



BOREO

STRATEGY LAUNCH

March 4, 2021 | Sanomatalo



KARI NERG

2020- BOREO OYJ | CEO

2017-2020 Mutares SE & Co. KGaA | Head of Nordics and UK

2010-2017 Häggblom & Partners | Chief Operating Officer



AGENDA

- **New Strategy and Strategic Objectives**
Kari Nerg, CEO
 - **Boreo at a glance**
Kari Nerg
 - **Our Strategy**
Acquisitions, Kari Nerg
Operational Excellence, Aku Rumpunen, CFO
People & Culture, Mari Katara, SVP, Group HR
 - **Our Businesses**
Electronics, Kari Nerg
Technical Trade, Janne Silvennoinen, SVP, Head of Business Area
Heavy Machines, Richard Karlsson, SVP, Head of Business Area
 - **Wrap-up**
Kari Nerg
 - **Q&A**
- 



THE PLACE TO GROW AND PROSPER

STRATEGIC OBJECTIVES FOR 2021-2023

20%

minimum annual average
sales growth during the
strategy period

8%

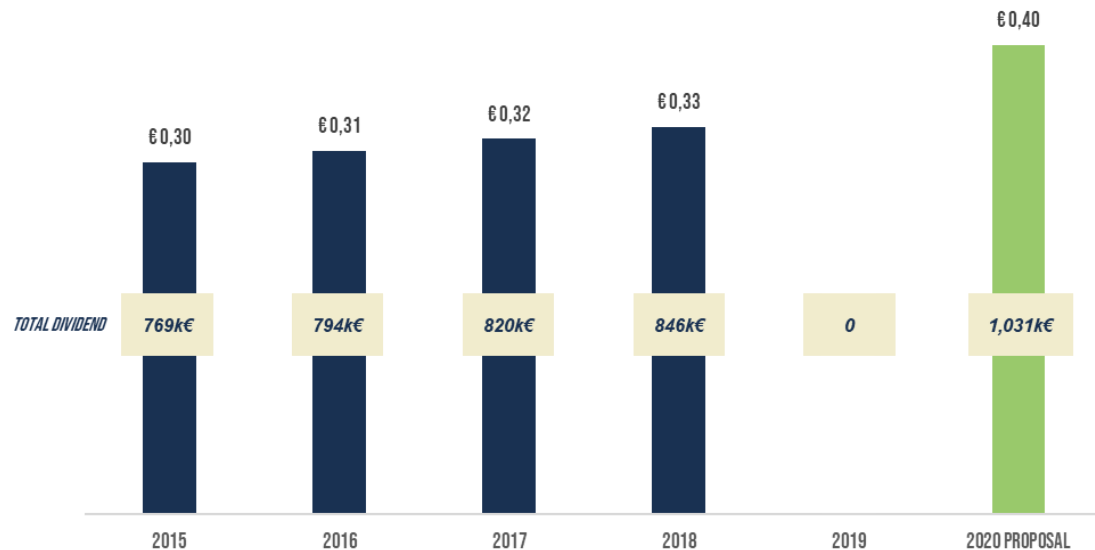
minimum operative
EBIT at the end of the
strategy period

2-3X

net debt /
operative
EBITDA

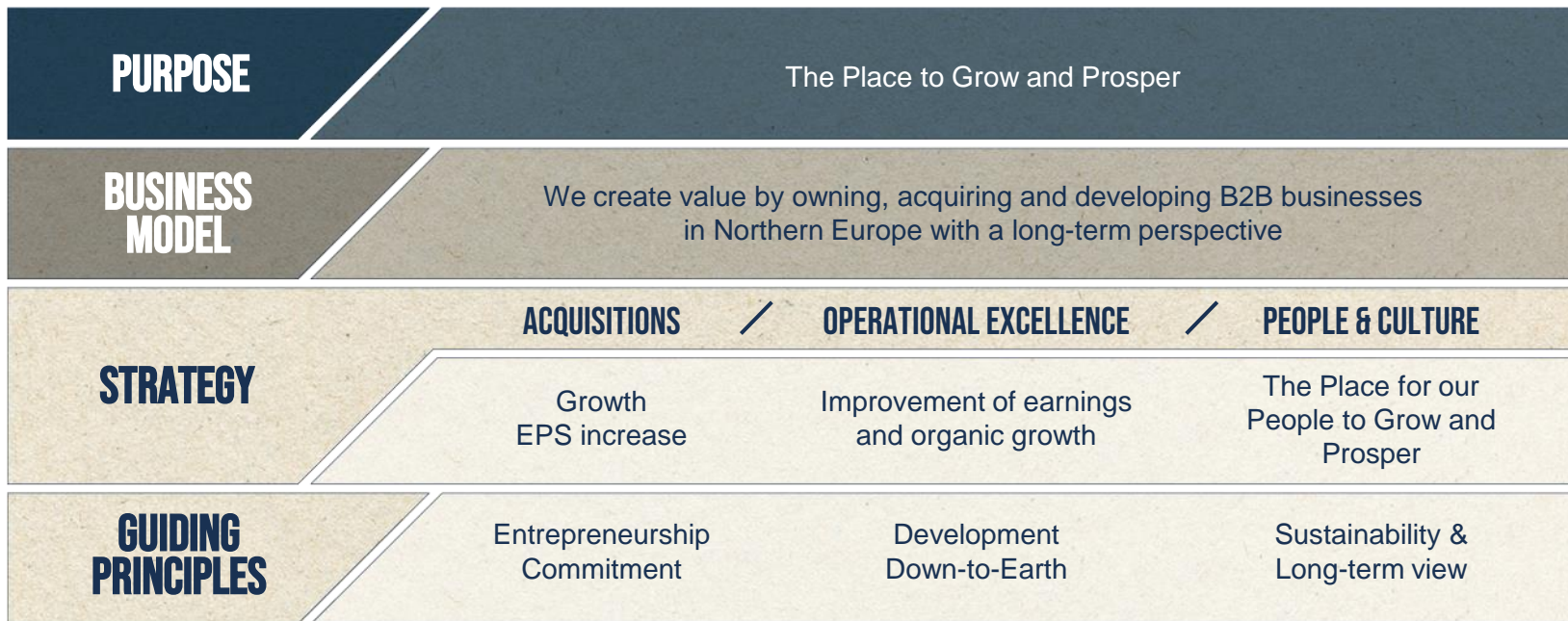
OUR DIVIDEND POLICY

DIVIDEND PER SHARE DEVELOPMENT, 2015-2020, €



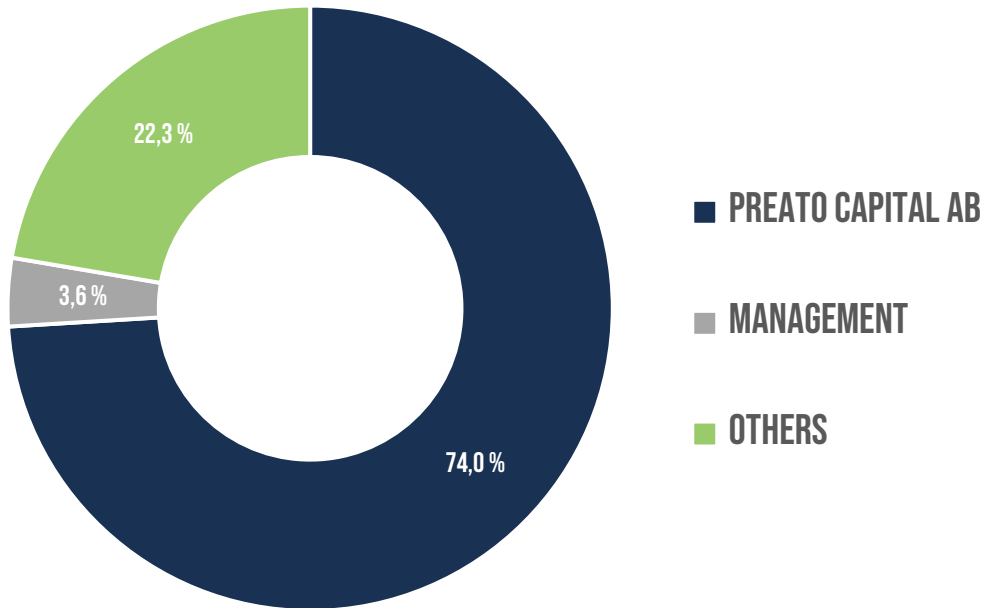
- Boreo's objective is to **continuously increase shareholder returns**
- In 2020, planned return to pre-Covid dividend level with the proposed EUR 0.4 dividend per share as suggested by the Board of Directors to AGM
- **Boreo targets an annually increasing dividend per share**

NEW STRATEGY > GROWTH OF EARNINGS VIA ACQUISITIONS AND OPERATIONAL EXCELLENCE



STARTED EVALUATION OF FINANCING ALTERNATIVES

OWNERSHIP STRUCTURE, 28/2/2021



- OP Corporate Bank mandated to assist in evaluating alternatives to fund our growth strategy
- Objectives include:
 - Increasing free float and our shareholder base
 - Ensure sufficient funds to execute acquisition strategy
 - Strengthen balance sheet

BOREO AT A GLANCE

BOREO



ELECTRONICS

€61M

2020 Sales



~260

Professionals

#5

Geographic
markets



 Yleiselektroniikka  YE International
YE GROUP



TECHNICAL TRADE

€36M

2020 Sales
(illustrative)

~80

Professionals

#1

Geographic
market



MACHINERY

 MUOTTIKOLMIO



HEAVY MACHINES

€24M

2020 Sales
(illustrative)

~20

Professionals

#3

Geographic
markets



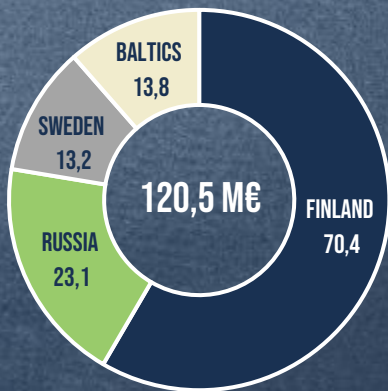
 SANY | nordic
pm nordic



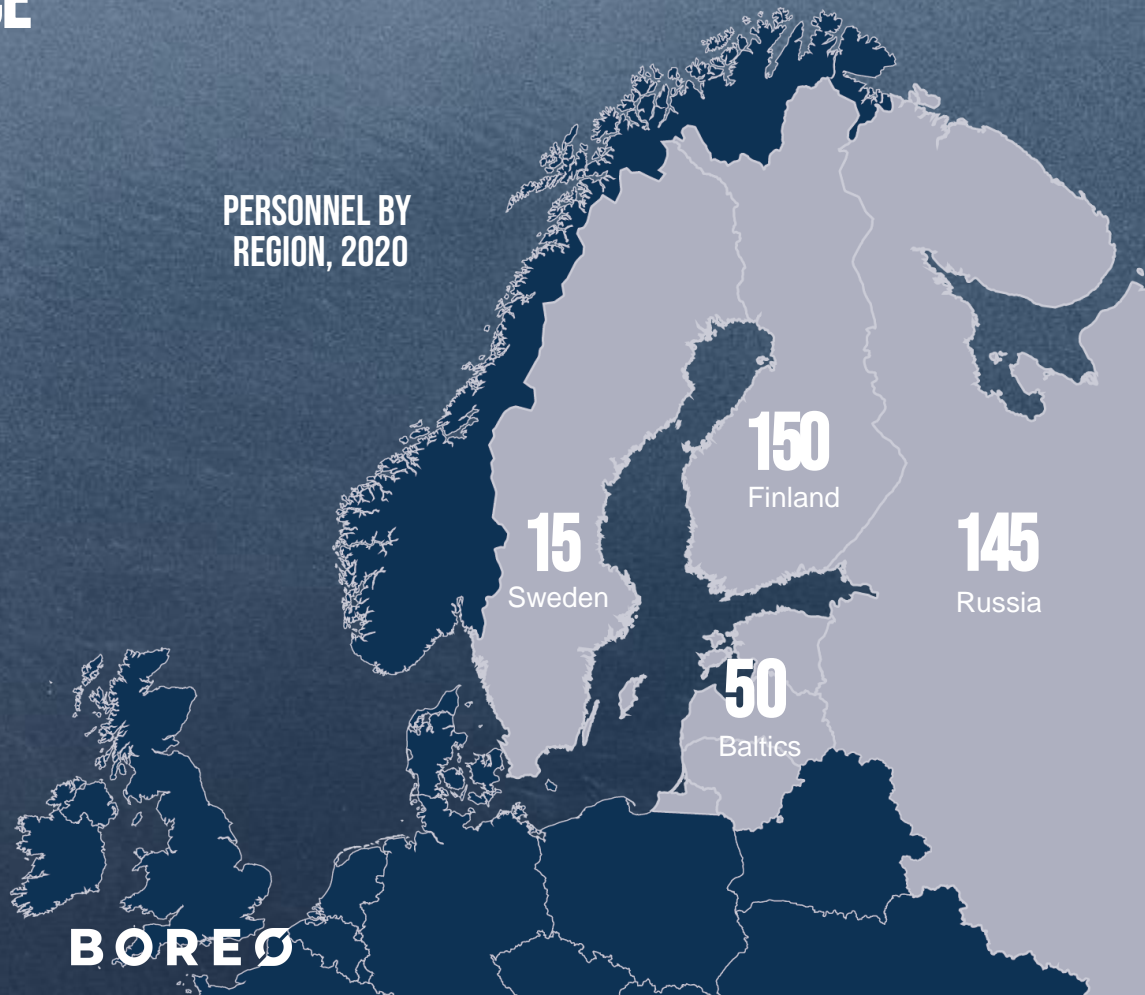
BOREO

OUR GEOGRAPHIC PRESENCE

SALES BY REGION, 2020
ILLUSTRATIVE

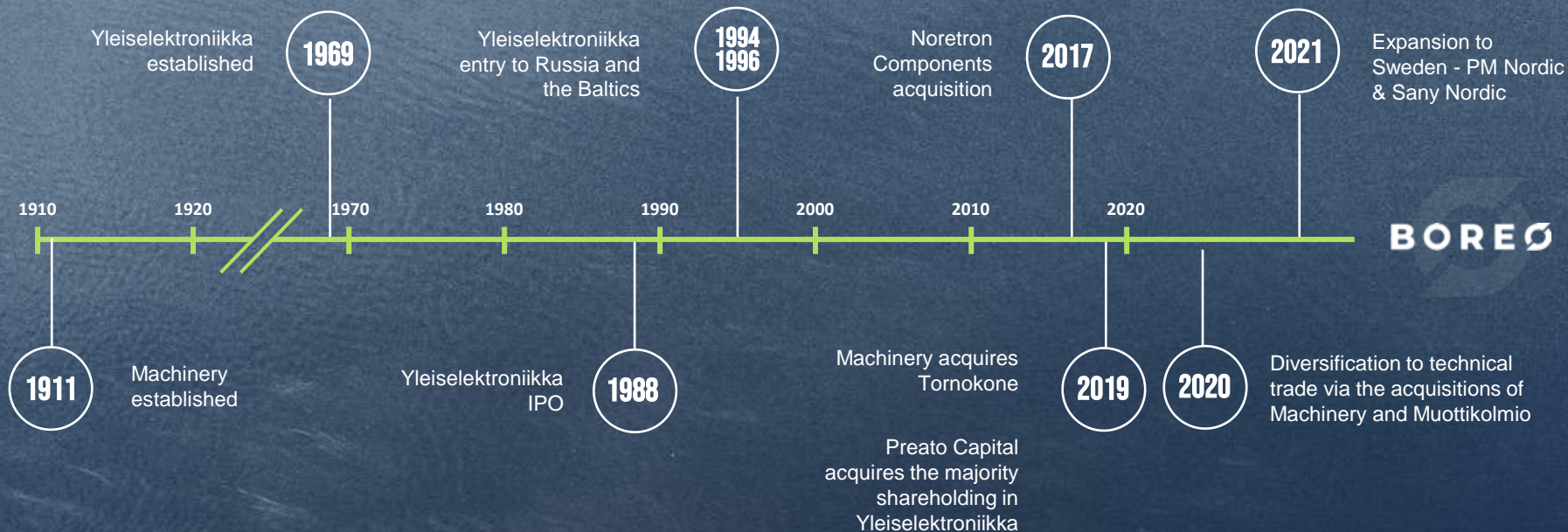


PERSONNEL BY
REGION, 2020

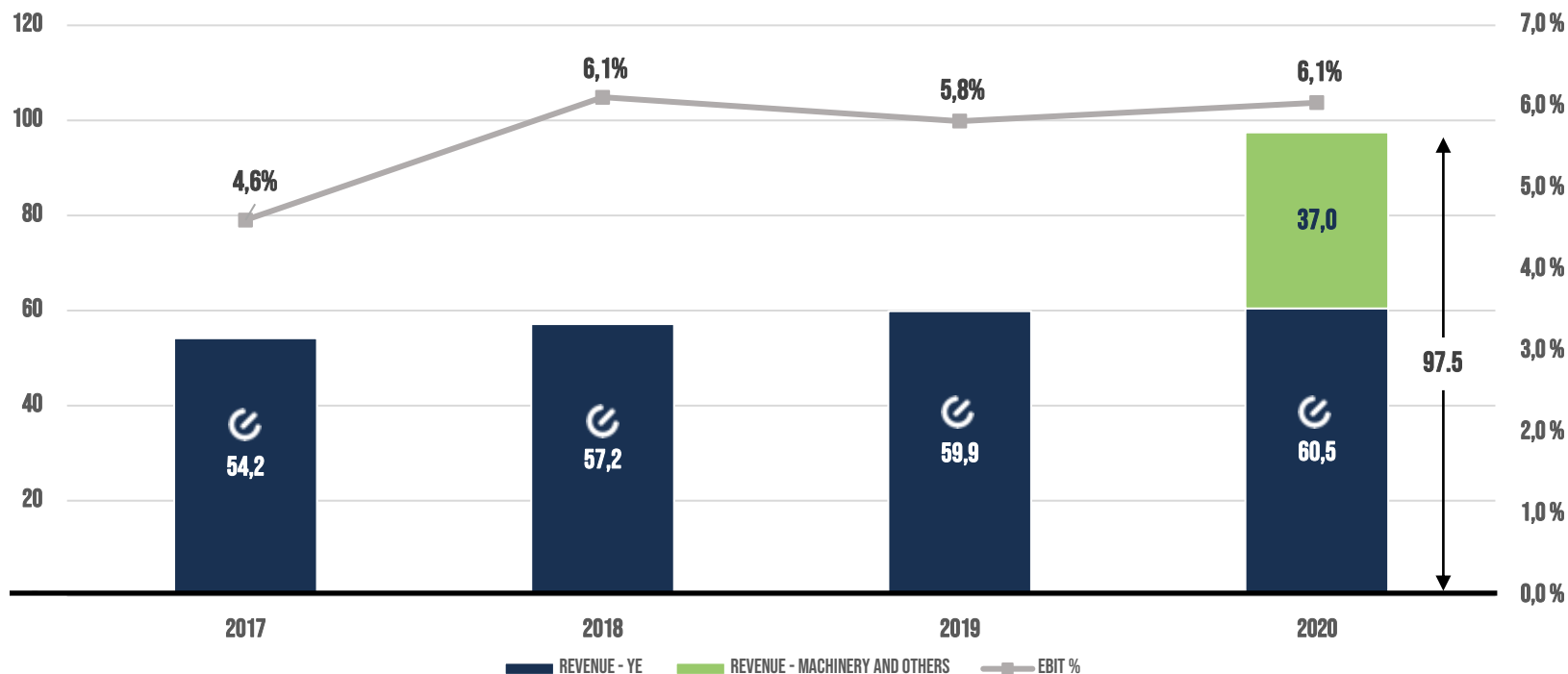


BOREO

OUR HISTORY



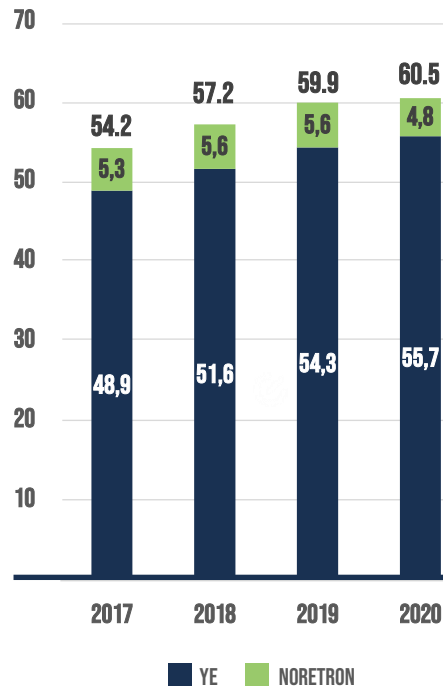
HISTORICAL REPORTED KEY FINANCIALS



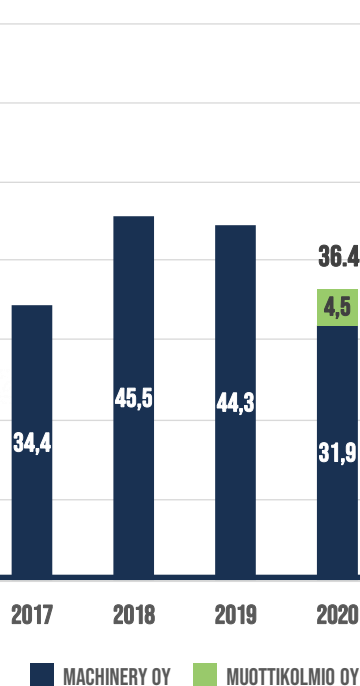
*2020 Operational EBIT (excl. One-off costs)

ILLUSTRATIVE 2020 REVENUES W/ CURRENT STRUCTURE ~120M€

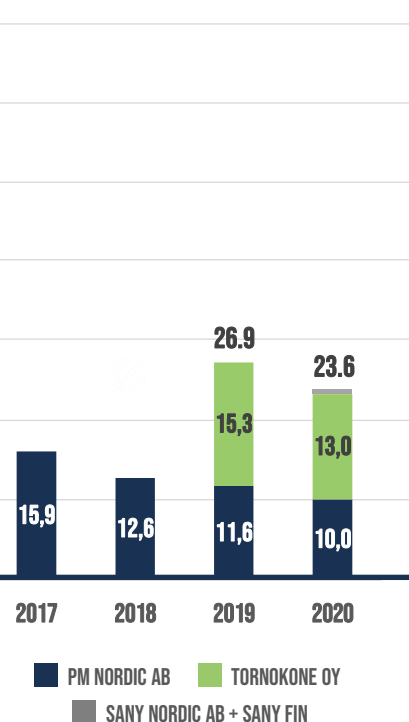
ELECTRONICS BUSINESS AREA



TECHNICAL TRADE BUSINESS AREA*



HEAVY MACHINES BUSINESS AREA*



**Illustrative historical revenue as if companies acquired in 2020 would have been part of the group for full FY2020*

A person in a canoe is positioned in the lower center of the frame, navigating a calm river. The river's surface is still, reflecting the surrounding environment. On the left bank, a dense forest of tall, slender trees rises, their forms softened by a thick mist or fog that fills the air. The background is a pale, hazy expanse, suggesting a distant shoreline or a bright, overcast sky. The overall mood is serene and quiet, with a focus on nature and solitude.

HOW TO GROW THE BOREO FAMILY?

BOREO

ACQUISITION STRATEGY | MAIN GOALS

GROWTH

Sales and earnings growth

Accreditive acquisitions
increasing earnings
per share

DIVERSIFICATION

Diversify Boreo to new industries
and geographies

Favorable group risk profile

STRENGTHEN EXISTING OPERATIONS

Strengthen our existing businesses
via add-on acquisitions

TYPE OF ACQUISITIONS WE DO

ADD-ON ACQUISITIONS

BOREO



ELECTRONICS



**TECHNICAL
TRADE**



**HEAVY
MACHINES**

- Full or non-existent integration to existing businesses
- Geographical or product offering expansion
- Vertical and horizontal expansion in the value-chain
- Small operational add-ons to larger stand-alone acquisitions

PLATFORM ACQUISITIONS

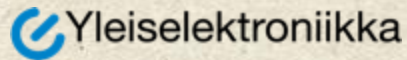
**NEW
BUSINESS AREAS**

- No integration to existing Business Areas
- Sufficient scale either at acquisition or through a build-up after acquisition
- Possibilities for value creation via Acquisitions and Operational Excellence

Common criteria | Decent valuation - B2B - Asset light - Healthy operative margins - Predictable revenues - High cash conversion

BOREO

CASE PLATFORM – MACHINERY ACQUISITION



MACHINERY

MARCH 2020

Acquisition date

50M€

2019 Sales

100

FTEs

DIVERSIFICATION

to technical trade

6,5 EV/EBITDA

valuation





CASE ADD-ON - MUOTTIKOLMIO ACQUISITION

MACHINERY

 **MUOTTIKOLMIO**

OCTOBER 2020

Acquisition date

5M€

2019 Sales

6

FTEs

COMPLEMENTARY

Product offering

4X EV/EBITDA

valuation





OUR STRATEGY OPERATIONAL EXCELLENCE

AKU RUMPUNEN

2020- BOREO OYJ | CFO

2012-2020 Cramo | Group CFO (2016-2020) and
Group Management Team member

2003-2012 YIT | Financial manager & business control roles



HOW TO IMPROVE EARNINGS AND GENERATE ORGANIC GROWTH?

BOREO

OPERATIONAL EXCELLENCE STRATEGY IN A NUTSHELL

1. OBJECTIVE

Enhance efficiency and improve earnings in all key functions throughout the group – tailored to meet the needs of our Business Units

2. KEY FUNCTIONS

Sales management, working capital management, purchasing and Boreo platform functions

ENABLERS

ENTREPRENEURIAL
MINDSET

SHARING BEST
PRACTISES

CONTINUOUS
LEARNING

BOREO

FROM GROUP'S STRATEGIC FRAME TO BUSINESS SPECIFIC OBJECTIVES AND KPI MEASUREMENT

Before measuring performance, we need to understand what we aim to achieve (our business objectives) and where we must excel (our key value drivers) to achieve the objectives

**GROUP
STRATEGY**



**BUSINESS
OBJECTIVES**

What do we need to achieve to successfully execute our strategies?



**KEY VALUE
DRIVERS**

In order to reach our objectives, where must we be good at?



KPIs

How do we manage and measure our performance?

HOW DO WE DO IT?



DRIVE OPERATIONAL LEVERAGE BY PROMOTING CONTINUOUS EFFICIENCY IMPROVEMENT THROUGHOUT ALL KEY OPERATIONS

Work stream	Actions	Financial impact
SALES MGMT	<ul style="list-style-type: none">• Systematic way to manage sales via harmonised steering model, drive efficient CRM usage• Active search of new supplier and customers, capture cross selling potential• Set targets and decide on KPIs	SALES ↗
WORKING CAPITAL MGMT	<ul style="list-style-type: none">• Systematic way to manage NWC via harmonised steering model• Analyse working capital items and improvement potential• Manage inventory, AR and AP processes	DIRECT COSTS ↘
PURCHASING	<ul style="list-style-type: none">• Drive cost savings in all key purchases• Use preferred suppliers and logistics partners• Manage purchasing terms	INDIRECT COSTS ↘
BOREO PLATFORM FUNCTIONS	<ul style="list-style-type: none">• Streamline and modernize processes in support functions (finance, IT, etc.)• Drive synergies and utilise leverage of Boreo's support function platform	EBIT & CASH FLOW ↗

OPERATIONAL EXCELLENCE IN PRACTISE | FINNISH OPERATIONS

Performance improvement actions launched in 2020. A lot has been done, but further potential exists

Work stream	Actions	Financial impact
COST EFFICIENCY	<ul style="list-style-type: none">Fixed cost reduction: personnel, premises and warehousing	TARGETED ANNUALIZED COST SAVINGS
FOCUS ON CORE OPERATIONS	<ul style="list-style-type: none">YE Finland supplier portfolio concentration – closure of physical shopMachinery construction unit product portfolio streamliningOutsourcing of warehouse operations	EUR 1.5 MILLION
RELEASE OF CAPITAL	<ul style="list-style-type: none">Right-sizing of NWC via structured inventory management, AP and ARRelease capital from sale of HQ	CAPITAL REDUCTION – CASH FLOW IMPROVEMENT
BOREO PLATFORM DEVELOPMENT	<ul style="list-style-type: none">New HQ for mother company and three Business UnitsEnabling efficient setup of platform functions (finance, IT, etc.)Cross selling opportunities	~ EUR 1.0 MILLION



OUR STRATEGY PEOPLE & CULTURE

MARI KATARA

2020- BOREO OYJ | SVP, GROUP HR

2018-2020 OP Financial Group | HR Manager, Head of HR and Member of Management Team at Pohjola Hospitals and OP Life Insurance

2013-2018 LänsiAuto Group | HR Manager and Group Management Team Member

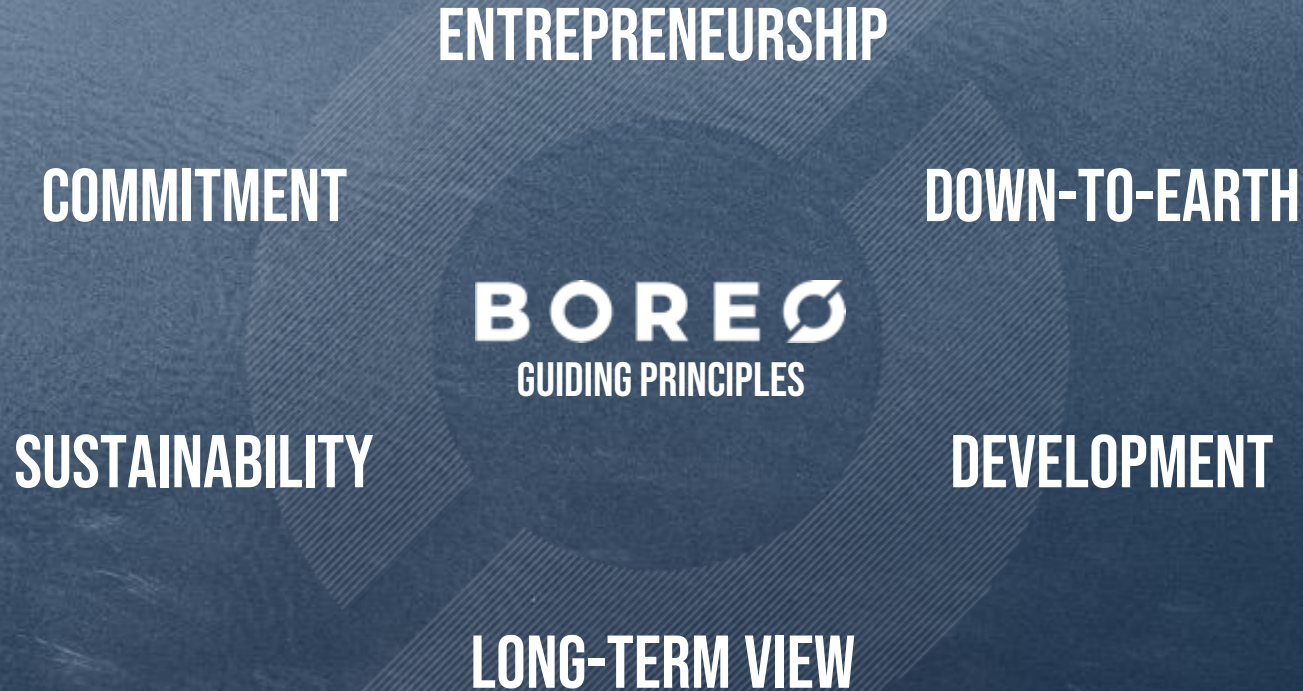


**MAKING BOREO THE BEST HOME
FOR OUR PERSONNEL TO
GROW AND PROSPER**

BOREO

MACHINERY

THE BOREO WAY



BOREO

PEOPLE & CULTURE STRATEGY

PEOPLE PERFORMANCE

- Right direction
- Support for work
- Continuous feedback

COMPETENCE DEVELOPMENT

- Opportunities to develop
- Motivating career paths
- Fit-for-purpose training possibilities
- Continuous leadership development activities

PAY FOR PERFORMANCE

- Rewarding incentive schemes
- Motivating targets
- Performance-based remuneration

DIGITALIZATION

Enabling our people to concentrate on what they are good at with fluent HR processes

TALENT ACQUISITION

Attract and sustain talented people, boost attractive employer brand and ensure efficient recruitment process and talent management activities

BOREO VALUE PROPOSITION

WE LEARN TOGETHER

We focus on sharing best practices

Growing Boreo group provides
diverse opportunities for competence
and career development

LIKE A FAMILY

Warm welcome when joining the Boreo family

We value the culture and history of
the independent businesses

Trust and long-standing
employment relationships

GOOD HOME FOR OUR PEOPLE

POSSIBILITIES TO PROSPER

We reward people for great
achievements and celebrate together

Our performance management model
as a backbone for your work

We are proud of what we do!

BOREO

MACHINERY

OUR ELECTRONICS BUSINESS

BOREO

ELECTRONICS | OVERVIEW

~61M€

2020 revenues

260

FTEs in 2020

3

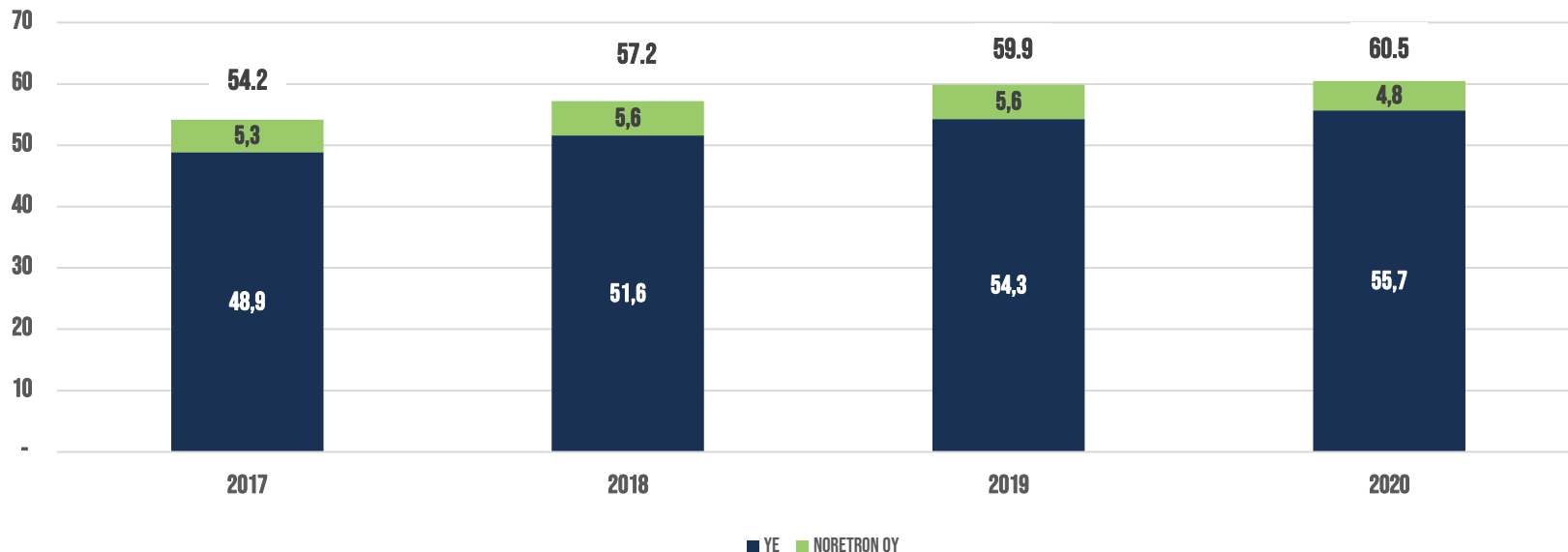
Brands

5

Markets

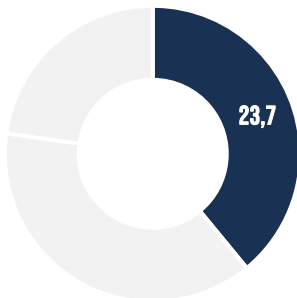
KARI NERG

Head of BA



ELECTRONICS | BUSINESS UNITS

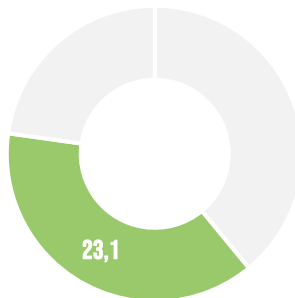
FINLAND



 Yleiselektroniikka

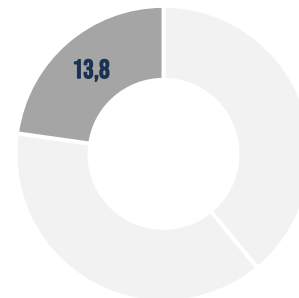


RUSSIA



 YEInternational

BALTICS



 YEInternational

CUSTOMER BASE

OEMs
Medical industry
Telecommunication
Wide range of industrial customers

SERVICE OFFERING

Import
Warehousing & logistics solutions
Technical sales & support

STRONG SUPPLIER BASE



 Mini-Circuits









 Yleiselektroniikka

 YEInternational



ELECTRONICS | WHAT DO WE DO?

PRODUCT PORTFOLIO



RF Products



Tools &
Measuring devices



Semiconductors



Power and IOT



Connectors &
Electro-mechanical
products



Fans & Blowers

SUPPLIERS

Enabler of growth in our markets.
Most recognized brands with latest technology and competitive edge



We are technical distributors and represent a diversified portfolio of proven third-party suppliers of quality technology solutions for defined industries in Finland, Russia and the Baltics.



CUSTOMERS

We improve competitiveness of our customers by providing value adding products and services.

ELECTRONICS | OUR SUCCESS FACTORS

EXPERTISE

- Skilled and experienced staff ahead of technology development
- Dedicated teams for specific technologies

HIGH CUSTOMER KNOW-HOW

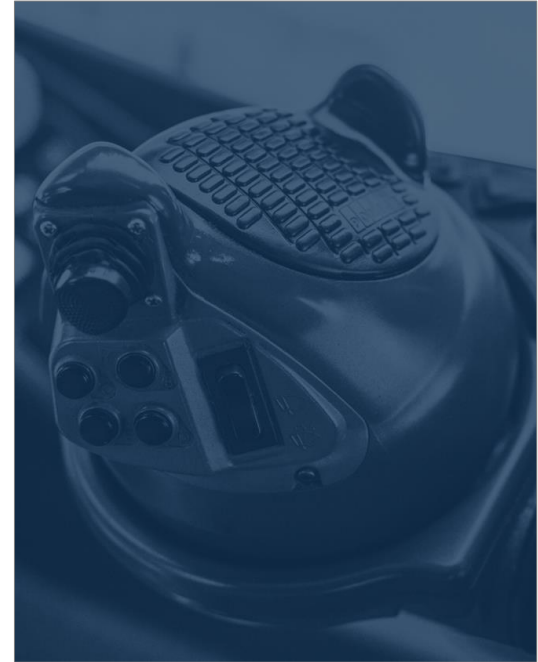
- Wide local field sales organization complementing technology specialists
- Long-standing client relationships

STRONG SUPPLIER BASE

- Most recognized brands with leading technology and competitive edge
- Synergies in covering 5 markets

EFFICIENT OPERATIONS

- Modern and efficient technology
- Efficient logistics
- Benefit from Boreo platform functions





OUR BUSINESSES TECHNICAL TRADE

JANNE SILVENNOINEN

2020- BOREO OYJ | HEAD OF TECHNICAL TRADE

2006-2020 Yleiselektroniikka | CEO

2000-2006 Kontram | Drives and Electric

TECHNICAL TRADE | OVERVIEW

~36M€

2020 revenues
(illustrative)

80

FTEs in 2020

2

Brands

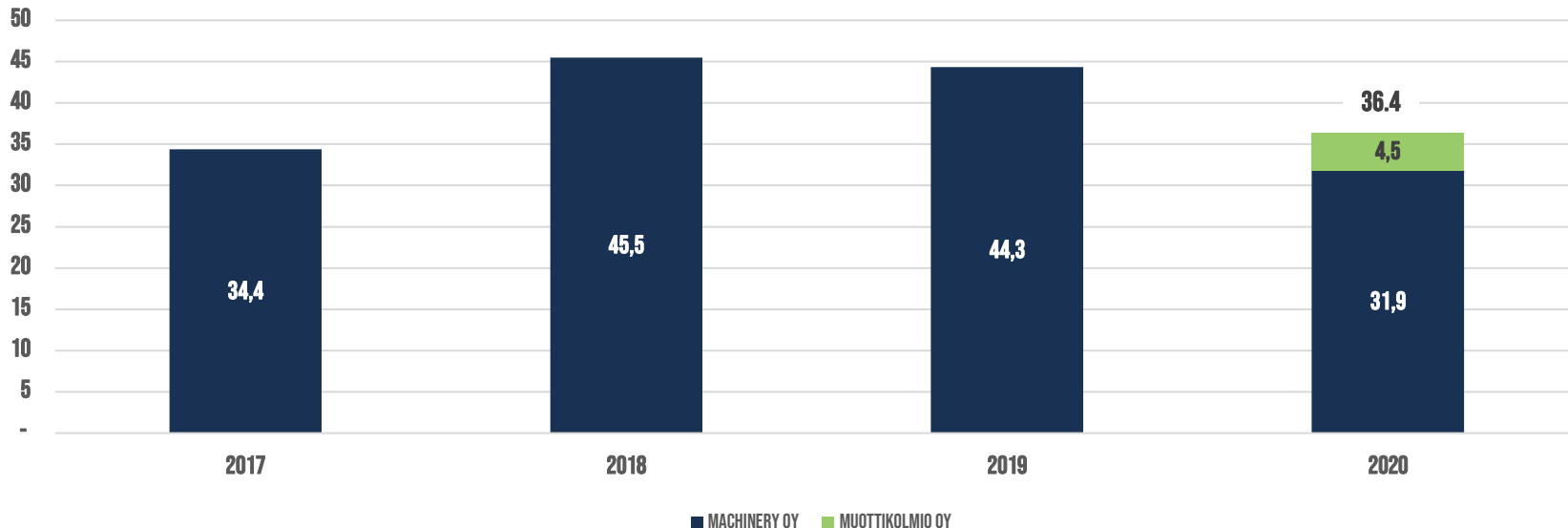
1

Market

**JANNE
SILVENNOINEN**

Head of BA

*ILLUSTRATIVE HISTORICAL REVENUE



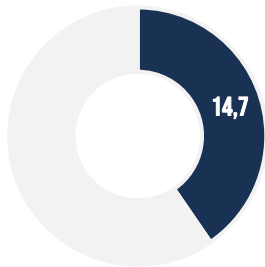
**2020 Muottikolmio figures pro-forma. Machinery Oy excluding Sany, which is part of Heavy Machines*

MACHINERY

MUOTTIKOLMIO

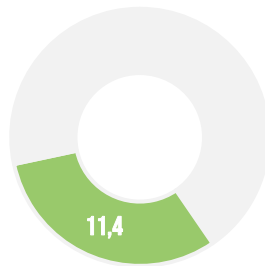
TECHNICAL TRADE | BUSINESS UNITS

POWER



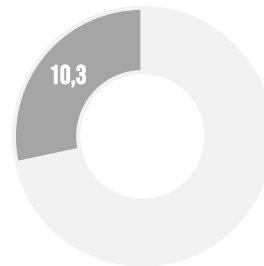
MACHINERY

METAL MACHINING



MACHINERY

CONSTRUCTION



MACHINERY

MUOTIKOLMIO

CUSTOMER BASE

Industrial machine OEMs, offshore
Utilities, data centers
Metal subcontracting &
OEM workshops
Construction companies & contractors

SERVICE OFFERING

Technical sales and logistics solutions
ISO 14001 certified design,
production and commissioning
Service and spare part sales

STRONG SUPPLIER BASE



Kubota



ISODRÄN®

SKYJACK

MALTHUS

MicroStep



HYUNDAI
WIA

MACHINERY

MUOTIKOLMIO

TECHNICAL TRADE | WHAT DO WE DO?

PRODUCT PORTFOLIO



Engines



Generators



Metal machines



Construction machines & equipment



Service, retrofits, rehaults, spare parts,




Renovation construction products

SUPPLIERS

A cost-effective platform to promote supplier's brands in Finland with own establishment' like quality experience.
Long-term represented brands and seamless co-operation.



MACHINERY

 **MUOTTIKOLMIO**

Technical distribution and engineering including technical sales, logistics and financing solutions to customers. ISO 14001 certified design, production and commissioning. Service and spare part sales an essential part of the business



CUSTOMERS

We provide sustainable and cost-efficient solutions: equipment for initial investments, lifetime maintenance, overhauls, retrofit upgrades & aftermarket services

MACHINERY

 **MUOTTIKOLMIO**

TECHNICAL TRADE | OUR SUCCESS FACTORS

EXPERTISE

- Our experienced staff is appreciated by our customers and suppliers.
- Engine knowledge is the basis for our power generation solutions.
- Total package in metal cutting and sheet metal solutions.

GET THINGS DONE

- **World does not change by itself** is our motto.
- Attitude of getting things done – a value that we cherish of and of which customers know us

SUSTAINABILITY & TOTAL COST OF INVESTMENT

- "Keep the wheels rolling" - total availability hours driving investments.
- We answer to this in cost effective and environmentally sustainable way.

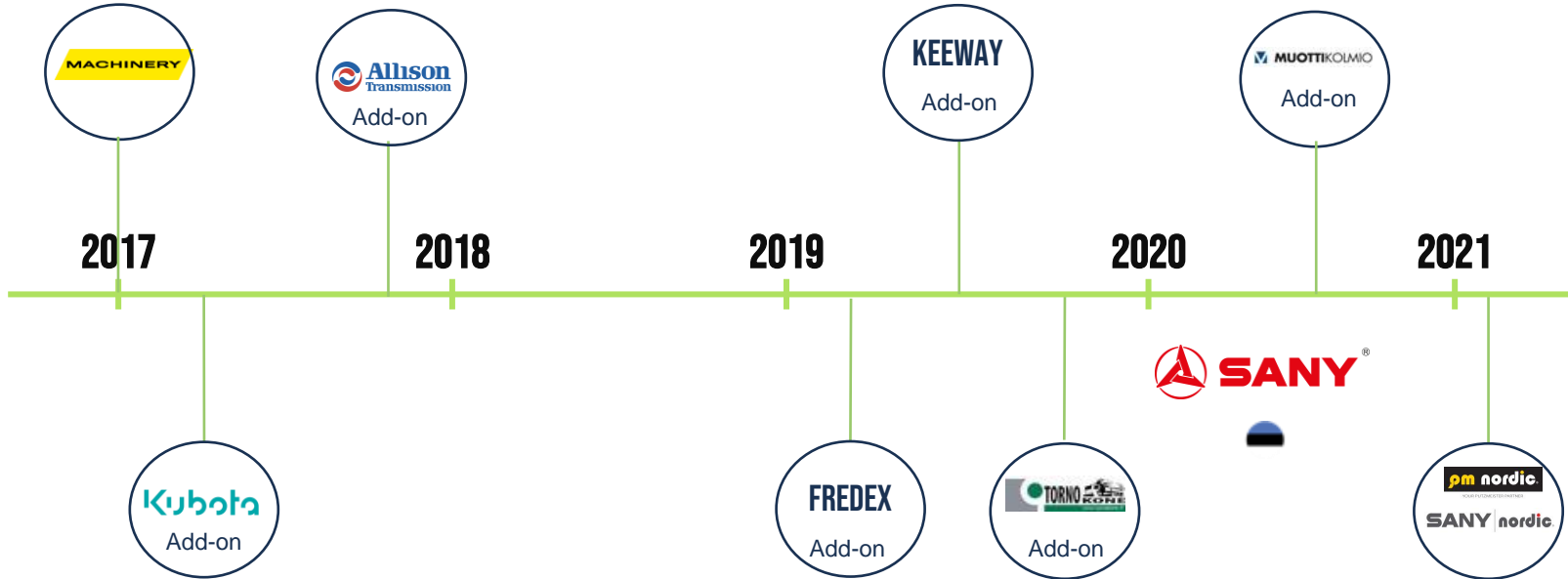
TOTAL LIFE CYCLE SUPPORT

- We take care of the customer for the whole lifecycle of the investment.
- Preventive maintenance, overhauls, replacement components & upgrades, spare parts - total package making us the preferred partner of the industry



TECHNICAL TRADE | ACQUISITION HISTORY

Ownership change, strategy
change, brand rework



Split of Machinery BA to
Technical Trade and
Heavy Machines



OUR BUSINESSES HEAVY MACHINES

RICHARD KARLSSON

2021- BOREO OYJ | HEAD OF HEAVY MACHINES

2008-2020 PM Nordic AB | CEO and owner

2020 Sany Nordic AB | CEO and owner

HEAVY MACHINES | OVERVIEW

~24M€

2020 revenues
(illustrative)

20

FTEs in 2021

3

Brands

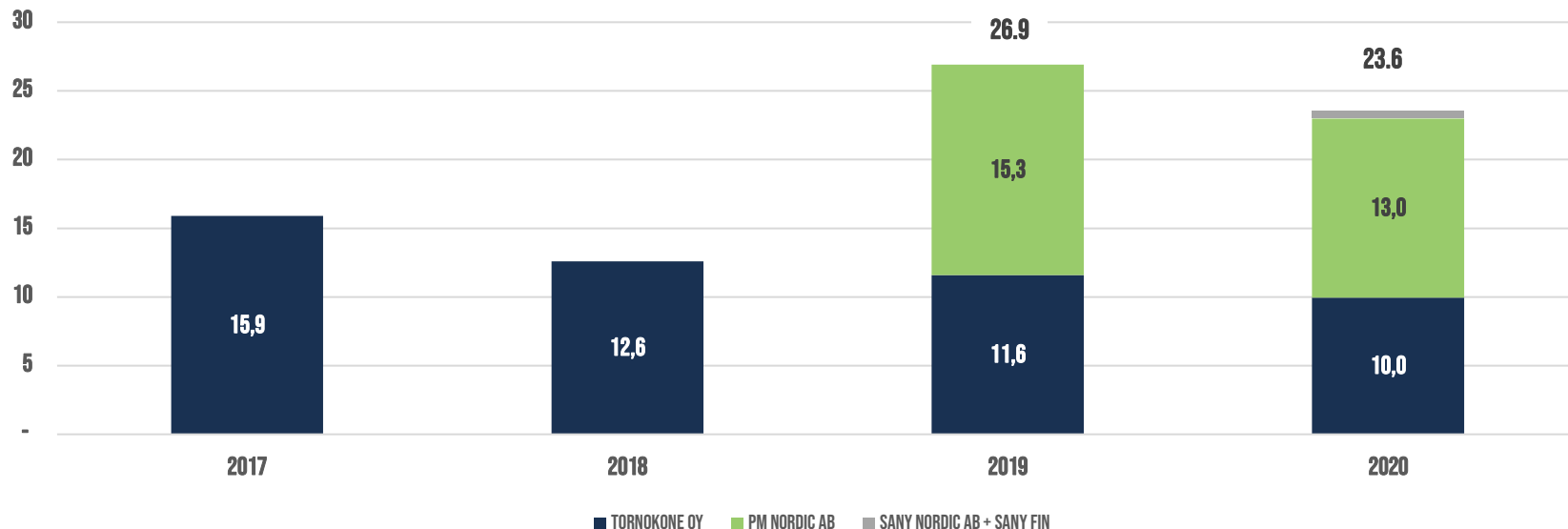
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Markets

**RICHARD
KARLSSON**

Head of BA

*ILLUSTRATIVE HISTORICAL REVENUE

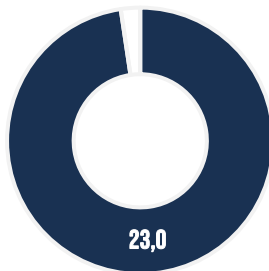


*Business area active from 2021. Presented financials illustrative.
Tornokone fiscal year 31/12. PM Nordic & Sany Nordic Fiscal Year 31/8.



HEAVY MACHINES | BUSINESS UNITS

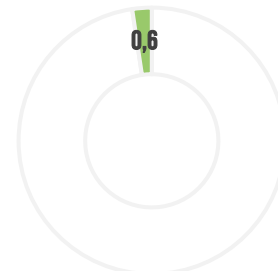
CONCRETE MACHINERY



pm nordic.



EARTH MOVING EQUIPMENT



SANY | nordic.

CUSTOMER BASE

- Ready mix concrete companies
- Construction companies
- Tunneling and mining companies
- Road Construction
- Privately owned companies

SERVICE OFFERING

- Purchases & sales
- Knowledge center & projects
- Service and repair
- Spare part sales

TWO WORLD LEADING BRANDS



YOUR PUTZMEISTER PARTNER

HEAVY MACHINES | PRODUCT OFFERING

CONCRETE MACHINERY



EARTH MOVING EQUIPMENT



Concrete Machinery



Hydraulic Excavators



Hoisting Machinery



Piling Machinery



Road Machinery



Port Machinery



Wind Turbine



Mining Machinery



Petroleum Drilling

HEAVY MACHINES | OUR SUCCESS FACTORS

TEAM

- The best team in the industry with a long experience, a great knowledge and customer focus
- One company & culture

WORLD LEADING SUPPLIER

- Putzmeister a top brand & the market leader in mounted concrete pumps
- Sany a top 5 player within earth moving equipment manufacturers

CUSTOMER RELATIONSHIPS

- We create long-term relationships with our customers. By understanding their needs and showing our trust we are considered as their partner

BEST PRACTICES WITHIN THE BA

- Capture synergies in sourcing, other functions and share best practices



WHY DID I DECIDE TO JOIN THE BOREO FAMILY?

JANUARY 2021

Acquisition date

13M€

2020 Sales

14

FTEs

GEOGRAPHICAL

expansion

5,5X EV/EBITDA

valuation

pm nordic

SANY | nordic



FIT TO ACQUISITIONS STRATEGY

- A mix of a platform and an add-on acquisition
- New Business Area in Finland, Sweden, Estonia
- Decent valuation

FIT TO OPERATIONAL EXCELLENCE STRATEGY

- Sany's organic growth
- Earnings improvement potential via synergies in different areas of operations

FIT TO PEOPLE & CULTURE STRATEGY

- Richard Karlsson a member of Boreo Management Team
- Strong family culture

STRATEGY EXECUTION IN MOTION | YEAR 2020



Three acquisitions

- Machinery, Muottikolmio, PM/Sany Nordic

ACQUISITIONS

Invest in M&A function, new acquisitions in evaluation

Function established, new opportunities being evaluated

ACQUISITIONS

Operational efficiency program in Finnish operations

Portfolio streamlining, warehouse outsourcing,
move to new HQ in Q1/21 – 1.5m€ annualized savings

OPERATIONAL EXCELLENCE

Boreo platform build-up

Finance, HR, IT, communication & marketing

OPERATIONAL EXCELLENCE

Set up of principles and development of people
performance model

PEOPLE & CULTURE



KARI NERG

2020- BOREO OYJ | CEO

2017-2020 Mutares SE & Co. KGaA | Head of Nordics and UK

2010-2017 Häggblom & Partners | Chief Operating Officer

BOREO'S VALUE CREATION APPROACH IN A NUTSHELL

PURPOSE	The Place to Grow and Prosper		
BUSINESS MODEL	We create value by owning, acquiring and developing B2B businesses in Northern Europe with a long-term perspective		
STRATEGY	ACQUISITIONS	OPERATIONAL EXCELLENCE	PEOPLE & CULTURE
	Growth EPS increase	Improvement of earnings and organic growth	The Place for our People to Grow and Prosper
STRATEGIC OBJECTIVES	Minimum 20% annual average sales growth	Minimum operative EBIT 8% at the end of the strategy period	Net debt/ operative EBITDA 2-3x
GUIDING PRINCIPLES	Entrepreneurship Commitment	Development Down-to-Earth	Sustainability & Long-term view

KEY INVESTMENT HIGHLIGHTS

1.

DEDICATED TEAM WITH PROVEN TRACK-RECORD OF VALUE CREATION

2.

STRONG UNDERLYING MARKET POSITIONS OF OUR BUSINESSES

3.

DELIVERY OF GROWTH AND VALUE VIA ACQUISITIONS

4.

OPPORTUNITIES IN EARNINGS GROWTH VIA OPERATIONAL EXCELLENCE

5.

FAVORABLE RISK PROFILE ENABLING STABLE CASH FLOW GENERATION





Q&A

BOREO



BOREO

THE PLACE TO GROW AND PROSPER