

Niche Leader With Attractive Growth Opportunities

Vow ASA ("Vow" or "the Company") is the market leading waste and water treatment provider within the cruise ship industry, boasting a 70% market share. In 2019, Vow expanded into landbased solutions, increasing TAM by 400x into a market expected to grow at a CAGR of 29.9% until 2033. After NOK 950m in investments, the Company is at the beginning of commercialization within landbased solutions, set to leverage a NOK 12.5bn bid pipeline, as successful execution of large-scale contracts validates proof of concept and eases sales efforts onwards. Combined with regulatory tailwinds and increasing demand for waste and water treatment systems within the cruise industry, revenue is estimated to grow at a CAGR of 11.3% until 2027, reaching NOK 1.4bn. Based on an equally weighted DCF and Peer valuation with a target EV/EBIT multiple of 8.6x estimated EBIT of NOK 154.9m in 2027, a potential price per share of NOK 3.4 is implied in a Base scenario.

Environmental Trends Within the Cruise Industry

In 2019, the International Maritime Organisation ("IMO") forced all newbuilt cruise ships to install waste and water treatment systems as a part of reducing emissions by 40% by 2030 and 100% by 2050. Aligning with the new guidance, Vow invested in pyrolysis, enabling further GHG reduction of an estimated 5% as old incinerators are replaced, also cutting fuel costs by 2%. Active ships in certain areas were included to the rulemaking in 2021, leading to retrofit orders in addition to newbuilds onwards. With a 70% market share, multi-decade long relationships with leading cruise operators and improved value proposition, Vow is expected to capitalize on market tailwinds, supporting an estimated topline CAGR of 8.2% until 2027 within the cruise-segment.

Investments Made Unlocks Growth Opportunities

Vow expanded into landbased solutions in 2019, increasing the Company's TAM by 400x into a market estimated to grow at a CAGR of 29.9% until 2033. With NOK 950m invested in acquisitions and R&D over the past five years, the Company is at the beginning of commercialization with two large-scale contracts being completed in 2025, showcasing proof of concept and streamlining sales efforts onwards. With a NOK 12.5bn bid pipeline finalizing investment decision (FID) within two years and multiple client discussions, the Company is well-positioned for accelerated contract conversions, why Analyst Group estimates a topline CAGR of 16.4% until 2027 within the landbased segment.

Margin Recovery From Low Point

Over the past five years, Vow has increased capacity in anticipation of orders to execute on, raising OPEX from 20% to 31% of sales. During the same period, gross margins contracted from normalized levels of ~35% to 26% LTM, primarily due to misjudgements in cruise projects and higher chemical costs in aftersales. Corrective actions have been taken to restructure contracts, while chemical prices are expected to normalize. These challenges are thus considered temporary rather than indicative of long-term structural issues. With OPEX pre-dominantly tied to SG&A and project development, operational leverage, combined with normalized gross margins of 37% is estimated to drive an EBIT margin expansion from -2.2% to 11% by 2027.

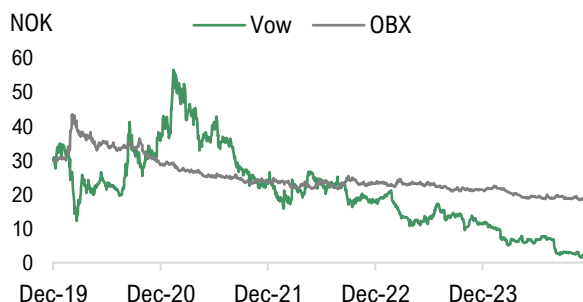
VALUATION RANGE

Bear EUR 0.4 **Base** NOK 3.4 **Bull** NOK 6.2

KEY INFORMATION

Share Price (2025-02-12)	1.6
Shares Outstanding (m)	291.2
Market Cap (NOKm)	465.9
Net cash(-)/debt(+) (NOKm) ¹	352.3
Enterprise Value (NOKm)	818.2
List	Oslo Børs
Quarterly report 4 2024	2025-02-25

SHARE PRICE DEVELOPMENT



OWNERS (SOURCE: HOLDINGS)

DNB Bank ASA	24.8%
Kistefos ASA	19.1%
Jonny Hansen	16.0%
Asgeir Wien	8.8%
Eigel Ingvar Thom	4.7%

Estimates (NOKm)	2024E	2025E	2026E	2027E
Revenue	995	1130	1334	1409
COGS	-707	-753	-861	-886
Gross Profit	288	377	473	524
Gross Margin	28.9%	33.4%	35.4%	37.2%
Operating Costs (adj.)	-255	-270	-282	-296
EBITDA (adj.)	32	107	191	228
EBITDA Margin (adj.)	3.3%	10.2%	14.3%	16.2%
P/S	0.5	0.4	0.3	0.3
EV/S	0.8	0.7	0.6	0.6
EV/EBITDA	25.6	7.6	4.3	3.6
EV/EBIT	-39.7	15.7	6.6	5.3

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Other

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