



Eltel AB

Q3 2020 Presentation

5 November 2020

Today's presenters



Casimir Lindholm
President and CEO



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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



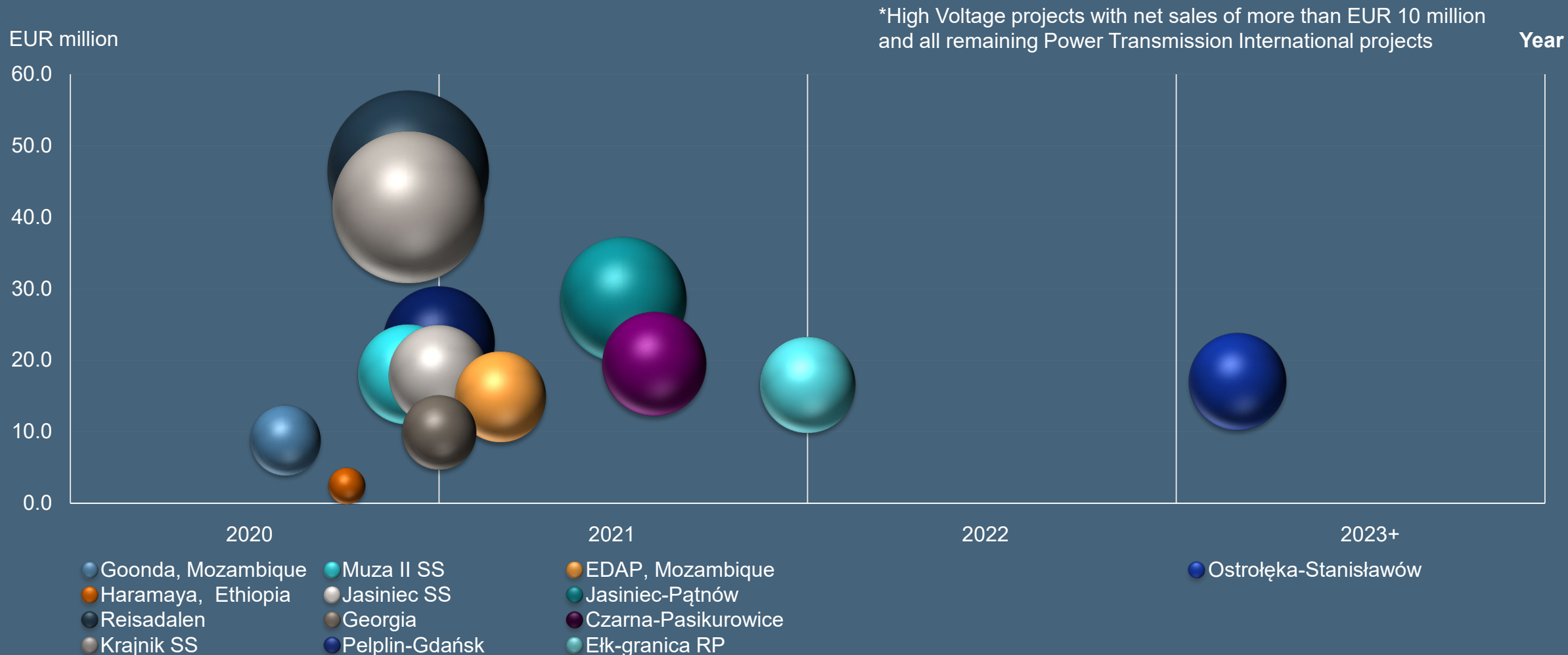
COVID-19 impact

- 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

Going forward

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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 five strategic focus items.
- Improved profitability
 - Improved quality
 - High customer satisfaction
 - Engaged employees
 - Cash generation

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

Questions



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