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Digia

Technology

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H126 results next step on the next strategic journey

As Digia extends its horizons beyond Finland over the coming years, the group should become less exposed to the challenging current trading conditions of its home markets. It is testament to the quality of the business model that the group grew in June while waiting for a more benign demand environment.

Financials: June shows growth

Net sales for H126 were up 2.9% y-o-y at €110.7m (H125: €107.5m). Q226 sales were €54.3m (Q225: €53.7m), up 1.0% (-3.3% organic). Encouragingly, June sales were the strongest monthly sales of the year to date (+4.9% organic). H126 EBITA was down 16.7% at €6.4m (H125: €7.7m) giving an EBITA margin of 5.8% (H125: 7.1%). Q226 EBITA was €3.1m (Q225: €3.1m) with an EBITA margin of 5.8% (Q225: 5.8%). H126 earnings per share were €0.13 (H125: €0.16). Management's aim for the 2026–28 period is for annual average growth in net sales of more than 10% and an exit EBITA margin of more than 12%. For FY26 management has guided to net sales growth (from €217.0m in FY25) and operating profit (EBITA) on par with or higher than FY25's €21.3m. Management is targeting 30% of net sales outside of Finland by 2028 (currently 21.4%).

Strategy: 2026–28 strategic period begins

The group's recent capital markets day underlined the fact that, despite the current challenging market conditions, Digia has delivered over the long term. Over the last 10 years, the group has doubled in size by personnel, increasing revenues 2.7x. EBIT has tripled and EPS has risen 2.5x. Its success, which has been based on providing a comprehensive product and service offering to its broad customer base, should only be enhanced by integrating AI into its solutions, which are designed to build and support intelligent businesses.

Valuation: Investors are waiting for growth to return

Over the last 10 years, Digia has been valued in a forward EV/EBITDA range of 7–12x. It currently sits towards the bottom of this band as investors wait for the local market growth outlook to improve. However, in the meantime, the group continues to generate cash from its stable revenue base. This provides management with the option to look further afield for both organic and M&A-driven growth opportunities.

Consensus estimates

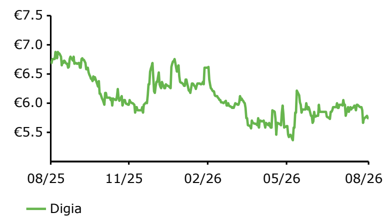
Year end	Revenue (€m)	EBITDA (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)	EV/EBITDA (x)
12/24	205.7	25.4	0.50	0.18	11.6	3.1	7.0
12/25	217.0	25.2	0.48	0.19	12.1	3.3	7.0
12/26e	221.5	24.5	0.51	0.22	11.4	3.8	7.2
12/27e	225.0	27.5	0.60	0.24	9.7	4.1	6.4

Source: LSEG Data & Analytics

Price €5.80

Market cap €156m

Share price performance



Share details

Code	DIGIA
Listing	HEL
Shares in issue	26.8m
Net cash/(debt) as at June 2026	€(21.1)m

Business description

Digia is a Finnish IT and communication technology solutions provider with a focus on mobile devices and real-time information systems.

Bull points

- Stable business model and financial performance.
- Long-term demand for business transformation solutions.
- Significant growth potential in new/smaller markets.

Bear points

- Continued uncertain short-term growth outlook in local markets.
- Execution risk associated with any potential future acquisitions.
- Recent restructuring in response to market conditions.

Analysts

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