Corporate Research

Siili Solutions

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Results Analysis	IT/Technology	Finland	28 October 2020

Core also affected by COVID-19

For Siili, the negative impacts of COVID-19 materialised later than we had expected. However, our investment case remains intact and despite the COVID volatility the long-term outlook remains attractive for digital IT services. As a medium-sized player with a clear digital focus, Siili remains in a good position to capture its share of a growing market. Having cut our estimates, we reduce our fair value range to EUR 13-15.

Growth slowed down on COVID and Siili Auto

After very resilient H1 performance, Siili's Core operations were hit by the effects of COVID-19. With customers downsizing projects and holding back on launching new projects, the growth in Siili Core flattened and the negative impact hit later than we had assumed. However, we remind that Q3 is a seasonally quiet quarter from which we cannot draw far-reaching conclusions. We also remain confident that demand on the Automotive side will cheer up after few months of normalised car sales and that growth will normalise in 2021.

More on new strategy in touch with the CMD on 3 November

Siili is reshaping its strategy. It aims to accelerate its international growth and focus on developing the digital experience. We continue to believe that the digital transformation market continues to grow rapidly. Although COVID-19 may cause temporary hiccups it will in the end create more demand for digital services. Accelerating international growth may come at the cost of profitability. However, we wait for the company to say more about the plan at next week's capital markets day before making any judgements.

Fair value range down to EUR 13-15

We have cut our 2020 and 2021 EBITA estimates by 12% and 10% respectively. However, we find the company should benefit from market growth and hence our long-term estimates remain broadly intact. Our DCF valuation is slightly down to EUR 15 and we cut our fair value range by EUR 1.0 to EUR 13-15.

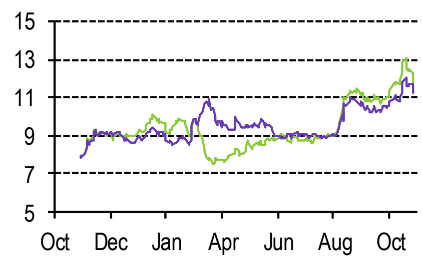
Key Data (2020E)

Price (EUR)	11.70
Reuters	SIILI.HE
Bloomberg	SIILI FH
Market cap (EURm)	82
Market cap (USDm)	97
Market cap (EURm)	82
Net debt (EURm)	(3)
Net gearing	(10%)
Net debt/EBITDA (x)	(0.3)
Shares fully dil. (m)	7.0
Avg daily turnover (m)	0.0
Free float	52%

Estimate Revisions (%)

	2020E	2021E	2022E
Revenues	(4)	(7)	(7)
Adj. EBIT	(15)	(12)	(7)
Adj. EPS	(12)	(10)	(6)

Share Price (12M)



Absolute (green) / Relative to Finland (purple).

Marketing communication commissioned by:
Siili Solutions

Financials (EUR)

Year end: Dec	2018	2019	2020E	2021E	2022E
Revenues (m)	70	81	84	90	98
Adj. EBIT	2	4	5	7	9
Pre-tax profit (m)	2	3	7	6	8
EPS	0.23	0.36	0.85	0.69	0.94
Adj. EPS	0.35	0.57	0.65	0.89	1.14
DPS	0.23	0.36	0.35	0.45	0.50
Revenue growth (%)	21.7	14.4	3.9	7.1	9.1
Adj. EBIT growth (%)	(50.8)	51.3	20.6	44.5	33.0
Adj. EPS growth (%)	(43.4)	62.3	14.2	36.9	28.3
Adj. EBIT margin (%)	3.5	4.6	5.4	7.3	8.8
ROE (%)	7.8	12.7	26.6	19.2	23.5
ROCE (%)	9.0	10.4	11.6	16.8	22.6
PER (x)	23.0	16.0	17.9	13.1	10.2
Free cash flow yield (%)	2.2	10.1	8.8	8.3	10.6
Dividend yield (%)	2.8	3.9	3.0	3.8	4.3
P/BV (x)	2.89	3.10	3.42	3.11	2.75
EV/Sales (x)	0.86	0.86	0.95	0.84	0.71
EV/Adj. EBITDA (x)	14.6	9.8	9.5	7.3	5.6
EV/Adj. EBIT (x)	24.4	18.7	17.6	11.5	8.0
Operating cash flow/EV (%)	3.5	10.0	10.3	11.8	15.3
Net debt/Adj. EBITDA (x)	0.86	0.82	(0.30)	(0.67)	(0.99)

Source for all data on this page: SEB (estimates) and Millistream/Thomson Reuters (prices)

Estimate changes

Due to the relatively large deviation in Q3 sales our 2020 sales estimate is down by 4%. We also assume that COVID effects will weigh on H1/21 growth and thus cut our 2021 sales estimate by 7%. The company's headcount is down 9% y/y and hence the negative sales impact should be mitigated on the EBITA line. Nevertheless, our EBITA estimates for 2020 and 2021 are down by 12% and 10%, respectively.

Estimate changes

	New estimates			Old estimates			Difference (%)		
(EURm)	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
Sales	83.7	89.6	97.8	87.1	96.4	105.2	-3.9	-7.0	-7.0
EBITDA	8.3	10.3	12.5	9.1	11.2	13.2	-8.9	-8.1	-5.1
EBITA	5.9	7.9	10.1	6.7	8.8	10.7	-12.1	-10.3	-6.3
EBITA margin (%)	7.1	8.8	10.3	7.7	9.2	10.2	-0.7pp	-0.3pp	0.1pp
EBIT	4.5	6.5	8.6	5.3	7.4	9.3	-15.3	-12.3	-7.2
EPS	0.85	0.69	0.94	0.94	0.79	1.02	-9.8	-13.0	-7.5

Source: SEB

Valuation

After our estimate downgrades our DCF valuation for Siili declines to EUR 15 (previously EUR 16). In our DCF horizon our sales estimates down slightly due to the negative short-term revisions (10-year CAGR of 6.5%), but we have kept our profitability estimates intact as we find no reason why Siili would not reach the industry profitability after few years' of growth. Comparing Siili's current valuation to small Nordic IT service providers we note that the EV/EBIT discount for 2020 has narrowed after our estimate downgrades. However, with a 2020E EV/EBITDA of 9.5x the company trades still with at a discount to peers' median of 14.0x. We think that EV/EBITDA is a more reasonable multiple for Siili because purchase price amortizations dent EBIT. All in all, we lower our fair value range for Siili to EUR 13-15 (from EUR 14-16).

DCF summary

DCF valuation (EURm)		**Weighted average cost of capital (%)**	
NPV of FCF in explicit forecast period	53	Risk free interest rate	2.5
NPV of continuing value	47	Risk premium	7.0
Value of operation	**99**	**Cost of equity**	**9.5**
Net debt	(2)	**After tax cost of debt**	**1.8**
Share issue/buy-back in forecast period	-		
Value of associated companies	-	**WACC**	**9.5**
Value of minority shareholders' equity	-		
Value of marketable assets	-	**Assumptions**	
DCF value of equity	**102**	Number of forecast years	10
DCF value per share (EUR)	**15**	EBIT margin - steady state (%)	8.1
Current share price (EUR)	12.25	EBIT multiple - steady state (x)	8.4
DCF performance potential (%)	19	Continuing value (% of NPV)	46.8

Source: SEB

DCF assumption details

(EURm)	**2020E**	**2021E**	**2022E**	**2023E**	**2024E**	**Average year 6**	**Average year 7-8**	**Average year 9-10**
Sales growth (%)	3.9	7.1	9.1	7.9	7.4	6.9	6.1	5.1
EBITDA margin (%)	10.0	11.5	12.8	12.5	12.5	12.5	12.5	12.0
EBIT margin (%)	5.4	7.3	8.8	8.7	8.8	8.9	9.0	8.6
Gross capital expenditures as % of sales	(4.3)	2.2	2.0	2.0	2.0	2.0	2.0	2.0
Working capital as % of sales	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)
Sales	84	90	98	105	113	121	133	147
Depreciation	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(4)
Intangibles amortisation	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
EBIT	5	7	9	9	10	11	12	13
Taxes on EBIT	(2)	(2)	(3)	(3)	(3)	(4)	(4)	(4)
Increase in deferred taxes	0	0	0	0	0	0	0	0
NOPLAT	**4**	**6**	**7**	**7**	**8**	**9**	**9**	**10**
Gross capital expenditure	4	(2)	(2)	(2)	(2)	(2)	(3)	(3)
Increase in working capital	0	0	0	0	0	0	0	0
Free cash flow	**10**	**6**	**8**	**8**	**9**	**9**	**10**	**11**
ROIC (%)	10.6	14.5	18.5	20.6	23.5	26.9	33.0	41.5
ROIC-WACC (%)	1.1	5.0	9.0	11.1	14.0	17.4	23.5	32.0
Share of total net present value (%)	0.0	5.8	6.6	6.4	6.3	6.1	11.7	10.3

Source: SEB

Peer group valuation 1

Nordic small IT Service companies	Ccy	Price lcl ccy	Mkt Cap (EURm)	PER(x) 2020E	PER(x) 2021E	PER(x) 2022E	EV/Sales 2020E	EV/Sales 2021E	EV/Sales 2022E	Exp. Sales Growth 2020E	Exp. Sales Growth 2021E	Exp. Sales Growth 2022E
NNIT A/S	DKK	119.8	402.5	22.2	17.0	16.0	1.2	1.1	1.0	-7.0%	2.8%	4.5%
WEBSTEP ASA	NOK	22.0	54.9	14.2	13.4	na	0.9	0.8	na	4.2%	3.8%	na
BOUVET ASA	NOK	620.0	588.3	27.8	25.3	22.7	2.5	2.3	2.1	11.8%	11.0%	9.6%
KNOW IT AB	SEK	253.0	473.6	20.0	17.7	16.4	1.4	1.2	1.1	1.7%	13.5%	4.9%
HIQ INTERNATIONAL AB	SEK	72.1	391.5	28.0	24.5	22.3	2.1	2.0	1.9	-4.0%	4.0%	5.1%
ADDNODE GROUP AB	SEK	223.5	726.4	31.6	25.2	23.0	2.0	1.8	1.7	14.4%	6.9%	3.0%
B3 CONSULTING GROUP AB	SEK	48.1	38.4	na	na	na	na	na	na	na	na	na
VINCIT OYJ	EUR	6.4	77.8	15.6	na	na	na	na	na	0.1	na	na
DIGIA OYJ	EUR	6.7	180.3	19.0	18.8	16.7	1.4	1.3	1.1	7.5%	4.4%	6.3%
GOFORE OYJ	EUR	13.9	195.1	29.3	24.8	22.2	2.4	2.1	1.9	18.9%	8.9%	10.4%
Average				**23.1**	**20.8**	**19.9**	**1.7**	**1.6**	**1.5**	**6.6%**	**6.9%**	**6.3%**
Median				**22.2**	**21.6**	**22.2**	**1.7**	**1.5**	**1.7**	**7.5%**	**5.6%**	**5.1%**
SIILI SOLUTIONS - SEB est.	**EUR**	**11.7**	**81.9**	**13.8**	**16.9**	**12.4**	**0.9**	**0.8**	**0.7**	**14.4%**	**3.9%**	**7.1%**

Source: SEB, Bloomberg

Peer group valuation 2

Nordic small IT Service companies	EV/EBITDA 2020E	EV/EBITDA 2021E	EV/EBITDA 2022E	EV/EBIT 2020E	EV/EBIT 2021E	EV/EBIT 2022E	EBIT margin (%) 2020E	EBIT margin (%) 2021E	EBIT margin (%) 2022E	Share price performance (%) -1M	Share price performance (%) -3M	Share price performance (%) -12M
NNIT A/S	8.1	6.8	6.5	20.1	14.0	12.9	5.7%	7.8%	7.9%	-6.1	-2.6	32.0
WEBSTEP ASA	8.6	8.1	na	10.9	10.4	na	7.9%	7.9%	na	9.1	28.1	-1.0
BOUVET ASA	16.3	14.8	13.3	20.4	18.5	16.4	12.4%	12.2%	12.6%	6.2	16.5	111.4
KNOW IT AB	12.1	10.3	9.1	15.5	12.9	11.2	9.1%	9.3%	9.9%	9.3	37.5	34.6
HIQ INTERNATIONAL AB	16.0	14.3	13.1	19.9	17.3	15.6	10.5%	11.6%	12.1%	0.4	34.5	49.9
ADDNODE GROUP AB	18.3	14.5	13.6	37.2	25.1	22.3	5.3%	7.2%	7.7%	7.7	12.5	33.4
B3 CONSULTING GROUP AB	na	na	na	na	na	na	na	na	na	-3.6	20.3	5.5
VINCIT OYJ	na	na	na	na	na	na	na	na	na	9.2	41.8	28.8
DIGIA OYJ	11.2	10.3	9.1	16.9	14.7	12.7	8.0%	8.5%	9.0%	13.1	29.7	85.9
GOFORE OYJ	18.5	16.1	13.4	20.9	18.8	16.1	11.5%	11.4%	11.6%	33.7	74.2	87.9
Average	**13.6**	**11.9**	**11.2**	**20.2**	**16.5**	**15.3**	**8.8%**	**9.5%**	**10.1%**	**7.9**	**29.3**	**46.8**
Median	**14.0**	**12.3**	**13.1**	**20.0**	**16.0**	**15.6**	**8.6%**	**8.9%**	**9.9%**	**8.4**	**28.9**	**34.0**
SIILI SOLUTIONS - SEB est.	**9.5**	**7.3**	**5.6**	17.6	11.5	8.0	5.2%	6.7%	8.3%	6.4	32.2	51.1

Source: SEB, Bloomberg

Estimates

Semi-annual and quarterly estimates

(EURm)	Semi-annuals H1/18	H2/18	H1/19	H2/19	H1/20	H2/20E	Quarterly Q1/20	Q2/20	Q3/20E	Q4/20E
Net sales	**34.2**	**36.2**	**40.7**	**39.8**	**44.0**	**39.6**	**22.6**	**21.4**	**17.0**	**22.6**
Sales Growth	17.9%	25.6%	19.1%	10.1%	8.2%	-0.5%	11.5%	4.7%	-3.1%	1.6%
External Services	-6.2	-6.7	-7.1	-7.7	-8.3	-7.9				
Of sales	*18.1%*	*18.6%*	*17.3%*	*19.4%*	*18.9%*	*20.0%*				
Personnel costs	-21.0	-22.5	-25.6	-24.3	-27.6	-23.6				
Of sales	*61.6%*	*62.2%*	*62.9%*	*60.9%*	*62.7%*	*59.6%*				
Other costs	-4.8	-5.2	-4.7	-4.5	-3.9	-4.3				
Of sales	*42.6%*	*46.9%*	*-2.7%*	*-13.8%*	*-18.0%*	*-5.0%*				
Total expenses	**-34.5**	**-37.4**	**-36.5**	**-39.8**	**-35.9**	**-40.9**				
EBITDA	**2.3**	**1.8**	**3.5**	**3.6**	**4.4**	**3.9**				
EBITDA %	6.7%	5.0%	8.7%	8.9%	10.0%	9.8%				
Depreciation	-0.4	-0.4	-0.9	-1.0	-1.2	-1.2				
EBITA	**1.9**	**1.4**	**2.6**	**2.6**	**3.2**	**2.7**	**1.6**	**1.6**	**1.1**	**1.6**
EBITA %	5.6%	3.9%	6.4%	6.4%	7.3%	6.8%	7.2%	7.5%	7.2%	8.5%
Amortisation	-0.2	-0.7	-0.7	-0.7	-0.7	-0.7				
EBIT	**1.7**	**0.7**	**1.9**	**1.9**	**2.5**	**2.0**				
EBIT%	5.0%	2.1%	4.6%	4.7%	5.7%	5.0%				
Pre-tax profit	**1.7**	**0.6**	**1.7**	**1.6**	**5.1**	**1.8**				
Net profit	**1.3**	**0.2**	**1.3**	**1.2**	**4.5**	**1.4**				
EPS (EUR)	**0.19**	**0.03**	**0.19**	**0.17**	**0.64**	**0.20**				

Source: SEB

Annual estimates

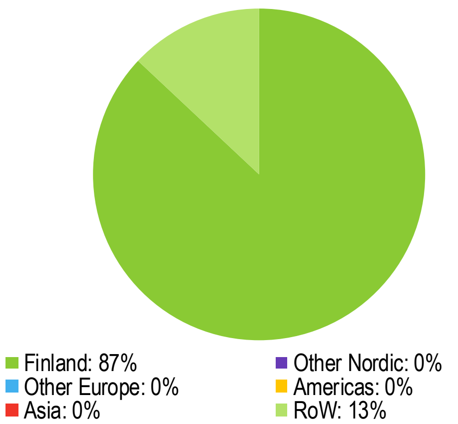
(EURm)	2016	2017	2018	2019	2020E	2021E	2022E
Net sales	**48.4**	**57.8**	**70.4**	**80.5**	**83.7**	**89.6**	**97.8**
Sales Growth	15.6%	19.4%	21.7%	14.4%	3.9%	7.1%	9.1%
External Services	-7.8	-10.1	-12.9	-14.8	-16.2	-17.4	-19.0
Of sales	*-16.2%*	*-17.5%*	*-18.3%*	*-18.4%*	*-19.4%*	*-19.4%*	*-19.4%*
Personnel costs	-30.4	-35.1	-43.6	-49.9	-51.2	-53.1	-57.2
Of sales	*-62.8%*	*-60.8%*	*-61.9%*	*-62.0%*	*-61.2%*	*-59.2%*	*-58.5%*
Other costs	-5.5	-7.0	-10.1	-9.2	-8.1	-9.0	-9.3
Of sales	*-11.3%*	*-12.0%*	*-14.3%*	*-11.4%*	*-9.7%*	*-10.0%*	*-9.5%*
Total expenses	**-43.7**	**-52.2**	**-66.5**	**-73.9**	**-75.6**	**-79.5**	**-85.5**
EBITDA	**4.8**	**5.8**	**4.1**	**7.1**	**8.3**	**10.3**	**12.5**
EBITDA %	9.9%	10.0%	5.8%	8.8%	10.0%	11.5%	12.8%
Depreciation	-0.3	-0.4	-0.8	-1.9	-2.4	-2.4	-2.4
EBITA	**4.5**	**5.4**	**3.3**	**5.2**	**5.9**	**7.9**	**10.1**
EBITA %	9.2%	9.3%	4.8%	6.4%	7.1%	8.8%	10.3%
Amortisation	-0.3	-0.4	-0.9	-1.5	-1.4	-1.4	-1.4
EBIT	**4.1**	**5.0**	**2.5**	**3.7**	**4.5**	**6.5**	**8.6**
EBIT%	8.6%	8.7%	3.5%	4.6%	5.2%	6.7%	8.3%
Pre-tax profit	**4.0**	**5.0**	**2.3**	**3.3**	**6.9**	**6.1**	**8.3**
Net profit	**3.2**	**4.0**	**1.6**	**2.5**	**5.9**	**4.8**	**6.6**
EPS (EUR)	**0.48**	**0.57**	**0.23**	**0.36**	**0.85**	**0.69**	**0.94**

Source: SEB

Overview

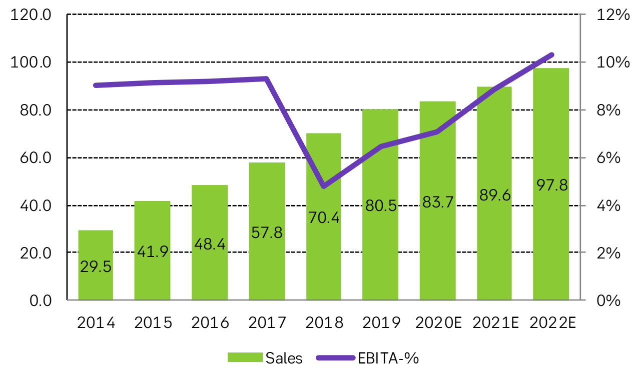
Investment case	We believe Siili can grow its core business at a steady rate close to or slightly outpacing the market. A key growth driver will be Portfolio units, most notably Siili auto and Vala Group. We are persuaded by Siili's ability to create new a knowhow nucleus in Core and foster this gradually in its independent Portfolio units. We model an incremental profitability improvement driven by higher utilization rate particularly in Siili auto and Core.
Company profile	Siili is a small cap Finnish IT services company. The company divides its business into Core and Portfolio. Core consists of modern IT Services focusing on digital solutions. Portfolio is composed of independent units and it offers more specialized services. Siili's largest client verticals are the public sector and finance sector in Finland. The company serves international clients mainly through Siili Auto.
Valuation approach	Our multiple valuation for Siili Solutions is based on EV/EBITDA. By benchmarking the peer valuation multiples, we find a fair value of EUR 12-14. In DCF using WACC of 9.5%, and a declining sales growth profile and improving EBITDA margin profile we get a value per share of EUR 15.
Risks	Siili's growth is dependent on its ability to hire more employees and get more sales out of existing ones to ensure high utilization rate. Finding talented programmers and developers with specialized skills is challenging and, in our view, will not get any easier. Without new hires growth will stop. Prolonged COVID-19 restrictions would pause in Siili's growth story and especially Siili Auto sales could tumble on customers' weakened situation.

Revenues by region



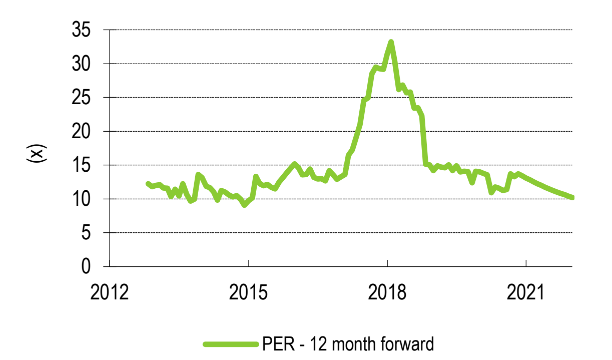
Source: SEB

Sales and EBITA-%



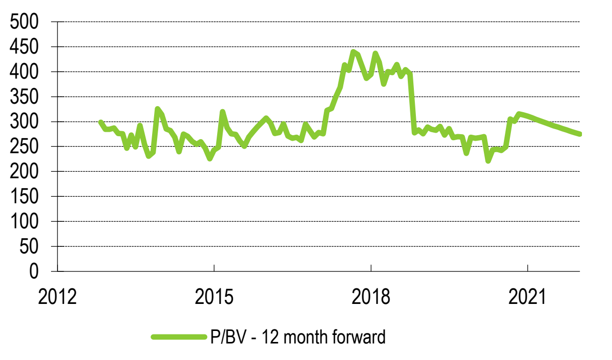
Source: SEB

PER - 12 month forward



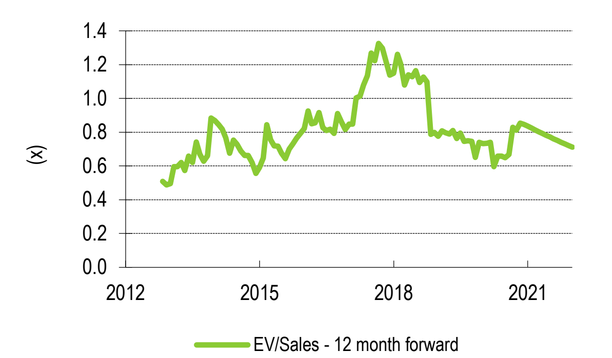
Source: SEB

P/BV - 12 month forward



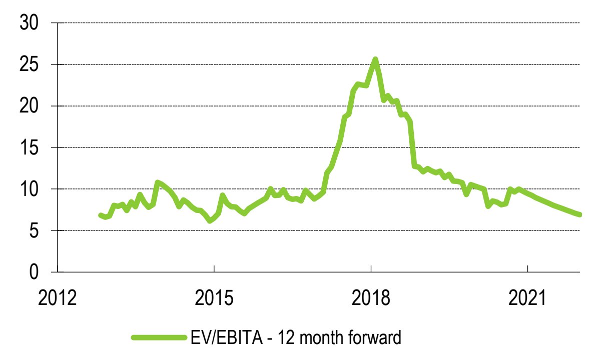
Source: SEB

EV/Sales - 12 month forward



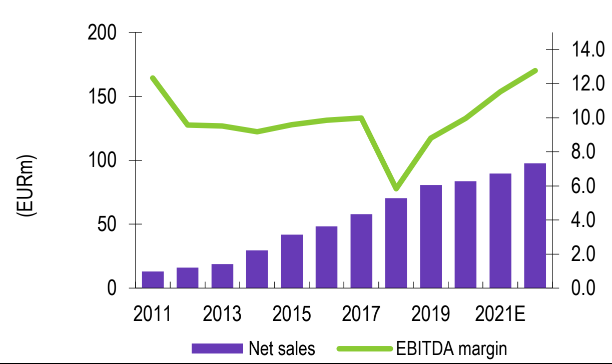
Source: SEB

EV/EBITA - 12 month forward



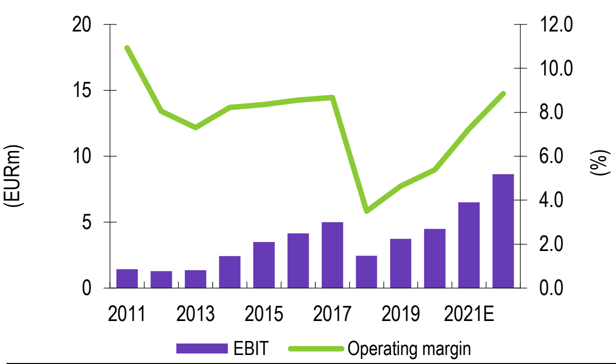
Source: SEB

Net sales & EBITDA margin



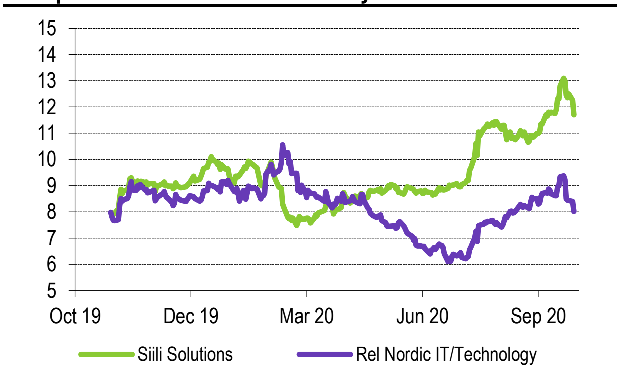
Source: SEB

EBIT & Operating margin



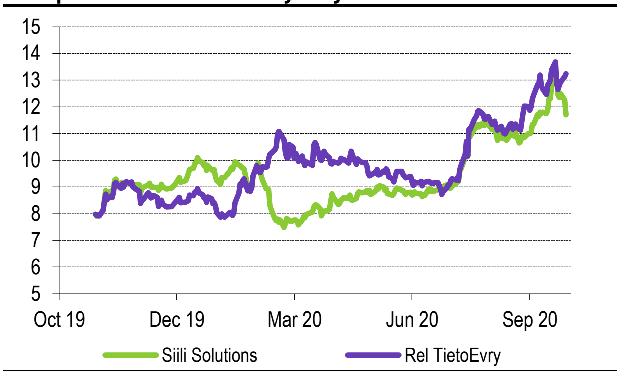
Source: SEB

Comparison with sector index - 1 year



Source: SIX

Comparison with TietoEvry - 1 year



Source: SIX

Profit & loss statement - Siili Solutions

(EURm)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Net Sales	13	16	19	29	42	48	58	70	81	84	90	98
Other revenues	0	0	0	0	0	0	0	0	0	0	0	0
Total revenues	**13**	**16**	**19**	**29**	**42**	**48**	**58**	**70**	**81**	**84**	**90**	**98**
Total expenses	(12)	(15)	(17)	(27)	(38)	(44)	(52)	(66)	(73)	(75)	(79)	(85)
Profit before depreciation	**2**	**2**	**2**	**3**	**4**	**5**	**6**	**4**	**7**	**8**	**10**	**12**
Depreciation - Fixed assets	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)	(2)	(2)	(2)	(2)
Depreciation - Other assets	0	0	0	0	0	0	0	0	0	0	0	0
Amortisation - Goodwill	0	0	0	0	0	0	0	0	0	0	0	0
Amortisation - Other intangibles	0	0	0	0	(0)	(0)	(0)	(1)	(1)	(1)	(1)	(1)
Operating profit	**1**	**1**	**1**	**2**	**4**	**4**	**5**	**2**	**4**	**5**	**7**	**9**
Net interest expenses	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Foreign exchange items	0	0	0	0	0	0	0	0	0	0	0	0
Other financial items	0	0	0	0	0	0	0	0	0	0	0	0
Value changes - Fixed assets	0	0	0	0	0	0	0	0	0	3	0	0
Value changes - Financial assets	0	0	0	0	0	0	0	0	0	0	0	0
Value changes - Other assets	0	0	0	0	0	0	0	0	0	0	0	0
Reported pre-tax profit	**1**	**1**	**1**	**2**	**3**	**4**	**5**	**2**	**3**	**7**	**6**	**8**
Minority interests	0	0	0	0	0	0	0	0	0	0	0	0
Total taxes	(0)	(0)	(0)	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)
Reported profit after tax	**1**	**1**	**1**	**2**	**2**	**3**	**4**	**2**	**3**	**6**	**5**	**7**
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0	0
Extraordinary items	0	0	0	0	0	0	0	0	0	0	0	0
Net Profit	**1**	**1**	**1**	**2**	**2**	**3**	**4**	**2**	**3**	**6**	**5**	**7**
Adjustments:												
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0	0
Interest on convertible debt	0	0	0	0	0	0	0	0	0	0	0	0
Minority interests (IFRS)	0	0	0	0	0	0	0	0	0	0	0	0
Value changes	0	0	0	0	0	0	0	0	0	(3)	0	0
Goodwill/intangibles amortisations	0	0	0	0	0	0	0	1	1	1	1	1
Restructuring charges	0	0	0	0	0	0	0	0	0	0	0	0
Other adjustments	0	0	0	0	0	0	0	0	0	0	0	0
Tax effect of adjustments	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted profit after tax	**1**	**1**	**1**	**2**	**3**	**3**	**4**	**2**	**4**	**5**	**6**	**8**
Margins, tax & returns												
Operating margin	10.9	8.0	7.3	8.2	8.4	8.6	8.7	3.5	4.6	5.4	7.3	8.8
Pre-tax margin	10.9	6.6	7.3	7.5	7.5	8.3	8.6	3.3	4.1	8.3	6.8	8.5
Tax rate	29.1	28.5	23.8	21.0	22.2	20.9	20.5	31.7	23.1	14.6	21.0	21.0
ROE	155.4	36.8	28.0	28.6	25.8	21.7	20.5	7.8	12.7	26.6	19.2	23.5
ROCE	169.1	56.9	37.0	25.0	23.3	24.2	24.7	9.0	10.4	11.6	16.8	22.6
Growth rates y-o-y (%)												
Total revenues	n.a.	22.1	17.0	56.9	42.0	15.6	19.4	21.7	14.4	3.9	7.1	9.1
Operating profit	n.m.	(10.2)	6.3	76.5	44.4	18.3	20.9	(50.8)	51.3	20.6	44.5	33.0
Pre-tax profit	n.m.	(25.3)	28.2	62.8	41.9	27.2	24.2	(53.7)	43.0	109.9	(12.0)	36.6
EPS (adjusted)	0.0	(32.9)	17.6	54.0	44.3	12.4	17.9	(43.4)	62.3	14.2	36.9	28.3

Cash flow

(EURm)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Net profit	1	1	1	2	2	3	4	2	3	6	5	7
Non-cash adjustments	0	0	1	0	1	1	1	1	2	2	4	4
Cash flow before work cap	**1**	**1**	**2**	**2**	**3**	**4**	**5**	**3**	**5**	**8**	**9**	**10**
Ch. in working capital / Other	0	(0)	0	0	1	1	0	(1)	2	0	0	0
Operating cash flow	**2**	**1**	**2**	**2**	**4**	**5**	**5**	**2**	**7**	**8**	**9**	**11**
Capital expenditures	(0)	(0)	(0)	(0)	(0)	(1)	(1)	(1)	(0)	(1)	(2)	(2)
Asset disposals	0	0	0	0	0	0	0	0	0	5	0	0
L/T financial investments	0	0	0	0	0	0	0	0	0	0	0	0
Acquisitions / adjustments	(0)	0	(1)	(2)	(1)	(1)	(2)	(5)	(0)	0	0	0
Free cash flow	**1**	**1**	**1**	**(0)**	**2**	**3**	**2**	**(3)**	**6**	**12**	**7**	**9**
Net loan proceeds	0	(0)	0	2	(0)	0	(0)	7	(3)	(3)	(3)	(3)
Dividend paid	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(3)	(2)	(3)	(2)	(3)
Share issue	0	2	0	0	0	4	0	0	0	0	0	0
Other	0	0	0	0	0	(1)	0	0	(0)	0	0	0
Net change in cash	**0**	**1**	**0**	**1**	**1**	**5**	**(1)**	**1**	**2**	**6**	**1**	**2**
Adjustments												
C/flow bef chng in work cap	1	1	2	2	3	4	5	3	5	8	9	10
Adjustments	0	0	0	0	0	0	0	0	0	0	0	0
Int on conv debt net of tax	0	0	0	0	0	0	0	0	0	0	0	0
Cash earnings	1	1	2	2	3	4	5	3	5	8	9	10
Per share information												
Cash earnings	0.4	0.24	0.32	0.38	0.59	0.6	0.67	0.38	0.69	1.14	1.24	1.49
Operating cash flow	0.43	0.22	0.34	0.42	0.69	0.78	0.7	0.3	0.99	1.17	1.26	1.52
Free cash flow	0.37	0.16	0.19	(0.09)	0.38	0.51	0.23	(0.48)	0.87	1.69	0.97	1.24
Investment cover												
Capex/sales (%)	0.7	1.4	0.5	1.1	0.8	1.1	2.1	1.2	0.6	1.2	2.2	2.0
Capex/depreciation (%)	50	94	20	120	179	179	303	112	25	42	83	83

Source for all data on this page: SEB

Balance sheet - Siili Solutions												
(EURm)	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020E**	**2021E**	**2022E**
Cash and liquid assets	1	2	3	4	5	10	9	10	12	18	19	21
Debtors	3	3	3	6	6	9	9	13	14	15	16	17
Inventories	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	1	2	0	0	0	0	0	0	0
Current assets	**4**	**5**	**6**	**11**	**13**	**19**	**18**	**23**	**26**	**33**	**35**	**38**
Interest bearing fixed assets	0	0	0	0	0	0	0	0	0	0	0	0
Other financial assets	0	0	0	0	0	0	0	0	0	0	0	0
Capitalized development cost	0	0	0	0	0	0	0	0	0	0	0	0
Goodwill	1	1	2	9	9	9	12	19	19	19	19	19
Other intangibles	0	0	0	2	2	3	3	6	4	3	1	(0)
Fixed tangible assets	0	0	0	1	1	1	1	1	6	3	3	2
Other fixed assets	0	0	0	0	0	0	0	0	0	0	0	0
Fixed assets	**1**	**1**	**2**	**12**	**11**	**12**	**15**	**26**	**30**	**25**	**23**	**21**
Total assets	**5**	**6**	**9**	**23**	**24**	**31**	**34**	**49**	**56**	**58**	**58**	**59**
Creditors	3	3	4	7	8	11	12	14	17	17	18	20
Other trade financing	0	0	0	0	0	0	0	0	0	0	0	0
S/T interest bearing debt	0	0	0	4	3	0	0	1	3	2	2	1
Other	0	0	0	0	0	0	0	0	0	0	0	0
Current liabilities	**3**	**3**	**4**	**11**	**11**	**11**	**12**	**16**	**20**	**20**	**20**	**22**
L/T interest bearing debt	0	0	0	4	1	1	0	12	15	13	10	7
Other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0	0	0
Pension provisions	0	0	0	0	0	0	0	0	0	0	0	0
Other provisions	0	0	0	0	0	0	0	0	0	0	0	(0)
Deferred tax	0	0	0	0	0	0	0	1	1	1	1	1
Long term liabilities	**0**	**0**	**0**	**4**	**2**	**1**	**1**	**13**	**16**	**14**	**11**	**8**
Minority interests	0	0	0	0	0	0	0	0	0	0	0	0
Shareholders' equity	**1**	**3**	**5**	**8**	**11**	**18**	**21**	**20**	**21**	**24**	**26**	**30**
Total liabilities and equity	**5**	**6**	**9**	**23**	**24**	**31**	**34**	**49**	**56**	**58**	**58**	**59**
Net debt (m)	(1)	(2)	(3)	4	(1)	(9)	(8)	4	6	(3)	(7)	(12)
Working capital (m)	(0)	(0)	(0)	(0)	(0)	(2)	(2)	(2)	(2)	(3)	(3)	(3)
Capital employed (m)	2	3	5	15	15	19	22	33	38	39	38	38
Net debt/equity (%)	(62)	(75)	(56)	46	(9)	(47)	(39)	18	28	(10)	(26)	(42)
Net debt/EBITDA (x)	(0.5)	(1.4)	(1.4)	1.3	(0.3)	(1.8)	(1.4)	0.9	0.8	(0.3)	(0.7)	(1.0)
Equity/total assets (%)	26	47	54	34	48	59	61	40	37	42	46	50
Interest cover	120.1	5.7	153.0	10.5	9.4	29.5	98.9	16.1	8.8	13.0	16.5	28.3

Valuation												
(EUR)	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020E**	**2021E**	**2022E**
No of shares, fully dil. (y/e)	1.3	1.6	1.7	1.9	2.0	6.9	7.0	7.0	7.0	7.0	7.0	7.0
No of shares, fully dil. avg.	1.3	1.4	1.6	1.8	2.0	6.6	7.0	7.0	7.0	7.0	7.0	7.0
Share price, y/e		2.5	4.3	4.6	8.0	8.3	11.1	8.1	9.1	11.7	11.7	11.7
Share price, high		2.6	4.8	4.6	8.0	9.2	13.5	12.9	9.6	13.1		
Share price, low		2.4	2.5	3.5	4.5	6.9	7.9	7.5	7.9	7.5		
Share price, avg		2.5	3.1	4.2	6.2	7.8	10.8	11.0	8.8	9.5		
EPS (reported)	0.27	0.18	0.21	0.33	0.42	0.48	0.57	0.23	0.36	0.85	0.69	0.94
EPS (adjusted)	0.27	0.18	0.21	0.33	0.47	0.53	0.62	0.35	0.57	0.65	0.89	1.14
Cash earnings/share	0.40	0.24	0.32	0.38	0.59	0.60	0.67	0.38	0.69	1.14	1.24	1.49
Dividend/share	0.00	0.00	0.14	0.16	0.08	0.30	0.39	0.23	0.36	0.35	0.45	0.50
Enterprise value/share		2.1	3.8	5.2	7.8	7.0	9.9	8.6	9.9	11.3	10.7	9.9
Book value/share	0.3	0.6	0.9	1.4	1.9	2.6	3.0	2.8	2.9	3.4	3.8	4.3
Adjusted equity/share	0.3	0.6	0.9	1.4	1.9	2.6	3.0	2.8	2.9	3.4	3.8	4.3
PER (adjusted)		14.1	20.2	14.0	17.0	15.7	17.8	23.0	16.0	17.9	13.1	10.2
CEM		10.6	13.5	12.1	13.6	13.7	16.6	21.3	13.1	10.3	9.5	7.9
Dividend yield		0.0	3.2	3.4	1.0	3.6	3.5	2.8	3.9	3.0	3.8	4.3
EV/EBITDA		6.3	10.9	10.8	11.8	10.2	12.0	14.6	9.8	9.5	7.3	5.6
EV/EBITA		7.6	14.2	12.1	12.4	10.9	12.9	18.0	13.4	13.4	9.5	6.9
EV/EBIT		7.6	14.2	12.1	13.5	11.7	13.8	24.4	18.7	17.6	11.5	8.0
EV/Sales (x)		0.61	1.04	0.99	1.13	1.00	1.20	0.86	0.86	0.95	0.84	0.71
Price/Book value		4.19	4.80	3.35	4.26	3.17	3.73	2.89	3.10	3.42	3.11	2.75
Price/adjusted equity		4.19	4.80	3.35	4.26	3.17	3.73	2.89	3.10	3.42	3.11	2.75
Free cash flow/Market cap (%)		6.4	7.5	7.9	7.9	8.4	4.7	2.2	10.1	8.8	8.3	10.6
Operating cash flow/EV (%)		9.5	8.6	7.8	8.6	10.6	7.0	3.5	10.0	10.3	11.8	15.3
EV/Capital employed (x)		3.4	4.2	1.9	3.1	2.5	3.2	1.8	1.8	2.0	2.0	1.8

Main shareholders

Name	(%) Votes	Capital
Erina Oy	11.7	11.7
Elo Mutual Pension Insurance Company	9.9	9.9
Lamy Oy	8.8	8.8
Foreign owners (total)	10.0	10.0

Management

Title	Name
COB	Harry Brade
CEO	Marko Somerma
CFO	Aleksi Kankainen
IR	Hanna Seppanen

Company information

Contact	
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Source for all data on this page: SEB

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The analyst(s) responsible for this research report (jointly with their closely related persons) hold(s) 0 shares in Siili Solutions and do(es) not have holdings in other instruments related to the company.

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