



Netel Q4 presentation
16 February 2022

neTel



Overview

Business segments and strategy

Financial overview

Q&A

What is Netel?



Netel is a leading Northern European Infrastructure services provider

Business areas



Mobile

One of the few players with complete service suite with capabilities across the complete value chain for all types of mobile networks

Typical customers: telecom operators, mobile tower owners (TowerCos) and system suppliers



Fixed Networks

Strong capabilities to plan and execute complex fixed networks projects (fibre and coaxial), able to cater and tailor solutions to maximize customer satisfaction

Also includes water and sewage, central heating and related civil engineering work

Typical customers: network owners, network operators and tenant-owner associations, municipalities



Power

The power networks value chain involves many different stakeholders, where Netel's solid experience and relationships ensure quality results

Typical customers: network owners, power producers, municipalities, industrial and construction companies

Leading critical Infrastructure services provider

Netel is a leading Nordic provider of planning, construction and maintenance of critical Infrastructure services



Long average tenure with blue-chip customer base

SEK 2,418m

Revenue 2021

SEK 177m

Adj. EBITA 2021

Asset light business model

Project management organisation with high revenues per FTE and cash conversion



SEK 3.5bn

All-time high order backlog

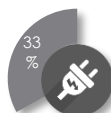


Strong organic and inorganic growth focus with 6 closed acquisitions in 2021



Strong ESG profile with a clear sustainability focus

Revenue per business area, 2021 (%)



PEAB

Founded in 2000 as part of PEAB, Netel has a long history of project management experience from the construction sector and working with subcontractors

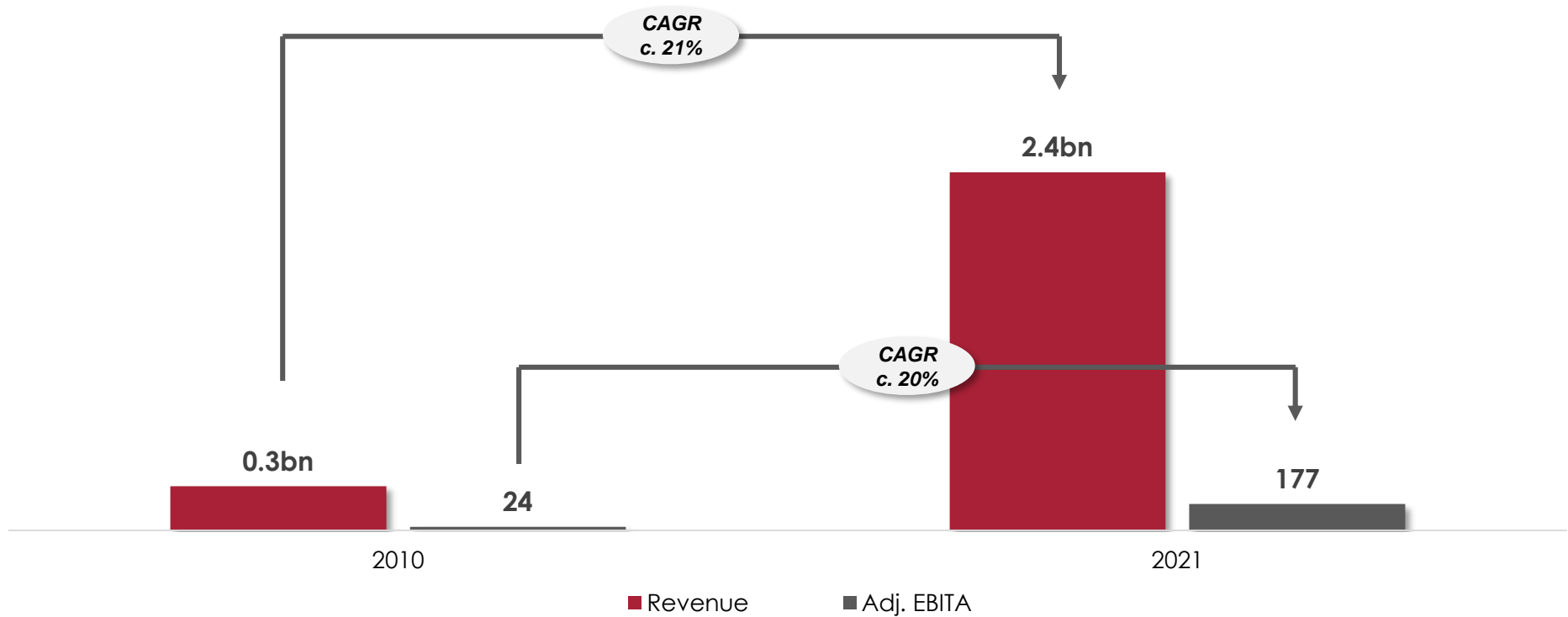
Long track-record of growth



Strong revenue development with a CAGR of >20% since 2010

Revenue, 2010 vs. 2021

SEKm

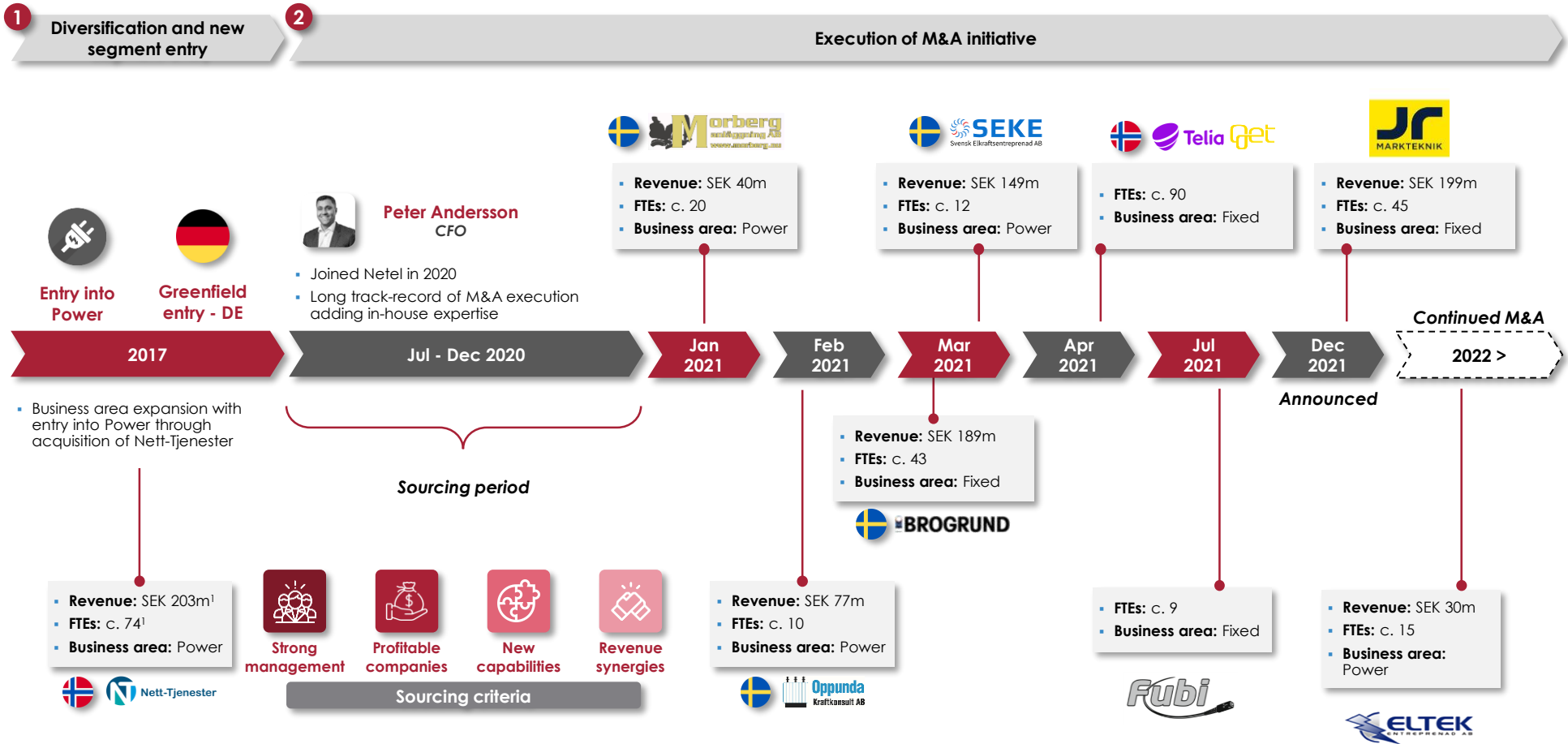


Note: No adjustments for differences in accounting standards have been considered between 2010 and 2020

Recent developments



Through acquisitions, Netel have entered the business areas water and sewage as well as added power capabilities in Sweden and Norway



FY 2021 and Q4 2021 financial overview



Q4 2021 commentary

- Continued widening of the business, within new business areas and geography, organically and inorganically
- Revenue increase by 25% to SEK 717m
- Organic growth of -2%, mainly due to a saturated fiber roll-out market in Sweden
 - Excluding fiber roll-out in Sweden, organic growth amounted to 7%
- Adjusted EBITA increased by 6% to SEK 66m

FY 2021 commentary

- Favourable markets despite negative influence from pandemic
- A positive backlog development through winning frame agreements in Norway and in Germany
- Revenue increase by 31% to 2,418m with strong contribution from the 6 closed acquisitions
- Organic growth of 7% with contributions from Norway and Germany
 - Excluding the fiber roll-out market in Sweden, organic growth amounted to 16%
- Adjusted EBITA increased by 32% to SEK 177m

Q4 2021 (Q4 2020)

SEK 717m
(575)m
Revenue

SEK 66m
(62)m
Adj. EBITA

9.2%
(10.8)%
Adj. EBITA margin

FY 2021 (FY 2020)

SEK 2,418m
(1,845)m
Revenue

SEK 177m
(134)m
Adj. EBITA

7.3%
(7.3)%
Adj. EBITA margin

Dec 2021 (Dec 2020)

576
(410)
Employees during 2021

SEK 3,488m
(2,354)m
Order backlog

1.4x¹
(2.1)x
Net debt / Adj. EBITDA LTM

(1): Corresponds to a net debt of SEK 318m (360m) and Adj. EBITDA LTM of SEK 220m (171m)

Important events during Q4 2021, and subsequent events after financial close



Important events during Q4 2021

- IPO of Netel on Nasdaq Stockholm
- Four-year framework agreement of SEK 300m with Deutsche Telekom to expand fibre infrastructure in Germany
- Two-year framework agreement with an existing customer of SEK 60m to expand fibre infrastructure in Germany
- Four-year framework agreement of SEK 60m to expand fibre infrastructure in Germany
- Announcement of the acquisition of JR Markteknik AB and Täby Maskin & Uthyrning AB

Important events after Q4 2021

- Signed a SEK 55m agreement with EON on the construction of three transformer stations in Sweden
- Closing of the previously announced acquisition
- Announcement of the acquisition of Eltek Entreprenad Sverige AB with SEK ~30m revenues in 2020 and high profitability - active within high voltage in the Power business area

Acquisition of JR Markteknik AB and Täby Maskin & Uthyrning AB



SEK 199m
2020
Revenue

SEK 25m
2020
EBITDA

SEK 23m
2020
EBITA

- Key building block in Netel's continued investment in the field of infrastructure contracts that include water & sewage, pipe laying and associated groundwork
- Initial purchase price consideration of SEK 113m



Overview








Business segments and strategy

Financial overview

Q&A

Well-defined market strategies across business areas and geographies



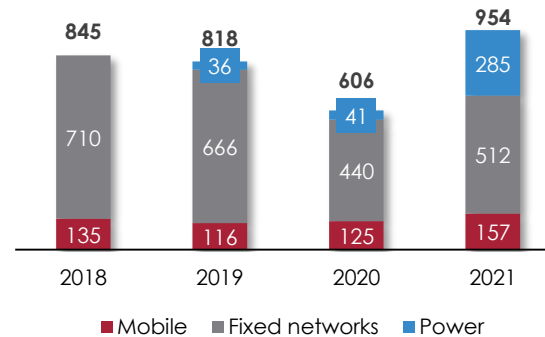
	 Sweden	 Norway	 Finland	 Germany
 Mobile	<ul style="list-style-type: none"> 5G roll-out Ramp up capacity 	<ul style="list-style-type: none"> 5G roll-out Ramp up capacity 	<ul style="list-style-type: none"> 5 G roll-out Increase slightly 	
 Fixed networks	<ul style="list-style-type: none"> Expand fibre service with network and property owners Take part in the coaxial (Docsis) upgrade Expand within infrastructure service - water and sewage and other pipe laying 	<ul style="list-style-type: none"> Deliver on current volume increase in frame agreements Take large part in the coaxial (Docsis) upgrade Expand within infrastructure service - water and sewage and other pipe laying 	<ul style="list-style-type: none"> Prepare for a demand increase for fibre Win contracts and increase fibre volume 	<ul style="list-style-type: none"> Maintain focus on increasing volume of fibre roll-out Grow own organisation subcontractor base to scale-up capacity Expand within infrastructure service - water and sewage and other pipe laying
 Power	<ul style="list-style-type: none"> Expand capacity Win volume in the ongoing frame agreements Expand number of frame agreements 	<ul style="list-style-type: none"> Expand efforts in regional grid and distribution networks as demand rises Expand geographically and into new customers 	<ul style="list-style-type: none"> Execute on won framework agreements Prepare for scope expansion to substations and high voltage 	<ul style="list-style-type: none"> Expand Power as a new business area, e.g., through cooperation with current customers

Key developments Q4 2021

- Announced to acquire a company within Fixed Networks
- High YoY growth mainly from four acquisitions made during 2021
- Increasing demand from the 5G roll-out
- Initiatives within Power and Infra services such as water and sewage, and central heating are compensating for the fiber roll-out contracting market in Q4
- The outlook for 2022 is good for Power and Mobile due to favourable market trends
- Fixed has a positive outlook for 2022, despite the contracting fibre market, due to strategic initiatives, including acquisitions within water and sewage and central heating

Revenue development and highlights

Revenue, SEKm



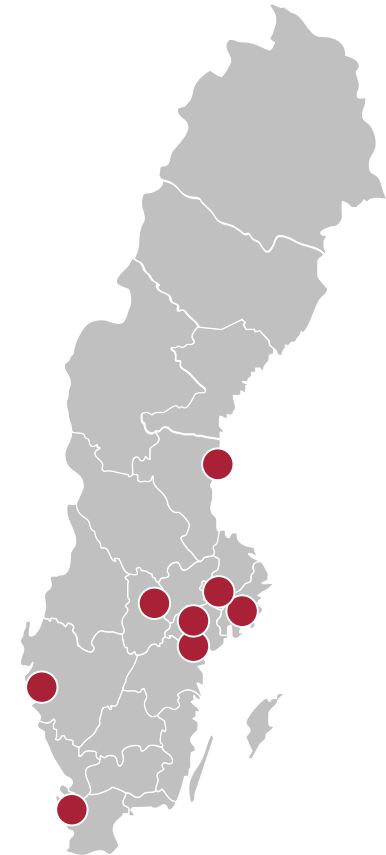
FY 2021

SEK 954m
(606)m
Revenue

SEK 60m
(15)m
EBITA

6.2%
(2.5)%
EBITA margin

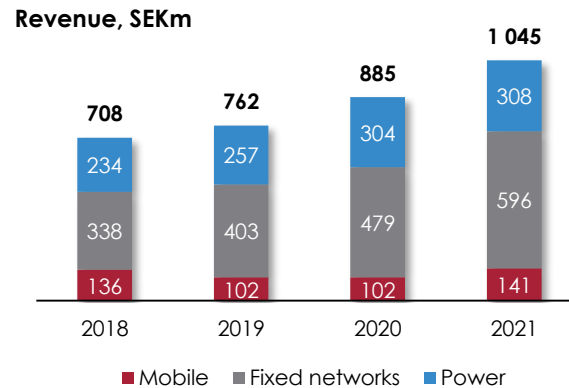
Geographical overview



Key developments Q4 2021

- The Norway segment experienced rising demand in the fourth quarter within Mobile and Fixed
- In Power, we signed a service framework agreement with network owner Elvia worth SEK 40-50m over a four-year period. In addition, we signed a turnkey construction contract of about SEK 40m with Norgesnett for the construction of a station in 2022
- Demand is expected to continue to increase in 2022, particularly within 5G roll-out but also within in Fixed networks
- Segment Norway has an overall favorable outlook for 2022 including both organic growth and ongoing inorganic initiatives

Revenue development and highlights



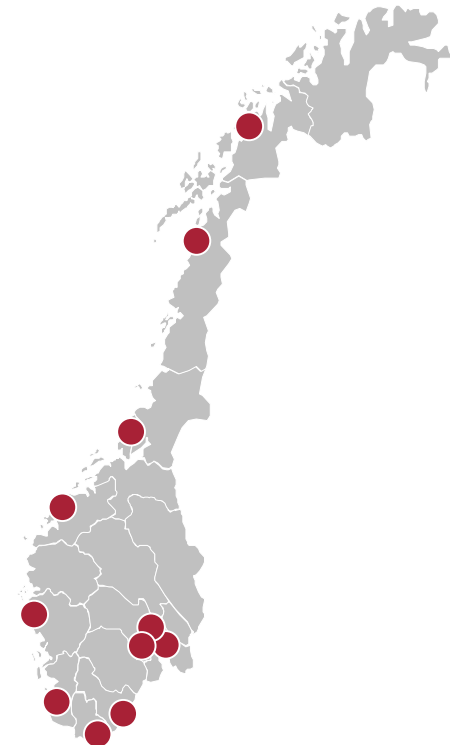
FY 2021

SEK 1,045m
(885)m
Revenue

SEK 98m
(82)m
EBITA

9.3%
(9.2)%
EBITA margin

Geographical overview

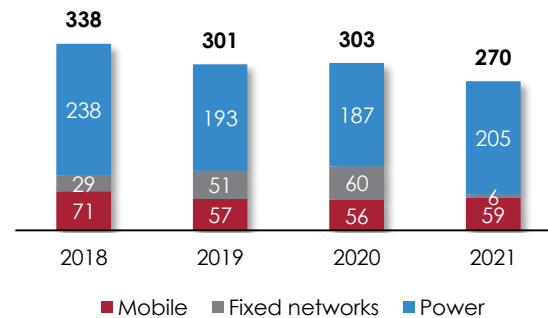


Key developments Q4 2021

- The Finland segment is continuing to operate in a slightly cautious market
- Demand in the mobile market is in line with the preceding year
- The fibre roll-out is expected to pick up in 2022 as a result of several network owners announcing high ambitions to initiate network expansion projects
- Demand for the roll-out of the 5G network in 2022 is expected to remain at the same levels as in 2021
- The order backlog for Power for 2022 is strong

Revenue development and highlights

Revenue, SEKm



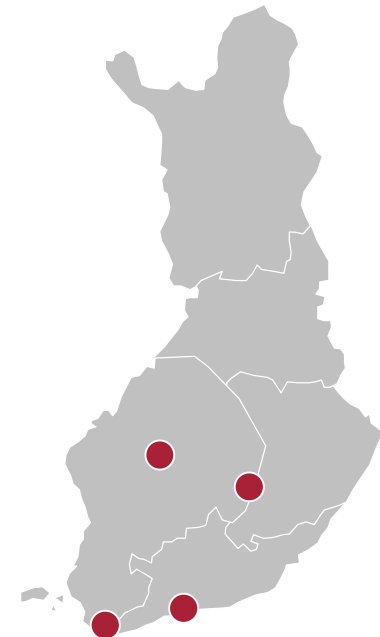
FY 2021

SEK 270m
(303)m
Revenue

SEK 5m
(5)m
EBITA

1.9%
(1.6)%
EBITA margin

Geographical overview



Germany – Segment overview



Our most profitable segment

Overview and key focus areas

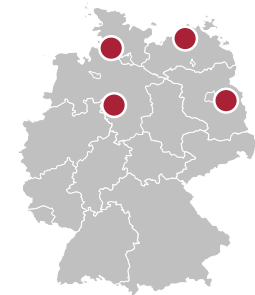
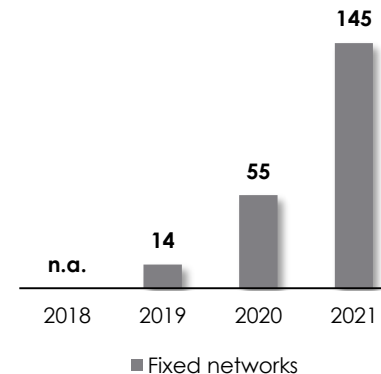
- Founded in August 2018 and focused on Fixed networks
- First contract signed in October 2018 and first large EUR 18m contract signed in June 2019
 - Netel is now a preferred supplier for both customers
- The German Fixed networks underpenetrated compared to the Nordics and Netel's 20 years of experience has been a strong unique selling point
- Current main focus on network roll-out for the largest customers, and fibre to apartments is an attractive avenue for growth going forward
- The Power business areas seen as possible growth areas as the Fixed networks operations gain traction

Key developments Q4 2021

- The Germany segment had a convincing end to the year
- Several new agreements were signed during the quarter, including a four-year framework agreement of about SEK 300m with Deutsche Telekom for the fibre roll-out in Hamburg and Schleswig-Holstein in northern Germany, plus two additional agreements for the roll-out of fibre infrastructure in northern Germany that total SEK 120m over a four-year period
- As a result of the agreements with Deutsche Telekom, the customer base has been broadened and the order backlog is strengthened

Financial development and geographical presence

Revenue, SEKm



FY 2021

SEK 145m
(55)m
Revenue

SEK 18m
(6)m
EBITA

12.5%
(10.0)%
EBITA margin

Ambitious and proven M&A strategy



The M&A pipeline focused on adding new capabilities and further strengthening access to local markets

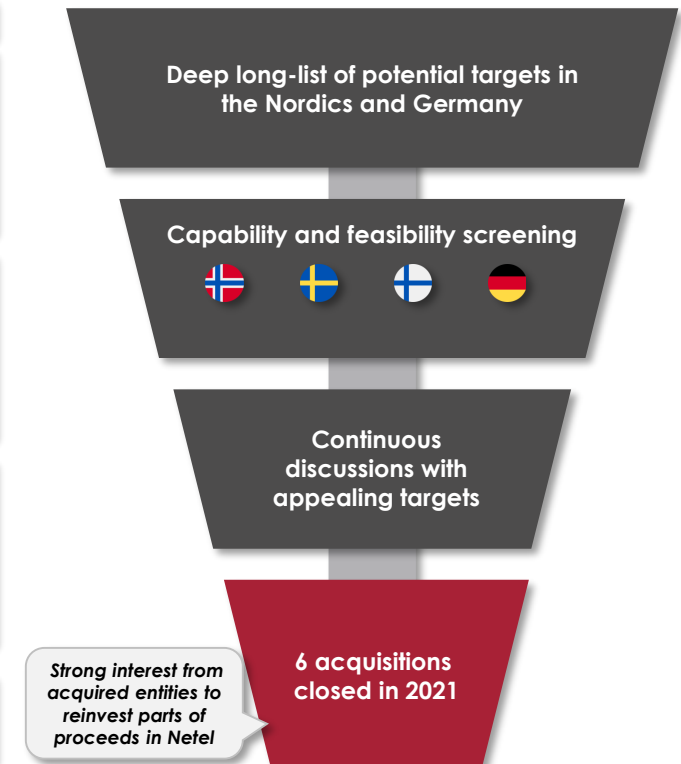
M&A strategy by core geography and business area

	Sweden	Norway	Finland	Germany
Mobile				
Fixed networks	Focus on infrastructure service including water and sewage and central hearing	Focus on infrastructure service including water and sewage and central hearing	Identify opportunities	Build pipeline within infrastructure service including water and sewage and central hearing
Power	Successful M&A track record with further ambitions	Looking to expand the current Power unit "Nett-tjenester"	Identify opportunities	Ambitions to enter Power business area in Germany in the future
Adjacent	E.g., Railroad			

Note: Discussions are ongoing in the UK with Fibre in focus

Main focus
 Mid focus
 Opportunistic

M&A pipeline





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Financial targets and dividend policy



All financial targets met

Target

Outcome 2021

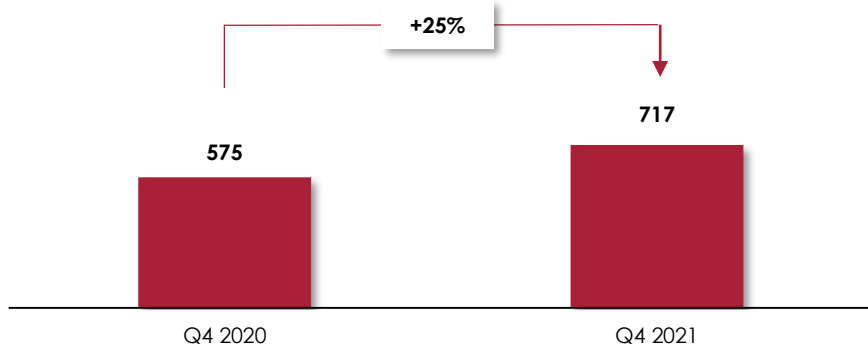
Revenue growth	Annual growth target of 10 per cent, including non-organic growth	31%	✓
Margin target	Adjusted EBITA margin above 7 per cent in the medium term	7.3%	✓
Capital structure	Net debt (excluding lease liabilities) in relation to adjusted EBITDA LTM of <2.5. The leverage ratio can temporarily be exceeded in connection with acquisitions	1.0x	✓
Dividend policy	Pay-out ratio of 40 per cent of the Group's net profit, considering other factors such as Netel's financial position, cash flow, M&A and organic growth opportunities	0%	✓

Financial profile – Q4 comparison



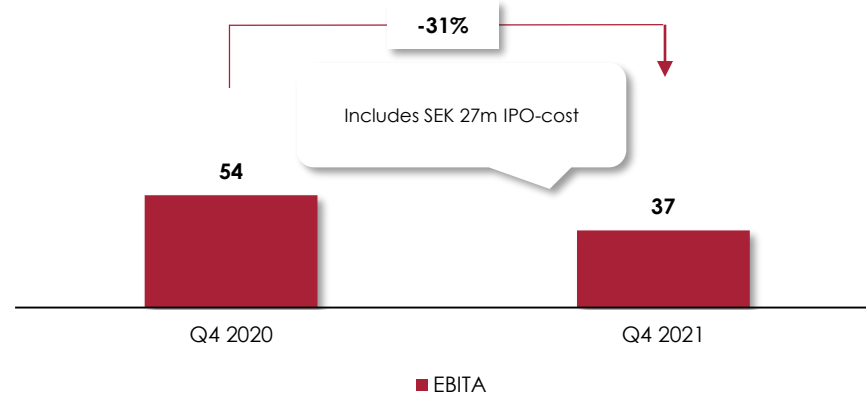
Revenues

SEKm

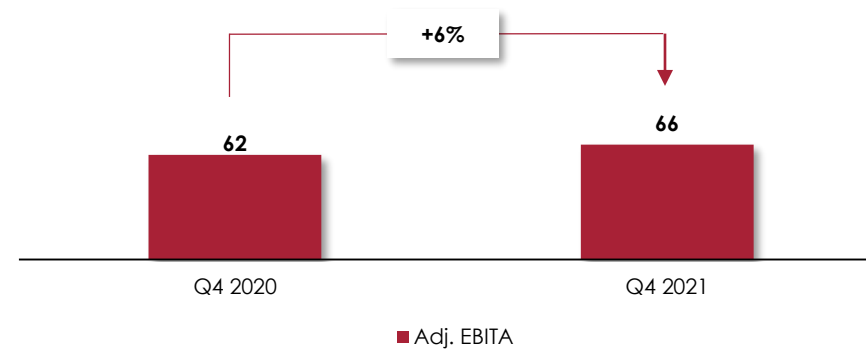
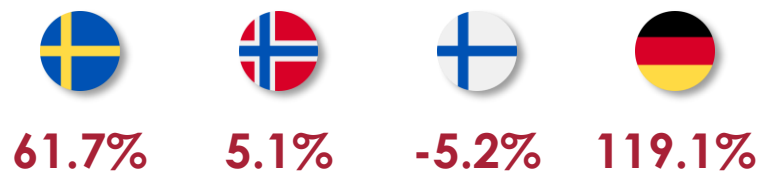


EBITA and Adj. EBITA

SEKm



Segment revenue growth QoQ



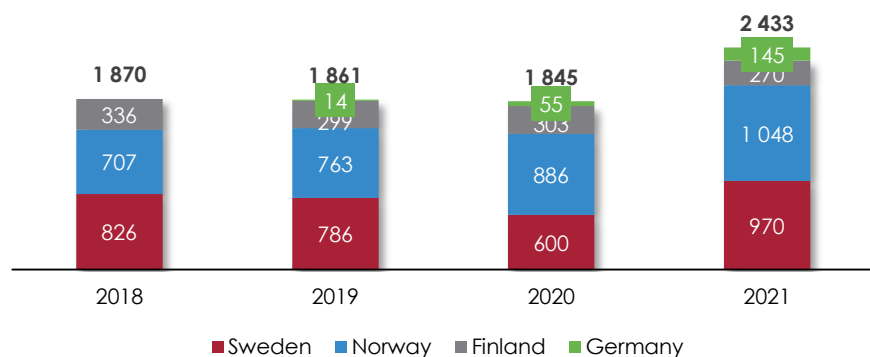
Financial profile – Annual overview



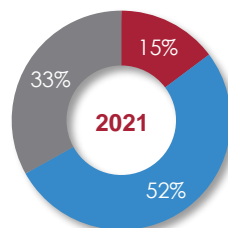
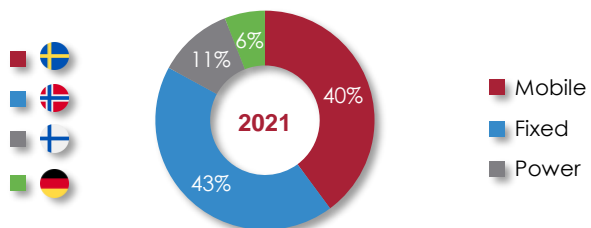
Continuous growth on the back of strong market tailwinds

Revenues

SEKm

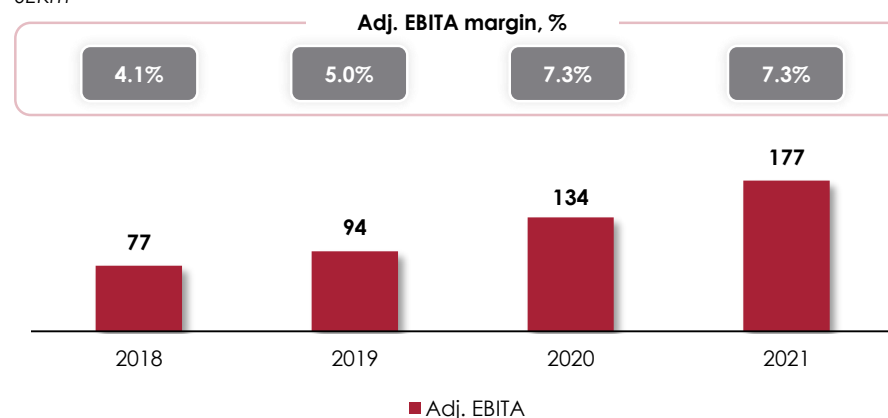


Revenue by type and geography



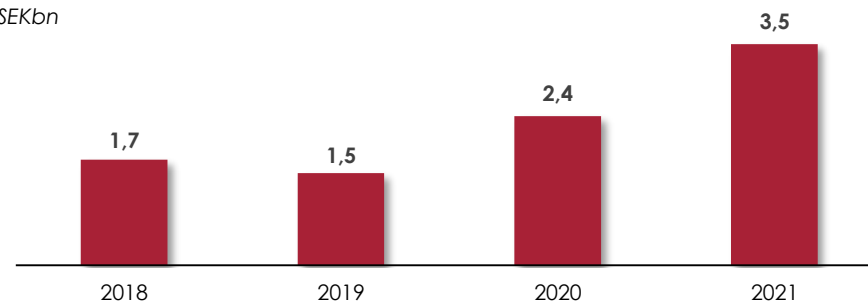
Adj. EBITA

SEKm



Order backlog

SEKbn

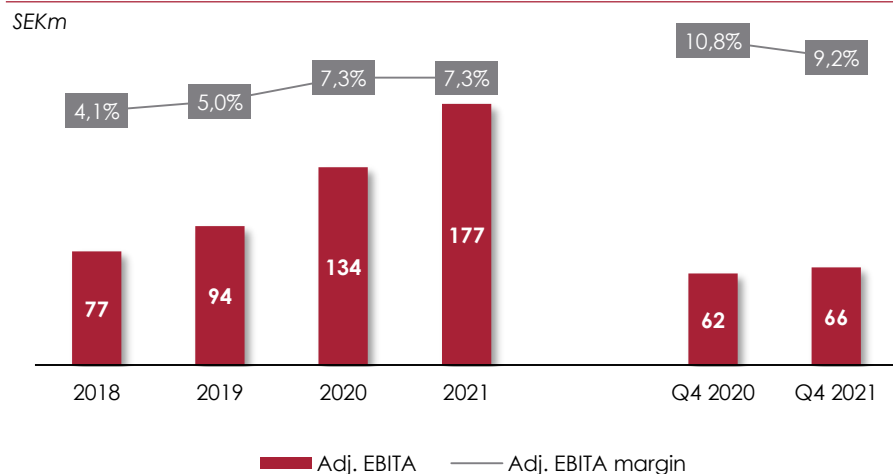


Adjusted EBITA and cash conversion



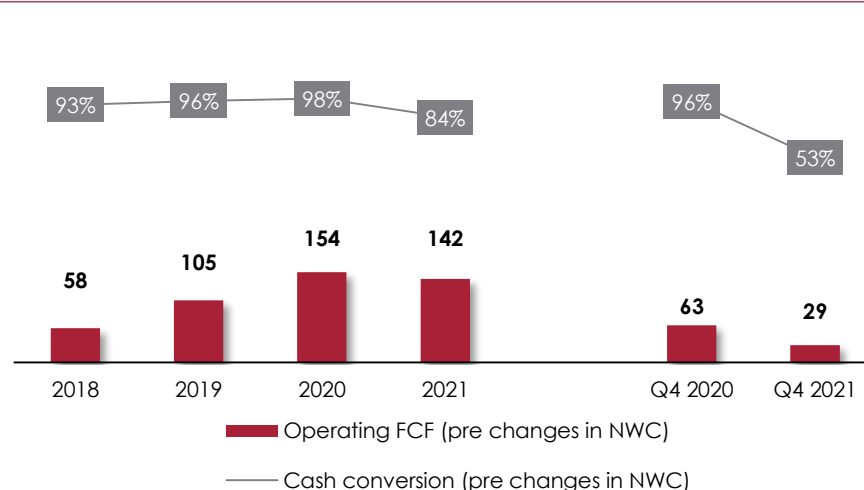
Strong trend in increasing EBITA margin and cash conversion, driven by economies of scale and highly profitable add-on acquisitions

Adjusted EBITA



Adjustments, (SEKm)	2018	2019	2020	2021	Q4'20	Q4'21
IPO-related costs	-	-	-	37.4	-	26.9
M&A-related costs	-	-	-	7.7	-	(0.0)
Other	33.0	26.6	14.0	5.0	7.7	2.4
Total adjustments	33.0	26.6	14.0	50.0	7.7	29.2

Cash conversion¹



Operating FCF (SEKm)	2018	2019	2020	2021	Q4'20	Q4'21
EBITDA	63	110	158	170	66	54
Capex	(4)	(5)	(4)	(28)	(3)	(25)
Operating FCF (pre changes in NWC)	58	105	154	142	63	29
Cash conversion	93%	96%	98%	84%¹	96%	53%

(1): Includes all capex. Excluding one-off set-up costs such as the SEK 14.8m for intangibles and the change in financial fixed assets of SEK 5.4m would result in a capex of SEK 7.6m and consequently a **cash conversion of 96%** for the fiscal year 2021

Net debt items



Consistent debt repayment profile with increase in net debt level when acquiring companies

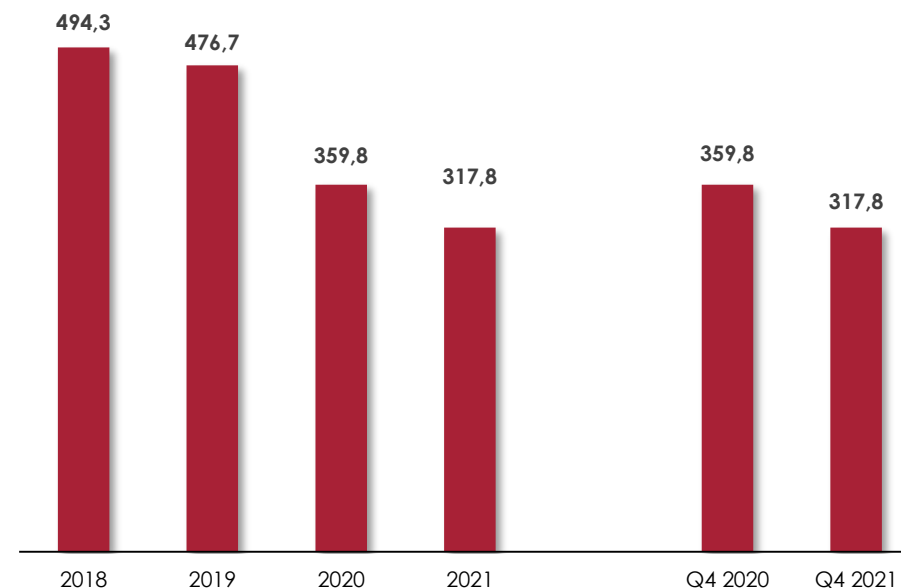
Net debt items

Net debt items, SEKm	2018	2019	2020	2021	Q4'20	Q4'21
LT liabilities to credit institutions and lease liabilities	489.8	486.4	371.3	554.0	371.3	554.0
ST Liabilities to credit institutions and lease liabilities	73.9	86.9	78.4	35.2	78.4	35.2
Cash and cash equivalents	(69.4)	(96.6)	(89.9)	(271.5)	(89.9)	(271.5)
Total net debt	494.3	476.7	359.8	317.8	359.8	317.8

- Net debt is calculated as the sum of all long and short term liabilities to credit institutions as well as all lease liabilities less cash and cash equivalents
- The reduction of net debt between 2018 and 2020 is mainly due to debt repayment of loans and lease liabilities
- Refinance of debts was done during 2021. Proceeds in the share issue in connection with the IPO was used to lowering net debt
- The acquisitions of JR Markteknik AB, Täby Maskin & Uthyrning AB and Eltek Entreprenad Sverige AB will increase debts Q1-22 with approximately SEK 100m

Development of net debt

SEKm



The background of the image is a dark, textured surface. Overlaid on this is a faint, light-colored world map. A complex network of thin lines connects numerous small, circular nodes scattered across the map, creating a global web-like pattern. The nodes are more densely packed in some areas, particularly in North America and Europe.

Q&A

