Nordea

Commissioned Equity Research

Flash comment

11 February 2022

Commissioned research: EAB Group Oyj – A solid H2 driven by higher continuous operating income

Marketing material commissioned by EAB Group Oyj

EAB reported H2 comparable operating income of EUR 11.5m, 7% above our estimate. Adjusted EBIT of EUR 1.7m beat our estimate by 20% due to higher income. H2 costs increased by EUR 1m y/y, driven by EUR 1.4m increase in personnel expenses. Cost/income ratio was 88% in 2021 (99% in 2020). AuM increased to EUR 3,938m from EUR 3,799m at the end of H1 (3,419m a year ago). The company expects 2022 net profit margin to be clearly positive in 2022 (Nordea 13.6%), given that the favourable market environment is retained. Fees from AI funds increased by 36% y/y. Performance fees were EUR 0.6m (1.4m year ago). Continuous operating income was up by 30% y/y to EUR 9.1m in H2 (EUR 8.7m in H1 and EUR 7.0m in H2 2020) and accounted for 76% of group's operating income in 2021 (71% in 2020). We have a EUR 3.1-3.8 per share fair value for EAB Group.

EAB GROUP OYJ: DEVIATION TABLE

EURm	Actual H1 21	NDA est. H2 21E	Deviation vs. actual		Actual H1 21	h/h	Actual H2 20	y/y
Comparable operating income	**11.5**	**10.8**	**0.8**	**7%**	**10.5**	**10%**	**8.9**	**29%**
Adj. EBIT	**1.7**	**1.4**	**0.3**	**20%**	**1.1**	**49%**	**1.4**	**20%**
Adj. EBIT margin	14.8%	13.2%		1.6pp	10.9%	3.9pp	16.0%	-1.2pp
Net profit	**1.3**	**1.0**	**0.3**	**31%**	**0.8**	**59%**	**1.0**	**30%**
EPS	**0.09**	**0.07**		**26%**	**0.06**	52%	**0.07**	29%
Fees from UCITS-funds	4.0	3.6		11%	3.5	14%	3.1	29%
Fees from alternative funds	3.0	2.8		9%	2.5	20%	2.2	36%
Performance-based fees	0.6	0.7		-14%	0.3	100%	1.4	-57%
Other segments	3.9	3.7		5%	4.2	-7%	2.2	77%
DPS	**0.11**	**0.08**		**38%**			**0.05**	120%

Source: Company data and Nordea estimates

SUMMARY TABLE - KEY FIGURES

EURm	2018	2019	2020	2021E	2022E	2023E
Total revenue	19	18	19	21	24	27
EBITDA (adj)	4	1	3	5	7	9
EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT (adj) margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EPS (adj, EUR)	0.09	-0.11	0.02	0.13	0.23	0.36
EPS (adj) growth	445.3%	-230.8%	116.4%	596.7%	79.2%	54.6%
DPS (ord, EUR)	0.10	0.00	0.05	0.08	0.12	0.18
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P/E (adj)	32.0	n.m.	n.m.	23.1	12.9	8.3
P/BV	2.6	2.0	2.3	2.1	1.9	1.6
Dividend yield (ord)	3.6%	0.0%	1.6%	2.6%	4.0%	6.0%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
ROIC after tax	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: Company data and Nordea estimates

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Nordea analyst: Joni Sandvall

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