

Market: First North DK

Ticker: ODICO

Share price (DKK): 149

Market cap (DKKm): 27.15

Net cash (DKKm): 0.13 (H1 22/23E*)

Enterprise value (DKKm): 27.02

*Cash from H1 22/23 and debt from FY 21/22

Share information



YTD: -12.4% 1 year: -63.7%
1 month: -21.0% 3 years: -86.9%

Note: We apply the closing price from 22 June 2023

Financials

(DKKm)	2020/21	2021/22	2022/23E*
Revenue	10.3	14.7	15-20
Revenue growth	102%	43%	2-36%
EBITDA	-5.8	-9.5	-15 to -10
EBITDA margin	-56%	-64%	-100% to -50%
Net income	-7.4	-11.6	N/A
Net income margin	-71%	-79%	N/A
Cash	28.9	15.4	N/A
Interest-bearing debt	4.9	4.6	N/A

Note: *Midrange in Odico's own 2022/23 guidance. Odico's accounting period is from 1 July to 30 June

Valuation multiples

	2020/21	2021/22	2022/23E*
P/S (x)	19.0	4.8	1.6
EV/Sales (x)	16.7	4.0	1.5
EV/EBITDA (x)	-29.6	-6.3	-2.2
EV/EBIT (x)	-25.7	-5.1	N/A
P/E (x)	-26.7	-6.0	N/A
P/B (x)	4.2	2.0	N/A
P/CF (x)	-22.1	-7.3	N/A

2020/21 and 2021/22 multiples are based on historical values
Note: *Multiples in 2022/23E are based on midrange in Odico's own guidance

Company description

Odico is a robotics company for the construction industry and recently also for the wind industry. The company has two coherent business areas: Digital Fabrication and Robot Solutions based on standard robots, self-developed and innovative hardware, and software technology. Since its foundation in 2012, Odico has completed +350 customer projects. Today, the company is a part of the robotics cluster in Odense, Denmark, where Odico also is headquartered.

Investment case

Market growth within robotics for construction is driven by an increasing focus on efficiency and labor productivity as well as less waste and reduction of CO2 emissions. The construction industry is responsible for over 35%¹ of the EU's CO2 emissions, meaning that Odico's robot solutions can play a key role in the green transition.

A new large market opportunity is the wind industry, where Odico has increased its focus and announced several orders. Odico has positioned itself as a supplier and innovation partner for wind turbine manufacturers, as its technologies are a strong match to the process of advanced geometries in blade production.

In spring 2022, Odico announced a new management team, who has launched a new strategy with more focus on larger key accounts and partnerships, both national and international, bringing Odico's solutions faster to the market. This should potentially improve product-market fit, which is important seen in the light of a previous focus on product development. Moreover, it could also lower the risk and capital use in product development.

Odico is valued at approx. 4.0x EV/Sales (21/22) and 1.5x EV/Sales (22/23E) based on the midrange in Odico's guidance. This is below the median of the selected robotics peer group. In 2021/2022, Odico grew its revenue close to the selected peers, however, the expected 2022/2023 growth is below the peer group's median.

¹https://single-market-economy.ec.europa.eu/industry/sustainability/buildings-and-construction_en

Key investment reasons

If Odico succeeds in executing the 2024/2025 strategy with strategic international partnerships, despite headwinds in 2022/2023, the marketing muscles and sales scalability will increase significantly. This could solve the historical problems of accelerating sales, despite having a strong catalog of solutions.

The wind industry has a large growth potential for Odico and is less cyclical compared to the construction industry. Odico has already announced several orders from customers in the wind industry and positioned itself with its technologies.

As a result of the increased strategic focus on commercialization, Odico expects a high order intake over the coming years. The new strategy entails an ambitious 2024/2025 growth plan, presenting a revenue ambition of DKK 80-100 million and an EBITDA ambition of DKK 10-20 million in the financial year 2024/2025.

Key investment risks

Odico's growth plans could be hampered by a slowdown in the construction industry, and current industry data also indicates declining growth rates. Odico is mitigating this by focusing on larger international customers, industry diversification, and being a niche player selling productivity enhancement.

Odico also faces risks associated with scaling up the business, and the company has also communicated that the new focused strategy takes longer time than expected, which resulted in a downgrade of expectations for 2022/2023 (the accounting period runs until 30 June 2023) earlier in March 2023.

Another risk factor is that Odico needs additional capital to finance its growth strategy. Specifically, Odico announced in March 2023 that the company needs between DKK 8-12 million over the coming 18-24 months.

Peer group

Company	Currency	Total return (%)		Market cap (millions)	Net debt (millions)	EV/Sales (x)		Revenue growth (%)		EBITDA (millions)	
		Local	YTD			2022	2023E	2022	2023E	2022	2023E
Bioservo Technologies	SEK		-70%	49.3	-12.1	3.1	1.4	36%	180%	-47.6	-29.0
Ekobot	SEK		-71%	22.4	-13.0	144.4	N/A	N/A	N/A	-8.9	N/A
Scape Technologies	DKK		99%	50.0	0.7	4.0	6.8	-30%	22%	-15.6	N/A
Unibap	SEK		-59%	83.6	6.6	11.1	N/A	160%	N/A	-65.3	N/A
Median of selected companies			-64%	36.2	-5.7	7.5	4.1	36%	101%	-31.6	-29.0
Odico	DKK		-12%	27.2	-0.1	4.0	1.5	43%	19%	-9.5	-12.5

Note: Selected Nordic-listed automation and robotics companies for perspective. For 2023E, we apply Odico and other companies' own 2023 guidance (midrange) or Refinitiv analyst estimates (average). Market capitalizations are from 22 June 2023, and we apply the latest reported cash and debt. Some companies in the table may have raised new capital after the reported numbers from the latest report. Some data is collected manually, and HC Andersen Capital assumes no responsibility for the correctness of the contents of the material. Source: HC Andersen Capital, Company reports, and Refinitiv.