

Challenges visible in earnings

Solteq's Q4 results were weak and below our expectations, with revenue at EUR 16.9m (Evli EUR 17.4m) and adj. EBIT at EUR -0.8m (Evli EUR 0.7m), with the earlier noted challenges having a larger than anticipated impact. 2023 guidance is below our expectations, with revenue expected to remain at 2022 levels and EBIT to be positive.

- Net sales in Q4 were EUR 16.9m (EUR 18.3m in Q4/21), slightly below our estimates (Evli EUR 17.4m). Growth in Q4 amounted to -7.5% y/y.
- The operating profit and adj. operating profit in Q4 amounted to EUR -1.2m and -0.8m respectively (EUR 1.3m/1.4m in Q4/21), below our estimates (Evli EUR 0.7m/0.7m).
- Q4 challenges relates to earlier communicated challenges in Solteq Utilities' software development and a weakened demand situation.
- Solteq Digital: revenue in Q4 amounted to EUR 10.3m (Q4/21: EUR 11.7m) vs. Evli EUR 10.8m. Growth amounted to -11.9%. The adj. EBIT was EUR 0.5m (Q4/21: EUR 1.4m) vs. Evli EUR 0.7m.
- Solteq Software: Revenue in Q4 amounted to EUR 6.6m (Q4/21: EUR 6.6m) vs. Evli EUR 6.6m. The adj. EBIT was EUR -1.3m (Q4/21: EUR -0.0m) vs. Evli EUR 0.0m.
- **Guidance for 2023:** group revenue is expected to remain at same levels as in 2022 and operating profit to be positive.
- **Dividend proposal:** Solteq's BoD proposes than no dividend be paid (Evli EUR 0.00)

Rating

■ HOLD

Q4/22	Actual	Evli	Year ago	Q3/22
Net sales	16.9	17.4	18.3	14.4
EBIT	-1.2	0.7	1.3	-5.0
Adj. EBIT	-0.8	0.7	1.4	0.6
EPS	-0.09	0.01	0.03	-0.23

Deviation	Actual	Evli	Year ago	Q3/22
Net sales		-3 %	-8 %	18 %
EBIT		-	-	76 %
Adj. EBIT		-	-	-
EPS		-	-	61 %

Share price, EUR (Last trading day's closing price) 1.56

Target price, EUR 1.3

Latest change in recommendation 20-Sep-22

Latest report on company 19-Jan-23

Research paid by issuer: YES

No. of shares outstanding, '000's 19,397

No. of shares fully diluted, '000's 19,397

Market cap, EURm 30

Free float, % 43.0

Exchange rate 0.000

Reuters code SOLTEQ.HE

Bloomberg code SOLTEQ FH

Average daily volume, EURm 0.01

Next interim report 16-Feb-23

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■ BUY ■ HOLD ■ SELL

PRE-REPORT 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	60.5	5.4	8.8%	5.5	0.10	27.3	1.3	15.1	10.2	0.15
2021	69.1	7.2	10.4%	4.3	0.21	21.9	1.7	16.3	4.7	0.10
2022E	68.9	-2.5	-3.6%	-3.9	-0.18	-8.5	0.9	-24.8	-13.0	0.00
2023E	72.3	4.2	5.8%	0.9	0.09	16.9	0.8	14.6	2.9	0.05
2024E	77.9	6.8	8.8%	2.3	0.20	7.7	0.8	8.8	7.7	0.10

Market cap, EURm 30 BV per share 2022E, EUR 141.4 CAGR EPS 2021-24, % -1.6

Net debt 2022E, EURm 32 Price/book 2022E 1.3 CAGR sales 2021-24, % 4.1

Enterprise value, EURm 62 Dividend yield 2022E, % 0.0 ROE 2022E, % -14.1

Total assets 2022E, EURm 76 Tax rate 2022E, % 17.3 ROCE 2022E, % -4.3

Goodwill 2022E, EURm 46 Equity ratio 2022E, % 29.5 PEG, P/E 22/CAGR 0.0

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

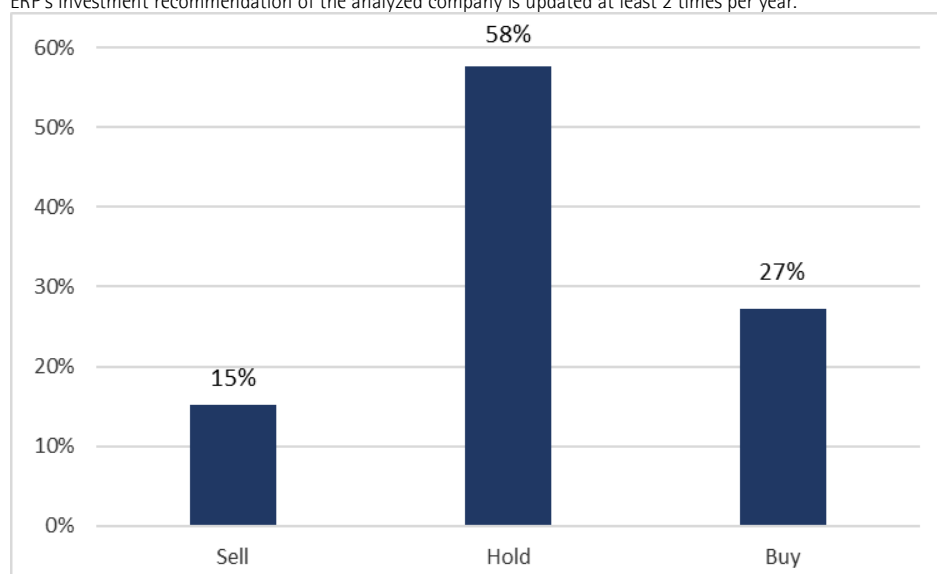
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Investment recommendations are defined as follows:

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

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