

Net sales slightly lower, operating margin in line

Innofactor reported Q1 net sales of EUR 16.1m and EBITDA of EUR 0.869m. Net sales missed our estimate of EUR 17.1m, but EBITDA was in line with our expectation of EUR 0.8m. Innofactor commented that measures for improving profitability, carried out near the end of 2018, have started to take an effect in the first quarter as planned. Innofactor expects net sales and operating margin (EBITDA) in 2019 to increase from 2018 (2018: net sales EUR 63.1m EBITDA EUR -1.0m)

- Q1 net sales were approximately EUR 16.1 million (2018: 16.5) vs. EUR 17.1m our expectation
- EBITDA was EUR 0.869 (+155% yoy), vs. EUR 0.8m our expectation.
- The order backlog was EUR 41.0 million (2018: 22.2), which shows an increase of 85%.
- Innofactor got several significant orders in the first quarter, for example, Traficom VISA, approximately EUR 0.5 million; a decision-making system for the City of Espoo, approximately EUR 1.5 million; and a membership management project for a Swedish organization, approximately EUR 1.3 million
- Guidance maintained; Innofactor's net sales and operating margin (EBITDA) in 2019 is estimated to increase from 2018, during which the net sales were EUR 63.1 million and operating margin was EUR -1.0 million.

Rating	🟡 HOLD
Share price, EUR (Last trading day's closing price)	0.58
Target price, EUR	0.5
Latest change in recommendation	08-Oct-18
Latest report on company	
Research paid by issuer:	
No. of shares outstanding, '000's	36,188
No. of shares fully diluted, '000's	36,188
Market cap, EURm	21
Free float, %	54.0
Exchange rate EUR	0.000
Reuters code	IFA1V.HE
Bloomberg code	IFA1V FH
Average daily volume, EURm	0.03
Next interim report	14-May-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
2017	66	-1	-2.2%	-2	-0.03	-26.9	0.7	8.2	-32.4	0.00
2018	63	-4	-6.1%	-4	-0.09	-4.1	0.5	-23.7	-8.7	0.00
2019E	65	0	0.5%	0	0.00	-146.6	0.5	2.5	115.1	0.00
2020E	67	2	3.3%	2	0.04	15.5	0.5	3.7	14.3	0.00
2021E	68	3	5.0%	3	0.07	8.8	0.4	3.6	8.3	0.00
Market cap, EURm				21	BV per share 2019E, EUR		0.6	CAGR EPS 2018-21, %		0.0
Net debt 2019E, EURm				14	Price/book 2019E		0.9	CAGR sales 2018-21, %		2.6
Enterprise value, EURm				35	Dividend yield 2019E, %		0.0	ROE 2019E, %		-0.7
Total assets 2019E, EURm				56	Tax rate 2019E, %		21.0	ROCE 2019E, %		0.8
Goodwill 2019E, EURm				26	Equity ratio 2019E, %		40.0	PEG, P/E 19/CAGR		0.0

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

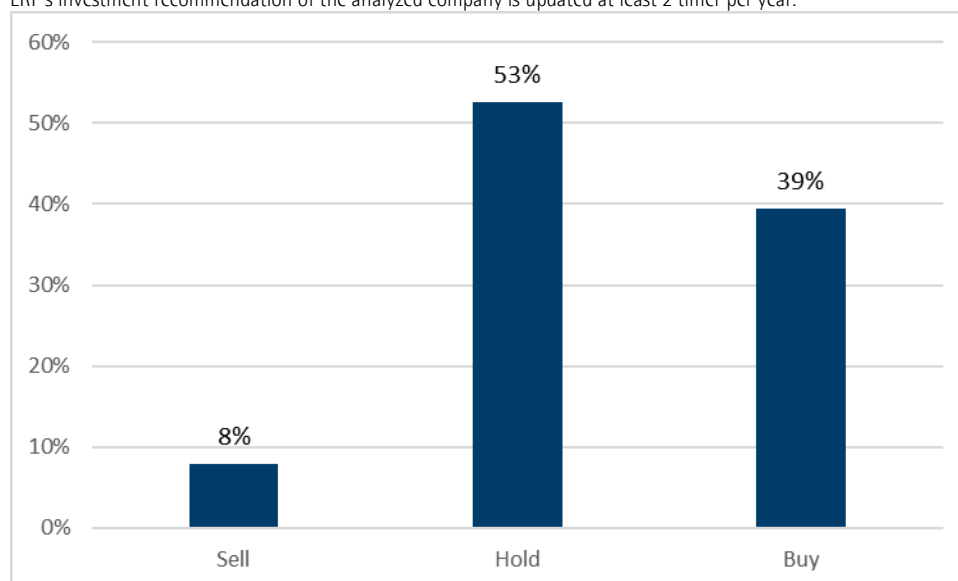
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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



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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