

27 October 2022

## Commissioned research: Vow – Revenue doubling y/y, positive EBITDA contribution from all segments, but can they hit FY top-line guidance?

Marketing material commissioned by Vow

Q3 trading update released this morning (the company reports semi-annually, no quarterly consensus available), posting a fundamentally strong report with a big beat vs. Q3 '21 levels and EBITDA positivity from all segments, however short-term focus will be on whether the company will be able to reach top-line FY22 targets at the beginning of the year. At the group level, Vow posted Q3 revenues of NOK 194m, an almost doubling vs. Q3 2021, with EBITDA coming in at NOK 25m, implying a 12.9% EBITDA margin (vs. 8.2% in Q3 '21 and 13.3% at the mid-point in 2022). At the segmental level, Cruise represented the largest sector with NOK 82m (NOK 61.7m Q3 21) revenue contribution, whilst Aftersales rebounded y/y (NOK 32m vs NOK 14m in Q3 21) with the company citing cruise ships around the world resuming normal operations. In the Landbased segment, revenues were NOK 79m, with EBITDA margins of 15.1%, higher than 13.5% at H1 22 and -20.6% Q3 '21. Vow's backlog including options came in at NOK 2,189m, 3% above Q3 21 levels but slightly below levels at the H1 stage.

We note a fundamentally solid set of results, with the cruise industry rebounding and landbased now providing positive EBITDA and overall margins relatively steady vs. H1 levels. Despite the strong progress, we note guidance at the beginning of the year for 2022 revenues "almost doubling vs 2021 levels" (as a reminder, 2021 revenues came in at NOK 454m), and FY consensus of NOK 866m. Given the company has now notes Q4 revenues likely being similar to Q3, this would imply FY 22 revenues of around NOK 787m vs FY22 consensus NOK 866m (9% down). Given this, we see potential for a downward revision to FY estimates and a negative share price reaction today however we highlight the strong progress being made on a fundamental basis.

### Q3 2022 TRADING UPDATE VS LAST YEAR

NOKm	Q3 2022	Q3 2021	y/y
<b>Revenue</b>	<b>193.7</b>	<b>97.8</b>	<b>98 %</b>
Cruise Projects	82.4	61.7	34 %
Cruise Aftersales	32.4	13.8	135 %
Landbased	78.9	22.3	254 %
<b>EBITDA</b>	<b>25.1</b>	<b>8.0</b>	<b>214 %</b>
Cruise Projects	18.1	16.7	8 %
Cruise Aftersales	3.6	0.0	n.m.
Landbased	11.9	-4.6	n.m.
Other and Eliminations	-8.5	-4.1	1.1pp
<b>EBITDA margins</b>	<b>12.9%</b>	<b>8.2%</b>	<b>4.7pp</b>

Cruise Projects	22.0%	27.1%	-5.1pp
Cruise Aftersales	11.2%	0.0%	11.2pp
Landbased	15.1%	-20.6%	35.7pp

Source: Nordea, Vow

## 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	2.0	1.7
EV/EBIT (adj)	89.8	171.7	147.6	20.3	12.1	9.1
P/E (adj)	n.m.	n.m.	n.m.	37.0	16.0	12.0
P/BV	13.1	12.9	5.1	3.3	2.7	2.3
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%	2.0%	2.8%	3.3%
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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