

# Solteq

## Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Ohjelmistotransformaatio etenee vahvasti" published on 04/30/2021 at 07:09 am

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# Software transformation progressing strongly

We raise our target price for Solteq to EUR 7.0 (previously 5.6) reflecting estimate changes and reiterate our Buy recommendation. Solteq's performance continued as strong in Q1 and the result exceeded our expectations clearly. After several difficult years, Solteq's investor story started to strengthen gradually last year thanks to the growing software and product business. Due to the significantly improved earnings level, the cash flow has strengthened, balance sheet improved, and risk profile lowered. Thanks to the earnings growth, the share's valuation is very attractive, which together with systematic implementation of the strategy still supports our strong view of the share.

## Q1 result clearly exceeded our estimates

Solteq's Q1 revenue grew by 11% to EUR 17.4 million, which was slightly above our estimate. Examined by segment, interest in revenue was especially directed at the growth in Solteq Software (own software solutions) that grew by a whopping 43% (estimate 23%). Q1 adjusted EBIT was EUR 2.3 million and clearly above our EUR 1.7 million estimate and the comparison period. By business area, Solteq Digital's EBIT % was 12% and Solteq Software's 15%.

## Solteq Software's recurrence is also expected to grow

Solteq now began reporting recurring earnings for Solteq Software as well, and they represented 29% of the segment's revenue in Q1. The company estimates that recurring earnings will rise to around one-third of the segment's revenue during 2021. As a new target, the company expects these earnings will rise to above 50% of the segment's revenue over the next three years. If successful in reaching this target, the company's investment profile becomes even more interesting and pushes it more towards a product house. The Partiture acquisition, whose consolidation started in March, also starts to support the segment's growth more.

## We raised our earnings estimates by ~20%

Due to a better-than-expected Q1 report and especially profitability we raised our earnings estimates by some 20% for the next few years. We estimate that revenue will grow by 15% this year and EBIT by 58% to EUR 9.1 million, which corresponds with 13% of revenue (2020: 10%). Our estimates are in line with the company's guidance that was raised on Tuesday. Solteq still expects revenue to grow clearly and now also operating profit to improve clearly (previously only "improve"). We expect Solteq's revenue to grow by 9-10% in 2022-2023 and EBIT % to rise to 15% mainly driven by the own software and product business and profitability. If commercialization of new products is successful, growth should scale well to the result and Solteq Software should maintain its long-term objectives (growth 20% and EBIT % ≥25 %), which did materialize in Q4'20-Q1'21.

## Valuation still very attractive

Solteq's investment profile is strongly breaking out of the transition company box as the earnings turnaround and transformation has progressed really well, and we accept a higher valuation for the company than for its peers. The valuation multiples are on average 6% above Finnish peers in 2021e and with figures for 2022e that include the entire acquisition 1% below the peers. Thus, the valuation is still very attractive. With our target price, the indicators are 20 % and 12% above the Finnish peers in 2021-2022. The share's return expectation consisting of >15% earnings growth, 2-3% dividend yield, and small upside in the multiples rises to some 20% and still supports a bullish view on the share. Solteq's key risks are related to product commercialization and internationalization.

## Recommendation

**Buy**

(previous Buy)

**EUR 7.00**

(previous EUR 5.60)

**Share price:**

6.08



## Key indicators

	2020	2021e	2022e	2023e
<b>Net sales</b>	60.5	69.4	76.5	83.1
<b>growth %</b>	4%	15%	10%	9%
<b>EBIT adjusted</b>	5.8	9.1	10.9	12.5
<b>EBIT % adjusted</b>	9.6%	13.2%	14.3%	15.0%
<b>Net profit</b>	2.0	5.9	7.6	8.9
<b>EPS (adjusted)</b>	0.15	0.31	0.39	0.46

<b>P/E (adjusted)</b>	19.2	19.8	15.5	13.3
<b>P/B</b>	2.0	4.0	3.3	2.8
<b>Dividend yield %</b>	5.4%	1.6%	2.5%	2.9%
<b>EV/EBIT (adjusted)</b>	12.7	15.0	11.8	9.7
<b>EV/EBITDA</b>	7.1	9.5	7.9	6.8
<b>EV/Net sales</b>	1.2	2.0	1.7	1.5

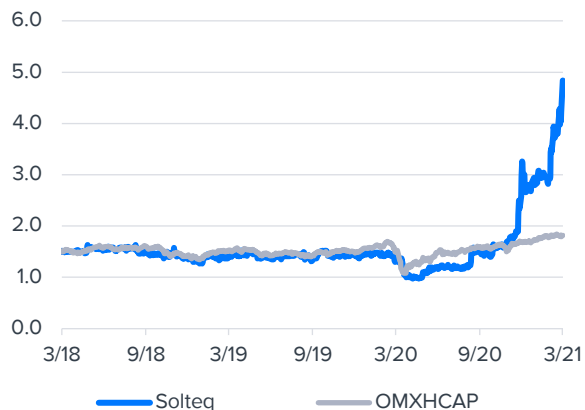
Source: Inderes

## Guidance

(New guidance)

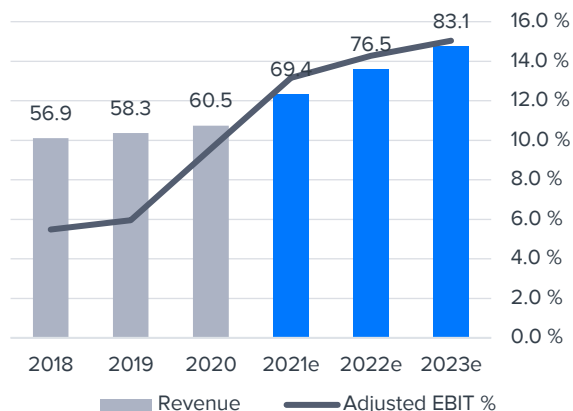
Solteq Group's revenue is expected to grow clearly and operating profit to improve clearly (guidance raised on April 27th, 2021).

## Share price



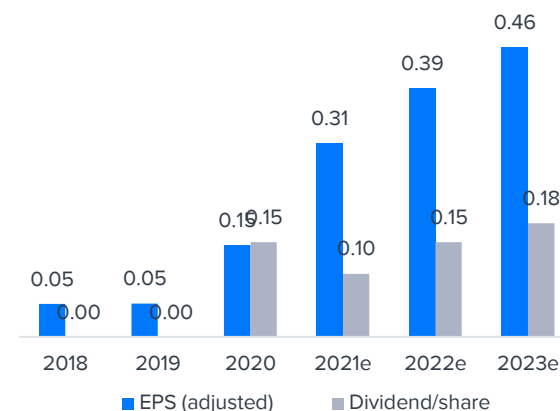
Source: Thomson Reuters

## Revenue and EBIT %



Source: Inderes

## EPS and dividend



Source: Inderes



### Value drivers

- Success in product business
- Profitability improvement
- Improved visibility
- Organic and acquisition-driven growth
- Improved sales structure
- Improved cash flow and lighter financing costs

### Risk factors

- Unsuccessful result turnaround
- Weak organic growth
- Unsuccessful acquisitions and R&D investments
- Relatively high gearing
- Uncertainty linked to rearrangement of financing
- Effects of the corona pandemic on customer demand and/or ability for deliveries

### Valuation

- Share valuation is still attractive from many angles thanks to earnings growth
- We accept higher valuation indicators than sector average if the positive trend in products continues
- Sum of parts indicates higher valuation than currently for the share in light of the product business
- If Solteq's product strategy is successful there is still a lot of upside in the share

# Estimates

Estimates MEUR / EUR	Q1'20	Q1'21	Q1'21e	Q1'21e	Consensus		Difference (%)	2021e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	15.7	17.4	17.1				2%	68.8
EBITDA	1.9	3.5	3.0				15%	14.1
EBIT (adj.)	0.9	2.3	1.7				35%	8.7
EBIT	0.7	2.2	1.7				30%	8.7
EPS (adj.)	0.01	0.08	0.05				49%	0.29
EPS (reported)	0.00	0.08	0.05				43%	0.29
Revenue growth-%	5.0 %	11.0 %	9.3 %				1.8 pp	13.8 %
EBIT % (adj.)	5.6 %	13.2 %	9.9 %				3.3 pp	12.6 %

Source: Inderes

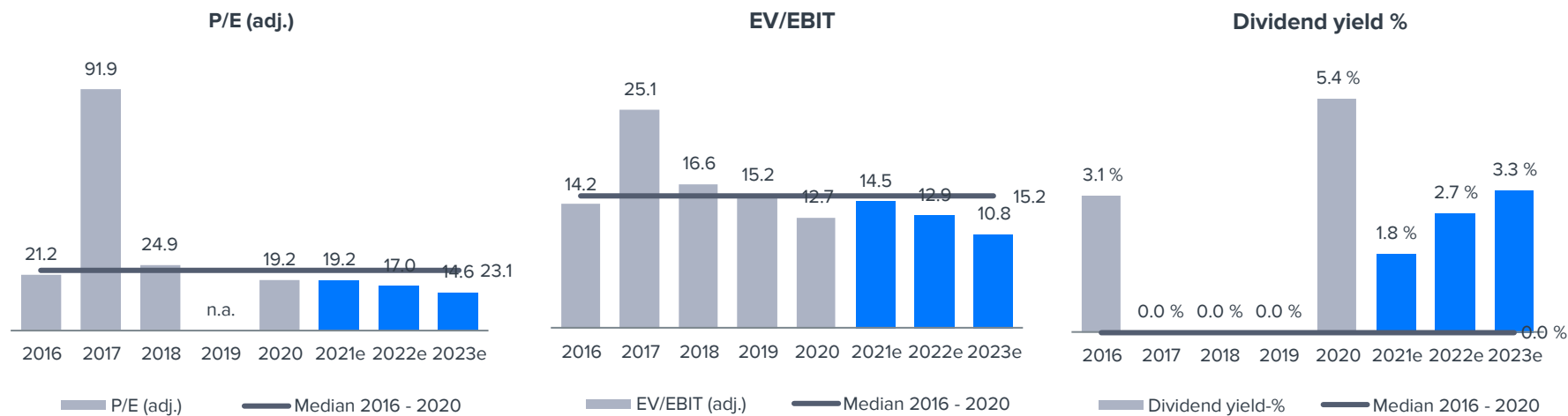
Estimate revisions MEUR / EUR	2021e	2021e	Change	2022e	2022e	Change	2023e	2023e	Change
	Old	New	%	Old	New	%	Old	New	%
Revenue	68.5	68.8	0%	74.5	74.9	1%	80.6	81.1	1%
EBITDA	13.6	14.1	3%	14.5	14.7	1%	15.7	15.9	1%
EBIT (exc. NRIs)	8.1	8.7	7%	9.1	9.3	1%	10.3	10.5	2%
EBIT	8.1	8.7	7%	9.1	9.3	1%	10.3	10.5	2%
PTP	6.5	7.0	8%	7.7	7.8	2%	8.9	9.1	2%
EPS (excl. NRIs)	0.26	0.29	8%	0.32	0.32	2%	0.37	0.38	2%
DPS	0.10	0.10	0%	0.15	0.15	0%	0.18	0.18	0%

Source: Inderes

# Valuation table

Valuation	2016	2017	2018	2019	2020	2021e	2022e	2023e	2024e
Share price	1.60	1.52	1.30	1.49	2.80	5.50	5.50	5.50	5.50
Number of shares, millions	17.0	18.5	19.3	19.3	19.3	19.3	19.3	19.3	19.3
Market cap	27	28	25	29	54	107	107	107	107
EV	44	53	52	53	73	126	120	113	106
P/E (adj.)	21.2	91.9	24.9	n.a.	19.2	19.2	17.0	14.6	13.3
P/E	5.9	neg.	70.5	10.2	27.3	19.2	17.0	14.6	13.3
P/FCF	2.7	neg.	neg.	7.0	8.1	26.9	11.5	10.0	9.4
P/B	1.3	1.4	1.2	1.2	2.0	3.6	3.2	2.8	2.5
P/S	0.4	0.6	0.4	0.5	0.9	1.6	1.4	1.3	1.2
EV/Sales	0.7	1.0	0.9	0.9	1.2	1.8	1.6	1.4	1.2
EV/EBITDA	5.3	22.1	10.8	5.4	7.1	8.9	8.2	7.1	6.4
EV/EBIT (adj.)	14.2	25.1	16.6	15.2	12.7	14.5	12.9	10.8	9.3
Payout ratio (%)	18.4 %	0.0 %	0.0 %	0.0 %	146.3 %	35.0 %	46.3 %	47.9 %	60.0 %
Dividend yield-%	3.1 %	0.0 %	0.0 %	0.0 %	5.4 %	1.8 %	2.7 %	3.3 %	4.5 %

Source: Inderes



# Peer group valuation

Peer group valuation Company	Share price	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%	
				2021e	2022e	2021e	2022e	2021e	2022e	2021e	2022e	2021e	2022e
Bilot*	7.80	39	28	13.0	10.7	12.1	10.1	1.1	1.0	20.6	18.3	1.0	1.3
Digia*	8.00	215	233	14.7	13.2	11.7	10.4	1.5	1.4	16.9	15.7	2.1	2.5
Gofore*	19.80	278	274	19.3	16.7	16.3	14.2	2.7	2.4	23.9	21.5	1.8	6.6
Innofactor*	1.87	70	71	12.0	9.5	6.4	6.9	1.0	0.9	18.3	13.2	2.1	2.7
Nixu*	10.05	74	78	38.9	21.3	20.8	14.8	1.4	1.1	58.7	29.5		5.0
Siili*	17.20	120	132	14.4	11.8	11.2	9.6	1.3	1.2	16.1	14.4	2.0	2.3
TietoEVRY*	27.80	3292	4012	10.5	9.6	8.7	7.8	1.4	1.4	11.7	10.8	4.9	5.0
Vincit*	10.50	126	120	14.0	11.8	13.1	10.9	2.0	1.8	19.1	16.8	1.9	2.1
Bouvet	690.00	693	658	20.0	17.7	16.3	14.6	2.5	2.2	27.1	24.0	3.3	3.7
ENEA	254.00	546	573	23.5	18.0	16.0	12.8	5.8	5.0	28.9	21.8		
KnowIT	308.00	591	561	15.4	14.3	12.2	11.6	1.5	1.4	21.7	20.1	2.8	3.0
<b>Solteq (Inderes)</b>	<b>5.50</b>	<b>107</b>	<b>126</b>	<b>14.5</b>	<b>12.9</b>	<b>8.9</b>	<b>8.2</b>	<b>1.8</b>	<b>1.6</b>	<b>19.2</b>	<b>17.0</b>	<b>1.8</b>	<b>2.7</b>
Average				17.8	14.1	13.2	11.2	2.0	1.8	23.9	18.7	2.4	3.4
<b>Median Nordic</b>				<b>14.7</b>	<b>13.2</b>	<b>12.2</b>	<b>10.9</b>	<b>1.5</b>	<b>1.4</b>	<b>20.6</b>	<b>18.3</b>	<b>2.1</b>	<b>2.8</b>
<i>Diff-% to median</i>				-1%	-2%	-27%	-25%	22%	14%	-7%	-7%	-15%	-4%
<b>Median Finnish</b>				<b>14.2</b>	<b>11.8</b>	<b>11.9</b>	<b>10.2</b>	<b>1.4</b>	<b>1.3</b>	<b>18.7</b>	<b>16.2</b>	<b>2.0</b>	<b>2.6</b>

Source: Thomson Reuters and \*adjusted Inderes' estimate/Inderes. NB! The market value used by Inderes does not take into consideration treasury shares.

# Income statement

Income statement	2018	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21e	Q3'21e	Q4'21e	2021e	2022e	2023e	2024e
<b>Revenue</b>	<b>56.9</b>	<b>58.3</b>	<b>15.7</b>	<b>15.1</b>	<b>13.3</b>	<b>16.4</b>	<b>60.5</b>	<b>17.4</b>	<b>17.1</b>	<b>15.2</b>	<b>19.2</b>	<b>68.8</b>	<b>74.9</b>	<b>81.1</b>	<b>86.8</b>
Solteq Digital	0.0	41.2	11.3	10.5	9.2	10.6	41.6	11.2	11.0	9.7	11.3	43.3	45.0	46.8	50.1
Solteq Software	0.0	17.1	4.3	4.6	4.1	5.8	18.8	6.2	6.0	5.5	7.8	25.5	29.9	34.3	36.8
<b>EBITDA</b>	<b>4.8</b>	<b>9.7</b>	<b>1.9</b>	<b>2.7</b>	<b>2.7</b>	<b>3.1</b>	<b>10.4</b>	<b>3.5</b>	<b>3.4</b>	<b>3.2</b>	<b>4.0</b>	<b>14.1</b>	<b>14.7</b>	<b>15.9</b>	<b>16.5</b>
Depreciation	-2.3	-4.0	-1.2	-1.2	-1.3	-1.3	-5.0	-1.3	-1.4	-1.4	-1.4	-5.4	-5.4	-5.4	-5.1
<b>EBIT (excl. NRI)</b>	<b>3.1</b>	<b>3.5</b>	<b>0.9</b>	<b>1.5</b>	<b>1.4</b>	<b>2.0</b>	<b>5.8</b>	<b>2.2</b>	<b>2.0</b>	<b>1.8</b>	<b>2.6</b>	<b>8.7</b>	<b>9.3</b>	<b>10.5</b>	<b>11.4</b>
<b>EBIT</b>	<b>2.5</b>	<b>5.7</b>	<b>0.7</b>	<b>1.5</b>	<b>1.4</b>	<b>1.8</b>	<b>5.4</b>	<b>2.2</b>	<b>2.0</b>	<b>1.8</b>	<b>2.6</b>	<b>8.7</b>	<b>9.3</b>	<b>10.5</b>	<b>11.4</b>
Solteq Digital	0.0	4.4	0.5	1.1	0.8	0.7	3.1	1.3	1.0	0.8	1.0	4.2	3.8	4.0	4.3
Solteq Software	0.0	1.3	0.2	0.4	0.5	1.1	2.2	0.9	1.0	1.0	1.6	4.5	5.4	6.5	7.2
Net financial items	-1.8	-2.0	-0.6	-0.5	-0.6	-1.0	-2.6	-0.4	-0.4	-0.4	-0.4	-1.7	-1.4	-1.4	-1.4
<b>PTP</b>	<b>0.6</b>	<b>3.7</b>	<b>0.1</b>	<b>1.0</b>	<b>0.8</b>	<b>0.8</b>	<b>2.7</b>	<b>1.8</b>	<b>1.6</b>	<b>1.4</b>	<b>2.2</b>	<b>7.0</b>	<b>7.8</b>	<b>9.1</b>	<b>10.0</b>
Taxes	-0.3	-0.9	-0.1	-0.2	-0.3	-0.2	-0.8	-0.4	-0.3	-0.3	-0.5	-1.5	-1.6	-1.8	-2.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net earnings</b>	<b>0.4</b>	<b>2.8</b>	<b>0.0</b>	<b>0.8</b>	<b>0.5</b>	<b>0.6</b>	<b>2.0</b>	<b>1.4</b>	<b>1.3</b>	<b>1.1</b>	<b>1.7</b>	<b>5.5</b>	<b>6.3</b>	<b>7.3</b>	<b>8.0</b>
<b>EPS (adj.)</b>	<b>0.05</b>	<b>0.05</b>	<b>0.01</b>	<b>0.04</b>	<b>0.03</b>	<b>0.07</b>	<b>0.15</b>	<b>0.07</b>	<b>0.07</b>	<b>0.06</b>	<b>0.09</b>	<b>0.29</b>	<b>0.32</b>	<b>0.38</b>	<b>0.41</b>
<b>EPS (rep.)</b>	<b>0.02</b>	<b>0.15</b>	<b>0.00</b>	<b>0.04</b>	<b>0.03</b>	<b>0.03</b>	<b>0.10</b>	<b>0.07</b>	<b>0.07</b>	<b>0.06</b>	<b>0.09</b>	<b>0.29</b>	<b>0.32</b>	<b>0.38</b>	<b>0.41</b>

Key figures	2018	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21e	Q3'21e	Q4'21e	2021e	2022e	2023e	2024e
<b>Revenue growth-%</b>	12.1 %	2.5 %	5.0 %	2.8 %	2.3 %	4.5 %	3.7 %	10.9 %	13.2 %	14.1 %	16.8 %	13.8 %	8.8 %	8.4 %	7.0 %
<b>Adjusted EBIT growth-%</b>		11.3 %	-42.4 %	163.9 %	384.0 %	86.4 %	66.6 %	153.6 %	33.9 %	34.4 %	27.6 %	50.0 %	6.8 %	13.4 %	8.7 %
<b>EBITDA-%</b>	8.4 %	16.7 %	12.0 %	18.0 %	20.2 %	19.0 %	17.2 %	20.1 %	19.9 %	21.2 %	20.7 %	20.5 %	19.6 %	19.6 %	19.0 %
<b>Adjusted EBIT-%</b>	5.5 %	6.0 %	5.6 %	10.0 %	10.3 %	12.4 %	9.6 %	12.8 %	11.8 %	12.1 %	13.5 %	12.6 %	12.4 %	12.9 %	13.2 %
<b>Net earnings-%</b>	0.6 %	4.8 %	0.3 %	5.2 %	4.1 %	3.8 %	3.3 %	8.2 %	7.4 %	7.4 %	8.9 %	8.0 %	8.4 %	8.9 %	9.2 %

Source: Inderes

# Balance sheet

Assets	2019	2020	2021e	2022e	2023e
<b>Non-current assets</b>	<b>57.5</b>	<b>58.2</b>	<b>59.0</b>	<b>57.5</b>	<b>55.7</b>
Goodwill	38.8	38.9	40.9	40.9	40.9
Intangible assets	10.2	11.3	10.6	9.5	8.0
Tangible assets	8.0	7.4	6.8	6.4	6.1
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.5	0.4	0.4	0.4	0.4
Other non-current assets	0.1	0.2	0.2	0.2	0.2
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
<b>Current assets</b>	<b>19.5</b>	<b>16.5</b>	<b>18.6</b>	<b>26.1</b>	<b>34.0</b>
Inventories	0.2	0.1	0.1	0.1	0.1
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	15.6	11.5	13.8	15.0	16.2
Cash and equivalents	3.6	4.9	4.8	11.0	17.7
<b>Balance sheet total</b>	<b>77.0</b>	<b>74.7</b>	<b>78.0</b>	<b>84.0</b>	<b>90.0</b>

Source: Inderes

Liabilities & equity	2019	2020	2021e	2022e	2023e
<b>Equity</b>	<b>24.5</b>	<b>26.5</b>	<b>29.5</b>	<b>33.8</b>	<b>38.2</b>
Share capital	1.1	1.1	1.1	1.1	1.1
Retained earnings	10.5	12.5	15.1	19.5	23.8
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	12.9	12.9	13.3	13.3	13.3
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>7.0</b>	<b>29.6</b>	<b>29.0</b>	<b>29.0</b>	<b>29.0</b>
Deferred tax liabilities	0.6	0.6	0.6	0.6	0.6
Provisions	0.0	0.1	0.0	0.0	0.0
Long term debt	1.2	24.1	23.0	23.0	23.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	5.2	4.8	5.4	5.4	5.4
<b>Current liabilities</b>	<b>45.5</b>	<b>18.6</b>	<b>19.6</b>	<b>21.2</b>	<b>22.9</b>
Short term debt	26.5	0.0	1.0	1.0	1.0
Payables	16.7	16.2	18.6	20.2	21.9
Other current liabilities	2.3	2.4	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>77.0</b>	<b>74.7</b>	<b>78.0</b>	<b>84.0</b>	<b>90.0</b>

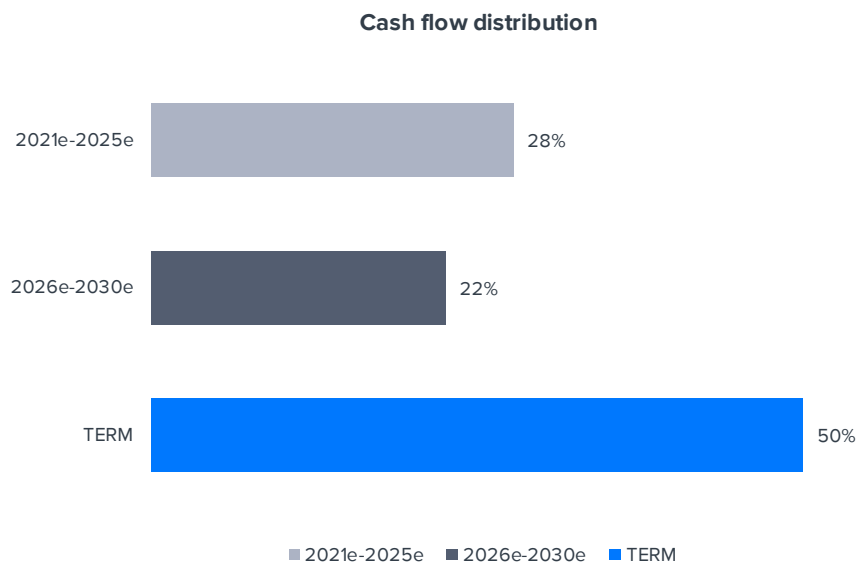


# DCF calculation

DCF model	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	TERM
<b>EBIT (operating profit)</b>	<b>5.4</b>	<b>8.7</b>	<b>9.3</b>	<b>10.5</b>	<b>11.4</b>	<b>12.1</b>	<b>12.8</b>	<b>13.4</b>	<b>14.1</b>	<b>14.8</b>	<b>15.2</b>	
+ Depreciation	5.0	5.4	5.4	5.4	5.1	5.1	4.6	4.7	2.6	2.9	3.1	
- Paid taxes	-0.8	-1.5	-1.6	-1.8	-2.0	-2.2	-2.4	-2.5	-2.7	-2.8	-2.9	
- Tax, financial expenses	-0.7	-0.4	-0.3	-0.3	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	3.8	-2.2	0.4	0.4	0.4	0.4	0.4	0.3	0.4	0.4	0.2	
<b>Operating cash flow</b>	<b>12.6</b>	<b>10.0</b>	<b>13.2</b>	<b>14.2</b>	<b>14.6</b>	<b>15.2</b>	<b>15.2</b>	<b>15.7</b>	<b>14.2</b>	<b>15.1</b>	<b>15.5</b>	
+ Change in other long-term liabilities	-0.3	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-5.7	-6.6	-3.9	-3.6	-3.3	-3.4	-3.4	-3.5	-3.5	-3.6	-7.7	
<b>Free operating cash flow</b>	<b>6.6</b>	<b>4.0</b>	<b>9.3</b>	<b>10.7</b>	<b>11.3</b>	<b>11.8</b>	<b>11.8</b>	<b>12.3</b>	<b>10.7</b>	<b>11.6</b>	<b>7.8</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	6.6	4.0	9.3	10.7	11.3	11.8	11.8	12.3	10.7	11.6	7.8	143
<b>Discounted FCFF</b>		<b>3.8</b>	<b>8.2</b>	<b>8.7</b>	<b>8.5</b>	<b>8.2</b>	<b>7.6</b>	<b>7.3</b>	<b>5.9</b>	<b>5.9</b>	<b>3.7</b>	<b>67.2</b>
Sum of FCFF present value		135	131	123	114	106	97.5	89.9	82.6	76.7	70.8	67.2
<b>Enterprise value DCF</b>		<b>135</b>										
- Interesting bearing debt		-24.1										
+ Cash and cash equivalents		4.9										
-Minorities		0.0										
-Dividend/capital return		-2.9										
<b>Equity value DCF</b>		<b>113</b>										
<b>Equity value DCF per share</b>		<b>5.8</b>										

Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	15.0 %
Cost of debt	6.0 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.0 %
<b>Cost of equity</b>	<b>8.7 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.1 %</b>

Source: Inderes



# Summary

Income statement	2018	2019	2020	2021e	2022e	Per share data	2018	2019	2020	2021e	2022e
Revenue	56.9	58.3	60.5	68.8	74.9	EPS (reported)	0.02	0.15	0.10	0.29	0.32
EBITDA	4.8	9.7	10.4	14.1	14.7	EPS (adj.)	0.05	0.05	0.15	0.29	0.32
EBIT	2.5	5.7	5.4	8.7	9.3	OCF / share	0.60	0.19	0.65	0.52	0.69
PTP	0.6	3.7	2.7	7.0	7.8	FCF / share	-0.12	0.21	0.34	0.21	0.48
Net Income	0.4	2.8	2.0	5.5	6.3	Book value / share	1.13	1.27	1.37	1.53	1.75
Extraordinary items	-0.7	2.2	-0.4	0.0	0.0	Dividend / share	0.00	0.00	0.15	0.10	0.15
Balance sheet	2018	2019	2020	2021e	2022e	Growth and profitability	2018	2019	2020	2021e	2022e
Balance sheet total	74.2	77.0	74.7	78.0	84.0	Revenue growth-%	12%	3%	4%	14%	9%
Equity capital	21.8	24.5	26.5	29.5	33.8	EBITDA growth-%	99%	104%	7%	36%	4%
Goodwill	40.4	38.8	38.9	40.9	40.9	EBIT (adj.) growth-%	47%	11%	67%	50%	7%
Net debt	26.5	24.0	19.3	19.2	13.0	EPS (adj.) growth-%	215%	1%	175%	97%	13%
Cash flow	2018	2019	2020	2021e	2022e	EBITDA-%	8.4 %	16.7 %	17.2 %	20.5 %	19.6 %
EBITDA	4.8	9.7	10.4	14.1	14.7	EBIT (adj.)-%	5.5 %	6.0 %	9.6 %	12.6 %	12.4 %
Change in working capital	7.6	-4.4	3.8	-2.2	0.4	EBIT-%	4.3 %	9.8 %	8.8 %	12.6 %	12.4 %
Operating cash flow	11.6	3.7	12.6	10.0	13.2	ROE-%	1.7 %	12.1 %	7.8 %	19.7 %	19.8 %
CAPEX	-13.9	-4.8	-5.7	-6.6	-3.9	ROI-%	5.0 %	10.8 %	10.4 %	16.7 %	16.6 %
Free cash flow	-2.4	4.1	6.6	4.0	9.3	Equity ratio	29.4 %	31.9 %	35.5 %	37.8 %	40.3 %
						Gearing	121.6 %	97.9 %	72.7 %	65.0 %	38.3 %
Largest shareholders	% of shares					Valuation multiples	2018	2019	2020	2021e	2022e
Sentica Buyout III Ky	23.9 %					EV/S	0.9	0.9	1.2	1.8	1.6
Profiz Business Solution Oy	10.7 %					EV/EBITDA (adj.)	10.8	5.4	7.1	8.9	8.2
Keskinäinen Työeläkevakuutusyhtiö Elo	10.4 %					EV/EBIT (adj.)	16.6	15.2	12.7	14.5	12.9
Saadetdin Ali	7.3 %					P/E (adj.)	24.9	28.2	19.2	19.2	17.0
Keskinäinen Työeläkevakuutusyhtiö Varma	6.5 %					P/B	1.2	1.2	2.0	3.6	3.2
Aalto Seppo	3.8 %					Dividend-%	0.0 %	0.0 %	5.4 %	1.8 %	2.7 %

Source: Inderes

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Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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## Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
20-02-17	Reduce	1.60 €	1.69 €
24-04-17	Reduce	1.70 €	1.71 €
12-07-17	Accumulate	1.80 €	1.62 €
18-07-17	Reduce	1.75 €	1.68 €
06-09-17	Reduce	1.75 €	1.73 €
27-10-17	Reduce	1.60 €	1.60 €
20-02-18	Reduce	1.50 €	1.50 €
27-04-18	Reduce	1.65 €	1.63 €
13-08-18	Reduce	1.55 €	1.53 €
26-10-18	Reduce	1.55 €	1.46 €
01-03-19	Reduce	1.45 €	1.50 €
02-05-19	Reduce	1.50 €	1.48 €
17-05-19	Reduce	1.50 €	1.44 €
13-08-19	Reduce	1.50 €	1.48 €
30-10-19	Reduce	1.45 €	1.41 €
25-02-20	Reduce	1.45 €	1.45 €
28-02-20	Reduce	1.30 €	1.33 €
05-04-20	Reduce	1.00 €	1.00 €
04-05-20	Reduce	1.10 €	1.08 €
14-08-20	Accumulate	1.60 €	1.47 €
30-10-20	Buy	2.00 €	1.59 €
08-12-20	Reduce	3.00 €	3.00 €
03-02-21	Accumulate	3.40 €	2.96 €
26-02-21	Buy	4.80 €	4.04 €
02-03-21	Buy	5.60 €	4.84 €
30-04-21	Buy	5.60 €	5.50 €



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