

Press Release
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Netel intends to list its shares on Nasdaq Stockholm

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Netel Holding AB (publ) ("Netel" or the "Company"), a full-service specialist within Infranet services in Sweden, Norway, Finland and Germany, today announces its intention to conduct an initial public offering of its shares to the general public in Sweden, Norway and Finland and to institutional investors in Sweden and abroad (the "Offering") and to list its shares on Nasdaq Stockholm (the "Listing"). The Offering is expected to consist of a combination of newly issued shares offered by Netel and existing shares offered by the selling shareholder.

Netel's Board of Directors, together with the principal owner Cinnamon International S.à r.l. (whose majority shareholder is the IK VII Fund), believes that a listing of the Company's shares on Nasdaq Stockholm would benefit Netel by providing access to the Nordic and the international capital markets with the support of a wide and long-term shareholder base. Netel also believes that a listing of the shares on Nasdaq Stockholm will enable the Company to accelerate its growth plans and benefit the Company's brand. Netel intends to widen its shareholder base through an issue of new shares and a sale of existing shares, offered by Cinnamon International S.à r.l. (the "**Selling Shareholder**").

Nasdaq Stockholm's listing committee has made the assessment that Netel fulfils the applicable listing requirements. Nasdaq Stockholm will approve an application for admission to trading of the Company's shares on Nasdaq Stockholm, provided that certain customary conditions are fulfilled. Depending on market conditions, the Offering and Listing on Nasdaq Stockholm is expected to be completed during the fourth quarter of 2021.

Ove Bergkvist, CEO:

"I have had the benefit of being a part of developing Netel together with all amazing co-workers during the last four years. During this period, we have changed in many ways. We exhibit good growth and have welcomed many new co-workers and businesses into the group. At the same time, we have developed new business areas and entered Germany with great success. Netel today is a stable and growing operation with a clear, strong and agile culture with a quality and customer focus. It is with great enthusiasm and confidence in the future we now take the next step in our development and invite even more shareholders to take part in this journey."

Hans Petersson, Chairman of the Board of Directors:

"Netel has a qualified management team that together with prominent entrepreneurs in the group's business areas have built a stable and growing operation. Through the planned offering and listing, we will widen the capital base and create conditions for increasing the pace of our growth and additional value for our future shareholders."

Alireza Etemad, Partner, IK Investment Partners and advisor to the IK VII Fund:

"During our partnership with Netel, the Company has continued its organic and diversified expansion into new areas, including Power, and new countries, such as Germany, whilst also undertaking significant M&A growth. Ove Bergkvist and the management team have enhanced Netel's way of

working, resulting in industry-leading profitability. The timing is now right to diversify Netel's ownership ahead of its continued organic and M&A growth potential."

The Offering in brief

- The Offering is expected to be conducted at a price of up to SEK 51 per share, corresponding to a total market value of the Company's shares of up to approximately SEK 2,200 million prior to the Offering
- The Offering is expected to consist of newly issued shares in the Company and of existing shares offered by the Selling Shareholder. The existing shares that are offered by the Selling Shareholder are expected to also include a minor sale of existing shares on behalf of other shareholders in the Company
- The newly issued shares in the Offering will provide the Company with proceeds of approximately SEK 200 million, before deduction of costs related to the Offering
- The proceeds raised from the Offering will mainly be used to support Netel's M&A agenda and for repayment of vendor promissory notes and a part of the Company's debt
- A mutual fund managed by the Asset Management of German bank Joh. Berenberg, Gossler & Co. KG (Berenberg), Carnegie Fonder, Norron Asset Management and Strand Kapitalförvaltning have undertaken, under certain conditions and at the same offering price as other investors, to subscribe for shares corresponding to a total value of SEK 300 million
- Should the Company proceed with the Offering, the Offering will be directed to the general public in Sweden, Norway and Finland and to institutional investors in Sweden and abroad

The Offering to institutional investors will only be made to certain institutional investors outside the United States, pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**").

Full terms, conditions and instructions for the Offering will be included in the prospectus expected to be published by the Company in connection with the Offering. The prospectus will, if published, be available on the Company's website (www.netelgroup.com).

About Netel

Netel is a full-service Infranet services provider active in Sweden, Norway, Finland and Germany. The Company offers Infranet services through an efficient and decentralised organisation, and experiences strong positive market drivers within its business areas.

Netel's customers include telecom operators, network owners, system suppliers, property owners, construction companies, housing companies and cooperative housing associations. The Company operates through three key business areas: *Mobile, Fixed Networks and Power*:

- **Mobile:** Netel is a player with a wide service offering across the complete value chain within Mobile. The offering spans planning, permit management, roll-out, commissioning and integration
- **Fixed Networks:** Within Fixed Networks, Netel offers solutions mainly for fibre networks and coaxial networks, spanning preparations, planning, maintenance, upgrades and roll-out
- **Power:** Netel's Power offering entails the preparation, planning, maintenance and roll-out of power networks, including stations

As part of Netel's overall offering, the Company also provides service and maintenance under each respective business area, both constructed by the Company and by others. Netel's broad offering within Mobile, Fixed Networks and Power allows the Company to cover several types of projects within the same relationships and customers and act as a full-service provider to its customers across the Infranet value chain. Netel is an actor in the Nordic Infranet market who can compete for large scale projects as well as smaller regional projects, with varying complexity, at national and local levels.

Key strengths and competitive advantages

Strong market tailwinds from 5G roll-out, investment needs in power networks and low European fibre penetration

Netel benefits from a number of positive global market trends, including the roll-out of 5G, continued European fibre expansion, large reinvestment needs in the power networks, pending buildout of transfer capacity in the power networks and the general shift to renewable energy.

Efficient and decentralised organisation, with a flexible operating model and a clear ESG agenda

Netel has an efficient business model focused on margins. The Company outsources construction and installation work to subcontractors. The model creates stable and predictable cash flows since the cost base can be adjusted continuously in relation to demand. Netel also operates a decentralised organisation, with decision making on a business unit level, advocating an entrepreneurial culture with close customer collaboration.

As part of Netel's ESG agenda, Netel has a code of conduct and is a signatory of UN Global Compact and supports its principles for human rights, sustainable working conditions, environment and corruption. The UN Global Impact principles as well as several other international guidelines lay the foundation for Netel's code of conduct. In addition, Netel's ESG agenda entails seven of the UN Sustainable Development Goals and the Company publishes a sustainability report annually.

Established Nordic market leader in the critical Infranet Services sector with over 20 years of experience

Netel is an established player in the Nordic Infranet services market and an established actor within the German market with over 20 years of experience. The Company operates in Sweden, Norway, Finland and Germany.

Long-standing relationships with a broad and diversified blue-chip customer base

Netel's customer base consists of a diversified range of well-known, blue-chip companies resulting in a low level of single-customer dependencies. Netel has also worked with some customers for 10-20 years, including large mobile telecom operators. A large share of revenues come from recurring customers and the Company has a high share of framework agreements, highlighting high customer satisfaction and Netel's ability to sustain its relationships.

Long-standing customer relationships are an important indicator for future profitability as they provide a high degree of visibility of volume growth and future earnings, mainly through the order backlog.

Attractive financial profile with resilient earnings, leading margin profile, and high cash conversion

Historically, Netel has focused on margin improvement which has resulted in a strong and balanced financial profile with resilient earnings development. During the period 2018-2020, Netel has had an average adjusted EBITA margin of 5.5 per cent and during 2020 revenues per FTE of SEK 4.5 million. Combined with a high cash conversion¹ of approximately 97.5 per cent, Netel's flexible business model is clearly demonstrated. Netel also expects stable earnings growth in the near future through its order backlog of SEK 3.5 billion, or approximately 165 per cent as a share of revenues during the last twelve months.

¹ Here defined as (EBITDA-Capex)/EBITDA

Well-defined growth plan including tangible organic initiatives and a strong M&A agenda

Netel has a growth plan including both organic initiatives and acquisitions in a fragmented market. In the first six months of 2021, Netel completed five acquisitions. Furthermore, two of Netel's largest growth areas are in Power and the Company's expansion in Germany.

Selected financial information

The below tables show Netel's key financials including proforma²:

	<u>January - June</u>				<u>Fiscal year</u>		
	2021PF (IAS 34) Netel Group Holding AB	2021 (IAS 34) Netel Group Holding AB	2020 (IAS 34) Netel Group Holding AB	2020PF (IFRS) Netel Group Holding AB	2020 (IFRS) Netel Group Holding AB	2019 (IFRS) Netel Group Holding AB	2018 (IFRS) Netel Group Holding AB
SEK million	<i>Unaudited³</i>				<i>Audited</i>		
Net sales	1,165	1,086	838	2,300	1,845	1,861	1,870
Operating profit	69.5	57.2	33.0	160.4	118.5	52.5	17.3
Profit/(loss) for the period	47.7	36.6	(0.1)	76.9	48.3	19.7	(0.7)
Profit/(loss) per share (SEK) ⁴	N/A	0.71	(1.46)	N/A	0.22	(1.39)	(2.50)

Selected key performance measures⁵

	<u>January - June</u>		<u>Fiscal year</u>		
	2021	2020	2020	2019	2018
SEK million, unless otherwise stated					
Order backlog ⁶	3,453	1,827	2,354	1,456	1,667
Adjusted EBITA ⁷	71	39	134	94	77
Adjusted EBITA margin, % ⁷	6.5%	4.7%	7.3%	5.0%	4.1%
Net debt	563	481	360	477	494

A complete description of Netel's historical financial information will be included in the prospectus expected to be published by the Company.

² Proforma have been prepared for illustrative purposes to present a hypothetical summary of the effects that the Company's business combinations could have had on Netel's consolidated financial statements. The financial information for Netel is derived from the audited consolidated financial statements for the fiscal year ended 31 December 2020. The financial information for the acquired entities is sourced from internal unaudited management accounts. For more information regarding proforma financials, please refer to the, if published, prospectus.

³ The financial information for the period January – June 2021 has been reviewed by Deloitte

⁴ Profit/(loss) per share refer to profit/(loss) per share before and after dilution

⁵ From unaudited consolidated financial statements

⁶ Operational metric

⁷ Adjusted EBITA and adjusted EBITA margin are defined as operating profit before amortisation of intangible assets adjusted for items affecting comparability, and adjusted EBITA in relation to the Company's net sales.

Netel's financial targets and dividend policy

Prior to the Offering and the Listing, Netel's Board of Directors has adopted financial targets linked to the strategy:

- **Revenue growth:** Annual growth objective of 10 per cent, including inorganic growth
- **Margin target:** Adjusted EBITA margin of >7 per cent in the medium term
- **Capital structure:** Net debt (excluding lease liabilities) in relation to adjusted LTM EBITDA of <2.5x⁸
- **Dividend policy:** Pay-out ratio of 40 per cent of the Group's net profit. The proposed dividend shall take into account factors such as Netel's financial position, cash flow, acquisitions and organic growth opportunities

About IK Investment Partners

IK Investment Partners ("IK") is a Pan-European private equity firm focused on investments in the Benelux, DACH, France, Nordics and the UK. Since 1989, IK has raised more than EUR 14 billion of capital and invested in over 150 European companies. IK supports companies with strong underlying potential, partnering with management teams and investors to create robust, well-positioned businesses with excellent long-term prospects. More information about IK can be found on www.ikinvest.com.

Advisors

DNB Markets, part of DNB Bank ASA, Sweden branch and Nordea Bank Abp, filial i Sverige act as Joint Global Coordinators and Joint Bookrunners in the initial public offering (together the "**Joint Global Coordinators**").

Swedbank AB (publ) acts as Joint Bookrunner (together with the Joint Global Coordinators, the "**Managers**"). Linklaters Advokatbyrå AB & Linklaters LLP are legal advisors to the Company and to the Selling Shareholder. Baker McKenzie acts as legal advisors to the Managers.

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⁸ The leverage ratio can temporarily exceed 2.5x in connection with acquisitions

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This press release is not a prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and has not been approved by any regulatory authority in any jurisdiction. A prospectus will be prepared in connection with the Offering and be scrutinized and approved by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) which is the national competent authority in Sweden with regard to the Prospectus Regulation.

In the United Kingdom, this press release and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, "qualified investors" (within the meaning of the United Kingdom version of the EU Prospectus Regulation (2017/1129/ EU) which is part of United Kingdom law by virtue of the European Union (Withdrawal) Act 2018) who are (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**relevant persons**"). In the United Kingdom, any investment or investment activity to which this communication relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of this press release and should not act or rely on it. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons. Persons distributing this communication must satisfy themselves that it is lawful to do so.

This press release does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in the new shares. Any investment decision to acquire or subscribe for shares in connection with the Offering must be made on the basis of all publicly available information relating to the Company and the Company's shares. Such information has not been independently verified by the Managers. The Managers are acting for the Company in connection with the Offering and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the transaction or any other matter referred to herein.

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increase. Achieved results do not provide guidance for future results. Neither the contents of the Company's website nor any other website accessible through hyperlinks on the Company's website are incorporated into or form part of this press release.

Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's and the Group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company and the Group operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or Nasdaq Nordic Main Market Rulebook for Issuers of Shares.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in Netel have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**EU Target Market Assessment**"). Solely for the purposes of each manufacturer's product approval process in the United Kingdom, the target market assessment in respect of the shares in the Company has led to the conclusion that: (i) the target market for such shares is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of such shares to eligible counterparties and professional clients are appropriate (the "**UK Target Market Assessment**" and, together with the EU Target Market Assessment, the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares in Netel may decline and investors could lose all or part of their investment; the shares in Netel offer no guaranteed income and no capital protection; and an investment in the shares in Netel is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other advisor) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling

restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Managers will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II or UK MiFIR; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in Netel.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in Netel and determining appropriate distribution channels.