



Eltel AB

Q1 2024 presentation

26 April 2024

Today's presenters



Håkan Dahlström
President and CEO



Tarja Leikas
CFO



Elin Otter
Director, Communications
and Investor Relations

Highlights Q1 2024

- Net sales EUR 176.3 million (188.4), segments EUR 159.1 million (167.2)
 - Total orderbook increased to EUR 1.2 billion
 - New contracts signed EUR 112.5 million, of which 6% relates to New business
 - Problematic net sales development in Norway
- Adjusted EBITA improved to EUR -4.0 million (-5.5), margin was -2.3% (-2.9)
 - Y-o-Y EUR 1.5 million improvement
- Improved financial position – seasonally strong
 - Improved liquidity
 - Net working capital EUR -59.0 million (-5.4)
 - Cash flow from operating activities EUR -4.9 million (-23.7)
 - Return on capital employed EUR 9.7% (-7.9)
- Agreement to divest High Voltage Poland
- Progress in our strategy execution



Helen's solar park in Lohja, Finland.
Photo: Kimmo Koivu, March 2024.

Divestment High Voltage Poland

Creates value for Eltel and our shareholders

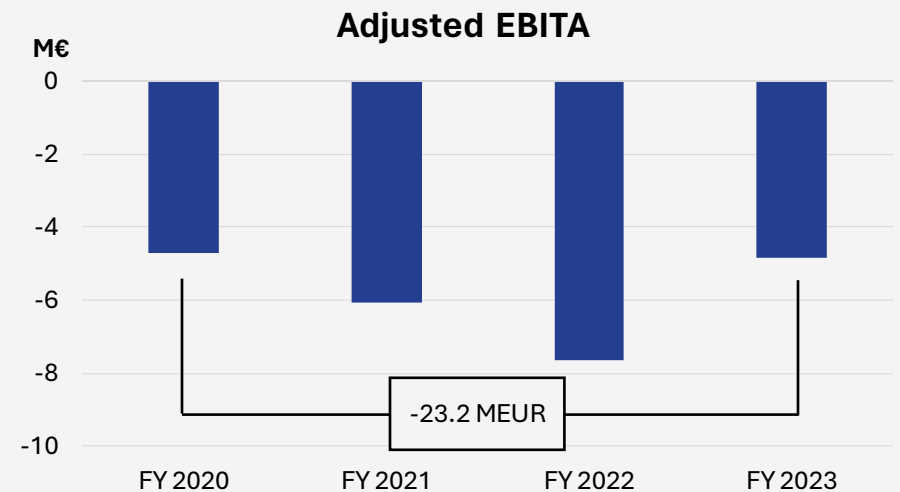
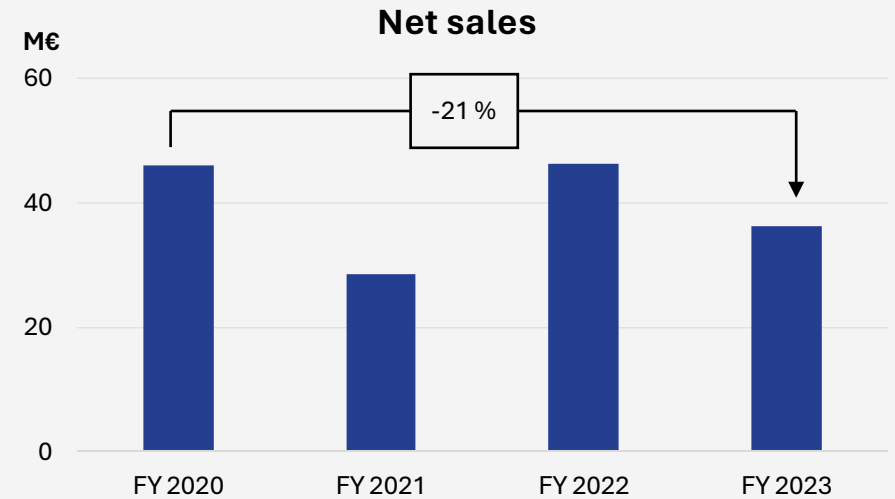
- Reduce risks
- Minimize complexity associated with large projects in the Polish market
- Enable stronger focus on our core markets
- Estimated financial impact:
 - Cash flow effect: EUR -3.75 million
 - Group EBIT effect EUR -23.2 million
 - Releasing financial guarantees: EUR 26 million
- Stronger growth, lower net working capital and higher EBITA margin going forward

High Voltage Poland in short

- Large portfolio of complex projects
- Revenue less than 5% of Eltel Group
- Net working capital intensive
- 410 employees

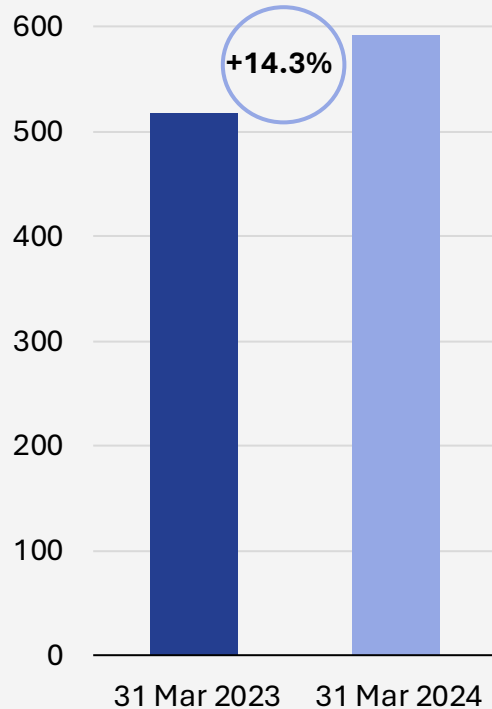
Measures taken since 2020

- Preparing for divestment
- Shift in scope of business
- Reduced net working capital
- Turned cash flow into positive

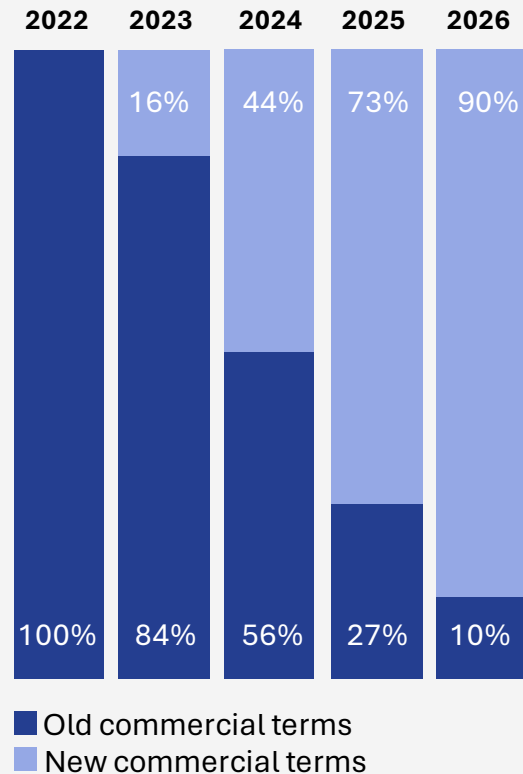


Strong demand for our services

Committed order backlog
EUR million / Growth %



New commercial terms, impact on portfolio



- Total order book is EUR 1.2 billion
- Accelerated shift of volumes from Communication to Power
- Continued focus on commercial development
- New commercial terms since Q3 2022
 - New pricing strategy
 - Cash flow optimization
 - Updated indexation

Total Group

Net Sales

- Net sales decreased by 6.4% to EUR 176.3 million
 - In local currency - 5.9%
- In segments net sales decreased by EUR 8.1 million
 - Growth in Sweden
 - Decrease in Norway, Finland, Denmark and Other business

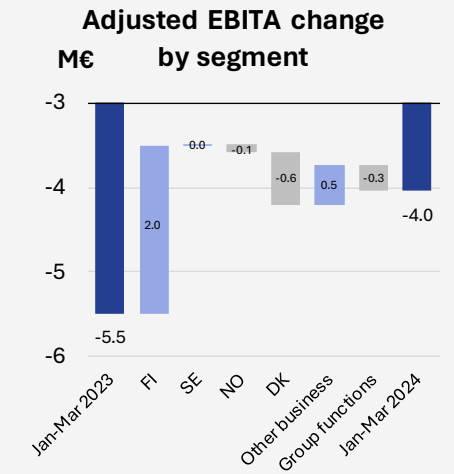
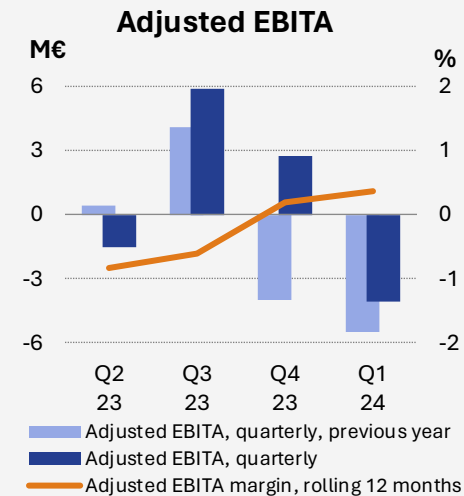
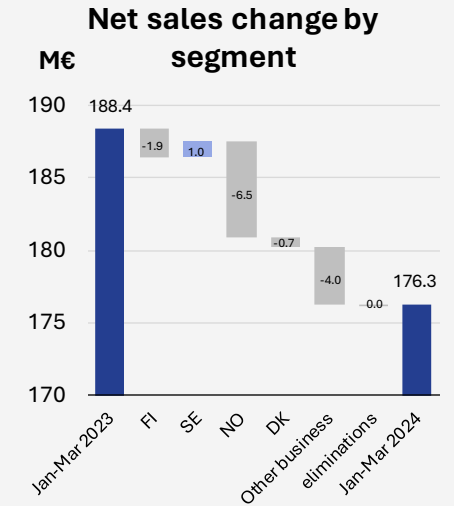
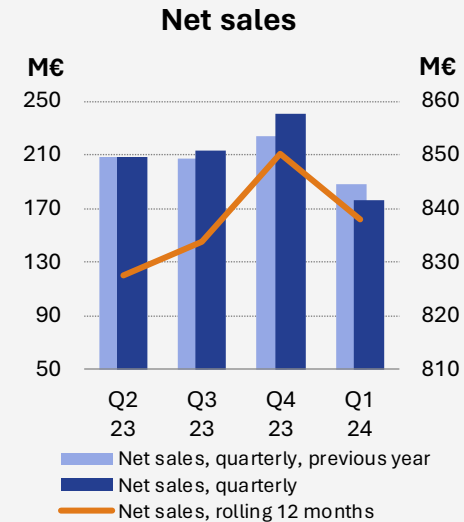
Adjusted EBITA

- Adjusted EBITA improved to EUR -4.0 million (-5.5)
- Profitability improvement in segments EUR 1.3 million
- Improvement in Finland and Other business
- Decline in Denmark and Norway

Preparation for the divestment of High Voltage Poland

- Items affecting comparability EUR -23,2 million
- Cash flow EUR -3.75 million

EUR million	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
Net sales	176.3	188.4	850.1
Net sales growth, %	-6.4%	2.4%	3.2%
Adjusted EBITA	-4.0	-5.5	1.7
Adjusted EBITA margin, %	-2.3%	-2.9%	0.2%
Return on operative capital employed, (ROCE) ¹ , %	9.7%	-7.9%	5.3%



1) Calculated on rolling 12-month basis.

Finland

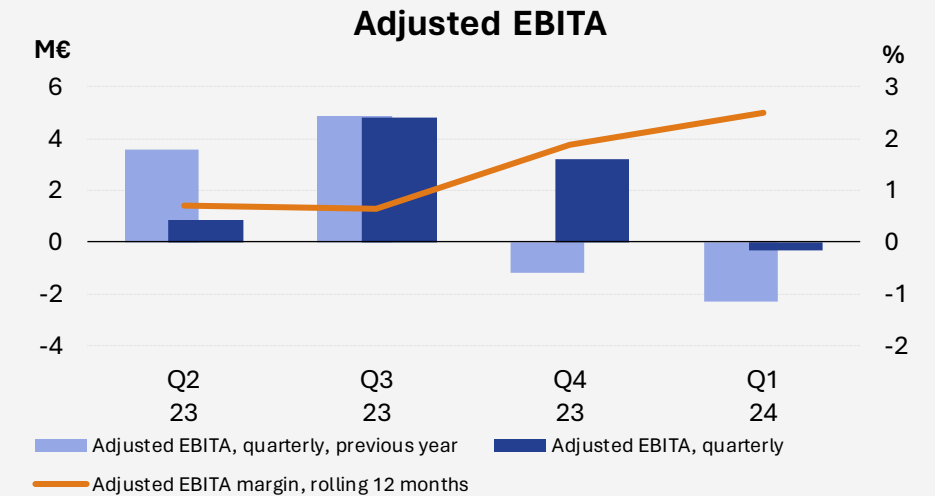
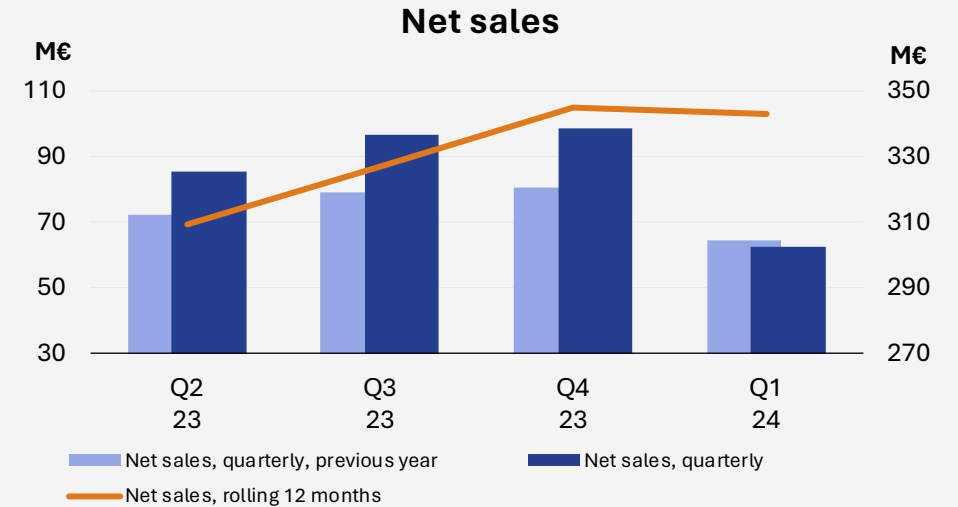
Net Sales

- Net sales decreased by EUR 1.9 million to EUR 62.4 million (64.3)
- Market demand strong in Communication, Power Transmission and Smart Grids
- The updated regulation impacted net sales in Power Distribution negatively
- Negative impact from the four weeks long strike
- One-year renewal of a frame agreement with DNA worth about EUR 12.5 million

Adjusted EBITA

- Major profitability improvement (EUR 2 million) to previous year despite a harsh winter
- EBITA margin remained negative -0.5% (-3.6)
- The two challenging frame agreements in Power Services have stabilized

EUR million	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
Net sales	62.4	64.3	344.5
Net sales growth, %	-3.0%	9.4%	18.7%
Adjusted EBITA	-0.3	-2.3	6.5
Adjusted EBITA margin, %	-0.5%	-3.6%	1.9%
Number of employees, average	1,492	1,503	1,503



Sweden

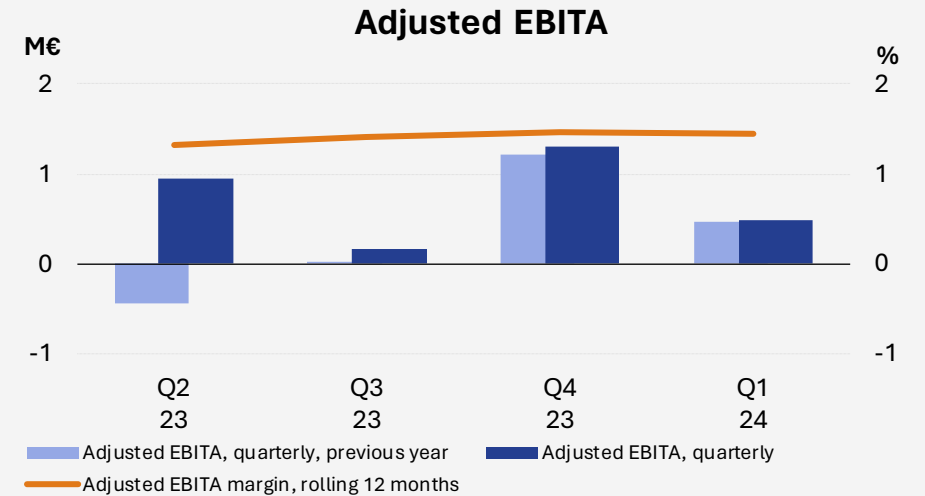
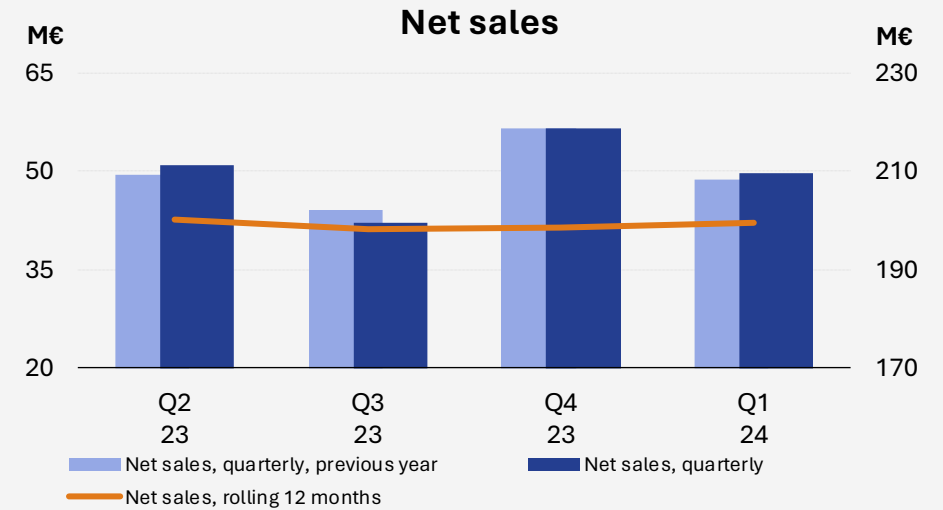
Net Sales

- Net sales increased by 2.1% to EUR 49.8 million (48.8)
 - Growth in local currency was 2.7%
 - Growth mainly from Smart Grids
 - Volume decrease in Communication

Adjusted EBITA

- Profitability in line with previous year
 - Adjusted EBITA amounted to EUR 0.5 million (0.5), margin was 1.0% (1.0)
- Strong margins in Smart Grids
- Volume shift from projects to services in Communication

EUR million	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
Net sales	49.8	48.8	198.5
Net sales growth, %	2.1%	11.3%	2.4%
Adjusted EBITA	0.5	0.5	2.9
Adjusted EBITA margin, %	1.0%	1.0%	1.5%
Number of employees, average	951	992	988



Norway

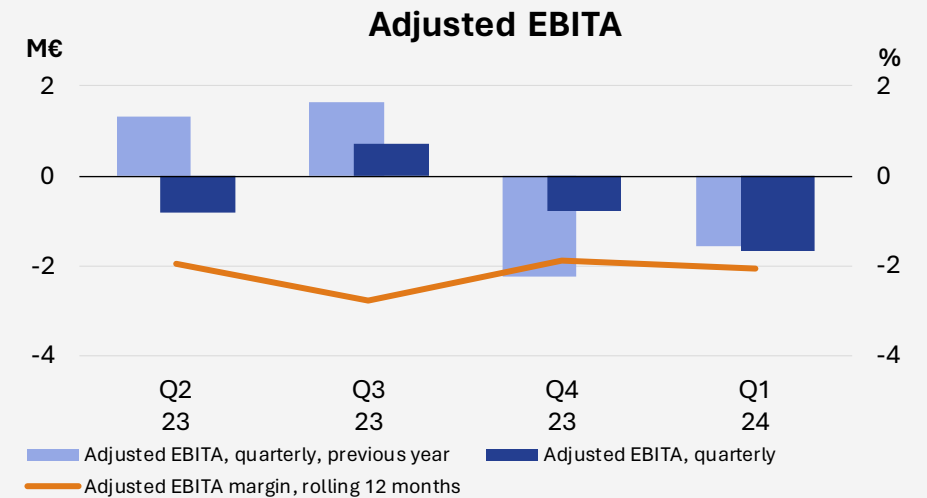
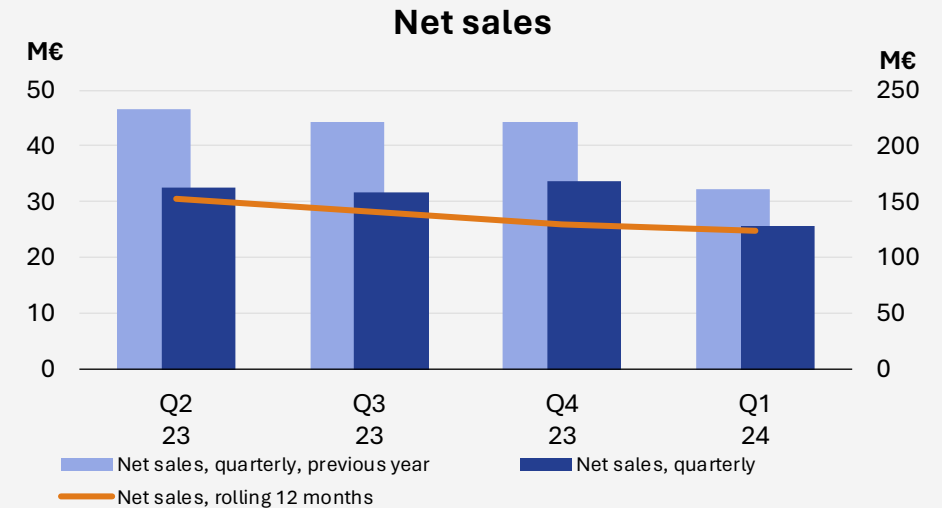
Net Sales

- Net sales decreased by 20.3% to EUR 25.7 million (32.2)
 - in local currency -16.6%
- Reduced customer investments
- Postponements of 5G volumes
- Harsh winter conditions impacted volumes further

Adjusted EBITA

- Profitability decline
 - Adjusted EBITA decreased by EUR 0.1 million to EUR -1.7 million (-1.6), margin was -6.5% (-4.9)
- Low utilization rates
 - lower volumes led to overcapacity
- Continued adjustment to the lower market demand in Communications

EUR million	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
Net sales	25.7	32.2	130.1
Net sales growth, %	-20.3%	-22.5%	-26.4%
Adjusted EBITA	-1.7	-1.6	-2.5
Adjusted EBITA margin, %	-6.5%	-4.9%	-1.9%
Number of employees, average	798	916	860



Denmark

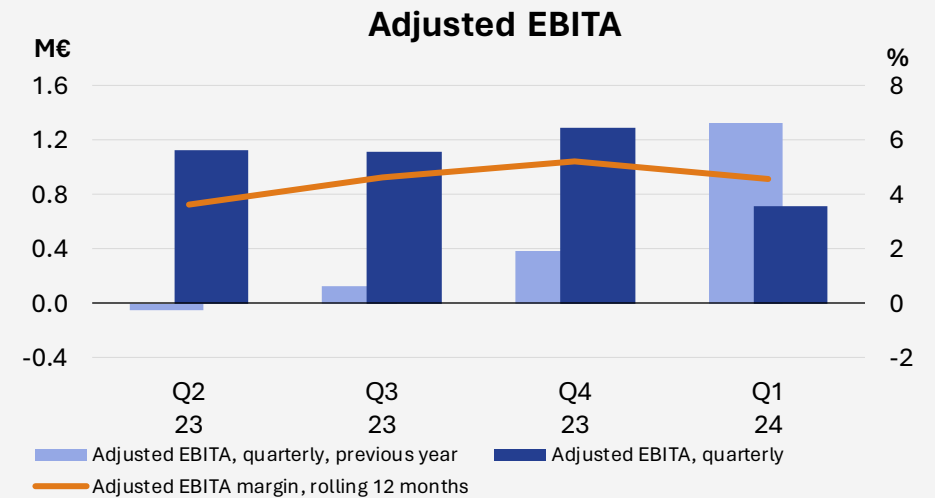
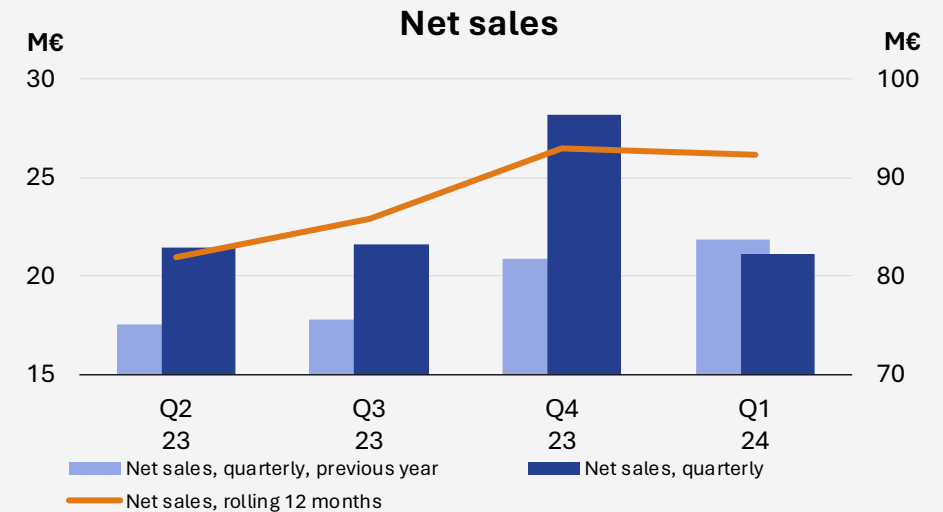
Net Sales

- Net sales decreased as expected due to ending of contracts, -3.2%, to EUR 21.1million (21.8)
- Two-year renewal of TDC Net contract valued at EUR 23 million

Adjusted EBITA

- Profitability decreased to EUR 0.7 million (1.3), margin decreased to 3.4% (6.1)
- Phasing of projects and contract endings impact negatively in short term
- Higher sick leave rates

EUR million	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
Net sales	21.1	21.8	93.0
Net sales growth, %	-3.2%	20.5%	25.3%
Adjusted EBITA	0.7	1.3	4.9
Adjusted EBITA margin, %	3.4%	6.1%	5.2%
Number of employees, average	513	500	511



Other business

Net Sales

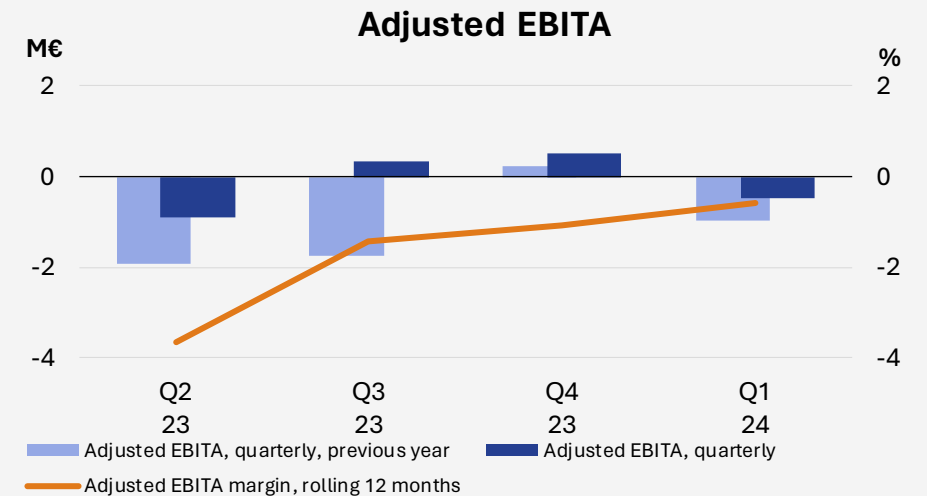
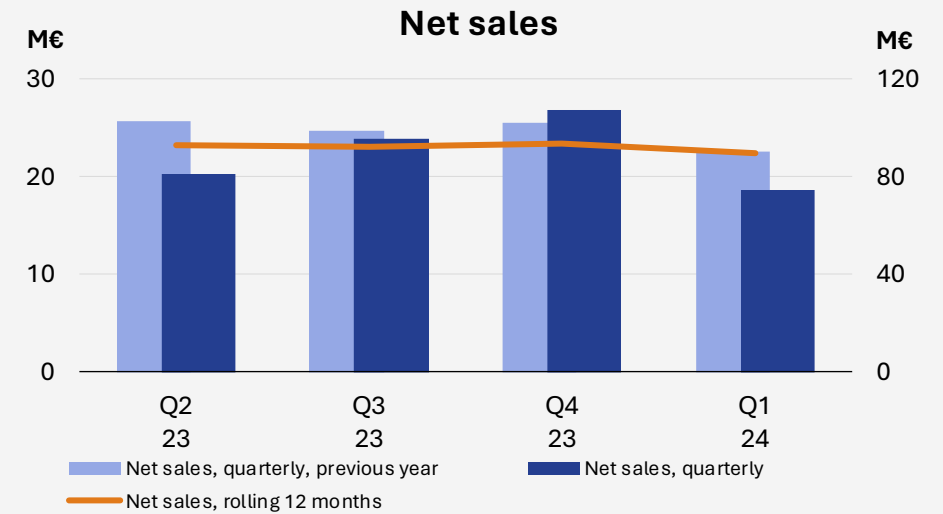
- Net sales decreased by EUR 4.0 million to EUR 18.7 million (22.7)
 - Reduced volumes in Lithuania, High Voltage Poland and Smart Grids Germany
- Net sales in High Voltage Poland was EUR 7.3 million

Adjusted EBITA

- Adjusted EBITA improved by EUR 0.5 million to EUR -0.5 million (-1.0)
- Successful project closings in High Voltage Poland
- Smart Grids Germany margins declined but still remain at a healthy level

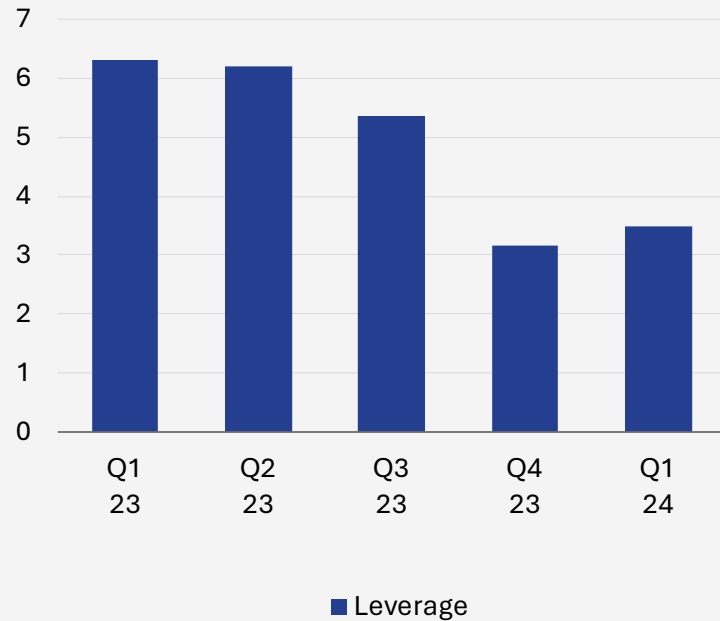
EUR million	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
Net sales	18.7	22.7	93.7
Adjusted EBITA	-0.5	-1.0	-1.0
Number of employees, average	946	1,039	995

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



Group balance sheet

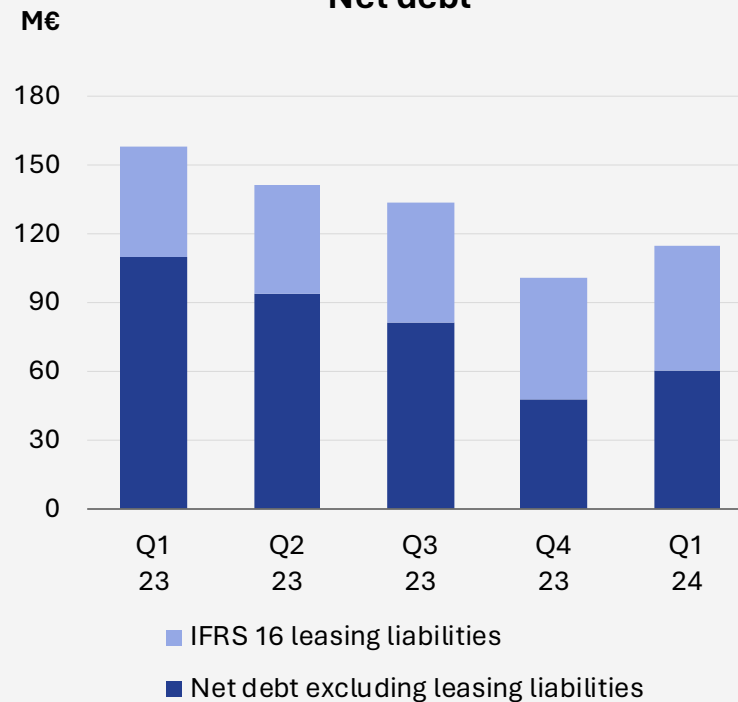
Leverage



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

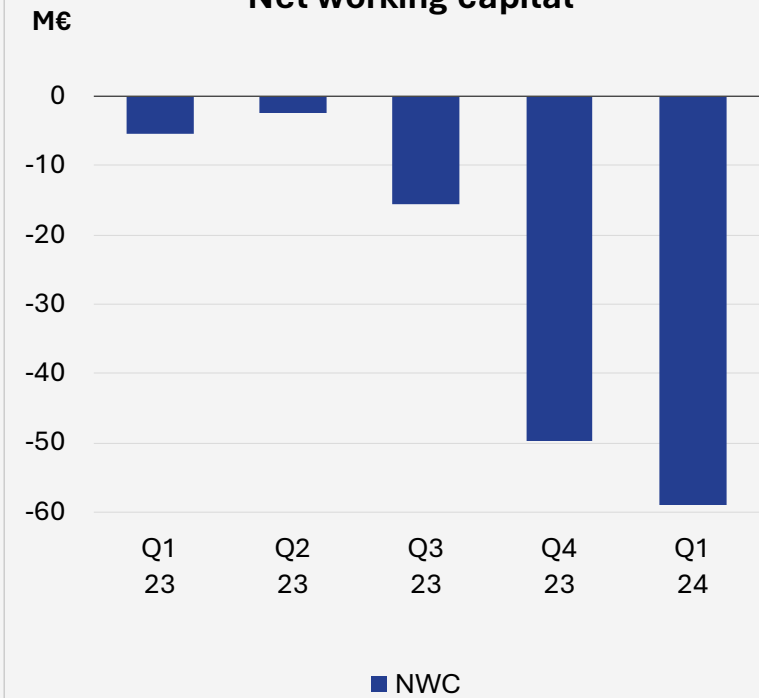
Net debt: Interest bearing debt less cash and cash equivalents.

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

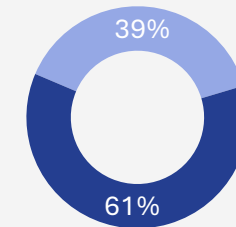
- Improve efficiency and profitability of the current business, including price increases
- Broaden the customer base
- Grow in new and adjacent markets, such as renewable energy and public infrastructure
- Integrate sustainability as part of our offerings and operations
- Develop our concepts and commercial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



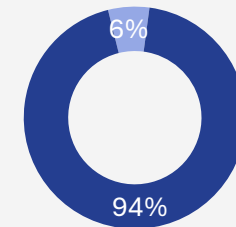
Strategy execution

- Improved profitability and financial position
 - Signed an agreement to divest High Voltage Poland
- 40 new customers, both in Classic and New business
 - Signed contracts to a value of EUR 9.4 million out of total EUR 112.5 million, or 8.4%
- Signed contracts to a value of EUR 6.7 million in New business offerings
- Accelerating the development and implementation of our offering in New business
 - Organizational ramp up carried out
 - Several new contracts won, primarily in:
 - Solar PV (1st contracts in Sweden and Norway, ongoing negotiations in Finland)
 - E-Mobility (Several contracts won in Finland, much ongoing)
 - Battery Energy Storage System (1st contract in Denmark, ongoing negotiations in Finland)

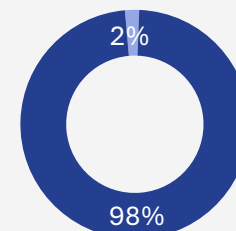
Pipeline



Signed contracts during Q1 2024



Revenue



■ New business ■ Classic business

Questions

Next report

Half-year 2024: 25 July 2024