

19 August 2024

Commissioned research: Solwers - Strengthens foothold Sweden – WiseGate acquires Spectra Consult

Marketing material commissioned by Solwers

Solwers' subsidiary WiseGate has today signed an agreement to acquire 100% of Spectra Consult AB shares. Spectra Consult was founded in 2019 and today employs about 20 skilled consultants focusing on design and supervision for customers primarily engaged in the fields of electric power, national defence, and public civil engineering. Spectra Consult had revenue of SEK 19.9m (EUR ~1.7m) with an EBIT margin of 16.3% in 2023 and SEK 14.7m (EUR ~1.3m) with a margin of 15.9% in 2022. The acquisition will be reported as a part of Solwers as of 1 August 2024. Spectra Consult and WiseGate have collaborated for years on numerous projects and the acquisition seems like a natural continuation of this collaboration. The purchase price is not disclosed, but a part of the purchase price is paid in 62,471 newly issued Solwers shares (EUR ~220k) and the rest will be paid in cash. Based on earlier acquisitions made by Solwers', we estimate the valuation could be 5-7x EV/EBIT, corresponding to a price of EUR ~1.3-1.9m, assuming the target has zero net debt. The acquisition adds ~1% and ~2% to Solwers' 2024E sales and EBIT, respectively, accounting for the start of the consolidation period. Compared to full year 2023, the acquisition adds ~3% and ~6% of revenue and EBIT respectively. We view the news as positive, as Spectra Consult seems to be a well-run company with a strong financial performance, assuming the price is close to our estimated range.

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	0.7	0.6	0.6
EV/EBIT (adj)	20.1	9.2	13.8	11.3	9.1	7.5
P/E (adj)	41.8	11.0	15.1	11.5	9.0	7.5
P/BV	1.9	1.1	1.2	0.8	0.7	0.7
Dividend yield (ord)	1.2%	0.9%	1.3%	1.8%	2.1%	2.4%
FCF Yield bef A&D, lease adj	1.9%	5.7%	10.6%	9.9%	10.3%	12.6%
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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