

Year-end profitability has to be stronger

Loihde reported two-folded Q2 figures. Net sales came in strong with 15% growth, despite soft digital development sales. Profitability was weak, which leaves a lot to catch up in H2.

Sales growth was driven by good demand for security solutions
In total, Loihde group's net sales grew by 15% y/y to EUR 34.2m. Demand for security solutions remained strong and acquisitions boosted the unit's expansion further. SeSo grew by 25% y/y to EUR 24.1m. Our view is that Loihde's consistent work on its continuing services has supported SeSo's organic growth as well as profitability, despite a notable decline in locking services within the construction sector. Although Loihde succeeded in data, analytics, and AI sales during the quarter, the decrease in software development caused a 4% decline in DiDe's revenue. In our view, the decline in software development was significant as well-succeeded data and analytics represent a notable share of DiDe's business. DiDe's net sales amounted to EUR 10.1m. Low utilization rates as well as additional costs from SeSo's ERP project hurt Loihde's profitability. Adj. EBITDA amounted to EUR 1.0m which was clearly below our expectations.

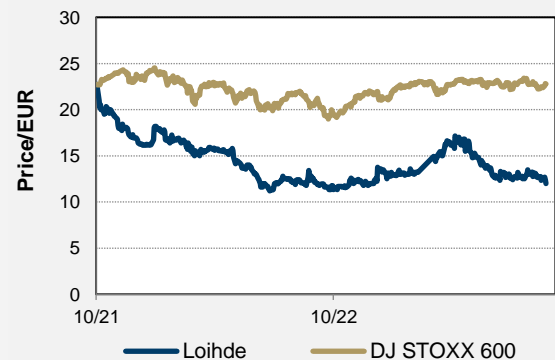
Outlook for SeSo remains solid, DiDe very uncertain

The outlook for SeSo's H2 seems bright, although the impact of the acquisition of Turvakolmio will fade away in H2. We expect the digital development market to continue as soft through 2023. Loihde revised its DiDe's sales estimate recently with the divestment of Sweden's operations and soft market. Geographical expansion sees a temporal stop with the company now trying to fine-tune its operations in home markets. Although the management is confident in reaching the profit target of EUR 10.3, with soft Q2 and elevated uncertainty in topline and cost development, our 23E adj. EBITDA lands slightly below the company's target at EUR 10.1m.

HOLD with a target price of EUR 13.5

With only minor revisions made in our 2024 estimates, our TP remains at EUR 13.5. Loihde's valuation seems slightly elevated with a 24E P/E of 14x, which is above its peers. Although 24E EV/EBIT of 8x sounds not expensive, considering the uncertainty in the markets and ongoing internal challenges, we retain our HOLD rating.

Rating HOLD



Share price, EUR (Last trading day's closing price) 12.00
Target price, EUR 13.5

Latest change in recommendation 10-Mar-23
Latest report on company 29-Aug-23
Research paid by issuer: YES
No. of shares 5,628
No. of shares fully 5,628
Market cap, EURm 68
Free float, % 0.0
Exchange rate 0.000
Reuters code LOIHDE.HE
Bloomberg code LOIHDE FH
Average daily volume, 0.0
Next interim report 01-Nov-23
Web site <https://www.loihde.com/en/for->

Analyst Arttu Heikura
E-mail arttu.heikura@evli.com
Telephone

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	136.8	2.3	1.7%	1.0	0.22	37.5	0.3	20.1	1.5	0.19
2024E	146.3	5.9	4.0%	4.2	0.86	13.6	0.3	7.3	6.2	0.35
2025E	153.9	7.2	4.7%	3.6	0.78	15.4	0.3	5.8	5.3	0.31
Market cap, EURm			68	Gearing 2023E, %		-19.5	CAGR EPS 2022-25, %			503.0
Net debt 2023E, EURm			-21	Price/book 2023E		0.6	CAGR sales 2022-25, %			7.8
Enterprise value, EURm			46	Dividend yield 2023E, %		1.6	ROE 2023E, %			1.1
Total assets 2023E, EURm			154	Tax rate 2023E, %		50.7	ROCE 2023E, %			1.9
Goodwill 2023E, EURm			64	Equity ratio 2023E, %		70.8	PEG, P/E 23/CAGR			1.6

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	Q1'23	Q2'23	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	32.3	39.0	136.8	146.3
Security Solutions	69.1	69.3	16.5	19.4	21.1	25.5	82.5	20.2	24.1	23.6	28.0	96.0	102.8
Digital Development	32.0	35.5	11.3	10.5	8.5	10.6	40.8	11.1	10.1	8.8	11.0	41.0	43.5
Adj. EBITDA	6.2	7.2	2.5	2.2	2.2	3.4	10.3	-0.1	1.0	4.0	5.2	10.1	12.9
Adj. EBIT	-3.1	0.8	0.8	0.6	0.4	1.5	3.3	-1.9	-0.9	2.4	3.4	2.9	6.0
Net sales growth	3.3%	-	14.1%	10.5%	19.3%	26.6%	17.8%	13.0%	14.9%	9.4%	8.3%	11.2%	6.9%
Security Solutions	6.2%	-	0.7%	5.8%	27.8%	41.0%	19.0%	22.2%	24.6%	12.0%	10.0%	16.4%	7.1%
Digital Development	-0.9%	-	44.2%	21.8%	3.3%	-2.5%	15.0%	-1.0%	-3.8%	3.0%	4.0%	0.4%	6.1%
Adj. EBITDA margin	5.8%	6.9%	8.9%	7.5%	7.5%	9.3%	8.4%	-0.4%	3.0%	12.5%	13.3%	7.4%	8.8%
Adj. EBIT margin	-2.9%	0.7%	3.0%	2.0%	1.5%	4.1%	2.7%	-6.1%	-2.7%	7.3%	8.6%	2.1%	4.1%

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	153	0.9x	0.8x	0.8x	7.9x	6.9x	6.5x	11.8x	10.1x	9.2x	13.2x	11.1x	9.9x
Etteplan	398	1.3x	1.2x	1.1x	9.8x	9.0x	8.4x	16.4x	14.6x	13.2x	17.2x	15.2x	13.7x
Gofore	334	1.6x	1.3x	1.1x	10.7x	9.2x	8.0x	14.0x	11.6x	9.7x	17.0x	14.5x	12.7x
Innofactor	43	0.7x	0.6x	0.6x	6.2x	5.4x	5.0x	9.4x	7.8x	7.1x	11.7x	8.7x	7.5x
Netum Group	38				10.4x	8.3x	7.4x	11.8x			15.1x	12.5x	11.0x
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	8.5x
Solteq	20	0.7x	0.6x		4.3x	4.3x	4.9x		18.3x	10.8x		46.2x	11.3x
Solwers	42							5.1x			15.4x		
TietoEVRY	2673	1.2x	1.1x	1.0x	7.4x	6.9x	6.7x	10.2x	9.5x	8.9x	10.4x	9.6x	9.0x
Vincit	61	0.5x	0.5x		11.1x	7.8x	5.1x	13.3x	17.2x	8.2x	21.9x	12.5x	8.1x
Securitas	4303	0.6x	0.6x	0.5x	7.1x	6.7x	6.3x	10.1x	9.2x	8.5x	16.2x	8.7x	7.7x
Peer Group Average	603	0.9x	0.8x	0.8x	8.3x	7.1x	6.4x	11.5x	12.0x	9.4x	15.0x	14.5x	9.9x
Peer Group Median	94	0.8x	0.7x	0.9x	7.8x	6.9x	6.4x	11.8x	10.1x	8.9x	15.1x	11.1x	9.7x
Loihde (Evli est.)	70	0.4x	0.3x	0.3x	5.0x	3.7x	2.7x	17.5x	8.0x	6.1x	38.6x	14.0x	15.8x
<i>Loihde prem./disc. to peer median</i>		<i>-56%</i>	<i>-58%</i>	<i>-67%</i>	<i>-36%</i>	<i>-46%</i>	<i>-58%</i>	<i>48%</i>	<i>-21%</i>	<i>-32%</i>	<i>155%</i>	<i>26%</i>	<i>63%</i>

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	12.00 PV of Free Cash Flow	73 Long-term growth, %	1.5 Risk-free interest rate, %	2.50
DCF share value	28.68 PV of Horizon value	70 WACC, %	9.1 Market risk premium, %	6.3
Share price potential, %	139.0 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	4.5
Maximum value	30.4 Marketable securities	32 Minimum WACC, %	8.6 Equity beta coefficient	1.15
Minimum value	27.2 Debt - dividend	-13 Maximum WACC, %	9.6 Target debt ratio, %	15
Horizon value, %	49.0 Value of stock	161 Nr of shares, Mn	5.6 Effective tax rate, %	20

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	123	137	146	154	160	167	172	177	182	186	189	192
<i>Sales growth, %</i>	<i>17.8</i>	<i>11.2</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	2	6	7	6	6	6	6	6	6	6	6
<i>Operating income margin, %</i>	<i>5.2</i>	<i>1.7</i>	<i>4.0</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	12	
EBITDA	13	10	14	16	16	16	16	17	17	17	17	
- Paid taxes	-1	-1	-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	-5	-4	-4	-3	-4	-4	-4	-4	-4	-4	
<i>opCAPEX / Sales, %</i>	<i>1.3</i>	<i>8.0</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	7	11	12	12	11	11	11	12	11	12	157
= Discounted FCFF		7	9	10	9	7	7	7	6	6	5	70
= DFCF min WACC		7	9	10	9	7	7	7	6	6	5	78
= DFCF max WACC		7	9	10	9	7	7	6	6	5	5	63

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	27.6	29.8	29.5	36.0	123.0	31.3	34.2	32.3	39.0	136.8	146.3	153.9
EBITDA	6.2	2.1	2.1	2.9	13.3	-0.4	0.8	4.0	5.1	9.5	13.7	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>2.4</i>	<i>12.5</i>	<i>13.1</i>	<i>7.0</i>	<i>9.4</i>	<i>10.5</i>
EBIT	4.6	0.4	0.5	0.9	6.4	-2.2	-1.1	2.4	3.3	2.3	5.9	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>-3.2</i>	<i>7.3</i>	<i>8.3</i>	<i>1.7</i>	<i>4.0</i>	<i>4.7</i>
Net financial items	-1.1	-0.9	0.0	-0.2	-2.3	-0.2	0.6	0.0	-0.2	0.2	0.2	-1.7
Pre-tax profit	3.5	-0.5	0.5	0.7	4.1	-2.4	-0.5	2.3	3.1	2.5	6.1	5.5
Tax	-0.7	-0.3	0.0	0.0	-1.0	0.4	-0.5	-0.5	-0.6	-1.2	-1.2	-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>-99.3</i>	<i>20.0</i>	<i>20.0</i>	<i>50.7</i>	<i>20.0</i>	<i>20.0</i>
Net profit	2.8	-0.8	0.5	0.6	3.0	-2.0	-1.1	1.9	2.4	1.2	4.9	4.4
EPS	0.49	-0.15	0.08	0.11	0.54	-0.36	-0.19	0.33	0.43	0.22	0.86	0.78
EPS adjusted (diluted no. of shares)	-0.18	-0.11	0.07	0.23	0.00	-0.31	-0.16	0.33	0.45	0.32	0.88	0.78
Dividend per share	0.00	0.00	0.00	0.00	0.80	0.00	0.00	0.00	0.00	0.19	0.35	0.31
SALES, EURm												
Security Solutions	16.5	19.4	21.1	25.5	82.5	20.2	24.1	23.6	28.0	96.0	102.8	106.9
Digital Development	11.3	10.5	8.5	10.6	40.8	11.1	10.1	8.8	11.0	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	32.3	39.0	136.8	146.3	153.9
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>24.6</i>	<i>12.0</i>	<i>10.0</i>	<i>16.4</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>-3.8</i>	<i>3.0</i>	<i>4.0</i>	<i>0.4</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>-69.2</i>	<i>-23.1</i>	<i>-11.8</i>	<i>-42.3</i>	<i>-100.2</i>	<i>0.0</i>
<i>Total</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-65.5</i>	<i>17.8</i>	<i>13.0</i>	<i>14.9</i>	<i>9.4</i>	<i>8.3</i>	<i>11.2</i>	<i>6.9</i>	<i>5.2</i>
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	4.3
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	-1.1	2.4	3.3	2.3	5.9	0.0
Total	4.6	0.4	0.5	0.9	6.4	-2.2	-1.1	2.4	3.3	2.3	5.9	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>
<i>Total</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>-3.2</i>	<i>7.3</i>	<i>8.3</i>	<i>1.7</i>	<i>4.0</i>	<i>4.7</i>

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	104.9	103.1	106.8	104.4	123.0	136.8	146.3	153.9
<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>11.2</i>	<i>6.9</i>	<i>5.2</i>
EBITDA	21.2	5.6	5.6	5.6	13.3	9.5	13.7	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>7.0</i>	<i>9.4</i>	<i>10.5</i>
Depreciation	-8.2	-10.8	-9.4	-6.5	-6.9	-7.2	-7.8	-8.9
EBITA	13.1	-5.2	-3.8	-0.9	6.4	2.3	5.9	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	2.3	5.9	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>1.7</i>	<i>4.0</i>	<i>4.7</i>
Reported EBIT	13.1	-5.2	-3.8	5.6	6.7	2.3	5.9	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>1.7</i>	<i>4.0</i>	<i>4.7</i>
Net financials	26.7	20.8	0.8	1.1	-2.3	0.2	0.2	-1.7
Pre-tax profit	39.8	15.6	-3.1	0.2	4.1	2.5	6.1	5.5
Taxes	-7.6	-4.5	-0.9	0.2	-1.0	-1.2	-1.2	-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	1.2	4.9	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	64	64	64
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	31	35	38
Total assets	161	153	146	146	151	154	163	168
Liabilities								
Shareholder's equity	116	118	111	110	111	109	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	0	0	0
Non-interest bearing current liabilities	26	27	26	26	29	33	37	38
Other interest-free debt	0	0	2	1	1	2	2	2
Total liabilities	161	153	146	146	151	154	163	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	-1	-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	-11	-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	1	4	4
+/- New issues/buybacks	17	2	6	7	2	1	0	0
- Paid dividend	-6	-10	-10	-15	-3	-5	-1	-2
+/- Other	0	-14	0	7	-2	1	1	1
Change in cash	36	2	-4	-5	-10	-1	4	3

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	0	0	96	74	68	68	68
Net debt (excl. convertibles)	-46	-41	-34	-24	-21	-24	-26
Enterprise value	-46	-41	62	50	46	43	42
Sales	103	107	104	123	137	146	154
EBITDA	6	6	6	13	10	14	16
EBIT	-5	-4	-1	6	2	6	7
Pre-tax	16	-3	0	4	2	6	5
Earnings	11	-4	0	3	1	5	4
Equity book value (excl. minorities)	118	111	110	111	109	113	115
Valuation multiples							
EV/sales	-0.4	-0.4	0.6	0.4	0.3	0.3	0.3
EV/EBITDA	-8.3	-7.3	11.1	3.8	4.8	3.2	2.6
EV/EBITA	8.9	10.7	-70.3	7.9	20.1	7.3	5.8
EV/EBIT	8.9	10.7	-70.3	7.9	20.1	7.3	5.8
EV/OCF	-1.9	-25.1	9.3	10.0	3.9	3.0	2.9
EV/FCFF	12.3	25.1	8.7	8.8	6.7	4.1	3.5
P/FCFE	0.0	0.0	-23.1	-11.7	65.2	16.2	18.8
P/E	0.0	0.0	45.1	3,700.4	37.5	13.6	15.4
P/B	0.0	0.0	0.9	0.7	0.6	0.6	0.6
Target EV/EBITDA	0.0	0.0	0.0	0.0	5.7	3.8	3.1
Target EV/EBIT	0.0	0.0	0.0	0.0	23.8	8.8	7.0
Target EV/FCF	0.0	0.0	0.0	0.0	52.8	12.4	13.9
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	42.2	15.3	17.3
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	0.22	0.86	0.78
Operating cash flow per share	4.56	0.29	1.12	0.90	2.13	2.52	2.57
Free cash flow per share	4.27	-0.05	-0.70	-1.12	0.18	0.74	0.64
Book value per share	21.98	19.46	18.48	19.78	19.40	20.07	20.50
Dividend per share	1.90	2.70	0.55	0.80	0.19	0.35	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	1.6	2.9	2.6
FCF yield, %	0.0	0.0	-4.3	-8.5	1.5	6.2	5.3
Efficiency measures							
ROE	9.3	-3.6	0.4	2.8	1.1	4.4	3.8
ROCE	-4.0	-3.2	-0.7	5.4	1.9	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	8.0	6.9	7.1
CAPEX/sales (incl. acquisitions), %	1.5	1.8	-3.6	-7.5	8.0	6.9	7.1
FCFF/EBITDA	-0.7	-0.3	1.3	0.4	0.7	0.8	0.7
Net debt/EBITDA, book-weighted	-8.3	-7.3	-6.1	-1.8	-2.2	-1.8	-1.6
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	70.8	69.3	68.6
Gearing, %	-38.8	-37.1	-31.1	-21.2	-19.5	-21.6	-22.5

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	3.300	4.9%
Bellurum Oy	210,576	2.527	3.7%
LähiTapiola Keskinäinen Henkivakuutusyhtiö	150,000	1.800	2.7%
LähiTapiola Keskinäinen Vakuutusyhtiö	150,000	1.800	2.7%
Lakiasiaintoimisto Asiakasturva Oy	126,655	1.520	2.3%
Sr VISIO Allocator	100,000	1.200	1.8%
Vaasan kaupunki	70,400	0.845	1.3%
Pelkonen Antti	68,480	0.822	1.2%
Hotcom Oy	61,000	0.732	1.1%
Heikkilä Kimmo	58,255	0.699	1.0%
Ten largest	1,270,366	15.244	23%
Residual	4,357,817	52.294	77%
Total	5,628,183	67.538	100%

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

COMPANY MISCELLANEOUS	
CEO: Samu Konttinen	Silmukkatie 6, 65100 Vaasa
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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

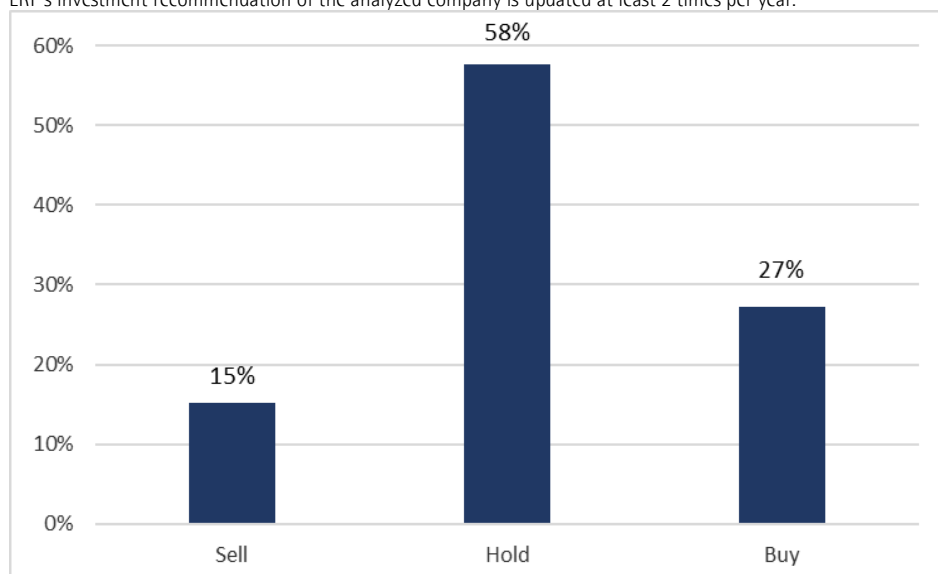
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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Contact information**SALES, TRADING AND RESEARCH****Equity, ETF and Derivatives Sales**

Joachim Dannberg	+358 9 4766 9123
Ari Laine	+358 9 4766 9115
Kimmo Lilja	+358 9 4766 9130

Trading

Lauri Vehkaluoto (Head)	+358 9 4766 9120
Pasi Väisänen	+358 9 4766 9120
Antti Kässi	+358 9 4766 9120
Miika Ronkanen	+358 9 4766 9120

Structured Investments

Heikki Savijoki	+358 9 4766 9726
Aki Lakkisto	+358 9 4766 9123

Equity Research

Arttu Heikura	+358 40 082 8098
Joonas Ilvonen	+358 44 430 9071
Jerker Salokivi	+358 9 4766 9149

Evli Investment Solutions

Johannes Asuja	+358 9 4766 9205
----------------	------------------



EVLI PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000