Medical Equipment & Services

Zenicor

UK SAFER study is creating positive ripple effects

Although sales growth was slightly weaker than we estimated, Zenicor delivered a record quarter in Q2 19 and a positive outlook for increased growth rates in H2 19 and 2020. We are encouraged by the rapid uptake in pay-per-use based sales, driving a higher proportion of recurring revenues. The transition in the sales model continues to have a temporary dampening effect on growth but we see the outlook for new contracts as positive.

- The **CEO** expects good growth in coming quarters, driven by ripple effects from the UK SAFER study, continued increased penetration with existing customers and expansion into new markets. The CEO's comments support our view that Zenicor will continue to expand in new markets and that taking part in the SAFER study significantly improves the company's credibility as a supplier of an important system to digitalise and facilitate care for patients suffering from atrial fibrillation.
- **Pay-per-use** sales increased from 3% of sales in Q1 to 15% in Q2, evidencing that the sales model works. The increase in pay-per-use based sales has been slower than we expected over the past year but it is very reassuring to see the high current growth rates and that utilisation rates on the oldest contracts are now at high levels. This implies a gradual pickup of utilisation by the newer contracts, which would drive sales growth in coming quarters.
- **Cash flow** continued to be negative given the investments to develop the software solution and the working capital build. The cash flow profile of the large SAFER project is back-end loaded, so we expect a swing back in working capital in 2020 and top-line driven positive operational cash flow from H2 20. However, with SEK1.2m in cash on the balance sheet, the company needs to secure intermediate financing.
- **Estimate revisions and valuation.** We trim our sales estimates for 2019E and 2020E by 5% and 7% respectively, mainly as a function of the slower-than-expected increase in utilisation rates for new contracts. As the utilisation rates of older contracts have increased, we have confidence in continued good sales growth, supported by already-landed contracts and additional contracts in the pipeline. We trim our valuation range to from SEK38-46 to SEK32-39.

Key data

Price (SEK)*	10.1
Country	Sweden
Bloomberg	ZENI:SS
Reuters	ZENI.TE
Free float	70.9%
Market cap (SEKm)	57
Net debt (current Y/E) (SEKm)	2
No. of shares (m)	5.6
Next event	Q3: 15-Nov

** Price as at close on 23 August 2019*

CEO	Mats Palerius
CFO	Mats Palerius

Company description

Zenicor offers complete system including a thumb EKG and a software backbone used for spontaneous and systematic screening for Atrial Fibrillation, the single most significant indicator for stroke. Zenicor's thumb EKG has been validated by several large scientific studies. Studies show that systematic screening using Zenicor's product is more efficient than the prevailing method, Holter EKG. Several countries are considering national screening programs for AF, but are awaiting additional scientific support, possibly coming Q3 20 in the 5 year follow up to the Swedish "Strokestop" study.

Ownership structure

Mats Palerius (CEO and co founder)	17.4%
Sonny Norström & co (co founder)	14.9%
Ydrehall AS	12.4%
Humle Fonder	8.9%
Handelsbanken Fonder	8.5%

Source: Holdings (30 June 2019)

Estimate changes

	19E	20E	21E
Sales	-5.1%	-6.6%	-6.6%
EBITDA	-83.2%	n.m.	-43.1%
EBIT (adj.)	n.m.	n.m.	-54.9%
EPS (adj.)	n.m.	n.m.	n.m.

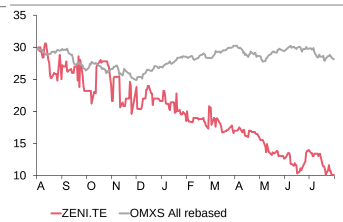
Source: Danske Bank Equity Research estimates

Key financials

Year-end Dec (SEK)	2017	2018	2019E	2020E	2021E
Revenues (m)	18	21	23	30	40
Revenues growth	7.3%	12.7%	12.1%	28.0%	35.0%
EBITDA (m)	-3	-2	0	-1	4
EBIT adj. (m)	-3	-2	-0	-2	2
EBIT growth	-69.8%	14.5%	81.7%	n.m.	n.m.
Pre-tax profit (m)	-2	-3	-1	-2	2
EPS adj.	-0.46	-0.53	-0.14	-0.37	0.35
DPS	0.00	0.00	0.00	0.00	0.00
Dividend yield					
FCF yield (incl. recurr capex)	-0.5%	-10.1%	-8.8%	4.8%	3.2%
EBIT margin (adj.)	-15.1%	-11.5%	-1.9%	-7.9%	5.5%
Net debt/EBITDA (x)	-1.8	1.3	6.1	0.7	-0.7
ROIC	-37.9%	-21.6%	-2.6%	-12.9%	14.2%
EV/sales (x)	6.0	5.4	2.5	1.9	1.3
EV/EBITDA (adj.) (x)	n.m.	n.m.	n.m.	n.m.	15.3
EV/EBITA (x)	n.m.	n.m.	n.m.	n.m.	16.3
EV/EBIT (adj.) (x)	n.m.	n.m.	n.m.	n.m.	24.3
P/E (adj.) (x)	n.m.	n.m.	n.m.	n.m.	28.7

Source: Company data, Danske Bank Equity Research estimates

Price performance



	1M	3M	12M	5Y
Absolute	-28%	-39%	-66%	n.m.
Rel. local market	-24%	-38%	-65%	n.m.
Rel. EU sector	-24%	-38%	-65%	n.m.

Source: FactSet

Analyst(s)

Oscar Stjerngren

Carolina Elvind

Find our research here:
https://research.danskebank.com

Important disclosures and certifications are contained from page 8 of this report

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Improving growth outlook

Although Zenicor delivered all-time high sales in Q2, the 4% growth was somewhat weaker than we had estimated. However, on a more positive note, the CEO was very positive on the growth outlook for H2 19, as well as into 2020. Zenicor is ramping up existing contracts, such as the local contract with the Swedish care units in Värmland as well as the UK co-operation with drug manufacturer Daiichi-Sankyo in the UK.

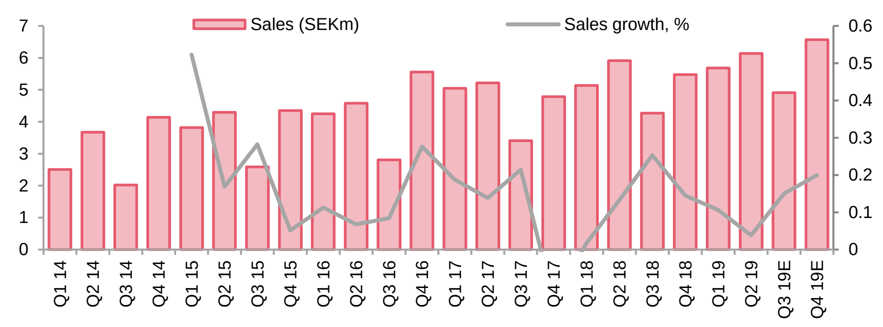
Table 1: Q2 19 deviation of actual from estimated results

SEKm	Q2 19A	Q2 19E	Deviation	Q2 18
Sales	6.2	6.8	-9%	5.9
Sales growth	4%	15%	-10.9	13%
EBITDA	0.3	1.3	-79%	0.2
EBIT	0.2	1.3	-81%	0.1
EBIT margin	4.0%	18.5%	-14.6	2.3%
PTP	0.2	1.2	-86%	0.1
Net profit	0.2	1.2	-86%	0.1
EPS (SEK)	0.03	0.21	-86%	0.01
Net debt (cash)	-2.0	-3.2	-36%	-8.6

Source: Company data, Danske Bank Equity Research estimates

That pay-per-use contracts increased from 3% of sales in Q1 19 to 15% of sales in Q2 19 illustrates that it takes time before the devices placed in local care units are actually utilised to a satisfactory level. We understand that the utilisation rate of the first contract in Finland, in Uleåborg, is now at a high level. This contract started as a trial project in 2017, with commercialisation in 2018. As this project has taken a long to mature, we expect to see further growth as the contracts in Tampere, Värmland and the UK increase in utilisation ahead. In addition, comments by the CEO in the report suggest that we will see additional contracts in the near term, as well as entry into new markets.

Chart 1: Sales and growth by quarter



Source: Company data, Danske Bank Equity Research estimates

The key concern is the negative cash flow and low current cash position at SEK1.2m. The operations per se are approaching cash flow positive but continued investments in software coupled with a back-end loaded cash flow profile for the large SAFER projects are likely to continue driving negative cash flow. With the projected growth and swing back in working capital in 2020, we do not see the negative cash flow as a worrying long-term aspect. However, we believe the company still needs to secure short-term funding to bridge the gap.

We trim our sales estimates for 2019 and 2020 by 5% and 7%, respectively, driven by the slower-than-expected increase in utilisation rates and the short-term negative aspects of the transition from an equipment-based sales model to a pay-per-use sales model. Having said that, we believe in the long term the increase in recurring revenues will warrant a higher valuation multiple. In addition, we argue fundamentals are in place for a pickup in growth rates, although the timing of when Zenicor signs new contracts and the pace of uptake are uncertain.

Table 1: Zenicor – key figures

SEKm	Q1 18	Q2 18	Q3 18	Q4 18	2018	Q1 19	Q2 19E	Q3 19E	Q4 19E	2019E	2020E	2021E	2022E
Sales	5.1	5.9	4.3	5.5	20.8	5.7	6.1	4.9	6.6	23.3	29.8	40.3	54.4
Sales growth	2%	13%	25%	14%	13%	11%	4%	15%	20%	12%	28%	35%	35%
EBITDA	-0.4	0.2	-1.8	-0.3	-2.3	-0.4	0.3	-0.8	0.6	-0.3	-1.2	3.6	10.9
EBIT	**-0.4**	**0.1**	**-1.8**	**-0.3**	**-2.4**	**-0.4**	**0.2**	**-0.8**	**0.5**	**-0.4**	**-2.4**	**2.2**	**9.5**
EBIT margin	-7.7%	2.3%	-42.6%	-5.5%	-11.5%	-6.7%	4.0%	-17.1%	8.2%	-1.9%	-7.9%	5.5%	17.5%
PTP	-0.5	0.1	-1.9	-0.4	-2.7	-0.5	0.2	-0.9	0.5	-0.8	-2.4	2.2	9.5
Net profit	-0.5	0.1	-1.9	-0.4	-2.7	-0.5	0.2	-0.9	0.5	-0.8	-2.1	2.0	8.4
EPS (SEK)	-0.11	0.01	-0.33	-0.07	-0.49	-0.09	0.03	-0.16	0.08	-0.14	-0.37	0.35	1.50
Net debt (cash)	-11.4	-8.6	-8.1	-3.1	-3.1	0.4	2.0	2.9	1.9	1.9	-0.8	-2.6	-9.4

Source: Company data, Danske Bank Equity Research estimates

Valuation

When valuing a company such as Zenicor in an attractive market with good growth prospects but in the early stages of its development phase, we need to look two to four years out to determine what kind of sales and margins the company could deliver. We have established that we see a high need for the company's products and that there is a high probability of market growth. In this market, Zenicor has an established position in terms of scientific support from several studies. In addition, the company has accelerated, and should continue to accelerate, its position in the market and has a proven revenue model. We argue recent orders add to its validity and that the company's way to market works.

Table 2: Healthcare peer group summary – EV/sales

Healthcare peers	Price (lcl ccy)*	Ticker	Mkt cap (lcl ccy m)	EV/sales (x) 2018	2019E	2020E	2021E
Biotage AB	100.4	BIOT SS	6,546	7.1	6.1	5.5	5.0
Vitrolife AB	172	VITR SS	18,671	15.8	12.6	11.2	10.0
Sectra AB Class B	368	SECTB SS	14,114	9.6	9.0	8.2	7.5
Ambu A/S Class B	99.7	AMBUB DC	24,417	10.0	9.0	7.5	6.2
Boule Diagnostics AB	38.95	BOUL SS	756	1.7	1.7	1.5	1.4
Xvivo Perfusion AB	183.8	XVIVO SS	4,889	25.0	20.7	15.8	10.6
iRhythm Technologies, Inc.	72.79	IRTC US	1,809	12.4	8.5	6.4	5.0
Zenicor Medical Systems AB	**10.1**	**ZENI SS**	**57**	**2.5**	**1.9**	**1.3**	**0.9**
Median (excl. iRhythm & Zenicor)				**9.8**	**9.0**	**7.9**	**6.9**
Average (excl. iRhythm & Zenicor)				**8.0**	**6.9**	**8.3**	**6.6**

**Prices as at 15:57 CEST on 23 August 2019*

Source: FactSet (prices and peer consensus), Danske Bank Equity Research (Zenicor estimates)

Table 3: Healthcare peer group summary – EV/EBIT and P/E

Healthcare peers	Price (lcl ccy)*	Ticker	Mkt cap (lcl ccy m)	EV/EBIT (x) 2018	2019E	2020E	2021E	P/E (x) 2018	2019E	2020E	2021E
Biotage AB	100.4	BIOT SS	6,546	37.7	30.6	24.4	21.6	38.8	32.6	29.8	29.4
Vitrolife AB	172	VITR SS	18,671	45.5	37.4	32.8	28.0	59.8	48.0	43.3	37.9
Sectra AB Class B	368	SECTB SS	14,114	56.2	50.0	43.9	39.4	69.2	66.2	58.8	52.4
Ambu A/S Class B	99.7	AMBUB DC	24,417	46.3	59.5	40.1	28.6	71.1	61.9	51.9	36.2
Boule Diagnostics	38.95	BOUL SS	756	13.6	13.3	9.9	8.5	18.9	20.7	12.9	11.4
Xvivo Perfusion AB	183.8	XVIVO SS	4,889	332.0	225.6	74.4	38.8	263.9	189.6	85.1	47.2
iRhythm Technolog..	72.79	IRTC US	1,809	0.0	0.0	0.0	219.6	0.0	0.0	0.0	350.0
Zenicor Medical Sys.	**10.1**	**ZENI SS**	**57**	**-134.5**	**-23.7**	**24.3**	**5.0**	**-71.1**	**-27.0**	**28.7**	**6.7**
Median (excl. iRhythm & Zenicor)				**42.2**	**34.2**	**27.6**	**45.5**	**37.4**	**32.8**	**28.0**	**59.8**
Average (excl. iRhythm & Zenicor)				**41.4**	**33.5**	**27.1**	**38.0**	**35.6**	**28.2**	**23.6**	**49.6**

**Prices as at 15:57 CEST on 23 August 2019*

Source: Danske Bank Equity Research estimates, FactSet

We think the sales multiple in relation to peers is the most appropriate way to value Zenicor. We value Zenicor on an EV/sales 2021E multiple of 5.5x. This implies a discount to the peer group average of 7.0x. The reason for the discount is that we argue Zenicor must demonstrate that the company can accelerate growth rates and achieve scale on the product. Note that the larger US peer iRhythm Technologies trades on EV/sales 2021E of 5x. We lower our base value from SEK42 to SEK36 per share on the back of a reduction in top-line growth assumptions. Applying our cautious and optimistic scenarios, we reach a range of SEK32-39 (previously SEK38-46). Given the company's asset-light model, scientific validation of the product and growth above that of peers over the forecast period, we find a valuation close to peers justified. Our DCF model indicates a fair value of SEK60 but in light of the strong expected sales growth and inherent uncertainty in the DCF valuations of high-growth companies, we prefer to rely on the sales multiple valuation.

Table 4: Scenario valuation summary

2021E	EV/sales (x)	Market cap (SEKm)	Per share (SEK)	Upside potential
Bear	4.5	181.2	32.2	206%
Base	5.0	201.3	35.7	240%
Bull	5.5	221.5	39.3	274%
Current share price (SEK)		59.2	10.5	

Source: Danske Bank Equity Research estimates

Risks

Zenicor operates in a competitive industry, with several potential competing products and technologies. The technology is proven and superior to most prevailing methods for atrial fibrillation screening and is supported by several independent studies. Having said this, there is always a risk of new entrants, or existing players developing stronger propositions. There are several global players with strong financial resources, which could increase their marketing efforts to expand their shares in Zenicor's home markets.

The company needs to continue investing in marketing in order to drive volumes, while trimming costs in order to remain competitive. There is a risk increased spending will not result in the expected top-line growth, requiring additional capital injections. In addition, the strain on working capital increases the risk that Zenicor needs additional capital.

A key demand driver for Zenicor is preventive screening for atrial fibrillation. We see a high likelihood of more broad-based screening but these decisions lie outside the company's control. National healthcare systems tend to be slow in adopting new technology and medical professionals can be slow in implementing new technical solutions.

There is a currency risk as Zenicor reports in Swedish krona but sales, to an increasing extent (30% of total sales but 50% of sales growth), are outside of Sweden. Costs are predominantly in Swedish krona. The 30% of revenues not in Swedish krona are mainly in euro and British pounds (with, we believe, minor exposure to Norwegian krone and Swiss francs).

Danske Bank

Company summary

Sales breakdown, geographical areas

n.a.

Sales breakdown, divisions

n.a.

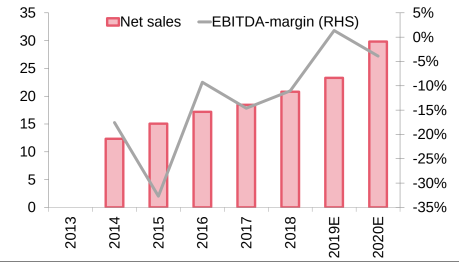
Company information

Zenicor
Saltmätargatan 8, 113 59 STOCKHOLM
Sweden
www.zenicor.se

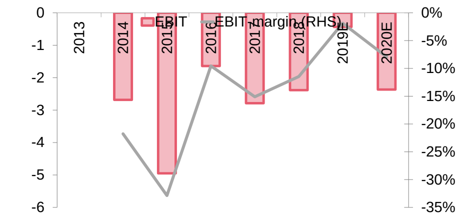
Main shareholders

Name	Votes (%)	Capital (%)
Mats Palerius (CEO and co founder)	17.4%	17.4%
Sonny Norström & co (co founder)	14.9%	14.9%
Ydrehall AS	12.4%	12.4%
Humle Fonder	8.9%	8.9%
Handelsbanken Fonder	8.9%	8.5%

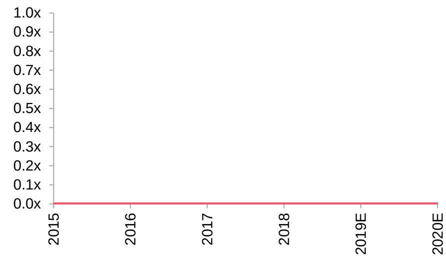
Net sales and EBITDA margin (SEKm)



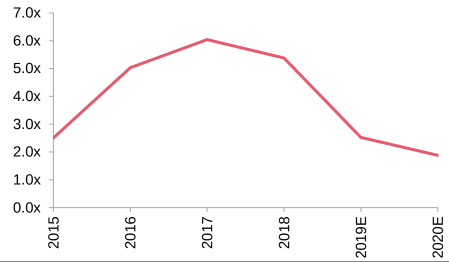
EBIT and EBIT-margin (SEKm)



P/E NTM



EV/sales NTM



Source: FactSet, Company data, Danske Bank Equity Research estimates

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Summary tables

INCOME STATEMENT										
Year end Dec, SEKm	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019E**	**2020E**	**2021E**	**2022E**
Net sales		12	15	17	18	21	23	30	40	54
Cost of sales & operating costs		-15	-20	-19	-21	-27	-26	-31	-37	-43
EBITDA		**-2**	**-5**	**-2**	**-3**	**-2**	**0**	**-1**	**4**	**11**
EBITDA, adj.		-2	-5	-2	-3	-2	0	-1	4	11
Depreciation		-1	-0	-0	-0	-0	-0	-0	-0	-0
EBITA		**-3**	**-5**	**-2**	**-3**	**-2**	**0**	**-1**	**3**	**11**
EBIT incl. EO, bef. ass.		**-3**	**-5**	**-2**	**-3**	**-2**	**-0**	**-2**	**2**	**9**
EBIT, adj.		-3	-5	-2	-3	-2	-0	-2	2	9
Financial items, net		-0	-0	-0	1	-0	-0	0	0	0
Pre-tax profit		**-3**	**-5**	**-2**	**-2**	**-3**	**-1**	**-2**	**2**	**9**
Taxes								0	-0	-1
Net profit, rep.		**-3**	**-5**	**-2**	**-2**	**-3**	**-1**	**-2**	**2**	**8**
Net profit, adj.		-3	-5	-2	-2	-3	-1	-2	2	8

CASH FLOW										
SEKm	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019E**	**2020E**	**2021E**	**2022E**
EBITDA		-2	-5	-2	-3	-2	0	-1	4	11
Change in working capital		1	-1	-5	2	-5	-2	4	-1	-3
Net interest paid		-0	-0	-0	1	-0	-0			
Taxes paid		-0	-0					0	-0	-1
Other operating cash items										
Cash flow from operations		**-2**	**-6**	**-7**	**-0**	**-7**	**-2**	**3**	**2**	**7**
Capex		-0	-0	-0	-0	-4	-3	-0	-0	-0
Div to min										
Free cash flow		**-2**	**-6**	**-7**	**-0**	**-12**	**-5**	**3**	**2**	**7**
Disposals/(acquisitions)										
Free cash flow to equity		**-2**	**-6**	**-7**	**-0**	**-12**	**-5**	**3**	**2**	**7**
Dividend paid										
Share buybacks										
New issue common stock		11				18				
Incr./(decr.) in debt						-2				
Minorities & other financing CF		-10	-0	4	-0	2				
Cash flow from financing		**11**	**-0**	**4**	**-0**	**18**	**0**	**0**	**0**	**0**
Disc. ops & other										
Incr./(decr.) in cash		**10**	**-6**	**-3**	**-1**	**6**	**-5**	**3**	**2**	**7**

BALANCE SHEET										
SEKm	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019E**	**2020E**	**2021E**	**2022E**
Cash & cash equivalents		10	4	1	0	6	1	4	6	13
Inventory		2	1	3	4	4	4	5	6	8
Trade receivables		2	3	4	4	4	5	6	8	11
Other current assets		1	1	2	3	7	8	4	4	5
Goodwill		1								
Other intangible assets						4	7	6	4	3
Fixed tangible assets			0	0	0	0	0	0	0	0
Associated companies		0	0	0	0	0	0	0	0	0
Other non-current assets		0	0	0	0	0	0	0	0	0
Total assets		**15**	**9**	**11**	**12**	**26**	**26**	**25**	**30**	**41**
Shareholders' equity		**12**	**7**	**5**	**3**	**18**	**17**	**15**	**17**	**25**
Of which minority interests										
Current liabilities		3	2	3	4	5	6	7	10	13
Interest-bearing debt		1	0	3	5	3	3	3	3	3
Pension liabilities										
Oth non-curr. liabilities										
Total liabilities		**4**	**3**	**6**	**9**	**8**	**9**	**10**	**13**	**16**
Total liabilities and equity		**15**	**9**	**11**	**12**	**26**	**26**	**25**	**30**	**41**
Net debt		-9	-3	2	5	-3	2	-1	-3	-9

Source: Company data, Danske Bank Equity Research estimates

Summary tables

PER SHARE DATA	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
No. of shares, fully diluted (y.e.) (m)			4.5	4.5	4.6	5.6	5.6	5.6	5.6	5.6
No. of shares, fully diluted (avg.) (m)			4.5	4.5	4.5	5.1	5.6	5.6	5.6	5.6
EPS (SEK)			-1.12	-0.38	-0.46	-0.53	-0.14	-0.37	0.35	1.50
EPS adj. (SEK)			-1.12	-0.38	-0.46	-0.53	-0.14	-0.37	0.35	1.50
DPS (SEK)			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.49
CFFO/share (SEK)			-1.4	-1.6	-0.1	-1.4	-0.3	0.5	0.4	1.3
Book value/share (SEK)			1.51	1.11	0.61	3.14	3.00	2.63	2.98	4.48

MARGINS AND GROWTH	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
EBITDA margin		-17.6%	-32.7%	-9.3%	-14.6%	-11.0%	1.4%	-3.9%	8.8%	20.1%
EBITA margin		-21.8%	-32.9%	-9.5%	-15.1%	-11.5%	1.0%	-4.2%	8.3%	19.5%
EBIT margin		-21.8%	-32.9%	-9.5%	-15.1%	-11.5%	-1.9%	-7.9%	5.5%	17.5%
EBIT adj margin		-21.8%	-32.9%	-9.5%	-15.1%	-11.5%	-1.9%	-7.9%	5.5%	17.5%
Sales growth			22.0%	14.2%	7.3%	12.7%	12.1%	28.0%	35.0%	35.0%
EBITDA growth			n.m.	67.6%	-69.3%	14.9%	n.m.	n.m.	n.m.	n.m.
EBITA growth			-84.4%	66.8%	-69.8%	14.5%	n.m.	n.m.	n.m.	n.m.
EPS adj growth				65.9%	-21.1%	-13.9%	73.0%	n.m.	n.m.	n.m.

PROFITABILITY	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
ROIC (after tax, incl. GW, adj.)		-199.8%	-164.2%	-31.3%	-37.9%	-21.6%	-2.6%	-12.9%	14.2%	56.9%
ROIC (after tax, excl. GW, adj.)		-246.1%	-179.2%	-31.3%	-37.9%	-21.6%	-2.6%	-12.9%	14.2%	56.9%
ROE (adj.)		-47.9%	-54.2%	-29.2%	-54.1%	-26.3%	-4.6%	-13.3%	12.6%	40.2%
ROIC (adj.) - WACC		-208.8%	-173.2%	-40.4%	-46.9%	-30.7%	-11.7%	-22.0%	5.2%	47.9%

MARKET VALUE	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Share price (SEK)		10.2	9.20	18.9	23.0	20.4	10.1	10.1	10.1	10.1
No. shares reduced by buybacks (m)			4.5	4.5	4.6	5.6	5.6	5.6	5.6	5.6
Mkt cap used in EV (m)			**41**	**84**	**107**	**115**	**57**	**57**	**57**	**57**
Net debt, year-end (m)		-9	-3	2	5	-3	2	-1	-3	-9
MV of min/ass and oth (m)		-0	-0	-0	-0	-0	-0	-0	-0	-0
Enterprise value (m)			**38**	**86**	**111**	**112**	**59**	**56**	**54**	**47**

VALUATION	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
EV/sales (x)			2.5	5.0	6.0	5.4	2.5	1.9	1.3	0.9
EV/EBITDA (x)			n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	15.3	4.3
EV/EBITA (x)			n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	16.3	4.5
EV/EBIT (x)			n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	24.3	5.0
P/E (reported) (x)			n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	28.7	6.7
P/E (adj.) (x)			n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	28.7	6.7
P/BV (x)			6.10	17.1	37.6	6.49	3.37	3.85	3.39	2.26
EV/invested capital (x)										
Dividend yield										4.90%
Total yield (incl. buybacks)										4.90%
FCFE-yield			-15.04%	-8.27%	-0.46%	-10.06%	-8.82%	4.78%	3.19%	11.98%

FINANCIAL RATIOS	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net debt/EBITDA (x)		4.1	0.6	-1.5	-1.8	1.3	6.1	0.7	-0.7	-0.9
Net debt/equity (x), year-end		-0.8	-0.5	0.5	1.7	-0.2	0.1	-0.1	-0.2	-0.4
Dividend payout ratio			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	33.0%
Interest coverage (x)		-22.7	n.m.	-28.0	-6.0					
Cash conversion (FCF/net profit)		n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	91.5%	80.7%
Capex/sales		0.4%	0.5%	0.3%	0.7%	19.8%	14.1%	0.7%	0.7%	0.7%
NWC/sales		17.3%	21.4%	40.6%	39.8%	49.1%	51.1%	27.0%	23.0%	22.0%

QUARTERLY P&L	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19E	Q3 19E	Q4 19E
Sales (m)	5	6	4	5	0	0	0	23
EBITDA (m)	-0	0	-2	-0	0	0	0	0
EBIT before non-recurring items (m)	-0	0	-2	-0	0	0	0	-0
Net profit (adj.) (m)	-1	0	-2	-0	0	0	0	-1
EPS (adj.) (SEK)	-2.87	0.44	-10.33	-0.55	0.00	0.00	0.00	-0.68
EBITDA margin	-7.7%	2.3%	-42.6%	-3.9%	n.m.	n.m.	n.m.	1.4%
EBIT margin (adj.)	-7.7%	2.3%	-42.6%	-5.5%	n.m.	n.m.	n.m.	-1.9%

Source: Company data, Danske Bank Equity Research estimates

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Report completed: 26 August 2019 at 13:09 CEST
Report disseminated: 26 August 2019 13:25 CEST