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Company Comment	Services	Finland	30 April 2024
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Writes down EUR 6m receivable, withdraws EBITDA guidance

Enersense announced on 29 April it is writing down a EUR 6m receivable after an arbitral tribunal's decision in Lithuania. Enersense is withdrawing its FY/24 EBITDA guidance (EUR 15-25m). The tribunal decided regarding a dispute between Enersense and Lithuanian electricity transmission system operator Litgrid about receivables and deliveries concerning two projects in Lithuania in 2021-23 that Litgrid is to pay to Enersense EUR 1m. Enersense had receivables of EUR 7m in 2022.

Enersense reported on Friday 26 April its Q1 numbers. Enersense's adjusted equity ratio (convertible as equity) was at 34.1%, while the company's covenant is >37.5%. We estimated in our Q1 review (https://research.sebgroupp.com/pdf/Enersense_280424.pdf) that the company would need roughly EUR 11-12m equity (before yesterday's write-down) to fulfil the covenant. According to the company, negotiations are currently ongoing with financiers to specify the covenant level for the full-year 2024. Based on our understanding, Enersense must solve the issue in Q2, and the EUR 6m write-down puts even more pressure on equity. We believe that the first option is to negotiate a waiver for full-year 2024, which gives time to either sell assets/businesses or find another solution. We highlight that there is a high probability that the company is forced to raise some type of equity-based financing.

Key figures

(EURm)	2023	2024E	2025E	2026E
Revenues (m)	363	400	424	453
Adj. EBIT	5	5	13	18
PTP (m)	(9)	(7)	1	11
EPS	(0.54)	(0.45)	0.06	0.52
EPS (adjusted)	(0.54)	(0.45)	0.06	0.52
DPS	0.10	0.00	0.10	0.10
Revenue growth (%)	35.6	10.1	5.9	7.0
EPS growth (%)	n.a.	n.a.	n.a.	724.1
Operating margin (%)	1.4	1.3	3.0	3.9
ROCE (%)	4.9	5.3	13.9	18.5
Net Debt/EBITDA (x)	2.5	2.4	1.4	0.6
PER (adjusted)	(8.0)	(7.8)	55.5	6.7
Dividend yield (%)	2.3	0.0	2.9	2.9
Free Cash Flow Yield (%)	(38.2)	(0.3)	10.0	28.2
P/BV (x)	1.4	1.3	1.3	1.1
EV/EBIT (x)	20.5	19.1	7.2	4.3
EV/Sales (x)	0.30	0.24	0.21	0.17

Source: SEB

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