

Focus on financing

Solteq had released preliminary Q2 figures ahead of the earnings report and the comparable net sales of EUR 13.6m (-1.5% y/y) and EBIT of EUR 0.0m came as no surprise.

- Net sales in Q2 were EUR 13.4m (EUR 14.3m in Q2/23), a decline of 6.1% y/y and 1.5% in comparable terms.
- The operating profit and adj. operating profit in Q1 amounted to EUR 0.0m respectively (EUR 6.3m/-2.0m in Q2/23).
- Retail and commerce: revenue in Q2 amounted to EUR 10.0m (Q2/23: EUR 10.8m) vs. Evli EUR 10.2m. Revenue declined by 1.2% in comparable terms driven by the demand situation. The adj. EBIT was EUR 0.4m (Q2/23: EUR -0.4m) vs. Evli EUR 0.3m.
- Utilities: Revenue in Q2 amounted to EUR 3.4m (Q2/23: EUR 3.4m) vs. Evli EUR 3.2m. The adj. EBIT was EUR -0.4m (Q2/23: EUR -1.7m) vs. Evli EUR -0.3m.
- **Guidance for 2024 (reiterated):** Solteq expects the comparable revenue (2023: EUR 54.2m) to grow and the operating result to be positive.
- During the review period Solteq completed the earlier announced cost-savings program to improve profitability in the Retail and Commerce segment's Commerce & Data business unit and Group Administration, with annual cost savings expected to amount to approx. EUR 3.5m, of which a third of the total annual savings is expected to be visible in H2. Solteq commenced a written procedure to amend its notes (EUR 23m) due Oct 1st, 2024. Key points of the sought consent include an extension of maturity by 24 months, increase of coupon rate from six percent to ten percent and a gradual increase in the redemption price from 100 percent to 104 percent. Consent fee of 1.75 percent offered.

Rating 🟡 HOLD

Q2/24	Actual	Evli	Year ago	Q1/24
Net sales	13.4	13.4	14.3	13.6
EBIT	0.0	0.0	6.3	-0.2
Adj. EBIT	0.0	0.0	-2.1	-1.0

Deviation	Actual	Evli	Year ago	Q1/24
Net sales		0 %	-6 %	-1 %
EBIT		-	-	-
Adj. EBIT		-	-	-

Solteq released preliminary Q2 figures on Aug 2nd

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

Target price, EUR 0.75

Latest change in recommendation 20-Sep-22

Latest report on company 05-Aug-24

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 15

Free float, % 43.0

Exchange rate 0.000

Reuters code SOLTEQ.HE

Bloomberg code SOLTEQ.FH

Average daily volume, EURm 0.01

Next interim report 22-Aug-24

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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
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	54.4	2.1	3.8%	-0.3	-0.01	-68.1	0.7	19.2	-1.8	0.00
2025E	58.0	3.5	6.0%	1.3	0.06	12.2	0.7	10.9	8.6	0.03
2026E	62.6	5.1	8.1%	2.6	0.13	5.6	0.6	7.1	18.0	0.07

Market cap, EURm	15	BV per share 2024E, EUR	145.7	CAGR EPS 2023-26, %	0.0
Net debt 2024E, EURm	25	Price/book 2024E	0.9	CAGR sales 2023-26, %	2.8
Enterprise value, EURm	39	Dividend yield 2024E, %	0.0	ROE 2024E, %	-1.3
Total assets 2024E, EURm	58	Tax rate 2024E, %	587.1	ROCE 2024E, %	4.6
Goodwill 2024E, EURm	41	Equity ratio 2024E, %	29.4	PEG, P/E 24/CAGR	0.0

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

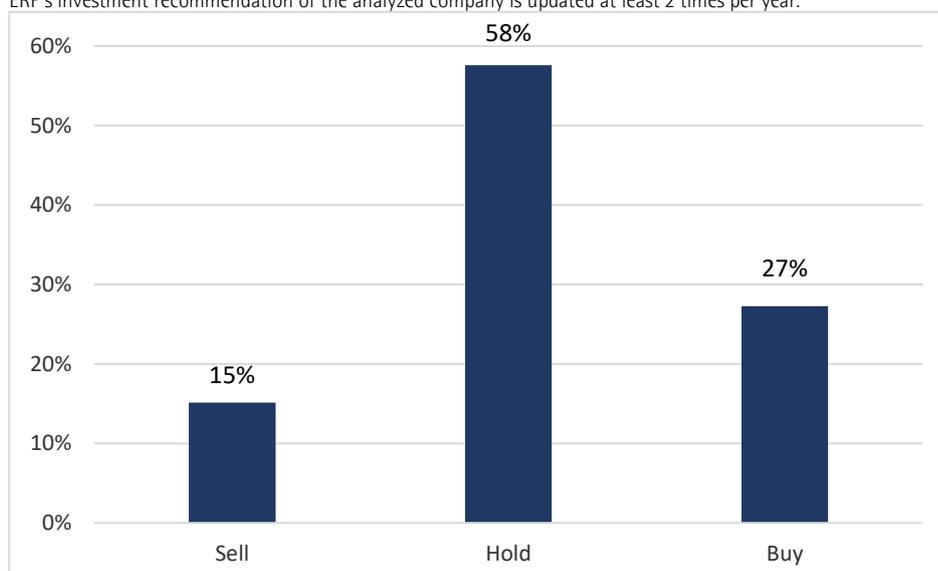
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Investment recommendations are defined as follows:

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

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

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