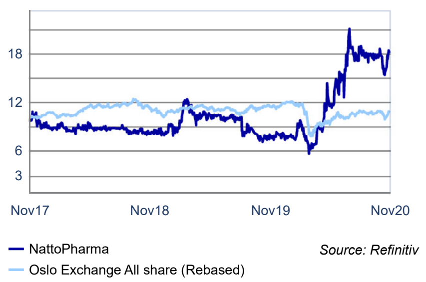
NattoPharma

Food, Beverages and Ingredients
Norway

KEY DATA

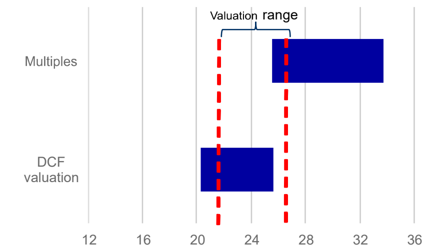
Stock country	Norway
Bloomberg	NATTO NO
Reuters	NATTO.OL
Share price (close)	NOK 18.20
Free Float	54%
Market cap. (bn)	EUR 0.04/NOK 0.38
Website	www.nattopharma.com
Next report date	17 Feb 2021

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH (NOK)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2020E	2021E	2022E
Sales	5%	2%	1%
EBIT (adj)	-3%	-17%	-13%

Source: Nordea estimates

Nordea Markets - Analysts
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Strong performance and potential for M&A

NattoPharma's Q3 numbers came in stronger than we expected and the group continued to execute its long-term growth and margin expansion plan. There was limited news flow on M&A, but we believe that a combination with competitor Kappa Bioscience remains a possibility. We raise our EBITDA forecasts by 4-8% for 2020-22. We also hike our valuation range to NOK 22-26 (20-24) per share, which implies 2020E EV/EBITDA of 14-17x.

Q3 confirming operational trajectory

For Q3 NattoPharma reported sales of NOK 47.5m and adjusted EBITDA of NOK 6.1m, which were 15% and 55% above our estimates, respectively. The company now guides for 2020 revenue growth of more than 60% (previously 50-60%) and maintains an EBITDA margin target of 13-18%. Moreover, it still guides for 2022 revenue of NOK 350m with a 20% EBITDA margin – including some sales from the launch of the new ingredient (which has been delayed again). We make smaller positive revisions to our EBITDA estimates, which are offset by higher D&A for the lines below (after Kaydence Pharma was consolidated). Excluding the new ingredient, we forecast sales of NOK 274m and a 16% EBITDA margin for 2022. Consequently, we note that there could be upside to our estimates if management delivers on its 2022 ambitions.

M&A and other news flow

On the strategic side, we note that NattoPharma has acquired VitaK BV's patent application portfolio to strengthen Kaydence's position within pharmaceutical vitamin K2 applications. NattoPharma will also move to new locations in the US in order to increase warehouse capacity. It has secured a NOK 10m credit facility with DNB to better manage cash flow variability. There was no news about the ongoing strategic review, but Kappa Bioscience has purchased additional shares in NattoPharma (it now holds 10.04%), and has stated that it welcomes (M&A) discussions with NattoPharma. Therefore , potential M&A remains on the cards, we believe.

Valuation range

At 2020E EV/EBITDA of ~12x, NattoPharma trades in line with its historical valuation range but still at a discount to peers. After raising our estimates for NattoPharma, we increase our DCF- and multiples-based fair value range to NOK 22-26. This implies 2020E EV/EBITDA of 14-17x.

SUMMARY TABLE - KEY FIGURES

NOKth	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	53,342	66,606	107,241	131,151	211,139	230,979	273,994
EBITDA (adj)	484	5,269	6,652	11,003	31,210	34,635	43,825
EBIT (adj)	-6,413	-2,095	-625	2,971	19,806	20,035	28,495
EBIT (adj) margin	-12.0%	-3.1%	-0.6%	2.3%	9.4%	8.7%	10.4%
EPS (adj, NOK)	-0.79	1.34	0.11	0.27	0.89	0.88	1.27
EPS (adj) growth	58.3%	270.2%	-91.8%	148.2%	225.2%	-0.6%	43.5%
DPS (ord, NOK)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	2.6	2.3	1.3	1.0	1.8	1.6	1.2
EV/EBIT (adj)	n.m.	n.m.	n.m.	44.3	18.7	17.9	12.0
P/E (adj)	n.m.	6.8	73.5	27.4	20.5	20.6	14.3
P/BV	2.1	1.5	1.4	1.3	2.6	2.4	2.1
Dividend yield (ord)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield bef A&D, lease	-4.0%	-7.1%	1.5%	-5.7%	1.8%	4.3%	5.1%
Net debt	-19,818	-13,558	-18,655	-15,620	-28,042	-41,111	-57,123
Net debt/EBITDA	n.m.	-4.9	-3.7	-1.5	-1.0	-1.2	-1.3
ROIC after tax	-6.7%	-1.6%	-0.4%	2.0%	11.6%	10.0%	13.8%

Source: Company data and Nordea estimates

Estimates, deviation and revisions

NattoPharma beat our expectations for Q3

NattoPharma: Deviation table

NOKth	Actual Q3 2020	NDA est. Q3 2020E	Deviation vs. actual	
Sales	**47,538**	**41,414**	**6,124**	**15%**
Growth y/y	54.0%	34.2%		19.8pp
Gross profit	**20,512**	**18,015**	**2,497**	**14%**
Gross margin (% of sales)	43.1%	43.5%		-0.4pp
Adjusted EBITDA	**6,130**	**3,948**	**2,182**	**55%**
Adj. EBITDA margin	12.9%	9.5%		3.4pp
One-offs	-722	0	-722	
EBITDA	**5,408**	**3,948**	**1,460**	**37%**
Adj. EBIT	**2,500**	**1,854**	**646**	**35%**
Adj. EBIT margin	5.3%	4.5%		0.8pp
EPS diluted	**(0.11)**	**0.08**	**-0.19**	**-245%**

Source: Company data and Nordea estimates

ESTIMATE REVISIONS

NattoPharma: Estimate revisions

	New estimates			Old estimates			Difference %		
NOKth	**2020E**	**2021E**	**2022E**	**2020E**	**2021E**	**2022E**	**2020E**	**2021E**	**2022E**
Sales (ex other)	**208,136**	**230,979**	**273,994**	**198,659**	**226,194**	**271,037**	**5%**	**2%**	**1%**
Gross profit adj	**88,045**	**97,708**	**115,905**	**84,090**	**95,745**	**114,726**	**5%**	**2%**	**1%**
Adj. gross margin	42.3%	42.3%	42.3%	42.3%	42.3%	42.3%	0.0pp	0.0pp	0.0pp
EBITDA adj	**31,210**	**34,635**	**43,825**	**28,818**	**32,812**	**42,028**	**8%**	**6%**	**4%**
Adj. EBITDA margin	15.0%	15.0%	16.0%	14.5%	14.5%	15.5%	0.5pp	0.5pp	0.5pp
Adj. EBIT	**19,806**	**20,035**	**28,495**	**20,502**	**24,080**	**32,859**	**-3%**	**-17%**	**-13%**
Adj. EBIT margin	9.5%	8.7%	10.4%	10.3%	10.6%	12.1%	-0.8pp	-2.0pp	-1.7pp
Adj. EPS (NOK)	**0.89**	**0.88**	**1.27**	**0.97**	**1.07**	**1.47**	**-9%**	**-17%**	**-14%**

Source: Nordea estimates

GROUP ANNUAL P&L

NOKth	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Sales	**31,687**	**51,830**	**66,418**	**101,722**	**127,120**	**208,136**	**230,979**	**273,994**	**318,274**
Growth y/y	24.2%	63.6%	28.1%	53.2%	25.0%	63.7%	11.0%	18.6%	16.2%
Other	0	1,512	188	5,519	4,031	3,003	0	0	0
Total revenue	**31,687**	**53,342**	**66,606**	**107,241**	**131,151**	**211,139**	**230,979**	**273,994**	**318,274**
Growth y/y	24.2%	68.3%	24.9%	61.0%	22.3%	61.0%	9.4%	18.6%	16.2%
COGS	-22,567	-28,923	-35,013	-57,978	-73,532	-120,091	-133,271	-158,090	-183,638
Gross profit adj	**9,120**	**22,907**	**31,405**	**43,744**	**53,588**	**88,045**	**97,708**	**115,905**	**134,635**
Gross margin adj	28.8%	44.2%	47.3%	43.0%	42.2%	42.3%	42.3%	42.3%	42.3%
Gross profit	**9,120**	**24,419**	**31,593**	**49,263**	**57,619**	**91,048**	**97,708**	**115,905**	**134,635**
Gross margin (% of revenue)	28.8%	45.8%	47.4%	45.9%	43.9%	43.1%	42.3%	42.3%	42.3%
Salaries	-14,018	-13,323	-18,534	-28,433	-30,943	-39,141	-39,354	-42,573	-44,679
Other opex	-24,577	-12,560	-10,301	-15,760	-16,405	-24,110	-23,719	-29,506	-35,866
Opex/sales	-121.8%	-48.5%	-43.3%	-41.2%	-36.1%	-30.0%	-27.3%	-26.3%	-25.3%
Non-recurring items	0	-1,948	-2,511	-1,583	-731	-3,414	0	0	0
EBITDA adjusted	**-29,475**	**484**	**5,269**	**6,652**	**11,003**	**31,210**	**34,635**	**43,825**	**54,091**
Margin (% of sales)	-93.0%	0.9%	7.9%	6.5%	8.7%	15.0%	15.0%	16.0%	17.0%
EBITDA	**-29,475**	**-1,464**	**2,758**	**5,069**	**10,272**	**27,796**	**34,635**	**43,825**	**54,091**
Margin (% of revenue)	-93.0%	-2.7%	4.1%	4.7%	7.8%	13.2%	15.0%	16.0%	17.0%
D&A	-5,829	-6,897	-7,364	-7,277	-8,032	-11,404	-14,600	-15,330	-16,097
EBIT adjusted	**-35,304**	**-6,413**	**-2,095**	**-625**	**2,971**	**19,806**	**20,035**	**28,495**	**37,994**
Margin (% of sales)	-111.4%	-12.4%	-3.2%	-0.6%	2.3%	9.5%	8.7%	10.4%	11.9%
EBIT	**-35,304**	**-8,361**	**-4,606**	**-2,208**	**2,240**	**16,392**	**20,035**	**28,495**	**37,994**
Margin (% of revenue)	-111.4%	-15.7%	-6.9%	-2.1%	1.7%	7.8%	8.7%	10.4%	11.9%
Interest income	165	159	100	2,837	2,688	1,355	0	0	0
Interest expense	-106	-834	-22	-201	-771	-670	-612	-624	-637
Other finance	4,720	0	-95	-133	0	690	0	0	0
Revaluations	0	-2,123	-135	754	-15,588	19,343	0	0	0
Net financials	4,779	-2,798	-152	3,256	-13,671	20,717	-612	-624	-637
PTP	**-30,525**	**-11,159**	**-4,758**	**1,048**	**-11,431**	**37,109**	**19,423**	**27,871**	**37,357**
Tax	675	656	678	708	701	-1,965	-971	-1,394	-1,868
Tax rate (%)	2.2%	5.9%	14.2%	-67.6%	6.1%	5.3%	5.0%	5.0%	5.0%
Net profit from cont. op.	**-29,850**	**-10,503**	**-4,080**	**1,756**	**-10,730**	**35,144**	**18,452**	**26,478**	**35,490**
Discontinued operations	0	-6,835	27,071	0	0	0	0	0	0
Net profit to equity	-29,850	-17,338	22,991	1,756	-10,730	35,515	18,452	26,478	35,490
Net profit to equity adjusted	**-29,850**	**-13,851**	**24,884**	**2,111**	**5,370**	**18,562**	**18,452**	**26,478**	**35,490**
Wavg diluted no of shares (m)	15,822	17,569	18,594	19,161	19,638	20,873	20,873	20,873	20,873
EPS adj (NOK)	**-1.9**	**-0.8**	**1.3**	**0.1**	**0.3**	**0.9**	**0.9**	**1.3**	**1.7**
DPS (NOK)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company data and Nordea estimates

GROUP INTERIM P&L

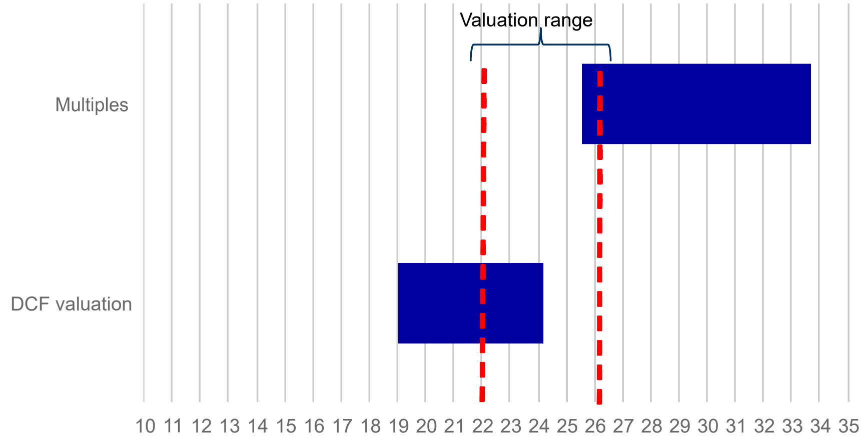
NOKth	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020E	H1 2020E	H2 2020E	9M 2020E	2020E
Sales	**127,120**	**56,265**	**48,383**	**47,538**	**55,950**	**104,648**	**103,488**	**152,186**	**208,136**
Growth y/y	25.0%	102.6%	61.3%	54.0%	45.4%	81.2%	49.2%	71.7%	63.7%
Other	4,031	1,000	1,281	722	0	2,281	722	3,003	3,003
Total revenue	**131,151**	**57,265**	**49,664**	**48,260**	**55,950**	**106,929**	**104,210**	**155,189**	**211,139**
Growth y/y	22.3%	99.2%	59.7%	50.7%	42.4%	78.7%	46.1%	68.9%	61.0%
COGS	-73,532	-32,517	-28,936	-27,026	-31,612	-61,453	-58,638	-88,479	-120,091
Gross profit adj	**53,588**	**23,748**	**19,447**	**20,512**	**24,338**	**43,195**	**44,850**	**63,707**	**88,045**
Gross margin adj	42.2%	42.2%	40.2%	43.1%	43.5%	41.3%	43.3%	41.9%	42.3%
Gross profit	**57,619**	**24,748**	**20,728**	**21,234**	**24,338**	**45,476**	**45,572**	**66,710**	**91,048**
Gross margin (% of revenue)	43.9%	43.2%	41.7%	44.0%	43.5%	42.5%	43.7%	43.0%	43.1%
Salaries	-30,943	-10,055	-10,092	-9,338	-9,656	-20,147	-18,994	-29,485	-39,141
Other opex	-16,405	-4,559	-6,685	-6,517	-6,349	-11,244	-12,866	-17,761	-24,110
Opex/sales	-36.1%	-26.0%	-34.7%	-33.4%	-28.6%	-29.4%	-30.6%	-30.4%	-30.0%
Non-recurring items	-731	-368	-2,295	-751	0	-2,663	-751	-3,414	-3,414
EBITDA adjusted	**11,003**	**10,501**	**6,246**	**6,130**	**8,333**	**16,747**	**14,463**	**22,877**	**31,210**
Margin (% of sales)	8.7%	18.7%	12.9%	12.9%	14.9%	16.0%	14.0%	15.0%	15.0%
EBITDA	**10,272**	**10,133**	**3,951**	**5,379**	**8,333**	**14,084**	**13,712**	**19,463**	**27,796**
Margin (% of revenue)	7.8%	17.7%	8.0%	11.1%	14.9%	13.2%	13.2%	12.5%	13.2%
D&A	-8,032	-2,035	-2,073	-3,630	-3,666	-4,108	-7,296	-7,738	-11,404
EBIT adjusted	**2,971**	**8,466**	**4,173**	**2,500**	**4,667**	**12,639**	**7,167**	**15,139**	**19,806**
Margin (% of sales)	2.3%	15.0%	8.6%	5.3%	8.3%	12.1%	6.9%	9.9%	9.5%
EBIT	**2,240**	**8,098**	**1,878**	**1,749**	**4,667**	**9,976**	**6,416**	**11,725**	**16,392**
Margin (% of revenue)	1.7%	14.1%	3.8%	3.6%	8.3%	9.3%	6.2%	7.6%	7.8%
Interest income	2,688	5	1,350	0	0	1,355	0	1,355	1,355
Interest expense	-771	-156	-175	-189	-150	-331	-339	-520	-670
Other finance	0	2520	-1686	-108	-36	834	-144	726	690
Revaluations	-15588	0	21723	-2380	0	21723	-2380	19343	19343
Net financials	-13,671	2,369	21,211	-2,677	-186	23,580	-2,863	20,903	20,717
PTP	**-11,431**	**10,467**	**23,089**	**-928**	**4,481**	**33,556**	**3,553**	**32,628**	**37,109**
Tax	701	-600	100	-1,240	-224	-501	-1,464	-1,741	-1,965
Tax rate (%)	6.1%	5.7%	-0.4%	-133.6%	5.0%	1.5%	41.2%	5.3%	5.3%
Net profit from cont. op.	**-10,730**	**9,867**	**23,189**	**-2,168**	**4,257**	**33,056**	**2,089**	**30,888**	**35,144**
Discontinued operations	0	0	0	0	0	0	0	0	0
Net profit to equity	-10,730	9,867	23,189	-1,797	4,257	33,056	2,460	31,259	35,515
Net profit to equity adjusted	**5,370**	**10,125**	**3,072**	**1,109**	**4,257**	**13,197**	**5,365**	**14,306**	**18,562**
Wavg diluted no of shares (m)	19,638	20,873	20,873	20,873	20,873	20,873	20,873	20,873	20,873
EPS adj (NOK)	**0.3**	**0.5**	**0.1**	**0.1**	**0.2**	**0.6**	**0.3**	**0.7**	**0.9**
DPS (NOK)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company data and Nordea estimates

Valuation

We raise our estimates following the Q3 report with a strong result and ambitious guidance. Based on our higher estimates, we find support for a fair value range of NOK 22-26 (20-24) per share, implying a 2020E EV/EBITDA (adjusted) of 14-17x. We also believe that proven takeout optionality (after Kappa Bioscience's recent bid and additional share purchases) is likely to support higher valuation multiples going forward.

VALUATION SUMMARY (NOK)



Source: Nordea estimates

IMPLIED 2020E EV/SALES AND EV/EBITDA BY SHARE PRICE

Share price	Market cap, NOKm	EV, NOKm	EV/Sales, x	EV/EBITDA, x
8	167	158	0.75	5.1
9	188	179	0.85	5.7
10	209	200	0.95	6.4
11	230	221	1.05	7.1
12	250	242	1.15	7.8
13	271	263	1.24	8.4
14	292	284	1.34	9.1
15	313	305	1.44	9.8
16	334	325	1.54	10.4
17	355	346	1.64	11.1
18	376	367	1.74	11.8
19	397	388	1.84	12.4
20	417	409	1.94	13.1
21	438	430	2.04	13.8
22	459	451	2.13	14.4
23	480	472	2.23	15.1
24	501	492	2.33	15.8
25	522	513	2.43	16.4
26	543	534	2.53	17.1
27	564	555	2.63	17.8
28	584	576	2.73	18.5
29	605	597	2.83	19.1
30	626	618	2.93	19.8

Source: Nordea estimates

DCF valuation

Below, we present our DCF valuation output and calculation inputs. Our DCF-derived range assumes a +/-1 pp EBIT margin and +/-1 pp sales growth versus our base-case assumptions. We set ROIC equal to WACC in the terminal period.

WACC ASSUMPTIONS

WACC components	
Risk-free interest rate	2.0%
Market risk premium	4.5%
Forward looking asset beta	2.3
Beta debt	0.20
Forward looking equity beta	2.33
Cost of equity	12.5%
Cost of debt	6.0%
Tax-rate used in WACC	30.0%
Equity weight	100.0%
WACC	**12.5%**

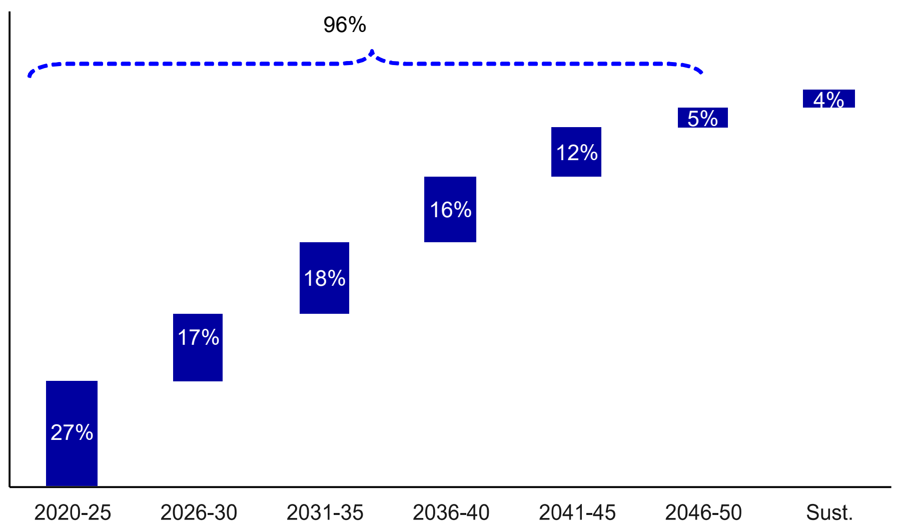
Source: Nordea estimates

LONG-TERM FCFF ASSUMPTIONS

Averages and assumptions	2020-25	2026-30	2031-35	2036-40	2041-45	Sust.
Sales growth, CAGR	14.0%	12.0%	9.0%	5.0%	3.0%	
EBIT-margin, excluding associates	11.0%	13.1%	13.6%	13.6%	13.6%	
Capex/depreciation, x	0.88	1.10	1.10	1.10	1.10	
Capex/sales	4.5%	4.5%	4.5%	4.5%	4.5%	
NWC/sales	21.0%	21.0%	21.0%	21.0%	21.0%	
FCFF, CAGR	6.2%	12.9%	12.6%	8.2%	4.6%	2.5%

Source: Nordea estimates

DCF VALUE DISTRIBUTION OVER TIME



Source: Nordea estimates

DCF VALUE PER SHARE SENSITIVITY (NOK): SALES GROWTH AND EBIT MARGIN CHANGE

		Sales growth change				
		-2.0pp	-1.0pp		+1.0pp	+2.0pp
EBIT margin change	+2.0pp	22	23	24	26	28
	+1.0pp	21	22	23	**24**	26
		20	20	**21**	22	24
	-1.0pp	18	**19**	20	21	22
	-2.0pp	17	18	18	19	20

Source: Nordea estimates

DCF VALUE PER SHARE SENSITIVITY (NOK): SALES GROWTH AND WACC CHANGE

		WACC				
		10.5%	11.5%	12.5%	13.5%	14.5%
Sales gr. change	+2.0pp	32	27	24	21	19
	+1.0pp	30	26	22	20	18
		28	24	**21**	19	17
	-1.0pp	26	23	20	18	16
	-2.0pp	25	22	20	18	16

Source: Nordea estimates

DCF VALUE PER SHARE SENSITIVITY (NOK): EBIT MARGIN VERSUS WACC CHANGE

		WACC				
		10.5%	11.5%	12.5%	13.5%	14.5%
EBIT marg. change	+2.0pp	32	28	24	22	19
	+1.0pp	30	26	23	20	18
		28	24	**21**	19	17
	-1.0pp	25	22	20	18	16
	-2.0pp	23	21	18	16	15

Source: Nordea estimates

Peer valuation

After the recent strong share-price performance, NattoPharma's EV/EBITDA multiple has expanded and the company is now trading at the higher end of its historical valuation range. However, we note that the company's operating performance has also improved recently, so that a higher multiple than the historical level may be warranted.

We believe it is hard to find a fully representative peer group for NattoPharma and we thus mostly focus on our DCF. However, based on the peer group (mostly within food ingredients), we find that NattoPharma is trading at discounted multiples. In this report, we adjust our methodology for calculating the multiples-based fair value range (seen in the valuation summary chart). We calculate the range based on a discount of 0-25% to the peer group 2021E median EV/EBITDA. Historically, NattoPharma has traded at a discount to peers, and we note that factors such as a small market cap, more limited liquidity and the early-phase nature of its business model may warrant a certain discount to larger peers – although its high growth prospects count on the positive side.

Solid share-price performance recently

NETTOPHARMA'S SHARE PRICE (NOK)

Source: Refinitiv

Trading in line with the historical valuation range

NTM EV/EBITDA FOR NATTOPHARMA, 2019-20

Source: Refinitiv

PEER TABLE 1

Company	Share price (Local)	EV/Sales			EV/EBITDA (adj.)			EV/EBIT (adj.)		
		2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
Biogaia AB	472.5	8.3x	7.4x	6.6x	24.2x	22.7x	20.1x	25.2x	23.8x	21.0x
Chr Hansen Holding A/S	640.2	10.2x	10.2x	9.4x	28.7x	27.0x	24.5x	35.2x	34.5x	31.0x
Croda International PLC	66.6	6.8x	6.3x	6.0x	23.3x	20.7x	19.3x	28.2x	25.0x	23.4x
Koninklijke DSM NV	141.2	3.2x	2.9x	2.8x	17.9x	15.4x	14.2x	28.6x	23.5x	21.5x
Givaudan SA	3,670.0	5.9x	5.6x	5.3x	26.4x	24.9x	23.6x	35.9x	32.9x	29.9x
Novozymes A/S	368.0	6.0x	5.8x	5.6x	17.3x	16.6x	15.8x	22.8x	21.7x	20.5x
Probi AB	403.0	6.1x	5.5x	5.0x	20.9x	18.6x	16.9x	32.5x	28.7x	25.2x
Symrise AG	102.8	4.3x	4.0x	3.7x	19.7x	18.4x	16.9x	28.6x	25.7x	23.1x
Overall mean		**6.3x**	**6.0x**	**5.6x**	**22.3x**	**20.6x**	**18.9x**	**29.6x**	**27.0x**	**24.5x**
Overall median		**6.1x**	**5.7x**	**5.5x**	**22.1x**	**19.7x**	**18.1x**	**28.6x**	**25.4x**	**23.3x**
NattoPharma (Nordea)	**19.0**	**1.8x**	**1.6x**	**1.3x**	**12.4x**	**10.8x**	**8.2x**	**19.6x**	**18.7x**	**12.6x**
Diff from mean		-71%	-73%	-76%	-44%	-47%	-57%	-34%	-31%	-48%
Diff from median		**-70%**	**-72%**	**-76%**	**-44%**	**-45%**	**-55%**	**-32%**	**-26%**	**-46%**

Source:Refinitiv and Nordea estimates (for NattoPharma)

PEER TABLE 2

Company	Mcap. (EUR)	P/E (adj.)			FCF Yield (adj.)			Dividend yield		
		2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
Biogaia AB	769	43.4x	46.3x	41.5x	-	-	-	1.1%	1.1%	1.2%
Chr Hansen Holding A/S	11,336	43.3x	43.7x	39.7x	1.7%	1.3%	1.8%	1.5%	1.6%	1.5%
Croda International PLC	9,564	38.1x	33.7x	31.2x	2.2%	2.5%	2.9%	1.4%	1.5%	1.6%
Koninklijke DSM NV	25,606	32.4x	27.2x	25.5x	2.9%	3.5%	3.7%	1.8%	1.9%	2.0%
Givaudan SA	31,407	39.4x	36.7x	33.5x	2.5%	2.9%	3.1%	1.8%	1.8%	1.9%
Novozymes A/S	11,429	34.4x	32.0x	29.6x	2.6%	3.1%	3.2%	1.5%	1.6%	1.7%
Probi AB	460	44.4x	38.7x	34.6x	1.8%	3.2%	3.7%	0.3%	0.4%	0.4%
Symrise AG	13,921	38.9x	35.9x	32.4x	2.9%	3.1%	3.2%	1.0%	1.1%	1.2%
Overall mean		**39.3x**	**36.8x**	**33.5x**	**2.4%**	**2.8%**	**3.1%**	**1.3%**	**1.4%**	**1.4%**
Overall median		**39.2x**	**36.3x**	**33.0x**	**2.5%**	**3.1%**	**3.2%**	**1.4%**	**1.5%**	**1.5%**
NattoPharma (Nordea)	34	**21.4x**	**21.5x**	**15.0x**	**1.7%**	**4.1%**	**4.9%**	**0.0%**	**0.0%**	**0.0%**
Diff from mean		-46%	-42%	-55%	-28%	47%	58%	-	-	-
Diff from median		**-45%**	**-41%**	**-55%**	**-32%**	**33%**	**55%**	**-**	**-**	**-**

Source: Refinitiv and Nordea estimates (for NattoPharma)

Reported numbers and forecasts

INCOME STATEMENT

NOKth	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	**11,090**	**27,452**	**25,509**	**31,687**	**53,342**	**66,606**	**107,241**	**131,151**	**211,139**	**230,979**	**273,994**
Revenue growth	30.0%	147.5%	-7.1%	24.2%	68.3%	24.9%	61.0%	22.3%	61.0%	9.4%	18.6%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	-13,316	-10,002	-18,500	-29,475	-1,464	2,758	5,069	10,272	27,796	34,635	43,825
Depreciation and impairments PPE	-178	-172	-1,096	-1,166	-1,379	-1,473	-1,455	-1,606	-2,281	-2,920	-3,066
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	-13,494	-10,174	-19,596	-30,641	-2,844	1,285	3,614	8,666	25,515	31,715	40,759
Amortisation and impairments	-712	-689	-4,386	-4,663	-5,518	-5,891	-5,822	-6,426	-9,123	-11,680	-12,264
EBIT	-14,206	-10,863	-23,982	-35,304	-8,361	-4,606	-2,208	2,240	16,392	20,035	28,495
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	-1,139	11,250	2,131	4,779	-675	-17	2,502	1,917	1,374	-612	-624
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	0	-2,123	-135	754	-15,588	19,343	0	0
Pre-tax profit	**-15,345**	**387**	**-21,851**	**-30,525**	**-11,159**	**-4,758**	**1,048**	**-11,431**	**37,109**	**19,423**	**27,871**
Reported taxes	0	53	630	675	656	678	708	701	-1,965	-971	-1,394
Net profit from continued operations	-15,345	440	-21,221	-29,850	-10,503	-4,080	1,756	-10,730	35,144	18,452	26,478
Discontinued operations	0	0	0	0	-6,835	27,071	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	371	0	0
Net profit to equity	-15,345	440	-21,221	-29,850	-17,338	22,991	1,756	-10,730	35,515	18,452	26,478
EPS, NOK	**-4.70**	**0.05**	**-1.67**	**-1.89**	**-0.98**	**1.24**	**0.09**	**-0.55**	**1.70**	**0.88**	**1.27**
DPS, NOK	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which ordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit margin in percent											
EBITDA	-120.1%	-36.4%	-72.5%	-93.0%	-2.7%	4.1%	4.7%	7.8%	13.2%	15.0%	16.0%
EBITA	-121.7%	-37.1%	-76.8%	-96.7%	-5.3%	1.9%	3.4%	6.6%	12.1%	13.7%	14.9%
EBIT	-128.1%	-39.6%	-94.0%	-111.4%	-15.7%	-6.9%	-2.1%	1.7%	7.8%	8.7%	10.4%
Adjusted earnings											
EBITDA (adj)	-13,316	-10,002	-18,500	-29,475	484	5,269	6,652	11,003	31,210	34,635	43,825
EBITA (adj)	-13,494	-10,174	-19,596	-30,641	-895	3,796	5,197	9,397	28,929	31,715	40,759
EBIT (adj)	-14,206	-10,863	-23,982	-35,304	-6,413	-2,095	-625	2,971	19,806	20,035	28,495
EPS (adj, NOK)	-4.70	0.05	-1.67	-1.89	-0.79	1.34	0.11	0.27	0.89	0.88	1.27
Adjusted profit margins in percent											
EBITDA (adj)	-120.1%	-36.4%	-72.5%	-93.0%	0.9%	7.9%	6.2%	8.4%	14.8%	15.0%	16.0%
EBITA (adj)	-121.7%	-37.1%	-76.8%	-96.7%	-1.7%	5.7%	4.8%	7.2%	13.7%	13.7%	14.9%
EBIT (adj)	-128.1%	-39.6%	-94.0%	-111.4%	-12.0%	-3.1%	-0.6%	2.3%	9.4%	8.7%	10.4%
Performance metrics											
CAGR last 5 years											
Net revenue	-11.6%	6.8%	2.0%	8.5%	44.3%	43.1%	31.3%	38.7%	46.1%	34.1%	32.7%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	73.9%
EBIT	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	12.6%	n.m.	n.m.	n.m.	0.5%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Average last 5 years											
Average EBIT margin	-90.5%	-70.9%	-79.1%	-95.0%	-62.2%	-40.6%	-26.2%	-12.4%	0.6%	4.3%	6.8%
Average EBITDA margin	-84.8%	-66.0%	-69.5%	-81.7%	-48.8%	-27.7%	-14.6%	-3.3%	7.8%	10.8%	12.7%

VALUATION RATIOS - ADJUSTED EARNINGS

NOKth	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	6.8	73.5	27.4	20.5	20.6	14.3
EV/EBITDA (adj)	n.m.	n.m.	n.m.	n.m.	289.7	29.5	20.5	12.0	11.9	10.3	7.8
EV/EBITA (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	41.0	26.3	14.0	12.8	11.3	8.4
EV/EBIT (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	44.3	18.7	17.9	12.0

VALUATION RATIOS - REPORTED EARNINGS

NOKth	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E	n.m.	n.m.	n.m.	n.m.	n.m.	7.4	88.4	n.m.	10.7	20.6	14.3
EV/Sales	0.52	3.83	4.34	3.19	2.63	2.34	1.27	1.00	1.76	1.55	1.25
EV/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	56.4	26.9	12.8	13.4	10.3	7.8
EV/EBITA	n.m.	n.m.	n.m.	n.m.	n.m.	121.1	37.8	15.2	14.6	11.3	8.4
EV/EBIT	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	58.8	22.7	17.9	12.0
Dividend yield (ord.)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	-29.9%	-13.6%	-20.8%	-22.5%	-4.0%	-7.1%	1.8%	-5.7%	6.7%	4.3%	5.1%
FCF Yield bef A&D, lease adj	-29.9%	-14.0%	-20.8%	-22.5%	-4.0%	-7.1%	1.5%	-5.7%	1.8%	4.3%	5.1%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company data and Nordea estimates

BALANCE SHEET											
NOKth	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020E**	**2021E**	**2022E**
Intangible assets	1,883	57,962	56,482	53,858	46,244	44,185	42,080	49,115	92,767	90,788	88,662
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	1,883	51,636	49,663	46,599	39,387	36,759	34,573	41,671	84,423	82,444	80,318
of which goodwill	0	6,326	6,819	7,259	6,857	7,426	7,507	7,444	8,344	8,344	8,344
Tangible assets	22	659	9	3,195	2,410	1,715	601	2,269	4,211	3,139	2,265
of which leased assets	0	0	0	0	0	0	0	1,750	1,750	1,750	1,750
Shares associates	0	0	0	0	0	57,501	40,275	19,880	0	0	0
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	0	0	0	0	0	0
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	0	0	0	0	0	168	0	0	0	0	0
Total non-current assets	1,905	58,621	56,491	57,053	48,654	103,569	82,956	71,264	96,978	93,927	90,926
Inventory	377	619	5,085	6,327	3,767	12,953	11,565	33,667	50,673	55,435	65,759
Accounts receivable	3,063	6,924	13,552	18,546	22,610	26,474	21,943	14,370	25,337	28,872	35,619
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	1,047	524	2,032	1,498	639	12,217	14,573	23,461	25,666	30,445
Cash and bank	22,214	21,918	13,101	24,761	19,818	13,558	18,655	23,819	38,325	51,394	67,406
Total current assets	25,654	30,508	32,262	51,666	47,693	53,624	64,380	86,429	137,796	161,367	199,229
Assets held for sale	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	**27,559**	**89,129**	**88,753**	**108,719**	**96,347**	**157,193**	**147,336**	**157,693**	**234,774**	**255,294**	**290,155**
Shareholders equity	19,173	76,440	75,719	92,802	76,207	111,004	109,753	113,396	144,575	159,688	182,827
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Minority interest	0	0	0	0	0	0	0	0	19,459	19,459	19,459
Total Equity	19,173	76,440	75,719	92,802	76,207	111,004	109,753	113,396	164,034	179,147	202,286
Deferred tax	0	6,273	6,081	5,747	4,787	4,393	3,691	2,915	2,915	2,915	2,915
Long term interest bearing debt	88	59	29	0	0	0	0	0	449	449	449
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	0	0	0	0	0	22,003	12,027	0	0	0	0
Non-current lease debt	0	0	0	0	0	0	0	788	1,841	1,841	1,841
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	88	6,332	6,110	5,747	4,787	26,396	15,718	3,703	5,205	5,205	5,205
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	4,235	3,342	5,394	3,509	10,178	14,526	18,579	29,185	46,985	51,400	60,972
Current lease debt	0	0	0	0	0	0	0	1,053	0	0	0
Other current liabilities	4,063	1,548	1,530	6,661	5,175	5,267	3,285	3,998	10,557	11,549	13,700
Short term interest bearing debt	0	1,467	0	0	0	0	0	6,358	7,993	7,993	7,993
Total current liabilities	8,298	6,357	6,924	10,170	15,353	19,793	21,865	40,594	65,535	70,942	82,665
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**27,559**	**89,129**	**88,753**	**108,719**	**96,347**	**157,193**	**147,336**	**157,693**	**234,774**	**255,294**	**290,155**
Balance sheet and debt metrics											
Net debt	-22,126	-20,392	-13,072	-24,761	-19,818	-13,558	-18,655	-15,620	-28,042	-41,111	-57,123
of which lease debt	0	0	0	0	0	0	0	1,841	1,841	1,841	1,841
Working capital	-4,858	3,700	12,237	16,735	12,522	20,273	23,860	29,427	41,929	47,024	57,152
Invested capital	-2,953	62,321	68,728	73,788	61,176	123,842	106,816	100,691	138,907	140,951	148,078
Capital employed	19,261	77,966	75,748	92,802	76,207	111,004	109,753	121,595	174,317	189,430	212,569
ROE	n.m.	0.9%	-27.9%	-35.4%	-20.5%	24.6%	1.6%	-9.6%	27.5%	12.1%	15.5%
ROIC	n.m.	-25.6%	-25.6%	-34.7%	-6.7%	-1.6%	-0.4%	2.0%	11.6%	10.0%	13.8%
ROCE	n.m.	-22.0%	-31.0%	-41.7%	-7.4%	-2.1%	2.0%	4.9%	14.3%	11.0%	14.2%
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	-4.9	-3.7	-1.5	-1.0	-1.2	-1.3
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	69.6%	85.8%	85.3%	85.4%	79.1%	70.6%	74.5%	71.9%	61.6%	62.6%	63.0%
Net gearing	-115.4%	-26.7%	-17.3%	-26.7%	-26.0%	-12.2%	-17.0%	-13.8%	-17.1%	-22.9%	-28.2%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT											
NOKth	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020E**	**2021E**	**2022E**
EBITDA (adj) for associates	**-13,316**	**-10,002**	**-18,500**	**-29,475**	**-1,464**	**2,758**	**5,069**	**10,272**	**27,796**	**34,635**	**43,825**
Paid taxes	0	0	0	0	0	0	389	701	-1,965	-971	-1,394
Net financials	0	0	0	0	0	0	2,574	1,917	1,374	-612	-624
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	0	0	0	0	0	21,835	-9,808	-12,027	0	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	2,217	-2,461	-3,851	9,969	-7,876	-27,905	11,683	12,441	831	0	0
Funds from operations (FFO)	**-11,099**	**-12,463**	**-22,351**	**-19,506**	**-9,340**	**-3,312**	**9,907**	**13,304**	**28,036**	**33,052**	**41,808**
Change in NWC	3,208	-5,073	-2,620	-5,228	4,403	-7,917	-3,419	-7,630	-12,502	-5,095	-10,127
Cash flow from operations (CFO)	**-7,891**	**-17,536**	**-24,971**	**-24,734**	**-4,937**	**-11,229**	**6,488**	**5,674**	**15,534**	**27,957**	**31,680**
Capital expenditure	-437	0	-776	-3,618	-1,477	-864	-4,146	-14,140	-8,712	-11,549	-12,330
Free cash flow before A&D	**-8,328**	**-17,536**	**-25,747**	**-28,352**	**-6,414**	**-12,093**	**2,342**	**-8,466**	**6,822**	**16,408**	**19,351**
Proceeds from sale of assets	0	0	0	0	0	0	489	0	0	0	0
Acquisitions	0	413	0	0	0	0	0	0	18,444	0	0
Free cash flow	-8,328	-17,123	-25,747	-28,352	-6,414	-12,093	2,831	-8,466	25,266	16,408	19,351
Free cash flow bef A&D, lease adj	-8,328	-17,536	-25,747	-28,352	-6,414	-12,093	2,342	-8,466	6,822	16,408	19,351
Dividends paid	0	0	0	0	0	0	0	0	0	0	0
Equity issues / buybacks	29,914	21,890	17,376	45,225	1,109	6,939	429	14,048	10,325	0	0
Net change in debt	0	0	0	0	0	0	0	696	2,084	0	0
Other financing adjustments	0	0	0	0	0	0	-379	0	19,343	0	0
Other non-cash adjustments	-667	-5,063	-446	-5,213	362	-1,106	2,216	-1,114	-42,512	-3,339	-3,339
Change in cash	20,919	-296	-8,817	11,660	-4,943	-6,260	5,097	5,164	14,506	13,069	16,012
Cash flow metrics											
Capex/D&A	49.1%	0.0%	14.2%	62.1%	21.4%	11.7%	57.0%	n.m.	76.4%	79.1%	80.4%
Capex/Sales	3.9%	0.0%	3.0%	11.4%	2.8%	1.3%	3.9%	10.8%	4.1%	5.0%	4.5%
Key information											
Share price year end (/current)	9	14	10	8	9	9	8	8	18	18	18
Market cap.	27,875	125,465	123,838	125,785	160,102	169,205	155,204	147,287	379,893	379,893	379,893
Enterprise value	5,749	105,073	110,766	101,024	140,284	155,647	136,549	131,667	371,310	358,241	342,229
Diluted no. of shares, year-end (th)	3,263.5	8,693.4	12,677.0	15,822.0	17,613.0	18,594.0	19,160.9	19,638.2	20,873.2	20,873.2	20,873.2

Source: Company data and Nordea estimates

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