

18 September 2023

Commissioned research: Vow – Industrial contracts secured

Marketing material commissioned by Vow

This morning, Vow announced that the company has been awarded three contracts in its Industrial segment (through its subsidiary CH Evensen). The total value of the contracts is NOK 17m, with the largest (NOK 10m) being for a FEED for a major international pyrolysis project. Crucially, the award of this project paves the way for a larger process equipment contract, according to the company. The other two contracts included the supply of the company's electrical hot dip galvanizing furnace to a global market leader in material science (furnaces are set to be delivered to the client's manufacturing facilities in Brazil and China).

On a first take, while the total value of is not large (just 4% of Nordea est. 2023 industrial revenues), we see the contract announcements as a positive for the company's momentum in the higher-growth Industrial segment. Further, we see the primary contract positioning Vow well for larger orders going forward in time.

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	1.9	1.4	1.2
EV/EBIT (adj)	171.7	147.6	41.3	30.9	10.9	7.9
P/E (adj)	n.m.	n.m.	67.6	28.2	11.0	8.4
P/BV	12.9	5.1	3.8	2.7	2.2	1.7
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%	1.8%	0.7%	4.7%
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

Completion date: 18/09/2023 08:42:19 CET

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