



Eltel AB

**Q2 2023
presentation**

27 July 2023

Today's presenters



Håkan Dahlström
President and CEO



Saila Miettinen-Lähde
CFO



Elin Otter
Director, Communications
and Investor Relations

Highlights Q2 2023

- Net sales was EUR 208.1 million (208.6)
 - Growth in local currency 8.4% (-2.4) in segments and 5.0% (-0.3) for the Group. YTD +5.6% for the Group
 - Growth driven by Finland, Denmark and Sweden
- Significant increase in new contracts signed
 - Q2 EUR 164 million (65)
- Adjusted EBITA margin was -0.7% (0.2), improved from Q1
 - Adjusted EBITA margin in segments 1.1% (2.4)
 - Continued challenges in Finland and Norway
 - Cost savings program was completed in Q1
 - Additional capacity adjustments in Norway will be taken
 - Improved performance in Denmark and Sweden
 - Some positive index effects



Demand for our services remained strong

- Increased the value of contracts signed, EUR 164 million (65).
 - ➔ EUR 1.0 billion last 12 months
 - ➔ Book-to-Bill ratio was 1.2
- Risk with uncertainties regarding telecom operators' investment levels
- Continued focus on commercial development
 - Sales processes, opportunity creation, qualifications, pricing
 - Increased gross margin

During 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
- Sweden, Vattenfall, installing 664,000 new generation smart electricity meters, EUR 51 million

After the reporting period, Q3 2023

- Finland, Fingrid, Power, an agreement to build a 64 km long 400+110 kV transmission line, EUR 19 million

Total Group January–June 2023

EUR million	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Net sales	208.1	208.6	396.5	392.6	823.6
Net sales growth, %	-0.2%	-0.8%	1.0%	0.0%	1.4%
Adjusted EBITA	-1.5	0.5	-7.0	-2.0	-1.9
Adjusted EBITA margin, %	-0.7%	0.2%	-1.8%	-0.5%	-0.2%
Return on operative capital employed (ROCE) ¹⁾ , %	-11.7%	13.5%	-11.7%	13.5%	-3.5%

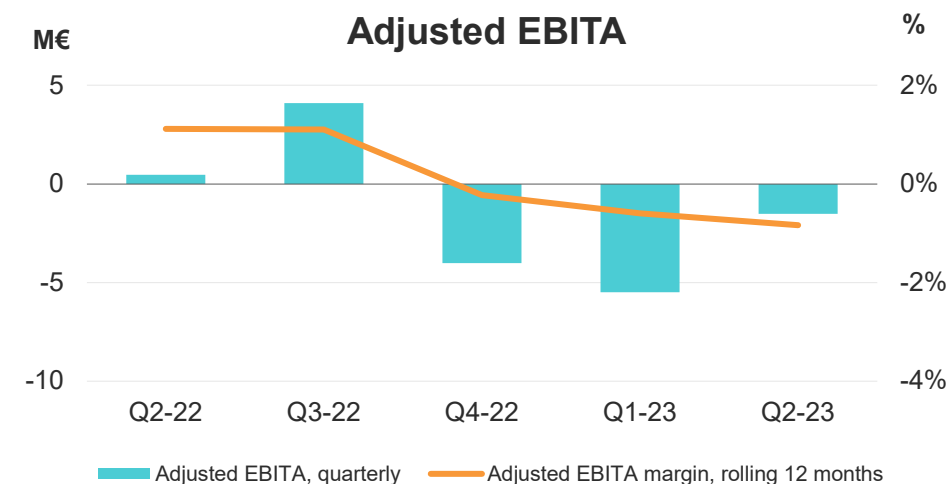
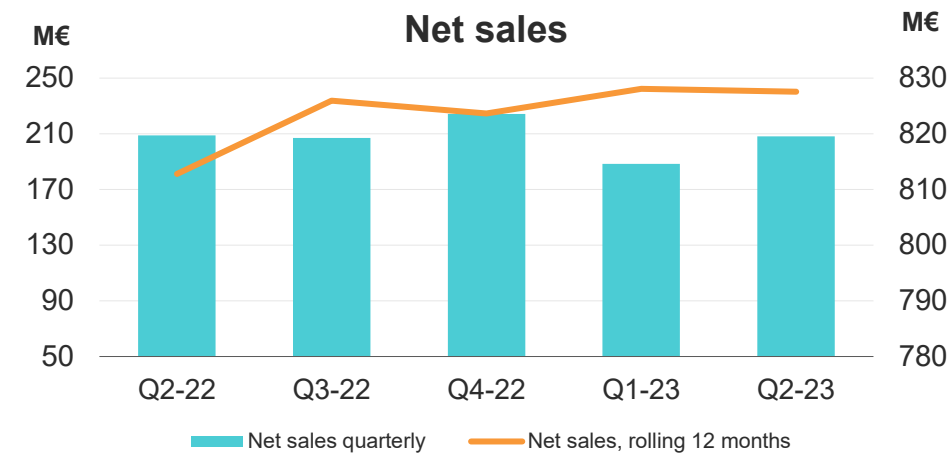
1) Calculated on rolling 12-month basis.

Net sales

- Net sales increased by 1.0% to EUR 396.5 million (392.6)
- In local currency, net sales grew by 5.6%
- Currency effects had a negative impact of EUR 17.9 million
- Organic growth in segments 7.8%
- In Other business net sales decreased by EUR 6.2 million

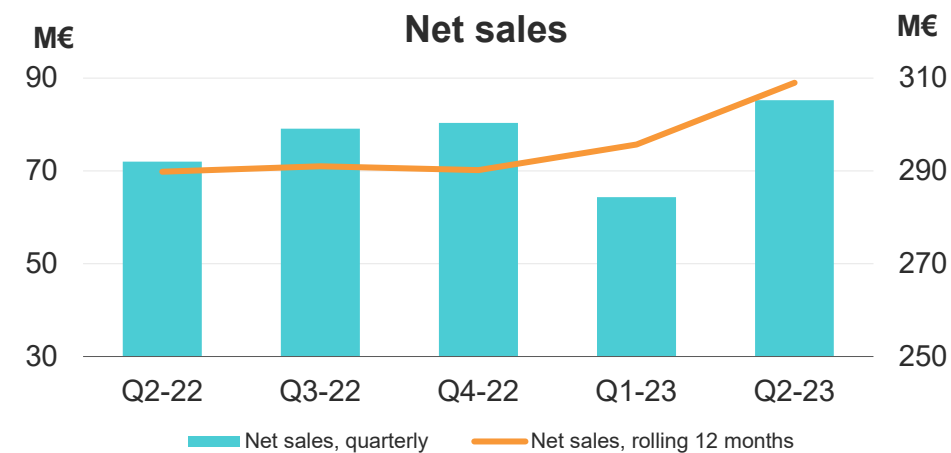
Adjusted EBITA

- Adjusted EBITA decreased to EUR -7.0 million (-2.0)
- Adjusted EBITA margin for the Group was -1.8% (-0.5)
- Adjusted EBITA margin for the segments was 0.0% (1.5)



Finland January–June 2023

EUR million	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Net sales	85.2	71.9	149.6	130.7	290.1
Net sales growth, %	18.5%	-9.9%	14.4%	-7.0%	-3.2%
Adjusted EBITA	0.8	3.6	-1.5	4.5	8.2
Adjusted EBITA-margin, %	1.0%	5.0%	-1.0%	3.4%	2.8%
Number of employees, average	1,486	1,504	1,495	1,498	1,498

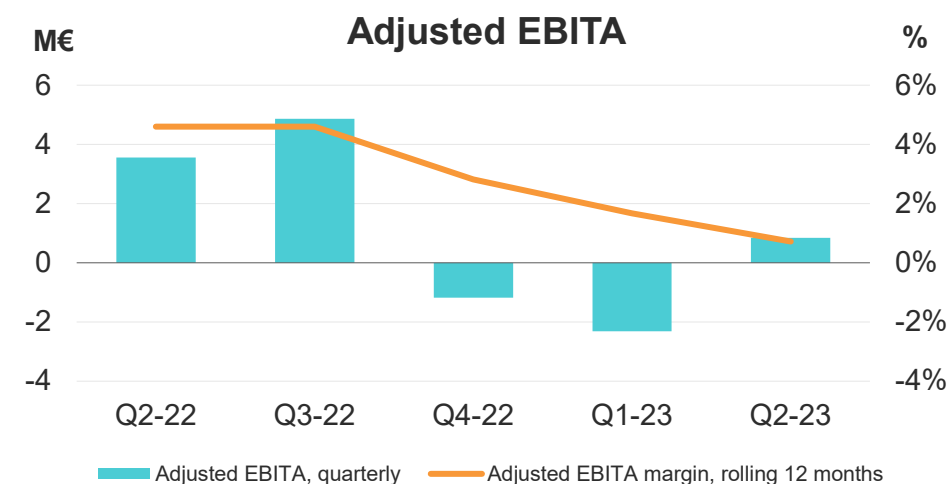


Net sales

- Net sales increased by 14.4% to EUR 149.6 million (130.7)
- Strong fiber market and good development in Power Transmission generated larger volumes

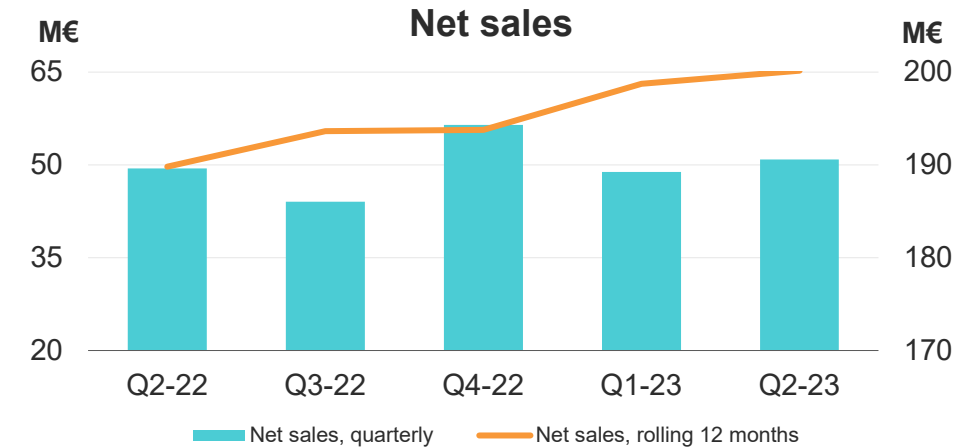
Adjusted EBITA

- Adjusted EBITA decreased to EUR -1.5 million (4.5)
- Stable profitability in Communication
- Increased costs and certain unfavorable agreements in Power Services



Sweden January–June 2023

EUR million	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Net sales	50.8	49.4	99.7	93.3	193.8
Net sales growth, %	2.9%	10.7%	6.8%	8.9%	6.4%
Adjusted EBITA	0.9	-0.4	1.4	-2.2	-1.0
Adjusted EBITA-margin, %	1.9%	-0.9%	1.4%	-2.4%	-0.5%
Number of employees, average	1,012	911	1,002	912	919

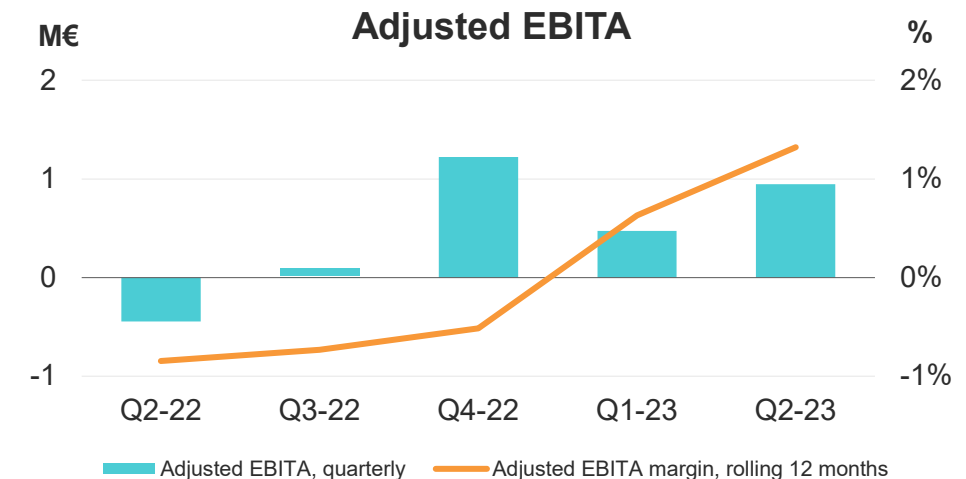


Net sales

- Net sales increased by 6.8%
- Growth in local currency was 16.1%
- Net sales was EUR 99.7 million (93.3), currency effect of EUR -8.6 million
- Growth driven by increased volumes in Communication and Smart Grids

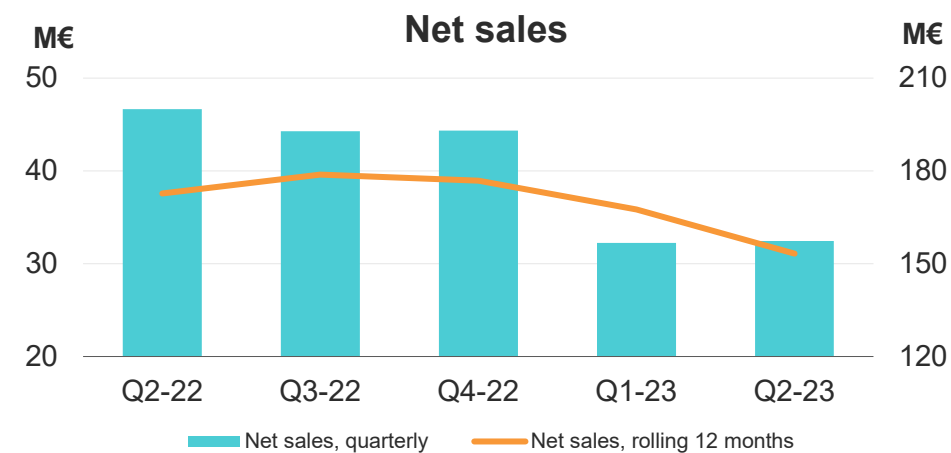
Adjusted EBITA

- Adjusted EBITA improved to EUR 1.4 million (-2.2)
- Increased volumes and operational improvements



Norway January–June 2023

EUR million	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Net sales	32.4	46.6	64.7	88.2	176.8
Net sales growth, %	-30.5%	10.9%	-26.7%	16.1%	10.2%
Adjusted EBITA	-0.8	1.3	-2.4	2.7	2.1
Adjusted EBITA-margin, %	-2.5%	2.8%	-3.7%	3.1%	1.2%
Number of employees, average	871	935	894	937	938

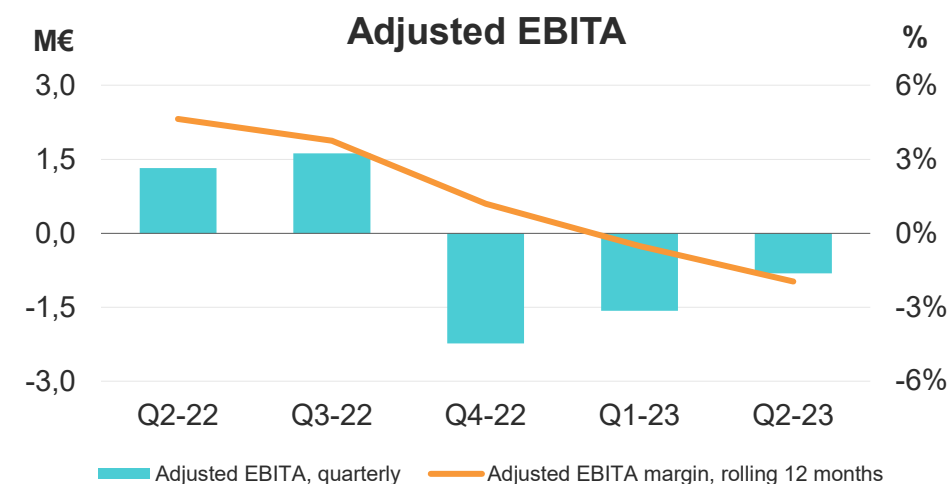


Net sales

- Net sales decreased by 23.6 million to EUR 64.7 million (88.2)
- Currency effect of EUR -9.2 million
- Lower volumes due to reduced customer investments

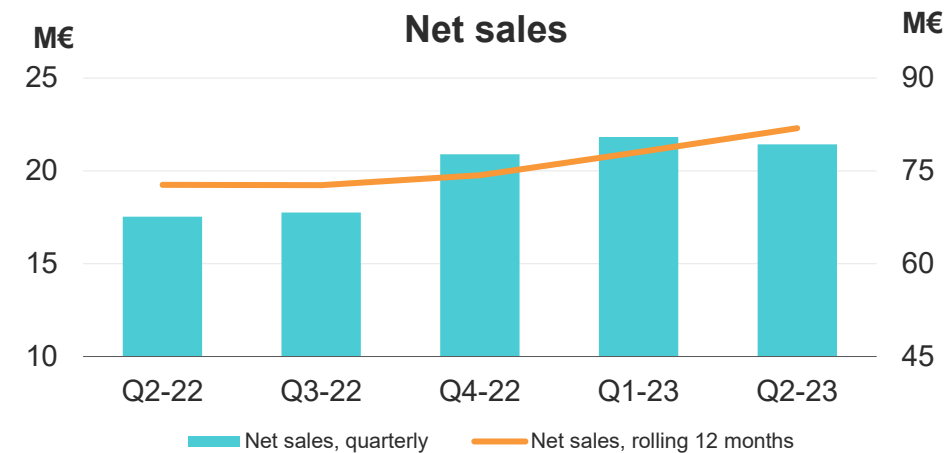
Adjusted EBITA

- Adjusted EBITA decreased to EUR -2.4 million (2.7)
- Overcapacity led to reduced efficiency
- Further restructuring actions will be needed



Denmark January–June 2023

EUR million	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Net sales	21.4	17.5	43.3	35.6	74.3
Net sales growth, %	22.3%	-28.8%	21.4%	-29.8%	-15.5%
Adjusted EBITA	1.1	-0.0	2.5	0.1	0.6
Adjusted EBITA-margin, %	5.3%	-0.3%	5.7%	0.3%	0.9%
Number of employees, average	512	477	506	476	484

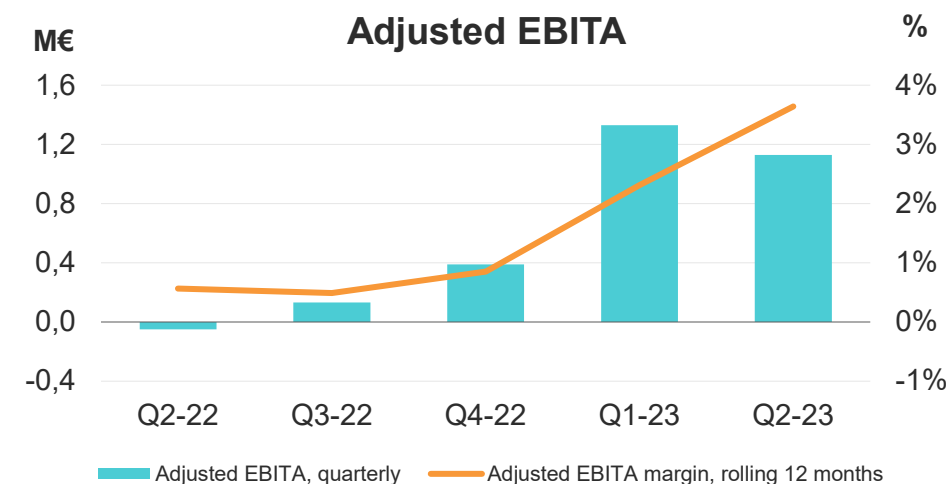


Net sales

- Net sales increased by 21.4% to EUR 43.3 million (35.6)
- Higher volumes in ongoing contracts

Adjusted EBITA

- Adjusted EBITA improved to EUR 2.5 million (0.1)
- Increased volumes, operational improvements and higher pricing



Other business January–June 2023

EUR million	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Net sales	20.3	25.7	43.0	49.1	99.4
Adjusted EBITA	-0.9	-1.9	-1.9	-2.5	-4.0
Number of employees, average	997	1,082	1,018	1,074	1,071

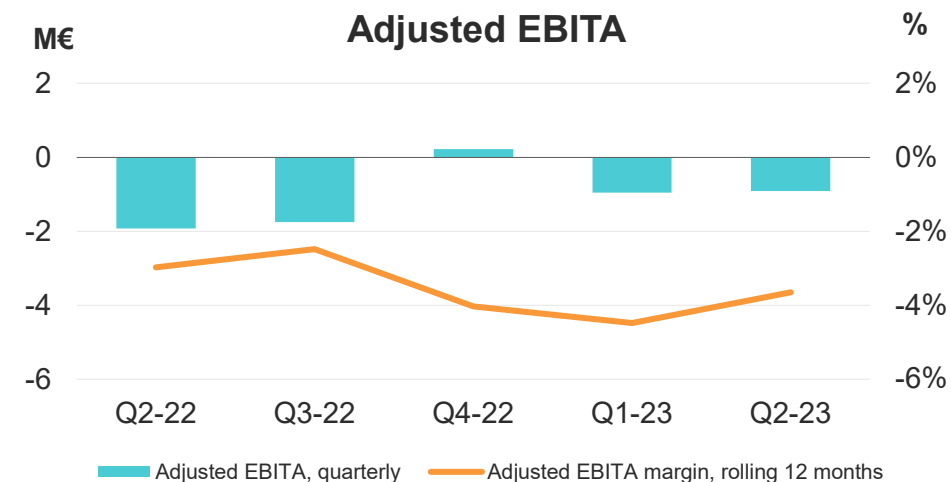
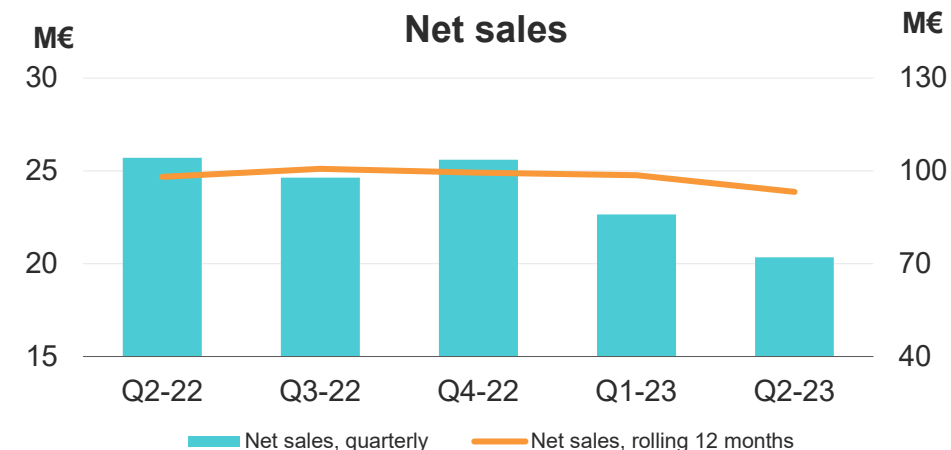
Other business includes operations in High Voltage, Smart Grids Germany, Lithuania as well as closing activities for Power Transmission International and Rail businesses.

Net sales

- Net sales decreased by EUR 6.2 million to EUR 43.0 million (49.1)
- Shift of scope to smaller projects and services in High Voltage Poland

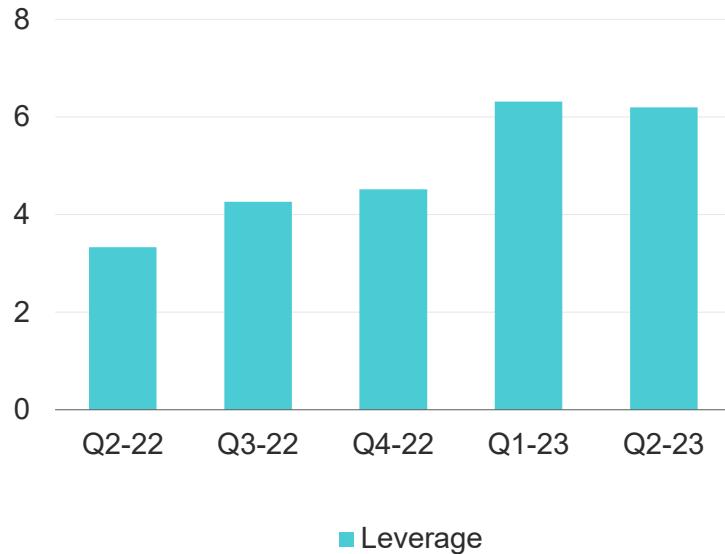
Adjusted EBITA

- Adjusted EBITA improved to EUR -1.9 million (-2.5)
- Adjusted EBITA of EUR -3.2 million (-4.3) in High Voltage Poland
- Healthy margins in Smart Grids Germany although impacted by higher costs



Group balance sheet

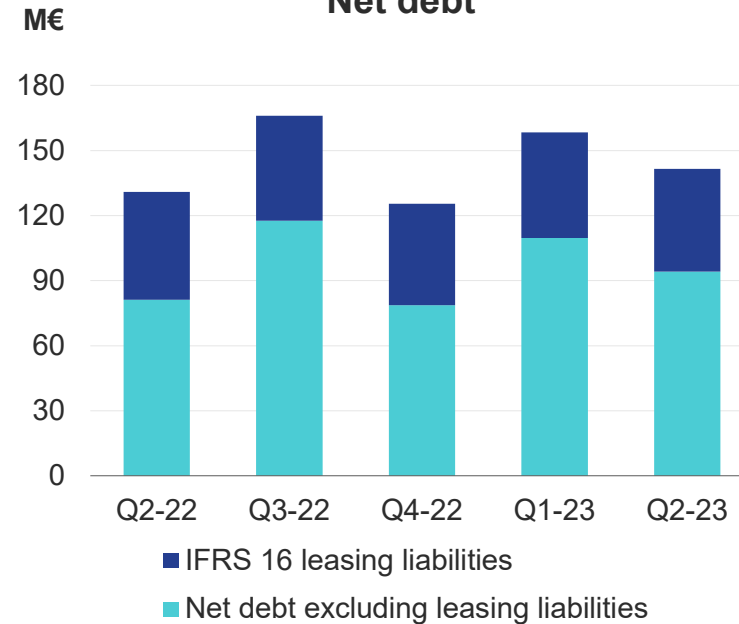
Leverage



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

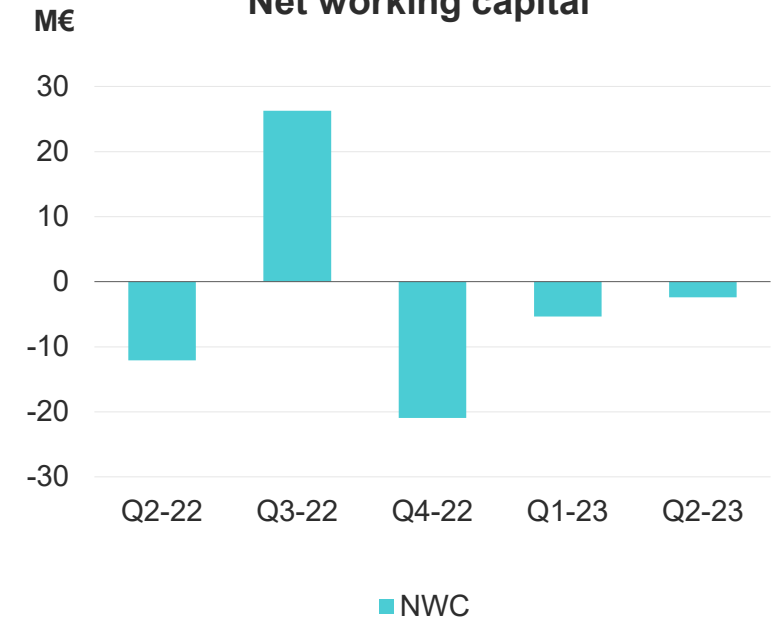
Net debt: Interest bearing debt less cash and cash equivalents.

Net debt



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

Net working capital



- EUR 25 million sustainability-linked hybrid bond issued in April

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

Questions



ELTPEL

The logo features the word "ELTPEL" in a bold, italicized sans-serif font. The letters "ELT" are dark blue, and "PEL" are orange. A blue swoosh starts under the "E" and "L" of "ELT", passing under the "T" and ending under the "P" of "PEL". An orange swoosh starts above the "P" and "E" of "PEL", passing over the "T" and ending above the "L".