

Market: OMXC Large Cap

Ticker: NETC

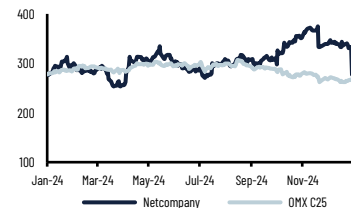
Share price (DKK): 276.8

Market cap (DKK): 13.0bn

Net debt (DKK): 2.2bn

Enterprise value (DKK): 15.2bn

## Share information



Ytd 22.7% 1 year: -0.4%  
1 month: -18.3% 3 year: -42.5%

Note: We apply the closing price from 28 January 2025  
Index rebased to 29 January 2024. Source: S&P Capital IQ

## Financials

DKKm	2023	2024	2025E*
Revenue	6,078.4	6,540.6	6,900 - 7,200
Revenue growth	9.6%	7.6%	5% - 10%
Adj. EBITDA	901.2	1,097.9	1,100 - 1,350
Adj. EBITDA margin	14.8%	16.8%	16% - 19%
Net income	304.1	304.1	N/A
Net income margin	5.0%	5.0%	N/A
Cash	448.1	250.9	N/A
Interest-bearing debt	2,610	2,464.6	N/A

Note: \*Netcompany's own guidance for 2025. Revenue guidance rounded to nearest DKK 100m, Adj. EBITDA guidance rounded to nearest DKK 50m

## Valuation multiples

	2023	2024	2025E*
P/S (x)	1.8	2.5	1.8
EV/Sales (x)	2.2	2.8	2.1
EV/EBITDA (x)	14.9	16.9	11.9
EV/EBIT (x)	23.3	23.5	16.3
P/E (x)	37.0	34.3	18.2
P/B (x)	2.9	4.4	N/A
P/CF (x)	14.9	16.6	15.3

Note: Multiples for 2023 and 2024 are based on historical numbers  
\*Multiples in 2025E are based on consensus estimates from S&P Capital IQ

## Company description

Netcompany is a Danish IT services company specializing in next-generation IT projects that focus on digital transformation through digital platforms, core systems, and infrastructure services in public and private sectors. It has built a strong position in Denmark, particularly within the public sector, and is expanding its reach in Europe, with core markets in the UK, Norway, Netherlands, and increasingly pan-European following its acquisition of Intrasoft International in 2021, with activities in Greece, Belgium, and more.

## Investment case

Netcompany operates in one of the fastest growing areas of IT, with IDC forecasting the digital transformation market to grow at a 16.2%<sup>1</sup> CAGR towards 2027. Demand is supported by pan-European ambitions by governments to improve their digitalization and by large corporates digitalizing and incorporating AI.

As a trusted partner for the Danish public and private sector digital transformation projects (DK: 47% revenue FY2024), Netcompany is expanding its European footprint, securing milestone projects in the UK (DALAS framework) and Norway (Avinor airport project) in 2024. These large-scale and critical projects validate Netcompany's go-to-market strategy of leveraging composable platforms to win and deliver large projects. The potential to grow market share in its large and broad European markets can support topline growth for many years and support margin expansion.

Netcompany experienced a recovery in its Danish market in 2024, with continued but slower growth in its international markets, as overall, the platform-based go-to-market strategy supported new and large project wins in 2024. The UK dragged on H2 2024 results as a change in government stalled spending on the DALAS framework, however, ramp up of major projects including DALAS and Avinor can support growth in 2025, with FY 2025 guidance for 5-10% revenue growth, with 16-19% adj. EBITDA margins. Valuation is currently below peers for most forward multiples.

<https://www.idc.com/getdoc.jsp?containerid=prUS52305724>

## Key investment reasons

Large international projects in the UK, Norway, Sweden, Greece and recently Germany and the Baltics validate Netcompany's go-to-market strategy, suggesting an ongoing ability to win business-critical projects overseas which can drive European market share growth and expand high margin license revenues.

Netcompany remains on track for solid growth with ambitions for revenue of DKK 8.5bn by 2027 reflecting a 9% CAGR (delayed from 2026 previously) and maintains ambitions for >20% adj. EBITDA margins by 2026. After DKK 800m buybacks in 2024, Netcompany cancels 2.5m shares (5%) and reaffirms its >DKK 2.0bn buyback target for 2024-26, despite no new program in connection with the FY 2024 results due to advanced strategic considerations.

A stronger balance sheet, supported by improved cash flow in 2024 may support acquisitions in 2024, which Netcompany has a history of successfully integrating to add shareholder value.

## Key investment risks

Company expectations for unchanged markets in 2025 suggest ongoing business and government uncertainty in response to higher interest rates and geopolitical turbulence. That uncertainty can surprise in either direction, demonstrated by the DALAS framework delay following a UK government change.

Netcompany relies on its reputation for quality and timeliness when tendering for contracts. Given the size and impact of typical Netcompany projects, reputation can be as or more influential than price in winning tenders. Involvement in a high-profile project failure may reduce its ability to win large tenders across regions.

Full year guidance for 2025 suggest growth of 5-10% despite revenue visibility for 2025 being roughly in-line with visibility at the start of 2024. This suggests a greater impetus on winning new contracts, and while project wins have been announced in January 2025, could present challenges.

## Peer group

Company	Price	Total return	Market cap	Latest net debt	EV/EBITDA		EV/EBIT		P/E		EBIT margin	
	(local)	1 year	(EURm)	(EURm)	FY2025	FY2026	FY2025	FY2026	FY2025	FY2026	3-yr avg	LTM
Globant S.A.	USD 208.6	-12.4%	8,628	-42	16.1	14.0	21.3	18.0	28.3	23.9	11.7%	10.4%
Endava plc	USD 32.5	-56.1%	1,854	-111	14.9	13.1	18.8	14.8	22.8	16.2	11.5%	3.1%
EPAM Systems, Inc.	USD 255.1	-11.5%	13,877	-1,742	14.0	12.5	15.4	13.8	22.5	20.4	13.9%	12.4%
Kainos Group plc	GBP 8.2	-22.2%	1,220	-122	13.3	12.5	14.3	13.3	21.2	20.1	15.1%	16.8%
Reply S.p.A.	EUR 156.3	24.9%	5,827	-203	13.1	12.0	15.8	14.3	24.0	21.4	14.0%	14.0%
<b>Median</b>		<b>-12.4%</b>	<b>5,827</b>	<b>-122</b>	<b>14.0</b>	<b>12.5</b>	<b>15.8</b>	<b>14.3</b>	<b>22.8</b>	<b>20.4</b>	<b>13.9%</b>	<b>12.4%</b>
<b>Netcompany Group A/S</b>	<b>DKK 276.8</b>	<b>-0.4%</b>	<b>1,745</b>	<b>290</b>	<b>11.8</b>	<b>10.2</b>	<b>15.7</b>	<b>13.1</b>	<b>18.9</b>	<b>14.2</b>	<b>12.2%</b>	<b>12.1%</b>
Premium (+) / Discount (-) to peers					-15.7%	-18.4%	-0.6%	-8.4%	-17.1%	-30.4%		

Note: Data from 29/01/2025

Source: S&P Capital IQ

**Estimates and assumptions:** Some of the data in the peer group has not been calculated by HC Andersen Capital but is instead consensus analyst estimates from S&P Capital IQ. HC Andersen Capital assumes no responsibility for the correctness of the numbers in the peer group; however, considers S&P Capital IQ a credible source of information.

**Selected peers overview:**

**Globant SA** is a global IT services company focused on next-generation digital transformation. The company was founded in Argentina and has a strong presence in Latin America and North America, with a smaller but growing presence in Europe. The company was listed on the Nasdaq in 2021 and pursues an active acquisition strategy to support organic growth. Globant primarily services blue-chip clients in the private sector, focusing on digital transformation through developing platforms with activities in a broad range of sectors; however, also undertakes public sector projects.

**Endava Plc** is a global IT services company with a focus on delivering next-generation IT solutions to deliver digital transformation for businesses. The company is headquartered in the UK and listed on the Nasdaq, generating around 50% of its revenue in the UK, with Europe and North America as its next largest markets. Endava also looks towards acquisitions to aid entry into new geographies and to support organic growth, delivering solutions across a broad range of sectors, but with little over 50% of revenue derived from its payments and financial services. Endava's clients are predominantly based in the private sector.

**Epam** is a global IT services company focused on next-generation digital transformation. The US-based company was founded in 1993 and was listed on the Nasdaq in 2012, generating over 50% of revenues from the Americas, and also has significant business in EMEA. Epam is primarily focused on blue chip private sector clients with broad sector focuses, including Travel & Consumer, Financial Services, Business Information & Media, Software and Hi-Tech, and Life Sciences & Healthcare, and also actively pursues acquisitions to support organic growth.

**Reply SpA** is an Italian IT services company focused on next-generation digital transformation. The company is headquartered in Turin, Italy, and was listed on the Milan Stock Exchange in 2000, with global activities in Europe, the Americas, and APAC. The company specializes in the design and implementation of solutions based on new communications channels and digital media, with activities across a broad range of sectors, the largest of which are Manufacturing & Retail, Financial Services, and Telco, Media & Hi-Tech. Reply also targets acquisitions to support organic growth.

**Kainos** is a UK-based IT services company focused on next-generation digital transformation in the public and private sectors. The company is headquartered in Belfast, Northern Ireland, and was listed on the London Stock Exchange in 2015. Kainos generates approx. 2/3 of its revenues from the UK, with the remainder from international operations, of which North America is its largest market. The company operates three business segments, Digital Services, which focuses on digital transformation, Workday Services, and Workday Products. Workday Services concerns the deployment of its partner, the US SaaS company, Workday's Finance, HR, and Planning products to corporate clients, while Workday Products develops products for clients that complement Workday. For the year 2022/23, public sector activities were responsible for 37% of revenues.