

17 July 2023

## Commissioned research: Vow – All permits obtained for Biochar US project – equipment delivery next quarter

Marketing material commissioned by Vow

This morning, Vow announced that the company's record USD 27m contract for a Biochar/renewable energy system (announced in May 2022) has now obtained all required permits. Given this, the project has now moved into the procurement and construction phases. Equipment delivery will now begin next quarter (Q4 2023), with commissioning expected in early 2025 (c. 15-18 month delivery time). As a reminder, Vow's deliverables for the 6,000 tonne per year biochar production plant include four BioGreen pyrolysis reactors, as well as some upstream/downstream equipment.

First take: we see this latest step in the project as a strong one and will unlock revenues from the company's biggest ever single contract, thus we expect a positive share price reaction off the back of the announcement. We have viewed the permitting of the project as a previous bottleneck for progress, therefore with this milestone in place we expect to see revenue recognition stemming from the project in the short term. Going forward, we see the announcement as de-risking our estimates, with our Industrial (i.e. landbased) segmental estimates penciling in a 35-40% sales CAGR through this half of the decade.

### SUMMARY TABLE - KEY FIGURES

NOKm	2020	2021	2022	2023E	2024E	2025E
Total revenue	460	454	783	1,117	1,400	1,640
EBITDA (adj)	47	44	92	160	239	303
EBIT (adj)	25	19	60	126	205	268
EBIT (adj) margin	5.4%	4.3%	7.7%	11.3%	14.6%	16.4%
EPS (adj, NOK)	0.12	-0.01	0.26	0.82	1.38	1.82
EPS (adj) growth	-16.5%	-107.4%	2,953.5%	212.3%	68.5%	31.4%
DPS (ord, NOK)	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	9.3	6.3	3.2	1.7	1.3	1.1
EV/EBIT (adj)	171.7	147.6	41.3	15.1	9.2	6.7
P/E (adj)	n.m.	n.m.	67.6	16.3	9.7	7.4
P/BV	12.9	5.1	3.8	2.4	1.9	1.5
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%	4.1%	2.1%	5.9%
Net debt	138	166	440	367	333	243
Net debt/EBITDA	3.6	4.9	5.2	2.3	1.4	0.8
ROIC after tax	5.4%	3.0%	6.5%	11.6%	17.4%	20.5%

Source: Company data and Nordea estimates

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