



# BOREO

**A DECENT YEAR-END FOR A CHALLENGING YEAR**

Q424 WEBCAST | FEBRUARY 13, 2025



# AGENDA

- 2024 RECAP
  - Q424 REVIEW
  - Q&A
- 

# 2024 | A CHALLENGING YEAR

PRIORITIES IN EXISTING PORTFOLIO, COST CONTROL & MANAGING BALANCE SHEET – ACQUISITIONS ON-HOLD

**SALES 134M€**

GROWTH -17% VS. 2023  
IMPACT OF ACQUISITIONS +1.1M€

**OPERATIONAL EBIT**

**6.8M€**

DECREASE OF -28% VS. 2023

**OPERATIONAL EBIT**

**MARGIN 5.1%**

DECREASE FROM 5.9% IN 2023

**CASH FLOW 12.0M€**

OPERATIVE CASH CONVERSION\*\* 180%

**ROCE 7.9%**

DECLINING FROM 11.0% IN 2023  
ROTWC\* 25.2% (30.3% IN 2023)

**2.8X**

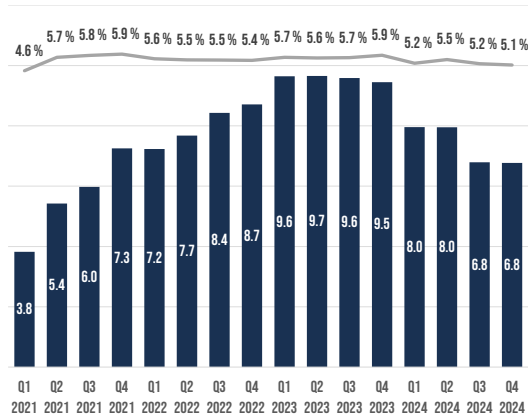
NET DEBT / OPERATIONAL EBITDA  
(2.5X IN 2023)

\* ROTWC: Operational EBIT R12 / Average (trade) working capital R12  
\*\* Cash conversion: cash conversion before financing items, see for details in the quarterly report

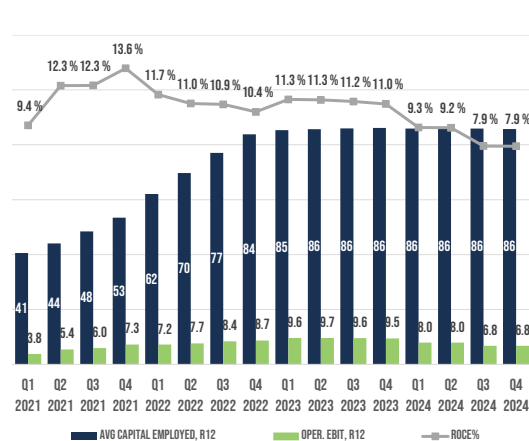
# WORK TO DO TO REACH OUR LONG-TERM TARGETS

MODEST PERFORMANCE COMPARED TO RECENT HISTORY & POTENTIAL OF THE PORTFOLIO

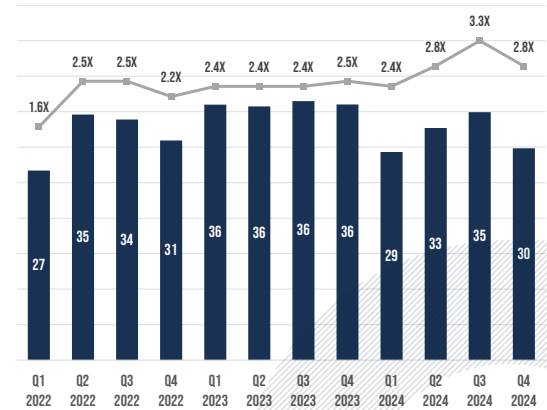
## OPERATIONAL EBIT (€) & EBIT%, R12



## ROCE%



## NET DEBT/OPERATIONAL EBITDA



Q424

**-28%\***

(15%)  
MINIMUM ANNUAL AVERAGE  
OPERATIONAL EBIT GROWTH

**7.9%**

(15%)  
MINIMUM  
OPERATIONAL  
ROCE

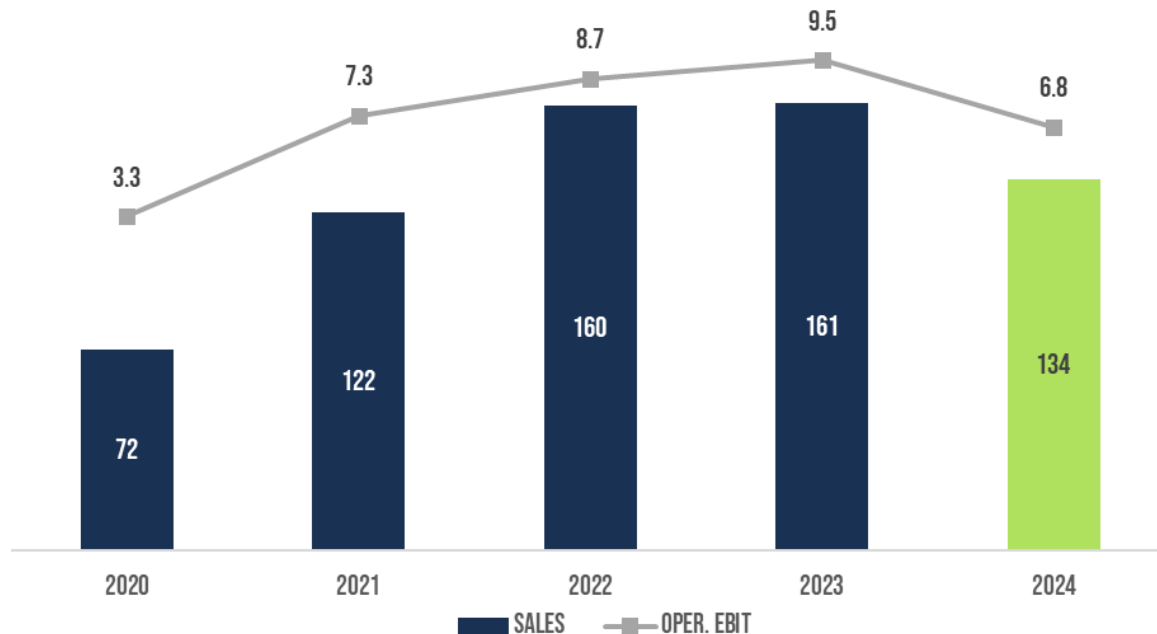
**2.8X**

(2-3X)  
NET DEBT /  
OPERATIONAL EBITDA

\*Adjusted for continued operations

# 2024 | PROFITABILITY UNDER PRESSURE DUE TO DECLINED SALES

HEALTHY PORTFOLIO WITH +7% OPERATIONAL EBIT (EXCL. HQ COSTS) IN SPITE OF TOUGH MARKET



## COMMENTARY 2024

### Sales -17% or -27m€ vs. 2023

- Sales under pressure in majority of the companies

### Sales | Company high- & lowlights

- + 5m€ SSN
- + 2m€ FNB
- - 14m€ Putzmeister businesses
- - 10m€ YE businesses
- - 8m€ Machinery

### Operational EBIT -28% or -2.7m€ vs. 2023

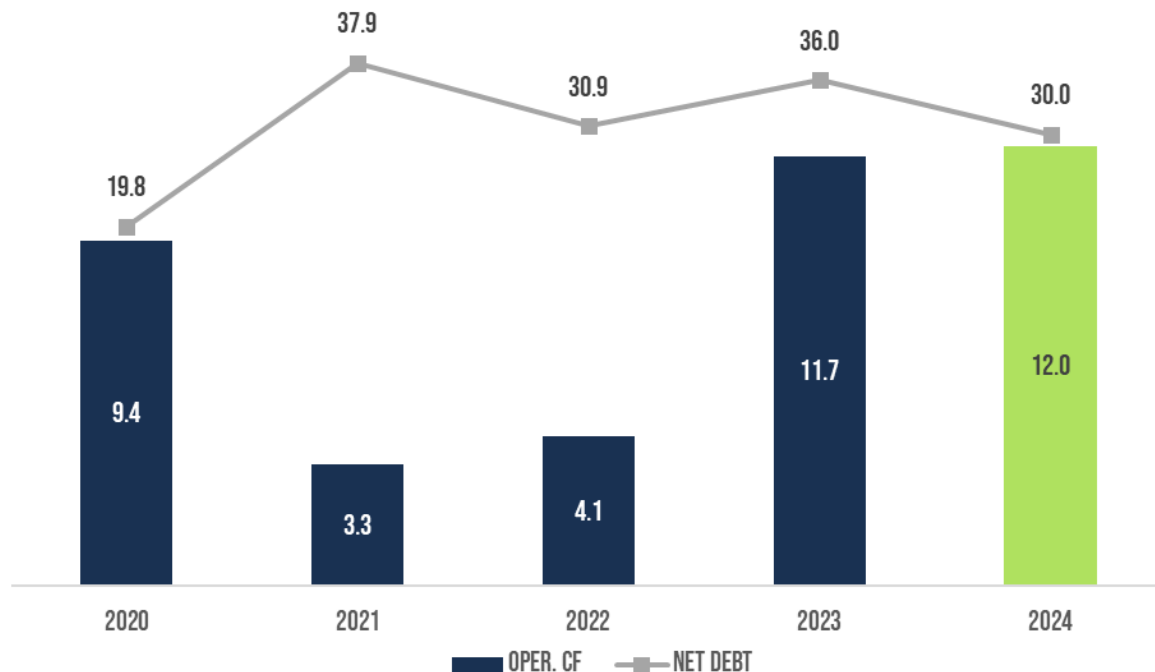
- Gross margin improved from 28% to 30%
- Fixed costs decreased by c. 2m€

### Healthy profitability levels in the portfolio

- 7 companies +10% EBIT
- 8 companies 5-10% EBIT
- 4 companies 0-5% EBIT
- 3 companies negative EBIT

# 2024 | STRONG OPERATIVE CASH FLOW

C. 24M€ OPERATIVE CASH FLOW IN 2023-2024 – SUCCESSFUL MANAGEMENT OF WORKING CAP IN A TOUGH MARKET



## COMMENTARY

Trade working capital from 30.3m€ (Q423) to 25.5m€ in Q424

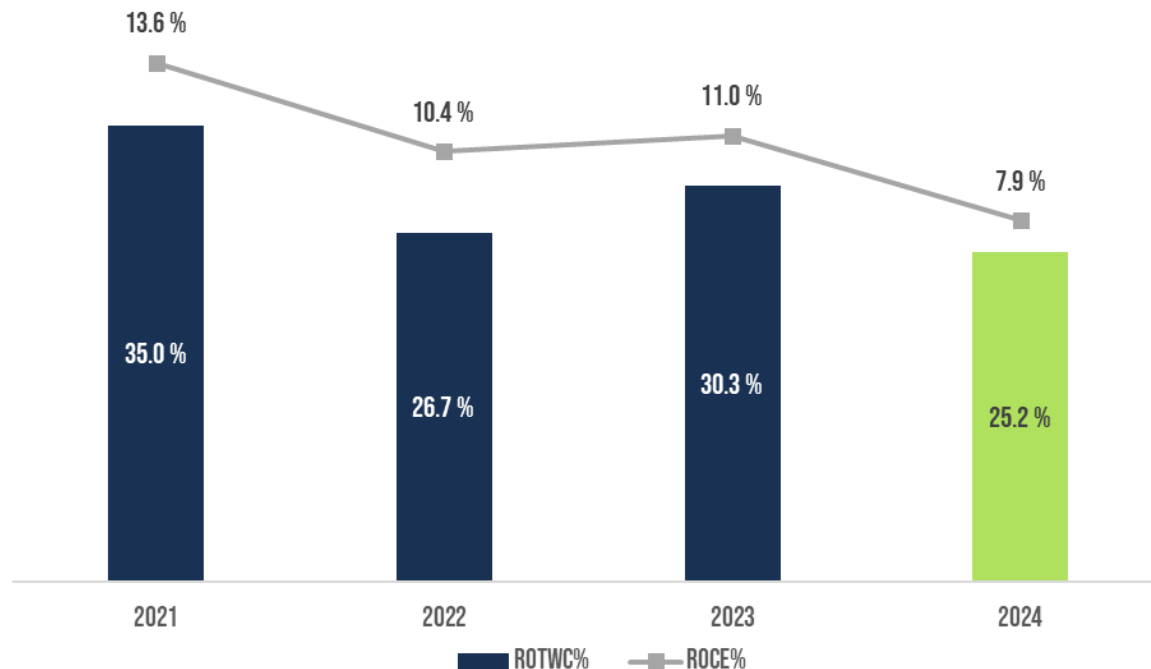
- Successful management of working capital and decline of inventories from 30.8m€ to 25.1m€ during the year
- Reached the target of 25m€ set for the year – a decent level for current activity levels

### Company performance

- Companies with poor demand and challenges with profit generation, generated strong cash flow (Putzmeister, Machinery and YE businesses)

# 2024 | RETURNS NEGATIVELY IMPACTED BY PROFIT DECLINE

EXPECTED IMPROVING RETURN PROFILE THROUGH PROFIT IMPROVEMENT POTENTIAL



## COMMENTARY

### Electronics BA

- Improvement of Return on Trade Working Capital from 46% to 52%
- Strong performance of SSN, Milcon and Infradex
- Reduction of working capital in companies with challenges with profitability

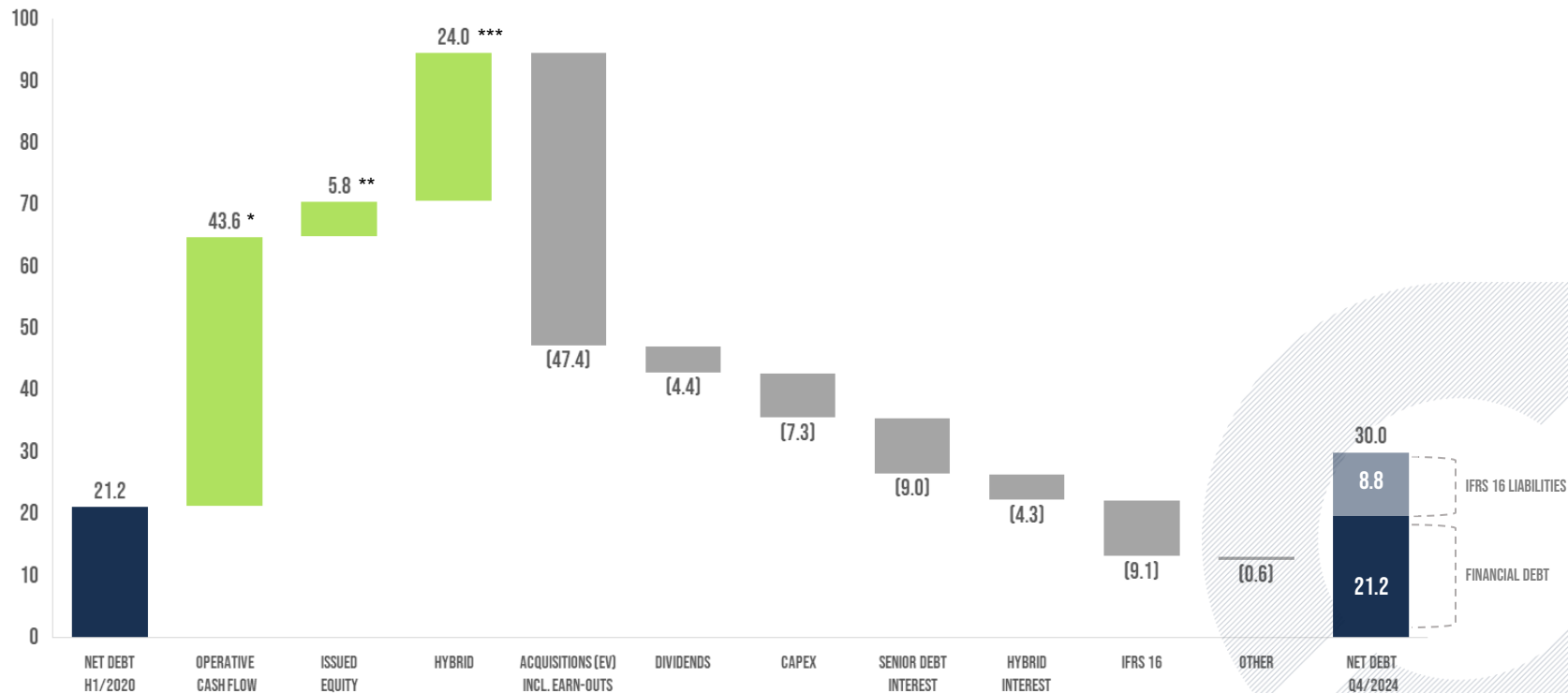
### Technical Trade

- Decrease of Return on Trade Working Capital from 34% to 24%
- Profit decline of Putzmeister and Machinery not offset by success made at FNB and in managing working capital portfolio-wide



# CAPITAL ALLOCATION | BOREO ERA (Q320 ONWARDS)

CAPITAL DEPLOYED PRIMARILY TO ACQUISITIONS – OVER 40M€ FUNDED W/ OPERATIONAL CASH FLOW & ISSUED EQUITY



\* Operative Cash Flow: EBITDA +/- NWC – Tax, Excl. leases and rents under IFRS 16

\*\* Equity issues in connection with acquisitions + personnel share issue (2022) – avg. price at ~40€/share

\*\*\* 4m€ of the hybrid issued in 2022 paid back on February 10, 2025



# GOOD RETURNS FOR ACQUISITIONS COMPLETED DURING THE BOREO ERA

COMPANIES ACQUIRED SINCE Q3/2020 GENERATED OPERATIONAL EBIT OF 5.1M€ IN 2024

17 ACQUISITIONS

11 PLATFORM & 6 ADD-ON ACQUISITIONS

ENTERPRISE VALUE OF C. 50M€

INCLUDING EARN-OUTS

~15% ROCE\*

VS. ~20% EXPECTATION AT ACQUISITIONS



\* 3-year average Return on Capital Employed (ROCE)



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- 

# Q424 | HIGHLIGHTS

## DECENT RESULT

Operational EBIT 2.1m€ (Q423: 2.1m€)

Profitability at 5.3% (Q423: 5.6%)

Increase of sales by 6% to 39m€ (Q423: 37m€)

## COST ACTIONS SUPPORTING PROFITABILITY

~800k€ lower fixed costs in Q424 vs Q423

Annual cost savings exceeding 2m€

## UNCHANGED TRADING OUTLOOK

Orderbooks remaining at decent levels despite slight decrease from Q324

Sizeable single orders postponed to 2025

## PRIORITIES: PROFIT GENERATION & DELEVERAGING

Strong operational cash flow of 7.1m€ in Q4

Leverage decreased from Q324 but remained elevated at 2.8x

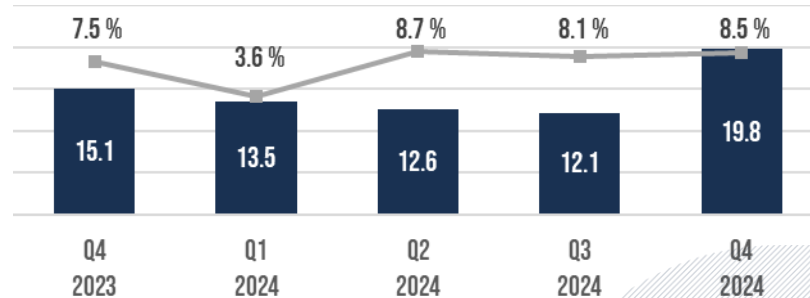
# Q424 | ELECTRONICS

STRONG END OF THE YEAR - OPERATIONAL EBIT AT 8.5% & ROTWC AT 52%

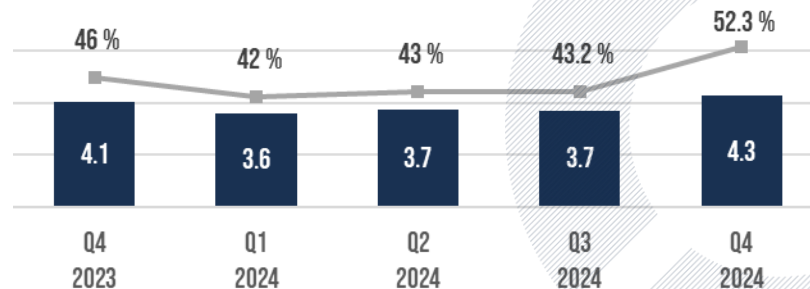
## COMMENTS - Q4 2024

- 31% sales growth vs. Q4/23, largely due to SSN and Milcon
- Defence industry demand creates a positive outlook going forward for Milcon with a growing orderbook
- In addition to excellent results of SSN and Milcon, profitability supported by cost measures carried out during the year
- Working capital management successful, ROTWC further supported by strong results in Q4
- Performance of YE businesses varied, Finland exceeding forecasts while Baltics facing difficult market conditions
- Sales process of our real estate located in Tallinn ongoing
- Noretron underperforming, Infradex meeting expectations
- Delfin not performing up to expectations. The company continued the product platform reform initiated last year, renewal of the global distribution network and development of selected of future strategic paths

## NET SALES AND OPERATIONAL EBIT%



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



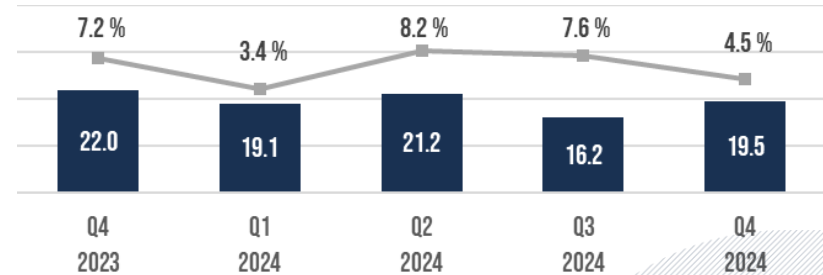
# Q424 | TECHNICAL TRADE

MODEST PERFORMANCE DUE TO CONTINUED CHALLENGING DEMAND ENVIRONMENT. OPERATIONAL EBIT AT 4.4% & ROTWC DECLINED TO 23.8%

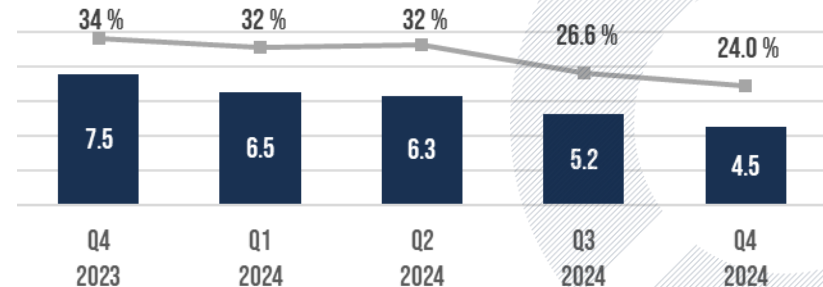
## COMMENTS - Q4 2024

- Sales declined by -11% vs. Q4/23, especially due to declines in the Machinery and Putzmeister businesses
- Working capital management successful across the businesses
- Putzmeister business suffering from tough market in Finland and outlook remains uncertain. Sweden short of expectations in Q4 but overall successful year, defending the result through aftermarket sales and securing a strong orderbook for 2025
- FNB ended the year successfully and reached all-time high full sales for 2024. ERP implementation done, successful reduction of inventories and solid orderbook into 2025
- Reasonable quarter for the largest business unit, Machinery Power
- Separation of Machinery MT completed. Challenging quarter
- Machinery construction and Muottikolmio modest performance in Q4 due to demand but improvement from last year
- Pronius managing the challenging environment relatively well in Q4, due its strong market position
- Filterit up to expectations and investing in growth despite moderate current demand
- J-Matic tough year-end due to situation of largest customer

## NET SALES AND OPERATIONAL EBIT%



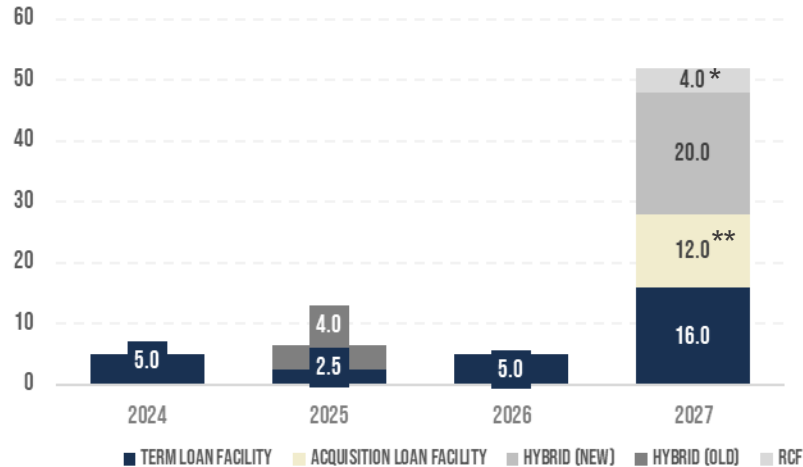
## OPER. EBIT (R12) & ROTWC% (R12)



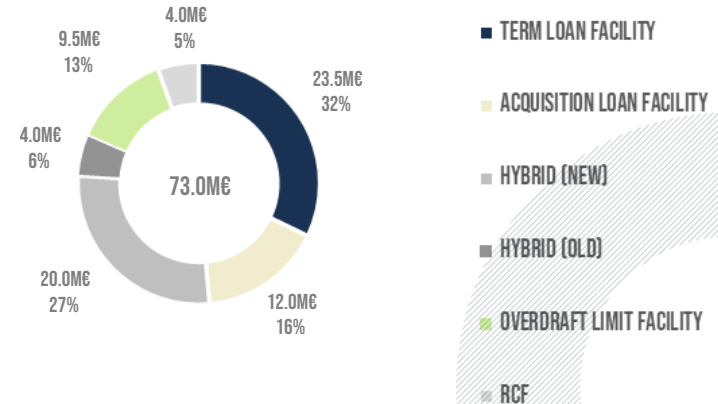
# Q424 | DEBT FACILITIES

MATURITY OF CREDIT FACILITIES EXTENDED BY ONE YEAR TO 2027 AND LOAN REPAYMENTS OF EUR 2.5 MILLION POSTPONED FROM 2025 TO 2027

DEBT MATURITY STRUCTURE, TOTAL FACILITIES (INCL. UNUSED), M€



TOTAL FACILITIES OF 73.0M€ OF WHICH 54.0M€ USED (Q424)\*\*\*



As per Q424: \*0.0m€ in use, \*\*6.5m€ in use, \*\*\*excluding unused local overdraft limits in Swedish subsidiaries of c. 1.3m€

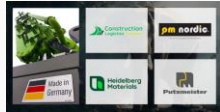
# Q424 | DECENT OUTLOOK

ORDERBOOKS AT SIGNIFICANTLY HIGHER LEVEL THAN Q4/23 BUT DEMAND ENVIRONMENT REMAINING MUTED.  
POSITIVE OUTLOOKS IN PARTS OF THE PORTFOLIO, SUPPORTED BY IMPLEMENTED COST SAVINGS

# 1

## ORDER BOOKS

ORDER BOOKS SIGNIFICANTLY ABOVE Q4/23  
- 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





# SHORT-TERM | FOCUS ON EXECUTING OUR BACK TO GROWTH -PLAN

COSTS DECLINE +2M€ P.A. – WORKING CAPITAL RELEASED – 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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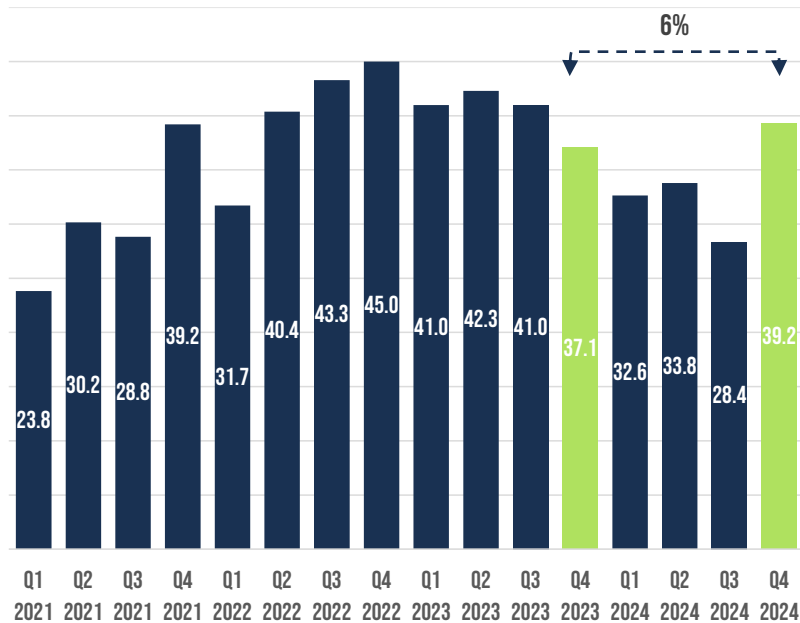
**BOREO**

**Q&A**

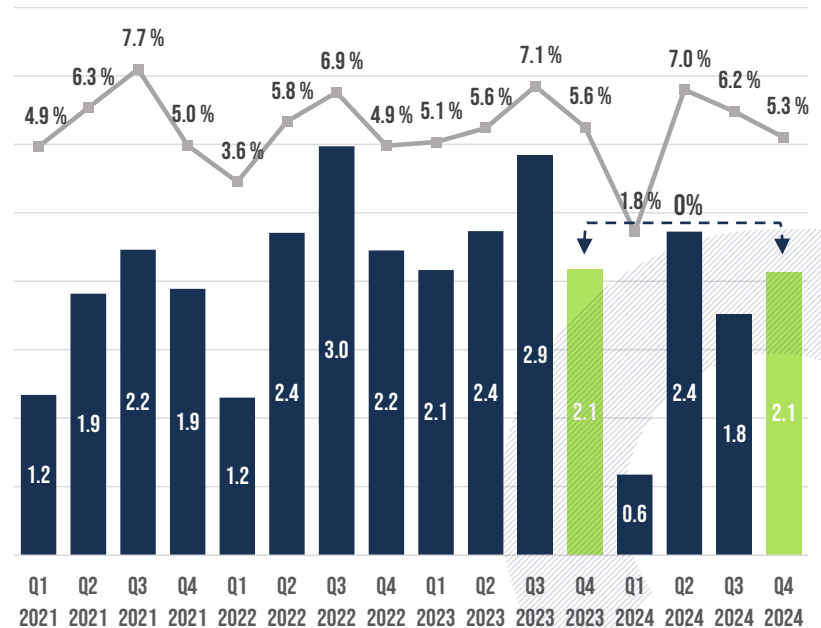
# Q424 | NET SALES AND OPERATIONAL EBIT

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

## NET SALES \*



## OPERATIONAL EBIT & EBIT% \*

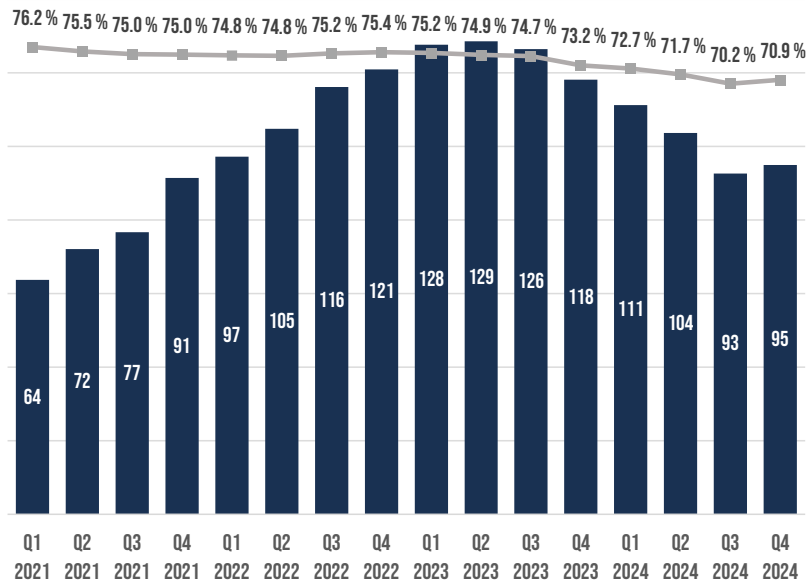


\*Adjusted for continued operations

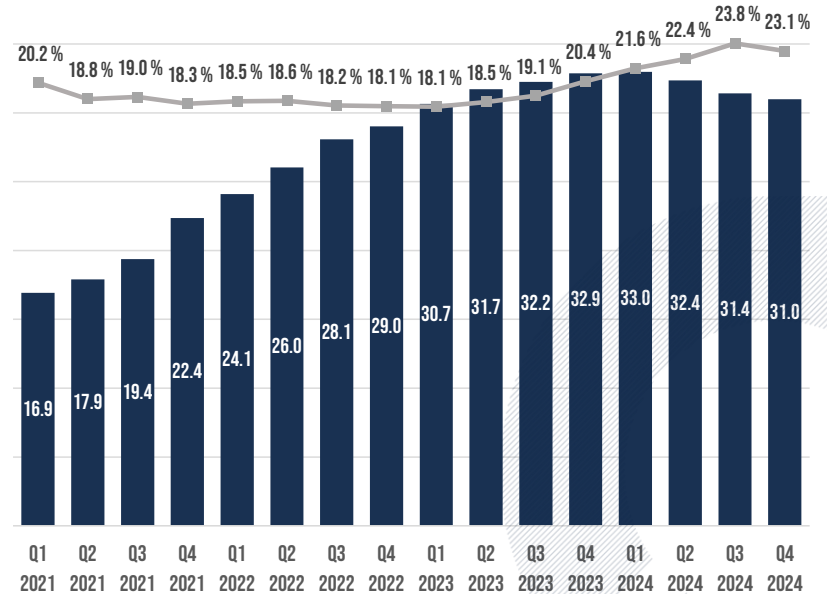
# Q424 | DIRECT COST RATIO AND INDIRECT COST RATIO

DIRECT COST EFFICIENCY SLIGHTLY DECREASED DUE TO SALES MIX. INDIRECT COSTS STEADILY DECLINING

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



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



\*Adjusted for continued operations





**BOREO**

**GROW & PROSPER**

# A LONG-TERM OWNER OF GREAT ENTREPRENEURIAL COMPANIES

**134M€**

NET SALES 2024



**6.8M€ (5.1%)**

OPERATIONAL EBIT 2024



**336**

EMPLOYEES

**22**

COMPANIES



Map excluding USA

**7.9%**

RETURN ON CAPITAL EMPLOYED  
2024



**2.8X**

NET DEBT / OPERATIONAL EBITDA  
Q4 2024





# DIVERSIFIED INDUSTRIAL PORTFOLIO IN 7 COUNTRIES

## BOREO



### ELECTRONICS

**58M€**

2024 Sales

**132**

Professionals

**7**

Markets



**YE**leiselektroniikka

**infradex**

**Delfin**  
technologies

**Signal**  
Solutions

**YE**International  
YE GROUP

**noretron**  
COMPONENTS

**MILCON**



### TECHNICAL TRADE

**76M€**

2024 Sales

**199**

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 KORKIAKOSKI



**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 LEHTOKYLÄ



**MUOTTIKOLMIO**  
MIKKO AALTO



**PM NORDIC**  
MATTIAS EDVARDSSON



**UAB YE INTERNATIONAL**  
ANDREJ KOLOBOV



**DELFIN TECHNOLOGIES**  
JOUNI NUUTINEN



**PROMIUS**  
VILLE JOKELA



**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

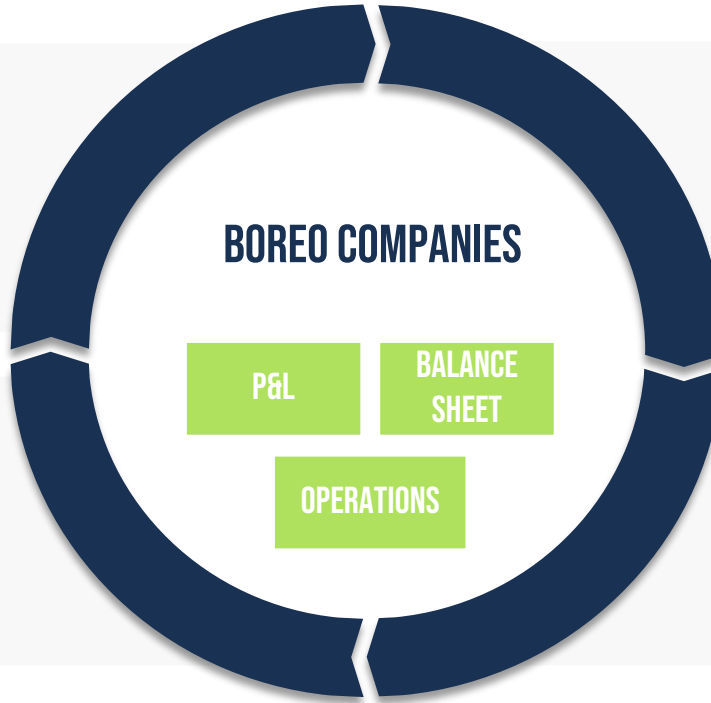
- Best practice sharing
- Support from 'Coaches'
- MD peer group
- Boreo Academy

## 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





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