

27 February 2025

## Commissioned research: Solwers – Q4 EBIT of EUR 0.3m as expected after the profit warning

Marketing material commissioned by Solwers

Solwers' Q4 sales of EUR 21.7m were fairly in line with our estimate of EUR 22.1m. EBIT of EUR 0.3m fell significantly below our estimate of EUR 1.2m, although we note that our estimates have not been updated after the profit warning of 1 February, which called for "close to zero" EBIT and revenue of EUR 21-22m. The result was burdened by non-recurring items such as conditional purchase prices, write-downs and costs related to potential main list transition. Price competition and low billable hours also contributed to the weaker result. DPS proposal of EUR 0.024 was also below our EUR 0.06 estimate (EUR 0.064 for 2023). No numerical guidance was given, but the company anticipates market recovery to strengthen towards the year end 2025. The company aims to grow via acquisitions in at least three countries during the year, implying M&A in Poland this year. After the profit warning, the report gave limited new information and thus we see the report rather neutral for the share.

### Results summary

Solwers' EBIT of EUR 0.3m was largely as expected after the profit warning on 1 February. We note that our estimates were not updated to reflect the profit warning. One-off items affected the Q4 results, as well as low billable hours and price competition. Sales of EUR 21.7m were fairly in line with our estimate of EUR 22.1m. DPS of EUR 0.024 was lower than we anticipated.

### No numerical guidance - expects overall market recovery to strengthen towards year end

Solwers gave no numerical guidance for 2025, which we anticipated. Solwers states that market uncertainty limits future visibility. Solwers states that it benefits from the general market recovery that is anticipated to strengthen towards the end of 2025. The company focuses on growth via M&A in at least three countries and aims to improve organic growth where possible, increasing profitability and cutting costs.

#### SOLWERS Q4 2024 DEVIATION

	Actual	NDA est.	Deviation		Actual		Actual	
EURm	Q4 2024	Q4 2024E	vs. actual		Q3 2024	q/q	Q4 2023	y/y
Sales	21.7	22.1	-0.3	-2%	16.6	30%	19.0	14%
Adj. EBIT	0.3	1.2	-0.9	-77%	0.5	-48%	1.5	-81%
Adj. EBIT margin	1.2%	5.4%	-4.2pp		3.1%	-1.9pp	7.6%	-6.4pp
DPS (FY, EUR)	0.024	0.060	-0.04	-60%			0.064	-63%

Source: Company data and Nordea estimates

**SUMMARY TABLE - KEY FIGURES**

EURm	2021	2022	2023	2024E	2025E	2026E
Total revenue	44.7	62.8	66.0	78.6	83.1	84.7
EBITDA (adj)	5.50	8.16	7.95	7.38	8.54	9.29
EBIT (adj)	3.37	5.09	4.84	3.66	4.63	5.30
EBIT (adj) margin	7.55%	8.11%	7.34%	4.65%	5.57%	6.26%
EPS (adj. EUR)	0.20	0.38	0.32	0.16	0.25	0.32
EPS (adj) growth	-50.2%	93.5%	-17.0%	-51.1%	63.5%	25.5%
DPS (ord. EUR)	0.10	0.04	0.06	0.06	0.07	0.08
EV/Sales	1.52	0.75	1.02	0.63	0.58	0.54
EV/EBIT (adj)	20.1	9.21	13.8	13.6	10.4	8.64
P/E (adj)	41.8	11.0	15.1	15.5	9.49	7.56
P/BV	1.92	1.11	1.20	0.60	0.57	0.54
Divident yield (ord)	1.20%	0.95%	1.33%	2.48%	2.89%	3.31%
FCF Yield bef A&D, lease adj	1.94%	5.69%	10.6%	7.44%	9.00%	12.6%
Net debt	7.16	4.54	18.7	24.7	23.1	20.7
Net debt/EBITDA	1.30	0.56	2.35	3.34	2.70	2.22
ROIC after tax	7.95%	8.62%	7.03%	4.66%	5.56%	6.35%

Source: Company data and Nordea estimates

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**Completion date: 27/02/2025 08:54 CET**

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