

Q4 figures below exp., but 2022 guidance above

Huddly reports 2021 figures below expectations, but announces an upbeat 2022 guidance. The main negatives are I) 2021 revenues of NOK 337m, down 8% y/y and below guidance of 350-370m, and II) 2021 EBIT adj. of NOK 36m, down 66% y/y and 13% below our exp. In Q4, the gross margin was also unusually low at 44%, but with price hikes from Q1'22, this is expected to revert back to historical levels of +50%. Although Huddly has consistently missed guidance in 2021 ([link](#)), and the market's trust is deteriorating, the company seems confident in the future with a 2022 revenue guidance of NOK 450-550m (up 50% y/y on mid), being the main positive in our view. This is supported by a backlog of NOK 107m, up 23% q/q. Our estimates are in the lower end of guidance and we expect to keep it there. We have a Buy rec on Huddly.

Deviation table

P&L		Q4'20	Q3'21	Actual	PAS	Deviation	Pareto estimates pre report			
				Q4'21	Q4'21e	PAS	2021e	2022e	2023e	
Revenues	NOKm	112	88	101	103	(2.1%)	339	472	672	
Gross Profit	"	62	45	45	48	(7.4%)	171	241	349	
Opex	"	(17)	(18)	(22)	(24)	6.0%	(70)	(94)	(119)	
EBITDA	"	45	14	61	(66)	(191.6%)	(273)	132	231	
EBITDA adj.		45	27	23	25	(8.7%)	102	147	231	
EBIT	"	32	(3)	(80)	(82)	(2.6%)	(334)	69	164	
EBIT adj.		32	10	3	9	(62.0%)	41	84	164	
Net profit	"	23	(2)	(62)	(82)	(24.7%)	(333)	54	128	
Net profit adj.		23	11	21	9	140.1%	41	69	128	
Key metrics & other							p.p			
Revenue growth y/y	%	67 %	-8 %	-10 %	-8 %	(1.9)	-7 %	39 %	42 %	
Gross margin	"	55 %	51 %	44 %	47 %	(2.6)	51 %	51 %	52 %	
EBITDA adj. margin	"	40 %	30 %	22 %	24 %	(1.6)	30 %	31 %	34 %	
EBIT adj. margin		29 %	12 %	3 %	9 %	(5.3)	12 %	18 %	24 %	
CFO	NOKm	16	14	(8)	(6)	-29 %	83	121	181	
Capex (R&D)	"	(16)	(22)	(21)	(17)	25 %	(72)	(79)	(108)	

Highlights

- Q4'21 revenues of NOK 101m, is down 10% y/y, up 15% q/q, and 2% below our expectations
- Strategic partners represented 60 % of Q4 2021 revenue and channel partners represented 40 %, with channel partner revenue growing 21 % compared to Q4 2020
- Q4 gross margin of 44% is below historical levels, but with price increases from Q1'22 it is expected to revert back to the +50% territory
- EBIT adj. for the quarter ended at NOK 3.4m, equal to margin of 3.4%. This was 62% below our expectation of NOK 9m.
- The backlog increased with 23% during the quarter to NOK 107m
- Cash at the end of the quarter was NOK 337m vs. NOK 382m in Q3'21
- During the quarter, the company paid the first instalment of NOK 25m of the total NOK 75m (excl. social security tax) settlement for the synthetic option claim, but 81m was booked on the P&L in Q4

Outlook: Guides 50% revenues growth y/y on mid-point and ~50% gross margins

- For FY'22, Huddly guides NOK 450-550m in revenues, which implies 50% growth y/y on midpoint (34-63% for the full range). The company guides a ~50% gross margin level
- Global supply chains are expected to remain tight throughout 2022 and the continued PPVs for components to be offset by limited price increases on Huddly's products

Valuation

- On our current estimates, which are in the lower end of company guidance, Huddly trades at ~10x/6x '22e/23e EBITDA and ~17x/8x '22e/23e EBIT

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