

## Better than expected quarter

Loihde reported better than anticipated Q3 results, with sales growing 5% y/y to EUR 31.5m (Evli: 30.6m) and adj. EBITDA amounting to EUR 2.9m (Evli: 2.3m). Growth expectations for the remainder of the year are rather cautious given the market situation and front-loaded revenue from security solutions.

- **Group results:** Loihde's net sales were slightly above our expectations. Net sales grew by 5% y/y to EUR 31.5m (Evli: 30.6m), with y/y growth some 3%pts above our expectations. The growth appears to again have been driven by Security Solutions and Cyber, Cloud & Connect. The adj. EBITDA beat our estimates and amounted to EUR 2.9m (Evli: 2.3m), reflecting a margin of 9.3%, slightly below the comparison period margin of 9.7%.
- According to Loihde its security solutions, both as continuous services and project deliveries, continued to grow well. Continuous network and information security services also grew well, while sales of network equipment slowed down noticeably.
- The IT consulting market continues to be challenging, with no significant turn for the better, and revenue in the business area continued to decline.
- The profitability improvement trend leveled off from the first half of 2024, which saw clear improvements from weak comparison period figures. Growth expectations for the remainder of 2024 are rather cautious due to the market situation and revenue from security solutions projects being more front-loaded than in previous years.
- **2024 guidance (reiterated):** Group revenue is expected to be on par with the previous year or grow. The Group's adjusted EBITDA is estimated to improve compared to 2023, when it was EUR 7.6m.

Rating ++ Buy

### Q3'24 ESTIMATES

	Actual	Evli	Q3'23
Net sales	31.5	30.6	29.9
Adj. EBITDA	2.9	2.3	2.9
Adj. EBITDA-margin	9.3 %	7.5 %	9.7 %

<b>Share price, EUR</b> (Last trading day's closing price)	<b>10.90</b>
Target price, EUR	12.2
Latest change in recommendation	28-Oct-24
Latest report on company	28-Oct-24
Research paid by issuer:	YES
No. of shares outstanding, '000's	5 732
No. of shares fully diluted, '000's	5 732
Market cap, EURm	62
Free float, %	-
Exchange rate	0.0
Reuters code	LOIHDE.HE
Bloomberg code	LOIHDE FH
Average daily volume, EURm	-
Next interim report	30-Oct-24
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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
2022	123.0	6.4	5.2%	-6.3	0.54	3700.4	0.5	9.7	-8.5%	0.80
2023	132.7	-0.9	-0.7%	5.2	-0.11	247.5	0.5	-74.5	7.6%	2.00
2024E	137.3	1.9	1.4%	1.2	0.19	58.5	0.5	37.9	1.9%	0.20
2025E	143.4	3.8	2.6%	2.5	0.51	21.4	0.5	18.3	4.1%	0.25
2026E	149.1	5.2	3.5%	3.4	0.71	15.3	0.5	12.9	5.5%	0.36
Market cap, EURm		62	Gearing 2024E, %			9.0 %	CAGR EPS 2023-26, %			144.3 %
Net debt 2024E, EURm		8	Price/book 2024E			0.7	CAGR Sales 2023-26, %			4.0 %
Enterprise value, EURm		71	Dividend yield 2024E, %			1.8 %	ROE 2024E, %			1.1 %
Total assets 2024E, EURm		141	Tax rate 2024E, %			48.2 %	ROCE 2024E, %			1.7 %
Goodwill 2024E, EURm		64	Equity ratio 2024E, %			64.3 %	PEG, P/E 24/CAGR			0.8

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

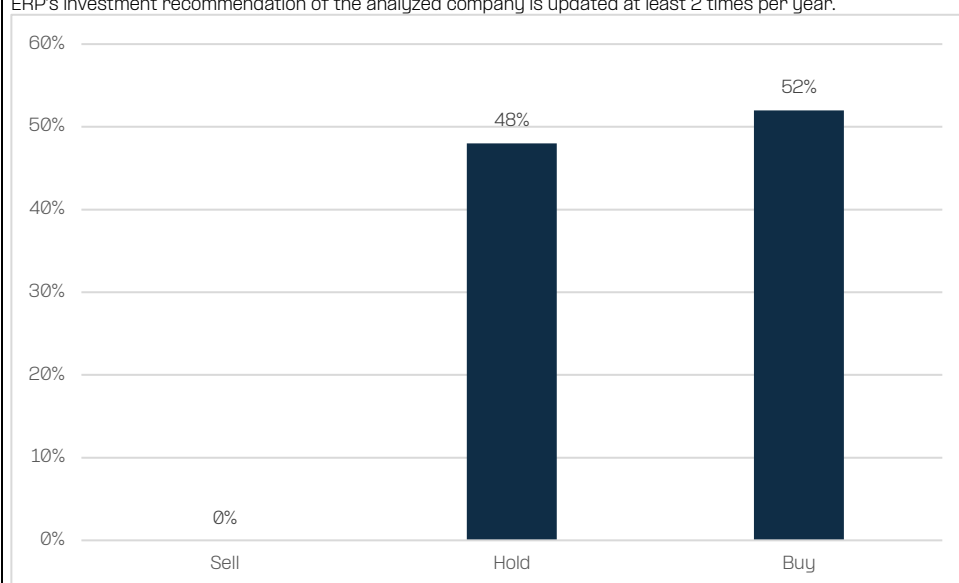
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Investment recommendations are defined as follows:

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 on the 23rd of October, 2024. If recommendation is not given, it is not mentioned here.

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

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