Deeper into the public sector

Administer announced a second intended acquisition from Sarastia, this time targeting the financial and payroll services business of the wellbeing services county customers. This complements the earlier municipal customer transaction and further strengthens Administer's position in the public sector, a key strategic focus area.

- Administer announced yesterday that it has signed a letter of intent to acquire the financial and payroll services business of Sarastia's (Numera Palvelut Oy) wellbeing services county customers. This complements the previously announced municipal customer deal, which is pending authority approval.
- The business to be transferred is estimated to generate ~EUR 23m in revenue in 2025E and employs ~140 people, adding ~30% to Administer's current scale on top of the ~50% expected increase from the municipal business. Profitability is higher than in the municipal business, with 2025E EBITDA of EUR 2.1m (9.2% margin, 24.8% in 2024), materially improving the overall profitability profile of businesses to be acquired.
- The transaction structure mirrors the municipal deal and will be completed in two phases. In the first phase, Administer will acquire the wellbeing services county business through the same subsidiary that holds the municipal business, initially owning 80% with Numera 20%. The business will continue under the Sarastia brand. The phase-one purchase price is EUR 3.7m (50% cash / 50% new Administer shares), with the remaining 20% to be acquired by summer 2029 at a pre-agreed valuation.
- We see strategic rationale as this deal completes the offering across both municipal and wellbeing segments, strengthening competitiveness in the public sector. Value creation potential remains meaningful given attractive pricing and potential cost efficiencies, but uncertainties persist, including execution and integration risk and potential customer churn.
- The aim is to complete both acquisitions simultaneously by the end of 2025. Administer has indicated it will specify its guidance for 2025 if the transactions close.

Rating	Buy
Share price, EUR (Last trading day's closing price)	**2.66**
Target price, EUR	2.9
Latest change in recommendation	02-Mar-22
Latest report on company	15-Aug-25
Research paid by issuer:	YES
No. of shares outstanding, '000's	14 954
No. of shares fully diluted, '000's	14 954
Market cap, EURm	40
Free float, %	0.0 %
Exchange rate	0.0
Reuters code	ADMIN.HE
Bloomberg code	ADMIN FH
Average daily volume, EURm	0.0
Next interim report	05-Nov-25
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BUY ACCUMULATE REDUCE SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2023	75.9	-3.0	-3.9%	0.9	-0.27	-8.9	0.6	-15.6	2.5%	0.00
2024	74.7	-1.3	-1.8%	1.3	-0.16	-11.1	0.5	-31.0	4.2%	0.05
2025E	75.0	0.6	0.8%	3.6	-0.03	-96.1	0.6	76.5	9.0%	0.07
2026E	79.3	2.4	3.1%	4.9	0.05	49.0	0.5	17.4	12.4%	0.10
2027E	83.2	3.7	4.4%	6.1	0.13	20.0	0.5	10.3	15.3%	0.12

Market cap, EURm	40	Gearing 2025E, %	27.9 %	CAGR EPS 2024-27, %	0.0 %
Net debt 2025E, EURm	7	Price/book 2025E	1.6	CAGR Sales 2024-27, %	3.7 %
Enterprise value, EURm	47	Dividend yield 2025E, %	2.5 %	ROE 2025E, %	-1.7 %
Total assets 2025E, EURm	53	Tax rate 2025E, %	10.5 %	ROCE 2025E, %	1.7 %
Goodwill 2025E, EURm	31	Equity ratio 2025E, %	45.7 %	PEG, P/E 25/CAGR	0.0

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

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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – 0 %	RECUDE
0 – (+10) %	ACCUMULATE
> 10 %	BUY

ERP may temporarily suspend the rating and, if applicable, the target price to comply with regulations and/or firm policies, in which case a NOT RATED classification is used.

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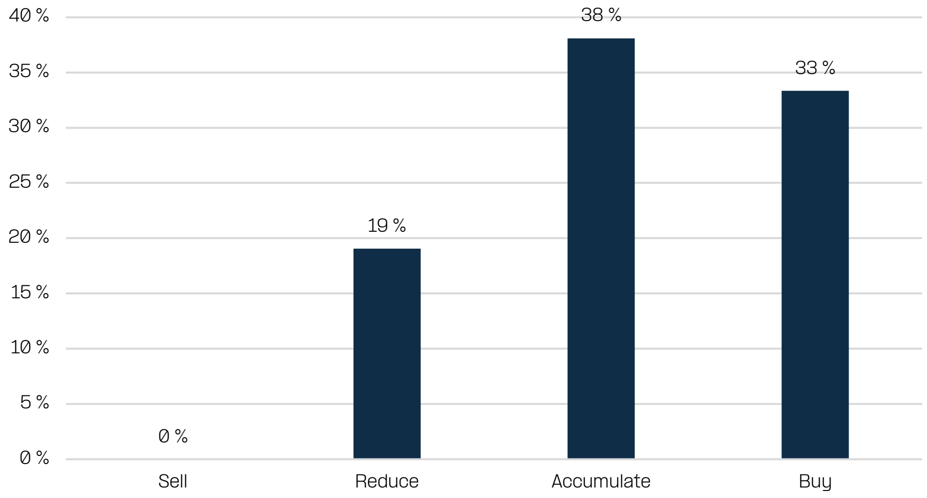

The graph above shows the distribution of ERP's recommendations of companies under coverage on the 16th of May, 2025. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Atte Pitkäjärvi

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