



# Eltel AB

## Q3 2017

# Presentation

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# Today's presenters



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# Core business: Highlights

- High rate of re-structuring measures to improve efficiency, governance and internal control
- Divestment and discontinuation in line with plan
- Sales and EBITA almost in line with last year despite high rate of transformation



# Core business: Q3 sales

## Total Core

- Sales -1.8% to EUR 298.6 million
- Weak result for Power
- Stable performance for Communication

## Power

- Sales -6.7% to EUR 117.5 million
- Challenges for fixed price projects
- Decrease in volumes in transmission (Germany and Poland) and build and services (Finland)

## Communication

- Sales +1.7% to EUR 181.1 million
- Strong development in optic fibre in the Nordics and Germany



# Core business: Q3 operative EBITA

## Total Core

- EBITA -1.7% to EUR 12.3 million
- EBITA margin 4.1%

## Power

- EBITA -66.5% to EUR 0.9 million
- Ramp down of substations
- Restructuring and merger of BU:s
- Margin adjustments
- Smart Grids increased

## Communication

- EBITA +15.1% to EUR 11.4 million
- Restructuring and merger of BU:s



# Other: Q3 sales and EBITA

## Sales

- Sales -42.4% to EUR 30.4 million
- Ramp down of Power Transmission International
- Lower sales in Rail

## Operative EBITA

- EBITA EUR -6.0 million (-1.1)
- EUR - 2.3 million refers to Power Transmission International
- EUR -3,7 million refers to Rail including provisions

# Total Group

## 9-months operative EBITA

Total Group	<ul style="list-style-type: none"><li>EBITA: EUR -27.7 million (16.7)</li></ul>
Power	<ul style="list-style-type: none"><li>EBITA: EUR 0.2 million (12.3)</li></ul>
Communication	<ul style="list-style-type: none"><li>EBITA: EUR 22.3 million (23.2)</li></ul>
Other	<ul style="list-style-type: none"><li>EBITA EUR -38.5 million (-11.7)</li></ul>



# Transformation strategy – important events

## Q1, 2017

- Decision to focus on Eltel's Core business; segment Power and segment Communication in the Nordics, Poland and Germany
- Decision to divest or discontinue non-core businesses to decrease risk level in operations
- Merger of Fixed and Mobile Communication

## Q2, 2017

- Merger of part of Aviation and Security with Segment Communication
- Merger of Power Distribution and Power Transmission
- Revised financial targets
- Rights issue of EUR 150 million
- Divestment of part of communication business in Poland

## Q3, 2017

- Agreement to divest operations in Latvia
- Agreement to divest operations in Estonia
- Letter of intent to divest Power Transmission International



# Development in Eltel's Core business in relation to financial targets

	Medium to long-term targets	Rolling 12 months
Growth	Annual growth of 2-4%, including selective acquisitions	1.5%
EBITA-margin	EBITA-margin of at least 5%	3.2%
Cash conversion	Cash conversion of 95-100% of EBITA	-62.8% of EBITA
Capital structure	Leverage of 2.0-1.5-2.5x net debt / EBITDA	3.6 x net debt / EBITDA

# Clear transformation agenda for Eltel

- Develop Core businesses within Power and Communication in the Nordics, Poland and Germany
- Sell or discontinue non-core businesses
- Organisational transformation to improve efficiencies
- Continue to strengthen overall governance and control

## ...leading in to new long-term strategy

- To develop strong operations and secure long-term profitable growth
- To be presented in 2018

# Q&A

Eltel to publish full-year report 2017 on  
22 February 2018