

The logo for BOREO features the word "BOREO" in a bold, white, sans-serif font. The letter "O" is replaced by a stylized circular icon composed of many thin, parallel lines. The entire logo is set against a background of a dark, cloudy sky over a body of water.

BOREO

THE OVERALL SITUATION REMAINS CHALLENGING

Q324 WEBCAST | OCTOBER 31, 2024



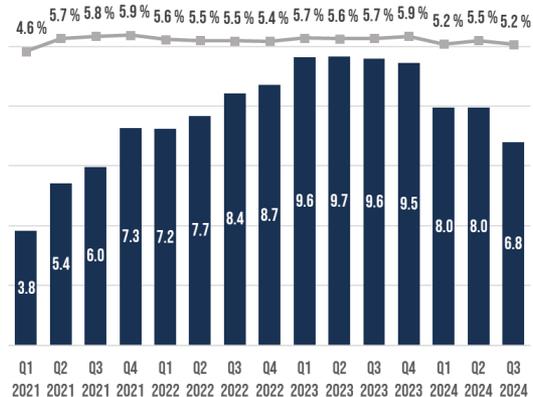
AGENDA

- **BIG PICTURE**
 - **Q324 HIGHLIGHTS**
 - **Q324 FINANCIALS**
 - **Q&A**
- 

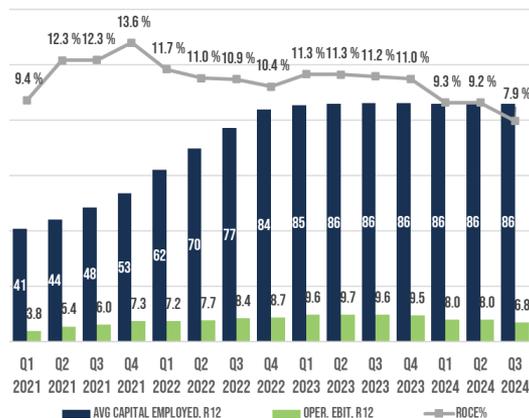
THE OVERALL SITUATION REMAINS CHALLENGING

MODEST PERFORMANCE COMPARED TO RECENT HISTORY & POTENTIAL OF THE PORTFOLIO

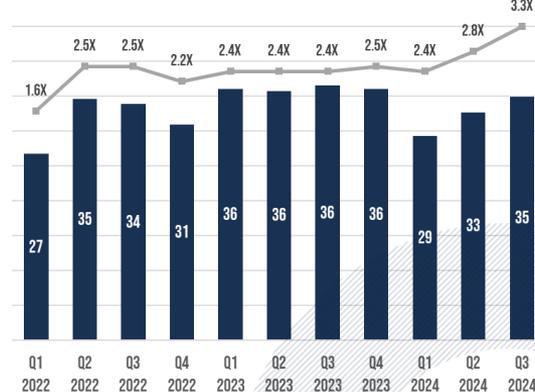
OPERATIONAL EBIT (€) & EBIT%, R12



ROCE%



NET DEBT/OPERATIONAL EBITDA



Q324

-29%*

(15%)
MINIMUM ANNUAL AVERAGE
OPERATIONAL EBIT GROWTH

7.9%

(15%)
MINIMUM
ROCE

3.3X

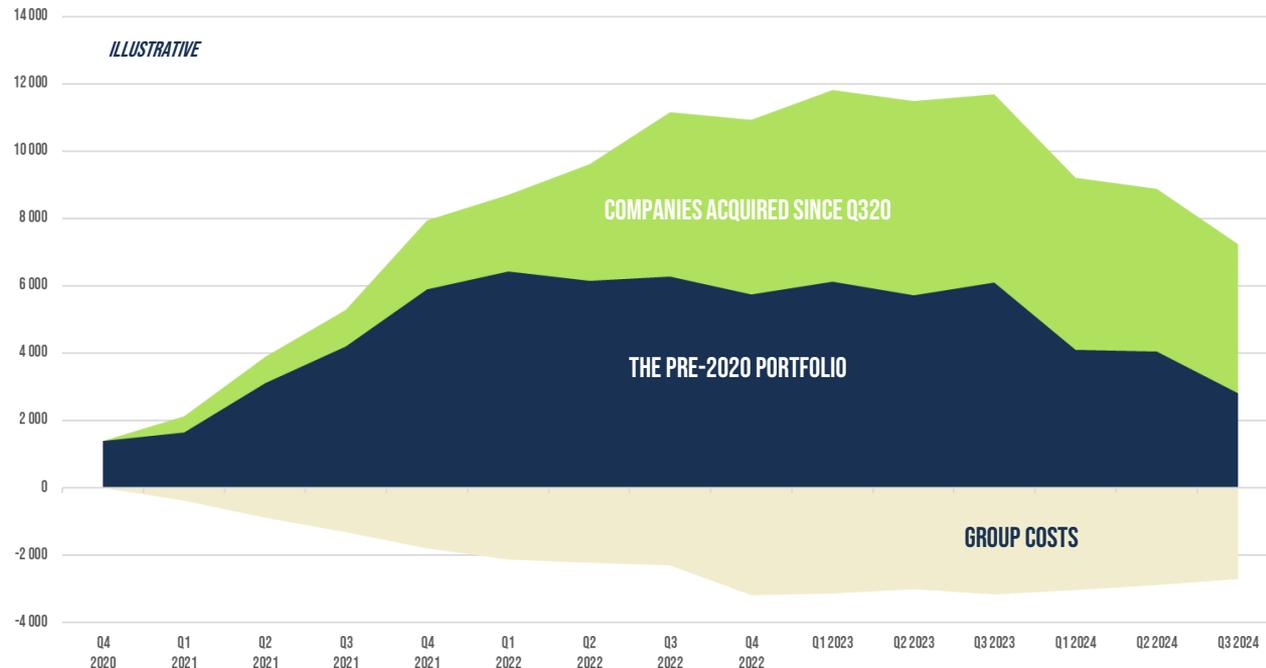
(2-3X)
NET DEBT /
OPERATIONAL EBITDA

*Adjusted for continued operations and * R12 ending 30.9.2024

THE ACQUIRED COMPANIES PERFORM BETTER THAN THE OLD PORTFOLIO

CHALLENGES WITH THE INVESTMENT DRIVEN PORTFOLIO IN PLACE BEFORE INTRODUCTION OF BOREO

OPERATIONAL EBIT, M€¹⁾



COMMENTARY

- 1 Continued investments in growth – e.g. Delfin, Filterit, Pronius
- 2 Reorganizations completed – e.g. Machinery, Yleiselektroniikka, YE Estonia – not fully visible in R12 numbers
- 3 Reduction of HQ costs by c. 0.8m€ per annum – not fully visible in R12 numbers

NOTES

- Local GAAP operating profit incl. one-off costs.
- Companies acquired since September 2020 (starting with Muotikolmio)
- The Pre-2020 Portfolio: companies incl. YE in 4 countries, Machinery, Tornokone and Noretron Components

CONFIDENCE IN THE BUSINESS MODEL & STRATEGY

WELL POSITIONED FOR A SIGNIFICANT EARNINGS IMPROVEMENT AS MARKET CONDITIONS IMPROVE

BUSINESS MODEL & PHILOSOPHY



DECENT RETURNS FOR ACQUISITION DESPITE CHALLENGING TIMES



16 ACQUISITIONS
SINCE Q3 2020

IMPROVED QUALITY OF THE FIRM
COMPANIES W/ HIGH MARGINS & RETURNS ON CAPITAL

~15% ROCE
VS. ~20% EXPECTATION AT ACQUISITIONS

FOCUS ON EXECUTING OUR BACK TO GROWTH-PLAN

COSTS DECLINE +2M€ P.A. – INVENTORY DOWN BY 10M€ SINCE SUMMER 2023 – REORGANIZATIONS COMPLETED

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)



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- 

Q324 | HIGHLIGHTS

MODERATE RESULT

Operational EBIT 1.8m€ (Q323: 3.0m€)

Profitability at 6.2% (Q323: 7.0%)

Decline of sales to 29m€ (Q323: 41m€)

COST ACTIONS KICK-IN WELL

Fixed costs declined more than communicated

Annual cost savings over 2m€ (vs. 1m€ communicated earlier)

DECENT TRADING OUTLOOK

Orderbooks improved from Q224 and to Q124 levels

Sizeable single orders postponed to 2025

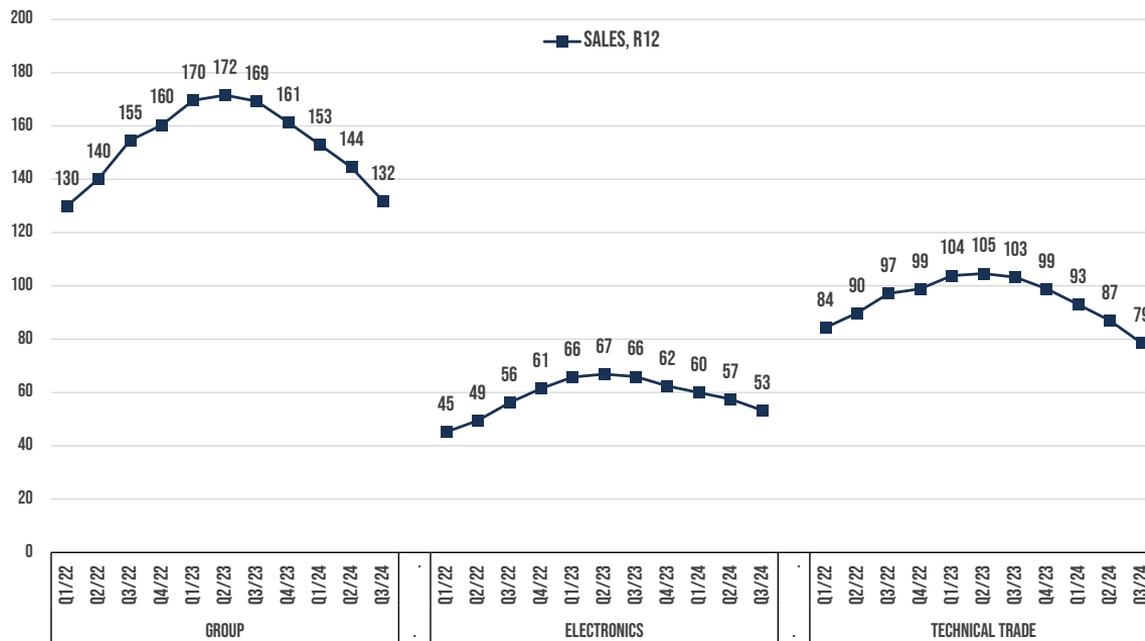
PRIORITIES: PROFIT GENERATION & DELEVERAGING

Operational cash flow 0.7m€

Leverage elevated at 3.3X

Q324 | SIGNIFICANT DECLINE IN SALES

CHALLENGING MARKET CONDITIONS CONTINUED



COMMENTARY

Sales -30% or -12.2m€ vs. Q324

- Sales under pressure in majority of the companies

Acquisitions & exits

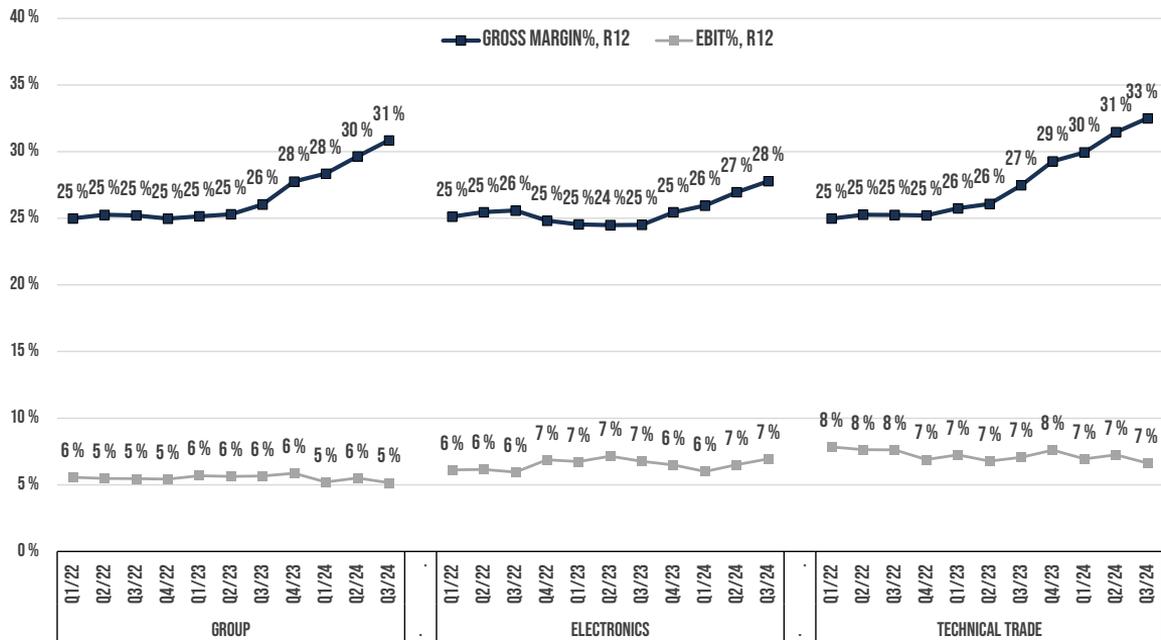
- No impact from acquisitions

Company high- & lowlights

- (+) Milcon, FNB, Infradex, ESKP
- -5m€ Putzmeister businesses
- -4m€ Machinery
- -3m€ YE businesses

Q324 | STRONG GROSS MARGINS & STABLE PROFITABILITY

COSTS DECLINE MORE THAN EXPECTED – ANNUAL COST SAVINGS OVER 2M€ (VS. 1M€ COMMUNICATED EARLIER)



COMMENTARY

Gross margin

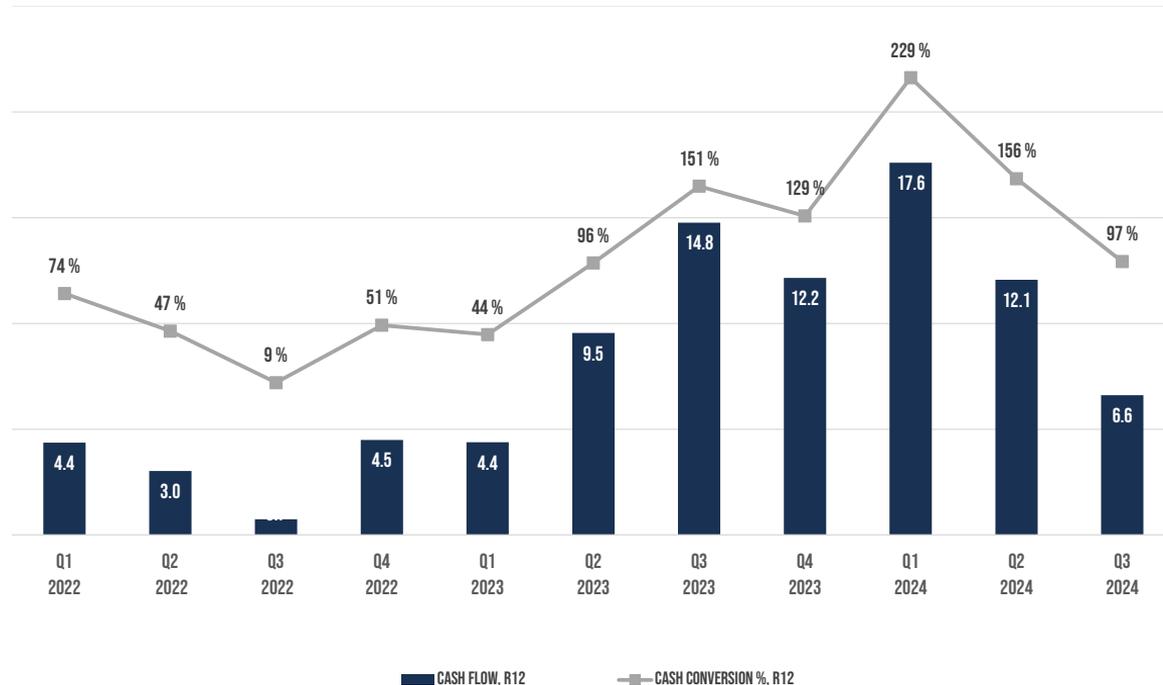
- Up from 27% to 32%
- Successful management of margins
- Impact of sales mix - support from aftermarket activities

Profitability

- Costs decline more than expected
- Annual cost savings over 2m€ (vs. 1m€ communicated earlier)

Q324 | MODERATE CASH FLOW

CASH FLOW BELOW EXPECTATIONS DUE TO SLIGHT INCREASE IN WORKING CAPITAL



COMMENTARY

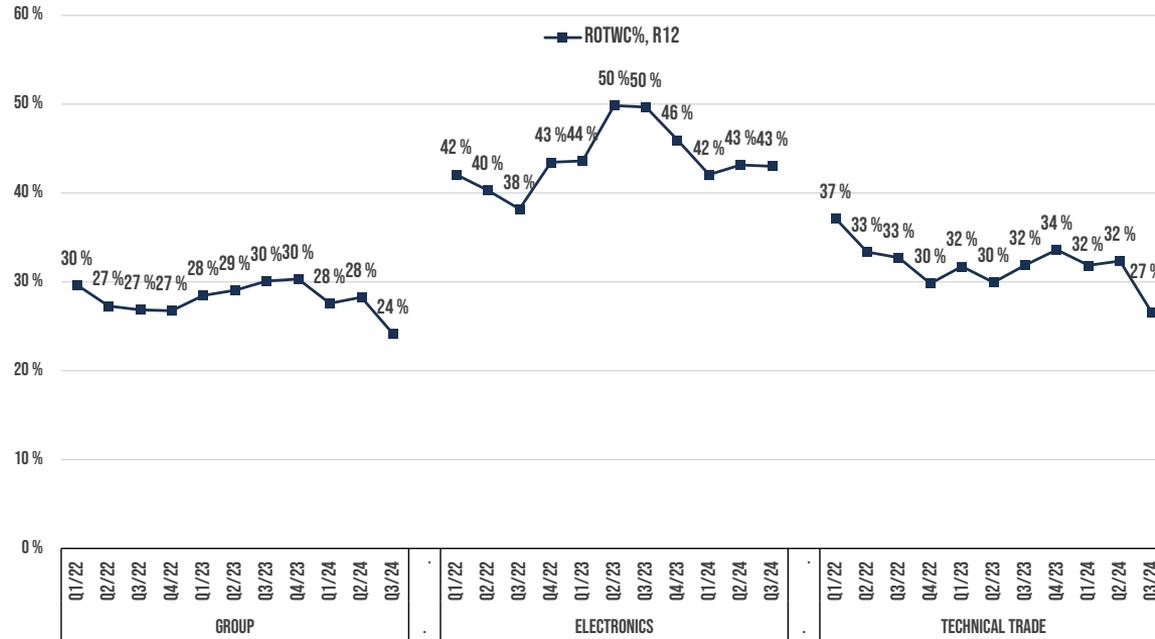
- Trade Working Capital increased by c. 0.5m€ to 28.5m€ in Q324
 - Inventory declined by 1m€ from Q224 and is 6m€ below Q323
- Target to lower working capital toward the end of the year and gradually reach 25m€

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

Q324 | RETURNS NEGATIVELY IMPACTED BY PROFITABILITY

ACTIONS TAKEN WITH COSTS AND WORKING CAPITAL NOT ENOUGH TO OFFSET DECLINE IN SALES



COMMENTARY

- Weak profitability in the recent quarters impacting returns negatively
- Strong cash generation in the last 2-years not enough to offset the profitability impact

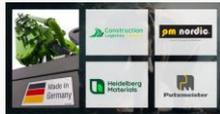
Q324 | DECENT PERFORMANCE OUTLOOK

COST ACTIONS KICK-IN BETTER AS EXPECTED – ORDER BOOKS GREW BACK TO Q124 LEVELS

1

ORDER BOOKS

INCREASE OF ORDER BOOKS TO Q124 LEVEL –
CLS DELIVERIES DELAYED TO 2025



2

COST DECLINED AS PLANNED

ANNUAL COST SAVINGS OF OVER 2M€



3

CONTINUED POSITIVE OUTLOOKS

CONTINUED STABLE OUTLOOKS FOR
PART OF THE COMPANIES





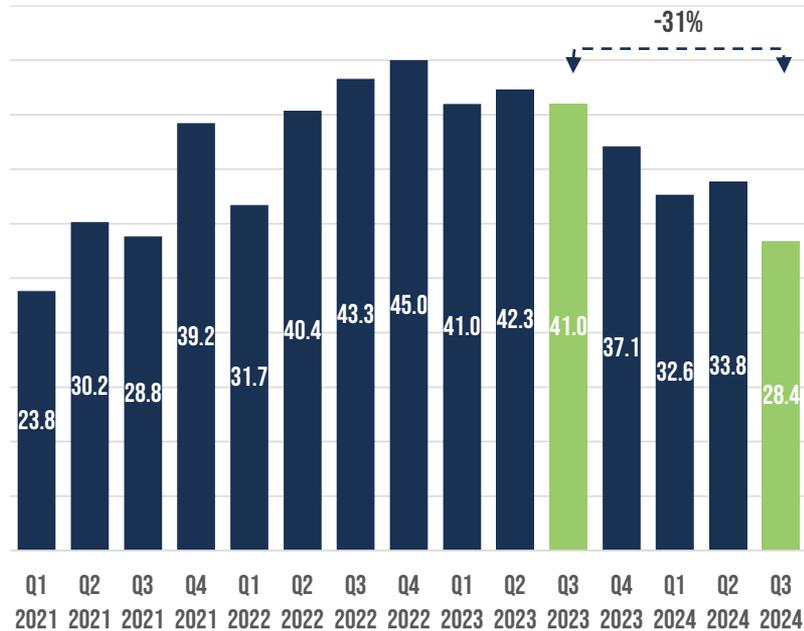
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 - Q324 HIGHLIGHTS
 - **Q324 FINANCIALS**
 - Q&A
- 

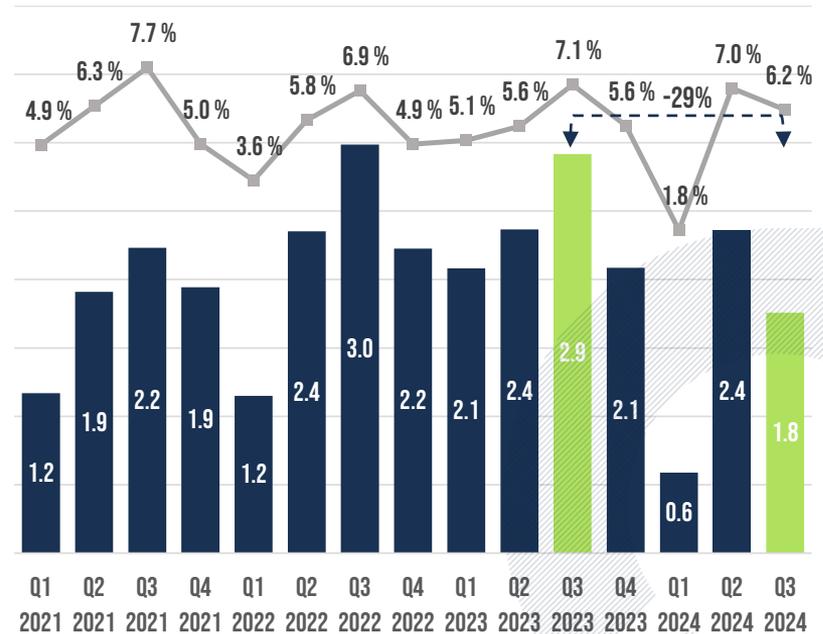
Q324 | NET SALES AND OPERATIONAL EBIT

SALES AND OPERATIONAL EBIT DECLINED, WHILE RELATIVE PROFITABILITY REMAINED AT DECENT LEVELS

NET SALES *



OPERATIONAL EBIT & EBIT% *

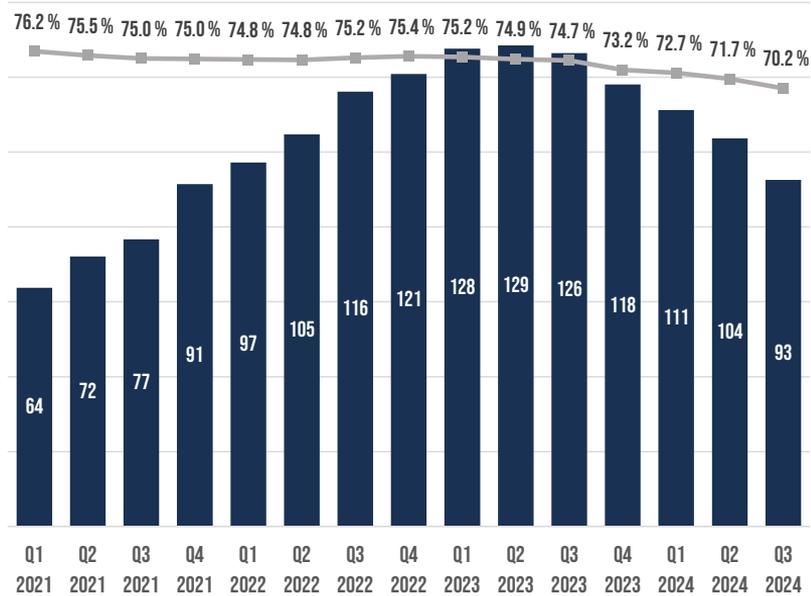


*Adjusted for continued operations

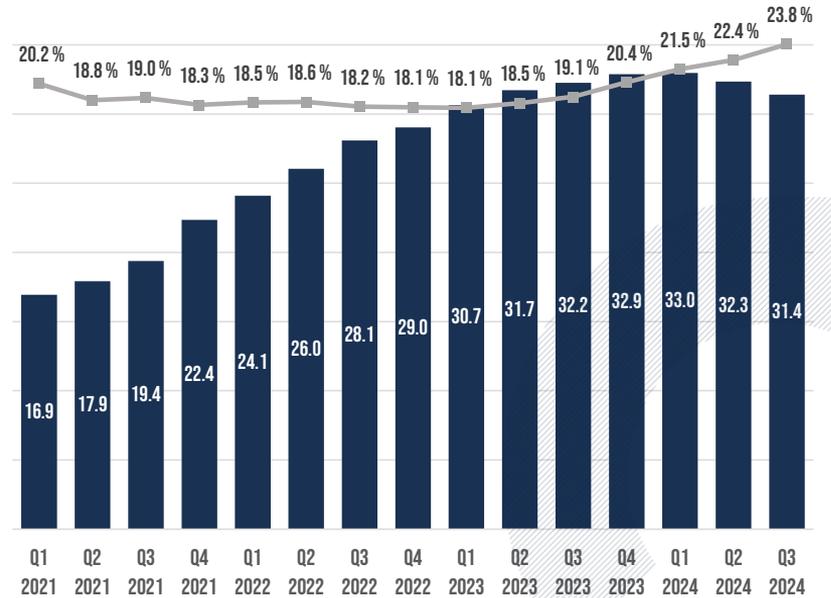
Q324 | DIRECT COST RATIO AND INDIRECT COST RATIO

DIRECT COST EFFICIENCY CONTINUED TO IMPROVE. INDIRECT COSTS STEADILY DECLINING

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



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



*Adjusted for continued operations

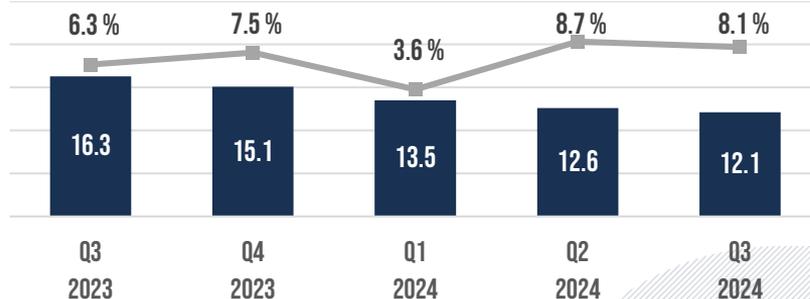
Q324 | ELECTRONICS

MODERATE RESULT - OPERATIONAL EBIT AT 8.1% & ROTWC AT 43%

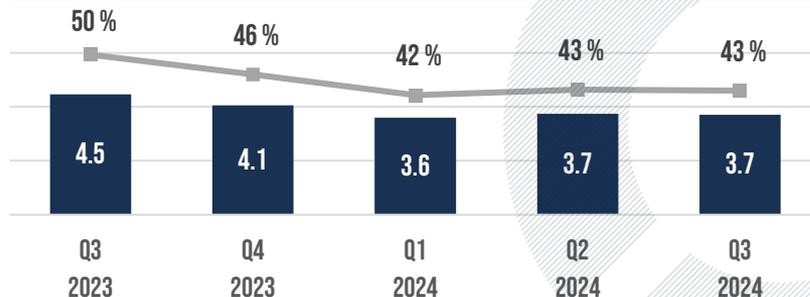
COMMENTS - Q3 2024

- Gross margin improved from the previous year due to successful pricing and the sales mix of products and business units
- Profitability was supported by cost measures carried out during the first half of the year, such as reorganizations in YE's Finnish and Estonian companies (streamlining organization, discontinuing product segments)
- We have initiated the sales process of our real estate located in Tallinn
- Baltic companies having a challenging quarter due to market conditions
- Defence industry demand creates a positive outlook going forward for Milcon with a growing orderbook
- Weak quarter for SSN due to timing, but increasingly positive outlook going forward due to major customer
- Delfin's investment program proceeding as planned regarding the product platform reform initiated last year, and the company is currently assessing future strategic options

NET SALES AND OPERATIONAL EBIT%



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



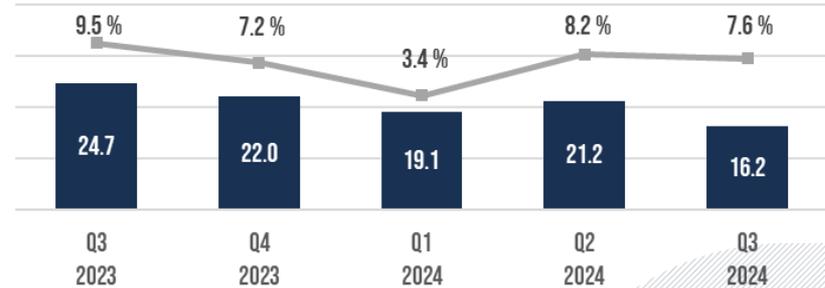
Q324 | TECHNICAL TRADE

DECENT PROFITABILITY DESPITE DECLINING SALES. OPERATIONAL EBIT AT 7.6% & ROTWC DECLINED TO 27%

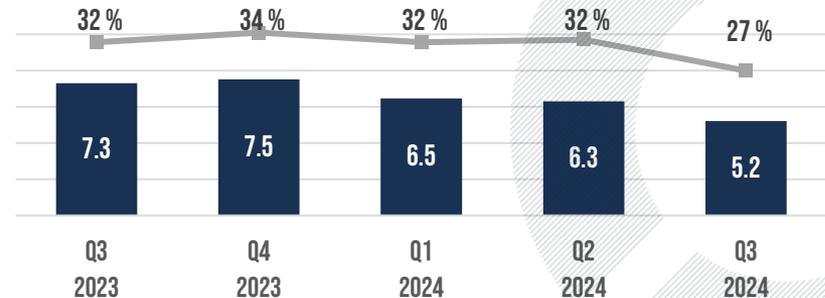
COMMENTS - Q3 2024

- Improved gross margins due to sales mix, pricing actions and discontinuing some low margin product segments
- Challenging quarter for the largest business unit, Machinery Power. Moderate outlook going forward with orderbooks remaining at Q2 levels (up from beginning of the year)
- Muottikolmio has defended its profitability well due to reorganization and strong developments in margins through Termotuote and Isodrän product segments
- Pronius managing the challenging environment relatively well, due its strong market position, Machinery MT having challenges
- Filterit investing in growth despite moderate current demand
- Putzmeister business suffering from tough market in Finland and outlook remains uncertain. Sweden successful in defending the result through aftermarket sales and securing a strong orderbook for 2025

NET SALES AND OPERATIONAL EBIT%



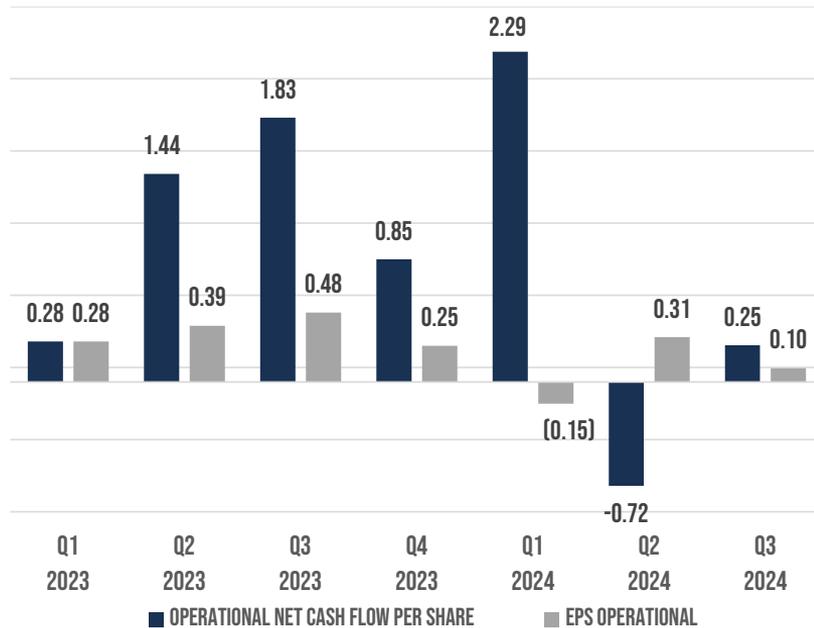
OPER. EBIT (R12) & ROTWC% (R12)



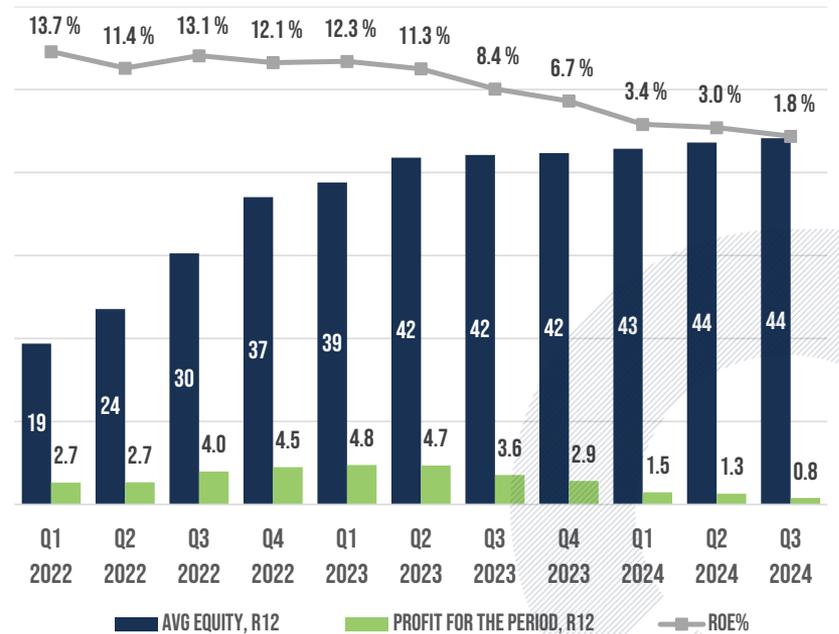
Q324 | EPS AND ROE

OPERATIONAL EPS AT 0.10€. ROE DECLINING THROUGH WEAKENED NET PROFIT AND INCREASED EQUITY

CASH FLOW AND EARNINGS PER SHARE



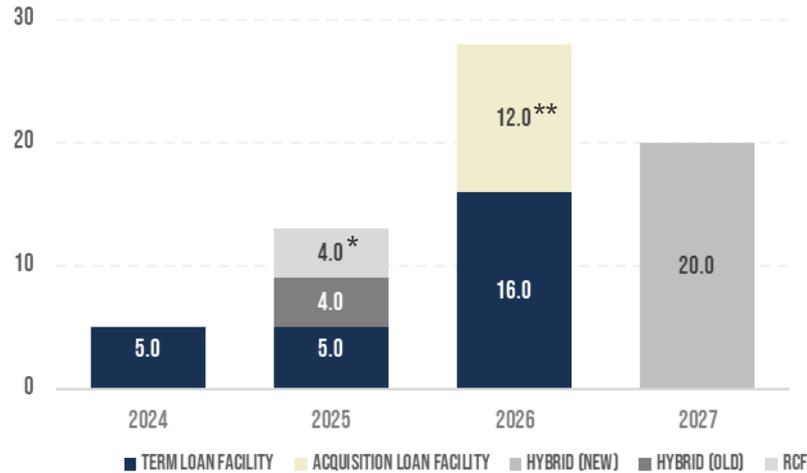
ROE



Q324 | DEBT FACILITIES

RESET DATE OF THE REMAINING OLD HYBRID IN 2025. TERM LOAN FACILITIES' MATURITY IN Q126.

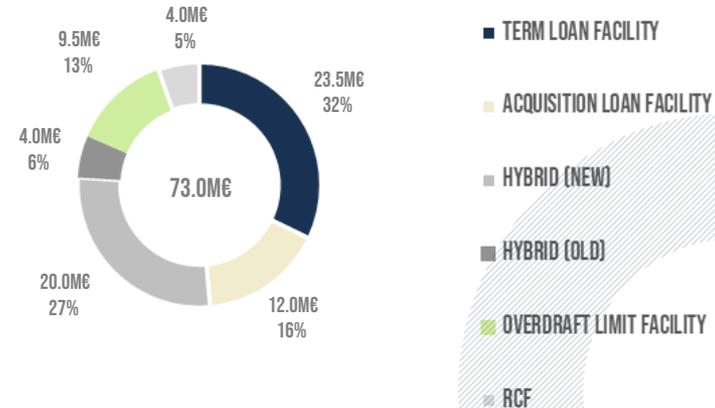
DEBT MATURITY STRUCTURE, TOTAL FACILITIES, M€



*0.0m€ in use as per Q3/24

**6.5m€ in use as per Q3/24

TOTAL FACILITIES OF 73.0M€ OF WHICH 56.5M€ USED (Q324)





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- 



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



323

EMPLOYEES

22

COMPANIES



Map excluding USA

11.0%

RETURN ON CAPITAL EMPLOYED
2023



3.3X

NET DEBT / OPERATIONAL EBITDA
Q3 2024



DIVERSIFIED INDUSTRIAL PORTFOLIO IN 7 COUNTRIES

BOREO



ELECTRONICS

62M€

2023 Sales

127

Professionals

7

Markets



YEleiselektroniikka

infradex

Delfin
technologies

YEInternational
YE GROUP

noretron
COMPONENTS

MILCON

Signal
Solutions



TECHNICAL TRADE

100M€

2023 Sales

190

Professionals

3

Markets



MACHINERY

PRONIUS

pm nordic



MACHINERYMT

automation

HM NORDIC



MUOTTIKOLMIO

TORNO
KONE

FILTERIT®

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

 1,913,433 shares



CAMILLA GRÖNHOLM,
CHAIR OF REMCO

 1,277 shares



JOUNI GRÖNROOS,
CHAIR OF AUDIT COMMITTEE

 1,433 shares



RALF HOLMLUND,
BOARD MEMBER

 2,244 shares



NOORA NEILIMO-KONTIO,
BOARD MEMBER

 704 shares



JUSSI VANHANEN,
BOARD MEMBER

 5,209 shares

MANAGEMENT TEAM



KARI NERG
CEO

 42,138 shares



JESSE PETÄJÄ
CFO

 14,560 shares



MARI KATARA
SVP, PEOPLE & SUSTAINABILITY

 5,100 shares



TOMI SUNDBERG
SVP, HEAD OF EBA

 5,728 shares



RICHARD KARLSSON
SVP, HEAD OF TTBA

 24,916 shares

COMPANIES



YLEISELEKTRONIIKKA
TOMI SUNDBERG



SIGNAL SOLUTIONS NORDIC
TONY AALTONEN



MACHINERY MT
SILJA FRIGÅRD



FILTERIT
JOONAS KORHIAKOSKI



LACKMÅSTARN
RICHARD KARLSSON



YE INTERNATIONAL AS
LAURI EBBER



INFRADEX
JUSSI AROLA



MACHINERY
JUHA-PEKKA HONKANEN



TORNOKONE
KAJ JÄRVINEN



ESKP
JARMO SEPPÄLÄ



YE INTERNATIONAL SIA
AIVARS LATKOVSKIS



MILCON
HERMANNI LEHTOKYLÄ



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

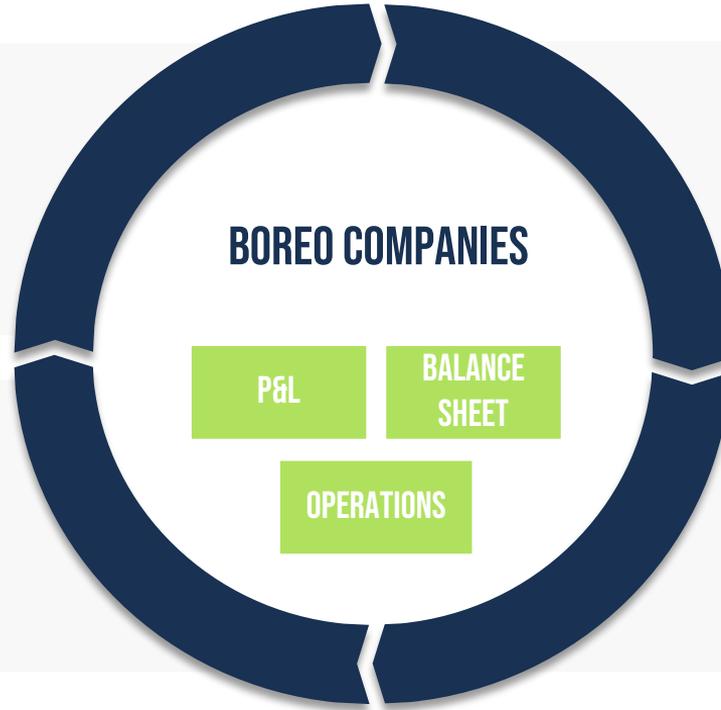
- Best practice sharing
- Support from 'Coaches'
- MD peer group
- Boreo Academy

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