

Subpar performance

Innofactor's Q2 results were weaker than expected. Net sales declined 2% y/y to EUR 16.9m (Evli EUR 17.7m) due to a weakened invoicing ratio and individual project delivery challenges. Q2 EBIT of EUR 0.7m was also clearly weaker than in the comparison period and our estimates (Evli EUR 1.4m).

- Net sales in Q2 amounted to EUR 16.9m (EUR 17.5m in Q2/21), slightly below our estimates (Evli EUR 17.7m). Net sales in Q2 declined 2.0% y/y. Net sales increased in Norway and Denmark but decreased in Finland and Sweden due to a weakened invoicing ratio and challenges in individual project deliveries.
- EBITDA in Q2 was EUR 1.4m (EUR 2.1m in Q2/21, below our estimates (Evli EUR 2.1m), at a margin of 8.1%. EBITDA was positive in all operating countries except in Sweden.
- Operating profit in Q2 amounted to EUR 0.7m (EUR 1.3m in Q1/21, below our estimates (Evli EUR 1.4m), at a margin of 3.9%.
- Order backlog at EUR 77.2m, up 6.1% y/y. According to Innofactor the sales performance was strong in Q2. New orders included for instance Senate properties (approx. EUR 2.2m), Danish pharmaceuticals company (approx. EUR 2.1m) and the State Treasury of Finland (approx. EUR 5.5m).
- In June, Innofactor acquired Invenco Ltd, a company specializing in data and analytics, with some 50 employees and EUR 6m revenue.
- **Guidance for 2022 (reiterated):** Innofactor's net sales is expected to increase from 2021 (EUR 66.4m) and EBITDA is expected to increase from EUR 7.5m, which would have been EBITDA without the proceeds of EUR 2.6m from the sale of the Prime business.

Rating

BUY

Q2/22	Actual	Evli	Year ago	Q1/22
Net sales	16.9	17.7	17.3	17.5
EBITDA	1.4	2.2	2.1	1.7
EBIT	0.7	1.4	1.3	0.5

Deviation	Actual	Evli	Year ago	Q1/22
Net sales		-5 %	-2 %	-3 %
EBITDA		-35 %	-33 %	-16 %
EBIT		-50 %	-45 %	34 %

Share price, EUR (Last trading day's closing price) 1.21

Target price, EUR 1.6

Latest change in recommendation 05-Jun-19

Latest report on company 27-Apr-22

Research paid by issuer: YES

No. of shares outstanding, '000's 36,588

No. of shares fully diluted, '000's 36,588

Market cap, EURm 44

Free float, % 47.0

Exchange rate EUR 0.000

Reuters code IFA1V.HE

Bloomberg code IFA1V FH

Average daily volume, EURm 0.04

Next interim report 21-Jul-22

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BUY HOLD SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2020	66.2	2.5	3.8%	3.5	0.05	27.2	0.9	24.1	7.4	0.04
2021	66.4	6.5	9.8%	7.0	0.12	13.2	1.0	10.3	11.8	0.08
2022E	67.9	5.4	8.0%	2.6	0.10	12.1	0.8	9.7	5.9	0.06
2023E	70.0	5.9	8.5%	3.7	0.11	10.8	0.7	8.6	8.4	0.07
2024E	71.7	6.5	9.0%	4.4	0.13	9.7	0.7	7.7	9.9	0.08

Market cap, EURm	44	BV per share 2022E, EUR	31.6	CAGR EPS 2021-24, %	1.3
Net debt 2022E, EURm	8	Price/book 2022E	1.7	CAGR sales 2021-24, %	2.6
Enterprise value, EURm	53	Dividend yield 2022E, %	5.4	ROE 2022E, %	14.2
Total assets 2022E, EURm	52	Tax rate 2022E, %	20.8	ROCE 2022E, %	15.2
Goodwill 2022E, EURm	26	Equity ratio 2022E, %	49.6	PEG, P/E 22/CAGR	1.3

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

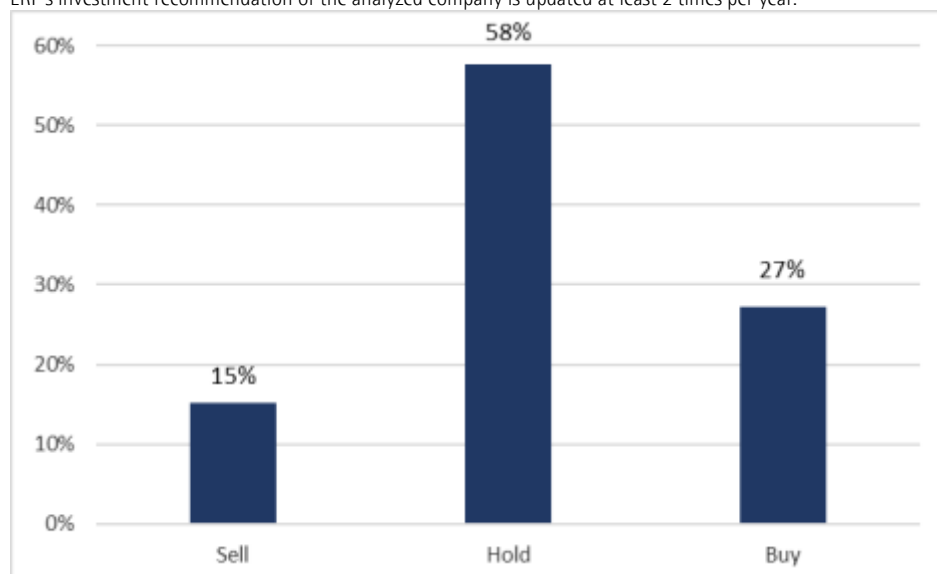
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Investment recommendations are defined as follows:

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

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