

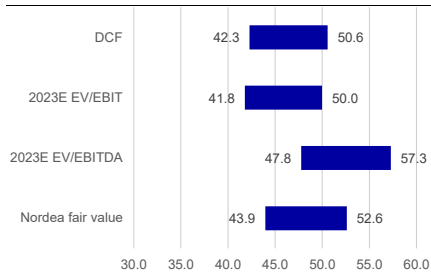
KEY DATA

Stock country	Finland
Bloomberg	BOREO.FH
Reuters	BOREO.HE
Share price (close)	EUR 38.20
Free Float	29%
Market cap. (bn)	EUR 0.10/EUR 0.10
Website	boreo.com
Next report date	10 Aug 2023

PERFORMANCE



VALUATION APPROACH (EUR/SHARE)



ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	1%	1%	1%
EBIT (adj)	5%	3%	-3%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Joni Sandvall
AnalystSvante Krokfors
Director

Demand situation remains stable

Boreo reported Q1 adjusted EBIT excluding PPA of EUR 2.1m, slightly ahead of our expectation and Refinitiv consensus. The outlook has remained stable and the company does not expect any material weakening in demand. The SANY exit in Finland and Sweden should support Q2 cash flow by some EUR 2m, which bodes well for the M&A pipeline and higher return on capital. We make only minor underlying estimate revisions and expect more bolt-on acquisitions later this year. Based on underlying operations and M&A value-creation opportunities, we derive a slightly higher fair value range of EUR 44-53 (43-51) per Boreo share.

New businesses continued their strong performance in Q1

Boreo's Q1 net sales of EUR 41m came in 5% above Refinitiv consensus, while adjusted EBIT excluding PPA of EUR 2.1m beat consensus by 5%. Organic growth was EUR 4.3m y/y in Q1, while acquisitions supported growth by EUR 5.4m y/y. Acquired businesses had a positive impact of EUR 0.6m on adjusted EBIT ex-PPA, indicating margins above 10%, well above the group's margin of 5.1% in Q1. ROCE was flat y/y at 11.3% and up 90 bp q/q. Boreo continues to implement its strategy with a focus on improving return on capital. The exit of the SANY businesses in Finland and Sweden is expected to yield around EUR 2m in positive cash flow in Q2, while we expect a positive adjusted EBIT ex-PPA impact from Q3 onwards.

We make slightly positive revisions

We raise our 2023E-25E top line by 1% and 2023E-25E adjusted EBIT ex-PPA by 3-5%. We expect 10% top-line growth and EUR 10.3m in adjusted EBIT excluding PPA for 2023, up from EUR 9m in 2022. Assuming no further acquisitions, we forecast a net sales CAGR of 6% for 2022-25 and an operational EBIT (excluding PPA) CAGR of 13%. We expect the positive ROCE development to continue and forecast ~14% in 2025 (11.3% in Q1 2023).

Fair value range of EUR 44-53 including M&A impact

We derive a fair value range of EUR 44-53 (43-51) by equally weighting a valuation excluding future M&A and one that includes value creation based on our M&A scenario. In this scenario, we estimate potential for around EUR 10 per share in value creation through acquisitions in 2023-25, of which EUR 5 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	177	183	189
EBITDA (adj)	5	8	12	11	13	14	15
EBIT (adj)	3	6	9	7	9	10	12
EBIT (adj) margin	5.8%	5.9%	6.0%	4.6%	4.9%	5.5%	6.5%
EPS (adj, EUR)	0.90	1.53	2.25	-0.13	1.48	2.02	3.19
EPS (adj) growth	-9.9%	69.3%	47.0%	-105.7%	1,253.5%	36.4%	57.9%
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	16.1	13.4	12.2
P/E (adj)	11.8	19.2	26.3	n.m.	25.8	18.9	12.0
P/BV	1.8	4.8	7.1	2.4	2.4	2.2	3.0
Dividend yield (ord)	0.0%	1.4%	0.7%	1.2%	1.2%	1.3%	1.6%
FCF Yield bef A&D, lease	11.0%	9.6%	-0.3%	0.3%	4.1%	7.8%	5.9%
Net debt	-4	20	38	31	33	29	46
Net debt/EBITDA	-0.9	3.2	3.5	2.9	2.6	2.1	3.1
ROIC after tax	24.9%	19.2%	14.4%	8.5%	8.8%	10.1%	12.1%

Source: Company data and Nordea estimates

Review of Q1 results

Boreo reported Q1 adjusted EBIT excluding PPA of EUR 2.1m, 13% above our estimate and 5% above Refinitiv consensus. Net sales of EUR 41m grew 29% y/y in comparable terms (12% on an organic basis) and came in 3% above our estimate and 5% above consensus. Reported EBIT was EUR 1.4m, in line with our estimate. Net sales and adjusted EBIT excluding PPA increased in all business areas. Operational cash flow was EUR 0.8m in Q1 (EUR 1.5m a year ago, including discontinued operations), burdened by EUR 1.1m higher working capital, although the SANY exit should support cash flow in Q2. EPS of EUR 0.07 came in below our expectation of EUR 0.17, owing to higher financial expenses. In line with its policy, the company does not provide short-term financial guidance. Based on management comments regarding business areas, the outlook appears to be stable to slightly positive going forward.

Q1 adjusted EBIT excluding PPA slightly above expectations

Boreo reported Q1 adjusted EBIT excluding PPA of EUR 2.1m, 13% above our estimate and 5% above Refinitiv consensus. We note, however, the low quality of the consensus figure. Reported EBIT was EUR 1.4m, in line with our estimate. Net sales grew 29% y/y on a comparable basis and were EUR 1.1m, 3% above our estimate and 5% above consensus. Organic sales growth was 12% y/y in Q1, even though FX had a EUR 0.4m negative top-line impact in the quarter.

- Electronics saw net sales of EUR 15.9m, up 36% y/y in comparable terms and 1% below our estimate of EUR 16.1m. Adjusted EBIT excluding PPA was EUR 0.9m, up 27% y/y and 21% below our estimate of EUR 1.1m. The Q1 operational EBIT margin was 5.9%, versus our estimate of 7.1%. Operational EBIT improved, due to the Baltics and Noretron, as well as Infradex. Yleiselektroniikka's EBIT was on a par with last year, while Milcon and SSN were below company expectations. Order intake is still strong, due to stable demand, and although there have been signs that delivery times are shortening, this has not led to any significant impact on the orderbook.
- Technical Trade reported net sales of EUR 13.2m, up 22% y/y and 5% below our estimate of EUR 13.9m. Adjusted EBIT excluding PPA was EUR 1.2m, 12% above our estimate. The Q1 operational EBIT margin was 8.8%, versus our estimate of 7.7%. In Machinery, the Power business fell short of the strong comparison period, while Metal Machining continued to develop steadily, despite prevailing investment uncertainty, as Construction Equipment exceeded the comparison period. From acquired businesses, J-Matic performed better than anticipated, while Filterit came in below expectations, despite good profitability. Operational EBIT was supported by significant improvements in Metal Machining and a boost from Pronius, J-Matic and Filterit. Our outlook for this business area remains cautiously positive.
- Heavy Machines posted net sales of EUR 10.6m, up 30% y/y and 20% above our estimate of EUR 8.8m. Adjusted EBIT excluding PPA was EUR 0.4m, beating our estimate of EUR 0.2m. Operational EBIT was supported by a cost reimbursement of EUR 0.2m related to the SANY exit. Profitability was hurt by postponed deliveries in the Putzmeister business and the weak profitability of FNB. The Q1 operational EBIT margin was 3.6%, versus our estimate of 2.1%. Putzmeister faced postponed deliveries, while FNB is tackling supply chain and material availability challenges. Nevertheless, the orderbooks for both Putzmeister and FNB remain solid.
- Other Operations disclosed net sales of EUR 1.2m, up 21% y/y and 9% above our estimate of EUR 1.1m. Adjusted EBIT excluding PPA was EUR -0.4m, better than our estimate of EUR -0.5m.

Overall, operational cash flow was 0.8m (EUR 1.5m a year ago, including discontinued operations). Working capital increased by EUR 1.1m as the businesses prepare for the summer season. Reported EPS was EUR 0.07, versus consensus of EUR 0.24 and our EUR 0.17 estimate (including the hybrid impact). Financial costs came in slightly above our expectation. Operational EPS was EUR 0.28, while we had expected EUR 0.35.

DEVIATION TABLE

EURm	Actual	NDA est.	Deviation		Consensus	Deviation		Actual	Actual		
	Q1 2023	Q1 2023E	vs. actual		Q1 2023E	vs. actual		Q4 2022	q/q	Q1 2022	y/y
Sales	41.0	39.9	1.1	3%	39.0	2.0	5%	45.0	-9%	31.7	29%
Adj. EBITDA	2.7	2.9	-0.2	-5%	3.0	-0.3	-10%	3.5	-23%	2.1	30%
Adj. EBITDA margin	6.6%	7.2%	-0.6pp		7.7%	-1.1pp		7.8%	-1.2pp	6.6%	0.0pp
Adj. EBIT ex-PPA	2.1	1.9	0.2	13%	2.0	0.1	5%	2.5	-16%	1.2	78%
Adj. EBIT ex-PPA margin	5.1%	4.7%	0.5pp		5.1%	0.0pp		5.6%	-0.4pp	3.7%	1.4pp
EBIT	1.4	1.4	0.0	3%	2.0	-0.6	-30%	1.7	-18%	0.6	133%
EBIT margin	3.4%	3.4%	0.0pp		5.1%	-1.7pp		3.8%	-0.4pp	1.9%	1.5pp
PTP	0.7	1.0	-0.3	-27%	1.0	-0.3	-30%	1.2	-42%	0.5	40%
EPS, EUR	0.07	0.17	-0.10	-59%	0.24	-0.17	-71%	0.37	-81%	0.29	-76%
Business areas, EURm											
Net sales											
Electronics	15.9	16.1	-0.2	-1%				18.6	-15%	11.7	36%
Technical Trade	13.2	13.9	-0.7	-5%				15.8	-16%	10.8	22%
Heavy Machines	10.6	8.8	1.8	20%				9.4	13%	8.2	29%
Other Operations	1.2	1.1	0.1	9%				1.2	0%	1.0	20%
Adj. EBIT ex-PPA											
Electronics	0.9	1.1	-0.2	-21%				1.5	-40%	0.7	32%
Technical Trade	1.2	1.1	0.1	12%				1.4	-14%	0.8	50%
Heavy Machines	0.4	0.2	0.2	112%				0.2	100%	0.1	300%
Other Operations	(0.4)	(0.5)	0.1	-27%				(0.6)	-33%	(0.4)	0%
Adj. EBIT ex-PPA %											
Electronics	5.7%	7.1%	-1.5pp					8.1%	-2.4pp	5.8%	-0.2pp
Technical Trade	9.1%	7.7%	1.4pp					8.9%	0.2pp	7.4%	1.7pp
Heavy Machines	3.8%	2.1%	1.6pp					2.1%	1.6pp	1.2%	2.6pp
Other Operations	-33.3%	-49.5%	16.2pp					-50.0%	16.7pp	-40.0%	6.7pp

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. We raise 2023E adjusted EBIT excluding PPA by 5%, while we nudge up 2024E-25E by 3%.

ESTIMATE REVISIONS

EURm	New estimates				Old estimates				Difference %			
	Q2 2023E	2023E	2024E	2025E	Q2 2023E	2023E	2024E	2025E	Q2 2023E	2023E	2024E	2025E
Sales	44.8	177	183	189	44.8	174	180	187	0%	1%	1%	1%
Adj. EBITDA	3.1	12.9	14.2	14.9	3.1	12.2	13.8	15.3	-1%	6%	3%	-2%
Adj. EBITDA margin	6.9%	7.3%	7.8%	7.9%	7.0%	7.0%	7.7%	8.2%	-0.1pp	0.3pp	0.1pp	-0.3pp
Adj. EBIT ex-PPA	2.1	10.3	11.7	13.2	2.1	9.8	11.3	12.8	-2%	5%	3%	3%
Adj. EBIT ex-PPA margin	4.7%	5.8%	6.4%	7.0%	4.8%	5.6%	6.3%	6.8%	-0.1pp	0.2pp	0.1pp	0.1pp
EBIT	1.7	8.5	10.0	12.4	1.7	8.1	9.7	12.8	-2%	5%	3%	-3%
EBIT margin	3.8%	4.8%	5.5%	6.5%	3.9%	4.6%	5.4%	6.8%	-0.1pp	0.2pp	0.1pp	-0.3pp
PTP	1.2	6.5	8.4	10.8	1.3	6.5	8.1	11.2	-8%	0%	4%	-3%
Adj. EPS, EUR	0.25	1.48	2.02	3.19	0.29	1.48	1.93	3.30	-14%	0%	4%	-3%
EPS, EUR	0.25	1.44	2.02	3.19	0.29	1.45	1.93	3.30	-14%	0%	4%	-3%
DPS, EUR		0.46	0.50	0.60		0.46	0.50	0.60		0%	0%	0%
Business areas	Q2 2023E	2023E	2024E	2025E	Q2 2023E	2023E	2024E	2025E	Q2 2023E	2023E	2024E	2025E
Net sales												
Electronics	16.7	69.2	71.3	74.1	16.7	68.3	70.3	73.2	0%	1%	1%	1%
Technical Trade	15.1	58.4	60.7	62.5	15.1	59.1	61.4	63.3	0%	-1%	-1%	-1%
Heavy Machines	11.7	43.9	45.2	47.0	11.7	42.1	43.3	45.1	0%	4%	4%	4%
Other	1.3	5.1	5.4	5.6	1.3	5.0	5.3	5.5	0%	2%	2%	2%
Group	44.8	176.5	182.5	189.3	44.8	174.4	180.4	187.0	0%	1%	1%	1%
Adj. EBIT ex-PPA												
Electronics	0.9	4.7	5.1	5.6	0.9	4.6	5.0	5.6	0%	1%	1%	1%
Technical Trade	1.6	5.8	6.4	6.9	1.6	5.7	6.3	6.9	-2%	2%	1%	1%
Heavy Machines	0.2	2.0	2.6	3.0	0.2	1.8	2.4	2.8	0%	12%	10%	10%
Other	-0.6	-2.1	-2.4	-2.4	-0.6	-2.3	-2.4	-2.4	0%	-6%	0%	0%
Group	2.1	10.3	11.7	13.2	2.1	9.8	11.3	12.8	-2%	5%	3%	3%

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 2023	Q2 2023E	Q3 2023E	Q4 2023E
Net sales	29.0	36.0	35.0	46.6	31.7	40.4	43.3	45.0	40.9	44.8	44.4	46.4
growth y/y	55%	44%	30%	73%	9%	12%	24%	-3%	29%	11%	3%	3%
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	-30.3	-33.9	-33.3	-34.8
Gross profit	7.6	8.9	9.0	11.7	8.2	10.0	10.4	10.8	10.6	11.0	11.1	11.6
margin	26.2%	24.7%	25.7%	25.1%	25.9%	24.8%	24.0%	24.0%	25.9%	24.5%	25.0%	25.0%
Employee benefits	-4.2	-4.2	-4.5	-5.8	-4.8	-5	-4.8	-5.7	-5.8	-5.7	-5.0	-5.8
Other OPEX	-1.5	-1.6	-2	-3.2	-2.2	-2.2	-2.5	-2.7	-2.3	-2.8	-2.7	-2.1
Associates	0	0	0	0	0	0.1	0	0.1	0.1	0.1	0.1	0.1
EBITDA	3	3.1	2.7	2.8	1.5	2.9	3.4	2.7	2.7	2.7	3.5	3.8
margin	10.3%	8.6%	7.7%	6.0%	4.7%	7.2%	7.9%	6.0%	6.5%	6.0%	7.9%	8.1%
Depreciation	-0.8	-0.9	-0.8	-0.9	-0.9	-1.1	-1	-1	-1.3	-1	-1	-1
Adj. EBIT ex-PPA	1.6	2.4	2.5	2.5	1.2	2.4	3.0	2.5	2.1	2.1	2.9	3.2
margin	5.5%	6.7%	7.1%	5.4%	3.7%	5.8%	6.9%	5.6%	5.1%	4.7%	6.5%	6.8%
EBIT	2.2	2.2	1.9	1.9	0.6	1.8	2.4	1.7	1.4	1.7	2.5	2.8
margin	7.6%	6.1%	5.4%	4.1%	1.9%	4.5%	5.5%	3.8%	3.3%	3.8%	5.6%	5.9%
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	-0.6	-0.5	-0.5	-0.4
PTP	2.0	1.9	1.5	1.5	0.4	1.3	2.6	1.2	0.7	1.2	2.0	2.4
Taxes	-0.3	-0.4	-0.3	-0.4	-0.1	-0.2	-0.6	-0.3	-0.2	-0.2	-0.4	-0.5
Net profit	1.7	1.5	1.2	1.2	1.1	-5.5	2.7	1.4	0.5	1.0	1.6	1.9
continuing	1.7	1.5	1.2	1.2	0.4	1.1	2.0	0.9	0.5	1.0	1.6	1.9
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	0.07	0.25	0.48	0.58
continuing	0.67	0.53	0.45	0.40	0.08	0.30	0.63	0.18	0.07	0.25	0.48	0.58
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	0.23	0.47	0.86	0.36	0.28	0.40	0.63	0.72

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 2023	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	15.9	16.7	17.6	18.9
Technical Trade	8.9	12.2	11.3	13.4	10.8	12.7	13.5	15.8	13.2	15.1	14.2	15.9
Heavy Machines	5.2	7.4	5.7	11.4	8.2	12.5	11.3	9.4	10.6	11.7	11.3	10.3
Other		1.0	1.2	1.1	1.0	1.2	1.2	1.2	1.2	1.3	1.3	1.3
Group		36.0	35.0	46.6	31.7	40.4	43.3	45.0	40.9	44.8	44.4	46.4
Adjusted EBIT ex-PPA												
Electronics	1.2	1.0	1.5	1.3	0.7	0.6	1.3	1.5	0.9	0.9	1.4	1.5
Technical Trade	0.4	1.5	1.1	1.1	0.8	1.6	1.7	1.4	1.2	1.6	1.5	1.4
Heavy Machines	0.3	0.3	0.2	0.6	0.1	0.6	0.3	0.2	0.4	0.2	0.6	0.8
Other	-0.3	-0.4	-0.3	-0.5	-0.4	-0.5	-0.3	-0.6	-0.4	-0.6	-0.6	-0.6
Group	1.6	2.4	2.5	2.5	1.2	2.4	3.0	2.5	2.1	2.1	2.9	3.2
Sales growth, y/y												
Electronics	-3%	5%	19%	27%	-21%	-10%	4%	-11%	36%	19%	2%	2%
Technical Trade	187%	53%	10%	49%	21%	4%	19%	18%	22%	19%	5%	0%
Heavy Machines	1633%	236%	111%	660%	58%	69%	98%	-18%	29%	-6%	0%	9%
Other						20%	0%	9%	20%	8%	8%	8%
Group	55%	44%	30%	73%	9%	12%	24%	-3%	29%	11%	3%	3%
Adj. EBIT ex-PPA margin												
Electronics	8%	6%	9%	6%	6%	4%	8%	8%	6%	5%	8%	8%
Technical Trade	4%	12%	10%	8%	7%	13%	13%	9%	9%	11%	11%	9%
Heavy Machines	6%	4%	4%	5%	1%	5%	3%	2%	4%	2%	5%	7%
Group		7%	7%	5%	4%	6%	7%	6%	5%	5%	7%	7%

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	176.5	182.5	189.3	6%
growth y/y	-4%	35%	5%	5%	63%	50%	9%	10%	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	-132.3	-135.7	-140.4	5%
Gross profit	11.8	14.8	15.9	16.4	26.1	37.1	39.4	44.3	46.8	48.8	7%
margin	29.3%	27.3%	27.9%	27.4%	26.7%	25.3%	24.6%	25.1%	25.7%	25.8%	
Employee benefits	-6.7	-8.3	-8.3	-8.8	-14.0	-18.8	-20.3	-22.3	-22.9	-23.4	5%
Other OPEX	-2.5	-3.5	-3.6	-3.1	-6.0	-8.3	-9.6	-9.9	-10.3	-11.0	5%
Associates	0	0	0	0	0	0	0.2	0.3	0.3	0.3	n.m.
EBITDA	2.6	3.1	4.1	4.5	6.2	11.5	10.5	12.8	14.2	14.9	12%
margin	6.4%	5.7%	7.1%	7.6%	6.4%	7.8%	6.5%	7.2%	7.8%	7.9%	
Depreciation	-0.4	-0.6	-0.6	-1.0	-2.0	-3.4	-4.0	-4.3	-4.2	-2.6	-14%
Adj. EBIT ex-PPA	2.2	2.4	3.5	3.5	5.9	9.6	9.0	10.3	11.7	13.2	13%
margin	5.4%	4.4%	6.2%	5.8%	6.0%	6.5%	5.6%	5.8%	6.4%	7.0%	
EBIT	2.2	2.5	3.5	3.5	4.2	8.1	6.5	8.5	10.0	12.4	24%
margin	5.4%	4.6%	6.2%	5.8%	4.3%	5.5%	4.1%	4.8%	5.5%	6.5%	
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	-2.0	-1.6	-1.6	21%
PTP	2.0	2.6	3.6	3.3	3.6	6.8	5.6	6.5	8.4	10.8	24%
Taxes	-0.4	-0.5	-0.7	-0.6	-0.9	-1.3	-1.2	-1.3	-1.7	-2.2	
Net profit	1.6	2.1	2.9	2.6	2.7	5.5	-0.3	5.2	6.7	8.6	n.m.
continuing	1.6	2.1	2.9	2.6	2.7	5.5	4.4	5.2	6.7	8.6	
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	1.44	2.02	3.19	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	2.11	2.65	3.49	3%
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	69.2	71.3	74.1	6%
Technical Trade					30.4	45.6	52.8	58.4	60.7	62.5	6%
Heavy Machines					6.7	29.7	41.4	43.9	45.2	47.0	4%
Other						3.3	4.6	5.1	5.4	5.6	7%
Group	40.3	54.2	57.2	59.9	97.6	146.6	160.4	176.5	182.5	189.3	6%
Adjusted EBIT ex-PPA											
Electronics	2.2	2.4	3.5	3.5	4.5	5.1	4.1	4.7	5.1	5.6	11%
Technical Trade					1.2	4.2	5.5	5.8	6.4	6.9	8%
Heavy Machines					0.7	1.6	1.2	2.0	2.6	3.0	35%
Other					-0.5	-1.3	-1.8	-2.1	-2.4	-2.4	11%
Group	2.2	2.4	3.5	3.5	5.9	9.6	9.0	10.3	11.7	13.2	13%
Sales growth, y/y											
Electronics	-4%	35%	5%	5%	1%	12%	-9%	12%	3%	4%	
Technical Trade						50%	16%	11%	4%	3%	
Heavy Machines							39%	6%	3%	4%	
Other							39%	11%	5%	5%	
Group	-4%	35%	5%	5%	63%	50%	9%	10%	3%	4%	
Adj. EBIT ex-PPA margin											
Electronics	5.4%	4.4%	6.2%	5.8%	7.4%	7.5%	6.7%	6.7%	7.1%	7.6%	
Technical Trade					3.9%	9.2%	10.4%	9.9%	10.6%	11.1%	
Heavy Machines					10.4%	5.4%	3.0%	4.5%	5.8%	6.5%	
Group	5.4%	4.4%	6.2%	5.8%	9.8%	14.1%	14.7%	14.9%	16.4%	17.8%	

Source: Company data and Nordea estimates

Valuation

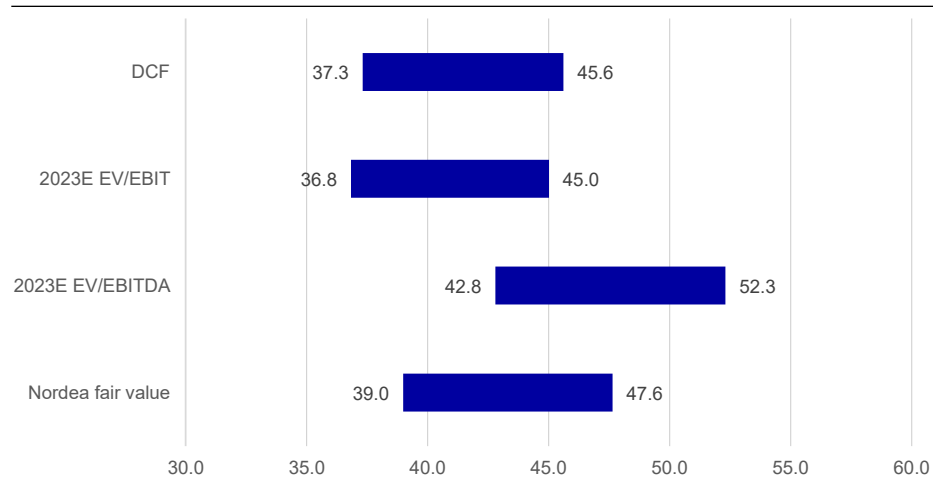
Using a combination of valuation methods, we arrive at a fair value range of EUR 44-53 per share for Boreo. We assign a fair value range of EUR 39-48 per share to Boreo's current operations and EUR 5 per share for the "compounder effect".

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 44-53 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 39-48



Source: Nordea estimates

The chart above illustrates our fair value range of EUR 39-48 per share for Boreo as a standalone company without any future unannounced acquisitions. We note that our EUR 44-53 fair value per share is derived by equally weighting DCF, 2023E EV/EBIT and EV/EBITDA to derive a fair value range of EUR 39-48 and adding 50% of the potential value creation through M&A (EUR 10), based on our M&A scenario.

Using the broad peer group as a benchmark, with 2023E EV/EBITDA of 12.6x and a 2024E EV/EBITDA of 11.2x (based on Refinitiv consensus), the implied fair value for Boreo would be around EUR 48 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 39-48) without the compounder effect. The current share price (EUR 37.8 as of 4 May) implies 2023E EV/EBITDA of 10.5x and 2024E EV/EBITDA of 9.3x. 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 9.5-11.1x.

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

	EUR 39			EUR 47.6			Current EUR 37.8		
	FY 2022	FY 2023E	FY 2024E	FY 2022	FY 2023E	FY 2024E	FY 2022	FY 2023E	FY 2024E
EV/Sales	0.9x	0.8x	0.7x	1.0x	0.9x	0.9x	0.8x	0.8x	0.7x
EV/EBITDA	12.0x	10.8x	9.5x	14.1x	12.6x	11.1x	11.7x	10.5x	9.3x
EV/EBIT	18.6x	16.2x	13.4x	21.8x	18.9x	15.8x	18.1x	15.8x	13.1x
P/E	n.m.	26.3x	19.3x	n.m.	32.2x	23.6x	n.m.	25.5x	18.7x
FCF yield %	0.3%	4.0%	7.7%	0.2%	3.3%	6.3%	0.3%	4.1%	7.9%
Dividend yield %	1.1%	1.2%	1.3%	0.9%	1.0%	1.0%	1.2%	1.2%	1.3%

Source: Nordea estimates

Assuming no unannounced M&A, we derive a fair value range for Boreo of EUR 39-48 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 ~40m 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 33m 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 43m and EBITDA of EUR 6m. 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	177	183	189
EBITDA, adj.	7.8	11.7	11.3	12.9	14.2	14.9
EBITDA margin %	8.0%	8.0%	7.1%	7.3%	7.8%	7.9%
Cash	9	6	13	11	15	8
Equity	17	23	42	45	49	36
Net debt	20	38	31	33	29	46
Net gearing	119%	169%	74%	75%	60%	127%
Net debt/EBITDA, adj.	2.5x	3.2x	2.7x	2.6x	2.1x	3.1x
Deal(s) size (EURm)				3	15	15
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				3	18	43
Sales increase, annual				3	13	13
Cumulative EBITDA increase from M&A				0	2	6
EBITDA increase from M&A, annual				0	2	2
- margin %				13.0%	13.0%	13.0%
Cumulative potential synergies				0	0	0
% of sales				1%	1%	1%
New estimates after additional M&A, EURm	2020	2021	2022	2023E	2024E	2025E
Sales	98	147	160	179	200	233
EBITDA, adj.	7.8	11.7	11.3	13.2	16.5	20.6
-margin %	8.0%	8.0%	7.1%	7.4%	8.2%	8.8%
Cash	8.7	6.2	13.2	10.9	15.6	11.2
Equity	16.6	22.5	41.8	44.7	50.0	40.0
Net debt	19.8	38.0	30.9	36.2	43.5	77.9
Net gearing	119%	169%	74%	81%	87%	195%
ND/EBITDA	2.5x	3.2x	2.7x	2.7x	2.6x	3.8x

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 27m in 2023E-25E

We estimate the accumulated value creation for 2023-25 at EUR 32m, which corresponds to EUR 27m discounted to the present value at a cost of equity of 10%. This approach to measuring the value creation from unannounced acquisitions entails a significant amount of uncertainty, on both the upside and downside.

We calculate EUR 10 per share potential from M&A

Fair value range of EUR 44-53 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 39-48 per share. Adding the potential from M&A value creation in 2023E-25E of around EUR 10 per share, half of which we account for in our valuation, increases our fair value range for the company to EUR 44-53 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 78m at the end of 2025 (including repayment of the EUR 20m hybrid).

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

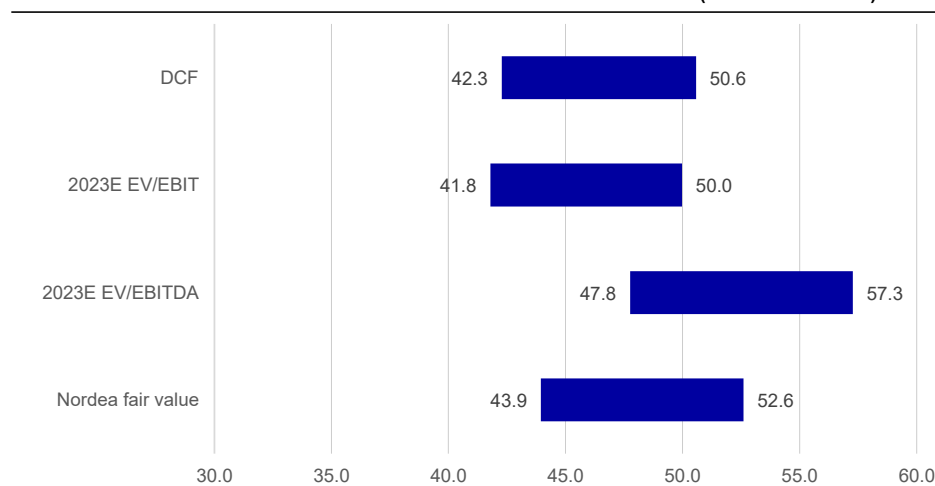
	EUR 43.9			EUR 52.6			Current EUR 37.8		
	FY 2022	FY 2023E	FY 2024E	FY 2022	FY 2023E	FY 2024E	FY 2022	FY 2023E	FY 2024E
EV/Sales	0.9x	0.9x	0.8x	1.1x	1.0x	0.9x	0.8x	0.8x	0.7x
EV/EBITDA	13.2x	11.7x	9.8x	15.3x	13.5x	11.3x	11.7x	10.5x	8.8x
EV/EBIT	16.6x	14.8x	12.1x	19.2x	17.0x	13.9x	14.7x	13.2x	10.9x
P/E	n.m.	29.7x	21.2x	n.m.	35.5x	25.3x	n.m.	25.5x	18.2x
FCF yield %	0.2%	1.1%	-4.9%	0.2%	0.9%	-4.1%	0.3%	1.3%	-5.7%
Dividend yield %	1.0%	1.0%	1.1%	0.8%	0.9%	1.0%	1.2%	1.2%	1.3%

Source: Nordea estimates

At the current share price (EUR 37.8 as of 4 May), the M&A scenario suggests 2023E EV/EBITDA of 10.5x and 2024E EV/EBITDA of 8.8x. The multiples decline relatively quickly, as we assume M&A of EUR 3m in 2023 and EUR 15m in 2024-25, which increases EBITDA in total by EUR 6m, as shown in the M&A scenario above.

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

We derive a EUR 44-53 fair value range when including M&A potential



Source: Nordea estimates

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	177	183	189
Revenue growth	0.5%	-3.7%	34.6%	5.5%	4.6%	63.0%	50.2%	9.4%	10.1%	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	13	14	15
Depreciation and impairments PPE	0	0	-1	-1	-1	-2	-3	-2	-3	-2	-2
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	12	13
Amortisation and impairments	0	0	0	0	0	0	0	-2	-2	-2	-1
EBIT	2	2	3	4	3	4	8	7	8	10	12
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	1.44	2.02	3.19
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%	7.2%	7.8%	7.9%
EBITA	5.7%	5.4%	4.6%	6.2%	5.8%	4.3%	5.5%	5.1%	5.8%	6.4%	7.0%
EBIT	5.7%	5.4%	4.6%	6.2%	5.8%	4.3%	5.5%	4.1%	4.8%	5.5%	6.5%

Adjusted earnings

EBITDA (adj)	3	3	3	4	5	8	12	11	13	14	15
EBITA (adj)	2	2	2	4	3	6	9	9	10	12	13
EBIT (adj)	2	2	2	4	3	6	9	7	9	10	12
EPS (adj, EUR)	0.72	0.56	0.67	1.00	0.90	1.53	2.25	-0.13	1.48	2.02	3.19

Adjusted profit margins in percent

EBITDA (adj)	6.5%	6.4%	5.5%	7.1%	7.6%	8.0%	8.0%	7.1%	7.3%	7.8%	7.9%
EBITA (adj)	5.7%	5.4%	4.4%	6.2%	5.8%	5.9%	6.0%	5.6%	5.8%	6.4%	7.0%
EBIT (adj)	5.7%	5.4%	4.4%	6.2%	5.8%	5.9%	6.0%	4.6%	4.9%	5.5%	6.5%

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	4.8%	6.7%	7.5%	18.5%	29.5%	24.2%	25.3%	25.0%	14.2%
EBITDA	n.m.	n.m.	18.9%	35.2%	21.4%	17.9%	33.6%	27.5%	25.6%	25.6%	19.2%
EBIT	n.a.	n.a.	13.8%	31.2%	15.2%	11.9%	29.9%	21.0%	19.2%	23.5%	24.1%
EPS	n.a.	n.a.	12.4%	32.8%	9.6%	4.6%	28.5%	n.m.	7.6%	17.5%	28.8%
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%	4.9%	5.3%
Average EBITDA margin	n.a.	4.4%	5.0%	6.0%	6.7%	6.6%	7.0%	7.0%	7.0%	7.2%	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.	25.8	18.9	12.0
EV/EBITDA (adj)	4.3	4.4	6.7	3.9	5.3	12.3	16.4	11.4	10.7	9.4	10.1
EV/EBITA (adj)	4.8	5.2	8.4	4.5	6.9	16.5	21.7	14.4	13.4	11.4	11.4
EV/EBIT (adj)	4.8	5.2	8.4	4.5	6.9	16.5	21.7	17.7	16.1	13.4	12.2

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.	26.5	18.9	12.0
EV/Sales	0.28	0.28	0.37	0.28	0.40	0.98	1.31	0.81	0.78	0.73	0.80
EV/EBITDA	4.3	4.4	6.4	3.9	5.3	15.5	17.4	12.4	10.8	9.4	10.1
EV/EBITA	4.8	5.2	8.0	4.5	6.9	22.8	23.6	15.8	13.6	11.4	11.4
EV/EBIT	4.8	5.2	8.0	4.5	6.9	22.8	23.6	20.0	16.3	13.4	12.2
Dividend yield (ord.)	5.1%	5.0%	3.7%	4.5%	0.0%	1.4%	0.7%	1.2%	1.2%	1.3%	1.6%
FCF yield	6.0%	7.3%	-1.9%	13.2%	11.0%	-17.1%	-6.5%	-8.9%	2.4%	8.6%	6.7%
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%	7.8%	5.9%
Payout ratio	41.8%	55.1%	47.5%	33.0%	0.0%	26.2%	18.7%	n.m.	31.1%	24.8%	18.8%

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	45	45	45
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	3
of which goodwill	0	0	1	1	1	22	29	36	40	41	43
Tangible assets	2	2	2	2	3	3	7	9	11	13	15
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	57	58	61
Inventory	4	5	7	7	7	18	28	32	33	32	33
Accounts receivable	5	5	7	8	7	10	23	23	24	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	11	15	8
Total current assets	14	16	18	20	21	37	58	68	67	71	66
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	124	129	128
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	36
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	46
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	124	129	128
Balance sheet and debt metrics											
Net debt	-4	-5	-3	-4	-4	20	38	31	33	29	46
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	22	22
Invested capital	6	7	10	10	12	36	61	76	80	80	84
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%	12.1%	21.1%
ROIC	60.9%	26.7%	22.7%	27.7%	24.9%	19.2%	14.4%	8.5%	8.8%	10.1%	12.1%
ROCE	67.1%	25.8%	23.3%	28.9%	23.4%	21.3%	17.4%	10.5%	10.2%	11.5%	14.0%
Net debt/EBITDA	-1.3	-1.9	-0.8	-0.9	-0.9	3.2	3.5	2.9	2.6	2.1	3.1
Interest coverage	3.7	3.0	4.9	6.1	5.8	3.3	3.9	4.5	3.8	5.2	6.4
Equity ratio	61.0%	61.9%	56.3%	57.0%	58.8%	24.0%	22.1%	33.3%	34.9%	36.7%	27.1%
Net gearing	-36.6%	-41.3%	-20.6%	-25.5%	-24.9%	119.3%	168.9%	73.9%	74.7%	59.8%	127.3%

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	13	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	11
Change in NWC	-1	0	-2	0	0	5	-6	-5	0	1	-1
Cash flow from operations (CFO)	1	2	1	3	3	9	2	4	8	12	10
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	8
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	-4	-2	-2
Free cash flow	1	1	0	2	3	-13	-10	-9	2	9	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	-4	-4	-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	-2	4	-7
Cash flow metrics											
Capex/D&A	93.9%	n.m.	n.m.	95.0%	31.0%	35.0%	31.0%	47.5%	46.5%	47.8%	77.8%
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	38	38	38
Market cap.	15	16	22	19	27	75	152	97	103	103	103
Enterprise value	12	11	20	16	24	96	191	130	138	134	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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