

Strategy proceeding but painfully slow

SSH's Q1 result missed our expectations due to lackluster software fees in the period. Q1 net sales were 2.7 MEUR and operating loss was -1.3 MEUR vs. our expectation of 3.6 MEUR net sales and -0.9 MEUR operating loss. We maintain SELL recommendation with revised target price of 1.10 euros (previously 1.60).

Q1 miss puts pressure on closing licensing deals

Q1 net sales missed our estimates due to the lack of larger licensing deals in the period. Software fees were EUR 0.5 million (1.1m Evli), Professional services were EUR 0.1 million (0.3m Evli), and Recurring revenue was EUR 2.1 million (2.2m Evli). Although there is still plenty of time left to catch up for the miss, this puts pressure on closing several larger licensing deals in the coming quarters to reach the guided 10% growth for 2019E. According to management UKM pipeline looks good.

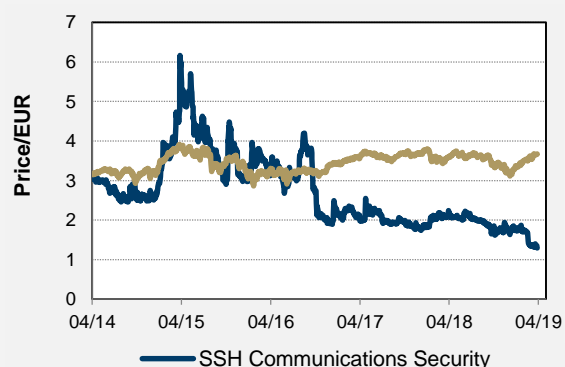
Strategy proceeding but painfully slow

No material new news was provided in conjunction with result regarding sales ramp up of PrivX and NQX. PrivX remains at the heart of SSH's growth strategy, but revenue is not expected to be material yet. We have made small downward changes to our estimates after the Q1 result. We estimate SSH's 2019E net sales to decline -7% to 17.1 MEUR (reaching guidance though) and 2019E EBIT to be 0.2 MEUR. Our estimates for the coming years are also broadly intact, with net sales growth expectations at 12% for 2020E and 2021E and EBIT improving towards 2021E.

Risk/reward still not attractive, SELL maintained

On our estimates, SSH is trading at 2019-20 EV/Sales multiples of 3.0x and 2.6x. Given the slow growth pace, lack of profitability and uncertainty to our sales estimates, we see valuation still challenging from a risk/reward perspective. We maintain SELL recommendation with revised target price of 1.10 euros (previously 1.60). Our target price is based on EV/Sales multiples of 2.5x and 2.2x on our 2019 and 2020 estimates.

Rating ■ SELL



Share price, EUR (Last trading day's closing price) 1.29

Target price, EUR 1.1

Latest change in recommendation 13-Feb-19

Latest report on company 13-Feb-19

Research paid by issuer: YES

No. of shares outstanding, '000's 38,802

No. of shares fully diluted, '000's 38,802

Market cap, EURm 50

Free float, % -

Exchange rate EUR/USD 1.110

Reuters code SSH1C.HE

Bloomberg code SS1V FH

Average daily volume, EURm -

Next interim report 17-Jul-19

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BUY HOLD SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2017	16	-2	-10.5%	-2	-0.08	-21.9	4.1	93.2	-39.1	0.00
2018	18	1	2.7%	1	-0.01	-163.0	5.5	68.3	202.5	0.00
2019E	17	0	1.2%	0	-0.02	-55.7	2.9	33.1	251.1	0.00
2020E	19	0	2.1%	0	0.00	-762.5	2.6	20.1	123.0	0.00
2021E	21	2	7.0%	1	0.03	43.7	2.2	15.3	31.4	0.00
Market cap, EURm			50	BV per share 2019E, EUR		0.0	CAGR EPS 2018-21, %			0.0
Net debt* 2019E, EURm			-1	Price/book* 2019E		35.7	CAGR sales 2018-21, %			5.4
Enterprise value, EURm			50	Dividend yield 2019E, %		0.0	ROE 2019E, %			-64.2
Total assets 2019E, EURm			23	Tax rate 2019E, %		0.0	ROCE 2019E, %			1.4
Goodwill 2019E, EURm			0	Equity ratio 2019E, %		9.4	PEG, P/E 19/CAGR			0.0

*EUR 12m hybrid included in debt

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

We maintain SELL recommendation with revised target price of 1.10 euros (previously 1.60)

Our target price is based on EV/Sales multiples of 2.5x and 2.2x on our 2019 and 2020 estimates. These multiples are lower than the average multiples for cyber security and PAM peers due to execution misses, relatively low revenue growth expectations, low profitability expectations and current uncertainty to our estimates.

Cybersecurity	MCAP MEUR	EV/EBIT			EV/SALES			P/E		
		19	20	21	19	20	21	19	20	21
Check Point Software Tech	17903	15.8x	14.8x	15.9x	8.0x	7.6x	8.1x	21.4x	20.0x	18.2x
F-Secure	419	63.8x	24.1x	16.4x	1.9x	1.7x	1.5x	127.6x	33.3x	23.1x
Palo Alto Networks	20225	28.2x	21.2x	13.8x	6.5x	5.2x	3.9x	40.8x	34.2x	28.3x
Sophos Group	2022	31.4x	24.3x		3.1x	2.7x		31.5x	26.6x	28.5x
Symantec	13839	11.0x	9.6x		3.6x	3.2x		14.2x	12.8x	12.4x
Fortinet Inc	13945	28.4x	22.8x	19.3x	6.5x	5.4x	4.8x	44.4x	39.2x	35.9x
Peer Group Average	10882	29.8x	19.5x	16.3x	4.9x	4.3x	4.6x	46.7x	27.7x	24.4x
Peer Group Median	13839	28.3x	22.0x	16.1x	5.0x	4.2x	4.3x	36.1x	29.9x	25.7x
SSH (Evli est.)	50	252.3x	123.6x	31.5x	3.0x	2.6x	2.2x	-43.9x	-725.4x	43.8x

SSH prem./disc. to peer median

-41% -38% -49%

Source FactSet, Evli Research

Cybersecurity	Sales			Sales growth			EBIT-%			
	18	19	20	21	19	20	21	19	20	21
Check Point Software Tech	1677	5%	4%	5%	50.6 %	51.0 %	51.1 %			
F-Secure	191	16%	9%	8%	3.0 %	7.2 %	9.4 %			
Palo Alto Networks	1962	39%	19%	15%	23.2 %	24.3 %	28.1 %			
Sophos Group	604	10%	10%	7%	9.8 %	11.0 %				
Symantec	4209	3%	4%	-1%	32.3 %	33.8 %	34.0 %			
Fortinet Inc	1586	16%	13%	11%	22.9 %	23.9 %	24.7 %			
Peer Group Average	1705	15%	10%	8%	23.6 %	25.2 %	29.5 %			
Peer Group Median	1632	13%	9%	8%	23.1 %	24.1 %	28.1 %			
SSH (Evli est.)	18	-7%	12%	12%	1.2 %	2.1 %	7.0 %			

Source FactSet, Evli Research

PAM vendors	MCAP MEUR	EV/EBIT			EV/SALES			P/E		
		19	20	21	19	20	21	19	20	21
CyberArk Software	3990	41.9x	32.4x	24.4x	9.6x	7.7x	6.1x	60.8x	50.0x	41.9x
Wallix Group	76		32.7x		2.3x	1.5x			65.9x	
Peer Group Average	2033	41.9x	32.6x	24.4x	6.0x	4.6x	6.1x	60.8x	57.9x	41.9x
Peer Group Median	2033	41.9x	32.6x	24.4x	6.0x	4.6x	6.1x	60.8x	57.9x	41.9x
SSH (Evli est.)	50	252.3x	123.6x	31.5x	3.0x	2.6x	2.2x	-43.9x	-725.4x	43.8x

SSH prem./disc. to peer median

-50% -44% -64%

Source FactSet, Evli Research

PAM vendors	Sales			Sales growth			EBIT-%			
	18	19	20	21	19	20	21	19	20	21
CyberArk Software	304	20%	19%	19%	22.8 %	23.9 %	25.2 %			
Wallix Group	13	52%	55%		-13.9 %	4.6 %				
Peer Group Average	158	36%	37%	19%	4.5 %	14.2 %	25.2 %			
Peer Group Median	158	36%	37%	19%	4.5 %	14.2 %	25.2 %			
SSH (Evli est.)	18	-7%	12%	12%	1.2 %	2 %	7 %			

Source FactSet, Evli Research

Nordic software companies	MCAP MEUR	EV/EBIT			EV/SALES			P/E		
		19	20	21	19	20	21	19	20	21
Basware	311				2.4x	2.2x	2.0x			
Efecte	28				1.7x	1.4x				204.4x
Enea	264	15.6x	12.3x	10.6x	3.3x	2.8x	2.5x	18.0x	15.3x	14.1x
Infront	54	12.9x	10.0x	7.8x	1.1x	1.0x	0.9x	15.6x	13.1x	11.0x
Qt Group	252		23.6x		4.4x	3.2x			30.7x	14.3x
Peer Group Average	182	14.2x	15.3x	9.2x	2.6x	2.1x	1.8x	16.8x	19.7x	60.9x
Peer Group Median	252	14.2x	12.3x	9.2x	2.4x	2.2x	2.0x	16.8x	15.3x	14.2x
SSH (Evli est.)	50	252.3x	123.6x	31.5x	3.0x	2.6x	2.2x	-43.9x	-725.4x	43.8x

SSH prem./disc. to peer median

1672% 903% 242% 24% 17% 10% -361% -4855% 209%

Source FactSet, Evli Research

Nordic software companies	Sales			Sales growth			EBIT-%			
	18	19	20	21	19	20	21	19	20	21
Basware	141	5%	10%	12%	-7.9 %	-4.6 %	-2.4 %			
Efecte	12	21%	25%	21%	-9.7 %	-5.5 %	0.6 %			
Enea	80	19%	9%	7%	21.0 %	22.7 %	23.2 %			
Infront	28	54%	6%	6%	8.6 %	10.0 %	11.3 %			
Qt Group	46	20%	28%	26%	-1.0 %	13.6 %	23.5 %			
Peer Group Average	62	24%	15%	14%	2.2 %	7.2 %	11.2 %			
Peer Group Median	46	20%	10%	12%	-1.0 %	10.0 %	11.3 %			
SSH (Evli est.)	18	-7%	12%	12%	1.2 %	2.1 %	7.0 %			

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	1.29 PV of Free Cash Flow	23 Long-term growth, %	3.5 Risk-free interest rate, %	2.25
DCF share value	1.60 PV of Horizon value	38 WACC, %	11.0 Market risk premium, %	5.8
Share price potential, %	24.2 Unconsolidated equity	-1 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	1.7 Marketable securities	14 Minimum WACC, %	10.5 Equity beta coefficient	1.38
Minimum value	1.5 Debt - dividend	-12 Maximum WACC, %	11.5 Target debt ratio, %	15
Horizon value, %	62.0 Value of stock	62 Nr of shares, Mn	38.8 Effective tax rate, %	20

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	18	17	19	21	25	28	33	37	42	47	49	50
<i>Sales growth, %</i>	<i>13.0</i>	<i>-6.6</i>	<i>11.7</i>	<i>12.0</i>	<i>15.0</i>	<i>15.0</i>	<i>15.0</i>	<i>15.0</i>	<i>12.0</i>	<i>12.0</i>	<i>3.5</i>	<i>3.5</i>
Operating income (EBIT)	1	0	0	2	2	6	7	7	8	9	10	10
<i>EBIT margin, %</i>	<i>2.7</i>	<i>1.2</i>	<i>2.1</i>	<i>7.0</i>	<i>10.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
+ Depreciation+amort.	2	2	2	2	1	1	1	1	1	1	1	1
- Income taxes	0	0	0	0	0	-1	-1	-1	-2	-2	-2	-2
- Change in NWC	-1	0	0	1	1	1	1	1	1	1	0	0
<i>NWC / Sales, %</i>	<i>-23.9</i>	<i>-23.9</i>	<i>-23.9</i>	<i>-23.9</i>	<i>-23.9</i>	<i>-23.9</i>	<i>-23.9</i>	<i>-23.9</i>	<i>-23.9</i>	<i>-23.9</i>	<i>-23.9</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Capital Expenditure	-2	-2	-1	-1	-1	-1	-1	-1	-1	-2	-2	-2
<i>Investments / Sales, %</i>	<i>11.3</i>	<i>10.9</i>	<i>5.6</i>	<i>5.1</i>	<i>4.7</i>	<i>4.3</i>	<i>4.0</i>	<i>3.7</i>	<i>3.5</i>	<i>3.3</i>	<i>4.1</i>	<i>4.1</i>
- Other items	-1	-1	0	0	0	0	0	0	0	0	0	0
= Unlevered Free CF (FCF)	-2	-1	1	2	3	6	6	7	8	9	8	105
= Discounted FCF (DFCF)		-1	1	2	2	3	3	4	3	3	3	38
= DFCF min WACC		-1	1	2	2	3	4	4	4	4	3	43
= DFCF max WACC		-1	1	2	2	3	3	3	3	3	3	34

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2E	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	5	4	3	6	18	3	4	5	5	17	19	21
EBITDA	0	0	0	2	2	-1	1	1	1	2	2	3
<i>EBITDA margin (%)</i>	<i>10.3</i>	<i>8.0</i>	<i>-11.9</i>	<i>26.5</i>	<i>11.3</i>	<i>-33.3</i>	<i>18.2</i>	<i>15.2</i>	<i>22.2</i>	<i>10.5</i>	<i>11.0</i>	<i>14.1</i>
EBIT	0	0	-1	1	1	-1	0	0	1	0	0	2
<i>EBIT margin (%)</i>	<i>2.1</i>	<i>-2.7</i>	<i>-23.5</i>	<i>20.3</i>	<i>2.7</i>	<i>-48.1</i>	<i>9.1</i>	<i>6.5</i>	<i>14.8</i>	<i>1.2</i>	<i>2.1</i>	<i>7.0</i>
Net financial items	0	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	0	0	-1	1	1	-1	0	0	1	0	0	1
Tax	0	0	0	0	0	0	0	0	0	0	0	0
<i>Tax rate (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>0.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0	0	-1	1	0	-1	0	0	0	-1	0	1
EPS	-0.01	-0.01	-0.03	0.03	-0.01	-0.04	0.00	0.00	0.01	-0.02	0.00	0.03
EPS adjusted (diluted no. of shares)	-0.01	-0.01	-0.03	0.03	-0.01	-0.04	0.00	0.00	0.01	-0.02	0.00	0.03
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SALES, EURm												
Software fees	2	1	1	2	6	1	2	2	3	7	8	10
Professional services	1	1	0	2	4	0	0	0	0	1	2	2
Recurring revenue	2	2	2	2	9	2	2	2	2	9	9	9
Total	5	4	3	6	18	3	4	5	5	17	19	21
SALES GROWTH, Y/Y %												
<i>Software fees</i>	<i>183.3</i>	<i>-30.0</i>	<i>42.9</i>	<i>23.5</i>	<i>37.5</i>	<i>-70.6</i>	<i>171.4</i>	<i>110.0</i>	<i>33.3</i>	<i>32.7</i>	<i>13.7</i>	<i>22.9</i>
<i>Professional services</i>	<i>150.0</i>	<i>50.0</i>	<i>-50.0</i>	<i>-16.0</i>	<i>7.7</i>	<i>-90.0</i>	<i>-66.7</i>	<i>50.0</i>	<i>-85.7</i>	<i>-76.2</i>	<i>60.0</i>	<i>12.5</i>
<i>Recurring revenue</i>	<i>0.0</i>	<i>0.0</i>	<i>10.0</i>	<i>4.8</i>	<i>3.6</i>	<i>0.0</i>	<i>4.8</i>	<i>0.0</i>	<i>4.5</i>	<i>2.3</i>	<i>4.5</i>	<i>2.2</i>
<i>Total</i>	<i>54.8</i>	<i>0.0</i>	<i>9.7</i>	<i>1.6</i>	<i>13.0</i>	<i>-43.7</i>	<i>18.9</i>	<i>35.3</i>	<i>-15.6</i>	<i>-6.6</i>	<i>11.7</i>	<i>12.0</i>
EBIT, EURm												
	0	0	-1	1	1	-1	0	0	1	0	0	2
	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	-1	1	1	-1	0	0	1	0	0	2
EBIT margin, %												
<i>Total</i>	<i>2.1</i>	<i>-2.7</i>	<i>-23.5</i>	<i>20.3</i>	<i>2.7</i>	<i>-48.1</i>	<i>9.1</i>	<i>6.5</i>	<i>14.8</i>	<i>1.2</i>	<i>2.1</i>	<i>7.0</i>

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	16	19	15	16	18	17	19	21
<i>Sales growth (%)</i>	22.7	16.6	-20.1	7.3	13.0	-6.6	11.7	12.0
Costs	-15	-22	-24	-16	-16	-15	-17	-18
Reported EBITDA	1	-3	-9	0	2	2	2	3
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	8.7	-14.7	-58.8	1.8	11.3	10.5	11.0	14.1
Depreciation	-1	-2	-2	-2	-2	-2	-2	-2
EBITA	0	-4	-11	-2	1	0	0	2
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	0	-4	-11	-2	1	0	0	2
<i>EBIT margin (%)</i>	1.2	-23.3	-71.5	-10.5	2.7	1.2	2.1	7.0
Net financials	0	1	0	0	0	0	0	0
Pre-tax profit	0	-4	-11	-2	1	0	0	1
Extraordinary items	0	0	0	0	0	0	0	0
Taxes	0	0	0	0	0	0	0	0
Minority shares	0	0	0	0	0	0	0	0
Net profit	0	-4	-12	-3	0	-1	0	1
BALANCE SHEET, EURm								
Assets								
Fixed assets	4	5	5	5	5	6	5	5
<i>% of sales</i>	25	26	36	30	30	33	26	22
Goodwill	0	0	0	0	0	0	0	0
<i>% of sales</i>	0	0	0	0	0	0	0	0
Inventory	0	0	0	0	0	0	0	0
<i>% of sales</i>	0	0	0	0	0	0	0	0
Receivables	8	6	9	5	5	5	6	6
<i>% of sales</i>	46	29	57	30	30	30	30	30
Liquid funds	6	11	8	14	14	13	6	6
<i>% of sales</i>	38	60	52	83	74	74	30	30
Total assets	18	22	22	23	24	23	16	17
Liabilities								
Equity	8	-1	-4	1	2	2	2	3
<i>% of sales</i>	48	-3	-25	6	12	13	11	15
Deferred taxes	0	0	0	0	0	0	0	0
<i>% of sales</i>	0	0	0	0	0	0	0	0
Interest bearing debt*	0	12	12	12	12	12	4	3
<i>% of sales</i>	0	64	79	74	67	70	21	12
Non-interest bearing current liabilities	10	10	14	10	10	9	10	11
<i>% of sales</i>	60	55	90	64	54	54	54	54
Other interest free debt	0	0	0	0	0	0	0	0
<i>% of sales</i>	0	0	0	0	0	0	0	0
Total liabilities	18	22	22	23	24	23	16	17
CASH FLOW, EURm								
+ EBITDA	1	-3	-9	0	2	2	2	3
- Net financial items	0	1	0	0	0	0	0	0
- Taxes	0	0	0	0	0	0	0	0
- Increase in Net Working Capital	0	3	0	0	-1	0	0	1
+/- Other	0	0	-1	-1	-1	-1	0	0
= Cash flow from operations	2	0	-10	-1	0	0	2	3
- Capex	-2	-3	-2	-1	-2	-2	-1	-1
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	0	-2	-12	-2	-2	-1	1	2
+/- Change in interest-bearing debt	-4	12	0	0	0	0	-8	-1
+/- New issues/buybacks	4	-5	9	8	2	1	0	0
- Paid dividend	0	0	0	0	0	0	0	0
+/- Change in loan receivables	0	0	0	0	0	0	0	0
Change in cash	0	5	-3	6	0	-1	-7	1

*EUR 12m hybrid included in debt

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	95	67	68	65	50	50	50
Net debt*	1	4	-1	-1	-1	-2	-4
Enterprise value	95	71	67	101	50	49	47
Sales	19	15	16	18	17	19	21
EBITDA	-3	-9	0	2	2	2	3
EBIT	-4	-11	-2	1	0	0	2
Pre-tax	-4	-11	-2	1	0	0	1
Earnings	-4	-12	-3	0	-1	0	1
Book value	-1	-4	1	1	1	1	2
Valuation multiples							
EV/sales	5.1	4.7	4.1	5.5	2.9	2.6	2.2
EV/EBITDA	-34.3	-8.0	229.5	48.8	27.9	23.4	15.6
EV/EBITA	-21.7	-6.6	-39.1	202.5	251.1	123.0	31.4
EV/EBIT	-21.7	-6.6	-39.1	202.5	251.1	123.0	31.4
EV/operating cash flow	-422.7	-8.2	91.2	106.1	33.2	19.7	14.4
EV/cash earnings	-41.3	-7.8	-316.9	48.8	31.4	26.5	17.7
P/E	-24.1	-5.6	-21.9	-163.0	-55.7	-762.5	43.7
P/E excl. goodwill	-24.1	-5.6	-21.9	-163.0	-55.7	-762.5	43.7
P/B	-160.6	-17.6	75.6	46.6	35.7	37.5	20.2
P/sales	5.0	4.4	4.2	3.6	2.9	2.6	2.3
P/CF	-419.7	-7.7	93.2	68.3	33.1	20.1	15.3
Target EV/EBIT	0.0	0.0	0.0	0.0	214.2	104.5	26.5
Target P/E	0.0	0.0	0.0	0.0	-47.5	-650.2	37.2
Target P/B	0.0	0.0	0.0	0.0	30.5	32.0	17.2
Per share measures							
Number of shares	31,370	34,561	38,441	38,802	38,802	38,802	38,802
Number of shares (diluted)	31,370	34,561	38,441	38,802	38,802	38,802	38,802
EPS	-0.13	-0.35	-0.08	-0.01	-0.02	0.00	0.03
EPS excl. goodwill	-0.13	-0.35	-0.08	-0.01	-0.02	0.00	0.03
Cash EPS	-0.07	-0.27	-0.01	0.05	0.04	0.05	0.07
Operating cash flow per share	-0.01	-0.25	0.02	0.02	0.04	0.06	0.08
Capital employed per share	0.00	0.01	-0.02	0.03	0.04	0.01	-0.01
Book value per share	-0.02	-0.11	0.02	0.04	0.04	0.03	0.06
Book value excl. goodwill	-0.02	-0.11	0.02	0.04	0.04	0.03	0.06
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend payout ratio, %	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend yield, %	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Efficiency measures							
ROE	0.0	0.0	0.0	-34.8	-64.2	-4.8	60.1
ROCE	-45.7	-110.1	-16.1	3.6	1.4	3.9	24.8
Financial ratios							
Capex/sales, %	13.7	15.8	9.2	11.3	10.9	5.6	5.1
Capex/depreciation excl. goodwill,%	159.2	124.5	74.9	131.7	116.2	63.5	72.0
Net debt/EBITDA, book-weighted	-0.2	-0.5	-5.2	-0.6	-0.4	-0.8	-1.3
Debt/equity, market-weighted	0.1	0.2	0.2	0.2	0.2	0.1	0.1
Equity ratio, book-weighted	-3.4	-29.1	3.9	9.0	9.4	13.0	18.9
Gearing*	-1.14	-1.09	-1.67	-0.54	-0.29	-0.78	-1.15
Number of employees, average	109	84	80	85	0	0	0
Sales per employee, EUR	173,303	179,762	202,500	215,294	0	0	0
EBIT per employee, EUR	-40,367	-128,571	-21,250	5,882	0	0	0

*EUR 12m hybrid included in debt

COMPANY DESCRIPTION: SSH Communications Security Corp (NASDAQ OMX Nordic: SSH1V) is the leading provider of enterprise cybersecurity solutions for securing access to servers and the cloud.

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ylonen Tatu	14,508,473	18.716	37.4%
Clausal Computing Oy	3,808,650	4.913	9.8%
Mikkonen Juha Taneli	2,100,000	2.709	5.4%
Elo Mutual Pension Insurance Company	1,500,000	1.935	3.9%
Gaselli Capital Oy	1,200,000	1.548	3.1%
Ilmarinen Mutual Pension Insurance Company	1,165,300	1.503	3.0%
Syrjala Timo Kalevi	835,011	1.077	2.2%
Varma Mutual Pension Insurance Company	755,300	0.974	1.9%
Taalariyhdas Mikro Markka Fund	623,000	0.804	1.6%
AC Invest Oy	400,000	0.516	1.0%
Ten largest	26,895,734	34.695	69%
Residual	11,906,266	15.359	31%
Total	38,802,000	50.055	100%

EARNINGS CALENDAR

July 17, 2019

Q2 report

October 23, 2019

Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Kaisa Olkkonen

Kornetintie 3, FIN-00380 Helsinki

CFO: Niklas Nordstrom

Tel: +358 20 500 7000

IR:

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales	$\frac{\text{Market cap}}{\text{Sales}}$	DPS	Dividend for the financial period per share
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	Sales/Share	$\frac{\text{Sales}}{\text{Number of shares}}$
Net debt	Interest bearing debt – financial assets	EBITDA/Share	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share	$\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$	EAFI/Share	$\frac{\text{Pretax profit}}{\text{Number of shares}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share	$\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets	Balancesheet total
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x)	$\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share	$\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$	Asset turnover (x)	$\frac{\text{Turnover}}{\text{Balancesheet total (average)}}$
ROA, %	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balancesheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balancesheet total} - \text{non interest bearing debt (average)}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

Important Disclosures

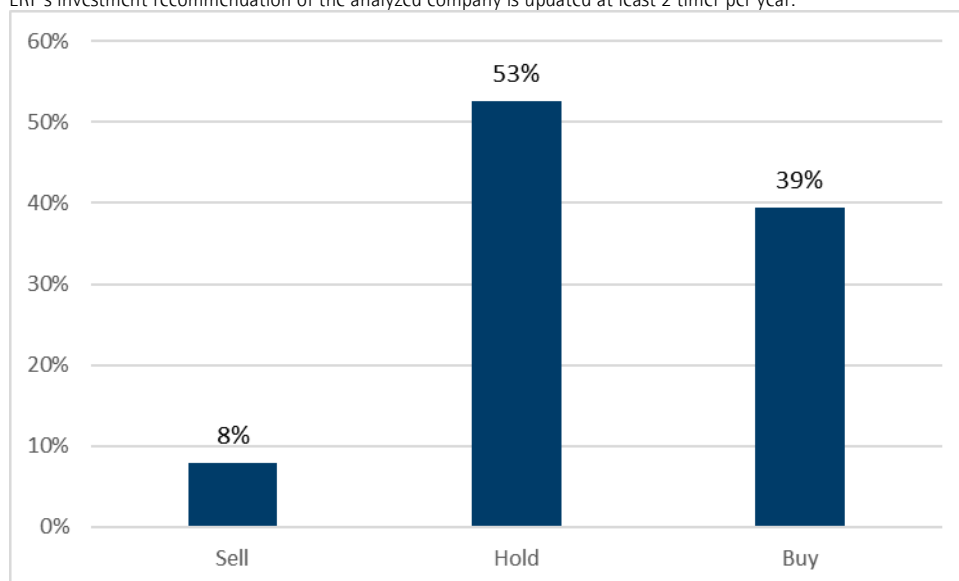
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 - (+10) %	HOLD
> 10 %	BUY

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

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