

Q4 result below expectations, outlook provided

SSH Q4 result was below our expectations. On a positive, company is providing business outlook for 2019 and medium term.

- Q4 net sales totaled EUR 6.4 million (7.2m our expectation)
- Software fees were EUR 2.1 million (2.9m Evli), Professional services were EUR 2.1 million (2.0m Evli), and Recurring revenue was EUR 2.2 million (2.3m Evli)
- Q4 operating profit was EUR 1.3 million (1.8m our expectation)
- EPS was 0.03 (vs. 0.04 our estimate)
- Business outlook for 2019: SSH expects double digit percentage growth from software business (software fees, professional services, and recurring revenue) at comparable exchange rates, exceeding the projected annual cyber security market growth of approximately 10 %.
- In the medium term, SSH expects similar or faster growth and will also explore avenues for accelerated growth through inorganic growth opportunities. Possible significant quarterly variation in revenue growth is still to be expected due to timing of larger deals over the financial year.

Rating	HOLD
Share price, EUR (Last trading day's closing price)	1.87
Target price, EUR	1.8
Latest change in recommendation	22-Mar-18
Latest report on company	7-Feb-19
Research paid by issuer:	YES
No. of shares outstanding, '000's	38,570
No. of shares fully diluted, '000's	38,570
Market cap, EURm	72
Free float, %	-
Exchange rate EUR/USD	-
Reuters code	SSH1C.HE
Bloomberg code	SS1V FH
Average daily volume, EURm	-
Next interim report	17-Apr-19
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BUY HOLD SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2016	15	-11	-71.5%	-11	-0.35	-5.6	4.7	-7.7	-6.6	0.00
2017	16	-2	-10.5%	-2	-0.08	-21.9	4.1	93.2	-39.1	0.00
2018E	19	1	5.1%	1	0.00	-2,060.7	3.6	20.6	71.3	0.00
2019E	20	0	-0.6%	-1	-0.04	-50.6	3.5	45.8	-550.4	0.00
2020E	23	0	1.2%	0	0.00	-484.4	3.0	27.5	252.4	0.00
Market cap, EURm				72	BV per share 2018E, EUR		0.0	CAGR EPS 2017-20, %		-63.7
Net debt 2018E, EURm				-3	Price/book 2018E		57.0	CAGR sales 2017-20, %		12.6
Enterprise value, EURm				69	Dividend yield 2018E, %		0.0	ROE 2018E, %		-3.2
Total assets 2018E, EURm				25	Tax rate 2018E, %		0.0	ROCE 2018E, %		7.4
Goodwill 2018E, EURm				0	Equity ratio 2018E, %		5.0	PEG, P/E 18/CAGR		0.0

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

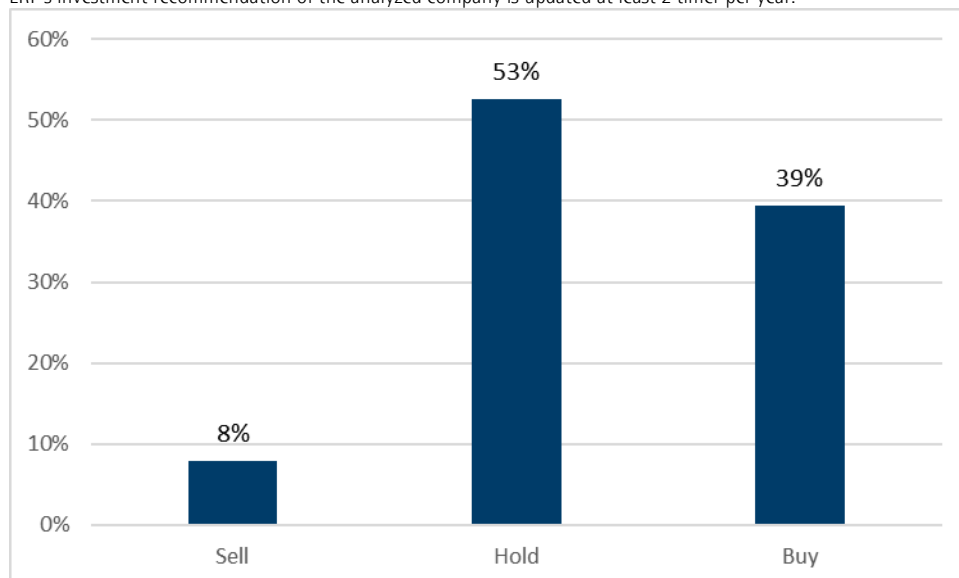
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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



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): Forslund

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February 12, 2019



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