Eltel Group

Interim report January–September 2015

January - September 2015

- Net sales EUR 857.6 million (889.8), down 3.6%*, organic net sales increased 3.1%*
- Operative EBITA** EUR 41.7 million (43.6) or 4.9% of net sales (4.9)
- Non-recurring items EUR -1.7 million (-15.9), mainly IPO-related
- EBITA EUR 40.0 million (27.6) or 4.7% of net sales (3.1)
- Net financial expenses decreased to EUR 12.2 million (14.8)
- Net result EUR 25.9 million (2.4)
- Earnings per share EUR 0.42 (-0.05)
- Operative cash flow** EUR -44.6 million (42.0), strongly impacted by IPO-related cash payments in the first quarter

July - September 2015

- Net sales EUR 310.8 million (330.9), down 6.1%*, organic net sales decreased 4.8%*
- Operative EBITA** EUR 22.5 million (25.7) or 7.2% of net sales (7.8)
- Non-recurring items EUR 0.9 million (-16.0)
- EBITA EUR 23.3 million (9.7) or 7.5% of net sales (2.9)
- Net financial expenses decreased to EUR 2.6 million (5.7)
- Net result EUR 25.2 million (0.9)
- Earnings per share EUR 0.39 (-0.02)
- Operative cash flow** EUR -7.4 million (19.4) impacted by seasonal working capital increase and acquisitions

Unless otherwise stated, figures in brackets refer to the same period in the previous year
* Organic net sales excludes Norwegian communication business and Sønnico and Edi.Son acquisitions in 2015. For net sales comparability, see table on page 3 and Communication segment on page 5.
** see definitions on pages 11, 13 and 16

Comments by the CEO

Continued favourable market activity – good profitability but lower project volumes

In the third quarter, the market developed in line with earlier quarters in 2015. We continued to see high activity and demand from customers in all segments – Power, Communication and Transport & Security. We are satisfied with the development of Eltel's profitability in the third quarter, particularly with the margins in the Transport& Security and the Communication segments and especially when taking into account the settlement in an African project in the Power segment that last year affected EBITA positively with approximately EUR 6 million.

Volumes in project-related business were slightly lower in the quarter, compared with the year-earlier period. This is partly due to more intense competition in some of our businesses and our decision not to compromise on profitability. Our project order backlog is strong and will over time support the reaching of our mid- to long-term financial targets.

Eltel works tirelessly to achieve continuous improvements and to further develop the Eltel Way. Currently, the focus is on the health and safety area. This is a tremendously important area for an Infranet company such as Eltel.

We continuously identify and evaluate a broad range of acquisition alternatives in the market. During this year we have executed a few important acquisitions. In the third quarter, we announced the strategically important buyout of Eltel Sønnico in Norway. This merger within our Communication segment is progressing according to plan and will further increase our efficiency moving forward. However, in the short term, there will be a slight margin dilution compared with the earlier ownership structure.

After the close of the third quarter, we also announced a minor acquisition in the Transport & Security business segment. Vete Signaltjenester AS is a small Norwegian company specialised in railway signalling systems. This is the type of acquisition that enables us to grow more organically, by gaining new contracts in this attractive area in the future.

The overall picture for the Infranet market going forward remains attractive. In the Power segment, transmission system operators in Sweden and Norway have announced a doubling of their grid investments over the next ten-year period. Similar indications apply for the German market and for several countries in Africa. Furthermore, there are plans to invest significantly in power distribution, especially in cabling projects and electrical meter installations. In the Communication segment, demand for fibre deployment has developed positively in several markets and for our Transport & Security business segment, healthy tender activity continue in the rail sector and in the area of security and aviation.

–Axel Hjärne, President and CEO

IMPORTANT EVENTS DURING AND AFTER THE PERIOD

- On 1 September, Eltel announced the closing of the acquisition of the remaining 50% in the Norwegian joint venture Eltel Sønnico AS from its partner Umoe at a price of NOK 265 million
- On 10 September, Eltel signed a EUR 100 million Finnish domestic commercial paper programme
- On 14 September, Eltel and Caruna Oy signed a EUR 50 million frame agreement for cabling projects in Finland
- Subscription for Eltel's long-term incentive programme (LTIP) 2015 took place in the third quarter
- In October, Eltel announced the acquisition of VETE Signaltjenester AS in Norway
- In October, Eltel's rail and road business announced several contracts in the Nordics at a total value of approximately EUR 25 million
- In November, Eltel's acquired Vete signed a four year frame agreement in Norway
- In November, Eltel's power distribution signed a EUR 20 million smart metering contract with Kamstrup for DONG Energy in Denmark
- In November, Eltel's mobile communication business signed a frame agreement with Huawei in Germany

KEY FIGURES

EUR million	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Net sales	310.8	330.9	857.6	889.8	1,242.1
Net sales growth, %	-6.1	10.5	-3.6	11.0	8.2
Organic net sales*	285.2	299.7	827.3	802.4	1,120.6
Operative EBITA	22.5	25.7	41.7	43.6	61.3
Operative EBITA margin, %	7.2	7.8	4.9	4.9	4.9
Non-recurring items**	0.9	-16.0	-1.7	-15.9	-22.7
EBITA	23.3	9.7	40.0	27.6	38.6
EBITA margin, %	7.5	2.9	4.7	3.1	3.1
Operating result (EBIT)	19.6	6.6	30.1	18.3	26.2
EBIT margin, %	6.3	2.0	3.5	2.1	2.1
Result after financial items	17.0	0.9	17.9	3.4	7.2
Net result for the period	25.2	0.9	25.9	2.4	11.1
Earnings per share EUR, basic	0.39	-0.02	0.42	-0.05	0.12
Earnings per share EUR, diluted	0.39	-0.02	0.42	-0.05	0.12
Leverage ratio***	3.6	5.8	3.6	5.8	5.4
Leverage ratio, proforma adj. for non-recurring items ***	3.2	2.8	3.2	2.8	2.2
Operative cash flow	-7.4	19.4	-44.6	42.0	88.9
Cash conversion, %***	4.5	164.3	4.5	164.3	230.0
Number of personnel, end of period	9,236	8,538	9,236	8,538	8,647

* organic net sales excludes Norwegian communication business and Sønnico and Edi.Son acquisitions in 2015
** mainly IPO-related costs
*** calculated on a rolling 12-month basis

Group performance

Sales and financial results

NET SALES

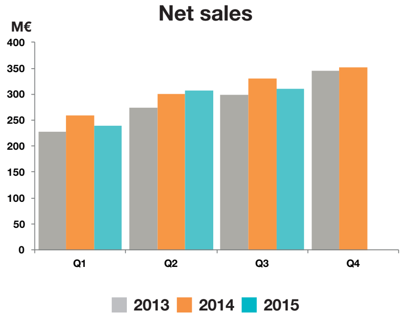
July-September 2015 compared to the same period in 2014

Third-quarter net sales for the Eltel Group decreased by 6.1% to EUR 310.8 million (330.9). At comparable exchange rates, net sales decreased by 3.9%.

Organic net sales, excluding Eltel's Norwegian communication business and the acquisition of the German Edi.Son, decreased by 4.8%. The decrease in net sales was mainly due to lower deliveries in the power transmission and rail businesses as well as lower project order intake at the beginning of the year, which impacted net sales in the third quarter.

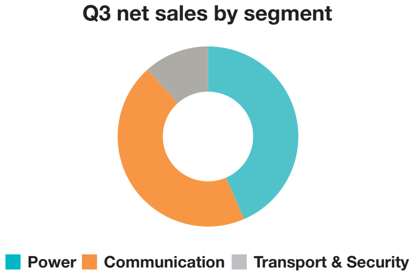
During January-August 2015 the Norwegian communication business was operated as a joint venture. The net sales of Eltel Sønnico were not consolidated in the Group accounts. On 1 September, Eltel acquired the remaining 50% of the joint venture. From September onwards, Eltel Sønnico is s wholly owned subsidiary of Eltel and the company's net sales are consolidated in Eltel's Group's net sales.

Excluding the Norwegian communication business, net sales decreased by 5.6% in Power, increased by 1.2% in Communication and decreased by 8.5% in Transport & Security.



January-September 2015 compared to the same period in 2014

Net sales decreased by 3.6% to EUR 857.6 million (889.8). At comparable exchange rates the Group's net sales decreased by 2.0%. Organic net sales increased by 3.1%. The increase in organic net sales was mainly attributable to high delivery volumes for rail projects in Norway and cabling projects in Finland.



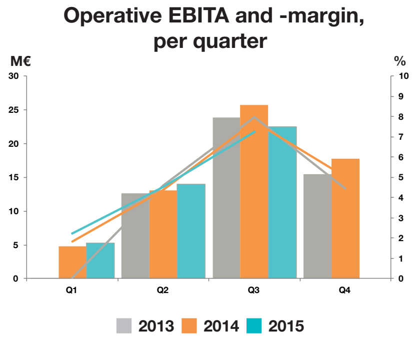
Net sales EUR million	Jan-Sep 2015	Jan-Sep 2014	Growth -%
Group net sales	857.6	889.8	-3.6
Norwegian communication business transferred to Eltel Sønnico		87.4	
Eltel Sønnico consolidated 1 Sep onwards	19.7		
Edi.Son Energietechnik GmbH	10.7		
Organic Group net sales	827.3	802.4	3.1

Of total net sales the Power segment accounted for 46% (42), the Communication segment for 41% (46 or 41 excluding the Norwegian communication business) and the Transport & Security business segment for 13% (12).

FINANCIAL RESULTS

July-September 2015 compared to the same period in 2014

The Eltel Group's operative EBITA was EUR 22.5 million (25.7), representing 7.2% of net sales (7.8). Operative EBITA in the third quarter of the previous year was positively impacted by approximately EUR 6 million from an amendment of a contract in Africa which resulted in compensation being received for customer delays.



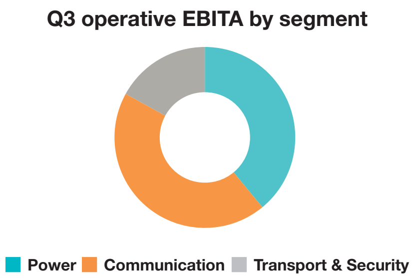
EBITA amounted to EUR 23.3 million (9.7) including non-recurring income of EUR 0.9 million from remeasurement of Eltel's previously owned 50% of Eltel Sønnico at fair value (-16.0). Amortisation of acquisition-related intangible assets was EUR 3.7 million (3.1).

Net financial expenses decreased to EUR 2.6 million (5.7).

January-September 2015 compared to the same period in 2014

The Eltel Group's operative EBITA decreased to EUR 41.7 million (43.6), representing 4.9% of net sales (4.9).

EBITA amounted to EUR 40.0 million (27.6) including non-recurring net expenses of EUR 1.7 million (15.9) mainly for IPO-related advisory services and the management incentive programme, which was realised in February 2015 on completion of the listing of Eltel's shares on the Nasdaq Stockholm Stock Exchange. Amortisation of acquisition-related intangible assets was EUR 9.9 million (9.4).



Net financial expenses of EUR 12.2 million (14.8) included a non-cash write-off of EUR 3.5 million in capitalised costs related to pre-IPO financing. Following the listing, Eltel renewed its financing in February 2015, resulting in lower interest expenses going forward. Taxes for the period were EUR 8.0 million positive (-1.0) related to recognition of deferred tax assets for loss carry forwards from previous years.

Segment information

Eltel reports its business in three segments – Power, Communication and Transport & Security – based on the products and services offered.

Power

The Power segment provides network maintenance services, upgrade work and project business to national transmission system operators and distribution network owners. This segment operates throughout Eltel's geographic regions and its business is characterised by long-term customer relationships, with a continuous order flow generated through framework agreements and projects. Growth in the segment is typically driven by increased power grid availability requirements and regulatory demands rather than by GDP. The majority of this business consists of upgrades and project-based work. Upgrade assignments are typically completed within a few months, whereas project agreements normally last for two to three years. The length of frame agreements is typically three to five years.

EUR million	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Net sales	135.8	143.9	396.3	373.3	515.9
Operative EBITA	9.6	15.8	19.4	24.1	32.1
Operative EBITA margin. %	7.1	11.0	4.9	6.5	6.2
Number of employees	3,347	3,321	3,347	3,321	3,412

July-September 2015 compared to the same period in 2014

Net sales for the Power segment decreased by 5.6% to EUR 135.8 million (143.9). Adjusted for currency, the decrease was 4.9%. The lower net sales was mainly attributable to lower order intake during 2015, the phasing of deliveries in African projects and higher volumes of Polish substation projects in the third quarter of the previous year. In the Nordic market as a whole, volumes remained at a reasonably stable level. Power distribution sales volumes increased in Finland for cabling projects and in Sweden for both maintenance and upgrade services. Net sales increased in the power transmission business due to the acquired German Edi.Son Energietechnik GmbH.

Operative EBITA decreased by 39.1% to EUR 9.6 million (15.8), while the operative EBITA margin was 7.1% (11.0). Operative EBITA in the third quarter of the previous year was positively impacted by approximately EUR 6 million from an amendment to a contract in Africa that resulted in compensation being received for customer delays. Operative EBITA was impacted by lower volumes and slightly lower margins due to a change in the mix of the power distribution business in Finland. The mix shifted mainly from maintenance to cabling work with a higher material content. The decrease was partly offset by continued efficiency improvements mainly in Sweden. Profitability in Poland improved despite more intense market competition.

January-September 2015 compared to the same period in 2014

Net sales for the Power segment increased by 6.2% to EUR 396.3 million (373.3). Adjusted for currency, growth was 6.5%. Growth in net sales was mainly attributable to increased cabling projects in power distribution in Finland. In the first nine months of 2015, the transmission business was slightly impacted by lower activity in the Nordic markets and lower volumes in Poland. Business in market areas outside Europe displayed a strong development in the first half of the year but weakened slightly in the third quarter. The net sales contribution by Edi.Son Energietechnik GmbH in Germany, acquired in the second quarter of 2015, was EUR 10.7 million.

Operative EBITA decreased by 19.5% and amounted to EUR 19.4 million (24.1). The operative EBITA margin was 4.9% (6.5). The lower EBITA profitability was a result of the compensation related to an African project in 2014 as mentioned above. The impact was partly offset by higher profitability in Poland.

Operating environment 2015

Market demand in Power is underpinned by strong long-term drivers. The Power segment operates in a market environment with a high level of activity and long-term investment plans. There is a solid flow of tender requests for power transmission, particularly related to investments in Norway, Germany and Poland. Transmission system operators in Sweden and Norway have announced new investment plans for the next ten years starting in 2016. In the power distribution market, the generally high activity level has continued. Growing market demand in power has attracted new players and competition remains intense. Distribution system operators in Norway, Denmark and Germany continue to make decisions on smart metering investments.

Communication

The Communication segment provides maintenance and upgrade work to telecom operators and other communication network owners. This segment currently operates throughout all of Eltel's geographies and its business is characterised by long-term customer relationships, with a continuous order flow generated mainly through framework agreements. The business is primarily driven by technology upgrades and growing demand for networks.

EUR million	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Net sales	140.3	150.4	351.3	415.6	584.0
Operative EBITA	10.8	6.9	20.7	15.7	25.8
Operative EBITA margin. %	7.7	4.6	5.9	3.8	4.4
Number of employees	5,094	4,645	5,094	4,645	4,647

Consolidation of Norwegian communication business, Eltel Sønnico, impacts the comparability. See below and page 8 for further information.

July-September 2015 compared to the same period in 2014

Net sales in the Communication segment decreased by 6.7% to EUR 140.3 million (150.4). Organic net sales excluding the impact on net sales from the transfer of the Norwegian communication business to Eltel Sønnico and the acquisition of Eltel Sønnico in September, increased by 1.2% and 2.8% adjusted for currency. Net sales in Sweden increased, driven mainly by a high level of fibre upgrade services. In Germany both the fixed and mobile communication businesses developed positively. In Finland, net sales in fixed communication decreased due to the reduced scope of certain customer contracts.

Operative EBITA increased significantly by 56.7% to EUR 10.8 million (6.9). Profitability improved markedly and the operative EBITA margin reached 7.7% (4.6). In Germany, the profitability improvement was related to growth in net sales, a reduction in ramp-up costs and improved cost efficiency. Operative EBITA also developed positively in most of the Nordic countries. In Poland, the fixed communication business was negatively affected by storms in some regions, a lower level of copper network maintenance work and challenges in the implementation of a renewed customer agreement.

January-September 2015 compared to the same period in 2014

Net sales in the Communication segment decreased by 15.5% to EUR 351.3 million (415.6) as a result of joint venture deconsolidation. Organic net sales increased by 1.1%, or 3.0% adjusted for currency. The increase in net sales was mainly attributable to higher net sales in fibre upgrade services in Sweden and high volumes in the mobile communication business in Denmark. Net sales decreased in the fixed communication business in Finland due to the reduced scope of certain customer contracts.

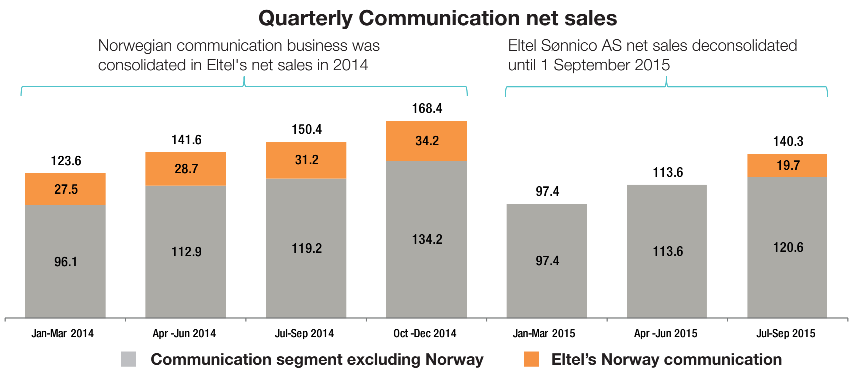
Operative EBITA increased significantly by 31.9% to EUR 20.7 million (15.7), while the operative EBITA margin was 5.9% (3.8). The improvement in operative EBITA was mainly attributable to higher margins in Germany resulting from efficiency improvement activities and to higher net sales in Sweden. Increased net sales and efficiency improvements had a positive impact on profitability in Denmark. In the UK market, ramp-up investments reduced profitability. In addition, the operative EBITA margin increased due to the Norwegian communication business joint venture being included as a share of joint venture profit, with no impact on net sales in January-August. This impact was approximately 0.6 percentage points for the period.

Operating environment 2015

In the third quarter, market conditions for Communication varied among countries. Market demand remained at a healthy level in Sweden and was stable in Denmark and Germany compared with the corresponding period in the previous year. In Finland, customer investments were lower than previous year. In Sweden, Finland and Norway, the transition to recently renewed frame agreements and new districts and services proceeded according to plan. LTE/4G roll-outs are continuing to provide opportunities in all geographical areas. Demand for fibre deployment continued at a high level in several markets, providing solid opportunities for fibre business.

Acquisition and consolidation of Eltel Sønnico

On 31 December 2014, Eltel's and Umoe's Norwegian communication businesses were transferred to a 50/50 joint venture, Eltel Sønnico AS. In January-August 2015, the Norwegian communication business was not consolidated in the Group's net sales. During this period Eltel's share of the results from the joint venture was included on one line in EBITA. On 1 September 2015 Eltel acquired Umoe's 50% of the joint venture Eltel Sønnico AS. Following this acquisition, Eltel is the sole owner of the company with 100% of net sales consolidated. The number of employees transferred from Eltel to the joint venture on 31 December 2014 was 562 and the total number of employees in Eltel Sønnico AS as of 1 September 2015 was 1,165.



The Transport & Security business segment provides maintenance, upgrade work and project business to various governmental authorities, including rail, road, defence and aviation authorities. The Transport & Security business segment primarily operates in the Nordic markets. Its business is characterised by long-term customer relationships, with continuous order flow of maintenance work generated from long-term framework agreements and project business contracts via tendering processes. The business is driven by investments in transport infrastructure, an increase in air and rail transport and the outsourcing of technical services in security and aviation.

EUR million	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Net sales	36.6	40.0	114.3	108.8	154.2
Operative EBITA	4.2	3.5	10.0	9.7	12.1
Operative EBITA margin. %	11.4	8.8	8.7	8.9	7.9
Number of employees	566	548	566	548	563

July-September 2015 compared to the same period in 2014

Net sales for the Transport & Security business segment decreased by 8.5% to EUR 36.6 million (40.0). The currency-adjusted decrease was 5.2%. The lower net sales was mainly attributable to very high net sales in the rail and road business in Sweden in the previous year. In the third quarter of 2015, net sales in the rail and road business were high in Norway and Denmark, with strong production being reported in several major projects. The aviation and security business continued to report low order intake in Denmark. In the previous year, a large installation project with high activity in the third quarter had a positive impact. In Sweden, the exit from the Rakel project continued to negatively impact growth rates, but this was mainly offset by higher activity in other projects, particularly in the defence area.

Operative EBITA increased by 19.1% to EUR 4.2 million (3.5). The operative EBITA margin was 11.4% (8.8). The increase in the operative EBITA margin in the aviation and security business is mainly due to the closure of the Rakel project and a positive progress in Sweden and Denmark. In the rail and road business, the EBITA margin improved in all countries, except Norway.

January-September 2015 compared to the same period in 2014

Net sales for the Transport & Security business segment increased by 5.0% to EUR 114.3 million (108.8). The currency-adjusted growth was 8.3%. Growth is attributable to a high level of production in the rail and road business throughout the year, with a certain slow-down noted towards the end of the third quarter. Growth was especially strong in Norway due to the impact of two large projects. A high level of production in the rail and road business was also reported in Denmark.

Operative EBITA increased by 2.8% to EUR 10.0 million (9.7). The operative EBITA margin was 8.7% (8.9). Despite lower margins in some major projects and high volumes in the rail and road business, the EBITA margin is almost on a par with the previous year due to the positive performance in the third quarter and positive effects from completing older work orders for the Rakel project.

Operating environment 2015

In the Nordic transport sector, especially railway, long-term market drivers remain strong and create a business environment with many opportunities for Eltel to expand its business. The availability of resources remains challenging in some key technical areas. Several customers publish their rolling forecasts for planned purchases on a monthly or quarterly basis, which provides a sound overview for tendering and business planning.

The security market in Sweden has continued to grow, supported by increased spending in the defence area. In the aviation sector, the Swedish remote tower operation provides potential business and market opportunities. In Sweden, a decision has been taken to build a new terminal at Stockholm Arlanda Airport during 2016-2023. The aviation sector in Norway and Denmark is opening up for external service providers, thereby providing new opportunities.

Balance sheet and cash flow

BALANCE SHEET AND FINANCIAL POSITION

30 September 2015

Interest-bearing liabilities totalled EUR 248.6 million (EUR 355.4 million including interest-bearing liabilities to shareholders), of which EUR 216.8 million (6.9) is non-current and EUR 31.8 million (348.5) is current. Eltel's financing was renewed in February 2015. Interest-bearing liabilities amounting to EUR 330.9 million at year-end 2014, were repaid and replaced with a EUR 210 million loan facility with a five-year maturity. Cash and cash equivalents amounted to EUR 23.7 million (42.2). Interest-bearing net debt totalled EUR 226.7 million (303.8), representing a decrease of 25.4% and equal to a net debt/ EBITDA ratio of 3.2, adjusted for non-recurring items.

INTEREST-BEARING LIABILITIES AND NET DEBT

EUR million	30 Sep 2015	30 Sep 2014	31 Dec 2014
Interest-bearing debt in balance sheet*	248.6	340.8	326.0
Allocation of effective interest to periods	1.8	5.2	3.5
Less cash and cash equivalents	-23.7	-42.2	-61.0
Net debt	**226.7**	**303.8**	**268.5**

* excluding interest-bearing loans from shareholders

The liquidity situation at the end of the reporting period was sound. Available liquidity reserves totalled EUR 100.3 million (95.6). In addition a EUR 100 million Finnish domestic commercial paper programme was signed in September mainly for working capital purposes. The programme diversifies Eltel's financing capacity. At the end of the third quarter, the equity ratio was 42.4% (28.9).

At the end of the reporting period, guarantees based on contractual commercial commitments and pension liabilities issued by banks, other financial institutions and the parent company amounted to EUR 325.6 million (287.3). This amount included advance and other payment security guarantees.

CASH FLOW AND CASH CONVERSION

January–September 2015

Eltel's operative cash flow was EUR -44.6 million (42.0) at the end of the third quarter as a result of IPO-related costs and phasing of cash flows from the operational business including acquisitions.

The main items impacting the negative cash flow during the first nine months were EUR 28.4 million for IPO-related payments, an increase in net working capital due to the strong seasonal impact from high production volumes and the utilisation of advance payments from customers received in 2014, as well as high invoicing in September yielding higher-than-normal trade receivables. Operative cash flow in the third quarter was EUR -7.4 million (19.4), driven mainly by the power transmission business and working capital from newly acquired businesses. Cash flow and, consequently, cash conversion varies on a quarterly basis due to Eltel's seasonal pattern for its net sales and production. The rolling 12-month cash conversion was 4.5%. In the previous year, it was exceptionally high at 164.3% as a result of phasing of operations and advance payments received. Adjusted for IPO-related non-recurring costs, the rolling cash conversion was 60.9%.

Cash flow from operating activities was EUR -44.7 million (40.3), including a negative impact from the change in net working capital of EUR 85.2 million (+12.4). Cash flow from financial items and taxes was EUR -8.5 million (-18.2). The net capital expenditure (mainly replacement investments) remained stable at EUR 7.8 million (6.4).

Seasonality during the calendar year

DISTRIBUTION OF SALES AND EARNINGS DURING THE FINANCIAL YEAR

Eltel's businesses are characterised by seasonal patterns that have a substantial impact on net sales, EBITA and cash flow. Seasonality is 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. The Eltel Group has historically reported higher revenues and operating profits in the second half of the year with the highest activity noted in the May to October period. Net sales and EBITA by quarter are presented in the graphs on page 3. Cash flow displays a strong seasonal pattern with healthy cash flow at the beginning of the year and weaker cash flow recorded until the end of the third quarter due to increasing production activity. At the end of the year as production volumes decrease, cash flow is normally strong again. For more details, please refer to quarterly key financial figures for the Group on page 15.

Other information

LONG-TERM INCENTIVE PROGRAMME 2015

The Annual General Meeting approved the implementation of a share savings programme for 2015 (the "LTIP 2015") for key personnel in the Eltel Group. The LTIP 2015 has a three-year term and the number of invited participants is 70. The LTIP 2015 was implemented in the third quarter and participation requires participant's personal investment in Eltel AB shares.

The LTIP 2015 will comprise a maximum 429,600 shares in total, corresponding to approximately 0.7% of Eltel AB's total shares and votes outstanding.

More information on the LTIP 2015 is available in the documentation for the 2015 AGM, which can be viewed on Eltel's website.

ACQUISITION IN THE COMMUNICATION SEGMENT

On 1 September 2015, Eltel announced the close of the acquisition of the remaining 50% of the joint venture Eltel Sønnico AS in Norway from its partner Umoe at a price of NOK 265 million. On closure, two-thirds of the price was paid in cash and the remaining one-third is expected to be paid in January 2016. As a result of this acquisition, Eltel is the sole owner of the company.

Before the acquisition of the remaining 50% of the joint venture, Eltel Sønnico AS operated the Norwegian communication business as 50/50 joint venture between Eltel Group and Umoe Group. The company signed a five-year contract with Telenor in the third quarter of 2014 and commenced operations in January 2015. The company has 1,100 employees and annual net sales of approximately NOK 1,700 million. Following acquisition of the remaining 50% of the joint venture, Eltel's net sales increases by the full amount of the joint venture's net sales, slightly lower than EUR 200 million annually, while net profit will increase by Umoe's 50% share of the total joint venture net profit.

With Eltel becoming the sole owner of the joint venture, governance of the company will be aligned with the Eltel Group's structure, with an international organisation operated via specialised business units and implementation of Eltel's operational model, the Eltel Way.

RISKS AND UNCERTAINTIES

The overall economic climate and regulatory decisions in Eltel's markets pose risks to volumes and the timing of investments. Significant fluctuations in the EUR/SEK and EUR/PLN exchange rates may affect the Group's consolidated profitability.

On 31 October 2014, the Finnish Competition and Consumer Authority (FCCA) filed a claim of EUR 35 million against Eltel in the Finnish Market Court. The violation of competition law alleged by the FCCA is related to the Group's power transmission line construction and planning business in Finland during the period 2004-2011. Eltel delivered its response to the claim on 19 December 2014. Eltel received a rejoinder from the FCCA on 13 March 2015 and responded on 27 April 2015. Oral hearings were held in the Finnish Market Court in September. Eltel considers that it did not violate competition rules and finds no grounds for the proposal of fines, and has contested the FCCA's allegations and fine proposal to the Finnish Market Court, requesting that the case be dismissed. In relation to the listing of Eltel at the Stockholm Stock Exchange in February 2015, the Selling Shareholders have entered into an agreement whereby the Selling Shareholders have committed to contribute an amount, not exceeding EUR 35 million on an aggregate basis, to Eltel to cover any fines (i.e. excluding costs and damages from third-party claims) payable by Eltel in relation to the FCCA case.

For further information regarding risks and uncertainties, please refer to the Annual Report 2014.

Stockholm, 18 November 2015

Axel Hjärne
President and CEO

Condensed financial information

CONDENSED CONSOLIDATED INCOME STATEMENT

EUR million	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Net sales	310.8	330.9	857.6	889.8	1,242.1
Cost of sales	-264.5	-279.7	-743.3	-772.1	-1,078.3
Gross profit	**46.3**	**51.2**	**114.3**	**117.7**	**163.8**
Other income	1.2	0.2	3.2	1.8	8.4
Sales and marketing expenses	-2.3	-2.6	-10.1	-8.6	-12.2
Administrative expenses	-19.2	-36.9	-64.2	-81.3	-116.1
Other expenses	-2.7	-2.1	-4.9	-1.8	-4.5
Share of profit/loss of joint ventures	0.1	-0.2	1.6	-0.2	-0.7
Operating result before acquisition-related amortisations (EBITA)	**23.3**	**9.7**	**40.0**	**27.6**	**38.6**
Amortisation of acquisition-related intangible assets	-3.7	-3.1	-9.9	-9.4	-12.4
Operating result (EBIT)	**19.6**	**6.6**	**30.1**	**18.3**	**26.2**
Financial income	0.1	-	0.2	0.3	0.3
Financial expenses	-2.6	-5.7	-12.4	-15.1	-19.3
Net financial expenses	-2.6	-5.7	-12.2	-14.8	-19.0
Result before taxes	**17.0**	**0.9**	**17.9**	**3.4**	**7.2**
Taxes	8.2	0.1	8.0	-1.0	3.9
Net result	**25.2**	**0.9**	**25.9**	**2.4**	**11.1**
Attributable to:					
Equity holders of the parent	24.6	0.1	25.1	1.2	9.5
Non-controlling interest	0.6	0.9	0.8	1.2	1.6
Earnings per share (EPS)					
Basic, EUR	0.39	-0.02	0.42	-0.05	0.12
Diluted, EUR	0.39	-0.02	0.42	-0.05	0.12

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Net profit/loss for the period	25.2	0.9	25.9	2.4	11.1
Other comprehensive income:					
Items that will not be reclassified to profit and loss					
Revaluation of defined benefit plans	-3.6	-2.6	-1.9	-6.2	-9.8
Items that may be subsequently reclassified to profit and loss					
Cash flow hedges	-0.9	1.1	-1.5	1.4	1.5
Net investment hedges	0.2	-0.4	-0.4	3.7	6.7
Currency translation differences	-6.2	1.9	-0.1	-5.5	-16.0
Total	-6.9	2.7	-2.0	-0.4	-7.8
Other comprehensive income/loss for the period, net of tax	-10.5	-	-3.8	-6.6	-17.6
Total comprehensive income/loss for the period	14.7	1.0	22.1	-4.2	-6.5
Total comprehensive income/loss attributable to:					
Equity holders of the parent	14.1	0.1	21.2	-5.4	-8.1
Non-controlling interest	0.6	0.9	0.8	1.2	1.6

CONDENSED CONSOLIDATED STATEMENT OF BALANCE SHEET

EUR million	30 Sep 2015	30 Sep 2014	31 Dec 2014
ASSETS			
Non-current assets			
Goodwill	461.1	429.2	405.8
Intangible assets	84.9	93.0	84.6
Property, plant and equipment	38.2	34.2	33.1
Investments in and receivable from joint ventures	0.3	-	28.2
Available-for-sale investments	0.3	0.1	0.3
Retirement benefit asset	-	0.2	-
Deferred tax assets	32.9	15.4	23.6
Other financial asset	35.0	-	-
Trade and other receivables	-	0.7	0.9
Total non-current assets	652.8	573.0	576.4
Current assets			
Inventories	11.9	11.6	10.2
Trade and other receivables	372.7	332.6	335.3
Cash and cash equivalents	23.7	42.2	61.0
Total current assets	408.2	386.4	406.4
TOTAL ASSETS	1,061.0	959.4	982.8
EQUITY AND LIABILITIES			
Equity			
Shareholders' equity	421.4	254.0	248.4
Non-controlling interest	6.4	6.0	6.4
Total equity	427.8	260.1	254.9
Non-current liabilities			
Debt	216.8	6.9	6.5
Liabilities to shareholders	35.0	-	-
Retirement benefit obligations	17.9	15.1	18.0
Deferred tax liabilities	17.4	15.8	15.9
Provisions	3.0	2.4	2.7
Other non-current liabilities	0.1	0.1	0.1
Total non-current liabilities	290.3	40.3	43.2
Current liabilities			
Debt	31.8	334.0	319.5
Liabilities to shareholders	-	14.5	14.7
Provisions	3.6	17.2	29.0
Advances received	50.9	60.5	69.0
Trade and other payables	256.6	232.9	252.6
Total current liabilities	342.9	659.0	684.7
Total liabilities	633.2	699.3	727.9
TOTAL EQUITY AND LIABILITIES	1,061.0	959.4	982.8

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Cash flow from operating activities			
Cash flow from operating activities before financial items and taxes	-44.7	40.3	81.4
Interest received	0.2	0.3	0.3
Interest and other financial expenses paid	-7.6	-15.1	-19.2
Income taxes paid	-1.1	-3.4	-4.4
Net cash from operating activities	-53.3	22.1	58.0
Cash flow from investing activities			
Purchases of property, plant and equipment (PPE)	-8.7	-7.0	-10.0
Proceeds from sale of PPE	0.8	0.6	1.2
Business acquisitions and disposals	-30.1	0.2	0.2
Net cash from investing activities	-37.9	-6.2	-8.7
Cash flow from financing activities			
Proceeds from issuance of share capital	143.1	-	-
Proceeds from long-term financial liabilities	209.3	-	-
Proceeds from short-term financial liabilities	29.2	12.0	-
Payments of financial liabilities	-326.5	-9.4	-9.1
Payments of/proceeds from finance lease liabilities	-0.1	-1.5	-1.8
Dividends to non-controlling interest	-0.8	-0.7	-0.7
Change in non-liquid financial assets	0.4	0.5	-
Net cash from financing activities	54.7	0.9	-11.6
Net change in cash and cash equivalents	-36.5	16.8	37.8
Cash and cash equivalents at beginning of period	61.0	26.2	26.2
Foreign exchange rate effect	-0.8	-0.7	-3.0
Cash and cash equivalents at end of period	23.7	42.2	61.0

RECONCILIATION OF EBITA TO CASH FLOW FROM OPERATING ACTIVITIES BEFORE FINANCIAL ITEMS AND TAXES

EUR million	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
EBITA	40.0	27.6	38.6
Depreciation	8.5	8.3	11.0
Change in net working capital	-85.2	12.4	48.1
Net purchase of PPE	-7.8	-6.4	-8.9
Operative cash flow (used in cash conversion key figure)	-44.6	42.0	88.9
Less net purchase of PPE, presented in investing activities	7.8	6.4	8.9
Gains on sales of assets	-1.1	-1.1	-6.3
Items recognised through other comprehensive income	-5.3	-1.2	-1.2
Other non-cash adjustments	-1.6	-5.7	-8.9
Cash flow from operating activities before financial items and taxes	-44.7	40.3	81.4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	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 2015	86.4	276.3	-79.4	-22.9	8.6	-20.5	248.4	6.4	254.9
Total comprehensive income for the period	-	-	25.1	-1.9	-1.9	-0.1	21.2	0.8	22.1
Proceeds from shares issued	38.9	113.4	-	-	-	-	152.3	-	152.3
New share issue costs	-	-0.6	-	-	-	-	-0.6	-	-0.6
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-0.8	-0.8
Total transaction with owners	38.9	112.8	-	-	-	-	151.7	-0.8	150.9
Equity at 30 Sep 2015	125.2	389.1	-54.3	-24.8	6.7	-20.6	421.4	6.4	427.8

EUR million	Share capital	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 2014	86.4	281.5	-88.9	-13.1	0.4	-4.5	261.8	5.5	267.3
Total comprehensive income for the period	-	-	1.2	-6.2	5.1	-5.5	-5.4	1.2	-4.2
Dividends to shareholders	-	-2.4	-	-	-	-	-2.4	-	-2.4
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-0.7	-0.7
Total transaction with owners	-	-2.4	-	-	-	-	-2.4	-0.7	-3.0
Equity at 30 Sep 2014	86.4	279.2	-87.7	-19.3	5.5	-10.0	254.0	6.0	260.1

EUR million	Share capital	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 2014	86.4	281.5	-88.9	-13.1	0.4	-4.5	261.8	5.5	267.3
Total comprehensive income for the period	-	-	9.5	-9.8	8.2	-16.0	-8.1	1.6	-6.5
New share issue costs	-	-2.9	-	-	-	-	-2.9	-	-2.9
Dividends to shareholders	-	-2.4	-	-	-	-	-2.4	-	-2.4
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-0.7	-0.7
Total transaction with owners	-	-5.3	-	-	-	-	-5.3	-0.7	-5.9
Equity at 31 Dec 2014	86.4	276.3	-79.4	-22.9	8.6	-20.5	248.4	6.4	254.9

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 2014. The Group has applied cash flow hedging as described in the annual financial statements to interest rate derivatives from the first quarter of 2015.

NET SALES BY SEGMENT

EUR million	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Power					
Net sales (external)	134.5	141.1	393.7	367.2	506.6
Inter-segment sales	1.4	2.7	2.6	6.1	9.3
Communication					
Net sales (external)	139.8	149.8	349.8	413.6	581.2
Inter-segment sales	0.5	0.6	1.5	2.0	2.8
Transport & Security					
Net sales (external)	36.6	40.0	114.2	108.8	154.1
Inter-segment sales	-	-	0.1	0.1	0.1
Net sales not allocated to segments	-	-	-	0.2	0.2
Elimination of sales between segments	-1.9	-3.3	-4.3	-8.1	-12.2
Net sales, total	**310.8**	**330.9**	**857.6**	**889.8**	**1,242.1**

RECONCILIATION OF SEGMENT RESULTS

EUR million	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Operative EBITA by segment					
Power	9.6	15.8	19.4	24.1	32.1
Communication	10.8	6.9	20.7	15.7	25.8
Transport & Security	4.2	3.5	10.0	9.7	12.1
Items not allocated to operating segments*	-2.2	-0.5	-8.4	-5.9	-8.7
Operative EBITA, Group	22.5	25.7	41.7	43.6	61.3
Non-recurring items**	0.9	-16.0	-1.7	-15.9	-22.7
EBITA before acquisition-related amortisations	23.3	9.7	40.0	27.6	38.6
Amortisation of acquisition-related intangible asset	-3.7	-3.1	-9.9	-9.4	-12.4
Operating result (EBIT)	19.6	6.6	30.1	18.3	26.2
Non-recurring non-cash financial expenses for pre IPO financing	-	-	-3.5	-	-
Other financial expenses, net	-2.6	-5.7	-8.7	-14.8	-19.0
Result before taxes	**17.0**	**0.9**	**17.9**	**3.4**	**7.2**

* Items not allocated to operating segments consist of group management function and other group level expenses
** Non-recurring items are items which management does not consider to form part of the ongoing operative business, see below

NON-RECURRING EBITA ITEMS

EUR million	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
IPO-related management incentive programme (MIP)	-	-11.7	-1.8	-11.7	-17.6
IPO-related advisory costs	-	-3.7	-0.8	-3.7	-8.2
Other non-recurring items	0.9	-0.6	0.9	-0.5	3.1
Non-recurring items in EBITA	0.9	-16.0	-1.7	-15.9	-22.7
IPO-related non-recurring advisory costs recognised in equity	-	-	-0.6	-	-2.9
Sum IPO-related management incentive programme (MIP) in the period	-	-11.7	-1.8	-11.7	-17.6
Sum IPO-related advisory costs in the period	-	-3.7	-1.4	-3.7	-11.1
Total IPO-related costs in the period	-	-15.4	-3.2	-15.4	-28.7

Other non-recurring items in the third quarter 2015 consist of gain from remeasurement Eltel's previously owned 50% of Eltel Sønnico to fair value and in 2014 they relate mainly to structural changes in the Group including sale and closure of business.

BUSINESS COMBINATIONS

EUR million	Eltel Sønnico AS	Edi.Son Energietechnik GmbH
Preliminary fair value of consideration transferred		
Amount settled in cash	18.7	21.0
Contingent consideration	9.6	4.5
Total acquisition of remaining 50%	28.3	-
Fair value of formerly owned 50%	28.3	-
Total	**56.6**	**25.5**
Preliminary fair value of recognised amounts of identifiable net assets		
Property, plant and equipment	2.8	2.9
Intangible assets	3.7	6.8
Inventories	1.6	-
Trade and other receivables	30.5	7.3
Cash and cash equivalents	1.0	8.3
Total assets	39.6	25.3
Provisions	0.1	1.2
Advances received	-	1.6
Deferred tax liability on fair value adjustments	1.0	2.0
Trade and other payables	28.1	3.9
Total liabilities	29.2	8.7
Identifiable net assets	**10.4**	**16.6**
Goodwill on acquisition	**46.3**	**8.9**

Fair value of assets and liabilities have been determined provisionally pending on the completion of the valuation.

Deferred tax liability on Edi.Son fair value adjustments has been added.

Consideration transferred settled in cash	18.7	21.0
Cash and equivalents acquired	1.0	8.3
Net cash outflow on acquisition	17.7	12.7
Acquisition costs charged to expenses	0.1	0.3
Net cash paid relating to the acquisition	**17.8**	**13.0**

During January-August 2015 Eltel Sønnico AS was a 50/50 joint venture between Eltel Group and Umoe Group. Eltel's 50% share of the joint venture was consolidated with equity method. Eltel gained control of the company via acquisition of the remaining 50% from Umoe and the company is fully consolidated from 1 September 2015. At the acquisition the total 100% of Eltel Sønnico AS is treated as acquisition at fair value, including the formerly owned 50% share.

With Eltel becoming the sole owner of Eltel Sønnico AS, the synergies from belonging to Eltel Group are realised by full implementation of Eltel's operational model Eltel Way including specialised business unit organisation and by aligning the governance of the company with Eltel.

EARNINGS PER SHARE

	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Net result attributable to equity holders of the parent	24.6	0.1	25.1	1.2	9.5
Dividend attributable to preference shares	-	-1.1	-	-3.3	-4.4
Net result for EPS, basic and diluted	24.6	-1.0	25.1	-2.0	5.2
Weighted average number of common shares, basic	62,624,238	43,181,789	60,052,560	43,181,789	43,181,789
Weighted average number of common shares, diluted	62,625,171	43,181,789	60,052,874	43,181,789	43,181,789
Earnings per share EUR, basic	0.39	-0.02	0.42	-0.05	0.12
Earnings per share EUR, diluted	0.39	-0.02	0.42	-0.05	0.12

DERIVATIVE FINANCIAL INSTRUMENTS

	30 Sep 2015		30 Sep 2014		31 Dec 2014	
EUR million	Nominal values	Net fair values	Nominal values	Net fair values	Nominal values	Net fair values
Interest rate derivatives	156.5	-1.1 [1)]	49.9	-0.1	-	-
Foreign exchange rate derivatives	84.7	0.1 [2)]	102.5	0.3 [3)]	102.5	0.4 [4)]
Total	**241.2**	**-1.0**	**152.4**	**0.2**	**102.5**	**0.4**

Designated as cash flow hedge 1) EUR -1.1 million 2) EUR 0.0 million 3) EUR 0.4 million 4) 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 have taken place between Eltel and related parties that significantly affect the company's position and earnings during the quarter.

QUARTERLY KEY FINANCIAL FIGURES FOR THE GROUP

EUR million	Jul-Sep 2015	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014
Net sales	310.8	307.8	239.0	352.3	330.9	299.8	259.2
Net sales growth, %	-6.1	2.7	-7.8	1.9	10.5	9.3	13.7
Operative EBITA	22.5	13.9	5.3	17.7	25.7	13.1	4.8
Operative EBITA margin, %	7.2	4.5	2.2	5.0	7.8	4.4	1.8
EBITDA	26.3	16.7	5.5	13.7	12.2	16.4	7.3
EBITA	23.3	14.0	2.7	11.0	9.7	13.6	4.4
EBITA margin, %	7.5	4.5	1.1	3.1	2.9	4.5	1.7
Operating result (EBIT)	19.6	10.9	-0.4	7.9	6.6	10.5	1.2
EBIT margin, %	6.3	3.5	-0.2	2.2	2.0	3.5	0.5
Result after financial items	17.0	9.1	-8.3	3.7	0.9	6.3	-3.7
Net result for the period	25.2	8.3	-7.5	8.7	0.9	5.1	-3.6
Earnings per share EUR, basic	0.39	0.13	-0.14	0.17	-0.02	0.09	-0.11
Earnings per share EUR, diluted	0.39	0.13	-0.14	0.17	-0.02	0.09	-0.11
Return on capital employed, %*	42.8	33.3	35.1	54.4	38.1	63.6	69.6
Return on equity (ROE), %*	9.7	2.6	1.7	3.7	1.7	7.1	5.6
Leverage ratio*	3.6	4.1	4.2	5.4	5.8	4.3	4.4
Net working capital	74.3	39.8	47.6	-17.1	24.0	33.4	17.2
Operative cash flow	-7.4	22.7	-59.9	66.3	19.4	-2.0	24.5
Cash conversion, %*	4.5	78.1	12.0	230.0	164.3	93.7	110.9
Number of personnel, end of period	9,236	8,223	7,967	8,647	8,538	8,383	8,294

* calculated on a rolling 12-month basis

QUARTERLY SEGMENT INFORMATION

NET SALES

EUR million	Jul-Sep 2015	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014
Power	135.8	152.6	107.8	142.6	143.9	123.0	106.5
Communication	140.3	113.6	97.4	168.4	150.4	141.6	123.6
Transport & Security	36.6	42.9	34.8	45.4	40.0	37.8	31.0
Net sales not allocated to segments	-	-	-	-	-	0.1	0.1
Elimination of sales between segments	-1.9	-1.4	-1.0	-4.1	-3.3	-2.7	-2.0
Net sales, total	**310.8**	**307.8**	**239.0**	**352.3**	**330.9**	**299.8**	**259.2**

OPERATIVE EBITA BY SEGMENT

EUR million	Jul-Sep 2015	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014
Power	9.6	7.7	2.1	8.0	15.8	6.5	1.9
% of net sales	7.1	5.1	1.9	5.6	11.0	5.3	1.8
Communication	10.8	6.1	3.8	10.1	6.9	5.9	2.8
% of net sales	7.7	5.3	3.9	6.0	4.6	4.2	2.3
Transport & Security	4.2	3.4	2.3	2.4	3.5	3.2	3.0
% of net sales	11.4	8.0	6.7	5.4	8.8	8.5	9.5
Costs not allocated to segments	-2.2	-3.3	-2.9	-2.8	-0.5	-2.5	-2.9
Operative EBITA	**22.5**	**13.9**	**5.3**	**17.7**	**25.7**	**13.1**	**4.8**
% of net sales	7.2	4.5	2.2	5.0	7.8	4.4	1.8

NUMBER OF EMPLOYEES BY SEGMENT, AT THE END OF PERIOD

	Jul-Sep 2015	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014
Power	3,347	3,442	3,278	3,412	3,321	3,186	3,077
Communication	5,094	4,032	3,971	4,647	4,645	4,660	4,712
Transport & Security	566	581	555	563	548	516	476
Other	229	168	163	25	24	21	29
Total	**9,236**	**8,223**	**7,967**	**8,647**	**8,538**	**8,383**	**8,294**

Definitions and key ratios

OPERATIVE EBITA	Operating result before acquisition-related amortisations and non-recurring items
NON-RECURRING ITEMS	Items which are non-recurring in nature and which management does not consider to form part of the ongoing operative business
EARNINGS PER SHARE (EPS)	$\frac{\text{Net result attributable to equity holders of the parent - dividend attributable to preference shares}}{\text{Weighted average number of common shares}}$
OPERATIVE CASH FLOW	EBITA + depreciation + change in net working capital – net purchase of PPE (capex)
CASH CONVERSION, %*	$\frac{\text{Operative cash flow x 100}}{\text{EBITA}}$
EQUITY RATIO, %	$\frac{\text{Total equity x 100}}{\text{Total assets - advances received}}$
NET DEBT	Interest-bearing debt (excluding shareholder loans) - cash and cash equivalents
RETURN ON CAPITAL EMPLOYED, %*	$\frac{\text{EBIT x 100}}{\text{Capital employed (average over the reporting period)}}$
CAPITAL EMPLOYED	Net working capital + Intangible assets excluding goodwill and acquisition-related allocations + Property, plant and equipment
RETURN ON EQUITY, %*	$\frac{\text{Net result x 100}}{\text{Total equity (average over the reporting period)}}$
LEVERAGE RATIO*	$\frac{\text{Net debt}}{\text{EBITDA}}$

* 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.

PARENT COMPANY INCOME STATEMENT

EUR million	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Net sales	-	-	-	-	0.3
Administrative income and expenses	-0.8	-15.5	-4.2	-15.5	-14.0
Interest and other financial income	5.3	7.2	18.6	21.0	28.1
Interest and other financial expenses	-0.2	-0.2	-1.7	-0.6	-0.8
Net financial items	5.0	7.0	16.8	20.4	27.3
Result after financial items	**4.3**	**-8.5**	**12.6**	**4.9**	**13.5**
Appropriations					
Group contributions given	-	-	-	-	-13.5
Taxes	-	-	-	-	-
Net result	**4.3**	**-8.5**	**12.6**	**4.9**	**-0.0**

PARENT COMPANY BALANCE SHEET

EUR million	30 Sep 2015	30 Sep 2014	31 Dec 2014
ASSETS			
Non-current assets			
Shares in group companies	241.6	34.5	34.5
Other financial asset	35.0	-	-
Receivables from group companies	352.2	467.3	474.3
Total non-current assets	628.9	501.8	508.8
Current assets			
Trade and other receivables	1.3	0.2	0.8
Cash pool receivable	7.1	0.1	-
Cash and cash equivalents	0.1	-	-
Total current assets	8.4	0.4	0.8
TOTAL ASSETS	637.3	502.2	509.6
EQUITY AND LIABILITIES			
Equity	516.1	359.9	352.1
Non-current liabilities			
Debt	83.0	-	-
Liabilities to shareholders	35.0	-	-
Liabilities to group companies	0.4	112.2	125.7
Total non-current liabilities	118.4	112.2	125.7
Current liabilities			
Liabilities to shareholders	-	14.5	14.7
Liabilities to group companies	-	-	2.2
Provisions	0.3	15.0	13.2
Trade and other payables	2.5	0.5	1.7
Total current liabilities	2.8	30.1	31.8
Total liabilities	121.2	142.2	157.5
TOTAL EQUITY AND LIABILITIES	637.3	502.2	509.6

Report of Review of Interim Financial Information

Introduction
We have reviewed the condensed interim financial information (interim report) of Eltel AB (publ) as of 30 September 2015 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review
We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm 18 November 2015

Öhrlings PricewaterhouseCoopers

Niklas Renström
Authorized Public Accountant

PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in third quarter 2015 briefing on 19 November 2015 at 12:00 p.m. (CET) where Eltel's President and CEO Axel Hjärne and CFO Gert Sköld will present the report and answer questions. A live webcast as well as the presentation will be available at www.eltelgroup.com/investors.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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FINANCIAL CALENDAR

Full-year report January–December 2015	19 February 2016
Annual report 2015	11 April 2016
Annual General Meeting 2016	2 May 2016, Stockholm

Eltel AB discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 07.30 a.m. (CET) on 19 November, 2015.

Eltel in Brief

Eltel is a leading European provider of technical services to the Infranet industry-critical infrastructure in the segments of Power, Communication and Transport & Security – with operations throughout the Nordic and Baltic regions, Poland, Germany and the United Kingdom. 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.

The group began its journey towards becoming a leading European provider of technical services for the Infranet industry in early 2000. At that point of time, deregulation, privatisations and needs of efficiency improvements among electricity utilities and telecom operators started to shape the industry. Since then, Eltel has grown rapidly and, for the financial year ended 31 December 2014, the group generated net sales of EUR 1,242 million and reported operative EBITA of EUR 61 million.

STRATEGY AND TARGETS

Eltel has a clear strategic agenda of capitalising on its strong market position and ensuring sustained profitable growth. The company has set four financial targets in the journey towards its vision of becoming the leading Infranet service company in Europe.

MEDIUM- TO LONG-TERM TARGETS

Eltel has defined the following medium- to long-term targets:

- Average annual organic revenue growth of approximately 5% and approximately 5% annual growth from M&A including new outsourcing
- a reported EBITA margin of approximately 6%
- average cash conversion of 95-100% of EBITA, and
- a leverage ratio of 2.0-2.5 x Net debt/EBITDA

Medium- to long-term should roughly be seen as a three- to five-year period.

DIVIDEND POLICY

The Board of Directors has adopted a dividend policy whereby 50%, with some flexibility with payout ratio, of the Company's consolidated net profit shall be paid in dividends over time.

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