

I-Tech

Sector: Cleantech

Long-Term Case Intact

Redeye regards I-Tech as fairly valued following the latest share price decline and a Q2 report in-line with our estimates. Topline was slightly above our expectations, with an EBITDA in line. Following the postponed delivery to Chugoku, we have slightly decreased our near-term sales estimates, while arguing that the long-term case remains strong.

Continued movement from customer 4

Yet, the secret non-Scandinavian customer continued to purchase Selektepe worth about SEK 2.5m in the second quarter. The customer has a focus on newbuilds in Northeast Asia. We believe the volume customer four has been purchasing lately is too large and late stage to remain unannounced throughout the whole of 2020. We expect an announcement during the fall.

Favorable long-term view

We view the customer scale-up and new customer announcements the major share drivers in the near-term and will closely monitor the progress. The share reacted with a sharp decline following the CMP request for delayed delivery of SEK 12m. CMP has acted to reduce its storage during COVID-19, which eventually also reached I-Tech. We believe the delay will offset the historically strong growth curve, leaving I-Tech with 5-10% y/y sales growth for the remaining two quarters of 2020. All in all, the delay has made us decrease our sales expectations on H2'20 and FY'21 with ~20%. Anyhow, this does not affect our long-term view, which estimates beyond FY21 is intact, as we believe the relations and outlook with CMP to remain strong.

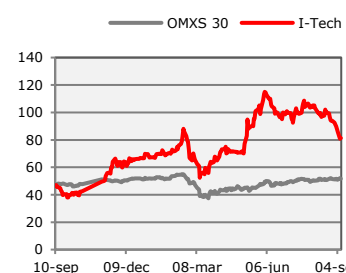
Our favorable long-term view remains, implying a sales CAGR of 43% 2019-2024, accompanied by high operational leverage, enabling an average EBIT margin of 23% 2020-2025. The share is currently trading at our base case valuation, which remains at SEK 80 per share. Further, our fair valuation range of SEK 40 (Bear case) and 140 SEK (Bull case) also remains unchanged.

KEY FINANCIALS (SEKm)	2018	2019	2020E	2021E	2022E	2023E
Net sales	29	46	59	102	187	226
EBITDA	-6	-5	6	21	61	76
EBIT	-14	-7	-2	14	54	70
EPS (adj.)	-1.4	-0.6	-0.1	0.9	3.5	4.6
EV/Sales	-0.9	21.8	16.0	9.2	4.8	3.7
EV/EBITDA	4.1	-200.2	155.6	43.6	14.6	11.0
EV/EBIT	1.9	-141.5	-484.2	67.9	16.6	12.1
P/E	0.0	-143.5	-552.7	91.9	22.9	17.6

FAIR VALUE RANGE

BEAR	BASE	BULL
40.0	80.0	140.0

ITECH.ST VERSUS OMXS30



REDEYE RATING



KEY STATS

Ticker	ITECH.ST
Market	First North
Share Price (SEK)	81.2
Market Cap (MSEK)	967
Net Debt 20E (MSEK)	-26
Free Float	53 %
Avg. daily volume ('000)	30

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Q2'20: In-line with expectations

I-Tech Q2'20: Estimates vs actual				
SEKm	Q2'19	Q2'20E	Q2'20A	Diff
Net sales	12.6	15.5	16.2	4%
COGS	-6.9	-8.6	-8.5	0%
OPEX	-5.0	-6.1	-6.0	-2%
EBITDA	1.2	2.1	2.0	
EBIT	-0.9	0.1	0.0	
Gross margin	45%	45%	47%	
EBITDA margin	9%	13%	13%	

Source: Redeye Research

Key highlights:

- Sales overall scaling up in Q2, with CMP continue to represent a majority of sales.
- The fourth customer remains undisclosed but continues to purchase significant volume. Hopefully, the customer will be announced in the coming quarter.

I-Tech reported net sales of SEK 16.2m, in line with our estimate of 15.5m, corresponding to a 28% growth y/y and a 19% growth sequentially. Sales are mainly derived from its largest customer, Chugoku Marine Paints (CMP), while we interpret smaller volumes of sales to Jotun and Hempel at this point. I-Tech further indicates that the fourth (undisclosed) customer is purchasing significant verification volumes.

The Company reported a gross margin of 47%, slightly above our expectations of 45%, some pressure remains from increased delivery costs due to the Corona Crisis. Set aside from COVID-19, we believe the margin would have been a few percentages higher, but we are satisfied. Opex came at our expectations as I-Tech reached a positive EBITDA of SEK 2m during the second quarter.

Market update and recent newsflow

Chugoku Marine Paints

CMP has requested a delayed delivery of SEK 12m of the to date, record-sized order totaling SEK 57m. Due to the Pandemic, CMP has acted to avoid inventory buildup pushing forward the delivery to H1'20. We have consequently reduced our sales forecast to CMP with SEK 12m for FY'20. Anyhow, we believe CMP to still be very into Selektope, with a long-term favorable relationship and see no reason to worry.

In CMP's latest report, representing April-June 2020, overall sales within Marine Paints were down ~2% for CMP. Currently, CMP's sales are divided about 50/50 between paints sold to newbuilds and paints sold to repairs. And according to CMP, they, together with Jotun and Akzo, holds a ~70% global market share.

Sales of paint to newbuild ships decreased with about 10% across the globe, where South Korea managed to stay in positive growth. However, sales to repairs increased by 4% but were still negatively affected by delays for shipping going into dry-dock. Geographically, China suffered the worst with a 30% decline in marine paint sales, which was mitigated by strong growth in South Korea +10% and EU/US +22%. For further interest, read the latest CMP report [here](#).

Continued movement from customer 4

Yet, the secret non-Scandinavian customer continued to purchase Selektope worth about SEK 2.5m in the second quarter. The customer has a focus on newbuilds in Northeast Asia. We believe the volume customer four has been purchasing lately is too large and late-stage to remain unannounced throughout the whole of 2020. We expect an announcement during the fall.

News from Hempel

The overall movement from Hempel has been low since its release of the first Selektope based product. Recently a case story has been published on its webpage with a full coating service to BP Shipping. The deal including hull coating for six LNG carriers with the Selektope based paint Globic 9500S. It's encouraging to see some movement from Hempel, which so far has been keeping a lower profile in both marketing and sales of Selektope based paints. The potential with an end-user like this is significant, where BP's webpages state about 40 owned and an additional 151-time chartered vessels. The full story can be seen [here](#).

Increased regulatory status in Japan

Selektope has received complete approval, according to CSCL (Chemical Substances Control Law). From what we know, sales have not yet been limited to the previous cap. Instead, the approval, besides increasing the allowed volume entering Japan, will enhance the sales processes for CMP when developing or marketing a Selektope based product. To further simplify the meaning, we believe it's fair to say that the approval increases Selektope's regulatory status as a well-known and safe ingredient for Marine paint in Japan and CMP's customers.

Tough market climate for shipping

The overall shipping market has been suffering during the COVID-19, which has decreased the demand for newbuild ships. The effects in demand for marine coatings will be lagging with about 1-2 years with the orders of newbuilds. An increased amount of idle ships will lead to increased biofouling, and in turn, increased the demand for high-performance antifouling. Anyhow, the total effect of COVID-19 is most likely slightly negative to I-Tech, as Selektope is a premium product. All in all, we believe the financial position of the end customers to be

strained, leading to a decreased will of investing in premium products in the short turn. Choosing a Selektope based product gives a payback time is about 0.5 years when calculating the average savings between two dry-docks. Anyhow, the premium antifouling effects is not that obvious in the first year as paints with lower quality holds up pretty well in year one while falling short during year 2-5.

Additional news of interest:

Stena highlights Selektope in the sustainability report

In Stena's most recent sustainability story, they highlight Selektope as one of their incentives to reduce environmental footprint. Stena further states that they have good results despite an eight-month quayside during construction. Read the story [here](#).

Seasnake project

Another new initiative for 2020 is the [SEASNAKE project](#) working to optimize cable technology for offshore operations. In the project, four antifouling formulations based on Selektope will be used. Naturally, we have yet, heard little about this segment from I-Tech as it's not the main priority at this point, but we encourage the interest from the market.

Westpandi news regarding product development

Westpandi has released a [new piece on hull coatings](#). Besides giving a good background to antifouling, they make a few relevant statements for I-Tech regarding the development of new products within Marine coatings. Most notably, the thoughts highlighting the long cycle from development are interesting, but it also tells us the barriers of entry for new innovations once a new solution is in place. Below we have extracted a few relevant quotes from on the subject from Westpandi.

"New antifouling product development is by its nature an ongoing process using experimental design to minimize the number of experiments carried out, in combination with an extensive field and vessel trials programme. Timescales will inevitably be long, possibly up to 5-10 years."

"Carl Barnes from Safinah Group says "to convince shipowners and operators, new antifouling coatings must be proven in a range different environmental conditions over a significant period of time (typically more than 3 years) on multiple test patches and full vessel applications. The cost of an antifouling failure to a ship owner is significant and they are very reluctant to use unproven technology".

"Barnes continues: "Shipowners and operators will however continue to be under ever increasing pressure to control costs and to comply with emissions to air and sea. To meet these targets, they must rely on antifouling coatings that are compliant with national and international regulations. Therefore, collaboration between shipowners / operators, regulators, coating suppliers and other industry bodies will be critical in helping bring new antifouling products to the market in a timely and efficient manner".

Selektope based products

We have gathered a list of the currently announced Selektope based product to date. Overall, we see that CMP has a broader offer, with Selektope based products both for newbuild/outfitting and in operation. Yearly sales to CMP now amounts to a normalized running rate of SEK ~50m yearly, while we see a maximum customer potential of about SEK ~200m. Currently, SEA GRANDPRIX is the best seller amongst CMPs Selektope-products as its cheaper than the copper-free SEAFLO NEO CF, which also is a sign of the reduced will to new/larger investments at end-users.

The focus area reveals that both Hempel and Jotun only have Selektope products focused on newbuild and outfitting, which makes them naturally more sensitive to the demand in newbuilds. Outfitting is the period when the ship is the most exposed to fouling, while the shipbuilder gives about one years guarantee (including a clean hull). Because of that, it's of value to the builder to push for premium/better antifouling, which is offered by Selektope.

For us, it's clear that Selektope only has touched a fragment of the paint maker's total product offer to shipowners. Inevitable, we believe Jotun and Hempel to increase its product portfolio with Selektope based products, while I-Tech continues to add new paint makers its customer list.

Selektope based products				
Product name	Paintmaker	Status	Focus area	Market
SEAFLO NEO CF PREMIUM	CMP	At market	Low activity and slow operation+newbuild	Global
SEA GRANDPRIX 880HS	CMP	At market	Low activity and slow operation	Global, best selling ATM
SEA PREMIER 3000 PLUS	CMP	At market	Low activity and slow operation+newbuild	Only in Japan
SEAFLO NEO-S PREMIUM	CMP	At market	Newbuild/outfitting	Global
SEA PREMIER 1000 Plus: 2016	CMP	At market	Low activity and slow operation	Only in Japan
SEA PREMIER 200 Plus: 2016	CMP	At market	Low activity and slow operation	Only in Japan
SEA PREMIER Plus 200 (2014)	CMP	Replaced w.2016	Low activity and slow operation	Only in Japan
SEA PREMIER Plus 1 (2014)	CMP	Replaced w.2016	Low activity and slow operation	Only in Japan
SEA JET 037	CMP	At market	Recreational	Only in Japan
Globic 9500 S	Hempel	At market	Newbuild/outfitting	Global
SeaQuantum Pro Ace	Jotun	At market	Newbuild/outfitting	Global
SeaForce Active Ace	Jotun	At market	Newbuild/outfitting	Global

Source: Redeye research, I-Tech, CMP, Jotun, Hempel

Updated estimates

Base case scenario - Financial forecasts									
SEKm	2018	2019	Q1'20A	Q2'20A	Q3'20E	Q4'20E	2020E	2021E	2022E
Net sales	29	46	14	16	14	16	59	102	187
COGS	-19	-24	-7	-9	-7	-8	-31	-51	-92
OPEX	-18	-21	-5	-6	-6	-6	-23	-30	-35
EBITDA	-6	1	1	2	1	2	6	22	61
EBIT	-14	-7	-1	0	-1	0	-2	14	54
Sales growth YoY, QoQ	62%	57%	119%	28%	10%	6%	29%	74%	83%
Gross margin	36%	46%	45%	47%	47%	48%	47%	50%	51%
EBITDA margin	-22%	2%	7%	13%	7%	13%	10%	21%	33%

Source: Redeye Research

- Sales**

We expect a 2020-topline of SEK 60m where CMP represents a majority. As we mentioned above, CMP has requested a postponed delivery of Selektope. For Q3 and Q4'20, we have reduced our sales estimates with SEK 6m on respectively quarter, totaling FY'20 reduction of SEK 12m. We continue to forecast smaller volumes to customer four, who purchased Selektope worth SEK 2.5m in Q2. We have further slightly reduced our 2021 sales estimates due to the CMP delay and a slightly slower scale-up from Jotun than we previously anticipated.

- We expect additional study data to be presented during the year, further strengthen the case.
- I-Tech has sales and production costs in USD while reporting in SEK. The USD/SEK has decreased by around 15% in the last months, giving a negative effect on the topline as well as earnings.
- Margins**
We expect gross margins to gradually improve up to 48% towards the end of the year while expecting 50% in FY'21.
- There is a limited need for OPEX-increase to grow sales in the coming year. We expect a flat EBITDA margin development in H2'20, followed by an average of around 20% in 2021, and 32% in 2022.

Estimate adjustments				
(SEKm)	Q3'20E	Q4'20E	2020E	2021E
Net sales (new)	14	16	59	102
Net sales (old)	20	23	71	132
Change (%)	-33%	-33%	-17%	-23%
EBITDA (new)	1	2	6	22
EBITDA (old)	3	4	11	37
Change (%)	-69%	-49%	-45%	-42%

Source: Redeye Research

Valuation

The reduced near-term sales expectations do not materially affect our long-term view of the Company, as the coming profits are within the next coming years rather than the next quarters. Anyhow, we would like to highlight that the expectations are moderately high if looking at near term multiples, trading at EV/Sales 9x for 2021, and 5x for 2022, while 43x EV/EBIT in 2021, respectively 17x 2022 (Based on Redeye estimates and a share price of SEK 80). This is not, however, unreasonable. We argue when looking at I-Tech's characteristics with high potential for significant earnings momentum in the years to come. In terms of operational risks, we believe the customer concentration risk (CMP still the main contributor to sales) together with regulations, and a conservative market with risks for stalled scale-up amongst new customers still represents the three largest.

I-Tech - Base case scenario			
Assumptions	2019-2024	2025-2028	DCF Value
CAGR Sales	43%	11%	WACC 12%
			Net present value of FCF 364
	2020-2025	2026-2029	Net present value of term v. 547
EBIT margin	23%	36%	EV 912
Terminal	2029-		Net debt -20
Sales growth	2%		
EBIT margin	35%		DCF Value 932
			Estimated fair value 80
			Current share price 80.00
			Potential/risk 0%

Source: Redeye Research

As reflected in the high near-term multiples, we expect a solid outlook for I-Tech, defined below:

- Strong growth prospects, Sales CAGR of 43% 2019-2024, followed by 11% 2025-2028
- High operational leverage enabling an average EBIT margin of 23% 2020-2025 followed by 36% 2025-2029

Bear Case 40.0 SEK

In our bear case scenario, CMP remains as the most important customer to I-Tech while a third customer is signed in 2020. Additionally, a fourth smaller customer is signed in 2021. The scenario does not include any sales from Recreational, Fish farming or Offshore. We model with a WACC of 12%

Our bear case scenario assumes a slower ramp-up in sales to existing customers as well as limited success in signing new ones. Leading to a market share of around 3% for Selektope in 2028.

We assume weaker profitability due to i) lower sales volume ii) reduced prices on Selektope to customers. The negative effects on profitability are partly mitigated by a refined production process. The effects are coming down to a long-term gross margin of 45% and a terminal EBIT margin of 23%.

i) CMP ramps up modestly with maximum sales potential of SEK 140m yearly. ii) Hempel scales up slow, reaching SEK 30m yearly sales in 2028. iii) A third customer signed in 2020 also scale slower than in base case, leading to sales of SEK 12m in 2021, respectively SEK 55m in 2028. iiiii) A fourth smaller customer reaches sales of SEK 20m per year in 2028.

Base Case 80.0 SEK

We argue that I-Tech, with a strong value proposition, is well-positioned for significant sales growth. We estimate a sales (CAGR) of 43% in 2019-2024, followed by 11% 2025-2028, to take a long-term market share of 5%, in the antifouling market by 2028.

Besides the competitive offer, we believe that the Company will benefit from several regulatory market drivers i) increasing fuel costs in the shipping industry (improving the investment calculation for premium antifouling) ii) a regulatory pressure to decrease marine fouling, i.e. prevent spread of invasive aquatic species.

Our base case sees Selektope being sold to five, of which four are "top 6" players within marine coatings. In total reaching yearly sales on average around SEK 87m per customer in 2028. With no sales from the additional potential business areas (Recreational, Fish farming, Offshore) as these areas are not a main priority at this point.

I-Tech's business is highly scalable with outsourced production and a low need for OPEX (currently nine employees) as they only need to service a handful of customers. With several moats protecting the business i) Regulatory barriers ii) Switching costs and also partly brand recognition as "Powered by Selektope".

Considering these barriers, we expect a long-term gross margin of 55%, leading to I-Tech achieving a long-term EBIT margin of 35%. We model with a WACC of 12%.

Bull Case 140.0 SEK

Our bull case sees Selektope establishing a strong position in the antifouling market, being sold to five, whereof four is "top 6" players within marine coatings while reaching yearly sales on average around SEK 120m per customer in 2028, representing a market share around 8%.

In our optimistic scenario, we also calculate with a successful market entry for recreational vessels in the US in 2024, leading to sales of SEK 80m in 2028. We model with a WACC of 12%.

In our Bull case scenario, the adoption process of Selektope in the industry is more rapid, leading to six signed customers with a faster ramp-up and higher maximum potential.

We assume higher profitability due to larger sales volumes, limited competition, and a refined production process. All in all, leading to a long-term gross margin of 60% and with low OPEX need leading to high long-term EBIT margin of 45%.

i) CMP ramps up faster and reaches a higher maximum potential of around SEK 200m yearly sales in 2028.

ii) Hempel starts working more actively with Selektope, leading to long term sales of SEK 80m yearly (2028).

iii) The third customer signed in 2019, leading to a faster ramp-up of sales in 2020, with a maximum potential of SEK 150m.

iiii) A fourth customer signed in 2020, yielding sales of SEK 20m in 2021, with a maximum potential of SEK 120m.

iiiii) A fifth customer signed in 2021, but with faster ramp-up and long-term potential of SEK 60m.

Investment Case

Commercially proven – set to capture market share

I-Tech has collaborated 10+ years with a leading company in the marine paint market. The relation has resulted in ever-larger orders, the latest in August 2019 of SEK 57m. Other top six market players are currently evaluating I-Tech's innovative antifouling solution. We believe the Company's strong reference customers improve the odds of winning new major contracts.

Moats protecting the business

Selektope is approved in the EU and is used at hundreds of ships worldwide, while: 1) The antifouling market is shielded by high regulatory barriers; to register a new biocidal active substance and reach market is costly and takes about ten years, 2) The shipping and marine paint industry is conservative; new coatings must be strictly tested, causing switching costs, 3) The Company's key customer is promoting I-Tech's solution as "Powered by Selektope", potentially creating brand recognition.

High earnings growth potential

With 1) attractive sales growth opportunities, 2) a strong competitive offering, and 3) a scalable business model, we view I-Tech as well-positioned for high profitability. The record gross margin of 48% in Q3'19 underlines the potential. We believe limited OPEX and CAPEX with a sales CAGR of 44% 2019-2024, enables 34% EBIT margin 2024, in our base case.

Strong owner base

I-Tech is at the inflection point of profitability but has already attracted well-renowned owners. Seven institutions represent 47% of the capital, visualizing the high interest in the Company. Stock price appreciation is common as institutions enter a stock, but as there have also been large sellers (ALMI, Cambrex), we do not view the stock as over-crowded.

In our view, the case in I-Tech faces certain challenges increasing the risk;

- i) high customer dependency
- ii) possible threats from new solutions
- iii) risk of slow market adoption due to a conservative market and limited incentives among shipowners.

Catalysts

The pace of CMP scale-up

CMP's first major commitment of SEK 50m was fulfilled one quarter earlier, with a follow-up order of SEK 57m for 2020 – around 60 % higher than for 2019. We view the pace of CMP's scale-up as a key driver for I-Tech's stock price in the near term.

New official customer agreement

CMP is currently I-Tech's main customer, accounting for a majority of the current sales. The partnership has proved symbiotic and successful. I-Tech now is in the evaluation phase with several of the other top six players in the marine paint market. Jotun and Hempel is already signed, while Akzo, KCC and PPG remains interesting targets for I-Tech. We believe an announcement of the fourth, yet undisclosed customer to be a catalyst for the share.

Summary Redeye Rating

The rating consists of three valuation keys, each constituting an overall assessment of several factors that are rated on a scale of 0 to 1 points. The maximum score for a valuation key is 5 points.

Rating changes in the report

People: 4

I-Tech scores a four out of five in possible points in this section. On the positive side, we see business-oriented management with a sound strategy in place while focusing on long-term value creation. I-Tech's short history as a public company slightly limits the rating at this point.

Business: 3

I-Tech scores a three out of five in possible points in this section. I-Tech has a strong value proposition while benefiting from a highly scalable business model, high entry barriers and switching costs. On the downside, the Company is heavily dependent on a few customers.

Financials: 2

The Company scores two out of a possible five points in this section. We see that I-Tech has high growth and high profitability in prospect. The rating score is mainly limited due to the Company's short track record of financial performance as a listed firm. To raise the rating, the Company must maintain profitability over the next quarters.

INCOME STATEMENT	2018	2019	2020E	2021E	2022E
Net sales	29	46	59	102	187
Total operating costs	-35	-51	-53	-81	-126
EBITDA	-6	-5	6	21	61
Depreciation	0	0	0	0	0
Amortization	-7	-2	-8	-8	-7
Impairment charges	0	0	0	0	0
EBIT	-14	-7	-2	14	54
Share in profits	0	0	0	0	0
Net financial items	0	0	0	0	0
Exchange rate dif.	0	0	0	0	0
Pre-tax profit	-14	-7	-2	13	53
Tax	0	0	0	-3	-11
Net earnings	-14	-7	-2	11	42

BALANCE SHEET	2018	2019	2020E	2021E	2022E
Assets					
<i>Current assets</i>					
Cash in banks	47	39	44	45	86
Receivables	8	15	12	20	37
Inventories	0	1	2	3	2
Other current assets	0	0	0	0	0
Current assets	55	55	57	68	125
<i>Fixed assets</i>					
Tangible assets	0	0	0	0	0
Associated comp.	0	0	0	0	0
Investments	0	0	0	0	0
Goodwill	0	0	0	0	0
Cap. exp. for dev.	0	0	0	0	0
0 intangible rights	68	61	55	50	47
0 non-current assets	0	0	0	0	0
Total fixed assets	68	61	55	50	47
Deferred tax assets	0	16	16	16	0
Total (assets)	124	131	128	134	172
Liabilities					
<i>Current liabilities</i>					
Short-term debt	9	11	10	8	6
Accounts payable	0	0	0	0	0
0 current liabilities	0	0	0	0	0
Current liabilities	9	11	10	8	6
Long-term debt	11	9	8	6	4
0 long-term liabilities	0	0	0	0	0
Convertibles	0	0	0	0	0
Total Liabilities	21	20	18	14	10
Deferred tax liab	0	0	0	0	0
Provisions	0	0	0	0	0
Shareholders' equity	103	111	110	120	162
Minority interest (BS)	0	0	0	0	0
Minority & equity	103	111	110	120	162
Total liab & SE	124	131	128	134	172

FREE CASH FLOW	2018	2019	2020E	2021E	2022E
Net sales	29	46	59	102	187
Total operating costs	-35	-51	-53	-81	-126
Depreciations total	-7	-2	-8	-8	-7
EBIT	-14	-7	-2	14	54
Taxes on EBIT	0	0	0	0	0
NOPLAT	-14	-7	-2	14	54
Depreciation	7	2	8	8	7
Gross cash flow	-6	-5	6	21	61
Change in WC	-4	-7	2	-10	-16
Gross CAPEX	-40	5	-2	-3	-4
Free cash flow	-51	-7	6	9	41

CAPITAL STRUCTURE	2018	2019	2020E	2021E	2022E
Equity ratio	83%	85%	86%	90%	94%
Debt/equity ratio	20%	18%	16%	12%	6%
Net debt	-26	-19	-26	-31	-76
Capital employed	77	92	84	89	87
Capital turnover rate	0.2	0.3	0.5	0.8	1.1

GROWTH	2018	2019	2020E	2021E	2022E
Sales growth	62%	57%	29%	74%	83%
EPS growth (adj)	-44%	-56%	-75%	-701%	302%

DCF VALUATION		CASH FLOW, MSEK	
WACC (%)	12.0 %	NPV FCF (2020-2021)	46
		NPV FCF (2022-2028)	294
		NPV FCF (2029-)	591
		Non-operating assets	39
		Interest-bearing debt	-20
		Fair value estimate MSEK	950
Assumptions 2020-2026 (%)			
Average sales growth	35.1 %	Fair value e. per share, SEK	79.8
EBIT margin	25.2 %	Share price, SEK	81.2

PROFITABILITY	2018	2019	2020E	2021E	2022E
ROE	-20%	-7%	-2%	9%	30%
ROCE	-14%	-6%	-2%	11%	35%
ROIC	-35%	-9%	-2%	16%	60%
EBITDA margin	-22%	-11%	10%	21%	33%
EBIT margin	-47%	-15%	-3%	14%	29%
Net margin	-47%	-15%	-3%	10%	23%

DATA PER SHARE	2018	2019	2020E	2021E	2022E
EPS	-1.36	-0.59	-0.15	0.88	3.55
EPS adj	-1.36	-0.59	-0.15	0.88	3.55
Dividend	0.00	0.00	0.00	0.00	0.00
Net debt	-2.57	-1.60	-2.15	-2.59	-6.37
Total shares	10.10	11.91	11.91	11.91	11.91

VALUATION	2018	2019	2020E	2021E	2022E
EV	-26.0	993.2	941.3	936.1	891.1
P/E	0.0	-143.5	-552.7	91.9	22.9
P/E diluted	0.0	-143.5	-552.7	91.9	22.9
P/Sales	0.0	22.2	16.5	9.5	5.2
EV/Sales	-0.9	21.8	16.0	9.2	4.8
EV/EBITDA	4.1	-200.2	155.6	43.6	14.6
EV/EBIT	1.9	-141.5	-484.2	67.9	16.6
P/BV	0.0	9.1	8.8	8.0	6.0

SHARE PERFORMANCE		GROWTH/YEAR	18/20E
1 month	-18.5 %	Net sales	42.4 %
3 month	-26.2 %	Operating profit adj	-62.2 %
12 month	72.8 %	EPS, just	-67.1 %
Since start of the year	21.9 %	Equity	3.2 %

SHAREHOLDER STRUCTURE %	CAPITAL	VOTES
Pomona-gruppen AB	11.4 %	11.4 %
Swedbank Robur Fonder	9.5 %	9.5 %
Handelsbanken Fonder	6.4 %	6.4 %
Länsförsäkringar Fonder	5.2 %	5.2 %
Stefan Sedersten	3.8 %	3.8 %
Unionen	3.8 %	3.8 %
Andra AP-fonden	3.3 %	3.3 %
Fontenelles Holding AB	3.1 %	3.1 %
Futur Pension	3.1 %	3.1 %
Avanza Pension	3.0 %	3.0 %

SHARE INFORMATION	
Reuters code	ITECH.ST
List	
Share price	81.2
Total shares, million	11.9
Market Cap, MSEK	967.0

MANAGEMENT & BOARD	
CEO	Philip Chaabane
CFO	Magnus Henell
IR	
Chairman	Stefan Sedersten

FINANCIAL INFORMATION	

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Redeye Rating and Background Definitions

Company Quality

Company Quality is based on a set of quality checks across three categories; PEOPLE, BUSINESS, FINANCE. These are the building blocks that enable a company to deliver sustained operational outperformance and attractive long-term earnings growth.

Each category is grouped into multiple sub-categories assessed by five checks. These are based on widely accepted and tested investment criteria and used by demonstrably successful investors and investment firms. Each sub-category may also include a complementary check that provides additional information to assist with investment decision-making.

If a check is successful, it is assigned a score of one point; the total successful checks are added to give a score for each sub-category. The overall score for a category is the average of all sub-category scores, based on a scale that ranges from 0 to 5 rounded up to the nearest whole number. The overall score for each category is then used to generate the size of the bar in the Company Quality graphic.

People

At the end of the day, people drive profits. Not numbers. Understanding the motivations of people behind a business is a significant part of understanding the long-term drive of the company. It all comes down to doing business with people you trust, or at least avoiding dealing with people of questionable character.

The People rating is based on quantitative scores in seven categories:

- Passion, Execution, Capital Allocation, Communication, Compensation, Ownership, and Board.

Business

If you don't understand the competitive environment and don't have a clear sense of how the business will engage customers, create value and consistently deliver that value at a profit, you won't succeed as an investor. Knowing the business model inside out will provide you some level of certainty and reduce the risk when you buy a stock.

The Business rating is based on quantitative scores grouped into five sub-categories:

- Business Scalability, Market Structure, Value Proposition, Economic Moat, and Operational Risks.

Financials

Investing is part art, part science. Financial ratios make up most of the science. Ratios are used to evaluate the financial soundness of a business. Also, these ratios are key factors that will impact a company's financial performance and valuation. However, you only need a few to determine whether a company is financially strong or weak.

The Financial rating is based on quantitative scores that are grouped into five separate categories:

- Earnings Power, Profit Margin, Growth Rate, Financial Health, and Earnings Quality.

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Disclaimer

Important information

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Redeye Rating (2020-09-10)

Rating	People	Business	Financials
5p	16	12	3
3p - 4p	108	85	35
0p - 2p	4	31	90
Company N	128	128	128

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CONFLICT OF INTERESTS

Oskar Vilhelmsson owns shares in the company: No

Henrik Alveskog owns shares in the company: No

Redeye performs/have performed services for the Company and receives/have received compensation from the Company in connection with this.