

# BOREO

A PIONEER FINNISH SERIAL ACQUIRER

AGM | VANTAA | APRIL 15, 2025



# BOREO'S YEAR 2024

# BOREO IN BRIEF

**134M€**  
REVENUE FY2024

**6.8M€**  
OPERATIONAL EBIT

**336**  
EMPLOYEES

**22**  
COMPANIES



## WE ACQUIRE & DEVELOP SMALL- & MID-SIZED COMPANIES

GREAT ENTREPRENEURIAL COMPANIES



## DECENTRALIZED OPERATING MODEL

CULTURE OF OWNERSHIP & LOCAL DECISION-MAKING



## VALUE-ADD DISTRIBUTION, SERVICES, OWN PRODUCTS (B2B)

FROM LOW-MARGIN DISTRIBUTION TO HIGHER VALUE ADD



## SECTOR AGNOSTIC IN PLATFORM M&A

ADD-ONS TO ELECTRONICS & TECHNICAL TRADE BUSINESS AREAS



## FINLAND AS THE HOME MARKET

FINLAND ~70%, BALTICS & SWEDEN ~15% OF REVENUES

**BOREO**



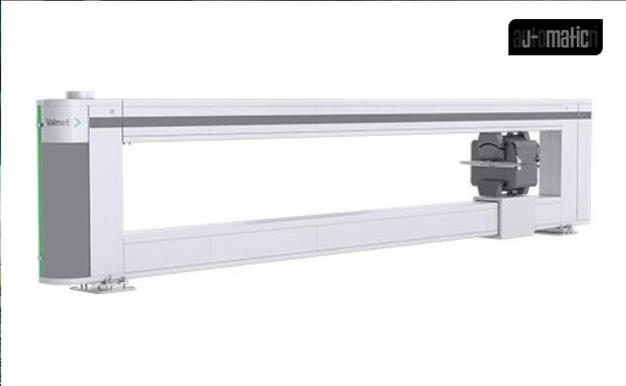
Map excluding USA & # is nr of companies

# DIFFERENTIATED ASSET-LIGHT BUSINESSES

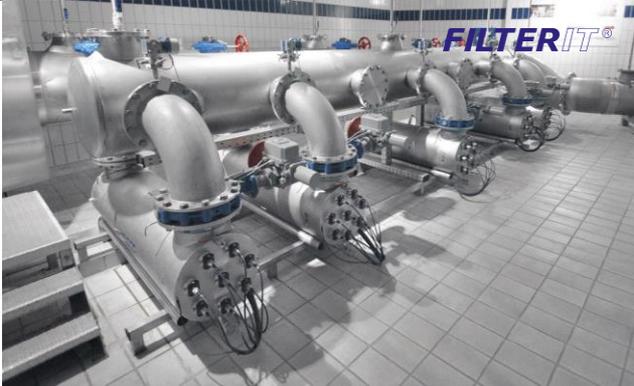
## VALUE-ADD DISTRIBUTION



## LIGHT MANUFACTURING & ASSEMBLY



## PRODUCT COMPANIES



# ENTREPRENEURIAL LEADERSHIP TEAM 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



**LACKMÄSTARN**  
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**  
VILLE JOKELA



**HM NORDIC**  
MIHKEL TASA



**NORETRON COMPONENTS**  
JUHA-PEKKA TIAINEN



**DELFIN TECHNOLOGIES**  
JAAKKO HÄMÄLÄINEN



**J-MATIC**  
JARKKO LAUKKANEN

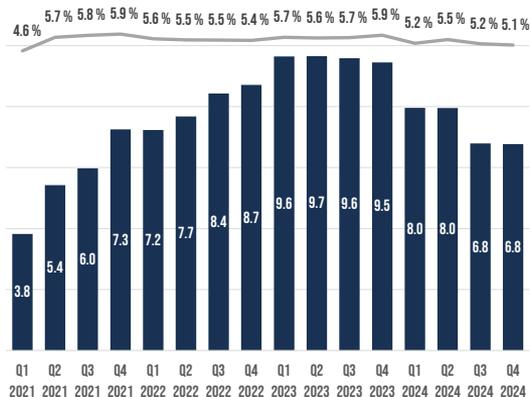


**FLOBY NYA BILVERKSTAD**  
RICHARD KARLSSON

# MODEST RECENT PERFORMANCE

## RETURN BACK TO GROWTH IN Q424

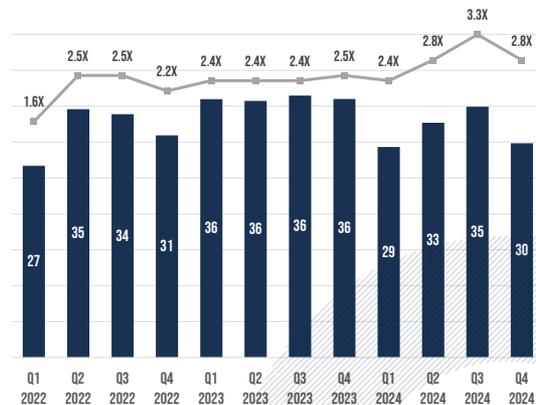
### OPERATIONAL EBIT (€) & EBIT%, R12



### ROCE%



### NET DEBT/OPERATIONAL EBITDA



Q424

**-28%\***

(15%)  
MINIMUM ANNUAL AVERAGE  
OPERATIONAL EBIT GROWTH

**7.9%**

(15%)  
MINIMUM  
OPERATIONAL  
ROCE

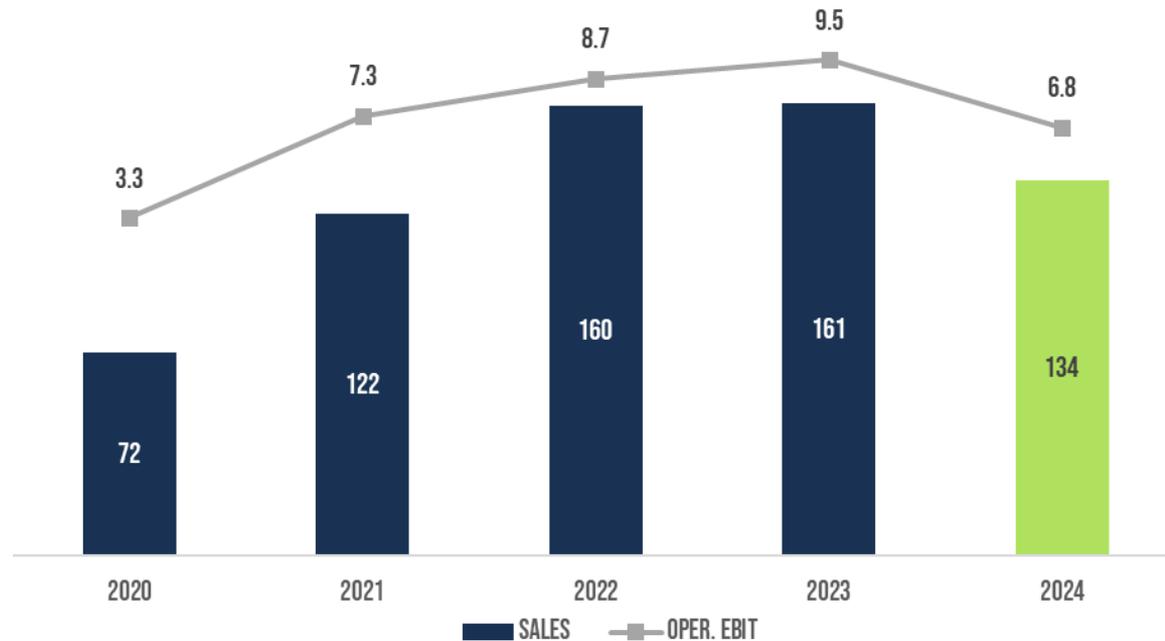
**2.8X**

(2-3X)  
NET DEBT /  
OPERATIONAL EBITDA

\*Adjusted for continued operations

# SALES DECLINED BY 17% DUE TO WEAK DEMAND

PROFITABILITY SUPPORTED BY IMPROVED GROSS MARGIN AND DECREASED FIXED COSTS



## COMMENTARY

### 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

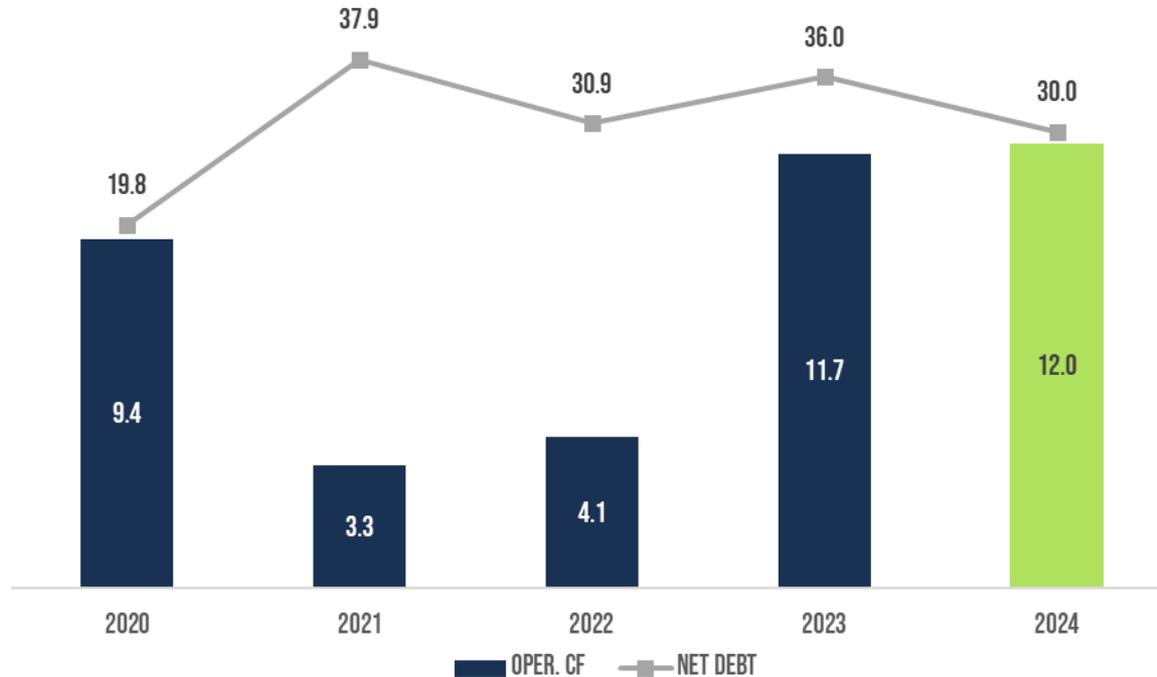
- Gross margin improved from 28% to 30%
- Fixed costs decreased by c. 2m€

### Healthy profitability levels in the portfolio

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

# STRONG OPERATIVE CASH FLOW

SUCCESSFUL MANAGEMENT OF WORKING CAPITAL 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)



# REFLECTIONS ON WHERE WE ARE

# (+) SOLID FOUNDATION BUILT & MODEL IN PLACE FOR LONG-TERM GROWTH

1

## DECENTRALIZED MODEL

OPERATING MANUAL  
BOREO CLOCK & GAME PLAN & ACADEMY

2

## SOLID ACQUISITION RETURNS

~15% ROCE  
FOR THE 50M€ DEPLOYED TO ACQUISITIONS SINCE Q32020

**BOREO**

3

## CAPABLE LEADERSHIP TEAM

SUCCESSFUL TRANSITIONS FROM ENTREPRENEUR ERA

4

## ORGANIC GROWTH OPPORTUNITIES

SEVERAL COMPANIES WITH PROMISING OUTLOOKS

MILCON



FILTERIT®

**BOREO**

# (+/-) ROOM TO IMPROVE IN PORTFOLIO QUALITY & BALANCE SHEET STRENGTH

## QUALITY OF PORTFOLIO

4%

EBIT 'OLD PORTFOLIO'  
FY2024

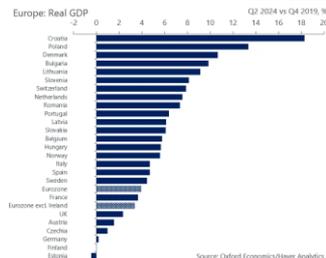
10%

EBIT 'NEW PORTFOLIO'  
FY2024

### Gradually improving quality

- Old portfolio continue to impact group performance
- In FY2024, new companies' EBIT +5m€, old portfolio +3m€

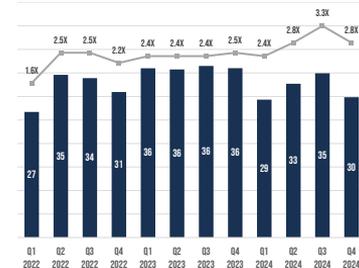
## CYCLICALITY



### Capex and Finnish & Baltic exposure

- Finland & the Baltic markets have struggled the last 3-years
- Demand of old portfolio prone to changes in customers' investment appetite

## FINANCIAL STANDING



### Leverage elevated

- Loss of Russian business
- Challenging market conditions



# A VIEW AHEAD

# HOW TO RETURN BACK TO GROWTH?

WELL PREPARED FOR SIGNIFICANT EARNINGS IMPROVEMENT ONCE MARKET CONDITIONS IMPROVE

## CURRENT STATE

**20%**

ANNUAL AVERAGE OPERATIONAL  
EBIT GROWTH (2020-2024)

**7.9%**

ROCE FY2024

**2.8X**

NET DEBT / OPERATIONAL EBITDA  
FY2024 (EXCL. HYBRID)

## 1. ACQUISITIONS

HIGHER MARGINS & RETURNS

SPETSELEKTROODI AS | YE | RS

## 2. ORGANIC GROWTH

OPPORTUNITIES IN THE PORTFOLIO

MILCON | FILTERIT® | pm nordic | Delfin Technologies

## 3. STRATEGIC INITIATIVES

BACK TO GROWTH -PLAN

YEInternational | MACHINERYMT

## 4. MARKET CONDITIONS

REBOUND OF FINLAND & BALTICS

## STRATEGIC TARGETS

**15%**

MINIMUM ANNUAL AVERAGE  
OPERATIONAL EBIT GROWTH

**15%**

MINIMUM  
ROCE

**2-3X**

NET DEBT / OPERATIONAL EBITDA

# YE RS | CREATION OF A GROWTH PLATFORM

CONTINUATION OF A 30-YEAR PARTNERSHIP WITH RS GROUP



## COMMENTARY

### Transaction

- Boreo to acquire Elfa Distrelec sales activities in Finland & Baltics from RS
- Upon completion, plan to create a high-performing, modern & agile 'YE RS'
- YE's current RS Business to be spun-off from YE's component distribution business

### Business

- Plan to create a high-service, digital-led distributor of industrial and MRO products
- YE RS will provide its customers with a significantly wider product offering, improved customer experience, operational efficiencies, and value-add services.
- Operations located in Finland, Estonia, Latvia and Lithuania

## TRANSACTION OVERVIEW

Deal signed 1.4.2025 (expected closing Q325)



15m€ Sales 2024



1.1m€ EBIT 2024



10 employees



~5x EV/EBIT valuation<sup>1)</sup>



5.5m€ Enterprise Value (5m€ EV). 4m€ at closing and 1.5m€ deferred payment.

<sup>1)</sup> Including deferred payments of 1.5m€ in 3-years from closing

# SPETSELEKTROODI | GREAT ENTREPRENEURIAL FIRM

SPETSELEKTROODI AS



## ADD-ON ACQUISITION OF A DISTRIBUTOR OF PREMIUM WELDING MACHINE AND AUTOMATION PRODUCTS

### COMPANY OVERVIEW

#### Transaction

- Boreo to acquire Spetselektroodi from Indrek Ranne
- Karl Laasik, current Head of the Company's Technical Support, appointed as Managing Director
- Extension of partnership with Fronius and seeking of co-operation opportunities with Fronius and Machinery MT

#### Business

- Founded in 1995, Spetselektroodi acts as the distributor of welding and cutting products and solutions in Estonia.
- The company's suppliers include Fronius, the global technology leader of welding products, Hypertherm, a global leader of plasma cutting solutions and several other well-known international brands.
- The company serves as a partner to its customers throughout the product lifecycle, and engages in import, warehousing, sales and aftermarket services.
- Operations located in Tallinn, Tartu and Haljala, Estonia.

### TRANSACTION OVERVIEW



Deal signed 31.3.2025 (expected closing 1.5.)



3.6m€ Sales 2024



0.4m€ EBITDA 2024



12 employees



n/a – payment in two installments: 2/3 at closing, 1/3 Q425



n/a

1) Without earnouts



**GROW AND PROSPER**