

Promising better figures in 2023

Netum's H2 results fell short of our expectations, with revenue growth more lack-luster than anticipated. 2023e guidance appears to be in line with expectations given the lower-than-expected growth in H2. The BoD proposes a dividend of EUR 0.11 per share (Evli EUR 0.10).

- Netum's net sales in H2 amounted to EUR 13.7m (EUR 12.0m in H2/21), below our estimates (Evli EUR 15.8m). Net sales grew 14.7% y/y, of which 3.8% was organic growth.
- EBITA in H2 was EUR 0.8m (EUR 1.4m in H2/21) and comparable EBITA EUR 0.8m (EUR 1.5m in H2/21), below our estimates (Evli EUR 1.3m/1.3m). Profitability was affected by growth investments and internal development projects as well as wage and general cost increases.
- Operating profit in H2 amounted to EUR -0.1m (EUR 0.7m in H2/21), below our estimates (Evli EUR 0.4m), at a margin of -0.8%.
- Earnings per share was EUR -0.03 (H2/21: 0.04) vs. our estimate of EUR 0.01.
- Personnel at the end of the period amounted to 276 (217).
- **Guidance for 2023:** Netum expects its revenue to grow by at least 20% and the EBITA-margin to be at least 10% (Evli 2023e: 17% growth and 13% EBITA-margin).
- **Dividend proposal:** Netum's BoD proposes that a dividend of EUR 0.11 per share be distributed (Evli EUR 0.10).

Rating + BUY

H2/22	Actual	Evli	H2/21
Revenue	13.7	15.8	12.0
EBITA	0.8	1.3	1.4
EPS	-0.03	0.01	0.04
Deviation	Actual	Evli	H2/21
Revenue		-13 %	14 %
EBITA		-38 %	-43 %
EPS		-	-
Share price, EUR (Last trading day's closing price)	3.64		
Target price, EUR	4.2		
Latest change in recommendation	17-Aug-22		
Latest report on company	16-Dec-22		
Research paid by issuer:	YES		
No. of shares outstanding, '000's	11,721		
No. of shares fully diluted, '000's	11,721		
Market cap, EURm	43		
Free float, %	-		
Exchange rate	0.000		
Reuters code	NETUM.HE		
Bloomberg code	NETUM FH		
Average daily volume, EURm	-		
Next interim report	7-Mar-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
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	31.2	1.3	4.1%	2.0	0.05	71.4	1.4	34.9	4.8	0.10
2023E	36.5	3.0	8.3%	3.5	0.17	21.2	1.1	13.7	8.3	0.16
2024E	42.0	4.4	10.5%	4.7	0.27	13.5	0.9	8.8	11.0	0.21
Market cap, EURm	43		BV per share 2022E, EUR		12.7		CAGR EPS 2021-24, %		80.7	
Net debt 2022E, EURm	1		Price/book 2022E		3.7		CAGR sales 2021-24, %		23.3	
Enterprise value, EURm	44		Dividend yield 2022E, %		2.8		ROE 2022E, %		5.0	
Total assets 2022E, EURm	21		Tax rate 2022E, %		19.8		ROCE 2022E, %		8.5	
Goodwill 2022E, EURm	11		Equity ratio 2022E, %		55.0		PEG, P/E 22/CAGR		0.8	

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

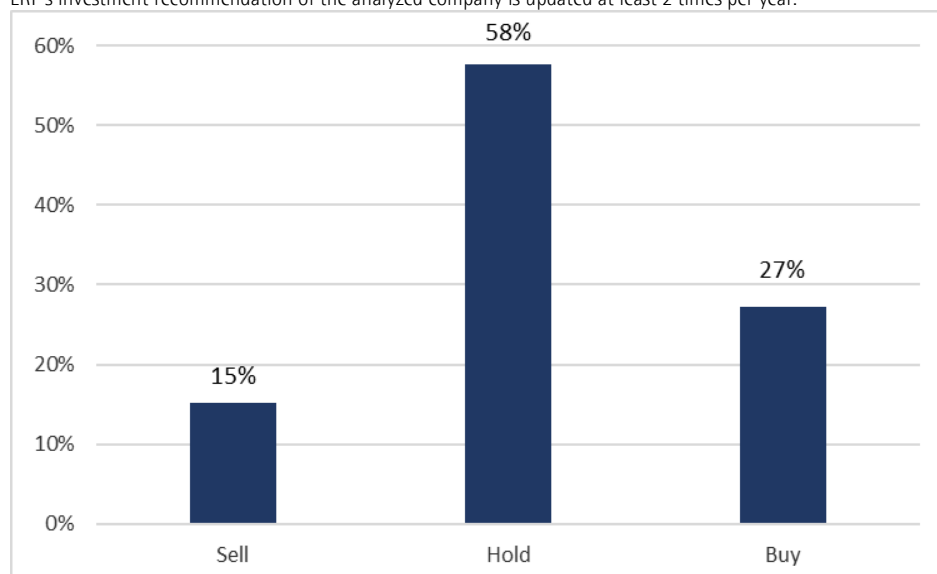
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Investment recommendations are defined as follows:

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): Salokivi

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