

## Growth track confirmed

Netum made some smaller adjustments to its guidance, with our main takeaway being the continued solid growth pace. We adjust our TP to EUR 4.3 (4.6) following recent market turbulence and peer multiple depreciation.

### Some smaller tweaks to guidance

Netum specified its guidance for 2021 on January 24<sup>th</sup>, with the revisions appearing to be rather small in relation to our expectations. The company now expects revenue for FY 2021 to amount to slightly over EUR 22m, having previously expected EUR 20-22m. The comparable EBITA is expected to be EUR 3.1m (prev. EUR 3.1m-3.5m). The revised revenue forecast is due to the integration of Cerion Solutions (as of 1.10.2021) and stronger than expected organic growth. Netum's profitability has been affected by new recruitments, with around 90 new employees during 2021 (12/2020: 130 employees), along with weaker margins in a single fixed-price customer project.

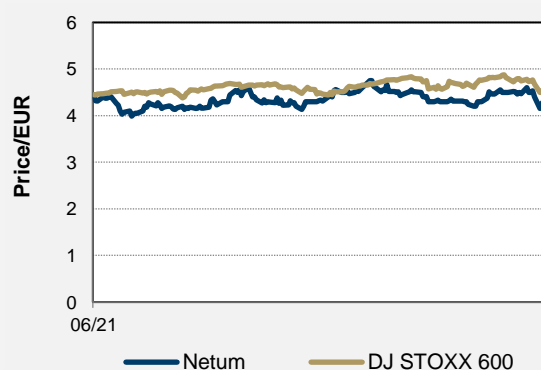
### Solid growth prospects

We noted in conjunction with the Cerion Solutions acquisition, that the revenue guidance being kept intact despite the expected EUR 1m positive impact on 2021 revenue was somewhat surprising. Fortunately, with the revised guidance the concerns of implied slower growth are clearly reduced. The comparable EBITA was somewhat below our previous EUR 3.4m expectations, with the project challenges not accounted for. Considering the challenging recruiting environment, the rapid growth in personnel is commendable and sets the foundation for continued strong growth, and we expect a growth of 22% in 2022. We see some need for caution in profitability improvement expectations due to the rapid growth and for now expect similar unadj. margins as in 2021.

### HOLD with a target price of EUR 4.3 (4.6)

The guidance revision was overall slightly positive news, should the noted project challenges not impact further. However, with the recent market turbulence and peer multiple depreciation we adjust our target price to EUR 4.3 (prev. EUR 4.6) and retain our HOLD-rating, valuing Netum at approx. 16x 2022e adj. P/E.

### Rating

■ HOLD


Share price, EUR (Last trading day's closing price) **4.27**

Target price, EUR **4.3**

Latest change in recommendation	06-Jun-21
Latest report on company	25-Aug-21
Research paid by issuer:	YES
No. of shares outstanding, '000's	11,535
No. of shares fully diluted, '000's	11,535
Market cap, EURm	49
Free float, %	0.0
Exchange rate	0.000
Reuters code	NETUM.HE
Bloomberg code	NETUM FH
Average daily volume, EURm	-
Next interim report	08-Mar-22
Web site	www.netum.fi

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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
2019	13.4	0.7	5.0%	1.1	0.02	0.0	0.4	7.1	0.0	0.05
2020	17.5	2.0	11.5%	1.8	0.15	0.0	0.2	1.4	0.0	0.08
2021E	22.3	2.2	10.0%	2.0	0.06	67.6	2.0	19.5	4.1	0.09
2022E	27.2	2.9	10.7%	3.0	0.18	24.3	1.5	14.3	6.1	0.10
2023E	31.9	3.9	12.4%	3.8	0.25	17.3	1.2	9.9	7.8	0.14
Market cap, EURm	49			Gearing 2021E, %	-46.2			CAGR EPS 2020-23, %	19.3	
Net debt 2021E, EURm	-6			Price/book 2021E	4.0			CAGR sales 2020-23, %	22.0	
Enterprise value, EURm	44			Dividend yield 2021E, %	2.1			ROE 2021E, %	8.5	
Total assets 2021E, EURm	19			Tax rate 2021E, %	22.8			ROCE 2021E, %	18.4	
Goodwill 2021E, EURm	6			Equity ratio 2021E, %	64.4			PEG, P/E 21/CAGR	1.0	

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

Netum (EURm)	2020	H1/21	H2/21E	2021E	2022E	2023E
<b>Net sales</b>	<b>17.5</b>	<b>10.4</b>	<b>11.9</b>	<b>22.3</b>	<b>27.2</b>	<b>31.9</b>
<i>Sales growth %</i>	<i>31.1%</i>	<i>21.7%</i>	<i>33.3%</i>	<i>27.3%</i>	<i>22.0%</i>	<i>17.0%</i>
Other income	0.1	0.2	0.0	0.3	0.0	0.0
Materials and services	-3.5	-1.9	-2.4	-4.3	-5.3	-6.2
<i>% of net sales</i>	<i>-20.1 %</i>	<i>-18.0 %</i>	<i>-20.0 %</i>	<i>-19.1%</i>	<i>-19.5%</i>	<i>-19.5%</i>
Personnel expenses	-8.9	-5.7	-6.6	-12.3	-14.7	-16.9
<i>% of net sales</i>	<i>-50.9 %</i>	<i>-54.9 %</i>	<i>-55.5 %</i>	<i>-55.2%</i>	<i>-54.0%</i>	<i>-53.0%</i>
Other op. expenses	-1.9	-1.2	-1.3	-2.5	-3.0	-3.5
<i>% of net sales</i>	<i>-10.9 %</i>	<i>-11.3 %</i>	<i>-11.0 %</i>	<i>-11.1%</i>	<i>-11.0%</i>	<i>-11.0%</i>
<b>EBITDA</b>	<b>3.2</b>	<b>1.9</b>	<b>1.6</b>	<b>3.5</b>	<b>4.2</b>	<b>5.3</b>
<i>EBITDA-%</i>	<i>18.5%</i>	<i>18.1%</i>	<i>13.7%</i>	<i>15.8%</i>	<i>15.5%</i>	<i>16.5%</i>
D&A	-0.2	-0.1	-0.1	-0.2	-0.2	-0.2
Tangible	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Intangible	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Goodwill amortization	-1.1	-0.5	-0.5	-1.1	-1.1	-1.1
<b>EBITA</b>	<b>3.1</b>	<b>1.8</b>	<b>1.5</b>	<b>3.3</b>	<b>4.0</b>	<b>5.0</b>
<i>EBITA-%</i>	<i>17.6%</i>	<i>17.1%</i>	<i>12.8%</i>	<i>14.8%</i>	<i>14.7%</i>	<i>15.8%</i>
Items affecting comparability	0.0	-0.2	0.0	-0.2	0.0	0.0
<b>Comparable EBITA</b>	<b>3.1</b>	<b>1.6</b>	<b>1.5</b>	<b>3.1</b>	<b>4.0</b>	<b>5.0</b>
<i>Comparable EBITA-%</i>	<i>17.6%</i>	<i>15.4%</i>	<i>12.8%</i>	<i>14.0%</i>	<i>14.7%</i>	<i>15.8%</i>
<b>EBIT</b>	<b>2.0</b>	<b>1.3</b>	<b>1.0</b>	<b>2.2</b>	<b>2.9</b>	<b>3.9</b>
<i>EBIT-%</i>	<i>11.5%</i>	<i>12.0%</i>	<i>8.3%</i>	<i>10.0%</i>	<i>10.7%</i>	<i>12.4%</i>

Finnish peer group	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		21	22	23	21	22	23	21	22	23
Sili Solutions	94	8.6x	6.7x	6.1x	14.1x	10.2x	9.0x	13.5x	10.6x	9.5x
Vincit	89							17.8x	14.1x	10.9x
Innofactor	50	6.1x	6.3x	6.0x	10.2x	9.3x	8.6x	11.5x	10.1x	9.6x
Solteq	78	9.0x	6.7x	6.0x	14.9x	10.0x	8.7x	16.2x	11.5x	9.3x
Gofore	350	19.8x	16.3x	14.8x	28.2x	21.6x	19.0x	33.3x	27.2x	24.2x
BILOT	25	16.1x	5.7x	4.4x	15.3x	6.1x	4.7x	24.3x	14.3x	11.1x
Digia	192	10.0x	9.5x	8.8x	14.9x	13.8x	12.4x	17.2x	15.8x	14.1x
Nixu	50	22.4x	12.3x	9.1x	77.4x	21.8x	13.4x	970.2x	25.0x	13.9x
Peer Group Average	116	<b>13.2x</b>	<b>9.1x</b>	<b>7.9x</b>	<b>25.0x</b>	<b>13.3x</b>	<b>10.8x</b>	<b>138.0x</b>	<b>16.1x</b>	<b>12.8x</b>
Peer Group Median	84	<b>10.0x</b>	<b>6.7x</b>	<b>6.1x</b>	<b>14.9x</b>	<b>10.2x</b>	<b>9.0x</b>	<b>17.5x</b>	<b>14.2x</b>	<b>11.0x</b>

Other Nordic peer group	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		21	22	23	21	22	23	21	22	23
Bouvet	697	19.2x	15.4x	14.1x	23.0x	18.4x	16.6x	27.3x	24.0x	21.6x
Enea	473	17.3x	12.1x	11.1x	27.0x	17.6x	15.7x	21.3x	18.4x	16.8x
Knowit	839	14.9x	9.7x	8.7x	21.5x	14.7x	12.5x	21.8x	20.3x	18.0x
Atea	1639	11.6x	9.5x	8.8x	18.6x	14.4x	12.9x	20.3x	17.3x	15.5x
NNIT	342	13.0x	8.2x	7.4x	82.3x	17.8x	13.6x	62.2x	18.4x	14.6x
Addnode Group	1103	28.0x	21.2x	20.3x	43.9x	30.8x	28.1x	45.9x	39.3x	35.5x
TietoEVERY	3032	7.7x	7.3x	7.0x	11.0x	10.3x	9.7x	11.4x	10.7x	10.0x
Peer Group Average	1161	<b>16.0x</b>	<b>11.9x</b>	<b>11.0x</b>	<b>32.5x</b>	<b>17.7x</b>	<b>15.6x</b>	<b>30.0x</b>	<b>21.2x</b>	<b>18.8x</b>
Peer Group Median	839	<b>14.9x</b>	<b>9.7x</b>	<b>8.8x</b>	<b>23.0x</b>	<b>17.6x</b>	<b>13.6x</b>	<b>21.8x</b>	<b>18.4x</b>	<b>16.8x</b>

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	4.27 PV of Free Cash Flow	26 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	5.70 PV of Horizon value	37 WACC, %	8.4 Market risk premium, %	5.8
Share price potential, %	33.5 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	6.2 Marketable securities	9 Minimum WACC, %	7.9 Equity beta coefficient	1.00
Minimum value	5.3 Debt - dividend	-3 Maximum WACC, %	8.9 Target debt ratio, %	20
Horizon value, %	58.2 Value of stock	59 Nr of shares, Mn	11.5 Effective tax rate, %	20

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	18	22	27	32	37	38	39	40	41	43	44	45
<i>Sales growth, %</i>	<i>31.1</i>	<i>27.3</i>	<i>22.0</i>	<i>17.0</i>	<i>15.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>2.5</i>	<i>2.5</i>
Operating income (EBIT)	2	2	3	4	5	5	5	5	5	5	5	6
<i>Operating income margin, %</i>	<i>11.5</i>	<i>10.0</i>	<i>10.7</i>	<i>12.4</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>
+ Depreciation+amort.	1	1	1	1	0	0	0	0	0	0	0	0
EBITDA	3	4	4	5	5	5	5	5	6	6	6	
- Paid taxes	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
- Change in NWC	-1	0	0	0	0	0	0	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>1.2</i>	<i>-0.7</i>	<i>-0.7</i>	<i>-0.7</i>	<i>-0.7</i>	<i>-0.7</i>	<i>-0.7</i>	<i>-0.7</i>	<i>-0.7</i>	<i>-0.7</i>	<i>-0.7</i>	<i>-0.7</i>
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Operative CAPEX	0	0	0	0	0	0	0	0	0	0	0	0
<i>opCAPEX / Sales, %</i>	<i>1.6</i>	<i>1.6</i>	<i>1.3</i>	<i>1.3</i>	<i>1.2</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	0
- Other items	0	0	0	0	0	0	0	0	0	0	0	0
= FCFF	2	3	3	4	4	4	4	4	4	4	4	75
= Discounted FCFF		3	3	3	3	3	3	2	2	2	2	37
= DFCF min WACC		3	3	3	3	3	3	3	2	2	2	42
= DFCF max WACC		3	3	3	3	3	3	2	2	2	2	32

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	0.0	0.0	0.0	17.5	17.5	0.0	10.4	0.0	11.9	22.3	27.2	31.9
EBITDA	0.0	0.0	0.0	3.2	3.2	0.0	1.9	0.0	1.6	3.5	4.2	5.3
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>18.5</i>	<i>18.5</i>	<i>0.0</i>	<i>18.1</i>	<i>0.0</i>	<i>13.7</i>	<i>15.8</i>	<i>15.5</i>	<i>16.7</i>
EBIT	0.0	0.0	0.0	2.0	2.0	0.0	1.3	0.0	1.0	2.2	2.9	3.9
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>11.5</i>	<i>11.5</i>	<i>0.0</i>	<i>12.0</i>	<i>0.0</i>	<i>8.3</i>	<i>10.0</i>	<i>10.7</i>	<i>12.4</i>
Net financial items	0.0	0.0	0.0	-0.2	-0.2	0.0	-0.9	0.0	0.0	-1.0	-0.1	-0.1
Pre-tax profit	0.0	0.0	0.0	1.8	1.8	0.0	0.3	0.0	0.9	1.3	2.8	3.8
Tax	0.0	0.0	0.0	-0.5	-0.5	0.0	-0.2	0.0	-0.3	-0.5	-0.8	-1.0
<i>Tax rate (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>17.6</i>	<i>17.6</i>	<i>0.0</i>	<i>27.7</i>	<i>0.0</i>	<i>20.0</i>	<i>22.8</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.0	0.0	0.0	1.3	1.3	0.0	0.1	0.0	0.6	0.7	2.0	2.9
EPS	0.00	0.00	0.00	0.15	0.15	0.00	0.01	0.00	0.06	0.06	0.18	0.25
EPS adjusted (diluted no. of shares)	0.00	0.00	0.00	0.15	0.15	0.00	0.01	0.00	0.06	0.06	0.18	0.25
Dividend per share	0.00	0.00	0.00	0.00	0.08	0.00	0.00	0.00	0.00	0.09	0.10	0.14
<b>SALES, EURm</b>												
Group	0.0	0.0	0.0	17.5	17.5	0.0	10.4	0.0	11.9	22.3	27.2	31.9
Total	0.0	0.0	0.0	17.5	17.5	0.0	10.4	0.0	11.9	22.3	27.2	31.9
<b>SALES GROWTH, Y/Y %</b>												
Group	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>31.1</i>	<i>31.1</i>	<i>0.0</i>		<i>0.0</i>	<i>-32.2</i>	<i>27.3</i>	<i>22.0</i>	<i>17.0</i>
Total	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>31.1</i>	<i>31.1</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-32.1</i>	<i>27.3</i>	<i>22.0</i>	<i>17.0</i>
<b>EBIT, EURm</b>												
Group	0.0	0.0	0.0	2.0	2.0	0.0	1.3	0.0	1.0	2.2	2.9	3.9
Total	0.0	0.0	0.0	2.0	2.0	0.0	1.3	0.0	1.0	2.2	2.9	3.9
<b>EBIT margin, %</b>												
Group	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>11.5</i>	<i>11.5</i>	<i>0.0</i>	<i>12.0</i>	<i>0.0</i>	<i>8.3</i>	<i>10.0</i>	<i>10.7</i>	<i>12.4</i>
Total	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>11.5</i>	<i>11.5</i>	<i>0.0</i>	<i>12.0</i>	<i>0.0</i>	<i>8.3</i>	<i>10.0</i>	<i>10.7</i>	<i>12.4</i>

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	7.9	10.0	11.9	13.4	17.5	22.3	27.2	31.9
<i>Sales growth (%)</i>	<i>4.9</i>	<i>26.8</i>	<i>18.1</i>	<i>12.7</i>	<i>31.1</i>	<i>27.3</i>	<i>22.0</i>	<i>17.0</i>
EBITDA	1.6	1.8	2.2	1.7	3.2	3.5	4.2	5.3
<i>EBITDA margin (%)</i>	<i>19.9</i>	<i>17.5</i>	<i>18.7</i>	<i>13.0</i>	<i>18.5</i>	<i>15.8</i>	<i>15.5</i>	<i>16.7</i>
Depreciation	0.0	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.3
EBITA	1.6	1.6	2.1	1.6	3.1	3.3	4.0	5.0
Goodwill amortization / writedown	0.0	-0.7	-0.8	-0.9	-1.1	-1.1	-1.1	-1.1
EBIT	1.6	1.0	1.3	0.7	2.0	2.2	2.9	3.9
<i>EBIT margin (%)</i>	<i>19.8</i>	<i>9.6</i>	<i>11.1</i>	<i>5.0</i>	<i>11.5</i>	<i>10.0</i>	<i>10.7</i>	<i>12.4</i>
Reported EBIT	1.6	1.0	1.3	0.7	2.0	2.2	2.9	3.9
<i>EBIT margin (reported) (%)</i>	<i>19.8</i>	<i>9.6</i>	<i>11.1</i>	<i>5.0</i>	<i>11.5</i>	<i>10.0</i>	<i>10.7</i>	<i>12.4</i>
Net financials	0.2	-0.2	-0.2	-0.2	-0.2	-1.0	-0.1	-0.1
Pre-tax profit	1.7	0.8	1.1	0.5	1.8	1.3	2.8	3.8
Taxes	-0.3	-0.4	-0.3	-0.4	-0.5	-0.5	-0.8	-1.0
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	1.4	0.4	0.8	0.1	1.3	0.7	2.0	2.9
Cash NRIs	0.0	0.0	0.0	0.0	0.0	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
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	0	0	0	0	1	1	1	1
Goodwill	0	8	7	8	7	6	5	4
Right of use assets	0	0	0	0	0	0	0	0
Inventory	0	0	0	0	0	0	0	0
Receivables	3	3	2	3	3	4	4	5
Liquid funds	2	0	1	1	1	9	10	12
Total assets	5	11	10	12	12	19	20	22
<b>Liabilities</b>								
Shareholder's equity	3	2	3	3	5	12	13	15
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	0	0	0
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	0	6	5	6	4	3	3	2
Non-interest bearing current liabilities	1	3	2	3	3	4	5	5
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	5	11	10	12	12	19	20	22
<b>CASH FLOW, EURm</b>								
+ EBITDA	2	2	2	2	3	4	4	5
- Net financial items	0	0	0	0	0	-1	0	0
- Taxes	0	0	0	0	0	-1	-1	-1
- Increase in Net Working Capital	-1	1	0	0	-1	0	0	0
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	0	2	2	1	2	2	3	4
- Capex	0	-9	0	0	0	0	0	0
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	0	-6	2	1	2	2	3	4
+/- New issues/buybacks	2	-1	0	1	1	7	0	0
- Paid dividend	0	0	0	0	0	-1	-1	-1
+/- Other	0	6	-1	-2	-2	-1	-1	-1
Change in cash	2	-2	1	0	1	7	1	2

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	0	0	0	0	49	49	49
Net debt (excl. convertibles)	6	4	5	3	-6	-8	-10
Enterprise value	6	4	5	3	44	42	39
Sales	10	12	13	18	22	27	32
EBITDA	2	2	2	3	4	4	5
EBIT	1	1	1	2	2	3	4
Pre-tax	1	1	0	2	1	3	4
Earnings	0	1	0	1	1	2	3
Equity book value (excl. minorities)	2	3	3	5	12	13	15
<b>Valuation multiples</b>							
EV/sales	0.6	0.4	0.4	0.2	2.0	1.5	1.2
EV/EBITDA	3.4	1.9	2.8	0.8	12.4	9.9	7.3
EV/EBITA	3.7	2.0	3.0	0.9	13.2	10.4	7.7
EV/EBIT	6.2	3.2	7.1	1.4	19.5	14.3	9.9
EV/OCF	2.4	2.4	3.5	1.3	18.3	12.3	9.2
EV/FCFF	-1.0	2.0	-250.9	1.6	15.7	13.5	9.9
P/FCFE	0.0	0.0	0.0	0.0	24.3	16.3	12.8
P/E	0.0	0.0	0.0	0.0	67.6	24.3	17.3
P/B	0.0	0.0	0.0	0.0	4.0	3.7	3.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	12.5	9.9	7.4
Target EV/EBIT	0.0	0.0	0.0	0.0	19.6	14.5	10.0
Target EV/FCF	0.0	0.0	0.0	0.0	21.7	13.9	10.2
Target P/B	0.0	0.0	0.0	0.0	4.1	3.8	3.3
Target P/E	0.0	0.0	0.0	0.0	68.0	24.5	17.4
<b>Per share measures</b>							
Number of shares	32,000	32,000	8,500	9,000	11,535	11,535	11,535
Number of shares (diluted)	32,000	32,000	8,500	9,000	11,535	11,535	11,535
EPS	0.01	0.02	0.02	0.15	0.06	0.18	0.25
Operating cash flow per share	0.08	0.06	0.16	0.23	0.21	0.29	0.37
Free cash flow per share	-0.19	0.06	0.13	0.20	0.18	0.26	0.33
Book value per share	0.06	0.08	0.38	0.56	1.06	1.14	1.29
Dividend per share	0.01	0.01	0.05	0.08	0.09	0.10	0.14
Dividend payout ratio, %	56.5	51.8	309.8	57.7	142.4	57.0	55.0
Dividend yield, %	0.0	0.0	0.0	0.0	2.1	2.3	3.2
FCF yield, %	0.0	0.0	0.0	0.0	4.1	6.1	7.8
<b>Efficiency measures</b>							
ROE	16.3	33.6	4.7	31.5	8.5	16.0	20.4
ROCE	17.0	16.7	8.3	22.5	18.4	18.8	24.2
<b>Financial ratios</b>							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	29.9	16.5	19.3	17.9	16.0	16.0	16.0
Non-interest bearing liabilities as % of sales	29.4	17.1	23.2	16.7	16.7	16.7	16.7
NWC/sales, %	0.5	-0.6	-3.9	1.2	-0.7	-0.7	-0.7
Operative CAPEX/sales, %	86.3	-1.0	2.0	1.6	1.6	1.3	1.3
CAPEX/sales (incl. acquisitions), %	86.3	-1.0	2.0	1.6	1.6	1.3	1.3
FCFF/EBITDA	-3.4	0.9	0.0	0.5	0.8	0.7	0.7
Net debt/EBITDA, book-weighted	3.4	1.9	2.8	0.8	-1.6	-1.8	-1.9
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.1	0.1	0.0
Equity ratio, book-weighted	18.2	26.6	27.3	41.9	64.4	65.1	66.9
Gearing, %	293.5	165.3	148.9	54.1	-46.2	-57.8	-69.3

**COMPANY DESCRIPTION:** Netum is a Finland-based strongly growing IT services company with over 20 years of experience of demanding IT projects. Netum employs over 200 IT professionals in Helsinki, Tampere, Turku, and Pori. The company's services include digital service development, continuity services, integration services, cyber security solutions, and IT management consulting. In addition, the company has two SaaS software solutions, Truugo (message validation platform) and Netum DUX (IT asset management).

**INVESTMENT CASE:**

OWNERSHIP STRUCTURE	SHARES	EURm	%
Matti Mujunen	1,965,000	8.391	17.0%
Cascade Oy	1,451,212	6.197	12.6%
Osaamo Oy	1,352,000	5.773	11.7%
Aloma Oy	1,300,000	5.551	11.3%
Jari Lilja	757,808	3.236	6.6%
Oy Fincorp Ab	533,122	2.276	4.6%
Ilmarinen Mutual Pension Insurance Company	467,500	1.996	4.1%
Olli Savolainen	397,808	1.699	3.4%
Tero Nummijärvi	232,409	0.992	2.0%
Ari Pulkkinen	214,809	0.917	1.9%
Ten largest	8,671,668	37.028	75%
Residual	2,863,332	12.226	25%
Total	11,535,000	49.254	100%

**EARNINGS CALENDAR**

March 08, 2022

FY 2021 Results

**OTHER EVENTS**

March 09, 2022

AGM

**COMPANY MISCELLANEOUS**

CEO: Matti Mujunen

Yliopistonkatu 58 B, 33100 Tampere

CFO: Pekka Levänen

Tel:

IR:



## 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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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.

Recommendation	Percentage
Sell	15%
Hold	58%
Buy	27%

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

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