



Ellevio AB Year-end Report 2023

Investor Presentation

23 February 2024

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Key financials

January–December 2023

- Net sales amounted to SEK 8,231 million (7,535)
- Distributed electricity amounted to a total of 24.2 TWh (25.0)
- Operating profit amounted to SEK 2,694 million (2,085)
- Free cash flow totalled SEK 1,383 million (1,549)
- Capital expenditure, including asset acquisitions amounted to SEK 3,663 million (3,345)

Market update

- More stable electricity market, but the price of electricity remained volatile in 2023.
- Efforts for security protection and preparedness continued to increase in importance in the energy industry.
- Climate crisis continues to drive demand for electricity and network capacity – SEK 945 billion in network investments needed by 2045, according to the Electricity Network Report 2023.
- The Swedish Energy Markets Inspectorate (Ei) took the first decisions on allowed revenue for 2024–2027 and decided on an allowed revenue corresponding to a WACC of 4.53 percent.



Strategic highlights January–December 2023

Investments that enable energy transition

- Record high investments of SEK 3.7 billion, and more to come.
- Beckomberga–Bredäng – a 400 kV line in a very densely populated area taken into operation.
- First stage of renewed Värtan station finalised.
- Munkfors–Kil – a 130 kV overhead line in Värmland finalised.
- Planning for NordSyd investment programme started
- Regulation for RP4 in place

Customer Relations

- Second-generation smart meters installed at all customers.
- Increased customer satisfaction for both B2C and B2B.
- Continued high demand for customer service and very high customer satisfaction.
- 182,000 customers with app account in December, 42% increase.

Sustainability

- Strong safety focus to ensure zero-vision for accidents.
- Pilot project reduced emissions by more than 70 %.
- New Green Finance Framework and SEK 3,000 million of Green bonds (Class A) issued.

Energy system
of tomorrow

Climate smart
energy solutions

For a bright
and sustainable
future

Operational
excellence

Employees
of the future

Customer driven investments

- High interest in wind power: several larger network connections completed and Ellevio key player in the development of the Tovåsen wind cluster.
- Increasing demand for connection of large-scale solar parks.
- Number of micro solar producing customers increased to 30,000, an increase of 67%.
- Mariestad: Construction of AB Volvo's new battery factory planned to start 2024 – one of Ellevio's largest connections to a single customer.
- Borlänge: Work with Northvolt's factory ongoing.
- Several other projects in the planning phase, such as a paper mill in Gullspång and a hydrogen factory in Ånge.

An attractive employer

- Record high Employee Engagement Index of 8.3 out of 10.



Regulatory update

- The Swedish Energy Markets Inspectorate (Ei) took first decision on allowed revenue for 2024–2027.
 - Remaining decisions to be taken during Q1 2024.
 - Ei decided on an allowed revenue corresponding to a WACC of 4.53 percent.
 - The risk-free interest rate is calculated with the average of a forward-looking period of nine years.
- Decisions regarding allowed revenue for 2020–2023 to be taken by Ei during the first half of 2024.
- Questioned independence.
 - Government inquiry is presented but conclusions cannot be taken into consideration until 2028–2031.



Financials & financing

Jan Seveborg

Income statement

MSEK	1 Jan-31 Dec 2023	1 Jan-31 Dec 2022
Net sales	8,231	7,535
Capitalised own work	160	124
Other operating income	113	121
	8,504	7,779
OPERATING EXPENSES		
Costs for purchase and transit of power	-1,711	-1,887
Other operating expenses	-1,436	-1,349
Employee benefits expense	-732	-625
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-1,931	-1,833
Operating profit	2,694	2,085
FINANCIAL INCOME AND EXPENSES		
Interest income and similar items	498	78
Interest expense and similar items	-2,714	-2,603
Profit/loss after net financial income/expense	478	-440
Appropriations	141	382
Profit/loss before tax	618	-58
Income tax expense	-394	-305
PROFIT/LOSS FOR THE PERIOD	225	-363

Balance sheet

MSEK	31 Dec 2023	31 Dec 2022
ASSETS		
Non-current assets		
Intangible assets	43,420	43,702
Property, plant and equipment	41,013	39,067
Non-current financial assets	11,591	10,163
Total non-current assets	96,023	92,932
Current assets		
Current receivables	2,922	2,713
Cash and cash equivalents	32	14
Total current assets	2,954	2,727
TOTAL ASSETS	98,977	95,659

MSEK	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES		
Equity	10,304	10,080
Untaxed reserves	476	621
Provisions	14,384	14,075
Non-current liabilities		
Bond loans	27,860	31,348
Liabilities to credit institutions	7,955	6,046
Liabilities to Group companies	25,078	24,616
Derivative instruments	16	34
Other non-current liabilities	3,987	3,329
Total non-current liabilities	64,896	65,374
Current liabilities		
Bond loans	4,208	1,000
Liabilities to credit institutions	722	567
Other current liabilities	3,987	3,943
Total current liabilities	8,917	5,510
TOTAL EQUITY AND LIABILITIES	98,977	95,659

Cash flow statement

MSEK	1 Jan-31Dec 2023	1 Jan-31Dec 2022
Cash flow from operating activities	5,228	4,798
INVESTING ACTIVITIES		
Capital expenditure in intangible assets	-151	-226
Capital expenditure in property, plant and equipment	-3,694	-3,023
Long-term interest-bearing investment	-253	-
Acquisition of shares	0	-178
Proceeds from sales of property, plant and equipment	6	1
Cash flow from investing activities	-4,091	-3 426
Cash flow from financing activities	1,137	1,373
<i>of wich free cash flow</i>	1,383	1,549
FINANCING ACTIVITIES		
Borrowings	4,894	998
Repayment of borrowings	-3,146	-1,548
Loans given	-737	-50
Repayment of loan receivables	-	367
Received interest	56	4
Paid interest	-2,182	-1,141
Received/paid Group contributions	-3	0
Cash flow from financing activities	-1,119	-1,371
CASH FLOW FOR THE PERIOD	18	2

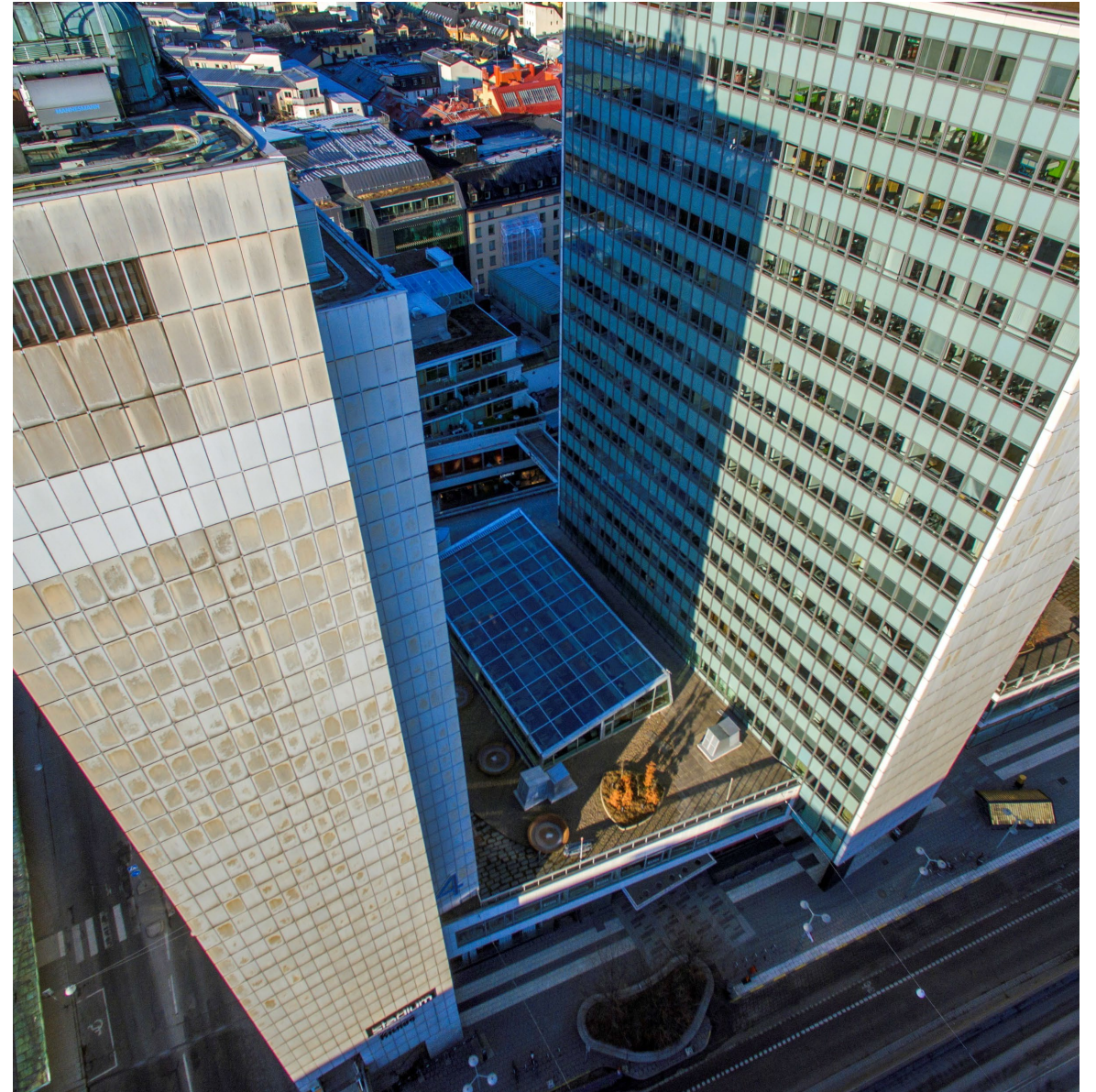
Financial covenants

Common Terms Agreement

		31 December 2023 ACT	31 December 2024 FCT	Lock-up
Total Interest Cover Ratio	EBITDA less tax / Total Net Finance Charges	4.0x	2.7x	<1.5x
Total Leverage Ratio	Total Net Debt / Consolidated EBITDA	8.7x	10.0x	>11.9x
Senior Interest Cover Ratio	EBITDA less tax / Senior Class A Net Finance Charges	4.4x	2.9x	<1.7x
Senior Leverage Ratio	Senior Class A Net Debt / Consolidated EBITDA	7.8x	9.1x	>10.75x
Senior Historic Leverage Ratio	FFO / Senior Class A Net Debt	9.7%	N/A	<5%
Senior 3 year Forward Leverage Ratio	FFO / Senior Class A Net Debt	N/A	7.3%	<6%

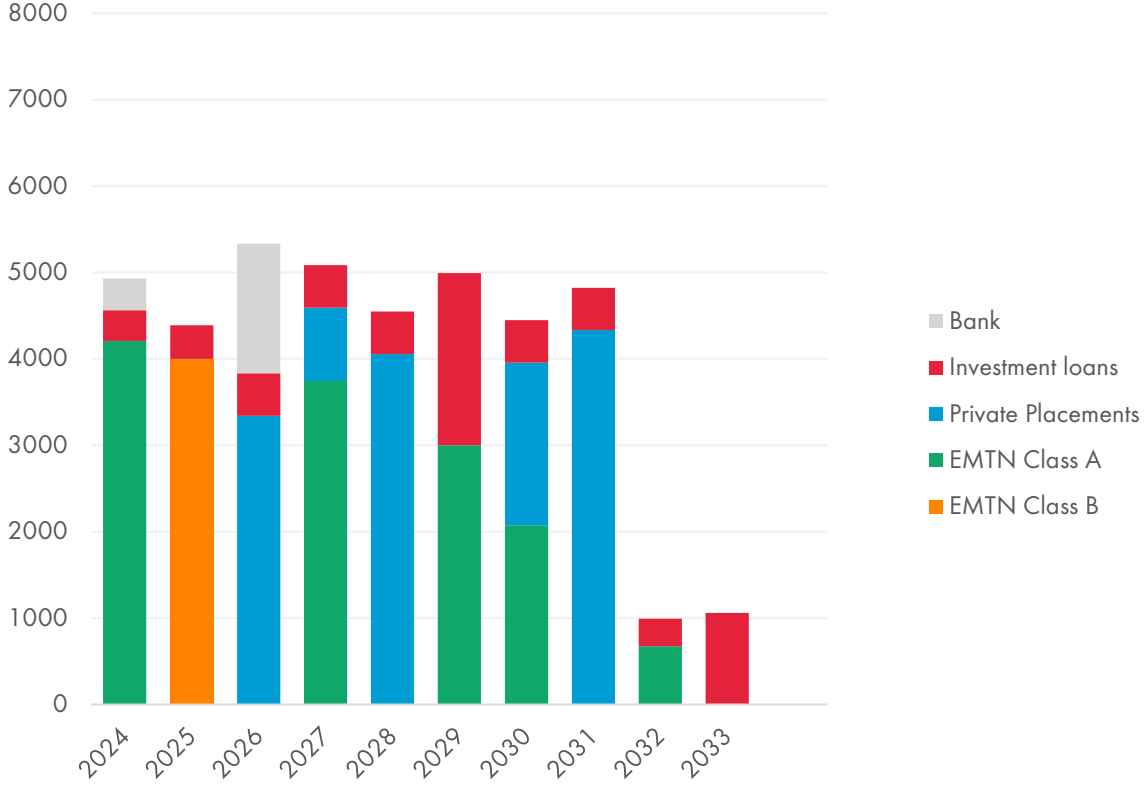
Financing

- External net debt amounted to SEK 40,597 (39,100) million, an increase by SEK 1,497 million since year-end 2022.
- During 2023 Ellevio raised SEK 4,000 million of new long-term debt as well as extended SEK 1,262 million of existing bank loan facilities.
- In May, Ellevio published its Green Finance Framework and in June SEK 3,000 million of Green bonds (Class A) was issued under an EMTN programme in accordance with the Framework.
- On 11 July 2023, Standard and Poor's confirmed the 'BBB' rating for Ellevio's Class A debt and the 'BB+' rating for Ellevio's Class B debt.
- Average interest rate for Total external net debt, including derivatives, somewhat affected by raising market rates, was 3,0 percent (2,8) per end of December 2023.
- Hedging ratio 94 percent as per end of December 2023.

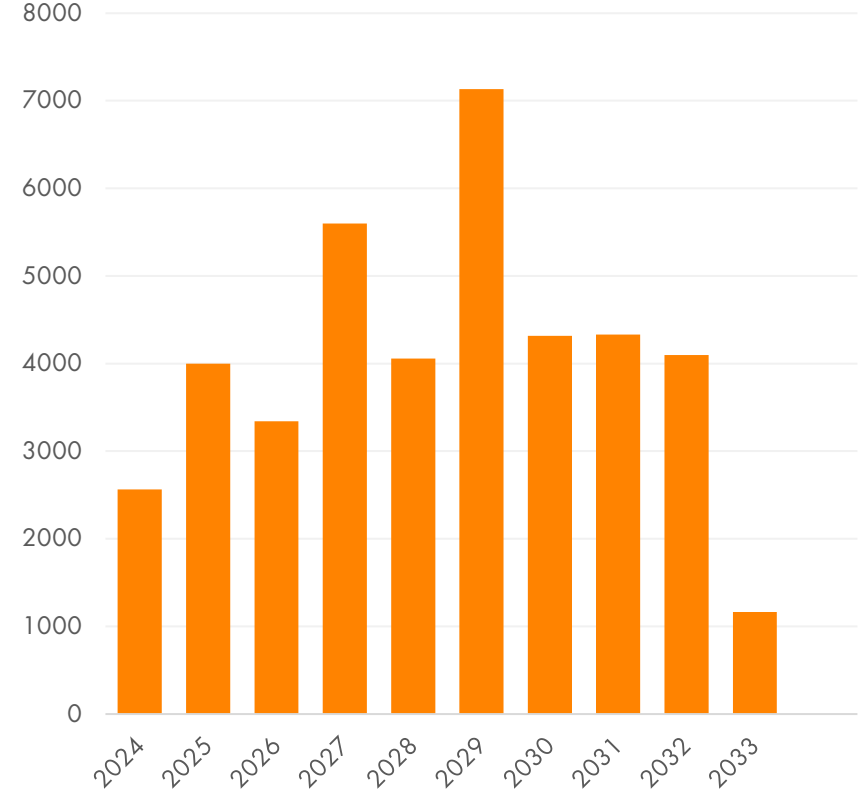


Debt and interest maturity 31 December 2023, MSEK

Debt maturity profile 2023–2033



Interest maturity 2023–2033



Summary

- 2023 clearly marked geopolitical uncertainty and its effects on the economy, inflation and geopolitical security.
- Extensive network investments, amounting to SEK 945 billion, needed over the next two decades and great political consensus on the need for electrification.
- A stable core business and record high investments of SEK 3.7 billion, and more to come.
- The Swedish Energy Markets Inspectorate (Ei) took first decision on allowed revenue for 2024–2027.
- Ellevio and the entire industry continue to push for a long-term stable and predictable regulation.





Q&A

A nighttime photograph of a cityscape featuring several multi-story apartment buildings. The buildings are illuminated from within, with warm yellow lights visible through the windows. The sky is a deep, dark blue, and a bright, full moon is visible in the upper left corner. The foreground is mostly dark, with some silhouettes of trees and bushes. The overall mood is serene and quiet.

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