Eltel Group

Interim report January–June 2015

April - June 2015

- Net sales EUR 307.8 million (299.8), up 2.7%.
  Organic net sales* increased 11.8%
- Operative EBITA** EUR 13.9 million (13.1) or 4.5% of net sales (4.4)
- EBITA EUR 14.0 million (13.6) or 4.5% of net sales (4.5)
- Net financial expenses decreased to EUR 1.8 million (4.2)
- Net result EUR 8.3 million (5.1)
- Earnings per share EUR 0.13 (0.09)
- Operative cash flow** EUR 22.7 million (-2.0)

January - June 2015

- Net sales EUR 546.8 million (558.9), down 2.2%.
  Organic net sales* increased 7.8%
- Operative EBITA** EUR 19.2 million (17.9) or 3.5% of net sales (3.2)
- Non-recurring items EUR -2.6 million (0.1), IPO-related in 2015
- EBITA EUR 16.7 million (18.0) or 3.0% of net sales (3.2)
- Net financial expenses affected by a non-cash expense of EUR 3.5 million (0.0) related to refinancing
- Net result EUR 0.7 million (1.5)
- Earnings per share EUR 0.01 (-0.02)
- Operative cash flow** EUR -37.2 million (22.5), strongly impacted by IPO-related cash payments

Unless otherwise stated, figures in brackets refer to the same period previous year
* excluding Norwegian Communication business, which is deconsolidated in 2015 and 2015 Edi.Son acquisition
** see definitions on pages 12, 14 and 17

Comments by the CEO

Continued strong growth for Eltel in the second quarter

Our second quarter as a listed company was solid. We won many new orders in attractive businesses, such as smart meters and fibre installations. Our recently acquired Edi.Son in Germany also received an important new order for the construction of transmission lines.

We see daily signs that the growth in our Infranet market is strong. Telecom operators are investing more to support consumer demand for faster and more reliable connections and, in the power business, the need to adapt to changing power supply and refurbish old networks will continue for many years to come. We have also noted a rising interest in electrification in Africa. However, competition remains strong, particularly in project-related businesses. It is important that we continue to deliver customer value and drive internal efficiency to stay competitive.

Despite the strong underlying demand for Eltel's Infranet services, there are market fluctuations between quarters. For us, as for many Nordic companies with field operations, seasonality brings a gradual increase in sales throughout the calendar year.

In 2015 both the first and the second quarters were stronger in terms of sales compared with the corresponding period in 2014. The growth is attributable to various contracts and countries. Cabling projects in Finland in Power, the strong inflow of fibre projects in fixed communication and several major projects approaching completion in our Norwegian rail business, are contributing to our overall performance. However, several projects that we announced during the quarter, for example the smart metering projects in Norway, will not affect sales until late 2016.

Our results are slightly stronger year-on-year, and now that we are operating without non-recurring costs and with a lighter balance sheet, more profit is generated on the bottom line. We were very pleased to announce that we are buying out our partner from our joint venture Eltel Sønnico in Norway. This is a deal that will make it possible for us to be more efficient in our entire Norwegian operations that are growing in Power, Communication and railway business.

Regarding cash conversion, we are getting back on track and improving although we have not yet reached the 95-100% medium-term target. In general the second quarter was stable and provides support to our efforts to achieve our financial targets.

–Axel Hjärne, CEO

IMPORTANT EVENTS DURING AND AFTER THE PERIOD

- On 30 April, Eltel´s Power segment closed the acquisition of the German company Edi.Son Energietechnik GmbH. The acquired company generates sales of more than EUR 20 million per year and has more than 100 employees.
- On 8 April, Eltel and Hafslund Nett announced the signing of the largest Norwegian smart metering rollout contract. The volume is 630,000 direct measured meters to be installed by 2019, with approximately 150 Eltel employees involved in the project.
- On 6 May, Eltel announced that Norwegian power utility Skagerak Nett AS had chosen Eltel to serve as rollout partner in its smart metering project. The rollout consists of 180,000 smart meters to be installed by 2019.
- On 19 May, it was announced that DONG in Denmark had chosen Eltel as one of its long-term partners for power distribution services.
- On 11 June, Eltel Announced that E.ON has chosen Eltel as its main contractor in two regions of its power distribution network in Sweden. The contract amounts to approximately EUR 46 million over 4 years, from the beginning of 2016 until the end of 2019 with an option for a one or two-year contract extension.
- On 15 July, Eltel announced that the newly acquired Edi.Son had won a 380 kV overhead line contract with Amprion GmbH in Germany. Edi.Son will build a 7-km section of the new Rommerskirchen-Sechtem line. The new line will replace existing lines and contribute to increasing the power transmission capacity in a north-south direction, which is an important precondition for the German Energiewende implementation.
- On 29 July, Eltel announced that it has won a tender for a three-year renewal of a contract with Orange Polska S.A. covering 12 out of 33 geographical telecom zones in Poland.
- On 10 August, Eltel announced that it has agreed to acquire the other half of the joint venture Eltel Sønnico AS in Norway from its partner Umoe at a price of NOK 265 million. The acquisition is subject to the approval of the Norwegian Competition Authority. After this acquisition Eltel will be the sole owner of the company.

KEY FIGURES

EUR million	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
Net sales	307.8	299.8	546.8	558.9	1,242.1
Net sales growth, %	2.7	9.3	-2.2	11.3	8.2
Operative EBITA	13.9	13.1	19.2	17.9	61.3
Operative EBITA margin, %	4.5	4.4	3.5	3.2	4.9
Non-recurring items*	0.0	0.5	-2.6	0.1	-22.7
EBITA	14.0	13.6	16.7	18.0	38.6
EBITA margin, %	4.5	4.5	3.0	3.2	3.1
Operating result (EBIT)	10.9	10.5	10.5	11.7	26.2
EBIT margin, %	3.5	3.5	1.9	2.1	2.1
Result after financial items	9.1	6.3	0.9	2.6	7.2
Net result for the period	8.3	5.1	0.7	1.5	11.1
Earnings per share EUR, basic and diluted	0.13	0.09	0.01	-0.02	0.12
Leverage ratio**	4.1	4.3	4.1	4.3	5.4
Leverage ratio, proforma adj. for non-recurring items **	2.7	-	2.7	-	2.2
Operative cash flow	22.7	-2.0	-37.2	22.5	88.9
Cash conversion, %**	78.1	93.7	78.1	93.7	230.0
Number of personnel, end of period	8,223	8,383	8,223	8,383	8,647

* mainly IPO-related costs in Q4 2014 and Q1 2015
** calculated on a rolling 12-month basis

Group performance

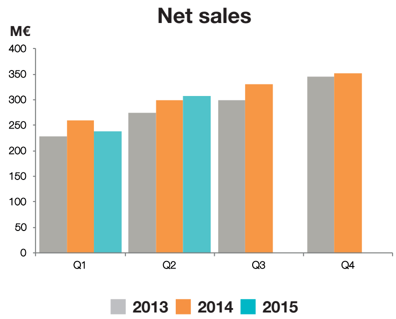
Sales and financial results

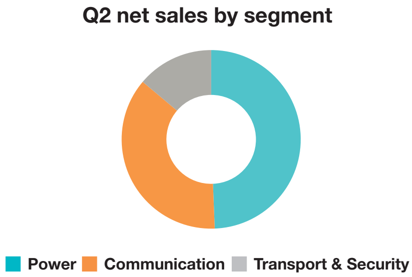
NET SALES

April-June 2015 compared to the same period in 2014

Second-quarter net sales for the Eltel Group increased 2.7% to EUR 307.8 million (299.8) and, at comparable exchange rates net sales increased 3.4%. As of 1 January 2015, the Norwegian Communication business is operated in the form of a joint venture, Eltel Sønnico. Net sales from the joint venture are not included in Eltel's net sales 2015. Organic growth was 11.8%. The increase in net sales was mainly due to power distribution cabling projects in Finland, power transmission market volumes in Africa and high production on rail & road projects in Norway and Denmark. Edi.Son was consolidated with the Eltel Group for the first time in the second quarter which also had a positive impact on the net sales development (see also page 4).

Net sales, adjusted for Norwegian communications, increased in all segments: 24.1% in Power, 0.6% in Communication and 13.5% in Transport & Security.





January-June 2015 compared to the same period in 2014

Net sales decreased 2.2% to EUR 546.8 million (558.9). At comparable exchange rates the Group's net sales increased 0.9%. Organic increase in net sales was 7.8% or 9.2% at comparable exchange rates. The increase in net sales was mainly attributable to the power distribution business in Finland, African projects in power transmission and the acquisition of Edi.Son. Net sales were also positively impacted by the rail & road projects in Norway and Denmark.

The Power segment accounted for 47.4% (40.7) of total net sales, the Communication segment for 38.4% (47.1 or 41.2 excluding the Norwegian Communication business) and the Transport & Security business segment for 14.1% (12.2).

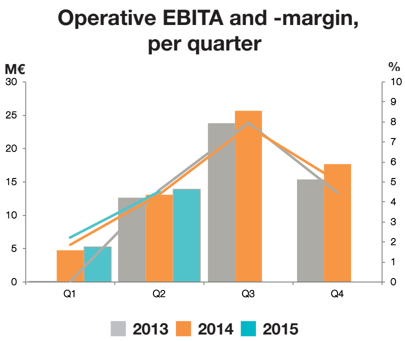
FINANCIAL RESULTS

April-June 2015 compared to the same period in 2014

The Eltel Group's operative EBITA increased to EUR 13.9 million (13.1), representing 4.5% of net sales (4.4). The improvement of operative EBITA was driven by a volume increase in all segments and efficiency improvements in the Communication segment and in the power distribution business in Sweden. The result from Eltel Sønnico joint venture impacted the EBITA margin positively.

EBITA amounted to EUR 14.0 million (13.6). Amortisation of acquisition-related intangible assets was EUR 3.1 million (3.1).

Net financial expenses amounted to EUR 1.8 million (4.2).

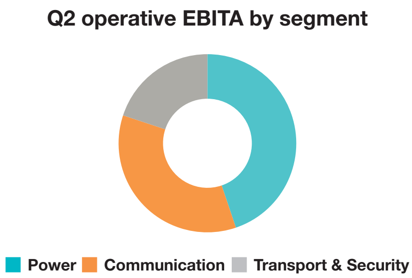


January-June 2015 compared to the same period in 2014

The Eltel Group's operative EBITA increased to EUR 19.2 million (17.9), representing 3.5% of net sales (3.2).

EBITA amounted to EUR 16.7 million (18.0) including non-recurring expenses of EUR 2.6 million (0.1 income) for IPO-related advisory services and the management incentive programme, which was realised in February upon completion of the listing of the Company's shares on Nasdaq Stockholm. Amortisation of acquisition-related intangible assets was EUR 6.1 million (6.3).

Net financial expenses of EUR 9.7 million (9.1) included a non-cash EUR 3.5 million write-off of capitalised costs for the pre-IPO financing. Following the listing, Eltel's financing was renewed in February 2015, resulting in lower interest expenses going forward. Taxes for the period were EUR -0.1 million (-1.0).



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 not driven by GDP, but rather by increased grid availability requirements and regulatory demands. 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.

EUR million	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
Net sales	152.6	123.0	260.4	229.4	515.9
Operative EBITA	7.7	6.5	9.8	8.3	32.1
Operative EBITA margin. %	5.1	5.3	3.8	3.6	6.2
Number of employees	3,442	3,186	3,442	3,186	3,412

April-June 2015 compared to the same period in 2014

Net sales for the Power segment increased 24.0% to EUR 152.6 million (123.0). Adjusted for currency, growth was 23.7%. The main growth drivers were increased volumes in power distribution cabling projects in Finland, transmission market volumes in African projects and the acquisition of Edi.son in Germany. This was slightly offset by a reduction in the transmission business in the Nordic markets due to the completion of major projects carried out in 2014 in Sweden and Norway.

Operative EBITA increased by 19.3% and amounted to EUR 7.7 million (6.5). The operative EBITA margin was 5.1% (5.3). Profitability was positively impacted by efficiency improvements in power distribution in the Nordics and power transmission in Poland. Increased tendering activities in the smart metering business and German business development increased the overhead costs and thus impacted profitability. Furthermore, the high share of cabling projects with a large material content reduced margins but boosted high net sales growth.

January-June 2015 compared to the same period in 2014

Net sales for the Power segment increased by 13.5% to EUR 260.5 million (229.4). Adjusted for currency, growth was 13.6%. The growth in net sales was mainly attributable to a greater number of power distribution cabling projects in Finland. In the transmission business, the second quarter trends for International and Nordic markets were also observed in January-June trading; International business grew considerably, while Nordic business declined. The acquisition in Germany had a positive impact on net sales.

Operative EBITA increased 17.7% and amounted to EUR 9.8 million (8.3). The operative EBITA margin was 3.8% (3.6). Profitability was enhanced mainly due to continued improvement in the Nordic distribution business via organisational changes and healthy business volumes in Poland. Business development costs in Germany and increased costs for the smart metering business due to high tendering activities and the large share of cabling projects in the project mix continued to adversely impact margins on account of the high share of pull-through materials and external services.

Acquisition

During the quarter, Eltel acquired Edi.Son Energietechnik GmbH in Germany, establishing Eltel as a full-service provider to the German transmission markets for both overhead lines and substations up to 380 kV. The company has sales in excess of EUR 20 million per year, more than 100 employees and will form a platform for organic expansion in Germany, in line with Eltel's defined M&A strategy. In the second quarter, Edi.Son contributed net sales of EUR 4.8 million.

Operating environment 2015

The Power segment operates in a market environment characterised by a high level of activity and customers that have long-term investment plans. Growth in Power market volumes is underpinned by strong long-term drivers. The flow of new tenders is solid for transmission, particularly in relation to investments in the Norwegian power grid and in Germany, where the transmission business secured new orders. In Poland, the transmission system operator has issued requests for tenders for several large projects, also attracting new competitors to the market and tough competition for both substations and overhead lines. Eltel has also won new contracts in the International transmission markets. High activity levels in the power distribution market in general have continued. However, the growing power distribution market has also attracted several players and competition is fierce. The order intake in smart metering and framework contracts for power distribution maintenance in Sweden and Denmark was solid. Business development, tendering and contract negotiation activities for smart metering continued at a high level in the second quarter of 2015.

Communication

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

EUR million	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
Net sales	113.6	141.6	211.0	265.2	584.0
Operative EBITA	6.1	5.9	9.9	8.8	25.8
Operative EBITA margin. %	5.3	4.2	4.7	3.3	4.4
Number of employees	4,032	4,660	4,032	4,660	4,647

April-June 2015 compared to the same period in 2014

Net sales in the Communication segment decreased 19.8% to EUR 113.6 million (141.6). Excluding the impact on net sales from the transfer of the Norwegian communication business to Eltel Sønnico, net sales increased 0.6%, or 1.9% adjusted for currency. The increase in net sales was mainly attributable to high volumes in the mobile communication business in Denmark in both main framework agreements and projects in the indoor segment. In Sweden, growth was driven by fibre roll-out services while net sales in the Finnish fixed communication business decreased due to reduced coverage in some customer contracts.

Operative EBITA increased by 2.5% to EUR 6.1 million (5.9). The operative EBITA margin was 5.3% (4.2). The increase in operative EBITA was mainly attributable to the mobile communication businesses in Denmark and Germany, due to increased volumes and margins in Denmark and higher margins in Germany. In addition, operating EBITA as a percentage of net sales increased due to the Norwegian communication business joint venture being included as a share of joint venture profit, with no impact on net sales. This impact was approximately 0.7 percentage points in the second quarter.

January-June 2015 compared to the same period in 2014

Net sales in the Communication segment decreased 20.4% to EUR 211.0 million (265.2). Excluding the impact on net sales from the transfer of the Norwegian communication business to Eltel Sønnico, net sales increased 0.9%, or 3.1% adjusted for currency. The increase in net sales was mainly attributable to high volumes in the mobile communication business in Denmark and to high net sales in fibre upgrade services in Sweden, while the fixed communication business in Finland reported reduced volumes.

Operative EBITA increased 12.4% to EUR 9.9 million (8.8). The operative EBITA margin was 4.7% (3.3). The increase in operative EBITA was mainly attributable to the contribution of EBITA improvements by Denmark and Germany to the mobile communication business as a result of higher volumes and margins in Denmark and increased margins in Germany. Operative EBITA in the fixed communication business in Sweden and in Denmark rose due to higher net sales and, in Denmark, also due to increased margins in certain projects. In Finland, lower net sales in fixed communication adversely impacted profitability. In addition, operating EBITA as a percentage of net sales increased due to the Norwegian communication business joint venture being included as a share of joint venture profit, with no impact on net sales.

Operating environment 2015

The markets for Communication were stable during the second quarter. The transition to the recently renewed maintenance contracts and additional districts and services proceeded according to plan in Sweden, Finland and Norway. LTE roll-outs are continuing to provide opportunities in all geographies, and the distribution of opportunities and projects in different countries helps to even out sales. Particularly positive performance was noted in Denmark, Finland and Norway. Demand for fibre deployment remained high in several markets. In Sweden, there was stronger demand from local fibre deployment cooperatives. Weather conditions in 2015 were favourable for outdoor installation works in Communications, albeit not as favourable as in 2014.

Norwegian communication business transferred to joint venture Eltel Sønnico

In 2015, net sales from the Norwegian communication business is not included in net sales for the Eltel Group. Eltel's share in the results of the joint venture is included on one line in EBITA. The quarterly net sales of the Norwegian communication business in 2014 is presented below:

EUR million	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014
Net sales	34.2	31.2	28.7	27.5

At 31 December 2014 the number of employees was 562.

After the reporting period Eltel has agreed to acquire the other half the joint venture Eltel Sønnico AS. After this acquisition Eltel will be the sole owner of the company.

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

EUR million	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
Net sales	42.9	37.8	77.7	68.8	154.2
Operative EBITA	3.4	3.2	5.8	6.2	12.1
Operative EBITA margin. %	8.0	8.5	7.4	9.0	7.9
Number of employees	581	516	581	516	563

April-June 2015 compared to the same period in 2014

Net sales for the Transport & Security business segment increased 13.5% to EUR 42.9 million (37.8). The currency-adjusted growth was 15.9%. The increase in net sales was generated by the rail & road business. The growth in the rail & road business was particularly high in Norway and Denmark due to several large projects simultaneously experiencing high production. The aviation & security business in Denmark reported lower order intake and growth was also adversely impacted by a large installation project, which had reported high activity during the second quarter of 2014. In Sweden, the winding down of the Rakel project was mainly offset by higher activity in other projects.

Operative EBITA increased by 7.2% to EUR 3.4 million (3.2). The operative EBITA margin was 8.0% (8.5). The increase was primarily attributable to strong performance in the aviation & security business including positive effects from completing older work orders for the Rakel project. However, profitability in Denmark declined during the second quarter with margin adjustments in certain rail & road and security projects. The government project in Denmark was delivered to the customer during the quarter.

January-June 2015 compared to the same period in 2014

Net sales for the Transport & Security business segment increased 12.9% to EUR 77.7 million (68.8). The currency-adjusted growth was 16.1%. The growth was attributable to a continuous high level of production in many large rail & road projects, particularly in Norway, but also in Denmark. Aviation & security business volumes fell in Denmark and also declined slightly in Sweden.

Operative EBITA declined 6.4% to EUR 5.8 million (6.2). The operative EBITA margin was 7.4% (9.0). The decrease was primarily attributable to the aviation & security business in Denmark, which was partly offset by Sweden. The operative EBITA reported by the rail & road business was almost on par with the preceding year due to high volumes.

Operating environment 2015

The long-term market drivers for the Nordic transport (primarily railway) sector remain strong creating a business environment with many opportunities for Eltel to expand its business. It is also clear that competition has intensified due to the strong railway market in Norway and, in part, Sweden. M&A announcements were made by our competitors, which reduces available sub-contractors, at the same time as new sub-contractors emerge due to result of restructuring. The availability of resources remains challenging in some key technical areas. There were no major orders during the period. Eltel continued to strengthen its position in all Nordic countries with several smaller orders. Our main customers publish their rolling forecast of planned purchases on a monthly or quarterly basis, which provides us with a sound overview for tendering and planning.

In Sweden, the security market has grown supported by increased defence spending. Several new players emerged on the infranet market in Denmark, thereby intensifying competition. In the aviation business, the Remote Tower operation was launched, in which Eltel is involved in the delivery of installation and maintenance. This is expected to be a development area in the aviation business. In Norway, the aviation area is opening up for Eltel and other external service providers.

Balance sheet and cash flow

BALANCE SHEET AND FINANCIAL POSITION

30 June 2015

Interest-bearing liabilities totalled EUR 228.8 million (349.7 including interest-bearing liabilities to shareholders), of which EUR 216.0 million (345.8) is non-current and EUR 12.7 million (3.9) 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 34.4 million (29.0). Interest-bearing net debt totalled EUR 196.0 million (307.3) representing a decrease of 36% and equal to a net debt/EBITDA-ratio, adjusted for non-recurring items, of 2.7.

INTEREST-BEARING LIABILITIES AND NET DEBT

EUR million	30 Jun 2015	30 Jun 2014	31 Dec 2014
Interest-bearing debt in balance sheet*	228.8	335.4	326.0
Allocation of effective interest to periods	1.6	0.9	3.5
Less cash and cash equivalents	-34.4	-29.0	-61.0
Net debt	**196.0**	**307.3**	**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 129.9 million (109.4). At the end of the quarter the equity ratio was 43.9% (30.4).

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 369.0 million (281.1). This amount also includes advances and other payment security guarantees.

CASH FLOW AND CASH CONVERSION

January–June 2015

Eltel's operative cash flow amounted to EUR -37.2 million (22.5) with a clear improvement in the second quarter. In the first quarter the operative cash flow was significantly impacted by the payment of a major portion of IPO-related advisory costs and the IPO-related management incentive programme, as well as change in net working capital.

The main items impacting the negative cash flow for the six month -period were IPO-related payments of EUR 28.4 million, strong increase in net working capital in the first quarter due to utilisation of customer advances received in 2014, and lower accounts payable. In the second quarter, net working capital decreased and the operative cash flow for second quarter was EUR 22.7 (-2.0) million. Cash conversion varies on a quarterly basis given Eltel's seasonal pattern for its net salesand production and thus its cash flow. Rolling 12-month cash conversion was 78.1% (93.7). Adjusted for IPO-related non-recurring costs rolling cash conversion amounted to 154.8%.

Cash flow from operating activities was EUR -37.1 million (22.7), including a negative impact from the change in net working capital of EUR 54.8 million (+3.1). Cash flow from financial items and taxes was EUR -8.3 million (-8.0). The net capital expenditure mainly in replacement investments remained stable at EUR 4.5 million (4.3).

Seasonality during the calendar year

DISTRIBUTION OF SALES AND EARNINGS DURING THE FINANCIAL YEAR

Eltel's businesses have 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 around month-end. The Eltel Group has historically shown improved revenues and operating profits throughout the year, with a higher activity level and performance in the second half of the year. Net sales and EBITA by quarter are presented in graphs on page 3. For cash flow, there is also a strong seasonal pattern with weaker cash flow during the first three quarters of the year and increasing production activity and strong cash flow at the end of the year, when production volumes decrease. For more details, please refer to quarterly key financial figures for the Group on page 16.

Other information

LONG-TERM INCENTIVE PROGRAMME 2015

The Annual General Meeting approved the implementation of a share savings programme 2015 (the “LTIP 2015”) for key individuals in the Eltel Group. The aim is to increase and strengthen the potential for recruiting, retaining and rewarding key individuals and also to use the LTIP 2015 to create individual long-term ownership of Eltel shares among participants. The term of the LTIP 2015 is three years and the number of participants is 70. The LTIP 2015 will be implemented in the third quarter.

Participation in the LTIP 2015 assumes that the participant acquires and locks Eltel common shares into the LTIP 2015 (“Savings Shares”). For each acquired Savings Share, the participant is entitled, after a certain qualification period and provided continued employment throughout the entire period, to receive allotment of one Eltel matching/retention share (a “Matching Share”). Depending on fulfilment of certain performance targets linked to Eltel’s earnings per share for the financial 2017 year, the participant may also be entitled to receive allotment of additional Eltel shares (”Performance Shares”). Participants do not pay any consideration for the allotted Matching Shares and Performance Shares. Matching Shares and Performance Shares are Eltel common shares.

The maximum number of Savings Shares for each participant is to be based on an investment in Eltel shares with an amount corresponding to a certain portion of the concerned participant’s base salary level for the current year. The LTIP 2015 will comprise maximum 429,600 shares in total, corresponding to approximately 0.7% of the total outstanding shares and votes in the Company.

More information on the LTIP 2015 is available in the documents for the 2015 AGM, which are available on the Eltel website.

ACQUISITION IN THE POWER SEGMENT

During the period, Eltel acquired 100% of Edi.Son Energietechnik GmbH shares, which is specialised in the planning, design and construction of 110 to 380 kV overhead lines in Germany. The completion of the transaction followed the necessary regulatory approvals and transfer of control took place on 30 April 2015.

With the acquisition of Edi.Son, Eltel is positioned to deliver transmission lines and substations up to 380 kV to German customers. The acquisition is an important step for Eltel and its growth strategy to extend its market scope in one of the largest European markets. The acquired company has a turnover in excess of EUR 20 million per year and has more than 100 employees.

Prior to the acquisition Eltel had operated in the German market with its Communication business for more than ten years. A Power transmission and distribution business was established in 2013 and the first customer contract was signed in late 2014.

Eltel is constantly monitoring the market for suitable acquisition targets, mainly to act as platforms for organic growth in current “white spots” in the ten countries in which the company operates. Based on a thorough process, each target is assessed and evaluated against a defined set of criteria. Attractive targets are then subject to due diligence and a business assessment before any agreement is made and new businesses are integrated into Eltel in line with the operational principles in the Eltel Way business system, which has been applied throughout the Group for more than five years.

ACQUISITION IN THE COMMUNICATION SEGMENT

On 10 August 2015, Eltel announced that it has agreed to acquire the other half of the joint venture Eltel Sønnico AS in Norway from its partner Umoe at a price of NOK 265 million. The price will be paid in cash, 2/3 at closing and the remaining 1/3 in January 2016. The acquisition is subject to the approval of the Norwegian Competition Authority. After this acquisition Eltel will be the sole owner of the company.

Eltel Sønnico AS operates 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 started operations in January 2015. The company has 1,100 employees and net sales of approximately NOK 1,700 million per annum. Eltel’s net sales will increase with the full amount of the joint venture’s net sales, slightly below EUR 200 million per annum, while net profit will increase with the Umoe 50% of the total joint venture net profit. The impact on Eltel’s operative EBITA-margin will be negative by 0.30-0.35 %-points, should the joint venture have been fully consolidated in Eltel 2015.

The driver that formed the joint venture between Eltel and Sønnico was the rapidly changing Norwegian telecom industry. Telecom operators have been exploring different options to improve cost efficiency requiring that their service providers should take over larger responsibilities for their value chain. An increased production capacity and a wider geographical coverage enabled the joint venture to meet such requirements. With Eltel becoming the sole owner of the joint venture, the governance of the company will be aligned with Eltel’s group structure, organisation by specialised business units and implementation of Eltel’s operational model, Eltel Way. Hence, the integration of the company with Eltel both within Norway and internationally will be enhanced.

RISKS AND UNCERTAINTIES

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

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 on 19 December 2014. Eltel has received a rejoinder from the FCCA on 13 March 2015 and responded on 27 April 2015. 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 the Company's shares, 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 the Company to cover any fines (i.e. excluding costs and damages from third-party claims) payable by the Company in relation to the FCCA Case. The case will continue during 2015 with court hearings.

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

SIGNATURES OF THE BOARD OF DIRECTORS AND CEO

The Board of Directors and the President and CEO certify that the interim report gives a true and fair overview of the Parent Company's and Group's operations, their financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm, 20 August 2015

THE BOAD OF DIRECTORS

Gérard Mohr, Chairmain

Fredrik Karlsson	Ulf Lundahl
Susanne Lithander	Rada Rodriguez
Matti Kyytsönen	Karl Åberg
Jonny Andersson	Björn Ekblom

PRESIDENT AND CEO

Axel Hjärne

This report has not been subject to review by Eltel's auditors.

Condensed financial information

CONDENSED CONSOLIDATED INCOME STATEMENT

EUR million	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
Net sales	307.8	299.8	546.8	558.9	1,242.1
Cost of sales	-268.7	-262.1	-478.8	-492.5	-1,078.3
Gross profit	**39.1**	**37.6**	**68.0**	**66.5**	**163.8**
Other income	1.3	2.9	2.0	3.6	8.4
Sales and marketing expenses	-5.8	-3.2	-7.8	-6.0	-12.2
Administrative expenses	-19.7	-22.2	-44.9	-44.4	-116.1
Other expenses	-2.0	-1.6	-2.1	-1.8	-4.5
Share of profit/loss of joint ventures	0.9	-	1.6	-	-0.7
Operating result before acquisition-related amortisations (EBITA)	**14.0**	**13.6**	**16.7**	**18.0**	**38.6**
Amortisation of acquisition-related intangible assets	-3.1	-3.1	-6.1	-6.3	-12.4
Operating result (EBIT)	**10.9**	**10.5**	**10.5**	**11.7**	**26.2**
Financial income	-	0.1	0.1	0.3	0.3
Financial expenses	-1.8	-4.2	-9.8	-9.4	-19.3
Net financial expenses	-1.8	-4.2	-9.7	-9.1	-19.0
Result before taxes	**9.1**	**6.3**	**0.9**	**2.6**	**7.2**
Taxes	-0.9	-1.2	-0.1	-1.0	3.9
Net result	**8.3**	**5.1**	**0.7**	**1.5**	**11.1**
Attributable to:					
Equity holders of the parent	8.1	4.8	0.5	1.2	9.5
Non-controlling interest	0.2	0.3	0.2	0.3	1.6
Earnings per share (EPS)					
Basic and diluted, EUR	0.13	0.09	0.01	-0.02	0.12

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
Net profit/loss for the period	8.3	5.1	0.7	1.5	11.1
Other comprehensive income:					
Items that will not be reclassified to profit and loss					
Revaluation of defined benefit plans	1.3	-2.7	1.7	-3.6	-9.8
Items that may be subsequently reclassified to profit and loss					
Cash flow hedges	-0.3	0.3	-0.6	0.2	1.5
Net investment hedges	-	2.9	-0.6	4.1	6.7
Currency translation differences	0.8	-5.8	6.1	-7.4	-16.0
Total	0.5	-2.6	4.9	-3.1	-7.8
Other comprehensive income/loss for the period, net of tax	1.8	-5.3	6.6	-6.7	-17.6
Total comprehensive income/loss for the period	10.0	-0.2	7.4	-5.2	-6.5
Total comprehensive income/loss attributable to:					
Equity holders of the parent	9.9	-0.5	7.1	-5.5	-8.1
Non-controlling interest	0.2	0.3	0.2	0.3	1.6

CONDENSED CONSOLIDATED STATEMENT OF BALANCE SHEET

EUR million	30 Jun 2015	30 Jun 2014	31 Dec 2014
ASSETS			
Non-current assets			
Goodwill	418.4	428.1	405.8
Intangible assets	85.9	96.0	84.6
Property, plant and equipment	35.8	34.3	33.1
Investments in and receivable from joint ventures	30.6	-	28.2
Available-for-sale investments	0.3	0.3	0.3
Retirement benefit asset	-	0.2	-
Deferred tax assets	22.6	14.3	23.6
Other financial asset	35.0	-	-
Trade and other receivables	-	0.6	0.9
Total non-current assets	628.7	573.8	576.4
Current assets			
Inventories	11.0	11.2	10.2
Trade and other receivables	324.9	289.1	335.3
Cash and cash equivalents	34.4	29.0	61.0
Total current assets	370.4	329.3	406.4
TOTAL ASSETS	999.1	903.1	982.8
EQUITY AND LIABILITIES			
Equity			
Shareholders' equity	407.3	253.9	248.4
Non-controlling interest	6.6	5.8	6.4
Total equity	413.9	259.8	254.9
Non-current liabilities			
Debt	216.0	331.5	6.5
Liabilities to shareholders	35.0	14.3	-
Retirement benefit obligations	15.1	12.6	18.0
Deferred tax liabilities	17.8	16.3	15.9
Provisions	3.5	2.2	2.7
Other non-current liabilities	3.1	0.1	0.1
Total non-current liabilities	290.5	377.1	43.2
Current liabilities			
Debt	12.7	3.9	319.5
Liabilities to shareholders	-	-	14.7
Provisions	3.1	2.2	29.0
Advances received	55.3	49.8	69.0
Trade and other payables	223.4	210.4	252.6
Total current liabilities	294.7	266.2	684.7
Total liabilities	585.2	643.3	727.9
TOTAL EQUITY AND LIABILITIES	999.1	903.1	982.8

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
Cash flow from operating activities			
Cash flow from operating activities before financial items and taxes	-37.1	22.7	81.4
Interest received	0.1	0.3	0.3
Interest and other financial expenses paid	-7.1	-5.1	-19.2
Income taxes paid	-1.4	-3.1	-4.4
Net cash from operating activities	-45.5	14.7	58.0
Cash flow from investing activities			
Purchases of property, plant and equipment (PPE)	-4.8	-4.7	-10.0
Proceeds from sale of PPE	0.3	0.4	1.2
Business acquisitions and disposals	-12.7	0.8	0.2
Net cash from investing activities	-17.2	-3.5	-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	10.0	-	-
Payments of financial liabilities	-326.5	-6.2	-9.1
Payments of/proceeds from finance lease liabilities	-0.2	-1.0	-1.8
Dividends to non-controlling interest	-	-	-0.7
Change in non-liquid financial assets	0.1	0.1	-
Net cash from financing activities	35.9	-7.1	-11.6
Net change in cash and cash equivalents	-26.8	4.1	37.8
Cash and cash equivalents at beginning of period	61.0	26.2	26.2
Foreign exchange rate effect	0.2	-1.3	-3.0
Cash and cash equivalents at end of period	34.4	29.0	61.0

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

EUR million	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
EBITA	16.7	18.0	38.6
Depreciation	5.5	5.7	11.0
Change in net working capital	-54.8	3.1	48.1
Net purchase of PPE	-4.5	-4.3	-8.9
Operative cash flow (used in cash conversion key figure)	-37.2	22.5	88.9
Less net purchase of PPE, presented in investing activities	4.5	4.3	8.9
Gains on sales of assets	-0.1	-1.0	-6.3
Items recognised through other comprehensive income	-2.7	-1.4	-1.2
Other non-cash adjustments	-1.6	-1.6	-8.9
Cash flow from operating activities before financial items and taxes	-37.1	22.7	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	-	-	0.5	1.7	-1.2	6.0	7.0	0.2	7.3
Proceeds from shares issued	38.9	113.4	-	-	-	-	152.3	-	152.3
New share issue costs	-	-0.6	-	-	-	-	-0.6	-	-0.6
Total transaction with owners	38.9	112.8	-	-	-	-	151.7	-	151.7
Equity at 30 Jun 2015	125.2	389.1	-78.9	-21.2	7.4	-14.4	407.3	6.6	413.9

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	-3.6	4.3	-7.4	-5.5	0.3	-5.2
Dividends to shareholders	-	-2.4	-	-	-	-	-2.4	-	-2.4
Total transaction with owners	-	-2.4	-	-	-	-	-2.4	-	-2.4
Equity at 30 Jun 2014	86.4	279.2	-87.8	-16.6	4.8	-11.9	254.0	5.8	259.8

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	-	-	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 transactions 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	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
Power					
Net sales (external)	151.8	121.0	259.2	226.1	506.6
Inter-segment sales	0.8	2.0	1.2	3.4	9.3
Communication					
Net sales (external)	113.2	140.9	210.0	263.9	581.2
Inter-segment sales	0.4	0.7	1.0	1.3	2.8
Transport & Security					
Net sales (external)	42.9	37.8	77.6	68.8	154.1
Inter-segment sales	0.1	-	0.1	0.1	0.1
Net sales not allocated to segments	-	0.1	-	0.2	0.2
Elimination of sales between segments	-1.4	-2.7	-2.3	-4.7	-12.2
Net sales, total	**307.8**	**299.8**	**546.8**	**558.9**	**1,242.1**

RECONCILIATION OF SEGMENT RESULTS

EUR million	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
Operative EBITA by segment					
Power	7.7	6.5	9.8	8.3	32.1
Communication	6.1	5.9	9.9	8.8	25.8
Transport & Security	3.4	3.2	5.8	6.2	12.1
Items not allocated to operating segments*	-3.3	-2.5	-6.2	-5.4	-8.7
Operative EBITA, Group	13.9	13.1	19.2	17.9	61.3
Non-recurring items**	0.0	0.5	-2.6	0.1	-22.7
EBITA before acquisition-related amortisations	14.0	13.6	16.7	18.0	38.6
Amortisation of acquisition-related intangible asset	-3.1	-3.1	-6.1	-6.3	-12.4
Operating result (EBIT)	10.9	10.5	10.5	11.7	26.2
Non-recurring non-cash financial expenses for pre IPO financing	-	-	-3.5	-	-
Other financial expenses, net	-1.8	-4.2	-6.2	-9.1	-19.0
Result before taxes	**9.1**	**6.3**	**0.9**	**2.6**	**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	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
IPO-related management incentive programme (MIP)	-	-	-1.8	-	-17.6
IPO-related advisory costs	-	-	-0.8	-	-8.2
Other non-recurring items	-	0.5	-	0.1	3.1
Non-recurring items in EBITA	-	0.5	-2.6	0.1	-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	-	-	-1.8	-	-17.6
Sum IPO-related advisory costs in the period	-	-	-1.4	-	-11.1
Total IPO-related costs in the period	-	-	-3.2	-	-28.7

Other non-recurring items in 2014 relate mainly to structural changes in the Group including sale and closure of business.

BUSINESS COMBINATIONS

EUR million	Edi.Son Energietechnik GmbH
Preliminary fair value of consideration transferred	
Amount settled in cash	21.0
Contingent consideration	4.5
Total	**25.5**
Preliminary fair value of recognised amounts of identifiable net assets	
Property, plant and equipment	2.9
Intangible assets	6.8
Trade and other receivables	7.3
Cash and cash equivalents	8.3
Total assets	25.3
Provisions	1.2
Advances received	1.6
Trade and other payables	3.9
Total liabilities	6.7
Identifiable net assets	**18.6**
Goodwill on acquisition	**6.9**

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

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

The acquisition of Edi.Son supports Eltel's strategy and strengthens Eltel's growth in the German market supported by the combination of Edi.Son's customer reference base and Eltel's international competencies, recources and financial strength. The goodwill primarily arises from expected synergies through combining Edi.Son´s local expertise and Eltel´s competencies in managing large projects internationally and having access to cross border workforces. For more information, please refer to pages 4 and 8.

EARNINGS PER SHARE

	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
Net result attributable to equity holders of the parent	8.1	4.8	0.5	1.2	9.5
Dividend attributable to preference shares	-	-1.1	-	-2.2	-4.4
Net result for EPS	8.1	3.7	0.5	-1.0	5.2
Weighted average number of common shares	62,624,239	43,181,789	58,745,410	43,181,789	43,181,789
Earnings per share EUR, basic and diluted	0.13	0.09	0.01	-0.02	0.12

AVAILABLE LIQUIDITY RESERVES

EUR million	30 Jun 2015	30 Jun 2014	31 Dec 2014
Committed credit facility	80.0	65.0	50.0
Current account overdrafts	15.4	15.4	15.4
Cash and cash equivalents	34.4	29.0	61.0
Total	**129.9**	**109.4**	**126.4**

DERIVATIVE FINANCIAL INSTRUMENTS

	30 Jun 2015		30 Jun 2014		31 Dec 2014	
EUR million	Nominal values	Net fair values	Nominal values	Net fair values	Nominal values	Net fair values
Interest rate derivatives	158.1	0.9 [1]	99.7	-0.2	-	-
Foreign exchange rate derivatives	73.9	0.5 [2]	166.7	-2.1 [3]	102.5	0.4 [4]
Total	**231.9**	**1.3**	**266.4**	**-2.3**	**102.5**	**0.4**

Designated as cash flow hedge 1) EUR 0.9 million 2) EUR -0.1 million 3) EUR 0.1 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	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014
Net sales	307.8	239.0	352.3	330.9	299.8	259.2
Net sales growth, %	2.7	-7.8	1.9	10.5	9.3	13.7
Operative EBITA	13.9	5.3	17.7	25.7	13.1	4.8
Operative EBITA margin, %	4.5	2.2	5.0	7.8	4.4	1.8
EBITDA	16.7	5.5	13.7	12.2	16.4	7.3
EBITA	14.0	2.7	11.0	9.7	13.6	4.4
EBITA margin, %	4.5	1.1	3.1	2.9	4.5	1.7
Operating result (EBIT)	10.9	-0.4	7.9	6.6	10.5	1.2
EBIT margin, %	3.5	-0.2	2.2	2.0	3.5	0.5
Result after financial items	9.1	-8.3	3.7	0.9	6.3	-3.7
Net result for the period	8.3	-7.5	8.7	0.9	5.1	-3.6
Earnings per share EUR, basic and diluted	0.13	-0.14	0.17	-0.02	0.09	-0.11
Return on capital employed, %*	33.3	35.1	54.4	38.1	63.6	69.6
Return on equity (ROE), %*	2.6	1.7	3.7	1.7	7.1	5.6
Leverage ratio*	4.1	4.2	5.4	5.8	4.3	4.4
Net working capital	39.8	47.6	-17.1	24.0	33.4	17.2
Operative cash flow	22.7	-59.9	66.3	19.4	-2.0	24.5
Cash conversion, %*	78.1	12.0	230.0	164.3	93.7	110.9
Number of personnel, end of period	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	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014
Power	152.6	107.8	142.6	143.9	123.0	106.5
Communication	113.6	97.4	168.4	150.4	141.6	123.6
Transport & Security	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	-1.4	-1.0	-4.1	-3.3	-2.7	-2.0
Net sales, total	**307.8**	**239.0**	**352.3**	**330.9**	**299.8**	**259.2**

OPERATIVE EBITA BY SEGMENT

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

NUMBER OF EMPLOYEES BY SEGMENT, AT THE END OF PERIOD

	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014
Power	3,442	3,278	3,412	3,321	3,186	3,077
Communication	4,032	3,971	4,647	4,645	4,660	4,712
Transport & Security	581	555	563	548	516	476
Other	168	163	25	24	21	29
Total	**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	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
Net sales	-	-	-	-	0.3
Administrative income and expenses	-1.4	-	-3.4	-	-14.0
Interest and other financial income	6.4	6.9	13.3	13.8	28.1
Interest and other financial expenses	-0.2	-0.2	-1.5	-0.3	-0.8
Net financial items	6.2	6.7	11.8	13.4	27.3
Result after financial items	**4.8**	**6.7**	**8.3**	**13.4**	**13.5**
Appropriations					
Group contributions given	-	-	-	-	-13.5
Taxes	-	-	-	-	-
Net result	**4.8**	**6.7**	**8.3**	**13.4**	**-0.0**

PARENT COMPANY BALANCE SHEET

EUR million	30 Jun 2015	30 Jun 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	362.0	460.3	474.3
Total non-current assets	638.6	494.8	508.8
Current assets			
Trade and other receivables	1.5	-	0.8
Cash pool receivable	-	0.2	-
Cash and cash equivalents	-	-	-
Total current assets	1.5	0.2	0.8
TOTAL ASSETS	640.1	494.9	509.6
EQUITY AND LIABILITIES			
Equity	512.3	368.4	352.1
Non-current liabilities			
Debt	83.2	-	-
Liabilities to shareholders	-	14.3	-
Liabilities to group companies	0.4	112.2	125.7
Total non-current liabilities	83.6	126.5	125.7
Current liabilities			
Liabilities to shareholders	-	-	14.7
Liabilities to group companies	6.5	-	2.2
Provisions	0.4	-	13.2
Trade and other payables	2.3	-	1.7
Total current liabilities	9.2	-	31.8
Total liabilities	127.8	126.5	157.5
TOTAL EQUITY AND LIABILITIES	640.1	494.9	509.6

PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in second quarter 2015 briefing on 20 August 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

Interim report January–September 2015	19 November 2015
Full-year report January–December 2015	19 February 2016

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 20 August, 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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