


Softer start to the year

Solteq's Q1 results were slightly weaker than expected and revenue declined slightly y/y in comparable terms. Revenue was at EUR 13.6m (Evli EUR 14.2m) and adj. EBIT at EUR -0.2m (Evli EUR 0.2m). Solteq announced the initiation of a cost savings program concerning parts of the Retail & Commerce segment.

- Net sales in Q1 were EUR 13.6m (EUR 16.9m in Q1/23), slightly below our estimates (Evli EUR 14.2m). Revenue declined 19.7% y/y in Q1 and 3.8% in comparable terms.
- The operating profit and adj. operating profit in Q1 amounted to EUR -0.2m respectively (EUR -0.1m/-0.7m in Q1/23), slightly below our estimates (Evli EUR 0.2m).
- Retail and commerce: revenue in Q1 amounted to EUR 10.4m (Q1/23: EUR 13.4m) vs. Evli EUR 10.6m. Revenue declined by 21.1% driven by divestments but also minor comparable revenue decline. The adj. EBIT was EUR 0.4m (Q1/23: EUR 0.8m) vs. Evli EUR 0.4m.
- Utilities: Revenue in Q1 amounted to EUR 3.2m (Q1/23: EUR 3.5m) vs. Evli EUR 3.6m. The adj. EBIT was EUR -0.7m (Q1/23: EUR -1.5m) vs. Evli EUR -0.2m.
- **Guidance for 2024 (reiterated):** Solteq expects the comparable revenue (2023: EUR 54.2m) to grow and the operating result to be positive.
- Solteq announced the initiation of an efficiency and cost-savings program to improve profitability in the Retail and Commerce segment's Commerce & Data business unit and Group Administration, seeking annual savings of approx. EUR 3.5m.

Rating

 HOLD

Q1/24	Actual	Evli	Year ago	Q4/23
Net sales	13.6	14.2	16.9	14.3
EBIT	-0.2	0.2	-0.1	-9.1
Adj. EBIT	-0.2	0.2	-0.7	-1.0

Deviation	Actual	Evli	Year ago	Q4/23
Net sales		-4 %	-20 %	-5 %
EBIT		-	>-100%	97 %
Adj. EBIT		-	62 %	75 %

Share price, EUR (Last trading day's closing price) 0.68

Target price, EUR 0.85

Latest change in recommendation 20-Sep-22

Latest report on company 16-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 13

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 30-Apr-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
2022	68.4	-4.4	-6.5%	-5.6	-0.28	-2.7	0.7	-10.4	-38.0	0.00
2023	57.7	-3.5	-6.1%	6.0	-0.28	-2.6	0.7	-11.5	36.9	0.00
2024E	56.9	2.1	3.7%	0.1	0.00	164.9	0.7	17.9	0.5	0.00
2025E	61.2	5.0	8.2%	2.5	0.13	5.4	0.6	7.0	19.1	0.06
2026E	66.1	6.9	10.4%	4.2	0.21	3.2	0.5	4.7	31.8	0.11

Market cap, EURm	13	BV per share 2024E, EUR	141.3	CAGR EPS 2023-26, %	0.0
Net debt 2024E, EURm	24	Price/book 2024E	0.8	CAGR sales 2023-26, %	4.7
Enterprise value, EURm	38	Dividend yield 2024E, %	0.3	ROE 2024E, %	0.5
Total assets 2024E, EURm	59	Tax rate 2024E, %	20.0	ROCE 2024E, %	4.7
Goodwill 2024E, EURm	41	Equity ratio 2024E, %	29.5	PEG, P/E 24/CAGR	0.6

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

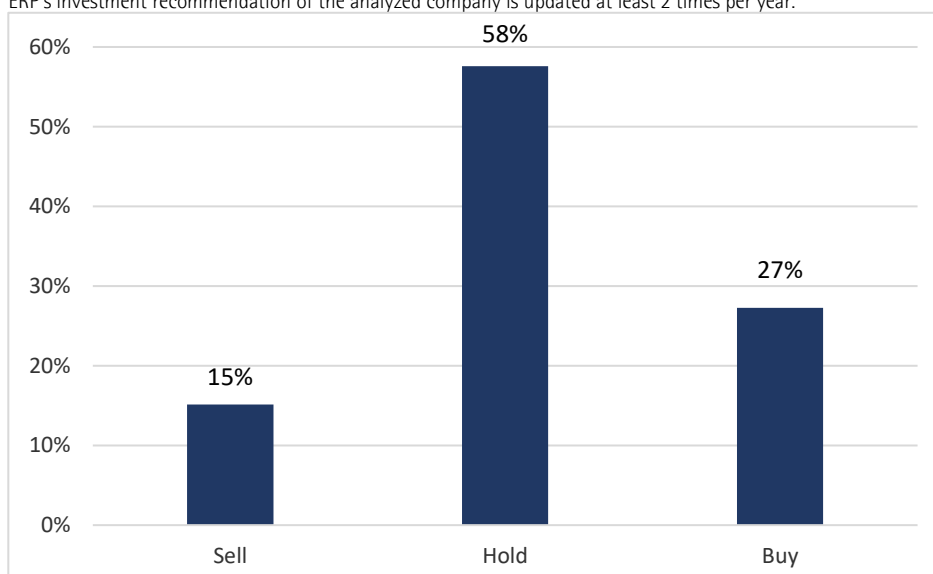
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Investment recommendations are defined as follows:

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

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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