

# Trifork A/S



## Bringing Customers to the Future

Trifork A/S ("Trifork" or "the Company") is a Danish IT and business service provider operating in 6 business areas and 12 countries, through a roll up business model. Trifork help customers to make their businesses more efficient through software and AI solutions. Trifork's innovative business model enables the Company to establish long-term customer relationships and thereby drive innovation. Recent investments in the aftermarket segment are estimated to increase the EBIT margin from 9.8% in 2022 to 10.9% in 2024. In addition, the segment *Inspire*, which focuses on attracting new customers, increased by 138.5% in 2022, the improved *Inspire* segment is estimated to positively impact all core business areas and be instrumental in the forecasted increase of total revenue from DKK 1,390.2m in 2022 to DKK 2,139.6m in 2024. As a result, Trifork is estimated to grow revenue with a CAGR of 24.1%, outperforming the market CAGR of 10%. A relative valuation with a target EV/EBIT multiple of 17.3x applied to the estimated EBIT in 2024 of DKK 233.1m implies an enterprise value of DKK 4,032.6m, corresponding to a share price of DKK 201 in a Base scenario.

### Strong Growth With No Sign of Slowing Down

Trifork has historically shown revenue growth with a CAGR of 20.9% between the years 2018 and 2022. In the Company's competitive market, achieving this growth shows innovation, efficiency, and a well functioning business model. With a successful R&D department containing of 25 active startups, the Company is positioned to keep serving customers with valuable and innovative software. Analyst Group estimates the Company's revenue to grow with a CAGR of 24.1% between 2022 and 2024 amounting to a total revenue of DKK 2,139.6m.

### Synergies Expected from Investments

In 2022, Trifork invested over DKK 11.9m in its operation, where the investments mainly target the *Inspire* segment and the aftermarket segment called *Run*. The *Inspire* segment offers conferences and workshops to attract customers, while the *Run* segment further develops existing software, product related services and other recurring revenue streams. The amount of new customers is expected to increase due to the developed *Inspire* segment's high conversion rate when attracting new customers. In addition, the average revenue per customer is estimated to increase due to the Company's capitalization in the aftermarket. The investments so far has provided higher revenue and a lower churn rate. Analyst Group estimates that the increasing amount of customers from the *Inspire* segment, combined with the improved profitability from the expanded aftermarket segment *Run*, will create synergies that is estimated to increase the EBIT margin from 9.8% in 2022 to 10.9% in 2024.

### Competitive Market Entails Risk

Trifork is operating in a highly competitive market. To fall behind in technological development entails the risk of losing market share. The Company's choice to operate in six different business areas reduces risk by diversifying but also implies the risk of more niched companies conquering market share in one of the segments. However, Trifork's business model builds long-term relationships with customers, which protects the Company from new players striving for Trifork's market share.

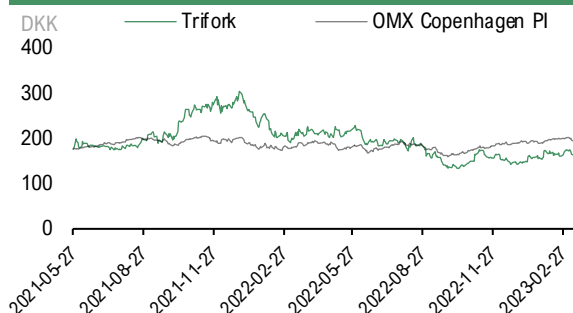
#### VALUATION RANGE

**Bear** DKK 145.3      **Base** DKK 201.0      **Bull** DKK 278.0

#### KEY INFORMATION

Share Price (2023-03-27)	156.8
Shares Outstanding	19,744,899
Market Cap (DKKm)	3,096.0
Net cash(-)/debt(+)	527.9
Enterprise Value (DKKm)	3,623.9
List	Copenhagen Stock Exchange
Quarterly report 1 2023	2023-05-03

#### SHARE PRICE DEVELOPMENT



#### OWNERS (SOURCE: HOLDINGS)

Jørn Larsen	19.5%
Ferd A/S	10.0%
Thorup Kresten Krab	6.6%
CHR Augustinus Fabrikker A/S	5.1%
Universal Investment Co LLC	2.4%

Estimates (DKKm)	2021	2022	2023E	2024E
Revenue <sup>1</sup>	1,204.7	1,390.2	1,687.4	2,139.6
COGS	-218.2	-279.4	-316.4	-376.3
<b>Gross Profit<sup>1</sup></b>	<b>986.4</b>	<b>1,110.8</b>	<b>1,371.1</b>	<b>1,763.4</b>
Gross Margin	81.9%	79.9%	81.5%	82.4%
Operating Costs	-784.1	-884.3	-1,073.5	-1,362.7
<b>EBIT<sup>1</sup></b>	<b>114.6</b>	<b>136.3</b>	<b>164.9</b>	<b>233.1</b>
EBIT Margin	9.5%	9.8%	10.0%	10.9%
P/S	2.5x	2.2x	1.8x	1.4x
EV/S	2.9x	2.5x	2.1x	1.7x
EV/EBIT	30.9x	26.0x	21.5x	15.2x
P/E	32.4x	22.3x	21.4x	15.7x

<sup>1</sup>Adj. For one time charges

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## **Other**

The Principal, **Trifork A/S** (furthermore" the Company") has had no opportunity to influence the parts where Analyst Group has had opinions about the Company's future valuation or anything that could constitute an objective assessment.

The analyst does not own shares in the Company.

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