

3 February 2025

Commissioned research: Solwers - Profit warning for Q4 due to one-offs and slow December

Marketing material commissioned by Solwers

Solwers published a profit warning on Saturday 1 February, stating that Q4 2024 EBIT is close to zero compared to EUR 1.5m a year ago and our estimate of EUR 1.2m. The EBIT for 2024 will thus be ~EUR 2.5m versus EUR 4.8m in 2023 and 33% below our estimate of EUR 3.7m. Until getting more info on the magnitude of one-offs and factors impacting 2025 estimates (Q4 report out on 27 February), it will be hard to estimate impact on 2025 estimates. However, mathematically cutting the Q4 EBIT delta of EUR 1.2m from our 2025 estimates (assuming a lower starting level for EBIT from 2024) would result in EBIT estimate revision of -25%, which is likely too harsh given the unspecified one-offs in Q4. Despite the share having been weak into numbers, we expect a clearly negative share price reaction.

Key takeaways from Q4 profit warning

According to preliminary info, Q4 revenue was EUR 21-22m; we estimated EUR 22.1m, up from EUR 19m a year ago. EBIT in Q4 2024 was close to zero versus EUR 1.5m in Q4 2023 and our estimate of EUR 1.2m. The end of 2024 was burdened by non-recurring items such as 1) changes in conditional purchase prices, 2) writedowns on doubtful receivables and 3) preparations for possible list change. Low number of billable hours in December and intense price competition also contributed negatively.

SUMMARY TABLE - KEY FIGURES

EURm	2021	2022	2023	2024E	2025E	2026E
Total revenue	45	63	66	79	83	85
EBITDA (adj)	5	8	8	7	9	9
EBIT (adj)	3	5	5	4	5	5
EBIT (adj) margin	7.5%	8.1%	7.3%	4.7%	5.6%	6.3%
EPS (adj, EUR)	0.20	0.38	0.32	0.16	0.25	0.32
EPS (adj) growth	-50.2%	93.5%	-17.0%	-51.1%	63.5%	25.5%
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	15.2	11.7	9.7
P/E (adj)	41.8	11.0	15.1	19.2	11.8	9.4
P/BV	1.9	1.1	1.2	0.7	0.7	0.7
Dividend yield (ord)	1.2%	0.9%	1.3%	2.0%	2.3%	2.7%
FCF Yield bef A&D, lease adj	1.9%	5.7%	10.6%	6.0%	7.3%	10.2%
Net debt	7	5	19	25	23	21
Net debt/EBITDA	1.3	0.6	2.3	3.3	2.7	2.2
ROIC after tax	8.0%	8.6%	7.0%	4.7%	5.6%	6.3%

Source: Company data and Nordea estimates

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