

Slow demand more of a timing issue

Following the absence of a short-term recovery in demand for Tempest's services, due to continued headwinds from the pandemic, we have reduced our near-term forecasts after the Q3 report, rendering a slightly lowered valuation range to SEK 44-61 per share (from SEK 47-63). Once the business environment normalises again, we expect growth to quickly return towards normalised levels.

Key Data (2020E)

Price (SEK)	46.40
Reuters	TSEC.ST
Bloomberg	TSEC.SS
Market cap (SEKm)	413
Market cap (USDm)	48
Market cap (EURm)	41
Net debt (SEKm)	(24)
Net gearing	(907%)
Net debt/EBITDA (x)	(1.9)
Shares fully dil. (m)	8.9
Avg daily turnover (m)	0.0
Free float	35%

Pandemic having a short-term effect on demand

The development in Q3 was a bit slower than we had anticipated with a revenue growth decline of -12% y/y. The main impact came in the Risk Solutions business, which declined -53% y/y, due to changed travelling patterns among Tempest's clients. Still, we find it encouraging that the company was able to mitigate this by cost flexibility and maintain profitability at decent levels. Furthermore, the company says that it is more actively pursuing acquisitions to support its growth journey.

Margins held-up well

The turnaround in profitability over the last quarters seems to have remained intact with Q3 EBITDA of 2.7m for an EBITDA margin of 3.9%. Security Solutions improved its EBITDA margin by 1.1pp y/y to 14%, despite limited support from short-term work allowances (SEK 0.1m). The Other segment also improved its EBITDA margin from 5.8% last year to 15.8%, while Risk Solutions' EBITDA was slightly positive (SEK 0.2m), which is encouraging given the severe headwinds.

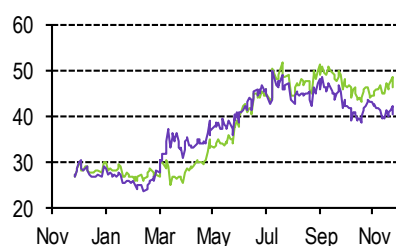
New mid-point DCF value of SEK 53 per share

Management flags for some risk that the slow demand could persist into Q4 and the beginning of 2021, which prompts us to lower our near-term forecasts. However, we see limited implications to the longer-term investment case and expect growth to accelerate again when the business environment normalises in 2021. Potential acquisition provides further estimate upside.

Estimate Revisions (%)

	2020E	2021E	2022E
Revenues	(8)	(5)	(5)
Adj. EBIT	(34)	(7)	(7)
Adj. EPS	(52)	(13)	(11)

Share Price (12M)



Absolute (green) / Relative to Sweden (purple).

Marketing communication
 commissioned by:
Tempest Security

Financials (SEK)

Year end: Dec	2018	2019	2020E	2021E	2022E
Revenues (m)	222	287	303	387	473
Adj. EBIT	(25)	(12)	4	13	19
Pre-tax profit (m)	(26)	(13)	3	12	18
EPS	(3.40)	(1.52)	0.30	1.33	1.99
Adj. EPS	(2.38)	(1.52)	0.30	1.33	1.99
DPS	0.00	0.00	0.00	0.00	0.00
Revenue growth (%)	29.5	29.1	5.7	27.5	22.4
Adj. EBIT growth (%)	n.m.	n.m.	n.m.	214.3	48.0
Adj. EPS growth (%)	n.m.	n.m.	n.m.	341.0	50.3
Adj. EBIT margin (%)	(11.4)	(4.0)	1.4	3.4	4.1
ROE (%)	(90.4)	n.m.	200.0	137.6	76.0
ROCE (%)	(79.7)	(72.9)	297.1	150.6	82.2
PER (x)	n.m.	n.m.	154.2	35.0	23.3
Free cash flow yield (%)	(10.0)	(3.1)	(0.2)	1.2	2.8
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
P/BV (x)	7.15	0.00	154.24	28.51	12.81
EV/Sales (x)	0.69	0.84	1.31	0.99	0.79
EV/Adj. EBITDA (x)	(9.5)	(80.0)	30.7	16.4	11.1
EV/Adj. EBIT (x)	(6.0)	(21.0)	93.9	29.5	19.3
Operating cash flow/EV (%)	(8.5)	(0.8)	1.3	4.7	7.5
Net debt/Adj. EBITDA (x)	1.38	8.30	(1.92)	(1.25)	(1.23)

Source for all data on this page: SEB (estimates) and Millstream/Thomson Reuters (prices)

Forecasts and valuation

Estimate revisions

(SEKm)	New estimates				Old estimates				Difference (%)			
	Q4/20E	2020E	2021E	2022E	Q4/20E	2020E	2021E	2022E	Q4/20E	2020E	2021E	2022E
Net sales	75.5	297.6	386.7	473.2	90.2	324.8	408.6	497.3	-16.3	-8.4	-5.4	-4.9
EBITDA	2.1	12.6	23.4	33.4	3.8	15.5	25.0	35.6	-45.1	-18.4	-6.1	-6.2
EBIT	0.1	4.1	13.0	19.2	1.4	6.2	13.9	20.7	-95.7	-33.7	-6.7	-7.2
EBT	-0.2	2.7	11.8	17.7	1.1	4.8	12.7	19.2	-122.1	-44.6	-7.4	-7.7
Net income	0.3	2.6	11.7	17.6	1.4	4.8	12.6	19.0	-81.0	-44.6	-7.4	-7.7
Adj. EBITDA	2.1	12.6	23.4	33.4	3.8	15.5	25.0	35.6	-45.1	-18.4	-6.1	-6.2
Adj. EBITDA margin (%)	2.8	4.2	6.1	7.1	4.2	4.8	6.1	7.2	-1.5pp	-0.5pp	0.0pp	-0.1pp
Sales												
Security Solutions	59.9	237.5	302.1	362.5	68.9	252.5	312.1	371.4	-13.0	-5.9	-3.2	-2.4
Risk Solutions	9.1	37.7	52.2	65.8	14.5	48.3	62.5	78.8	-37.1	-22.0	-16.5	-16.5
Other	6.5	22.5	32.4	44.9	6.9	24.0	34.0	47.1	-5.2	-6.5	-4.7	-4.8
Total	75.5	297.6	386.7	473.2	90.2	324.8	408.6	497.3	-16.3	-8.4	-5.4	-4.9
EBITDA												
Security Solutions	8.1	32.7	40.0	46.8	8.7	33.5	39.8	46.8	-6.8	-2.2	0.6	-0.1
Risk Solutions	0.4	4.1	6.0	8.0	1.3	6.3	7.4	9.5	-72.1	-34.9	-18.6	-16.5
Other	1.1	3.6	7.0	10.7	1.3	4.2	7.4	11.3	-14.8	-12.5	-5.4	-5.4
Group costs	-7.5	-27.8	-29.6	-32.0	-7.5	-28.4	-29.6	-32.0	0.0	2.1	0.0	0.0
Total consolidated	2.1	12.6	23.4	33.4	3.8	15.5	25.0	35.6	-45.1	-18.4	-6.1	-6.2
EBITDA margin (%)												
Security Solutions	13.5	13.8	13.3	12.9	12.6	13.3	12.8	12.6	0.9pp	0.5pp	0.5pp	0.3pp
Risk Solutions	4.0	10.8	11.5	12.1	9.0	12.9	11.8	12.1	-5.0pp	-2.1pp	-0.3pp	0.0pp
Other	17.6	16.2	21.6	23.9	19.6	17.4	21.8	24.0	-2.0pp	-1.1pp	-0.2pp	-0.1pp
Total	2.8	4.2	6.1	7.1	4.2	4.8	6.1	7.2	-1.5pp	-0.5pp	0.0pp	-0.1pp

Source: SEB

Interim financial statement

	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20E	2019	2020E	2021E	2022E
Net sales	57.4	66.8	79.1	83.1	79.4	72.8	69.8	75.5	286.3	297.6	386.7	473.2
Growth y/y	23.8%	17.8%	33.8%	39.2%	38.3%	9.0%	-11.7%	-9.0%	29.1%	3.9%	29.9%	22.4%
Other income	0.2	0.1	0.2	0.0	1.2	3.6	0.9	0.0	0.5	5.6	0.0	0.0
Cost of goods sold	-6.1	-9.1	-9.7	-9.0	-7.5	-6.9	-5.9	-7.9	-33.8	-28.2	-41.7	-52.0
Other external expenses	-5.8	-7.0	-6.3	-7.0	-6.7	-6.2	-6.7	-6.8	-26.1	-26.4	-24.5	-26.2
Personnel expenses	-49.5	-54.4	-59.5	-66.6	-63.5	-58.6	-55.3	-58.7	-229.9	-236.0	-297.0	-361.5
Total operational expenses	-61.5	-70.5	-75.4	-82.5	-77.6	-71.7	-67.9	-73.4	-289.8	-290.6	-363.2	-439.7
EBITDA	-3.8	-3.6	3.9	0.5	3.0	4.8	2.7	2.1	-3.0	12.6	23.4	33.4
Margin	-6.7%	-5.4%	5.0%	0.6%	3.8%	6.6%	3.9%	2.8%	-1.1%	4.2%	6.1%	7.1%
EBIT	-5.9	-5.8	1.8	-1.6	0.8	2.4	0.9	0.1	-11.5	4.1	13.0	19.2
Margin	-10.3%	-8.7%	2.3%	-1.9%	1.0%	3.3%	1.2%	0.1%	-4.0%	1.4%	3.4%	4.1%
Net financials	-0.5	-0.3	-0.3	-0.7	-0.3	-0.5	-0.4	-0.3	-1.7	-1.5	-1.2	-1.5
EBT	-6.4	-6.1	1.5	-2.2	0.5	1.9	0.5	-0.2	-13.3	2.7	11.8	17.7
Taxes	-0.1	-0.1	0.1	0.6	0.0	-0.4	-0.2	0.5	0.6	0.0	-0.1	-0.2
Net income	-6.5	-6.1	1.6	-1.6	0.46	1.50	0.33	0.27	-12.7	2.6	11.7	17.6
EPS	-0.8	-0.7	0.2	-0.2	0.1	0.2	0.0	0.0	-1.5	0.3	1.3	2.0

Source: Tempest Security, SEB

Divisional estimates

	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20E	2019	2020E	2021E	2022E
Sales												
Security Solutions	40.6	47.4	59.4	63.1	62.1	58.2	57.3	59.9	210.5	237.5	302.1	362.5
Risk Solutions	12.1	14.9	15.3	14.0	11.9	9.4	7.2	9.1	56.4	37.7	52.2	65.8
Other	4.8	4.5	4.3	5.9	5.4	5.3	5.3	6.5	19.5	22.5	32.4	44.9
Group sales	57.4	66.8	79.1	83.1	79.4	72.8	69.8	75.5	286.3	297.6	386.7	473.2
Sales growth												
Security Solutions	23.8%	17.8%	33.7%	39.2%	38.3%	9.1%	-11.7%	-9.0%	38.0%	12.8%	27.2%	20.0%
Risk Solutions	14.9%	16.3%	14.6%	3.7%	-1.0%	-36.9%	-53.0%	-35.0%	12.2%	-33.1%	38.6%	26.0%
Other	19.0%	-8.6%	-15.1%	14.8%	14.2%	17.5%	21.3%	10.0%	1.7%	15.3%	44.1%	38.7%
Group sales growth	23.8%	17.8%	33.8%	39.2%	38.3%	9.0%	-11.7%	-9.0%	29.1%	3.9%	29.9%	22.4%
EBITDA												
Security Solutions	3.5	3.1	7.8	6.9	7.7	8.8	8.2	8.1	21.2	32.7	40.0	46.8
Risk Solutions	-0.3	0.4	1.9	-0.6	0.7	2.9	0.2	0.4	1.4	4.1	6.0	8.0
Other	-0.3	-0.4	0.3	0.7	0.8	0.9	0.8	1.1	0.2	3.6	7.0	10.7
Group costs	-6.6	-6.8	-6.0	-6.4	-6.1	-7.8	-6.4	-7.5	-25.8	-27.8	-29.6	-32.0
Group EBITDA	-3.8	-3.6	3.9	0.5	3.0	4.8	2.7	2.1	-3.0	12.6	23.4	33.4
EBITDA margin												
Security Solutions	8.6%	6.5%	13.1%	10.9%	12.4%	15.1%	14.2%	13.5%	10.1%	13.8%	13.3%	12.9%
Risk Solutions	-2.8%	3.0%	12.3%	-4.1%	5.6%	30.6%	2.1%	4.0%	2.5%	10.8%	11.5%	12.1%
Other	-7.1%	-8.3%	5.9%	11.8%	14.6%	16.7%	15.8%	17.6%	1.3%	16.2%	21.6%	23.9%
Group EBITDA margin	-6.7%	-5.4%	5.0%	0.6%	3.8%	6.6%	3.9%	2.8%	-1.1%	4.2%	6.1%	7.1%

Source: Tempest Security, SEB

Mid-point DCF value

DCF valuation (SEKm)		Weighted average cost of capital (%)	
NPV of FCF in explicit forecast period	308	Risk free interest rate	2.5
NPV of continuing value	138	Risk premium	5.0
Value of operation	446	Cost of equity	7.5
Net debt	(24)	After tax cost of debt	3.5
Share issue/buy-back in forecast period	-		
Value of associated companies	-	WACC	7.5
Value of minority shareholders' equity	-		
Value of marketable assets	-	Assumptions	
DCF value of equity	470	Number of forecast years	20
DCF value per share (SEK)	53	EBIT margin - steady state (%)	3.8
Current share price (SEK)	46.40	EBIT multiple - steady state (x)	10.7
DCF performance potential (%)	14	Continuing value (% of NPV)	31.0

Source: SEB

DCF sensitivity

	Cost of equity (%)				
	6.5	7.0	7.5	8.0	8.5
Equity capital weight (%)	80	80	73	68	63
80	80	73	68	63	59
90	70	64	60	55	52
100	62	57	53	49	46
100	62	57	53	49	46
100	62	57	53	49	46

Source: SEB

DCF sensitivity

	Relative change in EBITDA margin - all years				
	-20%	-10%	0	+10%	+20%
Rel. change in sales growth - all years	-20%	-10%	0	+10%	+20%
-20%	31	39	46	53	60
-10%	34	41	49	57	65
0	36	44	53	61	70
+10%	39	48	57	66	75
+20%	41	51	61	71	81

Source: SEB

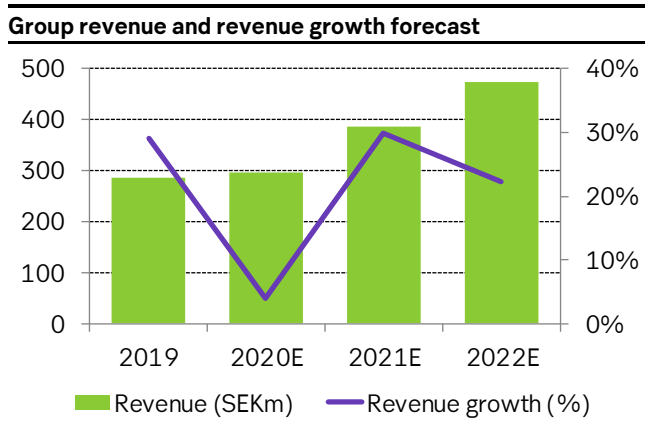
Investment conclusion

Tempest Security is a fast-growing Swedish security company founded 10 years ago by the current CEO Andrew Spry, together with Thomas Löfving and Thomas Cavas. During this period, Tempest has transformed itself from conducting localised guarding operations in Stockholm to offering a full palette of security services. The company works in close collaboration with its clients to cater for all their security needs and to increase the penetration of more advanced security services over time, which improves the product mix and leads to higher profitability for Tempest. In our view, the investment case for Tempest relies on three pillars.

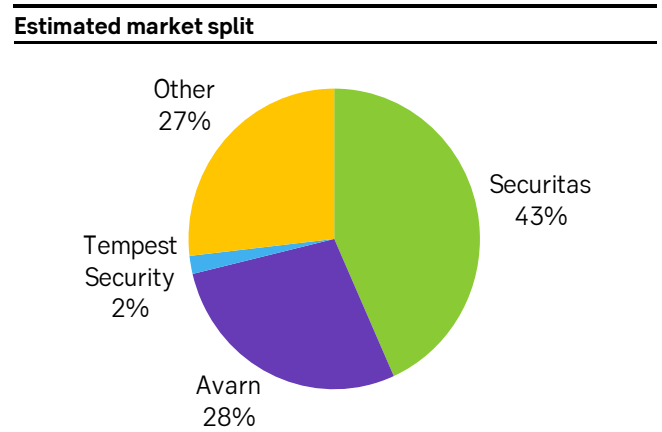
- Continued growth through market share gains with upside optionality from potential M&A, which is not part of our forecasts. We estimate organic revenue CAGR of 18% throughout our 2019-22 forecast period.
- Increased penetration of fast-growing and high value-add security services, supporting above-industry growth and improved earnings diversification. We expect Tempest's high value-added services to outgrow traditional security services by 11pp in the coming three years.
- Improved margins through operational leverage and enhanced business mix. Tempest has shown a turnaround in profitability during the last 12 months, a positive trend which we expect will continue. We see the potential to raise the EBITDA margin from -1% in 2019 to 7.1% in 2022

Plenty of pockets for continued growth

In the past five years, Tempest has increased revenues by an average growth rate of close to 40% per annum. Despite the rapid growth, the company is still only scratching the surface with a market share of around 2%. To reflect the growth opportunities, Tempest has set a new ambitious revenue target of SEK 1,000m by 2025. We forecast 2019-22 revenue CAGR of 18% with further upside potential from selective M&A. While revenue growth in 2020 is likely to slow due to COVID-19, we believe interesting acquisition opportunities could arise in the aftermath of the crisis and we see scope for further industry consolidation.



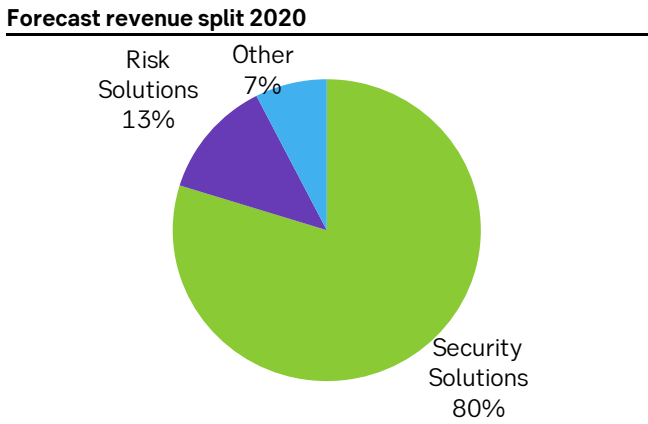
Source: Tempest Security, SEB



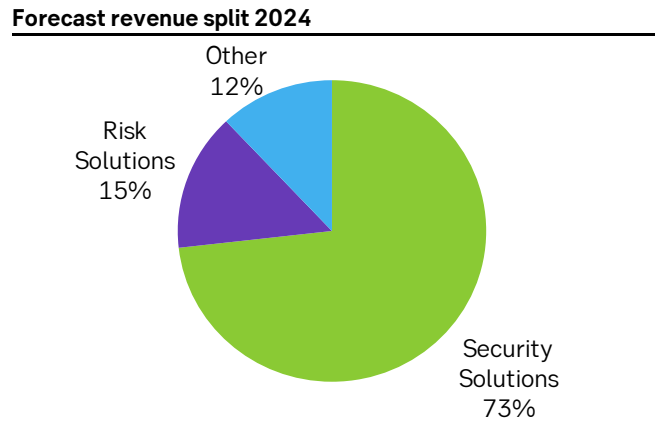
Source: Tempest Security, SEB

A transformation process through close client collaboration

We also expect a gradual shift towards higher value-added services for Tempest Security, which are expected to grow at a faster pace than the overall security services market. Tempest works in close partnership with its clients to develop and enable cross-selling of new services, leading to an increasingly attractive margin profile.

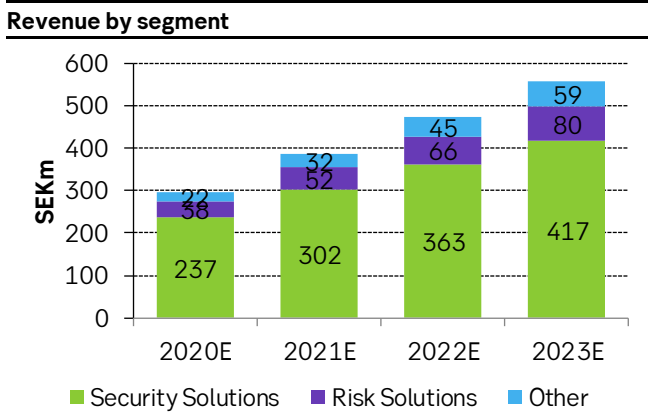


Source: SEB

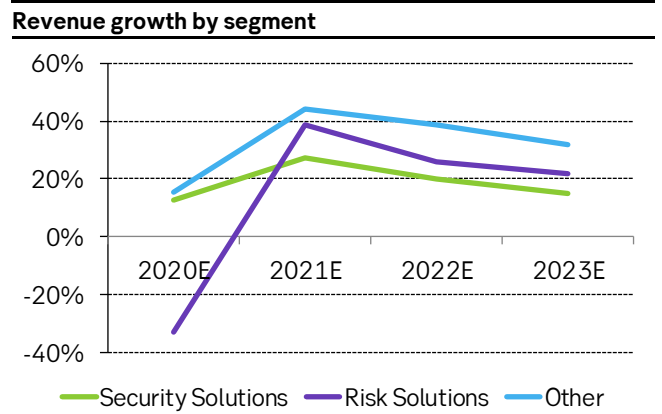


Source: SEB

The pandemic obviously creates challenges for both Tempest's customers and its employees, but it could also create new interesting business opportunities and enable clients to rethink their security needs. We expect Tempest's high value-added security services to grow by 32% on average over the coming three years, compared with 21% for traditional security services.



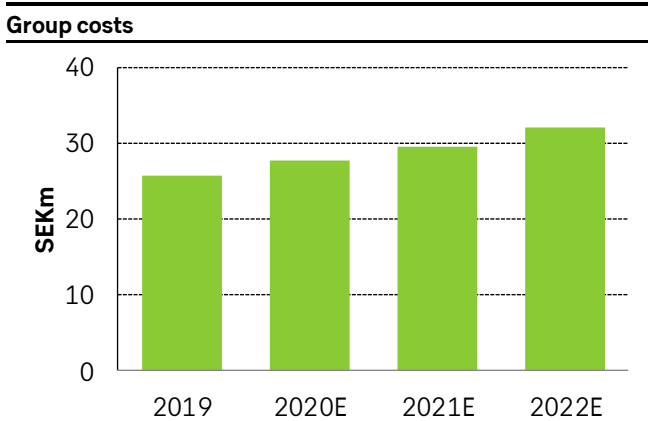
Source: SEB



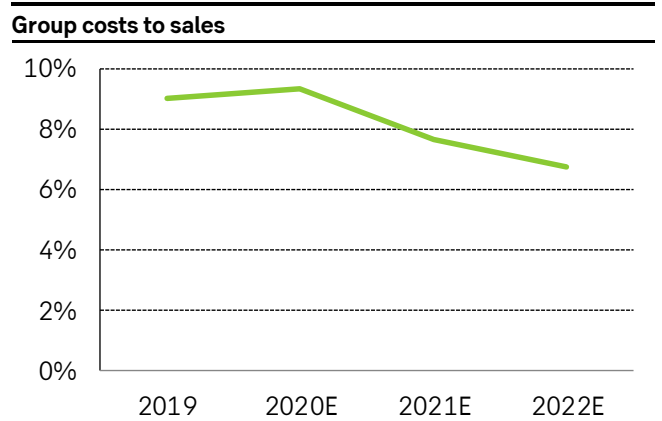
Source: SEB

Ability to scale on earlier investments

Since its public listing in 2017, Tempest has invested in building up group functions within Sales, Human Resources, and Finance. In addition, the company has expanded its service offering through acquisitions and internal investments in attractive niche segments of the security market. These investments are likely to continue as the company continues to grow, but at a slower pace than the expected sales growth. The positive earnings trend in the last quarters supports this view and the trend seems to be maintained during the beginning of 2020, despite the ongoing challenges from the pandemic.

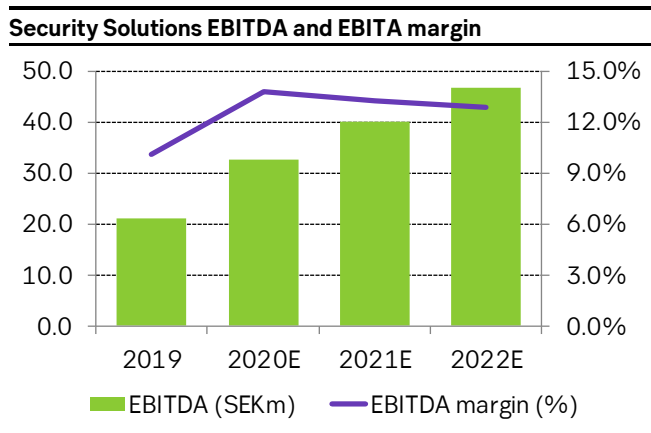


Source: Tempest Security, SEB

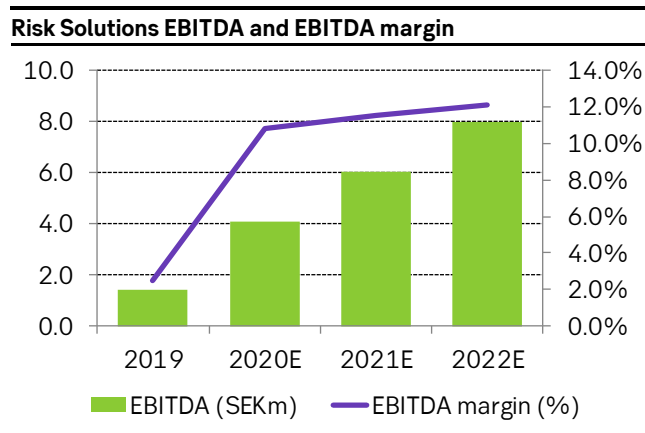


Source: Tempest Security, SEB

In a group context, our analysis suggests that the largest segment within traditional Security Solutions is already operating at quite healthy margins of above 10% in 2019. Instead, we see the most medium-term potential within Risk Solutions.



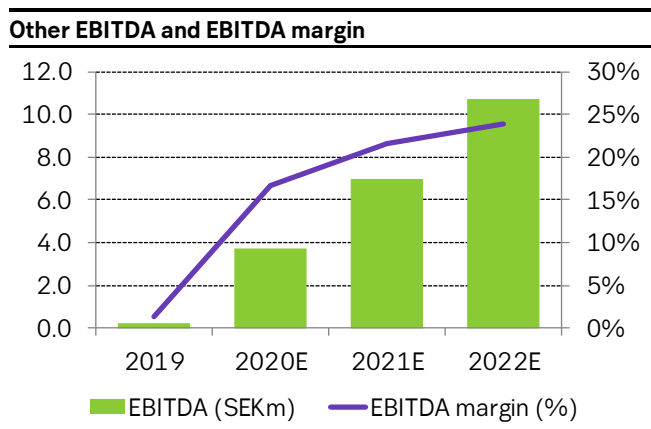
Source: Tempest Security, SEB



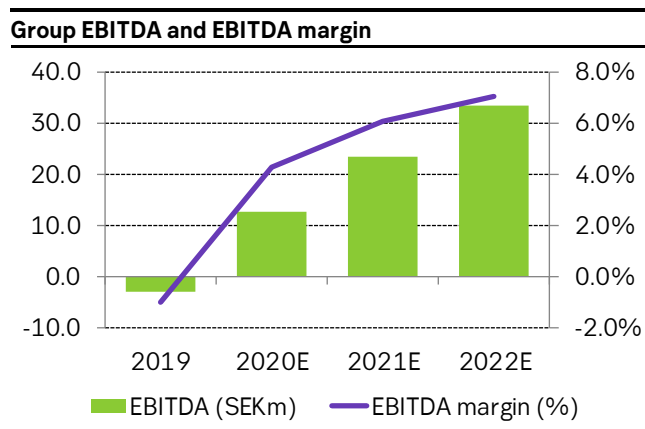
Source: Tempest Security, SEB

The Other segment, which includes the Security Operations Center (SOC), reported an EBITDA margin of 15.8% in Q3. However, looking at successful peers, we find that it is not impossible to reach a 40-50% operating margin over time, given the extremely high incremental margins. But volumes are low, and we believe the main challenge will be to scale up the operations, but it remains as an interesting long-term opportunity and represents a good complement to Tempest's other services.

We forecast that the positive earnings trend will continue during this year, despite the challenges from COVID-19 and slightly slower growth. On a full-year basis, we expect Tempest to turn profitable and reach an EBITDA margin of 4.2% in 2020 and 7.1% by 2022.



Source: Tempest Security, SEB



Source: Tempest Security, SEB

Risks and possible concerns

- The security industry is characterised by high personnel turnover and Tempest, in line with its peers, is highly dependent on its ability to maintain and attract new employees.
- The ability to find new employees is also crucial to deliver on the ambitious growth agenda.
- Furthermore, to maintain the historically high revenue growth numbers, there is a risk that Tempest might need to raise additional capital in the future, as the company has yet to prove that the turnaround in profitability is sustainable.
- While we expect operations to turn profitable in the short-term, this is based on our forecast of high growth outside traditional security services, which we expect will lift the operating margin through improved product mix.
- The COVID-19 pandemic poses threats, as well as opportunities. So far, Tempest has only experienced a limited impact from the virus outbreak, but there is a risk that there could be a more severe impact in the future, e.g. by delayed decision making among customers and increased sickness leave.

Overview

Investment case

In our view, Tempest Security is equipped to continue to show above-industry revenue growth rates throughout our forecast period, driven by market share gains and increased penetration of more advanced security services. We also expect that the recent turnaround in profitability could be sustained, due to further operational leverage and an enhanced revenue mix. We expect the group to turn profitable for the full year 2020 and then gradually move towards the long-term EBITDA margin target of 10%.

Company profile

Tempest Security is a fast-growing Swedish security company founded ten years ago by the current CEO Andrew Spry together with Thomas Löfving and Thomas Cavas. During this period, Tempest has transformed from conducting guarding operations mainly in the Stockholm region to offering a broad set of different security services. In the past five years, the company has increased its revenues from SEK 55m in 2014 to SEK 287M in 2019, implying revenue CAGR of close to 40%. Traditional security services remain the main exposure (73%), while higher value-add services such as risk solutions and surveillance are expected to gradually increase its part of the future revenue mix.

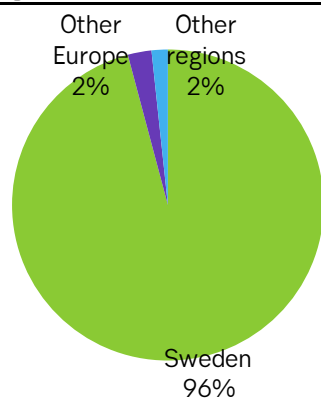
Valuation approach

Our fair share price range is based on a mid-point DCF value +/- 10% relative change to our EBITDA assumptions being the upper- and lower end of the range.

Target price risks

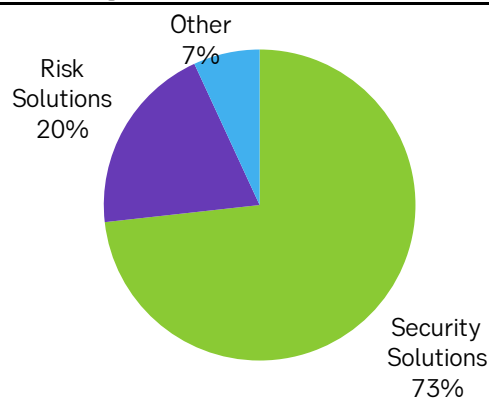
The security industry is people intensive and Tempest Security, in line with its peers, is highly dependent on the ability to maintain and attract new employees. This is particularly crucial in order to deliver on its ambitious growth agenda. Furthermore, the company has yet to prove that the recent turnaround in profitability is sustainable and our forecasts of further margin improvements is partly based on success and high growth rates within its new and more advanced security services.

Revenues by region



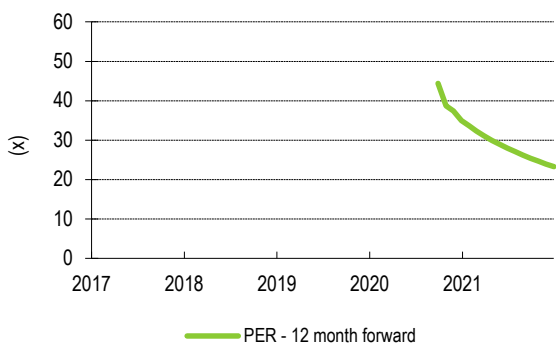
Source: SEB

Revenues by segment



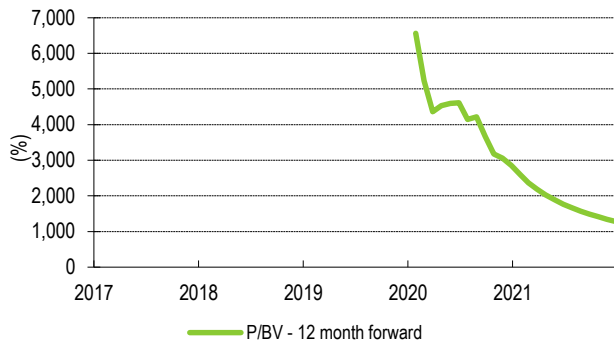
Source: SEB

PER - 12 month forward



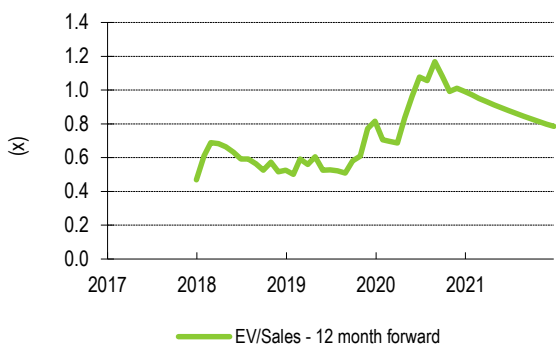
Source: SEB

P/BV - 12 month forward



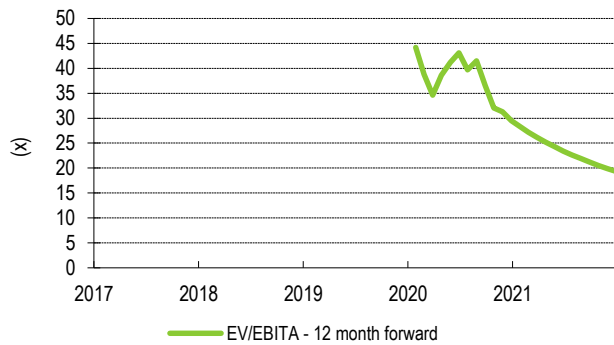
Source: SEB

EV/Sales - 12 month forward



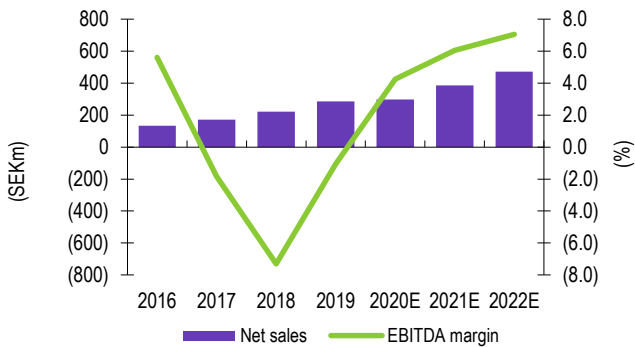
Source: SEB

EV/EBITA - 12 month forward



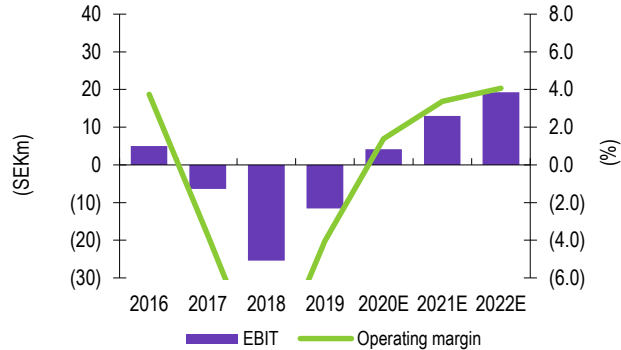
Source: SEB

Net sales & EBITDA margin



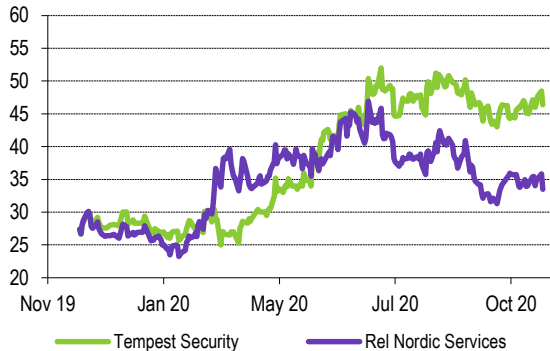
Source: SEB

EBIT & Operating margin



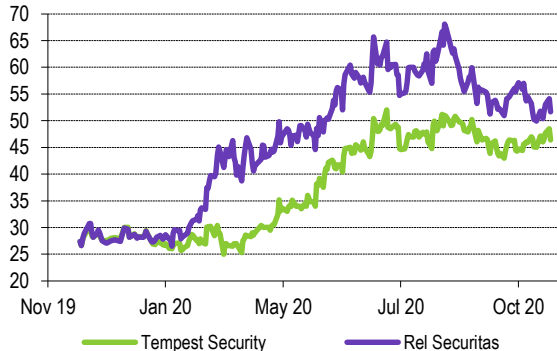
Source: SEB

Comparison with sector index - 1 year



Source: SIX

Comparison with Securitas - 1 year



Source: SIX

Profit & loss statement - Tempest Security							
(SEKm)	2016	2017	2018	2019	2020E	2021E	2022E
Net Sales	134	171	222	286	298	387	473
Other revenues	0	0	0	0	6	0	0
Total revenues	135	172	222	287	303	387	473
Total expenses	(127)	(175)	(238)	(290)	(291)	(363)	(440)
Profit before depreciation	8	(3)	(16)	(3)	13	23	33
Depreciation - Fixed assets	(2)	(1)	(1)	(9)	(9)	(10)	(14)
Depreciation - Other assets	0	0	0	0	0	0	0
Amortisation - Goodwill	(0)	(1)	(7)	0	0	0	0
Amortisation - Other intangibles	(0)	(1)	(1)	0	0	0	0
Operating profit	5	(6)	(25)	(12)	4	13	19
Net interest expenses	(0)	(0)	(1)	(2)	0	0	0
Foreign exchange items	0	0	0	0	0	0	0
Other financial items	0	0	0	0	(1)	(1)	(2)
Value changes - Fixed assets	0	0	0	0	0	0	0
Value changes - Financial assets	0	0	0	0	0	0	0
Value changes - Other assets	0	0	0	0	0	0	0
Reported pre-tax profit	5	(6)	(26)	(13)	3	12	18
Minority interests	0	0	0	0	0	0	0
Total taxes	(1)	1	0	1	0	0	0
Reported profit after tax	4	(5)	(26)	(13)	3	12	18
Discontinued operations	0	0	0	0	0	0	0
Extraordinary items	0	0	0	0	0	0	0
Net Profit	4	(5)	(26)	(13)	3	12	18
Adjustments:							
Discontinued operations	0	0	0	0	0	0	0
Interest on convertible debt	0	0	0	0	0	0	0
Minority interests (IFRS)	0	0	0	0	0	0	0
Value changes	0	0	0	0	0	0	0
Goodwill/intangibles amortisations	0	2	8	0	0	0	0
Restructuring charges	0	0	0	0	0	0	0
Other adjustments	0	0	0	0	0	0	0
Tax effect of adjustments	0	0	0	0	0	0	0
Adjusted profit after tax	4	(4)	(18)	(13)	3	12	18
Margins, tax & returns							
Operating margin	3.7	(3.7)	(11.4)	(4.0)	1.4	3.4	4.1
Pre-tax margin	3.7	(3.7)	(11.7)	(4.6)	0.9	3.1	3.7
Tax rate	25.1	14.4	1.1	4.4	0.0	0.0	0.0
ROE	64.0	(27.4)	(90.4)	n.m.	200.0	137.6	76.0
ROCE	86.4	(32.0)	(79.7)	(72.9)	297.1	150.6	82.2
Growth rates y-o-y (%)							
Total revenues	n.a.	27.4	29.5	29.1	5.7	27.5	22.4
Operating profit	133.2	n.m.	n.m.	n.m.	n.m.	214.3	48.0
Pre-tax profit	138.2	n.m.	n.m.	n.m.	n.m.	341.0	50.3
EPS (adjusted)	0.0	0.0	0.0	0.0	0.0	341.0	50.3
Cash flow							
(SEKm)	2016	2017	2018	2019	2020E	2021E	2022E
Net profit	4	(5)	(26)	(13)	3	12	18
Non-cash adjustments	2	2	7	8	6	10	14
Cash flow before work cap	6	(4)	(19)	(5)	9	22	32
Ch. in working capital / Other	2	10	6	3	(4)	(4)	(4)
Operating cash flow	7	7	(13)	(2)	5	18	28
Capital expenditures	(2)	(1)	(3)	(6)	(6)	(13)	(16)
Asset disposals	0	0	0	0	0	0	0
L/T financial investments	0	0	0	0	0	0	0
Acquisitions / adjustments	0	(3)	(27)	0	0	0	0
Free cash flow	5	2	(43)	(8)	(1)	5	12
Net loan proceeds	0	(2)	7	(13)	0	0	0
Dividend paid	0	(6)	0	0	0	0	0
Share issue	0	36	18	16	0	0	0
Other	(0)	0	0	0	0	0	0
Net change in cash	6	30	(18)	(5)	(1)	5	12
Adjustments							
C/flow bef chng in work cap	6	(4)	(19)	(5)	9	22	32
Adjustments	0	0	0	0	0	0	0
Int on conv debt net of tax	0	0	0	0	0	0	0
Cash earnings	6	(4)	(19)	(5)	9	22	32
Per share information							
Cash earnings	1.09	(0.56)	(2.5)	(0.54)	1.02	2.49	3.57
Operating cash flow	1.41	1.05	(1.73)	(0.23)	0.55	2.04	3.12
Free cash flow	0.98	0.31	(5.66)	(0.94)	(0.09)	0.58	1.32
Investment cover							
Capex/sales (%)	0.2	0.3	0.9	1.9	1.7	3.0	3.0
Capex/depreciation (%)	15	43	137	65	61	112	101

Source for all data on this page: SEB

Balance sheet - Tempest Security							
(SEKm)	2016	2017	2018	2019	2020E	2021E	2022E
Cash and liquid assets	17	47	29	25	24	29	41
Debtors	21	27	27	39	41	53	65
Inventories	1	0	0	0	0	0	0
Other	5	6	13	10	10	10	10
Current assets	44	80	70	74	75	93	116
Interest bearing fixed assets	0	0	0	0	0	0	0
Other financial assets	0	2	3	3	3	3	3
Capitalized development cost	0	0	0	0	1	2	3
Goodwill	2	11	22	24	24	24	24
Other intangibles	1	4	8	10	10	10	10
Fixed tangible assets	5	4	6	36	33	34	34
Other fixed assets	0	0	0	0	0	0	0
Fixed assets	8	20	39	73	71	73	75
Total assets	51	100	109	148	146	166	191
Creditors	3	6	11	8	8	10	13
Other trade financing	0	0	0	0	0	0	0
S/T interest bearing debt	0	0	1	0	0	0	0
Other	39	62	63	81	81	81	81
Current liabilities	41	68	75	88	89	91	93
L/T interest bearing debt	0	0	6	0	0	0	0
Other long-term liabilities	2	1	4	25	22	28	34
Convertible debt	0	0	0	0	0	0	0
Pension provisions	0	0	0	0	0	0	0
Other provisions	0	0	0	0	(2)	(2)	(2)
Deferred tax	0	0	0	0	(0)	(0)	(0)
Long term liabilities	2	1	10	25	20	26	31
Minority interests	0	0	0	0	0	0	0
Shareholders' equity	8	32	25	0	3	14	32
Total liabilities and equity	51	101	110	113	111	131	157
Net debt (m)	(17)	(47)	(22)	(25)	(24)	(29)	(41)
Working capital (m)	(15)	(35)	(34)	(39)	(38)	(28)	(18)
Capital employed (m)	8	32	32	0	3	15	32
Net debt/equity (%)	(222)	(147)	(91)	0	(907)	(203)	(128)
Net debt/EBITDA (x)	(2.3)	14.9	1.4	8.3	(1.9)	(1.3)	(1.2)
Equity/total assets (%)	15	32	22	0	2	11	21
Interest cover	66.0	(841.3)	(48.7)	(6.6)	0.0	0.0	0.0

Valuation							
(SEK)	2016	2017	2018	2019	2020E	2021E	2022E
No of shares, fully dil. (y/e)	5.3	7.3	8.3	8.9	8.9	8.9	8.9
No of shares, fully dil. avg.	5.3	6.3	7.5	8.4	8.9	8.9	8.9
Share price, y/e		17.4	21.2	30.0	46.4	46.4	46.4
Share price, high		23.6	27.0	31.6	56.2		
Share price, low		16.5	14.5	18.0	23.1		
Share price, avg		18.5	21.0	22.1	38.8		
EPS (reported)	0.70	(0.87)	(3.40)	(1.52)	0.30	1.33	1.99
EPS (adjusted)	0.77	(0.57)	(2.38)	(1.52)	0.30	1.33	1.99
Cash earnings/share	1.09	(0.56)	(2.50)	(0.54)	1.02	2.49	3.57
Dividend/share	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Enterprise value/share		10.9	18.5	27	44	43	42
Book value/share	1.5	4.4	3.0	0.0	0.3	1.6	3.6
Adjusted equity/share	1.5	4.4	3.0	0.0	0.3	1.6	3.6
PER (adjusted)		n.m.	n.m.	n.m.	154.2	35.0	23.3
CEM		(30.9)	(8.5)	(55.5)	45.5	18.7	13.0
Dividend yield		0.0	0.0	0.0	0.0	0.0	0.0
EV/EBITDA		(25.1)	(9.5)	(80.0)	30.7	16.4	11.1
EV/EBITA		(17.7)	(8.7)	(21.0)	93.9	29.5	19.3
EV/EBIT		(12.4)	(6.0)	(21.0)	93.9	29.5	19.3
EV/Sales (x)		0.46	0.69	0.84	1.31	0.99	0.79
Price/Book value		3.94	7.15	0.00	154.24	28.51	12.81
Price/adjusted equity		3.94	7.15	n.a.	154.24	28.51	12.81
Free cash flow/Market cap (%)		4.8	(10.0)	(3.1)	(0.2)	1.2	2.8
Operating cash flow/EV (%)		8.3	(8.5)	(0.8)	1.3	4.7	7.5
EV/Capital employed (x)		2.5	4.9	4,477.5	142.3	26.4	11.5

Main shareholders			Management		Company information	
Name	(%)	Votes	Capital	Title	Name	Contact
Andrew Spry	23.0	23.0	COB	Anders Laurin	Internet	www.tempest.se
Thomas Löfving	22.7	22.7	CEO	Andrew Spry	Phone number	010 - 45 777 60
Athanas Industrial Partners II AB	17.2	17.2	CFO	Lotta Iverstrand		
			IK	Lotta Iverstrand		

Source for all data on this page: SEB

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Copenhagen

Bernstorffsgade 50
P.O. Box 100
DK-1577 Copenhagen V

Telephone: (45) 3328 2828

Oslo

Filipstad Brygge 1,
P.O. Box 1363 Vika
NO-0113 Oslo

Telephone: (47) 2100 8500

Frankfurt

Stephanstrasse 14-16
D-60313 Frankfurt am Main

Telephone: (49) 69 9727 7740

Stockholm

Kungsträdgårdsgatan 8
S-106 40 Stockholm

Telephone: (46) 8 522 29500

Helsinki

Eteläesplanadi 18
P.O. Box 630
FIN-00101 Helsinki

Telephone: (358) 9 616 28700

Tallinn

Tornimäe 2
EE-Tallinn 15010

Telephone: (372) 665 7762

London

One Carter Lane
London, EC4V 5AN

Telephone: (44) 20 7246 4000