

Solid profitability figures

Innofactor's Q1 results were above our expectations and profitability was at solid levels. The net sales in Q1 amounted to EUR 17.2m (Evli EUR 16.8m), while EBITDA amounted to EUR 2.0m (Evli EUR 1.2m). Guidance remains intact. COVID-19 impact so far limited, minor impact on net sales and profitability expected for the end of the year.

- Net sales in Q1 were EUR 17.2m (EUR 16.1m in Q1/19), slightly above our estimates (Evli EUR 16.8m). Net sales in Q1 grew 6.2 % y/y. Net sales grew in all countries.
- EBITDA in Q1 was EUR 2.0m (EUR 0.9m in Q1/19), clearly above our estimates (Evli EUR 1.2m), at a margin of 11.4 %.
- Operating profit in Q1 amounted to EUR 0.8m (EUR -0.1m in Q1/19), clearly above our estimates (Evli EUR 0.1m), at a margin of 4.8 %.
- Order backlog at EUR 54.1m, up 32% y/y. Innofactor received several significant orders during the quarter and the order backlog improved q/q.
- Guidance intact: Innofactor's net sales and EBITDA in 2020 are estimated to increase compared to 2019.
- The Coronavirus pandemic has so far not had a significant effect on the ability to provide services. Innofactor estimates that the pandemic will have a minor effect on the net sales and profitability of the rest of the year. Third and fourth quarter growth and profitability will depend on the schedule of removal of restrictions in the Nordics.
- EUR 3.0m additional funding received, inorganic growth opportunities possible

Rating					+ BUY
Q1/20	Actual	Evli	Year ago	Q4/19	
Net sales	17.2	16.8	16.1	17.3	
EBITDA	2.0	1.2	0.9	1.4	
EBIT	0.8	0.1	-0.1	0.3	
Deviation	Actual	Evli	Year ago	Q4/19	
Net sales		2%	7%	-1%	
EBITDA		67%	>100%	43%	
EBIT		>100%	-	>100%	
Share price, EUR (Last trading day's closing price)					0.77
Target price, EUR					0.9
Latest change in recommendation					05-Jun-19
Latest report on company					26-Feb-20
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					29
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					05-May-20
Web site					www.innofactor.com
Analyst					Jerker Salokivi
E-mail					jerker.salokivi@evli.com
Telephone					+358 9 4766 9149

+ 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
2018	63.1	-3.9	-6.1%	-1.7	-0.09	-4.1	0.5	-8.7	-13.2	0.00
2019	64.2	0.8	1.2%	4.4	0.01	64.6	0.7	53.8	16.3	0.00
2020E	66.7	1.7	2.5%	2.6	0.02	35.7	0.6	24.8	8.9	0.00
2021E	68.7	3.1	4.5%	2.7	0.06	13.9	0.6	12.7	9.4	0.00
2022E	70.5	4.4	6.2%	2.7	0.08	9.1	0.5	8.3	9.4	0.00
Market cap, EURm	29		BV per share 2020E, EUR		58.1		CAGR EPS 2019-22, %		96.7	
Net debt 2020E, EURm	13		Price/book 2020E		1.3		CAGR sales 2019-22, %		3.2	
Enterprise value, EURm	42		Dividend yield 2020E, %		0.0		ROE 2020E, %		3.6	
Total assets 2020E, EURm	55		Tax rate 2020E, %		21.0		ROCE 2020E, %		4.4	
Goodwill 2020E, EURm	26		Equity ratio 2020E, %		41.7		PEG, P/E 20/CAGR		0.7	

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

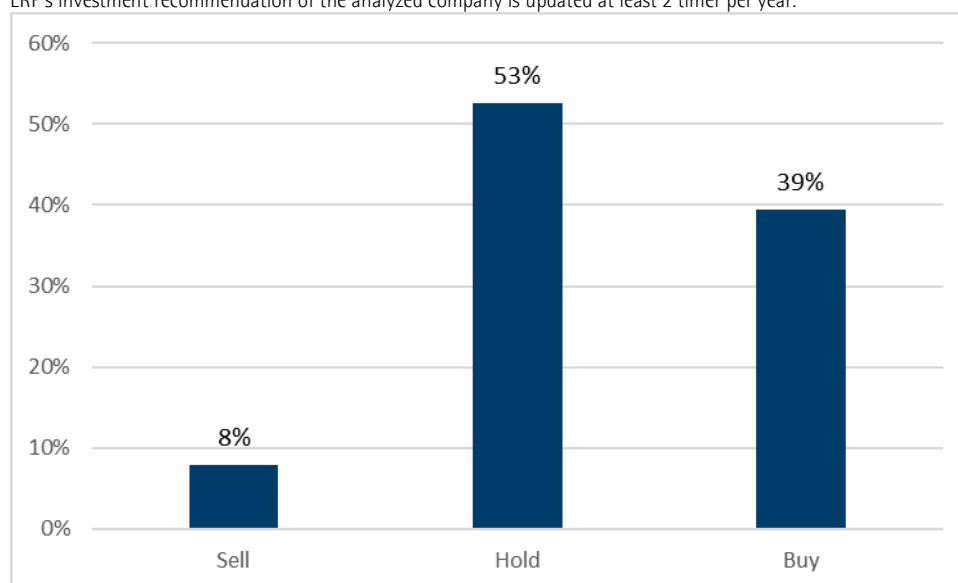
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Investment recommendations are defined as follows:

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 1st of February 2019. If recommendation is not given, it is not mentioned here.

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

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Contact information

SALES, TRADING AND RESEARCH

Equity Sales

Ari Laine +358 9 4766 9115
Lauri Ahokanto +358 9 4766 9117
Niclas Henelius +358 9 4766 9116

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120
Miika Ronkanen +358 9 4766 9120

ETFs and Derivatives

Joachim Dannberg +358 9 4766 9123
Kimmo Lijja +358 9 4766 9130

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Jonas Forslund +358 9 4766 9314
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149
Anna-Liisa Rissanen +358 40 157 9919

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205
Markku Reinikainen +358 9 4766 9669



EVLI BANK PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001