

# Contextvision (CONTX)



## Leading Imaging Business With an Appealing Risk-Reward

Contextvision AB ("Contextvision" or "the Company") is a market-leading supplier of medical imaging software that assists clinicians in performing faster and more precise diagnoses within ultrasound, MRI, and Radiography. In 2022, Contextvision decided to spin out the Company's unprofitable digital pathology unit in order to focus on the Company's core business, medical imaging and expand into the data quality market. With 415,000 installed systems, Contextvision is set to grow sales through software expansion and capitalize on industry trends such as handheld ultrasound devices, which are estimated to grow at a 20.9% market CAGR until 2026. Based on an equally weighted DCF and Peer valuation with a target multiple of 14.2x EV/EBIT 2025, a potential price per share of NOK 8.1 is implied in a Base scenario.

### Industry Adaptation Favors Contextvision

The ultrasound medical imaging market is shifting towards handheld and portable devices, reducing the need for patients to visit stationary machines in hospitals for imaging, which is a key point contributing to the estimated CAGR of 20.9% in the handheld ultrasound device market until 2026. By continuously launching new software, Contextvision is expected to further capitalize on the industry shift. Continued investments in portable and handheld ultrasound devices position Contextvision for long-term growth opportunities as the devices extend beyond clinical settings, contributing to an estimated total revenue CAGR of 8.9% until 2025.

### Divestment in Order to Focus on Core Business

In 2022, ContextVision spun off its unprofitable digital pathology unit, leading to improved EBIT margins from -9.2% in 2021 to 30% in 2023. The spin-off resulted in the loss of key personnel, while the hiring of external consultants raised other external costs to 21.1% of sales in 2023 from 9.8% in 2021. The Company's recruitment of key personnel in 2024 enables sales growth without additional hires. Alongside this, a 10% revenue investment in the POCUS segment is projected to yield a 28.1% EBIT margin in 2025, expanding to 34.7% by 2027 as investments normalize. Furthermore, a renewed focus on the medical imaging unit has enabled Contextvision to explore opportunities in neighboring markets such as data quality and enhance the Company's service offerings with consulting and support services, indicating a new phase in the Company's operations and growth strategy.

### Low Churn and Expansion Ahead

Contextvision intends to expand the Company's product portfolio and enter the data quality market through point-of-care ultrasound (POCUS), which is estimated to increase the Company's total addressable OEM market size by 76% from 137k annual sold units to 242k. Unlike image quality, which enhances images, data quality is used to read values and identify diseases for the practitioner, making it user independent. POCUS focuses on organ-specific applications, such as liver fat quantification. With liver diseases causing 4% of global deaths, equivalent to 2 million people annually, the POCUS segment is positioned for significant growth potential. The expansion is a natural extension of the Company's growth strategy and is underscored by Contextvision's partnerships including eight of the world's biggest players in ultrasound, a churn rate of under 1%, and a market-leading position.

### VALUATION RANGE

**Bear**  
NOK 5.1

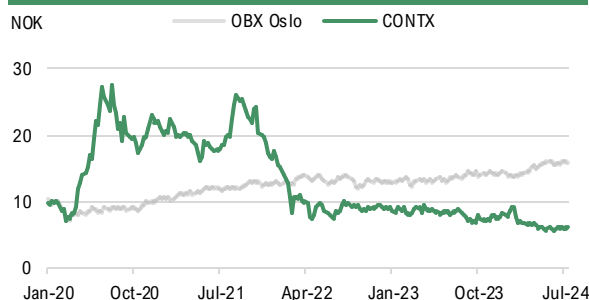
**Base**  
NOK 8.1

**Bull**  
NOK 10.6

### KEY INFORMATION

Share Price (2023-09-02)	NOK 5.8
Shares Outstanding	77.4m
Market Cap (NOKm)	446.1
Net cash(-)/debt(+) (NOKm)	-76.3
Enterprise Value (NOKm)	372.2
List	Oslo Bors
Quarterly report 2 2024	2024-08-26

### SHARE PRICE DEVELOPMENT



### OWNERS (SOURCE: HOLDINGS)

Monsun AS	29.7 %
Sven Gunther-Hanssen	11.0 %
Martin Hedlund	10.8 %
Tauri AS	5.0 %
State Street Bank and Trust Comp	4.2 %

### Estimates (NOKm)

	2023A	2024E	2025E	2026E
Revenue	132.6	143.6	157.3	171.1
COGS	-2.6	-2.9	-3.1	-3.4
<b>Gross Profit</b>	<b>130.0</b>	<b>140.7</b>	<b>154.1</b>	<b>167.7</b>
Gross Margin	98.0%	98.0%	98.0%	98.0%
Operating Costs	-81.1	-92.9	-98.7	-101.2
<b>EBITDA</b>	<b>48.9</b>	<b>47.5</b>	<b>54.3</b>	<b>66.4</b>
EBITDA Margin	36.7%	33.1%	34.5%	38.8%
P/S	4.5x	3.1x	2.8x	2.6x
EV/S	4.1x	2.6x	2.4x	2.2x
EV/EBITDA	11.0x	7.8x	6.9x	5.6x
EV/EBIT	13.4x	9.7x	8.4x	6.6x

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