



Eltel AB Q3 2023 presentation

2 November 2023

Today's presenters



Håkan Dahlström
President and CEO



Tarja Leikas
CFO



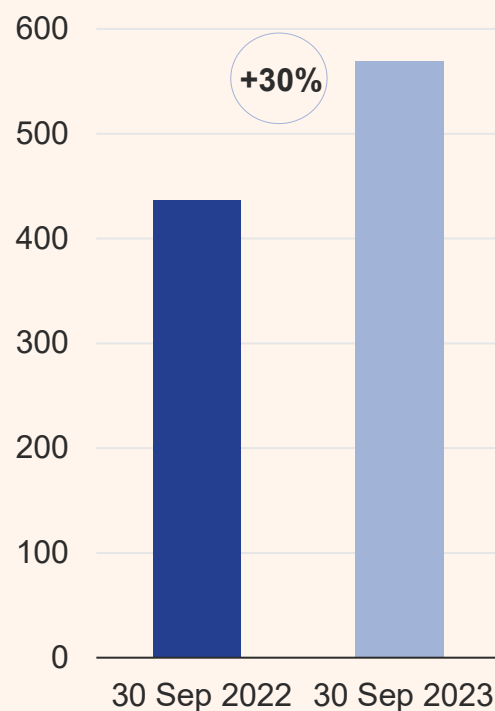
Elin Otter
Director, Communications
and Investor Relations

Highlights Q3 2023

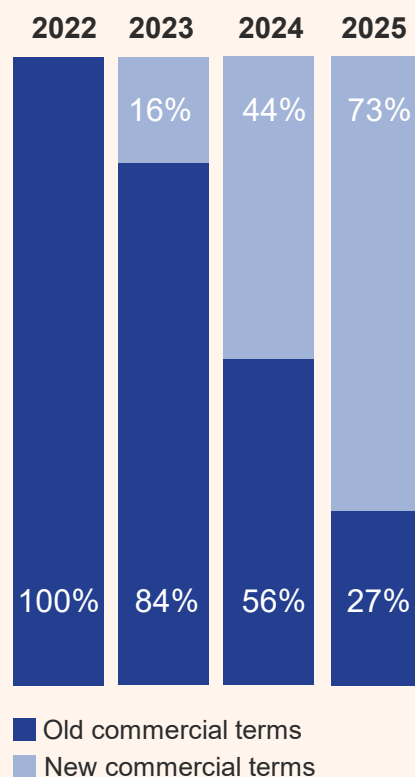
- Net sales was EUR 213.4 million (207.0). Total growth 3.1%
 - Growth in local currency 8.3% (7.1) in segments and 6.8% (7.7) for the Group.
 - Growth driven by Finland, Denmark and Sweden
- Adjusted EBITA was EUR 5.9 million (4.1)
 - Adjusted EBITA margin in segments 3.5% (3.6) and 2.8% (2.0) for the Group
 - All country units contributed to the positive result, incl. High Voltage Poland
 - Additional restructuring measures in Norway
- Positive developments in new business
- Sustainability more visible in the customer dialogue

Maintained demand for our services

Order backlog
EUR million / Growth %



**New commercial terms,
impact on portfolio**



- Value of contracts signed, EUR 171 million (406)
- Enhanced focus on commercial development
- New commercial terms since Q3 2022
 - New pricing strategy
 - Cash flow optimization
 - Updated indexation

Cost savings programs

Q1 2023

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 and full effect from October 2023
- Organization reduced by ca. 150 full-time employees, mainly in Norway and Finland



Q3 2023

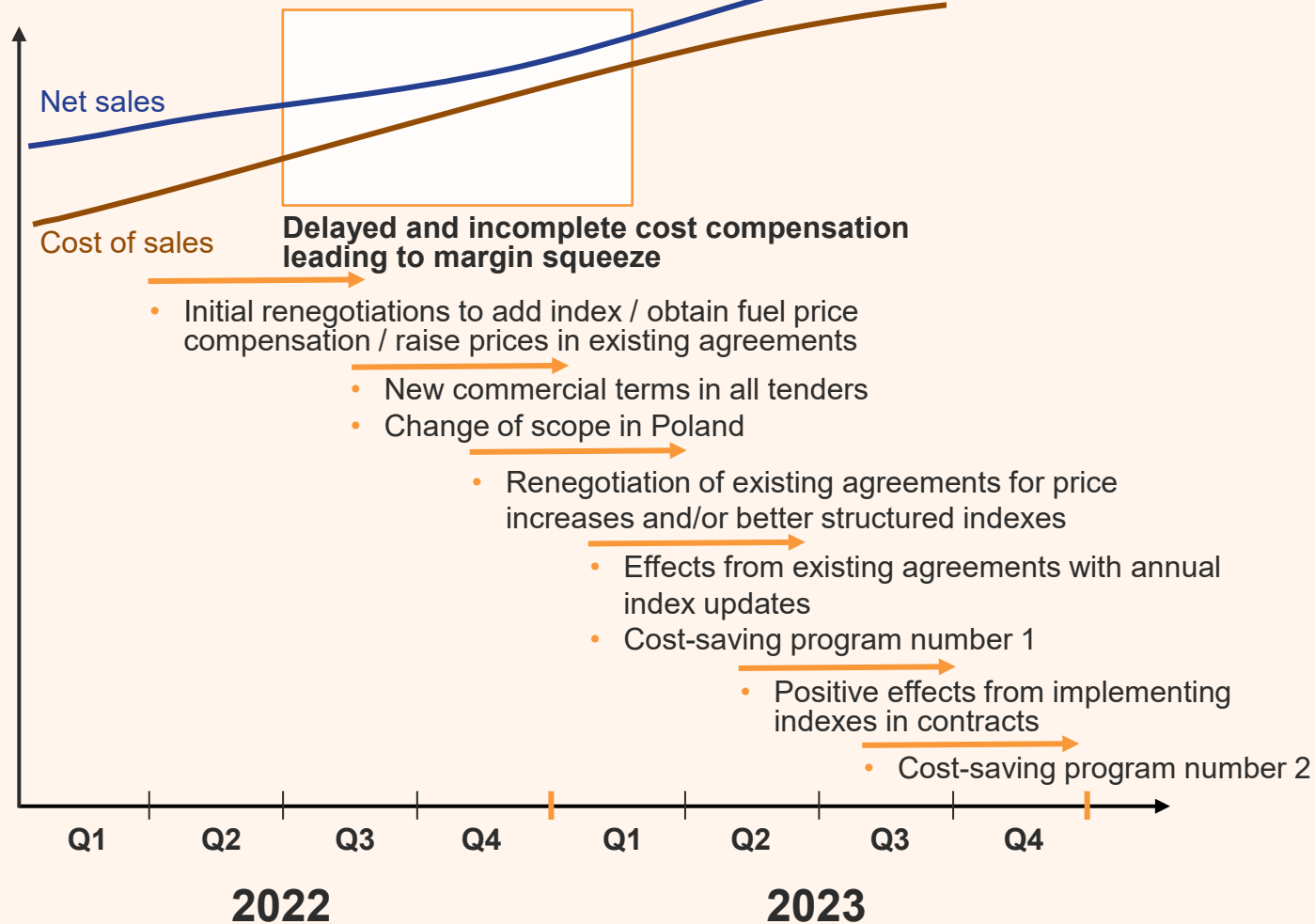
The cost savings program was completed with a restructuring charge of EUR 0.9 million

- Estimated savings of EUR 2.3 million annually
- Program finalized in October 2023, with increased effect in Q4 2023 and full effect from February 2024
- Organization reduced by ca. 60 positions in Norway



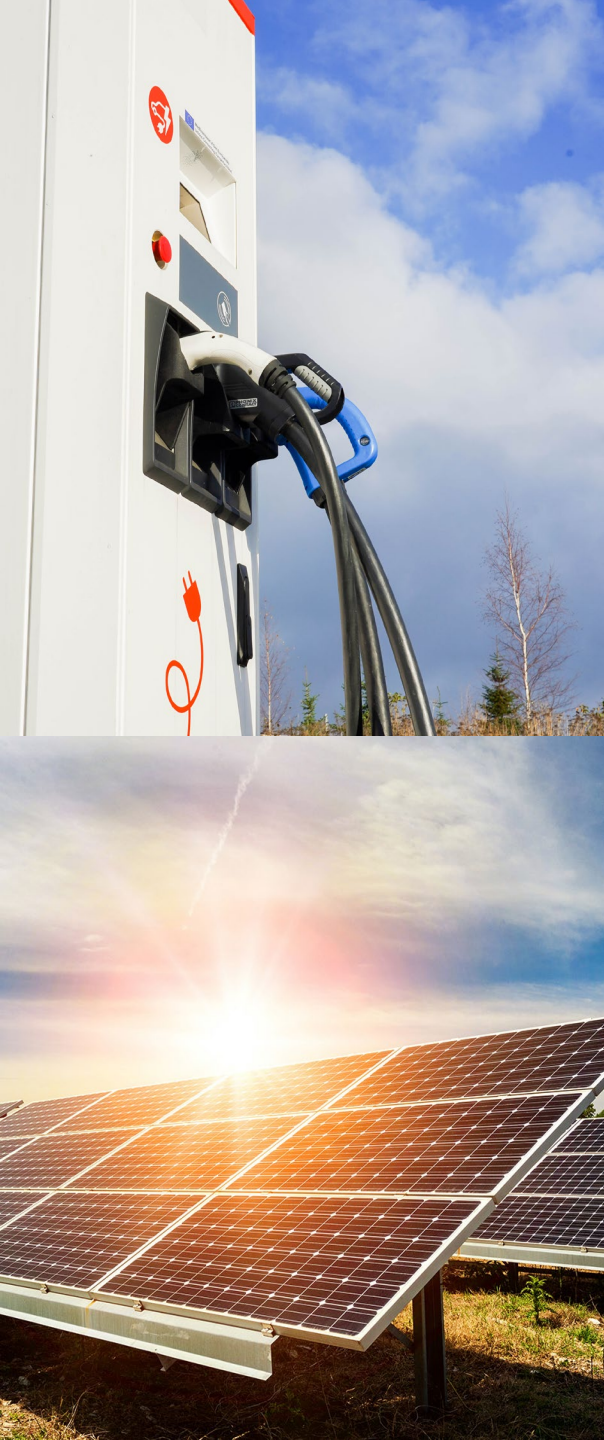
- EUR 7.1 million restructuring charge
- Previously estimated savings of EUR 12.3 million annually is now EUR 13.5 million
- Affected 225 FTE, mainly in Norway and Finland
- Facilities, subcontractors, terminated contracts, fleet

Margin improvements



Main drivers behind Q3 result:

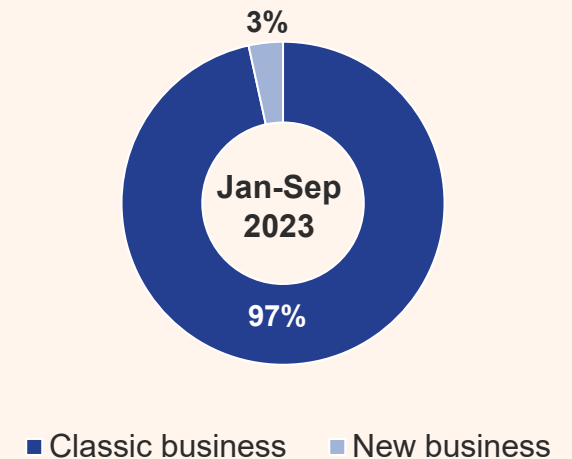
- New commercial terms Q3 '22
- Change of scope in Poland Q3 '22
- Renegotiations of existing contracts & indexation
- Cost-saving programs



New business and sustainability

- Electrification and digitalization drives new business within green transition
- Sustainability more visible in the customer dialogue
- Accelerates the development and implementation of our offering, primarily in:
 - Solar PV
 - E-Mobility

Signed contracts



Total Group January–September 2023

EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net sales	213.4	207.0	609.9	599.6	823.6
Net sales growth, %	3.1%	6.8%	1.7%	2.3%	1.4%
Adjusted EBITA	5.9	4.1	-1.1	2.1	-1.9
Adjusted EBITA margin, %	2.8%	2.0%	-0.2%	0.4%	-0.2%
Return on operative capital employed (ROCE) ¹⁾ , %	-7.1%	10.2%	-7.1%	10.2%	-3.5%

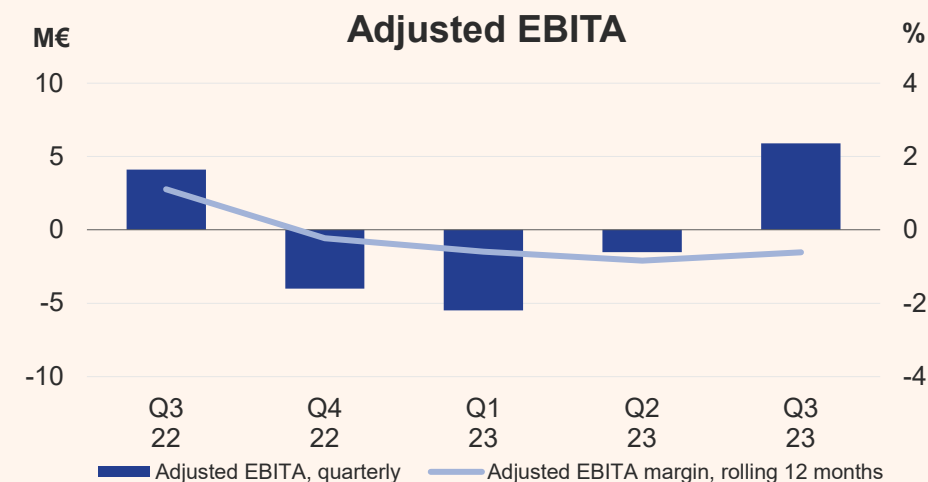
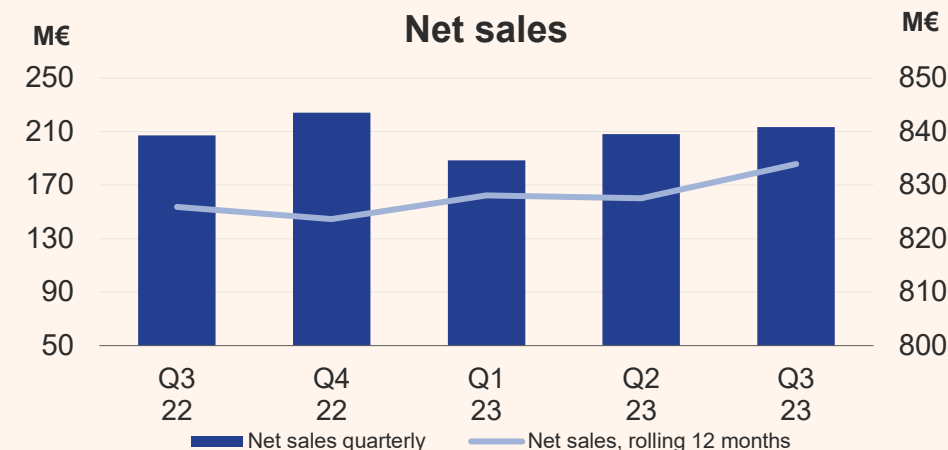
1) Calculated on rolling 12-month basis.

Net sales

- YTD Net sales increased by 1.7% to EUR 609.9 million (599.6)
 - In local currency, net sales grew by 6.0%
 - Organic growth in segments 8.0%
 - In Other business net sales decreased by EUR 7.0 million
- 3rd quarter Net sales growth 3.1%
 - Organic growth in segments 8.3%

Adjusted EBITA

- YTD Adjusted EBITA decreased to EUR -1.1 million (2.1)
- 3rd quarter Adjusted EBITA improved to EUR 5.9 (4.1)



Finland January–September 2023

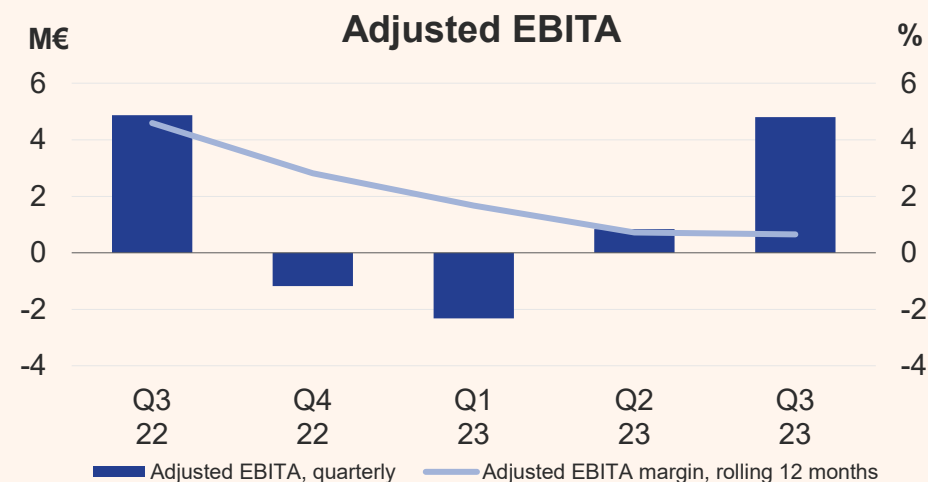
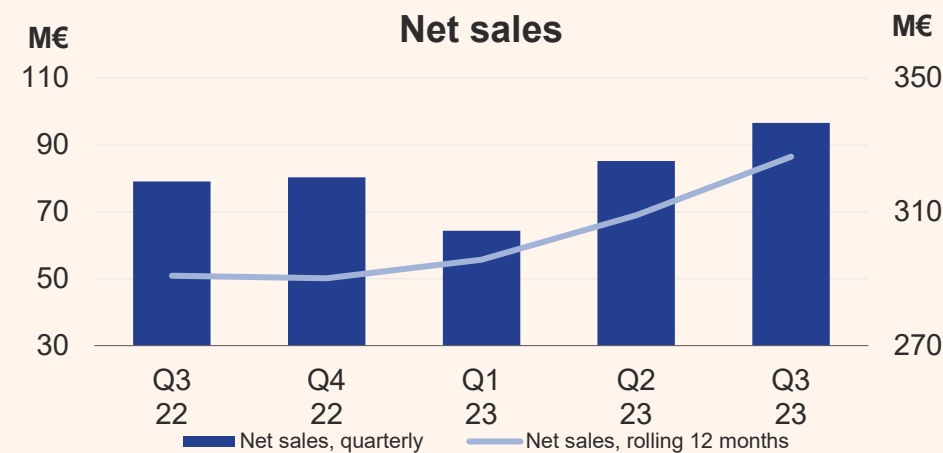
EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net sales	96.6	79.1	246.2	209.8	290.1
Net sales growth, %	22.2%	1.5%	17.3%	-4.0%	-3.2%
Adjusted EBITA	4.8	4.9	3.3	9.4	8.2
Adjusted EBITA, margin, %	5.0%	6.2%	1.4%	4.5%	2.8%
Number of employees, average	1 510	1 495	1 500	1 497	1 498

Net sales

- Net sales increased by 17.3%
- Strong fiber market and good development in Power Transmission generated larger volumes

Adjusted EBITA

- Adjusted EBITA decreased to EUR 3.3 million (9.4)
- Strong profitability in Communication
- Increased costs and certain unfavorable agreements in Power Services



Sweden January–September 2023

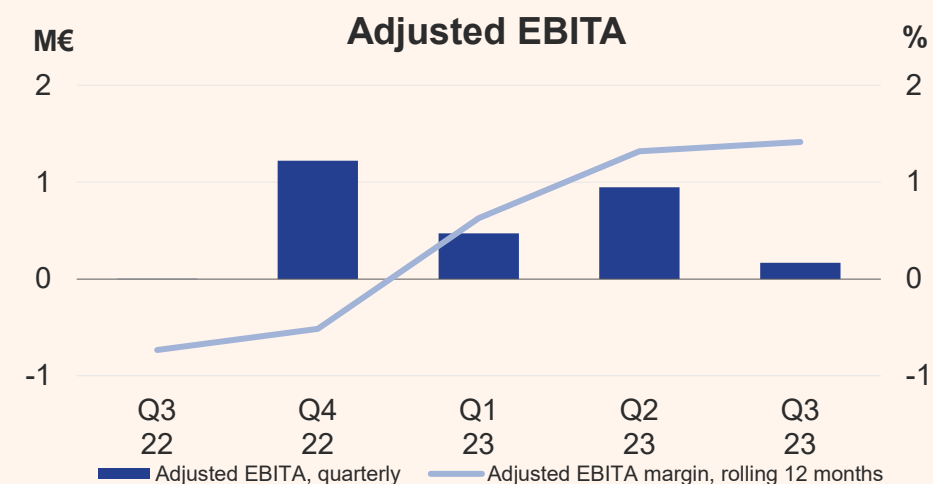
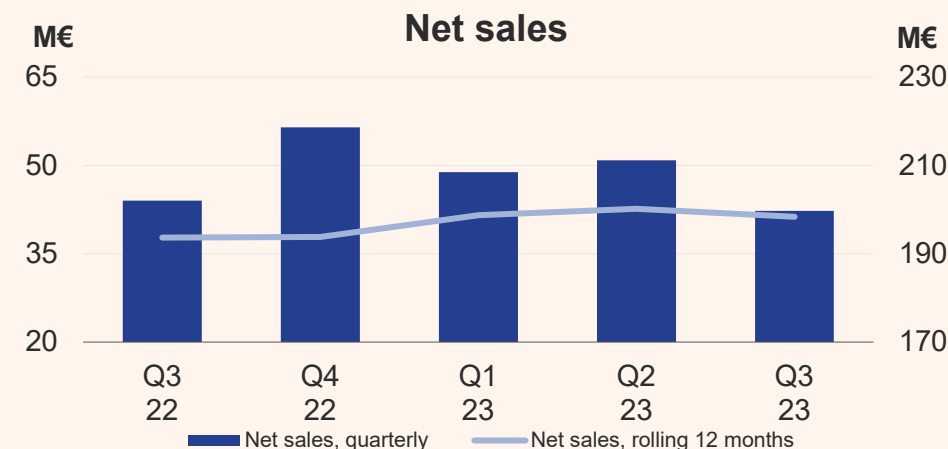
EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net sales	42.2	44.0	141.9	137.3	193.8
Net sales growth, %	-4.0%	9.6%	3.4%	9.1%	6.4%
Adjusted EBITA	0.2	0.0	1.6	-2.2	-1.0
Adjusted EBITA, margin, %	0.4%	0.0%	1.1%	-1.6%	-0.5%
Number of employees, average	984	913	996	912	919

Net sales

- YTD Net sales increased by 3.4%
 - Growth in local currency was 12.7%
 - Currency effect of EUR -12.8 million
- Growth was driven by increased volumes in Smart Grids and Communication

Adjusted EBITA

- YTD Adjusted EBITA improved to EUR 1.6 million (-2.2)
- Profitability factors volume increase, project performance and the efficiency program, One Eltel, benefits



Norway January–September 2023

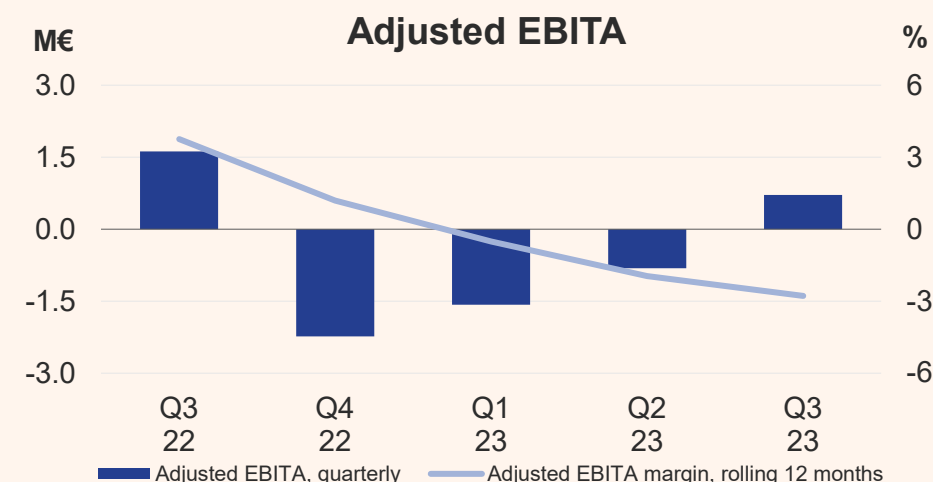
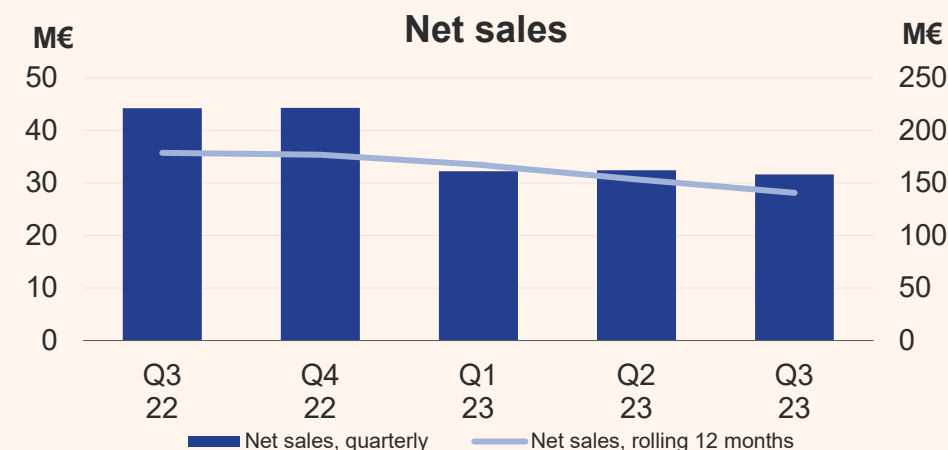
EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net sales	31.6	44.3	96.3	132.5	176.8
Net sales growth, %	-28.6%	15.8%	-27.3%	16.0%	10.2%
Adjusted EBITA	0.7	1.6	-1.7	4.4	2.1
Adjusted EBITA, margin, %	2.3%	3.7%	-1.7%	3.3%	1.2%
Number of employees, average	847	942	878	938	938

Net sales

- YTD Net sales decreased by 27.3%
 - Decline EUR 36.2 million
 - Currency effect EUR -13.3 million
- Lower volumes due to reduced customer investments, primarily in fiber

Adjusted EBITA

- Adjusted EBITA decreased to EUR -1.7 million (4.4)
- Overcapacity led to reduced efficiency
- Two restructuring and cost savings programs have been implemented during 2023, in Q1 and Q3



Denmark January–September 2023

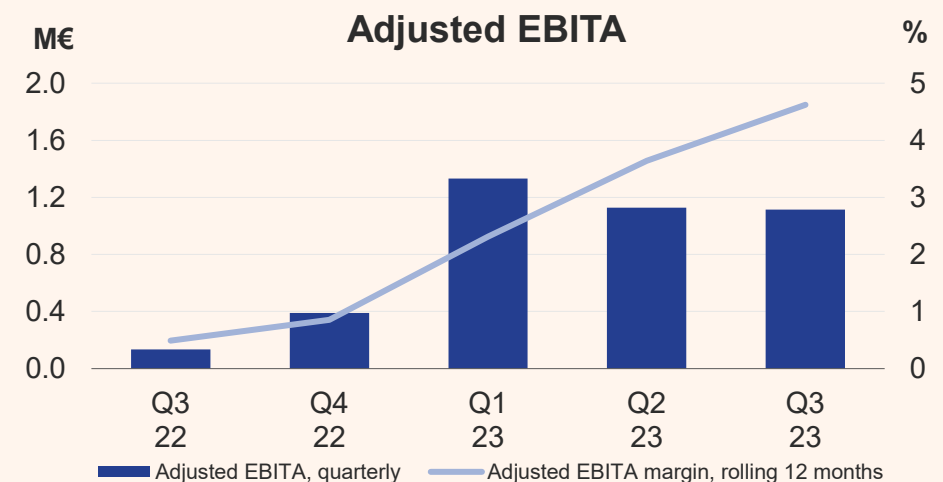
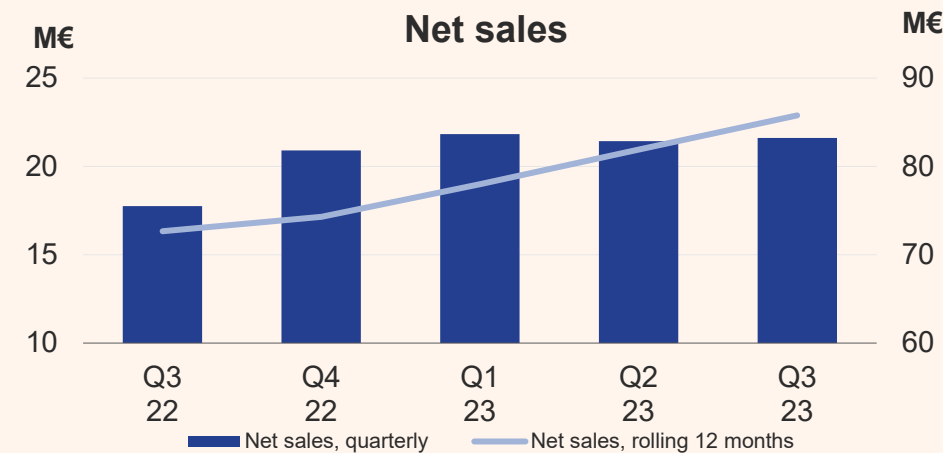
EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net sales	21.6	17.8	64.9	53.4	74.3
Net sales growth, %	21.7%	-0.5%	21.5%	-22.2%	-15.5%
Adjusted EBITA	1.1	0.1	3.6	0.2	0.6
Adjusted EBITA, margin, %	5.2%	0.7%	5.5%	0.5%	0.9%
Number of employees, average	519	485	510	479	484

Net sales

- YTD Net sales increased by 21.5%
- Higher volumes in ongoing contracts

Adjusted EBITA

- YTD Adjusted EBITA improved to EUR 3.6 million (0.2)
- Increased volumes, operational improvements and higher pricing



Other business January–September 2023

EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net sales	23.8	24.6	66.8	73.8	99.4
Adjusted EBITA	0.3	-1.8	-1.5	-4.2	-4.0
Number of employees, average	977	1 078	1 004	1 075	1 071

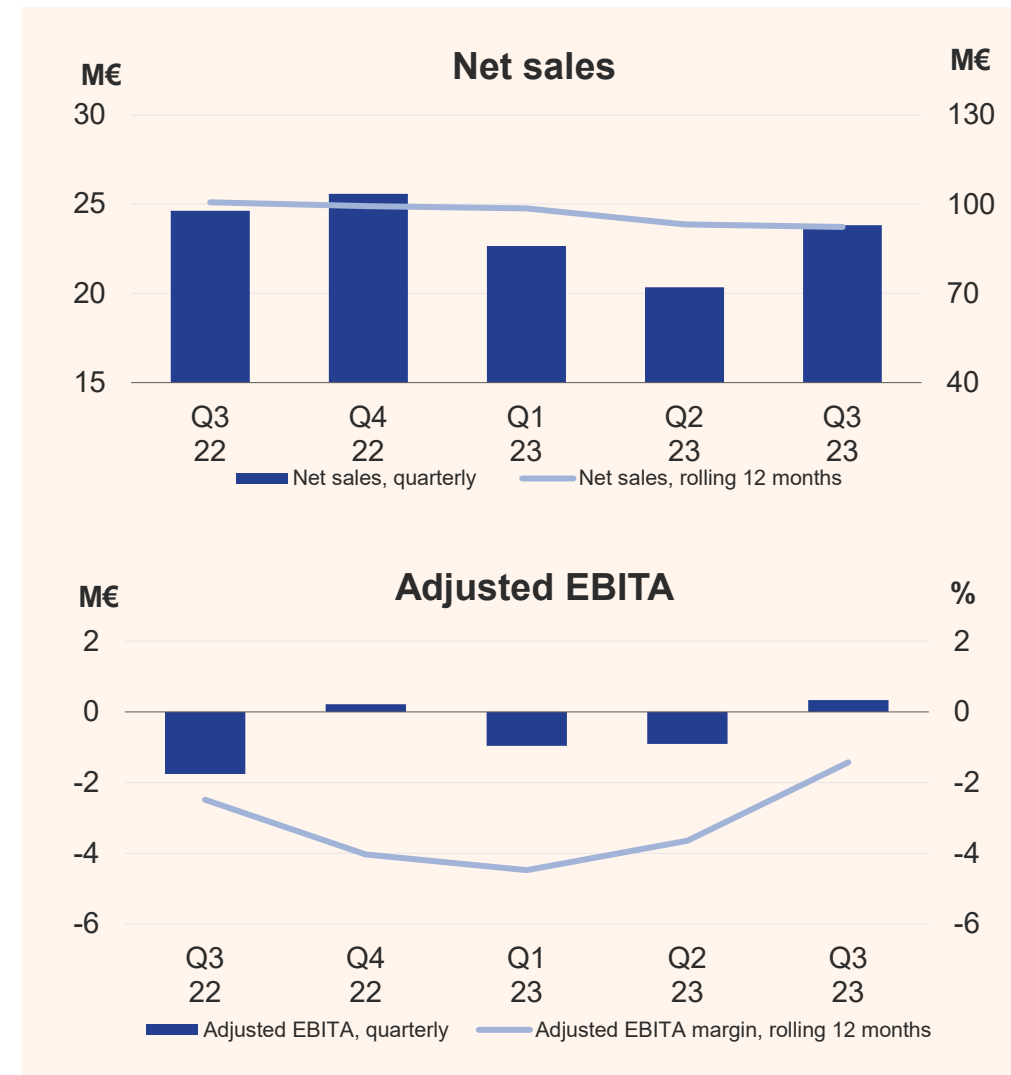
Other business includes operations in High Voltage, Smart Grids Germany, Lithuania as well as closing activities for Power Transmission International and Rail businesses.

Net sales

- YTD Net sales decreased by EUR 7.0 million
- Shift of scope to smaller projects and services in High Voltage Poland

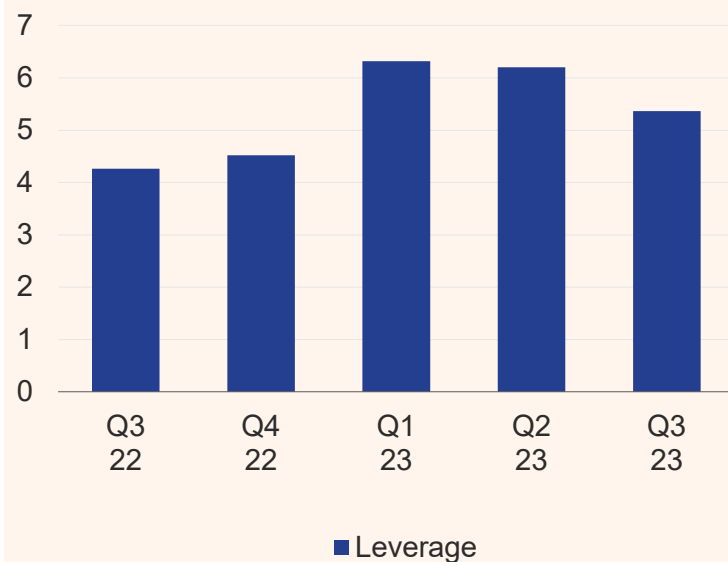
Adjusted EBITA

- YTD Adjusted EBITA improved to EUR -1.5 million (-4.2)
- 3rd quarter Adjusted EBITA **positive EUR 0.3 million** (-1.8)
- Favorable project closings, healthy margins in Smart Grids Germany



Group balance sheet

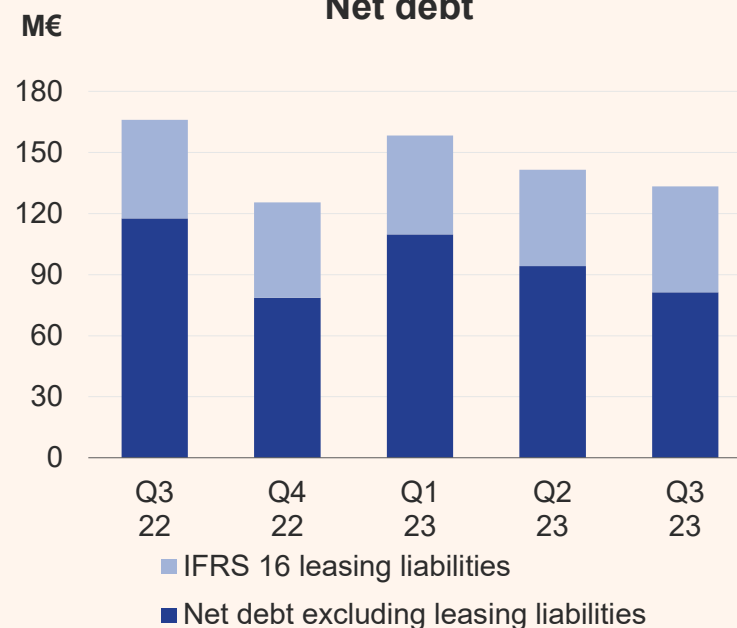
Leverage



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

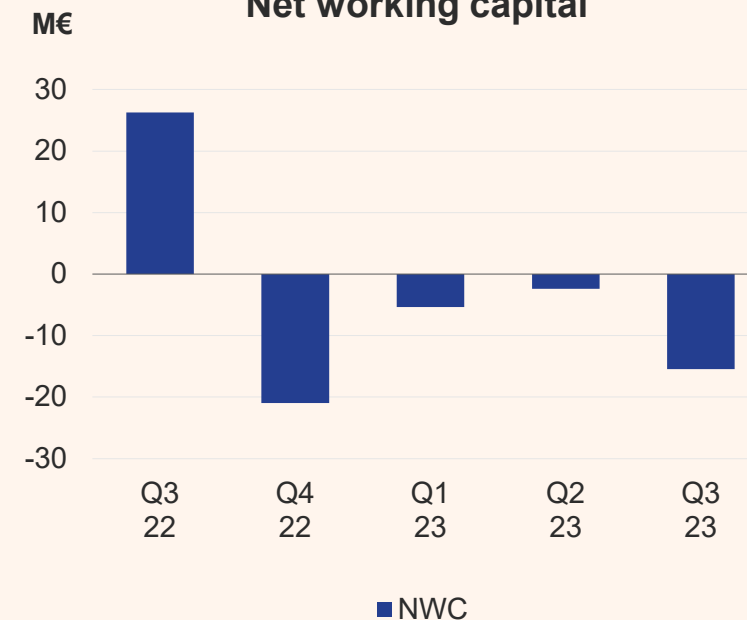
Net debt: Interest bearing debt less cash and cash equivalents.

Net debt



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

Net working capital



Eltel Group financial targets by end of 2025

Profitability

Group adjusted EBITA margin 5%

Growth

Annual growth 2–4%

Leverage

1.5–2.5x net debt/adjusted EBITDA

Dividend payout

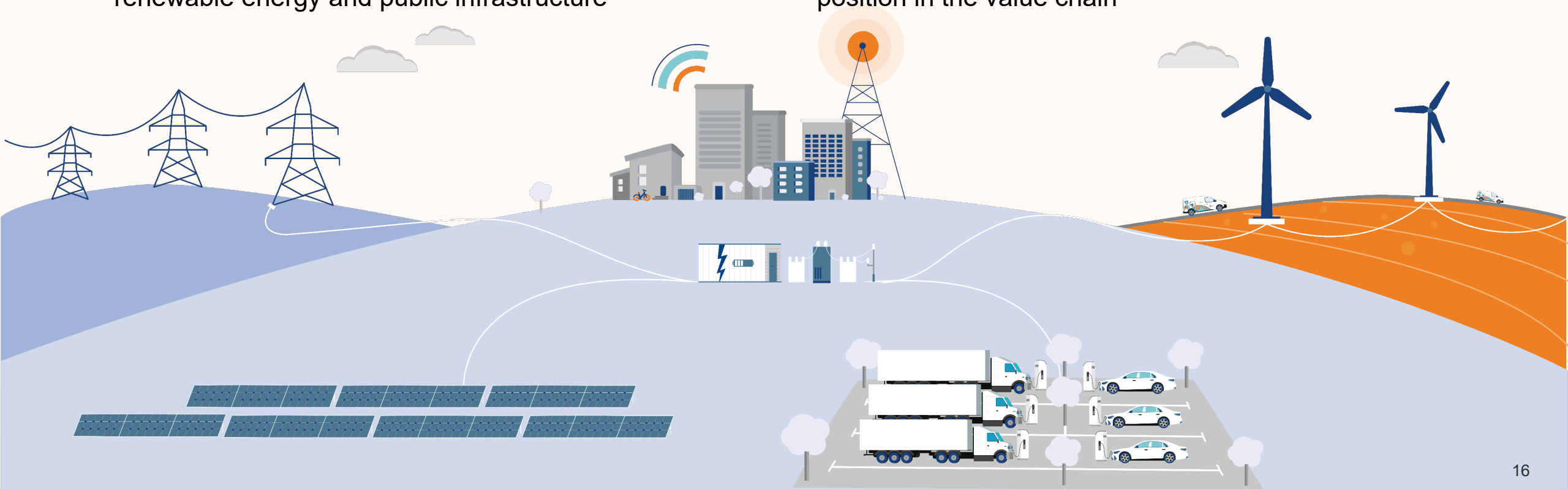
Subject to leverage target



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



ELTEL