

Margins slightly below expectations

Innofactor's Q4 results were slightly below our expectations. The net sales in Q4 amounted to EUR 17.4m (Evli EUR 17.0m), while EBITDA amounted to EUR 1.6m (Evli EUR 2.0m). Innofactor expects that its net sales and EBITDA in 2020 will increase from 2019. The BoD proposes that no dividend be paid for 2019 (Evli EUR 0.00).

- Net sales in Q4 were EUR 17.4m (EUR 15.9m in Q4/18), in line with our estimates (Evli EUR 17.0m). Net sales in Q4 grew 9.7 % y/y. Net sales per employee has improved by 15.6% since the previous year.
- EBITDA in Q4 was EUR 1.6m (EUR -0.9m in Q4/18), below our estimates (Evli EUR 2.0m), at a margin of 8.9 %.
- Operating profit in Q4 amounted to EUR 0.5m (EUR -1.7m in Q4/18), below our estimates (Evli EUR 1.0m), at a margin of 2.8 %. Profitability has been supported by the measures taken during the end of 2018 to improve profitability.
- Order backlog at EUR 49.8m, up 62.4% y/y. No significant individual orders were signed during the quarter as several decisions were delayed until the turn of the year.
- Guidance for 2020: Innofactor's net sales and EBITDA in 2020 are estimated to increase compared to 2019.
- Dividend proposal: The BoD proposes that no dividend be paid for 2019 (Evli EUR 0.00).

| Rating | | | | BUY |
|---|--------|------|----------|--------------------------|
| Q4/19 | Actual | Evli | Year ago | Q3/19 |
| Net sales | 17.4 | 17.0 | 15.9 | 16.7 |
| EBITDA | 1.6 | 2.0 | -0.9 | 1.1 |
| EBIT | 0.5 | 1.0 | -1.7 | 0.2 |
| Deviation | Actual | Evli | Year ago | Q3/19 |
| Net sales | | 2% | 9% | 4% |
| EBITDA | | -20% | - | 42% |
| EBIT | | -50% | - | >100% |
| Share price, EUR (Last trading day's closing price) | | | | 0.82 |
| Target price, EUR | | | | 0.85 |
| Latest change in recommendation | | | | 05-Jun-19 |
| Latest report on company | | | | 30-Oct-19 |
| Research paid by issuer: | | | | YES |
| No. of shares outstanding, '000's | | | | 37,388 |
| No. of shares fully diluted, '000's | | | | 37,388 |
| Market cap, EURm | | | | 31 |
| Free float, % | | | | 47.0 |
| Exchange rate EUR | | | | 0.000 |
| Reuters code | | | | IFA1V.HE |
| Bloomberg code | | | | IFA1V FH |
| Average daily volume, EURm | | | | 0.04 |
| Next interim report | | | | 25-Feb-20 |
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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 |
|--------------------------|---------------|--------------|-------------------------|-------------|------------|------------|-----------------------|----------------|----------------|------------|
| 2017 | 65.7 | -1.5 | -2.2% | 2.5 | -0.03 | -26.9 | 0.7 | -32.4 | 7.3 | 0.00 |
| 2018 | 63.1 | -3.9 | -6.1% | -1.7 | -0.09 | -4.1 | 0.5 | -8.7 | -13.2 | 0.00 |
| 2019E | 63.8 | 1.3 | 2.1% | 3.0 | 0.02 | 45.2 | 0.7 | 36.1 | 9.9 | 0.00 |
| 2020E | 65.7 | 1.9 | 2.9% | 2.3 | 0.03 | 30.1 | 0.7 | 23.8 | 7.5 | 0.00 |
| 2021E | 67.7 | 3.4 | 5.0% | 2.4 | 0.06 | 13.6 | 0.6 | 12.7 | 7.7 | 0.00 |
| Market cap, EURm | 31 | | BV per share 2019E, EUR | | 74.5 | | CAGR EPS 2018-21, % | | 0.0 | |
| Net debt 2019E, EURm | 17 | | Price/book 2019E | | 1.4 | | CAGR sales 2018-21, % | | 2.3 | |
| Enterprise value, EURm | 47 | | Dividend yield 2019E, % | | 0.0 | | ROE 2019E, % | | 3.1 | |
| Total assets 2019E, EURm | 56 | | Tax rate 2019E, % | | -25.3 | | ROCE 2019E, % | | 3.2 | |
| Goodwill 2019E, EURm | 26 | | Equity ratio 2019E, % | | 40.1 | | PEG, P/E 19/CAGR | | 0.8 | |

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

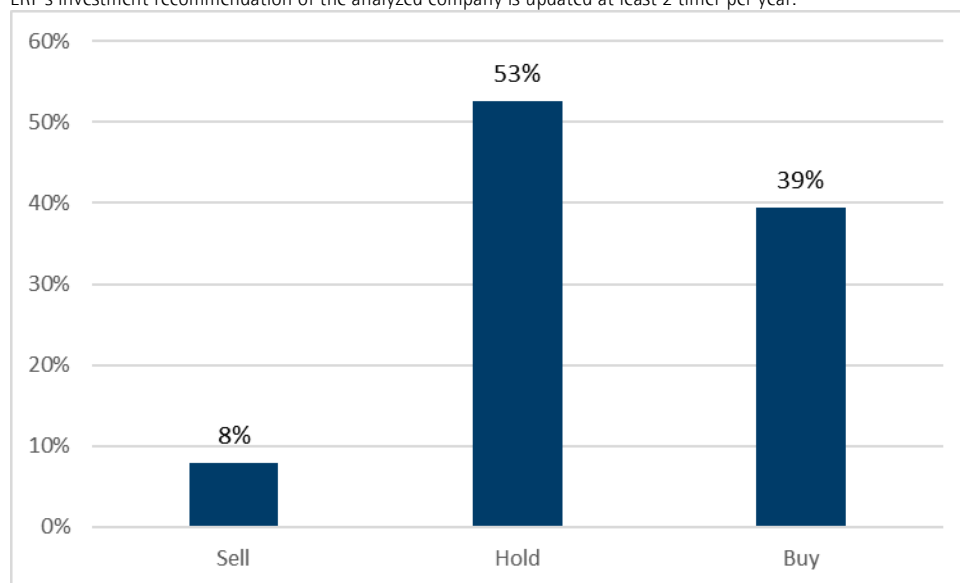
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| Target price compared to share price | Recommendation |
|--------------------------------------|----------------|
| < -10 % | SELL |
| -10 – (+10) % | HOLD |
| > 10 % | BUY |

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

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