

The background of the slide features a close-up, slightly blurred photograph of a curved, metallic surface. On this surface, the word "EITEL" is printed in a large, bold, sans-serif font. The letters are dark, and a thin, curved line or shadow follows the contour of the surface behind the text, giving it a three-dimensional appearance. The lighting is soft, creating subtle highlights and shadows on the metal.

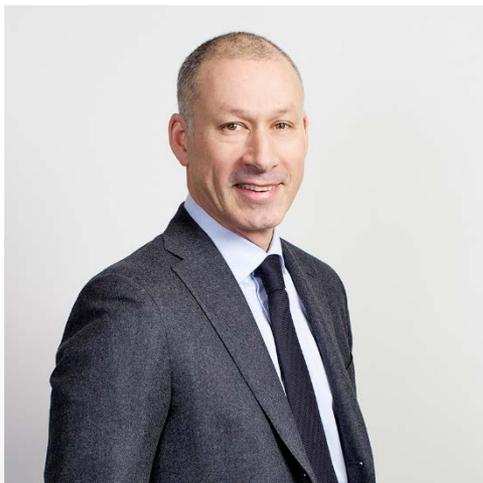
# Eitel AB

## Q4 2017

# Presentation

22 February 2018

# Today's presenters



**Håkan Kirstein**  
CEO



**Petter Traaholt**  
CFO

# Core business: Highlights

- Stable progress despite high rate of change in order to create stability
- Net sales in line with previous year
  - Segment Communication maintained stable progress despite divestment of operations - but marginally lower profitability
  - Segment Power net sales down somewhat due to divestments and old low-margin projects leading to negative result
- Divestment plan announced in February 2017 almost finalized



# Core business: Q4 sales

## Total Core

- Sales -3.0% to EUR 338.5 million
- Adjusted\* net sales increased by 1.9%
- Net sales was down in Power
- Stable performance for Communication

## Power

- Sales -7.4 % to EUR 130.7 million
- Latvia and Estonia not included in sales
- Volumes in Build and old High Voltage projects declined
- Strong growth in Smart Grids

## Communication

- Sales +0.1 % to EUR 207.8 million
- Technology convergence between fixed and mobile solutions drives business
- Part of business in Poland not included in Q4 sales

\*Adjusted for operations divested and discontinued during 2017



# Core business: Q4 operative EBITA

## Total Core

- EBITA -26.7 % to EUR 11.9 million
- EBITA margin 3.5%

## Power

- EBITA decreased to EUR -0.5 million
- Write-offs of old unprofitable High Voltage and Services projects
- Strong profitability for Smart Grids

## Communication

- EBITA -7.7 % to EUR 12.4 million
- Lower profitability on the Nordic markets



# Other: Q4 sales and EBITA

## Sales

- Sales -9.5% to EUR 35.3 million
- Ramp down of Power Transmission International
- Closure of old low margin projects and lower sales in Rail

## Operative EBITA

- EBITA EUR -5.3 million (-25.3 )
- EUR +1.2 million refers to Power Transmission International
- EUR -7.0 million refers to Rail



# Total Group: 12-months

<b>Total Group</b>	<ul style="list-style-type: none"><li>▪ Sales -5.0% to EUR 1,329.9 million</li><li>▪ Operative EBITA EUR -25.5 million (2.1)</li></ul>
<b>Power</b>	<ul style="list-style-type: none"><li>▪ Sales -3.4 % to EUR 470.4 million</li><li>▪ EBITA EUR -0.3 million (15.1)</li></ul>
<b>Communication</b>	<ul style="list-style-type: none"><li>▪ Sales +1.8% to EUR 731.2 million</li><li>▪ EBITA EUR 34.6 million (36.6)</li></ul>
<b>Other</b>	<ul style="list-style-type: none"><li>▪ Sales -34.2% to EUR 129.4 million</li><li>▪ EBITA EUR -43.8 million (-37.0)</li></ul>



# Transformation strategy – important events

## Q1, 2017

- Decision to focus on Eltel's Core business; segment Power and segment Communication in the Nordics, Poland and Germany
- Decision to divest or discontinue non-core businesses to decrease risk level in operations
- Merger of Fixed and Mobile Communication

## Q2, 2017

- Merger of part of Aviation and Security with Segment Communication
- Merger of Power Distribution and Power Transmission
- Revised financial targets
- Rights issue of EUR 150 million
- Divestment of part of communication business in Poland

## Q3, 2017

- Agreement to divest operations in Latvia
- Agreement to divest operations in Estonia
- Letter of intent to divest Power Transmission International

## Q4, 2017 – Jan 2018

### Q4

- Agreement to divest rail operations in Finland
- Agreement to divest rail operations in Denmark

### January 2018

- Decision on country-based organization for segment Power and Communication
- Swedish Aviation and Security merged into business unit Sweden

# Country – based organisation



- Change of the governance structure of the Core business
  - From unit-centric organisation to...
  - Country and market-driven organisation
- Part of the transformation strategy initiated in February 2017
- Each country where Eltel has operations forms a separate business unit with full profit and loss responsibility



# Development in Eltel's Core business in relation to financial targets



	Medium to long – term target	Rolling 12 months
Growth	Annual growth of 2-4%, including selective acquisitions	-0.3%
EBITA-margin	EBITA-margin of at least 5%	2.9%
Cash conversion	Cash conversion of 95-100% of EBITA	-96.0% of EBITA
Capital structure	Leverage of 2.0-1.5-2.5x net debt / EBITDA	3.0 x net debt / EBITDA

# Clear transformation agenda for Eltel

- Develop Core businesses within Power and Communication in the Nordics, Poland and Germany
- Sell or discontinue non-core businesses
- Organizational transformation to improve efficiencies
- Continue to strengthen overall governance and control

## ...leading in to new long-term strategy

- To secure long-term growth, profitability and shareholder value
- To be presented in 2018

# Q&A

