

Press release June 1, 2017 at 18.10 CET

## Eltel's Board of Directors decides on revised financial targets and appoints members of the Audit and Remuneration Committee

**At its inaugural meeting on 1 June 2017, Eltel's Board of Directors decided on revised financial targets for Eltel.**

In February 2017, Eltel decided on a new strategy and action plan which was communicated to the equity market. The strategy means that Eltel concentrates its business operations to areas with lower risk, where the company has both a market-leading position and competence, and where the business model is more repetitive. Eltel will focus its business on the company's stable and profitable core businesses in Power and Communication in the Nordic region and Poland and to selectively continue to grow in Germany.

For the Power segment, Eltel estimates the addressable end market in the Nordic region and Poland in 2016 to more than three billion euros with an expected annual growth rate of more than seven percent until 2020, and the addressable market in Germany to approximately half a billion euros in 2016, with an expected annual growth rate of approximately 13% until 2020.

For the Communication segment, Eltel estimates the addressable Nordic and Polish end markets to approximately two billion euros in 2016, and predicts future market development to be stable with no growth until 2020. Further, Eltel estimates the addressable market in Germany to be approximately two billion euros in 2016 and expects the market to grow by approximately 13% annually by 2020.

Based on the decided strategy, as previously announced, decisions were also taken to divest or discontinue operations outside Eltel's core business in order to lower the risk level and release resources for the core business.

In light of the above, Eltel's Board of Directors has, subject to the completion of the SEK 1,500 million rights issue resolved by the Board of Directors and approved by Eltel's Annual General Meeting today on 1 June 2017, adopted the following revised medium to long-term financial targets for the company's core business<sup>1</sup>;

- annual growth of Eltel's core business of 2-4%, including selective acquisitions,
- EBITA margin of at least 5 percent,
- cash conversion of 95-100 percent of EBITA<sup>2</sup>, and
- leverage of 1.5-2.5x net debt/EBITDA<sup>3</sup>.

<sup>1</sup> Eltel's core business comprises the Power and Communication segments, that is, excluding activities in Other that will be divested or discontinued.

<sup>2</sup> Cash conversion is calculated as operating cash flow as a percentage of EBITA. Operating cash flow is calculated as the sum of (a) operating profit before acquisition-related depreciation (EBITA), (b) depreciation and (c) change in working capital, less (d) net acquisition of properties, machinery and equipment (CAPEX).

<sup>3</sup> Net debt / EBITDA is calculated as net debt, which is defined as interest-bearing liabilities consisting of short-term and long-term liabilities less cash and cash equivalents, in relation to EBITDA.



**At the Board meeting, Eltel's Board of Directors also appointed members of the Audit Committee and the Remuneration Committee.**

The Audit Committee consists of Gunilla Fransson (chairman), Hans von Uthmann and Mikael Moll.

The remuneration committee consists of Ulf Mattsson (chairman), Håkan Dahlström, and Ulf Lundahl.

**For more information:**

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*This information is information that Eltel AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 18.10 CET on 1 June 2017.*

**About Eltel**

Eltel is a leading Northern European provider of technical services for critical infrastructure networks – Infranets – in the segments Power, Communication and Other, with operations throughout the Nordics, Poland and Germany. 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. In 2016, Eltel net sales amounted to EUR 1.4 billion. The current number of employees is approximately 9,500. Since February 2015, Eltel is listed on Nasdaq Stockholm.

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