



# Eltel AB Q3 2024 presentation

31 October 2024



# Today's presenters



Håkan Dahlström  
President and CEO



Tarja Leikas  
CFO

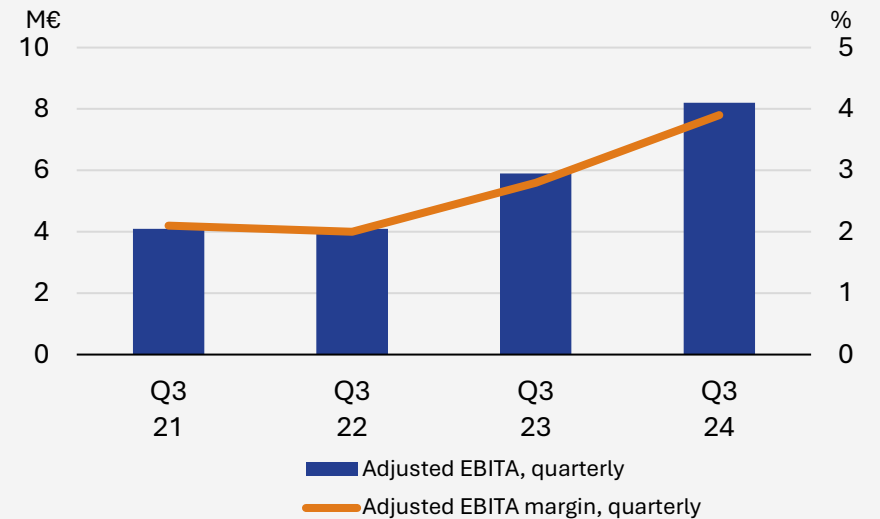
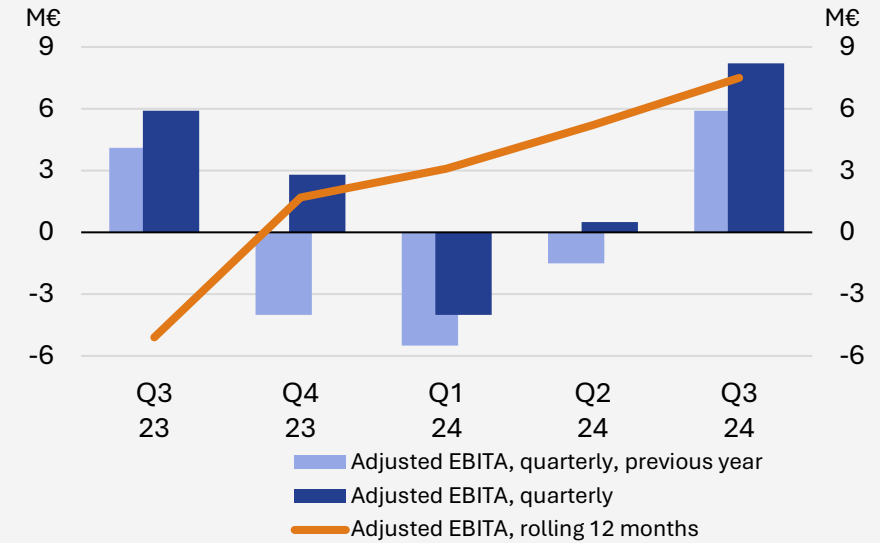


Alexandra Kärnlund  
Communications Director

# Financial highlights Q3 2024

## Solid growth and best quartal adjusted EBITA driven by Finland and Sweden

- Net sales EUR 210.3 million (213.4)
- Organic growth, and organic growth in segments, was 4.0%
- Improved gross profit to EUR 24 million (22.3)
- Best quartal adjusted EBITA ever with current scope, EUR 8.2 million (5.9) and adjusted EBITA margin improved to 3.9% (2.8)
- Five consecutive quarters with YoY adjusted EBITA improvement
- Adjusted EBITA in segments improved to EUR 9.8 million (6.8) and adjusted EBITA margin in segments was 4.9% (3.5)
- New contracts signed EUR 135.7 million (170.8)
- Total orderbook decreased to EUR 1.1 billion (1.2)
- LTM Cash flow improved in all segments





# Other highlights Q3 2024

- Eltel Finland and Helen Electricity Network Ltd signed a five-year agreement with an estimated value of EUR 50 million
- Eltel Sweden and the Swedish Armed Forces signed a third framework agreement, with an estimated value of EUR 35 millions for the contract period (2+5 yrs)
- Strong interest in BESS, several turnkey project contracts signed
- 11% of TCV came from new and adjacent Business. All Nordic CUs have an increased customer demand in Solar PV, BESS and e-Mobility
- Delayed customer decision making reflects the macroeconomic uncertainty and recession at large
- Continuous development of the organization to enable strategy execution with regards to the market dynamics
- Our financial targets remain the same but the previously stated time frame “by the end of 2025” has been removed.



# Total Group

## Net sales July-September 2024

- Organic net sales growth<sup>2)</sup> 4% mainly from Sweden and Finland
- High Voltage Poland divestment impacted total net sales

## Net sales January-September 2024

- Organic net sales growth<sup>2)</sup> 3.3%
- High Voltage Poland divestment impacted total net sales

## Adjusted EBITA July-September 2024

- Adjusted EBITA improved 39% to EUR 8.2 million (5.9)
- Adjusted EBITA in segments improved 44% to EUR 9.8 million (6.8)

## Items affecting comparability July-September 2024

- Measures in Norway fleet, selected locations and reduction in personnel, EUR -3.8 million (-0.9)

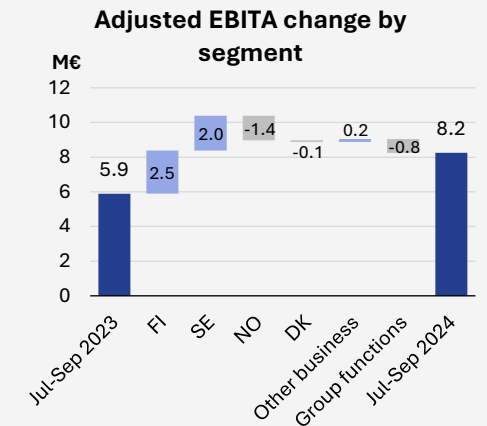
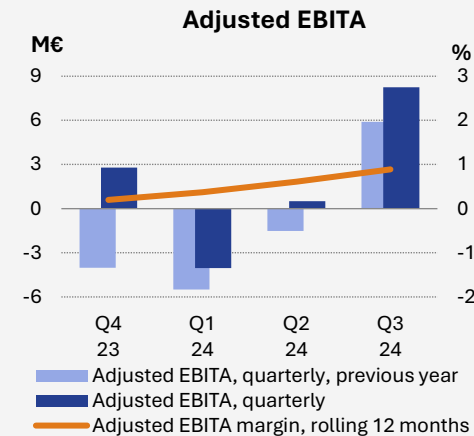
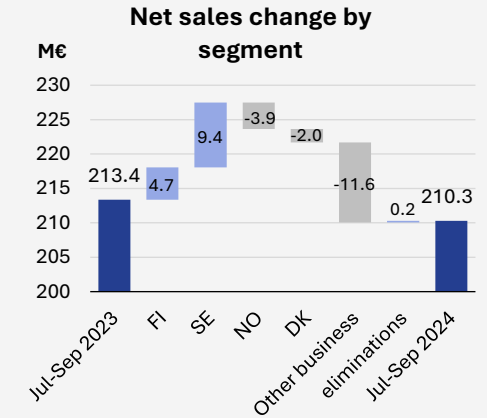
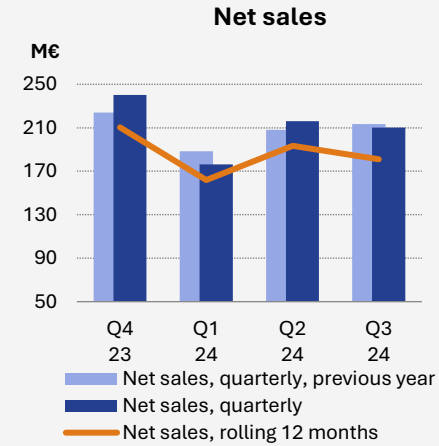
## Adjusted EBITA January-September 2024

- Adjusted EBITA improved to EUR 4.7 million

EUR million	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Jan-Dec 2023
Net sales	210.3	213.4	602.6	609.9	850.1
Net sales growth, %	-1.4%	3.1%	-1.2%	1.7%	3.2%
Adjusted EBITA	8.2	5.9	4.7	-1.1	1.7
Adjusted EBITA margin, %	3.9%	2.8%	0.8%	-0.2%	0.2%
Return on operative capital employed, (ROCE) <sup>1)</sup> , %	18.7%	-7.1%	18.7%	-7.1%	5.3%

1) Calculated on rolling 12-month basis.

2) Adjusted for divestments and currency effects.



# Finland

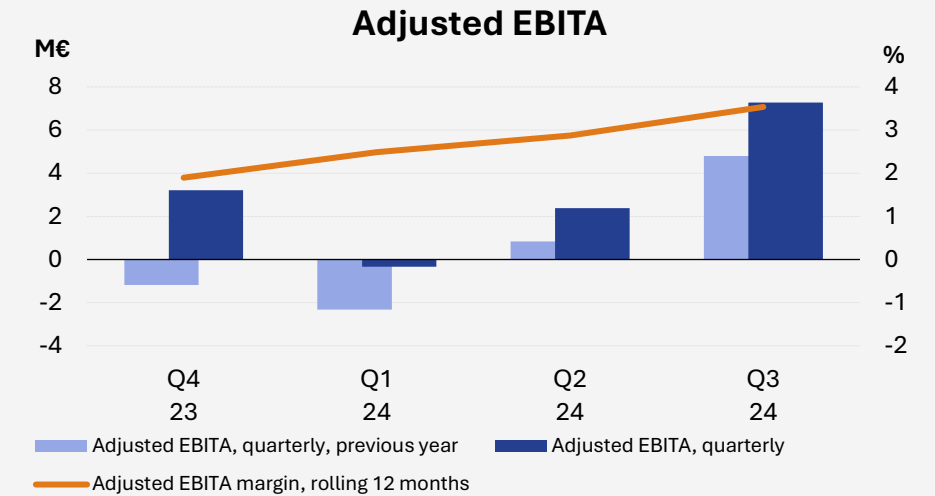
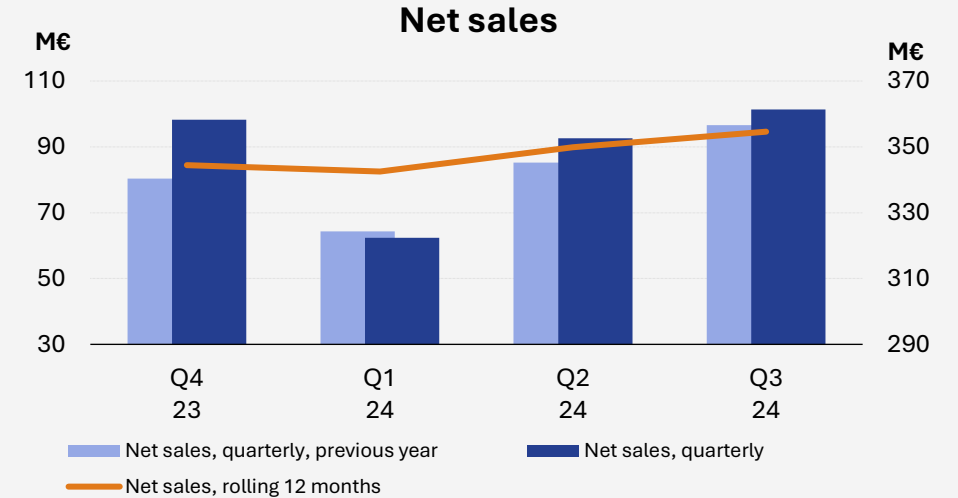
## Net sales July-September 2024

- 4.9 % growth
- Growth engine FTTH (fiber-to-the-home)
- Power distribution and Power transmission volumes declined expectedly
  - Updated market regulation (January 2024)
  - Postponed investment decision-making in green energy transition projects

## Adjusted EBITA July – September 2024

- Significant profitability improvement (+52%)
- Efficiency improvements and higher volumes in Communication
- Positive development in Power despite of declining volumes

EUR million	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Jan-Dec 2023
Net sales	101.3	96.6	256.3	246.2	344.5
Net sales growth, %	4.9%	22.2%	4.1%	17.3%	18.7%
Adjusted EBITA	7.3	4.8	9.3	3.3	6.5
Adjusted EBITA margin, %	7.2%	5.0%	3.6%	1.4%	1.9%
Number of employees, average	1,492	1,510	1,498	1,500	1,503



# Sweden

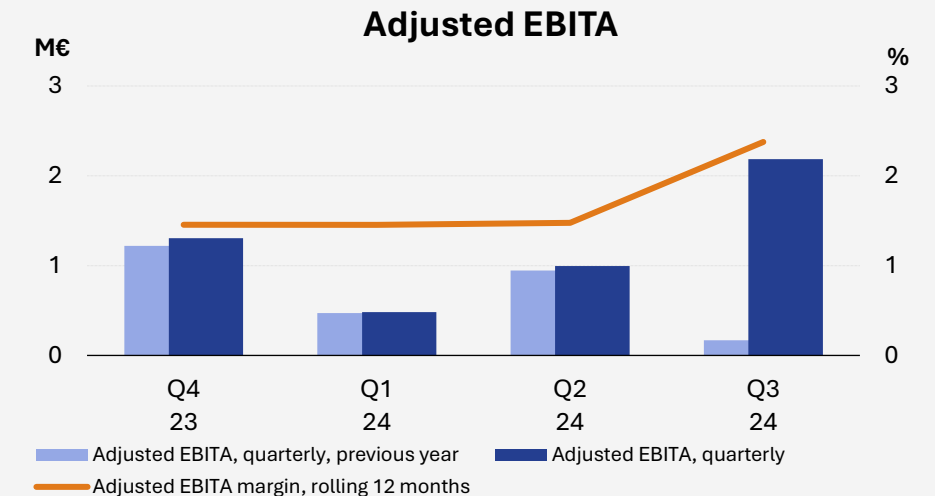
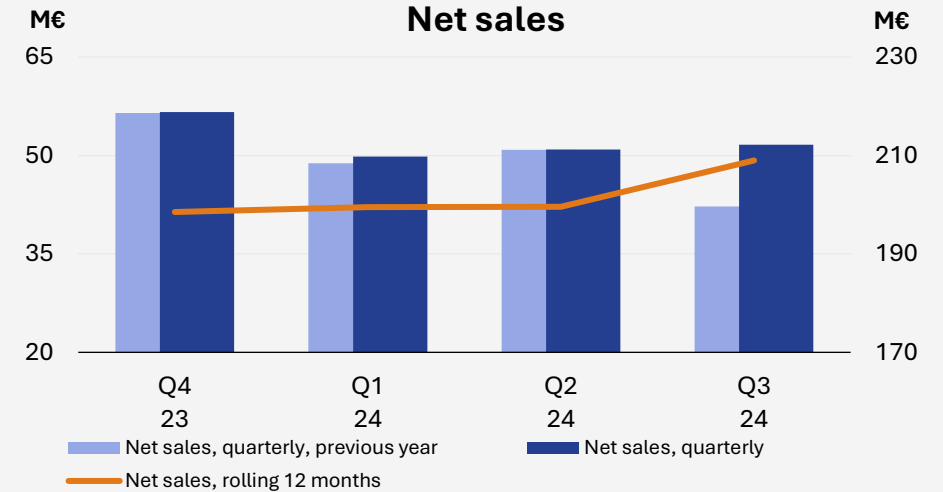
## Net sales July – September 2024

- Strong quartal growth, 19.2% in local currency
- Customer base expansion paying off
  - The industry sectors, public infra and defence
  - First solar and e-Mobility contracts

## Adjusted EBITA July – September 2024

- Major profitability improvement
- Margin improved from 0.4% to 4.2%
- Successful project closings in Power and Communication

EUR million	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Jan-Dec 2023
Net sales	51.6	42.2	152.4	141.9	198.5
Net sales growth, %	22.3%	-4.0%	7.4%	3.4%	2.4%
Adjusted EBITA	2.2	0.2	3.7	1.6	2.9
Adjusted EBITA margin, %	4.2%	0.4%	2.4%	1.1%	1.5%
Number of employees, average	941	984	949	996	988



# Norway

## Net sales July – September 2024

- Net sales decreased 10% in local currency
  - Lower customer investments in Communication (fiber and 5G) continue
- Increased activity in new business

## Adjusted EBITA July – September 2024

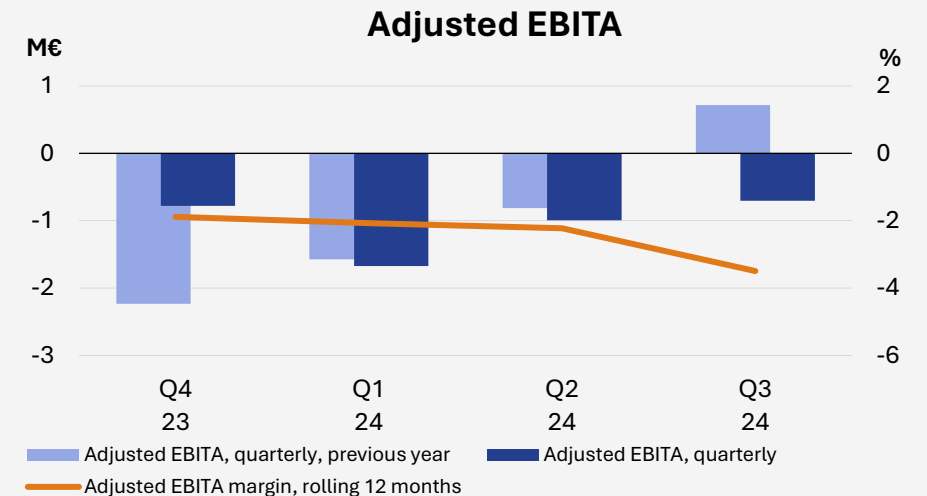
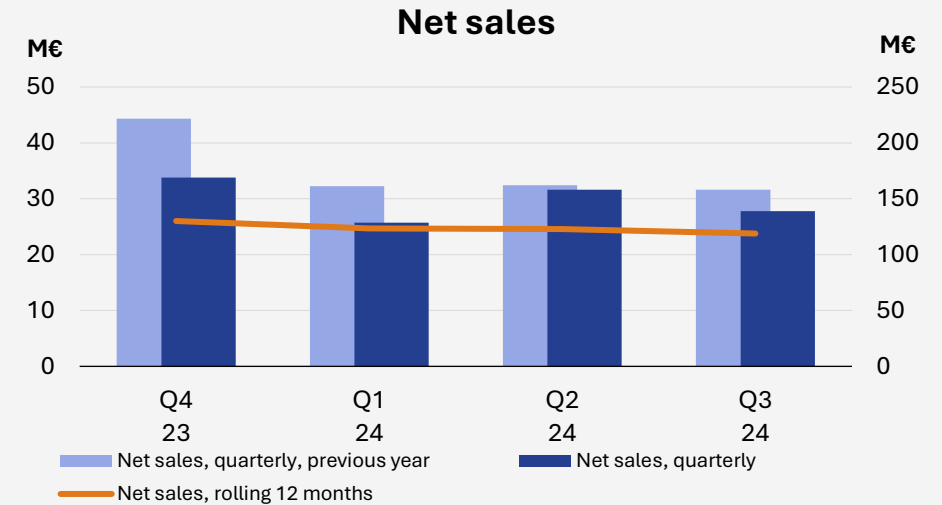
- Adjusted EBITA decreased by EUR 1.4 million
  - Declining volumes decreased profitability

Active decision to focus on margins rather than volumes

## Items affecting comparability

- A restructuring program execution continues
  - Impact on fleet, locations and personnel

EUR million	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Jan-Dec 2023
Net sales	27.8	31.6	85.1	96.3	130.1
Net sales growth, %	-12.2%	-28.6%	-11.6%	-27.3%	-26.4%
Adjusted EBITA	-0.7	0.7	-3.4	-1.7	-2.5
Adjusted EBITA margin, %	-2.5%	2.3%	-4.0%	-1.7%	-1.9%
Number of employees, average	760	847	780	878	860





# Denmark

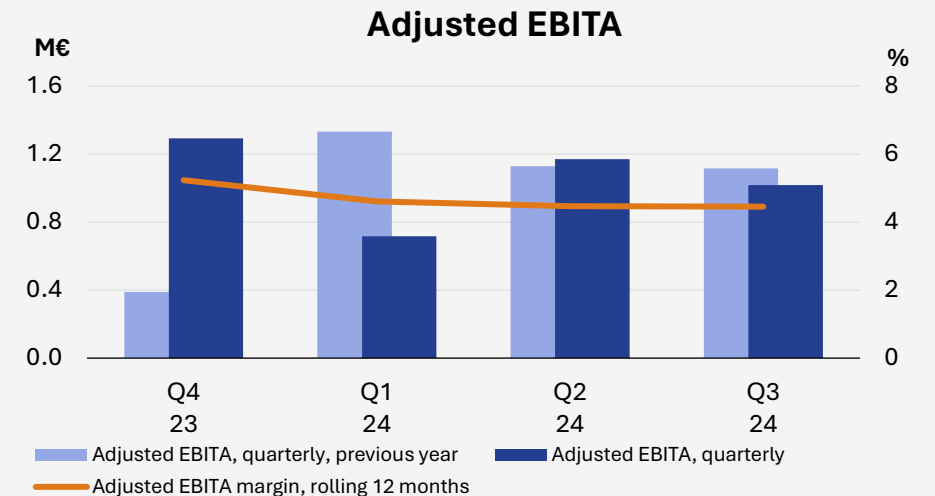
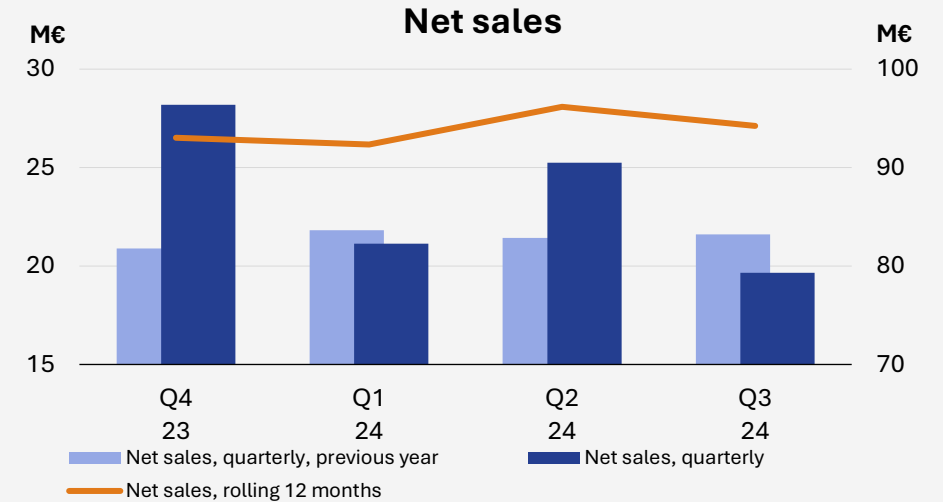
## Net sales July – September 2024

- Net sales decreased 9.0%
  - Decline in Communication
  - Decline partially due to previous quarter successful early closings of projects
  - Growth in Power
- Major activity in newer business areas

## Adjusted EBITA July – September 2024

- A success in defending the profitability margin
- Stable, healthy level profitability
- Adjusted EBITA on par with previous year

EUR million	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Jan-Dec 2023
Net sales	19.6	21.6	66.0	64.9	93.0
Net sales growth, %	-9.0%	21.7%	1.8%	21.5%	25.3%
Adjusted EBITA	1.0	1.1	2.9	3.6	4.9
Adjusted EBITA margin, %	5.2%	5.2%	4.4%	5.5%	5.2%
Number of employees, average	475	519	495	510	511



# Other business

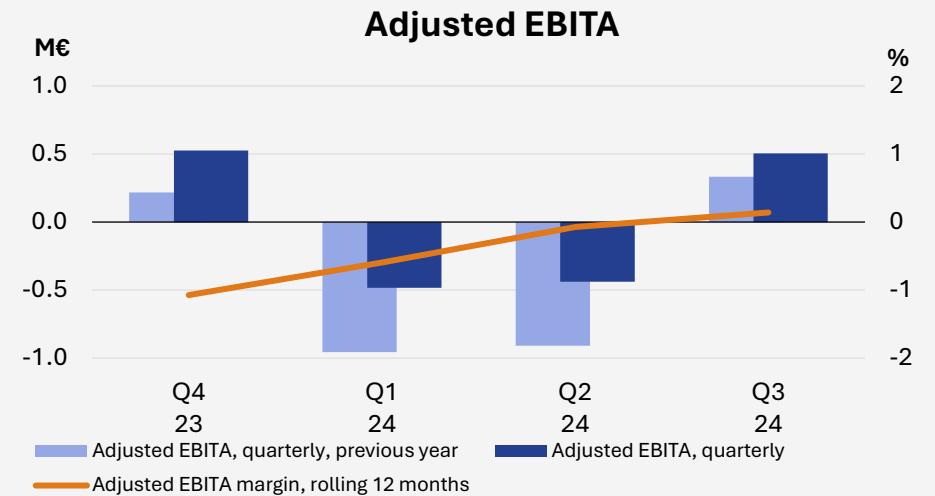
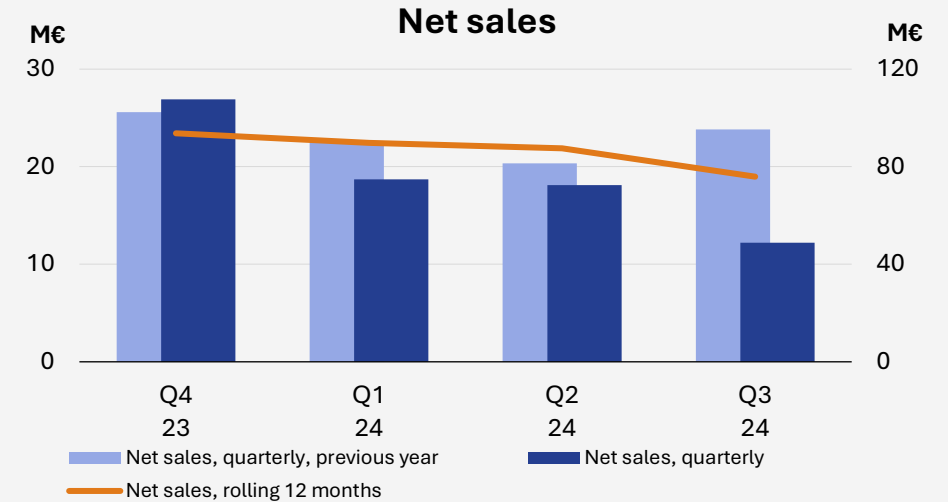
## Net sales July – September 2024

- Net sales decline of EUR 11.6 million was mainly due to High Voltage Poland divestment (in June)
- In Smart Grids, Germany the business stabilized

## Adjusted EBITA July – September 2024

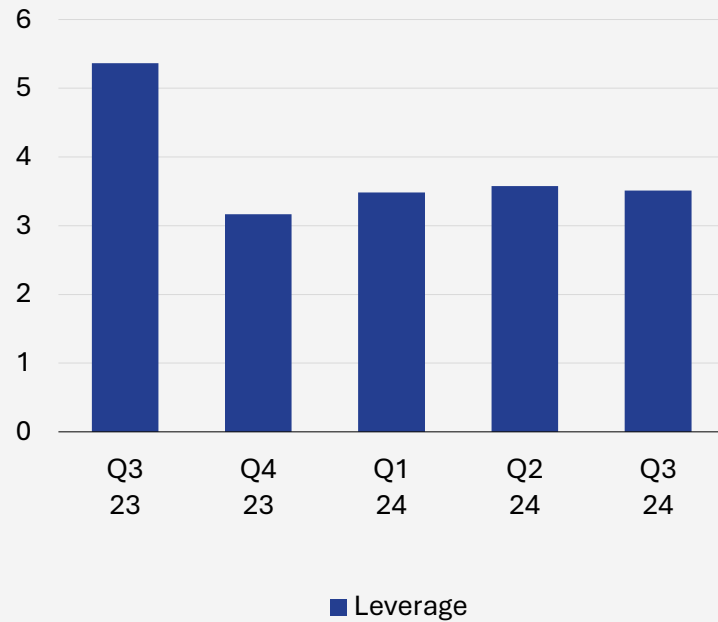
- Adjusted EBITA improved by EUR 0.2 million
- In High Voltage Poland adjusted EBITA was EUR 0.0 million in Q3 2023.

EUR million	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Jan-Dec 2023
Net sales	12.2	23.8	49.0	66.8	93.7
Adjusted EBITA	0.5	0.3	-0.4	-1.5	-1.0
Number of employees, average	527	977	754	1,004	955



# Group balance sheet

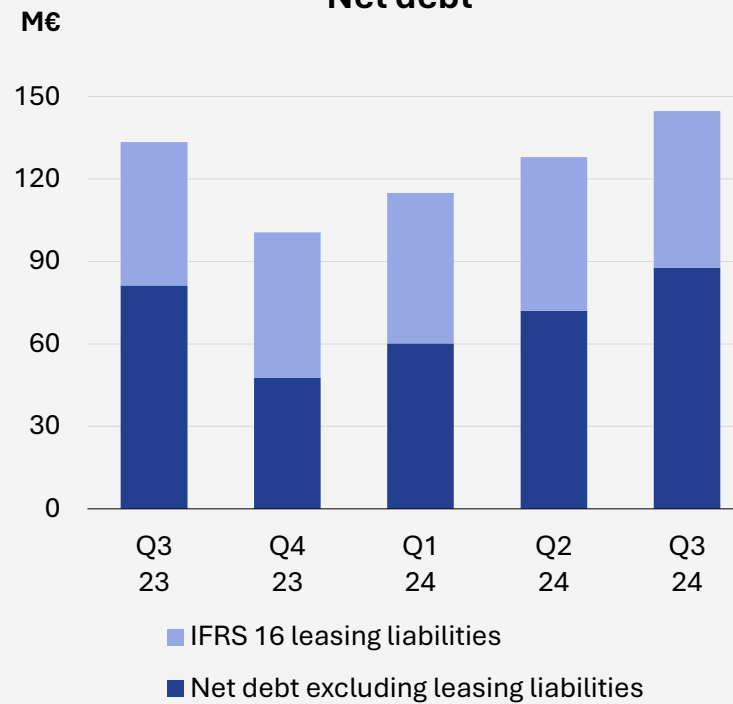
## Leverage



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

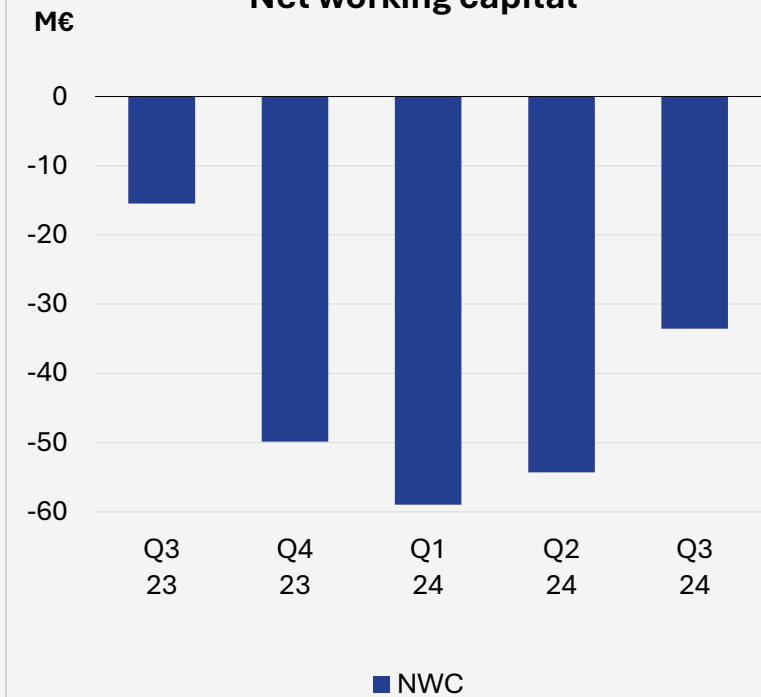
Net debt: Interest bearing debt less cash and cash equivalents.

## Net debt



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

## Net working capital



# Eltel Group financial targets

## 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 26% improvement
- Adjusted EBITA improved in all segments but Norway
- Five consecutive quarters with YoY adjusted EBITA improvement
- LTM Cash flow improved in all segments

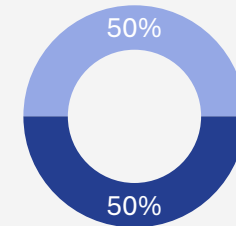
## Broadened customer base

- Total orderbook is EUR 1.1 billion (1.2)
- Signed contracts to a value of EUR 135.7 million (170.8)

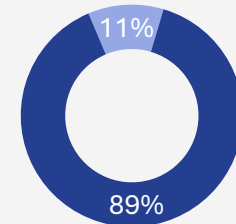
## Growth in new and adjacent markets

- Signed contracts to a value of EUR 14.9 million (0.2) in New Business offerings
- Several new contracts won in BESS, Battery Energy Storage System

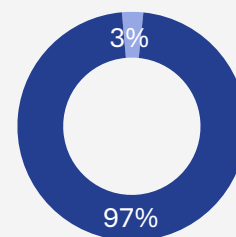
### Pipeline



### Signed contracts during Q3 2024



### Revenue



■ New business ■ Classic business

# Establishing Eltel as a turnkey provider for BESS

## Market

- The need of energy storage solutions has been increased during the last years
- Main drivers are:
  - Share of renewable energy is increasing
  - Balancing the national grid - frequency reserve markets
  - Peak shaving of capacity peaks in industry using batteries instead of increasing power cost
  - Batteries used as intermediate solution until power capacity can be provided
  - Arbitrage on electricity market



# Establishing Eltel as a turnkey provider for BESS

## Eltel as the EPC contractor

Eltel is taking the role as the turnkey solution provider – or EPC contractor – including the battery hardware and full project delivery, from design and plan to commissioning



Business taking off and Denmark is paving the way: Two turnkey project contracts signed in Denmark in Q3, and two other BESS projects signed earlier this year





# Questions

**Next report**

Q4 2024: 14 February 2025

