

Looking for a solid finish to 2023

Loihde's Q3 saw profitability improve while lacking growth. With the reiterated guidance, Loihde will be looking for a solid Q4 in terms of profitability. We retain our HOLD-rating with a target price of EUR 13.0 (13.5).

Profitability improved but lackluster growth

Loihde's Q3 results showed favourable profitability development but were somewhat below our estimates. The net sales development y/y was essentially flat, with net sales amounting to EUR 29.9m (Evli EUR 32.3m). The Group's adj. EBITDA amounted to EUR 2.9m (4.0m), at a margin of 9.7%. Net sales in Security Solutions (SeSo) and Digital Development (DiDe) was EUR 21.4m (Evli EUR 23.6m) and EUR 8.5m (Evli EUR 8.8m), with sales growth of 1% and -1% respectively. SeSo's development was affected by some project postponements and the slowdown in the construction market adding price competition in other areas. The ERP renewal project also continued to cause some challenges, but clearly less than in H1. The market situation in DiDe overall continues to be challenging but utilization rates were fairly good in Q3.

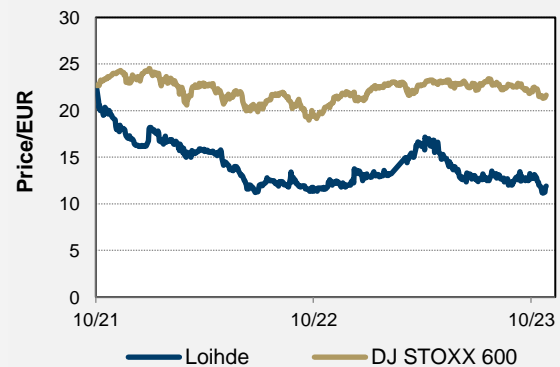
Expectations for a solid finish to 2023

Loihde kept its guidance for 2023 intact, implying expectations of a strong Q4 in terms of profitability. SeSo is expected to have a larger contribution given project delivery timings, but still requires good performance across the board. Following some revisions due to the Q3 results, our 2023 estimates remain more or less barely within the guidance. The guidance still appears challenging, but confidence appears quite high given the reiteration of the guidance at this point of the year. Our views for the upcoming year are largely intact, having slightly lowered our growth expectations given the continued market uncertainty along with recruitment challenges in some key growth areas.

HOLD with a target price of EUR 13.0 (13.5)

With the minor downward revisions to our estimates, we adjust our target price to EUR 13.0 (13.5). Based on estimated coming year earnings capacity and peer multiples, current valuation levels still appears reasonable, and we retain our HOLD-rating.

Rating 🟡 HOLD



Share price, EUR (Last trading day's closing price) 11.90
Target price, EUR 13.0

Latest change in recommendation 10-Mar-23
Latest report on company 31-Aug-23
Research paid by issuer: YES
No. of shares outstanding, '000's 5,628
No. of shares fully diluted, '000's 5,628
Market cap, EURm 67
Free float, % -
Exchange rate 0.000
Reuters code LOIHDE.HE
Bloomberg code LOIHDE FH
Average daily volume, EURm -
Next interim report -
Web site www.loihde.com

Analyst Jerker Salokivi
E-mail jerker.salokivi@evli.com
Telephone +358 9 4766 9149

🟢 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	134.9	2.2	1.6%	0.9	0.15	40.3	0.3	21.1	1.4	0.13
2024E	143.9	5.1	3.6%	3.3	0.72	16.2	0.3	8.5	4.9	0.29
2025E	151.3	7.1	4.7%	3.5	0.76	15.6	0.3	5.8	5.2	0.31
Market cap, EURm	67		Gearing 2023E, %	-19.5		CAGR EPS 2022-25, %		499.0		
Net debt 2023E, EURm	-21		Price/book 2023E	0.6		CAGR sales 2022-25, %		7.2		
Enterprise value, EURm	46		Dividend yield 2023E, %	1.1		ROE 2023E, %		0.7		
Total assets 2023E, EURm	153		Tax rate 2023E, %	61.0		ROCE 2023E, %		1.8		
Goodwill 2023E, EURm	64		Equity ratio 2023E, %	70.9		PEG, P/E 23/CAGR		0.9		

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

ESTIMATES	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23E	2023E	2024E
Net sales	101.0	104.4	27.6	29.8	29.5	36.0	123.0	31.3	34.2	29.9	39.6	134.9	143.9
Security Solutions	69.1	69.3	16.5	19.4	21.1	25.5	82.5	20.2	24.1	21.4	28.6	94.2	100.9
Digital Development	32.0	35.5	11.3	10.5	8.5	10.6	40.8	11.1	10.1	8.5	11.1	40.7	42.9
Adj. EBITDA	6.2	7.2	2.5	2.2	2.2	3.4	10.3	-0.1	1.0	2.9	6.7	10.4	12.1
Adj. EBIT	-3.1	0.8	0.8	0.6	0.4	1.5	3.3	-1.9	-0.9	1.0	4.8	3.0	5.2
Net sales growth	3.3%	-	14.1%	10.5%	19.3%	26.6%	17.8%	13.0%	14.9%	1.3%	9.8%	9.7%	6.6%
Security Solutions	6.2%	-	0.7%	5.8%	27.8%	41.0%	19.0%	22.2%	24.6%	1.4%	12.0%	14.3%	7.1%
Digital Development	-0.9%	-	44.2%	21.8%	3.3%	-2.5%	15.0%	-1.0%	-3.8%	-0.7%	4.5%	-0.2%	5.4%
Adj. EBITDA margin	5.8%	6.9%	8.9%	7.5%	7.5%	9.3%	8.4%	-0.4%	3.0%	9.7%	16.8%	7.7%	8.4%
Adj. EBIT margin	-2.9%	0.7%	3.0%	2.0%	1.5%	4.1%	2.7%	-6.1%	-2.7%	3.4%	12.2%	2.2%	3.6%

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	134	0.8x	0.8x	0.7x	7.2x	6.3x	5.9x	10.9x	8.8x	8.0x	12.0x	10.3x	9.1x
Etteplan	351	1.2x	1.1x	1.0x	9.2x	8.5x	8.0x	15.9x	14.3x	12.9x	16.5x	14.8x	13.4x
Gofore	343	1.6x	1.4x	1.2x	10.9x	9.9x	8.5x	14.4x	12.6x	10.4x	17.5x	15.6x	13.7x
Innofactor	40	0.6x	0.6x	0.6x	5.8x	5.5x	5.0x	8.8x	8.1x	7.2x	10.0x	8.8x	7.3x
Netum Group	33				8.9x	7.1x	6.4x	10.2x			13.0x	10.7x	9.5x
Sii Solutions	71	0.6x	0.5x		6.1x	5.6x	5.6x	9.6x	8.3x	7.6x	12.2x	10.1x	10.1x
Sitowise Group	99	0.8x	0.8x	0.7x							9.6x	7.9x	6.3x
Solteq	15	0.7x	0.7x		4.0x	4.0x	5.1x		14.8x	11.5x		17.4x	7.9x
Solwers	32	0.6x	0.6x		2.0x	2.0x	1.8x	3.5x	3.5x	3.1x	12.9x	12.0x	10.1x
TietoEVRY	2338	1.1x	1.0x	1.0x	7.4x	7.0x	6.7x	10.6x	9.7x	9.0x	9.9x	9.1x	8.4x
Vincit	50	0.4x	0.4x		7.5x	5.4x	4.0x	8.3x	6.0x	4.4x	13.8x	9.8x	6.9x
Securitas	4330	0.6x	0.5x	0.5x	7.0x	6.6x	6.2x	10.0x	9.0x	8.4x	22.8x	8.8x	7.6x
Peer Group Average	569	0.8x	0.8x	0.8x	6.9x	6.2x	5.8x	10.2x	9.5x	8.3x	13.7x	11.3x	9.2x
Peer Group Median	84	0.7x	0.7x	0.7x	7.2x	6.3x	5.9x	10.1x	8.9x	8.2x	12.9x	10.2x	8.8x
Loihde (Evli est.)	67	0.3x	0.3x	0.3x	4.8x	3.8x	2.6x	16.8x	8.8x	5.8x	40.3x	16.2x	15.6x

Loihde prem./disc. to peer median

-51 % -54 % -62 % -33 % -40 % -56 % 66 % -1 % -29 % 212 % 59 % 77 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	11.90 PV of Free Cash Flow	82 Long-term growth, %	1.5 Risk-free interest rate, %	2.50
DCF share value	33.54 PV of Horizon value	88 WACC, %	9.1 Market risk premium, %	6.3
Share price potential, %	181.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	4.5
Maximum value	35.7 Marketable securities	32 Minimum WACC, %	8.6 Equity beta coefficient	1.15
Minimum value	31.7 Debt - dividend	-13 Maximum WACC, %	9.6 Target debt ratio, %	15
Horizon value, %	51.6 Value of stock	189 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	135	144	151	158	164	169	174	179	183	186	188
<i>Sales growth, %</i>	<i>17.8</i>	<i>9.7</i>	<i>6.6</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	5	7	8	9	9	9	9	9	9	9
<i>Operating income margin, %</i>	<i>5.2</i>	<i>1.6</i>	<i>3.6</i>	<i>4.7</i>	<i>5.1</i>	<i>5.2</i>	<i>5.2</i>	<i>5.2</i>	<i>5.2</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>
+ Depreciation+amort.	7	7	8	9	10	10	10	10	10	11	11	11
EBITDA	13	10	13	16	18	18	19	20	20	20	21	
- Paid taxes	-1	-1	-1	-1	-2	-2	-2	-2	-2	-2	-2	
- 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	-3	-4	-3	-4	-4	-4	-4	-4	-4	
<i>opCAPEX / Sales, %</i>	<i>1.3</i>	<i>8.1</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	10	12	14	13	13	14	14	14	14	194
= Discounted FCFF		7	9	10	10	9	8	8	7	7	7	88
= DFCF min WACC		7	9	10	11	9	9	8	8	7	7	98
= DFCF max WACC		7	9	10	10	9	8	8	7	7	6	79

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3	2023Q4E	2023E	2024E	2025E
Net sales	27.6	29.8	29.5	36.0	123.0	31.3	34.2	29.9	39.6	134.9	143.9	151.3
EBITDA	6.2	2.1	2.1	2.9	13.3	-0.4	0.8	2.8	6.5	9.6	12.8	15.9
<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>9.2</i>	<i>16.3</i>	<i>7.1</i>	<i>8.9</i>	<i>10.5</i>
EBIT	4.6	0.4	0.5	0.9	6.4	-2.2	-1.1	0.9	4.6	2.2	5.1	7.1
<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>2.9</i>	<i>11.6</i>	<i>1.6</i>	<i>3.6</i>	<i>4.7</i>
Net financial items	-1.1	-0.9	0.0	-0.2	-2.3	-0.2	0.6	-0.2	-0.2	-0.1	-0.1	-1.7
Pre-tax profit	3.5	-0.5	0.5	0.7	4.1	-2.4	-0.5	0.6	4.4	2.1	5.0	5.4
Tax	-0.7	-0.3	0.0	0.0	-1.0	0.4	-0.5	-0.2	-0.9	-1.3	-1.0	-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>37.0</i>	<i>20.0</i>	<i>61.0</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	0.4	3.5	0.8	4.0	4.3
EPS	0.49	-0.15	0.08	0.11	0.54	-0.36	-0.19	0.07	0.63	0.15	0.72	0.76
EPS adjusted (diluted no. of shares)	-0.18	-0.11	0.07	0.23	0.00	-0.31	-0.16	0.10	0.66	0.30	0.73	0.76
Dividend per share	0.00	0.00	0.00	0.00	0.80	0.00	0.00	0.00	0.00	0.13	0.29	0.31
SALES, EURm												
Security Solutions	16.5	19.4	21.1	25.5	82.5	20.2	24.1	21.4	28.6	94.2	100.9	105.0
Digital Development	11.3	10.5	8.5	10.6	40.8	11.1	10.1	8.5	11.1	40.7	42.9	46.4
Others	-0.1	-0.1	0.0	0.0	-0.3	-0.1	0.0	0.1	0.0	0.0	0.0	0.0
Total	27.6	29.8	29.5	36.0	123.0	31.3	34.2	29.9	39.6	134.9	143.9	151.3
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>1.4</i>	<i>12.0</i>	<i>14.3</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>-0.7</i>	<i>4.5</i>	<i>-0.2</i>	<i>5.4</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>-405.1</i>	<i>-11.8</i>	<i>-90.1</i>	<i>-101.3</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>1.3</i>	<i>9.8</i>	<i>9.7</i>	<i>6.6</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	4.2
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	-1.1	0.9	4.6	2.2	5.1	0.0
Total	4.6	0.4	0.5	0.9	6.4	-2.2	-1.1	0.9	4.6	2.2	5.1	7.1
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>2.9</i>	<i>11.6</i>	<i>1.6</i>	<i>3.6</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	134.9	143.9	151.3
<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>9.7</i>	<i>6.6</i>	<i>5.2</i>
EBITDA	21.2	5.6	5.6	5.6	13.3	9.6	12.8	15.9
<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>7.1</i>	<i>8.9</i>	<i>10.5</i>
Depreciation	-8.2	-10.8	-9.4	-6.5	-6.9	-7.4	-7.7	-8.9
EBITA	13.1	-5.2	-3.8	-0.9	6.4	2.2	5.1	7.1
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	2.2	5.1	7.1
<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>1.6</i>	<i>3.6</i>	<i>4.7</i>
Reported EBIT	13.1	-5.2	-3.8	5.6	6.7	2.2	5.1	7.1
<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>1.6</i>	<i>3.6</i>	<i>4.7</i>
Net financials	26.7	20.8	0.8	1.1	-2.3	-0.1	-0.1	-1.7
Pre-tax profit	39.8	15.6	-3.1	0.2	4.1	2.1	5.0	5.4
Taxes	-7.6	-4.5	-0.9	0.2	-1.0	-1.3	-1.0	-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	0.8	4.0	4.3
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	26	28
Liquid funds	50	52	48	42	32	31	35	37
Total assets	161	153	146	146	151	153	161	167
Liabilities								
Shareholder's equity	116	118	111	110	111	109	112	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	32	36	38
Other interest-free debt	0	0	2	1	1	2	2	2
Total liabilities	161	153	146	146	151	153	161	167
CASH FLOW, EURm								
+ EBITDA	21	6	6	6	13	10	13	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	13	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	3	3
+/- 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	-2	4	3

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	0	0	96	74	67	67	67
Net debt (excl. convertibles)	-46	-41	-34	-24	-21	-24	-26
Enterprise value	-46	-41	62	50	46	43	41
Sales	103	107	104	123	135	144	151
EBITDA	6	6	6	13	10	13	16
EBIT	-5	-4	-1	6	2	5	7
Pre-tax	16	-3	0	4	2	5	5
Earnings	11	-4	0	3	1	4	4
Equity book value (excl. minorities)	118	111	110	111	109	112	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	3.4	2.6
EV/EBITA	8.9	10.7	-70.3	7.9	21.1	8.5	5.8
EV/EBIT	8.9	10.7	-70.3	7.9	21.1	8.5	5.8
EV/OCF	-1.9	-25.1	9.3	10.0	3.9	3.3	2.9
EV/FCFF	12.3	25.1	8.7	8.8	6.5	4.4	3.5
P/FCFE	0.0	0.0	-23.1	-11.7	70.8	20.2	19.3
P/E	0.0	0.0	45.1	3,700.4	40.3	16.2	15.6
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	5.4	3.9	3.0
Target EV/EBIT	0.0	0.0	0.0	0.0	24.0	9.7	6.7
Target EV/FCF	0.0	0.0	0.0	0.0	55.0	14.9	13.7
Target P/B	0.0	0.0	0.0	0.0	0.7	0.7	0.6
Target P/E	0.0	0.0	0.0	0.0	44.1	17.7	17.0
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	0.15	0.72	0.76
Operating cash flow per share	4.56	0.29	1.12	0.90	2.10	2.35	2.54
Free cash flow per share	4.27	-0.05	-0.70	-1.12	0.17	0.59	0.62
Book value per share	21.98	19.46	18.48	19.78	19.33	19.92	20.39
Dividend per share	1.90	2.70	0.55	0.80	0.13	0.29	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	1.1	2.4	2.6
FCF yield, %	0.0	0.0	-4.3	-8.5	1.4	4.9	5.2
Efficiency measures							
ROE	9.3	-3.6	0.4	2.8	0.7	3.6	3.8
ROCE	-4.0	-3.2	-0.7	5.4	1.8	4.2	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	8.1	6.9	7.1
CAPEX/sales (incl. acquisitions), %	1.5	1.8	-3.6	-7.5	8.1	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	-1.9	-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	70.9	69.4	68.7
Gearing, %	-38.8	-37.1	-31.1	-21.2	-19.5	-21.2	-22.3

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	3.273	4.9%
Bellurum Oy	210,576	2.506	3.7%
LähiTapiola Keskinäinen Henkivakuutusyhtiö	150,000	1.785	2.7%
LähiTapiola Keskinäinen Vakuutusyhtiö	150,000	1.785	2.7%
Lakiasiaintoimisto Asiakasturva Oy	126,655	1.507	2.3%
Sr VISIO Allocator	100,000	1.190	1.8%
Vaasan kaupunki	70,400	0.838	1.3%
Pelkonen Antti	68,480	0.815	1.2%
Hotcom Oy	61,000	0.726	1.1%
Heikkilä Kimmo	58,255	0.693	1.0%
Ten largest	1,270,366	15.117	23%
Residual	4,357,817	51.858	77%
Total	5,628,183	66.975	100%

EARNINGS CALENDAR

OTHER EVENTS

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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

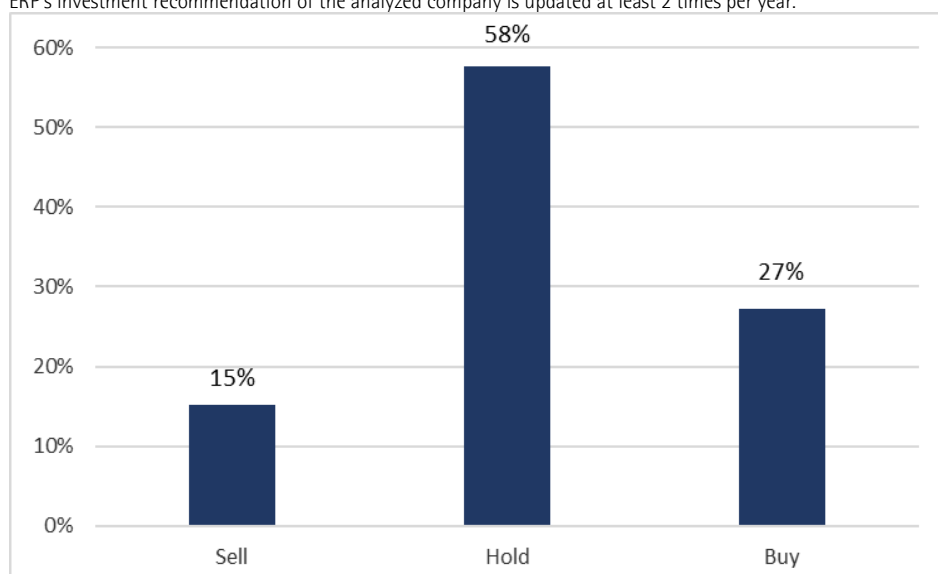
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
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Name(s) of the analyst(s): Salokivi

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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