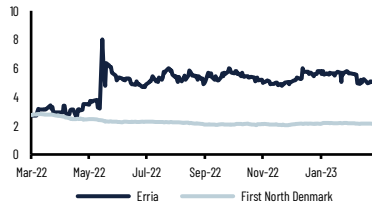


Share information



YTD: -1.0% 1 year: 65.6%
1 month: -4.8% 3 year: 180.9%

Note: We apply the closing price from 28 March 2023
Index rebased to 28 March 2022. Source: Refinitiv

Financials

DKKm	2021	2022	2023E*
Revenue	59.1	157.9	170-185
Revenue growth	6.5%	167.3%	8%-17%
EBITDA	1.8	13.2	5-8
EBITDA margin	3.0%	8.4%	3%-5%
EBIT	1.2	12.1	4-7
EBIT margin	2.0%	7.6%	2%-4%
Net Income	1.0	9.3	N/A
Cash	5.2	16.7	N/A
Interest-bearing debt	18.8	18.3	N/A

Note: *Erria's own 2023 guidance. Source: Refinitiv & Erria

Valuation multiples

	2021	2022	2023E*
P/S (x)	0.5	0.3	0.3-0.3
EV/Sales (x)	0.7	0.4	0.3-0.3
EV/EBITDA (x)	23.2	4.3	7.0-11.1
EV/EBIT (x)	35.0	4.7	8.0-13.9
P/E (x)	27.6	5.9	N/A
P/B (x)	N/A	14.2	N/A
P/CF (x)	N/A	N/A	N/A

Note: Multiples for 2021 and 2022 are based on historical numbers from Refinitiv
*Multiples in 2023 are based on Erria's own guidance

Company description

Erria is a conglomerate focused on shipping and shipping services, engaging in ship management and consultancy, logistics, and marine services. Its business model is asset-light, with Erria operating and managing charter vessels for clients and maintaining a low-asset base across its segments. The company is diversified across segments reducing cyclicality and across regions with activities in Denmark, Vietnam, and Singapore. Erria is positioned to capitalise on increasing trade from Vietnam and Asia.

Investment case

Erria had a strong performance in 2022 (upgrading EBITDA guidance five times), driven by a large new shipping contract with Ørsted and the acquisitions of Mermaid Maritime Vietnam (Dec. 21), and Cathay Seal (Feb. 22). Erria's turnaround progress yielded positive earnings development in all four business units in 2022, including its largest units, Shipping and Erria Container Services (ECS).

Erria will realise full-year effects from its agreement with Ørsted in 2023, worth DKKm 450 over 5 years (with a 2-year extension option) for transporting biomass for use in power plants. The agreement ensures profitability in Erria's Danish shipping activities and creates stable and visible cash flows underpinning financial stability within the group. Erria's marine services are also projected towards profitability in 2023, demonstrating the effectiveness of Erria's conglomerate business model for reducing cyclicality and exposure to broader shipping conditions.

Erria's ECS business unit is its more cyclical component and enjoyed a strong 2022, amid strong container market conditions. However, with demand for container shipping expected to decline due to a weaker global demand outlook, ECS faces dampened earnings (evidenced by Erria's lower profitability 2023 guidance). However, ECS is positioned to capitalise on growth in Vietnam and can pursue organic growth by adding additional local clients.

Key investment reasons

The company has secured contracts with large blue-chip companies across its business units, including global insurance companies, reducing counterparty risk, improving contract rollover likelihood, and bringing the possibility of contracts growing with time. Additionally, its asset-light and conglomerate business model, enables flexibility to adjust to client demand, diversification against volatile shipping markets and cross-business unit synergies.

Erria is well positioned in Vietnam to benefit from increasing trade in the region as South East Asia looks to become the new factory to the world as Chinese real wages and geopolitical risk rise. It is also positioned towards the growing offshore wind sector.

Erria returned to positive equity in 2022, showing improved financial operational stability after meeting its guidance for 16 consecutive quarters opening for the future possibility of dividends.

Key investment risks

Part of Erria's demand is correlated to conditions in the broader container market, particularly in ECS. A weakening container market is expected in 2023 and priced into Erria's guidance; however, if that decline is more severe than expected, it may negatively impact Erria's earnings.

Erria's small size relative to its large blue-chip clients may reduce its bargaining power when renegotiating contracts, and may result in unfavourable terms. However, it has long-term, and good-faith relationships with some of its large clients, such as Maersk, reducing this risk. Its relationships are well managed, but exposure to large clients can signify some concentration risk.

CEO Henrik N. Andersen (owns 4.5% of the share capital) has led the company for many years, and he has been key to implementing current strategies, suggesting that the near-term performance is somewhat dependent on his presence and relationships.

Peer group

Company	Total return	Market cap	Net debt	EV/Sales		EV/EBITDA		Revenue growth		EBITDA growth	
	YTD	(EURm)	(EURm)	2022	2023E	2022	2023E	2022	2023E	2022	2023E
Median of shipping peers	-1.7%	136.2	113.9	3.2	2.8	35.2	5.8	5%	60%	24%	149%
Median of selected First North companies	14.5%	-0.3	-0.3	1.6	1.4	13.4	13.8	50%	15%	57%	14%
Erria A/S	-1.0%	7.3	0.2	0.4	0.3	4.3	8.7	167%	12%	633%	-51%

Note: Read more about each peer group and details in Appendix 2: Valuation (p. 3).
Source: Refinitiv and HC Andersen Capital

Appendix 1: Business areas



Erria's business areas: Erria operates with six business units, under four business entities. The first three business units are combined under the entity Erria A/S, which includes, Shipping, Offshore Personnel Services, and Marine Warranty Surveying. The three international subsidiaries include ERRIA Container Services, Mermaid Maritime Company, and Cathay Seal.

Shipping: acts as an asset-light service provider to clients in Denmark and globally, operating and managing chartered vessels, with activities including technical management, crewing, inspections, and dockings, while also engaging in vessel trading and financing. Erria's shipping business secured a large contract with Ørsted in Q3 2022 for a 5-year (+2 years), worth an estimated DKKm 450 for operating 2 tugs and 4 barges for transport of biomass to its power plants.

Offshore Personnel Services: provides specialised personnel for cable laying vessels, and survey and installation vessels, focusing on being the link between major fibre optic installation companies and experienced contractors. Its clients include Siemens Gamesa, JD Contractor, and Amazon, with client contracts revolving on a 2-year basis.

Marine Warranty Surveying: focuses on reducing risk in relation to moving drilling platforms. It is approved by insurance companies in London and Oslo, and, moving forward, looks to increase its work with offshore wind projects opening for a transition from black to green energy. Customers include Noble Corporation (formerly Maersk Drilling), and Seadrill.

Erria Container Service (ECS): handles over 150,000 containers per year across 7 locations and has 169 employees. They offer container depot services, lift-on/lift-off services, container cleaning and equipment maintenance and repair, with two types of customers: shipping lines and leasing companies. Their two facilities are located in North and South Vietnam, with 14 customers, including Maersk Line and Triton, with revolving 2-year contracts.

Mermaid Maritime Vietnam: is a professional safety service provider to the marine and offshore industries in Vietnam, providing sales and service of life-saving and fire-fighting equipment. They are an authorised service partner for Viking Lifesaving Equipment, and Erria expects to grow its activities, including expansion into offshore wind.

Cathay Seal: is based in Singapore. It manufactures and globally distributes security seals and tamper-evident bags and labels (a small part of the business). They have third-party-owned and operated factories located in Ningbo, China and Batam, Indonesia. They plan to expand Cathay Seal in current and new markets, including the expansion through radio-frequency identification products. This business area has synergy with Erria's container services because they handle maintenance and repair, as well as purchasing container seals, leveraging existing relationships.

Appendix 2: Valuation



Selected shipping and maritime services peer group

Company	Total return	Market cap	Net debt	EV/Sales		EV/EBITDA		Revenue growth		EBITDA growth	
	YTD	(EURm)	(EURm)	2022	2023E	2022	2023E	2022	2023E	2022	2023E
Abl Group ASA	6.2%	149.6	-16.3	0.9	0.7	9.1	5.8	11%	19%	42%	58%
Edda Wind ASA	-21.0%	136.2	62.8	9.7	4.8	35.2	10.3	-2%	101%	6%	240%
Gulf Marine Services PLC	-1.7%	52.6	289.0	3.2	2.8	5.3	5.1	11%*	7%	27%*	24%
SEACOR Marine Holdings Inc	-19.2%	182.9	259.8	1.7	N/A	606.2	N/A	27%	N/A	N/A	N/A
Vallianz Holdings Ltd	0.0%	28.6	113.9	5.0	N/A	539.8	N/A	-28%	N/A	N/A	N/A
Median of selected companies	-1.7%	136.2	113.9	3.2	2.8	35.2	5.8	5%	60%	24%	149%
Erria A/S	-1.0%	7.3	0.2**	0.4	0.3	4.3	8.7	167%	12%	633%	-51%

Note: We apply the mid-point of Erria's own company guidance for Erria's 2023E numbers. Other forward guidance numbers are from consensus analyst estimates from Refinitiv.

*Gulf Marine Services 2022 numbers are expected numbers, with the company not yet having reported earnings. **Erria's cash at the bank and in hand amount to DKK 16.7 million, of which DKK 9.4 million is placed in Vietnamese companies, and, therefore, not directly available to other group companies. In addition, DKK 5.5 million is placed as guarantee for fulfilment of customer contracts in the parent company.

Source: Refinitiv, company reports and HC Andersen Capital

Selected First North DK peer group

Company	Total return	Market cap	Net debt	EV/Sales		EV/EBITDA		Revenue growth		EBITDA growth	
	YTD	(DKKm)	(DKKm)	2022*	2023E**	2022*	2023E**	2022*	2023E**	2022*	2023E**
Shape Robotics***	-19.8%	219.7	19.5	2.7	1.8	N/A	59.8	392%	54%	N/A	N/A
FOM Technologies	-2.1%	319.7	-19.6	5.5	5.2	97.2	85.3	122%	7%	411%	14%
Hove	25.7%	118.6	-5.0	0.7	0.7	9.4	10.8	50%	-2%	84%	-13%
Movinn	25.9%	82.2	9.6	1.2	1.1	13.0	8.3	30%	17%	16%	N/A
Scandinavian Medical Solutions***	78.5%	334.9	-27.7	2.8	2.1	19.9	17.0	54%	33%	41%	17%
WindowMaster***	-4.2%	87.1	39.6	0.5	0.5	7.6	5.0	14%	10%	73%	52%
Wirtek	14.5%	106.0	-2.1	1.6	1.4	13.8	13.8	45%	15%	20%	0%
Median of selected companies	14.5%	118.6	-2.1	1.6	1.4	13.4	13.8	50%	15%	57%	14%
Erria***	-1.0%	54.3	1.6	0.4	0.3	4.3	8.7	167%	12%	633%	-51%

Note: Selected First North DK peer group (selected different companies with (expected) positive EBITDA). *Not all companies have reported full year 2022 results. We apply midrange in the 2022 guidance for the companies that have not reported yet. Market capitalisations from 28 March 2023 and the latest reported cash and debt. ***HC Andersen Capital receives payment from these companies for a Corporate Visibility/Digital IR subscription agreement.

Source: Company reports and HC Andersen Capital

Estimates and assumptions: Some of the data in the peer group has not been calculated by HC Andersen Capital but is instead consensus analyst estimates 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.

Selected shipping and shipping services peers overview:

ABL Group: ABL Group is a leading global energy and marine consultant, working in energy and in oceans working to develop and de-risk projects within wind energy, oil and gas, and renewable industries.

Edda Wind: specialises in offshore wind support services, encompassing wind farm construction, operation, and maintenance. Employing an environmentally conscious fleet, the company excels in crew transfer, offshore accommodation, and service operation support.

Seacor Marine Holdings: specialises in marine and support transportation services for the offshore oil and gas industry. With a diverse fleet of vessels, the company offers services such as offshore supply, emergency response, crew transfers, and construction support.

Vallianz Holdings: is an offshore marine solutions provider serving the global oil and gas industry. Their fleet of vessels supports a range of services, including vessel chartering, ship management, marine engineering, and offshore asset management.

Gulf Marine Services: provides advanced self-propelled, self-elevating support vessels (SESVs) to the global offshore oil, gas, and renewable energy industries, supporting a range of offshore operations, including wind turbine maintenance.