

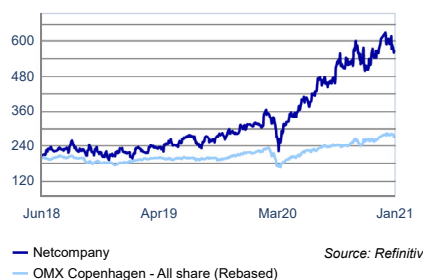
Netcompany

Telecom Equipment and IT
Denmark

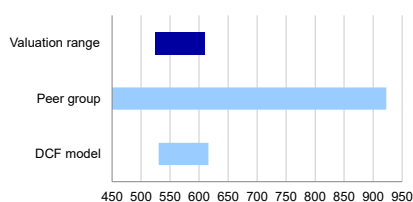
KEY DATA

Stock country	Denmark
Bloomberg	NETC.DC
Reuters	NETCG.CO
Share price (close)	DKK 574
Free Float	85%
Market cap. (bn)	EUR 3.86/DKK 28.68
Website	www.netcompany.com
Next report date	06 May 2021

PERFORMANCE



VALUATION APPROACH



ESTIMATE CHANGES

Year	2021E	2022E	2023E
Sales	-1%	0%	0%
EBIT (adj)	-3%	-1%	0%

Source: Nordea estimates

Nordea Markets - Analysts

Claus Almer
Senior AnalystJesper Herholt Jensen
Senior Director, Sector Coordinator

Strong Q4, but no more disappointments please

The annual report was a repeat of several previous interim reports – impressive performance but overly ambitious guidance, forcing Netcompany to adjust its expectations. This time, the company trimmed its 2021 EBITA margin guidance. The margin was strong in Q4 2020, however, hence we wonder if the change mainly reflects cautiousness. Q4 showed generally strong performance and solid cash flow, but the UK business continued to decline as expected (Q4 revenue: -10% q/q). We make minor changes to 2021E-22E but leave our DCF- and peer group-based fair value range unchanged at DKK 525-615.

Q4 2020: Solid performance

Q4 EBITA exceeded company-compiled consensus by 11%, despite a 3% revenue miss. Revenue growth of 22% in Norway and 90% in Holland (Holland Q4 EBITA margin: 28%) was impressive, and these two divisions seem to be on track. CFFO rose by 70%, up to DKK 213m (2020: DKK 581m).

2021 guidance: Downgraded but still impressive

In its Q3 2020 report, Netcompany announced its 2021 expectations, cutting its EBITA margin target from ~25% down to ~23-25% but reiterating its 15-20% LCY revenue growth guidance. In addition to uncertainty about the impact of COVID-19, Netcompany mentioned cost headwinds from its LT incentive programme (DKK 25m y/y), as well as an assumption that its costs for travel, education etc will return to pre-COVID levels (DKK ~50m). These two items should not have been a surprise for Netcompany, but the latter did not seem to be fully reflected in its guidance from last November. During the Q4 investor call, the CEO said that order intake in Norway and the UK was not based on discounts.

Kombit: The conflict appears to have been "solved"

Last week, several Danish online media sources wrote that Kombit (an IT company serving Danish municipalities) was dissatisfied with Netcompany's prices when it comes to the ongoing development of Aula. Because Kombit is a key customer, this raised some concerns, but this is not the first time that Danish public customers have tried to pressure suppliers with negative articles in the local press. Netcompany's CEO insisted in the Q4 investor call that the news reports were based on misunderstandings and there was no conflict between Kombit and Netcompany. We believe Kombit tried an old trick that did not work, or that both parties have decided dialogue works better eye-to-eye rather than via the press.

SUMMARY TABLE - KEY FIGURES

DKKm	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	1,416	2,053	2,454	2,839	3,335	3,869	4,527
EBITDA (adj)	435	555	674	809	886	1,063	1,284
EBIT (adj)	306	399	516	645	744	935	1,190
EBIT (adj) margin	21.6%	19.4%	21.0%	22.7%	22.3%	24.2%	26.3%
EPS (adj, DKK)	3.33	4.14	7.84	9.36	11.45	14.45	18.46
EPS (adj) growth	241.4%	24.3%	89.5%	19.4%	22.3%	26.2%	27.8%
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	8.6	7.2	6.0
EV/EBIT (adj)	n.a.	30.0	32.3	48.9	38.4	29.9	22.9
P/E (adj)	n.a.	53.2	40.4	66.5	50.1	39.7	31.1
P/BV	n.a.	6.1	7.7	12.8	9.7	8.0	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%	1.8%	2.3%	2.8%
Net debt	1,070	998	826	402	-86	-675	-1,395
Net debt/EBITDA	2.7	1.9	1.2	0.5	-0.1	-0.6	-1.1
ROIC after tax	8.8%	10.7%	13.3%	16.3%	23.6%	28.8%	35.4%

Source: Company data and Nordea estimates

Q4 2020 review

Solid Q4 performance

Netcompany reported a solid Q4. Revenue in the quarter was 3% below company-compiled consensus, but EBITA was 11% above, with an EBITA margin of 28.9%, up 3.1 pp y/y. With 16.5% organic revenue growth y/y in Q4 (consensus: 18.2%), Netcompany continued its solid sales growth trend, albeit at a slightly slower pace than expected by consensus.

In/out orders in Q4 ended at DKK 119m, up 78% y/y.

Netcompany grew its revenue by 19% y/y in Denmark during Q4, by an impressive 90% in the Netherlands, and by 14% in Norway (22% in LCY), whereas UK revenue decreased by 16% (-11% in LCY). The continued strong performance in the Netherlands has increased the value of the earnout model, which was expensed in Q4 (DKK -141m).

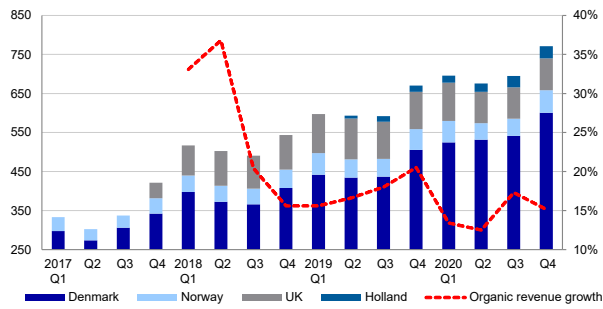
Netcompany delivered an EBITA margin of 28.9% for Q4 (consensus: 25.3%) and 26.2% for 2020 (guidance: ~25%). This was impressive, despite the margin being diluted by the low utilisation of employees in the UK and partly in Norway, and hence there is potential for a margin uplift once growth resumes in these two markets.

NETCOMPANY: Q4 2020 RESULTS (DKKm)

	2019				2020				Act vs				Q4, y/y
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4A	Q4E	Cons	NDA	Cons	
Revenue	598	593	592	671	696	676	695	773	781	793	-1%	-3%	15%
Production cost	364	370	336	387	421	416	401	445	472	467	-6%	-5%	15%
Gross profit	234	223	256	284	275	260	293	328	308	326	6%	0%	15%
Sales & marketing	3	3	3	3	4	4	4	5	5	-	-7%	-	48%
Administration	84	93	89	101	106	95	94	100	106	-	-6%	-	-1%
Special items	-1	-3	-1	0	0	0	0	0	0	0	-	-	-
EBITA	146	123	164	180	164	161	195	224	197	201	13%	11%	24%
Amortisations	26	25	26	25	25	25	25	24	24	-	-2%	-	-7%
EBIT	120	99	138	155	139	136	170	200	173	-	15%	-	29%
Net financial items	6	-21	-4	5	-19	-16	-6	-152	1	-	-	-	-
Pre-tax profit	126	78	134	160	120	120	164	48	174	178	-72%	-73%	-70%
Taxes	28	16	31	34	27	24	36	43	45	42	-3%	3%	28%
Net profit	99	62	102	126	93	96	128	5	130	136	-96%	-96%	-96%
EPS	2.0	1.3	2.1	2.5	1.9	2.0	2.6	0.1	2.6	-	-96%	-	-96%
EPS growth, y/y	94.2%	-	32.3%	83.8%	-5.5%	55.6%	24.9%	-95.9%	3.0%	-	-	-	-
Revenue growth, organic	15.6%	16.6%	18.0%	20.5%	13.4%	12.5%	17.3%	16.5%	16.3%	18.2%	-	-	-
Revenue growth, y/y	15.6%	18.0%	20.8%	23.5%	16.4%	13.9%	17.3%	15.1%	16.3%	18.2%	-	-	-
Gross margin (incl. depr.)	39.1%	37.5%	43.2%	42.3%	39.5%	38.4%	42.2%	42.4%	39.5%	-	-	-	-
Costs (Revenue - EBITA adj)	450	467	428	491	531	514	499	549	583	592	-6%	-7%	12%
Costs growth, q/q	9%	4%	-8%	15%	8%	-3%	-3%	10%	17%	19%	-	-	-
Costs growth, y/y	16%	13%	21%	19%	18%	10%	17%	12%	19%	11%	-	-	-
EBITA, adj	147	126	164	180	164	161	195	224	197	201	13%	11%	24%
EBITA margin, adj	24.6%	21.3%	27.7%	26.8%	23.6%	23.9%	28.1%	28.9%	25.3%	25.3%	-	-	-
Incremental EBITA margin, adj	24.1%	40.2%	27.3%	38.6%	17.2%	42.7%	30.5%	42.9%	15.9%	-	-	-	-
EBIT margin	20.2%	16.7%	23.2%	23.0%	20.0%	20.1%	24.5%	25.9%	22.2%	-	-	-	-
Tax rate	21.9%	20.5%	23.4%	21.2%	22.4%	19.9%	21.9%	89.6%	25.7%	23.6%	-	-	-
In/out orders	207	319	282	67	304	352	236	119	126	-	-6%	-	78%
Growth, y/y	-26.3%	48.3%	-19.3%	137.0%	46.9%	10.2%	-16.2%	78.2%	89.8%	-	-	-	-
12-month:													
Revenue (12m)	2,134	2,224	2,326	2,454	2,552	2,634	2,737	2,838	2,846	2,859	-0%	-1%	16%
EBITA adj (12M)	504	540	568	617	634	669	701	744	718	722	4%	3%	21%
EBITA margin, adj (12M)	23.6%	24.3%	24.4%	25.2%	24.9%	25.4%	25.6%	26.2%	25.2%	25.2%	-	-	-

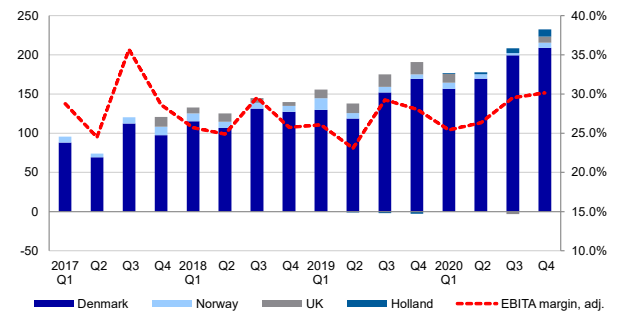
Source: Company data, company-compiled consensus, and Nordea estimates

NETCOMPANY: REVENUE (DKKm)



Source: Company data and Nordea

NETCOMPANY: EBITA (DKKm)



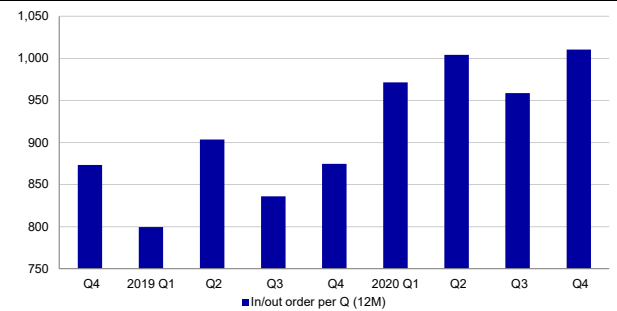
Source: Company data and Nordea

NETCOMPANY: FTE DEVELOPMENT (DKKm)



Source: Company data and Nordea

NETCOMPANY: IN/OUT ORDERS (DKKm), 12-MONTH



Source: Company data and Nordea

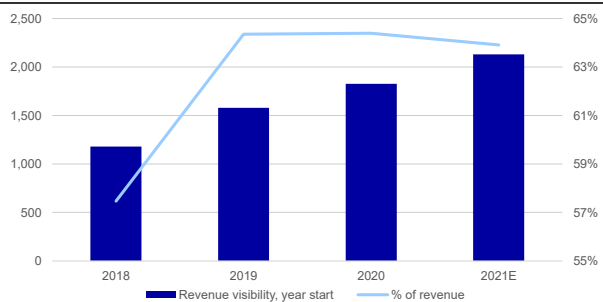
2021 revenue visibility: 17% growth y/y

Netcompany enters 2021E with revenue visibility of DKK 2.2bn (DKK 1.8bn contractual committed and DKK 303m non-contractual committed, the latter often based on frame agreements). This is 16.6% higher than at the start of 2020 (DKK 1.8bn), and ~64% of the 2021 revenue guidance mid-range, ie close to same ratio as in 2020.

To meet its 15-20% LCY revenue growth guidance, DKK 1.1-1.3bn needs to be added from in/out orders, up from DKK 1bn in 2020. The level in 2020 is a net number, as Netcompany saw projects being delayed and cancelled due to COVID-19.

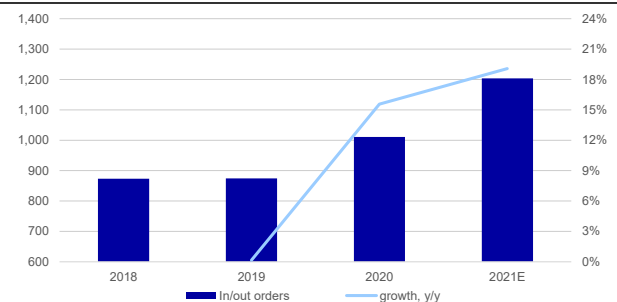
As part of its 2021 guidance assumption, Netcompany said that the size of Danish public awards will stay at the same level as in 2020.

NETCOMPANY: REVENUE VISIBILITY AND % OF FY REVENUE



Source: Company data and Nordea estimates

NETCOMPANY: IN/OUT ORDERS



Source: Company data and Nordea

Minor estimate cuts

After the Q4 report, we make minor estimate cuts for Netcompany.

NETCOMPANY: CHANGE OF ESTIMATE (DKKm)

	New			Old			Change			Consensus		Nordea vs cons.	
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2021E	2022E
Revenue	3,335	3,869	4,527	3,355	3,866	4,521	-1%	0%	0%	3,365	3,983	-1%	-3%
Revenue growth, organic	17.5%	16.0%	17.0%	17.9%	15.2%	16.9%	-	-	-	17.7%	18.4%	-	-
Revenue growth, y/y	17.5%	16.0%	17.0%	17.9%	15.2%	16.9%	-	-	-	17.7%	18.4%	-	-
Costs	2,516	2,884	3,333	2,511	2,871	3,331	0%	0%	0%	2,508	2,937	0%	-2%
EBITA, adj	819	985	1,193	845	995	1,190	-3%	-1%	0%	857	1,046	-4%	-6%
EBITA margin, adj	24.6%	25.5%	26.4%	25.2%	25.7%	26.3%	-	-	-	25.5%	26.3%	-	-
EBITA	819	985	1,193	845	995	1,190	-3%	-1%	0%	857	1,046	-4%	-6%
Pre-tax profit	739	932	1,189	765	941	1,185	-3%	-1%	0%	771	977	-4%	-5%
EPS	11.5	14.5	18.5	11.9	14.7	18.5	-3%	-1%	0%	-	-	-	-

Source: Company data and Nordea estimates

2021 EBITA margin guidance downgraded

Surprisingly, Netcompany downgraded its 2021 EBITA margin guidance compared to the guidance that was communicated in November during its Q3 2020 report.

Netcompany also guided for a DKK 100m shareholder distribution to be paid out in 2021, half in the form of a dividend and half as a share buyback.

NETCOMPANY: 2020 AND UPDATED COMPANY GUIDANCE FOR 2021 (DKKm)

	2019	2020 guidance		Act.	2020E		Act vs		2021 guidance		2021 "guid" old		2021E	
		Low	High		Nordea	Cons	Nordea	Cons	Low	High	Low	High	Nordea	Cons
Revenue	2,454	~2.85bn	~2.90bn	2,839	2,846	2,858	-0%	-0%	~3.26bn	~3.40bn	~3.3bn	~3.4bn	3,335	3,365
Revenue growth, y/y	19.5%	-	-	15.7%	16.0%	16.5%	-	-	-	-	-	-	17.5%	17.7%
Revenue growth, organic	17.7%	Low end of 16-18%	16.0%	15.1%	15.5%	15.5%	-	-	15%	20%	15%	20%	17.5%	17.7%
Costs	1,837	-	-	2,094	2,128	2,137	-2%	-2%	-	-	-	-	2,516	2,508
Growth	19.3%	-	-	14.0%	15.9%	16.4%	-	-	-	-	-	-	18.2%	17.4%
EBITA, adj	617	~710	~725	744	718	721	4%	3%	~750	~850	~820	~850	819	857
EBITA margin, adj	25.2%	~25%	~25%	26.2%	25.2%	25.2%	-	-	~23	~25%	~25%	~25%	24.6%	25.5%

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

Valuation: DKK 525-615 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 evaluated together.

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 with high revenue growth – if NetCompany were to extend the number of years with revenue growth above 20%, this would have a significant impact on our valuation.

Our DCF-based 12-month fair value (WACC: 6.0%) is DKK 515 per share, based on the assumptions outlined below.

NETCOMPANY: DCF MODEL ASSUMPTIONS

Averages and assumptions	2020-30	2031-35	2036-40	2041-45	2046-50	LT
Sales growth, CAGR	12.2%	10.0%	10.0%	5.0%	2.5%	-
EBIT-margin	23.6%	22.0%	20.0%	11.0%	2.0%	-
Capex/depreciation, x	0.5	1.0	1.0	1.0	1.0	-
Capex/sales	1.0%	2.0%	2.0%	2.0%	2.0%	-
NWC/sales	17.6%	17.6%	17.6%	17.6%	17.6%	-
FCFF, CAGR	10.8%	10.6%	7.7%	-6.0%	-32.5%	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.

NETCOMPANY: PEER GROUP VALUATION

	Share price	MCAP EURbn	Grw, 2020-23E			EBIT mrg		P/E			EV/EBIT			PEG	Share price	
			Rev	EBIT	EPS	2021E	2021E	2022E	2023E	2021E	2022E	2023E	20-23E	1M	YTD	
Key peers																
Epam	US	2,087	15.7	23%	25%	23%	17.6%	45.2x	36.7x	29.2x	28.7x	23.3x	20.0x	2.0x	-5%	-5%
Globant	Lux	1,196	5.9	23%	32%	23%	16.2%	62.9x	50.3x	44.5x	38.3x	30.7x	23.9x	2.7x	-11%	-11%
Endava	UK	480	3.5	21%	28%	19%	18.2%	53.2x	42.9x	37.7x	32.6x	26.7x	22.5x	2.8x	1%	2%
Kainos	UK	757	3.7	14%	30%	30%	22.5%	32.8x	33.4x	31.6x	23.9x	24.6x	22.8x	1.1x	-4%	-0%
Reply	UK	563	3.8	10%	12%	-100%	13.3%	29.2x	26.9x	#N/A	16.0x	14.5x	13.3x	-0.3x	5%	4%
Average (ex Reply)	-	-	7.2	20%	29%	24%	18.6%	48.5x	40.8x	35.7x	30.9x	26.3x	22.3x	2.1x	-5%	-4%
Netcompany (cons.)	DKK	563	3.8	18%	24%	-100%	24.8%	44.2x	35.4x	#N/A	31.4x	25.8x	21.3x	-0.4x	-7%	-8%
IT service companies:																
IBM	US	101	135.7	1%	18%	15%	18.3%	11.1x	10.1x	9.4x	8.4x	8.3x	8.1x	0.7x	-2%	-3%
Accenture	IE	203	27.8	6%	7%	7%	15.3%	30.0x	27.2x	25.0x	17.6x	16.4x	15.2x	4.0x	-4%	-6%
Cognizant	US	63	10.7	4%	11%	10%	17.7%	19.2x	17.4x	16.6x	11.6x	10.7x	#N/A	2.0x	-6%	-7%
Atos	FR	64	7.0	3%	12%	11%	10.5%	8.8x	8.0x	6.7x	5.7x	5.2x	5.4x	0.8x	-15%	-14%
Cap Gemini	FR	120	20.2	5%	9%	10%	12.3%	16.3x	14.4x	14.1x	10.7x	10.1x	9.8x	1.7x	-6%	-6%
CGI Group	CA	64	16.3	3%	5%	9%	16.4%	18.5x	17.1x	15.7x	10.1x	9.7x	9.6x	2.0x	-3%	-2%
DXC Technology	US	24	6.0	-8%	-16%	-13%	8.4%	13.6x	8.2x	7.2x	5.9x	5.5x	5.6x	-1.1x	24%	11%
Sopra Steria	FR	134	2.7	3%	14%	20%	7.4%	13.6x	11.6x	10.7x	7.5x	6.7x	6.3x	0.7x	-2%	2%
HCL	IN	11	0.4	8%	11%	12%	21.1%	19.0x	17.6x	15.8x	11.9x	10.9x	9.9x	1.6x	1%	-1%
Infosys	IN	14	-	10%	14%	13%	24.0%	27.9x	24.1x	21.3x	18.8x	16.7x	14.9x	2.1x	3%	2%
Tata	IN	36	-	7%	10%	8%	26.3%	36.3x	30.3x	27.2x	24.9x	21.6x	19.5x	4.3x	9%	11%
Wipro	IN	5	3.8	4%	8%	8%	19.2%	22.9x	20.8x	19.1x	13.8x	12.7x	11.8x	2.8x	13%	12%
Tech Mahindra	IN	11	-	4%	9%	7%	14.3%	19.8x	17.3x	15.3x	13.1x	11.4x	10.3x	2.8x	4%	1%
Average, ex India	-	-	28.3	2%	8%	9%	13.3%	16.4x	14.3x	13.2x	9.7x	9.1x	8.6x	1.9x	-2%	-3%
Average	-	-	23.1	4%	9%	9%	16.2%	19.8x	17.2x	15.7x	12.3x	11.2x	10.5x	1.9x	1%	-0%
Nordic peers:																
NNIT	DKK	111	0.4	6%	18%	-	8.1%	15.9x	14.0x	0.0x	13.1x	12.1x	10.9x	-	-9%	-9%
TietoErvy	FI	27	3.2	3%	6%	5%	12.7%	12.2x	11.2x	10.7x	11.7x	11.1x	10.8x	2.4x	4%	2%
KnowIT	SE	28	0.5	10%	-	-	10.2%	20.8x	18.7x	-	15.3x	13.8x	-	-	-9%	-9%
Average	-	-	1.4	6%	12%	5%	10.3%	16.3x	14.6x	5.4x	13.4x	12.3x	10.8x	2.4x	-5%	-5%
SimCorp	DKK	808	4.3	10%	17%	10%	29.1%	41.0x	34.9x	35.9x	31.7x	27.1x	22.7x	4.0x	-9%	-11%
Others:																
Europe IT consult. 1)	-	-	-	7%	8%	10%	7.9%	19.9x	19.4x	17.0x	17.9x	18.6x	15.1x	2.1x	1%	10%
Global IT consult. 2)	-	-	-	5%	9%	25%	21.6%	31.5x	27.5x	25.5x	28.0x	23.9x	19.7x	1.2x	0%	2%
Average, total	-	-	-	9%	13%	15%	14.9%	27.2x	23.9x	19.9x	20.5x	18.5x	15.7x	1.9x	-1%	1%
Netcompany, NDA	DKK	563	3.8	17%	23%	25%	24.2%	49.2x	39.0x	30.5x	38.5x	30.1x	23.1x	1.9x	-7%	-8%
- One-off, PPA adj.	DKK	563	3.8	17%	17%	16%	21.2%	49.4x	41.9x	35.3x	34.9x	28.6x	23.1x	3.0x	-7%	-8%

Source: Refinitiv and Nordea estimates

VALUATION: NETCOMPANY (OUR ESTIMATES) VS PEER GROUP VALUATION

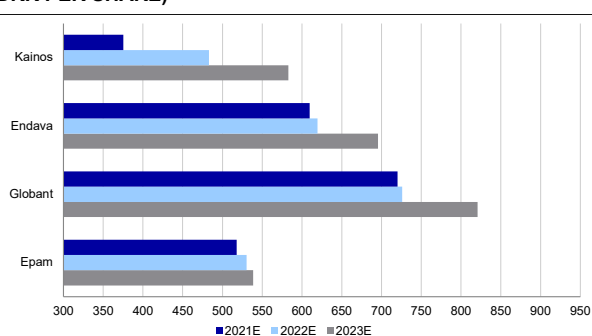
	Grw, 2020-23E			EV/EBIT			PEG	Share price	
	Rev	EBIT	EPS	2021E	2022E	2023E	20-23E	1M	YTD
Key peers	Underperf.	Underperf.	Underperf.	Premium	Premium	Premium	Premium	Underperf.	Underperf.
IT service companies:	Outperf.	Outperf.	Outperf.	Premium	Premium	Premium	Premium	Underperf.	Underperf.
- Ex India	Outperf.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

Note: Netcompany's EBIT and EPS growth (2018-21) is adjusted for one-offs and excludes PPA

Source: Refinitiv and Nordea estimates

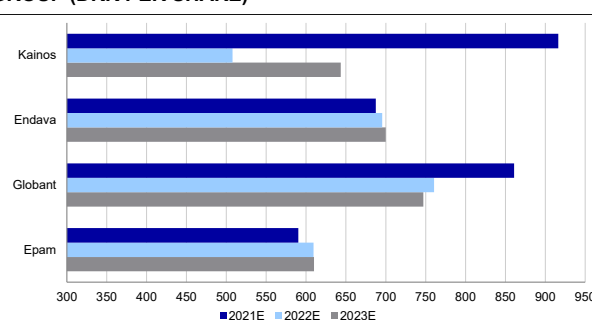
Based on our estimates and Refinitiv consensus, Netcompany should show an EBIT margin superior to most of its peers. We thus believe Netcompany should trade at the upper end of the peer valuation range, maybe even at a premium once its operations outside Denmark start to show their potential.

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



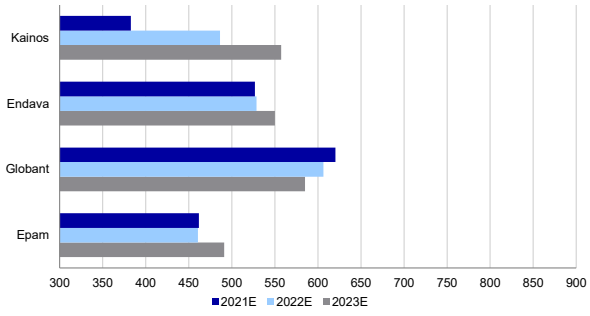
Source: Refinitiv and Nordea estimates

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



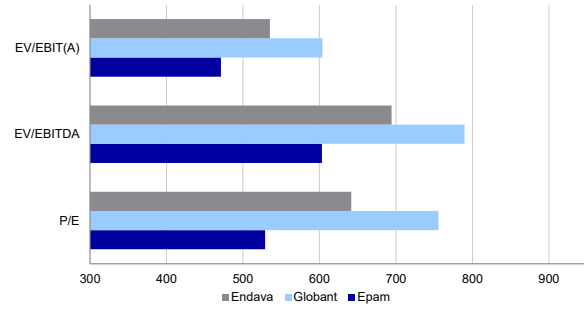
Source: Refinitiv and Nordea estimates

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



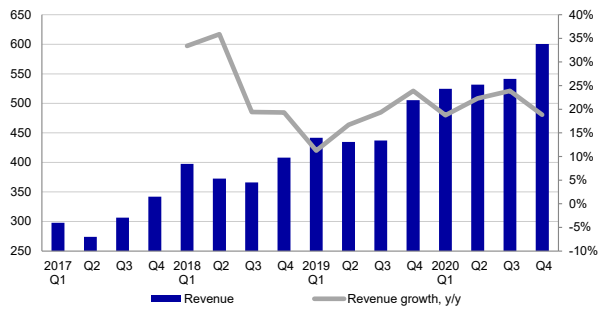
Source: Refinitiv and Nordea estimates

NETCOMPANY: AVERAGE VALUATION (DKK PER SHARE), 2020E-22E



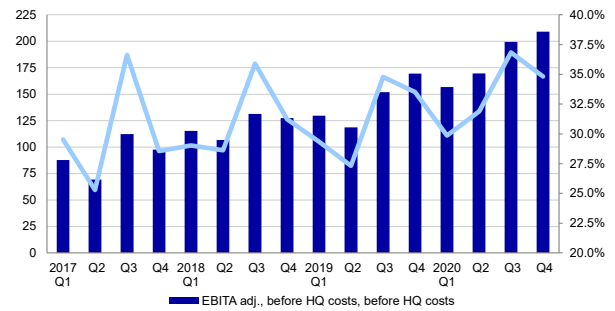
Source: Refinitiv and Nordea estimates

NETCOMPANY, DENMARK: REVENUE (DKKm)



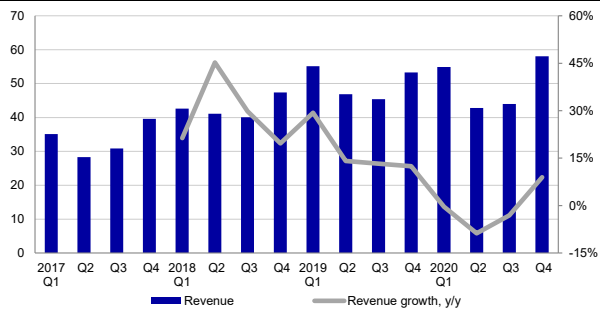
Source: Company data and Nordea estimates

NETCOMPANY, DENMARK: ADJUSTED EBITA (DKKm)



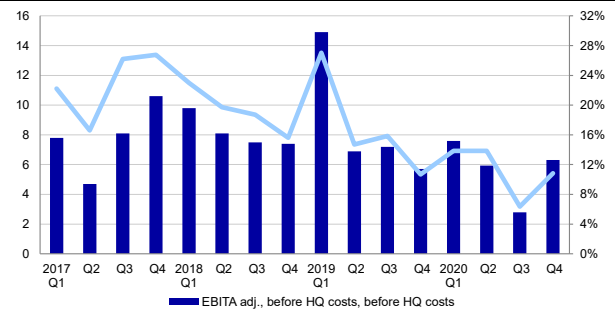
Source: Company data and Nordea estimates

NETCOMPANY, NORWAY: REVENUE (DKKm)



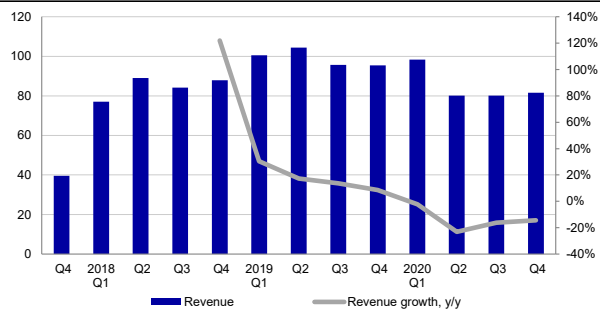
Source: Company data and Nordea

NETCOMPANY, NORWAY: ADJUSTED EBITA (DKKm)



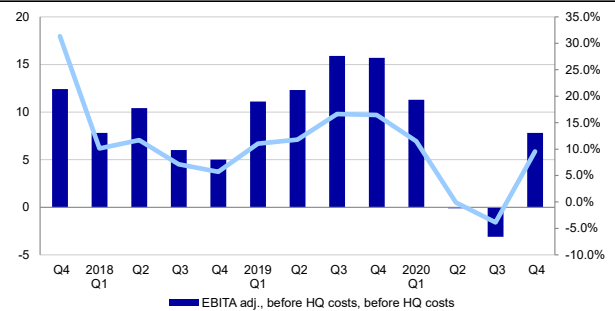
Source: Company data and Nordea

NETCOMPANY, UK: REVENUE (DKKm)



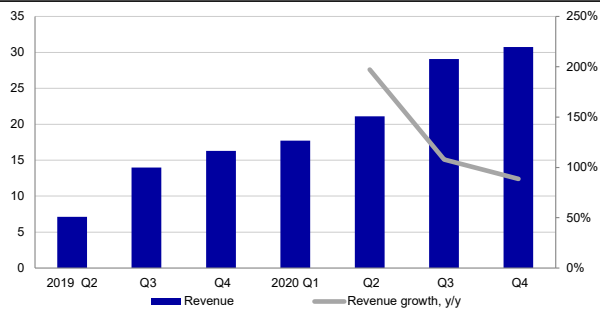
Source: Company data and Nordea

NETCOMPANY, UK: ADJUSTED EBITA (DKKm)



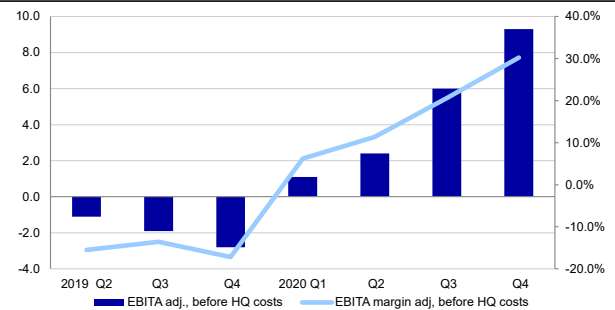
Source: Company data and Nordea

NETCOMPANY, HOLLAND: REVENUE (DKKm)



Source: Company data and Nordea

NETCOMPANY, HOLLAND: ADJUSTED EBITA (DKKm)



Source: Company data and Nordea

Netcompany: Full-year numbers

NETCOMPANY: FULL-YEAR NUMBERS (DKKm AND 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	3,335	3,869	4,527
Production cost	-	-	-	447	527	803	1,237	1,458	1,683	2,031	2,321	2,675
Gross profit	-	-	-	311	373	613	817	996	1,155	1,305	1,548	1,852
Sales & marketing	-	-	-	4	4	10	12	12	17	30	35	41
Administration	-	-	-	100	121	201	290	367	394	455	528	618
Special items	-	-	-	0	-35	-33	-34	-4	0	0	0	0
EBITDA	103	91	157	228	233	402	520	669	809	886	1,063	1,284
Depreciation	6	9	8	9	32	34	40	56	65	67	77	91
Amortisation	0	0	-2	12	0	0	0	0	0	0	0	0
EBITA	98	81	150	207	201	369	480	613	744	819	985	1,193
Amortisation	2	2	2	0	74	96	115	102	99	75	50	3
EBIT	96	80	149	207	127	273	365	511	645	744	935	1,190
Net financial items	-2	1	1	0	-62	-73	-109	-14	-193	-4	-3	0
Pre-tax profit	94	81	150	208	65	200	256	497	452	740	933	1,190
Taxes	7	8	15	20	44	59	74	109	130	163	205	262
Net profit	88	73	134	188	21	141	181	389	322	578	727	928
One-off items	0	0	0	0	-35	-33	-34	-4	0	0	0	0
EPS	-	-	-	-	-	2.8	3.7	7.9	6.4	11.6	14.5	18.6
EPS growth, y/y	-	-	-	-	-	-	29.7%	116.7%	-18.6%	79.5%	25.9%	27.6%
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%	17.5%	16.0%	17.0%
Gross margin	-	-	-	41.1%	41.4%	43.3%	39.8%	40.6%	40.7%	39.1%	40.0%	40.9%
EBITDA margin	25.8%	19.8%	24.9%	30.1%	25.9%	28.4%	25.3%	27.3%	28.5%	26.6%	27.5%	28.4%
EBITA, adj	98	81	150	207	236	402	514	617	744	819	985	1,193
EBITA margin, adj	24.4%	17.7%	23.9%	27.4%	26.3%	28.4%	25.0%	25.2%	26.2%	24.6%	25.5%	26.4%
EBITA margin	24.4%	17.7%	23.9%	27.4%	22.3%	26.0%	23.4%	25.0%	26.2%	24.6%	25.5%	26.4%
EBIT margin	24.0%	17.3%	23.6%	27.4%	14.1%	19.3%	17.8%	20.8%	22.7%	22.3%	24.2%	26.3%
Net profit, adj.	89	75	136	188	106	241	298	471	399	636	766	931
CFFO	-	-	-	217	117	195	187	460	581	576	730	868
Capex	-16	-16	-4	-18	-2,539	-150	-27	-65	-102	-33	-143	-45
FCF	-	-	-	207	-2,422	45	160	396	479	543	587	823
Revenue, Public	-	-	-	312	368	730	1,152	1,456	1,517	1,782	2,068	2,419
Revenue, private	-	-	-	447	531	686	901	998	1,322	1,553	1,801	2,108
Revenue growth, Public	-	-	-	-	18.3%	98.2%	57.8%	26.3%	4.2%	17.5%	16.0%	17.0%
Revenue growth, private	-	-	-	-	19.0%	29.1%	31.4%	10.8%	32.4%	20.0%	30.0%	25.0%
Development revenue	-	-	-	347	439	647	1,005	1,258	1,778	2,089	2,423	2,835
Public customers	-	-	-	137	167	440	575	738	920	1,080	1,253	1,466
Private customers	-	-	-	210	272	206	430	520	858	1,008	1,170	1,369
Maintenance revenue	-	-	-	411	461	769	1,048	1,196	1,061	1,246	1,446	1,692
Public customers	-	-	-	175	202	290	577	718	597	702	814	953
Private customers	-	-	-	236	260	479	471	478	463	544	632	739
Netcompany Denmark:												
Revenue, Denmark	400	461	629	758	888	1,220	1,544	1,819	2,200	2,600	3,003	3,488
Revenue growth, Denmark	22.3%	15.0%	36.6%	20.5%	18.7%	37.4%	26.5%	17.8%	21.0%	18.2%	15.5%	16.1%
EBITA adj. before HQ costs, DK	98	81	150	207	234	358	461	544	706	744	877	1,040
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%	28.6%	29.2%	29.8%
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	30	44
EBITA margin adj. before HQ costs, Norway	-	-	-	-	17.1%	23.1%	17.9%	15.9%	6.0%	9.0%	11.0%	13.5%
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, , Holland	-	-	-	-	-	-	-	-7	17	30	42	55
EBITA margin adj. before HQ costs, Holland	-	-	-	-	-	-	-	-17.4%	17.0%	20.0%	22.5%	25.0%

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	3,335	3,869	4,527
Revenue growth	15.0%	36.6%	20.5%	18.7%	57.4%	45.0%	19.5%	15.7%	17.5%	16.0%	17.0%
of which organic	n.a.	n.a.	20.5%	17.1%	37.0%	25.5%	17.7%	16.0%	17.5%	16.0%	17.0%
of which FX	n.a.	n.a.	0.0%	0.0%	0.3%	0.1%	0.0%	-1.1%	0.0%	0.0%	0.0%
EBITDA	91	157	228	233	402	520	669	809	886	1,063	1,284
Depreciation and impairments PPE	-10	-7	-21	-32	-34	-40	-56	-65	-67	-77	-91
of which leased assets	0	0	0	-11	-19	-24	-37	-42	-50	-58	-68
EBITA	81	150	207	201	369	480	613	744	819	985	1,193
Amortisation and impairments	-2	-2	0	-74	-96	-115	-102	-99	-75	-50	-3
EBIT	80	149	207	127	273	365	511	645	744	935	1,190
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	-9	-8	-5
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	735	928	1,185
Reported taxes	-8	-15	-20	-44	-59	-74	-109	-130	-163	-205	-262
Net profit from continued operations	73	134	188	21	141	180	389	468	573	722	923
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	573	722	923
EPS, DKK	1.47	2.69	3.75	0.43	2.81	3.60	7.77	9.36	11.45	14.45	18.46
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%	26.6%	27.5%	28.4%
EBITA	17.7%	23.9%	27.4%	22.3%	26.0%	23.4%	25.0%	26.2%	24.6%	25.5%	26.4%
EBIT	17.3%	23.6%	27.4%	14.1%	19.3%	17.8%	20.8%	22.7%	22.3%	24.2%	26.3%

Adjusted earnings

EBITDA (adj)	91	157	228	268	435	555	674	809	886	1,063	1,284
EBITA (adj)	81	150	207	236	402	514	617	744	819	985	1,193
EBIT (adj)	80	149	207	162	306	399	516	645	744	935	1,190
EPS (adj, DKK)	1.47	2.69	3.75	0.97	3.33	4.14	7.84	9.36	11.45	14.45	18.46

Adjusted profit margins in percent

EBITDA (adj)	19.8%	24.9%	30.1%	29.8%	30.7%	27.0%	27.5%	28.5%	26.6%	27.5%	28.4%
EBITA (adj)	17.7%	23.9%	27.4%	26.3%	28.4%	25.0%	25.2%	26.2%	24.6%	25.5%	26.4%
EBIT (adj)	17.3%	23.6%	27.4%	18.0%	21.6%	19.4%	21.0%	22.7%	22.3%	24.2%	26.3%

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	23.1%	23.7%	22.4%	28.7%	34.8%	31.3%	30.2%	30.0%	22.3%	17.1%
EBITDA	n.m.	16.8%	20.6%	16.6%	31.2%	41.7%	33.7%	28.8%	30.6%	21.4%	19.8%
EBIT	n.m.	15.5%	19.3%	4.0%	23.2%	35.5%	28.0%	25.5%	42.4%	27.9%	26.7%
EPS	n.a.	19.2%	23.8%	-23.0%	9.9%	19.6%	23.7%	20.0%	93.1%	38.7%	38.7%
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	26.2%	24.8%	24.7%	20.9%	20.1%	19.5%	19.6%	19.9%	21.0%	22.0%	23.7%
Average EBITDA margin	27.8%	26.4%	26.7%	25.8%	26.7%	26.8%	27.1%	27.3%	27.2%	27.1%	27.7%

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	50.1	39.7	31.1
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	21.6	24.8	39.0	32.3	26.3	21.2
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	23.3	27.0	42.4	34.9	28.4	22.9
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	30.0	32.3	48.9	38.4	29.9	22.9

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	50.1	39.7	31.1
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	5.84	6.80	11.11	8.57	7.24	6.03
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	23.1	24.9	39.0	32.3	26.3	21.2
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	25.0	27.2	42.4	34.9	28.4	22.9
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	32.9	32.6	48.9	38.4	29.9	22.9
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%	1.9%	2.5%	3.0%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	1.2%	2.5%	1.6%	1.8%	2.3%	2.8%
Payout ratio	n.a.	n.m.	n.m.	0.0%	0.0%	0.0%	0.0%	10.7%	17.5%	13.8%	10.8%

Source: Company data and Nordea estimates

BALANCE SHEET

DKKkm	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	2,376	2,326	2,323
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	2,189	2,139	2,136
Tangible assets	20	14	20	41	55	117	146	135	160	187	218
of which leased assets	0	0	12	25	31	83	101	89	97	104	113
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	2,633	2,610	2,638
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	107	146	180	258	445	458	531	459	539	625	732
Short-term leased assets	0	0	11	19	24	37	42	50	58	68	78
Other current assets	101	190	174	103	139	268	305	488	622	722	845
Cash and bank	1	13	111	60	194	108	132	359	305	663	1,349
Total current assets	209	349	477	441	802	869	1,011	1,356	1,525	2,078	3,003
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	4,158	4,688	5,642
Shareholders equity	108	213	300	1,261	1,644	1,806	2,072	2,429	2,951	3,574	4,397
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	2,951	3,574	4,397
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	261	61	61
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	62	67	73
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	577	397	420
Short-term provisions	0	0	5	9	30	36	4	0	0	0	0
Accounts payable	14	12	19	27	51	54	44	40	47	54	64
Current lease debt	4	1	6	12	14	29	39	35	38	42	45
Other current liabilities	79	149	180	222	336	310	441	478	544	621	716
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	629	717	825
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	4,158	4,688	5,642
Balance sheet and debt metrics											
Net debt	3	-13	-111	1,118	1,070	998	826	402	-86	-675	-1,395
of which lease debt	4	1	12	25	31	83	104	93	101	109	118
Working capital	115	175	155	113	198	361	351	429	571	672	797
Invested capital	152	205	195	2,533	2,865	2,977	3,067	3,112	3,204	3,282	3,435
Capital employed	146	218	312	2,492	2,940	2,996	3,134	3,282	3,313	3,743	4,575
ROE	83.5%	83.8%	73.2%	2.7%	9.7%	10.4%	20.0%	20.8%	21.3%	22.1%	23.2%
ROIC	46.5%	65.0%	81.0%	9.3%	8.8%	10.7%	13.3%	16.3%	23.6%	28.8%	35.4%
ROCE	58.9%	83.7%	79.5%	11.7%	11.6%	13.8%	18.1%	20.7%	22.6%	26.5%	28.6%
Net debt/EBITDA	0.0	-0.1	-0.5	4.8	2.7	1.9	1.2	0.5	-0.1	-0.6	-1.1
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%	71.0%	76.2%	77.9%
Net gearing	3.1%	-6.1%	-37.1%	88.7%	65.1%	55.3%	39.9%	16.5%	-2.9%	-18.9%	-31.7%

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	886	1,063	1,284
Paid taxes	0	0	-21	-34	-35	-167	-116	-126	-163	-205	-262
Net financials	0	0	7	65	79	80	33	22	-9	-8	-5
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	15	15	17
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	729	865	1,034
Change in NWC	n.a.	n.a.	9	-20	-95	-133	-87	-103	-142	-101	-125
Cash flow from operations (CFO)	n.a.	n.a.	217	117	195	187	460	581	587	764	909
Capital expenditure	0	0	-10	-23	-30	-27	-27	-27	-33	-39	-45
Free cash flow before A&D	n.a.	n.a.	207	94	165	160	433	554	554	725	864
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	554	725	864
Free cash flow bef A&D, lease adj	n.a.	n.a.	207	83	146	136	396	512	504	667	796
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	-500	-200	0
Other financing adjustments	0	0	0	0	0	0	-34	-55	-58	-67	-77
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	-54	358	687
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	574	574	574
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	11,000	15,850	31,125	28,675	28,675	28,675
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	11,998	16,676	31,527	28,589	28,000	27,280
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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