31 May 2023

# Commissioned research: Netcompany – Starting point of the announced 2026 targets just above consensus

*Marketing material commissioned by Netcompany*

Netcompany has this morning and ahead of its CMD tomorrow announced mid-term (2026) minimum targets for revenue, EBITDA margin and cash distribution. The company-compiled consensus is ~3% above the starting point of the implicit EBITDA guidance, hence Netcompany own expectation seems more positive than reflected in consensus. The at least DKK 8.5bn revenue (organic) by 2026 target implies a minimum 11% cagr, and the at least 20% EBITDA margin target should be compared to consensus at 19.5% and the 15.0-18.0% 2023 guidance. Given its asset light model, Netcompany is up for a rich cash distribution equal to at least accumulated DKK 2bn (15% of MCAP), which we expect mainly will be distributed as a share buyback (shares to be cancelled). Our combined DCF and peer group valuation range is unchanged at DKK 400-460 per share.

**Mid-term targets (2026):**

- Revenue: at least DKK 8.5bn
- Adjusted EBITDA margin: at least 20% (= at least DKK 1.7bn)
- Accumumulated cash distribution to shareholders: At least DKK 2bn (2024-27)

**SUMMARY TABLE - KEY FIGURES**

| DKKm | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|---|---|---|---|---|---|
| Total revenue | 2,839 | 3,632 | 5,545 | 6,183 | 7,111 | 8,036 |
| EBITDA (adj) | 809 | 881 | 1,112 | 1,171 | 1,346 | 1,521 |
| EBIT (adj) | 645 | 742 | 839 | 871 | 1,036 | 1,189 |
| EBIT (adj) margin | 22.7% | 20.4% | 15.1% | 14.1% | 14.6% | 14.8% |
| EPS (adj, DKK) | 9.36 | 10.94 | 12.31 | 11.86 | 15.48 | 18.23 |
| EPS (adj) growth | 19.4% | 16.8% | 12.6% | -3.7% | 30.5% | 17.8% |
| DPS (ord, DKK) | 1.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| EV/Sales | 11.1 | 10.2 | 2.9 | 2.5 | 2.1 | 1.8 |
| EV/EBIT (adj) | 48.9 | 49.9 | 19.4 | 18.1 | 14.6 | 12.0 |
| P/E (adj) | 66.5 | 64.4 | 23.9 | 24.9 | 19.1 | 16.2 |
| P/BV | 12.8 | 11.6 | 4.2 | 3.6 | 3.0 | 2.5 |
| Dividend yield (ord) | 0.2% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| FCF Yield bef A&D, lease adj | 2.1% | 2.9% | 3.3% | 3.2% | 4.2% | 5.1% |
| Net debt | 402 | 1,817 | 1,536 | 960 | 319 | -455 |
| Net debt/EBITDA | 0.5 | 2.2 | 1.4 | 0.8 | 0.2 | -0.3 |
| ROIC after tax | 16.3% | 17.7% | 15.8% | 0.0% | -18.7% | -41.8% |

*Source: Company data and Nordea estimates*

**Completion date: 31/05/2023 08:12:36 CET**

**Nordea analyst**: **Claus Almer**

**Claus Almer**
Director

**Nordea** | Markets | Equity Research DK
Visit me: Grønjordsvej 10, 2300 København S
Write to me: Grønjordsvej 10, PO Box 850, 0900 København C
Tel: +45 55478041 | Mob: +45 23641320
E-mail: claus.almer@nordea.com
Web: nordeamarkets.com

**Nordea Capital Goods team**
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