



## Penser Access by Carnegie

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# Fingerprint Cards

## Better demand for mobile phones in China

### Improved demand for mobiles and PCs spurs memory chip prices

In recent days, LG and Samsung have issued preliminary Q4 results, both coming in below expectations. Memory chip prices have risen, however, owing to a better balance between supply and demand – production has come down while demand for mobiles and PCs has recovered. Both Samsung and SK Hynix, the two largest manufacturers of DRAM chips (used in PCs and smartphones, among other things), indicated on their Q3 conference calls that demand for memory chips had finally reached its trough.

### Signs of semiconductor stockpiling by Chinese smartphone manufacturers

After indications of a recovery in the Chinese mobile market at the end of Q3, Digitimes reported in October that smartphone manufacturers were beginning to replenish their semiconductor stockpiles. We further expect that November's Singles Day campaigns in China will have had a positive effect on China's mobile sales, which had declined sequentially in Q3.

### Transformation continues

We believe Q3 marked the trough for Fingerprints' revenues, as supported by the comments from Samsung, among others. Capacitive sensors for mobile manufacturers remain its largest segment but focus on other areas is still considerable. A new platform strategy, which is designed to accelerate the shift away from consumer electronics, was presented with the Q3 results. The platform aims to capitalise on the opportunities within biometrics. Including software, three-quarters of global biometrics revenues are generated by government & security and the enterprise & industrial, healthcare, and financial sectors. Alongside the new platform strategy, the company also launched a cost-savings programme that aims to halve operational costs. Focus in the Q4 results will be on revenues, cost programme updates, and a follow-up on the platform strategy.

Change in estimates				Forecasts (SEKm)				Value and risk	
	23e	24e	25e		2022	2023e	2024e	2025e	
Total Revenues	0.0%	0.0%	0.0%	Total Revenues	862	770	1,539	2,360	Fair value
EBIT, adj.	0.0%	0.0%	0.0%	Revenue growth	-36%	-11%	100%	53%	SEK 4.8 - 5.0
EPS, adj.	0.0%	0.0%	0.0%	EBITDA, adj.	-116	-130	78	201	Share price
				EBIT, adj.	-198	-229	-50	41	SEK 1.5
				EPS, adj.	-0.5	-0.5	-0.1	0.0	Risk level
				BV/share	2.8	1.6	1.1	0.7	High
				Dividend per share	0.0	0.0	0.0	0.4	
				EBIT margin	Neg.	Neg.	Neg.	1.7%	
				ROE, adj.	Neg.	Neg.	Neg.	4.1%	
				ROCE, adj.	Neg.	Neg.	Neg.	4.1%	
				EV/Sales	1.5x	1.4x	0.7x	0.5x	
				EV/EBITDA	Neg.	-8.3x	13.7x	5.4x	
				EV/EBIT	Neg.	-4.7x	-21.4x	26.4x	
				P/E, adj.	-2.9x	-3.1x	-17.4x	40.1x	
				P/BV	0.5x	0.9x	1.4x	2.0x	
				Dividend yield	0.0%	0.0%	0.0%	27.4%	
				FCF yield	-99%	-1%	-4%	10%	
				Net debt / EBITDA	-0.1x	-0.5x	1.6x	1.5x	

### Upcoming events

Q4 - report 26 January 2024

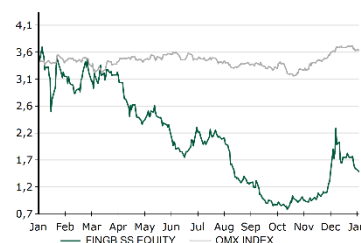
### Company facts (SEKm)

Number of shares	575m
Market capitalisation	839
Net debt	237
EV	1,076
Free float	91%
Daily trading volume, average	20,151k
Bloomberg Ticker	FINGB SS EQUITY

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### Price Performance 12 months



### Conflicts of interest

	Yes	No
Liquidity provider		✓
Certified adviser		✓
Transactions 12m		✓

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