


Guidance on the softer side

Loihde's Q4 results were in line with our estimates on topline figures, with growth of 3% while the adj. EBITDA came in below our estimates at 3.8m (Evli EUR 4.4.). Group revenue is expected to be flat or grow in 2024 and adj. EBITDA to improve.

- **Group results:** Loihde's net sales came in line with our expectations. Net sales grew by 3% to EUR 37.3m (Evli: 37.3m). The growth as expected came from SeSo. Profitability continued to improve but the adj. EBITDA came in below our expectations, at EUR 3.8m (Evli: EUR 4.4m), reflecting a rather healthy margin of 10.1%.
- **Security Solutions (SeSo):** Net sales came in in line with our expectations and grew by 5% to EUR 26.7m (Evli: 26.8m). Q4 was as typical seasonally stronger, with customers pushing to complete project before the year-end and Loihde performed well in several customer and offering segments. Two important framework agreements were signed towards the end of the year, valued in total at over EUR 10m.
- **Digital Development (DiDe):** Net sales declined by 2% to EUR 10.4m and came in roughly in line with our estimates (Evli: EUR 10.6m). The decline was due to continued demand challenges in bespoke software development in particular, stemming from market uncertainty. No significant improvement towards the better is seen in early 2024. The market situation in data and analytics services remains slightly more positive.
- **2024 guidance:** Group revenue is expected to be on par with 2023 or grow (Evli +6.6% y/y). The Group's adjusted EBITDA is estimated to improve from 2023 (Evli +EUR 3m y/y).
- **Dividend proposal:** Loihde's BoD proposes a dividend of EUR 1.0 per share (Evli EUR 0.15).

Rating

 HOLD

Q4'23 ESTIMATES

	Actual	Evli	Q4'22
Net sales	37.3	37.3	36.0
SeSo	26.7	26.8	25.5
DiDe	10.4	10.6	10.6
Others	0.2	0.0	0.0
Adj. EBITDA	3.8	4.4	3.4
Adj. EBITDA-margin	10.1%	11.8%	9.3%
Adj. EPS	0.36	0.33	0.22
Share price, EUR (Last trading day's closing price)			12.90
Target price, EUR			12.3
Latest change in recommendation			10-Mar-23
Latest report on company			17-Nov-23
Research paid by issuer:			YES
No. of shares outstanding, '000's			5,752
No. of shares fully diluted, '000's			5,752
Market cap, EURm			74
Free float, %			0.0
Exchange rate			0.000
Reuters code			LOIHDE.HE
Bloomberg code			LOIHDE FH
Average daily volume, EURm			0.0
Next interim report			1-Mar-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
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	132.7	-0.1	-0.1%	-0.6	-0.17	-500.7	0.4	-592.1	-0.9	1.10
2024E	141.5	4.2	3.0%	3.6	0.57	21.9	0.4	13.7	4.8	0.29
2025E	148.8	7.0	4.7%	3.6	0.63	20.4	0.4	7.9	4.9	0.32
Market cap, EURm				74	BV per share 2023E, EUR			-18.3	CAGR EPS 2022-25, %	462.9
Net debt 2023E, EURm				-20	Price/book 2023E			0.7	CAGR sales 2022-25, %	6.6
Enterprise value, EURm				55	Dividend yield 2023E, %			8.5	ROE 2023E, %	-0.9
Total assets 2023E, EURm				151	Tax rate 2023E, %			-521.2	ROCE 2023E, %	-0.1
Goodwill 2023E, EURm				64	Equity ratio 2023E, %			70.8	PEG, P/E 23/CAGR	0.0

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

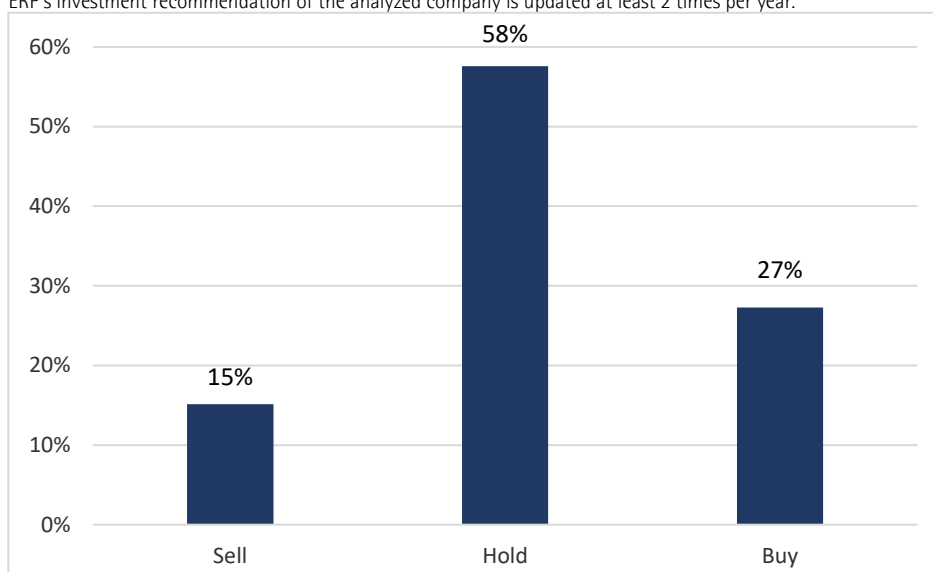
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Investment recommendations are defined as follows:

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

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

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March 1, 2024

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