

Top- and bottom-line estimates beat

Loihde's Q2 was better than anticipated. Net sales grew a modest 3% to EUR 35.4m (Evli EUR 34.9m), and with operative costs slightly down from previous year levels the adj. EBITDA as a result improved to EUR 2.6m (Evli EUR 1.9m, Q2/23: EUR 1.0m).

- **Group results:** Loihde's net sales were slightly above our expectations. Net sales in Q2 grew by 3% y/y to EUR 35.4m (Evli: EUR 34.9m). The growth was driven by Security Solutions and Cyber, Cloud & Connect, both showing double-digit growth y/y when looking at H1 figures, while Data & AI and Digital Services showed double-digit declines. Adj. EBITDA beat our estimates driven by the higher sales growth and amounted to EUR 2.6m (Evli: 1.9m), reflecting a margin of 7.3% and improving clearly y/y (Q2/23: EUR 1.0m).
- Loihde noted continued positive momentum for the continuous services related to security and business networks in Q2, with earlier signed contracts in production as planned. Loihde entered into several new continuous service agreements with both public and private sector clients. Growth has been driven by services such as cyber surveillance and network operations control.
- Loihde noted continued challenges in the market bespoke software development and in some data consultancy, lower than targeted utilization rates weighing on the profitability of the company as a whole.
- **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.

Rating		HOLD	
Q2'24 ESTIMATES			
	Actual	Evli	Q2'23
Net sales	35.4	34.9	34.2
Adj. EBITDA	2.6	1.9	1.0
Adj. EBITDA-margin	7.3 %	5.4 %	2.9 %
Share price, EUR (Last trading day's closing price)	11.55		
Target price, EUR	11.8		
Latest change in recommendation	10-Mar-23		
Latest report on company	23-Aug-24		
Research paid by issuer:	YES		
No. of shares outstanding, '000's	5,732		
No. of shares fully diluted, '000's	5,732		
Market cap, EURm	66		
Free float, %	-		
Exchange rate	0.000		
Reuters code	LOIHDE.HE		
Bloomberg code	LOIHDE FH		
Average daily volume, EURm	-		
Next interim report	27-Aug-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	137.6	2.7	2.0%	-0.2	0.36	31.8	0.6	27.5	-0.2	0.20
2025E	144.1	3.9	2.7%	0.9	0.52	22.0	0.5	19.4	1.4	0.26
2026E	149.9	5.2	3.5%	4.1	0.71	16.2	0.5	14.0	6.2	0.36
Market cap, EURm	66		BV per share 2024E, EUR	10.4		CAGR EPS 2023-26, %	144.6			
Net debt 2024E, EURm	10		Price/book 2024E	0.7		CAGR sales 2023-26, %	4.2			
Enterprise value, EURm	76		Dividend yield 2024E, %	1.7		ROE 2024E, %	2.2			
Total assets 2024E, EURm	142		Tax rate 2024E, %	21.5		ROCE 2024E, %	2.5			
Goodwill 2024E, EURm	64		Equity ratio 2024E, %	64.5		PEG, P/E 24/CAGR	0.8			

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

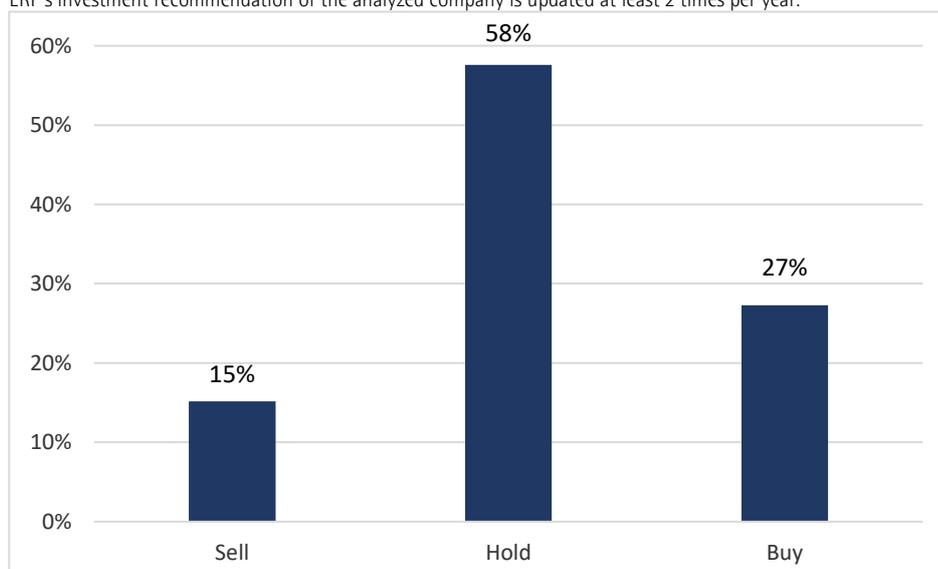
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Investment recommendations are defined as follows:

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

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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.

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