



Eltel AB

Carnegie Business Service Seminar

November, 2018

Eltel in brief

Northern European market leader

Operations throughout the Nordics, Poland and Germany

Industry with long-term structural growth

Solid customer base and recurring revenues

Net sales EUR 1.3 billion, 7,500 employees

Listed on Nasdaq Stockholm since 2015



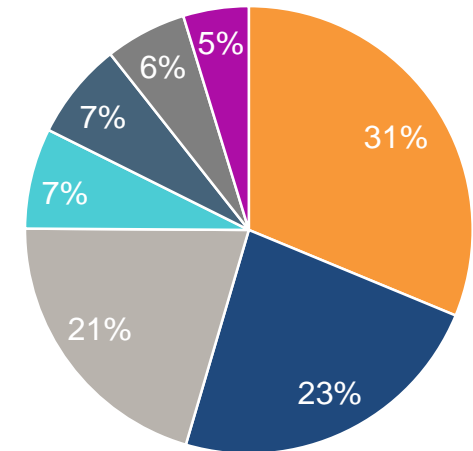
Focus on segments

Power and Communication

The Nordics, Poland and Germany

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

Net Sales 2017



■ Sweden
 ■ Finland
 ■ Norway
 ■ Poland
 ■ Denmark
 ■ Germany
 ■ Other

Eltel's business

– driven by stable customers with long term investment needs

Segments

Power

Communication

Drivers

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

Casimir Lindholm, President and CEO



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- A high-angle photograph of a person wearing a bright orange safety suit with reflective stripes, a blue helmet, and a communication device. They are walking on a dark, textured surface like asphalt. The person's shadow is cast to the left.
- Joined Eltel on September 1, 2018
 - Know Eltel inside and out
 - Experience from turn around
 - Hands on and operational focused
 - Building excellence

CEO first observations

Financial situation

Negative performance were impacted by:

- Growth strategy in Rail and High voltage
- Contracts taken in 2014–16 are the main reasons for deviations
- Small companies were acquired but not integrated
- Loss of focus due to wrong organisation

Cash generation not on right level and impacting our business

- Sweden process & leadership
- High Voltage terms and conditions in old contracts in Poland

Reporting structure is on a good level

- P&L per individual team and up

- It will take 36 months from starting point Q3 2016 to reach turn-around mode

CEO first observations

Organisational situation

Opportunities

- Country organisation a positive change for everyone
- Finland, Sweden, Norway & Denmark have done/planning structural changes (e.g., regions instead of districts, taking out one layer of managers)
- Smart metering strong in Nordics

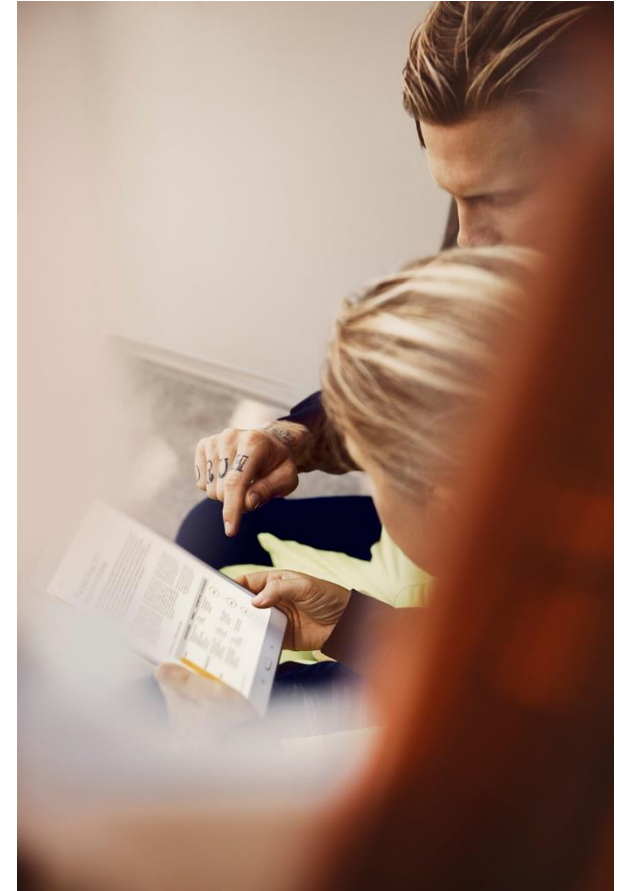
Challenges

- Too many internal initiatives and projects ongoing simultaneously
- High Voltage in a challenging situation outside Poland
- Communication units Germany and Poland are small
- Fragmented and underinvested IT

CEO first observations

Customer & Suppliers

- Eltel is in general perceived as a reliable partner, good track record and the number one player in the Nordics and Poland
- Eltel delivers quality, but we have lost momentum in the old organisational structure
- Our financial performance has impacted our ability to tender and develop the business
- Growth via smart metering, outsourcing and consolidation



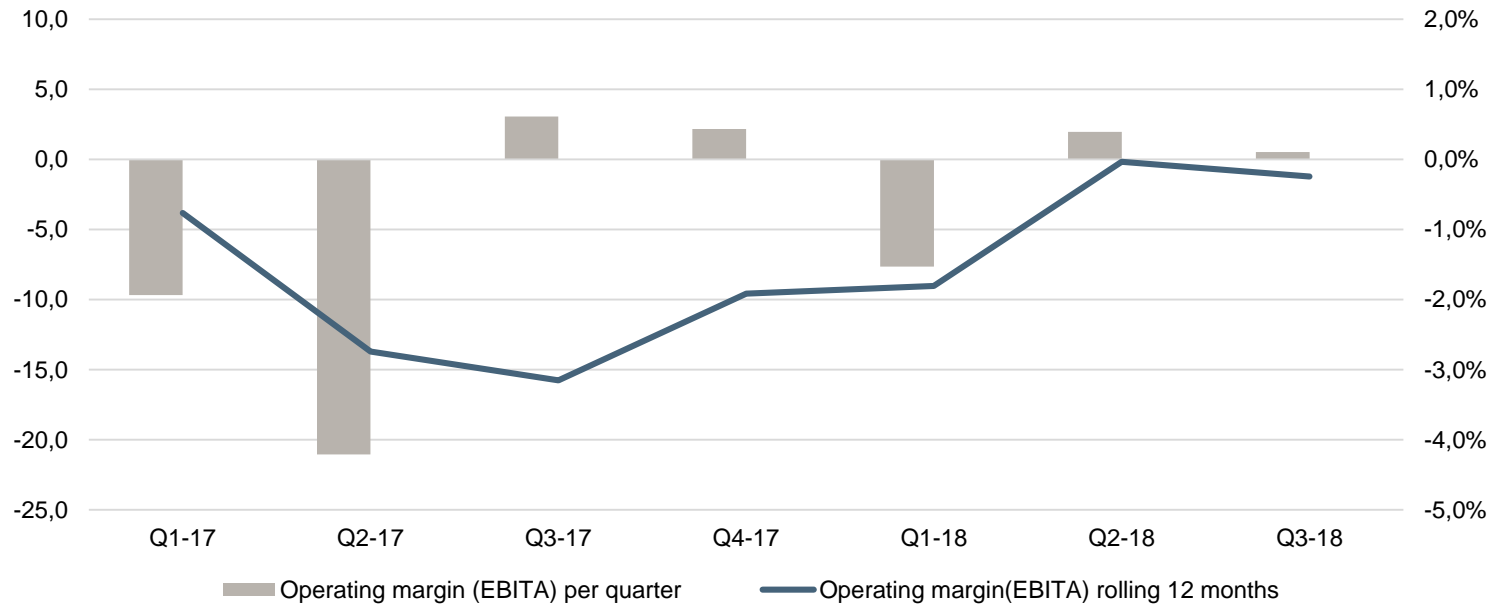
A worker wearing an orange high-visibility uniform with the 'ELTEL' logo on the back, a blue helmet with a yellow light, and grey gloves is working on a cable. The worker is seen from behind, looking towards a blurred background of industrial equipment and trees. A semi-transparent black box with white text is overlaid on the right side of the image.

**It will take 36 months
from starting point Q3
2016 to reach turn-
around mode**

Transformation plan almost completed



Group: EBITA margin development



Second phase of transformation initiated

- Focus on operational improvements in the business
 - Reduce costs
 - Increase capacity utilisation
 - Increase efficiency
 - Improve processes and systems
 - Recruitment and training
- Long-term strategy to ensure sustainable growth, profitability and shareholder value



Our purpose

**Securing the
lifelines of modern
society**

Our vision

To be a front-runner



Our plan to win



Summary of Operational Excellence strategy



- 1 **Customer satisfaction and SLA precision**
 - **Deliver on our customer promise everyday** i.e., improve our performance, train our people to solve root causes, to create a strong differentiator and be our customers most trusted partner
- 2 **Utilization**
 - **Right way, right job, right tools** i.e., maximize share of time spent solving projects and tickets. Training of personnel (e.g., project management, cross-skilling etc.) and increased use of automation.
- 3 **Performance management**
 - **High performance teams** i.e., minimize time needed for each ticket and project completion. Create transparency, enhance training and coaching for low performers.
- 4 **Cost reduction and quality improvement**
 - **Front-line oriented supporting functions** i.e., invest in productivity and use information technology for better efficiency and control

Financial targets

Medium to long – term target

Growth



Annual growth of 2-4%, including selective acquisitions

EBITA-margin



EBITA-margin of at least 5%

Cash conversion



Cash conversion of 95-100% of EBITA

Capital structure



Leverage of 1.5-2.5x net debt/EBITDA



Focus coming quarters

- Focus on Operational Excellence

- Efficiency improvements
- Customer focus
- Measuring and tracking relevant KPIs
- Simplifying the daily operations for our technicians
- Improve competence level
- Recruitment



Q&A

ELTEL