to flow through to EBIT. This scalability is reflected in SinterCast's 2024 cost-base split, where fixed costs accounted for 75.9% of total costs and variable costs only 24.1%. As new production programmes ramp up, each incremental unit of revenue is expected to flow disproportionately to EBIT, making margin expansion a structural consequence of volume recovery. The ongoing cost optimisation programme, targeting SEK 10m in annualised savings across 2024–2026, of which SEK 5m has already been realised, further supports margin expansion. Together with a hiring freeze, these measures are expected to reduce SG&A by approximately 4.6pp as a share of revenue by 2026. Management has also cut the ordinary dividend from SEK 7 to SEK 3, retaining capital and reinforcing financial discipline during the trough period.

Cost-Base Driving Operating Leverage



Company Overview

Making the Impossible Possible

SinterCast was founded in 1983 to commercialise a foundry process that the industry had spent decades considering impossible: producing Compacted Graphite Iron (CGI) at industrial scale. The Swedish company, now listed on Nasdaq Stockholm Small Cap, developed the metallurgical expertise and process control technology required to make high-volume CGI production commercially viable. Today, SinterCast's systems are used in roughly two-thirds of global CGI manufacturing across 58 installations in 13 countries. Customer foundries supply OEMs across heavy-duty trucks, pick-up trucks and industrial power applications, including Scania, Volvo, MAN Truck & Bus, FAW Group and Daimler Truck. The company is now expanding further into industrial power through its first installation dedicated to casting cylinder head components for stationary generators at Saroj Foundry, with production scheduled to begin in Q2 2026.

Global System Installation

58 systems installed worldwide

Across 13 countries

Business Model

Install the System and Generate High Margin Recurring Revenue

SinterCast operates a scalable, asset-light "razor-and-blade" business model built around an installed base of process control systems embedded within foundries' production processes. Revenue is generated through production utilisation and consists primarily of royalty and licensing fees, which account for around 60% of revenue, alongside proprietary consumables used during the casting process, accounting for roughly 30%. Together, these recurring revenue streams represent approximately 90% of total revenue. The remaining 10% of revenue is derived from system installations, capacity upgrades, engineering services, aftermarket parts and traceability platforms. Combined with a cost-base that is approximately 76% fixed, primarily related to wages, incremental production volumes require limited additional CapEx and support a 30% operating margin. This supports gross margins above 70%, and a historical free cash flow conversion of over 85%.

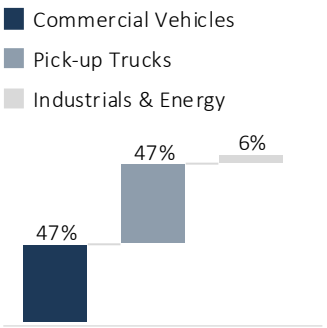
Recurring Revenue per EE

Market Overview

A Market Experiencing Structural Growth with Zero Competition

SinterCast is the world's leading commercial supplier of process control systems for high-volume CGI production, with its technology used in approximately ⅔ of global CGI output. This positions the Company to capture a significant share of a market increasingly driven by tightening emissions regulations. The regulatory cycle is now entering its most important phase in over a decade, with EPA 2027 introducing an 80% reduction in NO_x limits, followed by Euro 7 in 2028. To meet these standards, OEMs are developing higher-pressure engines that exceed the physical limits of grey iron and therefore require CGI. Recent examples include Volvo Trucks' new D13 engine platform, designed for EPA 2027 and compatible with renewable fuels, alongside similar launches from Daimler, Cummins, PACCAR, IVECO and Traton. At the same time, the North American Class 8 truck market is rebounding sharply following historically weak 2025 volumes, with 2026 YTD orders increasing 110%, driven by fleet replacement demand and EPA 2027 pre-buys.

End Product Segmentation Split



Electrification Risk Materially Overstated for Heavy-Duty Long-Haul Trucks

The most cited risk for SinterCast is the electrification of heavy-duty vehicles, accelerated by the rise of Chinese BEVs and regulatory pressure in favour of electric vehicles. However, commercial vehicle OEMs continue to reinforce the long-term role of the internal combustion engine through new product launches. Despite electricity costs of approximately SEK 0.5 per kilometre, the total cost of ownership for electric heavy-duty trucks remains substantially higher than that of diesel trucks, as each unit can cost up to 350% more than a diesel alternative. Furthermore, charging infrastructure remains far behind schedule, with 80% of planned 2025 HDV chargers still not operational, making it unlikely to reach the scale required for long-haul operations before the mid-2040s.

Valuation

An Equally Weighted DCF and Peer Valuation Implies 26.5% Upside

An equally weighted DCF and peer valuation implies 26.5% upside, representing a target price of SEK 132. DCF assumptions include a 20.6% tax rate, a 4% equity risk premium, a beta of 1.4, and a 10% cost of equity. This results in a 10% WACC and a 1% terminal growth rate, implying 37.0% upside. The peer valuation implies a target EV/EBIT multiple of 11.1x, with a 5% discount, representing 16.0% upside.

DCF Breakdown, SEKm	
PV of FCFF	**530**
PV of TV	465
Enterprise Value	**995**
Net Debt	(5.0)
Equity Value	1,000
NOSH (m)	7.0
Implied Share Price	**142.1**
Current share price	104.0
Implied Upside	37.0%

	WACC					
TGR	SEK	7.0%	8.5%	10.0%	11.5%	13.0%
	(1.0%)	183	152	129	111	98
	0.0%	198	161	135	115	101
	1.0%	217	172	142	120	104
	2.0%	244	187	150	126	108
	3.0%	285	207	162	133	112

	WACC					
EBIT Margin	SEK	7.0%	8.5%	10.0%	11.5%	13.0%
	55%	260	205	168	142	123
	50%	236	186	153	130	112
	45%	213	168	142	117	101
	35%	167	132	109	92	80
	25%	121	95	79	67	58

FCFF, SEKm	2025A	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
NOPAT	26	39	60	72	84	98	105	109	109	107	105
D&A	4	3	3	3	2	2	2	2	2	2	2
CapEx	1	2	2	2	2	3	3	3	3	3	3
Change in NWC	(1)	(1)	(10)	(6)	(6)	(7)	(4)	(3)	(2)	(1)	(1)
FCFF	**30**	**42**	**71**	**79**	**90**	**103**	**108**	**111**	**110**	**107**	**105**
FCFF Margin	**28%**	**32%**	**42%**	**41%**	**41%**	**42%**	**41%**	**40%**	**39%**	**37%**	**36%**

Source: S&P Global, Bloomberg, FactSet, Börsdata

Peer Valuation Understates SinterCast's Structural Quality

SinterCast operates in a specialised niche without direct listed peers, combining cyclical industrial exposure with high-margin recurring revenue characteristics. The peer group therefore consists of Nordic and European industrial and technology companies reflecting recurring revenues, strong margins, operating leverage and industrial end-market exposure. SinterCast stands out through structurally higher gross margins, recurring revenue and projected EBIT margin expansion, with a 2027E EBIT margin of 44.9% versus the peer median of 16.5%. Applying a 5% discount to the peer median 2027E EV/EBIT multiple of 11.7x, due to SinterCast's smaller size, limited liquidity and cyclical heavy-duty truck exposure, results in a target 2027E EV/EBIT multiple of 11.1x, implying 16.0% upside.

Peer Table	Market Cap	Enterprise Value	Gross Margin	EBIT Margin		EV/EBIT	
	SEKm		LTM	2025A	2027E	2026E	2027E
Troax	6,600	7,994	37.4%	13.1%	16.5%	18.5x	13.9x
I-Tech	828	671	57.0%	27.0%	37.0%	11.5x	7.4x
CTT	1,699	1,720	68.9%	21.0%	31.0%	20.8x	11.4x
Ponsse	7,100	7,490	17.5%	5.5%	7.2%	16.0x	11.7x
Beijer Alma	17,446	20,280	31.2%	12.8%	14.0%	17.2x	15.9x
Median	**3,951**	**7,066**	**47.2%**	**17.1%**	**16.5%**	**17.2x**	**11.7x**
Average	**3,819**	**7,095**	**45.2%**	**16.6%**	**21.1%**	**16.8x**	**12.1x**
SinterCast	739	728	70.4%	30.0%	44.9%	14.9x	9.9x

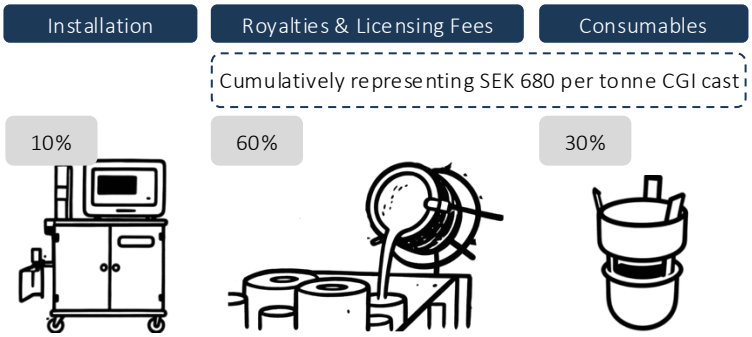
Source: S&P Global, Bloomberg, FactSet, Börsdata

Appendix – Income Statement

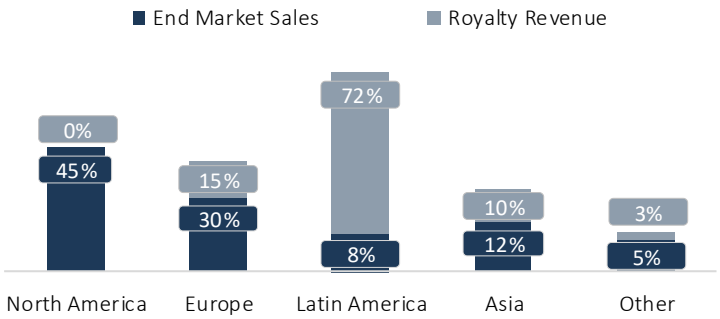
Income statement, SEKm	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Net sales	119	134	136	108	129	170	194	218	245
y/y growth	n/a	13.2%	0.9%	(20.4%)	19.6%	31.6%	14.0%	12.3%	12.6%
Total revenue	**119**	**134**	**136**	**108**	**129**	**170**	**194**	**218**	**245**
COGS	(32)	(36)	(37)	(32)	(35)	(47)	(52)	(57)	(63)
% of sales	27.0%	26.7%	27.5%	29.6%	27.4%	27.4%	26.8%	26.3%	25.8%
Gross income	**87**	**99**	**98**	**76**	**94**	**123**	**142**	**160**	**182**
Gross margin	73.0%	73.3%	72.5%	70.4%	72.6%	72.6%	73.2%	73.7%	74.2%
Personnel costs	(29)	(30)	(29)	(26)	(25)	(27)	(28)	(30)	(32)
% of sales	24.4%	22.3%	21.4%	24.1%	19.3%	15.6%	14.5%	13.7%	13.1%
Other SG&A	(13)	(15)	(15)	(15)	(12)	(13)	(13)	(14)	(15)
% of sales	11.0%	11.2%	11.1%	13.9%	9.3%	7.5%	7.0%	6.6%	6.3%
R&D	(11)	(13)	(7)	(6)	(6)	(7)	(7)	(8)	(9)
% of sales	9.0%	9.3%	5.1%	5.6%	5.0%	4.0%	3.8%	3.6%	3.5%
Other operating expenses	(5)	(7)	(12)	(6)	(7)	(7)	(7)	(7)	(7)
Other operating income	2	8	7	9	6	6	6	6	6
EBIT	**30**	**42**	**43**	**32**	**49**	**76**	**92**	**104**	**117**
EBIT margin	25.4%	31.4%	31.5%	30.0%	38.2%	44.9%	47.5%	48.0%	47.7%

Source: the Company, Analyst estimates, S&P Global, Bloomberg, FactSet, Börsdata

Revenue Breakdown by Type

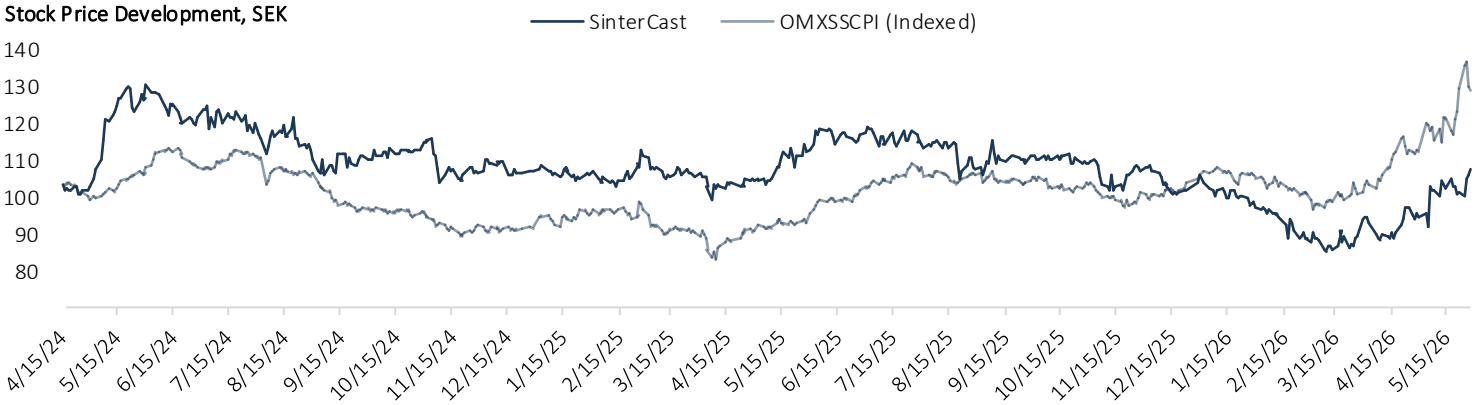


End Market Sales & Revenue Segmentation by Geography



Source: the Company, Analyst estimates, Bloomberg

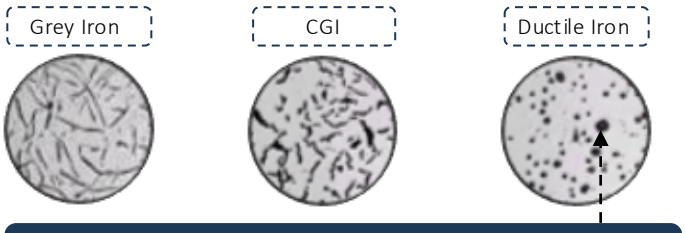
Stock Price Development, SEK



Source: S&P Global, Bloomberg, FactSet, Börsdata

Appendix – Why CGI and SinterCast Systems are Essential for Future Combustion Engines

What Makes CGI Different from Traditional Irons

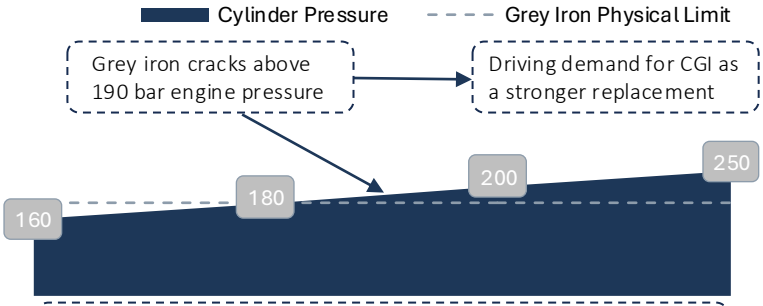


Nodularity and graphite form affect iron properties such as strength and heat conduction

CGI sits between grey iron and ductile iron, giving it the optimal properties to be used in coming generations of engines

Source: the Company

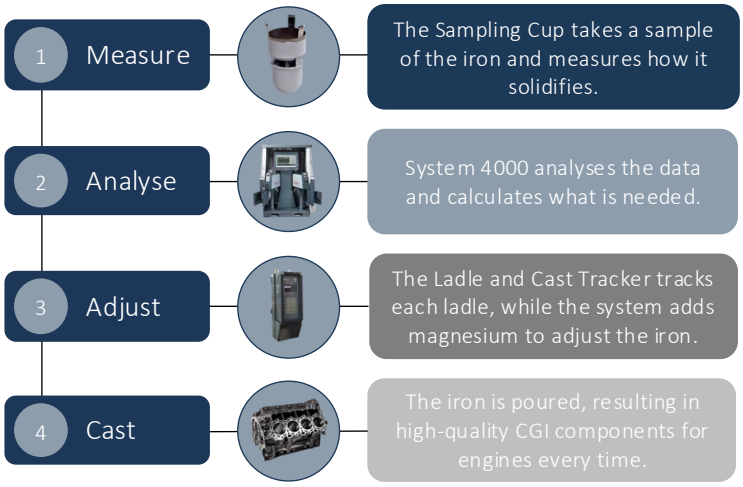
Physical Limitations of Grey Iron and the Need for CGI



New EPA 2027 regulations require higher-pressure, more efficient engines estimated to reach over 220 bar cylinder pressure

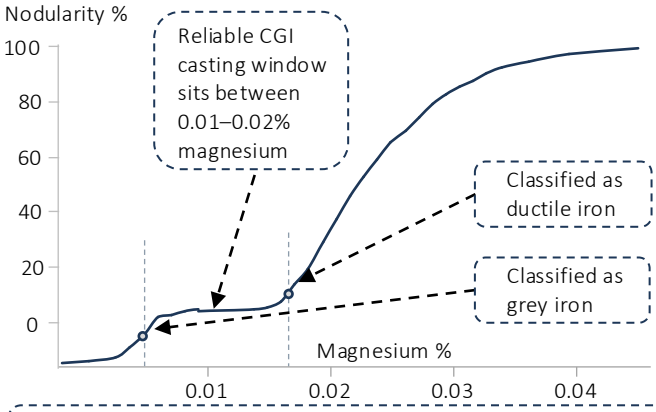
Source: Analyst estimates, S&P Global, EPA, the Company

SinterCast Technology and Product Categories



Source: the Company, management interviews

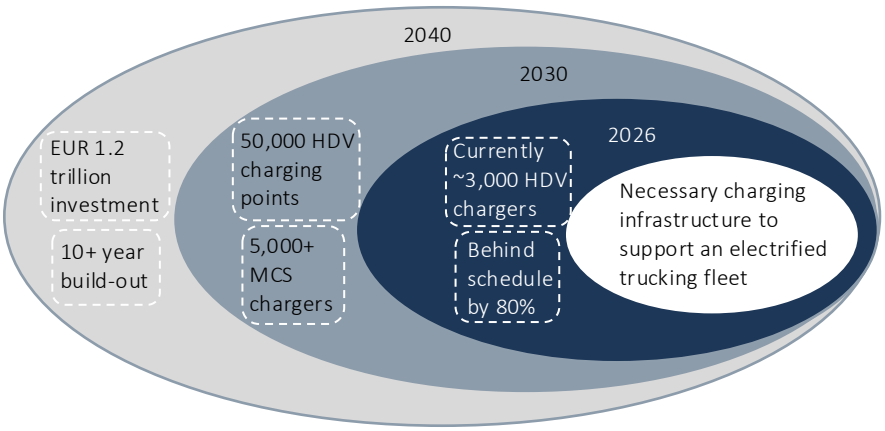
What Makes CGI Difficult to Reliably Produce at Scale

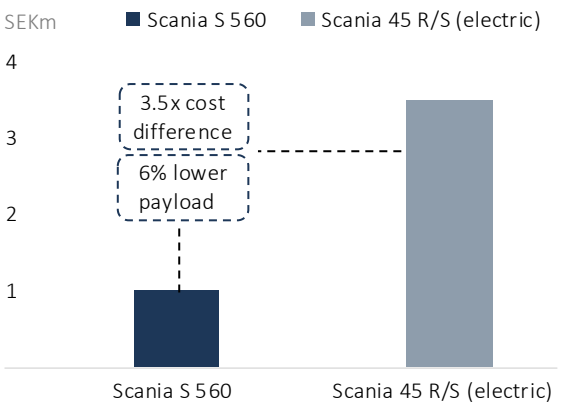


CGI manufacturing is further impacted by heat treatment, cooling and other factors, making SinterCast systems necessary

Source: the Company

Why Charging Infrastructure and Cost Keep Diesel Dominant for the Coming 20 Years





Fuelling costs → Diesel range: ~8x battery capacity

Diesel cost per km: 10.2kr

Electricity cost per km: 10.7kr

→ Diesel: 0.5kr/km cheaper

Source: Analyst estimates, S&P Global, The European Commission, Transportföretagarna interview, Scania, OKQ8, the Company

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Other