GomSpace

Reason: Initiating coverage

Commercialising the last new frontier

- GomSpace is a leading nanosatellite manufacturer
- We forecast a sales CAGR of ~29% FY'20e-22e
- DCF value range SEK 7-44/share, in scenario analysis

Company sponsored research

Not rated

Heading towards space

GomSpace is a Danish company founded in 2007 and listed in Sweden. Its offering is aimed at the opening up of space for various academic, scientific, defense and commercial projects e.g. just winning a EUR 1.35m science contract with the European Space Agency (ESA) on the 20 October. GomSpace is a leading manufacturer and a supplier of CubeSat and small satellite solutions based on its strengths within advanced radio technologies and platforms. The company is further focusing on the management of constellations, a high margin segment, which we expect it to cultivate during the next couple of years.

"New Space" providing new opportunities

Space has historically been dominated by capital-intensive operations run by large governments and/or corporations. Given the vast technological advancements within this industry in recent years (e.g. nanosatellites), however, it is becoming more and more feasible for a more varied array of entities to embark on projects in space. This is evident by the number of nanosatellites expected launch within the next six years (over 2,500 vs. ~1,400 launched so far).

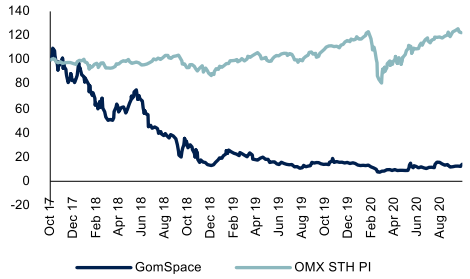
Scenario valuation used due to unique industry

Due to the uniqueness of the company/industry and the lack of direct comparable public listed peers, we have conducted three different DCF scenarios based on sales growth and cost levels. These models have the WACC remaining constant at 11.5%, terminal growth at 3% and the tax rate at 23%. These scenarios resulted in a DCF valuation range of SEK 7-44 per share. Aside from our sensitivity analysis, we see fundamental risk associated with the valuation, such as the risk that customers are not able to pay due to lack of financing/investment and the dependability the company has on its ability to attract and retain key personnel.

Analyst(s): Benjamin Silverstone
Laurits Kjærgaard

Share price (SEK)	23/10/2020 10.8
Fair value range (per share)	7-44
Capital Goods, Sweden	
GOMS.ST/GOMX SS	
MCap (SEKm)	566
MCap (EURm)	54
Net debt (EURm)	-4
No. of shares (m)	52.3
Free float (%)	*80*
Av. daily volume (k)	28
Next event	Q4 report: 01 Feb

Performance



	1m	3m	12m
Absolute (%)	*18.6*	*25.8*	*-2.0*
OMX STH PI (%)	*1.9*	*5.8*	*11.3*

Source: FactSet

SEKm	**2018**	**2019**	**2020e**	**2021e**	**2022e**
Sales	153	136	171	210	291
EBITDA	-96	-81	-4	29	64
EBITDA margin (%)	*-62.7*	*-59.8*	*-2.2*	*14.0*	*21.9*
EBIT adj	-117	-114	-38	-8	25
EBIT adj margin (%)	*-76.0*	*-83.6*	*-22.1*	*-3.7*	*8.5*
Pretax profit	-123	-147	-52	-13	20
EPS rep	0	-5.30	-0.95	-0.23	0.29
EPS adj	0	-4.89	-0.71	0.02	0.56
Sales growth (%)	*59.1*	*-11.2*	*25.5*	*22.8*	*38.5*
EPS growth (%)	*na*	*high*	*82.1*	*75.5*	*224.5*

Source: ABG Sundal Collier, Company data

	2020e	**2021e**	**2022e**
P/E (x)	-11.4	-46.5	37.3
P/E adj (x)	-15.2	683.8	19.4
P/BVPS (x)	2.30	2.42	2.27
EV/EBITDA (x)	-141.0	17.9	8.0
EV/EBIT adj (x)	-14.0	-68.3	20.6
EV/sales (x)	3.09	2.50	1.75
ROE adj (%)	*-13.7*	*0.3*	*12.1*
Dividend yield (%)	*0*	*0*	*0*
FCF yield (%)	*-3.5*	*0.8*	*2.9*
Lease adj. FCF yld (%)	*-3.5*	*0.8*	*2.9*
Net IB debt/EBITDA	12.2	-1.7	-1.0
Lease adj. ND/EBITDA	26.8	-3.6	-1.9

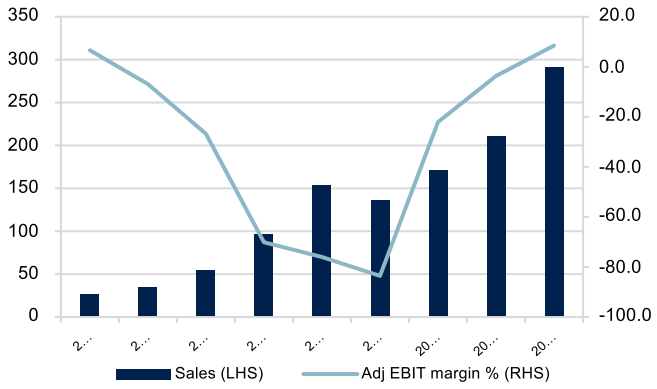
Company description

Gomspace is a Denmark-based (Sweden-listed) leading manufacturer and supplier of CubeSat and small satellite solutions for customers within the academic, science, commercial and defense sectors. Its value creation abilities come from its strengths in systems integration, radio technologies, CubeSat platforms and satellite operations. Its mission is to “help teams across the globe achieve their goals in space”.

Risks

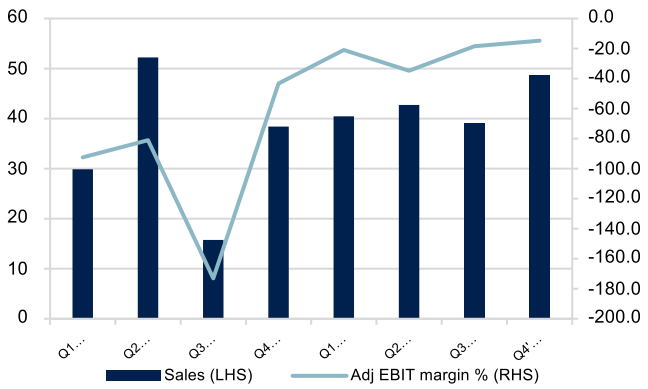
With the expected increased demand for nanosatellites, there is a substantial risk of various new competitors entering the market and intensifying the competitive landscape. Furthermore, as some of GomSpace’s customers are reliant on funding for their space ventures, the risk of insufficient funding within the industry should be acknowledged. Lastly, as the company's product are focused around space, the risk of regulatory changes is also present.

Annual sales and adj. EBIT marginSEKm



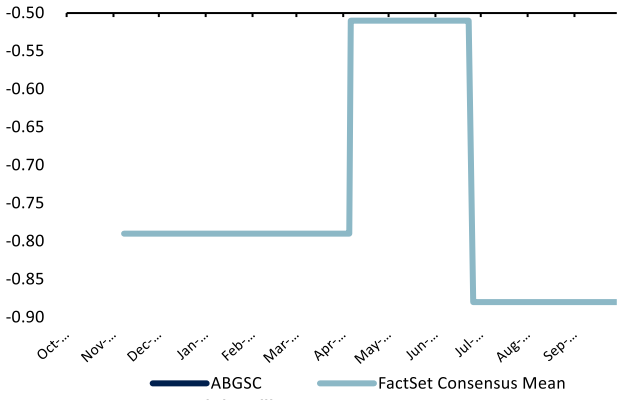
Source: ABG Sundal Collier, Company data

Quarterly sales and adj. EBIT margin



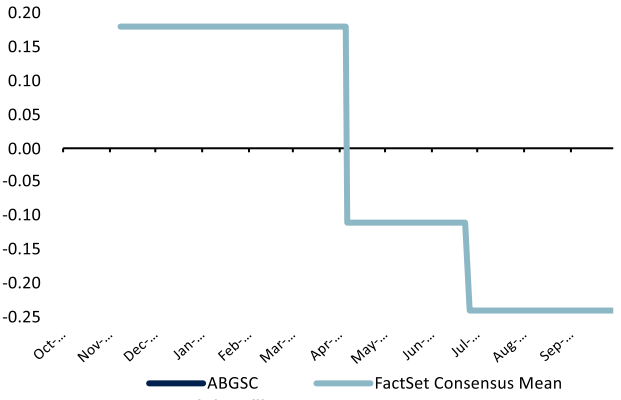
Source: ABG Sundal Collier, Company data

EPS estimate changes, 2020e, SEK



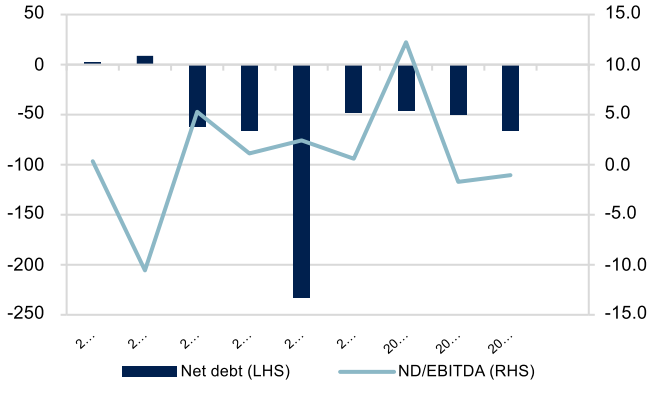
Source: ABG Sundal Collier, FactSet

EPS estimate changes, 2021e, SEK

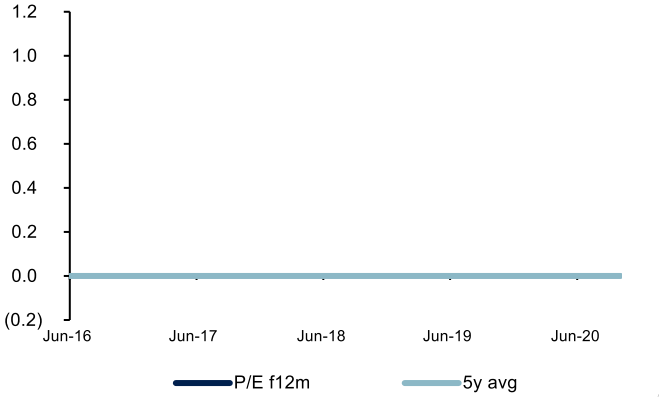


Source: ABG Sundal Collier, FactSet

Net debt and ND/EBITDA adj.



Source: ABG Sundal Collier, Company data



Contents

Summary

Company – GomSpace is a Denmark-based (Sweden-listed) leading manufacturer and supplier of CubeSat and small satellite (please see p. 12) solutions for customers within the academic, science, commercial and defense spheres. Its ability to create value comes from its strengths in systems integration, radio technologies, CubeSat platforms and satellite operations. The company defines its mission as "helping teams across the globe achieve their goals in space".

Industry – Material technological developments throughout the years have made space more accessible to companies of all types and sizes (not just a few countries and multinational corporations), and affordable (with nanosatellites being several hundred times more affordable than a conventional satellite1). They furthermore provide more up-to-date technology (as they have a smaller lift time of around 5 years, they are being changed more rapidly and hence allowing for continuous technology upgrades), lower launch costs due the smaller size and weight and greater data security as e.g. companies or governments are able to operate their own satellite system and therefore not rely on a third-party operator. These factors combined with the increasing need for connectivity and connected devices on the ground, means that a vast array of new activities that was not previously considered commercially feasible, now are starting to become viable operations.

Growth – We expect the company to see a sales CAGR of 28.7% for 2020e-2022e. This figure is primarily driven by the active backlog, but also takes into account the impact that COVID-19 will potentially have on the industry. It furthermore assumes an uptake in the constellation management segment, in which our estimate for revenues of ~SEK 20m would be generated within this segment in 2022e.

Valuation – We have constructed three different DCF scenarios for GomSpace, and acknowledge that the model is dependent on subjective inputs due to the uniqueness of the business and the industry at large. The valuation scenarios are based on a fixed WACC assumption (11.5%) with terminal growth at 3% and a tax rate of 23%. These scenarios indicate a DCF-derived valuation range of SEK 7-44/share, illustrating the uniqueness of the company.

Overall – Something big is happening in space. Even if it might seem a bit too early to trace the precise contours of the new landscape, we are confident that nanosatellites are a key component that will enable a vast array of new space ventures. These activities could potentially benefit corporations, governments, consumers and even the world in general. The World Economic Forum2, for instance, predicts that new space technologies will support sustainability goals (e.g. by monitoring, understanding and enabling action on climate change, enabling connectivity and promoting responsible business through the detection of activities such as illegal deforestation, logging, fishing and poaching).

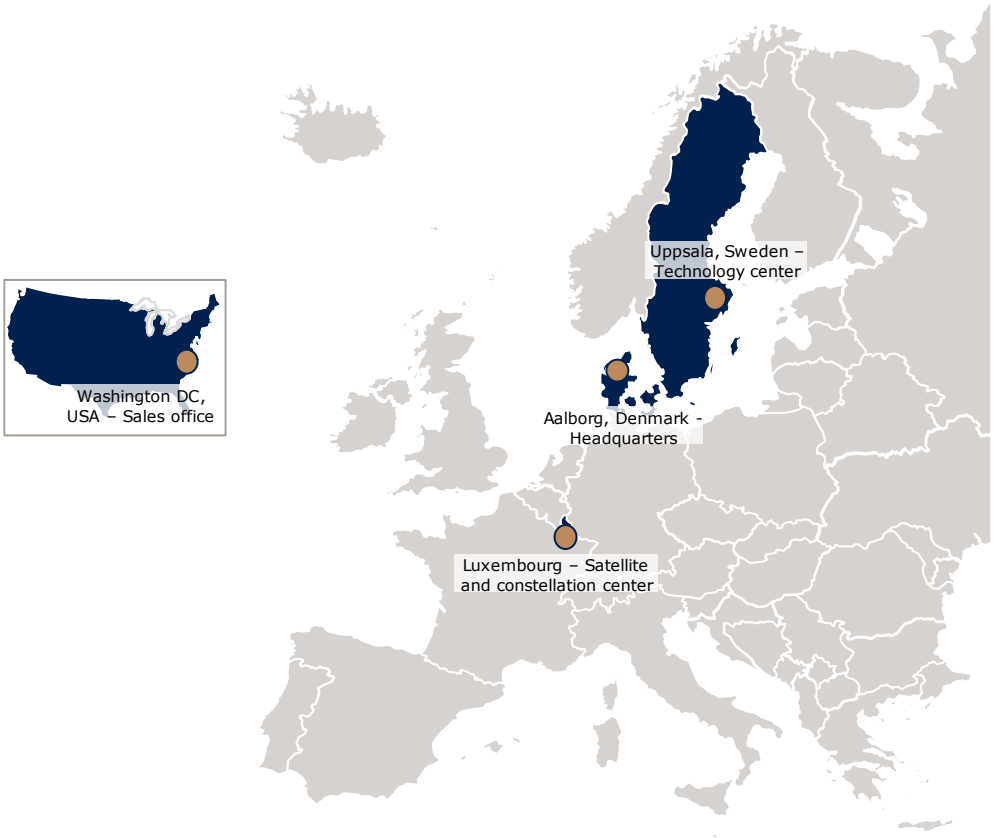
[1] https://info.alen.space/advantages-of-cubesats-vs-conventional-satellites
[2] World economic forum – Six ways space technologies benefit life on earth - 2020

Introduction to GomSpace

GomSpace was founded in 2007 by a Ph.D. student at Denmark's Aalborg University. Based on its competitive strengths within advanced miniaturised radio technology, system integration, CubeSat platforms and satellite operation, it has now become a globally leading manufacturer and supplier of CubeSat and small satellite solutions for customers within the academic, government, science and commercial markets.

The company is headquartered in Aalborg, Denmark, and maintains a propulsion technology centre in Uppsala, Sweden (following the acquisition of NanoSpace AB in 2016) as well as a satellite and constellation operations center in Esch-sur-Alzette, Luxembourg. The firm also has a sales office close to Washington, DC. The company's operations are based on its mission to "help teams across the globe achieve their goals in space", and its vision of "making nanosatellites the preferred choice for customers who have demands for professional, mission-critical, radio-based surveillance and communication solutions". The company recorded revenues of SEK 136m in 2019 and estimates a current total addressable market size of USD 2.6bn[3] (SEK 23bn); the global satellite market was estimated at USD 227.4bn in 2018[4].

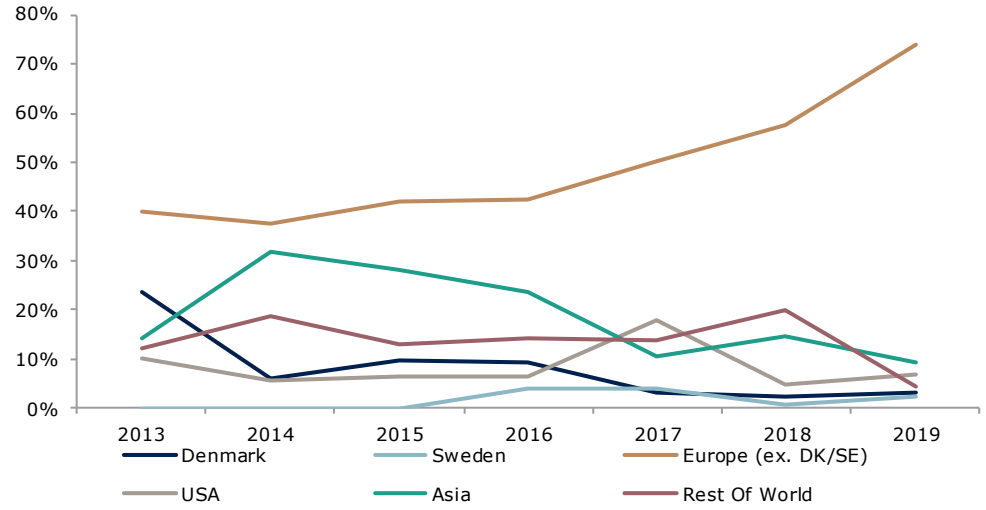
Physical locations of GomSpace



Source: ABG Sundal Collier, company data

[3] Gomspace 2019 annual report
[4] SIA, 2019 State of the Satellite Industry Report

Geographical split - 2019



Source: ABG Sundal Collier, company data

Key company-specific highlights:

2013 – First mission, GOMX-1, completed, with GomSpace's first satellite being launched on board the Dnepr rocket. This mission is to demonstrate aircraft tracking from space. The company has 10 employees and customers in 30 countries.

2014 – Strategic shift and new business focus. Niels Buus becomes CEO of GomSpace and is placed in charge of transforming it from a start-up to an established growth company. The company acknowledges the growing awareness of the commercial opportunities nanosatellite technology presents, and shifts its strategy to embrace this long-term growth potential in industrialisation, consolidating and laying the foundations for the future large-scale production of nanosatellites.

2015 – GOMX-3 satellite is launched in collaboration with ESA and successfully demonstrates various advances.

2016 – Listed on Nasdaq First North in Stockholm

2017 – GomSpace signs a major constellation contract with Sky and Space (UK) representing a value of EUR 35-55m over a four-year period. The firm expands globally with new offices in Singapore, Washington and Luxembourg. More than 80 employees and customers in more than 50 countries.

2018 – GOMX-4 satellites launched, successfully demonstrating the possibility of live data capture/monitoring.

2019 – Challenging year with major order cancellations (due to customers having issues obtaining finances) resulting in a successfully implemented cost-cutting strategy (e.g. reducing the number of employees from 231 to 134). GomSpace also partnered up with TESAT and KSAT to introduce full optical communication capabilities to its small satellites (usually only used on large and more expensive satellites)

Board of Directors

Jukka Pertola – Chairman of the board since 2016. Mr. Pertola's other roles include chairman of the board of directors of Siemens Gamesa Renewable Energy A/S, IoT Denmark A/S, Tryg A/S, Tryg Forsikring A/S, Monsenso ApS and the Danish Academy of Technical Sciences. Furthermore, he is vice-chair of the board of directors of COWI Holdings A/S and a member of the board of Industriens Pensionsforsikring A/S. GOMX holdings: <0.1% (80.000 shares).

Jesper Jespersen – Board member and vice-chair since 2016. Mr. Jespersen's other roles include chairman of the board of directors of AnyBody Technology A/S and a member of the board of directors of CPHI-Holding A/S, Netic A/S, Admana A/S, BBHS A/S and SkyWatch A/S. He is also the CEO of Dellwood Invest ApS and a director of Investo Capital Management A/S. GOMX holdings:<0.1% (50.000 shares).

Steen Lorenz Johan Hansen – Board member since 2017. Mr. Hansen's other roles include being CEO and majority shareholder of Hansen & Langeland ApS. GOMX holdings: ~10% (~5.2m shares) indirect holding through Hansen & Langeland ApS.

Henrik Schibler – Board member since 2019. Mr. Schibler is currently CFO at GlobalConnect and has held positions as COO, Europe at ISS A/S, CFO at EVRY, CFO at ISS Norway and regional CFO at ISS Central Europe. GOMX holdings: none.

Jens Maaløe – Board member since 2020. Mr. Maaløe is chairman of Poul Due Jensen Foundation, Chairman of the board at The Danish Technological Institute & NIRAS, and a member of the board at NKT, GRUNDFOS & Odense Maritime Technology. GOMX holdings: none.

Executive management

Niels Buus – CEO since 2014. Mr. Buss has more than 20 years' experience within the defense and security business within executive and non-executive roles. He was awarded the "Leader of the year" award by "Lederne" in 2017. Prior to 2020, Mr. Buus was chairman of the board of directors of Northern VO ApS until 2017 and Chora Group until 2016, a member of the board of directors of Necas A/S and Miitors until 2015, CIS Technologies and SystemTeknik A/S until 2014 and of ISIC A/S until 2013. He acted as Director of the Defense and Fuel section in DESMI Pumping Technology A/S until 2013 and was interim CEO of Optica A/S until 2013. Mr. Buus holds a Master of Science degree in leadership and strategy from London Business School (London, UK), a Master of Science degree in applied optics from Imperial College (London, UK) and a Master of Science degree in mechanical engineering in optics from Aalborg University (Aalborg, Denmark). GOMX holdings: Direct holdings of 63,000 (0.12%) shares and indirect holdings of 1,221,756 (2.34%) shares in the company through Longbus Holding ApS. Direct holdings of 15,087 vested warrants and possible future holdings of an additional 5,029 unvested warrants issued under the incentive programme implemented in 2017. Related persons (wife) hold a total of 2,000 shares.

Troels Dalsgaard Nørmølle – CFO since 2014. Mr. Nørmølle has more than 10 years of experience within accounting, from internal audit and financial manager positions at from EY, PwC and Aalborg Boldklub. He Holds a Graduate Certificate in business administration from Aalborg University (Aalborg, Denmark). GOMX holdings: Direct holdings of 294.300 (0.56%) shares and of 7,759 vested warrants and possible future holding of an additional 2,586 unvested warrants issued under the incentive program implemented in 2017. Related persons (children) also hold a total of 3,000 shares.

Peter Worsøe – CMO since 2017. Mr. Worsøe worked for ABB and Daimler Chrysler for 15 years, focusing on R&D and business development. Subsequently, Mr. Worsøe worked for Terma A/S as Quality Executive and Managing Director for subsidiaries. GOMX holdings: Direct holdings of 2,431 vested warrants and possible future holdings of an additional 2,431 unvested warrants issued under the incentive program implemented in 2018.

Lars K. Alminde – CCO since 2019. Mr. Alminde is a founding partner at GomSpace. Most recently, prior to the current assignment, he was the Chief Product & Innovation Officer with responsibility for initiating GomSpace's activities in Luxembourg. Mr. Alminde also served as member of the Board of Directors from 2007 to 2017. Mr. Alminde holds a MSc.EE. and a PhD degree from Aalborg University and has extensive experience with space systems technology and commercialisation since first working with nanosatellites in 2001. GOMX holdings: Indirect holdings of 3,539,584 (12.49%) shares in the company through JML Invest ApS. Direct holdings of 6,897 vested warrants and possible future holding of an additional 2,299 unvested warrants issued under the incentive programme implemented in 2017.

Ole Kristensen – CTO since 2020. Mr. Kristensen has worked as Section Head in the Space Division at Terma for more than seven years focusing on ground-based systems. He holds a B.Sc. in Electrical Engineering from University of Southern Denmark and a HD (O) Diploma in Business Administration from Copenhagen Business School. GOMX holdings: Direct holdings of 61.285 (0.12%) shares.

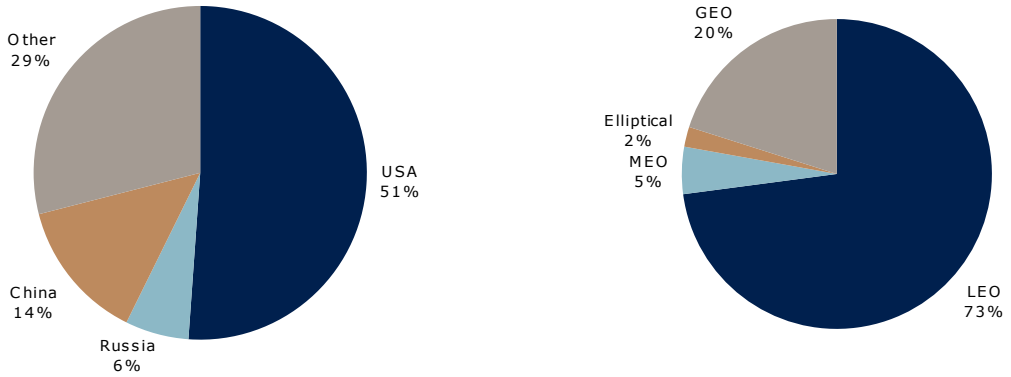
Market overview

The launch of Sputnik 1 (the world's first satellite) on 4 October, 1957, launched a "space race" that saw the world's advanced nations focus heavily on space technologies and exploration. The race to complete e.g. shuttle launches, national satellite programmes, moon landings and various long-range space probes was dominated by a few countries, including the US, Russia, China, India and the ESA (European space agency), with these entities having the resources necessary for such capital-intensive operations. These programmes are collectively termed "old space".

New space

Today, space activities have evolved from "old space" to "new space", which focuses on the commercialisation of the space sector. While states used to have a monopoly over the space sector, private companies are now playing an increasing role; firms like SpaceX, the GAFAs (Google, Apple, Facebook and Amazon) and OneWeb are rapidly changing the way space is used today. Based on both "old" and "new" space activities, there are an estimated 2,700-3,000 satellites in space today, most of which are from the US, which has dominated historically and continues to account for the lion's share of "new space" launches. The majority of satellite launches are in Low Earth Orbit (LEO), where GomSpace is strongest.

Number of operating satellites by country (left) and by orbit level (right)

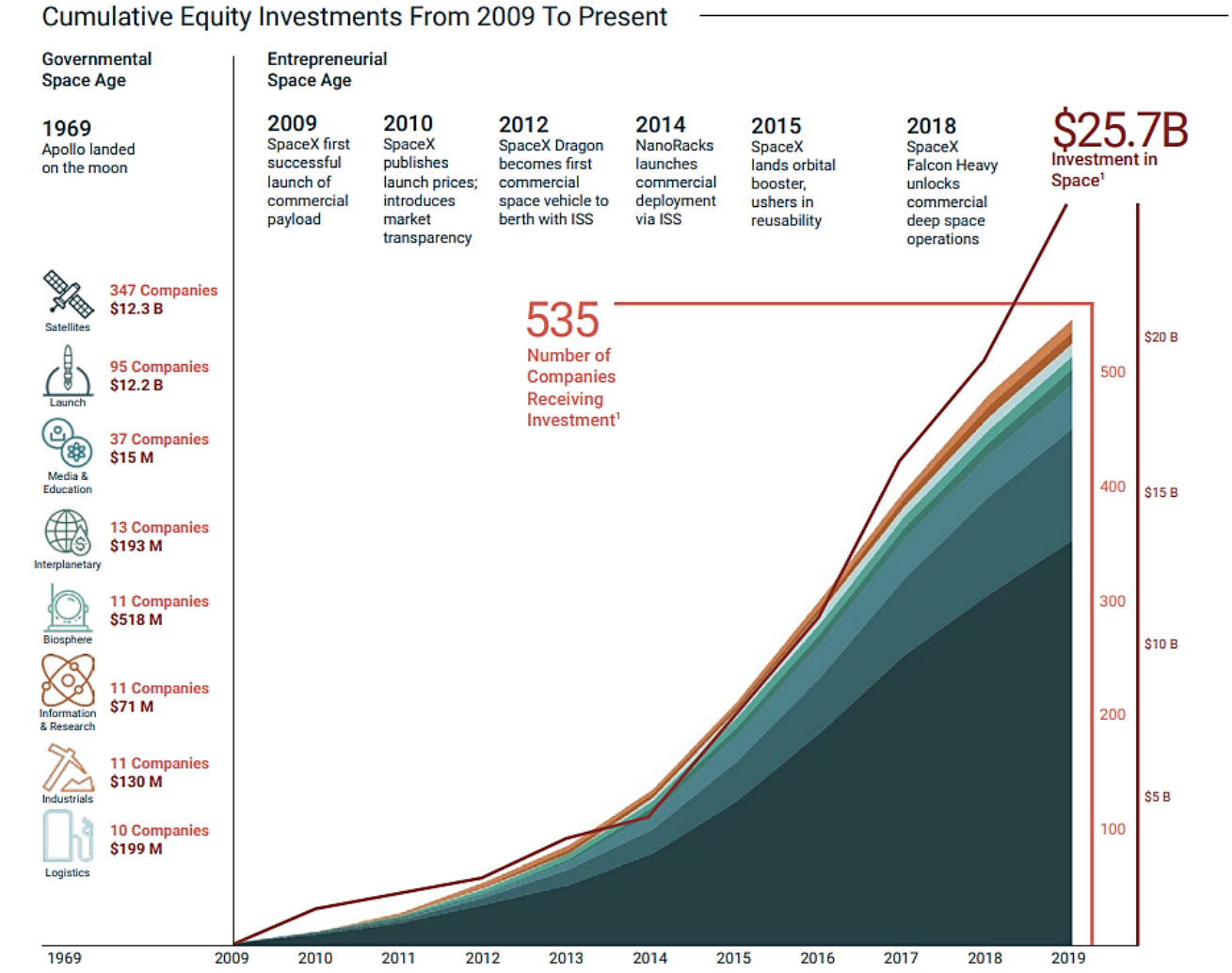


Source: ABG Sundal Collier, nanosats.eu

The commercialisation of space has been driven in part by a tremendous reduction in the cost of smaller satellites. At the same time, production of these satellites has risen rapidly, providing commercial viability for several new players. According to Space Angle's annual report 2019 (as shown below), around USD 25.7bn of equity investments were made in 535 companies within the new space start-ups from 2009-2019. Of this, ~23% or roughly USD 5.8bn was invested in 2019 alone, nearly double the 2018 figure of USD 3bn.

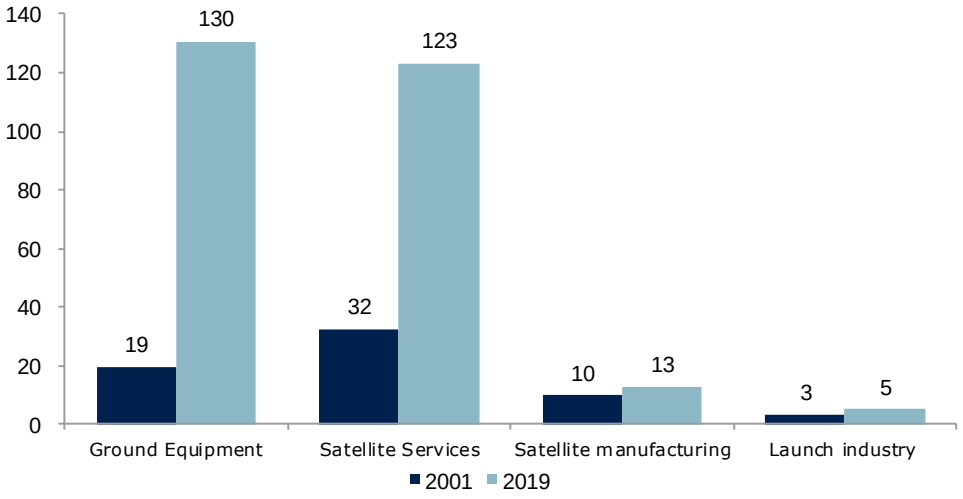
This rapid expansion signals a contemporary push for space-related investments on the premise that this marks the early phase of development into a new frontier. We therefore expect sales of small satellites to increase significantly.

Increase in space start-up equity investments



Source: Space angles 2019 rapport

Global satellite market by segment (USDbn)



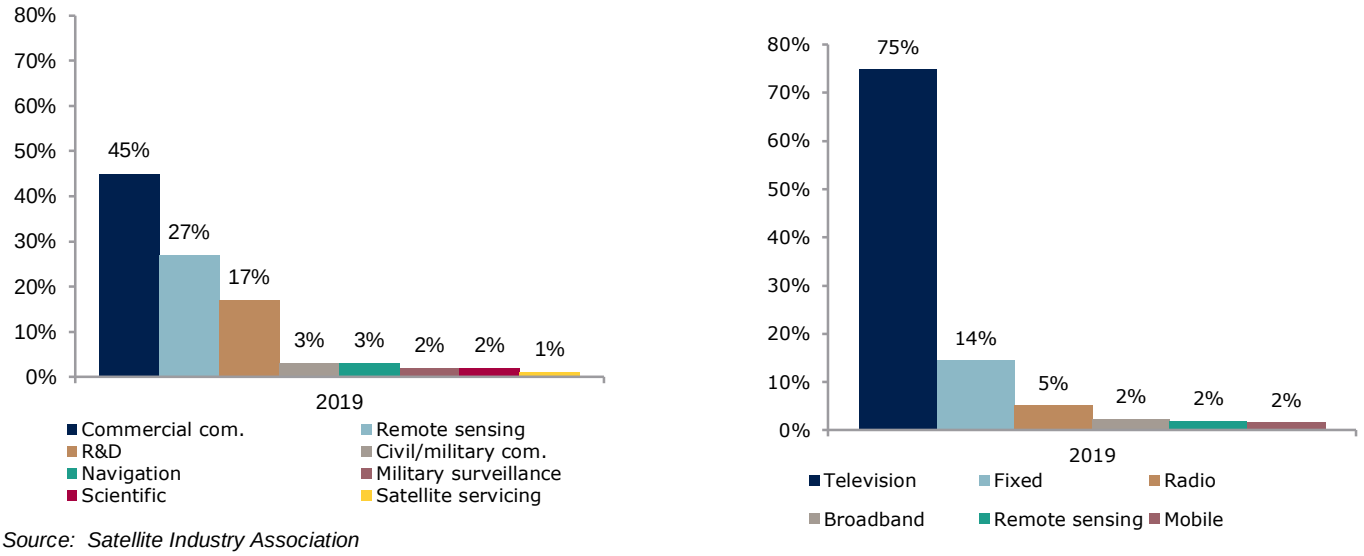
Source: ABG Sundal Collier, Satellite industry association

The global satellite industry is worth USD 271bn, up from USD 64.4bn in 2001, corresponding to an 8.3% CAGR (according to the Satellite Industry Association's 2019 annual report). Studies from Morgan Stanley and BofAML see the space industry reaching a value of USD1-2.7 trillion within the next 20-30 years, implying a CAGR of around ~8% over the next 30 years.

In 2019, the market was predominantly dominated by: 1) "ground equipment" (48%), e.g. receivers and antennas on the ground; 2) satellite services (45%), e.g. television, radio and remote sensing; 3) satellite manufacturing (5%) and the satellite launch industry (2%).

GomSpace's core market is within the satellite manufacturing and satellite services segments.

Satellite manufacturing market (left) and satellite service market (right) by sub-segment 2019 split



Source: Satellite Industry Association

Splitting up the sub-segment in which GomSpace operates, we see that the satellite manufacturing market is dominated by commercial, civil/military communications and R&D, with these sectors contributing a total of 89% of satellite manufacturing revenue in 2019. This supports GomSpace's case, as it offers solutions for all of the above uses, e.g. its nanosatellite communication technologies are based on the company's comprehensive RF and signal processing expertise and can be fully customised to the customer's needs.

Within the satellite service segment, we see an increased market potential for GomSpace, as the need for services such as constellation- and data-management is expected to help drive the future growth of the company.

Out of the total satellite manufacturing market, GomSpace estimates that its addressable market is around USD 2.6bn with further potential upside coming from the expected rise in demand for constellation and data management.

What are small satellites/nanosatellites?

The term “small satellite” covers all satellites weighing under 600kg, and can be split into several sub-categories as shown above. CubeSat’s are measured in units (U) and weigh ~1kg per unit. The units can then be combined to client specifications, based on factors such as payload etc. GomSpace’s focus areas are within the smaller weight range of these satellites and the company is currently working towards a new 12U CubeSat, which will be an important additional offering.

Satellite definitions

Satellite	Weight	Dimension
Large satellites	>1000kg	
Medium satellites	500-1000kg	
Small satellites	<500kg	
Minisatellites	100-500kg	
Microsatellites	10-100kg	
Nanosatelites	1-10kg	
Picosatellites	100g-1kg	
Femtosatelites	10-100g	
Attosatellites	1-10g	
Zeptosatellites	0.1-1g	
CubeSat		
1U	~1kg	10x10x11.35cm
12U	~12kg	20x20x34.05cm

Source: Nanosat.eu

How are they launched?

The size of the small satellites permits them to be launched as secondary payload on already planned launch vehicles, using the excess capacity of these vehicles. This is a key factor behind their viability, and their feasibility is expected to improve in tandem with the commercialisation of this segment, as new private companies enter the market e.g. SpaceX, and Blue Origin. Today, companies pay around USD 5,000-50,000 per kilo launched, but we are currently seeing a major push towards the reduction of space launch costs.

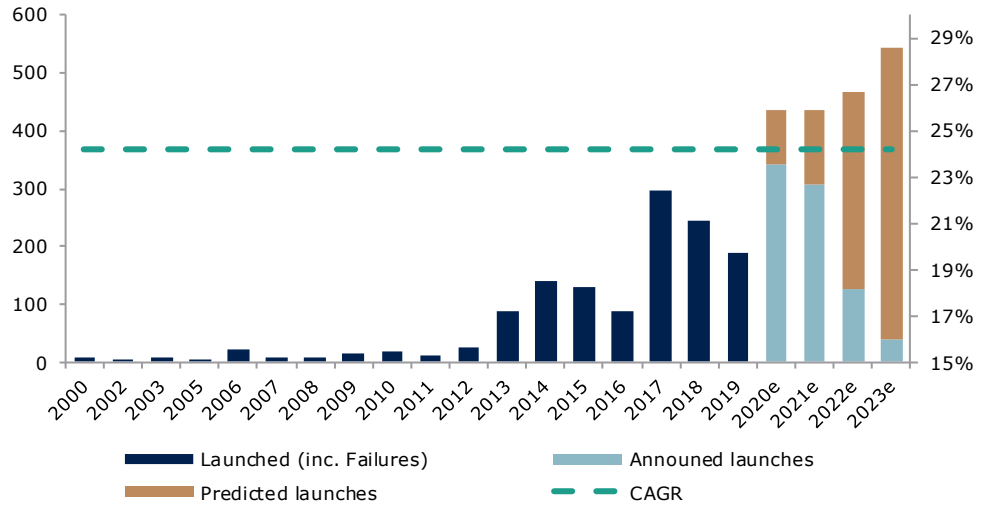
NASA’s space shuttle, for example, required USD 1.5bn to launch 27,500kg to LEO (USD 54,500/kg) in 1981; today, SpaceX’s Falcon 9 now advertises a cost of USD 62m to launch 22,800kg to LEO (USD 2.720/kg) indicating a price reduction of 94%. Furthermore, we have also seen SpaceX make a tremendous leap in terms of potential economics of scale with its development of a new, reusable orbital launch system. There are also several other companies specialising in small satellite launchers such as Rocket Lab, Northrop Grumman and CASIC, and many other companies are aiming to enter this segment. The launches take place at various locations including the US, China, Russia, India, Kazakhstan, French Guinea etc.

Comparison between LEO, MEO and GEO

Parameter	Low Earth orbit (LEO)	Medium Earth orbit (MEO)	Geostationary orbit (GEO)
Satellite height	500-1500km	5000-12000km	~36000km
Satellites required for earth coverage	40-80	8-20	3
Cost pr. kg to launch (USD)	+ 5.000	+20.000	+30.000
Latency	Low	Medium	High

Source: NTRS study – The recent large reduction in Space Lunch Costs, Cannae

Nanosatellite launches – historical and forecast



Source: Nanosat.eu, ABG Sundal Collier

Disruptive technology

Due to the comparatively fast and cheap development of small satellites vs. traditional large satellites, combined with their high flexibility in terms of customisation and the rapid implementation of new technologies (due to a lower estimated lifespan, which GomSpace estimates at ~5 years), we see them as vastly more suitable for the commercialisation of space. The relative simplicity and adaptability of such satellites allows more players to enter the new frontier and compete.

As shown above, we also see as supported by the number of new nanosatellites set for launch within the next couple of years. Nanosat estimates that over 2,500 new nanosatellites will be launched within six years (vs. ~1.400 nanosatellites launched to date).

Potential risks for nanosatellite growth

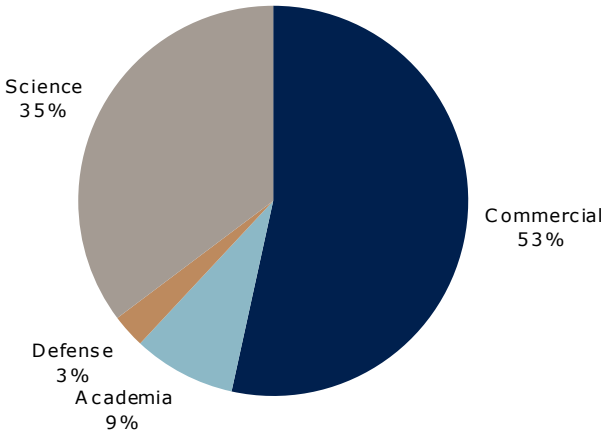
While the underlying fundamentals strongly support the accelerated growth and high utilisation of nanosatellites, the “final frontier” of space is highly sensitive to regulations, and these are still being developed. Our current projections rely on the increasing commercialisation of space, so we are cautious of the fact that new, more restrictive regulations facing private companies seeking to launch their own satellites could potentially have a negative impact.

We also note that the current options for small satellite launches are limited, as small satellites are most often launched as secondary payloads on rockets launching large satellites or carrying cargo to the International Space Station (ISS). These options impose restrictions in terms of integration, launch schedules and orbit destinations, and inhibit flexibility with respect to subsystems within small satellites.

Business model

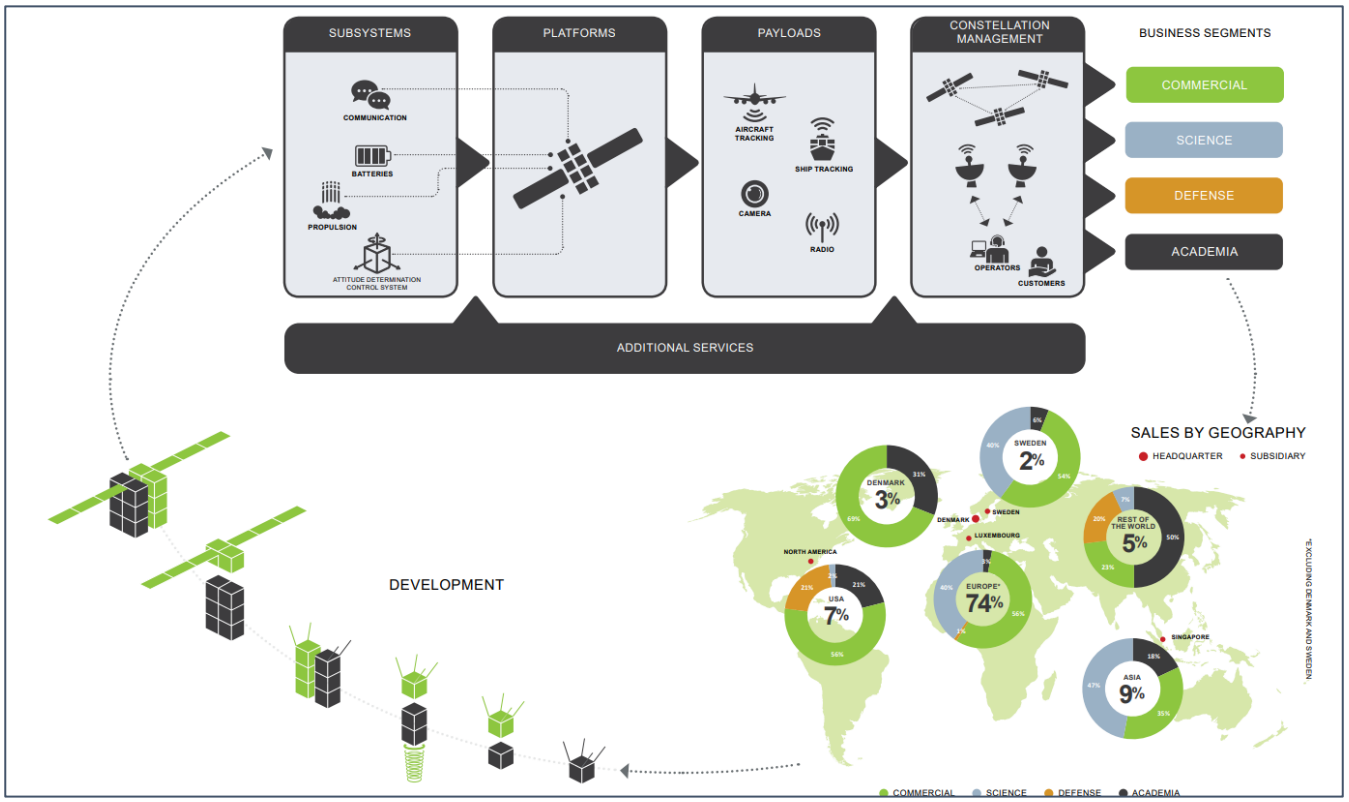
In line with GomSpace's mission to "help teams across the globe achieve their goals in space", it has segmented its target group into four categories: 1) commercial, i.e. the commercialisation of space, primarily focused around IoT, global tracking, communications and the new possibilities permitted by the opening of space. This segment is expected to become a key growth driver for GomSpace; 2) Science, which includes its work with the European Space Agency (ESA) and is a relative stable segment with stable payers; 3) Defense, which concerns public customers such as the Danish, French or Columbian governments for e.g. communication/sensing technologies or satellites, with these contracts typically having longer decision-making timelines; 4) Academia, which is related to GomSpace's sales to e.g. universities building their own satellites.

Revenue split between segments - 2019



Source: ABG Sundal Collier, company data

Business model



Source: ABG Sundal Collier, company data

To satisfy these segments, GomSpace is offering fully developed satellites and platforms as well as subsystems and components on a sub-supplier basis to third parties developing their own satellites.

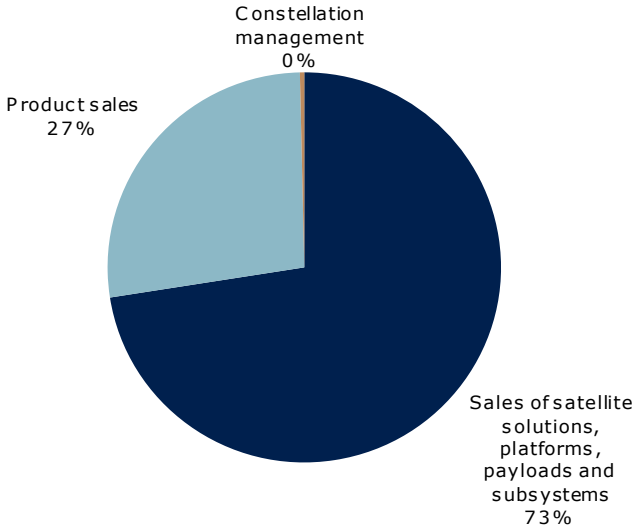
Most projects, particularly those with the ESA, are very engineering-heavy and require many development hours. A key factor supporting GomSpace's future growth is its ability to leverage these developments and reuse them in similar projects. The company is now at a point where it is able to use components it has to build new projects for customers. This means that the firm does not need to develop entirely new technologies, providing better opportunities for scalability and ensuring a fast turnaround from idea conception to launch-readiness. GomSpace actively focuses on developing its service-side offerings (e.g. constellation and data management) by developing user systems and platforms, which we see as a potentially very lucrative strategic decision.

GomSpace has built up capacity to the point where it is in a position to scale the business and prepare for an increase in demand. This was made evident by its ability to accommodate the large order of 200 satellites from Sky and Space (SAS). This order was unfortunately cancelled, as SAS proved unable to raise sufficient funding. It was a key inflection point for GomSpace, however, as the company demonstrated its flexibility and quickly rescaled operations (from 231 employees in 2019 to 134 in 2020). This demonstrates the company's rapid reaction time with regard to scaling the business.

Product offerings

GomSpace's reporting outlines the sales split between its product segments, which are currently divided into: sales of satellite solutions, platforms, payloads and subsystems, product sales and constellation management fees. As shown below, 2019 illustrates that constellation management is currently not a sizable part of the revenue, but the fact that GomSpace has included this as a standalone segment further emphasizes our view that it will become an important focus area going forward.

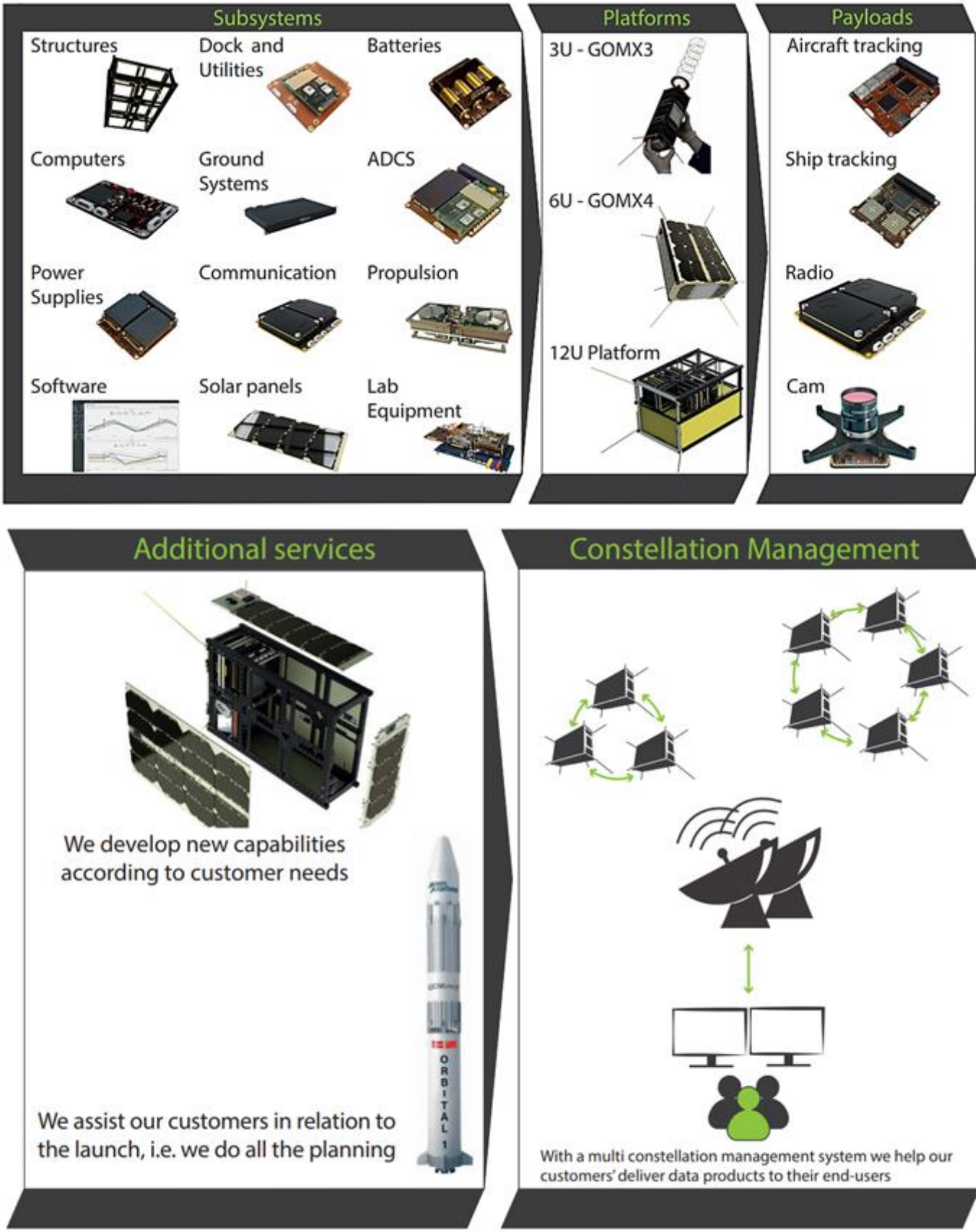
Revenue split between product offerings - 2019



Source: ABG Sundal Collier, company data

As shown below, we see the various subsystems (computers, ADCS, propulsion etc.), Platforms, payloads (Radio, tracking etc.) and services which is offered by GomSapce.

Product and segment overview



Source: company data

Subsystems

The subsystems provided by GomSpace are systems essential for the functionality of nanosatellites in space. These components enable GomSpace to provide customised solutions to its customers, as it can mix them to create whatever the client needs. The development process is similar to that of phones, with frequent improvements to certain areas (e.g. screens and processors in phones) used to assemble new products. GomSpace has achieved critical mass in products developed to utilise this strategy as well, as it now can create new, customised products using pre-existing, already-developed products/technologies, so the need for engineering on each project should decrease going forward.

Payload

The payload on a satellite is the equipment that enables the actual task of the satellite, e.g. radio transmitters for communication and signaling of aircraft/ship tracking or cameras for earth observation, such as the Danish observation of Greenland.

Platforms

Platforms are holistic offerings using GomSpace's subsystems and payload to create a complete platform (satellite) based on the requirements of the clients and their mission. These platforms usually have a lifespan of five years, providing a reoccurring business opportunity for GomSpace. Regarding development, the company is currently developing a new low-cost 12U platform in collaboration with the ESA while continuously improving its 3U, 6U and 8U platforms.

Constellation management

The management of constellations and data is a key focus area for GomSpace, which aims to offer this service with low operating expenses due to the high degree of autonomous operations on the company's side. This will also provide value to clients, as it provides a continuous feed of the data they need without requiring them to know how to operate satellites.

Overview of subsystems

Source: company data

Competitive landscape

The satellite industry has historically been characterised as very capital-intensive and run by a few large "old space" players, e.g. Lockheed Martin, Airbus, Boeing and ThalesAleina, with very high barriers to entry. With new technologies drastically lowering the cost of launching/operating e.g. a nanosatellite, however, the segment has been opened up to a larger number of players (as illustrated in the market overview section) including GomSpace.

While the concept of "new space" has allowed for more competition, we are also seeing some traditional "old space" players making their entries into "new space". We are also starting to see M&A and strategic partnership deals where the aim is to increase revenue/market share and mitigate competition. This includes big companies acquiring or partnering with promising start-ups, where the rationale is often a quick extension of the existing portfolio (small satellite platforms, service provision, access to new markets) and agility improvement.

This has also impacted the competitive landscape. Some of these acquisitions include Boeing's August 2018 acquisition of Millennium Space Systems, a provider of small-satellite solutions, as well as Airbus Defence and Space's entering a partnership with data analytics firm Orbital Insight in September 2018. Beyond the major legacy players, start-ups are also acquiring other start-ups or teams, e.g. with the April 2017 acquisition of Terra Bella by Planet and the acquisition of Clyde Space by AAC Microtec (now a direct competitor of GomSpace).

According to a study by Gil Denis, Didier Alary et al. published in the January 2020 edition of the Acta Astronautica journal[5] , M&A activities led by start-ups will likely intensify and could become a priority for the new space industry.

Direct competitors

Company	Origin	Market cap SEKm	Revenue 2019 SEKm	Founded
GomSpace	Denmark	~490	136	2007
AAC Clyde Space	Sweden	~293	66	2005
TYVAK	USA	Not public	N/A	2011
Blue Canyon Tech	USA	Not public	275*	2008
Nano Avionics	Lithuania	Not public	N/A	2014
ISIS	The Netherlands	Not public	N/A	2006

*Based on FactSet estimate

Source: ABG Sundal Collier, company data

Looking ahead, we expect start-ups to intensify their focus on the delivery of new services, with the provision of global services (communications, earth observation and IOT) to a large user base being the real game-changer. There is room for new players to position themselves within this segment, as it represents a paradigm shift for established satellite manufacturers, and contains the risk that they could wind up competing with their own customers. Airbus Defence and Space is an interesting example in this regard; unlike its US competitors, Airbus is already active as service provider in Earth observation and military communications while acting as a pure manufacturer in commercial communications.

[5] https://www.sciencedirect.com/science/article/pii/S0094576519313451

As shown above, GomSpace has identified five direct competitors. GomSpace is well positioned within this group, with the second-largest workforce (133 employees). While this does not necessarily mean that GomSpace is "larger" than its competitors, the industry is very reliant on engineering man hours to implement projects and execute orders, and we can therefore take it as an indication that GomSpace has been more aggressive than its competitors, and faster at scaling operations. This stands the company in good stead with regard to leveraging future opportunities.

Innovative Solutions in Space (ISIS) was created in 2006 and is headquartered in Delft, The Netherlands. ISIS is a vertically integrated small satellite company focused on providing high value, cost-effective space solutions through the use of the latest innovative technologies. ISIS offers contract research, innovative satellite systems and turnkey space solutions to a broad range of customers for small satellite applications. The company's core competencies lie in the application of space systems engineering combined with expertise in the following technical areas: radio frequency systems and payloads, deployable systems and hold-down and release mechanisms, attitude determination systems and embedded systems. ISIS employs ~85 workers.

AAC Clyde Space was created by Sweden-based AAC Microtec's 2017 acquisition of UK-based Clyde Space; the goal of the acquisition was to assist rapid expansion through combining the two firms' operations. AAC Clyde Space now specialises in advanced small spacecraft, mission services and subsystems. The company is the only publicly listed direct competitor of GomSpace. AAC Clyde Space employs ~97 workers and will report its Q3'20 numbers on 23 November 2020.

TYVAK was created in the US in 2011 and offers Nanosatellite and CubeSat space vehicle products and services with advanced, state-of-the-art capabilities for government and commercial customers looking to support operational and scientifically relevant missions. The TYVAK brand is owned by Terran Orbital, which saw investment from Lockheed Martin in 2017. TYVAK employs around 75 workers.

Blue Canyon Technlologies was created in 2008 and is based in the US. The company offers small satellite solutions including nanosatellites, microsatellites and ESPA-class satellites. It specialises in precision pointing platforms based on our high-performance altitude determination and control components. Its spacecraft systems and components enable a wide range of missions for academic, commercial and government applications; the company has around 170 employees.

NANO AVIONICS is Lithuania based and was created in 2014 and is a nanosatellite mission integrator focused on delivering new generation satellite buses and propulsion systems for the satellite applications market. It is a relative newcomer to the market, but it already has ~80 employees.

Forecast and assumptions

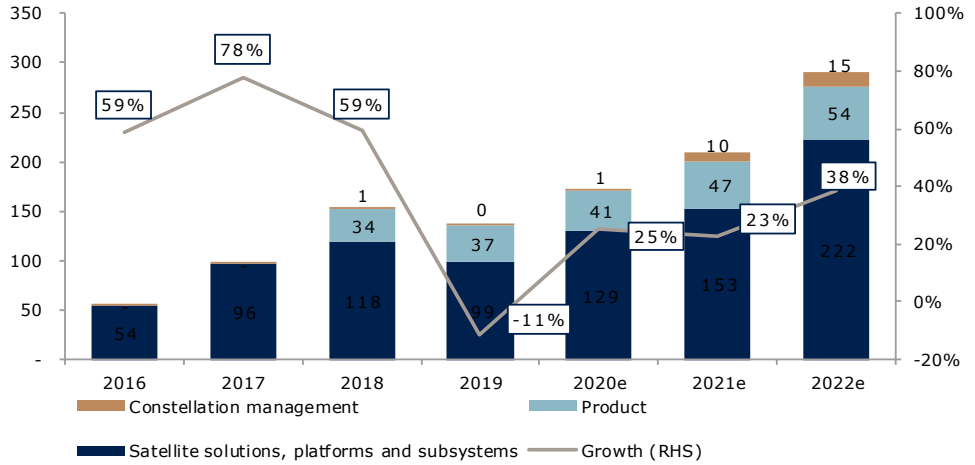
GomSpace is currently guiding for FY'20 revenues of SEK 160-185m and a positive cash flow from operations in 2023. The company used to provide guidance on mid-term revenue targets (FY'2023 revenues of SEK 1.5bn), but this was recently suspended due to COVID-19. While GomSPace maintains its firm belief in the long-term growth potential of the nanosatellite business, it is aware that COVID-19 might make rapid growth within the next couple of years more difficult. It remains committed to a rapid post-pandemic growth trajectory.

Sales

From 2016-2019, GomSpace sales grew with a CAGR of ~36% despite a negative 2009 growth rate of 11.2% (due primarily to cancelled orders). Looking to the next three years, we forecast a CAGR of 28.7%; this figure is based on the likely impact of COVID-19, the predicted number of new nanosatellite launches (as illustrated in the market overview section) and the current backlog. Note that the backlog has been thoroughly revised by the company to exclude any "high-risk" orders, indicating a substantial likelihood of its being converted to revenue.

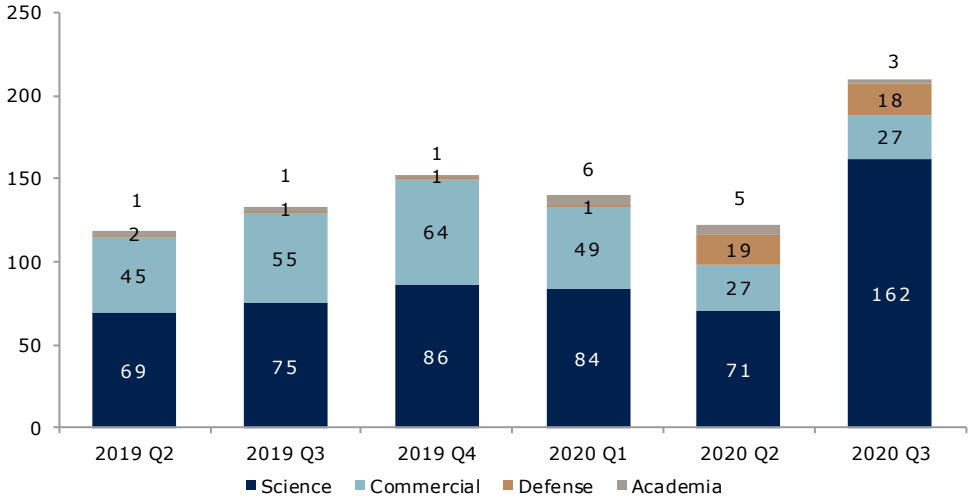
We furthermore include an estimated uptake into the commercialisation of constellation management segment within the next three years, reaching a potential SEK 15m in 2022e.

Sales forecast by segment (SEKm)



Source: ABG Sundal Collier, company data

Order backlog (SEKm)



Source: ABG Sundal Collier, company data

While the backlog is a great measure of revenue expectations for the foreseeable future, it is a tricky metric for GomSpace as the book-to-bill ratios for its various segments differ significantly and are highly volatile. For example, orders in academia segment are generally converted within a quarter as they primarily consists of sales of sub-segments or other parts to universities building their own satellites, while the conversion within Science or Defense can be a lot longer (even years), depending on the project and the engineering required. As GomSpace is a growth company, however, we expect to see the backlog grow above the company's top line in future.

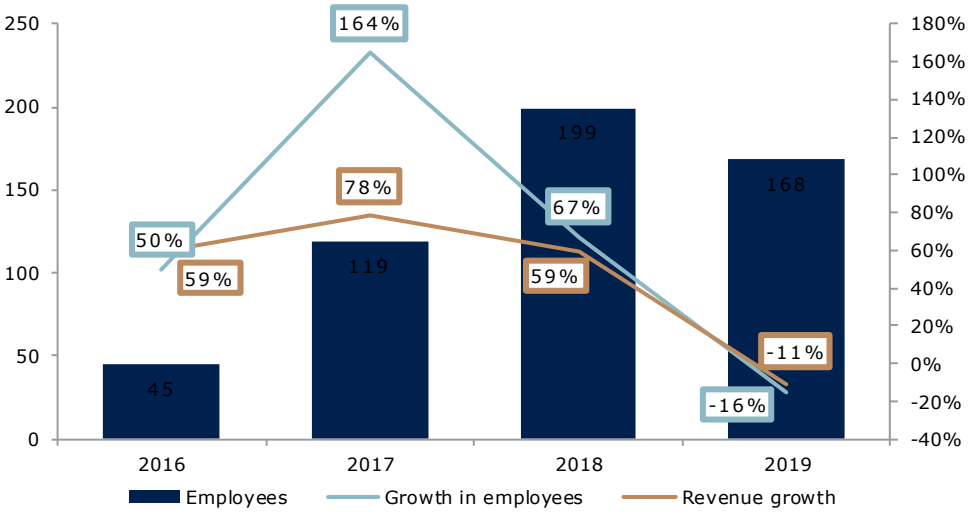
Costs

GomSpace was actively scaling up in 2017 to prepare for the now-cancelled SAS order. The cancellation, however, saw the firm quickly reconfigure its cost base e.g. by reducing headcount. Due to the company's rapid response to the need to adjust its cost base, we currently estimate that GomSpace is in a position where it will soon be able to start leveraging its existing infrastructure (e.g. no need for additional cost ramp up's), in regard to improving its cost base going forward.

As the company has invested greatly into research & development, sales & marketing and admin in the past, it now has its bases covered in these areas, and we do not expect these costs to increase at the same rate as sales. For example, we see low double-digit costs (as a percentage of sales) within R&D, while sales & marketing costs are at the point where the firm simply needs to maintain its base, meaning a material decline (as a % of sales) as GomSpace grows its top line.

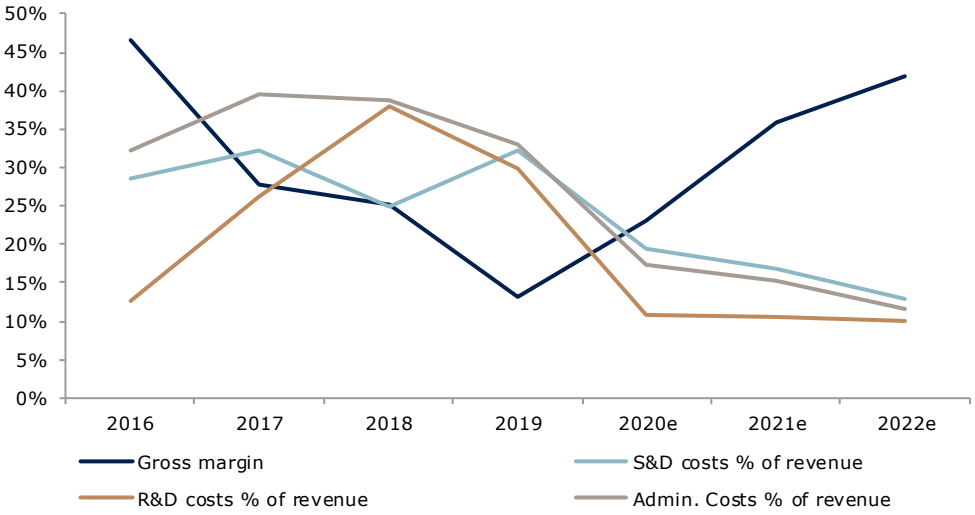
We expect some leverage within GomSpace's opex cost base, and consequently see the same occurring in COGS, which we see at ~42% in 2022. This figure takes into consideration the fact that the COGS base is very dependent on which segments are growing. For example, the science segment has lower margins due to the high degree of engineering hours required, but this remains positive for the firm overall as it represents improvements in product offerings/technology/services.

Employee base development



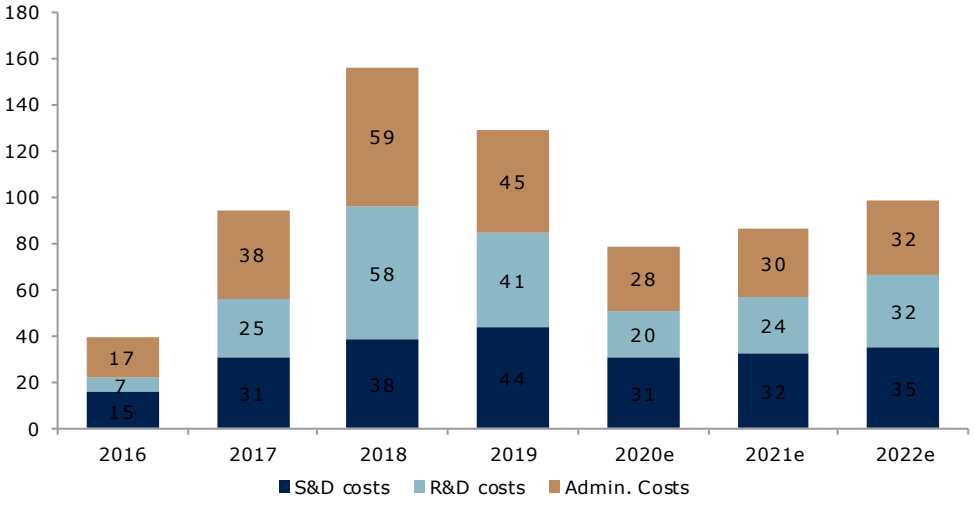
Source: ABG Sundal Collier, company data

Cost forecast



Source: ABG Sundal Collier, company data

Opex forecast breakdown



Source: ABG Sundal Collier, company data

P&L forecast

(SEK million)	FY´19a	FY'20e	FY'21e	FY'22e
Revenue	**136**	**171**	**210**	**291**
Revenue growth	*-11.2%*	*25.5%*	*22.8%*	*38.5%*
Gross profit	**18**	**39**	**78**	**122**
Gross margin	*13.2%*	*23.0%*	*37.0%*	*42.0%*
S&D	*-44*	*-31*	*-32*	*-35*
R&D	*-41*	*-20*	*-24*	*-32*
Admin	*-45*	*-28*	*-30*	*-32*
EBIT	**(114)**	**(38)**	**(8)**	**25**
EBIT-margin	*-83.6%*	*-22.1%*	*-3.7%*	*8.5%*
Pre-tax profit	(147)	(52)	(13)	20
Net profit	**(152)**	**(50)**	**(12)**	**15**
EPS (DKK)	(2.90)	(0.95)	(0.23)	0.29

Source: ABG Sundal Collier, company data

FY'20 estimates vs. consensus (1 other sell-side bank)

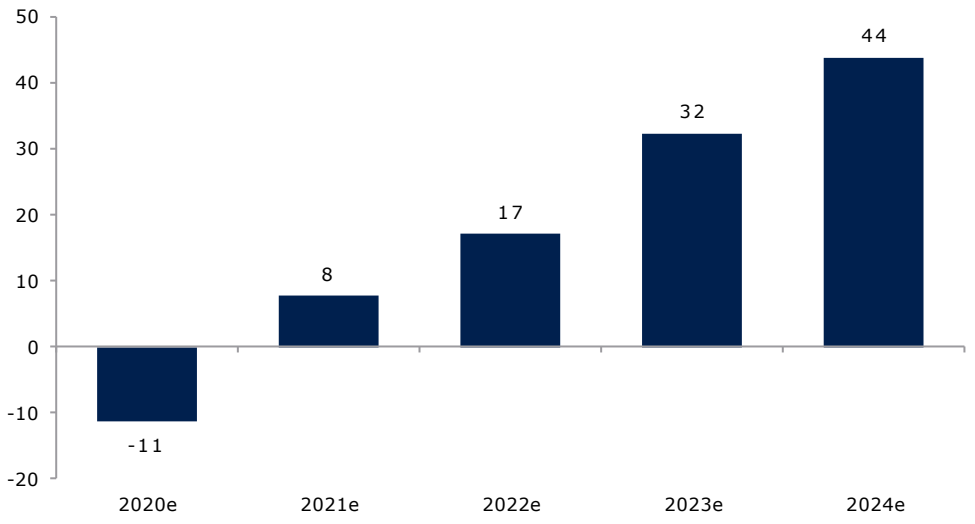
		2020e			2021e		
(SEK million)	FY´19a	ABGSCe	Cons	Diff %	ABGSCe	Cons	Diff %
Revenue	**136**	**171**	**172**	**-1%**	**210**	**214**	**-2%**
Revenue growth	*-11.2%*	*25.5%*	*26.0%*	*-1%p*	*22.8%*	*25.0%*	*-2%p*
Gross profit	**18**	**39**	**40**	**-2%**	**78**	**78**	**0%**
Gross margin	*13.2%*	*23.0%*	*23.0%*	*0%p*	*37.0%*	*37.0%*	*0%p*
EBIT	**(114)**	**(38)**	**-36**	**4%**	**(8)**	**-9**	**-12%**
EBIT-margin	*-83.6%*	*-22.1%*	*-21.0%*	*-1%p*	*-3.7%*	*-4.0%*	*0%p*
Pre-tax profit	(147)	(52)	-49	6%	(13)	-13	0%
Net profit	**(152)**	**(50)**	**-46**	**8%**	**(12)**	**-13**	**-4%**
EPS (DKK)	(2.90)	(1.0)			(0.2)		

Source: ABG Sundal Collier, company data

Balance sheet and cash flow

Based on the current funding/cash balance of the company, and our forecasts, we believe the company will be able to self-finance until 2021, which is when we expect GomSpace to deliver positive free cash flow. GomSpace had cash and cash equivalents of ~SEK~134m at the time of the Q3'20 report on 22 October (up from ~SEK 109m at the time of its Q2'20 report in July 2020, indicating the company's progress in starting to turn their cash flow positive).

Forecast free cash flow (SEKm)



Source: ABG Sundal Collier, company data

Valuation

We have constructed three different valuation scenarios for GomSpace based on a DCF valuation approach. We acknowledge that the model is dependent on subjective inputs due to the uniqueness of the business and industry at large. As a base of the assumptions is a WACC of 11.5%, based on a cost of equity that is derived from a risk free rate assumption of 2%, market risk premium of 5%. Equity beta of ~0.93 and a company specific risk premium of 5.3%, which is due to the acknowledgment of the fact that the development of the underlying industry and hence the company is to a large degree unknown due the space industry being in the very early age of development. We furthermore utilized a standardized terminal growth rate of 3% and tax rate of 23% across all DCF scenarios.

WACC assumptions	
Equity	
Risk free rate	2.0%
Market risk premium	5.0%
Equity beta	1.4%*
Company specific risk premium	2.4%
Cost of equity	11.8%
Debt	
Cost of debt	5.0%
Debt/Equity ratio	7%
Tax rate	23%
WACC	11.50%

*Benchmarked against OMXS30

Source: ABG Sundal Collier

DCF scenario analysis (SEK) – WACC 11.5%

Scenario 1	
CAGR / avg. '20-22	
Sales	13%
EBITDA margin	4%
CAGR / avg. '23-32	
Sales	18%
EBITDA margin	22%
DCF value pr share	**7**
Current SP	10.8
% vs current SP	(35%)

Scenario 2	
CAGR / avg. '20-22	
Sales	29%
EBITDA margin	10%
CAGR / avg. '23-32	
Sales	28%
EBITDA margin	26%
DCF value pr share	**25**
Current SP	10.8
% vs current SP	131%

Scenario 3	
CAGR / avg. '20-22	
Sales	35%
EBITDA margin	12%
CAGR / avg. '23-32	
Sales	34%
EBITDA margin	30%
DCF value pr share	**44**
Current SP	10.8
% vs current SP	307%

Source: ABG Sundal Collier, company data

Scenario 1 is based on the company not being able to scale its cost structure in line with current expectations while also implying that the company will grow significantly below the CAGR growth expected within the number of satellite launches for the next three years. Long term, it assumes GomSpace will obtain a decent growth rate, although below the rates at which we are seeing e.g. investments into the space start-up segment.

Scenario 1 - SEK 7 per share – DCF sensitivity analysis

Long Term EBITDA Margin	Long Term Sales Growth (2023-2032)						
	10.5%	13.0%	15.5%	18.0%	20.5%	23.0%	25.5%
12.0%	1	1	1	0	0	-1	-2
14.5%	2	2	2	2	2	1	1
17.0%	3	3	3	4	4	4	4
19.5%	4	4	5	5	6	6	6
22.0%	5	5	6	**7**	8	8	9
24.5%	6	7	7	8	10	11	12
27.0%	7	8	9	10	11	13	15
29.5%	7	9	10	12	13	15	18
32.0%	8	10	11	13	15	18	21

WACC	Long Term Sales Growth (2023-2032)						
	10.5%	13.0%	15.5%	18.0%	20.5%	23.0%	25.5%
7.5%	13	15	17	19	21	24	27
8.5%	10	11	12	14	16	18	20
9.5%	7	8	10	11	12	14	15
10.5%	6	7	8	9	10	11	12
11.5%	5	5	6	**7**	8	8	9
12.5%	4	4	5	6	6	7	8
13.0%	4	4	5	5	6	6	7
13.5%	3	4	4	5	5	6	6
14.0%	3	3	4	4	5	5	6

Source: ABG Sundal Collier, company data

Scenario 2 Is based on the company continuing to improve its cost structure, while also accelerating growth both short term and long term, reaching an EBITDA margin of 26% between FY'2023 and FY'2032.

Scenario 2 – SEK 25 per share – DCF sensitivity analysis

Long Term EBITDA Margin	Long Term Sales Growth (2023-2032)						
	20.5%	23.0%	25.5%	28.0%	30.5%	33.0%	35.5%
16.0%	6	6	6	5	4	3	1
18.5%	9	9	10	10	10	10	9
21.0%	12	13	14	15	16	17	18
23.5%	14	16	18	20	22	24	26
26.0%	17	19	22	**25**	28	31	35
28.5%	20	23	26	30	34	38	43
31.0%	23	26	30	35	40	45	51
33.5%	26	30	34	40	46	52	60
36.0%	28	33	38	44	51	59	68

WACC	Long Term Sales Growth (2023-2032)						
	20.5%	23.0%	25.5%	28.0%	30.5%	33.0%	35.5%
7.5%	45	52	59	67	76	86	96
8.5%	34	39	44	50	57	64	71
9.5%	26	30	34	39	44	49	55
10.5%	21	24	27	31	35	39	43
11.5%	17	20	22	**25**	28	31	35
12.5%	14	16	18	20	23	25	28
13.0%	13	15	17	19	21	23	26
13.5%	12	13	15	17	19	21	23
14.0%	11	12	14	16	17	19	21

Source: ABG Sundal Collier, company data

Scenario 3 is based on the assumption that GomSpace will reach more scalability within its production, decreasing the cost base, while also seeing significant business uptake within the constellation management segment.

Scenario 3 – SEK 44 per share – DCF sensitivity analysis

Long Term EBITDA Margin	Long Term Sales Growth (2023-2032)						
	23.5%	26.0%	28.5%	31.0%	33.5%	36.0%	38.5%
20.0%	14	15	16	16	17	17	17
22.5%	18	20	21	23	25	27	29
25.0%	22	24	27	30	34	37	41
27.5%	26	29	33	37	42	47	53
30.0%	30	34	39	**44**	51	57	65
32.5%	34	39	45	52	59	67	77
35.0%	38	44	51	59	67	77	89
37.5%	42	49	57	66	76	87	101
40.0%	46	54	62	73	84	97	112

WACC	Long Term Sales Growth (2023-2032)						
	23.5%	26.0%	28.5%	31.0%	33.5%	36.0%	38.5%
7.5%	79	91	105	120	138	157	178
8.5%	59	68	78	90	102	117	133
9.5%	46	53	61	69	79	90	102
10.5%	37	42	48	55	63	71	80
11.5%	30	34	39	**44**	50	57	65
12.5%	25	28	32	36	41	47	53
13.0%	23	26	29	33	38	43	48
13.5%	21	24	27	30	34	39	44
14.0%	19	22	25	28	31	35	40

Source: ABG Sundal Collier, company data

Relative valuation

With the “new space” industry projected to grow significantly during near future, we see the potential acquisition of GomSpace by an established “old space” company as a plausible scenario. Based on a relative valuation scenario using the best available comparator, which is the acquisition of GomSpace’s key competitor Clyde Space in 2017 for 7x revenue[6], we reach a fair value range of SEK 22-38/ share, using the forecast revenue for GomSpace in 2020e-2022e (SEK 171-291m).

[6] https://www.arrowpointadvisory.com/our-transactions/clyde-space-has-been-acquired-by-aac-microtec/

Multiple valuation

With the industry now in the early phases of development, there is a lack of comparable companies, with AAC Clyde Space as the only direct competitor publically listed. We have decided to utilize other high-tech/system-oriented Nordic peers, as the most suitable, comparable base for valuating GomSpace.

In the table below, we see that GomSpace generally trades at a large discount (-65-78%) based on EV/sales and EV/EBITDA multiples, which we believe can be largely accredited to the uncertainty related to "New Space". However, while we acknowledge there is great uncertainty in how the market will progress, we believe it is more of when, and not if, we will see rapid constellations and growth within the space in which GomSpace operates.

We have furthermore included a peer comparison in regards to some "Old space" operators. While GomSpace might generally seem to be priced at a premium compared to these, we would like to highlight the fact that these are steady growth, large companies, which are furthermore diversified into various other sectors, e.g. Boeing and Airbus are predominantly within the aerospace sector (which, due to COVID-19 are likely significantly impacting their current valuation multiples).

Table of peer groups

Peer multiples	Country	Market Cap. Local currency M)	EV/Sales			EV/EBITDA		
			2020e	2021e	2022e	2020e	2021e	2022e
Nordic Tech Peers								
AAC Clyde Space AB	SWEDEN	276	2.3 x	1.6 x				
Nordic Semiconductor ASA	NORWAY	19,548	5.2 x	4.1 x	3.3 x	30.7 x	22.7 x	16.9 x
Asetek A/S	NORWAY	2,300						
Ovzon AB	SWEDEN	2,572	15.7 x	11.1 x	3.9 x		142.6 x	7.0 x
SimCorp A/S	DENMARK	34,586	10.3 x	9.3 x	8.4 x	36.3 x	29.7 x	26.3 x
cBrain A/S	DENMARK	2,712	23.6 x	19.8 x	16.6 x	83.8 x	70.4 x	115.4 x
Tobii AB	SWEDEN	5,766	4.0 x	3.3 x	2.8 x	56.6 x	22.3 x	17.4 x
CellaVision AB	SWEDEN	8,162	15.8 x	12.8 x	11.0 x	55.1 x	39.2 x	31.0 x
Mycronic AB	SWEDEN	19,505	4.5 x	4.0 x	3.8 x	17.2 x	15.3 x	14.0 x
Nordic tech peer mean			**10.2 x**	**8.3 x**	**7.1 x**	**46.6 x**	**48.9 x**	**32.6 x**
"Old Space" peers								
Boeing Company	USA	94,325	2.2 x	1.6 x	1.4 x		15.9 x	11.0 x
Northrop Grumman Corporation	USA	51,903	1.7 x	1.6 x	1.5 x	12.1 x	11.2 x	10.4 x
Lockheed Martin Corporation	USA	107,263	1.8 x	1.7 x	1.6 x	11.9 x	10.8 x	10.1 x
Airbus SE	FRANCE	51,869	1.1 x	1.0 x	0.8 x	13.9 x	8.7 x	5.9 x
Thales SA	FRANCE	13,826	1.0 x	0.9 x	0.8 x	8.6 x	6.9 x	5.8 x
"Old Space" peer mean			**1.6 x**	**1.4 x**	**1.2 x**	**11.6 x**	**10.7 x**	**8.6 x**
GomSpace	**SWEDEN**	**565**	**3.1 x**	**2.5 x**	**1.8 x**		**17.9 x**	**8.0 x**
Diff to Nordic tech peers			**-70%**	**-70%**	**-75%**		**-63%**	**-75%**
Diff to "old space" peers			**98%**	**84%**	**43%**		**67%**	**-7%**

Source: ABG Sundal Collier for GomSpace, FactSet for all other companies

Main risk

Market competitiveness

With “new space” still in the early phases, there is a large degree of uncertainty related to the estimated growth rate of the market. Furthermore, if the industry take off rapidly, it is likely that the “old” players, will begin to focus more on the nanosatellite space as well as potential new competitors.

Industry funding

As of today, a material part of the GomSpace’s sales and revenue is generated from a few larger customers. There is a risk that customers do not place orders or otherwise fulfil their respective undertakings due to e.g. lack of financial resources or other circumstances beyond the company’s control.

Regulations

With the company being under the regulatory requirements of DK, they need the Danish government’s approval when supplying satellites to foreign entities. While this has not been an issue in the past, there is always a potential risk that the regulations might change.
The overall governance of space is also a potential risk, as this is a new frontier, it is likely that there will be more governance in the long run, providing potential barriers.

Key personnel

The company is largely dependent on its ability to retain and attract skilled personnel. Moreover, the Group is dependent on hiring and retaining certain skilled personnel to continue its growth and to reach future success. Following a year with redundancies, the company may be challenged in retaining and attracting skilled employees.

Income Statement (SEKm)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020e
Sales	30	52	16	38	40	43	39	49
COGS	-29	-40	-14	-35	-31	-38	-30	-33
Gross profit	0	12	2	4	10	5	9	15
Other operating items	-36	-62	-37	-29	-27	-28	-25	-31
EBITDA	**-35**	**-50**	**-35**	**-25**	**-17**	**-23**	**-15**	**-16**
Depreciation and amortisation	8	8	8	8	9	8	8	9
EBITA	**-28**	**-42**	**-27**	**-17**	**-8**	**-15**	**-7**	**-7**
EO items	0	0	0	0	0	0	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0
EBIT	**-28**	**-42**	**-27**	**-17**	**-8**	**-15**	**-7**	**-7**
Net financial items	-1	-0	0	-6	-0	-1	-2	-2
Pretax profit	**-30**	**-43**	**-28**	**-46**	**-8**	**-26**	**-9**	**-9**
Tax	-1	1	-11	6	1	1	2	-2
Net profit	**-30**	**-42**	**-39**	**-41**	**-7**	**-24**	**-7**	**-10**
Minority interest	0	0	0	0	0	0	0	0
Net profit discontinued	0	0	0	0	0	0	0	0
Net profit to shareholders	**-30**	**-42**	**-39**	**-41**	**-7**	**-24**	**-7**	**-10**
EPS	0	0	0	0	0	0	0	0
EPS Adj	0	0	0	0	0	0	0	0
Total extraordinary items after tax	0	0	0	0	0	0	0	0
Tax rate (%)	*2.0*	*2.5*	*40.4*	*12.0*	*8.5*	*4.7*	*19.8*	*19.1*
Gross margin (%)	*1.5*	*22.9*	*11.4*	*9.8*	*24.2*	*11.3*	*23.6*	*31.8*
EBITDA margin (%)	*-118.1*	*-96.2*	*-225.1*	*-64.9*	*-42.2*	*-54.3*	*-39.4*	*-33.0*
EBITA margin (%)	*-92.5*	*-81.1*	*-173.1*	*-43.3*	*-21.0*	*-34.8*	*-18.5*	*-14.8*
EBIT margin (%)	*-92.5*	*-81.1*	*-173.1*	*-43.3*	*-21.0*	*-34.8*	*-18.5*	*-14.8*
Pretax margin (%)	*-96.3*	*-81.5*	*-171.0*	*-58.0*	*-21.1*	*-38.1*	*-23.5*	*-17.9*
Net margin (%)	*-98.3*	*-79.4*	*-241.5*	*-43.7*	*-19.4*	*-35.3*	*-18.8*	*-21.3*
Growth rates Y/Y	**Q1 2019**	**Q2 2019**	**Q3 2019**	**Q4 2019**	**Q1 2020**	**Q2 2020**	**Q3 2020**	**Q4 2020e**
Sales growth (%)	*+chg*	*+chg*	*+chg*	*+chg*	*35.4*	*-18.2*	*148.4*	*26.7*
EBITDA growth (%)	*-chg*	*-chg*	*-chg*	*-chg*	*+chg*	*+chg*	*+chg*	*+chg*
EBIT growth (%)	*-chg*	*-chg*	*-chg*	*-chg*	*+chg*	*+chg*	*+chg*	*+chg*
Net profit growth (%)	*-chg*	*-chg*	*-chg*	*-chg*	*+chg*	*+chg*	*+chg*	*+chg*
EPS growth (%)	*-chg*	*-chg*	*-chg*	*-chg*	*+chg*	*+chg*	*+chg*	*+chg*
Adj earnings numbers	**Q1 2019**	**Q2 2019**	**Q3 2019**	**Q4 2019**	**Q1 2020**	**Q2 2020**	**Q3 2020**	**Q4 2020e**
EBITDA Adj	-35	-50	-35	-25	-17	-23	-15	-16
EBITDA Adj margin (%)	*-118.1*	*-96.2*	*-225.1*	*-64.9*	*-42.2*	*-54.3*	*-39.4*	*-33.0*
EBITA Adj	-28	-42	-27	-17	-8	-15	-7	-7
EBITA Adj margin (%)	*-92.5*	*-81.1*	*-173.1*	*-43.3*	*-21.0*	*-34.8*	*-18.5*	*-14.8*
EBIT Adj	-28	-42	-27	-17	-8	-15	-7	-7
EBIT Adj margin (%)	*-92.5*	*-81.1*	*-173.1*	*-43.3*	*-21.0*	*-34.8*	*-18.5*	*-14.8*
Pretax profit Adj	-30	-43	-28	-46	-8	-26	-9	-9
Net profit Adj	-30	-42	-39	-41	-7	-24	-7	-10
Net profit to shareholders Adj	-30	-42	-39	-41	-7	-24	-7	-10
Net Adj margin (%)	*-98.3*	*-79.4*	*-241.5*	*-43.7*	*-19.4*	*-35.3*	*-18.8*	*-21.3*

Source: ABG Sundal Collier, Company data

Income Statement (SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Sales	10	27	34	54	96	153	136	171	210	291
COGS	-6	-16	-17	-29	-70	-115	-118	-132	-132	-169
Gross profit	4	11	17	25	27	39	18	39	78	122
Other operating items	-3	-9	-18	-37	-86	-135	-99	-43	-48	-58
EBITDA	**0**	**2**	**-1**	**-12**	**-59**	**-96**	**-81**	**-4**	**29**	**64**
Depreciation and amortisation	0	0	-0	-1	-4	-10	-21	-22	-24	-25
Of which leasing depreciation	0	0	0	0	0	0	0	0	0	0
EBITA	**0**	**2**	**-1**	**-13**	**-63**	**-106**	**-102**	**-25**	**5**	**39**
EO items	0	0	0	0	0	0	0	0	0	0
Impairment and PPA amortisation	0	0	-1	-2	-5	-11	-12	-13	-13	-14
EBIT	**0**	**2**	**-2**	**-15**	**-68**	**-117**	**-114**	**-38**	**-8**	**25**
Net financial items	-0	-0	-1	-1	-3	-4	-7	-5	-5	-5
Pretax profit	**0**	**2**	**-3**	**5**	**-67**	**-123**	**-147**	**-52**	**-13**	**20**
Tax	-0	-0	1	3	13	10	-5	2	1	-5
Net profit	**0**	**1**	**-2**	**9**	**-54**	**-112**	**-152**	**-50**	**-12**	**15**
Minority interest	0	0	0	0	0	0	0	0	0	0
Net profit discontinued	0	0	0	0	0	0	0	0	0	0
Net profit to shareholders	**0**	**1**	**-2**	**9**	**-54**	**-112**	**-152**	**-50**	**-12**	**15**
EPS	0	0	0	0	0	0	-5.30	-0.95	-0.23	0.29
EPS Adj	*0*	*0*	*0*	*0*	*0*	*0*	*-4.89*	*-0.71*	*0.02*	*0.56*
Total extraordinary items after tax	0	0	0	0	0	0	0	0	0	0
Leasing payments	0	0	0	0	0	0	0	0	0	0
Tax rate (%)	*10.8*	*22.7*	*24.1*	*63.7*	*18.8*	*8.4*	*3.5*	*4.0*	*4.0*	*23.0*
Gross margin (%)	*37.5*	*41.4*	*50.4*	*46.5*	*27.9*	*25.1*	*13.2*	*23.0*	*37.0*	*42.0*
EBITDA margin (%)	*2.5*	*6.6*	*-2.4*	*-21.6*	*-61.1*	*-62.7*	*-59.8*	*-2.2*	*14.0*	*21.9*
EBITA margin (%)	*2.5*	*6.6*	*-3.5*	*-23.2*	*-65.1*	*-68.9*	*-75.0*	*-14.8*	*2.5*	*13.3*
EBIT margin (%)	*2.5*	*6.6*	*-6.9*	*-26.8*	*-70.1*	*-76.0*	*-83.6*	*-22.1*	*-3.7*	*8.5*
Pretax margin (%)	*2.5*	*5.9*	*-9.2*	*-29.4*	*-73.8*	*-78.7*	*-88.5*	*-25.0*	*-6.0*	*6.8*
Net margin (%)	*2.2*	*4.6*	*-6.9*	*-22.9*	*-60.8*	*-72.0*	*-92.2*	*-23.8*	*-5.8*	*5.2*
Growth rates Y/Y	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020e**	**2021e**	**2022e**
Sales growth (%)	*na*	*174.1*	*27.9*	*58.8*	*78.1*	*59.1*	*-11.2*	*25.5*	*22.8*	*38.5*
EBITDA growth (%)	*high*	*628.1*	*-147.0*	*-1,312.8*	*-403.3*	*-63.0*	*15.2*	*95.4*	*882.1*	*117.2*
EBIT growth (%)	*high*	*628.1*	*-233.8*	*-515.6*	*-366.0*	*-72.5*	*2.4*	*66.8*	*79.7*	*421.3*
Net profit growth (%)	*high*	*467.2*	*-293.5*	*479.1*	*-701.1*	*-108.4*	*-34.8*	*67.2*	*75.5*	*224.5*
EPS growth (%)	*na*	*na*	*na*	*na*	*na*	*na*	*high*	*82.1*	*75.5*	*224.5*
Profitability	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020e**	**2021e**	**2022e**
ROE (%)	*7.1*	*17.8*	*-22.0*	*11.2*	*-32.6*	*-35.9*	*-41.1*	*-18.3*	*-5.1*	*6.3*
ROE Adj (%)	*7.1*	*17.8*	*-11.2*	*13.7*	*-29.7*	*-32.4*	*-38.0*	*-13.7*	*0.3*	*12.1*
ROCE (%)	*14.7*	*22.1*	*-13.0*	*8.1*	*-31.6*	*-33.3*	*-32.7*	*-13.4*	*-2.4*	*7.7*
ROCE Adj(%)	*14.7*	*22.1*	*-6.1*	*10.3*	*-29.1*	*-30.1*	*-29.9*	*-9.8*	*1.7*	*12.1*
ROIC (%)	*8.7*	*18.8*	*-10.9*	*-42.9*	*-53.2*	*-65.2*	*-51.4*	*-16.0*	*-3.8*	*10.2*
ROIC Adj (%)	*8.7*	*18.8*	*-10.9*	*-42.9*	*-53.2*	*-65.2*	*-51.4*	*-16.0*	*-3.8*	*10.2*
Adj earnings numbers	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020e**	**2021e**	**2022e**
EBITDA Adj	0	2	-1	-12	-59	-96	-81	-4	29	64
EBITDA Adj margin (%)	*2.5*	*6.6*	*-2.4*	*-21.6*	*-61.1*	*-62.7*	*-59.8*	*-2.2*	*14.0*	*21.9*
EBITDA lease Adj	0	2	-1	-12	-59	-96	-81	-4	29	64
EBITDA lease Adj margin (%)	*2.5*	*6.6*	*-2.4*	*-21.6*	*-61.1*	*-62.7*	*-59.8*	*-2.2*	*14.0*	*21.9*
EBITA Adj	0	2	-1	-13	-63	-106	-102	-25	5	39
EBITA Adj margin (%)	*2.5*	*6.6*	*-3.5*	*-23.2*	*-65.1*	*-68.9*	*-75.0*	*-14.8*	*2.5*	*13.3*
EBIT Adj	0	2	-2	-15	-68	-117	-114	-38	-8	25
EBIT Adj margin (%)	*2.5*	*6.6*	*-6.9*	*-26.8*	*-70.1*	*-76.0*	*-83.6*	*-22.1*	*-3.7*	*8.5*
Pretax profit Adj	0	2	-2	7	-62	-112	-135	-39	0	34
Net profit Adj	0	1	-1	11	-49	-102	-140	-37	1	29
Net profit to shareholders Adj	0	1	-1	11	-49	-102	-140	-37	1	29
Net Adj margin (%)	2.2	4.6	-3.5	-19.3	-55.8	-64.9	-83.6	-16.5	0.4	10.0

Source: ABG Sundal Collier, Company data

Cash Flow Statement (SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
EBITDA	0	2	-1	-12	-59	-96	-81	-4	29	64
Net financial items	-0	-0	-1	-1	-3	-4	-7	-5	-5	-5
Paid tax	0	0	0	0	0	0	-5	2	1	-5
Non-cash items	-0	2	8	-8	62	0	0	0	0	0
Cash flow before change in WC	0	4	6	-21	0	-100	-93	-7	25	54
Change in WC	-0	-4	-6	21	-0	100	-11	-6	-7	-20
Operating cash flow	**0**	**0**	**0**	**0**	**0**	**0**	**-104**	**-13**	**17**	**34**
CAPEX tangible fixed assets	0	-0	-1	-7	-19	-26	-14	-7	-13	-18
CAPEX intangible fixed assets	0	0	0	0	0	0	0	0	0	0
Acquisitions and disposals	0	0	0	0	0	0	0	0	0	0
Free cash flow	**0**	**-0**	**-1**	**-7**	**-19**	**-26**	**-118**	**-20**	**4**	**16**
Dividend paid	0	0	0	0	0	0	0	0	0	0
Share issues and buybacks	0	0	9	125	95	376	0	0	0	0
Lease liability amortisation	0	0	0	0	0	0	0	0	0	0
Other non cash items	0	-3	-18	-57	-95	-199	-34	17	0	0
Balance Sheet (SEKm)	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020e**	**2021e**	**2022e**
Goodwill	0	0	0	4	4	4	4	4	4	4
Other intangible assets	5	4	8	27	62	115	117	104	91	77
Tangible fixed assets	0	1	1	6	21	38	31	17	6	-1
Right-of-use asset	0	0	0	0	0	0	55	55	55	55
Total other fixed assets	0	0	0	42	55	51	17	8	8	8
Fixed assets	5	5	9	79	142	207	223	187	163	142
Inventories	1	3	3	4	10	30	24	29	31	48
Receivables	1	7	10	23	42	64	45	44	54	73
Other current assets	1	2	7	29	24	38	17	0	0	0
Cash and liquid assets	2	2	1	74	96	269	127	124	129	145
Total assets	**10**	**19**	**30**	**209**	**313**	**609**	**437**	**385**	**377**	**408**
Shareholders equity	6	8	14	146	185	442	296	246	234	249
Minority	0	0	0	0	0	0	0	0	0	0
Total equity	**6**	**8**	**14**	**146**	**185**	**442**	**296**	**246**	**234**	**249**
Long-term debt	0	0	4	6	29	23	15	15	15	15
Pension debt	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0
Leasing liability	0	0	0	0	0	4	55	55	55	55
Total other long-term liabilities	1	1	1	3	0	0	3	3	3	3
Short-term debt	0	2	6	6	0	9	9	9	9	9
Accounts payable	3	6	2	38	63	78	43	41	45	61
Other current liabilities	1	2	3	10	36	52	17	17	17	17
Total liabilities and equity	**10**	**19**	**30**	**209**	**313**	**609**	**437**	**385**	**377**	**408**
Net IB debt	-2	1	9	-62	-66	-233	-49	-46	-50	-67
Net IB debt excl. pension debt	-2	1	9	-62	-66	-233	-49	-46	-50	-67
Net IB debt excl. leasing	-2	1	9	-62	-66	-237	-103	-101	-105	-121
Capital invested	5	9	23	87	119	209	250	203	186	185
Working capital	0	5	14	8	-23	1	27	16	23	43
EV breakdown	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020e**	**2021e**	**2022e**
Market cap. diluted (m)	na	na	na	350	1,610	291	588	566	566	566
Net IB debt Adj	-2	1	9	-62	-66	-233	-49	-46	-50	-67
Market value of minority	0	0	0	0	0	0	0	0	0	0
Reversal of shares and participations	0	0	0	0	0	0	0	9	9	9
Reversal of conv. debt assumed equity	0	0	0	0	0	0	0	0	0	0
EV	**na**	**na**	**na**	**288**	**1,543**	**58**	**539**	**529**	**524**	**508**
Capital efficiency	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020e**	**2021e**	**2022e**
Total assets turnover (%)	*187.4*	*181.1*	*138.8*	*45.3*	*36.9*	*33.3*	*26.1*	*41.6*	*55.1*	*74.0*
Working capital/sales (%)	*0.6*	*8.8*	*27.8*	*21.0*	*-7.6*	*-7.1*	*10.4*	*12.5*	*9.3*	*11.4*
Financial risk and debt service	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020e**	**2021e**	**2022e**
Net debt/equity	*-0.30*	*0.08*	*0.63*	*-0.42*	*-0.36*	*-0.53*	*-0.16*	*-0.19*	*-0.21*	*-0.27*
Net debt/market cap	*na*	*na*	*na*	*-0.20*	*-0.05*	*-0.21*	*-0.07*	*-0.08*	*-0.09*	*-0.12*
Equity ratio (%)	*58.2*	*40.5*	*46.0*	*69.9*	*59.2*	*72.6*	*67.7*	*63.9*	*62.0*	*61.0*
Net IB debt adj./equity	*-0.30*	*0.08*	*0.63*	*-0.42*	*-0.36*	*-0.53*	*-0.16*	*-0.19*	*-0.21*	*-0.27*
Current ratio	*1.52*	*1.39*	*1.79*	*2.42*	*1.74*	*2.86*	*2.69*	*2.56*	*2.62*	*2.73*
EBITDA/net interest	*1.21*	*9.90*	*-1.08*	*-8.43*	*-16.86*	*-23.45*	*-12.15*	*-0.75*	*5.86*	*12.74*
Net IB debt/EBITDA	*-7.38*	*0.35*	*-10.56*	*5.28*	*1.13*	*2.43*	*0.60*	*12.23*	*-1.71*	*-1.05*
Net IB debt/EBITDA lease Adj	*-7.38*	*0.35*	*-10.56*	*5.28*	*1.13*	*2.47*	*1.27*	*26.83*	*-3.58*	*-1.91*
Interest cover	*1.21*	*9.85*	*-1.11*	*-6.28*	*-7.75*	*-13.51*	*-14.13*	*-5.05*	*1.06*	*7.74*

Source: ABG Sundal Collier, Company data

Valuation and Ratios (SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Shares outstanding adj.	0	0	0	15	26	29	52	52	52	52
Fully diluted shares Adj	0	0	0	15	26	29	52	52	52	52
EPS	0	0	0	0	0	0	-5.30	-0.95	-0.23	0.29
Dividend per share Adj	0	0	0	0	0	0	0	0	0	0
EPS Adj	0	0	0	0	0	0	-4.89	-0.71	0.02	0.56
BVPS	0	0	0	10.01	7.18	15.44	5.66	4.71	4.47	4.76
BVPS Adj	0	0	0	7.88	4.62	11.30	3.35	2.64	2.65	3.21
Net IB debt / share	na	na	na	-4.2	-2.6	-8.1	-0.9	-0.9	-1.0	-1.3
Share price	na	na	na	24.01	62.38	10.18	11.24	10.82	10.82	10.82
Market cap. (m)	na	na	na	350	1,610	291	588	566	566	566
Valuation	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020e**	**2021e**	**2022e**
P/E	na	na	na	nm	nm	nm	-2.1	-11.4	-46.5	37.3
EV/sales	na	na	na	5.33	16.01	0.38	3.96	3.09	2.50	1.75
EV/EBITDA	na	na	na	-24.6	-26.2	-0.6	-6.6	-141.0	17.9	8.0
EV/EBITA	na	na	na	-23.0	-24.6	-0.5	-5.3	-20.9	98.6	13.1
EV/EBIT	na	na	na	-19.9	-22.8	-0.5	-4.7	-14.0	-68.3	20.6
Dividend yield (%)	*na*	*na*	*na*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
FCF yield (%)	*na*	*na*	*na*	*0*	*0*	*0*	*-36.7*	*-3.5*	*0.8*	*2.9*
Lease adj. FCF yield (%)	*na*	*na*	*na*	*nm*	*nm*	*nm*	*-36.7*	*-3.5*	*0.8*	*2.9*
P/BVPS	na	na	na	2.40	8.69	0.66	1.99	2.30	2.42	2.27
P/BVPS Adj	na	na	na	3.05	13.50	0.90	3.36	4.10	4.08	3.37
P/E Adj	na	na	na	nm	nm	nm	-2.3	-15.2	683.8	19.4
EV/EBITDA Adj	na	na	na	-24.6	-26.2	-0.6	-6.6	-141.0	17.9	8.0
EV/EBITA Adj	na	na	na	-23.0	-24.6	-0.5	-5.3	-20.9	98.6	13.1
EV/EBIT Adj	na	na	na	-19.9	-22.8	-0.5	-4.7	-14.0	-68.3	20.6
EV/cap. employed	na	na	na	1.8	7.2	0.1	1.4	1.6	1.7	1.6
Investment ratios	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020e**	**2021e**	**2022e**
Capex/sales	0	1.3	1.6	12.0	19.5	17.1	10.1	4.2	6.2	6.2
Capex/depreciation	nm	nm	151.4	777.2	488.7	272.7	66.9	33.4	54.2	72.1
Capex tangibles/tangible fixed assets	0	66.3	78.6	102.2	88.2	69.0	44.5	42.9	226.0	-1,483.1
Capex intangibles/definite intangibles	0	0	0	0	0	0	0	0	0	0
Depreciation on intangibles/definite inta	0	0	0	0	0	0	0	0	0	0
Depreciation on tangibles/tangibles	0	0	51.9	13.2	18.1	25.3	66.5	128.4	416.8	-2,056.8

Source: ABG Sundal Collier, Company data

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ABGSC Research Department

Joint Global Head of Research

John Olaisen	+47 22 01 61 87
Christer Linde	+46 8 566 286 90

Strategy

Christer Linde, Quant/Technical	+46 8 566 286 90
Derek Laliberte	+46 8 566 286 78
Bengt Jonassen	+47 22 01 60 98

Capital Goods

Olof Cederholm	+46 8 566 286 22
Karl Bokvist	+46 8 566 286 33
Oskar Vikström	+46 8 566 286 63

Chemicals

Martin Melbye	+47 22 01 61 37
Bengt Jonassen	+47 22 01 60 98
Petter Nyström	+47 22 01 61 35

Construction & Real Estate

Tobias Kaj	+46 8 566 286 21
Bengt Jonassen	+47 22 01 60 98
Daniel Vårdal Haugland	+47 22 01 61 75
Staffan Bülow	+46 8 566 286 39
Laurits Louis Kjaergaard	+45 35 46 30 12

Consumer Goods

Petter Nyström	+47 22 01 61 35
Fredrik Ivarsson	+46 8 566 286 95

Credit Research

Rikard Magnus Braaten	+47 22 01 60 86
Andreas Johannessen	+47 22 01 60 31
Haakon Amundsen	+47 22 01 60 25
Glenn Kringhaug	+47 22 01 61 62
Karl Fredrik Schjøtt-Pedersen	+47 22 01 61 65

Financials

Magnus Andersson	+46 8 566 294 69
Mads Thinggaard	+45 35 46 30 18
Patrik Brattelius	+46 8 566 286 64
Jan Erik Gjerland	+47 22 01 61 16
Jonas Bru Lien	+47 22 01 61 71

Food & Beverages

Fredrik Ivarsson	+46 8 566 286 95
Petter Nyström	+47 22 01 61 35

Healthcare

Rickard Anderkrans	+46 8 566 286 73
Viktor Sundberg	+46 8 566 286 41
Victor Forssell	+46 8 566 286 92
Jannick Lindegaard Denholt	+45 35 46 30 13
Benjamin Silverstone	+45 35 46 30 11

Investment Companies

Derek Laliberte	+46 8 566 286 78

IT

Aksel Øverland Engebakken	+47 22 01 61 11
Daniel Thorsson	+46 8 566 286 82
Simon Granath	+46 8 566 286 32
Jesper Birch-Jensen	+46 8 566 286 13

Media

Aksel Øverland Engebakken	+47 22 01 61 11
Derek Laliberte	+46 8 566 286 78

Metals & Mining

Martin Melbye	+47 22 01 61 37
Bengt Jonassen	+47 22 01 60 98

Oil & Gas

John Olaisen	+47 22 01 61 87
Karl Fredrik Schjøtt-Pedersen	+47 22 01 61 65
Eirik Thune Øritsland	+47 22 01 61 40

Oil Service

John Olaisen	+47 22 01 61 87
Haakon Amundsen	+47 22 01 60 25
Lukas Daul	+47 22 01 61 39
Karl Fredrik Schjøtt-Pedersen	+47 22 01 61 65
Eirik Thune Øritsland	+47 22 01 61 40

Online Gaming

Aksel Øverland Engebakken	+47 22 01 61 11
Erik Moberg	+46 8 566 286 87
Stefan Knutsson	+46 8 566 286 37
Jesper Birch-Jensen	+46 8 566 286 13

Pulp & Paper

Martin Melbye	+47 22 01 61 37
Øystein Elton Lodgaard	+47 22 01 60 26

Renewable Energy

Casper Blom	+45 35 46 30 15
Petter Nyström	+47 22 01 61 35

Retail

Fredrik Ivarsson	+46 8 566 286 95
Johan Brown	+46 8 566 286 51
Petter Nyström	+47 22 01 61 35

Seafood

Martin Kaland	+47 22 01 60 67

Services

Victor Forssell	+46 8 566 286 92
Stefan Knutsson	+46 8 566 286 37

Shipping & Transport

Dennis Anghelopoulos	+47 22 01 60 37
Casper Blom	+45 35 46 30 15
Lukas Daul	+47 22 01 61 39

Telecom Operators + Telecom equipment

Peter Kurt Nielsen	+44 207 905 5631

Utilities

Petter Nyström	+47 22 01 61 35
Oskar Vikström	+46 8 566 286 63

Small Caps/Others

Daniel Thorsson	+46 8 566 286 82
Laurits Louis Kjaergaard	+45 35 46 30 12
Edvard Hagman	+45 35 46 30 31

Norway
Pb. 1444 Vika
NO-0115 OSLO
Norway
Tel: +47 22 01 60 00
Fax: +47 22 01 60 60

Sweden
Regeringsgatan 25, 8th floor
SE-111 53 STOCKHOLM
Sweden
Tel: +46 8 566 286 00
Fax: +46 8 566 286 01

Denmark
Forbindelsesvej 12,
DK-2100 COPENHAGEN
Denmark
Tel: +45 35 46 61 00
Fax: +45 35 46 61 10

United Kingdom
10 Paternoster Row, 5th fl
LONDON EC4M 7EJ
UK
Tel: +44 20 7905 5600
Fax: +44 20 7905 5601

USA
850 Third Avenue, Suite 9-C
NEW YORK, NY 10022
USA
Tel. +1 212 605 3800
Fax. +1 212 605 3801

Germany
Schillerstrasse 2, 5. OG
DE-60313 FRANKFURT
Germany
Tel +49 69 96 86 96 0
Fax +49 69 96 86 96 99

Singapore
10 Collyer Quay
Ocean Financial Center
#40-07, Singapore 049315
Tel +65 6808 6082