

## Netcompany

Telecom Equipment and IT  
Denmark

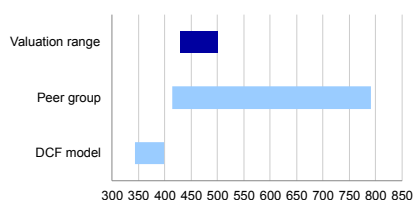
## KEY DATA

Stock country	Denmark
Bloomberg	NETC DC
Reuters	NETCG.CO
Share price (close)	DKK 470.2
Free Float	85%
Market cap. (bn)	EUR 3.16/DKK 23.51
Website	www.netcompany.com
Next report date	06 Nov 2020

## PERFORMANCE



## VALUATION APPROACH



## 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

## ~85% of revenue secured by revenue visibility

Netcompany had a solid Q2, again mainly driven by a strong performance by the Danish operation, while the UK and Norway suffered a visible negative impact from COVID-19 and the ensuing lockdowns, as they have fewer multi-year governmental contracts in the backlog. The implicit H2 revenue growth guidance is a demanding 21-25% y/y but "just" 12-15% compared to the revenue level achieved in H1, as H2 will be benefit from an easier comparison. We maintain our combined DCF- and peer group-based valuation of DKK 450-525 per share and leave our estimates unchanged.

## Q2 2020 beat

Netcompany beat company-compiled consensus revenue by 1% and EBITA by 5%, as the EBITA margin expanded by 2.6 pp y/y. Margins in Norway and the UK were hit by under-utilisation caused by a sharp decline in their private segments; hence an improvement should be expected when activity increases.

## In/out orders: 10% growth y/y

Q2 in/out orders were DKK 352m, up 10% y/y and 40% higher than our estimate. The solid in/out order performance was driven by a number of important/major wins in the UK and Holland, but obviously not including the effects from the projects becoming firm or announced in July.

## Revenue visibility: 88% compared to consensus revenue

At the end of Q2, Netcompany had secured DKK 2.5bn in revenue visibility, equal to ~85% of revenue guidance and nearly the same level as in Q2 last year. According to Netcompany, a number of tenders are in process, and the guidance is based on a normal win rate within these projects.

## FTE growth: 18% organic, excluding the reduction in the UK

In the past, a strong indication of how Netcompany perceived its revenue growth potential was the pace at which it added new employees. In Q2 (average), Netcompany added 15% y/y more employees excluding Holland (non-organic), and if we also adjust for the 56 fewer low-margin independent contractors in the UK, the growth was 18% y/y. At the conference call, management confirmed that it would continue to add more employees in Q3 in all markets, and that around 100 more have been added so far in Q3.

## SUMMARY TABLE - KEY FIGURES

DKKm	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	900	1,416	2,053	2,454	2,898	3,470	4,011
EBITDA (adj)	268	435	555	674	808	967	1,118
EBIT (adj)	162	306	399	516	670	872	1,037
EBIT (adj) margin	18.0%	21.6%	19.4%	21.0%	23.1%	25.1%	25.9%
EPS (adj, DKK)	0.97	3.33	4.14	7.84	9.61	13.53	16.13
EPS (adj) growth	-74.0%	241.4%	24.3%	89.5%	22.6%	40.8%	19.1%
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	8.3	6.7	5.7
EV/EBIT (adj)	n.a.	n.a.	30.0	32.3	35.7	26.8	22.0
P/E (adj)	n.a.	n.a.	53.2	40.4	48.9	34.7	29.2
P/BV	n.a.	n.a.	6.1	7.7	9.2	7.5	6.1
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%	1.9%	2.5%	2.9%
Net debt	1,118	1,070	998	826	408	-97	-684
Net debt/EBITDA	4.8	2.7	1.9	1.2	0.5	-0.1	-0.6
ROIC after tax	9.3%	8.8%	10.7%	13.3%	16.9%	27.5%	31.5%

Source: Company data and Nordea estimates

# Q2 2020 review

## Solid Q2 revenue growth

Netcompany reported solid Q2 2020 results, including a beat compared to company-compiled consensus, albeit below the levels reflected in the 2020 guidance.

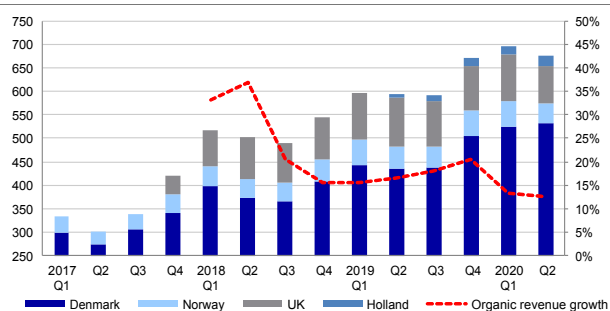
The organic LCY revenue growth in Q2 was 13.7%, compared to the 18-20% full-year guidance. The EBITA margin was 23.9%, compared to the ~26% guidance. However, higher activity (= revenue) in H2 will drive revenue growth, not least due to an easier comparison, and better margins due to an improved utilisation of staff.

### NETCOMPANY: Q2 2020E (DKKm)

	2019				2020				Act vs		Q2, y/y	2019 H2	2020 H2	H2, y/y
	Q1	Q2	Q3	Q4	Q1	Q2A	Q2E	Cons	NDA	Cons				
<b>Revenue</b>	<b>598</b>	<b>593</b>	<b>592</b>	<b>671</b>	<b>696</b>	<b>676</b>	<b>685</b>	<b>669</b>	<b>-1%</b>	<b>1%</b>	<b>14%</b>	<b>1,263</b>	<b>1,527</b>	<b>21%</b>
Production cost	364	370	336	387	421	416	421	405	-1%	3%	12%	724	875	21%
<b>Gross profit</b>	<b>234</b>	<b>223</b>	<b>256</b>	<b>284</b>	<b>275</b>	<b>260</b>	<b>264</b>	<b>264</b>	<b>-2%</b>	<b>-2%</b>	<b>17%</b>	<b>540</b>	<b>652</b>	<b>21%</b>
Sales & marketing	3	3	3	3	4	4	4	-	-14%	-	15%	6	6	-3%
Administration	84	93	89	101	106	95	106	-	-11%	-	1%	190	222	17%
Special items	-1	-3	-1	0	0	0	0	0	-	-	-	-1	0	-
<b>EBITA</b>	<b>146</b>	<b>123</b>	<b>164</b>	<b>180</b>	<b>164</b>	<b>161</b>	<b>154</b>	<b>154</b>	<b>5%</b>	<b>5%</b>	<b>31%</b>	<b>343</b>	<b>424</b>	<b>24%</b>
Amortisation	26	25	26	25	25	25	25	-	0%	-	3%	51	29	-43%
<b>EBIT</b>	<b>120</b>	<b>99</b>	<b>138</b>	<b>155</b>	<b>139</b>	<b>136</b>	<b>128</b>	<b>-</b>	<b>6%</b>	<b>-</b>	<b>38%</b>	<b>292</b>	<b>395</b>	<b>35%</b>
Net financial items	6	-21	-4	5	-19	-16	-4	-	-	-	-	1	-11	-
<b>Pre-tax profit</b>	<b>126</b>	<b>78</b>	<b>134</b>	<b>160</b>	<b>120</b>	<b>120</b>	<b>124</b>	<b>128</b>	<b>-4%</b>	<b>-6%</b>	<b>55%</b>	<b>293</b>	<b>384</b>	<b>31%</b>
Taxes	28	16	31	34	27	24	28	-	-14%	-	50%	65	92	41%
<b>Net profit</b>	<b>99</b>	<b>62</b>	<b>102</b>	<b>126</b>	<b>93</b>	<b>96</b>	<b>96</b>	<b>99</b>	<b>-0%</b>	<b>-3%</b>	<b>56%</b>	<b>228</b>	<b>292</b>	<b>28%</b>
EPS	2.0	1.3	2.1	2.5	1.9	2.0	1.9	-	2%	-	56%	4.6	5.8	25%
EPS growth, y/y	94.2%	-	32.3%	83.8%	-5.5%	-	53.1%	-	-	-	-	56.2%	25.1%	-
Revenue growth, organic	15.6%	16.6%	18.0%	20.5%	13.4%	13.7%	15.5%	13.4%	-	-	-	-	-	-
Revenue growth, y/y	15.6%	18.0%	20.8%	23.5%	16.4%	13.9%	15.5%	12.8%	-	-	-	22.2%	20.9%	-
Revenue (12m)	2,134	2,224	2,326	2,454	2,552	2,634	2,644	2,526	-0%	4%	18%	-	-	-
Gross margin	39.1%	37.5%	43.2%	42.3%	39.5%	38.4%	38.5%	39.4%	-	-	-	42.7%	42.7%	-
<b>Costs (Revenue - EBITA adj)</b>	<b>450</b>	<b>467</b>	<b>428</b>	<b>491</b>	<b>531</b>	<b>514</b>	<b>531</b>	<b>515</b>	<b>-3%</b>	<b>-0%</b>	<b>10%</b>	<b>919</b>	<b>1,103</b>	<b>20%</b>
Costs growth, q/q	-	4%	-8%	15%	-	-3%	8%	5%	-	-	-	20%	-	-
<b>EBITA, adj</b>	<b>147</b>	<b>126</b>	<b>164</b>	<b>180</b>	<b>164</b>	<b>161</b>	<b>154</b>	<b>154</b>	<b>5%</b>	<b>5%</b>	<b>28%</b>	<b>344</b>	<b>424</b>	<b>23%</b>
EBITA margin, adj	24.6%	21.3%	27.7%	26.8%	23.6%	23.9%	22.4%	23.0%	-	-	-	27.2%	27.8%	-
EBITA adj (12M)	504	540	568	617	634	669	662	624	1%	7%	24%	-	-	-
EBITA margin, adj (12M)	23.6%	24.3%	24.4%	25.2%	24.9%	25.4%	25.0%	24.7%	-	-	-	-	-	-
Incremental EBITA margin, adj	24.1%	40.2%	27.3%	38.6%	17.2%	156.8%	29.9%	-	-	-	-	-	30.5%	-
EBIT margin	20.2%	16.7%	23.2%	23.0%	20.0%	20.1%	18.7%	-	-	-	-	23.1%	25.9%	-
Tax rate	21.9%	20.5%	23.4%	21.2%	22.4%	19.9%	22.4%	-	-	-	-	22.2%	24.0%	-
Revenue visibility	1,786	2,106	2,387	2,454	2,132	2,484	2,382	-	4%	-	18%	2,454	-	-
% of FY revenue	72.8%	85.8%	97.3%	-	73.6%	85.7%	82.2%	-	-	-	-	-	-	-
In/out orders	207	319	282	67	304	352	250	-	41%	-	10%	349	414	19%
Growth, y/y	-26.3%	48.3%	-19.3%	137.0%	46.9%	10.2%	-21.7%	-	-	-	-	-7.6%	18.9%	-

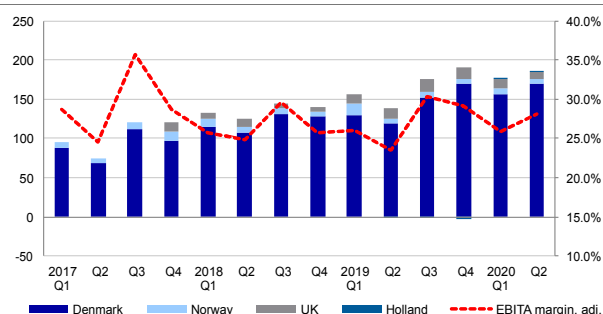
Source: Company data, company-compiled consensus, and Nordea estimates

### NETCOMPANY: REVENUE (DKKm)



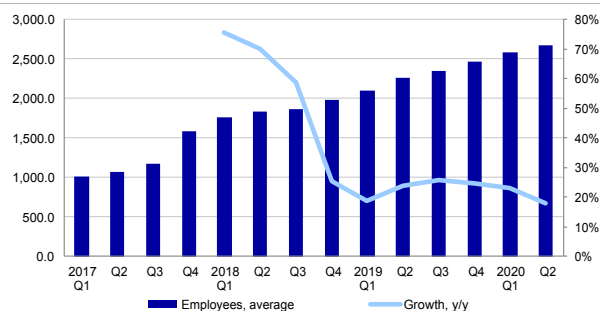
Source: Company data and Nordea estimates

### NETCOMPANY, DENMARK: EBITA (DKKm)



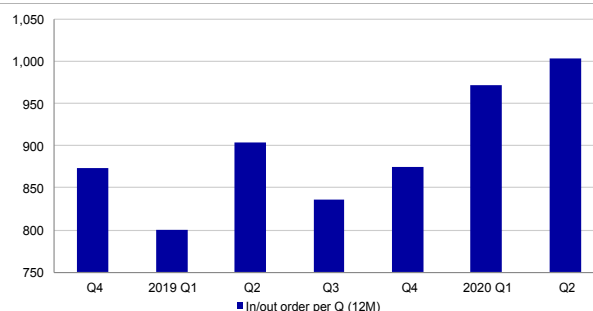
Source: Company data and Nordea estimates

## NETCOMPANY: FTE DEVELOPMENT



Source: Company data and Nordea estimates

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



Source: Company data and Nordea estimates

## Order intake

To meet the 2020 revenue guidance, in/out orders in H2 must grow by ~20+%/y/y

To meet its guidance, a minimum DKK 415m of in/out orders need to be signed in H2 2020, ~20% higher than the same period last year. However, Netcompany has already won several larger contracts in Q3, which will have a meaningful impact on the revenue in H2, including the development contract for the Danish import/export system plays.

## 2020 guidance was reiterated, as expected

Netcompany reiterated its 2020 guidance, as we expected, while consensus is currently below guidance.

Netcompany also guided for a DKK 50-100m dividend to be paid out in 2021 of DKK 1-2 per share. Netcompany decided not to pay out a dividend after 2019, due to COVID-19.

## NETCOMPANY: ESTIMATES AND GUIDANCE (DKKm)

	2019	2020 guidance		2020E		2021E		2022E	
		Low	High	NDA	Cons	NDA	Cons	NDA	Cons
Revenue	2,454	~2.90bn	~2.95bn	2,898	2,853	3,470	3,400	4,011	3,997
Revenue growth, y/y	19.5%	-	-	18.1%	16.3%	19.7%	19.2%	15.6%	17.6%
Revenue growth, organic	17.7%	18%	20%	17.6%	-	19.7%	-	15.6%	-
Costs	1,837	-	-	2,148	2,119	2,572	2,503	2,974	2,929
Growth	19.3%	-	-	17.0%	15.4%	19.7%	18.1%	15.6%	17.0%
EBITA, adj	617	~750	~770	750	734	897	897	1,037	1,069
EBITA margin, adj	25.2%	~26%	~26%	25.9%	25.7%	25.9%	26.4%	25.9%	26.7%

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

# Valuation: DKK 450-525 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 when evaluated together, we believe they yield a reliable valuation range.

As there are a 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: 6.3%) is DKK 370 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	10.0%	10.0%	6.3%	2.5%	2.5%	-
EBIT-margin	23.6%	20.0%	17.5%	10.0%	2.5%	-
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	17.5%	17.5%	17.5%	17.5%	17.5%	-
FCFF, CAGR	8.5%	7.2%	5.1%	-7.4%	-27.0%	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.

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.

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, 2019-22E			EBIT mrg		P/E		EV/EBITDA			EV/EBIT			PEG	Share price		
			Rev	EBIT	EPS	2021E	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E	19-22E	1M	YTD	
<b>Key peers</b>																			
Epam	US	1,909	14.3	16%	17%	15%	17.0%	51.5x	42.5x	34.5x	32.8x	26.8x	21.8x	32.9x	26.9x	21.9x	3.6x	15%	43%
Globant	Lux	1,081	5.4	19%	18%	17%	15.9%	72.8x	54.3x	43.6x	46.9x	34.0x	27.6x	47.2x	34.2x	27.8x	4.3x	6%	62%
Endava	UK	342	2.5	19%	21%	19%	16.5%	46.4x	45.2x	34.8x	26.6x	24.9x	19.6x	26.7x	24.9x	19.6x	2.5x	1%	17%
Kainos	UK	652	3.3	9%	13%	11%	17.4%	68.3x	50.5x	49.0x	46.8x	36.0x	34.9x	46.9x	36.1x	35.0x	6.2x	36%	49%
Reply	UK	458	3.0	8%	10%	8%	12.9%	30.3x	26.4x	24.0x	16.6x	14.8x	13.3x	16.6x	14.8x	13.3x	3.6x	18%	26%
<b>Average (ex Reply)</b>	-	-	<b>6.4</b>	<b>16%</b>	<b>17%</b>	<b>15%</b>	<b>16.7%</b>	<b>59.8x</b>	<b>48.1x</b>	<b>40.5x</b>	<b>38.3x</b>	<b>30.4x</b>	<b>26.0x</b>	<b>38.4x</b>	<b>30.5x</b>	<b>26.1x</b>	<b>4.1x</b>	<b>14%</b>	<b>43%</b>
Netcompany (cons.)	DKK	458	3.0	18%	24%	22%	25.4%	40.0x	31.9x	25.6x	28.4x	23.3x	19.3x	28.8x	23.6x	19.6x	1.8x	-0%	45%
<b>IT service companies:</b>																			
IBM	US	105	95.6	-2%	2%	-1%	18.1%	11.2x	10.1x	9.5x	9.2x	8.5x	8.5x	9.1x	8.4x	8.3x	-17.9x	-1%	-8%
Accenture	IE	198	18.0	2%	3%	4%	15.0%	30.7x	29.0x	26.5x	17.8x	17.4x	16.2x	18.7x	18.3x	17.0x	7.7x	6%	11%
Cognizant	US	57	7.2	1%	-0%	1%	15.9%	19.0x	16.9x	15.4x	11.5x	10.3x	9.1x	11.5x	10.4x	9.1x	19.7x	9%	8%
Atos	FR	71	7.7	0%	-2%	-0%	9.1%	10.1x	9.5x	8.8x	6.4x	6.0x	5.6x	6.5x	6.1x	5.6x	-53.9x	-8%	-4%
Cap Gemini	FR	114	19.2	8%	7%	9%	11.7%	18.0x	15.4x	13.8x	9.1x	8.2x	7.7x	9.2x	8.2x	7.7x	1.9x	6%	4%
CGI Group	CA	58	15.1	-0%	0%	3%	15.4%	18.8x	17.1x	16.2x	11.4x	10.8x	10.7x	10.2x	9.7x	9.6x	5.6x	2%	-16%
DXC Technology	US	17	4.2	-7%	-22%	-22%	9.6%	3.7x	8.6x	4.8x	3.3x	4.9x	4.1x	3.2x	4.7x	4.0x	-0.2x	17%	-48%
Sopra Steria	FR	136	2.7	2%	5%	8%	7.7%	17.2x	13.5x	11.6x	8.4x	7.4x	6.7x	8.5x	7.5x	6.8x	2.3x	16%	-6%
HCL	IN	8	0.5	5%	6%	4%	19.9%	17.9x	16.8x	15.1x	10.5x	10.1x	9.3x	10.5x	10.2x	9.3x	4.5x	14%	25%
Infosys	IN	11	-	4%	3%	4%	22.5%	24.6x	23.3x	20.7x	16.3x	15.8x	14.3x	16.3x	15.9x	14.3x	6.4x	6%	31%
Tata	IN	25	-	1%	0%	0%	24.9%	26.0x	27.2x	23.8x	18.2x	19.4x	17.3x	18.2x	19.4x	17.3x	639.7x	2%	4%
Wipro	IN	3	3.0	-2%	-1%	1%	16.9%	16.7x	17.0x	15.9x	9.9x	10.3x	9.9x	10.0x	10.4x	10.0x	21.2x	7%	14%
Tech Mahindra	IN	8	-	1%	-6%	-2%	12.5%	14.9x	16.6x	14.1x	9.0x	10.3x	8.7x	10.1x	11.5x	9.8x	-6.3x	21%	-5%
<b>Average, ex India</b>	-	-	<b>21.2</b>	<b>0%</b>	<b>-1%</b>	<b>0%</b>	<b>12.8%</b>	<b>16.1x</b>	<b>15.0x</b>	<b>13.3x</b>	<b>9.6x</b>	<b>9.2x</b>	<b>8.6x</b>	<b>9.6x</b>	<b>9.2x</b>	<b>8.5x</b>	<b>48.5x</b>	<b>6%</b>	<b>-7%</b>
<b>Average</b>	-	-	<b>17.3</b>	<b>1%</b>	<b>-0%</b>	<b>1%</b>	<b>15.3%</b>	<b>17.6x</b>	<b>17.0x</b>	<b>15.1x</b>	<b>10.8x</b>	<b>10.7x</b>	<b>9.9x</b>	<b>10.9x</b>	<b>10.8x</b>	<b>9.9x</b>	<b>48.5x</b>	<b>8%</b>	<b>1%</b>
<b>Nordic peers:</b>																			
NNIT	DKK	136	0.5	0%	2%	-1%	7.5%	28.0x	20.2x	18.2x	8.7x	8.4x	8.3x	23.0x	17.0x	15.3x	-27.1x	14%	22%
HiQ	SE	5	0.3	3%	1%	1%	11.5%	20.3x	18.1x	17.0x	11.7x	10.7x	10.1x	14.4x	12.9x	12.2x	22.5x	2%	6%
TietoEvry	FI	25	2.9	21%	25%	10%	11.5%	13.8x	11.4x	10.5x	9.8x	8.2x	7.6x	14.7x	11.7x	11.2x	1.4x	-0%	-11%
KnowIT	SE	18	0.4	4%	7%	7%	10.0%	15.7x	13.6x	12.5x	8.8x	7.6x	7.0x	11.3x	9.4x	8.7x	2.2x	-1%	-10%
<b>Average</b>	-	-	<b>1.0</b>	<b>7%</b>	<b>9%</b>	<b>4%</b>	<b>10.1%</b>	<b>19.4x</b>	<b>15.8x</b>	<b>14.6x</b>	<b>9.8x</b>	<b>8.7x</b>	<b>8.3x</b>	<b>15.9x</b>	<b>12.8x</b>	<b>11.9x</b>	<b>-0.2x</b>	<b>4%</b>	<b>2%</b>
SimCorp	DKK	756	4.0	7%	8%	9%	27.7%	48.6x	38.0x	32.0x	33.5x	27.2x	23.8x	37.7x	29.7x	25.6x	5.7x	5%	-0%
<b>Others:</b>																			
Europe IT consult. 1)	-	-	-	5%	5%	7%	7.9%	18.2x	17.7x	15.8x	13.4x	10.2x	10.4x	13.8x	14.0x	12.4x	2.4x	2%	5%
Global IT consult. 2)	-	-	-	6%	10%	28%	21.5%	28.8x	24.3x	22.6x	16.5x	14.8x	235.7x	24.8x	22.2x	17.6x	1.0x	8%	1%
<b>Average, total</b>	-	-	-	<b>7%</b>	<b>8%</b>	<b>11%</b>	<b>14.3%</b>	<b>28.8x</b>	<b>24.6x</b>	<b>21.7x</b>	<b>17.8x</b>	<b>15.0x</b>	<b>58.0x</b>	<b>20.8x</b>	<b>18.1x</b>	<b>15.6x</b>	<b>11.2x</b>	<b>7%</b>	<b>10%</b>
<b>Netcompany, NDA</b>	DKK	458	3.0	18%	26%	27%	25.1%	47.7x	33.8x	28.4x	28.9x	23.7x	20.0x	34.9x	26.3x	21.5x	1.8x	-0%	45%
- One-off, PPA adj.	DKK	458	3.0	18%	19%	18%	25.9%	39.3x	30.3x	27.5x	28.9x	23.7x	20.0x	31.1x	25.5x	21.5x	2.2x	-0%	45%

Source: Refinitiv and Nordea estimates

## VALUATION: NETCOMPANY (OUR ESTIMATES) VS PEER GROUP VALUATION

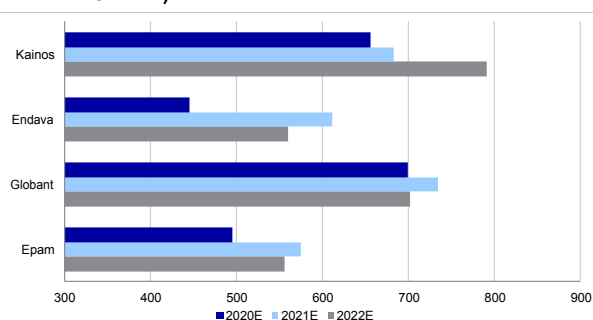
	Grw, 2019-22E			EV/EBITDA			PEG	Share price	
	Rev	EBIT	EPS	2020E	2021E	2022E	19-22E	1M	YTD
<b>Key peers</b>	<b>Outperf.</b>	<b>Outperf.</b>	<b>Outperf.</b>	<b>Discount</b>	<b>Discount</b>	<b>Discount</b>	<b>Discount</b>	<b>Underperf.</b>	<b>Outperf.</b>
IT service companies:	Outperf.	Outperf.	Outperf.	Premium	Premium	Premium	Discount	Underperf.	Outperf.
- Ex India	Outperf.	Outperf.	Outperf.	Premium	Premium	Premium	Discount	Underperf.	Outperf.
Nordic peers:	Outperf.	Outperf.	Outperf.	Premium	Premium	Premium	Premium	Underperf.	Outperf.
Europe IT consult. 1)	Outperf.	Outperf.	Outperf.	Premium	Premium	Premium	Discount	Underperf.	Outperf.
Global IT consult. 2)	Outperf.	Outperf.	Underperf.	Premium	Premium	Discount	Premium	Underperf.	Outperf.

Note: Netcompany's EBIT and EPS growth (2018-21) is one-off adjusted and excluding PPA

Source: Refinitiv and Nordea estimates

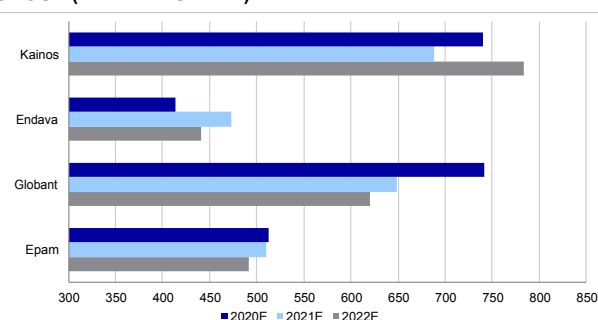
Based on our estimates and Refinitiv consensus, Netcompany should show EBIT growth similar to its key peers but an EBIT margin superior to most of its peers. We thus believe Netcompany should trade at the higher end of the peer range, maybe even at a premium once its record as a listed company has been established and more projects have been added to the backlog.

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



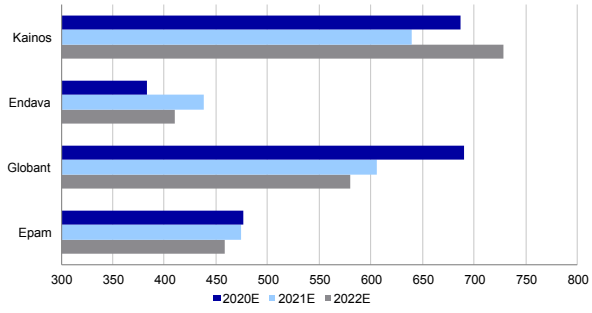
Source: Refinitiv and Nordea estimates

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



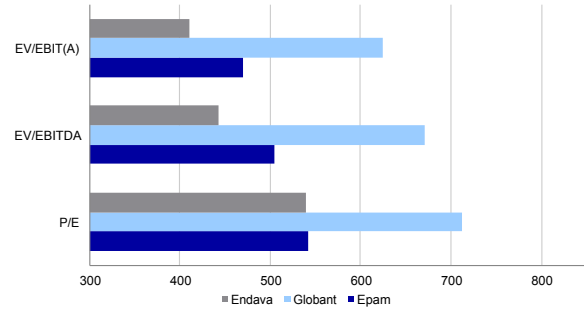
Source: Refinitiv and Nordea estimates

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



Source: Refinitiv and Nordea estimates

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



Source: Refinitiv and Nordea estimates

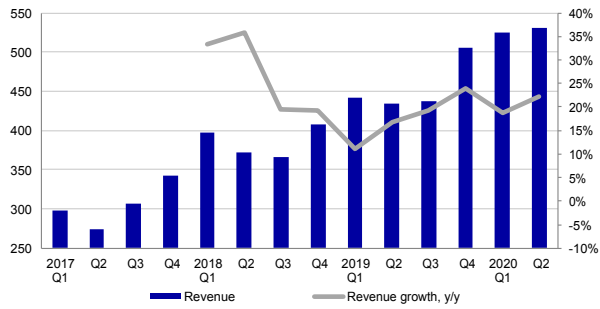
# Netcompany: Quarterly numbers

## NETCOMPANY: QUARTERLY NUMBERS (DKKkm)

	2017				2018				2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>Revenue</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>	<b>598</b>	<b>593</b>	<b>592</b>	<b>671</b>	<b>696</b>	<b>676</b>
Production cost	192	179	171	261	319	306	282	329	364	370	336	387	421	416
<b>Gross profit</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>	<b>234</b>	<b>223</b>	<b>256</b>	<b>284</b>	<b>275</b>	<b>260</b>
Sales & marketing	2	2	3	3	3	4	2	3	3	3	3	3	4	4
Administration	43	48	47	64	68	73	69	81	84	93	89	101	106	95
Special items	0	-2	-14	-16	-8	-27	0	0	-1	-3	-1	0	0	0
<b>EBITA</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>	<b>146</b>	<b>123</b>	<b>164</b>	<b>180</b>	<b>164</b>	<b>161</b>
Amortisation	24	23	23	27	29	29	29	28	26	25	26	25	25	25
<b>EBIT</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>	<b>120</b>	<b>99</b>	<b>138</b>	<b>155</b>	<b>139</b>	<b>136</b>
Net financial items	-24	-18	-18	-12	-25	-65	-8	-10	6	-21	-4	5	-19	-16
<b>Pre-tax profit</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>	<b>126</b>	<b>78</b>	<b>134</b>	<b>160</b>	<b>120</b>	<b>120</b>
Taxes	12	8	19	20	15	15	21	23	28	16	31	34	27	24
<b>Net profit</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>	<b>99</b>	<b>62</b>	<b>102</b>	<b>126</b>	<b>93</b>	<b>96</b>
Revenue visibility	-	-	-	-	1,461	1,676	2,025	-	1,786	2,106	2,387	2,454	2,132	2,484
% of FY revenue	-	-	-	-	-	81.6%	98.6%	-	72.8%	85.8%	97.3%	100.0%	73.6%	85.7%
In/out orders	-	-	-	-	281	215	349	28	207	319	282	67	304	352
Growth, y/y	-	-	-	-	-	-	-	-	-26.3%	48.3%	-19.3%	137.0%	46.9%	10.2%
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
EPS growth, y/y	-	-	-	-	39.2%	-	77.5%	52.0%	94.2%	-	32.3%	83.8%	-5.5%	55.6%
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%
Revenue growth, y/y	-	-	-	-	55.3%	66.2%	45.3%	22.5%	15.6%	18.0%	20.8%	23.5%	16.4%	13.9%
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%
EBITDA	-	-	106	-	130	103	148	140	158	137	178	196	180	170
EBITDA margin	-	-	31.5%	-	25.1%	20.5%	30.1%	25.8%	26.5%	23.1%	30.1%	29.2%	25.9%	25.2%
Incremental EBITA margin, adj	-	-	-	-	17.4%	7.9%	12.6%	15.4%	24.1%	40.2%	27.3%	38.6%	17.2%	-
<b>EBITA, adj</b>	<b>96</b>	<b>74</b>	<b>117</b>	<b>115</b>	<b>128</b>	<b>90</b>	<b>136</b>	<b>131</b>	<b>147</b>	<b>126</b>	<b>164</b>	<b>180</b>	<b>164</b>	<b>161</b>
<b>EBITA margin, adj</b>	<b>28.8%</b>	<b>24.5%</b>	<b>34.7%</b>	<b>26.0%</b>	<b>24.7%</b>	<b>17.8%</b>	<b>27.8%</b>	<b>24.0%</b>	<b>24.6%</b>	<b>21.3%</b>	<b>27.7%</b>	<b>26.8%</b>	<b>23.6%</b>	<b>23.9%</b>
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%
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%
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%
<b>FCF</b>	<b>39</b>	<b>-15</b>	<b>44</b>	<b>-23</b>	<b>84</b>	<b>24</b>	<b>48</b>	<b>23</b>	<b>74</b>	<b>80</b>	<b>126</b>	<b>116</b>	<b>95</b>	<b>103</b>
Revenue (12m)	-	-	-	1,416	1,600	1,801	1,953	2,053	2,134	2,224	2,326	2,454	2,552	2,634
Revenue growth (12m)	-	-	-	-	-	-	-	45.0%	33.3%	23.5%	19.1%	19.5%	19.6%	18.4%
EBITA adj (12M)	-	-	-	402	434	450	469	484	504	540	568	617	634	669
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%
Incremental EBITA margin (12M)	-	-	-	-	-	-	-	12.9%	13.1%	21.3%	26.6%	33.2%	31.2%	31.5%
Revenue, Public	153	145	188	245	286	268	278	321	351	342	356	407	433	442
Revenue, private	180	157	150	199	231	235	213	222	247	252	236	264	262	233
Revenue growth, Public	-	-	-	-	87.3%	84.4%	47.8%	31.2%	22.7%	27.5%	28.4%	26.8%	23.5%	29.5%
Revenue growth, private	-	-	-	-	28.2%	49.5%	42.2%	11.8%	6.8%	7.2%	10.8%	18.8%	6.2%	-7.2%
Development revenue	141	132	163	211	223	217	260	305	330	290	299	339	356	347
Maintenance revenue	192	170	175	232	294	285	230	239	268	303	293	332	340	328
<b>Netcompany Denmark:</b>														
Revenue, Denmark	298	274	307	342	397	372	366	408	442	435	437	505	525	532
Revenue growth, Denmark	-	-	-	-	33.4%	35.9%	19.4%	19.3%	11.2%	16.7%	19.4%	23.9%	18.7%	22.3%
EBITA adj. before HQ costs, Denmark	88	69	112	98	115	107	131	127	130	119	152	169	157	170
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%
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%
<b>Netcompany Norway</b>														
Revenue, Norway	35	28	31	40	43	41	40	47	55	47	45	53	55	43
Revenue growth, Norway	-	-	-	-	21.4%	45.2%	29.8%	19.7%	29.3%	14.1%	13.2%	12.4%	-0.4%	-8.7%
EBITA adj. before HQ costs, Norway	8	5	8	11	10	8	8	7	15	7	7	6	8	6
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%
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%
<b>Netcompany UK</b>														
Revenue, UK	-	-	-	40	77	89	84	88	101	104	96	95	98	80
Revenue growth, UK	-	-	-	-	-	-	-	-	122.0%	30.5%	17.3%	13.7%	8.5%	-23.2%
EBITA adj. before HQ costs, , UK	-	-	-	12	8	10	6	5	11	12	16	16	11	9
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%	11.0%
EBITA margin adj, UK (12M)	-	-	-	-	-	-	12.6%	8.6%	9.0%	9.1%	11.4%	13.9%	14.0%	14.0%
<b>Netcompany Holland</b>														
Revenue, Netherlands	-	-	-	-	-	-	-	-	-	7	14	16	18	21
Revenue growth, Netherlands	-	-	-	-	-	-	-	-	-	-	-	-	-	197.2%
EBITA adj. before HQ costs, , Holland	-	-	-	-	-	-	-	-	-	-1	-2	-3	1	2
EBITA margin adj. before HQ costs, Holland	-	-	-	-	-	-	-	-	-	-15.5%	-13.6%	-17.2%	6.2%	11.4%
EBITA margin adj, Holland (12M)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

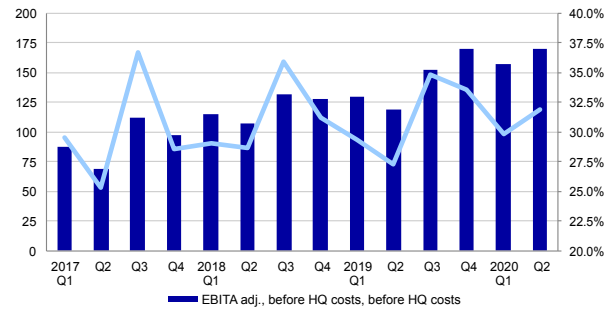
Source: Company data and Nordea

**NETCOMPANY, DENMARK: REVENUE (DKKm)**



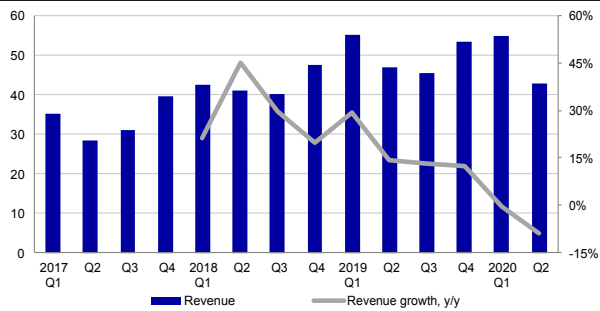
Source: Company data and Nordea estimates

**NETCOMPANY, DENMARK: EBITA ADJUSTED (DKKm)**



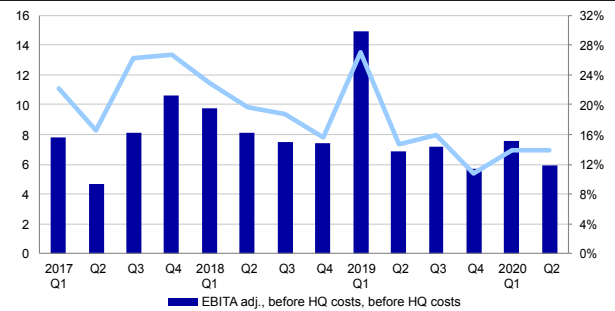
Source: Company data and Nordea estimates

**NETCOMPANY, NORWAY: REVENUE (DKKm)**



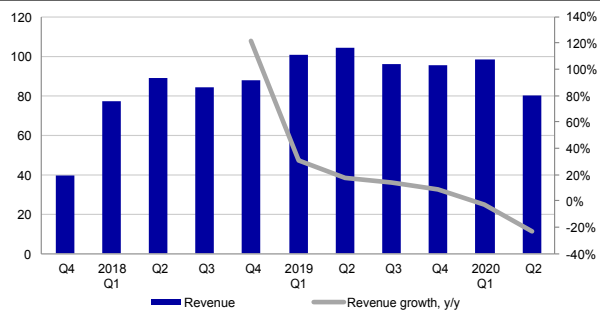
Source: Company data and Nordea estimates

**NETCOMPANY, NORWAY: EBITA ADJUSTED (DKKm)**



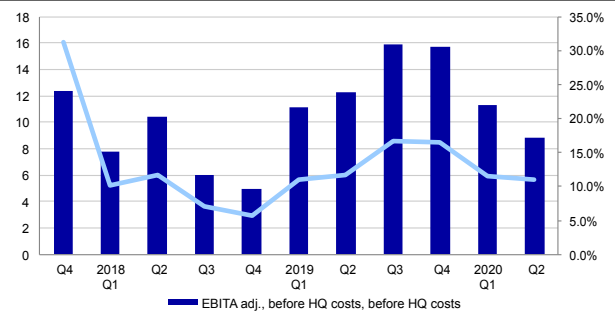
Source: Company data and Nordea estimates

**NETCOMPANY, UK: REVENUE (DKKm)**



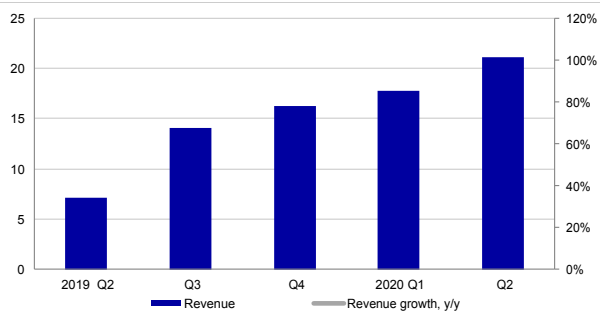
Source: Company data and Nordea estimates

**NETCOMPANY, UK: EBITA ADJUSTED (DKKm)**



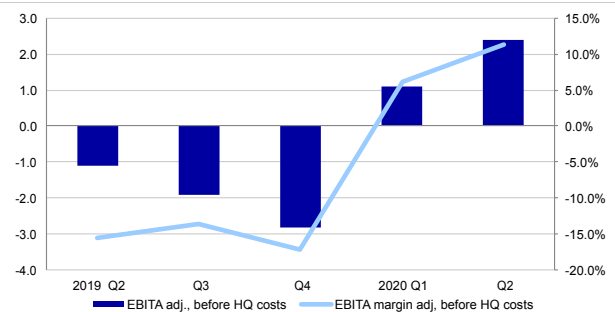
Source: Company data and Nordea estimates

**NETCOMPANY, HOLLAND: REVENUE (DKKm)**



Source: Company data and Nordea estimates

**NETCOMPANY, HOLLAND: EBITA ADJUSTED (DKKm)**



Source: Company data and Nordea estimates



# Netcompany: Full-year numbers

## NETCOMPANY: FULL-YEAR NUMBERS (DKKm)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
<b>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>2,454</b>	<b>2,898</b>	<b>3,470</b>	<b>4,011</b>
Production cost	-	-	-	-	447	527	803	1,237	1,458	1,712	2,050	2,370
<b>Gross profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>311</b>	<b>373</b>	<b>613</b>	<b>817</b>	<b>996</b>	<b>1,186</b>	<b>1,420</b>	<b>1,642</b>
Sales & marketing	-	-	-	-	4	4	10	12	12	14	16	19
Administration	-	-	-	-	100	121	201	290	367	423	506	585
Special items	-	-	-	-	0	-35	-33	-34	-4	0	0	0
<b>EBITDA</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>669</b>	<b>808</b>	<b>967</b>	<b>1,118</b>
Depreciation	4	6	9	8	9	32	34	40	56	58	69	80
Amortisation	0	0	0	-2	12	0	0	0	0	0	0	0
<b>EBITA</b>	<b>105</b>	<b>98</b>	<b>81</b>	<b>150</b>	<b>207</b>	<b>201</b>	<b>369</b>	<b>480</b>	<b>613</b>	<b>750</b>	<b>897</b>	<b>1,037</b>
Amortisation	0	2	2	2	0	74	96	115	102	80	25	0
<b>EBIT</b>	<b>105</b>	<b>96</b>	<b>80</b>	<b>149</b>	<b>207</b>	<b>127</b>	<b>273</b>	<b>365</b>	<b>511</b>	<b>670</b>	<b>872</b>	<b>1,037</b>
Net financial items	0	-2	1	1	0	-62	-73	-109	-14	-47	-5	-4
<b>Pre-tax profit</b>	<b>105</b>	<b>94</b>	<b>81</b>	<b>150</b>	<b>208</b>	<b>65</b>	<b>200</b>	<b>256</b>	<b>497</b>	<b>623</b>	<b>868</b>	<b>1,034</b>
Taxes	26	7	8	15	20	44	59	74	109	143	191	227
<b>Net profit</b>	<b>79</b>	<b>88</b>	<b>73</b>	<b>134</b>	<b>188</b>	<b>21</b>	<b>141</b>	<b>181</b>	<b>389</b>	<b>481</b>	<b>677</b>	<b>806</b>
One-off items	0	0	0	0	0	-35	-33	-34	-4	0	0	0
EPS	-	-	-	-	-	-	2.8	3.7	7.9	9.6	13.5	16.1
EPS growth, y/y	-	-	-	-	-	-	-	29.7%	116.7%	21.5%	40.8%	19.1%
Tax rate	25.0%	7.0%	9.3%	10.2%	9.6%	67.1%	29.7%	29.1%	21.9%	22.9%	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%	18.1%	19.7%	15.6%
Gross margin	-	-	-	-	41.1%	41.4%	43.3%	39.8%	40.6%	40.9%	40.9%	40.9%
EBITDA margin	33.1%	25.8%	19.8%	24.9%	30.1%	25.9%	28.4%	25.3%	27.3%	27.9%	27.9%	27.9%
<b>EBITA, adj</b>	<b>105</b>	<b>98</b>	<b>81</b>	<b>150</b>	<b>207</b>	<b>236</b>	<b>402</b>	<b>514</b>	<b>617</b>	<b>750</b>	<b>897</b>	<b>1,037</b>
<b>EBITA margin, adj</b>	<b>32.0%</b>	<b>24.4%</b>	<b>17.7%</b>	<b>23.9%</b>	<b>27.4%</b>	<b>26.3%</b>	<b>28.4%</b>	<b>25.0%</b>	<b>25.2%</b>	<b>25.9%</b>	<b>25.9%</b>	<b>25.9%</b>
EBITA margin	32.0%	24.4%	17.7%	23.9%	27.4%	22.3%	26.0%	23.4%	25.0%	25.9%	25.9%	25.9%
EBIT margin	32.0%	24.0%	17.3%	23.6%	27.4%	14.1%	19.3%	17.8%	20.8%	23.1%	25.1%	25.9%
Net profit, adj.	79	89	75	136	188	106	241	298	471	543	696	806
CFFO	-	-	-	-	217	117	195	187	460	462	632	743
Capex	-5	-16	-16	-4	-18	-2,539	-150	-27	-65	-30	-35	-65
<b>FCF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>207</b>	<b>-2,422</b>	<b>45</b>	<b>160</b>	<b>396</b>	<b>432</b>	<b>598</b>	<b>678</b>
Revenue, Public	-	-	-	-	312	368	730	1,152	1,456	1,792	2,109	2,243
Revenue, private	-	-	-	-	447	531	686	901	998	1,088	1,360	1,768
Revenue growth, Public	-	-	-	-	-	18.3%	98.2%	57.8%	26.3%	23.1%	17.7%	6.3%
Revenue growth, private	-	-	-	-	-	19.0%	29.1%	31.4%	10.8%	9.0%	25.0%	30.0%
<b>Development revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>347</b>	<b>439</b>	<b>647</b>	<b>1,005</b>	<b>1,258</b>	<b>1,153</b>	<b>1,321</b>	<b>1,363</b>
Public customers	-	-	-	-	137	167	440	575	738	587	612	442
Private customers	-	-	-	-	210	272	206	430	520	567	709	921
<b>Maintenance revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>411</b>	<b>461</b>	<b>769</b>	<b>1,048</b>	<b>1,196</b>	<b>1,726</b>	<b>2,149</b>	<b>2,648</b>
Public customers	-	-	-	-	175	202	290	577	718	1,205	1,497	1,800
Private customers	-	-	-	-	236	260	479	471	478	521	652	847
<b>Netcompany Denmark:</b>												
Revenue, Denmark	327	400	461	629	758	888	1,220	1,544	1,819	2,221	2,668	3,083
Revenue growth, Denmark	25.3%	22.3%	15.0%	36.6%	20.5%	18.7%	37.4%	26.5%	17.8%	22.1%	20.1%	15.6%
EBITA adj. before HQ costs, Denmark	105	98	81	150	207	234	358	461	544	653	771	874
EBITA margin adj. before HQ costs, Denmark	32.0%	24.4%	17.7%	23.9%	27.4%	26.4%	29.4%	29.8%	29.9%	29.4%	28.9%	28.4%
<b>Netcompany Norway</b>												
Revenue, Norway	-	-	-	-	-	12	134	171	203	224	257	302
Revenue growth, Norway	-	-	-	-	-	-	1044.4%	27.9%	18.6%	10.0%	15.0%	17.5%
EBITA adj. before HQ costs, Norway	-	-	-	-	-	2	31	31	32	37	44	53
EBITA margin adj. before HQ costs, Norway	-	-	-	-	-	17.1%	23.1%	17.9%	15.9%	16.4%	16.9%	17.4%
<b>Netcompany UK</b>												
Revenue, UK	-	-	-	-	-	-	62	338	395	454	545	626
Revenue growth, UK	-	-	-	-	-	-	-	446.2%	16.7%	15.0%	20.0%	15.0%
EBITA adj. before HQ costs, UK	-	-	-	-	-	-	12	23	48	60	83	111
EBITA margin adj. before HQ costs, UK	-	-	-	-	-	-	20.0%	6.8%	12.2%	13.2%	15.2%	17.7%
<b>Netcompany Holland</b>												
Revenue, Netherlands	-	-	-	-	-	-	-	-	37	69	83	99
Revenue growth, Netherlands	-	-	-	-	-	-	-	-	-	84.5%	20.0%	20.0%
EBITA adj. before HQ costs, Holland	-	-	-	-	-	-	-	-	-7	3	6	10
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
<b>Total revenue</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>2,454</b>	<b>2,898</b>	<b>3,470</b>	<b>4,011</b>
Revenue growth	22.3%	15.0%	36.6%	20.5%	18.7%	57.4%	45.0%	19.5%	18.1%	19.7%	15.6%
of which organic	n.a.	n.a.	n.a.	20.5%	17.1%	37.0%	25.5%	17.7%	17.6%	19.7%	15.6%
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	808	967	1,118
Depreciation and impairments PPE	-6	-10	-7	-21	-32	-34	-40	-56	-58	-69	-80
of which leased assets	0	0	0	0	-11	-19	-24	-37	-43	-52	-60
EBITA	98	81	150	207	201	369	480	613	750	897	1,037
Amortisation and impairments	-2	-2	-2	0	-74	-96	-115	-102	-80	-25	0
EBIT	96	80	149	207	127	273	365	511	670	872	1,037
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	-47	-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
<b>Pre-tax profit</b>	<b>94</b>	<b>81</b>	<b>150</b>	<b>208</b>	<b>65</b>	<b>200</b>	<b>254</b>	<b>497</b>	<b>623</b>	<b>868</b>	<b>1,034</b>
Reported taxes	-7	-8	-15	-20	-44	-59	-74	-109	-143	-191	-227
Net profit from continued operations	88	73	134	188	21	141	180	389	481	677	806
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	481	677	806
<b>EPS, DKK</b>	<b>1.75</b>	<b>1.47</b>	<b>2.69</b>	<b>3.75</b>	<b>0.43</b>	<b>2.81</b>	<b>3.60</b>	<b>7.77</b>	<b>9.61</b>	<b>13.53</b>	<b>16.13</b>
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%	27.9%	27.9%	27.9%
EBITA	24.4%	17.7%	23.9%	27.4%	22.3%	26.0%	23.4%	25.0%	25.9%	25.9%	25.9%
EBIT	24.0%	17.3%	23.6%	27.4%	14.1%	19.3%	17.8%	20.8%	23.1%	25.1%	25.9%

## Adjusted earnings

EBITDA (adj)	103	91	157	228	268	435	555	674	808	967	1,118
EBITA (adj)	98	81	150	207	236	402	514	617	750	897	1,037
EBIT (adj)	96	80	149	207	162	306	399	516	670	872	1,037
EPS (adj, DKK)	1.75	1.47	2.69	3.75	0.97	3.33	4.14	7.84	9.61	13.53	16.13

## Adjusted profit margins in percent

EBITDA (adj)	25.8%	19.8%	24.9%	30.1%	29.8%	30.7%	27.0%	27.5%	27.9%	27.9%	27.9%
EBITA (adj)	24.4%	17.7%	23.9%	27.4%	26.3%	28.4%	25.0%	25.2%	25.9%	25.9%	25.9%
EBIT (adj)	24.0%	17.3%	23.6%	27.4%	18.0%	21.6%	19.4%	21.0%	23.1%	25.1%	25.9%

## Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	23.1%	23.7%	22.4%	28.7%	34.8%	31.3%	30.8%	31.0%	23.2%
EBITDA	n.m.	n.m.	16.8%	20.6%	16.6%	31.2%	41.7%	33.7%	28.8%	32.9%	22.7%
EBIT	n.m.	n.m.	15.5%	19.3%	4.0%	23.2%	35.5%	28.0%	26.4%	47.0%	30.6%
EPS	n.a.	n.a.	19.2%	23.8%	-23.0%	9.9%	19.6%	23.7%	20.7%	99.7%	41.8%
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%	20.0%	21.9%	23.2%
Average EBITDA margin	n.a.	27.8%	26.4%	26.7%	25.8%	26.7%	26.8%	27.1%	27.1%	27.4%	27.4%

## 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	48.9	34.7	29.2
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	21.6	24.8	29.6	24.2	20.4
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	23.3	27.0	31.9	26.1	22.0
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	30.0	32.3	35.7	26.8	22.0

## 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	48.9	34.7	29.2
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	5.84	6.80	8.25	6.75	5.69
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	23.1	24.9	29.6	24.2	20.4
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	25.0	27.2	31.9	26.1	22.0
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	32.9	32.6	35.7	26.8	22.0
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%	2.0%	2.7%	3.2%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.2%	2.5%	1.9%	2.5%	2.9%
Payout ratio	n.a.	n.a.	n.m.	n.m.	0.0%	0.0%	0.0%	0.0%	15.6%	14.8%	12.4%

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	170	197	226
of which leased assets	0	0	0	12	25	31	83	101	110	121	130
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	2,640	2,643	2,672
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	113	107	146	180	258	445	458	531	628	751	869
Short-term leased assets	0	0	0	11	19	24	37	43	52	60	69
Other current assets	77	101	190	174	103	139	268	304	410	491	568
Cash and bank	16	1	13	111	60	194	108	132	361	362	745
Total current assets	206	209	349	477	441	802	869	1,011	1,451	1,665	2,250
Assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total assets</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>3,728</b>	<b>4,091</b>	<b>4,308</b>	<b>4,922</b>
Shareholders equity	68	108	213	300	1,261	1,644	1,806	2,072	2,552	3,154	3,860
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	2,552	3,154	3,860
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	77	83
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	936	447	256
Short-term provisions	0	0	0	5	9	30	36	4	4	5	6
Accounts payable	13	14	12	19	27	51	54	44	52	62	72
Current lease debt	5	4	1	6	12	14	29	39	43	47	51
Other current liabilities	91	79	149	180	222	336	310	441	503	593	677
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	602	707	806
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</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>3,728</b>	<b>4,091</b>	<b>4,308</b>	<b>4,922</b>
<b>Balance sheet and debt metrics</b>											
Net debt	49	3	-13	-111	1,118	1,070	998	826	408	-97	-684
of which lease debt	5	4	1	12	25	31	83	104	113	125	134
Working capital	86	115	175	155	113	198	361	351	483	588	687
Invested capital	116	152	205	195	2,533	2,865	2,977	3,067	3,123	3,231	3,359
Capital employed	133	146	218	312	2,492	2,940	2,996	3,134	3,424	3,537	4,053
ROE	n.m.	83.5%	83.8%	73.2%	2.7%	9.7%	10.4%	20.0%	20.8%	23.7%	23.0%
ROIC	70.2%	46.5%	65.0%	81.0%	9.3%	8.8%	10.7%	13.3%	16.9%	27.5%	31.5%
ROCE	77.5%	58.9%	83.7%	79.5%	11.7%	11.6%	13.8%	18.1%	20.6%	25.1%	27.3%
Net debt/EBITDA	0.5	0.0	-0.1	-0.5	4.8	2.7	1.9	1.2	0.5	-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%	62.4%	73.2%	78.4%
Net gearing	72.0%	3.1%	-6.1%	-37.1%	88.7%	65.1%	55.3%	39.9%	16.0%	-3.1%	-17.7%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

DKKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
<b>EBITDA (adj) for associates</b>	<b>103</b>	<b>91</b>	<b>157</b>	<b>228</b>	<b>233</b>	<b>402</b>	<b>520</b>	<b>669</b>	<b>808</b>	<b>967</b>	<b>1,118</b>
Paid taxes	0	0	0	-21	-34	-35	-167	-116	-143	-191	-227
Net financials	0	0	0	7	65	79	80	33	-47	-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
<b>Funds from operations (FFO)</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>547</b>	<b>641</b>	<b>775</b>	<b>890</b>
Change in NWC	n.a.	n.a.	n.a.	9	-20	-95	-133	-87	-132	-105	-100
<b>Cash flow from operations (CFO)</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>460</b>	<b>509</b>	<b>671</b>	<b>791</b>
Capital expenditure	0	0	0	-10	-23	-30	-27	-27	-29	-35	-40
<b>Free cash flow before A&amp;D</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>433</b>	<b>480</b>	<b>636</b>	<b>750</b>
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	480	636	750
Free cash flow bef A&D, lease adj	n.a.	n.a.	n.a.	207	83	146	136	396	437	584	691
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	-51	-59	-68
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	229	1	382
<b>Cash flow metrics</b>											
Capex/D&A	0.0%	0.0%	0.0%	46.5%	22.0%	23.3%	17.5%	17.4%	21.0%	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%
<b>Key information</b>											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	220	317	470	470	470
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	11,000	15,850	23,510	23,510	23,510
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	11,998	16,676	23,918	23,413	22,826
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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