01 December 2022

Commissioned research: Boreo – Strengthens Technical Trade through M&A

Marketing material commissioned by Boreo

Boreo announced today a bolt-on acquisition to strengthen its Technical Trade business area. The company acquired J-Matic and J-Matic Rent, an industrial manufacturing service company that is focused on box-build assemblies. The Company delivers technically demanding turnkey solutions to its customers that have leading market positions within their own industries. Delivered turnkey solutions typically include mechanic-, electronic-, pneumatic- and automation applications. J-Matic has 20 employees with operations located in Lempäälä, Finland. In 2021, J-Matic had illustrative net sales of EUR 2.3m with EBITDA of EUR 0.6m, corresponding to a 24% EBITDA margin. In 2019-21, J-Matic had ~16% sales CAGR. Purchase price is not disclosed, while Boreo issued 5k shares (EUR 0.2m) to the seller. We believe the total consideration is EUR 1.5-2m, while Boreo may pay earn-outs subject to the results of J-Matic in 2023-25. J-Matic continues to operate independently and will be reported under Technical Trade business area. We find it encouraging that the company continues with bolt-on acquisitions that have above the group margins.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	60	98	147	163	170	178
EBITDA (adj)	5	8	12	12	12	13
EBIT (adj)	3	6	9	8	8	9
EBIT (adj) margin	5.8%	5.9%	6.0%	4.8%	4.6%	5.2%
EPS (adj, EUR)	1.02	1.68	2.36	-0.30	1.40	1.81
EPS (adj) growth	-8.8%	64.6%	40.2%	-112.7%	564.7%	29.7%
DPS (ord, EUR)	0.00	0.40	0.42	0.44	0.46	0.50
EV/Sales	0.4	1.0	1.3	0.9	0.8	0.8
EV/EBIT (adj)	6.9	16.5	21.7	17.7	17.8	14.7
P/E (adj)	10.4	17.5	25.0	n.m.	29.0	22.4
P/BV	1.8	4.8	7.1	2.7	2.6	2.4
Dividend yield (ord)	0.0%	1.4%	0.7%	1.1%	1.1%	1.2%
FCF Yield bef A&D, lease adj	11.0%	9.6%	-0.3%	3.3%	4.1%	7.0%
Net debt	-4	20	38	32	31	27
Net debt/EBITDA	-0.9	3.2	3.5	2.8	2.6	2.0
ROIC after tax	24.9%	19.2%	14.4%	9.4%	8.5%	9.9%

Source: Company data and Nordea estimates

Nordea analyst: Joni Sandvall

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