

HAV NO

Newsflash

26 November 2021

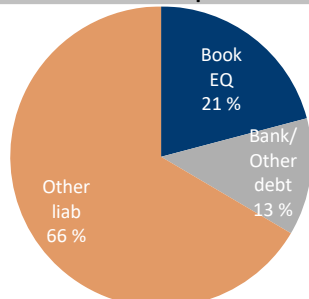
HAV Group

HAV NO / Energy / Norway
Renewables

Equity rating
BUY / TP NOK 25



Capital structure - Last reported



Enterprise value

MCap (NOKm)	560
Net debt FQ0 (NOK)	-259
EV FQ0 (NOKm)	301
Shares outst. (m)	35

Share data (price at 25 Nov 21)

Price (NOK)	16.0
Target (NOK)	25.0
Upside/Downside	56%
52 wk range (NOK)	12.5-17.7
12m perf/OSEBX	4%/30%

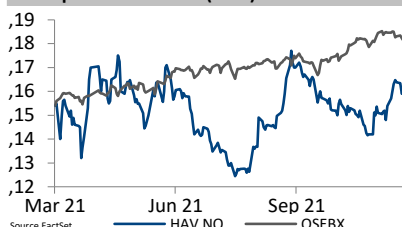
Valuation

NAV/sh (NOK)	-
EV/GAV	-
P/NAV	-

Stock information

Free float	-
3 mth avg vol ('000)	60
Beta 1 yr	1.5
Spread 1 yr	7.98%
Velocity 1 yr	61%
Volatility 90 days	33%
Risk	High

Share price last 12 mth (NOK)



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3q21 Results – Strong CF & Hiked Margin Guidance

All in all, a solid report from HAV this morning, with continued strong cash flow and hiked margin guidance. HAV reported 3q21 revenues of NOK 81m, which is down from NOK 304m last quarter and well below our NOK 147m estimate with the drop largely due to less trading. EBITDA was NOK 14.5m, in-line with FSEst. NOK 14m. Else, we note continued strong cash flows with YTD FCF of NOK 229m (*incl. NOK 162m in WC movements*), which increased HAV's cash position to NOK 406m from NOK 334m last quarter. Notably, HAV has managed to increase its cash position by NOK >370m YTD. External backlog now totals NOK 542m, which is up from NOK 468m last quarter providing strong visibility going forward. The increase follows strong orders in NES and NGT, partly offset by a drop in HAV Design.

On the outlook, HAV sees continued strong fundamentals for maritime cleantech. Further, HAV maintains the NOK 850-950m revenue target, which is in-line with FSEst. NOK 905m. However, with a YTD EBIT of NOK 67m, HAV expects the full-year EBIT margin to be in-line with YTD 3q21, meaning roughly 10% vs. previous guiding at c. 7%. As such, we expect to see strong numbers coming out of 4q21. Note, at the midpoint, this implies NOK 207m in revenues for 4q21 and NOK 20m in EBIT to bring full-year EBIT in-line with YTD margins. This compares to FSEst. NOK 12m in EBIT for 4q21, and we thus see some 11% upside on our FY'21 EBIT estimate.

In our view, HAV stands out as one of few companies within the energy transition sphere with solid cash flow generation. '21 is looking to be an extraordinary year, mainly due to delivery of the Kystruten contracts and we expect normalized design revenues for '22/'23. That said, we estimate high growth for both NES and NGT and additional longer-term upside from hydrogen, leaving strong support in the share. Longer-term, we continue to see HAV as one of the best ways to play the greener future within the maritime industry. See our recent update [here](#).

Lastly, we highlight the announcement that HYARD (owns c. 66% of the shares in HAV) announced to distribute an extraordinary dividend of up to 50% of its holding in HAV (subject to EGM on Dec-14th). Distributed is expected to shareholders on Dec-27th. I.e., HYARD is going to offer up to 33% of the total shares in the company, meaning that HYARD's ownership in HAV will max. go down to c. 33% from the current 66.46%. Whilst we expect some downwards sales pressure on HAV, very positive longer-term in terms of increasing liquidity (free float will increase by up to 33%). Notably, HAV announced this morning a 3.5m share-buyback programme representing c. 10% of shares outstanding in the company.

NB! Fearnley Securities has been engaged to complete the repurchase of shares in HAV

Hav Group (NOKm)	3q21	3q21e	Dev	2q21
Operating revenues	81.0	146.5	-65.5	303.9
EBITDA (adj.)	14.5	13.7	0.8	41.0
EBIT (adj.)	11.0	11.5	-0.5	36.8
Pre-tax profit	11.0	11.2	-0.2	38.4
Net income, reported	11.0	9.0	2.0	30.7
EPS (adj.)	0.31	0.26	0.06	0.88

Revenue breakdown	3q21	3q21e	Dev	2q21
Norwegian Greentech AS	47.5	18.4	29.2	40
Norwegian Electric Systems AS	31.9	45.7	-13.8	65
HAV Design AS	58.8	82.5	-23.7	209
HAV Hydrogen AS	0.3	0.0	0.3	1
Eliminations	-57.9	0.0	-57.9	-10
Total	80.6	146.5	-65.9	303.9

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Hold:	When target price is between -15%- +15% and/or if we do not see a compelling investment case in the share
Sell:	When target price is 15 % or more below market price.

Equity recommendations prior to 8 July 2019

Buy:	When price target is more than 15 % above market price.
Accumulate:	When target price is within 5-15 % above market price.
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Basis and Methods for Assessment

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Definitions of Key Terms

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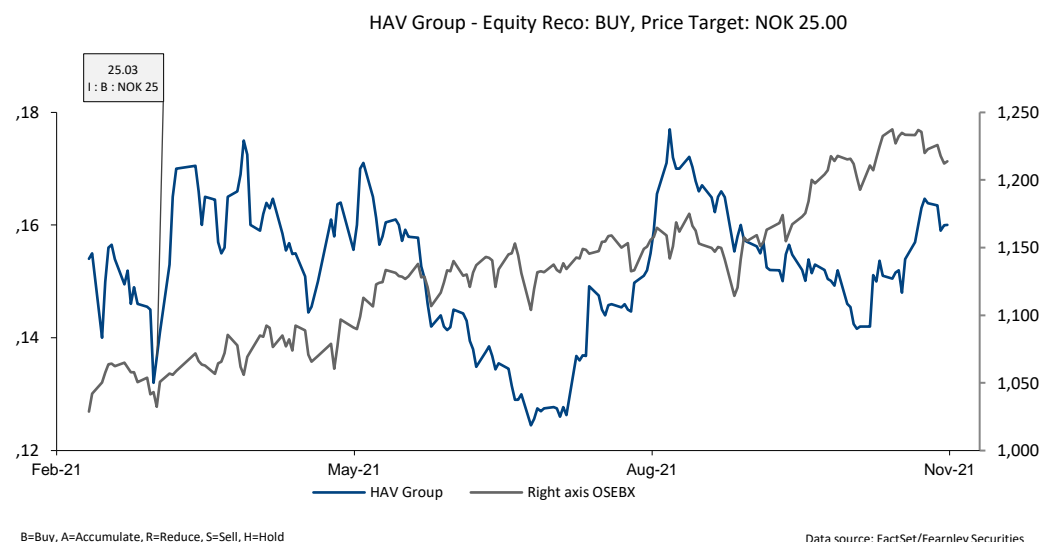
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Credit Recommendation changes for HAV Group

Date Credit Recommendation

Please contact fondsweb@fearnleys.no to receive additional information about Recommendations in the financial instruments of the issuing company the last 36 months, including data on changes in Recommendations. Please be aware that certain informal Recommendations may be excluded.

10. Previous Reports

Date	Title	Reason
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Company Name	Analyst's holding		Others		Last updated
	Equities	Bonds	Equities	Bonds	
Seadrill LTD	350	-	-	-	31.08.2021
Fusion Fuel Green Plc ¹	400	-	-	-	31.08.2021

¹ Including 2.000 warrants

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Last updated: 31 October 2021

- Avance Gas Holdings Ltd
- Bergen Carbon Solutions AS
- Biofish Holding AS
- Borr Drilling Ltd
- Danaos Corporation
- Elop AS
- Eagle Bulk Shipping Inc
- Fusion Fuel Green Plc
- Global Ship Lease, Inc
- Golden Ocean Group ASA
- Hav Group ASA
- Havila Kysttruten AS
- Horisont Energi AS
- HydrogenPro AS
- Høegh LNG Holdings Ltd
- Integrated Wind Solutions AS
- Kyoto Group AS
- Magnora ASA
- MPC Energy Solutions N.V
- M Vest Water AS
- Norsk Solar AS
- Ocean Sun AS
- Ocean Yield ASA
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Last updated 3 September 2021

Rating distribution					Investment banking relationship				
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85%	1%	12%	0%	2%	96%	0%	4%	0%	0%