

High top line growth

Enersense's Q1 revenue grew clearly faster than estimated, at a rate of 39% y/y, which also helped profitability relatively near expectations. Enersense also updated its revenue guidance for the year on the back of strong orders.

- Enersense Q1 revenue grew 39.4% y/y to EUR 75.0m, compared to the EUR 62.7m/65.1m Evli/consensus estimates. Revenue grew across the board, but most clearly in Smart Industry and International Operations.
- Adjusted EBITDA amounted to EUR 0.4m vs the EUR 3.1m/0.7m Evli/consensus estimates. EBIT landed at EUR -2.3m, compared to the EUR 0.9m/-1.6m Evli/consensus estimates. Q1 typically sees the lowest profitability, but the level in the core business has improved considering seasonality. Profitability improvement was most visible in Smart Industry, while International Operations also improved clearly despite inflation still being a challenge. Higher volumes similarly helped the profitability of Connectivity.
- Order backlog was EUR 526m at the end of Q1 (EUR 288m a year ago). Smart Industry increased particularly due to the EUR 100m Helen agreement. Strong demand also supported Power and Connectivity. Activity in the offshore wind power market is increasing.
- Enersense guides FY '23 revenue to be over EUR 300m and adjusted EBITDA to be in the range of EUR 12-18m (previous guidance was revenue in the range of EUR 280-310m and adjusted EBITDA in the range of EUR 12-18m). Strong order backlog supports revenue, while wind power portfolio development has accelerated. Profitability headwinds include the implementation of the new ERP system as well as on-going investments in the offshore wind power business and acceleration of onshore wind power project development.

Rating 🟡 HOLD				
Q1'23	Actual	Evli	Year ago	Q4'22
Revenue	75.0	62.7	53.8	90.0
Adj. EBITDA	0.4	3.1	5.5	4.3
EBIT	-2.3	0.9	3.2	1.1
Deviation	Actual	Evli	Year ago	Q4'22
Revenue		20 %	39 %	-17 %
Adj. EBITDA		-87 %	-93 %	-91 %
EBIT		-356 %	-172 %	-309 %
Share price, EUR (Last trading day's closing price)				4.93
Target price, EUR				6.5
Latest change in recommendation				02-May-22
Latest report on company				28-Feb-23
Research paid by issuer:				YES
No. of shares outstanding, '000's				16,493
No. of shares fully diluted, '000's				16,493
Market cap, EURm				81
Free float, %				78.2
Exchange rate				-
Reuters code				ESENSE.HE
Bloomberg code				ESENSE FH
Average daily volume, EURm				0.1
Next interim report				28-Apr-23
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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
2021	239.1	6.8	2.9%	-12.9	0.30	23.1	0.4	13.1	-14.0	0.10
2022	268.0	3.5	1.3%	24.8	-0.15	-38.7	0.4	29.0	26.4	0.10
2023E	305.1	5.9	1.9%	-6.5	0.10	48.9	0.3	16.3	-8.0	0.10
2024E	319.4	13.1	4.1%	12.2	0.48	10.3	0.3	6.6	15.0	0.12
2025E	329.7	15.7	4.8%	0.5	0.63	7.8	0.3	5.6	0.6	0.13
Market cap, EURm	81		BV per share 2023E, EUR		22.3	CAGR EPS 2022-25, %		0.0		
Net debt 2023E, EURm	14		Price/book 2023E		1.3	CAGR sales 2022-25, %		7.1		
Enterprise value, EURm	96		Dividend yield 2023E, %		2.0	ROE 2023E, %		2.7		
Total assets 2023E, EURm	260		Tax rate 2023E, %		13.0	ROCE 2023E, %		5.2		
Goodwill 2023E, EURm	28		Equity ratio 2023E, %		24.5	PEG, P/E 23/CAGR		0.5		

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

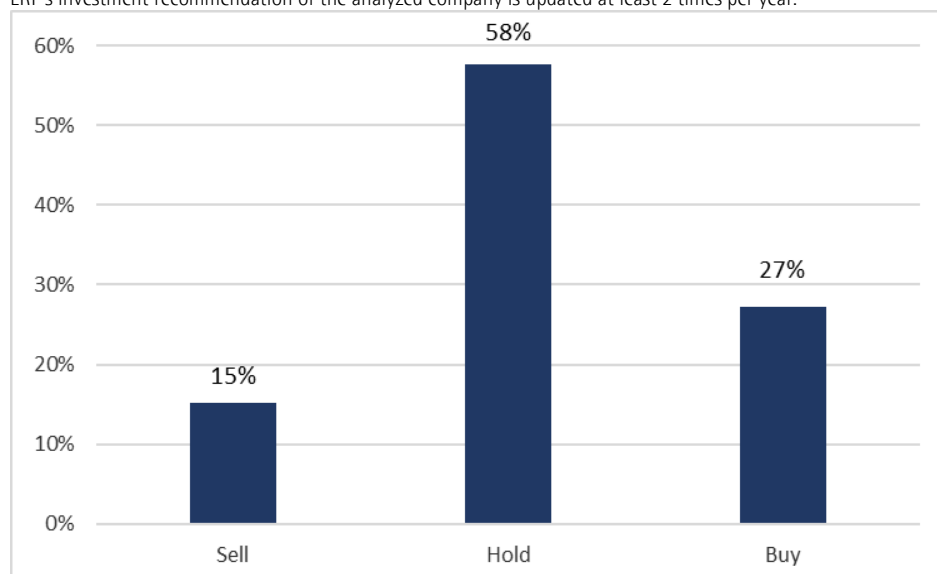
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Investment recommendations are defined as follows:

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

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



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