

# Equity Research | KEBNI: Financing and second volume order clear path for sales surge in 2023-2026

**Late Wednesday evening KebNi announced that it has raised SEK 29.6m from a group of professional investors, including the two largest of the existing shareholders, and 19 other investors. The price of SEK 1.20 per share represents an 8% discount, making it a quick and cost effective way to secure financing. Combined with the second volume order for IMUs from Saab in June, the path is now cleared to materialise the ramp-up in sales we're projecting in 2023-2026. We now find support for a fair value to SEK 1.7-2.7 (1.9-2.9) per share in 12-24m, with Saab volume orders feeding through to sales growth and eventually positive cash flow as the primary catalyst for the share.**

## **Financing issue now resolved**

The construction of the production facility for IMUs in Karlskoga and other expansion initiatives during winter and spring, resulted in faster than expected cost increases that put the spotlight on financing earlier in summer. With a directed share issue of 24.7m new B shares at a price of SEK 1.20 SEK per share, bringing in SEK 29.6 before costs, this issue has now been resolved. Investors include renowned names such as Tedde Jeansson and Erik Mitteregger, and existing investor Max Mitteregger.

## **Second volume order an important confirmation**

With the production start in Karlskoga earlier this summer, we expect to see the first material impact from Saab-orders on reported sales numbers in Q3'23 at the earliest. However, from an investor perspective, the second volume order in June was a more important piece of the puzzle as it provided affirmation that Saab's pipeline of orders for NLAW (from Finland of SEK 400m, UK of SEK 2.9bn and Sweden of SEK 900m) will also translate to KebNi. Furthermore, in order for Saab to meet its announced delivery schedule, this implies that KebNi would exceed its SEK 150-200m revenue target range in 2024, and that further follow-on orders should only be a matter of time.

## **Forecast of 7x revenue growth in 2022 to 2025**

Having cleared both the issue with financing and follow-on volume orders from Saab, we now look forward to news about the international SatCom expansion, in Asia, the reception from customer of SensAltion and development of the JV ScaffSense (the world's first smart scaffolding alarm system for safer construction sites). However, the primary catalyst for the share is likely to be the Saab volume orders feeding thorough to a significant increase in sales, subsequent earnings and positive cash flow in 2023-2026. Adjusting for the 9% dilution from the directed issue, we now find support for a fair value of SEK 1.7-2.7 (1.9-2.9) per share in 12-24m.



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Read full report here: [https://www.emergers.se/kebni\\_t/](https://www.emergers.se/kebni_t/)

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