

Challenges will continue in H2

Enersense's Q2 results were known before the official release as the company disclosed preliminary figures in connection with a negative earnings guidance revision.

- Enersense Q2 revenue amounted to EUR 59.8m, down by 2.9% y/y. Power revenue grew 17% y/y to EUR 14.0m, while International Operations grew by 14% to EUR 16.8m. Smart Industry declined by 20% to EUR 18.7m and Connectivity by 10% to EUR 10.2m.
- Q2 adjusted EBITDA was EUR -0.4m, compared to EUR 4.8m a year ago. Profitability declined the most in Smart Industry, followed by Connectivity and International Operations, whereas Power managed relatively strong absolute EBITDA. Inflation was a major negative affecting the results throughout the group, but there were also some project volume issues as well as the six-week ICT strike in Finland which had an impact on Connectivity. H1'22 adjusted EBITDA also includes EUR 2.4m in investments in offshore wind power and a new ERP system.
- Order backlog amounted to EUR 295.4m at the end of Q2. The order backlog contracts partially reflect increased pricing adjusted for inflation, whereas new contracts better reflect the cost pressure.
- Enersense guides EUR 245-265m in revenue and EUR 6-12m in adjusted EBITDA for FY '22. Inflation continues to cast uncertainty over H2'22 results and project starts may also be delayed.

Rating 🟡 HOLD

Share price, EUR (Last trading day's closing price)	5.96
Target price, EUR	8.0
Latest change in recommendation	02-May-22
Latest report on company	04-May-22
Research paid by issuer:	YES
No. of shares outstanding, '000's	15,996
No. of shares fully diluted, '000's	15,996
Market cap, EURm	95
Free float, %	78.2
Exchange rate	-
Reuters code	ESENSE.HE
Bloomberg code	ESENSE FH
Average daily volume, EURm	0.1
Next interim report	04-Aug-22
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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
2020	147.5	4.8	3.2%	-15.6	0.25	32.6	0.7	20.4	-19.7	0.00
2021	239.1	6.8	2.9%	-12.9	0.30	23.1	0.4	13.1	-14.0	0.10
2022E	245.6	9.4	3.8%	7.2	0.38	15.7	0.4	9.3	7.6	0.15
2023E	255.6	13.2	5.2%	16.0	0.69	8.6	0.3	5.6	16.7	0.21
2024E	263.3	14.2	5.4%	17.5	0.69	8.7	0.2	4.2	18.3	0.21

Market cap, EURm	95	BV per share 2022E, EUR	-16.6	CAGR EPS 2021-24, %	32.3
Net debt 2022E, EURm	-9	Price/book 2022E	1.8	CAGR sales 2021-24, %	3.3
Enterprise value, EURm	87	Dividend yield 2022E, %	2.5	ROE 2022E, %	12.1
Total assets 2022E, EURm	159	Tax rate 2022E, %	16.9	ROCE 2022E, %	11.6
Goodwill 2022E, EURm	26	Equity ratio 2022E, %	35.0	PEG, P/E 22/CAGR	0.8

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

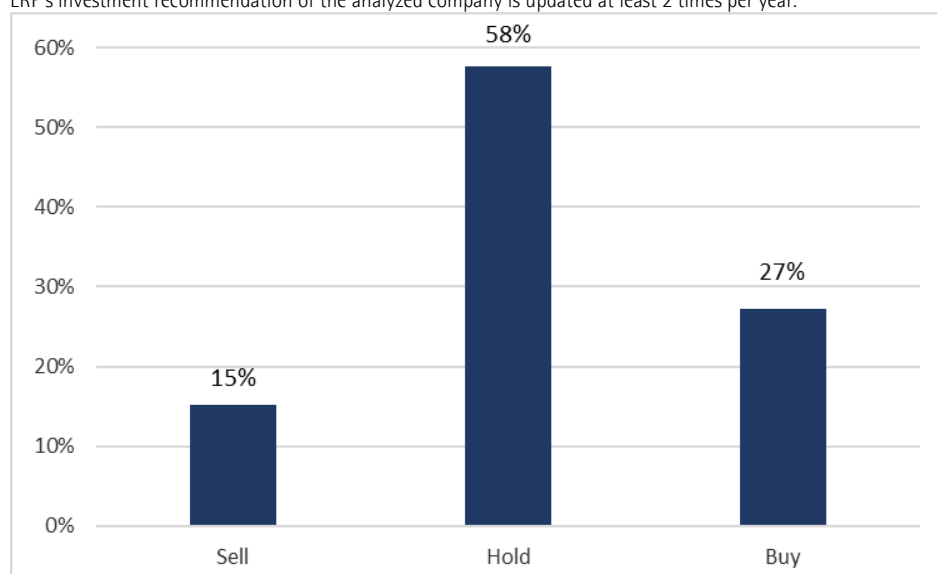
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Investment recommendations are defined as follows:

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.

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

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