



Commissioned Research

29 August 2024

Net Insight

Highlights from Carnegie's Micro- & Small Cap Day 2024

News Flash

Fair value range:

SEK6.0–9.0

Share price:

SEK6.7

What is new? Net Insight's CEO, Crister Fritzson, held an in-house presentation at Carnegie in Stockholm this morning. Link to presentation: <https://youtu.be/MNQQOLwKrr0>

What does it mean? Mr Fritzson gave a brief presentation of the two divisions, Media and Time Sync, including current trends. For Media he highlighted the ongoing transition from the traditional way of transporting media to a more digital way based on IP and Cloud solutions. This has been the main driver for Net Insight being able to show 15 consecutive quarters of growth and profitability. However, since the penetration of IP/Cloud based solution is still only around 20%, there is more growth to go after – both when it comes to approaching new customers, but also working with existing customers and the already installed hardware base, which can either be upgraded or populated with new software. With regards to the Time Sync division, where Net Insight's solution helps telecom operators, particularly the ones that do not own the entire network but instead lease infrastructure, to synchronise data in 5G networks based on time. Although it is not suitable for all telecom operators, we got the impression that Net insight's solution can be used by more operators than previously expected, such as in the US, where the company has at least one proof-of-concept project running. Mr Fritzson also highlighted the work that has been done in the past 4–5 years, where the company has focused on growing the business where there are clear scale effects, in order to also improve profitability and cash flow.

What do we do? Although it did not provide any news, we believe the presentation gave a good overview of the strong market position that Net Insight holds. Surely, sales cycles are long but, in both divisions, we believe Net Insight has proven itself over time. On the Media side it is one of the global leaders, where the business model at first offers hardware, which is later followed by high margin software deals has been proven in recent quarters. One should not expect similar software deals to happen every quarter, but given the large installed base there is good scope for further software deals. In the Time Sync division, where the Zyntai product was launched in 2023, it already has around 10 commercial customers. The presentation as such did not trigger any estimate revisions and we reiterate our fair value range of SEK6–9.

Research analysts:

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Upcoming events

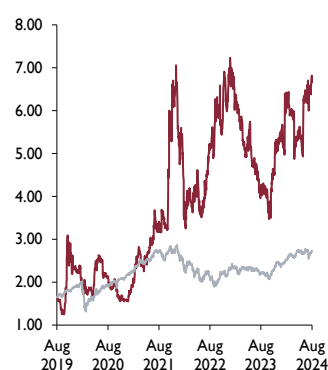
Q3 Report 07 Nov 2024

Key facts

No. shares (m)	336.6
Market cap. (USDm)	221
Market cap. (SEKm)	2,245
Net IB Debt. (SEKm)	-239
Adjustments (SEKm)	0
EV (2024e) (SEKm)	2,007
Free float	100.0%
Avg. daily vol. ('000)	470
Risk	Medium Risk
Fiscal year end	December
Share price as of (CET)	29 Aug 2024 09:57

Key figures (SEK)	2023	2024e	2025e	2026e
Sales (m)	559	641	712	820
EBITDA (m)	143	176	192	252
EBIT (m)	71	99	109	162
EPS	0.17	0.25	0.27	0.40
EPS adj.	0.17	0.25	0.27	0.40
DPS	0.00	0.00	0.00	0.00
Sales growth Y/Y	18%	15%	11%	15%
EPS adj. growth Y/Y	14%	49%	8%	49%
EBIT margin	12.7%	15.5%	15.4%	19.8%
P/E adj.	39.4	26.4	24.6	16.5
EV/EBIT	22.1	20.2	17.4	11.3
EV/EBITA	22.1	20.2	17.4	11.3
EV/EBITDA	11.0	11.4	9.9	7.3
P/BV	3.7	3.4	2.9	2.5
Dividend yield	0.0%	0.0%	0.0%	0.0%
FCF yield	0.0%	1.8%	2.0%	3.5%
Equity/Total Assets	74.2%	72.9%	72.9%	73.3%
ROCE	12.0%	16.6%	15.7%	19.8%
ROE adj.	9.8%	13.5%	12.8%	16.4%
Net IB debt/EBITDA	-1.7	-1.4	-1.4	-1.4

Share price -5Y



Net Insight

OMX Stockholm_PI (Se) (Rebased)

High/Low (12M) SEK6.8/3.5

Perf.	3M	6M	12M	YTD
Abs.	23.3	7.2	63.6	28.3
Rel.	22.2	-0.3	41.3	18.5

Source: Carnegie Research, FactSet, Millstream & company data

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