EQUITY RESEARCH

Research report prepared by DNB Markets, a division of DNB Bank ASA

Health Care

Update

This report was completed and disseminated at 15:46 CET on 24 November 2017

24 November 2017

DNB MARKETS

NORDIC NANOVECTOR

Comments from CMD 2017

Nordic Nanovector hosted a well-attended CMD on Wednesday this week. The most important information in our view were comments related to the clinical data to be presented at ASH in December as well as a confirmation that the combination trial (ARCHER-1) of Betalutin and rituximab will start before year-end. The company confirmed that the data presented at ASH will include more patients in the high-dose group (20MBq/kg and 100mg/m2 pre-dosing) than the abstracts included. We reiterate our BUY recommendation and NOK145 target price.

Focus on data to come at ASH. The company will present data from its clinical development of Betalutin at ASH in December. The abstracts were released a few weeks ago, causing the share price to drop. We believe the central reason for this was the somewhat weak ORR in the high-dose, Arm 4 data from the ongoing phase I/II trial. However, the response was based on only six patients. We view the stock market's interpretation as too cautious and believe the patient material is too small to draw any long-term conclusions. The company confirmed at the CMD that more patient data from this dose-group will be presented at ASH.

Will use two doses in the pivotal phase II trial (PARADIGME). To speed up development of Betalutin, the company will use a seamless design of the pivotal phase II trial, meaning that the ongoing phase I/II trial will be amended with new cohorts of patients that will form the basis for the registration trial. Both 15MBq/kg with 40mg pre-dosing and 20MBq/kg with 100mg/m^2 pre-dosing will be evaluated in the trial. In the end, the company stated that it will chose the best dose with best outcome for the filing.

We reiterate our BUY recommendation and NOK145 target price for the shares. There are a lot of clinical developments going on at the company right now with the pivotal phase II trial in 3L FL (PARADIGME) as well as the combination trial with Betalutin and rituximab (ARCHER-1) starting before year-end 2017. The cash position is strong (cNOK804m) and the company has resources enough to take Betalutin to filing for 3L FL as well as advancing the other programmes at the same time.

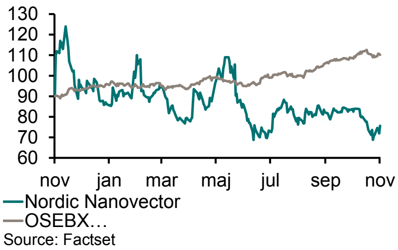
Year-end Dec	2013	2014	2015	2016	2017e	2018e	2019e
Revenue (NOKm)	0	0	0	0	1	1	1
EBITDA adj (NOKm)	-18	-68	-182	-215	-285	-292	-314
EBIT adj (NOKm)	-18	-69	-183	-216	-286	-294	-317
PTP (NOKm)	-17	-64	-173	-235	-281	-292	-315
EPS rep (NOK)	-1.92	-3.54	-4.32	-5.05	-5.75	-5.99	-6.46
EPS adj (NOK)	-1.92	-3.54	-4.32	-5.05	-5.75	-5.99	-6.46
DPS (NOK)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Revenue growth (%)	106.6	43.6	-0.6	-28.1	59.2	0.0	20.0
P/Book (x)		1.52	0.79	4.75	5.51	9.79	6.57
Dividend yield (%)	nm	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company (historical figures), DNB Markets (estimates)

BUY

TP: NOK145

NANO versus OSEBX (12m)



Source: Factset

SUMMARY	
Recommendation (prev.)	BUY (BUY)
Share price (NOK)	75.6
Target price (previous) (NOK)	145 (145)
Upside/downside potential (%)	92
Tickers	NANO NO, NANO.OL
CAPITAL STRUCTURE	
No. of shares (m)	48.8
No. of shares fully dil. (m)	48.8
Market cap. (NOKm)	3,688
NIBD adj end-2017e (NOKm)	-733
Enterprise value adj (NOKm)	2,955
Net debt/EBITDA adj (x)	2.58
SHARE PRICE PERFORMANCE	
Abs. 1/3/12m (%)	-10/-1/-16
Rel. 1/3/12m (%)	-12/-11/-38
High/Low 12m (NOK)	124/69
Free float (%)	63

Source: Company , DNB Markets (estimates)

NEXT EVENT	
Q4 2017 report	27/02/2018

ESTIMATE CHANGES (NOK)

Year-end Dec	2017e	2018e	2019e
EPS (old)	-5.42	-5.99	-6.46
EPS (new)	-5.75	-5.99	-6.46
Change (%)	nm	nm	nm
Sales (old)	0.50	0.50	0.60
Sales (new)	0.50	0.50	0.60
Change (%)	0.0	0.0	0.0

Source: DNB Markets, Bloomberg

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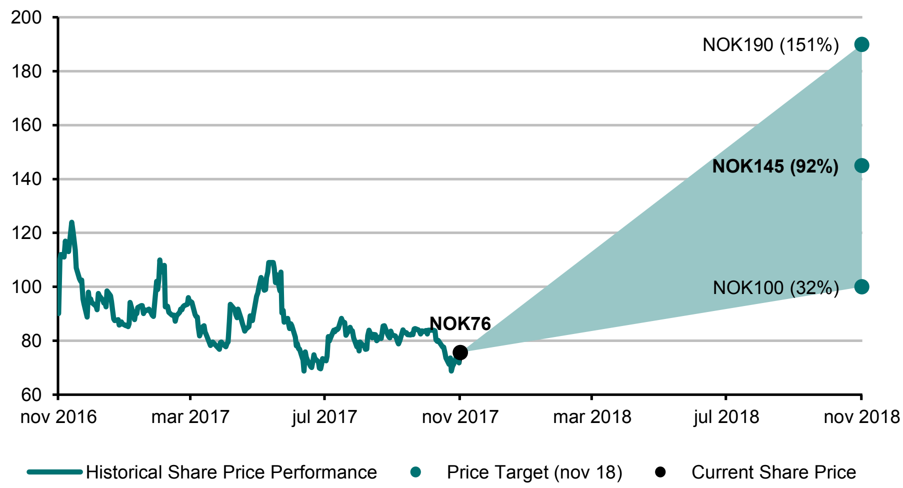
Investment case overview

Share price performance, DNB Markets' target price, bear- and bull-case scenarios



Source: FactSet, DNB Markets

Target price methodology

- Our target price is based mainly on a SOTP, which includes the period until the patent expires and is probability-adjusted. We discount the values back to a NPV with a WACC of 10%.
- Our bear-case valuation scenario is based on the SOTP valuation but with a lower peak penetration assumption than in the base case.
- The bull-case valuation scenario is based on the SOTP valuation but with a higher peak penetration assumption than in the base case.

Source: DNB Markets

Downside risks to our investment case

- We still expect Betalutin to have a meaningful clinical effect. The biggest risk we see is that the development programme (which we believe is ambitious) might incur further delays.
- There is a lot of focus on the NHL market from many big pharmaceutical companies; hence the competitive environment might get tougher.
- Longer than expected approval times and changes to regulatory conditions.
- Lower realised prices than we factor into our model.

Source: DNB Markets

DNB Markets investment case and how we differ from consensus

- In our base case, the company will develop Betalutin all the way to the market and launch the product alone.
- The first indication should reach the market in H1 2020. We have applied a 40% probability adjustment to sales, but development costs are unadjusted.
- We estimate a global average price per patient of USD80,000 for Betalutin for all indications except ASCT.

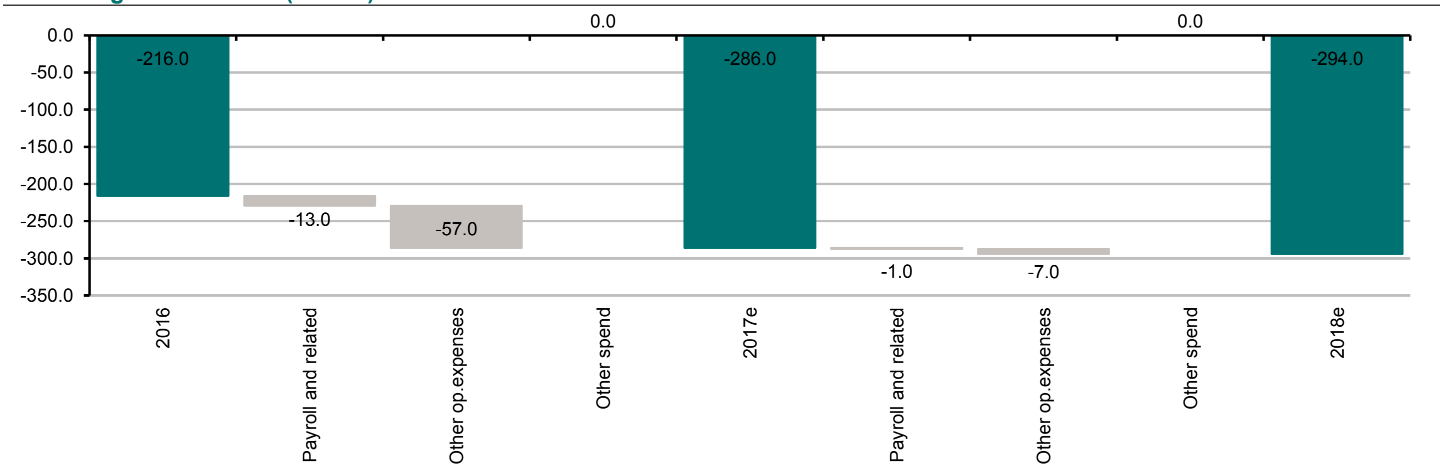
Source: DNB Markets

Upside risks to our investment case

- The company could well become a target for consolidation in the industry.
- It might realise higher prices for Betalutin than we have factored in.
- With strong clinical data, the approval process might be speedier than we estimated and thus a launch might take place earlier than expected.

Source: DNB Markets

EBIT bridge 2016–2018e (NOKm)



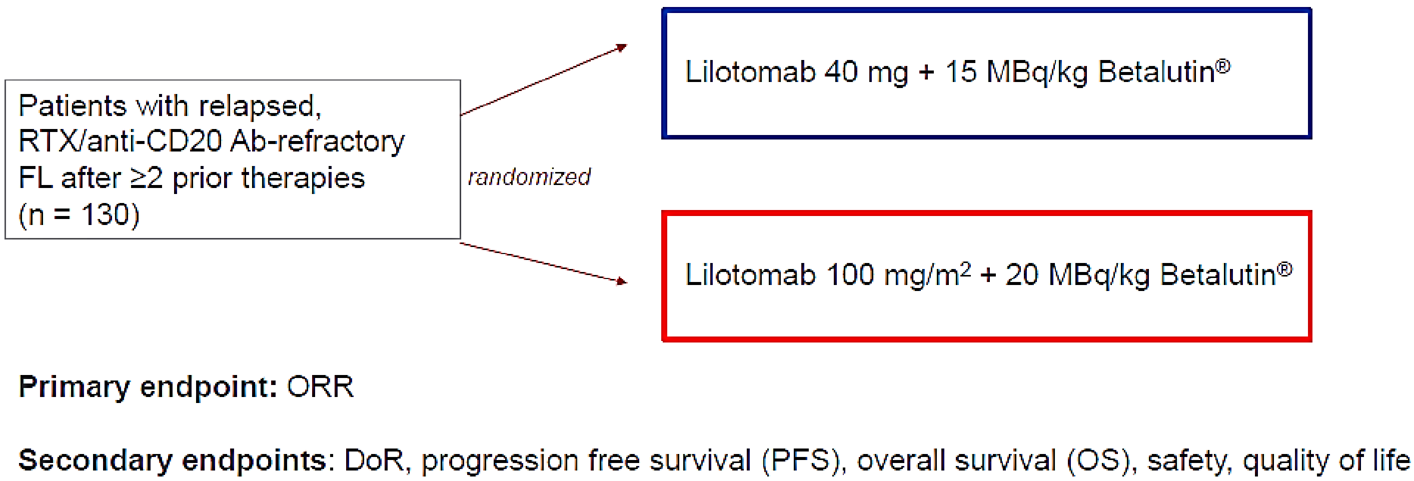
Source: DNB Markets (forecasts), company (historical data)

Summary of CMD 2017

The company hosted a CMD in Oslo on Wednesday. Our overall impression was that the company is confident in the development of Betalutin and is very satisfied with the clinical data seen this far. The company will present updated clinical outcome data at ASH later in December and indicated that the data presented at ASH will include more patients than what has been seen in the abstracts submitted for ASH. With that in mind, one could of course question the logic of having a CMD before the ASH data is out.

In the figure below, we highlight the expected design of the pivotal phase II trial in 3L FL about to start late 2017. The primary end-point is ORR while secondary end-points consist of duration of response (DoR), progression free survival (PFS), overall survival (OS), safety, and quality of life. We have not received any data until now on 3L FL patients regarding the outcomes, only data in FL patients (some of these are also 2L patients) and the data displayed so far also include all historical doses (including 10MBq/kg).

Expected design of pivotal phase II (PARADIGME) trial

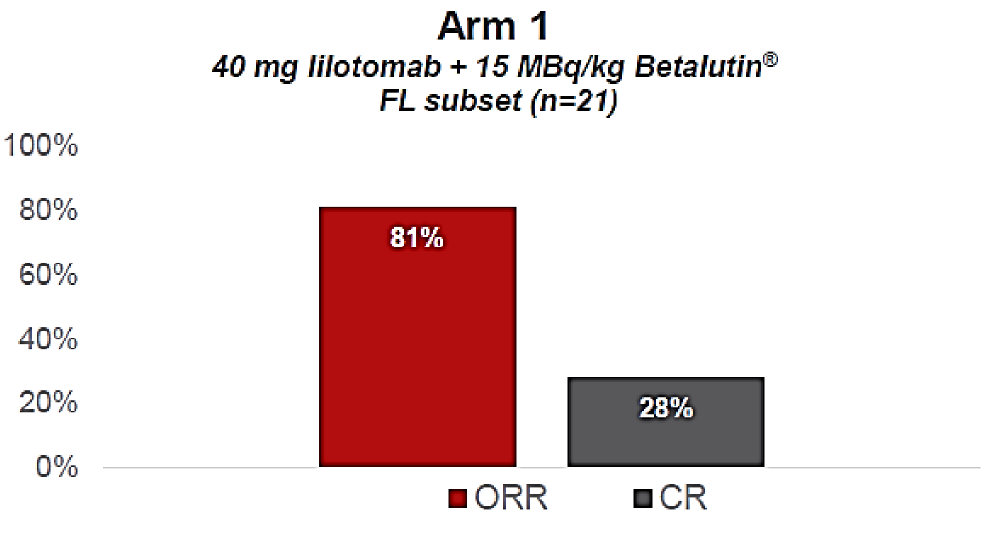


Source: Company data

Data to be presented by Nordic Nanovector at ASH 2017 in December

The company will present data according to the accepted abstracts at ASH this year related to the clinical outcomes for the ongoing phase I/II trial. As has been stressed before, the company is aiming for the core indication of 3L FL and, in the indication FL, we believe the company has very strong data. The ORR in this group of patients amounts to c81% and the CR amounts to c28%. Remember that this data include only patients in the 15MBq/kg dose.

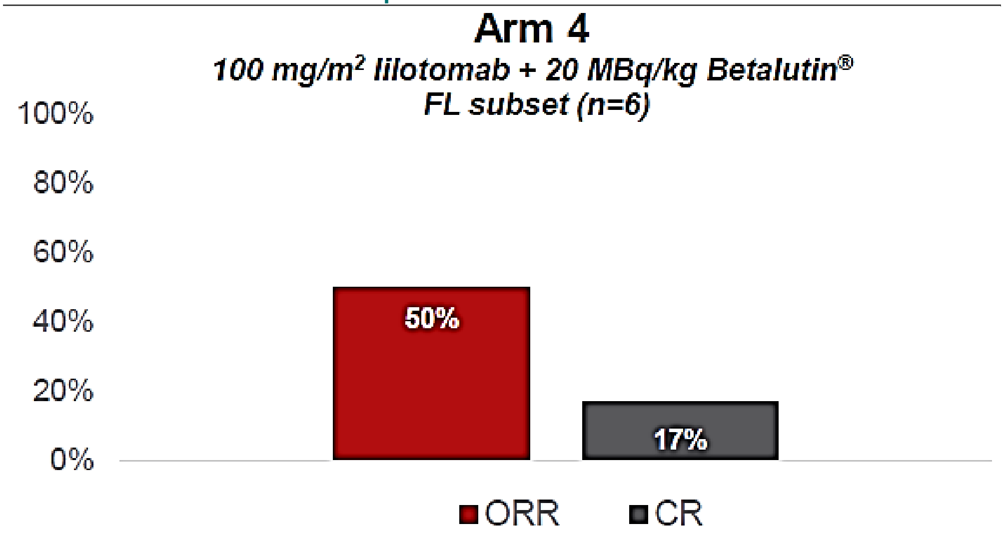
Clinical outcome data - Arm 1 FL patients



Source: Company data

When the company issued the press release with the abstract information, the shares reacted very negatively and we believe this was mainly due to the low efficacy results in the highest dose group (the 20MBq/kg with 100mg/m^2 pre-dosing group). In this group, the company reported an ORR of 50% and a CR of 17%.

Clinical outcome data- Arm 4 FL patients



Source: Company data

This was a lower response rate than the market anticipated and as a result, the shares traded down. In our opinion, it is still too early to have a definite opinion on the doses and especially to base any far-reaching conclusions on only six patients in the high-dose group. We also note that the submission of the abstract took place some time ago (data cut-off in July) and hence we expect to see more patients from the high-dose arm in the actual presentation at ASH. Moreover, with such a small number of patients, the percentage ORR and CR could change materially once a larger dataset is presented.

Our core take-away is that the overall data presented in the abstract is strong; among the strongest data sets we have seen in this indication, and even if the company in the end only proceeded with the lower dose (15MBq/kg and 40mg pre-dosing), we believe the company has data strong enough to both get approved and secure a solid position in the market. However, as mentioned before, the company is planning to initiate the pivotal phase II trial PARADIGME before year-end 2017 and initiate the trial with two doses: 15MBq/kg and 40mg pre-dosing, and the dose 20MBq/kg with 100mg/m^2 pre-dosing are tested side by side. At the CMD on Wednesday, the company's CMO stated clearly that in the end, the plan is to choose one of the doses only and file for registration.

Summary and recommendation

We still believe there is a high likelihood for Betalutin to reach the market and secure a solid position in 3L FL and potentially in 2L FL and DLBCL as well. We have a 45% LOA that Betalutin reaches the market. Our price estimate for Betalutin once on the market is cUSD80,000 per treatment. This might prove too conservative given that the drug seems to offer a DoR of c15 months and the current price (especially in the US) for new cancer drugs averages cUSD10,000 per month of treatment. In combination with the benign side-effect profile, we believe the company could make the argument that the price for Betalutin should be higher than we have in our forecast. On the other hand, competing treatment modalities are emerging (CAR-T among others) and this might have some potential negative impact on the DLBCL indication in particular, from Nordic Nanovector’s perspective. All in all, we reiterate our BUY recommendation and the NOK145 target price.

Forecast changes – P&L

(NOKm)	New 2017e	New 2018e	New 2019e	Old 2017e	Old 2018e	Old 2019e	Change 2017e	Change 2018e	Change 2019e
Revenues	1	1	1	1	1	1	0	0	0
Cost of sales	0	0	0			0			0
Gross profit	1	1	1	1	1	1	0	0	0
Operating expenses	-285	-293	-315	-285	-293	-315	0	0	0
EBITDA	-285	-292	-314	-285	-292	-314	0	0	0
EBITDA adj	-285	-292	-314	-285	-292	-314	0	0	0
EBITDA margin (%)	nm	nm	nm	-56900.0	-58426.8	-52354.9	nm	nm	nm
Depreciation	-2	-2	-3			-3			0
EBITA	-286	-294	-317	-286	-294	-317	0	0	0
EBIT	-286	-294	-317	-286	-294	-317	0	0	0
EBIT adj	-286	-294	-317	-286	-294	-317	0	0	0
Net interest	6	2	2	22	2	2	-16	0	0
Net financial items	6	2	2	22	2	2	-16	0	0
PBT	-281	-292	-315	-265	-292	-315	-16	0	0
Taxes	0	0	0			0			0
Net profit	-281	-292	-315	-265	-292	-315	-16	0	0
Adjustments to net profit	0	0	0	0	0	0	0	0	0
Net profit adj	-281	-292	-315	-265	-292	-315	-16	0	0
Per share data (NOK)									
EPS	-5.75	-5.99	-6.46	-5.42	-5.99	-6.46	-0.33	0.00	0.00
EPS adj	-5.75	-5.99	-6.46	-5.42	-5.99	-6.46	-0.33	0.00	0.00
DPS ordinary	0.00	0.00	0.00			0.00			0.00
DPS extraordinary	0.00	0.00	0.00			0.00			0.00
DPS	0.00	0.00	0.00			0.00			0.00
Other key metrics (%)									
Revenue growth	59.2	0.0	20.0	59.2	0.0	20.0	0.0	0.0	0.0
EBIT adj growth	nm	nm	nm	32.2	2.8	7.8	nm	nm	nm
EPS adj growth	nm	nm	nm	7.4	10.4	7.9	nm	nm	nm
Avg. number of shares (m)	51	51	51	51	51	51	0	0	0
Capex	-6	-8	-10			-10			0
OpFCF	-291	-300	-324	-291	-300	-324	0	0	0
Working capital	-30	-30	-30	-30	-30	-30	0	0	0
NIBD adj	-733	-435	-613	-749	-451	-629	16	16	16

Source: DNB Markets

Quarterly numbers

(NOKm)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017e	Q4 2017e	Q1 2018e	Q2 2018e	Q3 2018e
Revenues	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cost of sales	0	0	0	0	0	0	0	0	0	0	0
Gross profit	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Operating expenses	-52	-48	-50	-65	-65	-76	-72	-71	-73	-73	-73
EBITDA	**-52**	**-48**	**-50**	**-65**	**-65**	**-76**	**-72**	**-71**	**-73**	**-73**	**-73**
Depreciation	0	0	0	0	0	0	0	-1	-1	-1	-1
EBITA	**-53**	**-48**	**-50**	**-65**	**-66**	**-76**	**-73**	**-71**	**-74**	**-74**	**-74**
EBIT	**-53**	**-48**	**-50**	**-65**	**-66**	**-76**	**-73**	**-71**	**-74**	**-74**	**-74**
Net interest	-11	-3	-11	6	10	10	-13	-2	1	1	1
Net financial items	-11	-3	-11	6	10	10	-13	-2	1	1	1
PBT	**-64**	**-51**	**-61**	**-59**	**-56**	**-66**	**-86**	**-73**	**-73**	**-73**	**-73**
Taxes	0	0	0	0	0	0	0	0	0	0	0
Net profit	**-64**	**-51**	**-61**	**-59**	**-56**	**-66**	**-86**	**-73**	**-73**	**-73**	**-73**
Adjustments to net profit	0	0	0	0	0	0	0	0	0	0	0
Net profit adj	-64	-51	-61	-59	-56	-66	-86	-73	-73	-73	-73
Per share data (NOK)											
Growth and margins (%)											
Revenues, QOQ growth	-46.6	1.3	-1.3	1.3	-1.3	-15.4	63.6	129.6	-49.6	0.0	0.0
Revenues, YOY growth	2.6	-44.4	2.6	-45.9	0.0	-16.5	38.5	213.9	60.3	89.4	15.7
EPS adj, YOY growth	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Gross margin	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
EBITDA adj margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Depreciation/revenues	-334.6	-343.0	-383.3	-416.5	-357.7	-454.5	-334.3	-225.8	-400.0	-400.0	-400.0
EBIT adj margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Net profit margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm

Source: Company (historical figures), DNB Markets (estimates)

Adjustments to quarterly numbers

(NOKm)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017e	Q4 2017e	Q1 2018e	Q2 2018e	Q3 2018e
EBITDA	**-52**	**-48**	**-50**	**-65**	**-65**	**-76**	**-72**	**-71**	**-73**	**-73**	**-73**
EBITDA adj	-52	-48	-50	-65	-65	-76	-72	-71	-73	-73	-73
EBITA	**-53**	**-48**	**-50**	**-65**	**-66**	**-76**	**-73**	**-71**	**-74**	**-74**	**-74**
EBITA adj	-53	-48	-50	-65	-66	-76	-73	-71	-74	-74	-74
EBIT	**-53**	**-48**	**-50**	**-65**	**-66**	**-76**	**-73**	**-71**	**-74**	**-74**	**-74**
EBIT adj	-53	-48	-50	-65	-66	-76	-73	-71	-74	-74	-74
Net profit	**-64**	**-51**	**-61**	**-59**	**-56**	**-66**	**-86**	**-73**	**-73**	**-73**	**-73**
Net profit adj	-64	-51	-61	-59	-56	-66	-86	-73	-73	-73	-73

Source: Company (historical figures), DNB Markets (estimates)

Annual P&L

(NOKm)	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e
Revenues	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**1**	**1**
Cost of sales	0	0	0	0	0	0	0	0	0	0
Gross profit	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**1**	**1**
Operating expenses	-2	-7	-13	-18	-69	-183	-216	-285	-293	-315
EBITDA	**-2**	**-7**	**-13**	**-18**	**-68**	**-182**	**-215**	**-285**	**-292**	**-314**
Depreciation	0	-1	-1	0	0	-1	-1	-2	-2	-3
EBITA	**-2**	**-7**	**-14**	**-18**	**-69**	**-183**	**-216**	**-286**	**-294**	**-317**
EBIT	**-2**	**-7**	**-14**	**-18**	**-69**	**-183**	**-216**	**-286**	**-294**	**-317**
Net interest	0	0	0	1	5	10	-19	6	2	2
Net financial items	0	0	0	1	5	10	-19	6	2	2
PBT	**-2**	**-7**	**-13**	**-17**	**-64**	**-173**	**-235**	**-281**	**-292**	**-315**
Taxes	0	0	0	0	0	0	0	0	0	0
Effective tax rate (%)	0	0	0	0	0	0	0	0	0	0
Net profit	**-2**	**-7**	**-13**	**-17**	**-64**	**-173**	**-235**	**-281**	**-292**	**-315**
Adjustments to net profit	0	0	0	0	0	0	0	0	0	0
Net profit adj	-2	-7	-13	-17	-64	-173	-235	-281	-292	-315
Avg. number of shares	0	0	6	9	20	42	49	51	51	51
Per share data (NOK)										
EPS	-7.49	-21.42	-2.11	-1.92	-3.54	-4.32	-5.05	-5.75	-5.99	-6.46
EPS adj	**-7.49**	**-21.42**	**-2.11**	**-1.92**	**-3.54**	**-4.32**	**-5.05**	**-5.75**	**-5.99**	**-6.46**
DPS ordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DPS extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Growth and margins (%)										
Revenue growth	nm	nm	135.1	106.6	43.6	-0.6	-28.1	59.2	0.0	20.0
EPS adj growth	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Gross margin	nm	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
EBITDA margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
EBITDA adj margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Depreciation/revenues	nm	-898.9	-526.2	-77.4	-78.6	-227.5	-369.4	-300.0	-400.0	-500.0
EBIT margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
EBIT adj margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
PBT margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Net profit margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm

Source: Company (historical figures), DNB Markets (estimates)

Adjustments to annual P&L

(NOKm)	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e
EBITDA	**-2**	**-7**	**-13**	**-18**	**-68**	**-182**	**-215**	**-285**	**-292**	**-314**
EBITDA adj	-2	-7	-13	-18	-68	-182	-215	-285	-292	-314
EBITA	**-2**	**-7**	**-14**	**-18**	**-69**	**-183**	**-216**	**-286**	**-294**	**-317**
EBITA adj	-2	-7	-14	-18	-69	-183	-216	-286	-294	-317
EBIT	**-2**	**-7**	**-14**	**-18**	**-69**	**-183**	**-216**	**-286**	**-294**	**-317**
EBIT adj	-2	-7	-14	-18	-69	-183	-216	-286	-294	-317
Net profit	**-2**	**-7**	**-13**	**-17**	**-64**	**-173**	**-235**	**-281**	**-292**	**-315**
Net profit adj	-2	-7	-13	-17	-64	-173	-235	-281	-292	-315
Per share data (NOK)										
EPS	-7.49	-21.42	-2.11	-1.92	-3.54	-4.32	-5.05	-5.75	-5.99	-6.46
Recommended adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EPS adj	-7.49	-21.42	-2.11	-1.92	-3.54	-4.32	-5.05	-5.75	-5.99	-6.46

Source: Company (historical figures), DNB Markets (estimates)

Cash flow

(NOKm)	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e
Net profit	-2	-7	-13	-17	-64	-173	-235	-281	-292	-315
Change in net working capital	0	0	0	0	0	0	0	0	0	0
Cash flow from operations (CFO)	**-2**	**-6**	**-13**	**-17**	**-63**	**-172**	**-234**	**-279**	**-290**	**-312**
Capital expenditure	0	-1	0	0	3	-2	-1	-6	-8	-10
Acquisitions/Investments	0	0	0	0	0	0	0	0	0	0
Cash flow from investing (CFI)	**0**	**-1**	**0**	**0**	**3**	**-2**	**-1**	**-6**	**-8**	**-10**
Free cash flow (FCF)	**-2**	**-7**	**-13**	**-17**	**-61**	**-174**	**-236**	**-285**	**-298**	**-322**
Net change in debt	0	0	0	0	0	0	0	0	0	0
Other	-2	-2	2	3	5	34	45	0	0	0
Cash flow from financing (CFF)	**13**	**12**	**2**	**90**	**318**	**580**	**510**	**0**	**0**	**500**
Total cash flow (CFO+CFI+CFF)	**12**	**4**	**-11**	**73**	**257**	**406**	**275**	**-285**	**-298**	**178**
FCFF calculation										
Free cash flow	-2	-7	-13	-17	-61	-174	-236	-285	-298	-322
Less: net interest	0	0	0	-1	-5	-10	19	-6	-2	-2
Less: acquisitions	0	0	0	0	0	0	0	0	0	0
Growth (%)										
CFO	31.0	-293.1	-102.7	-32.4	-277.3	-171.3	-36.3	-19.2	-4.0	-7.6
CFI	nm	nm	108.7	-479.6	1031.8	-180.7	32.8	-300.5	-33.3	-25.0
FCF	31.0	-349.7	-76.1	-35.6	-254.5	-187.3	-35.4	-21.0	-4.6	-8.0
CFF	295.1	-13.9	-84.0	4759.6	253.4	82.5	-12.0	-100.0	nm	nm
FCFF	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm

Source: Company (historical figures), DNB Markets (estimates)

Balance sheet

(NOKm)	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e
Assets	**15**	**22**	**11**	**86**	**346**	**760**	**1,045**	**764**	**472**	**657**
Inventories	0	0	0	0	0	0	0	0	0	0
Trade receivables	2	4	4	6	7	14	23	23	23	23
Other receivables	0	0	0	0	0	0	0	0	0	0
Current financial assets	0	0	0	0	0	0	0	0	0	0
Cash and cash equivalents	13	17	7	80	337	743	1,018	733	435	613
Current assets	**15**	**21**	**11**	**86**	**344**	**758**	**1,042**	**757**	**458**	**636**
Property, plant and equipment	0	1	0	0	2	3	3	8	14	21
Goodwill	0	0	0	0	0	0	0	0	0	0
Other intangible assets	0	0	0	0	0	0	0	0	0	0
Defferred tax assets	0	0	0	0	0	0	0	0	0	0
Non-current financial assets	0	0	0	0	0	0	0	0	0	0
Non-current assets	**0**	**1**	**0**	**0**	**2**	**3**	**3**	**8**	**14**	**21**
Total assets	**15**	**22**	**11**	**86**	**346**	**760**	**1,045**	**764**	**472**	**657**
Equity and liabilities	**15**	**22**	**11**	**86**	**346**	**760**	**1,045**	**764**	**472**	**657**
Total equity to the parent	13	20	8	79	330	713	949	669	377	562
Total equity	**13**	**20**	**8**	**79**	**330**	**713**	**949**	**669**	**377**	**562**
Trade payables	1	1	2	4	6	20	53	53	53	53
Other payables and accruals	0	0	0	0	0	0	0	0	0	0
Short-term debt	0	0	0	0	0	0	0	0	0	0
Total current liabilities	**1**	**1**	**2**	**4**	**6**	**20**	**53**	**53**	**53**	**53**
Long-term debt	0	0	0	0	0	0	0	0	0	0
Pension liabilities	0	0	0	0	0	0	0	0	0	0
Other non-current liabilities	1	1	1	3	9	27	42	42	42	42
Total non-current liabilities	**1**	**1**	**1**	**3**	**9**	**27**	**42**	**42**	**42**	**42**
Total liabilities	**2**	**1**	**3**	**7**	**16**	**48**	**95**	**95**	**95**	**95**
Total equity and liabilities	**15**	**22**	**11**	**86**	**346**	**760**	**1,045**	**764**	**472**	**657**
Key metrics										
Net interest bearing debt	-13	-17	-7	-80	-337	-743	-1,018	-733	-435	-613

Source: Company (historical figures), DNB Markets (estimates)

Valuation ratios

(NOKm)	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e
Enterprise value										
Share price (NOK)					28.00	14.10	96.75	75.60	75.60	75.60
Number of shares (m)	0.21	0.32	6.37	8.84	26.55	44.52	48.78	48.78	48.78	48.78
Market capitalisation					743	628	4,720	3,688	3,688	3,688
Net interest bearing debt	-13	-17	-7	-80	-337	-743	-1,018	-733	-435	-613
Adjustments to NIBD	0	0	0	0	0	0	0	0	0	0
Net interest bearing debt adj	-13	-17	-7	-80	-337	-743	-1,018	-733	-435	-613
EV					406	-116	3,702	2,955	3,253	3,075
EV adj					406	-116	3,702	2,955	3,253	3,075
Valuation										
EPS	-7.49	-21.42	-2.11	-1.92	-3.54	-4.32	-5.05	-5.75	-5.99	-6.46
EPS adj	**-7.49**	**-21.42**	**-2.11**	**-1.92**	**-3.54**	**-4.32**	**-5.05**	**-5.75**	**-5.99**	**-6.46**
DPS ordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DPS extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
P/E					-7.9	-3.3	-19.2	-13.1	-12.6	-11.7
P/E adj					-7.9	-3.3	-19.2	-13.1	-12.6	-11.7
P/B					1.52	0.79	4.75	5.51	9.79	6.57
Average ROE	-27.0%	-40.7%	-95.5%	-39.3%	-31.1%	-33.1%	-28.3%	-34.7%	-55.9%	-67.2%
Dividend yield					0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV/SALES					924.74	-264.64	11788.65	5909.71	6505.97	5125.19
EV/SALES adj					924.74	-264.64	11788.65	5909.71	6505.97	5125.19
EV/EBITDA					-5.9	0.6	-17.2	-10.4	-11.1	-9.8
EV/EBITDA adj					-5.9	0.6	-17.2	-10.4	-11.1	-9.8
EV/EBIT					-5.9	0.6	-17.1	-10.3	-11.1	-9.7
EV/EBIT adj					-5.9	0.6	-17.1	-10.3	-11.1	-9.7
EV/NOPLAT					-5.9	0.6	-17.1	-10.3	-11.1	-9.7
EV/OpFCF (taxed)					-6.2	0.6	-17.1	-10.2	-10.8	-9.5

Source: Company (historical figures), DNB Markets (estimates)

Key accounting ratios

	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e
Profitability (%)										
ROA	-18.8	-37.4	-81.7	-35.1	-29.5	-31.2	-26.1	-31.0	-47.3	-55.8
Return on invested capital (%)										
Net PPE/revenues		1456.3	186.6	109.8	357.9	642.3	1001.6	1529.0	2729.0	3440.8
Working capital/revenues		4402.8	1312.2	514.2	192.4	-1364.5	-9485.0	-5956.6	-5956.6	-4963.8
Cash flow ratios (%)										
FCF/revenues		-11350.2	-8500.0	-5577.5	-13772.2	-39796.6	-75002.9	-57000.0	-59626.8	-53688.3
FCF/market capitalisation					-8.1	-27.7	-5.0	-7.7	-8.1	-8.7
CFO/revenues		-9921.9	-8552.6	-5480.7	-14400.5	-39286.7	-74525.8	-55800.0	-58026.8	-52021.6
CFO/market capitalisation					-8.5	-27.4	-5.0	-7.6	-7.9	-8.5
CFO/capex		-694.7	16235.5	-5661.6	2292.3	-7705.7	-15621.6	-4650.0	-3626.7	-3121.3
CFO/current liabilities	-169.7	-752.4	-607.6	-372.8	-1015.7	-851.8	-440.2	-524.8	-545.8	-587.2
Cash conversion ratio	100.0	104.9	93.6	100.3	95.1	100.7	100.1	101.6	102.1	102.2
Capex/revenues		1428.3	-52.7	96.8	-628.2	509.8	477.1	1200.0	1600.0	1666.7
Capex/depreciation		158.9	-10.0	125.1	-799.3	224.1	129.1	400.0	400.0	333.3
OpFCF margin		-11771.7	-8699.5	-5936.9	-14919.3	-42180.5	-69012.7	-58100.0	-60026.8	-54021.6
Total payout ratio	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Leverage and solvency (x)										
Interest cover	nm	-3048.33	-32252.69	-158.41	-28816.44	-95.15	-7.09	-560.00	nm	nm
EBIT/interest payable		-3168.13	-32962.60	-169.72	-31100.36	-101.95	-7.45	-572.00		
EBITA adj/interest payable		-3168.13	-32962.60	-169.72	-31100.36	-101.95	-7.45	-572.00		
Cash coverage	8.73	24.54	43.86	16.25	13.55	17.48	-11.44	51.73	146.07	157.06
Net debt/EBITDA	7.22	2.67	0.51	4.45	4.93	4.08	4.73	2.58	1.49	1.95
Total debt/total capital (BV)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LTD / (LTD + equity (MV))					0.00	0.00	0.00	0.00	0.00	0.00
Cash conversion cycle										
Receivables turnover days	nm	20883.9	9927.3	7242.4	5877.1	11854.6	27173.9	17065.2	17065.2	14221.0
Credit period	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm

Source: Company (historical figures), DNB Markets (estimates)

Important Information

Company:	Nordic Nanovector
Coverage by Analyst:	Patrik Ling
Date:	24/11/2017

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Price, Rating, and Price Target History Nordic Nanovector (NANO NO) as of 23-11-17

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