

Netcompany

Telecom Equipment and IT
Denmark

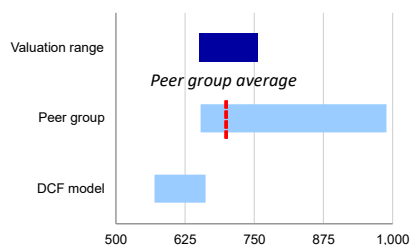
KEY DATA

Stock country	Denmark
Bloomberg	NETC DC
Reuters	NETCG.CO
Share price (close)	DKK 610
Free Float	85%
Market cap. (bn)	EUR 4.09/DKK 30.50
Website	www.netcompany.com
Next report date	25 Jan 2022

PERFORMANCE



VALUATION APPROACH (DKK)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2021E	2022E	2023E
Sales	0%	0%	0%
EBIT (adj)	-2%	0%	0%

Source: Nordea estimates

Nordea Markets - Analysts

Claus Almer
DirectorJesper Herholt Jensen
Managing Director, Sector Coordinator

Continuing on its growth path

The biggest focus point in Netcompany's 2021 annual report will likely be the Intrasoft acquisition. We expect more details about it to be disclosed, including the timing of the backlog, which had increased significantly before the deal, and guidance for 2022. In terms of organic development, we expect Netcompany to continue its strong revenue growth, while we see more uncertainty about possible margin improvements. We make no significant changes to estimates, but our updated combined DCF model and SOTP valuation point to DKK 650-755 per share (760-890), as peer multiples have contracted.

2022 estimates: Moderate positive estimate changes

We make small but positive estimate changes ahead of the 2021 report. Excluding Intrasoft, we now expect Netcompany to deliver 17% revenue growth (16%) and a 25.2% EBITA margin (2021E: 24.6%). Including Intrasoft, the corresponding numbers are 55.8% and 20.2%, respectively. We do not expect a material negative impact from cost inflation, thanks to the business model.

2022 guidance: Continued impressive performance

We expect Netcompany to guide for 15-20% revenue growth excluding Intrasoft, supported by the 20% rise in employee numbers as of the end of Q3. Excluding Intrasoft, we expect a 24-26% EBITA margin guidance range.

Intrasoft: More details needed to understand the potential

We still lack some details about Intrasoft, although Netcompany issued guidance for November and December with its Q3 report (9-10% revenue growth and a 7-8% EBITDA margin, the margin seasonally lower than the full-year level). Of most interest is the backlog, which had more than doubled since 2019 to EUR ~900m as of Q2 (~4.5x 2020 revenue). Around EUR ~200m was added in H1 2021, close to the same level as 2020 revenue.

M&A: More to come in 2022?

The acquisition of Intrasoft marked a change in Netcompany's M&A strategy, which now seems to target larger acquisitions and probably with less integration potential than the acquisitions in Norway, the UK and the Netherlands. We believe, Netcompany sees large, untapped European potential thanks to a growing need for investments in digitalisation across the continent. We may therefore see additional acquisitions in 2022, providing Netcompany can find the right candidate(s) at the right price.

SUMMARY TABLE - KEY FIGURES

DKKm	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	1,416	2,053	2,454	2,839	3,676	5,721	6,572
EBITDA (adj)	435	555	674	809	925	1,272	1,539
EBIT (adj)	306	399	516	645	800	1,114	1,378
EBIT (adj) margin	21.6%	19.4%	21.0%	22.7%	21.8%	19.5%	21.0%
EPS (adj, DKK)	3.33	4.14	7.84	9.36	11.96	17.26	21.26
EPS (adj) growth	241.4%	24.3%	89.5%	19.4%	27.8%	44.3%	23.1%
DPS (ord, DKK)	0.00	0.00	0.00	1.00	2.00	2.00	2.00
EV/Sales	n.a.	5.8	6.8	11.1	8.8	5.5	4.7
EV/EBIT (adj)	n.a.	30.0	32.3	48.9	40.3	28.5	22.4
P/E (adj)	n.a.	53.2	40.4	66.5	51.0	35.3	28.7
P/BV	n.a.	6.1	7.7	12.8	10.3	8.2	6.5
Dividend yield (ord)	n.a.	0.0%	0.0%	0.2%	0.3%	0.3%	0.3%
FCF Yield bef A&D, lease	n.a.	1.2%	2.5%	1.6%	1.4%	1.8%	3.0%
Net debt	1,070	998	826	402	1,706	1,243	421
Net debt/EBITDA	2.7	1.9	1.2	0.5	1.9	1.0	0.3
ROIC after tax	8.8%	10.7%	13.3%	16.3%	25.0%	32.1%	36.8%

Source: Company data and Nordea estimates

Q4 2021 preview

Q4 2021 details to be released at ~07.30 CET on 25 January

Dial-in details are not yet available.

Solid Q4 performance expected

NETCOMPANY: Q4 2021 ESTIMATES (DKKm)

	2020				2021				Q4E	Cons	Q4, y/y	NDA vs cons
	Q1	Q2	Q3	Q4	Q1	Q2	Q3					
Revenue	696	676	695	773	855	827	798	1,196	1,174	55%	2%	
Production cost	421	416	401	445	529	533	470	794	754	78%	5%	
Gross profit	275	260	293	328	326	293	328	403	420	23%	-4%	
Sales & marketing	4	4	4	5	6	6	6	13	-	175%	-	
Administration	106	95	94	99	103	121	123	136	-	37%	-	
Special items	0	0	0	0	0	0	-30	-5	-5	-	-	
EBITA	164	161	195	224	216	167	170	249	241	11%	3%	
Amortisations	25	25	25	24	9	9	9	10	-	-59%	-	
EBIT	139	136	170	200	207	158	161	239	-	19%	-	
Net financial items	-19	-16	-6	-152	37	-12	-12	-13	-	-	-	
Pre-tax profit	120	120	164	48	244	146	149	226	212	367%	6%	
Taxes	27	24	36	43	45	33	41	50	47	15%	6%	
Net profit	93	96	128	5	200	112	109	176	166	3388%	-	
EPS	1.9	2.0	2.6	0.1	4.1	2.3	2.2	3.5	-	3388%	-	
EPS growth, y/y	-5.5%	55.6%	24.9%	-96.0%	114.8%	16.8%	-15.3%	3387.5%	-	-	-	
Revenue growth, organic	13.4%	12.5%	17.3%	15.1%	22.9%	21.1%	14.9%	19.8%	16.6%	-	-	
Revenue growth, y/y	16.4%	13.9%	17.3%	15.1%	23.0%	22.4%	14.9%	54.8%	51.9%	-	-	
Gross margin	39.5%	38.4%	42.2%	42.4%	38.1%	35.5%	41.2%	33.7%	35.8%	-	-	
Costs (Revenue - EBITA adj)	531	514	499	549	639	660	598	943	928	72%	2%	
Costs growth, q/q	8%	-3%	-3%	10%	-	3%	-9%	58%	55%	-	-	
Costs growth, y/y	18%	10%	17%	12%	20%	28%	20%	72%	69%	-	-	
EBITA, adj	164	161	195	224	216	167	200	254	246	13%	3%	
EBITA margin, adj	23.6%	23.9%	28.1%	28.9%	25.3%	20.2%	25.1%	21.2%	20.9%	-	-	
Incremental EBITA margin, adj	17.2%	42.7%	30.5%	42.9%	32.7%	3.5%	4.4%	7.1%	5.5%	-	30%	
EBIT margin	20.0%	20.1%	24.5%	25.9%	24.2%	19.1%	20.2%	20.0%	-	-	-	
Tax rate	22.4%	19.9%	21.9%	89.5%	18.2%	22.9%	27.2%	22.1%	22.1%	-	-	
In/out orders	304	352	236	119	634	299	209	402	-	239%	-	
Growth, y/y	23.2%	17.9%	20.5%	21.4%	20.3%	21.6%	19.7%	-	-	-	-	
12-month:												
Revenue (12m)	2,552	2,634	2,737	2,839	2,998	3,149	3,253	3,676	3,653	30%	1%	
EBITA adj (12M)	634	669	701	744	797	802	806	837	828	12%	1%	
EBITA margin, adj (12M)	24.9%	25.4%	25.6%	26.2%	26.6%	25.5%	24.8%	22.8%	22.7%	-	-	

Source: Company data, company-compiled consensus and Nordea estimates

2021 guidance: consensus expects mid-range EBITDA

NETCOMPANY: GUIDANCE AND UPDATED CONSENSUS (DKKm)

	2020	2021 guidance		2021E		2022E		2023E	
		Low	High	Nordea	Cons	Nordea	Cons	Nordea	Cons
Revenue	2,839	3,605	3,690	3,676	3,653	5,721	5,763	6,572	6,673
Revenue growth, y/y	15.7%	-	-	29.5%	28.7%	55.6%	57.7%	14.9%	15.8%
FX effect, Revenue	-1.1%	-	-	0.6%	0.7%	0.0%	0.1%	0.0%	0.0%
Revenue growth, organic	15.5%	-	-	20.0%	18.8%	17.0%	17.8%	14.9%	15.6%
Revenue growth, LCY+organic	16.6%	-	-	19.4%	18.1%	17.0%	17.7%	14.9%	15.6%
Costs	2,094	-	-	2,840	2,827	4,587	4,619	5,191	5,287
Growth	14.0%	-	-	35.6%	35.0%	61.5%	63.4%	13.2%	14.5%
EBITA, adj	744	-	-	837	826	1,134	1,144	1,381	1,386
EBITA margin, adj	26.2%	-	-	22.8%	22.6%	19.8%	19.9%	21.0%	20.8%
Special items	0	-30	-35	-35	-	0	-	0	-
Organic revenue growth	15.5%	~18%	~20%	20.0%	18.8%	17.0%	17.8%	14.9%	15.6%
Revenue:									
Group	2,839	3,605	3,690	3,676	3,653	5,721	5,763	6,572	6,673
Netcompany	2,839	3,349	3,406	3,406	-	3,951	-	4,623	-
Intrasoft	-	255	284	270	-	1,736	-	1,909	-
EBITDA adj.	809	865	959	925	911	1,272	1,266	1,539	1,519
EBITDA margin, adj.									
Group	28.5%	~24%	~26%	25.2%	24.9%	22.2%	22.0%	23.4%	22.8%
Netcompany	28.5%	~25%	~27%	24.3%	-	22.2%	-	23.4%	-
Intrasoft	-	~7%	~8%	7.5%	-	9.0%	-	10.0%	-
EBITA, adj.:									
Group	744	-	-	837	826	1,134	1,144	1,381	1,386
Netcompany	744	757	849	833	-	1,015	-	1,229	-
Intrasoft	-	-	-	15	-	121	-	153	-
EBITA margin, adj.:									
Group	26.2%	~21%	~23%	22.8%	22.6%	19.8%	19.9%	21.0%	20.8%
Netcompany	26.2%	~23%	~25%	24.5%	-	25.7%	-	26.6%	-
Intrasoft	-	-	-	5.5%	-	7.0%	-	8.0%	-

Source: Company data, company-compiled consensus and Nordea estimates

We leave our estimates close to unchanged.

Valuation: DKK 650-755 per share

Our valuation of Netcompany is based on the combination of our DCF model and a peer group valuation. Both methods have their strengths and weaknesses, but we believe they yield a reliable valuation range when combined.

As there are few suitable peers for Netcompany, our valuation range is derived from the combination of a DCF model and a peer group valuation.

The valuation is sensitive to the number of years of high revenue growth – if Netcompany were to extend the number of years of revenue growth by more than 20%, this would have a significant impact on our valuation.

Our DCF-based 12-month fair value (WACC: 6.0%) is DKK 615 per share, based on the assumptions outlined below.

NETCOMPANY: DCF MODEL ASSUMPTIONS

Averages and assumptions	2021-30	2032-36	2037-41	2042-46	2047-51	LT
Sales growth, CAGR	15.3%	10.0%	10.0%	6.3%	2.5%	-
EBIT-margin	18.5%	15.0%	13.0%	7.4%	1.8%	-
Capex/depreciation, x	0.4	1.1	1.1	1.1	1.1	-
Capex/sales	1.0%	0.5%	0.4%	0.4%	0.4%	-
NWC/sales	18.3%	18.3%	18.3%	18.3%	18.3%	-
FCFF, CAGR	13.7%	7.2%	6.3%	-5.3%	-26.8%	2.0%

Source: Nordea estimates

The model is sensitive to revenue growth and the EBIT margin is relatively high, although this should be expected given the company's high-growth profile.

Our peer group valuation is based on IT companies with similar growth, above-average margins, and a focus on "new world IT". Geographical exposure plays a smaller role in our selection of peers. Within this group, we find the following companies particularly suitable:

- Epam
- Globant
- Endava
- Kainos

Although the company "Reply" shares some of the same characteristics as Netcompany, we exclude it from our peer group valuation, as its expected growth (according to Refinitiv consensus) is somewhat lower than for Netcompany.

Our peer group valuation suggests a DKK 780-1,060 per share valuation range (average: DKK 900). The valuation is based on an equally weighted P/E, EV/EBITDA and EV/EBIT(A).

NETCOMPANY: PEER GROUP VALUATION

	Share price	MCAP EURbn	Grw, 2020-23E			EBIT mrg			P/E			EV/EBITDA			EV/EBIT			PEG 20-23E	Share price		
			Rev	EBIT	EPS	2022E	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E		2023E	1M	3M
Key peers																					
Epam	US	3,586	27.3	35%	35%	35%	17.6%	62.1x	48.4x	38.1x	41.3x	31.7x	25.1x	41.3x	31.7x	25.1x	1.8x	-22%	-7%	-18%	
Globant	Lux	1,636	9.1	40%	45%	38%	15.3%	67.3x	53.6x	42.1x	40.1x	30.7x	24.6x	40.1x	30.7x	24.5x	1.8x	-9%	-8%	-21%	
Endava	UK	879	6.7	34%	47%	36%	20.0%	78.5x	56.5x	46.5x	50.9x	35.5x	27.6x	50.1x	35.0x	27.2x	2.2x	-11%	-13%	-20%	
Kainos	UK	145	2.4	25%	37%	37%	19.5%	43.2x	42.8x	39.2x	34.3x	31.9x	28.7x	34.4x	32.0x	28.8x	1.2x	-9%	-10%	-15%	
Reply	UK	1,136	5.7	14%	18%	19%	14.1%	38.0x	33.8x	30.2x	21.6x	19.3x	17.4x	21.6x	19.3x	17.5x	2.0x	-15%	0%	-15%	
Average (ex Reply)	-	-	11.4	34%	41%	36%	18.1%	62.8x	50.3x	41.5x	41.6x	32.5x	26.5x	41.5x	32.3x	26.4x	1.7x	-12%	-10%	-19%	
Netcompany (cons.)	DK	590	3.9	31%	29%	29%	20.2%	45.3x	34.1x	27.3x	31.6x	22.7x	18.8x	32.2x	23.2x	19.2x	1.6x	-14%	-17%	-16%	
IT service companies:																					
IBM	US	119	106.9	-2%	17%	8%	19.1%	14.2x	13.5x	13.7x	9.6x	10.2x	10.0x	9.6x	10.3x	10.0x	1.9x	9%	-1%	1%	
Accenture	IE	329	208.4	15%	17%	17%	15.5%	42.3x	35.4x	31.7x	25.4x	20.7x	18.9x	26.4x	21.5x	19.7x	2.5x	-2%	15%	-10%	
Cognizant	US	77	40.2	11%	13%	14%	15.8%	21.4x	19.1x	17.3x	12.8x	11.6x	10.8x	12.8x	11.6x	10.8x	1.6x	6%	15%	-2%	
Atos	FR	32	41.7	0%	-10%	-8%	5.9%	26.2x	26.2x	22.8x	18.0x	16.4x	14.3x	17.9x	16.3x	14.3x	-3.3x	11%	-3%	-2%	
Cap Gemini	FR	194	92.5	10%	15%	19%	12.6%	40.3x	35.0x	30.2x	28.8x	24.0x	21.0x	28.7x	23.9x	20.9x	2.1x	5%	7%	-2%	
CGI Group	CA	74	171.2	5%	8%	13%	16.4%	43.8x	37.1x	32.5x	32.2x	26.2x	23.1x	32.1x	26.1x	23.0x	3.4x	7%	-1%	4%	
DXC Technology	US	29	45.2	-7%	-11%	-8%	9.6%	36.7x	30.9x	27.3x	26.1x	21.1x	18.4x	26.0x	21.0x	18.2x	-4.6x	9%	5%	-3%	
Sopra Steria	FR	152	19.9	6%	22%	26%	8.3%	32.6x	26.7x	23.4x	24.5x	18.8x	16.2x	24.4x	18.7x	16.3x	1.3x	7%	20%	-4%	
HCL	IN	15	3.5	10%	11%	12%	20.1%	9.5x	7.1x	5.9x	5.7x	4.8x	4.4x	5.7x	4.9x	4.4x	0.8x	-11%	-28%	-14%	
Infosys	IN	22	32.7	14%	18%	16%	23.8%	22.8x	20.3x	17.9x	13.6x	12.4x	11.3x	13.9x	12.6x	11.6x	1.4x	-6%	10%	-10%	
Tata	IN	46	18.1	11%	13%	11%	26.0%	19.6x	17.9x	16.4x	11.6x	11.0x	10.5x	10.5x	9.9x	9.5x	1.8x	-3%	-3%	-6%	
Wipro	IN	8	7.3	14%	15%	15%	18.2%	13.7x	9.0x	7.6x	4.7x	4.1x	3.9x	4.7x	4.1x	3.9x	0.9x	7%	-4%	2%	
Tech Mahindra	IN	20	3.1	10%	18%	14%	15.7%	14.1x	11.9x	10.5x	7.4x	6.7x	6.2x	7.5x	6.8x	6.3x	1.0x	-4%	-2%	-3%	
Average, ex India	-	-	90.8	5%	9%	10%	12.9%	32.2x	28.0x	24.9x	22.2x	18.6x	16.6x	22.2x	18.7x	16.6x	0.8x	6%	7%	-2%	
Average	-	-	60.8	7%	11%	11%	15.9%	25.9x	22.3x	19.8x	16.9x	14.5x	13.0x	16.9x	14.4x	13.0x	0.8x	3%	2%	-4%	
Nordic peers:																					
Trifork	DK	35	0.7	-	-	-	12.1%	39.4x	33.5x	29.1x	27.0x	22.1x	19.2x	44.5x	33.3x	27.6x	-	-3%	27%	-14%	
NNIT	DK	113	0.4	6%	14%	24%	6.0%	187.7x	19.4x	14.8x	9.0x	8.4x	7.6x	71.9x	18.2x	13.1x	7.7x	3%	-6%	-2%	
TietoEvry	FI	26	3.1	2%	4%	8%	12.1%	11.4x	10.9x	10.3x	7.2x	7.5x	7.2x	10.4x	11.0x	10.4x	1.3x	0%	1%	-4%	
KnowIT	SE	32	0.9	23%	23%	12%	8.2%	27.4x	23.8x	19.3x	12.8x	10.1x	9.1x	19.6x	15.2x	13.0x	2.2x	-7%	-0%	-11%	
Average	-	-	1.3	10%	14%	15%	9.6%	66.5x	21.9x	18.4x	14.0x	12.0x	10.8x	36.6x	19.4x	16.0x	3.7x	-2%	5%	-8%	
SimCorp	DK	663	3.5	7%	10%	11%	26.9%	36.6x	32.1x	28.6x	25.7x	23.1x	20.8x	28.5x	25.2x	22.6x	3.2x	-2%	-10%	-7%	
Others:																					
Europe IT consult. 1)	-	-	-	9%	8%	11%	7.5%	22.9x	24.5x	20.4x	18.0x	14.1x	13.2x	22.5x	20.3x	17.7x	2.0x	-5%	6%	5%	
Global IT consult. 2)	-	-	-	7%	10%	19%	21.4%	34.3x	28.9x	26.4x	18.6x	16.3x	230.2x	31.1x	26.9x	21.5x	1.8x	2%	2%	1%	
Average, total	-	-	-	13%	17%	18%	14.5%	42.5x	29.6x	25.3x	21.8x	17.9x	58.8x	29.7x	22.7x	18.9x	2.0x	-3%	1%	-5%	
Netcompany, NDA	DK	590	3.9	32%	29%	31%	19.5%	49.3x	34.2x	27.7x	31.8x	24.1x	19.6x	36.7x	27.5x	21.9x	1.6x	-14%	-17%	-16%	

Source: Refinitiv and Nordea estimates

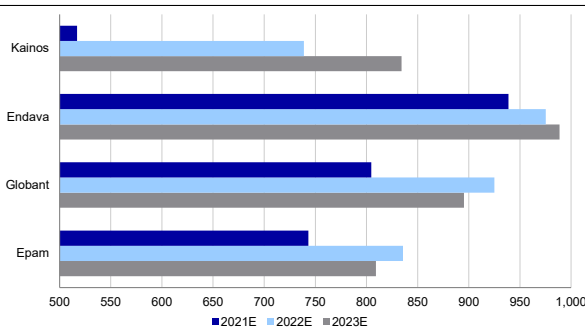
VALUATION: NETCOMPANY (OUR ESTIMATES) VS PEER GROUP VALUATION

	Grw, 2020-23E			EV/EBIT			PEG 20-23E	Share price	
	Rev	EBIT	EPS	2021E	2022E	2023E		1M	YTD
Key peers	Underperf.	Underperf.	Underperf.	Discount	Discount	Discount	Premium	Underperf.	Outperf.
IT service companies:	Outperf.	Outperf.	Outperf.	Premium	Premium	Premium	Premium	Underperf.	Underperf.
- Ex India	Outperf.	Outperf.	Outperf.	Premium	Premium	Premium	Premium	Underperf.	Underperf.
Nordic peers:	Outperf.	Outperf.	Outperf.	Discount	Premium	Premium	Discount	Underperf.	Underperf.
Europe IT consult. 1)	Outperf.	Outperf.	Outperf.	Premium	Premium	Premium	Premium	Underperf.	Underperf.
Global IT consult. 2)	Outperf.	Outperf.	Outperf.	Premium	Premium	Premium	Premium	Underperf.	Underperf.

Note: Netcompany's EBIT and EPS growth is adjusted for one-offs and excludes PPA

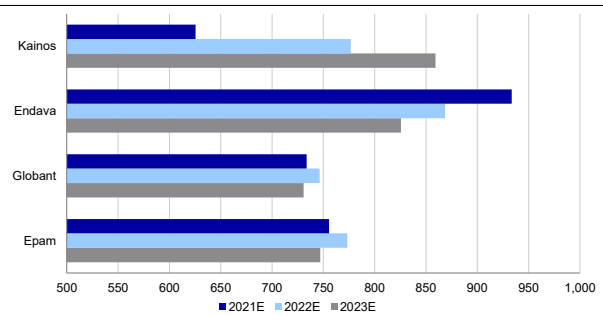
Source: Refinitiv and Nordea estimates

NETCOMPANY: P/E VALUATION BASED ON KEY PEER GROUP (DKK PER SHARE)



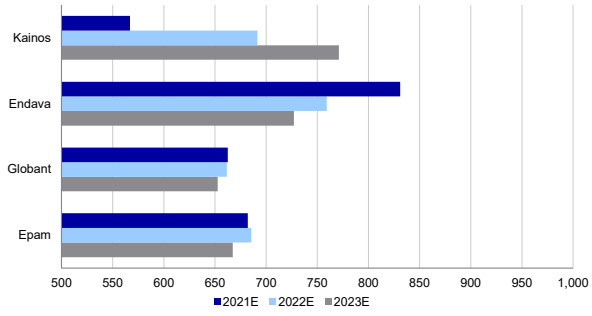
Source: Refinitiv and Nordea

NETCOMPANY: EV/EBITDA VALUATION BASED ON KEY PEER GROUP (DKK PER SHARE)



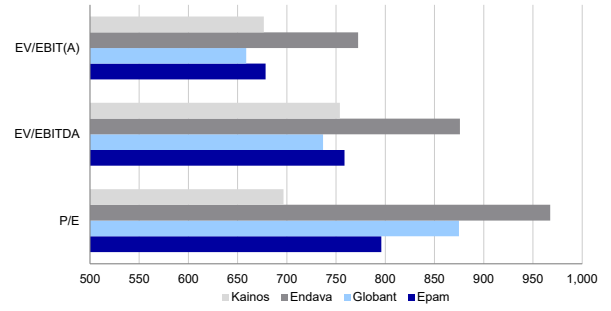
Source: Refinitiv and Nordea

NETCOMPANY: EV/EBIT(A) VALUATION BASED ON KEY PEER GROUP (DKK PER SHARE)



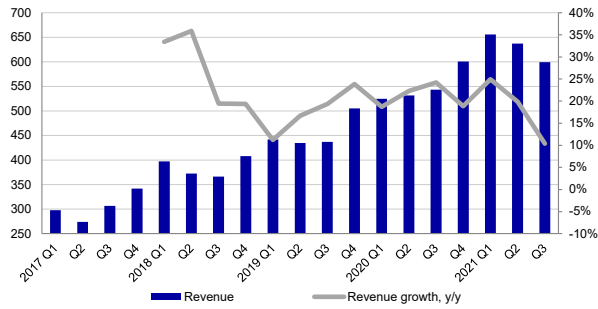
Source: Refinitiv and Nordea

NETCOMPANY: AVERAGE VALUATION (DKK PER SHARE), 2021E-23E



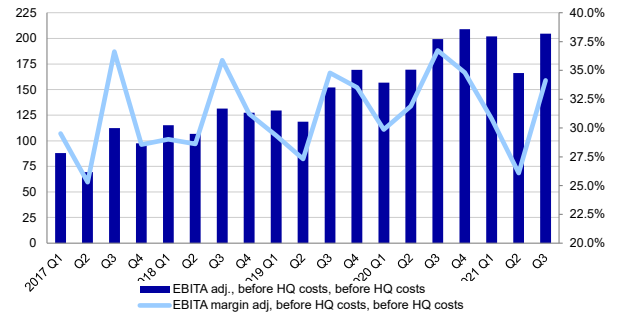
Source: Refinitiv and Nordea

NETCOMPANY, DENMARK: REVENUE (DKKm)



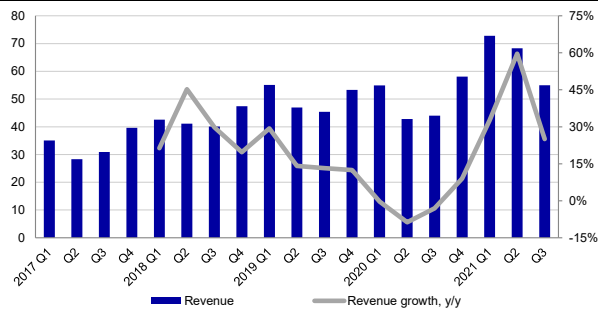
Source: Company data and Nordea estimates

NETCOMPANY, DENMARK: ADJUSTED EBITA (DKKm)



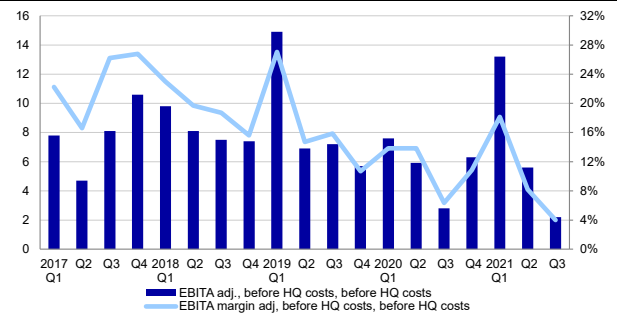
Source: Company data and Nordea estimates

NETCOMPANY, NORWAY: REVENUE (DKKm)



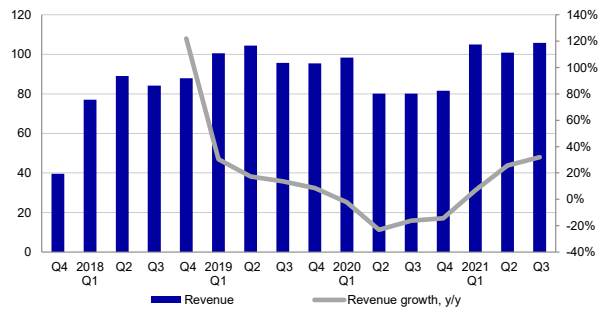
Source: Company data and Nordea

NETCOMPANY, NORWAY: ADJUSTED EBITA (DKKm)



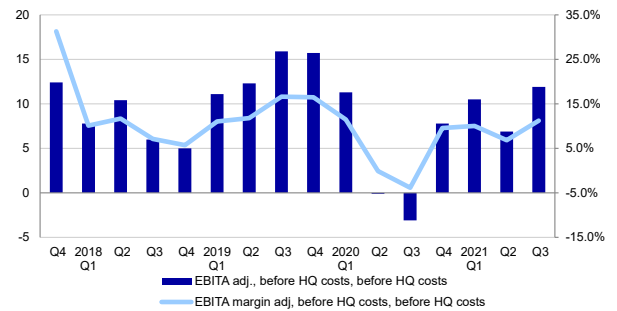
Source: Company data and Nordea

NETCOMPANY, UK: REVENUE (DKKm)



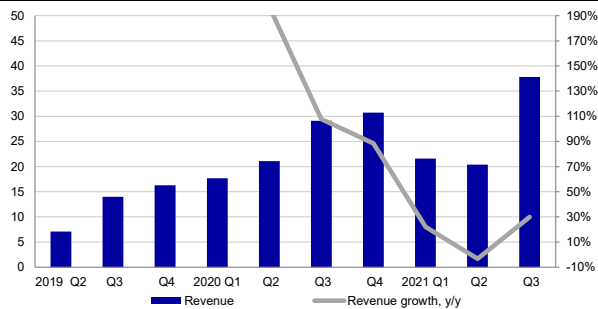
Source: Company data and Nordea

NETCOMPANY, UK: ADJUSTED EBITA (DKKm)



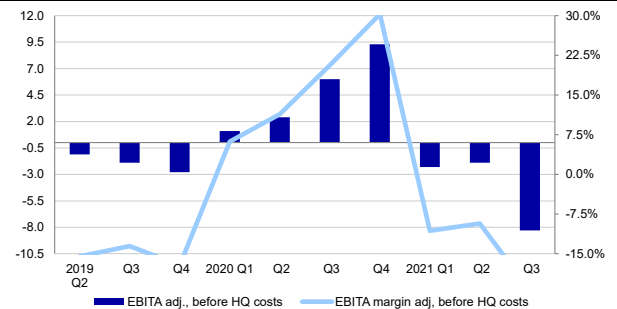
Source: Company data and Nordea

NETCOMPANY, HOLLAND: REVENUE (DKKm)



Source: Company data and Nordea

NETCOMPANY, HOLLAND: ADJUSTED EBITA (DKKm)



Source: Company data and Nordea

Netcompany: Annual numbers

NETCOMPANY: ANNUAL NUMBERS (DKKm; EPS IN DKK)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Revenue	400	461	629	758	900	1,416	2,053	2,454	2,839	3,676	5,721	6,572
Production cost	-	-	-	447	527	803	1,237	1,458	1,683	2,326	3,799	4,287
Gross profit	-	-	-	311	373	613	817	996	1,155	1,350	1,922	2,285
Sales & marketing	-	-	-	4	4	10	12	12	17	31	36	41
Administration	-	-	-	100	121	201	290	367	394	483	752	863
Special items	-	-	-	0	-35	-33	-34	-4	0	-35	0	0
EBITDA	103	91	157	228	233	402	520	669	809	890	1,272	1,539
Depreciation	6	9	8	9	32	34	40	56	65	88	137	158
Amortisation	0	0	-2	12	0	0	0	0	0	0	0	0
EBITA	98	81	150	207	201	369	480	613	744	802	1,134	1,381
Amortisation	2	2	2	0	74	96	115	102	99	37	20	3
EBIT	96	80	149	207	127	273	365	511	645	765	1,114	1,378
Net financial items	-2	1	1	0	-62	-73	-109	-14	-193	0	-8	-15
Pre-tax profit	94	81	150	208	65	200	256	497	452	764	1,107	1,363
Taxes	7	8	15	20	44	59	74	109	130	168	243	300
Net profit	88	73	134	188	21	141	181	389	322	596	863	1,063
One-off items	0	0	0	0	-35	-33	-34	-4	0	-35	0	0
EPS	-	-	-	-	-	2.8	3.7	7.9	6.4	11.9	17.3	21.3
EPS growth, y/y	-	-	-	-	-	-	29.7%	116.7%	-18.6%	85.3%	44.8%	23.1%
Tax rate	7.0%	9.3%	10.2%	9.6%	67.1%	29.7%	29.1%	21.9%	28.7%	22.0%	22.0%	22.0%
Revenue growth, y/y	22.3%	15.0%	36.6%	20.5%	18.7%	57.4%	45.0%	19.5%	15.7%	29.5%	55.6%	14.9%
Gross margin	-	-	-	41.1%	41.4%	43.3%	39.8%	40.6%	40.7%	36.7%	33.6%	34.8%
EBITDA margin	25.8%	19.8%	24.9%	30.1%	25.9%	28.4%	25.3%	27.3%	28.5%	24.2%	22.2%	23.4%
EBITA, adj	98	81	150	207	236	402	514	617	744	837	1,134	1,381
EBITA margin, adj	24.4%	17.7%	23.9%	27.4%	26.3%	28.4%	25.0%	25.2%	26.2%	22.8%	19.8%	21.0%
EBITA margin	24.4%	17.7%	23.9%	27.4%	22.3%	26.0%	23.4%	25.0%	26.2%	21.8%	19.8%	21.0%
EBIT margin	24.0%	17.3%	23.6%	27.4%	14.1%	19.3%	17.8%	20.8%	22.7%	20.8%	19.5%	21.0%
Net profit, adj.	89	75	136	188	106	241	298	471	399	652	879	1,065
CFFO	-	-	-	217	117	195	187	460	581	512	679	1,011
Capex	-16	-16	-4	-18	-2,539	-150	-27	-65	-102	-1,763	-57	-66
FCF	-	-	-	207	-2,422	45	160	396	479	-1,251	622	945
Revenue, Public	-	-	-	312	368	730	1,152	1,456	1,778	2,133	2,496	2,920
Revenue, private	-	-	-	447	531	686	901	998	1,061	1,273	1,489	1,743
Revenue growth, Public	-	-	-	-	18.3%	98.2%	57.8%	26.3%	22.1%	20.0%	17.0%	17.0%
Revenue growth, private	-	-	-	-	19.0%	29.1%	31.4%	10.8%	6.3%	20.0%	30.0%	25.0%
Development revenue	-	-	-	347	439	647	1,005	1,258	1,517	1,820	2,130	2,492
Public customers	-	-	-	137	167	440	575	738	920	1,103	1,291	1,510
Private customers	-	-	-	210	272	206	430	520	597	717	839	981
Maintenance revenue	-	-	-	411	461	769	1,048	1,196	1,322	1,586	1,856	2,171
Public customers	-	-	-	175	202	290	577	718	858	1,030	1,205	1,410
Private customers	-	-	-	236	260	479	471	478	463	556	651	761
Netcompany Denmark:												
Revenue, Denmark	400	461	629	758	888	1,220	1,544	1,819	2,200	2,671	3,119	3,624
Revenue growth, Denmark	22.3%	15.0%	36.6%	20.5%	18.7%	37.4%	26.5%	17.8%	21.0%	21.4%	16.8%	16.2%
EBITA adj. before HQ costs, DK	98	81	150	207	234	358	461	544	706	800	900	1,070
EBITA margin adj. before HQ costs, DK	24.4%	17.7%	23.9%	27.4%	26.4%	29.4%	29.8%	29.9%	32.1%	29.9%	28.8%	29.5%
Netcompany Norway												
Revenue, Norway	-	-	-	-	12	134	171	203	200	230	270	324
Revenue growth, Norway	-	-	-	-	-	1044.4%	27.9%	18.6%	-1.7%	15.0%	17.5%	20.0%
EBITA adj. before HQ costs, Norway	-	-	-	-	2	31	31	32	12	21	32	49
EBITA margin adj. before HQ costs, Norway	-	-	-	-	17.1%	23.1%	17.9%	15.9%	6.0%	9.0%	12.0%	15.0%
Netcompany UK												
Revenue, UK	-	-	-	-	-	62	338	395	340	357	411	493
Revenue growth, UK	-	-	-	-	-	-	446.2%	16.7%	-13.8%	5.0%	15.0%	20.0%
EBITA adj. before HQ costs, , UK	-	-	-	-	-	12	23	48	9	25	37	54
EBITA margin adj. before HQ costs, UK	-	-	-	-	-	20.0%	6.8%	12.2%	2.8%	7.0%	9.0%	11.0%
Netcompany Holland												
Revenue, Netherlands	-	-	-	-	-	-	-	37	99	148	185	222
Revenue growth, Netherlands	-	-	-	-	-	-	-	-	163.7%	50.0%	25.0%	20.0%
EBITA adj. before HQ costs, , Netherlands	-	-	-	-	-	-	-	-7	17	-22	9	17
EBITA margin adj. before HQ costs, Netherlands	-	-	-	-	-	-	-	-17.4%	17.0%	-15.0%	5.0%	7.5%
Intrasoft												
Revenue, Intrasoft	-	-	-	-	-	-	-	-	-	270	1,736	1,909
Revenue growth, Intrasoft	-	-	-	-	-	-	-	-	-	-	542.8%	10.0%
EBITA	-	-	-	-	-	-	-	-	-	15	121	153
EBITA margin	-	-	-	-	-	-	-	-	-	5.5%	7.0%	8.0%

Source: Company data and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

DKKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	461	629	758	900	1,416	2,053	2,454	2,839	3,676	5,721	6,572
Revenue growth	15.0%	36.6%	20.5%	18.7%	57.4%	45.0%	19.5%	15.7%	29.5%	55.6%	14.9%
of which organic	n.a.	n.a.	20.5%	17.1%	37.0%	25.5%	17.7%	15.5%	20.0%	17.0%	14.9%
of which FX	n.a.	n.a.	0.0%	0.0%	0.3%	0.1%	0.0%	-1.1%	0.6%	0.0%	0.0%
EBITDA	91	157	228	233	402	520	669	809	890	1,272	1,539
Depreciation and impairments PPE	-10	-7	-21	-32	-34	-40	-56	-65	-88	-137	-158
of which leased assets	0	0	0	-11	-19	-24	-37	-42	-55	-86	-98
EBITA	81	150	207	201	369	480	613	744	802	1,134	1,381
Amortisation and impairments	-2	-2	0	-74	-96	-115	-102	-99	-37	-20	-3
EBIT	80	149	207	127	273	365	511	645	765	1,114	1,378
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	1	1	0	-62	-73	-110	-14	-47	-26	-8	-15
of which lease interest	0	0	0	0	-1	-1	-3	-4	-4	-4	-4
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	81	150	208	65	200	254	497	598	739	1,107	1,363
Reported taxes	-8	-15	-20	-44	-59	-74	-109	-130	-168	-243	-300
Net profit from continued operations	73	134	188	21	141	180	389	468	571	863	1,063
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Net profit to equity	73	134	188	21	141	180	389	468	571	863	1,063
EPS, DKK	1.47	2.69	3.75	0.43	2.81	3.60	7.77	9.36	11.42	17.26	21.26
DPS, DKK	n.a.	-2.00	-2.33	0.00	0.00	0.00	0.00	1.00	2.00	2.00	2.00
of which ordinary	0.60	-2.00	-2.33	0.00	0.00	0.00	0.00	1.00	2.00	2.00	2.00
of which extraordinary	n.a.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Profit margin in percent

EBITDA	19.8%	24.9%	30.1%	25.9%	28.4%	25.3%	27.3%	28.5%	24.2%	22.2%	23.4%
EBITA	17.7%	23.9%	27.4%	22.3%	26.0%	23.4%	25.0%	26.2%	21.8%	19.8%	21.0%
EBIT	17.3%	23.6%	27.4%	14.1%	19.3%	17.8%	20.8%	22.7%	20.8%	19.5%	21.0%

Adjusted earnings

EBITDA (adj)	91	157	228	268	435	555	674	809	925	1,272	1,539
EBITA (adj)	81	150	207	236	402	514	617	744	837	1,134	1,381
EBIT (adj)	80	149	207	162	306	399	516	645	800	1,114	1,378
EPS (adj, DKK)	1.47	2.69	3.75	0.97	3.33	4.14	7.84	9.36	11.96	17.26	21.26

Adjusted profit margins in percent

EBITDA (adj)	19.8%	24.9%	30.1%	29.8%	30.7%	27.0%	27.5%	28.5%	25.2%	22.2%	23.4%
EBITA (adj)	17.7%	23.9%	27.4%	26.3%	28.4%	25.0%	25.2%	26.2%	22.8%	19.8%	21.0%
EBIT (adj)	17.3%	23.6%	27.4%	18.0%	21.6%	19.4%	21.0%	22.7%	21.8%	19.5%	21.0%

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	23.1%	23.7%	22.4%	28.7%	34.8%	31.3%	30.2%	32.5%	32.2%	26.2%
EBITDA	n.m.	16.8%	20.6%	16.6%	31.2%	41.7%	33.7%	28.8%	30.7%	25.9%	24.2%
EBIT	n.m.	15.5%	19.3%	4.0%	23.2%	35.5%	28.0%	25.5%	43.1%	32.5%	30.4%
EPS	n.a.	19.2%	23.8%	-23.0%	9.9%	19.6%	23.7%	20.0%	93.0%	43.7%	42.6%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Average last 5 years											
Average EBIT margin	26.2%	24.8%	24.7%	20.9%	20.1%	19.5%	19.6%	19.9%	20.6%	20.3%	20.8%
Average EBITDA margin	27.8%	26.4%	26.7%	25.8%	26.7%	26.8%	27.1%	27.3%	26.5%	24.8%	24.4%

VALUATION RATIOS - ADJUSTED EARNINGS

DKKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	53.2	40.4	66.5	51.0	35.3	28.7
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	21.6	24.8	39.0	34.8	25.0	20.1
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	23.3	27.0	42.4	38.5	28.0	22.4
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	30.0	32.3	48.9	40.3	28.5	22.4

VALUATION RATIOS - REPORTED EARNINGS

DKKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	61.1	40.8	66.5	53.4	35.3	28.7
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	5.84	6.80	11.11	8.76	5.55	4.70
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	23.1	24.9	39.0	36.2	25.0	20.1
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	25.0	27.2	42.4	40.2	28.0	22.4
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	32.9	32.6	48.9	42.1	28.5	22.4
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	0.0%	0.0%	0.2%	0.3%	0.3%	0.3%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	1.5%	2.5%	1.5%	1.6%	2.1%	3.3%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	1.2%	2.5%	1.6%	1.4%	1.8%	3.0%
Payout ratio	n.a.	n.m.	n.m.	0.0%	0.0%	0.0%	0.0%	10.7%	16.7%	11.6%	9.4%

Source: Company data and Nordea estimates

BALANCE SHEET

DKKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Intangible assets	2	1	4	2,373	2,604	2,485	2,551	2,451	2,414	2,394	2,391
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	2	1	4	489	495	376	286	187	187	187	187
of which goodwill	0	0	0	1,884	2,109	2,109	2,264	2,264	2,227	2,207	2,204
Tangible assets	20	14	20	41	55	117	146	135	139	144	151
of which leased assets	0	0	12	25	31	83	101	89	89	89	89
Shares associates	0	0	0	0	0	0	0	70	70	70	70
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	11	11	11	0	0	1	4	9	9	9	9
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	4	3	4	5	9	13	16	19	19	19	19
Total non-current assets	37	30	39	2,420	2,667	2,616	2,716	2,684	2,650	2,636	2,639
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	107	146	180	258	445	458	531	459	594	925	1,062
Short-term leased assets	0	0	11	19	24	37	42	55	86	98	113
Other current assets	101	190	174	103	139	268	305	483	686	1,068	1,226
Cash and bank	1	13	111	60	194	108	132	359	2,210	2,371	2,883
Total current assets	209	349	477	441	802	869	1,011	1,356	3,576	4,462	5,285
Assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total assets	246	379	516	2,860	3,470	3,486	3,728	4,039	6,226	7,098	7,924
Shareholders equity	108	213	300	1,261	1,644	1,806	2,072	2,429	2,949	3,713	4,675
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Minority interest	0	0	0	0	0	0	0	0	0	0	0
Total Equity	108	213	300	1,261	1,644	1,806	2,072	2,429	2,949	3,713	4,675
Deferred tax	7	0	0	111	112	89	73	66	66	66	66
Long term interest bearing debt	6	0	0	1,178	1,265	1,106	959	761	2,261	1,961	1,661
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0
Non-current lease debt	0	0	6	14	18	54	65	57	66	84	90
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	13	0	6	1,303	1,395	1,249	1,128	1,057	2,591	2,365	2,090
Short-term provisions	0	0	5	9	30	36	4	0	0	0	0
Accounts payable	14	12	19	27	51	54	44	40	52	80	92
Current lease debt	4	1	6	12	14	29	39	35	41	52	56
Other current liabilities	79	149	180	222	336	310	441	478	593	889	1,011
Short term interest bearing debt	28	5	0	28	0	0	0	0	0	0	0
Total current liabilities	125	166	210	297	431	430	528	554	686	1,021	1,159
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	246	379	516	2,860	3,469	3,485	3,728	4,039	6,226	7,098	7,924
Balance sheet and debt metrics											
Net debt	3	-13	-111	1,118	1,070	998	826	402	1,706	1,243	421
of which lease debt	4	1	12	25	31	83	104	93	106	136	146
Working capital	115	175	155	113	198	361	351	424	635	1,023	1,186
Invested capital	152	205	195	2,533	2,865	2,977	3,067	3,107	3,286	3,659	3,825
Capital employed	146	218	312	2,492	2,940	2,996	3,134	3,282	5,316	5,809	6,482
ROE	83.5%	83.8%	73.2%	2.7%	9.7%	10.4%	20.0%	20.8%	21.2%	25.9%	25.3%
ROIC	46.5%	65.0%	81.0%	9.3%	8.8%	10.7%	13.3%	16.3%	25.0%	32.1%	36.8%
ROCE	58.9%	83.7%	79.5%	11.7%	11.6%	13.8%	18.1%	20.7%	18.8%	20.0%	22.4%
Net debt/EBITDA	0.0	-0.1	-0.5	4.8	2.7	1.9	1.2	0.5	1.9	1.0	0.3
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	44.0%	56.1%	58.2%	44.1%	47.4%	51.8%	55.6%	60.1%	47.4%	52.3%	59.0%
Net gearing	3.1%	-6.1%	-37.1%	88.7%	65.1%	55.3%	39.9%	16.5%	57.9%	33.5%	9.0%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

DKKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
EBITDA (adj) for associates	91	157	228	233	402	520	669	809	890	1,272	1,539
Paid taxes	0	0	-21	-34	-35	-167	-116	-126	-168	-243	-300
Net financials	0	0	7	65	79	80	33	22	-26	-8	-15
Change in provisions	0	0	5	4	21	6	-33	-4	0	0	0
Change in other LT non-IB	-1	1	-1	9	-3	-6	26	134	26	55	19
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	n.a.	n.a.	-11	-141	-174	-114	-33	-152	0	0	0
Funds from operations (FFO)	n.a.	n.a.	208	137	290	319	547	684	721	1,076	1,243
Change in NWC	n.a.	n.a.	9	-20	-95	-133	-87	-103	-212	-388	-162
Cash flow from operations (CFO)	n.a.	n.a.	217	117	195	187	460	581	510	687	1,080
Capital expenditure	0	0	-10	-23	-30	-27	-27	-27	-37	-57	-66
Free cash flow before A&D	n.a.	n.a.	207	94	165	160	433	554	473	630	1,014
Proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	0	0	0	-2,516	-120	0	-37	-75	0	0	0
Free cash flow	n.a.	n.a.	207	-2,422	45	160	396	479	473	630	1,014
Free cash flow bef A&D, lease adj	n.a.	n.a.	207	83	146	136	396	512	418	545	916
Dividends paid	n.a.	n.a.	-100	-116	0	0	0	0	-50	-100	-100
Equity issues / buybacks	n.a.	n.a.	0	0	0	0	-175	0	0	0	0
Net change in debt	n.a.	n.a.	0	0	0	0	-200	-198	1,500	-300	-300
Other financing adjustments	0	0	0	0	0	0	-34	-55	-72	-69	-103
Other non-cash adjustments	n.a.	n.a.	-8	2,487	90	-246	30	11	0	0	0
Change in cash	-15	12	99	-52	135	-87	25	227	1,851	161	511
Cash flow metrics											
Capex/D&A	0.0%	0.0%	46.5%	22.0%	23.3%	17.5%	17.4%	16.2%	n.m.	n.m.	n.m.
Capex/Sales	0.0%	0.0%	1.3%	2.6%	2.1%	1.3%	1.1%	0.9%	1.0%	1.0%	1.0%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	n.a.	220	317	623	705	610	610
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	11,000	15,850	31,125	30,500	30,500	30,500
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	11,998	16,676	31,527	32,206	31,743	30,921
Diluted no. of shares, year-end (m)	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0

Source: Company data and Nordea estimates

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