

Aerospace & Defence

Key data

Price (SEK)*	10.6
Country	Sweden
Bloomberg	GOMX.SS
Reuters	GOMX.ST
Free float	90.0%
Market cap (SEK m)	554
Net debt (current Y/E) (SEK m)	25
No. of shares (m)	52.3
Next event	Q1: 2-May

* Price as at 12:50 CET on 2 February 2022

CEO	Niels Buus
CFO	Troels Dalsgaard

Company description

GomSpace is a 'new space' company that was founded in 2007 by Ph.D. students at the Aalborg University in Denmark. Since then, GomSpace has developed into a leading nanosatellite manufacturer with a global reach and c.180 employees. GomSpace customers use its solutions for e.g. ship/airplane tracking and communication. Customers are both private and government funded entities. GomSpace was listed on Nasdaq First North in 2016.

Ownership structure

BNY Mellon SA/NV FRKN Jyske Bank,	10.7%
Hansen & Langeland Aps	10.0%
Sparekassen Kronjylland	4.5%
SAXO BANK A/S CLIENT ASSETS	4.5%
CACEIS BANK, W-8IMY	3.7%

Source: Company data (31 Dec 2021)

Estimate changes

	22E	23E	24E
Sales	-7.7%	-4.5%	n.m.
EBITDA	n.m.	-25.9%	n.m.
EBIT (adj.)	n.m.	-39.0%	n.m.
EPS (adj.)	n.m.	n.m.	n.m.

Source: Danske Bank Equity Research estimates

Analyst(s)

Viktor Högberg

Find our research here:
<https://research.danskebank.com>

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

GomSpace

Lower 2022 guidance than expected, but strong order book

2021 revenue was slightly below the guided range and GomSpace is guiding for mid-point 2022 growth of 30% and negative EBIT, both of which are below our estimates. The latter is due to a slower hiring pace and more engineering hours in the mix. On the flip side, the order book is a record high. We lower our valuation to SEK12-27 from SEK16-29.

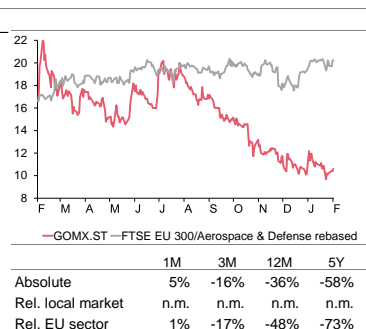
- Q4 21 review.** SEK81m revenue was +12% y/y but -10% versus our estimate and 2021 revenue was slightly below the guided range (it has been harder than the company expected to ramp up recruitment to meet demand). However, a better gross margin than expected compensated for higher opex, so Q4 EBIT was slightly better than we had expected. Thanks to the EUR24m ESA order announced in Dec-21, order intake was strong at SEK287m and the backlog was SEK540m (+55% y/y). For 2022, GomSpace is guiding for revenue of SEK264-292m (our previous estimate was SEK301m), which implies mid-point growth of 30% in 2022E. We now estimate 2022 sales of SEK278m, slightly above the mid-point. GomSpace is guiding for a 2022E EBIT margin "better than -15%" (2021: -14%), while we had estimated +4%. We now estimate -13%. The lower-than-expected profit guidance is due to more non-recurring engineering projects (more hours, lower margin) in the mix. The 2022 guidance implies that SEK248-276m of the current order backlog would remain for delivery beyond 2022E. We note that hiring issues and component sourcing issues are not unique to GomSpace and expect the situation to improve in 2022. Operating cash flow was positive and Q4 ended with a SEK99m cash position. We estimate this should be enough to carry the guided negative EBIT for 2022, but we also note that GomSpace says it is "... considering various financing opportunities in the short and mid-term perspective to achieve our strategic goals", which might indicate a potential capital raise either through debt or equity.
- Estimate revisions.** We lower our 2022-23E sales and EBIT to reflect the current outlook.
- Valuation.** Based on our estimates, GomSpace trades at EV/sales of 2x for 2022E. We continue to see value in the shares but acknowledge that this is not without risk, as clients need to progress further with their projects in order for GomSpace to realise its full potential. We note that follow-on orders from existing customers in the Commercial segment offer the largest profit upside (highest gross margins) and thus we continue to look for signs of improvement here. On the back of our lower estimates, we reduce our valuation range to SEK12-27 per share from SEK16-29 previously.

Key financials

Year-end Dec (SEK)	2020	2021	2022E	2023E	2024E
Revenues (m)	195	214	278	390	482
Revenues growth	42.8%	9.8%	30.1%	40.1%	23.7%
EBITDA (m)	3.4	2.7	-5.4	68.4	117
EBIT adj. (m)	-30.3	-29.5	-37.1	32.9	75.7
EBIT growth	73.5%	2.4%	-25.8%	n.m.	n.m.
Pre-tax profit (m)	-47.6	-31.2	-39.9	32.9	75.7
EPS adj.	-0.83	-0.52	-0.73	0.63	1.45
DPS	0.00	0.00	0.00	0.00	0.00
Dividend yield					
FCFE yield (pre-IFRS16)	2.0%	-6.6%	-12.0%	1.1%	8.1%
EBIT margin (adj.)	-15.5%	-13.8%	-13.4%	8.5%	15.7%
Net debt/EBITDA (x)	-21.6	-15.2	-4.6	0.3	-0.2
ROIC	-16.3%	-14.0%	-17.7%	14.8%	29.9%
EV/sales (x)	4.0	2.3	2.1	1.5	1.1
EV/EBITDA (adj.) (x)	n.m.	n.m.	n.m.	8.4	4.5
EV/EBITA (adj.) (x)	n.m.	n.m.	n.m.	17.4	7.0
EV/EBIT (adj.) (x)	n.m.	n.m.	n.m.	17.4	7.0
P/E (adj.) (x)	n.m.	n.m.	n.m.	16.8	7.3

Source: Company data, Danske Bank Equity Research estimates

Price performance



Source: FactSet

Not for US distribution

Q4 21 summary

Q4 21 revenue of SEK81m was -10% versus our estimate and 2021 revenue of SEK214m was slightly below the guided range of SEK215-235m (it has been harder than the company expected to ramp up recruitment to meet demand). However, the Q4 gross margin was stronger than we had expected, at 38% (versus 26%), which compensated for higher Q4 opex, and is the reason EBIT was slightly better than expected, at SEK4m vs our SEK2.9m estimate.

Thanks to the large EUR24m ESA order announced in December 2021, Q4 order intake was strong at SEK287m and the order backlog was SEK540m (+55% y/y).

For 2022, GomSpace is guiding for revenue of SEK264-292m, which is below our previous estimate of SEK301m (-3% to -12% below) and implies mid-point growth of 30% in 2022E. We now estimate 2022 sales of SEK278m, i.e in the middle of the guidance range.

GomSpace is also guiding for a 2022E EBIT margin "better than -15%" (2021: -14%) while we had estimated +4% for 2022. In a scenario of the EBIT margin being -14% in 2022E, it would imply 2022E EBIT of SEK-37m to SEK-41m. We had estimated +4% EBIT margin (SEK11m) before and now estimate -13%. The lower-than-expected profit guidance is related to more non-recurring engineering projects (more hours, i.e. lower margin) in the mix. The 2022 guidance implies that SEK248-276m of the current order backlog would remain for delivery beyond 2022E.

Table 1: Deviation of actual results from estimates for Q4 21

GomSpace SEKm	Q4 21	Danske Q4 21E	Deviation	Q4 20
Revenues	81.1	90	-10%	72.3
Gross profit	31.1	23.6	31%	23.8
Margin	38%	26%	12%	33%
Opex	-19.2	-12.5	53%	-15.0
Adj. EBITDA	11.9	11.1	7%	8.8
D&A	-7.9	-8.2	-3%	-8.5
Adj. EBIT	4.0	2.9	36%	0.3
PTP	3.2	2.9	11%	-4.6
Net profit	3.7	2.8	33%	-4.3
Revenue growth	12%	25%	-12%	88%
EBIT growth	n.m.	n.m.	n.m.	-102%
EBITDA margin	15%	12%	n.m.	12%
EBIT margin	5%	3%	2%	0%

Source: Company data, Danske Bank Equity Research estimates

We note management comments in the report about GomSpace striving to improve its revenue mix with higher profitability products/projects going forward, which we find positive (and necessary for the company to reach improved profitability and cash flow).

We note that hiring issues and component sourcing issues are not unique to GomSpace, as many sectors (not least automotive) are struggling to meet demand given constrained component capacity. We expect this situation to improve in 2022.

New five-year strategy to be announced

In the Q4 report, GomSpace said it intends to announce a medium- to long-term strategy, based on a five-year plan, in H1 22. The strategy would entail two steps: (1) becoming a European champion in the nanosatellite market by increasing the product content in deliveries (these products have higher margins than engineering hours do) and (2) becoming the global satellite-as-a-service champion (which we gather implies taking more US market share than the current very low level).

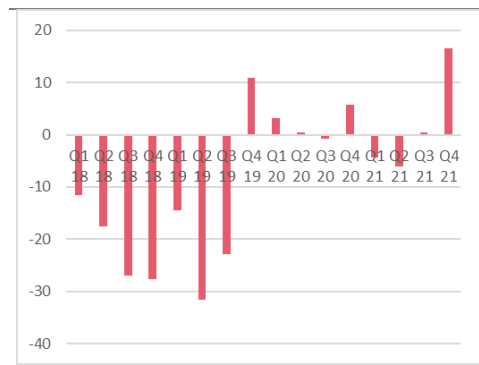
Not for US distribution

Cash flow

Operating cash flow was positive and including a working capital release, net cash flow was SEK30m and GomSpace ended Q4 with a cash position of SEK99m. We estimate this should be enough to carry the guided negative EBIT for 2022E.

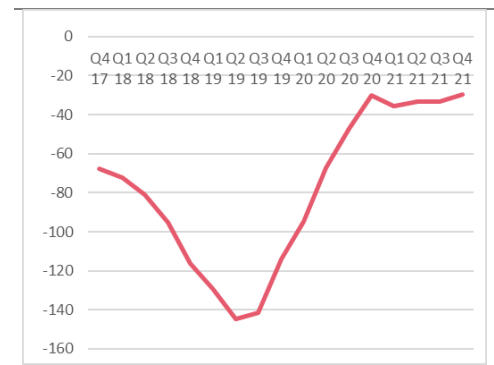
We also note that GomSpace said it is "... considering various financing opportunities in the short and mid-term perspective to achieve our strategic goals", which in our opinion might indicate a potential capital raise either through debt or equity (or a combination of both). We believe this could be seen in light of the new long-term strategy to be announced, where potential new market entries could require growth capital. We note that GomSpace has a mandate from the 2021 AGM to issue up to c.10m shares (c.20% of share capital), but we believe that with the GomSpace market capitalisation of SEK544m (as at close on 1 February 2022), should the new strategy require growth capital, it would make more sense to do a combination of equity and debt in order to avoid considerable shareholder dilution.

Chart 1: Operational cash flow (before changes in working capital), quarterly (SEKm)



Source: Company data, Danske Bank Equity Research

Chart 2: EBIT, rolling 12 months (SEKm)

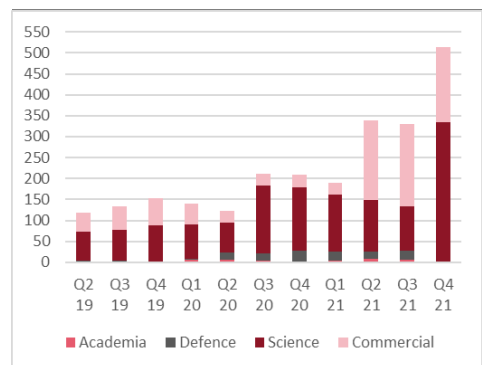


Source: Company data, Danske Bank Equity Research

Order intake

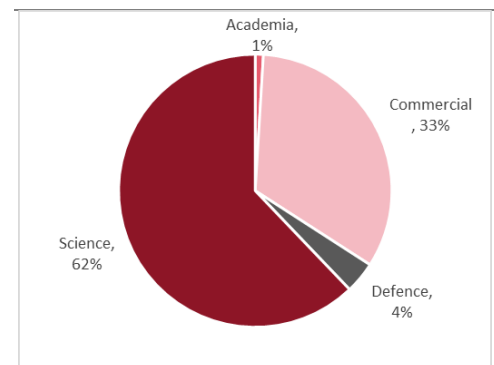
In Q4 21, GomSpace's order intake was SEK267m, a significant step up from the previous year's Q4 orders of SEK73m. The largest item in Q4 order intake was the EUR24m ESA order (detailed below). The order backlog at the end of 2021 was SEK540m.

Chart 3: Order backlog Q4 21 (SEKm)



Source: Company data, Danske Bank Equity Research estimates

Chart 4: Order backlog 31 Dec 2021



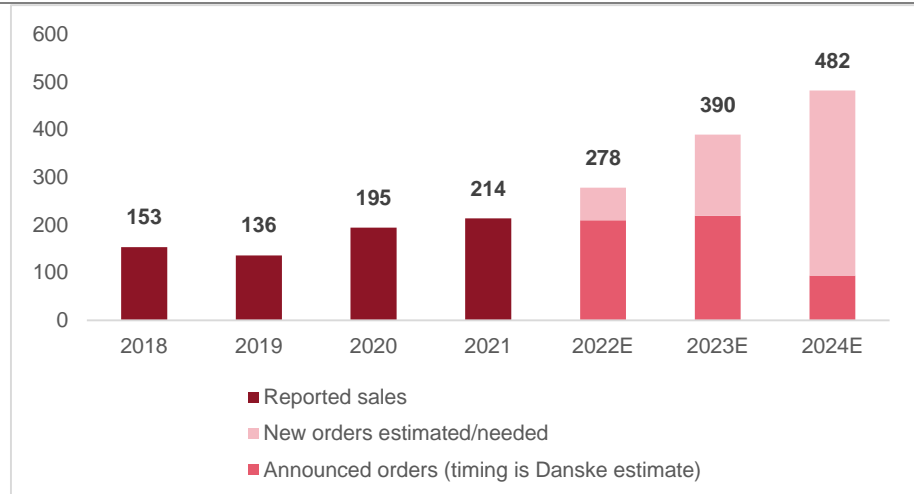
Source: Company data, Danske Bank Equity Research estimates

When we sum up historical order intake and estimate the delivery distribution in 2022-24E, we arrive at the conclusion that the current order book points to deliveries of some c.SEK210m in 2022, which would mean that the delta (c.SEK70m) to reach the 2022 revenue guidance of SEK264-292m could be made up by orders to be received during the year. We find this reasonable to expect and is why we estimate 2022 revenue of SEK278m.

Not for US distribution

This report is for Troels Dalsgaard Nørmølle @ GomSpace. Unauthorized redistribution of this report is prohibited.

Chart 5 : Orders and delivery timeline, Danske Bank estimates (SEKm)



Source: Danske Bank Equity Research estimates

Project pipeline

Note that the project pipeline is not limited to these projects.

Notable recent orders

- Q4 21.** EUR24m order from ESA for the ESA SCOUT-1 Earth Observation mission, scheduled for launch in 2024. The project consists of 3x12U CubeSats for a climate observation mission. Of the EUR24m project, EUR7m is GomSpace’s direct share, with the subcontractor’s share at SEK176m according to GomSpace. The latter part has a very low gross margin for GomSpace but the direct share has decent margin potential, according to GomSpace.
- Q3 21.** SEK21m order from SpaceAble for a project to enhance the sustainability of Low Earth Orbit (i.e. track space weather to decrease the risk of disruptions to constellations). Delivery in late 2023.
- Q2 21.** EUR14.5m order from the Spanish technology consultant Indra and Spanish Air Navigational Service Provider Enaire that entails three nanosatellites scheduled to launch in late 2022 and in 2023. This is a demonstration project from Indra and Enaire, in a joint collaboration called *Startical*, which aims to prove the technical viability of its novel global air traffic management service. *In the Startical press release*, the parties say that once the validation phase (2021-23) is complete (and if successful), they aim to deploy up to 200 satellites for this operation. If GomSpace were to be the supplier for that phase as well, it would offer significant upside to orders and revenues (potentially in the size of tens of millions of euros, we estimate). This is a public-private partnership and we note that Indra in 2020 reported revenue of EUR3bn, thus the financial stability of this project might be better than previous projects that GomSpace has been a part of.
- Q1 21.** SEK35.5m order from Unseen Labs, for continued work on nanosatellite platforms.
- Q4 20.** SEK5.1m order with a delivery date due in 2021 from an existing North American customer in the geo-intelligence industry. The order was for GomSpace to deliver its software-defined radio modules and antenna systems. We assume the customer is the same as that detailed below from Q4 19 and this indicates to us that GomSpace can compete with US-based rivals as well as European ones.

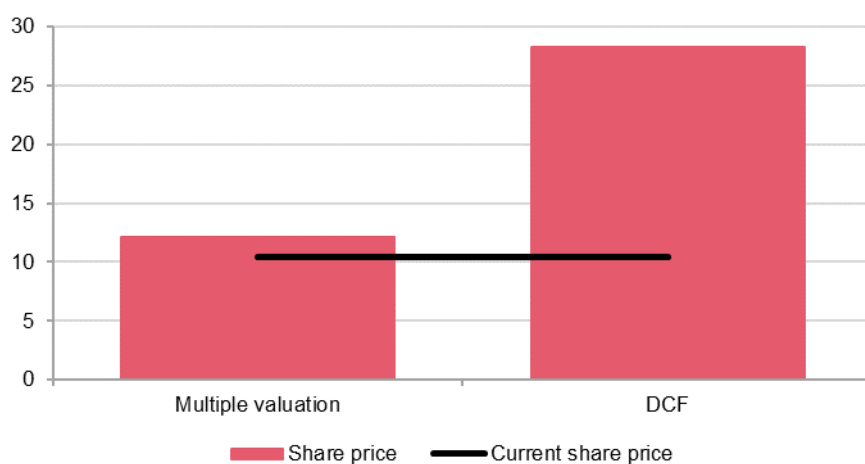
Not for US distribution

- **Q3 20.** EUR11m order (of which EUR6.1m would be directly to GomSpace, the rest to partners) from ESA for the Hera project (Juventas CubeSat), running until 2024, for a nanosatellite to measure asteroids. This is a large order adding to the Science order backlog. While gross margins on these orders are lower than for commercial projects, we find it positive that GomSpace has a solid Science backlog while we await further clarity on the outlook for the commercial market.
- **Q2 20.** SEK19m order for a Norwegian military communications satellite (for the research institute Norwegian Defence Research Establishment [FFI]).
- **Q4 19.** Order for Lockheed Martin Space (US)/Orbital Micro Systems (UK). This is an important contract to build a 6U nanosatellite for Lockheed Martin, with the end-customer being Orbital Micro System. Lockheed Martin is set to finance the design/build process but, more importantly, it is due to provide technical assistance, review, test and, if satisfied, approve the work done by GomSpace – a strategically important quality stamp. The contract was worth SEK17m, with revenue recognition throughout 2020. It is the first deal with Lockheed Martin for GomSpace and is part of an industrial co-operation commitment to Denmark (but we note there were still other competitors for this contract).
- **Q4 19.** GomSpace announced a SEK18.6m order for UnseenLabs (France) in Q1 20 at the client’s request but had taken and booked it in Q4 19. The order from UnseenLabs was to conclude the design and delivery of nanosatellite platforms, a continuation of the collaboration between the two companies. UnseenLabs aims to provide maritime surveillance systems. The contract was due for fulfilment in 2020.

Valuation

We continue to see significant long-term potential following the uncertainty regarding previously removed orders and writedowns in 2020, even though risk appears set to stay high in the short term, as illustrated by the historical and current mismatch between capacity and activity level. On the back of lowered estimates we lower our valuation range to SEK12-27 per share from SEK16-29 previously.

Chart 6: Value per share potential with different valuation approaches (SEK)



*Note: Price as at close on 1 February 2022
Source: Danske Bank Equity Research estimates*

Not for US distribution

This report is for Troels Dalsgaard Nørmølle @ Gomspace. Unauthorized redistribution of this report is prohibited.

In our DCF with a WACC of 11.5% (previously 11.1%), the value is SEK27 (was SEK29). In this scenario, GomSpace reaches SEK1.5bn sales in 2029/2030E (previously 2027E), all else being equal. We base our multiple valuation on EV/EBIT 2023E of 20x (previously 25x for 2022-23E), reflecting a 40% discount to the Nordic tech peer group's 2023E multiple, based on FactSet consensus, which gives us a value of SEK12 per share (previously SEK16).

Risks

The most tangible risk we see for GomSpace is execution risk, as the company is gearing up for a significant increase in production. The industrialisation of production was set to commence in 2018, but due to customer delays, production and revenues have yet to scale up significantly. However, going from low- to high-volume production is an inherently risky phase in a company's growth profile, as demonstrated by the current overcapacity situation. Another risk is customers' ability to secure external funding and meet their obligations to GomSpace. The large customers, and potential customers, are typically start-up companies aiming to build a satellite communication constellation. The predominant source of funding is externally raised equity and debt.

The launch of satellites could become a constraining factor in the event of high growth in the segment. A reduction in launch costs is a critical driver for the small-satellite market growing to the high end of industry analysts' expectations. Based on our current projections for the market and GomSpace's growth, we do not see launch capacity constraints as an issue, but these could limit growth above our estimates significantly.

Demand for low earth orbit (LEO) based services is the core of small-satellite demand. This includes imagery-based intelligence, sensing activities such as radio-frequency mapping, automatic identification systems and weather monitoring. The demand for such services in space, in turn, requires continued downward pressure on costs (satellite assembly, increased modularisation and increased automation). In addition, it requires continued rapid technology development for components and systems. Our conclusion from visiting GomSpace's production facilities is that we are seeing exactly the increase in modularisation and automation of production that the research institute said is required to support growth in the small-satellite industry.

Competing systems developing more quickly than expected could hamper growth in small satellites. This includes breakthroughs when it comes to the relative value propositions and technology development of larger satellites. Other breakthroughs that risk hurting the relative benefits of small satellites could be terrestrial or airborne platforms.

The COVID-19 pandemic has resulted in some customer delays as launch facilities have been closed. Further lockdowns could result in further delays, which could affect both revenue and order intake negatively for GomSpace.

We also note that GomSpace says it is "... considering various financing opportunities in the short and mid-term perspective to achieve our strategic goals", which might indicate a potential capital raise either through debt or equity (or a combination of both). We believe this could be seen in light of the new long-term strategy to be announced, where potential new market entries could require growth capital. We note that GomSpace has a mandate from the 2021 AGM to issue up to c.10m shares (c.20% of share capital), but we believe that with the GomSpace market capitalisation of SEK544m (as at close on 1 February 2022), should the new strategy require growth capital, it would make sense to do a combination of equity and debt in order to avoid considerable shareholder dilution.

Not for US distribution

Understanding the nature of an emerging, venture capital-funded industry

GomSpace operates in an emerging new industry, with projects funded to a high degree by venture capital. Even if we are convinced that the potential is significant, the outcome of the planned projects is very difficult to forecast, given that they rely on external equity funding. This makes communication with the equity market very difficult, as there are a number of projects with significant potential but GomSpace's management does not control the funding of the projects. Consequently, the chances of success and the actual timing of projects are very difficult to forecast. Company forecasts based on these uncertain projects increase volatility in the company's demand and, consequently, the accuracy of long-term forecasts. This is important to understand when investing in GomSpace. Our view remains that it is the right strategy to industrialise volume production of nanosatellites in order to achieve a market-leading position and drive growth in the industry.

Key figures

Table 2 : Key figures and estimates

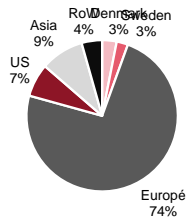
SEKm	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22E	Q2 22E	Q3 22E	Q4 22E	2020	2021	2022E	2023E	2024E
Revenues	35.2	47.5	49.7	81.1	56.0	67.0	68.0	87.0	195	214	278	390	482
Gross profit	1.0	6.8	10.2	31.1	15.4	19.6	19.5	27.1	48	49	82	168	239
Gross margin	3%	14%	20%	38%	28%	29%	29%	31%	24%	23%	29%	43%	50%
EBITDA	-5.9	-4.2	1.0	11.9	-5.9	-3.7	-0.7	4.8	0.6	2.7	-5.4	68.4	116.9
EBITDA Margin	-17%	-9%	2%	15%	-10%	-6%	-1%	6%	0%	1%	-2%	18%	24%
EBIT	-13.9	-12.3	-7.2	4.0	-13.8	-11.6	-8.6	-3.1	-30.3	-29.5	-37.1	32.9	75.7
EBIT margin	-39%	-26%	-15%	5%	-25%	-17%	-13%	-4%	-16%	-14%	-13%	8%	16%
PTP	-13.6	-13.1	-7.8	3.2	-14.5	-12.3	-9.3	-3.8	-47.6	-31.2	-39.9	29.9	72.7
Net profit	-12.5	-11.3	-7.3	3.7	-13.8	-11.7	-8.9	-3.6	-43.6	-27.4	-37.9	29.9	72.7
Revenue													
Sales of satellite solutions	28	38	39	64	48	56	55	67	151	170	226	296	349
Sales of platforms, payloads and subsystems	7	9	10	17	8	11	13	20	44	43	52	67	77
Constellation management	0	0	0	0	0	0	0	0	0	0	0	27	57
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	35	48	50	81	56	67	68	87	195	214	278	390	482
Growth													
Sales of satellite solutions	-11%	20%	19%	19%	70%	47%	40%	4%	53%	13%	33%	31%	18%
Sales of platforms, payloads and subsystems	-20%	-1%	38%	-7%	15%	18%	26%	20%	18%	-1%	20%	28%	15%
Constellation management									n.m.	n.m.	n.m.	n.m.	n.m.
Total	-13%	14%	23%	12%	59%	41%	37%	7%	43%	10%	30%	40%	24%
Total employees (YE)	148	153	176	181	188	195	202	209	138	181	209	224	240

Source: Company data, Danske Bank Equity Research estimates

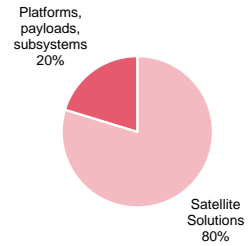
Not for US distribution

Company summary

Sales breakdown by geographical area



Sales breakdown by division



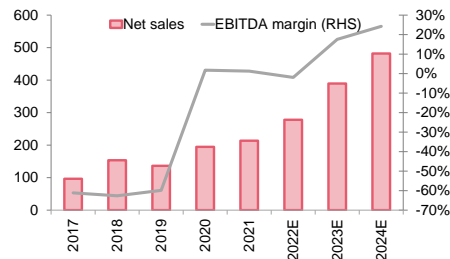
Company information

GomSpace
Langagervej 6 9220 Aalborg East
Denmark
gomspace.com

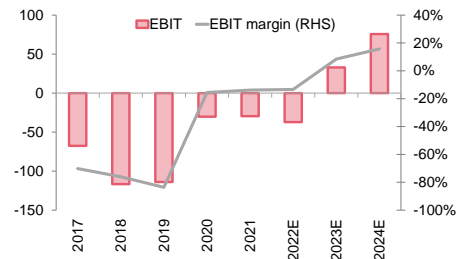
Main shareholders

Name	Votes (%)	Capital (%)
BNY Mellon SA/NV FRKN Jyske Bank, W8IV	10.7%	10.7%
Hansen & Langeland Aps	10.0%	10.0%
Sparekassen Kronjylland	4.5%	4.5%
SAXO BANK A/S CLIENT ASSETS	4.5%	4.5%
CACEIS BANK, W-8IMY	3.7%	3.7%

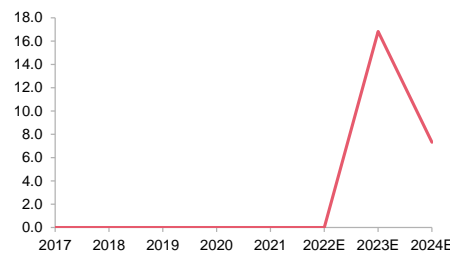
Net sales and EBITDA margin (SEKm)



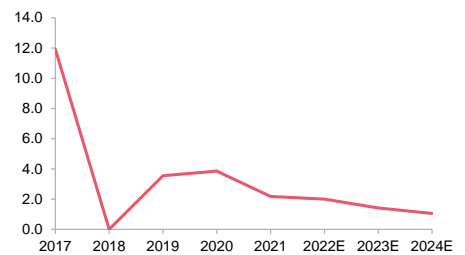
EBIT and EBIT margin (SEKm)



P/E NTM (x)



EV/sales NTM (x)



Source: FactSet, Company data, Danske Bank Equity Research estimates

Not for US distribution

Summary tables

INCOME STATEMENT										
Year end Dec, SEKm	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Net sales	34.1	54.1	96.4	153	136	195	214	278	390	482
Cost of sales & operating costs	-34.9	-65.9	-155	-249	-218	-191	-211	-283	-321	-365
EBITDA	-0.8	-11.7	-58.9	-96.1	-81.6	3.4	2.7	-5.4	68.4	117
EBITDA, adj.	-0.8	-11.7	-58.9	-96.1	-81.6	3.4	2.7	-5.4	68.4	117
Depreciation	-0.4	-0.8	-3.9	-9.6	-20.7	-20.4	-19.1	-18.5	-17.9	-19.1
EBITA	-2.4	-14.5	-67.6	-117	-114	-30.3	-29.5	-37.1	32.9	75.7
EBIT incl. EO, bef. ass.	-2.4	-14.5	-67.6	-117	-114	-30.3	-29.5	-37.1	32.9	75.7
EBIT, adj.	-2.4	-14.5	-67.6	-117	-114	-30.3	-29.5	-37.1	32.9	75.7
Associated income		21.4	4.6	-2.1	-26.0	-9.0				
Financial items, net	-0.8	-1.4	-3.5	-4.1	-6.7	-8.4	-1.7	-2.8	0.0	0.0
Pre-tax profit	-3.1	5.5	-66.5	-123	-147	-47.6	-31.2	-39.9	32.9	75.7
Taxes	0.8	3.5	12.5	10.3	-5.1	4.1	3.9	2.0		
Net profit, rep.	-2.4	9.0	-54.0	-112	-152	-43.6	-27.4	-37.9	32.9	75.7
Net profit, adj.	-2.4	9.0	-54.0	-112	-152	-43.6	-27.4	-37.9	32.9	75.7
CASH FLOW										
SEKm	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
EBITDA	-0.8	-11.7	-58.9	-96.1	-81.6	3.4	2.7	-5.4	68.4	117
Change in working capital	-9.7	-4.7	43.5	-18.7	-34.6	34.8	-3.3	-14.7	-8.9	-14.7
Net interest paid	-0.7	-1.3	-1.4	-3.6	-4.6	-3.6	-3.0	-2.8		
Taxes paid			2.3	5.3	7.7	-0.4	4.6	2.0		
Other operating cash items		0.4	6.2	10.6	20.4	9.2	2.1			
Cash flow from operations	-11.2	-17.4	-8.4	-103	-92.6	43.4	3.2	-21.0	59.5	102
Capex	-6.1	-12.1	-55.8	-81.8	-32.7	-16.7	-27.5	-34.4	-42.6	-46.6
Div to min										
Free cash flow	-17.3	-29.4	-64.2	-184	-125	26.8	-24.3	-55.4	16.9	55.6
Disposals/(acquisitions)		-2.9	-24.1							
Free cash flow to equity	-17.3	-32.3	-88.3	-184	-125	26.8	-24.3	-55.4	16.9	55.6
Dividend paid										
Share buybacks										
New issue common stock	8.9	125	95.4	356						
Incr./(decr.) in debt	3.8	2.4	20.1	0.8	-6.0	1.0	-16.9			
Minorities & other financing CF		-22.1	-2.8	1.1	-10.9	-19.5	5.0	-11.3	-11.3	-11.3
Cash flow from financing	12.7	105	113	358	-17.0	-18.4	-12.0	-11.3	-11.3	-11.3
Disc. ops & other	0.1	-14.4	2.7							
Incr./(decr.) in cash	-4.5	58.5	24.4	174	-142	8.3	-36.2	-66.7	5.6	44.3
BALANCE SHEET										
SEKm	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Cash & cash equivalents	1.3	73.8	95.6	269	127	136	99.3	32.6	38.2	82.5
Inventory	2.9	4.3	9.8	34.8	24.1	26.4	36.0	47.3	66.2	86.7
Trade receivables	16.8	52.1	65.8	97.0	37.2	21.7	36.7	45.9	68.2	89.1
Other current assets	0.0	0.0	0.0		25.2	31.1	47.2	52.8	74.0	91.6
Goodwill		3.7	3.7	3.2	3.7	3.7	3.7	3.7	3.7	3.7
Other intangible assets	8.4	27.3	62.4	115	117	114	128	146	167	187
Fixed tangible assets	0.7	6.4	21.3	37.9	31.1	22.3	16.2	11.8	9.2	6.5
Associated companies		36.7	41.9	34.6	11.8					
Other non-current assets		4.8	12.7	16.2	5.2	5.6	4.5	4.5	4.5	4.5
Total assets	30.1	209	313	609	437	403	405	378	464	584
Shareholders' equity	13.8	146	185	442	296	247	225	187	220	296
Of which minority interests										
Current liabilities	4.6	46.4	93.8	131	59.6	86.0	122	133	187	231
Interest-bearing debt	10.8	13.5	34.0	36.2	23.8	30.2	23.8	23.8	23.8	23.8
Pension liabilities										
Oth non-curr. liabilities	0.9	3.1			2.9	7.6	10.6	10.6	10.6	10.6
Total liabilities	16.3	63.0	128	167	141	156	180	191	244	289
Total liabilities and equity	30.1	209	313	609	437	403	405	378	464	584
Net debt	9.5	-60.3	-61.6	-233	-103	-105	-64.8	1.9	-3.7	-48.0

Source: Company data, Danske Bank Equity Research estimates

Summary tables

PER SHARE DATA	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
No. of shares, fully diluted (y.e.) (m)		24.5	26.3	52.3	52.3	52.3	52.3	52.3	52.3	52.3
No. of shares, fully diluted (avg.) (m)		14.6	25.9	28.6	52.3	52.3	52.3	52.3	52.3	52.3
EPS (SEK)		0.62	-2.09	-3.93	-2.90	-0.83	-0.52	-0.73	0.63	1.45
EPS adj. (SEK)		0.62	-2.08	-3.93	-2.90	-0.83	-0.52	-0.73	0.63	1.45
DPS (SEK)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CFFO/share (SEK)		-1.2	-0.3	-3.6	-1.8	0.8	0.1	-0.4	1.1	2.0
Book value/share (SEK)		5.96	7.06	8.45	5.66	4.73	4.51	3.78	4.41	5.86
MARGINS AND GROWTH	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
EBITDA margin	-2.4%	-21.6%	-61.1%	-62.7%	-59.9%	1.7%	1.3%	-2.0%	17.6%	24.3%
EBITA margin	-6.9%	-26.8%	-70.1%	-76.0%	-83.6%	-15.5%	-13.8%	-13.4%	8.5%	15.7%
EBIT margin	-6.9%	-26.8%	-70.1%	-76.0%	-83.6%	-15.5%	-13.8%	-13.4%	8.5%	15.7%
EBIT adj margin	-6.9%	-26.8%	-70.1%	-76.0%	-83.6%	-15.5%	-13.8%	-13.4%	8.5%	15.7%
Sales growth	27.9%	58.8%	78.1%	59.1%	-11.2%	42.8%	9.8%	30.1%	40.1%	23.7%
EBITDA growth	n.m.	n.m.	n.m.	-63.0%	15.1%	n.m.	-19.2%	n.m.	n.m.	70.8%
EBITA growth	n.m.	n.m.	n.m.	-72.5%	2.3%	73.5%	2.4%	-25.8%	n.m.	n.m.
EPS adj growth			n.m.	-88.5%	26.1%	71.3%	37.2%	-38.6%	n.m.	n.m.
PROFITABILITY	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
ROIC (after tax, incl. GW, adj.)	-10.6%	20.8%	-51.5%	-70.0%	-64.6%	-16.3%	-14.0%	-17.7%	14.8%	29.9%
ROIC (after tax, excl. GW, adj.)	-10.6%	21.5%	-53.5%	-71.6%	-65.6%	-16.6%	-14.3%	-18.0%	15.1%	30.4%
ROE (adj.)	-22.0%	11.2%	-32.6%	-35.9%	-41.2%	-16.0%	-11.6%	-18.4%	16.2%	29.4%
ROIC (adj.) - WACC	-22.2%	9.2%	-63.1%	-81.5%	-76.1%	-27.8%	-25.6%	-29.2%	3.3%	18.4%
MARKET VALUE	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Share price (SEK)		24.0	62.4	10.2	11.2	16.4	10.1	10.6	10.6	10.6
No. shares reduced by buybacks (m)		24.5	26.3	52.3	52.3	52.3	52.3	52.3	52.3	52.3
Mkt cap used in EV (m)		588	1,638	532	588	855	529	554	554	554
Net debt, year-end (m)	10	-60	-62	-233	-49	-74	-42	25	19	-25
MV of min/ass and oth (m)	0	-426	-426	-426	0	0	0	0	0	0
Enterprise value (m)		102	1,150	n.m.	539	782	487	579	573	529
VALUATION	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
EV/sales (x)		1.88	11.93	n.m.	3.96	4.02	2.28	2.08	1.47	1.10
EV/EBITDA (x)		n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	8.4	4.5
EV/EBITA (x)		n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	17.4	7.0
EV/EBIT (x)		n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	17.4	7.0
P/E (reported) (x)		39.0	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	16.8	7.3
P/E (adj.) (x)		39.0	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	16.8	7.3
P/BV (x)		4.03	8.84	1.20	1.99	3.46	2.25	2.80	2.40	1.81
EV/invested capital (x)			1.3	10.4	n.m.	2.2	4.4	2.7	2.4	2.0
Dividend yield										
Total yield (incl. buybacks)										
FCFE-yield		-5.00%	-3.92%	-34.64%	-21.33%	3.13%	-4.59%	-10.00%	3.05%	10.03%
FINANCIAL RATIOS	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Net debt/EBITDA (x)	-11.5	5.2	1.0	2.4	0.6	-21.6	-15.2	-4.6	0.3	-0.2
Net debt/equity (x), year-end	0.7	-0.4	-0.3	-0.5	-0.2	-0.3	-0.2	0.1	0.1	-0.1
Dividend payout ratio		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest coverage (x)	-2.4	-7.3	-8.4	-15.0	-15.8	-2.8	-8.4	-13.3	n.m.	n.m.
Cash conversion (FCF/net profit)	n.m.	-327.8%	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	51.4%	73.4%
Capex/sales	17.8%	22.3%	57.9%	53.3%	24.0%	8.6%	12.9%	12.4%	10.9%	9.7%
NWC/sales	44.3%	18.4%	-18.9%	0.9%	19.8%	-3.5%	-1.0%	4.5%	5.5%	7.5%
QUARTERLY P&L			Q1 21	Q2 21	Q3 21	Q4 21	Q1 22E	Q2 22E	Q3 22E	Q4 22E
Sales (m)			35.2	47.5	49.7	81.1	56.0	67.0	68.0	87.0
EBITDA (m)			-8.6	-7.0	-1.8	9.1	-8.6	-6.5	-3.5	2.1
EBIT before non-recurring items (m)			-13.9	-12.3	-7.2	4.0	-13.8	-11.6	-8.6	-3.1
Net profit (adj.) (m)			-12.5	-11.3	-7.3	3.7	-13.8	-11.7	-8.9	-3.6
EPS (adj.) (SEK)			-0.24	-0.22	-0.14	0.07	-0.26	-0.22	-0.17	-0.07
EBITDA margin			-24.5%	-14.7%	-3.6%	11.2%	-15.4%	-9.6%	-5.1%	2.4%
EBIT margin (adj.)			-39.5%	-25.9%	-14.6%	4.9%	-24.6%	-17.3%	-12.7%	-3.6%

Source: Company data, Danske Bank Equity Research estimates

Disclosures

This commissioned research report has been prepared by Equity Research, a division of Danske Bank A/S ('Danske Bank'). The author of this research report is Viktor Högberg.

This commissioned research report should be considered marketing material, as it has been requested and paid for by GomSpace and has therefore not been prepared in accordance with the legal requirements designed to promote the independence of investment research. However, the report is still subject to prohibition on dealing ahead of the dissemination of the report.

Analyst certification

Each research analyst responsible for the content of this commissioned research report certifies that the views expressed in the research report accurately reflect the research analyst's personal view about the financial instruments and issuers covered by the research report.

Regulation

Authorised and regulated by the Danish Financial Services Authority (Finanstilsynet). Deemed authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website.

Danske Bank's commissioned research reports are prepared in accordance with the recommendations of the Danish Securities Dealers Association.

Conflicts of interest

Danske Bank has established procedures to prevent conflicts of interest and to ensure the provision of high-quality research based on research objectivity and independence from outside influences. These procedures are documented in Danske Bank's research policies. Employees within Danske Bank's Research Departments have been instructed that any request that might impair the objectivity of research and independence from outside influence of research shall be referred to Research Management and the Compliance Department. Danske Bank's Research Departments are physically separated from other business areas within Danske Bank and surrounded by arrangements (Chinese Walls) to restrict the flows of sensitive information.

Research analysts are remunerated in part based on the overall profitability of Danske Bank, which includes investment banking revenues, but do not receive bonuses or other remuneration linked to specific corporate finance or debt capital transactions.

Danske Bank, its affiliates, subsidiaries and staff may perform services for or solicit business from GomSpace and may hold long or short positions in, or otherwise be interested in, the financial instruments mentioned in this research report. The Equity and Corporate Bonds analysts of Danske Bank and persons in other departments of Danske Bank with which the relevant analysts have close links are not permitted to invest in 1) financial instruments that are covered by the relevant Equity or Corporate Bonds analyst and 2) the research sector within the geographical area (the Nordics) to which the analyst is linked.

Danske Bank, its affiliates and subsidiaries are engaged in commercial banking, securities underwriting, dealing, trading, brokerage, investment management, investment banking, custody and other financial services activities, may be a lender to GomSpace and have whatever rights as are available to a creditor under applicable law and the applicable loan and credit agreements. At any time, Danske Bank, its affiliates and subsidiaries may have credit or other information regarding GomSpace that is not available to or may not be used by the personnel responsible for the preparation of this report, which might affect the analysis and opinions expressed in this research report.

Danske Bank is a market maker and a liquidity provider and may hold positions in the financial instruments of the issuer(s) mentioned in this research report.

Parts of this research report have been disclosed to GomSpace for factual check.

As an investment bank, Danske Bank, its affiliates and subsidiaries provide a variety of financial services, including investment banking services. It is possible that Danske Bank and/or its affiliates and/or its subsidiaries might seek to become engaged to provide such services to GomSpace in the next three months.

Financial models and/or methodology used in this research report

Investment views and opinions in this research report are formed on the basis of a combined selection of discounted cash flow analysis, industry knowledge, peer group analysis and company-specific and market technical elements (events affecting both the financial and operational profile of the company). Forecasting of company sales and earnings is based on segmented bottom-up models using subjective views of relevant future market developments. In addition, the expected macroeconomic environment is taken into account. The output is aggregated into models for group profit and loss, balance sheets and cash flow estimates – all taking into account the recent development in historical research reports.

More information about the valuation and/or methodology and the underlying assumptions is accessible via www.danskebank.com/equityresearch.

Risk warning

Major risks connected with investment views or opinions in this research report, including a sensitivity analysis of relevant assumptions, are stated throughout the text.

Expected updates

This research product will be updated on a semi-annual basis as a minimum.

Completion and first dissemination

The completion date and time in this research report mean the date and time when the author hands over the final version of the research report to Danske Bank's editing function for legal review and editing.

The date and time of first dissemination mean the date and estimated time of the first dissemination of this research report. The estimated time may deviate up to 15 minutes from the effective dissemination time due to technical limitations.

See the back page of this research report for the date and time of first dissemination.

Recommendation structure

This report does not have a target price or a buy/sell recommendation but it does include a valuation discussion and a suggested valuation range.

Not for US distribution

Validity time period

This communication as well as previous communications referred to below are valid until the earlier of (a) dissemination of a superseding communication by the author, or (b) significant changes in circumstances following its dissemination, including events relating to the market or the issuer, which can influence the price of the issuer or financial instrument.

General disclaimer

This commissioned research report has been prepared by Danske Bank A/S. It is provided for informational purposes only and should not be considered investment, legal or tax advice. It does not constitute or form part of, and shall under no circumstances be considered as, an offer to sell or a solicitation of an offer to purchase or sell any relevant financial instruments (i.e. financial instruments mentioned herein or other financial instruments of any issuer mentioned herein and/or options, warrants, rights or other interests with respect to any such financial instruments) ('Relevant Financial Instruments').

This commissioned research report has been prepared independently and solely on the basis of publicly available information that Danske Bank A/S considers to be reliable but Danske Bank A/S has not independently verified the contents hereof. While reasonable care has been taken to ensure that its contents are not untrue or misleading, no representation or warranty, express or implied, is made as to and no reliance should be placed on the fairness, accuracy, completeness or reasonableness of the information, opinions and projections contained in this commissioned research report and Danske Bank A/S, its affiliates and subsidiaries accept no liability whatsoever for any direct or consequential loss, including without limitation any loss of profits, arising from reliance on this commissioned research report.

The opinions expressed herein are the opinions of the research analysts and reflect their opinion as of the date hereof. These opinions are subject to change and Danske Bank A/S does not undertake to notify any recipient of this research report of any such change nor of any other changes related to the information provided in this commissioned research report.

This commissioned research is not intended for, and may not be redistributed to, retail customers in the United Kingdom and may under no circumstances be distributed in the United States.

This research report is protected by copyright and is intended solely for the designated addressee. It may not be reproduced or distributed, in whole or in part, by any recipient for any purpose without Danske Bank A/S's prior written consent.

Disclaimer related to distribution in the United Kingdom

In the United Kingdom, this document is for distribution only to (I) persons who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the 'Order'); (II) high net worth entities falling within article 49(2)(a) to (d) of the Order; or (III) persons who are an elective professional client or a per se professional client under Chapter 3 of the FCA Conduct of Business Sourcebook (all such persons together being referred to as 'Relevant Persons'). In the United Kingdom, this document is directed only at Relevant Persons, and other persons should not act or rely on this document or any of its contents.

Disclaimer related to distribution in the European Economic Area

This document is being distributed to and is directed only at persons in member states of the European Economic Area ('EEA') who are 'Qualified Investors' within the meaning of Article 2(e) of the Prospectus Regulation (Regulation (EU) 2017/1129) ('Qualified Investors'). Any person in the EEA who receives this document will be deemed to have represented and agreed that it is a Qualified Investor. Any such recipient will also be deemed to have represented and agreed that it has not received this document on behalf of persons in the EEA other than Qualified Investors or persons in the UK and member states (where equivalent legislation exists) for whom the investor has authority to make decisions on a wholly discretionary basis. Danske Bank A/S will rely on the truth and accuracy of the foregoing representations and agreements. Any person in the EEA who is not a Qualified Investor should not act or rely on this document or any of its contents.

Report completed: 2 February 2022 at 13:42 CET

Report disseminated: 2 February 2022 at 16:15 CET

Not for US distribution