

Results due: 22 April

A strong start to the year

Asetek will report its Q1 results on 22 April. We think the company's recent earnings upgrade reflected extremely strong sales in March and increased visibility for the year. It is evident that the market demand remained solid in Q1 and the semiconductor shortage will likely postpone some unfulfilled demand in the coming quarters. We have increased our 2021-23 EBIT estimates by 4-6% and our mid-point DCF value has been raised to NOK 160.

Key Data (2021E)

Price (NOK)	97.70
Reuters	ASETEK:OAP
Bloomberg	ASETEK:NO
Market cap (NOKm)	2,536
Market cap (USDm)	299
Market cap (EURm)	251
Net debt (USDm)	(5)
Net gearing	(10%)
Net debt/EBITDA (x)	(0.3)
Shares fully dil. (m)	26.0
Avg daily turnover (m)	0.0
Free float	95%

Market demand remains solid

We expect the company to deliver a very strong Q1 as demand remained solid in the global PC market. According to market research company, International Data Corporation (IDC), Q1 global shipments of PCs grew 55% y-o-y. We understand that some unfulfilled demand from the past year has carried forward into Q1 and additional demand brought on by the pandemic and extended lockdowns have driven the strong growth. However, we think the ongoing semiconductor component shortages and logistics issue will continue to postpone the unfulfilled demand in the coming quarters, which could limit sales of Asetek's G&E products in the short term. We forecast 100% sales growth for Q1 and 27% for 2021E, at the higher end of the company's new guidance of 20-30%. Our 2021-23E sales estimates have increased by 9-10%, mainly driven by higher growth assumptions for G & E products.

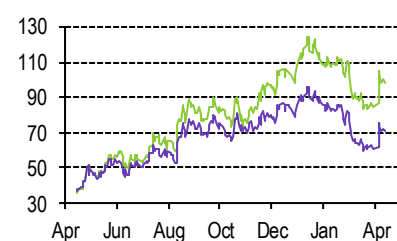
A quality long-term growth case at an attractive valuation

As we fine-tuned our opex assumptions, our 2021-23E EBIT estimates increased by 4-6%. Our mid-point DCF value has increased to NOK 160, which suggests 65% above the current share price. Based on our estimates, Asetek is currently trading at EV/EBIT 22x 2021 and 18x 2022, which is at a 12-18% valuation premium to the PC hardware peers. However, given Asetek's faster earnings growth outlook, we have compared it to the Nordic fast growing technology peers, where Asetek trades at over a 50% valuation discount. Our estimates do not include new product area SimSports, which could provide significant long-term sales potential.

Estimate Revisions (%)

	2021E	2022E	2023E
Revenues	11	10	9
Adj. EBIT	4	6	5
Adj. EPS	3	5	4

Share Price (12M)



Absolute (green) / Relative to Norway (purple).

Marketing communication

commissioned by:

Asetek

Financials (USD)

Year end: Dec	2019	2020	2021E	2022E	2023E
Revenues (m)	54	73	92	101	112
Adj. EBIT	1	11	13	17	21
Pre-tax profit (m)	1	9	13	17	21
EPS	(0.02)	0.35	0.38	0.50	0.60
Adj. EPS	(0.02)	0.35	0.38	0.50	0.60
DPS	0.00	0.00	0.00	0.00	0.00
Revenue growth (%)	(19.3)	33.9	27.0	9.7	10.9
Adj. EBIT growth (%)	(76.3)	942.7	23.0	29.6	20.0
Adj. EPS growth (%)	n.m.	n.m.	8.3	30.1	20.3
Adj. EBIT margin (%)	1.9	15.0	14.5	17.2	18.6
ROE (%)	(1.6)	21.3	19.3	20.8	20.4
ROCE (%)	3.4	23.1	23.2	24.6	24.6
PER (x)		36.0	30.2	23.2	19.3
Free cash flow yield (%)		2.4	(2.4)	(1.1)	(0.5)
Dividend yield (%)		0.0	0.0	0.0	0.0
P/BV (x)		6.96	5.39	4.38	3.57
EV/Sales (x)		4.23	3.18	2.93	2.66
EV/Adj. EBITDA (x)	0.0	21.0	16.7	13.5	11.5
EV/Adj. EBIT (x)	0.0	28.2	21.9	17.0	14.3
Operating cash flow/EV (%)		3.7	4.7	6.2	6.9
Net debt/Adj. EBITDA (x)	(3.96)	(1.57)	(0.30)	(0.10)	(0.03)

Source for all data on this page: SEB (estimates) and Millstream/Thomson Reuters (prices)

Key data

SEB estimate changes

	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Sales									
Desktop (Gaming & Enthusiast)	80	84	91	71	75	82	13%	13%	11%
Datacenter	12	17	21	12	17	21	0%	0%	0%
Net sales	92	101	112	83	92	103	11%	10%	9%
% change, yr-on-yr	27	10	11	15	10	12			
COGS	-51	-53	-58	-46	-48	-53			
Gross profit	42	49	55	38	44	50	10%	10%	9%
Gross margin (%)	45	48	49	45	48	49			
OPEX									
R&D expenses	-7	-8	-8	-6	-6	-7			
- as % of sales	8	8	8	7	7	7			
SG&A costs	-21	-24	-25	-19	-21	-24			
- as % of sales	23	23	23	23	23	23			
EBIT	13	17	21	13	16	20	4%	6%	5%
EBIT margin (%)	15	17	19	16	18	19			
EBIT growth (%)	23	30	20	19	27	21			
Net financials	0	0	0	0	0	0			
PTP	13	17	21	13	16	20	3%	5%	4%
Taxes	-3	-4	-5	-3	-4	-5			
Tax rate (%)	25	25	25	25	25	25			
Net income from continuing activities	10	13	15	10	12	15	3%	5%	4%

Source: SEB

P&L summary

	2014	2015	2016	2017	2018	2019	2020	Q1/21E	Q2/21E	Q3/21E	Q4/21E	2021E	2022E	2023E	2024E	2025E
Sales																
Desktop (Gaming & Enthusiast)	19	34	46	53	63	52	65	n.a.	n.a.	n.a.	n.a.	80	84	91	100	109
Datacenter	2	2	5	5	4	3	8	n.a.	n.a.	n.a.	n.a.	12	17	21	25	30
Net sales	21	36	51	58	67	54	73	18	20	22	33	92	101	112	125	139
% change, yr-on-yr	1	73	42	14	16	(19)	34	100	40	-	17	27	10	11	11	12
COGS	(12)	(24)	(31)	(37)	(41)	(31)	(39)	(10)	(11)	(12)	(18)	(51)	(53)	(58)	(64)	(72)
Gross profit	9	12	20	21	26	23	34	8	9	10	15	42	49	55	61	68
Gross margin (%)	41.8	34.5	38.8	36.0	38.9	42.3	47.0	45.0	45.0	45.4	44.9	45.0	47.9	48.6	48.8	48.6
OPEX																
R&D expenses	(4)	(4)	(3)	(4)	(5)	(5)	(6)	(2)	(1)	(1)	(2)	(7)	(8)	(8)	(9)	(9)
- as % of sales	17	11	7	7	7	9	8	9	8	7	7	8	8	8	7	7
SG&A costs	(15)	(11)	(12)	(14)	(17)	(17)	(18)	(5)	(5)	(4)	(7)	(21)	(24)	(25)	(28)	(31)
- as % of sales	70	30	23	24	25	31	24	28	24	20	22	23	23	23	23	22
EBIT	(10)	(2)	5	3	4	1	11	1	3	4	5	13	17	21	24	28
EBIT margin (%)	(45.6)	(6.5)	9.2	4.7	6.6	1.9	15.0	8.0	13.5	18.9	16.0	14.5	17.2	18.6	19.3	20.1
EBIT growth (%)	24	(76)	(301)	(41)	60	(76)	943	(258.5)	33.7	(4.0)	(6.7)	23	30	20	15	16
Net financials	(0)	0	0	(1)	0	0	(2)	-	-	-	(0)	(0)	(0)	(0)	(0)	(0)
PTP	(10)	(2)	5	1	5	1	9	1	3	4	5	13	17	21	24	28
Taxes	1	0	5	3	(1)	(2)	(0)	(0)	(1)	(1)	(1)	(3)	(4)	(5)	(6)	(7)
Tax rate (%)	12	21	(93)	(199)	25	143	2	25	25	25	25	25	25	25	25	25
Net income fm cont activities	(9)	(2)	10	4	4	(1)	9	1	2	3	4	10	13	15	18	21

Source: SEB, Asetek

Quarterly model

Quarterly summary	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21E	Q3/21E	Q4/21E
Sales												
Desktop (Gaming & Enthusiast)	10	17	10	15	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Datacenter	1	1	1	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net sales	11	17	10	16	9	14	22	28	18	20	22	33
% change, yr-on-yr	(19)	(12)	(40)	(5)	(18)	(17)	108	78	100	40	-	17
COGS	(6)	(10)	(6)	(9)	(5)	(7)	(12)	(15)	(10)	(11)	(12)	(18)
Gross profit	5	7	4	7	4	7	10	12	8	9	10	15
Gross margin (%)	43	42	42	43	49	51	47	44	45	45	45	45
OPEX												
R&D expenses	(1.3)	(1.2)	(1.2)	(1.2)	(1.2)	(1.3)	(1.5)	(1.8)	(1.6)	(1.5)	(1.4)	(2.4)
- as % of sales	11	7	12	8	13	9	7	6	9	8	7	7
SG&A costs	(5)	(4)	(4)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(4)	(7)
- as % of sales	41	22	42	28	47	28	20	18	28	24	20	22
EBIT	(1)	2	(1)	1	(1)	2	4	6	1	3	4	5
EBIT margin (%)	(9)	12	(12)	7	(10)	14	20	20	8	14	19	16
EBIT growth (%)	169	27	(162)	(2)	(10)	(6)	(453)	381	(259)	34	(4)	(7)
Net financials	0	(0)	1	(0)	0	(0)	(1)	(1)	-	-	-	(0)
PTP	(1)	2	(1)	1	(1)	2	4	5	1	3	4	5
Taxes	(0)	(0)	0	(2)	-	(0)	(1)	1	(0)	(1)	(1)	(1)
Tax rate (%)	(1)	15	21	232	-	20	33	(27)	25	25	25	25
Net income fm cont activities	(1)	2	(0)	(1)	(1)	1	2	6	1	2	3	4

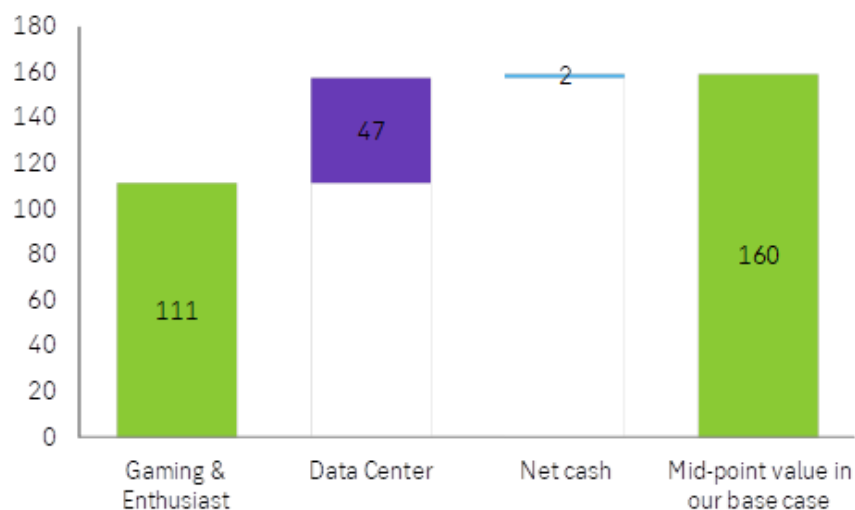
Source: SEB, Asetek

Divisional sales growth contribution

Key sales growth forecasts by business segments (%)										CAGR (%)	
	2017	2018	2019	2020	2021E	2022E	2023E	2024E		(2016-21)	(2021-24E)
Desktop (Gaming & Enthusiast)	16	18	(18)	25	23	5	9	9	9	12	8
Datacenter	(4)	(14)	(41)	216	55	40	20	20	20	19	26
Net sales	14	16	(19)	34	27	10	11	11	11	13	11
Growth by business segments (USDm)										Cumulated	
Desktop (Gaming & Enthusiast)	7	10	(11)	13	15	4	8	8	8	34	20
Datacenter	(0)	(1)	(2)	5	4	5	3	4	4	7	13
Rep. growth	7	9	(13)	18	20	9	11	12	12	41	32
Growth contribution (%)										Cumulated	
Desktop (Gaming & Enthusiast)	103	107	87	70	77	45	68	66	66	82	61
Datacenter	(3)	(7)	13	30	23	55	32	34	34	18	39
Rep. growth	100	100	100	100	100	100	100	100	100	100	100

Source: SEB, Asetek

SEB SOTP valuation



Source: SEB

DCF – assumption details

(USDm)	2021E	2022E	2023E	2024E	2025E	Average year 6-10	Average year 11-15	Average year 16-20
Sales growth (%)	27.0	9.7	10.9	11.0	11.7	8.7	4.8	4.0
EBITDA margin (%)	19.1	21.8	23.1	24.2	25.2	26.1	24.0	20.7
EBIT margin (%)	15.3	17.9	19.2	19.3	20.1	20.6	19.0	17.0
Gross capital expenditures as % of sales	22.8	21.2	19.6	4.8	4.8	4.8	4.8	4.8
Working capital as % of sales	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Sales	92	101	112	125	139	184	245	300
Depreciation	(4)	(4)	(4)	(6)	(7)	(10)	(12)	(11)
Intangibles amortisation	0	0	0	0	0	0	0	0
EBIT	14	18	22	24	28	38	46	51
Taxes on EBIT	(4)	(5)	(5)	(6)	(7)	(9)	(12)	(13)
Increase in deferred taxes	3	3	2	2	0	0	0	0
NOPLAT	13	16	18	20	21	28	35	38
Gross capital expenditure	(21)	(22)	(22)	(6)	(7)	(9)	(12)	(14)
Increase in working capital	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Free cash flow	(6)	(2)	(0)	19	20	28	34	34
ROIC (%)	20.5	20.8	19.6	21.4	22.1	29.7	36.2	34.7
ROIC-WACC (%)	13.5	13.8	12.6	14.4	15.1	22.7	29.2	27.7
Share of total net present value (%)	0.0	(0.5)	(0.1)	3.4	3.3	19.1	16.5	11.7

Source: SEB

Peer group valuation

	Price (local)	Mkt cap (EUR)	EV/EBIT 2021E	EV/EBIT 2022E	EV/EBIT 2023E	P/E 2021E	P/E 2022E	P/E 2023E	Free cash yield (%)			EBIT CAGR	NIBD/ EBITDA 2021E	PEG 21-23E
Fast growing Nordic peers														
Invisio	208	898	52.5x	31.7x	21.7x	69.6x	43.0x	30.5x	-0.2%	2.4%	3.6%	52%	-0.4x	1.4x
HMS Networks	308	1,415	41.7x	35.8x	32.0x	57.0x	48.7x	44.7x	2.0%	2.3%	2.4%	12%	0.1x	4.4x
IAR	136	182	16.2x	11.7x	n.a.	23.2x	17.1x	n.a.	n.a.	n.a.	n.a.	n.a.	-0.4x	n.a.
Fractal	426	843	29.7x	25.5x	22.0x	47.2x	41.0x	35.9x	1.9%	2.3%	2.6%	15%	-6.1x	3.2x
Cellavision	341	796	49.4x	38.4x	31.4x	64.3x	50.6x	42.0x	1.4%	1.7%	2.0%	24%	-0.3x	2.7x
MIPS	675	1,733	67.7x	51.5x	41.5x	86.5x	67.8x	55.3x	1.1%	1.3%	1.6%	27%	-1.4x	3.5x
Biotage	165	1,055	40.1x	36.6x	31.9x	54.5x	50.3x	44.0x	1.7%	1.8%	2.1%	11%	-1.1x	4.8x
Medicover	203	2,950	36.4x	33.3x	29.4x	57.2x	52.7x	43.7x	2.8%	3.2%	3.6%	10%	1.5x	4.0x
Probi	479	546	42.2x	34.7x	27.7x	40.7x	35.1x	30.4x	1.8%	2.6%	3.4%	20%	-1.2x	2.6x
Vitrolife	269	2,865	53.8x	46.4x	46.4x	69.2x	60.2x	61.9x	1.5%	1.6%	1.5%	7%	-2.1x	12.0x
Sectra	564	2,129	51.8x	n.a.	n.a.	68.3x	n.a.	n.a.	1.1%	1.3%	n.a.	n.a.	-0.9x	n.a.
Sinch	1669	10,635	82.8x	45.4x	36.8x	100.2x	54.0x	50.4x	0.6%	1.4%	2.0%	49%	3.8x	2.4x
Average			47.0x	35.6x	32.1x	61.5x	47.3x	43.9x	1.4%	2.0%	2.5%	23%	-0.7x	4.1x
Median			45.8x	35.8x	31.7x	60.7x	50.3x	43.9x	1.5%	1.8%	2.3%	17%	-0.6x	3.3x
PC hardware peers														
Corsair	34	2,603	14.7x	12.5x	10.6x	22.0x	18.8x	16.8x	3.8%	5.7%	6.3%	12%	0.3x	1.5x
Logitech	100	15,780	19.5x	17.9x	15.3x	23.5x	20.4x	18.0x	3.9%	4.1%	4.6%	7%	-2.2x	1.7x
AMD	79	80,154	32.6x	24.8x	19.4x	40.7x	31.9x	25.9x	2.3%	2.3%	3.6%	25%	-1.3x	1.6x
NVIDIA	608	317,978	34.6x	29.5x	30.3x	40.9x	37.5x	33.8x	2.0%	2.3%	2.5%	12%	-1.0x	4.2x
BENQ	35	329	11.6x	10.2x	n.a.	13.9x	12.6x	n.a.	3.1%	5.5%	n.a.	n.a.	0.9x	n.a.
Gigabyte	104	1,951	7.4x	7.4x	n.a.	10.8x	11.0x	n.a.	7.1%	7.6%	n.a.	n.a.	-2.6x	n.a.
MSI	166	4,139	8.7x	8.2x	n.a.	11.8x	11.0x	n.a.	7.6%	6.9%	n.a.	n.a.	-1.2x	n.a.
Average			18.4x	15.8x	18.9x	23.4x	20.5x	23.6x	4.3%	4.9%	4.3%	14%	-1.0x	2.3x
Median			14.7x	12.5x	17.4x	22.0x	18.8x	22.0x	3.8%	5.5%	4.1%	12%	-1.2x	1.7x
Asetek (SEB)	100	266	21.7x	16.9x	14.2x	30.0x	23.1x	19.2x	-5.2%	-1.1%	-0.5%	24.7%	-0.3x	1.2x
Premium/discount to peer group median														
Fast growing similar Nordic peers			-54%	-52%	-56%	-51%	-51%	-56%	-463%	-155%	-120%			-71%
PC hardware peers			18%	7%	-25%	28%	13%	-19%	-223%	-122%	-111%			-47%

Source: SEB, FactSet

Overview

Investment considerations

The long-term investment case in Asetek relies on the success of its Datacenter business. The company has less than 1% of its target market, which is seeing rapid growth driven by rapid technology advances, explosive data generation, growing demand for high performance computing and thereby efficient cooling technologies. More importantly, increased focus on energy saving and potentially stricter regulation on the data centre energy consumption could provide significant sales opportunities for Asetek.

Company profile

Asetek is a developer and seller of liquid coolers for personal computer and data centre servers. Since the founder and current CEO André Sloth Eriksen invented the direct-to-chip (DTC) liquid cooling technology in 1997, the company has successfully developed and commercialized a wide range of CPU and GPU liquid cooling products, which are mostly used in high performance gaming, engineering, financial software, etc. Today, Asetek is the largest supplier of liquid cooling technologies in the global PC market with over 30% market share. Further, the company has strived to bring its DTC liquid cooling technologies to the data centre industry with the first product launched in 2013. The company expects to generate sales of ca. USD 68-70m in 2020 and grow at a CAGR of 18% over the last five years. The desktop liquid cooling business still accounts for more than 90% of its revenue.

Valuation approach

We have used a scenario-based DCF valuation to value Asetek and our fair share price range is based on a mid-point DCF value +/- 1% absolute change to our EBITDA assumptions being the upper and lower end of the range.

Investment risks

Asetek generates revenue from a limited number of customers and a loss of one of these could have a material negative impact. Furthermore, most of its products are manufactured in mainland China and exported to Taiwan and the US. Political risks such as increased tariffs could reduce demand from the end market.

Profit & loss statement - Asetek											
(USDm)	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Net Sales	21	21	36	51	58	67	54	73	92	101	112
Other revenues	0	0	0	0	0	0	0	0	0	0	0
Total revenues	21	21	36	51	58	67	54	73	92	101	112
Total expenses	(26)	(29)	(36)	(44)	(53)	(60)	(49)	(58)	(75)	(79)	(86)
Profit before depreciation	(6)	(8)	0	7	5	7	5	15	18	22	26
Depreciation - Fixed assets	(0)	(0)	(0)	(1)	(1)	(0)	(1)	(1)	(2)	(2)	(2)
Depreciation - Other assets	(2)	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Amortisation - Goodwill	0	0	0	0	0	0	0	0	0	0	0
Amortisation - Other intangibles	0	0	0	0	0	0	0	0	0	0	0
Operating profit	(8)	(10)	(2)	5	3	4	1	11	13	17	21
Net interest expenses	1	(0)	(0)	(0)	(0)	0	0	(0)	(0)	(0)	(0)
Foreign exchange items	(0)	(0)	0	0	(1)	0	0	(1)	0	0	0
Other financial items	0	0	0	0	0	0	0	0	0	0	0
Value changes - Fixed assets	0	0	0	0	0	0	0	0	0	0	0
Value changes - Financial assets	0	0	0	0	0	0	0	0	0	0	0
Value changes - Other assets	0	0	0	0	0	0	0	0	0	0	0
Reported pre-tax profit	(7)	(10)	(2)	5	1	5	1	9	13	17	21
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Total taxes	0	1	0	5	3	(1)	(2)	(0)	(3)	(4)	(5)
Reported profit after tax	(6)	(9)	(2)	10	4	4	(1)	9	10	13	15
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Extraordinary items	0	0	0	0	0	0	0	0	0	0	0
Net Profit	(6)	(9)	(2)	10	4	4	(1)	9	10	13	15
Adjustments:											
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Interest on convertible debt	0	0	0	0	0	0	0	0	0	0	0
Minority interests (IFRS)	0	0	0	0	0	0	0	0	0	0	0
Value changes	0	0	0	0	0	0	0	0	0	0	0
Goodwill/intangibles amortisations	0	0	0	0	0	0	0	0	0	0	0
Restructuring charges	0	0	0	0	0	0	0	0	0	0	0
Other adjustments	0	0	0	0	0	0	0	0	0	0	0
Tax effect of adjustments	0	0	0	0	0	0	0	0	0	0	0
Adjusted profit after tax	(6)	(9)	(2)	10	4	4	(1)	9	10	13	15
Margins, tax & returns											
Operating margin	(37.0)	(45.6)	(6.5)	9.2	4.7	6.6	1.9	15.0	14.5	17.2	18.6
Pre-tax margin	(32.4)	(47.5)	(5.8)	9.8	2.6	7.2	2.7	13.0	14.3	16.9	18.4
Tax rate	6.6	11.5	21.0	(93.1)	n.m.	24.6	143.2	2.5	25.0	25.0	25.0
ROE	48.6	(78.8)	(12.6)	41.1	14.5	10.2	(1.6)	21.3	19.3	20.8	20.4
ROCE	(59.0)	(80.9)	(17.0)	19.5	8.8	12.2	3.4	23.1	23.2	24.6	24.6
Growth rates y-o-y (%)											
Total revenues	n.a.	0.6	72.6	41.5	14.3	15.7	(19.3)	33.9	27.0	9.7	10.9
Operating profit	n.m.	n.m.	n.m.	n.m.	(41.0)	60.3	(76.3)	942.7	23.0	29.6	20.0
Pre-tax profit	n.m.	n.m.	n.m.	n.m.	(70.0)	224.9	(70.1)	548.3	40.4	29.7	20.3
EPS (adjusted)	0.0	0.0	0.0	0.0	(55.1)	(17.6)	0.0	0.0	8.3	30.1	20.3
Cash flow											
(USDm)	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Net profit	(6)	(9)	(2)	10	4	4	(1)	9	10	13	15
Non-cash adjustments	1	2	3	(2)	1	5	7	4	6	6	6
Cash flow before work cap	(5)	(7)	2	8	5	8	6	13	16	19	22
Ch. in working capital / Other	0	1	(3)	0	1	(5)	3	(2)	(2)	(1)	(1)
Operating cash flow	(5)	(6)	(1)	8	6	4	9	11	14	18	21
Capital expenditures	(3)	(2)	(2)	(3)	(4)	(4)	(2)	(4)	(21)	(22)	(22)
Asset disposals	0	0	0	0	0	0	0	0	0	0	0
L/T financial investments	0	0	0	0	0	0	0	0	0	0	0
Acquisitions / adjustments	0	0	0	0	0	0	0	(1)	(8)	0	0
Free cash flow	(8)	(8)	(3)	5	2	0	7	7	(16)	(3)	(1)
Net loan proceeds	(4)	0	0	0	0	(0)	0	(0)	5	0	0
Dividend paid	0	0	0	0	0	0	0	0	0	0	0
Share issue	22	0	12	0	1	1	0	(4)	(2)	0	0
Other	0	0	(0)	(1)	(2)	(1)	(1)	0	0	0	0
Net change in cash	10	(7)	9	5	1	0	6	3	(13)	(3)	(1)
Adjustments											
C/flow bef chng in work cap	(5)	(7)	2	8	5	8	6	13	16	19	22
Adjustments	0	0	0	0	0	0	0	0	0	0	0
Int on conv debt net of tax	0	0	0	0	0	0	0	0	0	0	0
Cash earnings	(5)	(7)	2	8	5	8	6	13	16	19	22
Per share information											
Cash earnings	(0.36)	(0.49)	0.07	0.3	0.2	0.32	0.23	0.51	0.61	0.74	0.84
Operating cash flow	(0.33)	(0.41)	(0.05)	0.3	0.23	0.15	0.35	0.44	0.53	0.7	0.79
Free cash flow	(0.55)	(0.56)	(0.15)	0.19	0.07	0.01	0.26	0.25	(0.6)	(0.12)	(0.06)
Investment cover											
Capex/sales (%)	4.6	0.8	2.5	2.1	3.2	2.8	1.3	2.7	20.0	18.4	16.8
Capex/depreciation (%)	279	39	210	162	210	456	49	129	1,086	953	863

Source for all data on this page: SEB

Balance sheet - Asetek											
(USDm)	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Cash and liquid assets	12	4	13	18	18	19	25	27	14	11	10
Debtors	5	4	9	13	13	16	14	24	31	34	38
Inventories	1	1	2	1	2	3	2	3	3	4	4
Other	0	0	0	0	0	0	0	0	0	0	0
Current assets	18	9	24	32	34	37	40	54	49	49	52
Interest bearing fixed assets	0	0	0	0	0	0	0	0	0	0	0
Other financial assets	0	0	0	0	0	0	0	0	0	0	0
Capitalized development cost	2	2	2	2	3	2	2	3	8	9	10
Goodwill	0	0	0	0	0	0	0	0	0	0	0
Other intangibles	0	0	0	0	0	0	0	0	4	4	4
Fixed tangible assets	1	1	1	2	4	4	3	3	20	37	54
Other fixed assets	0	0	0	6	9	8	6	7	7	7	7
Fixed assets	3	3	4	9	15	14	14	17	44	61	79
Total assets	21	13	28	41	49	51	54	71	92	110	130
Creditors	3	3	6	9	10	7	8	14	18	20	22
Other trade financing	2	2	2	3	4	4	3	6	7	8	9
S/T interest bearing debt	0	0	0	1	1	1	1	1	1	1	1
Other	0	0	0	0	0	0	0	0	0	0	0
Current liabilities	6	5	9	13	15	12	12	21	27	29	32
L/T interest bearing debt	0	0	0	0	1	1	0	0	5	5	5
Other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other provisions	0	0	0	0	0	0	3	3	3	2	2
Deferred tax	0	0	0	0	0	0	0	0	3	5	7
Long term liabilities	0	0	0	0	1	1	3	3	10	13	14
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Shareholders' equity	15	7	19	28	33	39	39	48	55	68	84
Total liabilities and equity	21	13	28	41	49	51	54	71	92	110	130
Net debt (m)	(11)	(4)	(12)	(17)	(17)	(17)	(20)	(23)	(5)	(2)	(1)
Working capital (m)	1	1	3	2	2	8	5	7	9	10	11
Capital employed (m)	15	8	19	29	35	41	43	52	65	77	93
Net debt/equity (%)	(74)	(48)	(67)	(59)	(50)	(44)	(52)	(48)	(10)	(3)	(1)
Net debt/EBITDA (x)	1.9	0.5	(185.5)	(2.4)	(3.2)	(2.5)	(4.0)	(1.6)	(0.3)	(0.1)	(0.0)
Equity/total assets (%)	71	58	67	69	68	76	72	67	60	62	64
Interest cover	(7.0)	(108.1)	(34.7)	84.2	27.6	48.2	8.2	57.2	55.8	63.0	75.6

Valuation											
(USD)	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
No of shares, fully dil. (y/e)	14.1	14.2	24.8	25.6	26.5	26.4	25.6	26.1	26.0	26.0	26.0
No of shares, fully dil. avg.	13.8	14.1	22.3	25.6	26.5	26.4	25.6	26.1	26.0	26.0	26.0
Share price, y/e								108.8	97.7	97.7	97.7
Share price, high								109.8	124.8		
Share price, low								18.0	83.0		
Share price, avg								63.8	104.0		
EPS (reported)	(0.46)	(0.62)	(0.07)	0.38	0.17	0.14	(0.02)	0.35	0.38	0.50	0.60
EPS (adjusted)	(0.46)	(0.62)	(0.07)	0.38	0.17	0.14	(0.02)	0.35	0.38	0.50	0.60
Cash earnings/share	(0.36)	(0.49)	0.07	0.30	0.20	0.32	0.23	0.51	0.61	0.74	0.84
Dividend/share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Enterprise value/share								11.8	11.3	11.4	11.5
Book value/share	1.1	0.5	0.8	1.1	1.3	1.5	1.5	1.8	2.1	2.6	3.2
Adjusted equity/share	1.1	0.5	0.8	1.1	1.3	1.5	1.5	1.8	2.1	2.6	3.2
PER (adjusted)								36.0	30.2	23.2	19.3
CEM								25.0	19.0	15.6	13.8
Dividend yield								0.0	0.0	0.0	0.0
EV/EBITDA								21.0	16.7	13.5	11.5
EV/EBITA								28.2	21.9	17.0	14.3
EV/EBIT								28.2	21.9	17.0	14.3
EV/Sales (x)								4.23	3.18	2.93	2.66
Price/Book value								6.96	5.39	4.38	3.57
Price/adjusted equity								6.96	5.39	4.38	3.57
Free cash flow/Market cap (%)								2.4	(2.4)	(1.1)	(0.5)
Operating cash flow/EV (%)								3.7	4.7	6.2	6.9
EV/Capital employed (x)								6.0	4.5	3.8	3.2

Main shareholders				Management			Company information	
Name	(%)	Votes	Capital	Title	Name	Contact		
Arbejdsmarkedets Tillægspension (ATP)	10.3		10.3	COB	Jukka Pertola	Internet	www.asetek.com	
HSBC Trinkaus & Burkhardt AG	8.6		8.6	CEO	André Sloth Eriksen	Phone number	+45 96 45 00 47	
Sunstone technology	6.0		6.0	CFO	Peter Dam Madsen			
				IK				

Source for all data on this page: SEB

About this publication

This report is a marketing communication commissioned by Asetek and prepared by Skandinaviska Enskilda Banken AB (publ). It does not constitute investment research; as such, it has not been prepared in accordance with the legal requirements to promote the independence of investment research, nor is it subject to any prohibition on dealing ahead of the dissemination of investment research.

This statement affects your rights

This report is confidential and may not be reproduced, redistributed or republished by any recipient for any purpose or to any person. Redistributing this report to third parties may invoke legal requirements on the person engaging in such activities.

Producers and Recipients

SEB Research is approved and issued by Skandinaviska Enskilda Banken AB (publ) ("SEB"), a bank organized under the laws of the Kingdom of Sweden, on behalf of itself and its affiliates for institutional investors. When SEB Research is issued by an SEB subsidiary, the subsidiary itself is subject to this disclaimer.

Use

This material has been prepared by SEB for information purposes only. It does not constitute investment advice and is being provided to you without regard to your investment objectives or circumstances. The document does not constitute an invitation or solicitation of an offer to subscribe for or purchase any securities and neither this document nor anything contained herein shall form the basis for any contract or commitment whatsoever. Opinions contained in the report represent the authors' present opinion only and may be subject to change. In the event that the authors' opinion should change, we shall endeavour (but do not undertake) to disseminate any such change, within the constraints of any regulations, applicable laws, internal procedures within SEB, or other circumstances.

Good faith and limitations

All information, including statements of fact, contained in this research report have been obtained and compiled in good faith from sources believed to be reliable. However, no representation or warranty, express or implied, is made by SEB with respect to the completeness or accuracy of its contents, and it is not to be relied upon as authoritative and should not be taken in substitution for the exercise of reasoned, independent judgement by you. Recipients are urged to base their investment decisions upon such investigations as they deem necessary. To the extent permitted by applicable law, no liability whatsoever is accepted by SEB for any direct or consequential loss arising from the use of this document or its contents.

Distribution

This research report has been prepared by SEB or its affiliates and is being distributed by SEB offices in Stockholm, Copenhagen, Oslo, Helsinki, Frankfurt, London, Tallinn, Vilnius and Riga. Research reports are prepared and distributed in Lithuania by AB SEB bankas and in Estonia by AS SEB Pank in accordance with the requirements of the local laws and Financial Supervision Authority's conduct of business rules. This document may not be distributed in the United States, Canada, Japan or Australia or in any other jurisdiction where to do so would be unlawful. Addresses and Phone numbers for each office can be found at the end of the report.

The SEB Group: members, memberships and regulators

SEB is a member of, inter alia, Nasdaq OMX Nordic, Oslo Stock Exchange, the London Stock Exchange, NYSE Euronext, SIX Swiss Exchange, Frankfurt Stock Exchange, Tallinn Stock Exchange as well as certain European MTF's such as BATS-Chi-X, Turquoise and Burgundy. SEB is regulated by Finansinspektionen in Sweden and, for the conduct of investment services business, in (i) Denmark by Finanstilsynet, (ii) Norway by Finanstilsynet, (iii) Finland by Finanssivalvonta, (iv) Germany by Bundesanstalt für Finanzdienstleistungsaufsicht, (v) the UK by the Financial Conduct Authority and Prudential Regulation Authority (details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request), (vi) Estonia by the Estonian Financial Supervision Authority, (vii) Lithuania by the Bank of Lithuania, (viii) Latvia by the Financial and Capital Markets Commission and Futures Commission.

SEB's research reports are prepared in accordance with the industry standards and codes of conduct applicable to financial analysts in the countries where they are based. In Denmark, Finland, Norway and Sweden, analysts act in accordance with the rules of ethics of each country's Society of Financial Analysts. Analysts comply with the recommendations and industry standards of the Danish, Norwegian and the Swedish Securities Dealers Associations and with those of the Federation of Finnish Financial Services. Analysts certified by the CFA Institute also comply with the Code of Ethics of the CFA Institute.

Prevention and avoidance of conflicts of interest

The remuneration of staff within the Research department is determined exclusively by research management and senior management and may include discretionary awards based on the firm's total earnings, including investment banking and markets (sales and trading businesses) income; however, no such staff receive remuneration based upon specific investment banking or markets transactions. SEB's Compliance department monitors the production of research and the observance of the group's procedures designed to prevent any potential conflicts of interest from affecting the content of research; the latter are described in greater detail in the "Statement of Policies for dealing with potential conflicts of interest surrounding our Research activities" which is available on our SEB Research website.

Your attention is also drawn to the fact that:

The current market price of the securities shown in this report is the price prevailing at the close of the business day preceding the date of publication, save where such price was more than 5% different from the price prevailing as at the time of publication, in which case it is the latter.

Unless explicitly stated otherwise in this report, SEB expects (but does not undertake) to issue updates to this report following the publication of new figures or forecasts by the company covered, or upon the occurrence of other events which could potentially have a material effect on it.

The securities discussed in this research report may not be eligible for sale in all countries, and such securities may not be suitable for all types of investors. Offers and sales of securities discussed in this research report, and the distribution of this report, may be made only in countries where such securities are exempt from registration or qualification or have been so registered or qualified for offer and sale, and in accordance with applicable broker-dealer and agent/salesman registration or licensing requirements. A copy of this report, not including the recommendation, has been provided to the issuer prior to its dissemination to check factual statements for accuracy; as a result, some amendments have been made.

A full list of disclosures for other companies mentioned herein (in which SEB has research coverage), can be found on our SEB Research website

Methodology

Final consideration as to any valuations, projections and forecasts contained in this report are based on a number of assumptions and estimates and are subject to contingencies and uncertainties, and their inclusion in this report should not be regarded as a representation or warranty by or on behalf of the Group or any person or entity within the Group that they or their underlying assumptions and estimates will be met or realized. Different assumptions could result in materially different results. Past performance is not a reliable indicator of future performance. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in this report. In addition, investors in securities, such as ADRs, whose values are influenced by the currency of the underlying security, effectively assume currency risk.

Company specific disclosures and potential conflicts of interest

A member of, or an entity associated with, SEB or its affiliates, officers, directors, employees or shareholders of such members (a) is not, and has never been, represented on the board of directors or similar supervisory entity of Asetek, (b) has from time to time bought or sold the securities issued by the company or options relating to the company, and (c) SEB does not hold any short / long position exceeding 0.5% of the total issued share capital of Asetek as of 31 Mar 2021.

The analyst(s) responsible for this research report (jointly with their closely related persons) hold(s) 0 shares in Asetek and do(es) not have holdings in other instruments related to the company.

Skandinaviska Enskilda Banken AB (publ). All rights reserved.

Copenhagen

Bernstorffsgade 50
P.O. Box 100
DK-1577 Copenhagen V

Telephone: (45) 3328 2828

Oslo

Filipstad Brygge 1,
P.O. Box 1363 Vikta
NO-0113 Oslo

Telephone: (47) 2100 8500

Frankfurt

Stephanstrasse 14-16
D-60313 Frankfurt am Main

Telephone: (49) 69 9727 7740

Stockholm

Kungsträdgårdsgatan 8
S-106 40 Stockholm

Telephone: (46) 8 522 29500

Helsinki

Eteläesplanadi 18
P.O. Box 630
FIN-00101 Helsinki

Telephone: (358) 9 616 28700

Tallinn

Tornimäe 2
EE-Tallinn 15010

Telephone: (372) 665 7762

London

One Carter Lane
London, EC4V 5AN

Telephone: (44) 20 7246 4000