Eltel AB

Q1 2018 Presentation

4 May 2018

Today's presenters

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CEO

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Transformation strategy: Highlights

- Decision on country-based organisation for segment Power and Communication
- Swedish Aviation and Security business merged into Communication business unit Sweden
- Divestments of rail operations in Sweden, Denmark and Finland completed

Divestment plan announced in February 2017 finalised

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

Q1, 2018

- Decision on country-based organisation for segments Power and Communication
- Swedish Aviation and Security 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.

Second phase of transformation initiated

- Focus on operational improvements in the Core business
- Financial impact of the decision to implement a country-based organisation, decided on in January 2018:
  - Reduces the number of management levels and enhances transparency
  - Reduces expenses by some EUR 3 million annualised from 2019
  - Further potential in savings at country level

Second phase, next steps

- Continued work to lay the foundation for a more operational focus going forward:
  - Reduce costs
  - Increase capacity utilisation
  - Improve processes
  - Improve adaptability
  - Improve organisation and management functions

Core business: Summary of Q1 2018

- Adjusted net sales increased 1.6%*
- Operative EBITA down by EUR 4.4 million to EUR -0.2 million
  - Restructuring measures
  - Challenging weather conditions
  - Low capacity utilisation in parts of the business

Adjusted for divested operations and currency effects.

Core business: Q1 sales

Total Core

- Non-adjusted net sales decreased 5.6% to EUR 258.0 million

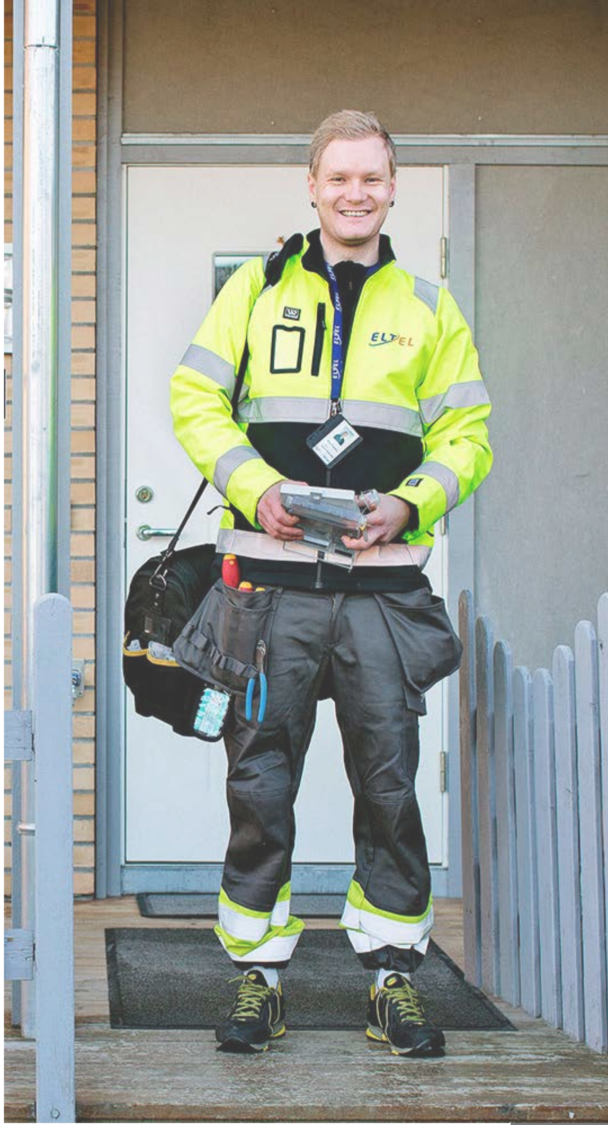
Communication

- Net sales -4.3% to EUR 162.3 million
  - EUR 5.3 million; divestment in Poland
  - EUR 6.7 million; currency rate effects
- Adjusted net sales +3.1%*

Power

- Net sales -7.8 % to EUR 95.7 million
- Negative change in project mix in Finland, divestment in the Baltics, ramp down of certain contracts in Sweden
- Strong growth in Smart Grids

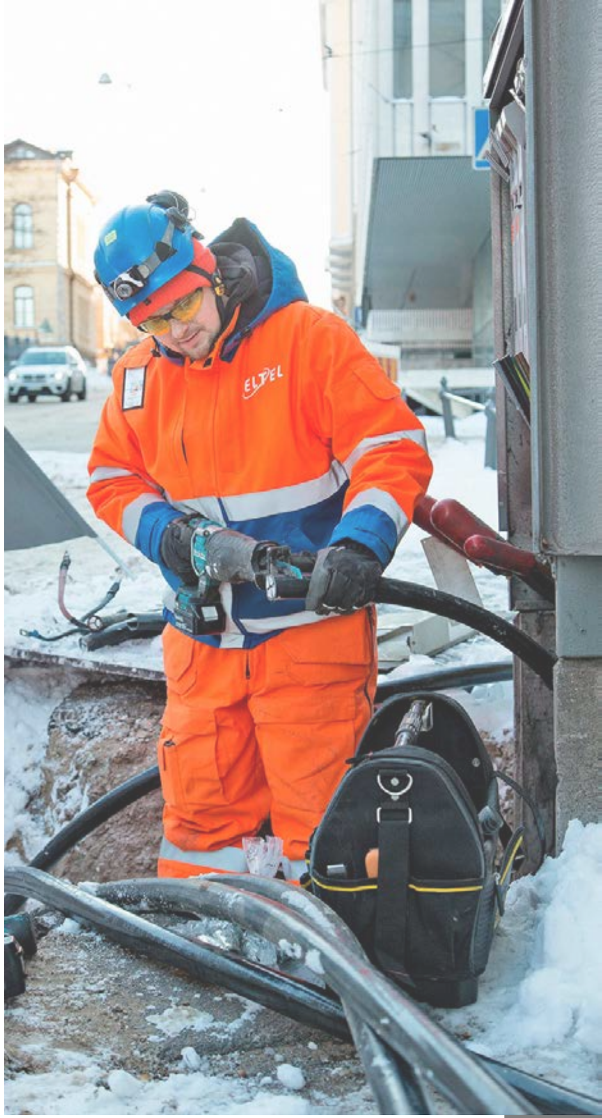
**Adjusted for divested operations and currency effects.*



Core business:
Q1 operative EBITA

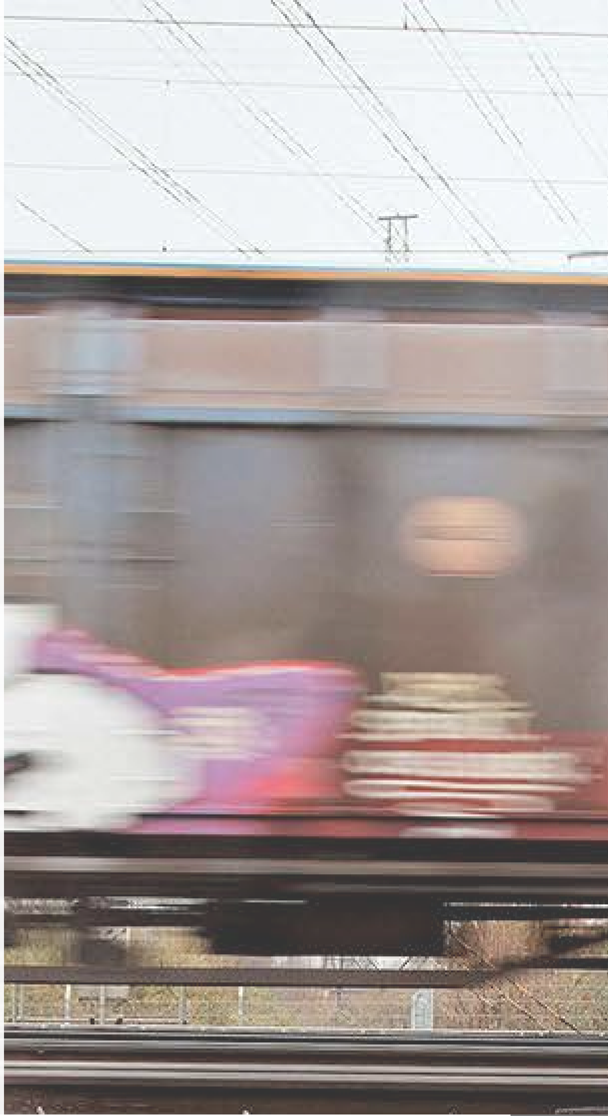
Total Core	▪ EBITA decreased EUR 4.4 million to EUR -0.2 million
	▪ EBITA variance:
	  ▪ EUR 2.6 million Communication
	  ▪ EUR 1.8 million Power

Communication	▪ EBITA EUR 1.1 million (3.7) ▪ Over capacity as a result of delayed projects in Norway, increased cost in Finland due to new contracts, low utilisation in Sweden
Power	▪ EBITA EUR -1.3 million (0.5) ▪ Restructuring costs, margin adjustments in old projects, change in project mix, low utilisation ▪ Strong profitability for Smart Grids



Other: Q1 sales and EBITA

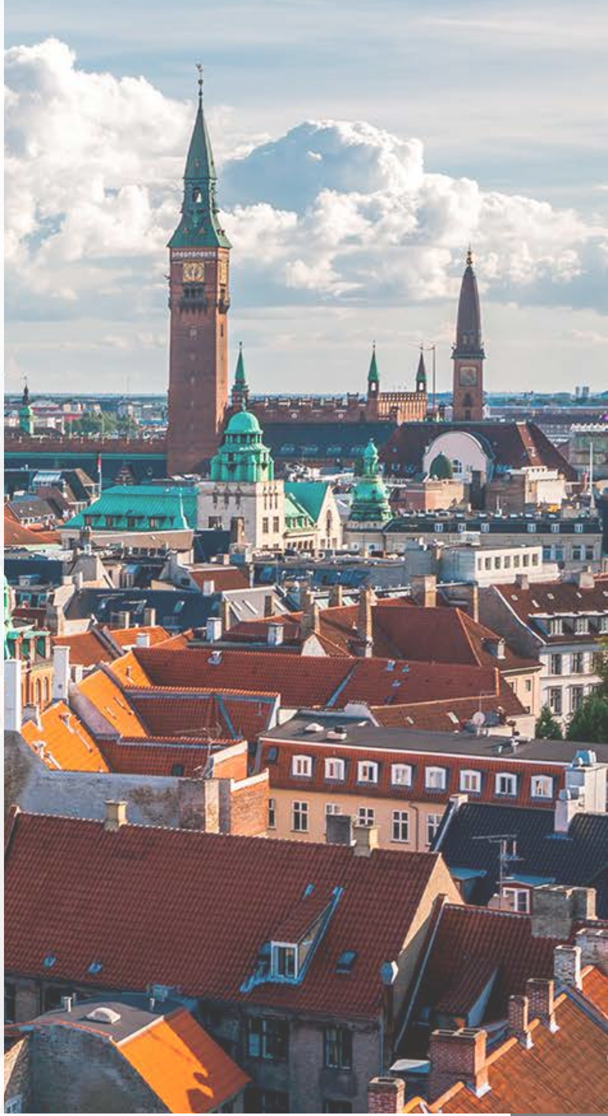
Sales	▪ Sales -61.2% to EUR 9.5 million ▪ Ramp down of Power Transmission International ▪ Sale of operations in Rail
Operative EBITA	▪ EBITA EUR -3.7 million (-10.1) ▪ Attributable to Rail business, lower volumes and costs for discontinuing businesses



Total Group: Q1

Total Group

- Sales -10.5 % to EUR 266.6 million
- Operative EBITA EUR -7.6 million (-9.7)



Development in Eltel's Core business in relation to financial targets

	Medium to long – term target	Rolling 12 months
Growth	Annual growth of 2-4%, including selective acquisitions	-4.0%
EBITA-margin	EBITA-margin of at least 5%	2.5%
Cash conversion	Cash conversion of 95-100% of EBITA	27.9% of EBITA
Capital structure	Leverage of 2.0-1.5-2.5x net debt / EBITDA	4.3x net debt / EBITDA

Second phase of transformation initiated

- Operational focus going forward
  - Action plans to improve capacity utilisation
  - Reduce costs
  - Increase capacity utilisation
  - Improve processes to improve adaptability
  - New long-term strategy

- Casimir Lindholm new CEO from 1 September

Q&A