

27 October 2021

## Commissioned research: Vow – Soft Q2 results

Marketing material commissioned by Vow

Q3 trading update released this morning (the company reports semi-annually, no quarterly consensus available). The numbers were on the soft side. On a group basis, revenue came in at NOK 97.8m, down from NOK 97.9m in Q3 2020, while EBITDA reached NOK 8.1m (8.3% margin), down from NOK 10.7m (8.3%) in Q3 2020. Restrictions relating to the COVID-19 pandemic were gradually lifted during the quarter which resulted in increased activity in the cruise industry and growth in the aftersales business. During the quarter, the company secured several milestone contracts, resulting in an all-time high current order backlog of NOK 2.1 billion (incl. options). Overall, however, the results were below our expectations, but we argue that the long-term outlook still remains attractive for the company.

Vow secured several new contracts and the order backlog is now at an all-time high. We see that cruise activity is starting to pick up, although it is from low levels. Aftersales has started the return to growth in the third quarter, as more cruise ships are returning to normal operations with restrictions related to COVID-19 being gradually lifted. Its Landbased segment continued to invest in people and building capacity during the quarter, and is positioning for further growth.

Pre-Q3 trading update, consensus are at NOK 57m in EBITDA for the full year. Even though activity has started to pick up, we argue that this will be hard to realise and expect negative consensus revisions in the range of 10-15%.

### Q3 2021 TRADING UPDATE VS LAST YEAR

NOKm	Q3 2021	Q3 2020	y/y
<b>Revenue</b>	<b>97.8</b>	<b>116.1</b>	<b>-15.8%</b>
Cruise Projects	61.7	69.9	-11.7%
Cruise Aftersales	13.8	5.2	165.4%
Landbased sales	22.3	22.8	-2.2%
<b>EBITDA</b>	<b>8.0</b>	<b>10.7</b>	<b>-25.2%</b>
Cruise Projects	16.7	19.4	-13.9%
Cruise Aftersales	0.0	-4.2	n.m
Landbased sales	-4.6	-2.1	n.m
Other and Eliminations	-4.1	-2.4	n.m
<b>EBITDA margins</b>	<b>8.2%</b>	<b>9.2%</b>	<b>-1.0pp</b>
Cruise Projects	27.1%	27.8%	-0.7pp
Cruise Aftersales	0.0%	-80.8%	80.8pp
Landbased sales	-20.6%	-9.2%	-11.4pp

## SUMMARY TABLE - KEY FIGURES

NOKm	2018	2019	2020	2021E	2022E	2023E
Total revenue	330	381	460	536	914	1,129
EBITDA (adj)	39	46	47	61	140	211
EBIT (adj)	36	35	25	42	118	188
EBIT (adj) margin	10.8%	9.2%	5.4%	7.8%	12.9%	16.7%
EPS (adj, NOK)	0.30	0.15	0.12	0.21	0.77	1.32
EPS (adj) growth	154.6%	-50.9%	-16.5%	69.4%	267.0%	70.1%
DPS (ord, NOK)	0.20	0.00	0.00	0.00	0.00	0.00
EV/Sales	1.3	8.2	9.3	5.5	3.2	2.5
EV/EBIT (adj)	12.3	89.8	171.7	69.9	25.0	15.3
P/E (adj)	15.1	n.m.	n.m.	n.m.	33.8	19.9
P/BV	4.7	13.1	12.9	5.2	4.5	3.7
Dividend yield (ord)	4.4%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield bef A&D, lease adj	4.5%	-0.6%	-1.8%	-0.9%	-0.1%	2.1%
Net debt	-4	133	138	-55	-48	-111
Net debt/EBITDA	-0.1	5.0	3.6	-1.0	-0.3	-0.5
ROIC after tax	36.5%	13.5%	5.4%	7.6%	18.3%	25.0%

Source: Company data and Nordea estimates

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