

# Napatech

## Near-term momentum and long-term ambitions

- Q3 earnings beat
- '20e-'22e sales estimates raised 2-9% after CMD
- Turnaround continues to materialise

### Q3 confirmed that the turnaround continues

Napatech delivered sales of DKK 39m, which was DKK 3m better than we expected. Gross profit was DKK 7m better than we expected due to a very strong gross margin of 82% vs. 71% in H1'19. There were primarily three drivers of this strong margin. First, the customer mix was advantageous, as Napa sold more to end-users, for which margins are generally better than with OEMs. Second, Napatech has long lead times (up to 6 months) and therefore the part of the goods it sold in Q3 were bought by Napa early in 2019. This was when the USD/DKK was weaker than now and the appreciation of the USD has boosted the margin for Napatech. Finally, Napatech sold some inventory that had been written down, so it was sold at a 100% margin. Going into Q4, we have assumed that more of the sales mix will stem from OEMs as projects are closed for the year, so we pencil in a softer gross margin of 64%.

### We lift sales estimates after a positive Q3 and CMD

Napatech held a CMD at which it gave new three-year aspirations. For '20-'23e it aims to grow sales by 20-30% vs. our estimate of 17% (previously ABGSC at 15%). It targets a gross margin of 70.8% (ABGSC at 71%) and annualized cost growth of 7-10% (ABGSC at 8%). We evaluate that the market opportunity is large enough for Napatech to deliver and likely exceed these targets. However, we also think that achieving them relies on top-notch business execution. This includes, for example, successfully ramping up sales into new application areas, such as virtualization. We raise our sales estimates by 2%, 5%, and 9% for '20, '21 and '22 respectively after the results. The reason for our higher long-term revisions is that we anticipate that it will take some time to ramp up new sales.

### Trading at EV/EBIT 4.7x '22e when using targets from CMD

Using our '19 estimates as a base and extrapolating three years using the mid-point of Napa's CMD targets, Napa is trading at a '22e EV/ EBIT of 4.7x.

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DKKm	2017	2018	2019e	2020e	2021e
Sales	206	106	165	187	220
EBITDA	14	-75	7	22	37
EBITDA margin (%)	6.7	-70.6	4.0	12.0	17.0
EBIT adj	-24	-163	-18	4	15
EBIT adj margin (%)	-11.6	-153.1	-11.0	2.0	7.0
Pretax profit	-30	-192	-19	2	14
EPS rep	0	0	-0.24	0.02	0.13
EPS adj	0	0	-0.24	0.02	0.13
Sales growth (%)	-12.2	-48.5	55.6	12.9	18.0
EPS growth (%)	na	na	high	108.2	569.0

Source: ABG Sundal Collier, Company data

Reason: Post-results comment

## Company sponsored research

Not rated

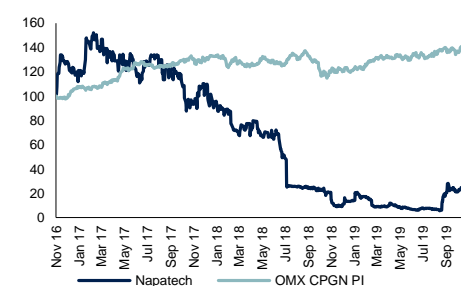
Estimate changes (%)	2019e	2020e	2021e
Sales	1.7%	1.7%	5.0%
EBIT (rep)	18.4%	34.7%	5.0%
EPS (rep)	17.0%	112.9%	7.2%

Source: ABG Sundal Collier

**Share price (NOK)** 05/11/2019 5.4  
Communications Equipment, Denmark  
NAPAT.OL/NAPA NO

MCap (NOKm)	445
MCap (EURm)	43.8
Net debt (EURm)	1
No. of shares (m)	83.1
Free float (%)	100.0
Av. daily volume (k)	26.6

### Performance



	1m	3m	12m
Absolute (%)	27.0	287.0	33.0
OMX CPGN PI (%)	4.8	7.2	13.4

Source: FactSet

	2019e	2020e	2021e
P/E (x)	-16.6	203.4	30.4
P/E adj (x)	-16.6	203.4	30.4
P/BVPS (x)	4.61	4.48	3.77
EV/EBITDA (x)	51.0	15.1	8.9
EV/EBIT adj (x)	-18.3	90.4	21.5
EV/sales (x)	2.02	1.81	1.51
ROE adj (%)	-37.2	2.2	13.5
Dividend yield (%)	0	0	0
FCF yield (%)	-5.1	-1.0	1.8
Lease adj. FCF yld (%)	-6.6	-1.5	1.3
Net IB debt/EBITDA	1.0	0.5	0.1
Lease adj. ND/EBITDA	-1.6	-0.0	-0.1

### Please refer to important disclosures at the end of this report

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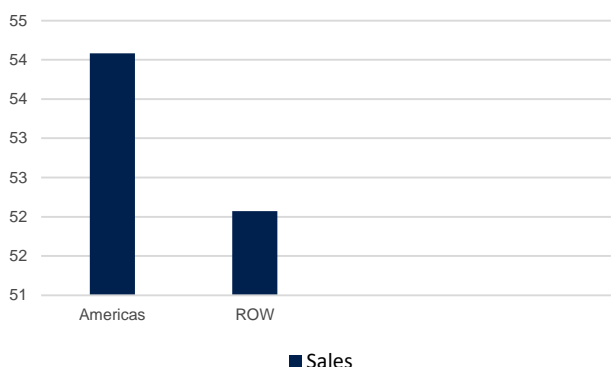
### Opportunities

Napatech is positioned in a global market where we expect to see double-digit demand growth for the foreseeable future. If the company can grow with the market over time, we assess that it could potentially scale its operating margin significantly, towards 20%.

### Risks

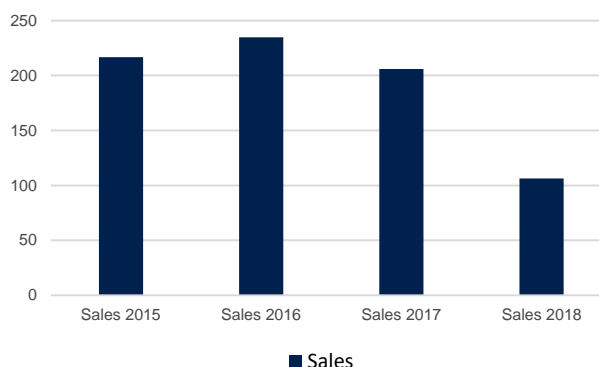
Napatech is a small company (<100 employees), which faces major global competition. It is uncertain whether Napatech will be able to grow with the market. Also, Napatech needs to ramp-up and establish new market verticals in order to achieve double-digit growth over time, and its ability to achieve this is uncertain.

### Geographical breakdown, sales, DKKm



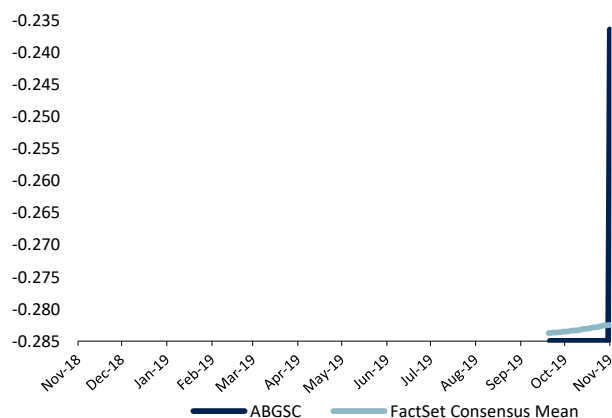
Source: ABG Sundal Collier, Company data

### Business area breakdown, sales, DKKm



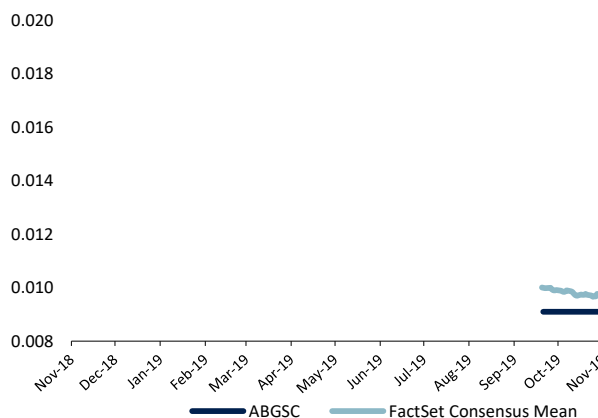
Source: ABG Sundal Collier, Company data

### EPS estimate changes, 2019e, DKK



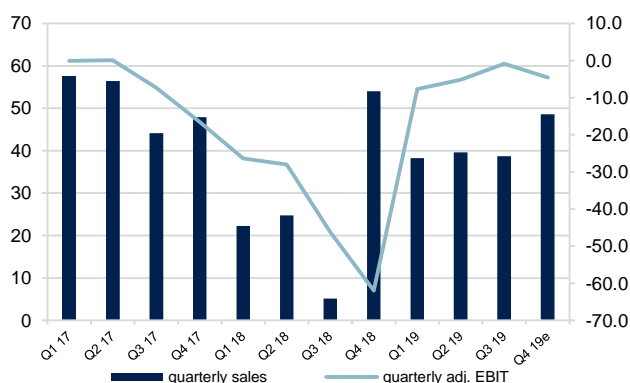
Source: ABG Sundal Collier, FactSet

### EPS estimate changes, 2020e, DKK



Source: ABG Sundal Collier, FactSet

### Quarterly sales and adj. EBIT, DKKm



Source: ABG Sundal Collier, Company data

### Company description

Napatech is a tech company that develops and markets smart network adaptors and related solutions (both software and hardware). It sells primarily to large global OEMs (+140 customers), which then sell to end-users. The end-users of Napatech solutions are typically large firms within sectors such as telecommunications, financial services, and governments.

### Q3 deviation table vs. our estimates

Metric	Q3'18	Q4'18	Q1'19	Q2'19	Actual	Expected	Deviation	
					Q3'19	ABGSC Q3'19e	DKKm	%
Revenue	5	54	38	40	39	36	3	8%
Gross profit	-5	22	27	29	32	25	7	
EBITDAC	-41	-16	-5	-2	1	-2	3	-146%
Transferred to capitalized development costs	8	6	3	3	3	3	0	
Operating profit before depreciation and amortisation (EBITDA)	-33	-10	-1	1	5	1	4	382%
Depreciation and amortisation	-33	-52	-6	-6	-6	-6	0	
<b>Operating loss / profit before exceptional items (EBIT before exceptional items)</b>	<b>-66</b>	<b>-62</b>	<b>-8</b>	<b>-5</b>	<b>-1</b>	<b>-5</b>	<b>4</b>	<b>NA</b>
Exceptional items	0	0	0	0	0	0	0	
<b>Operating profit / loss (EBIT)</b>	<b>-66</b>	<b>-62</b>	<b>-8</b>	<b>-5</b>	<b>-1</b>	<b>-5</b>	<b>4</b>	<b>NA</b>
Profit / loss for the period	-91	-46	-9	-6	0	-4	4	

Source: ABG Sundal Collier, company data

### Napatech CMD targets vs. ABGSC estimates

3 year horizon	ABGSC	Napatech Aspiration
Revenue CAGR	16.9%	CAGR 20-30%
Gross margin	70.8%	Around 70%
Operating costs CAGR	8.0%	7-10%

Source: ABG Sundal Collier, company data

### Napatech 2019 guidance vs. ABGSC estimates (DKKm)

2019 guidance	Guidance 2019		
	ABGSC	Napatech current	Napatech old
Sales	165	165	165
Gross margin	71%	72%	69%
EBITDA	6.5	6.4	1.3
EBIT	-18.2	-16.2	-21.2

Source: ABG Sundal Collier, company data

### Estimate changes post Q3 and CMD

P&L (DKKm)	2019e	2020e	2021e	2022e
<b>Sales</b>	<b>2%</b>	<b>2%</b>	<b>5%</b>	<b>9%</b>
Gross profit	6%	2%	5%	9%
Personnel	3%	2%	5%	9%
Other opex	2%	-2%	5%	9%
<b>EBITDA</b>	<b>170%</b>	<b>6%</b>	<b>5%</b>	<b>9%</b>
Depreciation	0%	2%	5%	9%
<b>EBIT</b>	<b>-18%</b>	<b>35%</b>	<b>5%</b>	<b>9%</b>
Pre tax	-22%	113%	7%	10%
<b>Net profit</b>	<b>-17%</b>	<b>113%</b>	<b>7%</b>	<b>10%</b>

Source: ABG Sundal Collier, company data

**Key estimates table**

P&L (DKKm)	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19e	2016	2017	2018	2019e	2020e	2021e	2022e
Sales	22	25	5	54	38	40	39	49	235	206	106	165	187	220	264
Gross profit	15	17	-5	22	27	29	32	31	164	139	49	118	130	155	189
Personnel	-30	-32	na	na	-24	-24	-24	-26	na	-113	-113	-98	-102	-113	-127
Other opex	-11	-12	na	na	-7	-7	-5	-8	na	-54	-46	-27	-24	-27	-30
<b>EBITDA</b>	<b>-16</b>	<b>-16</b>	<b>-33</b>	<b>-10</b>	<b>-1</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>43</b>	<b>14</b>	<b>-75</b>	<b>7</b>	<b>22</b>	<b>37</b>	<b>58</b>
Depreciation	-11	-12	-33	-52	-6	-6	-6	-6	-37	-38	-108	-25	-19	-22	-26
<b>EBIT</b>	<b>-26</b>	<b>-28</b>	<b>-66</b>	<b>-62</b>	<b>-8</b>	<b>-5</b>	<b>-1</b>	<b>-5</b>	<b>6</b>	<b>-24</b>	<b>-183</b>	<b>-18</b>	<b>4</b>	<b>15</b>	<b>32</b>
Pre tax	-28	-27	-72	-65	-8	-6	0	-5	6	-30	-192	-19	2	14	30
<b>Net profit</b>	<b>-22</b>	<b>-21</b>	<b>-91</b>	<b>-46</b>	<b>-9</b>	<b>-6</b>	<b>0</b>	<b>-4</b>	<b>4</b>	<b>-24</b>	<b>-179</b>	<b>-20</b>	<b>2</b>	<b>11</b>	<b>24</b>

Growth and margin	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19e	2016	2017	2018	2019e	2020e	2021e	2022e
<b>Margin</b>															
Gross margin	68%	70%	-106%	41%	70%	73%	82%	64%	70%	68%	46%	71%	70%	71%	72%
EBITDA margin	-71%	-65%	-644%	-18%	-3%	3%	13%	3%	19%	7%	-71%	4%	12%	17%	22%
EBIT margin	-118%	-113%	-1289%	-115%	-20%	-13%	-2%	-9%	3%	-12%	-172%	-11%	2%	7%	12%
EBITDA - capex margin	-123%	-107%	-792%	-30%	-13%	-5%	3%	-5%	-2%	-19%	-104%	-5%	2%	7%	12%
<b>Growth</b>															
Sales growth	-61%	-56%	-88%	13%	72%	60%	654%	-10%	8%	-12%	-48%	56%	13%	18%	20%
opex growth	-5%	10%	-7%	-1%	-10%	-17%	-5%	-12%	12%	11%	10%	22%	0%	0%	0%
(opex + capex) growth	-4%	1%	-16%	-13%	-25%	-30%	-14%	-16%	13%	13%	12%	22%	0%	0%	0%

Cash flow (DKKm)	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19e	2016	2017	2018	2019e	2020e	2021e	2022e
+ EBITDA	-16	-16	-33	-10	-1	1	5	1	43	14	-75	7	22	37	58
+ CAPEX	-12	-10	-8	-6	-4	-3	-4	-4	-49	-53	-36	-14	-19	-22	-26
= EBITDA - capex	-27	-27	-41	-16	-5	-2	1	-2	-5	-39	-111	-8	4	15	32
+ other effects	7	-3	-3	28	5	6	-5	-15	-22	1	27	-9	-7	-10	-12
<b>= FCF tot. total capital</b>	<b>-20</b>	<b>-30</b>	<b>-44</b>	<b>11</b>	<b>1</b>	<b>4</b>	<b>-4</b>	<b>-18</b>	<b>-28</b>	<b>-38</b>	<b>-84</b>	<b>-17</b>	<b>-3</b>	<b>6</b>	<b>19</b>
+ debt cash flow	0	11	15	-4	-15	-6	-3	-1	0	0	0	-9	-2	-2	-2
<b>= FCF to equity</b>	<b>-20</b>	<b>-19</b>	<b>-29</b>	<b>8</b>	<b>-14</b>	<b>-2</b>	<b>-7</b>	<b>-18</b>	<b>-28</b>	<b>-38</b>	<b>-84</b>	<b>-26</b>	<b>-5</b>	<b>4</b>	<b>18</b>
Share issue	0	0	30	0	40	19	0	0	3	2	32	59	0	0	0
Dividends	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>-20</b>	<b>-19</b>	<b>1</b>	<b>10</b>	<b>25</b>	<b>17</b>	<b>-7</b>	<b>-18</b>	<b>-25</b>	<b>-7</b>	<b>-23</b>	<b>17</b>	<b>-5</b>	<b>4</b>	<b>18</b>

Balance sheet (DKKm)	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19e	2016	2017	2018	2019e	2020e	2021e	2022e
Net Working capital	48	52	64	34	27	20	26	41	57	57	34	41	47	56	67
LT operating assets	130	128	93	48	63	59	58	55	114	129	48	55	55	55	55
Invested capital	178	181	157	82	90	80	84	97	171	186	82	97	103	111	122
Equity	162	137	81	35	65	75	76	71	204	183	35	71	73	87	117
Net debt	15	45	40	28	5	-14	-8	9	-42	-4	28	9	13	8	-12
Other financial obligations (+) / assets (-)	1	0	37	19	20	18	16	16	10	7	19	16	16	16	16
Net debt / EBITDA									-1.0x	-0.3x	-0.4x	1.4x	0.6x	0.2x	-0.2x

Source: ABG Sundal Collier, company data

**Valuation multiples at ABGSC estimates (DKKm)**

Valuation	2016	2017	2018	2019e	2020e	2021e	2022e
Market cap	544	418	83	327	327	327	327
EV	502	413	110	323	329	325	307
P/E	146.1x	-17.1x	-0.5x	-16.6x	203.4x	30.4x	13.9x
EV / EBIT	83.7x	-17.3x	-0.6x	-17.8x	88.2x	21.1x	9.7x
FCF <sub>equity</sub> / Equity	-5%	-9%	-101%	-8%	-2%	1%	5%
FCF <sub>firm</sub> / EV	-6%	-9%	-76%	-5%	-1%	2%	6%

Source: ABG Sundal Collier, company data

Income Statement (DKKm)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019e
Sales	22	25	5	54	38	40	39	49
COGS	-7	-7	-11	-32	-12	-11	-7	-17
Gross profit	15	17	-5	22	27	29	32	31
Other operating items	-31	-33	-28	-32	-28	-28	-26	-30
<b>EBITDA</b>	<b>-16</b>	<b>-16</b>	<b>-33</b>	<b>-10</b>	<b>-1</b>	<b>1</b>	<b>5</b>	<b>1</b>
Depreciation and amortisation	-11	-12	-33	-52	-6	-6	-6	-6
<b>EBITA</b>	<b>-26</b>	<b>-28</b>	<b>-66</b>	<b>-62</b>	<b>-8</b>	<b>-5</b>	<b>-1</b>	<b>-5</b>
EO items	0	0	-20	0	0	0	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0
<b>EBIT</b>	<b>-26</b>	<b>-28</b>	<b>-66</b>	<b>-62</b>	<b>-8</b>	<b>-5</b>	<b>-1</b>	<b>-5</b>
Net financial items	-2	1	-6	-3	-1	-0	1	-0
<b>Pretax profit</b>	<b>-28</b>	<b>-27</b>	<b>-72</b>	<b>-65</b>	<b>-8</b>	<b>-6</b>	<b>0</b>	<b>-5</b>
Tax	6	6	-18	19	-1	-0	-0	1
<b>Net profit</b>	<b>-22</b>	<b>-21</b>	<b>-91</b>	<b>-46</b>	<b>-9</b>	<b>-6</b>	<b>-0</b>	<b>-4</b>
Minority interest	0	0	0	0	0	0	0	0
Net profit discontinued	0	0	0	0	0	0	0	0
<b>Net profit to shareholders</b>	<b>-22</b>	<b>-21</b>	<b>-91</b>	<b>-46</b>	<b>-9</b>	<b>-6</b>	<b>-0</b>	<b>-4</b>
EPS	-0.74	-0.70	-2.29	-1.16	-0.14	-0.07	-0.00	-0.05
EPS Adj	-0.74	-0.70	-1.89	-1.16	-0.14	-0.07	-0.00	-0.05
Total extraordinary items after tax	0	0	-16	0	0	0	0	0
Tax rate (%)	22.0	22.0	25.3	29.3	15.7	8.6	311.1	22.0
Gross margin (%)	67.6	69.8	-105.6	41.1	69.6	72.6	81.6	64.0
EBITDA margin (%)	-70.9	-65.4	-643.6	-18.4	-3.2	2.8	13.4	3.0
EBITA margin (%)	-118.2	-113.2	-1,289.0	-114.8	-20.0	-13.1	-2.1	-9.3
EBIT margin (%)	-118.2	-113.2	-1,289.0	-114.8	-20.0	-13.1	-2.1	-9.3
Pretax margin (%)	-126.1	-108.3	-1,409.9	-120.1	-21.4	-14.3	0.2	-10.2
Net margin (%)	-98.3	-84.4	-1,766.0	-84.8	-24.8	-15.6	-0.3	-7.9
<b>Growth rates Y/Y</b>	<b>Q1 2018</b>	<b>Q2 2018</b>	<b>Q3 2018</b>	<b>Q4 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019e</b>
Sales growth (%)	-61.3	-56.2	-88.4	12.7	71.6	60.3	653.8	-10.0
EBITDA growth (%)	-chg	-chg	-chg	-chg	+chg	+chg	+chg	+chg
EBIT growth (%)	-chg	-chg	-chg	-chg	+chg	+chg	+chg	+chg
Net profit growth (%)	-chg	-chg	-chg	-chg	+chg	+chg	+chg	+chg
EPS growth (%)	-chg	-chg	-chg	-chg	+chg	+chg	+chg	+chg
<b>Adj earnings numbers</b>	<b>Q1 2018</b>	<b>Q2 2018</b>	<b>Q3 2018</b>	<b>Q4 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019e</b>
EBITDA Adj	-16	-16	-13	-10	-1	1	5	1
EBITDA Adj margin (%)	-70.9	-65.4	-254.2	-18.4	-3.2	2.8	13.4	3.0
EBITA Adj	-26	-28	-46	-62	-8	-5	-1	-5
EBITA Adj margin (%)	-118.2	-113.2	-899.5	-114.8	-20.0	-13.1	-2.1	-9.3
EBIT Adj	-26	-28	-46	-62	-8	-5	-1	-5
EBIT Adj margin (%)	-118.2	-113.2	-899.5	-114.8	-20.0	-13.1	-2.1	-9.3
Pretax profit Adj	-28	-27	-52	-65	-8	-6	0	-5
Net profit Adj	-22	-21	-75	-46	-9	-6	-0	-4
Net profit to shareholders Adj	-22	-21	-75	-46	-9	-6	-0	-4
Net Adj margin (%)	-98.3	-84.4	-1,454.4	-84.8	-24.8	-15.6	-0.3	-7.9

Source: ABG Sundal Collier, Company data

Income Statement (DKKm)	2012	2013	2014	2015	2016	2017	2018	2019e	2020e	2021e
Sales	0	182	182	217	235	206	106	165	187	220
COGS	0	-52	-49	-62	-71	-67	-57	-47	-57	-65
Gross profit	0	131	134	155	164	139	49	118	130	155
Other operating items	0	-131	-116	-120	-120	-126	-124	-112	-107	-118
<b>EBITDA</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>34</b>	<b>43</b>	<b>14</b>	<b>-75</b>	<b>7</b>	<b>22</b>	<b>37</b>
Depreciation and amortisation	0	0	-24	-29	-37	-38	-108	-25	-19	-22
Of which leasing depreciation	0	0	0	0	0	0	0	-2	-2	-1
<b>EBITA</b>	<b>0</b>	<b>0</b>	<b>-6</b>	<b>5</b>	<b>6</b>	<b>-24</b>	<b>-183</b>	<b>-18</b>	<b>4</b>	<b>15</b>
EO items	0	0	0	0	0	0	-20	0	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0	0	0
<b>EBIT</b>	<b>0</b>	<b>0</b>	<b>-6</b>	<b>5</b>	<b>6</b>	<b>-24</b>	<b>-183</b>	<b>-18</b>	<b>4</b>	<b>15</b>
Net financial items	0	0	5	6	-0	-6	-10	-1	-2	-2
<b>Pretax profit</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>11</b>	<b>6</b>	<b>-30</b>	<b>-192</b>	<b>-19</b>	<b>2</b>	<b>14</b>
Tax	0	0	-0	-3	-2	5	13	-1	-0	-3
<b>Net profit</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>8</b>	<b>4</b>	<b>-24</b>	<b>-179</b>	<b>-20</b>	<b>2</b>	<b>11</b>
Minority interest	0	0	0	0	0	0	0	0	0	0
Net profit discontinued	0	0	0	0	0	0	0	0	0	0
<b>Net profit to shareholders</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>8</b>	<b>4</b>	<b>-24</b>	<b>-179</b>	<b>-20</b>	<b>2</b>	<b>11</b>
EPS	0	0	0	0	0	0	0	-0.24	0.02	0.13
EPS Adj	0	0	0	0	0	0	0	-0.24	0.02	0.13
Total extraordinary items after tax	0	0	0	0	0	0	-16	0	0	0
Leasing payments	0	0	0	0	0	0	0	-3	-2	-2
Tax rate (%)	ns	ns	39.5	29.9	37.3	18.1	6.7	4.7	22.0	22.0
Gross margin (%)	nm	71.7	73.3	71.4	69.7	67.7	46.2	71.5	69.5	70.5
EBITDA margin (%)	nm	0	9.9	15.8	18.5	6.7	-70.6	4.0	12.0	17.0
EBITA margin (%)	nm	0	-3.2	2.5	2.6	-11.6	-171.9	-11.0	2.0	7.0
EBIT margin (%)	nm	0	-3.2	2.5	2.6	-11.6	-171.9	-11.0	2.0	7.0
Pretax margin (%)	nm	0	-0.4	5.1	2.5	-14.5	-181.0	-11.3	1.1	6.3
Net margin (%)	nm	0	-0.5	3.6	1.6	-11.9	-168.9	-11.9	0.9	4.9
<b>Growth rates Y/Y</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019e</b>	<b>2020e</b>	<b>2021e</b>
Sales growth (%)	na	na	0.2	18.8	8.3	-12.2	-48.5	55.6	12.9	18.0
EBITDA growth (%)	na	na	high	90.1	27.0	-68.1	-639.9	108.7	242.1	67.2
EBIT growth (%)	na	na	high	192.8	9.8	-497.8	-664.7	90.0	120.5	313.0
Net profit growth (%)	na	na	high	886.2	-51.7	-756.2	-633.9	89.0	108.2	569.0
EPS growth (%)	na	na	na	na	na	na	na	high	108.2	569.0
<b>Profitability</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019e</b>	<b>2020e</b>	<b>2021e</b>
ROE (%)	nm	nm	-1.0	4.0	1.9	-12.6	-164.6	-37.2	2.2	13.5
ROE Adj (%)	nm	nm	-1.0	4.0	1.9	-12.6	-149.9	-37.2	2.2	13.5
ROCE (%)	nm	nm	-0.2	5.8	3.1	-11.2	-122.6	-18.5	3.6	13.0
ROCE Adj(%)	nm	nm	-0.2	5.8	3.1	-11.2	-109.2	-18.5	3.6	13.0
ROIC (%)	na	na	-16.1	3.3	2.5	-11.0	-127.8	-20.9	2.8	10.9
ROIC Adj (%)	na	na	-16.1	3.3	2.5	-11.0	-113.8	-20.9	2.8	10.9
<b>Adj earnings numbers</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019e</b>	<b>2020e</b>	<b>2021e</b>
EBITDA Adj	0	0	18	34	43	14	-55	7	22	37
EBITDA Adj margin (%)	nm	0	9.9	15.8	18.5	6.7	-51.8	4.0	12.0	17.0
EBITDA lease Adj	0	0	18	34	43	14	-55	4	20	36
EBITDA lease Adj margin (%)	nm	0	9.9	15.8	18.5	6.7	-51.8	2.3	10.8	16.1
EBITA Adj	0	0	-6	5	6	-24	-163	-18	4	15
EBITA Adj margin (%)	nm	0	-3.2	2.5	2.6	-11.6	-153.1	-11.0	2.0	7.0
EBIT Adj	0	0	-6	5	6	-24	-163	-18	4	15
EBIT Adj margin (%)	nm	0	-3.2	2.5	2.6	-11.6	-153.1	-11.0	2.0	7.0
Pretax profit Adj	0	0	-1	11	6	-30	-172	-19	2	14
Net profit Adj	0	0	-1	8	4	-24	-163	-20	2	11
Net profit to shareholders Adj	0	0	-1	8	4	-24	-163	-20	2	11
Net Adj margin (%)	nm	0	-0.5	3.6	1.6	-11.9	-153.8	-11.9	0.9	4.9

Source: ABG Sundal Collier, Company data

Cash Flow Statement (DKKm)	2012	2013	2014	2015	2016	2017	2018	2019e	2020e	2021e
EBITDA	0	0	18	34	43	14	-75	7	22	37
Net financial items	0	0	5	6	-0	-6	-10	-1	-2	-2
Paid tax	0	0	-0	-3	-2	5	13	-2	0	0
Non-cash items	0	0	8	8	8	0	0	0	0	0
Cash flow before change in WC	0	0	31	44	49	14	-72	4	21	36
Change in WC	0	0	-20	-11	-28	1	20	-9	-6	-9
<b>Operating cash flow</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>33</b>	<b>21</b>	<b>15</b>	<b>-48</b>	<b>-2</b>	<b>15</b>	<b>28</b>
CAPEX tangible fixed assets	0	0	-7	-4	-3	-5	-0	-0	0	0
CAPEX intangible fixed assets	0	0	-38	-43	-46	-48	-35	-14	-19	-22
Acquisitions and disposals	0	0	0	0	0	0	0	0	0	0
<b>Free cash flow</b>	<b>0</b>	<b>0</b>	<b>-35</b>	<b>-14</b>	<b>-28</b>	<b>-38</b>	<b>-84</b>	<b>-17</b>	<b>-3</b>	<b>6</b>
Dividend paid	0	0	0	0	0	0	0	0	0	0
Share issues and buybacks	0	0	0	0	0	0	0	0	0	0
Other non cash items	0	0	123	-3	-1	2	26	45	1	0
<b>Decrease in net IB debt</b>	<b>0</b>	<b>0</b>	<b>88</b>	<b>-16</b>	<b>-28</b>	<b>-37</b>	<b>-32</b>	<b>18</b>	<b>-4</b>	<b>5</b>
Balance Sheet (DKKm)	2012	2013	2014	2015	2016	2017	2018	2019e	2020e	2021e
Goodwill	0	0	0	0	0	0	0	0	0	0
Other intangible assets	0	0	71	91	105	120	43	39	41	42
Tangible fixed assets	0	0	10	8	6	6	3	1	1	1
Right-of-use asset	0	0	0	0	0	0	0	12	11	9
Total other fixed assets	0	0	6	2	2	2	2	2	2	2
Fixed assets	0	0	88	102	114	129	48	55	55	55
Inventories	0	0	9	14	19	36	17	17	19	23
Receivables	0	0	39	55	82	61	45	44	50	59
Other current assets	0	0	0	0	0	0	0	0	0	0
Cash and liquid assets	0	0	88	76	47	40	17	35	29	33
<b>Total assets</b>	<b>0</b>	<b>0</b>	<b>225</b>	<b>248</b>	<b>261</b>	<b>266</b>	<b>127</b>	<b>151</b>	<b>154</b>	<b>170</b>
Shareholders equity	0	0	190	197	204	183	35	71	73	87
Minority	0	0	0	0	0	0	0	0	0	0
<b>Total equity</b>	<b>0</b>	<b>0</b>	<b>190</b>	<b>197</b>	<b>204</b>	<b>183</b>	<b>35</b>	<b>71</b>	<b>73</b>	<b>87</b>
Long-term debt	0	0	6	5	5	0	0	0	0	0
Pension debt	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0
Leasing liability	0	0	0	0	0	0	0	13	11	9
Total other long-term liabilities	0	0	0	5	8	7	13	14	14	14
Short-term debt	0	0	1	1	0	35	45	31	31	31
Accounts payable	0	0	29	38	42	40	25	15	17	20
Other current liabilities	0	0	0	2	2	1	13	7	8	9
<b>Total liabilities and equity</b>	<b>0</b>	<b>0</b>	<b>225</b>	<b>248</b>	<b>262</b>	<b>267</b>	<b>131</b>	<b>151</b>	<b>154</b>	<b>170</b>
Net IB debt	0	0	-88	-73	-44	-7	25	7	10	5
Net IB debt excl. pension debt	0	0	-88	-73	-44	-7	25	7	10	5
Net IB debt excl. leasing	0	0	-88	-73	-44	-7	25	-6	-0	-4
Capital invested	0	0	102	131	170	184	83	99	106	115
Working capital	0	0	20	31	59	57	37	46	53	62
EV breakdown	2012	2013	2014	2015	2016	2017	2018	2019e	2020e	2021e
Market cap. diluted (m)	na	0	0	336	553	393	77	327	327	327
Net IB debt Adj	0	0	-88	-73	-44	-7	25	7	10	5
Market value of minority	0	0	0	0	0	0	0	0	0	0
Reversal of shares and participations	0	0	0	0	0	0	0	0	0	0
Reversal of conv. debt assumed equity	0	0	0	0	0	0	0	0	0	0
<b>EV</b>	<b>na</b>	<b>0</b>	<b>-88</b>	<b>263</b>	<b>509</b>	<b>386</b>	<b>102</b>	<b>334</b>	<b>337</b>	<b>332</b>
Capital efficiency	2012	2013	2014	2015	2016	2017	2018	2019e	2020e	2021e
Total assets turnover (%)	nm	nm	162.2	91.7	92.2	78.1	54.0	118.7	122.2	135.6
Working capital/sales (%)	nm	0	5.6	11.9	19.2	28.2	44.6	25.3	26.5	26.1
Financial risk and debt service	2012	2013	2014	2015	2016	2017	2018	2019e	2020e	2021e
Net debt/equity	nm	nm	-0.46	-0.37	-0.22	-0.04	0.72	0.09	0.14	0.06
Net debt/market cap	na	nm	nm	-0.48	-0.09	-0.01	0.09	0.02	0.03	0.02
Equity ratio (%)	nm	nm	84.3	79.6	78.2	68.8	27.3	46.9	47.3	50.9
Net IB debt adj./equity	nm	nm	-0.46	-0.37	-0.22	-0.04	0.72	0.09	0.14	0.06
Current ratio	nm	nm	4.63	3.58	3.36	1.81	0.96	1.62	1.60	1.75
EBITDA/net interest	na	na	-3.47	-6.19	724.32	2.33	-7.83	11.64	13.40	23.03
Net IB debt/EBITDA	nm	nm	-4.89	-2.12	-1.02	-0.51	-0.34	1.02	0.47	0.14
Net IB debt/EBITDA lease Adj	nm	nm	-4.89	-2.12	-1.02	-0.51	-0.46	-1.58	-0.02	-0.12
Interest cover	nm	nm	-0.45	19.71	17.37	-4.01	-19.06	-24.51	2.00	7.94

Source: ABG Sundal Collier, Company data

Valuation and Ratios (DKKm)	2012	2013	2014	2015	2016	2017	2018	2019e	2020e	2021e
Shares outstanding adj.	0	0	0	29	29	30	40	83	83	83
Fully diluted shares Adj	0	0	0	29	29	30	40	83	83	83
EPS	0	0	0	0	0	0	0	-0.24	0.02	0.13
Dividend per share Adj	0	0	0	0	0	0	0	0	0	0
EPS Adj	0	0	0	0	0	0	0	-0.24	0.02	0.13
BVPS	0	0	0	6.82	6.96	6.18	0.88	0.85	0.88	1.04
BVPS Adj	0	0	0	3.66	3.38	2.12	-0.21	0.38	0.39	0.53
Net IB debt / share	na	na	na	-2.5	-1.5	-0.2	0.6	0.1	0.1	0.1
Share price	na	11.44	5.76	11.62	18.84	13.27	1.95	3.94	3.94	3.94
Market cap. (m)	na	0	0	336	553	393	77	327	327	327
<b>Valuation</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019e</b>	<b>2020e</b>	<b>2021e</b>
P/E	na	nm	nm	nm	nm	nm	nm	-16.6	203.4	30.4
EV/sales	na	0	-0.48	1.21	2.17	1.87	0.96	2.02	1.81	1.51
EV/EBITDA	na	nm	-4.9	7.7	11.7	27.8	-1.4	51.0	15.1	8.9
EV/EBITA	na	nm	15.0	48.2	84.8	-16.2	-0.6	-18.3	90.4	21.5
EV/EBIT	na	nm	15.0	48.2	84.8	-16.2	-0.6	-18.3	90.4	21.5
Dividend yield (%)	na	0	0	0	0	0	0	0	0	0
FCF yield (%)	na	0	0	0	0	0	0	-5.1	-1.0	1.8
Lease adj. FCF yield (%)	na	nm	nm	nm	nm	nm	nm	-6.6	-1.5	1.3
P/BVPS	na	nm	nm	1.70	2.71	2.15	2.23	4.61	4.48	3.77
P/BVPS Adj	na	nm	nm	3.18	5.57	6.24	-9.40	10.34	10.22	7.38
P/E Adj	na	nm	nm	nm	nm	nm	nm	-16.6	203.4	30.4
EV/EBITDA Adj	na	nm	-4.9	7.7	11.7	27.8	-1.9	51.0	15.1	8.9
EV/EBITA Adj	na	nm	15.0	48.2	84.8	-16.2	-0.6	-18.3	90.4	21.5
EV/EBIT Adj	na	nm	15.0	48.2	84.8	-16.2	-0.6	-18.3	90.4	21.5
EV/cap. employed	na	nm	-0.4	1.3	2.4	1.8	1.3	2.9	2.9	2.6
<b>Investment ratios</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019e</b>	<b>2020e</b>	<b>2021e</b>
Capex/sales	nm	0	25.0	21.7	20.8	25.9	33.8	8.7	10.0	10.0
Capex/depreciation	nm	nm	190.9	163.5	130.1	141.1	33.4	63.6	110.1	107.2
Capex tangibles/tangible fixed assets	nm	nm	70.8	48.6	46.5	77.9	18.2	9.0	0	0
Capex intangibles/definite intangibles	nm	nm	53.8	47.0	43.6	40.3	82.5	36.2	45.5	51.9
Depreciation on intangibles/definite intan	nm	nm	33.5	31.5	35.7	31.4	250.5	57.4	41.4	48.4
Depreciation on tangibles/tangibles	nm	nm	0	0	0	0	0	0	0	0

Source: ABG Sundal Collier, Company data



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