



NEW
Patria

Mergers and acquisitions as investments

Panu Routila
Chairman of the Board

My own background, Panu Routila

- MsC Turku School of Business, KTT (h.c.)
- Dissertation examination, 05.2022, DBA, Aalto University, Professor of Practise 2023-
- Currently Chairman of the Board at Patria, Neova, Fifax, Fortaco, Havator, Aro Systems, Ultra Electronics – Energy
- Suomen Sydänliitto, puheenjohtaja, 2022-

- CEO of Konecranes 2015-2019
- CEO Ahlström Capital 2008 – 2015
- CEO Kuusakoski Alteams 2002-2007
- Director Outokumpu Drawn Copper 1995-2001

- [Managerial Sensemaking and Sensegiving in a Merger and Acquisitions Process: The Case of Konecranes, 2015–2019 \(aalto.fi\)](#)

Ahlström Capital Group, ownership worth over 1 Billion Euros, 2015



Listed shares 24%	Non-listed shares 33%	Real estate 23%	Forest 13%
Outokumpu	Enics	Eteläesplanadi	Heritage forest
Ahlstrom	ÅR Packaging	Noormarkku & Kauttua	Investment portfolio forest
Munksjö	Destia	Lönrotsgatan	
Suominen	Cleantech	Bucharest	
		Helsinki	
		Hämeenlinna	

- Hold
- Start-up phase
- Development
- Assets held for sale
- Potential new investments

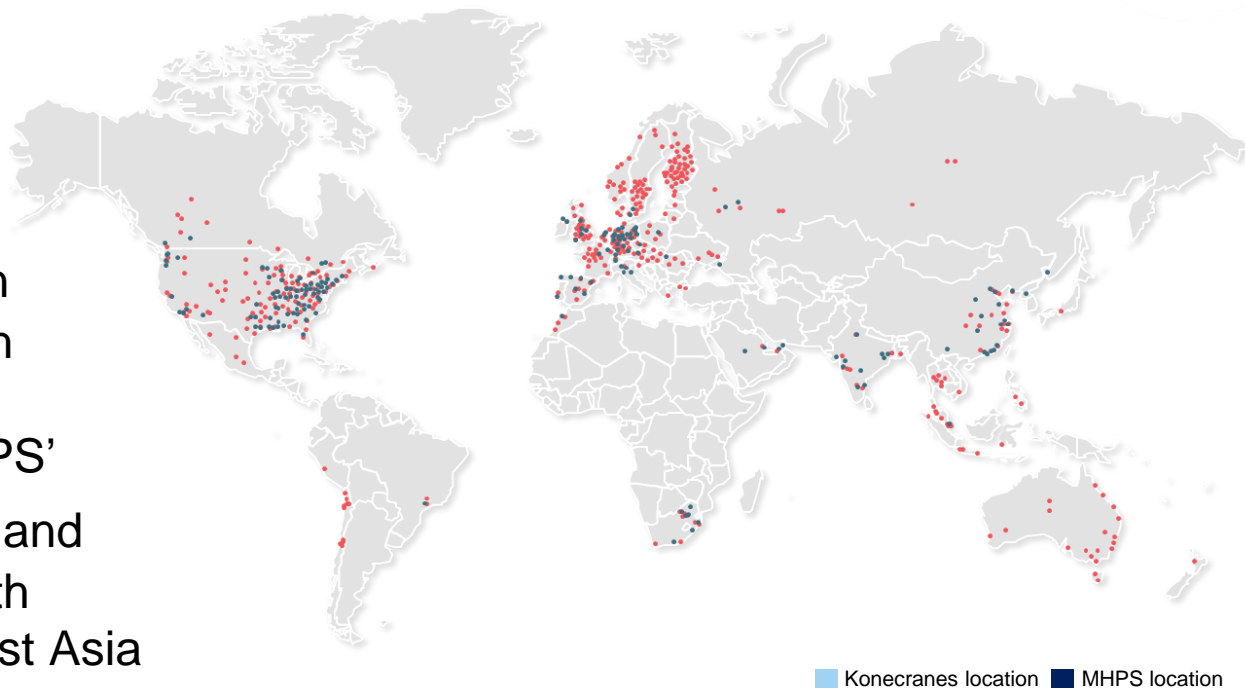
Note: assets presented here represent 93% of AC's Gross EFV before deducting liabilities and other items; remaining 7% consist of Liquid assets and a variety of other minor assets in Q4/2014

Konecranes, A global company with 3,5 B Euro sales

50 countries

16,600 employees

Konecranes' **basis** in Northern Europe, North America and China complemented by MHPS' **strength** in Central and Southern Europe, South America and South-East Asia

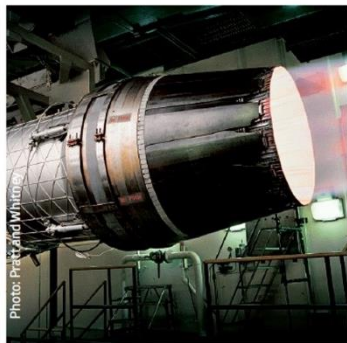


Note: Joint Venture locations not visible on the map.



Key numbers 2023

- Net sales 750 M€
- EBIT 61 M€
- Personnel 3.500



Patria's offering, examples

Patria





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M & A ACTIVITY



1. An acquisition as such is an investment

- ❑ Acquisition is a long process
- ❑ Industrial company is mainly interested in synergy or growth
- ❑ Private equity is interested in an industry and a market, the target company is only a vehicle to enter into a certain market
- ❑ In industry you should but in PE you should not
 - fall in love with the target company

M&A process

- ❑ Finding a target company (offered, own finding...)
- ❑ Examine the markets
- ❑ Evaluate the target company
 - ❑ Business, legal, environmental, HR, IT
- ❑ Create a strategic plan (=Business plan)
 - ❑ Base case, Best case, worst case
 - ❑ Initial Exit Plan
 - ❑ Financing plan
- ❑ Negotiations and agreements
 - ❑ SPA
 - ❑ SHA
 - ❑ BCA

What do we want to calculate

- ❑ Value of the company- effect on value creation
- ❑ Cash flow – not to have a need to inject more capital
- ❑ IRR
- ❑ Money back –multiple

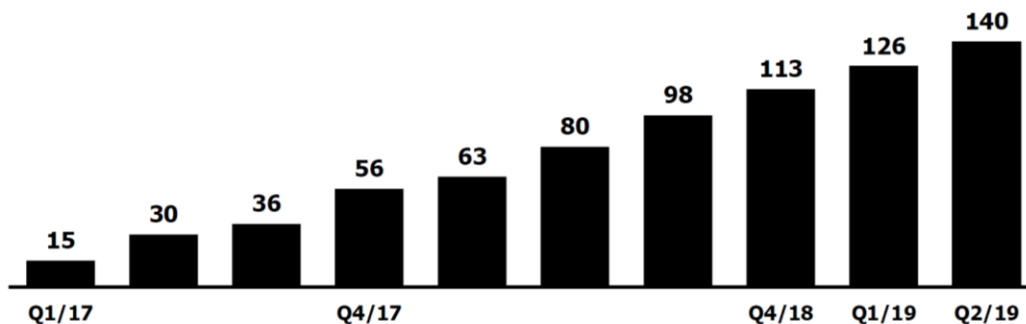
- ❑ Some examples

Listed company as buyer

- ❑ The management and the Board will want to follow the outcome of an acquisition
- ❑ Markets, Investors and analysts want to follow it also
- ❑ Quarterly synergy is needed to be published

Synergy savings program completed, cumulative run-rate savings target of EUR 140 million reached 6 months ahead of schedule

Cost synergy at EBIT level, cumulative run-rate impact at end of year (MEUR)



Corresponding P&L impact
(MEUR, 12-month rolling)



P&L impact, Quarterly
(MEUR, YoY)



Restructuring costs



Capex

EUR 15 million in total during 2017-2019

*EUR 17 million additional restructuring costs booked in Q2 related to further efficiency improvements

KONECRANES



Konecranes MHPS acquisition



Mhps acquisition completed on January 4, 2017

- A focused global leader in industrial lifting and port solutions created
- Synergies of EUR 140 million p.a. targeted at EBIT level, to be implemented within 3 years
- The consideration for the MHPS business was 1,5 Billion Euro, (USD 595 million and EUR 200 million in cash and 19,600,000 new class B shares)¹
- In 2016, MHPS' sales totaled USD 1,418 million and its adjusted EBITDA was USD 104 million²

² See stock exchange release dated Feb 13, 2017 for definitions

STAHL divestment

- STAHL CraneSystems divestment was completed on January 31, 2017
- Final selling price approx. EUR 224 million
- Konecranes expects to book an after-tax capital gain of approximately EUR 200 million in the first quarter of 2017
- Proceeds from the divestment have been used to amortize loans related to the MHPS acquisition
- In 2016, STAHL CraneSystems' sales outside the Konecranes Group totaled approximately EUR 130 million and its EBITDA was approximately EUR 26 million



Stahl Divestment in 2016

As a part of the MHPS acquisition of 2016, Konecranes offered to divest from Stahl CraneSystems as a remedy for the European Commission

Stahl was sold to Columbus McKinnon, divestment completed in January 2017

The final selling price was EUR 224 million, out of which Konecranes booked an after-tax capital gain of ~EUR 200 million in Q1 2017

STRATEGIC RATIONALE: A VERY COMPLEMENTARY COMBINATION OF STRENGTHS

Combines a highly **complementary** set of products

Strengthens our service offering on a much wider scale

Creates a truly **global footprint**, so we can serve our customers globally

Creates a stronger basis for future **technology development** and continued dedication to R&D

Can reach **scale benefits and efficiencies** that will allow us to become world class

Allows for **IT infrastructure** to be leveraged, improving our processes worldwide

Synergy sources: range of concrete levers identified

	Examples of levers	Initial synergy estimate
Commercial	<ul style="list-style-type: none"> • Go-to-market and sales channel optimization • Combined product portfolio optimization and cross-sales 	~ 15 - 25 M€
Technology and product platforms	<ul style="list-style-type: none"> • Product platform and module harmonization • Technology and R&D portfolio and footprint optimization 	~ 20 - 30 M€
Manufacturing operations	<ul style="list-style-type: none"> • Manufacturing footprint and capacity utilization optimization • In- and out-sourcing for cost and quality gains • Global supplier network optimization, scale and harmonization • Efficiency gains through roll-out of lean production best practices 	~ 50 - 70 M€
Service operations	<ul style="list-style-type: none"> • Branch network consolidation, addressing overlaps • Spare parts distribution center and network optimization 	~ 15 - 20 M€
Organization and support	<ul style="list-style-type: none"> • Mgmt and backoffice scale, organization structure optimization • IT: infra, support, HW and business application harmonization 	~ 15 - 20 M€

Information contained in this document does not imply that decisions have been made to take specific action. Any decisions/implementation actions will take place within the required social and legal processes.

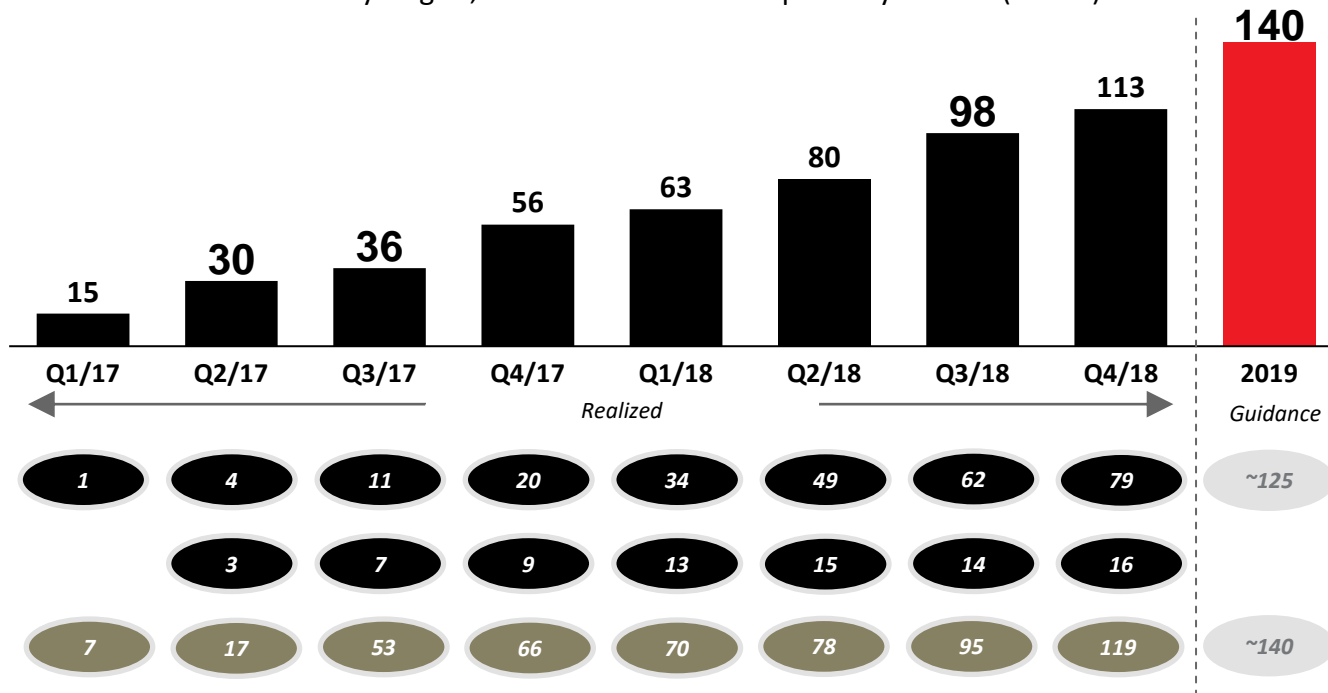
EUR 140m synergy savings achieved from many areas

Category	Key activities	Realized synergies	Original synergy estimate
Commercial operations	<ul style="list-style-type: none"> New go-to-market model for IE and Service implemented New product portfolio defined 	~ 15 MEUR	~ 15-25 MEUR
Technology and product platforms	<ul style="list-style-type: none"> Reduction of IE product platforms from 30 to 20 	~ 10 MEUR	~ 20-30 MEUR
Manufacturing operations	<ul style="list-style-type: none"> Closure of 12 production facilities Overall manufacturing and supplier network optimization 	~ 60 MEUR	~ 50-70 MEUR
Service operations	<ul style="list-style-type: none"> Branch network consolidated in the Americas, APAC and most of EMEA, spare part network efficiency improved 	~ 30 MEUR	~ 15-20 MEUR
Organization, staff resourcing and support	<ul style="list-style-type: none"> Target organization in place Net headcount reduction of 1,100 whilst investing in Service growth 	~ 25 MEUR	~ 15-20 MEUR
Total:		140 MEUR	140 MEUR

Cumulative run-rate savings at EUR 113 million



EBIT level cost synergies, cumulative run-rate impact at year-end (MEUR)



Corresponding P&L impact (MEUR, cumulative)

P&L impact, Quarterly (MEUR, YoY)

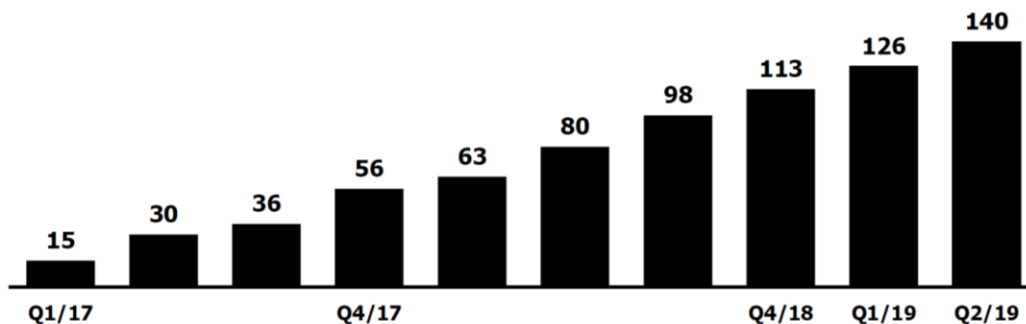
Restructuring costs (MEUR, cumulative)

Capex

EUR ~30 million capex expected in 2017-2019

Synergy savings program completed, cumulative run-rate savings target of EUR 140 million reached 6 months ahead of schedule

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KONECRANES



When do you want to sell a company

- ❑ Owner approach: When you cannot add value or when you get a good enough value
- ❑ Company approach: when it needs a new owner

- ❑ Preparation for the sales process
 - ❑ Homework
 - ❑ Organization
 - ❑ All material (strategy, budget, reporting)
 - ❑ Numbers matter

Something to remember about investements in general

- ❑ Engineers normally follow that the technical capacity of the factory is filled
- ❑ They typically forget that the economical capacity must be filled too

Social And Global Issues

When Scenario Planning Fails

by Kalle Heikkinen, William Kerr, Mika Malin, Panu Routila, and Emil Ruppenon

April 21, 2023



LIVE WEBINAR

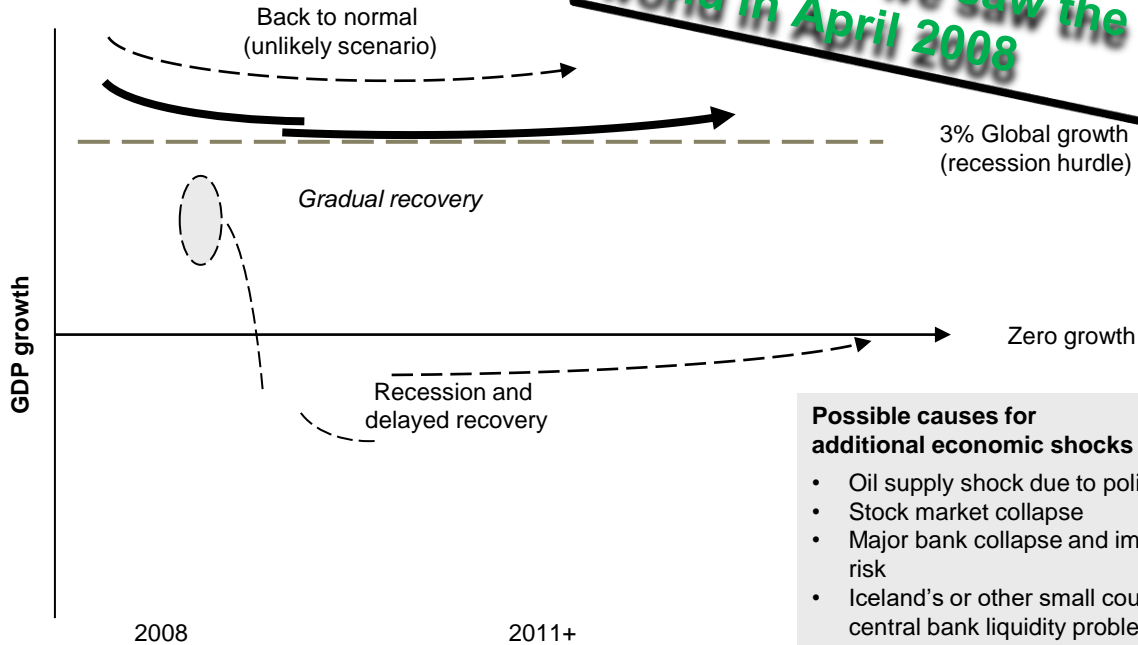
Combining Low-Code/No-Code Speed with IT Discipline

featuring Andrew Manby
and Alex Clemente

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Economic outlook – basic scenarios

Fast recovery unlikely, risk of additional economic shocks is delaying recovery



Possible causes for additional economic shocks

- Oil supply shock due to politics or terrorism
- Stock market collapse
- Major bank collapse and impact on third party risk
- Iceland's or other small country's central bank liquidity problems
- Natural catastrophe e.g. earthquake in Japan

Source: NAG analysis



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When if is not an option.