

Strong security drives Q2 growth

Loihde reports its Q2 result on Thursday. While SeSo is expected to drive strong Q2 growth, the current market environment has continued weak and uncertain in DiDe. In addition to the soft utilization rates of DiDe, we expect SeSo's ERP project to bring additional costs that together limit Q2 and 23E profitability.

Low utilization rates and additional costs limit profitability

With soft market news stemming from lower investment activity of private sector customers, we slightly downgraded DiDe's growth and profitability, meanwhile, we increased SeSo's growth estimates by expecting strong security demand to continue. We expect Q2 group net sales of EUR 34.2m with y/y growth of 15%. SeSo's organic growth is further supported by inorganic expansion made in 2022. Meanwhile, we expect DiDe to decline. Continued issues in the ERP program and soft utilization rates translate to a decreased profitability expectation. We expect adj. EBITDA of EUR 2.2m (6.3% of net sales) and adj. EPS of EUR 0.06 in Q2'23.

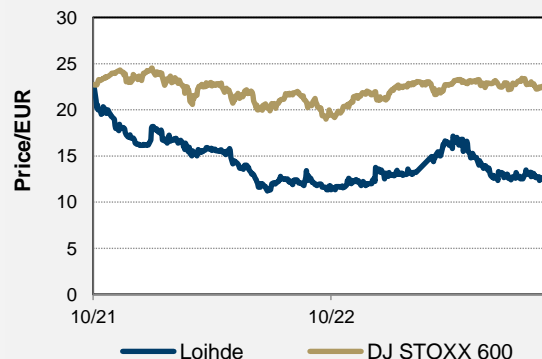
Revised guidance with divestment and soft market

Several digital development peers have issued profit warnings or noted a weak market in digital development. Software development has been an area of soft performance with private customers withdrawing or postponing their new investments. To our understanding, the market has however slightly improved from that seen in Q1, but high uncertainty is still present. With lately issued profit warning and divested Sweden operations (see page 2), we have downgraded our 23E EBITDA (adj.) to EUR 10.2m, which is equivalent to a ~3% decline from what we earlier expected. With estimate revisions, our expected profitability is approx. on par with the previous year, but below the company's guidance. This is explained by our weaker expectations of sales growth and softer OPEX development. With an uncertain market, we also lowered our estimates for 2024, which mainly reflects the decline in our target price.

No significant room for an upside in the share price

Loihde is valued at 23-24E EV/EBITDA and EV/EBIT (adj.) of 5-4x and 15-8x. We don't see short-term upside potential in the share price with uncertainty concerning DiDe high. In addition, by measuring valuation with 23-24E P/E, Loihde trades with a notable premium to its peers. We retain our HOLD rating but lower TP to EUR 13.5 (15.0) with estimate revisions and uncertainty.

Rating 🟡 HOLD



Share price, EUR (Last trading day's closing price) 12.70
Target price, EUR 13.5

Latest change in 10-Mar-23
Latest report on 02-May-23
Research paid by issuer: YES
No. of shares 5,628
No. of shares fully 5,628
Market cap, EURm 71
Free float, % 0.0
Exchange rate 0.000
Reuters code LOIHDE.HE
Bloomberg code LOIHDE FH
Average daily volume, 0.0
Next interim report 31-Aug-23
Web site <https://www.loihde.com/en/for->

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🟢 BUY 🟡 HOLD 🔴 SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2021	104.4	-0.9	-0.8%	-4.2	0.08	45.1	0.6	-70.3	-4.3	0.55
2022	123.0	6.4	5.2%	-6.3	0.54	3,700.4	0.4	7.9	-8.5	0.80
2023E	136.1	2.7	2.0%	2.5	0.31	33.7	0.4	18.0	3.5	0.28
2024E	145.6	6.0	4.1%	3.8	0.79	15.7	0.3	7.7	5.4	0.32
2025E	153.1	7.2	4.7%	3.6	0.77	16.4	0.3	6.2	5.0	0.31
Market cap, EURm			71	Gearing 2023E, %		-20.7	CAGR EPS 2022-25, %			501.7
Net debt 2023E, EURm			-23	Price/book 2023E		0.7	CAGR sales 2022-25, %			7.6
Enterprise value, EURm			49	Dividend yield 2023E, %		2.2	ROE 2023E, %			1.6
Total assets 2023E, EURm			156	Tax rate 2023E, %		24.8	ROCE 2023E, %			2.2
Goodwill 2023E, EURm			63	Equity ratio 2023E, %		70.2	PEG, P/E 23/CAGR			1.9

Revised 2023 guidance with the soft market and divested Sweden operations

Loihde issued a profit warning last week in which the company adjusted its expectations for 2023 DiDe growth. Expectations for SeSo's growth and group profitability remained intact.

The company now expects SeSo to grow by double-digits and DiDe's revenue to be on par or above the comparison period (previously the company expected DiDe to grow by double-digits). Loihde anticipates 23E adj. EBITDA to outpace the level of 2022 (EUR 10.3m).

According to the profit warning, the guidance revision is attributable to a divestment of Loihde's Sweden operations as well as the soft digital development market in Finland.

Sweden operations were sold to the competitor Witted Megacorp and the deal takes effect on September 1st, 2023. The company now starts to concentrate on its core businesses in Finland while the business in Sweden represented only a small part of Loihde's overall offering with limited synergy opportunities. According to the company's management, full expansion of offering in Sweden would have required notable investments. We view such investments as risky in the current market environment and with Loihde group's Finland operations still in need of fine-tuning. In addition, the business has not developed as expected (decline in revenue in 2022) which might also had its part in the divestment decision. The divestment in part changes the company's growth story as geographical expansion was previously included as an option. We view the company as only focusing on its operations in Finland for now. With challenges solved and operations enhanced, geographical expansion might end up as a relevant option for continuing the company's growth. The transaction value was not disclosed, and Loihde Advisory AB's 2022 revenue was SEK 22.2m (EUR 1.9m at current rates) in 2022 with an EBIT margin of -4.58% (<https://www.allabolag.se/5569961625/loihde-advisory-ab>).

Accounting standard	FAS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
ESTIMATES	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23E	Q2'23E	Q3'23E	Q4'23E	2023E	2024E
Net sales	101.0	104.4	27.6	29.8	29.5	36.0	123.0	31.3	34.2	31.5	39.2	136.1	145.6
Security Solutions	69.1	69.3	16.5	19.4	21.1	25.5	82.5	20.2	23.8	23.0	28.3	95.3	102.0
Digital Development	32.0	35.5	11.3	10.5	8.5	10.6	40.8	11.1	10.4	8.6	10.9	41.0	43.5
Adj. EBITDA	6.2	7.2	2.5	2.2	2.2	3.4	10.3	-0.1	2.2	2.6	5.5	10.2	13.0
Adj. EBIT	-3.1	0.8	0.8	0.6	0.4	1.5	3.3	-1.9	0.4	1.0	3.6	3.1	6.1
Net sales growth	3.3%	-	14.1%	10.5%	19.3%	26.6%	17.8%	13.0%	14.9%	6.7%	8.7%	10.7%	6.9%
Security Solutions	6.2%	-	0.7%	5.8%	27.8%	41.0%	19.0%	22.2%	23.0%	9.0%	11.0%	15.6%	7.1%
Digital Development	-0.9%	-	44.2%	21.8%	3.3%	-2.5%	15.0%	-1.0%	-1.0%	1.0%	3.0%	0.5%	6.1%
Adj. EBITDA margin	5.8%	6.9%	8.9%	7.5%	7.5%	9.3%	8.4%	-0.4%	6.3%	8.4%	14.0%	7.5%	8.9%
Adj. EBIT margin	-2.9%	0.7%	3.0%	2.0%	1.5%	4.1%	2.7%	-6.1%	1.2%	3.0%	9.3%	2.3%	4.2%

LOIHDE PEER GROUP	MCAP MEUR	EV/Sales			EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25	23	24	25
Digia	156	0.9x	0.8x	0.8x	8.1x	7.1x	6.6x	12.0x	10.3x	9.3x	13.5x	11.4x	10.2x
Etteplan	403	1.3x	1.2x	1.1x	10.0x	9.0x	8.5x	16.6x	14.8x	13.4x	17.4x	15.4x	13.8x
Gofore	325	1.5x	1.2x	1.1x	10.4x	8.9x	7.8x	13.5x	11.3x	9.4x	16.6x	14.1x	12.4x
Innofactor	42	0.7x	0.6x	0.6x	6.1x	5.3x	4.9x	9.3x	7.7x	6.9x	11.5x	8.5x	7.4x
Netum Group	41				10.9x	8.7x	7.8x	12.5x			16.0x	13.2x	11.7x
Siili Solutions	92	0.7x	0.6x		7.6x	6.5x	5.9x	13.2x	10.0x	8.7x	14.9x	11.1x	9.7x
Sitowise Group	142	1.0x	0.9x	0.9x							11.9x	9.8x	8.4x
Solteq	20	0.7x	0.6x		4.3x	4.3x	4.9x		18.3x	10.8x		46.2x	11.3x
Solwers	40												
TietoEVRY	2631	1.1x	1.1x	1.0x	7.3x	6.8x	6.6x	10.1x	9.4x	8.7x	10.3x	9.5x	8.8x
Vincit	60	0.5x	0.5x		10.8x	7.6x	5.0x	13.0x	16.8x	8.0x	21.5x	12.3x	8.0x
Securitas	4239	0.6x	0.5x	0.5x	7.1x	6.6x	6.2x	10.0x	9.1x	8.5x	16.0x	8.6x	7.6x
Peer Group Average	595	0.9x	0.8x	0.8x	8.3x	7.1x	6.4x	12.2x	12.0x	9.3x	14.9x	14.5x	9.9x
Peer Group Median	94	0.8x	0.7x	0.9x	7.9x	6.9x	6.4x	12.5x	10.3x	8.7x	15.4x	11.4x	9.7x
Loihde (Evli est.)	71	0.4x	0.3x	0.3x	4.8x	3.7x	2.8x	14.9x	7.6x	6.2x	30.5x	15.0x	16.4x
<i>Loihde prem./disc. to peer median</i>		-56%	-57%	-66%	-38%	-47%	-57%	19%	-27%	-29%	97%	32%	69%

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	12.70 PV of Free Cash Flow	74 Long-term growth, %	1.5 Risk-free interest rate, %
DCF share value	28.93 PV of Horizon value	69 WACC, %	9.1 Market risk premium, %
Share price potential, %	127.8 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	30.6 Marketable securities	32 Minimum WACC, %	8.6 Equity beta coefficient
Minimum value	27.4 Debt - dividend	-13 Maximum WACC, %	9.6 Target debt ratio, %
Horizon value, %	48.2 Value of stock	163 Nr of shares, Mn	5.6 Effective tax rate, %

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	123	136	146	153	160	166	171	176	181	185	188	191
<i>Sales growth, %</i>	<i>17.8</i>	<i>10.7</i>	<i>6.9</i>	<i>5.2</i>	<i>4.2</i>	<i>4.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>2.0</i>	<i>1.5</i>	<i>1.5</i>
Operating income (EBIT)	6	3	6	7	6	6	6	6	6	6	6	6
<i>Operating income margin, %</i>	<i>5.2</i>	<i>2.0</i>	<i>4.1</i>	<i>4.7</i>	<i>3.8</i>	<i>3.5</i>	<i>3.5</i>	<i>3.5</i>	<i>3.5</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>
+ Depreciation+amort.	7	7	8	9	10	10	10	11	11	11	11	
EBITDA	13	10	14	16	16	16	16	17	17	17	17	
- Paid taxes	-1	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	
- Change in NWC	-4	3	2	1	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>4.9</i>	<i>2.3</i>	<i>1.1</i>	<i>0.3</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	
+ Change in other liabs	5	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	4	-4	-4	-4	-3	-4	-4	-4	-4	-4	-4	
<i>opCAPEX / Sales, %</i>	<i>1.3</i>	<i>7.2</i>	<i>6.9</i>	<i>7.1</i>	<i>5.7</i>	<i>6.5</i>	<i>6.5</i>	<i>6.5</i>	<i>6.5</i>	<i>6.4</i>	<i>6.3</i>	
- Acquisitions	-11	0	0	0	0	0	0	0	0	0	0	
+ Divestments	1	0	0	0	0	0	0	0	0	0	0	
- Other items	-1	0	0	0	0	0	0	0	0	0	0	
= FCFF	6	9	11	12	12	10	11	11	12	11	12	156
= Discounted FCFF		9	10	10	9	7	7	7	6	6	5	69
= DFCF min WACC		9	10	10	9	7	7	7	6	6	5	78
= DFCF max WACC		9	9	10	9	7	7	6	6	5	5	62

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	27.6	29.8	29.5	36.0	123.0	31.3	34.2	31.5	39.2	136.1	145.6	153.1
EBITDA	6.2	2.1	2.1	2.9	13.3	-0.4	2.1	2.7	5.4	9.8	13.9	16.1
<i>EBITDA margin (%)</i>	<i>22.5</i>	<i>7.0</i>	<i>7.2</i>	<i>8.1</i>	<i>10.8</i>	<i>-1.3</i>	<i>6.0</i>	<i>8.7</i>	<i>13.7</i>	<i>7.2</i>	<i>9.5</i>	<i>10.5</i>
EBIT	4.6	0.4	0.5	0.9	6.4	-2.2	0.3	1.1	3.5	2.7	6.0	7.2
<i>EBIT margin (%)</i>	<i>16.5</i>	<i>1.4</i>	<i>1.6</i>	<i>2.5</i>	<i>5.2</i>	<i>-7.0</i>	<i>0.9</i>	<i>3.4</i>	<i>9.0</i>	<i>2.0</i>	<i>4.1</i>	<i>4.7</i>
Net financial items	-1.1	-0.9	0.0	-0.2	-2.3	-0.2	0.0	0.0	-0.2	-0.4	-0.5	-1.7
Pre-tax profit	3.5	-0.5	0.5	0.7	4.1	-2.4	0.3	1.1	3.3	2.3	5.5	5.4
Tax	-0.7	-0.3	0.0	0.0	-1.0	0.4	-0.1	-0.2	-0.7	-0.6	-1.1	-1.1
<i>Tax rate (%)</i>	<i>20.0</i>	<i>-59.3</i>	<i>0.2</i>	<i>6.5</i>	<i>25.5</i>	<i>15.4</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>24.8</i>	<i>20.0</i>	<i>20.0</i>
Net profit	2.8	-0.8	0.5	0.6	3.0	-2.0	0.3	0.8	2.7	1.7	4.4	4.4
EPS	0.49	-0.15	0.08	0.11	0.54	-0.36	0.05	0.15	0.47	0.31	0.79	0.77
EPS adjusted (diluted no. of shares)	-0.18	-0.11	0.07	0.23	0.00	-0.31	0.06	0.13	0.49	0.38	0.81	0.77
Dividend per share	0.00	0.00	0.00	0.00	0.80	0.00	0.00	0.00	0.00	0.28	0.32	0.31
SALES, EURm												
Security Solutions	16.5	19.4	21.1	25.5	82.5	20.2	23.8	23.0	28.3	95.3	102.0	106.1
Digital Development	11.3	10.5	8.5	10.6	40.8	11.1	10.4	8.6	10.9	41.0	43.5	47.0
Others	-0.1	-0.1	0.0	0.0	-0.3	-0.1	0.0	0.0	0.0	-0.2	0.0	0.0
Total	27.6	29.8	29.5	36.0	123.0	31.3	34.2	31.5	39.2	136.1	145.6	153.1
SALES GROWTH, Y/Y %												
<i>Security Solutions</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-63.2</i>	<i>19.0</i>	<i>22.2</i>	<i>23.0</i>	<i>9.0</i>	<i>11.0</i>	<i>15.6</i>	<i>7.1</i>	<i>4.0</i>
<i>Digital Development</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-70.2</i>	<i>15.0</i>	<i>-1.0</i>	<i>-1.0</i>	<i>1.0</i>	<i>3.0</i>	<i>0.5</i>	<i>6.1</i>	<i>8.0</i>
<i>Others</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-91.3</i>	<i>-20.6</i>	<i>-34.8</i>	<i>-71.2</i>	<i>-23.1</i>	<i>-11.8</i>	<i>-42.9</i>	<i>-100.2</i>	<i>0.0</i>
Total	0.0	0.0	0.0	-65.5	17.8	13.0	14.9	6.7	8.7	10.7	6.9	5.2
EBIT, EURm												
Security Solutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2
Digital Development	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.9
Group	4.6	0.4	0.5	0.9	6.4	-2.2	0.3	1.1	3.5	2.7	6.0	0.0
Total	4.6	0.4	0.5	0.9	6.4	-2.2	0.3	1.1	3.5	2.7	6.0	7.2
EBIT margin, %												
<i>Security Solutions</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>4.0</i>
<i>Digital Development</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>6.2</i>
Total	16.5	1.4	1.6	2.5	5.2	-7.0	0.9	3.4	9.0	2.0	4.1	4.7

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	104.9	103.1	106.8	104.4	123.0	136.1	145.6	153.1
<i>Sales growth (%)</i>	<i>19.4</i>	<i>-1.7</i>	<i>3.6</i>	<i>-2.3</i>	<i>17.8</i>	<i>10.7</i>	<i>6.9</i>	<i>5.2</i>
EBITDA	21.2	5.6	5.6	5.6	13.3	9.8	13.9	16.1
<i>EBITDA margin (%)</i>	<i>20.2</i>	<i>5.4</i>	<i>5.2</i>	<i>5.4</i>	<i>10.8</i>	<i>7.2</i>	<i>9.5</i>	<i>10.5</i>
Depreciation	-8.2	-10.8	-9.4	-6.5	-6.9	-7.1	-7.9	-9.0
EBITA	13.1	-5.2	-3.8	-0.9	6.4	2.7	6.0	7.2
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	13.1	-5.2	-3.8	-0.9	6.4	2.7	6.0	7.2
<i>EBIT margin (%)</i>	<i>12.4</i>	<i>-5.0</i>	<i>-3.6</i>	<i>-0.8</i>	<i>5.2</i>	<i>2.0</i>	<i>4.1</i>	<i>4.7</i>
Reported EBIT	13.1	-5.2	-3.8	5.6	6.7	2.7	6.0	7.2
<i>EBIT margin (reported) (%)</i>	<i>12.4</i>	<i>-5.0</i>	<i>-3.6</i>	<i>5.3</i>	<i>5.4</i>	<i>2.0</i>	<i>4.1</i>	<i>4.7</i>
Net financials	26.7	20.8	0.8	1.1	-2.3	-0.4	-0.5	-1.7
Pre-tax profit	39.8	15.6	-3.1	0.2	4.1	2.3	5.5	5.4
Taxes	-7.6	-4.5	-0.9	0.2	-1.0	-0.6	-1.1	-1.1
Minority shares	-0.1	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0
Net profit	32.1	10.9	-4.2	6.9	3.4	1.7	4.4	4.4
Cash NRIs	0.0	0.0	0.0	6.4	0.3	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	22	11	11	11	10	12	13	14
Goodwill	37	48	45	53	63	63	63	63
Right of use assets	0	0	7	8	8	9	10	11
Inventory	6	6	7	7	10	11	12	11
Receivables	46	37	28	23	25	25	27	28
Liquid funds	50	52	48	42	32	34	36	39
Total assets	161	153	146	146	151	156	162	168
Liabilities								
Shareholder's equity	116	118	111	110	111	110	113	115
Minority interest	0	1	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	7	8	9	10	11	12
Deferred taxes	0	0	0	1	0	1	1	1
Interest bearing debt	19	6	0	0	0	1	0	0
Non-interest bearing current liabilities	26	27	26	26	29	33	36	38
Other interest-free debt	0	0	2	1	1	2	2	2
Total liabilities	161	153	146	146	151	156	162	168
CASH FLOW, EURm								
+ EBITDA	21	6	6	6	13	10	14	16
- Net financial items	28	-9	-16	-7	-3	0	0	-2
- Taxes	-5	-4	-4	0	-1	0	-1	-1
- Increase in Net Working Capital	-1	3	0	1	-4	3	2	1
+/- Other	-17	29	16	7	0	0	0	0
= Cash flow from operations	27	25	2	7	5	12	14	14
- Capex	-2	-2	-2	-6	-2	-10	-10	-11
- Acquisitions	0	0	0	-10	-11	0	0	0
+ Divestments	0	0	0	6	1	0	0	0
= Free cash flow	25	23	0	-4	-6	2	4	4
+/- New issues/buybacks	17	2	6	7	2	1	0	0
- Paid dividend	-6	-10	-10	-15	-3	-5	-2	-2
+/- Other	0	-14	0	7	-2	3	0	1
Change in cash	36	2	-4	-5	-10	2	2	3

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	0	0	96	74	71	71	71
Net debt (excl. convertibles)	-46	-41	-34	-24	-23	-25	-27
Enterprise value	-46	-41	62	50	49	46	45
Sales	103	107	104	123	136	146	153
EBITDA	6	6	6	13	10	14	16
EBIT	-5	-4	-1	6	3	6	7
Pre-tax	16	-3	0	4	2	6	5
Earnings	11	-4	0	3	2	4	4
Equity book value (excl. minorities)	118	111	110	111	110	113	115
Valuation multiples							
EV/sales	-0.4	-0.4	0.6	0.4	0.4	0.3	0.3
EV/EBITDA	-8.3	-7.3	11.1	3.8	5.0	3.3	2.8
EV/EBITA	8.9	10.7	-70.3	7.9	18.0	7.7	6.2
EV/EBIT	8.9	10.7	-70.3	7.9	18.0	7.7	6.2
EV/OCF	-1.9	-25.1	9.3	10.0	3.9	3.4	3.1
EV/FCFF	12.3	25.1	8.7	8.8	5.5	4.3	3.7
P/FCFE	0.0	0.0	-23.1	-11.7	28.7	18.6	19.8
P/E	0.0	0.0	45.1	3,700.4	33.7	15.7	16.4
P/B	0.0	0.0	0.9	0.7	0.7	0.6	0.6
Target EV/EBITDA	0.0	0.0	0.0	0.0	5.4	3.7	3.0
Target EV/EBIT	0.0	0.0	0.0	0.0	19.6	8.5	6.9
Target EV/FCF	0.0	0.0	0.0	0.0	21.4	13.3	13.6
Target P/B	0.0	0.0	0.0	0.0	0.7	0.7	0.7
Target P/E	0.0	0.0	0.0	0.0	35.8	16.7	17.4
Per share measures							
Number of shares	5,387	5,684	5,930	5,628	5,628	5,628	5,628
Number of shares (diluted)	5,387	5,684	5,930	5,628	5,628	5,628	5,628
EPS	2.02	-0.73	0.08	0.54	0.31	0.79	0.77
Operating cash flow per share	4.56	0.29	1.12	0.90	2.19	2.46	2.57
Free cash flow per share	4.27	-0.05	-0.70	-1.12	0.44	0.68	0.64
Book value per share	21.98	19.46	18.48	19.78	19.49	20.00	20.46
Dividend per share	1.90	2.70	0.55	0.80	0.28	0.32	0.31
Dividend payout ratio, %	94.2	-369.0	675.2	147.7	90.0	40.0	40.0
Dividend yield, %	0.0	0.0	3.4	6.1	2.2	2.5	2.4
FCF yield, %	0.0	0.0	-4.3	-8.5	3.5	5.4	5.0
Efficiency measures							
ROE	9.3	-3.6	0.4	2.8	1.6	4.0	3.8
ROCE	-4.0	-3.2	-0.7	5.4	2.2	4.9	5.7
Financial ratios							
Inventories as % of sales	5.4	6.2	7.0	8.4	8.2	8.0	7.2
Receivables as % of sales	35.5	25.9	22.1	20.4	18.4	18.4	18.4
Non-interest bearing liabilities as % of sales	26.4	24.4	25.2	23.9	24.0	25.0	25.0
NWC/sales, %	14.5	6.8	3.8	4.9	2.3	1.1	0.3
Operative CAPEX/sales, %	1.5	1.8	6.1	1.3	7.2	6.9	7.1
CAPEX/sales (incl. acquisitions), %	1.5	1.8	-3.6	-7.5	7.2	6.9	7.1
FCFF/EBITDA	-0.7	-0.3	1.3	0.4	0.9	0.8	0.7
Net debt/EBITDA, book-weighted	-8.3	-7.3	-6.1	-1.8	-2.3	-1.8	-1.7
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	78.3	75.8	74.9	73.8	70.2	69.3	68.6
Gearing, %	-38.8	-37.1	-31.1	-21.2	-20.7	-22.2	-23.3

COMPANY DESCRIPTION: Loihde is a service provider, specializing in comprehensive security and IT services. The company engages in agile digital IT-services, such as digital strategy consultancy, data solutions and analytics, AI, software development and service design. Loihde focuses on high-tier security technologies both in its physical and digital security services. The company employs over 800 persons in Finland and Sweden.

INVESTMENT CASE: Loihde has gone through notable organizational changes and has now placed its focus on growing its topline and improving its profitability. With further integrating its back-office and administrative function, additional cost savings are likely to materialize. Margins should also see further expansion with the increased share of digital security and IT-services. Loihde's large net cash position enables the company to further speed up its growth with M&A activities. The company operates in prolific markets with the underlying markets grow at high-single-digit figures by several megatrends supporting the underlying market development.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Suomen Teollisuussijoitus Oy	275,000	3.493	4.9%
Bellurum Oy	210,576	2.674	3.7%
LähiTapiola Keskinäinen Henkivakuutusyhtiö	150,000	1.905	2.7%
LähiTapiola Keskinäinen Vakuutusyhtiö	150,000	1.905	2.7%
Lakiasiaintoimisto Asiakasturva Oy	126,655	1.609	2.3%
Sr VISIO Allocator	100,000	1.270	1.8%
Vaasan kaupunki	70,400	0.894	1.3%
Pelkonen Antti	68,480	0.870	1.2%
Hotcom Oy	61,000	0.775	1.1%
Heikkilä Kimmo	58,255	0.740	1.0%
Ten largest	1,270,366	16.134	23%
Residual	4,357,817	55.344	77%
Total	5,628,183	71.478	100%

EARNINGS CALENDAR	
August 31, 2023	Q2 report
November 01, 2023	Q3 report
OTHER EVENTS	
May 04, 2023	AGM

COMPANY MISCELLANEOUS	
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CFO: Pirjo Suhonen	Tel: +358 10 273 2300
IR: Tiina Nieminen	

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

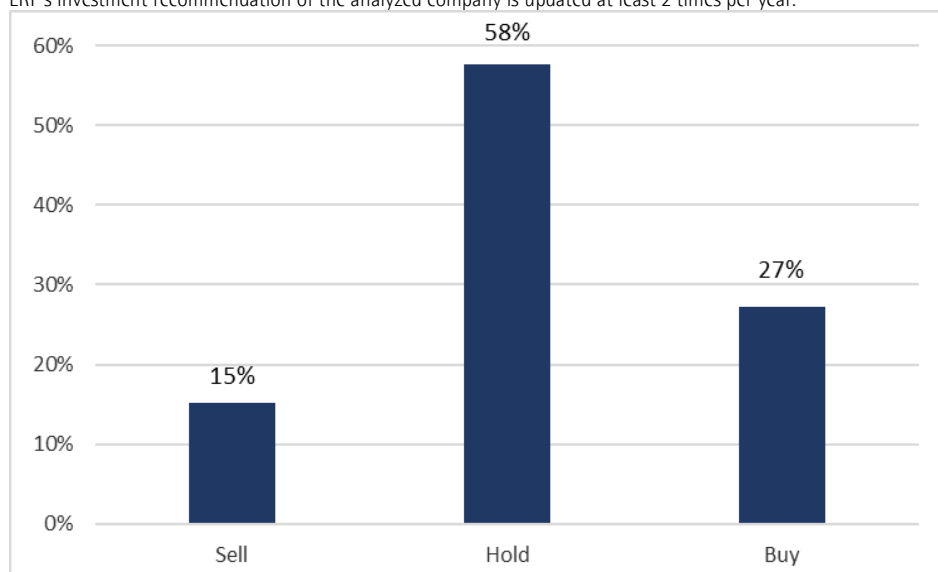
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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