

Netcompany

netcompany

Market: OMXC Large Cap

Ticker: NETC

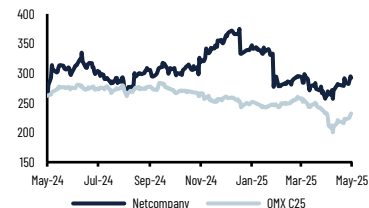
Share price (DKK): 292.2

Market cap (DKK): 14bn

Net debt (DKK): 2.2bn

Enterprise value (DKK): 16bn

Share information



YTD -13.8% 1 year: 13.6%
1 month: 11.6% 3 years: -26.5%

Note: We apply the closing price from 01 May 2025
Index rebased to 30 April 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	304.0	467.5	N/A
Net income margin	5.0%	7.1%	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	2.0
EV/Sales (x)	2.2	2.8	2.3
EV/EBITDA (x)	14.9	16.9	12.5
EV/EBIT (x)	23.3	23.5	17.1
P/E (x)	37.0	34.3	21.1
P/B (x)	2.9	4.4	3.7
P/CF (x)	14.9	16.6	N/A

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%¹ 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 revenue growth for many years and support margin expansion.

Netcompany continued its public sector growth in Q1 2025 (+13.5% y/y), while private revenues remained stable. All geographies showed growth y/y, with international markets +14% y/y vs +3% y/y in Denmark. Netcompany cites its platform-based go-to-market strategy as key to sustaining the growth, and also supporting efficiency as seen by growing revenues per employee in Q1 2025. Netcompany maintains its guidance discussing positive tender activity in Q1 in both private and public segments. Valuation is a little above peers, but more in line on a 2026E basis.

<https://www.idc.com/getdoc.jsp?containerid=prUS2305724>

Key investment reasons

Netcompany has proven its ability to win critical public projects internationally, with key projects in the UK (DALAS), Norway (Avinor) and Greece (SOLON Tax) and more, highlighting the strength of its platform-led go-to-market strategy. Continued execution can drive European market share growth and margin expansion, also supported by the acquisition of SDC expanding the financial services vertical.

Maintaining 2025 guidance for 5-10% revenue growth and 16-19% adj. EBITDA margins positions Netcompany well to reach its ambitions for revenue of at least DKK 8.5bn by 2027, (~9% CAGR) and adj. EBITDA margin of over 20% by 2026.

Strong cash flow in Q1 2025 reduced leverage ratio to 1.2x, (1.6x Q1 2024, with Netcompany restating commitment to its target of over DKK 2.0bn in share buybacks from 2024-2026 (DKK 800m in 2024), with buybacks to resume upon completion of its SDC transaction.

Key investment risks

Netcompany assumes stable market conditions in 2025, yet demand from public and private sectors remains exposed to geopolitical. The greater exposure to public sectors is somewhat more defensive, but the private sector could see reduced appetite to invest in response to US tariffs and a possible growth shock.

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.

The integration of SDC may present unforeseen complexities and risks. While Netcompany has a strong record with acquisitions process may involve unforeseen challenges and could divert management attention from core markets or ongoing execution, potentially affecting momentum elsewhere in the business.

Peer group

Company	Price (local)	Total return YTD	Market cap (EURm)	EV (EURm)	EV/EBITDA 2025 2026E	EV/EBIT 2025 2026E	P/E 2025 2026E	EBIT margin (%) 3-yr avg LTM
Globant S.A.	USD 117.4	-45.2%	4,588	4,874	10.0 9.1	13.1 11.5	17.2 15.0	11.1% 10.5%
Endava plc	USD 18.3	-40.8%	963	1,092	8.6 7.3	9.0 7.8	11.5 9.6	11.5% 2.6%
EPAM Systems Inc.	USD 158.5	-32.2%	7,957	6,962	9.2 8.1	10.0 8.9	15.1 13.4	13.3% 12.8%
Kainos Group plc	GBP 7.5	-7.4%	1,087	921	11.8 11.1	12.7 11.8	N/A 17.2	15.1% 16.6%
Reply S.p.A.	EUR 156.8	2.2%	5,845	5,500	12.3 11.3	14.9 13.7	23.0 20.9	13.9% 14.0%
Median		-19.8%	3,466	3,296	10.5 9.6	11.3 10.4	15.1 15.3	13.6% 13.4%

Netcompany Group A/S DKK 292.2 -13.8% 1,846 2,151 12.5 10.9 17.1 14.3 21.1 16.1 12.2% 12.7%

Premium (+) / Discount (-) to peers

Note: data from 01/05/2025

Source: S&P Capital IQ



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Investment Case
One-page

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.