



Annual General Meeting 2016

CEO review

Axel Hjärne, CEO
2 May 2016



Press release: 02 May 2016 at 08:30 CET

Eltel closes acquisitions with U-SERV and EVB in the German platform for smart metering business

Eltel has completed the previously announced acquisitions of U-SERV GmbH and the metering related field operations of EVB Billing und Services GmbH. By the acquisition of U-SERV Eltel becomes the 100% owner of the company. By the deal with EVB, the customer base in metering related field services and personnel of the company are transferred to Eltel. Both transactions have entered into force on May 1, 2016.

Eltel announced the signing of the contract to acquire U-SERV GmbH, a company operating in the electricity and gas metering sector in Germany on April 22, 2016. At the same time Eltel announced the contract to acquire metering related field service assets of EVB Billing und Services GmbH. The deal with EVB comprises the transfers of EVB's customer base as well as approximately 80 employees to Eltel.





Eltel in the society

FY 2015 business performance

Market prospects and strategy

Ownership and share price

Summary

Eltel in brief



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

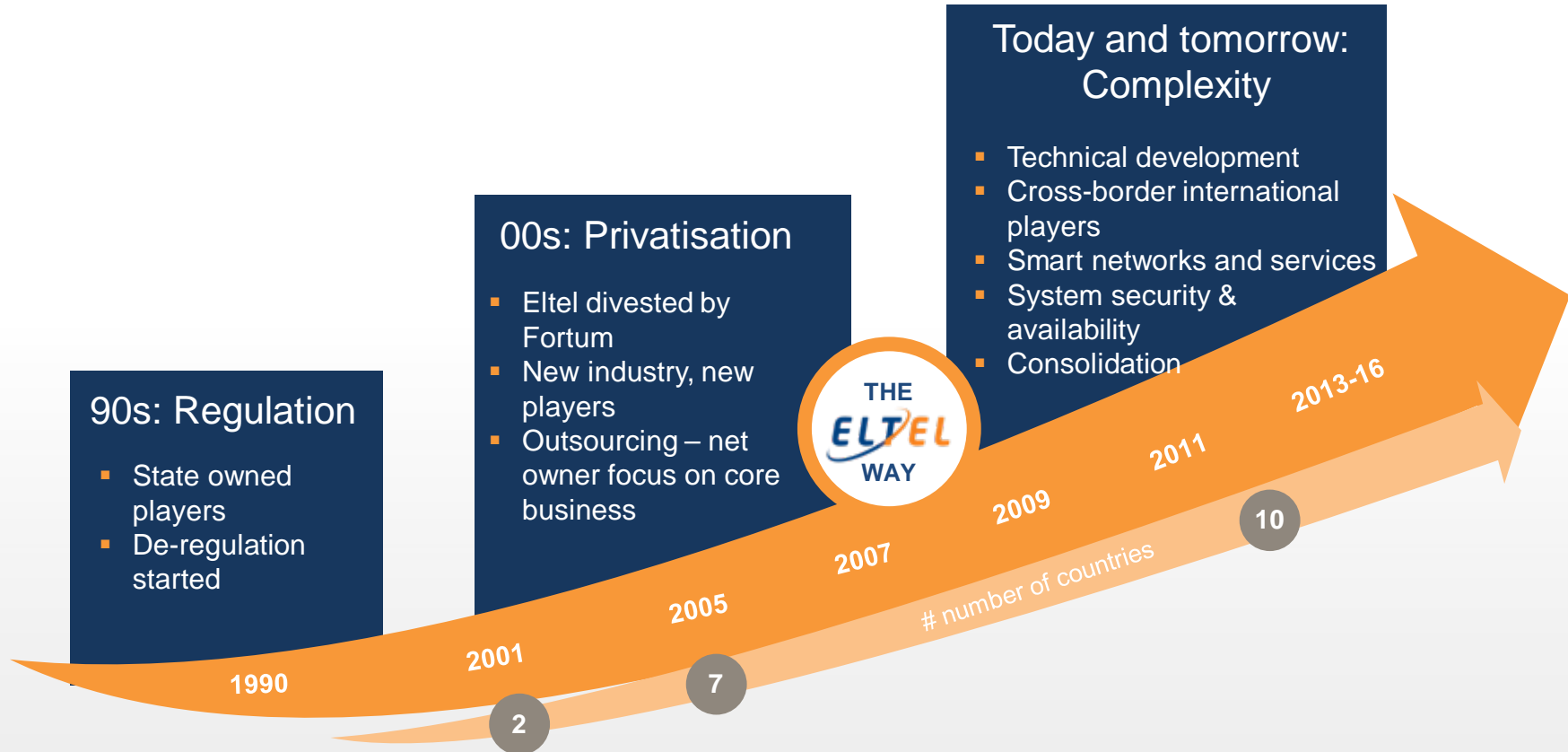
Operations in 10 countries

Net sales EUR 1.25 billion

9 600 employees



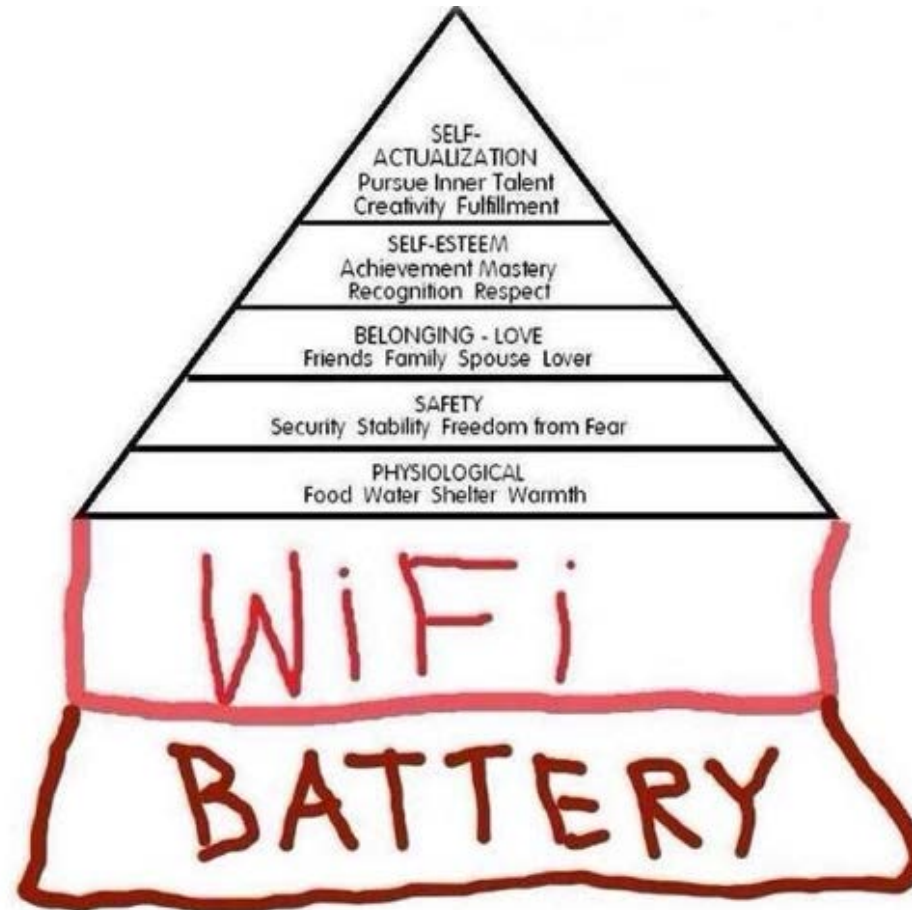
Our history – efficiency and growth



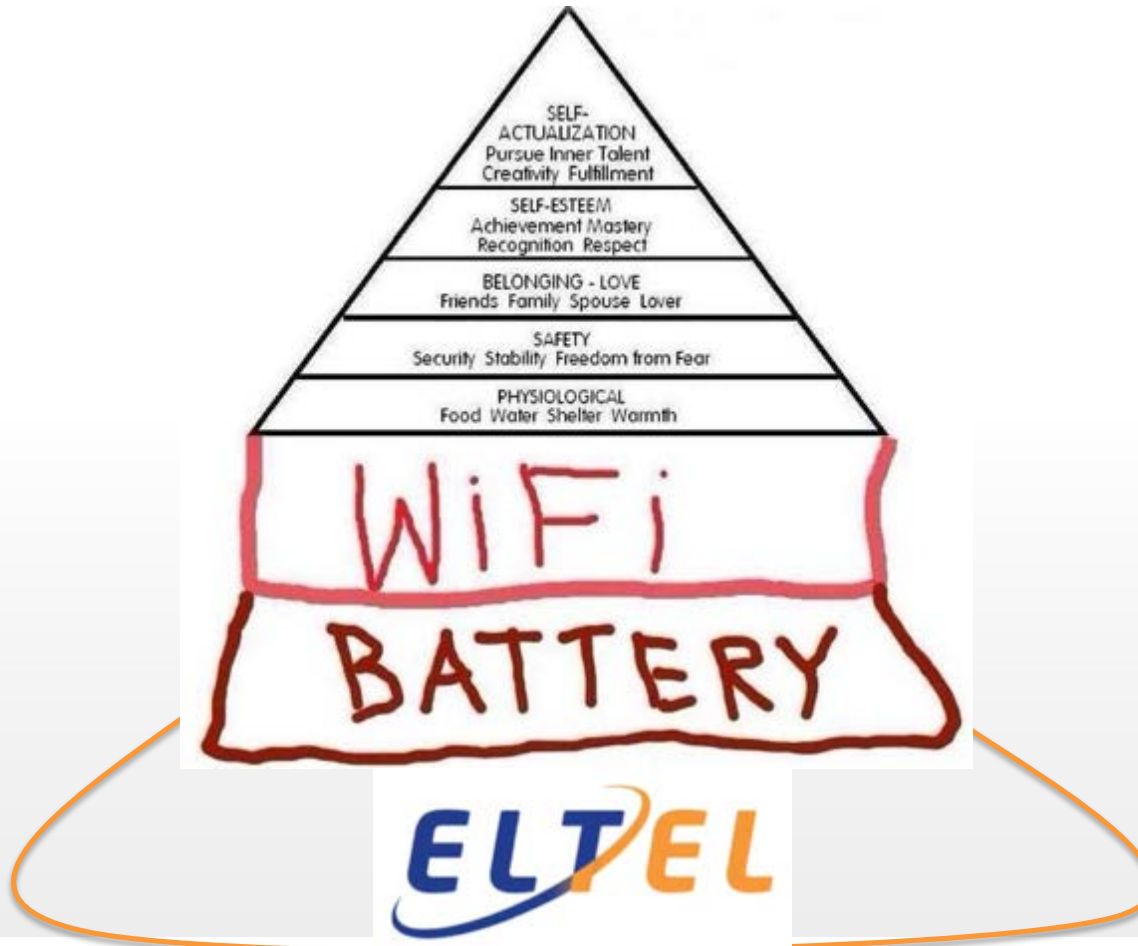
Society of today is adding new needs to Maslows' pyramid...



... requiring continuos online connections...



... and Eltel aims at responding to these...



Consumers are looking for a more sustainable world

- Contribution to society
- Sustainability
- HSE
- Transparency and management



Eltel's plays an important role in the value chain

Operator and/or network owner



Independent service providers



Critical technical services ensuring:

- Availability, flexibility, quality & cost optimisation
- Skilled people in core business
- Continuous improvement & innovation

End-users





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FY 2015 highlights

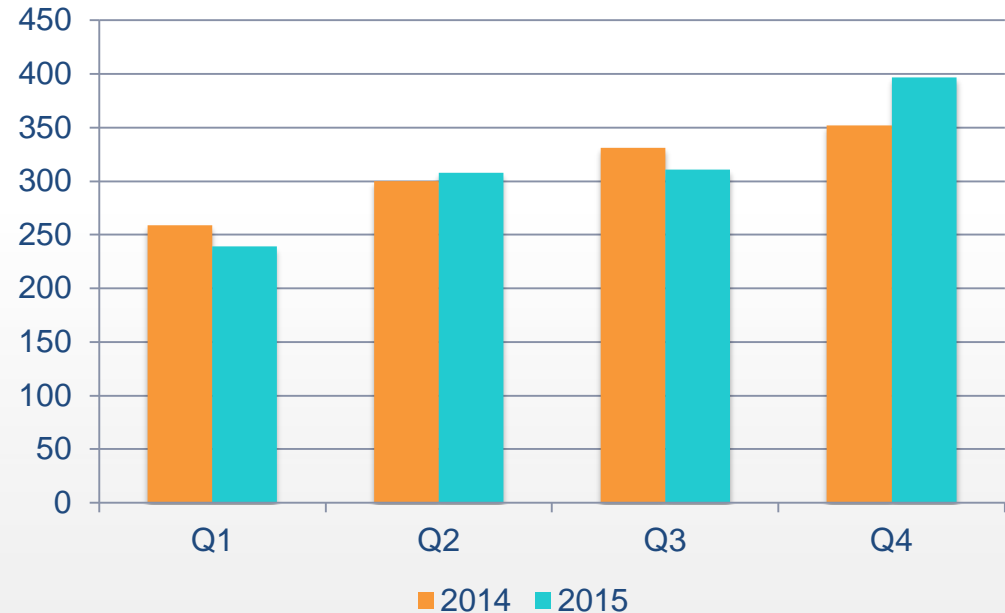
- Successful listing at NASDAQ Stockholm
- Captured the favourable market conditions in our industry
 - Large frame agreements and gradually improved order intake
- M&A strategy and process proven
- Delivering on our financial targets
- Expanding our geographical footprint
- Internal energy in the organisation
 - Recruitment of many new competent employees
 - Dedication shown in LTI programme
 - Implementation of continuous efficient processes



FY 2015 Net sales

FY 2015 Net sales EUR 1.255 m (1.242) EURm

- +2.9% FX adjusted
- +4.5% organic*) growth
- Power: power transmission in Nordics & Germany and projects in Africa
- Communication: EltelSønnico, fibre and mobile roll out projects



Adjusted total net sales growth >10%

Three acquisitions completed in 2015

- one in each of Eltel's segments

Power

Edi.Son Energietechnik GmbH:

- Platform for entry to German power transmission market
- Specialised in planning, design and construction of overhead lines and cable systems
- Annual net sales of EUR 20-25 million

Communication

Eltel Sønnico JV (remaining 50% of shares):

- Building and maintaining infrastructure for fixed and mobile communication in Norway
- Scale and integration synergies for Eltel's Norwegian operations
- Group net sales increasing with approx. EUR 200 million annually

Transport & Security

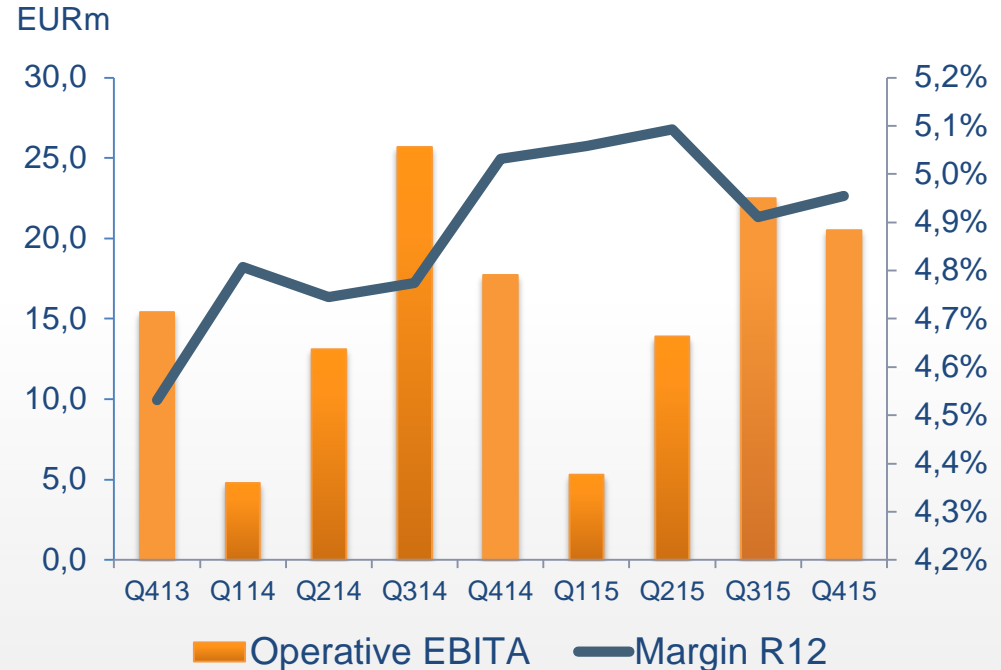
Vete Signaltjenester AS

- Important market position in the Norwegian railway signalling service market
- Growth potential and clear synergies - complementary to Eltel's current offering
- Annual net sales of approx. NOK 60 million

FY 2015 Operative EBITA

FY 2015 Operative EBITA

- EUR 62.2 million (61.3).
- 5.0% of net sales (4.9).
- Good performance in Communication offset by lower performance in Power.
- Transport & Security weaker mainly in rail in Norway.



Good performance in all Group segments in 2015

Power

Net sales
EUR 567.6 m (515.9)
+10.0% FX adj.

Operative EBITA
EUR 29.6 m (32.1)
5.2% margin (6.2)

Communication

Net sales
EUR 543.7 m (584.0)
-4.3% FX adj.^{*)}
+2.6% organic

Operative EBITA
EUR 34.2 m (25.8)
6.3% margin (4.4)

Transport & Security

Net sales
EUR 151.7 m (154.2)
1.3% FX adjusted

Operative EBITA
EUR 11.4 m (12.1)
7.5% margin (7.9)

^{*)} the Norwegian communication business was deconsolidated during 1-8/2015

Financial targets

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

Outcome 2015

Sales growth

Average annual sales growth of around 10%, split in 5% organic and 5% growth from M&A

>10.0%



EBITA-margin

EBITA-margin of approximately 6%

5.0%^{*)}

Cash conversion

An average cash conversion of 95-100% of EBITA

**76%
120% adj. IPO costs**



Capital structure

Leverage of 2.0-2.5x net debt/EBITDA

2.0



Dividend policy

Approx. 50% pay out ratio of net profit with some flexibility - scope for acquisitions and deleveraging

EUR 0.24/share^{)}**
35% of net profit
51% adj. NRI & tax DTA





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Market drivers continue to be strong

POWER

- Ageing infrastructure
- Smart networks
- Sustainability

COMMUNICATION

- Global connections
- Mobile evolution
- Data traffic volumes

TRANSPORT & SECURITY

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

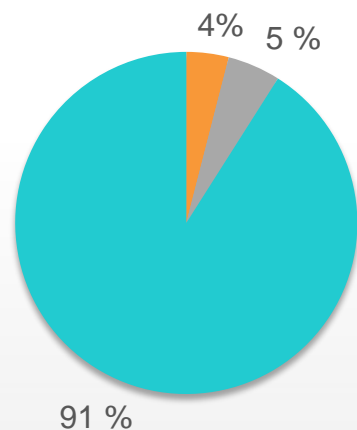


MEGA-TRENDS
Underlying drivers for organic growth

Addressable market expected to reach **EUR 28 billion in 2017**

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

Solid market potential



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%



Eltel's strategic agenda

Vision: Be the European Leader in Infranet Technical Services

1

**Further Improve
Operating Performance**

2

Drive Organic Growth

3

Pursue Selective M&A

Medium to Long Term Financial Targets

The Eltel Way – a service model that makes difference



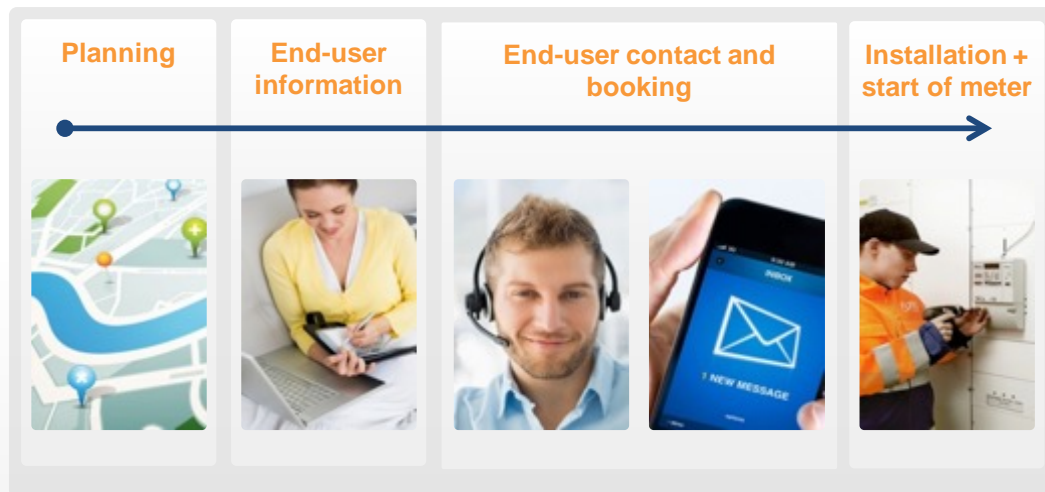
Agenda 2016

- Health & Safety
- Improved efficiency
 - Group shared service functions
- People development
 - Increasing requirements of managerial skills
 - More complex business: broader, more specialised and international
- Specialisation of business lines
- Capitalisation on unique competence and strong growth



Strong position in Europe for smart meter roll-outs

- Unique Infranet know-how based on integration of Electricity-Communication-IT
- References of approx. five million smart meters enable further expansion in European countries
 - Most experienced in Europe with 3.5 million smart meters previously installed
 - Several new orders won in 2015 in Norway and Denmark totalling 1.6 million units



Further potential in optical fibre roll-outs

- Eltel – over 10 years of fibre experience from large scale roll-out and field services
- 10 million homes passed in Northern Europe
- Eltel's international best practises for fibre roll outs to be used in all markets for highest efficiency and customer satisfaction.

- Next generation mobile (5G) and WiFi require fibre connectivity to fully utilise the bandwidth
- Core backbones of the network need to be upgraded to serve the “always online” Internet of Things users in the future



Nordic fibre penetration 2013-2018E*:

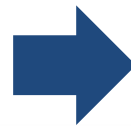
- Sweden 26 → 43%
- Norway 20 → 37%
- Denmark 14 → 25%
- Finland 11 → 25%

Other markets current fibre penetrations:

- Germany 2%
- UK 2%
- Poland 0%

Committed order backlog at record level

Committed order backlog
EUR 920 m
+35% Y/Y



- Committed order backlog is mainly related to project orders and also includes committed orders in frame agreements
 - Delivery time normally 1-4 years
 - Mainly in power transmission and rail
- Soft order backlog in a large portfolio of frame agreements
 - Maintenance and upgrades
 - Duration normally 2-5 years



M&A and business development

Nordics								
	Sweden	Finland	Norway	Denmark	Baltics	Poland	UK	Germany
Fixed Comm.			EltelSønnico				BT/Carillion	
Mobile Comm.			EltelSønnico				Huawei/EE/ Vodafone	
Power Transmission								Edi.Son
Power Distribution			Hafslund, Soria, Skagerak	DONG				U-SERV EVB
Rail&Road		Celer Oy	Vete					
Aviation & Security								

Strong presence ●

Present ●

Not Present ●

Actions 2015 □

Actions 2016 □



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FY 2015 business performance

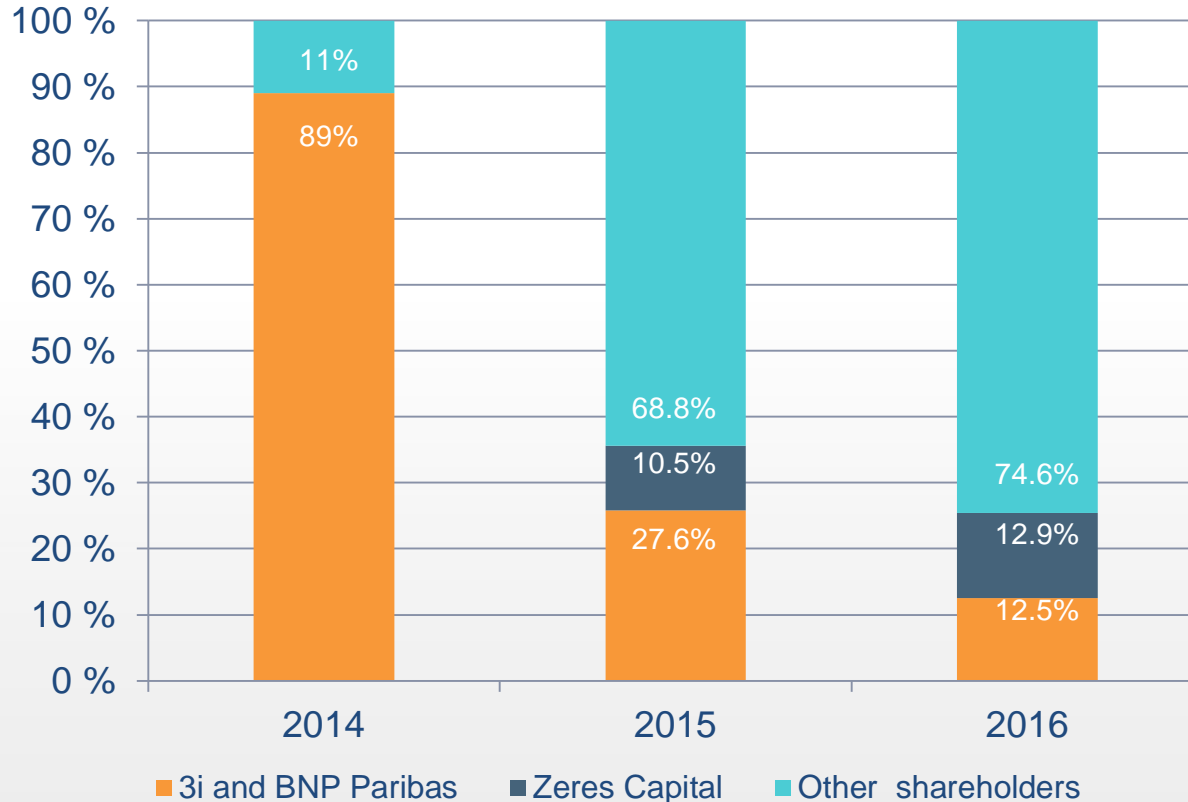
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Broadened shareholder base since IPO

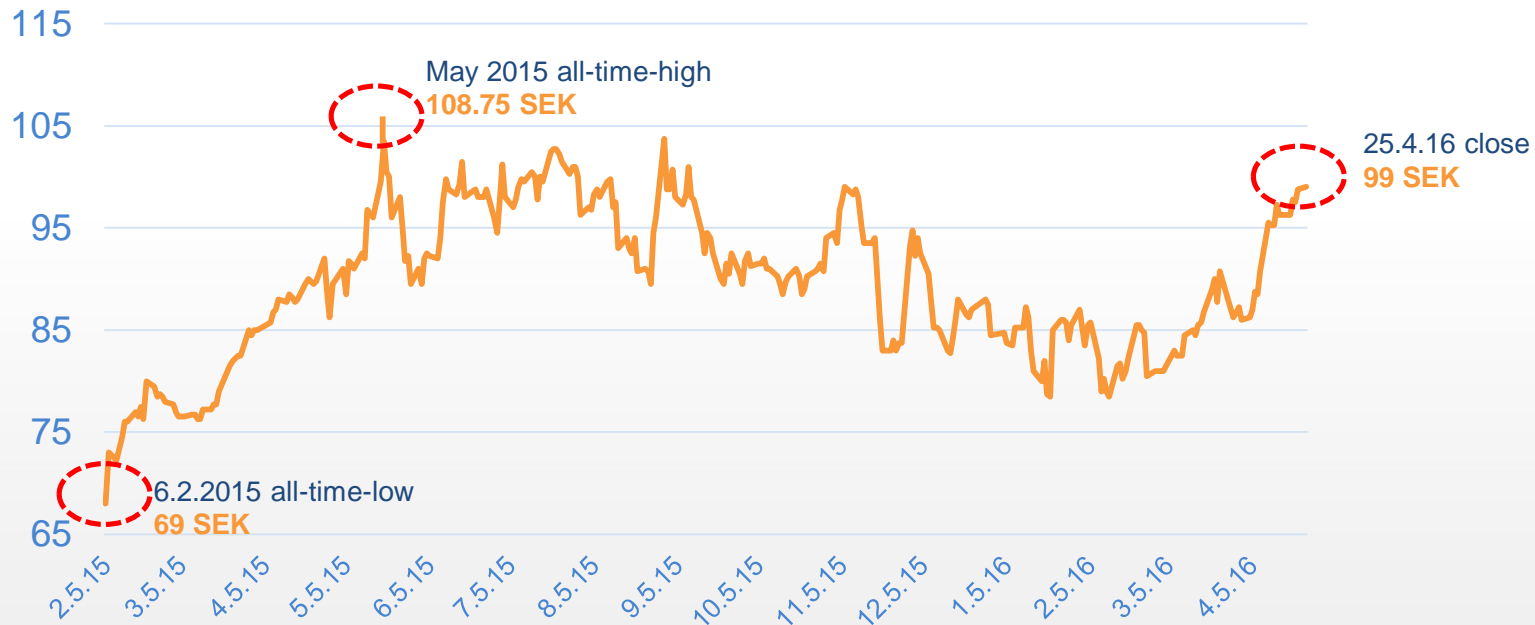
- Eltel currently has approximately 2,000 shareholders



SHAREHOLDERS	SHARE OF CAPITAL AND VOTES, %
Zeres Capital	12.90 %
Lannebo fonder	9.89 %
Swedbank Robur Fonder	9.57 %
Fourth AP-fund	9.22 %
3i-controlled entities	7.65 %
Total	49.22 %
Other shareholders	50.78 %
TOTAL SHARES OUTSTANDING	100.00 %

Eltel AB share price development +24.3% in 2015

— Closing price





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Eltel celebrating 15 years



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Thank you!

www.eltel

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