



Eltel AB

Q1 2021 presentation

28 April 2021

Today's presenters



Casimir Lindholm
President and CEO



Salla Miettinen-Lähde
CFO

Eltel is the Nordic market leader in infranets

- Founded in 2001 – 20 year anniversary
- Leading Nordic field service provider within communication and power
- Operations throughout the Nordics, Poland, Germany and Lithuania
- UN Global Compact signatory since 2014
- Net sales in 2020 EUR 938 million
- 5,449 employees in 2020





Highlights Q1 2021

- We improved our results for the fifth consecutive quarter year-on-year, despite harsh winter conditions
- The Nordic countries delivered according to plan
 - Good resource and production planning
 - Good project management and cost control
- Return on operative capital employed continued to improve
- Signed agreement to divest High Voltage Germany
- COVID-19

COVID-19

COVID-19 had an impact on Eltel during the first quarter

Main reasons:

- Reduced customer investments
- Postponed projects
- Delays in project execution
- Local restrictions
- Slightly increased sick-leave rates



Total Group Q1 2021



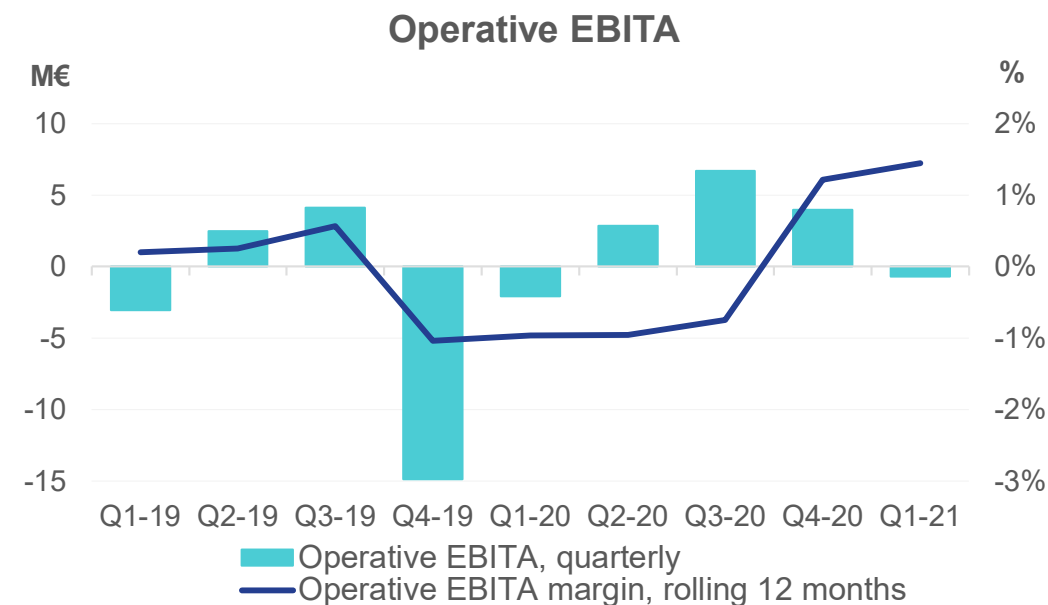
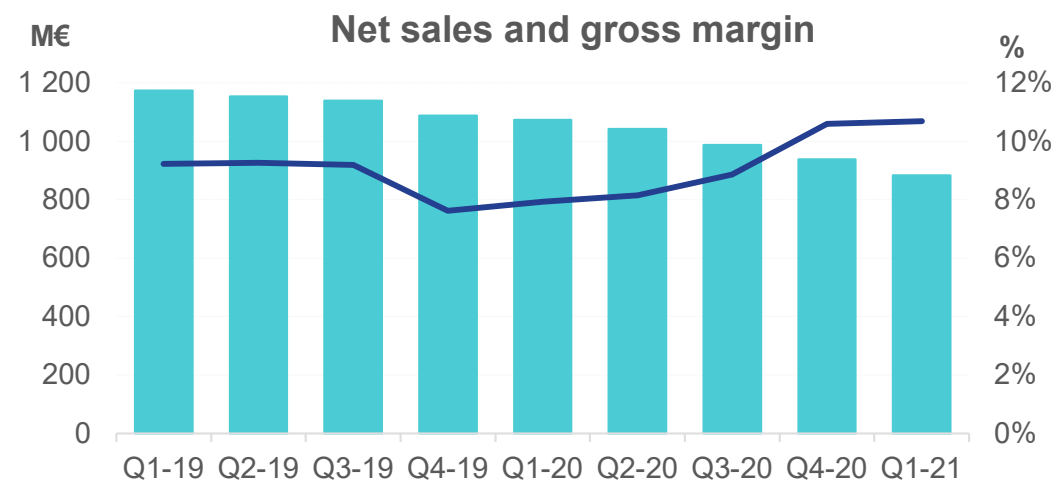
EUR million	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Net sales	182.0	236.6	938.0
Net sales growth, %	-23.1%	-5.7%	-13.8%
Operative EBITA	-0.7	-2.1	11.4
Operative EBITA margin, %	-0.4%	-0.9%	1.2%
Return on equity (ROE) ¹⁾ , %	3.5%	-10.1%	2.4%
Return on operative capital employed (ROCE) ¹⁾ , %	13.5%	-6.6%	13.0%

Net sales

- Divestments of the German communication business and the Swedish business area Aviation & Security (EUR -15.0 million)
- Harsh winter conditions
- Postponed and reduced customer investments, in parts due to COVID-19
- Loss of a large service agreement in Sweden, mainly relating to the declining copper network (Q2 2020)

Operative EBITA

- Divestments effect EUR -0.9 million
- Good resource and production planning, increased efficiency and better project management



¹⁾ ROE and ROCE %, rolling 12 months.

Finland Q1 2021

EUR million	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Net sales	60.8	58.9	300.2
Net sales growth, %	3.2%	14.3%	10.8%
Operative EBITA	0.7	-0.8	7.2
Operative EBITA-margin, %	1.1%	-1.4%	2.4%
Number of employees	1,446	1,420	1,470

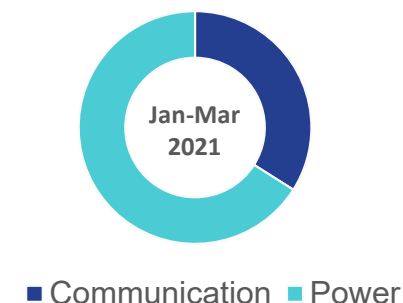
Net sales

- Strong market position in both communication and power
- Growth in new agreements awarded in 2020
- Harsh winter conditions

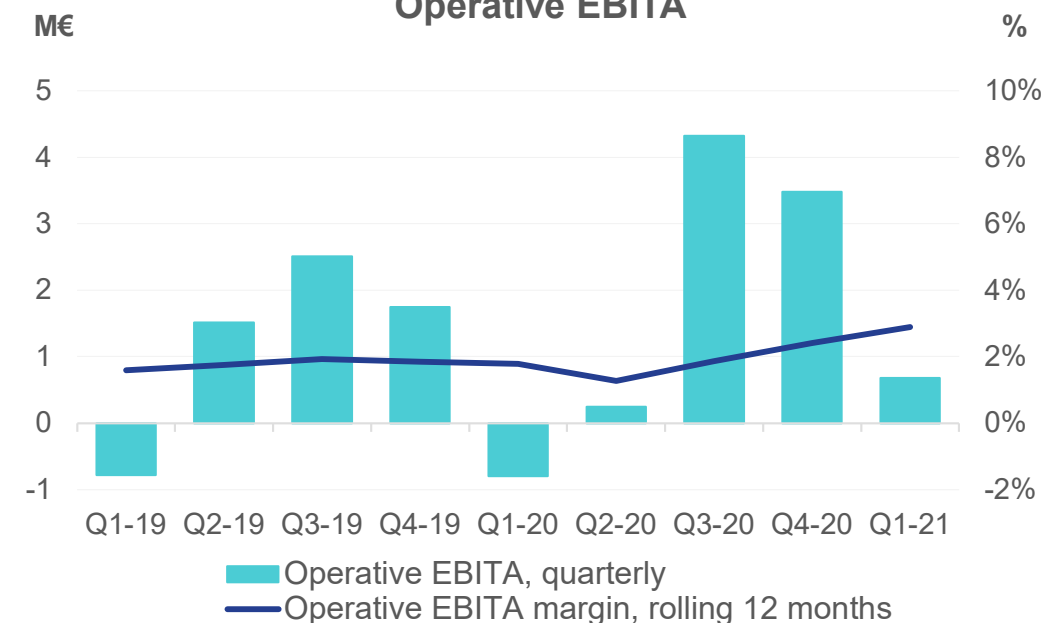
Operative EBITA

- Improved project management and cost control
- Net sales growth, improved productivity and good resource planning

Net sales



Operative EBITA



Sweden Q1 2021

EUR million	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Net sales	41.1	63.1	224.5
Organic growth ¹⁾ , %	-31.0%		
Operative EBITA	-0.8	0.5	-3.7
Operative EBITA-margin, %	-2.0%	0.7%	-1.6%
Number of employees	965	1,581	1,003

Net sales

- Divestment of the Aviation & Security business area (EUR -6.9 million)
- Loss of a large service agreement, mainly relating to the declining copper network (Q2 2020)
- Harsh winter conditions
- COVID-19

Operative EBITA

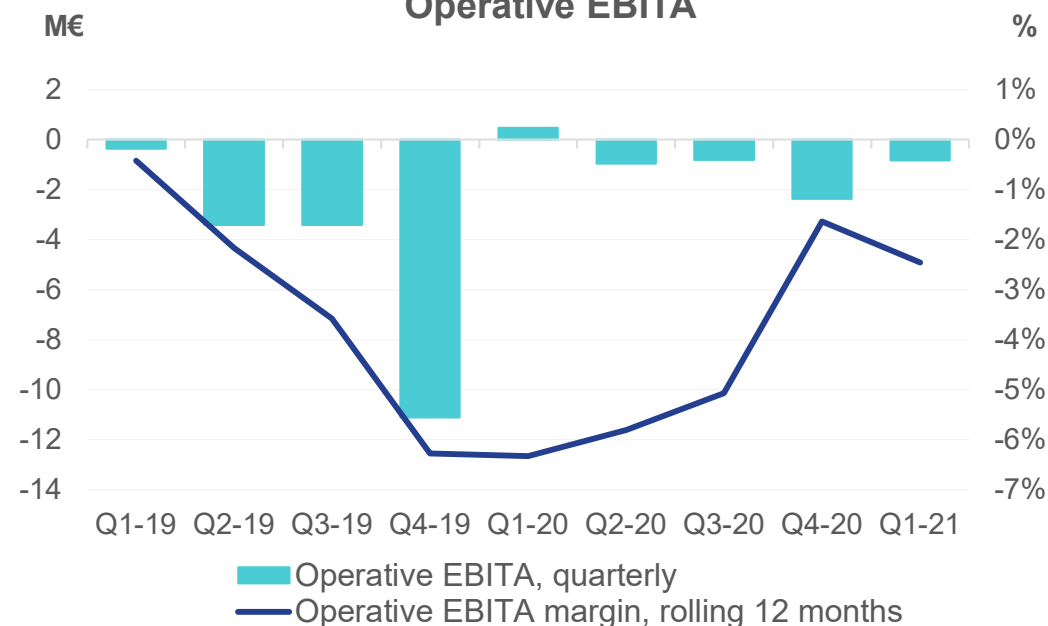
- Positive one-off item in comparative period (EUR 0.9 million)
- Aviation & Security divestment (EUR -0.3 million)
- Lower volumes
- Good production and resource planning, cost control and improved risk management

1) Adjusted for divested operations and currency effects.

Net sales



Operative EBITA



Norway Q1 2021

EUR million	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Net sales	33.9	47.0	177.7
Organic growth ¹⁾ , %	-28.5%		
Operative EBITA	1.2	2.1	14.3
Operative EBITA-margin, %	3.6%	4.4%	8.0%
Number of employees	896	1,039	943

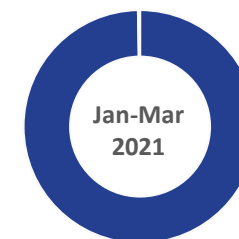
Net sales

- Ramp up of the renewed Telenor frame agreement
- Harsh winter conditions
- COVID-19

Operative EBITA

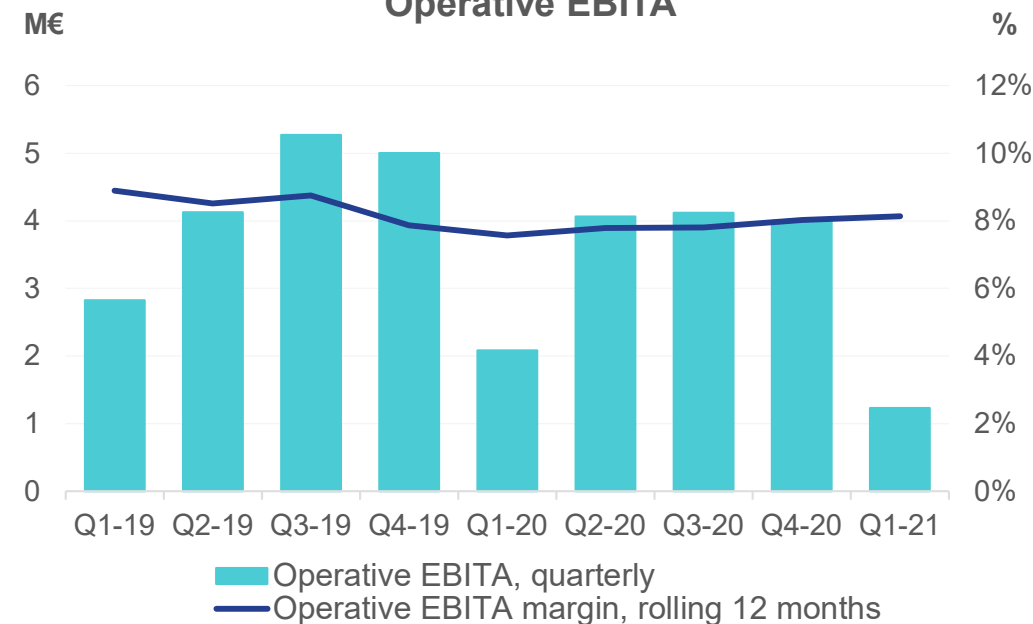
- Lower net sales
- Improved efficiency, resource planning and rightsizing partly offset the decrease

Net sales



■ Communication ■ Power

Operative EBITA



¹⁾ Adjusted for divested operations and currency effects.

Denmark Q1 2021

EUR million	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Net sales	26.2	33.7	118.1
Organic growth ¹⁾ , %	-22.8%		
Operative EBITA	1.3	1.8	5.0
Operative EBITA-margin, %	5.1%	5.3%	4.3%
Number of employees	650	628	637

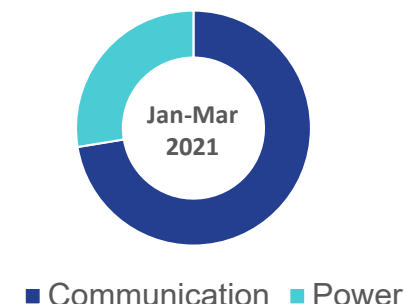
Net sales

- Completion of a large communication project
- Lower fibre activity compared to unusually strong 2020
- Winter conditions had minor impact

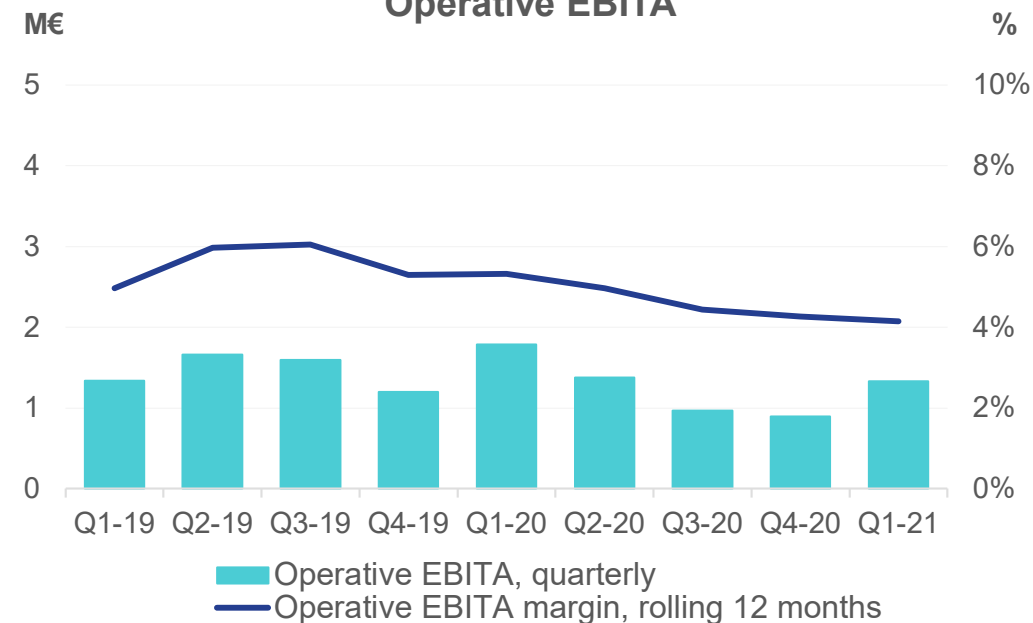
Operative EBITA

- The operative EBITA-margin maintained at a good level

Net sales



Operative EBITA



1) Adjusted for divested operations and currency effects.

Other business Q1 2021

EUR million	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Net sales	21.4	36.5	127.5
Operative EBITA	-0.9	-2.2	-3.3
Number of employees	1,214	1,821	1,235

Other business includes operations in High Voltage, Smart Grids Germany, Lithuania as well as Power Transmission International and Railbusinesses that are under ramp down. German communication business was included in Other business until its divestment in Q2/2020.

Net sales

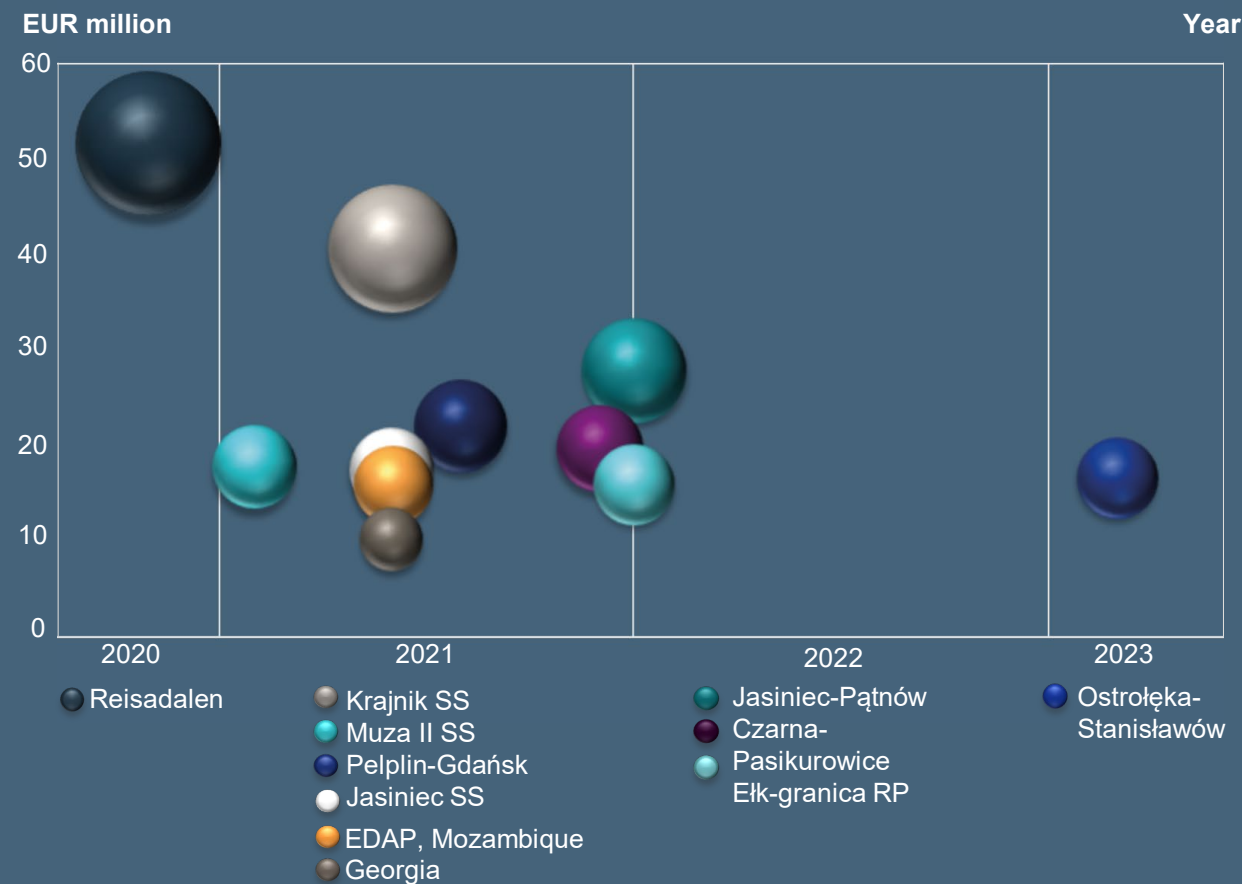
- Divestment of the German communication business (EUR -8.1 million)
- High voltage project delays and postponements in Poland
- Operational completion of the Reisadalen high voltage project in Norway in Q4 2020
- Ongoing ramp-down of Power Transmission International

Operative EBITA

- Increase mainly from Smart Grids Germany
- Continued difficulties in High Voltage
- Postponements and cost increases due to COVID-19

Large¹⁾ High Voltage and Power Transmission International projects

Project portfolio, EUR 23 million in estimated remaining net sales

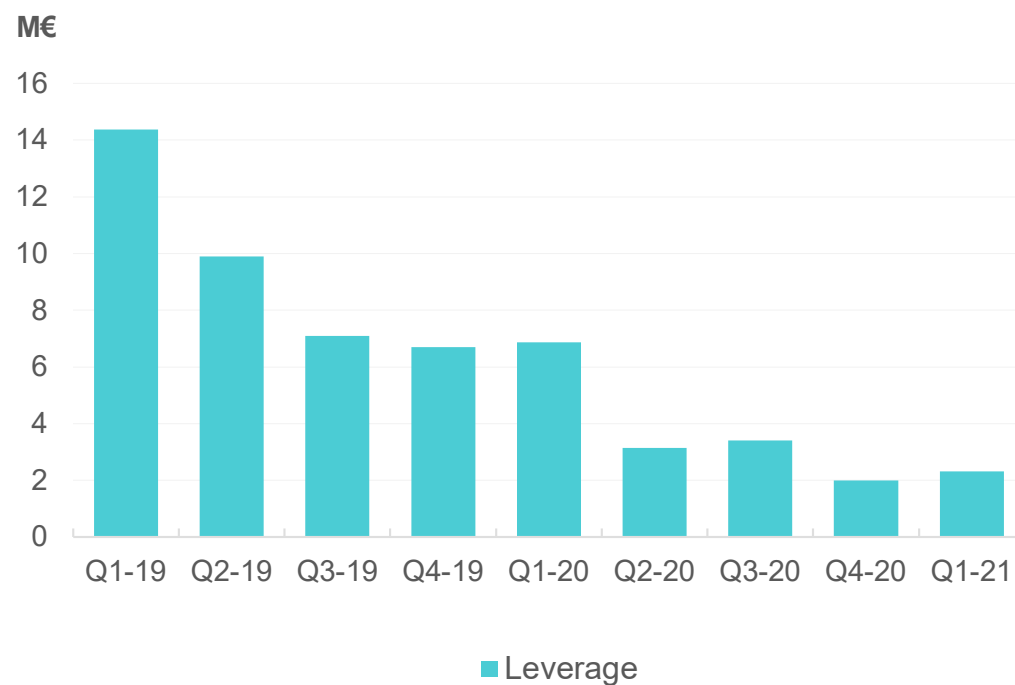


1) High Voltage projects with net sales of more than EUR 10 million and all remaining Power Transmission International projects.

Group leverage and net debt: Q1 2019–Q1 2021

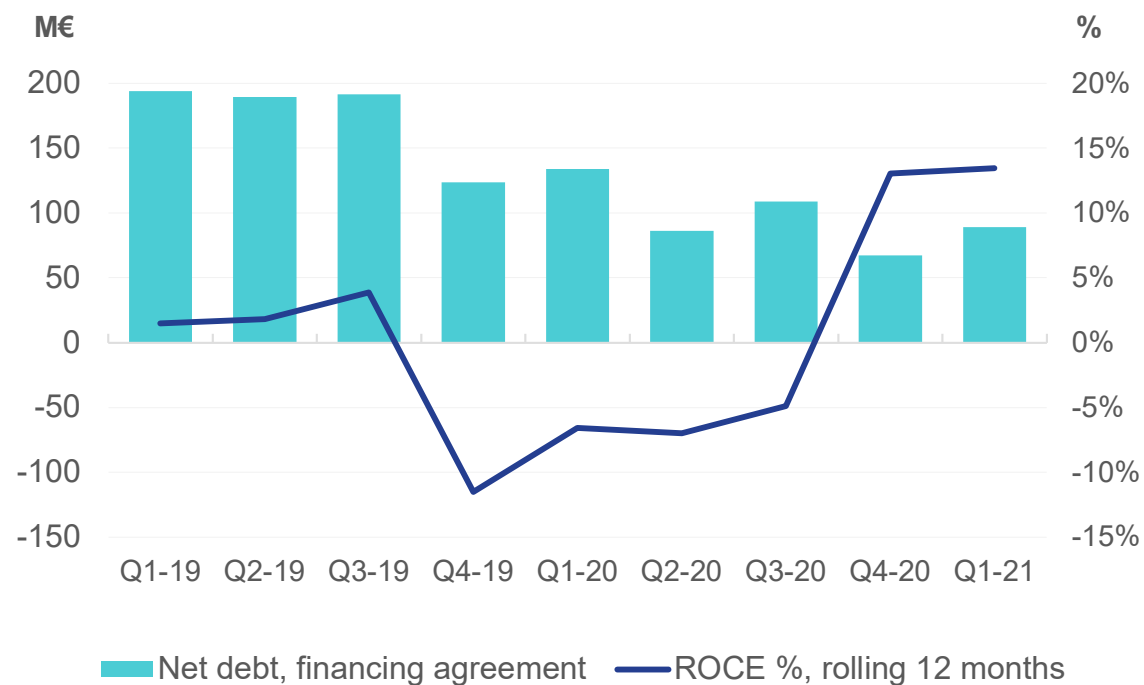


Leverage



Leverage: Net debt/EBITDA. Eltel's leverage target by end of 2023 is 1.5–2.5x net debt/EBITDA
Net debt: Interest bearing debt less cash and cash equivalents

Net debt and ROCE %



Net debt, financing agreement: Net Debt excluding IFRS 16 leasing liabilities
ROCE: Operative EBITA (R12)x100/ Operative capital employed (average over the reporting period)

Going forward

Eltel Group financial targets by end of 2023



Group EBITA margin	5%
Annual growth in the Nordics from 2022 onwards	2-4%
Leverage	1.5–2.5x net debt/EBITDA
Dividend payout	Subject to leverage target

Our transformation journey

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


Eltel 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 high voltage business
- Operational Excellence

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- Improved profitability
 - Improved quality
 - High customer satisfaction
 - Engaged employees
 - Cash generation

Financial guidance

A woman with dark hair tied back is standing on a balcony, talking on a black smartphone. She is wearing a brown jacket over a white shirt. The background shows a cityscape with a river, buildings, and a bridge under a clear sky.

Eltel expects the full-year 2021 operative EBITA margin to increase compared to 2020.

Questions



ELTEL