

4 July 2024

Commissioned research: Solwers - Acquires quality architectural expertise in Finland

Marketing material commissioned by Solwers

Solwers' subsidiary Davidsson Tarkela Architects Oy has today signed an agreement to acquire 100% of Siren Architects, Finland's oldest architectural firm. For the last reported 12 month period (3/2023-2/2024), Siren Architects had revenue of EUR 1.75m and an adjusted EBIT margin of 13.5% (EUR ~240,000) versus EUR 1.74m and 14.4% the previous year, respectively, and employs 18 professionals. The acquisition will be reported as part of Solwers as of 1 July. Design references include numerous residential and office buildings, educational institutions, sports facilities, renovations and urban planning including many landmark buildings in Finland. The purchase price is not disclosed, but part of the purchase price is paid in 103,632 newly issued shares (EUR ~400,000) and the rest in cash. If we assume 25-30% of the purchase price is paid with shares, the purchase price corresponds to an EV/EBIT multiple of 5.6-6.7x assuming Siren Architects has zero net debt. The acquisition adds 3% to Solwers' 2023 sales and 5% to EBIT. We view the news as positive as Siren Architects appears to be a quality company and performing well, assuming the purchase price is close to our estimated range and not substantially above.

SUMMARY TABLE - KEY FIGURES

EURm	2021	2022	2023	2024E	2025E	2026E
Total revenue	45	63	66	77	80	83
EBITDA (adj)	5	8	8	8	9	10
EBIT (adj)	3	5	5	5	6	6
EBIT (adj) margin	7.5%	8.1%	7.3%	6.2%	7.0%	7.8%
EPS (adj, EUR)	0.20	0.38	0.32	0.28	0.36	0.43
EPS (adj) growth	-50.2%	93.5%	-17.0%	-10.7%	27.6%	19.6%
DPS (ord, EUR)	0.10	0.04	0.06	0.06	0.07	0.08
EV/Sales	1.5	0.7	1.0	0.8	0.7	0.6
EV/EBIT (adj)	20.1	9.2	13.8	12.4	10.0	8.3
P/E (adj)	41.8	11.0	15.1	13.3	10.5	8.7
P/BV	1.9	1.1	1.2	0.9	0.8	0.8
Dividend yield (ord)	1.2%	0.9%	1.3%	1.6%	1.8%	2.1%
FCF Yield bef A&D, lease adj	1.9%	5.7%	10.6%	8.6%	8.9%	10.9%
Net debt	7	5	19	21	18	14
Net debt/EBITDA	1.3	0.6	2.3	2.4	1.9	1.4
ROIC after tax	8.0%	8.6%	7.0%	6.2%	7.0%	8.0%

Source: Company data and Nordea estimates

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Nordea analyst: Svante Krokfors

Svante Krokfors

Head of Equity Research Finland, Director – Consumer Goods and Retail, Construction and Real Estate

Nordea | Investment Banking & Equities | Equity Research FI

Visit me: Aleksis Kiven katu 7, 00500 HELSINKI, Finland

Write to me: Fleminginkatu 27, 00020 Nordea, Finland

Tel: +358 9 5300 5337 | Mob: +358 40 0436665

E-mail: svante.krokfors@nordea.com

Web: nordeamarkets.com

Nordea Bank Abp, Satamaradankatu 5, FI-00020 NORDEA, Finland, domicile Helsinki, Business ID 2858394-9

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