

Nekkar ASA (NKR)



Global Leader in an Overlooked Niche

Nekkar ASA (“Nekkar” or “the Company”) is an industrial technology group combining innovative and sustainable maritime technologies with the world’s leading shiplift solution, *Syncrolift*. Nekkar is organised into four business areas: *Shipyards Solutions*, *Aquaculture*, *Renewables* and *Digital Solutions*, all of which aim to unlock growth within ocean-based industries. With new management and a changed strategy in its core segment, *Shipyards Solutions*, the Company is positioned for further growth and commercialisation of the other segments. Deriving from a relative valuation, an EV/EBIT target multiple of 14.3x with an estimated EBIT of NOK 66m in 2023, implies a price per share of NOK 10.5 in a Base scenario.

Increased Focus on Aftermarket Services

In 2022, Ole Falk Hansen was appointed as CEO of Nekkar. Following the shift in management, the Company has placed a greater focus on serving its current installed base with aftermarket services. In 2022, service revenues increased by 47.4% from NOK 46.1m in 2021 to NOK 67.9m. With a global market share of 60% and strong tailwinds stemming from the ship repair and maintenance market, the Company is estimated to further grow aftermarket revenues with a 20% CAGR from 2021 to 2025. This is expected to result in an overall gross margin expansion from 40.6% in 2022 to 43.1% in 2025.

Syncrolift is the Backbone of the Business

After a spin-off in 2019, Nekkar separated from TTS Group and became its own company. Today, over 90% of revenue stems from *Shipyards Solutions*, which has grown with a 34.2% revenue CAGR between 2019 and 2021. With a solid backlog of NOK 824m that is estimated to be materialised until 2025, *Shipyards Solutions* ensures high activity for the Company in the medium term, and the other three segments should be seen as complementary, yet interesting, future options in the investment thesis.

Promising Activity in New Business Areas

Nekkar operates in *Aquaculture*, *Renewables* and *Digital Solutions*, where the Company invests in sustainable maritime solutions. Nekkar is currently developing a disruptive installation tool for wind turbines and a cage for fish farming that can improve fish welfare and reduce operating expenses for the fish farming industry. The Company recently announced several meaningful partnerships to support the commercialisation of the projects, and structural ESG tailwinds are expected to accelerate the process.

Concentrated Business Model

Shipyards Solutions is cyclical and depends on the general activity regards to shipyards. Furthermore, the complex projects have varying lead times which can lead to significant fluctuations in revenue between quarters.

VALUATION RANGE

Bear
NOK 4.6

Base
NOK 10.5

Bull
NOK 13.8

KEY INFORMATION

Share Price (2023-03-28)	6.4
Shares Outstanding	107,427,112
Market Cap (NOKm)	687.5
Net cash(-)/debt(+) (NOKm)	-179.7
Enterprise Value (NOKm)	527.8
List	Oslo Stock Exchange
Half year report 2023	2023-08-30

SHARE PRICE DEVELOPMENT



OWNERS (SOURCE: BLOOMBERG)

Skeie Group AS	29.5%
Rasmussengruppen AS	10.8%
Avanza Bank AB	6.9%
MP Pensjon PK	5.3%
Tigerstaden AS	5.2%

Estimates (NOKm)	2022	2023E	2024E	2025E
Revenue	388.0	356.3	372.6	392.2
COGS	-230.3 ¹	-207.7	-213.1	-223.1
Gross Profit	157.7¹	148.6	159.5	169.0
Gross Margin	40.6% ¹	41.7%	42.8%	43.1%
Operating Costs	-95.7 ¹	-75.5	-88.8	-92.1
EBITDA	62.0	73.1	70.6	76.9
EBITDA Margin	16.0%	20.5%	19.0%	19.6%
P/S	1.8x	1.9x	1.8x	1.8x
EV/S	1.4x	1.5x	1.4x	1.3x
EV/EBITDA	8.5x	7.2x	7.5x	6.9x
EV/EBIT	10.1x	8.0x	8.3x	7.6x

¹Estimated items

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Other

The Principal, **Nekkar ASA** (furthermore "the Company") has had no opportunity to influence the parts where Analyst Group has had opinions about the Company's future valuation or anything that could constitute an objective assessment.

The analyst does not own shares in the Company.

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