

28 May 2025

## Commissioned research: Solwers – Solwers Q1 weak but activity improved towards quarter-end

Marketing material commissioned by Solwers

Solwers reported its results for Q1 (condensed business review) with sales of EUR 20.4m, slightly above our estimate of EUR 20.1m. The reported EBITA (Solwers definition) was EUR 0.9m, clearly below our EUR 1.5m estimate and down from EUR 1.5m a year ago. EBIT of EUR 0.1m came in clearly below our estimate of EUR 0.9m. The result was still burdened by non-recurring items such as costs related to potential main list transition. Tough price competition and low billable hours also contributed to the weaker result, while order backlog and billing rate improved towards the end of the quarter. No numerical guidance was given, but the company anticipates market recovery to strengthen towards the year-end 2025. The company aims to grow via acquisitions in at least three countries during the year, implying M&A in Poland this year. We expect a slightly negative share price reaction although shares have been weak into the report.

### SOLWERS Q1 2025 DEVIATION

	Actual	NDA est.	Deviation		Actual		Actual	
EURm	Q1 2025	Q1 2025E	vs. actual		Q4 2024	q/q	Q1 2024	y/y
Sales	20.4	20.1	0.3	1%	21.7	-6%	19.2	6%
Adj. EBIT	0.1	0.9	-0.8	-94%	0.3	-81%	0.9	-94%
Adj. EBIT margin	0.3%	4.2%	-4.0pp		1.2%	-1.0pp	4.7%	-4.5pp

Source: Company data and Nordea estimates

### Weak performance in Q1 with improvement in demand towards the end of the quarter

Solwers' Q1 EBIT of EUR 0.1m was very weak and 94% below our EUR 0.9m estimate while reported EBITA was 40% below. Order backlog and billing rate improved towards the end of the quarter, according to the company. The market appears cautiously optimistic both in Finland and Sweden and an increasing number of quote requests are coming in again with also private sector projects gradually kicking off, according to the company, and previously postponed projects are starting up. Solwers' Swedish companies continued to perform better than the Finnish ones. The company has carried out cost-cutting in Finland, which should become visible in coming quarters. Solwers gave no numerical guidance for 2025. Solwers states that market uncertainty limits future visibility. Solwers states that it benefits from the general market recovery that is anticipated to strengthen towards the end of 2025. The company focuses on growth via M&A in at least three countries and aims to improve organic growth where possible, increasing profitability and cutting costs further.

**SUMMARY TABLE - KEY FIGURES**

EURm	2021	2022	2023	2024	2025E	2026E	2027E
Total revenue	44.7	62.8	66.0	78.3	82.3	83.9	85.6
EBITDA (adj.)	5.50	8.16	7.95	6.48	7.46	8.12	8.37
EBIT (adj.)	3.37	5.09	4.84	2.74	3.51	4.18	4.34
EBIT (adj.) margin	7.55%	8.11%	7.34%	3.50%	4.27%	4.98%	5.08%
EPS (adj. EUR)	0.20	0.38	0.32	0.12	0.15	0.20	0.21
EPS (adj.) growth	-50.2%	93.5%	-17.0%	-62.3%	21.6%	35.9%	6.59%
DPS (ord. EUR)	0.10	0.04	0.06	0.02	0.04	0.06	0.08
EV/Sales	1.52	0.75	0.89	0.63	0.55	0.52	0.49
EV/EBIT (adj.)	20.1	9.21	12.1	17.9	12.9	10.4	9.64
P/E (adj.)	41.8	11.0	15.1	26.8	16.1	11.8	11.1
P/BV	1.92	1.11	1.20	0.80	0.57	0.55	0.53
Dividend yield (ord.)	1.20%	0.95%	1.33%	0.63%	1.70%	2.55%	3.40%
FCF yield before A&D, lease-adj.	1.94%	5.69%	10.6%	17.9%	18.4%	8.78%	9.35%
Net debt	7.16	4.54	10.3	16.2	21.1	19.4	17.8
Net debt/EBITDA	1.30	0.56	1.29	2.50	2.83	2.39	2.13
ROIC	7.95%	8.62%	7.11%	3.75%	4.56%	5.19%	5.40%

Source: Company data and Nordea estimates

**Svante Krokfors**

Director

Nordea | Investment Banking & Equities | Equity Research Finland

Tel: +358 953 005 337

E-mail: [svante.krokfors@nordea.com](mailto:svante.krokfors@nordea.com)

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Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland	Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden	Visiting address: Grønjordsvvej 10 DK-2300 Copenhagen S Denmark	Visiting address: Essendropsgate 7 N-0107 Oslo Norway
Tel: +358 9 1651 Fax: +358 9 165 59710	Tel: +46 8 614 7000 Fax: +46 8 534 911 60	Tel: +45 3333 3333 Fax: +45 3333 1520	Tel: +47 2248 5000 Fax: +47 2256 8650
Reg.no. 2858394-9 Satamaradankatu 5 Helsinki			

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