

Commissioned research: Vow – 14% top-line beat to consensus driven by cruise (maritime)

Marketing material commissioned by Vow

Vow released its Q1 2023 trading update this morning (as a reminder, the company reports semi-annually), posting a 14% company-compiled consensus beat on the top-line and 4% at the EBITDA level. Group revenues came in at NOK 236m, 29% up y/y and 25% up q/q driven by a strong consensus beat in the cruise segment. Aftersales also bounced 86% y/y, while landbased came in 11% above consensus. At the EBITDA level, group EBITDA beat consensus by 4% (NOK 26m), however increased corporate costs as well as compressed cruise margins contributed to a 1pp EBITDA margin miss vs. consensus. The order backlog was 1.2bn excl. options, with the number driven by a 58% increase in the landbased segment. Going forward, the company notes strong newbuild activity in the cruise segment (now named maritime) and several opportunities arising in the land-based segment (now named industrial).

We note a fundamentally solid set of results, with the cruise industry driving a strong consensus beat and aftersales rebounding strongly from last year. Going forward, we expect questions at the presentation (08:30 – [click here to tune in](#)) to be around whether this growth can continue at the top-line as well as questions around margin development, especially in the cruise segment. On a first take, we expect the shares to rise on the report (as a reminder, shares are down >30% ytd) and also expect consensus estimates to come up 2-4% at the EBITDA level going forward.

Vow Q1 trading update – summary

NOKm	Actual Q1 2023	Cons. Q1 2023E	Diff % vs cons.	Actual Q1 2022	Diff % y/y	Actual Q4 2022	Diff % q/q	Nordea H1 2023E	Diff % implied
Revenue	236	206	14 %	183	29 %	189	25 %	455	3 %
Cruise (maritime)	115	93	24 %	86	33 %	109	6 %	192	20 %
Aftersales	38	39	-2 %	21	86 %	38	0 %	78	-2 %
Landbased (industrial)	82	74	11 %	76	9 %	42	97 %	185	-11 %
EBITDA	26	25	4 %	23.60	10 %	13.80	88 %	59	-12 %
Cruise (maritime)	23	19	19 %	21.10	8 %	18.40	23 %	40	14 %
Aftersales	6	6	-5 %	1.00	470 %	6.00	-5 %	12	-1 %
Landbased (industrial)	10	9	8 %	8.50	14 %	1.00	870 %	28	-30 %
Other and Eliminations	-12	-9	-34 %	-7.00	-73 %	-11.60	-4 %	-20	21 %
EBITDA margins	11.0 %	12.1 %	- 1.1pp	13 %	-1.9pp	7.3 %	3.7pp	13.0 %	-2.0pp
Cruise (maritime)	19.7 %	20.4 %	- 0.7pp	24 %	-4.7pp	16.9 %	2.9pp	20.8 %	-1.1pp
Aftersales	14.9 %	15.4 %	- 0.5pp	5 %	10.0pp	15.7 %	-	14.8 %	0.1pp
Landbased (industrial)	11.8 %	12.2 %	- 0.4pp	11 %	0.5pp	2.4 %	9.4pp	15.0 %	-3.2pp
Order backlog (excl. options)	1,226	-	-	1,271	-4 %	1,190	-3 %	-	-
Order backlog (incl. options)	929	-	-	2,109	-56 %	857	-8 %	-	-
Backlog - cruise (ex. Options)	710	-	-	944	-25 %	749	5 %	-	-
Backlog - landbased (ex. Options)	516	-	-	327	58 %	441	-17 %	-	-

SUMMARY TABLE - KEY FIGURES

NOKm	2020	2021	2022	2023E	2024E	2025E
Total revenue	460	454	783	1,085	1,368	1,581
EBITDA (adj)	47	44	92	163	252	312
EBIT (adj)	25	19	60	129	217	277
EBIT (adj) margin	5.4%	4.3%	7.7%	11.9%	15.9%	17.5%
EPS (adj, NOK)	0.12	-0.01	0.26	0.84	1.47	1.87
EPS (adj) growth	-16.5%	-107.4%	2,953.5%	220.0%	74.8%	27.6%
DPS (ord, NOK)	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	9.3	6.3	3.2	1.5	1.2	1.0
EV/EBIT (adj)	171.7	147.6	41.3	12.9	7.5	5.5
P/E (adj)	n.m.	n.m.	67.6	13.6	7.8	6.1
P/BV	12.9	5.1	3.8	2.0	1.6	1.3
Dividend yield (ord)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield bef A&D, lease adj	-1.8%	-9.0%	-9.3%	5.5%	3.2%	7.8%
Net debt	138	166	440	357	314	212
Net debt/EBITDA	3.6	4.9	5.2	2.2	1.2	0.7
ROIC after tax	5.4%	3.0%	6.5%	11.9%	18.6%	21.3%

Source: Company data and Nordea estimates

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Nordea analyst: Elliott Jones

Elliott Geoffrey Peter Jones

Associate Director - Renewables and Cleantech

Nordea | Investment Banking & Equities | Equity Research NO

Tel: +47 48236159 | Mob: +47 48236159

E-mail: elliott.geoffrey.peter.jones@nordea.com

Web: 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)

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

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