

Nanologica Q3 2023: Soft sales but EBIT in line

Nanologica Research Note 2023-10-27 © 10:06

Redeye see a Q3 2023 report from Nanologica that came in lower than we had projected in terms of sales, however, it aligned nicely with our EBIT estimate due to lower costs. With the first deliveries to Asia already shipped, we anticipate an eventful period ahead.



Filip Einarsson

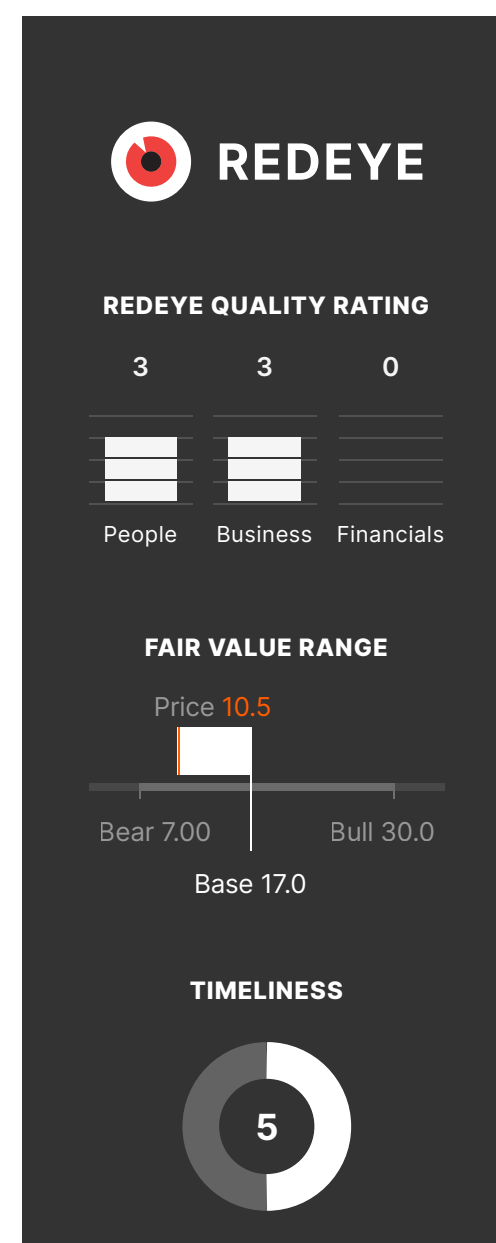
Nanologica's Q3 2023 report showed lower sales than we had estimated, SEK0.3m vs our SEK3.6m estimate. We had initially projected that sales would start ramping up somewhat in Q3, but that proved to be optimistic (the deviation in absolute numbers remains relatively small). However, the CEO mentioned in the report that "from September, cash flow will improve," and the company's sales team is now in a position to enhance their efforts in three out of four key markets (the United States, India, and China). Consequently, sales in preparative chromatography are expected to impact the PnL from Q4 onward positively.

The cost-cutting announced earlier in 2023 has started to leave a print in the PnL, and Nanologica reported lower OPEX than we had forecasted, leading to EBIT of SEK-10.3m compared to our SEK-10.1m estimate. Primarily affected by lower personnel costs than we had anticipated. The lower cost level will persist in the quarters ahead.

(SEKm)	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q3 2023e	dev.%	dev. Abs.
Net sales	0,4	0,7	0,4	0,7	0,3	3,6	-91%	-3,3
Sales growth y/y	-81%	0%	31%	220%	-15%	800%		
Sales growth q/q	91%	68%	-47%	89%	-49%	437%		
Gross profit	1,4	1,5	1,5	0,8	-0,3	1,1	-128%	-1,4
Gross margin (%)	78%	72%	70%	34%	-177%	32%		
OPEX	-8,1	-11,7	-8,9	-10,5	-6,2	-7,9	-21%	1,6
Other external expenses	-2,2	-3,3	-1,9	-2,1	-1,7	-2,0	-15%	0,3
Personnel costs	-5,8	-8,3	-6,8	-8,2	-4,5	-5,9	-23%	1,4
Other operating expenses	-0,1	-0,1	-0,2	-0,2	-0,1	0,0	52%	0,0
EBITDA	-6,6	-10,2	-7,5	-9,7	-6,5	-6,8	-4%	0,2
EBITDA margin	-1658%	-1506%	-2101%	-1442%	-1914%	-188%		
EBIT	-9,6	-13,3	-10,7	-13,3	-10,3	-10,1	2%	-0,2
EBIT margin	-2384%	-1966%	-3019%	-1981%	-3009%	-280%		

The cash position amounted to SEK22.6m, following a cash flow of SEK-13.5m. However, cash burn is poised to be significantly reduced in the period ahead. While unlikely, a capital injection can not be ruled out and is currently accounted for in our bear case. The financing situation will largely be contingent on the pace of the sales ramp-up throughout Q4 2023 and H1 2024.

We will return with an updated view of the case in a research update early next week, where we accommodate our valuation for the Q3-report and expect to make minor adjustments to our forecasts and fair value range.



KEY STATS	
Market Cap	379.5 MSEK
Entprs. Value (EV)	362.3 MSEK
Net Debt (2023e)	-17.1 MSEK
30 Day Avg Vol	14 K
Shares Outstanding	36.1M
Price / Earnings	N/A
PEG	0.0
Dividend Yield	N/A

Data from 2023-10-27 © 10:06

IMPORTANT INFORMATION

All information regarding limitation of liability and potential conflicts of interest can be found at the end of the report.

Redeye, Mäster Samuelsgatan 42, 10tr, Box 7141, 103 87 Stockholm. Tel. +46 8-545 013 30
E-post: info@redeye.se