



Eltel AB

Investor presentation

November 2019

Eltel in brief

Founded in 2001

Northern European market leader

Operations throughout the Nordics, Poland and Germany

Net sales EUR 1.2 billion, 7,100 employees

UN Global Compact signatory since 2014

Listed on Nasdaq Stockholm since 2015



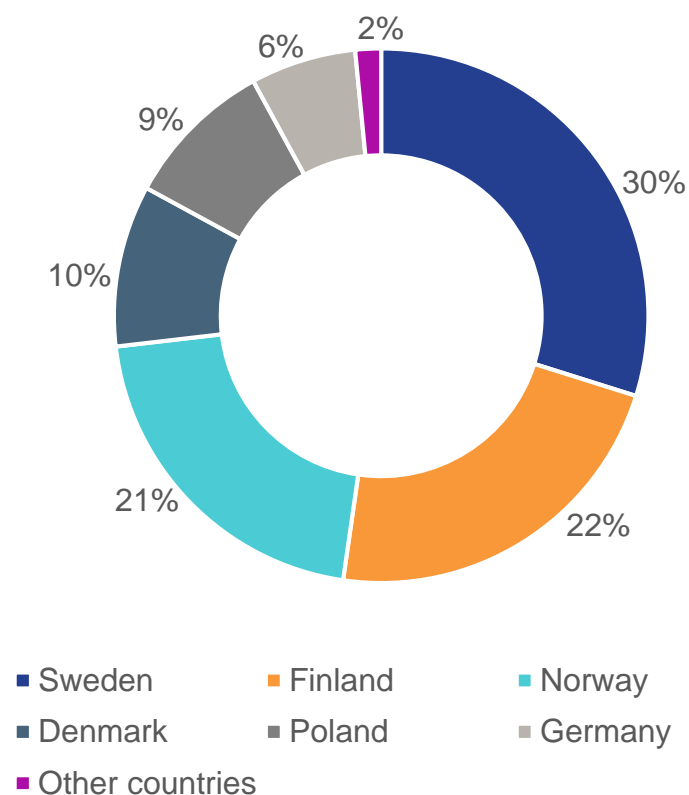
Focus on segments

Power and Communication

The Nordics, Poland and Germany

Grow in line with market, capitalise on trends, improve operational processes, make selective acquisitions, increase efficiency

Net sales Q3 2019



Eltel's business

– driven by stable customers with long term investment needs

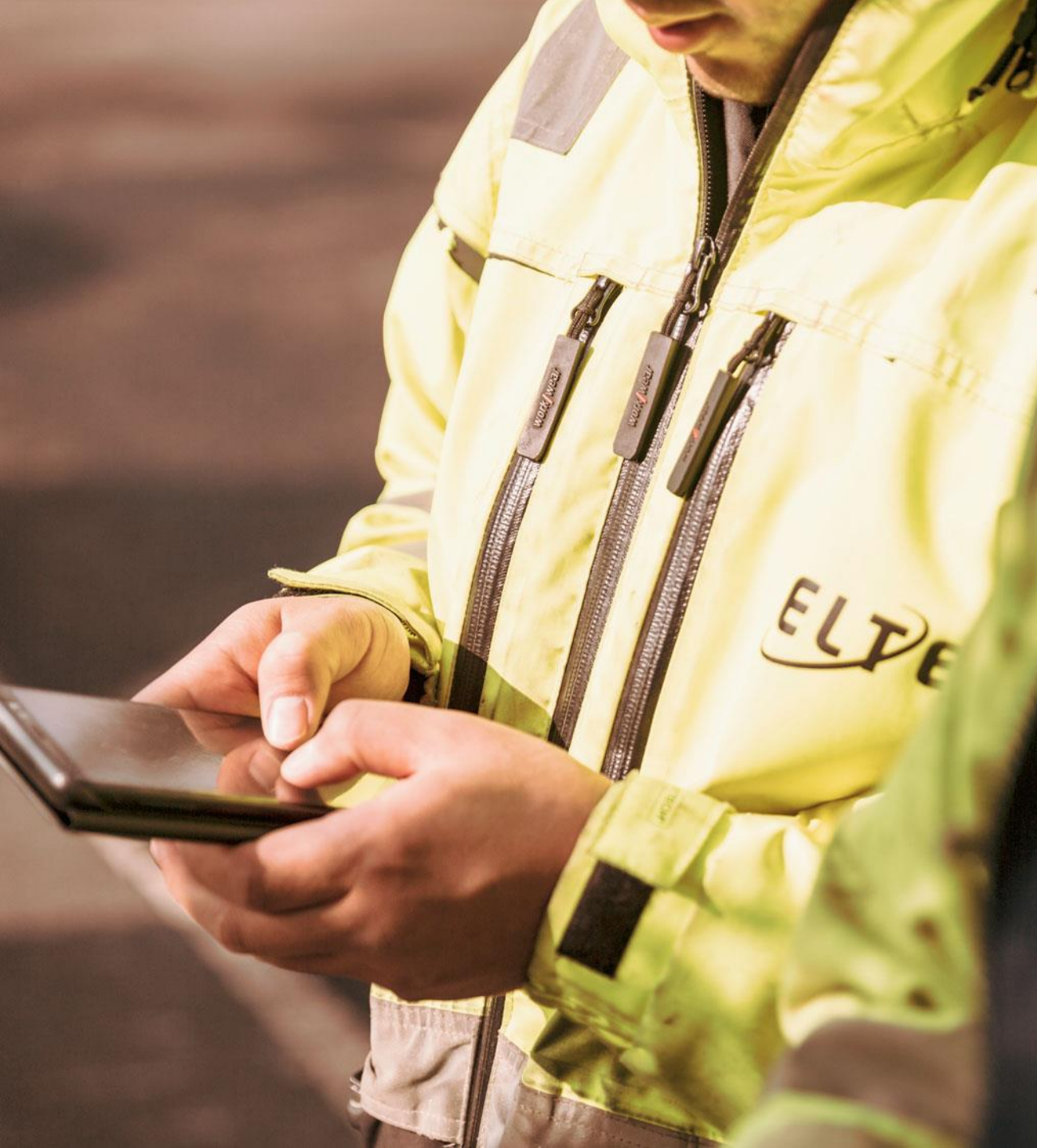
Segments

Power

Communication

Drivers

- Regulatory demands
- Outsourcing
- Ageing infrastructure
- Increasing end-customer demands
- Technical shift



Eltel AB

Q3 2019 Presentation

7 November 2019



Q3 2019 highlights

- Improved operative EBITA margin, rolling 12-months gross margin and operating cash flow
- Divested Communication Poland with proceeds of EUR 12 million
- Accelerated volume drop in Swedish Communication business and weak backlog in Polish High Voltage business – need for restructuring
- Petter Traaholt, CFO, will leave Eltel at end of February 2020. Recruitment process initiated

Total Group: Q3

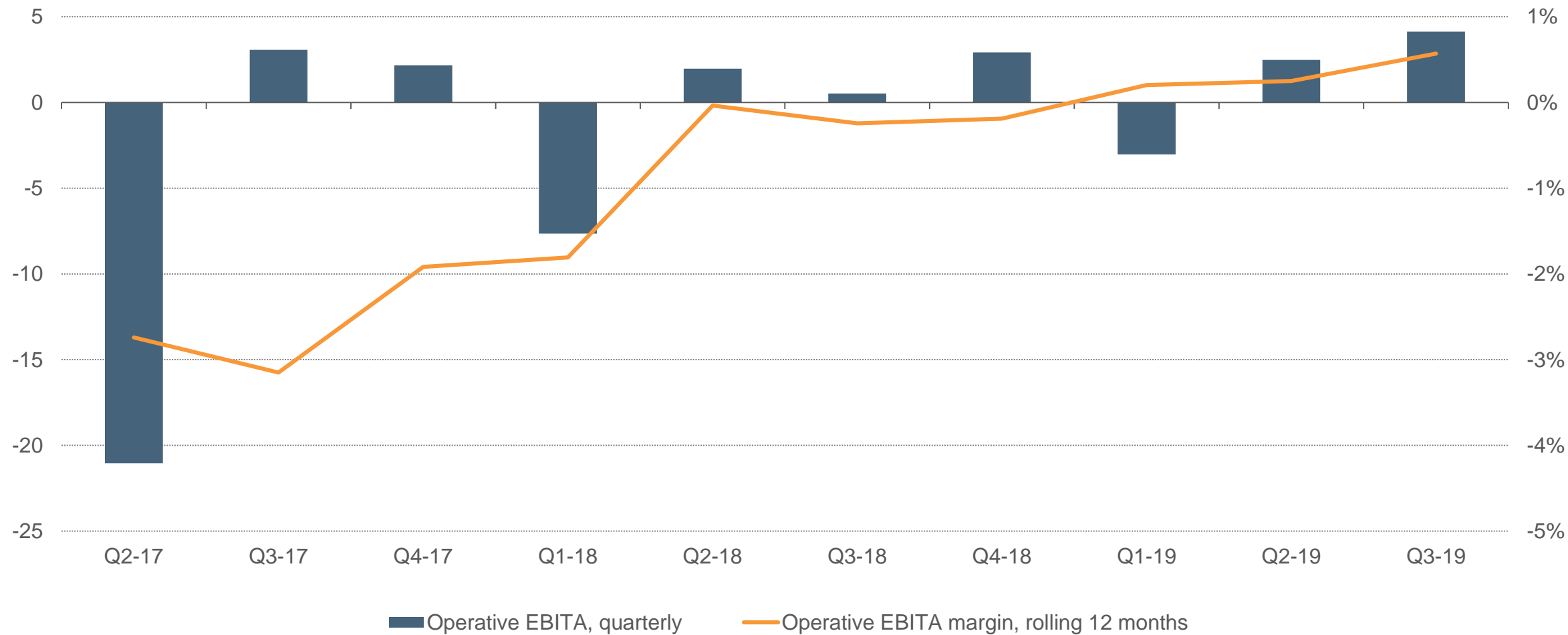
Total Group

- Net sales -4.8% to EUR 281.8 million (295.9)
- Organic growth in Power and Communication* -2.9%
- Operative EBITA EUR 4.1 million (0.5)
- Operative EBITA margin 1.5% (0.2)
- Cash flow from operating activities** EUR -0.1 million (-16.8)

*Adjusted for divested operations and currency effects

**Before IFRS 16 impact

Group: Operative EBITA development



Net sales segments: Q3

Power

- Net sales -7.9% to EUR 103.1 million
 - Lower volumes in Smart Grids
 - Lower activity and write downs in the Swedish business
 - Slightly lower High Voltage activity in the Nordics
 - The decrease is partly offset by Finland, due to wind power projects
- Organic net sales* -7.4%

Communication

- Net sales -2.1% to EUR 176.3 million
 - Accelerated volume drop in Sweden driven by reduced customer investments, write downs and poor project execution
 - Increased volumes in Norway and Denmark
- Organic net sales* -0.2%

Other

- Net sales -58.5% to EUR 3.1 million
 - Relates mostly to Power Transmission International
 - In line with the strategy of divestments and discontinuations of operations

Operative EBITA segments: Q3

Power

- Operative EBITA EUR -3.6 million (0.2)
- Operative EBITA margin -3.5% (0.2)
 - Write downs in High Voltage projects in Poland and Finland
 - Lower net sales in Smart Grids and lower net sales and write downs in Sweden
 - Improved performance in Finland and Denmark

Communication

- Operative EBITA EUR 9.4 million (6.8)
- Operative EBITA margin 5.3% (3.8)
 - Improved performance in Norway due to increased net sales, product mix and efficiency improvements
 - All markets contributed positively except for Sweden who had a negative impact due to large volume drop and write downs

Other

- Operative EBITA EUR -0.2 million (-3.2)
- Operative EBITA margin -6.5% (-43.4)
 - Result in line with the planned ramp down

Focus in 2019

Operational focus

- Tender
- Right people
- Implementation & execution
- Production planning
- Training

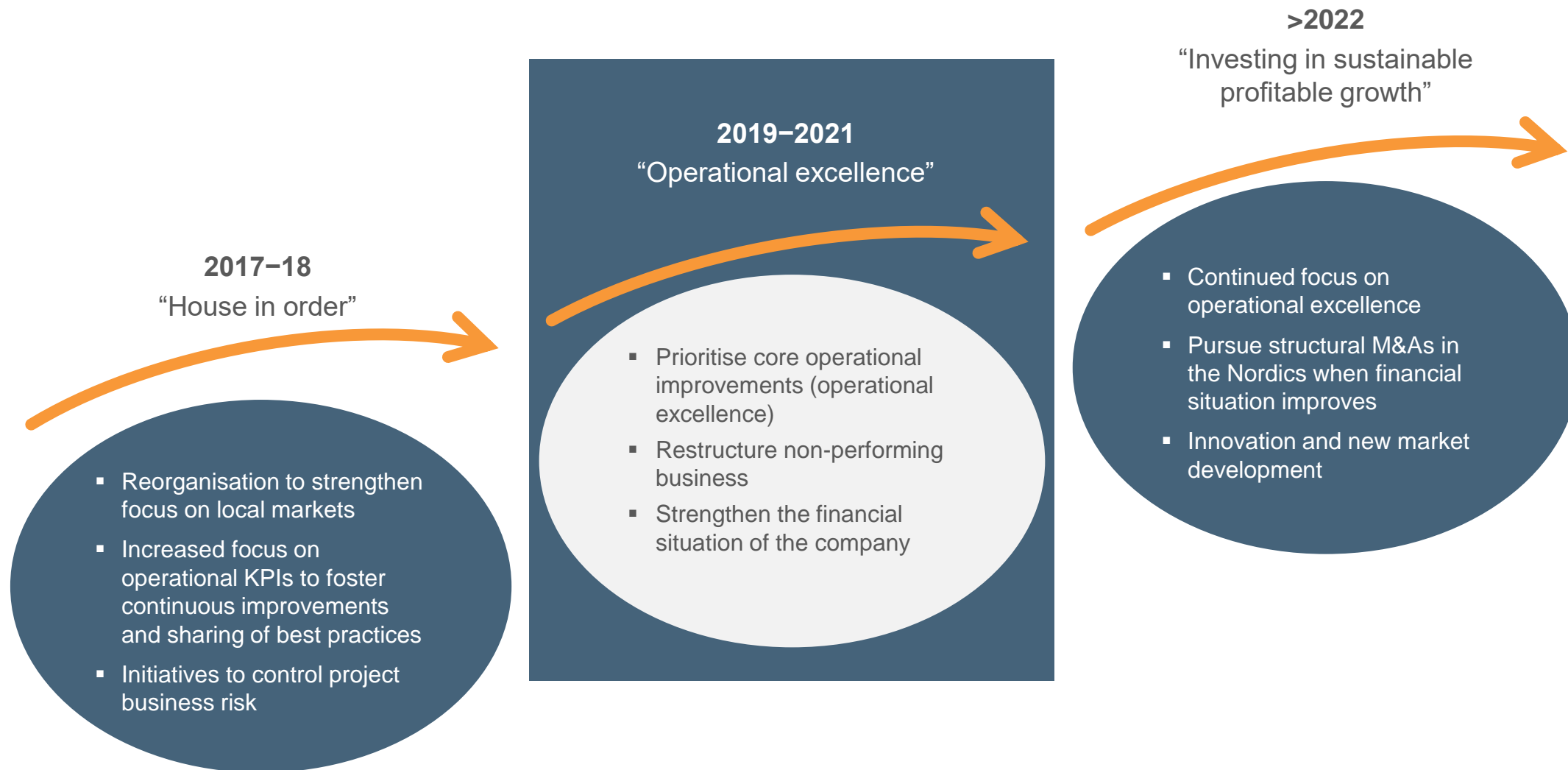
Strategic focus

- Continuous evaluation of the existing portfolio, including the intended divestment of Aviation & Security Q1 2020
- Restructure Swedish Communication business
- Restructure Polish High Voltage business
- Strengthen the balance sheet



- No. 1 Nordic player
- High customer satisfaction
- Engaged employees
- Lower risk and fewer capital intensive projects
- Cash generation
- Lower net debt

Our long-term plan



Q&A

ELTEL



Tampere, Finland

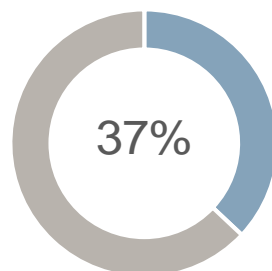
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Appendices



Our services – in business segments

Power



Market leading position in Poland and Finland

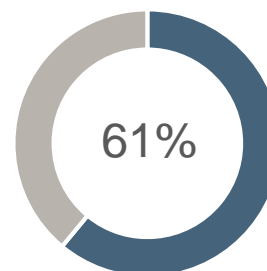
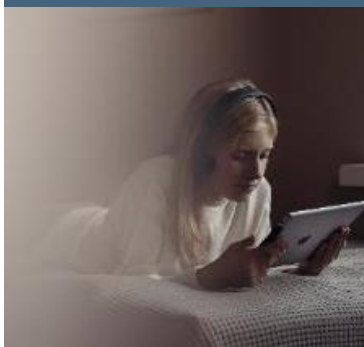
Markets

Nordics, Poland, Germany

Services

- Power distribution and transmission maintenance and upgrades
- Smart Grids

Communication



Market leader in the Nordic region

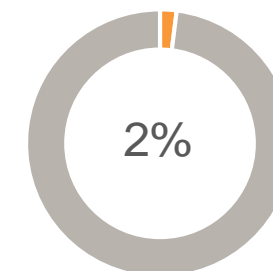
Markets

Nordics, Lithuania, Germany

Services

- Mobile and fixed networks maintenance and upgrades
- Fibre to the home (FTTH)
- Aviation and Security

Other



Includes businesses under ramp down and discontinuation

Markets

Outside Europe, Baltics, Nordics

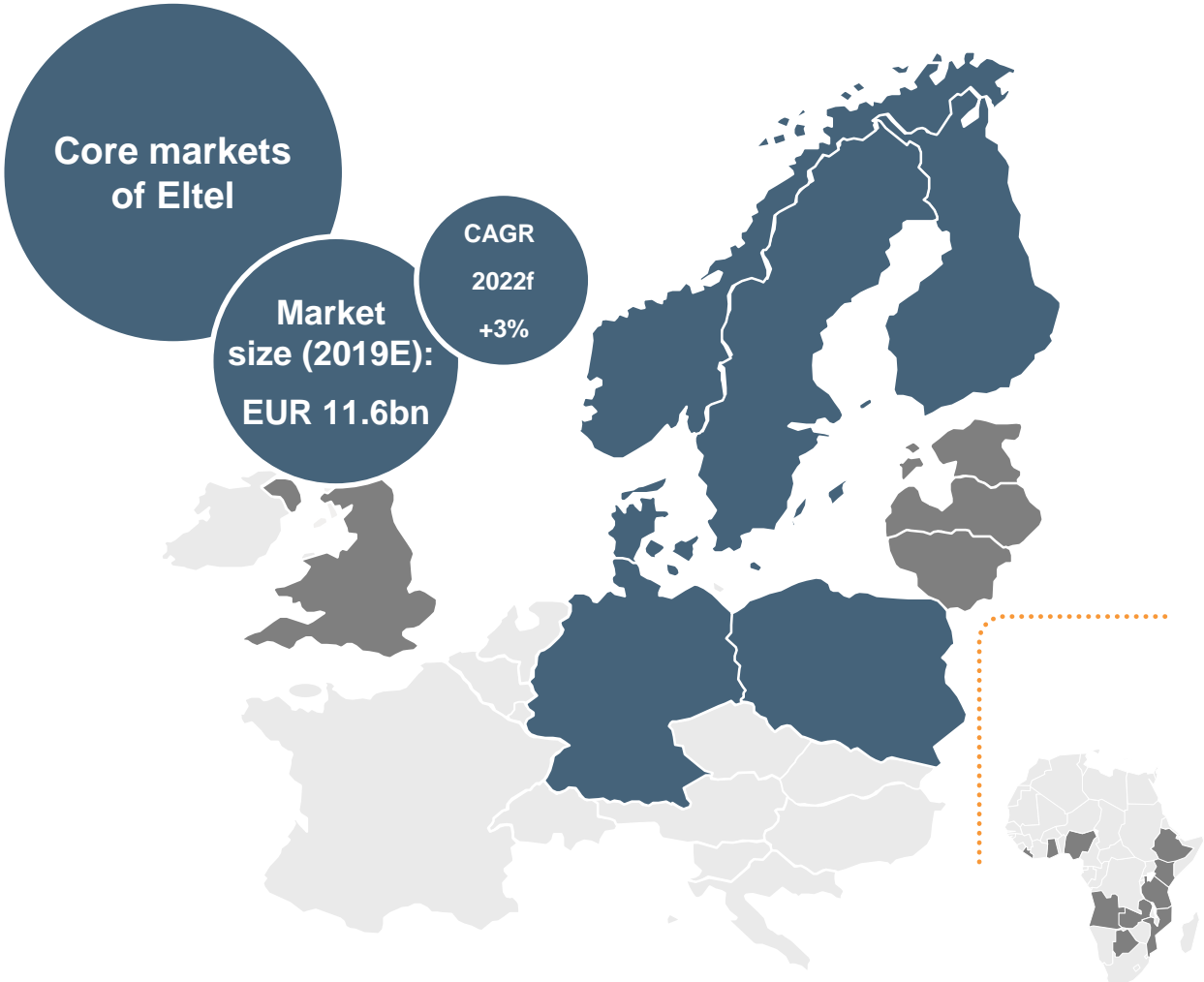
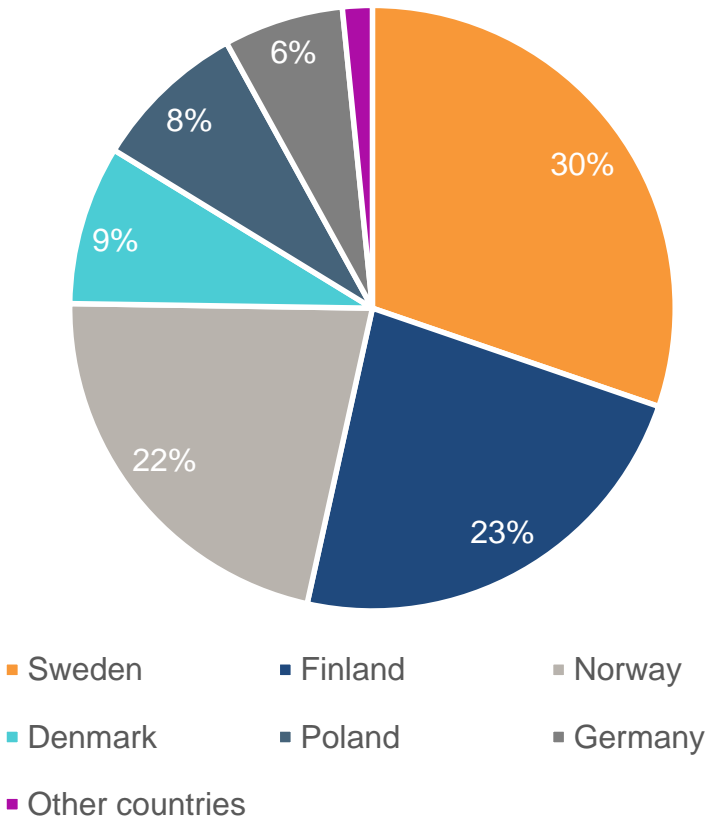
Services

- Power transmission projects outside Europe
- Power distribution in the Baltics
- Railway projects

Our core markets with a foreseen market growth of almost 3%



Sales split 2018



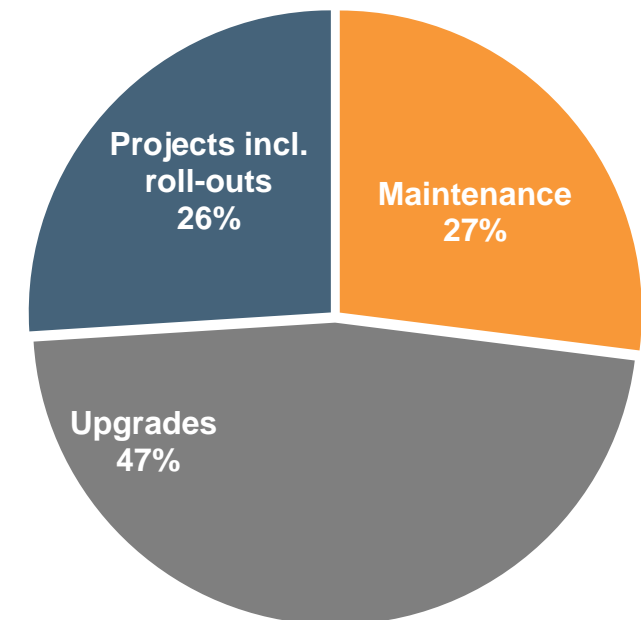
Source: Company information, management estimates

Eltel's segments

– built on core competences with solid market position



Services split (2018A)

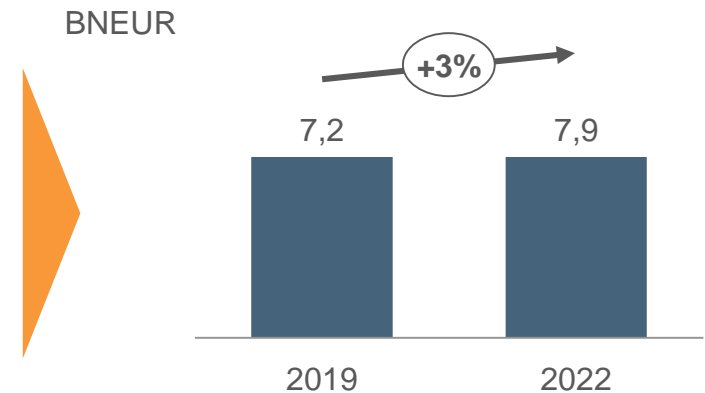


Market size and outlook - Power

Eltel markets



- Investments by major grid owners expected to increase
- Network modernisation and reliability together with transition to smart electricity meters important market drivers
- Increased build out of renewable energy production drives significant investments into grid network
- Growing market with tough competition creates price pressure



Market size and outlook - Communication

Stable markets



- Strong growth in data traffic within both fixed and mobile communication
- Stable markets with tough competition between telecom operator which puts some price pressure on technical Infranet services
- Telecom operators are expected to continue invest in 4G/LTE
- Low fibre penetration in Germany implies strong growth potential within fixed communication

