



Eltel AB

Investor presentation

November 2020

Eltel in brief



Founded in 2001

Leading Nordic field service provider

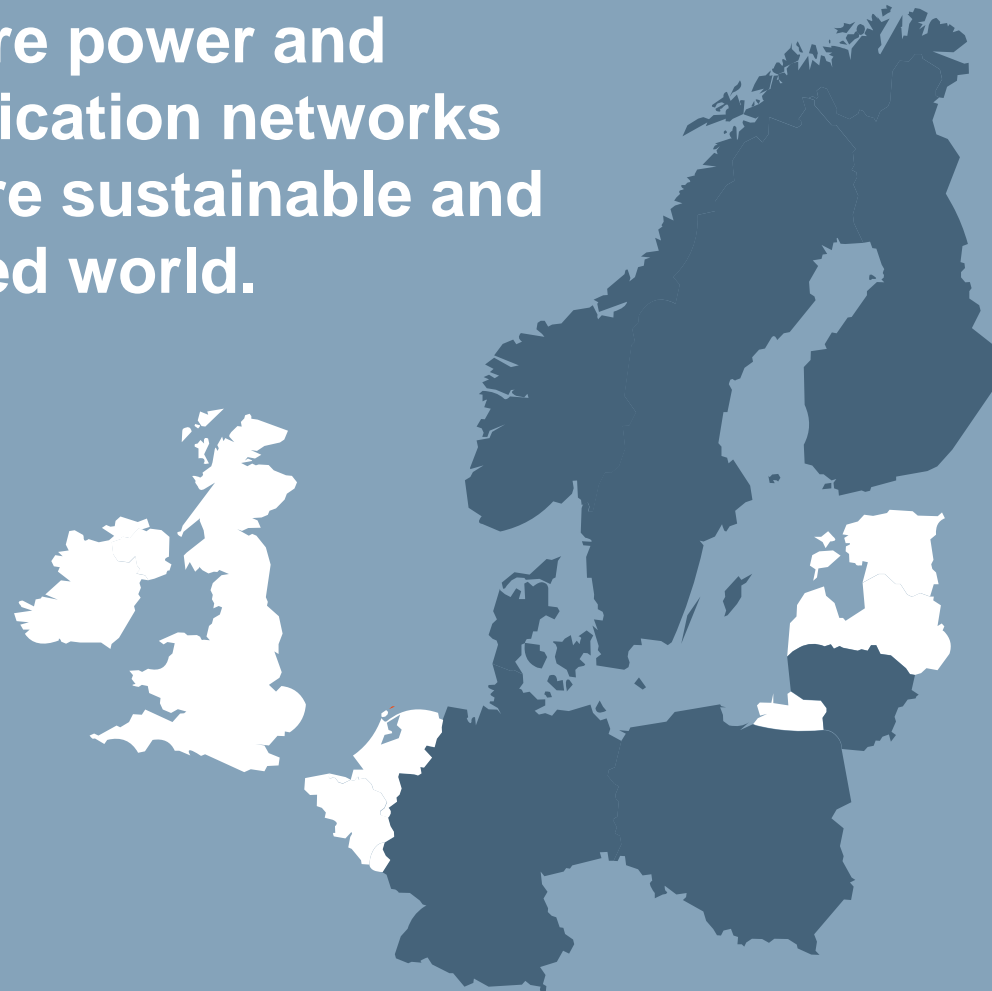
Operations throughout the Nordics,
Lithuania, Poland and Germany

Net sales EUR 1.1 billion, 6,000 employees

UN Global Compact signatory since 2014

Listed on Nasdaq Stockholm since 2015

**We secure power and
communication networks
for a more sustainable and
connected world.**



Our purpose



Securing the
lifelines of
modern society



Our vision

ELTEL

**To be a front-
runner**



Sustainability – integrated in our way of working

Priority areas	Focus areas
Health & safety	<ul style="list-style-type: none"> • Zero fatalities and disability cases • Reduce Lost Time Injury Frequency (LTIF) incl subcontractor employees
People & society	<ul style="list-style-type: none"> • Be the industry's most attractive workplace in the infranet field • Contribute to sustainable development and welfare
Environment	<ul style="list-style-type: none"> • Reduce the average CO2 emissions of cars and vans • Report environmental accidents, including subcontractors' environmental accidents • Promote the positive impact of Eltel's customer solutions
Supply chain	<ul style="list-style-type: none"> • Monitoring strategic partners' HSE performance and compliance with Eltel's Code of Conduct
Business Ethics	<ul style="list-style-type: none"> • Comply with all applicable laws, regulations, policies and agreements • Code of Conduct and policy trainings

Eltel is

- certificated according to ISO 9001, OHSAS 18001/ISO 450011 and ISO 14001
- a signatory to the United Nations Global Compact and its 10 principles on human rights, labour, environment and anti-corruption
- reporting its environmental data in accordance with the Carbon Disclosure Project.

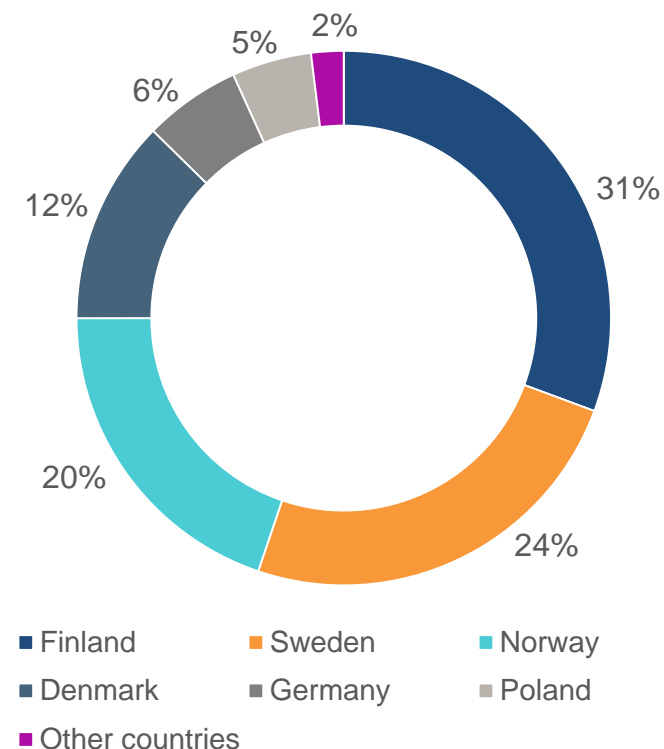
Focus on segments

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 Q3/2020



* Starting with the January-March 2021 interim report, the current Power and Communication segments will be replaced by four country segments: Finland, Sweden, Norway and Denmark. Outside segments (Other): Non-core business representing less than 15% of the operations, and Group management and support functions

Eltel's business

– driven by stable customers with long term investment needs

Segments

Power

Communication

Drivers

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

Our long-term plan

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

- Improve profitability
- Prioritise core operational improvements
- Upsell on existing customer base
- Restructure non-performing businesses, including potential divestments
- Strengthen the financial position of the company

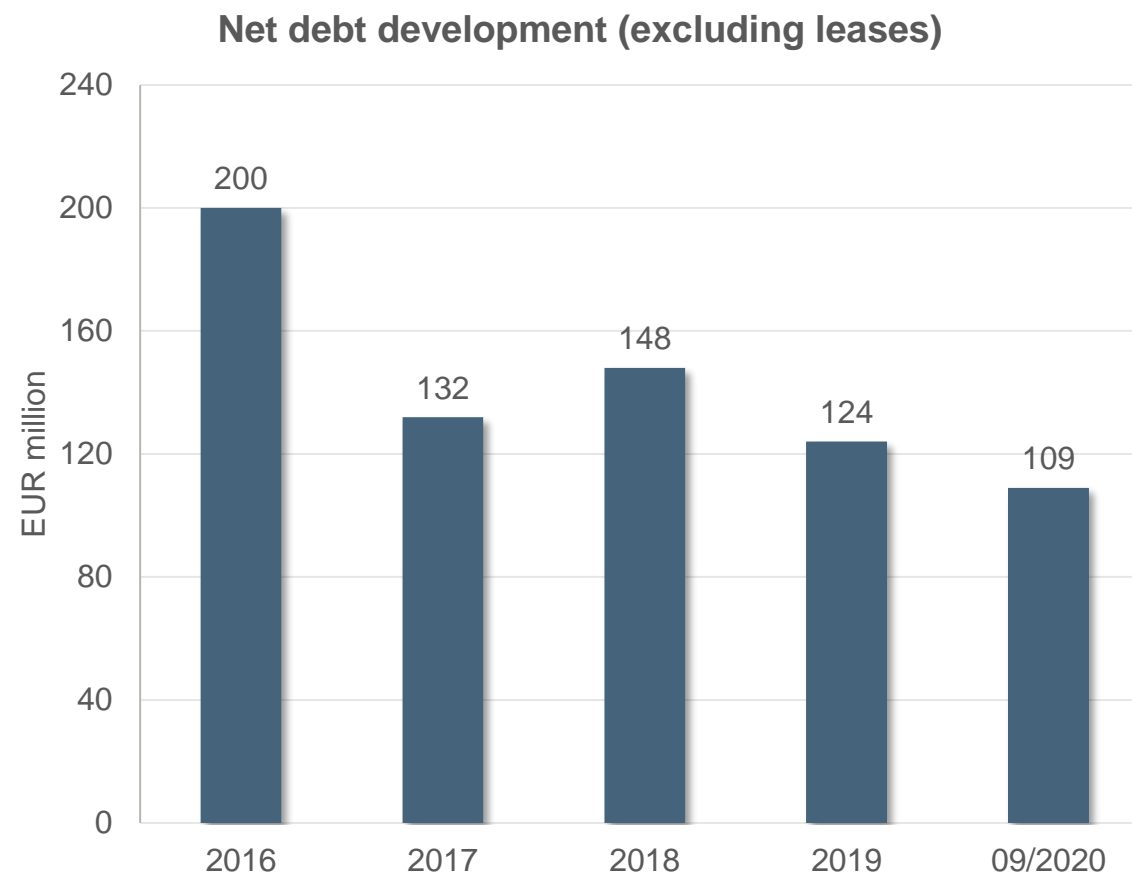
2022–2023

Investing in sustainable profitable growth

- Increased market share in the Nordics
- Innovation and new market development
- Replicate existing business models across the Nordics
- Pursue M&As in the Nordics

Delivering on the strategy

- **Stronger position in the Nordics**
 - Gained market share
 - Expanded contracts with better terms and conditions
- **Successful divestments/ramping-down**
 - Non-core business, incl. risky, unprofitable and capital intensive business
- **Improved balance sheet**
 - Reduced net working capital
 - Reduced net debt
- **Leaner management structure**
 - Organisational changes
 - From business unit structure to country units organisation




Eltel key focus areas 2021

Continued operational focus

- Tender
- Right people
- Implementation & execution
- Production planning
- Training
- Upsell on existing customer base

Strategic focus

- Strengthen our position as the nr. 1 Nordic player
- Restructure non-performing businesses, including potential divestments
- Turnaround Polish and German High Voltage business
- Operational Excellence

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- A large white circle on a dark blue background, containing a list of strategic focus areas.
- Improved profitability
 - Improved quality
 - High customer satisfaction
 - Engaged employees
 - Cash generation

Why invest in Eltel?

We secure power and communication networks for a more sustainable and connected world today and for future generations.



Nordic market leader



Trends supporting growth



Focus on operational excellence



Quality-focused organisation



Cross-border synergies



Eltel AB

Q3 2020 Presentation

5 November 2020

Today's presenters



Casimir Lindholm
President and CEO



Salla Miettinen-Lähde
CFO



Highlights

- Gradual improvements in our operational performance
- Improved operative EBITA for the Group, despite lower net sales
- Divestments and currency effects have strong impact on net sales
- Stable balance sheet, clear improvements from previous years
 - Reduced net working capital
 - Reduced net debt
- Continued moderate COVID-19 impact in Q3
- New segment structure starting with the January-March 2021 interim report



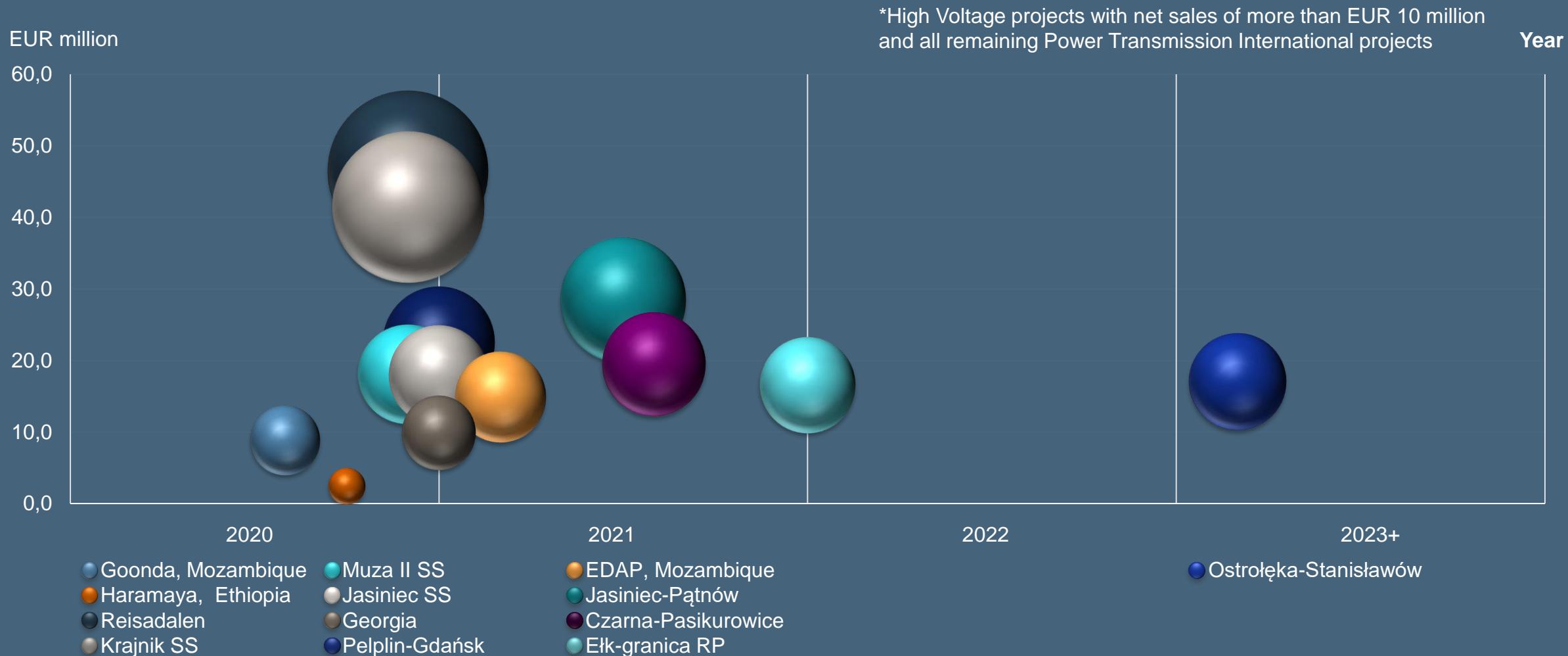
COVID-19 impact

- Continued moderate impact in Q3:
 - Project postponements and delays in High Voltage
 - Reduced and delayed investments from a large customer in the Communication segment in Norway
 - Increase in short-term sick leaves, which affects our utilisation rates

Large* High Voltage and Power Transmission International projects



Project portfolio, EUR 26 million in estimated remaining net sales



Total Group: Q3 2020

Total Group

- Net sales EUR 226.7 million (281.8), -19.6%
- Organic growth in Power and Communication* -12.3%
- Operative EBITA EUR 6.7 million (4.1)
- Operative EBITA margin 2.9% (1.5)
- Operating result (EBIT) EUR 5.8 million (3.9)
- Cash flow from operating activities EUR -16.2 million (6.7)

*Adjusted for divested operations and currency effects.

Total Group: January-September 2020

Total Group

- Net sales EUR 708.8 million (808.8), -12.4%
- Organic growth in Power and Communication* -6.2%
- Operative EBITA EUR 7.5 million (3.6)
- Operative EBITA margin 1.1% (0.4)
- Operating result (EBIT)** EUR 26.7 million (2.5)
- Cash flow from operating activities EUR -1.7 million (-13.6)
- Net debt*** ended at EUR 108.9 million (191.4)

*Adjusted for divested operations and currency effects.

**Includes EUR 20.4 million gain from divestments

***Refers to net debt as defined in financing agreement.

Net sales segments: Q3 2020

Power

- **Net sales EUR 84.9 million, -17.6%**
 - Lower activity and COVID-19 related delays in High Voltage
 - The lower activity is partly attributable to our strategy of reducing exposure to capital-intensive business
 - Market leading position in Finland remained strong
- **Organic growth* -17.4%**

Communication

- **Net sales EUR 138.5 million, -21.4%**
 - Divestments of Polish and German Communication businesses and Aviation & Security impacted EUR -21.9 million year on year
 - Reduced customer investments in Norway and Sweden
 - Contract expansions in Finland and increased volumes in Denmark
- **Organic growth** -8.9%**

Other

- **Net sales EUR 3.3 million, 6.3%**
 - Relates to the remaining projects in 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: Q3 2020

Power

- **Operative EBITA EUR 0.9 million (-3.6)**
- **Operative EBITA margin 1.0% (-3.5)**
 - Sweden and High Voltage are recovering gradually and continue to reduce risks in the projects
 - Finland improved despite negative effects from Build projects
 - Two projects, which had suffered from challenges relating to subcontractor management earlier in the year, were completed

Communication

- **Operative EBITA EUR 6.4 million (9.4)**
- **Operative EBITA margin 4.6% (5.3)**
 - The effect of the divestments was EUR 2.0 million
 - Sweden improved performance, despite lower net sales, also Finland is improving
 - Norway produced healthy margins but reduced net sales led to decreased operative EBITA
 - A write down in a Danish project impacted the result negatively

Other

- **Operative EBITA EUR 0.5 million (-0.2)**
- **Operative EBITA margin 14.0% (-6.5)**
 - In line with the strategy to divest and discontinue operations
 - The discontinuation is targeted to be finalised in 2021

Questions



ELTEL