

# NTG | Nordic Transport Group



Market: OMXC Large cap

Ticker: NTG

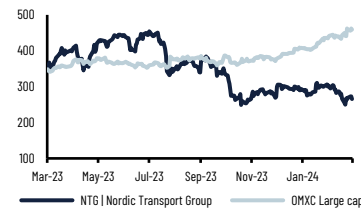
Share price (DKK): 265.5

Market cap (DKK): 6.0bn

Net debt (DKK): 967m

Enterprise value (DKK): 7.1bn

## Share information



Ytd: -9.7% 1 year: -21.4%  
1 month: -11.6% 3 year: 10.2%

Note: We apply the closing price from 13 March 2024  
Index rebased to 14 March 2023. Source: Refinitiv

## Financials

DKKm	2022	2023	2024E*
Revenue	10,224	8,338	N/A
Revenue growth	40%	-18.4%	N/A
Adj EBIT	758	630	500-580
Adj EBIT margin	7.4%	7.6%	N/A
Net income	535	407	N/A
Net income margin	5.2%	4.9%	N/A
Cash	281	276	N/A
Interest-bearing debt	1,268	1,243	N/A

Note: \*NTG's own 2024 guidance  
Source: Refinitiv & NTG

## Valuation multiples

	2022	2023	2024E*
P/S (x)	0.5	0.8	N/A
EV/Sales (x)	0.6	0.9	N/A
EV/Adj EBITDA (x)	6.6	9.1	N/A
EV/Adj EBIT (x)	8.6	12.3	12.2-14.1
P/E (x)	11.1	16.4	N/A
P/B (x)	5.4	6.6	N/A
P/CF (x)	7.1	11.3	N/A

Note: Multiples for 2022 and 2023 are based on historical numbers from Refinitiv  
\*Multiples in 2024 are based on NTG's own guidance

## Company description

NTG | Nordic Transport Group, is a Danish-based freight forwarding logistics company that provides customised transport solutions by road, rail, air, and ocean. NTG has a global presence with around 65 subsidiaries and operations in over 20 countries, including the US and China. NTG creates value by optimising customers' supply chains by acting as a coordinator, planner, and negotiator. The company operates two segments, Road & Logistics and Air & Ocean, with the former slightly larger in revenue terms FY 2023.

## Investment case

NTG has achieved significant growth, through organic growth and acquisitions, including acquiring US-based AGL Inc in Q2 2022. Long-term growth, particularly in European Road & Logistics, may be supported by nearshoring of supply chains, while broader global freight volumes are projected to increase at a 4.6%<sup>[1]</sup> CAGR towards 2030 as global trade grows. NTG aims to continue consolidating in a still fragmented market, with financial ambitions for an Adj. EBIT of DKK 1.0bn by FY 2027, via organic growth and acquisitions (17% CAGR from mid-point 2024 guidance).

However, in 2023, economic headwinds and customer destocking led to weaker spot rates and falling volumes in both divisions, with Air & Ocean particularly challenged by overcapacity, leading to a revenue and earnings decline year-on-year in 2023 in both divisions. However, NTG was able to reduce its capacity during 2023, procuring capacity instead from the ad-hoc market at attractive prices, positively impacting gross margins. Overall, NTG increased its focus on longer-term contract activities with greater earnings stability, and maintains focus on its sales activities to expand market share, particularly in Air & Ocean.

Risks remain in the market, as sentiment has remained weak so far in 2024. However, NTG maintains its cost focus and anticipates valuations of acquisition candidates can fall in response to market conditions, facilitating M&A at attractive prices that can be accretive to shareholders in the long-term.

Source [1]: <https://www.grandviewresearch.com/industry-analysis/freight-forwarding-market-report>

## Key investment reasons

NTG has historically grown revenues and earnings at double-digit annual growth rates, while maintaining ROIC before tax of >30% since its IPO in 2019 (32% FY 2023). Its asset-light business model supports a strong return on invested capital, and eases the integration of acquisitions, which can facilitate long-term growth. NTG's decentralisation and incentive structure also support M&A integration. Looking at its peer group, NTG currently trades at lower valuation multiples, particularly relative to free cash flow.

NTG's acquisition strategy has supported revenue and EPS growth, and is currently supported by a FY 2023 leverage ratio, of 1.1x, significantly below its target of <3.0x, as NTG has managed free cash flows to pay down debt following AGL acquisition in 2022.

NTG is increasing its share of contracted revenue, reducing its spot market exposure, and leveraging its asset-light business model to continually adjust capacity and defend margins.

## Key investment risks

Demand for freight is cyclical, and freight volumes and rates move with the market. A global recession may see rates and volumes fall further, while a sustained recession would likely threaten the medium-term outlook. NTG anticipates continued demand challenges in 2024, with roughly similar activity levels in Road & Logistics and sustained low activity levels in Air & Ocean.

Given its smaller size relative to the large industry players NTG may not be able to leverage economies of scale to secure capacity at favourable rates as effectively as its peers. Alternatively, its size might give NTG more flexibility to adjust to market conditions.

NTG's discount relative to its peers may be partly explained by the market negatively assessing its timing and integration of AGL group, (acquired Q2 2022), which was primarily positioned in the Air and Ocean division, the segment most affected by weaker markets.

## Peer group

Company	Price (local)	Total return Ytd	Market cap (EURm)	Latest net debt (EURm)	EV/EBIT		Price/EPS		Price/FCF		Net debt/EBITDA	
					2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E
DSV A/S	DKK 1072.0	-9.6%	31,492	4,513	16.1x	15x	18.8x	16.5x	19.2x	18.7x	1.1x	1.5x
Kuehne und Nagel International AG	CHF 244.5	-15.6%	30,696	-208	17.2x	16.1x	23.4x	21.8x	20.9x	19.7x	-0.7x	-0.5x
Expeditors International of Washington Inc	USD 121.4	-4.6%	15,961	-1,323	18.6x	17.6x	25.6x	23.7x	24.6x	24.1x	-1.2x	-1.1x
CH Robinson Worldwide Inc	USD 75.3	-12.1%	8,042	1,360	18.3x	15.4x	23.2x	18.7x	17.5x	16.9x	2.2x	1.9x
<b>Average</b>		<b>-10.5%</b>	<b>21,548</b>	<b>1,086</b>	<b>17.6x</b>	<b>16x</b>	<b>22.7x</b>	<b>20.2x</b>	<b>20.5x</b>	<b>19.9x</b>	<b>0.4x</b>	<b>0.4x</b>
<b>NTG   Nordic Transport Group AS</b>	<b>DKK 265.5</b>	<b>-9.7%</b>	<b>807</b>	<b>130</b>	<b>11.9x</b>	<b>11.2x</b>	<b>15x</b>	<b>13.9x</b>	<b>11.9x</b>	<b>10.4x</b>	<b>1.2x</b>	<b>1.2x</b>
Premium (+) / Discount (-) to peers					-32%	-30%	-34%	-31%	-42%	-48%		
Premium (+) / Discount (-) to DSV					-26%	-25%	-20%	-16%	-38%	-44%		

Note: Data from 14/03/24

Source: Refinitiv

# Appendix – Peer group

Estimates and assumptions: Some of the data in the peer group has not been calculated by HC Andersen Capital but is instead consensus analyst (Mean Estimates) from Refinitiv. Some of the companies have no or limited analyst coverage and no guidance, and hence N/A may show for some data points. HC Andersen Capital assumes no responsibility for the correctness of the numbers in the peer group; however, considers Refinitiv a credible source of information.

Peer Group Selection: NTG's peer group consists mainly of large freight forwarders with global activities and a full-service offering covering road, air, ocean, and associated services. Therefore, the peers reflect a similar business model and market structure to NTG and can be considered relevant peers. However, the peers are significantly larger than NTG, which may create structural differences when facing weaker markets, as larger players can typically benefit from greater economies of scale but may have reduced flexibility.

DSV: is a global freight forwarding company based in Denmark, with operations in over 80 countries. DSV offers air, sea, and land transportation services, as well as logistics solutions and supply chain optimisation to customers in various industries, including automotive, healthcare, retail, and technology.

Kuehne + Nagel: is a Switzerland-based freight forwarding company that operates in more than 100 countries worldwide. Kuehne + Nagel offers freight services by air, sea, road, and rail, as well as contract logistics and supply chain management services to a diverse customer base.

Expeditors International: is a US-based global logistics company that provides air and ocean freight services, customs brokerage, and other supply chain solutions to customers in industries such as aerospace, automotive, and retail, with a network in over 60 countries.

C.H. Robinson: is a US-based logistics company that specialises in transportation and supply chain services. It offers air, ocean, and ground transportation solutions, as well as customs brokerage and warehousing services, operating in almost 40 countries with road freight as the largest revenue driver.