

## Some signs of improvement

Solteq's Q3 results were as expected rather weak but revenue turned to growth in comparable terms and profitability was better than feared. Revenue was at EUR 12.2m (Evli EUR 12.6m) and adj. EBIT at EUR -0.7m (Evli EUR -1.2m).

- Net sales in Q3 were EUR 12.2m (EUR 14.4m in Q3/22), slightly below our estimates (Evli EUR 12.6m). Revenue declined 14.9% y/y in Q3. In comparable terms revenue grew by 1.9% y/y.
- The operating profit and adj. operating profit in Q3 amounted to EUR -0.7m/-0.7m respectively (EUR -5.0m/-0.7m in Q3/22), above our estimates (Evli EUR -1.2m/-1.2m).
- In Utilities, profitability suffered from a heavy cost structure. The change negotiations were concluded in October and the company anticipates annual cost savings of EUR 3.8m. In Retail & Commerce the growth in comparable revenue and successful cost control resulted in improved profitability.
- Retail and commerce: revenue in Q3 amounted to EUR 9.2m (Q3/22: EUR 11.4m) vs. Evli EUR 9.3m. Revenue declined by 18.8% driven by lower demand and the divestment. The adj. EBIT was EUR 0.4m (Q3/22: EUR -0.1m) vs. Evli EUR -0.2m.
- Utilities: Revenue in Q3 amounted to EUR 3.0m (Q3/22: EUR 3.0m) vs. Evli EUR 3.3m. The adj. EBIT was EUR -1.0m (Q3/22: EUR -0.6m) vs. Evli EUR -1.0m.
- **Guidance for 2023 (published 19.9.2023):** group revenue is expected to be EUR 57-59m and the operating result negative (excl. divestment profit recognition).

**Rating** 🟡 HOLD

Q3/23	Actual	Evli	Year ago	Q2/23
Net sales	12.2	12.6	14.4	14.3
EBIT	-0.7	-1.2	-5.0	6.3
Adj. EBIT	-0.7	-1.2	-0.7	-1.9

Deviation	Actual	Evli	Year ago	Q2/23
Net sales		-3 %	-15 %	-15 %
EBIT		39 %	86 %	-
Adj. EBIT		42 %	0 %	63 %

 Share price, EUR (Last trading day's closing price) 0.72

 Target price, EUR 0.9

 Latest change in recommendation 20-Sep-22

 Latest report on company 05-Oct-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 14

 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 26-Oct-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	58.9	4.1	7.0%	6.5	0.07	23.4	0.7	9.4	46.7	0.00
2024E	59.0	2.7	4.6%	0.7	0.06	11.5	0.6	14.0	5.1	0.03
2025E	65.0	4.4	6.8%	2.0	0.14	5.1	0.6	8.3	14.5	0.07

Market cap, EURm	14	BV per share 2023E, EUR	104.0	CAGR EPS 2022-25, %	0.0
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Net debt 2023E, EURm	25	Price/book 2023E	0.6	CAGR sales 2022-25, %	-1.7
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Enterprise value, EURm	39	Dividend yield 2023E, %	0.0	ROE 2023E, %	6.0
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Total assets 2023E, EURm	79	Tax rate 2023E, %	53.8	ROCE 2023E, %	6.9
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Goodwill 2023E, EURm	41	Equity ratio 2023E, %	30.1	PEG, P/E 23/CAGR	0.2
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All the important disclosures can be found on the last pages of this report.

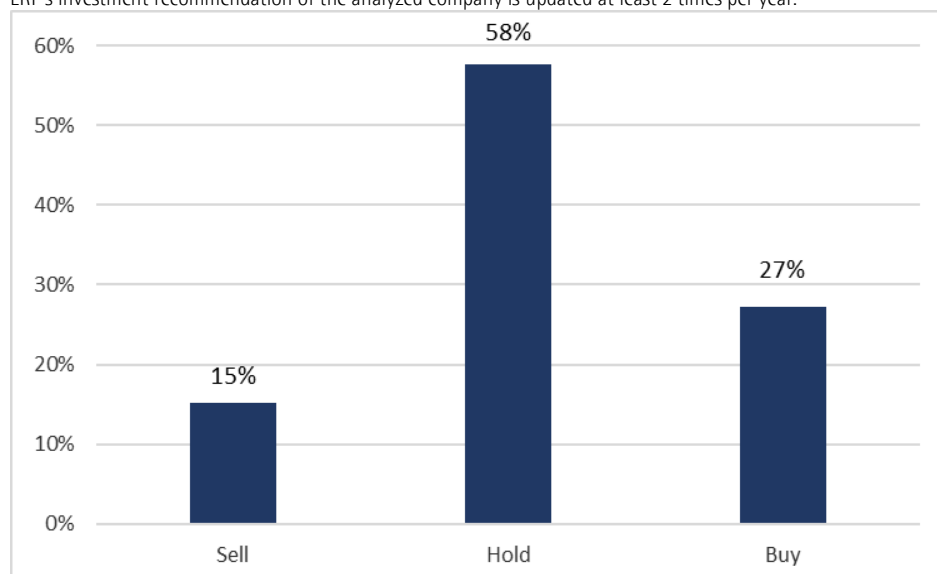
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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