

The background of the slide is a blurred photograph. It shows a person in a dark suit standing in a brightly lit room, possibly a conference hall or a stage. In the foreground, there are orange and red ribbons, one of which has the "ELTEL" logo printed on it in white.

Eltel AB

**Q4 2019
Presentation**

14 February 2019

Today's presenters



Casimir Lindholm
President and CEO



Petter Traaholt
CFO



Highlights

- Strong operational cash flow and reduced net debt
- Improved quality and deliveries towards our customers
- Result mainly impacted by lower net sales and restructuring costs in Communication Sweden as well as project revisions in High Voltage and Communication Sweden
- Large parts of Eltel performs better than previous year
- Signed agreement to divest German Communication business
- Signed amendment to bank agreement

Total Group: Q4 2019

Total Group

- Net sales -15.7% to EUR 278.9 million (330.9)
- Organic growth in Power and Communication* -12.9%
- Operative EBITA EUR -14.9 million (2.9)
- Operative EBITA margin -5.3% (0.9)
- Cash flow from operating activities** EUR 59.5 million (70.0)
- Net debt ended at EUR 123.8 million down from EUR 191.4 million previous quarter

*Adjusted for divested operations and currency effects

**Before IFRS 16 impact

Net sales segments: Q4 2019

Power

- Net sales -19.2% to EUR 93.0 million
 - Reduced customer orders and project write-downs in High Voltage
 - Lower volumes in Smart Grids
 - Loss of contracts, ramp down and project write-downs in Sweden
 - The decrease was partly offset by Finland, due to wind power projects
- Organic net sales* -19.0%

Communication

- Net sales -11.7% to EUR 182.9 million
 - 25% volume drop in customer investments in Sweden, in addition to write-downs
 - Lower volumes in Finland
 - EUR 7.1 million relates to divestment of Communication Poland, Q3 2019
 - Increased volumes in Norway, Denmark and Germany
- Organic net sales** -6.3%

Other

- Net sales -10.9% to EUR 3.2 million
 - Relates mostly to Power Transmission International
 - In line with the strategy of divestments and discontinuations of operations

*Adjusted for currency effects

** Adjusted for divested operations and currency effects

Operative EBITA segments: Q4 2019

Power

- Operative EBITA EUR -12.0 million (-1.9)
- Operative EBITA margin -12.9% (-1.6)
 - Write-downs in a handful Polish and one Norwegian High Voltage projects, due to outage delays, increased cost to complete including overcapacity. Updated strategy in High Voltage Poland
 - Costs related to finalising unprofitable projects and ramp down in Sweden
 - Lower net sales in Smart Grids lead to reduced operative EBITA of EUR -2.4 million
 - Finland's volume growth, improved performance and selective tendering improved the result

Communication

- Operative EBITA EUR 2.0 million (9.7)
- Operative EBITA margin 1.1% (4.7)
 - Approx. EUR 6 million relates to drastically reduced net sales, subsequent overcapacity and restructuring costs in Sweden, in addition to write-downs and provisions in Sweden
 - Reduced volumes and restructuring costs in Finland
 - Norway continued to deliver strong results for the quarter

Other

- Operative EBITA EUR -0.6 million (-1.1)
- Operative EBITA margin -20.4% (-30.4)
 - Result in line with the planned ramp down

Full year 2019

Total Group

- Net sales -8.5% to EUR 1,087.6 million (1,188.9)
- Organic growth in Power and Communication* -6.4%
- Operative EBITA EUR -11.3 million (-2.2)
- Operative EBITA margin -1.0% (-0.2)
- Cash flow from operating activities** EUR 25.7 million (3.2)

*Adjusted for divested operations and currency effects

**Before IFRS 16 impact

Focus in 2020

Operational focus

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

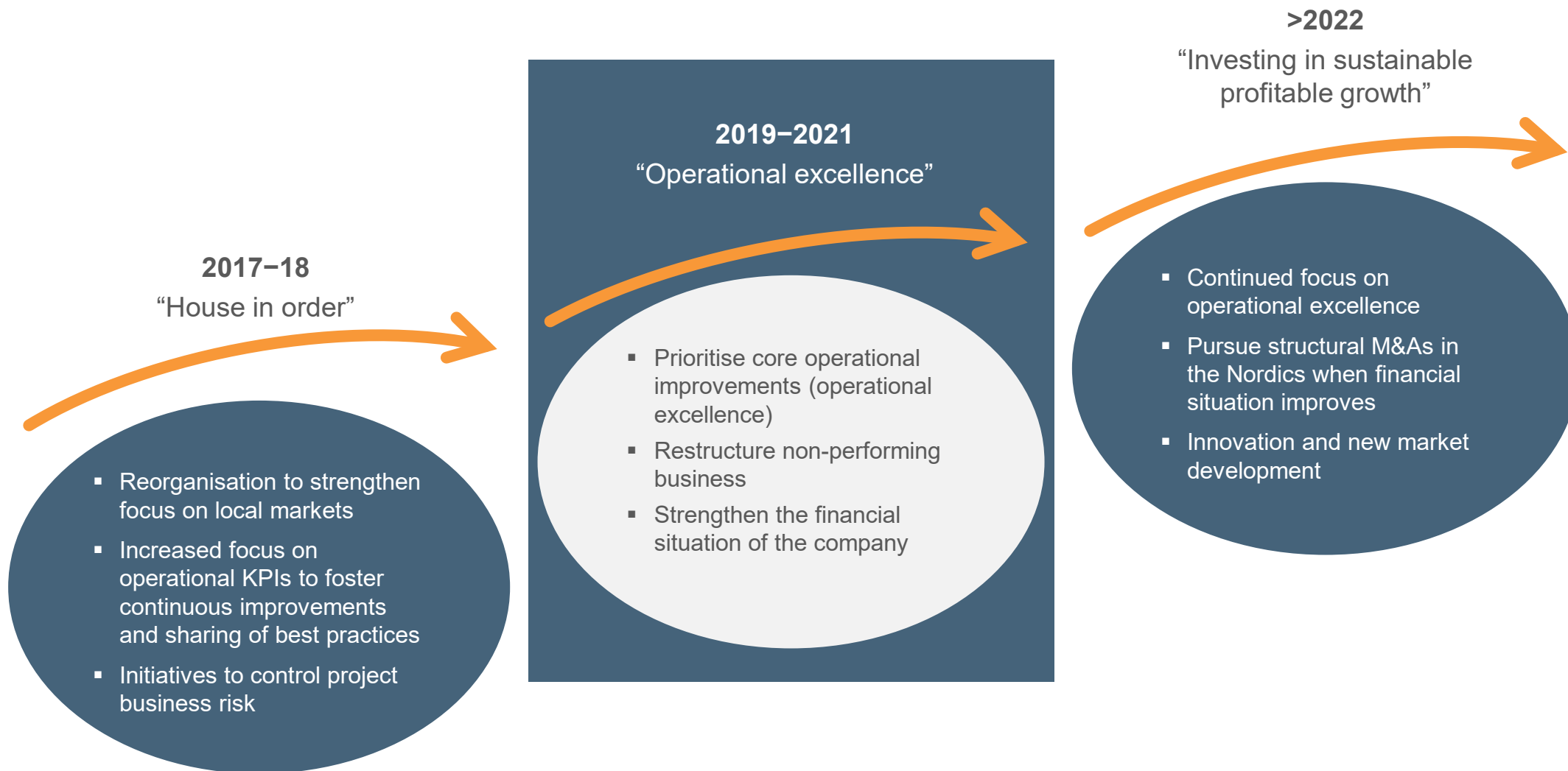
Strategic focus

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



- 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

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