



Eitel AB

Investor presentation

March 2018

Eltel in brief



Market leader in Nordics
and Poland

Industry with long term
structural growth

Solid customer base and
recurring revenues

Listed on Nasdaq Stockholm

Core operations in Nordics,
Poland and Germany

Net sales EUR 1.3 billion
8,000 employees



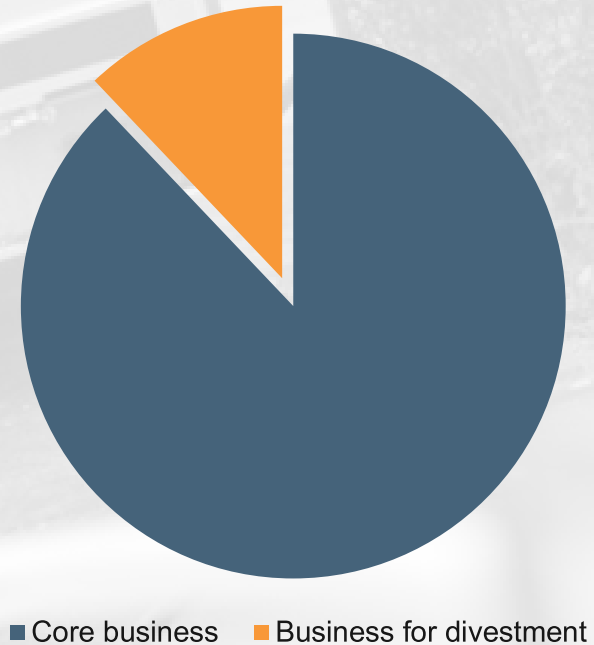
Focus on core business

Power and Communication

The Nordics, Poland and Germany

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

Core **90%** of sales¹



1) 2017 sales from core businesses

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

Exit or discontinue non-core businesses

... and implement new governance model for projects

Divest

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

Discontinue

- Communication UK
- Power Transmission outside Europe

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

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

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



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

Appendices

March 2018

Our services – in three business segments



Power

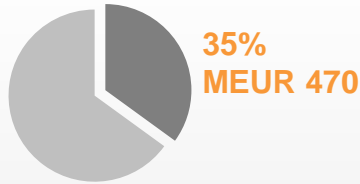
Communication

Other

**FY 2017
Net Sales
(MEUR 1,329)**

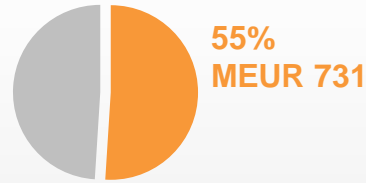
**Geographical
markets**

**Service
offerings**



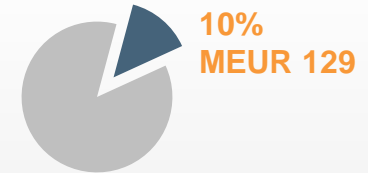
Nordics, Poland, Germany

Design, engineering, installation, commissioning of energy transmission systems



Nordics, Poland, Germany

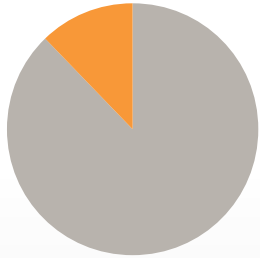
Installation / maintenance of communication networks



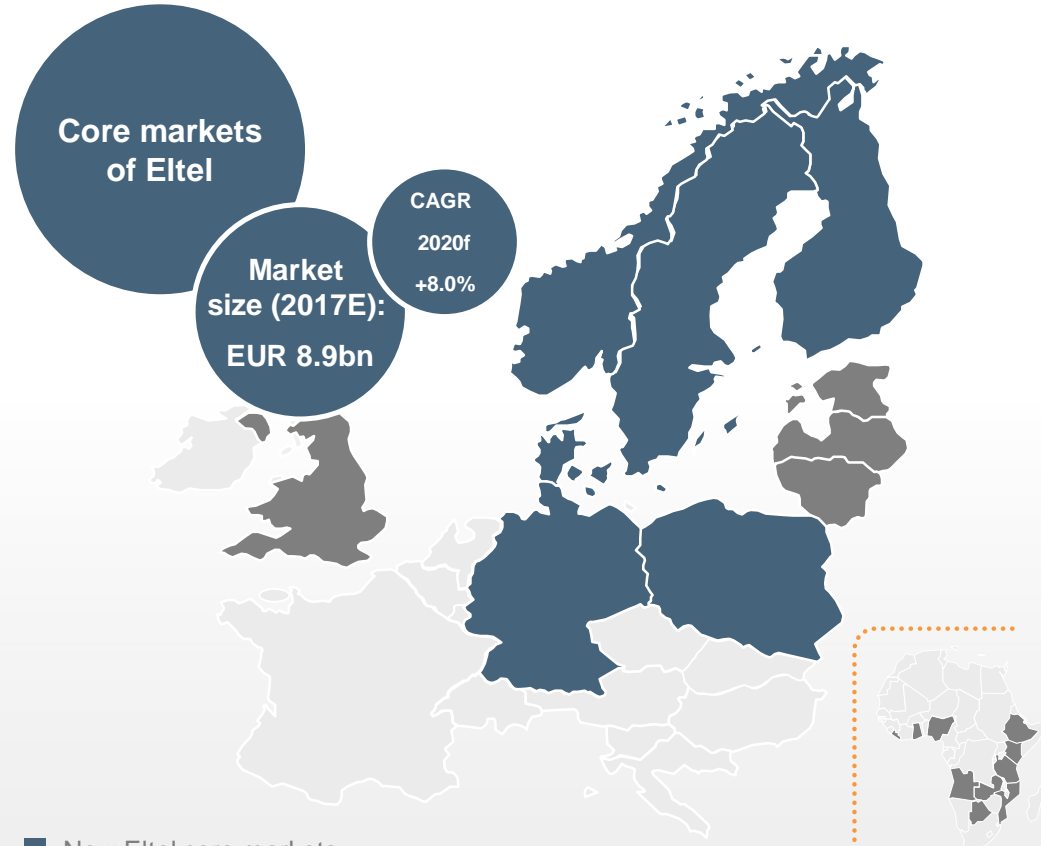
Power Transmission International, Rail in the Nordics, Aviation & Security in Sweden

Our core markets with a foreseen market growth of almost 8%

Sales split Q4 2017



■ Core business ■ Business for divestment



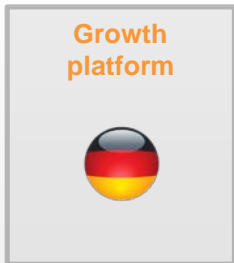
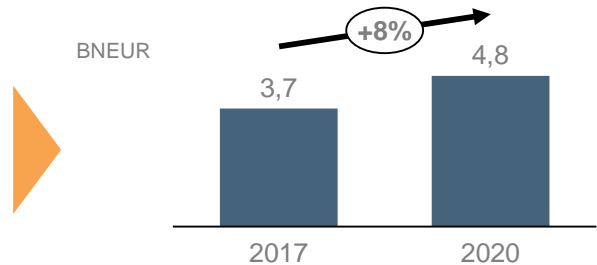
■ New Eltel core markets
■ Markets already or to be exited

Market size and outlook

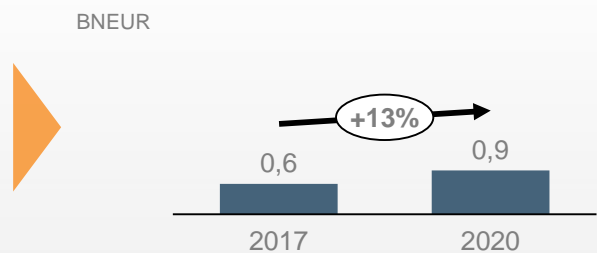
Power



- Investments by both TSOs and DSOs expected to increase
- Network modernisation and robustness together with smart metering important market drivers



- Significant investment in transmission network driven by renewable energy production
- Smart metering with both electricity and gas considered large growth drivers

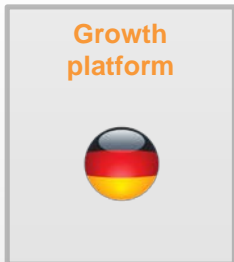
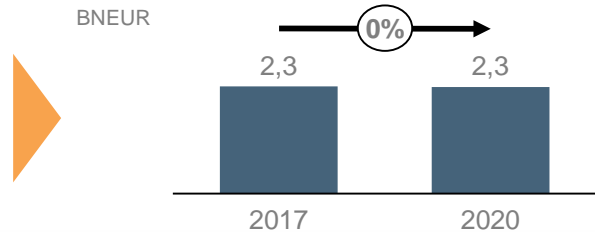


Market size and outlook

Communication



- 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

