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Company Comment	IT/Technology	Denmark	22 May 2023
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Q1 full results: improved performance in G&E, Simsports sales better than expected

Asetek has just released full Q1 results. The numbers are in line with its preliminary results (pre-released on 18 April). Our focus today is on the performance of business divisions: G&E business has improved with unit sales 4% below Q1/22 but much better than the last two quarters. The sales of new product category Simsports were better than our expectation. We think the 2023 guidance looks conservative and expect to make small positive EBIT est. revisions .

Improved performance in G&E, Simsports product sales better than expected

The Q1 results are pretty much in line with pre-released numbers - revenue of USD 14.8m vs. USD 14.7m (pre-released) and EBIT at USD 1.1m vs. USD 1.0m (pre-released).

Our focus today is on the performance of business divisions:

The sales of liquid coolers (Gaming & Enthusiast) were 223,000 units, 4% lowered than 232,000 units in Q1/22, but much better than 155,000 and 157,000 units in Q3/22 and Q4/22, when the business was badly impacted by inventory reduction in the distribution channels of gaming market. While we think the market has normalised, it seems that the customer activities of Asetek have significantly improved, with 23 new G&E products shipped to its customers in Q1.

The new product category Simsports delivered USD 1.3m revenue in Q1, above our expectation at USD 0.5m. The company says it has shipped eight new Simsports products to its customers in Q1 and expects to ship three more in Q2.

Small positive EBIT estimate revisions expected, but significant EPS cut due to share dilution of capital raise

Asetek has maintained its 2023 guidance at 5-15% revenue growth and USD 2-4m EBIT. We currently expect 12% revenue growth and USD 2.8m EBIT.

Q1 revenue growth was 6% but considering the H2/22 was a very easy comp, we think the current guidance looks conservative.

We are looking into small positive earnings estimate revisions on the back of the Q1 report. However, as we update our estimates for number of shares (due to share dilution of recently completed capital raise), our EPS estimates will be lowered significantly.

Moreover, the stock has now been listing on Nasdaq Copenhagen (previously Oslo stock exchange).

The conference call is at 8.30 CET today

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Key figures				
(USDm)	2022	2023E	2024E	2025E
Revenues (m)	51	57	69	79
Adj. EBIT	(5)	3	8	11
PTP (m)	(6)	3	8	11
EPS	(0.17)	0.08	0.22	0.32
EPS (adjusted)	(0.17)	0.08	0.22	0.32
DPS	0.00	0.00	0.00	0.00
Revenue growth (%)	(36.5)	12.0	21.1	15.7
EPS growth (%)	n.a.	n.a.	166.3	n.a.
Operating margin (%)	(10.7)	5.0	11.0	13.8
ROCE (%)	(9.3)	4.3	10.9	14.4
Net Debt/EBITDA (x)	(10.4)	3.5	2.8	1.8
PER (adjusted)	(3.6)	3.7	1.4	1.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Free Cash Flow Yield (%)	(217.9)	(192.3)	(154.7)	76.4
P/BV (x)	0.4	0.2	0.2	0.1
EV/EBIT (x)	(5.5)	12.8	6.3	3.7
EV/Sales (x)	0.59	0.64	0.69	0.51

Source: SEB

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