

Scandinavian Medical Solutions



Market: First North DK

Ticker: SMSMED

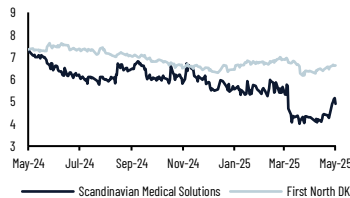
Share price (DKK): 4.89

Market cap (DKK): 135.4

Net debt (DKK): 48.6 (H1 24/25)

Enterprise value (DKK): 184.0

Share information



YTD: -18.0% 1 year: -34.8%
1 month: 14.0% Since IPO*: -2.2%

Note: *IPO date was 3 November 2021 (subscription price of DKK 5.00).
We apply the closing price from 16 May 2025. (Source: Capital IQ)

Financials

| (DKKm) | 22/23 | 23/24 | 24/25E* |
|-----------------------|-------|-------|-------------|
| Revenue | 191.2 | 226.7 | 200.0-240.0 |
| Revenue growth | 73% | 19% | -12% to 6% |
| EBITDA | 21.1 | 21.0 | 11.0-15.0 |
| EBITDA margin | 11% | 9% | 5.5-6.3% |
| Net income | 12.2 | 7.8 | N/A |
| Net income margin | 6% | 3% | N/A |
| Cash | 7.9 | 11.0 | N/A |
| Interest-bearing debt | 28.6 | 39.2 | N/A |

Note: *Midpoint in SMS's own guidance. Debt includes leasing liabilities.
The accounting period runs from 1 October to 30 September.

Valuation multiples

| | 22/23 | 23/24 | 24/25E* |
|---------------|-------|-------|---------|
| P/S (x) | 1.5 | 0.8 | 0.6 |
| EV/Sales (x) | 1.6 | 0.9 | 0.8 |
| EV/EBITDA (x) | 14.3 | 10.0 | 14.2 |
| EV/EBIT (x) | 18.2 | 15.3 | N/A |
| P/E (x) | 23.0 | 23.3 | N/A |
| P/B (x) | 3.8 | 2.2 | N/A |
| P/CF (x) | -33.6 | 53.5 | N/A |

Note: Multiples in 22/23 and 23/24 are based on historical values.
*Multiples in 24/25E are based on the midpoint in SMS' own guidance.

Company description

Scandinavian Medical Solutions is a fully independent reseller of used diagnostic imaging equipment. The company sources, sells, and rents high-quality scanners such as MRI, CT, X-rays, and other supporting equipment, as well as parts to customers globally. The company was founded in 2018 by the CEO of the US subsidiary and major shareholder, Jens Krohn. In H1 2024/25, Scandinavian Medical Solutions had an average of 28 FTEs. The company is headquartered in Aalborg, Denmark, with a subsidiary in the US.

Investment case

Since its IPO in 2021, Scandinavian Medical Solutions has invested significantly in the organization and infrastructure, business areas (Aftersales & Parts and Rental), and its US subsidiary to grow and establish a stronger market presence.

The long-term investment case is supported by market drivers such as i) cost savings to hospitals and healthcare providers with budgets under pressure, ii) increased customer demand for short-term rentals with more flexibility, and iii) increasing privatization of the healthcare sector with a higher share of pre-owned equipment due to profit focus.

As communicated in the guidance downgrade and shown in its H1 2024/25 results, the market has been under pressure from increased buyer hesitation due to the macroeconomic uncertainty. Additionally, margins have been under pressure due to intensified competition with lower prices. A better macro environment, from positive momentum in tariff negotiations, could improve the market outlook for Scandinavian Medical Solutions.

Looking at valuation in a broader perspective, Danish-listed B2B resellers/distributors and larger Swedish-listed healthcare suppliers (no close peers) trade at a median multiple of 7.4x EV/EBITDA (2025E). Scandinavian Medical Solutions is valued higher with a multiple of 14.2x EV/EBITDA (2024/25E midrange guidance). However, 2024/25 results could turn out to be an all-time low point.

Key investment reasons

Scandinavian Medical Solutions has delivered growth and operational profitability since its inception. This track record indicates that the company can adapt to different market situations and has created a business model that, in the long run, can take advantage of the structurally growing markets.

The 2024/25 EBITDA guidance suggests that Scandinavian Medical Solutions may be past the most challenging phase in terms of operational profitability. This could be supported by indications of a more favorable macro environment. Additionally, the company is proactively implementing measures to enhance profitability.

In the case that tariffs become a permanent part of the industry, the US subsidiary has grown its importance, as this will be a competitive advantage over other European competitors. With the US subsidiary, Scandinavian Medical Solutions will be able to source and sell equipment without crossing any borders.

Key investment risks

There is a risk that Scandinavian Medical Solutions does not reach its 2024/25 guidance, especially on EBITDA. The company guides to reach an EBITDA of DKK 11-15m for 2024/25, requiring a strong second half of the accounting year following an EBITDA of DKK 0.6m in the first half of 2024/25.

In the H1 2024/25 report, the company highlights an increasingly competitive environment. Given its limited cash position for further growth and strategic investments, it may become more challenging to compete with larger, capital-strong competitors.

Tariffs could potentially mean a structural shift in trade lanes of the used medical device markets, dampening short-term growth. Furthermore, it increases the risk of having to invest further in changing business setups. This increases the short-term risk of the business case. However, the company somehow mitigates that with a setup that already includes a US subsidiary.

Peer group perspectives

| Company | Price (local) | Total return YTD | Market cap (EURm) | EV (EURm) | Revenue growth 2024 | Revenue growth 2025E | EV/Sales 2024 | EV/Sales 2025E | EV/EBITDA 2024 | EV/EBITDA 2025E | EBITDA margin (%) 2024 | EBITDA margin (%) 2025E |
|---------------------------------------|----------------|------------------|-------------------|--------------|---------------------|----------------------|---------------|----------------|----------------|-----------------|------------------------|-------------------------|
| Solar A/S | DKK 306.5 | 8.4% | 299.9 | 509.5 | -6.2% | 2.4% | 0.3 | 0.3 | 7.4 | 6.2 | 5.3% | 4.3% |
| Brødrene A & O Johansen | DKK 85.8 | 13.0% | 312.5 | 482.1 | 3.2% | 9.6% | 0.7 | 0.6 | 10.7 | 8.5 | 6.7% | 7.2% |
| Arjo AB (publ) | SEK 31.2 | -11.5% | 777.3 | 1,202.5 | 2.8% | 0.0% | 1.3 | 1.1 | 7.2 | 6.0 | 18.5% | 18.0% |
| AddLife AB (publ) | SEK 189.4 | 38.5% | 2,113.8 | 2,518.6 | 6.2% | 3.9% | 2.2 | 2.4 | 15.5 | 15.5 | 14.9% | 15.4% |
| Median | | 10.7% | 544.9 | 856.0 | 3.0% | 3.2% | 1.0 | 0.9 | 9.1 | 7.4 | 10.8% | 11.3% |
| Scandinavian Medical Solutions | DKK 4.9 | -18.0% | 18.2 | 24.7 | 18.6% | -2.9% | 0.9 | 0.8 | 10.0 | 14.2 | 9.3% | 5.9% |

Note: None of the selected companies are close peers to Scandinavian Medical Solutions. However, the table provides perspectives on how other Danish resellers/distributors (in other industries) are valued, and how two larger Swedish-listed healthcare suppliers are valued. Scandinavian Medical Solutions' 2024 numbers are realized 2023/2024 numbers and 2024/2025E is based on the midpoint in the company's 24/25 guidance. Scandinavian Medical Solutions' 2024 multiples are based on the market cap on 30 September 2024, and 2025E multiples are based on the market cap on 16 May 2025. We also apply the midpoint in Brdr. A.O. Johansen's guidance for 2025. Numbers for Solar, Arjo, and AddLife are based on Capital IQ consensus mean estimates extracted on 16 May 2025. Source: Company reports, Capital IQ, and HC Andersen Capital.



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Investment Case
One-pager