

# Equity Research | KEBNI: Broad support for long-term revenue target but cash an increasing concern

**KebNi reported an 80% revenue growth in Q1'23, to SEK 10.9m, largely due to sales of satellite antennas to IAI. Despite a variety of activities in 2023, the deferral of follow-on orders from Saab for volume series produced IMUs has exerted pressure on the share price. But with production start for Saab only weeks away, this should provide a trigger for Saab to unleash the next phase. Cost increase in Q1 was slightly higher than we had anticipated, likely necessitating a replenishment of the current SEK 19.4m cash reserve within the coming six months. But with a strong operational momentum we see a shareholder loan, a bank loan, a directed issue or a rights issue all as plausible alternatives. Now we continue to find support for a fair value to SEK 1.9-2.9 per share in 12-24m, but keep an extra eye on financing and the next step with Saab.**

## **Continues to build a foundation for the future**

Q1 saw a broad range of activities, with both deliveries and orders of maritime satellite antennas to and from IAI, and an order for Satmission Drive-away antennas from a repeat Broadcasting customer in Poland. With a new Regional Head for APAC in Bangkok, launch of the joint venture ScaffSense (the world's first smart scaffolding alarm system for safer construction sites) and the start of serial production of IMUs to Saab's NLAW in Karlskoga just weeks away, KebNi continues to build the foundation for a strong operational momentum likely to last for years.

## **Cash rapidly rising on the agenda**

During Q1'23, the exercise of warrants series TO2 strengthened KebNi's financials with SEK 23.4m after costs, and at the end of Q1'23, cash amounted to SEK 19.4m. But recent quarters have entailed higher cost increases than we had anticipated. While these will largely be absorbed by the hike in revenues that we expect from the start of deliveries to Saab, our model suggests that KebNi risks running low on cash already in the coming three to six months, rather than making it to 2024. But with plenty of progress to show for, there are move avenues available for financing than just a rights issue. And should the Saab follow-on order come sooner rather than later, some investor-friendly loan financing could be an option.

Considering that Saab has received order for NLAW from Finland (SEK 400m), UK (SEK 2.9bn) and Sweden (SEK 900m) with a delivery schedule which implies that KebNi would exceed its SEK 150-200m revenue target range in 2024, follow-on orders should only be a matter of time.

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

While IMUs to Saab is a significant piece of KebNi's strategic roadmap, there are also other pieces that will leverage the company's advanced technological platform within stabilisation, positioning



and satellite communication to reach the targeted revenue of SEK 150 – 200m already in 2024, 20-25% annual growth in the following years, positive cashflow and an EBITDA-margin of 5-10% in 2024. We continue to see follow-on orders from Saab and new Satcom orders as primary catalysts in the medium term, and find support for a fair value of SEK 1.9-2.9 per share in 12-24m.

Read the full report here: [https://www.emergers.se/kebni\\_s](https://www.emergers.se/kebni_s)

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