

An aerial photograph of a forest lake. The water is dark blue and contains several lily pads. The surrounding forest is dense, with trees showing a mix of green and yellow foliage, suggesting an autumn setting. The text is overlaid on the lake area.

Half Year Report 2020

Investor presentation



We bring
electricity to you

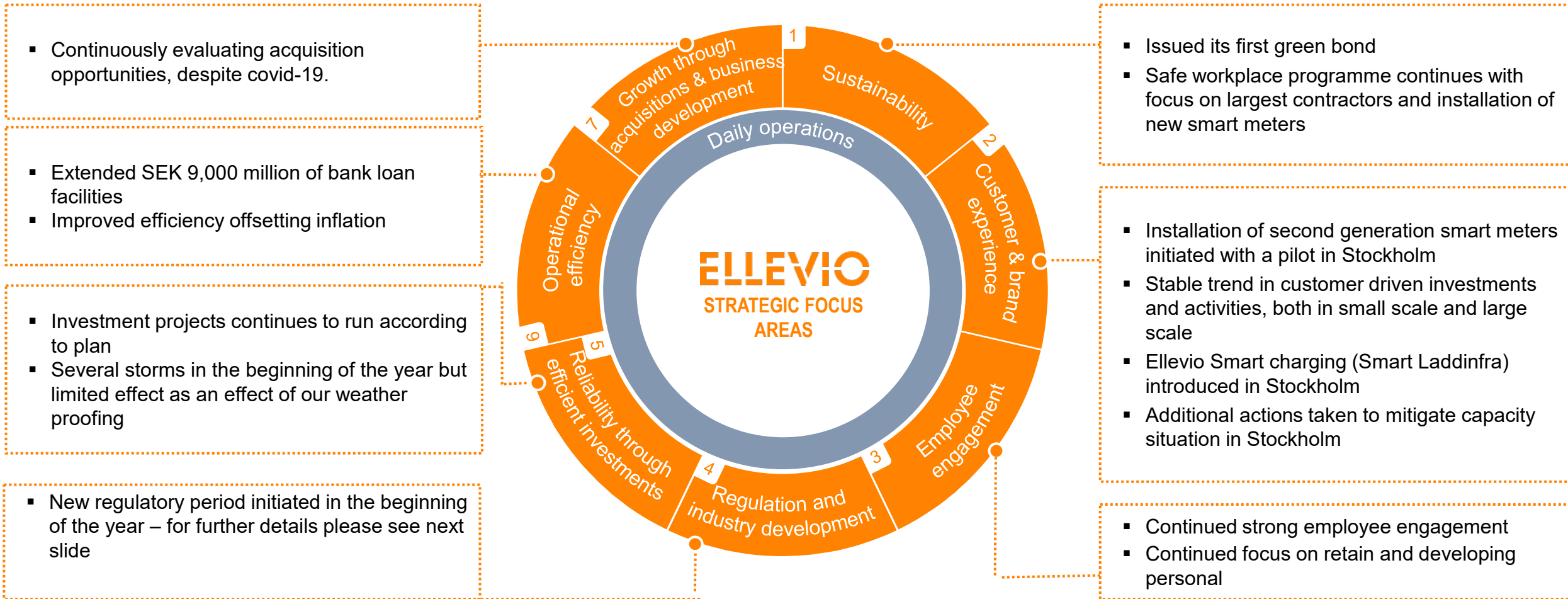
Key financials January–June 2020

- Net sales amounted to SEK 3,455 million (3,662)
- Distributed electricity amounted to a total of 13.7 TWh (13.9)
- 3,000 new customers during the year, yielding a total of 965,000 at the end of the period
- Operating profit amounted to SEK 859 million (1,161)
- Free cash flow totalled SEK 531 million (1,346)
- Capital expenditure, amounted to 1,391 SEK million (1,266)

Covid-19

- Crisis organisation activated in February to handle covid-19 situation
 - identifying and securing critical processes to ensure continued operations
 - worked closely with our subcontractors to maintain field capacity, and ensure good access to resources and equipment.
- To this date, limited implications on distributed volume and credit losses
- Taken actions to create headroom for continued pandemic situation
- Ellevio strictly follows the guidelines and advice provided by national authorities and maintains contact with relevant parties on a regular basis

Strategic highlights during January-June 2020



Regulatory update

- More than 120 companies, including Ellevio has appealed Ei's decision on the allowed revenue for the regulatory period 2020-2023
 - Ei has responded to the network companies' grounds for appeal, admitting to a WACC of 2.35 percent instead of 2.16 percent
 - Responses from the network companies will be delivered in August 2020
- EU-processes against Germany delayed due to covid-19 but two rulings with possible implications for Swedish system
 - Ruling against Slovakia concerning requirements for independence
 - Ruling against Hungary concerning requirements for the right to a court hearing
- Legislative changes regarding utilizing regulatory deficits

A top-down view of a dining table with various dishes. A person's hands are holding a smartphone, capturing a photo of the food. The table is set with plates of food, including what appears to be a salad with cucumbers and tomatoes, a bowl of oysters, and a plate with green vegetables and eggs. There are also several orange-colored bowls or containers on the table. The overall atmosphere is casual and social.

Financials & Financing

Income statement

MSEK	1 Jan 2020 30 Jun 2020	1 Jan 2019 30 Jun 2019	1 Jan 2019 31 Dec 2019
Net sales	3,455	3,662	6,709
Capitalised own work	60	50	101
Other operating income	36	34	70
	3,551	3,746	6,880
Operating expenses			
Costs for purchase and transit of power	-736	-624	-1,232
Other external expenses	-595	-619	-1,301
Employee benefit expense	-263	-254	-499
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-1,099	-1,088	-2,200
Operating profit	859	1,161	1,649
Financial income and expenses			
Interest income and similar items	1	1	2
Interest expense and similar items	-1,187	-1,383	-2,633
Profit/loss after net financial income/expense	-328	-222	-982
Appropriations	-	-	-115
Profit/loss before tax	-328	-222	-1,097
Income tax expense	-52	-93	-151
PROFIT/LOSS FOR THE PERIOD	-380	-315	-1,248

Balance sheet

MSEK	30 June 2020	30 June 2019
ASSETS		
Non-current assets		
Intangible assets	43,599	44,132
Property, plant and equipment	34,471	32,027
Non-current financial assets	5,985	4,538
Total non-current assets	84,055	80,697
Current assets		
Current receivables	2,032	2,167
Cash and cash equivalents	14	264
Total current assets	2,047	2,431
TOTAL ASSETS	86,101	83,129

MSEK	30 June 2020	30 June 2019
EQUITY AND LIABILITIES		
Equity	7,225	7,047
Untaxed reserves	1,312	1,198
Deferred tax liability	13,439	13,350
Non-current liabilities		
Bond loans	30,914	32,744
Liabilities to credit institutions	5,294	5,326
Liabilities to Group companies	20,668	19,177
Other non-current liabilities	1,295	772
Total non-current liabilities	58,171	58,019
Total current liabilities	5,952	3,513
TOTAL EQUITY AND LIABILITIES	86,101	83,129

Cash flow statement

MSEK	1 Jan 2020 30 Jun 2020	1 Jan 2019 30 Jun 2019	1 Jan 2019 31 Dec 2019
Cash flow from operating activities	2,303	2,939	4,859
Investing activities			
Capital expenditure in intangible assets	-86	-72	-191
Capital expenditure in property, plant and equipment	-1,686	-1,520	-3,706
Acquisition of shares	-	-44	-44
Proceeds from sales of property, plant and equipment	1	-	-
Cash flow from investing activities	-1,771	-1,637	-3,941
Cash flow before financing activities	532	1,301	918
<i>of which free cash flow</i>	<i>531</i>	<i>1,346</i>	<i>962</i>
Financing activities			
Borrowings	3,608	-	162
Repayment of borrowings	-3,500	-392	-
Received interest	1	1	2
Paid interest	-645	-703	-1,123
Received/paid group contributions	0	-	2
Cash flow from financing activities	-537	-1,094	2
CASH FLOW FOR THE PERIOD	-6	208	-957

Financial covenants

Common Terms Agreement		30 Jun 2020 ACT	30 Jun 2021 FCT	Lock-up
Total Interest Cover Ratio	EBITDA less tax / Total Net Finance Charges	3.2x	3.1x	<1.5x
Total Leverage Ratio	Total Net Debt / Consolidated EBITDA	10.8x	11.3x	>11.9x
Senior Interest Cover Ratio	EBITDA less tax / Senior Class A Net Finance Charges	3.5x	3.4x	<1.7x
Senior Leverage Ratio	Senior Class A Net Debt / Consolidated EBITDA	10.0x	10.1x	>10.75x
Senior Historic Leverage Ratio	FFO / Senior Class A Net Debt	7.1%	N/A	<5%
Senior 3 year Forward Leverage Ratio	FFO / Senior Class A Net Debt	N/A	6.9%	<6%

Financial position

- Extended Class A revolving RCF of SEK 7,500 million, and Class A and Class B LF of SEK 1,400 million and SEK 100 million respectively.
- Inaugural green bond issued and the proceeds are earmarked for investments in smart electricity meters
 - The bond structured as a SEK 1,000 million 7-year fixed rate tranche and a SEK 650 million 7-year floating rate note.
- S&P confirmed the “BBB” rating for Ellevio’s senior secured (Class A) debt and the “BB+” rating for Ellevio’s sub-ordinated (Class B) debt.
 - The outlook for the rating is “negative”, reflecting the uncertain situation regarding the Swedish regulatory framework with ongoing court appeal processes.

Debt and interest maturity 30 June 2020

(MSEK)



Events after the end of the period

- In July, Ellevio issued SEK 1,000 million of subordinated secured debt (Class B), which increased the outstanding total nominal amount of Class B debt to SEK 4,000 million.
- In August, the green bond was increased to 2 billion following large investor demand, proceeds earmarked for investments in the electrical network in order to increase the possibilities to connect wind power in Sweden.
- In the end of August Ellevio announced a recommended bid on Elektra Elnät.



ELLEVIO

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