

26 October 2022

## Commissioned research: Vow – Back-end loaded 2022 expected

Marketing material commissioned by Vow

Vow will publish its Q3 trading update on Thursday, 27 October (as a reminder, the company reports semi-annually) and we expect positive Q3 P&L developments versus last year following record-high revenues, profit and backlog in H1 2022. In our view, the key focus points of the report include top-line revenues, where we expect a back-end loaded 2022 (our estimate: NOK 480m versus NOK 400m in H1) given Vow's guidance of revenues doubling in 2022 from 2021 levels. Other important points include how well the company will be able to hold EBITDA margins in the current inflationary environment, with other cleantech companies reporting share price volatility given margin pressure. On a segment level, we will pay attention to developments in the Landbased division, which was the largest segment for the first time during H1 2022, while progress in the cruise segment (which Vow noted was back to near pre-COVID levels in H1 2022) will also be of interest.

Ahead of the report, we keep our estimates unchanged and maintain our STOP-based fair value range of NOK 35-39 per share, which represents c. 100% upside from today's share price levels at the low end of our range. With the company delivering positive margins, revenue visibility until 2025/26 and NTM/2024 EV/sales multiples 43% and 42% below cleantech peers, we continue to find Vow attractive at current levels.

### Vow Q3 2022 trading update

NOKm	H2 2022E	Consensus H2 2022E	Nordea Implied Q3 2022E	Consensus Implied Q3 2022E	Q3 2021 actual	Q3 y/y % - Nordea implied estimate	Q3 y/y % - Consensus estimate
<b>Revenue</b>	<b>479.5</b>	<b>466.0</b>	<b>239.8</b>	<b>233.0</b>	<b>97.8</b>	<b>145 %</b>	<b>138 %</b>
Cruise Projects	273.2	218.0	136.6	109.0	61.7	121 %	77 %
Cruise Aftersales	71.8	66.0	35.9	33.0	13.8	160 %	139 %
Landbased	134.5	182.0	67.3	91.0	22.3	202 %	308 %
<b>EBITDA</b>	<b>79.9</b>	<b>67.0</b>	<b>39.9</b>	<b>33.5</b>	<b>8.0</b>	<b>399 %</b>	<b>319 %</b>
Cruise Projects	68.5	51.0	34.2	25.5	16.7	105 %	53 %
Cruise Aftersales	5.9	9.0	2.9	4.5	0.0	nm	nm
Landbased	16.5	20.0	8.3	10.0	-4.6	Nm	nm
Other and Eliminations	-11.0	-13.0	-5.5	-6.5	-4.1	34 %	59 %
<b>EBITDA margins</b>	<b>16.7%</b>	<b>14.4%</b>	<b>16.7%</b>	<b>14.4%</b>	<b>8.2%</b>	<b>8.5pp</b>	<b>6.2pp</b>
Cruise Projects	25.1%	23.4%	25.1%	23.4%	27.1%	-2.0pp	-3.7pp
Cruise Aftersales	8.2%	13.6%	8.2%	13.6%	0.0%	8.2pp	13.6pp
Landbased	12.3%	11.0%	12.3%	11.0%	-20.6%	32.9pp	31.6pp

Source: Nordea, Cow

## SUMMARY TABLE - KEY FIGURES

NOKm	2019	2020	2021	2022E	2023E	2024E
Total revenue	381	460	454	879	1,102	1,260
EBITDA (adj)	46	47	44	133	199	252
EBIT (adj)	35	25	19	109	179	231
EBIT (adj) margin	9.2%	5.4%	4.3%	12.5%	16.2%	18.3%
EPS (adj, NOK)	0.15	0.12	-0.01	0.49	1.13	1.52
EPS (adj) growth	-50.9%	-16.5%	-107.2%	5,586.8%	131.1%	34.1%
DPS (ord, NOK)	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	8.2	9.3	6.3	2.5	1.9	1.6
EV/EBIT (adj)	89.8	171.7	147.6	19.7	11.7	8.8
P/E (adj)	n.m.	n.m.	n.m.	35.9	15.5	11.6
P/BV	13.1	12.9	5.1	3.2	2.6	2.2
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%	2.1%	2.9%	3.4%
Net debt	133	138	166	145	75	5
Net debt/EBITDA	5.0	3.6	4.9	1.1	0.4	0.0
ROIC after tax	13.5%	5.4%	3.0%	13.6%	19.7%	23.0%

Source: Company data and Nordea estimates

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**Nordea analyst:** Elliott Jones

**Elliott Geoffrey Peter Jones**

Senior Equity Research Analyst - Renewables and Cleantech

**Nordea** | Investment Banking & Equities | Equity Research NO

Tel: +47 48236159 | Mob: +47 48236159

E-mail: [elliott.geoffrey.peter.jones@nordea.com](mailto:elliott.geoffrey.peter.jones@nordea.com)

Web: [nordeamarkets.com](http://nordeamarkets.com)

Nordea Bank Abp, filial i Norge, Essendrops gate 7, PO box 1166 Sentrum, 0107 Oslo, Norway, 920058817 MVA (Norwegian Register of Business Enterprises)

Nordea Bank Abp, Helsinki, Finland, 2858394-9 (Finnish Patent and Registration Office)

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