

Relatively good development

Enersense's Q3 profitability topped our estimates as EBITDA development was favorable in all other segments except International Operations, where we believe inflation continues to be more of a problem than in Finland.

- Enersense Q3 revenue grew 10.5% y/y to EUR 64.4m, compared to our EUR 65.4m estimate. Revenue grew in all other segments except Smart Industry, where the 18% y/y decline was mainly due to the lower volumes of the Olkiluoto 3 project. Power and Connectivity top lines were close to our estimates.
- Adjusted EBITDA landed at EUR 4.3m vs our EUR 2.0m estimate, while EBIT was EUR 1.9m vs our EUR -0.3m estimate. EBITDA improved in Power as well as Connectivity while it remained flat in Smart Industry. International Operations saw EBITDA decrease due to high inflation in the Baltics. Q3 EBITDA was burdened by investments in offshore wind power and a new ERP system to the tune of EUR 1.0m. Enersense has managed to negotiate price increases for new as well as existing contracts to compensate for inflation.
- Order backlog amounted to EUR 385m at the end of Q3, while it was EUR 272m a year ago. Smart Industry order backlog increased significantly, including the EUR 100m agreement with the energy company Helen (EUR 200m including the options to extend the agreement). Development was strong also in Power.
- Enersense guides FY '22 revenue to be in the EUR 245-265m range and adjusted EBITDA EUR 6-12m (unchanged).

Rating 🟡 HOLD				
Q3'22	Actual	Evli	Year ago	Q2'22
Revenue	64.4	65.4	58.3	59.8
Adj. EBITDA	4.3	2.0	4.4	-0.4
EBIT	1.9	-0.3	0.4	-2.8
Deviation	Actual	Evli	Year ago	Q2'22
Revenue		-2 %	10 %	8 %
Adj. EBITDA		115 %	-2 %	-1175 %
EBIT		-733 %	375 %	-168 %
Share price, EUR (Last trading day's closing price)				6.10
Target price, EUR				6.0
Latest change in recommendation				02-May-22
Latest report on company				05-Aug-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				98
Free float, %				78.2
Exchange rate				-
Reuters code				ESENSE.HE
Bloomberg code				ESENSE FH
Average daily volume, EURm				0.1
Next interim report				28-Oct-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	250.1	-0.7	-0.3%	-2.7	-0.27	-22.6	0.4	-150.7	-2.7	0.10
2023E	261.2	7.7	2.9%	11.1	0.39	15.6	0.3	11.7	11.3	0.12
2024E	269.0	12.1	4.5%	15.6	0.58	10.5	0.3	6.3	16.0	0.17
Market cap, EURm	98		BV per share 2022E, EUR		2.0		CAGR EPS 2021-24, %		25.2	
Net debt 2022E, EURm	1		Price/book 2022E		2.3		CAGR sales 2021-24, %		4.0	
Enterprise value, EURm	100		Dividend yield 2022E, %		1.6		ROE 2022E, %		-9.6	
Total assets 2022E, EURm	150		Tax rate 2022E, %		-46.7		ROCE 2022E, %		-0.9	
Goodwill 2022E, EURm	26		Equity ratio 2022E, %		30.1		PEG, P/E 22/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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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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