LUND UNIVERSITY FINANCE SOCIETY EST 1991

Carasent (CARA)

Sweden | IT Services | MCAP SEK 1,949m

01 June 2025

Buy

Target price:	SEK 33.6
Current price:	SEK 27.0
Upside:	**24.6%**

Future of healthcare, faster and smarter

Carasent (or "the Company") is a Nordic provider of electronic health records (EHR) for private healthcare. The Company's flagship product, Webdoc, helps clinics streamline administration and is used by major providers such as Capio, independent clinics, and digital disruptors such as Doktor.se. The Company operates across two key markets, Sweden and Norway, with 15% and 32% market share respectively. Through the acquisition of Data-AL in late 2024, the Company expanded into the large and fragmented German market. While investors remain focused on integration risk, the long-term growth potential in Germany appears overlooked. The target price of 33.6 SEK implies a potential upside of 24.6%, based on an equally weighted DCF and peer valuation.

Key takeaways

- **Operational Turnaround Supports Margin Expansion.** During the COVID-19 pandemic, Vitruvian Partners and Aeternum Capital acquired 30% of the shares and launched an acquisition-led strategy that proved unsuccessful, resulting in negative cash flows. In the fourth quarter of 2022, Daniel Öhman, a healthcare veteran, was appointed CEO. Operating cash flow margin rebounded from -2% in 2023 to 14% in 2024 following a structured cost reduction program. Despite concerns over growth-related investments, the Company now benefits from a lean cost structure with low incremental customer acquisition costs. One-off costs of 31 SEKm related to the Nasdaq relisting and EG's bid offer weighed on profitability, with EBIT landing at -20% in 2024. With operating leverage starting to take effect, EBIT is projected to reach 19% by 2027E, marking 2025E as a start of a more profitable phase.
- **Sticky Product and Fundamental Demand Drive Revenue Growth.** Administrative work consumes up to 30% of doctors' time. Carasent's main platform, Webdoc, reduces this by a third improving clinical efficiency. With integrations to 20+ external systems (e.g. Bank-ID, Fortnox), the Company maintains a low churn of 2% and a net revenue retention of 110%. The modular setup allows clinics to tailor the platform to their needs, creating high switching costs and long customer lifetime value. As many competitors still offer on-premise solutions, Carasent stands out with a modern, cloud-based platform and analysts estimate a 21% revenue CAGR to 2027E.
- **Expansion Potential in Stockholm and Germany Unlocks New Growth Path.** Carasent holds a 50% market share in Gothenburg Region but only 7% in Stockholm, Sweden's largest private healthcare region. As legacy provider TakeCare currently is exiting the market, Carasent's market share is expected to increase to 25% by 2027E in Stockholm. In Germany, the acquisition of DataAL gives access to 1,100 clinics still using fragmented, outdated on-premise systems. Converting these to Webdoc X doubles revenue per customer while keeping end-user costs flat by removing server costs. With 120 SEKm projected revenue by 2027E, Germany is set to become a key growth driver.

Analysts	
Anton Andersson	Equity Analyst
Nils Annborn	Equity Analyst

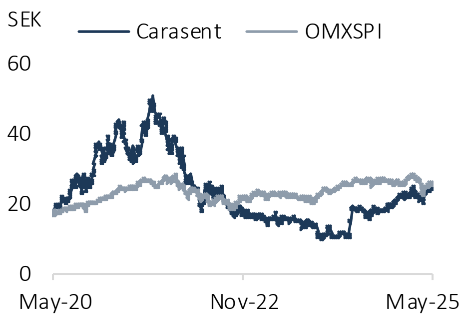
Market Data, SEK	
Exchange	Small Cap Stockholm
Shares (m)	72.3
MCAP (m)	1.949
EV (m)	1.727

Metrics & Drivers	2025E	2026E	2027E
EV/EBIT	157.0x	38.4x	17.8x
EV/EBITDA	25.4x	16.3x	10.3x
EV/S	5.1x	4.3x	3.5x
P/E	76.1	31.3	16.5
ND/EBITDA	(3.3)	(2.1)	(1.3)

Forecast, SEKm	2025E	2026E	2027E
Total revenue	337	405	499
Rev. growth y/y	22.5%	20.1%	23.1%
Gross Profit	285	342	421
Gross Margin	84.5%	84.5%	84.5%
EBITDA	68	106	167
EBITDA Margin	20.2%	26.2%	33.4%
EBIT	11	45	97
EBIT Margin	3.2%	11.2%	19.4%

Major Shareholders	
Vitruvian Partners	19.2%
Avanza Pension	6.6%
Handelsbanken Funds	5.3%

Price Development, SEK



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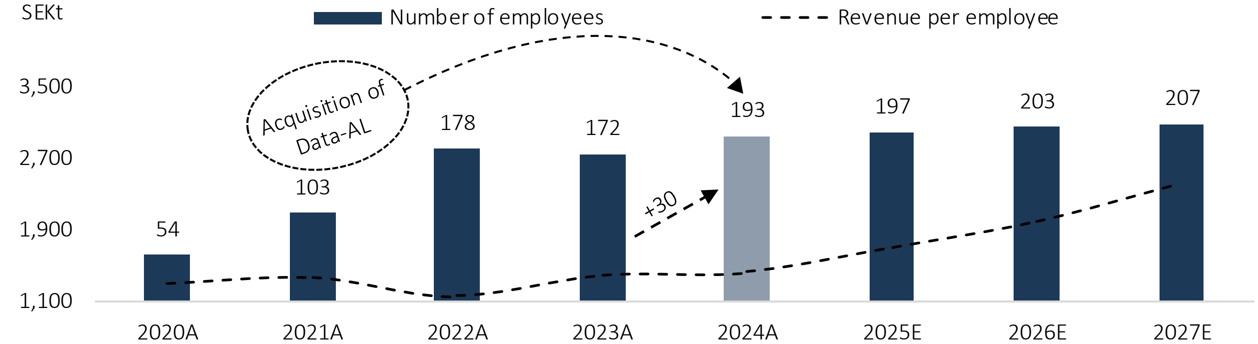
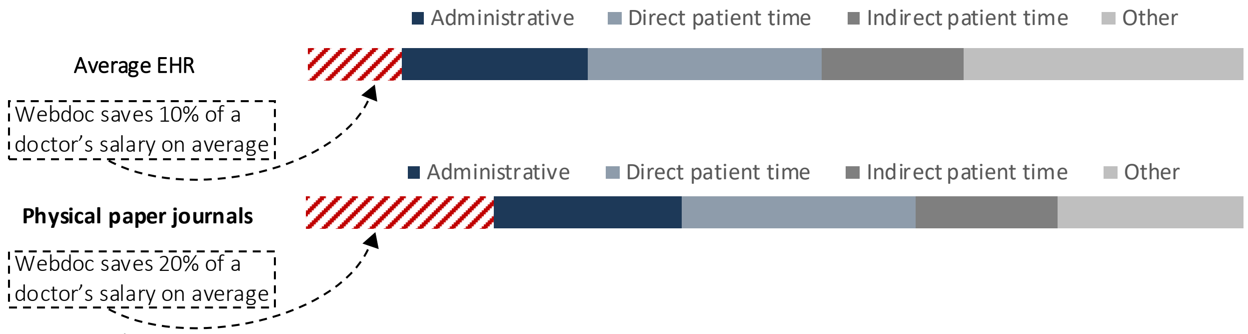
Investment thesis in charts

Inflection Point in Turnaround, Driven by Efficiency and Scalability.



Source: the Company, Analyst estimates

Webdoc Enables Doctors to Spend More Time with Patients

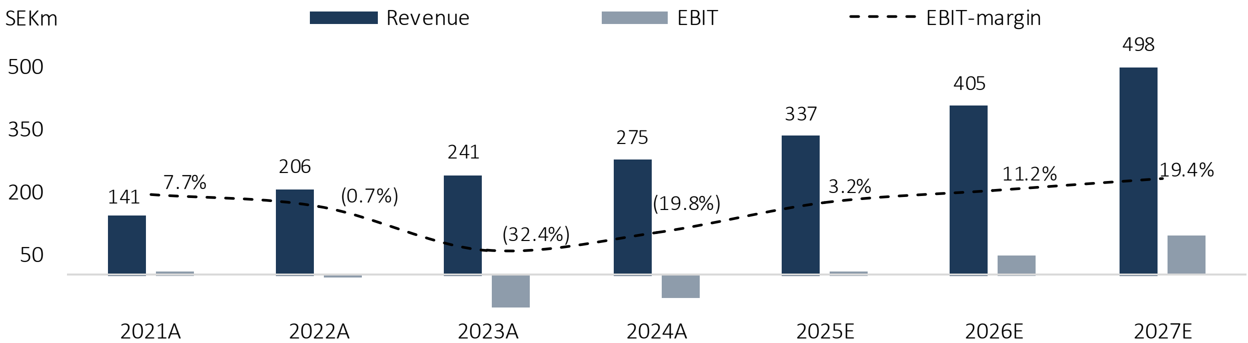


Source: Analyst estimates

Geographical Outlook

Source: Analyst estimates

Revenue & EBIT Forecast



Source: Analyst estimates, the Company

Investment thesis

Operational Turnaround Supports Margin Expansion

Following the Covid-19 pandemic, private equity firms Vitruvian Partners and Aeternum Capital acquired 30% of the shares and initiated an acquisition-driven strategy, completing five deals in two years. This shifted the Company from 25% OCF-margin in 2021 to -2% in 2023, weighed down by integration issues and underperforming assets. In the fourth quarter of 2022, Daniel Öhman, former CEO of healthcare provider GHP Specialty Care for nine years, was appointed CEO. Having previously doubled revenue and quadrupled EBITDA at GHP, he redirected Carasent's focus toward cost control. The Company implemented a structured cost reduction program, cut personnel and other operating expenses, and divested non-core subsidiaries, lifting OCF margin from -2% in 2023 to 14% in 2024. The market remains concerned that rapid growth will require a larger salesforce and heavy investments. Historical margin weakness is largely attributable to non-core divestments and one-off costs, including 31 SEKm related to the Nasdaq relisting and legal expenses associated with a takeover bid from the Danish software company EG. With a leaner organization and low incremental customer acquisition cost, Carasent is positioned for growth. Analysts estimate 2025E as a structural inflection point, with EBIT projected to reach 19% in 2027E from -20% in 2024, driven by margin recovery, and operating leverage.

Sticky Product and Fundamental Demand Drive Revenue Growth

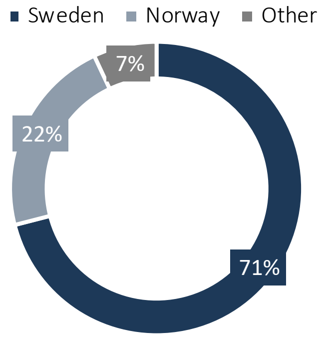
Administrative burden remains a key issue in healthcare, consuming up to 30% of doctors' time. Carasent's modern platform, Webdoc, reduces this workload by a third, cutting administrative costs and improving clinical efficiency. Combined with integrations to over 20+ external systems (e.g. Bank-ID, Fortnox), the platform offers a fully interoperable system that drives high user satisfaction. These product characteristics are reflected in Carasent's customer metrics: churn at 2%, net revenue retention at 110%. Carasent's upsell potential is underpinned by an expanding module portfolio, allowing clinics to scale usage over time without switching systems. The modular structure and data continuity create high switching costs, making migration to competing platforms both complex and costly. The competitive landscape remains fragmented, with many providers still offering outdated, on-premise solutions with limited integration capabilities. Carasent is therefore well positioned to consolidate market share. Revenue is expected to grow at a 21% revenue CAGR through 2027E, from 275 SEKm in 2024 to 499 SEKm by 2027E.

Expansion Potential in Stockholm and Germany Unlocks New Growth Path

Stockholm, Sweden's largest private healthcare region, remains underpenetrated by Carasent. The Company holds a 50% market share in Gothenburg Region yet only 7% in Stockholm Region, historically dominated by competitor TakeCare. As TakeCare loses contract renewals due to challenges in handling large volumes of data, stakeholder interviews confirm that a structural shift is underway. With targeted marketing, local presence, and product tailoring, Carasent is positioned to gain share in a previously locked-in market. Market share is expected to reach 25% by 2027E, making Stockholm a key driver of Nordic growth. In Germany, the acquisition of DataAL provides access to 1,100 German clinics, generating 40 SEKm in legacy on-premise revenue in 2024. Many are single-doctor clinics paying separately for outdated EHR systems and server infrastructure. By migrating to Webdoc X, Carasent's cloud-based platform, clinics get a better solution at the same total cost, as server costs is removed. This allows Carasent to charge double the revenue per customer, driving ARR to 80 SEKm post-migration. Leveraging the Swedish Webdoc organization enables scale synergies and faster integration. Germany is Europe's largest eHealth market valued at 20 billion SEK and remains 10-15 years behind Sweden in healthcare digitalization. The market is fragmented, dominated by outdated systems, some from the 1980s. Public dissatisfaction is rising, and government initiatives like DigiG and ePA are accelerating the shift to cloud-based solutions. Carasent is well-positioned to consolidate, analysts estimate 120 SEKm in German revenue by 2027E based mainly on the existing migration pipeline.

Company Overview

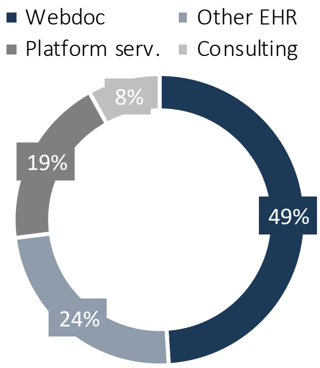
Cloud-Based Healthtech for Clinics and Care Providers



Carasent, founded in 2012 and headquartered in Gothenburg, Sweden, is a Nordic SaaS provider of cloud-based eHealth systems for private healthcare providers. The Company's platform portfolio, which includes Webdoc, Metodika, and Ad Curis, helps clinics manage patient records, workflows, and administration. Carasent operates primarily in Sweden and Norway, and is currently expanding into the German market. Sweden accounts for the majority of revenue 71% (195 SEKm), with Gothenburg as the Company's strongest regional market.

Business Model

Efficient SaaS Model Backed by Sticky Customers and High Operating Leverage



Carasent operates a SaaS-based business model focused on delivering cloud-based eHealth solutions to private healthcare providers. Revenue is diversified across the Company's product and service portfolio: Webdoc accounts for 49% of total revenue, other EHR platforms contribute 24%, professional services make up 19%, while the remaining 8% comes from consulting services. The majority of revenue is recurring (90%), supported by subscriptions, while additional consulting and professional services ensure smooth implementation and customer support. The Company's main system, Webdoc, is deeply integrated into clinical workflows covering patient records, scheduling, billing, and compliance creating high switching costs resulting in minimal churn (2%) and high customer lifetime value. The product enables consistent upselling of new features and add-ons, driving a strong net revenue retention rate of 110%. By combining workflow optimization, regulatory compliance, and seamless integration capabilities, Carasent offers a highly sticky solution that underpins stable growth and scalability in a non-cyclical market.

Market Overview

Fast Growing Digitalization Trends and Shift to Private Healthcare

The market for electronic health records is growing rapidly, Grand View Research projects a 18% CAGR between 2024 and 2030E. In Sweden, one of Europe's most digitalized healthcare markets, investments continues to increase. The government allocated 77 SEKm to healthcare digitalization in 2024 and plans to increase this to 123 SEKm in 2025E, a 60% year-over-year increase. Despite Sweden's progress, a key challenge is that many systems are incompatible and unable to communicate with each other, resulting in inefficiencies and duplicated work. Carasent's Webdoc addresses this issue by offering integrations with over 20+ external software systems, reducing administrative time spent. Meanwhile, the proportion of private health in relation to public healthcare in Sweden has increased from 38% in 2013 to 51% in 2023, driven by shorter wait times and higher patient satisfaction.

Ongoing shift in Europes Largest and Most Fragmented Market

Germany is Europe's largest healthcare market but remains highly fragmented, with most clinics operated by only one or a few doctors. The country is estimated to be 10-15 years behind Sweden in terms of digital adoption. In 2023, only 5% of clinics used fully digital systems, and less than 1% offered integrated services such as e-bookings. According to Grand View Research, the German digital health market is expected to grow at a CAGR of 19% through 2030E. However, adoption has been slow partly due to limited interest among incumbent practitioners. To accelerate the transition, the German government has introduced reforms such as DigiG and ePA, granting patients the legal right to access medical records electronically at any time. Although still in the early stages of implementation, these initiatives mark the beginning of a structural shift toward a digital healthcare system in Germany.

Valuation

Similiar Quality as Peers Still Trading at a Discount

Carasent is expected to grow rapidly over the coming years, with analysts projecting a 3-year revenue CAGR of 21%. Margins are estimated to improve, from -20% in 2024 to 19% by 2027E. Despite demonstrating strong business fundamentals, including a churn rate of 2%, a net retention rate of 110%, and strong reccuring revenue of 90%, the Company continues to trade at a discount relative to peers, with Carasent currently trading at 17.8x 2027E EV/EBIT, while the peer group trades at 22.0x. The peer group comprises other Nordic SaaS companies, all characterized by high gross margins and rapid growth. Fortnox stands out as an outlier due to substantially larger market capitalization, mature profitability, and elevated valuation driven by EQT cash offer. Carasent stands out with a stronger growth outlook, expanding margins, and a solid financial position to manage potential risks. Despite these clear advantages alongside a recurring revenue model that is resilient to macroeconomic fluctuations, the Company is still valued at an unjustified discount relative to peers. Selected peers suggest a target multiple of 22.0x 2027E EV/EBIT, in line with peers. Based on this valuation, Based on this valuation, the implied upside is 21.6%, corresponding to a target price of 32.3 SEK.

Peer table, SEKm	Market Cap (SEKm)	3y Revenue CAGR	EBIT-margin 2024A	Net debt/EBITDA 2024A	EV/EBIT 2024A	EV/EBIT 2027E
Fortnox*	52,837	29.9%	42.8%	(0.6)	51.5x	30.3x
Vitec Software	17,743	28.5%	20.9%	1.6	37.3x	19.8x
Lime Technologies	5,333	19.3%	19.6%	0.8	41.8x	23.9x
Karnov	10,162	43.5%	5.6%	(9.9)	87.5x	20.0x
Median	**13,953**	**23.9%**	**20.3%**	**0.1**	**46.7x**	**22.0x**
Average	**21,519**	**30.3%**	**22.2%**	**(2.0)**	**54.5x**	**23.5x**
Carasent	1,949	21.6%	(19.8%)	(19.1)	(31.7x)	17.8x

Equally Weighted DCF and Peer Valuation Implies a Target Price of 33.6 SEK.

Given Carasent's high-quality business model, non-cyclicality, and strong base of recurring revenue, the Company deserves to trade in line with peers despite a smaller market capitalization. Carasent's strong net cash position reduces financial risk, and therefore no valuation discount is applied. The DCF is based on a terminal growth rate of 3% and a WACC of 9.9%, implying a potential upside of 36.7% or a share price of 36.8 SEK. The TGR is motivated by a fast growing market and structural health trends, while the WACC is derived from a 98% equity financed capital structure. By applying an equally weighted DCF and peer valuation, a target price of 33.6 SEK is derived, offering investors an expected return of 24.5%

DCF valuation breakdown, SEKm	
Terminal Value	4,168
Present Value of Terminal Value	1,475
EV	**2,358**
(+) Cash	264
(-) Debt	41
Equity Value	**2,663**
NOSH (m)	72
Implied Share Price	**36.8**
Implied Upside	36.7%

		TGR				
	SEK	2.0%	2.5%	3.0%	3.5%	4.0%
WACC	9.4%	36.7	38.3	40.1	42.2	44.7
	9.6%	35.4	36.8	38.4	40.3	42.6
	9.9%	34.1	35.4	36.8	38.6	40.6
	10.1%	33.0	34.1	35.5	37.1	38.9
	10.4%	31.9	33.0	34.2	35.6	37.3

Appendix: Income Statement

Income Statement, SEKm	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Total Revenue	70.6	140.6	206.4	240.8	275.3	337.2	404.9	498.7	598.9	691.8	764.4
y-o-y chg	*47.3%*	*94.3%*	*46.8%*	*16.7%*	*14.3%*	*22.5%*	*20.1%*	*23.1%*	*20.1%*	*15.5%*	*10.5%*
COGS	13.8	(25.1)	(35.8)	(45.6)	(42.6)	(52.3)	(62.8)	(77.3)	(92.8)	(107.2)	(118.5)
Gross Profit	**56.8**	**115.5**	**170.6**	**192.7**	**232.7**	**284.9**	**342.2**	**421.4**	**506.1**	**584.6**	**645.9**
Gross Margin	*80.5%*	*82.2%*	*82.7%*	*80.0%*	*84.5%*	*84.5%*	*84.5%*	*84.5%*	*84.5%*	*84.5%*	*84.5%*
SG&A											
Personell Expenses	(21.9)	(48.5)	(87.5)	(130.4)	(139.9)	(153.9)	(170.1)	(185.2)	(200.0)	(216.0)	(233.3)
Other Operating Expenses	(18.8)	(33.5)	(48.6)	(51.6)	(81.1)	(62.8)	(66.1)	(69.5)	(75.1)	(82.6)	(90.9)
% of sales	*57.7%*	*58.3%*	*65.9%*	*75.6%*	*80.3%*	*64.3%*	*58.3%*	*51.1%*	*45.9%*	*43.2%*	*42.4%*
EBITDA	**16.1**	**34.5**	**36.6**	**10.5**	**11.6**	**68.3**	**106.0**	**166.6**	**230.9**	**286.0**	**321.7**
EBITDA Margin	*22.8%*	*24.5%*	*17.7%*	*4.4%*	*4.2%*	*20.2%*	*26.2%*	*33.4%*	*38.6%*	*41.3%*	*42.1%*
D&A	(12.6)	(23.9)	(36.0)	(89.7)	(66.1)	(57.4)	(60.7)	(69.8)	(83.8)	(89.9)	(99.4)
% of sales	*17.9%*	*17.0%*	*17.5%*	*37.2%*	*24.0%*	*17.0%*	*15.0%*	*14.0%*	*14.0%*	*13.0%*	*13.0%*
EBIT	**3.4**	**10.8**	**(1.5)**	**(78.0)**	**(54.5)**	**10.9**	**45.3**	**96.8**	**147.1**	**196.0**	**222.3**
EBIT Margin	*4.9%*	*7.7%*	*(0.7%)*	*(32.4%)*	*(19.8%)*	*3.2%*	*11.2%*	*19.4%*	*24.6%*	*28.3%*	*29.1%*
Net financial Items	(39.1)	6.1	37.2	27.2	8.7	14.5	17.4	21.4	25.7	29.7	32.8
EBT	**(35.7)**	**4.7**	**35.7**	**(50.8)**	**(45.8)**	**25.4**	**62.7**	**118.2**	**172.8**	**225.7**	**255.1**
Taxes	(2.5)	(4.0)	(4.1)	3.5	3.7	0.2	(0.4)	(0.4)	(0.4)	(40.4)	(46.0)
Net Income	**(38.1)**	**0.7**	**31.6**	**(47.3)**	**(42.2)**	**25.6**	**62.3**	**117.8**	**172.4**	**185.3**	**209.1**
Net Income Margin	*(54.0%)*	*0.5%*	*15.3%*	*(19.6%)*	*(15.3%)*	*7.6%*	*15.4%*	*23.6%*	*28.8%*	*26.8%*	*27.4%*

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Other