

Napatech

Q4 slightly below, but solid 2021 target

- Q4 slightly below expectations
- Targets 8-18% FX adj. growth in '21e, in line with ABGSC
- Limited estimate changes expected

Q4 revenue and EBITDA slightly below expectations

Napatech delivered Q4 sales of DKK 52.5m, down 3% y-o-y, i.e. right below the midpoint of the DKK 43-63m guidance and 3% below ABGSC at DKK 54m. In USD terms, however, revenues were up 4% y-o-y. The gross margin was 72%, i.e. in line with our estimate, resulting in a 71.5% margin on a FY basis, i.e. in the higher end of the 70-72% guidance. EBITDA was DKK 11.7m (22% margin) vs. ABGSC at DKK 12.4m.

Targets 2021 revenue of DKK 210-230m, in line with ABGSC

Napatech launches its 2021 guidance and expects revenues of USD 35-38.3m, corresponding to DKK 210-230m, implying y-o-y growth of 8-18% (17.8-29.1% y-o-y growth in USD terms). The company guides gross margin for 2021 of 70-72%, i.e. in line with our estimate. On a midpoint basis, this is in line with our estimate of DKK 220m. The company expects EBITDAC for 2021 of ~DKK 26m, i.e. 12% above our estimate of DKK 23.4m.

Expect limited estimate changes on the back of the report

Overall, we find the Q4 report neutral, with results slightly below our expectations, offset by a somewhat solid 2021 guidance, with strong underlying growth and improved margins. We expect limited estimate changes following the report.

Fast comment

Company-sponsored research: Not rated

Share price (NOK)	23/02/2021	18.0
IT, Denmark		
NAPAT.OL/NAPA NO		
MCap (NOKm)		1,495
MCap (EURm)		145
Net debt (EURm)		-5
No. of shares (m)		83.1
Free float (%)		100
Av. daily volume (k)		20

Next event Q4 report: 25 Mar

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Deviation table

Metric	Actual					Expected ABGSC Q4'20e	Deviation	
	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20e		DKKkm	%
Revenue	54	49	49	44	52	54	-2	-3%
Gross profit	40	33	37	31	38	39	-1	-3%
EBITDAC	6	0	9	5	7	6	0	8%
Transferred to capitalized development costs	4	4	2	3	5	6	-1	
Operating profit before depreciation and amortisation (EBITDA)	10	3.9	11.8	8.0	11.7	12.4	-1	-6%
Depreciation and amortisation	-7	-6	-6	-6	-8	-6	-2	
Operating loss / profit before exceptional items (EBIT before exceptional items)	4	-2	6	2	4	6	-3	NA
Exceptional items	0	0	0	0	0	0	0	
Operating profit / loss (EBIT)	4	-2	6	2	4	6	-3	NA
Profit / loss for the period	2	-2	4	1	6	5	1	
Gross margin	74%	69%	75%	70%	72%	72%		
EBITDAC margin	11%	0%	19%	12%	13%	12%		
EBITDA margin	19%	8%	24%	18%	22%	23%		
EBIT margin	7%	-4%	12%	5%	7%	12%		
Sales growth	0%	27%	23%	15%	-3%	0%		

Source: ABG Sundal Collier, company data

ABGSC vs 2021 guidance

ABGSC vs Guidance	2021		
	ABGSCe	Guidance	ABGSC vs Guidance
Sales	220	220	0%
Gross margin	71%	71%	0%
Staff and other expenses	-133	-130	-2%
EBITDAC	23.4	26	12%
Transferred to capitalised cost	23.1	23	-2%
EBITDA	46.4	49	5%
D&A	-23.1	-23	-2%
EBIT	23.4	26.2	12%

Source: ABG Sundal Collier, company data

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DKKm	2018	2019	2020e	2021e	2022e
Sales	171	171	196	220	275
<i>Sales growth (%)</i>	60.7	0.0	14.7	12.5	25.0
EBITDA	97	15	36	46	65
<i>EBITDA margin (%)</i>	57.1	9.0	18.4	21.1	23.5
EBIT adj	10	-10	13	23	37
<i>EBIT adj margin (%)</i>	5.8	-5.9	6.6	10.6	13.5
Pretax profit	-14	-14	10	23	37
EPS rep	0	-0.16	0.10	0.21	0.35
<i>EPS growth (%)</i>	na	high	161.4	111.6	62.7
EPS adj	0	-0.16	0.10	0.21	0.35
DPS	0	0	0	0	0
EV/EBITDA (x)	0.6	18.0	28.8	22.0	15.2
EV/EBIT adj (x)	5.9	-27.3	80.9	43.7	26.5
P/E (x)	nm	-21.7	129.0	61.0	37.5
P/E adj (x)	nm	-21.7	129.0	61.0	37.5
EV/sales (x)	0.3	1.6	5.3	4.6	3.6
<i>FCF yield (%)</i>	0	3.7	2.1	1.8	3.0
<i>Dividend yield (%)</i>	0	0	0	0	0
Net IB debt/EBITDA	-0.2	-1.3	-1.1	-1.3	-1.4
<i>Lease adj. FCF yld (%)</i>	nm	1.9	1.8	1.7	2.9
Lease adj. ND/EBITDA	-0.3	-2.6	-1.5	-1.5	-1.6

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