

The background of the slide is a blurred photograph of a person in a dark suit standing in a brightly lit, modern interior space. In the foreground, there are several orange and red ribbons, one of which has the ELTEL logo printed on it in white.

Eltel AB

Q4 2022 presentation

16 February 2023

Today's presenters



Håkan Dahlström
President and CEO



Saila Miettinen-Lähde
CFO



Elin Otter
Director, Communications
and Investor Relations



Highlights Q4 2022

- Significant increase in contracts signed
 - Q4 EUR 212 million (125)
 - FY EUR 825 million (393)
- Net sales was EUR 224.0 million (226.3)
 - In segments, growth in local currency was 2.5% (3.1)
- Operative EBITA margin was -1.8% (3.1)
 - Inflation, increased costs and certain operational challenges
 - Change in production mix and low utilization
- Strong cash flow reflecting the seasonality
- EUR 10 million savings programme launched

New contracts to a value of EUR 212 million in Q4



– During 2022, Eltel signed contracts with a combined value of about EUR 825 million (393)

- Significant increase in value of contracts signed
- Increasing prices since the autumn
- Expansion into adjacent markets and broadened customer base
- Uncertainty and fluctuation related to the flow of work orders

During the reporting period, Q4 2022

- Finland, Exilion, Power wind, project, EUR 11 million
- Sweden, Ellevio, Power distribution, frame agreement, EUR 32 million
- Sweden, Swedish Transportation Administration, Communication, frame agreement EUR 46 million
- Sweden, Telia, Communication, frame agreement, EUR 18 million
- Denmark, Nexel, Power distribution, frame agreement, EUR 30 million

After the reporting period, Q1 2023

- Norway, Viken Fiber, Communication, frame agreement, EUR 17-19 million
- Sweden, Swedish Armed Forces, Communication, frame agreement, EUR 22 million

Savings programme

Due to cost increases and rapid volume shifts in some market segments, we have initiated a savings programme

- Estimated savings more than EUR 10 million annually
- Programme finalised in Q1 2023, with increased effect in Q2 2023
- Impacts more than 200 positions plus subcontractors, mainly in Norway and Finland
- Ca. EUR 5 million restructuring charge in Q1 2023
- Long-term benefits

A close-up photograph of a white t-shirt. The t-shirt is slightly wrinkled and has the word "ELTEL" printed on it in a dark, bold, sans-serif font. The letters are slightly shadowed, giving them a three-dimensional appearance. The background is blurred, showing what appears to be a wooden surface and some other indistinct shapes.

Total Group January–December 2022

EUR million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	224.0	226.3	823.6	812.6
Net sales growth, %	-1.0%	-1.2%	1.4%	-13.4%
Operative EBITA	-4.0	7.0	-1.9	14.8
Operative EBITA-margin, %	-1.8%	3.1%	-0.2%	1.8%
Return on operative capital employed (ROCE) ¹⁾ , %	-3.5%	23.6%	-3.5%	23.6%

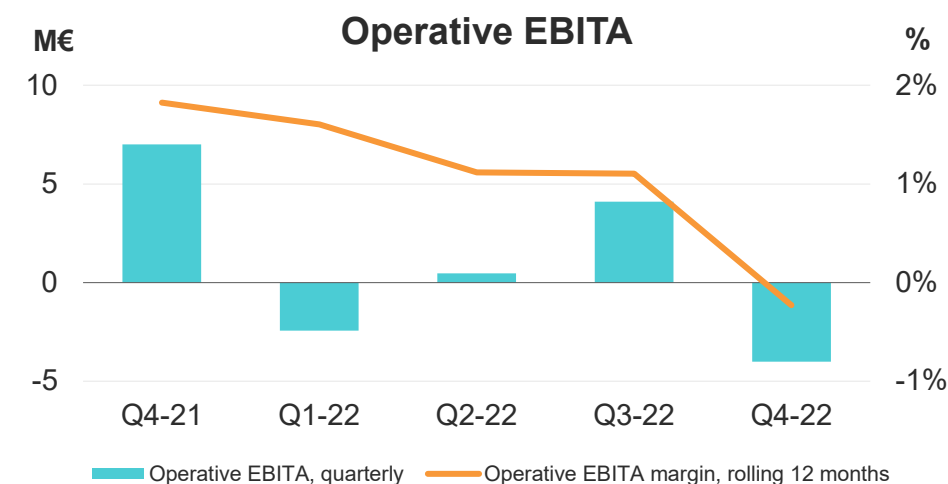
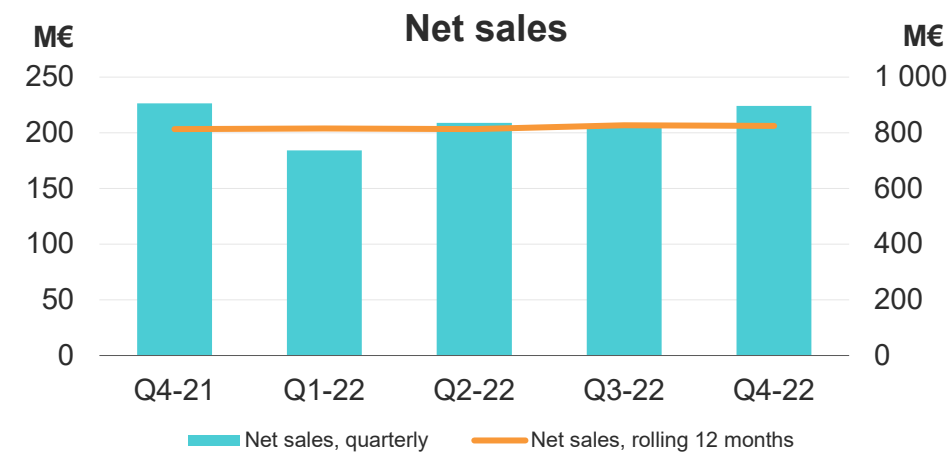
1) Calculated on rolling 12-month basis.

Net sales

- FY net sales increased by 1.4%
- Q4 net sales decreased by 1.0%; in segments, adjusted for currency effects, net sales increased by 2.5%
- High demand for our services in Q1-Q3, but reduced customer investments in Q4

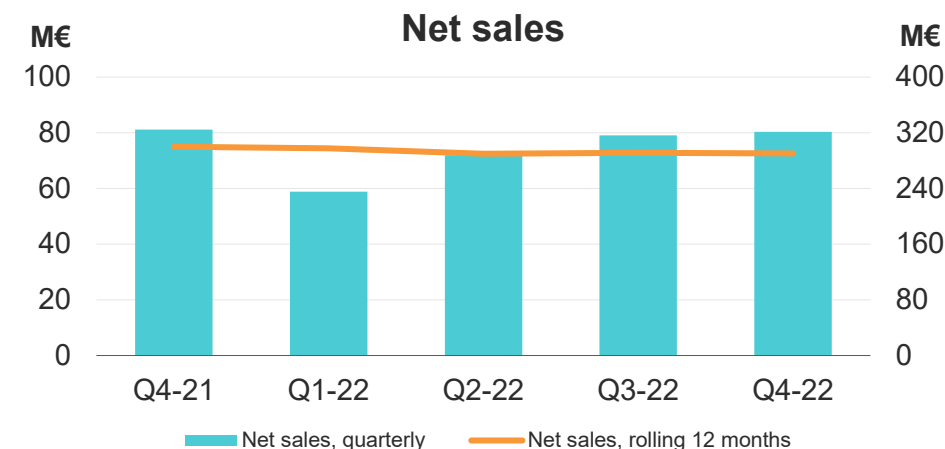
Operative EBITA

- FY operative EBITA decreased to EUR -1.9 million (14.8)
- Profitability impacted by inflation, increased sick-leave rates and high employee turnover



Finland January–December 2022

EUR million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	80.3	81.2	290.1	299.6
Net sales growth, %	-1.0%	-1.9%	-3.2%	-0.2%
Operative EBITA	-1.2	4.0	8.2	12.7
Operative EBITA-margin, %	-1.5%	5.0%	2.8%	4.2%
Number of employees, average	1,501	1,496	1,498	1,478

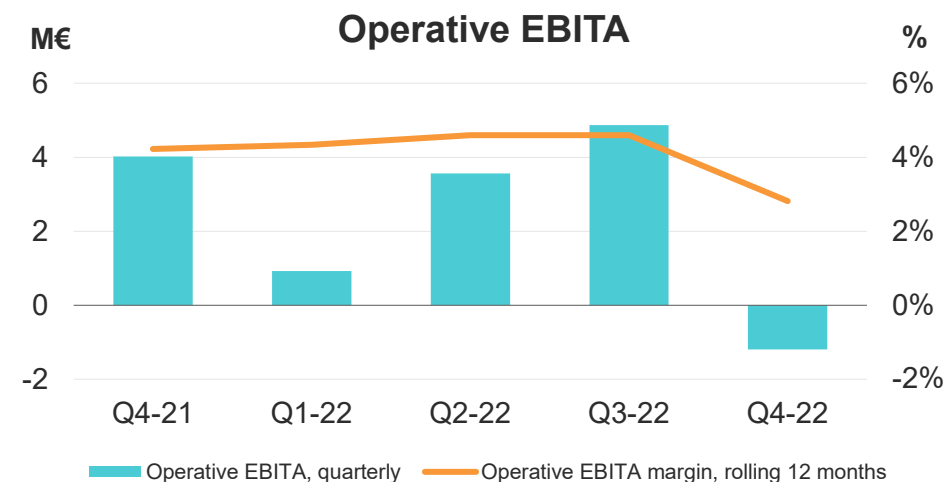


Net sales

- FY net sales decreased by 3.2% to EUR 290.1 million
- Q4 largely in line with previous year at EUR 80.3 million
- Lower investment levels in power services, ICT strike in spring, project postponements
- Strong demand in fibre and a healthy market in 5G and power transmission
- Signed contracts with a total value of EUR 412 million (90)

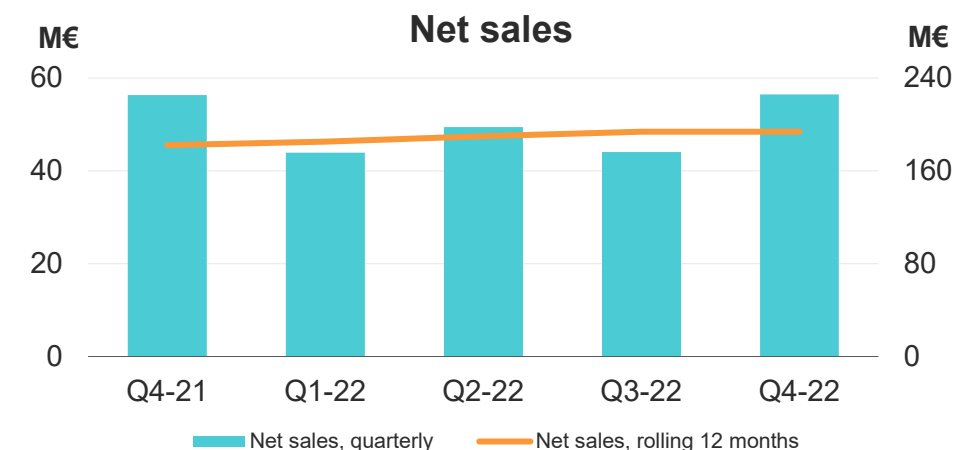
Operative EBITA

- FY operative EBITA EUR 8.2 million, Q4 EUR -1.2 million
- Increased material, fuel and subcontracting costs as well as increased sick-leave rates
- Long winter and a six-week ICT strike during spring



Sweden January–December 2022

EUR million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	56.5	56.3	193.8	182.2
Net sales growth, %	0.2%	10.9%	6.4%	-18.8%
Operative EBITA	1.2	0.8	-1.0	-1.8
Operative EBITA-margin, %	2.2%	1.4%	-0.5%	-1.0%
Number of employees, average	940	919	919	938

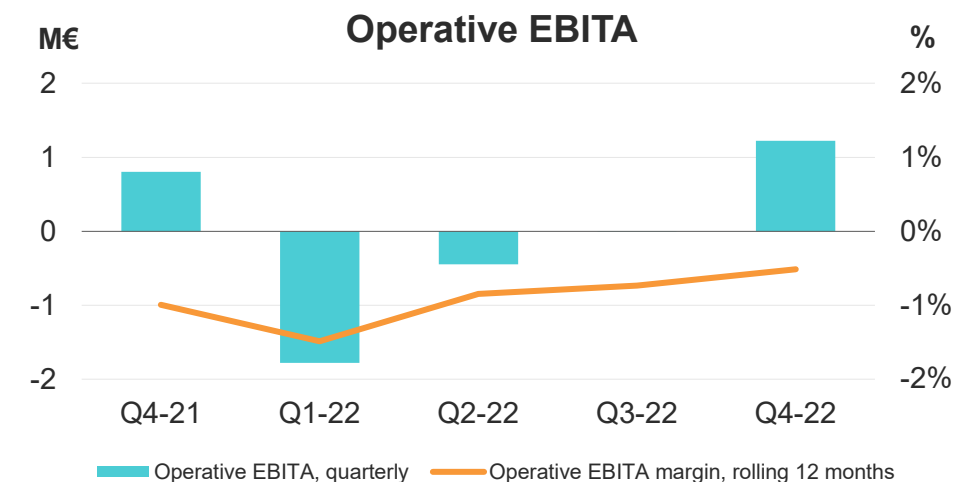


Net sales

- FY net sales growth in local currency 11.6%, in Q4 8.3%
- Currency effects had a negative full-year impact of EUR 9.5 million and EUR 4.5 million in Q4
- Growth driven by Smart Grids and Communication

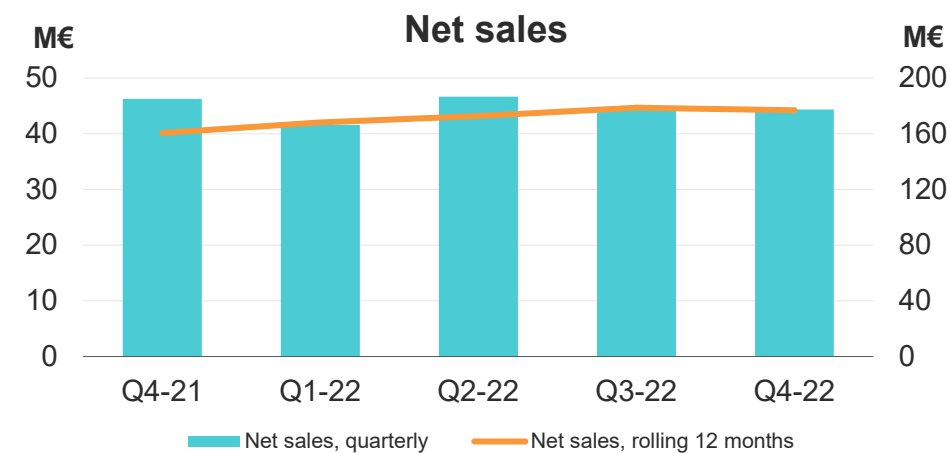
Operative EBITA

- FY operative EBITA improved to EUR -1.0 million; Q4 to EUR 1.2 million
- Positive development thanks to increased volumes and strong performance in Smart Grids
- Inflation, reduced efficiency and increased costs due to high employee turnover impacted profitability
- Investments in the efficiency programme “One Eltel” increased costs, but the programme started showing positive results in Q4



Norway January–December 2022

EUR million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	44.3	46.2	176.8	160.5
Net sales growth, %	-4.1%	10.8%	10.2%	-9.7%
Operative EBITA	-2.2	2.4	2.1	9.2
Operative EBITA-margin, %	-5.0%	5.1%	1.2%	5.7%
Number of employees, average	935	937	938	919

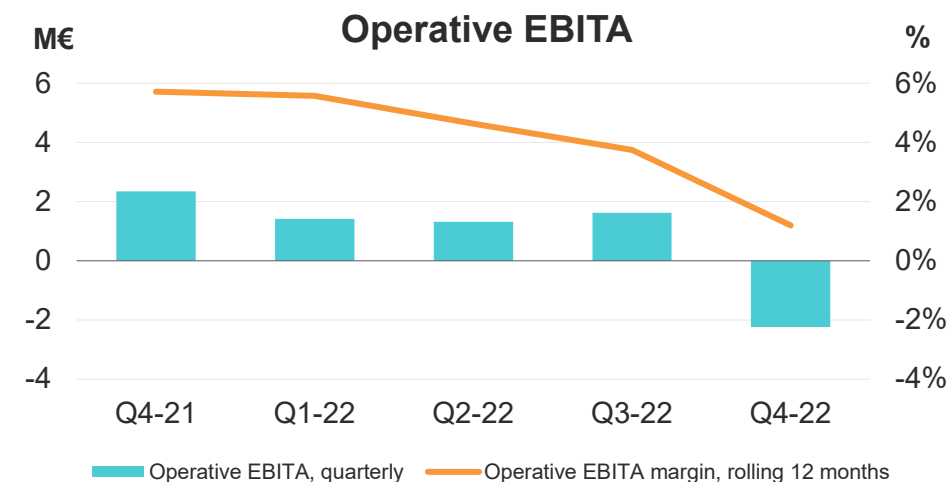


Net sales

- FY net sales growth in local currency 9.4%, in Q4 -0.8% in Q4
- Growth in fibre and 5G through Q3, but reduced purchase volumes compared to forecasts by major customers and postponed mobile works in Q4

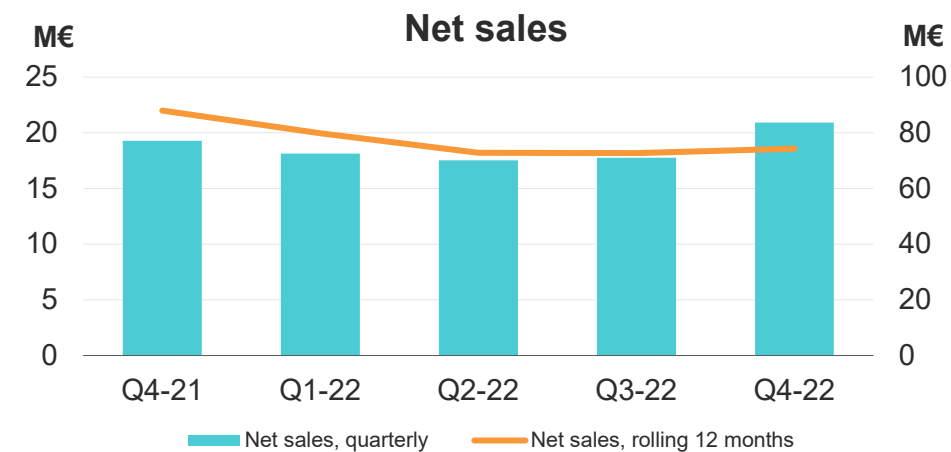
Operative EBITA

- Reduced profitability with FY operative EBITA at EUR 2.1 million, in Q4 EUR -2.2 million
- Inflation and increased sick-leave rates
- Change in business mix, cost overruns and challenges in certain projects



Denmark January–December 2022

EUR million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	20.9	19.3	74.3	87.9
Net sales growth, %	8.4%	-35.4%	-15.5%	-25.6%
Operative EBITA	0.4	0.1	0.6	4.2
Operative EBITA-margin, %	1.9%	0.6%	0.9%	4.8%
Number of employees, average	501	471	484	562

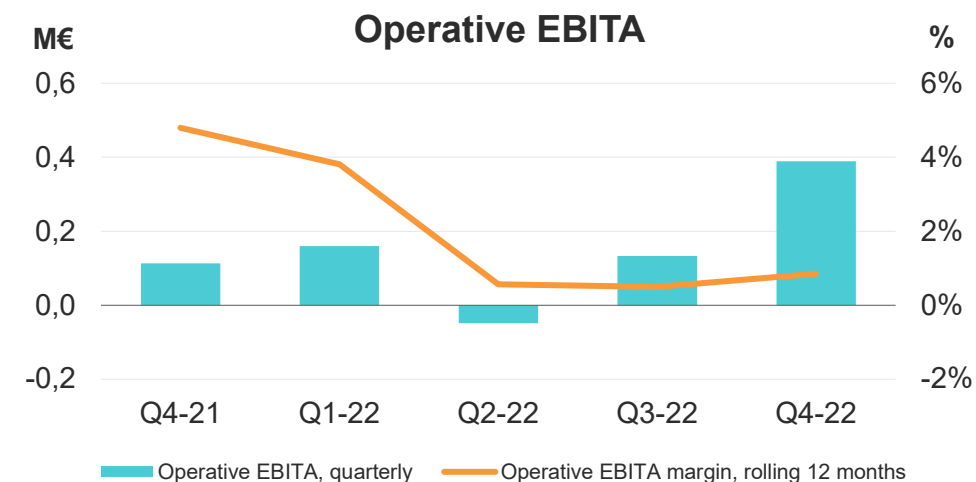


Net sales

- Q4 net sales growth 8.4%
- FY net sales decreased by 15.5%, impacted by insourcing by a major customer in Q2 2021
- Progressing ramp-up of volumes under frame agreements, price increases

Operative EBITA

- Improved profitability in Q4 with operative EBITA margin of 1.9% (0.6)
- Rolling 12 months profitability starting to show an increasing trend, but FY operative EBITA still burdened by low volumes and inflation related cost increases



Other business January–December 2022

EUR million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	25.6	26.9	99.4	91.9
Operative EBITA	0.2	1.7	-4.0	-1.8
Number of employees, average	1,058	1,089	1,071	1,123

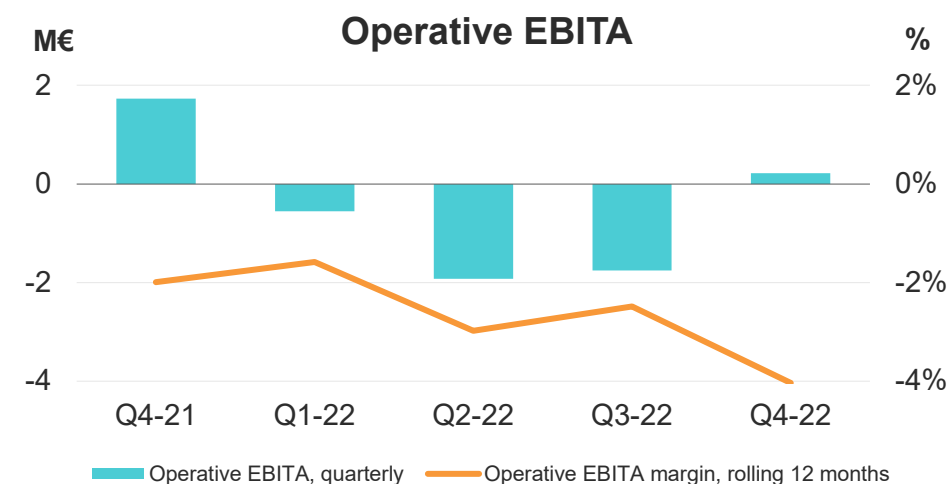
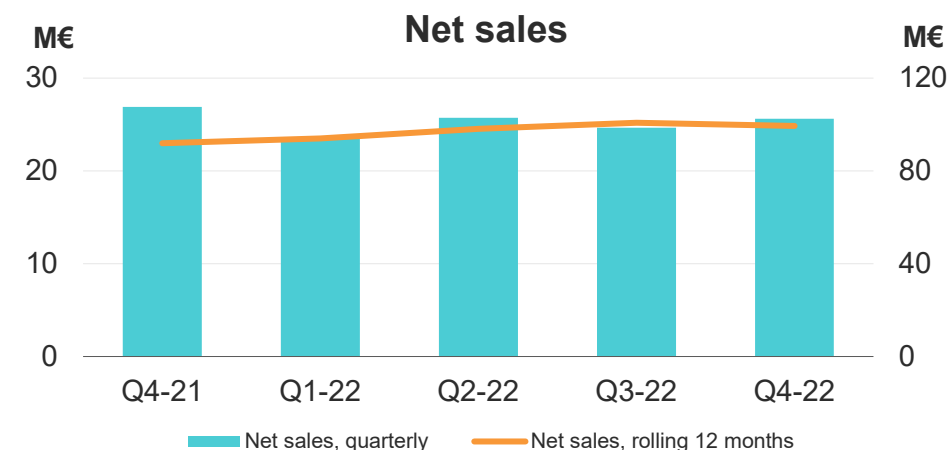
Other business includes operations in High Voltage, Smart Grids Germany, Lithuania as well as closing activities for Power Transmission International and Rail businesses.

Net sales

- Q4 net sales slightly down from previous year
- FY net sales showed growth with realisation of postponed volumes from 2021 in High Voltage Poland
- Net sales in Smart Grids Germany were in line with previous year

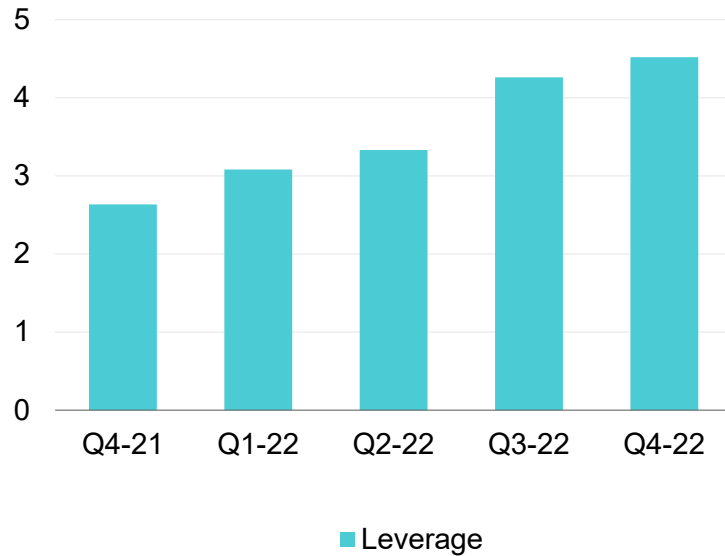
Operative EBITA

- Strong margins in Smart Grids Germany
- FY operative EBITA in High Voltage, mainly Poland, was EUR -7.6 million (-8.8)
- HV impacted by inflation and the war in Ukraine



Group balance sheet

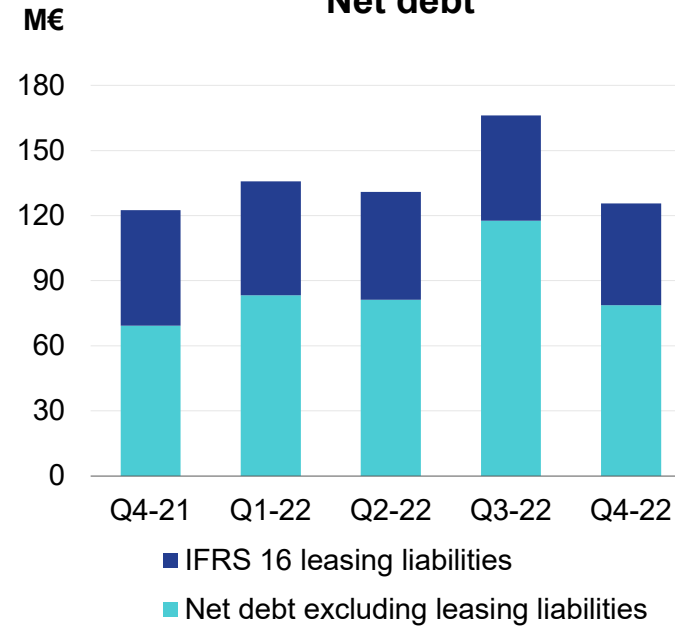
Leverage



Leverage: Net debt/EBITDA. Eltel's leverage target by end of 2025 is 1.5–2.5x net debt/EBITDA.

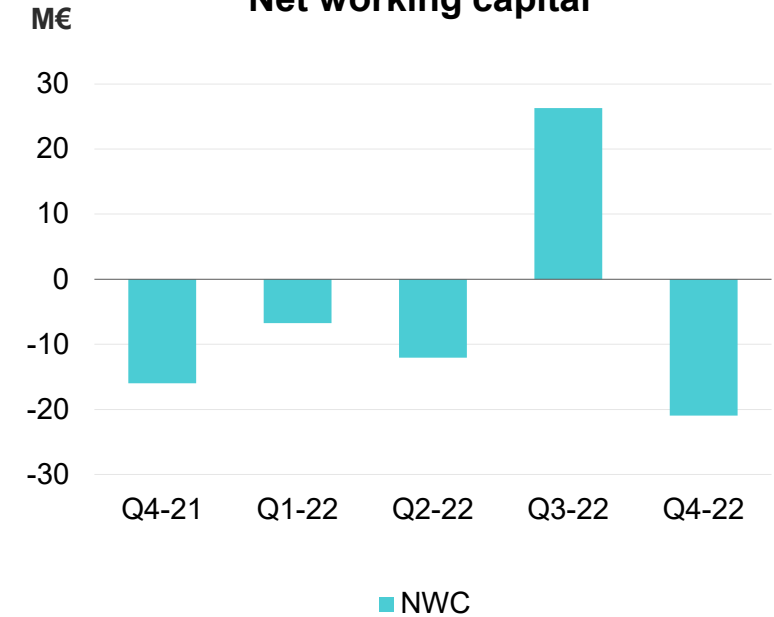
Net debt: Interest bearing debt less cash and cash equivalents.

Net debt



Net debt: Interest bearing debt less cash and cash equivalents.

Net working capital



Eltel Group financial targets by end of 2025

Group operative EBITA margin	5%
Annual growth	2–4%
Leverage	1.5–2.5x net debt/EBITDA
Dividend payout	Subject to leverage target

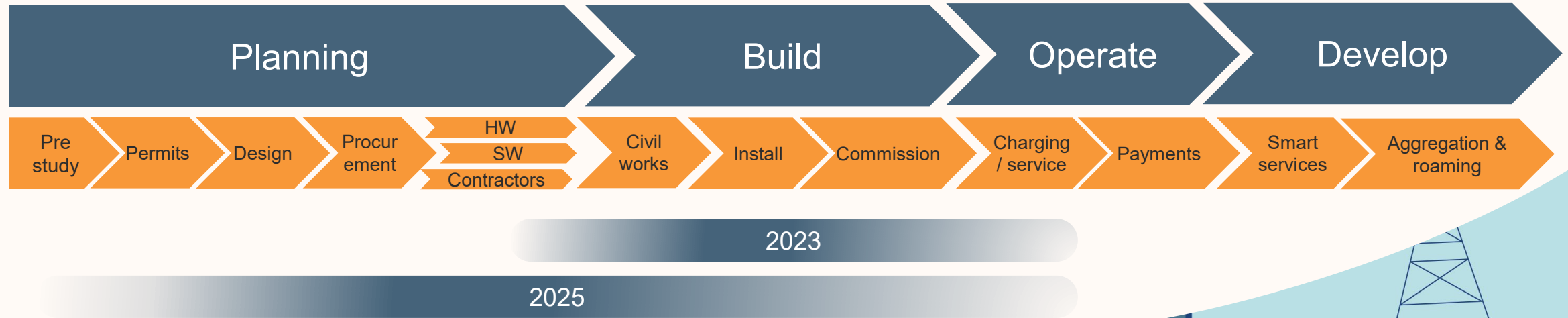
Our journey forward

2023–2025

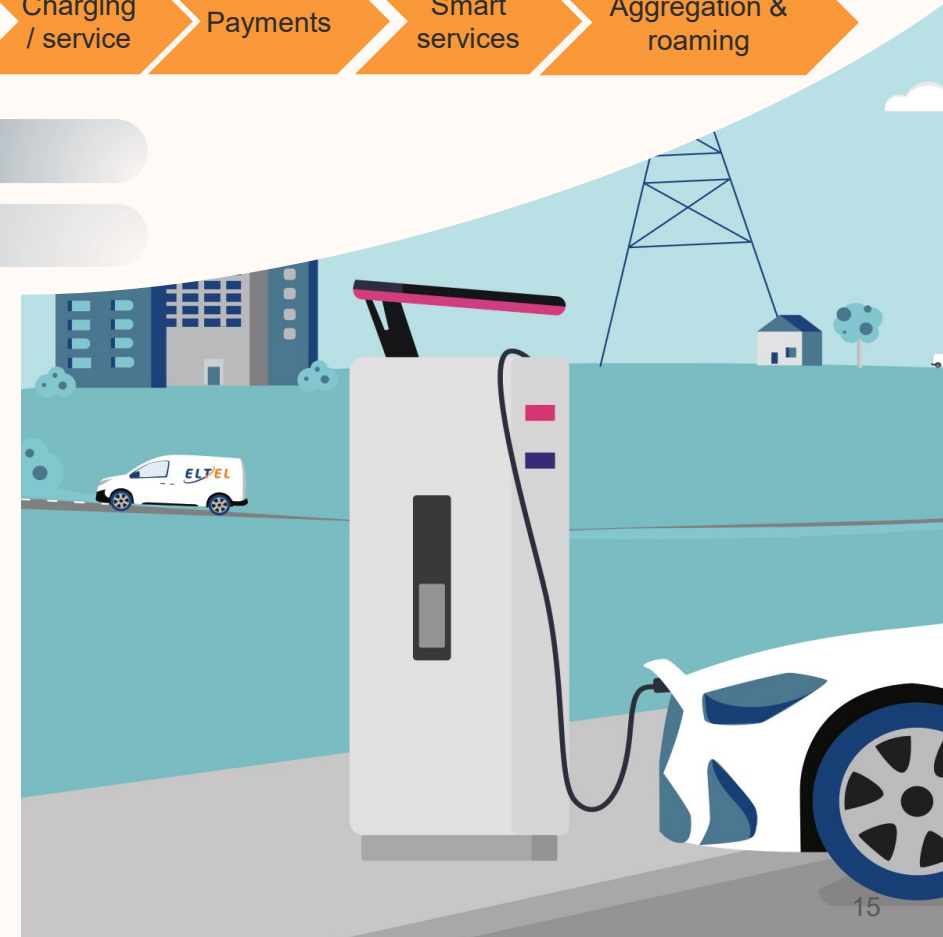
Reaching our targets by:

- Improve efficiency and profitability of the current business, including price increases
- Grow in new and adjacent markets, such as renewable energy and public infrastructure
- Integrate sustainability as part of our operations and offerings
- Develop our commercial capabilities and concepts
- Implement new business models and expand our position in the value chain

e-Mobility



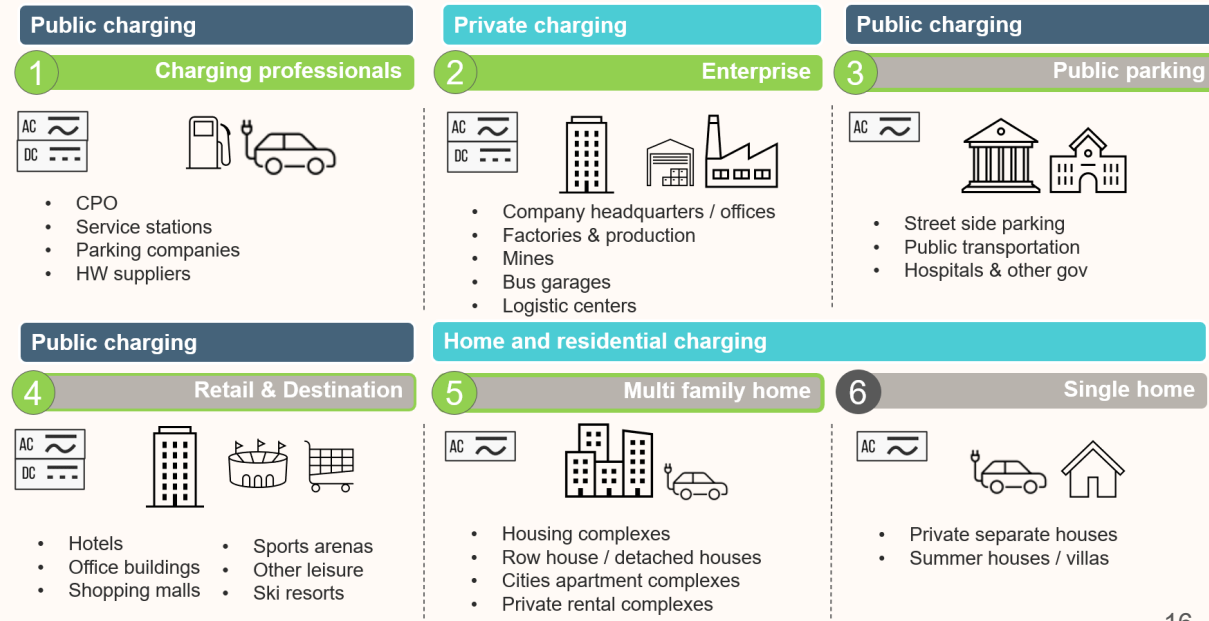
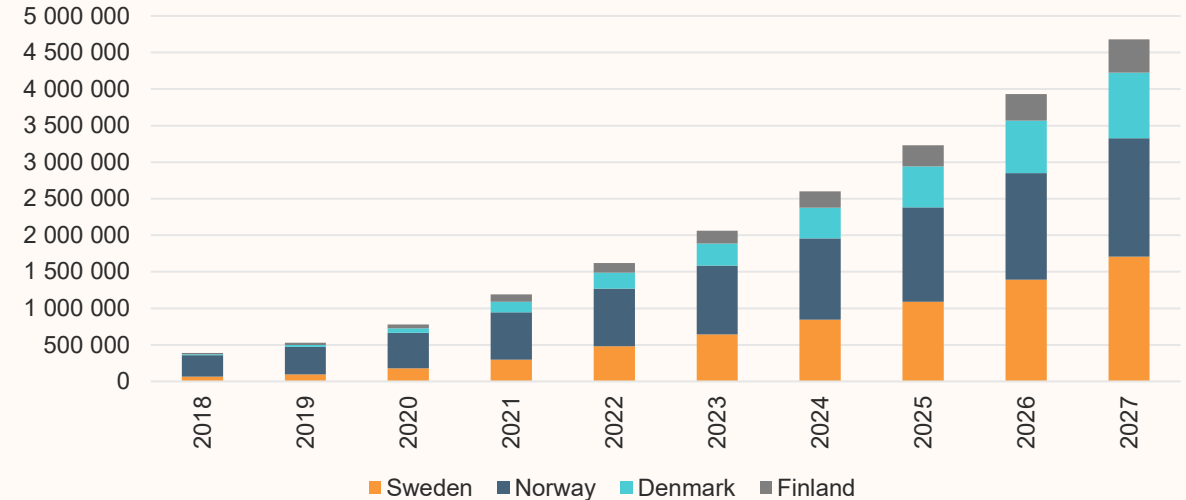
- Active e-Mobility teams across the Nordics
- We offer turn-key projects, including both the planning- and build phase
- Going forward, we will expand our role in the value chain



e-Mobility market outlook

- The Nordic market is driven by electrification and governmental incentives
- Estimated electric vehicles in traffic 2027 is 4.5 million – 30% of all cars
- e-Mobility infrastructure demand will remain for many years
- Eltel is addressing the Enterprise and Charging professionals segments
 - We expect a significant growth in investments in DC-charging for heavy vehicles

Electric vehicles in traffic



Ambitions

- Eltel’s net sales target 2025 is EUR 50 million, mainly driven by:
 - Partner agreements with Siemens and Kempower
 - Expanding value chain and increase share of turn-key projects
 - Increased cross-border activity to accelerate creation and implementation of e-Mobility business concepts
- Leverage our strengths of having extensive national and Nordic coverage



Market estimation MEUR	2023	2024	2025
Total Market value	1,900	2,500	3,200
Market value, key segments	1,000	1,300	1,750
Eltel Net sales target	12	25	50
Market share, key segments	1.2%	2%	3%



Progress in new business areas

- Wind
 - Two agreements signed in November 2022 to build power lines and substations to a value of EUR 11 million with new customer Exilion
 - Several tendering processes ongoing
- e-Mobility
 - Cooperation with Siemens and Kempower
- Solar PV
 - Several tendering processes ongoing

Questions

ELTEL



ELTEL

The logo features the word "ELTEL" in a bold, italicized sans-serif font. The letters "ELT" are dark blue, and the letters "EL" are orange. A blue swoosh starts under the "E" and "L" of "ELT", curves under the "T", and then loops back up to cross over the "E" of "EL". An orange swoosh starts under the "E" of "EL", curves under the "L", and then loops back up to cross over the "E" of "EL".