

23 August 2023

Commissioned research: Vow – All-time high revenues penned in and positioned for growth, but lumpiness in Industrial segment bites on margins

Marketing material commissioned by Vow

Vow posted all-time high HY revenues this morning, registering group sales of NOK 449m (3% above NDA estimates, 1% below company-compiled consensus), 12% up from a year earlier and driven by strong results in Maritime (28% y/y growth) and Aftersales (77% y/y growth). However, down the P&L the company penned in NOK 30m in group EBITDA, >40% below consensus and representing an EBITDA margin of 6.6%. The main driver for the miss was the Industrial segment, which posted EBITDA margins of -0.3% (NOK -0.5m EBITDA vs NOK 25m a year previous) and reflected the lumpy nature of the division (the company notes delayed confirmation/announcement of Industrial projects as well as significant capacity build-up in anticipation of new orders). Other segments came in broadly in line on the margin front, thus meaning a beat to consensus in Maritime and Aftersales. Elsewhere, corporate costs came in 16% higher than cons., while the group orderbook (exc. Options) came in at NOK 1.15bn (vs. NOK 1.26bn NDA est).

On a first take, we see positives from the report however highlight Industrial lumpiness and EBITDA softness which could result in share price weakness today. On the positive side, the company continue to post all-time high revenues with Maritime and Aftersales performing to high levels (the company notes a strong outlook with cruise passenger volumes set to exceed 2019 levels), however the lumpiness in Industrial revenues and negative margins could result in consensus EBITDA downward revisions. We do however see this as a result of the company building for growth, and with a NOK 620m long-term financing agreement now in place and significant Industrial activity (i.e. USD 27m US industrial project now entering the procurement/construction phase), we do not change our view on the longer-term positive outlook for the company. Vow will present its report at 08:30 CET this morning – [click here to tune in](#)

Vow: H1 2023 financial summary

NOKm	Actual	NDA est.	Deviation		Cons.	Deviation		Actual	
	H1 2023E	H1 2023E	vs. actual		H1 2023E	vs. actual		H1 2022	y/y
Total revenues	449	435	14	3 %	453	-4	-1 %	400	12 %
y/y	12.3%	72.2%		-59.9pp	13.3%		-1.0pp	98.5%	-86pp
EBITDA recurring	30	53	-23	-44 %	53	-23	-44 %	53	-44 %
Margin	6.6%	12.1%		-5.5pp	11.7%		-5.1pp	13.3%	-6.7pp
y/y	-44.5%	127.4 %		-171.8pp	-0.6 %		-43.9pp	140 %	-185pp
EBIT	6	36	-31	-85 %	n.a	-	-	37	n.m
Net financials	4	-3	7	n.m	n.a	-	-	-21	n.m
Pre-tax profit	9	33	-24	-73 %	n.a	-	-	16	n.m
Recurring net income	6	26	-20	-77 %	n.a	-	-	17	n.m
EPS recurring	0.05	0.23	-0.2	-77 %	n.a	-	-	0.15	n.m

Segments	Actual	NDA est.	Deviation		Cons.	Deviation		Actual	
	H1 2023E	H1 2023E	vs. actual		H1 2023E	vs. actual		H1 2022	y/y
Revenue	449	435	14	3 %	453	-4	-1 %	400	12 %
Maritime	214	192	22	11 %	205	9	4 %	167	28 %
Aftersales	87	78	9	12 %	77	10	13 %	49	77 %
Industrial	148	165	-17	-11 %	171	-23	-14 %	184	-20 %
EBITDA	30	53	-23	-44 %	53	-23	-44 %	53	-44 %
Maritime	44	40	4	9 %	42	2	4 %	40	8 %
Aftersales	13	12	2	14 %	12	1	9 %	4	198 %
Industrial	-0.5	23	-24	-102 %	22	-23	-102 %	25	-102 %
Other and Eliminations	-27	-22	-5	22 %	-23	-4	16 %	-16	64 %
EBITDA margins	6.6 %	12.1 %		-5.5pp	11.7 %		-5.1pp	13.3 %	-6.7pp
Maritime	20.4 %	20.8 %		-0.4pp	20.5 %		-0.1pp	24.1 %	-3.8pp
Aftersales	15.1 %	14.8 %		0.3pp	15.6 %		-0.5pp	8.9 %	6.1pp
Industrial	-0.3 %	14.0 %		-14.3pp	12.9 %		-13.2pp	13.5 %	-13.9pp
Order book (ex. options)	1,145	1,261	-116	-9 %	-	-	-	1,400	-18 %

Source: Company data and Nordea estimates

SUMMARY TABLE - KEY FIGURES

NOKm	2020	2021	2022	2023E	2024E	2025E
Total revenue	460	454	783	1,103	1,400	1,640
EBITDA (adj)	47	44	92	158	234	298
EBIT (adj)	25	19	60	124	200	263
EBIT (adj) margin	5.4%	4.3%	7.7%	11.2%	14.3%	16.0%
EPS (adj, NOK)	0.12	-0.01	0.26	0.80	1.35	1.78
EPS (adj) growth	-16.5%	-107.4%	2,953.5%	206.2%	67.6%	32.0%
DPS (ord, NOK)	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	9.3	6.3	3.2	1.9	1.5	1.2
EV/EBIT (adj)	171.7	147.6	41.3	17.2	10.6	7.7
P/E (adj)	n.m.	n.m.	67.6	19.1	11.4	8.7
P/BV	12.9	5.1	3.8	2.8	2.2	1.8
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%	3.6%	1.5%	4.8%
Net debt	138	166	440	365	339	253
Net debt/EBITDA	3.6	4.9	5.2	2.3	1.4	0.9
ROIC after tax	5.4%	3.0%	6.5%	11.4%	17.0%	20.1%

Source: Company data and Nordea estimates

Completion date: 23/08/2023 07:51:21 CET

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