



Q1 2015 presentation

19 May, 2015



Today's speakers



Axel Hjärne
Chief Executive Officer



Gert Sköld
Chief Financial Officer

A person wearing a blue long-sleeved shirt is holding a rugged, black mobile phone with a keypad. The phone has the 'Eltel' logo on its top bezel. The person is standing in front of a large white structure with the 'ELTEL' logo in blue and orange letters. The background is slightly blurred, showing an outdoor setting.

Agenda

1. Eltel in brief
2. Q1 Report 2015
 - Power
 - Communication
 - Transport & Security
3. Financials
4. Summary & Strategy

Eltel in brief

European market leader

Industry with long term structural growth



Scalable platform for growth and M&A

Solid customer base and recurring revenues

Good financial profile with strong cash generation

Operations in **10** countries

Net Sales EUR **1.2** billion

8.600 employees



Infranet – all over the news



The New York Times
With Tesla Entering Market, Hopes for Home Batteries Grow

MAY 13, 2015

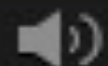
German power: Negative prices loom this weekend on oversupply

London (Platts)—8May2015/816 am EDT/1216 GMT

ft.com > reports >
April 20, 2015 12:30 am

Renewables ride wave of success as prices fall and spending jumps

9 miljoner
skäl att satsa
miljarder.



0:35 / 0:45



A person wearing a blue long-sleeved shirt is holding a rugged, black mobile phone with a keypad. The phone has the 'Eltel' logo on its top bezel. The person is standing in front of a large white structure with the 'ELTEL' logo in blue and orange letters. The background is slightly blurred, showing an outdoor setting.

Agenda

1. Eltel in brief

2. Q1 Report 2015

- Power
- Communications
- Transport & Security

3. Financials

4. Summary & Strategy

Q1 2015 highlights

Q1 events

- Good underlying infranet market
 - Lower order intake in Power Transmission and increased competition in Rail & Road
- TeliaSonera frame agreement
- Acquisition of Edi.Son
 - to be consolidated in Q2
- Stocklisting & New financing
 - First AGM this afternoon as a listed company
- Listed life positive from customers and employees

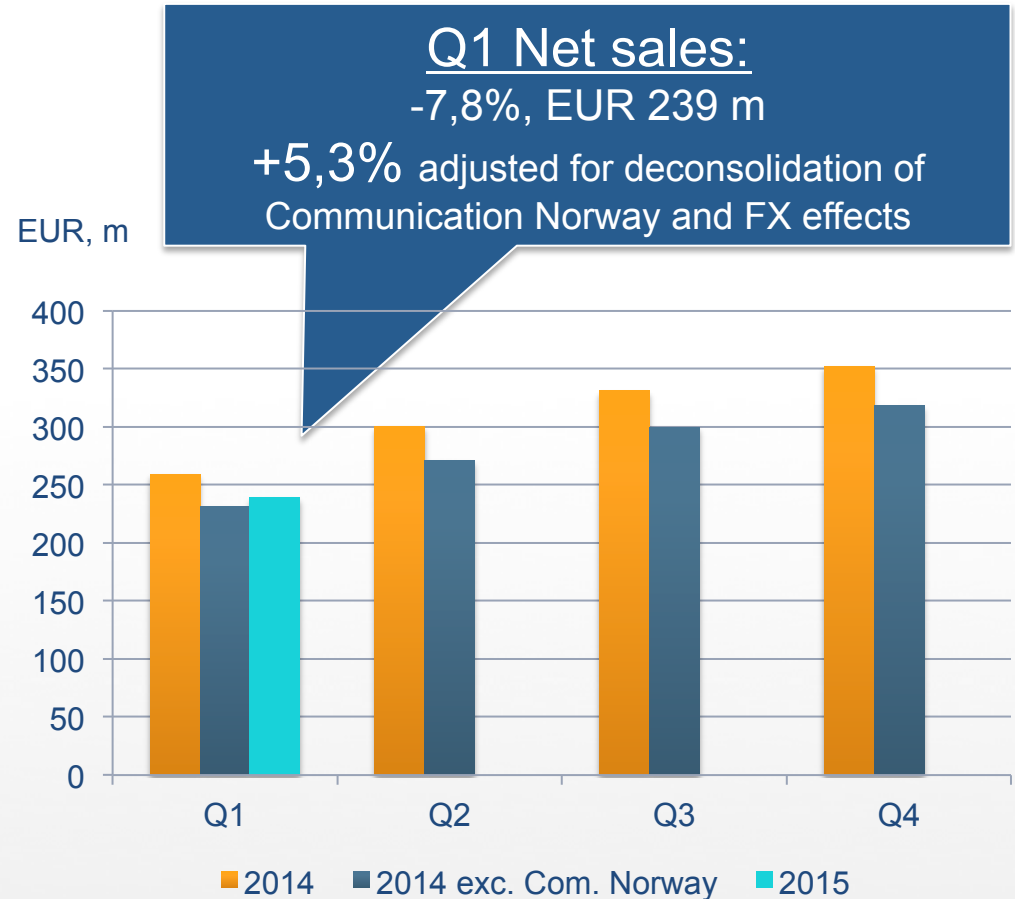
Events after the quarter

- Smart meter orders in Norway



Q1 Net sales – continued growth

- Highlights:
 - Good underlying market driven by mega-trends
 - End-user demand, regulator initiatives
 - Roll-outs of fibre and new mobile generation in Nordics
 - Green transport initiatives
 - Favourable weather conditions
 - FX headwind
 - Deconsolidation of Communication Norway



Q1 Operative EBITA – increased margin

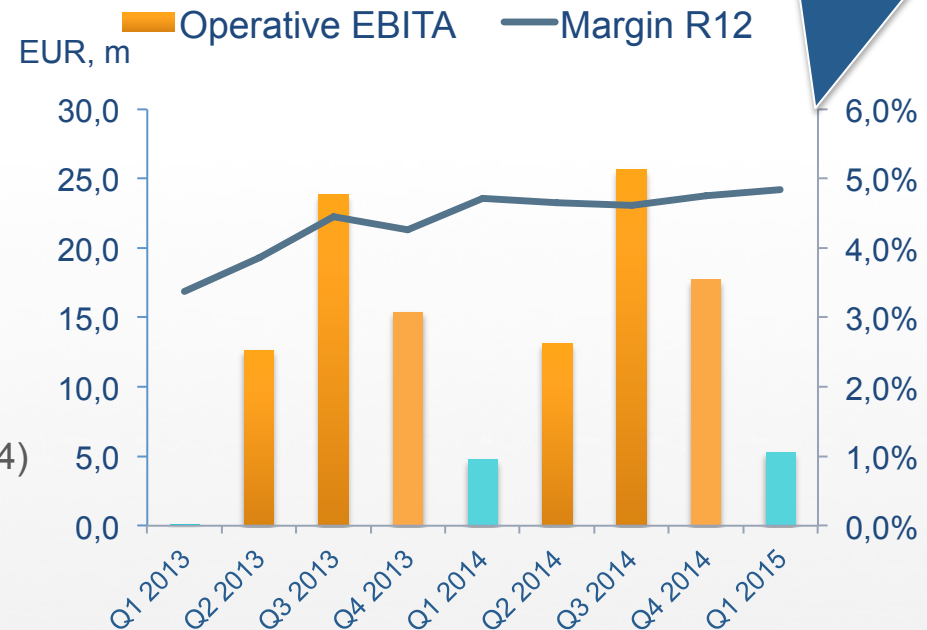
Operative EBITA

- EUR 5.3 m (4.8)
 - 2.2% of net sales (1.8)
- 10% EBITA growth
- Efficiency improvements
- Supportive segment mix
- Favourable weather conditions

EBITA

- EUR 2.7 m (4.4)
- Non-recurring expenses EUR 2.6 m (0.4) for IPO-related advisory services

Q1 Operative EBITA
 EUR 5,3 m (4.8)
 2,2% margin (1,8)



Power – slightly stronger Q1

Increased sales from:

- Finnish and Swedish power distribution cabling projects
- Transmission business in Africa

- Offset by a decreasing transmission volumes in Poland, Sweden and Norway

Strengthened Operative EBITA:

- Enhanced project execution in Sweden
- Strong export business

- Offset by lower transmission volumes in Poland & Nordic as well as development costs in Germany, UK and for smart metering projects

Q1 Net sales

EUR 107.8 m (106.5)

+1,9% FX adjusted

Q1 Operat. EBITA

EUR 2.1 m (1.9)

1,9% margin (1,8%)

Smart metering case – Hafslund & Skagerak

- Smart metering is a platform for Smart Grid development
- Eltel is market leader
 - 25 projects delivered and 3,5 million meter installations installed
- Entry in Norway. New rollout contracts of 630.000 meter (Hafslund) and 180.000 meters (Skagerak)
- Rollout scope: customer communications, meter & equipment installations, materials & logistics management. Meter sales excluded
- Unique Infranet know-how based on integration of Electricity-Communication-IT
- State of the art process utilizing Eltel developed MWF Mobile Work Force management process
 - meet strict quality and schedule requirements (by regulator)
 - highly efficient field implementation for cost optimization
- Minimized risk exposure for customer and Eltel
- Maximized end-user satisfaction promotes utility & Eltel brands

Eltel implementation process



Eltel team execute a typical phase

Cross-border teams

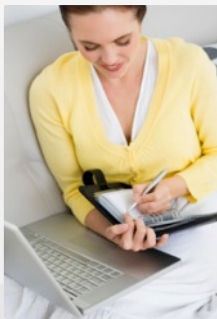
Planning

-40 to -21 days



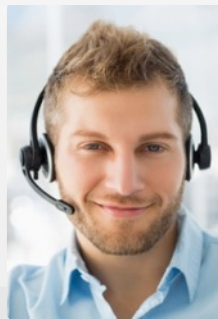
End-user-information

-14 days



End-user contact and booking

-7 to -3 days



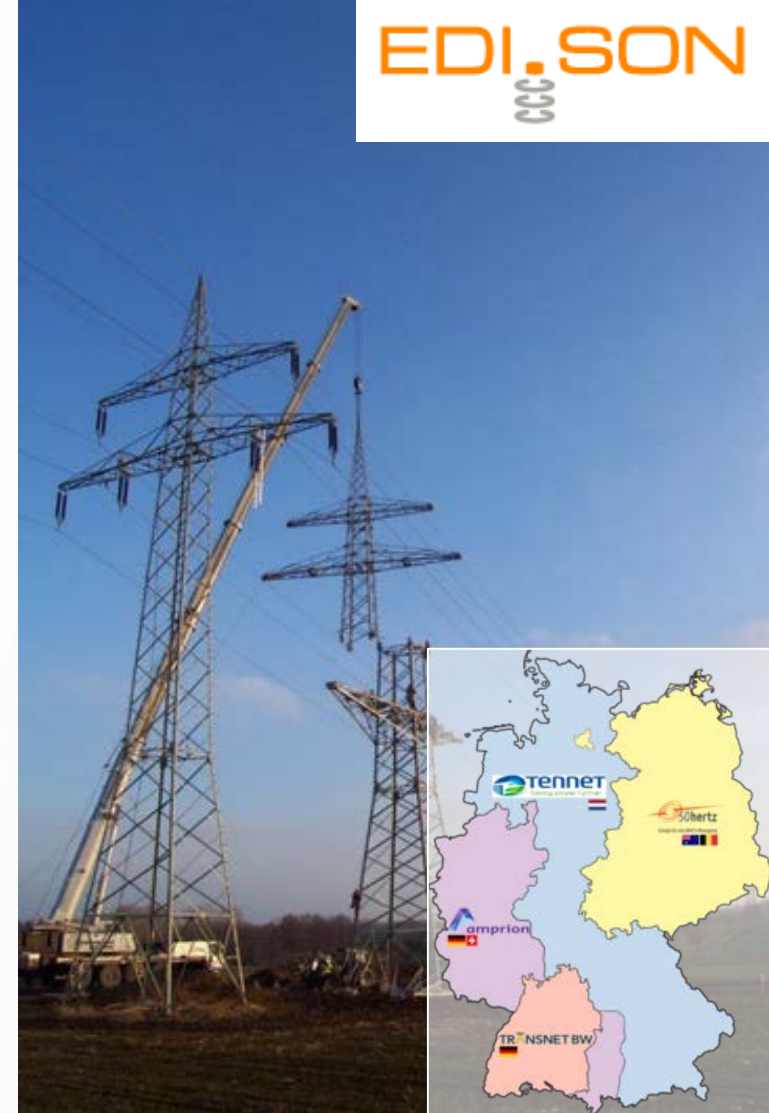
Installation + start of meter

0 day



Power: Edi.Son platform for Eltel in Germany

- Acquisition closed 30 April, 2015; integration started
- Platform for entry to German transmission market with a well-recognized and established partner
- Annual sales EUR 20-25 million - good profitability
- Specialized in the planning, design and construction overhead lines and cable systems
- Good references with customers like Amprion and TransnetBW who have considerable capex plans
- About 100 employees, wide use of subcontractors
- Major potential to grow together with Eltel



Communication – increased efficiency

Increased sales from:

- Fixed communication Sweden and Denmark
 - Installation of Fibre To The Home (FTTH)
- Favourable weather
- Mobile communication remained at high level

Strengthened Operative EBITA

- Efficiency improvements in fixed communication in Sweden and Denmark
- Mobile communication remained at healthy level
- Deconsolidation of Eltel Sönnico (0,7% of margin increase)

Q1 net sales

-21%, EUR 97 m (124)

+4,6% excl Norway
and FX adjusted

Q1 Operat. EBITA

EUR 3.8 m (2.8)

3.9% margin (2.3 %)

Communication:

JV Eltel Sønnico started

- Established March 2014 as 50/50 JV between Eltel Group and UMOE Group
- Wins 5 year Telenor contract in Q3 2014
- Starts operations Jan 2015
- About 1100 employees, net sales pro forma EUR 200 m
- Rational behind the merger:
 - customers demands partners with larger responsibility of the value chain
 - wider resource base and geographical coverage with no overlaps
 - synergies in more efficient operations and enhanced competitiveness

Eltel Group financial effect:

- JV net sales not recognized as part Eltel Group
- Eltels share of JV results => Eltel Group EBITA

network
norway

Statkraft

telenor

BROAD|NET

HelgelandsKraft

NTE

HUAWEI

norkring

IN|FIBER
BROADNET WHOLESALE

Canal Digital



Transport & Security – continued growth

Increased sales from:

- Several rail electrification and signalling projects in Norway, Finland and Denmark
- Sales lower in Aviation & Security in Denmark and due to Rakel contract phase out in Sweden

Lower Operative EBITA:

- Continued adjustment of mix
 - more rail projects with high material contents
- One security project in Denmark

Q1 Net sales

EUR 34.8 m (31.0)

+16.4% FX adjusted

Q1 Operat. EBITA

EUR 2.3 m (3.0)

6.7% margin (9.5)

A person wearing a blue long-sleeved shirt is holding a rugged, black mobile phone with a keypad. The phone is held in front of a large, white and blue logo that reads "ELTEL". The logo features the word "ELTEL" in a stylized font, with the "E" and "L" in blue and the "T" and "E" in orange. The background is a bright, outdoor setting, possibly a construction or industrial site, with a clear blue sky and some blurred structures in the distance. The overall scene suggests a professional or technical environment.

Agenda

1. Eltel in brief
2. Q1 Report 2015
 - Power
 - Communication
 - Transport & Security
3. Financials
4. Summary & Strategy

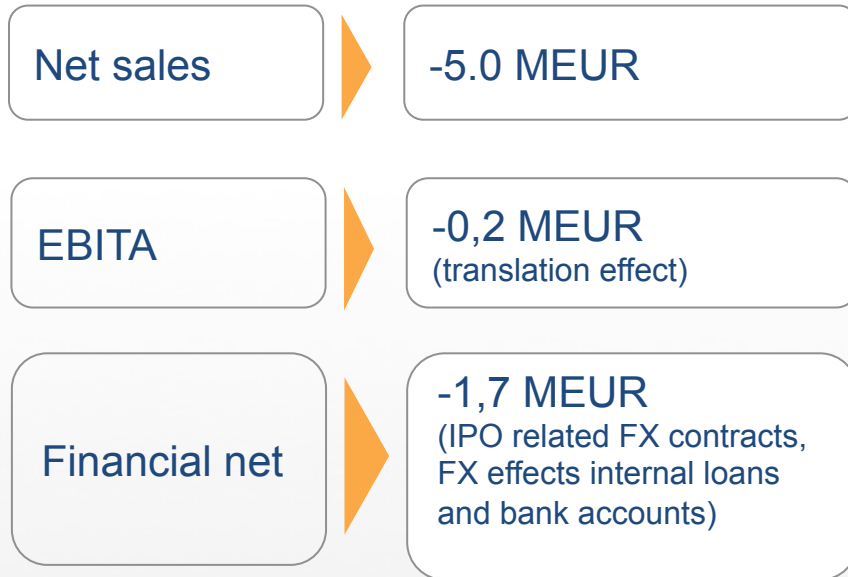
Cash flow and financial items

	2015	2014	2014
	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	239.0	259.2	1,242.1
Operative EBITA	5.3	4.8	61.3
Non-recurring items	-2.6	-0.4	-22.7
EBITA	2.7	4.4	38.6
Operating result (EBIT)	-0.4	1.2	26.2
Result after financial items	-8.3	-3.7	7.2
Net result for the period	-7.5	-3.6	11.1
Earnings per share EUR, basic and diluted	-0.14	-0.11	0.12
Operative cash flow	-59.9	24.5	88.9

Reported Financial Net	-7,9
Non-cash write off	3,5
FX hedges & revaluation	1,7
Underlying Financial Net	-2,7

Operative cash flow	-59,9 m
IPO effects	26 m
Customer advances	14 m
Timing effects Q4/Q1	~ 20 m

FX effects Q1 – good natural operational hedge, new financing affected Financial net



Capex, goodwill, amortization, financial net and tax

Capex	<p>Asset light business. Historically annual net capex of slightly more than 1 percent of net sales. Q1 2015 was 0.9 %</p>
Goodwill	<p>Current goodwill of EUR 409 m. Relates mainly to 3i acquisition of Eltel in 2007 Impairment test each year. No impairment in Q1 2015</p>
Amortization	<p>Intangible assets of EUR 82 m in balance sheet allocated to customer relations and brand. Customer relations of EUR 27 m is the only one to be amortised. Amortization in 2014 was EUR 12,4 m and 3,1 m in Q1 2015. This asset will be fully amortised in 2017</p>
Financial net	<p>Loan facility of approx. EUR 210 m post IPO + EUR 90 m RCF. Financial net of EUR 20 m 2014, would be somewhat more than half of 2014 level at current interest rates and assuming no foreign currency movements or effects. Underlying Financial Net Q1 2015 of 2.7 MEUR</p>
Taxes	<p>2015 cash tax approx. 15% of profit before tax + amortization. P&L tax will be less than 15% due to additional tax loss carry forward utilisation. Zero tax charge in Q1</p>

Financial targets

Financial targets, mid to long term (3-5 years)

Sales growth

Average annual organic sales growth of around 5% and 5% annual growth from M&A including new outsourcing deals

EBITA-margin

EBITA-margin of approximately 6%

Cash conversion

An average cash conversion of 95-100% of EBITA

Capital structure

Leverage of 2.0-2.5x net debt / EBITDA

Dividend Policy

Approx. 50 percent pay-out ratio of net profit with some flexibility

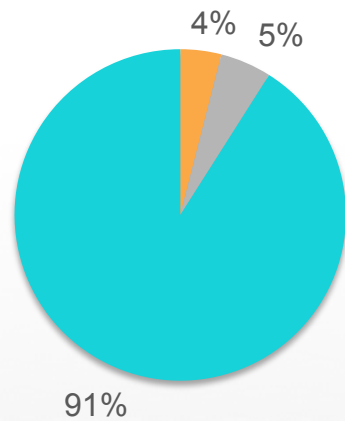
- The first dividend is expected to occur in 2016, based on the results in 2015
- Scope for acquisitions and deleveraging

A person wearing a blue shirt is using a rugged mobile phone. The background features a large white and blue logo with the word "ELTEL" in blue and orange letters. The person's hands are visible, holding the phone. The overall scene suggests a professional or industrial setting.

Agenda

1. Eltel in brief
2. Q1 Report 2014
 - Power
 - Communication
 - Transport & Security
3. Financials
4. Summary & Strategy

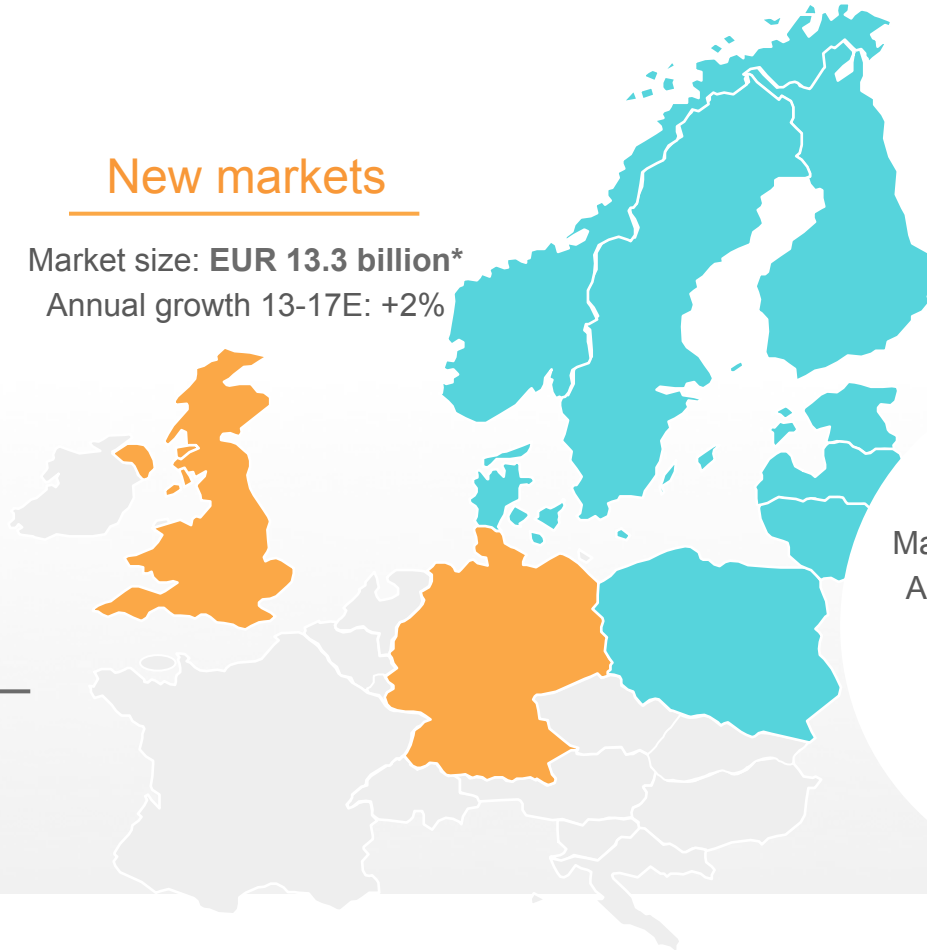
Market potential



Eltel sales per market

New markets

Market size: **EUR 13.3 billion***
Annual growth 13-17E: +2%



Core markets

Market size: **EUR 8.1 billion***
Annual growth 13-17E: +5%

Africa

Market size: **EUR 3.9 billion***
Annual growth 13-17E: +9%



Large and growing market

Addressable market expected to reach **EUR 28 billion 2017**

On top potential outsourcing opportunities with 30-35% of the market not outsourced today

MEGA-TRENDS

POWER

- Ageing infrastructure
- Smart networks
- Sustainability



COMMUNICATION

- Global connections
- Mobile revolution
- Data traffic volumes



TRANSPORT & SECURITY

- Increased transport needs
- Increased security needs
- Integrated EU-market



Group strategic agenda 2015

Vision: Be the European Leader in Infranet Technical Services

1. Further improve Operating Performance

2. Drive Organic Growth

3. Pursue selective M&A

Some examples:

- Continuing fine tuning of Eltel Way
- Several Centres of Excellence established to leverage specialisation and core competencies

- Strong market and Eltel performance in fibre and mobile roll-out business
- Hafslund and Skagerak AMM deals in Norway

- Edi.Son case Germany
- Active M&A function and solid pipeline

Medium to Long Term Financial Targets

Summary

European market leader

Industry with long term structural growth

Scalable platform for growth and M&A

Solid customer base and recurring revenues

Good financial profile with strong cash generation



A person wearing a blue long-sleeved shirt and an orange high-visibility vest is using a handheld rugged device. The device is black with a screen and a keypad. The person is standing next to a white van with blue and orange accents. The word "ELTEL" is printed on the side of the van in large blue and orange letters. Below the logo, the website "www.eltel" is partially visible. The background shows a clear blue sky and some greenery.

Thank You!

Next report 20 Aug 2015