

Photocure

Focus on direction of 2024 guidance

- Q2e: Eight new US scope placements and 5% organic product sales growth
- We believe ForTec collaboration could drive positive guidance revision
- Reiterating NOK 125 target price and Outperform/Buy recommendations

Signals of scalable growth remain key for the Q2 report

For Q2, we estimate eight new rigid scope placements, which would result in the US installed base growing 3% y-o-y. The 12 new mobile scopes announced from ForTec Medical are due in Q3 2024. We forecast product sales of NOK 123m, implying 5% organic growth. We estimate 4% organic growth in Europe, as Germany could face headwinds owing to a [nationwide shortage](#) of a rinsing solution used in about ~40% of German blue light cystoscopy procedures. We forecast 7% growth in North America, still burdened by the 'flex erosion'. We model a NOK 21m milestone payment from Chinese partner Asieris. Assuming a stable 94% gross margin, we estimate milestone-adjusted EBITDA of NOK 9m for a margin of 7%.

We believe ForTec could help drive upside to 2024 growth guidance

As we outlined in [previous research](#), we believe the US collaboration with ForTec Medical could drive an upwards revision to the current 6-9% organic product revenue growth guidance for 2024. We are at the upper end at 8%. We also note that the share traded down on the recent [announcement](#) of an agreement to develop a flexible cystoscope with scope manufacturer Richard Wolf on concerns of large expenditures. We estimate development will take two to three years and cost Photocure NOK ~15-30m. We view these costs as negligible given its NOK >260m cash position, and view the partnership as positive, addressing the virtually untapped surveillance market, a 2-3x larger opportunity than the TURBT market.

Major upside potential as investors await accelerating growth

We leave our underlying estimates largely unchanged, while FX trims our earnings forecasts by NOK ~1-4m. We also leave our three-year target price of NOK 125 unchanged. We continue to expect an inflection point in growth and profitability in the coming years. The share is trading at an EV of 2.5-2.2x 2024e-25e sales and ~13x 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	509	564	643
Sales growth (%)	8.9	27.5	1.6	10.9	14.0
EBITDA adj	-25	55	60	95	146
margin (%)	-6.3	11.1	11.8	16.8	22.6
EBT	-65	10	14	50	112
EPS adj (NOK)	-2.65	0.01	0.23	1.44	3.22
Y-o-y growth (%)	n.m	n.m	>900	517	123
P/E adj (x)	n.m	>99	>99	38.2	17.1
P/BV (x)	6.3	3.8	3.1	2.8	2.4
ROE adj (%)	-14.9	0.06	1.3	7.7	15.3
EV/EBITDA (x)	n.m	28.7	20.9	12.9	7.9
EV/sales (x)	6.8	3.2	2.5	2.2	1.8
FCF adj yield (%)	-0.19	2.0	1.0	2.7	5.9
Tot DPS	0.00	0.00	0.00	0.00	0.00
Net debt/equity (%)	-48.4	-48.9	-49.4	-51.5	-56.7

Source: Handelsbanken

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

Estimate changes

O	Long term 3 years Outperform
B	Short term 3 months Buy

Three-year target return

Target price incl. div (NOK)	125
Expected total return (%)	127

Key data

Share price	
19 Jul, 17:05 CET (NOK)	55.10
Market cap (NOKm)	1,494
Bloomberg	PHO NO
Reuters	PHO.OL
Web address	Link
CEO	Daniel Scheider

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Mattias Häggblom

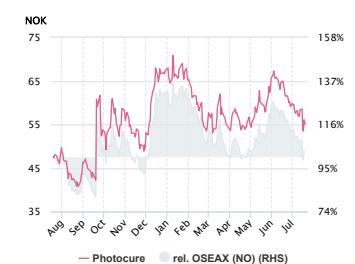
+46 70 204 4078
mattias.haggblom@handelsbanken.se

Estimate changes

%	2024e	2025e	2026e
Sales	0	0	0
EBIT adj	-12	-3	-1
EPS adj	-34	-4	-1

Source: Handelsbanken

Share price – 12 months



Source: FactSet

Share perf. (%)	-1m	-3m	-12m
Absolute:	-13.0	0.55	15.9
Rel. OSEAX (NO):	-13.0	0.55	6.3
52w range (NOK):	70.90 / 40.85		

Source: FactSet

Supporting charts and graphics

Partners with high-end scope manufacturer Richard Wolf to develop flexible scope



THE
BLADDER CANCER
COMPANY

We estimate it will take two to three years following development and approvals before we see a new flexible scope manufactured by Richard Wolf on the market - Photocure will handle commercialisation, receiving an undisclosed royalty for the scope sales

Photocure and Richard Wolf Enter into Agreement to Develop a High-Definition Flexible Blue Light Cystoscope for Global Commercialization

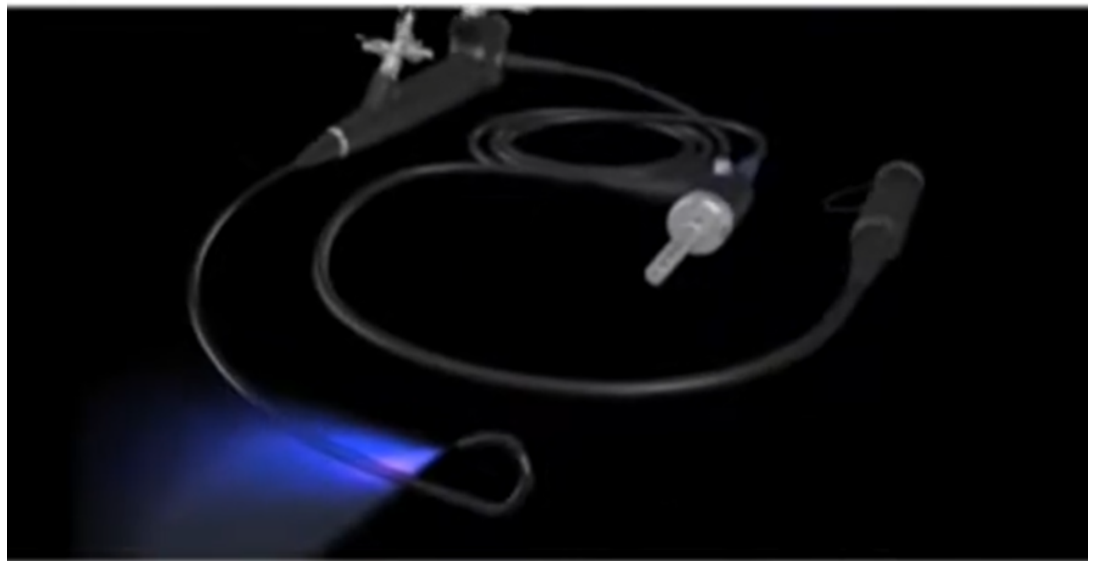
Oslo, Norway, July 15, 2024: Photocure ASA (OSE: PHO), the Bladder Cancer Company, today announces that it has entered into a strategic agreement with Richard Wolf GmbH to develop and commercialize a next-generation 4K LED high-definition (HD) reusable flexible blue light cystoscope based on Richard Wolf's System blue technology. The partnership between Photocure and Richard Wolf is focused on developing technologically advanced flexible blue light cystoscopy (BLC®) equipment for the global market so that physicians who treat patients with bladder cancer can offer the benefits of BLC with Hexvix® / Cysview® in an outpatient, or surveillance setting.

Source: Handelsbanken, company data

Richard Wolf's previous flexible blue light scope "Combilight PDD"

Flex. PDD Video Urethro-Cystoscope

Richard Wolf developed the Combilight PDD system in the early 2000s, which offered both flexible and rigid cystoscopy; while it currently offers only rigid blue light cystoscopes in Europe, we believe this de-risks the new flexible project



**especially suitable for
PDD-Aftercare**

Source: Handelsbanken, Richard Wolf marketing material

Richard Wolf has written support for the ongoing FDA reclassification



We believe Richard Wolf'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.**

Knittlingen, 24 January 2023

Comments Richard Wolf GmbH to the Karl Storz SE and Co KG Reclassification Petition of the medical devices associated with Product Code OAY from Karl Storz SE and Co KG

Dear Madam / Sir,

Richard Wolf GmbH is submitting comments to the Karl Storz SE and Co KG (Karl Storz) Request for reclassification of medical devices associated with Product Code OAY, Docket No. FDA-2022-P-2644.

Source: Handelsbanken, regulations.gov

Note: https://downloads.regulations.gov/FDA-2022-P-2644-0029/attachment_1.pdf

We view the potential FDA reclassification of BLC scopes in 2024 as the most important share price catalyst

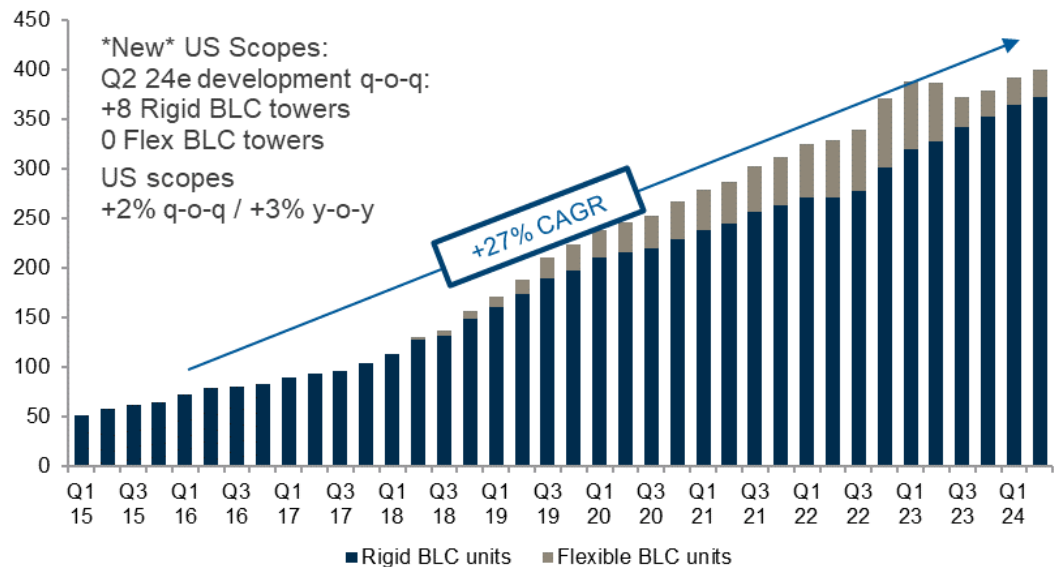
Potential share price catalysts

Potential triggers	Timing	Comment
EU launch of upgraded BLC (Olympus)	H2 2024	New rigid scope (Expecting blue light-feature H2 2024)
Canadian and EU launch of BLC functionality for Stryker's 1788 endoscopy platform	2024	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	2024	Downclassification from class 3 to class 2 device, democratizing US market (currently limited to Karl Storz)
Chinese regulatory filing for Cevira	Q2 2024	Filing to Chinese authorities after successful Phase 3 trial
Chinese approval 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	Unlikely for drugs grossing below USD 200m, in our view
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

Installed base of BLC scopes in the US

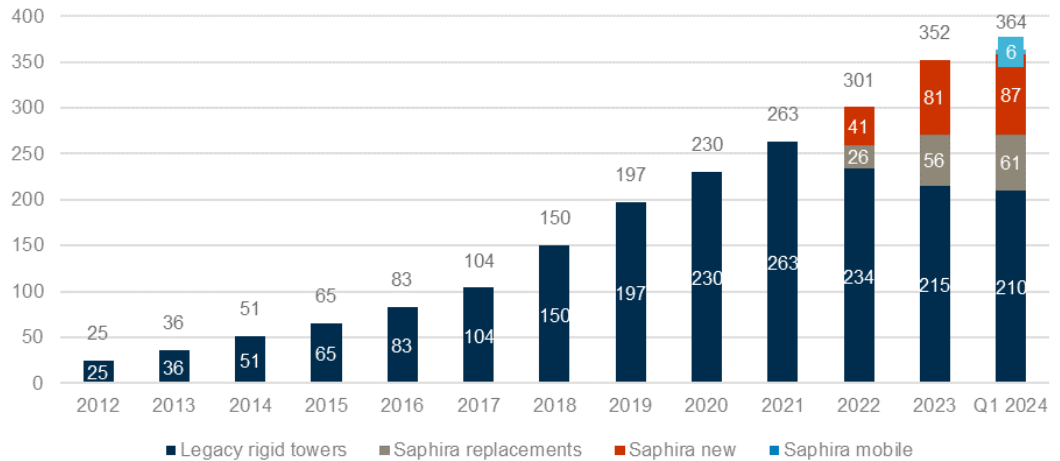


Source: Handelsbanken, company data

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

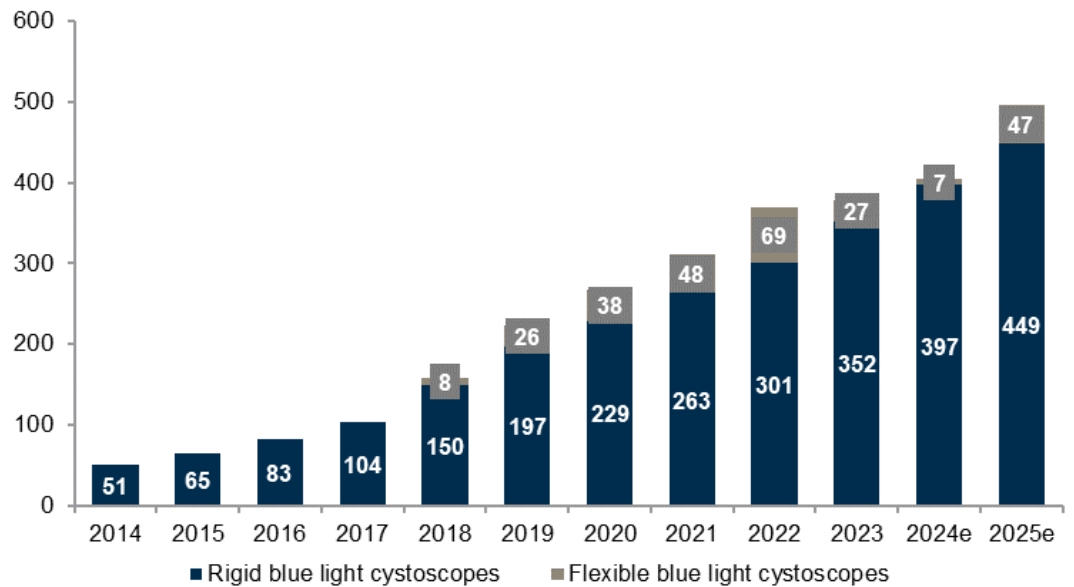
Photocure still has plenty of scope upgrades to execute on, as only 42% of the rigid installed base consists of the newer Saphira scopes in the US



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
Product revenues	490	488	0%	566	564	0%	646	643	0%
Org. Product rev. Growth, %	8.3%	8.1%	-0.2pp	15.7%	14.9%	-0.8pp	14%	14%	0.0pp
Other revenues	22	22	0%	0	0	n.a.	0	0	n.a.
Total revenues	511	509	0%	566	564	0%	646	643	0%
OPEX	-447	-449	0%	-466	-466	0%	-493	-491	0%
Indirect manufacturing expen	-19	-19	0%	-24	-24	0%	-26	-26	0%
R&D expenses	-3	-3	0%	-21	-21	0%	-32	-32	0%
Marketing and Sales expens	-346	-346	0%	-360	-360	0%	-375	-373	0%
EBITDA	64	60	-7%	97	95	-2%	147	146	-1%
EBITDA margin	12.6%	11.8%		17.1%	16.8%		22.7%	22.6%	
EBIT	34	30	-12%	66	64	-3%	115	114	-1%
EBIT margin	7.0%	6.2%		11.7%	11.4%		17.8%	17.7%	
Adj. EBIT	34	30	-12%	66	64	-3%	115	114	-1%
Adj. EBIT margin	7.0%	6.2%		11.7%	11.4%		17.8%	17.7%	
Net income	10	7	-34%	41	39	-4%	88	87	-1%

Source: Handelsbanken

Three-year target price build

We leave our three-year target price of NOK 125 unchanged

DCF valuation of Cysview/ Hexvix franchise	NOK 105	50%	36m target price NOK 125 / share
Stand-alone rNPV valuation of Cevira	NOK 35		
Photocure 2026e EBITDA- multiple (19x)	NOK 115	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	488	564	643
EBITDA adj.	-33	-10	59	-4	18	-25	55	60	95	146
EBIT adj.	-45	-24	43	-23	-6	-49	28	30	64	114
Share price	55									
Shares	27									
Market Cap	1,486									
Net debt		-104	-115	-278	-252	-224	-236	-241	-272	-348
EV		1,382	1,371	1,208	1,234	1,263	1,251	1,245	1,214	1,138

Current valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e
EV/Sales		4.7x	3.5x	3.4x	2.8x	2.6x	2.2x	1.8x
EV/EBITDA adj.		-309.0x	67.2x	-50.8x	22.6x	20.8x	12.8x	7.8x
EV/EBIT adj.		-52.1x	-213.0x	-25.6x	45.0x	41.2x	19.0x	10.0x

Target Price (NOK) 125

Implied valuation at TP	2020	2021	2022	2023	2024e	2025e	2026e
EV/Sales	12.1x	8.8x	8.4x	7.0x	6.4x	5.5x	4.7x
EV/EBITDA adj.	-791.1x	169.9x	-126.6x	56.6x	52.2x	32.7x	20.8x
EV/EBIT adj.	-133.3x	-538.4x	-63.9x	112.8x	103.5x	48.4x	26.6x

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	4,826	135.2	4.2	6.5	5.7	4.9	59.5	60.5	10.8	9.4	20.7	22.4	27.4	21.9	8%	13%	13%	13%
BioGaia	1,097	125.2	6.7	7.9	7.2	6.6	73.4	73.8	10.4	9.3	36.2	36.0	19.9	18.2	16%	11%	12%	12%
Biotech	1,309	190.1	5.8	6.7	5.8	5.0	64.9	65.4	10.7	9.4	27.8	30.5	21.0	16.5	11%	21%	14%	13%
BONESUPPORT	1,659	290.8	20.5	21.2	14.8	11.0	92.8	91.9	23.1	16.4	25.7	32.0	57.4	34.4	83%	52%	42%	31%
CellaVision	578	279.0	7.7	8.1	6.9	6.0	67.9	69.0	12.0	10.3	35.0	35.9	19.8	16.7	-3%	18%	15%	13%
Coloplast	26,108	865.6	7.4	7.7	7.1	6.5	68.2	68.7	11.5	10.5	33.4	34.1	21.3	19.2	9%	9%	9%	8%
Mentice	67	30.3	4.2	2.5	2.0	1.6	86.5	85.7	2.9	2.4	14.4	17.7	13.8	9.0	21%	4%	23%	19%
Probi	279	282.0	3.3	4.5	4.1	3.9	36.3	40.6	12.5	10.5	21.9	20.8	18.9	18.6	-3%	5%	6%	7%
Revenio Group	783	29.5	7.4	7.2	6.2	5.4	70.7	70.9	10.4	9.1	33.4	34.5	18.6	15.6	-1%	9%	13%	13%
Sedana Medical	228	26.4	13.8	12.7	10.6	6.7	70.8	72.6	16.9	12.8	-9.6	9.8			20%	25%	28%	60%
Vitrolife	2,628	223.6	7.8	8.3	7.5	6.7	58.3	58.2	14.5	13.3	34.1	34.6	21.9	19.4	10%	4%	9%	9%
Xivivo Perfusion	1,471	538	16.0	19.7	14.7	10.8	72.7	76.1	27.4	19.6	27.1	32.2	54.1	33.7	52%	37%	34%	34%
Peer average	3,419		8.7	9.4	7.7	6.3	68.5	69.4	13.6	11.1	25.0	28.4	26.7	20.3	19%	17%	18%	19%
Peer median	1,203		7.4	7.8	7.0	6.3	69.5	69.9	11.7	10.4	27.5	32.1	21.0	18.6	11%	12%	14%	13%
Photocure (HCMe)	129	56	2.5	2.5	2.2	1.8	92.8	93.2	5.3	3.6	5.1	-6.3	12.9	7.9	19%	10%	16%	14%
vs peer average			-72%	-74%	-72%	-72%	24.3pp	23.8pp	-61%	-67%	-19.9pp	-34.7pp	-52%	-61%		-7.8pp	-2.4pp	-5.4pp
vs peer median			-67%	-69%	-69%	-72%	23.3pp	23.3pp	-55%	-65%	-22.4pp	-38.4pp	-39%	-58%		-2.6pp	2.1pp	0.9pp

Source: Handelsbanken, FactSet

Quarterly P&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 24e	Q3 24e	Q4 24e
Product revenues	82	90	87	95	82	100	98	95	106	117	107	114	118	123	120	127
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%	4.4%	11.8%	11.4%
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%	4.6%	9.1%	11.1%
Other 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	21.0	0.0	0.0
Total revenues	88.2	90.4	87.4	94.5	81.6	100.1	106.8	104.2	106.2	144.3	107.5	142.5	118.0	143.6	119.9	127.2
COGS	-5	-6	-5	-8	-6	-5	-6	-5	-6	-7	-7	-6	-8	-7	-7	-8
Gross profit	83	84	82	87	76	95	101	99	100	137	101	137	110	136	113	120
Gross margin (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%	94.0%	94.0%	94.0%
Indirect manufacturing expenses	-4	-3	-4	-4	-4	-2	-4	-5	-3	-3	-4	-2	-4	-5	-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%	32.5%	-2.2%	6.1%
% of product sales	5%	3%	5%	4%	5%	2%	4%	6%	3%	2%	4%	2%	3%	4%	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%	0.0%	0.0%	12.8%
% 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	-86	-88	-90
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%	4.7%	2.3%	1.7%
% of product sales	67%	71%	75%	80%	85%	75%	75%	91%	75%	74%	72%	79%	70%	70%	74%	71%
Net other opex	-12	-16	-17	-18	-21	-22	-24	-30	-24	-31	-22	-21	-23	-22	-18	-17
EBITDA	18	6	0	-14	-14	1	5	-17	-1	23	3	30	8	30	8	14
EBITDA margin	21%	6%	0%	-15%	-17%	1%	4%	-16%	-1%	16%	3%	21%	7%	21%	7%	11%
Depr/amort.	-6	-6	-6	-6	-6	-6	-6	-6	-7	-7	-7	-7	-7	-7	-8	-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
Adj. EBITDA	18	6	0	-14	-14	1	5	-17	-1	23	3	30	8	30	8	14
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%	20.6%	6.8%	11.2%
Adj. EBIT	12	0	-6	-20	-20	-5	-1	-23	-8	17	-4	22	1	22	1	7
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%	18.0%	0.6%	5.2%
Pretax profit	20	-8	-11	-41	-27	-10	-6	-28	-10	12	-9	17	-4	18	-3	4
Net profit	15.2	-10.6	-7.3	-36.5	-21.9	-19.0	-9.9	-21.3	-11.7	4.3	-4.8	12.5	-7.9	14.1	-2.6	2.9
Geographical split	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 24e	Q3 24e	Q4 24e
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	49.7	48.6	51.6
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%	7.5%	11.4%	10.5%
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%	4.7%	-2.2%	6.1%
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	0.1	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	72.8	71.2	75.6
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%	5.1%	-2.2%	6.1%

Source: Handelsbanken, company data

Annual P&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	488	564	643
Signing fees and milestone revenue	35	12	7	2	8	68	0	6	19	56	22	0	0
Total revenues	129	135	144	151	182	282	256	361	393	501	509	564	643
COGS	-7	-8	-9	-12	-17	-23	-19	-24	-22	-26	-30	-34	-38
Gross profit	122	126	134	139	164	259	238	336	370	475	479	530	605
Gross margin	130.3%	103.4%	98.6%	93.1%	94.9%	121.1%	92.8%	95.0%	99.0%	106.6%	98.2%	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%	93.8%	94.0%	94.0%
Indirect manufacturing expenses	-9	-10	-10	-11	-10	-11	-13	-15	-15	-13	-19	-24	-26
Growth		13.3%	-0.2%	8.7%	-9.2%	7.0%	16.3%	16.3%	3.1%	-17.5%	53.9%	22.0%	8.6%
% 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	-3	-21	-32
Growth		-3.7%	-26.7%	41.9%	-41.3%	-28.7%	1.4%	-68.8%	-22.7%	-38.1%	56.1%	540.5%	55.4%
% 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	-346	-360	-373
Growth		34.5%	8.9%	20.6%	25.8%	22.6%	26.3%	38.4%	16.8%	10.4%	3.4%	3.9%	3.7%
% of product sales	58%	60%	59%	65%	70%	70%	73%	73%	81%	75%	71%	64%	58%
Net other opex	-31	-33	-37	-44	-37	-43	-47	-63	-97	-97	-80	-62	-60
EBITDA	-4	-18	-8	-33	-25	59	-17	18	-25	55	60	95	146
EBITDA margin	-3.2%	-13.4%	-5.6%	-21.9%	-13.6%	20.9%	-6.5%	5.1%	-6.3%	11.1%	11.8%	16.8%	22.6%
Depr/amort.	-1.5	-3.9	-7.9	-12.1	-13.2	-16.2	-19.3	-24.2	-24.4	-27.6	-29.7	-30.7	-31.7
Adj. EBIT	-6	-22	-16	-45	-24	43	-23	-6	-49	28	30	64	114
Adj. EBIT margin	-4.4%	-16.3%	-11.0%	-30.0%	-13.1%	15.2%	-9.0%	-1.6%	-12.5%	5.6%	5.9%	11.4%	17.7%
Net financials	7.2	4.5	28.6	3.6	1.2	3.2	2.8	-25.8	-22.1	-18.1	-15.8	-14.0	-2.0
Pretax profit	2	-17	13	-42	-37	46	-33	-32	-71	10	14	50	112
Net profit	-24.7	-36.2	35.3	-34.7	-36.7	31.8	-22.4	-30.9	-72.1	0.3	6.5	39.1	87.2
Growth rate													
Product revenues	18%	31%	11%	10%	16%	23%	20%	38%	6%	19%	10%	16%	14%
Product revenues CER	18%	31%	11%	10%	16%	23%	11%	45%	-1%	9%	8%	15%	14%

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

- 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	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24e	Q3 24e
Sales	144.3	107.5	142.5	118.0	143.6	119.9
EBITDA adj	23.4	3.3	29.9	7.9	29.6	8.2
margin (%)	16.2	3.1	21.0	6.7	20.6	6.8
EBT	12.0	-8.7	16.5	-4.2	18.1	-3.3
Net income	4.4	-4.8	12.5	-8.1	14.1	-2.6
EPS (NOK)	0.16	-0.18	0.46	-0.30	0.52	-0.09
EPS adj (NOK)	0.16	-0.18	0.46	-0.30	0.52	-0.09
EPS adj 12m MAV (NOK)	-1.41	-1.22	0.01	0.15	0.51	0.59
Sales y-o-y (%)	44.2	0.72	36.8	11.1	-0.50	11.5
EBITDA adj y-o-y (%)	>900	-28.8	n.m	n.m	26.4	146
EPS adj y-o-y (%)	n.m	n.m	n.m	n.m	224	n.m
EPS adj 12MAV y-o-y (%)	-51.9	-59.3	-100	-106	-136	-148

Source: Handelsbanken

Estimate changes

NOKm	SHB Q2 24e	chg (%)	SHB 2024e	chg (%)	SHB 2025e	chg (%)
Sales	143.6	-1	508.8	0	564.1	0
EBITA adj	26.5	-10	47.3	-8	80.6	-4
EBIT adj	22.1	-12	30.0	-12	64.1	-3
margin (%)	15.4	-11	5.9	-12	11.4	-3
EBT	18.1	-14	14.3	-23	50.1	-4
Net income	14.1	-14	6.3	-34	39.1	-4
EPS (NOK)	0.52	-14	0.23	-34	1.44	-4
EPS adj (NOK)	0.52	-14	0.23	-34	1.44	-4

Source: Handelsbanken

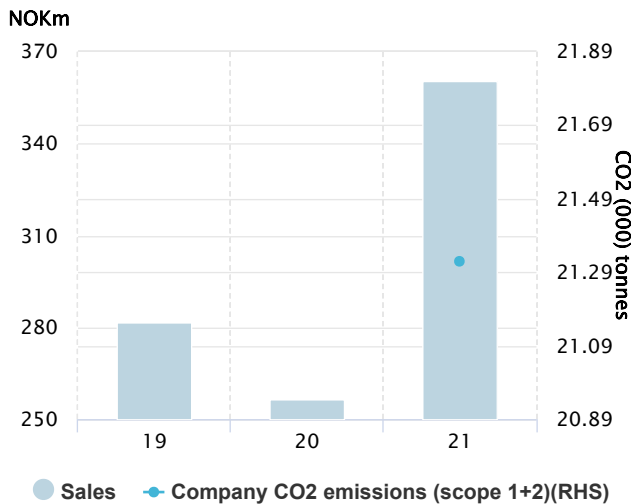
SHB versus consensus

NOKm	Cons Q2 24e	diff (%)	Cons 2024e	diff (%)	Cons 2025e	diff (%)
Sales	144.0	0	507.9	0	580.0	-3
EBIT adj	20.0	11	17.2	75	74.0	-13
margin (%)	13.9	2	3.4	3	12.8	-1
EBT	18.6	-2	9.2	55	62.6	-20
Net income	14.0	1	6.0	6	46.0	-15
EPS (NOK)	0.54	-3	0.23	2	1.68	-14
EPS adj (NOK)	0.54	-3	-0.19	n.m	1.68	-14

Sources: Handelsbanken and FactSet

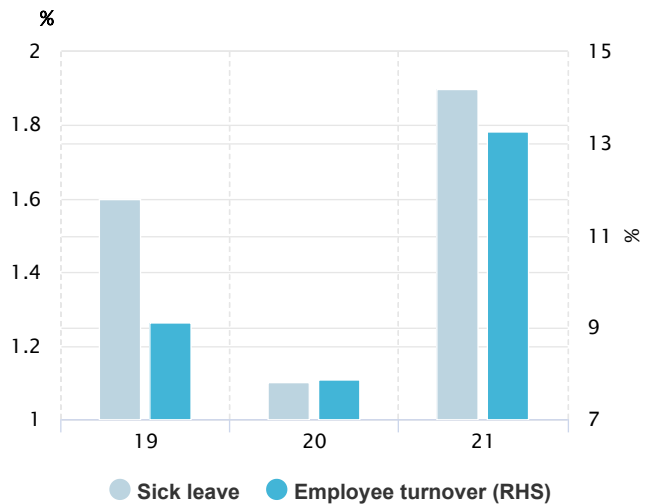
ESG figures

ESG analysis, environmental



Source: Company data, Handelsbanken

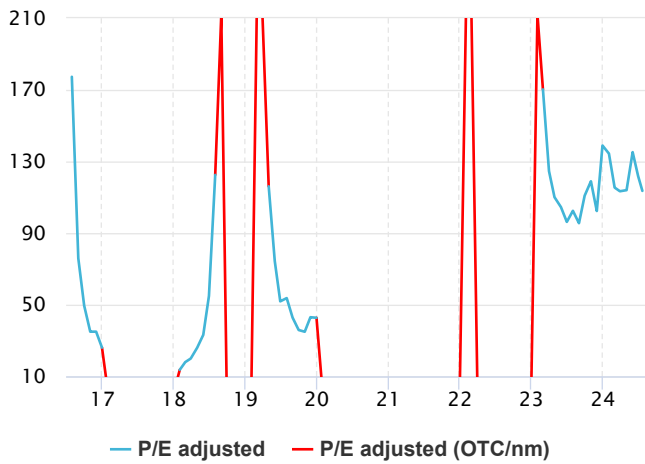
ESG analysis, social



Source: Company data, Handelsbanken

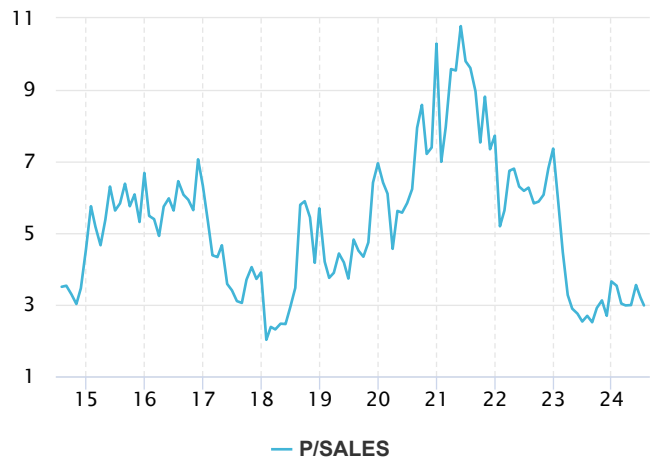
Valuation charts

P/E (x)



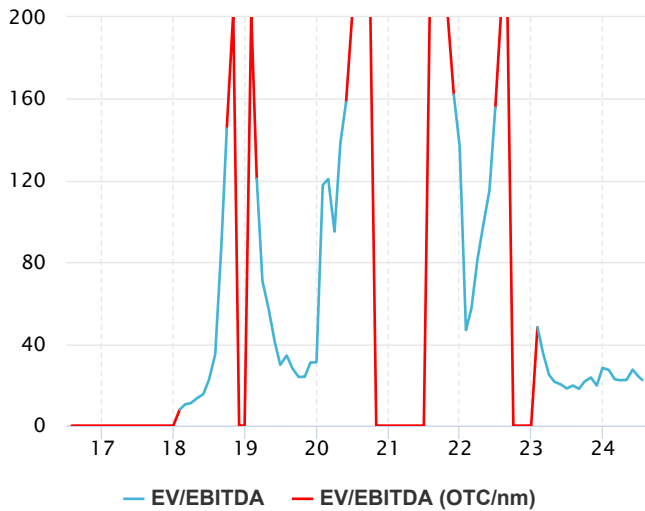
Sources: Handelsbanken and FactSet

P/Sales (x)



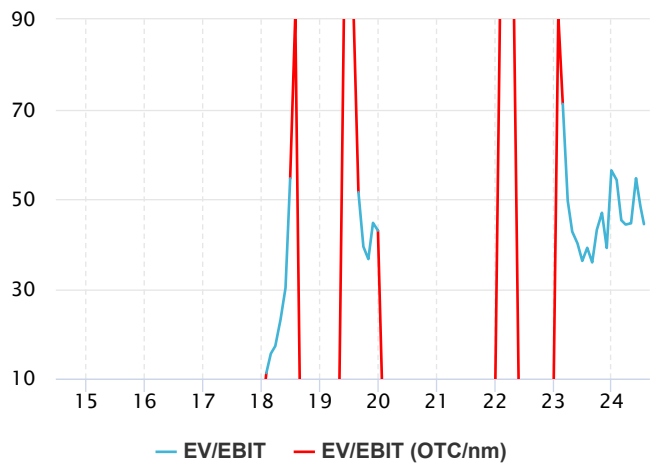
Sources: Handelsbanken and FactSet

EV/EBITDA (x)



Sources: Handelsbanken and FactSet

EV/EBIT (x)



Sources: Handelsbanken and FactSet

P/BV (x) and ROE (%)



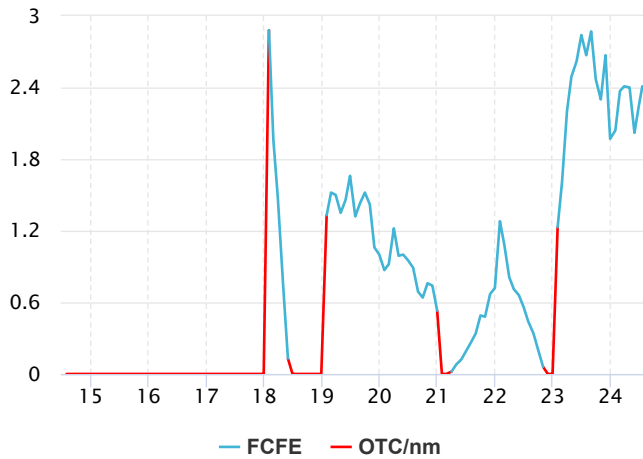
Sources: Handelsbanken and FactSet

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



Sources: Handelsbanken and FactSet

FCFE yield (%)



Sources: Handelsbanken and FactSet

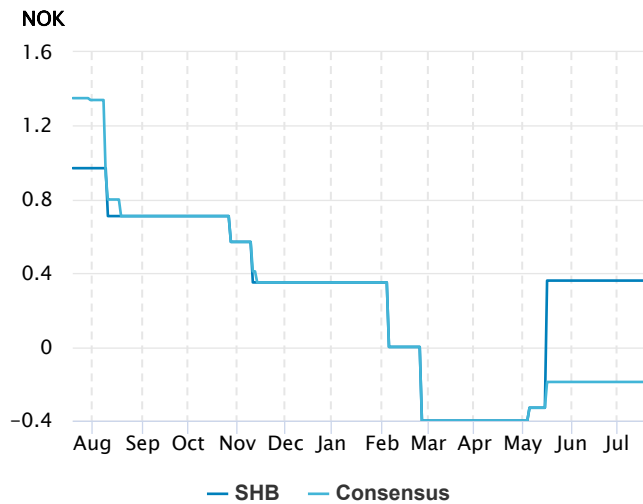
Dividend (ordinary) and 10-year bond yield (%)



Sources: Handelsbanken and FactSet

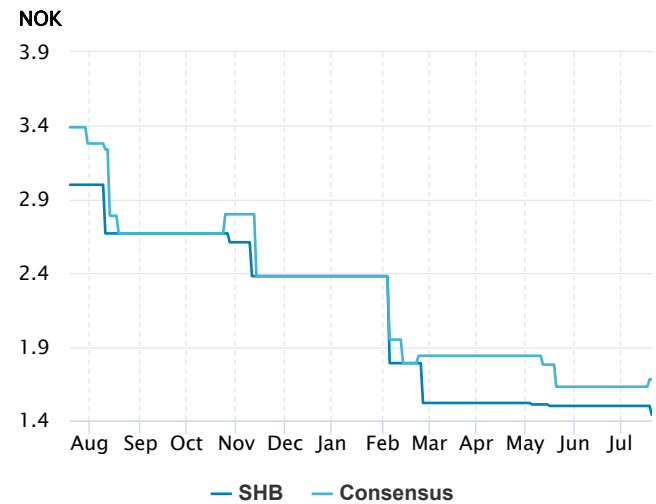
Momentum

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	55.1	55.1	55.1	55.1
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	52.0	-	-	-
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	1,494	1,494	1,494	1,494
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	-241.5	-271.9	-348.4	-483.5
EV (m)	330.5	382.2	763.8	743.0	464.2	933.1	1,827	2,365	2,532	2,671	1,591	1,252	1,222	1,145	1,010
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	>99	38.2	17.1	10.3
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	>99	38.2	17.1	10.3
Pre-tax ROIC (%)	<-200	-12.8	-40.1	-14.9	-43.5	-32.0	70.5	-14.3	3.8	-10.7	18.6	19.2	32.1	50.1	75.7
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	2.5	2.2	1.8	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	20.9	12.9	7.9	4.6
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	41.7	19.1	10.1	5.4
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	5.9	11.4	17.7	26.4
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	11.8	16.8	22.6	31.0
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	1.0	2.7	5.9	9.8

Source: Handelsbanken

DCF model assumptions

NOKm	2023	2024e	2025e	2026e	2027e	2028e	2033e	2038e	2043e
Sales	500.7	508.8	564.1	643.3	711.1	765.6	1,125	1,369	n.m
EBITDA - Reported	55.4	59.9	94.8	145.5	220.4	300.1	483.7	581.7	0.0
EBITA2 - Reported (=EBITA bef gw amort) (use: IS)	27.8	30.0	64.1	113.8	187.7	266.4	472.5	574.8	0.0
Sales CAGR (%)	27.5	1.6	10.9	14.0	10.5	7.7	8.0	4.0	-7.0
EBITDA growth (%)	n.m	8.1	58.1	53.5	51.5	36.2	10.0	3.8	n.m
EBITA growth (%)	n.m	7.9	113.3	77.6	64.9	41.9	12.1	4.0	n.m
EBITDA margin (%)	11.1	11.8	16.8	22.6	31.0	39.2	43.0	42.5	n.m
EBITA margin (%)	5.6	5.9	11.4	17.7	26.4	34.8	42.0	42.0	38.5
Capex/sales (%)	2.5	2.7	2.8	2.8	2.8	1.9	1.0	0.50	0.20
Capex/depreciation (x)	0.45	0.45	0.51	0.56	0.60	0.43	1.0	1.0	1.0
Net working cap/sales (%)	7.1	8.4	9.9	10.8	11.5	11.9	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
WACC	8.6

Source: Handelsbanken

Calculation of DCF

Calculation of DCF (NOKm)

NPV FCFF	2,595
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	2,338
DCF value/share (NOK)	105

Source: Handelsbanken

DCF checkpoints

DCF checkpoints (%)

5y hist sales growth	22.5
5y exp sales growth	8.9
Sustainable growth	-11.0
Sust EBITDA margin	n.m
Sust EBITA margin	38.5
Sust after-tax ROIC	68.0
Terminal value/DCF	10.1
Implicit equity weight	111
Share price potential to DCF value	91.0

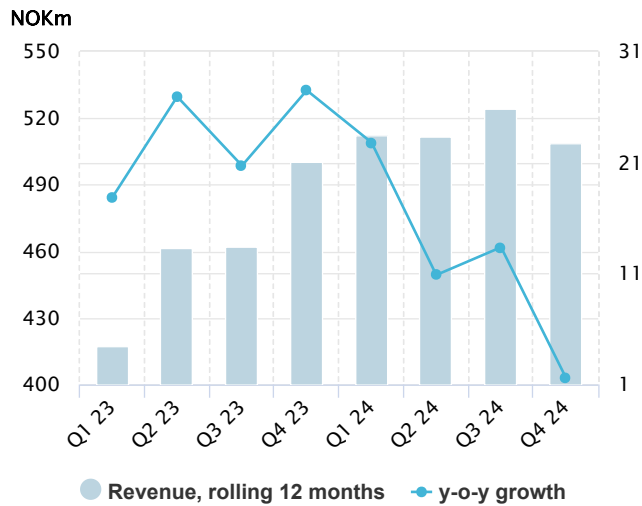
Source: Handelsbanken

P&L accounts – quarterly data

NOKm	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24e	Q3 24e	Q4 24e
Sales	106.2	144.3	107.5	142.5	118.0	143.6	119.9	127.2
Cost of goods sold	-6.5	-6.9	-6.9	-5.9	-7.7	-7.3	-7.2	-7.6
Gross profit	99.8	137.4	100.7	136.7	110.3	136.2	112.7	119.6
Sales and marketing costs	-80.0	-86.8	-77.6	-90.5	-82.3	-86.2	-88.2	-89.7
Admin costs	-3.3	-2.7	-4.3	-2.3	-3.9	-5.1	-5.0	-5.3
SG&A	-83.3	-89.6	-81.9	-92.8	-86.2	-91.3	-93.2	-95.0
R&D costs (NOK)	-588,000	-211,000	-952,000	-319,000	-783,000	-783,000	-783,000	-883,000
OPEX	-83.9	-89.8	-82.9	-93.1	-87.0	-92.1	-94.0	-95.9
Other operating expenses	-23.5	-30.8	-21.6	-21.1	-22.7	-22.0	-18.0	-17.0
EBITDA	-1.2	23.4	3.3	29.9	7.9	29.6	8.2	14.2
EBIT	-7.7	16.9	-3.9	22.5	0.5	22.1	0.7	6.7
Net interest expenses	0.0	0.0	0.0	-17.1	0.0	0.0	0.0	-14.8
Net financials	-2.4	-4.9	-4.8	-5.9	-4.8	-4.0	-4.0	-3.0
EBT	-10.1	12.0	-8.7	16.5	-4.2	18.1	-3.3	3.7
Total tax	-1.6	-7.6	3.9	-4.1	-3.9	-4.0	0.7	-0.8
tax rate (%)	-16.1	63.7	44.7	24.6	-92.3	22.0	22.0	22.0
EPS rep (NOK)	-0.43	0.16	-0.18	0.46	-0.30	0.52	-0.09	0.11
Net income	-11.7	4.4	-4.8	12.5	-8.1	14.1	-2.6	2.9
Growth (%)								
Sales	30.2	44.2	0.72	36.8	11.1	-0.50	11.5	-10.7
EBITDA	n.m	>900	-28.8	n.m	n.m	26.4	146	-52.4
Net income	n.m	n.m	n.m	n.m	n.m	224	n.m	-77.0
of sales (%)								
Gross margin	93.9	95.2	93.6	95.9	93.4	94.9	94.0	94.0
EBITDA margin	-1.1	16.2	3.1	21.0	6.7	20.6	6.8	11.2
EBT margin	-9.5	8.3	-8.1	11.6	-3.6	12.6	-2.7	2.9
Net margin	-11.0	3.0	-4.5	8.7	-6.9	9.8	-2.1	2.2
SG&A	78.4	62.1	76.2	65.1	73.1	63.6	77.7	74.7
OPEX	79.0	62.2	77.1	65.3	73.7	64.2	78.4	75.4
Adjusted values								
EBITDA	-1.2	23.4	3.3	29.9	7.9	29.6	8.2	14.2
margin (%)	-1.1	16.2	3.1	21.0	6.7	20.6	6.8	11.2
EBT	-10.1	12.0	-8.7	16.5	-4.2	18.1	-3.3	3.7
EPS adj (NOK)	-0.43	0.16	-0.18	0.46	-0.30	0.52	-0.09	0.11
Net income	-11.7	4.4	-4.8	12.5	-8.1	14.1	-2.6	2.9

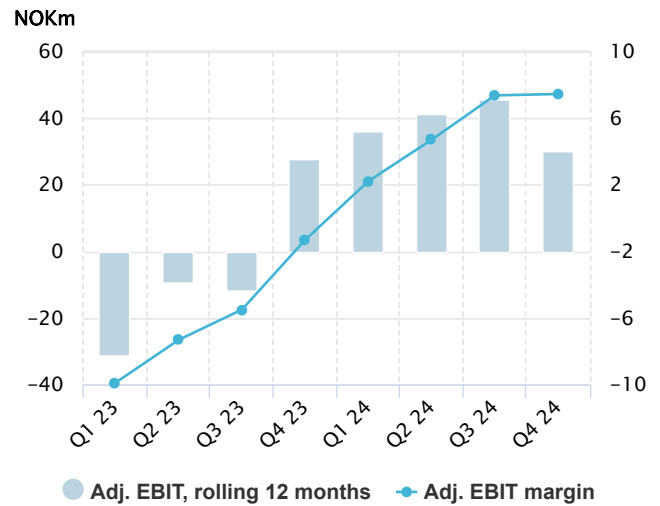
Source: Handelsbanken

Revenue, 12-month rolling



Source: Handelsbanken

Adjusted EBIT, 12-month rolling



Source: Handelsbanken

Business areas – quarterly data

NOKm	2024	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24e	Q3 24e	Q4 24e
Sales								
Cysview US	42.1	46.2	43.6	46.7	47.5	49.7	48.6	51.4
Hexvix Europe	64.1	71.2	63.9	64.3	70.6	72.8	71.2	74.7
Signing fees and milestone revenues	0.0	26.9	0.2	28.4	0.0	21.0	0.0	0.5
Total	106	144	108	143	118	144	120	127
Y-o-y sales growth (%)								
Cysview US	38.2	19.3	1.6	20.7	12.6	7.5	11.4	10.1
Hexvix Europe	26.4	15.4	17.1	16.5	10.1	2.3	11.4	16.2
Signing fees and milestone revenues	n.m	>900	-97.3	206	n.m	-22.0	n.m	-98.2
Total	30.2	44.2	0.7	36.8	11.1	-0.5	11.5	-10.7

Source: Handelsbanken

P&L accounts – annual data

NOKm	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Income statement								
Sales	256.5	360.5	392.6	500.7	508.8	564.1	643.3	711.1
Cost of goods sold	-18.5	-24.1	-22.5	-26.1	-29.9	-33.8	-38.5	-42.5
Gross profit	238.0	336.5	370.1	474.5	478.9	530.3	604.9	668.6
Sales and marketing costs	-187.8	-259.9	-303.4	-334.9	-346.4	-359.8	-373.1	-376.9
Admin costs	-12.8	-14.8	-15.3	-12.6	-19.4	-23.7	-25.7	-28.4
SG&A	-200.6	-274.7	-318.7	-347.6	-365.9	-383.5	-398.9	-405.3
R&D costs	-13.8	-4.3	-3.3	-2.1	-3.2	-20.7	-32.2	-35.6
OPEX	-214.4	-279.0	-322.1	-349.6	-369.1	-404.2	-431.0	-440.9
Other operating expenses	-59.5	-62.8	-91.4	-97.1	-79.7	-62.0	-60.0	-40.0
EBITDA	-16.8	18.4	-24.6	55.4	59.9	94.8	145.5	220.4
Net interest expenses	2.8	-25.8	-22.1	-17.1	-14.8	-13.0	-1.0	-1.0
Net financials	2.8	-25.8	-22.1	-18.1	-15.8	-14.0	-2.0	-2.0
Paid tax	-	-	-	-9.5	-8.0	-11.0	-24.6	-40.9
Tax	10.8	0.8	-0.7	-9.5	-8.0	-11.0	-24.6	-40.9
tax rate (%)	32.7	2.4	-1.1	96.9	55.7	22.0	22.0	22.0
EPS rep (NOK)	-0.90	-1.14	-2.65	0.01	0.23	1.44	3.22	5.3
Net income	-22.4	-30.9	-71.8	0.3	6.3	39.1	87.2	145
Growth (%)								
Sales	-8.9	40.6	8.9	27.5	1.6	10.9	14.0	10.5
EBITDA	n.m	n.m	n.m	n.m	8.1	58.1	53.5	51.5
Net income	n.m	n.m	n.m	n.m	>900	516.6	123.3	66.1
% of sales (%)								
EBITDA margin	-6.5	5.1	-6.3	11.1	11.8	16.8	22.6	31.0
EBT margin	-12.9	-8.6	-16.7	2.0	2.8	8.9	17.4	26.1
Net margin	-8.7	-8.4	-16.9	0.06	1.2	6.9	13.6	20.4
SG&A	78.2	76.2	81.2	69.4	71.9	68.0	62.0	57.0
OPEX	83.6	77.4	82.0	69.8	72.5	71.7	67.0	62.0
Profitability (%)								
ROE reported	-6.3	-6.1	-14.9	0.06	1.3	7.7	15.3	21.1
ROE adj	-2.7	-6.1	-14.9	0.06	1.3	7.7	15.3	21.1
ROCE	n.m	n.m	n.m	5.5	5.9	12.0	19.1	26.4
Pre-tax ROIC	-14.3	3.8	-10.7	18.6	19.2	32.1	50.1	75.7
After tax ROIC	-14.3	3.8	-10.7	0.57	8.5	25.0	39.1	59.0
Sales/capital invested (x)	1.6	1.5	1.6	2.1	2.1	2.2	2.5	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	4.7	5.2	5.9	6.5
Adjusted values								
Total adjustments to net inc	-12.9	-	-	-	-	-	-	-
EBITDA	-3.9	18.4	-24.6	55.4	59.9	94.8	145.5	220.4
margin (%)	-1.5	5.1	-6.3	11.1	11.8	16.8	22.6	31.0
EBT	-20.2	-31.1	-65.4	9.8	14.3	50.1	111.8	185.7
EPS adj (NOK)	-0.39	-1.14	-2.65	0.01	0.23	1.44	3.22	5.3
Net income	-9.5	-30.9	-71.8	0.3	6.3	39.1	87.2	144.9

Source: Handelsbanken

Business areas – annual data

NOKm	2024	2021	2022	2023	2024e	2025e	2026e	2027e
Sales								
Cysview US	113	125	151	179	197	245	289	332
Hexvix Europe	132	227	222	264	289	319	355	379
Signing fees and milestone revenues	-	6	19	56	22	-	-	-
Total	256.5	360.5	392.6	500.7	508.8	564.1	643.3	711.1
Sales growth (%)								
Cysview US	15	11	20	18	10	24	18	15
Hexvix Europe	15	72	-2	19	10	10	11	7
Signing fees and milestone revenues	n.m	n.m	191	198	-61	n.m	n.m	n.m
Total	-8.9	40.6	8.9	27.5	1.6	10.9	14.0	10.5

Source: Handelsbanken

Forecast balance sheet – annual data

NOKm	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Accounts receivable	43	48	47	60	65	76	86	95
Inventory	30	28	27	37	41	47	54	59
Other current assets	5	15	16	16	16	16	16	16
Cash & other interest-bearing	335	323	268	260	265	296	372	507
Current assets	412	413	358	372	388	435	528	678
Goodwill	144	144	144	144	144	144	144	144
R&D	163	146	129	113	104	98	93	89
Tangible assets	2	4	4	5	3	3	2	3
Oth non-IB fixed assets	50	53	55	49	49	49	49	49
Total assets	776	790	719	711	719	762	853	1,001
Equity	508	503	463	482	488	528	615	760
Shareholder equity	508	503	463	482	488	528	615	760
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	22	25	28	31
Other current liabilities	67	53	55	58	58	58	58	58
Current liabilities	67	102	89	78	79	83	86	89
Total equity & liabilities	776	790	719	711	719	762	853	1,001
Net interest bearing debt	-278	-252	-224	-236	-241	-272	-348	-484

Source: Handelsbanken

Forecast cash flow

NOKm	2020	2021	2022	2023	2024e	2025e	2026e	2027e
EBIT before associates	-35.9	-5.3	-43.3	27.8	30.0	64.1	113.8	187.7
+ Net financials	2.8	-25.8	-22.1	-18.1	-15.8	-14.0	-2.0	-2.0
- Paid tax	10.8	0.8	-0.7	-9.5	-8.0	-11.0	-24.6	-40.9
- Change in NWC	17.1	-3.2	-0.2	-11.7	-7.4	-13.2	-13.7	-11.8
+ Depreciation/impairment	19.1	23.6	18.5	27.6	29.9	30.7	31.7	32.7
+ Other adjustment	1.6	33.8	45.8	32.2	n.m	n.m	n.m	n.m
Cash flow from operations (CFFO)	15.6	23.9	-2.0	48.3	28.8	56.5	105.2	165.8
- Net recurring capex	-1.6	-3.7	-3.6	-12.3	-13.5	-15.6	-17.8	-19.7
FCF bef Acq. & Div. (FCF)	14.0	20.2	-5.6	36.0	15.4	40.9	87.4	146.1
FCF to equity (FCFE)	14.0	20.2	-5.6	36.0	15.4	40.9	87.4	146.1
+ 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	-2.8	-2.2	-2.2	-1.7
NET cash flow/change in NIBD	209.6	-12.0	-54.8	-5.7	5.9	30.5	76.4	135.2
Funds from operations (FFO)	-1.5	27.1	-1.8	60.1	36.2	69.8	118.9	177.6
Cash flow from operations (CFFO)	15.6	23.9	-2.0	48.3	28.8	56.5	105.2	165.8
FCF bef Acquisitions & Divestments (FCF)	14.0	20.2	-5.6	36.0	15.4	40.9	87.4	146.1
FCF to equity (FCFE)	14.0	20.2	-5.6	36.0	15.4	40.9	87.4	146.1

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	67.9	69.2	72.1	75.9
Net debt/equity	-54.7	-50.2	-48.4	-48.9	-49.4	-51.5	-56.7	-63.7
Net cash flow/capex	>500	<-200	<-200	-46.2	43.6	195	430	>500
EBITDA net interest cover (x)	n.m	0.7	n.m	3.2	4.1	7.3	144	218
EBIT net interest cover (x)	n.m	n.m	n.m	1.6	2.0	4.9	113	186
FCFF/total debt	21.0	271	344	86.4	>500	>500	>500	>500
Total debt/capital	9.5	3.3	1.0	0.39	0.39	0.36	0.31	0.25
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	15.9	15.7
Accounts payable/sales	26.2	21.4	19.5	15.5	15.6	14.7	13.4	12.6
Working capital/sales	3.9	3.7	3.4	7.1	8.4	9.9	10.8	11.5
Current ratio	613	405	402	480	488	525	612	760
Quick ratio	569	378	372	432	437	468	550	693

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	0.23	1.44	3.22	5.3
Y-o-y growth (%)	n.m	n.m	n.m	n.m	>900	516.6	123.3	66.1
EPS adj (NOK)	-0.39	-1.14	-2.65	0.01	0.23	1.44	3.22	5.3
Y-o-y growth (%)	n.m	n.m	n.m	n.m	>900	516.6	123.3	66.1
Cash earnings (NOK)	-0.13	-0.27	-1.96	1.03	1.34	2.57	4.39	6.6
DPS - ordinary (NOK)	-	-	-	-	-	-	-	-
Book value (NOK)	20.5	18.5	17.1	17.8	18.0	19.5	22.7	28.0
Y-o-y growth (%)	114.5	-9.5	-7.9	4.2	1.3	8.0	16.5	23.6
Net debt (NOK)	-11.4	-11.3	-9.7	-9.5	-9.7	-10.8	-13.7	-18.6
NAV (NOK)	8.1	7.8	7.0	8.3	8.9	10.5	13.9	19.4

Source: Handelsbanken

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Recommendation structure

SHB long-term recommendation (3 years)	R _p is expected to be ¹	SHB universe ²	IB services ³
Outperform	above 40%	42%	8%
Market Perform	between 20% and 40%	46%	21%
Underperform	below 20%	13%	13%

¹ R_p is defined as the expected share price appreciation or depreciation including dividends over the next three years

² Percentage of companies under coverage within each recommendation

³ 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 ⁴	SHB universe ⁵	IB services ⁶
Buy	above 5%	29%	15%
Hold	between 0% and 5%	66%	14%
Sell	below 0%	5%	22%

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

⁵ Percentage of companies under coverage within each recommendation

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

Source: Handelsbanken, as per 19 July 2024

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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 111.1.

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Completion date: 19 Jul 2024 17:23 CET

Company overview

%	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
P&L													
Sales (NOKm)	135	144	151	182	282	256	361	393	501	509	564	643	711
growth	4	7	5	20	55	-9	41	9	28	2	11	14	11
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	0.64	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	71.9	68.0	62.0	57.0
EBITDA (NOKm)	-18	-8	-33	-25	59	-17	18	-25	55	60	95	146	220
margin	-13.4	-5.6	-21.9	-13.6	20.9	-6.5	5.1	-6.3	11.1	11.8	16.8	22.6	31.0
EBITA (NOKm)	-22	-12	-39	-26	54	-22	9	-26	45	47	81	131	205
margin	-16.3	-8.3	-25.9	-14.5	19.2	-8.7	2.5	-6.7	9.0	9.3	14.3	20.3	28.9
EBIT (NOKm)	-22	-16	-45	-38	43	-36	-5	-43	28	30	64	114	188
margin	-16.3	-11.0	-30.0	-20.9	15.2	-14.0	-1.5	-11.0	5.6	5.9	11.4	17.7	26.4
Net income (NOKm)	-36	35	-35	-37	32	-22	-31	-72	0.3	6	39	87	145
growth	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	>900	517	123	66.1
Adj net income (NOKm)	-36	35	-35	-23	32	-10	-31	-72	0.3	6	39	87	145
growth	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	>900%	517	123	66.1
Balance sheet (NOKm)													
Tangible assets	2	2	1	2	2	2	4	4	5	3	3	2	3
Goodwill	-	-	-	-	-	144	144	144	144	144	144	144	144
Current assets	204	212	176	153	187	412	413	358	372	388	435	528	678
Cash	134	169	129	107	125	335	323	268	260	265	296	372	507
Total assets	248	286	263	231	257	776	790	719	711	719	762	853	1,001
Equity	210	252	218	176	209	508	503	463	482	488	528	615	760
Long-term int bearing debt	-	-	-	-	-	50	13	-	-	-	-	-	-
Current liab	34	31	40	52	39	67	102	89	78	79	83	86	89
Total liabilities	248	286	263	231	257	776	790	719	711	719	762	853	1,001
Net int bearing debt	-136	-165	-125	-105	-134	-282	-306	-263	-258	-263	-294	-370	-506
Cash flow (NOKm)													
FFFO	-21	19	-24	-24	21	16	24	-2	48	29	57	105	166
Capex	-15	-22	-19	-2	-1	-2	-4	-4	-12	-13	-16	-18	-20
Free cash flow	-36	-3	-42	-26	20	14	20	-6	36	15	41	87	146
FCF to equity	-36	-3	-42	-26	20	14	20	-6	36	15	41	87	146
Ratios													
Pre-tax ROIC	-40.1	-14.9	-43.5	-32.0	70.5	-14.3	3.8	-10.7	18.6	19.2	32.1	50.1	75.7
ROE reported	-16.1	15.3	-14.8	-18.6	16.5	-6.3	-6.1	-14.9	0.06	1.3	7.7	15.3	21.1
ROCE	n.m	n.m	n.m	n.m	21.5	n.m	n.m	n.m	5.5	5.9	12.0	19.1	26.4
Capex to sales	11.1	15.1	12.3	1.2	0.39	0.63	1.0	0.92	2.5	2.7	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	8.4	9.9	10.8	11.5
Sales/assets (NOKx)	0.52	0.54	0.55	0.73	1.15	0.50	0.46	0.52	0.70	0.71	0.76	0.80	0.77
Sales/IC (x)	2.46	1.79	1.68	2.21	3.68	1.64	1.50	1.60	2.06	2.06	2.24	2.46	2.62
Net debt/equity	-64.7	-65.7	-57.1	-59.6	-60.8	-54.7	-50.2	-48.4	-48.9	-49.4	-51.5	-56.7	-63.7
Equity/total assets	84.7	88.0	82.9	76.3	81.1	65.5	63.7	64.4	67.8	67.9	69.2	72.1	75.9
Share data (NOKm)													
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	55.1	55.1	55.1	55.1
Market cap	900	909	589	1,038	1,954	2,643	2,784	2,895	1,827	1,494	1,494	1,494	1,494
EV	764	743	464	933	1,827	2,365	2,532	2,671	1,591	1,252	1,222	1,145	1,010
Net debt/share (NOK)	-6.3	-7.7	-5.8	-4.9	-6.1	-11.4	-11.3	-9.7	-9.5	-9.7	-10.8	-13.7	-18.6
EPS reported (NOK)	-1.68	1.63	-1.61	-1.70	1.46	-0.90	-1.14	-2.65	0.01	0.23	1.44	3.22	5.3
growth (%)	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	>900	517	123	66
EPS adj (NOK)	-1.68	1.63	-1.61	-1.04	1.46	-0.39	-1.14	-2.65	0.01	0.23	1.44	3.22	5.3
growth (%)	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	>900	517	123	66
DPS - Ordinary	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: Handelsbanken