

SKAKO**SKAKO**

Market: OMXC Small Cap

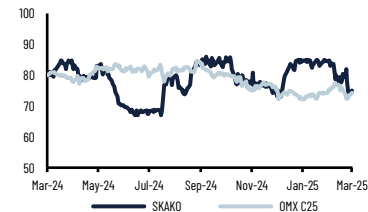
Ticker: SKAKO

Share price (DKK): 75

Market cap (DKK): 234.7M

Net debt (DKK): 37.3m

Enterprise value (DKK): 272m

Share information

YTD -7.6% 1 year: -6.3%
 1 month: -11.3% 3 years: 30.2%

Note: We apply the closing price from 18 March 2025
 Index rebased to March 2024. Source: S&P Capital IQ

Financials

DKKm	2023	2024	2025E*
Revenue	248.2	237.4	310-330
Revenue growth	4.5%	-4.3%	30% - 40%
EBIT ⁽¹⁾	24.6	21.2	27-31
EBIT margin	9.9%	8.9%	8-10%
Net income	13.8	13.6	N/A
Net income margin	5.6%	5.7%	N/A
Cash	156.0	24.8	N/A
Interest-bearing debt	18.5	62.1	N/A

Note: *SKAKO's own 2025 guidance. 1) EBIT is before special items.

Valuation multiples

	2023	2024	2025E*
P/S (x)	0.8	1.1	0.7
EV/Sales (x)	0.3	1.2	0.8
EV/EBITDA (x)	2.2	10.4	N/A
EV/EBIT (x)	2.6	13.6	9.4
P/E (x)	14.7	18.7	N/A
P/B (x)	0.9	2.9	N/A
P/CF (x)	18.9	N/A	N/A

Note: Multiples for 2023 and 2024 are based on historical numbers
 *Multiples in 2025 are based on SKAKO's mid-point guidance

Company description

SKAKO is a Danish industrial machinery developer founded in 1963 and listed on the Nasdaq Copenhagen, that develops, designs, and sells vibratory equipment used as industrial production line components. It operates across three business segments, Recycling, Minerals/Mining, and Fasteners (automotive). SKAKO's main markets are the EU and North Africa, with presence through partnerships in the US, South America, and Asia. SKAKO previously sold its SKAKO Concrete unit to Zefyr Invest in 2023.

Investment case

Demand across SKAKO's business units is supported by macroeconomic factors including the need for circular economies (Recycling), growing global needs for rare earth minerals (Minerals), and long-term production of vehicles including EVs in Europe (Fasteners). Revenue development for 2025 and 2026 is supported by SKAKO's largest ever order worth DKK 150m, received in Q3'2024, relating to a phosphate mining project in Morocco with OCP (a large and long-term SKAKO client), also underpinning the strong growth outlook for 2025 of +30-40% y/y.

The Moroccan order creates strong revenue visibility as SKAKO works towards its mid-term ambitions for 50% group revenue growth from 2023 by 2028 (12% CAGR from 2024). The results will be driven by a back-end loaded doubling of recycling (20% CAGR), where private sector recycling investment remains strong, and around 5% annualized growth in Minerals and Fasteners. SKAKO also seeks to maintain an EBIT margin around 10% which combined with significant topline growth can lead to solid absolute earnings growth. Despite a small revenue decline in 2024, mostly due to European automotive weakness.

From a valuation perspective, SKAKO's EV/Sales and EV/EBIT trade below its peer group average. While a small market cap, and lower liquidity, may justify some discount, the record order and strong orderbook create a strong outlook for the coming years.

Key investment reasons

The recent record order demonstrates an ability to win and execute larger projects, while also generating strong revenue visibility. SKAKO maintained positive aftersales development (+3% revenue y/y) in 2024, which provides predictable and higher margin revenues that may support margin expansion in the medium term.

SKAKO announced a dividend of DKK 2.5/share in addition to its extraordinary dividend of DKK 39.3/share in connection with the FY2024 results, reflecting a payout ratio of 58%. Higher absolute earnings in FY2025E can also support higher dividends. SKAKO also has deferred tax assets which can support elevated EPS for the coming 2-3 years.

SKAKO's market is highly fragmented, and therefore the company can pursue acquisitions given a leverage ratio of 1.3x, below its target of net debt/EBITDA <2.5x. This may generate long term value to shareholders and accelerate growth potential.

Key investment risks

SKAKO has cyclical demand, due to its exposure to commodities, automotive and broader investment spending conditions. Despite facing weaker market conditions due to European economic weakness, SKAKO maintains solid aftersales and recycling growth. While the large order protects downside, a larger economic downturn could still negatively impact earnings.

There may be a mismatch in market power between SKAKO and its large customers, consisting of states and municipalities (recycling) and large automotive/mining corporations. Additionally, SKAKO's new large order with OCP exposes SKAKO to greater third-party risk as the deal will represent a significant share of revenue in 2025.

SKAKO has limited liquidity in its shares, which brings some share price volatility (average daily share turnover is around DKK 260k LTM). Additionally, around 33% of the share capital owned by major shareholders/management also impacting liquidity.

Peer group

Company	Price (local)	Total return	Market cap (EURm)	EV (EURm)	EV/Sales		EV/EBIT		EBIT margin	
		YTD			FY2024	FY2025	FY2024	FY2025	3-yr avg	LTM
FLSmidth & Co. A/S	DKK 358	0.6%	2,728	2,813	1.0	1.1	11.6	10.5	5.5%	8.5%
Metso Oyj	EUR 11.2	24.7%	9,266	10,464	1.7	2.0	11.1	12.3	15.2%	15.0%
The Weir Group PLC	GBP 23.9	9.6%	7,339	7,985	2.5	2.5	17.6	12.9	17.1%	15.5%
Tomra Systems ASA	NOK 168.1	14.7%	4,302	4,765	3.2	3.2	40.1	24.6	11.1%	11.6%
Tamtron Group Oyj	EUR 5.5	1.5%	40	47	0.9	0.9	10.3	10.2	6.6%	8.2%
Median		9.6%	4,302	384	1.7	2.0	11.6	12.3	11.1%	11.6%
SKAKO A/S	DKK 75	-7.6%	31.5	36.5	1.2	0.8	13.6	9.4	8.5%	8.9%
Premium (+) / Discount (-) to peers					-29%	-58%	17%	-24%		

Note: Data from 18/03/2025

Source: S&P Capital IQ

Estimates and assumptions: The data in the peer group concerning the peer companies has not been calculated by HC Andersen Capital but is instead consensus analyst estimates from S&P Capital IQ. HC Andersen Capital assumes no responsibility for the correctness of the numbers in the peer group; however, considers S&P Capital IQ a credible source of information. Note: *The forward earnings multiples numbers for SKAKO, EV/Sales, EV/EBIT, have been calculated by HC Andersen Capital, assuming SKAKO will recognise the midpoint of its FY 2025 guidance, for 30-40% revenue growth, and EBIT before special items of DKK 27-31 million.

Selected peers overview:

FLSmidth & Co: is a Denmark-based provider of equipment and services for the cement and minerals industries. FLSmidth primarily operates in the mining and cement industries; however, recent acquisitions have aided the business's long-term goal of transitioning into a predominately mining company. FLSmidth's focus on sustainable innovation has resulted in its cement business seeing significant progress for sustainable solutions.

Metso Outotec Corp: is a Finnish industrial machinery company that provides technology, services, and process solutions for mining, aggregates, metal refining, and recycling industries. The business' minerals segment offers equipment, parts, and services for quarries, aggregates contractors, construction companies, as well as demolition and recycling applications. Metso Outotec's minerals segment provides services which enable profitable handling of ore types to its customers, which are large global miners, major and mid-sized regional operators, as well as junior miners. Metso's metal refining segment has a similar customer base to its minerals segments; however, it has a greater focus on emerging markets.

Weir Group Plc: is a UK-Based mining technology business providing industrial machinery and mining solutions. The group's primary markets include mining and minerals processing, including comminution, slurry transportation, mine dewatering; sand and aggregates, and oil sands. Weir operates in over 60 countries with its central operational locations: the US, Chile, Brazil, Peru, UK, Netherlands, South Africa, Malaysia, China, and Australia. Its customer base predominantly includes primary and junior mining houses, Engineering, Procurement, construction management companies (EPCM), and national and international oil companies.

Tomra Systems ASA: is a Norwegian company, initially engaged in production and distribution of reverse vending machines (RVMs) for automated collection of used beverage containers, and now also industrial sorting machinery for the Recycling, Mining, and Food industries. The company is headquartered in Asker, just outside of Oslo, and is listed on the Oslo Stock Exchange. Tomra Systems' reverse vending machines remain around 50% of revenues, with Europe as its largest market, followed by food and recycling. Its recycling and mining segments can be considered peers to SKAKO.

Tamtron Group Oyj: is a Finnish small-cap company engaged in producing industrial weighing equipment used in production plants within major industries, including construction, mining, forestry, waste management, recycling, and other manufacturing industries. Tamtron is headquartered in Tampere, Finland, and listed on the Helsinki Stock Exchange. Tamtron Group operates primarily in the Nordics within the industrial equipment segment and therefore is considered a peer to SKAKO.