10 June 2022

Commissioned research: EAB Group Oyj – The company expects significantly positive net profit margin in H1 and 2022

Marketing material commissioned by EAB Group Oyj

EAB announced that its H1 net profit margin will be significantly positive, while the company now expects 2022 net profit margin to be significantly positive (earlier guidance was for clearly positive margin). We have anticipated 13.1% in H1E and 14.5% in 2022E. We note the ongoing merger process with Evli. Companies are expecting completion of merger on or about 1 October 2022. Upon the completion, EAB shareholders will receive as merger consideration 0.172725 new series B shares in Evli for each EAB share and a cash consideration for total amount of EUR 3m, corresponding to EUR 0.217196 per outstanding EAB share. In addition, EAB has right to distribute funds to its shareholders up to a maximum of amount of EUR 2.35m before the completion. Additional distribution of funds corresponds to around EUR 0.17 per outstanding EAB share. Based on Evli's yesterday closing share price (EUR 18.10) and taking into account the cash consideration (EUR 3m) and additional distribution of funds (EUR 2.35m), the theoretical price of EAB would correspond to around EUR 3.51 per share.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	18	19	22	24	28	29
EBITDA (adj)	1	3	5	7	8	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)	-0.11	0.02	0.16	0.26	0.37	0.43
EPS (adj) growth	-230.8%	116.4%	746.2%	61.3%	45.1%	16.6%
DPS (ord, EUR)	0.00	0.05	0.11	0.15	0.20	0.25
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)	n.m.	n.m.	19.2	12.8	8.8	7.6
P/BV	2.0	2.3	2.1	2.0	1.8	1.6
Dividend yield (ord)	0.0%	1.6%	3.6%	4.6%	6.1%	7.6%
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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