



Commissioned Research

19 June 2024

Net Insight

Growing, but business mix remains unchanged

Results Preview

Fair value range:

SEK6.0–9.0

Share price:

SEK5.0

Further growth as customers transition to IP/cloud-based solutions

We expect Net Insight to show more organic growth Y/Y in its Q2(24e) results but, just as in Q1(24), we expect this to be predominately hardware-driven, leaving a fairly similar gross margin and EBIT as in the previous quarter. We forecast an 8% EBIT margin in Q2(24) versus 7% in Q1(24). Over time we expect this hardware-driven growth to turn into higher-margin software and service revenue, creating potential for an improving gross margin over time. For 2024 we estimate organic sales growth of 10%; we also expect an EBIT margin of 11%, which implies an acceleration in H2(24e) versus H1(24e).

A rather calm quarter on the news front

So far it has been rather calm on the news front for both the Media and Sync product areas. However, with the European football championships ongoing, and the Olympics later this summer, we expect the Media segment to maintain its growth momentum. In the Sync segment Net Insight has extended its partnership with the Saudi Arabian ACES, and besides that we expect further progress in the ongoing proof of concept projects, but no additional signed orders in the quarters.

Only minor estimates revisions ahead of the report

We have made few estimate changes ahead of the report, besides FX changes. We have reduced our gross margin assumption slightly to 60% (flat Q/Q) as we see only a minor business mix change. We trim adj. EPS(24e) by 3% and adj. EPS(25e) by 1%.

Fair value range of SEK6–9/share

We make no changes in our fair value range ahead of Q2(24) results. The company aims for a 15% sales CAGR(23–27e) and a 20% EBIT margin by 2027e. Given its market position and structural growth drivers, we see this as achievable. Comparing Net Insight to a broad group of Swedish IT companies and applying a 25% discount, we estimate a fair value range of SEK6–9/share. Improving earnings momentum and closing in on delivering on the financial targets are the key triggers for the shares to move towards the upper end of the range, while they would also give us confidence that the 25% discount we apply should narrow.

Research analysts:

Andreas Joelsson

Simon Östman

Changes in this report (SEK)

	From	To	Chg
EPS adj. 2024e	0.19	0.18	-3%
EPS adj. 2025e	0.26	0.26	-1%
EPS adj. 2026e	0.38	0.39	+1%

Upcoming events

Q2 Report	18 Jul 2024
Q3 Report	07 Nov 2024

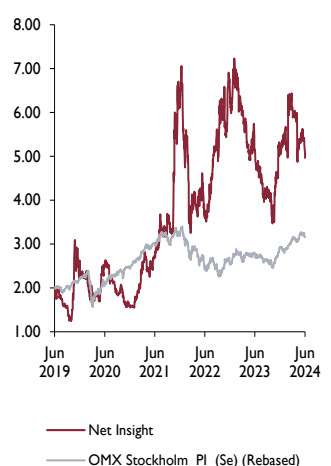
Key facts

No. shares (m)	337.6
Market cap. (USDm)	162
Market cap. (SEKm)	1,698
Net IB Debt. (SEKm)	-222
Adjustments (SEKm)	0
EV (2024e) (SEKm)	1,476
Free float	100.0%
Avg. daily vol. ('000)	518
Risk	Medium Risk
Fiscal year end	December
Share price as of (CET)	19 Jun 2024 09:21

Key figures (SEK)

	2023	2024e	2025e	2026e
Sales (m)	559	610	702	811
EBITDA (m)	143	144	186	245
EBIT (m)	71	67	104	156
EPS	0.17	0.18	0.26	0.39
EPS adj.	0.17	0.18	0.26	0.39
DPS	0.00	0.00	0.00	0.00
Sales growth Y/Y	18%	9%	15%	15%
EPS adj. growth Y/Y	14%	6%	42%	51%
EBIT margin	12.7%	11.1%	14.7%	19.3%
P/E adj.	29.7	27.9	19.6	13.0
EV/EBIT	22.1	21.9	13.5	8.5
EV/EBITA	22.1	21.9	13.5	8.5
EV/EBITDA	11.0	10.3	7.5	5.4
P/BV	2.8	2.6	2.3	2.0
Dividend yield	0.0%	0.0%	0.0%	0.0%
FCF yield	0.1%	1.4%	2.2%	4.3%
Equity/Total Assets	74.2%	73.0%	72.6%	72.9%
ROCE	12.0%	12.1%	15.5%	19.9%
ROE adj.	9.8%	9.8%	12.6%	16.4%
Net IB debt/EBITDA	-1.7	-1.5	-1.3	-1.3

Share price -5Y



High/Low (12M) SEK6.4/3.5

Perf.	3M	6M	12M	YTD
Abs.	-18.7	-1.5	-2.9	-4.5
Rel.	-20.9	-9.7	-17.9	-12.2

Source: Carnegie Research, FactSet, Millstream & company data

This report has been commissioned and sponsored by Net Insight. Commissioned research is considered to be marketing communication (i.e. not investment research under MiFID II). This material may be subject to restrictions on distribution in certain areas.

For more information, see disclosures and disclaimers at the end of this report

Performance & valuation

Price relative to market – 1Y



— Net Insight
— OMX Stockholm_PI (Se)

Source: FactSet

Price relative to sector – 1Y



— Net Insight
— Technology Hardware & Equipment

Source: FactSet

Adj. EPS expectations – 2024e (SEK)



— Carnegie
— Consensus

Source: Carnegie Research & FactSet

Adj. EPS expectations – 2025e (SEK)



— Carnegie
— Consensus

Source: Carnegie Research & FactSet

Major shareholders

Shareholders (%)	Capital	Votes
Briban Invest	14.8%	14.5%
Avanza Pension	5.4%	5.3%
Nordnet Pension Insurance	4.7%	4.5%
Cobia Capital Management	3.5%	3.5%
Wilda Go AB	3.3%	3.2%
Handelsbanken Fonder	2.2%	2.2%

Source: FactSet

Company miscellaneous

CEO	Crister Fritzon
CFO	Annika Muskantor (acting)
IR	Annika Muskantor (acting)
Phone	+46 8 685 0400
Web	www.netinsight.net
Address	Smidesvägen 7
City	Solna

Source: Carnegie Research

Company description

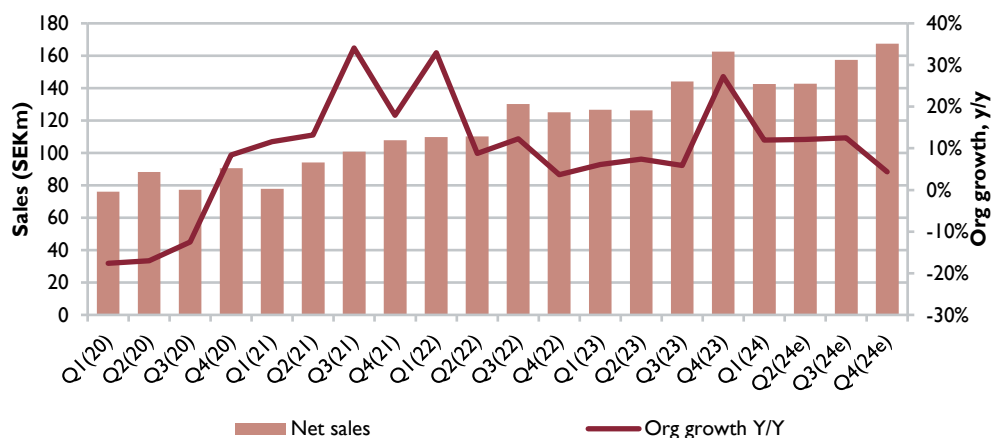
Net Insight provides broadcasters, production companies and service providers with network equipment to ensure high quality, high performing video transportation of live events. The solutions are independent of network design and network quality. It also offers telecom operators with a time synchronisation solution for 5G networks. This solution is independent of GPS signals which makes it more secure than current common solutions.

Source: Carnegie Research & FactSet

Key charts

We estimate 12% organic sales growth Y/Y in Q2(24), mainly driven by the Media segment's market share continuing to strengthen

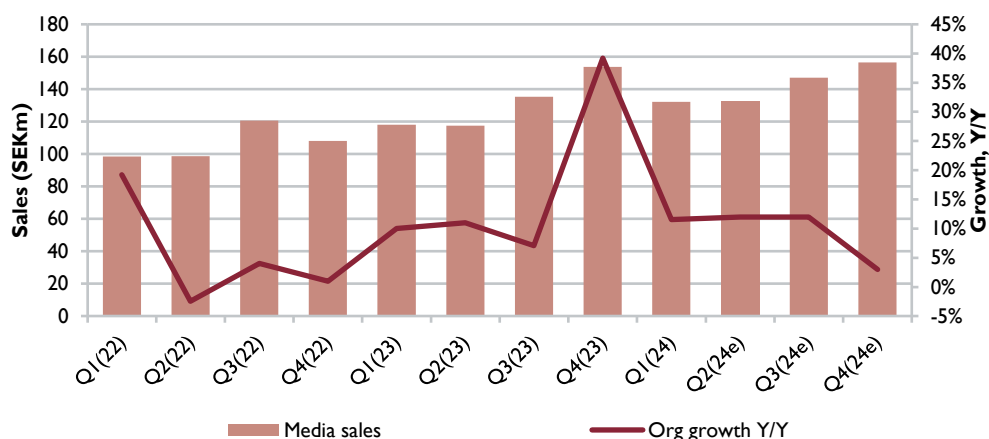
Sales and organic growth, by quarter



Source: Company data, Carnegie Research

In our view, the 12% organic sales growth Y/Y in Q2(24e) in the Media segment will be driven by hardware. This is because new customers initially invest in the hardware infrastructure that forms the network. We expect the related software sales to increase in H2(24)

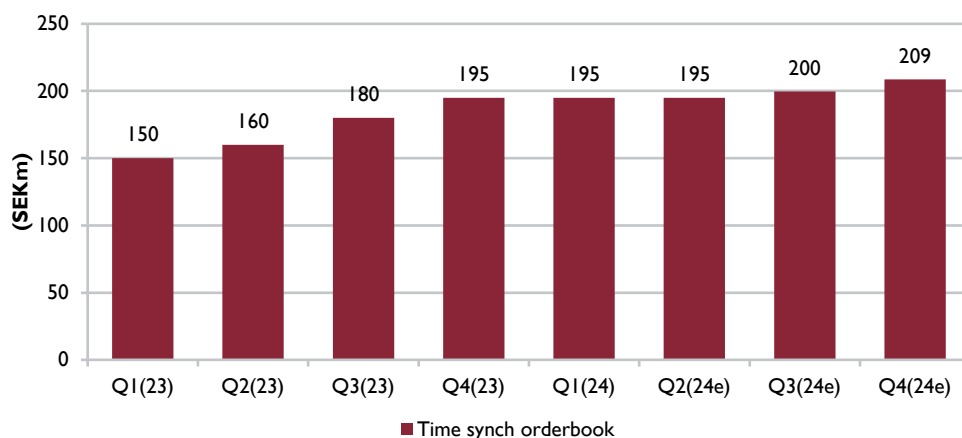
Media sales and organic growth



Source: Company data, Carnegie Research

In the Synchronisation segment, we maintain a conservative view in the near term. We expect the orderbook to remain flat Q/Q at SEK195m in Q2(24), with orders coming only from current customers and ongoing POCs

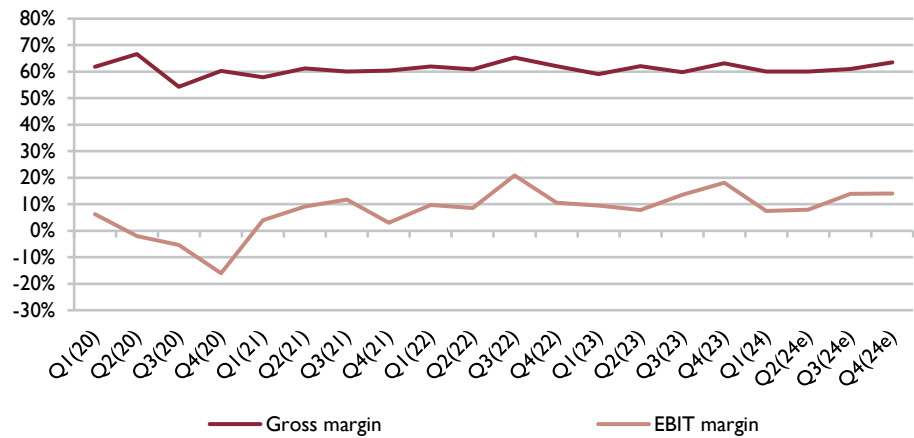
Time Synchronisation orderbook



Source: Company data, Carnegie Research

Due to the dominance of hardware sales in the quarter, we estimate a flat gross margin Q/Q in Q2(24). We forecast an EBIT margin of 8%. However, for the full-year 2024, we expect the EBIT margin to rise to 11%, driven by improved gross margins in the second half of the year

Gross margin and EBIT margin, by quarter



Source: Company data, Carnegie Research

	2023		2024		CAR								
Dev table, SEKm	Q2	Q3	Q4	Q1	Q2	Q2e	dev	Q3e	Q4e	2023	2024e	2025e	2026e
Group P&L													
Net sales	126.3	144.0	162.5	142.5		142.8		157.3	167.4	559.4	609.9	702.5	810.7
Gross profit	78.4	86.0	102.6	85.5		85.7		96.0	106.3	341.8	373.5	441.9	510.7
Sales & Marketing exp	-38.5	-37.8	-40.3	-41.3		-43.1		-43.2	-46.9	-152.1	-174.5	-195.0	-200.5
Admin exp.	-16.2	-14.5	-16.6	-17.4		-17.2		-17.7	-17.9	-62.4	-70.1	-74.5	-74.9
R&D exp	-12.9	-12.3	-15.4	-13.5		-12.2		-13.3	-18.0	-51.8	-57.0	-69.3	-79.6
Other op. inc. & exp	-1.0	-1.8	-0.8	-2.7		-1.9		0.1	0.1	-4.5	-4.4	0.5	0.5
of which D&A	-4.3	-4.2	-3.9	-4.1		-4.4		-4.6	-4.8	-16.6	-17.8	-18.7	-17.0
EBITDA	28.6	38.2	46.2	26.4		30.2		41.5	45.6	142.7	143.7	186.0	244.9
Operating profit	9.9	19.6	29.4	10.6		11.3		21.9	23.6	70.9	67.5	103.5	156.3
Net financial items	4.4	1.1	-0.5	7.3		1.7		1.7	1.4	6.5	12.1	6.2	6.8
Pre-tax profit	14.3	20.7	29.0	17.9		13.0		23.6	25.0	77.4	79.6	109.7	163.1
Net profit	10.9	16.2	22.6	14.1		10.1		18.4	19.2	60.1	61.8	85.2	126.7
EPS, adjusted	0.03	0.05	0.06	0.04		0.03		0.05	0.06	0.17	0.18	0.26	0.39
Net sales, product													
Media	117.4	135.3	153.8	132.3		132.6		147.1	156.4	524.6	568.3	646.5	743.5
Synch	8.9	8.7	8.7	10.2		10.2		10.2	11.0	34.8	41.6	56.0	67.2
Time synch orderbo	160.0	180.0	195.0	195.0		195		200	209	195	209	233	265
Net sales, type													
Hardware	50.3	69.7	59.5	57.0		57.9		62.8	71.5	233.4	249.1	286.5	326.6
Supp & serv	42.9	42.1	34.7	38.4		36.1		44.8	33.7	159.6	152.9	198.8	232.6
Software	33.0	32.2	68.2	47.0		48.8		49.8	62.3	166.3	207.9	217.2	251.5
Net sales by region													
EMEA	69.9	85.0	96.2	74.2		0.0		0.0	0.0	314.0	0.0	0.0	0.0
Americas	35.0	41.1	49.4	29.1		0.0		0.0	0.0	158.5	0.0	0.0	0.0
APAC	21.3	17.9	16.8	39.1		0.0		0.0	0.0	86.9	0.0	0.0	0.0
Margins													
Gross margin	62.1%	59.7%	63.1%	60.0%		60.0%		61.0%	63.5%	61.1%	61.2%	62.9%	63.0%
EBITDA-margin	22.6%	26.5%	28.5%	18.5%		21.1%		26.4%	27.2%	25.5%	23.6%	26.5%	30.2%
Operating margin	7.8%	13.6%	18.1%	7.4%		7.9%		13.9%	14.1%	12.7%	11.1%	14.7%	19.3%
Sales growth													
Org growth Y/Y	7.4%	5.9%	27.2%	12.0%		12.1%		12.5%	4.3%	12.4%	9.9%	15.4%	15.4%
Growth, Y/Y	14.7%	10.5%	30.0%	12.5%		13.0%		9.3%	3.0%	17.7%	9.0%	15.2%	15.4%

Source: Company data, Carnegie Research

Estimate revision, SEKm	New			Old			Changes		
	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Net sales	610	702	811	611	705	813	-0.1%	-0.3%	-0.3%
Growth, Y/Y	9.0%	15.2%	15.4%	9.2%	15.4%	15.4%	0ppt	0ppt	0ppt
Org growth Y/Y	9.9%	15.4%	15.4%	10.8%	15.4%	15.4%	-1ppt	0ppt	0ppt
Cost of sales	-236	-261	-300	-234	-262	-301	1.1%	-0.3%	-0.3%
of which amort of cap R&D	-58	-64	-72	-58	-64	-72	0.0%	0.0%	-0.1%
Growth ex cap, Y/Y	9.7%	10.6%	16.0%	8.1%	12.7%	15.9%	2ppt	-2ppt	0ppt
Gross profit	373	442	511	377	443	512	-0.9%	-0.3%	-0.3%
Gross margin	61.2%	62.9%	63.0%	61.7%	62.9%	63.0%	0ppt	0ppt	0ppt
Gross profit growth, Y/Y	9.3%	18.3%	15.6%	10.2%	17.7%	15.6%	-1ppt	1ppt	0ppt
Sales & Marketing exp	-175	-195	-201	-175	-195	-201	0.0%	0.0%	0.0%
Admin exp.	-70	-75	-75	-71	-75	-75	-0.7%	0.0%	0.0%
R&D exp	-57	-69	-80	-58	-69	-80	-1.7%	0.0%	0.0%
Other op. inc. & exp.	-4	0	1	-3	0	1	29.7%	0.0%	0.0%
Total opex	-306	-338	-354	-306	-338	-354	-0.2%	0.0%	0.0%
of which D&A	-18	-19	-17	-18	-19	-17	0.0%	0.0%	0.0%
Opex ex D&A growth	0	0	0	0	0	0	-1.5%	1.8%	0.0%
Operating profit	67	104	156	70	105	158	-3.9%	-1.4%	-1.1%
Operating margin	11.1%	14.7%	19.3%	11.5%	14.9%	19.4%	0ppt	0ppt	0ppt
Op. profit growth Y/Y	-4.8%	53.4%	50.9%	-1.0%	49.5%	50.4%	-4ppt	4ppt	0ppt
Net financial items	12	6	7	12	7	8	0.0%	-13.9%	-16.6%
of which interest income	7	6	7	7	7	8	0.0%	-13.9%	-16.6%
of which other	0	0	0	0	0	0	n.a.	n.a.	n.a.
of which FX	5	0	0	5	0	0	0.0%	n.a.	n.a.
Pre-tax profit	80	110	163	82	112	166	-3.3%	-2.2%	-1.8%
Taxes	-18	-25	-36	-18	-25	-37	-3.3%	-2.2%	-1.8%
Tax rate	22.3%	22.3%	22.3%	22.3%	22.3%	22.3%	0ppt	0ppt	0ppt
Net profit	62	85	127	64	87	129	-3.3%	-2.2%	-1.8%
EPS, reported	0.18	0.26	0.39	0.19	0.26	0.38	-3.3%	-0.7%	1.2%
EPS, adjusted	0.18	0.26	0.39	0.19	0.26	0.38	-3.3%	-0.7%	1.2%

Source: Carnegie Research

Valuation

We use a peer group comparison to estimate a fair value range for Net Insight. We use a broad peer group of 28 Swedish IT companies, and we see Net Insight growing its sales slightly faster than the group, but at an EBIT margin in line with peers. We compare sales growth, EBIT margin, Rule of 40 levels, EV/S and EV/EBITDA.

As a sanity check we also compare Net Insight to its closest peers. Based on the FactSet consensus available we find that the closest peers trade at lower multiples than the Swedish IT sector. Even though the closest peers are small and therefore the consensus estimates are of relatively low quality, we believe these lower multiples must be reflected in our valuation. As such, we set a 25% discount to the Swedish IT group valuation for Net Insight. By doing so we end up at a fair value range of SEK6–9 share. This is supported by a DCF valuation suggesting SEK8.5 per share.

Assumptions

Our peer group valuation is based on regression analysis between EV/S multiple for 2024e versus the sales growth assumption for 2025e, the EBIT margin for 2025e and the rule of 40 level, based on sales CAGR(23–25e) and EBIT margin 2024e, as well as EV/EBITDA versus the sales growth assumption for 2025e. Based on these regressions, we reach EV/S and EV/EBITDA multiples that we believe should justify the valuation. However, until Net Insight has proved its ability to sustainably outgrow its closest peers and deliver on its financial targets, we apply a 25% valuation discount versus the Swedish IT sector.

Valuation	Multiple	EV (SEKm)	Net debt	Shares	Share price	Until proven	
						discount	Share price
Swedish EV/S vs sales growth	6.8	4,161	-222	348	13	25%	9
Swedish EV/S vs EBIT margin	3.9	2,398	-222	348	8	25%	6
Swedish EV/EBITDA vs sales growth	19.7	2,837	-222	348	9	25%	7
Swedish rule of 40	3.7	2,281	-222	348	7	25%	6

Source: Carnegie Research

While our fair value range is based on our peer group analysis and benchmarking, we have also done a DCF valuation. Below is a summary of our DCF analysis and our assumptions. We use a WACC of 7.7%. Our DCF valuation indicates a fair value of SEK8.5, within the valuation range that we reach above.

DCF assumptions - Summary	2024e	2025e	2026e	4-5	Average year			Terminal
					6-10	11-15	16-20	period
Total sales growth	9.0%	15.2%	15.4%	13.8%	6.6%	5.0%	4.0%	2.0%
EBITDA margin	23.6%	26.5%	30.2%	33.8%	34.2%	33.3%	30.4%	30.0%
Depreciation % of sales	-12.5%	-11.7%	-10.9%	-10.9%	-10.9%	-10.9%	-10.9%	-10.9%
EBITA margin	11.1%	14.7%	19.3%	22.9%	23.3%	22.4%	19.5%	19.1%
Amortisations % of sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT margin	11.1%	14.7%	19.3%	22.9%	23.3%	22.4%	19.5%	19.1%
Capex % of sales	-18.0%	-17.4%	-16.7%	-16.7%	-16.7%	-16.7%	-16.7%	-16.7%
Paid tax rate	-12.5%	-12.5%	-12.5%	-21.0%	-21.0%	-21.0%	-21.0%	-21.0%
NWC to sales	19.7%	19.7%	19.7%	19.7%	19.7%	19.7%	19.7%	19.7%
Sales	610	702	811	993	1,307	1,676	2,093	2,288
EBITDA	144	186	245	336	447	558	636	686
Capex	-110	-122	-136	-166	-219	-280	-350	-250
Taxes	-10	-14	-20	-48	-64	-79	-85	92
Other	-10	-18	-21	-24	-16	-16	-16	4,762
Free cash flow	14	32	67	99	149	183	184	5,290
Discounted FCF	14	29	56	73	85	73	50	1,241
Share of total discounted FCF	1%	1%	2%	6%	17%	14%	10%	49%

Valuation	(curr.)m	Per share	WACC assumptions	
EV (discounted FCF)	2,525	7.5	Risk free interest rate	4.0%
- Net debt (2023)	242	0.7	Debt risk premium	1.0%
+ Associates	0	0.0	Equity risk premium	4.0%
- Minority interest	0	0.0	Equity beta	0.93
- Outstanding warrants	0	0.0	Cost of Equity	7.7%
Other debt adjustments	0	0.0	Tax rate	21.0%
ESG penalty	0	0.0	After tax cost of debt	4.0%
Equity value at YE (23)	2,767	8.2	Equity weight	100%
Time adjustment	98	0.3	WACC	7.7%
Dividend	0	0.0		
Current equity value	2,864	8.5		

Source: Carnegie Research

Risks

We have outlined eight main risks in Net Insight. These are: 1) management risk: CEO Crister Fritzson has played a pivotal role in outlining the new strategy; 2) currency risk: a majority of the company revenue is recognised in USD and EUR, while most purchasing costs are recognised in SEK; 3) capital allocation risks: Net Insight uses buybacks as a remuneration alternative which could cause liquidity issues in capital markets; 4) macroeconomic risks: worsened macroeconomic conditions that could lead to a slowdown in media companies' and telecom operators' investments in new network infrastructure; 5) strategic risks: the strategic plan set by management deviates from practice, is not fulfilled, or fails to achieve the strategic targets; 6) operational risks: Net Insight is dependent on several suppliers for its product development and production; 7) technological risks: the business model relies heavily on having competitive and cutting-edge technology, with a constant risk of new competitors entering the market with more effective or efficient technologies; and 8) geopolitical risks: although Net Insight has no operating involvement in turbulent regions such as Russia, Ukraine, Israel and Palestine, uncertainties remain, and potential supply chain disruptions should not be overlooked.

P&L, SEKm	Interim figures								2023	2024e	2025e	2026e
	Q1(23)	Q2(23)	Q3(23)	Q4(23)	Q1(24)	Q2(24e)	Q3(24e)	Q4(24e)				
Net sales	127	126	144	162	142	143	157	167	559	610	702	811
Growth, Y/Y	15%	15%	11%	30%	12%	13%	9%	3%	18%	9%	15%	15%
Org growth Y/Y	6%	7%	6%	27%	12%	12%	13%	4%	12%	10%	15%	15%
Cost of sales	-52	-48	-58	-60	-57	-57	-61	-61	-218	-236	-261	-300
of which amort of cap R&D	-14	-14	-14	-13	-12	-15	-15	-17	-55	-58	-64	-72
Growth ex cap, Y/Y	26%	6%	29%	32%	18%	27%	6%	-7%	24%	10%	11%	16%
Gross profit	75	78	86	103	86	86	96	106	342	373	442	511
Gross margin	59%	62%	60%	63%	60%	60%	61%	64%	61%	61%	63%	63%
Gross profit growth, Y/Y	10%	17%	1%	32%	14%	9%	12%	4%	15%	9%	18%	16%
Sales & Marketing exp	-36	-38	-38	-40	-41	-43	-43	-47	-152	-175	-195	-201
Admin exp.	-15	-16	-15	-17	-17	-17	-18	-18	-62	-70	-75	-75
R&D exp	-11	-13	-12	-15	-13	-12	-13	-18	-52	-57	-69	-80
Other op. inc. & exp.	-1	-1	-2	-1	-3	-2	0	0	-5	-4	0	1
Total opex	-63	-69	-66	-73	-74.9	-74	-74	-83	-271	-306	-338	-354
of which D&A	-4	-4	-4	-4	-4	-4	-5	-5	-17	-18	-19	-17
Opex ex D&A growth	9.1%	18.9%	18.0%	13.9%	20.8%	9.0%	11.6%	12.6%	14.9%	13.3%	10.9%	5.6%
Operating profit	12	10	20	29	11	11	22	24	71	67	104	156
Operating margin	9%	8%	14%	18%	7.4%	7.9%	14%	14%	13%	11%	15%	19%
Op. profit growth Y/Y	12%	6%	-28%	123%	-12%	14%	12%	-20%	17%	-5%	53%	51%
Net financial items	1	4	1	0	7	2	2	1	6	12	6	7
of which interest income	2	2	2	2	2	2	2	1	7	7	6	7
of which other	0	0	0	0	0	0	0	0	0	0	0	0
of which FX	0	3	-1	-3	5	0	0	0	-1	5	0	0
Pre-tax profit	13	14	21	29	18	13	24	25	77	80	110	163
Taxes	-3	-3	-4	-6	-4	-3	-5	-6	-17	-18	-25	-36
Tax rate	22%	24%	22%	22%	21%	22%	22%	23%	22%	22%	22%	22%
Net profit	10	11	16	23	14	10	18	19	60	62	85	127
Disc op	0	0	0	0	0	0	0	0	0	0	0	0
Net profit	10	11	16	23	14	10	18	19	60	62	85	127
EPS, reported	0.03	0.03	0.05	0.06	0.04	0.03	0.05	0.06	0.17	0.18	0.26	0.39
EPS, adjusted	0.03	0.03	0.05	0.06	0.04	0.03	0.05	0.06	0.17	0.18	0.26	0.39
No of shares, basic	356	355	350	347	345	345	345	345	347	336	326	326
No of shares, diluted	361	358	351	348	347	347	347	347	348	338	328	328
Avg no of shares, basic	356	356	353	349	346	345	345	345	353	341	331	326
Avg no of shares, diluted	361	360	355	350	348	347	347	347	356	343	333	328

Source: Company data, Carnegie Research

Interim figures												
Revenue break down	Q1(23)	Q2(23)	Q3(23)	Q4(23)	Q1(24)	Q2(24e)	Q3(24e)	Q4(24e)	2023	2024e	2025e	2026e
Hardware	54	50	70	60	57	58	63	71	233	249	286	327
Growth, Y/Y	20%	-4%	6%	-6%	5%	15%	-10%	20%	3%	7%	15%	14%
HW share of sales	43%	40%	48%	37%	40%	41%	40%	43%	42%	41%	41%	40%
Software	33	33	32	68	47	49	50	62	166	208	217	251
Growth, Y/Y	84%	57%	32%	208%	43%	48%	55%	-9%	94%	25%	4%	16%
SW share of sales	26%	26%	22%	42%	33%	34%	32%	37%	30%	34%	31%	31%
SW share of 12M HW sales	14%	14%	14%	29%	20%	20%	21%	25%	71%	83%	76%	77%
Supp & Serv	40	43	42	35	38	36	45	34	160	153	199	233
Media Supp & Serv sales	33	36	35	33	38	36	44	33	136	151	193	223
Time Synch Supp & Serv sales	7	7	7	2	0	0	1	1	23	2	6	10
Growth, Y/Y	-15%	17%	6%	-13%	-4%	-16%	6%	-3%	-2%	-4%	30%	17%
Supp & serv share of sales	31%	34%	29%	21%	27%	25%	28%	20%	29%	25%	28%	29%
Total	127	126	144	162	142	143	157	167	559	610	702	811

Source: Company data, Carnegie Research

Financial statements

Profit & loss (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Sales	427	449	449	332	381	475	559	610	702	811
COGS	-179	-176	-166	-130	-152	-177	-218	-236	-261	-300
Gross profit	248	273	282	202	228	298	342	373	442	511
Other income & costs	-185	-206	-208	-158	-142	-176	-199	-230	-256	-266
Share in ass. operations and JV	0	0	0	0	0	0	0	0	0	0
EBITDA	63	67	74	45	87	121	143	144	186	245
Depreciation PPE	-1	-3	-6	-6	-5	-6	-6	-8	-8	-6
Depreciation lease assets	0	0	-10	-10	-8	-8	-10	-9	-10	-10
Amortisation development costs	-61	-58	-57	-39	-44	-45	-55	-58	-64	-72
Amortisation other intangibles	-4	-4	-5	-5	-2	-1	-1	-1	-1	-1
Impairments / writedowns	-4	-36	0	0	0	-1	0	0	0	0
EBITA	-8	-34	-4	-15	27	61	71	67	104	156
Amortization acquisition related	0	0	0	0	0	0	0	0	0	0
Impairment acquisition related	0	0	0	0	0	0	0	0	0	0
EBIT	-8	-34	-4	-15	27	61	71	67	104	156
Share in ass. operations and JV	0	0	0	0	0	0	0	0	0	0
Net financial items	13	1	-3	-5	2	8	6	12	6	7
of which interest income/expenses	0	0	-4	-1	0	1	7	7	6	7
of which interest on lease liabilities	0	0	0	0	0	0	0	0	0	0
of which other items	13	1	1	-3	2	7	-1	5	0	0
Pre-tax profit	5	-33	-7	-20	29	69	77	80	110	163
Taxes	-2	7	2	5	-5	-15	-17	-18	-25	-36
Post-tax minorities interest	0	0	0	0	0	0	0	0	0	0
Discontinued operations	0	-32	-28	252	-37	0	0	0	0	0
Net profit	4	-58	-32	237	-13	54	60	62	85	127
Adjusted EBITDA	63	67	74	45	87	121	143	144	186	245
Adjusted EBITA	-4	2	-4	-15	27	62	71	67	104	156
Adjusted EBIT	-4	2	-4	-15	27	62	71	67	104	156
Adjusted net profit	6	-30	-32	237	-13	55	60	62	85	127
Sales growth Y/Y	-15.2%	5.3%	-0.2%	-26.0%	14.6%	24.8%	17.7%	9.0%	15.2%	15.4%
EBITDA growth Y/Y	-44.4%	7.6%	10.1%	-40.0%	94.9%	39.6%	17.6%	0.8%	29.4%	31.7%
EBITA growth Y/Y	-chg	-chg	+chg	-chg	+chg	126.0%	17.2%	-4.8%	53.4%	50.9%
EBIT growth Y/Y	-chg	-chg	+chg	-chg	+chg	126.0%	17.2%	-4.8%	53.4%	50.9%
EBITDA margin	14.7%	15.0%	16.6%	13.4%	22.8%	25.5%	25.5%	23.6%	26.5%	30.2%
EBITA margin	nm	nm	nm	nm	7.0%	12.7%	12.7%	11.1%	14.7%	19.3%
EBIT margin	-1.8%	-7.6%	-0.8%	-4.6%	7.0%	12.7%	12.7%	11.1%	14.7%	19.3%
Tax rate	33.5%	20.6%	29.7%	26.5%	17.1%	21.6%	22.3%	22.3%	22.3%	22.3%
Cash flow (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
EBITDA	63	67	74	45	87	121	143	144	186	245
Paid taxes	0	0	0	0	-1	-1	-10	-10	-14	-20
Change in NWC	7	-13	10	-51	18	14	-43	-10	-18	-21
Non cash adjustments	-11	0	8	-225	35	7	11	0	0	0
Discontinued operations	0	-32	-28	252	-37	0	0	0	0	0
Total operating activities	58	21	64	20	102	140	101	124	154	203
Capex tangible assets	-3	-32	-2	-3	-2	-3	0	-3	-4	-4
Capitalised development costs	-87	-75	-89	-72	-60	-88	-96	-98	-109	-122
Capex - other intangible assets	-3	0	-1	-2	0	-1	0	-1	-1	-1
Acquisitions/divestments	0	0	0	302	70	0	0	0	0	0
Other non-cash adjustments	0	0	0	0	0	0	0	0	0	0
Total investing activities	-98	-107	-92	225	9	-91	-96	-101	-113	-126
Net financial items	13	1	-3	-5	2	8	6	12	6	7
Lease payments	0	0	-8	-9	-8	-8	-10	-10	-10	-10
Dividend paid and received	0	0	0	0	0	0	0	0	0	0
Share issues & buybacks	-11	-1	-2	0	-33	-98	-50	-46	-13	0
Change in bank debt	0	0	0	0	0	0	0	0	0	0
Other cash flow items	1	0	0	1	0	2	8	0	0	0
Total financing activities	2	1	-13	-13	-39	-97	-46	-44	-16	-3
Operating cash flow	58	21	64	20	102	140	101	124	154	203
Free cash flow	-22	-84	-39	-71	34	50	1	24	37	73
Net cash flow	-37	-85	-41	233	71	-47	-42	-21	24	73
Change in net IB debt	-28	-84	-43	231	71	-46	-41	-20	25	73
Capex / Sales	0.7%	7.0%	0.4%	0.9%	0.6%	0.5%	-0.1%	0.5%	0.5%	0.5%
NWC / Sales	10.8%	8.3%	6.7%	16.6%	24.7%	20.8%	18.6%	18.9%	18.4%	18.4%

Source: Carnegie Research & company data

Financial statements, cont.

Balance sheet (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Acquired intangible assets	58	63	66	58	39	39	39	39	39	39
Other fixed intangible assets	19	14	11	8	2	2	1	1	0	0
Capitalised development	252	234	185	209	158	198	236	276	321	371
Tangible assets	5	34	30	25	19	16	13	8	3	1
Lease assets	0	0	52	45	34	32	25	25	25	25
Other IB assets (1)	0	0	0	0	0	0	0	0	0	0
Other non-IB assets	19	35	32	33	22	9	8	8	8	8
Fixed assets	353	381	375	378	274	295	321	356	396	444
Inventories (2)	44	46	45	52	54	84	89	97	111	128
Receivables (2)	106	116	112	139	126	147	162	176	203	235
Prepaid exp. & other NWC items (2)	17	14	9	10	21	10	0	0	0	0
IB current assets (1)	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0	0	0	0	0
Cash & cash equivalents (1)	178	93	52	283	355	308	266	245	269	343
Current assets	344	269	312	484	555	550	517	518	584	706
Total assets	697	650	686	862	829	845	838	874	980	1,149
Shareholders' equity	546	494	464	693	647	605	622	638	711	838
Minorities	0	0	0	0	0	0	0	0	0	0
Other equity	0	0	0	0	0	0	0	0	0	0
Total equity	546	494	464	693	647	605	622	638	711	838
Deferred tax	0	0	0	0	0	0	0	8	19	34
LT IB debt (1)	0	0	0	0	0	0	0	0	0	0
Other IB provisions (1)	0	0	0	0	0	0	0	0	0	0
Lease liabilities	0	0	42	36	25	21	12	11	10	10
Other non-IB liabilities	20	18	21	18	11	61	52	52	52	52
LT liabilities	20	18	62	54	36	82	64	70	80	96
ST IB debt (1)	2	0	17	3	45	15	12	12	12	12
Payables (2)	22	36	36	17	37	36	38	42	48	55
Accrued exp. & other NWC items (2)	108	102	108	96	64	108	102	111	128	148
Other ST non-IB liabilities	0	0	0	0	0	0	0	0	0	0
Liabilities - assets held for sale	0	0	0	0	0	0	0	0	0	0
Current liabilities	132	138	161	116	146	158	152	165	188	216
Total equity and liabilities	697	650	686	862	829	845	838	874	980	1,149
Net IB debt (=1)	-176	-93	6	-244	-285	-273	-242	-222	-247	-321
Net working capital (NWC) (=2)	36	38	22	89	100	98	110	120	138	160
Capital employed (CE)	539	469	500	709	705	642	644	667	749	892
Capital invested (CI)	119	149	180	225	193	187	187	192	205	225
Equity / Total assets	78%	76%	68%	80%	78%	72%	74%	73%	73%	73%
Net IB debt / EBITDA	-2.8	-1.4	0.1	-5.5	-3.3	-2.3	-1.7	-1.5	-1.3	-1.3
Per share data (SEK)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Adj. no. of shares in issue YE (m)	383.7	383.5	382.8	382.8	377.4	357.2	346.6	335.8	325.8	325.8
Diluted no. of Shares YE (m)	383.7	383.5	382.8	382.8	380.4	362.0	348.4	337.6	327.6	327.6
EPS	0.01	-0.15	-0.08	0.62	-0.03	0.15	0.17	0.18	0.26	0.39
EPS adj.	0.02	-0.08	-0.08	0.62	-0.03	0.15	0.17	0.18	0.26	0.39
CEPS	0.19	0.11	0.10	0.75	0.10	0.29	0.34	0.37	0.47	0.63
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BVPS	1.42	1.29	1.21	1.81	1.71	1.69	1.79	1.90	2.18	2.57
Performance measures	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
ROE	0.6%	-11.2%	-6.7%	41.1%	-2.0%	8.6%	9.8%	9.8%	12.6%	16.4%
Adj. ROCE pre-tax	1.7%	0.6%	-0.5%	-3.1%	4.2%	10.6%	12.0%	12.1%	15.5%	19.9%
Adj. ROIC after-tax	-1.8%	1.1%	-1.5%	-5.6%	10.6%	25.6%	29.4%	27.6%	40.4%	56.4%
Valuation	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
FCF yield	-1.3%	-5.0%	-2.3%	-4.2%	2.0%	2.9%	0.1%	1.4%	2.2%	4.3%
Dividend yield YE	na	na	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend + buy backs yield YE	na	na	0.2%	0.0%	1.3%	4.5%	2.8%	2.7%	0.8%	0.0%
EV/Sales YE	na	na	1.98	1.09	5.87	4.04	2.81	2.42	1.99	1.64
EV/EBITDA YE	na	na	11.9	8.1	25.7	15.8	11.0	10.3	7.5	5.4
EV/EBITA YE	na	na	neg.	neg.	>50	31.7	22.1	21.9	13.5	8.5
EV/EBITA adj. YE	na	na	neg.	neg.	>50	31.0	22.1	21.9	13.5	8.5
EV/EBIT YE	na	na	neg.	neg.	>50	31.7	22.1	21.9	13.5	8.5
P/E YE	na	na	nm	2.5	nm	41.6	30.7	27.9	19.6	13.0
P/E adj. YE	na	na	nm	2.5	nm	40.7	30.7	27.9	19.6	13.0
P/BV YE	na	na	1.90	0.87	3.86	3.57	2.90	2.65	2.31	1.96
Share price YE (SEK)			2.30	1.58	6.62	6.06	5.20	4.97		

Source: Carnegie Research & company data

Disclosures and disclaimers

Carnegie Investment Bank AB

Carnegie Investment Bank AB (publ.) is a leading investment bank with a Nordic focus. The Carnegie group of companies, together "Carnegie", generates added value for institutions, companies and private clients in the areas of trade in securities, investment banking and private banking. Carnegie has approximately 600 employees, located in offices in six countries.

Valuation, methodology, and assumptions

Commissioned research reports include the analyst's assessment of a fair value range over the coming six to 12 months based on various fundamental valuation methods. A commonly used method is DCF valuation, where future cash flows are discounted to today. Analysts may also use different valuation multiples, e.g. P/E ratio and EV/EBIT multiples, relative to industry peers to obtain a target price. For companies where it is appropriate, a fair value range can also be based on the analyst's assessment of a fair ratio relative to the net asset value of the company. Fair value ranges represent the assessment of the analyst(s) at the time of writing

Frequency of update

Carnegie's research analysis consists of case-based analyses, which implies that the frequency of the analytical report may vary over time. Unless otherwise expressly stated in the report, the analysis is updated when considered necessary by the research department, for example in the event of significant changes in market conditions or events related to the issuer/the financial instrument.

Analyst certification

The research analyst or analysts responsible for the content of this commissioned research report certify that, notwithstanding the existence of any potential conflicts of interests referred to herein, the views expressed in this commissioned research report accurately reflect the research analyst's personal views about the companies and securities covered. It is further certified that the research analyst has not been, nor is or will be, receiving direct or indirect compensation related to the specific ratings or views contained in this commissioned research report.

Potential conflicts of interest

Carnegie, or its subsidiaries, may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any company mentioned in this report. Any such publicly announced business activity, during the past 12 months, will be referred to in this commissioned research report. A set of rules handling conflicts of interest is implemented in the Carnegie Group. Investment Banking and other business departments in Carnegie are surrounded by information barriers to restrict the flows of sensitive information. Persons outside such barriers may gain access to sensitive information only after having observed applicable procedures. The remuneration of persons involved in preparing this commissioned research report is not tied to investment banking transactions performed by Carnegie or a legal person within the same group.

Confidential and non-public information regarding Carnegie and its clients, business activities and other circumstances that could affect the market value of a security ("sensitive information") is kept strictly confidential and may never be used in an undue manner.

Internal guidelines are implemented in order to ensure the integrity and independence of research analysts. In accordance with the guidelines the research department is separated from the Investment Banking department and there are no reporting lines between the research department and Investment Banking. The guidelines also include rules regarding, but not limited to, the following issues: contacts with covered companies, prohibition against offering favourable recommendations, personal involvement in covered companies, participation in investment banking activities, supervision and review of research reports, analyst reporting lines and analyst remuneration.

Other material conflicts of interest

This report was commissioned and sponsored by the issuer (issuer-paid research).

Distribution restrictions

This commissioned research report is intended only for distribution to professional investors. Such investors are expected to make their own investment decisions without undue reliance on this commissioned research report. This commissioned research report does not have regard to the specific investment objectives, financial situation or particular needs of any specific person who may receive it. Investors should seek financial advice regarding the appropriateness of investing in any securities discussed in this commissioned research report and should understand that statements regarding future prospects may not be realized. Past performance is not necessarily a guide to future performance. Carnegie and its subsidiaries accept no liability whatsoever for any direct or consequential loss, including, without limitation, any loss of profits arising from the use of this commissioned research report or its contents. This commissioned research report may not be reproduced, distributed or published by any recipient for any purpose. The document may not be distributed to persons that are citizens of or domiciled in any country in which such distribution is prohibited according to applicable laws or other regulations.

This commissioned research report is distributed in Sweden by Carnegie Investment Bank AB. Carnegie Investment Bank AB is a bank incorporated in Sweden with limited liability which is authorised and regulated by the Swedish Financial Supervisory Authority (Finansinspektionen). In Finland this commissioned research report is issued by Carnegie Investment Bank AB, Finland Branch. The Finland branch is authorised by the Swedish Financial Supervisory Authority and subject to limited regulation by the Finnish Financial Supervisory Authority (Finanssivalvonta). In Norway this commissioned research report is issued by Carnegie AS, a wholly-owned subsidiary of Carnegie Investment Bank AB. Carnegie AS is regulated by the Financial Supervisory Authority of Norway (Finanstilsynet). In Denmark this commissioned research report is issued by Carnegie Investment Bank AB, Denmark Branch. The Denmark branch is authorised by the Swedish Financial Supervisory Authority and subject to limited regulation by the Danish Financial Supervisory Authority (Finanstilsynet).

This commissioned research report is distributed in the US by Carnegie, Inc., a US-registered broker-dealer and a member of FINRA and SIPC. Carnegie's research analysts located outside of the US are employed by non-US affiliates of Carnegie Inc. ("non-US affiliates") that are not subject to FINRA regulations. Generally, Carnegie research analysts are not registered with or qualified as research analysts with FINRA, and therefore are not subject to FINRA rule 2241 restrictions intended to prevent conflicts of interest by, among other things, prohibiting certain compensation practices, restricting trading by analysts and restricting communications with the companies that are the subject of the research report. Research reports distributed in the U.S. are intended solely for major US institutional investors and US institutional investors as defined under Rule 15a-6 of the Securities Exchange Act of 1934. This commissioned research report is provided for informational purposes only and under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy any securities. Reports regarding equity products are prepared by non-US affiliates of and distributed in the United States by Carnegie Inc. under Rule 15a-6(a)(3). When distributed by Carnegie Inc, Carnegie Inc. takes responsibility for the commissioned research report. Any US person who wishes to effect transactions based on this commissioned research report should contact Carnegie Inc. Investors in the US should be aware that investing in non-US securities entails certain risks. The securities of non-US issuers may not be registered with, or be subject to, the current information reporting and audit standards of the US Securities and Exchange Commission.

This commissioned research report has been issued in the UK by Carnegie UK which is the UK Branch of Carnegie Investment Bank AB. Carnegie UK is authorised and regulated by the Financial Conduct Authority (FCA).

Research Disclaimer

This commissioned research report is provided solely for information. It does not constitute or form part of, and shall under no circumstances be considered as an offer to sell or a solicitation of an offer to purchase or sell any relevant financial instrument.

This commissioned research report has been requested and paid for by the issuer and should therefore be considered a marketing communication (i.e. not investment research). Payment for the report has been agreed in advance on a non-recourse basis. As commissioned research, this material can be considered an acceptable minor non-monetary benefit under MiFID II. It has not been prepared in accordance with the legal requirements designed to promote the independence of investment research. However, it is still subject to a prohibition on dealing ahead of the dissemination of the report.

Carnegie Investment Bank AB is responsible for the preparation of this commissioned research report in Sweden, Finland, Denmark, and the UK. Carnegie AS is responsible for the preparation of this commissioned research report in Norway. Carnegie Inc. is responsible for this research report in the US.

The information in this commissioned research report was obtained from various sources. While all reasonable care has been taken to ensure that the information is true and not misleading, Carnegie gives no representation or warranty, express or implied, about its accuracy or completeness. Carnegie, its subsidiaries and any of their officers or directors may have a position, or otherwise be interested in, transactions in securities that are directly or indirectly the subject of this commissioned research report. Any significant financial interests held by the analyst, Carnegie or a legal person in the same group in relation to the issuer will be referred to in the company-specific disclosures.

Company specific disclosures

The following disclosures relate to relationships between Carnegie Investment Bank AB (with its subsidiaries, "Carnegie") and the issuer or an affiliate.

Within the past 12 months Carnegie (refer to definition in disclaimer text) has received compensation for investment banking services regarding BerGenBio, Byggfakta Group, Catena Media, Clas Ohlson, Duell Corporation, Embracer Group, Envipco, Gränges, InDex Pharmaceuticals, Irras, Karnov, Kongsberg Gruppen, Musti Group, Navamedic, NEL, Nobia, Norconsult, Norsk Titanium, OX2, Permascand, Prosafe, Resurs Holding, Sampo, Sats, Schibsted, Tobii, Vår Energi and Zealand Pharma.

Within the past 12 months Carnegie (refer to definition in disclaimer text) has managed or co-managed a public offering of securities of Bonava, Camurus, Catena, DOF, Dustin, Emilshus, Ferroamp, Fingerprint Cards, InDex Pharmaceuticals, John Mattson, K-Fastigheter, Midsummer, Modus Therapeutics Holding, Nobia, Nyfosa, Oncopetides, OssDesign, Q-linea, Rusta, Sdiprech, Tobii, Trianon, Viaplay Group, Vimian and Xvivo.

Please see Carnegie AS' website for a full list of shares owned by employees of Carnegie AS in relation to potential conflicts of interest: www.carnegie.no (General business terms and more / Employees holdings). Carnegie AS may also own shares in connection with trading. This disclosure is made to meet Norwegian best practice.

A Board member of Carnegie Investment Bank AB (who is not an analyst) is a member of the Board of Directors of Kinnevik. Carnegie Investment Bank AB acts as a market maker in the Vimian share. Carnegie Investment Bank AB acts as a market maker in the Sagax share. Carnegie Investment Bank AB acts as a market maker in the Fastpartner share. Carnegie Investment Bank AB acts as a market maker in the Kindred share. Carnegie Investment Bank AB acts as a market maker in the Solar share. Carnegie Investment Bank AB acts as a market maker in the TF Bank share. Carnegie Investment Bank AB acts as a market maker in the Devyser share. Carnegie Investment Bank AB acts as a market maker in the RugVista share.

Parts of this commissioned research report may have been submitted to the issuer prior to its publication.

Copyright © 2024 Carnegie



Commissioned Research sponsored by Net Insight

19 June 2024

Carnegie Investment Bank AB

Regeringsgatan 56
SE-103 38 Stockholm
Tel +46 8 5886 88 00 Fax +46 8 5886 88 95
A member of the Stockholm Stock Exchange

Carnegie Investment Bank, Denmark Branch

Overgaden neden Vandet 9B PO Box 1935
DK-1414 Copenhagen K
Tel +45 32 88 02 00 Fax +45 32 96 10 22
A member of the Copenhagen Stock Exchange

Carnegie Investment Bank AB, Finland Branch

Eteläesplanadi 2 PO Box 36
FI-00131 Helsinki
Tel +358 9 618 71 230 Fax +358 9 618 71 720
A member of the Helsinki Stock Exchange

Carnegie AS

Fjordalleen 16, 5th Floor PO Box 684,
Sentrum NO-0106 Oslo
Tel +47 22 00 93 00 Fax +47 22 00 94 00
A member of the Oslo Stock Exchange

Carnegie, Inc.

20 West 55th St.,
New York N.Y. 10019
Tel +1 212 262 5800 Fax +1 212 265 3946
Member FINRA / SIPC

Carnegie Investment Bank AB, UK Branch

Finwell House, 26 Finsbury Square
London EC2A 1DS
Tel +44 20 7216 4000 Fax +44 20 7417 9426
Regulated by the FCA in the conduct of Designated
Investment Business in the UK
