

EBIT misses estimates

Innofactor's Q3 results were below our estimates. Net sales amounted to EUR 13.8m (Evli 14.2m) while EBIT was weak, at EUR -1.2m (Evli -0.3m), partly due to the lower net sales. Innofactor concluded co-operation negotiations and reorganizations, expecting a total positive impact on group EBITDA of EUR 2.4m beginning in 2019.

- Net sales in Q3 amounted to EUR 13.8m, slightly below our estimates of EUR 14.2m. Sales growth in Q3 was -2.5 % y/y.
- EBIT in Q3 was EUR -1.2m, falling below our estimates (Evli EUR -0.3m), at an EBIT-margin of -8.6 %. The weaker profitability was partly due to lower than expected sales.
- Guidance (updated 8.10.2018) intact: Innofactor's net sales are expected to remain at 2017 levels (EUR 65.7m) and operating margin (EBITDA) in 2018 is estimated to be weaker than in 2017 (EUR 1.3m) but positive.
- Operating cash flow during Jan-Sep 2018 was EUR -1.9m.
- Active personnel at the end of the period 591 (2017: 623)
- Innofactor concluded co-operation negotiations and reorganizations, expecting a total positive impact on group EBITDA of EUR 2.4m beginning in 2019.

Rating 🟡 HOLD

Q3/18	Actual	Evli	Year ago	Q2/18
Net sales	13.8	14.2	14.1	17.0
EBITDA	-0.5	0.4	-0.7	0.0
EBIT	-1.2	-0.3	-1.3	-0.6

	Actual	Evli	Year ago	Q2/18
Deviation				
Net sales		-3%	-2%	-19%
EBITDA		-	-27%	-
EBIT		-	-11%	-

 Share price, EUR (Last trading day's closing price) 0.51

 Target price, EUR 0.7

 Latest change in recommendation 09-Oct-18

 Latest report on company 09-Oct-18

 Research paid by issuer: YES

 No. of shares outstanding, '000's 36,188

 No. of shares fully diluted, '000's 36,188

 Market cap, EURm 18

 Free float, % 45.0

 Exchange rate EUR 0.000

 Reuters code IFA1V.HE

 Bloomberg code IFA1V FH

 Average daily volume, EURm 0.03

 Next interim report 30-Oct-18

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🟢 BUY 🟡 HOLD 🔴 SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2016	60	2	3.9%	2	0.04	25.8	0.9	11.2	23.3	0.00
2017	66	-1	-2.2%	-2	-0.03	-26.9	0.7	8.2	-32.4	0.00
2018E	65	-2	-2.7%	-2	-0.05	-10.3	0.5	10.1	-17.5	0.00
2019E	65	1	2.1%	1	0.02	23.9	0.4	4.4	19.7	0.00
2020E	67	3	4.8%	3	0.06	8.1	0.4	3.5	7.5	0.00
Market cap, EURm	18		BV per share 2018E, EUR		0.6		CAGR EPS 2017-20, %		0.0	
Net debt 2018E, EURm	13		Price/book 2018E		0.8		CAGR sales 2017-20, %		0.6	
Enterprise value, EURm	31		Dividend yield 2018E, %		0.0		ROE 2018E, %		-7.4	
Total assets 2018E, EURm	56		Tax rate 2018E, %		20.5		ROCE 2018E, %		-4.7	
Goodwill 2018E, EURm	26		Equity ratio 2018E, %		41.4		PEG, P/E 18/CAGR		0.0	

All the important disclosures can be found on the last pages of this report.

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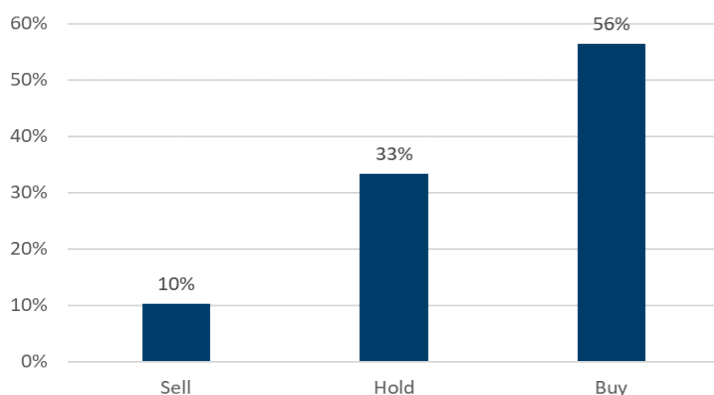
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 16th of April 2018. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Salokivi

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