

NEWS FLASH

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Sweden
Software & Services

Research analysts:

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Share price: SEK1.90

Fair value range: SEK2.90–3.90

Margins and cash flow compensate for Agency decline – Q1 initial

Margin expansion and solid cash flow fully offset continued Agency decline

VO2 reported Q1(25) revenue of SEK75m, 5% lower than our estimates of SEK79m. The deviation was fully down to the Agency segment, while other segments were in line or better than expected. The Display segment grew 3% Y/Y, largely in line with our expectations, while (D)OOH and AdTech grew faster than we had expected at 21% and 24% respectively. The main driver of the deviation from our estimates was Agency, with revenue -59% Y/Y compared to our expectation of -26%. The group reported Q1(25) EBITDA of SEK4m, implying an EBITDA margin expansion Y/Y (+30bps) and slightly better than our estimates of SEK3m. Operating cash flow was SEK3m (0m).

Clear focus on profitability ahead

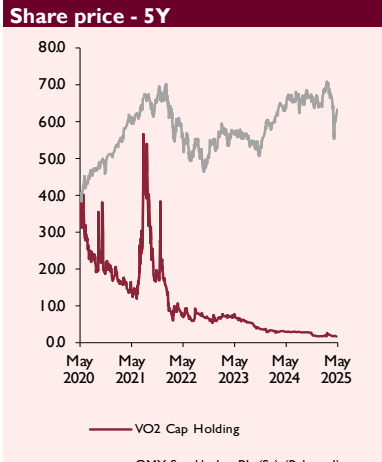
Total operating expenditure was reduced by 12% Y/Y, underpinning the group's explicit focus on profitability and margins ahead. Cash flow is strengthened by higher operating profitability Y/Y, combined with the proceeds of the divestment of 12.8% of Livewrapped, which was announced during the quarter.

Growth in the right segments

While the Agency segment declined more than expected Y/Y, the direction of travel was still as we had anticipated, and we argue that the development within (D)OOH is positive, with solid growth even on the back of tough comparable numbers. The development of the Agency segment in 2025 is important to our revenue estimates, but the better-than-expected group margins in the quarter show that the group can compensate on profit items. AdTech reported solid growth in the quarter, we argue, while Display was largely in line with our expectations.

Upcoming events

- Q1 Report: 06 May 2025
- Q2 Report: 25 Jul 2025
- Q3 Report: 30 Oct 2025

| Key facts | | Key figures (SEK) | | | | Share price - 5Y | |
|---|-------------|---------------------|--------|-------|-------|---|----------------------|
| No. shares (m) | 56.9 | 2024 | 2025e | 2026e | 2027e |  | |
| Market cap. (USDm) | 11 | Sales (m) | 345 | 379 | 402 | | |
| Market cap. (SEKm) | 108 | EBITDA (m) | 52 | 33 | 37 | | |
| Net IB Debt. (SEKm) | 33 | EBIT (m) | -52 | 12 | 16 | | |
| Adjustments (SEKm) | 0 | EPS | -0.92 | 0.12 | 0.17 | | |
| EV (2025e) (SEKm) | 141 | EPS adj. | -0.92 | 0.12 | 0.17 | | |
| Free float | 0.0% | DPS | 0.00 | 0.00 | 0.00 | | |
| Avg. daily vol. ('000) | 27 | Sales growth Y/Y | 0% | 10% | 6% | | |
| Risk | Medium Risk | EPS adj. growth Y/Y | -chg | +chg | 47% | | |
| Fiscal year end | December | EBIT margin | -15.1% | 3.1% | 4.0% | | |
| Share price as of (CET) 05 May 2025 00:00 | | P/E adj. | n.m. | 16.0 | 10.9 | | |
| | | EV/EBIT | neg. | 11.8 | 6.5 | | |
| | | EV/EBITA | neg. | 11.8 | 6.5 | | |
| | | EV/EBITDA | 3.2 | 4.3 | 2.9 | | |
| | | P/BV | 0.6 | 0.6 | 0.5 | | |
| | | Dividend yield | 0.0% | 0.0% | 0.0% | | |
| | | FCF yield | -5.4% | 18.9% | 25.6% | | |
| | | Equity/Total Assets | n.a. | n.a. | n.a. | | |
| | | ROCE | -12.2% | 4.9% | 6.2% | | |
| | | ROE adj. | 3.0% | 5.4% | 6.9% | | |
| | | Net IB debt/EBITDA | 1.2 | 1.0 | 0.0 | | |
| | | | | | | High/Low (12M) | SEK3.2/1.6 |
| | | | | | | Perf. | 3M 6M 12M YTD |
| | | | | | | Abs. | -1.3 -20.8 -32.4 4.7 |
| | | | | | | Rel. | 5.8 -16.8 -31.1 6.0 |

Source: Carnegie Research, FactSet, Millstream & company data

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Deviation

VO2

| Carnegie estimates | 2023 | | 2024 | | | | 2025 | Carnegie | |
|--------------------|--------|--------|-------|------|--------|--------|-------|----------|--------|
| SEKm | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q1e | Dev |
| Sales | 75 | 99 | 77 | 93 | 79 | 96 | 75 | 79 | -5% |
| Growth | -31.3% | -36.7% | -2.7% | 1.3% | 5.3% | -2.7% | -3.5% | 2.1% | -5.6pp |
| Organic | -46.2% | -40.7% | -5.9% | 0.3% | 5.3% | -2.7% | -3.5% | 2.1% | -5.6pp |
| Adj EBIT | 3 | 2 | -3 | 0 | -53 | 3 | -1.5 | -2.2 | -32% |
| Adj EBIT margin | 3.7% | 1.7% | -3.4% | 0.3% | -67.2% | 3.3% | -2.0% | -2.8% | 0.8pp |
| EO | 14 | 19 | 0 | 0 | 11 | 18 | 0 | 0 | |
| EBIT | 3 | 2 | -3 | 0 | -63 | -15 | -1.5 | -2.2 | -32% |
| EBIT margin | 3.7% | 1.7% | -3.4% | 0.3% | -80.6% | -15.6% | -2.0% | -2.8% | 0.8pp |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0.0 | |
| Net financials | -1 | -2 | -2 | -2 | -2 | 0 | -0.5 | -0.9 | -44% |
| Pre-tax Profit | 2 | -1 | -4 | -1 | -55 | 3 | -2.0 | -3.1 | -35% |
| Tax | 0 | 0 | 1 | 0 | 5 | -1 | 0.3 | 0.7 | -58% |
| Tax rate | 0 | 0 | 0 | 0 | 0 | 0 | 0.1 | 0.2 | -7.6pp |
| Net profit | 3 | 0 | -4 | -2 | -49 | 3 | -1.7 | -2.5 | -29% |
| EPS (SEK) | 0.0 | 0.0 | -0.1 | 0.0 | -0.9 | 0.0 | -0.03 | -0.04 | -29% |
| EPS Adj (SEK) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -0.03 | -0.04 | -29% |

Source: VO2, Carnegie Research

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