

Slight comparable EBIT improvement

Solteq's Q4 results were as expected weak and slightly below our estimates. Revenue was at EUR 14.2m (Evli EUR 14.6m) and adj. EBIT at EUR -1.0m (Evli EUR -0.8m). Solteq expects the comparable revenue in 2024 to grow compared with 2023 and the operating profit to be positive.

- Net sales in Q4 were EUR 14.2m (EUR 16.9m in Q4/22), slightly below our estimates (Evli EUR 14.6m). Revenue declined 15.6% y/y in Q4. In comparable terms revenue was at previous year levels.
- The operating profit and adj. operating profit in Q4 amounted to EUR -9.1m/-1.0m respectively (EUR -1.2m/-1.0m in Q4/22), below our estimates (Evli EUR -7.1m/-0.8m).
- Solteq's Q4 was impacted by write-offs of activated product development costs amounting to EUR 7.5m and other charges relating to the change negotiations. The comparable operating result was EUR 0.4m better than the comparison period.
- Retail and commerce: revenue in Q4 amounted to EUR 10.5m (Q4/22: EUR 13.3m) vs. Evli EUR 11.0m. Revenue declined by 21.1% driven by divestments but also minor comparable revenue decline. The adj. EBIT was EUR -0.2m (Q4/22: EUR 0.1m) vs. Evli EUR 0.7m.
- Utilities: Revenue in Q4 amounted to EUR 3.8m (Q4/22: EUR 3.6m) vs. Evli EUR 3.6m. The adj. EBIT was EUR -0.8m (Q4/22: EUR -1.0m) vs. Evli EUR -1.5m.
- **Guidance for 2024:** Solteq expects the comparable revenue to grow and the operating result to be positive. The comparable revenue was EUR 54.2m in 2023.
- **Dividend proposal:** Solteq's BoD proposes that no dividend be paid for FY 2023 (Evli EUR 0.00).

Rating 🟡 HOLD

Q4/23	Actual	Evli	Year ago	Q3/23
Net sales	14.2	14.6	16.9	12.2
EBIT	-9.1	-7.1	-1.2	-0.7
Adj. EBIT	-1.0	-0.8	-1.0	-0.7

Deviation	Actual	Evli	Year ago	Q3/23
Net sales		-3 %	-16 %	16 %
EBIT		-29 %	>-100%	>-100%
Adj. EBIT		-35 %	-3 %	-51 %

Share price, EUR (Last trading day's closing price) 0.80

Target price, EUR 0.85

Latest change in recommendation 20-Sep-22

Latest report on company 13-Feb-24

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 15

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 15-Feb-24

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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	58.0	-1.5	-2.6%	9.9	-0.16	-3.9	0.6	-24.7	63.7	0.00
2024E	56.5	1.9	3.4%	0.8	0.04	19.5	0.6	19.1	5.0	0.02
2025E	61.3	4.2	6.9%	2.8	0.14	5.7	0.6	8.1	18.1	0.07

Market cap, EURm	15	BV per share 2023E, EUR	111.0	CAGR EPS 2022-25, %	0.0
Net debt 2023E, EURm	22	Price/book 2023E	0.8	CAGR sales 2022-25, %	-3.6
Enterprise value, EURm	37	Dividend yield 2023E, %	0.0	ROE 2023E, %	-15.0
Total assets 2023E, EURm	61	Tax rate 2023E, %	-21.7	ROCE 2023E, %	-3.0
Goodwill 2023E, EURm	41	Equity ratio 2023E, %	31.7	PEG, P/E 23/CAGR	0.0

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

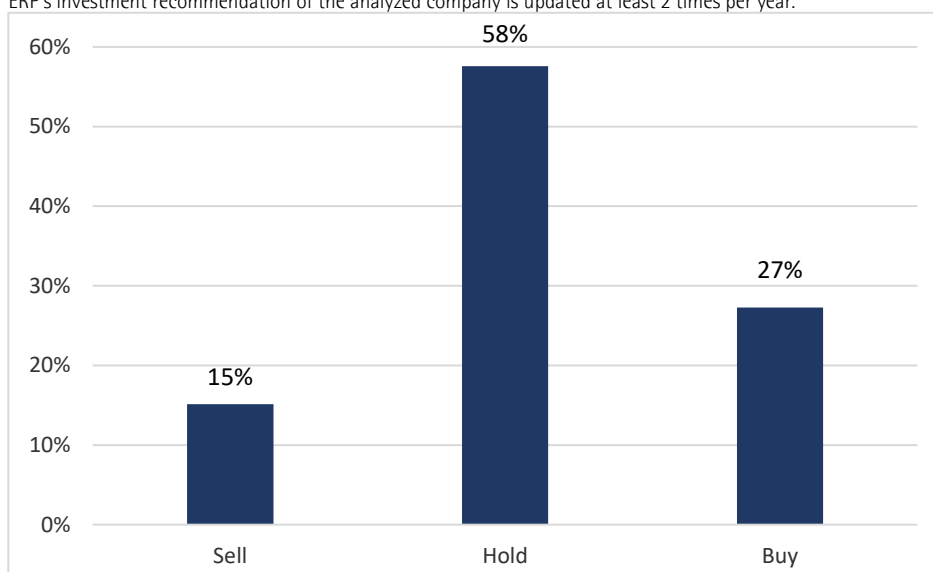
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Investment recommendations are defined as follows:

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

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

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