

Toughest corrective actions now behind

Solteq is set to start showing clearly improved profitability figures, with the toughest actions now behind. Actions to secure near-term financing are also set to be achieved.

Sales still on slight decline but profitability improved

Solteq's comparable revenue declined by 1.5% y/y to EUR 13.4m, while the adj. EBIT improved considerably y/y to EUR 0.0m (Q2/23: EUR -2.0m). Solteq had provided preliminary figures for Q2 ahead of the earnings report and our estimates as such corresponded to the group figures. The Retail & Commerce segment saw a continued slight revenue decline to EUR 10.0m (Evli EUR 10.2m), with the adj. EBIT at EUR 0.4m (Q2/23: EUR -0.4m) vs. Evli EUR 0.3m. Revenue in the Utilities segment also saw a continued but clearly smaller (compared with Q1) y/y decline, with revenue at EUR 3.4m (Evli EUR 3.2m). The adj. EBIT was EUR -0.4m (Q2/23: EUR -1.7m) vs. Evli EUR -0.3m.

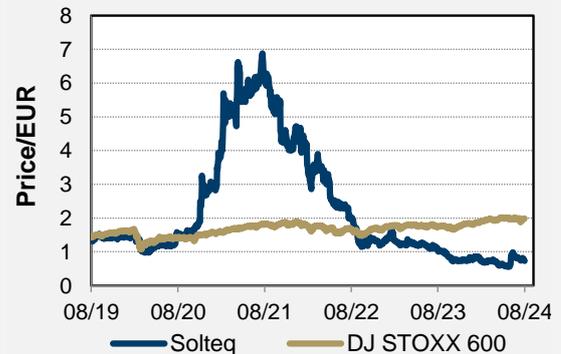
Heading into much better profitability, growth uncertainty

The Q2 report and management comments further reinforced our view of a clear short-term profitability turnaround, while still limited positive news on revenue outlook dampened our view on the growth outlook, in light of which our we have raised our 2025e EBIT estimate by near 30% and lowered sales growth by ~2.5%p. With the cost savings and slight growth, Retail & Commerce could be poised to enter double-digit EBIT-margins next year. The Utilities segment is also heading there, but the high dependency on growth to achieve scalability strains visibility. With earlier problems largely tackled, near-term success in new sales could quite easily swing the direction. Solteq is very likely to achieve the planned extension of the maturity of its notes by 24 months and the expected increase in financial expenses, primarily through the coupon increasing from six to ten percent, will partially limit the bottom-line impact of reduced OPEX.

HOLD with a target price of EUR 0.75

Despite raised profitability estimates, current valuation levels in our view remain fair given turnaround uncertainty and absolute valuation levels. We retain our TP of EUR 0.75 and HOLD-rating.

Rating 🟡 HOLD



Share price, EUR (Last trading day's closing price) 0.73

Target price, EUR 0.75

Latest change in recommendation 20-Sep-22

Latest report on company 02-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 14

Free float, % 73.0

Exchange rate 0.000

Reuters code SOLTEQ.HE

Bloomberg code SOLTEQ FH

Average daily volume, EURm 0.008

Next interim report 24-Oct-24

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🟢 BUY 🟡 HOLD 🟠 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	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	2.2	4.0%	-0.6	-0.03	-24.7	0.7	18.2	-4.4	0.00
2025E	56.7	4.5	8.0%	1.2	0.06	11.7	0.7	8.4	8.8	0.00
2026E	60.5	6.4	10.5%	2.7	0.14	5.2	0.6	5.5	19.5	0.07

Market cap, EURm	14	Gearing 2024E, %	151.0	CAGR EPS 2023-26, %	0.0
Net debt 2024E, EURm	25	Price/book 2024E	0.8	CAGR sales 2023-26, %	1.6
Enterprise value, EURm	39	Dividend yield 2024E, %	0.0	ROE 2024E, %	-3.4
Total assets 2024E, EURm	58	Tax rate 2024E, %	-51.1	ROCE 2024E, %	4.9
Goodwill 2024E, EURm	41	Equity ratio 2024E, %	28.7	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/'24	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Net sales	68.4	16.9	14.3	12.2	14.3	57.7	13.6	13.4	12.6	14.8	54.4	56.7	60.5
<i>sales growth %</i>	-0.9%	-12.2%	-20.4%	-14.9%	-15.6%	-15.7%	-19.7%	-6.1%	3.1%	3.8%	-5.7%	4.3%	6.8%
<i>comparable growth %</i>			-8.2%	1.9%	0.0%	-5.3%	-3.8%	-1.6%	3.1%	3.9%	0.3%		
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	-1.3	-1.7	-6.1	-6.6	-7.1
Personnel expenses	-44.6	-11.0	-10.6	-8.1	-10.2	-39.9	-9.4	-9.2	-7.7	-8.7	-35.0	-33.3	-34.3
Other expenses	-10.9	-2.8	-2.6	-2.1	-2.8	-10.3	-2.3	-2.0	-2.0	-2.4	-8.7	-9.8	-10.2
EBITDA	5.6	1.3	7.7	0.5	-0.8	8.7	0.4	0.6	1.6	2.0	4.6	7.0	9.0
Adj. EBITDA	6.1	0.1	-1.3	-0.1	-0.5	-1.7	0.4	0.6	1.6	2.0	4.6	7.0	9.0
<i>D&A</i>	-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	0.0	1.0	1.4	2.2	4.5	6.4
<i>EBIT-%</i>	-6.4 %	-0.5 %	44.4 %	-5.7 %	-63.7 %	-6.1 %	-1.8 %	0.0 %	7.9%	9.5%	4.0 %	8.0 %	10.5 %
<i>Adjustment items</i>	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	0.0	1.0	1.4	2.2	4.5	6.4
<i>Adj. EBIT-%</i>	1.0%	-3.9%	-14.5%	-6.7%	-7.2%	-7.9%	-1.8%	0.0%	7.9%	9.5%	4.0%	8.0%	10.5%
Retail & Commerce	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24	Q2/'24	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Net sales	53.8	13.4	10.8	9.2	10.5	44.0	10.4	10.0	9.5	10.8	40.7	41.9	44.0
<i>sales growth %</i>		-9.8%	-24.3%	-18.8%	-21.1%	-18.3%	-22.8%	-7.3%	3.0%	3.2%	-7.4%	3.0%	5.0%
Adj. EBITDA	6.5	1.3	0.1	0.7	0.2	2.3	0.8	0.8	1.2	1.4	4.2	5.7	6.0
<i>Adj. EBITDA-%</i>	12.2%	9.9%	1.4%	7.4%	1.5%	5.3%	7.9%	7.7%	12.7%	13.0%	10.3%	13.5%	13.7%
EBIT	-1.8	1.2	7.8	0.4	-4.2	5.2	0.4	0.4	0.8	1.0	2.6	4.0	4.3
<i>EBIT-%</i>	-3.4%	8.8%	72.5%	4.1%	-40.4%	11.8%	4.0%	3.7%	8.4%	9.3%	6.4%	9.5%	9.8%
Adj. EBIT	3.0	0.8	-0.4	0.3	-0.2	0.4	0.4	0.4	0.8	1.0	2.6	4.0	4.3
<i>Adj. EBIT-%</i>	5.5%	6.1%	-3.6%	2.8%	-2.3%	1.0%	4.0%	3.7%	8.4%	9.3%	6.4%	9.5%	9.8%
Utilities	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24	Q2/'24	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Net sales	14.6	3.5	3.4	3.0	3.8	13.7	3.2	3.4	3.1	4.0	13.7	14.7	16.5
<i>sales growth %</i>		-20.2%	-5.1%	-0.1%	4.3%	-6.2%	-7.5%	-2.5%	3.6%	5.2%	-0.3%	8.0%	12.0%
Adj. EBITDA	-0.5	-1.2	-1.4	-0.8	-0.5	-4.0	-0.5	-0.2	0.4	0.6	0.4	1.4	2.9
<i>Adj. EBITDA-%</i>	-3.2%	-34.8%	-41.2%	-27.4%	-14.0%	-29.0%	-14.5%	-4.8%	13.0%	15.1%	2.8%	9.2%	17.7%
EBIT	-2.6	-1.3	-1.5	-1.1	-4.9	-8.7	-0.7	-0.4	0.2	0.4	-0.4	0.5	2.1
<i>EBIT-%</i>	-17.6%	-36.7%	-44.0%	-35.9%	-127.9%	-63.7%	-20.7%	-10.9%	6.5%	10.0%	-3.2%	3.6%	12.5%
Adj. EBIT	-2.3	-1.5	-1.7	-1.1	-0.8	-5.0	-0.7	-0.4	0.2	0.4	-0.4	0.5	2.1
<i>Adj. EBIT-%</i>	-15.8%	-42.4%	-49.1%	-36.2%	-20.6%	-36.7%	-20.7%	-10.9%	6.5%	10.0%	-3.2%	3.6%	12.5%

NORDIC IT SERVICES	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		24	25	26	24	25	26	24	25	26
TietoEVRY	3541	8.3x	8.6x	8.2x	11.5x	11.9x	11.3x	12.7x	12.5x	11.7x
Atea	1241	7.7x	7.5x	7.0x	11.8x	11.4x	10.5x	16.3x	14.7x	13.3x
Knowit	542	8.9x	9.1x	8.5x	13.3x	14.2x	12.0x	14.6x	16.9x	14.0x
Bouvet	602	13.5x	13.7x	12.7x	16.3x	16.5x	15.0x	22.7x	21.6x	19.6x
Gofore	394							24.9x	21.0x	17.8x
Digia	163	8.4x	7.6x	7.1x	13.1x	11.3x	10.2x	15.4x	12.6x	11.5x
Siili Solutions	141	7.1x	6.9x	6.1x	9.5x	9.0x	7.9x	15.9x	12.9x	11.2x
Vincit	75							13.7x	11.0x	9.1x
Innofactor	48	6.7x	6.8x	6.4x	10.7x	10.4x	9.7x	13.9x	10.7x	9.7x
Qt Group	1821	26.3x	33.9x	24.8x	31.3x	40.5x	28.0x	53.1x	50.4x	35.1x
Peer Group Average	834	10.9x	11.8x	10.1x	14.7x	15.7x	13.1x	20.3x	18.4x	15.3x
Peer Group Median	406	8.4x	8.1x	7.7x	12.4x	11.7x	10.9x	15.7x	13.8x	12.5x

Source FactSet, Evli Research

NORDIC SOFTWARE	MCAP EUR	EV/EBITDA			EV/EBIT			P/E		
		24	25	26	24	25	26	24	25	26
Vitec Software Group	1432	22.3x	20.5x	17.5x	41.7x	37.2x	30.9x	70.0x	52.2x	42.9x
SimCorp	2719	17.3x	18.7x	16.8x	18.5x	20.1x	18.0x	25.5x	25.1x	22.7x
F-Secure	563							16.6x	16.4x	14.7x
Admicom	219	16.3x	16.2x	14.8x	18.9x	18.6x	16.8x	21.7x	22.7x	20.5x
cBrain	406	62.5x	43.6x	31.6x	62.3x	45.5x	32.1x	87.3x	59.5x	41.8x
Enea	199	7.4x	8.4x	7.8x	17.5x	20.3x	17.0x	11.8x	19.5x	16.4x
Peer Group Average	923	25.2x	21.5x	17.7x	31.8x	28.3x	23.0x	38.8x	32.6x	26.5x
Peer Group Median	484	17.3x	18.7x	16.8x	18.9x	20.3x	18.0x	23.6x	23.9x	21.6x

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	0.73 PV of Free Cash Flow	47 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	3.58 PV of Horizon value	47 WACC, %	10.6 Market risk premium, %	5.8
Share price potential, %	393.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	7.8
Maximum value	3.9 Marketable securities	2 Minimum WACC, %	10.1 Equity beta coefficient	1.30
Minimum value	3.3 Debt - dividend	-26 Maximum WACC, %	11.1 Target debt ratio, %	20
Horizon value, %	49.7 Value of stock	70 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	54	57	61	64	67	70	74	77	81	83	84
<i>Sales growth, %</i>	-15.7	-5.7	4.3	6.8	5.0	5.0	5.0	5.0	5.0	5.0	2.0	2.0
Operating income (EBIT)	-4	2	5	6	7	7	7	8	8	9	9	9
<i>Operating income margin, %</i>	-6.1	4.0	8.0	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
+ Depreciation+amort.	12	2	3	3	3	3	3	3	3	3	3	4
EBITDA	9	5	7	9	9	10	10	11	11	12	12	
- 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	0	-1	-1	-1	-1	-1	-1	
<i>opCAPEX / Sales, %</i>	4.9	4.3	4.6	4.5	4.6	4.6	4.6	4.6	4.6	4.6	4.6	
- 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	9	10	10	120
= Discounted FCFF		3	5	6	6	5	5	5	4	4	4	47
= DFCF min WACC		3	5	6	6	5	5	5	5	4	4	52
= DFCF max WACC		3	5	6	5	5	5	5	4	4	4	42

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	16.9	14.3	12.2	14.3	57.7	13.6	13.4	12.6	14.8	54.4	56.7	60.5
EBITDA	1.3	7.7	0.5	-0.8	8.7	0.4	0.6	1.6	2.0	4.6	7.0	9.0
EBITDA margin (%)	7.6	54.0	4.5	-5.9	15.1	2.7	4.6	12.8	13.6	8.5	12.4	14.8
EBIT	-0.1	6.3	-0.7	-9.1	-3.5	-0.2	0.0	1.0	1.4	2.2	4.5	6.4
EBIT margin (%)	-0.5	44.4	-5.7	-63.7	-6.1	-1.8	0.0	7.9	9.5	4.0	8.0	10.5
Net financial items	0.4	-0.6	-0.5	-0.6	-1.2	-0.5	-0.5	-0.5	-1.1	-2.5	-3.0	-3.0
Pre-tax profit	0.4	5.8	-1.2	-9.7	-4.7	-0.7	-0.5	0.5	0.3	-0.4	1.5	3.4
Tax	-0.1	-2.1	0.2	1.4	-0.7	0.0	0.0	-0.1	-0.1	-0.2	-0.3	-0.7
Tax rate (%)	42.0	36.4	15.4	14.5	-14.1	0.1	-7.2	20.0	20.0	-51.1	20.0	20.0
Net profit	0.2	3.7	-1.0	-8.3	-5.4	-0.7	-0.5	0.4	0.2	-0.6	1.2	2.7
EPS	0.01	0.19	-0.05	-0.43	-0.28	-0.04	-0.03	0.02	0.01	-0.03	0.06	0.14
EPS adjusted (diluted no. of shares)	-0.03	0.19	-0.05	-0.43	-0.33	-0.04	-0.03	0.02	0.01	-0.03	0.06	0.14
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07
SALES, EURm												
Retail & Commerce	13.4	10.8	9.2	10.5	44.0	10.4	10.0	9.5	10.8	40.7	41.9	44.0
Utilities	3.5	3.4	3.0	3.8	13.7	3.2	3.4	3.1	4.0	13.7	14.7	16.5
Total	16.9	14.3	12.2	14.3	57.7	13.6	13.4	12.6	14.8	54.4	56.7	60.5
SALES GROWTH, Y/Y %												
Retail & Commerce	-9.8	-24.3	-18.8	-21.1	-18.3	-22.8	-7.3	3.0	3.2	-7.4	3.0	5.0
Utilities	-20.2	-5.1	-0.1	4.3	-6.2	-7.5	-2.5	3.6	5.2	-0.3	8.0	12.0
Total	-12.2	-20.4	-14.9	-15.6	-15.7	-19.7	-6.1	3.1	3.8	-5.7	4.3	6.8
EBIT, EURm												
Retail & Commerce	1.2	7.9	0.4	-4.2	5.2	0.4	0.4	0.8	1.0	2.6	4.0	4.3
Utilities	-1.3	-1.5	-1.1	-4.9	-8.7	-0.7	-0.4	0.2	0.4	-0.4	0.5	2.1
Total	-0.1	6.3	-0.7	-9.1	-3.5	-0.2	0.0	1.0	1.4	2.2	4.5	6.4
EBIT margin, %												
Retail & Commerce	8.8	72.5	4.1	-40.4	11.8	4.0	3.7	8.4	9.3	6.4	9.5	9.8
Utilities	-36.7	-44.0	-35.9	-127.9	-63.7	-20.7	-10.9	6.5	10.0	-3.2	3.6	12.5
Total	-0.5	44.4	-5.7	-63.7	-6.1	-1.8	0.0	7.9	9.5	4.0	8.0	10.5

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	58.3	60.5	69.1	68.4	57.7	54.4	56.7	60.5
<i>Sales growth (%)</i>	2.5	3.7	14.2	-0.9	-15.7	-5.7	4.3	6.8
EBITDA	9.7	10.4	12.3	5.5	8.7	4.6	7.0	9.0
<i>EBITDA margin (%)</i>	16.7	17.2	17.8	8.1	15.1	8.5	12.4	14.8
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	2.2	4.5	6.4
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	2.2	4.5	6.4
<i>EBIT margin (%)</i>	9.8	8.8	10.4	-6.5	-6.1	4.0	8.0	10.5
Reported EBIT	5.7	5.4	7.2	-4.4	-3.5	2.2	4.5	6.4
<i>EBIT margin (reported) (%)</i>	9.8	8.8	10.4	-6.5	-6.1	4.0	8.0	10.5
Net financials	-2.0	-2.6	-1.9	-2.2	-1.2	-2.5	-3.0	-3.0
Pre-tax profit	3.7	2.7	5.3	-6.6	-4.7	-0.4	1.5	3.4
Taxes	-0.9	-0.8	-1.1	1.2	-0.7	-0.2	-0.3	-0.7
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	-0.6	1.2	2.7
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	10
Liquid funds	4	5	4	2	2	3	2	2
Total assets	77	75	76	74	57	58	57	58
Liabilities								
Shareholder's equity	25	27	28	23	17	17	18	21
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	27	24	22
Non-interest bearing current liabilities	17	16	18	17	13	12	13	14
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	77	75	76	74	57	58	57	58
CASH FLOW, EURm								
+ EBITDA	10	10	12	6	9	5	7	9
- Net financial items	-2	-3	-2	-2	-1	-3	-3	-3
- Taxes	-1	-1	-1	0	-1	0	0	-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	4	5
- 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	-1	1	3
+/- New issues/buybacks	0	0	0	2	0	0	0	0
- Paid dividend	0	0	-3	-2	0	0	0	0
+/- Other	2	-4	-2	4	-6	2	-2	-3
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	14	14	14
Net debt (excl. convertibles)	26	26	31	25	25	24	21
Enterprise value	81	117	55	39	39	38	35
Sales	60	69	68	58	54	57	61
EBITDA	10	12	6	9	5	7	9
EBIT	5	7	-4	-4	2	5	6
Pre-tax	3	5	-7	-5	0	2	3
Earnings	2	4	-5	-5	-1	1	3
Equity book value (excl. minorities)	27	28	23	17	17	18	21
Valuation multiples							
EV/sales	1.3	1.7	0.8	0.7	0.7	0.7	0.6
EV/EBITDA	7.8	9.5	10.0	4.5	8.5	5.4	3.9
EV/EBITA	15.1	16.3	-12.5	-11.1	18.2	8.4	5.5
EV/EBIT	15.1	16.3	-12.5	-11.1	18.2	8.4	5.5
EV/OCF	12.8	11.7	14.2	-7.4	23.1	9.9	6.4
EV/FCFF	9.1	21.2	-19.1	5.0	11.9	6.6	4.7
P/FCFE	9.8	25.6	-4.3	2.5	-22.5	11.3	5.1
P/E	27.3	21.9	-4.4	-2.3	-24.7	11.7	5.2
P/B	2.0	3.2	1.1	0.9	0.8	0.8	0.7
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.6	5.5	4.0
Target EV/EBIT	0.0	0.0	0.0	0.0	18.4	8.5	5.6
Target EV/FCF	0.0	0.0	0.0	0.0	-63.4	30.9	13.0
Target P/B	0.0	0.0	0.0	0.0	0.9	0.8	0.7
Target P/E	0.0	0.0	0.0	0.0	-25.5	12.0	5.4
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	-0.03	0.06	0.14
Operating cash flow per share	0.33	0.51	0.20	-0.27	0.09	0.20	0.28
Free cash flow per share	0.29	0.18	-0.29	0.31	-0.03	0.06	0.14
Book value per share	1.37	1.44	1.16	0.89	0.86	0.92	1.06
Dividend per share	0.15	0.10	0.00	0.00	0.00	0.00	0.07
Dividend payout ratio, %	146.3	46.8	0.0	0.0	0.0	0.0	50.0
Dividend yield, %	5.4	2.1	0.0	0.0	0.0	0.0	9.6
FCF yield, %	10.2	3.9	-23.5	40.8	-4.4	8.8	19.5
Efficiency measures							
ROE	7.8	15.2	-21.5	-27.1	-3.4	7.0	14.1
ROCE	9.1	12.4	-7.8	-7.1	4.9	10.1	14.5
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	4.3	4.6	4.5
CAPEX/sales (incl. acquisitions), %	8.0	1.0	-1.1	4.9	4.3	4.6	4.5
FCFF/EBITDA	0.9	0.4	-0.5	0.9	0.7	0.8	0.8
Net debt/EBITDA, book-weighted	2.6	2.1	5.7	2.8	5.5	3.4	2.4
Debt/equity, market-weighted	0.4	0.3	1.3	1.7	1.9	1.7	1.5
Equity ratio, book-weighted	35.5	36.9	30.3	30.1	28.7	31.1	35.2
Gearing, %	99.9	92.6	139.4	142.3	151.0	133.8	102.9

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	1.594	11.3%
Elo Mutual Pension Insurance Company	2,000,000	1.452	10.3%
Ilmarinen Mutual Pensions Insurance Company	1,651,293	1.199	8.5%
Varma Mutual Pension Insurance Company	1,545,597	1.122	8.0%
Aktia Capital Mutual Fund	770,000	0.559	4.0%
Aalto Seppo Tapio	625,000	0.454	3.2%
Saadetdin Ali	602,216	0.437	3.1%
Säästöpankki Small Cap Mutual Fund	500,000	0.363	2.6%
Incedo Oy	304,001	0.221	1.6%
Mandatum Life Insurance Company Ltd	283,439	0.206	1.5%
Ten largest	10,477,115	7.606	54%
Residual	8,919,386	6.475	46%
Total	19,396,501	14.082	100%

EARNINGS CALENDAR

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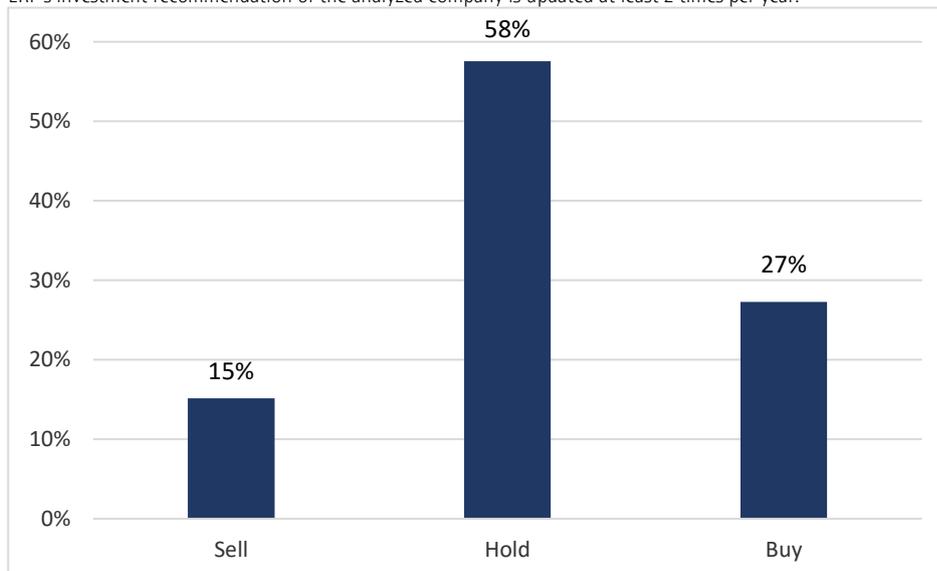
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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