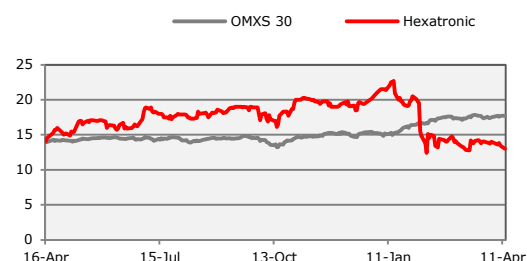


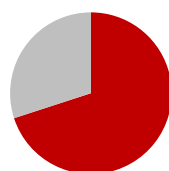
Summary
Hexatronic (HTRO)
Another piece of the puzzle

- Hexatronic presented a Q2 report mostly in-line with our estimates, still the reported organic growth was slightly lower than we had expected.
- We have made some adjustments to our estimates for the next quarter and the full year. We have revised down our full year estimated revenue with about -5% and we expect a EBITDA margin in the region of 10% for the full year 2014/15.
- Our estimate revision affects our fair value negatively, however we have also made some rating adjustments affecting our WACC positively. Thus, our estimated fair value is unchanged at 20.7 SEK per share. We regard the share as attractively priced with too low expectation of future value creation priced in at current levels. Current EV only reflects a multiple of 7x to our EBITDA estimate for 2014/15, adjusted for the new capital structure.

List: 397 MSEK
 Market Cap: 397 MSEK
 Industry: Telecommunication Equipment
 CEO: Henrik Larsson-Lyon
 Chairman: Göran Nordlund

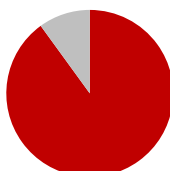

Redeye Rating (0 – 10 points)

Management



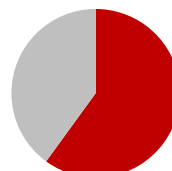
7.0 points

Ownership



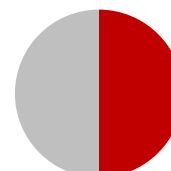
9.0 points

Growth prospect



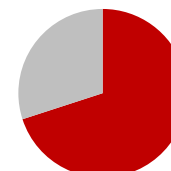
6.0 points

Profitability



5.0 points

Financial strength



7.0 points

Key Financials

	12/13	13/14	14/15E	15/16E	16/17E	Share information	
Revenue, MSEK	71	497	625	751	841	Share price (SEK)	12.2
<i>Growth</i>	81%	601%	26%	20%	12%	Number of shares (m)	26.4*
EBITDA	4	60	61	77	83	Market Cap (MSEK)	397
<i>EBITDA margin</i>	6%	12%	10%	10%	10%	*Net cash (MSEK)	9.5
EBIT	3	55	45	55	61	Free float (%)	32 %
<i>EBIT margin</i>	4%	11%	7%	7%	7%	Daily turnover ('000)	30
Pre-tax earnings	2	54	40	46	57		
Net earnings	2	41	30	36	45		
<i>Net margin</i>	3%	8%	5%	5%	5%		*Before TD Fiber acq.
Dividend/Share	0.00	0.00	0.00	0.00	0.00	Analysts:	
EPS adj.	0.17	1.70	0.86	1.03	1.29	Kristoffer Lindström	
P/E adj.	109.3	11.2	14.2	11.8	9.5	kristoffer.lindstrom@redeye.se	
EV/S	3.7	0.9	0.7	0.6	0.5		
EV/EBITDA	61.5	7.2	7.0	5.7	4.9	Henrik Alveskog	
						henrik.alveskog@redeye.se	

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 – Growth 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.

Growth Outlook

Our Growth 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 Growth Outlook are: 1 – Strategies and 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.

Another piece of the puzzle

Hexatronic's report for the second quarter came in more or less in-line with our expectations with sales deviation of only -2%. According to the company, and as we also have discussed earlier, the quarter was influenced by some seasonal effects.

Organic growth of about 2% during the quarter

Quarterly deviations

Hexatronic reported sales of SEK 133 million, corresponding to a growth in sales from the adjusted level of 121 million the previous year's Q2 of 10%. Of these, nearly 8% was related to the acquisition of Proximion and the organic growth corresponded to about 2%, which was lower than we had expected. Still, we regard this as good for a company that did a large acquisition during the period and that have undergone allot of corporate changes during the last year.

Estimate vs. Outcome					
MSEK	13/14 Q2	13/14 Q2 - Adj.	14/15 Q2E	14/15 Q2A	Diff
Revenues	160	121	136	133	-2%
<i>Rev. Ex. Proximion</i>		121	131	124	
COGS	87		76	65	-14%
Gross Profit	73		60	67	12%
<i>adj. Gross Profit</i>				65	
Staff expenses	24		29	31	7%
Other external expenses	24		19	23	21%
EBITDA	25	15	12	14	13%
<i>adj. EBITDA</i>				11	
D&A	0.7		3.0	3.1	
EBIT	25		9	10	16%
NET profit	18.8		6.70	6.98	4%
EPS	0.8		0.3	0.3	4%
Revenue Growth %			12%	10%	
of which organic			8%	2%	
Gross Profit margin %	46%		44%	51%	
<i>adj. Gross Profit margin %</i>				49%	
EBITDA margin %	16%	13%	9%	10%	
<i>adj. EBITDA margin %</i>				9%	
EPS Growth (YoY)			n.m	n.m	

Source: Hexatronic Group & Redeye Research

Hexatronic reported a gross margin of 51 percent, which was well above our expectation of 44%. The result was affected by 2.6 MSEK of the inventory discount and -0,5 MSEK in exchange rate losses, an adjusted gross margin corresponds to about 49%. Overall this was strong and most likely related to a good product and customer mix during the quarter. We find a margin in the region of 43-47% likely in the future depending on the product mix during the period.

High gross profit margin likely because of favourable product mix

The positive gross profit was offset by slightly higher SG&A than our estimate which led to a reported EBITDA of 14 MSEK (margin of 10%)

against the expected 12 MSEK (margin of 9%). Adjusted EBITDA after the inventory discount and exchange rate losses amounted to 11 MSEK which corresponds to a margin of 9%, in-line with our estimates. The somewhat higher SG&A was explained by a higher staff count. Hexatronic have hired primarily in sales and marketing which possibly will lead to a higher growth rate going forward. The “pay-back” of hiring more sales personal is not immediate and as such we find it likely that the new growth opportunities will take some time before they will materialize.

Net working capital – Higher inventory but invested for growth

By the end of the quarter the inventory rose to 126 MSEK, up from 101. The main reason for the rising inventory is to match upcoming demand during the next quarters. The factory in Hudiksvall will also be closed during vacation period in July and as such Hexatronic is stockpiling some inventory to offset the effect of a closed factory.

We have the NWC under watch but don't see the development as alarming

During the quarter the company has also reclassified the liability to Ericsson from non-current to current. These changes do not affect the cash flow but the reported net working capital. In total, changes in net working capital decreased the cash flow by almost -24 MSEK. The upcoming rights issue will increase the cash position of Hexatronic by almost 15 MSEK as such we find the financial position for the company as good. We also expect positive effects from lower net working capital during the upcoming quarters as the inventory is sold off.

Next quarter estimates – Strong quarter to come

*Positive effect from TD
Fiber*

*175 MSEK in revenue
expected for the next
quarter*

In the next quarter the acquisition of TD Fiberoptik will have a positive effect on the result and sales levels. Overall we expect Q3 to be one of the strongest quarters for Hexatronic. The organic growth during the Q2 was lower than we had expected as such we have revised our forecast Q3 sales levels. The Q3 last year was according to our view exceptionally strong with a turnover of about 170 MSEK. We expect the revenues in the region of 175 MSEK, which corresponds to a growth rate of 3%. We estimate revenues excluding acquisitions to be in the region of 138 MSEK which is a drop when looking year on year of -19% but a growth quarter over quarter of about 11%. Last year Q3 according to us was very strong and likely Hexatronic have had to regain some orders that they "got for free" from the acquisition of HC&I from Ericsson. We find it likely that the upcoming quarter will not be as strong as last year Q3 but still a good one. We also have smoothed our view of seasonality over the coming quarter and expect the revenue in Q3 and Q4 to be on similar level. Previously we had estimated a much stronger Q3 than Q4, we have now changed that view.

Next quarter estimates		
MSEK	13/14 Q3	14/15 Q3E
Revenues	170	175
<i>of which Proximion</i>		8
<i>of which TD Fiber</i>		30
<i>Revenues exkl acq.</i>	170	138
COGS	93	93
Gross profit	77	82
SG&A	58	65
EBITDA	19	18
EBIT	15	12
Net profit	12	9
EPS	0.5	0.3
Revenue Growth		3%
<i>exkl acq.</i>		-19%
Gross profit margin	45.4%	47.0%
EBITDA margin	11.1%	10.0%

Source: Redeye Research

We expect a gross profit of 85 MSEK, which corresponds to a gross profit margin of about 47%. Likely the TD Fiberoptik acquisition has added some higher margin products and we see a somewhat higher gross margin when accounting for this. Last quarter Hexatronic reported a margin of about 51%, which in our view was very strong and we find a margin of 43-47% more likely for the coming quarters which is more in-line with historical levels.

*We see two strong
quarters to come*

After the acquisition of TD Fiberoptik, Hexatronic will have about 230 employees and this will lead to higher staff expenses. We estimate the SG&A to be about 65 MSEK for the coming quarter. We expect the EBITDA to be in the region of 18 MSEK which corresponds to a margin of 10%. This

is in-line with the adjusted EBITDA margin level for Q2 and the company goals. Still, the exact expense levels are quite hard to estimate, as we do not know what cost synergies from the acquisition of TD Fiberoptik that will be possible. We regard conservatism to be the best medicine when in doubt.

The EBIT will be negatively affected by a higher D&A following the acquisition of TD Fiberoptik. However, this will not be the case when the company changes their accounting principles to follow IFRS. Following IFRS is a necessity for Hexatronic in order to be listed on NASDAQ Stockholm Small Cap, which the company intends to do. We expect an EBIT of 12 MSEK and net profit of 9 MSEK during the next quarter.

Full year revisions

Following the reported Q2 and our new estimates for Q3 we have revised our full year estimates for 2014/15E. Our turnover level is revised -5% to 625 MSEK. We expect the company to report an EBITDA margin for the full year of about 10% which corresponds to an EBITDA of 61 MSEK.

The adoption to IFRS will lead to higher EPS

Our EBIT is affected by the large D&A and is expected for the full year to be about 45 MSEK. Because of the large D&A the EPS of the company is also affected negatively and in our view is distorted at the moment. Hexatronic states that they have begun working on adopting IFRS accounting principles, when this happens about 15 MSEK in D&A will disappear and create a higher EPS. This do not affect our valuation as we look at cash flows but some investors who look at P/E ratios will find that the EPS is momentarily depressed and this will change when the company adopts to IFRS accounting principles.

Forecast adjustments	
MSEK	14/15E
Revenues	
Old	656
New	625
% change	-5%
EBITDA	
Old	67
New	61
% change	-9%
EBIT	
Old	50
New	45
% change	-11%
EPS (diluted)	
Old	0.99
New	0.86
% change	-13%

Source Redeye Research

*Our fair value isn
unchanged at 20.7 MSEK
per share in our Base-case*

Valuation

Our fair value estimate is negatively affected by our estimate revisions but the effect is netted by changes in our rating that lowers our assumed WACC for Hexatronic to 10.3% (10.5%) Our fair value estimate in our Base-case is unchanged at 20.7 SEK per share. In our valuation we are using 32.7 million shares plus a dilution of 2.2 million shares from stock options. As such we are using the maximal amount of outstanding shares after the rights issue, non-cash issue and over-allotment option in our valuation.

We regard the share as attractively priced at current levels with quite low future expectations of value creation imbedded in the share price. In our valuation we are estimating a CAGR of sales in the region of 12% between the years 2014/15-23 and a EBITDA margin of about 10%. Our valuation implies an EV/EBITDA exit multiple of 7.2x and a ROIC in perpetuity of 10% which we find as a conservative assumption.

Our Base-case fair value implies a EV/EBITDA 2014/15E multiple of about 12x which we find as fair when comparing to international peers. Our fair value of 20.7 MSEK is about 60% above today's share price. Today the company is trading at about 7x next year's EBITDA, we regard this to be too low for a company of Hexatronic's characteristics.

Base-case			
Assumptions:	2014/15-23	DCF-Value	
CAGR Sales	12.0%	WACC	10.3%
EBITDA-margin	10.5%	Present value of FCF	259
Average RONIC	46%	Present value of Terminal Value	470
Average Reinvestment rate	38%		
		EV	729
		Net debt	-7
Terminal		DCF-value	722
Terminal Growth of FCF	5.5%	Value per share	20.7
Reinvestment rate in perpetuity	53%	Today's share price	12.7
RONIC in perpetuity	10%	Margin of safety	63%
Implied EV/EBITDA Exit multiple	7.2x		
Multiple valuations (Actual, Implied, Comparables & Exit)			
Actual multiple valuation		Implied multiple valuation	
EV/SALES2014/15E	0.5x	Implied EV/SALES2014/15E	1.2x
EV/EBIT2014/15E	9x	Implied EV/EBIT2014/15E	16x
EV/EBITDA2014/15E	7x	Implied EV/EBITDA2014/15E	12x

Source: Redeye Research

Valuation range

The share is currently only trading about 14% higher than our Bear-case and at 60% of our Base-case. Today’s share price implies low expectations of the future performance of Hexatronic’s fundamentals, almost deterioration. Buying a share with low expectations imbedded in the price might often be very rewarding, as disappointments will not hurt the share price that much but positive news will have a large impact on the valuation. We rate Hexatronic as a quality company with quality management in a growth industry. As such we find a valuation close to our Bear-case valuation to be too conservative for a company such as Hexatronic.

Case scenario valuation range		
Case	Fair Value	Risk/Potential
Bull-case	30.1	137%
Base-case	20.7	63%
Bear-case	10.9	-14%

Source: Redeye Research

Internal catalysts for value creation

Hexatronic have stated that they see some cost synergies between them and TD Fiberoptik. If these synergies can be capitalized on this will most likely lead to an improved gross margin going onward which will increase the cash flows and thus also the valuation of the company.

Hexatronic’s system based offering could lead to a higher market share as the company competes with a better service then their competitors. This could lead to a high revenue growth and thus a higher valuation.

System based offering could lead to higher market share

The growth of infrastructure investment in fiber will be substantial over the coming years. Due to the large need of higher internet capacity with reason of changed consumer behaviour. The overall market growth will likely increase the revenue levels of Hexatronic and also the growth rates.

External catalysts

The company aims to list their shares at Nasdaq Stockholm Small cap. This will increase the possibility for institutional investors to buy the shares of the company. If more institutional investor is likely to buy the shares of the company a higher valuation might be generated.

Listing on Nasdaq Stockholm could lead to higher valuation levels

Hexatronic, in its present shape is a relatively new company. We find it likely that a future continued performance of the company will increase the investor awareness and thus increasing the valuation of the company.

Sensitivity analysis

In this sensitivity analysis we have varied the variables during the forecast period. The analysis is based on percentage point changes in the EBITDA margin and growth rates.

		Implied Share Price				
		EBITDA Margin (pp change)				
		-4%	-2%	0%	+2%	+4%
Growth rate (pp change Y/Y)	-8%	3	10	15	21	27
	-4%	3	11	18	25	32
	0%	2	12	21	30	39
	4%	1	14	25	36	47
	8%	1	16	29	43	58

Source: Redeye Research

The valuation of Hexatronic is sensitive to changes in the EBITDA margins; still a level around 8% supports a share price in the region of today’s levels about 12 SEK per share. But we find it crucial that the margin levels can be sustained around the company’s goal of 10-11%.

We also have adjusted the assumed growth rates and WACC to see their effect on our fair value estimate.

		Implied Share Price				
		Growth rate (pp change Y/Y)				
		-8%	-4%	0%	+4%	+8%
WACC	9.3%	18	22	26	31	38
	9.8%	17	19	23	28	33
	10.3%	15	18	21	25	29
	10.8%	14	16	19	22	26
	11.3%	13	15	17	20	24

Source: Redeye Research

Our model suggest that the company could has quite a large drop in the year on year growth rates and still support a valuation the is around todays share price. Today we estimate a growth around 12% during the period. Given the high growth fiber infrastructure industry this might be somewhat conservative. If the company reaches the goal of 20% growth rate per year this would imply a large revaluation of the share price.

A high growth could lead to improvement of the valuation

Market implied growth rates and EBITDA margins

Margin of about 8% and growth of about 9% justifies today's share price

Our sensitivity analysis indicates that today's share price implies forward EBITDA margin in the region of 8-9% which we find too conservative. We find that a growth rate between 7-13% justifies today's share price with the lower margin assumptions. This about 10% below the company's goal of 20% year on year growth.

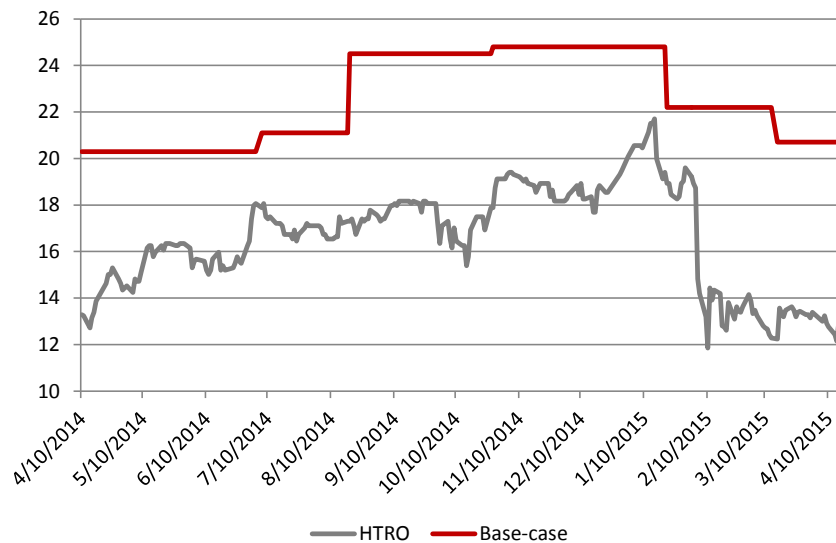
		Implied Share Price								
		EBITDA Margin (Average)								
		6.3%	7.3%	8.4%	9.4%	10.5%	11.5%	12.6%	13.6%	14.7%
Growth rate (CAGR)	6%	2	6	10	13	16	20	23	27	30
	7%	2	6	10	14	17	21	25	29	32
	9%	2	6	10	14	18	22	26	31	35
	10%	1	6	11	15	20	24	28	33	37
	12%	1	7	11	16	21	26	30	35	40
	13%	1	7	12	17	22	27	32	38	43
	15%	1	7	13	18	24	29	35	40	46
	16%	0	7	13	19	25	31	37	43	50
	18%	0	7	14	20	27	33	40	47	53

Källa: Redeye Research

Historical Base-case

We have had coverage of Hexatronic for about a year. Today we see the largest discrepancy between our Base-case and the share price during this period. The main reason for the large drop in the share price was a critical review of the company conducted by Börspodden. We regard the drop in the share price as influenced by factors that do not affect the company's long-term earnings power and growth prospects and this creates a large difference between the underlying fundamental value of the company and the market price today.

Historical Base-case and share performance



Source: Redeye Research & Bloomberg

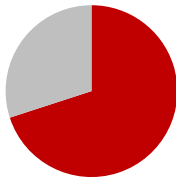
Summary Redeye Rating

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

Rating changes in the report

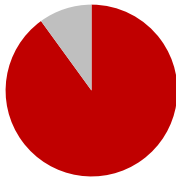
We have made adjustments to our rating model and also updated our rating of Hexatronic. Our rating remains mostly unchanged.

Management 7.0p



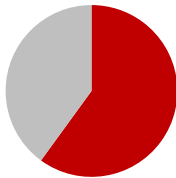
Hexatronic has a strong management team of entrepreneurial people with plenty of skin in the game. CEO and chairman have significant experience from the telecom industry. Staff at other key positions, that joined the group through last years acquisitions, are also intact. The company has delivered so far on their financial goals but we would like to see further transparency on subsidiary/segment level as Hexatronic's corporate structure becomes more and more complex.

Ownership 9.0p



Top scores in almost all subcategories for our Ownership rating. The entire board and top management have large stakes in the company. Over 50 percent of the shares are held by active owners. The only thing missing in order to get a full score is a large institutional owner as one of the largest shareholders.

Growth prospect 6.0p



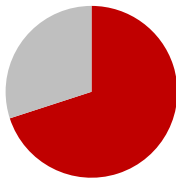
The rating for Growth Outlook is only average, in spite of good overall market prospects. The reason is mainly the competitive situation. Product differentiation appears to be difficult, thus price will always be an issue. Hexatronic is a small player compared to some of the dominant multinational companies. Surely that means growth opportunities but also challenges.

Profitability 5.0p



Our rating for profitability is not forward looking and historically, last 3-5 years, profitability has been mediocre. Last year the profitability in terms of margins and Return on Equity was very good (ROE of 66%). This increases our profitability rating for the company compared to before.

Financial strength 7.0p



In our view Hexatronic is very financial stable and scores high in most subcategories for Financial Strength. The TTM revenue is above 600 MSEK which increases our rating. Still Ericsson stands for a large part of the revenue and we see some risks for new rights issues given the strong focus on acquisitions, still if the acquisition is done at good prices and creates value this will not be an issue.

Income statement	12/13	13/14	14/15E	15/16E	16/17E
Net sales	71	497	625	751	841
Total operating costs	-67	-437	-564	-674	-758
EBITDA	4	60	61	77	83
Depreciation	-1	-5	-7	-3	-8
Amortization	-1	0	-9	-19	-15
Impairment charges	0	0	0	0	0
EBIT	3	55	45	55	61
Share in profits	0	0	0	0	0
Net financial items	-1	-1	-5	-9	-3
Exchange rate dif.	0	0	0	0	0
Pre-tax profit	2	54	40	46	57
Tax	0	-13	-10	-10	-13
Net earnings	2	41	30	36	45
Balance	12/13	13/14	14/15E	15/16E	16/17E
Assets					
<i>Current assets</i>					
Cash in banks	0	28	31	38	42
Receivables	11	141	194	240	278
Inventories	11	78	106	128	143
Other current assets	3	7	13	15	17
Current assets	26	255	344	421	479
<i>Fixed assets</i>					
Tangible assets	1	5	8	20	24
Associated comp.	0	0	0	0	0
Investments	0	0	0	0	0
Goodwill	0	0	0	0	0
Cap. exp. for dev.	4	8	94	75	60
O intangible rights	0	0	0	0	0
O non-current assets	0	0	0	0	0
Total fixed assets	5	13	101	95	84
Deferred tax assets	0	0	0	0	0
Total (assets)	31	268	445	515	564
Liabilities					
<i>Current liabilities</i>					
Short-term debt	0	0	36	42	28
Accounts payable	4	54	113	135	151
O current liabilities	3	54	69	83	93
Current liabilities	7	108	218	260	272
Long-term debt	8	0	40	32	24
O long-term liabilities	0	32	32	32	32
Convertibles	0	0	0	0	0
Total Liabilities	15	140	290	324	328
Deferred tax liab	0	0	0	0	0
Provisions	0	19	16	16	16
Shareholders' equity	15	109	139	175	220
Minority interest (BS)	0	0	0	0	0
Minority & equity	15	109	139	175	220
Total liab & SE	31	268	445	515	564
Free cash flow	12/13	13/14	14/15E	15/16E	16/17E
Net sales	71	497	625	751	841
Total operating costs	-67	-437	-564	-674	-758
Depreciations total	-1	-5	-16	-22	-23
EBIT	3	55	45	55	61
Taxes on EBIT	0	-13	-11	-12	-13
NOPLAT	3	42	34	43	47
Depreciation	1	5	16	22	23
Gross cash flow	4	47	50	65	70
Change in WC	-7	-101	-12	-34	-28
Gross CAPEX	-6	-14	-104	-15	-13
Free cash flow	-9	-67	-66	16	29
Capital structure	12/13	13/14	14/15E	15/16E	16/17E
Equity ratio	50%	41%	31%	34%	39%
Debt/equity ratio	52%	0%	55%	42%	23%
Net debt	8	-28	45	36	10
Capital employed	23	81	184	212	230
Capital turnover rate	2.3	1.9	1.4	1.5	1.5
Growth	12/13	13/14	14/15E	15/16E	16/17E
Sales growth	81%	601%	26%	20%	12%
EPS growth (adj)	-3,554%	880%	-50%	20%	25%

Profitability	12/13	13/14	14/15E	15/16E	16/17E
ROE	18%	67%	24%	23%	23%
ROCE	16%	83%	28%	24%	23%
ROIC	26%	181%	42%	23%	22%
EBITDA margin	6%	12%	10%	10%	10%
EBIT margin	4%	11%	7%	7%	7%
Net margin	3%	8%	5%	5%	5%

Data per share	12/13	13/14	14/15E	15/16E	16/17E
EPS	0.17	1.70	0.86	1.03	1.29
EPS adj	0.17	1.70	0.86	1.03	1.29
Dividend	0.00	0.00	0.00	0.00	0.00
Net debt	0.57	-1.16	1.29	1.04	0.27
Total shares	13.50	24.34	34.88	34.88	34.88

Valuation	12/13	13/14	14/15E	15/16E	16/17E
EV	264.2	434.2	441.8	433.2	406.4
P/E	109.3	11.2	14.2	11.8	9.5
P/E diluted	109.3	11.2	14.2	11.8	9.5
P/Sales	3.6	0.9	0.7	0.6	0.5
EV/Sales	3.7	0.9	0.7	0.6	0.5
EV/EBITDA	61.5	7.2	7.0	5.7	4.9
EV/EBIT	91.1	7.9	9.9	7.9	6.7
P/BV	16.7	4.2	2.8	2.3	1.8

Share performance	Growth/year	12/14e
1 month	-5.5 %	Net sales 196.8 %
3 month	-46.5 %	Operating profit adj 292.0 %
Since start of the year	-40.4 %	EPS, just 122.3 %
		Equity 201.1 %

Shareholder structure %	Capital	Votes
Gert Nordin		21.1 %
Göran Nordlund		12.9 %
Jonas Nordlund		10.5 %
Erro Holding AB		8.6 %
Chirp AB		6.8 %
Vision Invest		4.1 %

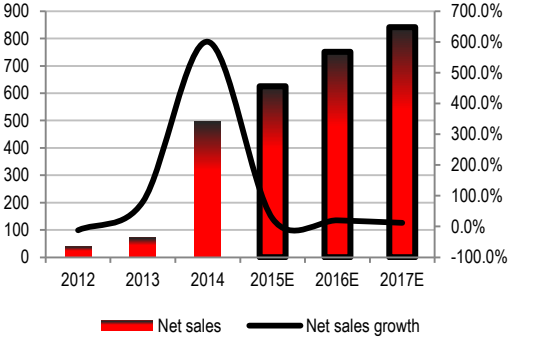
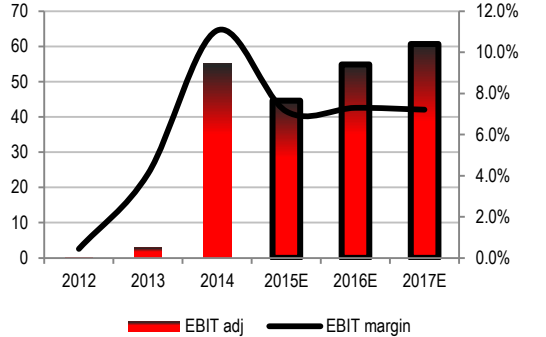
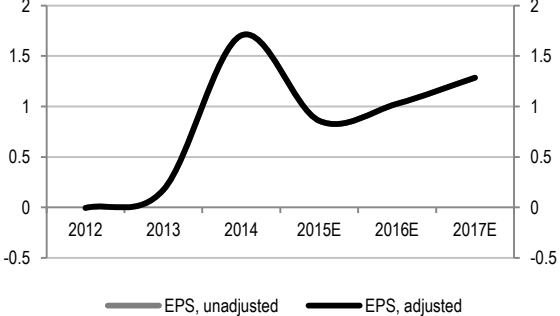
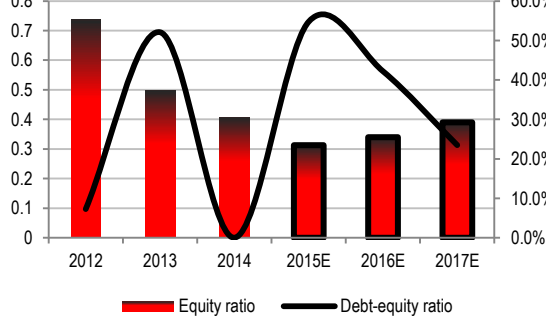
Share information	
Reuters code	
List	
Share price	12.2
Total shares, million	32.7
Market Cap, MSEK	396.8

Management & board	
CEO	Henrik Larsson-Lyon
CFO	
IR	
Chairman	Göran Nordlund

Financial information

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Revenue & Growth (%)	EBIT (adjusted) & Margin (%)
 <p>Net sales (red bars) and Net sales growth (black line) from 2012 to 2017E. Net sales grows from ~50 to ~850. Growth peaks at ~600% in 2014.</p>	 <p>EBIT adj (red bars) and EBIT margin (black line) from 2012 to 2017E. EBIT adj grows from ~5 to ~60. EBIT margin peaks at ~11% in 2014.</p>
Earnings per share	Equity & debt-equity ratio (%)
 <p>EPS, unadjusted (grey line) and EPS, adjusted (black line) from 2012 to 2017E. Adjusted EPS peaks at ~1.7 in 2014.</p>	 <p>Equity ratio (red bars) and Debt-equity ratio (black line) from 2012 to 2017E. Equity ratio fluctuates between ~0.1 and ~0.75. Debt-equity ratio peaks at ~55% in 2015E.</p>
Sales division	Geographical areas
Conflict of interests	Company description
<p>Kristoffer. Lindström. owns shares in the company : No</p> <p>Redeye performs/have performed services for the Company and receives/have received compensation from the Company in connection with this.</p>	<p>The Hexatronic group of companies are active in the optical fiber infrastructure market. They offer a complete line of products for passive and complementary active products for optical networks. Home market is Skandinavia and main costumers are large telecom operators such as Telia and Telenor. Partners like ABB and Ericsson give Hexatronic access to the world market.</p>

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Redeye Rating (2015-04-16)

Rating	Management	Ownership	Growth Prospect	Profitability	Financial Strength
7,5p - 10,0p	26	33	12	8	17
3,5p - 7,0p	54	42	68	29	31
0,0p - 3,0p	2	7	2	45	34
Company N	82	82	82	82	82

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