Eltel AB

Q2 2017 presentation

17 August 2017

Today's presenters

Håkan Kirstein
CEO

Petter Traaholt
CFO

THE “NEW” ELTEL

Q2 2017 BUSINESS PERFORMANCE

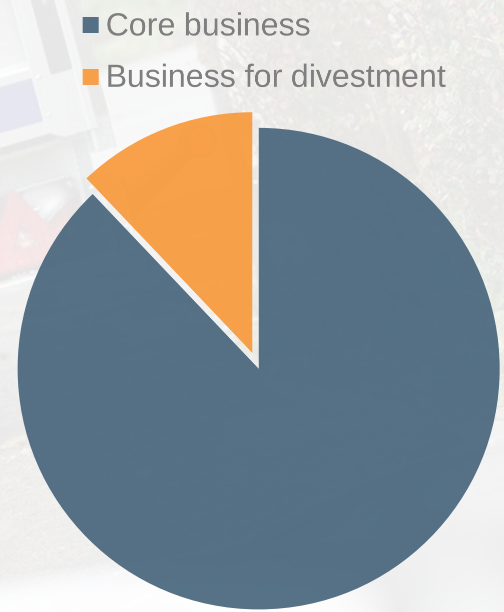
SUCCESSFUL REFINANCING

THE NEW ELTEL

Build on strengths – reduce risk

Strong position in core markets

Project business with high risk outside core markets



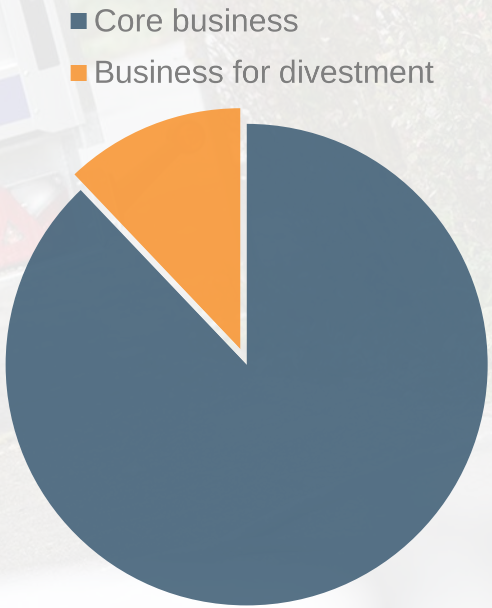
Core ~90% of sales

Focus on core business

Power and Communication

The Nordics, Poland and Germany

Grow in line with market, capitalise on trends, make selective acquisitions, increase efficiency



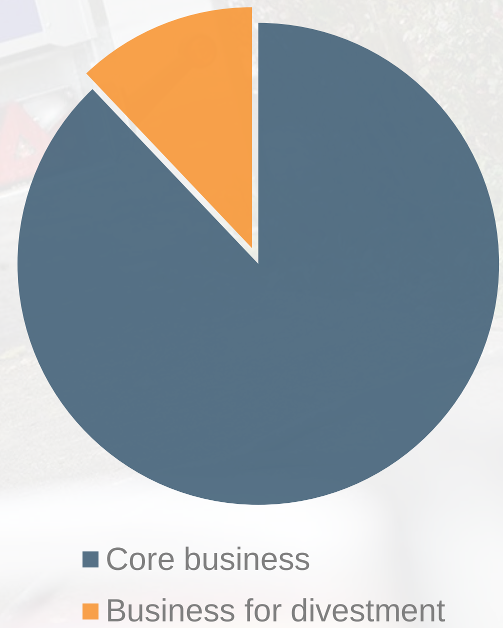
Core ~90% of sales

Sell or discontinue non-core businesses

- Discontinue Communication in the UK
- Discontinue Power Transmission International

- Divest Rail business
- Divest Power Distribution business in the Baltics
- Divest parts of Aviation & Security business in Sweden

Non-core 10% of sales



THE “NEW” ELTEL

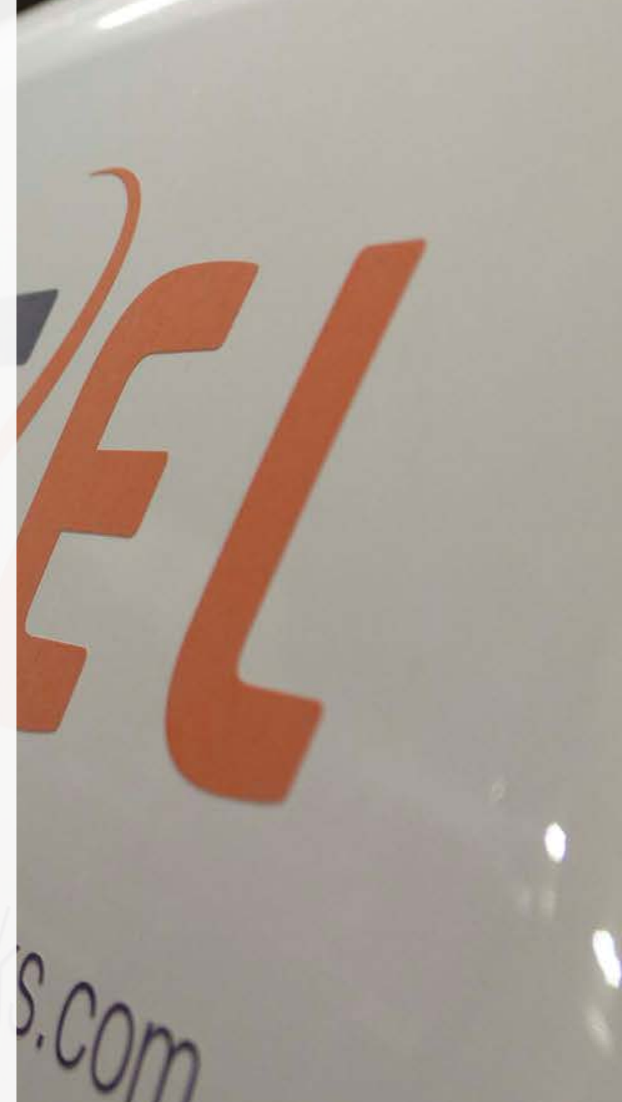
Q2 2017 BUSINESS PERFORMANCE

SUCCESSFUL REFINANCING

Q2 2017 BUSINESS PERFORMANCE

Q2 2017 Highlights

- Successful and fully subscribed preferential rights issue of EUR 150 million
- Renewed financing terms
- Execution on new strategy
  - Organisational transformation in Power and Communication
  - Divestment of non-profitable communication business in Poland and business operations in Latvia
  - Divestment and discontinuation of non-core operations ongoing



Q2 2017 impacted by discontinuation and ramp down of non-core, unprofitable businesses

GROUP

- Net sales -9.5%* to EUR 329.8 million
- Operative EBITA EUR -21.0 million (5.7)

SEGMENT NET SALES

- Core business -2.8%* to EUR 297.3 million
  - Power -4.8%
  - Communication -1.3%
- Other -44.4% to EUR 32.8 million

SEGMENT OPERATIVE EBITA

- Core business declined to EUR 6.1 million (18.1)
  - Power EUR -1.2 million (7.7)
  - Communication EUR 7.3 million (10.3)
- Other EUR -22.5 million (-9.6)
  - including loss of EUR 18.4 million from Power Transmission International

* in local currencies

Power
Result affected by ongoing changes

Q2
Net Sales

- Net sales -4.8% to EUR 118.3 million
- Decline impacted by power transmission in Poland and Germany and selective ramp down of substation business
- Growth in smart metering installations in Norway, Denmark and gas meters in Germany

Q2
Operative EBITA

- Operative EBITA of EUR -1.2 million (7.7)
- Weaker result in power transmission Nordics
- Ramp down of substation business in Germany and the Nordics
- Merger and restructuring of the power units

- Restructuring costs are expected to continue to impact profitability in the coming quarters

Communication
Growth in Germany and Poland, decline in the Nordics

Q2
Net Sales

- Net sales -1.3% to EUR 179.0 million
- Higher net sales in Germany and Poland
- Lower net sales in Sweden and Norway

Q2
Operative EBITA

- Operative EBITA of EUR 7.3 million (10.3)
- Weaker profitability in Sweden and Norway

- Merger of business units Fixed and Mobile and parts of Aviation & Security in Sweden and Denmark

Other

Decline mainly result of discontinuation of Power Transmission International (PTI)

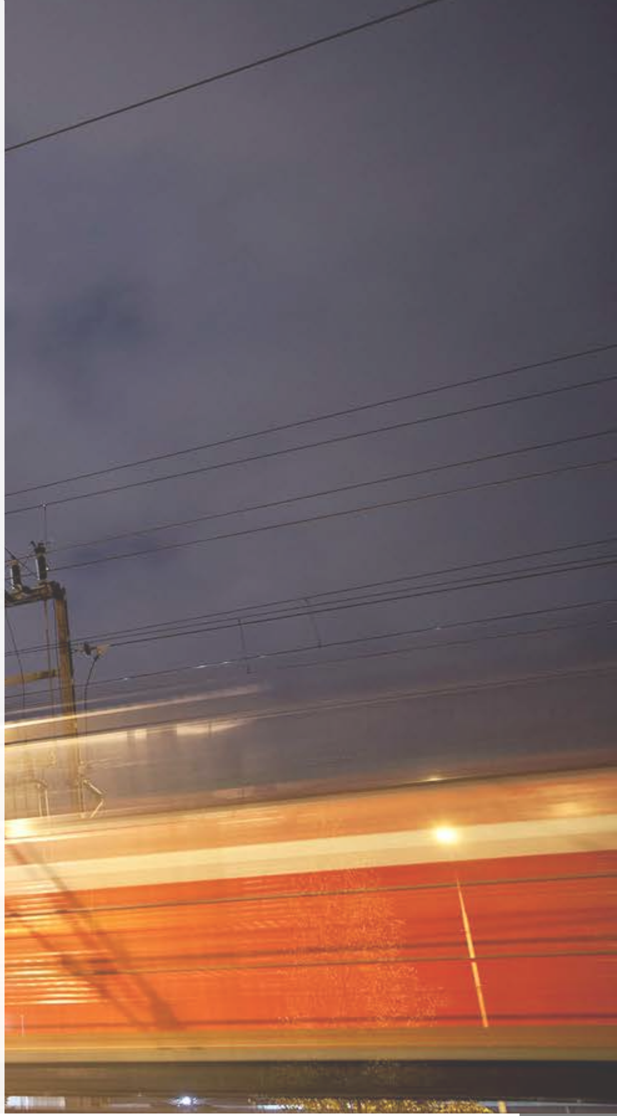
Q2
Net Sales

- Net sales down -44.4% to EUR 32.8 million
- Clearly lower production volumes in PTI
- In rail business, temporary delays in Sweden and lower volumes in Denmark and Norway

Q2
Operative EBITA

- Operative EBITA EUR -22.5 million (-9.6)
- EUR -18.4 million impact from ongoing discontinuation of PTI

- Total cost of discontinuing PTI estimated at EUR 40 million in 2017-2018
- EUR 26.4 million recorded in H1 2017



THE “NEW” ELTEL

Q2 2017 BUSINESS PERFORMANCE

SUCCESSFUL REFINANCING

SUCCESSFULL REFINANCING

Preferential rights issue of EUR 150 million was fully subscribed

- Raise of proceeds of approximately EUR 150 million
- Increasing share capital by EUR 94.7 million to EUR 158.4 million
- The number of Eltel's ordinary shares increased by 93,936,357 to 156,560,595
- Cash and cash equivalents amounted to EUR 161.8 million (50.9)
- Interest-bearing net debt totalled EUR 138.4 million (234.1)

Revised financing terms as of July 2017

- In May 2017, Eltel and its bank consortium agreed on revised financing terms until the end of 2018
- The agreement was subject to the EUR 150 million preferential rights issue which was successfully completed and fully subscribed for in June 2017
- Covenant is based on Eltel's profitability (adjusted EBITDA) effective from the third quarter 2017
- In July 2017 Eltel repaid EUR 110.7 million of its bank term loans

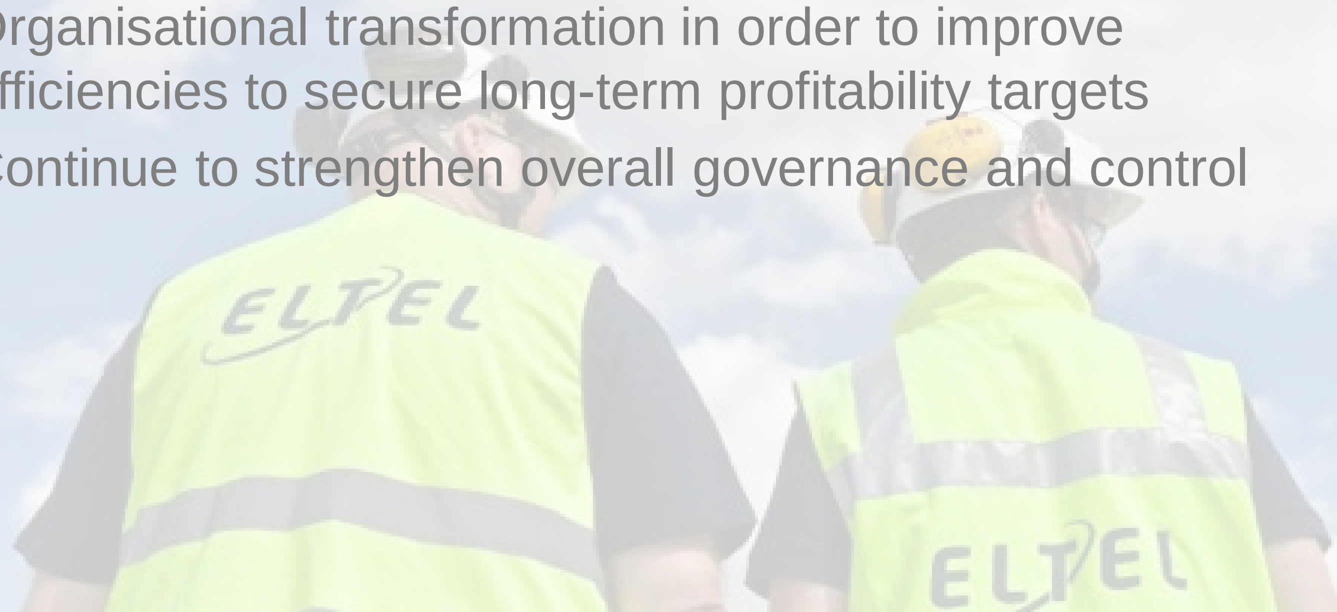
Revised financial targets approved on 1 June

Eltel's Board of Directors adopted the following revised medium to long-term financial targets for Eltel's core business:

	Target	Previous targets:
Growth	Annual growth of 2–4%, including selective acquisitions	Average annual sales growth of around 10%
EBITA-margin	EBITA-margin of at least 5%	EBITA margin of approximately 6%
Cash conversion	Cash conversion of 95–100% of EBITA	Unchanged
Capital structure	Leverage of 1.5–2.5x net debt / EBITDA	Leverage of 2.0–2.5x net debt/EBITDA
Dividend policy	Approx. 50% pay-out ratio of net profit with some flexibility - scope for acquisitions and deleveraging	Unchanged

Clear transformation agenda for Eltel

- Develop Eltel's core businesses within Power and Communication in the Nordics, Poland and Germany
- Sell or discontinue non-core businesses
- Organisational transformation in order to improve efficiencies to secure long-term profitability targets
- Continue to strengthen overall governance and control



Q&A

Eltel to publish its third quarter interim report 2017 on 2 November 2017