

Market: OMXC Small Cap Index

Ticker: RBLNB

Share price (DKK): 82.0

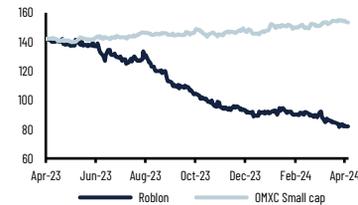
Market cap (DKK): 147m⁽¹⁾

Net debt (DKK): 81.1m

Enterprise value (DKK): 227.8m

⁽¹⁾A and B shares combined

Share information



Ytd: -9.9% 1 year: -41.0%
 1 month: -6.4% 3 year: -55.3%

Note: *We apply the closing price from 15 April 2024
 Index rebased to April 2023. Source: Refinitiv

Financials

DKKm	2021/22	2022/23	2023/24*
Revenue	380.9	350.1	~370
Revenue growth	52.4%	-8.1%	-5.7%
Adj EBITDA	23.4	10.9	~25
Adj EBITDA margin	6.1%	3.1%	-6.8%
Adj EBIT	-3.8	-16.0	~0
Adj EBIT margin	-1.0%	-4.5%	-0%
Net Income	-2.3	-3.2	N/A
Net debt	91.6	69.7	N/A

Note: *Roblon's own company guidance for 2023/24.

Valuation multiples

	2021/22	2022/23	2023/24*
P/S (x)	0.7	0.5	-0.4
EV/Sales (x)	0.8	0.7	-0.6
EV/EBITDA (x)	15.7	22.8	-9.1
EV/EBIT (x)	N/A	N/A	N/A
P/E (x)	N/A	N/A	N/A
P/B (x)	1.3	0.9	N/A
P/CF (x)	N/A	10.0	N/A

Note: Multiples for 2021/22 and 2022/23 are based on historical numbers
 *Multiples in 2023/24E are based on the company's own guidance

Company description

Roblon is a Danish-based developer of high-performance fiber solutions. It manufactures and sells strength-based elements, which are supplied to cable manufacturers, primarily within the fiber optic cable (FOC), oil & gas, and energy transmission cable industries. Roblon has a dual-class share structure with its B-shares listed on Nasdaq Copenhagen. Its A-shares are owned by ES Holding Frederikshavn ApS, representing 25.1% of the total share capital and 68.8% of voting rights.

Investment case

Roblon has pursued a more expansive strategy since 2017, particularly within its FOC segment, making acquisitions to expand into the US market (Neptco Inc, USA) and to expand its product offering (Vamafil, CZ). The expanded FOC segment is expected to benefit from the growing global need for data transmission and is forecast to grow at a 9.2% CAGR 2023-2030⁽¹⁾, supported by the rollout of 5G networks and the US Infrastructure Bill. While composite benefits from recent increased oil & gas activities.

However, in 2022/23, FOC demand was impacted by reduced infrastructure spending, contributing to a drop in Roblon's FOC topline of just under 30%. The Composite segment somewhat offset the decline in FOC revenues, as high oil and gas activities saw revenues grow 45%. Roblon expects Composite momentum to continue, following several new orders received in 2022/23, with ongoing demand supported by global energy needs, both green and non-renewable.

In Q1 2023/24 Roblon saw continued market challenges in its FOC segment, as expected by management, but with signs of increased activity in Q2 2023/24, supporting maintained full year guidance for breakeven adj. EBIT, despite Q1 adj EBIT of DKK -7.4m. Roblon is executing a turnaround with expanded opportunity for longer-term growth, following its expansive strategy. Valuation can improve if this is executed successfully.

*Source 1: <https://www.mordorintelligence.com/industry-reports/fiber-optic-cable-market>

Key investment reasons

Roblon is considered one of five leading providers of cable fiber materials for the fiber optic cable industry and thus can benefit from the macro trend of digitalisation. Its Composite segment benefits from high oil and gas activity levels and longer term from the green energy transition and, therefore, has structurally supported demand over the long term.

Roblon currently trades at a significantly lower EV/Sales relative to its peer group, reflecting recent earnings weakness. However, earnings improvement could see valuation rise towards its peers.

Roblon may realise efficiency gains from its expanded FOC production capacity in the US (Q2 2022/23) if demand improvement enables full utilisation. Additional efficiencies may be realised by moving its FOC production from Denmark to the Czech Republic following its acquisition of Vamafil.

Key investment risks

Roblon is executing a turn-around as the company targets growth and a return to consistent positive earnings; however, successful execution could take longer than management expects. An extended weakness in FOC demand may also challenge guidance expectations for 2023/24 and slow a return to profitability.

There is a risk that Roblon can face top-down pressure from its customers, squeezing margins if its larger end customers exert their greater market power. While Roblon's products are somewhat specialised, they are, to some extent, price takers, given the market structure. The dynamic above may somewhat relate to the gross margin contraction in 2022/23.

Chinese suppliers to the FOC market may push products to the US market at low costs, as weakness in the Chinese economy has seen domestic demand fall leading to an oversupply.

Peer group

Company	Price (local)	Total return Ytd	Market cap (EURm)	Latest net debt (EURm)	EV/Sales		EV/EBITDA		EV/EBIT	
					2023A	2024E	2023A	2024E	2023A	2024E
Avient Corp	USD 41.28	-0.1%	3,540	1,390	1.7x	1.6x	10.4x	9.4x	16.4x	14.3x
Coats Group PLC	GBP 79.80	3.1%	1,525	427	1.5x	1.4x	7.1x	6.6x	8.6x	7.8x
Average		1.5%	2,533	908	1.6x	1.5x	8.7x	8x	12.5x	11.1x
Roblon A/S	DKK 82.00	-9.9%	24.0*	10.9*	22/23A	23/24E	22/23A	23/24E	22/23A	23/24E
Premium (+) / Discount (-) to peers					0.7x*	0.6x*	22.8x*	9.1x*	-15.5x*	N/A
					-55%	-59%	161%	13%	N/A	N/A

Note: Data from 16/04/24

*multiples based on HC Andersen Capital estimates

Source: Refinitiv

Note: No adjustments have been made for differences in fiscal calendars. Roblon's financial year: 1 November - 31 October. Market cap and EV include non-listed shares.

Estimates and assumptions: The data in the peer group concerning the peer companies has not been calculated by HC Andersen Capital but is instead consensus analyst estimates (MeanEstimates) from Refinitiv. HC Andersen Capital assumes no responsibility for the correctness of the numbers in the peer group; however, considers Refinitiv a credible source of information. Note: *The forward earnings multiples numbers for Roblon, EV/Sales, EV/EBITDA, and EV/EBIT, have been calculated by HC Andersen Capital, assuming Roblon will recognise its guidance for 2023/24, reflecting a topline growth of approx. 6%. Given that the estimates closely track Roblon's own estimates, they rely on the assumptions outlined in Roblon's 2023/24 financial reporting regarding forward-looking statements.

Selected cable component manufacturing peers overview:

Avient Corp: Avient Corp was formed from the merger of PolyOne Corp and Clariant Colour in 2020. It is a US-based global manufacturer of specialised polymer materials, which include thermoplastic compounds, specialty resins, specialty polymer formulations, engineered films, and colour and additive systems. Avient Corp acquired Fiber-Line Inc, a Roblon peer, in 2019, giving it an entry to the high-performance fiber solutions market.

Coats Group Plc: Coats Group Plc (Coats) is a United Kingdom-based industrial thread company. The Company's segment includes Apparel & Footwear, and Performance Materials. It provides complementary products, services and software solutions to the apparel and footwear (A&F) industries. Coats Group Plc acquired Gotex SA, a Roblon peer, in 2016, giving it an entry to the high-performance fiber solutions market.