



Eltel AB

Investor presentation

June 2020

Eltel in brief



Founded in 2001

Leading Nordic field service provider

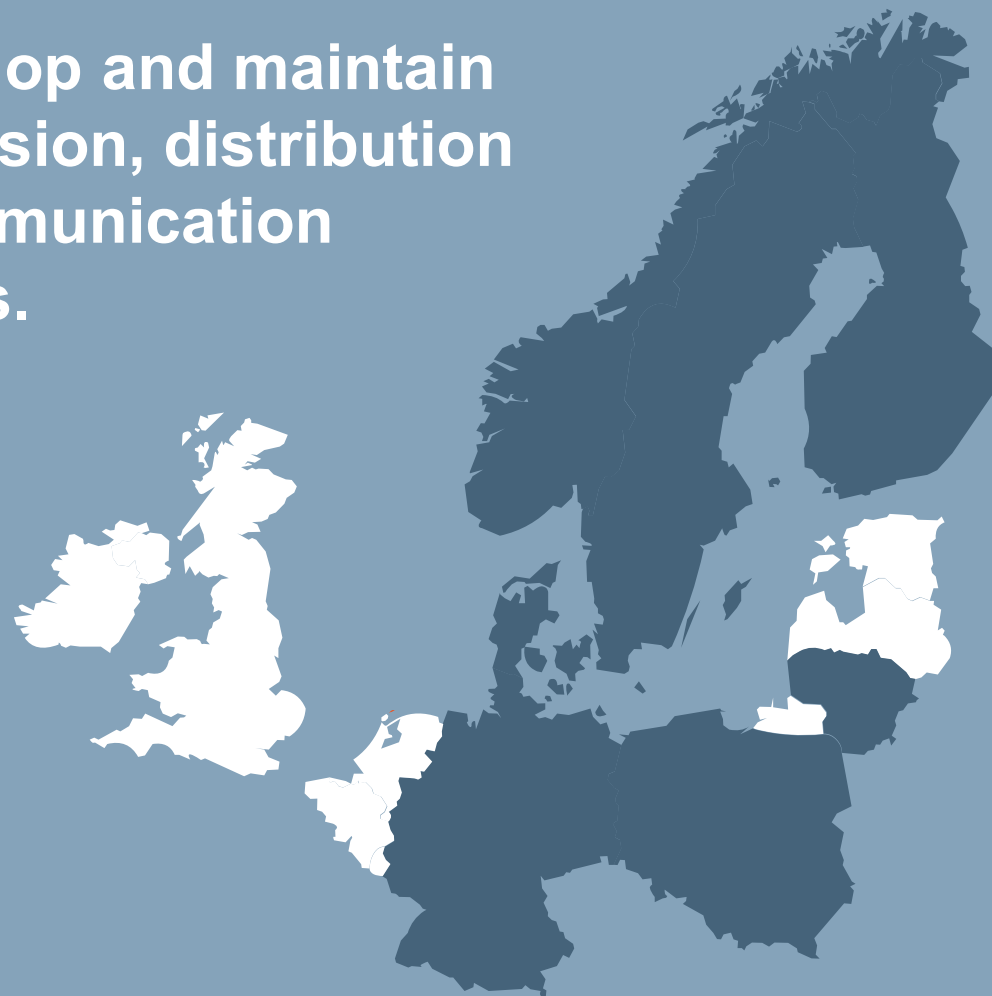
Operations throughout the Nordics,
Lithuania, Poland and Germany

Net sales EUR 1.1 billion, 6,700 employees

UN Global Compact signatory since 2014

Listed on Nasdaq Stockholm since 2015

**We develop and maintain
transmission, distribution
and communication
networks.**



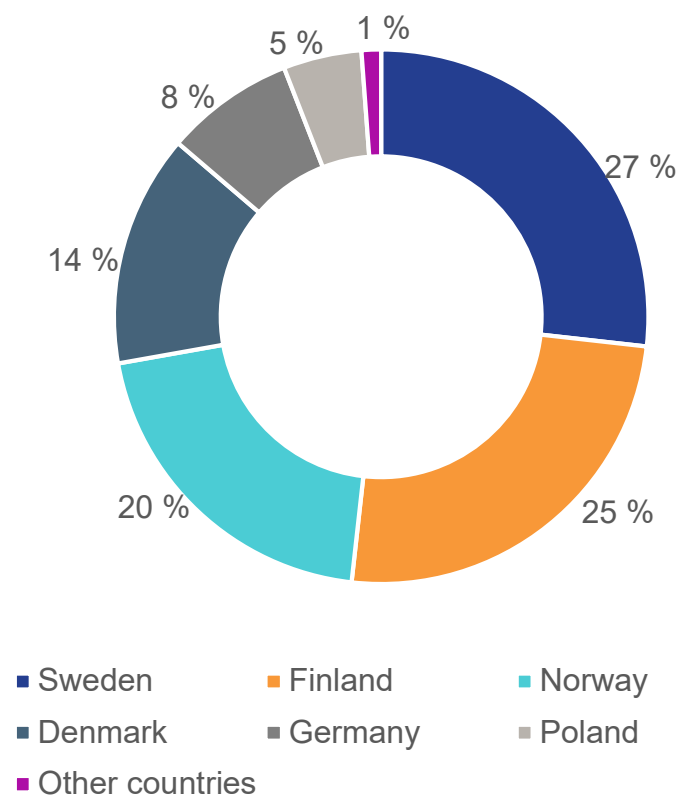
Focus on segments

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 Q1/2020



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

The background of the slide is a blurred photograph. In the foreground, there are orange and red ribbons with the "ELTEL" logo printed on them. In the background, a person is visible, but they are out of focus.

Eltel AB

**Q1 2020
Presentation**

29 April 2020

Today's presenters



Casimir Lindholm
President and CEO



Salla Miettinen-Lähde
CFO



Highlights

- Won five major frame agreements
- Strong Net Working Capital development
- Significantly reduced net debt compared to Q1 2019
- Signed agreements to divest German Communication business and Swedish Aviation & Security
- Improved operative EBITA
- Limited COVID-19 impact in Q1
- Secured financing to Q1 2022

Strong order intake

Major frame agreements signed during and after the reporting period

Month	Tender value EUR million	Customer	Valid contract length*	Segment	Market
February	EUR 22 million	Vattenfall Eldistribution	2020-2022*	Power	Sweden
March	EUR 66 million	Finnish telecom operator	2020-2023	Communication	Finland
After the reporting period					
April	EUR 23 million	Swedish Transport Administration	2020-2023**	Communication	Sweden
April	EUR 90 million	Helen Electricity Network	2020-2025***	Power	Finland
April	EUR 38 million	Valokuitunen	2020-2023****	Communication	Finland
Total	Approximately EUR 240 million				

Trends:

- Larger contracts
- Larger customers
- Concentrated to larger cities

Frame agreement advantages:

- Repetitive business model
- Predictable order intake
- Stable Nordic market
- Low Net Working Capital

*The contract includes an option of the remaining three phases, with an additional value of about EUR 49 million.

**The contract includes an option of an additional two plus two years

*** The contract includes an option for an indefinite period

****The contract has an option of one additional year



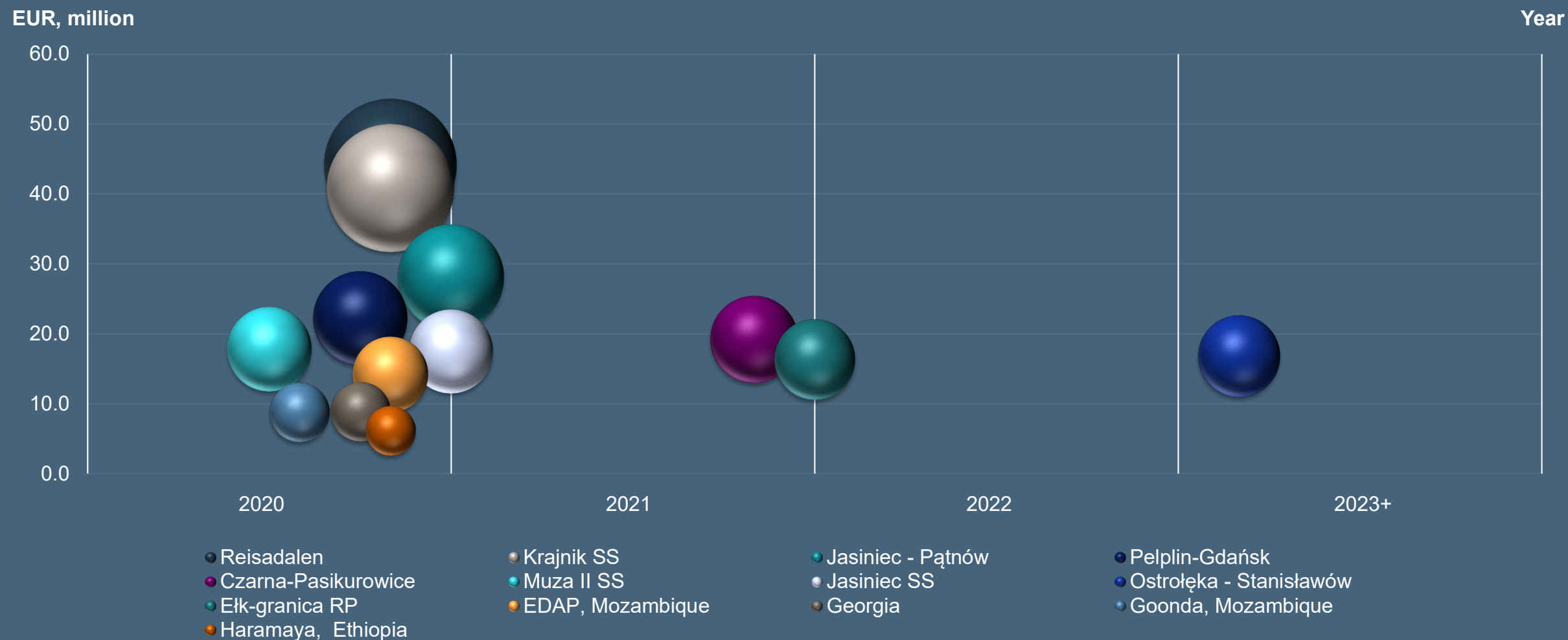
Divestments

- 22 January 2020, agreement signed to divest Communication Germany
 - Strengthens balance sheet
 - Supports the Nordic focus
- 23 March 2020, agreement signed to divest Aviation & Security
 - Partly a result of the conditions stipulated in the new Security Protection Act
 - A transfer of the entire business area is deemed the best and most effective solution for all parties, including employees, customers and other stakeholders

Large High Voltage and Power Transmission International projects



Project portfolio, EUR 43 million in estimated remaining value



Total Group: Q1 2020

Total Group

- Net sales -5.7% to EUR 236.6 million (251.0)
- Organic growth in Power and Communication* -1.5%
- Operative EBITA EUR -2.1 million (-3.0)
- Operative EBITA margin -0.9% (-1.2)
- Cash flow from operating activities EUR -4.7 million (-33.8)
- Net debt** ended at EUR 133.8 million (194.2)

Net sales segments: Q1 2020

Power

- **Net sales -14.7% to EUR 74.2 million**
 - Reduced volumes and projects delays in High Voltage, as anticipated
 - Lower volumes in Smart Grids
 - Ramp down of projects and Service business in Sweden
 - Finland partly offset the decrease thanks to new frame agreements and project portfolio
- **Organic net sales* -14.2%**

Communication

- **Net sales -0.8% to EUR 160.1 million**
 - As expected, 19% volume drop in Sweden
 - Substantial growth in Denmark
 - Finland, Germany and Norway improved net sales
 - Polish Communication divestment impacted EUR -4.7 million
- **Organic growth** 5.5%**

Other

- **Net sales -23.8% to EUR 2.3 million**
 - Relates almost fully to Power Transmission International
 - In line with the strategy to divest and discontinue operations

*Adjusted for currency effects

** Adjusted for divested operations and currency effects

Operative EBITA segments: Q1 2020

Power

- **Operative EBITA EUR -3.4 million (-4.2)**
- **Operative EBITA margin -4.6% (-4.8)**
 - Improved performance in Sweden
 - Lower cost levels in High Voltage Germany
 - Expected lower net sales in Smart Grids
 - Cost increase in Finland relating to insufficient subcontractor management

Communication

- **Operative EBITA EUR 4.2 million (4.6)**
- **Operative EBITA margin 2.6% (2.9)**
 - Lower volumes and trailing costs relating to reduction of overcapacity in Sweden during Q4 2019
 - Productivity and efficiency improvements as well as increased volumes in Finland
 - Operational and productivity measures in Germany
 - Norway and Denmark performed in line with the same period last year

Other

- **Operative EBITA EUR -0.3 million (-0.1)**
- **Operative EBITA margin -13.3% (-3.7)**
 - Result in line with the planned ramp down

Going forward

ELTEL




Focus in 2020

Continued operational focus

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

Strategic focus

- Strengthen our position as the nr. 1 Nordic player
- Continuous evaluation of the existing portfolio outside the Nordics
- Restructure Polish High Voltage business
- Strengthen the balance sheet
- Operational Excellence

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- A large white circle is positioned on the right side of the slide, containing a list of five strategic focus items. The circle is set against a dark blue background.
- High customer satisfaction
 - Engaged employees
 - Lower risk and fewer capital-intensive projects
 - Cash generation
 - Lower net debt and improved profitability

Our transformation journey

2017–2018

House in order

- Reorganisation to strengthen focus on local markets
- Increased focus on operational KPIs to foster continuous improvements and sharing of best practices
- Initiatives to control project business risk

2019–2021

Operational Excellence

- Prioritise core operational improvements
- Restructure non-performing businesses
- Strengthen the financial position of the company
- Improve profitability
- Continuous evaluation of the existing portfolio outside the Nordics

>2022

Investing in sustainable profitable growth

- Continued focus on Operational Excellence
- Increased market share in the Nordics
- Pursue structural M&As in the Nordics when the financial situation improves
- Innovation and new market development

Questions

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