

Q1 performance was colored by challenges

Loihde's Q1 result came in below expectations. While net sales increased by 13%, adj. EBITDA fell below zero due to challenges faced. Guidance intact: double-digit growth and improving profitability.

- Group results:** Q1 net sales fell short of our expectation by net sales amounting to EUR 31.3m (Evli: 33.7). In total, net sales grew by 13% y/y. The growth was strong in SeSo, while DiDe decreased from that of the comparison period due to soft demand. Adj. EBITDA decreased to EUR -0.1m, coming in below our expectations (Evli: 2.1). Profitability was negatively impacted by challenges in ERP launch and utilization rates as well as postponed projects. The company expects such one-timer challenges to fade away. Q1 EPS amounted to EUR -0.35 (Evli: 0.06).
- Security Solutions (SeSo):** net sales grew by 22% to EUR 20.2m (Evli: 21.7m). Loihde has succeeded in project tendering both in the public and private sectors. Cyber security and its continuing services as well as One Security were one of the growth drivers. Although uncertainty is present among customers, the outlook seems bright for the demand for security solutions. Challenges in the launch of the ERP system complicated organizing front-office work and caused some additional costs that hurt EBITDA.
- Digital Development (DiDe):** net sales decreased by 1% due to soft demand and customer uncertainty. Q1 net sales amounted to EUR 11.1m (Evli: 12.1m). The rate of recruitment has been reduced which should elevate utilization rates going forward. The company believes in double-digit topline growth in 2023 with a strong order book. Cloud services grew in line with the company's expectations.
- 2023 guidance intact:** double-digit growth in both businesses. EBITDA above that of the previous year.

Rating

HOLD

Q1'23 ESTIMATES

	Actual	Evli	Consensus	Q1'22
Net sales	31.3	33.7		27.6
SeSo	20.2	21.7		16.5
DiDe	11.1	12.1		11.3
Others	-0.1	0.0		-0.1
Adj. EBITDA	-0.1	2.1		2.5
Adj. EBITDA-margin	-0.4%	6.4%		8.9%
Adj. EPS	-0.35	0.06		0.46

Share price, EUR (Last trading day's closing price) **16.80**

Target price, EUR 16.5

Latest change in recommendation 10-Mar-23

Latest report on company 25-Apr-23

Research paid by issuer: YES

No. of shares 5,628

No. of shares fully 5,628

Market cap, EURm 95

Free float, % 0.0

Exchange rate 0.000

Reuters code LOIHDE.HE

Bloomberg code LOIHDE FH

Average daily volume, 0.0

Next interim report 28-Apr-23

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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
2021	104.4	-0.9	-0.8%	-4.2	0.08	45.1	0.6	-70.3	-4.3	0.55
2022	123.0	6.4	5.2%	-6.3	0.54	-4,353.4	0.4	7.9	-8.5	0.80
2023E	144.1	5.8	4.0%	4.9	0.79	22.6	0.5	12.0	5.2	0.35
2024E	157.2	7.7	4.9%	4.6	1.06	15.6	0.4	8.6	4.8	0.42
2025E	165.2	9.6	5.8%	5.5	1.12	15.0	0.4	6.6	5.9	0.45

Market cap, EURm	95	BV per share 2023E, EUR	-22.4	CAGR EPS 2022-25, %	0.0
Net debt 2023E, EURm	-25	Price/book 2023E	0.8	CAGR sales 2022-25, %	10.3
Enterprise value, EURm	69	Dividend yield 2023E, %	2.1	ROE 2023E, %	4.0
Total assets 2023E, EURm	160	Tax rate 2023E, %	20.0	ROCE 2023E, %	4.7
Goodwill 2023E, EURm	63	Equity ratio 2023E, %	70.1	PEG, P/E 23/CAGR	1.2

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

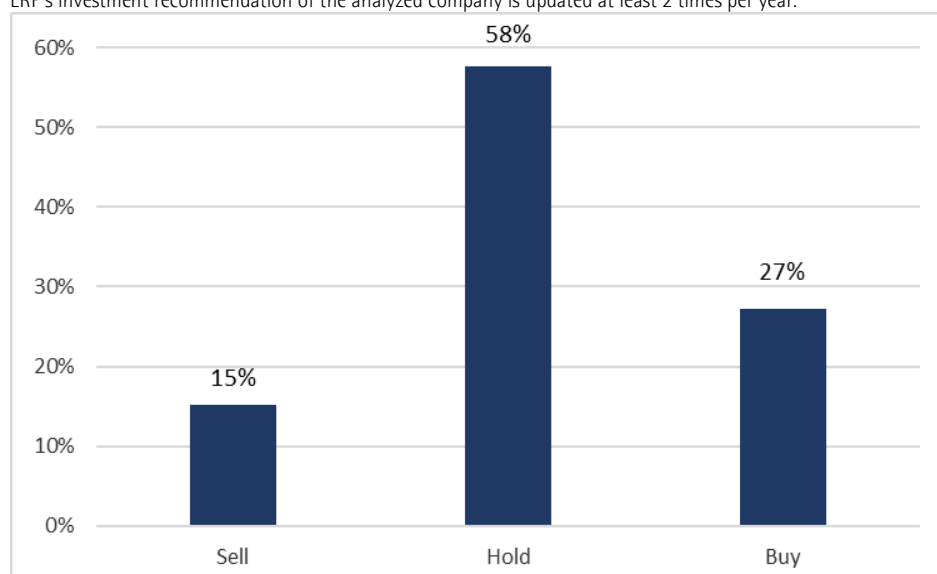
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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



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): Heikura

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