



# BOREO

## Q4 2022 FINANCIAL STATEMENTS RELEASE

Webcast | March 3, 2023



# AGENDA

- **RECAP OF 2020-2022**
  - **2022 & Q4 2022 HIGHLIGHTS**
  - **Q4 2022 FINANCIALS**
  - **Q&A**
- 

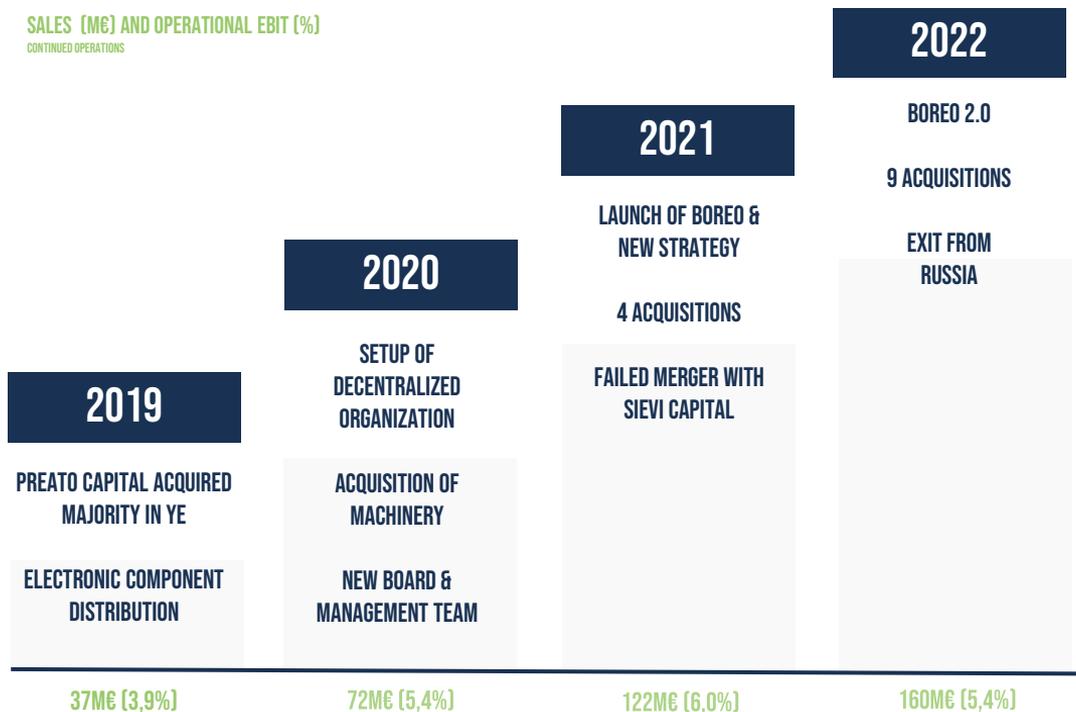
# RECAP OF 2020-2022

2019-2022

## BUILD UP OF PLATFORM & DIVERSIFICATION

SALES (M€) AND OPERATIONAL EBIT (%)

CONTINUED OPERATIONS



2023 AND BEYOND

## FOCUSED LONG-TERM VALUE CREATION

GROWTH OF EARNINGS

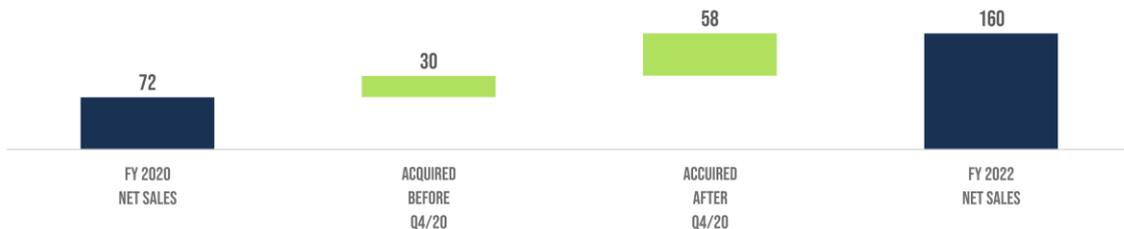
RETURN ON CAPITAL

DEVELOPMENT OF THE BOREO WAY

# EARNINGS GROWTH VIA M&A AND ORGANIC GROWTH

POSITIVE DEVELOPMENT BOTH IN THE 'OLD' AND THE 'NEW' PORTFOLIO  
INVESTMENTS IN GROUP PLATFORM IMPACTING MARGINS

## SALES GROWTH, 2020-2022, M€



## EARNINGS GROWTH, 2020-2022, M€



**Notes:**

- Companies in 'Acquired before Q4/20' include YE in 4 countries, Noretron Components, Machinery, Tornokone  
- Figures adjusted for continued operations

## COMMENTS

- From 2020 to 2022, the 'old portfolio' has developed well – in particular Yleiselektronikka and YE International as part of the Electronics BA
- The companies acquired since Q4/20 have performed in line with estimates made in connection with acquisitions
- Investments in Group platform have increased Group costs by 1.8m€ from 2020 to 2022. In 2022, Group costs c. 1.4% of net sales

# STRONG DEVELOPMENT IN ELECTRONICS AND TECHNICAL TRADE

CHALLENGES IN HEAVY MACHINES, INVESTMENTS TO GROUP PLATFORM PHASING DOWN AFTER BUILD-UP

ELECTRONICS BA	2020	2021	2022
Net sales (growth)	35.3m€	43.3m€ (22%)	61.5m€ (42%)
Operational EBIT	1.8m€	2.7m€ (46%)	4.2m€ (58%)
as % of net sales	5.2 %	6.2 %	6.9 %
TECHNICAL TRADE BA	2020	2021	2022
Net sales (growth)	30.4m€	45.6m€ (50%)	52.8m€ (16%)
Operational EBIT	1.3m€	4.2m€ (234%)	5.3m€ (27%)
as % of net sales	4.1 %	9.2 %	10.1 %
HEAVY MACHINES BA	2020	2021	2022
Net sales (growth)	6.7m€	29.7m€ (345%)	41.4m€ (39%)
Operational EBIT	0.7m€	1.7m€ (144%)	1.0m€ (-43%)
as % of net sales	10.5 %	5.8 %	2.4 %
OTHER OPERATIONS	2020	2021	2022
Group costs	(0.5)m€	(1.8)m€	(2.3)m€
ESKP – operational EBIT	n/a	0.5m€	0.5m€

Figures adjusted for continued operations



# AGENDA

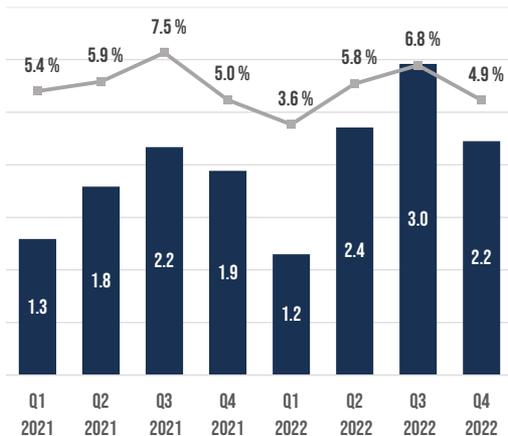
- RECAP OF 2020-2022
- 2022 & Q4 2022 HIGHLIGHTS
- Q4 2022 FINANCIALS
- Q&A



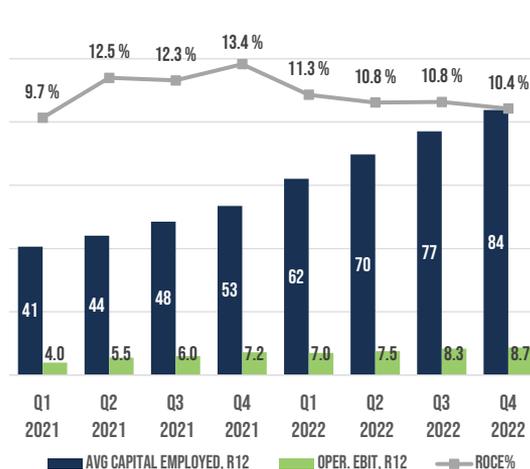
# STABLE PERFORMANCE

Q422: STABLE 2.5M€ (5.6%) EBIT WITHOUT SANY WRITE-OFF, DELEVERAGING DUE TO STRONG CASH FLOW

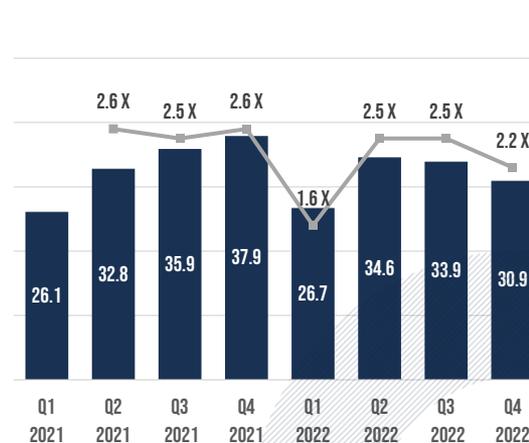
## OPERATIONAL EBIT (€) & EBIT%



## ROCE%



## NET DEBT/OPERATIONAL EBITDA



YEAR 2022

**+21%**

(15%)  
MINIMUM ANNUAL AVERAGE  
OPERATIONAL EBIT GROWTH

**10.4%**

(15%)  
MINIMUM  
ROCE

**2.2X**

(2-3X)  
NET DEBT /  
OPERATIONAL EBITDA

All figures adjusted for continued operations

# DISCIPLINED EXECUTION OF OUR VALUE CREATION PLAYBOOK

2023: FOCUS ON EXECUTION & DEVELOPING THE BOREO WAY

## ACQUISITIONS



### WE ACQUIRED 9 COMPANIES

- ~15% EBITDA margins & high return on capital of acquired companies
- ~3.9x EV/EBITDA valuations (4.6x with earn-outs) -
- Filterit acquisition completed in 1/23 and Lamox in 3/23

## DEVELOPMENT



### WE DEVELOPED THE OPERATING MODEL

- Boreo Game Plan & Boreo Clock
- Decentralizing and creating common rules
- Continuous development of the value creation playbook

## PEOPLE & CULTURE



### WE FOCUSED ON ENTREPRENEURSHIP

- c. 1.5m€ invested by personnel to the company in the directed share issue
- Launch of Boreo Academy

# NEW COMPANIES WITH STRONG MARGINS & RETURN ON CAPITAL

## FILTERIT (CLOSING 1/2023)



Add-on to Technical Trade BA

Technical supplier of process filtration and water treatment solutions

 0.6m€ EBITDA 2022

 9 employees

 n/a

SOURCING BY GROUP

## J-MATIC



Add-on to Technical Trade BA

Industrial manufacturing services company

 0.5m€ EBITDA 2022

 20 employees

 n/a

## BASTI



Add-on to ESKP

Logistics company specialized in direct express deliveries

 0.2m€ EBITDA 2022

 2 employees

 n/a

SOURCING BY ESKP

## LAMOX Executed March 2, 2023



Add-on to Muottikolmio

Manufacturer of products used in renovation construction

 0.1m€ EBITDA 2022

 0 employees

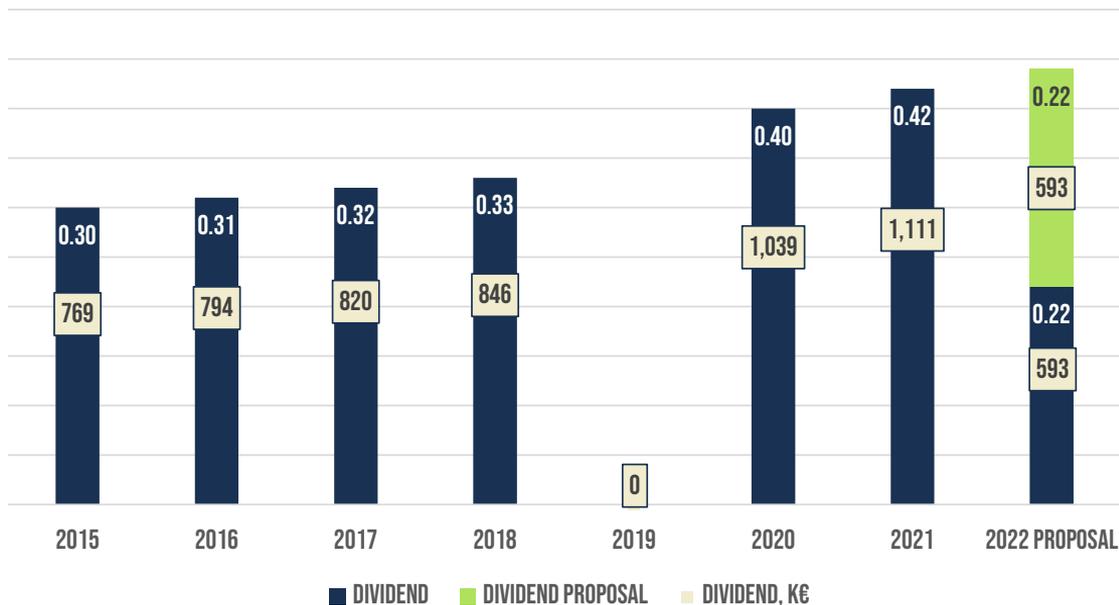
 n/a

SOURCING BY MUOTTIKOLMIO

# DIVIDEND PROPOSAL 2022

BOARD PROPOSES TO CONTINUE ON THE PATH OF PAYING INCREASING DIVIDEND PER SHARE

DIVIDEND PER SHARE DEVELOPMENT, 2015-2022



## DIVIDEND POLICY

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

## DIVIDEND DISTRIBUTION PROPOSAL

- The Board of Directors proposes to the AGM that EUR 0.22 per share would be paid by a decision of the AGM
- In addition, the Board proposes the AGM to authorize the Board to decide later, at its discretion, on the distribution of another dividend of up to EUR 0.22 per share later during 2023



# AGENDA

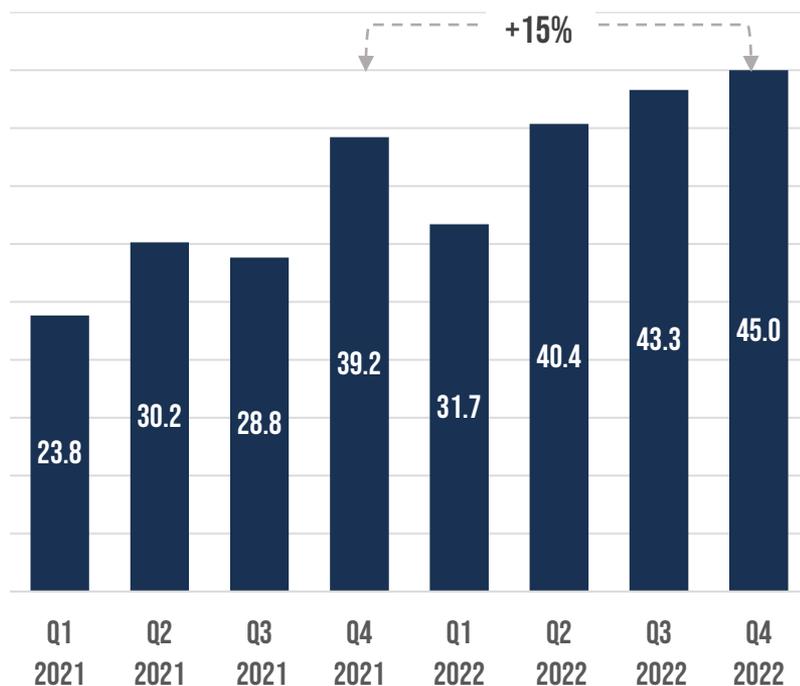
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- 2022 AND Q4 2022
- **Q4 2022 FINANCIALS**
- Q&A



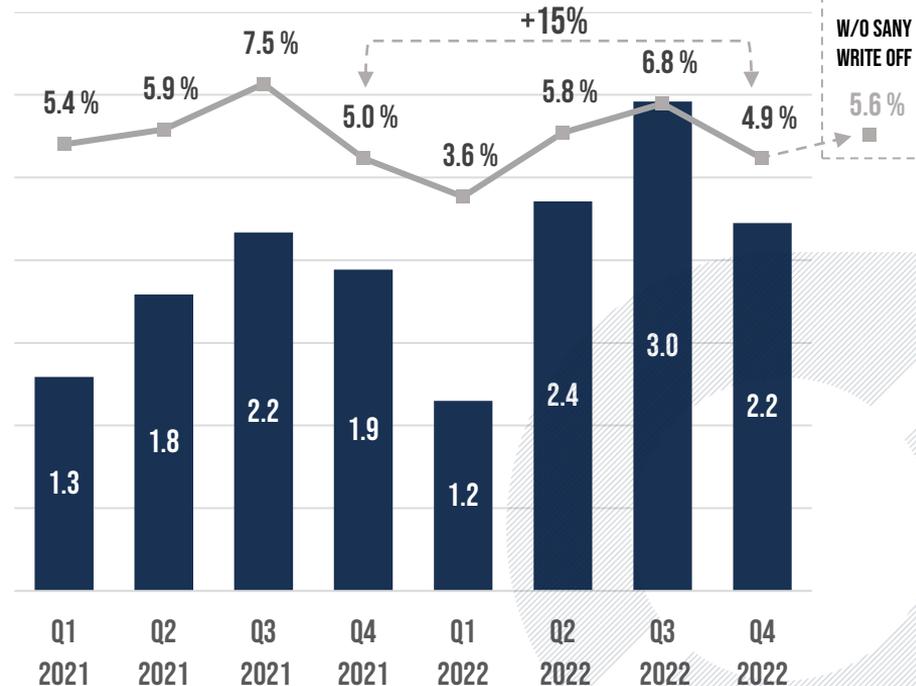
# Q4 2022 | NET SALES & OPERATIONAL EBIT

YEAR-END WITH SOLID GROWTH, OPERATIONAL EBIT IMPACTED BY 0.3M€ WRITE-DOWN

## NET SALES \*



## OPERATIONAL EBIT & EBIT% \*

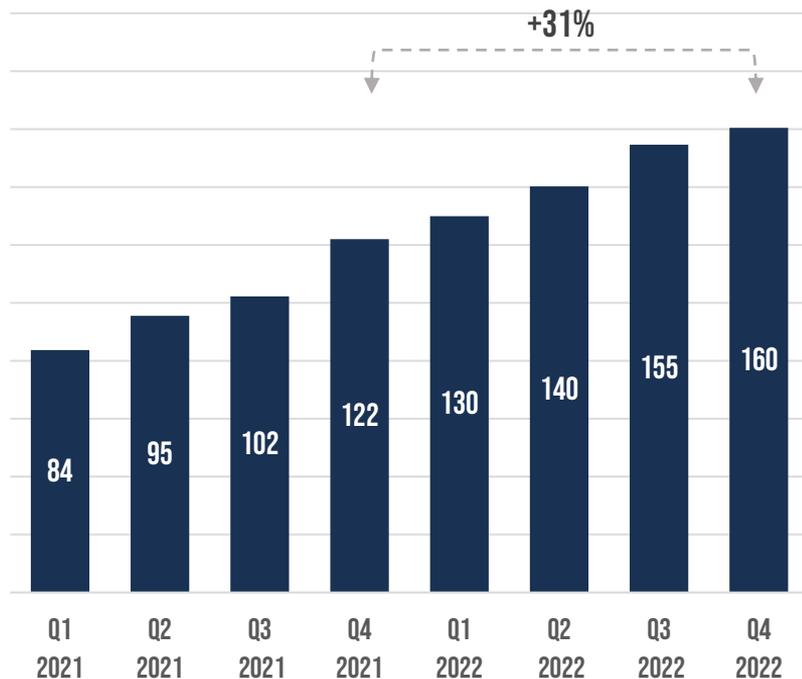


\*Adjusted for continued operations

# Q4 2022 | NET SALES & OPERATIONAL EBIT

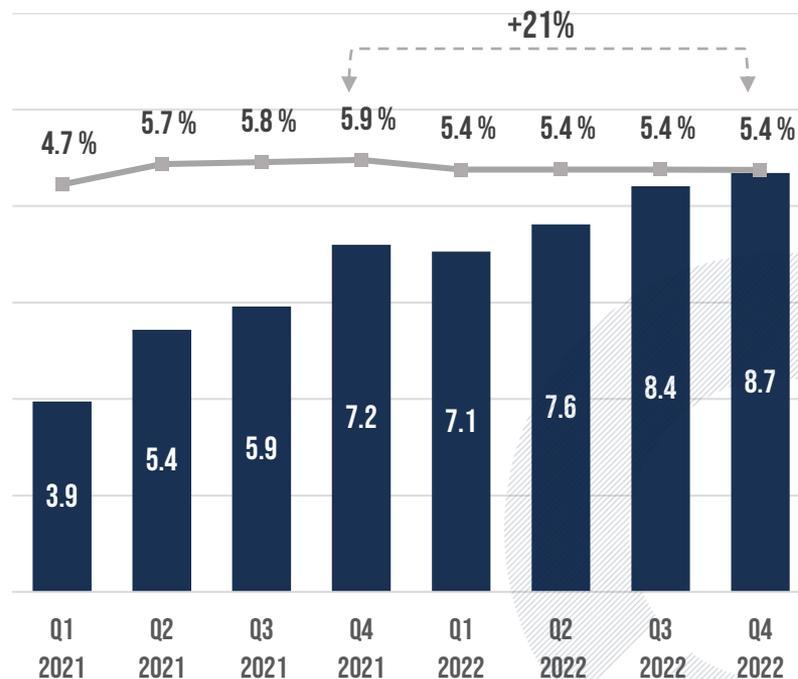
OPERATIONAL EBIT GROWTH CONTINUED ABOVE STRATEGIC TARGET

## NET SALES, R12 \*



## OPERATIONAL EBIT & EBIT%, R12 \*

STR TARGET > 15% P.A.

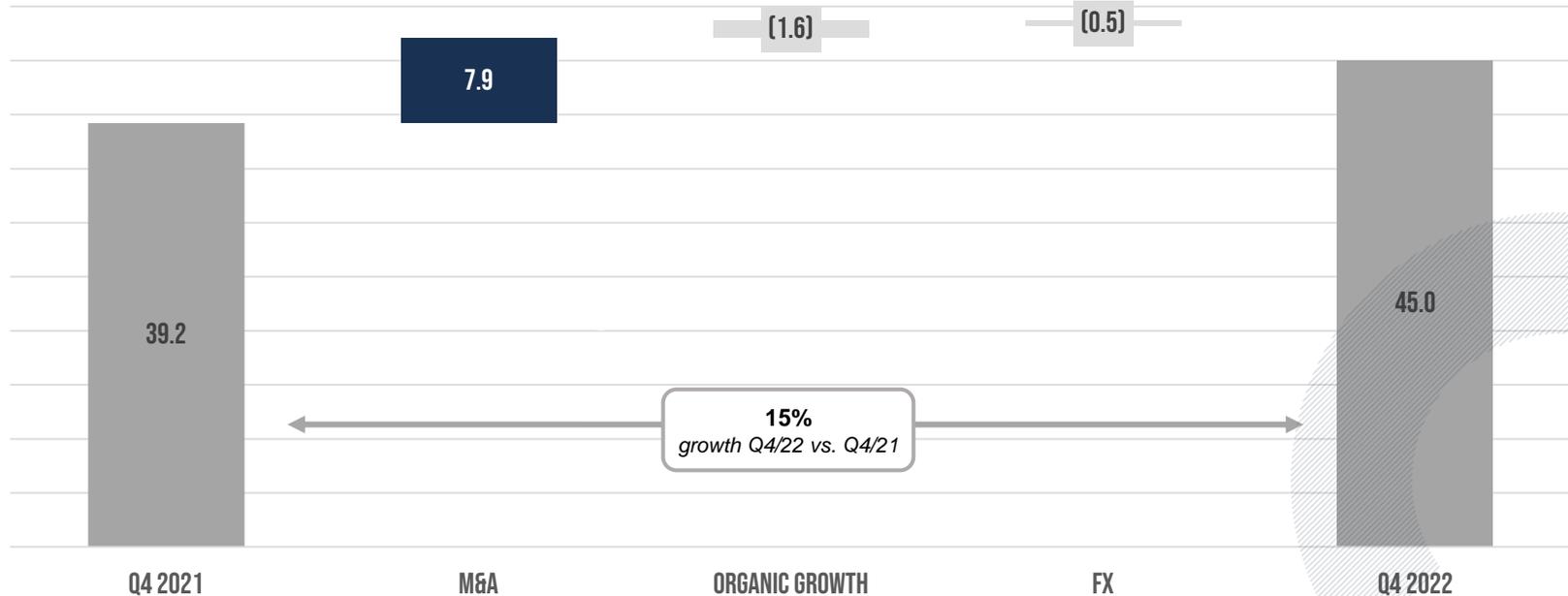


\*Adjusted for continued operations

# Q4 2022 | GROWTH OF NET SALES

SALES GROWTH DRIVEN BY ACQUISITIONS, HEAVY MACHINES ORGANIC GROWTH IN PRESSURE IN Q4

## GROWTH OF NET SALES Q4/22 VS. Q4/21, (M€), CONTINUED OPERATIONS



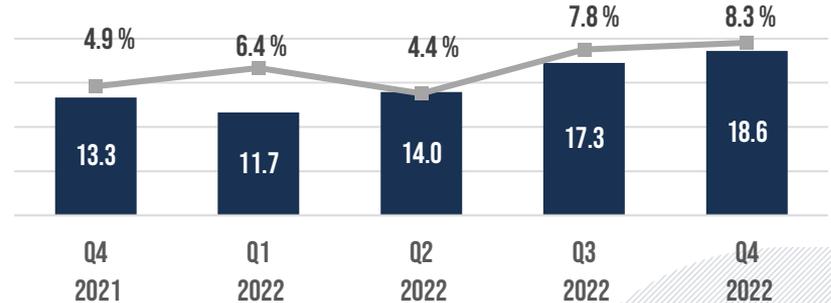
# ELECTRONICS (CONTINUED OPERATIONS)

ACQUISITION OF SSN AND INFRADEX GREW NET SALES. OPERATIONAL EBIT AT 8.3% - OUTLOOK REMAINS STABLE

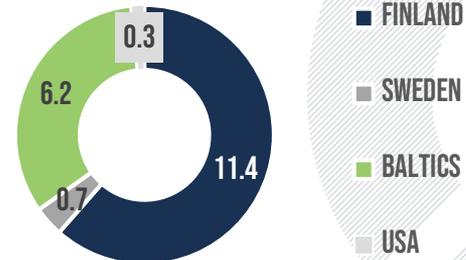
## COMMENTS - Q4 2022

- Finnish operations (Yleiselektroniikka, Noretron, Milcon, Infradex, SSN)
  - Strong performance by SSN and Infradex.
  - Noretron improved operational performance.
  - Yleiselektroniikka's and Milcon's operational performance weakened slightly compared to Q4/21.
- Baltic operations
  - Better than expected performance in Q4.
- The outlook for the companies in the business area is currently stable, although overall economic activity is expected to weaken.

## NET SALES AND OPERATIONAL EBIT% Q422 VS. Q421\*



## NET SALES BY GEOGRAPHY, Q4 22, (M€)\*



\*Adjusted for continued operations

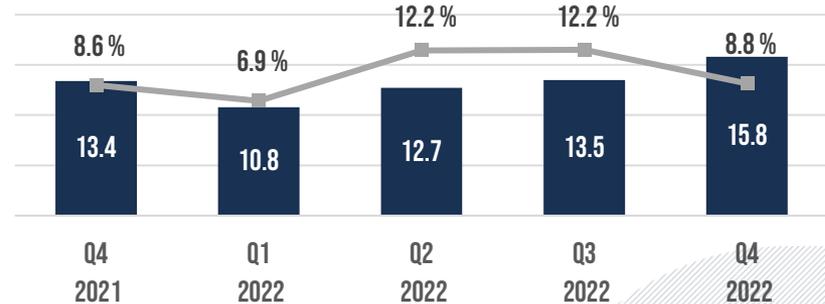
# TECHNICAL TRADE

NET SALES GREW AS A RESULT OF PRONIUS ACQUISITION – OPERATIONAL EBIT AT 8.8%, STABLE OUTLOOK

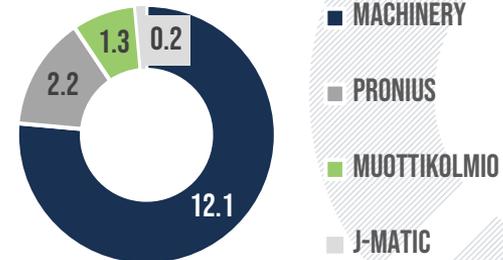
## COMMENTS – Q4 2022

- Machinery Power
  - Machinery's Power business delivered excellent results - sales and profitability above strong comparison period
  - Stable order backlog
- Construction (Muottikolmio and Machinery's Construction equipment)
  - Performance in line with expectations
  - Reasonable short-term outlook despite current uncertainties
- Metal machines (Pronius and Machinery's Metal Machines)
  - Pronius had a strong quarter both in sales and profitability
  - Investment uncertainty in Machinery's Metal Machines remained high
- M&A and development initiatives
  - J-Matic & Filterit transactions 12/22
  - Strong focus on improving capital efficiency

## NET SALES AND OPERATIONAL EBIT% Q422 VS. Q421



## NET SALES BY BUSINESSES, Q4 22, (M€)



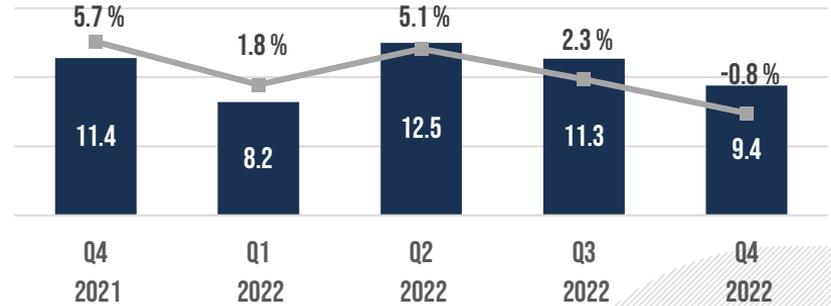
# HEAVY MACHINES

PROFITABILITY NEGATIVELY IMPACTED BY DELIVERY DELAYS IN PUTZMEISTER BUSINESS AND A EUR -0.3M WRITE-OFF RELATING TO THE TERMINATION OF SANY EXCAVATOR DEALERSHIP AGREEMENT IN SWEDEN AND FINLAND

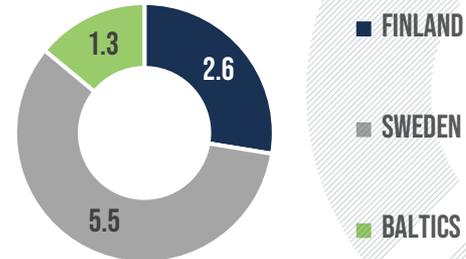
## COMMENTS – Q4 2022

- Putzmeister business
  - Putzmeister delivery delays in Sweden and Finland had a significant impact on Q4/22 sales and EBIT. Estonian business increased sales and EBIT significantly from the comparison period.
- Sany business
  - Tornokone Sany recognized a EUR -0.3m write-off in Q4/22 relating to the termination of SANY excavator dealership agreement.
  - Estonian business delivered significant sales growth
- FNB & Lackmästarn
  - FNB sales in line with Q421.
  - Lackmästarn acquisition in September 22 contributed according to expectations
- Operating environment continues to be challenging and the machine delivery delays seen in Q3-Q4/22 will continue during the first half of 2023. Putzmeister orderbooks are on good levels in all countries as well as in FNB and Lackmästarn.

## NET SALES AND OPERATIONAL EBIT% Q422 VS. Q421



## NET SALES BY GEOGRAPHY, Q4 22, (M€)



# OTHER OPERATIONS

STABLE PERFORMANCE IN AN INFLATORY ENVIRONMENT, SHORT-TERM MARGIN PRESSURES CONTINUE

## COMMENTS – Q4 2022



- Net sales of 1.2m€ and operational EBIT of 4%. Acquisition of Vesterbacka Transport in March 2022 had a positive impact on net sales.
- The demand for ESKP's and Vesterbacka Transport's services remained at a reasonable level in the last quarter, but increased cost pressures had a negative impact on EBIT.
- Acquisition of Basti in 12/22

## BOREØ

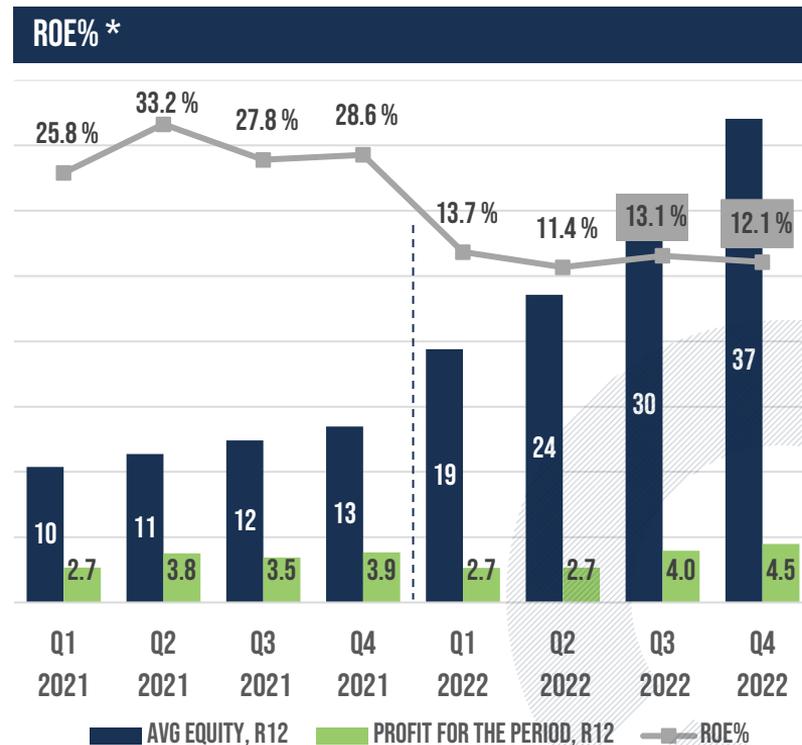
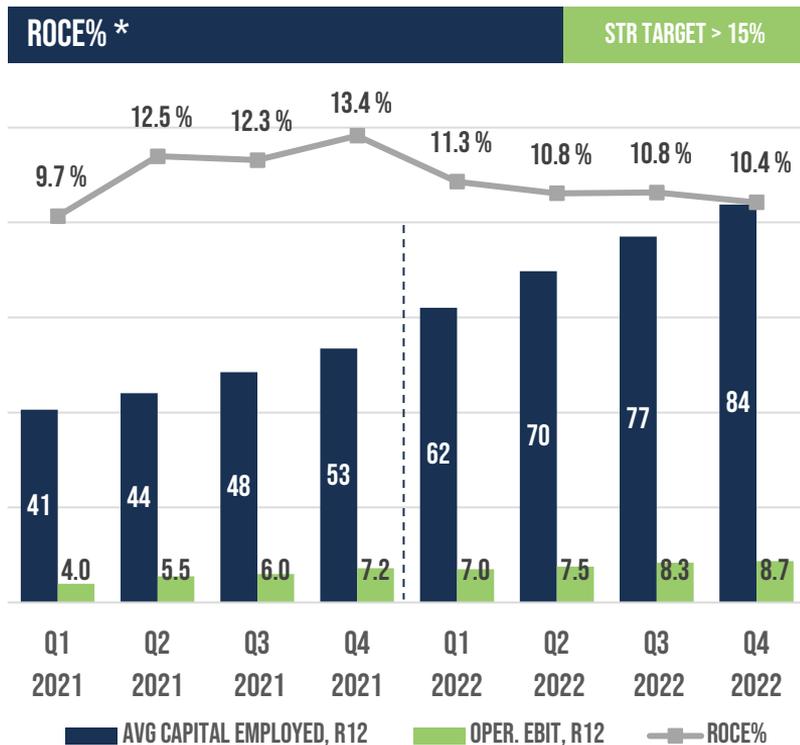
- Group costs of 0.6m€ (0.6m€)

## NET SALES Q422 VS. Q421



# Q4 2022 | ROCE & ROE

CAPITAL EMPLOYED WITH FULL IMPACT OF HYBRID BOND, ROOM TO IMPROVE IN CAPITAL EFFICIENCY



\*Adjusted for continued operations

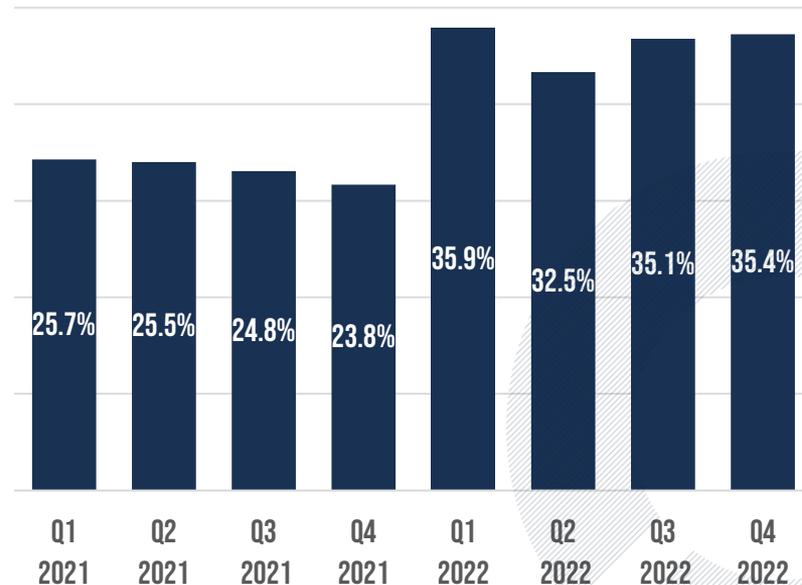
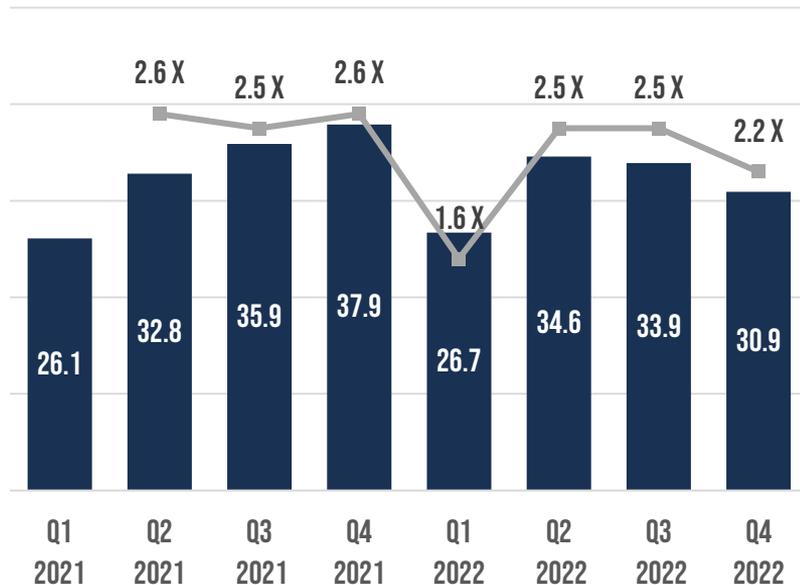
# Q4 2022 | NET DEBT AND EQUITY RATIO

LEVERAGE DECREASED TO 2,2X DUE TO STRONG CASH GENERATION

NET DEBT & NET DEBT/OPERATIONAL EBITDA\*

STR TARGET 2-3X

EQUITY RATIO, % \*\*

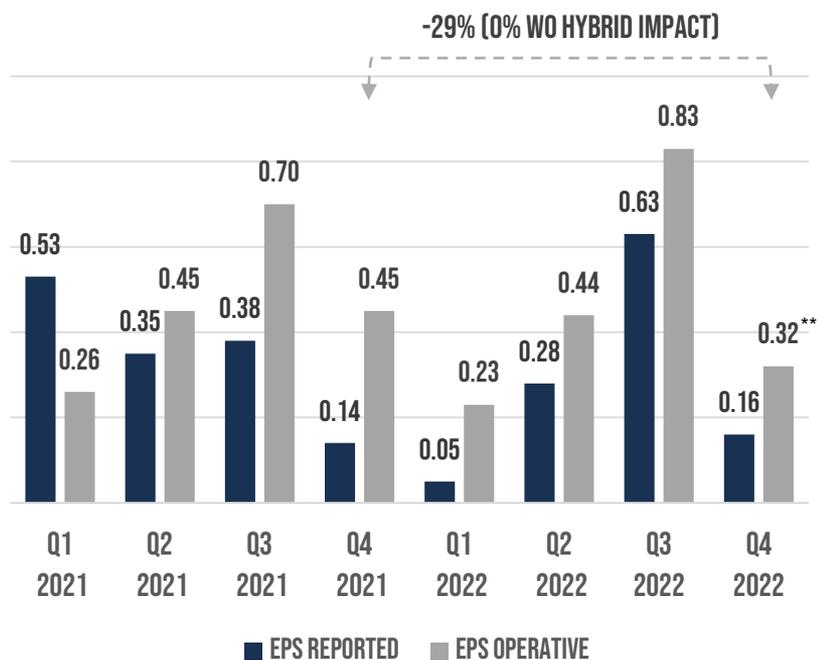


\*ND/EBITDA & Equity ratio Q2-Q4/22 adjusted for continued operations  
\*\*Equity ratio adjusted for continued operations

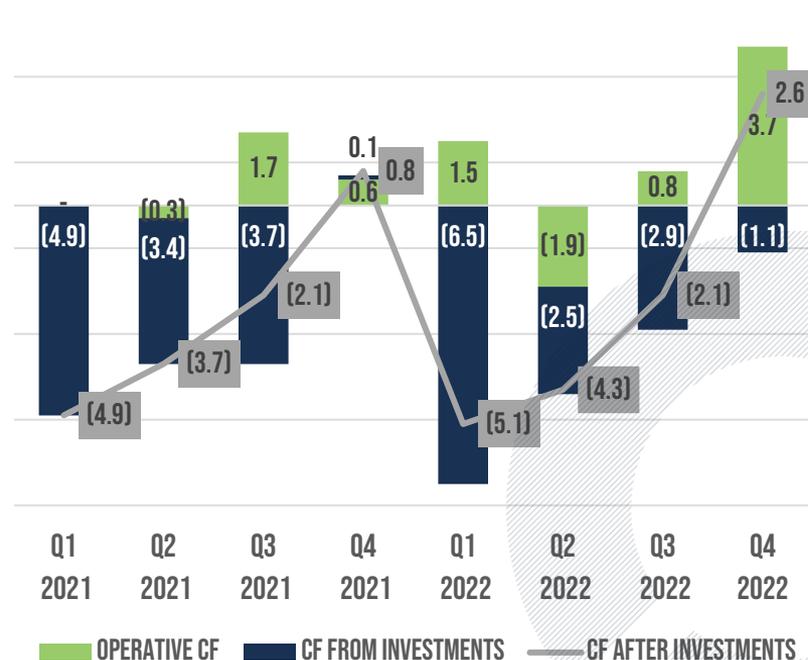
# Q4 2022 | EPS AND CASH FLOW

STRONG OPERATIONAL CASH FLOW SUPPORTED BY NET WORKING CAPITAL RELEASE.

## EARNINGS PER SHARE\*



## CASH FLOW\*\*\*



\*Previous quarters adjusted for continued operations

\*\*The net effect of the interest rate of the hybrid loan (adjusted by tax effect) to EPS:

EUR 0.13 per share in Q4 22 and EUR 0.44 per share in Q1-Q4 22.

\*\*\*Cash flow includes discontinued operations until Q3/22



# AGENDA

- RECAP OF 2020-2022
- 2022 & Q4 2022 HIGHLIGHTS
- Q4 2022 FINANCIALS
- Q&A





**BOREO**

**Q&A**



**BOREO**

**GROW & PROSPER**

# DISCIPLINED ALLOCATION OF CAPITAL TO ACQUISITIONS IN 2022

2023: FOCUS ON DEVELOPING M&A CAPABILITIES AND CREATING PROPRIETARY DEAL FLOW

**9 ACQUISITIONS**

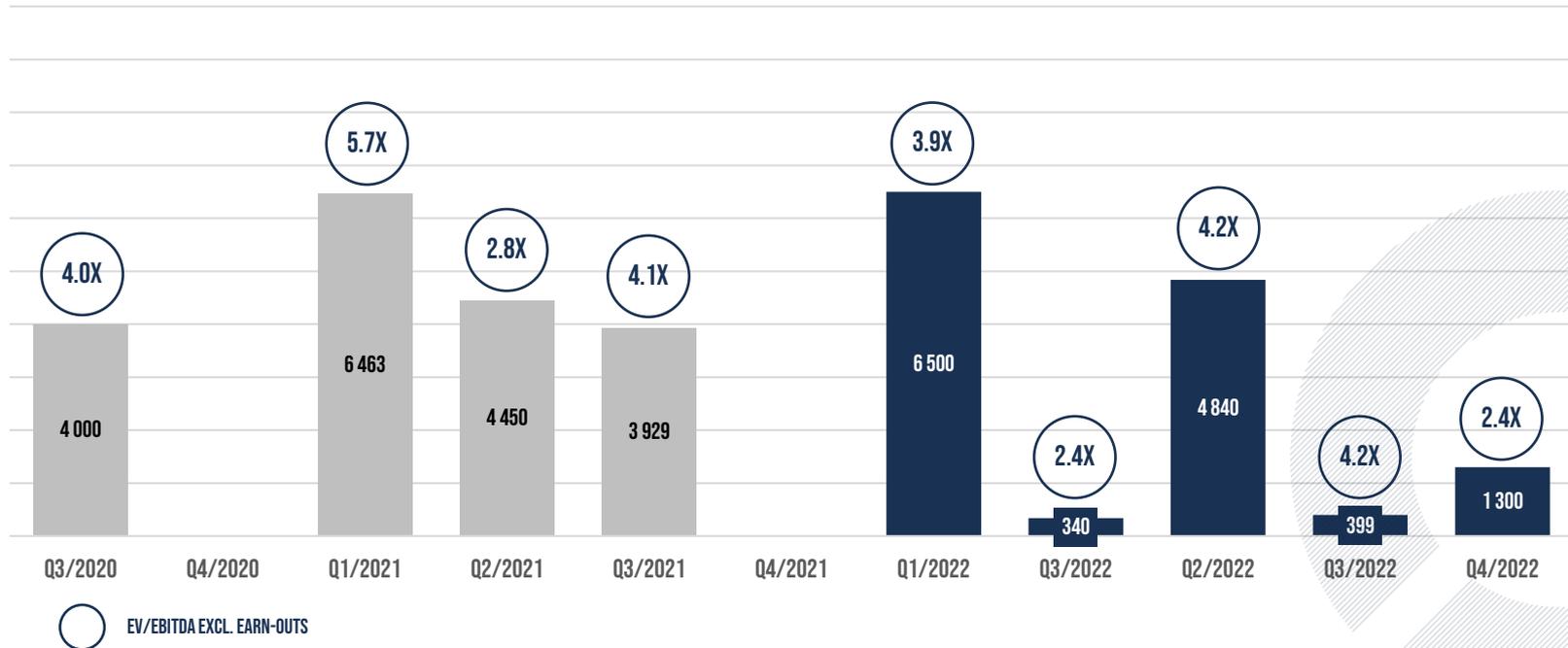
+ SIGNING OF FILTERIT IN DEC 22\*\*

**~15% EBITDA MARGINS**

AVERAGE OF ACQUIRED COMPANIES

**~3.9X EV/EBITDA**

~4.6X W/EARN-OUTS



\*EV/EBITDA estimates based on stand-alone adjusted EBITDA figures

\*\* Filterit transaction not included in the graph for Q4/2022

# MUOTTIKOLMIO ACQUIRED LAMOX IN MARCH 3, 2023

MUOTTIKOLMIO – PART OF TECHNICAL TRADE BA – ACQUIRED THE ENTIRE SHARE CAPITAL OF LAMOX OY

## COMMENTARY

- 1 BUSINESS:** MANUFACTURER OF THE PATENTED TERMOTUOTE PRODUCTS USED IN HIDDEN SOCLE REPAIRS
- 2 FINANCIAL PROFILE:** STRONG OPERATING MARGINS & RETURN ON CAPITAL
- 3 VALUATION:** ENTERPRISE VALUE NOT DISCLOSED – EXPECTED RETURNS WITHIN OUR TARGET RETURN PROFILE
- 4 SOURCING:** BY MUOTTIKOLMIO AND THE TECHNICAL TRADE BUSINESS AREA
- 5 TIMELINE:** THE TRANSACTION HAS BEEN COMPLETED ON MARCH 3, 2023

## HISTORICAL SALES AND ADJUSTED PROFITABILITY, K€

