

Solid performance seen to continue

Netum's H2 results were well in line with expectations. Continued rapid and profitable growth is seen in 2022 despite some potential demand uncertainty.

No surprises in H2 results

Netum reported H2 results in line with our estimates. Revenue grew 33.4% (18.6% organic growth) to EUR 12.0m (Evli EUR 11.9m) and full-year EBITA amounted to EUR 3.1m (Evli EUR 3.1m, pre-announced). Growth was driven by successful recruitments and new customer acquisition and also to some extent by higher pricing levels. Netum's BoD proposes a dividend of EUR 0.11 per share (Evli EUR 0.09). In 2022 the company expects revenue to grow by over 30% from 2021 and the EBITA-margin to be above 14%.

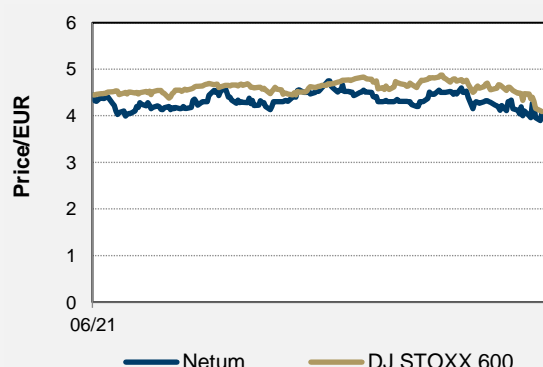
Expecting over 30% growth in 2022

Netum's growth guidance is above our previous estimates (22%) and adjusted for the impact of the Cerion Solutions acquisition implies continued clear double-digit organic growth, which given the growth in headcount (2020: 130 -> 2021: 217) should be well achievable should the demand situation not deteriorate. On our revised estimates we expect revenue of EUR 29.6m (+32% y/y) and an EBITA-margin of 14.3%. Margins have been at good levels, and we see limited near-term upside apart from a potential slight boost from frontloaded recruitments converting to revenue and thus higher revenue/employee. Netum updated its strategy and financial targets, seeking revenue of EUR 50m by 2025, implying annual growth of over 20%. The company seeks to maintain an EBITA-margin of over 14%. Netum noted that it is looking into expansion in the Nordics/Baltics, which could help in achieving the growth target, but such a move would in our view unlikely be seen before 2024.

HOLD with a target price of EUR 4.3

Demand uncertainty has increased due to the on-going conflict and peer multiples have also seen some further depreciation from our previous update. With our raised growth estimates, however, we retain our TP of EUR 4.3, valuing Netum at 13.7x 2022e adj. P/E.

Rating

■ HOLD


Share price, EUR (Last trading day's closing price) 4.08

Target price, EUR 4.3

Latest change in recommendation 06-Jun-21

Latest report on company 26-Jan-22

Research paid by issuer: YES

No. of shares outstanding, '000's 11,535

No. of shares fully diluted, '000's 11,535

Market cap, EURm 47

Free float, % 0.0

Exchange rate 0.000

Reuters code NETUM.HE

Bloomberg code NETUM FH

Average daily volume, EURm 0.0

Next interim report 24-Aug-22

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■ BUY ■ HOLD ■ SELL

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%	1.8	0.15	0.0	0.2	1.4	0.0	0.08
2021	22.4	1.9	8.5%	-6.2	0.05	93.1	2.3	27.0	-12.5	0.11
2022E	29.6	2.6	8.8%	3.4	0.17	23.4	1.6	18.1	7.2	0.15
2023E	34.6	3.5	10.1%	3.8	0.21	19.6	1.3	12.9	8.2	0.18
2024E	39.8	4.3	10.8%	4.5	0.27	15.2	1.1	9.9	9.6	0.20
Market cap, EURm	47			Gearing 2022E, %	1.0			CAGR EPS 2021-24, %	80.2	
Net debt 2022E, EURm	0			Price/book 2022E	3.6			CAGR sales 2021-24, %	21.1	
Enterprise value, EURm	47			Dividend yield 2022E, %	3.6			ROE 2022E, %	15.9	
Total assets 2022E, EURm	22			Tax rate 2022E, %	12.2			ROCE 2022E, %	16.8	
Goodwill 2022E, EURm	11			Equity ratio 2022E, %	59.5			PEG, P/E 22/CAGR	0.9	

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

Netum (EURm)	2020	H1/21	H2/21	2021	H1/22E	H2/22E	2022E	2023E	2024E
Net sales	17.5	10.4	12.0	22.4	14.1	15.5	29.6	34.6	39.8
<i>Sales growth %</i>	<i>31.1%</i>	<i>21.7%</i>	<i>33.4%</i>	<i>27.7%</i>	<i>35.1%</i>	<i>29.5%</i>	<i>32.0%</i>	<i>17.0%</i>	<i>15.0%</i>
Other income	0.1	0.2	0.1	0.3	0.1	0.1	0.1	0.1	0.1
Materials and services	-3.5	-1.9	-2.0	-3.9	-2.5	-2.7	-5.3	-6.1	-7.0
<i>% of net sales</i>	<i>-20.1 %</i>	<i>-18.0 %</i>	<i>-17.1 %</i>	<i>-17.5 %</i>	<i>-17.9 %</i>	<i>-17.7 %</i>	<i>-17.8%</i>	<i>-17.7%</i>	<i>-17.7%</i>
Personnel expenses	-8.9	-5.7	-6.9	-12.6	-8.0	-8.6	-16.6	-19.3	-22.2
<i>% of net sales</i>	<i>-50.9 %</i>	<i>-54.9 %</i>	<i>-57.3 %</i>	<i>-56.2 %</i>	<i>-56.6 %</i>	<i>-55.8 %</i>	<i>-56.2%</i>	<i>-55.9%</i>	<i>-55.7%</i>
Other op. expenses	-1.9	-1.2	-1.6	-2.8	-1.5	-1.8	-3.3	-3.8	-4.4
<i>% of net sales</i>	<i>-10.9 %</i>	<i>-11.3 %</i>	<i>-13.4 %</i>	<i>-12.4 %</i>	<i>-10.6 %</i>	<i>-11.6 %</i>	<i>-11.2%</i>	<i>-11.1%</i>	<i>-11.0%</i>
EBITDA	3.2	1.9	1.5	3.4	2.1	2.4	4.5	5.4	6.3
<i>EBITDA-%</i>	<i>18.5%</i>	<i>18.1%</i>	<i>12.8%</i>	<i>15.3%</i>	<i>15.2%</i>	<i>15.2%</i>	<i>15.1%</i>	<i>15.6%</i>	<i>15.9%</i>
D&A	-0.2	-0.1	-0.1	-0.3	-0.1	-0.1	-0.3	-0.3	-0.4
Tangible	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2
Intangible	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2
Goodwill amortization	-1.1	-0.5	-0.7	-1.2	-0.8	-0.8	-1.6	-1.6	-1.6
EBITA	3.1	1.8	1.4	3.1	2.0	2.2	4.2	5.1	5.9
<i>EBITA-%</i>	<i>17.6%</i>	<i>17.1%</i>	<i>11.6%</i>	<i>14.0%</i>	<i>14.2%</i>	<i>14.3%</i>	<i>14.3%</i>	<i>14.8%</i>	<i>14.8%</i>
Items affecting comparability	0.0	-0.2	0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Comparable EBITA	3.1	1.6	1.5	3.1	2.0	2.2	4.2	5.1	5.9
<i>Comparable EBITA-%</i>	<i>17.6%</i>	<i>15.4%</i>	<i>12.4%</i>	<i>14.0%</i>	<i>14.2%</i>	<i>14.3%</i>	<i>14.3%</i>	<i>14.8%</i>	<i>14.8%</i>
EBIT	2.0	1.3	0.7	1.9	1.2	1.4	2.6	3.5	4.3
<i>EBIT-%</i>	<i>11.5%</i>	<i>12.0%</i>	<i>5.8%</i>	<i>8.7%</i>	<i>8.5%</i>	<i>9.1%</i>	<i>8.9%</i>	<i>10.1%</i>	<i>10.8%</i>

Finnish peer group	MCAP	EV/EBITDA			EV/EBIT			P/E		
	MEUR	21	22	23	21	22	23	21	22	23
Sili Solutions	91	8.7x	6.2x	5.7x	13.9x	9.0x	7.9x	13.2x	10.5x	9.3x
Vincit	65							13.3x	10.4x	8.7x
Innofactor	43	6.5x	6.5x	5.9x	12.0x	9.9x	8.8x	12.7x	11.8x	9.8x
Solteq	59	9.4x	6.4x	5.4x	15.6x	9.3x	7.9x	14.5x	12.7x	8.9x
Gofore	344	19.0x	13.7x	12.3x	26.5x	18.1x	15.8x	30.6x	22.6x	20.1x
B ILOT	26	29.8x	9.3x	6.1x		34.5x	11.6x	31.0x	18.3x	12.1x
Digia	177	9.2x	8.4x	7.8x	13.9x	12.3x	11.1x	14.0x	14.3x	12.8x
Nixu	41	36.5x	15.1x	9.9x		35.6x	15.1x		48.3x	15.7x
Peer Group Average	106	17.0x	9.4x	7.6x	16.4x	18.4x	11.2x	18.5x	18.6x	12.2x
Peer Group Median	62	9.4x	8.4x	6.1x	13.9x	12.3x	11.1x	14.0x	13.5x	10.9x

Other Nordic peer group	MCAP	EV/EBITDA			EV/EBIT			P/E		
	MEUR	21	22	23	21	22	23	21	22	23
Bouvet	669	19.4x	14.7x	13.3x	22.6x	17.0x	15.3x	24.1x	22.8x	20.8x
Enea	351	17.0x	9.8x	8.6x	27.9x	14.6x	12.4x	15.5x	14.9x	13.2x
Knowit	696	14.3x	8.8x	7.9x	19.7x	13.2x	11.6x	17.5x	17.3x	15.7x
Atea	1471	11.8x	8.2x	7.5x	18.9x	12.6x	11.1x	17.1x	16.0x	14.1x
NNIT	295	16.6x	9.3x	6.9x	24.3x	27.6x	13.0x		30.5x	14.0x
Addnode Group	1086	27.4x	20.7x	19.4x	41.9x	31.2x	28.1x	37.2x	34.1x	31.1x
TietoEVRY	2688	7.7x	6.7x	6.2x	11.2x	9.7x	8.8x	10.2x	9.9x	9.0x
Peer Group Average	1037	16.3x	11.2x	10.0x	23.8x	18.0x	14.3x	20.3x	20.8x	16.8x
Peer Group Median	696	16.6x	9.3x	7.9x	22.6x	14.6x	12.4x	17.3x	17.3x	14.1x

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	4.08 PV of Free Cash Flow	28 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	5.55 PV of Horizon value	38 WACC, %	8.4 Market risk premium, %	5.8
Share price potential, %	36.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	6.1 Marketable securities	1 Minimum WACC, %	7.9 Equity beta coefficient	1.00
Minimum value	5.1 Debt - dividend	-3 Maximum WACC, %	8.9 Target debt ratio, %	20
Horizon value, %	57.4 Value of stock	64 Nr of shares, Mn	11.5 Effective tax rate, %	20

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	22	30	35	40	41	42	43	45	46	48	49	50
<i>Sales growth, %</i>	<i>27.7</i>	<i>32.1</i>	<i>16.9</i>	<i>15.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>2.5</i>	<i>2.5</i>
Operating income (EBIT)	2	3	4	4	5	5	5	6	6	6	6	6
<i>Operating income margin, %</i>	<i>8.5</i>	<i>8.8</i>	<i>10.1</i>	<i>10.8</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>
+ Depreciation+amort.	2	2	2	2	1	1	1	1	1	1	1	1
EBITDA	3	5	5	6	6	6	6	6	6	7	7	
- Paid taxes	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
- Change in NWC	0	0	0	0	0	0	0	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Operative CAPEX	-8	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
<i>opCAPEX / Sales, %</i>	<i>37.5</i>	<i>1.8</i>	<i>1.5</i>	<i>1.5</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	0
- Other items	0	0	0	0	0	0	0	0	0	0	0	0
= FCFF	-5	3	4	5	4	4	4	4	5	5	5	84
= Discounted FCFF		3	3	4	3	3	3	3	2	2	2	38
= DFCF min WACC		3	3	4	3	3	3	3	3	2	2	43
= DFCF max WACC		3	3	4	3	3	3	2	2	2	2	33

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1E	2022Q2E	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	0.0	10.4	0.0	12.0	22.4	0.0	14.1	0.0	15.5	29.6	34.6	39.8
EBITDA	0.0	1.9	0.0	1.5	3.4	0.0	2.1	0.0	2.4	4.5	5.4	6.3
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>18.1</i>	<i>0.0</i>	<i>12.7</i>	<i>15.2</i>	<i>0.0</i>	<i>15.2</i>	<i>0.0</i>	<i>15.2</i>	<i>15.2</i>	<i>15.7</i>	<i>16.0</i>
EBIT	0.0	1.3	0.0	0.7	1.9	0.0	1.2	0.0	1.4	2.6	3.5	4.3
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>12.0</i>	<i>0.0</i>	<i>5.5</i>	<i>8.5</i>	<i>0.0</i>	<i>8.5</i>	<i>0.0</i>	<i>9.1</i>	<i>8.8</i>	<i>10.1</i>	<i>10.8</i>
Net financial items	0.0	-0.9	0.0	0.0	-1.0	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0
Pre-tax profit	0.0	0.3	0.0	0.6	0.9	0.0	1.1	0.0	1.4	2.5	3.4	4.3
Tax	0.0	-0.2	0.0	-0.2	-0.4	0.0	-0.2	0.0	-0.3	-0.5	-1.0	-1.2
<i>Tax rate (%)</i>	<i>0.0</i>	<i>27.7</i>	<i>0.0</i>	<i>13.5</i>	<i>19.1</i>	<i>0.0</i>	<i>11.8</i>	<i>0.0</i>	<i>12.6</i>	<i>12.2</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.0	0.1	0.0	0.4	0.5	0.0	0.9	0.0	1.1	2.0	2.4	3.1
EPS	0.00	0.01	0.00	0.04	0.05	0.00	0.08	0.00	0.09	0.17	0.21	0.27
EPS adjusted (diluted no. of shares)	0.00	0.01	0.00	0.04	0.05	0.00	0.08	0.00	0.09	0.17	0.21	0.27
Dividend per share	0.00	0.00	0.00	0.00	0.11	0.00	0.00	0.00	0.00	0.15	0.18	0.20
SALES, EURm												
Group	0.0	10.4	0.0	12.0	22.4	0.0	14.1	0.0	15.5	29.6	34.6	39.8
Total	0.0	10.4	0.0	12.0	22.4	0.0	14.1	0.0	15.5	29.6	34.6	39.8
SALES GROWTH, Y/Y %												
Group	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-31.8</i>	<i>27.7</i>	<i>0.0</i>	<i>35.1</i>	<i>0.0</i>	<i>29.5</i>	<i>32.1</i>	<i>16.9</i>	<i>15.0</i>
Total	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-31.8</i>	<i>27.7</i>	<i>0.0</i>	<i>35.1</i>	<i>0.0</i>	<i>29.6</i>	<i>32.1</i>	<i>16.9</i>	<i>15.0</i>
EBIT, EURm												
Group	0.0	1.3	0.0	0.7	1.9	0.0	1.2	0.0	1.4	2.6	3.5	4.3
Total	0.0	1.3	0.0	0.7	1.9	0.0	1.2	0.0	1.4	2.6	3.5	4.3
EBIT margin, %												
Group	<i>0.0</i>	<i>12.0</i>	<i>0.0</i>	<i>5.5</i>	<i>8.5</i>	<i>0.0</i>	<i>8.5</i>	<i>0.0</i>	<i>9.1</i>	<i>8.8</i>	<i>10.1</i>	<i>10.8</i>
Total	<i>0.0</i>	<i>12.0</i>	<i>0.0</i>	<i>5.5</i>	<i>8.5</i>	<i>0.0</i>	<i>8.5</i>	<i>0.0</i>	<i>9.1</i>	<i>8.8</i>	<i>10.1</i>	<i>10.8</i>

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	10.0	11.9	13.4	17.5	22.4	29.6	34.6	39.8
<i>Sales growth (%)</i>	<i>26.8</i>	<i>18.1</i>	<i>12.7</i>	<i>31.1</i>	<i>27.7</i>	<i>32.1</i>	<i>16.9</i>	<i>15.0</i>
EBITDA	1.8	2.2	1.7	3.2	3.4	4.5	5.4	6.3
<i>EBITDA margin (%)</i>	<i>17.5</i>	<i>18.7</i>	<i>13.0</i>	<i>18.5</i>	<i>15.2</i>	<i>15.2</i>	<i>15.7</i>	<i>16.0</i>
Depreciation	-0.1	-0.1	-0.1	-0.2	-0.3	-0.3	-0.3	-0.4
EBITA	1.6	2.1	1.6	3.1	3.1	4.2	5.1	5.9
Goodwill amortization / writedown	-0.7	-0.8	-0.9	-1.1	-1.2	-1.6	-1.6	-1.6
EBIT	1.0	1.3	0.7	2.0	1.9	2.6	3.5	4.3
<i>EBIT margin (%)</i>	<i>9.6</i>	<i>11.1</i>	<i>5.0</i>	<i>11.5</i>	<i>8.5</i>	<i>8.8</i>	<i>10.1</i>	<i>10.8</i>
Reported EBIT	1.0	1.3	0.7	2.0	1.9	2.6	3.5	4.3
<i>EBIT margin (reported) (%)</i>	<i>9.6</i>	<i>11.1</i>	<i>5.0</i>	<i>11.5</i>	<i>8.5</i>	<i>8.8</i>	<i>10.1</i>	<i>10.8</i>
Net financials	-0.2	-0.2	-0.2	-0.2	-1.0	-0.1	-0.1	0.0
Pre-tax profit	0.8	1.1	0.5	1.8	0.9	2.5	3.4	4.3
Taxes	-0.4	-0.3	-0.4	-0.5	-0.4	-0.5	-1.0	-1.2
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.4	0.8	0.1	1.3	0.5	2.0	2.4	3.1
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	0	0	0	1	2	2	2	3
Goodwill	8	7	8	7	12	11	9	8
Right of use assets	0	0	0	0	0	0	0	0
Inventory	0	0	0	0	0	0	0	0
Receivables	3	2	3	3	5	6	7	8
Liquid funds	0	1	1	1	1	2	4	4
Total assets	11	10	12	12	20	22	23	23
Liabilities								
Shareholder's equity	2	3	3	5	12	13	14	15
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	0	0	0
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	6	5	6	4	3	3	2	0
Non-interest bearing current liabilities	3	2	3	3	5	6	7	9
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	11	10	12	12	20	22	23	23
CASH FLOW, EURm								
+ EBITDA	2	2	2	3	3	5	5	6
- Net financial items	0	0	0	0	-1	0	0	0
- Taxes	0	0	0	0	0	-1	-1	-1
- Increase in Net Working Capital	1	0	0	-1	0	0	0	0
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	2	2	1	2	2	4	4	5
- Capex	-9	0	0	0	-8	-1	-1	-1
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-6	2	1	2	-6	3	4	5
+/- New issues/buybacks	-1	0	1	1	7	0	0	0
- Paid dividend	0	0	0	0	-1	-1	-2	-2
+/- Other	6	-1	-2	-2	-1	-1	-1	-2
Change in cash	-2	1	0	1	0	1	2	0

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	0	0	0	49	47	47	47
Net debt (excl. convertibles)	4	5	3	2	0	-2	-4
Enterprise value	4	5	3	51	47	45	43
Sales	12	13	18	22	30	35	40
EBITDA	2	2	3	3	5	5	6
EBIT	1	1	2	2	3	4	4
Pre-tax	1	0	2	1	3	3	4
Earnings	1	0	1	1	2	2	3
Equity book value (excl. minorities)	3	3	5	12	13	14	15
Valuation multiples							
EV/sales	0.4	0.4	0.2	2.3	1.6	1.3	1.1
EV/EBITDA	1.9	2.8	0.8	15.1	10.5	8.3	6.7
EV/EBITA	2.0	3.0	0.9	16.4	11.2	8.8	7.2
EV/EBIT	3.2	7.1	1.4	27.0	18.1	12.9	9.9
EV/OCF	2.4	3.5	1.3	22.8	12.1	10.4	8.3
EV/FCFF	2.0	-250.9	1.6	-9.6	13.6	11.5	9.3
P/FCFE	0.0	0.0	0.0	-8.0	14.0	12.3	10.4
P/E	0.0	0.0	0.0	93.1	23.4	19.6	15.2
P/B	0.0	0.0	0.0	4.0	3.6	3.4	3.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	11.0	8.8	7.1
Target EV/EBIT	0.0	0.0	0.0	0.0	19.0	13.6	10.5
Target EV/FCF	0.0	0.0	0.0	0.0	14.7	12.4	10.0
Target P/B	0.0	0.0	0.0	0.0	3.8	3.6	3.4
Target P/E	0.0	0.0	0.0	0.0	24.7	20.6	16.0
Per share measures							
Number of shares	32,000	8,500	9,000	11,535	11,535	11,535	11,535
Number of shares (diluted)	32,000	8,500	9,000	11,535	11,535	11,535	11,535
EPS	0.02	0.02	0.15	0.05	0.17	0.21	0.27
Operating cash flow per share	0.06	0.16	0.23	0.20	0.34	0.38	0.45
Free cash flow per share	0.06	0.13	0.20	-0.53	0.29	0.33	0.39
Book value per share	0.08	0.38	0.56	1.07	1.13	1.19	1.28
Dividend per share	0.01	0.05	0.08	0.11	0.15	0.18	0.20
Dividend payout ratio, %	51.8	309.8	57.7	239.9	84.1	85.0	76.4
Dividend yield, %	0.0	0.0	0.0	2.7	3.6	4.3	5.0
FCF yield, %	0.0	0.0	0.0	-12.5	7.2	8.2	9.6
Efficiency measures							
ROE	33.6	4.7	31.5	6.1	15.9	18.0	21.7
ROCE	16.7	8.3	22.5	15.5	16.8	22.4	28.2
Financial ratios							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	16.5	19.3	17.9	21.4	21.4	21.4	21.4
Non-interest bearing liabilities as % of sales	17.1	23.2	16.7	21.5	21.5	21.5	21.5
NWC/sales, %	-0.6	-3.9	1.2	-0.1	-0.1	-0.1	-0.1
Operative CAPEX/sales, %	-1.0	2.0	1.6	37.5	1.8	1.5	1.5
CAPEX/sales (incl. acquisitions), %	-1.0	2.0	1.6	37.5	1.8	1.5	1.5
FCFF/EBITDA	0.9	0.0	0.5	-1.6	0.8	0.7	0.7
Net debt/EBITDA, book-weighted	1.9	2.8	0.8	0.7	0.0	-0.4	-0.7
Debt/equity, market-weighted	0.0	0.0	0.0	0.1	0.1	0.0	0.0
Equity ratio, book-weighted	26.6	27.3	41.9	60.6	59.5	59.3	63.4
Gearing, %	165.3	148.9	54.1	18.3	1.0	-14.7	-30.4

COMPANY DESCRIPTION: Netum is a Finland-based strongly growing IT services company with over 20 years of experience of demanding IT projects. Netum employs over 200 IT professionals in Helsinki, Tampere, Turku, and Pori. The company's services include digital service development, continuity services, integration services, cyber security solutions, and IT management consulting. In addition, the company has two SaaS software solutions, Truugo (message validation platform) and Netum DUX (IT asset management).

INVESTMENT CASE: Netum has experienced clearly profitable growth in recent years and is set to continue to grow well into double-digit figures. The solid organic growth from a good demand and successful recruitments has recently been further boosted by a pick up in M&A activity. Margins are already at good levels and further improvements in the near-term are likely to be minor as frontloaded growth investments convert to revenue.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Matti Mujunen	1,965,000	8.017	17.0%
Cascade Oy	1,451,212	5.921	12.6%
Osaamo Oy	1,352,000	5.516	11.7%
Aloma Oy	1,300,000	5.304	11.3%
Jari Lilja	757,808	3.092	6.6%
Oy Fincorp Ab	571,891	2.333	5.0%
Ilmarinen Mutual Pension Insurance Company	467,500	1.907	4.1%
Olli Savolainen	397,808	1.623	3.4%
Tero Nummijärvi	232,409	0.948	2.0%
Leskinen Juha-Pekka Sakari	212,808	0.868	1.8%
Ten largest	8,708,436	35.530	75%
Residual	2,826,564	11.532	25%
Total	11,535,000	47.063	100%

EARNINGS CALENDAR	
August 24, 2022	Q2 report
OTHER EVENTS	
March 09, 2022	AGM

COMPANY MISCELLANEOUS	
CEO: Matti Mujunen	Yliopistonkatu 58 B, 33100 Tampere
CFO: Pekka Levänen	Tel:
IR:	

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

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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.

Recommendation	Percentage
Sell	15%
Hold	58%
Buy	27%

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

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