

Market: First North DK

Ticker: WMA

Share price (DKK): 7.78

Market cap (DKKm): 112.9

Net debt (DKKm): 60.3 (H1 2024)

Enterprise value (DKKm): 173.3

Share information



YTD: 71.4% 1 year: 46.8%
1 month: 2.1% Since IPO*: -25.3%

Note: *WindowMaster's IPO date was 27 October 2020 (subscription price of DKK 10.42). We apply the closing price from 9 October 2024 (Source: Nasdaq).

Financials

(DKKm)	2022	2023	2024E*
Revenue	241.4	238.0	270.0-280.0
Revenue growth	14%	-1%	13-18%
EBITDA	22.8	19.3	30.0-35.0
EBITDA margin	9%	8%	11-13%
Net income	-2.4	-11.1	N/A
Net income margin	-1%	-5%	N/A
Cash	3.0	2.5	N/A
Interest-bearing debt	71.2	67.2	N/A

Note: Interest-bearing debt include lease liabilities.
*WindowMaster's recent 2024 guidance.

Valuation multiples

	2022	2023	2024E*
P/S (x)	0.4	0.3	0.4
EV/Sales (x)	0.7	0.5	0.6
EV/EBITDA (x)	7.0	6.8	5.3
EV/EBIT (x)	47.7	-97.7	N/A
P/E (x)	-46.4	-5.9	N/A
P/B (x)	2.6	2.5	N/A
P/CF (x)	6.3	3.1	N/A

Note: Multiples for 2022 and 2023 are based on historical numbers. *Multiples for 2024E are based on midpoints in WindowMaster's recent guidance ranges.

Company description

Founded in 1990, WindowMaster is a CleanTech company that provides natural ventilation solutions and heat and smoke ventilation solutions, primarily for larger buildings and for commercial use. With production in Germany and sales offices across Europe and North America, WindowMaster has a global presence. In 2015, the CEO and major shareholder Erik Boyter made a management buy-in. The company was listed in 2020.

Investment case

Buildings account for approx. 40% of Europe's energy consumption and approx. 72% hereof originate from heating, ventilation, and lightning. WindowMaster's natural ventilation solutions support the transition to net-zero emission buildings, which also is a focus area in the EU Green Deal Industrial Plan. Compared to other Nordic GreenTech companies, WindowMaster is relatively far in its commercialization phase, and should therefore be able to utilize the increased market opportunities.

WindowMaster is less cyclical than other building-related companies due to its exposure to secular growth trends. Recent guidance upgrades show strong momentum in 2024 with a record high order intake. After three guidance upgrades in 2024, WindowMaster now guides organic revenue growth rate to be in the range of approx. 13-18% and the EBITDA margin is guided to be in the range of approx. 11-13%.

Looking at valuation, WindowMaster trades at 0.6x EV/Sales (2024E) and 5.3x EV/EBITDA (2024E), if WindowMaster delivers on the midpoints in the new 2024 guidance ranges. The valuation multiples are below the peer group median of 1.0x EV/Sales (2024E) and 9.1x EV/EBITDA (2024E). The peer group is based on larger Danish building-related companies and a Finnish company. Being less cyclical than the peer group may justify a premium to WindowMaster's multiples. On the other hand, investors may demand a discount on WindowMaster due to its less liquid shares and smaller size.

Key investment reasons

Interest rates topping out seem to have changed the negative investor sentiment and market outlook toward companies exposed to both the green- and construction sectors.

WindowMaster's high operational gearing potential has been confirmed by a significant lift in margins in H1 2024 and also shown in the recent guidance upgrades. In 2024, WindowMaster now expects to achieve an EBITDA margin of 11-13% (vs. 8% in 2023).

Based on WindowMaster's announced internal financial reporting, revenue growth rate was 21% YoY in September 2024 YTD (first 9 months of 2024), which is above the recently upgraded guidance range of 13-18%. Besides strong markets, the momentum is especially driven by its integrated offerings, which combine the sale of products with services such as project management. This is in line with the strategy plan, targeting 10-15% yearly organic growth and an EBITDA margin of approx. 15% in 2026.

Key investment risks

The future growth and demand for WindowMaster's natural ventilation solutions are somewhat dependent on the continued political focus on green building regulations. Potential postponements of new regulations could lead to lower-than-expected growth rates in the future.

Despite being less cyclical due to secular trends from energy renovation and public investment commitments as well as recurring revenue from service contracts, WindowMaster is still dependent on the building activity and thus also macroeconomic risk.

There is still some uncertainty regarding interest rate cycles, and it is unclear whether the improved sentiment and market growth in the current construction cycle are permanent or merely due to pent-up demand. However, management does not attribute the momentum to pent-up demand.

Peer group

Company	Price (local)	Total return		Market cap (EURm)	Latest net debt (EURm)	EV/Sales (x)		EV/EBITDA (x)		Revenue growth (CAGR)		EBITDA growth (CAGR)	
		YTD	2022-2024E			2023	2024E	2022-2024E	2022-2024E				
Rockwool	3,084.0 DKK	56.1%		8,697.6	-310.0	1.5	2.2	7.0	9.0	-1.2%		20.6%	
Purmo Group	11.25 EUR	67.9%		480.1	235.3	0.7	1.0	5.4	7.6	-10.9%		0.7%	
H+K International	90.7 DKK	2.1%		198.7	133.2	1.1	0.9	12.1	11.1	-13.6%		-41.7%	
TCM Group	74.0 DKK	62.6%		103.6	38.2	0.7	0.9	10.7	9.1	2.4%		0.5%	
Median of selected companies		59.4%		339.4	85.7	0.9	1.0	8.8	9.1	-6.1%		0.6%	
WindowMaster	7.78 DKK	71.4%		15.1	8.1	0.5	0.6	6.8	5.3	6.7%		19.5%	

Note: Being in a B2B niche market with high exposure to the green agenda, there is no direct peer to WindowMaster. For perspective, however, the peer group primarily consists of Danish building-related companies, which are Rockwool, H+K International, and TCM Group (larger companies). We have also included the Finnish-based Purmo Group, which is a large supplier of sustainable indoor climate comfort solutions. We apply the midpoint in WindowMaster's 2024E guidance ranges, and Capital IQ consensus mean estimates for all peers in 2024E. Data is extracted on 9 October 2024. Source: Capital IQ, WindowMaster, and HC Andersen Capital.