

A blurred background image showing a person in a suit standing in a room, with a red and orange ribbon in the foreground.

**Eltel AB**

**Q1 2023  
presentation**

4 May 2023

# Today's presenters



Håkan Dahlström  
President and CEO



Saila Miettinen-Lähde  
CFO



Elin Otter  
Director, Communications  
and Investor Relations





## Highlights Q1 2023

- Net sales was EUR 188.4 million (184.0)
  - Organic growth in segments 7.2% (0.2)
  - Growth driven by Denmark, Sweden and Finland
- Significant increase in contracts signed
  - Q1 EUR 244 million (115)
- Adjusted EBITA margin was -2.9% (-1.3)
  - Adjusted EBITA margin in segments -1.2% (0.4)
  - Improved performance in Denmark and Sweden
  - Challenges in Finland and Norway
- Cost savings program
  - EUR 10 million cost savings program completed, EUR 6.1 million restructuring charge
- Issuance of EUR 25 million sustainability-linked hybrid bond

# New contracts to a value of EUR 244 million in Q1

- Doubled the value of contracts signed, EUR 244 million (115)
- Continued focus on sales and pricing
- First large-scale solar park contract signed

## During 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
- Finland, Elisa, Communication, one-year continuation to the current agreement, EUR 32 million

## After the reporting period, Q2 2023

- Norway, Telenor, Communication, one-year continuation to the current agreement, EUR 70–90 million
- Finland, Helen, Power, 10 MW solar park, EUR 3.1 million

# Cost savings program

The cost savings program was completed with a restructuring charge of EUR 6.1 million

- Estimated savings of EUR 10 million annually
- Program finalized in Q1 2023, with increased effect from Q2 2023
- Organization reduced by ca. 150 full-time employees, mainly in Norway and Finland

A blurred background image showing a person's arm and shoulder. The person is wearing a white t-shirt with the "ELTEL" logo printed on it. The logo is in a bold, black, sans-serif font, with a stylized swoosh underline. The background is out of focus, showing warm, golden light and vertical lines, possibly from a window or a hallway.

**ELTEL**

# Total Group

EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Net sales	188.4	184.0	823.6
Net sales growth, %	2.4%	1.1%	1.4%
Adjusted EBITA	-5.5	-2.4	-1.9
Adjusted EBITA margin, %	-2.9%	-1.3%	-0.2%
Return on operative capital employed (ROCE) <sup>1)</sup> , %	-7.9%	-17.4%	-3.5%

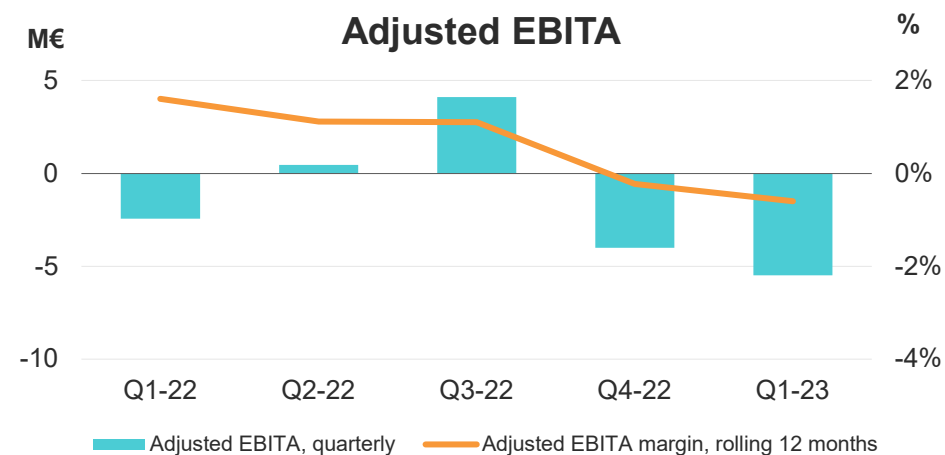
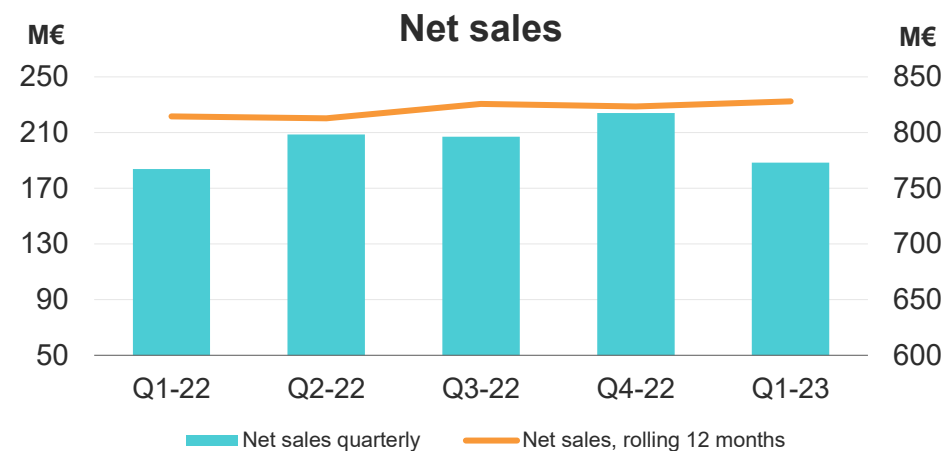
1) Calculated on rolling 12-month basis.

## Net sales

- Net sales increased by 2.4% to EUR 188.4 million (184.0)
- Organic growth in segments was 7.2%
- In Other business net sales decreased by EUR 0.8 million

## Adjusted EBITA

- Adjusted EBITA decreased to EUR -5.5 million (-2.4)
- Adjusted EBITA margin for the Group was -2.9% (-1.3)
- Adjusted EBITA margin for the segments was -1.2% (-0.4)





# Finland

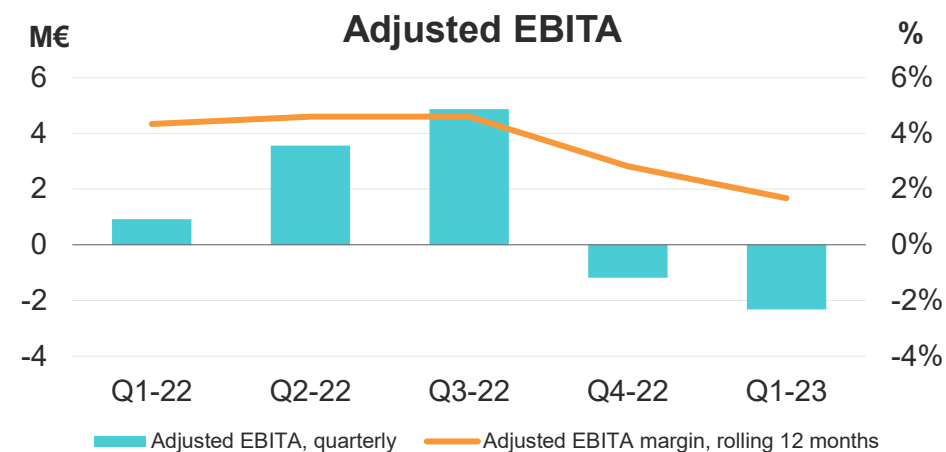
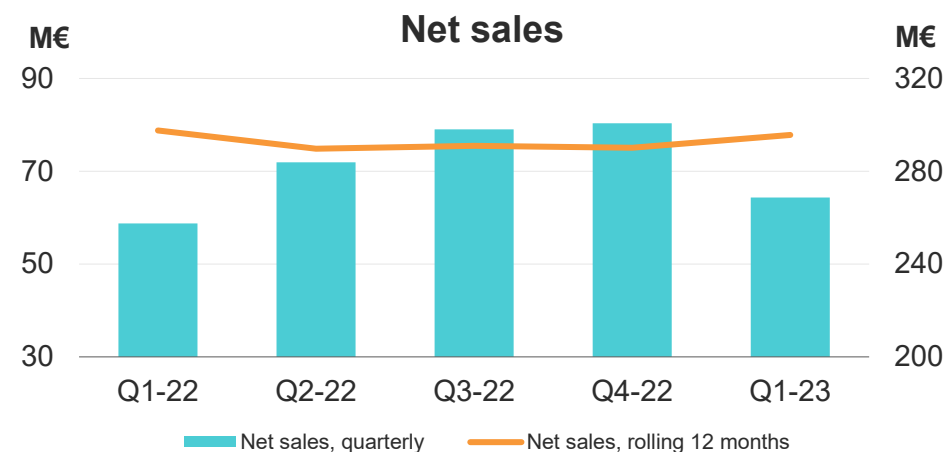
EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Net sales	64.3	58.8	290.1
Net sales growth, %	9.4%	-3.2%	2.8%
Adjusted EBITA	-2.3	0.9	8.2
Adjusted EBITA margin, %	-3.6%	1.6%	2.8%
Number of employees, average	1,503	1,491	1,498

## Net sales

- Net sales increased by 9.4% to EUR 64.3 million (58.8)
- Strong fiber market generated larger volumes

## Adjusted EBITA

- Adjusted EBITA decreased to EUR -2.3 million (0.9)
- Stable profitability in Communication
- Increased costs and certain unfavorable agreements in Power Services
- Restructuring program completed



# Sweden



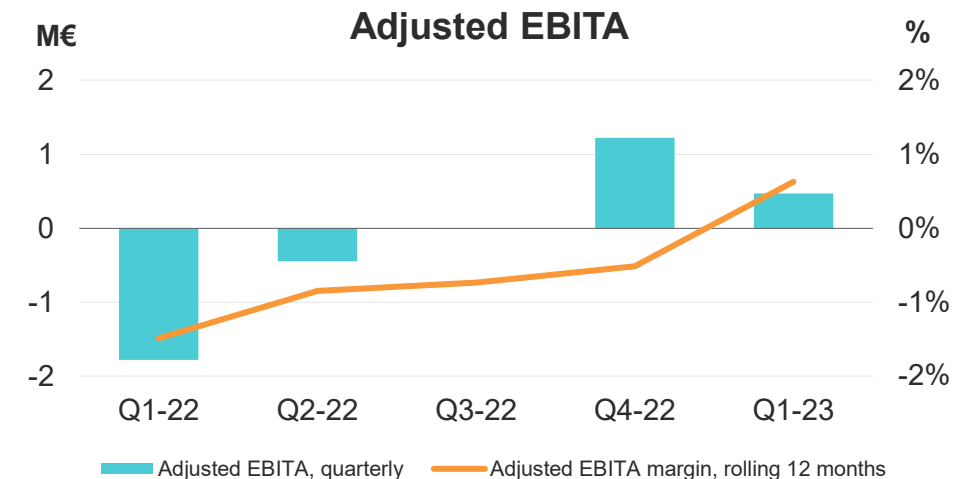
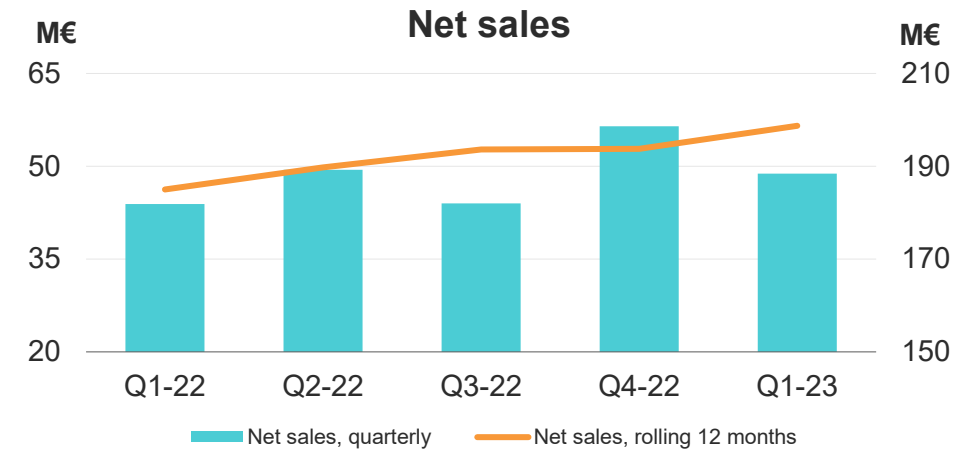
EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Net sales	48.8	43.9	193.8
Net sales growth, %	11.3%	6.9%	6.4%
Adjusted EBITA	0.5	-1.8	-1.0
Adjusted EBITA margin, %	1.0%	-4.1%	-0.5%
Number of employees, average	992	912	919

## Net sales

- Net sales increased by 11.3%
- 19.2% growth in local currency
- Net sales was EUR 48.8 million (43.9), currency effect of EUR -3.5 million
- Strong growth driven by increased volumes in fiber and Smart Grids

## Adjusted EBITA

- Adjusted EBITA improved to EUR 0.5 million (-1.8)
- Increased volumes and operational improvements





# Norway

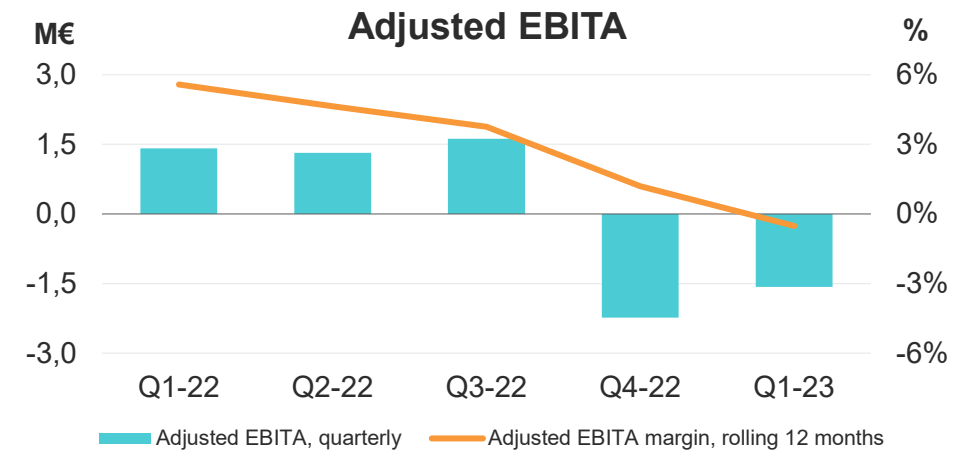
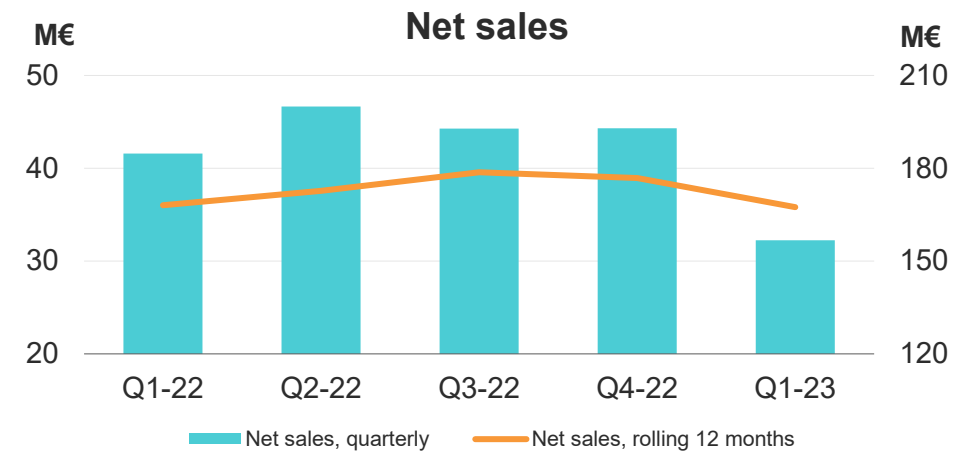
EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Net sales	32.2	41.6	176.8
Net sales growth, %	-22.5%	22.5%	10.2%
Adjusted EBITA	-1.6	1.4	2.1
Adjusted EBITA margin, %	-4.9%	3.4%	1.2%
Number of employees, average	916	938	938

## Net sales

- Net sales decreased 22.5% to EUR 32.2 million (41.6)
- Currency effect of EUR -3.3 million
- Lower volumes due to reduced and partly delayed customer investments

## Adjusted EBITA

- Adjusted EBITA decreased to EUR -1.6 million (1.4)
- Overcapacity led to reduced efficiency
- Restructuring program completed



# Denmark

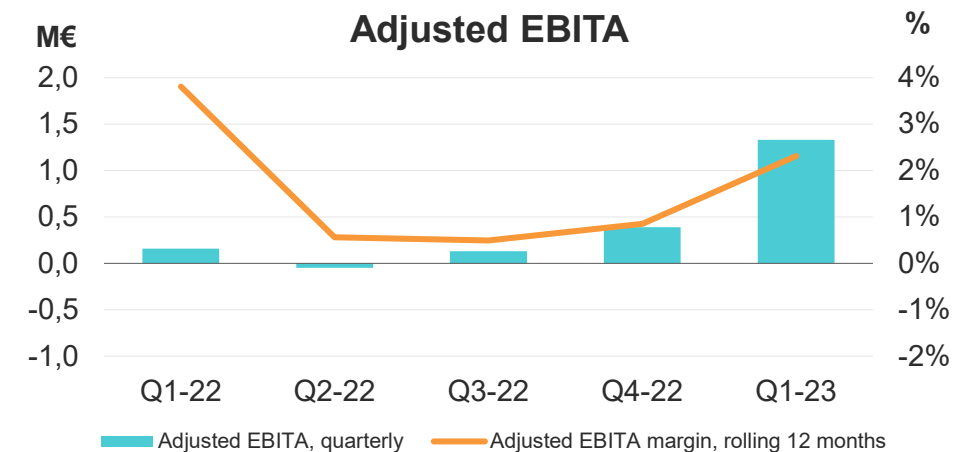
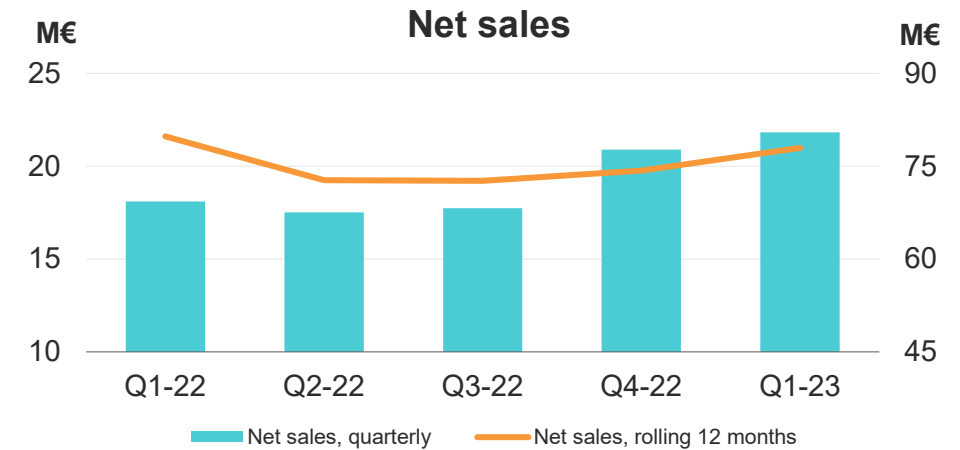
EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Sep 2022
Net sales	21.8	18.1	74.3
Net sales growth, %	20.5%	-30.8%	-15.5%
Adjusted EBITA	1.3	0.2	0.6
Adjusted EBITA margin, %	6.1%	0.9%	0.9%
Number of employees, average	500	475	484

## Net sales

- Net sales increased by 20.5% to EUR 21.8 million (18.1)
- Higher volumes in ongoing contracts

## Adjusted EBITA

- Adjusted EBITA increased to EUR 1.3 million (0.2)
- Increased volumes, operational improvements and higher pricing



# Other business

EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Net sales	22.7	23.5	99.4
Adjusted EBITA	-1.0	-0.6	-4.0
Number of employees, average	1,039	1,067	1,071

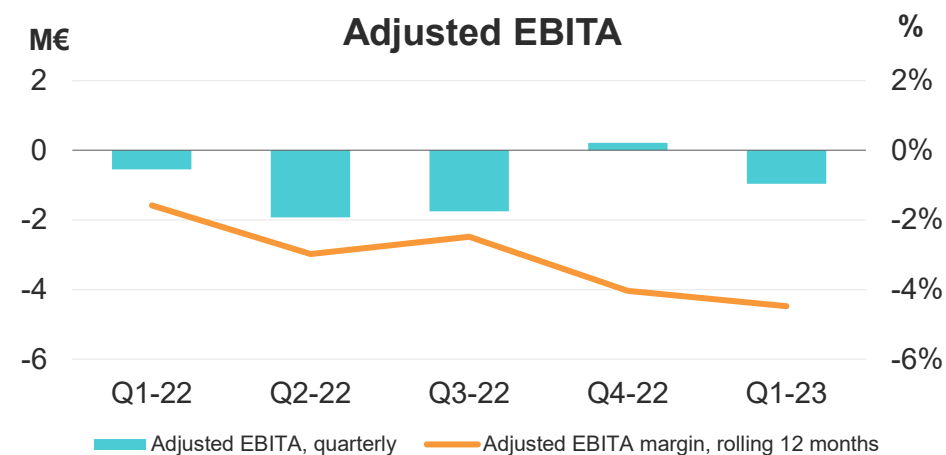
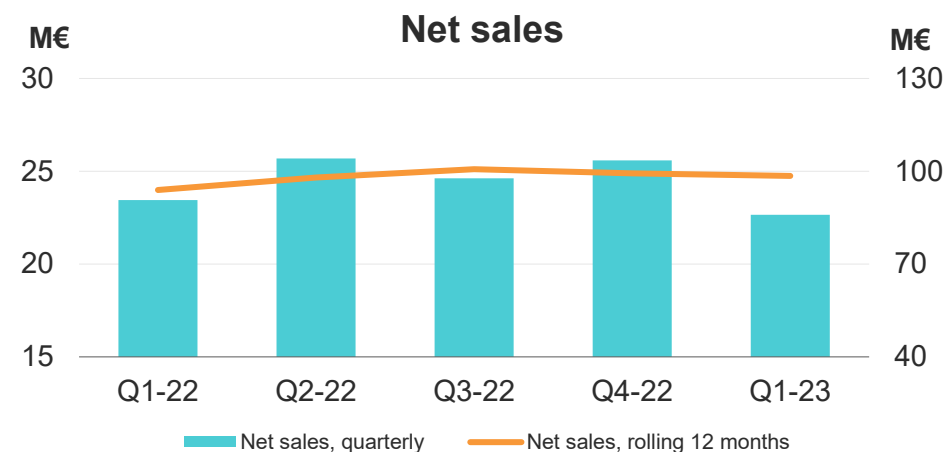
Other business includes operations in High Voltage, Smart Grids Germany, Lithuania as well as closing activities for Power Transmission International and Rail businesses.

## Net sales

- Net sales decreased by EUR 0.8 million to EUR 22.7 million (23.5)
- Shift of scope to smaller projects and services in High Voltage Poland

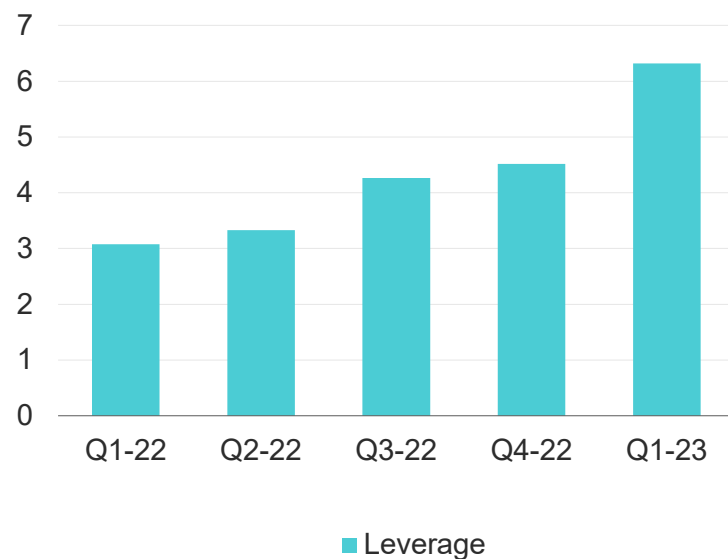
## Adjusted EBITA

- Adjusted EBITA decreased to EUR -1.0 million (-0.6)
- Continued high margins in Smart Grids Germany
- Adjusted EBITA of EUR -1.5 million (-1.3) in High Voltage Poland



# Group balance sheet

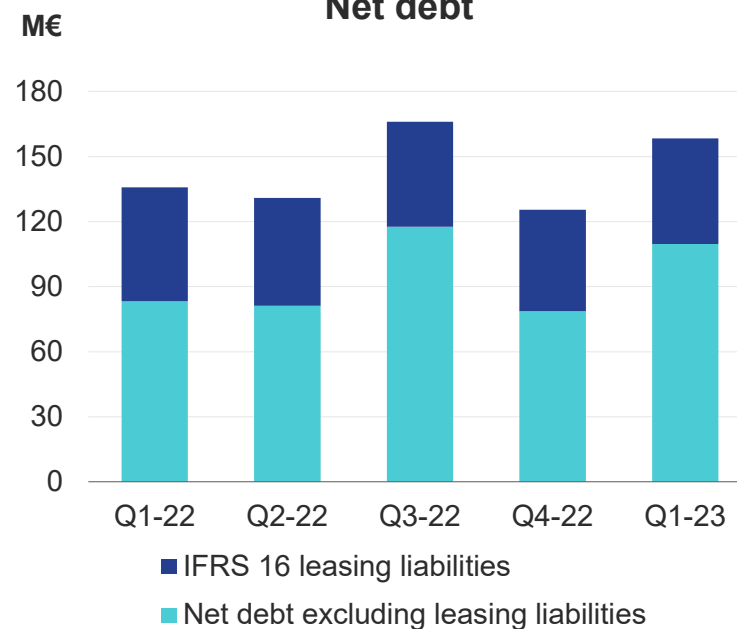
## Leverage



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

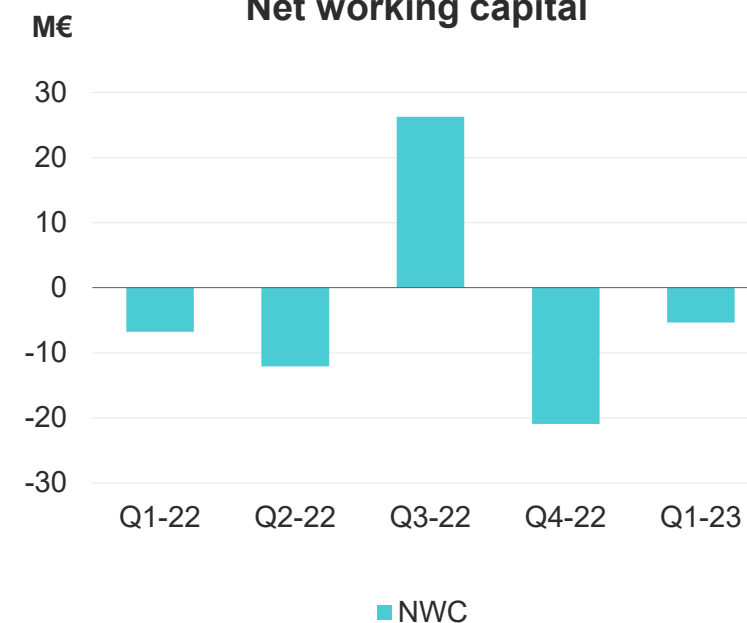
Net debt: Interest bearing debt less cash and cash equivalents.

## Net debt



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

## Net working capital





# Hybrid bond

- First sustainability-linked hybrid bond in the Nordics
- Improves our financial position
- Supports Eltel's expansion within renewable energy infrastructure
- Integrates sustainability into our financing structure

## Key facts

- EUR 25 million
- Subordinated to other debt, IFRS equity
- Perpetual, non-call 3.25 years
- Interest at an initial fixed rate of 13.50% per year
- Premium of up to 1.2% of the principal amount is paid at redemption if sustainability targets are not met



# Eltel Group financial targets by end of 2025

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

# Our strategy in short

## 2023–2025

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





# Progress in new and adjacent markets according to plan

## Wind

- Ongoing projects with Exilion, OX2 and Suomen Hyötytuuli progressing well
- Several tendering processes ongoing

## e-Mobility

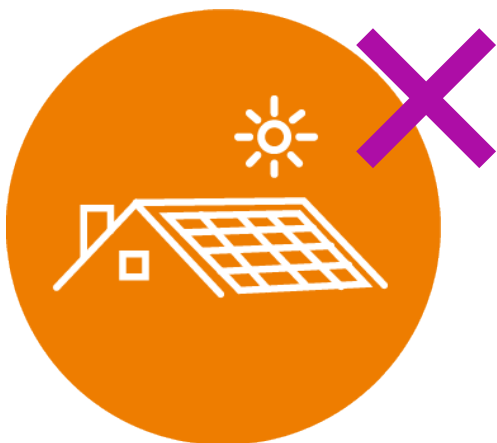
- High demand on DC charging
- Several customer dialogues and tender processes ongoing

## Solar PV – first contracts won

- Solar park turnkey project signed in Finland with Helen, 10 MW
- Contract signed with solar park developer in Denmark for substation and power lines work



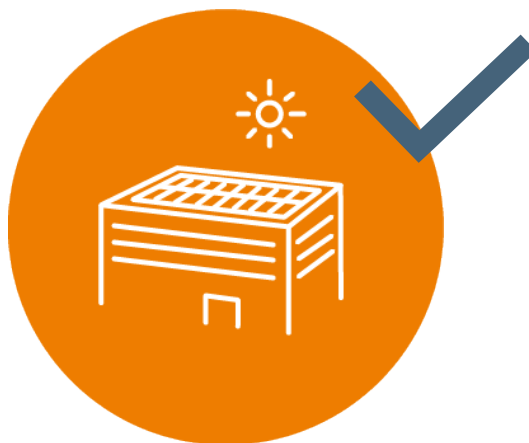
# Solar PV segments



## Residential

*Main driver: Lower electricity bills*

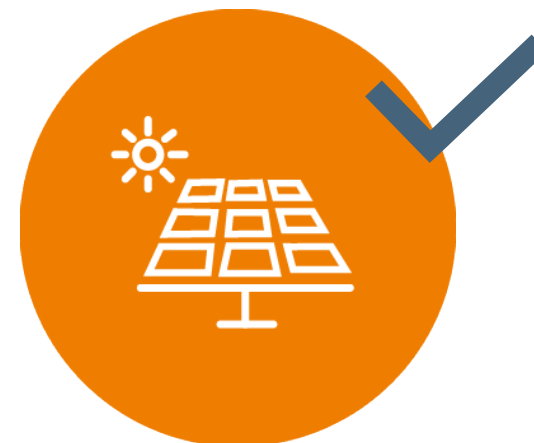
- Capacity: 0-20 kW
- Roof mounted
- Private households



## Commercial / Public

*Main driver: Energy optimization*

- Capacity: 20-1,000 kW
- Mainly roof mounted, some wall and ground
- Commercial, industrial and public customers



## Utility

*Main driver: Renewable energy production*

- Capacity: >1,000 kW
- Ground mounted
- Wind companies, energy companies, developers of energy production facilities



Design & plan



Procurement & logistics



Civil works & construction



Installation



Commissioning

**We offer turnkey projects, from design & plan to commissioning – including all hardware needed.**

### Eltel solar energy turnkey

Optimizing energy cost and reducing the CO<sub>2</sub> footprint.

#### Solutions:

- Design and plan
- Construction
- Installation
- Commissioning
- Solar modules + hardware included

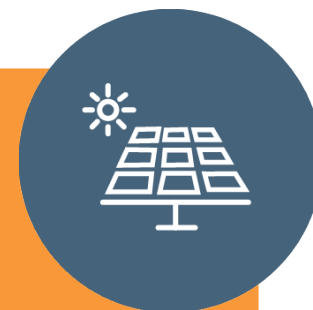


### Eltel solar energy turnkey

Adding renewable energy production capacity.

#### Solutions:

- Design and plan
- Procurement and logistics
- Civil works & construction
- Installation
- Commissioning
- Solar modules + hardware included



# Solar PV market outlook

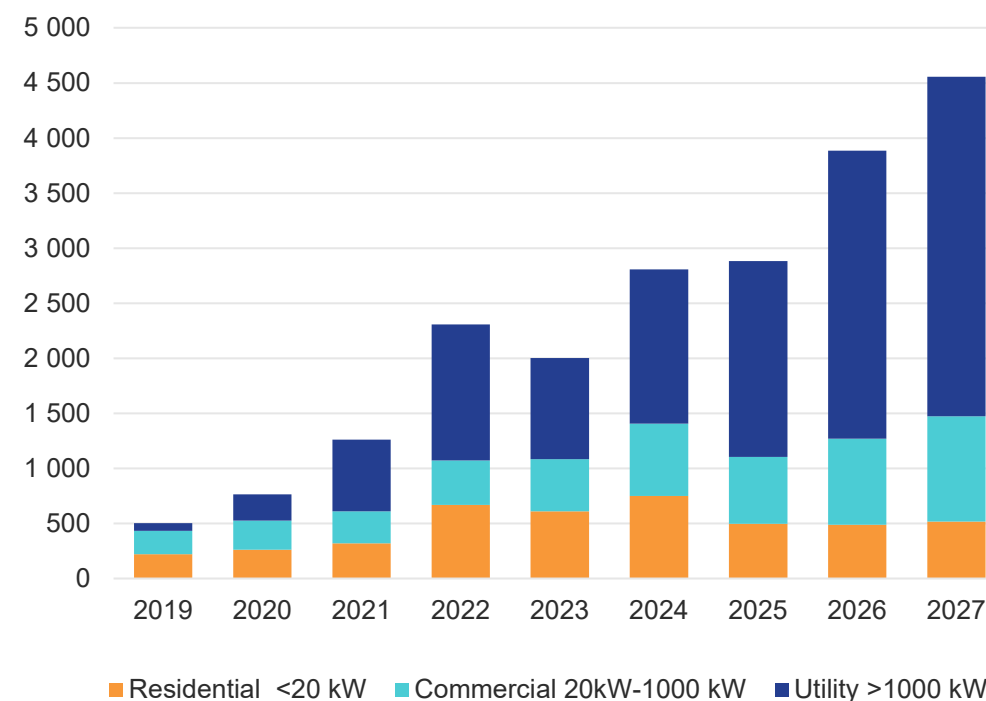
## Solar PV booming – will remain high for many years

- EU solar strategy – buildings larger than 250 m<sup>2</sup> must have solar panels from 2027<sup>1)</sup>
- High energy prices
- Green transition investments
- Pricing on material going down
- State subsidies for installation cost

### Current share of solar electricity production

- Denmark 6.4%
- Sweden 1%
- Finland 0.4%
- Norway 0.1%

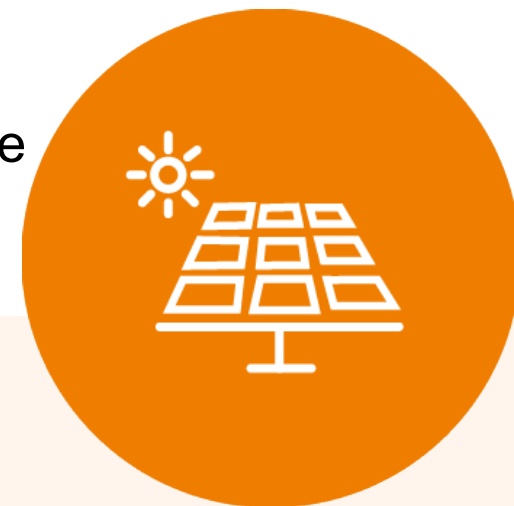
### Nordics – annual installed capacity (MW) per segment



Data: Annual installed capacity figures from various sources incl Energy authorities, national grid, consultants + Eltel analysis.

# Ambitions

- Eltel's net sales target 2025 is EUR 50 million
- Leverage our strengths of having extensive national and Nordic coverage



Nordic market estimation MEUR	2023	2024	2025
Total market value	1,698	2,333	2,265
Market value in selected segments	409	813	756
Eltel's net sales target	4.5	30	50
Eltel's market share selected segments	1.1%	3.7%	6.6%



# Questions



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