

NEWS FLASH

24 April 2025

Sweden

Technology Hardware & Equipment

Research analysts:

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Waystream

Share price: SEK26.5

Fair value range: SEK20.0–34.0

Impressive margin performance – Q1(25) initial comment

Q1(25) EBIT of SEK5m well above our SEK-4m

Waystream reported a solid set of numbers in Q1(25). Sales growth of 6% was well ahead of our -21% estimate. EBIT of SEK5m was also clearly above our SEK-4m estimate. According to the company, macro headwinds are unchanged and the impressive performance can therefore be attributed to Waystream's own activities to gain market share in a challenging environment. On the client side, the company has gained new city network clients, while telecom operators have started to increase ordering from existing framework agreements. Given that the product mix between city networks, which usually demand higher-margin products, and operators was unchanged Y/Y, much of the margin improvement comes from the cost side. The gross margin improved to 49% from 39% in Q1 last year, which we see as an impressive cost performance. All production is now located in Sweden, which we see as a clear positive factor in the current geopolitical landscape. From a top-line geographical perspective, other Europe, mainly the DACH area, posted Y/Y sales growth of 220%, which is important for the longer perspective as Waystream needs to expand from the increasingly mature Nordic area. Cash flow was solid and the cash balance of SEK16.9m turned the earlier net debt to a net cash position.

Quality aspects confirmed, turnaround earlier than we have expected

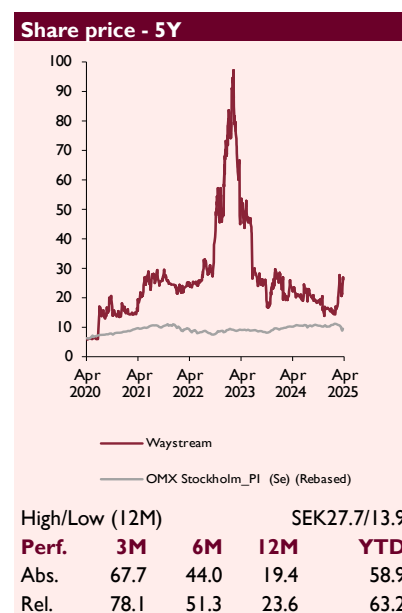
We believe the Q1 report highlights the quality aspects of Waystream's products and market footprint. We have expected an earnings recovery later in 2025 but acknowledge that this has come earlier than expected.

Upcoming events

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

		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.	65.6	17.6	10.7
		EV/EBIT	neg.	42.5	13.7	8.9
		EV/EBITA	neg.	42.5	13.7	8.9
		EV/EBITDA	neg.	18.2	9.5	6.9
		P/BV	3.8	3.5	3.1	2.6
		Dividend yield	0.0%	1.5%	2.8%	2.8%
		FCF yield	0.9%	-1.6%	3.2%	1.5%
		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

Key facts	
No. shares (m)	8.1
Market cap. (USDm)	22
Market cap. (SEKm)	214
Net IB Debt. (SEKm)	9
Adjustments (SEKm)	0
EV (2025e) (SEKm)	223
Free float	72.4%
Avg. daily vol. ('000)	14
Risk	Medium Risk
Fiscal year end	December
Share price as of (CET)	23 Apr 2025 17:29



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Deviation table

SEKm	2024				Q4a	Carnegie	
	Q1	Q2	Q3	Q4		Dev	
Sales	36	33	25	21	38	28	35%
Growth	16%	35%	-5%	16%	6%	-21%	27pp
Adj EBIT	-2	2	-3	-3	5	-4	n.m.
Adj EBIT margin	-5.4%	5.3%	-10.7%	-12.7%	14.1%	-14.1%	28pp
EO	0	0	0	0	0	0	
EBIT	-2	2	-3	-10	5	-4	n.m.
EBIT margin	-5.4%	5.3%	-10.7%	-46.0%	14.1%	-14.1%	28pp
Net financials	0	0	0	-1	0	0	n.m.
Pre-tax Profit	-2	1	-3	-11	5	-4	n.m.
Tax	0	1	2	0	-1	0	
Tax rate	13%	45%	-54%	0%	21%	0%	21pp
Net profit	-2	1	-2	-9	4	-4	n.m.
EPS (SEK)	-0.2	0.1	-0.3	-1.1	0.5	-0.5	n.m.
EPS Adj (SEK)	-0.2	0.1	-0.3	-0.3	0.5	-0.5	n.m.

Source: Carnegie Research, Company data

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