

Soft Q3 but guidance intact

Energense Q3 figures came in soft compared to our estimates, but the company nevertheless retains its FY '21 guidance, which implies stronger than expected Q4. The Q4 tilt is due to project cycles and the result is a more balanced quarterly performance since Q3 is often the strongest quarter.

- Energense Q3 revenue amounted to EUR 58.3m, compared to our EUR 63.8m estimate. Smart Industry was EUR 18.7m vs our EUR 23.9m estimate, while Power amounted to EUR 12.5m vs our EUR 12.7m estimate. Connectivity top line was EUR 12.3m, compared to our EUR 13.7m estimate. International Operations was EUR 14.6m vs our EUR 13.5m estimate.
- Adjusted EBITDA came in at EUR 4.4m vs our EUR 6.5m estimate, while adjusted EBIT was EUR 2.6m vs our EUR 4.2m estimate. Smart Industry EBITDA amounted to EUR 2.2m. Meanwhile Power EBITDA was EUR 1.1m and that for Connectivity EUR 0.8m. International Operations posted EUR 0.3m, where Latvian projects' weak margin development was a drag.
- Order backlog was EUR 272m at the end of Q3 (EUR 160m a year ago).
- Energense guides FY '21 revenue in the EUR 215-245m range, while adjusted EBITDA is expected to be EUR 17-20m and adjusted EBIT EUR 8-11m (unchanged). The midpoints imply EUR 56.8m revenue, EUR 6.8m adj. EBITDA and EUR 3.4m adj. EBIT for Q4, compared to our respective EUR 63.9m, EUR 5.3m and EUR 3.1m estimates.

Rating + BUY				
Q3'21	Actual	Evli	Year ago	Q2'21
Revenue	58.3	63.8	48.2	61.6
Adj. EBITDA	4.4	6.5	4.9	4.8
Adj. EBIT	2.6	4.2	3.5	2.8
Deviation	Actual	Evli	Year ago	Q2'21
Revenue		-9 %	21 %	-5 %
Adj. EBITDA		-32 %	-10 %	-8 %
Adj. EBIT		-38 %	-26 %	-7 %
Share price, EUR (Last trading day's closing price)				8.98
Target price, EUR				13.0
Latest change in recommendation				16-Mar-21
Latest report on company				16-Aug-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				120
Free float, %				78.2
Exchange rate				-
Reuters code				ESENSE.HE
Bloomberg code				ESENSE FH
Average daily volume, EURm				0.4
Next interim report				02-Nov-21
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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
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	242.6	8.4	3.5%	-2.9	0.42	21.5	0.4	11.8	-2.4	0.00
2022E	253.7	11.9	4.7%	11.9	0.78	11.5	0.3	7.4	9.9	0.15
2023E	263.5	13.9	5.3%	10.9	0.87	10.3	0.3	5.7	9.0	0.26
Market cap, EURm	120		BV per share 2021E, EUR		-40.3		CAGR EPS 2020-23, %		50.6	
Net debt 2021E, EURm	-22		Price/book 2021E		2.3		CAGR sales 2020-23, %		21.4	
Enterprise value, EURm	99		Dividend yield 2021E, %		0.0		ROE 2021E, %		16.3	
Total assets 2021E, EURm	147		Tax rate 2021E, %		0.4		ROCE 2021E, %		13.5	
Goodwill 2021E, EURm	26		Equity ratio 2021E, %		38.1		PEG, P/E 21/CAGR		0.8	

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.

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