Stockholm, Sweden, 4 May 2018

Eltel Group

Interim report January–March 2018

January–March 2018

- Group net sales decreased 10.5% to EUR 266.6 million (297.8), mainly as a result of divestments and on-going discontinuation of non-core operations, in line with the transformation strategy
- Net sales in the Core business, including segment Power and segment Communication, decreased 5.6% to EUR 258.0 million (273.4). The decrease is mainly explained by divestments of operations in Poland and the Baltics
- Net sales in the Core business adjusted for divested operations and currency effects increased 1.6%
- Discontinuation of non-core operations in Other led to a planned net sales decrease of 61.2% to EUR 9.5 million (24.6), in line with the transformation strategy
- Group operative EBITA* amounted to EUR -7.6 million (-9.7)
- EBIT amounted to EUR -10.4 million (-159.8)
- Net result amounted to EUR -9.5 million (-161.4)
- Earnings per share were EUR -0.06 (-1.53)
- Operative cash flow was EUR -37.6 million (-66.4)
- Decision in January 2018 to implement country-based organisation for segments Power and Communication – expected reduction of cost level approximately EUR 3 million annualised from 2019

Unless otherwise stated, figures in brackets refer to the same period in the preceding year
* Items not allocated to segments consist of the Group management function including development projects

Significant events after the end of the reporting period

- Casimir Lindholm was appointed as Eltel's new President and CEO effective 1 September 2018. He will succeed Håkan Kirstein, who will leave his role after having finalised the first phase of the transformation strategy. Håkan Kirstein will remain in his position as President & CEO until Casimir Lindholm starts.
- The Board of Directors has come to the conclusion that it is not commercially justified to initiate a damages claim against the former CEO and Chairman or to pursue actions to recover damages against previous Directors or sellers due to disclosure of information during the company's initial public offering in 2015.

Transformation strategy – Important events

Q1–Q2 2017

- Decision to focus on Eltel's Core business; segment Power and segment Communication in the Nordics, Poland and Germany
- Decision to divest or discontinue non-core businesses to decrease risk level in operations
- Merger of Fixed and Mobile Communication
- Merger of part of Aviation and Security with segment Communication
- Merger of Power Distribution and Power Transmission
- Revised financial targets
- Rights issue of EUR 150 million
- Divestment of part of communication business in Poland

Q3–Q4 2017

- Agreement to divest operations in Latvia
- Agreement to divest operations in Estonia
- Agreement to divest the rail operations in Finland
- Agreement to divest the rail operations in Denmark
- Letter of intent to divest Power Transmission International

Q1 2018

- Decision to implement country-based organisation for segments Power and Communication
- Swedish Aviation and Security business merged into Communication business unit Sweden
- Divestment of rail operations in Sweden
- Letter of intent to divest Power Transmission International expired. Eltel proceeds with the discontinuation of the operations.

EUR million	Jan-Mar 2018	Jan-Mar 2017	Change, %
Net sales			
Core*	**258.0**	**273.4**	**-5.6**
Power	95.7	103.8	-7.8
Communication	162.3	169.6	-4.3
Other	9.5	24.6	-61.2
Total Group	**266.6**	**297.8**	**-10.5**
Operative EBITA**			
Core*	**-0.2**	**4.2**	**-105.0**
Power	-1.3	0.5	-344.5
Communication	1.1	3.7	-69.9
Other	-3.7	-10.1	63.4
Items not allocated	-3.7	-3.8	0.7
Total Group	**-7.6**	**-9.7**	**20.9**

EUR million	Jan-Dec 2017
Net sales	
Core*	**1,227.1**
Power	470.4
Communication	756.8
Other	103.8
Total Group	**1,329.9**
Operative EBITA**	
Core*	**34.3**
Power	-0.3
Communication	34.6
Other	-43.7
Items not allocated	-16.1
Total Group	**-25.5**

* Core includes segments Power and Communication
** Please see page 18 for definitions of the key ratios

Comments by the CEO

Operational focus to increase efficiency

In the first quarter, we entered the second phase of the transformation process we initiated a year ago, after completing basically all the structural changes we decided on in February 2017. This means the focus now moves fully to operational improvements in our Core business.

We executed a reorganisation in a short period during the first quarter of 2018, designed to reduce the number of management levels, enhance transparency and reduce administration expenses. We expect that in the first stage, these actions will reduce our expenses by some EUR 3 million annualised from 2019. Group-wide restructuring costs of the corresponding amount will be charged in 2018, of which some one-third was charged to the first quarter. We see further potential in savings at country level, as we begin stage 2.

Adjusted for divested operations and currency changes, net sales of our Core business increased by 1.6% in the first quarter. Operative EBITA was down by EUR 4.4 million to EUR -0.2 million. The negative deviation was mainly caused by restructuring measures, very challenging weather conditions, resulting in delayed projects, and low capacity utilisation in parts of our business.

EUR 2.6 million of the earnings variance relates to segment Communication. Half of the variance is explained by delayed projects in Norway resulting from harsh weather conditions, which caused low capacity utilisation. However, there is a substantial order backlog in Norway, and projects gradually commenced late in the quarter. Additionally, recently signed major contracts in Finland involved ramp-up costs for new capacity and staff training. Furthermore, the efficiency of our Swedish business was somewhat lower than in the previous year.

EUR 1.8 million of the earnings variance relates to segment Power, of which about half consists of restructuring costs and the in 2017 reported margin adjustments in older contracts, which will reach completion during 2018. One quarter is because of lower volumes in Finland, due to an altered product mix. The remaining variance is a result of lower capacity utilisation in Poland and Finland. Smart Grids performed very positively, with sales almost doubling, with high profitability.

For the remainder of 2018, the focus will be on reducing costs, increasing capacity utilisation and improving processes in our Core business to improve our adaptability. Each operational unit is now executing action plans to improve capacity utilisation. We are also gradually improving our organisation and various management functions, thus laying the foundation for a more operational focus going forward. Our work continues at full speed, and as part of this process, I will be handing over to Casimir Lindholm as new CEO on 1 September 2018.

Håkan Kirstein, President and CEO

Summary of Eltel's transformation strategy

In February 2017, Eltel decided to focus its operations on areas with balanced risk level, where the Company holds a market leading position and competence and where the business model is repetitive. These operations are defined as Core business and consist of segment Power and segment Communication in the Nordics, Poland and Germany. Segment Power provides network maintenance services, upgrade work and project business to national transmission system operators and distribution network owners. Segment Communication provides similar services to telecom operators and other communication network owners. In 2017, the Core business net sales amounted to approximately EUR 1.2 billion (1.2), corresponding to 90% (85%) of Eltel's total net sales.

Businesses considered as non-core are in the process of being divested or discontinued in order to decrease the risk level in the operations and to relocate resources to Eltel's Core business. The non-core businesses are mainly gathered in Other and include the power transmission business outside Europe and the Rail business. Eltel's power business in the Baltics, that was divested in 2017, is furthermore considered a non-core business, but included in segment Power. In 2017, sales of the operations included in segment Other amounted to approximately EUR 129 million (197).

In January 2018, Eltel decided to change the governance structure of the Core business, from the current business unit-centric organisation to a country and market-driven organisation. The change is part of the transformation strategy and will improve control over Eltel's operations. The number of management levels has, as a result of the new governance structure, been reduced and full profit centre responsibility achieved in each country within the segments Power and Communication. The two solution areas within segment Power that operate within High Voltage and Smart Grids, are project based, offer standard solutions for all markets, and are therefore managed with cross-border mandates.

The implementation of the strategy has resulted in significant costs for restructuring the operations and costs for gradually discontinuing certain businesses. The total cost of discontinuing Power Transmission International is estimated to be slightly lower than earlier communicated approximately EUR 40 million. EUR 27.5 million was charged in 2017 and the remainder is expected to be recognised as cost in 2018 and 2019. The implementation of the revised strategy will also result in additional restructuring costs in other parts of the business.

Eltel's long-term strategy

Implementation of the transformation strategy will extend until the beginning of 2019. In parallel with delivering on the transformation strategy, management has initiated a project to develop a long-term strategy for Eltel, to secure long-term growth, profitability and shareholder value. The strategy will be presented in 2018.

Eltel's financial development (rolling 12 months) and financial targets[1]

The table below shows how Eltel's Core operations, including segment Communication and segment Power, have performed in relation to Eltel's financial targets. Non-core operations are not included since they are not part of Eltel's financial targets and will be divested or discontinued.

Eltel's Core business	Target[1]	1 April 2017–31 March 2018
Annual growth	2–4%	-4.0%
EBITA-margin	5%	2.5%
Cash conversion	95–100% of EBITA[2]	27.9% of EBITA[2]
Leverage	1.5–2.5x net debt/EBITDA[3]	4.3x net debt/EBITDA[3]

A dividend policy has been adopted whereby 50%, with some flexibility in relation to the pay-out ratio, of the Company's consolidated net profit shall be paid in dividends over time.

[1] Segment Power and segment Communication including selective acquisitions

[2] Cash conversion is calculated as operative cash flow as a percentage of EBITA. Operative cash flow is calculated as the sum of (a) operating profit before acquisition-related amortisation (EBITA), (b) depreciation and (c) change in net working capital, less (d) net acquisition of properties, plant and equipment (CAPEX).

[3] Net debt / EBITDA is calculated as net debt, which is defined as interest-bearing debt consisting of short-term and long-term liabilities less cash and cash equivalents, in relation to EBITDA. Net debt is calculated for the Group in total.

January – March 2018

Net sales

Net sales decreased 10.5% to EUR 266.6 million (297.8), mainly as a result of divestments and on-going discontinuation of non-core operations, in line with Eltel's transformation strategy.

At the end of March 2018, Eltel's committed order backlog amounted to EUR 687 million (31 December 2017: 648).

For further information regarding net sales development, refer to the respective section on the segments below.

Operative EBITA

Operative EBITA amounted to EUR -7.6 million (-9.7).

For further information regarding operative EBITA development, refer to the respective section on the segments below.

Core business: segment Power and segment Communication

Net sales in the Core business decreased 5.6% to EUR 258.0 million (273.4). The decrease is mainly explained by divestments of operations in Poland, the Baltics and the UK and currency effects. Excluding these effects, net sales increased 1.6%. The Core business represented 96.8% (91.8) of Eltel's net sales during the period.

Operative EBITA in the Core business decreased by EUR 4.4 million to EUR -0.2 million (4.2). The operative EBITA margin amounted to -0.1% (1.5). Restructuring measures in order to strengthen internal control and operational efficiency, including margin adjustments of old power projects initiated in the later part of 2017, will continue to have a financial impact in 2018.

Segment Power

Net sales in segment Power decreased by EUR 8.1 million to EUR 95.7 million (103.8), representing a decrease of 7.8%. The decrease is to a large extent explained by lower net sales in Finland due to a change in the project mix, by divestment in the Baltics and by a ramp down of certain contracts in Sweden. The decline was partly offset by almost doubled net sales in Smart Grids, amounting to EUR 20.4 million in the quarter.

Operative EBITA decreased to EUR -1.3 million (0.5). The total operative EBITA margin for segment Power was -1.4% (0.5).

The variance in operative EBITA in segment Power compared to the previous year is explained by restructuring costs and margin adjustments, the change in project mix in Finland, impacting margin negatively, low utilisation and higher cost in High Voltage in Poland and continued challenges in the Swedish service market. The continued strong net sales growth in Smart Grid had a positive impact on EBITA. Restructuring measures will continue in 2018 in order to strengthen control and finalise low margin projects.

Segment Communication

Net sales in segment Communication decreased by EUR 7.3 million to EUR 162.3 million (169.6), representing a decrease of 4.3%. EUR 5.3 million of the decline in net sales is explained by the divestment of Eltel's Polish maintenance operation in 2017 and EUR 6.7 million by currency rate changes. Adjusted for divested operations and currency effects net sales increased by 3.1%.

Net sales in all markets except Norway increased.

Operative EBITA decreased to EUR 1.1 million (3.7). The operative EBITA margin for segment Communication was 0.7% (2.2). The decrease is mainly attributable to over capacity as a result of delayed projects in Norway, due to harsh winter conditions, increased cost in Finland due to new contracts and associated ramp up costs to build new capacity, and lower utilisation in Sweden.

Non-core business: Other

Net sales in Other decreased by 61.2% to EUR 9.5 million (24.6). The decline is in line with Eltel's transformation strategy and explained by that operations have been divested or discontinued during 2017.

Operative EBITA amounted to EUR -3.7 million (-10.1), and the operative EBITA margin was -38.8% (-41.1). The negative EBITA is attributable to Rail business and lower volumes and costs for discontinuing businesses.

On 31 January 2018, Eltel completed the sale of its Finnish rail operations to Winco Oy, a wholly owned subsidiary of Graniittirakennus Kallio Oy. The purchase price amounted to EUR 8.5 million deducted by the cash generated from these operations during September 2017–January 2018. The transaction had a positive impact on Group EBITA of EUR 3.7 million and positive cash flow of EUR 6.3 million in the first quarter of 2018.

On 31 January 2018, Eltel completed the sale of the Danish rail operations to Strukton Rail A/S. The transaction, comprising a maintenance contract with Sund & Bælt A/S, 26 employees and operational equipment used for delivering the relevant maintenance services, had a negative EBITA effect of EUR 0.5 million in the fourth quarter 2017 and a negative cash flow effect of EUR 2.4 million in the first quarter 2018.

On 29 March 2018, Eltel completed the sale of the Swedish rail operations to Strukton Rail AB, a company providing solutions in rail infrastructure, railway vehicles and mobility systems. The transaction, comprising build and maintenance contracts with key customers, employees and operational equipment used for delivering the relevant services, had a negative impact of EUR 5.9 million on EBITA and a negative cash flow effect of EUR 5.7 million in the first quarter of 2018. Eltel has as part of the divestment entered into a subcontractor agreement with Strukton Rail AB for the completion of certain contracts relating to the rail business, expected to be completed during 2019.

The total cost of discontinuing Power Transmission International is estimated to be somewhat lower than approximately EUR 40 million. In total, net costs amounting to EUR 26.8 million have been recorded during 1 January 2017–31 March 2018, in line with the plan. The remaining cost for discontinuing Power Transmission International is expected to be recorded in 2018 and 2019 and the discontinuation process is expected to be completed in 2019.

On 29 March 2018, a letter of intent to divest Power Transmission International to Encomm Sweden AB expired. The letter of intent was subject to key customer approval and that the purchaser obtained financing of the transaction and full release for Eltel under certain guarantees. The parties agreed that the purchaser did not fulfil the conditions of the transaction.

EBITA

Group EBITA declined to EUR -9.9 million (-10.7). Net items affecting EBITA comparability amounted to EUR -2.2 million (-1.0), comprising of the net impact of the sale of the Rail businesses in Sweden and Finland.

EBIT

EBIT amounted to EUR -10.4 million (-159.8). Amortisation of acquisition-related intangible assets amounted to EUR 0.5 million (3.5) and impairment of goodwill amounted to EUR 0.0 million (145.6).

Net financial expenses

Net financial expenses amounted to EUR 1.6 million (3.1).

Taxes

Taxes amounted to EUR +2.5 million (1.6), corresponding to an effective tax rate of 21.0% (1.0).

Net result for the period and earnings per share

The net result for the period was EUR -9.5 million (-161.4). Earnings per share were EUR -0.06 (-1.53).

Cash flow

Eltel's operative cash flow was EUR -37.6 million (-66.4), mainly as a consequence of higher net working capital compared to year-end 2017 and a negative result in the first quarter of 2018. Cash flow has historically displayed a strong seasonal pattern, with weaker cash flow recorded during the period until the end of the third quarter due to higher production activity. Eltel's net working capital level is also impacted by working capital intensive power projects in Poland, which are expected to continue to create volatility in net working capital going forward.

Cash flow from operating activities was EUR -33.0 million (-64.2), including a negative impact of EUR -29.1 million (-56.8) from the change in net working capital. Cash flow from financial items and taxes was EUR -2.8 million (-3.6). Net capital expenditure, mainly replacement investments, amounted to EUR 1.6 million (2.0). Cash flow for disposal of business amounted to EUR -1.9 million (0.0) related to sale of Rail operations in Finland, Denmark and Sweden. Net repayment of financial lease liabilities amounted to EUR -0.2 million and net utilisation of short-term financial facilities amounted to EUR 12.6 million.

Financial position, cash and cash equivalents

Equity at the end of the period was EUR 274.1 million (184.2) and total assets were EUR 773.1 million (833.8). The equity ratio was 37.7% (23.7).

Interest-bearing liabilities totalled EUR 173.3 million (278.1), of which EUR 115.5 million (3.3) were non-current and EUR 57.8 million (274.8) were current. Cash and cash equivalents amounted to EUR 6.0 million (7.7). Interest-bearing net debt totalled EUR 167.8 million (271.8).

At the end of the first quarter, guarantees based on contractual commercial commitments and pension liabilities issued by banks, other financial institutions and the Parent Company amounted to EUR 319.8 million (352.9). This amount included advance and other payment security guarantees.

Interest-bearing liabilities and net debt

EUR million	31 Mar 2018	31 Mar 2017	31 Dec 2017
Interest-bearing debt in balance sheet	173.3	278.1	164.4
Allocation of effective interest to periods	0.5	1.4	0.6
Less cash and cash equivalents	-6.0	-7.7	-32.9
Net debt	**167.8**	**271.8**	**132.1**

At the end of the first quarter, available liquidity reserves amounted to EUR 132.4 million (114.9). On the same date, EUR 52 million of Eltel's commercial paper programme was utilised. In January 2018, Eltel's Finnish commercial paper programme was increased from EUR 100 million to EUR 150 million. The Group's equity ratio was 37.7% (23.7) at the end of March 2018.

Employees

The average number of employees was 7,674 (9,446) during the period. At the end of the period, the number of employees was 7,605 (9,516). The reduction in the number of employees was mainly a result of divestments and restructuring of operations.

Risks and uncertainty factors

No new material risks were identified during the interim period. For information regarding risks and uncertainties, please refer to Eltel's 2017 Annual Report published on 5 April 2018 and the prospectus (the "Prospectus") relating to Eltel´s rights issue published on 7 June 2017 and which are available on Eltel's website at http://www.eltelgroup.com.

Events after the end of the period

On 16 April 2018, Casimir Lindholm was appointed as Eltel's new President and CEO effective 1 September 2018. Håkan Kirstein will remain in his position as President and CEO until until Casimir Lindholm starts.

The Board of Directors has come to the conclusion that it is not commercially justified to initiate a damages claim against the former CEO and Chairman or to pursue actions to recover damages against previous Directors or sellers due to disclosure of information during the company's initial public offering in 2015. For further information, please see separate press release.

Future prospects

Eltel does not issue guidance.

Related party transactions

No transactions took place between Eltel and related parties that significantly affected the company's position and earnings during the period.

Seasonality

Eltel's businesses are generally characterised by seasonal patterns and cyclicality of the project business that adds volatility to net sales, EBITA and cash flow. Seasonality is normally 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, particularly for larger projects. The Eltel Group has historically reported higher revenues and operating profit in the second half of the year. Cash flow has historically displayed a strong seasonal pattern, with weaker cash flow recorded during the period until the end of the third quarter due to higher production activity. At the end of the year, as production volumes decrease, cash flow has normally been stronger. For more details, please refer to quarterly key financial figures for the Group on page 17.

Key figures Group

EUR million	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017	Rolling 12-month
Net sales	266.6	297.8	1,329.9	1,298.7
Net sales growth, %	-10.5	3.6	-5.0	-7.9
Operative EBITA	-7.6	-9.7	-25.5	-23.5
Operative EBITA margin, %	-2.9	-3.2	-1.9	-1.8
Items affecting comparability	-2.2	-1.0	-1.2	-2.3
EBITA	-9.9	-10.7	-26.7	-25.8
EBITA margin, %	-3.7	-3.6	-2.0	-2.0
Amortisation of acquisition-related intangible assets	-0.5	-3.5	-8.5	-5.6
Impairment of goodwill and other acquisition-related intangible assets	-	-145.6	-149.4	-3.8
Operating result (EBIT)	-10.4	-159.8	-184.6	-35.2
EBIT margin, %	-3.9	-53.7	-13.9	-2.7
Result after financial items	-12.0	-162.9	-197.0	-46.0
Net result for the period	-9.5	-161.4	-204.6	-52.8
Earnings per share EUR, basic**	-0.06	-1.53	-1.56	-0.37
Earnings per share EUR, diluted**	-0.06	-1.53	-1.56	-0.37
Operative cash flow	-37.6	-66.4	-59.7	-30.9
Number of personnel, end of period	7,605	9,516	7,999	7,605

* Calculated on a rolling 12-month basis
** Shares issued in the preferential rights issue were registered on 7 July 2017
Please see page 18 for definitions of the key ratios.

Segment Power

EUR million	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Net sales	95.7	103.8	470.4
Operative EBITA	-1.3	0.5	-0.3
Operative EBITA margin, %	-1.4	0.5	-0.1
Number of employees	2,340	2,820	2,453

The foreign currency translation effect included in net sales was EUR -1.3 million for Jan-Mar 2018

Segment Communication

EUR million	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Net sales	162.3	169.6	756.8
Operative EBITA	1.1	3.7	34.5
Operative EBITA margin, %	0.7	2.2	4.6
Number of employees	4,666	5,448	4,604

The foreign currency translation effect included in net sales was EUR -6.7 million for Jan-Mar 2018

Other

EUR million	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Net sales	9.5	24.6	103.8
Operative EBITA	-3.7	-10.1	-43.7
Operative EBITA margin, %	-38.8	-41.1	-42.1
Number of employees	265	867	592

The foreign currency translation effect included in net sales was EUR -0.5 million for Jan-Mar 2018

Presentation of the first quarter 2018 report

Analysts and media are invited to participate in the first quarter 2018 briefing on 4 May 2018 at 10.00 am CET where Eltel's President and CEO Håkan Kirstein and CFO Petter Traaholt will host a presentation. A live audiocast as well as the presentation will be available at www.eltelgroup.com/investors.

For further information, please contact:

Håkan Kirstein, CEO
tel. +46 72 23 06 944, hakan.kirstein@eltelnetworks.se

Petter Traaholt, CFO
tel. +46 72 59 54 749, petter.traaholt@eltelnetworks.se

Financial calendar

- Annual General Meeting 2018: 9 May 2018
- Interim report January–June 2018: 9 August 2018
- Interim report January–September 2018: 7 November 2018

Eltel AB discloses the information provided herein pursuant to the EU's Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the above contacts, on 4 May 2018 at 08:00 a.m. CET.

Stockholm, Sweden, 4 May 2018

Håkan Kirstein
President and CEO

The information in this interim report has not been reviewed by the Company's auditors.

Condensed financial information

Condensed consolidated income statement

EUR million	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Net sales	266.6	297.8	1,329.9
Cost of sales	-244.7	-276.9	-1,234.8
Gross profit	**22.0**	**20.9**	**95.1**
Other income	4.0	0.2	4.9
Sales and marketing expenses	-3.4	-3.4	-9.5
Administrative expenses	-25.6	-26.7	-109.0
Other expenses	-6.7	-1.8	-7.7
Share of profit/loss of joint ventures	-0.1	0.0	-0.4
Operating result before acquisition-related amortisations (EBITA)	**-9.9**	**-10.7**	**-26.7**
Amortisation and impairment of acquisition-related intangible assets	-0.5	-149.1	-158.0
Operating result (EBIT)	**-10.4**	**-159.8**	**-184.6**
Financial income	0.0	0.1	0.4
Financial expenses	-1.7	-3.2	-12.7
Net financial expenses	-1.6	-3.1	-12.3
Result before taxes	**-12.0**	**-162.9**	**-197.0**
Taxes	2.5	1.6	-7.7
Net result	**-9.5**	**-161.4**	**-204.6**
Attributable to:			
Equity holders of the parent	-9.7	-161.4	-205.3
Non-controlling interest	0.2	0.0	0.7
Earnings per share (EPS)			
Basic, EUR	-0.06	-1.53	-1.56
Diluted, EUR	-0.06	-1.53	-1.56

Condensed consolidated statement of comprehensive income

EUR million	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Net profit for the period	-9.5	-161.4	-204.6
Other comprehensive income:			
Items that will not be reclassified to profit and loss			
Revaluation of defined benefit plans	1.1	-2.7	-5.6
Items that may be subsequently reclassified to profit and loss			
Cash flow hedges	-	-	0.2
Net investment hedges	2.6	0.4	1.0
Currency translation differences	-3.7	0.8	-3.5
Total	-1.1	1.2	-2.4
Other comprehensive income/loss for the period, net of tax	-	-1.5	-7.9
Total comprehensive income/loss for the period	**-9.5**	**-162.9**	**-212.6**
Total comprehensive income/loss attributable to:			
Equity holders of the parent	-9.7	-162.9	-213.3
Non-controlling interest	0.2	0.0	0.7

Condensed consolidated statement of balance sheet

EUR million	31 Mar 2018	31 Mar 2017	31 Dec 2017
ASSETS			
Non-current assets			
Goodwill	283.8	297.1	286.8
Intangible assets	41.4	45.8	41.8
Property, plant and equipment	30.1	36.6	32.6
Investments in and receivable from joint ventures	0.7	0.9	0.7
Available-for-sale investments	0.3	0.3	0.3
Deferred tax assets	26.1	32.6	21.5
Other financial asset	-	35.0	-
Trade and other receivables	-	0.2	0.1
Total non-current assets	**382.3**	**448.5**	**384.0**
Current assets			
Inventories	14.9	10.3	9.6
Other financial assets	35.0	-	35.0
Trade and other receivables	334.9	367.3	356.4
Cash and cash equivalents	6.0	7.7	32.9
Total current assets	**390.8**	**385.3**	**433.9**
Assets held for sale	-	-	10.4
TOTAL ASSETS	**773.1**	**833.8**	**828.2**
EQUITY AND LIABILITIES			
Equity			
Shareholders' equity	266.9	176.9	277.1
Non-controlling interest	7.2	7.3	7.0
Total equity	**274.1**	**184.2**	**284.1**
Non-current liabilities			
Debt	115.5	3.3	119.0
Liabilities to shareholders	-	35.0	-
Retirement benefit obligations	8.1	10.7	11.0
Deferred tax liabilities	9.8	13.8	7.9
Provisions	2.9	1.6	2.5
Other non-current liabilities	0.3	6.2	0.0
Total non-current liabilities	**136.5**	**70.6**	**140.4**
Current liabilities			
Debt	57.8	274.8	45.3
Liabilities to shareholders	35.0	-	35.0
Provisions	21.7	18.7	22.1
Advances received	45.5	55.4	48.4
Trade and other payables	202.4	230.1	244.9
Total current liabilities	**362.5**	**579.0**	**395.8**
Liabilities associated with assets held for sale	-	-	7.9
Total liabilities	**499.0**	**649.6**	**544.1**
TOTAL EQUITY AND LIABILITIES	**773.1**	**833.8**	**828.2**

Condensed consolidated statement of cash flows

EUR million	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Cash flow from operating activities			
Cash flow from operating activities before financial items and taxes	-33.0	-64.2	-50.5
Interest received	-	-	0.4
Interest and other financial expenses paid	-2.0	-2.6	-11.4
Income taxes paid	-0.7	-1.1	-3.6
Net cash from operating activities	**-35.8**	**-67.9**	**-65.2**
Cash flow from investing activities			
Purchases of property, plant and equipment (PPE)	-1.8	-2.3	-14.1
Proceeds from sale of PPE	0.2	0.2	0.5
Acquisition of business	-	-	-6.7
Investments in joint ventures	-	-0.3	-0.6
Disposal of business	-1.9	-	1.1
Net cash from investing activities	**-3.4**	**-2.3**	**-19.7**
Cash flow from financing activities			
Proceeds from issuance of share capital	-	-	149.2
Proceeds from short-term financial liabilities	23.6	2.8	63.0
Payments from short-term borrowings	-11.0	-10.0	-177.6
Payments of/proceeds from finance lease liabilities	-0.2	-0.2	-0.4
Dividends to shareholders	-	-	-
Dividends to non-controlling interest	-	-	-1.0
Change in non-liquid financial assets	-0.1	-	-0.8
Net cash from financing activities	**12.3**	**-7.4**	**32.4**
Net change in cash and cash equivalents	**-26.9**	**-77.6**	**-52.4**
Cash and cash equivalents at beginning of period	32.9	85.2	85.2
Foreign exchange rate effect	-	0.1	0.1
Cash and cash equivalents at end of period	6.0	7.7	32.9

Reconciliation of EBITA to cash flow from operating activities before financial items and taxes

EUR million	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017	Rolling 12-month
EBITA	-9.9	-10.7	-26.7	-25.8
Depreciation	3.0	3.1	13.3	13.2
EBITDA	-6.9	-7.6	-13.4	-12.6
Change in net working capital	-29.1	-56.8	-32.8	-5.1
Net purchase of PPE	-1.6	-2.0	-13.5	-13.1
Operative cash flow (used in cash conversion key figure)	-37.6	-66.4	-59.7	-30.9
Less net purchase of PPE, presented in investing activities	1.6	2.0	13.5	
Gains on sales of assets	2.2	0.1	2.9	
Items recognised through other comprehensive income	-0.9	-0.9	-4.2	
Other non-cash adjustments	1.6	1.0	-3.0	
Cash flow from operating activities before financial items and taxes	-33.0	-64.2	-50.5	

Condensed consolidated statement of changes in equity

EUR million	Share capital	Share issue	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 2018	158.4	-	491.1	-325.6	-27.4	7.4	-26.9	277.1	7.0	284.1
Total comprehensive income for the period	-	-	-	-9.7	1.1	2.6	-3.7	-9.7	0.2	-9.5
Equity-settled share-based payment	-	-	-	0.1	-	-	-	0.1	-	0.1
IFRS 15 opening balance adjustments, net of tax	-	-	-	-0.6	-	-	-	-0.6	-	-0.6
Total transaction with owners	-	-	-	-0.5	-	-	-	-0.5	-	-0.5
Equity at 31 Mar 2018	158.4	-	491.1	-335.8	-26.3	9.9	-30.6	266.9	7.2	274.1

EUR million	Share capital	Share issue	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 2017	126.3	-	373.0	-120.7	-21.8	6.2	-23.4	339.7	7.3	347.0
Total comprehensive income for the period	-	-	-	-161.4	-2.7	0.4	0.8	-162.9	0.0	-162.9
Equity-settled share-based payment	-	-	-	0.1	-	-	-	0.1	-	0.1
Total transaction with owners	-	-	-	0.1	-	-	-	0.1	-	0.1
Equity at 31 Mar 2017	126.3	-	373.0	-281.9	-24.6	6.7	-22.6	176.9	7.3	184.2

EUR million	Share capital	Share issue	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 2017	126.3	-	373.0	-120.7	-21.8	6.2	-23.4	339.7	7.3	347.0
Total comprehensive income for the period	-	-	-	-205.3	-5.6	1.1	-3.5	-213.3	0.7	-212.6
Equity-settled share-based payment	-	-	-	0.4	-	-	-	0.4	-	0.4
Proceeds from shares issued	32.1	121.8	-	-	-	-	-	153.9	-	153.9
New share issue costs, net of tax	-	-3.7	-	-	-	-	-	-3.7	-	-3.7
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-1.0	-1.0
Total transaction with owners	32.1	118.1	-	0.4	-	-	-	150.7	-1.0	149.7
Equity at 31 Dec 2017	158.4	118.1	373.0	-325.6	-27.4	7.4	-26.9	277.1	7.0	284.1

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 2017. In addition, Eltel applies *IFRS 15 Revenue from contracts with customers* and *IFRS 9 Financial instruments* effective from 1 January 2018.

IFRS 15 Revenue from contracts with customers replaces revenue recognition guidance in IAS 18 revenue, IAS 11 Construction contracts, and related interpretations. IFRS 15 establishes a five- step model that apply to revenue arising from contracts with customers. IFRS 15 requires to identify deliverables in contracts with customers that qualify as separate "performance obligations". The deliverables may include good(s) or service(s) or a combination of goods and services. Revenue is recognised for each performance obligation separately on a relative stand-alone selling price basis and takes place when a customer obtains control of the related good(s) or service(s) and has the ability to direct the use of and obtain the benefits from the good(s) or service(s), either over time or at a point in time.

Eltel has assessed each of the revenue streams from an IFRS 15 revenue recognition perspective and potential differences between current accounting principles and IFRS 15. Based on the potential differences identified, follow-ups and analyses have been conducted based on the five-step model in IFRS 15. Where potential differences have been identified, in-depth analysis has been carried out on the conversion effects to IFRS 15.

Following the analysis, the overall assessment is that the adaption of IFRS 15 does not have any material impact on the Group's financial position. There are no changes to the timing of revenue recognition in any of the main revenue streams. For project delivery and upgrade services revenue is recognised over time as customer controls the asset that Eltel creates or enhances. In maintenance services customer receives benefits as Eltel performs and revenue is and continues to be recognised based on the services performed. Under IFRS 15 Eltel continues to use the input method based on the costs incurred to measure the progress in satisfying the performance obligation over time. Eltel has anyhow defined certain areas of exceptions or potential changes to earlier practice. The impact of these has been assessed at the time of adoption.

Eltel applies the cumulative retrospective method where the cumulative impact, EUR -0.6 million, net of tax, is adjusted to equity on the date of adoption 1 January 2018. The adoption of IFRS 15 does not have material impact on the comparability of the first quarter 2018 to corresponding period in 2017.

IFRS 9 Financial instruments replaces the guidance in IAS 39 Financial Instruments - Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The new rules for classification and measurement mean, like IAS 39, that financial assets are classified in different categories, of which some are measured at cost and some at fair value. IFRS 9 introduces new categories than those in IAS 39. The classification in IFRS 9 is based partly on the instrument's contractual cash flows and partly on the company's business model. Regarding impairment of financial assets, the changes concern trade receivables where the credit losses are recognised based on the expected lifetime credit losses. The adoption of IFRS 9 had no impact to Eltel's financials as at 1 January 2018. Anyhow the new classification will have an impact on the notes of the consolidated financial statements 2018.

Segment reporting

Eltel reports its segments in Power, Communication and Other. The Power and Communication segments comprise Eltel's core businesses in the Nordics, Poland and Germany. The Other comprises operations planned to be divested or ramped down: Power Transmission International unit with projects outside of Europe and the rail business.

In January 2018, Eltel decided to change the governance structure of the Core business, from the earlier business unit-centric organisation to a country and market-driven organisation with country- and solution units. The change is part of the transformation strategy and will improve control over Eltel's operations within the segments. The number of management levels will, as a result of the new governance structure, be reduced and full profit centre responsibility achieved in each country within the segments Power and Communication. Eltel's operations in segment Power within the areas High Voltage and Smart Metering, are project based and offer standard solutions for all markets, and are therefore managed as solution units with cross-border mandates. The activities and governance of Eltel's non-core business, reported as Other, continue to be led by the special project office.

Eltel continues to follow its Core business operations separated to Power and Communication and consequently continues to report its segments in Power, Communication and Other.

On 17 January 2018, Eltel decided to retain part of the Swedish Aviation and Security business which previously was planned to be divested and reported under Other. The operations are transferred to business unit Sweden under segment Communication and historical comparative information is restated accordingly.

Net sales by segment

EUR million	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Power			
Net sales (external)	95.3	103.6	469.7
Inter-segment sales	0.4	0.2	0.7
Communication			
Net sales (external)	161.8	169.5	756.7
Inter-segment sales	0.5	0.1	0.1
Other			
Net sales (external)	9.5	24.6	103.5
Inter-segment sales	-	-0.1	0.3
Elimination of sales between segments	-0.9	-0.2	-1.1
Net sales, total	**266.6**	**297.8**	**1,329.9**

Net sales by geographical area

EUR million	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Sweden	90.1	89.9	415.5
Finland	57.1	70.9	309.8
Norway	58.4	61.6	273.3
Poland	17.9	23.6	96.7
Denmark	21.5	21.0	93.3
Germany	17.1	13.8	78.3
Baltics	1.6	7.2	24.5
Other countries	3.0	9.7	38.4
Net sales, total	**266.6**	**297.8**	**1,329.9**

In January–March 2018 upgrade services represented 49%, maintenance services 27% and project delivery services 24% of Eltel's total net sales.

Reconciliation of segment results

EUR million	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Operative EBITA by segment			
Power	-1.3	0.5	-0.3
Communication	1.1	3.7	34.6
Other	-3.7	-10.1	-43.8
Items not allocated to operating segments*	-3.7	-3.8	-16.1
Operative EBITA, Group	-7.6	-9.7	-25.5
Reviews and investigations	-	-1.0	-1.4
Earn-out adjustment	-	-	3.2
Gain on sale of business	3.7	-	-
Loss on business sold and assets held for sale	-6.0	-	-2.9
Total items affecting comparability in EBITA	-2.2	-1.0	-1.2
EBITA before acquisition-related amortisations	-9.9	-10.7	-26.7
Amortisation of acquisition-related intangible asset	-0.5	-3.5	-8.5
Impairment of goodwill and other acquisition-related intangible assets**	-	-145.6	-149.4
Operating result (EBIT)	-10.4	-159.8	-184.6
Other financial expenses, net	-1.6	-3.1	-12.3
Result before taxes	**-12.0**	**-162.9**	**-197.0**

*Items not allocated to operating segments consist of Group management function
** Impairment is related to the power and rail & road businesses

Acquisitions and disposals

Acquisitions

During the period, no new acquisitions were made.

Disposals

During the first quarter of 2018 Eltel divested its non-core rail operations in Finland, Denmark and Sweden. The divestments of the Finnish and Danish rail operations were completed on 31 January 2018 and divestment of the Swedish rail operation on 29 March 2018.

On 31 January 2018, Eltel completed the sale of its Finnish rail operations, with approximately 120 employees, in full, consisting of services to deliver electrification and signalling systems to railway and metro operators. The purchase price amounted EUR 8.5 million deducted by the cash generated from these operations during September 2017–January 2018. The transaction had a positive impact on Group EBITA of EUR 3.7 million and positive cash flow of EUR 6.3 million in the first quarter of 2018.

The divested Danish operations comprised maintenance contract for signalling, track and catenary services for Sund & Bælt A/S, 26 employees and operational equipment used for delivering the relevant services. Negative impact of the divestment, EUR 0.5 million, was recognised in the fourth quarter of 2017 and a negative cash flow effect of EUR 2.4 million in the first quarter of 2018.

Den 29 March 2018, Eltel concluded the sale its Swedish rail operations, consisting of key customer contracts, employees and operational equipment, to Strukton Rail AB, a company providing solutions in rail infrastructure, railway vehicles and mobility systems. The transaction had a negative impact of EUR 5.9 million on EBITA and a negative cash flow effect of EUR 5.7 million in the first quarter of 2018.

Earnings per share

	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Net result attributable to equity holders of the parent	-9.7	-161.4	-205.3
Weighted average number of common shares, basic	156,560,595	105,208,720	131,236,383
Weighted average number of common shares, diluted	156,688,551	105,233,374	131,305,832
Earnings per share EUR, basic	-0.06	-1.53	-1.56
Earnings per share EUR, diluted	-0.06	-1.53	-1.56

Numbers of shares adjusted by share issue and bonus element in share issue for all periods. Shares issued were registered on 7 July 2017.

Net working capital (NWC) and operative capital employed

EUR million	31 Mar 2018	31 Mar 2017	31 Dec 2017
Inventories	14.9	10.3	9.6
Trade and other receivables	334.9	367.3	356.4
Provisions	-24.6	-20.3	-24.7
Advances received	-45.5	-55.4	-48.4
Trade and other payables	-202.4	-230.1	-244.9
Other*	-2.2	-0.2	-2.4
Net working capital	75.1	71.6	45.6
Intangible assets excluding acquisition-related allocations	7.6	5.4	7.0
Property, plant and equipment	30.1	36.6	32.6
Operative capital employed	112.7	113.5	85.1
Average operative capital employed	113.1	101.7	71.3

*Includes adjustments for non-NWC items included in above receivable and payables lines, mainly for derivative valuations, contingent consideration from acquisitions and income tax liabilities and NWC items included in other balance sheet lines

Assets and liabilities held for sale are not included (in 31 December 2017 Finnish and Danish Rail business)

Derivative financial instruments

	31 Mar 2018			31 Mar 2017			31 Dec 2017		
EUR million	Nominal values	Net fair values		Nominal values	Net fair values		Nominal values	Net fair values	
Interest rate derivatives	23.3	0.0	1)	23.2	0.1	3)	23.5	0.1	5)
Foreign exchange rate derivatives	67.2	0.0	2)	46.3	-1.0	4)	82.7	-0.2	6)
Embedded derivatives	15.3	1.4		32.4	2.4		45.6	2.1	
Total	**105.8**	**1.4**		**101.9**	**1.5**		**151.8**	**2.0**	

Designated as cash flow hedge 1) EUR -0.5 million 2) EUR 0.0 million 3) EUR -0.7 million 4) EUR 0.0 million 5) EUR -0.5 million 6) 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 took place between Eltel and related parties that significantly affected the company's position and earnings during the quarter.

Quarterly key financial figures for the Group

EUR million	Jan-Mar 2018	Oct-Dec 2017	Jul-Sep 2017	Apr-Jun 2017	Jan-Mar 2017
Net sales	266.6	374.2	328.0	329.8	297.8
Net sales growth, %	-10.5	-3.3	-7.9	-10.6	3.6
Operative EBITA	-7.6	2.2	3.1	-21.0	-9.7
Operative EBITA margin, %	-2.9	0.6	0.9	-6.4	-3.2
EBITDA	-6.9	5.0	6.0	-16.8	-7.6
EBITA	-9.9	1.7	2.4	-20.0	-10.7
EBITA margin, %	-3.7	0.5	0.7	-6.1	-3.6
Impairment of goodwill and other acquisition-related intangible assets	-	-	-3.8	-	-145.6
Operating result (EBIT)	-10.4	1.2	-2.8	-23.2	-159.8
EBIT margin, %	-3.9	0.3	-0.9	-7.0	-53.7
Result after financial items	-12.0	-0.3	-6.4	-27.3	-162.9
Net result for the period	-9.5	-7.7	-11.0	-24.5	-161.4
Earnings per share EUR, basic and diluted	-0.06	-0.05	-0.07	-0.23	-1.53
Return on operative capital employed, %*	-22.8	-37.4	-38.3	-35.8	-11.6
Return on equity (ROE), %*	-23.0	-64.9	-77.2	-72.0	-76.0
Net working capital	75.1	45.6	88.4	59.9	71.6
Operative cash flow	-37.6	43.0	-25.6	-10.7	-66.4
Cash conversion, %*	N/A	223.9	N/A	N/A	N/A
Number of personnel, end of period	7,605	7,999	8,441	8,685	9,516

* calculated on a rolling 12-month basis
Assets and liabilities held for sale are not included (in 31 December 2017 Finnish and Danish Rail business)

Quarterly segment information

Net sales

EUR million	Jan-Mar 2018	Oct-Dec 2017	Jul-Sep 2017	Apr-Jun 2017	Jan-Mar 2017
Power	95.7	130.7	117.5	118.3	103.8
Communication	162.3	215.6	186.7	184.9	169.6
Other	9.5	27.6	24.8	26.8	24.6
Elimination of sales between segments	-0.9	0.4	-1.0	-0.2	-0.2
Net sales, total	**266.6**	**374.2**	**328.0**	**329.8**	**297.8**

Operative EBITA by segment

EUR million	Jan-Mar 2018	Oct-Dec 2017	Jul-Sep 2017	Apr-Jun 2017	Jan-Mar 2017
Power	-1.3	-0.5	0.9	-1.2	0.5
% of net sales	-1.4	-0.3	0.7	-1.0	0.5
Communication	1.1	12.9	11.5	6.5	3.7
% of net sales	0.7	6.0	6.2	3.5	2.2
Other	-3.7	-5.8	-6.1	-21.7	-10.1
% of net sales	-38.8	-21.0	-24.4	-81.0	-41.1
Costs not allocated to segments	-3.7	-4.4	-3.3	-4.6	-3.8
Operative EBITA	**-7.6**	**2.2**	**3.1**	**-21.0**	**-9.7**
% of net sales	-2.9	0.6	0.9	-6.4	-3.2

Number of employees by segment, at the end of period

	Jan-Mar 2018	Oct-Dec 2017	Jul-Sep 2017	Apr-Jun 2017	Jan-Mar 2017
Power	2,340	2,453	2,776	2,963	2,820
Communication	4,666	4,604	4,621	4,590	5,448
Other	265	592	702	751	867
Outside segments	334	350	342	381	381
Total	**7,605**	**7,999**	**8,441**	**8,685**	**9,516**

Definitions and key ratios

Eltel applies ESMA's (European Securities and Markets Authority) guidelines for alternative performance measures (APM). In addition to the financial measures defined in IFRS, certain key figures, which qualify as alternative performance measures (APMs) are presented to reflect the underlying business performance, facilitate analysis of the Group's development as followed by Group Management and enhance comparability from period to period. The definition of these key figures is presented below and relevant information enabling reconciliations to IFRS measures can be found in connection with relevant parts of the report. These APMs should not be considered as a substitute for measures in accordance with IFRS.

IFRS key ratios

Earnings per share (EPS)	Net result attributable to equity holders of the parent / Weighted average number of ordinary shares

Alternative performance measures (APMs)

Operative EBITA	Operating result before acquisition-related amortisations and items affecting comparability
Items affecting comparability	Items for specific events which management does not consider to form part of the ongoing operative business
Operative cash flow	EBITA + depreciation + change in net working capital – net purchase of PPE (capex)
Cash conversion, %*	Operative cash flow x 100 / EBITA
Equity ratio, %	Total equity x 100 / Total assets - advances received
Net debt	Interest-bearing debt (excluding shareholder loans) - cash and cash equivalents
Leverage ratio*	Net debt / EBITDA
Operative capital employed	Net working capital + Intangible assets excluding goodwill and acquisition-related allocations + Property, plant and equipment
Return on operative capital employed, %*	EBITA x 100 / Operative capital employed (average over the reporting period)
Return on equity, %*	Net result x 100 / Total equity (average over the reporting period)
Net working capital	Net of inventories, trade and other receivables, provisions, advances received and trade and other payables, excluding items in these balance sheet items that are not considered to form part of operative working capital: derivative valuations, contingent consideration from acquisitions and income tax liabilities.
Committed order backlog	The total value of committed orders received but not yet recognised as sales

* 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. The value of investment in Group companies has been written down in the second quarter of 2017 in line with the revisited strategy and targets.

Parent Company income statement

EUR million	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Net sales	-	-	2.8
Administrative income and expenses	-2.3	-3.1	-12.0
Write-down of investment in Group companies	-	-	-200.0
Interest and other financial income	4.1	4.3	17.5
Interest and other financial expenses	-0.4	-1.2	-4.5
Net financial items	3.7	3.1	13.0
Result after financial items	**1.4**	**0.0**	**-196.1**
Taxes	-0.3	-	-0.4
Net result	**1.1**	**0.0**	**-196.5**

Parent Company balance sheet

EUR million	31 Mar 2018	31 Mar 2017	31 Dec 2017
ASSETS			
Investment in Group companies	396.7	577.7	392.7
Intangible assets	0.1	-	0.1
Deferred tax assets	0.4	0.1	0.8
Other financial asset	-	35.0	-
Total non-current assets	**397.2**	**612.8**	**393.5**
Trade and other receivables	1.1	1.1	4.2
Cash pool receivable	102.1	62.2	95.0
Other financial asset	35.0	-	35.0
Cash and cash equivalents	-	0.0	0.0
Total current assets	**138.2**	**63.3**	**134.3**
TOTAL ASSETS	**535.4**	**676.1**	**527.8**
EQUITY AND LIABILITIES			
Total equity	**445.1**	**489.7**	**444.0**
Liabilities to shareholders	-	35.0	-
Total non-current liabilities	**-**	**35.0**	**-**
Debt	51.9	120.2	42.9
Liabilities to shareholders	35.0	-	35.0
Liabilities to Group companies	-	27.0	2.1
Trade and other payables	3.4	4.2	3.8
Total current liabilities	**90.3**	**151.4**	**83.8**
Total liabilities	**90.3**	**186.4**	**83.8**
TOTAL EQUITY AND LIABILITIES	**535.4**	**676.1**	**527.8**

Equity

EUR million	1 Jan 2018	Hedging reserve, net of tax	Equity-settled share-based payment	Net result	31 Mar 2018
Share capital	158.4	-	-	-	158.4
Non-restricted equity	285.6	-	-	1.1	286.7
Total	**444.0**	**-**	**-**	**1.1**	**445.1**

Eltel AB

Visiting address: Adolfsbergsvägen 13, Bromma
POB 126 23, SE-112 92 Stockholm, SWEDEN
Corp. id no. 556728-6652

tel. +46 8 585 376 00
info@eltelnetworks.com
http://www.eltelnetworks.com
http://www.eltelgroup.com