

29 August 2023

Commissioned research: Vow – USD 5m cruise retrofit contract received*Marketing material commissioned by Vow*

This afternoon, Vow announced that it has been awarded a retrofit contract with a major (undisclosed) cruise line company. The contract holds a contract value worth USD 5m (around NOK 50m), which as we have it takes Vow's maritime order backlog to around NOK 690m taking H1 levels as a base. With regards to specifics, Vow will supply and install its state-of-the-art wastewater purification systems, with the delivery of process equipment and onboard installation scheduled for 2024.

On a first take, the announcement is a positive for the company and de-risks our 2024 estimates, where of the contract is around 11% of our 2024 maritime estimates. Moreover, given recent Vow trading weakness after the soft H1s, we expect some share support off the back of the announcement. We also note the contract showcases the cruise industry's commitment to environmental sustainability, whereby Vow's technology can aid in both decarbonization and cost efficiency.

SUMMARY TABLE - KEY FIGURES

NOKm	2020	2021	2022	2023E	2024E	2025E
Total revenue	460	454	783	1,042	1,381	1,611
EBITDA (adj)	47	44	92	106	224	283
EBIT (adj)	25	19	60	65	183	242
EBIT (adj) margin	5.4%	4.3%	7.7%	6.2%	13.3%	15.0%
EPS (adj, NOK)	0.12	-0.01	0.26	0.50	1.27	1.67
EPS (adj) growth	-16.5%	-107.4%	2,953.5%	88.5%	156.0%	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	1.8	1.3	1.1
EV/EBIT (adj)	171.7	147.6	41.3	28.4	10.0	7.3
P/E (adj)	n.m.	n.m.	67.6	25.3	9.9	7.5
P/BV	12.9	5.1	3.8	2.5	2.0	1.6
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%	1.9%	0.8%	5.3%
Net debt	138	166	440	401	389	313
Net debt/EBITDA	3.6	4.9	5.2	3.9	1.7	1.1
ROIC after tax	5.4%	3.0%	6.5%	6.0%	15.9%	18.8%

Source: Company data and Nordea estimates

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