

25 August 2022

Commissioned research: Vow – All-time-high revenue, profits and backlog in H1

Marketing material commissioned by Vow

Vow published its H1 report this morning, with strong headline figures. Revenues came in highest ever, along with profits and backlog. Revenue came in at NOK 400m, 7% above our estimate and 4% above consensus. Adjusted EBITDA reached NOK 53m, 7% above us and consensus. We note that the main beat was in the Landbased segment which was now the highest revenue generator for the first time for Vow, also delivering margins well above our estimates (4 pp). Recurring net income came in at NOK 17m (vs NDA estimate of NOK 28m and consensus of NOK 25m), mainly due to a large negative item in net financials and slightly higher-than-expected depreciation.

The order backlog reached a new all-time-high of NOK 2.2bn, up 32% y/y. Apart from strong results in the Landbased segment, we note that Aftersales in cruise is back at pre-covid levels, while Projects continues the steady course.

Overall, a positive H1 for Vow on a first take, and impressive progress for the Landbased segment (most important growth vehicle for the case moving forward). On the back of the solid report, we expect a positive share price reaction in the market between 5-7%. A report giving further relief to full-year revenue guidance, although we do not expect major consensus estimate revisions.

Vow: Deviation table

NOKm	Actual	NDA est.	Deviation		Consensus	Deviation		Actual	
	H1 2022	H1 2022	vs. actual		H1 2022	vs. actual	H1 2021	y/y	
Total revenues	400	374	26	7%	386	14	4%	201	99%
y/y	98.5%	85.5%		13.0pp	91.7%		6.9pp	-18.7%	117.2pp
Gross profit	151	131	20	15%	n.a			74	104%
Margin	37.7%	35.0%		2.7pp	n.a			36.7%	1.0pp
Opex	-98	-81	-17	21%	n.a			-54	
EBITDA recurring	53	50	3	7%	50	3	7%	20	163%
Margin	13.3%	13.4%		-0.1pp	13.0%		0.4pp	10.1%	3.3pp
y/y	162.6%			162.6pp	146.3%		16.3pp		
EBIT	37	40	-3	-8%	40		-8%	7	458%
Net financials	-21	-6	-16	n.m.	-5		n.m.	-7	n.m.
Pre-tax profit	16	35	-19	-55%	35		-56%	0	n.m.
Recurring net income	17	28	-11	-40%	25		-32%	3	511%
EPS recurring	0.15	0.25	-0.10	n.m.	0.22		-32%	0.02	511%

Source: Bloomberg, Company data and Nordea estimates

Segments	Actual	NDA est.	Deviation	Consensus	Deviation	Actual	
NOKm	H1 2022	H1 2022	vs. actual	H1 2022	vs. actual	H1 2021	y/y
Revenue	400	374	26 7%	385	15 4%	201	99%
Cruise Projects	167	180	-13 -7%	173	-6 -3%	149	12%
Cruise Aftersales	49	50	-1 -2%	48	1 3%	18	169%
Landbased	184	144	40 28%	164	20 12%	34	443%
EBITDA	53	50	3 7%	50	3 7%	29	86%
Cruise Projects	40	41	-1 -3%	40	0 1%	38	5%
Cruise Aftersales	4	4	0 0%	4	0 10%	-1	-833%
Landbased	25	14	11 82%	18	7 38%	-9	-373%
Other and Eliminations	-16	-9	-7 n.m.	-12		-11	46%
EBITDA margins	13.3 %	13.6 %	-0.3pp	13.6 %			
Cruise Projects	24.1 %	23.0 %	1.1pp	23.1 %		25.7 %	-1.5pp
Cruise Aftersales	8.9 %	8.0 %	0.9pp	8.3 %		-3.3 %	12.2pp
Landbased	13.5 %	9.5 %	4.0pp	11.0 %		-26.9 %	40.4pp

Source: Bloomberg, Company data and Nordea estimates

SUMMARY TABLE - KEY FIGURES

NOKm	2019	2020	2021	2022E	2023E	2024E
Total revenue	381	460	454	881	1,102	1,260
EBITDA (adj)	46	47	44	131	198	253
EBIT (adj)	35	25	19	111	178	232
EBIT (adj) margin	9.2%	5.4%	4.3%	12.5%	16.1%	18.4%
EPS (adj, NOK)	0.15	0.12	-0.01	0.71	1.23	1.51
EPS (adj) growth	-50.9%	-16.5%	-107.2%	8,013.3%	73.6%	23.1%
DPS (ord, NOK)	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	8.2	9.3	6.3	3.3	2.6	2.3
EV/EBIT (adj)	89.8	171.7	147.6	26.7	16.3	12.2
P/E (adj)	n.m.	n.m.	n.m.	35.0	20.2	16.4
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	125	71	14
Net debt/EBITDA	5.0	3.6	4.9	1.0	0.4	0.1
ROIC after tax	13.5%	5.4%	3.0%	13.9%	20.0%	23.2%

Source: Company data and Nordea estimates

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