

16 May 2022

Commissioned research: Vow – Largest single Landbased contract in Vow's history

Marketing material commissioned by Vow

This morning, Vow announced that it has entered into an agreement valued up to USD 27m – the largest single Landbased contract signed by Vow to date. The agreement is with an undisclosed North American renewable energy company, with Vow to deliver a complete biocarbon production system (this includes four BioGreen lines). With regards to timing, engineering starts immediately with timing of subsequent stages in the project is pending government permits and final design.

As well as being the largest single Landbased contract signed by Vow, the contract also represents a breakthrough for Vow technology in Landbased systems in the US. The news comes in after the company's recent Q1 numbers where they delivered all-time-high results (Q1 revenues doubled y/y to NOK 183m, backlog up 31% y/y to NOK 2.1bn). We further highlight that we expect Landbased to be the most important growth vehicle of the company moving forward and see today's news as de-risking our 2022-23E estimates (order backlog of the segment was at NOK 327m as of end Q1, and the contract is hence of significant scale).

We continue to view Vow as attractive at current levels, and still see between ~40-55% upside to current share price on our fair value range of NOK 35-39 per share. Today's news should further give some relief to consensus 2022-23E estimates and we expect a positive share price reaction.

SUMMARY TABLE - KEY FIGURES

NOKm	2019	2020	2021	2022E	2023E	2024E
Total revenue	381	460	454	888	1,102	1,260
EBITDA (adj)	46	47	44	134	199	254
EBIT (adj)	35	25	19	114	178	233
EBIT (adj) margin	9.2%	5.4%	4.3%	12.9%	16.2%	18.5%
EPS (adj, NOK)	0.15	0.12	-0.01	0.73	1.23	1.51
EPS (adj) growth	-50.9%	-16.5%	-107.2%	8,300.7%	68.2%	22.9%
DPS (ord, NOK)	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	8.2	9.3	6.3	3.4	2.7	2.3
EV/EBIT (adj)	89.8	171.7	147.6	26.2	16.5	12.4
P/E (adj)	n.m.	n.m.	n.m.	34.4	20.4	16.6
P/BV	13.1	12.9	5.1	4.6	3.7	3.1
Dividend yield (ord)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield bef A&D, lease adj	-0.6%	-1.8%	-9.0%	1.3%	1.5%	2.0%
Net debt	133	138	166	123	67	10
Net debt/EBITDA	5.0	3.6	4.9	0.9	0.3	0.0
ROIC after tax	13.5%	5.4%	3.0%	14.4%	20.1%	23.3%

Source: Company data and Nordea estimates

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