

Continuing profitability turnaround

Solteq reports Q3'24 results on Thursday, October 24th. We expect comparable sales to show slight y/y growth, alongside profitability improvements in both segments.

Profitability expected to accelerate...

Despite a minor decline in net sales of 1.5% y/y, Q2 marked a turning point for Solteq, delivering its first (barely) positive comparable operating result since Q2'22. Additionally, the 24-month extension of note maturities to October 2026 provided added financial flexibility, although higher coupon rates (increased from six to ten percent) will weigh on the bottom line. Heading into Q3, we expect profitability to accelerate, primarily driven by cost-saving measures across both business segments. While we expect slight sales growth y/y, the outlook remains uncertain due to the slower-than-expected recovery in market demand.

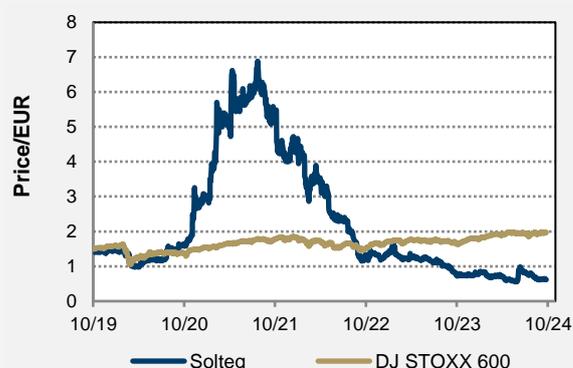
... and gradual return to growth track

We expect Q3 net sales to rise slightly to EUR 12.4m (Q3'23: EUR 12.2m), with EBIT improving to EUR 0.9m (Q3'23: EUR -0.8m). Despite persistent softness in customer demand within the larger Retail & Commerce segment, we anticipate flat or slight growth y/y and improved profitability as cost-saving initiatives take effect. In the Utilities segment, a y/y increase in net sales and profitability is expected, driven by operational efficiency improvements and reduced product development challenges. We expect the cost-saving measures implemented in both business segments to elevate the EBIT-margin into higher single digits in H2'24. While the growth outlook remains more uncertain, it is expected to gradually recover, and the pace will depend largely on new sales within the Utilities segment and the rebound in customer demand in the Retail & Commerce segment.

BUY with a target price of EUR 0.75

We retain our target price of EUR 0.75. Following a decline of over 15% in the share price since our Q2 company update, we have updated our rating to BUY, with in our view no recent significant changes in the outlook.

Rating + BUY



Share price, EUR (Last trading day's closing price) 0.62

Target price, EUR 0.75

Latest change in	16-Oct-24
Latest report on company	23-Aug-24
Research paid by issuer:	YES
No. of shares outstanding,	19,397
No. of shares fully diluted,	19,397
Market cap, EURm	12
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
Web site	solteq.com/en/investors

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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	2.1	3.8%	-0.7	-0.03	-18.4	0.7	18.1	-5.9	0.00
2025E	56.7	4.4	7.8%	1.2	0.06	10.7	0.6	8.2	9.6	0.00
2026E	60.6	6.3	10.3%	2.6	0.13	4.6	0.6	5.3	22.1	0.07
Market cap, EURm			12	Gearing 2024E, %		152.2	CAGR EPS 2023-26, %			0.0
Net debt 2024E, EURm			25	Price/book 2024E		0.7	CAGR sales 2023-26, %			1.7
Enterprise value, EURm			37	Dividend yield 2024E, %		0.0	ROE 2024E, %			-3.9
Total assets 2024E, EURm			58	Tax rate 2024E, %		-36.2	ROCE 2024E, %			4.6
Goodwill 2024E, EURm			41	Equity ratio 2024E, %		28.6	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	12.4	15.0	54.4	56.7	60.6
<i>sales growth %</i>	-0.9%	-12.2%	-20.4%	-14.9%	-15.6%	-15.7%	-19.7%	-6.1%	1.5%	5.2%	-5.7%	4.3%	6.8%
<i>comparable growth %</i>			-8.2%	1.9%	0.0%	-5.3%	-3.8%	-1.6%	1.5%	5.3%	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	-7.6	-8.9	-35.1	-33.4	-34.4
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	1.5	2.0	4.5	6.9	8.8
Adj. EBITDA	6.1	0.1	-1.3	-0.1	-0.5	-1.7	0.4	0.6	1.5	2.0	4.5	6.9	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	0.0	0.9	1.4	2.1	4.4	6.3
<i>EBIT-%</i>	-6.4%	-0.5%	44.4%	-5.7%	-63.7%	-6.1%	-1.8%	0.0%	7.3%	9.3%	3.8%	7.8%	10.3%
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	0.0	0.9	1.4	2.1	4.4	6.3
<i>Adj. EBIT-%</i>	1.0%	-3.9%	-14.5%	-6.7%	-7.2%	-7.9%	-1.8%	0.0%	7.3%	9.3%	3.8%	7.8%	10.3%
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	9.3	10.9	40.6	41.8	43.9
<i>sales growth %</i>		-9.8%	-24.3%	-18.8%	-21.1%	-18.3%	-22.8%	-7.3%	0.8%	4.2%	-7.6%	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	5.6	6.0
<i>Adj. EBITDA-%</i>	12.2%	9.9%	1.4%	7.4%	1.5%	5.3%	7.9%	7.7%	13.0%	12.9%	10.4%	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%	8.6%	9.2%	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%	8.6%	9.2%	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	4.1	13.8	14.9	16.6
<i>sales growth %</i>		-20.2%	-5.1%	-0.1%	4.3%	-6.2%	-7.5%	-2.5%	3.6%	7.8%	0.4%	8.0%	12.0%
Adj. EBITDA	-0.5	-1.2	-1.4	-0.8	-0.5	-4.0	-0.5	-0.2	0.3	0.6	0.3	1.3	2.8
<i>Adj. EBITDA-%</i>	-3.2%	-34.8%	-41.2%	-27.4%	-14.0%	-29.0%	-14.5%	-4.8%	9.8%	14.7%	2.0%	8.5%	16.9%
EBIT	-2.6	-1.3	-1.5	-1.1	-4.9	-8.7	-0.7	-0.4	0.1	0.4	-0.5	0.4	2.0
<i>EBIT-%</i>	-17.6%	-36.7%	-44.0%	-35.9%	-127.9%	-63.7%	-20.7%	-10.9%	3.2%	9.8%	-3.9%	2.9%	11.7%
Adj. EBIT	-2.3	-1.5	-1.7	-1.1	-0.8	-5.0	-0.7	-0.4	0.1	0.4	-0.5	0.4	2.0
<i>Adj. EBIT-%</i>	-15.8%	-42.4%	-49.1%	-36.2%	-20.6%	-36.7%	-20.7%	-10.9%	3.2%	9.8%	-3.9%	2.9%	11.7%

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	0.62 PV of Free Cash Flow	48 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	3.65 PV of Horizon value	47 WACC, %	10.6 Market risk premium, %	5.8
Share price potential, %	490.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	7.8
Maximum value	4.0 Marketable securities	2 Minimum WACC, %	10.1 Equity beta coefficient	1.30
Minimum value	3.4 Debt - dividend	-26 Maximum WACC, %	11.1 Target debt ratio, %	20
Horizon value, %	49.8 Value of stock	71 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	4	6	7	7	7	8	8	9	9	9
<i>Operating income margin, %</i>	-6.1	3.8	7.8	10.3	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	5	4	4	47
= DFCF min WACC		3	5	6	6	5	5	5	5	5	4	53
= DFCF max WACC		3	5	6	6	5	5	5	4	4	4	43

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	12.4	15.0	54.4	56.7	60.6
EBITDA	1.3	7.7	0.5	-0.8	8.7	0.4	0.6	1.5	2.0	4.5	6.9	8.8
EBITDA margin (%)	7.6	54.0	4.5	-5.9	15.1	2.7	4.6	12.2	13.4	8.3	12.2	14.6
EBIT	-0.1	6.3	-0.7	-9.1	-3.5	-0.2	0.0	0.9	1.4	2.1	4.4	6.3
EBIT margin (%)	-0.5	44.4	-5.7	-63.7	-6.1	-1.8	0.0	7.3	9.3	3.8	7.8	10.3
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	0.4	0.3	-0.5	1.4	3.3
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	-36.2	20.0	20.0
Net profit	0.2	3.7	-1.0	-8.3	-5.4	-0.7	-0.5	0.3	0.2	-0.7	1.1	2.6
EPS	0.01	0.19	-0.05	-0.43	-0.28	-0.04	-0.03	0.02	0.01	-0.03	0.06	0.13
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	0.13
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	9.3	10.9	40.6	41.8	43.9
Utilities	3.5	3.4	3.0	3.8	13.7	3.2	3.4	3.1	4.1	13.8	14.9	16.6
Total	16.9	14.3	12.2	14.3	57.7	13.6	13.4	12.4	15.0	54.4	56.7	60.6
SALES GROWTH, Y/Y %												
Retail & Commerce	-9.8	-24.3	-18.8	-21.1	-18.3	-22.8	-7.3	0.8	4.2	-7.6	3.0	5.0
Utilities	-20.2	-5.1	-0.1	4.3	-6.2	-7.5	-2.5	3.6	7.8	0.4	8.0	12.0
Total	-12.2	-20.4	-14.9	-15.6	-15.7	-19.7	-6.1	1.5	5.2	-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	0.1	0.4	-0.5	0.4	2.0
Total	-0.1	6.3	-0.7	-9.1	-3.5	-0.2	0.0	0.9	1.4	2.1	4.4	6.3
EBIT margin, %												
Retail & Commerce	8.8	72.5	4.1	-40.4	11.8	4.0	3.7	8.6	9.2	6.4	9.5	9.8
Utilities	-36.7	-44.0	-35.9	-127.9	-63.7	-20.7	-10.9	3.2	9.8	-3.9	2.9	11.7
Total	-0.5	44.4	-5.7	-63.7	-6.1	-1.8	0.0	7.3	9.3	3.8	7.8	10.3

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	60.6
<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	4.5	6.9	8.8
<i>EBITDA margin (%)</i>	16.7	17.2	17.8	8.1	15.1	8.3	12.2	14.6
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	2.1	4.4	6.3
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	2.1	4.4	6.3
<i>EBIT margin (%)</i>	9.8	8.9	10.4	-6.5	-6.1	3.8	7.8	10.3
Reported EBIT	5.7	5.4	7.2	-4.4	-3.5	2.1	4.4	6.3
<i>EBIT margin (reported) (%)</i>	9.8	8.8	10.4	-6.5	-6.1	3.8	7.8	10.3
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	-0.5	1.4	3.3
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	-0.7	1.1	2.6
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	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	20
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	25	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	-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	12	12	12
Net debt (excl. convertibles)	26	26	31	25	25	24	21
Enterprise value	81	117	55	39	37	36	33
Sales	60	69	68	58	54	57	61
EBITDA	10	12	6	9	5	7	9
EBIT	5	7	-4	-4	2	4	6
Pre-tax	3	5	-7	-5	0	1	3
Earnings	2	4	-5	-5	-1	1	3
Equity book value (excl. minorities)	27	28	23	17	17	18	20
Valuation multiples							
EV/sales	1.3	1.7	0.8	0.7	0.7	0.6	0.6
EV/EBITDA	7.8	9.5	10.0	4.5	8.3	5.2	3.8
EV/EBITA	15.1	16.3	-12.5	-11.1	18.1	8.2	5.3
EV/EBIT	15.1	16.3	-12.5	-11.1	18.1	8.2	5.3
EV/OCF	12.8	11.7	14.2	-7.4	23.0	9.6	6.2
EV/FCFF	9.1	21.2	-19.1	5.0	11.5	6.3	4.6
P/FCFE	9.8	25.6	-4.3	2.5	-17.0	10.4	4.5
P/E	27.3	21.9	-4.4	-2.3	-18.4	10.7	4.6
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	8.8	5.6	4.1
Target EV/EBIT	0.0	0.0	0.0	0.0	19.3	8.8	5.7
Target EV/FCF	0.0	0.0	0.0	0.0	-56.3	33.5	13.6
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	-22.3	13.0	5.6
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	0.13
Operating cash flow per share	0.33	0.51	0.20	-0.27	0.08	0.19	0.28
Free cash flow per share	0.29	0.18	-0.29	0.31	-0.04	0.06	0.14
Book value per share	1.37	1.44	1.16	0.89	0.85	0.91	1.05
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	10.9
FCF yield, %	10.2	3.9	-23.5	40.8	-5.9	9.6	22.1
Efficiency measures							
ROE	7.8	15.2	-21.5	-27.1	-3.9	6.5	13.7
ROCE	9.1	12.4	-7.8	-7.1	4.6	9.9	14.2
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	5.6	3.5	2.4
Debt/equity, market-weighted	0.4	0.3	1.3	1.7	2.2	2.0	1.8
Equity ratio, book-weighted	35.5	36.9	30.3	30.1	28.6	30.8	34.8
Gearing, %	99.9	92.6	139.4	142.3	152.2	136.0	105.5

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.

INVESTMENT CASE: Solteq's investment case revolves around the success of executing its strategy of shifting from its IT-services oriented past towards increasingly 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	1.357	11.3%
Elo Mutual Pension Insurance Company	2,000,000	1.236	10.3%
Ilmarinen Mutual Pensions Insurance Company	1,651,293	1.020	8.5%
Varma Mutual Pension Insurance Company	1,545,597	0.955	8.0%
Aktia Capital Mutual Fund	770,000	0.476	4.0%
Aalto Seppo Tapio	625,000	0.386	3.2%
Saadetdin Ali	602,216	0.372	3.1%
Säästöpankki Small Cap Mutual Fund	500,000	0.309	2.6%
Incedo Oy	304,001	0.188	1.6%
Kelhu Markku Juhani	300,000	0.185	1.5%
Ten largest	10,493,676	6.485	54%
Residual	8,902,825	5.502	46%
Total	19,396,501	11.987	100%

EARNINGS CALENDAR

October 24, 2024

Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Aarne Aktan

Karhumäentie 3, FI-01350

CFO: Mikko Sairanen

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
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

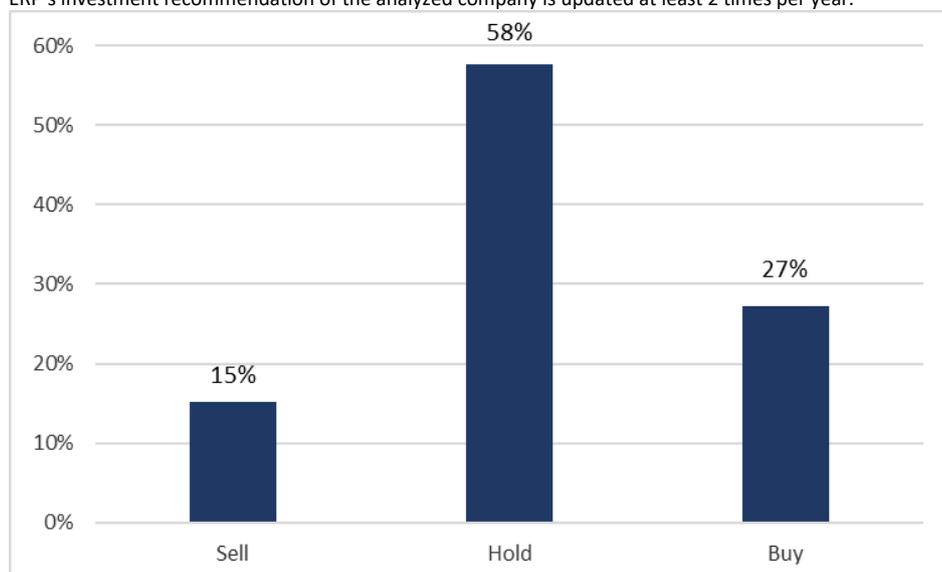
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Investment recommendations are defined as follows:

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, Pitkääjärvi

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