Eltel Group

Interim report January–March 2015

January - March 2015

- Net sales amounted to EUR 239 million (259), down 7.8%. The decrease in net sales was 5.8% at comparable exchange rates and excluding the Communication business in Norway, which in 2015 is deconsolidated, net sales increased by 3.2% or 5.3% at comparable exchange rates
- Operative EBITA* amounted to EUR 5.3 million (4.8) or 2.2% of net sales (1.8)
- Non-recurring items** were EUR -2.6 million (-0.4)
- EBITA totalled EUR 2.7 million (4.4) or 1.1% of net sales (1.7)
- Net financial expenses were affected by a non-cash expense of EUR 3.5 million (0.0) related to refinancing
- The net result was EUR -7.5 million (-3.6)
- Earnings per share were EUR -0.14 (-0.11)
- Operative cash flow* amounted to EUR -59.9 million (24.5), strongly impacted by IPO-related cash payments

Unless otherwise stated, figures in brackets refer to the same period previous year
* see definitions on pages 12 and 17
** IPO-related costs in 2015

Comments by the CEO

Exciting first quarter for Eltel

Our first quarter as a listed company was eventful. Apart from the listing itself, we also renewed our financing, completed an acquisition in Germany and signed a new five-year contract with TeliaSonera. Furthermore, we announced new contracts to install smart meters in Norway in the beginning of the second quarter.

The basic market trends in our Infranet market continue to support growth. This development is the result of demands by end-users for better availability and higher capacity in addition to regulators urging operators and utilities to invest to create higher flexibility, security and to support environmental initiatives.

Eltel's performance fluctuates between quarters. The first quarter is often the weakest due to weather conditions and order flows from our customers. However, the first quarter of 2015 was favourable for most of our units and our performance is in line with or slightly better than the same period previous year.

For the Communication segment we focused on the launch of our renewed contract with TeliaSonera in the Nordics and Baltics as well as on implementation of our joint venture with Sønnico relating to the new contract for Telenor in Norway.

In the Power segment, power transmission order intake and sales declined slightly, with some projects being completed while other are in the latter part of the launch phase. Tendering activity remained high and we are entering the Norwegian smart metering market with more than 800.000 meter installations in Hafslund and Skagerak. We are proud of the trust that Hafslund has placed in us and view this as a strong confirmation of our prime position in this area. Our acquisition of Edi.Son in Germany is encouraging and will give us a good platform in this large and growing market.

The Transport & Security segment had a mixed start to the year with healthy growth of rail and road, albeit with a slightly lower margin due to the change in the mix that involved an increase in the project business. We also noted intensified competition for rail projects due to the attractiveness of the market, particularly in Norway and Sweden.

For the Group as a whole, our net sales were impacted by deconsolidation of our Communication business net sales in Norway. However, excluding this impact, steady growth was visible. Our net result for the first quarter was impacted by some non-recurring items related to both the IPO and our IPO refinancing. These costs have now been expensed according to plan and it will be easier to follow the regular performance of our business in coming quarters.

The cash generation in the first quarter was adversely impacted by our very strong cash collection in the final quarter of 2014. The weak cash generation in the first quarter was also the result of IPO-related payments, customer advances received in 2014 and above-normal supplier payments during the quarter.

In addition to our day-to-day activities we finalised our IPO process and were listed on the Nasdaq Stockholm Mid Cap on 6 February. The listing has been positive for us in many ways and we are grateful for the trust that many new shareholders have placed in us. All of this gives us even more energy and makes us more committed to the task of delivering on our targets of further improving our efficiency through the "Eltel Way" and supporting our continued growth.

–Axel Hjärne, CEO

Photo: Arttu Laitala

IMPORTANT EVENTS DURING AND AFTER THE PERIOD

- On 19 January 2015 Eltel announced a new five-year framework agreement with TeliaSonera covering all Nordic and Baltic countries
- On 6 February 2015 Eltel AB's common shares were listed on Nasdaq Stockholm after completion of the initial public offering
- Eltel's financing was renewed following the listing of the Company's shares. Interest-bearing liabilities amounting to EUR 330.9 million at 31 December 2014 were repaid and replaced with a EUR 210 million loan facility. The new facilities provide Eltel with more flexible and cost-effective financing
- On 30 March 2015, Eltel AB announced the acquisition of the German company Edi.Son Energietechnik GmbH in the Power segment. The acquisition was closed on 30 April 2015
- On 8 April 2015, Eltel announced the signing of Norway's largest smart metering roll-out contract with Hafslund Nett

KEY FIGURES

EUR million	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014
Net sales	239.0	259.2	1,242.1
Net sales growth, %	-7.8	13.7	8.2
Operative EBITA	5.3	4.8	61.3
Operative EBITA margin, %	2.2	1.8	4.9
Non-recurring items*	-2.6	-0.4	-22.7
EBITA	2.7	4.4	38.6
EBITA margin, %	1.1	1.7	3.1
Operating result (EBIT)	-0.4	1.2	26.2
EBIT margin, %	-0.2	0.5	2.1
Result after financial items	-8.3	-3.7	7.2
Net result for the period	-7.5	-3.6	11.1
Earnings per share EUR, basic and diluted	-0.14	-0.11	0.12
Leverage ratio**	4.2	4.4	5.4
Leverage ratio, proforma reduced debt post-IPO**	4.2	-	3.2
Leverage ratio, proforma adj. for non-rec. items, reduced debt post-IPO**	2.8	-	2.2
Operative cash flow	-59.9	24.5	88.9
Cash conversion, %	-2,236	558	230
Number of personnel, end of period	7,967	8,294	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

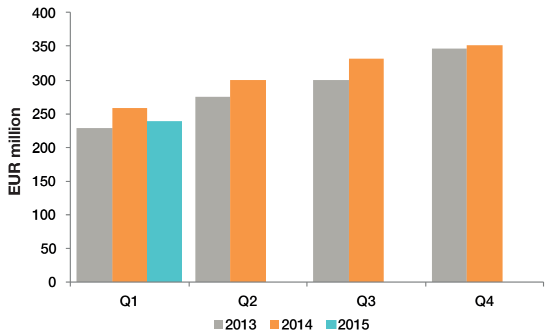
NET SALES

January-March 2015 compared to the same period in 2014

As of 1 January 2015, the Norwegian Communication business is being operated in the form of a joint venture, Eltel Sønnico. Net sales from the joint venture is not included in Eltel's net sales. First-quarter net sales for the Eltel Group decreased by 7.8% to EUR 239.0 million (259.2). Compared with the corresponding period in 2014 and excluding the Norwegian Communication business, net sales increased 3.2%, or 5.4% at comparable exchange rates. The increase was mainly the result of strong growth in rail projects, fibre deployment in the Nordics and mobile 4g/LTE roll-outs. Net sales rose 1.3% in Power segment, 1.3% in Communication segment (adjusted for the Norwegian Communication business) and 12.2% in Transport & Security business segment.

Power segment accounted for 44.9% (40.8) of total net sales, Communication segment for 40.6% (47.3 or 36.8 excluding the Norwegian Communication business) and Transport & Security business segment for 14.5% (11.9). There were no contributions from new outsourcings or acquisitions during the quarter.

Net sales



FINANCIAL RESULTS

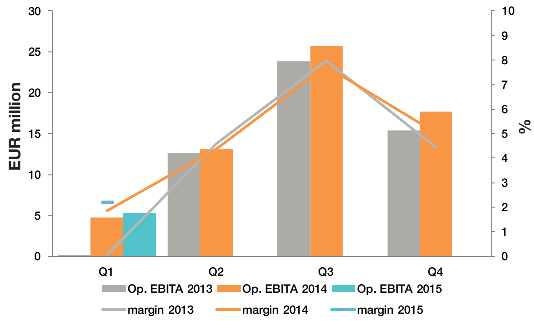
January-March 2015 compared to the same period in 2014

The Eltel Group's operative EBITA increased to EUR 5.3 million (4.8), representing 2.2% of net sales (1.8). The improved operative EBITA was driven by efficiency improvements, a supportive segment mix derived from strong growth in Transport & Security business segment - which displayed a higher margin than the Group average - and favourable operating conditions in most countries during the quarter.

EBITA amounted to EUR 2.7 million (4.4) including non-recurring expenses of EUR 2.6 million (0.4) 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 3.1 million (3.2). Due to the recognition of IPO-related non-recurring expenses in the first quarter, the operating result (EBIT) amounted to EUR -0.4 million (1.2), or -0.2% of net sales (0.5).

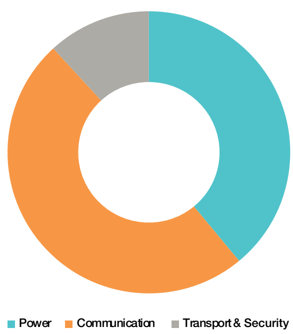
Net financial expenses EUR 7.9 million (5.0) included a non-cash EUR 3.5 million write-off of capitalised costs for the pre-IPO financing and EUR 1.7 (0.9) million expense mainly attributable to foreign exchange effects from the establishment of new financing and the revaluation of internal loans. Following the listing, Eltel's financing was renewed in February 2015, resulting in lower interest costs moving forward. Taxes for the quarter were positive in the amount of EUR 0.8 million (0.1) mainly as a result of the deferred tax impact on non-recurring costs.

Operative EBITA and -margin, per quarter



Q1 net sales by segment

Q1 operative EBITA by segment



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	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014
Net sales	107.8	106.5	515.9
Operative EBITA	2.1	1.9	32.1
Operative EBITA margin. %	1.9	1.8	6.2
Number of employees	3,278	3,077	3,412

January-March 2015 compared to the same period in 2014

Net sales for the Power segment increased by 1.3% to EUR 107.8 million (106.5). Adjusted for currency, growth was 1.9%. The main growth drivers were the Finnish power distribution cabling project - supported by mild weather conditions towards the end of the quarter - as well as the transmission business in Africa. The growth in net sales was offset by a decrease in transmission volumes in Poland, Sweden and Norway due to administrative delays in Poland and lower activity in the Nordics.

Operative EBITA increased by 12.1% and amounted to EUR 2.1 million (1.9). The operative EBITA margin was 1.9% (1.8) of net sales. Profitability improved in the Swedish distribution business due to enhanced project execution, and operative EBITA was also positively impacted by transmission export business. However, lower transmission business volumes in Poland and the Nordics, business development costs in Germany and the UK and higher costs for the smart metering business due to high tendering activities adversely impacted profitability for the quarter.

Acquisition

Eltel also announced that it entered into an agreement to acquire Edi.son 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 turnover 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.

Operating environment 2015

The Power segment operates in a market environment with a high level of activity and long-term investment plans among customers. Growth in Power market volumes is underpinned by strong long-term drivers. The flow of new tenders is solid for transmission, particularly in Norway and Germany, while it is more subdued in Poland, the UK and Africa. To date in 2015, overall order intake in the transmission business is lower due to fewer new large projects being awarded and higher competition in the overhead-line business in certain markets.

For distribution, mild winter conditions supported cabling projects in Finland. In Sweden and Denmark, tendering preparation activities were very high for several major framework contracts during 2015. Tendering activity for the smart metering business also remained high, supported by the Hafslund and Skagerak contracts, which were secured by the company after the end of the quarter. The Nordic transmission market is focused on the power grid expansion in Norway.

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	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014
Net sales	97.4	123.6	584.0
Operative EBITA	3.8	2.8	25.8
Operative EBITA margin. %	3.9	2.3	4.4
Number of employees	3,971	4,712	4,647

January-March 2015 compared to the same period in 2014

Net sales in the Communication segment decreased by 21.2% to EUR 97.4 million (123.6). Excluding the impact on net sales from the transfer of the Norwegian communication business to Eltel Sønnico, net sales increased by 1.3%, or 4.6% adjusted for currency. The increase in net sales was mainly attributable to fixed communications in Sweden driven by high maintenance volumes and upgrade services in Fibre To The Home (FTTH), in addition to several larger fibre roll-out programmes in Denmark. Winter conditions in the Nordics were mostly mild in 2015, which had a positive impact on fixed communication, albeit not to the same extent as in the preceding year. Net sales in mobile communication remained at the same high level as in the same period previous year.

Operative EBITA increased by 33.1% to EUR 3.8 million (2.8). The operative EBITA margin was 3.9% (2.3). The increase in EBITA is mainly attributable to fixed communication business in Sweden and Denmark, while the operating EBITA in mobile communications remained at the same healthy level as in the year-earlier period. The improvements derive from internal process enhancements, process development conducted in collaboration with customers – thereby improving cost efficiency for customers and Eltel – and the leverage effects of business growth. In addition, operating EBITA as a percentage of net sales increased due to the Norwegian joint venture for communication business being included as share of joint venture profit with no net sales impact. This impact was approximately 0.7 percentage points in the first quarter.

Operating environment 2015

Weather conditions have a relatively large impact on the communication business. During most of the quarter, weather conditions were favourable for outdoor installation works. The fibre roll-out business provides continuous and solid opportunities for Eltel in all markets, especially in Sweden. Mobile business continued to show a steady improvement across the various geographies due to ongoing 4G/LTE roll-outs. Market demand is generally favourable in all geographies, despite variation in the timing of roll-outs.

The signing of the five-year agreement with TeliaSonera in January for all Nordic and Baltic countries solidified Eltel's strong position in the communication markets and as a key supplier to TeliaSonera. The contract strengthens the close cooperation between TeliaSonera and Eltel and expands the geographical scope with new regions in Sweden.

Norwegian communication business transferred to joint venture Eltel Sønnico

In 2015 the net sales from the Norwegian communication business is not included in Eltel Group's net sales. Eltel's share in the results of the joint venture is included on one line in EBITA. 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.

Transport & Security

The Transport & Security business segment provides maintenance, upgrade work and project business to various government authorities, including rail, road, defence and aviation authorities. 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	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014
Net sales	34.8	31.0	154.2
Operative EBITA	2.3	3.0	12.1
Operative EBITA margin. %	6.7	9.5	7.9
Number of employees	555	476	563

January-March 2015 compared to the same period in 2014

Net sales for the Transport & Security business segment increased by 12.2% to EUR 34.8 million (31.0). The currency-adjusted growth was 16.4%. High production levels in many large rail projects increased net sales, particularly in Norway and Finland. The entry into the Danish rail electrification, signalling & telecom market in April 2014 contributed to the growth in the quarter. The growth in net sales was offset by slightly lower volumes in the aviation and security businesses, particularly in Denmark, and by the winding down of the Rakel project concluded at the end of the first quarter.

Operative EBITA decreased by 21.1% to EUR 2.3 million (3.0). The operative EBITA margin was 6.7% (9.5). The decrease was primarily attributable to the continued adjustment of the mix towards more rail projects with high material contents, in addition to low margins related to one security project in Denmark. Delivery of this project is scheduled for the second quarter. In the rail and road business, operative EBITA increased due to high volume, better utilisation of manpower and favourable leverage from growing volumes.

Operating environment 2015

The long-term market drivers for the Nordic transport (primarily railway) sector remain strong, creating a business environment with good opportunities for Eltel to expand its business and continue to strengthen its position in all Nordic countries. It is also clear that competition has increased due to the strong railway market in Norway and, in part, Sweden, which had a certain impact on order intake to date in 2015. However, the short-term indicators point to a somewhat slower activity phase in the railway sector. The main customers in the rail business publish their rolling forecast of planned purchases on a monthly or quarterly basis, which provides Eltel with a good overview for its tendering and planning activities. In Sweden, the security market has grown. In Denmark, there are several new players on the infranet market, thereby intensifying competition. In the aviation business, Remote Tower operation was launched, where Eltel is involved in the delivery of installation and maintenance. This is expected to be a development area in the aviation business. During the quarter, Norway decided to initially open up five airports for competitive bidding for technical maintenance, which is a first indication that the aviation markets are opening up for Eltel in more countries.

Balance sheet and cash flow

BALANCE SHEET AND FINANCIAL POSITION

31 March 2015

Interest-bearing liabilities totalled EUR 218.8 million (355.2 including interest-bearing liabilities to shareholders), of which EUR 216.2 million (296.7) is non-current and EUR 2.6 million (58.5) current. Eltel's financing was renewed during the period. 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 17.3 million (42.7). Interest-bearing net debt totalled at EUR 203.1 million (301.9) representing a decrease of 33%.

The liquidity situation at the end of the reporting period was sound. Available liquidity reserves totalled EUR 117.5 million (123.1). At the end of the quarter the equity ratio was 45.0% (30.8).

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 321.4 million (354.0). This amount also includes advances and other payment security guarantees. Guarantees issued for financial liabilities on behalf of joint ventures amounted to EUR 4.7 million (0.0). Uncancellable minimum future off-balance sheet lease payments totalled EUR 31.1 million (43.4). The majority of the leasing contracts relate to Eltel's fleet, consisting mainly of service vans.

CASH FLOW AND CASH CONVERSION

January–March 2015

Eltel's operative cash flow was strongly impacted by the payment of a major part of the IPO-related advisory costs and the IPO-related management incentive programme, as well as change in net working capital, and amounted to EUR -59.9 million (24.5). The main items impacting the negative cash flow for the quarter were IPO-related payments of EUR 26.3 million, the consumption of customer advances received in 2014 of EUR 14.0 million as well as reduced account payables due to lower activities in the project-related business in the quarter. Protracted administrative procedures continued to extend the project construction phases in power transmission in Poland, resulting in a strain on cash flow in the quarter. Cash conversion adjusted for IPO-related non-recurring costs, was -683%. It should be noted that cash conversion varies on a quarterly basis given Eltel's seasonal pattern for net sales, production and thus cash flow.

Cash flow from operating activities was EUR -63.3 million (25.1), including a negative impact from the change in net working capital of EUR 63.1 million (+19.2). Cash flow from financial items and taxes was EUR -4.6 million (-6.2). The net capital expenditure mainly in replacement investments remained stable at EUR 2.2 million (2.0). The company generated gross proceeds of EUR 143.1 million from the listing, of which the net amount of EUR 117.2 million was used for to reduce financial liabilities.

Seasonality during the calendar year

DISTRIBUTION OF SALES AND EARNINGS DURING THE FINANCIAL YEAR

Eltel's businesses have seasonal patterns that have a strong 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 weak cash flow during the first three quarters of the year with 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.

The Eltel share

During the reporting period the trend for Eltel's number of shares and share capital was as follows:

Date of registration with the Swedish Companies Registration Office	Transaction	Change in number of shares	Total number of shares	Change in share capital (EUR)	Total share capital (EUR)	Quota (par) value (EUR)
1 January 2015			863,635,790		86,363,579	0.1
15 January 2015 [1]	Reclassification of shares	0	863,635,790	0	86,363,579	0.1
22 January 2015	Reverse split 20:1	-820,454,001	43,181,789	0	86,363,579	2.0
6 February 2015 [2]	Reclassification of shares	0	43,181,789	0	86,363,579	2.0
6 February 2015 [3]	New issue in the Offer	9,248,236	52,430,025	18,496,472	104,860,051	2.0
6 February 2015	Redemption of shares	-1,985,457	50,444,568	-3,970,914	100,889,137	2.0
6 February 2015	Set-off issue of PIK notes	1,585,957	52,030,525	3,171,914	104,061,051	2.0
6 February 2015	New issue in the Offer	10,237,058	62,267,583	20,474,116	124,535,167	2.0
12 February 2015	New issue	356,655	62,624,238	713,310	125,248,477	2.0
31 March 2015	Share amount		62,624,238			
Average Q1/2015	Share amount		54,823,482			

1) 20 shares of share class B were reclassified to 20 shares of share class A
2) All shares were reclassified to shares of one share class
3) These shares were subscribed by SEB on behalf of those entitled to subscription in accordance with the Prospectus, at subscription price in SEK that corresponds to EUR 2 per share. After payment and delivery of shares on the closing date, SEB has made a capital contribution to the Company in an amount corresponding to the difference between the finally determined offer price and the subscription price paid by SEB

On 6 February 2015 Eltel's common share was listed on Nasdaq Stockholm under the trading symbol "ELTEL". The offering including the over-allotment option was increased in full and comprised a total of 42,165,277 shares, of which 19,485,294 were newly issued shares and 22,679,983 existing shares. The subscription price in the offering was SEK 68 per share. The total value of the offering was approximately SEK 1.3 billion and Eltel received about EUR 127.3 million in equity after issue costs.

LARGEST SHAREHOLDERS IN ELTEL 12 MAY 2015

Shareholders	Share of capital and votes, %
3i-controlled entities	20.0%
Zeres Capital	10.5%
Swedbank Robur Funds	9.1%
The Fourth Swedish National Pension Fund	8.8%
BNP Paribas S.A.	7.6%
Lannebo Fonder	7.2%
Didner & Gerge Småbolag	2.1%
ARTEMIS Global Income fund	1.3%
Länsförsäkringar Småbolag Sverige	1.2%
JP Morgan Funds	1.2%
Total top 10 shareholders	68.9%

Other information

BUSINESS EXPANSION, STRUCTURAL CHANGES AND DIVESTMENTS

On 31 December 2014 Eltel and Umoe (owner of Sønnico Tele AS) merged their communication businesses in Norway in the jointly owned company Eltel Sønnico AS. As a result of this joint venture Eltel's sales in the Communication segment in the Norwegian market will no longer be included in Eltel's accounts. Eltel Sønnico is now fully operational and initiated the execution of the new five-year framework agreement with Telenor on 1 January 2015.

BUSINESS SEGMENT NAMES

As from 22 April 2015 the Eltel business segment names are the following: Power, Communication, Transport & Security (former Transport & Defence). The change does not imply any changes in organisation, strategy, business plans or other plans for the company. The new segment names are used in the report.

ACQUISITION WITHIN THE POWER SEGMENT

On 30 March 2015 Eltel announced that it had entered into an agreement to acquire 100% of Edi.Son Energietechnik GmbH shares, specialising in planning, design and construction of 110 to 380 kV overhead lines in Germany. The completion of the transaction following the necessary regulatory approvals and transfer of control took place at the end of 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 has been present in the German market with its Communication business for over 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 where the company operates. Through a thorough process, each target is assessed and evaluated against a defined set of criteria and 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, used across the Group for more than five years.

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 possible damages from third-party claims) payable by the Company in relation to the FCCA Case. The case will continue during 2015 with court hearings expected in the third quarter.

For further information regarding risks and uncertainties, please refer to the 2014 annual report.

Stockholm, 19 May 2015

Axel Hjärne
President and CEO

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

Condensed financial information

CONDENSED CONSOLIDATED INCOME STATEMENT

EUR million	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014
Net sales	239.0	259.2	1,242.1
Cost of sales	-210.1	-230.3	-1,078.3
Gross profit	**28.9**	**28.8**	**163.8**
Other income	0.6	0.7	8.4
Sales and marketing expenses	-2.1	-2.8	-12.2
Administrative expenses	-25.3	-22.1	-116.1
Other expenses	-0.1	-0.2	-4.5
Share of profit/loss of joint ventures	0.6	-	-0.7
Operating result before acquisition-related amortisations (EBITA)	**2.7**	**4.4**	**38.6**
Amortisation of acquisition-related intangible assets	-3.1	-3.2	-12.4
Operating result (EBIT)	**-0.4**	**1.2**	**26.2**
Financial income	0.1	0.2	0.3
Financial expenses	-8.0	-5.1	-19.3
Net financial expenses	-7.9	-5.0	-19.0
Result before taxes	**-8.3**	**-3.7**	**7.2**
Taxes	0.8	0.1	3.9
Net result	**-7.5**	**-3.6**	**11.1**
Attributable to:			
Equity holders of the parent	-7.6	-3.6	9.5
Non-controlling interest	0.1	-	1.6
Earnings per share (EPS)			
Basic and diluted, EUR	-0.14	-0.11	0.12

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014
Net profit/loss for the period	-7.5	-3.6	11.1
Other comprehensive income:			
Items that will not be reclassified to profit and loss			
Remeasurements of defined benefit plans	0.4	-0.9	-9.8
Items that may be subsequently reclassified to profit and loss			
Cash flow hedges	-0.3	-0.1	1.5
Net investment hedges	-0.7	1.2	6.7
Currency translation differences	5.3	-1.6	-16.0
Total	4.4	-0.5	-7.8
Other comprehensive income/loss for the period, net of tax	4.8	-1.4	-17.6
Total comprehensive income/loss for the period	-2.7	-5.0	-6.5
Total comprehensive income/loss attributable to:			
Equity holders of the parent	-2.7	-5.0	-8.1
Non-controlling interest	0.1	-	1.6

CONDENSED CONSOLIDATED STATEMENT OF BALANCE SHEET

EUR million	31 Mar 2015	31 Mar 2014	31 Dec 2014
ASSETS			
Non-current assets			
Goodwill	409.2	432.3	405.8
Intangible assets	82.3	100.5	84.6
Property, plant and equipment	33.3	34.6	33.1
Investments in joint ventures	29.5	-	28.2
Available-for-sale investments	0.3	0.3	0.3
Retirement benefit asset	-	0.2	-
Deferred tax assets	24.0	15.0	23.6
Other financial asset	35.0	-	-
Trade and other receivables	0.2	0.1	0.9
Total non-current assets	613.8	583.1	576.4
Current assets			
Inventories	12.3	11.4	10.2
Trade and other receivables	309.4	253.2	335.3
Cash and cash equivalents	17.3	42.7	61.0
Total current assets	339.1	307.2	406.4
TOTAL ASSETS	952.9	890.3	982.8
EQUITY AND LIABILITIES			
Equity			
Shareholders' equity	397.4	256.8	248.4
Non-controlling interest	6.5	5.5	6.4
Total equity	403.9	262.3	254.9
Non-current liabilities			
Debt	216.2	284.9	6.5
Liabilities to shareholders	35.0	11.8	-
Retirement benefit obligations	16.7	10.2	18.0
Deferred tax liabilities	15.8	17.3	15.9
Provisions	2.6	2.3	2.7
Other non-current liabilities	0.1	0.1	0.1
Total non-current liabilities	286.3	326.6	43.2
Current liabilities			
Debt	2.6	58.5	319.5
Liabilities to shareholders	-	-	14.7
Provisions	5.0	2.3	29.0
Advances received	55.0	39.9	69.0
Trade and other payables	200.1	200.8	252.6
Total current liabilities	262.8	301.4	684.7
Total liabilities	549.0	628.0	727.9
TOTAL EQUITY AND LIABILITIES	952.9	890.3	982.8

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	31 Mar 2015	31 Mar 2014	Jan-Dec 2014
Cash flow from operating activities			
Cash flow from operating activities before financial items and taxes	-63.3	25.1	81.4
Interest received	0.1	0.2	0.3
Interest and other financial expenses paid	-3.7	-4.2	-19.2
Income taxes paid	-0.9	-2.2	-4.4
Net cash from operating activities	-67.8	18.8	58.0
Cash flow from investing activities			
Purchases of property, plant and equipment (PPE)	-2.5	-2.2	-10.0
Proceeds from sale of PPE	0.3	0.3	1.2
Business acquisitions and disposals	-	-	0.2
Net cash from investing activities	-2.2	-2.0	-8.7
Cash flow from financing activities			
Proceeds from issuance of share capital	143.1	-	-
Proceeds from long-term financial liabilities	209.3	-	-
Payments of long-term financial liabilities	-	-0.2	-9.1
Payments of short-term financial liabilities	-326.5	-	-
Payments of/proceeds from finance lease liabilities	-	-0.7	-1.8
Dividends to non-controlling interest	-	-	-0.7
Change in non-liquid financial assets	0.3	0.5	-
Net cash from financing activities	26.2	-0.4	-11.6
Net change in cash and cash equivalents	-43.9	16.4	37.8
Cash and cash equivalents at beginning of period	61.0	26.2	26.2
Foreign exchange rate effect	0.2	0.1	-3.0
Cash and cash equivalents at end of period	17.3	42.7	61.0

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

EUR million	31 Mar 2015	31 Mar 2014	Jan-Dec 2014
EBITA	2.7	4.4	38.6
Depreciation	2.8	2.9	11.0
Change in net working capital	-63.1	19.2	48.1
Net purchase of PPE	-2.2	-2.0	-8.9
Operative cash flow (used in cash conversion key figure)	-59.9	24.5	88.9
Less net purchase of PPE, presented in investing activities	2.2	2.0	8.9
Gains on sales of assets	-	-0.2	-6.3
Items recognised through other comprehensive income	-1.8	-0.8	-1.2
Other non-cash adjustments	-3.8	-0.4	-8.9
Cash flow from operating activities before financial items and taxes	-63.3	25.1	81.4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Other paid-in capital	Accumulated losses	Remeasurement 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	-	-	-7.6	0.4	-0.9	5.3	-2.7	0.1	-2.7
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 31 Mar 2015	125.2	389.1	-87.0	-22.5	7.7	-15.2	397.4	6.5	403.9

EUR million	Share capital	Other paid-in capital	Accumulated losses	Remeasurement 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	-	-	-3.6	-0.9	1.1	-1.6	-5.0	-	-5.0
Equity at 31 Mar 2014	86.4	281.5	-92.6	-14.0	1.6	-6.1	256.8	5.5	262.3

EUR million	Share capital	Other paid-in capital	Accumulated losses	Remeasurement 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 that were entered into in the first quarter of 2015.

NET SALES BY SEGMENT

EUR million	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014
Power			
Net sales (external)	107.4	105.1	506.6
Inter-segment sales	0.4	1.4	9.3
Communication			
Net sales (external)	96.8	123.0	581.2
Inter-segment sales	0.5	0.6	2.8
Transport & Security			
Net sales (external)	34.7	30.9	154.1
Inter-segment sales	-	-	0.1
Net sales not allocated to segments	-	0.1	0.2
Elimination of sales between segments	-1.0	-2.0	-12.2
Net sales, total	**239.0**	**259.2**	**1,242.1**

RECONCILIATION OF SEGMENT RESULTS

EUR million	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014
Operative EBITA by segment			
Power	2.1	1.9	32.1
Communication	3.8	2.8	25.8
Transport & Security	2.3	3.0	12.1
Items not allocated to operating segments*	-2.9	-2.9	-8.7
Operative EBITA, Group	5.3	4.8	61.3
Non-recurring items**	-2.6	-0.4	-22.7
EBITA before acquisition-related amortisations	2.7	4.4	38.6
Amortisation of acquisition-related intangible asset***	-3.1	-3.2	-12.4
Operating result (EBIT)	-0.4	1.2	26.2
Non-recurring non-cash financial expenses for pre IPO financing	-3.5	-	-
Other financial expenses, net	-4.4	-5.0	-19.0
Result before taxes	**-8.3**	**-3.7**	**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
*** The remaining balance sheet value of amortised assets was EUR 30.4 million as at 31 December 2014

NON-RECURRING EBITA ITEMS

EUR million	Jan-Mar 2015	Jan-Mar 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	-	-0.4	3.1
Non-recurring items in EBITA	-2.6	-0.4	-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.

INTEREST-BEARING LIABILITIES AND NET DEBT

EUR million	31 Mar 2015	31 Mar 2014	31 Dec 2014
Interest-bearing debt in balance sheet	218.8	343.3	326.0
Interest-bearing loans from shareholders	-	11.8	14.7
Total interest-bearing liabilities	**218.8**	**355.2**	**340.7**
Interest-bearing debt in balance sheet	218.8	343.3	326.0
Allocation of effective interest to periods	1.7	1.2	3.5
Less cash and cash equivalents	-17.3	-42.7	-61.0
Net debt	**203.1**	**301.9**	**268.5**

The carrying amount of interest-bearing liabilities approximates their fair value.

AVAILABLE LIQUIDITY RESERVES

EUR million	31 Mar 2015	31 Mar 2014	31 Dec 2014
Committed credit facility	89.9	65.0	50.0
Current account overdrafts	10.3	15.4	15.4
Cash and cash equivalents	17.3	42.7	61.0
Total	**117.5**	**123.1**	**126.4**

DERIVATIVE FINANCIAL INSTRUMENTS

EUR million	31 Mar 2015		31 Mar 2014		31 Dec 2014	
	Nominal values	Net fair values	Nominal values	Net fair values	Nominal values	Net fair values
Interest rate derivatives	158.2	-0.8 1)	151.0	-0.3	-	-
Foreign exchange rate derivatives	131.4	-1.2 2)	87.8	-0.2 3)	102.5	0.4 4)
Total	**289.6**	**-2.0**	**238.8**	**-0.5**	**102.5**	**0.4**

Designated as cash flow hedge 1) EUR -0.8 million 2) EUR 0.0 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

Main transactions with related parties have been related to Eltel's loan facilities. In February 2015 the senior credit facilities and shareholder loans, including management loans, existing at 31.12.2014 have been repaid in full. Main shareholders or management shareholders do not participate in the renewed financing facilities.

Upon completion of the IPO the selling shareholders, including 3i, BNP Paribas and management shareholders, have lent EUR 35 million on an interest-free basis to cover potential fines payable by Eltel in connection with the FCCA Case. In such case the loan will be converted into equity.

In connection with the dismantling of the pre IPO ownership structure, members of the senior management that were entitled to the exit incentive payment have reinvested 50% of the incentive payment, net of tax, in the shares in the Company. The transaction took place on 12 February 2015.

QUARTERLY KEY FINANCIAL FIGURES FOR THE GROUP

EUR million	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014
Net sales	239.0	352.3	330.9	299.8	259.2
Net sales growth, %	-7.8	1.9	10.5	9.3	13.7
Operative EBITA	5.3	17.7	25.7	13.1	4.8
Operative EBITA margin, %	2.2	5.0	7.8	4.4	1.8
EBITDA	5.5	13.7	12.2	16.4	7.3
EBITA	2.7	11.0	9.7	13.6	4.4
EBITA margin, %	1.1	3.1	2.9	4.5	1.7
Operating result (EBIT)	-0.4	7.9	6.6	10.5	1.2
EBIT margin, %	-0.2	2.2	2.0	3.5	0.5
Result after financial items	-8.3	3.7	0.9	6.3	-3.7
Net result for the period	-7.5	8.7	0.9	5.1	-3.6
Earnings per share EUR, basic and diluted	-0.14	0.17	-0.02	0.09	-0.11
Return on capital employed, %*	35.1	54.4	38.1	63.6	69.6
Return on equity (ROE), %*	1.7	3.7	1.7	7.1	5.6
Leverage ratio*	4.2	5.4	5.8	4.3	4.4
Operative cash flow	-59.9	66.3	19.4	-2.0	24.5
Cash conversion, %	-2,236	604	201	-15	558
Number of personnel, end of period	7,967	8,647	8,538	8,383	8,294

* calculated on a rolling 12-month basis

QUARTERLY SEGMENT INFORMATION

NET SALES

EUR million	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014
Power	107.8	142.6	143.9	123.0	106.5
Communication	97.4	168.4	150.4	141.6	123.6
Transport & Security	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	-1.0	-4.1	-3.3	-2.7	-2.0
Net sales, total	**239.0**	**352.3**	**330.9**	**299.8**	**259.2**

OPERATIVE EBITA BY SEGMENT

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

NUMBER OF EMPLOYEES BY SEGMENT, AT THE END OF PERIOD

	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014
Power	3,278	3,412	3,321	3,186	3,077
Communication	3,971	4,647	4,645	4,660	4,712
Transport & Security	555	563	548	516	476
Other	163	25	24	21	29
Total	**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 (ROE), %*	$\frac{\text{Net result x 100}}{\text{Total equity (average over the reporting period)}}$
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	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014
Net sales	-	-	0.3
Administrative income and expenses	-2.1	-	-14.0
Interest and other financial income	6.9	6.8	28.1
Interest and other financial expenses	-1.3	-0.2	-0.8
Net financial items	5.6	6.7	27.3
Result after financial items	**3.5**	**6.7**	**13.5**
Appropriations			
Group contributions given	-	-	-13.5
Taxes	-	-	-
Net result	**3.5**	**6.7**	**-0.0**

PARENT COMPANY BALANCE SHEET

EUR million	31 Mar 2015	31 Mar 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	369.2	453.4	474.3
Total non-current assets	645.8	487.9	508.8
Current assets			
Trade and other receivables	0.8	-	0.8
Cash pool receivable	-	0.2	-
Cash and cash equivalents	0.1	-	-
Total current assets	0.9	0.2	0.8
TOTAL ASSETS	646.7	488.0	509.6
EQUITY AND LIABILITIES			
Equity	507.3	364.0	352.1
Non-current liabilities			
Debt	83.2	-	-
Liabilities to shareholders	35.0	11.8	-
Liabilities to group companies	13.9	112.2	125.7
Total non-current liabilities	132.1	124.0	125.7
Current liabilities			
Liabilities to shareholders	-	-	14.7
Liabilities to group companies	2.9	-	2.2
Provisions	1.9	-	13.2
Trade and other payables	2.6	-	1.7
Total current liabilities	7.4	-	31.8
Total liabilities	139.5	124.0	157.5
TOTAL EQUITY AND LIABILITIES	646.7	488.0	509.6

PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in first quarter 2015 briefing on May 19, 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:

Axel Hjärne, Group President and CEO
tel. +46 8 58 53 7966, axel.hjarne@eltelnetworks.com

Gunilla Wikman, Head of Investor Relations
tel. +46 72 584 3630, gunilla.wikman@eltelnetworks.se

Gert Sköld, Group CFO
tel. +46 8 62 34 584, gert.skold@eltelnetworks.se

FINANCIAL CALENDAR

Annual General Meeting	19 May 2015 at 15:00 p.m. (CET)
Interim report January–June 2015	20 August 2015
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 08.00 a.m. (CET) on 19 May, 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.

Eltel AB
POB 126 23, Adolfsbergsvägen 13, Bromma
SE-112 92 Stockholm
SWEDEN
corp. id no. 556728-6652

tel. +46 8 585 376 00
info@eltelnetworks.com
http://www.eltelnetworks.com
http://www.eltelgroup.com