

Sales development a concern

Solteq's Q4 performance mirrored its full-year trends, with declining sales but improved profitability. Retail & Commerce met expectations, while Utilities disappointed. The company estimates that comparable revenue will decrease slightly in 2025, while operating result will improve significantly.

- Comparable net sales in Q4 were EUR 12.5m (Q4'23: EUR 14.2m) vs. Evli EUR 13.4m, a decline of 12.4% y/y in comparable terms.
- Comparable operating profit in Q4 was EUR 0.3m (Q4'23: EUR -1.0m) vs. Evli EUR 0.8m. Total operating profit came in at EUR 1.8m (Q4'23: EUR -9.1m) including a EUR 1.3m gain from the sale of the Solteq Care business.
- **Retail & Commerce:** Comparable revenue in Q4 amounted to EUR 9.7m (Q4'23: EUR 10.5m) in line with our estimates. Revenue declined by 7.1% in comparable terms due to continued soft customer demand and delays in multiple critical customer acquisition initiatives. The adj. EBIT was EUR 1.0m (Q4'23: EUR -0.2m) vs. Evli EUR 0.8m. Profitability continued to improve, supported by efficiency measures implemented in Q2 and Q3.
- **Utilities:** Revenue in Q4 amounted to EUR 2.8m (Q4'23: EUR 3.8) vs. Evli EUR 3.7m. The 27% y/y decrease in revenue was driven by delays in software business deliveries and weak demand in the consulting business. The adj. EBIT was EUR -0.7m (Q4'23: -0.8m) vs. Evli EUR 0.0m.
- **Guidance for 2025:** Comparable revenue is expected to decrease slightly (2024: EUR 48.8m), while comparable operating result is set to improve significantly (2024: EUR 0.7m)
- Our current estimate for 2025: net sales of EUR 52.3m and operating result of EUR 3.9m.
- During the review period, Solteq's Retail & Commerce segment sold its Danish healthcare software business for EUR 4.0 million, reducing its debt burden and sharpening its focus on core operations

Rating ++ Buy

Q4/24	Actual	Evli	Q4/23	Q3/24
Net sales	12.5	13.4	14.3	11.4
EBIT	1.8	3.8	-9.1	0.3
Adj. EBIT	0.3	0.8	-1.0	0.6

Deviation	Actual	Evli	Q4/23	Q3/24
Net sales		-7 %	-12 %	9 %
EBIT		-53 %	-	>100%
Adj. EBIT		-63 %	-	-51 %

Share price, EUR (Last trading day's closing price) **0.64**
Target price, EUR 0.75

Latest change in recommendation	21-Oct-24
Latest report on company	10-Feb-25
Research paid by issuer:	YES
No. of shares outstanding, '000's	19 397
No. of shares fully diluted, '000's	19 397
Market cap, EURm	12
Free float, %	73.0 %
Exchange rate	0.0
Reuters code	SOLTEQ.HE
Bloomberg code	SOLTEQ FH
Average daily volume, EURm	0.008
Next interim report	13-Feb-25
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++ BUY + ACCUMULATE - REDUCE -- 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
2022	68.4	-4.4	-6.5%	-5.6	-0.28	-4.4	0.8	-12.5	-23.5%	
2023	57.7	-3.5	-6.1%	6.0	-0.28	-2.3	0.7	-11.1	40.8%	
2024E	51.8	3.9	7.4%	0.6	0.04	18.4	0.7	9.5	4.4%	
2025E	52.3	3.9	7.4%	0.9	0.05	13.7	0.7	9.2	7.4%	
2026E	55.1	5.1	9.2%	1.9	0.10	6.6	0.6	6.6	15.5%	0.05
Market cap, EURm	12	Gearing 2024E, %		133.8 %	CAGR EPS 2023-26, %		0.0 %			
Net debt 2024E, EURm	24	Price/book 2024E		0.7	CAGR Sales 2023-26, %		-1.5 %			
Enterprise value, EURm	36	Dividend yield 2024E, %		0.0 %	ROE 2024E, %		3.9 %			
Total assets 2024E, EURm	57	Tax rate 2024E, %		50.8 %	ROCE 2024E, %		8.7 %			
Goodwill 2024E, EURm	41	Equity ratio 2024E, %		31.3 %	PEG, P/E 24/CAGR		0.3			

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

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Target price compared to share price

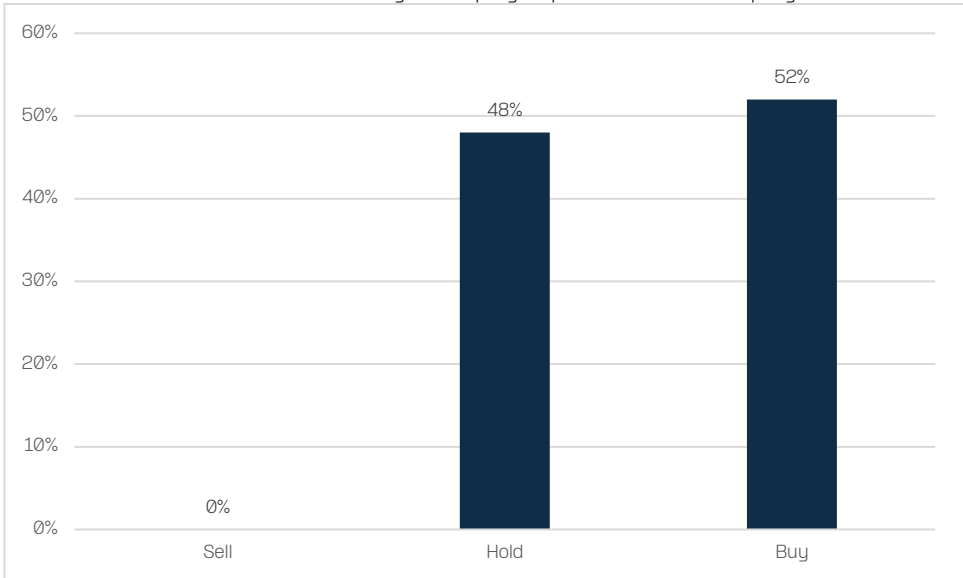
< -10 %
-10 - 0 %
0 - (+10) %
> 10 %

Recommendation

SELL
RECUDE
ACCUMULATE
BUY

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