Lassila & Tikanoja — Pre-Demerger Tender Thesis (MML Keystone)

9 Oct 2025 (15:30 EEST) by Mikko Ervasti

Executive idea

Acquire the whole of Lassila & Tikanoja (L&T) before the demerger; pre-sign a sale of Facility Services ('Lounea') to shrink the day-one equity; keep Circular Economy as the platform for MML Keystone. This keeps Keystone’s net equity ≤ €200m in best-case scenarios and fits the fund’s mandate (essential, asset-backed, distributed assets).

Smoking gun: Stratos TopCo / MidCo / BidCo created 1–2 Oct 2025; MML people on board

Stratos TopCo / MidCo / BidCo Oy stack (c/o Borenius) newly incorporated in Finland. BidCo board comprises MML personnel (Sharand Maharaj, Charles Le Texier, Arttu Koivula; with Bal Johal and Ian Wallis in ID attachments). In Finland, a matching codename trinity with identical directors is a high-probability public-to-private tell.

Why L&T fits Keystone

Circular Economy is an essential, asset-backed, route-density business with distributed depots, fleets and transfer stations. Clear operational levers (pricing/indexation, route optimisation, fleet/energy savings, bolt-ons, industrial services). Keystone’s approach stresses partnership, bespoke capital and data/IoT to scale distributed infrastructure.

Hard numbers (LTM to 30 Jun 2025)

Circular Economy: Adj. EBITDA €86.0m; Adj. EBIT €42.3m.

Facilities (Lounea): Adj. EBITDA €19.1m; Adj. EBIT €8.0m.

Central: Adj. EBITDA −€1.2m.

Pro-forma external net debt (30 Jun 2025): Circular ~€107.1m; Facilities ~€1.5m (RCF/bridge undrawn).

Planned implementation of split: 31 Dec 2025; new listing targeted early Jan 2026.

Funding logic & equity need (pre-demerger)

Assume current market cap ~€400m. Headline equity at 20–40% premium: €480–560m. Circular leverage rails at 3.0–3.5× on €86m imply total ND capacity ~€258–301m, i.e., ≈€149–192m incremental headroom versus ~€109m pro-forma ND today. Pre-signed Facilities sale (EV €105/€120/€134m, net of ~€1.5m unit ND) provides ≈€104/€119/€133m proceeds.

Equity need scenarios (pre-demerger)

Premium	Debt case	Facilities EV	Equity price (m€)	Fees 2% (m€)	Incr. debt headroom (m€)	Facilities proceeds (m€)	Keystone net equity (m€)
20%	3.5× ND/EBITDA	Low EV (105)	480	9.6	192.4	103.5	193.7
20%	3.5× ND/EBITDA	Mid EV (120)	480	9.6	192.4	118.5	178.7
20%	3.5× ND/EBITDA	High EV (134)	480	9.6	192.4	132.5	164.7
30%	3.5× ND/EBITDA	No sale	520	10.4	192.4	0.0	338.0
30%	3.5× ND/EBITDA	Low EV (105)	520	10.4	192.4	103.5	234.5
30%	3.5× ND/EBITDA	Mid EV (120)	520	10.4	192.4	118.5	219.5
30%	3.5× ND/EBITDA	High EV (134)	520	10.4	192.4	132.5	205.5
30%	3.0× ND/EBITDA	No sale	520	10.4	149.4	0.0	381.0
40%	3.5× ND/EBITDA	Low EV (105)	560	11.2	192.4	103.5	275.3
40%	3.5× ND/EBITDA	Mid EV (120)	560	11.2	192.4	118.5	260.3
40%	3.5× ND/EBITDA	High EV (134)	560	11.2	192.4	132.5	246.3

Sweet-spot cases (no co-invest under a €200m Keystone cap): 20% premium × 3.5× leverage × Facilities sold → Keystone ≈ €165–195m.

At higher premiums (30–40%) or lower leverage (3.0×), modest LP co-invest (≈€20–80m) bridges the remainder.

Structure, timeline, risks

Whole-co recommended offer → funds-certain → bondholder consent → completion; execute pre-signed Facilities sale at or shortly after close.

Important note

This document is an analytical summary based on public materials. It is not investment advice or a recommendation to buy or sell securities. Pre-announcement trading is subject to MAR / insider-trading laws; ensure compliance with applicable regulations.

Self-declaration: The author owns L&T shares.

Finnish Patent and Registration Office filings show Stratos TopCo Oy, Stratos MidCo Oy and Stratos BidCo Oy established on 1–2 Oct 2025 (c/o Borenius), with board: Sharand Maharaj (chair), Arttu Koivula, Charles Le Texier; identity attachments include Ian Wallis and Balbinder Johal. Alternative name reserved: Aurora BidCo Oy.

Expanded equity-need scenarios (pre-demerger)

Premium	Debt rail	Facilities EV	Equity purchase price (m€)	Fees 2% (m€)	Incremental debt headroom (m€)	Facilities proceeds (m€)	Keystone net equity (m€)	Within 200m?	Indicative co-invest ask (m€)
20%	3.0× ND/EBITDA	No sale	480	9.6	149.4	0.0	340.2	No	140.2
20%	3.0× ND/EBITDA	Low EV (105)	480	9.6	149.4	103.5	236.7	No	36.7
20%	3.0× ND/EBITDA	Mid EV (120)	480	9.6	149.4	118.5	221.7	No	21.7
20%	3.0× ND/EBITDA	High EV (134)	480	9.6	149.4	132.5	207.7	No	7.7
20%	3.5× ND/EBITDA	No sale	480	9.6	192.4	0.0	297.2	No	97.2
20%	3.5× ND/EBITDA	Low EV (105)	480	9.6	192.4	103.5	193.7	Yes	0.0
20%	3.5× ND/EBITDA	Mid EV (120)	480	9.6	192.4	118.5	178.7	Yes	0.0
20%	3.5× ND/EBITDA	High EV (134)	480	9.6	192.4	132.5	164.7	Yes	0.0
30%	3.0× ND/EBITDA	No sale	520	10.4	149.4	0.0	381.0	No	181.0
30%	3.0× ND/EBITDA	Low EV (105)	520	10.4	149.4	103.5	277.5	No	77.5
30%	3.0× ND/EBITDA	Mid EV (120)	520	10.4	149.4	118.5	262.5	No	62.5
30%	3.0× ND/EBITDA	High EV (134)	520	10.4	149.4	132.5	248.5	No	48.5
30%	3.5× ND/EBITDA	No sale	520	10.4	192.4	0.0	338.0	No	138.0
30%	3.5× ND/EBITDA	Low EV (105)	520	10.4	192.4	103.5	234.5	No	34.5
30%	3.5× ND/EBITDA	Mid EV (120)	520	10.4	192.4	118.5	219.5	No	19.5
30%	3.5× ND/EBITDA	High EV (134)	520	10.4	192.4	132.5	205.5	No	5.5
40%	3.0× ND/EBITDA	No sale	560	11.2	149.4	0.0	421.8	No	221.8
40%	3.0× ND/EBITDA	Low EV (105)	560	11.2	149.4	103.5	318.3	No	118.3
40%	3.0× ND/EBITDA	Mid EV (120)	560	11.2	149.4	118.5	303.3	No	103.3

40%	3.0× ND/EBITDA	High EV (134)	560	11.2	149.4	132.5	289.3	No	89.3
40%	3.5× ND/EBITDA	No sale	560	11.2	192.4	0.0	378.8	No	178.8
40%	3.5× ND/EBITDA	Low EV (105)	560	11.2	192.4	103.5	275.3	No	75.3
40%	3.5× ND/EBITDA	Mid EV (120)	560	11.2	192.4	118.5	260.3	No	60.3
40%	3.5× ND/EBITDA	High EV (134)	560	11.2	192.4	132.5	246.3	No	46.3

Illustrative sources & uses

Case A (best-case within Keystone cap): 20% premium, 3.5× leverage, Facilities sold at €120m EV

Equity purchase price	480.0 m€
Fees (2%)	9.6 m€
Incremental new debt	192.4 m€
Facilities proceeds	118.5 m€
Keystone equity	178.7 m€
LP co-invest	0.0 m€
Total sources	489.6 m€
Total uses	489.6 m€

Case B (tougher): 30% premium, 3.0× leverage, Facilities sold at €120m EV

Equity purchase price	520.0 m€
Fees (2%)	10.4 m€
Incremental new debt	149.4 m€
Facilities proceeds	118.5 m€
Keystone equity	200.0 m€
LP co-invest	62.5 m€
Total sources	530.4 m€
Total uses	530.4 m€

Note: figures are illustrative based on LTM to 30-Jun-2025 and pro-forma ND in the demerger plan; fees at 2%; leverage rails at 3.0×/3.5×. Adjust to lender views and final perimeter.