

Fingerprint Cards AB analysis (ticker: FING-B)

“A mature market”

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Order book

In millions of SEK

Order date	Order value	Modulepartner	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Mar-15	75	Unknown												
Mar-15	90	Unknown												
Apr-15	110	WPI												
May-15	235	WPI												
May-15	230	Unknown												
Jun-15	375	Unknown												
Jul-15	268	WPI												

Total addressable market: Smartphones

Year	Number of smartphones	Penetration in %	Phones with sensor ex. Apple 20% share	Sensor price in USD	TAM smartphones in USD	TAM growth	FPC share	Number of smartphones with FPC	Value in SEK (\$1/SEK8)
2015	1 284 000 000	30 %	128 400 000	\$ 3,00	\$ 385 200 000		81 %	104 166 667	2 500 000 000
2016	1 435 000 000	50 %	430 500 000	\$ 2,50	\$ 1 076 250 000	179 %	60 %	258 300 000	5 166 000 000
2017	1 579 000 000	70 %	789 500 000	\$ 2,25	\$ 1 776 375 000	65 %	50 %	394 750 000	7 105 500 000
2018	1 873 000 000	80 %	1 123 800 000	\$ 2,00	\$ 2 247 600 000	27 %	40 %	449 520 000	7 192 320 000
2019	1 928 000 000	95 %	1 446 000 000	\$ 2,00	\$ 2 892 000 000	29 %	40 %	578 400 000	9 254 400 000
2020	2 100 000 000	98 %	1 638 000 000	\$ 2,00	\$ 3 276 000 000	13 %	40 %	655 200 000	10 483 200 000

Assumptions

- SEK 8 / USD
- Penetration growth-rate expectations based on Google's decision to include full biometric support in Android M. Biometrics as the preferably authorization function
- Apple 100% biometrics. Expected stable market share of 20%
- Sensor price is \$3 in 2015. Expected to decline on competition and optimizations

20.08.2015

Gross profit analysis

In millions of SEK

Quarter	Revenue	Gross margin	Adj. gross margin	Materials	Production cost and depreciation	PC&D % of sales	Cost sold goods	Gross profit
Q1 14	18	20 %	49 %	9	5	29 %	15	4
Q2 14	44	30 %	47 %	23	8	17 %	31	13
Q3 14	66	32 %	46 %	36	9	14 %	45	21
Q4 14	105	32 %	44 %	59	15	14 %	73	34
Q1 15	140	27 %	36 %	89	13	9 %	103	37
Q2 15	445	36 %	38 %	276	10	2 %	286	159
Q3 15	860	38 %	40 %	516	15	2 %	531	329
Q4 15	1055	40 %	42 %	612	17	2 %	629	426
Q1 16	1300	41 %	42 %	754	18	1 %	772	528
Q2 16	1400	41 %	42 %	812	19	1 %	831	569
Q3 16	1500	41 %	42 %	870	20	1 %	890	610
Q4 16	1966	41 %	42 %	1140	24	1 %	1164	802

Assumptions

- 2015-revenue expected to total MSEK 2500
- 2016-revenue expectations includes MSEK 5166 from smartphone market and a wide estimate of MSEK 1000 from smartcards, banks etc., which totals MSEK 6166
- Adjusted gross margin expected to rise on smaller sensors with less materials needed
- Gross margin expected to rise on mass scale production

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Operating profit analysis

In millions of SEK

Quarter	Selling expenses	SE % of sales	Administration expenses	AE % of sales	Production dev.expenses	PDE % of sales	Operating profit less other operating I/E	Operating profit less other operating I/E year total
Q1 14	12	63 %	6	32 %	13	68 %	-26	
Q2 14	13	29 %	7	15 %	40	91 %	-46	-152
Q3 14	15	22 %	8	11 %	45	68 %	-46	
Q4 14	16	15 %	9	8 %	43	41 %	-33	
Q1 15	19	14 %	9	6 %	42	30 %	-32	
Q2 15	26	6 %	16	4 %	43	10 %	74	610
Q3 15	30	3 %	17	2 %	45	5 %	237	
Q4 15	32	3 %	18	2 %	45	4 %	331	
Q1 16	35	3 %	21	2 %	45	3 %	427	
Q2 16	36	3 %	22	2 %	45	3 %	466	2088
Q3 16	37	2 %	23	2 %	45	3 %	505	
Q4 16	41	2 %	26	1 %	45	2 %	690	

Assumptions

- Selling expenses in % of sale expected to fall due to mass scale production
- Administration expenses expected to scale up
- R&D expenses expected to be ~MSEK 45, but will obviously have a degree of variance

Fair market price

Current P/E 25 multiple 2015: SEK 211 per share

Current P/E 25 multiple 2016: SEK 644 per share

Assumptions

- 63,2 million outstanding shares
- Seven years of loss carryforwards totals MSEK 262,4

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