Eltel Group

Full-year report January–December 2015

January - December 2015

- Net sales EUR 1,254.9 million (1,242.1), at comparable exchange rates up 2.9%*; organic net sales increased 4.5%*
- Operative EBITA EUR 62.2 million (61.3) or 5.0% of net sales (4.9)
- Non-recurring items EUR -1.7 million (-22.7), mainly IPO-related
- EBITA EUR 60.5 million (38.6) or 4.8% of net sales (3.1)
- Net financial expenses decreased to EUR 14.4 million (19.0)
- Net result EUR 43.2 million (11.1)
- Earnings per share EUR 0.69 (0.12)
- Operative cash flow EUR 45.8 million (88.9), negatively impacted by IPO-related cash payments in 2015
- The Board proposes a dividend of EUR 0.24 per share for the year 2015

October - December 2015

- Net sales EUR 397.3 million (352.3), at comparable exchange rates up 15.4%*; organic net sales increased 4.5%*
- Operative EBITA EUR 20.5 million (17.7) or 5.2% of net sales (5.0)
- No non-recurring items (EUR -6.7 million)
- EBITA EUR 20.5 million (11.0) or 5.2% of net sales (3.1)
- Net financial expenses decreased to EUR 2.2 million (4.2)
- Net result EUR 17.3 million (8.7)
- Earnings per share EUR 0.27 (0.17)
- Operative cash flow EUR 90.4 million (66.3)

Unless otherwise stated, figures in brackets refer to the same period in the previous year

* Organic net sales do not include Norwegian communication business and the Edi.Son, Sønnico and Vete acquisitions in 2015 and are presented at comparable exchange rates. For net sales comparability, see table on page 4 and Communication segment on page 7.

Comments by the CEO

Strong growth in the fourth quarter ended a record year for Eltel

The positive long-term trends in the Infranet market continued in the last quarter of 2015. We managed to capitalise on the favourable market conditions and recorded a clear increase in orders in the fourth quarter in all of Eltel's segments – Power, Communication and Transport & Security.

We won a significant amount of contracts, especially in our business related to major projects, where we had somewhat weaker order bookings in the beginning of 2015 - reflecting the cyclical nature of this part of our operations. Many of the new project contracts were strategically important smart meter rollout projects that will be executed in coming years. The year 2015 was also very good within maintenance and upgrades, which represent approximately two thirds of our business, as we renewed and signed several new multi-year frame agreements, including a renewed major five-year contract with TeliaSonera in Sweden. When closing the books for 2015, Eltel's committed order backlog was at the highest level in the company's history at approximately EUR 920 million an increase of 35% compared to the end of the year 2014. We are now disclosing this figure for the first time, which will hopefully improve understanding of our long-term predictability and potential.

Moreover, Eltel showed strong double digit growth in net sales in the fourth quarter, mainly driven by the successfully completed acquisitions in Germany and Norway during the year but also by healthy organic growth. For the full year 2015, organic growth amounted to 4.5% and growth from acquisitions to 8.7% - these combined well exceeded our growth target of 10%. The Group's profitability also continued to improve, showing an operative EBITA margin above 5% for the quarter and 5% for the full year. Our cash generation in the fourth quarter was again strong and the adjusted cash conversion rate for 2015 was above 120%, proving our cash efficient and asset-light business model.

In the fourth quarter, our Power segment showed very strong organic growth mainly as a result of the good performance in the power distribution business. The Communication segment continued to perform well with the strong performance in fibre and mobile roll-outs also continuing in the last quarter of 2015. In the Transport & Security business segment, net sales were impacted by lower volumes and weaker business performance, although several new orders in the rail sector were signed in the last months of 2015.

Eltel's one-year journey as a listed company has been very interesting. We experience that the listing has improved knowledge and transparency of both Eltel and the Infranet industry. The Industry is an important contributor to modern society with growing needs for available and crucial Infranets. By capitalising on scale and our international platform, combined with great customer relations, Eltel will continue to be the pioneer in transforming the Infranet Industry from a domestic technical industry to a dynamic value-creating global contributor.

In order to deliver on our mid-term targets for profitable growth and cash generation, our focus in 2016 will be on continued operational efficiency while at the same time continuing to grow, both organically and through acquisitions. We still see room for improvements especially in our power transmission and rail business. Particular focus areas in terms of operational efficiency are health and safety and people development. Our growth ambitions continue to be well supported by a strong market outlook combined with attractive M&A alternatives in all our markets and segments.

–Axel Hjärne, President and CEO

IMPORTANT EVENTS DURING THE FOURTH QUARTER OF 2015

- In November, Eltel announced the composition of the Nomination Committee for the Annual General Meeting 2016
- In October, Eltel acquired the railway signalling company Vete Signaltjenester AS in Norway, with net sales of approximately NOK 60 million

POWER SEGMENT:

- Eltel's power transmission business signed two major power transmission contracts in Poland, valued at approximately EUR 26 million
- Eltel's power distribution business signed a smart metering roll-out contract with Kamstrup for DONG in Denmark, valued at approximately EUR 20 million
- Eltel's power distribution business signed a smart metering roll-out contract with the Soria consortium in Norway, at a total volume of approximately 300,000 meters

COMMUNICATION SEGMENT:

- Eltel's communication business signed the renewal of two major two-year frame agreements with a large operator in Finland
- Eltel's communication business signed a three-year frame agreement with Huawei in Germany, valued at approximately EUR 20 million

TRANSPORT & SECURITY BUSINESS SEGMENT:

- Eltel's rail and road business won six contracts in the Nordics at a total value of approximately EUR 24 million
- Eltel's rail and road business signed a four-year frame agreement with Jernbaneverket in Norway, valued at approximately EUR 9 million
- Eltel's rail and road business signed a three-year maintenance agreement with Sund&Baelt in Denmark, valued at approximately EUR 10 million

IMPORTANT EVENTS AFTER THE PERIOD

- In January, Eltel's power transmission business signed a EUR 13 million substation contract with E.ON in Sweden
- In January, Eltel's fixed communication business signed a new EUR 15 million three-year frame agreement with DNA in Finland

OTHER

In the beginning of the year, a decision on the ongoing court case with the Finnish Competition and Consumer Authority (FCCA) in the Finnish Market Court could be expected. In that case and depending on the decision, Eltel will return with further comments on any potential impact this would have on Eltel. For further information please see the "Risks and Uncertainties" section in this report.

KEY FIGURES

EUR million	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014	Rolling 12-month
Net sales	397.3	352.3	1,254.9	1,242.1	1,254.9
Net sales growth, %	12.8	1.9	1.0	8.2	1.0
Organic net sales growth, %*	4.5	4.5	4.5	11.1	4.5
Operative EBITA	20.5	17.7	62.2	61.3	62.2
Operative EBITA margin, %	5.2	5.0	5.0	4.9	5.0
Non-recurring items**	-	-6.7	-1.7	-22.7	-1.7
EBITA	20.5	11.0	60.5	38.6	60.5
EBITA margin, %	5.2	3.1	4.8	3.1	4.8
Operating result (EBIT)	16.5	7.9	46.6	26.2	46.6
EBIT margin, %	4.2	2.2	3.7	2.1	3.7
Result after financial items	14.3	3.7	32.2	7.2	32.2
Net result for the period	17.3	8.7	43.2	11.1	43.2
Earnings per share EUR, basic	0.27	0.17	0.69	0.12	0.69
Earnings per share EUR, diluted	0.27	0.17	0.69	0.12	0.69
Leverage ratio***	2.0	5.4	2.0	5.4	2.0
Leverage ratio, pro forma adj. for non-recurring items ***	2.0	2.2	2.0	2.2	2.0
Operative cash flow	90.4	66.3	45.8	88.9	45.8
Cash conversion, %***	75.8	230.0	75.8	230.0	75.8
Number of personnel, end of period	9,568	8,647	9,568	8,647	9,568

* organic net sales does not include Norwegian communication business and the Edi.Son, Sønnico and Vete acquisitions in 2015 and is presented at comparable exchange rates
** mainly IPO-related costs
*** calculated on a rolling 12-month basis

Group performance

Sales and financial results

NET SALES

October-December 2015 compared to the same period in 2014

In local currencies, the net sales increase for the Eltel Group was 15.4% in the fourth quarter. In reported currency, net sales grew by 12.8% to EUR 397.3 million (352.3). The main drivers for the strong growth in Group net sales were the acquisitions completed in 2015 in Norway and Germany.

Organic net sales increased by 4.5%. The increase in organic net sales derives from the power business in the Nordics and from the international power project business.

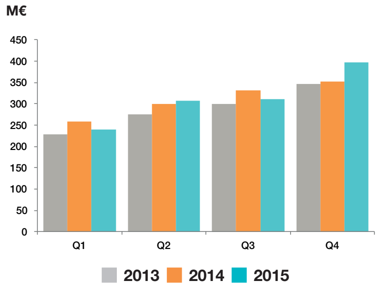
January-December 2015 compared to the same period in 2014

In local currencies, the Group's net sales increased by 2.9% in 2015. In reported currency, net sales increased by 1.0% to EUR 1,254.9 million (1,242.1). Organic net sales increased by 4.5%. The growth in net sales was mainly related to the power business. The Power segment delivered total growth of more than 10%, including both organic and growth through acquisitions, thus meeting the Group's growth target. The organic growth in net sales in the Communication segment in 2015 was marginally positive, whereas the decline in copper maintenance was more than offset by growth in the fibre and mobile roll-out business. In the Communication segment, total net sales in 2015 were negatively impacted by the transfer of the Norwegian communication business to the Eltel Sønnico joint venture at the end of 2014. The acquisition of the remaining half of the joint venture Eltel Sønnico in September contributed strongly to the net sales growth during the last four months of the year. Net sales development in the Transport & Security business segment was negative, mainly as a result of the finalisation of the Rakel contract in Sweden in the first quarter 2015.

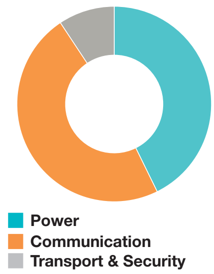
At the end of the year 2015, Eltel's committed order backlog was at its highest level ever, at approximately EUR 920 million, an increase of 35% compared to the end of the year 2014. This growth was particularly supported by the very strong order intake for smart meter roll out contracts to be delivered starting at the end of 2016. Committed order backlog is the total value of committed orders received but not yet recognised as sales. This is mainly related to project orders with a delivery time of 2-5 years and also include committed orders in frame agreements.

The Power segment accounted for 45% (41), the Communication segment for 43% (47 or 41 excluding the Norwegian Communication business) and the Transport & Security business segment for 12% (12) of Group net sales.

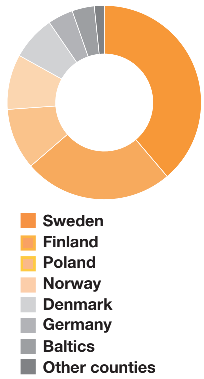
Net sales



Q4 net sales by segment



Net sales by country



Net sales comparability

Net sales development and items impacting comparability are summarised in the table below:

Net sales EUR million	Jan-Dec 2015	Jan-Dec 2014	Growth -%	Fx-corrected growth -%
Group net sales	1,254.9	1,242.1	1.0	2.9
Net sales from acquisitions	99.1	-	8.0	8.7
Norwegian communication business transferred to Eltel Sønnico	-	121.6		
Group organic net sales	1,155.8	1,120.6	3.1	4.5

Net sales from acquisitions include Edi.Son Energietechnik GmbH as of 1 May, Eltel Sønnico as of 1 September and Vete Signaltjenester AS as of 1 October 2015.

Group organic net sales do not include the 2015 acquisitions and the Norwegian communication business that was transferred to the Eltel Sønnico joint venture on 31 December 2014.

FINANCIAL RESULTS

October-December 2015 compared to the same period in 2014

The Eltel Group's operative EBITA improved to EUR 20.5 million (17.7), or 5.2% of net sales (5.0). The improvement in operative EBITA was driven by strong performance in the Communication and the Power segments in the fourth quarter, while profitability in Transport & Security was mainly impacted by weakness in the railway business.

Group EBITA amounted to EUR 20.5 million (11.0) positively impacted by lower non-recurring costs and improved operative result. In the comparable period in 2014, EUR 6.7 million in non-recurring costs related to the listing of Eltel on Nasdaq Stockholm were booked. Amortisation of acquisition-related intangible assets was EUR 4.0 million (3.1).

Net financial expenses decreased to EUR 2.2 million (4.2) driven by lower net debt and lower interest rates as a result of renewed financing.

Taxes for the period were positive at EUR 2.9 million (4.9), due to recognition of deferred tax assets for loss carry forwards in Germany and Norway in previous years, triggered by the acquisitions of Edi.Son Energietechnik GmbH and Eltel Sønnico AS.

January-December 2015 compared to the same period in 2014

The Eltel Group's operative EBITA increased and was record high at EUR 62.2 million (61.3), representing 5.0% of net sales (4.9). The performance in the Communication segment was very good, with operative EBITA and profitability increasing significantly in 2015. The business in the Power segment returned back on track in the fourth quarter. However, despite the positive development in the fourth quarter, the full year operative EBITA and EBITA margin in the Power segment remained below the level achieved in the previous year. In Transport & Security the weak performance in the fourth quarter impacted the full year profitability negatively for the segment. However, the EBITA margin for the full year was still above the Group average level.

Group EBITA amounted to EUR 60.5 million (38.6). EBITA included non-recurring net expenses of EUR 1.7 million (22.7), mainly related to advisory services for the initial public offering (IPO) and for Eltel's management incentive programme, realised in February 2015 after completion of the listing of Eltel's shares on Nasdaq Stockholm. Amortisation of acquisition-related intangible assets totalled EUR 13.9 million (12.4).

Net financial expenses of EUR 14.4 million (19.0) included a non-cash write-off of EUR 3.5 million in capitalised costs related to pre-IPO financing. Following the listing, Eltel renewed its financing in February 2015, resulting in lower interest expenses going forward. Taxes for the year were positive at EUR 11.0 million (3.9), due to recognition of deferred tax assets for loss carry forwards from previous years, driven by higher EBIT and lower financing costs.

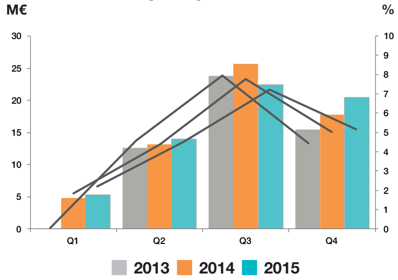
Operating environment

Market demand in the power sector is underpinned by strong long-term drivers. The operating environment is characterised by high market activity and long-term investment plans. In power transmission, there is a solid flow of public tender requests, based on the extensive investment plans announced by transmission system operators in all of Eltel's markets. In the power distribution market, the overall high activity level continued. Growing demand for power has attracted new companies and competition remains intense. Distribution system operators in Norway, Denmark and Germany continue to make decisions on smart metering investments in coming years. Moreover, tender activity is expected to continue at a high level in Sweden and Finland. In Sweden, a new regulation model regarding power networks is expected to further increase investment levels in the power distribution networks.

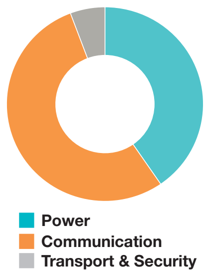
Market demand in the communication sector is strong, especially in fixed communication but show some variation among countries and technologies. Demand for fibre deployment is expected to remain at a high level. The decreasing numbers of subscribers of the copper networks and subsequent lower needs for maintenance continues. In Finland, customer investments have been lower compared to the levels in 2014. Market demand for LTE/4G roll-outs continues to provide opportunities especially in the Nordics and with increasing activity also in Germany.

In the Nordic transport sector, especially the railway segment, long-term market drivers remain strong, creating many business opportunities to expand. Several customers publish their rolling forecasts for planned purchases on a monthly or quarterly basis, providing a sound overview for tendering and business planning. In the fourth quarter, several new orders in the rail sector were signed. The security market in Sweden continues to grow, supported by increased spending in the defence area. In the aviation sector, the Swedish remote tower operation provides new business and market opportunities. The aviation sector in Norway and Denmark is opening up for external service providers, thereby providing new opportunities.

Operative EBITA and -margin, per quarter



Q4 operative EBITA by segment



Segment information

Eltel reports its business in three segments – Power, Communication and Transport & Security – based on the products and services offered.

Power

The Power segment provides network maintenance services, upgrade work and project business to national transmission system operators and distribution network owners. This segment operates throughout Eltel's geographic regions and its business is characterised by long-term customer relationships, with a continuous order flow generated through framework agreements and projects. Growth in the segment is typically driven by increased power grid availability requirements and regulatory demands rather than by GDP. The majority of this business consists of upgrades and project-based work. Upgrade assignments are typically completed within a few months, whereas project agreements normally last for two to three years. The length of frame agreements is typically three to five years.

EUR million	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net sales	171.3	142.6	567.6	515.9
Operative EBITA	10.2	8.0	29.6	32.1
Operative EBITA margin. %	5.9	5.6	5.2	6.2
Number of employees	3,607	3,412	3,607	3,412

October-December 2015 compared to the same period in 2014

In local currencies, the increase in net sales for the Power segment was 22.1% in the fourth quarter. In reported currency, net sales increased by 20.2% to EUR 171.3 million (142.6). The growth in net sales was mainly attributable to higher sales in the power distribution business in the Nordics, related to cabling projects in Finland and good business activity in Denmark. In addition, power transmission projects in the Nordics and Germany as well as high activity in electrification projects in Africa contributed to the growth.

Profitability improved clearly in the fourth quarter. Operative EBITA increased by 27.0% to EUR 10.2 million (8.0), and the operative EBITA margin was at a good level of 5.9% (5.6). The improvement derives mainly from growth in new power transmission business in Germany. In addition, well-managed substation projects in Poland also contributed to the better operative result.

January-December 2015 compared to the same period in 2014

In local currencies, net sales growth for the Power segment was 10.8% in 2015. In reported currency, net sales increased by 10.0% to EUR 567.6 million (515.9). Growth in net sales was mainly attributable to higher net sales in the German power transmission business. In Germany, the business mix comprised both substation projects and building of transmission lines. Within the Nordics, both power distribution and transmission in Finland grew their net sales in 2015, while growth was partly offset by lower sales in transmission in Sweden and Norway. The African power transmission business also recorded growth.

Operative EBITA for the full year was 7.9% lower, totalling EUR 29.6 million (32.1). The operative EBITA margin was 5.2% (6.2). The lower EBITA profitability was mainly a consequence of the clearly higher than average contribution from a settlement in an African project in the third quarter 2014. This impact was partly offset by the positive contribution from the acquired German company Edi.Son and better overall profitability in the Polish market.

Communication

The Communication segment provides maintenance and upgrade work to telecom operators and other communication network owners. This segment currently operates throughout all of Eltel's geographies and its business is characterised by long-term customer relationships, with a continuous order flow generated mainly through framework agreements. The business is primarily driven by technology upgrades, maintenance and growing demand for network capacity.

EUR million	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net sales	192.4	168.4	543.7	584.0
Operative EBITA	13.5	10.1	34.2	25.8
Operative EBITA margin. %	7.0	6.0	6.3	4.4
Number of employees	5,126	4,647	5,126	4,647

Consolidation of Norwegian communication business, Eltel Sønnico, impacts the comparability. See below for further information.

October-December 2015 compared to the same period in 2014

In local currency, net sales in the Communication segment increased 17.6% in the fourth quarter. In reported currency, net sales increased by 14.2% to EUR 192.4 million (168.4). The main reason for the increase was the consolidation of the acquired Norwegian joint venture Eltel Sønnico from September 2015 onwards. Organic net sales increased 1.4%. In addition to the impact from Eltel Sønnico, the rise in net sales was positively affected by an increase in fibre roll-out projects and increased maintenance volumes in Sweden.

Operative EBITA increased significantly by 33.9% to EUR 13.5 million (10.1), while the operative EBITA margin reached the level of 7.0% (6.0). The improvement in operative EBITA was mainly attributable to clearly better performance in the communications business in Germany and strong performance in the Nordics.

January-December 2015 compared to the same period in 2014

In local currency, net sales in the Communication segment decreased 4.3% in 2015. In reported currency, net sales were down by 6.9% to EUR 543.7 million (584.0). The reason for the decline was the deconsolidation of the Norwegian communication business from January to September 2015. Organic net sales increased by 2.6%. The positive business development in fibre upgrade services in Sweden was partly offset by lower volumes in Finland.

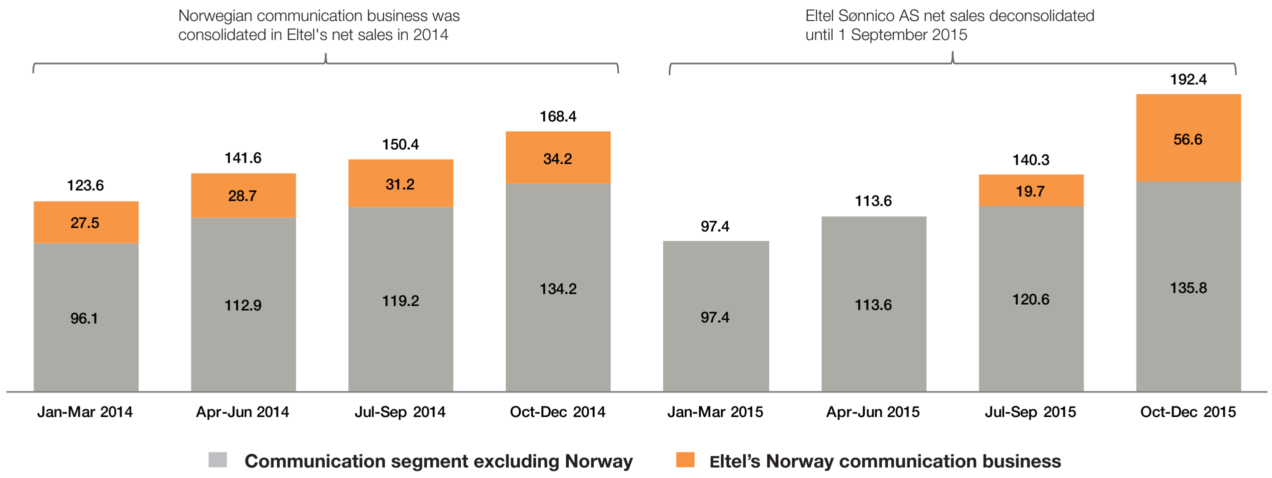
Operative EBITA increased significantly by 32.7% to EUR 34.2 million (25.8). Profitability improved markedly and the operative EBITA margin reached 6.3% (4.4). The main reason for the profitability improvement was increased and more efficient business in Germany compared to 2014 and higher fibre and mobile roll-out volumes in the Nordics.

Eltel Sønnico impact on comparability

On 31 December 2014, Eltel's and Umoe's Norwegian communication businesses were transferred to a 50/50 joint venture, Eltel Sønnico AS. In January-August 2015, the Norwegian communication business was not consolidated in the Group's net sales. During this period, Eltel's share of the results from the joint venture was included on one line in Group EBITA. On 1 September 2015, Eltel acquired Umoe's 50% of the joint venture Eltel Sønnico. Following this acquisition, Eltel is the sole owner of the company with 100% of net sales consolidated. The number of employees transferred from Eltel to the joint venture on 31 December 2014 was 562 and the total number of employees in Eltel Sønnico AS as of 1 September 2015 was 1,165.

Organic net sales do not include the impact on net sales from the transfer of the Norwegian communication business to Eltel Sønnico and the acquisition of Eltel Sønnico in September.

Quarterly Communication net sales



The Transport & Security business segment provides maintenance, upgrade work and project business to various governmental authorities, including rail, road, defence and aviation authorities. The Transport & Security business segment primarily operates in the Nordic markets. Its business is characterised by long-term customer relationships, with continuous order flow of maintenance work generated from long-term framework agreements and project business contracts via tendering processes. The business is driven by investments in transport infrastructure, an increase in air and rail transport and the outsourcing of technical services in security and aviation.

EUR million	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net sales	37.5	45.4	151.7	154.2
Operative EBITA	1.4	2.4	11.4	12.1
Operative EBITA margin. %	3.8	5.4	7.5	7.9
Number of employees	611	563	611	563

October-December 2015 compared to the same period in 2014

In local currencies, the decrease in net sales for the Transport & Security business segment was 15.6% in the fourth quarter. 15.6%. In reported currency, net sales decreased by 17.5% to EUR 37.5 million (45.4). The main reasons for the lower net sales were the finalisation of the Rakel contract in the security business in Sweden and somewhat lower sales in the aviation and security business in Denmark. Furthermore, the rail business in Sweden was negatively impacted by reduced volumes as a result of lower order intake in early 2015.

Operative EBITA decreased by 41.2% to EUR 1.4 million (2.4) and the operative EBITA margin declined to 3.8% (5.4). The main reasons for the weak profitability were related to the ended Rakel contract in Sweden and lower profitability in the rail sector due to a weaker business mix and lower profitability in the rail business in Norway.

January-December 2015 compared to the same period in 2014

In local currencies, net sales in the Transport & Security business segment increased 1.3% in 2015. In reported currency, net sales decreased by 1.6% to EUR 151.7 million (154.2). The marginal decline in net sales was mainly attributable to lower business activity in both aviation and security as well as in the rail business in Sweden. The negative impact was partly offset by new contracts in the rail sector in Norway.

Operative EBITA decreased by 6.0% to EUR 11.4 million (12.1). The operative EBITA margin for the full year was 7.5% (7.9). The decline in the margin was a result of a weaker project mix and lower profitability in the rail business in Norway.

Acquisition

On 5 October 2015, Eltel acquired Vete Signaltjenester AS in Norway. Vete provides railway-signalling services in Norway with a turnover of approximately NOK 60 million in 2014 and 37 employees with specialised signalling and safety competences.

Balance sheet and cash flow

BALANCE SHEET AND FINANCIAL POSITION

31 December 2015

In February 2015, in connection with the initial public offering of Eltel, the company's financing was renewed. Interest-bearing liabilities amounting to EUR 330.9 million at year-end 2014 were repaid and replaced with a EUR 210 million five-year maturity loan facility. At the end of 2015, interest-bearing liabilities totalled EUR 266.6 million (EUR 340.7 million including interest-bearing liabilities to shareholders), of which EUR 251.7 million (6.5) were non-current and EUR 14.9 million (334.2) were current. Cash and cash equivalents amounted to EUR 87.9 million (61.0).

Interest-bearing net debt totalled EUR 145.1 million (268.5), representing a decrease of 45.9% and equal to a net debt/EBITDA ratio of 2.0, adjusted for non-recurring items. This is well in line with Eltel's mid- to long-term target of a ratio of 2.0-2.5.

INTEREST-BEARING LIABILITIES AND NET DEBT

EUR million	31 Dec 2015	31 Dec 2014
Interest-bearing debt in balance sheet*	231.6	326.0
Allocation of effective interest to periods	1.4	3.5
Less cash and cash equivalents	-87.9	-61.0
Net debt	**145.1**	**268.5**

* excluding interest-bearing loans from shareholders

At the end of 2015, Eltel's liquidity position was at a good level and available liquidity reserves amounted to EUR 183.3 million (126.4). In September, a EUR 100 million Finnish domestic commercial paper programme was introduced mainly for working capital purposes. The programme diversifies Eltel's financing capacity and improves the financing situation. At the end of December, the Group's equity ratio was 43.3% (27.9).

At the end of the reporting period, guarantees based on contractual commercial commitments and pension liabilities issued by banks, other financial institutions and the parent company amounted to EUR 375.4 million (304.5). This amount included advance and other payment security guarantees.

CASH FLOW AND CASH CONVERSION

January–December 2015

In 2015, Eltel's operative cash flow was EUR 45.8 million (88.9). The full-year operative cash flow turned positive after the very strong cash generation in the fourth quarter. Operative cash flow in the fourth quarter was EUR 90.4 million (66.3), mainly driven by a strong operative result and positive impact from seasonal changes in net working capital, including utilisation of customer-provided supply chain financing in the acquired Norwegian communication business. For the full year 2015, cash flow was negatively impacted by payment of EUR 28.4 million in IPO-related costs, whereas the EBITA impact of the main part of the costs took place in 2014.

The rolling 12-month cash conversion rate was 75.8% and, adjusted for IPO-related non-recurring costs, the rolling cash conversion rate was 123.3%. In 2014, cash conversion was exceptionally high at 230.0% (145% adjusted for IPO-related costs) as a result of phasing of projects, advance payments received and impact of IPO costs on EBITA.

Cash flow and, consequently, cash conversion on a quarterly basis varies due to Eltel's seasonal pattern for net sales and production.

Cash flow from operating activities was EUR 49.1 million (81.4), including a negative impact of EUR 15.5 million (+48.1) from the change in net working capital. Cash flow from financial items and taxes was EUR -12.6 million (-23.3). Cash flow from acquisitions was EUR 33.1 million and net capital expenditure, mainly replacement investments, amounted to EUR 11.1 million (8.9).

Seasonality during the calendar year

DISTRIBUTION OF SALES AND EARNINGS DURING THE FINANCIAL YEAR

Eltel's businesses are characterised by seasonal patterns that have a substantial impact on net sales, EBITA and cash flow. Seasonality is driven by a number of factors, including weather conditions, the timing of customer order placements and completion of work phases towards the end of the month. The Eltel Group has historically reported higher revenues and operating profit in the second half of the year with the highest activity noted in the May to October period. Net sales and EBITA by quarter are presented in the graphs on pages 4 and 5. Cash flow displays a strong seasonal pattern with weaker cash flow recorded until the end of the third quarter due to higher production activity during this period. At the end of the year, as production volumes decrease, cash flow is normally strong. For more details, please refer to quarterly key financial figures for the Group on page 18.

Other information

ACQUISITION IN THE TRANSPORT & SECURITY BUSINESS SEGMENT

On 5 October 2015, Eltel announced the closing of the acquisition of Vete Signaltjenester AS in Norway. Vete provides railway-signalling services in Norway with a turnover of approximately NOK 60 million in 2014 and 37 employees with specialised signalling and safety competences. The acquisition price is aligned with the targets presented by Eltel in its prospectus in conjunction with the IPO on Nasdaq Stockholm in February 2015.

To meet growing customer demand, Eltel has decided to increase its competences and resources in the signalling and safety segment. The acquisition of Vete is complementary to Eltel's current offering in Norway and provides clear synergies with the existing Rail business of Eltel. With Vete, Eltel can scale up Norwegian business and further develop cross border co-operation between Eltel entities.

THE BOARD'S PROPOSAL FOR THE DISTRIBUTION OF PROFITS

The parent company's non-restricted equity on December 31, 2015 was EUR 378,745,547.00 of which the net profit for the year was EUR 374,981.93. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.24 per share be paid on the outstanding 62,624,238 shares, resulting in a total amount of proposed dividends corresponding to EUR 15,029,817.12. The Board further proposes that the remaining non-restricted equity of EUR 363,715,729.88 be retained and carried forward.

All shares existing on the dividend record date are entitled to dividend for the year 2015.

ANNUAL GENERAL MEETING AND THE ANNUAL REPORT

Eltel's Annual General Meeting will be held on Monday 2 May 2016 at the Eltel headquarters, Adolfsbergsvägen 13, Bromma, Stockholm.

The Annual Report 2015 will be made available on the Group website, www.eltelgroup.com, and at the Eltel headquarters, Adolfsbergsvägen 13, Bromma, Stockholm, Sweden, in the week starting 11 April 2016.

RISKS AND UNCERTAINTIES

The overall economic climate and regulatory decisions in Eltel's markets pose risks to volumes and the timing of investments. Significant fluctuations in the EUR/SEK, EUR/NOK and EUR/PLN exchange rates may affect the Group's consolidated profitability.

On 31 October 2014, the Finnish Competition and Consumer Authority (FCCA) filed a claim of EUR 35 million against Eltel in the Finnish Market Court. The violation of competition law alleged by the FCCA is related to the Group's power transmission line construction and planning business in Finland during the period 2004-2011. Eltel delivered its response to the claim on 19 December 2014. Eltel received a rejoinder from the FCCA on 13 March 2015 and responded on 27 April 2015. Oral hearings were held in the Finnish Market Court in September 2015. A decision by the Finnish Market Court is to be expected in the beginning of 2016. Eltel considers that it did not violate competition rules and finds no grounds for the proposal of fines. Eltel has contested the FCCA's allegations and fine proposal to the Finnish Market Court, requesting that the case be dismissed. In relation to the listing of Eltel on the Nasdaq Stockholm in February 2015, the Selling Shareholders entered into an agreement whereby they committed to contribute an amount, not exceeding EUR 35 million on an aggregate basis, to Eltel to cover any fines (i.e. excluding costs and damages from third-party claims) payable by Eltel in relation to the FCCA case.

For further information regarding risks and uncertainties, please refer to the Annual Report 2014.

OWNERSHIP STRUCTURE

The largest shareholders of Eltel AB on 30 December 2015 were:

Shareholders	Number of shares	Share of capital and votes, %
3i-controlled entities	12,524,849	20.00%
Zeres Capital	6,575,545	10.50%
Swedbank Robur Fonder	6,008,465	9.59%
The Fourth Swedish National Pension Fund	5,775,530	9.22%
BNP Paribas S.A.	4,732,625	7.56%
Total	35,617,014	56.87%
Other shareholders	27,007,224	43.13%
Total outstanding shares in Eltel AB	62,624,238	100.00%

Updated information of Eltel's largest shareholders and the holdings of public insiders as per December 30 2015 is available on Eltel's website at www.eltelgroup.com/en/share-information/.

SIGNATURES OF THE BOARD OF DIRECTORS AND CEO

Stockholm, 18 February 2016

THE BOARD OF DIRECTORS

Gérard Mohr, Chairman

Fredrik Karlsson	Ulf Lundahl	Susanne Lithander	Rada Rodriguez
Matti Kyytsönen	Karl Åberg	Jonny Andersson	Björn Ekblom

PRESIDENT AND CEO

Axel Hjärne

This report is unaudited.

Condensed financial information

CONDENSED CONSOLIDATED INCOME STATEMENT

EUR million	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net sales	397.3	352.3	1,254.9	1,242.1
Cost of sales	-346.3	-306.2	-1,089.6	-1,078.3
Gross profit	**51.0**	**46.1**	**165.3**	**163.8**
Other income	1.1	6.6	4.3	8.4
Sales and marketing expenses	-4.2	-3.6	-14.2	-12.2
Administrative expenses	-23.8	-34.9	-88.0	-116.1
Other expenses	-3.5	-2.7	-8.3	-4.5
Share of profit/loss of joint ventures	-0.1	-0.5	1.5	-0.7
Operating result before acquisition-related amortisations (EBITA)	**20.5**	**11.0**	**60.5**	**38.6**
Amortisation of acquisition-related intangible assets	-4.0	-3.1	-13.9	-12.4
Operating result (EBIT)	**16.5**	**7.9**	**46.6**	**26.2**
Financial income	0.1	-	0.3	0.3
Financial expenses	-2.3	-4.2	-14.7	-19.3
Net financial expenses	-2.2	-4.2	-14.4	-19.0
Result before taxes	**14.3**	**3.7**	**32.2**	**7.2**
Taxes	2.9	4.9	11.0	3.9
Net result	**17.3**	**8.7**	**43.2**	**11.1**
Attributable to:				
Equity holders of the parent	16.6	8.3	41.7	9.5
Non-controlling interest	0.6	0.4	1.5	1.6
Earnings per share (EPS)				
Basic, EUR	0.27	0.17	0.69	0.12
Diluted, EUR	0.27	0.17	0.69	0.12

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net profit for the period	17.3	8.7	43.2	11.1
Other comprehensive income:				
Items that will not be reclassified to profit and loss				
Revaluation of defined benefit plans	2.3	-3.6	0.4	-9.8
Items that may be subsequently reclassified to profit and loss				
Cash flow hedges	-2.0	0.1	-3.5	1.5
Net investment hedges	-1.0	3.0	-1.5	6.7
Currency translation differences	3.4	-10.5	3.3	-16.0
Total	0.3	-7.4	-1.6	-7.8
Other comprehensive income/loss for the period, net of tax	2.6	-11.0	-1.2	-17.6
Total comprehensive income/loss for the period	19.9	-2.3	41.9	-6.5
Total comprehensive income/loss attributable to:				
Equity holders of the parent	19.2	-2.7	40.5	-8.1
Non-controlling interest	0.6	0.4	1.5	1.6

CONDENSED CONSOLIDATED STATEMENT OF BALANCE SHEET

EUR million	31 Dec 2015	31 Dec 2014
ASSETS		
Non-current assets		
Goodwill	463.6	405.8
Intangible assets	82.4	84.6
Property, plant and equipment	38.0	33.1
Investments in and receivable from joint ventures	0.2	28.2
Available-for-sale investments	0.2	0.3
Deferred tax assets	34.2	23.6
Other financial asset	35.0	-
Trade and other receivables	0.1	0.9
Total non-current assets	653.7	576.4
Current assets		
Inventories	14.5	10.2
Trade and other receivables	341.1	335.3
Cash and cash equivalents	87.9	61.0
Total current assets	443.5	406.4
TOTAL ASSETS	1,097.2	982.8
EQUITY AND LIABILITIES		
Equity		
Shareholders' equity	440.9	248.4
Non-controlling interest	7.1	6.4
Total equity	448.0	254.9
Non-current liabilities		
Debt	216.7	6.5
Liabilities to shareholders	35.0	-
Retirement benefit obligations	13.9	18.0
Deferred tax liabilities	17.1	15.9
Provisions	3.0	2.7
Other non-current liabilities	0.1	0.1
Total non-current liabilities	285.8	43.2
Current liabilities		
Debt	14.9	319.5
Liabilities to shareholders	-	14.7
Provisions	3.8	29.0
Advances received	62.7	69.0
Trade and other payables	281.9	252.6
Total current liabilities	363.4	684.7
Total liabilities	649.2	727.9
TOTAL EQUITY AND LIABILITIES	1,097.2	982.8

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Jan-Dec 2015	Jan-Dec 2014
Cash flow from operating activities		
Cash flow from operating activities before financial items and taxes	49.1	81.4
Interest received	0.3	0.3
Interest and other financial expenses paid	-9.7	-19.2
Income taxes paid	-3.3	-4.4
Net cash from operating activities	36.4	58.0
Cash flow from investing activities		
Purchases of property, plant and equipment (PPE)	-12.3	-10.0
Proceeds from sale of PPE	1.3	1.2
Acquisition of business	-33.1	-
Disposal of business	-	0.2
Net cash from investing activities	-44.2	-8.7
Cash flow from financing activities		
Proceeds from issuance of share capital	143.1	-
Proceeds from long-term financial liabilities	209.3	-
Proceeds from short-term financial liabilities	29.2	-
Payments from short-term borrowings	-19.0	-
Payments of financial liabilities	-326.5	-9.1
Payments of/proceeds from finance lease liabilities	-0.5	-1.8
Dividends to non-controlling interest	-0.8	-0.7
Change in non-liquid financial assets	0.7	-
Net cash from financing activities	35.5	-11.6
Net change in cash and cash equivalents	27.8	37.8
Cash and cash equivalents at beginning of period	61.0	26.2
Foreign exchange rate effect	-0.9	-3.0
Cash and cash equivalents at end of period	87.9	61.0

RECONCILIATION OF EBITA TO CASH FLOW FROM OPERATING ACTIVITIES BEFORE FINANCIAL ITEMS AND TAXES

EUR million	Jan-Dec 2015	Jan-Dec 2014
EBITA	60.5	38.6
Depreciation	11.9	11.0
Change in net working capital	-15.5	48.1
Net purchase of PPE	-11.1	-8.9
Operative cash flow (used in cash conversion key figure)	45.8	88.9
Less net purchase of PPE, presented in investing activities	11.1	8.9
Gains on sales of assets	-1.3	-6.3
Items recognised through other comprehensive income	-6.1	-1.2
Other non-cash adjustments	-0.4	-8.9
Cash flow from operating activities before financial items and taxes	49.1	81.4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Other paid-in capital	Accumulated losses	Revaluation of defined benefit plans, net of tax	Hedging reserve	Currency Translation	Total	Non-controlling interest	Total equity
Equity at 1 Jan 2015	86.4	276.3	-79.4	-22.9	8.6	-20.5	248.4	6.4	254.9
Total comprehensive income for the period	-	-	41.7	0.4	-4.9	3.3	40.5	1.5	41.9
Equity-settled share-based payment	-	-	0.3	-	-	-	0.3	-	0.3
Proceeds from shares issued	38.9	113.4	-	-	-	-	152.3	-	152.3
New share issue costs	-	-0.6	-	-	-	-	-0.6	-	-0.6
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-0.8	-0.8
Total transaction with owners	38.9	112.8	0.3	-	-	-	152.0	-0.8	151.2
Equity at 31 Dec 2015	125.2	389.1	-37.3	-22.5	3.7	-17.2	440.9	7.1	448.0

EUR million	Share capital	Other paid-in capital	Accumulated losses	Revaluation of defined benefit plans, net of tax	Hedging reserve	Currency Translation	Total	Non-controlling interest	Total equity
Equity at 1 Jan 2014	86.4	281.5	-88.9	-13.1	0.4	-4.5	261.8	5.5	267.3
Total comprehensive income for the period	-	-	9.5	-9.8	8.2	-16.0	-8.1	1.6	-6.5
New share issue costs	-	-2.9	-	-	-	-	-2.9	-	-2.9
Dividends to shareholders	-	-2.4	-	-	-	-	-2.4	-	-2.4
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-0.7	-0.7
Total transaction with owners	-	-5.3	-	-	-	-	-5.3	-0.7	-5.9
Equity at 31 Dec 2014	86.4	276.3	-79.4	-22.9	8.6	-20.5	248.4	6.4	254.9

Notes to the condensed consolidated interim financial statements

Accounting principles

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting principles adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2014. The Group has applied cash flow hedging as described in the annual financial statements to interest rate derivatives from the first quarter of 2015.

NET SALES BY SEGMENT

EUR million	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Power				
Net sales (external)	167.7	139.3	561.4	506.6
Inter-segment sales	3.6	3.2	6.3	9.3
Communication				
Net sales (external)	192.1	167.6	541.9	581.2
Inter-segment sales	0.2	0.8	1.8	2.8
Transport & Security				
Net sales (external)	37.4	45.4	151.6	154.1
Inter-segment sales	0.0	-	0.2	0.1
Net sales not allocated to segments	-	-	-	0.2
Elimination of sales between segments	-3.9	-4.1	-8.2	-12.2
Net sales, total	**397.3**	**352.3**	**1,254.9**	**1,242.1**

RECONCILIATION OF SEGMENT RESULTS

EUR million	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Operative EBITA by segment				
Power	10.2	8.0	29.6	32.1
Communication	13.5	10.1	34.2	25.8
Transport & Security	1.4	2.4	11.4	12.1
Items not allocated to operating segments*	-4.6	-2.8	-13.0	-8.7
Operative EBITA, Group	20.5	17.7	62.2	61.3
Non-recurring items**	-	-6.7	-1.7	-22.7
EBITA before acquisition-related amortisations	20.5	11.0	60.5	38.6
Amortisation of acquisition-related intangible asset	-4.0	-3.1	-13.9	-12.4
Operating result (EBIT)	16.5	7.9	46.6	26.2
Non-recurring non-cash financial expenses for pre IPO financing	-	-	-3.5	-
Other financial expenses, net	-2.2	-4.2	-10.9	-19.0
Result before taxes	**14.3**	**3.7**	**32.2**	**7.2**

* Items not allocated to operating segments consist of group management function and other group level expenses
** Non-recurring items are items which management does not consider to form part of the ongoing operative business, see below

NON-RECURRING EBITA ITEMS

EUR million	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
IPO-related management incentive programme (MIP)	-	-5.9	-1.8	-17.6
IPO-related advisory costs	-	-4.5	-0.8	-8.2
Other non-recurring items	-	3.7	0.9	3.1
Non-recurring items in EBITA	-	-6.7	-1.7	-22.7
IPO-related non-recurring advisory costs recognised in equity	-	-2.9	-0.6	-2.9
Sum IPO-related management incentive programme (MIP) in the period	-	-5.9	-1.8	-17.6
Sum IPO-related advisory costs in the period	-	-7.4	-1.4	-11.1
Total IPO-related costs in the period	-	-13.3	-3.2	-28.7

Other non-recurring items in 2015 consist of gain from remeasurement Eltel's previously owned 50% of Eltel Sønnico to fair value and in 2014 they relate mainly to structural changes in the Group including sale and closure of business.

BUSINESS COMBINATIONS

EUR million	Q4 2015 Vete Signaltjenester AS	Q3 2015 Eltel Sønnico AS	Q2 2015 Edi.Son Energietechnik GmbH
Fair value of consideration transferred at acquisition date			
Amount settled in cash	0.8	18.7	21.0
Contingent consideration	-	9.6	4.5
Total acquisition of remaining 50%	-	28.3	-
Fair value of formerly owned 50%	-	28.3	-
Total	**0.8**	**56.6**	**25.5**
Fair value of recognised amounts of identifiable net assets			
Property, plant and equipment	0.1	2.8	2.9
Intangible assets	0.2	3.7	6.8
Inventories	0.0	1.6	-
Trade and other receivables	1.8	30.5	7.9
Cash and cash equivalents	-0.5	1.0	8.3
Total assets	1.5	39.6	25.9
Provisions	-	0.1	1.2
Advances received	-	-	1.6
Deferred tax liability on fair value adjustments	0.1	1.0	2.0
Trade and other payables	1.7	28.1	3.9
Total liabilities	1.7	29.2	8.7
Identifiable net assets	**-0.2**	**10.4**	**17.2**
Goodwill on acquisition	**1.0**	**46.3**	**8.3**

Fair value of assets and liabilities acquired in the fourth quarter have been determined provisionally pending on the completion of the valuation. The valuation of previous acquisitions has been completed with changes to initial valuation of Edi.Son's trade and other receivables and deferred tax liability.

Consideration transferred settled in cash	0.8	18.7	22.5
Cash and equivalents acquired	-0.5	1.0	8.3
Net cash outflow on acquisition	1.2	17.7	14.2
Acquisition costs charged to expenses	0.0	0.1	0.3
Net cash paid relating to the acquisition	**1.2**	**17.8**	**14.5**

On 5 October 2015 Eltel acquired Vete Signaltjenester AS, a railway signalling service provider in Norway. The acquisition of Vete is complementary to Eltel's current offering in Norway and provides clear synergies with the existing rail business of Eltel. With Vete Eltel can scale up Norwegian business and further develop cross border co-operation between Eltel entities.

EARNINGS PER SHARE

	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net result attributable to equity holders of the parent	16.6	8.3	41.7	9.5
Dividend attributable to preference shares	-	-1.1	-	-4.4
Net result for EPS, basic and diluted	16.6	7.2	41.7	5.2
Weighted average number of common shares, basic	62,624,238	43,181,789	60,700,764	43,181,789
Weighted average number of common shares, diluted	62,631,662	43,181,789	60,702,870	43,181,789
Earnings per share EUR, basic	0.27	0.17	0.69	0.12
Earnings per share EUR, diluted	0.27	0.17	0.69	0.12

DERIVATIVE FINANCIAL INSTRUMENTS

	31 Dec 2015		31 Dec 2014	
EUR million	Nominal values	Net fair values	Nominal values	Net fair values
Interest rate derivatives	157.8	-1.1 [1]	-	-
Foreign exchange rate derivatives	82.0	0.3 [2]	102.5	0.4 [3]
Total	**239.8**	**-0.8**	**102.5**	**0.4**

Designated as cash flow hedge 1) EUR -1.1 million 2) EUR 0.1 million 3) EUR 0.0 million. Financial assets recognised at fair value through profit and loss comprise solely derivatives. Fair values of the derivative instruments are based on observable market values (level 2 observable input information) at balance sheet date. Fair value of other financial instruments corresponds their book value.

TRANSACTIONS WITH RELATED PARTIES

No transactions have taken place between Eltel and related parties that significantly affect the company's position and earnings during the quarter.

QUARTERLY KEY FINANCIAL FIGURES FOR THE GROUP

EUR million	Oct-Dec 2015	Jul-Sep 2015	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014
Net sales	397.3	310.8	307.8	239.0	352.3	330.9	299.8	259.2
Net sales growth, %	12.8	-6.1	2.7	-7.8	1.9	10.5	9.3	13.7
Operative EBITA	20.5	22.5	13.9	5.3	17.7	25.7	13.1	4.8
Operative EBITA margin, %	5.2	7.2	4.5	2.2	5.0	7.8	4.4	1.8
EBITDA	23.9	26.3	16.7	5.5	13.7	12.2	16.4	7.3
EBITA	20.5	23.3	14.0	2.7	11.0	9.7	13.6	4.4
EBITA margin, %	5.2	7.5	4.5	1.1	3.1	2.9	4.5	1.7
Operating result (EBIT)	16.5	19.6	10.9	-0.4	7.9	6.6	10.5	1.2
EBIT margin, %	4.2	6.3	3.5	-0.2	2.2	2.0	3.5	0.5
Result after financial items	14.3	17.0	9.1	-8.3	3.7	0.9	6.3	-3.7
Net result for the period	17.3	25.2	8.3	-7.5	8.7	0.9	5.1	-3.6
Earnings per share EUR, basic	0.27	0.39	0.13	-0.14	0.17	-0.02	0.09	-0.11
Earnings per share EUR, diluted	0.27	0.39	0.13	-0.14	0.17	-0.02	0.09	-0.11
Return on capital employed, %*	135.7	42.8	33.3	35.1	54.4	38.1	63.6	69.6
Return on equity (ROE), %*	12.3	10.1	3.1	2.2	4.3	2.3	7.5	6.0
Leverage ratio*	2.0	3.6	4.1	4.2	5.4	5.8	4.3	4.4
Net working capital	7.6	74.3	39.8	47.6	-17.1	24.0	33.4	17.2
Operative cash flow	90.4	-7.4	22.7	-59.9	66.3	19.4	-2.0	24.5
Cash conversion, %*	75.8	4.5	78.1	12.0	230.0	164.3	93.7	110.9
Number of personnel, end of period	9,568	9,236	8,223	7,967	8,647	8,538	8,383	8,294

* calculated on a rolling 12-month basis, ROE historical periods restated

QUARTERLY SEGMENT INFORMATION

NET SALES

EUR million	Oct-Dec 2015	Jul-Sep 2015	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014
Power	171.3	135.8	152.6	107.8	142.6	143.9	123.0	106.5
Communication	192.4	140.3	113.6	97.4	168.4	150.4	141.6	123.6
Transport & Security	37.5	36.6	42.9	34.8	45.4	40.0	37.8	31.0
Net sales not allocated to segments	-	-	-	-	-	-	0.1	0.1
Elimination of sales between segments	-3.9	-1.9	-1.4	-1.0	-4.1	-3.3	-2.7	-2.0
Net sales, total	**397.3**	**310.8**	**307.8**	**239.0**	**352.3**	**330.9**	**299.8**	**259.2**

OPERATIVE EBITA BY SEGMENT

EUR million	Oct-Dec 2015	Jul-Sep 2015	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014
Power	10.2	9.6	7.7	2.1	8.0	15.8	6.5	1.9
% of net sales	5.9	7.1	5.1	1.9	5.6	11.0	5.3	1.8
Communication	13.5	10.8	6.1	3.8	10.1	6.9	5.9	2.8
% of net sales	7.0	7.7	5.3	3.9	6.0	4.6	4.2	2.3
Transport & Security	1.4	4.2	3.4	2.3	2.4	3.5	3.2	3.0
% of net sales	3.8	11.4	8.0	6.7	5.4	8.8	8.5	9.5
Costs not allocated to segments	-4.6	-2.2	-3.3	-2.9	-2.8	-0.5	-2.5	-2.9
Operative EBITA	**20.5**	**22.5**	**13.9**	**5.3**	**17.7**	**25.7**	**13.1**	**4.8**
% of net sales	5.2	7.2	4.5	2.2	5.0	7.8	4.4	1.8

NUMBER OF EMPLOYEES BY SEGMENT, AT THE END OF PERIOD

	Oct-Dec 2015	Jul-Sep 2015	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014
Power	3,607	3,347	3,442	3,278	3,412	3,321	3,186	3,077
Communication	5,126	5,094	4,032	3,971	4,647	4,645	4,660	4,712
Transport & Security	611	566	581	555	563	548	516	476
Other	224	229	168	163	25	24	21	29
Total	**9,568**	**9,236**	**8,223**	**7,967**	**8,647**	**8,538**	**8,383**	**8,294**

Definitions and key ratios

ORGANIC NET SALES	Organic net sales excludes Norwegian communication business and Edi.Son, Sønnico and Vete acquisitions in 2015 and is presented with comparable exchange rates
OPERATIVE EBITA	Operating result before acquisition-related amortisations and non-recurring items
NON-RECURRING ITEMS	Items which are non-recurring in nature and which management does not consider to form part of the ongoing operative business
COMMITTED ORDER BACKLOG	The total value of committed orders received but not yet recognised as sales
EARNINGS PER SHARE (EPS)	$\frac{\text{Net result attributable to equity holders of the parent - dividend attributable to preference shares}}{\text{Weighted average number of common shares}}$
OPERATIVE CASH FLOW	EBITA + depreciation + change in net working capital – net purchase of PPE (capex)
CASH CONVERSION, %*	$\frac{\text{Operative cash flow x 100}}{\text{EBITA}}$
EQUITY RATIO, %	$\frac{\text{Total equity x 100}}{\text{Total assets - advances received}}$
NET DEBT	Interest-bearing debt (excluding shareholder loans) - cash and cash equivalents
RETURN ON CAPITAL EMPLOYED, %*	$\frac{\text{EBIT x 100}}{\text{Capital employed (average over the reporting period)}}$
CAPITAL EMPLOYED	Net working capital + Intangible assets excluding goodwill and acquisition-related allocations + Property, plant and equipment
RETURN ON EQUITY, %*	$\frac{\text{Net result x 100}}{\text{Total equity (average over the reporting period)}}$
LEVERAGE RATIO*	$\frac{\text{Net debt}}{\text{EBITDA}}$

* calculated on a rolling 12-month basis

Parent company

Eltel AB owns and governs the shares related to the Eltel Group. The operational and strategic management functions of the Group are centralised to Eltel AB. The Company has no operative business activities and its risks are mainly attributable to the activities of its subsidiaries.

PARENT COMPANY INCOME STATEMENT

EUR million	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net sales	1.4	0.3	1.4	0.3
Administrative income and expenses	-0.7	1.5	-4.9	-14.0
Interest and other financial income	5.2	7.1	23.7	28.1
Interest and other financial expenses	-0.9	-0.2	-2.6	-0.8
Net financial items	4.3	6.8	21.1	27.3
Result after financial items	**4.9**	**8.6**	**17.5**	**13.5**
Appropriations				
Group contributions given	-17.2	-13.5	-17.2	-13.5
Net result	**-12.3**	**-4.9**	**0.4**	**0.0**

PARENT COMPANY BALANCE SHEET

EUR million	31 Dec 2015	31 Dec 2014
ASSETS		
Non-current assets		
Shares in group companies	241.6	34.5
Deferred tax assets	0.1	-
Other financial asset	35.0	-
Receivables from group companies	357.6	474.3
Total non-current assets	634.3	508.8
Current assets		
Trade and other receivables	2.2	0.8
Cash pool receivable	5.8	-
Total current assets	8.1	0.8
TOTAL ASSETS	642.4	509.6
EQUITY AND LIABILITIES		
Equity	504.0	352.1
Non-current liabilities		
Debt	83.3	-
Liabilities to shareholders	35.0	-
Liabilities to group companies	17.5	125.7
Total non-current liabilities	135.9	125.7
Current liabilities		
Liabilities to shareholders	-	14.7
Liabilities to group companies	-	2.2
Provisions	-	13.2
Trade and other payables	2.5	1.7
Total current liabilities	2.5	31.8
Total liabilities	138.4	157.5
TOTAL EQUITY AND LIABILITIES	642.4	509.6

EQUITY

EUR million	1 Jan 2015	Proceeds from shares issued	New share issue costs	Hedging reserve	Equity-settled share-based payment	Net result	31 Dec 2015
Share capital	86.4	38.9	-	-	-	-	125.2
Non-restricted equity	265.7	113.4	-0.6	-0.5	0.3	0.4	378.7
Total	352.1	152.3	-0.6	-0.5	0.3	0.4	504.0

PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in the fourth quarter 2015 briefing on 19 February 2016 at 12:00 p.m. (CET) where Eltel's President and CEO Axel Hjärne and CFO Gert Sköld will present the report and answer questions. A live webcast as well as the presentation will be available at www.eltelgroup.com/investors.

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FINANCIAL CALENDAR

Annual report 2015	week starting 11 April 2016
Annual General Meeting 2016	2 May 2016, Stockholm
Interim report January-March 2016	11 May 2016
Interim report January-June 2016	19 August 2016
Interim report January-September 2016	9 November 2016

Eltel AB discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 08.00 a.m. (CET) on 19 February, 2016.

Eltel in Brief

Eltel is a leading European provider of technical services to the Infranet industry-critical infrastructure in the segments of Power, Communication and Transport & Security – with operations throughout the Nordic and Baltic regions, Poland, Germany and the United Kingdom. Eltel provides a broad and integrated range of services spanning from maintenance and upgrade services to project deliveries. Eltel has a diverse contract portfolio and a loyal and growing customer base of large network owners.

The group began its journey towards becoming a leading European provider of technical services for the Infranet industry in early 2000. At that point of time, deregulation, privatisations and needs of efficiency improvements among electricity utilities and telecom operators started to shape the industry. Since then, Eltel has grown rapidly and, for the financial year ended 31 December 2015, the group generated net sales of EUR 1,255 million and reported operative EBITA of EUR 62.2 million.

STRATEGY AND TARGETS

Eltel has a clear strategic agenda of capitalising on its strong market position and ensuring sustained profitable growth. The company has set four financial targets in the journey towards its vision of becoming the leading Infranet service company in Europe.

MEDIUM- TO LONG-TERM TARGETS

Eltel has defined the following medium- to long-term targets:

- Average annual organic revenue growth of approximately 5% and approximately 5% annual growth from M&A including new outsourcing
- a reported EBITA margin of approximately 6%
- average cash conversion of 95-100% of EBITA, and
- a leverage ratio of 2.0-2.5 x Net debt/EBITDA

Medium- to long-term should roughly be seen as a three- to five-year period.

DIVIDEND POLICY

The Board of Directors has adopted a dividend policy whereby 50%, with some flexibility with payout ratio, of the Company's consolidated net profit shall be paid in dividends over time.

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