

## NEWS FLASH

18 March 2025

Sweden

Technology Hardware &amp; Equipment

Research analysts:

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## Waystream

Share price: SEK21.4

Fair value range: SEK20.0–34.0

## Major competitor to Waystream files for Chapter 7 protection

## What is new?

DZS has filed for Chapter 7 protection, implying that the company commenced a liquidation proceeding under Chapter 7 of the United States Bankruptcy Code. All US operations ceased, and all US employees were terminated as of the Chapter 7 filing. The company's foreign subsidiaries, including those in Germany, the United Kingdom and Australia, may continue to exist outside of the US liquidation. A Chapter 7 Trustee will be appointed soon to control the liquidation process in the US and evaluate how to proceed with foreign subsidiaries and affiliates. Subsidiaries and affiliates outside the US will experience near-term business disruption with day-to-day operations, which will include various IT (i.e., outlook/email), and other software programmes. All this information is according to the DZS homepage.

## What does it mean?

DZS has been a major supplier to Telia, together with Huawei and Waystream. The Telia logo is still visible on the DZS homepage. According to industry sources, DZS has been a significant supplier to Telia Sweden. Waystream has a frame agreement in place with Telia, although we estimate that revenues to Sweden have been marginal up until now. With Huawei excluded due to the legal decision from PTS (Post- och telestyrelsen) in 2020, and DZS now likely to be excluded as the company has reduced capabilities to service guarantees and aftermarket obligations, Waystream is in a prime position to capitalise on this new competitive landscape with its strong product offering, in our view. We also see better prospects for Waystream to gain market share in Germany given that DZS has business in this country as well.

## What do we do?

We leave our estimates and fair value unchanged. However, the recovery scenario we have pencilled into our earnings forecasts is now derisked, as Waystream could see better demand from Sweden relative to our previous expectations. We have a fair value range of SEK20–34 per share.

## Upcoming events

- Q1 Report: 24 Apr 2025
- AGM 2025: 29 Apr 2025
- Q2 Report: 10 Jul 2025
- Q3 Report: 16 Oct 2025

## Key facts

|                         |                   |
|-------------------------|-------------------|
| No. shares (m)          | 8.1               |
| Market cap. (USDm)      | 17                |
| Market cap. (SEKm)      | 173               |
| Net IB Debt. (SEKm)     | 9                 |
| Adjustments (SEKm)      | 0                 |
| EV (2025e) (SEKm)       | 182               |
| Free float              | 72.4%             |
| Avg. daily vol. ('000)  | 25                |
| Risk                    | Medium Risk       |
| Fiscal year end         | December          |
| Share price as of (CET) | 18 Mar 2025 12:21 |

| Key figures (SEK)   | 2024   | 2025e | 2026e | 2027e |
|---------------------|--------|-------|-------|-------|
| Sales (m)           | 115    | 133   | 153   | 187   |
| EBITDA (m)          | -6     | 12    | 23    | 32    |
| EBIT (m)            | -12    | 5     | 16    | 25    |
| EPS                 | -1.46  | 0.40  | 1.51  | 2.48  |
| EPS adj.            | -0.77  | 0.40  | 1.51  | 2.48  |
| DPS                 | 0.00   | 0.40  | 0.75  | 0.75  |
| Sales growth Y/Y    | 15%    | 16%   | 15%   | 22%   |
| EPS adj. growth Y/Y | -chg   | +chg  | 273%  | 65%   |
| EBIT margin         | -10.6% | 4.0%  | 10.5% | 13.4% |
| P/E adj.            | n.m.   | 53.0  | 14.2  | 8.6   |
| EV/EBIT             | neg.   | 34.6  | 11.1  | 7.2   |
| EV/EBITA            | neg.   | 34.6  | 11.1  | 7.2   |
| EV/EBITDA           | neg.   | 14.9  | 7.7   | 5.6   |
| P/BV                | 3.0    | 2.9   | 2.5   | 2.1   |
| Dividend yield      | 0.0%   | 1.9%  | 3.5%  | 3.5%  |
| FCF yield           | 1.2%   | -2.0% | 4.0%  | 1.9%  |
| Equity/Total Assets | 50.3%  | 51.7% | 51.3% | 53.6% |
| ROCE                | -16.2% | 7.5%  | 21.1% | 28.8% |
| ROE adj.            | -10.0% | 5.6%  | 18.8% | 26.4% |
| Net IB debt/EBITDA  | -1.1   | 0.8   | 0.3   | 0.3   |

## Share price - 5Y



High/Low (12M) SEK26/13.9

| Perf. | 3M   | 6M  | 12M  | YTD  |
|-------|------|-----|------|------|
| Abs.  | 35.1 | 7.0 | 11.1 | 28.3 |
| Rel.  | 31.5 | 4.7 | 4.5  | 22.7 |

Source: Carnegie Research, FactSet, Millstream &amp; company data

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Carnegie Securities Research

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