

# Photocure

## Awaiting the growth inflection

- Q3e: Seven new US scope placements and 7% organic product sales growth
- Olympus launch, catalysts and turbulence from US IV fluid shortages
- Reiterating NOK 120 target price and Outperform/Buy recommendations

### Signals of scalable growth remain key for the Q3 report

For the seasonally softer Q3, we estimate seven new rigid scope placements, which would result in the US installed base growing 10% y-o-y. We forecast product sales of NOK 118m, implying 7% organic growth. We estimate 9% organic growth in Europe, recovering from negative phasing of orders in Q2 and forecast 6% growth in North America, where the growth headwind from the 'flex erosion', which started to accelerate in Q3 2023, should be lower. Assuming a stable 94% gross margin, we estimate EBITDA of NOK 5m for a margin of 4%.

### More cautious on 2024 growth but Olympus to accelerate in 2025e

It has now been two years since Karl Storz filed a citizen petition to the FDA requesting a reclassification of blue light cystoscopes. Timing remains uncertain, but we believe a positive decision could arrive within the coming six months. This remains Photocure's most important share catalyst, in our view. Meanwhile, we note that Olympus [recently announced](#) its European launch of blue light functionality for its endoscopy platform VISERA ELITE III. Pending a CE-certificate, we believe this could help accelerate growth in H1 2025. On a more negative note, we conservatively trim 2024e organic growth from 8% to 6%, the lower end of Photocure's 6-9% guidance range. We expect headwinds from the major [US shortage of IV fluids](#) to last throughout Q4 2024, a critical component in urological procedures.

### Major upside potential as investors await accelerating growth

While our cautious stance regarding the Q4 IV shortage lowers 2024e EBITDA by 13%, we only lower 2026e EBITDA by ~1%. This leaves our three-year target price of NOK 120 unchanged. We continue to expect an inflection point in growth and profitability in the coming years. The share is trading at an EV of 2.3-2.1x 2024e-25e sales and ~14x 2025e EBITDA, representing discounts of ~40-70% to peers. We reiterate our long-term Outperform recommendation.

#### Key figures

NOKm	2022	2023	2024e	2025e	2026e
Sales	393	501	502	557	632
Sales growth (%)	8.9	27.5	0.24	11.0	13.4
EBITDA adj	-25	55	47	83	136
margin (%)	-6.3	11.1	9.4	14.9	21.5
EBT	-65	10	0.9	38	102
EPS adj (NOK)	-2.65	0.01	-0.16	1.10	2.95
Y-o-y growth (%)	n.m	n.m	n.m	n.m	168
P/E adj (x)	n.m	>99	n.m	47.8	17.9
P/BV (x)	6.3	3.8	3.0	2.8	2.4
ROE adj (%)	-14.9	0.06	-0.91	6.1	14.6
EV/EBITDA (x)	n.m	28.7	25.4	14.2	8.1
EV/sales (x)	6.8	3.2	2.4	2.1	1.7
FCF adj yield (%)	-0.19	2.0	0.42	2.2	5.7
Tot DPS	0.00	0.00	0.00	0.00	0.00
Net debt/equity (%)	-48.4	-48.9	-48.6	-49.9	-55.0

Source: Handelsbanken

For full disclaimer and definitions, please refer to the end of this report.

#### Estimate changes

<b>O</b>	Long term 3 years Outperform
<b>B</b>	Short term 3 months Buy

#### Three-year target return

Target price incl. div (NOK)	120
Expected total return (%)	128

#### Key data

Share price	
25 Oct, 16:31 CET (NOK)	52.60
Market cap (NOKm)	1,426
Bloomberg	PHO NO
Reuters	PHO.OL
Web address	<a href="#">Link</a>
CEO	Daniel Scheider
Next event	13 Nov 2024: Q3 report

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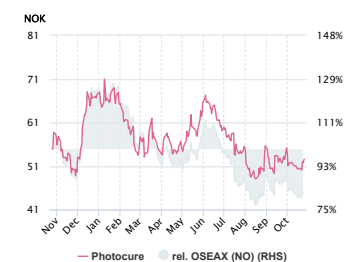
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#### Estimate changes

%	2024e	2025e	2026e
Sales	-2	-1	-1
EBIT adj	-29	-5	-1
EPS adj	n.m	-7	-1

Source: Handelsbanken

#### Share price – 12 months



Source: FactSet

Share perf. (%)	-1m	-3m	-12m
Absolute:	-0.38	-3.5	-4.2
Rel. OSEAX (NO):	-3.3	-3.9	-16.6
52w range (NOK):	70.90 / 48.05		

Source: FactSet

## Supporting charts and graphics

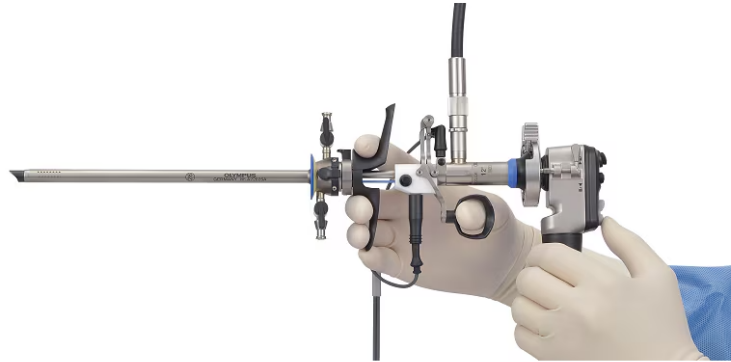
Olympus announced European launch of camera head with blue light functionality

### Olympus Launches New 4K Camera Head for Urological Endoscopy

Unified Visualization with True 4K Imaging and 4K Narrow Band Imaging  
as well as blue light observation

Olympus, with its ~40-50% market share of the European urology endoscopy market, recently announced the launch of a new camera head with blue light functionality, which we believe will hit the market by late 2025

September 20, 2024



4K CAMERA HEAD OLYMPUS CH-S700-08-LB

Source: Company image

Note: <https://www.olympus-global.com/news/2024/nr02746.html>

Olympus has written support for the ongoing FDA reclassification

**OLYMPUS**

We believe Olympus's public support for the ongoing FDA reclassification request of blue light cystoscopes illustrates its ambition to launch in the US

Division of Dockets Management  
U.S. Food and Drug Administration  
5630 Fishers Lane, Room 1061  
Rockville, MD 20857

Date: April 3, 2024

RE: Comments on Reclassification Petition for Diagnostic Endoscopic Light Source Systems (Product Code OAY), Docket No. FDA-2022-P-2644, from Karl Storz SE & Co KG (Karl Storz)

To Whom It May Concern:

This letter is being supplied by Olympus to express support of Karl Storz' pending petition to reclassify medical devices associated with Product Code OAY into Class II subject to 510(k) pre-market notification (special controls). Specifically, this relates to the medical devices that enable Blue Light Cystoscopy (BLC) and Photodynamic Diagnostic D-Light C (PDD).

Source: Handelsbanken, regulations.gov

Note: [https://downloads.regulations.gov/FDA-2022-P-2644-0041/attachment\\_1.pdf](https://downloads.regulations.gov/FDA-2022-P-2644-0041/attachment_1.pdf)

**Potential share price catalysts**

Potential triggers	Est. Timing	Comment
Pre-MAA discussions for Cevira in EU	Q4 2024	Potential EU regulatory filing of Cevira based in existing Ph 3 trial
Cevira FDA discussions on reg requirements	Q4 2024	Establishing a regulatory path forward for Cevira for the US market -> key catalyst to find US commercial partner
EU launch of upgraded BLC ( <b>Olympus</b> )	Q4 2024	New blue light compatible camera head announced 20 September, 2024 - now awaiting CE certificate for EU launch
Canadian and EU launch of BLC functionality for <b>Stryker's</b> 1788 endoscopy platform	H1 25	Stryker has intention to launch BLC functionality for its 1788 platform OUS in 2024, while also supporting the Citizen's Petition
New clinical data from large registry studies / US Veterans Affairs	2024-2025	Danish, US and Nordic flex registry studies (~15K patients in total); data from the VA system
Potential launches from other scope-providers	2024-26	~12 additional scope-providers evaluating BLC
US FDA downclassification decision of BLC scopes	Q4 24 / H1 25	Downclassification from class 3 to class 2 device, democratizing US market (currently limited to Karl Storz)
Chinese approval of Cevira	H2 2025	Chinese regulatory approval of Cevira
Chinese launch of Cevira	2026	Local partner Asieris completed Phase 3 trial
Chinese launch of Hexvix	2025	Local partner Asieris completed Phase 3 trial and filing in China
Market launch of R. Wolf flexible scope	2026-27	Launching partnered Blue Light Flexible Scope with Richard Wolf
Potential acquisitions	n.a.	Active M&A and in-licensing agenda

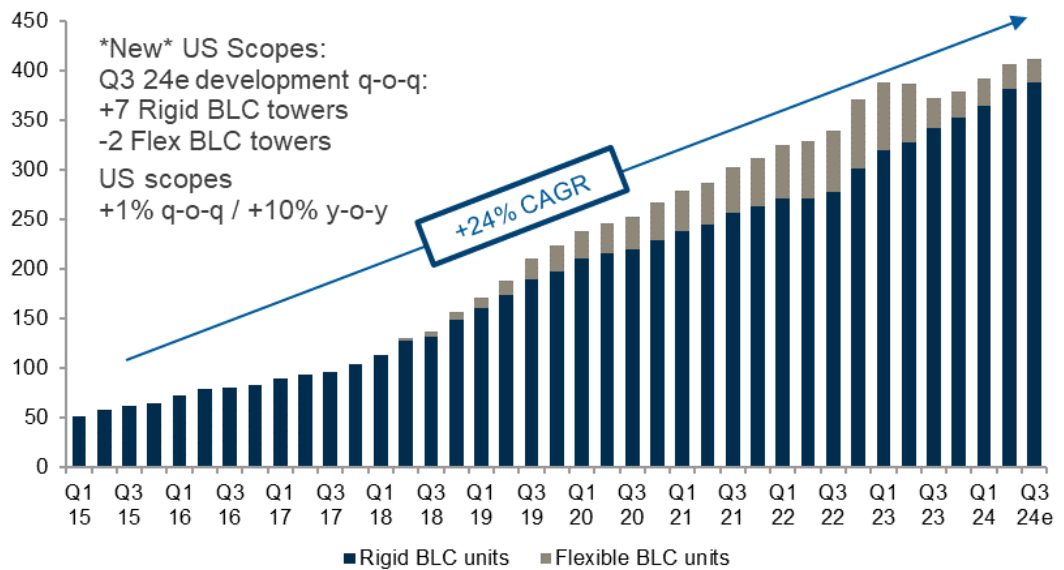
**Key potential negative triggers/risks:**

	Comment
Hospital capex pressure for new launches	Hospitals downprioritizing BLC investments
Negative commentary from UK PHOTO-trial	Incremental headwinds for BLC penetration from the PHOTO-trial which showed a negative outcome for BLC vs. WLC
Announcement of generic competition	Several barriers such as sales volumes, drug-device combo etc.
Structurally lower TURBT procedures following the recent successful clinical data from Urogen and J&J for non-invasive NMIBC treatments	Still no details on when approvals are due

Source: Handelsbanken

We view the potential FDA reclassification of BLC scopes as the most important share price catalyst

**Installed base of BLC scopes in the US**

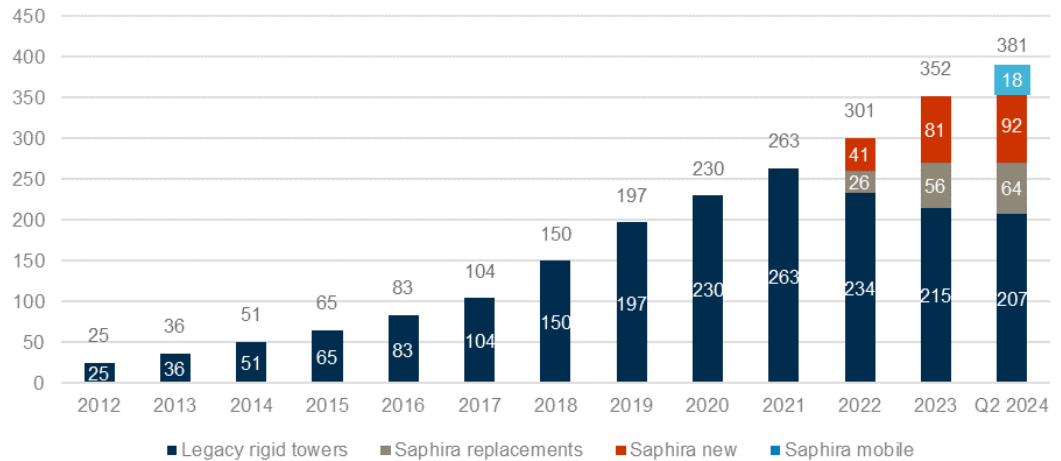


Source: Handelsbanken, company data

We note that Photocure's partner ForTec Medical has committed to 12 additional mobile scopes in Q3 2024 beyond the six announced in Q1 2024

## US BLC installed base development

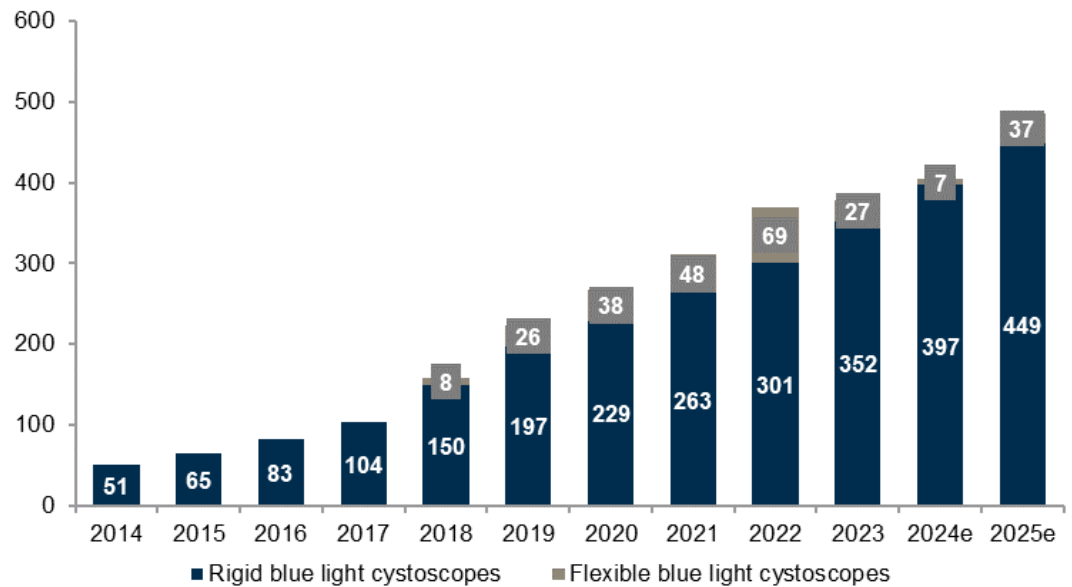
Photocure still has plenty of scope upgrades to execute upon, as only 46% of the rigid installed base consists of the newer Saphira scopes in the US



Source: Handelsbanken, company data

## Installed base of BLC scopes in the US

We leave our new scope placement estimate unchanged at 45 in the US



Source: Handelsbanken, company data

## Estimate revisions

NOKm	2024e			2025e			2026e		
	Old	New	% change	Old	New	% change	Old	New	% change
<b>Product revenues</b>	<b>488</b>	<b>480</b>	<b>-2%</b>	<b>560</b>	<b>557</b>	<b>-1%</b>	<b>635</b>	<b>632</b>	<b>-1%</b>
Org. Product rev. Growth, %	8.2%	6.2%	-2.0pp	13.9%	14.2%	0.3pp	13.4%	13.4%	0.0pp
Other revenues	22	22	0%	0	0	n.a.	0	0	n.a.
<b>Total revenues</b>	<b>510</b>	<b>502</b>	<b>-2%</b>	<b>560</b>	<b>557</b>	<b>-1%</b>	<b>635</b>	<b>632</b>	<b>-1%</b>
<b>OPEX</b>	<b>-455</b>	<b>-455</b>	<b>0%</b>	<b>-471</b>	<b>-471</b>	<b>0%</b>	<b>-492</b>	<b>-490</b>	<b>0%</b>
Indirect manufacturing expen	-18	-17	2%	-24	-23	1%	-25	-25	1%
R&D expenses	-4	-4	0%	-21	-21	0%	-32	-32	1%
Marketing and Sales expens	-347	-347	0%	-365	-365	0%	-375	-373	1%
<b>EBITDA</b>	<b>54</b>	<b>47</b>	<b>-13%</b>	<b>85</b>	<b>83</b>	<b>-3%</b>	<b>137</b>	<b>136</b>	<b>-1%</b>
<b>EBITDA margin</b>	<b>10.6%</b>	<b>9.4%</b>		<b>15.3%</b>	<b>14.9%</b>		<b>21.5%</b>	<b>21.5%</b>	
<b>EBIT</b>	<b>25</b>	<b>18</b>	<b>-29%</b>	<b>55</b>	<b>52</b>	<b>-5%</b>	<b>105</b>	<b>104</b>	<b>-1%</b>
<b>EBIT margin</b>	<b>5.0%</b>	<b>3.7%</b>		<b>9.8%</b>	<b>9.4%</b>		<b>16.6%</b>	<b>16.5%</b>	
<b>Adj. EBIT</b>	<b>25</b>	<b>18</b>	<b>-29%</b>	<b>55</b>	<b>52</b>	<b>-5%</b>	<b>105</b>	<b>104</b>	<b>-1%</b>
<b>Adj. EBIT margin</b>	<b>5.0%</b>	<b>3.7%</b>		<b>9.8%</b>	<b>9.4%</b>		<b>16.6%</b>	<b>16.5%</b>	
<b>Net income</b>	<b>1</b>	<b>-4</b>	<b>-366%</b>	<b>32</b>	<b>30</b>	<b>-7%</b>	<b>81</b>	<b>80</b>	<b>-1%</b>

Source: Handelsbanken

Three-year target price build

We leave our three-year target price of NOK 120 unchanged

DCF valuation of Cysview/ Hexvix franchise	NOK 100	50%	<b>36m target price</b>
Stand-alone rNPV valuation of Cevira	NOK 35		
			<b>NOK 120 / share</b>
Photocure 2026e EBITDA- multiple (18x)	NOK 105	50%	

Source: Handelsbanken

Valuation overview

NOKm	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Hex/Cys sales	149	173	214	256	354	374	445	480	557	632
EBITDA adj.	-33	-10	59	-4	18	-25	55	47	83	136
EBIT adj.	-45	-24	43	-23	-6	-49	28	18	52	104
Share price	52									
Shares	27									
<b>Market Cap</b>	<b>1,392</b>									
Net debt		-104	-115	-278	-252	-224	-236	-232	-253	-323
<b>EV</b>		<b>1,288</b>	<b>1,277</b>	<b>1,114</b>	<b>1,140</b>	<b>1,168</b>	<b>1,156</b>	<b>1,160</b>	<b>1,139</b>	<b>1,069</b>

Current valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e
EV/Sales		4.3x	3.2x	3.1x	2.6x	2.4x	2.0x	1.7x
EV/EBITDA adj.		-284.9x	62.1x	-47.0x	20.9x	24.7x	13.8x	7.9x
EV/EBIT adj.		-48.0x	-196.7x	-23.7x	41.6x	65.9x	21.8x	10.2x

Target Price (NOK) 120

Implied valuation at TP	2020	2021	2022	2023	2024e	2025e	2026e
EV/Sales	11.5x	8.4x	8.1x	6.7x	6.3x	5.4x	4.6x
EV/EBITDA adj.	-756.7x	162.5x	-121.2x	54.1x	64.0x	36.1x	21.4x
EV/EBIT adj.	-127.5x	-515.1x	-61.2x	108.0x	170.8x	57.1x	27.9x

Source: Handelsbanken

Photocure EV/sales FY+2

Photocure is trading at historically low multiples compared to its own long-term history



Source: Handelsbanken, FactSet

## Peer group valuation comparison

Nordic Medtech	Mcap		EV/Sales (x)				Gross margin (%)		EV/GP (x)		EBITDA-mrg (%)		EV/EBITDA (x)		Sales growth (%)			
Company	(EURm)	SP	2023	2024e	2025e	2026e	2024e	2025e	2024e	2025e	2025e	2026e	2025e	2026e	2023	2024e	2025e	2026e
Ambu	4,562	127.8	4.2	6.3	5.4	4.7	59.9	60.7	10.5	8.9	20.5	22.1	26.3	21.3	8%	14%	12%	13%
BioGaia	872	98.5	6.7	6.4	5.7	5.2	73.3	73.8	8.8	7.6	35.5	35.9	16.1	14.4	16%	8%	15%	12%
Biotech	1,116	160.7	5.8	5.9	5.1	4.4	63.5	64.8	9.5	8.2	28.5	30.7	17.8	14.4	11%	21%	14%	12%
BONESUPPORT	1,960	340.4	20.5	25.1	17.9	13.4	92.7	93.0	27.6	19.9	24.3	29.5	73.8	45.3	83%	53%	38%	32%
CellaVision	583	279.5	7.7	8.4	7.3	6.2	67.1	68.0	12.6	10.9	33.7	35.3	21.5	17.7	-3%	15%	14%	14%
Coloplast	27,056	896.8	7.4	7.9	7.4	6.7	68.1	68.7	11.5	10.6	33.2	34.0	22.3	19.8	9%	9%	8%	9%
Mentice	64	28.4	4.2	2.1	1.7	1.3	86.3	85.4	2.5	2.1	14.7	17.6	11.4	7.7	21%	14%	21%	18%
Probi	266	267.0	3.3	4.3	4.0	3.7	35.7	38.9	12.2	10.6	20.5	22.2	19.7	16.9	-3%	2%	6%	5%
Revenio Group	856	32.2	7.4	7.9	6.9	5.9	70.9	71.1	11.3	10.0	33.3	34.5	20.6	17.1	-1%	10%	13%	14%
Sedana Medical	133	15.3	13.8	8.3	6.0	4.2	66.7	72.4	11.2	7.0	-3.2	7.5			20%	8%	47%	47%
Vitrolife	2,863	241.6	7.8	9.1	8.1	7.3	58.8	58.3	15.7	14.5	34.4	34.9	23.7	20.9	10%	2%	9%	9%
Xivivo Perfusion	1,309	475	16.0	17.3	12.9	9.7	71.3	72.2	24.3	17.8	27.7	31.5	46.5	30.6	52%	38%	35%	32%
<b>Peer average</b>	<b>3,470</b>		<b>8.7</b>	<b>9.1</b>	<b>7.4</b>	<b>6.1</b>	<b>67.9</b>	<b>68.9</b>	<b>13.1</b>	<b>10.7</b>	<b>25.3</b>	<b>28.0</b>	<b>27.2</b>	<b>20.6</b>	<b>19%</b>	<b>16%</b>	<b>19%</b>	<b>18%</b>
<b>Peer median</b>	<b>994</b>		<b>7.4</b>	<b>7.9</b>	<b>6.4</b>	<b>5.5</b>	<b>67.6</b>	<b>69.9</b>	<b>11.4</b>	<b>10.3</b>	<b>28.1</b>	<b>31.1</b>	<b>21.5</b>	<b>17.7</b>	<b>11%</b>	<b>12%</b>	<b>14%</b>	<b>13%</b>
<b>Photocure (HCMe)</b>	<b>119</b>	<b>52</b>	<b>2.5</b>	<b>2.3</b>	<b>2.1</b>	<b>1.7</b>	<b>93.9</b>	<b>94.0</b>	<b>2.5</b>	<b>2.2</b>	<b>9.4</b>	<b>14.9</b>	<b>13.8</b>	<b>7.9</b>	<b>19%</b>	<b>8%</b>	<b>16%</b>	<b>13%</b>
vs peer average			-72%	-74%	-72%	-72%	26.0pp	25.1pp	-81%	-80%	-15.9pp	-13.1pp	-49%	-61%		-8.2pp	-3.4pp	-4.7pp
vs peer median			-67%	-71%	-68%	-69%	26.3pp	24.1pp	-78%	-79%	-18.7pp	-16.3pp	-36%	-55%		-3.9pp	2.0pp	0.3pp

Source: Handelsbanken, FactSet

## Quarterly P&amp;L

(NOKm)	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24e	Q4 24e
Product revenues	82	90	87	95	82	100	98	95	106	117	107	114	118	124	117	121
y-o-y growth, %	50.3%	68.5%	75.0%	-3.4%	-0.2%	10.5%	11.6%	0.4%	30.2%	17.5%	10.0%	20.3%	11.1%	5.5%	9.5%	5.9%
y-o-y growth CER, %	57.3%	79.5%	79.0%	1.6%	-0.2%	7.5%	7.6%	-7.0%	16.7%	2.5%	0.8%	10.8%	7.7%	5.7%	7.0%	4.4%
Milestone revenues	6.4	0.0	0.0	0.0	0.0	0.2	9.3	9.3	0.0	26.9	0.2	28.4	0.0	21.6	0.0	0.0
<b>Total revenues</b>	<b>88.2</b>	<b>90.4</b>	<b>87.4</b>	<b>94.5</b>	<b>81.6</b>	<b>100.1</b>	<b>106.8</b>	<b>104.2</b>	<b>106.2</b>	<b>144.3</b>	<b>107.5</b>	<b>142.5</b>	<b>118.0</b>	<b>145.4</b>	<b>117.5</b>	<b>120.9</b>
COGS	-5	-6	-5	-8	-6	-5	-6	-5	-6	-7	-7	-6	-8	-8	-7	-7
Gross profit	83	84	82	87	76	95	101	99	100	137	101	137	110	138	110	114
Gross marg in (ex-milestones)	93.8%	93.2%	93.9%	92.0%	92.6%	94.7%	94.0%	94.3%	93.9%	94.1%	93.6%	94.9%	93.4%	93.8%	94.0%	94.0%
Indirect manufacturing expenses	-4	-3	-4	-4	-4	-2	-4	-5	-3	-3	-4	-2	-4	-3	-5	-5
Growth	16.3%	-21.1%	37.9%	1.2%	-10.1%	-43.6%	97.5%	31.4%	-38.9%	-17.4%	58.5%	-47.8%	72.0%	-10.2%	41.4%	2.9%
% of product sales	5%	3%	5%	4%	5%	2%	4%	6%	3%	2%	4%	2%	3%	3%	4%	4%
R&D expenses	-1	-1	-1	-1	-1	-1	-1	-1	-1	0	-1	0	-1	-1	-1	-1
Growth	-80.7%	118.2%	-36.0%	31.1%	10.1%	-43.8%	-11.5%	-19.8%	8.5%	-64.1%	351.2%	-66.5%	145.5%	40.6%	0.0%	9.1%
% of product sales	1%	2%	1%	1%	2%	1%	1%	1%	1%	0%	1%	0%	1%	1%	1%	1%
Marketing and Sales expenses	-54	-64	-66	-76	-69	-75	-73	-86	-80	-87	-78	-91	-82	-91	-86	-88
Growth	-12.7%	17.4%	3.3%	14.5%	-8.7%	8.5%	-1.8%	17.2%	-7.1%	8.6%	-10.7%	16.7%	-9.0%	10.2%	-5.1%	1.7%
% of product sales	67%	71%	75%	80%	85%	75%	75%	91%	75%	74%	72%	79%	70%	73%	73%	72%
Net other opex	-12	-16	-17	-18	-21	-22	-24	-30	-24	-31	-22	-21	-23	-22	-21	-21
<b>EBITDA</b>	<b>18</b>	<b>6</b>	<b>0</b>	<b>-14</b>	<b>-14</b>	<b>1</b>	<b>5</b>	<b>-17</b>	<b>-1</b>	<b>23</b>	<b>3</b>	<b>30</b>	<b>8</b>	<b>28</b>	<b>5</b>	<b>6</b>
EBITDA margin	21%	6%	0%	-15%	-17%	1%	4%	-16%	-1%	16%	3%	21%	7%	19%	4%	5%
Depr/amort.	-6	-6	-6	-6	-6	-6	-6	-6	-7	-7	-7	-7	-7	-7	-7	-8
Total non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Adj. EBITDA</b>	<b>18</b>	<b>6</b>	<b>0</b>	<b>-14</b>	<b>-14</b>	<b>1</b>	<b>5</b>	<b>-17</b>	<b>-1</b>	<b>23</b>	<b>3</b>	<b>30</b>	<b>8</b>	<b>28</b>	<b>5</b>	<b>6</b>
Adj. EBITDA margin	20.6%	6.5%	-0.2%	-14.6%	-16.9%	0.9%	4.4%	-16.0%	-1.1%	16.2%	3.1%	21.0%	6.7%	19.2%	4.1%	5.2%
Adj. EBIT	12	0	-6	-20	-20	-5	-1	-23	-8	17	-4	22	1	21	-3	-1
Adj. EBIT margin	15.0%	-0.3%	-7.3%	-20.9%	-24.3%	-5.1%	-1.5%	-24.1%	-7.2%	14.3%	-3.6%	19.7%	0.6%	16.7%	-2.2%	-1.0%
<b>Pretax profit</b>	<b>20</b>	<b>-8</b>	<b>-11</b>	<b>-41</b>	<b>-27</b>	<b>-10</b>	<b>-6</b>	<b>-28</b>	<b>-10</b>	<b>12</b>	<b>-9</b>	<b>17</b>	<b>-4</b>	<b>16</b>	<b>-7</b>	<b>-4</b>
<b>Net profit</b>	<b>15.2</b>	<b>-10.6</b>	<b>-7.3</b>	<b>-36.5</b>	<b>-21.9</b>	<b>-19.0</b>	<b>-9.9</b>	<b>-21.3</b>	<b>-11.7</b>	<b>4.3</b>	<b>-4.8</b>	<b>12.5</b>	<b>-7.9</b>	<b>12.3</b>	<b>-5.2</b>	<b>-3.3</b>
<b>Geographical split</b>	<b>Q1 21</b>	<b>Q2 21</b>	<b>Q3 21</b>	<b>Q4 21</b>	<b>Q1 22</b>	<b>Q2 22</b>	<b>Q3 22</b>	<b>Q4 22</b>	<b>Q1 23</b>	<b>Q2 23</b>	<b>Q3 23</b>	<b>Q4 23</b>	<b>Q1 24</b>	<b>Q2 24</b>	<b>Q3 24e</b>	<b>Q4 24e</b>
Nordic - Hexvix	9.3	8.7	6.1	7.0												
y-o-y growth, %	-23.8%	-37.4%	-36.8%	-25.5%												
q-o-q growth, %	-1.0%	-6.5%	-29.6%	14.2%												
North America - Cysview	27.3	31.4	32.0	34.6	30.5	38.7	42.9	38.7	42.1	46.2	43.6	46.7	47.5	50.4	46.6	47.9
y-o-y growth, %	-3.2%	46.0%	5.7%	4.6%	11.7%	23.4%	34.0%	11.7%	38.2%	19.3%	1.6%	20.7%	12.6%	9.1%	6.8%	2.7%
q-o-q growth, %	-17.5%	15.0%	2.0%	8.1%	-11.9%	27.0%	10.8%	-9.9%	9.0%	9.7%	-5.6%	7.0%	1.7%	6.3%	-7.7%	2.9%
Partners	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
y-o-y growth, %	-100.0%	-100.0%	-100.0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
q-o-q growth, %	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Europe (restated 2021) direct	45.0	48.9	48.4	53.4	44.4	55.1	49.0	50.2	63.6	69.7	63.4	66.8	69.3	72.0	70.8	72.9
q-o-q growth, %	-4.7%	8.7%	-1.0%	10.2%	-16.8%	24.2%	-11.1%	2.4%	26.6%	9.7%	-9.0%	5.3%	3.7%	3.9%	-1.7%	2.9%
y-o-y growth, %				13.0%	-1.3%	12.8%	1.3%	-5.9%	43.2%	26.4%	29.4%	33.1%	9.0%	3.3%	11.6%	9.1%

Source: Handelsbanken, company data



## Annual P&amp;L

(NOKm)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Product revenues	94	122	136	149	173	214	256	354	374	445	480	557	632
Signing fees and milestone revenue	35	12	7	2	8	68	0	6	19	56	22	0	0
<b>Total revenues</b>	<b>129</b>	<b>135</b>	<b>144</b>	<b>151</b>	<b>182</b>	<b>282</b>	<b>256</b>	<b>361</b>	<b>393</b>	<b>501</b>	<b>502</b>	<b>557</b>	<b>632</b>
COGS	-7	-8	-9	-12	-17	-23	-19	-24	-22	-26	-30	-33	-38
Gross profit	122	126	134	139	164	259	238	336	370	475	472	523	594
Gross margin	130.3%	103.4%	98.6%	93.1%	94.9%	121.1%	92.8%	95.0%	99.0%	106.6%	98.3%	94.0%	94.0%
Gross margin (ex-milestones)	92.5%	93.3%	93.1%	91.9%	90.1%	89.5%	92.8%	93.2%	94.0%	94.1%	93.9%	94.0%	94.0%
Indirect manufacturing expenses	-9	-10	-10	-11	-10	-11	-13	-15	-15	-13	-17	-23	-25
Growth		13.3%	-0.2%	8.7%	-9.2%	7.0%	16.3%	16.3%	3.1%	-17.5%	37.8%	34.5%	8.0%
% of product sales	10%	9%	8%	8%	6%	5%	5%	4%	4%	3%	4%	4%	4%
R&D expenses	-33	-31	-23	-33	-19	-14	-14	-4	-3	-2	-4	-21	-32
Growth		-3.7%	-26.7%	41.9%	-41.3%	-28.7%	1.4%	-68.8%	-22.7%	-38.1%	102.2%	394.5%	52.6%
% of product sales	35%	26%	17%	22%	11%	6%	5%	1%	1%	0%	1%	4%	5%
Marketing and Sales expenses	-55	-73	-80	-96	-121	-149	-188	-260	-303	-335	-347	-365	-373
Growth		34.5%	8.9%	20.6%	25.8%	22.6%	26.3%	38.4%	16.8%	10.4%	3.5%	5.3%	2.1%
% of product sales	58%	60%	59%	65%	70%	70%	73%	73%	81%	75%	72%	66%	59%
Net other opex	-31	-33	-37	-44	-37	-43	-47	-63	-97	-97	-86	-62	-60
<b>EBITDA</b>	<b>-4</b>	<b>-18</b>	<b>-8</b>	<b>-33</b>	<b>-25</b>	<b>59</b>	<b>-17</b>	<b>18</b>	<b>-25</b>	<b>55</b>	<b>47</b>	<b>83</b>	<b>136</b>
EBITDA margin	-3.2%	-13.4%	-5.6%	-21.9%	-13.6%	20.9%	-6.5%	5.1%	-6.3%	11.1%	9.4%	14.9%	21.5%
Depr/amort.	-1.5	-3.9	-7.9	-12.1	-13.2	-16.2	-19.3	-24.2	-24.4	-27.6	-29.4	-30.5	-31.5
<b>Adj. EBIT</b>	<b>-6</b>	<b>-22</b>	<b>-16</b>	<b>-45</b>	<b>-24</b>	<b>43</b>	<b>-23</b>	<b>-6</b>	<b>-49</b>	<b>28</b>	<b>18</b>	<b>52</b>	<b>104</b>
Adj. EBIT margin	-4.4%	-16.3%	-11.0%	-30.0%	-13.1%	15.2%	-9.0%	-1.6%	-12.5%	5.6%	3.5%	9.4%	16.5%
Net financials	7.2	4.5	28.6	3.6	1.2	3.2	2.8	-25.8	-22.1	-18.1	-16.2	-14.0	-2.0
<b>Pretax profit</b>	<b>2</b>	<b>-17</b>	<b>13</b>	<b>-42</b>	<b>-37</b>	<b>46</b>	<b>-33</b>	<b>-32</b>	<b>-71</b>	<b>10</b>	<b>1</b>	<b>38</b>	<b>102</b>
<b>Net profit</b>	<b>-24.7</b>	<b>-36.2</b>	<b>35.3</b>	<b>-34.7</b>	<b>-36.7</b>	<b>31.8</b>	<b>-22.4</b>	<b>-30.9</b>	<b>-72.1</b>	<b>0.3</b>	<b>-4.0</b>	<b>29.8</b>	<b>79.8</b>
<b>Growth rate</b>													
Product revenues	18%	31%	11%	10%	16%	23%	20%	38%	6%	19%	8%	16%	13%
Product revenues CER	18%	31%	11%	10%	16%	23%	11%	45%	-1%	9%	6%	14%	13%

Source: Handelsbanken, company data

## Investment case summary

### Several structural improvements in the US

US growth is due to accelerate, with improved reimbursement, FDA approval for surveillance procedures (2-3x the original market) and a new CEO having rejuvenated the commercial infrastructure.

### Capturing untapped potential in Europe

Photocure acquired the European rights for Hexvix from its underperforming partner in Q4 2020. We believe Photocure can replicate the 30-40% penetration rates of the Nordics/DACH in other European markets.

### Additional upside from acquisitions and licensing deals

We see underappreciated upside in Photocure's licensing opportunities, such as deals with Chinese partner Asieris. Photocure also aims to add new assets to its own portfolio via licensing or M&A.

## Risks

- Execution risks in execution by US partner Karl Storz
- Generic competition
- Unsuccessful geographical expansion
- Losing national reimbursements
- TURBT procedures replaced by non-invasive alternatives

## Opportunities

- New blue light scope launches from OEMs in Europe and the US
- Down-classification of BLC technology to democratise US market
- Leveraging years of investment in US sales force
- Entering unpenetrated European markets
- Potential royalties and milestones from licensing agreements



**P&L expectation and momentum**

NOKm	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24e	Q4 24e
Sales	107.5	142.5	118.0	145.4	117.5	120.9
EBITDA adj	3.3	29.9	7.9	27.9	4.8	6.3
margin (%)	3.1	21.0	6.7	19.2	4.1	5.2
EBT	-8.7	16.5	-4.2	16.0	-6.6	-4.2
Net income	-4.8	12.5	-8.1	12.1	-5.2	-3.3
EPS (NOK)	-0.18	0.46	-0.30	0.45	-0.19	-0.12
EPS adj (NOK)	-0.18	0.46	-0.30	0.45	-0.19	-0.12
EPS adj 12m MAV (NOK)	-1.22	0.01	0.15	0.43	0.42	-0.16
Sales y-o-y (%)	0.72	36.8	11.1	0.78	9.2	-15.2
EBITDA adj y-o-y (%)	-28.8	n.m	n.m	19.1	44.2	-78.8
EPS adj y-o-y (%)	n.m	n.m	n.m	178	n.m	n.m
EPS adj 12MAV y-o-y (%)	-59.3	-100	-106	-131	-134	<-999

Source: Handelsbanken

**Estimate changes**

NOKm	SHB	chg	SHB	chg	SHB	chg
	Q3 24e	(%)	2024e	(%)	2025e	(%)
Sales	117.5	-2	501.9	-2	556.9	-1
EBITA adj	1.7	-53	34.6	-17	68.9	-4
EBIT adj	-2.6	n.m	17.2	-29	52.2	-5
margin (%)	-2.2	n.m	3.4	-28	9.4	-4
EBT	-6.6	n.m	0.9	-88	38.2	-7
Net income	-5.2	n.m	-4.4	n.m	29.8	-7
EPS (NOK)	-0.19	n.m	-0.16	n.m	1.10	-7
EPS adj (NOK)	-0.19	n.m	-0.16	n.m	1.10	-7

Source: Handelsbanken

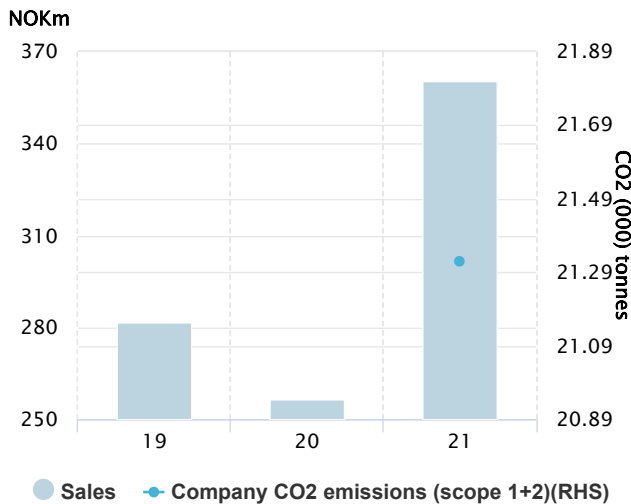
**SHB versus consensus**

NOKm	Cons	diff	Cons	diff	Cons	diff
	Q3 24e	(%)	2024e	(%)	2025e	(%)
Sales	119.7	-2	509.3	-1	570.0	-2
EBIT adj	-1.1	-147	17.5	-2	59.0	-11
margin (%)	-0.9	-1	3.4	0	10.4	-1
EBT	-7.9	16	6.6	-86	61.6	-38
Net income	-3.7	-40	-4.0	-10	35.0	-15
EPS (NOK)	-0.23	16	-0.15	-8	1.29	-15
EPS adj (NOK)	-0.23	16	-0.21	24	1.29	-15

Sources: Handelsbanken and FactSet

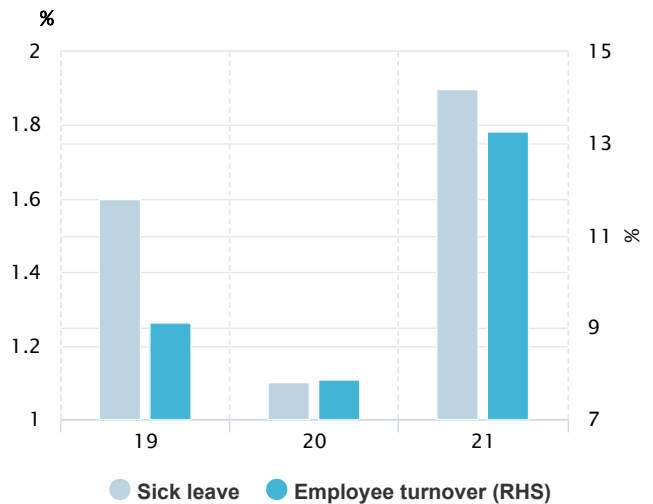
**ESG figures**

**ESG analysis, environmental**



Source: Company data, Handelsbanken

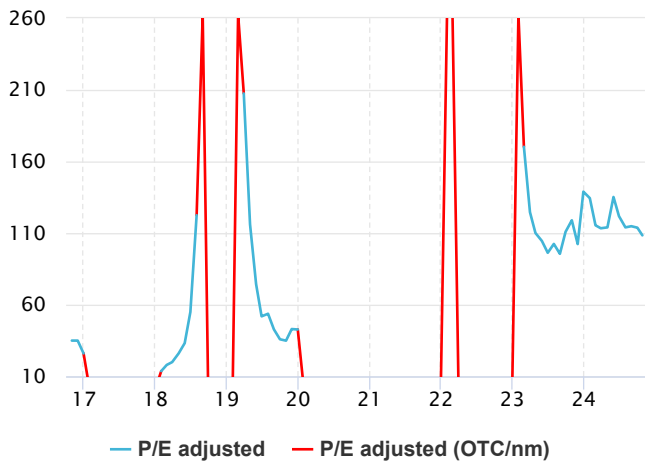
**ESG analysis, social**



Source: Company data, Handelsbanken

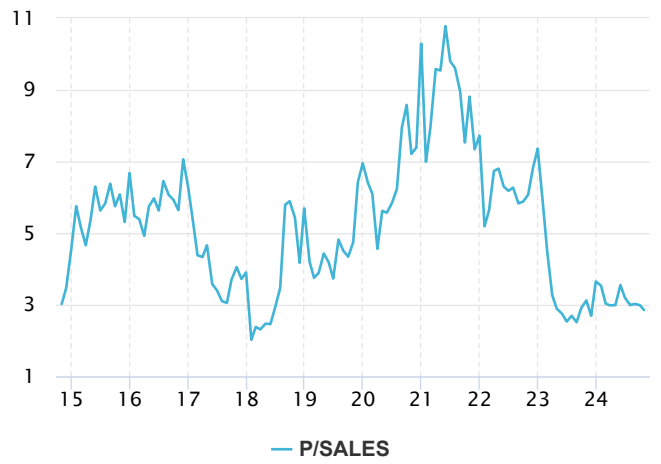
Valuation charts

P/E (x)



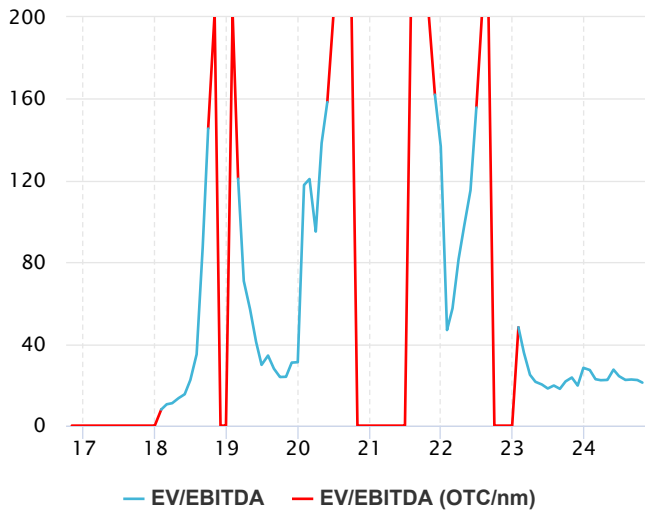
Sources: Handelsbanken and FactSet

P/Sales (x)



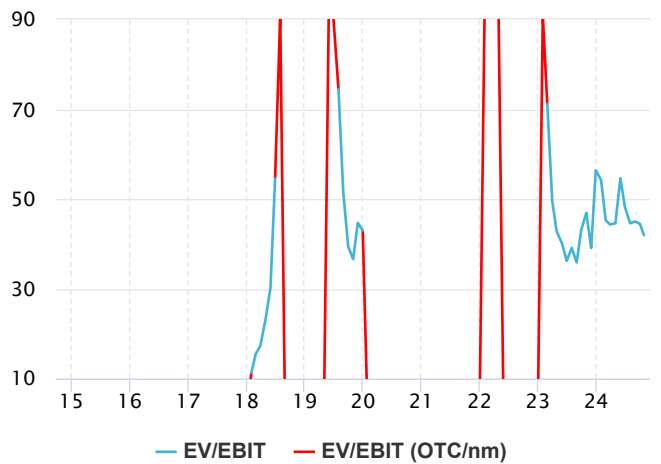
Sources: Handelsbanken and FactSet

EV/EBITDA (x)



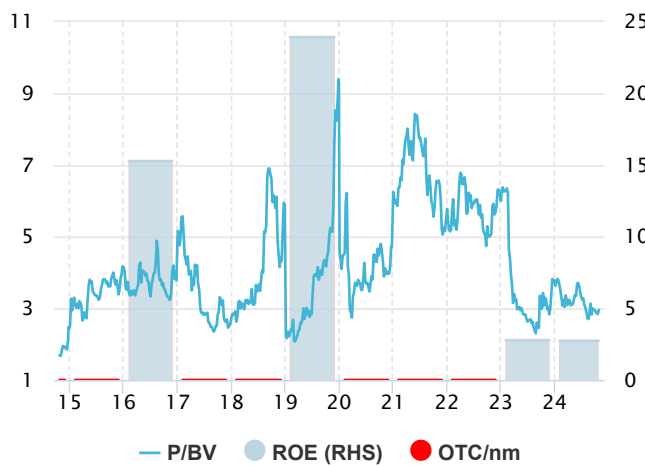
Sources: Handelsbanken and FactSet

EV/EBIT (x)



Sources: Handelsbanken and FactSet

P/BV (x) and ROE (%)



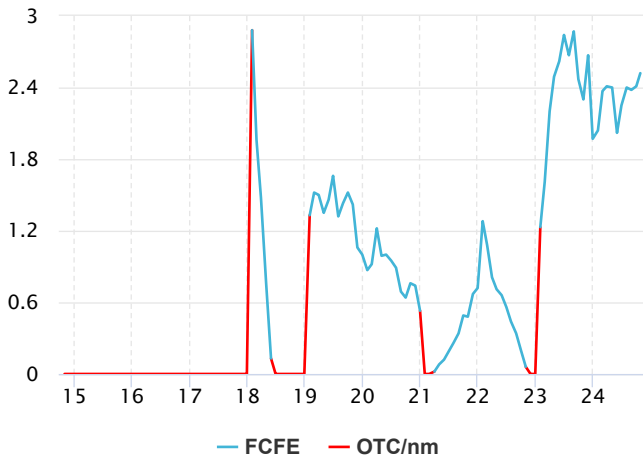
Sources: Handelsbanken and FactSet

EV/sales (x) and EBIT margin (%)



Sources: Handelsbanken and FactSet

FCFE yield (%)



Sources: Handelsbanken and FactSet

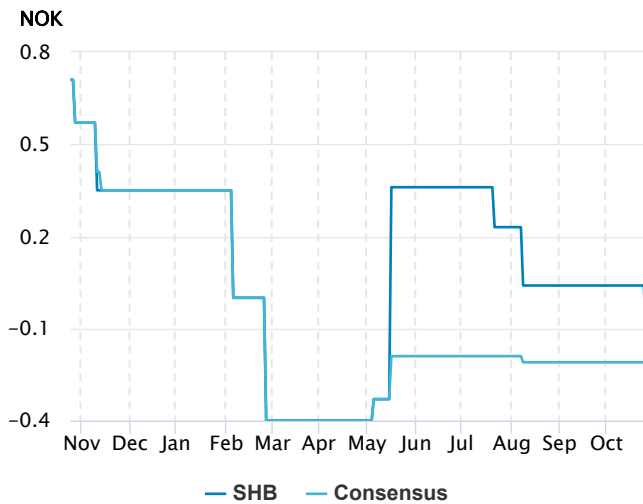
Dividend (ordinary) and 10-year bond yield (%)



Sources: Handelsbanken and FactSet

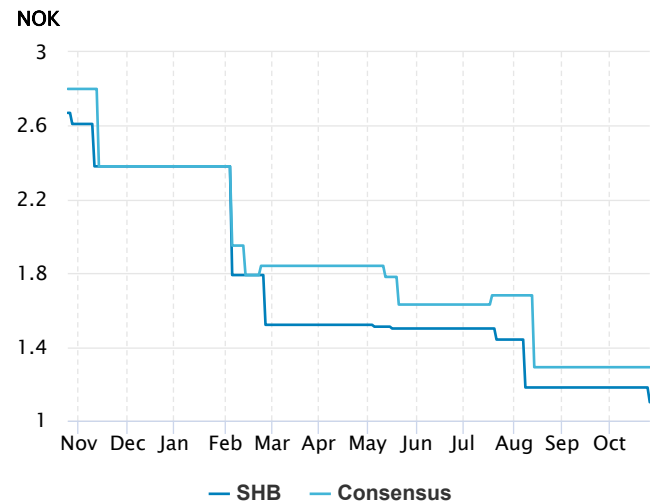
Momentum

Adjusted EPS – 2024 estimate revisions



Sources: Handelsbanken and FactSet

Adjusted EPS – 2025 estimate revisions



Sources: Handelsbanken and FactSet

Valuation data

NOK	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price year-end/current	25.7	27.5	41.9	42.0	27.3	48.0	89.5	107	103	107	67.4	52.6	52.6	52.6	52.6
Share price high	46.0	29.0	44.0	56.8	47.5	64.4	102	123	155	123	115	71.9	-	-	-
Share price low	21.1	17.7	26.1	33.0	21.5	23.3	37.6	42.5	90.5	79.5	40.7	47.6	-	-	-
Market cap (m)	547.5	586.8	899.8	908.5	588.8	1,038	1,954	2,643	2,784	2,895	1,827	1,426	1,426	1,426	1,426
Net debt (m)	-216.9	-204.5	-136.0	-165.5	-124.6	-105.2	-126.8	-277.9	-252.2	-223.8	-235.6	-232.1	-253.3	-323.2	-455.3
EV (m)	330.5	382.2	763.8	743.0	464.2	933.1	1,827	2,365	2,532	2,671	1,591	1,194	1,173	1,103	970.5
P/E reported (x)	n.m	n.m	n.m	25.7	n.m	n.m	61.4	n.m	n.m	n.m	>99	n.m	47.8	17.9	10.1
P/E adj (x)	n.m	n.m	n.m	25.7	n.m	n.m	61.4	n.m	n.m	n.m	>99	n.m	47.8	17.9	10.1
Pre-tax ROIC (%)	<-200	-12.8	-40.1	-14.9	-43.5	-32.0	70.5	-14.3	3.8	-10.7	18.6	14.1	27.6	46.9	74.5
EV/sales (x)	4.0	3.0	5.7	5.2	3.1	5.1	6.5	9.2	7.0	6.8	3.2	2.4	2.1	1.7	1.4
EV/EBITDA (x)	n.m	n.m	n.m	n.m	n.m	n.m	31.0	n.m	>99	n.m	28.7	25.4	14.2	8.1	4.5
EV/EBIT (x)	n.m	n.m	n.m	n.m	n.m	n.m	42.8	n.m	n.m	n.m	57.2	69.4	22.4	10.6	5.3
EBIT adj margin (%)	-85.9	-4.4	-16.3	-11.0	-30.0	-13.1	15.2	-9.0	-1.5	-11.0	5.6	3.4	9.4	16.5	26.3
EBITDA adj margin (%)	-84.2	-3.2	-13.4	-5.6	-21.9	-5.8	20.9	-1.5	5.1	-6.3	11.1	9.4	14.9	21.5	30.9
FCF adj yield (%)	-18.4	-1.2	-4.0	-0.28	-7.2	-2.5	1.0	0.53	0.72	-0.19	2.0	0.42	2.2	5.7	10.0

Source: Handelsbanken

## DCF model assumptions

NOKm	2023	2024e	2025e	2026e	2027e	2028e	2033e	2038e	2043e
Sales	500.7	501.9	556.9	631.6	694.2	743.1	1,092	1,328	n.m
EBITDA - Reported	55.4	46.9	82.7	135.9	214.8	290.9	469.5	564.6	0.0
EBITA2 - Reported (=EBITA bef gw amort) (use: IS)	27.8	17.2	52.2	104.4	182.3	257.4	458.6	558.0	0.0
Sales CAGR (%)	27.5	0.2	11.0	13.4	9.9	7.0	8.0	4.0	-8.0
EBITDA growth (%)	n.m	-15.3	76.3	64.2	58.1	35.4	10.0	3.8	n.m
EBITA growth (%)	n.m	-38.2	203.9	99.7	74.7	41.2	12.2	4.0	n.m
EBITDA margin (%)	11.1	9.4	14.9	21.5	30.9	39.2	43.0	42.5	n.m
EBITA margin (%)	5.6	3.4	9.4	16.5	26.3	34.6	42.0	42.0	35.0
Capex/sales (%)	2.5	2.6	2.8	2.8	2.8	1.9	1.0	0.50	0.20
Capex/depreciation (x)	0.45	0.45	0.50	0.55	0.59	0.42	1.0	1.0	1.0
Net working cap/sales (%)	7.1	8.3	9.8	10.7	11.3	11.7	8.0	8.0	8.0

Source: Handelsbanken

## WACC assumptions

## WACC assumptions (%)

Risk-free interest rate	2.0
Equity market risk premium	4.5
Extra risk premium	1.0
Equity beta (x)	1.3
Implicit asset beta (x)	1.1
Cost of equity	8.6
Pre-tax cost of debt	4.0
Equity weight	100
<b>WACC</b>	<b>8.6</b>

Source: Handelsbanken

## Calculation of DCF

## Calculation of DCF (NOKm)

NPV FCFF	2,455
Net debt incl Hybrid capital	258
Market value Preferred stock	0.0
Market value Associates	0.0
Market value Minorities	0.0
Surplus values	0.0
Other adjustments	0.0
DCF value	2,198
<b>DCF value/share (NOK)</b>	<b>100</b>

Source: Handelsbanken

## DCF checkpoints

## DCF checkpoints (%)

5y hist sales growth	22.5
5y exp sales growth	8.2
Sustainable growth	-13.0
Sust EBITDA margin	n.m
Sust EBITA margin	35.0
Sust after-tax ROIC	56.9
Terminal value/DCF	8.2
Implicit equity weight	112
<b>Share price potential to DCF value</b>	<b>90.3</b>

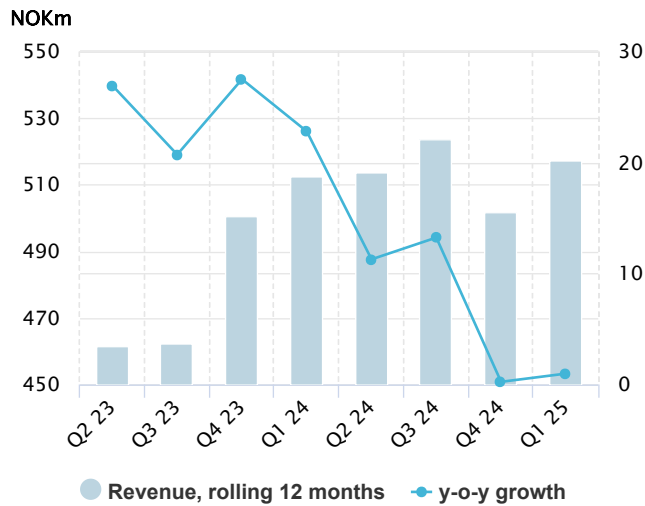
Source: Handelsbanken

## P&amp;L accounts – quarterly data

NOKm	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24e	Q4 24e	Q1 25e
Sales	144.3	107.5	142.5	118.0	145.4	117.5	120.9	133.7
Cost of goods sold	-6.9	-6.9	-5.9	-7.7	-7.6	-7.0	-7.2	-8.0
Gross profit	137.4	100.7	136.7	110.3	137.8	110.4	113.6	125.6
Sales and marketing costs	-86.8	-77.6	-90.5	-82.3	-90.7	-86.0	-87.5	-91.0
Admin costs	-2.7	-4.3	-2.3	-3.9	-3.5	-4.9	-5.1	-5.6
SG&A	-89.6	-81.9	-92.8	-86.2	-94.2	-91.0	-92.6	-96.7
R&D costs (NOK)	-211,000	-952,000	-319,000	-783,000	-1,101,000	-1,101,000	-1,201,000	-5,175,000
OPEX	-89.8	-82.9	-93.1	-87.0	-95.3	-92.1	-93.8	-101.8
Other operating expenses	-30.8	-21.6	-21.1	-22.7	-22.1	-21.0	-21.0	-15.5
EBITDA	23.4	3.3	29.9	7.9	27.9	4.8	6.3	15.9
<b>EBIT</b>	<b>16.9</b>	<b>-3.9</b>	<b>22.5</b>	<b>0.5</b>	<b>20.5</b>	<b>-2.6</b>	<b>-1.2</b>	<b>8.3</b>
Net interest expenses	0.0	0.0	-17.1	0.0	0.0	0.0	-15.3	0.0
Net financials	-4.9	-4.8	-5.9	-4.8	-4.5	-4.0	-3.0	-3.5
<b>EBT</b>	<b>12.0</b>	<b>-8.7</b>	<b>16.5</b>	<b>-4.2</b>	<b>16.0</b>	<b>-6.6</b>	<b>-4.2</b>	<b>4.8</b>
Total tax	-7.6	3.9	-4.1	-3.9	-3.8	1.5	0.9	-1.1
tax rate (%)	63.7	44.7	24.6	-92.3	24.0	22.0	22.0	22.0
EPS rep (NOK)	0.16	-0.18	0.46	-0.30	0.45	-0.19	-0.12	0.14
<b>Net income</b>	<b>4.4</b>	<b>-4.8</b>	<b>12.5</b>	<b>-8.1</b>	<b>12.1</b>	<b>-5.2</b>	<b>-3.3</b>	<b>3.8</b>
<b>Growth (%)</b>								
Sales	44.2	0.72	36.8	11.1	0.78	9.2	-15.2	13.2
EBITDA	>900	-28.8	n.m	n.m	19.1	44.2	-78.8	99.6
Net income	n.m	n.m	n.m	n.m	178	n.m	n.m	n.m
<b>of sales (%)</b>								
Gross margin	95.2	93.6	95.9	93.4	94.8	94.0	94.0	94.0
EBITDA margin	16.2	3.1	21.0	6.7	19.2	4.1	5.2	11.9
EBT margin	8.3	-8.1	11.6	-3.6	11.0	-5.6	-3.5	3.6
Net margin	3.0	-4.5	8.7	-6.9	8.3	-4.4	-2.7	2.8
SG&A	62.1	76.2	65.1	73.1	64.8	77.4	76.6	72.3
OPEX	62.2	77.1	65.3	73.7	65.5	78.4	77.6	76.2
<b>Adjusted values</b>								
EBITDA	23.4	3.3	29.9	7.9	27.9	4.8	6.3	15.9
margin (%)	16.2	3.1	21.0	6.7	19.2	4.1	5.2	11.9
EBT	12.0	-8.7	16.5	-4.2	16.0	-6.6	-4.2	4.8
EPS adj (NOK)	0.16	-0.18	0.46	-0.30	0.45	-0.19	-0.12	0.14
Net income	4.4	-4.8	12.5	-8.1	12.1	-5.2	-3.3	3.8

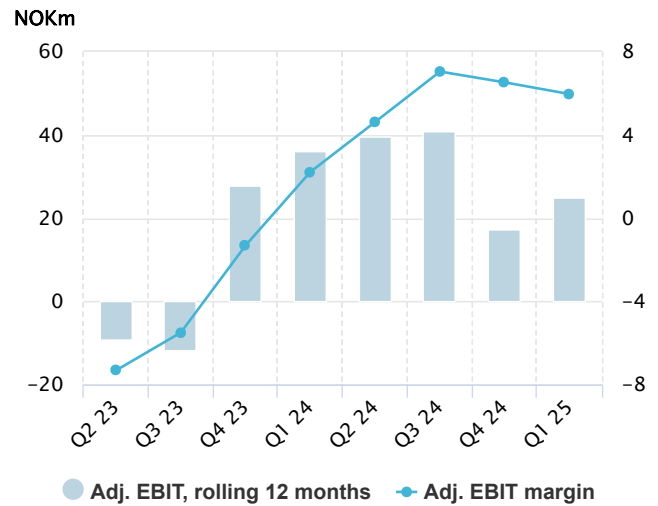
Source: Handelsbanken

## Revenue, 12-month rolling



Source: Handelsbanken

## Adjusted EBIT, 12-month rolling



Source: Handelsbanken

## Business areas – quarterly data

NOKm	2024	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24e	Q4 24e	Q1 25e
<b>Sales</b>								
Cysview US	46.2	43.6	46.7	47.5	50.4	46.6	44.8	57.4
Hexvix Europe	71.2	63.9	64.3	70.6	73.4	70.8	73.5	76.1
Signing fees and milestone revenues	26.9	0.2	28.4	0.0	21.6	0.0	-0.1	-
<b>Total</b>	<b>144</b>	<b>108</b>	<b>143</b>	<b>118</b>	<b>145</b>	<b>117</b>	<b>121</b>	<b>134</b>
<b>Y-o-y sales growth (%)</b>								
Cysview US	19.3	1.6	20.7	12.6	9.1	6.8	-3.9	21.0
Hexvix Europe	15.4	17.1	16.5	10.1	3.1	10.8	14.3	7.8
Signing fees and milestone revenues	>900	-97.3	206	n.m	-19.6	n.m	-100	n.m
<b>Total</b>	<b>44.2</b>	<b>0.7</b>	<b>36.8</b>	<b>11.1</b>	<b>0.8</b>	<b>9.2</b>	<b>-15.2</b>	<b>13.2</b>

Source: Handelsbanken

## P&amp;L accounts – annual data

NOKm	2020	2021	2022	2023	2024e	2025e	2026e	2027e
<b>Income statement</b>								
Sales	256.5	360.5	392.6	500.7	501.9	556.9	631.6	694.2
Cost of goods sold	-18.5	-24.1	-22.5	-26.1	-29.7	-33.4	-37.8	-41.5
Gross profit	238.0	336.5	370.1	474.5	472.2	523.5	593.9	652.7
Sales and marketing costs	-187.8	-259.9	-303.4	-334.9	-346.6	-365.2	-372.7	-367.9
Admin costs	-12.8	-14.8	-15.3	-12.6	-17.4	-23.4	-25.3	-27.8
SG&A	-200.6	-274.7	-318.7	-347.6	-364.0	-388.5	-397.9	-395.7
R&D costs	-13.8	-4.3	-3.3	-2.1	-4.2	-20.7	-31.6	-34.7
OPEX	-214.4	-279.0	-322.1	-349.6	-368.2	-409.2	-429.5	-430.4
Other operating expenses	-59.5	-62.8	-91.4	-97.1	-86.8	-62.0	-60.0	-40.0
EBITDA	-16.8	18.4	-24.6	55.4	46.9	82.7	135.9	214.8
Net interest expenses	2.8	-25.8	-22.1	-17.1	-15.3	-13.0	-1.0	-1.0
Net financials	2.8	-25.8	-22.1	-18.1	-16.2	-14.0	-2.0	-2.0
Paid tax	-	-	-	-9.5	-5.3	-8.4	-22.5	-39.7
Tax	10.8	0.8	-0.7	-9.5	-5.3	-8.4	-22.5	-39.7
tax rate (%)	32.7	2.4	-1.1	96.9	563	22.0	22.0	22.0
EPS rep (NOK)	-0.90	-1.14	-2.65	0.01	-0.16	1.10	2.95	5.2
<b>Net income</b>	<b>-22.4</b>	<b>-30.9</b>	<b>-71.8</b>	<b>0.3</b>	<b>-4.4</b>	<b>29.8</b>	<b>79.8</b>	<b>141</b>
<b>Growth (%)</b>								
Sales	-8.9	40.6	8.9	27.5	0.2	11.0	13.4	9.9
EBITDA	n.m	n.m	n.m	n.m	-15.3	76.3	64.2	58.1
Net income	n.m	n.m	n.m	n.m	n.m	n.m	167.6	76.1
<b>% of sales (%)</b>								
EBITDA margin	-6.5	5.1	-6.3	11.1	9.4	14.9	21.5	30.9
EBT margin	-12.9	-8.6	-16.7	2.0	0.19	6.9	16.2	26.0
Net margin	-8.7	-8.4	-16.9	0.06	-0.87	5.4	12.6	20.3
SG&A	78.2	76.2	81.2	69.4	72.5	69.8	63.0	57.0
OPEX	83.6	77.4	82.0	69.8	73.4	73.5	68.0	62.0
<b>Profitability (%)</b>								
ROE reported	-6.3	-6.1	-14.9	0.06	-0.91	6.1	14.6	21.4
ROE adj	-2.7	-6.1	-14.9	0.06	-0.91	6.1	14.6	21.4
ROCE	n.m	n.m	n.m	5.5	3.4	10.1	18.3	26.7
Pre-tax ROIC	-14.3	3.8	-10.7	18.6	14.1	27.6	46.9	74.5
After tax ROIC	-14.3	3.8	-10.7	0.57	-65.2	21.5	36.6	58.1
Sales/capital invested (x)	1.6	1.5	1.6	2.1	2.0	2.2	2.4	2.6
Sales/total assets (x)	0.5	0.5	0.5	0.7	0.7	0.8	0.8	0.8
Sales per employee (NOKm)	2.8	3.6	3.6	4.6	4.6	5.1	5.8	6.4
<b>Adjusted values</b>								
Total adjustments to net inc	-12.9	-	-	-	-	-	-	-
EBITDA	-3.9	18.4	-24.6	55.4	46.9	82.7	135.9	214.8
margin (%)	-1.5	5.1	-6.3	11.1	9.4	14.9	21.5	30.9
EBT	-20.2	-31.1	-65.4	9.8	0.9	38.2	102.4	180.3
EPS adj (NOK)	-0.39	-1.14	-2.65	0.01	-0.16	1.10	2.95	5.2
Net income	-9.5	-30.9	-71.8	0.3	-4.4	29.8	79.8	140.6

Source: Handelsbanken

## Business areas – annual data

NOKm	2024	2021	2022	2023	2024e	2025e	2026e	2027e
<b>Sales</b>								
Cysview US	113	125	151	179	189	239	278	316
Hexvix Europe	132	227	222	264	288	318	353	378
Signing fees and milestone revenues	-	6	19	56	22	-	-	-
<b>Total</b>	<b>256.5</b>	<b>360.5</b>	<b>392.6</b>	<b>500.7</b>	<b>501.9</b>	<b>556.9</b>	<b>631.6</b>	<b>694.2</b>
<b>Sales growth (%)</b>								
Cysview US	15	11	20	18	6	26	16	14
Hexvix Europe	15	72	-2	19	9	10	11	7
Signing fees and milestone revenues	n.m	n.m	191	198	-61	n.m	n.m	n.m
<b>Total</b>	<b>-8.9</b>	<b>40.6</b>	<b>8.9</b>	<b>27.5</b>	<b>0.24</b>	<b>11.0</b>	<b>13.4</b>	<b>9.9</b>

Source: Handelsbanken



## Forecast balance sheet – annual data

NOKm	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Accounts receivable	43	48	47	60	64	75	85	93
Inventory	30	28	27	37	40	47	53	58
Other current assets	5	15	16	16	16	16	16	16
Cash & other interest-bearing	335	323	268	260	256	277	347	479
<b>Current assets</b>	<b>412</b>	<b>413</b>	<b>358</b>	<b>372</b>	<b>377</b>	<b>414</b>	<b>501</b>	<b>646</b>
Goodwill	144	144	144	144	144	144	144	144
R&D	163	146	129	113	104	98	92	87
Tangible assets	2	4	4	5	3	2	0.8	0.7
Oth non-IB fixed assets	50	53	55	49	49	49	49	49
<b>Total assets</b>	<b>776</b>	<b>790</b>	<b>719</b>	<b>711</b>	<b>708</b>	<b>742</b>	<b>825</b>	<b>968</b>
Equity	508	503	463	482	478	508	587	728
Shareholder equity	508	503	463	482	478	508	587	728
Pension provisions	3	4	5	2	2	2	2	2
Deferred tax liabilities	144	139	135	128	128	128	128	128
Long-term interest-bearing debt	50	13	-	-	-	-	-	-
Trade payables	-	24	21	20	21	25	28	31
Other current liabilities	67	53	55	58	58	58	58	58
<b>Current liabilities</b>	<b>67</b>	<b>102</b>	<b>89</b>	<b>78</b>	<b>79</b>	<b>82</b>	<b>86</b>	<b>89</b>
<b>Total equity &amp; liabilities</b>	<b>776</b>	<b>790</b>	<b>719</b>	<b>711</b>	<b>708</b>	<b>742</b>	<b>825</b>	<b>968</b>
Net interest bearing debt	-278	-252	-224	-236	-232	-253	-323	-455

Source: Handelsbanken

## Forecast cash flow

NOKm	2020	2021	2022	2023	2024e	2025e	2026e	2027e
<b>EBIT before associates</b>	<b>-35.9</b>	<b>-5.3</b>	<b>-43.3</b>	<b>27.8</b>	<b>17.2</b>	<b>52.2</b>	<b>104.4</b>	<b>182.3</b>
+ Net financials	2.8	-25.8	-22.1	-18.1	-16.2	-14.0	-2.0	-2.0
- Paid tax	10.8	0.8	-0.7	-9.5	-5.3	-8.4	-22.5	-39.7
- Change in NWC	17.1	-3.2	-0.2	-11.7	-6.1	-13.3	-13.0	-10.9
+ Depreciation/impairment	19.1	23.6	18.5	27.6	29.8	30.5	31.5	32.5
+ Other adjustment	1.6	33.8	45.8	32.2	n.m	n.m	n.m	n.m
<b>Cash flow from operations (CFFO)</b>	<b>15.6</b>	<b>23.9</b>	<b>-2.0</b>	<b>48.3</b>	<b>19.3</b>	<b>47.0</b>	<b>98.4</b>	<b>162.3</b>
- Net recurring capex	-1.6	-3.7	-3.6	-12.3	-13.3	-15.4	-17.5	-19.2
<b>FCF bef Acq. &amp; Div. (FCF)</b>	<b>14.0</b>	<b>20.2</b>	<b>-5.6</b>	<b>36.0</b>	<b>6.0</b>	<b>31.6</b>	<b>80.9</b>	<b>143.1</b>
<b>FCF to equity (FCFE)</b>	<b>14.0</b>	<b>20.2</b>	<b>-5.6</b>	<b>36.0</b>	<b>6.0</b>	<b>31.6</b>	<b>80.9</b>	<b>143.1</b>
+ New share issue	314.7	13.9	7.6	n.m	n.m	n.m	n.m	n.m
+ Other adjustments	-169.1	-8.6	-44.3	1.0	-3.5	-3.1	-3.1	-2.6
<b>NET cash flow/change in NIBD</b>	<b>209.6</b>	<b>-12.0</b>	<b>-54.8</b>	<b>-5.7</b>	<b>-3.5</b>	<b>21.2</b>	<b>69.9</b>	<b>132.1</b>
Funds from operations (FFO)	-1.5	27.1	-1.8	60.1	25.4	60.3	111.3	173.1
Cash flow from operations (CFFO)	15.6	23.9	-2.0	48.3	19.3	47.0	98.4	162.3
FCF bef Acquisitions & Divestments (FCF)	14.0	20.2	-5.6	36.0	6.0	31.6	80.9	143.1
FCF to equity (FCFE)	14.0	20.2	-5.6	36.0	6.0	31.6	80.9	143.1

Source: Handelsbanken

## Financial ratios – annual data

%	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Equity/total assets	65.5	63.7	64.4	67.8	67.4	68.4	71.2	75.2
Net debt/equity	-54.7	-50.2	-48.4	-48.9	-48.6	-49.9	-55.0	-62.5
Net cash flow/capex	>500	<-200	<-200	-46.2	-26.2	137	401	>500
EBITDA net interest cover (x)	n.m	0.7	n.m	3.2	3.1	6.4	135	213
EBIT net interest cover (x)	n.m	n.m	n.m	1.6	1.1	4.0	103	180
FCFF/total debt	21.0	271	344	86.4	<-200	>500	>500	>500
Total debt/capital	9.5	3.3	1.0	0.39	0.40	0.37	0.32	0.26
Long-term debt/capital	8.9	2.4	0	0	0	0	0	0
Inventory/sales	11.6	7.6	6.8	7.4	8.0	8.4	8.4	8.4
Receivables/sales	18.6	17.4	16.2	15.1	16.0	16.3	16.0	15.7
Accounts payable/sales	26.2	21.4	19.5	15.5	15.8	14.8	13.6	12.8
Working capital/sales	3.9	3.7	3.4	7.1	8.3	9.8	10.7	11.3
Current ratio	613	405	402	480	476	503	584	730
Quick ratio	569	378	372	432	425	446	522	665

Source: Handelsbanken

## Per share data

m	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Nr of shares, year-end	24.8	27.1	27.1	27.1	27.1	27.1	27.1	27.1
Nr of shares, average	24.8	27.1	27.1	27.1	27.1	27.1	27.1	27.1
EPS reported (NOK)	-0.90	-1.14	-2.65	0.01	-0.16	1.10	2.95	5.2
Y-o-y growth (%)	n.m	n.m	n.m	n.m	n.m	n.m	167.6	76.1
EPS adj (NOK)	-0.39	-1.14	-2.65	0.01	-0.16	1.10	2.95	5.2
Y-o-y growth (%)	n.m	n.m	n.m	n.m	n.m	n.m	167.6	76.1
Cash earnings (NOK)	-0.13	-0.27	-1.96	1.03	0.94	2.23	4.11	6.4
DPS - ordinary (NOK)	-	-	-	-	-	-	-	-
Book value (NOK)	20.5	18.5	17.1	17.8	17.6	18.7	21.7	26.9
Y-o-y growth (%)	114.5	-9.5	-7.9	4.2	-0.9	6.2	15.7	23.9
Net debt (NOK)	-11.4	-11.3	-9.7	-9.5	-9.4	-10.2	-12.7	-17.6
NAV (NOK)	8.1	7.8	7.0	8.3	8.5	9.8	13.0	18.3

Source: Handelsbanken

# Disclaimer

## Recommendation structure and allocations

Handelsbanken Equity Research employs a three-graded short-term and long-term recommendation scale. The short-term recommendations reflect the analyst's assessment of how much the share price may appreciate or depreciate in absolute terms on a three-month time horizon and the long-term recommendations reflect the analyst's assessment of how much the share price may appreciate or depreciate in absolute terms on a three-year time horizon.

The analyst's assessment takes into account risks related to both fundamental expectations and share performance. This assessment is not based on a proprietary Handelsbanken model and the basis for the analyst's assessment is dependent on the characteristics of the sector and the company and a multitude of fundamental and timing factors are incorporated. For more detailed information about the recommendation structure please consult the Handelsbanken's Research website: <https://www.researchonline.se/desc/rechist>

**Investment recommendations are determined by the ranges described in the table below.** The recommendations do not represent the analyst's or the bank's assessment of the company's fundamental value or quality. The recommendations and absolute performance intervals, together with the allocation of the recommendation categories amongst companies under coverage and amongst companies under coverage for which Handelsbanken has provided investment banking services in the past 12 months are listed below:

## Recommendation structure

SHB long-term recommendation (3 years)	R <sub>p</sub> is expected to be <sup>1</sup>	SHB universe <sup>2</sup>	IB services <sup>3</sup>
Outperform	above 40%	49%	12%
Market Perform	between 20% and 40%	40%	26%
Underperform	below 20%	11%	11%

<sup>1</sup> R<sub>p</sub> is defined as the expected share price appreciation or depreciation including dividends over the next three years

<sup>2</sup> Percentage of companies under coverage within each recommendation

<sup>3</sup> Percentage of companies within each recommendation for which investment banking services have been provided in the past 12 months

SHB short-term recommendation (3 months)	Return expected to be <sup>4</sup>	SHB universe <sup>5</sup>	IB services <sup>6</sup>
Buy	above 5%	35%	14%
Hold	between 0% and 5%	55%	20%
Sell	below 0%	10%	18%

<sup>4</sup> Return expected to be is defined as the expected share price appreciation or depreciation including dividends over the next three months

<sup>5</sup> Percentage of companies under coverage within each recommendation

<sup>6</sup> Percentage of companies within each recommendation for which investment banking services have been provided in the past 12 months

Source: Handelsbanken, as per 25 October 2024

## Risk warning

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The long-term recommendation Outperform was set on 25 Mar 2022 as the first long-term recommendation for the company at the share price of NOK 52.60.

The short-term recommendation Buy was set on 25 Mar 2022 as the first short-term recommendation for the company at the share price of NOK 111.1.

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Completion date: 25 Oct 2024 16:42 CET



## Company overview

%	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
<b>P&amp;L</b>													
Sales (NOKm)	135	144	151	182	282	256	361	393	501	502	557	632	694
growth	4	7	5	20	55	-9	41	9	28	0.2	11	13	10
Gross margin	93.9	93.5	92.0	90.6	92.0	92.8	93.3	94.3	94.8	94.1	94.0	94.0	94.0
R&D to sales	23.3	16.0	21.6	10.5	4.8	5.4	1.2	0.85	0.41	0.83	3.7	5.0	5.0
SG&A to sales	62.2	62.9	71.4	72.5	56.7	78.2	76.2	81.2	69.4	72.5	69.8	63.0	57.0
EBITDA (NOKm)	-18	-8	-33	-25	59	-17	18	-25	55	47	83	136	215
margin	-13.4	-5.6	-21.9	-13.6	20.9	-6.5	5.1	-6.3	11.1	9.4	14.9	21.5	30.9
EBITA (NOKm)	-22	-12	-39	-26	54	-22	9	-26	45	35	69	122	200
margin	-16.3	-8.3	-25.9	-14.5	19.2	-8.7	2.5	-6.7	9.0	6.9	12.4	19.2	28.8
EBIT (NOKm)	-22	-16	-45	-38	43	-36	-5	-43	28	17	52	104	182
margin	-16.3	-11.0	-30.0	-20.9	15.2	-14.0	-1.5	-11.0	5.6	3.4	9.4	16.5	26.3
Net income (NOKm)	-36	35	-35	-37	32	-22	-31	-72	0.3	-4	30	80	141
growth	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	168	76.1
Adj net income (NOKm)	-36	35	-35	-23	32	-10	-31	-72	0.3	-4	30	80	141
growth	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	168	76.1
<b>Balance sheet (NOKm)</b>													
Tangible assets	2	2	1	2	2	2	4	4	5	3	2	0.8	0.7
Goodwill	-	-	-	-	-	144	144	144	144	144	144	144	144
Current assets	204	212	176	153	187	412	413	358	372	377	414	501	646
Cash	134	169	129	107	125	335	323	268	260	256	277	347	479
Total assets	248	286	263	231	257	776	790	719	711	708	742	825	968
Equity	210	252	218	176	209	508	503	463	482	478	508	587	728
Long-term int bearing debt	-	-	-	-	-	50	13	-	-	-	-	-	-
Current liab	34	31	40	52	39	67	102	89	78	79	82	86	89
Total liabilities	248	286	263	231	257	776	790	719	711	708	742	825	968
Net int bearing debt	-136	-165	-125	-105	-134	-282	-306	-263	-258	-254	-275	-345	-477
<b>Cash flow (NOKm)</b>													
FFFO	-21	19	-24	-24	21	16	24	-2	48	19	47	98	162
Capex	-15	-22	-19	-2	-1	-2	-4	-4	-12	-13	-15	-17	-19
Free cash flow	-36	-3	-42	-26	20	14	20	-6	36	6	32	81	143
FCF to equity	-36	-3	-42	-26	20	14	20	-6	36	6	32	81	143
<b>Ratios</b>													
Pre-tax ROIC	-40.1	-14.9	-43.5	-32.0	70.5	-14.3	3.8	-10.7	18.6	14.1	27.6	46.9	74.5
ROE reported	-16.1	15.3	-14.8	-18.6	16.5	-6.3	-6.1	-14.9	0.06	-0.91	6.1	14.6	21.4
ROCE	n.m	n.m	n.m	n.m	21.5	n.m	n.m	n.m	5.5	3.4	10.1	18.3	26.7
Capex to sales	11.1	15.1	12.3	1.2	0.39	0.63	1.0	0.92	2.5	2.6	2.8	2.8	2.8
NWC to sales	27.0	8.6	4.0	-3.2	8.1	3.9	3.7	3.4	7.1	8.3	9.8	10.7	11.3
Sales/assets (NOKx)	0.52	0.54	0.55	0.73	1.15	0.50	0.46	0.52	0.70	0.71	0.77	0.81	0.77
Sales/IC (x)	2.46	1.79	1.68	2.21	3.68	1.64	1.50	1.60	2.06	2.04	2.23	2.44	2.59
Net debt/equity	-64.7	-65.7	-57.1	-59.6	-60.8	-54.7	-50.2	-48.4	-48.9	-48.6	-49.9	-55.0	-62.5
Equity/total assets	84.7	88.0	82.9	76.3	81.1	65.5	63.7	64.4	67.8	67.4	68.4	71.2	75.2
<b>Share data (NOKm)</b>													
Avg no shares (m)	21.5	21.6	21.6	21.6	21.8	24.8	27.1	27.1	27.1	27.1	27.1	27.1	27.1
change (%)	0.6	0.7	-0.3	0.3	0.9	14	9	0.0	0.0	0.0	0.0	0.0	0.0
Avg diluted shares (m)	21.5	21.6	21.6	21.6	21.8	24.8	27.1	27.1	27.1	27.1	27.1	27.1	27.1
change (%)	0.6	0.7	-0.3	0.3	0.9	13.6	9.3	0.0	0.0	0.0	0.0	0.0	0.0
Share price YE (NOK)	41.9	42.0	27.3	48.0	89.5	106.6	102.7	106.8	67.4	52.6	52.6	52.6	52.6
Market cap	900	909	589	1,038	1,954	2,643	2,784	2,895	1,827	1,426	1,426	1,426	1,426
EV	764	743	464	933	1,827	2,365	2,532	2,671	1,591	1,194	1,173	1,103	971
Net debt/share (NOK)	-6.3	-7.7	-5.8	-4.9	-6.1	-11.4	-11.3	-9.7	-9.5	-9.4	-10.2	-12.7	-17.6
EPS reported (NOK)	-1.68	1.63	-1.61	-1.70	1.46	-0.90	-1.14	-2.65	0.01	-0.16	1.10	2.95	5.2
growth (%)	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	168	76
EPS adj (NOK)	-1.68	1.63	-1.61	-1.04	1.46	-0.39	-1.14	-2.65	0.01	-0.16	1.10	2.95	5.2
growth (%)	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	168	76
DPS - Ordinary	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: Handelsbanken