



Road show presentation

Q4 and FY 2015

February 2016





Eltel and the Infranet market

Market prospects

Strategy and financial targets

Q4 and FY 2015 business performance

Summary

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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

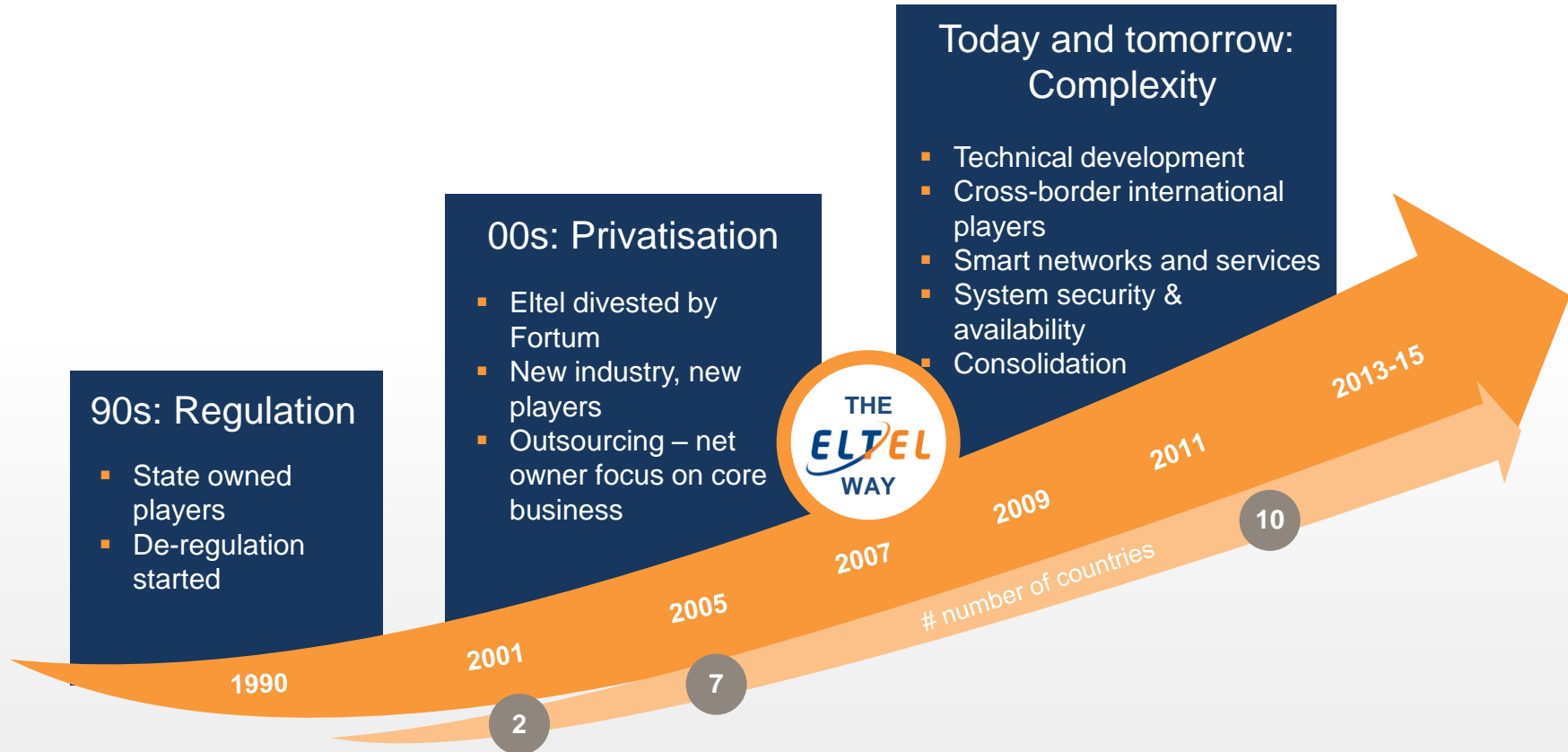
Operations in 10 countries

Net sales EUR 1.25 billion

9 600 employees



Our history – efficiency and growth



Our services – in three business segments



Power



Communication



Transport & Security

**FY2015
Net Sales**

€1 255 m



**45%
€568 m**

Power
Transmission

Power
Distribution



**43%
€544 m**

Fixed
Communication

Mobile
Communication



**12%
€152 m**

Aviation &
Security

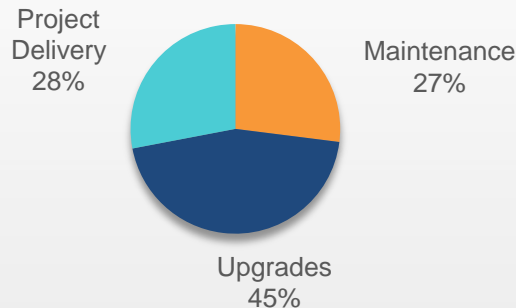
Rail & Road

Contract types

Contract description

- Majority of revenue (>70%) is flow business¹⁾
 - Comprised of maintenance and upgrade work
- Project delivery are generally recurring tender-based projects to stable and large government entities
- Unit pricing, not paid by the hour
- 2.5 million work orders annually
- Average annual revenue per customer of €140,000

Services split¹⁾



Typical contract type and size¹⁾

		Contract type	Typical work order
Flow Business	Maintenance	Multi-year frame agreement	EUR 100–200
	Upgrades	Multi-year frame agreement	EUR 2 000–6 000
Project Basis	Project delivery	Project basis	EUR 2–20 million



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Large and growing market

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

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

- Upgrades of infrastructure
- Large national rollouts of smart meters

- Rollout of fiber in Europe
- Rollout of 3G/4G in Europe

- Electrification of railways
- Outsourcing of services in security

MEGA-TRENDS

POWER

- Ageing infrastructure
- Smart networks
- Sustainability

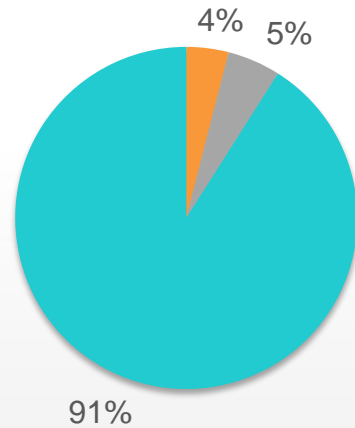
COMMUNICATION

- Global connections
- Mobile revolution
- Data traffic volumes

TRANSPORT & SECURITY

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

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%





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The Eltel Way

– a specialised model that makes difference



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

Agenda 2016: operating performance

- 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



Agenda 2016: organic growth

POWER

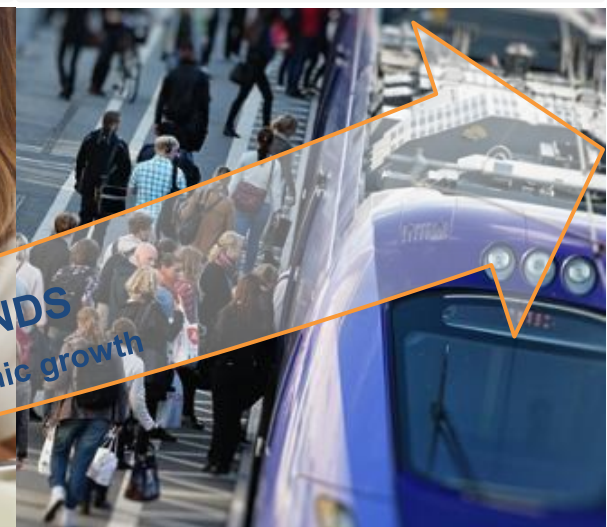
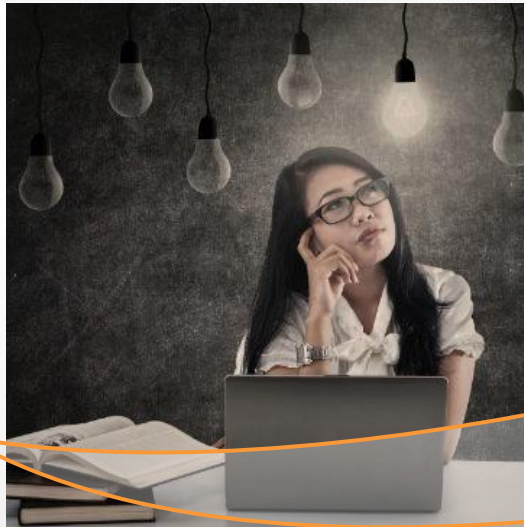
- Ageing infrastructure
- Smart networks
- Sustainability

COMMUNICATION

- Global connections
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TRANSPORT & SECURITY

- Increased transport needs
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MEGA-TRENDS
Underlying drivers for organic growth

Improvement focus areas in 2016:

- Power transmission order intake
- Rail business in Norway

Agenda 2016: organic growth

- Committed order backlog at highest level ever at year-end

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



Agenda 2016: Selected M&A, strong pipe-line







Strong presence ●
Present ●
Not Present ●
Actions 2015 ■

Nordics

	Sweden	Finland	Norway	Denmark	Baltics	Poland	UK	Germany
Fixed Comm.	●	●	■ EltelSønnico	●	●	●	■ BT/Carilion	●
Mobile Comm.	●	●	■ EltelSønnico	●	●	●	■ Huawei/EE/Vodafone	●
Power Transmission	●	●	●	●	●	●	●	■ Edi.Son
Power Distribution	●	●	■ Hafslund, Soria, Skagerak	■ DONG	●	●	●	●
Rail&Road	●	●	■ Vete	●	●	●	●	●
Aviation & Security	●	●	●	●	●	●	●	●

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

*) adjusted for IPO costs.

**) BoD proposal to the AGM.



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Q4 highlights



- Favourable market conditions continued in the Infranet market
- Significant amount of new contracts won in all segments
- Committed order backlog up 35% year on year
- Double digit net sales growth
- Operative EBITA margin above 5%
- Very strong cash generation



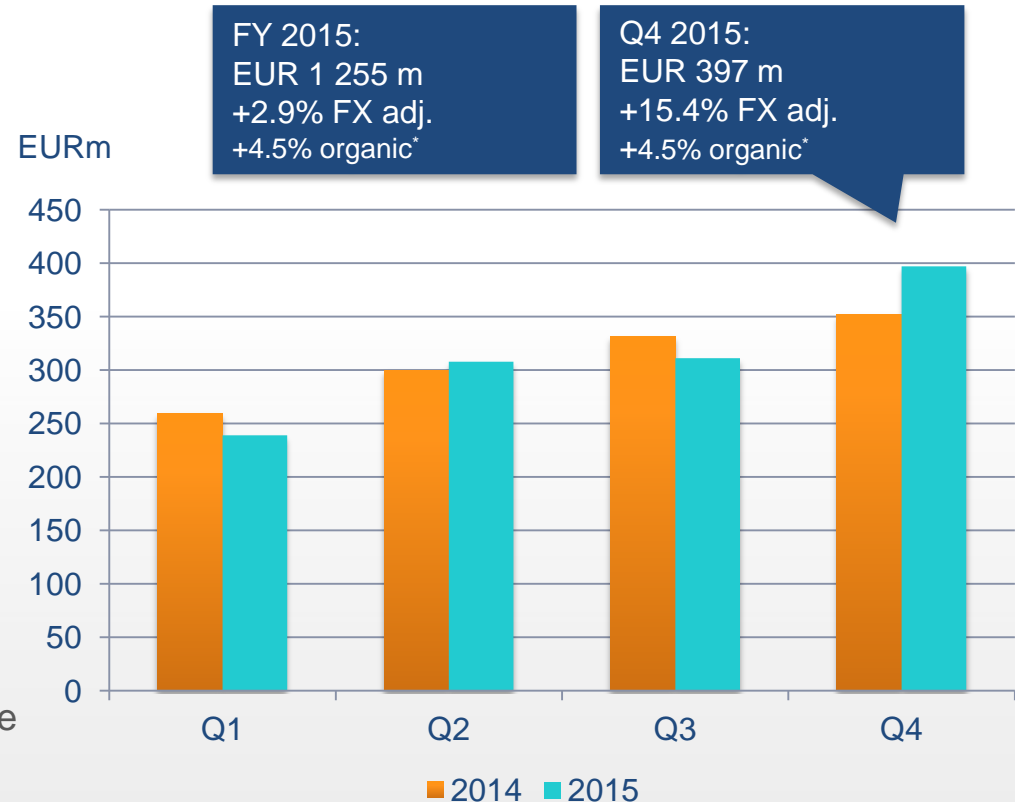
FY 2015 highlights

- 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



Q4 and FY 2015 Net sales

- **Q4 2015** Net sales EUR 397 million (352)
 - +4.5 % organic^{*)} growth
 - Acquisition in Germany and Norway
- **FY 2015** Net sales EUR 1 255 m (1 242)
 - +4.5% organic^{*)} growth
 - Power: cabling projects in Finland, power transmission in Nordics & Germany and projects in Africa
 - Communication: EltelSønnico, fibre and mobile roll out projects
 - Transport & Security: lower sales due to end of Rakel contract in Q2 2015



^{*)} organic net sales do not include Norwegian communication business and the Edi.Son, Sønnico and Vete acquisitions in 2015 and are presented at comparable exchange rates.

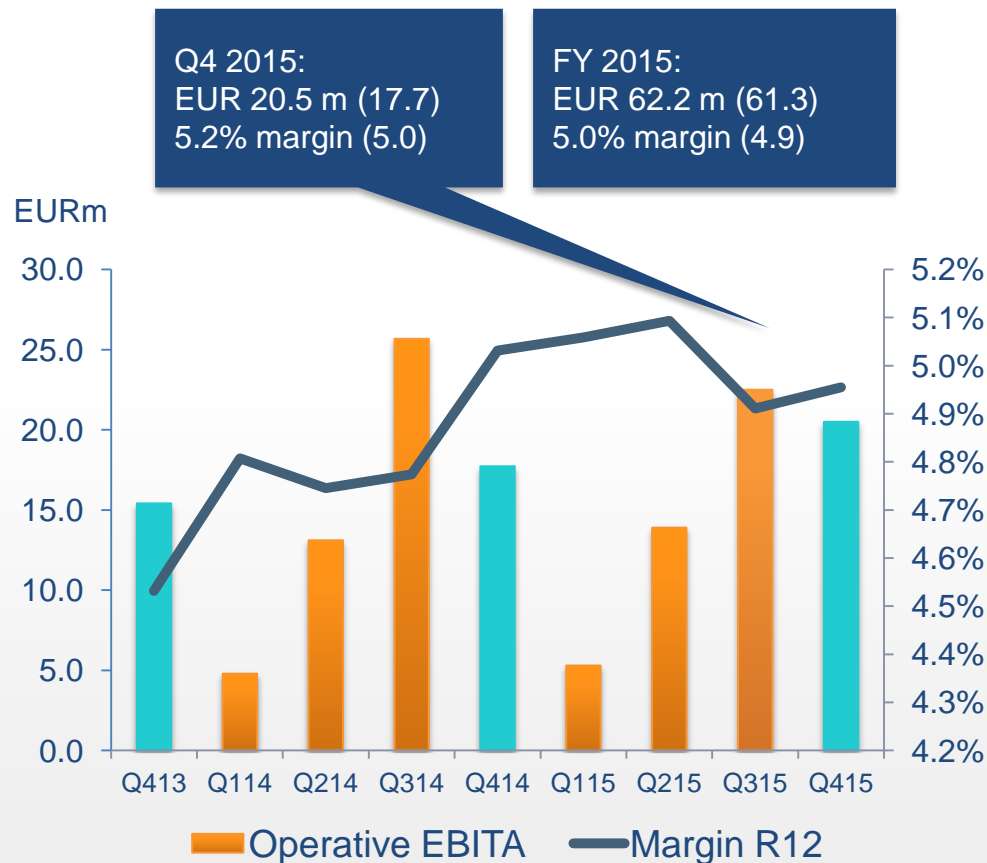
FY 2015 Net sales comparability

Net sales, EUR million	FY 2015	FY 2014	Growth %	FX adj. Growth %
Group net sales	1,254.9	1,242.1	1.0	2.9
Net sales from acquisitions	99.1		8.0	8.7
Norwegian communication business transferred to EltelSønnico	-	121.6		
Group organic net sales	1,155.8	1,120.6	3.1	4.5

Adjusted total net sales growth >10%

Q4 and FY 2015 Operative EBITA

- **Q4 2015 Operative EBITA**
 - EUR 20.5 million (17.7).
 - 5.2% of net sales (5.0).
 - Strong performance in Power and Communication.
- **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.



Financial KPIs

EUR million	Q4 2015	Q4 2014	FY 2015	FY 2014
Net sales	397.3	352.3	1,254.9	1,242.1
Operative EBITA	20.5	17.7	62.2	61.3
Non-recurring items	-	-6.7	-1.7	-22.7
EBITA	20.5	11.0	60.5	38.6
Operating result (EBIT)	16.5	7.9	46.6	26.2
Result after financial items	14.3	3.7	32.2	7.2
Net result for the period	17.3	8.7	43.2	11.1
Earnings per share EUR, basic and diluted	0.27	0.17	0.69	0.12
Operative cash flow	90.4	66.3	45.8	88.9

No non-recurring items in Q4 2015.

Significantly improved result due to lower net financial expenses (reduced debt), no non-recurring items.

Net result in 2015 positively impacted by EUR 17 million new deferred tax assets

Very strong cash flow in Q4 due to improved operational efficiency and better payment terms in supply chain financing



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Power in Q4 2015

- Strong growth in distribution and transmission

Net sales:

- Higher sales in power distribution business in the Nordics
- Positive contribution from power transmission projects in the Nordics and Germany
- High activity in electrification projects in Africa

Operative EBITA:

- Positive contribution from new power transmission business in Germany
- Positive impact from well-managed substation projects in Poland

Q4 Net sales
EUR 171.3 m (142.6)
+22.1% FX adj.

Q4 Operative EBITA
EUR 10.2 m (8.0)
5.9% margin (5.6)

Orders:

- Transmission Poland EUR 26 m
- Distribution Denmark EUR 20 m
- Distribution Norway 300,000 smart meters
- Transmission Sweden EUR 13 m (after period)

Communication in Q4 2015

- Growth and improved performance

Net sales:

- Positive impact from consolidation of EltelSønnico
- Several fibre roll out projects
- Increased volumes in maintenance

Operative EBITA:

- Improved performance in Germany
 - Efficient scale-up of operations
- Strong performance in the Nordics
 - Best practice utilisation
 - Further specialisation of business lines

Q4 Net sales
EUR 192.4 m (168.4)
+17.6% FX adj.
+1.4% organic

Q4 Operative EBITA
EUR 13.5 m (10.1)
7.0% margin (6.0)

Orders

- Renewal of frame agreements Finland
- Frame agreement Germany EUR 20 m
- Frame agreement Finland EUR 15 m (after period)

Transport & Security in Q4 2015

- Finalisation of Rakel and weaker business mix

Net sales:

- Effect of ended Rakel project compared to last year
- Lower sales in aviation and security in Denmark
- Negative impact of reduced volumes attributable to lower order intake in early 2015

Operative EBITA:

- Impact from ended Rakel contract
- Lower profitability in rail business; weaker business mix and lower performance in rail projects in Norway

Q4 Net sales
EUR 37.5 m (45.4)
-15.6% FX adjusted

Q4 Operative EBITA
EUR 1.4 m (2.4)
3.8% margin (5.4)

Orders

- Six Nordic contracts EUR 24 m
- Frame agreement Norway EUR 9 m
- Frame agreement Denmark EUR 10 m

Financial comments & assessments

Capex

Asset-light business. Annual net capex of slightly more than 1% of net sales. Capex in 2015 at EUR 12 million, 1.0% of net sales.

Goodwill

Goodwill at the end of 2015 at EUR 464 million (406), mainly related to 3i acquisition of Eltel (2007). Increase in goodwill in 2015 related to Edi.Son, Eltel Sönnico and Vete acquisitions. Annual impairment tests conducted.

Amortisation

Intangible assets in balance sheet at EUR 82 million (85), allocated to customer relations and brand. Amortisation in 2015 related to customer relations. Amortisation in 2015 at EUR 13.9 million (12.4) and in Q4 2015 at EUR 4.0 million (3.1). Pre-IPO assets expected to be fully amortised in 2017.

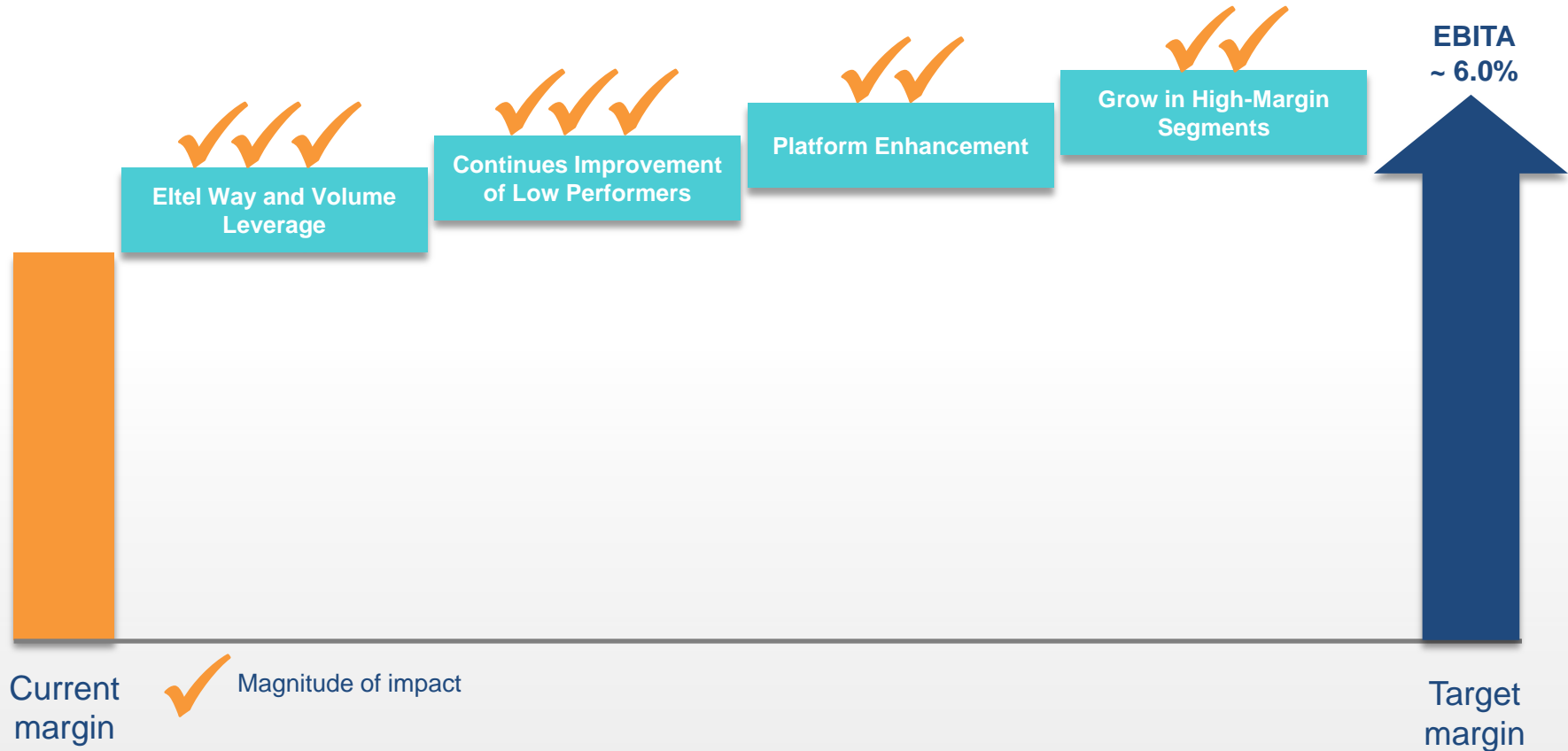
Net financials

Net financials of EUR -14.4 million in 2015 and EUR -2.2 million in Q4 2015. Post-IPO loan facility of EUR 210 million and RCF of EUR 90 million. CP programme of EUR 100 million since Q3 2015.

Taxes

2015 cash tax ~10% of EBT. P&L tax in 2015 positive at EUR 11 million as a result of utilisation of additional tax loss carry forwards. In Q4 2015 net tax gain of EUR 2.9 million. With current assumptions, P&L tax in 2016 expected to be ~ 21% of EBT, cash tax clearly lower than P&L tax.

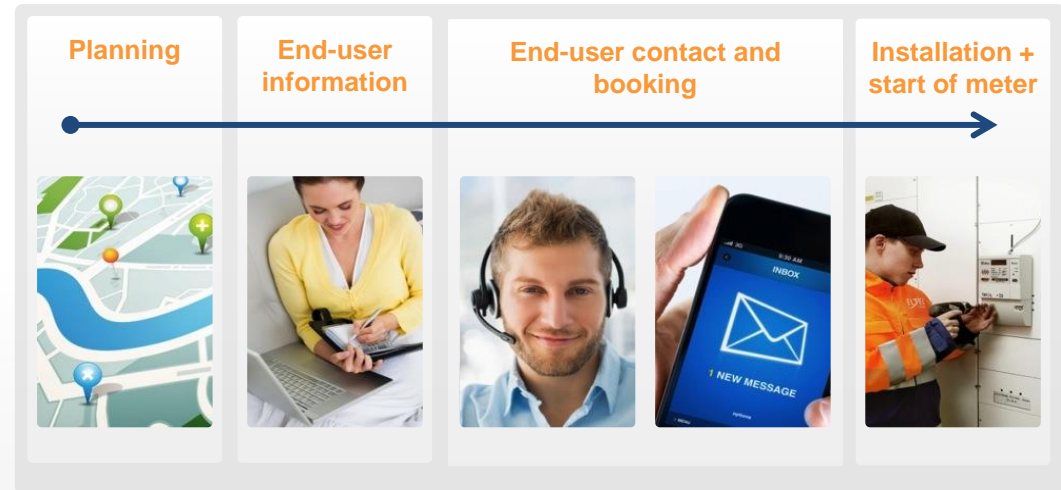
Further improve the operating performance



Power

- Strengthened leading position in smart meter roll outs

- Several orders won in 2015 in Norway and Denmark totalling 1.6 million units
- Most experienced in Europe with 3.5 million meters previously installed
- References enable further expansion in European countries
- Roll out scope: customer communications, meter & equipment installations, materials & logistics management
- Unique Infranet know-how based on integration of Electricity-Communication-IT



Transport & Security

- Break-through for maintenance within rail business in 2015

Lidingöbanan & Spårväg City



- Customer: Stockholms Lokaltrafik
- Contract length: 6 years (2016-2021)
- Contract value: EUR 8 million
- Scope: Maintenance of existing tram lines

Öresund bridge & Storebælt bridge



- Customer: Sund&Bælt Holding AS
- Contract length: 3 years (2016-2019) + 1 optional year
- Contract value: EUR 10 million
- Scope: Maintenance and renewal services

A person wearing a blue and orange jacket is holding a rugged mobile phone. The background is the side of a white van with the 'ELTEL' logo in blue and orange letters. The website 'www.eltel' is partially visible on the van.

Thank you!

Eltel to report Q1 2016 on 11 May 2016

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