

Upgrade to BUY

Netum's H1 brought no surprises due to given preliminary figures but provided further reassurance of a solid growth outlook. We adjust our target price to EUR 4.5 (4.3) and upgrade our rating to BUY (HOLD).

Investments into growth in H1

Netum had provided preliminary figures ahead of H1 and the earnings report as such held no notable surprises. Net sales grew 47.8% y/y to EUR 15.4m, of which 22.6% was organic growth. The comp. EBITA increased by 14.0% y/y to EUR 1.8m, but the comp. EBITA-margin declined by 4.0%p. The number of employees grew to 263 (H1/21: 171) mainly from successful new recruitments but also the Cerion Solutions acquisition. H1 organic growth was supported by the increased workloads under long framework agreements and the continued high level of demand, while profitability was affected by front-loaded growth investments and increased sick leaves due to the pandemic.

Public sector exposure proving to be beneficial

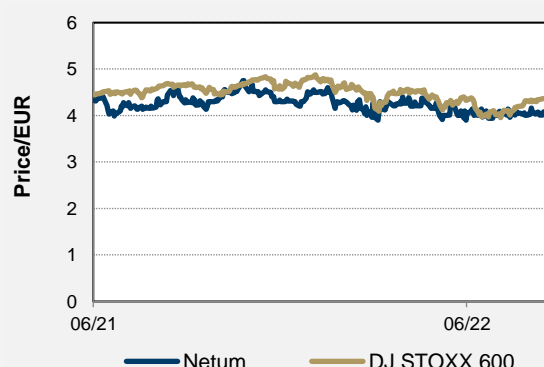
Demand in the public sector, accounting for the majority of Netum's net sales, has been and appears to continue to be at a high level, while the private sector has shown some more fluctuation. New recruitments have notably become more challenging, but with the large number of recruitments made during H1, domestic geographical expansion, and high public sector demand coupled with long framework agreements, the near-term growth prospects remain solid. The wage inflation/customer pricing equation currently appears to be well manageable and although the current environment creates some margin pressure, we expect profitability to remain at healthy levels. We have made limited revisions to our estimates, expecting net sales growth of 42.5% (guidance >30%) and an EBITA-margin of 12.5% (guidance 12-14%).

BUY (HOLD) with a target price of EUR 4.5 (4.3)

Netum currently trades quite in line with peers. With continued confidence in the growth outlook through the public sector exposure, we adjust our TP to EUR 4.5 (4.3), valuing Netum at ~17x 2022e adj. P/E, and upgrade our rating to BUY (HOLD).

Rating

BUY



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

Target price, EUR 4.5

Latest change in recommendation 17-Aug-22

Latest report on company 09-Aug-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, % -

Exchange rate 0.000

Reuters code NETUM.HE

Bloomberg code NETUM FH

Average daily volume, EURm 0.0

Next interim report -

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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%	1.5	0.15	0.0	0.2	1.4	0.0	0.08
2021	22.4	1.9	8.5%	-4.9	0.05	93.1	2.3	27.0	-9.9	0.11
2022E	31.9	2.3	7.1%	2.8	0.12	34.0	1.5	21.2	5.9	0.14
2023E	37.4	3.4	9.1%	3.8	0.20	20.4	1.2	13.3	8.1	0.18
2024E	43.0	4.6	10.6%	4.8	0.28	14.3	1.0	9.4	10.2	0.22
Market cap, EURm	47			Gearing 2022E, %	5.7			CAGR EPS 2021-24, %	83.8	
Net debt 2022E, EURm	1			Price/book 2022E	3.8			CAGR sales 2021-24, %	24.2	
Enterprise value, EURm	48			Dividend yield 2022E, %	3.4			ROE 2022E, %	11.2	
Total assets 2022E, EURm	22			Tax rate 2022E, %	19.8			ROCE 2022E, %	14.8	
Goodwill 2022E, EURm	11			Equity ratio 2022E, %	57.0			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	H1/22	H2/22E	2022E	2023E	2024E
Net sales	17.5	10.4	12.0	22.4	15.4	16.5	31.9	37.4	43.0
<i>Sales growth %</i>	<i>31.1%</i>	<i>21.7%</i>	<i>33.4%</i>	<i>27.7%</i>	<i>47.8%</i>	<i>37.9%</i>	<i>42.5%</i>	<i>17.0%</i>	<i>15.0%</i>
Other income	0.1	0.2	0.1	0.3	0.0	0.1	0.1	0.1	0.1
Materials and services	-3.5	-1.9	-2.0	-3.9	-2.8	-2.9	-5.7	-6.7	-7.7
<i>% of net sales</i>	<i>-20.1 %</i>	<i>-18.0 %</i>	<i>-17.1 %</i>	<i>-17.5 %</i>	<i>-18.0 %</i>	<i>-17.8 %</i>	<i>-17.9%</i>	<i>-18.0%</i>	<i>-18.0%</i>
Personnel expenses	-8.9	-5.7	-6.9	-12.6	-8.8	-9.4	-18.2	-21.0	-23.9
<i>% of net sales</i>	<i>-50.9 %</i>	<i>-54.9 %</i>	<i>-57.3 %</i>	<i>-56.2 %</i>	<i>-57.3 %</i>	<i>-56.8 %</i>	<i>-57.0%</i>	<i>-56.3%</i>	<i>-55.7%</i>
Other op. expenses	-1.9	-1.2	-1.6	-2.8	-2.0	-1.9	-3.8	-4.3	-4.7
<i>% of net sales</i>	<i>-10.9 %</i>	<i>-11.3 %</i>	<i>-13.4 %</i>	<i>-12.4 %</i>	<i>-12.9 %</i>	<i>-11.2 %</i>	<i>-12.0%</i>	<i>-11.5%</i>	<i>-11.0%</i>
EBITDA	3.2	1.9	1.5	3.4	1.9	2.4	4.3	5.4	6.7
<i>EBITDA-%</i>	<i>18.5%</i>	<i>18.1%</i>	<i>12.8%</i>	<i>15.3%</i>	<i>12.1%</i>	<i>14.5%</i>	<i>13.4%</i>	<i>14.5%</i>	<i>15.5%</i>
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	-0.9	-0.9	-1.7	-1.7	-1.7
EBITA	3.1	1.8	1.4	3.2	1.7	2.2	4.0	5.1	6.3
<i>EBITA-%</i>	<i>17.6%</i>	<i>17.1%</i>	<i>11.6%</i>	<i>14.2%</i>	<i>11.2%</i>	<i>13.6%</i>	<i>12.5%</i>	<i>13.7%</i>	<i>14.6%</i>
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	1.8	2.2	4.0	5.1	6.3
<i>Comparable EBITA-%</i>	<i>17.6%</i>	<i>15.4%</i>	<i>12.4%</i>	<i>13.8%</i>	<i>11.4%</i>	<i>13.6%</i>	<i>12.6%</i>	<i>13.7%</i>	<i>14.6%</i>
EBIT	2.0	1.3	0.7	1.9	0.9	1.4	2.3	3.4	4.6
<i>EBIT-%</i>	<i>11.5%</i>	<i>12.0%</i>	<i>5.8%</i>	<i>8.7%</i>	<i>5.6%</i>	<i>8.4%</i>	<i>7.1%</i>	<i>9.1%</i>	<i>10.6%</i>

Finnish peer group	MCAP	EV/EBITDA			EV/EBIT			P/E		
	MEUR	22	23	24	22	23	24	22	23	24
Silli Solutions	126	6.8x	6.0x	5.5x	9.5x	8.1x	7.1x	13.0x	10.8x	9.7x
Vincit	103							12.1x	10.4x	9.2x
Innofactor	36	6.6x	5.7x	5.4x	9.7x	8.7x	8.0x	10.9x	8.6x	7.8x
Solteq	40							19.6x	10.3x	7.8x
Gofore	383	15.5x	13.7x	12.3x	20.8x	18.0x	15.5x	24.2x	21.6x	19.0x
Digia	187	9.3x	8.0x	7.6x	13.8x	11.4x	10.6x	15.3x	12.9x	12.1x
Nixu	48	27.0x	13.1x	9.7x	341.7x	21.8x	14.4x		28.4x	14.7x
Peer Group Average	132	13.1x	9.3x	8.1x	79.1x	13.6x	11.2x	15.9x	14.7x	11.5x
Peer Group Median	103	9.3x	8.0x	7.6x	13.8x	11.4x	10.6x	14.1x	10.8x	9.7x

Other Nordic peer group	MCAP	EV/EBITDA			EV/EBIT			P/E		
	MEUR	22	23	24	22	23	24	22	23	24
Bouvet	667	13.8x	12.6x	11.3x	16.4x	14.8x	13.0x	22.1x	20.0x	17.5x
Enea	217	9.4x	8.3x	7.5x	20.7x	16.7x	14.1x	14.3x	18.7x	15.8x
Knowit	709	9.7x	8.9x	8.7x	13.6x	12.0x	11.1x	14.8x	13.7x	12.7x
Atea	1324	8.8x	7.9x	7.1x	13.3x	11.7x	10.4x	15.1x	13.4x	11.6x
NNIT	241	19.3x	9.1x	7.7x	265.5x	13.9x	10.4x	724.0x	13.2x	9.7x
Addnode Group	1295	19.6x	18.2x	17.0x	27.9x	25.5x	23.3x	30.0x	27.7x	25.5x
TietoEVERY	3138	8.7x	7.8x	7.4x	12.0x	10.7x	9.9x	12.1x	11.0x	10.2x
Peer Group Average	1084	12.8x	10.4x	9.5x	52.8x	15.0x	13.2x	118.9x	16.8x	14.7x
Peer Group Median	709	9.7x	8.9x	7.7x	16.4x	13.9x	11.1x	15.1x	13.7x	12.7x
Netum (Evli est.*)	47	11.2x	8.4x	6.3x	12.0x	8.9x	6.8x	15.1x	11.7x	9.4x

Source FactSet, Evli Research. *Goodwill amortization adjusted

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	4.08 PV of Free Cash Flow	30 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	6.02 PV of Horizon value	43 WACC, %	8.4 Market risk premium, %	5.8
Share price potential, %	47.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	6.6 Marketable securities	1 Minimum WACC, %	7.9 Equity beta coefficient	1.00
Minimum value	5.5 Debt - dividend	-4 Maximum WACC, %	8.9 Target debt ratio, %	20
Horizon value, %	58.3 Value of stock	69 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>42.5</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	3	5	6	6	6	6	6	6	7	7
<i>Operating income margin, %</i>	<i>8.5</i>	<i>7.1</i>	<i>9.1</i>	<i>10.6</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	5	7	6	6	6	7	7	7	7	7
- Paid taxes	-6	-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>-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	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
<i>opCAPEX / Sales, %</i>	<i>2.1</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	-6	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	5	0	0	0	0	0	0	0	0	0	0	0
= FCFF	-4	3	4	5	4	5	5	5	5	5	5	91
= Discounted FCFF		3	4	4	3	3	3	3	3	3	2	43
= DFCF min WACC		3	4	4	3	3	3	3	3	3	3	49
= DFCF max WACC		3	3	4	3	3	3	3	3	2	2	38

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2	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	37.4	43.0
EBITDA	0.0	1.9	0.0	1.5	3.4	0.0	1.9	0.0	2.4	4.3	5.5	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>14.5</i>	<i>13.4</i>	<i>14.6</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	3.4	4.6
<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>5.6</i>	<i>0.0</i>	<i>8.4</i>	<i>7.1</i>	<i>9.1</i>	<i>10.6</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	0.8	0.0	1.3	2.2	3.3	4.5
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>19.6</i>	<i>0.0</i>	<i>20.0</i>	<i>19.8</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	1.4	2.3	3.3
EPS	0.00	0.01	0.00	0.04	0.05	0.00	0.04	0.00	0.08	0.12	0.20	0.28
EPS adjusted (diluted no. of shares)	0.00	0.01	0.00	0.04	0.05	0.00	0.04	0.00	0.08	0.12	0.20	0.28
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	37.4	43.0
Total	0.0	10.4	0.0	12.0	22.4	0.0	15.4	0.0	16.5	31.9	37.4	43.0
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>47.8</i>	<i>0.0</i>	<i>37.9</i>	<i>42.5</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>47.8</i>	<i>0.0</i>	<i>37.9</i>	<i>42.5</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	3.4	4.6
Total	0.0	1.3	0.0	0.7	1.9	0.0	0.9	0.0	1.4	2.3	3.4	4.6
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>5.6</i>	<i>0.0</i>	<i>8.4</i>	<i>7.1</i>	<i>9.1</i>	<i>10.6</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>5.6</i>	<i>0.0</i>	<i>8.4</i>	<i>7.1</i>	<i>9.1</i>	<i>10.6</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	37.4	43.0
<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>42.5</i>	<i>17.0</i>	<i>15.0</i>
EBITDA	1.8	2.2	1.7	3.2	3.4	4.3	5.5	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>13.4</i>	<i>14.6</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	4.0	5.1	6.3
Goodwill amortization / writedown	-0.7	-0.8	-0.9	-1.1	-1.2	-1.7	-1.7	-1.7
EBIT	1.0	1.3	0.7	2.0	1.9	2.3	3.4	4.6
<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>7.1</i>	<i>9.1</i>	<i>10.6</i>
Reported EBIT	1.0	1.3	0.7	2.0	1.9	2.3	3.4	4.6
<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>7.1</i>	<i>9.1</i>	<i>10.6</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	3.3	4.5
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	1.4	2.3	3.3
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	7
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	14
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	5	7
- Net financial items	0	0	0	0	-1	0	0	0
- Taxes	0	0	0	0	-5	-1	-1	-1
- Increase in Net Working Capital	1	0	0	-1	-1	0	0	0
+/- Other	0	0	0	0	5	0	0	0
= Cash flow from operations	2	2	1	2	1	3	4	5
- Capex	-9	0	0	0	0	-1	-1	-1
- Acquisitions	0	0	0	0	-6	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-6	2	1	2	-5	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	-1	-2	-1	-1	-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	47	47	47
Net debt (excl. convertibles)	4	5	3	2	1	-2	-4
Enterprise value	4	5	3	51	48	46	43
Sales	12	13	18	22	32	37	43
EBITDA	2	2	3	3	4	5	7
EBIT	1	1	2	2	2	3	5
Pre-tax	1	0	2	1	2	3	5
Earnings	1	0	1	1	1	2	3
Equity book value (excl. minorities)	3	3	5	12	12	13	14
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	11.2	8.3	6.3
EV/EBITA	2.0	3.0	0.9	16.4	12.0	8.9	6.8
EV/EBIT	3.2	7.1	1.4	27.0	21.2	13.3	9.4
EV/OCF	2.4	3.5	1.3	42.5	14.0	10.4	7.8
EV/FCFF	2.0	-250.9	1.6	-12.6	16.6	11.6	8.8
P/FCFE	0.0	0.0	0.0	-10.1	16.8	12.3	9.8
P/E	0.0	0.0	0.0	93.1	34.0	20.4	14.3
P/B	0.0	0.0	0.0	4.0	3.8	3.6	3.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	12.3	9.2	7.1
Target EV/EBIT	0.0	0.0	0.0	0.0	23.4	14.8	10.4
Target EV/FCF	0.0	0.0	0.0	0.0	18.8	13.1	9.9
Target P/B	0.0	0.0	0.0	0.0	4.2	4.0	3.6
Target P/E	0.0	0.0	0.0	0.0	37.5	22.5	15.8
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	0.12	0.20	0.28
Operating cash flow per share	0.06	0.16	0.23	0.11	0.30	0.38	0.47
Free cash flow per share	0.06	0.13	0.17	-0.42	0.24	0.33	0.42
Book value per share	0.08	0.38	0.56	1.07	1.08	1.14	1.25
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	114.7	88.5	76.4
Dividend yield, %	0.0	0.0	0.0	2.6	3.4	4.3	5.3
FCF yield, %	0.0	0.0	0.0	-9.9	5.9	8.1	10.2
Efficiency measures							
ROE	33.6	4.7	31.5	6.1	11.2	18.1	23.9
ROCE	16.7	8.3	22.5	15.5	14.8	22.7	31.0
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	2.1	1.9	1.4	1.5
CAPEX/sales (incl. acquisitions), %	-1.0	2.0	-0.1	-22.9	1.9	1.4	1.5
FCFF/EBITDA	0.9	0.0	0.5	-1.2	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	57.0	56.7	60.9
Gearing, %	165.3	148.9	54.1	18.3	5.7	-11.7	-29.9

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 260 IT professionals in Helsinki, Hämeenlinna, Jyväskylä, 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	8.017	17.0%
Cascade Oy	1,458,385	5.950	12.6%
Osaamo Oy	1,368,996	5.586	11.9%
Aloma Oy	1,300,000	5.304	11.3%
Jari Lilja	757,808	3.092	6.6%
Oy Fincorp Ab	603,245	2.461	5.2%
Ilmarinen Mutual Pension Insurance Company	467,500	1.907	4.1%
Olli Savolainen	397,808	1.623	3.4%
Tero Nummijärvi	232,409	0.948	2.0%
Leskinen Juha-Pekka Sakari	212,808	0.868	1.8%
Ten largest	8,763,959	35.757	76%
Residual	2,771,041	11.306	24%
Total	11,535,000	47.063	100%

EARNINGS CALENDAR

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

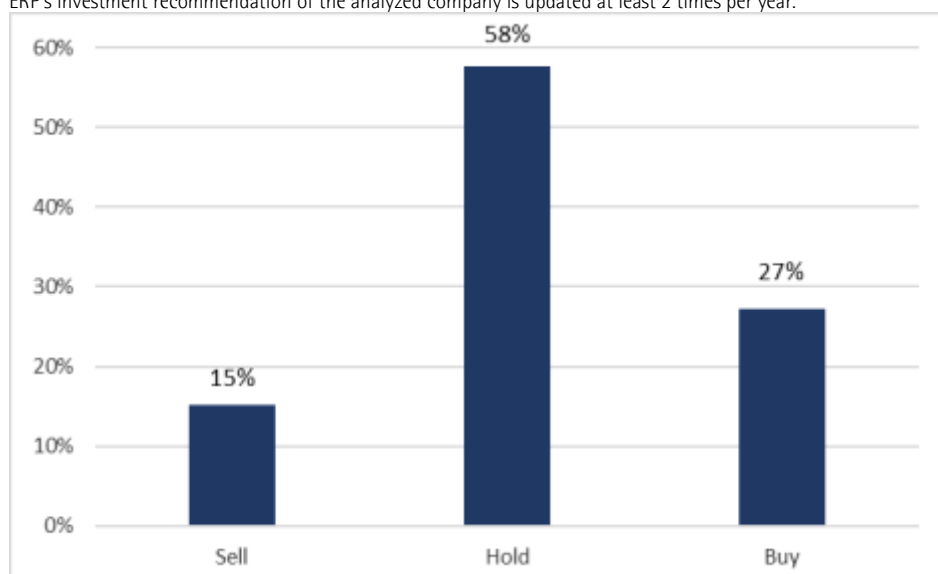
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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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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