


## Growth and profitability improvement

Loihde's Q1 was a pleasant surprise, as we had expected a softer start to the year. The adj. EBITDA improved clearly y/y and beat our estimate, at EUR 1.6m (Evli 0.5m). Net sales also grew nicely by 6% to EUR 33.0m (Evli EUR 31.8m).

- **Group results:** Loihde's net sales were slightly below our expectations. Net sales grew by 6% y/y to EUR 33.0m (Evli: 31.8m). The growth was a pleasant surprise, with Security Solutions and Cyber, Cloud & Connect growing noticeably y/y. Adj. EBITDA beat our estimates and amounted to EUR 1.6m (Evli: 0.5m), reflecting a margin of 4.9% and improving clearly y/y (Q1/23: EUR -0.1m)
- According to Loihde the year started as planned, with EBITDA improving significantly y/y. The company saw good growth in continuous services, while the demand for digital development services remained weaker.
- Billing rates remained low in Digital Services and Data & AI. Both business areas saw clearly decreased revenue y/y, which weakened the company's profitability and Loihde continued to implement efficiency measures.
- **2024 guidance (reiterated):** Group revenue is expected to be on par with the previous year or grow. The Group's adjusted EBITDA is estimated to improve compared to 2023, when it was EUR 7.6m.
- Our pre-Q1 2024E adj. EBITDA estimate was at EUR 9.6m. We see slight upwards pressure to our estimate. H1 is typically softer and the difference to our estimates increases the confidence in the company's guidance, with less need for improvement in H2.

### Rating

 HOLD

#### Q1'24 ESTIMATES

	Actual	Evli	Q1'23
Net sales	33.0	31.8	31.3
Adj. EBITDA	1.6	0.5	-0.1
Adj. EBITDA-margin	4.9 %	1.5 %	-0.4 %

Share price, EUR (Last trading day's closing price) 13.65

Target price, EUR 11.5

Latest change in recommendation 10-Mar-23

Latest report on company 03-Mar-24

Research paid by issuer: YES

No. of shares outstanding, '000's 5,752

No. of shares fully diluted, '000's 5,752

Market cap, EURm 79

Free float, % -

Exchange rate 0.000

Reuters code LOIHDE.HE

Bloomberg code LOIHDE FH

Average daily volume, EURm -

Next interim report 30-Apr-24

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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
2022	123.0	6.4	5.2%	-6.3	0.54	3,700.4	0.5	9.7	-8.5	0.80
2023	132.7	-0.9	-0.7%	5.2	-0.11	247.5	0.5	-74.5	7.6	2.00
2024E	136.4	1.8	1.3%	-0.3	0.31	44.6	0.6	48.9	-0.4	0.15
2025E	142.9	2.9	2.0%	-0.1	0.35	38.6	0.6	30.6	-0.1	0.18
2026E	149.6	3.7	2.5%	2.6	0.46	29.5	0.6	23.6	3.3	0.23

Market cap, EURm	79	BV per share 2024E, EUR	10.6	CAGR EPS 2023-26, %	111.9
Net debt 2024E, EURm	10	Price/book 2024E	0.9	CAGR sales 2023-26, %	4.1
Enterprise value, EURm	88	Dividend yield 2024E, %	1.1	ROE 2024E, %	1.8
Total assets 2024E, EURm	144	Tax rate 2024E, %	20.0	ROCE 2024E, %	1.6
Goodwill 2024E, EURm	64	Equity ratio 2024E, %	63.3	PEG, P/E 24/CAGR	0.9

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

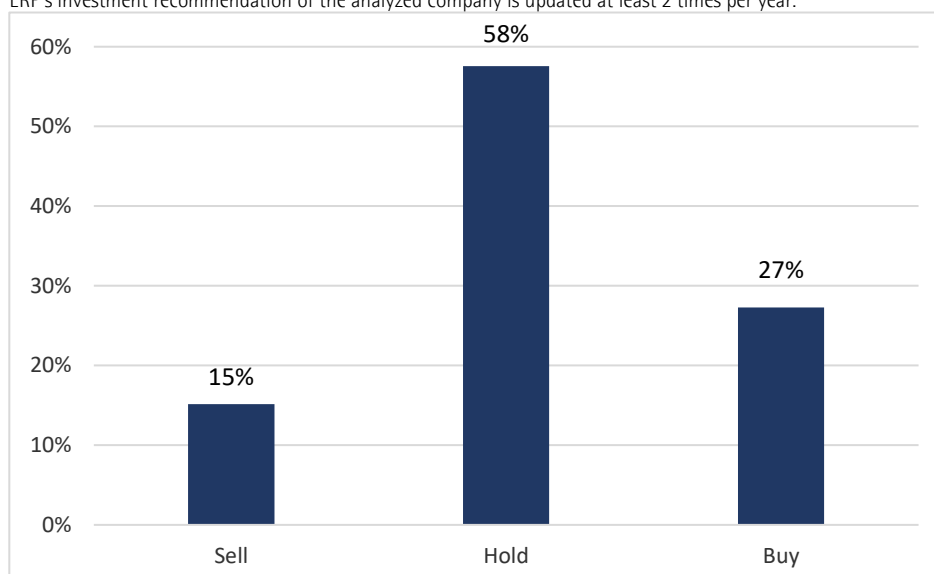
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Investment recommendations are defined as follows:

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

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

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