

# GREATER THAN AB (GREAT)

## LOOKING PAST THE PANDEMIC



Once the pandemic outbreak eases, Greater Than should be well positioned to address the accelerated shift in the insurance market and enable the industry to achieve better profitability with flexible and personalized solutions. Access to the right sort of data is still a strong value driver for companies that want to understand and predict customer behaviour, something that has become increasingly clear during Covid-19 where the demand for real-time data is increasing. Greater Than's AI platform now consists of over a billion unique driver profiles with new real-time data everyday, an important cornerstone in the valuation. Sales have been in a decline recent quarters, but we estimate a rise to approximately SEK 110 million in 2024, where structural market growth is assumed to give tailwind. From an applied target multiple, a value per share of SEK 110 (115) is derived in a Base scenario.

### Lower Sales...

As expected, sales during the third quarter were low with sales amounting to SEK 1.2M (4.2), corresponding to a decrease of 71%. The lower sales figures is explained by factors related to Covid-19, planned reductions in hardware sales and previously terminated insurance services to consumers (B2C). This results in lower sales in the short term, but the current business focus should result in an increased demand for Greater Than's offering and AI platform post Covid-19.

### ...But Higher Gross Margin

Greater Than performed a strong gross margin during Q3, which amounted to 83%, compared with the average margin of 49% during the previous four quarters. In addition to consider the margin level during Q3 as proof of the long-term business model's profitability, this, combined with relatively good cost control, contributed to a controlled burn rate during July-September and thus a balanced working capital.

### The Pandemic Creates Both Challenges and Opportunities

For Greater Than, Covid-19 results in short-term lower user growth and sales. Once the pandemic eases, however, it should result in better conditions for scaling up, where AI for better cost control and digitization for more efficient processes will have an increasing importance for tomorrow's car insurance. With pre-packaged solutions that quickly can meet a growing demand from both existing and new customers, these trends clearly benefit Greater Than.

### Adjusted Valuation Range

As a result of the currently declining growth, we revise our estimates for 2020, while maintaining our belief that Greater Than can deliver high growth from 2021 and onwards. The adjustments affect our valuation range in all three scenarios Base, Bull and Bear.

## SHARE PRICE | 77.8 SEK

### VALUATION RANGE, PRESENT VALUE 2024Y FORECAST

BEAR	BASE	BULL
75 SEK	110 SEK	130 SEK

*The valuation is derived as a present value of sales forecasted in the year 2024. The potential valuation increase is expected to be gradual, given that assumed events occur.*

GREATER THAN	
Share Price (2020-11-04)	77.8
Number of Shares Outstanding	10,721,171
Market Cap (MSEK)	834.1
Net Cash (-)/Debt(+) (MSEK)	-3.0
Enterprise Value (EV) (MSEK)	831.1
W.52 Price Interval (SEK)	68.0 – 125.0
Stock Exchange	Nasdaq First North Growth Market

SHARE PRICE	
1 Month	-25.7 %
3 Months	-35.2 %
1 Year	+15.3 %
YTD	-8.3 %

TOP SHAREHOLDERS (AS OF 2020-09-30)	
Sten Forseke	35.1 %
Keel Capital	17.6 %
Karin Forseke	4.7 %
Carn Capital	4.0 %
Henrik Eklund	3.0 %

CEO AND CHAIRMAN OF THE BOARD	
CEO	Liselott Johansson
Chairman of the Board	Lars M. Berg

FINANCIAL CALENDAR	
Quarterly Report Q4-20	2021-02-18

FORECAST (BASE), MSEK	2019	2020E	2021E	2022E	2023E	2024E
<b>Revenues</b>	15.1	9.2	25.0	53.6	80.7	110.2
Revenue Growth	8.3%	-39.2%	173.1%	114.2%	50.5%	36.6%
<b>Gross Profit</b>	12.5	11.7	20.4	44.4	68.5	96.9
Gross Margin	48.2%	64.0%	81.5%	82.8%	84.9%	87.9%
<b>EBIT</b>	-29.5	-22.8	-21.9	-10.8	8.5	17.5
EBIT-margin	neg.	neg.	neg.	neg.	10.5%	15.9%
P/S	N/M	N/M	33.3	15.6	10.3	7.6
EV/S	N/M	N/M	33.2	15.5	10.3	7.5
EV/EBIT	neg.	neg.	neg.	neg.	N/M	47.4

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## Bull and bear

The recommendations in the form of bull alternatively Bear aims to provide a comprehensive picture of Analyst Group's opinion. The recommendations are developed through rigorous processes consisting of qualitative research and the weighing and discussion with other qualified analysts.

### Definition Bull

Bull is a metaphor for an optimistic view of the future. It indicates a belief in improvement.

### Definition Bear

Bear is a metaphor for a pessimistic view set on the future. It indicates a belief deterioration.

## Other

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