

# WIRTEK A/S (WIRTEK)

Ag

## PERSONALIZED IT-OUTSOURCING GOING GLOBAL

WirTek A/S (“WirTek” or “the Company”) is an IT-outsourcing company that offers both software and hardware solutions. Through a differentiated portfolio of services in the two market segments *software engineering services* and *electronic equipment services*, the Company offers complete and comprehensive technology solutions to various types of industries. Through several strategic acquisitions and a newly adopted strategy called *Accelerate25*, there is room for the Company to show further growth and capitalize on inherent scalability and expand into new market segments such as cybersecurity where WirTek already has secured future contracts. A DCF valuation with a discounting rate (WACC) of 11.4% provides support for the relative valuation, where an EV/EBIT target multiple of 24x in 2023 is justified, which implies a potential price of DKK 18.1 per share in a Base scenario.

### ■ Growth Potential in New Cybersecurity Segment

Cyberattacks are a universal and increasing threat that affects organizations, governments, and private systems every day, and due to the fast-developing technology standards, cybersecurity has become a priority for most companies worldwide. As WirTek expands further into new market segments, cybersecurity is an interesting option. By introducing new products and solutions to the product portfolio, WirTek continues to offer a complete and overall concept. The Company has already secured future cybersecurity contracts with a partnered client in the US, which could entail great growth potential.

### ■ Clear Strategy in Accelerate25

WirTek has adopted a new set of strategic goals until the year 2025, named *Accelerate25*. As the Company continues to expand and develop, the ambition is to reach an annual revenue of DKK 100m in 2025, with an EBT of DKK 10m. Furthermore, WirTek’s goal is to maintain an EBITDA margin of 6% during the entire strategic period. As 2021 proved to be a successful year, it lays a good foundation for WirTek to continue to develop and create good conditions to reach the pronounced goals.

### ■ WirTek is Trading at an Unmotivated Discount

WirTek operates in a constantly changing market where the digital transformation has made organizations dependent on creative applications and add-ons that IT can provide. As Analyst Group estimates net sales to increase to DKK 68.1m in 2023 and the operations of the acquired companies to normalize, a strong EBIT margin of 8.6% is estimated in 2023. The margin outperforms the average margin of 4.9% of the selected peer estimates in 2023, why a higher multiple is justified. An EV/EBIT target multiple of 24x on 2023 estimates indicates a justified price per share of DKK 18.1.

SHARE PRICE | DKK 17.6

VALUATION INTERVAL

BEAR DKK 13.1 | BASE DKK 18.1 | BULL DKK 26.3

WIRTEK				
Share Price (2022-04-07)	17.6			
Number of Shares Outstanding	7 245 912			
Market Cap (DKKm)	127.5			
Net cash(-)/debt(+) (DKKm)	8.1			
Enterprise Value (DKKm)	135.6			
W.52 Price Intervall (DKK)	15.2 – 27.4			
List	Nasdaq First North Growth Market Denmark			
DEVELOPMENT				
1 Week	5.4%			
1 Month	6.6%			
3 Months	-6.1%			
Since IPO	-63.1%			
MAIN SHAREHOLDERS (2021-03-31)				
Aaen Holding ApS	33.2%			
Kent Mousten Sørensen	13.2%			
CEO AND CHAIRMAN OF THE BOARD				
CEO	Michael Aaen			
Chairman of the board	Kent Mousten Sørensen			
FINANCIAL CALENDAR				
Annual General Meeting	2022-04-06			
ESTIMATES (BASE), DKKM				
	2021	2022E	2023E	2024E
<b>Revenue</b>	<b>45.4</b>	<b>56.9</b>	<b>68.1</b>	<b>79.9</b>
<i>Revenue growth</i>	63.3%	25.6%	19.6%	17.2%
<b>Gross profit</b>	<b>27.0</b>	<b>33.9</b>	<b>40.7</b>	<b>47.8</b>
<i>Gross margin</i>	59.5%	59.5%	59.6%	59.8%
<b>EBITDA<sup>1</sup></b>	<b>6.2</b>	<b>5.7</b>	<b>7.0</b>	<b>8.4</b>
<i>EBITDA margin<sup>1</sup></i>	13.7%	9.9%	10.2%	10.5%
<b>EBIT<sup>1</sup></b>	<b>5.4</b>	<b>4.7</b>	<b>5.9</b>	<b>7.1</b>
<i>EBIT margin<sup>1</sup></i>	12.0%	8.3%	8.6%	9.0%
P/S	2.6x	2.1x	1.7x	1.5x
EV/S	2.9x	2.3x	1.9x	1.6x
EV/EBIT	24.1x	27.7x	22.3x	18.3x

<sup>1</sup>Incl. Activated Costs

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## Bull and bear

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### Definition Bull

Bull is a metaphor for an optimistic view of the future. It indicates a belief in improvement.

### Definition Bear

Bear is a metaphor for a pessimistic view set on the future. It indicates a belief deterioration.

## Other

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