

26 August 2025

Commissioned research: Solwers – Q2 weak and focus now on profitability

Marketing material commissioned by Solwers

Solwers reported its results for Q2 with sales of EUR 21.9m, 2% below our estimate of EUR 22.3m. The reported EBITA (Solwers definition) was EUR 0.9m, clearly below our EUR 1.8m estimate and down from EUR 1.7m a year ago. EBIT of EUR 0.1m came in clearly below our estimate of EUR 1.2m and EUR 1.0m a year ago. The result was still burdened by non-recurring items such as costs related to potential main list transition as well as additional purchase prices for acquisitions, and project losses on a specific project in Sweden. The company aims to implement cost savings of almost EUR 1m compared to 2024 cost level. Tough price competition also contributed to the weaker result, while order backlog remained at a good level and billing rate improved y/y. No numerical guidance was given, but the company anticipates market recovery to strengthen towards the year-end 2025. We note that Solwers' received a waiver on net debt/EBITDA covenant on 25 August, which will impact M&A activity negatively, we believe. We expect a negative share price reaction.

SOLWERS Q2 2025 DEVIATION

	Actual	NDA est.	Deviation		Actual		Actual	
EURm	Q2 2025	Q2 2025E	vs. actual		Q1 2025	q/q	Q2 2024	y/y
Sales	21.9	22.3	-0.4	-2%	20.4	7%	20.7	6%
Adj. EBIT	0.1	1.2	-1.1	-90%	0.1	133%	1.0	-88%
Adj. EBIT margin	0.6%	5.4%	-4.9pp		0.3%	0.3pp	5.1%	-4.5pp

Source: Company data and Nordea estimates

Weak Q2 performance and waiver received on financing agreement

Solwers' Q2 EBIT of EUR 0.1m was weak and 90% below our EUR 1.2m estimate while reported EBITA was 48% below. Order backlog has remained at a good level and billing rate improved in H1 by 1.1 pp to 82.6%. The market environment in Sweden has deteriorated slightly as new industrial projects are postponed. In H1, the result was also burdened by a Swedish project where subcontracting contributed to a EUR 0.4m project loss. Solwers has implemented cost savings of nearly EUR 1m compared to the level in 2024. Solwers gave no numerical guidance for 2025. According to the company, Solwers received a waiver for an expected breach of the net debt/EBITDA covenant and new covenant criteria will apply until end of Q2 2026. Hence, funds for M&A will no longer be available without restrictions. Initially, we expect a negative share price reaction on weak earnings and changes to the financing agreement.

New CEO Johan Ehrnrooth to start already on 24 November 2025

Solwers appointed Johan Ehrnrooth as CEO of Solwers on 1 August. Initially, he was supposed to start on 3 June 2026 at the latest. However, on 21 August Solwers announced that Johan Ehrnrooth will start in his role already on 24 November 2025. We find this positive and the current CEO Stefan Nyström, who is reaching retirement age, will continue in the company until tasks have been smoothly handed over to Johan Ehrnrooth.

SUMMARY TABLE - KEY FIGURES

EURm	2021	2022	2023	2024	2025E	2026E	2027E
Total revenue	44.7	62.8	66.0	78.3	83.1	84.7	86.4
EBITDA (adj.)	5.50	8.16	7.95	6.48	7.21	7.87	8.12
EBIT (adj.)	3.37	5.09	4.84	2.74	3.22	3.89	4.06
EBIT (adj.) margin	7.55%	8.11%	7.34%	3.50%	3.87%	4.59%	4.70%
EPS (adj. EUR)	0.20	0.38	0.32	0.12	0.12	0.18	0.19
EPS (adj.) growth	-50.2%	93.5%	-17.0%	-62.3%	2.32%	43.1%	7.51%
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	0.56	0.54	0.51
EV/EBIT (adj.)	20.1	9.21	12.1	17.9	14.6	11.7	10.9
P/E (adj.)	41.8	11.0	15.1	26.8	20.4	14.2	13.2
P/BV	1.92	1.11	1.20	0.80	0.61	0.59	0.57
Dividend yield (ord.)	1.20%	0.95%	1.33%	0.63%	1.60%	2.40%	3.20%
FCF yield before A&D, lease-adj.	1.94%	5.69%	10.6%	17.9%	16.5%	7.36%	7.89%
Net debt	7.16	4.54	10.3	16.2	21.3	19.9	18.5
Net debt/EBITDA	1.30	0.56	1.29	2.50	2.96	2.52	2.27
ROIC	7.95%	8.62%	7.11%	3.75%	4.18%	4.84%	5.05%

Source: Company data and Nordea estimates

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