Eltel AB
Q2 2018 Presentation

9 August 2018

Today's presenters

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CEO

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Highlights

- An agreement to divest the Norwegian rail operations signed
- Following conclusion of the first phase in the transformation strategy, we have prolonged our loan agreements with one year improving conditions for the transformation and growth
- Long-term strategy for Core business outlined

Transformation plan almost completed

Q1-Q2, 2017	Q3-Q4, 2017	Q1, 2018	Q2/July, 2018
• Decision to focus on Eltel’s Core business in the Nordics, Poland and Germany • Decision to divest or discontinue non-core businesses to decrease risk level • Merger of Fixed and Mobile Communication • Merger of part of Aviation and Security with Segment Communication • Merger of Power Distribution and Power Transmission • Revised financial targets • Rights issue of EUR 150 million • Divestment of part of communication business in Poland	• Agreement to divest operations in Latvia • Agreement to divest operations in Estonia • Letter of intent to divest Power Transmission International • Agreement to divest rail operations in Finland • Agreement to divest rail operations in Denmark	• Decision on country-based organization for segments Power and Communication • Swedish Aviation and Security merged into Communication business unit Sweden • Divestment of rail operations in Sweden • Letter of intent to divest Power Transmission International expired. Eltel proceeds with the discontinuation	• Agreement to divest Norwegian rail operations • Amended loan facilities agreement to reflect ongoing transition and improving conditions for transformation and growth

Second phase of transformation initiated

- Focus on operational improvements in the Core business
  - Reduce costs
  - Increase capacity utilisation
  - Improve processes
  - Improve adaptability
  - Improve organisation and management functions

- Long-term strategy to ensure sustainable growth, profitability and shareholder value

Core business: Summary of Q2 2018

- Adjusted net sales increased 4.5%*
- Operative EBITA increased by EUR 4.4 million to EUR 9.7 million
  - Restructuring measures
  - Challenging weather conditions and delayed projects
  - Improved utilization of resources

*Adjusted for divested operations and currency effects.

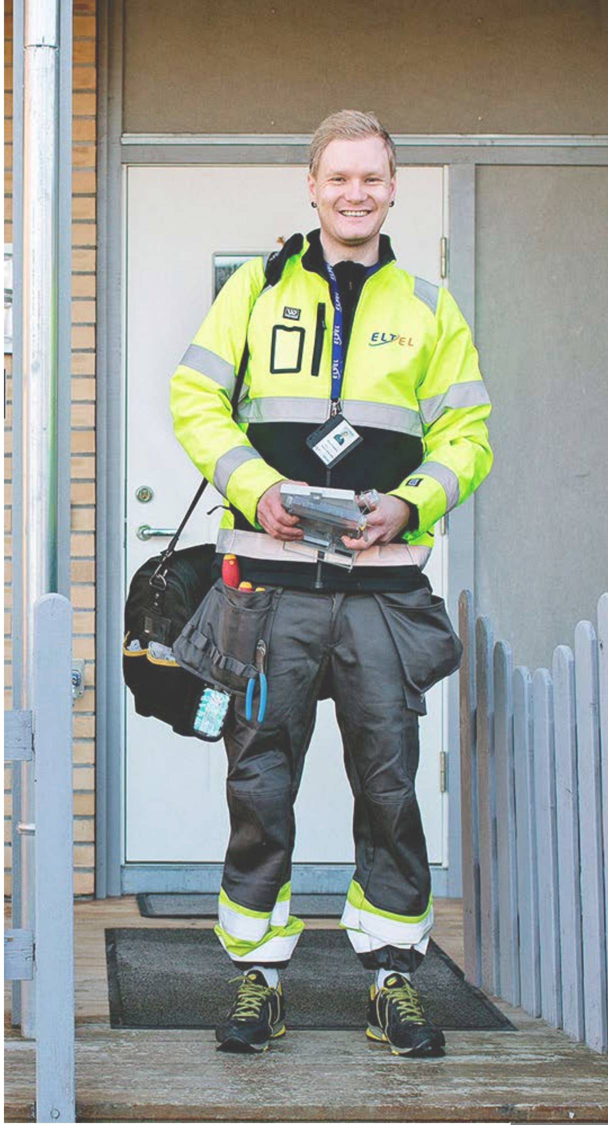
Core business: Q2 sales

Total Core	▪ Non-adjusted net sales decreased 3.1% to EUR 293.8 million

Communication	▪ Net sales -3.9% to EUR 177.7 million
	  ▪ EUR 6.1 million; divestment in Poland
	  ▪ EUR 7.0 million; currency rate effects
	▪ Adjusted net sales + 3.3%*

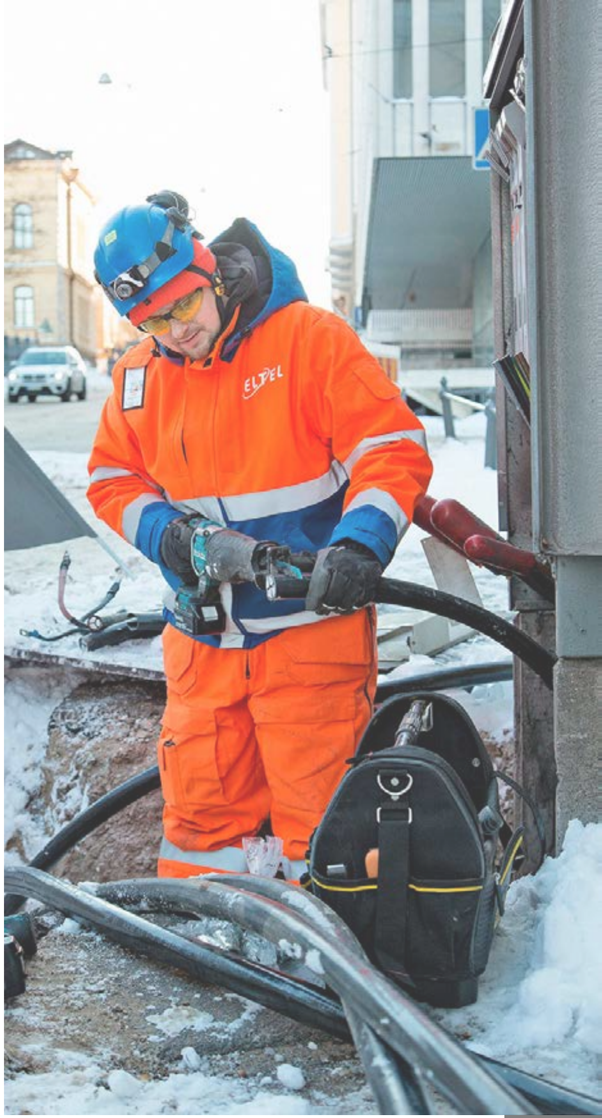
Power	▪ Net sales -1.9 % to EUR 116.0 million
	  ▪ EUR 7.7 million; divestment in the Baltics
	  ▪ EUR 1.5 million; currency rate effects
	▪ Adjusted net sales + 6.3%*

**Adjusted for divested operations and currency effects.*



Core business:
Q2 operative EBITA

Total Core	▪ EBITA increased EUR 4.4 million to EUR 9.7 million
Communication	▪ EBITA EUR 7.2 million (6.5) ▪ Mainly attributable to Sweden, improved utilisation of resources and increased efficiency in Norway
Power	▪ EBITA EUR 2.5 million (-1.2) ▪ Restructuring costs and unfavorable project mix in Finland ▪ Strong profitability for Smart Grids and High Voltage



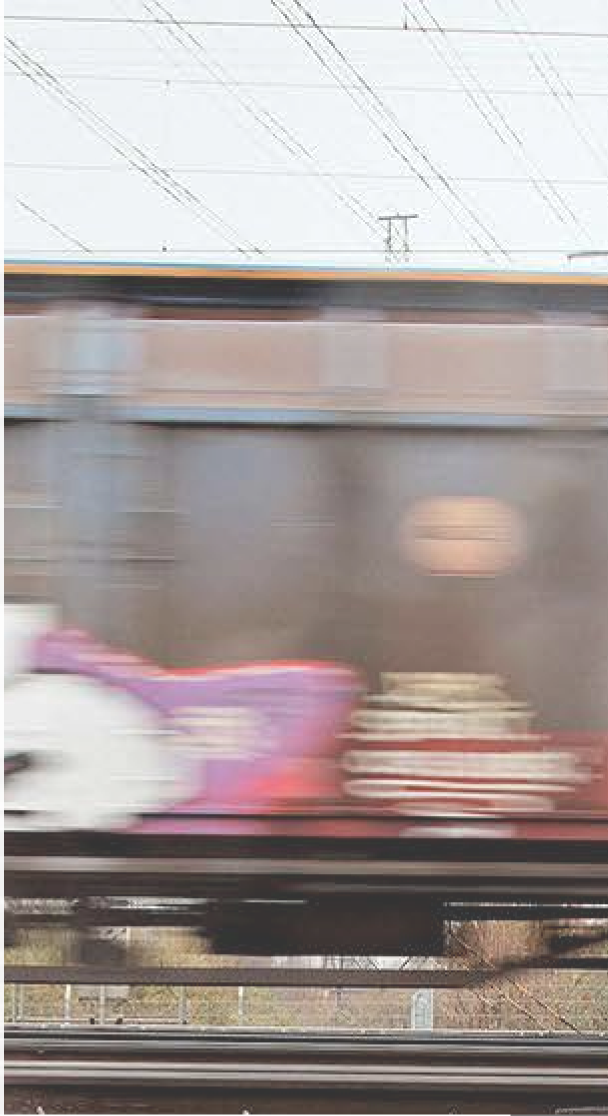
Other: Q2 sales and EBITA

Sales

- Sales -90.5% to EUR 2.5 million
- Ramp down of Power Transmission International
- Divestment and ramp down of operations in Rail

Operative EBITA

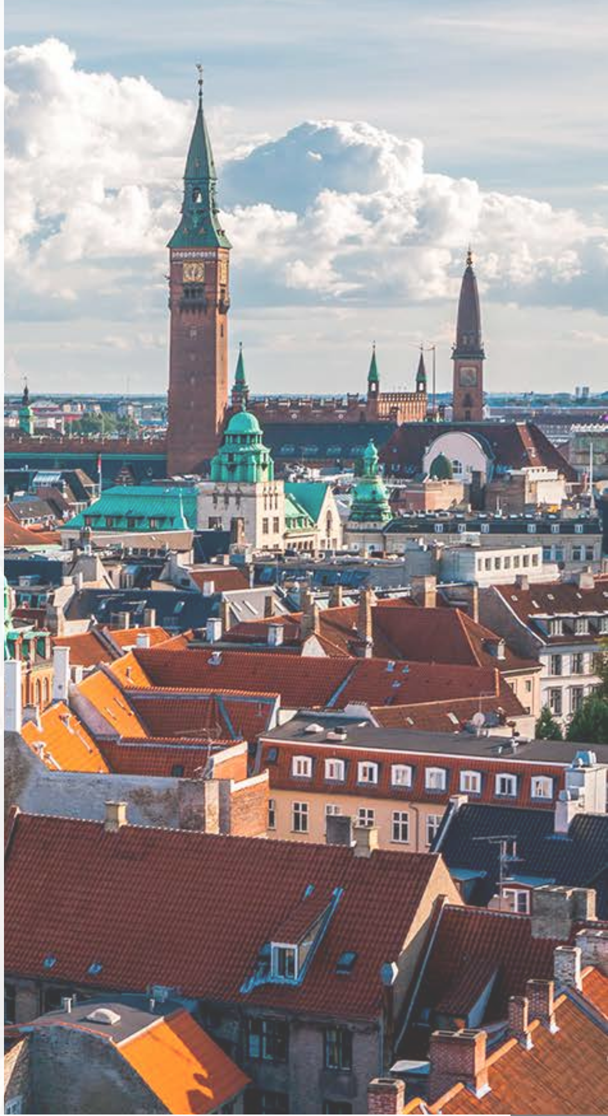
- EBITA EUR -3.1 million (-21.7)
- Attributable to Rail business, lower volumes and costs for discontinuing businesses



Total Group: Q2

Total Group

- Sales -10.4% to EUR 295.5 million
- Operative EBITA EUR 2.0 million (-21.0)



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

	Medium to long – term target	Rolling 12 months
Growth	Annual growth of 2-4%, including selective acquisitions	-3.6%
EBITA-margin	EBITA-margin of at least 5%	2.8%
Cash conversion	Cash conversion of 95-100% of EBITA	-34.2% of EBITA
Capital structure	Leverage of 2.0-1.5-2.5x net debt / EBITDA	4.3 x net debt / EBITDA

Second phase initiated

- Focus on operational improvements in the Core business
  - Reduce costs
  - Increase capacity utilisation
  - Improve processes
  - Improve adaptability
  - Improve organisation and management functions

- Signs of improved sales and profitability in Core
- Long-term strategy to ensure sustainable growth, profitability and shareholder value

Q&A