

# KebNi AB (publ)

## Scaffolding focus in new vertical with great potential

**Research analyst:** Johan Widmark | **Date:** 2021-07-12 | This research is for informational purposes only. It does not constitute investment advice and is not a solicitation to buy shares. For more information, please refer to [emergers.se](https://emergers.se).

A patent application for KebNi's first proprietary inertial sensing application opens the door to an entirely new vertical offering long-term potential worth SEK 100 million. With sales expected to build from 2022, a partnership with the market leader in scaffolding, and an opportunity for rapid expansion into other applications, we expect that KebNi's investments in development during 2021, with the company also advancing its positions in IMU and substantially bolstering its sales capacity, will transform its future revenue profile.

### Partnering with the market leader provides rapid reach

KebNi has announced a patent filing for an inertial sensing application to monitor the structural status of scaffolding and improve worker safety. The sensors will detect barely noticeable vibrations and movements in the scaffolding and provide real-time alerts of safety threats through a combination of KebNi's deep technical knowledge in inertial sensing and AI. The planned launch of the application is 2022, in partnership with one of the leading scaffolding suppliers, which will provide KebNi with international reach right from the start, although the initial rollout may be on a country-by-country basis.

### Annual revenues of SEK 100 million at 10% penetration

Although we expect a low unit price (SEK <5,000), the application will require a network of units on each scaffolding installation (perhaps 15-20 for a five-storey building). The temporary nature of scaffolding also offers an opportunity for KebNi to explore new business models such as rental or subscription. The scaffolding market is worth USD 2.4 billion in the EU and USD 7.5 billion globally. Assuming a willingness to pay 1.5% of the cost of scaffolding installation to monitor its stability (equivalent to SEK 50 per month and unit x 15 units for a scaffolding costing SEK 50,000), long-term global market penetration of 10% would offer annual revenues of SEK 100 million. In addition, minor modifications could make the application useful for real-time monitoring in other areas, giving the investment very substantial potential.

### Enhanced sales capacity supports our upbeat view

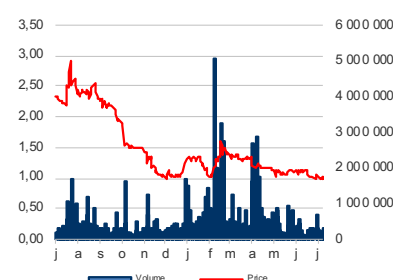
There is generally increased demand for IMU from the commercial segment, not least in self-driving vehicles. With a new sales chief and a more than doubled sales force, we are optimistic about the prospect of improved revenues. For 2022 and 2023, however, we expect that the company's new application will have a limited impact on earnings. Following minor adjustments to our forecasts after the Q1 report, which shift our expectations to the last three quarters of the year, we have adjusted our fair value to SEK 2.5-2.9 on an 18-24 month horizon until we gain more clarity about the outlook for the current year, the company's new application and next-generation IMU.

MSEK	2019	2020	2021E	2022E	2023E
Sales	35	39	44	75	118
EBITDA	-5	-26	-31	-5	10
EBIT	-12	-35	-41	-14	1
EPS Adjusted	-1,21	-0,59	-0,42	-0,14	0,01
Sales Growth, %	411,8	10,7	13,7	70,3	58,1
EBITDA Margin, %	-14,0	-67,1	-71,7	-6,2	8,5
EBIT Margin, %	-35,0	-91,8	-92,7	-18,6	0,8
EV/Sales	1,33	1,91	2,07	1,35	0,81
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	9,5
EV/EBIT	n.a.	n.a.	n.a.	n.a.	107,5
P/E	n.a.	n.a.	n.a.	n.a.	138,5

Source: Emergers

### KebNi AB (publ)

<b>Fair Value, SEK (18-24 m)</b>	<b>2,5 - 2,9</b>
Current Price, SEK	1,01
Number of Shares (Millions)	96,75
Market Capitalisation (MSEK)	97,91
Net Debt (MSEK)	-34,49
Enterprise Value (MSEK)	63,42
Market	First North



## Company description

KebNi AB (publ.), formerly ASTG AB until July 2020, is active in technology, products and solutions for security, positioning and stabilisation. The company has extensive experience in solutions for maritime satellite antennas and inertial sensor systems for motion detection.

The company currently has operations in two different product areas: satellite antenna platforms and inertial motion sensors (IMUs).

Satellite antenna platforms include the following activities:

- **KebNi Maritime** – innovative 4-axis stabilized VSAT terminals for primarily maritime installations.
- **KebNi Land Mobile**, which consists of two arms
  - KebNi Comms on the Move (**COTM Land**) - stabilized mobile antennas for vehicles traveling or moving over land.
  - Satmission by KebNi - Comms on the Pause (**COTP Land**) - Driveaway antennas where the vehicle stands still upon satellite contact.
- **KebNi Inertial Sensing** (inertial measurement units, IMUs) – advanced inertial sensor systems for measuring movement in three dimensions. IMUs are a key component in the company's stabilized satellite platforms and are also sold to external customers for other applications.

In 2020, KebNi acquired technology from ReQuTech AB in COTM Land, and Satmission AB in COTP Land as a complement to its existing product portfolio.

## Valuation - plenty of upside potential

KebNi has a long period of losses behind it, and this is expected to continue for at least two years. At the same time, the company has made, and continues to make, significant investments in technology development that have not yet been translated into commercial contracts. Any valuation of the company is therefore associated with a particularly high degree of uncertainty. This analysis uses a two-pronged approach using both target multiples for future expected sales and profit (EV/sales, EV/EBITDA and P/E) and a present value calculation of future cash flows (DCF) discounted to the present with a discount rate (WACC) of 12%.

Since our forecast shows that the company can achieve these future gains without additional capital contribution, we do not calculate for any further dilution. All in all, our calculations show a fair value of SEK 2.5 (DCF) – 2.9 (multiples) per share on an 18-24 month horizon using our Base Case scenario.

### DCF Key Assumptions

WACC	12%
Long-term EBITDA-margin	22%
Long-term CAPEX as share of sales	3%
Terminal Value EBITDA-multiple	8x
Total NPV, MSEK	242
NPV per share, SEK	2.5

Source: Emergers

A quantitative comparison also shows that KebNi is traded at a high discount compared to its peers, which in almost all cases show losses at the EBITDA level. Overall, we therefore see good support for our valuation and note that

there is plenty of upside potential if KebNi succeeds in turning the sentiment towards the share and regaining market confidence.

## KebNi AB (publ)

### Income Statement

MSEK	2018	2019	2020	2021E	2022E	2023E	2024E
Sales	6,8	34,8	38,5	43,8	74,6	117,9	159,5
Operating Costs	-17,8	-39,7	-64,4	-75,2	-79,2	-107,8	-134,5
EBITDA	-11,0	-4,9	-25,9	-31,4	-4,7	10,1	25,0
Depreciation	-1,1	-7,3	-9,5	-9,2	-9,2	-9,2	-9,2
Amortisation of Goodwill	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EBIT	-12,1	-12,2	-35,4	-40,6	-13,8	0,9	15,8
Non-recurring Items	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Associated Companies	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Net Financial Items	-1,5	-3,3	-2,1	0,0	0,0	0,0	0,0
<b>Pre-tax Result</b>	<b>-13,6</b>	<b>-15,5</b>	<b>-37,4</b>	<b>-40,5</b>	<b>-13,8</b>	<b>0,9</b>	<b>15,8</b>
Tax	0,0	0,0	-0,1	0,0	0,0	-0,2	-3,3
Minority Interest	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Net Result</b>	<b>-13,6</b>	<b>-15,5</b>	<b>-37,5</b>	<b>-40,5</b>	<b>-13,8</b>	<b>0,7</b>	<b>12,6</b>

### Capital Expenditure

	2018	2019	2020	2021E	2022E	2023E	2024E
Capital Expenditure, Absolute	6,8	5,0	5,0	2,2	2,2	3,5	4,8
As a Pct of Sales	100,0	14,4	13,0	5,0	3,0	3,0	3,0
Depreciation Multiple	6,2	0,7	0,5	0,2	0,2	0,4	0,5

### Key Ratios

Share Price: SEK 1,01

	2018	2019	2020	2021E	2022E	2023E	2024E
Share Price at 31 Dec	7,80	4,25	1,33	1,01	1,01	1,01	1,01
Number of Shares (Millions)	7,30	12,81	63,39	96,75	96,75	96,75	96,75
Market Cap	57,0	54,4	84,1	97,9	97,9	97,9	97,9
Enterprise Value	68,1	46,3	73,5	90,6	100,5	95,7	78,8
EPS (Reported)	-1,86	-1,21	-0,59	-0,42	-0,14	0,01	0,13
EPS (Adjusted)	-1,86	-1,21	-0,59	-0,42	-0,14	0,01	0,13
CEPS	-1,15	-1,71	-0,11	-0,32	-0,05	0,10	0,22
P/CEPS	n.a.	n.a.	n.a.	n.a.	n.a.	9,9	4,5
Book Value/Share	2,0	4,0	1,0	0,3	0,1	0,1	0,3
P/BV	3,8	1,1	1,3	4,0	9,0	8,4	4,0
Dividend	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Dividend Yield (%)	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Dividend Payout Ratio (%)	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EV/Sales	10,0	1,3	1,9	2,1	1,3	0,8	0,5
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	9,5	3,2
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	107,5	5,0
P/E (Adjusted)	n.a.	n.a.	n.a.	n.a.	n.a.	138,5	7,8
Sales Growth, Y/Y (%)	n.a.	411,8	10,7	13,7	70,3	58,1	35,3
EBIT Growth, Y/Y (%)	n.a.	0,6	190,6	14,7	-65,9	-106,4	1676,5
EPS Growth (Adjusted), Y/Y (%)	n.a.	-35,1	-51,0	-29,2	-65,9	-105,1	1676,5
EBITDA Margin (%)	-161,8	-14,0	-67,1	-71,7	-6,2	8,5	15,7
EBIT Margin (%)	-177,9	-35,0	-91,8	-92,7	-18,6	0,8	9,9
Return on Equity (%)	n.a.	-47,2	-64,6	-90,0	-77,6	6,3	70,2
Tax Rate (%)	0,0	0,0	-0,2	0,0	0,0	20,6	20,6

### Financial Position

	2018	2019	2020	2021E	2022E	2023E	2024E
Interest-Bearing Net Debt	11	-8	-11	-7	3	-2	-19
Net Debt/Equity	75,0	-15,9	-16,2	-29,6	23,5	-18,9	-79,2
Equity Ratio	35,7	83,0	78,0	33,9	19,4	21,0	35,7
Net Debt/EBITDA	-1,0	1,7	0,4	0,2	-0,5	-0,2	-0,8

Source: Emergers, Company reports

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