



Q4 & Full-year 2014 presentation

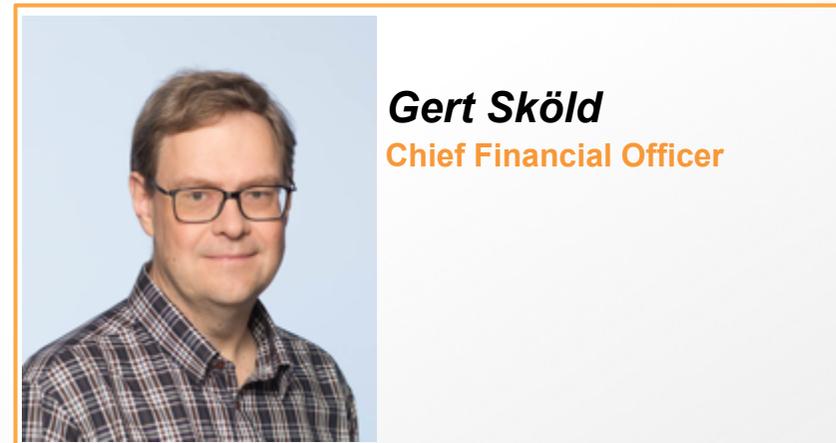
20 Feb, 2015



Today's speakers



- President and CEO of Eltel since 2009
- Joined in 2004 as Head of Sweden
- Previously held leading positions within Eltel as deputy CEO and CEO Eltel Networks Sweden, and CEO of ABB Contracting Sweden
- 20+ years in the industry



- CFO of Eltel since July 2014
- Previously EVP Finance and CFO of Sandvik Mining and Construction
- Prior to Sandvik, CFO of ABB Stal and Alstom Power/ABB Alstom Power in Sweden
- 20+ years in the industry

A person wearing a blue long-sleeved shirt is holding a black handheld device with a screen and a keypad. The person is standing in front of a white surface with the 'ELTEL' logo in blue and orange letters. The logo is partially obscured by a semi-transparent dark blue rectangle containing the agenda text. The background shows a clear blue sky and some greenery.

Agenda

1. Eltel in brief

2. Q4 & Full-Year Report 2014

3. Events after the period

4. Financial Targets & Financial items

5. Strategy & Summary



Eltel is a leading European technical services provider for the critical infrastructures in our society – so called *Infranets*

In brief

Net Sales EUR **1.2** billion

8.600 employees

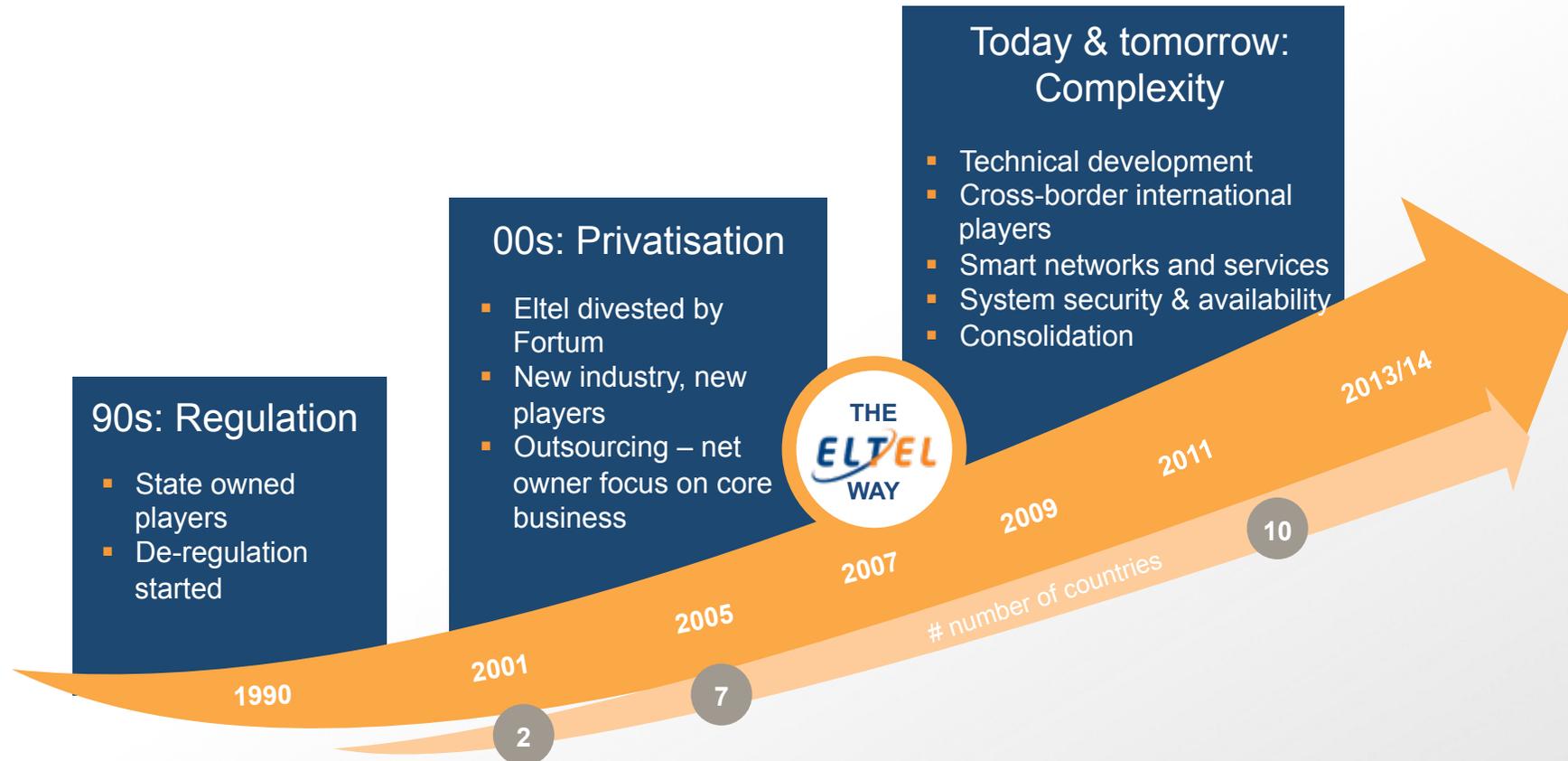
Operations in **10** countries



Our role in the value chain



Our history – efficiency and growth



Our services – in three business segments



Power

Communication

Transport & Defence

2014 FY
Net Sales



42%
EUR 515 m

Power
Transmission

Power
Distribution



47%
EUR 584 m

Fixed
Telecom

Mobile
Telecom

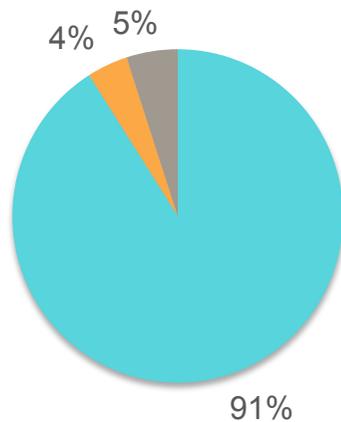


11%
EUR 154 m

Homeland
Security &
Aviation

Rail

Our position – a leading European supplier



Eltel sales per market

New markets

Market size: EUR 13.3 billion*
Annual growth 13-17E: +2%

Core markets

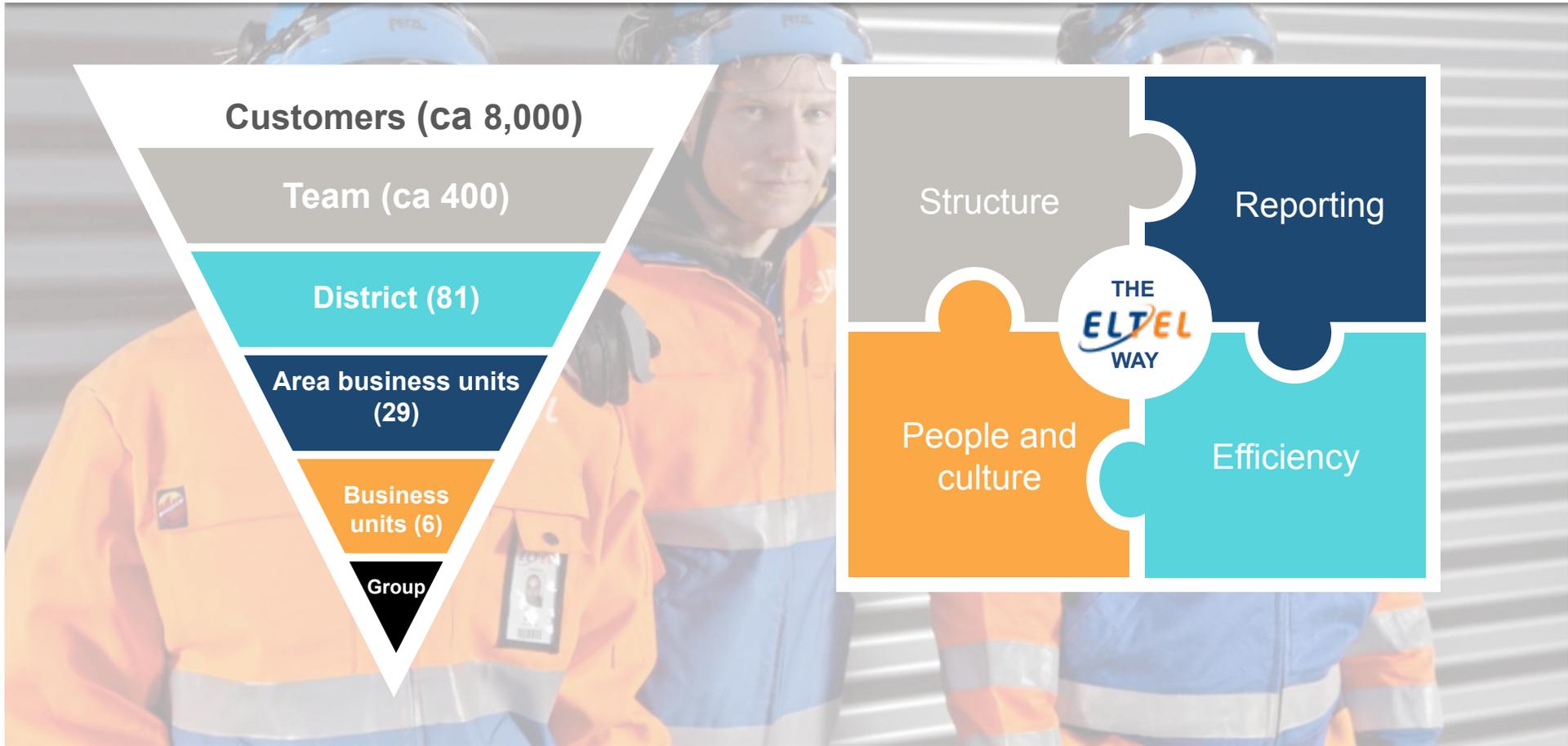
Market size: EUR 8.1 billion*
Annual growth 13-17E: +5%

Africa

Market size: EUR 3.9 billion*
Annual growth 13-17E: +9%

*PWC Market Study 2014

The Eltel Way – a specialized model that makes difference



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Full-year 2014 highlights

- Outcome of sales and operative EBITA for Q4 and full year - in line or slightly better than anticipated in the IPO prospectus
- Strong organic sales growth of 11% full-year, adjusted for currency effects
 - Better than our sales growth target (5%+5%),
 - Growth in all segments. Good demand in core markets and exciting break-throughs in Germany and UK
 - Growth driven by roll-outs of fibre and transmission and rail projects
- Continued improved Group full-year Operative EBITA margin
 - Up in Power and Communication
 - Down in Transport & Defence due to mix
- Non-recurring items in H2 2014 related to IPO
- Exceptionally good cash conversion

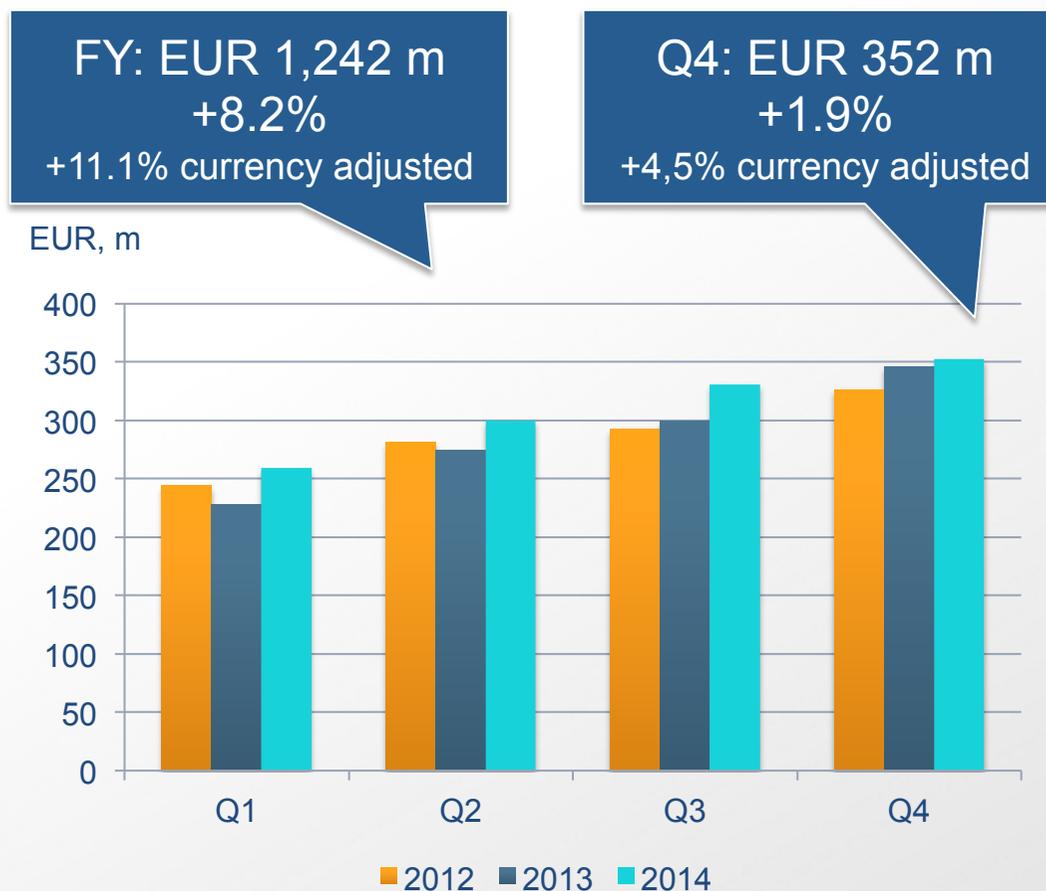
Full-year Net sales – growth with seasonality

Full-year:

- Favourable weather conditions gave very strong Q1
- Growth especially within Power in Norway, Poland and Africa
- Good activity within rail in all Nordic countries
- Fibre and mobile roll-out programmes in Norway and Sweden. Start also in Germany

Q4:

- Net sales:
 -2.4% in Power
 +3.4% in Communication
 +17.1% in Transport & Defence



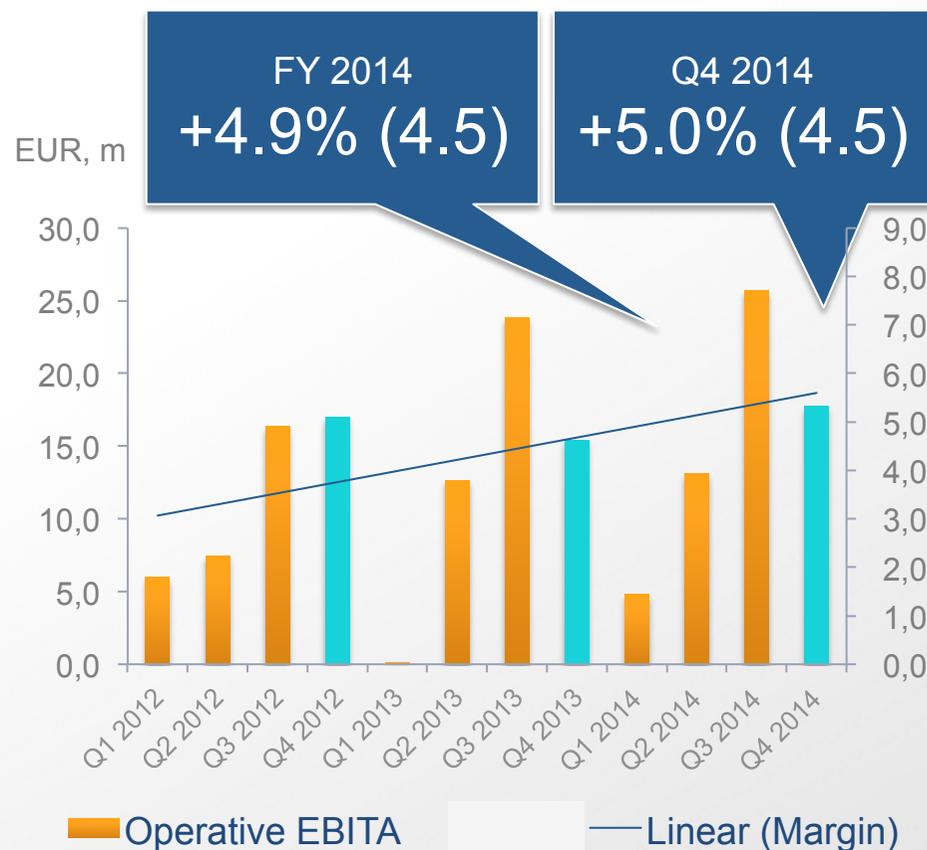
Increased Q4 and FY 2014 Operative EBITA

Operative EBITA

- Q4: EUR 17.7 m (15.4)
 - Good workload, improved efficiency
- FY: EUR 61.3 m (52.0)
 - Improved operational efficiency, leverage from growth

EBITA

- Q4: EUR 11.0 m (13.2)
 - non-recurring net EUR -6.7 m (-2.2), mainly IPO related
- FY: EUR 38.6 m (52.3)
 - non-recurring net EUR -22.7 m (+0.3), mainly IPO related



Power – weaker Q4, but strong Full-year

Important Events Q4

- Strong business for network weatherproofing projects in Finland
- Nordic transmission deliveries lower in the quarter
- Margin affected by German growth initiatives

Important Events Full-year

- Strong sales growth for transmission, mainly in Norway, Poland and Africa
- Distribution business affected by change in ownership of a main customer => postponed investments
- Margins supported positively by compensation for project delay

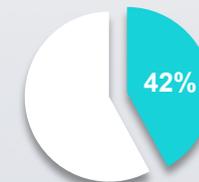
Q4 2014 growth

-2.4%
FY +7.2%

Q4 2014 Operat. EBITA margin

5.6%
FY 6.2%

FY Power net sales of total



Communication – major roll-outs with leverage

Important Events Q4

- Sales up as a result of maintenance work due to storms in Sweden + substantial fibre roll-out and mobile roll-out projects in Norway
- JV with Sonnico signed contract with Telenor
- Margin supported by efficiency improvements and volume leverage

Important Events Full-year

- Roll-outs: fibre in Sweden, mobile in Norway
- Start of fibre roll-out in UK and Germany
- Margins strengthened by volume leverage and favourable weather conditions

Q4 2014 growth

+3.4%

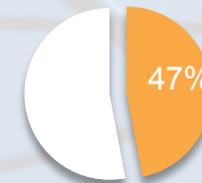
FY +5.9%

Q4 2014 Operat. EBITA margin

6.0%

FY 4.4%

FY Communication net sales of total



Transport & Defence – strong growth with new mix

Important Events Q4

- Several rail electrification and signalling projects in the Nordics
- Margin impacted negatively by Denmark and Rakel phase out

Important Events Full-year

- Strong volumes of rail electrification and signalling projects in the Nordics
- Denmark market entry for rail
- Higher portion of rail projects caused negative margin mix effect

Q4 2014 growth

+17.1%
FY +25.8%

Q4 2014 Operat. EBITA margin

5.4%
FY 7.9%

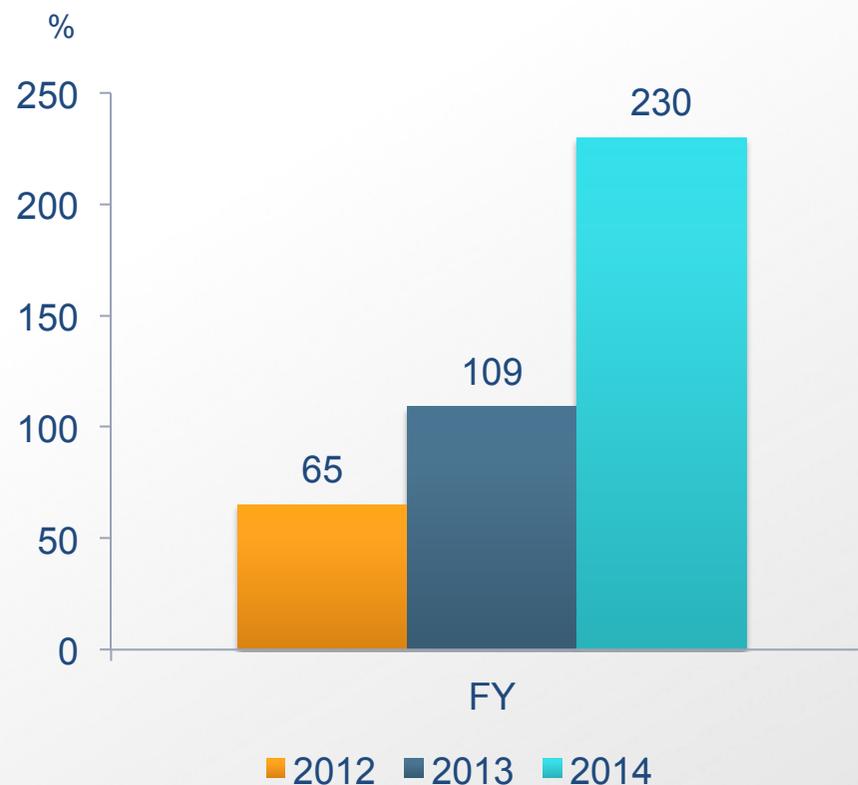
FY T&D net sales of total



Q4 and Full-year cash conversion

Full-Year 2014 cash flow impacts:

- Operative cash flow including EBITDA, change in net working capital and capex => EUR 88.9 million (57.3)
- Cash conversion of 230%
 - increase in customer advances
 - good operational working capital management and cash collection
- Adj. for provisions for non-recurring costs, cash conversion of 145%



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Successful IPO

- On 12 January 2015 Eltel announced its intention of listing on Nasdaq Stockholm
- On 6 February 2015 completed the IPO of its ordinary shares
- Subscription price set at 68 SEK/share
- Market Cap of SEK 4,258 million
- New owner base:
 - 4 anchor investors; Zeres Capital, 4 AP-Fund, Robur, Lannebo
 - Approx. 100 institutional investors
 - Approx. 3500 retail investors

Shareholders	Share of capital and votes, %
3i-controlled entities *	20.0%
Zeres Capital*	10.5%
The Fourth Swedish National Pension Fund*	8.5%
BNP Paribas S.A.*	7.6%
Swedbank Robur Fonder*	5.5%
Lannebo Fonder*)	5.2%
Didner & Gerge småbolag **	2.1%
Fidelity Nordic fund**	2.1%
Länsförsäkringar och Länsf. fonder **	1,6%
SEB fonder**	1,2%
Total top 10 shareholders	64.3%
Managers in Eltel	5.1%
Other shareholders	30,6%
Total	100.0%

* as notified SFSA trading day 6.2.

**Euroclear statistics as per 13.2.

Q1 2015, re-financing and Telia agreement

- In January 2015 Eltel signed a new five-year frame agreement with TeliaSonera, covering the Nordic and Baltic regions
 - Expansion of the geographical scope to include new regions in Sweden

- Eltel's financing was renewed at IPO
 - Interest-bearing liabilities amounting to EUR 330.9 million at 31 December 2014 repaid and replaced with a EUR 210 million loan facility
 - More flexible and cost-effective financing for the next five years
- Year-end leverage proforma ratio with reduced debt level after IPO was 3.2 (3.3)
 - Adjusted for non-recurring items leverage ratio was 2.2 (3.3)

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Financial targets

Financial targets, mid to long term (3-5 years)

- **Sales growth**

Average annual organic sales growth of around 5% and 5% annual growth from M&A including new outsourcing deals

- **EBITA-margin**

EBITA-margin of approximately 6%

- **Cash conversion**

An average cash conversion of 95-100% of EBITA

- **Capital structure**

Leverage of 2.0-2.5x net debt / EBITDA

Dividend Policy

Approx. 50 percent pay-out ratio of net profit with some flexibility

- The first dividend is expected to occur in 2016, based on the results in 2015
- Scope for acquisitions and deleveraging

Financial items: JV, amortization, financial net and tax

<ul style="list-style-type: none"> ■ Norwegian JV-effect 	<p>In 2015, Norwegian Communication business, with sales amounting to EUR 121.6 m in 2014, will be deconsolidated. 50% of JV's net profit included in EBITA from 2015</p>
<ul style="list-style-type: none"> ■ Capex 	<p>Asset light business. Historically annual capex of slightly more than 1 percent of net sales</p>
<ul style="list-style-type: none"> ■ Goodwill 	<p>Current goodwill of EUR 406 m. Relates mainly to 3i acquisition of Eltel in 2007 Impairment test each year. No current need for impairment</p>
<ul style="list-style-type: none"> ■ Amortization 	<p>Intangible assets of EUR 85 m in balance sheet allocated to customer relations and brand. Customer relations of EUR 30 is the only one to be amortised. Amortization in 2014 was EUR 12,4 m. This asset will be fully amortised in 2017</p>
<ul style="list-style-type: none"> ■ Financial net 	<p>Loan facility of approx. EUR 210 m post IPO. Financial net of EUR 20 m 2014, would be somewhat more than half of 2014 level at current interest rates and assuming no foreign currency movements</p>
<ul style="list-style-type: none"> ■ Taxes 	<p>2015 cash tax approx. 15% of profit before tax + amortization. P&L tax could be less than 15% due to additional tax loss carry forward utilisation</p>

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Large and growing market

Addressable market expected to reach **EUR 28 billion**

On top potential outsourcing opportunities – ca 30-35% of market not outsourced today

- Upgrades of infrastructure
- Large national roll-outs of smart meters

- Roll-out of fibre in Europa
- Roll-out of 3G/4G in Europa

- Electrification of railways
- Outsourcing of services in defence

MEGA-TRENDS

POWER

- Ageing infrastructure
- Smart networks
- Sustainability

COMMUNICATION

- Global connections
- Mobile revolution
- Data traffic volumes

TRANSPORT & DEFENCE

- Increased transport needs
- Increased security needs
- Integrated EU-market

Summary

European market leader

Industry with long term structural growth

Scalable platform for growth and M&A

Solid customer base and recurring revenues

Good financial profile with strong cash generation



A person wearing a blue and orange high-visibility uniform is using a handheld rugged device. The device is connected to a white van with the 'ELTEL' logo and the website 'www.eltel.com' visible on its side. The scene is outdoors during the day.

Thank You!