

Laying the Foundation for Future Growth

Itera ASA (“Itera” or “the Company”) is an international IT consultancy company, specialized in delivering innovative and high-quality solutions within the realm of digital transformation. Despite current high interest rates, the underlying demand for digitalization and Itera’s advanced and scalable solutions positions the Company favorably to further capitalize on the market demand and increase Itera’s strong market share. Furthermore, AI implementation is expected to increase operational efficiency by reducing the number of consultants required for the same workload, allowing each consultant to handle a larger workload, driving an estimated EBITDA margin increase from 12.7% in 2023 to 14.7% in 2025. With Itera’s strong presence in Norway and anticipated headcount growth in existing offices across Europe, Analyst Group projects a revenue CAGR of 5.8% from 2023 to 2025. By applying an EV/EBITDA multiple of 7.4x to the estimated EBITDA of NOK 143.3m in 2025, supported by a discounted cash flow analysis, a potential price per share of NOK 12.8 is derived in a Base scenario.

Continued Strong Underlying Demand of Digitalization

Europe’s IT consultancy market is expected to grow at a CAGR of 7% to NOK 318.9bn by 2029. Although smaller than the major competitors and not targeting the larger contracts, Itera excels in contracts under NOK 150m by offering a full range of specialized services to the specific customer. This strategy has successfully increased Itera’s market share in Norway from 12% in 2021 to 18% in 2023. Given the Company’s strong solutions, offering and focus on geographical expansion, Analyst Group estimates that Itera will grow revenue with a CAGR of 5.8% from 2023 to 2025, reaching NOK 976m in 2025.

International Potential

With market conditions expected to normalize in 2025, as rates are expected to go down and the macroeconomic environment stabilizes, Itera is poised to accelerate growth in the European market. Currently active in eight countries with 736 full-time equivalents (“FTEs”) with a majority in Norway, Itera is able to increase the headcount organically by 200-350 FTEs annually. The strategy going forward will focus on increasing the headcount more aggressively at locations where the market is expected to grow at a faster pace than the Norwegian market, such as Sweden, Denmark and Poland.

Innovation and AI - Driving Growth and Profitability

Through Itera’s “*Digital Factory at Scale*” the Company helps customers in optimizing digital transformation by automating processes, delivering data analytics, and scaling operations. The recent launch of Itera’s generative AI platform “*Sapience*”, further improves operational efficiency by automating repetitive tasks and enhancing decision-making, allowing consultants to manage larger workloads with fewer resources, contributing to an estimated increase of the EBITDA margin from 12.7% in 2023 to 14.7% in 2025 and 15.3% 2027.

VALUATION RANGE

Bear
NOK 7.8

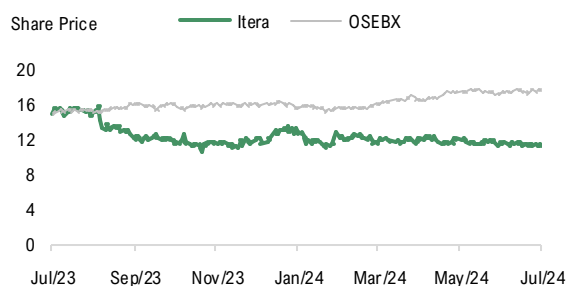
Base
NOK 12.8

Bull
NOK 15.2

KEY INFORMATION

Share Price (2023-08-22)	12.0
Shares Outstanding (no.)	82,186,624
Market Cap (NOKm)	986
Net cash(-)/debt(+) (NOKm)	45.9
Enterprise Value (EURm)	1,032
List	Euronext Growth Oslo
Quarterly report 3 2024	2024-11-08

SHARE PRICE DEVELOPMENT



OWNERS (SOURCE: HOLDINGS)

Arne Mjøs Invest	33.3%
OP Capital	5.6%
GIP	5.2%
Septim Consulting	5.0%
Boinvestering	3.6%

Estimates (NOKm)	2024E	2025E	2026E	2027E
Revenue	900.9	976.4	1,130.8	1,257.8
COGS	-70.9	-76.9	-89.1	-99.1
Gross Profit	830.0	899.5	1,041.7	1,158.7
Gross Margin	92.1%	92.1%	92.1%	92.1%
Operating Costs	-713.3	-756.1	-871.9	-965.6
EBITDA	116.7	143.3	169.8	193.1
EBITDA Margin	13.0%	14.7%	15.0%	15.3%
P/S	1.1x	1.0x	0.9x	0.8x
EV/S	1.1x	1.1x	0.9x	0.8x
EV/EBITDA	8.8x	7.2x	6.1x	5.3x
EV/EBIT	13.0x	10.0x	8.2x	7.3x

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Other

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