

## Slightly below estimates

Innofactor's Q4 earnings were as expected negative and the results as a whole were slightly below our estimates. Innofactor's net sales in Q4 amounted to EUR 15.9m (Evli 16.4m) and EBITDA was -0.9m (Evli -0.7m). Innofactor expects its net sales and EBITDA in 2019 to increase from 2018 levels (EUR 63.1m and EUR -1.0m respectively). Innofactor reported an order backlog of EUR 32m, up some 40% y/y.

- Innofactor's net sales in Q4 were EUR 15.9m, slightly below our estimates of EUR 16.4m. Sales growth in Q4 was -7.3 % y/y.
- The EBITDA in Q4 amounted to EUR -0.9m, falling slightly below our estimates (Evli EUR -0.7m), at an EBITDA-margin of -5.7 %. The weaker profitability was according to Innofactor due to weaker Dynasty product sales, weaker than anticipated revenue in Denmark and some project write-downs.
- **Guidance:** Innofactor's net sales and EBITDA in 2019 are expected to increase from 2018 levels, when the net sales and EBITDA amounted to EUR 63.1m and EUR -1.0m respectively.
- **Dividend proposal:** Innofactor's BoD proposes that no dividend be paid for 2018 (Evli EUR 0.0).
- Operating cash flow during 2018 was EUR -0.6m.
- Active personnel at the end of the period 550 (2017: 601)
- Order backlog at around EUR 32m, up around 40% y/y. Has not previously been reported.

**Rating** 🟡 HOLD

Q4/18	Actual	Evli	Year ago	Q3/18
Net sales	15.9	16.4	17.1	13.8
EBITDA	-0.9	-0.7	0.5	-0.5
EBIT	-1.7	-1.4	-0.2	-1.2

Deviation	Actual	Evli	Year ago	Q3/18
Net sales		-3%	-7%	15%
EBITDA		-24%	-	-80%
EBIT		-21%	-	-44%

 Share price, EUR (Last trading day's closing price) 0.41

 Target price, EUR 0.4

Latest change in recommendation	09-Oct-18
Latest report on company	28-Jan-19
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	15
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	05-Mar-19
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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	64	-4	-5.6%	-4	-0.09	-4.7	0.5	-17.2	-8.4	0.00
2019E	65	0	0.5%	0	0.00	-96.8	0.4	3.3	87.4	0.00
2020E	66	2	3.3%	2	0.04	10.5	0.4	3.3	10.7	0.00

Market cap, EURm	15	BV per share 2018E, EUR	0.6	CAGR EPS 2017-20, %	0.0
Net debt 2018E, EURm	15	Price/book 2018E	0.7	CAGR sales 2017-20, %	0.3
Enterprise value, EURm	30	Dividend yield 2018E, %	0.0	ROE 2018E, %	-13.5
Total assets 2018E, EURm	55	Tax rate 2018E, %	20.4	ROCE 2018E, %	-9.3
Goodwill 2018E, EURm	26	Equity ratio 2018E, %	39.8	PEG, P/E 18/CAGR	0.0

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

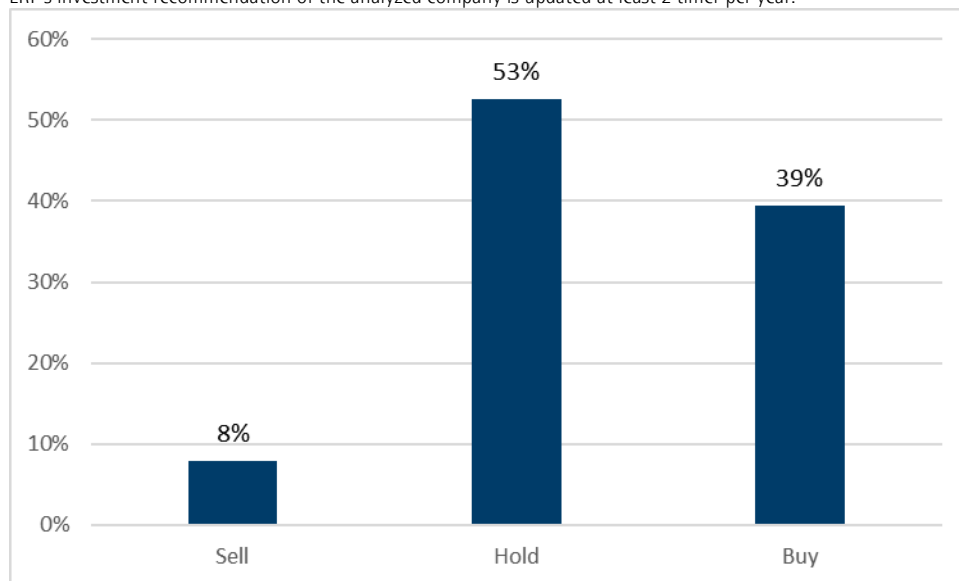
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Investment recommendations are defined as follows:

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 1st of February 2019. If recommendation is not given, it is not mentioned here.

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

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