

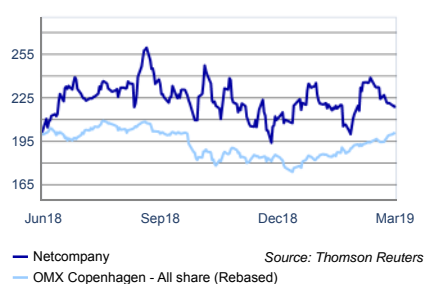
## Netcompany

Telecom Equipment and IT  
Denmark

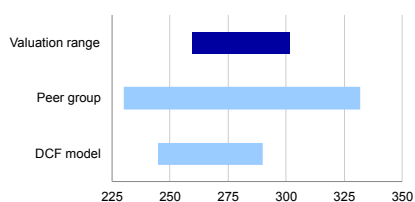
## KEY DATA

Stock country	Denmark
Bloomberg	NETC.DC
Reuters	NETCG.CO
Share price (close)	DKK 218.6
Free Float	69%
Market cap. (bn)	EUR 1.46/DKK 10.93
Website	www.netcompany.com
Next report date	08 May 2019

## PERFORMANCE



## VALUATION APPROACH



## ESTIMATE CHANGES

Year	2019E	2020E	2021E
Sales	0%	0%	0%
EBIT (adj)	0%	0%	0%

Source: Nordea estimates

## Nordea Markets - Analysts

Claus Almer  
Senior AnalystJesper Herholt Jensen  
Senior Director, Sector Coordinator

## Have the short sellers got the right story?

Short interest in Netcompany is on the rise. Although the aggregate short position remains low (~3% of the share capital), it has prompted a growing list of questions about the underlying performance. Contract work in progress (WIP) more than doubled y/y during 2018 and reduced cash conversion has garnered attention, as these could be early indicators of problem projects etc. We believe the trend in WIP should be evaluated in combination with trade receivables, however, given the structure of the governmental contracts. Calculated as percentage of revenue, the ratio declined by 5 pp y/y in 2018. Hence, we are not alarmed by the trends and we expect working capital to improve in 2019 and, not least, that management will provide a better clarity on the underlying development.

## Working capital: Essentially flat for the last four years

Owing to high revenue growth, Netcompany's working capital in absolute terms has increased; as a percentage of revenue, however, it has been essentially flat for the last four years. Tuning in on the subcomponents, the more than doubled WIP in 2018 may be interpreted as an early sign of emerging troublesome projects. We argue that the focus should be on the combination of WIP and trade receivables, however, owing to the growing share of multi-year contracts with governmental organisations, in which the payment structure is back-end loaded with milestone acceptance. This ratio shows a substantially different and less concerning trend than the more than doubled WIP (14% of revenue). Overdue payments increased in Q4 but not enough to cause concern, and should reverse in H1 2019E.

## 2018 cash conversion ex tax, PPA and M&amp;A: 88% (2017: 68%)

Netcompany's 2018 FCF was relatively low at DKK 160m compared with EBITDA of DKK 520m, but the main reasons were higher net working capital of DKK -133m (almost unchanged as a percentage of revenue), tax payments of DKK 167m (due to timing and some IPO costs not being tax deductible), and net cash financial items of DKK -38m. As a consequence, cash conversion defined as FCF/net profit declined to 60% in 2018 from 78% in 2017, but we do not believe this reflects the company's underlying performance.

## Valuation range: DKK 260-300 per share

Our fair value range – based on a combination of our DCF model and peer group valuation – is up slightly to DKK 260-300 per share, from DKK 250-290, due to positive peer group movements.

## SUMMARY TABLE - KEY FIGURES

DKKm	2015	2016	2017	2018	2019E	2020E	2021E
Total revenue	758	900	1,416	2,053	2,555	3,142	3,732
EBITDA (adj)	228	268	435	555	714	898	1,066
EBIT (adj)	207	173	306	399	553	780	962
EBIT (adj) margin	27.4%	19.3%	21.6%	19.4%	21.6%	24.8%	25.8%
EPS (adj)	3.75	1.35	3.48	4.31	8.13	11.81	14.72
EPS (adj) growth	39.7%	-64.0%	157.8%	23.9%	88.3%	45.4%	24.6%
DPS (ord)	-2.33	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	n.a.	n.a.	n.a.	5.8	4.5	3.5	2.7
EV/EBIT (adj)	n.a.	n.a.	n.a.	30.0	20.7	14.0	10.6
P/E (adj)	n.a.	n.a.	n.a.	51.0	26.9	18.5	14.8
P/BV	n.a.	n.a.	n.a.	6.1	4.9	3.9	3.1
Dividend yield (ord)	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%
FCF Yield bef acq & disp	n.a.	n.a.	n.a.	1.5%	4.3%	5.2%	6.3%
Net debt	-111	1,118	1,070	998	545	-19	-703
Net debt/EBITDA	-0.5	4.8	2.7	1.9	0.8	0.0	-0.7
ROIC after tax	80.0%	9.9%	8.8%	10.6%	14.5%	20.5%	31.7%

Source: Company data and Nordea estimates

# Asset-light structure should secure solid CF

2018 was a busy year for Netcompany with its IPO, the successful delivery of larger, complex governmental IT projects and further efforts to transform the two acquired businesses into the same setup as in Denmark. The less impressive cash flow and cash flow conversion last year have since attracted attention from the stock market, and the first short positions have been created. We are not overly concerned, as we believe the movements can be explained and the development observed in 2018 should reverse in 2019.

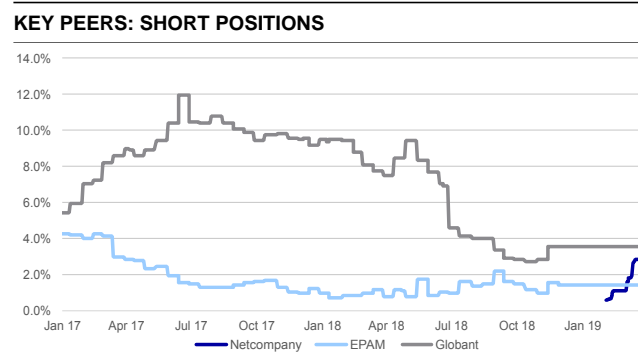
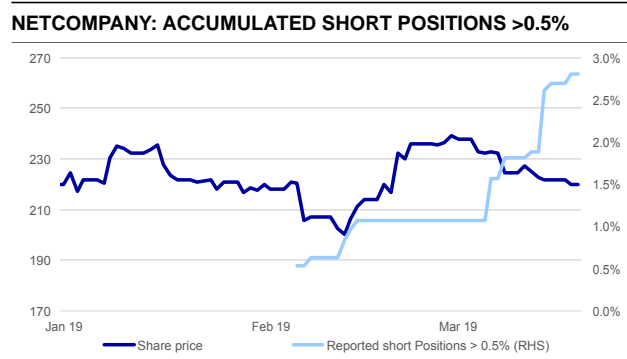
## We expect improved communication about working capital

There has been rapidly growing interest in Netcompany's working capital trend along with three announced short positions representing ~3% of the share capital. Some of the concerns relate to the company's short history, as it has only been listed since June 2018. We expect management to improve its communication in the future and shed more light on movements within net working capital.

At this point, three investors have acted after contract work in progress (WIP) more than doubled in 2018 and have opened short positions.

- AKO Capital LLP: 1%
- Lancaster Investment Management LLP: 0.7%
- SFM UK Management LLP: 1%

The level of the short positions is still moderate, and short positions are not uncommon among Netcompany's key peers.



Globant had a short base of almost 10% of its shares at times during 2017 and 2018. This was closely linked to fears of aggressive accounting, low cash conversion, revenue growth concerns, insider selling, etc. However, the short base has since been reduced. Despite the growing short base, Globant enjoyed a 27% positive share price performance (from 1 January 2017 to 1 July 2017), in line with Epam.

As we understand it, shorting Netcompany is mainly related to fears over possible aggressive use of accounting principles, net working capital (NWCAP) movements indicating the emergence of troublesome projects, and the departure of the chairman, who had only been in the position since 2017. We reason that the high valuation multiples and growing exposure to large, multi-year and complex governmental IT projects probably only serve to fuel the short case.

The key red flag is probably that contract work in progress (WIP) more than doubled in 2018 y/y, which could be an early warning of troublesome projects. Cash conversion in 2018 was also on the low side, although this was mainly caused by non-operating events and the high revenue growth. The risk of Danish governmental clients not honouring their contracts must be assessed as being very low, if Netcompany delivers.

### Netcompany: Strong record, but will it continue?

Netcompany's impressive record is obviously not a guarantee of sustainably high growth, high margins and smooth project execution. Sustainably high revenue growth will become more demanding from a purely mathematical viewpoint, as the base from which to grow becomes larger, and the growing share of complicated IT development projects, not least in the public sector, adds to the risk profile. Denmark has had its share of failed high-profile public IT projects, and we argue that the setup and competences within Netcompany likely reduce but do not eliminate the risks.

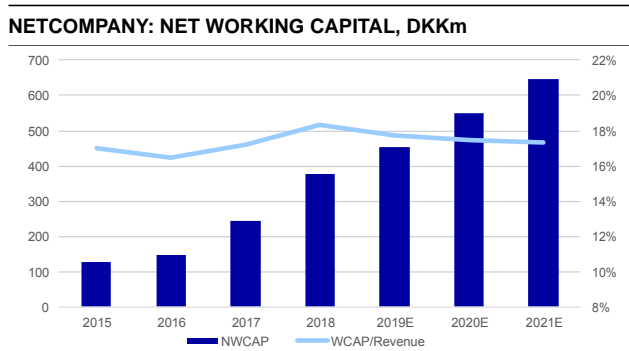
Creating short positions based on these fundamentals may make more sense, as this is a bet on probability in combination with a company trading at high multiples and a lack of evidence that its impressive performance in Denmark can be exported.

We are less concerned by:

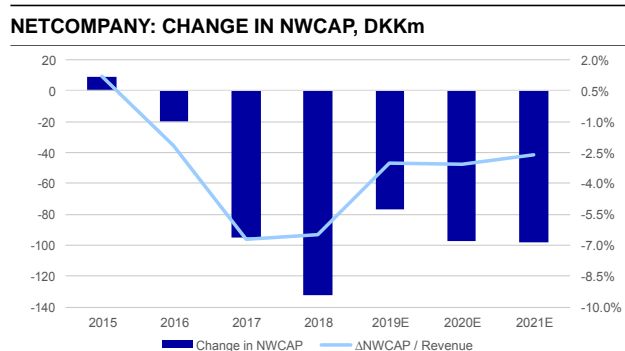
- Working capital movements
- Revenue recognition
- The significance of the chairman leaving after less than two years.

### Net working capital increase is driven by sales growth

Netcompany does not disclose its total net working capital, but based on our calculations, the company has, as expected, been tying up more capital every year, albeit not much more than revenue growth otherwise should demand. It is true that the level in 2018 did increase y/y but still not at an alarming speed.



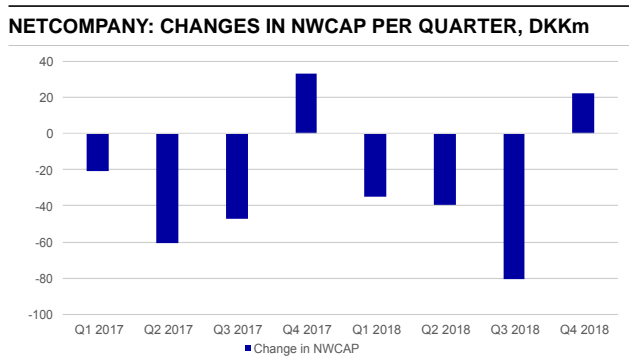
Source: Company data and Nordea estimates



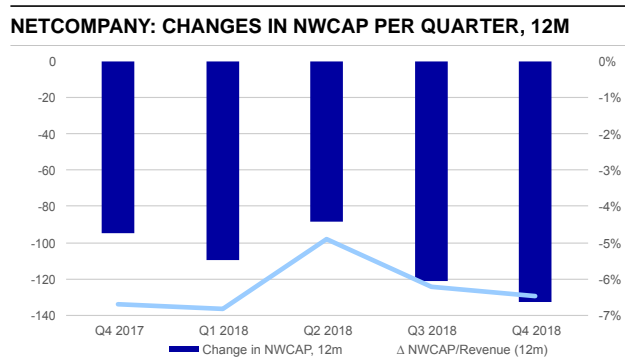
Source: Company data and Nordea estimates

The negative change in NWCAP of DKK 133m in 2018 was the net effect of DKK -153m from changes in receivables (2017: DKK -170m) and DKK 21m (2017: DKK 75m) from changes in payables. Hence, the key driver behind the more negative working capital movements stems from the liability side of the balance sheet and not the receivables.

If we focus on how changes in quarterly net working capital as a percentage of revenue (12 months) have trended, the level has been stable at around 5-7% for the last five quarters.



Source: Company data and Nordea estimates

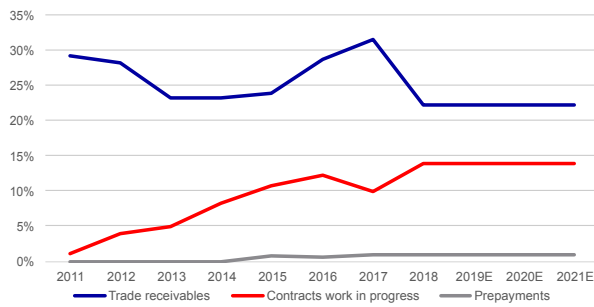


Source: Company data and Nordea estimates

If we tune in on the subcomponents of net working capital, it is clear that net working capital as a percentage of revenue has been mainly exposed to a higher level of

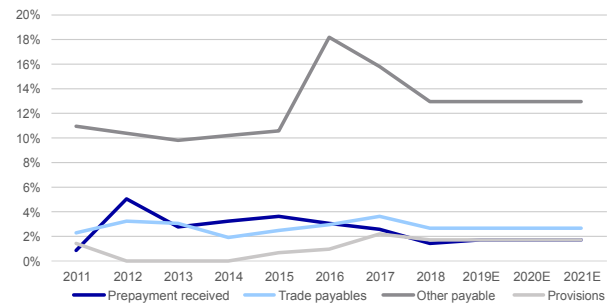
contract work in progress (the asset side), while the liability-related components have stayed more stable as a percentage of revenue.

**NETCOMPANY: NWCAP (ASSETS) VS REVENUE, DKKm**



Source: Company data and Nordea estimates

**NETCOMPANY: NWCAP (LIABILITIES) VS REVENUE, DKKm**



Source: Company data and Nordea estimates

Netcompany's revenue mix has changed in the last few years given its successful penetration of the public sector, where the share of group revenue increased from 41% in 2016 to 56% in 2018. As projects received from the public sector are typically multi-year and have back-end loaded milestone payment structures, this change in revenue mix will have an impact on working capital.

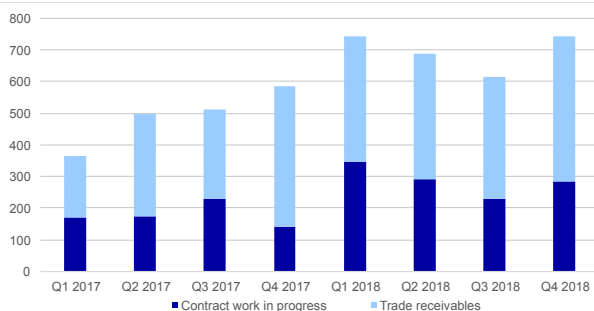
Contract work in progress has increased both in absolute terms and as a percentage of revenue. However, we argue that WIP should be evaluated in the context of trade receivables and potentially also prepayments.

As we understand it, prior to its IPO, Netcompany did not have a strong focus on the timing of milestones, as there was little doubt that the client (the Danish public sector) would honour the bill.

The consequence of this has been a negative cash flow effect, but it has also impacted when a project changes status from WIP to trade receivables. This is also why we argue that Netcompany should be judged on a combination of trade receivables and WIP. If we further adjust for prepayments, it illustrates the net cash flow impact.

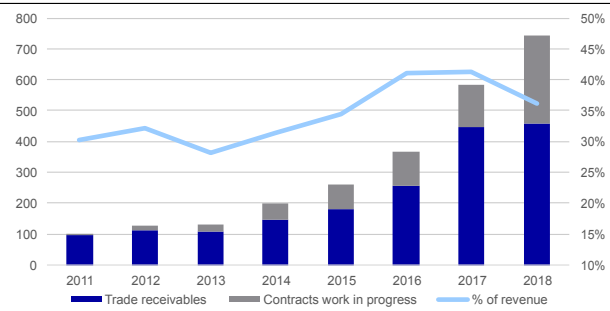
If we focus on the combination of trade receivables and WIP, the absolute level is still growing but at a slower rate than WIP on its own. Interestingly, though, as a percentage of revenue, the ratio increased from 2013 to 2017 but actually decreased in 2018.

**NETCOMPANY: TRADE RECEIVABLES + WIP, DKKm**



Source: Company data and Nordea estimates

**NETCOMPANY: TRADE RECEIVABLES AND WIP, DKKm**

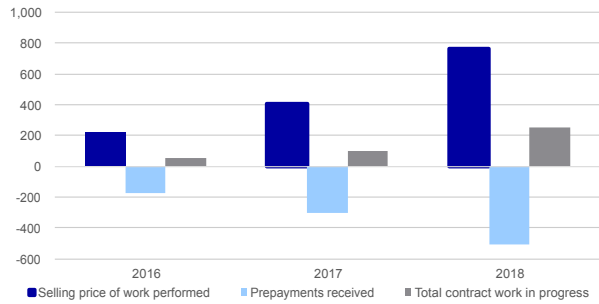


Source: Company data and Nordea estimates

One way to illustrate this is the trend in total contract work in progress, which covers the net effect of the selling price of work performed and prepayment received.

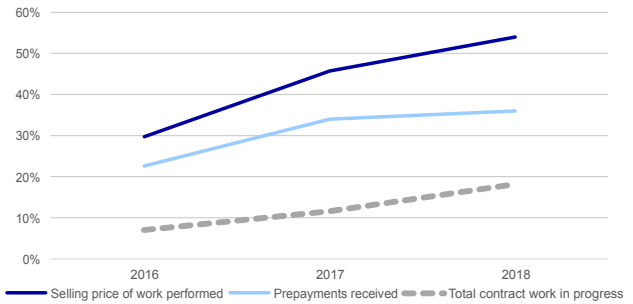
The selling price of work performed has almost trebled in the past three years. However, due to a growing level of prepayment received, the net performance is less significant, albeit still an increase from ~10% of revenue in 2016 to almost 20% in 2018.

**NETCOMPANY: CONTRACT WORK IN PROGRESS, DKKm**



Source: Company data and Nordea estimates

**NETCOMPANY: CONTRACT WIP AS % OF REVENUE**



Source: Company data and Nordea estimates

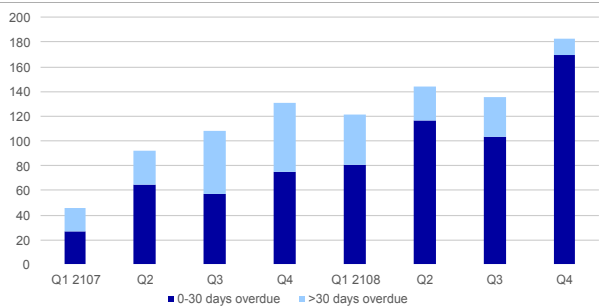
**Overdue trade receivables: Not a significant concern**

Another possible red flag would be a negative development in overdue trade receivables, as this could indicate a disagreement between Netcompany and its client about the quality of the delivery of a given project. We note that Netcompany continues to recognise DKK 0 from bad debt.

Trade receivables more than a month overdue are at a very low level, while those 0-30 days overdue increased by DKK 95m y/y to DKK 170m at the end of 2018 and by DKK 65m q/q. This development appears to be within the normal quarterly volatility and we expect amount of receivables less than 30 days overdue to be reduced in H1 2019.

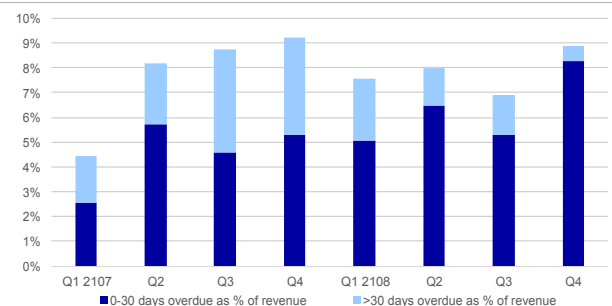
Overdue trade receivables have been around 7-9% of revenue in the last couple of years, but showed a small increase in Q4 q/q. We do not see the level in Q4 2018 as a concern, though it is obviously a trend to watch.

**NETCOMPANY: OVERDUE TRADE RECEIVABLES, DKKm**



Source: Company data and Nordea estimates

**OVERDUE TRADE RECEIVABLES AS % OF REVENUE, 12M**



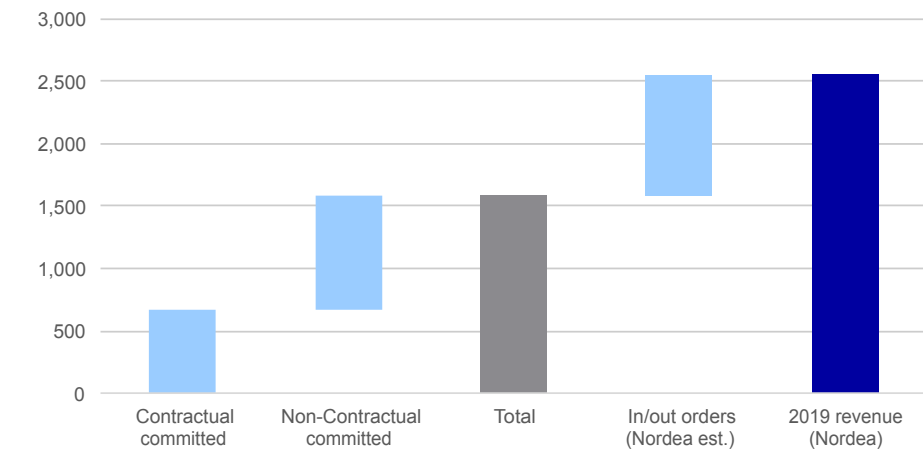
Source: Company data and Nordea estimates

**Revenue: Multi-year contracts offer some accounting flexibility**

Netcompany recognises its revenue as either time-and-material or percentage-of-completion. The latter is linked to fixed-priced contracts and is defined as the number of hours incurred as a percentage of the total estimated number of hours to meet the contract.

In comparison with front-loaded revenue recognition, Netcompany needs to downgrade the number of hours expected for any given project, as it is probably more difficult to overestimate the number of hours used on a given project.

By the end of 2018, Netcompany had 2019 revenue visibility of DKK 1,579m. DKK 669m of this is contractually committed, while DKK 910m is non-contractually committed. In comparison, at the end of 2017 Netcompany had 2018 revenue visibility of DKK 1,180m. Combined with our estimate of in/out orders of DKK 873m, Netcompany reported 2018 revenue of DKK 2,053m. Our 2019 revenue estimate (DKK 2,555m) reflects in/out orders of DKK 976m, 'only' 12% higher than what was signed the year before.

**NETCOMPANY: REVENUE VISIBILITY, DKKm**

Source: Company data and Nordea estimates

Non-contractual committed revenue is defined as: "ongoing time and material engagements with a high likelihood of conversion and/or prolongation are defined as total value of planned continued engagements."

**New chairman: A surprise but explainable**

According to the company's announcement, the chairman of the board, Pekka Ala Pieteliä, will step down by the end of June 2019. As he has only served as chairman since October 2017, his departure came as a surprise to us and the market. That said, the stock exchange announcement of his move explained that he was leaving as a result of the ISS proxy voting guidelines regarding overboarding, rules that have changed since he took over as chairman. At the end of 2018, he owned shares worth DKK ~14m (65,624 shares).

He holds the following non-executive positions: the EU's High-Level Expert Group on Artificial Intelligence, the Artificial Intelligence Steering Group for the Finnish Ministry of Economic Affairs and Employment, the Steering Group for Public Sector Digitalisation for the Finnish Ministry of Finance, Huhtamäki Oyj, Sanoma Oyj, Faux Oy, and a member of the supervisory board of SAP SE.

We do not believe his departure is for any Netcompany-specific reasons, but we accept that his departure raises concerns as to why he opted to resign from Netcompany rather than from another company.

# Valuation: DKK 260-300 per share

Our valuation of Netcompany is based on a combination of our DCF model and a peer group valuation. Both methods have their strengths and weaknesses; when evaluated together, we believe they point to a reliable valuation range.

Given its record and its high-growth, high-margin profile, we do not find an abundance of well-matched peers for Netcompany. As a consequence, we favour our DCF model, which reflects the company's high revenue and EBITA growth, its margin, its asset-light business model and low operating leverage.

However, as there are few suitable peers for Netcompany, our valuation range (DKK 260-300 per share) is derived from a combination of our DCF model and a peer group valuation. Our DCF-based range is based on  $\pm 1$  pp revenue and EBIT margin versus our base scenario. Our valuation range of DKK 260-300 share is up from DKK 250-290 per share previously, with a positive contribution from our peer group valuation.

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

Our DCF-based 12-month value (WACC: 7.4%) is DKK 275 per share, based on the assumptions outlined below.

## NETCOMPANY: DCF MODEL ASSUMPTIONS

Averages and assumptions	2019-30	2031-34	2035-39	2040-44	2045-49	LT
Sales growth, CAGR	10.89%	10.0%	6.3%	2.5%	2.5%	-
EBIT-margin	24.0%	18.0%	14.5%	8.2%	1.9%	-
Capex/depreciation, x	0.9	1.0	1.0	1.0	1.0	-
Capex/sales	2.0%	2.0%	2.0%	2.0%	2.0%	-
NWC/sales	18.0%	18.0%	18.0%	18.0%	18.0%	-
FCFF, CAGR	8.4%	4.2%	3.3%	-7.5%	-30.8%	2.5%

Source: Nordea estimates

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

If Netcompany were to extend the period with 20-25% organic revenue growth beyond its current guidance (up to 2021), this would have a significant positive impact on our valuation.

## NETCOMPANY: DCF SENSITIVITY

EBIT margin, change	Sales growth change				
	-2.0pp	-1.0pp	0.0pp	1.0pp	2.0pp
+2.0pp	292	301	312	324	337
+1.0pp	277	285	293	303	313
0.0pp	262	268	275	282	289
-1.0pp	247	252	256	260	265
-2.0pp	233	235	237	239	241

Source: Nordea estimates

## NETCOMPANY: DCF SENSITIVITY

Sales growth, change	WACC				
	5.4%	6.4%	7.4%	8.4%	9.4%
+2.0pp	400	336	289	253	223
+1.0pp	384	325	282	247	219
0.0pp	371	316	275	242	215
-1.0pp	358	307	268	237	211
-2.0pp	347	299	262	232	208

Source: Nordea estimates

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

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 consensus) is somewhat lower than expectations for Netcompany.

## NETCOMPANY: PEER GROUP VALUATION

	Share price	MCAP EURm	Grw, 2018-21E			EBIT mrg		P/E			EV/EBITDA			PEG	Div.	Share price		
			Rev	EBIT	EPS	2020E	2019E	2020E	2021E	2019E	2020E	2021E	18-21E	2019E	1m	3M	YTD	
<b>Key peers</b>																		
Epam	US	1,113	8.1	22%	20%	20%	16.7%	33.5x	27.5x	22.6x	20.0x	16.4x	13.9x	1.6x	0.0%	9%	48%	46%
Globant	Lux	468	2.3	21%	25%	25%	16.3%	33.0x	26.7x	21.4x	20.1x	16.4x	12.9x	1.3x	-	0%	30%	27%
Endava	UK	173	1.2	52%	46%	55%	17.0%	28.3x	24.0x	19.3x	19.8x	15.5x	12.3x	0.5x	0.0%	10%	-0%	9%
Reply	Italy	439	2.2	10%	11%	12%	12.8%	21.1x	19.1x	17.2x	13.0x	11.8x	10.6x	1.8x	0.0%	12%	29%	34%
<b>Average (ex Reply)</b>	-	-	<b>3.9</b>	<b>32%</b>	<b>31%</b>	<b>33%</b>	<b>16.7%</b>	<b>31.6x</b>	<b>26.1x</b>	<b>21.1x</b>	<b>20.0x</b>	<b>16.1x</b>	<b>13.0x</b>	<b>1.2x</b>	<b>0.0%</b>	<b>7%</b>	<b>26%</b>	<b>28%</b>
Netcompany (cons.)	DKK	219	1.5	21%	37%	60%	24.5%	23.9x	18.5x	14.7x	17.0x	13.8x	11.4x	0.4x	0.0%	2%	2%	0%
<b>IT service companies:</b>																		
IBM	US	124	110.5	-0%	1%	1%	18.4%	10.1x	9.9x	9.8x	8.5x	8.3x	8.4x	8.3x	4.9%	1%	21%	24%
Accenture	IE	146	93.4	9%	9%	9%	14.9%	23.0x	21.1x	19.5x	14.1x	13.1x	12.0x	2.4x	1.9%	4%	10%	18%
Cognizant	US	63	36.6	8%	8%	7%	19.5%	16.2x	14.7x	13.3x	9.8x	9.1x	8.5x	2.3x	1.3%	-2%	12%	13%
Atos	FR	87	9.3	5%	11%	9%	11.2%	9.4x	8.7x	8.3x	7.5x	7.1x	6.5x	1.1x	2.8%	5%	21%	22%
Cap Gemini	FR	107	18.3	6%	9%	9%	12.5%	16.5x	15.0x	13.7x	9.8x	-	-	1.8x	2.8%	5%	17%	23%
CGI Group	CA	59	16.4	3%	5%	8%	15.6%	19.3x	17.8x	16.8x	10.6x	11.2x	10.8x	2.3x	1.7%	2%	9%	7%
DXC Technology	US	58	15.8	-2%	5%	11%	18.0%	8.0x	7.2x	6.5x	4.8x	4.6x	4.5x	0.7x	2.3%	1%	23%	25%
Sopra Steria	FR	106	2.1	5%	13%	15%	8.6%	10.5x	8.9x	7.9x	6.6x	6.1x	5.5x	0.7x	2.1%	16%	31%	32%
HCL	IN	13	18.0	13%	14%	13%	20.2%	14.1x	13.0x	12.0x	9.9x	8.6x	7.9x	1.1x	2.3%	-2%	8%	8%
Infosys	IN	9	41.0	14%	13%	11%	23.8%	20.2x	18.1x	16.4x	13.8x	12.4x	11.3x	1.8x	-	-0%	11%	13%
Tata	IN	26	96.6	15%	16%	16%	26.1%	24.2x	21.7x	19.7x	18.6x	16.2x	14.6x	1.5x	1.9%	5%	3%	6%
Wipro	IN	3	20.1	7%	10%	12%	17.6%	17.3x	15.5x	14.4x	11.4x	10.2x	9.9x	1.5x	0.0%	-6%	5%	6%
Tech Mahindra	IN	10	9.9	11%	23%	16%	16.1%	16.2x	14.5x	13.1x	11.1x	10.0x	9.2x	1.0x	1.2%	-3%	12%	10%
<b>Average, ex India</b>	-	-	<b>38</b>	<b>4%</b>	<b>8%</b>	<b>9%</b>	<b>14.8%</b>	<b>14.1x</b>	<b>12.9x</b>	<b>12.0x</b>	<b>9.0x</b>	<b>8.5x</b>	<b>8.0x</b>	<b>2.0x</b>	<b>2.5%</b>	<b>4%</b>	<b>18%</b>	<b>20%</b>
<b>Average</b>	-	-	<b>38</b>	<b>7%</b>	<b>11%</b>	<b>11%</b>	<b>17.1%</b>	<b>15.8x</b>	<b>14.3x</b>	<b>13.2x</b>	<b>10.5x</b>	<b>9.8x</b>	<b>9.1x</b>	<b>2.0x</b>	<b>2.1%</b>	<b>2%</b>	<b>14%</b>	<b>16%</b>
<b>Nordic peers:</b>																		
NNIT	DKK	178	588	5%	7%	7%	10.5%	17.5x	16.1x	15.3x	8.3x	8.0x	7.8x	2.5x	2.4%	-3%	-4%	-2%
HiQ	SE	6	334	5%	11%	10%	12.0%	19.3x	18.0x	16.6x	13.1x	12.3x	11.5x	1.9x	5.6%	-	-	-
Evry	FI	29	1,233	3%	7%	7%	12.2%	10.7x	10.0x	9.4x	8.7x	8.3x	8.1x	1.6x	3.2%	-	-	-
Tieto	FI	29	2,125	3%	5%	5%	10.6%	15.5x	14.9x	14.1x	9.9x	9.4x	9.0x	3.4x	4.9%	15%	23%	22%
KnowIT	SE	19	373	6%	6%	6%	10.3%	14.9x	13.8x	13.5x	9.6x	9.0x	8.5x	2.3x	2.7%	14%	26%	32%
Acando	SE	2	412	6%	8%	8%	10.0%	19.1x	17.5x	16.4x	12.1x	11.1x	10.6x	2.5x	3.6%	45%	42%	42%
<b>Average</b>	-	-	<b>844</b>	<b>5%</b>	<b>7%</b>	<b>7%</b>	<b>10.9%</b>	<b>16.1x</b>	<b>15.1x</b>	<b>14.2x</b>	<b>10.3x</b>	<b>9.7x</b>	<b>9.2x</b>	<b>2.3x</b>	<b>3.6%</b>	<b>18%</b>	<b>22%</b>	<b>23%</b>
SimCorp	DKK	617	3,282	10%	14%	15%	28.0%	36.8x	33.5x	28.3x	27.0x	24.9x	21.5x	2.4x	1.0%	16%	34%	39%
<b>Others:</b>																		
Europe IT consult. 1)	-	-	-	6%	9%	8%	7.9%	17.5x	16.3x	15.2x	10.5x	8.3x	7.8x	2.2x	2.3%	7%	23%	29%
Global IT consult. 2)	-	-	-	6%	10%	11%	20.5%	27.8x	22.3x	20.3x	13.6x	12.4x	241.1x	2.5x	0.8%	2%	17%	21%
<b>Average, total</b>	-	-	-	<b>11%</b>	<b>14%</b>	<b>14%</b>	<b>14.6%</b>	<b>21.8x</b>	<b>18.8x</b>	<b>16.8x</b>	<b>13.0x</b>	<b>11.3x</b>	<b>56.1x</b>	<b>2.0x</b>	<b>1.8%</b>	<b>7%</b>	<b>20%</b>	<b>23%</b>
Netcompany, NDA	DKK	219	1.5	22%	38%	60%	24.8%	27.0x	18.6x	14.9x	16.8x	12.8x	10.3x	0.5x	0.0%	2%	2%	0%
- One-off and PPA adj.	DKK	219	1.5	22%	37%	52%	17.6%	27.0x	18.6x	14.9x	16.8x	12.8x	10.3x	0.5x	0.0%	2%	2%	0%

Source: Thomson Reuters and Nordea estimates

## VALUATION: NETCOMPANY (NORDEA ESTIMATES) VS CONSENSUS

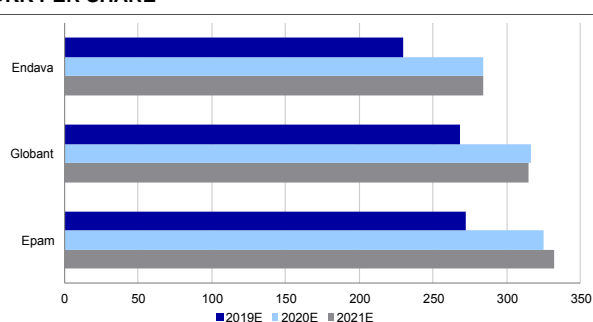
	Grw, 2018-21E			EV/EBITDA			PEG	Share price	
	Rev	EBIT	EPS	2019E	2020E	2021E	18-21E	1m	3M
<b>Key peers</b>	Underperf.	Outperf.	Outperf.	Discount	Discount	Discount	Discount	Underperf.	Underperf.
IT service companies:	Outperf.	Outperf.	Outperf.	Premium	Premium	Premium	Discount	Underperf.	Underperf.
- Ex India	Outperf.	Outperf.	Outperf.	Premium	Premium	Premium	Discount	Underperf.	Underperf.
Nordic peers:	Outperf.	Outperf.	Outperf.	Premium	Premium	Premium	Discount	Underperf.	Underperf.
Europe IT consult. 1)	Outperf.	Outperf.	Outperf.	Premium	Premium	Premium	Discount	Underperf.	Underperf.
Global IT consult. 2)	Outperf.	Outperf.	Outperf.	Premium	Premium	Discount	Discount	Underperf.	Underperf.

Source: Thomson Reuters and Nordea estimates

Based on our estimates and consensus, Netcompany is forecast to show stronger growth performance on most parameters than its peers (source: Thomson Reuters) and a superior EBIT margin than most of its peers. As a consequence, we believe Netcompany should trade at the higher end of the range of its peers, and maybe even at a premium once its record as a listed company has been established and more projects have been added to the backlog.

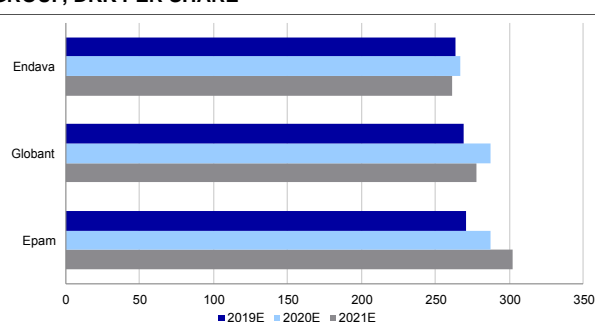
Using a comparison based on 2019E-21E EV/EBITDA and P/E multiples, the peer group valuation points to a broad valuation range of DKK 230-330 per share.

## P/E: NETCOMPANY'S VALUATION BASED ON KEY PEER GROUP, DKK PER SHARE



Source: Thomson Reuters and Nordea estimates

## EV/EBITDA: NETCOMPANY'S VALUATION BASED ON KEY PEER GROUP, DKK PER SHARE



Source: Thomson Reuters and Nordea estimates



# Netcompany: Quarterly numbers

## NETCOMPANY: QUARTERLY NUMBERS, DKKm

	2016				2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Revenue</b>	<b>205</b>	<b>204</b>	<b>229</b>	<b>265</b>	<b>333</b>	<b>302</b>	<b>338</b>	<b>443</b>	<b>517</b>	<b>503</b>	<b>490</b>	<b>543</b>
Production cost	-	-	-	-	192	179	171	261	319	306	282	329
<b>Gross profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>141</b>	<b>124</b>	<b>166</b>	<b>182</b>	<b>198</b>	<b>196</b>	<b>208</b>	<b>214</b>
Sales & marketing	-	-	-	-	2	2	3	3	3	4	2	3
Administration	-	-	-	-	43	48	47	64	68	73	69	81
Special items	-	-	-	-	0	-2	-14	-16	-8	-27	0	0
<b>EBITA</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>96</b>	<b>72</b>	<b>103</b>	<b>99</b>	<b>120</b>	<b>93</b>	<b>136</b>	<b>131</b>
Amortisation	-	-	-	-	24	23	23	27	29	29	29	28
<b>EBIT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72</b>	<b>49</b>	<b>80</b>	<b>72</b>	<b>91</b>	<b>64</b>	<b>107</b>	<b>102</b>
Net financial items	-	-	-	-	-24	-18	-18	-12	-25	-65	-8	-10
<b>Pretax profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48</b>	<b>31</b>	<b>62</b>	<b>61</b>	<b>67</b>	<b>-2</b>	<b>99</b>	<b>92</b>
Taxes	-	-	-	-	12	8	19	20	15	15	21	23
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36</b>	<b>22</b>	<b>43</b>	<b>40</b>	<b>51</b>	<b>-17</b>	<b>78</b>	<b>68</b>
Revenue visibility	-	-	-	-	-	-	-	1,180	-	1,676	2,025	2,053
% of FY revenue	-	-	-	-	-	-	-	-	-	81.6%	98.6%	100.0%
In/out orders, per quarter	-	-	-	-	-	-	-	-	-	-	349	28
Growth, y/y	-	-	-	-	-	-	-	-	75.6%	69.1%	56.8%	25.3%
EPS	-	-	-	-	0.7	0.5	0.9	0.9	1.0	-0.3	1.6	1.4
EPS growth, y/y	-	-	-	-	-	-	-	-	39.2%	-	77.5%	52.0%
Tax rate	-	-	-	-	25.2%	27.4%	30.3%	33.4%	23.1%	-	21.0%	25.3%
Revenue growth, y/y	-	-	-	-	-	-	-	-	55.3%	66.2%	45.3%	22.5%
Gross margin	-	-	-	-	42.2%	40.9%	49.3%	41.1%	38.3%	39.1%	42.4%	39.4%
EBITDA	-	-	-	-	-	-	106	-	-	-	148	-
EBITDA margin	-	-	-	-	-	-	31.5%	-	-	-	30.1%	25.8%
<b>EBITA, adj</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>96</b>	<b>74</b>	<b>117</b>	<b>115</b>	<b>128</b>	<b>119</b>	<b>136</b>	<b>131</b>
<b>EBITA margin, adj</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28.8%</b>	<b>24.5%</b>	<b>34.7%</b>	<b>26.0%</b>	<b>24.7%</b>	<b>23.7%</b>	<b>27.8%</b>	<b>24.0%</b>
EBITA margin	-	-	-	-	-	-	-	-	-	-	-	-
EBIT margin	-	-	-	-	21.6%	16.3%	23.7%	16.3%	17.6%	12.7%	21.9%	18.8%
PTP margin	-	-	-	-	14.4%	10.2%	18.3%	13.7%	12.9%	-0.3%	20.2%	16.9%
<b>FCF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79</b>	<b>15</b>	<b>59</b>	<b>155</b>	<b>95</b>	<b>64</b>	<b>-8</b>	<b>0</b>
Revenue, Public	-	-	-	-	153	145	188	245	286	268	278	321
Revenue, private	-	-	-	-	180	157	150	199	231	235	213	222
Revenue growth, Public	-	-	-	-	-	-	-	-	28.2%	49.5%	42.2%	11.9%
Revenue growth, private	-	-	-	-	-	-	-	-	28.2%	49.5%	42.2%	11.9%
Development revenue	-	-	-	-	141	132	163	211	223	217	260	305
Maintenance revenue	-	-	-	-	192	170	175	232	294	285	230	239
<b>Netcompany Denmark:</b>												
Revenue, Denmark	-	-	-	-	298	274	307	342	397	372	366	404
Revenue growth, Denmark	-	-	-	-	-	-	-	-	33.4%	35.9%	19.4%	18.2%
EBITA adj, Denmark	-	-	-	-	88	69	109	93	112	84	125	140
EBITA margin adj, Denmark	-	-	-	-	29.5%	25.3%	35.5%	27.1%	28.1%	22.4%	34.3%	34.7%
<b>Netcompany Norway</b>												
Revenue, Norway	-	-	-	-	35	28	31	40	43	41	41	51
Revenue growth, Norway	-	-	-	-	-	-	-	-	21.4%	45.5%	32.7%	28.9%
EBITA adj, Norway	-	-	-	-	8	5	8	10	10	6	7	9
EBITA margin adj, Norway	-	-	-	-	22.2%	16.6%	26.2%	25.8%	22.3%	13.6%	17.1%	18.1%
<b>Netcompany UK</b>												
Revenue, UK	-	-	-	-	-	-	-	62	77	89	84	88
Revenue growth, UK	-	-	-	-	-	-	-	-	-	-	-	41.5%
EBITA adj, UK	-	-	-	-	-	-	-	12	7	4	4	8
EBITA margin adj, UK	-	-	-	-	-	-	-	20.0%	8.8%	4.0%	4.9%	9.6%

Source: Company data and Nordea

# Netcompany: Full-year numbers

## NETCOMPANY: FULL-YEAR NUMBERS, DKKm

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
<b>Revenue</b>	<b>261</b>	<b>327</b>	<b>400</b>	<b>461</b>	<b>629</b>	<b>758</b>	<b>900</b>	<b>1,416</b>	<b>2,053</b>	<b>2,555</b>	<b>3,142</b>	<b>3,732</b>
Production cost	-	-	-	-	-	438	520	793	1,225	1,504	1,834	2,178
<b>Gross profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>321</b>	<b>380</b>	<b>623</b>	<b>828</b>	<b>1,051</b>	<b>1,308</b>	<b>1,554</b>
Sales & marketing	-	-	-	-	-	4	4	10	12	15	18	22
Administration	-	-	-	-	-	89	108	178	262	322	392	466
Special items	-	-	-	-	-	0	-35	-33	-34	0	0	0
<b>EBITDA</b>	<b>89</b>	<b>108</b>	<b>103</b>	<b>91</b>	<b>157</b>	<b>228</b>	<b>233</b>	<b>402</b>	<b>520</b>	<b>714</b>	<b>898</b>	<b>1,066</b>
Depreciation	3	4	6	9	8	9	21	34	40	51	63	75
Amortisation	1	0	0	0	-2	12	0	0	0	0	0	0
<b>EBITA</b>	<b>86</b>	<b>105</b>	<b>98</b>	<b>81</b>	<b>150</b>	<b>207</b>	<b>212</b>	<b>369</b>	<b>480</b>	<b>663</b>	<b>835</b>	<b>992</b>
Amortisation	0	0	2	2	2	0	74	96	115	110	55	30
<b>EBIT</b>	<b>86</b>	<b>105</b>	<b>96</b>	<b>80</b>	<b>149</b>	<b>207</b>	<b>138</b>	<b>273</b>	<b>365</b>	<b>553</b>	<b>780</b>	<b>962</b>
Net financial items	1	0	-2	1	1	0	-62	-72	-109	-25	-22	-18
<b>Pretax profit</b>	<b>87</b>	<b>105</b>	<b>94</b>	<b>81</b>	<b>150</b>	<b>208</b>	<b>76</b>	<b>201</b>	<b>256</b>	<b>528</b>	<b>758</b>	<b>943</b>
Taxes	22	26	7	8	15	20	44	59	74	121	167	208
<b>Net profit</b>	<b>65</b>	<b>79</b>	<b>88</b>	<b>73</b>	<b>134</b>	<b>188</b>	<b>32</b>	<b>141</b>	<b>181</b>	<b>406</b>	<b>591</b>	<b>736</b>
One-off items	-	0	0	0	0	0	-35	-33	-34	0	0	0
EPS	-	-	-	-	-	-	-	2.8	3.7	8.1	11.8	14.7
EPS growth, y/y	-	-	-	-	-	-	-	-	29.2%	122.6%	45.4%	24.6%
Tax rate	25.5%	25.0%	7.0%	9.3%	10.2%	9.6%	57.3%	29.6%	29.1%	23.0%	22.0%	22.0%
Revenue growth, y/y	17.6%	25.3%	22.3%	15.0%	36.6%	20.5%	18.7%	57.4%	45.0%	24.5%	22.9%	18.8%
Gross margin	-	-	-	-	-	42.3%	42.3%	44.0%	40.3%	41.1%	41.6%	41.6%
Revenue visibility	-	-	-	-	-	-	-	-	1,180	1,579	-	-
In/out orders	-	-	-	-	-	-	-	-	873	976	-	-
Growth, y/y	-	-	-	-	-	-	-	-	-	11.8%	-	-
EBITDA margin	34.2%	33.1%	25.8%	19.8%	24.9%	30.1%	25.9%	28.4%	25.3%	27.9%	28.6%	28.6%
<b>EBITA, adj</b>	<b>86</b>	<b>105</b>	<b>98</b>	<b>81</b>	<b>150</b>	<b>207</b>	<b>247</b>	<b>402</b>	<b>514</b>	<b>663</b>	<b>835</b>	<b>992</b>
<b>EBITA margin, adj</b>	<b>32.8%</b>	<b>32.0%</b>	<b>24.4%</b>	<b>17.7%</b>	<b>23.9%</b>	<b>27.4%</b>	<b>27.5%</b>	<b>28.4%</b>	<b>25.0%</b>	<b>25.9%</b>	<b>26.6%</b>	<b>26.6%</b>
EBITA margin	32.8%	32.0%	24.4%	17.7%	23.9%	27.4%	23.6%	26.0%	23.4%	25.9%	26.6%	26.6%
EBIT margin	32.8%	32.0%	24.0%	17.3%	23.6%	27.4%	15.4%	19.3%	17.8%	21.6%	24.8%	25.8%
PTP margin	33.2%	32.1%	23.5%	17.6%	23.8%	27.4%	8.4%	14.2%	12.5%	20.6%	24.1%	25.3%
Net profit, adj.	65	79	89	75	136	188	117	242	298	492	634	759
CFFO	-	-	-	-	-	217	117	195	187	504	627	758
Capex	-	-5	-16	-16	-4	-18	-2,539	-150	-27	-51	-63	-75
<b>FCF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>207</b>	<b>-2,422</b>	<b>45</b>	<b>160</b>	<b>453</b>	<b>564</b>	<b>684</b>
Revenue, Public	-	-	-	-	-	312	368	730	1,152	1,519	1,898	2,178
Revenue, private	-	-	-	-	-	447	531	686	901	1,036	1,244	1,555
Revenue growth, Public	-	-	-	-	-	-	18.3%	98.2%	57.8%	31.9%	25.0%	14.7%
Revenue growth, private	-	-	-	-	-	-	19.0%	29.1%	31.4%	15.0%	20.0%	25.0%
<b>Development revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>347</b>	<b>439</b>	<b>647</b>	<b>1,005</b>	<b>1,095</b>	<b>1,259</b>	<b>1,369</b>
Public customers	-	-	-	-	-	137	167	440	575	600	666	627
Private customers	-	-	-	-	-	210	272	206	430	495	594	742
<b>Maintenance revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>411</b>	<b>461</b>	<b>769</b>	<b>1,048</b>	<b>1,461</b>	<b>1,883</b>	<b>2,363</b>
Public customers	-	-	-	-	-	175	202	290	577	919	1,233	1,550
Private customers	-	-	-	-	-	236	260	479	471	542	650	813
<b>Netcompany Denmark:</b>												
Revenue, Denmark	261	327	400	461	629	758	888	1,220	1,540	1,905	2,328	2,770
Revenue growth, Denmark	17.6%	25.3%	22.3%	15.0%	36.6%	20.5%	18.7%	37.4%	26.2%	23.7%	22.2%	19.0%
EBITA adj, Denmark	86	105	98	81	150	207	245	358	461	573	708	825
EBITA margin adj, Denmark	32.8%	32.0%	24.4%	17.7%	23.9%	27.4%	27.6%	29.4%	29.9%	30.1%	30.4%	29.8%
<b>Netcompany Norway</b>												
Revenue, Norway	-	-	-	-	-	-	12	134	176	229	286	329
Revenue growth, Norway	-	-	-	-	-	-	-	1044.4%	31.3%	30.0%	25.0%	15.0%
EBITA adj, Norway	-	-	-	-	-	-	2	31	31	53	67	79
EBITA margin adj, Norway	-	-	-	-	-	-	17.1%	23.1%	17.8%	23.0%	23.5%	24.0%
<b>Netcompany UK</b>												
Revenue, UK	-	-	-	-	-	-	-	62	338	422	528	633
Revenue growth, UK	-	-	-	-	-	-	-	-	445.7%	25.0%	25.0%	20.0%
EBITA adj, UK	-	-	-	-	-	-	-	12	23	37	60	87
EBITA margin adj, UK	-	-	-	-	-	-	-	20.0%	6.8%	8.8%	11.3%	13.8%

Source: Company data and Nordea estimates

# Reported numbers and forecasts

## INCOME STATEMENT

DKKm	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
<b>Net revenue</b>	<b>327</b>	<b>400</b>	<b>461</b>	<b>629</b>	<b>758</b>	<b>900</b>	<b>1,416</b>	<b>2,053</b>	<b>2,555</b>	<b>3,142</b>	<b>3,732</b>
Revenue growth	25.3%	22.3%	15.0%	36.6%	20.5%	18.7%	57.4%	45.0%	24.5%	22.9%	18.8%
of which organic	n.a.	n.a.	n.a.	n.a.	20.5%	17.1%	37.0%	25.5%	24.5%	22.9%	18.8%
of which FX	n.a.	n.a.	n.a.	n.a.	0.0%	0.0%	0.3%	0.1%	0.0%	0.0%	0.0%
EBITDA	108	103	91	157	228	233	402	520	714	898	1,066
Depreciation and impairments PPE	-4	-6	-10	-7	-21	-21	-34	-40	-51	-63	-75
EBITA	105	98	81	150	207	212	369	480	663	835	992
Amortisation and impairments	0	-2	-2	-2	0	-74	-96	-115	-110	-55	-30
EBIT	105	96	80	149	207	138	273	365	553	780	962
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	0	-2	1	1	0	-62	-72	-109	-25	-22	-18
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
<b>Pre-tax profit</b>	<b>105</b>	<b>94</b>	<b>81</b>	<b>150</b>	<b>208</b>	<b>76</b>	<b>201</b>	<b>256</b>	<b>528</b>	<b>758</b>	<b>943</b>
Reported taxes	-26	-7	-8	-15	-20	-44	-59	-74	-121	-167	-208
Net profit from continued operations	79	88	73	134	188	32	141	181	406	591	736
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	79	88	73	134	188	32	141	181	406	591	736
<b>EPS</b>	<b>1.57</b>	<b>1.75</b>	<b>1.47</b>	<b>2.69</b>	<b>3.75</b>	<b>0.65</b>	<b>2.82</b>	<b>3.62</b>	<b>8.13</b>	<b>11.81</b>	<b>14.72</b>
DPS	n.a.	n.a.	n.a.	-2.00	-2.33	0.00	0.00	0.00	0.00	0.00	0.00
of which ordinary	0.85	0.66	0.60	-2.00	-2.33	0.00	0.00	0.00	0.00	0.00	0.00
of which extraordinary	n.a.	n.a.	n.a.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

### Profit margin in percent

EBITDA	33.1%	25.8%	19.8%	24.9%	30.1%	25.9%	28.4%	25.3%	27.9%	28.6%	28.6%
EBITA	32.0%	24.4%	17.7%	23.9%	27.4%	23.6%	26.0%	23.4%	25.9%	26.6%	26.6%
<b>EBIT</b>	<b>32.0%</b>	<b>24.0%</b>	<b>17.3%</b>	<b>23.6%</b>	<b>27.4%</b>	<b>15.4%</b>	<b>19.3%</b>	<b>17.8%</b>	<b>21.6%</b>	<b>24.8%</b>	<b>25.8%</b>

### Adjusted earnings

EBITDA (adj)	108	103	91	157	228	268	435	555	714	898	1,066
EBITA (adj)	105	98	81	150	207	247	402	514	663	835	992
EBIT (adj)	105	96	80	149	207	173	306	399	553	780	962
<b>EPS (adj)</b>	<b>1.57</b>	<b>1.75</b>	<b>1.47</b>	<b>2.69</b>	<b>3.75</b>	<b>1.35</b>	<b>3.48</b>	<b>4.31</b>	<b>8.13</b>	<b>11.81</b>	<b>14.72</b>

### Adjusted profit margins in percent

EBITDA (adj)	33.1%	25.8%	19.8%	24.9%	30.1%	29.8%	30.7%	27.0%	27.9%	28.6%	28.6%
EBITA (adj)	32.0%	24.4%	17.7%	23.9%	27.4%	27.5%	28.4%	25.0%	25.9%	26.6%	26.6%
EBIT (adj)	32.0%	24.0%	17.3%	23.6%	27.4%	19.3%	21.6%	19.4%	21.6%	24.8%	25.8%

### Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	23.1%	23.7%	22.4%	28.7%	34.8%	32.4%	32.9%	32.9%
EBITDA	n.m.	n.m.	n.m.	16.8%	20.6%	16.6%	31.2%	41.7%	35.4%	31.5%	35.5%
EBIT	n.m.	n.m.	n.m.	15.5%	19.3%	5.7%	23.2%	35.5%	30.1%	30.3%	47.4%
EPS	n.a.	n.a.	n.a.	19.2%	23.8%	-16.3%	10.0%	19.8%	24.8%	25.8%	86.7%
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	n.a.	n.a.	26.2%	24.8%	24.7%	21.3%	20.3%	19.7%	20.0%	20.9%	22.7%
Average EBITDA margin	n.a.	n.a.	27.8%	26.4%	26.7%	25.8%	26.7%	26.8%	27.3%	27.5%	27.9%

## VALUATION RATIOS - ADJUSTED EARNINGS

DKKm	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	51.0	26.9	18.5	14.8
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	21.6	16.1	12.2	9.6
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	23.3	17.3	13.1	10.3
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	30.0	20.7	14.0	10.6

## VALUATION RATIOS - REPORTED EARNINGS

DKKm	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	60.7	26.9	18.5	14.8
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	5.84	4.49	3.47	2.74
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	23.1	16.1	12.2	9.6
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	25.0	17.3	13.1	10.3
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	32.9	20.7	14.0	10.6
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.5%	4.3%	5.2%	6.3%
Payout ratio	n.a.	n.a.	n.a.	n.m.	n.m.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company data and Nordea estimates

**BALANCE SHEET**

DKKm	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
Intangible assets	0	2	2	1	4	2,373	2,604	2,485	2,375	2,320	2,290
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	0	2	2	1	4	489	495	376	376	376	376
of which goodwill	0	0	0	0	0	1,884	2,109	2,109	1,999	1,944	1,914
Tangible assets	8	15	20	14	20	41	55	117	117	117	117
Shares associates	2	0	0	0	0	0	0	1	1	1	1
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	11	11	11	11	0	0	0	0	0	0
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	2	3	4	3	4	5	9	13	0	0	0
Total non-current assets	12	31	37	30	39	2,420	2,667	2,616	2,493	2,438	2,408
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	96	113	107	146	180	258	445	458	569	700	832
Other current assets	58	77	101	190	185	123	162	304	379	465	553
Cash and bank	37	16	1	13	111	60	194	108	374	738	1,221
Total current assets	191	206	209	349	477	441	802	869	1,322	1,903	2,606
Assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total assets</b>	<b>203</b>	<b>236</b>	<b>246</b>	<b>379</b>	<b>516</b>	<b>2,860</b>	<b>3,470</b>	<b>3,486</b>	<b>3,815</b>	<b>4,341</b>	<b>5,014</b>
Shareholders equity	106	68	108	213	300	1,261	1,644	1,806	2,213	2,803	3,539
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	106	68	108	213	300	1,261	1,644	1,806	2,213	2,803	3,539
Deferred tax	13	0	7	0	0	111	112	89	89	89	89
Long term interest bearing debt	6	14	6	0	0	1,178	1,265	1,106	906	706	506
Pension provisions	0	0	0	0	6	14	18	54	67	83	98
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
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	19	14	13	0	6	1,303	1,395	1,249	1,063	878	694
Short-term provisions	5	0	0	0	5	9	30	36	45	55	66
Accounts payable	7	13	14	12	19	27	51	54	67	83	99
Other current liabilities	64	96	83	150	186	233	350	340	427	522	617
Short term interest bearing debt	1	46	28	5	0	28	0	0	0	0	0
Total current liabilities	77	155	125	166	210	297	431	430	539	660	781
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>203</b>	<b>237</b>	<b>246</b>	<b>379</b>	<b>516</b>	<b>2,860</b>	<b>3,469</b>	<b>3,485</b>	<b>3,815</b>	<b>4,341</b>	<b>5,014</b>
<b>Balance sheet and debt metrics</b>											
Net debt	-30	44	3	-13	-111	1,118	1,070	998	545	-19	-703
Working capital	82	81	111	174	161	121	208	368	453	561	669
Invested capital	94	112	148	204	200	2,540	2,875	2,984	2,946	2,999	3,077
Capital employed	126	81	121	213	307	2,563	3,039	3,056	3,275	3,681	4,233
ROE	65.1%	n.m.	83.5%	83.8%	73.2%	4.2%	9.7%	10.5%	20.2%	23.6%	23.2%
ROIC	88.8%	72.9%	48.1%	65.8%	80.0%	9.9%	8.8%	10.6%	14.5%	20.5%	31.7%
ROCE	83.4%	n.m.	65.9%	69.9%	67.7%	5.4%	9.0%	11.9%	16.9%	21.2%	22.7%
Net debt/EBITDA	-0.3	0.4	0.0	-0.1	-0.5	4.8	2.7	1.9	0.8	0.0	-0.7
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	52.4%	28.6%	44.0%	56.1%	58.2%	44.1%	47.4%	51.8%	58.0%	64.6%	70.6%
Net gearing	-28.3%	65.1%	3.1%	-6.1%	-37.1%	88.7%	65.1%	55.3%	24.6%	-0.7%	-19.9%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

DKKm	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
<b>EBITDA (adj) for associates</b>	<b>108</b>	<b>103</b>	<b>91</b>	<b>157</b>	<b>228</b>	<b>233</b>	<b>402</b>	<b>520</b>	<b>714</b>	<b>898</b>	<b>1,066</b>
Paid taxes	n.a.	n.a.	n.a.	n.a.	-21	-34	-35	-167	-121	-167	-208
Net financials	0	0	0	0	7	65	79	80	-25	-22	-18
Change in provisions	3	-5	0	0	11	11	25	42	22	26	26
Change in other LT non-IB	-1	-12	-1	1	-1	9	-3	-4	13	0	0
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.	n.a.	n.a.	-17	-149	-178	-152	0	0	0
<b>Funds from operations (FFO)</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>208</b>	<b>137</b>	<b>290</b>	<b>319</b>	<b>603</b>	<b>734</b>	<b>866</b>
Change in NWC	n.a.	n.a.	n.a.	n.a.	9	-20	-95	-133	-85	-107	-108
<b>Cash flow from operations (CFO)</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>217</b>	<b>117</b>	<b>195</b>	<b>187</b>	<b>517</b>	<b>627</b>	<b>758</b>
Capital expenditure	n.a.	n.a.	n.a.	n.a.	-10	-23	-30	-27	-51	-63	-75
<b>Free cash flow before A&amp;D</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>207</b>	<b>94</b>	<b>165</b>	<b>160</b>	<b>466</b>	<b>564</b>	<b>684</b>
Proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	0	0	0	0	0	-2,516	-120	0	0	0	0
Free cash flow	n.a.	n.a.	n.a.	n.a.	207	-2,422	45	160	466	564	684
Dividends paid	n.a.	n.a.	n.a.	n.a.	-100	-116	0	0	0	0	0
Equity issues / buybacks	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0	0
Net change in debt	n.a.	n.a.	n.a.	n.a.	0	0	0	0	-200	-200	-200
Other financing adjustments	0	0	0	0	0	0	0	0	0	0	0
Other non-cash adjustments	n.a.	n.a.	n.a.	n.a.	-8	2,487	90	-246	0	0	0
Change in cash	-26	-21	-15	12	99	-52	135	-87	266	364	484

**Cash flow metrics**

Capex/D&A	n.a.	n.a.	n.a.	n.a.	46.5%	24.6%	23.3%	17.5%	31.7%	53.3%	n.m.
Capex/Sales	n.a.	n.a.	n.a.	n.a.	-1.3%	-2.6%	-2.1%	-1.3%	-2.0%	-2.0%	-2.0%

**Key information**

Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	220	219	219	219
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	11,000	10,928	10,928	10,928
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	11,998	11,473	10,909	10,225
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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