

A banner with a dark red background. On the left, there is a network of white dots and lines. On the right, a pair of hands is shown holding a glowing globe. The text "Commissioned Research" is written in a white, serif font across the middle.

Commissioned Research

Zenikor - Deal with UK CCG an important step in European expansion

Conclusion

Zenikor has signed an important, market opening agreement with the National Health Service (NHS) in England, UK. The deal applies to, in a first step, to five clinical centers within the Bradford CCG (Clinical Commission Group) with start-up in October. Based on similar contracts in Finland, we estimate around two year ramp up from signing to full utilization, from when the agreement is estimated to generate a revenue of £ 80,000 per year.

While the deal is an important contribution to sales, representing 4% of our current sales estimates in 2019E, the deal shows that CCG's are willing to implement a new, digitalized, care path way (ie, Zenikor's thumb EKG vs current standard of use).

We see the deal as particularly important in terms of both an UK and European market opening and thus as a relieving factor for a significant market penetration ahead. We argue a key driver for signing this contract is Zenikor's participation in the NHS backed SAFER study, validating the product. As there are as much as 191 CCGs within NHS England, we see a high probability of Zenikor gradually signing additional contracts with CCGs, supporting top-line growth.

The facts

NHS England is the worlds largest healthcare provider, providing healthcare for around 55 million people. NHS England is divided into 191 CCG's, each responsible for health care in different geographical areas.

The deal between Zenicor and NHS England applies to five clinical centers within the Bradford CCG. The agreement provides an improved, patient-centered care for patients with heart arrhythmia symptoms and enables an earlier start of the patient investigation, already at the patient's first visit to the health care.

Key financials

Year-end Dec (SEK)	2017	2018	2019E	2020E	2021E
Revenues (m)	18.5	20.8	23.3	29.8	40.3
Revenues growth	7.3%	12.7%	12.1%	28.0%	35.0%
EBITDA (m)	-2.7	-2.3	0.3	-1.2	3.6
EBIT adj. (m)	-2.8	-2.4	-0.4	-2.4	2.2
EBIT growth	-69.8%	14.5%	81.7%	n.m.	n.m.
Pre-tax profit (m)	-2.1	-2.7	-0.8	-2.4	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					
FCFE yield (pre-IFRS16)	-0.5%	-11.0%	-7.7%	4.2%	2.8%
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)	6.04	5.38	2.86	2.14	1.54
EV/EBITDA (adj.) (x)	n.m.	n.m.	n.m.	n.m.	17.5
EV/EBIT (adj.) (x)	n.m.	n.m.	n.m.	n.m.	27.9
P/E (adj.) (x)	n.m.	n.m.	n.m.	n.m.	32.7
P/BV (x)	37.64	6.49	3.83	4.38	3.86

Source: Company data, Danske Bank Equity Research estimates

Kind regards,

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