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Results Reaction	Services	Finland	27 February 2023
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Q4: Guidance disappoints, onshore pipeline increased significantly

Q4 adjusted EBITDA missed our estimate by 7%. FY 2023 guidance mid-point is EUR 4.8m, or 24%, below our pre-Q4 estimate. Profitability will be burdened by the implementation of the new ERP system and investments in onshore and offshore projects. Order book is up by 43% y/y, and onshore pipeline increased to 8,000 MW (+5,000 MW q/q). Short-term estimates probably coming down, but long-term potential improving.

Outcome: Q4 adj. EBITDA 7% below SEBe, onshore pipeline increased significantly

Q4 revenue was EUR 90m, +3% vs. SEBe of EUR 87m. Adjusted EBITDA amounted to EUR 4.3m (SEBe EUR 4.6m). EPS was EUR -0.04 (SEBe EUR 0.13). The company will pay EUR 0.10 as a return on capital (SEBe EUR 0.10). Enersense's order book stood at EUR 415m at the end of 2022 (+43% y/y). The highlight of the report was that the onshore wind power project portfolio increased to 8,000 MW (Q3 2022: 3,000 MW), of which 1,500 MW will be developed in cooperation with Valorem. Roughly 6,500 MW of the total onshore pipeline is in feasibility study phase, while 1,400 MW is in the permit, land use and EIA phase.

Q4 deviation table

P&L (EURm)	Actual	Q4/22	Deviation SEB		Q4/21		Q3/22	
		SEB	Abs	Rel (%)	Actual	y/y (%)	Actual	q/q (%)
Revenue	90.0	87.0	3.0	3.4	65.9	36.5	64.4	39.8
Adjusted EBITDA	4.3	4.6	-0.3	-6.5	7.5	-42.7	4.3	0.0
EBITDA	3.4	4.9	-1.5	-30.6	6.2	-45.1	4.0	-14.7
Operating profit	11	2.8	-17	-60.7	4.0	-72.8	19	-411
Net result	-0.7	18	-2.5	-137.1	3.3	-119.9	11	-160.4
EPS	-0.04	0.13	-0.17	-131.8	0.26	-115.4	0.08	-151.8
DPS (EUR)	0.10	0.10	0.00	0.0	0.10	0.0	0.10	0.0
Revenue (EURm)								
Smart industry	22.1	24.1	-2.0	-8.3	210	5.3	15.3	44.4
Power	18.1	18.1	0.0	-0.2	18.8	30.9	14.6	23.6
Connectivity	14.0	16.2	-2.3	-13.9	13.2	5.9	13.7	19
International operations	35.8	28.6	7.2	25.3	18.0	99.2	20.8	72.3
Total	90.0	87.0	3.0	3.4	65.9	-100.0	64.4	39.8
EBITDA (EURm)								
Smart industry	-0.8	0.9	-1.7	-190.8	6.6	-112.3	2.2	-137.1
Power	8.7	3.2	5.5	173.0	0.0	29216.7	11	694.1
Connectivity	0.5	1.1	-0.6	-56.4	0.7	-27.6	1.1	-56.4
International operations	-3.1	0.5	-3.6	-728.4	0.3	-1140.4	0.2	-16710
Others	-19	-0.8	-1.1	-136.1	-14	-36.7	-0.6	-206.7
Total	3.4	4.9	-1.5	-30.6	6.2	-45.1	4.0	-14.7
EBITDA margin (%)								
Smart industry	-3.7	3.7		-7.4pp	316	-35.3pp	14.4	-18.1pp
Power	48.4	17.7		30.7pp	-0.2	48.6pp	7.5	40.9pp
Connectivity	3.4	6.8		-3.3pp	5.0	-16pp	8.0	-4.6pp
International operations	-8.8	1.7		-10.5pp	1.7	-10.4pp	1.0	-9.7pp
Total	3.8	5.6		-1.9pp	9.4	-5.6pp	6.2	-2.4pp
Adjusted EBITDA margin (%)	4.8	5.3		-0.5pp	11.4	-6.6pp	6.7	-1.9pp

Source: SEB

Outlook: 2023 EBITDA guidance below our expectations

FY 2023 revenue is expected to be between EUR 280-310m and adjusted EBITDA to be between EUR 12-18m (SEB pre-Q4 estimates: EUR 301m and EUR 19.8m). Profitability will be impacted by the implementation of the new ERP-system, as well as investments in developing the offshore business and onshore projects.

Impact: Short-term estimates down, long-term potential improving

The mid-point of the FY 2023 adjusted EBITDA guidance is at EUR 15m, which is EUR 4.8m, or 24%, below our pre-Q4 estimate. However, the increased onshore pipeline is a significant driver, although we expect an additional 5,000 MW to be early-phase projects with low probability to be completed.

Conference call details: at 2:45 p.m. EET

President and CEO Jussi Holopainen and CFO Mikko Jaskari will go through 2022 results at a live webcast starting at 2.45 p.m. The event will be held in Finnish, and it can be followed from the following link: <https://enersense.videosync.fi/q4-2022-result>. A recording of the event will be available on Enersense's web page later.

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