29 November 2024

Commissioned research: Solwers – Q3 growth 21% y/y on acquisitions, Q3 EBITA declined by 13% y/y

Marketing material commissioned by Solwers

Solwers posted Q3 results that were on the weak side on profitability versus Q3 2023. Sales grew by 21% y/y in Q3 while reported EBITA declined by 13%. The company has this year moved to quarterly reporting from half-year reporting. The company has not disclosed comparison numbers for Q3 2023 and thus we have forecasted only H2 2024 numbers. The company posted net sales of EUR 16.6m, up from 13.8m in Q3 2023 marking 21% growth y/y on acquisitions. The reported EBITA was EUR 1.2m versus EUR 1.4m a year ago, down 13% y/y. The EBITA margin declined y/y from 10.1% to 7.3%. EBIT was EUR 0.5m, down from EUR 0.9m a year ago with an EBIT margin of 3.1%, down 3.5 pp from 6.6% a year ago. The order book reached its high of the year during Q3. For H2, we have modelled sales of EUR 41.1m and an adjusted EBIT of EUR 2.5m. In order to reach our estimates, Solwers would need to post sales of EUR 24.4m (up +28% y/y) and an EBIT of EUR 1.9m in Q4, versus EUR 1.4m in Q4 2023. We expect a neutral to slightly negative share price reaction despite the share having been weak into the Q3 numbers and down 30% YTD.

SUMMARY TABLE - KEY FIGURES

EURm	2021	2022	2023	2024E	2025E	2026E
Total revenue	45	63	66	81	85	86
EBITDA (adj)	5	8	8	8	9	10
EBIT (adj)	3	5	5	4	5	6
EBIT (adj) margin	7.5%	8.1%	7.3%	5.5%	6.3%	6.9%
EPS (adj, EUR)	0.20	0.38	0.32	0.21	0.31	0.37
EPS (adj) growth	-50.2%	93.5%	-17.0%	-33.0%	44.4%	21.4%
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	0.7	0.6
EV/EBIT (adj)	20.1	9.2	13.8	13.1	10.5	8.8
P/E (adj)	41.8	11.0	15.1	15.6	10.8	8.9
P/BV	1.9	1.1	1.2	0.8	0.8	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%	6.6%	8.5%	11.0%
Net debt	7	5	19	24	22	19
Net debt/EBITDA	1.3	0.6	2.3	2.9	2.4	1.9
ROIC after tax	8.0%	8.6%	7.0%	5.7%	6.4%	7.2%

Source: Company data and Nordea estimates

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