

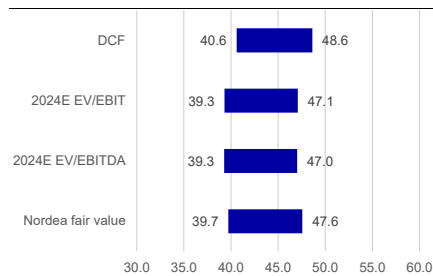
KEY DATA

| | |
|---------------------|-------------------|
| Stock country | Finland |
| Bloomberg | BOREO.FH |
| Reuters | BOREO.HE |
| Share price (close) | EUR 34.50 |
| Free float | 29% |
| Market cap. (bn) | EUR 0.09/EUR 0.09 |
| Website | boreo.com |
| Next report date | 02 Nov 2023 |

PERFORMANCE



VALUATION APPROACH (EUR/SHARE)



ESTIMATE CHANGES

| Year | 2023E | 2024E | 2025E |
|------------|-------|-------|-------|
| Sales | -1% | -1% | -1% |
| EBIT (adj) | -4% | -4% | 1% |

Source: Nordea estimates

Nordea IB & Equity - Analysts

Joni Sandvall
AnalystSvante Krokfors
Director

Defensive victory in challenging environment

Boreo reported Q2 2023 adjusted EBIT excluding PPA of EUR 2.4m, clearly above our estimate, although the top line was slightly soft. Temporary challenges continued in SSN and FNB, while the Sany exit caused EUR 0.2m in additional costs. Recently acquired businesses are performing well and Boreo should receive further support from Delfin Technologies starting at the beginning of July. The outlook is slightly dented due to macro uncertainties, while the company appeared confident about its annual operating EBIT growth target of above 15%. Our fair value range is unchanged, at EUR 40-48 per Boreo share.

Q2 profitability above our expectations despite soft top line

Boreo's Q2 net sales of EUR 42.3m fell 3% short of our forecast, while adjusted EBIT ex-PPA beat our estimate by 31%. All business areas posted profitability above our expectations. Temporary challenges continued at SSN and FNB. The latter should improve performance quickly, but we believe that delays in an SSN recovery could continue in Q3. Cash flow was strong in Q2, at EUR 3.9m, but was supported by a EUR 1.8m capital release from the Sany exit. ROCE was 11.2% and Boreo said that it must improve its ROTWC level to 40% (29% in Q2) to surpass its 15% ROCE target. We argue the exit of Sany and acquisition of Delfin will support development during H2. The outlook is slightly dented, especially due to the weak construction market likely impacting Technical Trade, and partly due to Heavy Machines. Boreo seemed confident, however, about its annual operating EBIT growth target of above 15% (we model 16% improvement in 2023E).

Slightly positive adjusted EBIT ex-PPA revisions

We trim the 2023E-25E top line by 1% and nudge up adjusted EBIT ex-PPA by 0-4%. PPAs were higher than we had anticipated, visible in slightly negative EBIT revisions for 2023E-24E. We cut EPS by 1-19% for 2023E-25E, driven by higher PPAs and slightly higher financial costs. Following a EUR 8m increase to existing credit facilities and a targeted EUR ~6m reduction in trade working capital, M&A actions remain a possibility.

Fair value range of EUR 40-48 intact

We derive an unchanged fair value range of EUR 40-48 by equally weighting a valuation that excludes future M&A and one that includes value creation from our M&A scenario. 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 | 173 | 180 | 190 |
| EBITDA (adj) | 5 | 8 | 12 | 11 | 13 | 15 | 16 |
| EBIT (adj) | 3 | 6 | 9 | 7 | 8 | 10 | 13 |
| EBIT (adj) margin | 5.8% | 5.9% | 6.0% | 4.6% | 4.6% | 5.5% | 7.0% |
| EPS (adj, EUR) | 0.90 | 1.53 | 2.25 | -0.13 | 1.14 | 1.83 | 3.38 |
| EPS (adj) growth | -9.9% | 69.3% | 47.0% | -105.7% | 986.2% | 61.1% | 84.1% |
| 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 | 16.8 | 13.2 | 11.0 |
| P/E (adj) | 11.8 | 19.2 | 26.3 | n.m. | 30.3 | 18.8 | 10.2 |
| P/BV | 1.8 | 4.8 | 7.1 | 2.4 | 2.2 | 2.0 | 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% | 5.1% | 9.0% | 7.3% |
| Net debt | -4 | 20 | 38 | 31 | 39 | 34 | 50 |
| Net debt/EBITDA | -0.9 | 3.2 | 3.5 | 2.9 | 3.0 | 2.3 | 3.1 |
| ROIC after tax | 24.9% | 19.2% | 14.4% | 8.5% | 7.9% | 9.4% | 12.4% |

Source: Company data and Nordea estimates

Review of Q2 results

Boreo reported Q2 2023 adjusted EBIT excluding PPA of EUR 2.4m, 31% above our estimate and 20% above Refinitiv consensus. Net sales of EUR 42.3m grew by 5% y/y (-4% on an organic basis) and came in 3% below our estimate and 6% below consensus. Reported EBIT was EUR 1.7m, 19% above our estimate. Net sales and adjusted EBIT excluding PPA increased across all business areas, except Heavy Machines. Operational cash flow was EUR 3.9m in Q2 (EUR -1.9m a year ago, including discontinued operations), supported by a working capital release from the SANY business (EUR 1.8m). EPS of EUR 0.18 came in above our expectation of EUR 0.16. In line with its guidance policy, the company does not provide short-term financial guidance. The company notes a challenging business environment, while order books remain at a good level and the company expects to continue on the path of annual earnings growth of at least 15%. In addition, the company aims to reduce its working capital from EUR 31m to a sustainable EUR 25m during H2.

DEVIATION TABLE

| | Actual | NDA est. | Deviation | Consensus | Deviation | Actual | Actual | Actual | | | |
|-----------------------------|-------------|-------------|-------------|------------|-------------|--------------|-------------|-------------|-------------|---------------|--------------|
| EURm | Q2 2023 | Q2 2023E | vs. actual | Q2 2023E | vs. actual | Q1 2023 | q/q | Q2 2022 | y/y | | |
| Sales | 42.3 | 43.6 | -1.3 | -3% | 45.0 | -2.7 | -6% | 40.9 | 3% | 40.4 | 5% |
| Adj. EBITDA | 3.0 | 2.8 | 0.2 | 6% | 2.5 | 0.5 | 20% | 3.4 | -12% | 3.5 | -13% |
| Adj. EBITDA margin | 7.1% | 6.5% | 0.6pp | 5.6% | 1.5pp | 8.3% | -1.2pp | 8.6% | -1.5pp | 8.6% | -1.5pp |
| Adj. EBIT ex-PPA | 2.4 | 1.8 | 0.6 | 31% | 2.0 | 0.4 | 20% | 2.1 | 14% | 2.4 | 2% |
| Adj. EBIT ex-PPA margin | 5.7% | 4.2% | 1.5pp | 4.4% | 1.2pp | 5.1% | 0.5pp | 5.8% | -0.2pp | 5.8% | -0.2pp |
| EBIT | 1.7 | 1.4 | 0.3 | 19% | 2.0 | -0.3 | -15% | 1.4 | 26% | 1.8 | -6% |
| EBIT margin | 4.0% | 3.3% | 0.7pp | 4.4% | -0.4pp | 3.3% | 0.7pp | 4.5% | -0.4pp | 4.5% | -0.4pp |
| PTP | 1.1 | 1.0 | 0.1 | 15% | 1.5 | -0.4 | -27% | 0.7 | 55% | 1.3 | -15% |
| EPS, EUR | 0.18 | 0.16 | 0.02 | 10% | 0.25 | -0.07 | -28% | 0.07 | 156% | (2.01) | -109% |
| Business areas, EURm | | | | | | | | | | | |
| Net sales | | | | | | | | | | | |
| Electronics | 15.1 | 16.4 | -1.3 | -8% | | | | 15.9 | -5% | 14.0 | 8% |
| Technical Trade | 15.5 | 14.8 | 0.7 | 4% | | | | 13.2 | 17% | 12.7 | 22% |
| Heavy Machines | 10.5 | 11.1 | -0.6 | -5% | | | | 10.6 | -1% | 12.5 | -16% |
| Other Operations | 1.2 | 1.3 | -0.1 | -8% | | | | 1.2 | 0% | 1.2 | 0% |
| Adj. EBIT ex-PPA | | | | | | | | | | | |
| Electronics | 1.0 | 0.8 | 0.2 | 32% | | | | 0.9 | 11% | 0.6 | 61% |
| Technical Trade | 1.6 | 1.5 | 0.1 | 6% | | | | 1.2 | 33% | 1.6 | 0% |
| Heavy Machines | 0.2 | 0.1 | 0.1 | 44% | | | | 0.4 | -50% | 0.6 | -69% |
| Other Operations | (0.3) | (0.6) | 0.3 | -49% | | | | (0.4) | -25% | (0.5) | -40% |
| Adj. EBIT ex-PPA % | | | | | | | | | | | |
| Electronics | 6.6% | 4.6% | 2.0pp | | | | | 5.7% | 1.0pp | 4.4% | 2.2pp |
| Technical Trade | 10.3% | 10.2% | 0.1pp | | | | | 9.1% | 1.2pp | 12.6% | -2.3pp |
| Heavy Machines | 1.9% | 1.3% | 0.6pp | | | | | 3.8% | -1.9pp | 5.1% | -3.2pp |
| Other Operations | -25.0% | -45.0% | 20.0pp | | | | | -33.3% | 8.3pp | -41.7% | 16.7pp |

Source: Company data, Refinitiv and Nordea estimates

Estimate revisions and detailed estimates

Minor estimate revisions

We make only minor top-line and adjusted EBIT ex-PPA revisions. We keep our H2 2023 top line and adjusted EBIT ex-PPA estimates largely intact while slightly increasing our PPA and financial cost assumptions.

ESTIMATE REVISIONS

| EURm | New estimates | | | | Old estimates | | | | Difference % | | | |
|-------------------------|---------------|-------------|-------------|-------------|---------------|-------------|-------------|-------------|--------------|-------------|-------------|------------|
| | Q3 2023E | 2023E | 2024E | 2025E | Q3 2023E | 2023E | 2024E | 2025E | Q3 2023E | 2023E | 2024E | 2025E |
| Sales | 43.8 | 173 | 180 | 190 | 44.1 | 175 | 182 | 191 | -1% | -1% | -1% | -1% |
| Adj. EBITDA | 4.1 | 13.1 | 14.9 | 16.2 | 3.9 | 12.6 | 14.4 | 15.6 | 5% | 4% | 4% | 4% |
| Adj. EBITDA margin | 9.4% | 7.6% | 8.3% | 8.6% | 8.8% | 7.2% | 7.9% | 8.2% | 0.5pp | 0.4pp | 0.4pp | 0.4pp |
| Adj. EBIT ex-PPA | 2.8 | 10.5 | 12.0 | 14.2 | 2.9 | 10.1 | 12.0 | 14.1 | -3% | 4% | 0% | 1% |
| Adj. EBIT ex-PPA margin | 6.4% | 6.0% | 6.7% | 7.5% | 6.6% | 5.8% | 6.6% | 7.4% | -0.2pp | 0.3pp | 0.1pp | 0.1pp |
| EBIT | 2.3 | 7.8 | 9.8 | 13.2 | 2.4 | 8.2 | 10.2 | 13.1 | -8% | -4% | -4% | 1% |
| EBIT margin | 5.2% | 4.5% | 5.5% | 7.0% | 5.5% | 4.7% | 5.6% | 6.9% | -0.4pp | -0.2pp | -0.2pp | 0.1pp |
| PTP | 1.7 | 5.5 | 7.8 | 11.4 | 2.0 | 6.2 | 8.6 | 11.5 | -14% | -11% | -9% | -1% |
| Adj. EPS, EUR | 0.38 | 1.14 | 1.83 | 3.38 | 0.47 | 1.39 | 2.07 | 3.40 | -18% | -18% | -12% | -1% |
| EPS, EUR | 0.38 | 1.10 | 1.83 | 3.38 | 0.47 | 1.36 | 2.07 | 3.40 | -18% | -19% | -12% | -1% |
| DPS, EUR | | 0.46 | 0.50 | 0.60 | | 0.46 | 0.50 | 0.60 | 0% | 0% | 0% | 0% |

| Business areas | Q3 2023E | 2023E | 2024E | 2025E | Q3 2023E | 2023E | 2024E | 2025E | Q3 2023E | 2023E | 2024E | 2025E |
|-------------------------|----------|-------|-------|-------|----------|-------|-------|-------|----------|-------|-------|-------|
| Net sales | | | | | | | | | | | | |
| Electronics | 17.6 | 68.2 | 73.4 | 77.1 | 18.0 | 69.8 | 75.1 | 78.1 | -2% | -2% | -2% | -1% |
| Technical Trade | 14.0 | 58.2 | 58.2 | 61.7 | 14.0 | 57.5 | 57.5 | 61.0 | 0% | 1% | 1% | 1% |
| Heavy Machines | 10.9 | 42.1 | 43.3 | 45.5 | 10.9 | 42.6 | 43.9 | 46.1 | 0% | -1% | -1% | -1% |
| Other | 1.3 | 5.0 | 5.3 | 5.5 | 1.3 | 5.1 | 5.4 | 5.6 | 0% | -2% | -2% | -2% |
| Group | 43.8 | 173.5 | 180.2 | 189.8 | 44.1 | 175.1 | 181.9 | 190.8 | -1% | -1% | -1% | -1% |
| Adj. EBIT ex-PPA | | | | | | | | | | | | |
| Electronics | 1.4 | 4.8 | 6.0 | 6.8 | 1.5 | 4.8 | 6.1 | 6.7 | -6% | 0% | -1% | 1% |
| Technical Trade | 1.4 | 5.6 | 5.8 | 6.8 | 1.4 | 5.5 | 5.8 | 6.8 | 0% | 1% | 1% | 1% |
| Heavy Machines | 0.6 | 1.9 | 2.5 | 3.1 | 0.6 | 1.9 | 2.5 | 3.0 | 0% | 3% | 2% | 1% |
| Other | -0.6 | -1.8 | -2.4 | -2.4 | -0.6 | -2.1 | -2.4 | -2.4 | 0% | -13% | 0% | 0% |
| Group | 2.8 | 10.5 | 12.0 | 14.2 | 2.9 | 10.1 | 12.0 | 14.1 | -3% | 4% | 0% | 1% |

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 2023 | Q3 2023E | Q4 2023E |
|-------------------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net sales | 29.0 | 36.0 | 35.0 | 46.6 | 31.7 | 40.4 | 43.3 | 45.0 | 40.9 | 42.3 | 43.8 | 46.5 |
| growth y/y | 55% | 44% | 30% | 73% | 9% | 12% | 24% | -3% | 29% | 5% | 1% | 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 | -31.4 | -32.6 | -34.5 |
| Gross profit | 7.6 | 8.9 | 9.0 | 11.7 | 8.2 | 10.0 | 10.4 | 10.8 | 10.6 | 10.9 | 11.2 | 12.0 |
| margin | 26.2% | 24.7% | 25.7% | 25.1% | 25.9% | 24.8% | 24.0% | 24.0% | 25.9% | 25.8% | 25.6% | 25.8% |
| Employee benefits | -4.2 | -4.2 | -4.5 | -5.8 | -4.8 | -5 | -4.8 | -5.7 | -5.8 | -5.8 | -5.2 | -5.9 |
| Other OPEX | -1.5 | -1.6 | -2 | -3.2 | -2.2 | -2.2 | -2.5 | -2.7 | -2.3 | -2.3 | -2.5 | -2.3 |
| 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 | 3.0 | 3.6 | 3.8 |
| margin | 10.3% | 8.6% | 7.7% | 6.0% | 4.7% | 7.2% | 7.9% | 6.0% | 6.5% | 7.1% | 8.1% | 8.3% |
| Depreciation | -0.8 | -0.9 | -0.8 | -0.9 | -0.9 | -1.1 | -1 | -1 | -1.3 | -1.3 | -1.3 | -1.3 |
| Adj. EBIT ex-PPA | 1.6 | 2.4 | 2.5 | 2.5 | 1.2 | 2.4 | 3.0 | 2.5 | 2.1 | 2.5 | 2.8 | 3.1 |
| margin | 5.5% | 6.7% | 7.1% | 5.4% | 3.7% | 5.8% | 6.9% | 5.6% | 5.1% | 5.9% | 6.4% | 6.6% |
| EBIT | 2.2 | 2.2 | 1.9 | 1.9 | 0.6 | 1.8 | 2.4 | 1.7 | 1.4 | 1.7 | 2.3 | 2.5 |
| margin | 7.6% | 6.1% | 5.4% | 4.1% | 1.9% | 4.5% | 5.5% | 3.8% | 3.3% | 4.0% | 5.2% | 5.5% |
| 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 | -0.6 | -0.6 | -0.5 |
| PTP | 2.0 | 1.9 | 1.5 | 1.5 | 0.4 | 1.3 | 2.6 | 1.2 | 0.7 | 1.1 | 1.7 | 2.0 |
| Taxes | -0.3 | -0.4 | -0.3 | -0.4 | -0.1 | -0.2 | -0.6 | -0.3 | -0.2 | -0.1 | -0.3 | -0.4 |
| Net profit | 1.7 | 1.5 | 1.2 | 1.2 | 1.1 | -5.5 | 2.7 | 1.4 | 0.5 | 1.0 | 1.4 | 1.6 |
| continuing | 1.7 | 1.5 | 1.2 | 1.2 | 0.4 | 1.1 | 2.0 | 0.9 | 0.5 | 1.0 | 1.4 | 1.6 |
| 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 | 0.2 | 0.0 | 0.0 |
| EPS, EUR | 0.67 | 0.53 | 0.45 | 0.40 | 0.35 | -2.03 | 0.89 | 0.36 | 0.07 | 0.18 | 0.38 | 0.47 |
| continuing | 0.67 | 0.53 | 0.45 | 0.40 | 0.08 | 0.30 | 0.63 | 0.18 | 0.07 | 0.18 | 0.38 | 0.47 |
| 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 | 0.30 | 0.41 | 0.55 | 0.63 |

Source: Company data and Nordea estimates

QUARTERLY BUSINESS AREA ESTIMATES

| Net sales | | | | | | | | | | | | |
|-------------------------|-------|------|------|------|------|------|------|------|------|------|------|------|
| Electronics | 14.8 | 15.5 | 16.6 | 20.9 | 11.7 | 14.0 | 17.3 | 18.6 | 15.9 | 15.1 | 17.6 | 19.6 |
| Technical Trade | 8.9 | 12.2 | 11.3 | 13.4 | 10.8 | 12.7 | 13.5 | 15.8 | 13.2 | 15.5 | 14.0 | 15.6 |
| Heavy Machines | 5.2 | 7.4 | 5.7 | 11.4 | 8.2 | 12.5 | 11.3 | 9.4 | 10.6 | 10.5 | 10.9 | 10.0 |
| Other | | 1.0 | 1.2 | 1.1 | 1.0 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.3 | 1.3 |
| Group | | 36.0 | 35.0 | 46.6 | 31.7 | 40.4 | 43.3 | 45.0 | 40.9 | 42.3 | 43.8 | 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 | 1.0 | 1.4 | 1.6 |
| Technical Trade | 0.4 | 1.5 | 1.1 | 1.1 | 0.8 | 1.6 | 1.7 | 1.4 | 1.2 | 1.6 | 1.4 | 1.3 |
| 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 | -0.3 | -0.6 | -0.6 |
| Group | 1.6 | 2.4 | 2.5 | 2.5 | 1.2 | 2.4 | 3.0 | 2.5 | 2.1 | 2.5 | 2.8 | 3.1 |
| Sales growth, y/y | | | | | | | | | | | | |
| Electronics | -3% | 5% | 19% | 27% | -21% | -10% | 4% | -11% | 36% | 8% | 2% | 5% |
| Technical Trade | 187% | 53% | 10% | 49% | 21% | 4% | 19% | 18% | 22% | 22% | 3% | -2% |
| Heavy Machines | 1633% | 236% | 111% | 660% | 58% | 69% | 98% | -18% | 29% | -16% | -3% | 7% |
| Other | | | | | | 20% | 0% | 9% | 20% | 0% | 8% | 8% |
| Group | 55% | 44% | 30% | 73% | 9% | 12% | 24% | -3% | 29% | 5% | 1% | 3% |
| Adj. EBIT ex-PPA margin | | | | | | | | | | | | |
| Electronics | 8% | 6% | 9% | 6% | 6% | 4% | 8% | 8% | 6% | 7% | 8% | 8% |
| 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% | 2% | 5% | 8% |
| Group | | 7% | 7% | 5% | 4% | 6% | 7% | 6% | 5% | 6% | 6% | 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 | 173.5 | 180.2 | 189.8 | 6% |
| growth y/y | -4% | 35% | 5% | 5% | 63% | 50% | 9% | 8% | 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 | -128.8 | -132.7 | -139.5 | 5% |
| Gross profit | 11.8 | 14.8 | 15.9 | 16.4 | 26.1 | 37.1 | 39.4 | 44.7 | 47.5 | 50.3 | 8% |
| margin | 29.3% | 27.3% | 27.9% | 27.4% | 26.7% | 25.3% | 24.6% | 25.8% | 26.3% | 26.5% | |
| Employee benefits | -6.7 | -8.3 | -8.3 | -8.8 | -14.0 | -18.8 | -20.3 | -22.8 | -23.4 | -24.3 | 6% |
| Other OPEX | -2.5 | -3.5 | -3.6 | -3.1 | -6.0 | -8.3 | -9.6 | -9.4 | -9.6 | -10.2 | 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 | 13.0 | 14.9 | 16.2 | 16% |
| margin | 6.4% | 5.7% | 7.1% | 7.6% | 6.4% | 7.8% | 6.5% | 7.5% | 8.3% | 8.6% | |
| Depreciation | -0.4 | -0.6 | -0.6 | -1.0 | -2.0 | -3.4 | -4.0 | -5.2 | -5.1 | -3.0 | -9% |
| Adj. EBIT ex-PPA | 2.2 | 2.4 | 3.5 | 3.5 | 5.9 | 9.6 | 9.0 | 10.5 | 12.0 | 14.2 | 16% |
| margin | 5.4% | 4.4% | 6.2% | 5.8% | 6.0% | 6.5% | 5.6% | 6.0% | 6.7% | 7.5% | |
| EBIT | 2.2 | 2.5 | 3.5 | 3.5 | 4.2 | 8.1 | 6.5 | 7.8 | 9.8 | 13.2 | 27% |
| margin | 5.4% | 4.6% | 6.2% | 5.8% | 4.3% | 5.5% | 4.1% | 4.5% | 5.5% | 7.0% | |
| 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 | -2.3 | -2.0 | -1.8 | 26% |
| PTP | 2.0 | 2.6 | 3.6 | 3.3 | 3.6 | 6.8 | 5.6 | 5.5 | 7.8 | 11.4 | 27% |
| Taxes | -0.4 | -0.5 | -0.7 | -0.6 | -0.9 | -1.3 | -1.2 | -1.0 | -1.6 | -2.3 | |
| Net profit | 1.6 | 2.1 | 2.9 | 2.6 | 2.7 | 5.5 | -0.3 | 4.5 | 6.2 | 9.1 | n.m. |
| continuing | 1.6 | 2.1 | 2.9 | 2.6 | 2.7 | 5.5 | 4.4 | 4.5 | 6.2 | 9.1 | |
| 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 | 0.2 | 0.0 | 0.0 | |
| EPS, EUR | 0.56 | 0.72 | 1.00 | 0.90 | 0.90 | 2.01 | -0.45 | 1.10 | 1.83 | 3.38 | 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 | -0.07 | 0.00 | 0.00 | |
| Operational EPS, EUR | 0.00 | 0.00 | 0.00 | 0.00 | 1.68 | 2.40 | 1.82 | 1.89 | 2.48 | 3.67 | 1% |
| 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 | 68.2 | 73.4 | 77.1 | 8% |
| Technical Trade | | | | | 30.4 | 45.6 | 52.8 | 58.2 | 58.2 | 61.7 | 5% |
| Heavy Machines | | | | | 6.7 | 29.7 | 41.4 | 42.1 | 43.3 | 45.5 | 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 | 173.5 | 180.2 | 189.8 | 6% |
| Adjusted EBIT ex-PPA | | | | | | | | | | | |
| Electronics | 2.2 | 2.4 | 3.5 | 3.5 | 4.5 | 5.1 | 4.1 | 4.8 | 6.0 | 6.8 | 18% |
| Technical Trade | | | | | 1.2 | 4.2 | 5.5 | 5.6 | 5.8 | 6.8 | 8% |
| Heavy Machines | | | | | 0.7 | 1.6 | 1.2 | 1.9 | 2.5 | 3.1 | 35% |
| Other | | | | | -0.5 | -1.3 | -1.8 | -1.8 | -2.4 | -2.4 | 11% |
| Group | 2.2 | 2.4 | 3.5 | 3.5 | 5.9 | 9.6 | 9.0 | 10.5 | 12.0 | 14.2 | 16% |
| Sales growth, y/y | | | | | | | | | | | |
| Electronics | -4% | 35% | 5% | 5% | 1% | 12% | -9% | 11% | 8% | 5% | |
| Technical Trade | | | | | | 50% | 16% | 10% | 0% | 6% | |
| Heavy Machines | | | | | | | 39% | 2% | 3% | 5% | |
| Other | | | | | | | 39% | 9% | 5% | 5% | |
| Group | -4% | 35% | 5% | 5% | 63% | 50% | 9% | 8% | 4% | 5% | |
| Adj. EBIT ex-PPA margin | | | | | | | | | | | |
| Electronics | 5.4% | 4.4% | 6.2% | 5.8% | 7.4% | 7.5% | 6.7% | 7.1% | 8.2% | 8.8% | |
| Technical Trade | | | | | 3.9% | 9.2% | 10.4% | 9.6% | 10.0% | 11.1% | |
| Heavy Machines | | | | | 10.4% | 5.4% | 3.0% | 4.6% | 5.8% | 6.7% | |
| Group | 5.4% | 4.4% | 6.2% | 5.8% | 9.8% | 14.1% | 14.7% | 15.4% | 16.4% | 18.5% | |

Source: Company data and 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.

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 | 173 | 180 | 190 |
| Revenue growth | 0.5% | -3.7% | 34.6% | 5.5% | 4.6% | 63.0% | 50.2% | 9.4% | 8.1% | 3.9% | 5.3% |
| 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 | 15 | 16 |
| Depreciation and impairments PPE | 0 | 0 | -1 | -1 | -1 | -2 | -3 | -2 | -3 | -3 | -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 | 14 |
| Amortisation and impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -2 | -3 | -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 | 5 | 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 | 4 | 6 | 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 | 3 | 5 | 9 |
| EPS, EUR | 0.72 | 0.56 | 0.72 | 1.00 | 0.90 | 0.90 | 1.97 | -0.45 | 1.10 | 1.83 | 3.38 |
| 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% | 7.5% | 8.3% | 8.6% |
| EBITA | 5.7% | 5.4% | 4.6% | 6.2% | 5.8% | 4.3% | 5.5% | 5.1% | 6.0% | 6.7% | 7.5% |
| EBIT | 5.7% | 5.4% | 4.6% | 6.2% | 5.8% | 4.3% | 5.5% | 4.1% | 4.5% | 5.5% | 7.0% |

Adjusted earnings

| | | | | | | | | | | | |
|----------------|------|------|------|------|------|------|------|-------|------|------|------|
| EBITDA (adj) | 3 | 3 | 3 | 4 | 5 | 8 | 12 | 11 | 13 | 15 | 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 | 1.14 | 1.83 | 3.38 |

Adjusted profit margins in percent

| | | | | | | | | | | | |
|--------------|------|------|------|------|------|------|------|------|------|------|------|
| EBITDA (adj) | 6.5% | 6.4% | 5.5% | 7.1% | 7.6% | 8.0% | 8.0% | 7.1% | 7.6% | 8.3% | 8.6% |
| EBITA (adj) | 5.7% | 5.4% | 4.4% | 6.2% | 5.8% | 5.9% | 6.0% | 5.6% | 6.0% | 6.7% | 7.5% |
| EBIT (adj) | 5.7% | 5.4% | 4.4% | 6.2% | 5.8% | 5.9% | 6.0% | 4.6% | 4.6% | 5.5% | 7.0% |

Performance metrics

| | | | | | | | | | | | |
|-----------------------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| CAGR last 5 years | | | | | | | | | | | |
| Net revenue | n.a. | n.a. | 4.8% | 6.7% | 7.5% | 18.5% | 29.5% | 24.2% | 24.8% | 24.7% | 14.2% |
| EBITDA | n.m. | n.m. | 18.9% | 35.2% | 21.4% | 17.9% | 33.6% | 27.5% | 26.1% | 26.9% | 21.2% |
| EBIT | n.a. | n.a. | 13.8% | 31.2% | 15.2% | 11.9% | 29.9% | 21.0% | 17.4% | 23.0% | 25.8% |
| EPS | n.a. | n.a. | 12.4% | 32.8% | 9.6% | 4.6% | 28.5% | n.m. | 1.9% | 15.2% | 30.2% |
| 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% | 4.7% | 4.8% | 5.3% |
| Average EBITDA margin | n.a. | 4.4% | 5.0% | 6.0% | 6.7% | 6.6% | 7.0% | 7.0% | 7.1% | 7.3% | 7.7% |

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. | 30.3 | 18.8 | 10.2 |
| EV/EBITDA (adj) | 4.3 | 4.4 | 6.7 | 3.9 | 5.3 | 12.3 | 16.4 | 11.4 | 10.2 | 8.7 | 9.0 |
| EV/EBITA (adj) | 4.8 | 5.2 | 8.4 | 4.5 | 6.9 | 16.5 | 21.7 | 14.4 | 12.7 | 10.7 | 10.2 |
| EV/EBIT (adj) | 4.8 | 5.2 | 8.4 | 4.5 | 6.9 | 16.5 | 21.7 | 17.7 | 16.8 | 13.2 | 11.0 |

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. | 31.3 | 18.8 | 10.2 |
| EV/Sales | 0.28 | 0.28 | 0.37 | 0.28 | 0.40 | 0.98 | 1.31 | 0.81 | 0.77 | 0.72 | 0.77 |
| EV/EBITDA | 4.3 | 4.4 | 6.4 | 3.9 | 5.3 | 15.5 | 17.4 | 12.4 | 10.2 | 8.7 | 9.0 |
| EV/EBITA | 4.8 | 5.2 | 8.0 | 4.5 | 6.9 | 22.8 | 23.6 | 15.8 | 12.9 | 10.7 | 10.2 |
| EV/EBIT | 4.8 | 5.2 | 8.0 | 4.5 | 6.9 | 22.8 | 23.6 | 20.0 | 17.0 | 13.2 | 11.0 |
| 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% | -3.1% | 9.8% | 8.0% |
| FCF Yield bef A&D, lease adj | 5.9% | 7.2% | -2.7% | 13.1% | 11.0% | 9.6% | -0.3% | 0.3% | 5.1% | 9.0% | 7.3% |
| Payout ratio | 41.8% | 55.1% | 47.5% | 33.0% | 0.0% | 26.2% | 18.7% | n.m. | 40.4% | 27.3% | 17.8% |

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 | 50 | 49 | 50 |
| 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 | 6 | 4 | 3 |
| 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 | 12 | 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 | 62 | 62 | 65 |
| 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 | 5 | 10 | 4 |
| Total current assets | 14 | 16 | 18 | 20 | 21 | 37 | 58 | 68 | 61 | 65 | 62 |
| 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 | 122 | 127 | 127 |
| Shareholders equity | 10 | 11 | 12 | 13 | 15 | 16 | 22 | 40 | 42 | 46 | 34 |
| 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 | 2 | 2 | 2 |
| Total Equity | 10 | 12 | 13 | 14 | 16 | 17 | 23 | 42 | 44 | 48 | 35 |
| 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 | 122 | 127 | 127 |
| Balance sheet and debt metrics | | | | | | | | | | | |
| Net debt | -4 | -5 | -3 | -4 | -4 | 20 | 38 | 31 | 39 | 34 | 50 |
| 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 | 84 | 84 | 88 |
| Capital employed | 11 | 12 | 14 | 15 | 19 | 45 | 67 | 86 | 88 | 92 | 89 |
| ROE | 38.1% | 13.8% | 15.8% | 20.4% | 16.3% | 14.9% | 27.5% | -3.8% | 7.2% | 11.3% | 22.9% |
| ROIC | 60.9% | 26.7% | 22.7% | 27.7% | 24.9% | 19.2% | 14.4% | 8.5% | 7.9% | 9.4% | 12.4% |
| ROCE | 67.1% | 25.8% | 23.3% | 28.9% | 23.4% | 21.3% | 17.4% | 10.5% | 9.5% | 11.4% | 15.1% |
| Net debt/EBITDA | -1.3 | -1.9 | -0.8 | -0.9 | -0.9 | 3.2 | 3.5 | 2.9 | 3.0 | 2.3 | 3.1 |
| Interest coverage | 3.7 | 3.0 | 4.9 | 6.1 | 5.8 | 3.3 | 3.9 | 4.5 | 3.1 | 4.2 | 6.2 |
| Equity ratio | 61.0% | 61.9% | 56.3% | 57.0% | 58.8% | 24.0% | 22.1% | 33.3% | 34.5% | 36.0% | 26.5% |
| Net gearing | -36.6% | -41.3% | -20.6% | -25.5% | -24.9% | 119.3% | 168.9% | 73.9% | 88.3% | 72.2% | 142.7% |

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 | 15 | 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 | 1 | 1 | -1 |
| Cash flow from operations (CFO) | 1 | 2 | 1 | 3 | 3 | 9 | 2 | 4 | 9 | 13 | 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 | 7 | 11 | 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 | -3 | 9 | 8 |
| Free cash flow bef A&D, lease adj | 1 | 1 | -1 | 2 | 3 | 7 | -1 | 0 | 5 | 8 | 7 |
| 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% | 38.5% | 39.2% | 66.5% |
| Capex/Sales | 0.7% | 1.5% | 2.7% | 0.9% | 0.5% | 0.7% | 0.6% | 1.2% | 1.2% | 1.1% | 1.1% |
| Key information | | | | | | | | | | | |
| Share price year end (/current) | 6 | 6 | 9 | 7 | 11 | 29 | 59 | 37 | 35 | 35 | 35 |
| Market cap. | 15 | 16 | 22 | 19 | 27 | 75 | 152 | 97 | 93 | 93 | 93 |
| Enterprise value | 12 | 11 | 20 | 16 | 24 | 96 | 191 | 130 | 134 | 129 | 145 |
| 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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|--|---|--|---|
| Nordea IB & Equity Division, Equity Research Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland | Nordea IB & Equity Division, Equity Research Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden | Nordea IB & Equity Division, Equity Research Visiting address: Grønjørdsvej 10 DK-2300 Copenhagen S Denmark | Nordea IB & Equity Division, Equity Research Visiting address: Essendropsgate 7 N-0107 Oslo Norway |
| Tel: +358 9 1651 Fax: +358 9 165 59710 | Tel: +46 8 614 7000 Fax: +46 8 534 911 60 | Tel: +45 3333 3333 Fax: +45 3333 1520 | Tel: +47 2248 5000 Fax: +47 2256 8650 |
| Reg.no. 2858394-9 Satamaradankatu 5 Helsinki | | | |