

Slightly better than expected Q1

Solteq's Q1 results were rather decent considering earlier challenges and profitability was above our expectations. Revenue was at EUR 16.9m (Evli EUR 17.1m) and adj. EBIT at EUR 0.1m (Evli EUR -0.5m). **Guidance for 2023 (published 3.5.2023):** revenue is expected to be EUR 60–62m and operating profit (excl. divestment profit recognition) slightly negative.

- Net sales in Q1 were EUR 16.9m (EUR 19.2m in Q1/22), in line with our estimates (Evli EUR 17.1m). Revenue delinked 12.2% y/y in Q1.
- The operating profit and adj. operating profit in Q1 amounted to EUR -0.1m and 0.1m respectively (EUR 1.4m/1.6m in Q1/22), above our estimates (Evli EUR -0.5m/-0.5m).
- According to Solteq, the first quarter performance was moderate, and the profitability development was better than expected.
- Retail and commerce: revenue in Q1 amounted to EUR 13.4m (Q1/22: EUR 14.9m) vs. Evli EUR 13.5m. Growth amounted to -9.8% driven by lower demand. The adj. EBIT was EUR 1.2m (Q1/22: EUR 1.5m) vs. Evli EUR 0.5m.
- Utilities: Revenue in Q1 amounted to EUR 3.5m (Q1/22: EUR 4.3m) vs. Evli EUR 3.6m. The adj. EBIT was EUR -1.2m (Q1/22: EUR 0.1m) vs. Evli EUR -1.0m.
- **Guidance for 2023 (published 3.5.2023):** group revenue is expected to be EUR 60–62m and the operating result slightly negative (excl. divestment profit recognition). Our estimates for revenue and adj. EBIT before the guidance was given were EUR 61.6m and EUR 0.4m.

Rating 🟡 HOLD

Q1/23	Actual	Evli	Year ago	Q4/22
Net sales	16.9	17.1	19.2	16.9
EBIT	-0.1	-0.5	1.4	-1.2
Adj. EBIT	0.1	-0.5	1.6	0.6
EPS	0.01	-0.04	0.04	-0.09

Deviation	Actual	Evli	Year ago	Q4/22
Net sales		-1 %	-12 %	0 %
EBIT		79 %	-	92 %
Adj. EBIT		-	-94 %	-83 %
EPS		-	-75 %	-

 Share price, EUR (Last trading day's closing price) 1.30

 Target price, EUR 1.3

 Latest change in recommendation 20-Sep-22

 Latest report on company 20-Apr-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 25

 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 04-May-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
2021	69.1	7.2	10.4%	3.5	0.21	21.9	1.7	16.3	3.9	0.10
2022	68.4	-4.4	-6.5%	-5.6	-0.28	-4.4	0.8	-12.5	-23.5	0.00
2023E	61.6	8.1	13.2%	13.3	0.25	5.2	0.7	5.3	52.8	0.00
2024E	63.3	2.6	4.1%	0.2	0.02	52.2	0.7	16.5	0.6	0.01
2025E	70.1	5.0	7.2%	2.3	0.14	9.1	0.6	8.2	9.0	0.07

Market cap, EURm	25	BV per share 2023E, EUR	66.0	CAGR EPS 2022-25, %	0.0
Net debt 2023E, EURm	18	Price/book 2023E	0.9	CAGR sales 2022-25, %	0.8
Enterprise value, EURm	43	Dividend yield 2023E, %	0.0	ROE 2023E, %	19.6
Total assets 2023E, EURm	78	Tax rate 2023E, %	20.0	ROCE 2023E, %	13.9
Goodwill 2023E, EURm	37	Equity ratio 2023E, %	35.4	PEG, P/E 23/CAGR	1.7

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

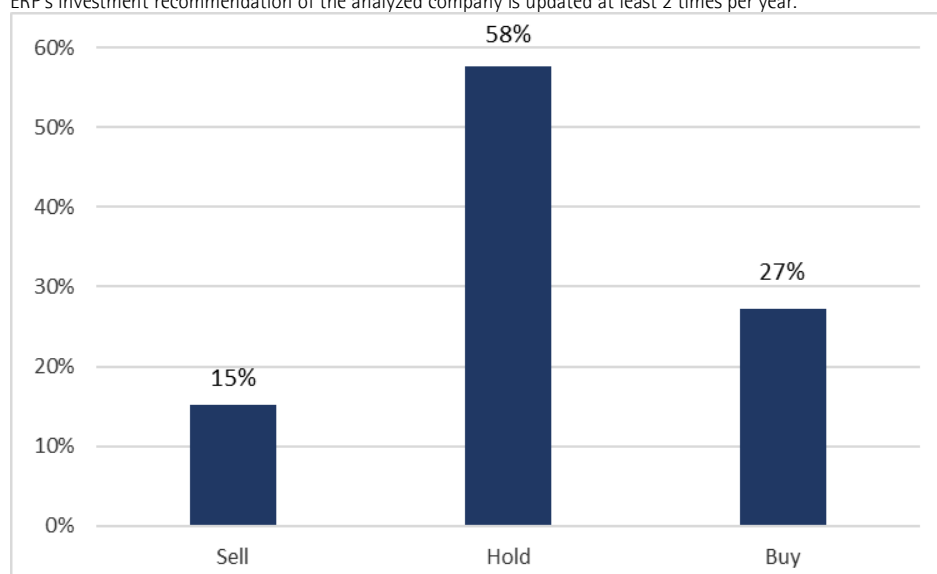
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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