

Sivers Semiconductors

Sector: Telecommunication Equipment

On the Crest of the mmWave Wave

Redeye raises its valuation of Sivers Semiconductors, as we think the company is on the crest of the forceful millimeter wave wave. We have boosted our Wireless sales estimates, expecting more FWA tailwind. We also forecast a less aggressive price pressure in the unlicensed spectrum, considering the emergence of a duopoly market structure.

mmWave investments speeding up

A total of 130 carriers are investing in mmWave, according to Qualcomm. In general, 5G mmWave is advancing across the world, with the only exception of certain EU member states. It looks like China is accelerating, targeting year 2022 instead of 2023, due to the winter Olympics. Moreover, there is intense activity among Sivers's partners. CCS's customer Wildanet e.g. recently raised GBP 50m to continue its roll outs of FWA in Cornwall and complement it with fiber, with a target of 100 000 connections.

Forced buying from main market listing

We have earlier been uncertain around the importance of the NASDAQ main market listing by June 2021 (company estimate), but on second thought, we think there will be some forced buying from index funds, or at least market expectations of that. Stocks in indices are usually weighted according to their market caps with liquidity being another important parameter. In this context, it is interesting to note that the current market cap of SEK 5.5 bn would make Sivers one of the top-10 Small- and Mid-Cap tech names. Furthermore, it is also very liquid. It is the fourth most liquid tech stock of all Small- and Mid-Caps. We maintain our previous view though, that a lot of the eventual listing effect on the stock could come beforehand.

Upping our base case to SEK 44

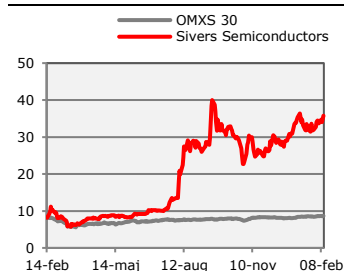
We raise our base case to SEK 44 per share (36) and our bull case to SEK 60 (45), keeping our bear case at SEK 11. Aside of the listing, we expect a solid news flow of more design wins and commercial agreements, whereof some move into volume production during the next 12 months.

KEY FINANCIALS (SEKm)	2019	2020	2021E	2022E	2023E	2024E
Net sales	96	96	165	344	1198	1520
EBITDA	-48	-56	-9	36	415	567
EBIT	-78	-86	-42	-10	344	468
EPS (adj.)	-0.6	-1.3	-0.3	-0.1	2.1	2.3
EV/Sales	10.8	47.5	32.4	15.1	4.2	3.0
EV/EBITDA	-21.6	-82.0	-565.8	143.5	12.0	8.1
EV/EBIT	-13.4	-53.2	-128.1	-503.1	14.5	9.8
P/E	-13.7	-24.4	-136.0	-513.8	16.7	15.5

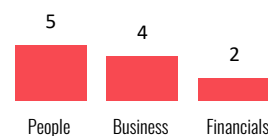
FAIR VALUE RANGE

BEAR	BASE	BULL
11.0	44.0	60.0

SIVE.ST VERSUS OMXS30



REDEYE RATING



KEY STATS

Ticker	SIVE.ST
Market	First North
Share Price (SEK)	35.4
Market Cap (MSEK)	5460
Net Debt 21E (MSEK)	-127
Free Float	0 %
Avg. daily volume ('000)	0

ANALYSTS

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On the Crest of the mmWave

The traction keeps on building for Sivers. The company has even won deals over Zoom with companies it has never met, which we think verifies that there is a strong, compelling product offering and a known, well-trusted brand. The Q4 cash position of SEK 249m supports the aggressive investments to further increase the traction. Sivers has currently some 17 positions open, whereof e.g. four for the new US office.

Following Q4 revenues of SEK 30m (expected 28m), total 2020 sales came in on the same level as last year - SEK 96, which is solid considering the pandemic. Underlying EBIT amounted to SEK -11m (expected -19m), due to insourced processes and price hikes in Photonics.

Bright mmWave market outlook – and did we say Sivers is on its crest?

Sivers and mmWave technology are together becoming increasingly relevant in more and more areas, as we will outline further below. According to Qualcomm, 130 carriers are investing in mmWave, although we assume a lot of this is related to tiny rollouts in e.g. US small cities. FCC's USD 20 bn Rural Digital Opportunity Fund (RDOF) is a meaningful driver for Sivers, not only when it comes to fiber. Potential FWA customers can also apply for RDOF funding.

Looking at the 5G status for different geographies, we argue that Q4 was more of the same. Europe is still behind, except for Italy and Germany where 5G mmWave auctions have started. The EU 5G delays could be as long as 12-18 months and the European Commission is therefore about to update its 5G Action Plan since EU nations are failing to meet legally binding deadlines.

In terms of 5G mmWave, US is in the lead, followed by Korea and Japan. Many believe Australia is next in line. China was previously set for launch around ~2023, but Chinese mmWave auctions have already started, since there is a desire to have mmWave for the 2022 winter Olympics. If this trend continues and fortifies, it could really "change the equation", as Qualcomm puts it, considering China's size.

In triangulating the mmWave market outlook, we especially take note of Qualcomm. Overall, we think Qualcomm is extremely optimistic on the future mmWave adoption rate. Qualcomm e.g. says every premium device in US, Japan and Korea require mmWave, regardless of the OEM. Qualcomm has long been working tight with Ericsson on small cells, but as we understand it, it is more of a competitor to Ericsson in the important CPE market, where Sivers is particularly strong. Sivers briefly touched on the Ericsson CPE potential on the call, but said it is hard to know where this can go. We think it might make sense for Ericsson to work with a smaller, independent, pure play supplier like Sivers for CPE.

Finally, we believe the 3GPP Release 17¹ will be positive for Sivers as it will have an increased focus on the highly relevant 60 GHz spectrum. Rel-17 Stage 2 Functional Freeze is scheduled for June 2021 and the Protocol Coding Freeze for June 2022.

¹ 3GPP is short for the Third Generation Partnership Project – an umbrella organization that develops protocol standards for telecom.

Wireless: Several new customers

The number of EVKs sold increased by ~200% to 150 in 2020. Two thirds of the EVKs were for the unlicensed spectrum and many are related to Asian customers.

The main event of the quarter was the contract of SEK 70-100m, over four years, with 8devices for the new RF module. The shipments start already in 2021, and this super quick rollout of 8devices is not necessarily a one-time thing. The pace in general depends on e.g. if the end customer is in a hurry and want to change the current supplier. We especially note that 8devices has been working with Qualcomm in the past. It has been an official Authorized Design Center for Qualcomm since 2016. However, for this contract, the customer chose Sivers instead. The key reasons in the selection of Sivers was the ability to use the whole 60 GHz band and system gain/link budget, i.e. superior performance. We believe both these aspects are crucial for other types of applications as well, and not only FWA.

Sivers says the end customer is a quite large Wireless Internet Service Provider (WISP), opening up the WISP market further for Sivers. There are thousands of WISPs, but many are local players, focused on a specific city. Sivers sounds pretty optimistic about expanding with 8devices to more WISP customers. 8devices develops and sells products, integrating the Sivers module as they please. We note that 8devices has a very broad portfolio of modules and system on modules, but we do not know much else about its capabilities. According to Dun & Bradstreet, 8devices has 58 employees and USD 2.6m in sales. This does not seem much. However, it also means that delivering on the WISP deal with Sivers is super important for 8devices, since it could effectively double its annual sales. In essence, we prefer these kind of customer incentives over the opposite.

Here are a few other quick bullet points on the recent happenings around Sivers's other partners:

- On the call, Sivers presented two more **CCS & Adtran** customers aside of **Ontix: Garnett Wharfe** and **Wildanet**. Garnett Wharfe's service provider, **Talk Straight**, has over 2 000 connections. They state the following on the website: *With poor broadband from BT on the majority of our estate, we decided to make a better broadband service delivering Ultrafast speeds at a great price with no need for a BT landline*". We believe this is a similar value proposition as Ontix. Wildanet is an ISP that raised GBP 50m in the end of 2020, in order to continue its roll outs of FWA in Cornwall and complement it with fiber. Wildanet has an ambitious target of 100 000 connections, but it is not unrealistic, in our view, since the population of Cornwall county is 568 000 and many of the users are stuck with slow BT connections.
- Sivers has received its first BFIC order, from **Astra Microwave Products**, which also was the first Indian order. Astra has a lot of exposure to defense and space applications, but we believe this first test order is related to 5G. On the surface, it looks like Astra is focused on microwave modules (as also suggested by its name) and we cannot find much from it on mmWave. However, there is a strong mmWave expertise. For example, Astra's Chairman Dr. Shiban Koul is a professor in both technologies and has worked a lot on mmWave designs.
- Another recent test order is the one from the Taiwanese startup **Tmytek**. Tmytek offers 5G mmWave testing equipment, but we do not rule out that the Sivers relation could be related to Tmytek's grandiose objective of launching its own base stations, i.e. compete head to head with Ericsson and Nokia etc. The recent capital raise of USD 13m is nowhere near enough to deliver on this target. However, Tmytek is backed by one of the gigantic Taiwanese ODM players, Inventec, meaning we do not think financing is a major issue.

- **Airvine** has recently announced 20 early access partners (POCs) for its wireless backbone solution, indicating strong interest.
- **Ampleon** has not yet signed any tier-1 deals, but samples are being evaluated in Asia.
- **Fujikura** has launched its 60 GHz wireless module. We were positively surprised by the launch, as we expected more delays.
- The **NXP** partnership is also progressing, although there was no news. In general, NXP has moved towards silicon-germanium, "SiGe", (Sivers field of expertise) as a workhorse solution for mmWave, since the need for integration grows exponentially in mmWave. We do not know any details of Sivers's NXP partnership, or if the material is indeed SiGe, but we note that NXP says SiGe will have a small role in the next couple of years, but a very strong role as the 5G mmWave 5G picks up from 2023 and onwards. NXP has its own SiGe technology, but we think over time, as mmWave advances, the importance of Sivers is poised to increase.

Photonics

Out of the Photonics 2020 sales of SEK 74m, about 60m was related to NRE and development projects, compared to only 44m in 2019. However, we expect significant NRE in 2021 as well.

There was no significant Photonics news in the Q4 report around the Fortune 100 projects or the prototype line. The additional Fortune 100 order of SEK 11m brings the total to SEK 85m. Every additional follow-up order lowers the risk, but one should note that SEK 85m is still a rounding error for these types of players. The order is for existing solutions and applications in the projects.

Sivers has managed to increase prices by better highlighting the value (or perceived value) for the customers, which we assume explains the higher group gross margin. Taking into account the savings in internalizing external process steps, Photonics turned to SEK 0.4 in segment EBITDA profit, compared to -23m last year.

On the call, Sivers presented a slide of Quantum solutions that is expected to have a future market of USD 4 bn in 2029, according to Inside Quantum Technology. Sivers mentioned that these solutions are far out in the future, and for the moment we do not think it is appropriate to include them in our estimates. However, we are impressed by how versatile the technologies are in both Sivers's business areas.

New blood

We have a positive bias towards the recruitment of Pelle Wijk. Following ~9 years at Ericsson, Wijk became Director of Operations and later CEO at Kisel Microelectronics during a 5-year period. When Imagination Technologies acquired Kisel Microelectronics, Wijk stayed on for seven years as a VP in e.g. RF Technology, Operations and Hardware Engineering, before joining Sivers. Sivers highlights that Wijk has over 15 years of experience in leadership and chip development.

We see no issue in Dag Sigurd and Björn Norrbom leaving the Board as they are 75 and 76 years old.

Financial Estimates

We have raised our short term gross margin assumptions on the back of the stellar Q4 figures from lower COGS and higher pricing in Photonics (see the table below), although one should remember that the commercial sales kicking in should have lower incremental gross margins of around only 40-60%.

Estimate changes (base case)			
(SEKm)	2021E	2022E	2023
Net sales (new)	165	344	1 198
Wireless	89	166	593
Photonics	76	179	605
Net sales (old)	164	327	1 170
Wireless	87	146	565
Photonics	78	181	605
<i>Total change (%)</i>	<i>0%</i>	<i>5%</i>	<i>2%</i>
EBIT (new)	-42	-10	344
EBIT (old)	-69	-59	302
<i>Change (%)</i>	<i>-40%</i>	<i>-83%</i>	<i>14%</i>

Source: Redeye Research

Cambium's most recent guidance is POCs and start of shipments by Q2. The roll-out from 8devices is also expected to start in Q2. In Q3, there should be some Airvine volumes, as well as Fujikura sales. Together with the big CPE contract, we think this should lead to a sales growth of ~70%. We expect the EBITDA to turn back into a loss in H1'21, due to listing costs, increased investments and new employees (see the table below), but for H2'21 we assume EBITDA breakeven.

Sivers IMA: Base case estimates													
(SEKm)	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020E	Q1'21	Q2'21	Q3'21	Q4'21	2021E	2022E	2023E
Net sales	96	23	21	22	30	96	28	34	44	59	165	344	1198
COGS	-40	-5	-6	-7	-8	-26	-8	-11	-14	-21	-53	-146	-539
Gross margin (%)	58%	77%	73%	68%	73%	73%	72%	69%	67%	65%	68%	58%	55%
Staff costs	-79	-21	-25	-51	-12	-109	-19	-20	-20	-22	-81	-113	-147
External costs	-81	-18	-12	-12	-20	-63	-22	-22	-19	-21	-84	-89	-137
EBITDA	-48	-11	-9	-39	3	-56	-10	-7	1	6	-9	36	415
D&A	-30	-7	-8	-7	-8	-30	-8	-8	-8	-9	-32	-46	-71
EBIT	-78	-18	-17	-46	-5	-86	-17	-15	-7	-2	-42	-10	344

Source: Redeye Research

Investment Case

Strong structural 5G market growth

Scalable business model with important major partnerships

Opportunity of Photonics orders from two Fortune 100 companies

We value Sivers Semiconductors to SEK 44 in a base case scenario

Strong structural 5G market growth

In the coming years, the market for 5G network equipment is forecasted to, more or less, explode when the industry is preparing for the launch of the new technology. This will require not only large investments in current networks but also a densification of networks. The market outlook for fiber-to-the-home applications is also good, with increased usage of fiber in the networks in general, worldwide. Thus, the market outlook for Sivers Semiconductors's two product segments in the coming years is great. We think Sivers Semiconductors's first major 5G contract of SEK 480m verifies the strong 5G position. It is a good indication of what is coming.

Scalable business model with important major partnerships

Sivers Semiconductors has partnered up with some of World's largest telecom equipment suppliers. We think this is a major difference compared to the company's history. The partners Ampleon and NXP together have a combined RF power market share of ~80% and sell to all major players. Thus, Sivers Semiconductors is in a good position when it comes to reaching large potential customers, and potentially also gain one or several Tier 1 customer. There are however also smaller equipment vendors, the Tier 2 players, that would be attractive as potential customers as well. Sivers Semiconductors's SEK 480m contract also indicates that the company can win larger customers without intermediaries.

Opportunity of Photonics orders from two Fortune 100 companies

A large Fortune 100 company interested in semiconductor components from the Photonics division has placed several pre-series orders totaling over SEK 70m. We believe that if the customer decides to proceed, it will imply very large volumes (more than 10-15x the pre series orders), representing a significant growth opportunity, albeit rather binary in nature. It is difficult to assess whether the customer will move forward with Sivers Semiconductors or not. However, considering the two follow-up orders and the increase of partnership during the process, it looks promising thus far. Moreover, in April 2020, Sivers Semiconductors signed its second Fortune 100 customer.

We value Sivers Semiconductors to SEK 44 in a base case scenario

We currently value Sivers Semiconductors in the base case to SEK 44 per share, in a fair value range of SEK 11-60 per share. Additional design wins and contracts will move the share price.

Valuation

Bear Case 11.0 SEK

The bear scenario is based on that customers will show a limited interest in Sivers Semiconductors's products and that there will be a tough competitive environment, especially within the licensed spectrum. Also, we assume that the unlicensed spectrum only will be used in some special use cases, limiting the market potential for those products. We assume within the wireless segment that a couple of the smaller customers ramp up volume production in 2021-2025. This corresponds to a low single-digit market share of the total 5G market. Wireless sales will grow to around SEK 1.500m at the end of the forecast period. Within the Photonics segment, we assume that a few customers order larger volumes, so that sales grow with a CAGR of around 10% over the entire forecast period. Total sales thus end up at around SEK 1800m. The gross margin declines rather quickly due to heavy price competition, resulting in a terminal gross margin of 38%. We also assume an average EBIT margin of 15% and break-even in 2023. The terminal EBIT-margin stands at 12%.

Base Case 44.0 SEK

All our scenarios are based on the years 2020-2032, a 9% required rate of return and a 2% terminal growth. In the base scenario, we assume that a number of customers find Sivers Semiconductors's product offering competitive. We still believe that competition will be rather fierce within the licensed spectrum, but that the use of the unlicensed products will be more extensive. Within the wireless segment, we assume that, besides the major CPE customer, a number of smaller customers ramps-up volume production in 2021-2025. This corresponds to a mid-single-digit market share. Wireless sales will grow to more than 2.5 bn at the end of the forecast period. Within the Photonics segment, we assume that some customers order larger volumes, so that sales grow with a CAGR of around 36% over the entire forecast period, including the Fortune 100 customers. From 2024 the CAGR Photonics growth slows down to 9% though, meaning the growth is very dependent on the Fortune 100 customers. The scenario yields total revenue of around SEK 3,700m at the end of the period. The gross margin still declines rather quickly due to price competition, resulting in a terminal gross margin of just above 40%. We assume the EBIT margin to be 29% in 2023, when the company turns to profit. After that, we expect EBIT to be on average 30% during the rest of the period, followed by a 20% terminal EBIT margin.

Bull Case 60.0 SEK

In our positive bull scenario, we assume that Sivers Semiconductors's product offering is deemed to be attractive by larger customers as well as by smaller ones. We also base the scenario on that a substantial part of the 5G market will consist of the unlicensed spectrum. We model that Sivers Semiconductors gains a number of smaller and mid-sized customers that ramps up volumes in 2021-2025. The size of these players is, however, larger compared to in the base case, entailing higher volumes and hence, sales. This implies that Sivers Semiconductors takes a higher mid-single-digit market share of the 5G market, in comparison to the base case. The wireless segment hence generates about SEK 3.3 bn in 2030. In addition, we assume that both Fortune 100 customers move forward with Sivers Semiconductors and orders volume orders, starting to ramp-up in 2022. This entails larger CAPEX investments to set up a new production line, which is assumed to be partially paid for by the customer. This scenario results in a CAGR for the Photonics segment of almost 40% up until 2030, with sales of almost SEK 1.2 bn at the end of the forecast period. All in all, the scenario generates total revenue of over SEK 4,300m at the end of the period. The gross margin for the wireless segment here stays over 50% for a longer period in comparison to the other scenarios. However, given the bargaining power of the Fortune 100 customer, we expect a considerably lower gross margin for the fiber segment of around 45%. All in all, the weighted terminal gross margin ends up at about 45%. We assume EBIT will be around 31% during 2024-2029. The terminal EBIT-margin is estimated to 25%.

Catalysts

New design-wins with large telecom players

As of now, Sivers Semiconductors is not profitable and is awaiting its first large volume orders within wireless. The company's focus has been to build an ecosystem of partners and are currently teamed up with two partners that are suppliers to Tier 1 telecom players – Ampleon and NXP Semiconductors. If the combined offering of Sivers Semiconductors and its partners were integrated into one the Tier 1 players' system, it would mean a real take-off in Sivers Semiconductors's sales.

IMPACT					
Downside		Upside		Time Frame	
Significance	Likelihood	Significance	Likelihood		
Moderate	Possible	Major	Possible	Mid	

Large orders from Fortune-100 customer

Sivers Semiconductors has, as mentioned above, received substantial Photonics orders from a Fortune 100 company over the last year, and in addition signed another Fortune 100 customer. If one or both of these customers moves forward and decides to integrate Sivers Semiconductors's components in their final product, this would entail very large orders and strong growth for the fiber division. Even though we would expect that such a large customer would use its bargaining power to put pressure on margins, we expect that the orders would increase the bottom line and create a substantial upside in the stock.

IMPACT					
Downside		Upside		Time Frame	
Significance	Likelihood	Significance	Likelihood		
Minor	Possible	Major	Possible	Mid	

5G market takes off

Many industry experts voice the opinion that 5G is happening faster than they had expected. When the market for 5G telecom equipment in the higher frequencies takes off, Sivers Semiconductors is in a good position to take part in the transformation. It would lead to strong growth and would act as a catalyst for the stock.

IMPACT					
Downside		Upside		Time Frame	
Significance	Likelihood	Significance	Likelihood		
Major	Extremely unlikely	Major	Highly likely	Long	

Change of listing

Sivers will change its listing to the NASDAQ main market. We believe this can lead to forced buying from index funds.

IMPACT					
Downside		Upside		Time Frame	
Significance	Likelihood	Significance	Likelihood		
Minor	Unlikely	Moderate	Highly likely	Short	

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: 5

Management has extensive and broad experience from the telecom industry, which gives it a good understanding of the market and a clear idea of in what applications the company can deliver most value. Furthermore, the ownership structure is reassuring. A majority of management and all board members own shares in the company. We would like to see larger holdings from the insiders, but we note that there is a positive trend in insider transactions. Sivers Semiconductors has two main owners that have supported the company in previous rights issues.

Business: 4

The company focuses on areas that offer major growth opportunities. We believe it is particularly well positioned to grow within the licensed and unlicensed 5G markets through the production of its unique chip and established partnerships with several leading players. The company, therefore, has very good potential to show high growth in the coming years. Moreover, we believe the business model is highly scalable with high gross margins and relatively limited future investment needs.

Financials: 2

Sivers Semiconductors is still operating at a loss and invests substantial amounts related to its development of new chips and increased production capacity. We expect to increase the score of this parameter as the company grows and shows increasing profits. As for the balance sheet, the company recently executed a well-timed capital raise.

INCOME STATEMENT	2019	2020	2021E	2022E	2023E
Net sales	96	96	165	344	1,198
Total operating costs	-145	-152	-174	-308	-783
EBITDA	-48	-56	-9	36	415
Depreciation	-10	-8	-2	-14	-33
Amortization	-20	-22	-30	-32	-37
Impairment charges	0	0	0	0	0
EBIT	-78	-86	-42	-10	344
Share in profits	0	0	0	0	0
Net financial items	-9	-116	-2	-1	-1
Exchange rate dif.	0	0	0	0	0
Pre-tax profit	-87	-201	-44	-11	343
Tax	11	6	3	0	0
Net earnings	-76	-196	-40	-11	343

BALANCE SHEET	2019	2020	2021E	2022E	2023E
Assets					
<i>Current assets</i>					
Cash in banks	52	249	143	281	477
Receivables	31	27	49	121	395
Inventories	10	15	25	52	180
Other current assets	7	12	12	12	12
Current assets	100	303	230	466	1,065
<i>Fixed assets</i>					
Tangible assets	58	61	89	195	312
Associated comp.	0	0	0	0	0
Investments	0	0	0	0	0
Goodwill	135	135	135	135	135
Cap. exp. for dev.	0	0	0	0	0
0 intangible rights	132	148	169	192	215
0 non-current assets	0	0	0	0	0
Total fixed assets	324	344	394	522	661
Deferred tax assets	0	0	0	0	0
Total (assets)	424	647	623	988	1,726
Liabilities					
<i>Current liabilities</i>					
Short-term debt	4	4	4	4	4
Accounts payable	64	49	91	200	599
0 current liabilities	0	0	0	0	0
Current liabilities	68	53	95	204	603
Long-term debt	11	37	12	8	4
0 long-term liabilities	12	8	8	8	8
Convertibles	40	0	0	0	0
Total Liabilities	131	98	114	219	615
Deferred tax liab	0	0	0	0	0
Provisions	5	17	17	17	17
Shareholders' equity	289	532	492	751	1,094
Minority interest (BS)	0	0	0	0	0
Minority & equity	289	532	492	751	1,094
Total liab & SE	424	647	623	988	1,726

FREE CASH FLOW	2019	2020	2021E	2022E	2023E
Net sales	96	96	165	344	1,198
Total operating costs	-145	-152	-174	-308	-783
Depreciations total	-30	-30	-32	-46	-71
EBIT	-78	-86	-42	-10	344
Taxes on EBIT	10	2	3	0	0
NOPLAT	-68	-83	-38	-10	344
Depreciation	30	30	32	46	71
Gross cash flow	-38	-53	-6	36	415
Change in WC	28	-21	9	11	-4
Gross CAPEX	-70	-50	-82	-175	-210
Free cash flow	-80	-124	-79	-128	201

CAPITAL STRUCTURE	2019	2020	2021E	2022E	2023E
Equity ratio	68%	82%	79%	76%	63%
Debt/equity ratio	19%	8%	3%	2%	1%
Net debt	2	-208	-127	-269	-469
Capital employed	291	324	364	482	625
Capital turnover rate	0.2	0.1	0.3	0.3	0.7

GROWTH	2019	2020	2021E	2022E	2023E
Sales growth	35%	0%	71%	109%	248%
EPS growth (adj)	-5%	121%	-80%	-74%	-3,178%

DCF VALUATION		CASH FLOW, MSEK	
WACC (%)	9.0 %	NPV FCF (2020-2021)	-25
		NPV FCF (2022-2028)	2400
		NPV FCF (2029-)	4152
		Non-operating assets	249
		Interest-bearing debt	-41
		Fair value estimate MSEK	6735
Assumptions 2020-2026 (%)			
Average sales growth	58.2 %	Fair value e. per share, SEK	43.6
EBIT margin	17.9 %	Share price, SEK	35.4

PROFITABILITY	2019	2020	2021E	2022E	2023E
RDE	-27%	-48%	-8%	-2%	37%
ROCE	-23%	-19%	-8%	-2%	37%
ROIC	-24%	-29%	-12%	-3%	71%
EBITDA margin	-50%	-58%	-6%	11%	35%
EBIT margin	-81%	-89%	-25%	-3%	29%
Net margin	-79%	-204%	-24%	-3%	29%

DATA PER SHARE	2019	2020	2021E	2022E	2023E
EPS	-0.57	-1.27	-0.26	-0.07	2.12
EPS adj	-0.57	-1.27	-0.26	-0.07	2.12
Dividend	0.00	0.00	0.00	0.00	0.00
Net debt	0.02	-1.35	-0.82	-1.66	-2.89
Total shares	131.65	154.45	154.45	162.17	162.17

VALUATION	2019	2020	2021E	2022E	2023E
EV	1,042.4	4,564.1	5,332.3	5,190.7	4,990.3
P/E	-13.7	-24.4	-136.0	-513.8	16.7
P/E diluted	-13.7	-24.4	-136.0	-513.8	16.7
P/Sales	10.8	49.6	33.1	16.6	4.8
EV/Sales	10.8	47.5	32.4	15.1	4.2
EV/EBITDA	-21.6	-82.0	-565.8	143.5	12.0
EV/EBIT	-13.4	-53.2	-128.1	-503.1	14.5
P/BV	3.6	9.0	11.1	7.3	5.0

SHARE PERFORMANCE		GROWTH/YEAR	18/20E
1 month	1.7 %	Net sales	30.7 %
3 month	43.1 %	Operating profit adj	-27.0 %
12 month	335.3 %	EPS, just	-32.8 %
Since start of the year	14.4 %	Equity	30.6 %

SHAREHOLDER STRUCTURE %	CAPITAL	VOTES
Rothesay Ltd	23.4 %	23.4 %
Danske Bank International S.A.	13.4 %	13.4 %
Keith Halsey	12.9 %	12.9 %
Swedbank Robur Fonder	11.3 %	11.3 %
Avanza Pension	6.7 %	6.7 %
AMF Pension & Fonder	4.2 %	4.2 %
Nordnet Pensionsförsäkring	2.3 %	2.3 %
Alfred Berg Fonder	1.5 %	1.5 %
BNP Paribas Sec Serv Luxembourg	1.4 %	1.4 %
Tredje AP-fonden	1.3 %	1.3 %

SHARE INFORMATION	
Reuters code	SIVE.ST
List	First North
Share price	35.4
Total shares, million	154.4
Market Cap, MSEK	5459.7

MANAGEMENT & BOARD	
CEO	Anders Storm
CFO	Robert Ejermark
IR	Anders Storm
Chairman	Tomas Duffy

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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

Important information

Redeye AB ("Redeye" or "the Company") is a specialist financial advisory boutique that focuses on small and mid-cap growth companies in the Nordic region. We focus on the technology and life science sectors. We provide services within Corporate Broking, Corporate Finance, equity research and investor relations. Our strengths are our award-winning research department, experienced advisers, a unique investor network, and the powerful distribution channel redeye.se. Redeye was founded in 1999 and since 2007 has been subject to the supervision of the Swedish Financial Supervisory Authority.

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Redeye does not issue any investment recommendations for fundamental analysis. However, Redeye has developed a proprietary analysis and rating model, Redeye Rating, in which each company is analyzed and evaluated. This analysis aims to provide an independent assessment of the company in question, its opportunities, risks, etc. The purpose is to provide an objective and professional set of data for owners and investors to use in their decision-making.

Redeye Rating (2021-02-14)

Rating	People	Business	Financials
5p	23	18	3
3p - 4p	107	88	40
0p - 2p	5	29	92
Company N	135	135	135

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Westman owns shares in the company : No

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