

Significant growth opportunity

Administer announced that it intends to acquire the financial, payroll and software services business of Sarastia, a significant and attractive opportunity that would increase Administer's revenue by closer to 50%.

- Administer announced on June 23rd that it has signed a letter of intent with Numera Palvelut Oy to acquire the financial, payroll and software services business of Sarastia's (Numera Palvelut Oy) municipal customers. The acquisition would be notable in size, as the turnover of the business to be transferred is approx. EUR 35m, representing a close to 50% increase to Administer's current level. The "non-profit" focus has kept profitability at low levels, with the 2024 EBITDA-margin at -3.1%.
- Sarastia provides services to and is owned by its municipal customers, supported by the Act on Public Procurement and Concession Contracts. The rationale behind the sale appears to be planned amendments to the act, with changes to ownership requirements for "in-house" procurement services providers a limiting factor for the current operations. From Administer's perspective the acquisition is clearly driven by the so far smaller share of public sector clients, which is a growth area in the current strategy.
- In the first phase of the acquisition, Administer will acquire Sarastia's municipal customer business on behalf of its new subsidiary to be established (Administer/Numera Palvelut 80%/20%). The purchase price in the first phase is EUR 5m (50%/50% cash/Administer shares). The remaining 20% will be acquired in two instalments by summer 2029.
- We see that the value creation potential is significant, and the purchase price is clearly attractive. We expect the acquisition to create some cost synergies. There is however still clear uncertainty in the ability to pivot profitability while retaining customers and to a smaller extent through the actual amendments to be made to the Act on Public Procurement and Concession Contracts.
- The completion of the acquisition requires the approval of Numera Palvelut's general meeting and the competition authority. The acquisition is estimated to be confirmed in early autumn.

Rating 🟢🟢 Buy

Share price, EUR (Last trading day's closing price)	2.64
Target price, EUR	2.9
Latest change in recommendation	02-Mar-22
Latest report on company	08-May-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	39
Free float, %	-
Exchange rate	-
Reuters code	ADMIN.HE
Bloomberg code	ADMIN FH
Average daily volume, EURm	-
Next interim report	14-Aug-25
Web site	administergroup.com
Analyst	Atte Pitkajarvi
E-mail	atte.pitkajarvi@evli.com
Telephone	

🟢🟢 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	75.3	1.0	1.3%	3.7	-0.02	-175.8	0.6	48.2	9.5%	0.07
2026E	79.3	2.3	2.9%	4.9	0.05	51.1	0.5	18.4	12.4%	0.10
2027E	83.2	3.5	4.2%	6.0	0.13	21.1	0.5	10.8	15.2%	0.12
Market cap, EURm	39		Gearing 2025E, %		27.1 %		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	46		Dividend yield 2025E, %		2.8 %		ROE 2025E, %		-0.9 %	
Total assets 2025E, EURm	53		Tax rate 2025E, %		15.9 %		ROCE 2025E, %		2.7 %	
Goodwill 2025E, EURm	31		Equity ratio 2025E, %		46.0 %		PEG, P/E 25/CAGR		0.0	

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

Important Disclosures

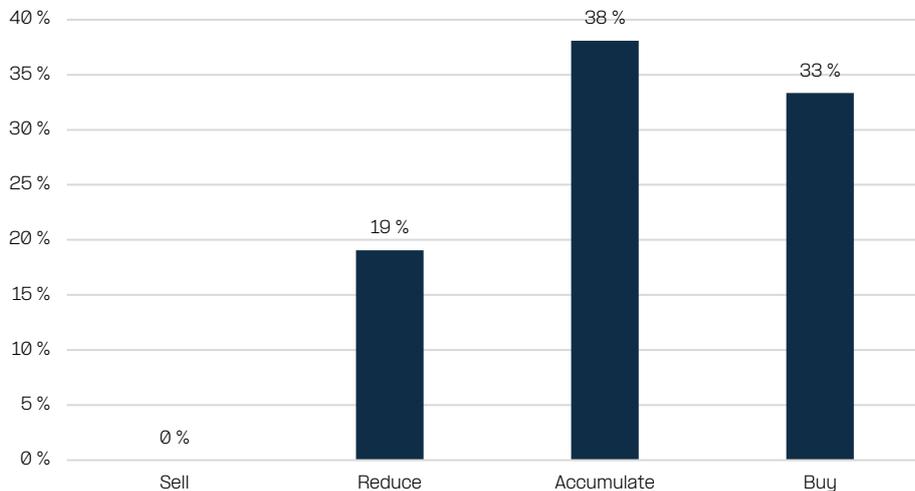
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Investment recommendations are defined as follows:

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

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Name(s) of the analyst(s): Atte Pitkääjärvi, Jerker Salokivi

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Contact information**SALES, TRADING AND RESEARCH****Equity Sales & Trading**

Joachim Dannberg (head) +358 9 4766 9123
Aleksi Jalava +358 9 4766 9123
Pasi Väisänen +358 9 4766 9123

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205

Equity Research

Jerker Salokivi (head) +358 9 4766 9149
Joonas Ilvonen +358 44 430 9071
Atte Jortikka +358 40 054 3725
Atte Pitkälampi +358 44 047 6597

EVLI

EVLI PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000