

A large, faded, light gray Eltel logo is visible in the background of the slide, positioned diagonally from the top right towards the center.

# Eltel AB

# Investor presentation

April, 2019

# Eltel in brief



Founded in 2001

Northern European market leader

Operations throughout the Nordics, Poland and Germany

Net sales EUR 1.2 billion, 7,200 employees

UN Global Compact signatory since 2014

Listed on Nasdaq Stockholm since 2015



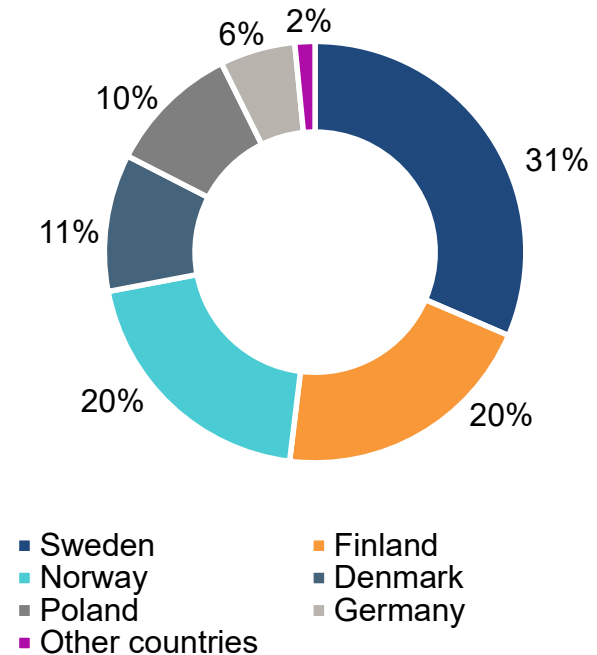
# Focus on segments

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 Q1 2019



# Eltel's business

– driven by stable customers with long term investment needs

## Segments

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**Power**

**Communication**

## Drivers

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




# Eltel AB

## Q1 2019

### Presentation

26 April 2019

# Q1 2019 highlights

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- A high-angle photograph of a worker in an orange high-visibility safety suit and a blue helmet with a headlamp, walking on a dark asphalt surface. The worker is positioned on the left side of the frame, moving towards the bottom left.
- Operational improvements
  - Improved Operative EBITA
  - Lower volumes in Smart Grids
  - Future Nordic focus

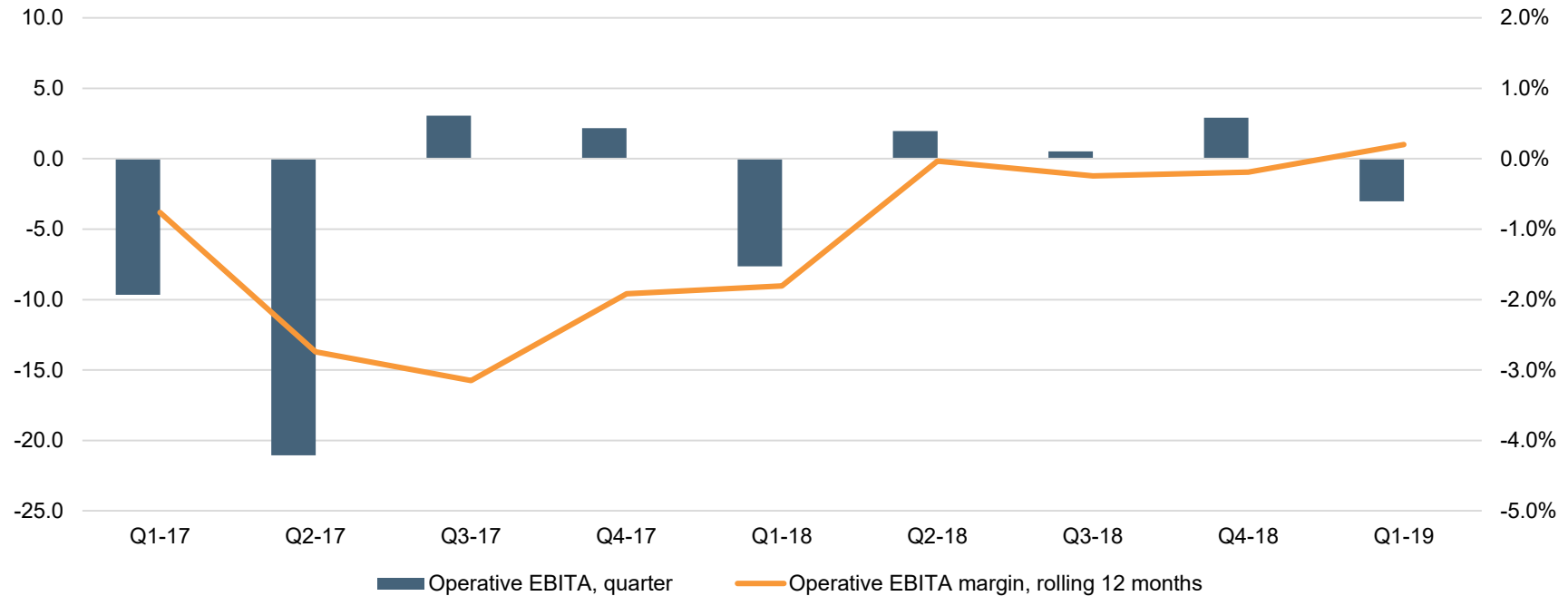


# Total Group: Q1

## Total Group

- Net sales -5.9% to EUR 251.0 million (266.6)
- Organic growth in Power and Communication\* -2.0%
- Operative EBITA EUR -3.0 million (-7.6)
- Operative EBITA margin -1.2% (-2.9%)

# Group: Operative EBITA development





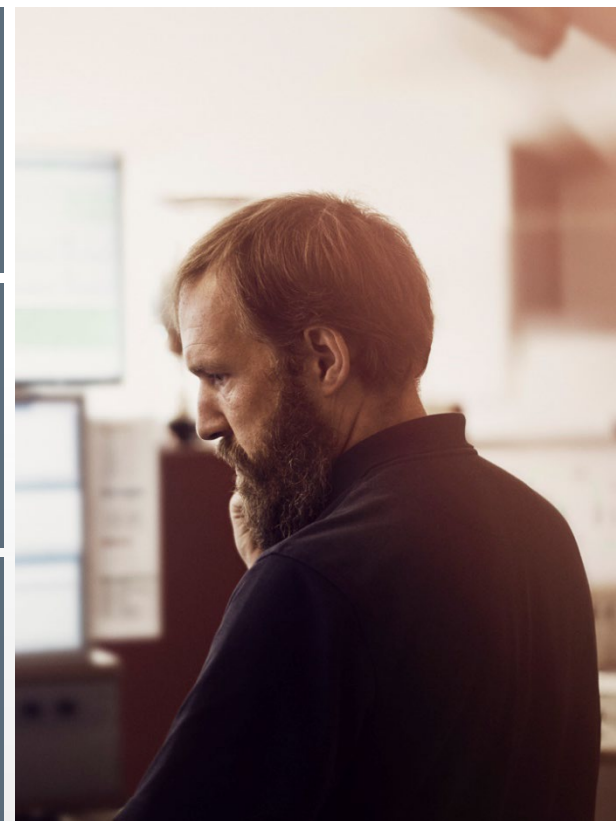
# Net sales segments: Q1

<b>Power</b>	<ul style="list-style-type: none"> <li>▪ Net sales -9.1% to EUR 87.0 million <ul style="list-style-type: none"> <li>▪ Lower volumes in Finland and Smart Grids</li> <li>▪ Increased volumes in High Voltage Poland</li> </ul> </li> <li>▪ Organic net sales* -8.1%</li> </ul>
<b>Communication</b>	<ul style="list-style-type: none"> <li>▪ Net sales -0.6% to EUR 161.4 million <ul style="list-style-type: none"> <li>▪ Lower volumes in Sweden and currency effects</li> <li>▪ Increased volumes in Norway and Denmark</li> </ul> </li> <li>▪ Organic growth* 1.6%</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>▪ Net sales -67.7% to EUR 3.1 million <ul style="list-style-type: none"> <li>▪ In line with the strategy of divestments and discontinuations of operations</li> </ul> </li> </ul>



# Operative EBITA segments: Q1

Power	<ul style="list-style-type: none"> <li>Operative EBITA EUR -4.2 million (-1.3)</li> <li>Operative EBITA margin -4.8% (-1.4) <ul style="list-style-type: none"> <li>Lower net sales in Smart Grids</li> <li>Lower gross margin and higher costs in High Voltage Nordics and Poland</li> </ul> </li> </ul>
Communication	<ul style="list-style-type: none"> <li>Operative EBITA EUR 4.6 million (1.1)</li> <li>Operative EBITA margin 2.9% (0.7) <ul style="list-style-type: none"> <li>Increased Operative EBITA in all markets, except for Finland</li> <li>Increased utilisation, favourable winter conditions and rightsizing of organisations</li> </ul> </li> </ul>
Other	<ul style="list-style-type: none"> <li>Operative EBITA EUR -0.1 million (-3.7)</li> <li>Operative EBITA margin -3.7% (-38.8) <ul style="list-style-type: none"> <li>Majority of Rail business discontinued</li> <li>Discontinuation of Power Transmission International according to plan</li> </ul> </li> </ul>




# Focus in 2019

## Operational focus

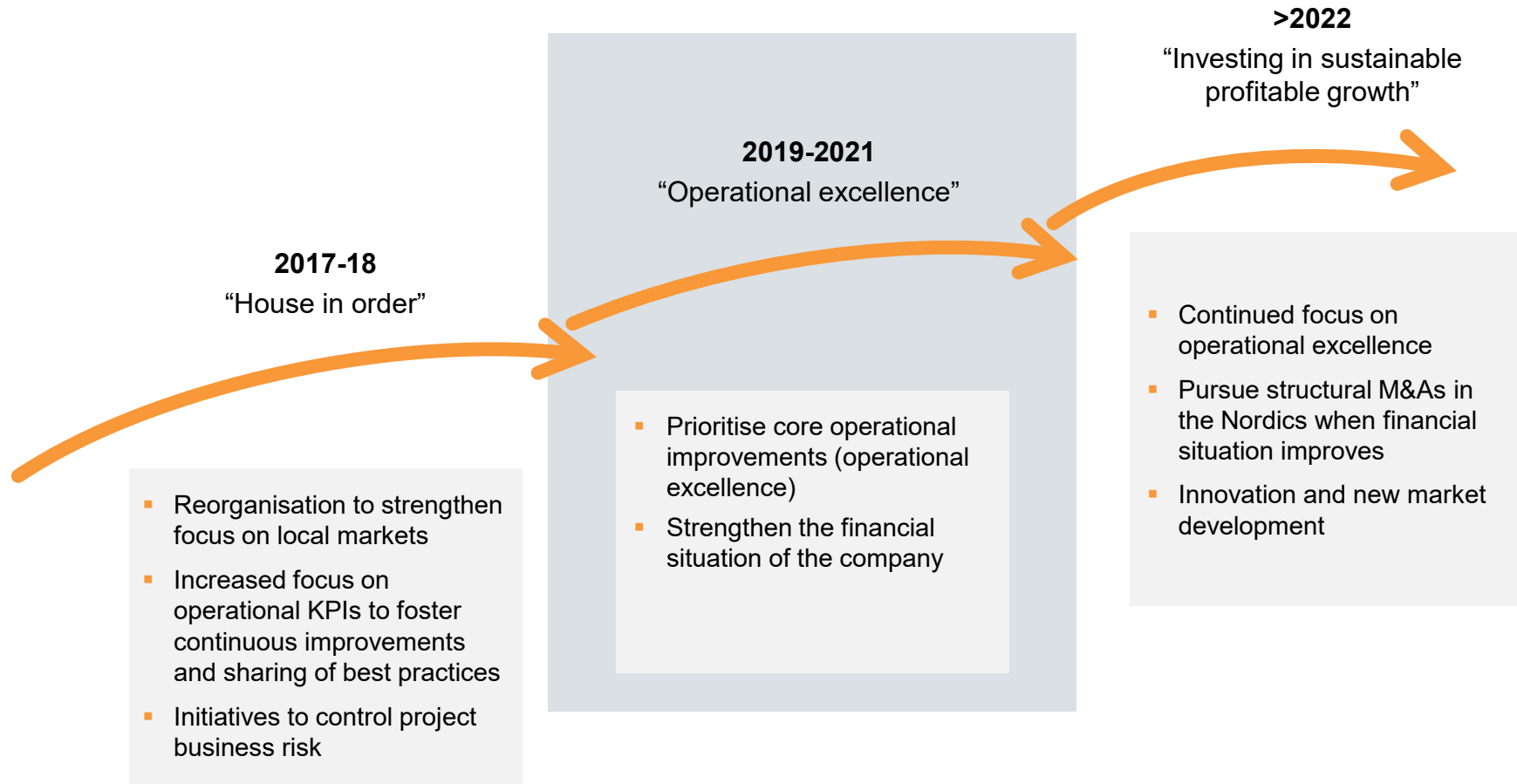
- Tender
- Right people
- Implementation & execution
- Production planning
- Training

## Strategic focus

- Evaluation of strategic alternatives for the Polish and German operations, including a potential divestment

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- No. 1 Nordic player
  - High customer satisfaction
  - Lower risk and fewer capital intensive projects
  - Cash generation
  - Lower net debt

# Our long-term plan



# 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



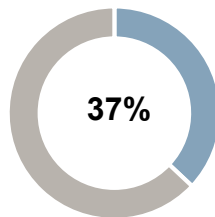
# Appendices

# Our services – in business segments



## Power

Market leading position in Poland and Finland

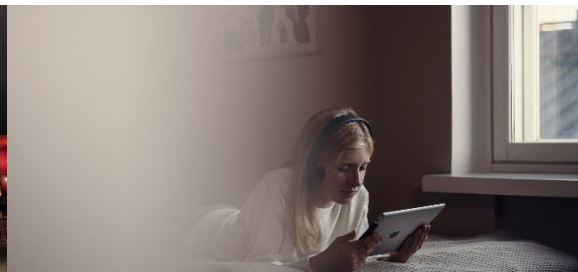


### Markets

Nordics, Poland, Germany

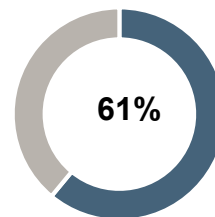
### Services

- Power distribution and transmission maintenance and upgrades
- Smart Grids



## Communication

Market leader in the Nordic region

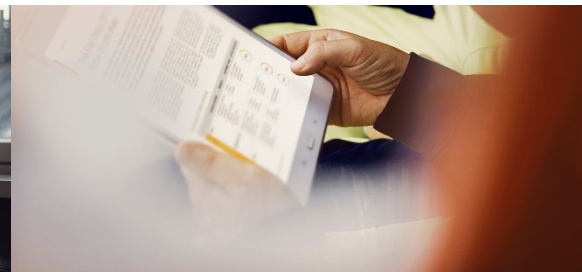


### Markets

Nordics, Lithuania, Poland, Germany

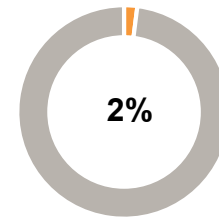
### Services

- Mobile and fixed networks maintenance and upgrades
- Fibre to the home (FTTH)
- Aviation and Security



## Other

Includes businesses under ramp down and discontinuation



### Markets

Outside Europe, Baltics, Nordics

### Services

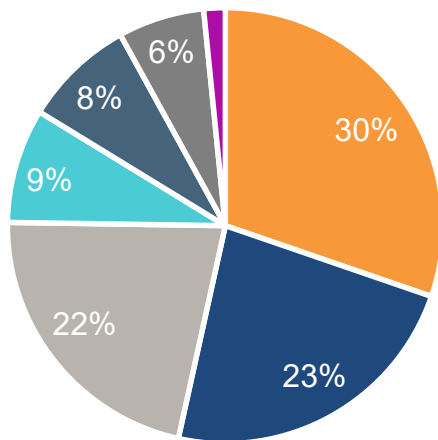
- Power transmission projects outside Europe
- Power distribution in the Baltics
- Railway projects



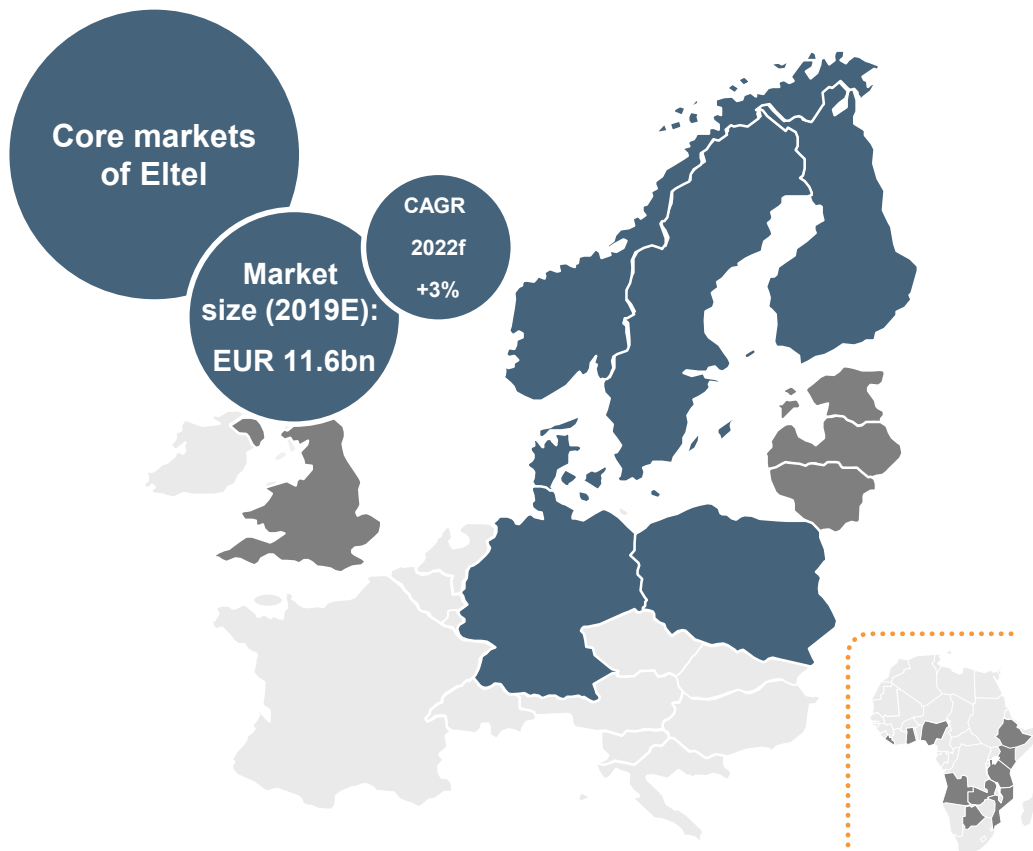
# Our core markets with a foreseen market growth of almost 3%



Sales split 2018

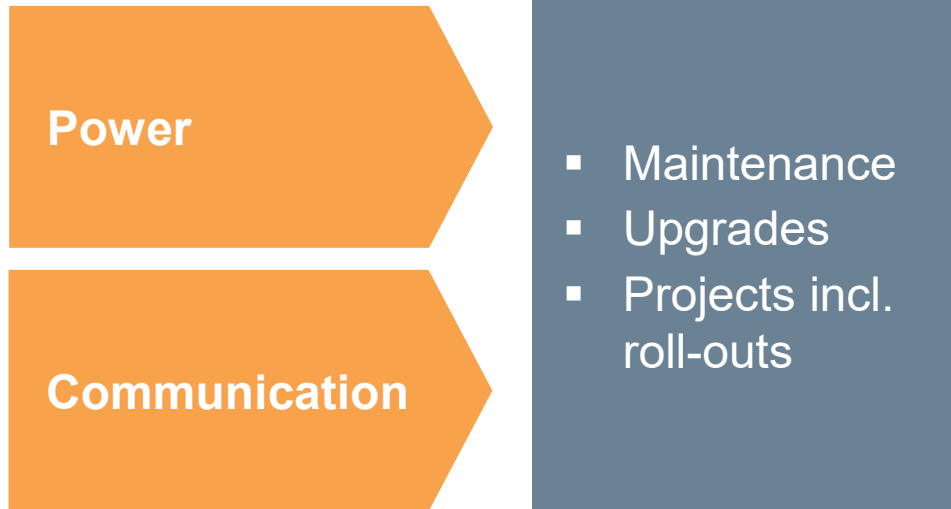


- Sweden
- Finland
- Norway
- Denmark
- Poland
- Germany
- Other countries

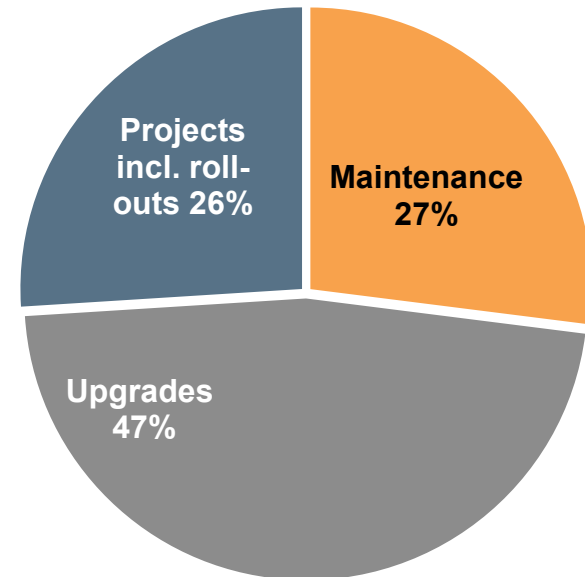


# Eltel's segments

– built on core competences with solid market position



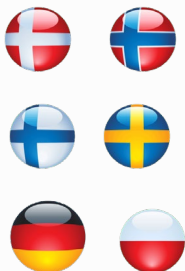
Services split (2018A)



# Market size and outlook

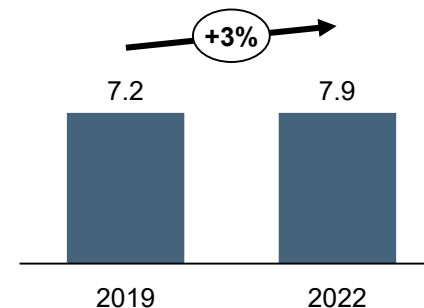
## Power

### Eltel markets



- Investments by major grid owners expected to increase
- Network modernisation and reliability together with transition to smart electricity meters important market drivers
- Increased build out of renewable energy production drives significant investments into grid network
- Growing market with tough competition creates price pressure

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# Market size and outlook

## Communication

### Stable markets



- Strong growth in data traffic within both fixed and mobile communication
- Stable markets with tough competition between telecom operator which puts some price pressure on technical Infranet services
- Telecom operators are expected to continue invest in 4G/LTE
- Low fibre penetration in Germany implies strong growth potential within fixed communication

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