

Scope for further earnings gains

Enersense's revenue continued to grow strong in Q3, however the ERP investment costs limited profitability potential while the segments' margins are still improving. In our view growth will stabilize while earnings climb more.

High growth, earnings are still burdened by investments

Enersense's Q3 revenue grew 46% y/y to EUR 94m, above our EUR 80m estimate as all other segments except Connectivity grew faster than we estimated. The EUR 3.9m EBITDA, however, missed our EUR 5.2m estimate. The earnings miss was attributable to the ERP investment costs as segmental profitability levels were as a group in line with our estimates. Investments in the EV charging business somewhat limited Power's profitability, and Smart Industry still has room to improve as its offshore business continues to scale up. Enersense revised its revenue guidance upwards, which wasn't a surprise given the high demand; next year's growth is likely to be much more modest, but profitability has a lot more room to gain. Enersense's guidance leaves the range for Q4 EBITDA rather wide (including wind farm projects within Power) as investments continue while there are still variables related to seasonality and larger projects.

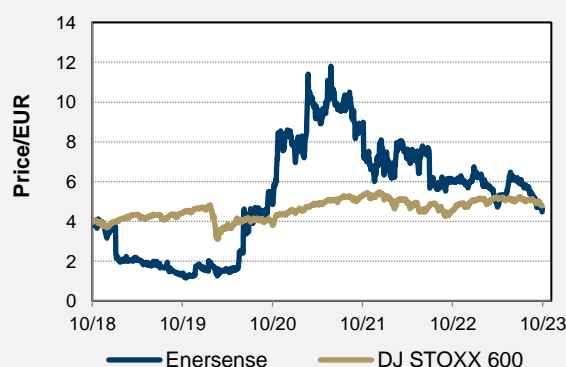
Most segments continue to grow next year

ERP investments burden Q4 and next year to some extent, whereas Power's EV charging investments aren't that large at group level. Connectivity and Power have scope to grow also next year thanks to their order backlog, while the offshore scale up drives Smart Industry. The Baltic business has turned around in terms of profitability after a period of high inflation, however International Operations may not grow next year as order backlog has peaked and it needs to find new growth opportunities. In our view this shouldn't be a long-term problem but it demands some time and effort.

Earnings growth implies low multiples going forward

We estimate around 4% growth for next year, not that much compared to this year's estimated 24% rate, yet margins are set to improve further. We continue to estimate Enersense's FY '24 EBITDA at some EUR 22m; Enersense is therefore valued around 7x EV/EBIT on our FY '24 estimates, a significant peer discount. Our new TP is EUR 5.0 (7.0) as we retain BUY rating.

Rating BUY



Share price, EUR (Last trading day's closing price) 4.47

Target price, EUR 5.0

Latest change in recommendation 09-May-23

Latest report on company 04-Aug-23

Research paid by issuer: YES

No. of shares outstanding, '000's 16,493

No. of shares fully diluted, '000's 16,493

Market cap, EURm 74

Free float, % 78.2

Exchange rate -

Reuters code ESENSE.HE

Bloomberg code ESENSE FH

Average daily volume, EURm 0.1

Next interim report

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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
2021	239.1	6.8	2.9%	-12.9	0.30	23.1	0.4	13.1	-14.0	0.10
2022	282.0	3.5	1.2%	17.3	-0.60	-9.5	0.4	29.0	18.5	0.10
2023E	350.6	5.8	1.7%	-7.1	-0.21	-21.6	0.3	15.3	-9.6	0.10
2024E	365.1	12.1	3.3%	6.5	0.30	15.1	0.2	7.0	8.8	0.12
2025E	382.0	15.8	4.1%	-0.6	0.52	8.5	0.2	5.5	-0.9	0.13
Market cap, EURm			74	Gearing 2023E, %		25.4	CAGR EPS 2022-25, %			0.0
Net debt 2023E, EURm			15	Price/book 2023E		1.3	CAGR sales 2022-25, %			10.6
Enterprise value, EURm			89	Dividend yield 2023E, %		2.2	ROE 2023E, %			-5.8
Total assets 2023E, EURm			271	Tax rate 2023E, %		-13.9	ROCE 2023E, %			5.1
Goodwill 2023E, EURm			28	Equity ratio 2023E, %		21.5	PEG, P/E 23/CAGR			0.0

Estimates and peer group valuations

Enersense	2019	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23E	2023E
Net sales	58.1	147.5	239.0	53.8	59.8	64.4	97.5	281.9	75.0	86.3	94.1	95.2	350.6
Smart Industry		78.4	85.5	16.6	18.7	15.3	22.1	72.7	26.2	26.8	26.7	24.8	104.4
Power		18.9	49.1	20.8	14.0	14.6	25.6	75.0	15.2	22.3	21.9	26.4	85.9
Connectivity		23.4	45.3	9.3	10.2	13.7	14.0	47.2	10.8	13.6	16.4	15.8	56.5
International Operations		26.8	59.0	13.5	16.8	20.8	35.8	87.0	22.9	23.5	29.1	28.3	103.8
EBITDA	0.1	9.8	16.6	5.4	-0.6	4.0	3.4	12.2	0.1	3.0	3.9	8.1	15.2
Smart Industry		6.2	15.4	-1.0	-0.1	2.2	-0.8	0.3	1.1	1.0	2.5	0.9	5.4
Power		1.0	2.4	8.8	0.6	1.1	8.7	19.2	0.1	1.6	1.1	7.5	10.3
Connectivity		1.5	1.6	-0.7	-0.5	1.1	0.5	0.4	0.0	-0.1	1.4	0.9	2.1
International Operations		1.7	1.7	-0.9	-0.1	0.2	-3.1	-3.9	0.1	1.1	0.9	0.7	2.9
Other		-0.6	-4.4	-0.8	-0.4	-0.6	-1.9	-3.7	-1.2	-0.5	-2.0	-1.9	-5.6
Adj. EBITDA	0.1	11.5	19.3	5.5	-0.4	4.3	4.4	13.7	0.4	3.1	3.9	8.1	15.4
D&A	-1.0	-5.0	-9.8	-2.3	-2.2	-2.1	-2.2	-8.8	-2.4	-2.4	-2.3	-2.2	-9.3
EBIT	-1.0	4.8	6.8	3.2	-2.8	1.9	1.1	3.5	-2.3	0.6	1.6	5.9	5.8
<i>Sales growth %</i>	<i>22.6 %</i>	<i>154.0 %</i>	<i>62 %</i>	<i>1 %</i>	<i>-3 %</i>	<i>11 %</i>	<i>48 %</i>	<i>18 %</i>	<i>39 %</i>	<i>44 %</i>	<i>46 %</i>	<i>-2 %</i>	<i>24 %</i>
<i>Smart Industry</i>			<i>32 %</i>	<i>-26 %</i>	<i>-20 %</i>	<i>-18 %</i>	<i>5 %</i>	<i>-15 %</i>	<i>58 %</i>	<i>44 %</i>	<i>74 %</i>	<i>12 %</i>	<i>44 %</i>
<i>Power</i>			<i>160 %</i>	<i>92 %</i>	<i>17 %</i>	<i>16 %</i>	<i>86 %</i>	<i>53 %</i>	<i>-27 %</i>	<i>59 %</i>	<i>51 %</i>	<i>3 %</i>	<i>15 %</i>
<i>Connectivity</i>			<i>94 %</i>	<i>10 %</i>	<i>-10 %</i>	<i>11 %</i>	<i>6 %</i>	<i>4 %</i>	<i>15 %</i>	<i>33 %</i>	<i>20 %</i>	<i>13 %</i>	<i>20 %</i>
<i>International Operations</i>			<i>121 %</i>	<i>16 %</i>	<i>14 %</i>	<i>43 %</i>	<i>99 %</i>	<i>47 %</i>	<i>70 %</i>	<i>39 %</i>	<i>40 %</i>	<i>-21 %</i>	<i>19 %</i>
<i>EBITDA margin %</i>	<i>0.1 %</i>	<i>6.6 %</i>	<i>6.9 %</i>	<i>10.1 %</i>	<i>-1.0 %</i>	<i>6.3 %</i>	<i>3.7 %</i>	<i>7.0 %</i>	<i>0.1 %</i>	<i>3.5 %</i>	<i>4.1 %</i>	<i>8.5 %</i>	<i>4.3 %</i>
<i>Adj. EBITDA margin %</i>	<i>0.1 %</i>	<i>7.8 %</i>	<i>8.1 %</i>	<i>10.2 %</i>	<i>-0.7 %</i>	<i>6.7 %</i>	<i>4.8 %</i>	<i>7.5 %</i>	<i>0.5 %</i>	<i>3.6 %</i>	<i>4.1 %</i>	<i>8.5 %</i>	<i>4.4 %</i>
<i>EBIT margin %</i>	<i>-1.7 %</i>	<i>3.2 %</i>	<i>2.9 %</i>	<i>5.9 %</i>	<i>-4.7 %</i>	<i>3.0 %</i>	<i>1.2 %</i>	<i>1.3 %</i>	<i>-3.0 %</i>	<i>0.7 %</i>	<i>1.7 %</i>	<i>6.2 %</i>	<i>1.6 %</i>

ENERSENSE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		22	23	24	22	23	24	22	23	24
Bravida Holding	1162	11.1x	7.8x	8.2x	14.2x	10.2x	10.9x	10.8x	10.5x	11.2x
Bilfinger	1165	4.8x			10.1x			19.9x	12.3x	9.0x
Caverion	1192	7.8x	9.5x	7.8x	16.9x	18.2x	12.2x	27.2x	19.3x	13.5x
Eltel	81	8.9x	8.8x	5.4x			19.6x			
Transtema Group	49	5.4x	3.3x	3.1x	8.9x	6.8x	4.9x	4.4x	3.6x	5.2x
VINCI	58246	7.4x	7.2x	6.8x	11.0x	10.3x	9.7x	13.7x	12.5x	11.5x
SPIE	4022	7.7x	7.7x	7.2x	10.6x	10.5x	9.8x	13.4x	12.3x	11.0x
Viafin Service	43	6.1x	5.8x	5.2x	7.6x	7.6x	6.6x	12.9x	15.1x	13.2x
Veolia Environnement	18037	6.9x	7.0x	6.6x	15.1x	14.1x	13.0x	15.8x	13.9x	11.8x
Lassila & Tikanoja	359	5.9x			13.7x			12.5x	12.0x	10.5x
Peer Group Average	8436	7.2x	7.1x	6.3x	12.0x	11.1x	10.8x	14.5x	12.4x	10.8x
Peer Group Median	1163	7.1x	7.4x	6.7x	11.0x	10.3x	10.4x	13.4x	12.3x	11.2x
Enersense (Evli est.)	74	8.3x	5.9x	4.0x	29.0x	15.3x	7.0x	-9.5x	-21.6x	15.1x

Enersense prem./disc. to peer median 16 % -21 % -40 % 163 % 48 % -33 % -171 % -276 % 35 %

ENERSENSE PEER GROUP	Sales	Sales gr.			EBITDA-%			Div. yield		
		21	22	23	24	22	23	24	22	23
Bravida Holding	2074	14.1%	5.2%	-2.0%	8.2 %	7.8 %	7.6 %	4.9 %	5.1 %	5.0 %
Bilfinger	3737	15.4%	2.0%	7.6%	4.4 %	6.2 %	6.9 %	3.8 %	4.4 %	5.3 %
Caverion	2140	9.9%	8.4%	3.5%	6.4 %	6.1 %	7.2 %	2.3 %	2.8 %	3.3 %
Eltel	813	1.4%	-1.0%	1.6%	3.4 %	3.6 %	5.7 %	0.0 %	0.0 %	0.0 %
Transtema Group	160	38.7%	12.9%	4.2%	10.6 %	8.4 %	8.6 %	0.0 %	0.0 %	0.0 %
VINCI	49396	24.9%	9.3%	3.5%	16.5 %	17.2 %	17.5 %	3.9 %	4.4 %	4.8 %
SPIE	6971	16.1%	6.2%	5.1%	8.6 %	8.7 %	8.8 %	3.0 %	3.4 %	3.8 %
Viafin Service	61	42.7%	-15.6%	4.7%	6.5 %	6.8 %	7.3 %	3.7 %	3.9 %	4.1 %
Veolia Environnement	28508	50.4%	6.2%	2.7%	14.4 %	14.2 %	14.7 %	4.4 %	5.0 %	5.8 %
Lassila & Tikanoja	813	3.8%	-3.4%	2.0%	11.5 %	12.3 %	12.4 %	5.0 %	5.2 %	5.4 %
Peer Group Average	9467	21.7%	3.0%	3.3%	9.1 %	9.1 %	9.7 %	3.1 %	3.4 %	3.8 %
Peer Group Median	2107	15.8%	5.7%	3.5%	8.4 %	8.1 %	8.1 %	3.7 %	4.2 %	4.4 %
Enersense (Evli est.)	239	17.9%	24.3%	4.2%	4.3 %	4.3 %	5.8 %	1.8 %	2.2 %	2.7 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	4.47 PV of Free Cash Flow	167 Long-term growth, %	1.5 Risk-free interest rate, %
DCF share value	14.21 PV of Horizon value	76 WACC, %	9.1 Market risk premium, %
Share price potential, %	217.9 Unconsolidated equity	-1 Spread, %	0.5 Debt risk premium, %
Maximum value	14.9 Marketable securities	39 Minimum WACC, %	8.6 Equity beta coefficient
Minimum value	13.6 Debt - dividend	-46 Maximum WACC, %	9.6 Target debt ratio, %
Horizon value, %	31.2 Value of stock	234 Nr of shares, Mn	16.5 Effective tax rate, %

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	282	351	365	382	395	403	411	417	423	429	436	442
<i>Sales growth, %</i>	<i>17.9</i>	<i>24.3</i>	<i>4.2</i>	<i>4.6</i>	<i>3.3</i>	<i>2.0</i>	<i>2.0</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>
Operating income (EBIT)	3	6	12	16	17	18	18	21	21	21	22	22
<i>Operating income margin, %</i>	<i>1.2</i>	<i>1.7</i>	<i>3.3</i>	<i>4.1</i>	<i>4.4</i>	<i>4.4</i>	<i>4.4</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>
+ Depreciation+amort.	9	9	10	10	11	7	7	7	7	7	7	7
EBITDA	12	15	22	26	29	25	25	28	29	29	28	
- Paid taxes	0	1	-2	-3	-3	-4	-4	-4	-4	-4	-4	
- Change in NWC	12	17	4	4	3	2	2	1	2	2	2	
<i>NWC / Sales, %</i>	<i>-11.7</i>	<i>-14.2</i>	<i>-14.6</i>	<i>-15.0</i>	<i>-15.3</i>	<i>-15.4</i>	<i>-15.6</i>	<i>-15.7</i>	<i>-15.9</i>	<i>-16.0</i>	<i>-16.1</i>	
+ Change in other liabs	-2	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	6	-23	-6	-17	45	-2	-2	-2	-2	10	-13	
<i>opCAPEX / Sales, %</i>	<i>-0.7</i>	<i>8.4</i>	<i>3.2</i>	<i>6.1</i>	<i>-9.9</i>	<i>2.0</i>	<i>2.0</i>	<i>1.9</i>	<i>1.9</i>	<i>-0.9</i>	<i>4.4</i>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	28	10	17	10	74	21	21	24	24	36	13	169
= Discounted FCFF		9	16	8	56	15	14	14	13	18	6	76
= DFCF min WACC		9	16	8	57	15	14	14	13	18	6	85
= DFCF max WACC		9	15	8	55	14	13	13	12	17	5	68

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3	2023Q4E	2023E	2024E	2025E
Net sales	60.2	59.8	64.4	97.6	282.0	75.0	86.3	94.1	95.2	350.6	365.1	382.0
EBITDA	5.4	-0.7	4.1	3.3	12.2	0.1	3.0	3.9	8.1	15.2	22.0	25.9
<i>EBITDA margin (%)</i>	<i>9.0</i>	<i>-1.1</i>	<i>6.3</i>	<i>3.4</i>	<i>4.3</i>	<i>0.1</i>	<i>3.5</i>	<i>4.1</i>	<i>8.6</i>	<i>4.3</i>	<i>6.0</i>	<i>6.8</i>
EBIT	3.2	-2.8	1.9	1.1	3.5	-2.3	0.6	1.6	5.9	5.8	12.1	15.8
<i>EBIT margin (%)</i>	<i>5.4</i>	<i>-4.6</i>	<i>3.0</i>	<i>1.1</i>	<i>1.2</i>	<i>-3.1</i>	<i>0.7</i>	<i>1.7</i>	<i>6.2</i>	<i>1.7</i>	<i>3.3</i>	<i>4.1</i>
Net financial items	-1.2	-3.2	-0.8	-5.3	-10.5	-1.5	-2.6	-2.8	-2.0	-8.8	-6.0	-5.0
Pre-tax profit	2.0	-5.9	1.1	-4.2	-7.0	-3.8	-1.9	-1.2	3.9	-3.0	6.1	10.8
Tax	-0.8	-0.7	0.0	-1.3	-2.8	0.0	0.0	0.0	-0.5	-0.4	-1.2	-2.2
<i>Tax rate (%)</i>	<i>40.4</i>	<i>-11.5</i>	<i>-2.3</i>	<i>-31.5</i>	<i>-39.9</i>	<i>0.3</i>	<i>1.4</i>	<i>4.2</i>	<i>13.0</i>	<i>-13.9</i>	<i>20.0</i>	<i>20.0</i>
Net profit	1.2	-6.6	1.2	-5.6	-9.8	-3.8	-1.9	-1.1	3.4	-3.4	4.9	8.6
EPS	0.07	-0.40	0.07	-0.34	-0.60	-0.23	-0.11	-0.07	0.21	-0.21	0.30	0.52
EPS adjusted (diluted no. of shares)	0.07	-0.40	0.07	-0.34	-0.60	-0.23	-0.11	-0.07	0.21	-0.21	0.30	0.52
Dividend per share	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.10	0.12	0.13
SALES, EURm												
Smart Industry	16.6	18.7	15.3	22.1	72.7	26.2	26.8	26.7	24.8	104.4	116.9	125.1
Power	20.8	14.0	14.6	25.6	75.0	15.2	22.3	21.9	26.4	85.9	90.2	92.9
Connectivity	9.3	10.2	13.7	14.0	47.2	10.8	13.6	16.4	15.8	56.5	60.5	63.5
International Operations	13.5	16.8	20.8	35.8	87.0	22.9	23.5	29.1	28.3	103.8	97.6	100.5
Group	0.0	0.0	0.0	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Total	60.2	59.8	64.4	97.6	282.0	75.0	86.3	94.1	95.2	350.6	365.1	382.0
SALES GROWTH, Y/Y %												
Smart Industry	-25.6	-20.3	-18.3	5.3	-14.9	57.5	43.5	74.1	12.0	43.6	12.0	7.0
Power	91.6	17.2	16.2	85.5	52.5	-26.7	59.1	50.8	3.0	14.6	5.0	3.0
Connectivity	10.5	-10.0	11.3	5.9	4.2	15.2	32.8	19.7	13.0	19.7	7.0	5.0
International Operations	16.0	14.1	42.6	99.1	47.5	69.5	39.5	39.7	-21.0	19.3	-6.0	3.0
Group	-102.8	-92.9	-99.9	-283.4	-46.7	150.0	2,354.5	-49,100.0	-84.1	-84.1	0.0	3.0
Total	12.9	-2.9	10.5	48.0	17.9	24.6	44.3	46.1	-2.4	24.3	4.2	4.6
EBIT, EURm												
Group	3.2	-2.8	1.9	1.1	3.5	-2.3	0.6	1.6	5.9	5.8	12.1	15.8
Total	3.2	-2.8	1.9	1.1	3.5	-2.3	0.6	1.6	5.9	5.8	12.1	15.8
EBIT margin, %												
Group				1,355.6	4,295.1	45,860.0	1,194.4	-3,259.2	45,810.0	45,413.5	94,070.7	
Total	5.4	-4.6	3.0	1.1	1.2	-3.1	0.7	1.7	6.2	1.7	3.3	4.1

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	47.4	58.1	147.5	239.1	282.0	350.6	365.1	382.0
<i>Sales growth (%)</i>	<i>0.7</i>	<i>22.6</i>	<i>154.0</i>	<i>62.2</i>	<i>17.9</i>	<i>24.3</i>	<i>4.2</i>	<i>4.6</i>
EBITDA	-1.3	0.1	9.8	16.8	12.2	15.2	22.0	25.9
<i>EBITDA margin (%)</i>	<i>-2.6</i>	<i>0.1</i>	<i>6.6</i>	<i>7.0</i>	<i>4.3</i>	<i>4.3</i>	<i>6.0</i>	<i>6.8</i>
Depreciation	-0.4	-1.0	-5.0	-10.0	-8.7	-9.3	-9.9	-10.1
EBITA	-1.6	-1.0	4.8	6.8	3.5	5.8	12.1	15.8
Goodwill amortization / writedown	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-1.7	-1.0	4.8	6.8	3.5	5.8	12.1	15.8
<i>EBIT margin (%)</i>	<i>-3.5</i>	<i>-1.7</i>	<i>3.2</i>	<i>2.9</i>	<i>1.2</i>	<i>1.7</i>	<i>3.3</i>	<i>4.1</i>
Reported EBIT	-1.7	-1.0	4.8	6.8	3.5	5.8	12.1	15.8
<i>EBIT margin (reported) (%)</i>	<i>-3.5</i>	<i>-1.7</i>	<i>3.2</i>	<i>2.9</i>	<i>1.2</i>	<i>1.7</i>	<i>3.3</i>	<i>4.1</i>
Net financials	-1.0	-0.4	-1.9	-3.3	-10.5	-8.8	-6.0	-5.0
Pre-tax profit	-2.7	-1.4	2.9	3.5	-7.0	-3.0	6.1	10.8
Taxes	0.5	0.0	-0.5	0.4	-2.8	-0.4	-1.2	-2.2
Minority shares	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	-1.9	-1.4	2.4	4.0	-9.8	-3.4	4.9	8.6
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	1	2	25	24	58	76	77	89
Goodwill	4	4	26	26	28	28	28	28
Right of use assets	0	2	9	22	22	25	26	27
Inventory	0	0	4	7	13	16	17	18
Receivables	10	13	34	38	69	77	79	81
Liquid funds	3	1	18	29	39	48	50	52
Total assets	19	23	116	147	230	271	277	296
Liabilities								
Shareholder's equity	9	7	16	48	61	56	59	66
Minority interest	0	0	2	2	2	2	2	2
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	2	9	13	11	25	26	27
Deferred taxes	0	0	0	1	7	7	7	7
Interest bearing debt	2	4	18	13	34	38	34	38
Non-interest bearing current liabilities	8	10	70	66	115	143	149	156
Other interest-free debt	0	0	1	3	1	1	1	1
Total liabilities	19	23	116	147	230	271	277	296
CASH FLOW, EURm								
+ EBITDA	-1	0	10	17	12	15	22	26
- Net financial items	-1	0	-2	-3	-11	-9	-6	-5
- Taxes	0	0	0	1	2	0	-1	-2
- Increase in Net Working Capital	1	-1	-11	-10	12	17	4	4
+/- Other	0	-1	-1	0	0	0	0	0
= Cash flow from operations	-1	-2	-4	4	15	23	18	23
- Capex	-3	0	-10	-19	2	-30	-12	-23
- Acquisitions	-3	0	-1	0	0	0	0	0
+ Divestments	0	0	0	2	0	0	0	0
= Free cash flow	-6	-3	-16	-13	17	-7	6	-1
+/- New issues/buybacks	8	0	8	28	24	0	0	0
- Paid dividend	0	0	0	0	-1	-2	-2	-2
+/- Other	-1	2	24	-4	-30	18	-3	5
Change in cash	1	-1	16	11	10	9	2	2

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	9	79	92	94	74	74	74
Net debt (excl. convertibles)	5	9	-3	6	15	10	12
Enterprise value	13	97	90	101	89	85	87
Sales	58	147	239	282	351	365	382
EBITDA	0	10	17	12	15	22	26
EBIT	-1	5	7	3	6	12	16
Pre-tax	-1	3	4	-7	-3	6	11
Earnings	-1	2	4	-10	-3	5	9
Equity book value (excl. minorities)	7	16	48	61	56	59	66
Valuation multiples							
EV/sales	0.2	0.7	0.4	0.4	0.3	0.2	0.2
EV/EBITDA	179.9	9.9	5.3	8.3	5.9	3.8	3.4
EV/EBITA	-13.9	20.4	13.1	29.0	15.3	7.0	5.5
EV/EBIT	-13.9	20.4	13.1	29.0	15.3	7.0	5.5
EV/OCF	-6.3	-22.8	23.2	6.5	4.0	4.6	3.8
EV/FCFF	-5.7	8.1	8.6	3.6	9.3	4.9	9.0
P/FCFE	-3.1	-5.1	-7.1	5.4	-10.4	11.3	-116.3
P/E	-6.8	32.6	23.1	-9.5	-21.6	15.1	8.5
P/B	1.3	5.0	1.9	1.5	1.3	1.3	1.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	6.5	4.3	3.7
Target EV/EBIT	0.0	0.0	0.0	0.0	16.9	7.8	6.1
Target EV/FCF	0.0	0.0	0.0	0.0	-14.0	14.5	-152.4
Target P/B	0.0	0.0	0.0	0.0	1.5	1.4	1.3
Target P/E	0.0	0.0	0.0	0.0	-24.2	16.9	9.5
Per share measures							
Number of shares	5,948	9,548	13,398	16,493	16,493	16,493	16,493
Number of shares (diluted)	5,948	9,548	13,398	16,493	16,493	16,493	16,493
EPS	-0.23	0.25	0.30	-0.60	-0.21	0.30	0.52
Operating cash flow per share	-0.36	-0.45	0.29	0.94	1.36	1.11	1.39
Free cash flow per share	-0.50	-1.63	-0.96	1.05	-0.43	0.39	-0.04
Book value per share	1.24	1.66	3.58	3.69	3.38	3.57	3.98
Dividend per share	0.00	0.00	0.10	0.10	0.10	0.12	0.13
Dividend payout ratio, %	0.0	0.0	33.8	-16.8	-48.4	40.6	24.8
Dividend yield, %	0.0	0.0	1.5	1.8	2.2	2.7	2.9
FCF yield, %	-32.1	-19.7	-14.0	18.5	-9.6	8.8	-0.9
Efficiency measures							
ROE	-16.5	20.9	12.4	-18.1	-5.8	8.5	13.9
ROCE	-8.1	16.6	11.4	3.8	5.1	10.0	12.5
Financial ratios							
Inventories as % of sales	0.6	2.4	2.7	4.7	4.7	4.7	4.7
Receivables as % of sales	22.8	23.4	15.9	24.4	21.9	21.5	21.1
Non-interest bearing liabilities as % of sales	17.2	47.4	27.6	40.7	40.7	40.7	40.7
NWC/sales, %	6.2	-21.6	-8.9	-11.7	-14.2	-14.6	-15.0
Operative CAPEX/sales, %	0.7	7.1	7.8	-0.7	8.4	3.2	6.1
CAPEX/sales (incl. acquisitions), %	-0.1	6.3	7.8	-0.7	8.4	3.2	6.1
FCFF/EBITDA	-31.6	1.2	0.6	2.3	0.6	0.8	0.4
Net debt/EBITDA, book-weighted	61.4	0.9	-0.2	0.5	1.0	0.4	0.5
Debt/equity, market-weighted	0.4	0.2	0.1	0.4	0.5	0.5	0.5
Equity ratio, book-weighted	30.8	15.7	34.8	27.6	21.5	22.2	23.1
Gearing, %	64.8	52.3	-6.4	9.5	25.4	16.0	18.3

COMPANY DESCRIPTION: Enersense International Oyj is a service provider of emission-free energy solutions. The company offers a wide range of solutions to Nordic and international companies in the industry, energy, telecommunication, and construction sectors. Enersense is strongly involved in the prevailing energy revolution and the creation of a zero-emission society.

INVESTMENT CASE: Enersense expanded its business from recruiting and resource management services to a solution provider for the Smart industry, Power, and Connectivity markets by acquiring Empower in 2020. The turnaround in profitability has progressed well and Enersense managed to improve its EBITDA from EUR -0.8m in 2019 to EUR 7.2m in 2020. With the increased and healthier order backlog and potential synergies of the Empower acquisition, Enersense has the potential to further improve its profitability. Over the next five years, Enersense intends to grow in the domestic market, continue its strong internationalization in certain markets, and improve its profitability.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Nidoco AB	4,335,830	19.381	26.3%
Ensto Invest Oy	1,346,125	6.017	8.2%
Verman Group Oy	1,343,461	6.005	8.1%
Taloustieto Incrementum Ky	729,023	3.259	4.4%
Suotuuli Oy	680,022	3.040	4.1%
Ilmarinen Mutual Pension Insurance Company	569,053	2.544	3.5%
Holopainen Jussi	436,509	1.951	2.6%
Proup Oy	405,045	1.811	2.5%
Veritas Pension Insurance Company Ltd.	395,292	1.767	2.4%
Mapps Global Invest Oy	342,732	1.532	2.1%
Ten largest	10,583,092	47.306	64%
Residual	5,909,908	26.417	36%
Total	16,493,000	73.724	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

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Tel: +358 29 020 011

IR: Tommi Manninen

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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

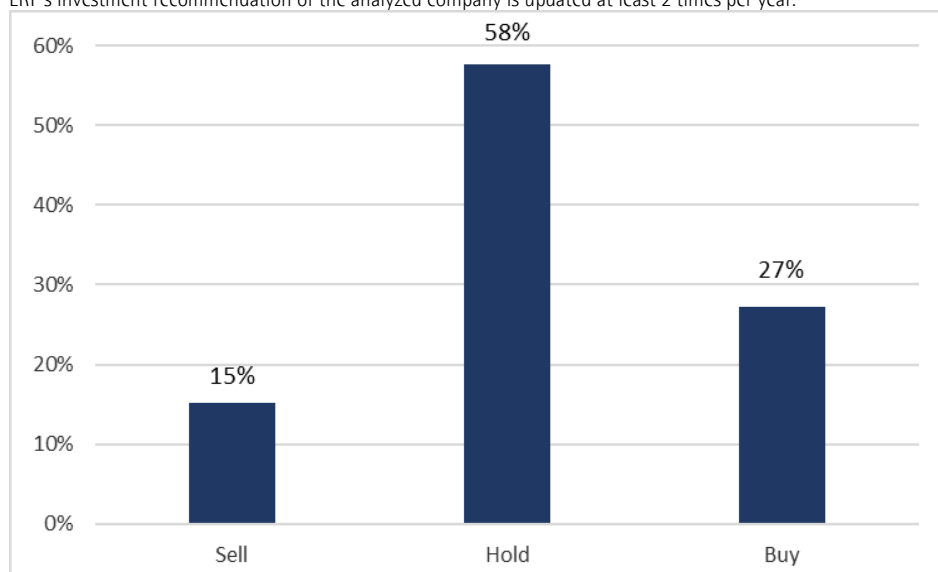
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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