

Write-down burdened profitability

Innofactor's Q4 results were on an adj. basis above our expectations. Net sales amounted to EUR 18.3m (Evli EUR 17.6m), while EBITDA amounted to EUR 1.6m (Evli EUR 2.1m). EBITDA included one-offs of EUR 1.0m and adj. figures were better than expected. Dividend proposal EUR 0.04 per share (Evli EUR 0.03). Net sales and EBITDA in 2021 are estimated to increase compared to 2020.

- Net sales in Q4 amounted to EUR 18.3m (EUR 17.4m in Q4/19), slightly above our estimates (Evli EUR 17.6m). Net sales in Q4 grew 4.7% y/y.
- EBITDA in Q4 was EUR 1.6m (EUR 1.6m in Q4/19), below our estimates (Evli EUR 2.1m), at a margin of 8.7%. EBITDA included a write-off of approx. EUR 1.0m relating to a customer project in Sweden. EBITDA excl. NRI's would have been EUR 2.6m, at a margin of 14.0%.
- Operating profit in Q4 amounted to EUR 0.4m (EUR 0.5m in Q4/19), below our estimates (Evli EUR 1.0m), at a margin of 2.2%. EBIT excl. NRI's would have been EUR 1.4m.
- Order backlog at EUR 60.4m, up 21.4% y/y. Innofactor received several significant orders during Q3, which boosted the order backlog in Q4.
- **Guidance for 2021:** Innofactor's net sales and EBITDA in 2021 are estimated to increase compared to 2020.
- **Dividend proposal:** Innofactor's BoD proposes a total distribution of EUR 0.04 per share (Evli EUR 0.03).

Rating + BUY

Q4/20	Actual	Evli	Year ago	Q3/20
Net sales	18.3	17.6	17.4	16.8
EBITDA	1.6	2.1	1.6	2.1
EBIT	0.4	1.0	0.5	0.9
DPS	0.04	0.03	0.00	0.00

Deviation	Actual	Evli	Year ago	Q3/20
Net sales		4%	5%	9%
EBITDA		-24%	3%	-22%
EBIT		-60%	-17%	-55%
DPS		33%	-	-

 Share price, EUR (Last trading day's closing price) 1.42

 Target price, EUR 1.45

Latest change in recommendation	04-Jun-19
Latest report on company	28-Oct-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	53
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	18-Feb-21
Web site	www.innofactor.com

Analyst	Jerker Salokivi
E-mail	jerker.salokivi@evli.com
Telephone	+358 9 4766 9149

+ BUY o 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	65.5	3.1	4.7%	4.8	0.06	20.2	1.0	20.7	9.0	0.03
2021E	68.1	5.2	7.6%	3.9	0.09	15.0	0.9	11.8	7.3	0.05
2022E	70.2	6.1	8.7%	4.0	0.12	12.2	0.8	9.7	7.6	0.06

Market cap, EURm	53	BV per share 2020E, EUR	45.6	CAGR EPS 2019-22, %	118.5
Net debt 2020E, EURm	11	Price/book 2020E	2.2	CAGR sales 2019-22, %	3.0
Enterprise value, EURm	64	Dividend yield 2020E, %	2.0	ROE 2020E, %	9.3
Total assets 2020E, EURm	58	Tax rate 2020E, %	-12.0	ROCE 2020E, %	7.8
Goodwill 2020E, EURm	26	Equity ratio 2020E, %	41.8	PEG, P/E 20/CAGR	1.1

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

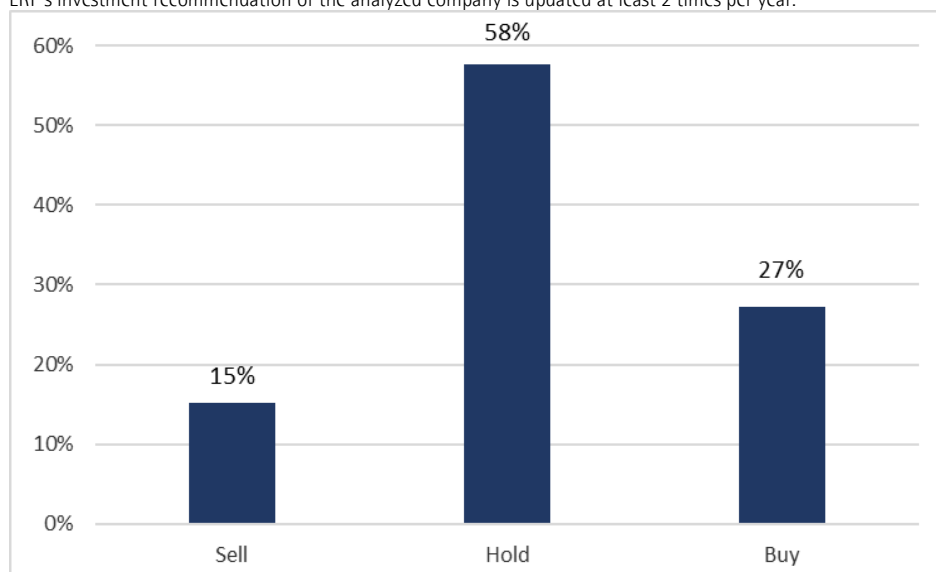
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Investment recommendations are defined as follows:

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.

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

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Contact information

SALES, TRADING AND RESEARCH

Equity, ETF and Derivatives Sales

Joachim Dannberg +358 9 4766 9123
Ari Laine +358 9 4766 9115
Kimmo Lilja +358 9 4766 9130

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

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
Teemu Reiman +358 40 352 6175

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