





Eltel AB

Q4 2023 presentation

14 February 2024

Today's presenters



Håkan Dahlström
President and CEO



Tarja Leikas
CFO



Elin Otter
Director, Communications
and Investor Relations

Highlights Q4 2023

- **Strong top-line development**

- Net sales was EUR 240.2 million (224.0). Total growth 7.2%
- Growth in local currency 10.9% (2.5) in segments and 10.3% (1.7) for the Group
 - Growth mainly driven by Denmark with 34.9%, Finland with 22.4%. In Sweden growth in local currency was 5.8%
 - Significant volume decrease in Norway

- **Profitability improvement**

- Adjusted EBITA was EUR 2.8 million (-4.0)
- Adjusted EBITA margin in segments 2.3% (-0.9) and 1.2% (-1.8) for the Group
 - YoY adjusted EBITA improved by EUR 6.8 million in the segments – all segments contributed
 - Main drivers were pricing, indexing, volume, and the restructuring and cost-saving programs

- **Strengthened financial position**

- Good cash flow and all-time low net debt
 - Net debt was EUR 100.6 million (125.5)

- **Successful in broadening the customer base and progress in new business**

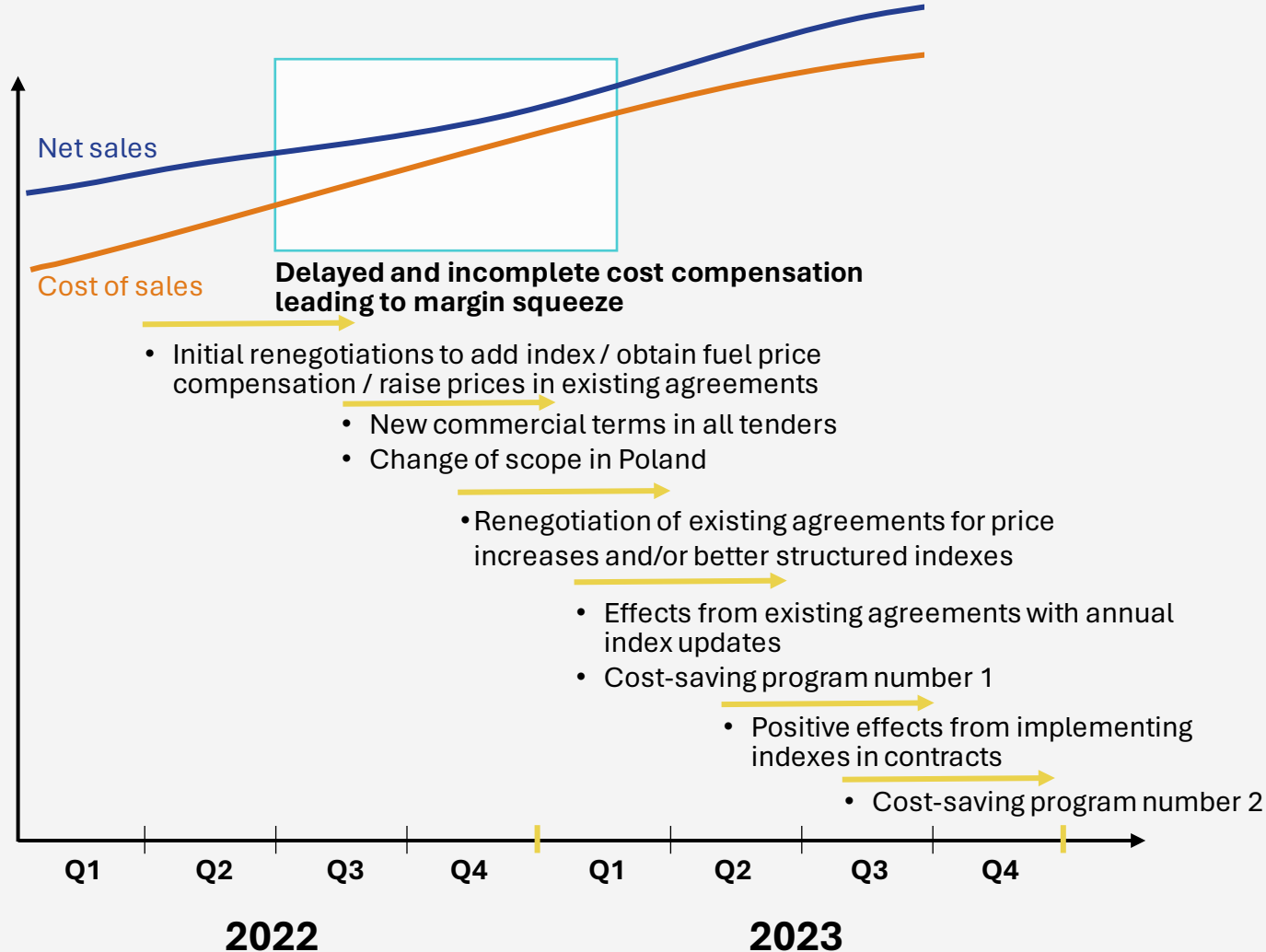
Highlights full-year 2023

- **Rough start of the year, good recovery during second half**
 - Increased volume, restructuring and cost-saving programs, pricing and indexing
- **Reached our Group annual growth target: 3.2%**
 - 8.8% growth in segments in local currency
- **Improved financial position – all time low net debt**
 - Good cash flow and all-time low net debt
 - Cash flow EUR 34.0 million (16.4), net debt was EUR 100.6 million (125.5)
- **A year of strong developments**
 - Good progress in new strategy execution
 - 25.3% growth in Denmark with a 5.2% adjusted EBITA margin
 - 18.7% growth in Finland with improved profitability in H2
 - Positive adjusted EBITA in Sweden for the first time since 2017
 - First utility scale solar park agreement signed in Finland
 - Nordic e-Mobility agreements with customers and suppliers
- **Increased sustainability expectations from customers**



Helen's solar park in Lohja, Finland.

Margin improvements

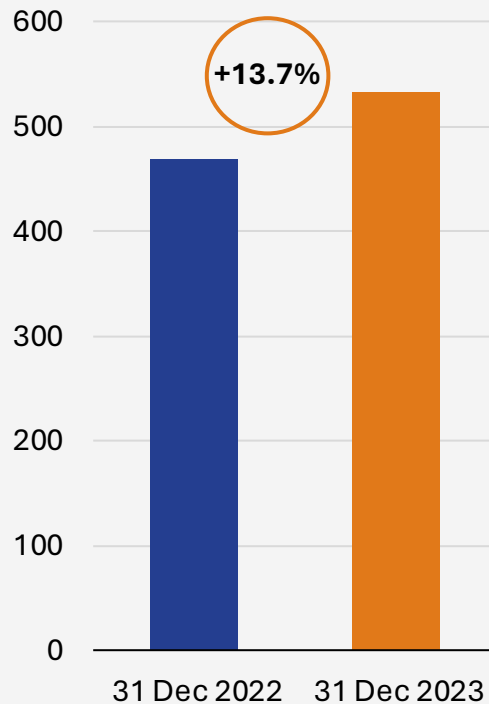


Main drivers behind Q4 result:

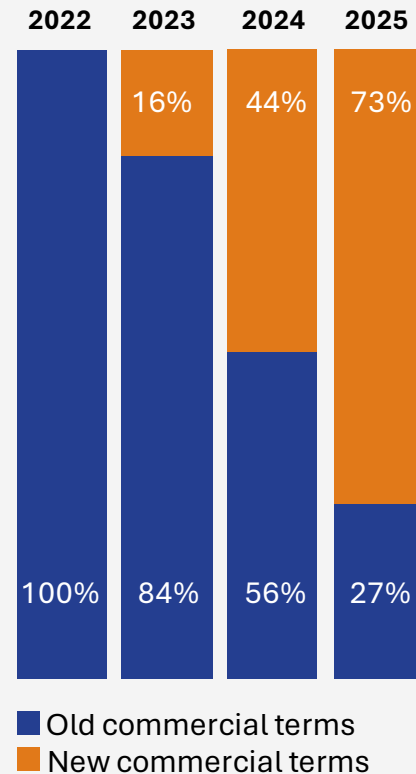
- Renegotiations of existing contracts & indexation
- Cost-saving programs giving full effect from year end 2023
- New commercial terms since Q3 '22

Strong demand for our services

**Committed order backlog
EUR million / Growth %**



**New commercial terms,
impact on portfolio**



- Continued focus on commercial development
- New commercial terms since Q3 2022
 - New pricing strategy
 - Cash flow optimization
 - Updated indexation

Total Group January-December 2023

Net sales

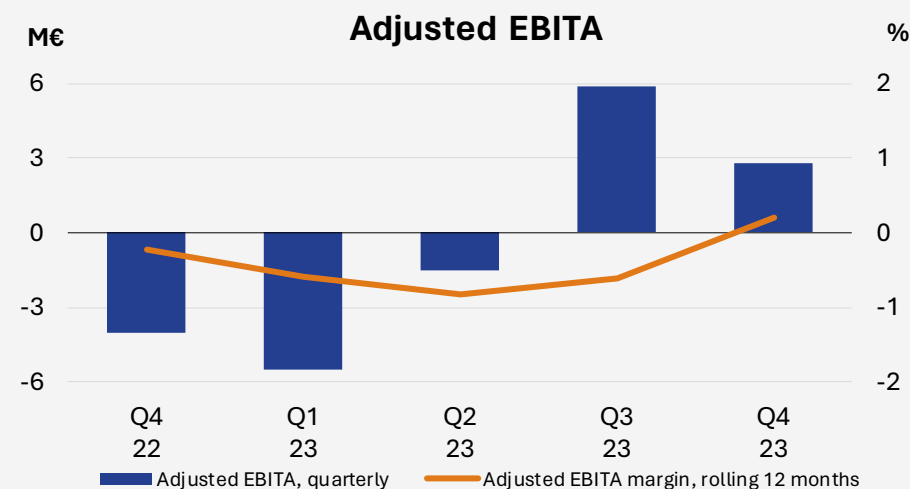
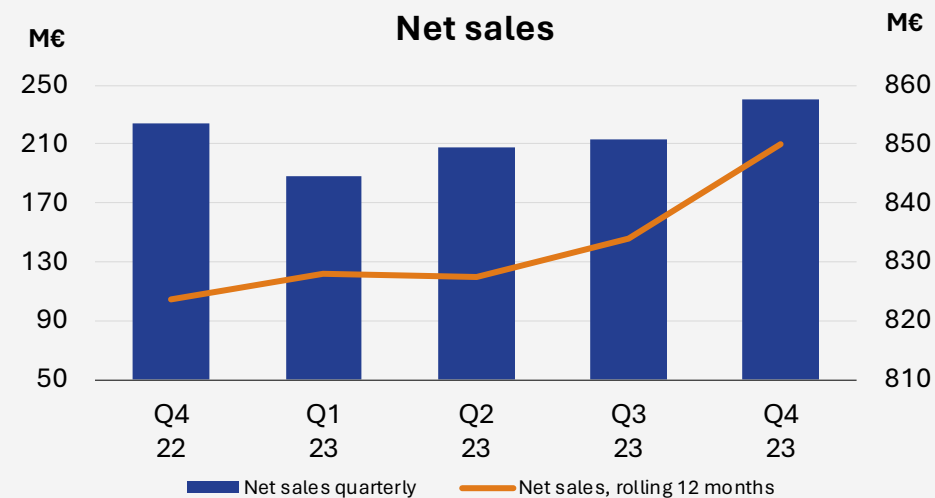
- Net sales growth accelerated in Q4
 - 7.2% reporting currency
 - 10.3% local currency
 - 10.9% organic growth in segments
- Growth engines Finland, Denmark and Sweden.

Adjusted EBITA

- Profitability improvement continued in Q4
 - Adjusted EBITA improved by EUR 6.8 million YoY
 - Improvement comes from all segments
 - Group adjusted EBITA was EUR 2.8 million (-4.0)
 - Margin 1.2% (-1.8)
- Restructuring program in Norway finalized

EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	240.2	224.0	850.1	823.6
Net sales growth, %	7.2%	-1.0%	3.2%	1.4%
Adjusted EBITA	2.8	-4.0	1.7	-1.9
Adjusted EBITA margin, %	1.2%	-1.8%	0.2%	-0.2%
Return on operative capital employed, (ROCE) ¹ , %	5.3%	-3.5%	5.3%	-3.5%

1) Calculated on rolling 12-month basis.



Finland

January-December 2023

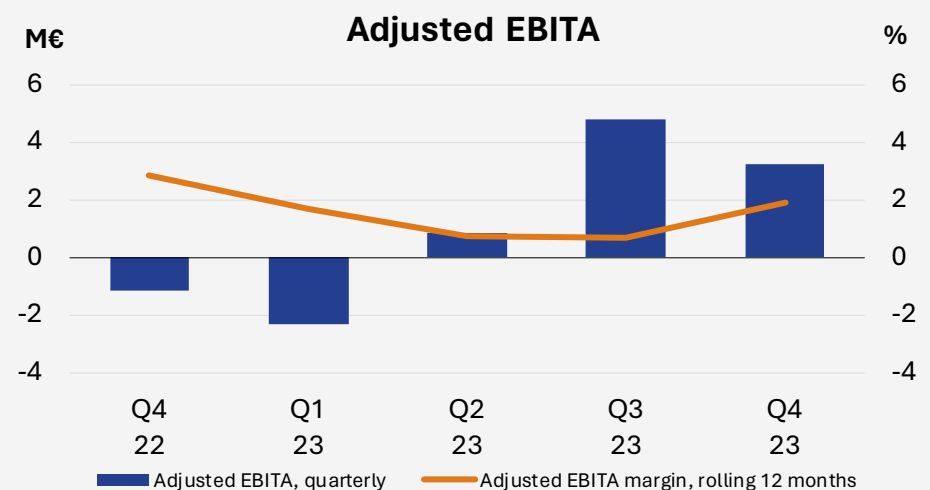
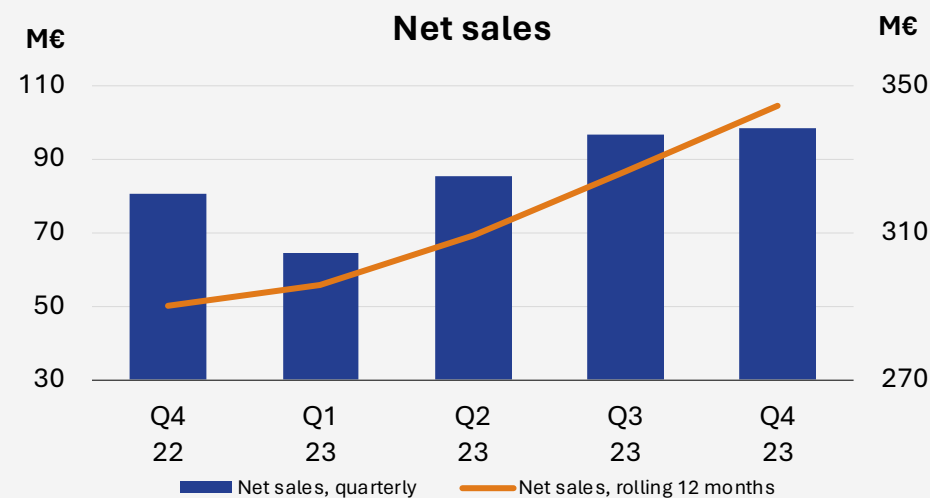
Net sales

- Significant growth
 - Q4: 22.4%
 - FY: 18.7%
- Growth drivers Communication business and renewable energy transition projects

Adjusted EBITA

- Positive development in H2
- Major improvement in Q4 YoY
 - EUR 3.2 million (-1.2).
 - Margin was 3.3% (-1.5)
- Larger volumes in Communication and Power Transmission

EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	98.3	80.3	344.5	290.1
Net sales growth, %	22.4%	-1.0%	18.7%	-3.2%
Adjusted EBITA	3.2	-1.2	6.5	8.2
Adjusted EBITA margin, %	3.3%	-1.5%	1.9%	2.8%
Number of employees, average	1 512	1 501	1 503	1 498



Sweden

January-December 2023

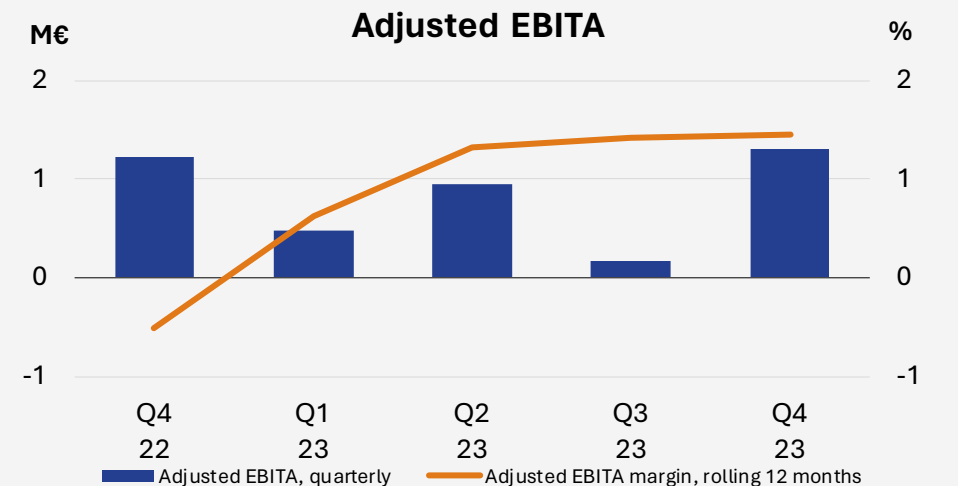
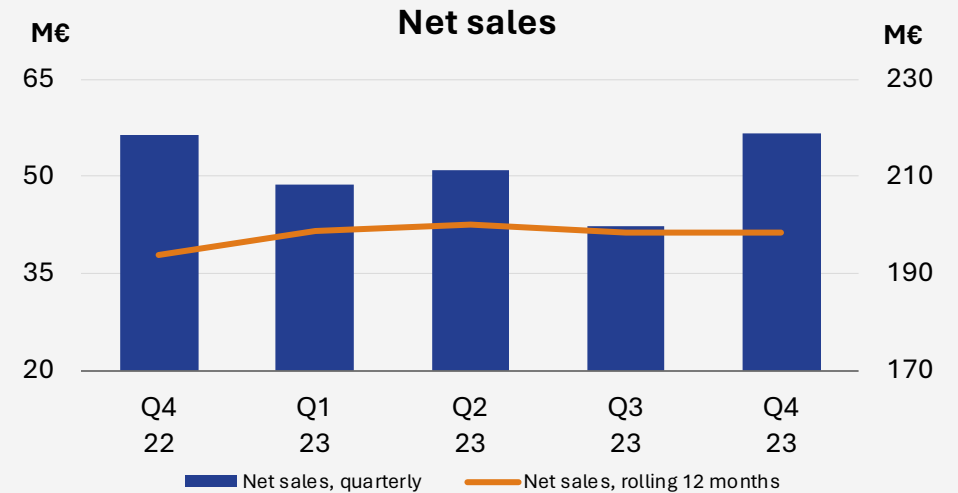
Net sales

- Net sales continued to grow in Q4
 - EUR 56.6 million (56.5)
 - Growth in local currency 5.8%
- Strong development in Smart Grids
- Communication business declined reflecting lower customer investment levels in the later part of the year

Adjusted EBITA

- Moderate improvement in Q4 YoY
 - EUR 1.3 million (1.2)
 - Margin was 1.3% (1.2%)
- Major contribution from Smart Grids
- The first full year with positive result in recent times

EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	56.6	56.5	198.5	193.8
Net sales growth, %	0.3%	0.2%	2.4%	6.4%
Adjusted EBITA	1.3	1.2	2.9	-1.0
Adjusted EBITA margin, %	2.3%	2.2%	1.5%	-0.5%
Number of employees, average	963	940	988	919



Norway

January-December 2023

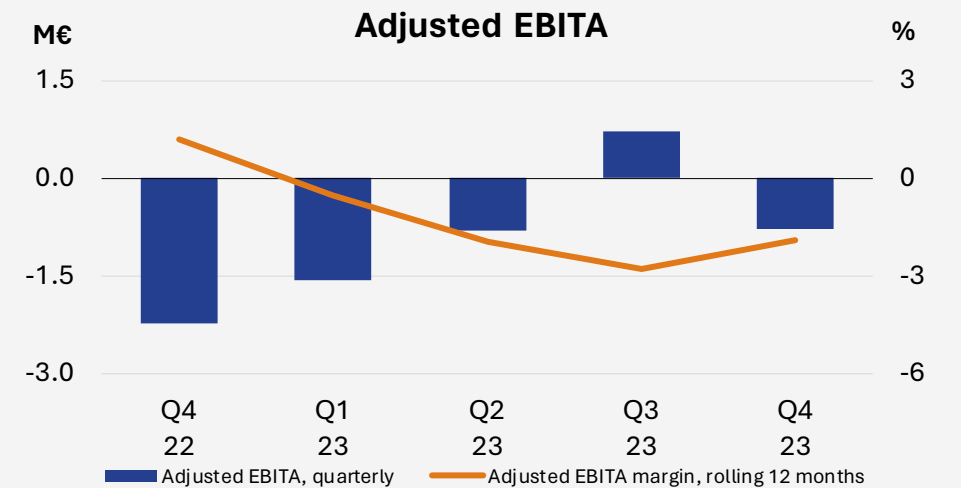
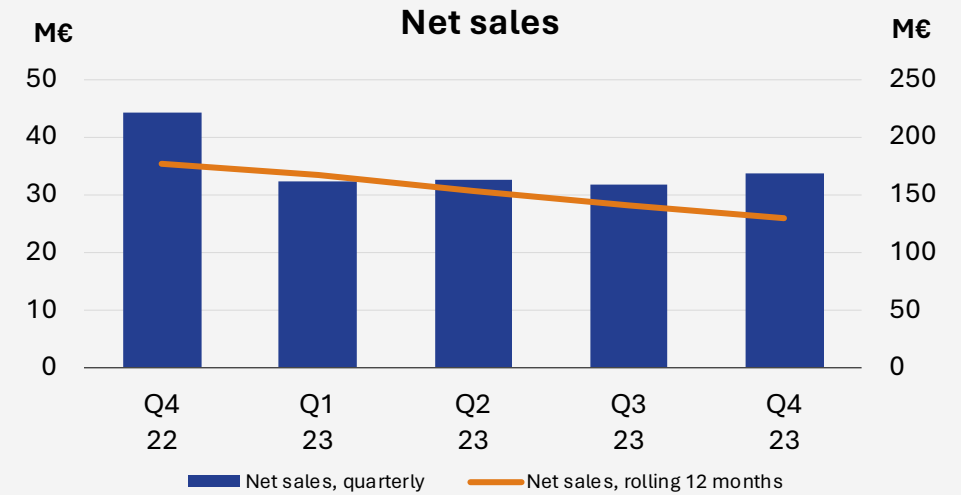
Net sales

- Net sales decreased in Q4
- EUR 33.8 million (44.3)
- Lower volumes of customer investments

Adjusted EBITA

- Negative result despite improvement in Q4 YoY
 - EUR -0.8 million (-2.2).
 - Margin was -2.3% (-5.0)
- Profitability improvement
 - Restructuring
 - Cost savings

EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	33.8	44.3	130.1	176.8
Net sales growth, %	-23.8%	-4.1%	-26.4%	10.2%
Adjusted EBITA	-0.8	-2.2	-2.5	2.1
Adjusted EBITA margin, %	-2.3%	-5.0	-1.9%	1.2%
Number of employees, average	807	935	860	938



Denmark

January-December 2023

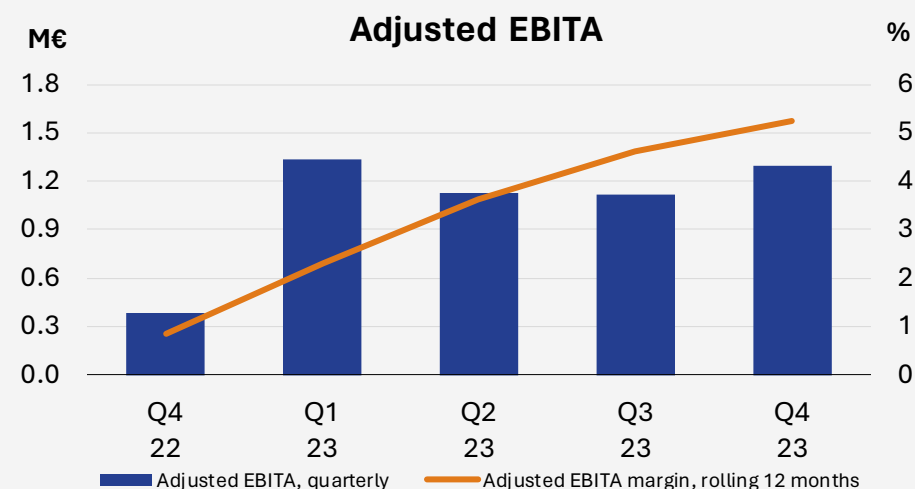
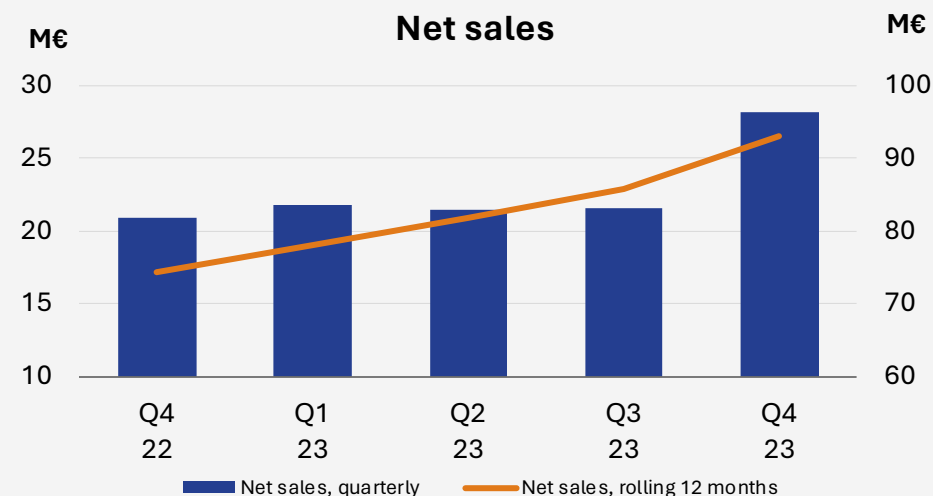
Net sales

- Significant growth
 - Q4: 34.9%
 - FY: 25.3%
- Growth drivers were the expanded Power business and Communication

Adjusted EBITA

- Major profitability improvement in Q4 and FY
 - Q4:**
 - EUR 1.3 million (0.4).
 - Margin was 4.6% (1.9).
 - FY:**
 - EUR 4.9 million (0.6)
 - Margin was 5.2% (0.9)
- The improvement came from increased volumes and successful power projects

EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	28.2	20.9	93.0	74.3
Net sales growth, %	34.9%	8.4%	25.3%	-15.5%
Adjusted EBITA	1.3	0.4	4.9	0.6
Adjusted EBITA margin, %	4.6%	1.9%	5.2%	0.9%
Number of employees, average	514	501	511	484



Other business

January-December 2023

Net sales

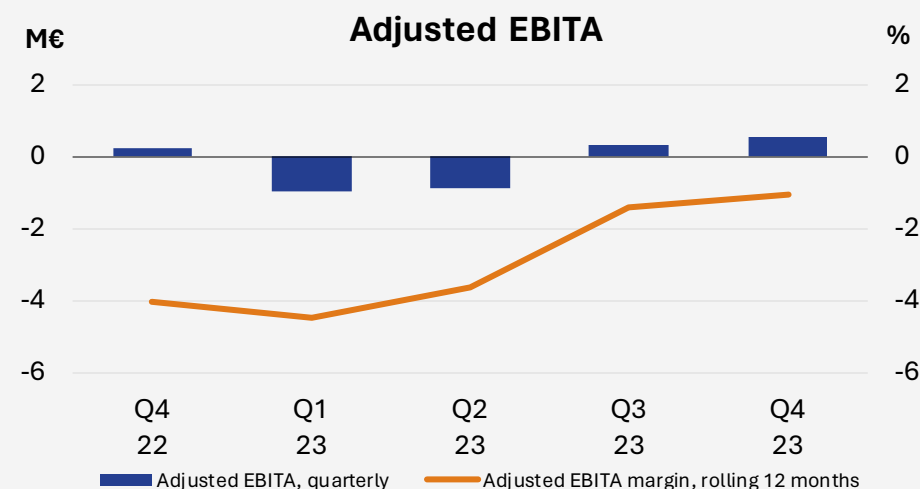
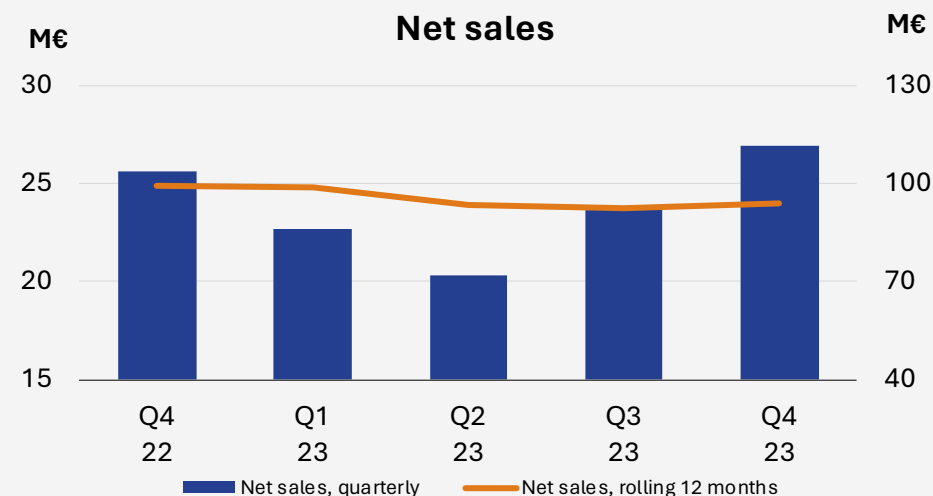
- Net sales increased in Q4
 - EUR 26.9 million (25.6)
- Positive impact from closing activities in Power Transmission International (PTI)

Adjusted EBITA

- Profitability improvement in Q4 and FY
 - Q4: EUR 0.5 million (0.2)
 - FY: EUR -1.0 million (-4.0)
- Closing activities in Power Transmission International (PTI) contributed positively to the result

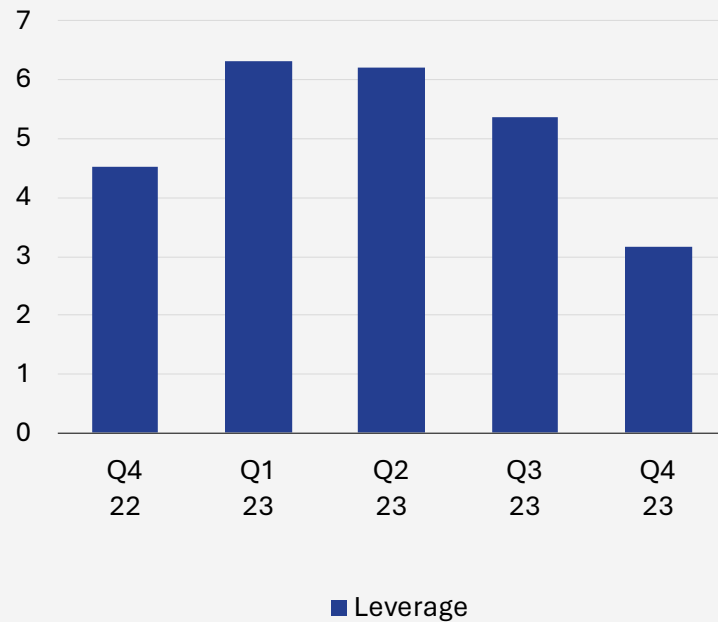
EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	26.9	25.6	93.7	99.4
Adjusted EBITA	0.5	0.2	-1.0	-4.0
Number of employees, average	968	1 058	955	1 071

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



Group balance sheet

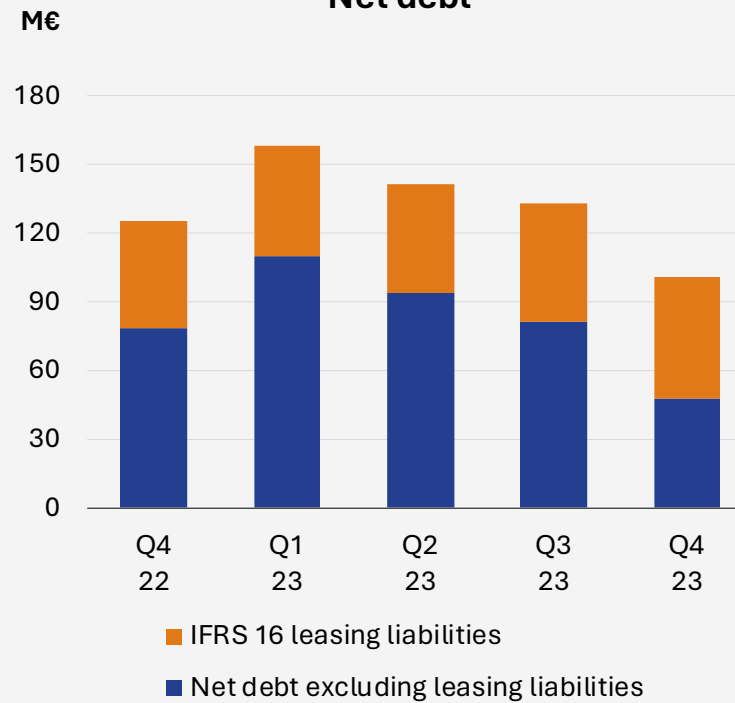
Leverage



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

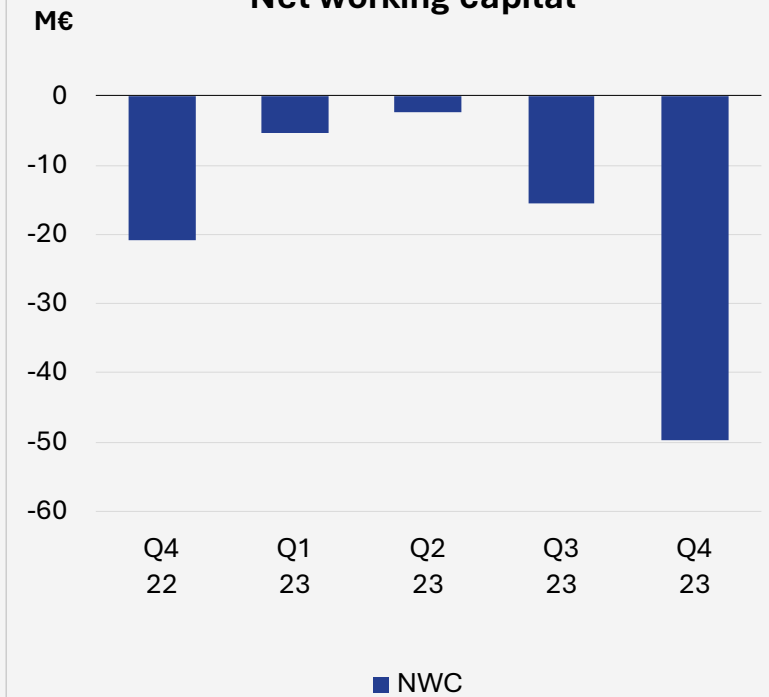
Net debt: Interest bearing debt less cash and cash equivalents.

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

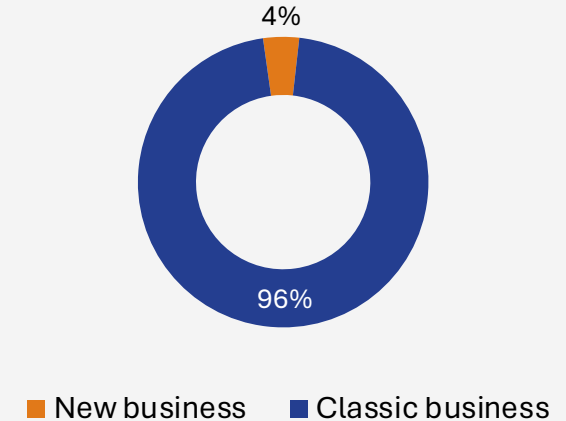
- Improve efficiency and profitability of the current business, including price increases
- Broaden the customer base
- Grow in new and adjacent markets, such as renewable energy and public infrastructure
- Integrate sustainability as part of our offerings and operations
- Develop our concepts and commercial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



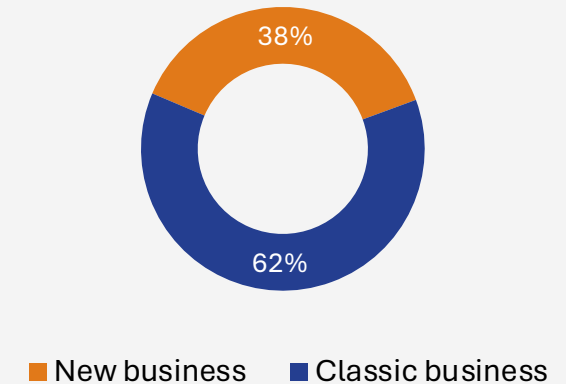
Strategy execution

- Electrification and digitalization drive new business within green transition
- Accelerate the development and implementation of our offering, primarily in:
 - Solar PV
 - E-Mobility
- Successfully built the pipeline in New business
- 150 new customers, both in Classic and New business
 - Signed contracts to a value of EUR 110 million out of total EUR 714 million

Signed contracts during 2023



Pipeline



New company values

Values are the guiding principles that shape Eltel's culture, behavior and decision making.



Create opportunities



Always professional



Care for life



Combine strengths

Questions

Next report

Q1 2024: 26 April 2024

