

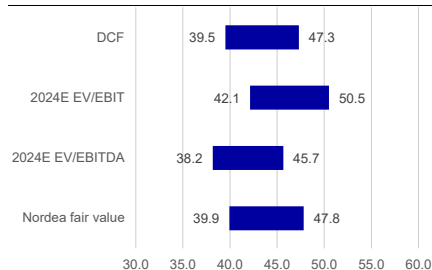
KEY DATA

| | |
|---------------------|-------------------|
| Stock country | Finland |
| Bloomberg | BOREO.FH |
| Reuters | BOREO.HE |
| Share price (close) | EUR 36.10 |
| 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% | 0% | 1% |
| EBIT (adj) | -3% | 2% | 6% |

Source: Nordea estimates

Nordea IB & Equity - Analysts

Joni Sandvall
Analyst

Svante Krokfors
Director

Looking for first signs of a softer market

Ahead of Boreo's Q2 report, we incorporate the Delfin Technologies acquisition into our estimates and take a slightly more cautious view on the market development. A slowdown in construction markets has continued, while we note a weakening order intake trend among capital goods companies. The company will likely continue making acquisitions after Delfin, although we do not expect any significant M&A in 2024 owing to its increased leverage. Following the SANY exit in Finland and Sweden, Boreo should be well positioned to continue making acquisitions. Based on underlying operations and M&A value-creation opportunities, we derive a slightly lower fair value range of EUR 40-48 (44-53) per Boreo share.

Delfin Technologies: An interesting addition to the portfolio

Boreo completed the acquisition of Delfin Technologies on 3 July. The company also signed an EUR 8m increase to its existing EUR 55m credit facilities. In 2022, Delfin had EUR 2.5m sales and EUR 1.1m EBIT. The acquisition opens up a new segment for Boreo, although it will be reported under Electronics at this point. Delfin develops, produces and markets scientifically validated and specialised, hand-held skin and edema measurement instruments. Its products are used in medical and dermatological research, as well as in R&D, safety and performance validation of self-care and cosmetics products. While the acquisition price was not disclosed, we expect it to be around EUR 6-7m.

We trim underlying estimates

We trim our underlying forecasts, adjust for negative FX movements and incorporate Delfin into our estimates. Despite the acquisition, we lower the 2023E top line by 1% and adjusted EBIT ex-PPA by 2%. We raise adjusted EBIT ex-PPA by 2% for 2024E and by 7% for 2025E. For Q2 2023E, we are 9% below a low-quality Refinitiv consensus on adjusted EBIT ex-PPA and 5% below on sales. For 2023E, we are 4% ahead consensus on adjusted EBIT ex-PPA with Delfin onboard.

Fair value range of EUR 40-48 including M&A impact

We derive a fair value range of EUR 40-48 (44-53) by equally weighting a valuation that excludes future M&A and one that includes value creation from our M&A scenario. The lower fair value range is partly driven by an increase to Nordea's risk-free rate assumption, from 3% to 3.5%. Our valuation range includes a EUR ~4.5 per share impact from value creation through acquisitions.

SUMMARY TABLE - KEY FIGURES

| EURm | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|--------------------------|-------|-------|-------|---------|----------|-------|-------|
| Total revenue | 60 | 98 | 147 | 160 | 175 | 182 | 191 |
| EBITDA (adj) | 5 | 8 | 12 | 11 | 13 | 14 | 16 |
| EBIT (adj) | 3 | 6 | 9 | 7 | 8 | 10 | 13 |
| EBIT (adj) margin | 5.8% | 5.9% | 6.0% | 4.6% | 4.7% | 5.6% | 6.9% |
| EPS (adj, EUR) | 0.90 | 1.53 | 2.25 | -0.13 | 1.39 | 2.07 | 3.40 |
| EPS (adj) growth | -9.9% | 69.3% | 47.0% | -105.7% | 1,185.6% | 48.8% | 64.0% |
| 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 | 16.7 | 13.2 | 11.5 |
| P/E (adj) | 11.8 | 19.2 | 26.3 | n.m. | 25.9 | 17.4 | 10.6 |
| P/BV | 1.8 | 4.8 | 7.1 | 2.4 | 2.3 | 2.1 | 2.8 |
| Dividend yield (ord) | 0.0% | 1.4% | 0.7% | 1.2% | 1.3% | 1.4% | 1.7% |
| FCF Yield bef A&D, lease | 11.0% | 9.6% | -0.3% | 0.3% | 4.2% | 8.3% | 6.6% |
| Net debt | -4 | 20 | 38 | 31 | 39 | 35 | 52 |
| Net debt/EBITDA | -0.9 | 3.2 | 3.5 | 2.9 | 3.1 | 2.4 | 3.3 |
| ROIC after tax | 24.9% | 19.2% | 14.4% | 8.5% | 8.2% | 9.5% | 11.9% |

Source: Company data and Nordea estimates

Estimate revisions and detailed estimates

Minor estimate revisions

We make only minor top-line revisions and take a slightly more conservative view on the outlook due to market uncertainties across operating segments. We lower 2023E adjusted EBIT excluding PPA by 2%, nudge up 2024E by 2% and raise 2025E by 7%. We incorporate Delfin Technologies into our estimates and adjusted for negative FX movements.

ESTIMATE REVISIONS

| EURm | New estimates | | | | Old estimates | | | | Difference % | | | |
|-------------------------|---------------|-------------|-------------|-------------|---------------|-------------|-------------|-------------|--------------|------------|-----------|-----------|
| | Q2 2023E | 2023E | 2024E | 2025E | Q2 2023E | 2023E | 2024E | 2025E | Q2 2023E | 2023E | 2024E | 2025E |
| Sales | 43.6 | 175 | 182 | 191 | 44.8 | 177 | 183 | 189 | -3% | -1% | 0% | 1% |
| Adj. EBITDA | 2.8 | 12.6 | 14.4 | 15.6 | 3.1 | 12.9 | 14.2 | 14.9 | -9% | -2% | 1% | 4% |
| Adj. EBITDA margin | 6.5% | 7.2% | 7.9% | 8.2% | 6.9% | 7.3% | 7.8% | 7.9% | -0.5pp | -0.1pp | 0.1pp | 0.3pp |
| Adj. EBIT ex-PPA | 1.8 | 10.1 | 12.0 | 14.1 | 2.1 | 10.3 | 11.7 | 13.2 | -13% | -2% | 2% | 7% |
| Adj. EBIT ex-PPA margin | 4.2% | 5.8% | 6.6% | 7.4% | 4.7% | 5.8% | 6.4% | 7.0% | -0.5pp | -0.1pp | 0.2pp | 0.4pp |
| EBIT | 1.4 | 8.2 | 10.2 | 13.1 | 1.7 | 8.5 | 10.0 | 12.4 | -17% | -3% | 2% | 6% |
| EBIT margin | 3.3% | 4.7% | 5.6% | 6.9% | 3.8% | 4.8% | 5.5% | 6.5% | -0.5pp | -0.1pp | 0.1pp | 0.3pp |
| PTP | 1.0 | 6.2 | 8.6 | 11.5 | 1.2 | 6.5 | 8.4 | 10.8 | -23% | -5% | 2% | 7% |
| Adj. EPS, EUR | 0.16 | 1.39 | 2.07 | 3.40 | 0.25 | 1.48 | 2.02 | 3.19 | -34% | -6% | 3% | 7% |
| EPS, EUR | 0.16 | 1.36 | 2.07 | 3.40 | 0.25 | 1.44 | 2.02 | 3.19 | -34% | -6% | 3% | 7% |
| 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 | 16.4 | 69.8 | 75.1 | 78.1 | 16.7 | 69.2 | 71.3 | 74.1 | -2% | 1% | 5% | 5% |
| Technical Trade | 14.8 | 57.5 | 57.5 | 61.0 | 15.1 | 58.4 | 60.7 | 62.5 | -2% | -1% | -5% | -2% |
| Heavy Machines | 11.1 | 42.6 | 43.9 | 46.1 | 11.7 | 43.9 | 45.2 | 47.0 | -6% | -3% | -3% | -2% |
| Other | 1.3 | 5.1 | 5.4 | 5.6 | 1.3 | 5.1 | 5.4 | 5.6 | 0% | 0% | 0% | 0% |
| Group | 43.6 | 175.1 | 181.9 | 190.8 | 44.8 | 176.5 | 182.5 | 189.3 | -3% | -1% | 0% | 1% |
| Adj. EBIT ex-PPA | | | | | | | | | | | | |
| Electronics | 0.8 | 4.8 | 6.1 | 6.7 | 0.9 | 4.7 | 5.1 | 5.6 | -12% | 4% | 21% | 20% |
| Technical Trade | 1.5 | 5.5 | 5.8 | 6.8 | 1.6 | 5.8 | 6.4 | 6.9 | -5% | -4% | -10% | -2% |
| Heavy Machines | 0.1 | 1.9 | 2.5 | 3.0 | 0.2 | 2.0 | 2.6 | 3.0 | -43% | -6% | -4% | -1% |
| Other | -0.6 | -2.1 | -2.4 | -2.4 | -0.6 | -2.1 | -2.4 | -2.4 | 0% | 0% | 0% | 0% |
| Group | 1.8 | 10.1 | 12.0 | 14.1 | 2.1 | 10.3 | 11.7 | 13.2 | -13% | -2% | 2% | 7% |

Source: Nordea estimates

We are below low-quality Refinitiv consensus for Q2 2023E

For Q2, we are 5% below low-quality Refinitiv consensus on sales and 9% below on adjusted EBIT ex-PPA. Consensus does not fully reflect the announced Delfin acquisition.

OUR ESTIMATES VERSUS CONSENSUS

| EURm | Nordea estimates | | | | Consensus estimates | | | | Difference % | | | |
|-------------------------------|------------------|--------------|--------------|--------------|---------------------|--------------|--------------|--------------|-----------------|--------------|--------------|--------------|
| | Q2 2023E | 2023E | 2024E | 2025E | Q2 2023E | 2023E | 2024E | 2025E | Q2 2023E | 2023E | 2024E | 2025E |
| Sales | 43.6 | 175 | 182 | 191 | 46.0 | 178 | 181 | 190 | -5% | -2% | 0% | 0% |
| Adj. EBITDA | 2.8 | 12.6 | 14.4 | 15.6 | 4.0 | 13.7 | 14.3 | 15.0 | -29% | -8% | 0% | 4% |
| Adj. EBITDA margin | 6.5% | 7.2% | 7.9% | 8.2% | 8.7% | 7.7% | 7.9% | 7.9% | -2.2pp | -0.5pp | 0.0pp | 0.3pp |
| Adj. EBIT ex-PPA | 1.8 | 10.1 | 12.0 | 14.1 | 2.0 | 9.7 | 11.0 | 11.5 | -9% | 4% | 9% | 23% |
| Adj. EBIT ex-PPA % | 5.6% | 5.8% | 6.6% | 7.4% | 4.3% | 5.4% | 6.1% | 6.1% | 1.2pp | 0.3pp | 0.5pp | 1.3pp |
| EBIT | 1.4 | 8.2 | 10.2 | 13.1 | 2.0 | 9.7 | 11.0 | 11.5 | -29% | -15% | -7% | 14% |
| EBIT margin | 3.3% | 4.7% | 5.6% | 6.9% | 4.3% | 5.4% | 6.1% | 6.1% | -1.1pp | -0.8pp | -0.5pp | 0.8pp |
| PTP | 1.0 | 6.2 | 8.6 | 11.5 | 2.0 | 6.5 | 7.5 | 10.0 | -52% | -5% | 15% | 15% |
| Operational EPS, EUF | 0.36 | 2.06 | 2.74 | 3.77 | 0.42 | 1.40 | 1.78 | 2.74 | -13% | 47% | 54% | 38% |
| EPS, EUR | 0.16 | 1.36 | 2.07 | 3.40 | 0.42 | 1.40 | 1.78 | 2.74 | -61% | -3% | 16% | 24% |
| DPS, EUR | | 0.46 | 0.50 | 0.60 | | 0.44 | 0.49 | 0.55 | | 4% | 3% | 9% |
| Business areas | Q2 2023E | 2023E | 2024E | 2025E | Q1 2023E | 2023E | 2024E | 2025E | Q2 2023E | 2023E | 2024E | 2025E |
| Net sales, EURm | | | | | | | | | | | | |
| Electronics | 16.4 | 69.8 | 75.1 | 78.1 | | | | | | | | |
| Technical Trade | 14.8 | 57.5 | 57.5 | 61.0 | | | | | | | | |
| Heavy Machines | 11.1 | 42.6 | 43.9 | 46.1 | | | | | | | | |
| Other | 1.3 | 5.1 | 5.4 | 5.6 | | | | | | | | |
| Group | 43.6 | 175.1 | 181.9 | 190.8 | | | | | | | | |
| Adj. EBIT ex-PPA, EURm | | | | | | | | | | | | |
| Electronics | 0.8 | 4.8 | 6.1 | 6.7 | | | | | | | | |
| Technical Trade | 1.5 | 5.5 | 5.8 | 6.8 | | | | | | | | |
| Heavy Machines | 0.1 | 1.9 | 2.5 | 3.0 | | | | | | | | |
| Other | -0.6 | -2.1 | -2.4 | -2.4 | | | | | | | | |
| Group | 1.8 | 10.1 | 12.0 | 14.1 | | | | | | | | |
| Adj. EBIT ex-PPA, % | | | | | | | | | | | | |
| Electronics | 4.6% | 6.9% | 8.1% | 8.6% | | | | | | | | |
| Technical Trade | 10.2% | 9.6% | 10.0% | 11.1% | | | | | | | | |
| Heavy Machines | 1.3% | 4.4% | 5.7% | 6.5% | | | | | | | | |
| Other | n.m. | n.m. | n.m. | n.m. | | | | | | | | |
| Group | 4.2% | 5.8% | 6.6% | 7.4% | | | | | | | | |

Source: Refinitiv and 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 | 43.6 | 44.1 | 46.5 |
| growth y/y | 55% | 44% | 30% | 73% | 9% | 12% | 24% | -3% | 29% | 8% | 2% | 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 | -32.9 | -33.1 | -34.9 |
| Gross profit | 7.6 | 8.9 | 9.0 | 11.7 | 8.2 | 10.0 | 10.4 | 10.8 | 10.6 | 10.7 | 11.0 | 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 | -5.9 |
| Other OPEX | -1.5 | -1.6 | -2 | -3.2 | -2.2 | -2.2 | -2.5 | -2.7 | -2.3 | -2.8 | -2.6 | -2.0 |
| 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 | 2.4 | 3.4 | 3.8 |
| margin | 10.3% | 8.6% | 7.7% | 6.0% | 4.7% | 7.2% | 7.9% | 6.0% | 6.5% | 5.6% | 7.8% | 8.2% |
| 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 | 1.8 | 2.9 | 3.3 |
| margin | 5.5% | 6.7% | 7.1% | 5.4% | 3.7% | 5.8% | 6.9% | 5.6% | 5.1% | 4.2% | 6.6% | 7.0% |
| EBIT | 2.2 | 2.2 | 1.9 | 1.9 | 0.6 | 1.8 | 2.4 | 1.7 | 1.4 | 1.4 | 2.4 | 2.8 |
| margin | 7.6% | 6.1% | 5.4% | 4.1% | 1.9% | 4.5% | 5.5% | 3.8% | 3.3% | 3.3% | 5.5% | 6.0% |
| 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 | 1.0 | 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 | 0.8 | 1.6 | 1.9 |
| continuing | 1.7 | 1.5 | 1.2 | 1.2 | 0.4 | 1.1 | 2.0 | 0.9 | 0.5 | 0.8 | 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 | 0.16 | 0.47 | 0.59 |
| continuing | 0.67 | 0.53 | 0.45 | 0.40 | 0.08 | 0.30 | 0.63 | 0.18 | 0.07 | 0.16 | 0.47 | 0.59 |
| 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 | 0.31 | 0.63 | 0.76 |

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 | 16.4 | 18.0 | 19.6 |
| Technical Trade | 8.9 | 12.2 | 11.3 | 13.4 | 10.8 | 12.7 | 13.5 | 15.8 | 13.2 | 14.8 | 14.0 | 15.6 |
| Heavy Machines | 5.2 | 7.4 | 5.7 | 11.4 | 8.2 | 12.5 | 11.3 | 9.4 | 10.6 | 11.1 | 10.9 | 10.0 |
| 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 | 43.6 | 44.1 | 46.5 |
| Adjusted EBIT ex-PPA | | | | | | | | | | | | |
| Electronics | 1.2 | 1.0 | 1.5 | 1.3 | 0.7 | 0.6 | 1.3 | 1.5 | 0.9 | 0.8 | 1.5 | 1.7 |
| Technical Trade | 0.4 | 1.5 | 1.1 | 1.1 | 0.8 | 1.6 | 1.7 | 1.4 | 1.2 | 1.5 | 1.4 | 1.4 |
| Heavy Machines | 0.3 | 0.3 | 0.2 | 0.6 | 0.1 | 0.6 | 0.3 | 0.2 | 0.4 | 0.1 | 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 | 1.8 | 2.9 | 3.3 |
| Sales growth, y/y | | | | | | | | | | | | |
| Electronics | -3% | 5% | 19% | 27% | -21% | -10% | 4% | -11% | 36% | 17% | 4% | 5% |
| Technical Trade | 187% | 53% | 10% | 49% | 21% | 4% | 19% | 18% | 22% | 17% | 3% | -2% |
| Heavy Machines | 1633% | 236% | 111% | 660% | 58% | 69% | 98% | -18% | 29% | -12% | -3% | 7% |
| Other | | | | | | 20% | 0% | 9% | 20% | 8% | 8% | 8% |
| Group | 55% | 44% | 30% | 73% | 9% | 12% | 24% | -3% | 29% | 8% | 2% | 3% |
| Adj. EBIT ex-PPA margin | | | | | | | | | | | | |
| Electronics | 8% | 6% | 9% | 6% | 6% | 4% | 8% | 8% | 6% | 5% | 8% | 9% |
| Technical Trade | 4% | 12% | 10% | 8% | 7% | 13% | 13% | 9% | 9% | 10% | 10% | 9% |
| Heavy Machines | 6% | 4% | 4% | 5% | 1% | 5% | 3% | 2% | 4% | 1% | 5% | 8% |
| Group | | 7% | 7% | 5% | 4% | 6% | 7% | 6% | 5% | 4% | 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 | 175.1 | 181.9 | 190.8 | 6% |
| growth y/y | -4% | 35% | 5% | 5% | 63% | 50% | 9% | 9% | 4% | 5% | |
| 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 | -131.2 | -135.2 | -141.6 | 5% |
| Gross profit | 11.8 | 14.8 | 15.9 | 16.4 | 26.1 | 37.1 | 39.4 | 43.9 | 46.7 | 49.2 | 8% |
| 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 | -22.5 | -23.1 | -23.9 | 6% |
| Other OPEX | -2.5 | -3.5 | -3.6 | -3.1 | -6.0 | -8.3 | -9.6 | -9.6 | -9.7 | -10.3 | 2% |
| 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 | 12.5 | 14.4 | 15.6 | 14% |
| margin | 6.4% | 5.7% | 7.1% | 7.6% | 6.4% | 7.8% | 6.5% | 7.1% | 7.9% | 8.2% | |
| Depreciation | -0.4 | -0.6 | -0.6 | -1.0 | -2.0 | -3.4 | -4.0 | -4.3 | -4.2 | -2.5 | -15% |
| Adj. EBIT ex-PPA | 2.2 | 2.4 | 3.5 | 3.5 | 5.9 | 9.6 | 9.0 | 10.1 | 12.0 | 14.1 | 16% |
| margin | 5.4% | 4.4% | 6.2% | 5.8% | 6.0% | 6.5% | 5.6% | 5.8% | 6.6% | 7.4% | |
| EBIT | 2.2 | 2.5 | 3.5 | 3.5 | 4.2 | 8.1 | 6.5 | 8.2 | 10.2 | 13.1 | 26% |
| margin | 5.4% | 4.6% | 6.2% | 5.8% | 4.3% | 5.5% | 4.1% | 4.7% | 5.6% | 6.9% | |
| 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 | 6.2 | 8.6 | 11.5 | 27% |
| Taxes | -0.4 | -0.5 | -0.7 | -0.6 | -0.9 | -1.3 | -1.2 | -1.2 | -1.7 | -2.3 | |
| Net profit | 1.6 | 2.1 | 2.9 | 2.6 | 2.7 | 5.5 | -0.3 | 5.0 | 6.9 | 9.2 | n.m. |
| continuing | 1.6 | 2.1 | 2.9 | 2.6 | 2.7 | 5.5 | 4.4 | 5.0 | 6.9 | 9.2 | |
| 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 | 1.36 | 2.07 | 3.40 | 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 | 2.06 | 2.74 | 3.77 | 5% |
| 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 | 69.8 | 75.1 | 78.1 | 8% |
| Technical Trade | | | | | 30.4 | 45.6 | 52.8 | 57.5 | 57.5 | 61.0 | 5% |
| Heavy Machines | | | | | 6.7 | 29.7 | 41.4 | 42.6 | 43.9 | 46.1 | 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 | 175.1 | 181.9 | 190.8 | 6% |
| Adjusted EBIT ex-PPA | | | | | | | | | | | |
| Electronics | 2.2 | 2.4 | 3.5 | 3.5 | 4.5 | 5.1 | 4.1 | 4.8 | 6.1 | 6.7 | 18% |
| Technical Trade | | | | | 1.2 | 4.2 | 5.5 | 5.5 | 5.8 | 6.8 | 7% |
| Heavy Machines | | | | | 0.7 | 1.6 | 1.2 | 1.9 | 2.5 | 3.0 | 34% |
| 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 | 10.1 | 12.0 | 14.1 | 16% |
| Sales growth, y/y | | | | | | | | | | | |
| Electronics | -4% | 35% | 5% | 5% | 1% | 12% | -9% | 13% | 8% | 4% | |
| Technical Trade | | | | | | 50% | 16% | 9% | 0% | 6% | |
| Heavy Machines | | | | | | | 39% | 3% | 3% | 5% | |
| Other | | | | | | | 39% | 11% | 5% | 5% | |
| Group | -4% | 35% | 5% | 5% | 63% | 50% | 9% | 9% | 4% | 5% | |
| Adj. EBIT ex-PPA margin | | | | | | | | | | | |
| Electronics | 5.4% | 4.4% | 6.2% | 5.8% | 7.4% | 7.5% | 6.7% | 6.9% | 8.1% | 8.6% | |
| Technical Trade | | | | | 3.9% | 9.2% | 10.4% | 9.6% | 10.0% | 11.1% | |
| Heavy Machines | | | | | 10.4% | 5.4% | 3.0% | 4.4% | 5.7% | 6.5% | |
| Group | 5.4% | 4.4% | 6.2% | 5.8% | 9.8% | 14.1% | 14.7% | 14.4% | 16.0% | 18.0% | |

Source: Company data and Nordea estimates

Valuation

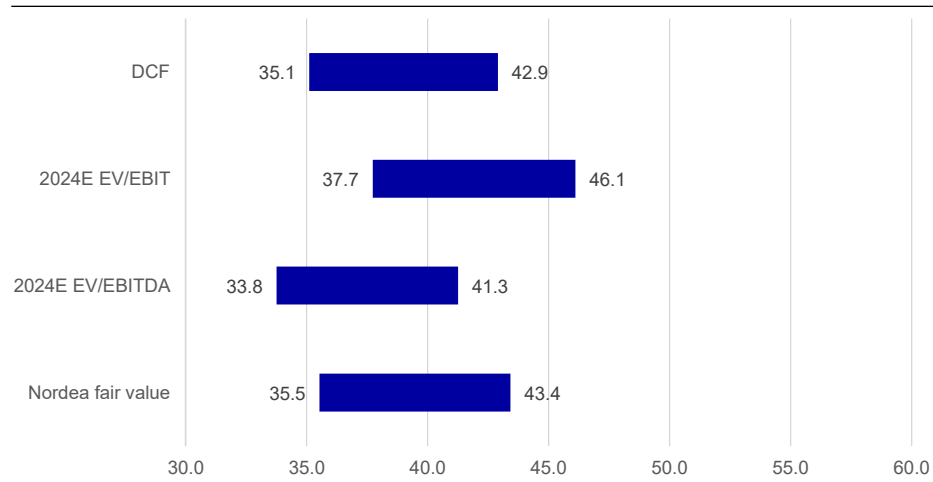
Using a combination of valuation methods, we arrive at a fair value range of EUR 40-48 per share for Boreo. We assign a fair value range of EUR 36-43 per share to Boreo's current operations and EUR ~4.5 per share for the "compounder effect".

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 40-48 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 36-43



Source: Nordea estimates

The chart above illustrates our fair value range of EUR 36-43 per share for Boreo as a standalone company without any future unannounced acquisitions. We note that our EUR 40-48 fair value per share is derived by equally weighting DCF, 2024E EV/EBIT and EV/EBITDA to derive a fair value range of EUR 36-43 and adding 50% of the potential value creation through M&A (EUR ~9), based on our M&A scenario.

Using the broad peer group as a benchmark, with 2023E EV/EBITDA of 10.4x and a 2024E EV/EBITDA of 9.5x (based on Refinitiv consensus), the implied fair value for Boreo would be around EUR 34-38 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 36-43) without the compounder effect. The current share price (EUR 36.3 as of 2 August) implies 2023E EV/EBITDA of 10.8x and 2024E EV/EBITDA of 9.1x. Our fair value range for Boreo, excluding any unannounced M&A, implies 2023E EV/EBITDA of 10.8-12.5x and a 2024E multiple of 9.1-10.6x.

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

| | EUR 35.5 | | | EUR 43.4 | | | Current EUR 37.8 | | |
|------------------|----------|----------|----------|----------|----------|----------|------------------|----------|----------|
| | FY 2022 | FY 2023E | FY 2024E | FY 2022 | FY 2023E | FY 2024E | FY 2022 | FY 2023E | FY 2024E |
| EV/Sales | 0.8x | 0.8x | 0.7x | 0.9x | 0.9x | 0.8x | 0.8x | 0.8x | 0.8x |
| EV/EBITDA | 11.2x | 10.8x | 9.1x | 13.1x | 12.5x | 10.6x | 11.7x | 11.3x | 9.6x |
| EV/EBIT | 17.3x | 16.4x | 12.9x | 20.2x | 18.9x | 15.0x | 18.1x | 17.1x | 13.5x |
| P/E | n.m. | 25.5x | 17.1x | n.m. | 31.2x | 20.9x | n.m. | 27.1x | 18.2x |
| FCF yield % | 0.3% | 4.3% | 8.5% | 0.2% | 3.5% | 6.9% | 0.3% | 4.0% | 8.0% |
| Dividend yield % | 1.2% | 1.3% | 1.4% | 1.0% | 1.1% | 1.2% | 1.2% | 1.2% | 1.3% |

Source: Nordea estimates

Assuming no unannounced M&A, we derive a fair value range for Boreo of EUR 36-43 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 30m in 2023-25 (no additional acquisitions in 2023) 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 38m and EBITDA of EUR 5m. 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 | 175 | 182 | 191 |
| EBITDA, adj. | 7.8 | 11.7 | 11.3 | 12.6 | 14.4 | 15.6 |
| EBITDA margin % | 8.0% | 8.0% | 7.1% | 7.2% | 7.9% | 8.2% |
| Cash | 9 | 6 | 13 | 5 | 9 | 2 |
| Equity | 17 | 23 | 42 | 44 | 49 | 37 |
| Net debt | 20 | 38 | 31 | 39 | 35 | 52 |
| Net gearing | 119% | 169% | 74% | 89% | 72% | 141% |
| Net debt/EBITDA, adj. | 2.5x | 3.2x | 2.7x | 3.1x | 2.4x | 3.3x |
| Deal(s) size (EURm) | | | | 0 | 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 | | | | 0 | 13 | 38 |
| Sales increase, annual | | | | 0 | 13 | 13 |
| Cumulative EBITDA increase from M&A | | | | 0 | 2 | 5 |
| EBITDA increase from M&A, annual | | | | 0 | 2 | 2 |
| - margin % | | | | | 13.0% | 13.0% |
| Cumulative potential synergies | | | | 0 | 0 | 0 |
| % of sales | | | | | 1% | 1% |
| New estimates after additional M&A, EURm | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
| Sales | 98 | 147 | 160 | 175 | 194 | 229 |
| EBITDA, adj. | 7.8 | 11.7 | 11.3 | 12.6 | 16.0 | 20.5 |
| -margin % | 8.0% | 8.0% | 7.1% | 7.2% | 8.2% | 9.0% |
| Cash | 8.7 | 6.2 | 13.2 | 4.8 | 9.2 | 4.7 |
| Equity | 16.6 | 22.5 | 41.8 | 44.3 | 49.5 | 39.7 |
| Net debt | 19.8 | 38.0 | 30.9 | 39.3 | 49.9 | 84.4 |
| Net gearing | 119% | 169% | 74% | 89% | 101% | 213% |
| ND/EBITDA | 2.5x | 3.2x | 2.7x | 3.1x | 3.1x | 4.1x |

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 24m in 2023E-25E

We estimate the accumulated value creation for 2023-25 at EUR 30m, which corresponds to EUR 24m discounted to the present value at a cost of equity of 10.5%. 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 9 per share potential from M&A

Fair value range of EUR 40-48 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 36-43 per share. Adding the potential from M&A value creation in 2023E-25E of around EUR 9 per share, half of which we account for in our valuation, increases our fair value range for the company to EUR 40-48 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 84m 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

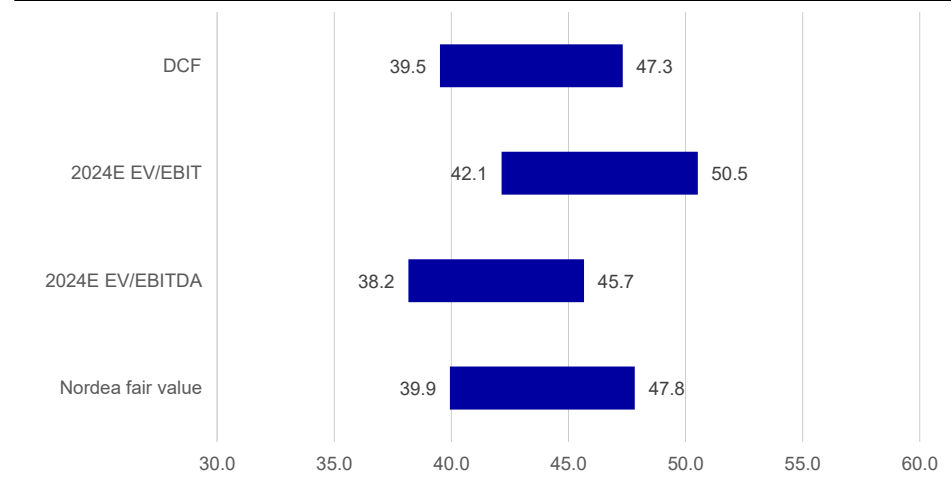
| | EUR 39.9 | | | EUR 47.8 | | | Current EUR 36.3 | | |
|------------------|----------|----------|----------|----------|----------|----------|------------------|----------|----------|
| | FY 2022 | FY 2023E | FY 2024E | FY 2022 | FY 2023E | FY 2024E | FY 2022 | FY 2023E | FY 2024E |
| EV/Sales | 0.9x | 0.8x | 0.8x | 1.0x | 1.0x | 0.9x | 0.8x | 0.8x | 0.8x |
| EV/EBITDA | 12.3x | 11.7x | 9.9x | 14.1x | 13.4x | 11.2x | 11.4x | 10.9x | 9.2x |
| EV/EBIT | 15.4x | 14.6x | 12.0x | 17.7x | 16.7x | 13.6x | 14.3x | 13.6x | 11.2x |
| P/E | n.m. | 28.7x | 19.3x | n.m. | 34.3x | 23.1x | n.m. | 26.0x | 17.5x |
| FCF yield % | 0.2% | 3.8% | -5.6% | 0.2% | 3.2% | -4.7% | 0.3% | 4.2% | -6.2% |
| Dividend yield % | 1.1% | 1.2% | 1.3% | 0.9% | 1.0% | 1.0% | 1.2% | 1.3% | 1.4% |

Source: Nordea estimates

At the current share price (EUR 36.3 as of 2 August), the M&A scenario suggests 2023E EV/EBITDA of 10.9x and 2024E EV/EBITDA of 9.2x. The multiples decline relatively quickly, as we assume M&A of EUR 15m in 2024-25, which increases EBITDA in total by EUR 5m, as shown in the M&A scenario above.

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

We derive a EUR 40-48 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 | <p>The impact of the crisis in Ukraine</p> <p>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.</p> |
| Acquisitions always include certain risks | <p>Growth through acquisitions</p> <p>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.</p> |
| The company's businesses are subject to cyclical swings | <p>Customer demand and cyclicality</p> <p>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.</p> |
| Risks linked to principals are relevant for Boreo due to its business model | <p>Principal relationships</p> <p>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.</p> |
| Boreo is exposed to pricing changes in its product offering | <p>Position in the value chain</p> <p>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.</p> |
| Personnel entails a core asset for the company and replacement may be difficult or time-consuming | <p>Personnel turnover</p> <p>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.</p> |
| Changes in trade agreements could pose a risk | <p>Trade agreement risks</p> <p>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.</p> |
| Boreo faces multiple financial risks | <p>Financial risks</p> <p>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.</p> |
| The COVID-19 pandemic could continue to affect Boreo's businesses | <p>COVID-19 pandemic</p> <p>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.</p> |

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 | 175 | 182 | 191 |
| Revenue growth | 0.5% | -3.7% | 34.6% | 5.5% | 4.6% | 63.0% | 50.2% | 9.4% | 9.2% | 3.9% | 4.9% |
| 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 | 16 |
| Depreciation and impairments PPE | 0 | 0 | -1 | -1 | -1 | -2 | -3 | -2 | -3 | -2 | -1 |
| 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 | 14 |
| 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 | 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 | 9 | 12 |
| 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 | 6 | 9 |
| EPS, EUR | 0.72 | 0.56 | 0.72 | 1.00 | 0.90 | 0.90 | 1.97 | -0.45 | 1.36 | 2.07 | 3.40 |
| 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% | 7.1% | 7.9% | 8.2% |
| EBITA | 5.7% | 5.4% | 4.6% | 6.2% | 5.8% | 4.3% | 5.5% | 5.1% | 5.7% | 6.6% | 7.4% |
| EBIT | 5.7% | 5.4% | 4.6% | 6.2% | 5.8% | 4.3% | 5.5% | 4.1% | 4.7% | 5.6% | 6.9% |

Adjusted earnings

| | | | | | | | | | | | |
|----------------|------|------|------|------|------|------|------|-------|------|------|------|
| EBITDA (adj) | 3 | 3 | 3 | 4 | 5 | 8 | 12 | 11 | 13 | 14 | 16 |
| EBITA (adj) | 2 | 2 | 2 | 4 | 3 | 6 | 9 | 9 | 10 | 12 | 14 |
| 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 | 1.39 | 2.07 | 3.40 |

Adjusted profit margins in percent

| | | | | | | | | | | | |
|--------------|------|------|------|------|------|------|------|------|------|------|------|
| EBITDA (adj) | 6.5% | 6.4% | 5.5% | 7.1% | 7.6% | 8.0% | 8.0% | 7.1% | 7.2% | 7.9% | 8.2% |
| EBITA (adj) | 5.7% | 5.4% | 4.4% | 6.2% | 5.8% | 5.9% | 6.0% | 5.6% | 5.8% | 6.6% | 7.4% |
| EBIT (adj) | 5.7% | 5.4% | 4.4% | 6.2% | 5.8% | 5.9% | 6.0% | 4.6% | 4.7% | 5.6% | 6.9% |

Performance metrics

| | | | | | | | | | | | |
|-----------------------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| CAGR last 5 years | | | | | | | | | | | |
| Net revenue | n.a. | n.a. | 4.8% | 6.7% | 7.5% | 18.5% | 29.5% | 24.2% | 25.1% | 24.9% | 14.3% |
| EBITDA | n.m. | n.m. | 18.9% | 35.2% | 21.4% | 17.9% | 33.6% | 27.5% | 25.0% | 26.0% | 20.2% |
| EBIT | n.a. | n.a. | 13.8% | 31.2% | 15.2% | 11.9% | 29.9% | 21.0% | 18.4% | 23.9% | 25.5% |
| EPS | n.a. | n.a. | 12.4% | 32.8% | 9.6% | 4.6% | 28.5% | n.m. | 6.3% | 18.1% | 30.4% |
| 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% | 5.4% |
| Average EBITDA margin | n.a. | 4.4% | 5.0% | 6.0% | 6.7% | 6.6% | 7.0% | 7.0% | 7.0% | 7.2% | 7.5% |

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. | 25.9 | 17.4 | 10.6 |
| EV/EBITDA (adj) | 4.3 | 4.4 | 6.7 | 3.9 | 5.3 | 12.3 | 16.4 | 11.4 | 11.0 | 9.3 | 9.7 |
| EV/EBITA (adj) | 4.8 | 5.2 | 8.4 | 4.5 | 6.9 | 16.5 | 21.7 | 14.4 | 13.7 | 11.2 | 10.7 |
| EV/EBIT (adj) | 4.8 | 5.2 | 8.4 | 4.5 | 6.9 | 16.5 | 21.7 | 17.7 | 16.7 | 13.2 | 11.5 |

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. | 26.6 | 17.4 | 10.6 |
| EV/Sales | 0.28 | 0.28 | 0.37 | 0.28 | 0.40 | 0.98 | 1.31 | 0.81 | 0.79 | 0.74 | 0.79 |
| EV/EBITDA | 4.3 | 4.4 | 6.4 | 3.9 | 5.3 | 15.5 | 17.4 | 12.4 | 11.1 | 9.3 | 9.7 |
| EV/EBITA | 4.8 | 5.2 | 8.0 | 4.5 | 6.9 | 22.8 | 23.6 | 15.8 | 13.9 | 11.2 | 10.7 |
| EV/EBIT | 4.8 | 5.2 | 8.0 | 4.5 | 6.9 | 22.8 | 23.6 | 20.0 | 16.9 | 13.2 | 11.5 |
| Dividend yield (ord.) | 5.1% | 5.0% | 3.7% | 4.5% | 0.0% | 1.4% | 0.7% | 1.2% | 1.3% | 1.4% | 1.7% |
| FCF yield | 6.0% | 7.3% | -1.9% | 13.2% | 11.0% | -17.1% | -6.5% | -8.9% | -3.6% | 9.1% | 7.3% |
| FCF Yield bef A&D, lease adj | 5.9% | 7.2% | -2.7% | 13.1% | 11.0% | 9.6% | -0.3% | 0.3% | 4.2% | 8.3% | 6.6% |
| Payout ratio | 41.8% | 55.1% | 47.5% | 33.0% | 0.0% | 26.2% | 18.7% | n.m. | 33.0% | 24.1% | 17.6% |

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 | 51 | 50 | 51 |
| 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 | 7 | 5 | 4 |
| of which goodwill | 0 | 0 | 1 | 1 | 1 | 22 | 29 | 36 | 44 | 45 | 47 |
| Tangible assets | 2 | 2 | 2 | 2 | 3 | 3 | 7 | 9 | 11 | 13 | 16 |
| 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 | 63 | 64 | 67 |
| Inventory | 4 | 5 | 7 | 7 | 7 | 18 | 28 | 32 | 32 | 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 | 5 | 9 | 2 |
| Total current assets | 14 | 16 | 18 | 20 | 21 | 37 | 58 | 68 | 61 | 65 | 61 |
| 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 | 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 | 44 | 49 | 37 |
| 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 | 123 | 129 | 128 |
| Balance sheet and debt metrics | | | | | | | | | | | |
| Net debt | -4 | -5 | -3 | -4 | -4 | 20 | 38 | 31 | 39 | 35 | 52 |
| 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 | 23 |
| Invested capital | 6 | 7 | 10 | 10 | 12 | 36 | 61 | 76 | 85 | 86 | 90 |
| Capital employed | 11 | 12 | 14 | 15 | 19 | 45 | 67 | 86 | 88 | 93 | 91 |
| ROE | 38.1% | 13.8% | 15.8% | 20.4% | 16.3% | 14.9% | 27.5% | -3.8% | 8.8% | 12.4% | 22.3% |
| ROIC | 60.9% | 26.7% | 22.7% | 27.7% | 24.9% | 19.2% | 14.4% | 8.5% | 8.2% | 9.5% | 11.9% |
| ROCE | 67.1% | 25.8% | 23.3% | 28.9% | 23.4% | 21.3% | 17.4% | 10.5% | 9.8% | 11.7% | 14.7% |
| Net debt/EBITDA | -1.3 | -1.9 | -0.8 | -0.9 | -0.9 | 3.2 | 3.5 | 2.9 | 3.1 | 2.4 | 3.3 |
| Interest coverage | 3.7 | 3.0 | 4.9 | 6.1 | 5.8 | 3.3 | 3.9 | 4.5 | 3.7 | 5.3 | 6.8 |
| Equity ratio | 61.0% | 61.9% | 56.3% | 57.0% | 58.8% | 24.0% | 22.1% | 33.3% | 34.8% | 36.7% | 27.3% |
| Net gearing | -36.6% | -41.3% | -20.6% | -25.5% | -24.9% | 119.3% | 168.9% | 73.9% | 88.7% | 72.3% | 141.4% |

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 | 16 |
| 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 | 0 | 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 | -10 | -2 | -2 |
| Free cash flow | 1 | 1 | 0 | 2 | 3 | -13 | -10 | -9 | -4 | 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 | -8 | 4 | -6 |
| 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% | 81.0% |
| Capex/Sales | 0.7% | 1.5% | 2.7% | 0.9% | 0.5% | 0.7% | 0.6% | 1.2% | 1.1% | 1.1% | 1.0% |
| Key information | | | | | | | | | | | |
| Share price year end (/current) | 6 | 6 | 9 | 7 | 11 | 29 | 59 | 37 | 36 | 36 | 36 |
| Market cap. | 15 | 16 | 22 | 19 | 27 | 75 | 152 | 97 | 98 | 98 | 98 |
| 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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Completion Date

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