

On track despite some challenges

Netum lowered its earnings guidance for 2022 following elevated H1 costs, while preliminary figures showed faster than expected growth, with the news in our view overall on the neutral/slightly positive side. We retain our target price of EUR 4.3 and HOLD-rating.

Solid growth in H1 but softness in profitability

Netum provided preliminary information on its H1 results and lowered its earnings guidance. Netum's revenue growth was faster than anticipated, up 47.8% y/y to EUR 15.4m (Evli EUR 14.1m). EBITA amounted to EUR 1.7m (Evli EUR 2.0m), with the EBITA-margin falling to 11.2% of revenue (H1/2021: 17.1%). Netum lowered its earnings guidance for 2022, now expecting an EBITA-margin of 12-14%, having previously expected to achieve an EBITA-margin of at least 14%. The company's revenue is intact, with revenue expected to grow over 30% y/y. The lowered earnings guidance is due to 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.

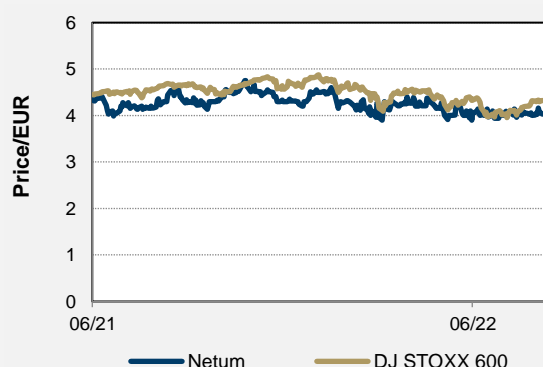
Announcement in our view neutral/slightly positive

The lower relative profitability is slightly on the negative side but given that the cost increase appears to be largely related to enabling growth, coupled with a good demand and faster than anticipated H1 growth, the development in our view is more on the neutral/slightly positive side. The revised guidance also implies profitability improvements in H2, but the development of the company's cost base will still be something to watch going forward. We have revised our estimates, now expecting 2022 revenue of EUR 31.9m (prev. 29.6m), a y/y growth of 42.4%, and an EBITA of EUR 3.9m, (prev. 4.2m) for a 12.4% EBITA-margin.

HOLD-rating with a target price of EUR 4.3

We retain our target price of EUR 4.3 and HOLD-rating. Our TP values Netum at 16.1x and 11.9x 2022e and 2023e P/E (goodwill amort. adj.). We consider a premium to peers justified given the rapid growth and still rather healthy profitability, with the current valuation level rather fair given some uncertainty.

Rating

■ HOLD

 Share price, EUR (Last trading day's closing price) **4.03**

 Target price, EUR **4.3**

 Latest change in recommendation **06-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 **46**

 Free float, % **-**

 Exchange rate **0.000**

 Reuters code **NETUM.HE**

 Bloomberg code **NETUM FH**

 Average daily volume, EURm **0.0**

 Next interim report **16-Aug-22**

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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
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	31.9	2.3	7.4%	2.8	0.13	31.4	1.5	20.1	6.0	0.14
2023E	37.3	3.7	9.9%	4.0	0.22	18.2	1.2	12.1	8.6	0.18
2024E	42.9	4.7	10.9%	4.8	0.29	13.7	1.0	9.0	10.3	0.22
Market cap, EURm		46	Gearing 2022E, %			5.9	CAGR EPS 2021-24, %			85.6
Net debt 2022E, EURm		1	Price/book 2022E			3.7	CAGR sales 2021-24, %			24.2
Enterprise value, EURm		47	Dividend yield 2022E, %			3.4	ROE 2022E, %			11.9
Total assets 2022E, EURm		22	Tax rate 2022E, %			20.0	ROCE 2022E, %			15.4
Goodwill 2022E, EURm		11	Equity ratio 2022E, %			57.2	PEG, P/E 22/CAGR			0.7

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

Netum (EURm)	2020	H1/21	H2/21	2021	H1/22E	H2/22E	2022E	2023E	2024E
Net sales	17.5	10.4	12.0	22.4	15.4	16.5	31.9	37.3	42.9
<i>Sales growth %</i>	31.1%	21.7%	33.4%	27.7%	47.6%	37.9%	42.4%	17.0%	15.0%
Other income	0.1	0.2	0.1	0.3	0.1	0.1	0.1	0.1	0.1
Materials and services	-3.5	-1.9	-2.0	-3.9	-3.0	-3.1	-6.1	-6.7	-7.7
<i>% of net sales</i>	-20.1%	-18.0%	-17.1%	-17.5%	-19.5%	-18.5%	-19.0%	-18.0%	-18.0%
Personnel expenses	-8.9	-5.7	-6.9	-12.6	-8.9	-9.4	-18.3	-21.0	-23.9
<i>% of net sales</i>	-50.9%	-54.9%	-57.3%	-56.2%	-57.8%	-56.8%	-57.3%	-56.3%	-55.7%
Other op. expenses	-1.9	-1.2	-1.6	-2.8	-1.7	-1.8	-3.4	-4.1	-4.7
<i>% of net sales</i>	-10.9%	-11.3%	-13.4%	-12.4%	-10.9%	-10.6%	-10.8%	-11.0%	-11.0%
EBITDA	3.2	1.9	1.5	3.4	1.9	2.4	4.2	5.6	6.7
<i>EBITDA-%</i>	18.5%	18.1%	12.8%	15.3%	12.1%	14.4%	13.3%	15.0%	15.5%
D&A	-0.2	-0.1	-0.1	-0.3	-0.1	-0.1	-0.3	-0.3	-0.4
Tangible	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2
Intangible	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2
Goodwill amortization	-1.1	-0.5	-0.7	-1.2	-0.8	-0.8	-1.6	-1.6	-1.6
EBITA	3.1	1.8	1.4	3.2	1.7	2.2	3.9	5.3	6.3
<i>EBITA-%</i>	17.6%	17.1%	11.6%	14.2%	11.2%	13.5%	12.4%	14.2%	14.6%
Items affecting comparability	0.0	-0.2	0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Comparable EBITA	3.1	1.6	1.5	3.1	1.7	2.2	3.9	5.3	6.3
<i>Comparable EBITA-%</i>	17.6%	15.4%	12.4%	13.8%	11.2%	13.5%	12.4%	14.2%	14.6%
EBIT	2.0	1.3	0.7	1.9	0.9	1.4	2.3	3.7	4.7
<i>EBIT-%</i>	11.5%	12.0%	5.8%	8.7%	6.0%	8.7%	7.4%	9.9%	10.9%

Finnish peer group	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		22	23	24	22	23	24	22	23	24
Silli Solutions	126	7.2x	6.7x	6.4x	10.2x	9.3x	8.6x	12.5x	11.2x	10.3x
Vincit	104							12.2x	10.5x	9.3x
Innofactor	35	6.6x	5.7x	5.3x	9.7x	8.6x	8.0x	10.9x	8.6x	7.8x
Solteq	45	5.9x	5.2x	4.5x	11.0x	8.8x	7.2x	11.9x	9.1x	6.9x
Gofore	350	14.4x	12.6x	11.5x	19.5x	16.6x	14.7x	23.2x	20.7x	18.6x
Digia	204	9.1x	8.5x	8.2x	12.6x	11.6x	10.9x	15.3x	14.0x	13.2x
Nixu	48	26.6x								
Peer Group Average	130	11.7x	7.7x	7.2x	12.6x	11.0x	9.9x	14.3x	12.4x	11.0x
Peer Group Median	104	8.2x	6.7x	6.4x	11.0x	9.3x	8.6x	12.4x	10.9x	9.8x

Other Nordic peer group	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		22	23	24	22	23	24	22	23	24
Bouvet	661	13.7x	12.5x	11.3x	16.4x	14.8x	13.0x	22.0x	19.9x	17.5x
Enea	191	8.4x	7.3x	6.7x	18.3x	14.8x	12.5x	12.4x	16.2x	13.7x
Knowit	737	9.9x	9.1x	8.9x	13.9x	12.3x	11.3x	15.1x	14.0x	13.0x
Atea	1300	8.7x	7.8x	7.1x	13.1x	11.6x	10.3x	14.9x	13.2x	11.5x
NNIT	242	15.3x	8.7x	7.6x	26.6x	13.0x	10.1x	112.0x	12.1x	9.4x
Addnode Group	1357	20.2x	18.7x	17.5x	28.7x	26.3x	23.9x	30.9x	28.5x	26.3x
TietoEVRY	3110	8.6x	7.8x	7.3x	11.9x	10.7x	9.9x	12.0x	10.9x	10.1x
Peer Group Average	1086	12.1x	10.3x	9.5x	18.4x	14.8x	13.0x	31.4x	16.4x	14.5x
Peer Group Median	737	9.9x	8.7x	7.6x	16.4x	13.0x	11.3x	15.1x	14.0x	13.0x

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	4.03 PV of Free Cash Flow	30 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	6.12 PV of Horizon value	42 WACC, %	8.4 Market risk premium, %	5.8
Share price potential, %	51.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	6.7 Marketable securities	1 Minimum WACC, %	7.9 Equity beta coefficient	1.00
Minimum value	5.6 Debt - dividend	-3 Maximum WACC, %	8.9 Target debt ratio, %	20
Horizon value, %	58.2 Value of stock	71 Nr of shares, Mn	11.5 Effective tax rate, %	20

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	22	32	37	43	44	46	47	48	50	51	53	54
<i>Sales growth, %</i>	<i>27.7</i>	<i>42.4</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>3.0</i>	<i>2.5</i>	<i>2.5</i>
Operating income (EBIT)	2	2	4	5	6	6	6	6	6	6	7	7
<i>Operating income margin, %</i>	<i>8.5</i>	<i>7.4</i>	<i>9.9</i>	<i>10.9</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.	2	2	2	2	1	1	1	1	1	1	1	1
EBITDA	3	4	6	7	6	6	6	7	7	7	7	7
- Paid taxes	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
- Change in NWC	0	0	0	0	0	0	0	0	0	0	0	0
<i>NWC / Sales, %</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>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Operative CAPEX	-8	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
<i>opCAPEX / Sales, %</i>	<i>37.5</i>	<i>1.9</i>	<i>1.4</i>	<i>1.5</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</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	-5	3	4	5	4	5	5	5	5	5	5	91
= Discounted FCFF		3	4	4	3	3	3	3	3	3	2	42
= DFCF min WACC		3	4	4	3	3	3	3	3	3	3	48
= DFCF max WACC		3	4	4	3	3	3	3	3	2	2	37

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1E	2022Q2E	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	0.0	10.4	0.0	12.0	22.4	0.0	15.4	0.0	16.5	31.9	37.3	42.9
EBITDA	0.0	1.9	0.0	1.5	3.4	0.0	1.9	0.0	2.4	4.2	5.6	6.7
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>18.1</i>	<i>0.0</i>	<i>12.7</i>	<i>15.2</i>	<i>0.0</i>	<i>12.1</i>	<i>0.0</i>	<i>14.4</i>	<i>13.3</i>	<i>15.1</i>	<i>15.7</i>
EBIT	0.0	1.3	0.0	0.7	1.9	0.0	0.9	0.0	1.4	2.3	3.7	4.7
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>12.0</i>	<i>0.0</i>	<i>5.5</i>	<i>8.5</i>	<i>0.0</i>	<i>6.0</i>	<i>0.0</i>	<i>8.7</i>	<i>7.4</i>	<i>9.9</i>	<i>10.9</i>
Net financial items	0.0	-0.9	0.0	0.0	-1.0	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0
Pre-tax profit	0.0	0.3	0.0	0.6	0.9	0.0	0.9	0.0	1.4	2.2	3.6	4.6
Tax	0.0	-0.2	0.0	-0.2	-0.4	0.0	-0.3	0.0	-0.4	-0.8	-1.0	-1.2
<i>Tax rate (%)</i>	<i>0.0</i>	<i>27.7</i>	<i>0.0</i>	<i>13.5</i>	<i>19.1</i>	<i>0.0</i>	<i>20.0</i>	<i>0.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.0	0.1	0.0	0.4	0.5	0.0	0.5	0.0	0.9	1.5	2.6	3.4
EPS	0.00	0.01	0.00	0.04	0.05	0.00	0.05	0.00	0.08	0.13	0.22	0.29
EPS adjusted (diluted no. of shares)	0.00	0.01	0.00	0.04	0.05	0.00	0.05	0.00	0.08	0.13	0.22	0.29
Dividend per share	0.00	0.00	0.00	0.00	0.11	0.00	0.00	0.00	0.00	0.14	0.18	0.22
SALES, EURm												
Group	0.0	10.4	0.0	12.0	22.4	0.0	15.4	0.0	16.5	31.9	37.3	42.9
Total	0.0	10.4	0.0	12.0	22.4	0.0	15.4	0.0	16.5	31.9	37.3	42.9
SALES GROWTH, Y/Y %												
Group	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-31.8</i>	<i>27.7</i>	<i>0.0</i>	<i>47.6</i>	<i>0.0</i>	<i>37.9</i>	<i>42.4</i>	<i>17.0</i>	<i>15.0</i>
Total	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-31.8</i>	<i>27.7</i>	<i>0.0</i>	<i>47.6</i>	<i>0.0</i>	<i>37.9</i>	<i>42.4</i>	<i>17.0</i>	<i>15.0</i>
EBIT, EURm												
Group	0.0	1.3	0.0	0.7	1.9	0.0	0.9	0.0	1.4	2.3	3.7	4.7
Total	0.0	1.3	0.0	0.7	1.9	0.0	0.9	0.0	1.4	2.3	3.7	4.7
EBIT margin, %												
Group	<i>0.0</i>	<i>12.0</i>	<i>0.0</i>	<i>5.5</i>	<i>8.5</i>	<i>0.0</i>	<i>6.0</i>	<i>0.0</i>	<i>8.7</i>	<i>7.4</i>	<i>9.9</i>	<i>10.9</i>
Total	<i>0.0</i>	<i>12.0</i>	<i>0.0</i>	<i>5.5</i>	<i>8.5</i>	<i>0.0</i>	<i>6.0</i>	<i>0.0</i>	<i>8.7</i>	<i>7.4</i>	<i>9.9</i>	<i>10.9</i>

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	10.0	11.9	13.4	17.5	22.4	31.9	37.3	42.9
<i>Sales growth (%)</i>	<i>26.8</i>	<i>18.1</i>	<i>12.7</i>	<i>31.1</i>	<i>27.7</i>	<i>42.4</i>	<i>17.0</i>	<i>15.0</i>
EBITDA	1.8	2.2	1.7	3.2	3.4	4.2	5.6	6.7
<i>EBITDA margin (%)</i>	<i>17.5</i>	<i>18.7</i>	<i>13.0</i>	<i>18.5</i>	<i>15.2</i>	<i>13.3</i>	<i>15.1</i>	<i>15.7</i>
Depreciation	-0.1	-0.1	-0.1	-0.2	-0.3	-0.3	-0.3	-0.5
EBITA	1.6	2.1	1.6	3.1	3.1	3.9	5.3	6.3
Goodwill amortization / writedown	-0.7	-0.8	-0.9	-1.1	-1.2	-1.6	-1.6	-1.6
EBIT	1.0	1.3	0.7	2.0	1.9	2.3	3.7	4.7
<i>EBIT margin (%)</i>	<i>9.6</i>	<i>11.1</i>	<i>5.0</i>	<i>11.5</i>	<i>8.5</i>	<i>7.4</i>	<i>9.9</i>	<i>10.9</i>
Reported EBIT	1.0	1.3	0.7	2.0	1.9	2.3	3.7	4.7
<i>EBIT margin (reported) (%)</i>	<i>9.6</i>	<i>11.1</i>	<i>5.0</i>	<i>11.5</i>	<i>8.5</i>	<i>7.4</i>	<i>9.9</i>	<i>10.9</i>
Net financials	-0.2	-0.2	-0.2	-0.2	-1.0	-0.1	-0.1	0.0
Pre-tax profit	0.8	1.1	0.5	1.8	0.9	2.2	3.6	4.6
Taxes	-0.4	-0.3	-0.4	-0.5	-0.4	-0.8	-1.0	-1.2
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.4	0.8	0.1	1.3	0.5	1.5	2.6	3.4
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
BALANCE SHEET, EURm								
Assets								
Fixed assets	0	0	0	1	2	2	3	3
Goodwill	8	7	8	7	12	11	9	8
Right of use assets	0	0	0	0	0	0	0	0
Inventory	0	0	0	0	0	0	0	0
Receivables	3	2	3	3	5	7	8	9
Liquid funds	0	1	1	1	1	2	4	4
Total assets	11	10	12	12	20	22	23	24
Liabilities								
Shareholder's equity	2	3	3	5	12	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	6	5	6	4	3	3	2	0
Non-interest bearing current liabilities	3	2	3	3	5	7	8	9
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	11	10	12	12	20	22	23	24
CASH FLOW, EURm								
+ EBITDA	2	2	2	3	3	4	6	7
- Net financial items	0	0	0	0	-1	0	0	0
- Taxes	0	0	0	0	0	-1	-1	-1
- Increase in Net Working Capital	1	0	0	-1	0	0	0	0
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	2	2	1	2	2	3	5	5
- Capex	-9	0	0	0	-8	-1	-1	-1
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-6	2	1	2	-6	3	4	5
+/- New issues/buybacks	-1	0	1	1	7	0	0	0
- Paid dividend	0	0	0	0	-1	-1	-2	-2
+/- Other	6	-1	-2	-2	-1	-1	0	-2
Change in cash	-2	1	0	1	0	1	2	1

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	0	0	0	49	46	46	46
Net debt (excl. convertibles)	4	5	3	2	1	-2	-4
Enterprise value	4	5	3	51	47	45	42
Sales	12	13	18	22	32	37	43
EBITDA	2	2	3	3	4	6	7
EBIT	1	1	2	2	2	4	5
Pre-tax	1	0	2	1	2	4	5
Earnings	1	0	1	1	1	3	3
Equity book value (excl. minorities)	3	3	5	12	12	13	15
Valuation multiples							
EV/sales	0.4	0.4	0.2	2.3	1.5	1.2	1.0
EV/EBITDA	1.9	2.8	0.8	15.1	11.1	7.9	6.3
EV/EBITA	2.0	3.0	0.9	16.4	12.0	8.5	6.7
EV/EBIT	3.2	7.1	1.4	27.0	20.1	12.1	9.0
EV/OCF	2.4	3.5	1.3	22.8	14.0	9.9	7.7
EV/FCFF	2.0	-250.9	1.6	-9.6	16.6	11.0	8.7
P/FCFE	0.0	0.0	0.0	-8.0	16.8	11.7	9.7
P/E	0.0	0.0	0.0	93.1	31.4	18.2	13.7
P/B	0.0	0.0	0.0	4.0	3.7	3.5	3.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	11.9	8.5	6.7
Target EV/EBIT	0.0	0.0	0.0	0.0	21.4	13.0	9.7
Target EV/FCF	0.0	0.0	0.0	0.0	18.2	12.0	9.4
Target P/B	0.0	0.0	0.0	0.0	4.0	3.7	3.4
Target P/E	0.0	0.0	0.0	0.0	33.5	19.4	14.7
Per share measures							
Number of shares	32,000	8,500	9,000	11,535	11,535	11,535	11,535
Number of shares (diluted)	32,000	8,500	9,000	11,535	11,535	11,535	11,535
EPS	0.02	0.02	0.15	0.05	0.13	0.22	0.29
Operating cash flow per share	0.06	0.16	0.23	0.20	0.29	0.39	0.47
Free cash flow per share	0.06	0.13	0.20	-0.53	0.24	0.34	0.42
Book value per share	0.08	0.38	0.56	1.07	1.08	1.17	1.28
Dividend per share	0.01	0.05	0.08	0.11	0.14	0.18	0.22
Dividend payout ratio, %	51.8	309.8	57.7	239.9	106.8	82.8	74.1
Dividend yield, %	0.0	0.0	0.0	2.7	3.4	4.6	5.4
FCF yield, %	0.0	0.0	0.0	-12.5	6.0	8.6	10.3
Efficiency measures							
ROE	33.6	4.7	31.5	6.1	11.9	19.7	24.0
ROCE	16.7	8.3	22.5	15.5	15.4	24.3	30.9
Financial ratios							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	16.5	19.3	17.9	21.4	21.4	21.4	21.4
Non-interest bearing liabilities as % of sales	17.1	23.2	16.7	21.5	21.5	21.5	21.5
NWC/sales, %	-0.6	-3.9	1.2	-0.1	-0.1	-0.1	-0.1
Operative CAPEX/sales, %	-1.0	2.0	1.6	37.5	1.9	1.4	1.5
CAPEX/sales (incl. acquisitions), %	-1.0	2.0	1.6	37.5	1.9	1.4	1.5
FCFF/EBITDA	0.9	0.0	0.5	-1.6	0.7	0.7	0.7
Net debt/EBITDA, book-weighted	1.9	2.8	0.8	0.7	0.2	-0.3	-0.6
Debt/equity, market-weighted	0.0	0.0	0.0	0.1	0.1	0.0	0.0
Equity ratio, book-weighted	26.6	27.3	41.9	60.6	57.2	57.4	61.5
Gearing, %	165.3	148.9	54.1	18.3	5.9	-12.3	-29.4

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 230 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: Netum has experienced clearly profitable growth in recent years and is set to continue to grow well into double-digit figures. The solid organic growth from a good demand and successful recruitments has recently been further boosted by a pick up in M&A activity. Margins are already at good levels and further improvements in the near-term are likely to be minor as frontloaded growth investments convert to revenue.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Matti Mujunen	1,965,000	7.919	17.0%
Cascade Oy	1,458,385	5.877	12.6%
Osaamo Oy	1,368,996	5.517	11.9%
Aloma Oy	1,300,000	5.239	11.3%
Jari Lilja	757,808	3.054	6.6%
Oy Fincorp Ab	603,245	2.431	5.2%
Ilmarinen Mutual Pension Insurance Company	467,500	1.884	4.1%
Olli Savolainen	397,808	1.603	3.4%
Tero Nummijärvi	232,409	0.937	2.0%
Leskinen Juha-Pekka Sakari	212,808	0.858	1.8%
Ten largest	8,763,959	35.319	76%
Residual	2,771,041	11.167	24%
Total	11,535,000	46.486	100%

EARNINGS CALENDAR

August 16, 2022

Q2 report

OTHER EVENTS

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

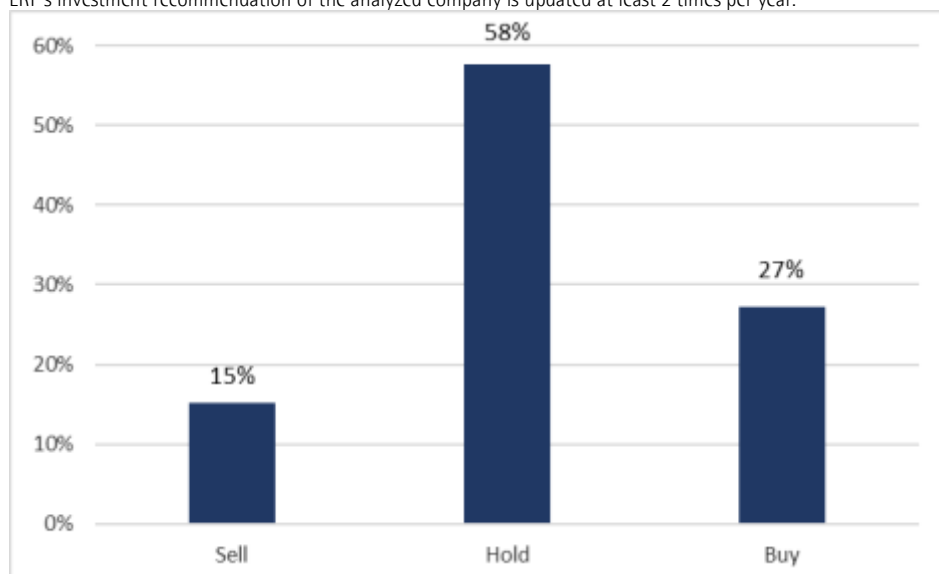
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Investment recommendations are defined as follows:

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

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

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