

Potential overshadowed by uncertainty

Solteq's Q1 was weaker than expected and further cost savings are sought. The near-term uncertainties continue to mount and for now overshadow the turnaround potential.

Q1 on the weaker side, comp. net sales declined 3.8% y/y

Solteq reported slightly weaker than expected Q1 results, driven largely by the lower than expected net sales in the Utilities segment. Comparable net sales declined by 3.8% y/y to EUR 13.6m (Evlii EUR 14.2m) and the adj. EBIT amounted to EUR -0.2m (Evlii EUR 0.2m). Net sales in Utilities declined by 7.5% y/y, to our understanding affected by fluctuations in the timing of project billables, while we had expected modest growth. With the cost base more or less in line with our estimates, the segment's adj. EBIT fell short of our estimates by EUR 0.5m and was EUR -0.7m.

Further cost savings measures to improve profitability

Solteq announced the initiation of an efficiency and cost-savings program to improve profitability in the Retail and Commerce segment's Commerce & Data business unit and Group Administration. The annual savings are expected to be around EUR 3.5m. Our 2024E profitability estimates on an annual basis are close to unchanged given the anticipated costs relating to the cost savings measures and savings impact on H2 along with the weaker than expected Q1. Our coming year estimates are at large not notably changed. We had anticipated a need to adapt the cost base following the divestment in R&C in 2023, although not to such an extent and manner as now announced. The cost savings in R&C are offset in our estimates by slightly dimmed growth expectations, which in terms of profitability is particularly visible in the Utilities segment.

HOLD with a target price of EUR 0.70 (0.85)

Solteq's long-term potential remains overshadowed by the near-term risks relating to the turnaround and financing risks, with its bond maturing on Oct 1st. The cost savings measures, although improving profitability, adds to potential turbulence in the company. Valuation remains attractive if the turnaround succeeds, but the obstacles ahead for now overshadow that potential.



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	0.00
2023	57.7	-3.5	-6.1%	6.0	-0.28	-2.3	0.7	-11.1	40.8	0.00
2024E	55.7	1.9	3.3%	-0.2	-0.01	-56.0	0.7	20.2	-2.0	0.00
2025E	59.5	4.5	7.5%	2.1	0.10	6.2	0.6	7.9	16.6	0.05
2026E	64.3	6.2	9.6%	3.6	0.18	3.5	0.5	5.3	28.8	0.09
Market cap, EURm	13		Gearing 2024E, %	145.7		CAGR EPS 2023-26, %		0.0		
Net debt 2024E, EURm	25		Price/book 2024E	0.7		CAGR sales 2023-26, %		3.7		
Enterprise value, EURm	37		Dividend yield 2024E, %	0.0		ROE 2024E, %		-1.3		
Total assets 2024E, EURm	58		Tax rate 2024E, %	-112.3		ROCE 2024E, %		4.2		
Goodwill 2024E, EURm	41		Equity ratio 2024E, %	29.2		PEG, P/E 24/CAGR		0.0		

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

Solteq	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24	Q2/'24E	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Net sales	68.4	16.9	14.3	12.2	14.3	57.7	13.6	14.0	12.9	15.3	55.7	59.5	64.3
<i>sales growth %</i>	-0.9%	-12.2%	-20.4%	-14.9%	-15.6%	-15.7%	-19.7%	-1.9%	5.4%	7.3%	-3.3%	6.8%	8.0%
<i>comparable growth %</i>			-8.2%	1.9%	0.0%	-5.3%	-3.8%	2.9%	5.4%	7.4%	2.9%		
Other income	0.2	0.0	8.4	0.1	-0.2	8.3	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Materials and services	-7.6	-1.9	-1.7	-1.5	-1.9	-7.0	-1.6	-1.5	-1.4	-1.8	-6.3	-6.8	-7.3
Personnel expenses	-44.6	-11.0	-10.6	-8.1	-10.2	-39.9	-9.4	-10.1	-7.7	-8.6	-35.7	-36.0	-38.1
Other expenses	-10.9	-2.8	-2.6	-2.1	-2.8	-10.3	-2.3	-2.4	-2.0	-2.8	-9.5	-9.8	-10.2
EBITDA	5.6	1.3	7.7	0.5	-0.8	8.7	0.4	0.0	1.8	2.1	4.3	7.0	8.8
Adj. EBITDA	6.1	0.1	-1.3	-0.1	-0.5	-1.7	0.4	0.0	1.8	2.1	4.3	7.0	8.8
D&A	-10.0	-1.4	-1.4	-1.2	-8.3	-12.2	-0.6	-0.6	-0.6	-0.6	-2.4	-2.5	-2.6
EBIT	-4.4	-0.1	6.3	-0.7	-9.1	-3.5	-0.2	-0.6	1.2	1.5	1.9	4.5	6.2
<i>EBIT-%</i>	-6.4%	-0.5%	44.4%	-5.7%	-63.7%	-6.1%	-1.8%	-4.3%	9.3%	9.8%	3.3%	7.5%	9.6%
Adjustment items	5.1	-0.6	-8.4	-0.1	8.1	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adj. EBIT	0.7	-0.7	-2.1	-0.8	-1.0	-4.6	-0.2	-0.6	1.2	1.5	1.9	4.5	6.2
<i>Adj. EBIT-%</i>	1.0%	-3.9%	-14.5%	-6.7%	-7.2%	-7.9%	-1.8%	-4.3%	9.3%	9.8%	3.3%	7.5%	9.6%
Retail & Commerce	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24	Q2/'24E	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Net sales	53.8	13.4	10.8	9.2	10.5	44.0	10.4	10.5	9.6	11.0	41.4	43.1	45.3
<i>sales growth %</i>		-9.8%	-24.3%	-18.8%	-21.1%	-18.3%	-22.8%	-3.1%	3.7%	5.1%	-5.7%	4.0%	5.0%
Adj. EBITDA	6.5	1.3	0.1	0.7	0.2	2.3	0.8	-0.1	1.4	1.6	3.7	5.4	5.8
<i>Adj. EBITDA-%</i>	12.2%	9.9%	1.4%	7.4%	1.5%	5.3%	7.9%	-0.9%	14.7%	14.6%	9.0%	12.5%	12.8%
EBIT	-1.8	1.2	7.8	0.4	-4.2	5.2	0.4	-0.5	1.0	1.2	2.1	3.7	4.1
<i>EBIT-%</i>	-3.4%	8.8%	72.5%	4.1%	-40.4%	11.8%	4.0%	-4.8%	10.4%	10.9%	5.1%	8.6%	9.0%
Adj. EBIT	3.0	0.8	-0.4	0.3	-0.2	0.4	0.4	-0.5	1.0	1.2	2.1	3.7	4.1
<i>Adj. EBIT-%</i>	5.5%	6.1%	-3.6%	2.8%	-2.3%	1.0%	4.0%	-4.8%	10.4%	10.9%	5.1%	8.6%	9.0%
Utilities	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24	Q2/'24E	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Net sales	14.6	3.5	3.4	3.0	3.8	13.7	3.2	3.5	3.3	4.3	14.3	16.4	19.1
<i>sales growth %</i>		-20.2%	-5.1%	-0.1%	4.3%	-6.2%	-7.5%	1.7%	10.3%	13.1%	4.4%	15.0%	16.0%
Adj. EBITDA	-0.5	-1.2	-1.4	-0.8	-0.5	-4.0	-0.5	0.1	0.4	0.5	0.5	1.6	3.0
<i>Adj. EBITDA-%</i>	-3.2%	-34.8%	-41.2%	-27.4%	-14.0%	-29.0%	-14.5%	3.0%	12.2%	11.7%	3.8%	9.6%	15.6%
EBIT	-2.6	-1.3	-1.5	-1.1	-4.9	-8.7	-0.7	-0.1	0.2	0.3	-0.3	0.7	2.1
<i>EBIT-%</i>	-17.6%	-36.7%	-44.0%	-35.9%	-127.9%	-63.7%	-20.7%	-2.9%	6.1%	7.0%	-1.8%	4.5%	11.1%
Adj. EBIT	-2.3	-1.5	-1.7	-1.1	-0.8	-5.0	-0.7	-0.1	0.2	0.3	-0.3	0.7	2.1
<i>Adj. EBIT-%</i>	-15.8%	-42.4%	-49.1%	-36.2%	-20.6%	-36.7%	-20.7%	-2.9%	6.1%	7.0%	-1.8%	4.5%	11.1%

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	0.65 PV of Free Cash Flow	50 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	4.75 PV of Horizon value	67 WACC, %	8.9 Market risk premium, %	5.8
Share price potential, %	631.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	5.3 Marketable securities	2 Minimum WACC, %	8.4 Equity beta coefficient	1.10
Minimum value	4.3 Debt - dividend	-26 Maximum WACC, %	9.4 Target debt ratio, %	20
Horizon value, %	57.1 Value of stock	92 Nr of shares, Mn	19.4 Effective tax rate, %	20

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	58	56	60	64	68	71	74	78	82	86	88	90
<i>Sales growth, %</i>	-15.7	-3.3	6.8	8.0	5.0	5.0	5.0	5.0	5.0	5.0	2.0	2.0
Operating income (EBIT)	-4	2	4	6	7	7	7	8	8	9	9	9
<i>Operating income margin, %</i>	-6.1	3.3	7.5	9.6	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
+ Depreciation+amort.	12	2	3	3	3	3	3	3	3	4	4	
EBITDA	9	4	7	9	10	10	11	11	12	12	13	
- Paid taxes	-1	-1	-1	-1	-1	-1	-1	-2	-2	-2	-2	
- Change in NWC	-3	0	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	-5.4	-5.4	-5.4	-5.4	-5.4	-5.4	-5.4	-5.4	-5.4	-5.4	-5.4	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	0	0	0	-1	-1	-1	-1	-1	-1	-1	
<i>opCAPEX / Sales, %</i>	4.9	4.2	4.5	4.3	4.4	4.4	4.4	4.4	4.4	4.4	4.4	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	14	0	0	0	0	0	0	0	0	0	0	
- Other items	-9	0	0	0	0	0	0	0	0	0	0	
= FCFF	8	3	6	7	8	8	9	9	10	10	10	151
= Discounted FCFF		3	5	6	6	6	5	5	5	5	4	67
= DFCF min WACC		3	5	6	6	6	5	5	5	5	5	75
= DFCF max WACC		3	5	6	6	5	5	5	5	5	4	59

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	16.9	14.3	12.2	14.3	57.7	13.6	14.0	12.9	15.3	55.7	59.5	64.3
EBITDA	1.3	7.7	0.5	-0.8	8.7	0.4	0.0	1.8	2.1	4.3	7.0	8.8
<i>EBITDA margin (%)</i>	<i>7.6</i>	<i>54.0</i>	<i>4.5</i>	<i>-5.9</i>	<i>15.1</i>	<i>2.7</i>	<i>0.1</i>	<i>14.1</i>	<i>13.8</i>	<i>7.7</i>	<i>11.7</i>	<i>13.6</i>
EBIT	-0.1	6.3	-0.7	-9.1	-3.5	-0.2	-0.6	1.2	1.5	1.9	4.5	6.2
<i>EBIT margin (%)</i>	<i>-0.5</i>	<i>44.4</i>	<i>-5.7</i>	<i>-63.7</i>	<i>-6.1</i>	<i>-1.8</i>	<i>-4.3</i>	<i>9.3</i>	<i>9.8</i>	<i>3.3</i>	<i>7.5</i>	<i>9.6</i>
Net financial items	0.4	-0.6	-0.5	-0.6	-1.2	-0.5	-0.5	-0.5	-0.5	-2.0	-1.9	-1.7
Pre-tax profit	0.4	5.8	-1.2	-9.7	-4.7	-0.7	-1.1	0.7	1.0	-0.1	2.5	4.5
Tax	-0.1	-2.1	0.2	1.4	-0.7	0.0	0.2	-0.1	-0.2	-0.1	-0.5	-0.9
<i>Tax rate (%)</i>	<i>42.0</i>	<i>36.4</i>	<i>15.4</i>	<i>14.5</i>	<i>-14.1</i>	<i>0.1</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>-112.3</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.2	3.7	-1.0	-8.3	-5.4	-0.7	-0.9	0.6	0.8	-0.2	2.0	3.6
EPS	0.01	0.19	-0.05	-0.43	-0.28	-0.04	-0.05	0.03	0.04	-0.01	0.10	0.18
EPS adjusted (diluted no. of shares)	-0.03	0.19	-0.05	-0.43	-0.33	-0.04	-0.05	0.03	0.04	-0.01	0.10	0.18
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.09
SALES, EURm												
Retail & Commerce	13.4	10.8	9.2	10.5	44.0	10.4	10.5	9.6	11.0	41.4	43.1	45.3
Utilities	3.5	3.4	3.0	3.8	13.7	3.2	3.5	3.3	4.3	14.3	16.4	19.1
Total	16.9	14.3	12.2	14.3	57.7	13.6	14.0	12.9	15.3	55.7	59.5	64.3
SALES GROWTH, Y/Y %												
<i>Retail & Commerce</i>	<i>-9.8</i>	<i>-24.3</i>	<i>-18.8</i>	<i>-21.1</i>	<i>-18.3</i>	<i>-22.8</i>	<i>-3.1</i>	<i>3.7</i>	<i>5.1</i>	<i>-5.7</i>	<i>4.0</i>	<i>5.0</i>
<i>Utilities</i>	<i>-20.2</i>	<i>-5.1</i>	<i>-0.1</i>	<i>4.3</i>	<i>-6.2</i>	<i>-7.5</i>	<i>1.7</i>	<i>10.3</i>	<i>13.1</i>	<i>4.4</i>	<i>15.0</i>	<i>16.0</i>
Total	-12.2	-20.4	-14.9	-15.6	-15.7	-19.7	-1.9	5.4	7.3	-3.3	6.8	8.0
EBIT, EURm												
Retail & Commerce	1.2	7.9	0.4	-4.2	5.2	0.4	-0.5	1.0	1.2	2.1	3.7	4.1
Utilities	-1.3	-1.5	-1.1	-4.9	-8.7	-0.7	-0.1	0.2	0.3	-0.3	0.7	2.1
Total	-0.1	6.3	-0.7	-9.1	-3.5	-0.2	-0.6	1.2	1.5	1.9	4.5	6.2
EBIT margin, %												
<i>Retail & Commerce</i>	<i>8.8</i>	<i>72.5</i>	<i>4.1</i>	<i>-40.4</i>	<i>11.8</i>	<i>4.0</i>	<i>-4.8</i>	<i>10.4</i>	<i>10.9</i>	<i>5.1</i>	<i>8.6</i>	<i>9.0</i>
<i>Utilities</i>	<i>-36.7</i>	<i>-44.0</i>	<i>-35.9</i>	<i>-127.9</i>	<i>-63.7</i>	<i>-20.7</i>	<i>-2.9</i>	<i>6.1</i>	<i>7.0</i>	<i>-1.8</i>	<i>4.5</i>	<i>11.1</i>
Total	-0.5	44.4	-5.7	-63.7	-6.1	-1.8	-4.3	9.3	9.8	3.3	7.5	9.6

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	58.3	60.5	69.1	68.4	57.7	55.7	59.5	64.3
<i>Sales growth (%)</i>	2.5	3.7	14.2	-0.9	-15.7	-3.3	6.8	8.0
EBITDA	9.7	10.4	12.3	5.5	8.7	4.3	7.0	8.8
<i>EBITDA margin (%)</i>	16.7	17.2	17.8	8.1	15.1	7.7	11.7	13.6
Depreciation	-4.0	-5.0	-5.1	-10.0	-12.2	-2.4	-2.5	-2.6
EBITA	5.7	5.4	7.2	-4.4	-3.5	1.9	4.5	6.2
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	5.7	5.4	7.2	-4.4	-3.5	1.9	4.5	6.2
<i>EBIT margin (%)</i>	9.8	8.8	10.4	-6.5	-6.1	3.3	7.5	9.6
Reported EBIT	5.7	5.4	7.2	-4.4	-3.5	1.9	4.5	6.2
<i>EBIT margin (reported) (%)</i>	9.8	8.8	10.4	-6.5	-6.1	3.3	7.5	9.6
Net financials	-2.0	-2.6	-1.9	-2.2	-1.2	-2.0	-1.9	-1.7
Pre-tax profit	3.7	2.7	5.3	-6.6	-4.7	-0.1	2.5	4.5
Taxes	-0.9	-0.8	-1.1	1.2	-0.7	-0.1	-0.5	-0.9
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	2.8	2.0	4.1	-5.4	-5.4	-0.2	2.0	3.6
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	11	12	13	10	2	2	2	2
Goodwill	39	39	42	46	41	41	41	41
Right of use assets	7	7	5	3	2	2	2	2
Inventory	0	0	0	0	0	0	0	0
Receivables	16	12	12	11	10	9	10	11
Liquid funds	4	5	4	2	2	3	2	3
Total assets	77	75	76	74	57	58	58	59
Liabilities								
Shareholder's equity	25	27	28	23	17	17	19	22
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	8	7	5	3	2	2	2	2
Deferred taxes	1	1	1	1	1	1	1	1
Interest bearing debt	28	24	24	30	24	26	23	21
Non-interest bearing current liabilities	17	16	18	17	13	13	13	14
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	77	75	76	74	57	58	58	59
CASH FLOW, EURm								
+ EBITDA	10	10	12	6	9	4	7	9
- Net financial items	-2	-3	-2	-2	-1	-2	-2	-2
- Taxes	-1	-1	-1	0	-1	0	-1	-1
- Increase in Net Working Capital	-1	0	1	1	-3	0	0	0
+/- Other	-2	-1	0	0	-9	0	0	0
= Cash flow from operations	4	6	10	4	-5	2	5	6
- Capex	-7	-5	-4	-4	-3	-2	-3	-3
- Acquisitions	0	0	-3	-5	0	0	0	0
+ Divestments	0	4	0	0	14	0	0	0
= Free cash flow	-3	6	4	-6	6	0	2	4
+/- New issues/buybacks	0	0	0	2	0	0	0	0
- Paid dividend	0	0	-3	-2	0	0	0	-1
+/- Other	2	-4	-2	4	-6	2	-3	-2
Change in cash	-2	1	-1	-2	0	1	-1	0

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	54	91	24	15	13	13	13
Net debt (excl. convertibles)	26	26	31	25	25	23	20
Enterprise value	81	117	55	39	37	35	33
Sales	60	69	68	58	56	60	64
EBITDA	10	12	6	9	4	7	9
EBIT	5	7	-4	-4	2	4	6
Pre-tax	3	5	-7	-5	0	3	4
Earnings	2	4	-5	-5	0	2	4
Equity book value (excl. minorities)	27	28	23	17	17	19	22
Valuation multiples							
EV/sales	1.3	1.7	0.8	0.7	0.7	0.6	0.5
EV/EBITDA	7.8	9.5	10.0	4.5	8.7	5.1	3.7
EV/EBITA	15.1	16.3	-12.5	-11.1	20.2	7.9	5.3
EV/EBIT	15.1	16.3	-12.5	-11.1	20.2	7.9	5.3
EV/OCF	12.8	11.7	14.2	-7.4	17.7	7.4	5.1
EV/FCFF	9.1	21.2	-19.1	5.0	11.5	6.1	4.5
P/FCFE	9.8	25.6	-4.3	2.5	-50.7	6.0	3.5
P/E	27.3	21.9	-4.4	-2.3	-56.0	6.2	3.5
P/B	2.0	3.2	1.1	0.9	0.7	0.7	0.6
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.9	5.2	3.8
Target EV/EBIT	0.0	0.0	0.0	0.0	20.7	8.1	5.4
Target EV/FCF	0.0	0.0	0.0	0.0	-154.2	17.3	9.3
Target P/B	0.0	0.0	0.0	0.0	0.8	0.7	0.6
Target P/E	0.0	0.0	0.0	0.0	-60.3	6.7	3.8
Per share measures							
Number of shares	19,307	19,397	19,397	19,397	19,397	19,397	19,397
Number of shares (diluted)	19,307	19,397	19,397	19,397	19,397	19,397	19,397
EPS	0.10	0.21	-0.28	-0.28	-0.01	0.10	0.18
Operating cash flow per share	0.33	0.51	0.20	-0.27	0.11	0.24	0.33
Free cash flow per share	0.29	0.18	-0.29	0.31	-0.01	0.11	0.19
Book value per share	1.37	1.44	1.16	0.89	0.88	0.98	1.11
Dividend per share	0.15	0.10	0.00	0.00	0.00	0.05	0.09
Dividend payout ratio, %	146.3	46.8	0.0	0.0	0.0	50.0	50.0
Dividend yield, %	5.4	2.1	0.0	0.0	0.0	8.1	14.2
FCF yield, %	10.2	3.9	-23.5	40.8	-2.0	16.6	28.8
Efficiency measures							
ROE	7.8	15.2	-21.5	-27.1	-1.3	11.3	17.6
ROCE	9.1	12.4	-7.8	-7.1	4.2	10.0	14.0
Financial ratios							
Inventories as % of sales	0.1	0.3	0.2	0.1	0.1	0.1	0.1
Receivables as % of sales	19.1	17.0	16.2	16.9	16.9	16.9	16.9
Non-interest bearing liabilities as % of sales	26.8	25.5	25.6	22.4	22.4	22.4	22.4
NWC/sales, %	-7.5	-8.2	-9.2	-5.4	-5.4	-5.4	-5.4
Operative CAPEX/sales, %	8.0	5.2	6.4	4.9	4.2	4.5	4.3
CAPEX/sales (incl. acquisitions), %	8.0	1.0	-1.1	4.9	4.2	4.5	4.3
FCFF/EBITDA	0.9	0.4	-0.5	0.9	0.8	0.8	0.8
Net debt/EBITDA, book-weighted	2.6	2.1	5.7	2.8	5.8	3.3	2.3
Debt/equity, market-weighted	0.4	0.3	1.3	1.7	2.1	1.8	1.6
Equity ratio, book-weighted	35.5	36.9	30.3	30.1	29.2	32.7	36.4
Gearing, %	99.9	92.6	139.4	142.3	145.7	119.1	92.8

COMPANY DESCRIPTION: Solteq is a Nordic software and IT-services provider specializing in digital business solutions. Solteq's strength has been in commerce related solutions with a focus on selected sectors, namely the retail and wholesale, industry, energy, and services sectors. Recent product development investments have focused on product development in the company's Utilities business and autonomous service robotics.

INVESTMENT CASE: Solteq's investment case revolves around the success of executing its strategy of shifting from its IT-services oriented past towards becoming a software house. Implied margin upside potential is considerable, with segment targets putting margins clearly in the double digits. Growth will increasingly need to be sought from abroad, as domestic growth potential is somewhat restricted within core competencies.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Profiz Business Solution Oyj	2,195,569	1.427	11.3%
Elo Mutual Pension Insurance Company	2,000,000	1.300	10.3%
Ilmarinen Mutual Pensions Insurance Company	1,651,293	1.073	8.5%
Varma Mutual Pension Insurance Company	1,545,597	1.005	8.0%
Aktia Capital Mutual Fund	770,000	0.501	4.0%
Aalto Seppo Tapio	625,000	0.406	3.2%
Saadetdin Ali	602,216	0.391	3.1%
Säästöpankki Small Cap Mutual Fund	500,000	0.325	2.6%
Incedo Oy	313,178	0.204	1.6%
Mandatium Life Insurance Company Ltd	283,439	0.184	1.5%
Ten largest	10,486,292	6.816	54%
Residual	8,910,209	5.792	46%
Total	19,396,501	12.608	100%

EARNINGS CALENDAR

August 22, 2024 Q2 report
October 24, 2024 Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Aarne Aktan Karhumäentie 3, FI-01350
CFO: Tel:
IR:

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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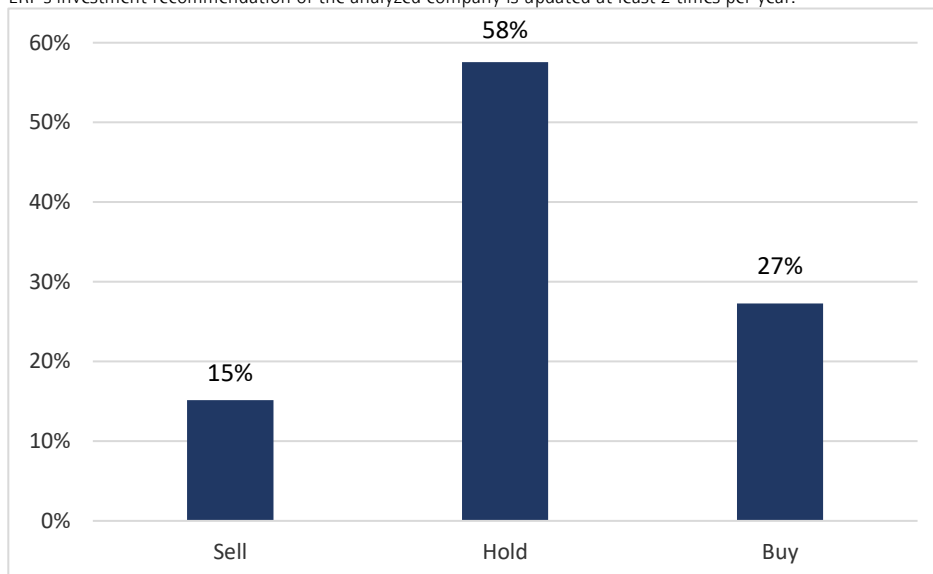
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Investment recommendations are defined as follows:

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): Salokivi

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Contact information**SALES, TRADING AND RESEARCH****Equity, ETF and Derivatives Sales**

Joachim Dannberg +358 9 4766 9123
Ari Laine +358 9 4766 9115
Kimmo Lijja +358 9 4766 9130

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120
Miika Ronkanen +358 9 4766 9120

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Atte Jortikka +358 40 054 3725
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205

EVLI

EVLI PLC

Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Internet www.evli.com
E-mail firstname.lastname@evli.com

EVLI PLC,

STOCKHOLMSFILIAL
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000