





Eltel AB Q2 2024 presentation

25 July 2024



Today's presenters



Håkan Dahlström
President and CEO



Tarja Leikas
CFO



Alexandra Kärnlund
Communications Director

Highlights Q2 2024

Healthy growth: Group net sales grew by 3.8% and segments by 5.3%

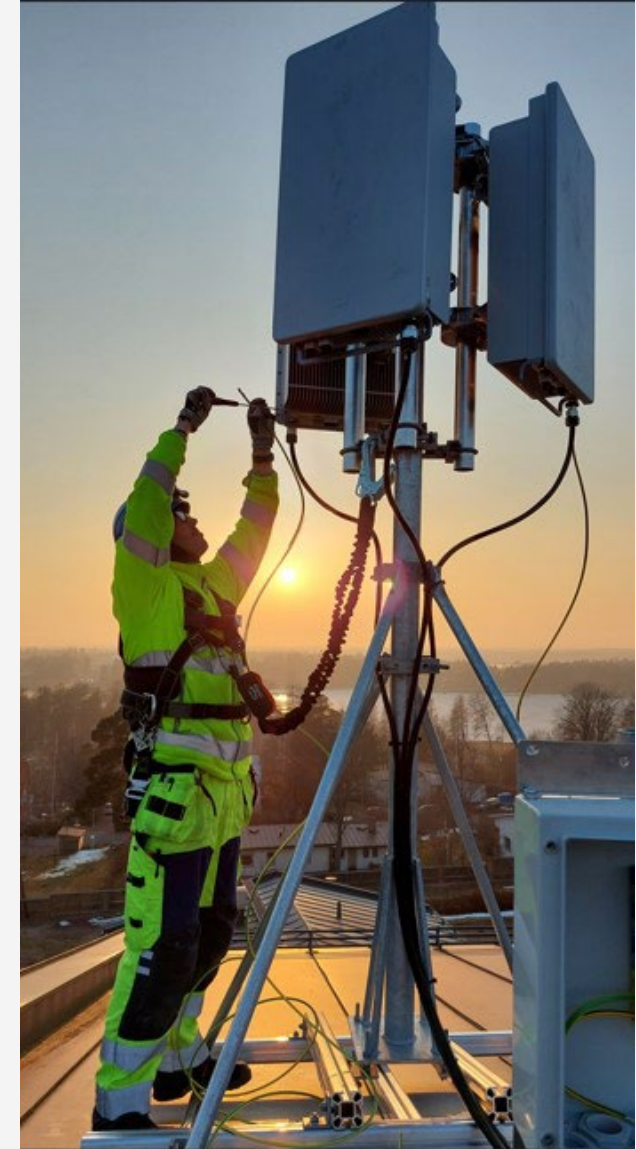
- Net sales were EUR 216.0 million (208.1), segments EUR 200.4 million (189.9)
- New contracts signed EUR 317 million (164)
- Total orderbook increased to EUR 1.3 billion (1.2)
- Improved net result Y-o-Y, but decline in Norway
- Rapid volume shift from Communication to Power, especially in Sweden and Denmark

Improved profit and financial position

- Adjusted EBITA Q2 improved by EUR 2.0 million to EUR 0.5 million (-1.5)
- Cash flow improved in all segments
- Improved liquidity
- Net working capital EUR -54.3 million (-2.4)
- Cash flow from operating activities EUR -2.2 million (-2.2)
- Return on capital employed EUR 14.3% (-11.7)

Progress in our strategy execution

- Gross profit YTD 40% improvement
- Strong pipeline
- Contracts in New business signed, TCV EUR 14.6 million (4.1)
- Divestment of High Voltage Poland finalized



Volume shift from Communication to Power

Accelerated shift of volumes from Communication to Power in Sweden and Denmark

Increasing customer investments into the green energy transition paves way

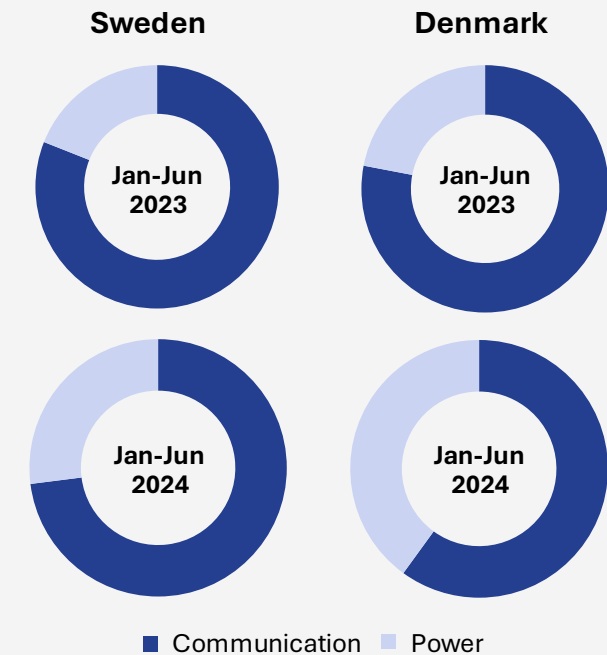
- High energy prices
- Increased demand of renewable energy
- EU solar strategy*
 - High national targets on renewable energy in the Nordics

Communication still growing in Finland - the exception - due to ongoing fiber roll out

*Buildings larger than 250 m² must have solar panels from 2027

(EU Solar Strategy: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2022%3A221%3AFIN&qid=1653034500503>)

Shift from Communication to Power



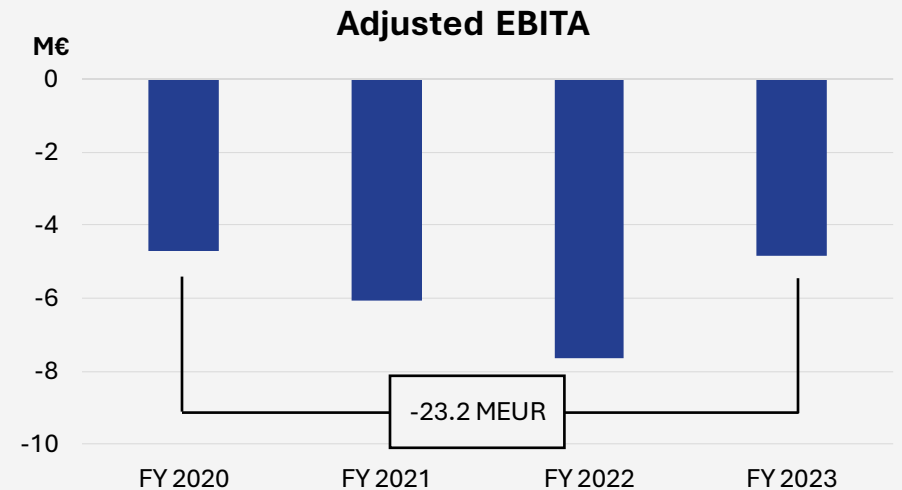
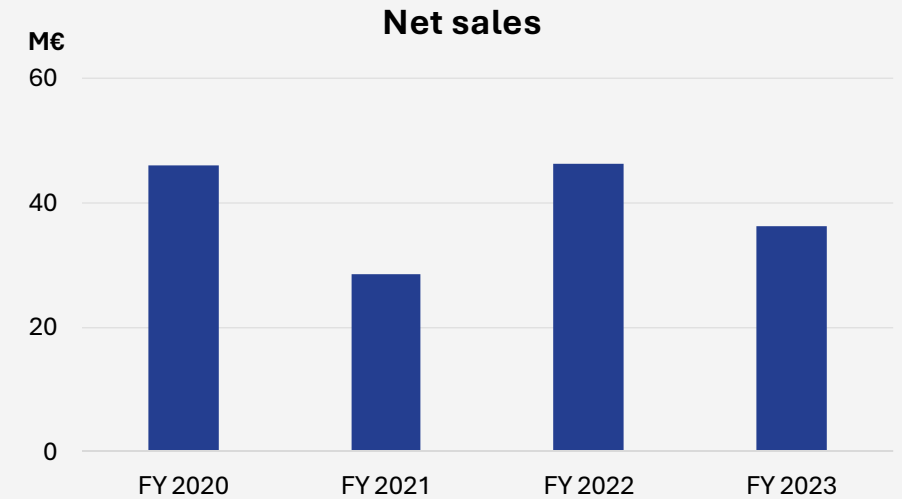
Divestment High Voltage Poland

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
- Financial impact in Q2 2024:
 - Cash flow effect: EUR -4.0 million
 - Group EBIT effect EUR -23.1 million
 - Releasing financial guarantees: EUR 27 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



Total Group

Net sales

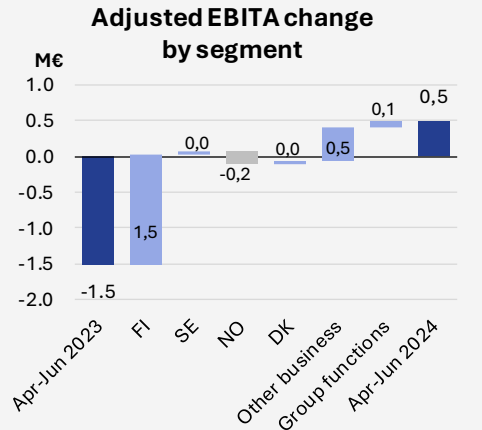
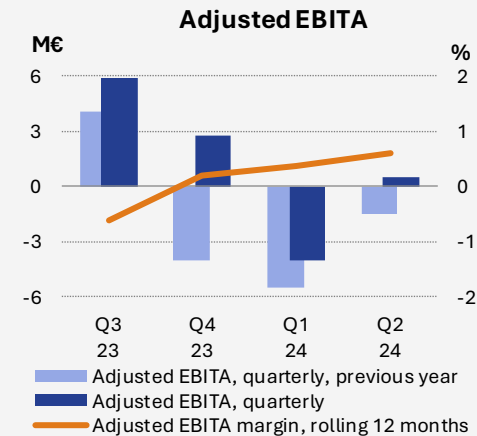
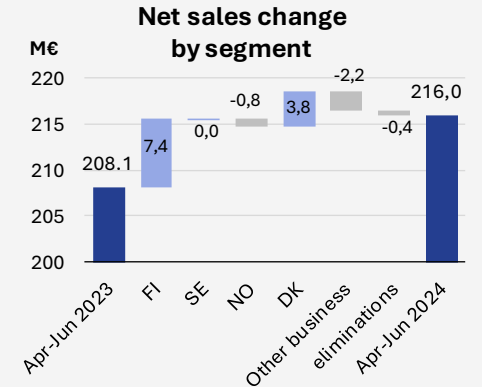
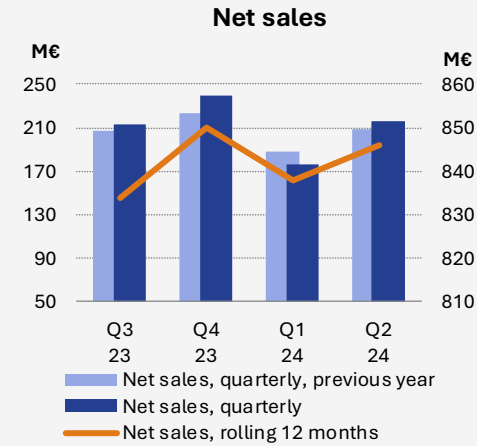
- Growth picking up after slow first quarter
- Group net sales increased 3.8% (-0.2%)
- Segment net sales increased by 5.3% (in loc.)
- Denmark, Finland and Sweden growth contributors
- Growth pace highest in Denmark (17.9%)

Adjusted EBITA

- Profitability improvement EUR 2.0 million
- Finland and Other business contributing
- Low Communication volumes burden Norway's result

EUR million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Net sales	216.0	208.1	392.3	396.5	850.1
Net sales growth, %	3.8%	-0.2%	-1.1%	1.0%	3.2%
Adjusted EBITA	0.5	-1.5	-3.5	-7.0	1.7
Adjusted EBITA margin, %	0.2%	-0.7%	-0.9%	-1.8%	0.2%
Return on operative capital employed, (ROCE) ¹ , %	14.3%	-11.7%	14.3%	-11.7%	5.3%

1) Calculated on rolling 12-month basis.



Finland

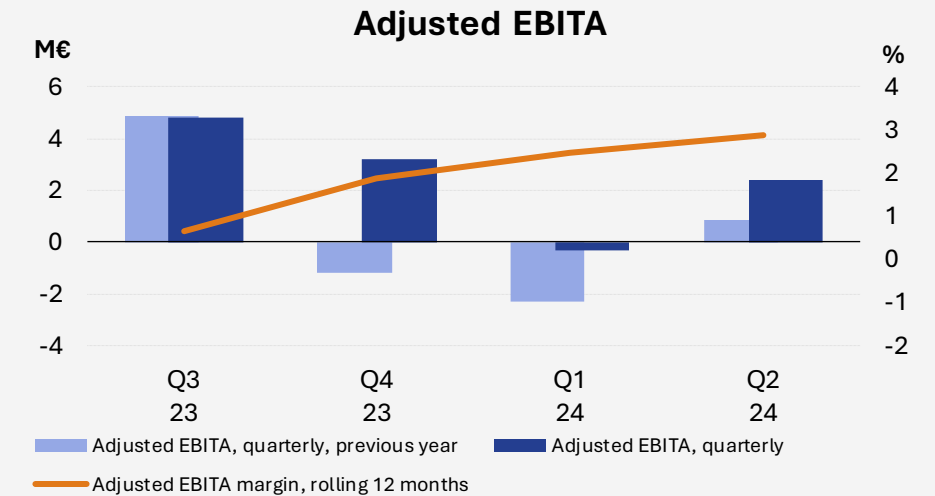
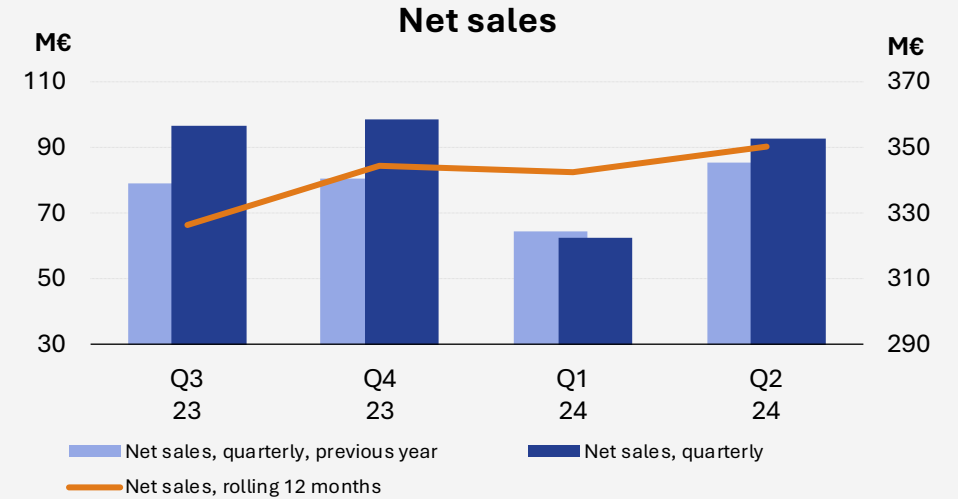
Net sales

- Good net sales growth in Q2: 8.7%
- Communications market demand strong, especially FTTH
- Growth in Power

Adjusted EBITA

- Major EBITA improvement (EUR 1.5 million)
- Both Power and Communication improving profitability
- Smart Grids contributing positively

EUR million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Net sales	92.6	85.2	155.0	149.6	344.5
Net sales growth, %	8.7%	18.5%	3.6%	14.4%	18.7%
Adjusted EBITA	2.4	0.8	2.1	-1.5	6.5
Adjusted EBITA margin, %	2.6%	1.0%	1.3%	-1.0%	1.9%
Number of employees, average	1,510	1,486	1,501	1,495	1,503



Sweden

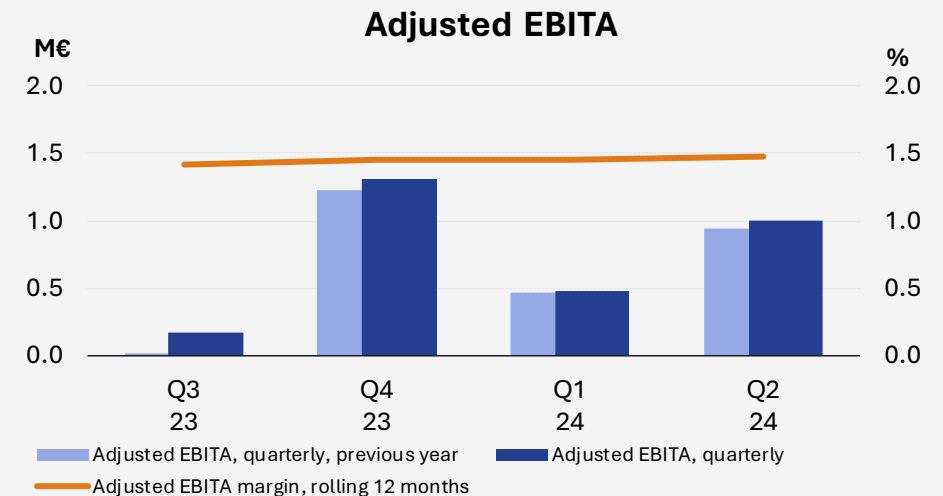
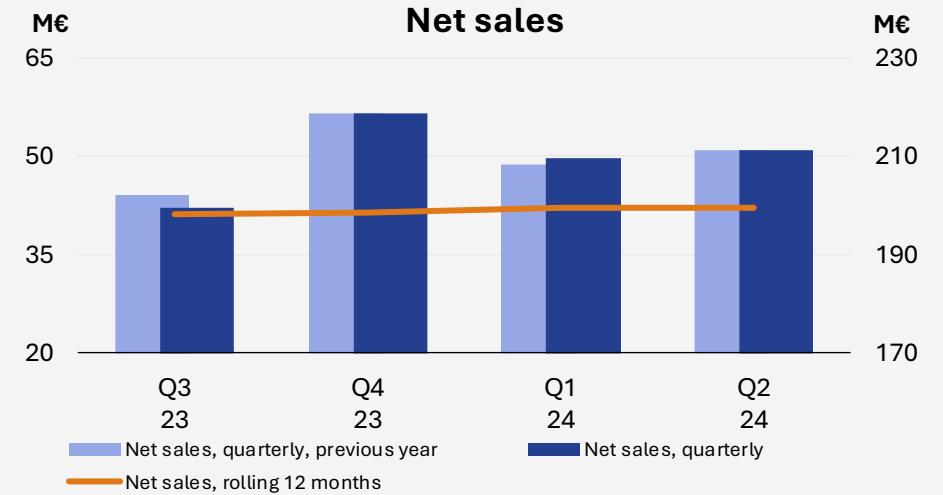
Net sales

- Net sales growth in local currency 0.4%
- Major volume shift from Communication to Power

Adjusted EBITA

- Continuous improvement, 8th positive adjusted EBITA quarter
- Volume shift from Communication to Power

EUR million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Net sales	50.9	50.8	100.7	99.7	198.5
Net sales growth, %	0.1%	2.9%	1.1%	6.8%	2.4%
Adjusted EBITA	1.0	0.9	1.5	1.4	2.9
Adjusted EBITA margin, %	2.0%	1.9%	1.5%	1.4%	1.5%
Number of employees, average	955	1,012	953	1,002	988



Norway

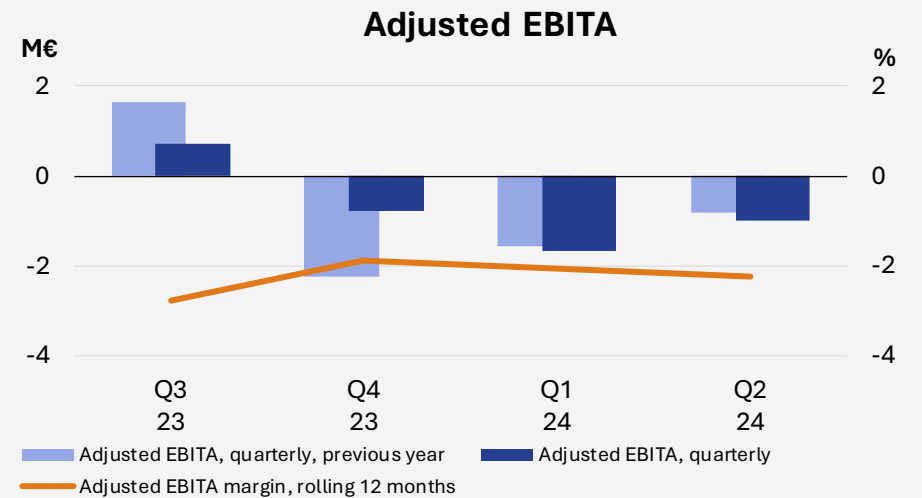
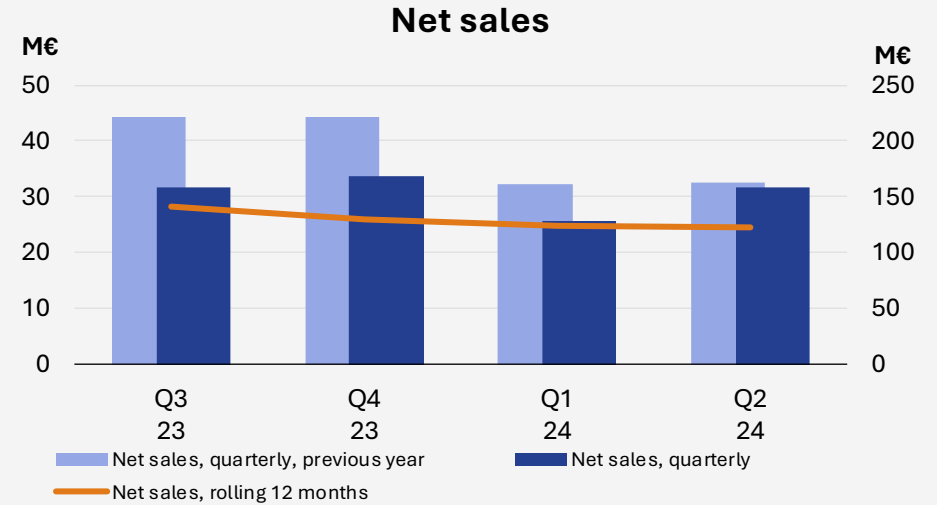
Net sales

- Net sales decline slowed down from the first quarter, now - 2.5%
- Communication customer investments remained low

Adjusted EBITA

- Q2 profitability decline EUR 0.2 million compared to previous year
- Mitigating actions prevent further profitability decline

EUR million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Net sales	31.6	32.4	57.3	64.7	130.1
Net sales growth, %	-2.5%	-30.5%	-11.3%	-26.7%	-26.4%
Adjusted EBITA	-1.0	-0.8	-2.7	-2.4	-2.5
Adjusted EBITA margin, %	-3.1%	-2.5%	-4.7%	-3.7%	-1.9%
Number of employees, average	798	871	790	894	860



Denmark

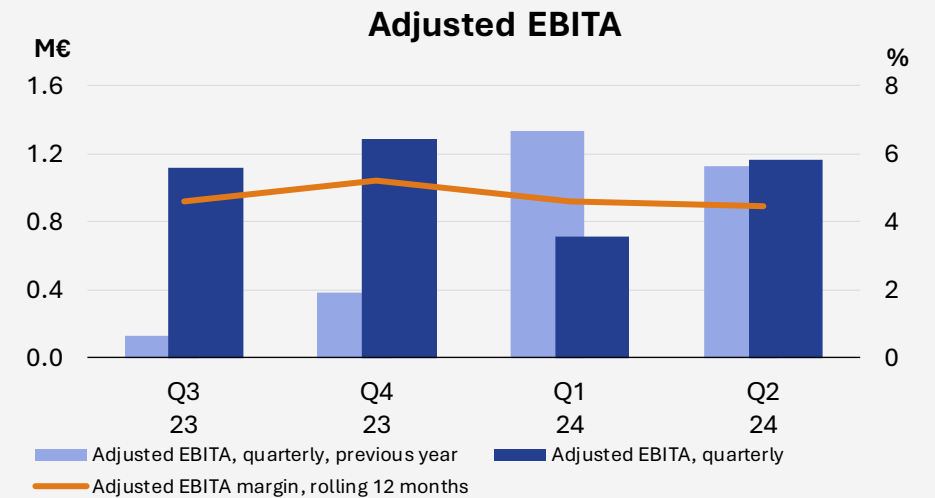
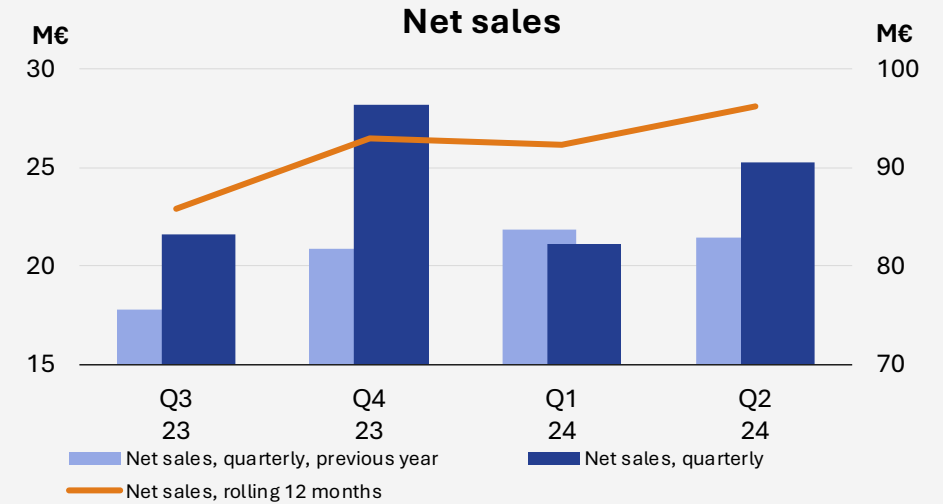
Net sales

- Q2 net sales growth very fast-paced, 17.9%,
- Major shift from Communication to Power ongoing
- New business, Solar PV and energy storage business contribute the growth

Adjusted EBITA

- The slight decline in profitability margin due less favorable business mix

EUR million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Net sales	25.3	21.4	46.4	43.3	93.0
Net sales growth, %	17.9%	22.3%	7.3%	21.4%	25.3%
Adjusted EBITA	1.2	1.1	1.9	2.5	4.9
Adjusted EBITA margin, %	4.6%	5.3%	4.1%	5.7%	5.2%
Number of employees, average	498	512	505	506	511



Other business

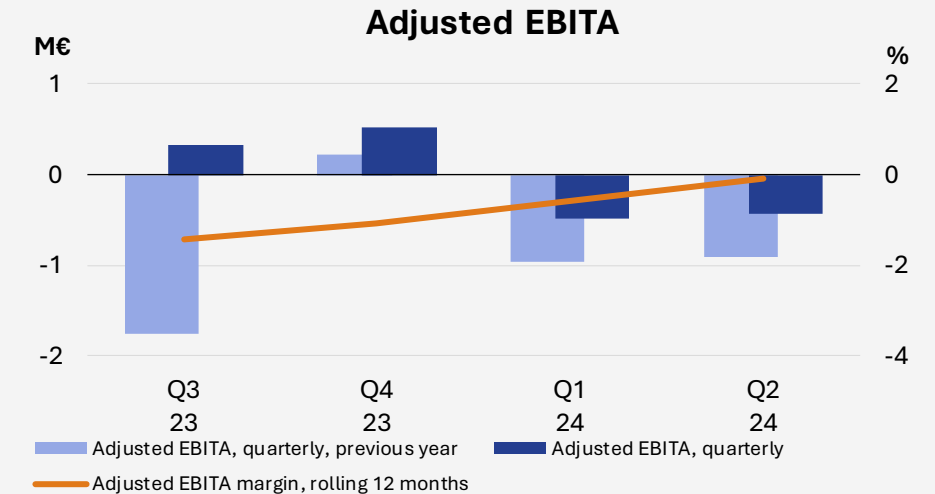
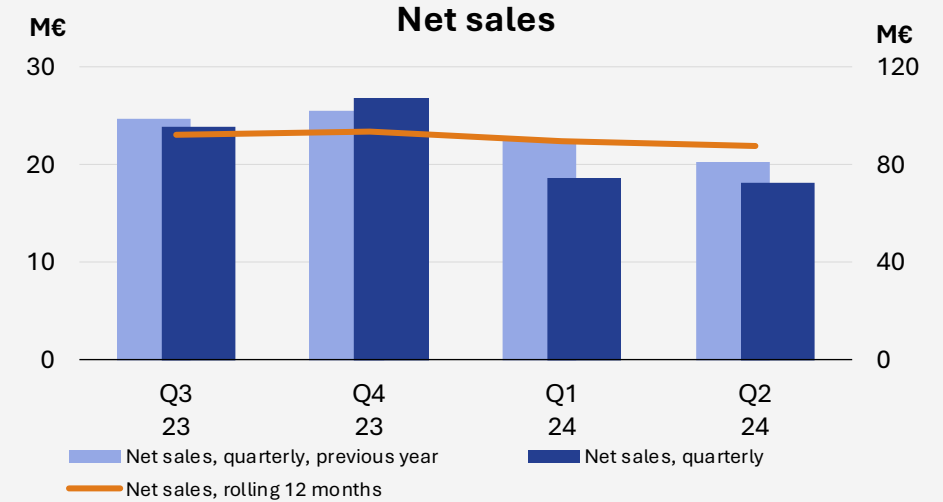
Net sales

- Net sales decreased by EUR 2.2 million
- HV Poland divestment completed in June

Adjusted EBITA

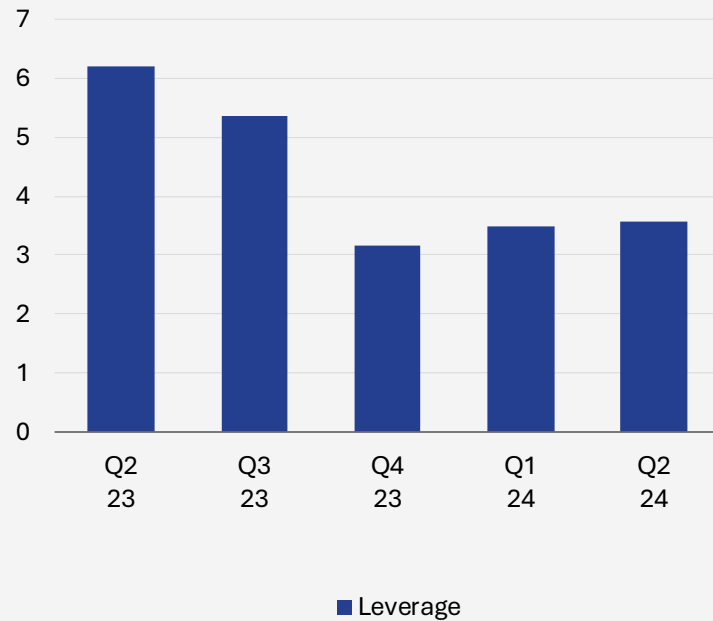
- Adjusted EBITA improved by EUR 0.5 million to EUR -0.4 million (-0.9).
- The heavy flooding in South Germany has negative impact on profitability

EUR million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Net sales	18.1	20.3	36.8	43.0	93.7
Adjusted EBITA	-0.4	-0.9	-0.9	-1.9	-1.0
Number of employees, average	790	997	868	1,018	955



Group balance sheet

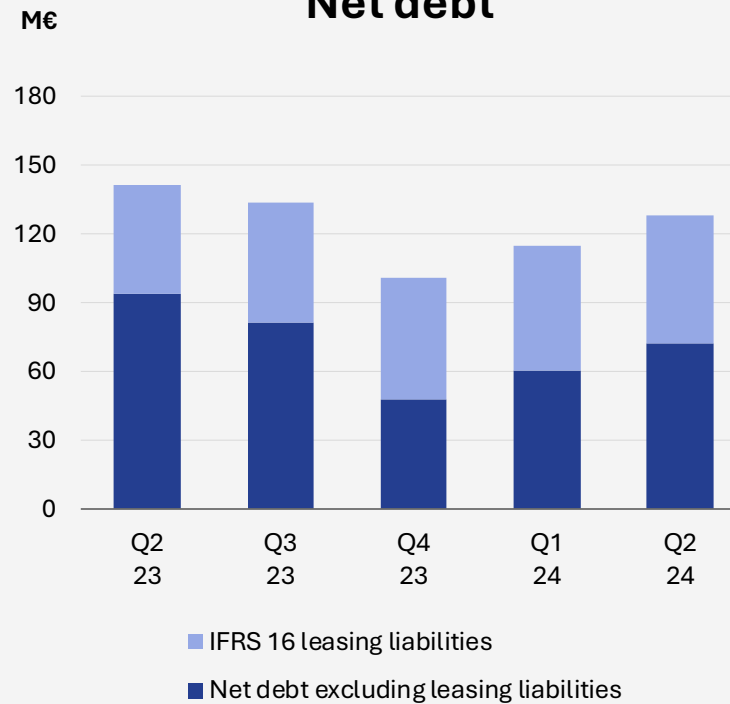
Leverage



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

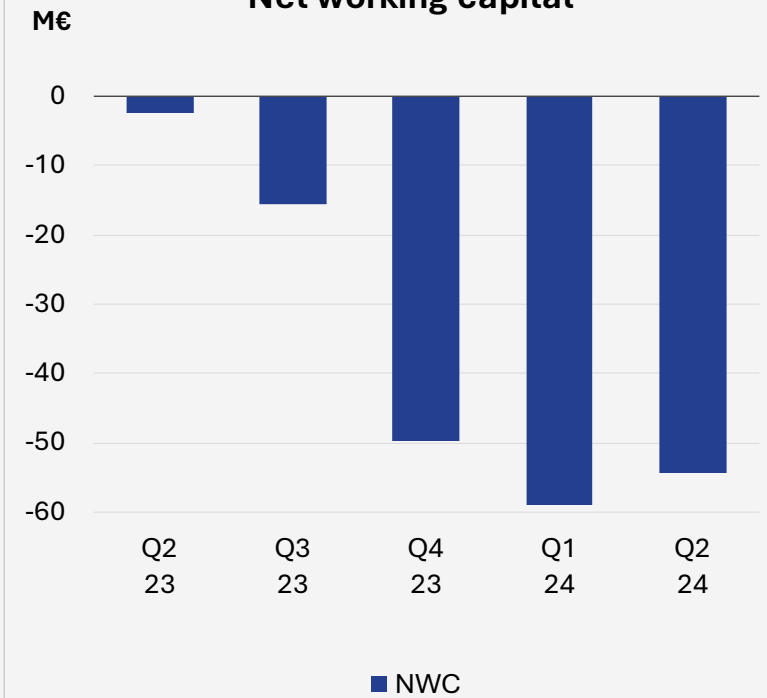
Net debt: Interest bearing debt less cash and cash equivalents.

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



Progress in strategy execution

Improved profitability and financial position

- Gross profit YTD 40% improvement
- Adjusted EBITA improved in all segments but Norway
- LTM Cash flow improved in all segments

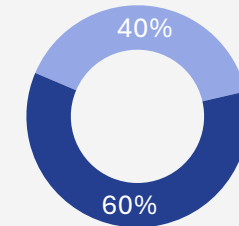
Broadened customer base

- Total orderbook is EUR 1.3 billion (1.2)
- Signed contracts to a value of EUR 317 million (164)

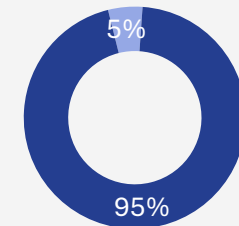
Growth in new and adjacent markets

- Signed contracts to a value of EUR 14.6 million (4.1) in New Business offerings
- Several new contracts won in Solar PV (revenue in all Nordic countries), e-Mobility, Mobile Indoor and Battery Energy Storage System (1st contracts in Denmark and Finland)
- Q2 net sales in New Business was EUR 8.5 million

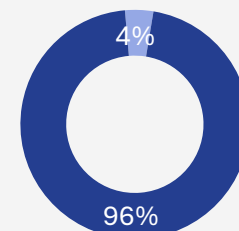
Pipeline



Signed contracts during Q2 2024



Revenue



■ New business ■ Classic business

Progress in strategy execution

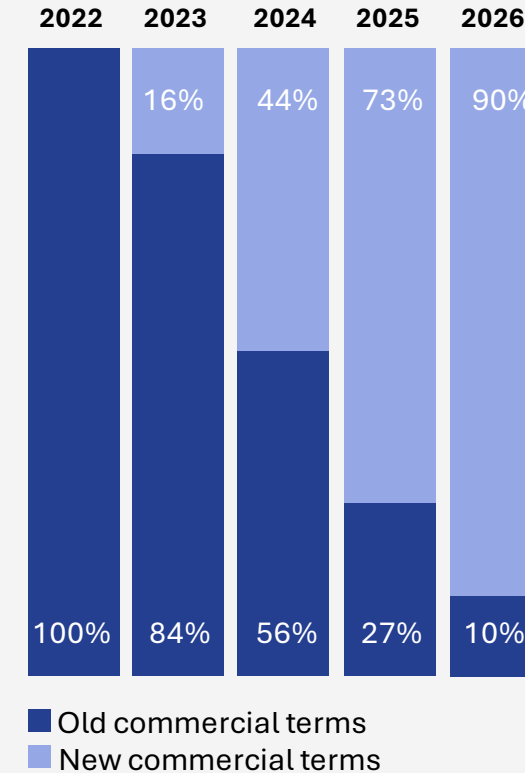
Integrated sustainability as part of our offerings and operations

- Increased collaboration with customers
- Own electrical vehicles increased to 11% of total fleet (compared to 2% in 2022)

Continued focus on commercial development

- New commercial terms since late 2022, have contributed to protection against inflation and a positive development of gross profit, cashflow and net working capital
- Strong pipeline, TCV and order book, enabled by cross border business development and ramp up of organizational capabilities

New commercial terms, impact on portfolio



Questions

Next report

Q3 2024: 31 October 2024

