

23 February 2023

## Commissioned research: Vow – Record-high FY revenues and profits

Marketing material commissioned by Vow

Vow published its H2 22 report this morning, with the numbers securing record FY revenue (landbased growing nearly three-fold y/y) and profit figures (FY 2022 EBITDA more than doubled, from NOK 41m to NOK 92m). For the H2 period, revenues came in at NOK 383m (vs. Nordea NOK 405m & consensus NOK 375m), implying Q4 revenues broadly in line with Q3 revenues and thus hitting company guidance. On the segmental level, Aftersales bounced back strongly to pre-pandemic levels (NOK 71m vs consensus NOK 62m), while cruise revenues also grew 32% y/y to NOK 191 (Nordea NOK 199m, consensus NOK 171m), in the landbased segment, revenues came in softer than expected (NOK 121m vs consensus NOK 141m), but still represented a 63% growth from last year. At the margin level, both cruise and landbased EBITDA margins saw a compression vs. expectations, pushing group recurring EBITDA margin to 10.1% (2.7pp below consensus expectations). Elsewhere, the backlog (inc. options) remains above NOK 2bn (although a slight drop y/y), while company has not provided any specifics in regards to timing.

On a first take, we see a lot of positives from the report with a record numbers highlighting the demand for the Vow product. Further, the company will benefit going forward from a global cruise ship fleet that has returned to normal operations (reflected by the Aftersales revenue uptick). However, we see the softer landbased numbers (due to the lumpy nature of the sector as it stands today, in our view) and H2 EBITDA margin compression (we expect due to the global supply chain issues in H2 2022 – we therefore expect to see an improvement going forward) as a potential focus points and thus we could expect to see a neutral to slightly lower share price performance today. As a reminder, the company will be presenting their H2s at 09:00 – click [here](#) to watch.

### Vow: Summary H2 numbers

NOKm	Actual	NDA	Deviation		Consensus	Deviation		Actual	
	H2 2022	est. H2 2022	vs. actual		H2 2022	vs. actual		H2 2021	y/y
<b>Total revenues</b>	<b>383</b>	<b>405</b>	-	-6 %	<b>375</b>	<b>8</b>	<b>2 %</b>	<b>253</b>	<b>52 %</b>
y/y	51.6%	60.5%	23	-8.9pp	48.5%	3	3.1pp	19.2%	32pp
<b>Gross profit</b>	<b>145</b>	<b>142</b>	3	2 %	<b>n.a</b>			<b>97</b>	<b>49 %</b>
Margin	37.8%	35.0%	-	2.8pp	n.a			38.6%	-0.7pp
Opex	-106	-88	-	18 20 %	n.a			-74	43 %
<b>EBITDA recurring</b>	<b>39</b>	<b>54</b>	-	-28 %	<b>48</b>	<b>-9</b>	<b>-19 %</b>	<b>23</b>	<b>67 %</b>
Margin	10.1%	13.3%	15	-3.1pp	12.8%	-9	-2.7pp	9.2%	0.9pp
y/y	67.2%	132.0 %		-64.8pp	106.9 %		-39.7pp	5 %	63pp
EBIT	16	40	-	-59 %	n.a			3	n.m
Net financials	-10	-20	10	n.m	n.a			322	n.m

Pre-tax profit	7	20	-	-66 %	n.a	-	325	n.m
Recurring net income	13	15	-2	-12 %	n.a	-	-11	n.m
<b>EPS recurring</b>	<b>0.12</b>	<b>0.13</b>	<b>0.0</b>	<b>-12 %</b>	<b>n.a</b>	<b>-</b>	<b>-0.09</b>	<b>n.m</b>

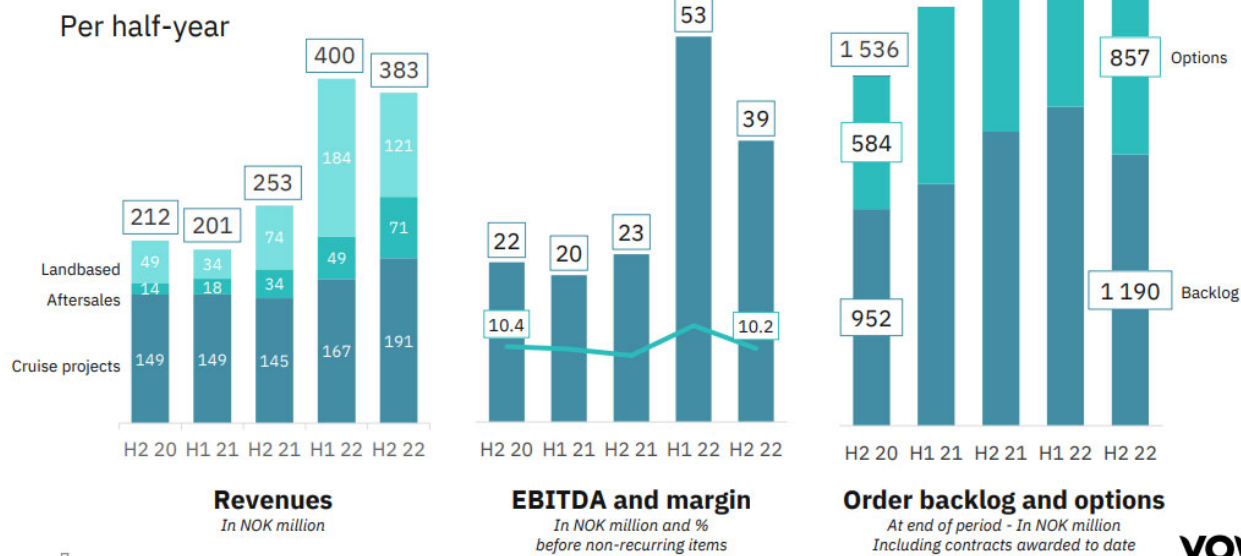
Source: Infront and Nordea estimates

Segments	Actual	NDA est.	Deviation		Consensus	Deviation		Actual	
NOKm	H2 2022	H2 2022	vs. actual		H2 2022	vs. actual		H2 2021	y/y
<b>Revenue</b>	<b>383</b>	<b>405</b>	<b>23</b>	<b>-6 %</b>	<b>374</b>	<b>9</b>	<b>2 %</b>	<b>253</b>	<b>52 %</b>
Cruise Projects	191	199	-8	-4 %	171	20	12 %	145	32 %
Cruise Aftersales	71	57	14	24 %	62	9	14 %	34	110 %
Landbased	121	150	29	-19 %	141	20	-14 %	74	63 %
<b>EBITDA</b>	<b>39</b>	<b>54</b>	<b>15</b>	<b>-28 %</b>	<b>46</b>	<b>-7</b>	<b>-16 %</b>	<b>23</b>	<b>67 %</b>
Cruise Projects	37	48	11	-23 %	38	-2	-4 %	31	17 %
Cruise Aftersales	10	7	2	32 %	8	2	20 %	1	860 %
Landbased	13	17	-4	-23 %	17	-4	-24 %	2	545 %
Other and Eliminations	-20	-18	-2	13 %	-17	-3	19 %	-11	85 %
<b>EBITDA margins</b>	<b>10.1 %</b>	<b>13.3 %</b>		<b>-3.1pp</b>	<b>12.3 %</b>		<b>-2.2pp</b>	<b>9.2 %</b>	<b>0.9pp</b>
Cruise Projects	19.1 %	23.9 %		<b>-4.8pp</b>	<b>22.2 %</b>		<b>-3.2pp</b>	<b>21.5 %</b>	<b>-2.4pp</b>
Cruise Aftersales	13.6 %	12.8 %		<b>0.8pp</b>	<b>12.9 %</b>		<b>0.7pp</b>	<b>3.0 %</b>	<b>10.6pp</b>
Landbased	10.7 %	11.3 %		<b>-0.6pp</b>	<b>12.1 %</b>		<b>-1.4pp</b>	<b>2.7 %</b>	<b>8.0pp</b>

Source: company, Nordea

## Key financials - group

# KEY FINANCIALS | GROUP



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**VOW**

## SUMMARY TABLE - KEY FIGURES

NOKm	2019	2020	2021	2022E	2023E	2024E
Total revenue	381	460	454	805	1,117	1,260
EBITDA (adj)	46	47	44	107	181	234
EBIT (adj)	35	25	19	79	153	205
EBIT (adj) margin	9.2%	5.4%	4.3%	9.8%	13.7%	16.3%
EPS (adj, NOK)	0.15	0.12	-0.01	0.28	0.96	1.34
EPS (adj) growth	-50.9%	-16.5%	-107.2%	3,275.8%	237.8%	39.9%
DPS (ord, NOK)	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	8.2	9.3	6.3	3.3	2.3	2.0
EV/EBIT (adj)	89.8	171.7	147.6	33.1	17.0	12.3
P/E (adj)	n.m.	n.m.	n.m.	74.8	22.1	15.8
P/BV	13.1	12.9	5.1	4.1	3.4	2.7
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%	-0.6%	0.9%	3.2%
Net debt	133	138	166	202	168	89
Net debt/EBITDA	5.0	3.6	4.9	1.9	0.9	0.4
ROIC after tax	13.5%	5.4%	3.0%	9.7%	16.4%	19.9%

Source: Company data and Nordea estimates

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