

RTX A/S (RTX)



Wireless Solutions for the Future

RTX ("RTX" or "the Company") is a Danish provider of B2B turn-key wireless technology solutions, such as headphones and handsets, operational in three business segments: *enterprise communications*, *pro audio*, and *healthcare*. RTX is estimated to grow with a revenue CAGR of 13.9% between 21/22-24/25 by leveraging the Company's expertise in end-to-end wireless solutions to establish framework agreements with prominent market players such as CISCO and HP. By utilizing these attractive framework agreements, the Company will acquire ARR with low cost after the initial development phase, thus enabling operational margins through improved unit economics as contracts mature. Analyst Group also expects easing component prices and restored supply chains to streamline contract ramp-up and propel RTX's gross margins from 49% to 52% between 21/22-24/25. By applying a target multiple of 12x EV/EBIT based on a peer valuation, an implied potential price per share of DKK 129.1 is motivated in a Base scenario.

▪ Framework Agreements Intensify Growth Prospects

Leveraging niched expertise to acquire framework agreements with key market players is RTX's primary growth driver. The Company currently operates eight extensive framework agreements, which account for over 60% of the Company's topline. Four of these framework agreements are in the ramp-up phase, where personnel costs are high and revenue low. These framework agreements are expected to enter the main phase within the next three years, increasing ARR by 50.9% to DKK 700.5M in 24/25. Analyst Group also expects RTX to enhance the Company's EBIT-margins from 6.7% to 13.4% between 21/22-24/25 by achieving further unit economics as contracts mature.

▪ Macroeconomical Environment Recovering

RTX is set to capitalize on cheaper semiconductor prices and fewer supply chain complications, contributing to the aforementioned EBIT expansion, and a gross margin expansion from 49% to 52% between 21/22-24/25. Since RTX is exposed to a few large framework agreements, semiconductor-shortages effected the Company to a greater extent than competitors that do not have high exposure to delayed early-stage projects with high cost-burdens. Intuitively this means that if macroeconomic environment eases, RTX's framework agreements will mature quicker, and will thus benefit more than its competitors through scalability.

▪ Underlying Market Growth

Market research¹ indicates that the *enterprise communications* market is expected to grow with a CAGR of 7.8% between 2021–2025. This growth is driven by a shift in American demand from Wi-Fi/VoWLAN handsets to DECT handsets in addition to high growth in the wireless headset market. Additionally, the *pro-audio* segment is rebounding from the pandemic due to accelerating demand for large wireless audio systems driven by large amounts of live concerts that were previously delayed due to the pandemic, which RTX is estimated to capitalize on.

¹ Frost & Sullivan

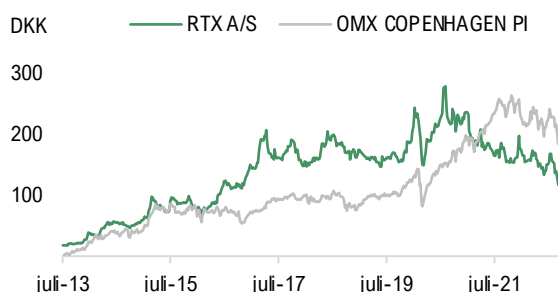
VALUATION RANGE

Bear DKK 54.8 **Base** DKK 129.1 **Bull** DKK 205.1

KEY INFORMATION

Share Price (2023-09-27)	85.4
Shares Outstanding	8,467,838
Market Cap (DKKm)	716.4
Net cash(-)/debt(+) (DKKm)	118.5
Enterprise Value (DKKm)	834.9
List	XCSE Mid Cap
Annual Report 2023	2023-11-30

SHARE PRICE DEVELOPMENT



OWNERS (SOURCE: BLOOMBERG 2023 Q3)

Jens Hansen	8.0%
Fundamental Invest	7.5%
ATP	6.8%
Jens Toftgaard Petersen	5.3%
Danske Bank A/S	4.9%

Estimates (DKKm)	21/22A	22/23E	23/24E	24/25E
Revenue	679.0	780.5	849.4	942.2
COGS	-354.0	-388.8	-408.0	-446.0
Gross Profit	325.0	391.6	441.4	496.1
Gross Margin	49.0%	50.2%	52.0%	52.7%
Operating Costs	-239.6	-277.7	-304.1	-327.3
EBIT	45.6	78.5	112.6	137.7
EBIT-Margin	6.7%	9.4%	11.8%	13.4%
P/S	1.2x	1.0x	0.9x	0.9x
EV/S	1.4x	1.2x	1.0x	1.1x
EV/EBITDA	11.0x	7.7x	5.8x	6.5x
EV/EBIT	12.2x	12.0x	8.3x	6.8x

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Other

The Principal, **RTX A/S** (furthermore "the Company") has had no opportunity to influence the parts where Analyst Group has had opinions about the Company's future valuation or anything that could constitute an objective assessment.

The analyst does not own shares in the Company.

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