

Solid growth, profitability softness

Netum provided preliminary H1/2022 figures, with growth better than we had expected while profitability was slightly weaker due to personnel growth, increased subcontracting, sick leaves and general cost increase. Netum still expects over 30% growth in 2022, EBITA now expected to be 12–14% of revenue (prev. over 14%).

- Netum provided preliminary information on its H1/2022 result and lowered its earnings estimate.
- Netum's revenue during H1/2022 grew 47.8% from the previous year and amounted to EUR 15.4m (Evli EUR 14.1m). EBITA was EUR 1.7m (Evli EUR 2.0m) or 11.2% of revenue.
- Netum lowered its earnings estimate for the year 2022, expecting EBITA to be approximately 12–14% of revenue (prev. over 14%). The Group's revenue estimate for 2022 is intact, with revenue expected to grow at least 30% from the previous year.
- The company's profitability estimate is lowered due to the larger than expected investments in personnel growth made in the first half of 2022, a higher than usual volume of subcontracting, sick leaves caused by the coronavirus and the general cost increase.
- Overall, the news is in our view slightly more on the positive side despite the profitability guidance downgrade given the rapid growth in the first half of the year and as the guidance implies expectations for improved profitability during H2. We had estimated a 2022 EBITA-margin of 14.3% and the difference to the mid-point of the new guidance is thus small.
- Netum will publish its H1/2022 report on August 16th.

 Rating 🟡 HOLD

H1/22 (prel.)	Actual	Evli	H1/21
Revenue	15.4	14.1	10.4
EBITA	1.7	2.0	1.8
Deviation	Actual	Evli	H1/21
Revenue		9 %	48 %
EBITA		-15 %	-6 %

 Share price, EUR (Last trading day's closing price) 4.08

 Target price, EUR 4.3

Latest change in recommendation	07-Jun-21
Latest report on company	09-Mar-22
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	47
Free float, %	0.0
Exchange rate	0.000
Reuters code	NETUM.HE
Bloomberg code	NETUM FH
Average daily volume, EURm	0.0
Next interim report	16-Aug-22
Web site	www.netum.fi

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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
2020	17.5	2.0	11.5%	1.8	0.15	0.0	0.2	1.4	0.0	0.08
2021	22.4	1.9	8.5%	-6.2	0.05	93.1	2.3	27.0	-12.5	0.11
2022E	29.6	2.6	8.8%	3.4	0.17	23.4	1.6	18.1	7.2	0.15
2023E	34.6	3.5	10.1%	3.8	0.21	19.6	1.3	12.9	8.2	0.18
2024E	39.8	4.3	10.8%	4.5	0.27	15.2	1.1	9.9	9.6	0.20
Market cap, EURm	47		BV per share 2022E, EUR		1.0		CAGR EPS 2021-24, %		80.2	
Net debt 2022E, EURm	0		Price/book 2022E		3.6		CAGR sales 2021-24, %		21.1	
Enterprise value, EURm	47		Dividend yield 2022E, %		3.6		ROE 2022E, %		15.9	
Total assets 2022E, EURm	22		Tax rate 2022E, %		12.2		ROCE 2022E, %		16.8	
Goodwill 2022E, EURm	11		Equity ratio 2022E, %		59.5		PEG, P/E 22/CAGR		0.9	

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

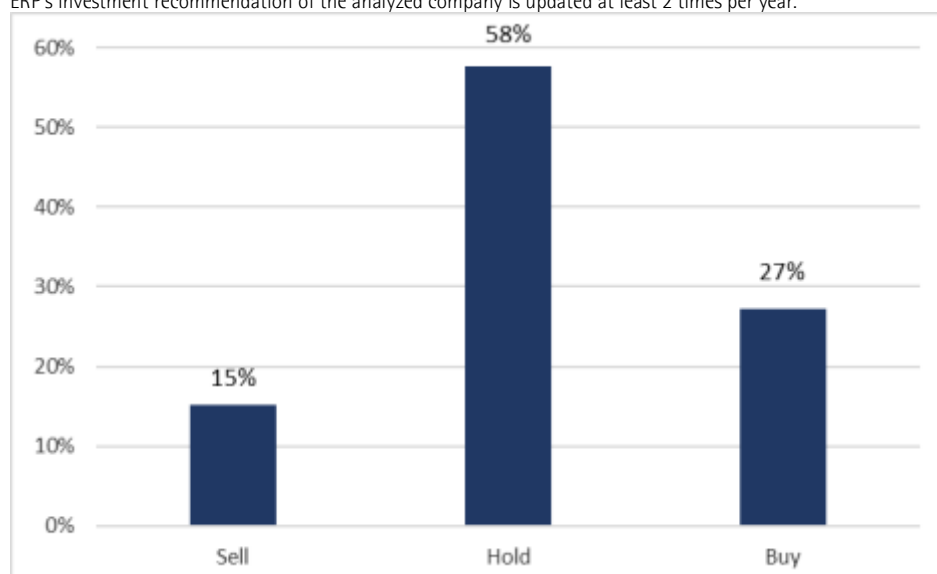
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Investment recommendations are defined as follows:

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

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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