

Boreo

Business Services
Finland

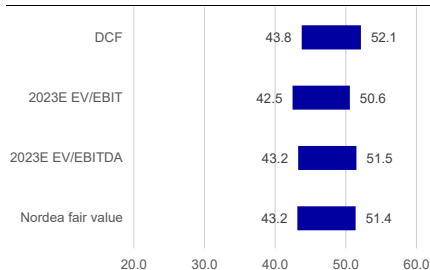
KEY DATA

Stock country	Finland
Bloomberg	BOREO.FH
Reuters	BOREO.HE
Share price (close)	EUR 39.50
Free Float	29%
Market cap. (bn)	EUR 0.11/EUR 0.11
Website	boreo.com
Next report date	05 May 2023

PERFORMANCE



VALUATION APPROACH (EUR/SHARE)



ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	0%	0%	0%
EBIT (adj)	-3%	1%	0%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Joni Sandvall
AnalystSvante Krokfors
Director

Solid Q4 with improving cash flows

Boreo reported Q4 adjusted EBIT excluding PPA of EUR 2.5m, slightly above our expectation. Electronics continued to perform well, while group costs were above our forecast. Operating cash flow recovered strongly, driven by a release of working capital from inventories. Improving cash flows should be supportive in terms of further acquisitions. The company appeared fairly confident in its outlook for 2023 with strong order backlogs and good performance within business areas. Based on underlying operations and M&A value-creation opportunities, we derive a slightly higher fair value range of EUR 43-51 (42-50) per Boreo share.

Q4 was solid despite challenges within Heavy Machines

Boreo's Q4 net sales of EUR 45m came in 2% below Refinitiv consensus and 3% below our expectation. Organic growth was slightly negative in Q4, while adjusted EBIT excluding PPA was EUR 2.5m, slightly above our EUR 2.3m forecast. Electronics' adjusted EBIT excluding PPA came in EUR 0.3m above our estimate, while Other operations' adjusted EBIT excluding PPA fell EUR 0.2m short of our expectation. In addition to acquired businesses, Noretron and Machinery's Power business delivered strong performance in Q4. Importantly, Boreo was able to improve its cash flows through lower inventories. The DPS proposal of EUR 0.22 and an additional EUR 0.22 at a later stage in 2023 were in line with our prediction. Overall, Boreo seemed confident about demand in 2023, supported by healthy order backlogs.

We make only minor estimate revisions

We leave our top-line estimates intact. However, given the higher group costs, we lower 2023E adjusted EBIT excluding PPA by 3% and make only minor adjustments for 2024E-25E. We incorporate the announced bolt-on acquisition of Lamox into our estimates. We expect 9% top-line growth and EUR 9.8m in adjusted EBIT excluding PPA for 2023, up from EUR 9m in 2022. Assuming no further acquisitions, we forecast a net sales CAGR of 5% for 2022-25 and an operational EBIT (excluding PPA) CAGR of 12%.

Fair value range of EUR 43-51, including M&A impact

We derive a fair value range of EUR 43-51 (42-50) by equally weighting a valuation excluding future M&A and one that includes M&A value creation based on our M&A scenario. In this scenario, we estimate potential for around EUR 12 per share in value creation through acquisitions in 2023-25, of which EUR 6 per share is included in our fair value range.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	60	98	147	160	174	180	187
EBITDA (adj)	5	8	12	11	12	14	15
EBIT (adj)	3	6	9	7	8	10	13
EBIT (adj) margin	5.8%	5.9%	6.0%	4.6%	4.7%	5.4%	6.8%
EPS (adj, EUR)	0.90	1.53	2.25	-0.13	1.48	1.93	3.30
EPS (adj) growth	-9.9%	69.3%	47.0%	-105.7%	1,256.1%	30.3%	70.8%
DPS (ord, EUR)	0.00	0.40	0.42	0.44	0.46	0.50	0.60
EV/Sales	0.4	1.0	1.3	0.8	0.8	0.7	0.8
EV/EBIT (adj)	6.9	16.5	21.7	17.7	17.0	13.9	11.9
P/E (adj)	11.8	19.2	26.3	n.m.	26.6	20.4	12.0
P/BV	1.8	4.8	7.1	2.4	2.5	2.3	3.1
Dividend yield (ord)	0.0%	1.4%	0.7%	1.2%	1.2%	1.3%	1.5%
FCF Yield bef A&D, lease	11.0%	9.6%	-0.3%	0.3%	4.1%	7.3%	6.0%
Net debt	-4	20	38	31	31	27	43
Net debt/EBITDA	-0.9	3.2	3.5	2.9	2.5	1.9	2.8
ROIC after tax	24.9%	19.2%	14.4%	8.5%	8.5%	10.1%	12.9%

Source: Company data and Nordea estimates

Review of Q4 results

Boreo reported Q4 adjusted EBIT excluding PPA of EUR 2.5m, 10% above our estimate (no consensus available). Net sales of EUR 45m showed 15% y/y growth in comparable terms (down 5% y/y organically) and came in 3% below our estimate. Reported EBIT was EUR 1.7m and included EUR 0.3m of items affecting comparability due to a writedown in Heavy Machines. Net sales and adjusted EBIT excluding PPA increased in Electronics and Technical Trade, but declined in Heavy Machines. Companies acquired in 2022 had a 14% adjusted EBIT excluding PPA margin in Q4, we calculate. Operational cash flow was EUR 3.7m in Q4 (EUR 0.6m a year ago), supported by EUR 1m in lower working capital from inventories. EPS of EUR 0.16 came in below Refinitiv consensus expectation of EUR 0.19. DPS was EUR 0.44, in line with consensus and our expectation. EUR 0.22 of the dividend is proposed to be paid at a later stage during 2023. In line with its guidance policy, the company does not provide short-term financial guidance. Based on management comments on business areas, the outlook appears to be stable to slightly positive going forward.

Q4 adj. EBIT ex-PPA slightly above our estimate, driven by Electronics

Boreo reported Q4 adjusted EBIT excluding PPA of EUR 2.5m, 10% above our estimate. There is no quality consensus available. Reported EBIT was EUR 1.7m, 24% above our estimate. Net sales grew 15% y/y on a comparable basis to EUR 45m, 3% below our estimate. Organic sales growth was -5% y/y in Q4, while the EUR/SEK exchange rate had a EUR 0.5m negative top-line impact in Q4.

- Electronics' Q4 net sales were EUR 18.6m, up 40% y/y in comparable terms and 3% below our estimate of EUR 19.2m. Adjusted EBIT excluding PPA was EUR 1.5m, 26% above our estimate of EUR 1.2m. The operational EBIT margin was 8.1% versus our estimate of 6.2%. In addition to the acquisitions of SSN and Infradex, Q4 operational EBIT was supported by the Baltic operations and Noretron. Yleiselektronikka's and Milcon's EBIT were below last year's level.
- Technical Trade's net sales were EUR 15.8m, up 18% y/y and 5% above our estimate of EUR 15m. Adjusted EBIT excluding PPA was EUR 1.4m, in line with our estimate. Q4 operational EBIT margin was 8.9% versus our estimate of 9.4%. Machinery's performance was mixed, with metal working top line down clearly, while sales in power and construction equipment exceed last year's level. Operational EBIT was supported by excellent performance of the power business and the acquired Pronius.
- Heavy Machines' net sales were EUR 9.4m, down 18% y/y and 13% below our estimate of EUR 10.8m. Adjusted EBIT excluding PPA was EUR 0.2m, above our estimate of EUR 0.0m. There were EUR 0.3m of items affecting comparability related to a writedown in the SANY business. The Q4 operational EBIT margin was 2.1% versus our estimate of 0.3%. The top-line miss was due to deliveries of Putzmeister being moving forward in Finland and Sweden. FNB was affected by supply chain constraints. The SANY business performed below the company's expectation in Estonia.
- Other operations' net sales were EUR 1.2m, up 8% y/y and 8% below our estimate of EUR 1.3m. Adjusted EBIT excluding PPA was EUR -0.6m, below our estimate of EUR -0.4m.

Q4 operational cash flow was 3.7m (EUR 0.6m a year ago). The company was able to reduce its working capital during the quarter on EUR 1m lower inventories.

Reported Q4 EPS was EUR 0.16, versus consensus at EUR 0.19 and us at EUR 0.10 (including hybrid impact). Operational EPS was EUR 0.32.

The DPS proposal stands at EUR 0.44, in line with consensus and us. EUR 0.22 of the dividend is proposed to be paid at a later stage in 2023.

DEVIATION TABLE

EURm	Actual	NDA est.	Deviation		Consensus	Deviation		Actual	Actual		
	Q4 2022	Q4 2022E	vs. actual		Q4 2022E	vs. actual		Q3 2022	q/q	Q4 2021	y/y
Sales	45.0	46.3	-1.3	-3%	46.0	-1.0	-2%	43.3	4%	46.6	-3%
Adj. EBITDA	3.5	3.6	-0.1	-2%	3.0	0.5	17%	4.0	-13%	3.5	0%
Adj. EBITDA margin	7.8%	7.7%	0.1pp		6.5%	1.3pp		9.2%	-1.5pp	7.5%	0.3pp
Adj. EBIT ex-PPA	2.5	2.3	0.2	10%	1.0	1.5	150%	3.0	-17%	2.5	0%
Adj. EBIT ex-PPA margin	5.6%	4.9%	0.7pp		2.2%	3.4pp		6.9%	-1.4pp	5.4%	0.2pp
EBIT	1.7	1.4	0.3	24%	1.0	0.7	70%	2.4	-29%	1.9	-11%
EBIT margin	3.8%	3.0%	0.8pp		2.2%	1.6pp		5.5%	-1.8pp	4.1%	-0.3pp
PTP	1.2	0.9	0.3	38%	1.0	0.2	20%	2.6	-54%	1.5	-21%
EPS, EUR	0.16	0.10	0.06	55%	0.19	-0.03	-14%	0.90	-82%	0.41	-61%
DPS, EUR	0.44	0.44	0.00	0%	0.44	0.00	0%			0.42	5%

Business areas, EURm

Net sales

Electronics	18.6	19.2	-0.6	-3%				17.3	8%	20.9	-11%
Technical Trade	15.8	15.0	0.8	5%				13.5	17%	13.4	18%
Heavy Machines	9.4	10.8	-1.4	-13%				11.3	-17%	11.4	-18%
Other Operations	1.2	1.3	-0.1	-8%				1.2	0%	1.1	9%

Adj. EBIT ex-PPA

Electronics	1.5	1.2	0.3	26%				1.3	15%	1.3	15%
Technical Trade	1.4	1.4	0.0	-1%				1.7	-18%	1.1	27%
Heavy Machines	0.2	0.0	0.2	618%				0.3	-33%	0.6	-67%
Other Operations	(0.6)	(0.4)	-0.2	62%				(0.3)	100%	(0.5)	20%

Adj. EBIT ex-PPA %

Electronics	8.1%	6.2%	1.8pp					7.5%	0.6pp	6.2%	1.8pp
Technical Trade	8.9%	9.4%	-0.6pp					12.6%	-3.7pp	8.2%	0.7pp
Heavy Machines	2.1%	0.3%	1.9pp					2.7%	-0.5pp	5.3%	-3.1pp
Other Operations	-50.0%	-28.5%	-21.5pp					-25.0%	-25.0pp	-45.5%	-4.5pp

Note: Q4 2021 includes continuing and discontinued operations

Source: Company data, Refinitiv and Nordea estimates

Estimate revisions and detailed estimates

Minor estimate revisions

We make only minor top-line revisions and take a slightly more positive view on the outlook for the profitability of underlying operations. However, because we expect higher group costs, we trim 2023E adjusted EBIT excluding PPA by 3%, but leave 2024E-25E largely intact.

ESTIMATE REVISIONS

EURm	New estimates				Old estimates				Difference %			
	Q1 2023E	2023E	2024E	2025E	Q1 2023E	2023E	2024E	2025E	Q1 2023E	2023E	2024E	2025E
Sales	39.9	174	180	187	39.9	175	181	188	0%	0%	0%	0%
Adj. EBITDA	2.9	12.2	13.8	15.3	3.0	12.6	14.0	15.6	-4%	-4%	-1%	-2%
Adj. EBITDA margin	7.2%	7.0%	7.7%	8.2%	7.5%	7.2%	7.7%	8.3%	-0.3pp	-0.2pp	0.0pp	-0.1pp
Adj. EBIT ex-PPA	2.5	9.8	11.3	12.8	2.3	10.0	11.3	n.a.	10%	-3%	1%	n.a.
Adj. EBIT ex-PPA margin	6.3%	5.6%	6.3%	6.8%	5.7%	5.7%	6.2%	0.0%	0.6pp	-0.1pp	0.1pp	6.8pp
EBIT	1.4	8.1	9.7	12.8	1.4	8.3	9.7	12.8	-5%	-3%	1%	0%
EBIT margin	3.4%	4.6%	5.4%	6.8%	3.6%	4.8%	5.3%	6.8%	-0.2pp	-0.1pp	0.1pp	0.0pp
PTP	1.0	6.5	8.1	11.2	1.0	6.8	8.1	11.2	-6%	-4%	1%	0%
Adj. EPS, EUR	0.21	1.48	1.93	3.30	0.23	1.58	1.94	3.35	-9%	-6%	0%	-1%
EPS, EUR	0.17	1.45	1.93	3.30	0.19	1.54	1.94	3.35	-11%	-6%	0%	-1%
DPS, EUR		0.46	0.50	0.60		0.46	0.50	0.60		0%	0%	0%

Business areas	Q1 2023E	2023E	2024E	2025E	Q1 2023E	2023E	2024E	2025E	Q1 2023E	2023E	2024E	2025E
Net sales												
Electronics	16.1	68.3	70.3	73.2	16.2	69.0	71.0	n.a.	-1%	-1%	-1%	n.a.
Technical Trade	13.9	59.1	61.4	63.3	13.4	57.8	60.1	n.a.	4%	2%	2%	n.a.
Heavy Machines	8.8	42.1	43.3	45.1	9.2	43.2	44.5	n.a.	-4%	-3%	-3%	n.a.
Other	1.1	5.0	5.3	5.5	1.1	5.1	5.4	n.a.	0%	-2%	-2%	n.a.
Group	39.9	174.4	180.4	187.0	39.9	175.1	181.1	n.a.	0%	0%	0%	n.a.
Adj. EBIT ex-PPA												
Electronics	1.1	4.6	5.0	5.6	1.0	4.2	4.6	n.a.	14%	10%	9%	n.a.
Technical Trade	1.1	5.7	6.3	6.9	1.0	5.6	6.3	n.a.	4%	2%	1%	n.a.
Heavy Machines	0.2	1.8	2.4	2.8	0.3	1.8	2.4	n.a.	-31%	1%	0%	n.a.
Other	-0.5	-2.3	-2.4	-2.4	-0.4	-1.5	-2.0	n.a.	40%	52%	21%	n.a.
Group	1.9	9.8	11.3	12.8	1.9	10.0	11.3	n.a.	-4%	-3%	1%	n.a.

Source: Nordea estimates

Detailed estimates

QUARTERLY GROUP ESTIMATES

EURm	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023E	Q2 2023E	Q3 2023E	Q4 2023E
Net sales	29.0	36.0	35.0	46.6	31.7	40.4	43.3	45.0	39.9	44.8	44.1	45.6
growth y/y	55%	44%	30%	73%	9%	12%	24%	-3%	26%	11%	2%	1%
Other operating income	1.1	0.1	0.2	0.0	0.0	0.2	0.1	0.1	0.1	0.2	0.1	0.1
Materials and services	-21.4	-27.1	-26	-34.9	-23.5	-30.4	-32.9	-34.2	-30.1	-33.9	-33.1	-34.2
Gross profit	7.6	8.9	9.0	11.7	8.2	10.0	10.4	10.8	9.8	11.0	11.0	11.4
margin	26.2%	24.7%	25.7%	25.1%	25.9%	24.8%	24.0%	24.0%	24.5%	24.5%	25.0%	25.0%
Employee benefits	-4.2	-4.2	-4.5	-5.8	-4.8	-5	-4.8	-5.7	-5.5	-5.6	-5.0	-5.8
Other OPEX	-1.5	-1.6	-2	-3.2	-2.2	-2.2	-2.5	-2.7	-2.0	-2.8	-2.7	-2.1
Associates	0	0	0	0	0	0.1	0	0.1	0.05	0.05	0.05	0.05
EBITDA	3	3.1	2.7	2.8	1.5	2.9	3.4	2.7	2.4	2.7	3.4	3.6
margin	10.3%	8.6%	7.7%	6.0%	4.7%	7.2%	7.9%	6.0%	5.9%	6.1%	7.8%	7.8%
Depreciation	-0.8	-0.9	-0.8	-0.9	-0.9	-1.1	-1	-1	-1	-1	-1	-1
Adj. EBIT ex-PPA	1.6	2.4	2.5	2.5	1.2	2.4	3.0	2.5	1.9	2.1	2.8	3.0
margin	5.5%	6.7%	7.1%	5.4%	3.7%	5.8%	6.9%	5.6%	4.7%	4.8%	6.4%	6.5%
EBIT	2.2	2.2	1.9	1.9	0.6	1.8	2.4	1.7	1.4	1.7	2.4	2.6
margin	7.6%	6.1%	5.4%	4.1%	1.9%	4.5%	5.5%	3.8%	3.4%	3.9%	5.5%	5.6%
NRI	0.7	-0.1	-0.6	-0.7	-0.3	-0.1	0.0	-0.4	-0.1	0.0	0.0	0.0
Net financials	-0.2	-0.4	-0.4	-0.4	-0.1	-0.5	0.2	-0.5	-0.4	-0.4	-0.4	-0.4
PTP	2.0	1.9	1.5	1.5	0.4	1.3	2.6	1.2	1.0	1.3	2.0	2.2
Taxes	-0.3	-0.4	-0.3	-0.4	-0.1	-0.2	-0.6	-0.3	-0.2	-0.3	-0.4	-0.4
Net profit	1.7	1.5	1.2	1.2	1.1	-5.5	2.7	1.4	0.8	1.1	1.6	1.7
continuing	1.7	1.5	1.2	1.2	0.4	1.1	2.0	0.9	0.8	1.1	1.6	1.7
discontinued	0.0	0.0	0.0	0.0	0.7	-6.6	0.7	0.5	0.0	0.0	0.0	0.0
Minorities	0.0	0.1	0.1	0.1	0.0	-0.5	0.0	0.1	0.0	0.0	0.0	0.0
EPS, EUR	0.67	0.53	0.45	0.40	0.35	-2.03	0.89	0.36	0.17	0.28	0.48	0.52
continuing	0.67	0.53	0.45	0.40	0.08	0.30	0.63	0.18	0.17	0.28	0.48	0.52
discontinued	0.00	0.00	0.00	0.00	0.27	-2.32	0.26	0.19	0.00	0.00	0.00	0.00
Operational EPS, EUR	0.43	0.65	0.71	0.67	0.12	0.47	0.86	0.36	0.35	0.43	0.63	0.67

Source: Company data and Nordea estimates

QUARTERLY BUSINESS AREA ESTIMATES

Business areas, EURm	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023E	Q2 2023E	Q3 2023E	Q4 2023E
Net sales												
Electronics	14.8	15.5	16.6	20.9	11.7	14.0	17.3	18.6	16.1	16.7	17.3	18.2
Technical Trade	8.9	12.2	11.3	13.4	10.8	12.7	13.5	15.8	13.9	15.1	14.2	15.9
Heavy Machines	5.2	7.4	5.7	11.4	8.2	12.5	11.3	9.4	8.8	11.7	11.3	10.3
Other		1.0	1.2	1.1	1.0	1.2	1.2	1.2	1.1	1.3	1.3	1.3
Group		36.0	35.0	46.6	31.7	40.4	43.3	45.0	39.9	44.8	44.1	45.6
Adjusted EBIT ex-PPA												
Electronics	1.2	1.0	1.5	1.3	0.7	0.6	1.3	1.5	1.1	0.9	1.3	1.3
Technical Trade	0.4	1.5	1.1	1.1	0.8	1.6	1.7	1.4	1.1	1.6	1.5	1.4
Heavy Machines	0.3	0.3	0.2	0.6	0.1	0.6	0.3	0.2	0.2	0.2	0.6	0.8
Other	-0.3	-0.4	-0.3	-0.5	-0.4	-0.5	-0.3	-0.6	-0.5	-0.6	-0.6	-0.6
Group	1.6	2.4	2.5	2.5	1.2	2.4	3.0	2.5	1.9	2.1	2.8	3.0
Sales growth, y/y												
Electronics	-3%	5%	19%	27%	-21%	-10%	4%	-11%	38%	19%	0%	-2%
Technical Trade	187%	53%	10%	49%	21%	4%	19%	18%	28%	19%	5%	0%
Heavy Machines	1633%	236%	111%	660%	58%	69%	98%	-18%	7%	-6%	0%	9%
Other						20%	0%	9%	10%	8%	8%	8%
Group	55%	44%	30%	73%	9%	12%	24%	-3%	26%	11%	2%	1%
Adj. EBIT ex-PPA margin												
Electronics	8%	6%	9%	6%	6%	4%	8%	8%	7%	5%	8%	7%
Technical Trade	4%	12%	10%	8%	7%	13%	13%	9%	8%	11%	11%	9%
Heavy Machines	6%	4%	4%	5%	1%	5%	3%	2%	2%	2%	5%	7%
Group		7%	7%	5%	4%	6%	7%	6%	5%	5%	6%	6%

Source: Company data and Nordea estimates

ANNUAL GROUP ESTIMATES

EURm	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	CAGR 22-25E
Net sales	40.3	54.2	57.2	59.9	97.6	146.6	160.4	174.4	180.4	187.0	5%
growth y/y	-4%	35%	5%	5%	63%	50%	9%	9%	3%	4%	
Other operating income	0.0	0.1	0.0	0.0	0.3	1.5	0.4	0.5	0.5	0.5	8%
Materials and services	-28.5	-39.5	-41.3	-43.5	-71.5	-109.5	-121.0	-131.3	-134.7	-139.4	5%
Gross profit	11.8	14.8	15.9	16.4	26.1	37.1	39.4	43.2	45.7	47.7	7%
margin	29.3%	27.3%	27.9%	27.4%	26.7%	25.3%	24.6%	24.8%	25.3%	25.5%	
Employee benefits	-6.7	-8.3	-8.3	-8.8	-14.0	-18.8	-20.3	-21.9	-22.5	-23.1	4%
Other OPEX	-2.5	-3.5	-3.6	-3.1	-6.0	-8.3	-9.6	-9.7	-9.9	-9.8	1%
Associates	0	0	0	0	0	0	0.2	0.2	0.2	0.2	n.m.
EBITDA	2.6	3.1	4.1	4.5	6.2	11.5	10.5	12.1	13.8	15.3	13%
margin	6.4%	5.7%	7.1%	7.6%	6.4%	7.8%	6.5%	6.9%	7.7%	8.2%	
Depreciation	-0.4	-0.6	-0.6	-1.0	-2.0	-3.4	-4.0	-4.0	-4.1	-2.6	-14%
Adj. EBIT ex-PPA	2.2	2.4	3.5	3.5	5.9	9.6	9.0	9.8	11.3	12.8	12%
margin	5.4%	4.4%	6.2%	5.8%	6.0%	6.5%	5.6%	5.6%	6.3%	6.8%	
EBIT	2.2	2.5	3.5	3.5	4.2	8.1	6.5	8.1	9.7	12.8	25%
margin	5.4%	4.6%	6.2%	5.8%	4.3%	5.5%	4.1%	4.6%	5.4%	6.8%	
NRI	0.0	0.1	0.0	0.0	-1.6	-0.7	-0.8	-0.1	0.0	0.0	
Net financials	-0.2	0.1	0.0	-0.2	-0.6	-1.4	-0.9	-1.6	-1.6	-1.6	21%
PTP	2.0	2.6	3.6	3.3	3.6	6.8	5.6	6.5	8.1	11.2	26%
Taxes	-0.4	-0.5	-0.7	-0.6	-0.9	-1.3	-1.2	-1.3	-1.6	-2.2	
Net profit	1.6	2.1	2.9	2.6	2.7	5.5	-0.3	5.2	6.5	8.9	n.m.
continuing	1.6	2.1	2.9	2.6	2.7	5.5	4.4	5.2	6.5	8.9	
discontinued	0.0	0.0	0.0	0.0	0.0	0.0	-4.7	0.0	0.0	0.0	
Minorities	0.1	0.3	0.3	0.3	0.4	0.3	-0.4	0.0	0.0	0.0	
EPS, EUR	0.56	0.72	1.00	0.90	0.90	2.01	-0.45	1.45	1.93	3.30	n.m.
continuing	0.56	0.72	1.00	0.90	0.90	2.01	1.18	0.00	0.00	0.00	
discontinued	0.00	0.00	0.00	0.00	0.00	0.00	-1.62	0.00	0.00	0.00	
Operational EPS, EUR	0.00	0.00	0.00	0.00	1.68	2.40	1.82	2.08	2.53	3.30	2%
DPS, EUR	0.31	0.32	0.33	0.00	0.40	0.42	0.44	0.46	0.50	0.60	

Source: Company data and Nordea estimates

ANNUAL BUSINESS AREA ESTIMATES

Business areas, EURm	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	CAGR 22-25E
Net sales											
Electronics	40.3	54.2	57.2	59.9	60.5	67.9	61.6	68.3	70.3	73.2	6%
Technical Trade					30.4	45.6	52.8	59.1	61.4	63.3	6%
Heavy Machines					6.7	29.7	41.4	42.1	43.3	45.1	3%
Other						3.3	4.6	5.0	5.3	5.5	6%
Group	40.3	54.2	57.2	59.9	97.6	146.6	160.4	174.4	180.4	187.0	5%
Adjusted EBIT ex-PPA											
Electronics	2.2	2.4	3.5	3.5	4.5	5.1	4.1	4.6	5.0	5.6	11%
Technical Trade					1.2	4.2	5.5	5.7	6.3	6.9	8%
Heavy Machines					0.7	1.6	1.2	1.8	2.4	2.8	31%
Other					-0.5	-1.3	-1.8	-2.3	-2.4	-2.4	11%
Group	2.2	2.4	3.5	3.5	5.9	9.6	9.0	9.8	11.3	12.8	12%
Sales growth, y/y											
Electronics	-4%	35%	5%	5%	1%	12%	-9%	11%	3%	4%	
Technical Trade						50%	16%	12%	4%	3%	
Heavy Machines							39%	2%	3%	4%	
Other							39%	9%	5%	5%	
Group	-4%	35%	5%	5%	63%	50%	9%	9%	3%	4%	
Adj. EBIT ex-PPA margin											
Electronics	5.4%	4.4%	6.2%	5.8%	7.4%	7.5%	6.7%	6.8%	7.1%	7.6%	
Technical Trade					3.9%	9.2%	10.4%	9.6%	10.3%	10.8%	
Heavy Machines					10.4%	5.4%	3.0%	4.2%	5.4%	6.1%	
Group	5.4%	4.4%	6.2%	5.8%	9.8%	14.1%	14.7%	14.3%	16.1%	17.4%	

Source: Company data and Nordea estimates

Valuation

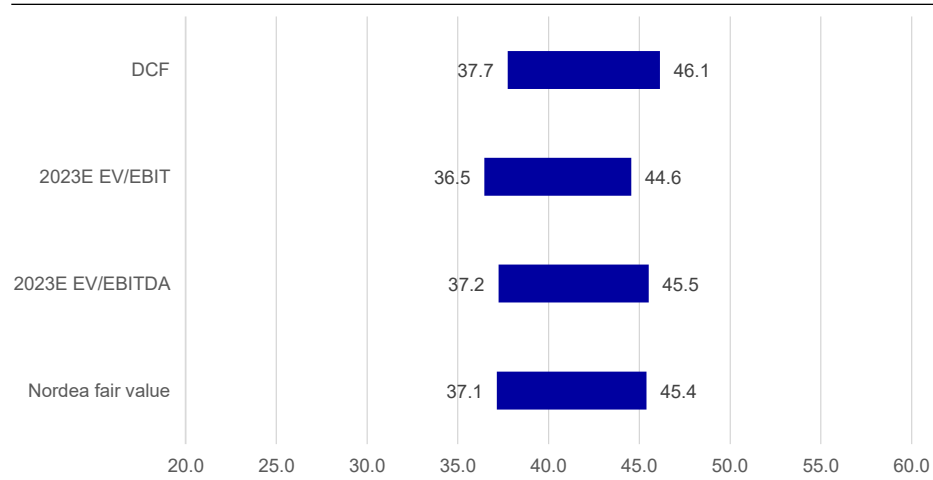
Using a combination of valuation methods, we arrive at a fair value range of EUR 43-51 per share for Boreo. We assign a fair value range of EUR 37-45 per share for Boreo's current operations and EUR 6 per share for the 'compounder effect'.

Given Boreo's M&A-driven compounder strategy, we value the company based on underlying operations and try to assess the future potential of the M&A strategy through the compounder effect. Based on a broad multiples-based approach and a DCF model, we derive a fair value range of EUR 43-51 per share for Boreo.

Valuation of Boreo's business, excluding future M&A

BOREO: FAIR VALUE RANGE EXCLUDING ANY UNANNOUNCED M&A (EUR PER SHARE)

Valuation excluding M&A indicates a fair value range of EUR 37-45



Source: Nordea estimates

The chart above illustrates our fair value range of EUR 37-45 per share for Boreo as a standalone company without any future unannounced acquisitions. We note that our EUR 43-51 fair value per share is derived by equally weighting a DCF, 2023E EV/EBIT and EV/EBITDA to derive a fair value range of EUR 37-45 and adding 50% of the potential value creation through M&A (EUR 12), based on our M&A scenario.

Using the broad peer group as a benchmark, with 2023E EV/EBITDA of 11.7x and a 2024E EV/EBITDA of 10.7x (based on Refinitiv consensus), the implied fair value for Boreo would be around EUR 41-45 per share.

The table below shows the valuation multiples that we derive for Boreo, assuming no future M&A, using our fair value range for the company (EUR 37-45) without the compounder effect. The current share price (EUR 39.9 as of 2 March) implies 2023E EV/EBITDA of 11.3x and a 2024E EV/EBITDA of 9.0x. Our fair value range for Boreo, excluding any unannounced M&A, implies 2023E EV/EBITDA of 10.8-12.6x and a 2024E multiple of 9.2-10.8x.

BOREO: VALUATION WITHOUT FUTURE M&A – DERIVED VALUATION MULTIPLES

	EUR 37.1			EUR 45.4			Current EUR 39.9		
	FY 2022	FY 2023E	FY 2024E	FY 2022	FY 2023E	FY 2024E	FY 2022	FY 2023E	FY 2024E
EV/Sales	0.8x	0.8x	0.7x	1.0x	0.9x	0.8x	0.9x	0.8x	0.7x
EV/EBITDA	11.6x	10.8x	9.2x	13.6x	12.6x	10.8x	12.2x	11.4x	9.8x
EV/EBIT	17.9x	16.0x	13.1x	20.9x	18.8x	15.4x	18.9x	16.9x	13.9x
P/E	n.m.	25.0x	19.2x	n.m.	30.6x	23.5x	n.m.	26.9x	20.6x
FCF yield %	0.3%	4.3%	7.8%	0.2%	3.6%	6.4%	0.2%	4.0%	7.3%
Dividend yield %	1.2%	1.2%	1.3%	1.0%	1.0%	1.1%	1.1%	1.2%	1.3%

Source: Nordea estimates

Assuming no unannounced M&A, we derive a fair value range for Boreo of EUR 37-45 per share. However, given the company's track record of acquisitions at favourable terms, we show in the next section how we assign a value to future unannounced acquisitions, or the compounder effect.

Boreo could add EUR 50m to the top line through M&A in 2023-25

Below, we show what we believe is a realistic scenario for shareholder value creation through M&A for Boreo in 2023-25. We note that this scenario is purely based on our own estimates and assumptions.

In this scenario, we model Boreo conducting total acquisitions worth EUR 40m in 2023-25 and we assume acquisition multiples of 0.6x EV/sales and 5x EV/EBITDA, not including any synergies. In total, in our M&A scenario, we expect Boreo to acquire revenue of EUR 51m and EBITDA of EUR 7m. We also assume 2.5% annual organic growth for the acquired businesses. We note that we model acquisitions taking place in the middle of the year, while in reality, Boreo is likely to conduct smaller acquisitions throughout the year. However, we believe our approach offers a good proxy for how much value Boreo could create over the next three years via successful acquisitions.

BOREO: ILLUSTRATIVE M&A SCENARIO UP TO 2025E

Current estimates, EURm	2020	2021	2022	2023E	2024E	2025E
Sales	98	147	160	174	180	187
EBITDA, adj.	7.8	11.7	11.3	12.2	13.8	15.3
EBITDA margin %	8.0%	8.0%	7.1%	7.0%	7.7%	8.2%
Cash	9	6	13	14	17	11
Equity	17	23	42	45	49	36
Net debt	20	38	31	31	27	43
Net gearing	119%	169%	74%	69%	55%	119%
Net debt/EBITDA, adj.	2.5x	3.2x	2.7x	2.5x	1.9x	2.8x
Deal(s) size (EURm)				5	15	20
EV/EBITDA assumption, x				5.0x	5.0x	5.0x
EV/Sales assumption, x				0.6x	0.6x	0.6x
Cumulative sales increase from M&A				4	21	51
Sales increase, annual				4	13	17
Cumulative EBITDA increase from M&A				1	3	7
EBITDA increase from M&A, annual				1	2	2
- margin %				13.0%	13.0%	13.0%
Cumulative potential synergies				0	0	1
% of sales				1%	1%	1%
New estimates after additional M&A, EURm	2020	2021	2022	2023E	2024E	2025E
Sales	98	147	160	179	201	238
EBITDA, adj.	7.8	11.7	11.3	12.7	16.5	22.0
-margin %	8.0%	8.0%	7.1%	7.1%	8.2%	9.2%
Cash	8.7	6.2	13.2	13.6	18.3	14.5
Equity	16.6	22.5	41.8	44.8	50.1	40.9
Net debt	19.8	38.0	30.9	35.5	40.8	79.6
Net gearing	119%	169%	74%	79%	81%	195%
ND/EBITDA	2.5x	3.2x	2.7x	2.8x	2.5x	3.6x

Source: Company data and Nordea estimates

The value creation is calculated as the arbitrage from buying businesses at an average EV/EBITDA multiple of 5x and assuming an EV/EBITDA multiple of 10x over a three-year period. The multiple is based on the current share price and EBITDA of EUR 14m for 2024E, which corresponds to an EV/EBITDA of ~10x for Boreo, excluding any acquisitions. We note that the higher the EV/EBITDA multiple, the higher the arbitrage, and vice versa.

M&A value creation potential of EUR 33m in 2023E-25E

We estimate the accumulated value creation for 2023-25 at EUR 39m, which corresponds to EUR 33m discounted to the present value at a cost of equity of 10%. This approach of measuring the value creation from unannounced acquisitions entails a significant amount of uncertainty, on both the upside and downside.

We calculate EUR 12 per share potential from M&A

Fair value range of EUR 43-51 per share for Boreo, including M&A

Earlier in this section, we argued that Boreo's current business, excluding any unannounced M&A, merits a fair value range of EUR 37-45 per share. Adding the potential from M&A value creation in 2023E-25E of around EUR 12 per share, half of which we account for in our valuation, increases our fair value range for the company to EUR 43-51 per share. The table below illustrates the EV/sales, EV/EBITDA and EV/EBIT multiples in our M&A scenario. We note that we adjust the EV for each year by the accumulated increase in gross debt from the acquisitions we estimate for each year, which creates additional sales and EBITDA. In our M&A scenario, we estimate that net debt will increase from EUR 31m in 2022 to EUR 80m at the end of 2025 (including repayment of EUR 20m hybrid).

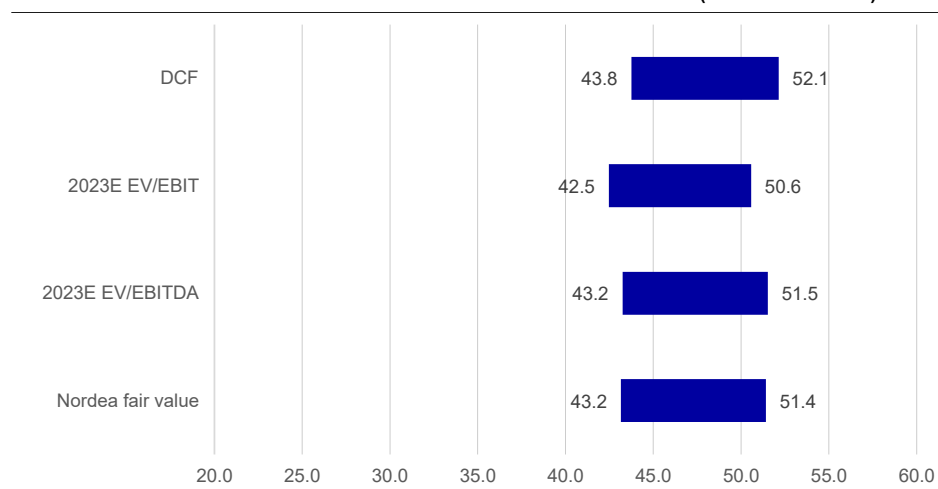
BOREO: VALUATION INCLUDING M&A BASED ON OUR M&A SCENARIO – DERIVED VALUATION MULTIPLES

	EUR 43.2			EUR 51.4			Current EUR 39.9		
	FY 2022	FY 2023E	FY 2024E	FY 2022	FY 2023E	FY 2024E	FY 2022	FY 2023E	FY 2024E
EV/Sales	0.9x	0.9x	0.8x	1.1x	1.0x	0.9x	0.9x	0.8x	0.7x
EV/EBITDA	13.0x	12.0x	9.5x	15.0x	13.7x	10.9x	12.2x	11.3x	9.0x
EV/EBIT	16.3x	15.0x	11.8x	18.8x	17.2x	13.5x	15.4x	14.1x	11.2x
P/E	n.m.	29.1x	21.3x	n.m.	34.6x	25.3x	n.m.	26.9x	19.7x
FCF yield %	0.2%	-0.3%	-5.0%	0.2%	-0.3%	-4.2%	0.2%	-0.4%	-5.4%
Dividend yield %	1.0%	1.1%	1.2%	0.9%	0.9%	1.0%	1.1%	1.2%	1.3%

Source: Nordea estimates

At the current share price (EUR 39.9 as of 2 March), the M&A scenario suggests a 2023E EV/EBITDA of 11.3x and a 2024E EV/EBITDA of 9.0x. The multiples decline relatively quickly, as we assume M&A of EUR 5m in 2023, EUR 15m in 2024 and EUR 20m in 2025, which increases EBITDA in total by EUR 7m, as shown in the M&A scenario above.

BOREO: FAIR VALUE RANGE WITH COMPOUNDER EFFECT INCLUDED (EUR PER SHARE)



Source: Nordea estimates

We derive a EUR 43-51 fair value range when including M&A potential

Risk factors

Below, we introduce several risk factors that we believe could affect Boreo's operations and financial performance. This is not a comprehensive list of every single risk the group might face, but rather a selection of the risks we find most important to highlight.

Boreo has divested its Russian operations, but the war in Ukraine could have an indirect negative impact

The impact of the crisis in Ukraine

The main market risks are linked to the crisis in Ukraine and, as a result, an increase in overall market uncertainty. This is reflected in such factors as demand for products and services, supply chains for products and components, security of supply and delivery times, as well as prices. The general tightening of the inflation environment creates pressure on fuel prices, for example, which are directly reflected in logistics costs. The divestment of its Russian businesses on 8 September 2022 involves certain Russia-related risks and uncertainties. The risks are mainly related to changes in regulations and policies and to currency volatility, which may affect the final deal price receivable.

Acquisitions always include certain risks

Growth through acquisitions

Boreo's strategic goal is to grow through acquisitions. The main risks include the availability of potential acquisition targets, timing, the acquisition process, integration of the acquired business, commitment of key personnel or reaching set targets.

The company's businesses are subject to cyclical swings

Customer demand and cyclicality

A significant part of Boreo's net sales comes from customers for which businesses are cyclical and project-like by nature, and which are often susceptible to cyclical changes. From Boreo's point of view, demand fluctuation and cyclicality are also emphasised by the fact that the order book for Boreo's businesses is often rather short.

Risks linked to principals are relevant for Boreo due to its business model

Principal relationships

Due to its earnings logic, Boreo's competitiveness is highly correlated and dependent on the portfolio of principals; consequently, the loss of a significant principal weakens net sales development and performance. In addition, there is a risk that a key principal's own competitiveness and performance could weaken, which may also be reflected in the attractiveness of Boreo's offering.

Boreo is exposed to pricing changes in its product offering

Position in the value chain

Boreo may face difficulties defending its sales margins in situations where sales prices for end products face downward pressure and/or supply prices face upward pressure.

Personnel entails a core asset for the company and replacement may be difficult or time-consuming

Personnel turnover

Boreo's core asset is personnel. Replacement of human knowledge and skills resulting from personnel risks is difficult, expensive and slow. In addition, it is challenging to predict and quantify human risks in monetary terms.

Changes in trade agreements could pose a risk

Trade agreement risks

Boreo's operations are subject to changes in trade agreements across continents and countries. If changes in trade agreements materialise, they may affect the group's business negatively through disruptions in the supply chain and increased costs.

Boreo faces multiple financial risks

Financial risks

Boreo's financial risks include interest rate, currency, liquidity and credit risks. Other risks include those related to equity and impairment. Boreo currently has operations in seven countries and is therefore exposed to currency risks arising from intra-group trade, exports and imports, and financing of foreign subsidiaries. Boreo's main currency positions consist of items in USD and SEK. Currency risks arise mainly from translation differences (net investments in foreign subsidiaries and equity) and foreign currency transactions. Changes in market interest rates impact Boreo's net interest rates. Most of its interest-bearing liabilities are euro-denominated liabilities of the parent company.

The COVID-19 pandemic could continue to affect Boreo's businesses

COVID-19 pandemic

We expect that the COVID-19 pandemic will continue to have a negative impact on supply chains, the delivery reliability of products, supply times and prices, and on demand for products and services in the business environment.

Reported numbers and forecasts

INCOME STATEMENT

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	42	40	54	57	60	98	147	160	174	180	187
Revenue growth	0.5%	-3.7%	34.6%	5.5%	4.6%	63.0%	50.2%	9.4%	8.8%	3.4%	3.7%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	3	3	3	4	5	6	11	11	12	14	15
Depreciation and impairments PPE	0	0	-1	-1	-1	-2	-3	-2	-2	-2	-3
of which leased assets	0	0	0	0	0	-2	-2	-2	-2	-2	-2
EBITA	2	2	3	4	3	4	8	8	10	11	13
Amortisation and impairments	0	0	0	0	0	0	0	-2	-2	-2	0
EBIT	2	2	3	4	3	4	8	7	8	10	13
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	0	0	0	0	0	-1	-1	-1	-2	-2	-2
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	3	2	3	4	3	4	7	6	6	8	11
Reported taxes	-1	0	0	-1	-1	-1	-1	-1	-1	-2	-2
Net profit from continued operations	2	2	2	3	3	3	5	4	5	7	9
Discontinued operations	0	0	0	0	0	0	0	-5	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Net profit to equity	2	1	2	3	2	2	5	-1	4	5	9
EPS, EUR	0.72	0.56	0.72	1.00	0.90	0.90	1.97	-0.45	1.45	1.93	3.30
DPS, EUR	0.30	0.31	0.32	0.33	0.00	0.40	0.42	0.44	0.46	0.50	0.60
of which ordinary	0.30	0.31	0.32	0.33	0.00	0.40	0.42	0.44	0.46	0.50	0.60
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Profit margin in percent

EBITDA	6.5%	6.4%	5.7%	7.1%	7.6%	6.4%	7.5%	6.5%	6.9%	7.7%	8.2%
EBITA	5.7%	5.4%	4.6%	6.2%	5.8%	4.3%	5.5%	5.1%	5.6%	6.3%	6.8%
EBIT	5.7%	5.4%	4.6%	6.2%	5.8%	4.3%	5.5%	4.1%	4.6%	5.4%	6.8%

Adjusted earnings

EBITDA (adj)	3	3	3	4	5	8	12	11	12	14	15
EBITA (adj)	2	2	2	4	3	6	9	9	10	11	13
EBIT (adj)	2	2	2	4	3	6	9	7	8	10	13
EPS (adj, EUR)	0.72	0.56	0.67	1.00	0.90	1.53	2.25	-0.13	1.48	1.93	3.30

Adjusted profit margins in percent

EBITDA (adj)	6.5%	6.4%	5.5%	7.1%	7.6%	8.0%	8.0%	7.1%	7.0%	7.7%	8.2%
EBITA (adj)	5.7%	5.4%	4.4%	6.2%	5.8%	5.9%	6.0%	5.6%	5.6%	6.3%	6.8%
EBIT (adj)	5.7%	5.4%	4.4%	6.2%	5.8%	5.9%	6.0%	4.6%	4.7%	5.4%	6.8%

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	4.8%	6.7%	7.5%	18.5%	29.5%	24.2%	25.0%	24.7%	13.9%
EBITDA	n.m.	n.m.	18.9%	35.2%	21.4%	17.9%	33.6%	27.5%	24.2%	24.9%	19.8%
EBIT	n.a.	n.a.	13.8%	31.2%	15.2%	11.9%	29.9%	21.0%	18.1%	22.7%	24.9%
EPS	n.a.	n.a.	12.4%	32.8%	9.6%	4.6%	28.5%	n.m.	7.7%	16.5%	29.7%
DPS	n.m.	n.m.	9.9%	10.5%	n.m.	5.9%	6.3%	6.6%	6.9%	n.m.	8.4%
Average last 5 years											
Average EBIT margin	n.a.	4.1%	4.4%	5.2%	5.6%	5.1%	5.3%	4.9%	4.8%	4.8%	5.3%
Average EBITDA margin	n.a.	4.4%	5.0%	6.0%	6.7%	6.6%	7.0%	7.0%	6.9%	7.1%	7.4%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E (adj)	8.1	11.0	12.8	7.3	11.8	19.2	26.3	n.m.	26.6	20.4	12.0
EV/EBITDA (adj)	4.3	4.4	6.7	3.9	5.3	12.3	16.4	11.4	11.4	9.8	9.9
EV/EBITA (adj)	4.8	5.2	8.4	4.5	6.9	16.5	21.7	14.4	14.2	11.9	11.9
EV/EBIT (adj)	4.8	5.2	8.4	4.5	6.9	16.5	21.7	17.7	17.0	13.9	11.9

VALUATION RATIOS - REPORTED EARNINGS

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E	8.1	11.0	12.0	7.3	11.8	32.6	29.9	n.m.	27.3	20.4	12.0
EV/Sales	0.28	0.28	0.37	0.28	0.40	0.98	1.31	0.81	0.80	0.75	0.81
EV/EBITDA	4.3	4.4	6.4	3.9	5.3	15.5	17.4	12.4	11.5	9.8	9.9
EV/EBITA	4.8	5.2	8.0	4.5	6.9	22.8	23.6	15.8	14.3	11.9	11.9
EV/EBIT	4.8	5.2	8.0	4.5	6.9	22.8	23.6	20.0	17.2	13.9	11.9
Dividend yield (ord.)	5.1%	5.0%	3.7%	4.5%	0.0%	1.4%	0.7%	1.2%	1.2%	1.3%	1.5%
FCF yield	6.0%	7.3%	-1.9%	13.2%	11.0%	-17.1%	-6.5%	-8.9%	4.7%	7.9%	6.8%
FCF Yield bef A&D, lease adj	5.9%	7.2%	-2.7%	13.1%	11.0%	9.6%	-0.3%	0.3%	4.1%	7.3%	6.0%
Payout ratio	41.8%	55.1%	47.5%	33.0%	0.0%	26.2%	18.7%	n.m.	31.0%	25.8%	18.2%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Intangible assets	0	0	1	1	1	24	32	43	42	42	44
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	0	0	1	1	1	2	3	7	5	4	4
of which goodwill	0	0	1	1	1	22	29	36	37	39	40
Tangible assets	2	2	2	2	3	3	7	9	11	13	14
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
Shares associates	0	0	0	0	0	0	0	1	1	1	1
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	0	0	0	0	0	0
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	2	3	3	3	5	27	40	53	54	56	59
Inventory	4	5	7	7	7	18	28	32	32	31	33
Accounts receivable	5	5	7	8	7	10	23	23	23	24	25
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0	0	0	0	0	0
Cash and bank	4	5	4	5	7	9	6	13	14	17	11
Total current assets	14	16	18	20	21	37	58	68	69	73	68
Assets held for sale	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	16	18	21	23	26	65	97	121	123	129	127
Shareholders equity	10	11	12	13	15	16	22	40	43	47	35
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	20	20	20	0
Minority interest	0	0	1	1	1	1	1	1	1	1	1
Total Equity	10	12	13	14	16	17	23	42	45	49	36
Deferred tax	0	0	0	0	0	0	1	2	2	2	2
Long term interest bearing debt	1	1	1	1	2	22	29	29	29	29	39
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	0	0	0	0	0	0	0	2	0	0	0
Non-current lease debt	0	0	0	0	0	0	5	5	5	5	5
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	1	1	1	1	2	22	36	38	36	36	46
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	5	6	7	8	7	20	30	32	33	34	35
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0	0	0	0	0
Short term interest bearing debt	0	0	1	0	1	7	10	10	10	10	10
Total current liabilities	5	6	8	8	8	26	39	42	43	44	45
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	16	18	21	23	26	65	98	121	123	129	127
Balance sheet and debt metrics											
Net debt	-4	-5	-3	-4	-4	20	38	31	31	27	43
of which lease debt	0	0	0	0	0	0	5	5	5	5	5
Working capital	4	4	7	7	7	9	22	23	23	21	22
Invested capital	6	7	10	10	12	36	61	76	77	77	81
Capital employed	11	12	14	15	19	45	67	86	89	93	90
ROE	38.1%	13.8%	15.8%	20.4%	16.3%	14.9%	27.5%	-3.8%	9.4%	11.6%	21.8%
ROIC	60.9%	26.7%	22.7%	27.7%	24.9%	19.2%	14.4%	8.5%	8.5%	10.1%	12.9%
ROCE	67.1%	25.8%	23.3%	28.9%	23.4%	21.3%	17.4%	10.5%	9.8%	11.2%	14.4%
Net debt/EBITDA	-1.3	-1.9	-0.8	-0.9	-0.9	3.2	3.5	2.9	2.5	1.9	2.8
Interest coverage	3.7	3.0	4.9	6.1	5.8	3.3	3.9	4.5	4.3	5.1	6.6
Equity ratio	61.0%	61.9%	56.3%	57.0%	58.8%	24.0%	22.1%	33.3%	35.0%	36.7%	27.3%
Net gearing	-36.6%	-41.3%	-20.6%	-25.5%	-24.9%	119.3%	168.9%	73.9%	68.6%	55.2%	119.4%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
EBITDA (adj) for associates	3	3	3	4	5	6	11	11	12	14	15
Paid taxes	-1	0	0	-1	-1	-1	-1	-1	-1	-2	-2
Net financials	0	0	0	0	0	0	-1	-2	-2	-2	-2
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	0	0	0	0	0	0	0	2	-1	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	1	0	0	0	0	0	0	1	0	0	0
Funds from operations (FFO)	2	2	3	3	4	5	8	9	8	11	12
Change in NWC	-1	0	-2	0	0	5	-6	-5	1	1	-1
Cash flow from operations (CFO)	1	2	1	3	3	9	2	4	8	12	11
Capital expenditure	0	-1	-1	-1	0	-1	-1	-2	-2	-2	-2
Free cash flow before A&D	1	1	-1	2	3	9	1	2	6	10	9
Proceeds from sale of assets	0	0	0	0	0	1	2	-1	0	0	0
Acquisitions	0	0	0	0	0	-22	-13	-10	-2	-2	-2
Free cash flow	1	1	0	2	3	-13	-10	-9	5	8	7
Free cash flow bef A&D, lease adj	1	1	-1	2	3	7	-1	0	4	8	6
Dividends paid	-1	-1	-1	-1	-1	0	-1	-2	-1	-1	-1
Equity issues / buybacks	0	0	0	0	0	0	0	0	0	0	0
Net change in debt	0	0	0	0	-1	16	9	-4	0	0	10
Other financing adjustments	0	0	0	0	0	0	0	0	-3	-3	-2
Other non-cash adjustments	4	1	0	-1	1	-1	0	1	0	0	0
Change in cash	4	1	-1	0	2	2	-3	7	0	4	-6
Cash flow metrics											
Capex/D&A	93.9%	n.m.	n.m.	95.0%	31.0%	35.0%	31.0%	47.5%	50.0%	49.0%	78.1%
Capex/Sales	0.7%	1.5%	2.7%	0.9%	0.5%	0.7%	0.6%	1.2%	1.1%	1.1%	1.1%
Key information											
Share price year end (/current)	6	6	9	7	11	29	59	37	40	40	40
Market cap.	15	16	22	19	27	75	152	97	107	107	107
Enterprise value	12	11	20	16	24	96	191	130	139	135	151
Diluted no. of shares, year-end (m)	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.7	2.7	2.7

Source: Company data and Nordea estimates

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