

Profitability trend remains good

Administer's net sales declined by 3.9% y/y, reflecting the challenging market conditions that have weighed on this year's sales development. This decline was anticipated, as the company revised its revenue guidance downward in October. Nevertheless, the turnaround in profitability continued as expected, marking the third consecutive quarter of positive profitability growth y/y.

- Net sales in Q3 amounted to EUR 17.6m (EUR 18.3m in Q3'23) vs. Evli EUR 17.5m, a decline of 3.9% y/y. The decline came as no surprise as the company posted a profit warning in October, stating that the overall weak Finnish economic condition has continued to impact demand negatively especially in staffing.
- EBITDA and EBITA in Q3 were EUR 1.0m (Q3'23: EUR 0.5m) and EUR 0.5m (Q3'23: EUR -0.0m) respectively, fairly in line with our estimates (Evli EUR 1.1m/0.7m). The EBITDA-margin improved to 5.8% compared with 2.5% in Q3'23.
- Operating profit in Q3 amounted to EUR -0.5m (Q3'23: EUR -1.0m) vs. Evli -0.3m.
- Net sales declined across all four brands, with Econia's 9.1% y/y decline being the most significant. Although the company doesn't disclose brand-level profitability, the overall increase in EBITDA indicates that Administer's cost savings have been effectively applied across brands to offset some of these sales declines.
- During Q3, Administer finalized the acquisition of a share majority in Kuntalaskenta, thus strengthening the company's position as a service provider for municipalities and other public sector actors.
- The profitability turnaround has progressed well and the positive trend reinforces our confidence in a sustainable recovery.
- Guidance for 2024 (Updated on Oct 22nd):** Net sales is estimated to be EUR 74-76m and EBITDA-margin to be 7-9%.

| Rating ++ Buy | | | |
|--|--------|-------|--------------------------|
| Q3/24 | Actual | Evli | Q3/23 |
| Net sales | 17.6 | 17.5 | 18.0 |
| EBITDA | 1.0 | 1.1 | 0.5 |
| EBITA | 0.5 | 0.7 | 0.1 |
| Deviation | Actual | Evli | Q3/23 |
| Net sales | | 1 % | -2 % |
| EBITDA | | -11 % | >100% |
| EBIT | | -25 % | >100% |
| Share price, EUR (Last trading day's closing price) | | | 2.48 |
| Target price, EUR | | | 3.0 |
| Latest change in recommendation | | | 03-Dec-21 |
| Latest report on company | | | 06-Nov-24 |
| Research paid by issuer: | | | YES |
| No. of shares outstanding, '000's | | | 14 375 |
| No. of shares fully diluted, '000's | | | 14 375 |
| Market cap, EURm | | | 36 |
| Free float, % | | | 0.0 % |
| Exchange rate | | | 0.0 |
| Reuters code | | | ADMIN.HE |
| Bloomberg code | | | ADMIN FH |
| Average daily volume, EUR | | | 0.0 |
| Next interim report | | | 06-Nov-24 |
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| ++ BUY ◻ HOLD -- SELL | | | |

PRE-REPORT KEY FIGURES

| | Sales EURm | EBIT EURm | EBIT % | FCF EURm | EPS EUR | P/E (x) | EV/Sales (x) | EV/EBIT (x) | FCF yield % | DPS EUR |
|--------------------------|---------------|--------------|-------------------------|-------------|------------|------------|-----------------------|----------------|----------------|------------|
| 2022 | 52.8 | 0.1 | 0.2% | -20.1 | -0.05 | -52.9 | 1.0 | 473.3 | -52.7% | 0.05 |
| 2023 | 75.9 | -3.0 | -3.9% | 0.9 | -0.27 | -8.9 | 0.6 | -15.6 | 2.5% | 0.00 |
| 2024E | 75.2 | 0.2 | 0.3% | 3.1 | -0.06 | -41.3 | 0.6 | 230.5 | 8.7% | 0.06 |
| 2025E | 77.5 | 1.2 | 1.6% | 3.8 | -0.01 | -256.0 | 0.5 | 34.1 | 10.8% | 0.09 |
| 2026E | 82.1 | 2.3 | 2.8% | 4.9 | 0.06 | 41.9 | 0.5 | 16.2 | 13.7% | 0.11 |
| Market cap, EURm | 36 | | Gearing 2024E, % | | 31.5 % | | CAGR EPS 2023-26, % | | 0.0 % | |
| Net debt 2024E, EURm | 8 | | Price/book 2024 | | 1.3 | | CAGR Sales 2023-26, % | | 2.7 % | |
| Enterprise value, EURm | 44 | | Dividend yield 2024E, % | | 2.6 % | | ROE 2024E, % | | -3.2 % | |
| Total assets 2024E, EURm | 58 | | Tax rate 2024E, % | | 9.6 % | | ROCE 2024E, % | | 0.0 % | |
| Goodwill 2024E, EURm | 35 | | Equity ratio 2024E, % | | 45.7 % | | PEG, P/E 24/CAGR | | 0.0 | |

All the important disclosures can be found on the last pages of this report

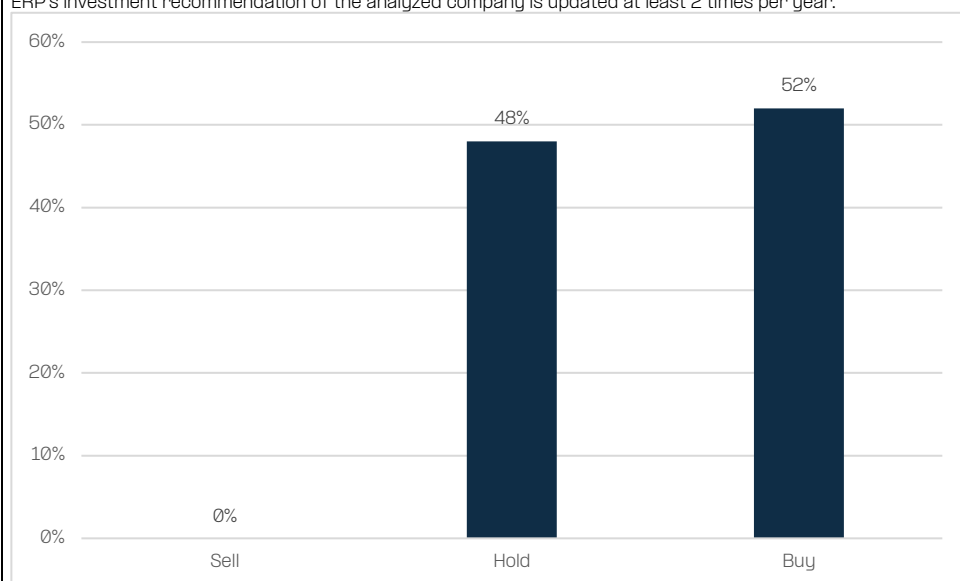
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|--------------------------------------|----------------|
| < -10 % | SELL |
| -10 - (+10) % | HOLD |
| > 10 % | BUY |

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