

CHAIRMAN: And now over to Håkan Kirstein – the floor is yours.

KIRSTEIN: Thank you Mr. Chairman. Well ... First off, let us conclude that the year of 2016 has been quite turbulent one for Eltel. There have been some considerable challenges that shareholders and employees alike have had to face. Secondly, it is also important to establish that what we are talking about here are exclusively historical issues related to ownership and management rather than our core businesses, a fact already stressed by Ulf.

We are here today to speak about the year that has passed. This is why I intend to speak about our future and my plans for a strong and stable Eltel, with a state of affairs that are more acceptable for our shareholders ... Is this thing working? In a period like this, filled with great challenges, it's all too easy that you forget what our core business is all about. The problems Eltel has had to face has nothing to do with our 9,000 highly talented co-workers, something iterated in several of our presentations here today. During this whole process our co-workers have never stopped working hard and have continuously delivered the value our customers expect. And this is important to keep in mind, because our employees really do have a crucial role to play for society at large. Through our Energy and Communications segments we create, develop and maintain vital infrastructure in our communities. No matter if we are talking about bringing fiber coverage to residential areas, or rushing to repair malfunctioning power lines, we are able solve our tasks through far-reaching experience and deep expertise. Again, our role in society is an important one. We are good at what we are doing, and we know our customers and their needs. After assuming the role of CEO of Eltel in September 2016 I wasn't slow to identify where our core competencies lay. Consequently, we decided to focus our Power and Communication segment offerings to the Nordic countries, and in Poland, leaving us with additional opportunities for expansion in Germany. This is market... Here we have maintained as our position as market leaders, drawing our strength from long-standing customer relationships and repeatable business models primarily. During

2016 these businesses generated EUR 1.2 billion, representing 85% of our core business.

There are some very interesting market options for our businesses in the service segments, not only related to reinvestments in existing infrastructure, but also new and additional investments. Drivers here include various regulatory requirements, a stable trend of outsourcing, new shifts in technology, including new energy sources, new trends within telecommunication, and so on. However, we should not be carried away here, so I have to stress that growth rates for these markets are on par with GDP – that is, no more than a couple of per cent annually.

Moving on to our non-core business, we may conclude that this has been costly and loss-generating for us. The great ambitions for growth previously outlined have also meant considerable risks. Add to this our discovery that from autumn 2016 up to spring 2017 there was overly aggressive revenue recognition – meaning that expected income gains have been prematurely discounted. Following our thorough review of on-going businesses and projects – through which we identified flaws in the management of some projects – we not only implemented stricter project control mechanisms, but also put a group-wide function into place, tasking it with stricter enforcement within operations. This applies to both projects related to our core business, but also aforementioned non-core operations.

As a logical consequence of this, we have resolved that non-core operations are to be liquidated or sold off. This means that we will be disposing of our rail business in 2017. Furthermore, we plan to sell off parts of our power transmission operations in the Baltics, with the same going for parts of our aviation business in Sweden. This means that we will have cancelled our Communication business in IOK [?? 0:04:50], and will proceed to liquidate our power transmission business, Africa, although all twelve projects have not yet been delivered ... This withdrawal process will stretch from 2017 into 2018.

In actual fact, there is nothing more logical than refocusing our attention on the healthy operations at our core. We will formulate our strategy based on

our core businesses, where we are well-positioned on the markets, with exciting opportunities for the future. Owing to these structural changes our degree of exposure will be decreased, down from 24% to 18%, resulting in a significant reduction in major projects in our project portfolio. Even though we are now enacting these positive changes, we have to remain humble, because there is still much for us to do, especially in terms of customer focus and mode of operation. And this is why we have taken a number of initiatives, including the consolidation of our fixed and mobile communications operations into one business, with the same going for our power distribution and power transmission businesses. These efforts will obviously be on-going, and are a necessary step in our drive towards improved customer focus and increased cost efficiency. With these coming structural changes, 2017 and 2018 will both very much become periods of transition. For 2017 there will be a strong focus on divestment and liquidations, while in 2018 we will work hard to maximize the synergies resulting from these consolidations, and only following this will we return to the pursuit of a well-balanced expansion of our operations.

Taking a quick look the development for net sales for 2016, we quickly see that our business grew by 11.6% – with the main driver being Communication, a very successful year for this segment, with a growth rate at 28.4%. The growth for Communication was both positive and organic, primarily within Fiber, but also resulting from the acquisition of Norwegian Sønnico. As the year progressed, Power increased with 5.2%, but ending with a sharp decline in the parts planned for divestment, with a downturn of 18.3%.

Moving on to the issue of profitability, the year of 2016 plainly ended up a very, very weak year for us, with a bottom line of EUR 2.1 million. Communication had yet another successful year, with a profit margin at 5.1% – up with EUR 2.4 million compared to last year. In regards to Power, 2016 ended up being something of gap year, with a somewhat worse performance than last year, with a 3.1% bottom line. There were positive developments for Power Distribution in Finland, and smart metering had a good going in Norway, while results were weaker for Power Transmission

in Germany, as well as in the Nordics at large. Summing up, the business segment suffered considerable losses, at EUR 37 million roughly. And this ... The developments during the past year also meant that we carried out depreciations of almost EUR 50 million, in addition to goodwill write-downs amount to EUR 55 million.

With the strategic decisions we have made to meet these challenges, we are now creating the preconditions necessary for strengthening our core business. But in order for this to happen, there is obviously a need to bolster our balance sheet as well. This is why in February 2017 the Board of Directors decided to initiate a new round of equity issuance, with a view to our shareholders. And 52% of the major shareholders ... Or, rather, the largest shareholders, representing 52% of the company's capital, have come out in support of this decision.

The conditions for this issuance will be published later this week. As we are talking preferential rights here, this action will naturally have to be approved by the general meeting, at a value of EUR 150 million. The subscription ratio will be 3:2, meaning that for every two shares already owned, three new ones will be available at subscription rate of SEK 16 per share. The subscription period runs from 8 June to 22 June.

Along with the board's decision to issue new shares, supported by the majority shareholders, this will lay the cornerstone for a successful course change for Eltel. We are deeply committed towards building an Eltel capable of soberly assessing market growth and having a clear notion of our internal capacities. It is obvious that Power and Communication are at the heart of our business, that our organization is strong at its core, and that we have the advantage of highly talented employees and well-established customer relationships. Now is the time for us to look towards the future, and to make sure that we create a more stable Eltel thanks to our decided measures – which also means creating a significantly more advantageous position for you, our shareholders.

Thank you for the opportunity to speak.