

Aerospace & Defence, Sweden

Key data

Price*	26.2
Country:	Sweden
Bloomberg:	GOMX.SS
Reuters:	GOMX.ST
Free float	58%
Market cap (SEKm)	743
Net debt (current Y/E) (SEKm)	-296
No. of shares (m)	28.3
Next event:	Q3 30 Nov

\* Price as at close on 1 October 2018

CEO Niels Buus  
CFO Troels Dalsgaard Noermoele

Company description

GomSpace is a 'new space' company that was founded in 2007 by PhD. students at Aalborg University in Denmark. Since then, GomSpace has developed into a leading nanosatellite manufacturer, with a global reach and 200 employees. GomSpace was listed on Nasdaq First North in 2016.

Ownership structure

Hansen & Langeland Aps	13%
Styrelsen for Forsk. og Innovation	13%
JML Invest ApS	12%
Longbus Holding	4%

Source: Company info (30 June 2018)

Estimate changes

	2018E	2019E	2020E
Sales	-12.6%	-43.8%	-23.9%
EBITDA	n.m.	n.m.	-79.5%
EBIT (adj.)	n.m.	n.m.	n.m.
EPS (adj.)	n.m.	n.m.	n.m.

Source: Danske Bank Equity Research estimates

Analyst(s)

Oscar Stjerngren

Carolina Elvind

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Important disclosures and certifications are contained from page 10 of this report

# GomSpace

## Positive outlook remains, but is pushed out in time

**GomSpace is postponing its 2021 sales target on the back of increased uncertainty with a key customer. This pushes forward the expected time for break-even. To resolve the increased capital need, a new issue of SEK300m is proposed. We remain convinced about the positive long-term prospects for the industry and believe GomSpace has the right strategy to capitalise on this.**

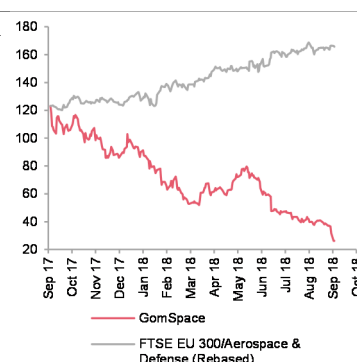
- **Strategic review.** GomSpace is pushing its 2021 SEK820m sales target forward in time, as the conversion from test projects to constellation projects is taking longer than expected to materialise. The key driver for the increased sales risk in the medium term is an increased funding risk for the customer Sky and Space Global. At the same time, GomSpace has introduced a new SEK1.5bn sales target for 2023.
- **New issue of shares.** GomSpace has indicated it is to seek authorisation for a SEK300m rights issue at an EGM. The rights issue will replace the SEK300m optional convertible bond agreement announced in June 2018. Following a successful rights issue, GomSpace intends to terminate the agreement with the European Select Growth Opportunities fund. With the rights issue, the company expects to be fully financed until becoming cash flow positive.
- **Customer funding status.** As the nanosatellite market is primarily a start-up/venture capital (VC) scene, there is a funding risk in customers and hence GomSpace's order backlog. It is therefore important to understand the dynamics of a VC market, i.e. very high potential but also high risk, especially short term.
- **Estimate revisions.** On the back of the increased uncertainty over the large Sky & Space Global order, constituting the bulk of the order backlog in the short to medium term, we have cut our sales estimates for 2019-20 by 44% and 24%, respectively. We have also pushed out the point of break-even from mid-2019 to 2021.
- **Valuation.** On the back of the cut in estimates, increased uncertainty and inclusion of the proposed new issue of shares, we reduce our valuation range to SEK50-58 (SEK94-133).

### Key financials

Year-end Dec (SEK)	2016	2017	2018E	2019E	2020E
Revenues (m)	54.1	96.4	153	268	402
Revenues growth	58.8%	78.1%	58.3%	75.5%	50.3%
EBITDA (m)	-11.7	-58.9	-90.8	-48.2	15.2
EBIT adj. (m)	-14.5	-67.6	-112	-79.4	-25.9
EBIT growth	n.m.	n.m.	-66.0%	29.3%	67.3%
Pre-tax profit (m)	5.5	-66.5	-117	-81.0	-26.0
EPS adj.	0.62	-2.08	-3.00	-1.93	-0.62
DPS	0.00	0.00	0.00	0.00	0.00
Dividend yield					
FCF yield (inc. recurring capex)	-3.6%	-2.8%	-18.3%	-10.7%	-5.3%
EBIT margin (adj.)	-26.8%	-70.1%	-73.6%	-29.6%	-6.4%
Net debt/EBITDA (x)	5.2	1.0	3.3	3.8	-8.5
ROIC	20.8%	-51.5%	-68.9%	-36.0%	-10.0%
EV/sales (x)	6.00	18.37	2.10	1.61	1.21
EV/EBITDA (adj.) (x)	n.m.	n.m.	n.m.	n.m.	32.1
EV/EBIT (adj.) (x)	n.m.	n.m.	n.m.	n.m.	n.m.
P/E (adj.) (x)	53.8	n.m.	n.m.	n.m.	n.m.
P/BV (x)	5.55	12.19	2.08	2.46	2.61

Source: Company data, Danske Bank Equity Research estimates

### Price performance



Source: FactSet

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## *Strategic review*

GomSpace is pushing the SEK820m sales target for 2021 ahead in time and now expects to reach the target sometime between 2021 and 2023, when a new target of SEK1.5bn in turnover is set. The key factor behind the pushed target is an increased uncertainty with one key customer, Sky and Space Global (SAS). We have in previous reports stressed this to be a key risk in the case, in the short to medium term. SAS has placed significant orders for a complete satellite constellation and these orders constitute the majority of the SEK703m order backlog. At the end of Q2 18, SAS had AUD9m in cash on the balance sheet and the company has to our knowledge not secured additional funding. For this kind of large industrial contract, it is customary with periodical milestone payments for work to come. As we understand the initial work is prepaid and GomSpace leaves the guidance range for sales in H2 18 unchanged, we assume sales risk related to SAS is higher from 2019. Also, we suspect GomSpace will need additional payments soon in order to start engineering work for satellites originally planned to be produced in 2020. In light of SAS's financials as of Q2 18, the company has short-term funding to pay suppliers, but we argue that SAS needs additional capital very soon to fulfil commitments for 2019 shipments. Given the sharp drop in GomSpace's share price, a potential successful capital raising by SAS would be positive for the shares.

### *Understanding the nature of an emerging, venture-capital funded industry*

GomSpace operates in an emerging new industry with projects to a high degree funded by venture capital. Even if we are convinced the potential is significant, the outcome of the planned projects is very difficult to forecast, given that it relies on external equity funding. This makes communication with the equity market very difficult, as there are a number of projects all with significant potential, but the funding of the projects is not controlled by GomSpace's management. Consequently, the chance of success, and the actual timing of projects, becomes very difficult to forecast. Company forecasts based on these uncertain projects increase the volatility in the company's demand and consequently the accuracy in long-term forecasts. This is important to understand when investing in GomSpace. Our view remains that it is the right strategy to industrialise volume production of nanosatellites in order to reach a market-leading position and drive growth in the industry. Having said that, if deliveries to SAS are scaled down significantly, which seems likely at the moment, the length of time before GomSpace reaches a positive cash flow is extended. This explains the proposed SEK300m new issue of shares.

### *Estimate revisions*

Instead of including 100% of the expected revenues from SAS, we have now scaled down the likelihood of full shipments to SAS to 25%. Consequently, we have removed 75% of the projected revenues from SAS over the forecast period, resulting in a reduction of our sales estimates for 2019E-20E by 44% and 24%, respectively.

On the positive side, and as stressed by management, the company has received orders for several in-orbit demo projects. When planning a constellation, the satellite operators first need to produce and launch a fully operational demo project to demonstrate the functionality of the full-scale project. Once this is done, additional capital can be raised on the back of the test project for a full-scale satellite constellation build-up. The lead time from order to delivery of the in-orbit test project is up to one year, we estimate. Once the test project proves operational, the lead time to orders for full scale production is 6-12 months, mainly driven by the satellite operator's (GomSpace's customer) ability to secure funding.

GomSpace's management is projecting SEK1.5bn in sales by 2023. We have no doubt that this is possible, but as in the case of SAS, the outcome hinges on customers' ability to secure financing for the projects. Furthermore, GomSpace, in turn, is expecting to generate service

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revenues (constellation management). We expect additional details on the SEK1.5bn sales target to be disclosed in the prospectus for the proposed new issue of shares.

In the strategic review, the company concluded that among current customers, there is a sales pipeline of 500-700 satellites.

### *Examples from the project pipeline*

We are highlighting three important projects that, over the coming two-four years, have a high likelihood of being scaled up to significant volume orders, similar to that of Sky and Space Global. Note that the project pipeline is not limited to these projects.

#### **Aerial and Maritime (A&M)**

This is a joint venture between GomSpace and a number of external investors. The company has entered into an initial agreement with GomSpace for an equatorial coverage of satellites. A&M is planning to implement radio-based satellite tracking of aircraft traffic, first over the equator and, longer term, globally. Among others, A&M can assist countries situated by the equator with charging airlines overflight charges – something that is not done today due to a lack of technical know-how. Also, the planned system has attracted interest from Airbus. A&M has to date placed orders worth USD10m with GomSpace, and in June 2018 the companies signed a memorandum of understanding for supply of the planned global constellation. If this translates into an order, the estimated value would be up to USD100m. In GomSpace's financial reporting, a portion of sales and EBIT is eliminated. The eliminated portion equals GomSpace's ownership (39%). Bear in mind that the company will not fund A&M's expansion going forward; hence, if additional external funding is secured, GomSpace's ownership would be reduced.

The constellation is planned to be up and running by end-2021 and GomSpace has previously said it expects a formal agreement in Q4 18. This may take slightly longer, we believe, but we still see the A&M contract as a potential significant revenue driver in 2020 and 2021. Given lead times for engineering and funding of the project, we do not expect this to compensate for the SAS revenue shortfall in 2019.

#### **Aistech**

Aistech is a peer to A&M with a similar proposition, i.e. to offer aircraft tracking over the poles and different types of asset tracking. The company entered into a framework delivery agreement with GomSpace in September 2017 for delivery of up to 100 satellites by 2022. The contract is worth up to EUR12.5m. Further to the equipment supply agreement, GomSpace has also entered a five-year data supply agreement starting in 2018. The agreement is worth USD1-8m, with the range driven by optionality in the agreement. Aistech is privately held and we have no insight into the financials, but assume it will need to raise equity in order to fulfil its commitments to GomSpace. In July 2018, however, GomSpace signed a follow-up order, under the initial frame agreement, worth EUR1.4m. The order is for six satellites, on top of the initial four, including assembly, integration and verification of the satellite.

#### **Kleos Space**

Kleos space, a Luxembourg-based space technology operator, was recently floated on the Australian stock market. Kleos Space aims to guard borders, protect assets and save lives by delivering global activity-based intelligence and geolocation as a service. The first Kleos Space satellite system, known as Kleos Scouting Mission (KSM), will perform technology demonstration that will be the keystone for a later global high capacity constellation. GomSpace has won the initial EUR2.4m order to develop the scouting mission and, if successful, we expect the order to be scaled up as the constellation is built out further.

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### Proposed new issue of shares

GomSpace is proposing a SEK300m rights issue (before issuing costs). Based on the company's updated business review, it expects the SEK300m to be sufficient for it to become cash flow positive. The rights issue will replace the SEK300m optional agreement with the European Select Growth Opportunities Fund, which has not been utilised. Following a successful rights issue, GomSpace intends to terminate the SEK300m optional agreement with the European Select Growth Opportunities Fund entered into in July 2018. An extraordinary shareholders' meeting is scheduled for 16 October. GomSpace announced in conjunction with the Q2 18 report that Danske Bank has been engaged as an advisor in conjunction with the proposed capital raising.

### Valuation

We still see the same long-term potential following the uncertainty regarding the Sky Space and Global order, and the announcement of the proposed share issue. However, we believe the risk has increased. Reflecting this in a DCF, we believe the long-term potential is still as high, but there are reasons for including a higher risk, reflected by a higher WACC. This is the theoretical difference between what we believe shares are worth now and before. We also include a dilution of c.40%, as indicated by the proposed share issue of SEK300m at the current share price. We adjust our valuation range to SEK50-58 (from SEK94-133).

Chart 1. Present value/share at different valuation approaches (SEK)

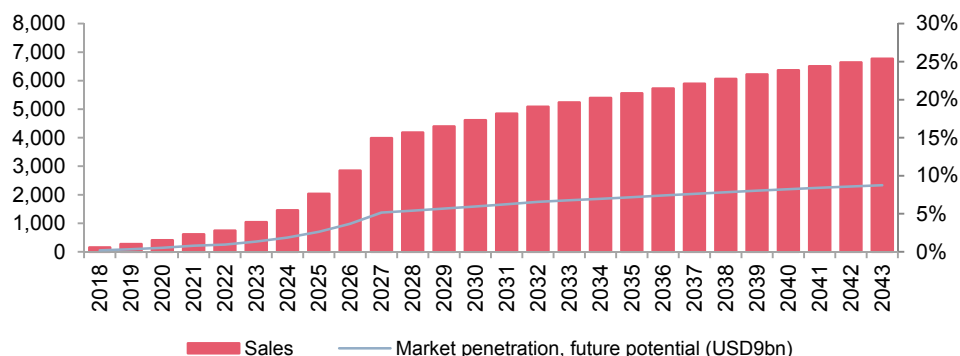


Source: Danske Bank Equity Research

In our DCF, with a long-term market share approaching 10% and WACC of 11.5%, the DCF value is SEK58. In this scenario, GomSpace reaches SEK1.5bn sales in 2024. As we postpone break-even to 2021 (from 2019), we base our multiple valuation on 2022E with a multiple of 12.5x EBIT, reflecting the Nordic tech peer group 2020 multiple discounted two years, which gives us a value of SEK50 per share.

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Chart 2. Long-term sales (SEKm) and market penetration in DCF



Source: Danske Bank Equity Research

Chart 3. DCF summary

CALCULATION OF DCF		SEKm	Per share
<b>Firm value:</b>			
Explicit forecast period		-265	-6.66
Growth period 1		426	10.7
Growth period 2		753	18.9
Growth period 3		370	9.31
Fade period		199	5.00
Sustainable period		341	8.58
<b>Firm value</b>		<b>1,824</b>	<b>45.8</b>
<b>Equity value adjustments:</b>			
ND inc off-BS & Hybrids		61.6	1.55
Mkt value Pref stock		0	0
Mkt value Associates		426	10.7
Mkt value Minorities		0	0
Surpl val & def tax		9.30	0.23
Other adjustments		0	0
<b>Total adjustments</b>		<b>497</b>	<b>12.5</b>
<b>Equity value according to DCF:</b>			
DCF equity value		2,321	58.3
DCF Value 12-mths		2,597	65.3
Mkt Cap / share price		1,588	39.9
	Number shares (m):		39.8
	12-month potential (%):		63.6

WACC COMPONENTS, %	
<b>Cost of equity:</b>	
Risk-free interest rate	1.14
Market risk premium	4.50
Equity risk adjustment factor	1.50
Implicit asset beta	1.47
Small cap premium	4.00
<b>Cost of equity</b>	<b>11.9</b>
<b>Cost of debt:</b>	
Cost of debt	3.50
Tax-rate	22.0
<b>Weighted average cost of capital:</b>	
Equity weight	100
<b>WACC</b>	<b>11.9</b>

5-YEAR DRIVERS, %							
	Historical	Explicit	Growth period 1	Growth period 2	Growth period 3	Fade period	Sustainable period
Sales growth, CAGR	0	50.4	40.0	5.00	3.00	2.40	2.00
EBIT-margin (estimates are end-of-period)	-32.8	4.98	20.0	15.0	10.00	10.00	10.0
Capex/depreciation, x	14.6	9.07	1.00	1.00	1.00	1.00	1.00
Capex/sales	34.7	13.7	2.00	2.00	2.00	2.00	2.00
NWC/sales	12.4	11.1	10.00	10.00	10.00	10.00	10.0
RONIC	-66.5	78.8	99.7	-23.2	-99.0	73.8	79.6
ROIC	-15.0	-3.25	56.6	56.8	44.2	39.5	40.3

SENSITIVITY TO CHANGES IN ASSUMPTIONS, % CHG IN DCF/SHARE		
	+100bp:	-100bp:
WACC	-12.2	15.2
Sales growth	10.5	-9.20
EBIT-margin	1.49	-10.2

IMPLICIT VALUES, %	
	Assuming DCF=SEK 39.9:
WACC	15.0
Sales growth	22.7
EBIT-margin	9.21

Source: Danske Bank Equity Research

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## Risks

The most tangible risk we see for GomSpace is execution risk, as the company is gearing up for a significant increase in production. The industrialisation of production is set to commence during the course of 2018. As far as we can judge from visiting the facilities, we argue the likelihood of a successful ramp-up of production is high. Having said this, going from low- to high-volume production is an inherently risky phase in a company's growth profile. Another risk is customers' ability to secure external funding and meet their obligations to GomSpace. The large customers, and potential customers, are typically start-up companies aiming to build a satellite communication constellation. The predominant source of funding is externally raised equity and debt.

The launch of satellites could become a constraining factor in case of high growth in the segment. A reduction in launch costs is a critical driver for the small-satellite market to grow to the high end of industry analysts' predictions. At our current projections for the market and GomSpace's growth, we do not see launch capacity constraints as an issue. This is a factor that could constrain growth significantly above our estimates.

Demand for Low Earth Orbit (LEO) based services is the core of small-satellite demand. This includes imagery-based intelligence, sensing activities such as radio frequency mapping, automatic identification systems and weather monitoring. The demand for such services in space, in turn, requires a continued downward pressure on costs (satellite assembly, increased modularisation and increased automation). In addition, it requires a continued fast technology development for components and systems. Our conclusion from visiting GomSpace's production facilities is that we are seeing exactly the increase in modularisation and automation of production that the research institute says is required to support growth in the small-satellite industry.

Competing systems developing faster-than-expected could hamper growth in small satellites. This includes breakthroughs when it comes to the relative value proposition and technology development of larger satellites. Other breakthroughs that risk hurting the relative benefits of small satellites could be terrestrial or airborne platforms.

### GomSpace detailed estimates

SEKm	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18	Q2 18	Q3 18E	Q4 18E	2018E	2019E	2020E	2021E
Revenues	54.1	19.0	26.1	21.7	29.6	96.4	37.7	41.8	42.5	30.3	152.6	267.7	402.3	612.1
Gross profit	25.2	8.8	5.0	5.4	7.7	26.9	13.2	11.7	14.1	2.0	41.3	91.9	184.9	304.0
Gross margin	47%	46%	19%	25%	26%	28%	35%	28%	33%	7%	27%	34%	46%	50%
EBIT	-14.5	-10.3	-18.2	-16.1	-23.1	-67.6	-15.1	-26.6	-28.0	-41.9	-112.3	-79.4	-25.9	62.2
EBIT margin	-27%	-54%	-70%	-74%	-78%	-70%	-40%	-64%	-66%	-138%	-74%	-30%	-6%	10%
EBITDA	-11.7	-8.8	-16.4	-14.1	-19.7	-58.9	-11.2	-22.2	-21.4	-35.4	-90.8	-48.2	15.2	107.2
EBITDA Margin	-22%	-46%	-63%	-65%	-66%	-61%	-30%	-53%	-50%	-117%	-60%	-18%	4%	18%
PTP	5.5	-11.1	-20.3	-17.7	-17.3	-66.5	-16.6	-26.5	-29.6	-43.7	-116.9	-81.0	-26.0	68.6
Net profit	9.0	-10.3	-16.5	-15.1	-12.1	-54.0	-13.8	-21.6	-29.6	-43.7	-109.3	-76.9	-24.7	112.6
<b>Revenue</b>														
Sales of satellite solutions							31.3	33.4	32.4	22.6	119.7	219.0	329.5	503.4
Sales of platforms, payloads and subsystems							6.2	8.3	10.2	7.6	32.3	37.4	42.6	48.5
Constellation management							0.0	0.0	0.0	0.0	0.0	11.4	30.3	60.2
Other							0.2	0.4	0.0	0.0	0.6	0.0	0.0	0.0
<b>Revenues</b>	<b>54.1</b>	<b>19.0</b>	<b>26.1</b>	<b>21.7</b>	<b>29.6</b>	<b>96.4</b>	<b>37.7</b>	<b>42.0</b>	<b>42.5</b>	<b>30.3</b>	<b>152.6</b>	<b>267.7</b>	<b>402.3</b>	<b>612.1</b>
<b>Growth</b>														
Sales of satellite solutions												83%	50%	53%
Sales of platforms, payloads and subsystems												16%	14%	14%
Constellation management												0%	0%	0%
Other												0%	0%	0%
<b>Total</b>	<b>59%</b>	<b>73%</b>	<b>88%</b>	<b>78%</b>	<b>74%</b>	<b>78%</b>	<b>99%</b>	<b>61%</b>	<b>96%</b>	<b>2%</b>	<b>58%</b>	<b>75%</b>	<b>50%</b>	<b>52%</b>
<b>Total employees (YE)</b>	<b>77</b>	<b>95</b>	<b>132</b>	<b>148</b>	<b>176</b>	<b>176</b>	<b>194</b>	<b>203</b>	<b>218</b>	<b>233</b>	<b>233</b>	<b>286</b>	<b>306</b>	<b>322</b>

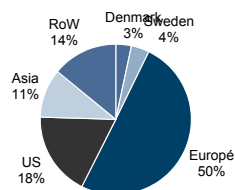
Source: Company data, Danske Bank Equity Research estimates

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## Company summary

### Sales breakdown, geographical areas



### Sales breakdown, divisions

N/A

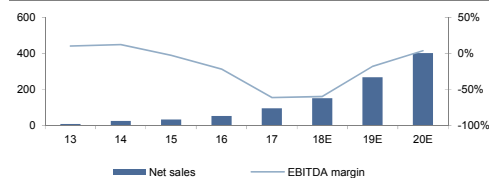
### Company information

GomSpace  
Stureplan 4C  
Sweden  
gompace.com

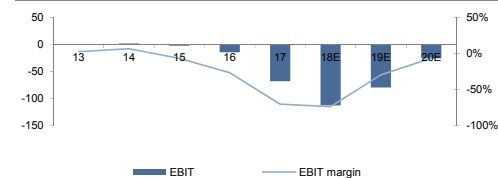
### Main shareholders

Name	Votes (%)	Capital (%)
Styrelsen for Forskning og Innovation	16.4%	16.4%
Hansen & Langeland Aps	13.1%	13.1%
Borean Innovation AS	12.9%	12.9%
NOVI Innovation AS	8.3%	8.3%

### Net sales and EBITDA margin (SEKm)



### EBIT and EBIT-margin (SEKm)



Source: FactSet, Company data, Danske Bank Equity Research estimates

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## Summary tables

### INCOME STATEMENT

Year end Dec, SEKm	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Net sales			9.7	26.6	34.1	54.1	96.4	153	268	402
Cost of sales & operating costs			-8.7	-23.4	-34.9	-65.9	-155	-243	-316	-387
<b>EBITDA</b>			<b>1.0</b>	<b>3.2</b>	<b>-0.8</b>	<b>-11.7</b>	<b>-58.9</b>	<b>-90.8</b>	<b>-48.2</b>	<b>15.2</b>
EBITDA, adj.			1.0	3.2	-0.8	-11.7	-58.9	-90.8	-48.2	15.2
Depreciation			-0.1	-0.1	-0.4	-0.8	-3.9	-6.3	-8.4	-8.2
<b>EBITA</b>			<b>0.9</b>	<b>3.1</b>	<b>-1.2</b>	<b>-12.5</b>	<b>-62.8</b>	<b>-97.1</b>	<b>-56.6</b>	<b>7.0</b>
<b>EBIT incl. EO, bef. ass.</b>			<b>0.2</b>	<b>1.8</b>	<b>-2.4</b>	<b>-14.5</b>	<b>-67.6</b>	<b>-112</b>	<b>-79.4</b>	<b>-25.9</b>
EBIT, adj.			0.2	1.8	-2.4	-14.5	-67.6	-112	-79.4	-25.9
Associated income						21.4	4.6	-2.0	-1.5	
Financial items, net	0.0	0.0	-0.2	-0.2	-0.8	-1.4	-3.5	-2.6	-0.1	-0.1
<b>Pre-tax profit</b>			<b>0.0</b>	<b>1.6</b>	<b>-3.1</b>	<b>5.5</b>	<b>-66.5</b>	<b>-117</b>	<b>-81.0</b>	<b>-26.0</b>
Taxes			0.0	-0.4	0.8	3.5	12.5	7.6	4.0	1.3
<b>Net profit, rep.</b>			<b>0.0</b>	<b>1.2</b>	<b>-2.4</b>	<b>9.0</b>	<b>-54.0</b>	<b>-109</b>	<b>-76.9</b>	<b>-24.7</b>
Net profit, adj.			0.0	1.2	-2.4	9.0	-54.0	-109	-76.9	-24.7

### CASH FLOW

SEKm	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
EBITDA			1.0	3.2	-0.8	-11.7	-58.9	-90.8	-48.2	15.2
Change in working capital			1.2	-4.4	-9.7	-4.7	43.5	-41.3	-4.0	-13.6
Net interest paid			-0.2	-0.2	-0.7	-1.3	-1.4	-2.6	-0.1	-0.1
Taxes paid			0.5	0.1			2.3	7.6	4.0	1.3
Other operating cash items				0.1		0.4	6.2			
<b>Cash flow from operations</b>			<b>2.5</b>	<b>-1.1</b>	<b>-11.2</b>	<b>-17.4</b>	<b>-8.4</b>	<b>-127</b>	<b>-48.3</b>	<b>2.8</b>
Capex			-1.5	-1.3	-6.1	-12.1	-55.8	-63.4	-63.3	-58.0
Div to min										
<b>Free cash flow</b>			<b>1.0</b>	<b>-2.4</b>	<b>-17.3</b>	<b>-29.4</b>	<b>-64.2</b>	<b>-191</b>	<b>-112</b>	<b>-55.3</b>
Disposals/(acquisitions)						-2.9	-24.1			
<b>Free cash flow to equity</b>			<b>1.0</b>	<b>-2.4</b>	<b>-17.3</b>	<b>-32.3</b>	<b>-88.3</b>	<b>-191</b>	<b>-112</b>	<b>-55.3</b>
Dividend paid										
Share buybacks										
New issue common stock					8.9	125	95.4	425		
Incr./(decr.) in debt				0.0	3.8	2.4	20.1	-0.5		
Minorities & other financing CF			0.0			-22.1	-2.8			
<b>Cash flow from financing</b>			<b>0.0</b>	<b>0.0</b>	<b>12.7</b>	<b>105</b>	<b>113</b>	<b>424</b>	<b>0.0</b>	<b>0.0</b>
Disc. ops & other			0.0	0.0	0.1	-14.4	2.7			
<b>Incr./(decr.) in cash</b>			<b>1.0</b>	<b>-2.4</b>	<b>-4.5</b>	<b>58.5</b>	<b>24.4</b>	<b>234</b>	<b>-112</b>	<b>-55.3</b>

### BALANCE SHEET

SEKm	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Cash & cash equivalents			1.8	1.5	1.3	73.8	95.6	329	218	163
Inventory			1.4	3.5	2.9	4.3	9.8	15.5	27.1	40.7
Trade receivables			2.3	9.1	16.8	52.1	65.8	76.3	53.5	80.5
Other current assets			0.0	0.0	0.0	0.0	0.0			
Goodwill						3.7	3.7	3.7	3.7	3.7
Other intangible assets			4.7	4.4	8.4	27.3	62.4	99.4	129	149
Fixed tangible assets			0.2	0.5	0.7	6.4	21.3	26.3	29.1	25.9
Associated companies						36.7	41.9	39.9	38.4	38.4
Other non-current assets						4.8	12.7	12.7	12.7	12.7
<b>Total assets</b>			<b>10.4</b>	<b>19.1</b>	<b>30.1</b>	<b>209</b>	<b>313</b>	<b>603</b>	<b>511</b>	<b>513</b>
<b>Shareholders' equity</b>			<b>6.0</b>	<b>7.7</b>	<b>13.8</b>	<b>146</b>	<b>185</b>	<b>501</b>	<b>424</b>	<b>399</b>
Of which minority interests										
Current liabilities			3.6	8.0	4.6	46.4	93.8	68.7	53.5	80.5
Interest-bearing debt			0.0	2.2	10.8	13.5	34.0	33.5	33.5	33.5
Pension liabilities										
Oth non-curr. liabilities			0.7	1.1	0.9	3.1				
<b>Total liabilities</b>			<b>4.3</b>	<b>11.3</b>	<b>16.3</b>	<b>63.0</b>	<b>128</b>	<b>102</b>	<b>87.0</b>	<b>114</b>
<b>Total liabilities and equity</b>			<b>10.4</b>	<b>19.1</b>	<b>30.1</b>	<b>209</b>	<b>313</b>	<b>603</b>	<b>511</b>	<b>513</b>
Net debt			-1.8	0.6	9.5	-60.3	-61.6	-296	-184	-129

Source: Company data, Danske Bank Equity Research estimates



## Summary tables

PER SHARE DATA	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
No. of shares, fully diluted (y.e.) (m)						24.5	26.3	39.8	39.8	39.8
No. of shares, fully diluted (avg.) (m)						14.6	25.9	36.4	39.8	39.8
EPS (SEK)						0.62	-2.09	-3.00	-1.93	-0.62
EPS adj. (SEK)						0.62	-2.08	-3.00	-1.93	-0.62
DPS (SEK)						0.00	0.00	0.00	0.00	0.00
CFFO/share (SEK)						-1.2	-0.3	-3.5	-1.2	0.1
Book value/share (SEK)						5.96	7.06	12.6	10.7	10.0
MARGINS AND GROWTH	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
EBITDA margin			10.1%	12.1%	-2.4%	-21.6%	-61.1%	-59.5%	-18.0%	3.8%
EBITA margin			9.5%	11.6%	-3.5%	-23.2%	-65.1%	-63.7%	-21.1%	1.7%
EBIT margin			2.5%	6.6%	-6.9%	-26.8%	-70.1%	-73.6%	-29.6%	-6.4%
EBIT adj margin			2.5%	6.6%	-6.9%	-26.8%	-70.1%	-73.6%	-29.6%	-6.4%
Sales growth				n.m.	27.9%	58.8%	78.1%	58.3%	75.5%	50.3%
EBITDA growth				n.m.	n.m.	n.m.	n.m.	-54.1%	47.0%	n.m.
EBITA growth				n.m.	n.m.	n.m.	n.m.	-54.7%	41.7%	n.m.
EPS adj growth							n.m.	-44.1%	35.6%	67.9%
PROFITABILITY	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
ROIC (after tax, incl. GW, adj.)			3.7%	18.8%	-10.6%	20.8%	-51.5%	-68.9%	-36.0%	-10.0%
ROIC (after tax, excl. GW, adj.)			3.7%	18.8%	-10.6%	21.5%	-53.5%	-70.6%	-36.7%	-10.2%
ROE (adj.)			0.5%	17.8%	-22.0%	11.2%	-32.6%	-31.9%	-16.6%	-6.0%
ROIC (adj.) - WACC			-8.2%	6.9%	-22.5%	8.9%	-63.4%	-80.8%	-47.9%	-21.9%
MARKET VALUE	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Share price (SEK)						33.1	86.0	26.2	26.2	26.2
No. shares reduced by buybacks (m)						24.5	26.3	39.8	39.8	39.8
Mkt cap used in EV (m)						811	2,258	1,043	1,043	1,043
Net debt, year-end (m)			-1.8	0.6	9.5	-60.3	-61.6	-296	-184	-129
MV of min/ass and oth (m)			0.0	0.0	0.0	-426	-426	-426	-426	-426
Enterprise value (m)						325	1,771	321	432	487
VALUATION	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
EV/sales (x)						6.00	18.37	2.10	1.61	1.21
EV/EBITDA (x)						n.m.	n.m.	n.m.	n.m.	32.1
EV/EBITA (x)						n.m.	n.m.	n.m.	n.m.	69.9
EV/EBIT (x)						n.m.	n.m.	n.m.	n.m.	n.m.
P/E (reported) (x)						53.8	n.m.	n.m.	n.m.	n.m.
P/E (adj.) (x)						53.8	n.m.	n.m.	n.m.	n.m.
P/BV (x)						5.55	12.19	2.08	2.46	2.61
EV/invested capital (x)						-107				
Dividend yield										
Total yield (incl. buybacks)										
FCFE-yield						-3.63%	-2.84%	-18.29%	-10.70%	-5.30%
FINANCIAL RATIOS	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Net debt/EBITDA (x)			-1.8	0.2	-11.5	5.2	1.0	3.3	3.8	-8.5
Net debt/equity (x), year-end			-0.3	0.1	0.7	-0.4	-0.3	-0.6	-0.4	-0.3
Dividend payout ratio						0.0%	0.0%	0.0%	0.0%	0.0%
Interest coverage (x)			1.2	9.8	-2.4	-7.3	-8.4	-13.0		
Cash conversion (FCF/net profit)			n.m.	-196.3%	n.m.	-327.8%	n.m.	n.m.	n.m.	n.m.
Capex/sales			15.5%	4.8%	17.8%	22.3%	57.9%	41.5%	23.6%	14.4%
NWC/sales			1.2%	17.2%	44.3%	18.4%	-18.9%	15.1%	10.1%	10.1%
QUARTERLY P&L			Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18E	Q4 18E
Sales (m)			19	26	22	30	38	42	43	30
EBITDA (m)			-9	-16	-14	-20	-11	-22	-21	-36
EBIT before non-recurring items (m)			-10	-18	-16	-23	-15	-27	-28	-43
Net profit (adj.) (m)			-10	-17	-15	-12	-14	-22	-30	-44
EPS (adj.) (SEK)			-0.42	-0.63	-0.58	-0.46	-0.52	-0.76	-1.04	-1.30
EBITDA margin			-46.2%	-62.8%	-64.9%	-66.4%	-29.8%	-53.2%	-50.3%	n.m.
EBIT margin (adj.)			-54.0%	-69.7%	-74.0%	-78.0%	-40.0%	-63.7%	-65.7%	n.m.

Source: Company data, Danske Bank Equity Research estimates

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