

Meriaura Group

Company report

12/13/2024



Pauli Lohi
+35845 134 7790
pauli.lohi@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report "Päättämme osakkeen seurannan" published on 12/13/2024 at 8:30 am EET

inde
res.

We are discontinuing coverage

We are discontinuing our coverage of Meriaura Group Plc as the company has terminated the research service agreement. Consequently, we will no longer be giving a target price (was 0.03 EUR) or a recommendation (was Reduce) for the stock. The group was formed at the end of 2022 through the merger of Savosolar Oyj, a provider of solar thermal solutions, and Meriaura Oy, a marine logistics company. A strengthened financial base has supported the growth of the solar thermal business, although there is still uncertainty about its potential profitability turnaround.

Merger with Meriaura has strengthened financial base for solar thermal business

We started coverage of the company in March 2023, and since then the company has undergone many changes as the role of Marine Logistics has become more prominent in both the name and the organizational structure. In 2023, Marine Logistics generated 95% of the revenue and, thanks to its stable profitability, offset the losses from the solar thermal business. The strategic objective behind the merger with Savosolar was to support the growth of renewable and low-emission businesses. We believe that this has also been achieved to some extent, as the Renewable Energy unit, including the solar thermal business and the subsequently acquired solar power solutions provider Rasol Ltd, has benefited significantly from the stronger balance sheet and financial base. At the same time, Meriaura Group has sold about a fifth of its Marine Logistics business to Meriaura Invest, the group's major shareholder, in exchange for funding Renewable Energy. As a result, the company's equity story is increasingly dependent on the earnings turnaround of the Renewable Energy unit.

Stable profitability in Marine Logistics, turnaround uncertain in Renewable Energy

Revenue from the Renewable Energy unit has increased in 2023-24, partly supported by a stronger financial position and favorable market demand, but we see the profitability turnaround as still uncertain due to the low gross margin and significant fixed costs. Marine Logistics, which generates most of the group's revenue, is by contrast a profitable business with a decent return on capital. Significant investments in a new, lower-emission fleet will be made in 2024-26, which could strengthen the competitiveness of the business in the future but will also weigh on the company's balance sheet in the coming years.

We are discontinuing coverage

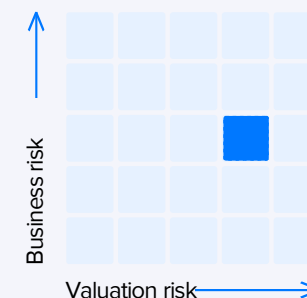
Meriaura Group's earnings-based valuation multiples are heavily impacted by the profitability of its Renewable Energy unit, which has been negative to date. In our view, investors should focus on the growth and profitability trends of the company's Renewable Energy unit and try to assess the likelihood of an earnings turnaround. The success of growth investments in Marine Logistics and demand cycles are also key drivers for the share price. Our research coverage of Meriaura Group has been based on an equity research service agreement between Inderes and Meriaura Group. Unfortunately, we will no longer provide research coverage to our investor community and owners of Meriaura Group as the company has terminated the agreement. We recommend that investors follow Meriaura's [reporting and news feed](#). All of our previously published research on Meriaura Group continues to be available in our service.

Recommendation

N/A
(was Reduce)

N/A
(was EUR 0.03)

Share price:
0.041



Key figures

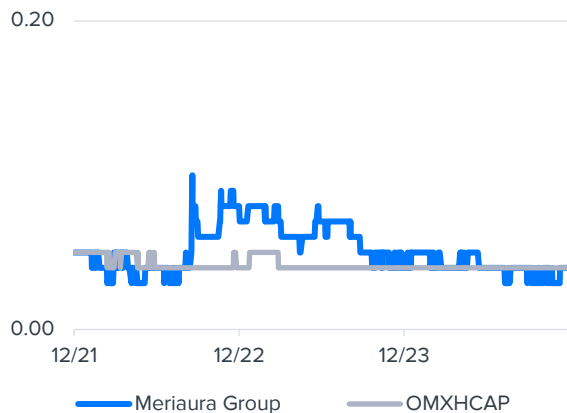
	2023	2024e	2025e	2026e
Revenue	66.2	79.0	84.8	93.2
growth-%	666%	19%	7%	10%
EBIT adj.	1.0	1.8	3.4	4.8
EBIT-% adj.	1.6 %	2.3 %	4.0 %	5.2 %
Net Income	-0.3	-3.4	0.9	2.1
EPS (adj.)	0.000	0.000	0.001	0.002
P/E (adj.)	neg.	neg.	38.7	17.5
P/B	1.1	1.0	1.0	0.9
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	53.5	31.1	18.2	13.5
EV/EBITDA	8.8	7.2	6.5	5.1
EV/S	0.8	0.7	0.7	0.7

Source: Inderes

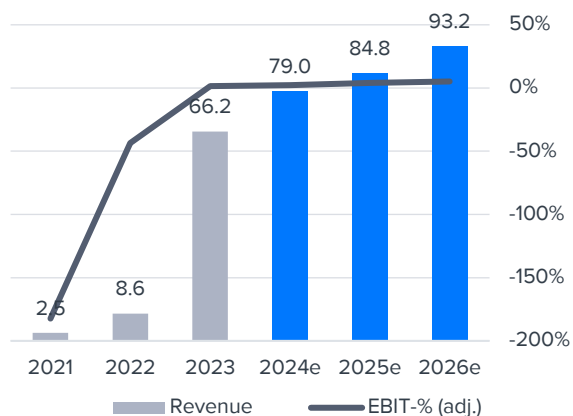
Guidance

(No guidance)

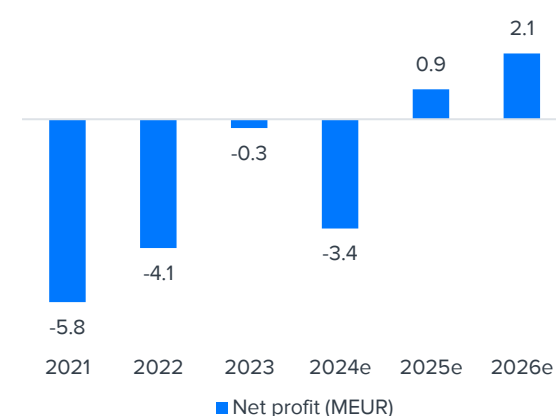
Share price



Revenue and EBIT-%



Net profit



Value drivers

- Growing demand for environmentally friendly solutions that reduce greenhouse gas emissions
- Release of overcapacity in the global dry bulk market and increasing demand for project transport
- Regulation, such as emissions trading, will make reducing CO2 emissions a competitive factor both in heat and electricity production and maritime freight
- A stronger financial base and credibility support the energy business



Risk factors

- The Renewable Energy unit needs significant additional growth to turn profitable
- The market for Marine Logistics is cyclical
- Uncertainty about which technologies will ultimately be most optimal in low-emission maritime freight
- Growth ties up capital, which may require strengthening the balance sheet through various ownership arrangements

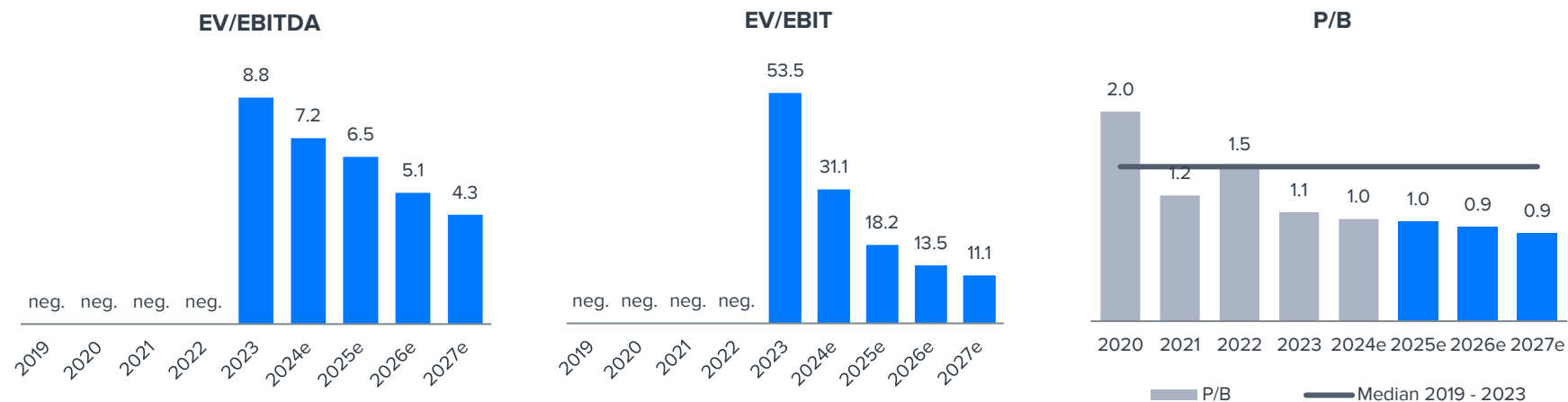
Valuation	2024e	2025e	2026e
Share price	0.04	0.04	0.04
Number of shares, millions	886.8	886.8	886.8
Market cap	36	36	36
EV	56	61	65
P/E (adj.)	neg.	38.7	17.5
P/E	neg.	38.7	17.5
P/B	1.0	1.0	0.9
P/S	0.5	0.4	0.4
EV/Sales	0.7	0.7	0.7
EV/EBITDA	7.2	6.5	5.1
EV/EBIT (adj.)	31.1	18.2	13.5
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	0.90	0.15	0.05	0.07	0.05	0.04	0.04	0.04	0.04
Number of shares, millions	17.2	62.9	165.2	783.1	886.8	886.8	886.8	886.8	886.8
Market cap	16	9.5	8.0	53	42	36	36	36	36
EV	15	7.6	4.1	70	56	56	61	65	60
P/E (adj.)	neg.	neg.	neg.	neg.	neg.	neg.	38.7	17.5	12.9
P/E	neg.	neg.	neg.	neg.	neg.	neg.	38.7	17.5	12.9
P/B	4.3	2.0	1.2	1.5	1.1	1.0	1.0	0.9	0.9
P/S	4.5	1.9	3.2	6.2	0.6	0.5	0.4	0.4	0.4
EV/Sales	4.3	1.5	1.7	8.1	0.8	0.7	0.7	0.7	0.6
EV/EBITDA	neg.	neg.	neg.	neg.	8.8	7.2	6.5	5.1	4.3
EV/EBIT (adj.)	neg.	neg.	neg.	neg.	53.5	31.1	18.2	13.5	11.1
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Safe Bulkers	383	837	7.2	8.2	5.2	5.3	3.0	3.0	5.4	5.3	5.3	5.9	
Eurodry	35	129	256.3	8.4	10.1	4.5	2.2	1.9		4.0			0.4
Start Bulk Carriers	1739	2523	7.1	6.4	5.0	4.4	2.4	2.3	5.8	4.8	16.2	20.6	0.7
Kawasaki Kisen Kaisha	8801	9360			11.7	8.7	1.6	1.5	10.1	5.9	5.2	4.4	1.0
Golden Ocean Group	1755	2973		8.9	6.6	6.3	3.8	3.8	7.4	6.2	13.3	14.8	0.9
Meriaura Group (Inderes)	36	56	31.1	18.2	7.2	6.5	0.7	0.7	-446.2	38.7	0.0	0.0	1.0
Average			90.2	8.0	7.7	5.8	2.6	2.5	7.2	5.2	10.0	11.4	0.8
Median			7.2	8.3	6.6	5.3	2.4	2.3	6.6	5.3	9.3	10.3	0.8
Diff-% to median			329%	120%	10%	24%	-71%	-68%	#####	630%	-100%	-100%	21%

Source: Refinitiv / Inderes

Income statement

Income statement	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue	2.5	8.6	16.2	15.3	15.7	19.0	66.2	17.9	22.1	18.8	20.2	79.0	84.8	93.2	99.8
Renewable Energy	0.0	3.8	0.2	0.3	0.2	2.7	3.4	1.9	3.9	3.2	3.5	12.5	16.7	22.7	26.7
Marine Logistics	0.0	4.9	16.0	15.0	15.5	16.4	62.8	15.9	18.2	15.7	16.7	66.5	68.1	70.5	73.0
EBITDA	-4.2	-3.6	1.5	1.1	1.7	2.1	6.3	1.2	2.3	1.4	2.7	7.7	9.4	12.7	14.2
Depreciation	-0.4	-0.2	-1.3	-1.3	-1.4	-1.2	-5.3	-1.4	-1.5	-1.5	-1.5	-5.9	-6.0	-7.9	-8.7
EBIT (excl. NRI)	-4.6	-3.8	0.2	-0.2	0.3	0.8	1.0	-0.2	0.8	0.0	1.2	1.8	3.4	4.8	5.4
EBIT	-4.6	-3.8	0.2	-0.2	0.3	0.8	1.0	-0.2	0.8	0.0	1.2	1.8	3.4	4.8	5.4
Renewable Energy			-1.1	-1.3	-0.7	-0.7	-3.8	-0.9	-0.4	-0.6	-0.5	-2.3	-1.2	0.0	0.4
Marine Logistics			1.2	1.0	1.0	1.9	5.1	0.8	1.5	0.6	1.8	4.7	5.1	5.5	5.7
Net financial items	-1.2	-0.3	-0.2	-0.3	-0.2	-0.6	-1.4	-0.3	-0.5	-3.7	-0.4	-4.8	-1.5	-1.7	-1.6
PTP	-5.8	-4.1	-0.1	-0.5	0.0	0.2	-0.3	-0.5	0.3	-3.7	0.9	-3.0	1.9	3.1	3.8
Taxes	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	-0.1	-0.1	-0.2	-0.2	-0.2
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.06	-0.3	-0.4	-0.8	-0.8	-0.8
Net earnings	-5.8	-4.1	-0.1	-0.5	0.0	0.3	-0.3	-0.5	0.3	-3.77	0.4	-3.4	0.9	2.1	2.8
EPS (rep.)	-0.03	-0.01	0.00	0.00	0.00	0.00	0.00	-0.0005	0.0004	-0.0042	0.0005	-0.0039	0.0011	0.0023	0.0032
Key figures	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	-51.2 %	#####					666.5 %	10.3 %	44.6 %	20.1 %	6.2 %	19.4 %	7.3 %	9.9 %	7.1 %
Adjusted EBIT growth-%												71.5 %	87.7 %	43.7 %	12.3 %
EBITDA-%	-167.2 %	-41.4 %	9.3 %	7.2 %	10.6 %	10.8 %	9.6 %	6.7 %	10.4 %	7.6 %	13.6 %	9.7 %	11.1 %	13.7 %	14.2 %
Adjusted EBIT-%	-182.4 %	-43.6 %	1.0 %	-1.4 %	1.7 %	4.4 %	1.6 %	-1.0 %	3.5 %	-0.1 %	6.0 %	2.3 %	4.0 %	5.2 %	5.4 %
Net earnings-%	-231.2 %	-47.1 %	-0.5 %	-3.3 %	0.1 %	1.5 %	-0.4 %	-2.6 %	1.6 %	-20.0 %	2.1 %	-4.4 %	1.1 %	2.2 %	2.8 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	50.6	49.4	50.4	56.6	61.8
Goodwill	0.0	3.5	3.5	3.5	3.5
Intangible assets	4.1	4.1	4.1	4.1	4.1
Tangible assets	46.5	41.8	42.8	48.9	54.2
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	13.8	18.4	21.8	23.1	25.3
Inventories	3.4	2.5	2.8	2.9	3.2
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	6.6	8.2	9.7	10.3	11.2
Cash and equivalents	3.8	7.7	9.2	9.9	10.9
Balance sheet total	64.4	67.8	72.2	79.7	87.1

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	35.4	40.0	40.9	41.9	44.0
Share capital	0.5	0.5	0.5	0.5	0.5
Retained earnings	-50.0	-50.3	-53.7	-52.8	-50.7
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	84.9	89.8	89.8	89.8	89.8
Minorities	0.0	0.0	4.4	4.4	4.4
Non-current liabilities	17.5	18.1	19.0	22.5	26.1
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.2	0.2	0.2	0.2	0.2
Interest bearing debt	17.3	17.9	18.8	22.3	25.9
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	11.4	9.7	12.2	15.2	17.0
Interest bearing debt	3.2	3.2	4.7	7.4	8.6
Payables	8.2	6.6	7.5	7.8	8.4
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	64.4	67.8	72.2	79.7	87.1

Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	2.5	8.6	66.2	79.0	84.8	EPS (reported)	-0.03	-0.01	0.00	0.00	0.00
EBITDA	-4.2	-3.6	6.3	7.7	9.4	EPS (adj.)	-0.03	-0.01	0.00	0.00	0.00
EBIT	-4.6	-3.8	1.0	1.8	3.4	OCF / share	-0.03	0.00	0.00	0.01	0.01
PTP	-5.8	-4.1	-0.3	-3.0	1.9	FCF / share	-0.03	-0.02	0.01	0.00	0.00
Net Income	-5.8	-4.1	-0.3	-3.4	0.9	Book value / share	0.04	0.05	0.05	0.04	0.04
Extraordinary items	0.0	0.0	0.0	0.0	0.0	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	8.2	64.4	67.8	72.2	79.7	Revenue growth-%	-51%	246%	666%	19%	7%
Equity capital	6.5	35.4	40.0	40.9	41.9	EBITDA growth-%	22%	-14%	-277%	21%	23%
Goodwill	0.0	0.0	3.5	3.5	3.5	EBIT (adj.) growth-%	17%	-17%	-128%	71%	88%
Net debt	-3.8	16.7	13.3	14.2	19.8	EPS (adj.) growth-%	-56%	-85%	-94%	-71%	-1253%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	-167.2 %	-41.4 %	9.6 %	9.7 %	11.1 %
EBITDA	-4.2	-3.6	6.3	7.7	9.4	EBIT (adj.)-%	-182.4 %	-43.6 %	1.6 %	2.3 %	4.0 %
Change in working capital	-0.5	-0.3	-2.4	-0.9	-0.4	EBIT-%	-182.4 %	-43.6 %	1.6 %	2.3 %	4.0 %
Operating cash flow	-4.7	-3.8	3.7	6.9	8.7	ROE-%	-103.4 %	-19.4 %	-0.7 %	-9.0 %	2.5 %
CAPEX	0.2	-49.5	-4.1	-6.9	-12.2	ROI-%	-76.2 %	-12.0 %	1.8 %	2.9 %	4.9 %
Free cash flow	-4.5	-16.9	4.5	0.0	-3.5	Equity ratio	79.5 %	55.0 %	58.9 %	56.7 %	52.6 %
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	-58.8 %	47.2 %	33.3 %	34.8 %	47.4 %
EV/S	1.7	8.1	0.8	0.7	0.7						
EV/EBITDA	neg.	neg.	8.8	7.2	6.5						
EV/EBIT (adj.)	neg.	neg.	53.5	31.1	18.2						
P/E (adj.)	neg.	neg.	neg.	neg.	38.7						
P/B	1.2	1.5	1.1	1.0	1.0						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
3/9/2023	Sell	0.06 €	0.078 €
5/8/2023	Reduce	0.05 €	0.058 €
8/28/2023	Sell	0.04 €	0.062 €
11/6/2023	Reduce	0.04 €	0.049 €
11/30/2023	Reduce	0.04 €	0.048 €
3/1/2024	Reduce	0.04 €	0.048 €
4/29/2024	Reduce	0.04 €	0.048 €
5/3/2024	Reduce	0.04 €	0.047 €
5/22/2024	Reduce	0.04 €	0.047 €
7/2/2024	Reduce	0.04 €	0.044 €
8/22/2024	Reduce	0.03 €	0.037 €
10/31/2024	Reduce	0.03 €	0.034 €
12/13/2024	Coverage discontinued		0.041 €



Inderes democratizes investor information by connecting investors and listed companies.

We help over 400 listed companies better serve investors. Our investor community is home to over 70,000 active members.

We build solutions for listed companies that enable frictionless and effective investor relations. For listed companies, we offer Commissioned Research, IR Events, AGMs, and IR Software.

Inderes is listed on the Nasdaq First North growth market and operates in Finland, Sweden, Norway, and Denmark.

Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

Award-winning research at [inderes.fi](https://www.inderes.fi)



**STARMINE
ANALYST AWARDS
FROM REFINITIV**



THOMSON REUTERS
ANALYST AWARDS



Juha Kinnunen
2012, 2016, 2017, 2018, 2019, 2020



Mikael Rautanen
2014, 2016, 2017, 2019



Sauli Vilén
2012, 2016, 2018, 2019, 2020



Antti Viljakainen
2014, 2015, 2016, 2018, 2019, 2020



Olli Koponen
2020



Joni Grönqvist
2019, 2020



Erkki Vesola
2018, 2020



Petri Gostowski
2020



Atte Riikola
2020

**Connecting investors
and listed companies.**