




BOREO

WEAK RESULT, PERFORMANCE OUTLOOK IMPROVING

Q124 WEBCAST | APRIL 30, 2024



AGENDA

- **Q124 HIGHLIGHTS**
 - **Q124 FINANCIALS**
 - **Q&A**
- 

Q124 | HIGHLIGHTS

WEAK RESULT

Decline of sales to 33m€ (Q123: 41m€)

Organic growth -9m€

Operational EBIT 0.6m€ (1.8%)

Strong operational cash flow of 6.1m€

IMPROVING OUTLOOK

Order books at a low level in Q423

Improving order intake in Q124

Profit generation supported by cost optimization actions (+1m€), Q224 onwards

STABLE FINANCIAL STANDING

Completed refinancing of the 20m€ hybrid

4m€ of the old hybrid not tendered

Leverage at 2.4x

GOAL TO BRING THE FIRM BACK TO GROWTH TRACK

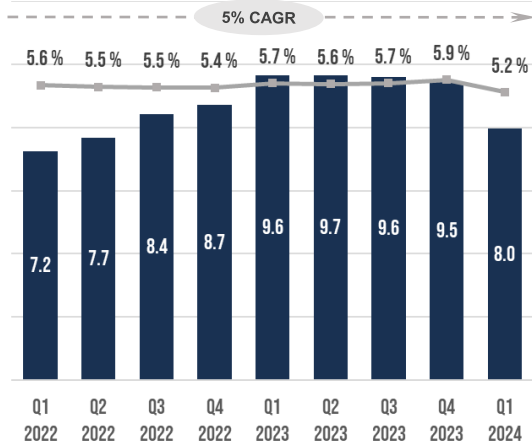
Short-term focus in existing portfolio

Kicked off processes with companies to achieve +50% ROTWC

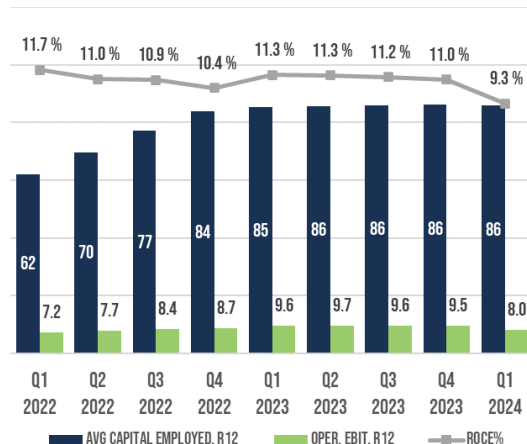
Q124 | TEMPORARILY FAR AWAY FROM LONG-TERM TARGETS

AFTER 3-YEARS OF SIGNIFICANT EARNINGS GROWTH, SLOW-DOWN OF GROWTH

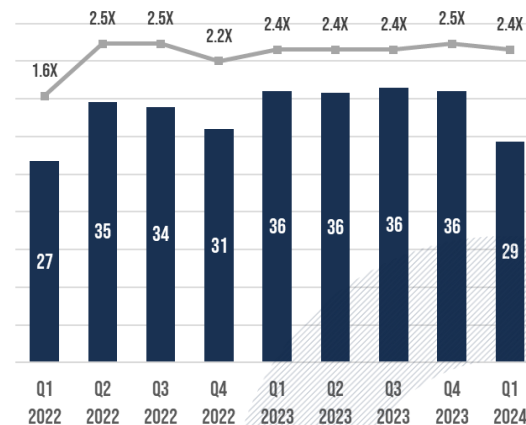
OPERATIONAL EBIT (€) & EBIT%, R12



ROCE%



NET DEBT/OPERATIONAL EBITDA



Q124

-18%*

(15%)
MINIMUM ANNUAL AVERAGE
OPERATIONAL EBIT GROWTH

9.3%

(15%)
MINIMUM
ROCE

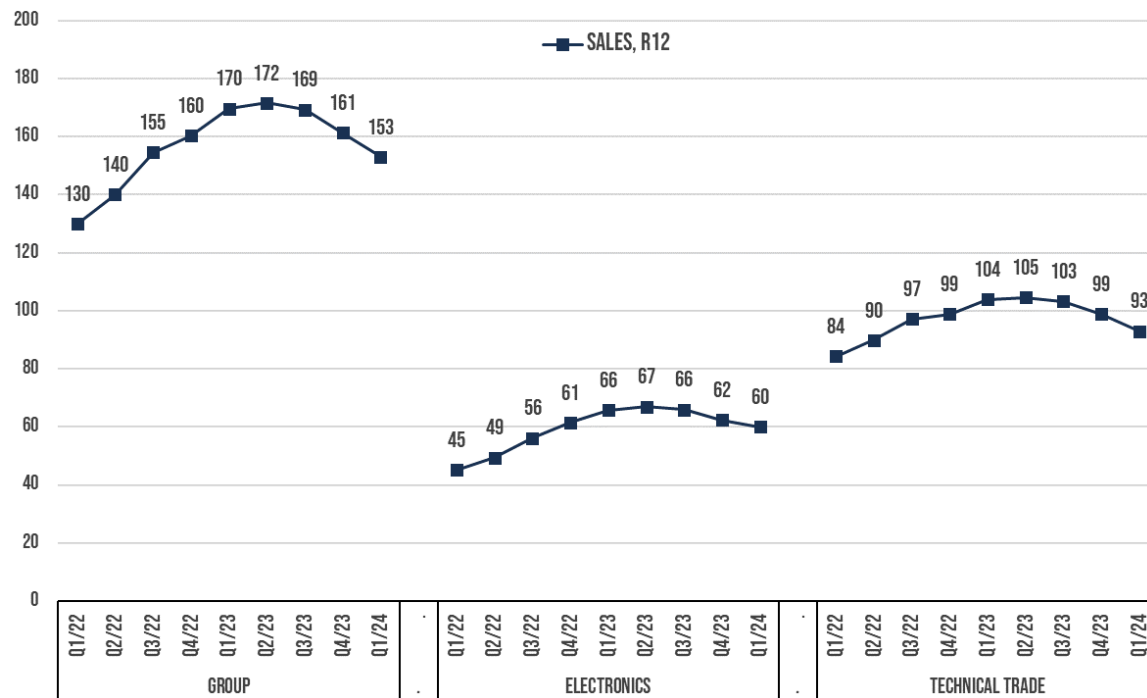
2.4X

(2-3X)
NET DEBT /
OPERATIONAL EBITDA

Notes: Figures adjusted for continued operations and * R12 ending 31.3.2024

Q124 | CONTINUED DECLINE OF SALES

WEAK SALES BECAUSE OF GENERALLY LOW DEMAND AND SHIFT OF DELIVERIES



COMMENTARY

Sales -20% vs. Q123

- Sales under pressure throughout the portfolio
- Poor demand environment especially in Finland

Organic growth

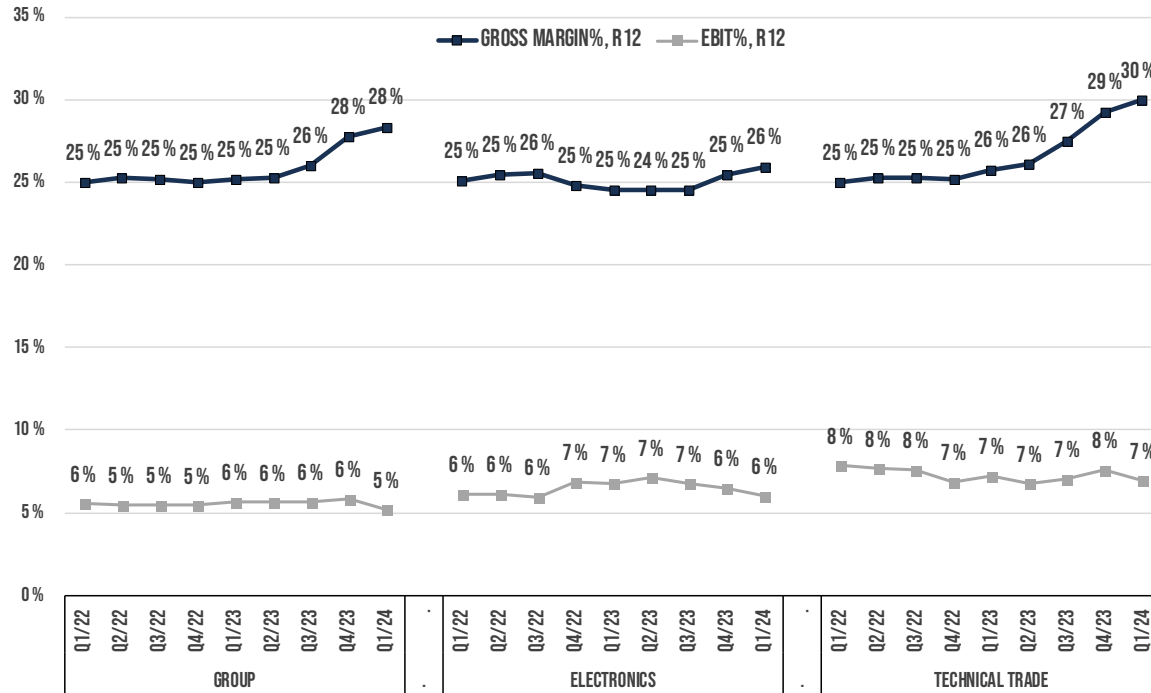
- Negative -9m€
- Shift of deliveries by c. -2m€ (impact of strikes and other delays)
- SANY impact of c. -0.7m€

Acquisitions

- +0.5m€ impact due to Delfin Technologies

Q124 | STEADY GROSS MARGINS, COST ACTIONS NOT VISIBLE YET

COST ACTIONS TAKEN TO ENSURE PROFIT GENERATION WITH LOWER VOLUMES



COMMENTARY

Gross margin

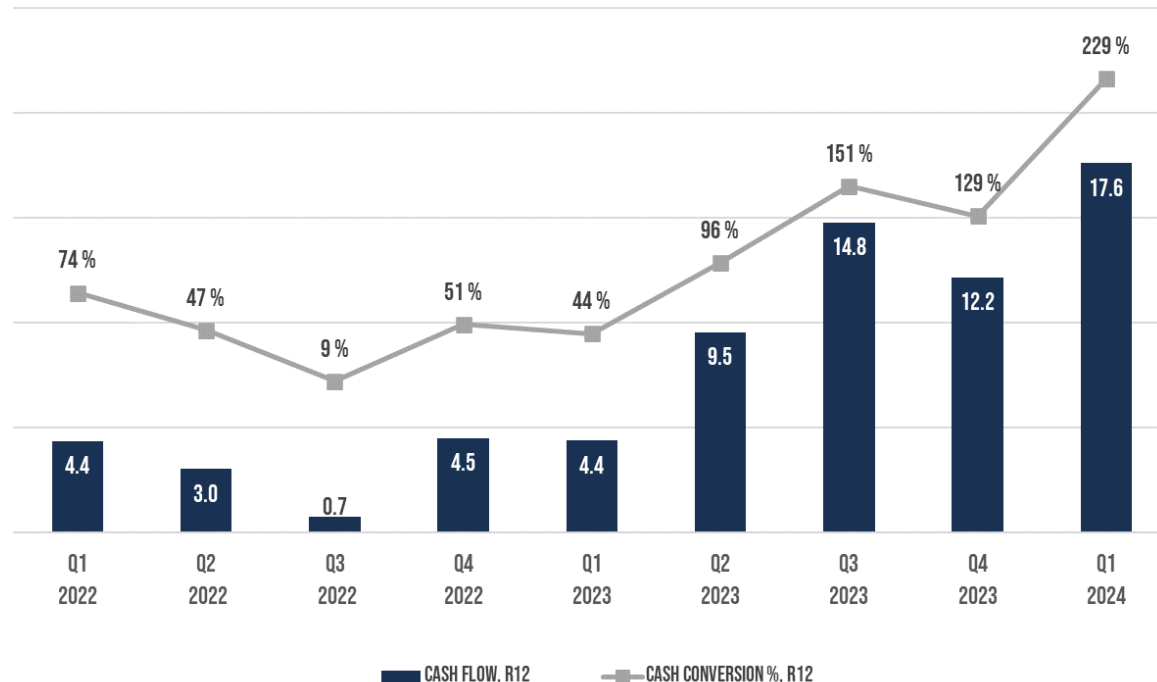
- Successful management of margins
- Impact of sales mix

Profitability

- Limited impact of cost initiatives for Q124 result
- Focus on cost control

Q124 | CONTINUED STRONG CASH GENERATION

6M€ OF OPERATIVE CASH FLOW – WORKING CAPITAL REDUCED TO 25M€



COMMENTARY

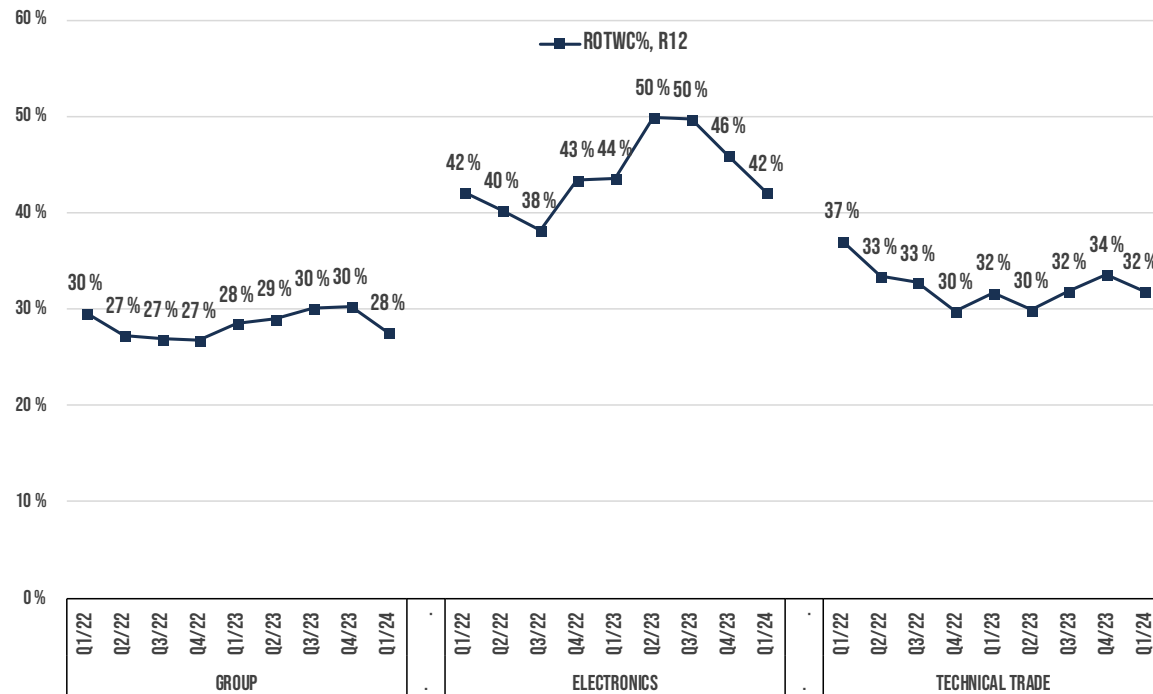
- Successful management of working capital, adapting to lower level of activity
- Working capital down by c. 13m€ from the peak in 2022
- Trade Working Capital at c. 25m€ in Q124
- Expected to increase over the coming months, target to maintain current levels toward the end of the year

1) Cash flow adjusted for continued operations since Q2/22

2) Cash conversion = cash flow / (EBITDA – IFRS16 expenses), where
Cash Flow = Operational net cash flow + paid interest – organic Capex

Q124 | POOR PROFITABILITY HITS RETURNS ON CAPITAL

PROFITABILITY TRAILING IN BOTH BUSINESS AREAS



COMMENTARY

- Significant decline of profits impacts returns negatively
- Working capital managed better than in history – short delivery times enable quick reaction to changes in operating environment

Q124 | IMPROVING PERFORMANCE OUTLOOK

SUPPORTED BY THE DEVELOPMENT OF ORDER BOOKS AND IMPLEMENTED COST ACTIONS

1

ORDER BOOKS HAVE IMPROVED

LOW POINT AT THE END OF 2023
INCREASE OF ORDER BOOKS IN Q124



2

COST REDUCTIONS MADE

MINIMUM 1M€ COST SAVINGS FROM H224
ONWARDS



3

CONTINUED POSITIVE OUTLOOKS

CONTINUED STABLE OUTLOOKS FOR PART OF THE
COMPANIES



CONFIDENCE IN THE VALUE CREATION POTENTIAL

THE VISION, BUSINESS MODEL AND STRATEGIC TARGETS ARE CLEAR

VISION

BOREO IS A LONG-TERM OWNER OF GREAT ENTREPRENEURIAL COMPANIES

THE COMPANIES GENERATE SUSTAINABLE EARNINGS GROWTH, HIGH RETURNS ON CAPITAL AND STRONG CASH FLOWS

THE COMPANIES ARE INDUSTRIAL VALUE-ADD DISTRIBUTORS, PRODUCT COMPANIES AND SERVICE PROVIDERS

BUSINESS MODEL & PHILOSOPHY



DECENTRALIZATION

Culture of ownership and release of entrepreneurial energy
Aligned interest of shareholders and employees
Sharing best practices

CAPITAL ALLOCATION

Focus on earnings and capital efficiency
Broad universe of investment opportunities – discipline in capital allocation decisions

LONG-TERM VIEW

Supportive long-term owner of SMEs
Focus on small incremental improvements and continuous learning

BOREO
WAY

STRATEGIC TARGETS

BOREO'S LONG-TERM STRATEGIC FINANCIAL TARGETS



THE LONG-TERM TARGETS FOR COMPANIES



BOREO

GOAL TO BRING THE COMPANY BACK TO GROWTH-TRACK

SHORT-TERM ON EXISTING PORTFOLIO, OBJECTIVE TO RETURN BACK TO CREATING VALUE INCL. M&A

1

ACQUISITIONS

OF COMPANIES WITH ABILITY TO GENERATE EARNINGS GROWTH, STRONG CASH FLOWS AND HIGH RETURNS

2

INVESTMENTS

IN THE GROWTH OF OUR COMPANIES WHICH ALREADY EXCEED THE 50% ROTWC TARGET

3

RE-ORGANIZATIONS

IN COMPANIES OPERATING BELOW THE 50% ROTWC-THRESHOLD (SHORT - TO MID-TERM)

CURRENT PRIORITIES

1. PROFITS, CASH FLOWS & BALANCE SHEET
2. SHORT-TERM RE-ORGANIZATION PLANS
3. MID-TERM STRATEGIC PLANS



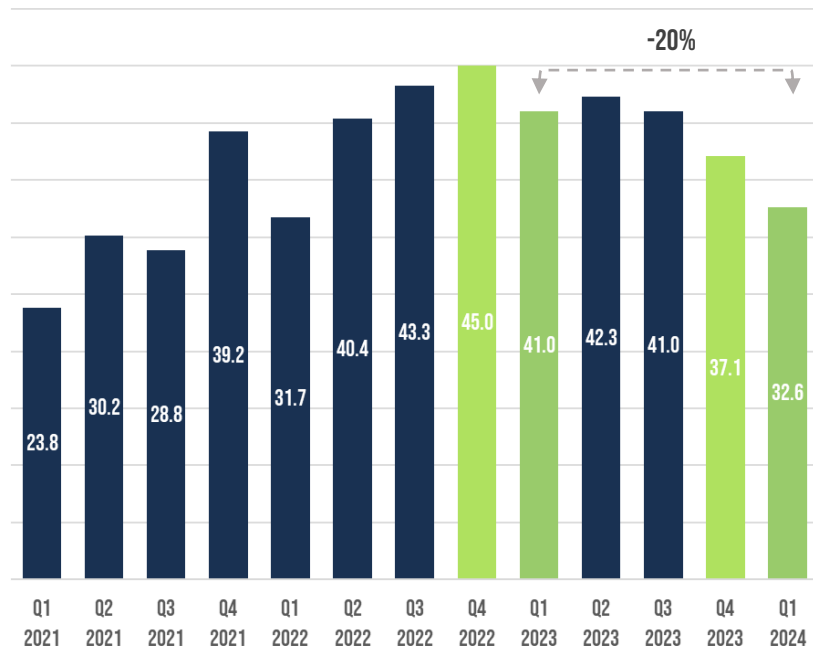
AGENDA

- Q124 HIGHLIGHTS
 - Q124 FINANCIALS
 - Q&A
- 

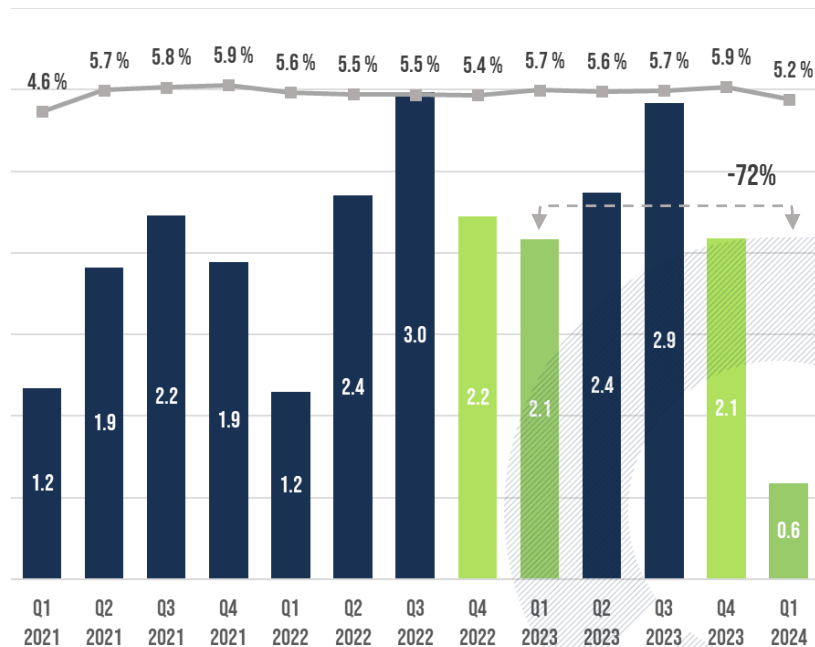
Q124 | NET SALES AND OPERATIONAL EBIT

SIGNIFICANT DROP IN SALES IN Q423 & Q124 RESULTING IN PRESSURE ON PROFITABILITY

NET SALES *



OPERATIONAL EBIT & EBIT% *

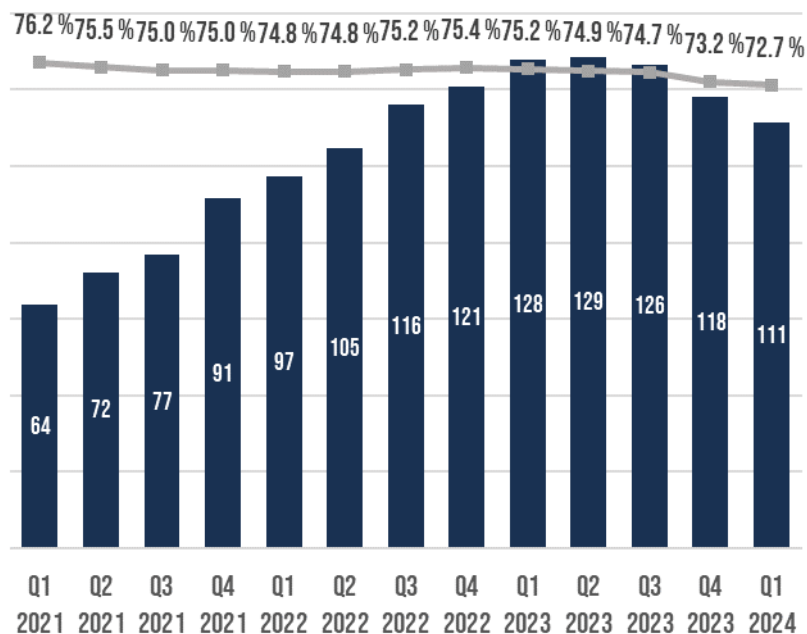


*Adjusted for continued operations

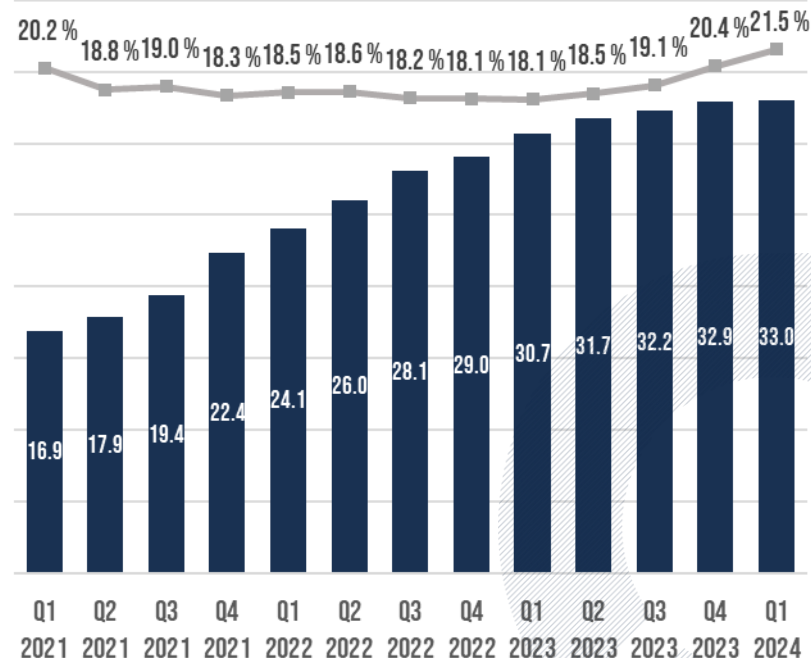
Q1 2024 | DIRECT COST RATIO AND INDIRECT COST RATIO

DIRECT COST EFFICIENCY IMPROVED, INDIRECT COST RATIO UP MAINLY BECAUSE OF LOW SALES

DIRECT COSTS (R12) AND DIRECT COST RATIO [%]*



INDIRECT COSTS (R12) AND INDIRECT COST RATIO [%]*



*Adjusted for continued operations

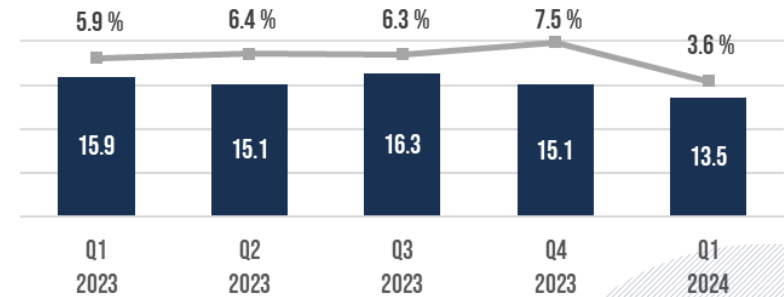
Q124 | ELECTRONICS

OPERATIONAL EBIT AT 3.6% & ROTWC AT 42%, POOR RESULT IN Q124

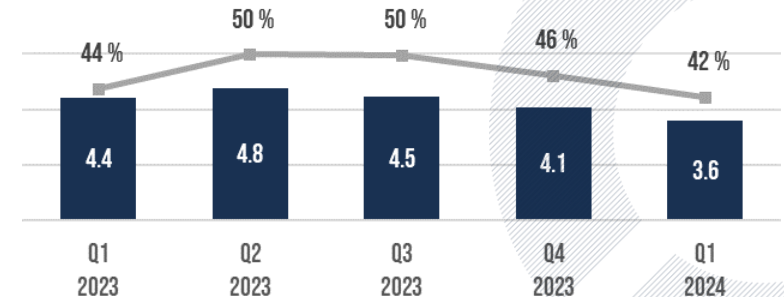
COMMENTS - Q1 2024

- Finnish operations (Yleiselektronikka, Noretron, Milcon, Infradex, SSN, Delfin)
 - Yleiselektronikka: decline in sales and profitability. Result below comparison period, outlook moderate. Reorganizations completed in 2/24
 - Noretron: result below comparison period, outlook moderate
 - Milcon: slow start to the year, outlook remains positive
 - Infradex: Q1 result in line with the expectations, outlook moderate
 - SSN: Q1 result in line with the expectations, but one-time costs affected the result negatively. Investment holiday of the main customer continues to impact, outlook remains moderate
 - Delfin: result moderate, outlook stable and investment program proceeds as planned
- Baltic electronic component businesses (Estonia, Latvia, Lithuania)
 - Weakening activity from earlier quarters, performance at moderate level compared to recent history
- Capital efficiency
 - Continued good cash generation supported by good management of working capital – ROTWC declined to 42% due to weak result

NET SALES AND OPERATIONAL EBIT%



OPER. EBIT (R12) & ROTWC% (R12)



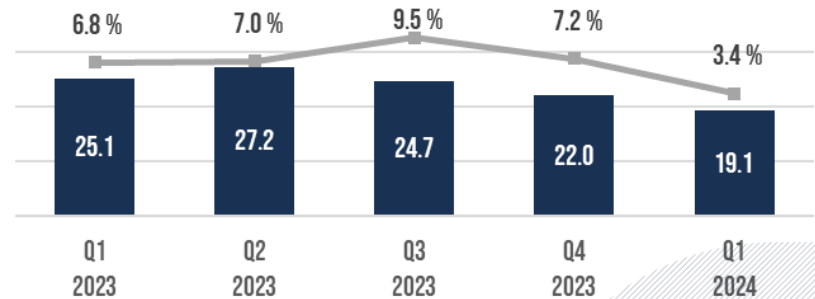
Q124 | TECHNICAL TRADE

WEAK PROFITABILITY - OPERATIONAL EBIT AT 3.4% & ROTWC AT 32%

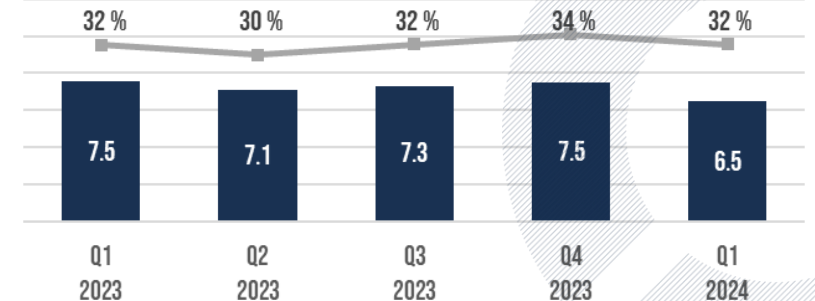
COMMENTS - Q1 2024

- Machinery Power
 - Strong operating profit above comparison period
 - Decent order backlog supporting outlook
- Construction (Muottikolmio and Machinery's Construction equipment)
 - Weak performance
 - Short-term outlook challenging, cost actions initiated in both companies
- Welding & metal machines (Pronius & Machinery's Metal Machines)
 - Pronius: modest performance, market outlook is somewhat uncertain, but profit generation supported by strong position in the market
 - Metal Machines: poor performance, soft outlook still
- J-Matic & Filterit
 - Good profitability in Filterit, slower quarter in J-Matic. Foundation for long-term profit growth in place with both companies, albeit short-term outlook a bit lagging behind expectations

NET SALES AND OPERATIONAL EBIT%



OPER. EBIT (R12) & ROTWC% (R12)



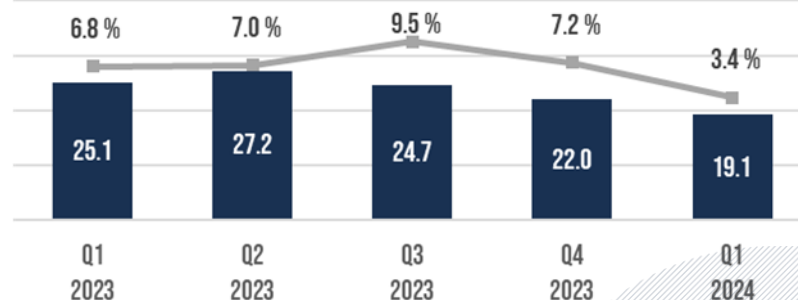
Q124 | TECHNICAL TRADE (CONT'D)

WEAK PROFITABILITY - OPERATIONAL EBIT AT 3.4% & ROTWC AT 32%

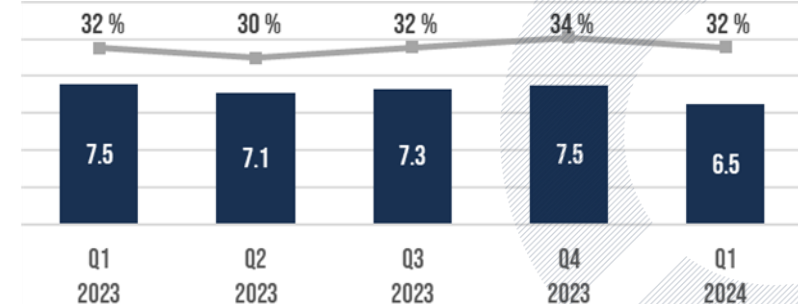
COMMENTS - Q1 2024

- Putzmeister business
 - Sweden: strong result supported by strong aftermarket business. Outlook positive with a strong orderbook & sizeable order won during the quarter
 - Finland: weak result due to low level of machine deliveries, however Q1 ended with a positive trend. Outlook still uncertain
 - Estonia: low level of activity as expected, continued positive steps in strengthening presence in the country
- Sany business
 - Result according to estimations, tough market. Further actions planned to be executed during Q2 and onwards
- FNB & Lackmästarn
 - FNB: Strong result in Q1, ERP implementation finally accomplished and orderbook at strong level
 - Lackmästarn: Weak start for the year, expected to catch up in later quarters
- ESKP & Vesterbacka Transport
 - Stable volumes in frame transports, supported by a positive uptick in express transports. Cost pressures continue to affect the profitability of the companies

NET SALES AND OPERATIONAL EBIT%



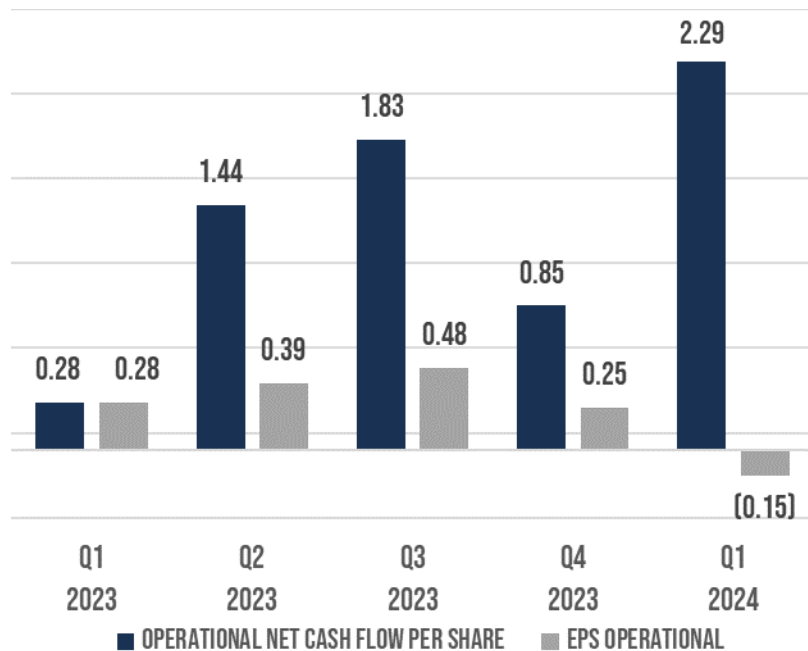
OPER. EBIT (R12) & ROTWC% (R12)



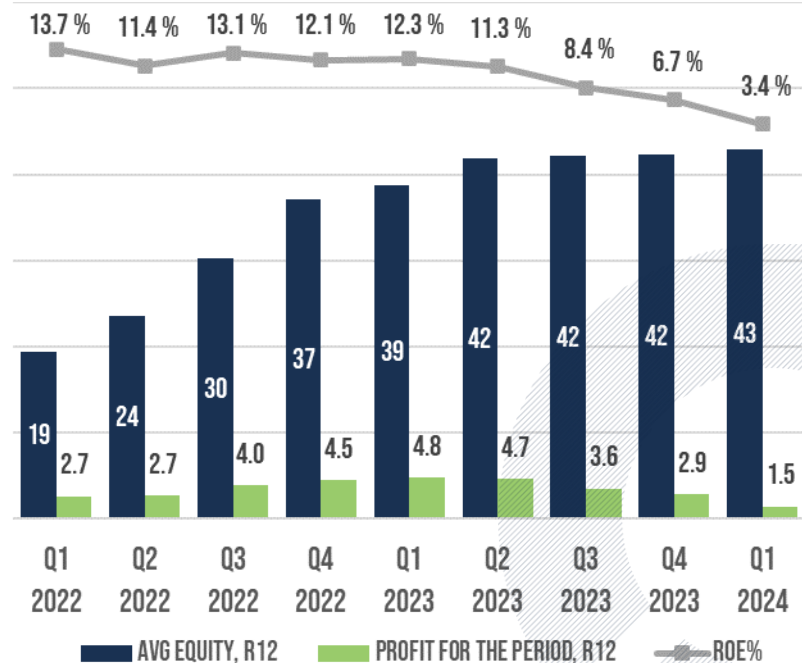
Q1 2024 | EPS AND ROE

STRONG OPERATIONAL CASH FLOW SUPPORTED BY WORKING CAPITAL RELEASE. ROE IMPACTED BY WEAK NET PROFIT AND INCREASED EQUITY

CASH FLOW AND EARNINGS PER SHARE*



ROE



*Cash flow adjusted for continued operations since Q2/22



AGENDA

- YEAR 2023
- STRATEGIC REVIEW
- Q4 2023
- Q&A





BOREO

Q&A



BOREO

GROW & PROSPER

A LONG-TERM OWNER OF GREAT ENTREPRENEURIAL COMPANIES

161M€

NET SALES 2023



9.5M€ (5.9%)

OPERATIONAL EBIT 2023



338

EMPLOYEES

21

COMPANIES



Map excluding USA

11.0%

RETURN ON CAPITAL EMPLOYED
2023



2.4X

NET DEBT / OPERATIONAL EBITDA
Q1 2024



DIVERSIFIED INDUSTRIAL PORTFOLIO IN 7 COUNTRIES

BOREO



ELECTRONICS

62M€

2023 Sales

133

Professionals

7

Markets



Yleiselektroniikka

infradex

Delfin
Technologies

YEInternational
YE GROUP

noretron
COMPONENTS

MILCON

Signal
Solutions



TECHNICAL TRADE

100M€

2023 Sales

199

Professionals

3

Markets



MACHINERY

PRONIUS

pm nordic

MUOTTIKOLMIO

automatic

HM NORDIC

FILTERIT®

TORNO
KONE

Platy Net Solutions AB

ESKP

ESKP

Net sales adjusted for continued operations
New organizational structure effective as of 1.1.2024

BOREO


CAPABLE & COMMITTED LEADERSHIP IN A DECENTRALIZED STRUCTURE

BOARD OF DIRECTORS




SIMON HALLQVIST,
CHAIRMAN

 1,911,586 shares





CAMILLA GRÖNHOLM,
CHAIR OF REMCO

 818 shares





JOUNI GRÖNROOS,
CHAIR OF AUDIT COMMITTEE

 974 shares





RALF HOLMLUND,
BOARD MEMBER

 1,785 shares




NOORA NEILIMO-KONTIO,
BOARD MEMBER

 245 shares



JUSSI VANHANEN,
BOARD MEMBER

 0 shares

MANAGEMENT TEAM



KARI NERG
CEO

 42,138 shares



AKU RUMPUNEN
CFO

 24,000 shares



MARI KATARA
SVP, PEOPLE & SUSTAINABILITY

 5,100 shares



TOMI SUNDBERG
SVP, HEAD OF EBA

 5,728 shares



JESSE PETÄJÄ
SVP, M&A & CO-HEAD TTBA

 14,560 shares



RICHARD KARLSSON
SVP, CO-HEAD TTBA

 24,916 shares

COMPANIES



YLEISELEKTRONIIKKA
TOMI SUNDBERG



SIGNAL SOLUTIONS NORDIC
TONY AALTONEN



MACHINERY
SILJA FRIGÅRD



FILTERIT
JOONAS KORHIAKOSKI



LACKMÅSTARN
RICHARD KARLSSON



YE INTERNATIONAL AS
LAURI EBBERT



INFRADEX
JUSSI AROLA



MACHINERY
JUHA-PEKKA HONKANEN



TORNOKONE
KAJ JÄRVINEN



ESKP
JARMO SEPPÄLÄ



YE INTERNATIONAL SIA
AIVARS LATKOVSKIS



MILCON
HERMANNI LEHTOMÄKI



MUOTTIKOLMIO
MIKKO AALTO



PM NORDIC
MATTIAS EDVARDSSON



UAB YE INTERNATIONAL
ANDREJ KOLOBOV



DELFIN TECHNOLOGIES
JOUNI NUUTINEN



PROMIUS
KARI LEHTOMAA



HM NORDIC
MIHKEL TASA



NORETRON COMPONENTS
JUHA-PEKKA TIAINEN



DELFIN TECHNOLOGIES
JAAKKO HÄMÄLÄINEN



J-MATIC
JARKKO LAUKKANEN



FLOBY NYA BILVERKSTAD
RICHARD KARLSSON

BOREO'S BUSINESS MODEL



OUR ACQUISITION & OWNERSHIP CRITERIA

ASSET LIGHT INDUSTRIAL BUSINESSES WITH STRONG CASH GENERATION, PROVEN TRACK RECORD AND A MANAGEMENT FIT WITH BOREO CULTURE



INDUSTRIAL CHARACTERISTICS

B2B

DISTRIBUTION

INDUSTRIAL SERVICES

LIGHT-MANUFACTURING

FINANCIAL CHARACTERISTICS

HIGH CASH CONVERSION

**ASSET LIGHT
BUSINESS MODEL**

**PROVEN FINANCIAL
HISTORY**

PREDICTABILITY

ORGANISATIONAL CHARACTERISTICS

STRONG MANAGEMENT

FIT WITH BOREO CULTURE

**COMMITTED
ENTREPRENEUR**

(OR CREDIBLE CONTINUATION PLAN)

INVESTMENT CHARACTERISTICS

SOLID MARGINS

REASONABLE VALUATION

**DOUBLE-DIGIT CASH FLOW
BASED RETURNS ON
CAPITAL**

OUR PHILOSOPHY – SUSTAINABLE LONG-TERM PROFIT GENERATION

DECENTRALIZATION

Culture of ownership and release of entrepreneurial energy

Aligned interest of shareholders and employees

Sharing best practices

CAPITAL ALLOCATION

Focus on earnings and capital efficiency

Broad universe of investment opportunities – discipline in capital allocation decisions

LONG-TERM VIEW

Supportive long-term owner of SMEs

Focus on small incremental improvements and continuous learning

BOREO 
WAY

BOREO 

WHAT'S IN IT FOR THE COMPANIES?

A LONG-TERM OWNER

- Stability
- Continuation
- Credibility
- Access to funding

LEADERSHIP DEVELOPMENT

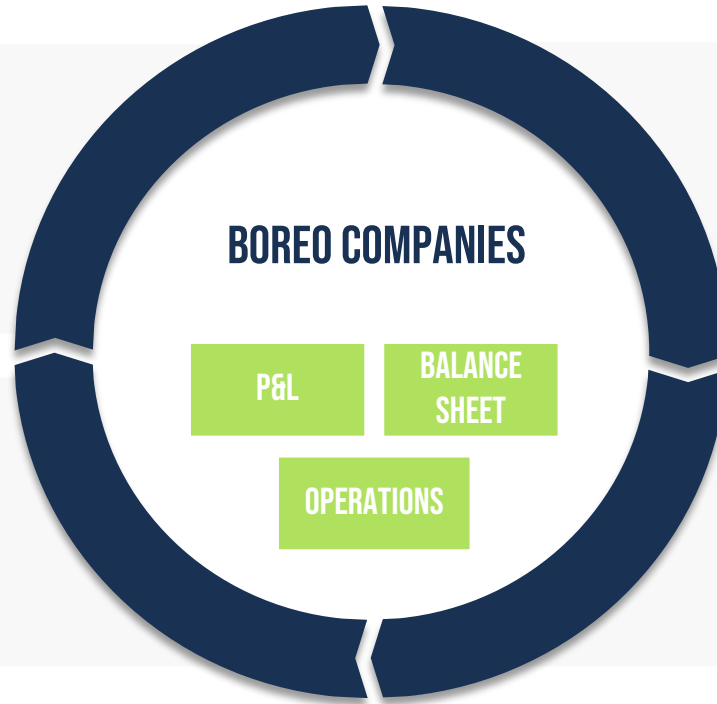
- Best practice sharing
- Support from 'Coaches'
- MD peer group
- Boreo Academy

BUSINESS DEVELOPMENT

- Board of Directors
- Game Plan
- No bureaucracy
- Data for management
- Sustainability

PERSONNEL

- Continuity
- Career opportunities
- Employer image



FOCUS ON EARNINGS GROWTH AND RETURN ON CAPITAL

UPDATED LONG-TERM STRATEGIC FINANCIAL
TARGETS TO BETTER REFLECT SHAREHOLDER VALUE CREATION



MINIMUM ANNUAL
AVERAGE OPERATIONAL
EBIT GROWTH

15%



MINIMUM
ROCE

15%



NET DEBT /
OPERATIONAL EBITDA

2-3X

DIVIDEND POLICY

Target to annually increase dividend per share,
taking into consideration capital allocation priorities



BOREO

GROW & PROSPER