

Nekkar

Sector: Industrials

H1 Review – Uncovers Hidden Values

Redeye makes mixed estimate revisions on the back of Nekkar's H1'24 report that beat our EPS forecast. We argue that the outlook remains solid with high tendering activity despite a softer Q2'24 order intake for Syncrolift. Driven by two divestments in FiiZK, which likely will reveal some hidden values, and by a value accretive acquisition of Globetech, we slightly raise our base case valuation.

Mixed estimate changes

We revise 2024e-2025e revenues by 0-8% primarily driven by the inclusion of Globetech and higher-than-expected sales from Techano Oceanlift. The effects are partly mitigated by softer figures from Syncrolift and an increase in eliminations. Moreover, we reduce 2024e EBITDA by 2-5% driven by a softer H1'24 than expected with lower Syncrolift contribution with an unfavorable product mix. We reduce Syncrolift contribution in 2025e as well, but the effect is partly offset by the inclusion of Globetech with solid margins. We increase Net financials (inc. FiiZK) for 2024e driven by the two divestments. The divestments results lowered forecast for the remaining parts of FiiZK for 2025 and beyond. The changes in Net financials result in a 15% increase in Net income for 2024e, and a 10% reduction for 2025e.

Increased base case valuation

Based on our DCF valuation, we increase our base case valuation to NOK18 from previously NOK17 per share. The increase is mainly a result of the Globetech acquisition as well as the two divestments for FiiZK which likely will reveal some hidden values. We await full transaction details before making a final verdict, but we are positive so far, seeing that FiiZK could have received >150m for the two divestments while keeping cage systems. This should be compared to Nekkar's entry, which valued to FiiZK to NOK ~130m.

Attractively priced

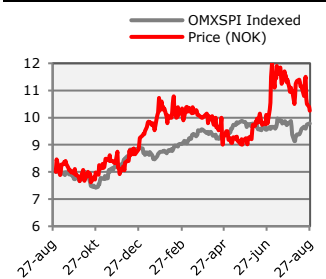
Nekkar trades at attractive multiples around 7.3x 2023 EBITDA and 6.6x EBITDA on 2024e, which we find surprising given the company's quality, financial track record over time, and outlook. We expect that a continued financial performance will close the valuation gap to our base case.

| Key Financials (NOKm) | 2022 | 2023 | 2024E | 2025E | 2026E |
|-----------------------|------|------|-------|-------|-------|
| Revenues | 388 | 575 | 675 | 813 | 904 |
| Revenue growth | -19% | 48% | 17% | 20% | 11% |
| EBITDA | 62 | 109 | 124 | 150 | 180 |
| EBITDA Margin (%) | 16% | 19% | 18% | 18% | 20% |
| EBIT | 52 | 101 | 115 | 139 | 168 |
| EBIT Margin (%) | 13% | 18% | 17% | 17% | 19% |
| Net Income | 28 | 83 | 106 | 109 | 136 |
| EV/Revenue | 1.2 | 1.4 | 1.2 | 0.9 | 0.7 |
| EV/EBITDA | 7.5 | 7.3 | 6.6 | 5.0 | 3.5 |
| EV/EBIT | 9.0 | 7.8 | 7.1 | 5.4 | 3.7 |

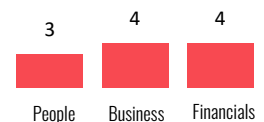
FAIR VALUE RANGE

| BEAR | BASE | BULL |
|------|------|------|
| 12 | 18 | 23 |

Nekkar VERSUS OMXSPI



REDEYE RATING



KEY STATS

| | |
|--------------------------|------|
| Ticker | NKR |
| Market | OSE |
| Share Price NOK | 10.5 |
| Market Cap (NOKm) | 1050 |
| Net Cash 2024e(NOKm) | 247m |
| Free Float (%) | 81 |
| Avg. daily volume ('000) | 285 |

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Nekkar H1'24 report Summary

- Revenues continued to grow, y/y increased by 29% for H1'24 and 14% for Q2'24 which was in line with our expectations. Order intake amounted to NOK15m in the quarter, stemming from Syncrolift services sales. The figure was weaker than our expectations and is explained by the absence of new contract wins. The order backlog is still solid and amounted to NOK 725 at the end of the quarter. The volatility in awards is not surprising, even if we had hoped for a new larger contract win.
- On costs, some items were moved between categories, making the comparison incomplete for gross margin as well as other external costs between historic periods.
- On a group level, Nekkar missed our EBITDA expectations by about three percentage points in H1'24, driven by a weaker-than-expected margin in Q2'24. We had expected a Q2'24 margin of around 20% but it ended up at 13.5% giving the difference of NOK10m. The result is driven by a more unfavorable product mix in Syncrolift as well as a higher relative contribution from Techano with a lower margin. On a subsidiary level, our EBITDA projections were fairly accurate while the degree of EBITDA eliminations was higher, leading to the difference deviation.
- Techano Oceanlift - Reported revenues of NOK44m, beating our estimates by 33% for H1'24. Mainly the difference stems from revenue recognition rather than performance. The tender activity continues to be high, especially for active heave-compensated subsea cranes. The segment reported an EBITDA margin of 6%, which was in line with our expectations and driven by market entry contracts at lower price levels.
- Intellilift delivered as expected with continued growth driven from mainly drilling activities. Both revenues and margins were in line with expectations. The outlook remains positive and it's currently finalizing a new rig installation in the Gulf of Mexico.
- Due to FiiZK's turnaround to a positive contribution in net financials contrary to our expectations, Nekkar beat our EPS forecast by about 30%.

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Syncrolift

Delivered revenues and margins in line with our expectations for H1'24. Nekkar comments that the tender activity continues to be high, while Syncrolift lost two tenders in the quarter. As we previously elaborated on, the Darwin project was awarded to Pearlson. Syncrolifts order backlog is strong at NOK663m while the tender pipeline amounts to NOK4bn. Nekkar expects Syncrolift to deliver solid financial performance in the second half of 2024.

It's quite surprising that Bardex was awarded the Irving shipbuilding project, as the company have not been at the forefront in recent years. On the other hand, we understand that at least some of the explanations behind the award are political, with Bardex's local presence in Canada. This could be an increasingly important factor, as the Irving shipbuilding is the main supplier to the Royal Canadian Navy's fleet. As with the Darwin project, this loss for Syncrolift proves that some of the countries prioritize local ties (or close ties with allied countries) over the most well-established provider, most likely offering the best technological solution.

The political risk has become increasingly evident, that countries or countries with close ties with competitive suppliers as the US (Pearlsson) and Canada (Bardex), could lead to higher-than-normal competition. The tender pipeline for 2024 following the recent awards to competitors now amounts to NOK 800m (1100m in Q1'24), for 2025 amounting to 2200m (1900m) and 2026 and beyond 1000m (970m). In total, the pipeline is unchanged in total size but pushed somewhat in the future.

FiiZK

The turnaround is progressing with the two divestments of Digital and Protection while the company contributed with positive net financials in Q2'24 of NOK6m. This resulted in net financials of NOK-7m, vs our expectations of NOK-28m for H1'24, which is a significant improvement from previous quarters. However, the positive result was not an effect of the divestments, which instead will be booked in Q3. It's hard to predict what the realized value will be from the two divestments as we neither know the booked value nor the transaction values. We expect Nekkar to return with an update on FiiZK following the divestments, but our best guess is around NOK150m. As the company also divests the most profitable part of FiiZK (Protection) it will impact our forecast on net financials for 2025 and beyond. In total, the divestments will allow FiiZK to focus its business entirely on closed and semi-closed cages.

Notes from the conference call

- Following the recent M&A activity, M&A will continue to be a part of Nekkar's growth plan going forward.
- FiiZK – The company plans to share more information regarding FiiZK's financial status in the third quarter. What said so far is that the divestments will impact Q3 financials positively, and result in an improved balance sheet by adding cash and reducing debt.
- The main reason for the weak Q2 order intake is mainly the absence of new Syncrolift tender awards. The company had hopes for the Irving project while stating that the tender pipeline remains strong.
- Margins in the quarter were negatively impacted by product mix and some FX effects. Worth highlighting that margins can be volatile on a quarterly basis.
- On Skywalker - Throughout the first half of 2024, Nekkar and its consortium partners have been working on finalizing partner agreements and the project financing plan. The project timeline is Q2 2024 to Q2 2026.

Globetech

Nekkar has entered an agreement to acquire Globetech which provides IT infrastructure, connectivity, and support services to the global maritime sector. The offering is a complete solution for onboard network infrastructure, including hardware, tailored architecture, and integration for satellite communication with an emphasis on cybersecurity. The customers are ship owners and ship management, within shipping and offshore. The revenues are generated at installation and once operational, generate recurring license fees for software and support services. The company has today a broad base of more than 150 customer vessels including tankers, offshore supply vessels, anchor-handling tug supply vessels, etc. Nekkar sees solid prospects for continued growth, both by adding new customers and with growth in customer fleets. The company was founded in 2011 and located in Kristiansand with around 28 employees. In 2023, revenues amounted to NOK54m with a 20% EBITDA margin. Globetech will become a new stand-alone platform within the Nekkar group, and the company sees mainly commercial synergies. The founders and key management will remain in the company and are incentivized for continued performance, based on share payments as well as earnouts.

Solid financial track record - Globetech has a seemingly solid track record of growth and profitability development and has delivered profitable growth for the last 10+ years. Between 2019-2024e (Nekkar estimate), the company has posted a topline CAGR of 22% and for the last three years, the EBITDA margin has ranged between 20-24%. Globetech is expected to deliver revenues of more than NOK70m in 2024, with a margin of 20% on EBITDA level. Up from 2023 levels of NOK54m in sales. Around 50% of Globetech's revenues are repeat business which adds a solid stream of recurring revenues.

Transaction - Nekkar has agreed to acquire 100% of Globetech in a two-step deal, which at this point values the company to NOK120m equaling an EV/EBITDA multiple of 7.7x (LTM EBITDA). In the first step, Nekkar acquires 67% of the company for NOK64m in cash and NOK15m in equity. The remaining 33% of the business will be acquired in 2027, and priced based on an EBITDA earnout for 2027 figures. We estimate that the earnout multiple will be near today's multiple if the company sees continued progress. Nekkar will use its treasury shares for the equity payment and deploy some of its available NOK200m in cash.

We have placed an expected earnout payment in cash of NOK63m, based on 2027e sales of ~120m with a 20% margin, and an EBITDA multiple of 8x.

Solid deal - The transaction is estimated to be finalized in the third quarter of 2024, so we await the finalization and inclusion date into the Nekkar group to incorporate the acquisition into our estimates. Anyhow, we can state that based on our initial take, we expect the acquisition to have a 2% impact on our 2024 figures (impacting only in Q4), while contributing around 9% to our 2025 EBITDA figures. In this contribution, we have excluded the EBITDA attributable to minority shareholders.

We are encouraged by the acquisition in several respects, mainly as Globetech has a proven financial track record and a steady base of recurring revenue. Furthermore, we argue that the price tag of 7.7x EBITDA seems fair, which is in line with Nekkar's own 2023 multiple. Moreover, we like that the founders are still in the company and are now incentivized both with partial share payment (with 2-year lock-up) as well as earnout based on 2027 figures. While we are positive about the acquisition in several respects, we will not make any direct adjustment to our fair value range as it was acquired in line with group multiples.

Estimates and changes:

We revise 2024e-2025e revenues by 0-8% primarily driven by the inclusion of Globetech and higher-than-expected sales from Techano Oceanlift. The effects are partly mitigated by softer figures from Syncrolift and an increase in eliminations.

Moreover, we reduce 2024e EBITDA by 2-5% driven by a softer H1'24 than expected with lower Syncrolift contribution as well as an unfavorable product mix. We reduce Syncrolift contribution in 2025e as well, but the effect is partly offset by the inclusion of Globetech with solid margins. The new product mix results in a lowered EBITDA margin of 18%.

We increase Net financials inc. FiiZK for 2024e is driven by the two divestments. The divestments results lowered forecast for the remaining parts of FiiZK for 2025 and beyond.

The change in net financials result in a 15% increase in Net income for 2024e, and a 10% reduction for 2025e.

| Nekkar Estimate changes | | | | | | | | |
|-----------------------------|------------|------------|------------|-------------|------------|------------|------------|-------------|
| NOKm | 2024e | | Change | | 2025e | | Change | |
| | Old | New | Abs. | % | Old | New | Abs. | Change |
| Total Revenues | 678 | 675 | -3 | 0% | 756 | 813 | 57 | 8% |
| Syncrolift | 599 | 562 | -37 | -6% | 658 | 623 | -35 | -5% |
| Intellilift | 36 | 37 | 1 | 2% | 44 | 44 | 0 | 0% |
| Techano Oceanlift | 54 | 66 | 12 | 22% | 67 | 76 | 9 | 13% |
| Globetech (inc. 2024-08-15) | - | 28 | 28 | - | - | 90 | 90 | - |
| Other inc. Eliminations | -12 | -18 | -6 | 48% | -13 | -19 | -7 | 47% |
| EBITDA | 137 | 124 | -13 | -10% | 153 | 150 | -3 | -2% |
| EBIT | 128 | 115 | -13 | -10% | 143 | 139 | -4 | -2% |
| Net financials inc. FiiZK | -8 | 25 | 33 | n.m | 15 | 3 | -12 | -80% |
| Net income | 94 | 108 | 14 | 15% | 123 | 111 | -12 | -10% |
| Group EBITDA margin | 20% | 18% | -2% | - | 20% | 18% | -2% | - |
| Syncrolift EBITDA margin | 26% | 26% | 0% | - | 26% | 26% | 0% | - |
| Intellilift EBITDA margin | 18% | 19% | 1% | - | 20% | 20% | 0% | - |
| Techano Oceanlift EBITDA m: | 6% | 8% | 2% | - | 8% | 8% | 0% | - |
| Globetech EBITDA margin | - | 20% | - | - | - | 20% | - | - |

Source: Redeye Research

| Nekkar - Quarterly estimates | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| NOKm | Q1'23 | Q2'23 | Q3'23 | Q4'23 | Q1'24 | Q2'24 | Q3'24e | Q4'24e |
| Net sales | 99 | 126 | 162 | 173 | 149 | 142 | 168 | 194 |
| Total revenue | 101 | 132 | 162 | 179 | 152 | 150 | 173 | 199 |
| Syncrolift | 93 | 118 | 149 | 155 | 126 | 124 | 149 | 163 |
| Intellilift | 10 | 9 | 6 | 9 | 8 | 11 | 7 | 11 |
| Techano Oceanlift | 0 | 7 | 9 | 15 | 22 | 19 | 13 | 12 |
| Globetech | - | - | - | - | - | - | - | - |
| Other inc. Eliminations | -2 | -1 | -2 | 0 | -4 | -3 | -5 | -5 |
| EBITDA | 23 | 36 | 29 | 32 | 30 | 20 | 32 | 42 |
| EBITDA margin | 23% | 27% | 18% | 18% | 20% | 13% | 19% | 21% |
| EBIT | 22 | 34 | 27 | 30 | 28 | 17 | 29 | 39 |
| EBIT margin | 22% | 26% | 17% | 17% | 18% | 12% | 17% | 19% |
| Net sales growth y/y | | | | | | | | |
| Syncrolift | - | 20% | 91% | 26% | 35% | 5% | 0% | 5% |
| Intellilift | - | 74% | 20% | 29% | -20% | 21% | 20% | 20% |
| Globetech | - | - | - | - | - | - | - | - |
| Techano Oceanlift | - | - | - | - | - | 180% | 40% | -20% |
| Other inc. Eliminations of reve | -2% | -1% | -1% | 0% | -3% | -2% | -3% | -3% |

Source: Redeye Research

| Nekkar Estimates - Base case scenario | | | | | | | | | | |
|---------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| NOKm | 2021 | 2022 | 2023 | H1'24 | H2'24e | 2024e | H1'25e | H2'25e | 2025e | 2026e |
| Revenue | 480 | 388 | 575 | 302 | 373 | 675 | 384 | 429 | 813 | 904 |
| Cost of goods sold | -237 | -206 | -304 | -166 | -205 | -371 | -207 | -232 | -439 | -470 |
| Gross profit | 243 | 181 | 271 | 136 | 168 | 304 | 177 | 197 | 374 | 434 |
| Total OPEX | -104 | -119 | -162 | -86 | -94 | -180 | -114 | -110 | -224 | -254 |
| EBITDA | 140 | 62 | 109 | 50 | 74 | 124 | 62 | 88 | 150 | 180 |
| D&A | -6 | -10 | -8 | -4 | -5 | -9 | -5 | -6 | -11 | -12 |
| EBIT | 134 | 52 | 101 | 46 | 69 | 115 | 58 | 82 | 139 | 168 |
| Net financials inc. FiiZK | -2 | -14 | 8 | -7 | 32 | 25 | 0 | 3 | 3 | 8 |
| Net income | 112 | 28 | 83 | 30 | 78 | 108 | 45 | 66 | 111 | 137 |
| Revenue growth y/y | 34% | -19% | 48% | 29% | 9% | 17% | 27% | 15% | 20% | 11% |
| Gross margin | 51% | 47% | 47% | 45% | 45% | 45% | 46% | 46% | 46% | 48% |
| EBITDA margin | 29% | 16% | 19% | 17% | 20% | 18% | 16% | 20% | 18% | 20% |
| EBIT margin | 28% | 13% | 18% | 15% | 18% | 17% | 15% | 19% | 17% | 19% |

| Estimates - Breakdown | | | | | | | | | | |
|--|------|------|------|------|-------|-------|-------|-------|-------|--------|
| NOKm | 2021 | 2022 | 2023 | H124 | H224e | 2024e | H125e | H225e | 2025e | 2026e |
| Total group revenues | 480 | 388 | 575 | 302 | 373 | 675 | 384 | 429 | 813 | 904 |
| Syncrolift | 468 | 383 | 515 | 250 | 312 | 562 | 280 | 343 | 623 | 681 |
| Intellilift | 42 | 22 | 34 | 19 | 18 | 37 | 22 | 22 | 44 | 52 |
| Techano Oceanlift | - | - | 30 | 41 | 25 | 66 | 47 | 28 | 76 | 89 |
| Globetech (inc. 2024-08-15) | 33* | 39* | 54* | - | 28 | 28 | 44 | 46 | 90 | 105 |
| Other inc. Eliminations | - | - | -4 | -8 | -10 | -18 | -9 | -10 | -19 | -23 |
| Group revenue growth y/y | 34% | -19% | 48% | 29% | 9% | 17% | 27% | 15% | 20% | 11% |
| Syncrolift growth y/y | 37% | -18% | 34% | 18% | 3% | 9% | 12% | 10% | 11% | 9% |
| Intellilift growth y/y | 179% | -46% | 52% | -2% | 20% | 8% | 19% | 22% | 21% | 18% |
| Techano Oceanlift growth y/y | - | - | - | 500% | 5% | 117% | 15% | 15% | 15% | 17% |
| Globetech growth y/y | - | *18% | *38% | - | - | *39% | - | - | *20% | 17% |
| Other inc. eliminations of revenues (%) | - | - | - | -3% | -3% | -3% | -2% | -2% | -2% | -3% |
| Group EBITDA margin | 29% | 16% | 19% | 17% | 20% | 18% | 16% | 20% | 18% | 20% |
| Syncrolift EBITDA margin | 34% | 25% | 26% | 25% | 26% | 26% | 24% | 27% | 26% | 27% |
| Intellilift EBITDA margin | - | 17% | 18% | 16% | 22% | 19% | 20% | 20% | 20% | 22% |
| Techano Oceanlift EBITDA margin | - | - | 3% | 5% | 12% | 8% | 7% | 10% | 8% | 9% |
| Globetech EBITDA margin | 20% | 24% | 20% | * | 20% | 20% | 20% | 20% | 20% | 20% |
| Nekkar: Order backlog end of period | 838 | 824 | 803 | - | - | - | - | - | - | - |
| Nekkar: Order intake during period | 113 | 277 | 478 | - | - | - | - | - | - | - |
| Nekkar: Book-to-bill ratio | 24% | 71% | 83% | - | - | - | - | - | - | - |
| Syncrolift: Order backlog as of Q2'24 (*Total order backlog for 2024 and 2025) | | | | | | 463* | | | 463* | 200 -> |
| Syncrolift: Tender pipeline as of Q2'24 | | | | | | 800 | | | 2200 | 1000-> |
| - Syncrolift: Tender awards if 60% winrate | | | | | | 480 | | | 1320 | 600 -> |

*Globetech Proforma figures

Source: Company reports, Redeye Research

Valuation

We primarily base our valuation on a traditional DCF model. Based on our financial forecast shown above, for the coming years, in addition to our assumptions below, we arrive at an enterprise value of NOK1.85bn while including the company's expected net cash position of around ~NOK250m at the end of the year.

Based on our DCF valuation, we increase our base case valuation per share to **NOK18** from previously NOK17 per share. The increase is mainly driven by the inclusion of the Globetech acquisition as well as the two expected successful divestments for FiiZK.

| Nekkar - Base case scenario | | | |
|-----------------------------|-------------|------------------------------|--------------|
| Assumptions | | DCF Value | |
| Revenue CAGR 2024-2027 | 14% | WACC | 10% |
| Revenue CAGR 2027-2030 | 9% | Net present value of FCF | 896 |
| Revenue CAGR 2030-2034 | 7% | Net present value of term v. | 824 |
| EBITDA-margin 2024-2034 | 20% | EV (discounted FCF) | 1 720 |
| EBIT-margin 2024-2034 | 16% | Net cash 2024e | 247 |
| | | Intelliift adj. | -78 |
| Terminal year | 2034 | Techano adj. | -13 |
| Terminal growth | 2% | Globetech adj. | -73 |
| Terminal EBITDA margin | 18% | FiiZk adj. | 50 |
| | | Equity value | 1 853 |
| Treasury shares (m) | 2.24 | Estimated fair value | 18 |
| Of total shares | 2% | | |
| | | Current share price | 10.5 |
| | | Potential/risk | 70% |

Source: Redeye Research

| | 2022 | 2023 | 2024E | 2025E | | 2022 | 2023 | 2024E | 2025E |
|---------------------------------------|------------|------------|------------|------------|-------------------------------|----------------|--------------|-------|------------------------------|
| INCOME STATEMENT | | | | | CAPITAL STRUCTURE | | | | |
| Net sales | 388 | 575 | 675 | 813 | Equity Ratio | 0.7 | 0.7 | 0.7 | 0.7 |
| Cost of Revenues | 206 | 304 | 371 | 439 | Debt to equity | 0.0 | 0.0 | 0.0 | 0.0 |
| Gross Profit | 181 | 271 | 304 | 374 | Net Debt | -181 | -194 | -247 | -318 |
| Operating Expenses | 119 | 162 | 180 | 224 | Capital Employed | 354 | 454 | 464 | 573 |
| EBITDA | 62 | 109 | 124 | 150 | Working Capital Turnover | 5.0 | 4.8 | 10.4 | 9.4 |
| Depreciation & Amortization | 10 | 8 | 9 | 11 | GROWTH | | | | |
| EBIT | 52 | 101 | 115 | 139 | Revenue Growth | -19% | 48% | 17% | 20% |
| Net Financial Items | -9 | 8 | 25 | 3 | Basic EPS Growth | -75% | 200% | 30% | 3% |
| EBT | 38 | 109 | 140 | 142 | Adjusted Basic EPS Growth | -75% | 200% | 32% | 3% |
| Income Tax Expenses | 10 | 26 | 32 | 31 | PROFITABILITY | | | | |
| Non-Controlling Interest | 20 | 23 | 23 | 23 | ROE | 9% | 23% | 23% | 19% |
| Net Income | 28 | 83 | 106 | 109 | ROCE | 15% | 22% | 25% | 24% |
| BALANCE SHEET | | | | | ROIC | 27% | 43% | 50% | 63% |
| Assets | | | | | EBITDA Margin (%) | 16% | 19% | 18% | 18% |
| Current assets | | | | | EBIT Margin (%) | 13% | 18% | 17% | 17% |
| Cash & Equivalents | 181 | 194 | 247 | 318 | Net Income Margin (%) | 7% | 14% | 16% | 13% |
| Inventories | 2 | 12 | 13 | 16 | VALUATION | | | | |
| Accounts Receivable | 107 | 92 | 135 | 163 | Basic EPS | | 0.8 | 1.0 | 1.1 |
| Other Current Assets | 121 | 164 | 135 | 163 | Adjusted Basic EPS | | 0.8 | 1.0 | 1.1 |
| Total Current Assets | 411 | 462 | 530 | 659 | P/E | | 11.8 | 9.9 | 9.6 |
| Non-current assets | | | | | EV/Revenue | | 1.4 | 1.2 | 0.9 |
| Property, Plant & Equipment, Net | 10 | 9 | 25 | 45 | EV/EBITDA | | 7.3 | 6.6 | 5.0 |
| Goodwill | 17 | 17 | 17 | 17 | EV/EBIT | | 7.8 | 7.1 | 5.4 |
| Intangible Assets | 58 | 50 | 48 | 44 | P/B | | 2.4 | 2.1 | 1.7 |
| Right-of-Use Assets | 4 | 14 | 14 | 14 | SHARE INFORMATION | | | | |
| Shares in Associates | 0 | 0 | 0 | 0 | Reuters code | | | | NKR |
| Other Long-Term Assets | 7 | 49 | 49 | 49 | List | | | | OSE |
| Total Non-Current Assets | 96 | 139 | 152 | 169 | Share price | | | | 10.5 |
| Total Assets | 507 | 601 | 683 | 828 | Total shares, million | | | | 106.3 |
| Liabilities | | | | | MANAGEMENT & BOARD | | | | |
| Current liabilities | | | | | CEO | | | | Ole Falk Hansen |
| Short-Term Debt | 0 | 0 | 0 | 0 | CFO | | | | Marianne Voreland Ottesen |
| Short-Term Lease Liabilities | 2 | 4 | 4 | 4 | Chairman | | | | Håkon Andre Berg |
| Accounts Payable | 46 | 57 | 81 | 98 | SHAREHOLDERS | | | | |
| Other Current Liabilities | 106 | 85 | 133 | 153 | | Capital | Votes | | |
| Total Current Liabilities | 153 | 147 | 219 | 255 | Skeiegruppen AS | 29% | 29% | | |
| Non-current liabilities | | | | | Rasmussengruppen AS | 11% | 11% | | |
| Long-Term Debt | 0 | 0 | 0 | 0 | Nordnet Bank AB | 5% | 5% | | |
| Long-Term Lease Liabilities | 3 | 9 | 9 | 9 | MP Pensjon PK | 5% | 5% | | |
| Other Long-Term Liabilities | 0 | 18 | 18 | 18 | Tigerstaden AS | 5% | 5% | | |
| Total Non-current Liabilities | 3 | 27 | 27 | 27 | Avanza Bank AB | 3% | 3% | | |
| Non-Controlling Interest | 20 | 23 | 23 | 23 | Hatle AS | 3% | 3% | | |
| Shareholder's Equity | 331 | 404 | 511 | 620 | Nekkar ASA | 2% | 2% | | |
| Total Liabilities & Equity | 507 | 601 | 779 | 924 | Trym Skeie | 2% | 2% | | |
| CASH FLOW | | | | | Skeie Consultants AS | 1% | 1% | | |
| NOPAT | 38 | 77 | 89 | 109 | ANALYSTS | | | | |
| Change in Working Capital | -23 | -44 | 56 | -22 | | | | | Redeye AB |
| Operating Cash Flow | 33 | 75 | 171 | 98 | Oskar Vilhelmsson | | | | Mäster Samuelsgatan 42, 10tr |
| Capital Expenditures | -22 | -19 | -22 | -27 | Henrik Alveskog | | | | 111 57 Stockholm |
| Investment in Intangible Assets | 0 | 0 | 0 | 0 | | | | | |
| Investing Cash Flow | -22 | -51 | -88 | -27 | | | | | |
| Financing Cash Flow | -9 | -12 | -30 | 0 | | | | | |
| Free Cash Flow | 11 | 56 | 149 | 71 | | | | | |

Summary Redeye Rating

The rating consists of three valuation keys, each constituting an overall assessment of several factors that are rated on a scale of 0 to 1 points. The maximum score for a valuation key is 5 points.

People: 3

Nekkar scores three out of five in the people section. We see a business-oriented management that has shown strong capital allocation skills. Moreover, the company has a long-term-oriented board and owners foremost by Skeiegruppen representing 30% of share shares for the last decade. On the downside, the new management is relatively short-tenured in Nekkar and has a relatively low own skin in the game.

Business: 4

Nekkar scores four out of five in the business section, mainly driven by Syncrolift's strong market share of 60% in a mature and profitable niche of the marine industry. The group faces favorable growth prospects for its main business as well as venture investments. On the downside, the company is dependent on large shiplift projects, has a low degree of recurring revenue, and is exposed to swings in the market cycle. Still, four is a very good score.

Financials: 4

Nekkar scores four out of five in the financial section, driven by its strong financial track record. Since 2018, when the divestment of its previous business was completed, it posted a revenue CAGR of 21% followed by an EBITDA CAGR of 45% in the same period, mainly driven by its key holding Syncrolift. Syncrolift holds a global market-leading position in shiplifts (60%) and transfer systems (70%). With a market-leading position in a niche market, the Syncrolift business and margins are protected by moats, foremost as the market is an efficient scale, whereby there are only a handful of companies serving the entire global market. This has enabled Syncrolift to maintain above-average industry returns, reaching an average weighted EBITDA margin of 27% for the last five years. On the downside, the financials can be relatively volatile in between periods, making it harder to forecast the progress.

Redeye Rating and Background Definitions

Company Quality

Company Quality is based on a set of quality checks across three categories; PEOPLE, BUSINESS, FINANCE. These are the building blocks that enable a company to deliver sustained operational outperformance and attractive long-term earnings growth.

Each category is grouped into multiple sub-categories assessed by five checks. These are based on widely accepted and tested investment criteria and used by demonstrably successful investors and investment firms. Each sub-category may also include a complementary check that provides additional information to assist with investment decision-making.

If a check is successful, it is assigned a score of one point; the total successful checks are added to give a score for each sub-category. The overall score for a category is the average of all sub-category scores, based on a scale that ranges from 0 to 5 rounded up to the nearest whole number. The overall score for each category is then used to generate the size of the bar in the Company Quality graphic.

People

At the end of the day, people drive profits. Not numbers. Understanding the motivations of people behind a business is a significant part of understanding the long-term drive of the Company. It all comes down to doing business with people you trust, or at least avoiding dealing with people of questionable character.

The People rating is based on quantitative scores in seven categories:

- Passion, Execution, Capital Allocation, Communication, Compensation, Ownership, and Board.

Business

If you don't understand the competitive environment and don't have a clear sense of how the business will engage customers, create value and consistently deliver that value at a profit, you won't succeed as an investor. Knowing the business model inside out will provide you some level of certainty and reduce the risk when you buy a stock.

The Business rating is based on quantitative scores grouped into five sub-categories:

- Business Scalability, Market Structure, Value Proposition, Economic Moat, and Operational Risks.

Financials

Investing is part art, part science. Financial ratios make up most of the science. Ratios are used to evaluate the financial soundness of a business. Also, these ratios are key factors that will impact a company's financial performance and valuation. However, you only need a few to determine whether a company is financially strong or weak.

The Financial rating is based on quantitative scores that are grouped into five separate categories:

- Earnings Power, Profit Margin, Growth Rate, Financial Health, and Earnings Quality.

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Disclaimer

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CONFLICT OF INTERESTS

Oskar Vilhelmsson owns shares in the Company: Yes

Henrik Alveskog owns shares in the Company: No

Redeye performs/have performed services for the Company and receives/have received compensation from the Company in connection with this.