

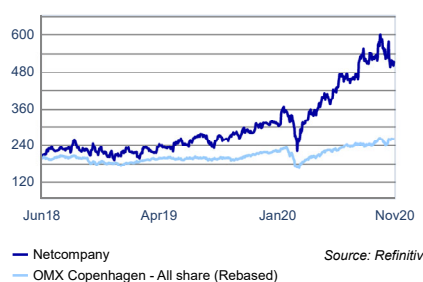
Netcompany

Telecom Equipment and IT
Denmark

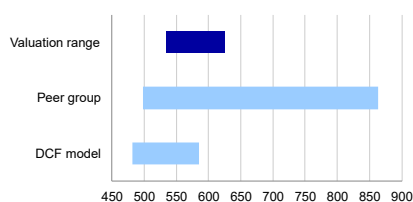
KEY DATA

Stock country	Denmark
Bloomberg	NETC.DC
Reuters	NETCG.CO
Share price (close)	DKK 513
Free Float	85%
Market cap. (bn)	EUR 3.45/DKK 25.65
Website	www.netcompany.com
Next report date	

PERFORMANCE



VALUATION APPROACH (DKK)



ESTIMATE CHANGES

Year	2020E	2021E	2022E
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

CMD – plenty of market potential

Netcompany's CMD was mainly educational, which was expected following its recent Q3 report, changed 2020 guidance, and announced 2021 expectations. Our key takeaway from the CMD was solid potential, notably within the Danish public sector (unchanged), while Norway came across as very optimistic. The Netherlands division also appears to be on a good track. The UK is in a difficult spot, which leaves its potential at question, in our view. Two client cases were presented, confirming Netcompany's many qualities and strong position in Denmark. We reiterate our combined DCF- and peer-group-based valuation of DKK 525-615 per share.

Software revenue: Interesting, but some patience seems needed

The Govtech framework was mentioned several times, which covers a catalogue of codes that can be reused. According to the presentations, all divisions expect to leverage the framework, mainly to improve quality and efficiency, rather than as a margin driver. The newly established JV with CPH Airport appears interesting, although the potential seems to be years into the future. No tangible data was communicated, but the JV will tap into a EUR 2bn market in Europe alone.

Strong review given by the public client ATP

To give a better understanding of Netcompany from a client perspective, ATP and CPH Airport were invited. ATP has awarded the company several large projects and appeared very satisfied with the strong delivery model and its performance in general. A pragmatic, strong focus on its targets and goals, working closely with the client, and a strict way of approaching requirements were all mentioned as key success factors that differentiate Netcompany from most of its competitors.

Denmark: Plenty of opportunities ahead

According to Netcompany, the potential from taking market shares is significant (today: ~10%). As much as DKK ~12bn worth of new tenders and retenders are expected for 2020-22 in the public sector, a segment where Netcompany has captured ~70% market share in 2020E.

Norway: Win rate seems to have turned the corner

Without giving any numbers, Norway said it believes it has turned the corner based on the number of projects won in the past couple of months. The Q4 project pipeline also looks promising.

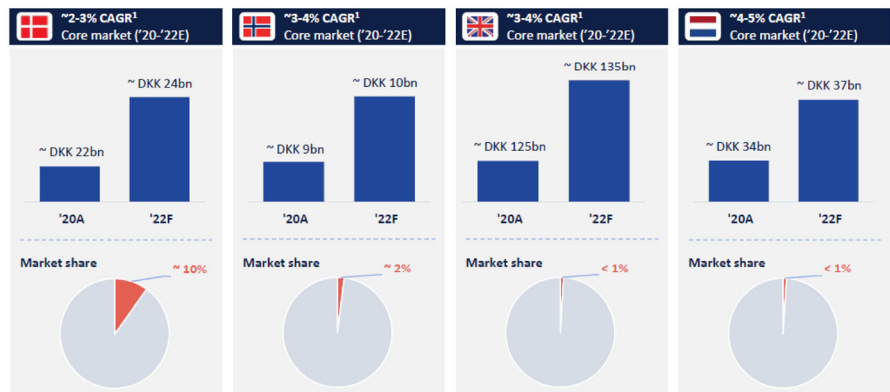
SUMMARY TABLE - KEY FIGURES

DKKm	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	900	1,416	2,053	2,454	2,846	3,355	3,866
EBITDA (adj)	268	435	555	674	768	912	1,072
EBIT (adj)	162	306	399	516	631	820	995
EBIT (adj) margin	18.0%	21.6%	19.4%	21.0%	22.2%	24.4%	25.7%
EPS (adj, DKK)	0.97	3.33	4.14	7.84	9.07	12.72	15.46
EPS (adj) growth	-74.0%	241.4%	24.3%	89.5%	15.7%	40.3%	21.5%
DPS (ord, DKK)	0.00	0.00	0.00	0.00	1.50	2.00	2.00
EV/Sales	n.a.	n.a.	5.8	6.8	9.2	7.6	6.5
EV/EBIT (adj)	n.a.	n.a.	30.0	32.3	41.3	31.2	25.2
P/E (adj)	n.a.	n.a.	53.2	40.4	56.6	40.3	33.2
P/BV	n.a.	n.a.	6.1	7.7	10.2	8.3	6.8
Dividend yield (ord)	n.a.	n.a.	0.0%	0.0%	0.3%	0.4%	0.4%
FCF Yield bef A&D, lease	n.a.	n.a.	1.2%	2.5%	1.6%	2.2%	2.6%
Net debt	1,118	1,070	998	826	426	-51	-611
Net debt/EBITDA	4.8	2.7	1.9	1.2	0.6	-0.1	-0.6
ROIC after tax	9.3%	8.8%	10.7%	13.3%	15.9%	26.0%	30.4%

Source: Company data and Nordea estimates

CMD: New markets to be added

NETCOMPANY: MARKET OVERVIEW



Note: Market analysis conducted by IDC in 2019 is combined with Gartner's pace layer system (system of innovation, systems of differentiation and systems of records).

Source: Company data and Nordea

New markets to be added

Plans for Sweden and Finland

Netcompany continues to target Sweden and Finland as possible new markets.

The strategy for Sweden seems to be moving away from an expansion based on a greenfield startup. We believe this is due to a lack of businesses up for sale with the right skills and setup at the right price. Once established, Netcompany plans to make bolt-on acquisitions. It aims to establish an office in Stockholm during 2021, in conjunction with a customer win.

In contrast to Sweden, Netcompany plans to enter Finland via an acquisition, although this will probably not happen within the next 12 months.

NETCOMPANY: MARKET EXPOSURE



Source: Company data and Nordea

Denmark: Still significant potential

Netcompany believes that the overall potential in Denmark is still significant, and that the current ~10% market share leaves ample room for continued market share gains. The presentation from the Danish division unfortunately did not include many concrete details about progress made within the private sector, eg any large transformational IT projects in its pipeline.

Within the public sector, the total value of known new tenders and retenders that will come to the market is DKK ~12bn for 2020-22. Netcompany expects a ~70% win rate for the tenders in which it has participated during 2020.

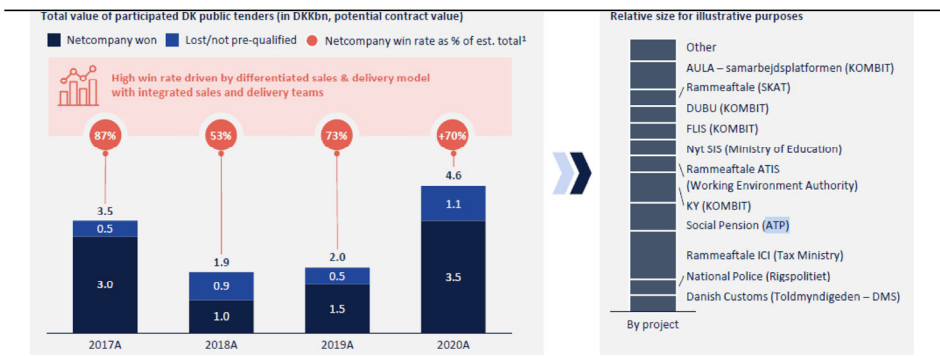
DKK 12bn in new tenders and retenders between 2020 and 2022

KNOWN TENDERS WITHIN THE DANISH PUBLIC SECTOR



Source: Company data and Nordea

PUBLIC TENDERS IN WHICH NETCOMPANY HAS PARTICIPATED



High win rate

Source: Company data and Nordea

Norway believes it has turned the corner

Norway has turned the corner

According to local management, the Norwegian division has turned the corner and a number of project wins have added to the optimism. Part of the success may be attributable to a strengthened organisation following a number of new hires, including three new partners and 12 new managers, but also closer cooperation with the Danish division.

Based on its improved order intake, the activity level should improve from Q4, and hence better utilisation and profitability should be expected. Moreover, the pipeline supports additional wins in Q4.

The Netherlands: Financial targets expected to be reached by 2022

The Netherlands: Financial targets expected to be reached by 2022

The Netherlands division is the star performer among the acquisitions that Netcompany has made outside Denmark. Growth has been impressive in 2020 and margins have followed the same strong trend. Furthermore, the combination of a core market worth DKK 34bn and less than a 1% market share suggests that the potential is significant.

Supported by its performance so far, Netcompany expects the Dutch operation to achieve its financial targets (revenue growth and EBITA margin both within the range of 20-25%) by 2022.

UK: 2020 is a lost year

UK: 2020 is a lost year

There is no doubt that the UK division is enduring a very difficult 2020, which local management describes as a lost year. The COVID-19 pandemic is the key reason for the disappointing performance, and after the CMD we now have the impression that the recovery will not be quick.

Currently, the UK division is working with a number of the biggest government departments. Its strategy is to increase its share of wallet and participate in more (also larger) tenders. Management also believes Brexit could turn out to be a big opportunity when it comes to IT projects.

While management appears optimistic about building/rebuilding the pipeline, we argue that achieving the financial targets will take time.

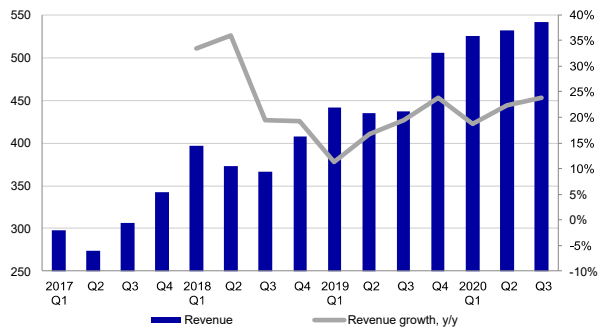
Netcompany: Quarterly numbers

NETCOMPANY: QUARTERLY NUMBERS (DKKm and DKK)

	2017				2018				2019				2020		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	333	302	338	443	517	503	490	543	598	593	592	671	696	676	695
Production cost	192	179	171	261	319	306	282	329	364	370	336	387	421	416	401
Gross profit	141	124	166	182	198	196	208	214	234	223	256	284	275	260	293
Sales & marketing	2	2	3	3	3	4	2	3	3	3	3	3	4	4	4
Administration	43	48	47	64	68	73	69	81	84	93	89	101	106	95	94
Special items	0	-2	-14	-16	-8	-27	0	0	-1	-3	-1	0	0	0	0
EBITA	96	72	103	99	120	93	136	131	146	123	164	180	164	161	195
Amortisation	24	23	23	27	29	29	29	28	26	25	26	25	25	25	25
EBIT	72	49	80	72	91	64	107	102	120	99	138	155	139	136	170
Net financial items	-24	-18	-18	-12	-25	-65	-8	-10	6	-21	-4	5	-19	-16	-6
Pre-tax profit	48	31	62	61	67	-2	99	92	126	78	134	160	120	120	164
Taxes	12	8	19	20	15	15	21	23	28	16	31	34	27	24	36
Net profit	36	22	43	40	51	-17	78	68	99	62	102	126	93	96	128
Revenue visibility	-	-	-	-	1,461	1,676	2,025	-	1,786	2,106	2,387	2,454	2,132	2,484	2,720
% of FY revenue	-	-	-	-	-	81.6%	98.6%	-	72.8%	85.8%	97.3%	100.0%	74.9%	87.3%	95.6%
In/out orders	-	-	-	-	281	215	349	28	207	319	282	67	304	352	236
Growth, y/y	-	-	-	-	-	-	-	-	-26.3%	48.3%	-19.3%	137.0%	46.9%	10.2%	-16.2%
EPS	0.7	0.5	0.9	0.9	1.0	-0.3	1.6	1.4	2.0	1.3	2.1	2.5	1.9	2.0	2.6
EPS growth, y/y	-	-	-	-	-39.2%	-	-77.5%	52.0%	94.2%	-	-32.3%	83.8%	-5.5%	55.6%	24.9%
Tax rate	25.2%	27.4%	30.3%	33.4%	23.1%	-	21.0%	25.3%	21.9%	20.5%	23.4%	21.2%	22.4%	19.9%	21.9%
Revenue growth, y/y	-	-	-	-	55.3%	66.2%	45.3%	22.5%	15.6%	18.0%	20.8%	23.5%	16.4%	13.9%	17.3%
Gross margin	42.2%	40.9%	49.3%	41.1%	38.3%	39.1%	42.4%	39.4%	39.1%	37.5%	43.2%	42.3%	39.5%	38.4%	42.2%
EBITDA	-	-	106	-	130	103	148	140	158	137	178	196	180	170	204
EBITDA margin	-	-	31.5%	-	25.1%	20.5%	30.1%	25.8%	26.5%	23.1%	30.1%	29.2%	25.9%	25.2%	29.4%
Incremental EBITA margin, adj	-	-	-	-	17.4%	7.9%	12.6%	15.4%	24.1%	40.2%	27.3%	38.6%	17.2%	42.7%	30.5%
EBITA, adj	96	74	117	115	128	90	136	131	147	126	164	180	164	161	195
EBITA margin, adj	28.8%	24.5%	34.7%	26.0%	24.7%	17.8%	27.8%	24.0%	24.6%	21.3%	27.7%	26.8%	23.6%	23.9%	28.1%
EBITA margin	28.8%	23.7%	30.4%	22.3%	23.2%	18.4%	27.8%	24.0%	24.5%	20.8%	27.6%	26.8%	23.6%	23.9%	28.1%
EBIT margin	21.6%	16.3%	23.7%	16.3%	17.6%	12.7%	21.9%	18.8%	20.2%	16.7%	23.2%	23.0%	20.0%	20.1%	24.5%
PTP margin	14.4%	10.2%	18.3%	13.7%	12.9%	-0.3%	20.2%	16.9%	21.1%	13.1%	22.6%	23.8%	17.2%	17.7%	23.6%
FCF	39	-15	44	-23	84	24	48	23	74	80	126	116	95	103	149
Revenue (12m)	-	-	-	1,416	1,600	1,801	1,953	2,053	2,134	2,224	2,326	2,454	2,552	2,634	2,737
Revenue growth (12m)	-	-	-	-	-	-	-	45.0%	33.3%	23.5%	19.1%	19.5%	19.6%	18.4%	17.7%
EBITA adj (12M)	-	-	-	402	434	450	469	484	504	540	568	617	634	669	701
EBITA margin, adj (12M)	-	-	-	28.4%	27.1%	25.0%	24.0%	23.6%	23.6%	24.3%	24.4%	25.2%	24.9%	25.4%	25.6%
Incremental EBITA margin (12M)	-	-	-	-	-	-	-	12.9%	13.1%	21.3%	26.6%	33.2%	31.2%	31.5%	32.3%
Revenue, Public	153	145	188	245	286	268	278	321	351	342	356	407	433	442	436
Revenue, private	180	157	150	199	231	235	213	222	247	252	236	264	262	233	258
Revenue growth, Public	-	-	-	-	87.3%	84.4%	47.8%	31.2%	22.7%	27.5%	28.4%	26.8%	23.5%	29.5%	22.4%
Revenue growth, private	-	-	-	-	28.2%	49.5%	42.2%	11.8%	6.8%	7.2%	10.8%	18.8%	6.2%	-7.2%	9.6%
Development revenue	141	132	163	211	223	217	260	305	330	290	299	339	356	347	380
Maintenance revenue	192	170	175	232	294	285	230	239	268	303	293	332	340	328	315
Netcompany Denmark:															
Revenue, Denmark	298	274	307	342	397	372	366	408	442	435	437	505	525	532	541
Revenue growth, Denmark	-	-	-	-	33.4%	35.9%	19.4%	19.3%	11.2%	16.7%	19.4%	23.9%	18.7%	22.3%	23.9%
EBITA adj. before HQ costs, Denmark	88	69	112	98	115	107	131	127	130	119	152	169	157	170	199
EBITA margin adj. before HQ costs, Denmark	29.5%	25.3%	36.6%	28.5%	29.0%	28.6%	35.9%	31.2%	29.4%	27.3%	34.8%	33.5%	29.9%	31.9%	36.8%
EBITA margin adj, Denmark (12M)	-	-	-	30.1%	29.9%	30.4%	30.5%	31.1%	31.2%	30.7%	30.7%	31.3%	31.4%	32.4%	33.0%
Netcompany Norway															
Revenue, Norway	35	28	31	40	43	41	40	47	55	47	45	53	55	43	44
Revenue growth, Norway	-	-	-	-	21.4%	45.2%	29.8%	19.7%	29.3%	14.1%	13.2%	12.4%	-0.4%	-8.7%	-3.1%
EBITA adj. before HQ costs, Norway	8	5	8	11	10	8	8	7	15	7	7	6	8	6	3
EBITA margin adj. before HQ costs, Norway	22.2%	16.6%	26.2%	26.8%	23.0%	19.7%	18.7%	15.6%	27.0%	14.7%	15.9%	10.7%	13.8%	13.8%	6.4%
EBITA margin adj, Norway (12M)	-	-	-	23.3%	23.5%	23.7%	22.0%	19.2%	20.6%	19.4%	18.7%	17.3%	13.7%	13.5%	11.3%
Netcompany UK															
Revenue, UK	-	-	-	40	77	89	84	88	101	104	96	95	98	80	80
Revenue growth, UK	-	-	-	-	-	-	-	122.0%	30.5%	17.3%	13.7%	8.5%	-2.3%	-23.2%	-16.2%
EBITA adj. before HQ costs, , UK	-	-	-	12	8	10	6	5	11	12	16	16	11	0	-3
EBITA margin adj. before HQ costs, UK	-	-	-	31.3%	10.1%	11.7%	7.1%	5.7%	11.0%	11.8%	16.6%	16.5%	11.5%	-0.1%	-3.9%
EBITA margin adj, UK (12M)	-	-	-	-	-	-	-	12.6%	8.6%	9.0%	9.1%	11.4%	13.9%	14.0%	11.6%
Netcompany Holland															
Revenue, Netherlands	-	-	-	-	-	-	-	-	-	7	14	16	18	21	29
Revenue growth, Netherlands	-	-	-	-	-	-	-	-	-	-	-	-	-	-	107.9%
EBITA adj. before HQ costs, , Holland	-	-	-	-	-	-	-	-	-	-1	-2	-3	1	2	6
EBITA margin adj. before HQ costs, Holland	-	-	-	-	-	-	-	-	-	-15.5%	-13.6%	-17.2%	6.2%	11.4%	20.6%
EBITA margin adj, Holland (12M)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

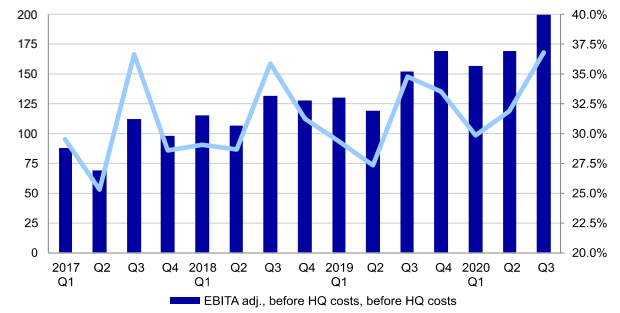
Source: Company data and Nordea

NETCOMPANY, DENMARK: REVENUE (DKKm)



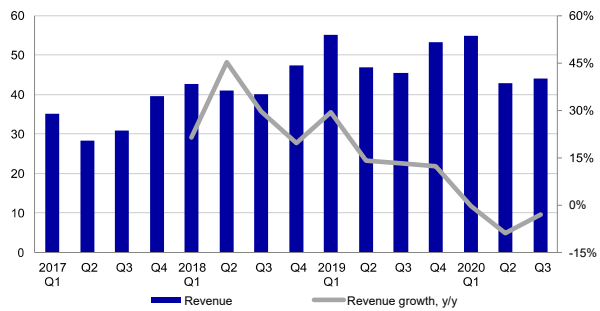
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NETCOMPANY, DENMARK: ADJUSTED EBITA (DKKm)



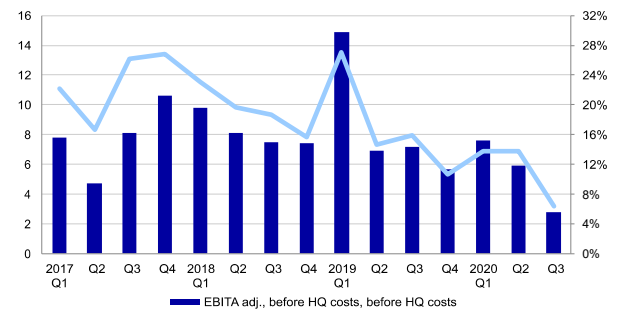
Source: Company data and Nordea

NETCOMPANY, NORWAY: REVENUE (DKKm)



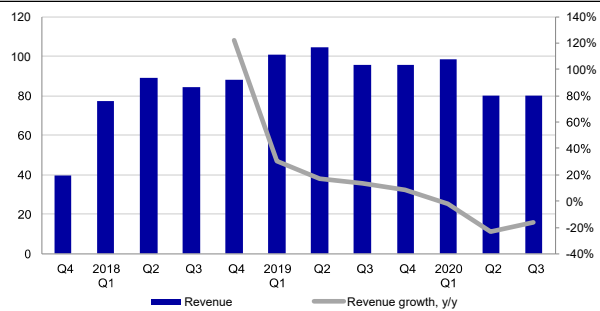
Source: Company data and Nordea

NETCOMPANY, NORWAY: ADJUSTED EBITA (DKKm)



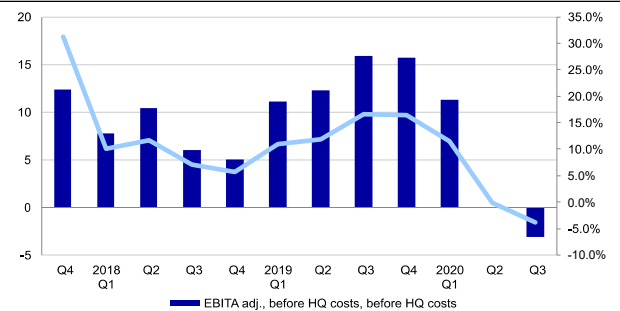
Source: Company data and Nordea

NETCOMPANY, UK: REVENUE (DKKm)



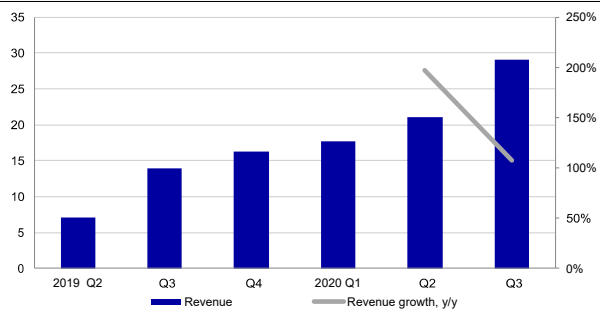
Source: Company data and Nordea

NETCOMPANY, UK: EBITA ADJUSTED (DKKm)



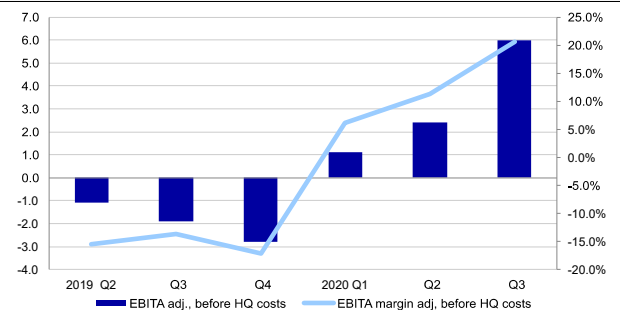
Source: Company data and Nordea

NETCOMPANY, HOLLAND: REVENUE (DKKm)



Source: Company data and Nordea

NETCOMPANY, HOLLAND: EBITA ADJUSTED (DKKm)



Source: Company data and Nordea

Netcompany: Full-year numbers

NETCOMPANY: FULL-YEAR NUMBERS (DKKm)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Revenue	327	400	461	629	758	900	1,416	2,053	2,454	2,846	3,355	3,866
Production cost	-	-	-	-	447	527	803	1,237	1,458	1,706	2,005	2,289
Gross profit	-	-	-	-	311	373	613	817	996	1,140	1,351	1,577
Sales & marketing	-	-	-	-	4	4	10	12	12	13	16	18
Administration	-	-	-	-	100	121	201	290	367	415	489	564
Special items	-	-	-	-	0	-35	-33	-34	-4	0	0	0
EBITDA	108	103	91	157	228	233	402	520	669	768	912	1,072
Depreciation	4	6	9	8	9	32	34	40	56	57	67	77
Amortisation	0	0	0	-2	12	0	0	0	0	0	0	0
EBITA	105	98	81	150	207	201	369	480	613	711	845	995
Amortisation	0	2	2	2	0	74	96	115	102	80	25	0
EBIT	105	96	80	149	207	127	273	365	511	631	820	995
Net financial items	0	-2	1	1	0	-62	-73	-109	-14	-44	-5	-4
Pre-tax profit	105	94	81	150	208	65	200	256	497	588	815	991
Taxes	26	7	8	15	20	44	59	74	109	134	179	218
Net profit	79	88	73	134	188	21	141	181	389	453	636	773
One-off items	0	0	0	0	0	-35	-33	-34	-4	0	0	0
EPS	-	-	-	-	-	-	2.8	3.7	7.9	9.1	12.7	15.5
EPS growth, y/y	-	-	-	-	-	-	-	29.7%	116.7%	14.6%	40.3%	21.5%
Tax rate	25.0%	7.0%	9.3%	10.2%	9.6%	67.1%	29.7%	29.1%	21.9%	22.8%	22.0%	22.0%
Revenue growth, y/y	25.3%	22.3%	15.0%	36.6%	20.5%	18.7%	57.4%	45.0%	19.5%	16.0%	17.9%	15.2%
Gross margin	-	-	-	-	41.1%	41.4%	43.3%	39.8%	40.6%	40.0%	40.2%	40.8%
EBITDA margin	33.1%	25.8%	19.8%	24.9%	30.1%	25.9%	28.4%	25.3%	27.3%	27.0%	27.2%	27.7%
EBITA, adj	105	98	81	150	207	236	402	514	617	711	845	995
EBITA margin, adj	32.0%	24.4%	17.7%	23.9%	27.4%	26.3%	28.4%	25.0%	25.2%	25.0%	25.2%	25.7%
EBITA margin	32.0%	24.4%	17.7%	23.9%	27.4%	22.3%	26.0%	23.4%	25.0%	25.0%	25.2%	25.7%
EBIT margin	32.0%	24.0%	17.3%	23.6%	27.4%	14.1%	19.3%	17.8%	20.8%	22.2%	24.4%	25.7%
Net profit, adj.	79	89	75	136	188	106	241	298	471	516	656	773
CFFO	-	-	-	-	217	117	195	187	460	443	601	714
Capex	-5	-16	-16	-4	-18	-2,539	-150	-27	-65	-40	-34	-73
FCF	-	-	-	-	207	-2,422	45	160	396	403	568	641
Revenue, Public	-	-	-	-	312	368	730	1,152	1,456	1,480	2,097	2,231
Revenue, private	-	-	-	-	447	531	686	901	998	1,048	1,258	1,635
Revenue growth, Public	-	-	-	-	-	18.3%	98.2%	57.8%	26.3%	1.7%	41.7%	6.3%
Revenue growth, private	-	-	-	-	-	19.0%	29.1%	31.4%	10.8%	5.0%	20.0%	30.0%
Development revenue	-	-	-	-	347	439	647	1,005	1,258	1,427	1,263	1,289
Public customers	-	-	-	-	137	167	440	575	738	581	608	438
Private customers	-	-	-	-	210	272	206	430	520	546	655	852
Maintenance revenue	-	-	-	-	411	461	769	1,048	1,196	1,401	2,093	2,577
Public customers	-	-	-	-	175	202	290	577	718	899	1,490	1,793
Private customers	-	-	-	-	236	260	479	471	478	502	603	784
Netcompany Denmark:												
Revenue, Denmark	327	400	461	629	758	888	1,220	1,544	1,819	2,215	2,634	3,024
Revenue growth, Denmark	25.3%	22.3%	15.0%	36.6%	20.5%	18.7%	37.4%	26.5%	17.8%	21.8%	18.9%	14.8%
EBITA adj. before HQ costs, DK	105	98	81	150	207	234	358	461	544	633	749	871
EBITA margin adj. before HQ costs, DK	32.0%	24.4%	17.7%	23.9%	27.4%	26.4%	29.4%	29.8%	29.9%	28.6%	28.4%	28.8%
Netcompany Norway												
Revenue, Norway	-	-	-	-	-	12	134	171	203	203	234	275
Revenue growth, Norway	-	-	-	-	-	-	1044.4%	27.9%	18.6%	0.0%	15.0%	17.5%
EBITA adj. before HQ costs, Norway	-	-	-	-	-	2	31	31	32	33	40	48
EBITA margin adj. before HQ costs, Norway	-	-	-	-	-	17.1%	23.1%	17.9%	15.9%	16.4%	16.9%	17.4%
Netcompany UK												
Revenue, UK	-	-	-	-	-	-	62	338	395	339	373	429
Revenue growth, UK	-	-	-	-	-	-	-	446.2%	16.7%	-14.0%	10.0%	15.0%
EBITA adj. before HQ costs, , UK	-	-	-	-	-	-	12	23	48	45	57	76
EBITA margin adj. before HQ costs, UK	-	-	-	-	-	-	20.0%	6.8%	12.2%	13.2%	15.2%	17.7%
Netcompany Holland												
Revenue, Netherlands	-	-	-	-	-	-	-	-	37	88	115	138
Revenue growth, Netherlands	-	-	-	-	-	-	-	-	-	135.8%	30.0%	20.0%
EBITA adj. before HQ costs, , Holland	-	-	-	-	-	-	-	-	-7	4	9	14
EBITA margin adj. before HQ costs, Holland	-	-	-	-	-	-	-	-	-17.4%	5.0%	7.5%	10.0%

Source: Company data and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

DKKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	400	461	629	758	900	1,416	2,053	2,454	2,846	3,355	3,866
Revenue growth	22.3%	15.0%	36.6%	20.5%	18.7%	57.4%	45.0%	19.5%	16.0%	17.9%	15.2%
of which organic	n.a.	n.a.	n.a.	20.5%	17.1%	37.0%	25.5%	17.7%	15.1%	17.9%	15.2%
of which FX	n.a.	n.a.	n.a.	0.0%	0.0%	0.3%	0.1%	0.0%	-1.0%	0.0%	0.0%
EBITDA	103	91	157	228	233	402	520	669	768	912	1,072
Depreciation and impairments PPE	-6	-10	-7	-21	-32	-34	-40	-56	-57	-67	-77
of which leased assets	0	0	0	0	-11	-19	-24	-37	-42	-50	-58
EBITA	98	81	150	207	201	369	480	613	711	845	995
Amortisation and impairments	-2	-2	-2	0	-74	-96	-115	-102	-80	-25	0
EBIT	96	80	149	207	127	273	365	511	631	820	995
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	-2	1	1	0	-62	-73	-110	-14	-44	-5	-4
of which lease interest	0	0	0	0	0	-1	-1	-3	-3	-3	-3
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	94	81	150	208	65	200	254	497	588	815	991
Reported taxes	-7	-8	-15	-20	-44	-59	-74	-109	-134	-179	-218
Net profit from continued operations	88	73	134	188	21	141	180	389	453	636	773
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	88	73	134	188	21	141	180	389	453	636	773
EPS, DKK	1.75	1.47	2.69	3.75	0.43	2.81	3.60	7.77	9.07	12.72	15.46
DPS, DKK	n.a.	n.a.	-2.00	-2.33	0.00	0.00	0.00	0.00	1.50	2.00	2.00
of which ordinary	0.66	0.60	-2.00	-2.33	0.00	0.00	0.00	0.00	1.50	2.00	2.00
of which extraordinary	n.a.	n.a.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Profit margin in percent

EBITDA	25.8%	19.8%	24.9%	30.1%	25.9%	28.4%	25.3%	27.3%	27.0%	27.2%	27.7%
EBITA	24.4%	17.7%	23.9%	27.4%	22.3%	26.0%	23.4%	25.0%	25.0%	25.2%	25.7%
EBIT	24.0%	17.3%	23.6%	27.4%	14.1%	19.3%	17.8%	20.8%	22.2%	24.4%	25.7%

Adjusted earnings

EBITDA (adj)	103	91	157	228	268	435	555	674	768	912	1,072
EBITA (adj)	98	81	150	207	236	402	514	617	711	845	995
EBIT (adj)	96	80	149	207	162	306	399	516	631	820	995
EPS (adj, DKK)	1.75	1.47	2.69	3.75	0.97	3.33	4.14	7.84	9.07	12.72	15.46

Adjusted profit margins in percent

EBITDA (adj)	25.8%	19.8%	24.9%	30.1%	29.8%	30.7%	27.0%	27.5%	27.0%	27.2%	27.7%
EBITA (adj)	24.4%	17.7%	23.9%	27.4%	26.3%	28.4%	25.0%	25.2%	25.0%	25.2%	25.7%
EBIT (adj)	24.0%	17.3%	23.6%	27.4%	18.0%	21.6%	19.4%	21.0%	22.2%	24.4%	25.7%

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	23.1%	23.7%	22.4%	28.7%	34.8%	31.3%	30.3%	30.1%	22.2%
EBITDA	n.m.	n.m.	16.8%	20.6%	16.6%	31.2%	41.7%	33.7%	27.5%	31.4%	21.7%
EBIT	n.m.	n.m.	15.5%	19.3%	4.0%	23.2%	35.5%	28.0%	24.9%	45.2%	29.5%
EPS	n.a.	n.a.	19.2%	23.8%	-23.0%	9.9%	19.6%	23.7%	19.3%	97.2%	40.6%
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	n.a.	26.2%	24.8%	24.7%	20.9%	20.1%	19.5%	19.6%	19.7%	21.4%	22.8%
Average EBITDA margin	n.a.	27.8%	26.4%	26.7%	25.8%	26.7%	26.8%	27.1%	26.8%	27.0%	27.0%

VALUATION RATIOS - ADJUSTED EARNINGS

DKKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	53.2	40.4	56.6	40.3	33.2
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	21.6	24.8	33.9	28.1	23.4
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	23.3	27.0	36.7	30.3	25.2
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	30.0	32.3	41.3	31.2	25.2

VALUATION RATIOS - REPORTED EARNINGS

DKKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	61.1	40.8	56.6	40.3	33.2
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	5.84	6.80	9.16	7.63	6.48
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	23.1	24.9	33.9	28.1	23.4
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	25.0	27.2	36.7	30.3	25.2
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	32.9	32.6	41.3	31.2	25.2
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.0%	0.0%	0.3%	0.4%	0.4%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.5%	2.5%	1.8%	2.4%	2.8%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.2%	2.5%	1.6%	2.2%	2.6%
Payout ratio	n.a.	n.a.	n.m.	n.m.	0.0%	0.0%	0.0%	0.0%	16.5%	15.7%	12.9%

Source: Company data and Nordea estimates

BALANCE SHEET

DKKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Intangible assets	2	2	1	4	2,373	2,604	2,485	2,551	2,471	2,446	2,446
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	2	2	1	4	489	495	376	286	286	286	286
of which goodwill	0	0	0	0	1,884	2,109	2,109	2,264	2,184	2,159	2,159
Tangible assets	15	20	14	20	41	55	117	146	168	194	222
of which leased assets	0	0	0	12	25	31	83	101	109	119	128
Shares associates	0	0	0	0	0	0	0	0	0	0	0
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	11	11	11	11	0	0	1	4	0	0	0
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	3	4	3	4	5	9	13	16	0	0	0
Total non-current assets	31	37	30	39	2,420	2,667	2,616	2,716	2,639	2,640	2,668
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	113	107	146	180	258	445	458	531	616	727	837
Short-term leased assets	0	0	0	11	19	24	37	42	50	58	67
Other current assets	77	101	190	174	103	139	268	305	403	475	547
Cash and bank	16	1	13	111	60	194	108	132	345	318	672
Total current assets	206	209	349	477	441	802	869	1,011	1,414	1,577	2,124
Assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total assets	236	246	379	516	2,860	3,470	3,486	3,728	4,053	4,217	4,792
Shareholders equity	68	108	213	300	1,261	1,644	1,806	2,072	2,525	3,086	3,759
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	68	108	213	300	1,261	1,644	1,806	2,072	2,525	3,086	3,759
Deferred tax	0	7	0	0	111	112	89	73	73	73	73
Long term interest bearing debt	14	6	0	0	1,178	1,265	1,106	959	759	259	59
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	0	6	14	18	54	65	70	76	82
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	14	13	0	6	1,303	1,395	1,249	1,128	935	445	253
Short-term provisions	0	0	0	5	9	30	36	4	4	5	6
Accounts payable	13	14	12	19	27	51	54	44	51	60	69
Current lease debt	5	4	1	6	12	14	29	39	43	46	50
Other current liabilities	91	79	149	180	222	336	310	441	495	575	655
Short term interest bearing debt	46	28	5	0	28	0	0	0	0	0	0
Total current liabilities	155	125	166	210	297	431	430	528	593	686	779
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	237	246	379	516	2,860	3,469	3,485	3,728	4,053	4,217	4,792
Balance sheet and debt metrics											
Net debt	49	3	-13	-111	1,118	1,070	998	826	426	-51	-611
of which lease debt	5	4	1	12	25	31	83	104	112	122	132
Working capital	86	115	175	155	113	198	361	351	473	567	661
Invested capital	116	152	205	195	2,533	2,865	2,977	3,068	3,112	3,207	3,329
Capital employed	133	146	218	312	2,492	2,940	2,996	3,134	3,396	3,467	3,949
ROE	n.m.	83.5%	83.8%	73.2%	2.7%	9.7%	10.4%	20.0%	19.7%	22.7%	22.6%
ROIC	70.2%	46.5%	65.0%	81.0%	9.3%	8.8%	10.7%	13.3%	15.9%	26.0%	30.4%
ROCE	77.5%	58.9%	83.7%	79.5%	11.7%	11.6%	13.8%	18.1%	19.8%	23.9%	26.8%
Net debt/EBITDA	0.5	0.0	-0.1	-0.5	4.8	2.7	1.9	1.2	0.6	-0.1	-0.6
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	28.6%	44.0%	56.1%	58.2%	44.1%	47.4%	51.8%	55.6%	62.3%	73.2%	78.5%
Net gearing	72.0%	3.1%	-6.1%	-37.1%	88.7%	65.1%	55.3%	39.9%	16.9%	-1.6%	-16.3%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

DKKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
EBITDA (adj) for associates	103	91	157	228	233	402	520	669	768	912	1,072
Paid taxes	0	0	0	-21	-34	-35	-167	-116	-134	-179	-218
Net financials	0	0	0	7	65	79	80	33	-44	-5	-4
Change in provisions	-5	0	0	5	4	21	6	-33	1	1	1
Change in other LT non-IB	-12	-1	1	-1	9	-3	-6	26	22	3	3
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.	-11	-141	-174	-114	-33	0	0	0
Funds from operations (FFO)	n.a.	n.a.	n.a.	208	137	290	319	547	613	732	854
Change in NWC	n.a.	n.a.	n.a.	9	-20	-95	-133	-87	-122	-93	-94
Cash flow from operations (CFO)	n.a.	n.a.	n.a.	217	117	195	187	460	491	639	760
Capital expenditure	0	0	0	-10	-23	-30	-27	-27	-28	-34	-39
Free cash flow before A&D	n.a.	n.a.	n.a.	207	94	165	160	433	462	605	721
Proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	0	0	0	0	-2,516	-120	0	-37	0	0	0
Free cash flow	n.a.	n.a.	n.a.	207	-2,422	45	160	396	462	605	721
Free cash flow bef A&D, lease adj	n.a.	n.a.	n.a.	207	83	146	136	396	420	555	664
Dividends paid	n.a.	n.a.	n.a.	-100	-116	0	0	0	0	-75	-100
Equity issues / buybacks	n.a.	n.a.	n.a.	0	0	0	0	-175	0	0	0
Net change in debt	n.a.	n.a.	n.a.	0	0	0	0	-200	-200	-500	-200
Other financing adjustments	0	0	0	0	0	0	0	-34	-50	-57	-67
Other non-cash adjustments	n.a.	n.a.	n.a.	-8	2,487	90	-246	30	0	0	0
Change in cash	-21	-15	12	99	-52	135	-87	25	213	-27	354
Cash flow metrics											
Capex/D&A	0.0%	0.0%	0.0%	46.5%	22.0%	23.3%	17.5%	17.4%	20.8%	n.m.	n.m.
Capex/Sales	0.0%	0.0%	0.0%	1.3%	2.6%	2.1%	1.3%	1.1%	1.0%	1.0%	1.0%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	220	317	513	513	513
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	11,000	15,850	25,650	25,650	25,650
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	11,998	16,676	26,076	25,599	25,039
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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Nordea Bank Abp	Nordea Bank Abp, filial i Sverige	Nordea Danmark, Filial af Nordea Bank Abp, Finland	Nordea Bank Abp, filial i Norge
Nordea Markets Division, Research Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland Tel: +358 9 1651 Fax: +358 9 165 59710 Reg.no. 2858394-9 Satamaradankatu 5 Helsinki	Nordea Markets Division, Research Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden Tel: +46 8 614 7000 Fax: +46 8 534 911 60	Nordea Markets Division, Research Visiting address: Grønjørdsvej 10 DK-2300 Copenhagen S Denmark Tel: +45 3333 3333 Fax: +45 3333 1520	Nordea Markets Division, Research Visiting address: Essendropsgate 7 N-0107 Oslo Norway Tel: +47 2248 5000 Fax: +47 2256 8650