

Medical Equipment

Key data

Price (SEK)*	66.0
Country	Sweden
Bloomberg	ICO SS
Reuters	ICO.ST
Free float	67.0%
Market cap (SEKm)	513
Net debt (current Y/E) (SEKm)	-64
No. of shares (m)	7.8
Next event	Q3: 27-Oct

* Price as at close on 19 August 2020

CEO	Johan Wåborg
CFO	Anna Gallon

Company description

Iconovo AB develops, manufactures, and supplies inhalation products. The firm offers inhalers for use in the treatment of asthma and respiratory disorders. The company was founded in 2013 and is headquartered in Lund, Sweden.

Ownership structure

Mats Johansson	11.8%
Orest Lastow	10.9%
Eiffel Investment Group SAS	10.6%
SEB Life International	8.2%
Johan Lundgren	5.9%

Source: Company data as at 30 June 2020

Estimate changes

	20E	21E	22E
Sales	0.0%	0.0%	2.7%
EBITDA	n.m.	-51.5%	-4.1%
EBIT (adj.)	n.m.	n.m.	-5.1%
EPS (adj.)	n.m.	n.m.	n.m.

Source: Danske Bank Equity Research estimates

Analyst(s)

Daniel Albin

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<https://research.danskebank.com>

Important disclosures and certifications are contained from page 11 of this report

Iconovo

Adding another royalty agreement to the family

Iconovo continues to gain momentum, with a fourth royalty agreement signed, now with BNC Korea for ICOcap (a capsule-based dry powder inhaler). The company maintains good cost control while product development activities accelerate. Since Iconovo is still a development company, we argue that an investment in the company requires a long-term horizon. We expect royalty revenues from 2022 onwards.

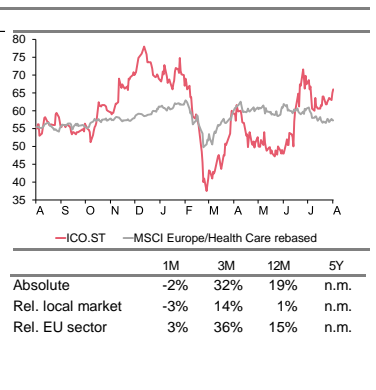
- Impact on the investment case.** We view the Q2 20 results as another confirmatory report. Iconovo delivered net sales of SEK2.4m versus our estimate of SEK1.3m. Reported EBIT came in at SEK -5.8m versus our estimate of SEK -5.5m. Operating costs in the quarter were SEK9.3m versus our estimate of SEK7.4m, driven by higher personnel costs due to intensified product development activities. Iconovo is still in the development phase and revenues to date are characterised by milestone payments, making revenues hard to forecast and lumpy across quarters. We expect more stable and predictable revenues post 2022, since revenues are set to come mainly from royalty revenues from upcoming partner product sales.
- ICOcap royalty agreement signed with BNC Korea.** In July, Iconovo signed a licence agreement (its fourth royalty agreement since inception) with BNC Korea for its ICOcap device covering two generic formulations within the treatment of COPD. The formulations sold today by Novartis refer to (1) Ultibro Breezhaler (indacaterol, glycopyrronium), and (2) Seebri Breezhaler (glycopyrronium). In 2019, combined net sales of Ultibro + Seebri amounted to c.USD550m, and c.USD82m in BNC's territories.
- Estimate changes.** We have increased our long-term sales estimates due to the recently signed royalty agreement with BNC Korea. Furthermore, we have increased our opex estimates, including incorporating a higher number of employees.
- Valuation.** Our updated DCF-derived fair value points to a valuation range of SEK649-847m (previously SEK599-774m), assuming a cost of capital of between 8% and 11% (previously from 9% and 12%), corresponding to a share price of SEK83-109 (previously SEK77-99). We see a lower WACC as warranted following (1) the new royalty agreement, confirming its in-house technology and (2) the CEO transition, with Iconovo now more focused on commercialisation.

Key financials

Year-end Dec (SEK)	2018	2019	2020E	2021E	2022E
Revenues (m)	11.9	11.7	12.2	33.8	52.4
Revenues growth	-40.7%	-1.4%	3.9%	n.m.	55.2%
EBITDA (m)	-4.0	-9.2	-16.5	1.9	17.0
EBIT adj. (m)	-5.8	-11.8	-19.4	-1.2	13.6
EBIT growth	n.m.	n.m.	-65.0%	93.8%	n.m.
Pre-tax profit (m)	-5.8	-11.4	-19.4	-1.2	13.6
EPS adj.	-0.86	-1.57	-2.50	-0.15	1.39
DPS	0.00	0.00	0.00	0.00	0.00
Dividend yield					
FCFE yield (pre-IFRS16)	-2.6%	-3.5%	-4.9%	-1.0%	1.4%
EBIT margin (adj.)	-48.9%	n.m.	n.m.	-3.6%	25.9%
Net debt/EBITDA (x)	13.2	9.7	3.9	-30.8	-3.9
ROIC	-54.1%	-77.0%	-86.8%	-4.4%	35.0%
EV/sales (x)	15.5	44.1	36.8	13.5	8.5
EV/EBITDA (adj.) (x)	n.m.	n.m.	n.m.	n.m.	26.3
EV/EBITA (adj.) (x)	n.m.	n.m.	n.m.	n.m.	26.8
EV/EBIT (adj.) (x)	n.m.	n.m.	n.m.	n.m.	32.9
P/E (adj.) (x)	n.m.	n.m.	n.m.	n.m.	47.6

Source: Company data, Danske Bank Equity Research estimates

Price performance



Source: FactSet

Not for US distribution

Q2 20 in review

What's new?

The Q2 20 report is the first with Johan Wåborg as the company's CEO for a full quarter. We believe the new CEO is bridging and building the gap from Iconovo being a technology powerhouse within inhalation and formulation development towards putting an extra gear into commercialisation, i.e. entering into new royalty agreements.

The main new data point concerning Iconovo relates to the company's signing of a licence agreement with BNC Korea for its ICOCap device covering two generic formulations within the treatment of COPD. The formulations sold today by Novartis refer to (1) Ultibro Breezhaler (indacaterol, glycopyrronium), and (2) Seebri Breezhaler (glycopyrronium). In 2019, combined net sales of Ultibro and Seebri amounted to c.USD550m, and c.USD82m in BNC's territories.

BNC Korea will hold the exclusive rights to manufacture the formulations and to market, sell and distribute the formulations together with the ICOCap device in Korea, Japan, China, Taiwan, Russia, additional CIS countries, Turkey and Southeast Asian countries.

What does it mean?

The deal has a value of c.SEK5.7m (EUR0.55m), of which c.SEK1.6m (EUR0.15m) is to be paid as an access fee upfront and the remainder to be paid as milestones payments. Royalties from future sales will amount to mid-single-digit percentages of sales, depending on the market. We have estimated a royalty rate of 5% of BNC Korea's net sales. Since both the ICOCap device and the formulations are already significantly developed, we argue that the operating costs related to these two generic formulations will be minimal for Iconovo going forward. Furthermore, we see additional upside in Iconovo out-licensing ICOCap, covering the same generic formulations to regions outside of BNC's territories.

In terms of timeline, we expect BNC Korea to commercially launch two generic versions of Ultibro Breezhaler and Seebri Breezhaler between the end of 2024 and beginning of 2025, when the patent formulations for indacaterol and glycopyrronium are due to expire (although regional differences could lead to commercialisation in some countries starting earlier than that).

Our analysis is that we expect BNC Korea to be able to reach peak sales of around SEK120m in the referred territories if successful. Our estimates imply a regional average market share of c.17%. With an assumed royalty rate of 5% to Iconovo, this implies a net sales opportunity of c.SEK7m and similar levels for EBIT, given no operating costs associated with the licence agreement post 2025 at its peak.

Deviation between actual results and estimates for Q2 20

Table 1: Deviation between actual results and estimates for Q2 20

Iconovo, SEKm	Q2 20A	Q2 20E	Diff.	Q2-19	Change y/y
Net sales	2.4	1.3	94%	3.0	-20%
Other income	1.4	0.8	84%	1.4	-2%
COGS	-0.3	-0.1	450%	-0.3	23%
Gross profit	3.5	1.9	80%	4.2	-17%
Opex	-9.3	-7.4	25%	-7.0	33%
EBIT	-5.8	-5.5	6%	-2.8	108%

Source: Company data, Danske Bank Equity Research estimates

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Table 2 : Detailed estimates - quarterly

SEKm	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20E	Q4 20E
Net sales	5.2	3.0	3.5	0.0	1.9	2.4	3.3	4.7
Other income	1.7	1.4	1.1	1.2	1.3	1.4	0.8	0.6
COGS	-0.2	-0.3	-0.2	-0.3	-0.1	-0.3	-0.1	-0.6
Gross profit	6.7	4.2	4.4	0.9	3.2	3.5	3.9	4.6
Gross margin, %	97%	94%	96%	73%	98%	92%	99%	88%
Other external costs	-1.6	-1.4	-1.2	-2.5	-1.7	-1.8	-1.6	-2.4
Personnel cost	-4.2	-4.9	-4.5	-4.9	-5.6	-6.6	-5.7	-6.1
D&A	-0.6	-0.6	-0.7	-0.7	-0.8	-0.9	-0.7	-0.6
Other operating costs	-0.1	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
Opex	-6.4	-7.0	-6.4	-8.1	-8.1	-9.3	-8.1	-9.0
Opex growth, y/y	50%	48%	69%	62%	26%	33%	25%	12%
EBIT	0.3	-2.8	-2.0	-7.2	-5.0	-5.8	-4.1	-4.4
Net financials	0.2	0.2	0.3	-0.3	0.7	-0.6	0.0	0.0
EBT	0.5	-2.6	-1.8	-7.5	-4.2	-6.4	-4.1	-4.4
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	0.5	-2.6	-1.8	-7.5	-4.2	-6.4	-4.1	-4.4
Net sales drivers								
Technology access fee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Milestones	0.0	3.0	3.4	0.0	1.9	2.4	3.3	4.7
Royalties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	5.2	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Net sales	5.2	3.0	3.5	0.0	1.9	2.4	3.3	4.7
Royalties by segment								
ICOres (7.5%)								
ICOcap (5%)								
ICOpre (9%)								
ICOone								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Royalties by partner								
Amneal Pharma								
Intas Pharma								
Stev anatoGroup								
Not outlicensed (ICOpre)								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company data, Danske Bank Equity Research estimates

Table 3 : Detailed estimates - annual

SEKm	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Net sales	11.9	11.7	12.2	33.8	52.4	77.9	91.2	106.5	192.8	241.5
Other income	3.0	5.4	4.0	4.0	3.0	4.0	3.0	3.9	3.6	3.6
COGS	-2.9	-1.0	-1.1	-1.3	-1.6	-1.3	-1.5	-1.5	-1.5	-1.5
Gross profit	12.0	16.2	15.1	36.5	53.8	80.6	92.7	108.9	194.9	243.6
Gross margin, %	81%	94%	93%	97%	97%	98%	98%	99%	99%	99%
Other external costs	-4.1	-6.7	-7.5	-8.5	-8.8	-9.5	-10.0	-10.7	-11.3	-11.9
Personnel cost	-11.9	-18.5	-24.0	-25.9	-27.9	-30.0	-32.2	-34.5	-36.9	-39.4
D&A	-1.8	-2.6	-3.0	-3.1	-3.4	-3.8	-4.1	-4.2	-4.3	-4.4
Other operating costs	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Opex	-17.8	-27.9	-34.5	-37.7	-40.2	-43.4	-46.5	-49.5	-52.6	-55.8
Opex growth, y/y		57%	24%	9%	7%	8%	7%	7%	6%	6%
EBIT	-5.8	-11.8	-19.4	-1.2	13.6	37.2	46.3	59.4	142.3	187.8
EBIT margin, %	-39%	-69%	-120%	-3%	25%	45%	49%	54%	72%	77%
Net financials	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	-5.8	-11.4	-19.4	-1.2	13.6	37.2	46.3	59.4	142.3	187.8
Taxes	0.0	0.0	0.0	0.0	-2.8	-7.7	-9.5	-12.2	-29.3	-38.7
Net income	-4.3	-11.4	-19.4	-1.2	10.8	29.5	36.7	47.2	113.0	149.1
Net sales drivers										
Technology access fee	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Milestones	9.0	6.5	12.2	30.0	1.4	1.4	1.4	0.0	0.0	0.0
Royalties	0.0	0.0	0.0	3.8	51.0	76.5	89.9	106.5	192.8	241.5
Other	0.2	5.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net sales	11.9	11.7	12.2	33.8	52.4	77.9	91.2	106.5	192.8	241.5
Royalties by segment										
ICOres (7.5%)					45.0	67.5	78.8	90.0	101.3	112.5
ICOcap (5%)				3.8	6.0	9.0	11.1	16.5	19.5	21.0
ICOpre (9%)					0.0	0.0	0.0	0.0	72.0	108.0
ICOone					0.0	0.0	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	3.8	51.0	76.5	89.9	106.5	192.8	241.5
Royalties by partner										
Anneal Pharma					30.0	45.0	52.5	60.0	67.5	75.0
Intas Pharma					15.0	22.5	26.3	30.0	33.8	37.5
Stevanato Group				3.8	6.0	9.0	10.5	12.0	13.5	15.0
Not outlicensed (ICOpre)					0.0	0.0	0.0	0.0	72.0	108.0
BNC Korea				0.0	0.0	0.0	0.6	4.5	6.0	6.0
Total	0.0	0.0	0.0	3.8	51.0	76.5	89.9	106.5	192.8	241.5

Source: Company data, Danske Bank Equity Research estimates

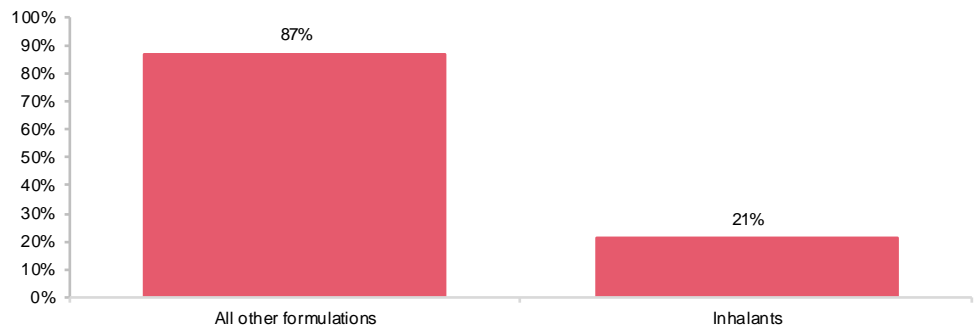
Executive summary

An investment in Iconovo offers exposure to the attractive, growing market for inhaled generics for the treatment of chronic respiratory diseases, such as asthma and chronic obstructive pulmonary disease (COPD). Former AstraZeneca employees with a wealth of experience in inhalation product development and commercialisation founded Iconovo in 2013. The company offers four in-house developed inhalation drug-delivery devices (inhalers) used to administer inhaled generics and/or enhance the delivery of existing drug molecules. To date, Iconovo has managed to sign three royalty agreements with different global generic drug companies. We see near-term positive catalysts to be additional collaboration and royalty agreements signed with drug companies.

Addressable market worth billions

According to Iconovo, its addressable market amounts to c.500m people suffering from asthma or COPD disorders. It believes its current product portfolio addresses a market worth c.USD14bn in product sales annually, comprising mainly five approved inhalers (HandiHaler from Boehringer Ingelheim, Breezhaler from Novartis, Advair Diskus and Ellipta inhalers from GSK and Symbicort Turbuhaler from AstraZeneca). Compared with generic solid oral tablets, the generic market for inhalants is tougher to access due to high regulatory standards and the complexity in drug delivery, specifically combining a drug formulation with an inhaler.

Chart 1: 2017 US generic prescription share



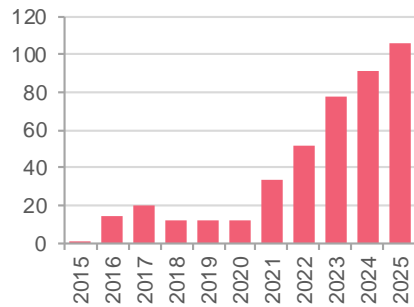
Source: IQVIA Global Generic and Biosimilars Trends and Insights, presented at the Association for Accessible Medicines 15 February 2018

Scalable business model

We estimate Iconovo will be able to achieve total non-risk-adjusted peak royalty revenue of SEK299m in 2031, corresponding to SEK3,698m in combined peak sales from its generic partners. As we assume that Iconovo's partners will produce, market and distribute its products, we see a limited need for the company to expand its operational organisation heavily to achieve incremental sales. We estimate that the company will become profitable in 2022, with peak operating margins well in excess of 70% beyond 2026. With c.SEK76m in net cash as of end-Q2 20, we do not fear the company will need to raise additional funds to break even.

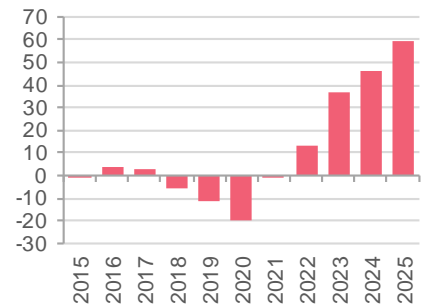
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Chart 2: Net sales - estimates for 2020 onwards (SEKm)



Source: Company data, Danske Bank Equity Research estimates

Chart 3: EBIT - estimates for 2020 onwards (SEKm)



Source: Company data, Danske Bank Equity Research estimates

Valuation and methodology

We base our valuation of Iconovo on a DCF, which assumes a cost of capital of between 8% and 11% (previously 9% and 12%). We estimate free cash flow until 2040. Our valuation does not consider any terminal value post 2040. Given the company's unique characteristics and the lack of ideal comparable peers (Vectura being one but the cost structure and royalty agreements differ greatly), we consider a relative valuation would not be reliable.

Absolute valuation

Our DCF-derived fair value points to a valuation range of SEK649-847m (previously SEK599-774m) assuming a cost of capital of between 8% and 11%, corresponding to a share price of between SEK83 and SEK109 (previously SEK77 and SEK99).

Risks to consider

In our opinion, the key risks include: (1) a highly regulated industry with stringent requirements to gain approval, (2) competition from large, global pharmaceutical companies and (3) delayed or lower-than-expected market acceptance for generic inhaled drug devices.

Partnership and industrial cooperation

Iconovo's business model is to outlicense its products primarily to generic drug companies. Iconovo's future royalties depend largely on sales conducted by its partners. There is a risk that such collaboration will not turn profitable and/or that the outlicensing partners may fail in their product launches, which would negatively affect Iconovo's future income stream of royalties.

Regulatory considerations for generic orally inhaled drugs

The regulatory pathway to achieving approval for bringing generic orally inhaled drugs to market is harder than for generic solid oral dosage forms (i.e. a tablet). The challenges to achieve bioequivalence for inhaled generic drugs must be met and may require repeated in-vitro studies and pharmacokinetic studies, which may delay a potential product launch and thus delay upcoming royalties to Iconovo.

Technology risk

A key risk when investing in medical-device developing companies is the proprietary technology used. Iconovo may encounter competition from larger companies in the field, which could impair Iconovo's partners' market share and uptake. However, we see new and upcoming technology from larger competitors as only a moderate threat and argue that the market is large enough for generic players.

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Dependence on key personnel

We see one of the main risks in Iconovo to be its relatively small size as an organisation. We view the risk of losing senior R&D employees and senior sales representatives as the most serious risk.

Company summary

Sales breakdown by geographical area

Sales breakdown by division

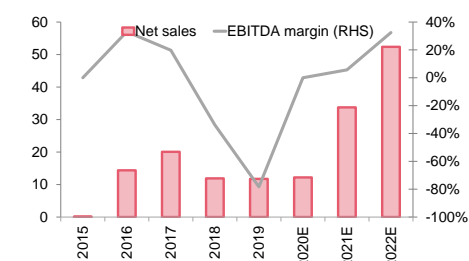
Company information

Iconovo
 Scheelevägen 2 Medicion Village
 Sweden
 iconovo.se

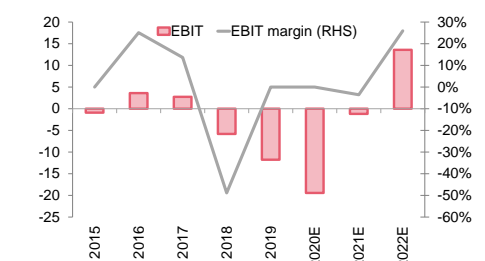
Main shareholders

Name	Votes (%)	Capital (%)
Mats Johansson	11.8%	11.8%
Orest Lastow	10.9%	10.9%
Eiffel Investment Group SAS	10.6%	10.6%
SEB Life International	8.2%	8.2%
Johan Lundgren	5.9%	5.9%

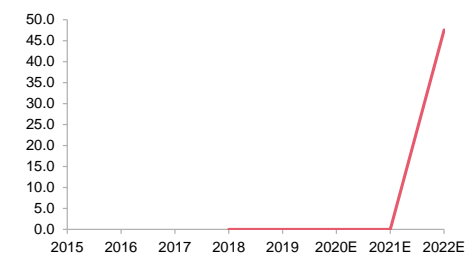
Net sales and EBITDA margin (SEKm)



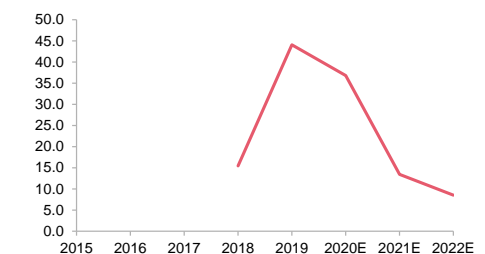
EBIT and EBIT margin (SEKm)



P/E NTM (x)



EV/sales NTM (x)



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	2019	2020E	2021E	2022E
Net sales			0.1	14.4	20.1	11.9	11.7	12.2	33.8	52.4
Cost of sales & operating costs			-5.9	-13.5	-18.5	-18.9	-26.3	-32.7	-35.8	-38.4
EBITDA			-0.9	4.8	4.0	-4.0	-9.2	-16.5	1.9	17.0
EBITDA, adj.			-0.9	4.8	4.0	-4.0	-9.2	-16.5	1.9	17.0
Depreciation			0.0	-0.2	-0.2	-0.4	-0.5	-0.3	-0.3	-0.3
EBITA			-0.9	4.5	3.7	-4.4	-9.7	-16.8	1.6	16.7
EBIT incl. EO, bef. ass.			-0.9	3.6	2.7	-5.8	-11.8	-19.4	-1.2	13.6
EBIT, adj.			-0.9	3.6	2.7	-5.8	-11.8	-19.4	-1.2	13.6
Financial items, net	0.0	0.0	0.0	-0.1	-0.3	0.0	0.4	0.0	0.0	0.0
Pre-tax profit			-0.9	3.5	2.4	-5.8	-11.4	-19.4	-1.2	13.6
Taxes				-0.4	-0.1					-2.8
Net profit, rep.			-0.9	3.1	2.3	-5.8	-11.4	-19.4	-1.2	10.8
Net profit, adj.			-0.9	3.1	2.3	-5.8	-11.4	-19.4	-1.2	10.8
CASH FLOW										
SEKm	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
EBITDA			-0.9	4.8	4.0	-4.0	-9.2	-16.5	1.9	17.0
Change in working capital				1.4	-8.1	3.3	-2.9	1.5		
Net interest paid			0.0	-0.1	-0.3	0.0	0.4			
Taxes paid				0.0	-0.1	-0.3	-0.3			-2.8
Other operating cash items			0.9	0.0	0.7	0.0				
Cash flow from operations			0.0	6.0	-3.8	-1.0	-12.1	-14.9	1.9	14.2
Capex				-1.6	-4.6	-5.2	-8.0	-10.0	-7.0	-7.0
Div to min										
Free cash flow			0.0	4.4	-8.4	-6.2	-20.1	-24.9	-5.1	7.2
Disposals/(acquisitions)										
Free cash flow to equity			0.0	4.4	-8.4	-6.2	-20.1	-24.9	-5.1	7.2
Dividend paid										
Share buybacks										
New issue common stock					22.5	40.4	60.0			
Incr./(decr.) in debt										
Minorities & other financing CF			5.1	2.0	-3.2	-3.7	-3.8			
Cash flow from financing			5.1	2.0	19.3	36.8	56.2	0.0	0.0	0.0
Disc. ops & other										
Incr./(decr.) in cash			5.1	6.4	10.9	30.6	36.1	-24.9	-5.1	7.2
BALANCE SHEET										
SEKm	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Cash & cash equivalents			5.1	11.5	22.5	53.1	89.2	64.2	59.2	66.4
Inventory					0.1	0.1	0.2			
Trade receivables				0.0	8.6	4.6	3.5			
Other current assets				1.9	1.6	2.2	2.9			
Goodwill										
Other intangible assets			6.2	6.7	6.5	8.9	16.2	21.5	24.3	26.8
Fixed tangible assets			0.0	0.0	2.8	3.8	1.9	3.6	4.7	5.8
Associated companies										
Other non-current assets			0.1							
Total assets			11.5	20.1	42.1	72.7	114	89.4	88.2	99.0
Shareholders' equity			6.3	8.7	31.5	64.0	109	89.4	88.2	99.0
Of which minority interests										
Current liabilities			5.2	8.7	9.1	8.7	5.0			
Interest-bearing debt				2.0						
Pension liabilities										
Oth non-curr. liabilities				0.6	1.5					
Total liabilities			5.2	11.4	10.6	8.7	5.0	0.0	0.0	0.0
Total liabilities and equity			11.5	20.1	42.1	72.7	114	89.4	88.2	99.0
Net debt			-5.1	-9.5	-22.5	-53.1	-89.2	-64.2	-59.2	-66.4

Source: Company data, Danske Bank Equity Research estimates

Summary tables

PER SHARE DATA	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
No. of shares, fully diluted (y.e.) (m)						6.8	7.8	7.8	7.8	7.8
No. of shares, fully diluted (avg.) (m)						6.8	7.3	7.8	7.8	7.8
EPS (SEK)						-0.86	-1.57	-2.50	-0.15	1.39
EPS adj. (SEK)						-0.86	-1.57	-2.50	-0.15	1.39
DPS (SEK)						0.00	0.00	0.00	0.00	0.00
CFFO/share (SEK)						-0.1	-1.7	-1.9	0.2	1.8
Book value/share (SEK)						9.44	14.0	11.5	11.3	12.7
MARGINS AND GROWTH	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
EBITDA margin			n.m.	33.1%	19.8%	-33.9%	-78.3%	n.m.	5.7%	32.5%
EBITA margin			n.m.	31.5%	18.5%	-36.9%	-82.7%	n.m.	4.8%	31.8%
EBIT margin			n.m.	25.1%	13.7%	-48.9%	n.m.	n.m.	-3.6%	25.9%
EBIT adj margin			n.m.	25.1%	13.7%	-48.9%	n.m.	n.m.	-3.6%	25.9%
Sales growth				n.m.	39.6%	-40.7%	-1.4%	3.9%	n.m.	55.2%
EBITDA growth				n.m.	-16.5%	n.m.	n.m.	-79.1%	n.m.	n.m.
EBITA growth				n.m.	-17.7%	n.m.	n.m.	-72.6%	n.m.	n.m.
EPS adj growth							-82.4%	-59.6%	93.8%	n.m.
PROFITABILITY	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
ROIC (after tax, incl. GW, adj.)			-158.7%	657.7%	50.9%	-54.1%	-77.0%	-86.8%	-4.4%	35.0%
ROIC (after tax, excl. GW, adj.)			-158.7%	657.7%	50.9%	-54.1%	-77.0%	-86.8%	-4.4%	35.0%
ROE (adj.)			-28.6%	41.3%	11.6%	-12.2%	-13.2%	-19.6%	-1.3%	11.5%
ROIC (adj.) - WACC			-166.2%	650.1%	43.3%	-61.7%	-84.6%	-94.4%	-12.0%	27.5%
MARKET VALUE	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Share price (SEK)						35.0	78.0	66.0	66.0	66.0
No. shares reduced by buybacks (m)						6.8	7.8	7.8	7.8	7.8
Mkt cap used in EV (m)						237	607	513	513	513
Net debt, year-end (m)			-5	-10	-22	-53	-89	-64	-59	-66
MV of min/ass and oth (m)			0	0	0	0	0	0	0	0
Enterprise value (m)						184	517	449	454	447
VALUATION	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
EV/sales (x)						15.46	44.08	36.80	13.45	8.53
EV/EBITDA (x)						n.m.	n.m.	n.m.	n.m.	26.3
EV/EBITA (x)						n.m.	n.m.	n.m.	n.m.	26.8
EV/EBIT (x)						n.m.	n.m.	n.m.	n.m.	32.9
P/E (reported) (x)						n.m.	n.m.	n.m.	n.m.	47.6
P/E (adj.) (x)						n.m.	n.m.	n.m.	n.m.	47.6
P/BV (x)						3.71	5.58	5.74	5.82	5.19
EV/invested capital (x)						16.8	26.3	17.9	15.7	13.7
Dividend yield										
Total yield (incl. buybacks)										
FCFE-yield						-2.61%	-3.31%	-4.85%	-0.99%	1.41%
FINANCIAL RATIOS	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Net debt/EBITDA (x)			5.8	-2.0	-5.7	13.2	9.7	3.9	-30.8	-3.9
Net debt/equity (x), year-end			-0.8	-1.1	-0.7	-0.8	-0.8	-0.7	-0.7	-0.7
Dividend payout ratio						0.0%	0.0%	0.0%	0.0%	0.0%
Interest coverage (x)										
Cash conversion (FCF/net profit)			n.m.	142.7%	-358.6%	n.m.	n.m.	n.m.	n.m.	66.9%
Capex/sales				11.2%	22.8%	43.4%	68.2%	82.0%	20.7%	13.4%
NWC/sales			n.m.	-47.6%	6.4%	-14.5%	13.2%	0.0%	0.0%	0.0%
QUARTERLY P&L			Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20E	Q3 20E	Q4 20E
Sales (m)			5.2	3.0	3.5	0.0	1.9	2.4	3.3	4.7
EBITDA (m)			0.8	-2.2	-1.4	-6.0	-4.2	-4.9	-3.4	-3.6
EBIT before non-recurring items (m)			0.3	-2.8	-2.0	-7.2	-5.0	-5.8	-4.1	-4.4
Net profit (adj.) (m)			0.3	-2.8	-2.0	-6.8	-5.0	-5.8	-4.1	-4.5
EPS (adj.) (SEK)			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBITDA margin			15.8%	-72.3%	-38.9%	n.m.	n.m.	n.m.	n.m.	-76.7%
EBIT margin (adj.)			5.1%	-92.5%	-58.6%	n.m.	n.m.	n.m.	n.m.	-95.2%

Source: Company data, Danske Bank Equity Research estimates

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