

21 September 2023

Commissioned research: Vow – Modification order received within Industrial segment

Marketing material commissioned by Vow

This morning, Vow announced a modification order for a hybrid heating system on a hot-dip galvanising furnace for LCC Group. The contract value is NOK 24m, with delivery expected in 2024. The hybrid system will essentially allow the furnace to operate at full capacity, utilizing both electric power and gas heating, while running entirely on renewable energy. Once installed, the furnace will be the largest of its kind in the world.

On a first take, we see the announcement as a positive datapoint for Vow going forward. While the order is not a huge one (we expect the order to come into the books as order intake for Q3, which would represent just under 10% of our implied Q3 intake estimates), we see momentum continuing to build in the company's high-growth Industrial segment, especially following the contract announcements earlier on this week ([please see the link here for a summary of these contracts](#)). This is combined with the strong recent performance in the company's Maritime segment (nearly 30% y/y growth achieved for Maritime and nearly 80% y/y growth for aftersales).

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	2.0	1.5	1.2
EV/EBIT (adj)	171.7	147.6	41.3	32.0	11.3	8.2
P/E (adj)	n.m.	n.m.	67.6	29.5	11.5	8.8
P/BV	12.9	5.1	3.8	2.9	2.3	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%	1.7%	0.7%	4.5%
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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