



Half-Year Report 2019

Presentation 30 August 2019

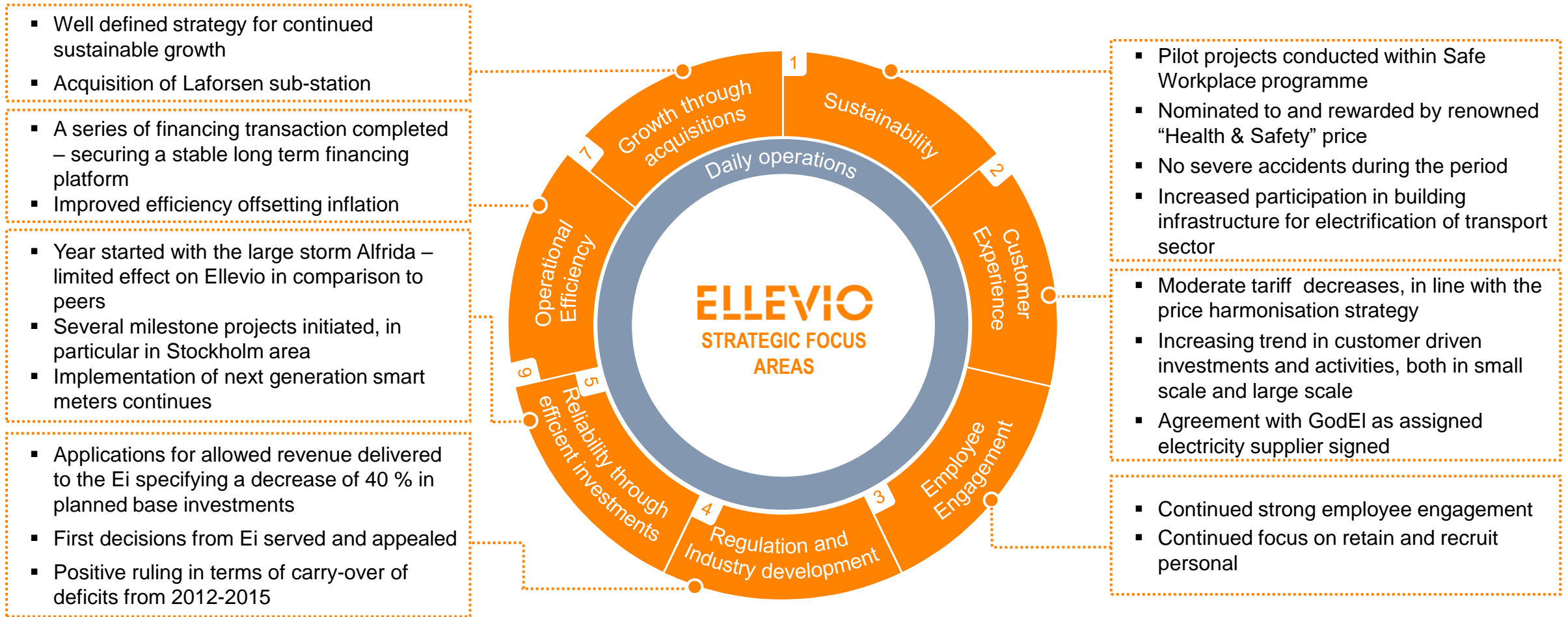
ELLEVIO

We Bring
Electricity to You

Key financials January–June 2019

- Net sales amounted to SEK 3,662 million (3,542)
- Distributed electricity amounted to a total of 13.9 TWh (14.3)
- 3,000 new customers during the year, yielding a total of 960,000 at the end of the period
- Operating profit amounted to SEK 1,161 million (1,217)
- Free cash flow totalled SEK 1,346 million (1,912)
- Capital expenditure amounted to SEK 1,266 million (1,022)

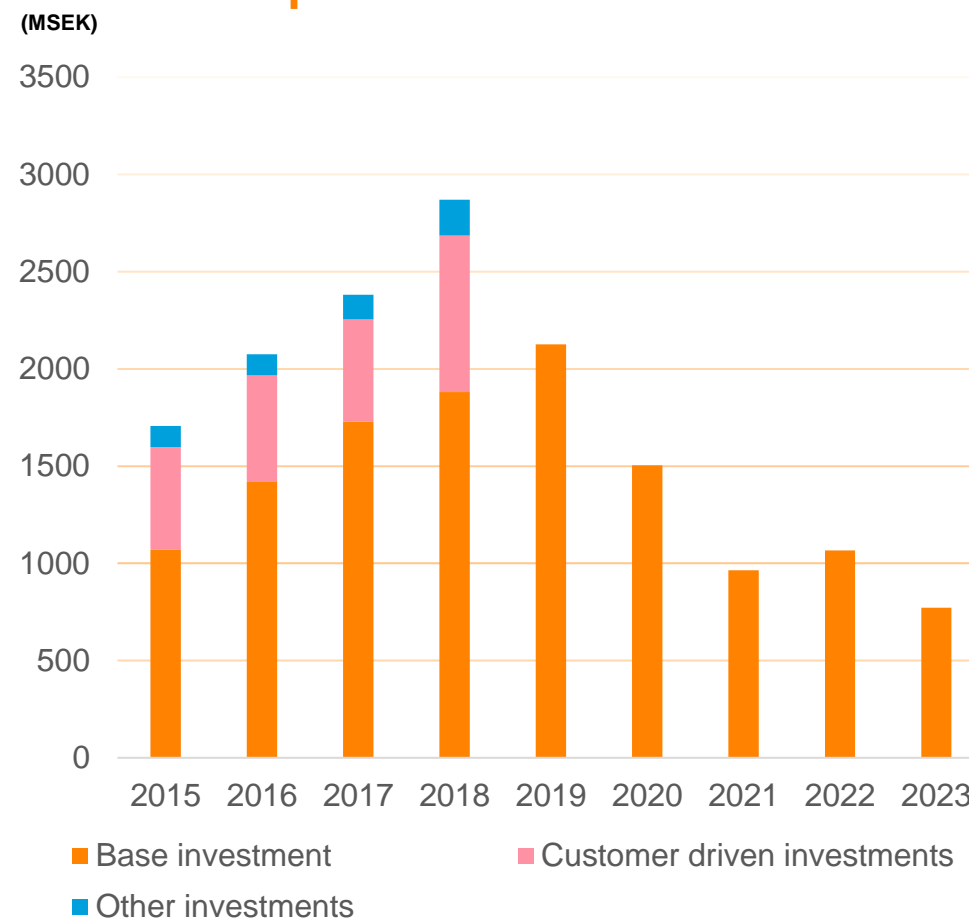
Strategic highlights during January-June 2019



Investment plans

- Modified investments plans for the next regulation period, 2020–2023
- Decreasing base investments – plans to invest 4.3 billion into the network
 - Reinvestments
 - Investments in increased capacity in the existing network.
- Initiated investments in implementation of next generation smart electricity meters
- Increasing customer driven connection investments
 - Wind, large scale
 - Solar, small scale

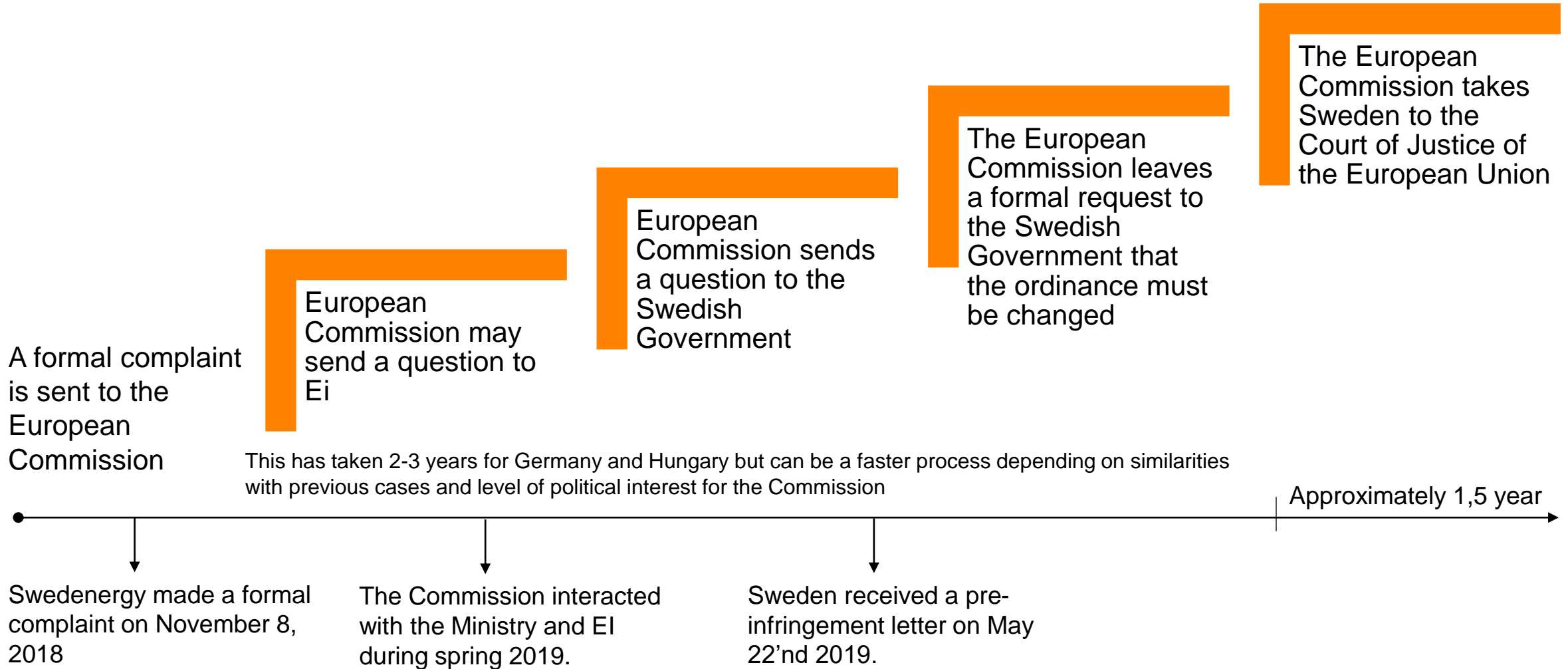
Investment plans historical levels



Regulatory update

- The next step: deadline for Ei's decisions regarding the industry's applications is 31 Oct 2019
- What Ellevio and the industry are doing:
 1. Influence the government to change the ordinance
 2. Initiate a legal process in the Swedish Administrative Court following Ei's decision
 3. Notify the European Commission that the ordinance is in conflict with EU directives
 - The government are not allowed to give detailed directions to the authorities
 - The decisions needs to appealable

A tentative description of the EU-process





Financials & Financing

Income statement

MSEK	1 Jan 2019 30 Jun 2019	1 Jan 2018 30 Jun 2018	1 Jan 2018 31 Dec 2018
Net sales	3,662	3,542	6,974
Capitalised own work	50	43	84
Other operating income	34	34	93
	3,746	3,619	7,151
Operating expenses			
Costs for purchase and transit of power	-624	-576	-1,151
Other external expenses	-619	-561	-1,337
Employee benefit expense	-254	-230	-474
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-1,088	-1,035	-2,121
Operating profit	1,161	1,217	2,067
Financial income and expenses			
Interest income and similar items	1	1	58
Interest expense and similar items	-1,383	-1,574	-3,019
Profit/loss after net financial income/expense	-222	-356	-893
Appropriations	-	-	1,463
Profit/loss before tax	-222	-356	569
Income tax expense	-93	794	711
PROFIT/LOSS FOR THE PERIOD	-315	438	1,280

Balance sheet

MSEK	30 June 2019	30 June 2018
ASSETS		
Non-current assets		
Intangible assets	44,132	44,530
Property, plant and equipment	32,027	30,040
Non-current financial assets	4,538	3,633
Total non-current assets	80,697	78,203
Current assets		
Current receivables	2,167	1,932
Cash and cash equivalents	264	146
Total current assets	2,431	2,078
TOTAL ASSETS	83,129	80,282

MSEK	30 June 2019	30 June 2018
EQUITY AND LIABILITIES		
Equity	7,047	6,639
Untaxed reserves	1,198	1,069
Deferred tax liability	13,350	13,141
Non-current liabilities		
Bond loans	32,744	32,719
Liabilities to credit institutions	5,326	4,218
Liabilities to Group companies	19,177	17,664
Derivative instruments	–	430
Other non-current liabilities	772	323
Total non-current liabilities	58,019	55,354
Total current liabilities	3,513	4,078
TOTAL EQUITY AND LIABILITIES	83,129	80,282

Cash flow statement

MSEK	1 Jan 2019 30 Jun 2019	1 Jan 2018 30 Jun 2018	1 Jan 2018 31 Dec 2018
Cash flow from operating activities	2,939	3,078	4,676
Investing activities			
Capital expenditure in intangible assets	-72	-47	-102
Capital expenditure in property, plant and equipment	-1,520	-1,118	-2,508
Acquisition of shares	-44	-627	-627
Proceeds from sales of property, plant and equipment	-	-	7
Proceeds from sales of shares in Group companies	-	-	46
Cash flow from investing activities	-1,637	-1,792	-3,185
Cash flow before financing activities	1,301	1,286	1,491
<i>of which free cash flow</i>	<i>1,346</i>	<i>1,912</i>	<i>2,065</i>
Financing activities			
Borrowings	-	5,305	6,200
Repayment of borrowings	-392	-5,809	-6,080
Repayment of loan receivables	-	624	650
Received dividend	-	-	21
Received interest	1	1	2
Paid interest	-703	-1,271	-2,238
Cash flow from financing activities	-1,094	-1,149	-1,445
CASH FLOW FOR THE PERIOD	208	136	46

Head-room under financial covenants

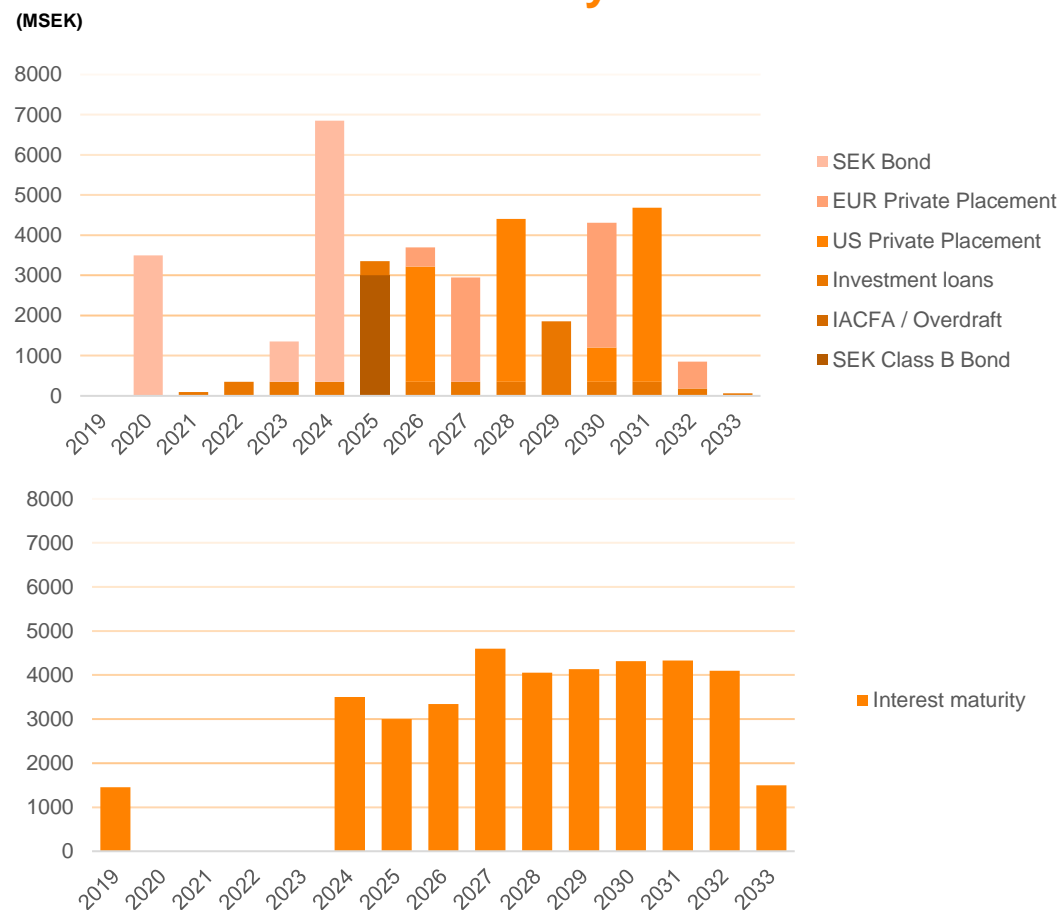
Financial covenants (Common Terms Agreement)		30 Jun 2019 ACT	30 Jun 2020 FCT	Lock-up
Total Interest Cover Ratio	EBITDA less tax / Total Net Finance Charges	2.6x	3.4x	<1.5x
Total Leverage Ratio	Total Net Debt / Consolidated EBITDA	9.0x	10.3x	>11.9x
Senior Interest Cover Ratio	EBITDA less tax / Senior Class A Net Finance Charges	2.7x	3.7x	<1.7x
Senior Leverage Ratio	Senior Class A Net Debt / Consolidated EBITDA	8.3x	9.5x	>10.75x
Senior Historic Leverage Ratio	FFO / Senior Class A Net Debt	7.5%	N/A	<5%
Senior 3 year Forward Leverage Ratio	FFO / Senior Class A Net Debt	N/A	6.8%	<6%

Financial position

Ellevio concluded a series of financing and hedging transactions during the first half of 2019. The purpose of these transactions were to secure financing of the company's ongoing investment program, and to extend and smoothen the interest rate maturity profile.

- During first half of 2019 Ellevio refinanced its Revolving Credit Facility (RCF) and Liquidity Facilities (LF).
 - The new RCF (Class A) amounts to SEK 7.500 million and matures in 2024. The new facility may be used for financing of maturing debt, capital expenditure and for general corporate purposes. As per end of June 2019, SEK 7.399 million was available for drawings under the facility.
 - The LF is split into two facilities, a SEK 1.400 million (Class A) and a SEK 100 million (Class B). The LF facilities are backup facilities and may only be used to finance liquidity shortfalls amounts under Class A and Class B debt issued by Ellevio.
- During the period February to April, Ellevio restructured SEK 8,421 million of existing interest hedging agreements. The hedging agreements where Ellevio pays fixed interest rate and receives 3 months Stibor rate until 2025 was extended and split up on four new maturities 2027, 2029, 2030 and 2032.

Debt and interest maturity 30 June 2019



Significant events after the end of the period

- On 5 July 2019, Standard and Poor's affirmed Ellevio's rating for senior secured (Class A) debt "BBB" and subordinated (Class B) debt "BB+" and changed their outlook for the ratings from "stable" to "negative".
- Ellevio's shareholders have decided that the interest rate on subordinated shareholder loans will be lowered from today's 8.5 per cent to 6.0 per cent.
 - The change in will be effective as from 30 August 2019



ELLEVIO

We Bring Electricity to You.

Operating in a strong macro environment

Ellevio is well positioned for growth both organic and via acquisitions

Investment programme well underway, with improved capex outperformance

Smart grid development will secure reliability in a renewable energy system

Stable financials with headroom under covenants. Diversified financing platform established



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