

# Eltel AB

## Annual General Meeting 2017

Håkan Kirstein  
CEO  
1 June 2017





# This is Eltel's core business

*“Securing the lifelines of modern society”*

- Eltel is a market leading Infranet services provider that develops and maintains power transmission & distribution and communication networks
- The core business is *Power* and *Communication* in the Nordics, Poland and Germany

# Eltel's core business

- built on core competences with solid market position

## Core business

Power

Communication

- Maintenance
- Upgrades
- Roll-outs
- Projects



■ 85% core business

# Eltel's core business



- driven by stable customers with long term investment needs

## Core business

Power

Communication

## Drivers:

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

# Non-core business

- high-risk strategy outside core competence

**International  
expansion outside  
core competence**

- Power Transmission International
- Rail business entry in Norway
- Communication in UK

**Too aggressive  
revenue recognition**

- Power Transmission International

**Weak project  
governance**

- Insufficient control and transparency



■ 15% has caused extensive losses

# Exit or discontinue non-core businesses



## Divest

- Rail business
- Power Distribution Baltics
- Parts of Aviation & Security Sweden

## Discontinue

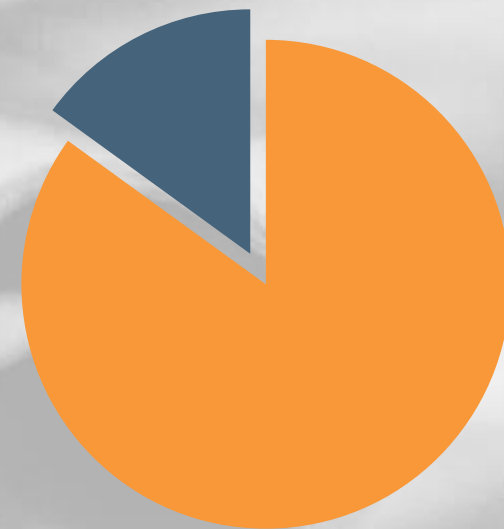
- Communication UK (Q1 2017)
- Power Transmission International

# New Eltel

## Power and Communication



- Nordics, Poland and Germany
- High degree of repetitiveness
- Long-term customer relationships
- Project business to go down from 24% to 18% of net sales
- Increase competitiveness and customer offering



■ 85% core business



# 2017 and 2018 transition period

**2017**  
“House in order”

**2018**  
Synergies and  
selective M&A's

**2019**  
Profitable  
growth

- 
- Discontinue businesses
  - Complete divestments
  - New business unit organisation in place
  - Governance and control

# Net sales 2016

## GROUP TOTAL

EUR 1,399.8 million (+11.6%)

## POWER

EUR 486.9 million (+5.2%)

## COMMUNICATION

EUR 718.5 million (+28.4%)

## OTHER

EUR 196.7 million (-18.3%)

## Drivers

- Acquisition of Norwegian Eltel Sønnico AS
- Smart metering roll-outs
- Fibre roll-outs in the Nordics

# Operative EBITA 2016

## GROUP TOTAL

EUR 2.1 million (62.2), 0.1% margin

## POWER

EUR 15.1 million (21.3), 3.1% margin

## COMMUNICATION

EUR 36.6 million (34.2), 5.1% margin

## OTHER

EUR -37.0 million (19.6), -18.8% margin

- Provisions and write-downs of EUR 49.8 million in 2016
- Goodwill impairment of EUR 55.0 million in Q4 2016

# Strong support for new share issue

## Rational for rights issue

- Deleverage
- Discontinuation of Power Transmission International
- Development of core business
- Acquisitions

## Strong support from main shareholders

Solero Luxco S.á.r.l. (Triton funds)	13.9%
Zeres Capital	12.9%
Fourth Swedish National Pension Fund	9.5%
Swedbank Robur Fonder	9.5%
First Swedish National Pension Fund	5.9%
<b>Total commitments*)</b>	<b>52%</b>
Underwriting by banks	48%



# Rights issue summary

Transaction structure	• Rights issue with preferential rights for existing shareholders
Size	• Gross proceeds of approximately SEK 1,500 million.
Subscription ratio	• 3:2; three (3) new shares for two (2) existing shares.
Subscription price	• Subscription price of SEK 16 per new share.
Subscription period	• Subscription period runs from 8 June–22 June 2017.

# This is the turning point for Eltel

Core business with good potential

Support for rights issue

Execution of new strategy is crucial for future success