

Growth strategy proceeds

Enersense completed its directed share issue and thus raised some EUR 16m in gross proceeds. The company is looking into some growth initiatives that would deploy the capital. These could involve organic growth prospects but in our opinion M&A is also high on the agenda. We have made small adjustments to our estimates. Our TP is now EUR 13 (11) and we retain our BUY rating.

Current markets offer both organic and M&A potential

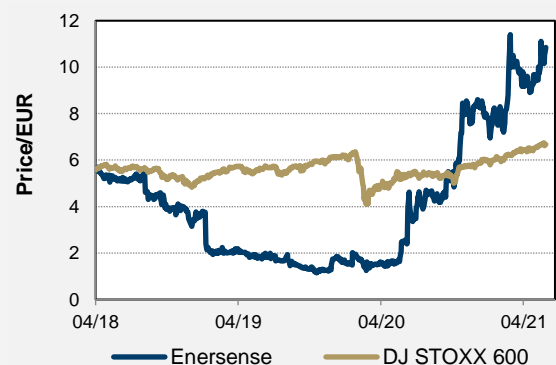
Enersense already had a healthy balance sheet with a positive net cash position and there wasn't any acute pressing need to raise additional cash. The company had some EUR 23m in cash at the end of Q1. This suggests there will now be close to EUR 40m in available funds plus possible additional debt facilities. In our opinion such an amount could enable Enersense to acquire targets with around EUR 100m in revenue, considering the relatively low EV/S multiples seen across the relevant sectors. At this point it remains unclear which segment Enersense might be looking to bolster. In our view Enersense has wide M&A opportunities in both Finland and abroad. The Finnish Power market is currently driven by e.g. wind power investments, while 5G will remain a major driver for Connectivity for years to come. Enersense is already a big Finnish player in these two related construction and maintenance markets, and there remain some smaller service suppliers the company might be contemplating to acquire. The Finnish smart industry market, by contrast, represents a much wider opportunity set, not to mention the potential overseas scope.

Long-term financial target amounts to EUR 30m in EBITDA

We make small adjustments to our estimates following the transaction. We understand Empower synergies continue to materialize well and we see the company is on track to reach annual EUR 20m run-rate EBITDA in the near-term, while the long-term target implies EUR 30m.

Valuation remains undemanding relative to potential

Enersense still trades at modest multiples, and the ca. 6x EV/EBITDA and 11x EV/EBIT on our estimates for next year represent meaningful discounts compared to peers. Our new TP is EUR 13 (11) and we retain our BUY rating.

 Rating BUY


Share price, EUR (Last trading day's closing price) 10.85

Target price, EUR 13.0

Latest change in recommendation	16-Mar-21
Latest report on company	11-May-21
Research paid by issuer:	YES
No. of shares outstanding, '000's	13,398
No. of shares fully diluted, '000's	13,398
Market cap, EURm	145
Free float, %	-
Exchange rate	-
Reuters code	ESENSE.HE
Bloomberg code	ESENSE FH
Average daily volume, EURm	0.3
Next interim report	13-Aug-21
Web site	www.enersense.com

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+ BUY □ HOLD - SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2019	58.1	-1.0	-1.7%	-3.0	-0.23	-6.8	0.2	-13.9	-32.1	0.00
2020	147.5	4.8	3.2%	-15.6	0.25	32.6	0.7	20.4	-19.7	0.00
2021E	235.1	6.2	2.6%	-8.1	0.13	84.8	0.6	21.0	-5.6	0.00
2022E	245.9	11.3	4.6%	11.3	0.74	14.7	0.5	10.5	7.8	0.15
2023E	255.4	12.8	5.0%	11.1	0.80	13.6	0.4	8.5	7.7	0.24
Market cap, EURm		145	Gearing 2021E, %			-33.1	CAGR EPS 2020-23, %			46.4
Net debt 2021E, EURm		-17	Price/book 2021E			3.0	CAGR sales 2020-23, %			20.1
Enterprise value, EURm		130	Dividend yield 2021E, %			0.0	ROE 2021E, %			5.3
Total assets 2021E, EURm		142	Tax rate 2021E, %			0.7	ROCE 2021E, %			10.2
Goodwill 2021E, EURm		26	Equity ratio 2021E, %			36.7	PEG, P/E 21/CAGR			1.0

Estimates and peer group valuation

Interim figures	2019	2020	Q1'21	Q2'21E	Q3'21E	Q4'21E	2021E	2022E	2023E
Net sales	58.1	147.5	52.4	57.5	61.3	63.9	235.1	245.9	255.4
Smart Industry		64.6	22.3	23.5	22.5	22.4	90.7	93.9	96.2
Power		18.9	10.8	11.5	12.5	12.5	47.3	52.1	56.0
Connectivity		23.4	8.5	11.0	13.5	14.8	47.8	48.7	49.7
Staff leasing		13.8							
International Operations		26.8	10.7	11.5	12.8	14.2	49.2	51.2	53.5
EBITDA	0.1	9.8	1.4	3.7	5.5	5.0	15.6	20.7	22.2
Adj. EBITDA	0.1	11.5	2.8	4.7	6.0	5.3	18.8	20.9	22.2
D&A	-1.0	-5.0	-2.4	-2.4	-2.4	-2.4	-9.4	-9.4	-9.4
Adj. EBIT	-1.0	7.5	0.7	2.6	3.8	3.2	10.2	11.5	12.8
EBIT	-1.0	4.8	-1.0	1.4	3.1	2.7	6.2	11.3	12.8
<i>Sales growth %</i>	<i>22.6 %</i>	<i>154.0 %</i>					<i>59 %</i>	<i>4.6 %</i>	<i>3.9 %</i>
<i>Smart Industry</i>							<i>40.5 %</i>	<i>3.5 %</i>	<i>2.5 %</i>
<i>Power</i>							<i>150.3 %</i>	<i>10.0 %</i>	<i>7.5 %</i>
<i>Connectivity</i>							<i>103.9 %</i>	<i>2.0 %</i>	<i>2.0 %</i>
<i>Staff leasing</i>							<i>0.0 %</i>	<i>0.0 %</i>	<i>0.0 %</i>
<i>International Operations</i>							<i>84.0 %</i>	<i>4.0 %</i>	<i>4.5 %</i>
<i>EBITDA margin %</i>	<i>0.1 %</i>	<i>6.6 %</i>	<i>2.7 %</i>	<i>6.5 %</i>	<i>8.9 %</i>	<i>7.9 %</i>	<i>6.6 %</i>	<i>8.4 %</i>	<i>8.7 %</i>
<i>Adj. EBITDA margin %</i>	<i>0.1 %</i>	<i>7.8 %</i>	<i>5.3 %</i>	<i>8.2 %</i>	<i>9.7 %</i>	<i>8.3 %</i>	<i>8.0 %</i>	<i>8.5 %</i>	<i>8.7 %</i>
<i>Adj. EBIT margin %</i>	<i>-1.7 %</i>	<i>5.1 %</i>	<i>1.3 %</i>	<i>4.5 %</i>	<i>6.2 %</i>	<i>5.0 %</i>	<i>4.4 %</i>	<i>4.7 %</i>	<i>5.0 %</i>
<i>EBIT margin %</i>	<i>-1.7 %</i>	<i>3.2 %</i>	<i>-1.8 %</i>	<i>2.4 %</i>	<i>5.1 %</i>	<i>4.2 %</i>	<i>2.6 %</i>	<i>4.6 %</i>	<i>5.0 %</i>

ENERSENSE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		21	22	23	21	22	23	21	22	23
Bravida Holding	2406	13.8x	12.8x	12.2x	17.9x	16.5x	15.6x	22.7x	20.7x	19.7x
Bilfinger	1014							19.5x	11.7x	9.5x
Caverion	912	7.5x	6.6x	6.1x	14.4x	11.6x	10.1x	20.6x	15.6x	13.2x
Eltel	351	9.0x	7.9x	7.3x	23.6x	17.5x	15.2x	32.4x	19.6x	16.5x
Transtema Group	83	5.1x	4.8x	4.5x	11.2x	10.4x	9.6x	14.8x	15.1x	13.7x
VINCI	53540	10.3x	8.7x	8.1x	17.9x	13.6x	12.3x	21.7x	15.6x	13.9x
SPIE	3192	7.6x	7.1x	6.9x	11.0x	10.1x	9.6x	14.1x	12.5x	11.8x
Viafin Service	60									
Veolia Environnement	14282	7.9x	6.9x	6.4x	18.3x	15.0x	13.0x	19.2x	15.4x	12.8x
Lassila & Tikanoja	534							16.2x	14.6x	13.6x
Peer Group Average	7637	8.7x	7.8x	7.4x	16.3x	13.5x	12.2x	20.1x	15.7x	13.8x
Peer Group Median	963	7.9x	7.1x	6.9x	17.9x	13.6x	12.3x	19.5x	15.4x	13.6x
Enersense (Evli est.)	154	8.9x	6.1x	5.3x	22.4x	11.3x	9.2x	89.8x	15.5x	14.4x

ENERSENSE PEER GROUP	Sales 20	Sales gr.			EBITDA-%			Div. yield		
		21	22	23	21	22	23	21	22	23
Bravida Holding	2099	2.6%	5.4%	3.4%	8.5 %	8.6 %	8.8 %	2.3 %	2.6 %	2.7 %
Bilfinger	3461	10.3%	7.7%	4.0%	4.9 %	5.7 %	6.2 %	3.6 %	4.3 %	4.9 %
Caverion	2155	0.6%	3.9%	3.8%	6.4 %	7.0 %	7.3 %	2.5 %	3.2 %	3.9 %
Eltel	938	-7.3%	0.8%	1.7%	6.5 %	7.3 %	7.8 %	0.0 %	2.5 %	3.0 %
Transtema Group	140	10.4%	2.9%	3.0%	10.9 %	11.3 %	11.6 %	0.0 %	0.0 %	0.0 %
VINCI	43234	9.5%	10.0%	4.3%	15.5 %	16.7 %	17.3 %	2.5 %	3.4 %	3.9 %
SPIE	6655	5.8%	4.1%	2.9%	8.3 %	8.5 %	8.6 %	2.9 %	3.3 %	3.5 %
Viafin Service	56									
Veolia Environnement	26010	5.9%	9.9%	4.4%	14.5 %	15.1 %	15.6 %	3.8 %	4.4 %	5.2 %
Lassila & Tikanoja	752	3.5%	1.9%	2.0%	12.5 %	12.8 %	12.9 %	4.0 %	4.5 %	4.6 %
Peer Group Average	8550	4.6%	5.2%	3.3%	9.8 %	10.3 %	10.7 %	2.4 %	3.1 %	3.5 %
Peer Group Median	2127	5.8%	4.1%	3.4%	8.5 %	8.6 %	8.8 %	2.5 %	3.3 %	3.9 %
Enersense (Evli est.)	147	59.4%	4.6%	3.9%	6.6 %	8.4 %	8.7 %	0.0 %	1.3 %	2.1 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	10.85 PV of Free Cash Flow	92 Long-term growth, %	1.5 Risk-free interest rate, %	2.25
DCF share value	13.25 PV of Horizon value	96 WACC, %	9.1 Market risk premium, %	5.8
Share price potential, %	22.1 Unconsolidated equity	-1 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	14.3 Marketable securities	18 Minimum WACC, %	8.6 Equity beta coefficient	1.20
Minimum value	12.4 Debt - dividend	-27 Maximum WACC, %	9.6 Target debt ratio, %	20
Horizon value, %	51.1 Value of stock	178 Nr of shares, Mn	13.4 Effective tax rate, %	20

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	147	235	246	255	263	271	278	283	289	293	298	302
<i>Sales growth, %</i>	<i>154.0</i>	<i>59.4</i>	<i>4.6</i>	<i>3.9</i>	<i>3.0</i>	<i>3.0</i>	<i>2.5</i>	<i>2.0</i>	<i>2.0</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>
Operating income (EBIT)	5	6	11	13	14	14	14	14	14	15	15	15
<i>Operating income margin, %</i>	<i>3.2</i>	<i>2.6</i>	<i>4.6</i>	<i>5.0</i>	<i>5.4</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>
+ Depreciation+amort.	5	9	9	9	9	9	10	10	10	10	11	
EBITDA	10	16	20	22	24	23	24	24	25	25	25	
- Paid taxes	0	0	-1	-2	-3	-3	-3	-3	-3	-3	-3	
- Change in NWC	-11	-11	1	1	1	1	1	0	1	0	0	
<i>NWC / Sales, %</i>	<i>-21.6</i>	<i>-9.0</i>	<i>-9.0</i>	<i>-9.0</i>	<i>-9.0</i>	<i>-9.0</i>	<i>-9.0</i>	<i>-9.0</i>	<i>-9.0</i>	<i>-9.0</i>	<i>-9.0</i>	
+ Change in other liabs	17	2	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-1	-7	-5	-5	-5	-6	-6	-6	-6	-6	-6	
<i>opCAPEX / Sales, %</i>	<i>7.1</i>	<i>4.5</i>	<i>3.6</i>	<i>3.8</i>	<i>3.6</i>	<i>3.8</i>	<i>3.8</i>	<i>3.8</i>	<i>3.8</i>	<i>3.7</i>	<i>3.7</i>	
- Acquisitions	-1	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	2	0	0	0	0	0	0	0	0	0	
- Other items	-1	0	0	0	0	0	0	0	0	0	0	
= FCFF	12	2	16	16	16	15	15	16	16	16	17	220
= Discounted FCFF		2	14	13	12	10	10	9	8	8	7	96
= DFCF min WACC		2	14	13	12	10	10	9	9	8	8	107
= DFCF max WACC		2	13	13	12	10	9	9	8	7	7	86

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	0.0	0.0	0.0	147.5	147.5	52.4	57.5	61.3	63.9	235.1	245.9	255.4
EBITDA	0.0	0.0	0.0	9.8	9.8	1.4	3.7	5.5	5.0	15.6	20.4	22.1
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>6.6</i>	<i>6.6</i>	<i>2.7</i>	<i>6.5</i>	<i>8.9</i>	<i>7.9</i>	<i>6.6</i>	<i>8.3</i>	<i>8.7</i>
EBIT	0.0	0.0	0.0	4.8	4.8	-1.0	1.4	3.1	2.7	6.2	11.3	12.8
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>3.2</i>	<i>3.2</i>	<i>-1.8</i>	<i>2.4</i>	<i>5.1</i>	<i>4.2</i>	<i>2.6</i>	<i>4.6</i>	<i>5.0</i>
Net financial items	0.0	0.0	0.0	-1.9	-1.9	-1.7	-1.8	-0.5	-0.5	-4.5	-0.5	-0.5
Pre-tax profit	0.0	0.0	0.0	2.9	2.9	-2.6	-0.4	2.6	2.2	1.7	10.8	12.3
Tax	0.0	0.0	0.0	-0.5	-0.5	0.0	0.0	0.0	0.0	0.0	-0.9	-1.6
<i>Tax rate (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>16.8</i>	<i>16.8</i>	<i>-0.5</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.7</i>	<i>8.0</i>	<i>13.0</i>
Net profit	0.0	0.0	0.0	2.4	2.4	-2.6	-0.4	2.6	2.2	1.7	9.9	10.7
EPS	0.00	0.00	0.00	0.25	0.25	-0.20	-0.03	0.19	0.16	0.13	0.74	0.80
EPS adjusted (diluted no. of shares)	0.00	0.00	0.00	0.25	0.25	-0.20	-0.03	0.19	0.16	0.13	0.74	0.80
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.15	0.24
SALES, EURm												
Smart Industry	0.0	0.0	0.0	64.6	64.6	22.3	23.5	22.5	22.4	90.7	93.9	96.2
Power	0.0	0.0	0.0	18.9	18.9	10.8	11.5	12.5	12.5	47.3	52.1	56.0
Connectivity	0.0	0.0	0.0	23.4	23.4	8.5	11.0	13.5	14.8	47.8	48.7	49.7
Staff Leasing	0.0	0.0	0.0	13.8	13.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
International Operations	0.0	0.0	0.0	26.8	26.8	10.7	11.5	12.8	14.2	49.2	51.2	53.5
Group	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0
Total	0.0	0.0	0.0	147.5	147.5	52.4	57.5	61.3	63.9	235.1	245.9	255.4
SALES GROWTH, Y/Y %												
Smart Industry	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>				<i>-65.3</i>	<i>40.5</i>	<i>3.5</i>	<i>2.5</i>
Power	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>				<i>-33.9</i>	<i>150.3</i>	<i>10.0</i>	<i>7.5</i>
Connectivity	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>				<i>-36.8</i>	<i>103.9</i>	<i>2.0</i>	<i>2.0</i>
Staff Leasing	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-100.0</i>	<i>-100.0</i>	<i>0.0</i>	<i>0.0</i>
International Operations	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>				<i>-46.9</i>	<i>84.0</i>	<i>4.0</i>	<i>4.5</i>
Group	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-100.0</i>	<i>-100.0</i>	<i>70,900.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>17,650.0</i>	<i>-99.4</i>	<i>0.0</i>
Total	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>154.0</i>	<i>154.0</i>	<i>5,241,800.</i>	<i>5,749,900.</i>	<i>6,129,900.</i>	<i>-56.7</i>	<i>59.4</i>	<i>4.6</i>	<i>3.9</i>
						<i>0</i>	<i>0</i>	<i>0</i>				
EBIT, EURm												
Group	0.0	0.0	0.0	4.8	4.8	-1.0	1.4	3.1	2.7	6.2	11.3	12.8
Total	0.0	0.0	0.0	4.8	4.8	-1.0	1.4	3.1	2.7	6.2	11.3	12.8
EBIT margin, %												
Group	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>			<i>-1,345.1</i>				<i>8,715.5</i>		
Total	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>3.2</i>	<i>3.2</i>	<i>-1.8</i>	<i>2.4</i>	<i>5.1</i>	<i>4.2</i>	<i>2.6</i>	<i>4.6</i>	<i>5.0</i>

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	36.9	47.0	47.4	58.1	147.5	235.1	245.9	255.4
<i>Sales growth (%)</i>	<i>114.5</i>	<i>27.5</i>	<i>0.7</i>	<i>22.6</i>	<i>154.0</i>	<i>59.4</i>	<i>4.6</i>	<i>3.9</i>
EBITDA	4.0	1.9	-1.3	0.1	9.8	15.6	20.4	22.1
<i>EBITDA margin (%)</i>	<i>10.9</i>	<i>4.1</i>	<i>-2.6</i>	<i>0.1</i>	<i>6.6</i>	<i>6.6</i>	<i>8.3</i>	<i>8.7</i>
Depreciation	-0.1	-0.2	-0.4	-1.0	-5.0	-9.4	-9.2	-9.3
EBITA	3.9	1.7	-1.6	-1.0	4.8	6.2	11.3	12.8
Goodwill amortization / writedown	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0
EBIT	3.9	1.7	-1.7	-1.0	4.8	6.2	11.3	12.8
<i>EBIT margin (%)</i>	<i>10.6</i>	<i>3.7</i>	<i>-3.5</i>	<i>-1.7</i>	<i>3.2</i>	<i>2.6</i>	<i>4.6</i>	<i>5.0</i>
Reported EBIT	3.9	1.7	-1.7	-1.0	4.8	6.2	11.3	12.8
<i>EBIT margin (reported) (%)</i>	<i>10.6</i>	<i>3.7</i>	<i>-3.5</i>	<i>-1.7</i>	<i>3.2</i>	<i>2.6</i>	<i>4.6</i>	<i>5.0</i>
Net financials	-0.2	-0.3	-1.0	-0.4	-1.9	-4.5	-0.5	-0.5
Pre-tax profit	3.7	1.5	-2.7	-1.4	2.9	1.7	10.8	12.3
Taxes	-0.7	-0.5	0.5	0.0	-0.5	0.0	-0.9	-1.6
Minority shares	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Net profit	2.9	1.0	-1.9	-1.4	2.4	1.7	9.9	10.7
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	0	1	1	2	25	24	23	23
Goodwill	0	0	4	4	26	26	26	26
Right of use assets	0	0	0	2	9	8	8	9
Inventory	0	0	0	0	4	5	5	5
Receivables	9	11	10	13	34	35	37	38
Liquid funds	2	2	3	1	18	43	47	54
Total assets	12	15	19	23	116	142	146	156
Liabilities								
Shareholder's equity	4	3	9	7	16	49	59	68
Minority interest	0	0	0	0	2	2	2	2
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	2	9	8	8	9
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	3	4	2	4	18	18	10	8
Non-interest bearing current liabilities	5	8	8	10	70	61	64	66
Other interest-free debt	0	0	0	0	1	1	1	1
Total liabilities	12	15	19	23	116	142	146	156
CASH FLOW, EURm								
+ EBITDA	4	2	-1	0	10	16	20	22
- Net financial items	0	0	-1	0	-2	-4	0	0
- Taxes	-1	0	0	0	0	0	-1	-2
- Increase in Net Working Capital	-1	0	1	-1	-11	-11	1	1
+/- Other	0	0	0	-1	-1	0	0	0
= Cash flow from operations	2	2	-1	-2	-4	0	20	21
- Capex	0	-1	-3	0	-10	-10	-9	-10
- Acquisitions	0	0	-3	0	-1	0	0	0
+ Divestments	0	0	0	0	0	2	0	0
= Free cash flow	1	1	-6	-3	-16	-8	11	11
+/- New issues/buybacks	-1	0	8	0	8	31	0	0
- Paid dividend	0	-2	0	0	0	0	0	-2
+/- Other	1	1	-1	2	24	2	-8	-2
Change in cash	2	0	1	-1	16	26	3	8

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	0	19	9	79	145	145	145
Net debt (excl. convertibles)	2	0	5	9	-17	-28	-37
Enterprise value	2	19	13	97	130	118	109
Sales	47	47	58	147	235	246	255
EBITDA	2	-1	0	10	16	20	22
EBIT	2	-2	-1	5	6	11	13
Pre-tax	1	-3	-1	3	2	11	12
Earnings	1	-2	-1	2	2	10	11
Equity book value (excl. minorities)	3	9	7	16	49	59	68
Valuation multiples							
EV/sales	0.0	0.4	0.2	0.7	0.6	0.5	0.4
EV/EBITDA	1.2	-14.8	179.9	9.9	8.3	5.8	4.9
EV/EBITA	1.3	-11.6	-13.9	20.4	21.0	10.5	8.5
EV/EBIT	1.3	-11.1	-13.9	20.4	21.0	10.5	8.5
EV/OCF	1.5	-21.6	-6.3	-22.8	315.7	5.9	5.2
EV/FCFF	1.9	-6.0	-5.7	8.1	71.0	7.6	6.8
P/FCFE	0.0	-3.1	-3.1	-5.1	-18.0	12.9	13.0
P/E	0.0	-10.0	-6.8	32.6	84.8	14.7	13.6
P/B	0.0	2.1	1.3	5.0	3.0	2.5	2.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	10.2	7.2	6.3
Target EV/EBIT	0.0	0.0	0.0	0.0	25.7	13.1	10.8
Target EV/FCF	0.0	0.0	0.0	0.0	-19.7	13.1	12.4
Target P/B	0.0	0.0	0.0	0.0	3.6	3.0	2.6
Target P/E	0.0	0.0	0.0	0.0	101.6	17.6	16.3
Per share measures							
Number of shares	4,529	5,948	5,948	9,548	13,398	13,398	13,398
Number of shares (diluted)	4,529	5,948	5,948	9,548	13,398	13,398	13,398
EPS	0.22	-0.33	-0.23	0.25	0.13	0.74	0.80
Operating cash flow per share	0.33	-0.14	-0.36	-0.45	0.03	1.50	1.56
Free cash flow per share	0.21	-1.06	-0.50	-1.63	-0.60	0.84	0.83
Book value per share	0.62	1.52	1.24	1.66	3.65	4.39	5.04
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.15	0.24
Dividend payout ratio, %	0.0	0.0	0.0	0.0	0.0	20.3	30.0
Dividend yield, %	0.0	0.0	0.0	0.0	0.0	1.4	2.2
FCF yield, %	0.0	-32.7	-32.1	-19.7	-5.6	7.8	7.7
Efficiency measures							
ROE	30.1	-32.7	-16.5	20.9	5.3	18.4	16.9
ROCE	24.7	-18.5	-8.1	16.6	10.2	14.4	15.5
Financial ratios							
Inventories as % of sales	0.2	0.8	0.6	2.4	2.0	2.0	2.0
Receivables as % of sales	24.3	21.8	22.8	23.4	15.0	15.0	15.0
Non-interest bearing liabilities as % of sales	16.0	16.9	17.2	47.4	26.0	26.0	26.0
NWC/sales, %	8.5	5.7	6.2	-21.6	-9.0	-9.0	-9.0
Operative CAPEX/sales, %	1.2	5.6	0.7	7.1	4.5	3.6	3.8
CAPEX/sales (incl. acquisitions), %	1.2	-0.4	-0.1	6.3	4.5	3.6	3.8
FCFF/EBITDA	0.6	2.5	-31.6	1.2	0.1	0.8	0.7
Net debt/EBITDA, book-weighted	1.2	0.3	61.4	0.9	-1.1	-1.4	-1.7
Debt/equity, market-weighted	0.0	0.1	0.4	0.2	0.1	0.1	0.1
Equity ratio, book-weighted	19.2	46.3	30.8	15.7	36.7	42.5	45.5
Gearing, %	80.1	-4.4	64.8	52.3	-33.1	-46.3	-53.6

COMPANY DESCRIPTION: Enersense International Oyj is a service provider of emission-free energy solutions. The company offers a wide range of solutions to Nordic and international companies in the industry, energy, telecommunication, and construction sectors. Enersense is strongly involved in the prevailing energy revolution and the creation of a zero-emission society.

INVESTMENT CASE: Enersense expanded its business from recruiting and resource management services to a solution provider for the Smart industry, Power, and Connectivity markets by acquiring Empower in 2020. The turnaround in profitability has progressed well and Enersense managed to improve its EBITDA from EUR -0.8m in 2019 to EUR 7.2m in 2020. With the increased and healthier order backlog and potential synergies of the Empower acquisition, Enersense has the potential to further improve its profitability. Over the next five years, Enersense intends to grow in the domestic market, continue its strong internationalization in certain markets, and improve its profitability.

OWNERSHIP STRUCTURE	SHARES	EURm	%
MBÅ Invest Oy	2,753,072	29.871	20.5%
Nidoco AB	2,075,000	22.514	15.5%
Joensuun Kauppa Ja Kone Oy	1,446,852	15.698	10.8%
Verman Group Oy	1,250,000	13.562	9.3%
Taloustieto Incrementum Ky	834,271	9.052	6.2%
Corporatum Oy	495,860	5.380	3.7%
Ilmarinen	275,000	2.984	2.1%
Siementila Suokas Oy	240,860	2.613	1.8%
Holopainen Jussi	158,395	1.719	1.2%
Proup Oy	151,806	1.647	1.1%
Ten largest	9,681,116	105.040	72%
Residual	3,716,613	40.325	28%
Total	13,397,729	145.365	100%

EARNINGS CALENDAR

August 13, 2021

Q2 report

November 02, 2021

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.

Recommendation	Percentage
Sell	15%
Hold	58%
Buy	27%

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): Ilvonen

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