

Hexicon

Company report

8/22/2024 8:25 am CEST



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Waiting for divestments to generate power

Hexicon's Q2 report contained no major surprises. The company is still awaiting regulatory approvals for the transfer of ownership of the key MunmuBaram project. As a result, we expect the establishment of a long-term ownership structure for the project, which could provide near-term financing and improve cash flow for project development, to be delayed until 2025. In addition, the immediate need for a cash infusion is forcing Hexicon to explore other financing options on uncertain terms. Against this backdrop, we believe that the near-term risk/reward profile is not favorable. Therefore, we reiterate our Reduce recommendation with a lower target price of SEK 0.50 (prev. SEK 0.56), reflecting the negative impact of the delayed divestments and in line with our SOTP valuation.

Q2 report showed good cost control, but divestments will likely be pushed forward

Hexicon's Q2 revenue amounted to 0.9 MSEK (Inderes: 1.9 MSEK) and was driven by consulting fees earned from its development projects. Hexicon is still in the process of establishing a long-term ownership structure for the MunmuBaram project, in parallel with securing final regulatory approvals for the ownership change. Hexicon commented that it expects to receive an update regarding regulatory approval by the end of Q3 or the beginning of Q4. With this in mind, we believe that any divestments will likely be delayed until 2025.

Although EBIT for Q2 remained negative at -26.7 MSEK, the company demonstrated better cost management than anticipated. However, cash flow remains negative, with the company's cash position at the end of Q2'24 standing at 46 MSEK and available credit facilities totaling 35 MSEK. Consequently, we anticipate that Hexicon will need to raise capital, either through an equity issue or an increase in debt. Should the company receive regulatory approval for the MunmuBaram project and secure a new partner, it would likely be well positioned to attract additional capital.

Revised estimates to reflect delayed divestment

Based on Hexicon's announced timeline for regulatory approval of the MunmuBaram, we have moved our estimate for a partial divestiture of the project from Q3'24 to Q1'25. This revision leads to significantly lower revenue estimates for 2024, with only modest revenue expected from consulting fees. The delayed divestment will also impact revenues in 2025 and 2026, although we expect revenue to be deferred rather than lost. Despite improved cost control and lower cost estimates for 2024, our EBIT forecasts for 2024, 2025 and 2026 have decreased due to the lower revenue forecasts.

No sufficient risk/reward in the short term

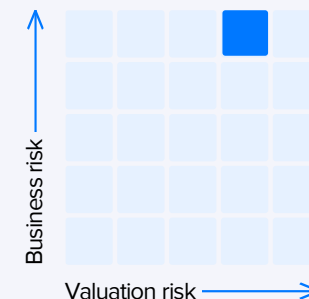
Although there are promising growth prospects and value creation opportunities, we believe that the current valuation does not offer enough upside potential to justify the associated risks and uncertainties. In addition, the company's need for short-term financing increases dilution risks, making the current risk/reward profile less attractive. However, if the company can establish a new ownership structure for the MunmuBaram project and secure medium-term financing, this could lower the required rate of return and potentially provide a more favorable expected return.

Recommendation

Reduce
(prev. Reduce)

0.50 SEK
(prev. 0.56 SEK)

Share price:
0.48



Key indicators

	2023	2024e	2025e	2026e
Revenue	5.7	3.0	384.7	769.3
growth-%	-51%	-48%	12830%	100%
EBIT adj.	-180.3	-114.5	227.8	594.0
EBIT-% adj.	-3156.0 %	-3849.7 %	59.2 %	77.2 %
Net Income	-187.3	-174.6	162.3	546.7
EPS (adj.)	-0.51	-0.48	0.45	1.50

P/E (adj.)	neg.	neg.	1.1	0.3
P/B	>100	neg.	neg.	0.3
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	neg.	neg.	3.5	0.7
EV/EBITDA	neg.	neg.	3.1	0.6
EV/S	73.6	>100	2.1	0.5

Source: Inderes

Guidance

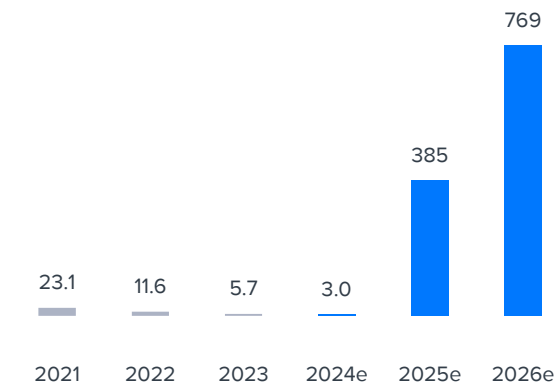
Hexicon do not provide guidance

Share price



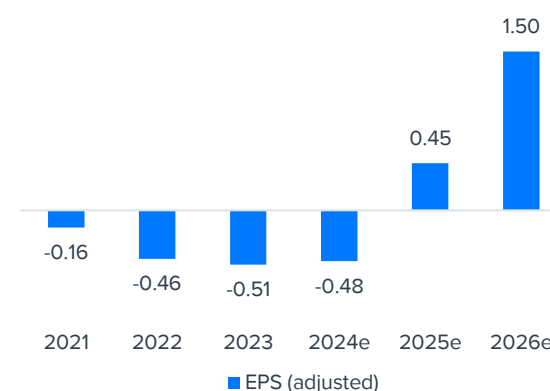
Source: Millstream Market Data AB

Revenue



Source: Inderes

Earnings per share



Source: Inderes



Value drivers

- Value of Hexicon's project development portfolio
- Proprietary TwinWind technology with patents in over 20 countries
- Organization's expertise and experience in floating offshore project development
- Market knowledge and global network of partners
- The floating offshore market is expected to grow substantially during this decade



Risk factors

- Delays in development projects or failure of projects to reach FID
- Inability to sell projects on favorable terms or at an appropriate time
- Deterioration in the market value of the project portfolio
- High debt level, somewhat mitigated by the loan structure
- Failure of TwinWind technology to achieve commercial viability

Valuation	2024e	2025e	2026e
Share price	0.48	0.48	0.48
Number of shares, millions	363.8	363.8	363.8
Market cap	175	175	175
EV	830	803	390
P/E (adj.)	neg.	1.1	0.3
P/E	neg.	1.1	0.3
P/B	neg.	neg.	0.3
P/S	58.7	0.5	0.2
EV/Sales	>100	2.1	0.5
EV/EBITDA	neg.	3.1	0.6
EV/EBIT (adj.)	neg.	3.5	0.7
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Good cost control but divestments will be delayed

Absolute revenue is still low, but eyes are on upcoming divestments

Hexicon's Q2 revenue decreased by 64% to 0.9 MSEK, below our estimate of 1.9 MSEK. However, in absolute terms the decline was modest. The main revenue driver during the quarter, as expected, was consulting fees earned from development projects.

In the bigger picture, however, Hexicon's investment case and the path to cash flow neutrality are largely dependent on the successful development and divestment of its project portfolio. Therefore, we do not place too much emphasis on the quarterly revenue numbers. Instead, we focus on the progress of potential divestments, in particular the important MunmuBaram project. The Q2 report did not provide any significant updates on the sale of the MunmuBaram project. Hexicon is still in the process of establishing a long-term ownership structure for the MunmuBaram project in parallel with securing final

regulatory approvals for the change of ownership. Hexicon has commented that it expects to have an update on regulatory approvals by the end of Q3 or early Q4. With this in mind, we believe that any divestments will likely be delayed until 2025.

Good cost control but profitability remains in the red

Hexicon's Q2 EBIT remained negative at -26.7 MSEK, showing a better cost awareness than we expected. The operating loss decreased significantly year-on-year, mainly due to the fact that expenses in the MunmuBaram project have been capitalized since Q3'23 and the pace of development has been slightly reduced due to the upcoming structural change in ownership.

Cash flow and financial position

In our view, operating cash flow was at relatively stable levels of -19.3 MSEK (Q2'23: -16.9). However, due to the acquisition of shares in MunmuBaram and

continued high investments in ongoing project and technology development, free cash flow was heavily in the red and amounted to -116 MSEK (Q2'23: -38).

Hexicon's cash position at the end of Q2'24 amounted to 46 MSEK and the available credit facilities amounted to 35 MSEK. However, given the still high rate of cash consumption and the need to repay the 75 MSEK credit facility by December 2024, it is clear that the company will require additional capital this year. Following the comments in connection with the Q2 report, we believe that divestments (which could have otherwise secured short-term financing) will be delayed until after the turn of the year. As a result, we expect the company to raise capital either through an equity issue or an increase in debt. If Hexicon receives regulatory approval for the MunmuBaram project and secures a new partner, we believe the company would be well positioned to raise additional capital.

Estimates MSEK/SEK	Q2'23	Q2'24	Q2'24e	Q2'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	2.5	0.9	1.9				-52%	3.0
EBITDA	-69.3	-20.4	-26.8				24%	-98.3
EBIT	-75.9	-26.7	-33.1				19%	-114.5
PTP	-65.5	-47.7	-45.4				-5%	-174.8
EPS (reported)	-0.18	-0.13	-0.12				-4%	-0.48
Revenue growth-%	0.0 %	-64.0 %	-25.0 %				-39 pp	-47.9 %
EBIT-% (adj.)	-3036.0 %	-2966.7 %	-1764.0 %				-1202.7 pp	-3849.7 %

Source: Inderes

Estimate changes to reflect delayed divestments

Estimate changes

- In its Q2 report, Hexicon indicated that it expects an update on the regulatory approval of the MunmuBaram project by the end of Q3 or early Q4. In light of this, we have revised our previous estimate that the project would be partially divested by Q3'24 to Q1'25. As a result, we have significantly lowered our 2024 revenue estimates, as we now expect only modest revenues from consulting fees. As the payments are likely to be spread over several years, this delayed divestment will also negatively impact revenues in 2025 and 2026. However, it's important to note that despite this reduction, we expect the company to defer rather than lose revenue, pushing it into future periods.
- Due to Hexicon's refined focus on prioritizing projects that can be divested in the short term, the company has demonstrated better cost control than we initially estimated. Reflecting this, we have lowered our cost estimates for the current year. However, due to significantly lower revenue estimates, we have also lowered our EBIT estimates for 2024, 2025, and 2026.
- In the broader context, we continue to view project divestments, particularly the divestment of the MunmuBaram project, as the primary growth driver for 2025. However, estimating the revenue Hexicon will generate from the sale of a portion of the project involves uncertain assumptions, such as the portion of the project to be sold, the price of that portion, and the deal structure. Given the relatively short timeframe between the acquisition of the remaining 80% of the MunmuBaram project and our revised Q1 '25 divestment estimate, we believe it will be challenging to significantly increase the value of the project within this timeframe. In addition, the company's need for financing may limit its negotiating power. As a result, we expect Hexicon to divest approximately 40-60% of the project at roughly the same price per MW it acquired it from Shell, with payments likely structured over several years.

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MSEK/ SEK	Old	New	%	Old	New	%	Old	New	%
Revenue	78.1	3.0	-96%	452	385	-15%	982	769	-22%
EBITDA	-64.8	-98.3	-52%	305	263	-14%	820	636	-22%
EBIT (exc. NRIs)	-87.2	-114.5	-31%	271	228	-16%	779	594	-24%
EBIT	-87.2	-114.5	-31%	271	228	-16%	779	594	-24%
PTP	-136.4	-174.8	-28%	209	162	-22%	748	547	-27%
EPS (excl. NRIs)	-0.37	-0.48	-28%	0.58	0.45	-22%	2.06	1.50	-27%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Short-term expected return still in the red

Sum-of-the-parts valuation

To value Hexicon, we will rely primarily on a sum-of-the-parts (SOTP) calculation, as the valuation method allows us to consider Hexicon's long-term potential without worrying too much about projecting the exact timing of project sales.

The indicative value of our sum-of-the-parts calculation (detailed parameters presented in our [extensive report](#)) is now set at 108-252 MSEK in our baseline scenario. This corresponds to a value of SEK 0.30-0.69 per share (was SEK 0.37-0.79). The slight decrease was mainly due to a negative time factor as divestments are pushed into the future. Therefore, we still believe that the risks are too great to rely on the potential.

DCF and absolute multiples

Our DCF model indicates an equity value of 195 MSEK or 0.54 per share, which is above the current share price. We point out, however, that our DCF model is based on the company's current number of shares, although it is plausible that the company will need equity financing to carry out the growth investments (i.e., we expect the number of shares to increase without any large successful divestments).

Absolute sales-based valuation multiples are very high in the near term (2024 EV/S: >100x), due to the low absolute revenue. Looking to 2025 and 2026, the valuation picture looks more attractive than in the short term, but the forecast risk is also higher as the time horizon is longer. In addition, multiples are difficult to apply as we expect Hexicon's sales to be highly volatile over the forecast period, making it difficult to project the company's levelized sales.

Valuation summary

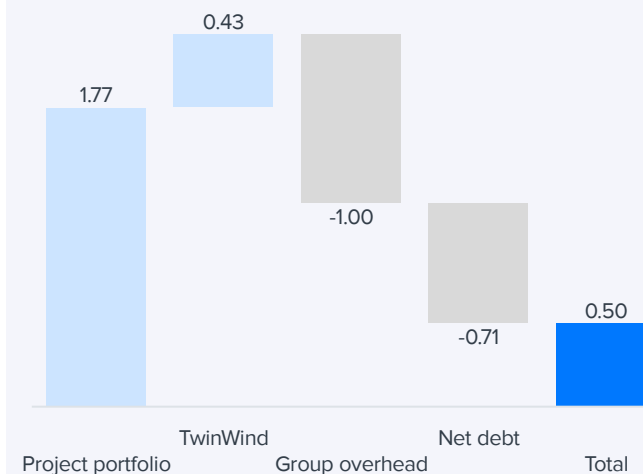
Despite promising growth prospects and value-creating opportunities, we do not believe that the current valuation offers sufficient upside to justify the associated risks and uncertainties. Additionally, the high debt burden increases risk and constrains cash flow development over the next few years. There is also a credible risk of a share issue, which would dilute existing shareholders. Delays in the timeline for realizing Hexicon's investment case could significantly impact investment returns. As a result, we reiterate our Reduce recommendation and lower our target price to SEK 0.50 per share (previously SEK 0.56 per share), primarily due to the negative impact of delayed divestments. However, this adjustment is in line with our sum-of-the-parts valuation.

We are looking for clear actions from the company to establish large-scale operations that can reduce the risk associated with the share price by improving the visibility of growth and achieving positive cash flows. Specifically, this would mean, for example, establishing a new ownership structure for the MunmuBaram project, successfully developing the project portfolio, and securing funding, at least in the medium term. This would also lower the required rate of return and therefore likely have a positive impact on the acceptable valuation.

Valuation	2024e	2025e	2026e
Share price	0.48	0.48	0.48
Number of shares, millions	363.8	363.8	363.8
Market cap	175	175	175
EV	830	803	390
P/E (adj.)	neg.	1.1	0.3
P/E	neg.	1.1	0.3
P/B	neg.	neg.	0.3
P/S	58.7	0.5	0.2
EV/Sales	>100	2.1	0.5
EV/EBITDA	neg.	3.1	0.6
EV/EBIT (adj.)	neg.	3.5	0.7
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Baseline scenario SOTP value (SEK per share)



Sum-of-the-parts valuation

Distribution of income over the years (MSEK)	1	2	3	4	5	6	7	8	9
Years	2024	2025	2026	2027	2028	2029	2030	2031	2032
Income from project sales	0	44	266	681	232	199	235	259	157
Distribution of income	0	44	266	681	232	199	235	259	157
WACC-%	15%								
PV	1,118								
Profit sharing & earn out	-473								
PV value of overhead costs	-364								
Net debt	259								
Value of TwinWind technology	158								
Equity value	180								
Value per share (SEK)	0.50								

Parameters	Project portfolio
Net capacity (MW)	7,649 MW
MSEK/MW	1.45-1.65
EBIT-%	70-90%
Tax rate-%	20%
Probability of success-% (Late stage/Early stage)	85/20%
Value of the project development portfolio (MSEK)	2,074

Source: Inderes

Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price			3.00	1.46	0.69	0.48	0.48	0.48	0.48
Number of shares, millions			315.3	363.8	363.8	363.8	363.8	363.8	363.8
Market cap			1091	530	252	175	175	175	175
EV			803	524	421	830	803	390	-64.4
P/E (adj.)			neg.	neg.	neg.	neg.	1.1	0.3	0.3
P/E			neg.	neg.	neg.	neg.	1.1	0.3	0.3
P/B			3.4	2.6	>100	neg.	neg.	0.3	0.1
P/S			47.2	45.8	44.1	58.7	0.5	0.2	0.2
EV/Sales			34.8	45.3	73.6	>100	2.1	0.5	neg.
EV/EBITDA			neg.	neg.	neg.	neg.	3.1	0.6	neg.
EV/EBIT (adj.)			neg.	neg.	neg.	neg.	3.5	0.7	neg.
Payout ratio (%)			0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Dividend yield-%			0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Inderes

Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
OX2	1427	1160	12.8	7.4	12.3	7.1	1.3	0.8	17.6	10.5			2.9
Eolus Vind	139	155	5.9	5.1	5.6	4.9	1.5	1.3	7.1	6.2	4.2	4.5	0.9
Arise	188	257	15.4	12.1	11.1	9.3	5.9	4.9	12.4	10.2	2.8	3.1	1.0
PNE	1007	1799	100.0	58.8	38.4	26.8	8.7	7.5			0.3	0.3	4.2
Enersense	51	92		9.9	17.3	4.8	0.2	0.2		52.0		1.0	1.6
Hexicon (Inderes)	15	73	-7.2	3.5	-8.4	3.1	279.0	2.1	-1.0	1.1	0.0	0.0	-1.0
Average			33.5	18.7	16.9	10.6	3.5	2.9	12.4	19.7	2.4	2.2	2.1
Median			14.1	9.9	12.3	7.1	1.5	1.3	12.4	10.4	2.8	2.0	1.6
<i>Diff.% to median</i>			-151%	-64%	-169%	-57%	18254%	64%	-108%	-90%	-100%	-100%	-164%

Source: Refinitiv / Inderes

Income statement

Income statement	2021	2022	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	23.1	11.6	5.7	0.5	0.9	0.8	0.7	3.0	385	769	903
EBITDA	-45.7	-125.6	-159.9	-16.3	-23.1	-27.3	-31.6	-98.3	263	636	728
Depreciation	-4.0	-35.5	-20.4	-3.6	-3.6	-4.2	-4.9	-16.3	-34.7	-41.6	-54.0
EBIT (excl. NRI)	-49.8	-161.1	-180.3	-19.9	-26.7	-31.4	-36.5	-114.5	228	594	674
EBIT	-49.8	-161.1	-180.3	-19.9	-26.7	-31.4	-36.5	-114.5	228	594	674
Share of profits in assoc. compan.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-1.2	-9.7	-7.6	-12.3	-21.0	-15.0	-12.0	-60.3	-65.5	-47.4	-14.6
PTP	-51.0	-170.8	-187.9	-32.2	-47.7	-46.4	-48.5	-174.8	162	547	659
Taxes	-0.1	0.5	0.4	0.1	0.1	0.0	0.0	0.2	0.0	0.0	0.0
Minority interest	-0.1	3.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	-51.2	-166.9	-187.3	-32.1	-47.6	-46.4	-48.5	-174.6	162	547	659
EPS (adj.)	-0.16	-0.46	-0.51	-0.09	-0.13	-0.13	-0.13	-0.48	0.45	1.50	1.81
EPS (rep.)	-0.16	-0.46	-0.51	-0.09	-0.13	-0.13	-0.13	-0.48	0.45	1.50	1.81

Key figures	2021	2022	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	430.3 %	-49.9 %	-50.6 %	-70.6 %	-64.0 %	5.0 %	2.9 %	-47.9 %	12829.6 %	100.0 %	17.3 %
Adjusted EBIT growth-%		223.8 %	11.9 %	-63.5 %	-64.8 %	13.9 %	63.4 %	-36.5 %	-298.9 %	160.8 %	13.4 %
EBITDA-%	-197.9 %	-1085.1 %	-2798.5 %	-3260.0 %	-2566.7 %	-3246.4 %	-4300.0 %	-3303.4 %	68.3 %	82.6 %	80.6 %
Adjusted EBIT-%	-215.3 %	-1391.8 %	-3156.0 %	-3980.0 %	-2966.7 %	-3741.8 %	-4965.7 %	-3849.7 %	59.2 %	77.2 %	74.6 %
Net earnings-%	-221.7 %	-1442.1 %	-3278.5 %	-6420.0 %	-5288.9 %	-5527.5 %	-6598.3 %	-5869.9 %	42.2 %	71.1 %	73.0 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	246	229	385	509	639
Goodwill	11.7	11.9	11.9	11.9	11.9
Intangible assets	120	146	169	179	190
Tangible assets	66.2	49.4	62.2	90.9	135
Associated companies	47.1	19.9	140	225	300
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	1.7	1.8	1.8	1.8	1.8
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	205	272	181	296	427
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	98.2	136	181	181	181
Receivables	20.5	15.5	0.3	76.9	169
Cash and equivalents	86.6	121	0.3	38.5	76.9
Balance sheet total	452	502	566	805	1066

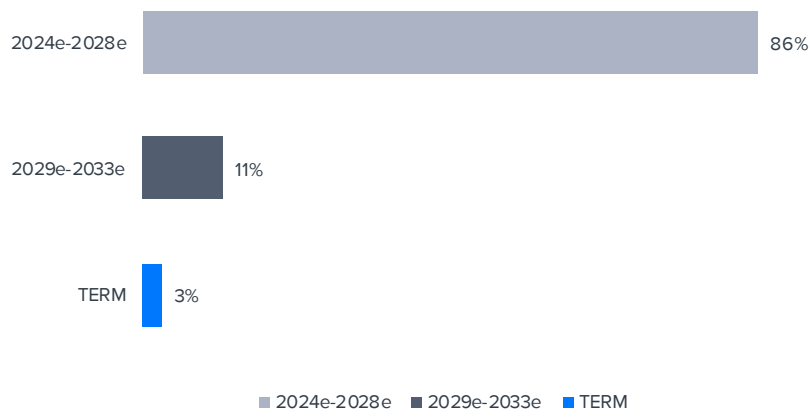
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	199	1.2	-173.4	-11.1	536
Share capital	3.6	3.6	3.6	3.6	3.6
Retained earnings	-388.6	-576.4	-751.1	-588.8	-42.1
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	6.3	-4.4	-4.4	-4.4	-4.4
Other equity	582	579	579	579	579
Minorities	-3.5	-0.7	-0.7	-0.7	-0.7
Non-current liabilities	63.1	129	180	383	202
Deferred tax liabilities	4.1	3.8	3.8	3.8	3.8
Provisions	32.7	33.2	33.2	33.2	33.2
Interest bearing debt	2.1	73.5	124	328	146
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	24.2	18.7	18.7	18.7	18.7
Current liabilities	189	371	559	433	328
Interest bearing debt	88.4	306	531	328	146
Payables	42.0	36.9	0.6	76.9	154
Other current liabilities	58.8	28.0	28.0	28.0	28.0
Balance sheet total	452	502	566	805	1066

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-50.6 %	-47.9 %	12829.6 %	100.0 %	17.3 %	-59.4 %	34.5 %	-1.5 %	6.4 %	3.5 %	2.0 %	2.0 %
EBIT-%	-3156.0 %	-3849.7 %	59.2 %	77.2 %	74.6 %	1.0 %	23.3 %	18.4 %	19.3 %	15.0 %	12.0 %	12.0 %
EBIT (operating profit)	-180.3	-114.5	228	594	674	3.5	115	89.3	99.4	80.1	65.4	
+ Depreciation	20.4	16.3	34.7	41.6	54.0	69.3	63.9	60.0	57.3	55.4	54.1	
- Paid taxes	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	-20.5	-16.5	-13.5	
- Tax, financial expenses	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-68.4	-66.1	-0.3	-15.4	-74.9	53.6	-22.5	0.9	-3.7	-2.2	-1.3	
Operating cash flow	-228.1	-164.2	262	620	653	126	156	150	133	117	105	
+ Change in other long-term liabilities	-5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-30.6	-51.5	-74.0	-96.4	-118.9	-54.1	-54.1	-54.1	-54.1	-54.1	-54.1	
Free operating cash flow	-263.8	-215.8	188	524	534	72.4	102	96.2	78.5	62.8	50.7	
+/- Other	0.0	-120.0	-85.0	-75.0	-65.0	-60.0	-60.0	-55.0	-55.0	-50.0	-45.0	
FCFF	-263.8	-335.8	103	449	469	12.4	42.3	41.2	23.5	12.8	5.7	45.0
Discounted FCFF		-319.4	85.5	324	294	6.7	20.1	17.0	8.5	4.0	1.6	12.3
Sum of FCFF present value		454	774	688	365	70.2	63.5	43.4	26.3	17.9	13.8	12.3
Enterprise value DCF		454										
- Interest bearing debt		-379.8										
+ Cash and cash equivalents		121										
- Minorities		-0.7										
- Dividend/capital return		0.0										
Equity value DCF		195										
Equity value DCF per share		0.5										

Cash flow distribution

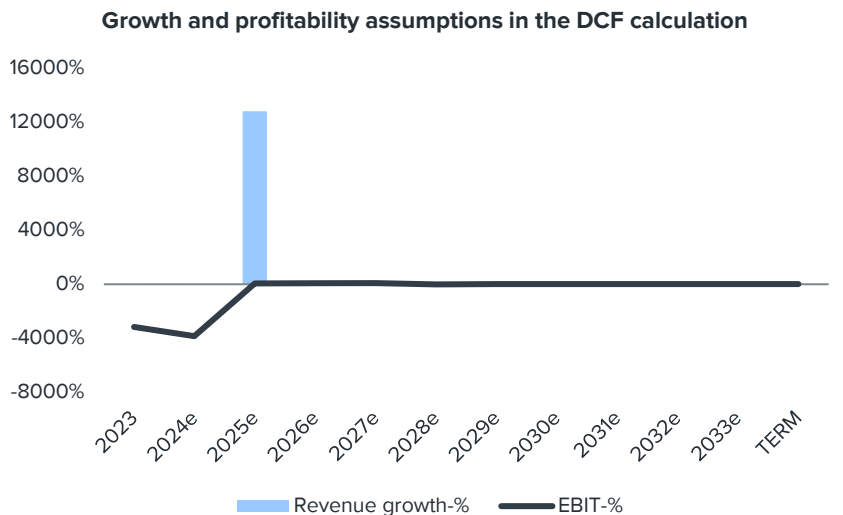
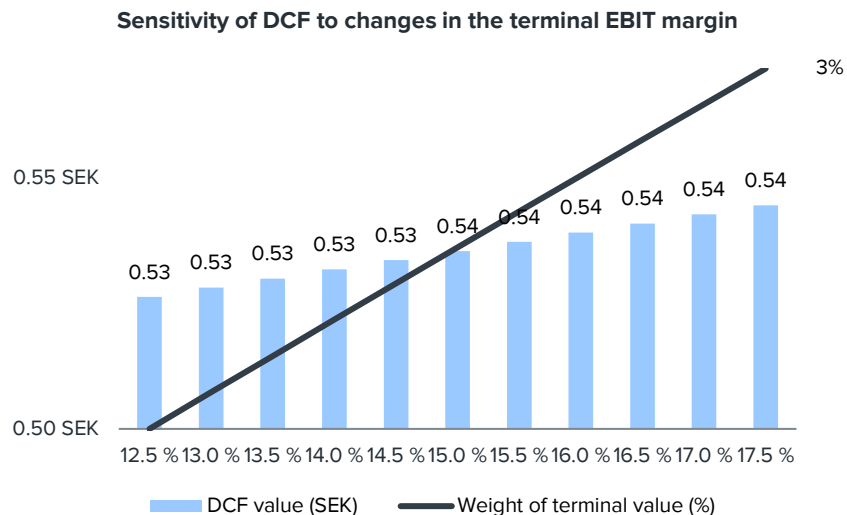
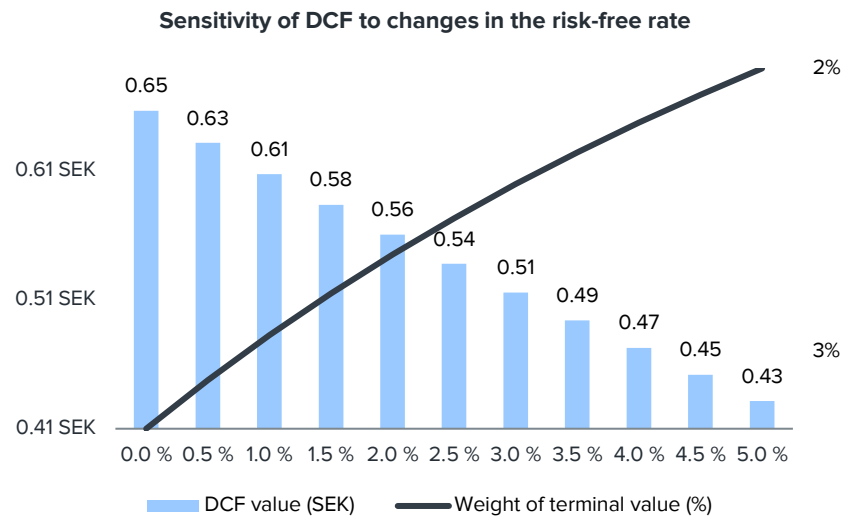
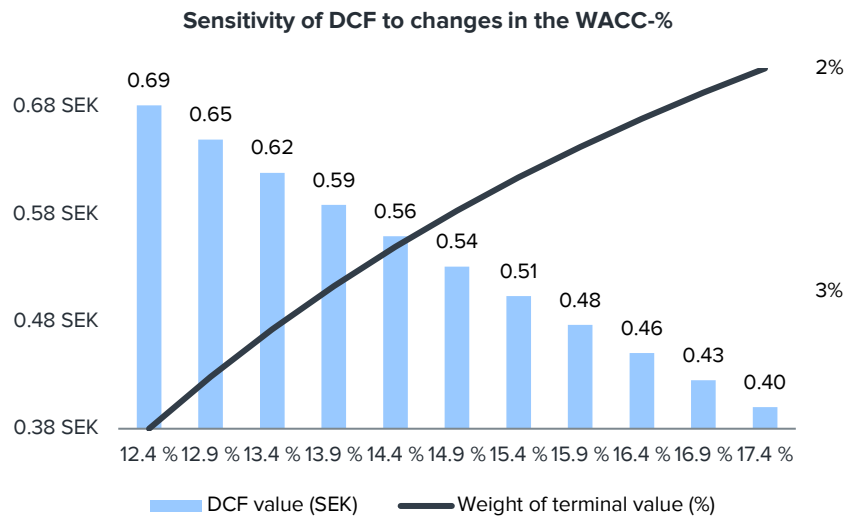


WACC

Tax-% (WACC)	20.6 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	8.0 %
Equity Beta	2.00
Market risk premium	4.75%
Liquidity premium	5.00%
Risk free interest rate	2.5 %
Cost of equity	17.0 %
Weighted average cost of capital (WACC)	14.9 %

Source: Inderes

DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	23.1	11.6	5.7	3.0	384.7	EPS (reported)	-0.16	-0.46	-0.51	-0.48	0.45
EBITDA	-45.7	-125.6	-159.9	-98.3	262.6	EPS (adj.)	-0.16	-0.46	-0.51	-0.48	0.45
EBIT	-49.8	-161.1	-180.3	-114.5	227.8	OCF / share	-0.09	-0.50	-0.63	-0.45	0.72
PTP	-51.0	-170.8	-187.9	-174.8	162.3	FCF / share	-0.30	-0.79	-0.73	-0.92	0.28
Net Income	-51.2	-166.9	-187.3	-174.6	162.3	Book value / share	1.02	0.56	0.01	-0.47	-0.03
Extraordinary items	0.0	0.0	0.0	0.0	0.0	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	432.2	451.6	501.6	565.8	804.9	Revenue growth-%	430%	-50%	-51%	-48%	12830%
Equity capital	322.8	199.3	1.2	-173.4	-11.1	EBITDA growth-%	157%	175%	27%	-39%	-367%
Goodwill	11.4	11.7	11.9	11.9	11.9	EBIT (adj.) growth-%	39%	224%	12%	-36%	-299%
Net debt	-287.7	3.9	258.6	654.7	616.9	EPS (adj.) growth-%	-15%	182%	12%	-7%	-193%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	-197.9 %	-1085.1 %	-2798.5 %	-3303.4 %	68.3 %
EBITDA	-45.7	-125.6	-159.9	-98.3	262.6	EBIT (adj.)-%	-215.3 %	-1391.8 %	-3156.0 %	-3849.7 %	59.2 %
Change in working capital	13.3	-55.6	-68.4	-66.1	-0.3	EBIT-%	-215.3 %	-1391.8 %	-3156.0 %	-3849.7 %	59.2 %
Operating cash flow	-28.1	-181.1	-228.1	-164.2	262.3	ROE-%	-24.7 %	-63.5 %	-183.1 %	204.4 %	-177.2 %
CAPEX	-129.0	-101.5	-30.6	-51.5	-74.0	ROI-%	-23.9 %	-52.4 %	-53.8 %	-26.6 %	40.5 %
Free cash flow	-95.0	-287.8	-263.8	-335.8	103.3	Equity ratio	74.7 %	44.1%	0.2 %	-30.6 %	-1.4 %
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	-89.1%	2.0 %	21424.1 %	-377.5 %	-5548.7 %
EV/S	34.8	45.3	73.6	>100	2.1						
EV/EBITDA	neg.	neg.	neg.	neg.	3.1						
EV/EBIT (adj.)	neg.	neg.	neg.	neg.	3.5						
P/E (adj.)	neg.	neg.	neg.	neg.	1.1						
P/B	3.4	2.6	>100	neg.	neg.						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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return of the share is very attractive

Accumulate The 12-month risk-adjusted expected shareholder return of the share is attractive

Reduce The 12-month risk-adjusted expected shareholder return of the share is weak

Sell The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2024-04-29	Reduce	0.56 SEK	0.58 SEK
2024-05-30	Reduce	0.56 SEK	0.53 SEK
2024-08-22	Reduce	0.50 SEK	0.48 SEK



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