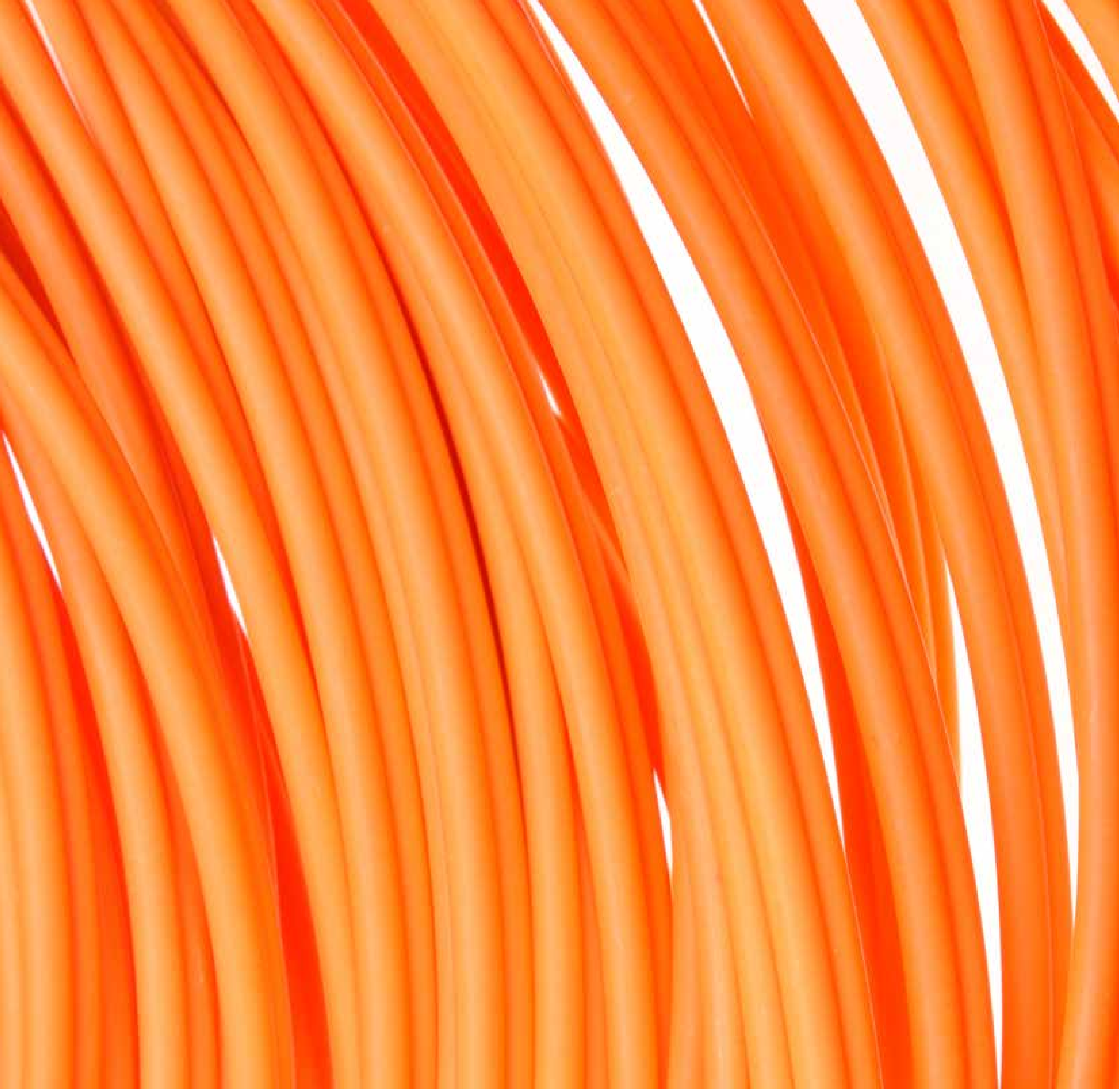


ANNUAL REPORT 2014

ELTEL

CONTENT

"Our vision is clear. We want to evolve from being a lead-ing, to the leading European provider of technical services for critical infrastructure of society – so called Infranets."


ELTEL

The evolution of Eltel and the industry

The Infranet services industry was formed over a decade ago as a result of deregulation of the power and telecom markets and privatisations across Europe, which prompted operators of infrastructure networks to begin outsourcing the services provided by their in-house technical services organisations.

In 2001, Eltel was established as an independent Infranet services company when Fortum Oy in Finland decided to outsource its field service organisation. During the Eltel's early days, the Group underwent its most intense phase of acquisitions, executing 33 bolt-on acquisitions and outsourcing transactions across multiple product segments and countries including Sweden, Denmark, Norway, Finland, Poland, Estonia and Lithuania. In 2005, the Group merged with Swedia Networks AB, which significantly strengthened Eltel's offering in the communication segment.

In 2008 Eltel introduced and started the implementation of the Eltel Way business services model as well as launched an operational efficiency programme and streamlined its operations.

In 2011, the Group changed from a geographically focused business to a global organisation with specialised international business units including technicians working crossborder. The year after Eltel entered the UK with a contract for National Grid, in a joint venture with Carillion plc. Since then the company has made market entries within the power segment in Germany and within the rail services business in Denmark and Norway. Moreover, in 2014 Eltel entered into a joint venture with Sønnico for communication services in Norway and was awarded an approximately EUR 110 million power transmission project delivery contract in Zambia, the Group's largest contract ever.

European Commission estimates investment needs of between EUR 1.5–2.0 trillion by 2020 across the EU's energy, communication/IT and transport sectors.

ELTEL TODAY

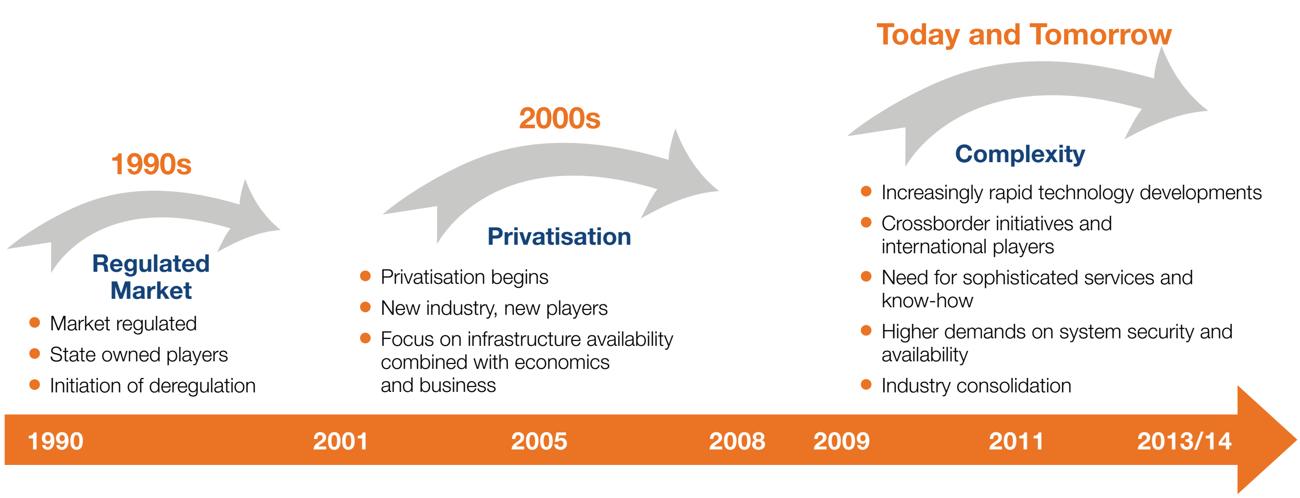
Eltel is today a leading European provider of technical services to the Infranet industry, comprising companies that own and operate critical infrastructure networks in the areas of Power, Communication and Transport & Security. Eltel provides a broad and integrated range of services spanning from project planning and execution to installation services and services related to maintenance and operation.

MAJOR INDUSTRY GROWTH DRIVERS

Driven by ageing networks, rapid technological change and regulatory pressures, European countries have commenced and are expected to continue making substantial investments to build, upgrade and maintain the next generation of infrastructure. According to the European Commission, estimates point to investment needs in the range of between EUR 1.5–2.0 trillion until 2020 across the EU's energy, communication/IT and transport sectors. Infrastructure networks are at the centre of these significant investment needs. The scope of the investments in the Infranet industry is going beyond modernisation and capacity expansion, further increasing society's reliance on emerging intelligent infrastructure networks. The new infrastructure aims to be more efficient, cheaper to operate and maintain and environmentally friendly.

The anticipated future growth of the Infranet technical services market is underpinned by several favourable fundamental trends. These trends include:

- increasing regulatory requirements,
- continued increase in the level of outsourcing,
- ageing power infrastructures,
- increased use of renewable and energy-efficient solutions,
- continous strong increase in data traffic,
- technology-driven shifts in consumer demand,
- convergence of networks.



Eltel – a leading European provider of infranet technical services

Eltel is a leading European provider of technical services for the critical infrastructure networks – Infranets – of our society when it comes to power, communication and transportation. In that way we operate at the very heart of a more connected society.

Eltel provides a broad and integrated range of services spanning from project planning and execution to installation services and services related to maintenance and operation. The full range of technical service types covers everything from standard products to custom-tailored solutions; all building on our deep understanding and experience with a broad range of technologies.

Maintenance services – implementation of infrastructure to connect retail and wholesale customers to operator networks and care services, which include scheduled and corrective maintenance and managed services.

Upgrade services – the implementation of customers' plans to recover the condition of infrastructure, technology update installations or change of technology.

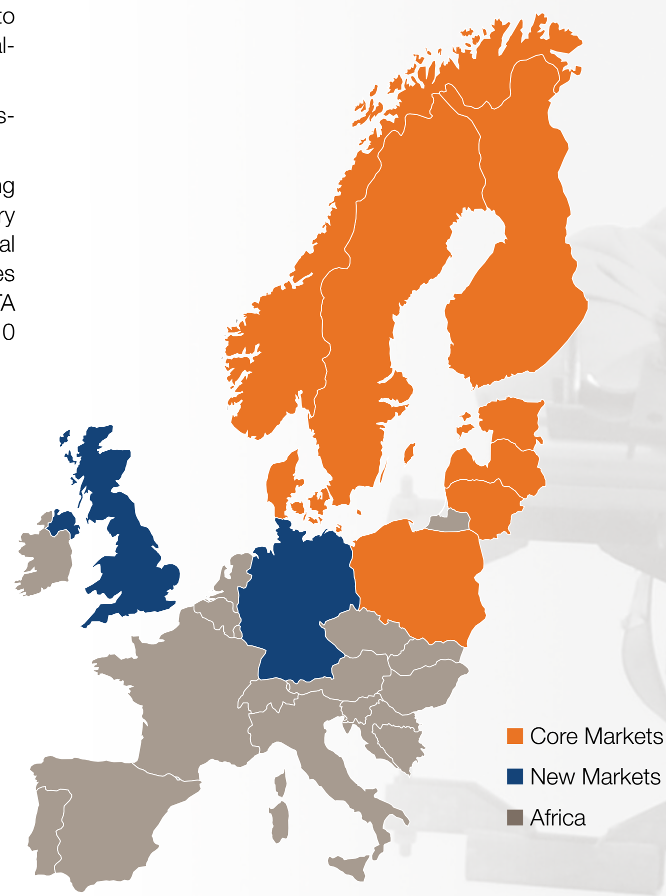
Project delivery services – engineer and build projects on customer specifications for infrastructure network investments.

The group began its journey towards becoming a leading European provider of technical services for the Infranet industry in early 2000. Eltel has since grown rapidly and for the financial year ended 31 December 2014, the Group generated net sales of more than EUR 1.2 billion and reported an operative EBITA of EUR 61 million. It has approximately 8,600 employees in 10 countries.

THE WORLD OF ELTEL

With its roots in Finland and Sweden, Eltel has a strong position in the Nordic region – which also is its largest geographical market. Today, Eltel has also gained leading positions in the Baltic region and Poland, as well as establishing growth platforms in Germany and the United Kingdom.

Outside of Europe, Eltel is one of the most experienced Infranet services providers within Power in Africa, with over 30 years of experience from the African continent.



OUR BUSINESS – IN THREE SEGMENTS

Eltel is a provider of technical services to the Infranet industry, spanning Eltel Group's three business segments.

POWER

Within the Power segment Eltel provides technical services to operators of high, medium and low voltage power transmission and distribution networks. The segment is building power for a future society in all the Group's markets, Africa included. The Power segment offers the full range of service types. Eltel services comprises for power transmission and power distribution. Transmission contracts relate to the design, engineering, procurement, installation and commissioning of substations and overhead lines. Distribution contracts relate to designing, building and maintaining overhead lines, underground cables, outdoor lighting, installations of wind power parks as well as smart meter roll-outs.

COMMUNICATION

Within the Communication segment Eltel provides technical services for backhaul and access networks and a wide range of mobile communication and data networks. Communication is the foundation for rapidly growing markets and the demands from the end-consumer are emerging by the day. The Communication segment operates in all Eltel's geographical markets in Europe, although in the UK it is still being established. Communication includes both fixed and mobile communication. Within Communication Eltel mainly offers maintenance and upgrades services, largely as part of frame agreements. The segment provides services ranging from standard services to custom-tailored solutions.

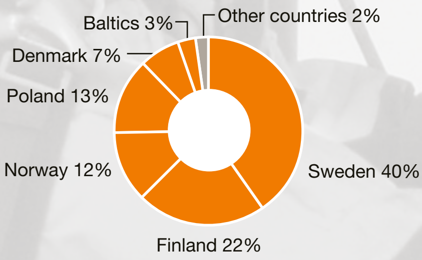
TRANSPORT & SECURITY

Within the Transport & Security segment Eltel offers the full range of service types for the defence, rail, road and aviation sectors. The Transport & Security segment is the foundation for a secure and well functioning society. It is operated in Sweden, Denmark, Finland and Norway. Utilising a number of specialised engineers, Eltel designs and supports operations of some of the most sophisticated networks in the Nordic region.

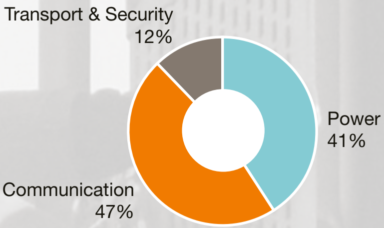
Approximately 8,600 employees in 10 countries

Net sales more than EUR 1.2 billion

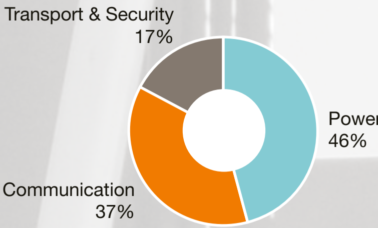
NET SALES BY COUNTRY
2014



NET SALES BY SEGMENT
2014



OPERATIVE EBITA BY SEGMENT
2014



“2014 – a year of several breakthroughs for Eltel”

Eltel has reached many important milestones since its inception in 2001, but 2014 was probably our most exciting year so far. Through additional improvements of our service model “The Eltel Way”, we further strengthened our profitability and our organic growth in local currencies amounted to no less than 11%. We signed several large and strategic contracts within all segments – a clear evidence of satisfied customers, a strong offering and a solid, underlying demand on the Infranet market. 2014 was also the year we prepared our IPO on Nasdaq Stockholm that took place on the 6th of February 2015.

The way in which the company has developed is of course closest to my heart, but let me start off by mentioning a few words regarding our recent listing. We initiated the process last summer, and for many reasons a listing was a natural next step in the evolution of Eltel. It gives us access to both the Swedish and the international capital markets – an important option as we plan to grow organically as well as through acquisitions going forward. By going public, we also increase the awareness of Eltel as a provider of technical services amongst both existing and potential customers, it sharpens our ability to recruit new staff to meet our future growth and it strengthens our financial position.

The listing was a success with a very good interest from investors, both in the Nordics as well as internationally, and the offering was over-subscribed many times. The IPO also gave us a shareholder structure with many well-known institutional investors including Zeres Capital, the AP4, Robur Funds, and Lannebo Funds who commited to subscribe for a large part of the offering even before it was launched.

CLEAR STEPS TOWARDS OUR NEW FINANCIAL GOALS

This listing means a new and exciting phase for Eltel. A wider group of owners expect us to seize opportunities as well as perform financially. We have set new financial targets for the company, including an average yearly growth of 10%, of which 5% is organic and 5% through acquisitions. During 2014 we increased our net sales by 8%, which was pure organic growth. Adjusted for currencies, our growth was 11%. We are also aiming for an EBITA margin of 6%. Our earnings adjusted for costs related to the IPO (operative EBITA), increased during 2014 to approximately EUR 61 million, corresponding to a margin of 4.9%. Hence, during the last three years Eltel has shown a consistent trend of increased profitability. Our third target is a cash conversion of 95–100% – a target that we exceeded by far in 2014. In conjunction with the IPO, a refinancing took place as well as a lowering of our interest-bearing debts, which has given us a more solid financial position. This is a huge step closer to our fourth financial target – a net debt/EBITA of 2.0–2.5 times.

ALL SECTORS SHOWED PROFITABLE GROWTH DURING THE YEAR

Something which was greatly satisfying during 2014 was that our three business segments; Power, Communication and Transport & Security all showed profitable growth. The demand in our main markets, the Nordics, Poland, and the Baltics, continued to be strong and we made several exciting breakthroughs in our new markets Germany and the UK.

Within Power, where we provide services for power transmission and distribution, demand was driven from increased investment among our customers in Finland, Norway and Poland, as well as electrification projects in Africa. The increased investments are driven by regulations from EU and individual countries, which require that all countries should introduce smart meters by 2020 – a shift where the Nordics has been at the forefront. In addition, aged power lines and power stations are upgraded and renewed in order to meet future requirements of a sustainable electrical infrastructure with multiple energy sources and a mixture of small and large-scale production.

The Communication segment, in which we install and maintain networks for mobile and fixed communication, showed an increased growth during the year, mainly driven by the strong trend of installing fibre to homes, but also the transition to 4G within the mobile infrastructure market. As an effect of improved internal efficiency, we also increased profitability during the year. In addition we merged our Norwegian operations with Norwegian Sønnico in a joint venture which, towards the end of the year,

“Eltel has reached many important milestones since its inception in 2001, but 2014 was probably our most exciting year so far.”

President and CEO Axel Hjärne

resulted in a five-year contract with Telenor in Norway. At the beginning of 2015 we also signed a new and extended contract with TeliaSonera in the Nordic and Baltic regions.

Within our smallest segment, Transport & Security, where we deliver technical services for rail, road, aviation and defence sectors, we showed a strong growth in 2014 of 25%. Above all, we made progress within rail, with many new contracts in all Nordic countries driven by large investments within electrification and signalling systems. Our profitability within the segment decreased however compared to previous years as a result of a changed mix of maintenance and projects.

GOOD PROSPECTS BASED ON STRONG MEGA TRENDS

We are now a few months into 2015 and in May we will present the results for the first quarter, a quarter that historically is our weakest of the year as a result of the winter weather which makes it more difficult to provide certain services to our customers. Our future growth prospects are however solid and our addressable market currently has a turnover of around EUR 28 billion, and is considered to show stable, long term and non-cyclical growth of around 5–6%. The drivers of the Infranet market are often expressed as mega trends. This term is logic as it reflects how our use of technology is becoming a decisive part of the way we live our lives with demands on an upgraded, faster, smarter, and more modern infrastructure. Moreover, there is the trend of increased outsourcing – a trend that was the starting point for both Eltel and the Infranet market at the start of this century and which is believed to continue as many large network owners in Europe still haven’t outsourced the maintenance and upgrades of their networks. Our core strategy however is to grow with our existing customers and on the existing markets. During the years, Eltel has built a solid customer base with long-term relationships and recurring revenues from many blue chip companies. At the start of a financial year, around three quarters of the full-year’s revenue is secured from orders and framework agreements. This implies a very stable platform for the company.

WE ARE READY TO TAKE THE NEXT STEP TOWARDS OUR VISION

Our vision is clear; we aim to be the market leader in selected, significant European markets in the same way that we are in our core markets. In recent years we have established operations in the UK and Germany – markets where our mid-term focus will be on taking an increasingly larger part of the market.

As we are a service company, our most important asset is of course our employees. The past five years we have focused on creating the “Eltel Way” – a strong company culture which builds on dedication, efficiency and specialisations. As our 8,600 employees are our interface with customers, we have implemented a decentralised organisation with more than 400 result-driven units, each with very specific roles, areas of responsibility and incentives. Our specialisation creates opportunities to use best practice, to have a cross-border workforce and seize growth phases in various markets. Our key to success, both regarding growth as well as profitability, is to continue to develop our employees, working processes and methods within the concept “The Eltel Way” which has been the foundation to our success over recent years. I would like to take the opportunity to thank all our customers for their cooperation and our employees for the huge commitment they have shown during 2014, and to welcome all new shareholders in the company. We have come a long way on the journey of Eltel. Both the management team and I are dedicated to continue to develop employees, working processes and methodes and to take the company to the next level.

Axel Hjärne
President and CEO of Eltel

The Eltel Way – a specialised service model that makes the difference

The Eltel Way is a leading business services model and differentiator in the Infranet industry. The Eltel Way outlines how the company organise, empower and support employees to improve processes and guarantee good customer delivery. Eltel Way is a key factor behind Eltel's market leading positions.

WHAT WE DO

Eltel has some 400 teams, consisting of around 20 specialists each, working in the ten countries where we are active. Each team is dedicated to a specific competence area. Eltel operates in an integrated business model where cross-geography experiences ensure best practice in each business segment. Eltel operates close to the customer and has a business driven organisation that is built from the bottom-up with the line in charge. Strong performance from every person is possible through management empowerment.

Leadership development is an integrated and prioritised part of Eltel's operations, which makes it hard to duplicate. Initiatives in several key focus areas make leaders stand out.

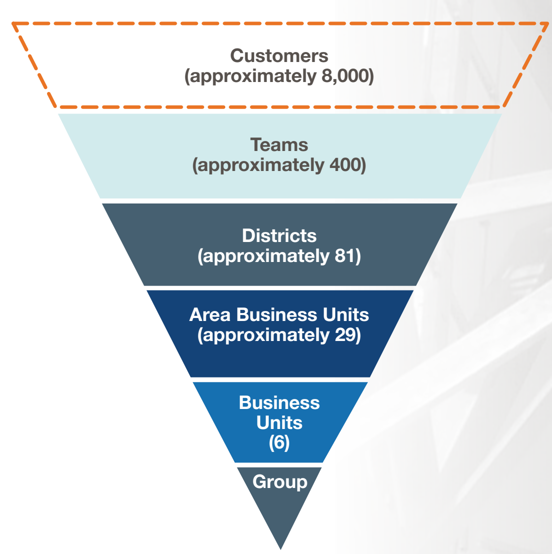
- Structure: Eltel operates according to a decentralised organisation structure with approximately 400 different specialised profit centres.
- Reporting: Eltel uses a monthly uniform and transparent reporting structure across business segments and geographies.
- Culture and people: Eltel promotes a culture of empowerment, proactivity, specialisation, health and safety and continuously strives to develop and incentivise its key asset, its employees.
- Operational efficiency: Eltel continuously works with improving processes and transfer of best practices across the business through use of business unit KPIs and benchmarking monitored under a common ERP reporting system.

WHAT YOU GET

Eltel's value promise has never changed. It is part of who we are, what we do and how we are perceived. We are boosting Infranet quality by ensuring:

- Availability, quality and flexibility
- Competitive costs
- Skilled people
- Innovation

Eltel has the critical Infranet competencies and combines them to offer synergies and opportunities for operators and utilities. By being one of the largest players in the market, Eltel builds a knowledge database of state-of-the-art solutions. Ground-breaking methods in one single project can be implemented on equivalent projects on all markets. From a customer perspective, working with Eltel means entering into a close partnership – most of our key customers have been with us for more than ten years. Especially appreciated is the local flexibility and efficiency in decision-making combined with high quality service delivery, which is enabled by a decentralised and specialised business model.



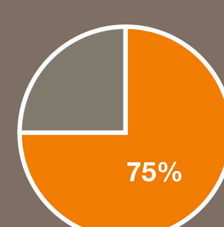
> "It is easy to work with Eltel. They have a structured way of working with good reporting, clear descriptions and processes. This makes projects efficient."
>
> Gert Kristensson
>
> *Department Head for project E.ON Elnät AB*

A BROAD AND GROWING CUSTOMER BASE WITH BLUE-CHIP COMPANIES

Eltel is a trusted supplier of high-quality technical services to a customer base consisting of major infrastructure network operators and owners across several end-markets. With leading capabilities and market reputation being key requirements for winning and retaining contracts, Eltel believes it is very well-positioned to maintain and further grow its customer base. Historically, customer churn has been very low, underpinned by frame agreements and Eltel's high degree of process and systems integration with its customers. The nature of the Group's business and contract portfolio provides for high annual revenue visibility with the majority of revenue generated from maintenance and other recurring services. Based on the Group's revenue for the year ended 31 December 2013 and including project delivery business and expected volumes under existing frame agreements, approximately 75% of the Group's 2014 revenue was visible at the beginning of 2014.

GREAT CUSTOMER RELATIONS...

...RESULTING IN RECURRING REVENUES



Approximately 75% of net revenues are known at beginning of year

Profitable and faster than the market growth

Eltel generated net sales of EUR 1,242 million and reported an operative EBITA of EUR 61.3 million for the year ended 31 December 2014. Since the Group's establishment in 2001, annual revenue has grown six-fold.

The Group operates according to an asset-light business model that provides strong and resilient cash flow generation. The cash generation is driven by recurring and visible revenue streams, limited capital expenditure needs, flexible cost base, and a balanced earnings profile as a result of well-diversified end-markets. In the year ended 31 December 2014, the Group generated cash conversion of 145% adjusted for non-recurring items.

THE SHARE IN BRIEF

- Eltel was introduced on the Nasdaq Stockholm Exchange on 6 February 2015.
- On 13 February, the number of shares was 62,624,238, each representing one vote.
- The subscription price at the IPO on Nasdaq Stockholm was SEK 68, giving Eltel a market capitalisation of more than SEK 4.2 billion.

DIVIDEND POLICY/PROPOSAL

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.

Due to the Company's new share issue in conjunction with the IPO in order to reduce net debt and strengthen the capital base, no dividend is proposed to be paid out during 2015.

FINANCIAL TARGETS

Eltel's Board of Directors has adopted the following medium- to long-term financial targets, which should roughly be seen as three- to five-year period.

KEY FIGURES

EUR Million	2014	2013
Net sales	1,242.1	1,147.5
Net sales growth, %	8.2	0.3
Operative EBITA	61.3	52.0
Operative EBITA margin, %	4.9	4.5
Non-recurring items*	–22.7	0.3
EBITA	38.6	52.3
EBITA margin, %	3.1	4.6
Operating profit (EBIT)	26.2	35.6
EBIT margin, %	2.1	3.1
Result after financial items	7.2	15.1
Net result for the period	11.1	11.5
Earnings per share EUR, basic and diluted	0.12	0.14
Leverage ratio**	5.4	5.0
Leverage ratio, proforma reduced debt post-IPO**	3.2	3.3
Leverage ratio, proforma adj. for non-rec. items, reduced debt post IPO**	2.2	3.3
Operative cash flow	88.9	57.3
Cash conversion, %	230	109
Number of personnel, end of period	8,647	8,459

* mainly IPO-related costs in 2014
** calculated on a rolling 12-month basis

VISION

Eltel's vision is to be the leading Infranet services company in Europe.

FINANCIAL TARGETS	OUTCOME 2014
Average annual organic revenue growth of approximately 5% and average 5% annual growth from M&A including new outsourcing	Full-year growth 8.2%. At comparable exchange rates net sales increased by 11.1%, all organic growth
A reported EBITA margin of approximately 6%	Operative EBITA margin of 4.9%
An average cash conversion of 95–100% of EBITA	230% (145% adjusted for non-recurring items)
A leverage ratio of 2.0–2.5x Net Debt/EBITDA	5.4 and 2.2 proforma adj. for non-rec. items, reduced debt post IPO

EUR 28 billion

Eltel addressable market in 2017 (PwC study). Potential in additional not outsourced market – today **30–35%** of the total market.

THE ASSUMPTIONS ON WHICH THE GROUP HAS BASED ITS MEDIUM- TO LONG-TERM FINANCIAL TARGETS INCLUDE THE FOLLOWING:

- The Group is able to achieve revenue growth in its core Markets (Finland, Sweden, Norway, Denmark, the Baltic region and Poland), at a level approximately in line with the average level of market growth expected across these markets. The market growth expectation is based on a recently made PwC Market Study.
- Revenue growth in Eltel's New Markets (Germany and the United Kingdom) shall be supported by selected acquisitions of platforms and other investments (including joint ventures and similar arrangements), which the company believes will allow it to drive market penetration and leverage organic growth.
- The Group will continue to focus on carefully selected business opportunities in its overseas export markets (primarily Africa) resulting in limited growth in these markets.
- The Group will continue to evaluate M&A and outsourcing opportunities in both its core Markets and New Markets, with priority given to building platforms for continued growth in the Power segment, especially in Germany, Norway and Poland, in the Transport & Security business segment across the Nordics, and acquiring further outsourced activities from the larger network operators in the Group's existing markets.
- The Group is able to maintain its current margins across its core Markets and New Markets, and across business segments, and able to develop margins in line with current performance trends, as a result of the continuing focus on on-going improvement programmes, the positive effect of increased leverage, and segment business mix changes.

Our sharing of best experiences to partners contribute to a more sustainable society

Eltel's core business is maintainance, upgrade and project delivery services for the lifelines of society when it comes to power, communication, transportation and defence. In that way the company operates at the very heart of a more sustainable society.

In 2014, Eltel formalised its sustainability efforts by signing the United Nations Global Compact initiative. This initiative is a principle-based framework for businesses to work proactively for human rights, working conditions, anti-corruption and fair business issues as well as to report on their implementation.

The four dimensions in the Global Compact initiative overlap well with Eltel´s previous efforts in the field. In fact, Eltel has organised its strategic sustainability efforts in four similar dimensions: environment, employee, economy and health & safety.

ENVIRONMENT

Eltel contributes to a more sustainable society through its core business, which is increasing energy efficiency by building and fine-tuning smart grids and smart metering systems. The company also implements turnkey wind power parks and underground road cabling as well as boosts internal efforts when it comes to emission goals.

EMPLOYEES

Eltel's culture and way of working is manifested in The Eltel Way, which includes regulations and policies as well as the highlighted values and internal culture that enable us to boost transparency and ethical behaviour. In 2014 Eltel started an e-learning project that improves compliance with The Eltel Way guidelines, reporting and policies.

HEALTH & SAFETY

Eltel staff often work under hazardous conditions, which is why ensuring safe working conditions is a top priority for the company. From day one Eltel seek to implement a Zero accident vision. Among other initiatives Eltel has built a training centre in Poland to enhance occupational safety. The company will continue to minimise lost time injuries, minor injuries and near misses.

Eltel Sustainability Review, published in 2014, was the first of its kind for Eltel. The company is in process to define its medium-term goals to reduce the number of lost time injuries and integration of sub-contractor reporting with Eltel reporting system. Also the environmental reporting of fleet outside the Nordic countries is under development. Eltel is convinced that we are on the right track to reach our vision of being the strong contributors to building the smart and sustainable society of tomorrow.

REPORTED RESULTS OF CORPORATE RESPONSIBILITY

	2014	2013
Number of employees, end of the year	8,647	8,459
Of which employees < 30 years, %	20	20
Of which employees > 55 years, %	18	18
Health and Safety		
– Absence due to illness, incl. long term illness, %	3.8	4.1
– Lost time injuries per million working hours	11	11
– Number of fatal accidents	0	0
Nordic fleet of cars and vans, units end of the year	2,813	2,879
– Average CO_2 emissions g/km per unit as reported by manufacturer	193	206

Four year summary

CONDENSED CONSOLIDATED INCOME STATEMENT

EUR million	Full-year 2014	Full-year 2013	Full-year 2012	Full-year 2011
Net sales	1,242.1	1,147.5	1,149.0	1,011.4
Cost of sales	–1,078.3	–1,004.1	–1,008.9	–883.6
Gross profit	**163.8**	**143.4**	**140.1**	**127.8**
Other income	8.4	8.6	2.9	2.8
Expenses	–132.8	–99.6	–97.0	–86.9
Share of profit/loss of joint ventures	–0.7	0.0	–	–
Operating result before acquisition-related amortisations (EBITA)	38.6	52.3	46.1	43.7
Amortisation of acquisition-related intangible assets	–12.4	–16.7	–15.2	–15.0
Operating result (EBIT)	**26.2**	**35.6**	**30.8**	**28.7**
Financial expenses net	–19.0	–20.6	–21.1	–22.4
Result before taxes	**7.2**	**15.1**	**9.7**	**6.3**
Taxes	3.9	-3.6	2.2	7.0
Net result	**11.1**	**11.5**	**11.9**	**13.3**

KEY FIGURES

EUR million	Full-year 2014	Full-year 2013	Full-year 2012	Full-year 2011
Net sales	1,242.1	1,147.5	1,149.0	1,011.4
Net sales growth, %	8.2	–0.1	13.6	18.1
Operative EBITA	61.3	52.0	47.8	46.2
Operative EBITA margin, %	4.9	4.5	4.2	4.6
Non-recurring items*	–22.7	0.3	–1.8	–2.5
EBITA	38.6	52.3	46.1	43.7
EBITA margin,%	3.1	4.6	4.0	4.3
Operating result (EBIT)	26.2	35.6	30.8	28.7
EBIT margin, %	2.1	3.1	2.7	2.8
Operative cash flow	88.9	57.3	30.1	50.2
Cash conversion, %	230	109	65	115
Number of personnel end of period	8,647	8,459	8,495	8,064

* mainly IPO-related costs i 2014

OPERATIVE CASH FLOW

EUR million	Full-year 2014	Full-year 2013	Full-year 2012	Full-year 2011
EBITA	38.6	52.3	46.1	43.7
Depreciation	11.0	12.3	10.6	10.1
Change in net working capital	48.1	4.0	–13.5	6.7
Net purchases of PPE	–8.9	–11.4	–13.1	–10.2
Operative cash flow (used in cash conversion key figure)	**88.9**	**57.3**	**30.1**	**50.2**

Quarterly figures

QUARTERLY KEY FINANCIAL FIGURES FOR THE GROUP

	Full-year 2014	Oct–Dec 2014	Jul–Sep 2014	Apr–Jun 2014	Jan–Mar 2014	Full-year 2013	Oct–Dec 2013	Jul–Sep 2013	Apr–Jun 2013	Jan–Mar 2013
Net sales	1,242.1	352.3	330.9	299.8	259.2	1,147.5	345.8	299.4	274.4	227.9
Net sales growth, %	8.2	1.9	10.5	9.3	13.7	0.3	5.3	1.4	–2.5	1.4
Operative EBITA	61.3	17.7	25.7	13.1	4.8	52.0	15.4	23.8	12.6	0.1
Operative EBITA margin, %	4.9	5.0	7.8	4.4	1.8	4.5	4.5	8.0	4.6	0.1
EBITDA	49.6	13.7	12.2	16.4	7.3	64.7	16.4	32.0	13.3	3.0
EBITA	38.6	11.0	9.7	13.6	4.4	52.3	13.2	29.1	10.2	–0.1
EBITA margin, %	3.1	3.1	2.9	4.5	1.7	4.6	3.8	9.7	3.7	–0.1
Operating result (EBIT)	26.2	7.9	6.6	10.5	1.2	35.6	10.0	22.4	6.8	–3.6
EBIT margin, %	2.1	2.2	2.0	3.5	0.5	3.1	2.9	7.5	2.5	–1.6
Result after financial items	7.2	3.7	0.9	6.3	–3.7	15.1	4.0	17.5	1.5	–7.9
Net result for the period	11.1	8.7	0.9	5.1	–3.6	11.5	3.6	14.0	1.6	–7.7
Earnings per share EUR, basic and diluted	0.12	0.17	–0.02	0.09	–0.11	0.14	0.05	0.29	0.01	–0.20
Return on capital employed, %*	54.4	54.4	38.1	63.6	69.6	44.7	44.7	42.6	38.9	36.2
Return on equity (ROE), %*	3.7	3.7	1.7	7.1	5.6	3.7	3.7	5.6	2.8	1.5
Leverage ratio*	5.4	5.4	5.8	4.3	4.4	5.0	5.0	5.0	6.2	6.8
Operative cash flow	88.9	66.3	19.4	–2.0	24.5	57.3	18.5	15.4	4.6	18.8
Cash conversion, %	230	604	201	–15	558	109	141	53	45	n.m.
Number of personnel, end of period	8,647	8,647	8,538	8,383	8,294	8,459	8,459	8,641	8,597	8,460

* calculated on a rolling 12-month basis

QUARTERLY SEGMENT INFORMATION

EUR million	Full-year 2014	Oct–Dec 2014	Jul–Sep 2014	Apr–Jun 2014	Jan–Mar 2014	Full-year 2013	Oct–Dec 2013	Jul–Sep 2013	Apr–Jun 2013	Jan–Mar 2013
NET SALES										
Power	515.9	142.6	143.9	123.0	106.5	481.2	146.0	127.7	116.0	91.4
Communication	584.0	168.4	150.4	141.6	123.6	551.3	162.9	143.9	133.9	110.7
Transport & Security	154.2	45.4	40.0	37.8	31.0	122.6	38.8	29.7	27.0	27.1
Net sales not allocated to segments	0.2	0.0	0.0	0.1	0.1	3.1	0.8	0.4	0.2	1.7
Elimination of sales between segments	–12.2	–4.1	–3.3	–2.7	–2.0	–10.7	–2.6	–2.4	–2.8	–2.9
Net sales, total	**1,242.1**	**352.3**	**330.9**	**299.8**	**259.2**	**1,147.5**	**345.8**	**299.4**	**274.4**	**227.9**
OPERATIVE EBITA BY SEGMENT										
Power	32.1	8.0	15.8	6.5	1.9	29.2	9.8	11.6	6.6	1.2
% of net sales	6.2	5.6	11.0	5.3	1.8	6.1	6.7	9.1	5.7	1.3
Communication	25.8	10.1	6.9	5.9	2.8	19.8	5.3	9.4	5.0	0.0
% of net sales	4.4	6.0	4.6	4.2	2.3	3.6	3.3	6.5	3.8	0.0
Transport & Security	12.1	2.4	3.5	3.2	3.0	13.1	4.0	4.5	2.7	1.9
% of net sales	7.9	5.4	8.8	8.5	9.5	10.7	10.4	15.1	10.0	6.9
Costs not allocated to segments	–8.7	–2.8	–0.5	–2.5	–2.9	–10.0	–3.7	–1.7	–1.7	–2.9
Operative EBITA	**61.3**	**17.7**	**25.7**	**13.1**	**4.8**	**52.0**	**15.4**	**23.8**	**12.6**	**0.1**
% of net sales	4.9	5.0	7.8	4.4	1.8	4.5	4.5	8.0	4.6	0.1

The Eltel Share

Eltel AB was introduced on the NASDAQ Stockholm on 6 February 2015 through an initial public offering of common shares. 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.

ELTEL'S TOP 10 SHAREHOLDERS FOLLOWING THE IPO

Shareholders	Number of shares	Share of capital and votes, %
3i-controlled entities*	12,524,849	20.0
Zeres Capital*	6,575,545	10.5
The Fourth Swedish National Pension Fund*	5,296,818	8.5
BNP Paribas S.A.*	4,732,625	7.6
Swedbank Robur Fonder*	3,516,954	5.5
Lannebo Fonder*	3,239,212	5.2
Didner & Gerge småbolag**	1,317,500	2.1
Fidelity Nordicfund**	1,317,500	2.1
Länsförsäkringar och Länsf. fonder**	997,968	1.6
SEB fonder**	763,848	1.2
Total top 10 shareholders	**40,282,819**	**64.3**
Management in Eltel*	3,201,487	5.1
Other shareholders	19,139,932	30.6
Total	**62,624,238**	**100.0**

* as notified SFSA trading day 6 February
** Euroclear statistics as per 13 February

HISTORY OF SHARE CAPITAL

The ownership structure of Eltel on 31 December 2014 was 3i-controlled entities owning 59.5%, BNP Paribas owning 29.5% and current and former management owning 11% of common shares. The amount of both common shares 621,320,720 and preference shares 242,315,070 was unchanged from year-end 2013. There were no changes in the share capital during 2014.

DIVIDEND POLICY

The Board of Directors has adopted a dividend policy whereby 50%, with some flexibility with pay-out ratio, of the Company's consolidated net profit shall be paid in dividends over time.

Furthermore, the Board of Directors shall take into account a number of additional factors, including the company´s future profits, investment needs, liquidity and development opportunities as well as general economic and business conditions, when proposing a dividend.

SHARE DATA

Listing	Nasdaq Stockholm
No of shares issued	62,624,238
Market capitalisation at 12 February 2015	SEK 4.8 billion
Ticker code	ELTEL
ISIN-code	SE0006509949

ANALYSTS FOLLOWING ELTEL

David Vagman, Charles-Henri De Mortemart	BNP Paribas
Viktor Lindeberg	Carnegie
Toby Reeks, Allen Wells	Morgan Stanley
Henri Parkkinen, Matias Rautionmaa	Pohjola Bank
Stefan Andersson, Victor Höglund	SEB Enskilda

CHANGES IN THE SHARE CAPITAL AFTER 31 DECEMBER 2014

Date of registration with the Swedish Companies Registration office	Transactions	Change in number of shares	Total number of shares	Change in share capital (EUR)	Total share capital (EUR)	Quota (par) value (EUR)
31 December 2014			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

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.

Board of Directors’ Report

Board of Directors' Report

The Board of Directors and the President and CEO of Eltel AB, corporate registration number 556728-6652, with its registered office in Stockholm, hereby submit the Annual Report and consolidated financial statements for the 2014 financial year. The Eltel AB and its subsidiaries operate under the Eltel brand. The consolidated group is called Eltel Group.

COMPANY OVERVIEW

Eltel is a leading European provider of technical services to the infranet industry, which consists of companies that own and operate critical infrastructure networks in the areas of Power, Communication and Transport & Security. Eltel mainly operates throughout the Nordic and Baltic regions, Poland, Germany, the United Kingdom and Africa. Eltel provides a broad and integrated range of services spanning from project planning and execution to installation services and services related to maintenance and operation. The full range of technical service types that Eltel offers through its approximately 7,000 technicians include:

- Maintenance services, which relate to the implementation of infrastructure to connect retail and wholesale customers to operator networks and care services, which include scheduled and corrective maintenance and managed services.
- Upgrade services, which relate to the implementation of customers' plans to recover the condition of infrastructure, technology update installations or change of technology.
- Project delivery services, relate to engineering and build projects on customer specifications for infrastructure network investments.

Eltel's service types are offered throughout the Group's three reporting business segments:

- Power: comprises services for power transmission and power distribution. Services for power transmission include design, engineering, installation and commissioning of energy transmission systems, high voltage power lines and substations. Power distribution services include services to customers in diverse sectors, including distribution networks, substations and wind power parks. The services for power distribution typically include designing, building and maintaining overhead lines, underground cables, substations and outdoor lightening and executing major smart electrical meter roll-outs. The Power segment generated 41% (42%) of the Group's net sales for the year ended 31 December 2014.
- Communication: comprises services for fixed communication and mobile communication. Fixed communication services primarily relates to the installation and maintenance of fixed communication networks using copper and fibre, while the mobile communication services relate to implementation and maintenance services covering mobile communication and data networks systems and roll-outs of mobile networks and indoor mobile solutions. The Communication segment generated 47% (47%) of the Group's net sales for the year ended 31 December 2014.
- Transport & Security: comprises services for security, defence, aviation and services for rail/road infrastructure and, to a lesser extent, services to SME (small and medium sized enterprises) network customers. Services for security, defence & aviation include maintenance, upgrade and project delivery services for airport infrastructure equipment and systems such as radio, radar, data and telecommunications, equipment and operations for air traffic control centres as well as defence and public safety solutions such as radar and communication facilities. Customers for these services include aviation authorities and defence organisations. Services for rail/road of electrical-, signaling- and telecoms infrastructure include design, construction, installation, test/commissioning and maintenance for rail and road authorities, vendors and construction companies. Services to SME customers include communication infrastructure installations, maintenance, network monitoring and support services. The Transport & Security business segment generated 12% (11%) of the Group's net sales for the year ended 31 December 2014.

MARKET DEVELOPMENT AND DRIVERS

Eltel believes that the infranet industry is non-cyclical as a result of (i) spend by customers encompassing investments in critical infrastructure spanning timeframes of 5-10+ years and (ii) the high level of recurring income/maintenance level under long-term frame agreements with customers. For example, the power transmission market is primarily driven by EU energy policy and demands on electricity grids, giving rise to long-term investment plans by state-owned grid owners with committed funding. Such projects provide a large market for maintenance and upgrade services, although gradual modernisation may decrease long-term maintenance needs. Nevertheless, the industry was impacted by the unprecedented events of the financial crisis in 2008–2009, which resulted in sudden budget cuts for upgrades by certain customers in the telecom industry. In the following years, a catch-up effect became evident as critical investments could no longer be postponed. Furthermore, many of Eltel's core markets in the Nordics benefitted from the region's sound public finances.

Eltel's addressable market is expected to grow in aggregate at an estimated compound annual growth rate (CAGR) of 4% in 2013-2017, while its addressable core market is expected to grow slightly faster at 5%. The outlook also varies across the end-markets. In particular, the Power market is expected to show strong growth with a CAGR in excess of 6% during the period 2013-2017.

The anticipated future market growth of the Infranet technical services market is underpinned by several favourable fundamental trends. These trends include (i) increasing regulatory requirements, (ii) continued increase in the level outsourcing, (iii) ageing power infrastructure, (iv) increased use of renewable and energy-efficient solutions, (v) technology-driven shifts in consumer demand and (vi) convergence of networks. These are discussed in more detail below:

- Increased regulatory requirements: The industry's end-markets are facing increasing regulatory requirements at EU and national levels. Key examples include governments demanding reliable power networks via regulatory frameworks, EU targets for minimum broadband capacity and population availability, as well as large-scale EU inter-operability programmes and environmental goals in the transport sector.
- Continued increase in the level of outsourcing: There is a trend among customers to continue increasing the proportion of their technical services being outsourced due to (i) focus on their core businesses, (ii) cost pressures leading to seek operational savings and (iii) a growing need for increasingly complex technical services, as result of regulatory and technological changes. While approximately 30-35% of technical services on average are performed in-house across the end-markets, certain specific markets such as power distribution and aviation & security demonstrate significantly higher potential for outsourcing, particularly in the core markets.
- Ageing power infrastructure: Large parts of transmission grids and distribution networks in Northern and Central Europe were built during the early 1970's and are approaching the end of their technical and economic lives. With security of supply becoming a strategic and national security concern and continued high service levels being demanded by regulatory frameworks, many operators have announced significant increases in their capital expenditure to implement refurbishment projects on a large scale. This trend is being further reinforced by the EU's plans for a higher degree of electricity market coupling to create an internal energy market.
- Increased use of renewable and energy-saving technologies: Power derived from renewable sources such as wind and solar are set to increase further, driven by a heightened focus on reducing greenhouse emissions and the EU 2020 target. This shift towards renewable energy and the resulting change in the overall energy mix, requires significant investment in connecting new energy sources to transmission and distribution grids and managing higher load variability. In addition, energy-saving initiatives such as smart meters, which enable invoicing of electricity based on real consumption, present a significant opportunity as roll-outs progress across the EU.
- Technology-driven shifts in consumer demand: Driven by increasingly sophisticated end-users and increased volume of data traffic, communication operators are expected to continue requiring assistance in developing higher capacity on mobile networks and the continued shirt from copper to fibre optics networks. The technological shift from 2/3G to 4G/LTE is a key driver with most mobile network operators expanding 4G, while requiring maintenance on old networks which still support the majority of users.
- Convergence of networks: Eltel sees increasing dependency between the power and communication industries, similar to the convergence which has occurred between telecom and IT, giving rise to new cutting-edge technologies. A key example is smart grids, which cross-fertilise the technologies of power, telecom and IT, allowing electricity to flow two ways and be used where it is most needed at any moments and also smart meters where several remote services and control functions can be intergrated.

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.

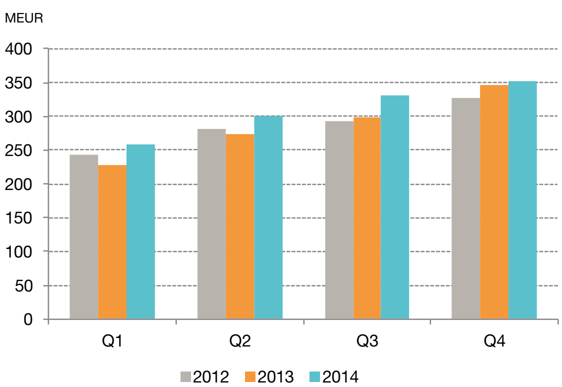
MEDIUM- TO LONG-TERM TARGETS

Eltel has defined the following medium- to long-term targets:

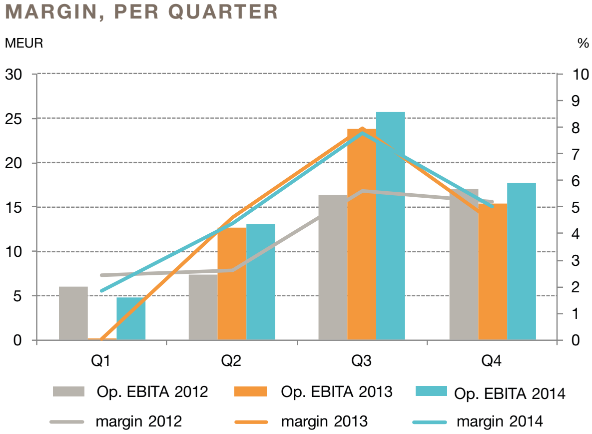
- average annual organic revenue growth of approximately 5% and approximately 5% annual growth from M&A including new outsourcing
- a reported EBITA margin of approximately 6%
- average cash conversion of 95-100% of EBITA, and
- a leverage ratio of 2.0-2.5 x Net debt/EBITDA

Medium- to long-term should roughly be seen as a three- to five-year period.

NET SALES



OPERATIVE EBITA & OPERATIVE EBITA MARGIN, PER QUARTER



NET SALES 2014 COMPARED TO THE SAME PERIOD IN 2013

The Eltel Group's full-year net sales increased by 8.2%, amounting to EUR 1,242.1 million (1,147.5). At comparable exchange rates, Eltel's net sales increased by 11.1%. For the twelve-month period, growth was particularly strong for Power supported by grid investments in Norway and Poland and investments in electrification in Africa. Also, the rail business grew fast in all Nordic countries, underpinned by capacity- and regulatory-driven investments for electrification and signalling, particularly in Norway and Denmark. In Communication, growth was strong for fibre and mobile roll-out in Norway and Sweden and the start of fibre roll-out projects in Germany.

FINANCIAL RESULT 2014 COMPARED TO THE SAME PERIOD IN 2013

The Eltel Group's full-year operative EBITA increased to EUR 61.3 million (52.0), 4.9% of net sales (4.5). The improvement in operative EBITA was generated by higher operational efficiency and better leverage of overheads. In the Power segment the main contributor is the contract amendment in Angola offset partly by lower business volumes in Finland due to customer postponement of upgrade projects into 2015. In Communication the improvement is mainly driven by sound operational leverage and efficiency from growth in net sales for both fixed and mobile communication partly offset by ramp-up costs in Germany. EBITA amounted to EUR 38.6 million (52.3). Eltel Group had large amount of non-recurring costs in 2014, gross EUR 28.2 million (0.3 net gain). These include EUR 17.6 million provision for 2014's share for management incentive programme with total maximum value of EUR 19.5 million. In addition non-recurring costs include EUR 8.2 million costs for advisory services in connection to the listing of the Company and EUR 2.4 million of other, mainly structural change related items. IPO advisory costs of EUR 2.9 million for new share issue have been recognised in equity. The full-year result also includes non-recurring income of EUR 5.5 million mainly relating to a gain on the sale of the communication business and assets to the joint venture Eltel Sønnico AS in Norway. Non-recurring net costs for full-year were in total EUR 22.7 million (0.3 gain).

In 2014 the operating profit pre-amortisation of acquisition-related intangible assets amounted to EUR 38.6 million (52.3). Amortisation of acquisition and business disposal related intangible assets amounted to EUR 12.4 million (16.7) including amortisation of goodwill relating to sale of business of EUR 0.0 million (3.3). The operative profit post-amortisation of acquisition-related intangible assets was EUR 26.2 million (35.6).

Net financial expenses in 2014 were EUR 19.0 million (20.6). The financial income in 2014 was EUR 0.3 million (0.3).

Eltel's profit before taxes decreased compared to previous year and amounted to EUR 7.2 million (15.1).

Net profit for 2014 declined by 3.4% to EUR 11.1 million (11.5). Earnings per share decreased to EUR 0.12 (0.14).

SEGMENT INFORMATION

Power

The Power segment provides network maintenance, upgrade work as well as project business to national transmission system operators and distribution network owners. This segment operates throughout all of Eltel's geographic regions and its business characterised by long-term customer relationships, with a continuous order flow generated through frame 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 the business consists of upgrades and project-based work. Upgrade assignments are typically completed within a month, whereas project agreements normally last for two to three years.

EUR million	Jan – Dec 2014	Jan – Dec 2013
Net sales	515.9	481.2
Operative EBITA	32.1	29.2
Operative EBITA, margin	6.2	6.1
Number of employees	3,412	3,160

January – December 2014 compared to the same period in 2013

Eltel's January – December net sales for Power increased by 7.2% to EUR 515.9 million (481.2). Net sales increased in transmission markets, in the Nordics driven by grid investments in Norway, in Poland mainly through projects for Polish power grid, and in Africa through substantial investments in electrical grid development. In the distribution business the change in ownership of one of Eltel's main Power customers, resulted in postponed investments, affecting the sales negatively in the first nine months of the year, together with finalisation of smart metering activities in Finland. At the end of the year the business in Finland showed stronger growth. Growth in the distribution business in Sweden was also strong in 2014 driven by network expansions and increased maintenance.

January – December operative EBITA increased by 10.1% from the previous year and amounted to EUR 32.1 million (29.2). The operative EBITA margin was 6.2% (6.1) of net sales. The increase in operative EBITA is positively affected by the international transmission business benefiting from projects in non-European markets and compensation received for project delay costs incurred in previous years. The decline in the distribution business in Finland in the first three quarters contributed negatively.

Operating environment 2014

Growth in Power market volumes is underpinned by strong long-term drivers throughout Eltel's geographic regions and the Power segment operates in a market environment with a high level of activity, long-term investment plans among customers and high volumes of pre-qualification and tendering activities. In the second quarter, the Power segment also entered into the business for substations in Germany by setting up a new sales and execution units and, already in the third quarter, the unit received an order to build and install a 380kV substation.

In distribution, growth in Finland and the Baltics has been slower in 2014 while tendering activity for new smart metering projects was very active in Norway, Denmark and the Netherlands. However, the situation improved towards the year-end in Finland, both in transmission and distribution with new contracts for the Kalajoki-Siikajoki power line construction and the Siikajoki substation construction. In transmission, protracted administrative procedures extended the project construction phase in Poland. The Nordic market is focused on the Norwegian power grid. Demand from parts of Africa was lower due to lower energy prices causing lower tax revenues in certain countries as well as the outbreak of ebola in Western Africa. Underlying demand was still strong in Africa.

Communication

The Communication segment provides maintenance and upgrade work to telecom operators and other communication network owners. This segment operates throughout all of Eltel's geographies and its business characterised long-term customer partnerships, with a continuous order flow generated through frame agreements. The business is mainly driven by technology upgrades and increased network demand.

EUR million	Jan-Dec 2014	Jan-Dec 2013
Net sales	584.0	551.3
Operative EBITA	25.8	19.8
Operative EBITA, margin	4.4	3.6
Number of employees	4,647	4,764

January – December 2014 compared to the same period in 2013

Eltel's January-December net sales for Communication increased by 5.9% to EUR 584.0 million (551.3). The largest contribution to the increase in net sales compared to the previous year came from fibre roll-outs in Sweden, increased sales under several frame agreements in the Nordics and mobile roll-out projects in Norway. The overall mobile rebuild and upgrade business was very strong across most Nordic countries and in the latter part of the year Eltel also started to deliver fibre roll- out services in Germany and established presence in the UK.

January – December operative EBITA increased by 30.5% to EUR 25.8 million (19.8). The operative EBITA margin was 4.4% (3.6). The improvement was mainly driven by strong business volumes in Sweden and in Norway and favourable winter conditions, offset by the ramp-up cost in Germany for both fixed and mobile communication in the first half of the year. In the last quarter of 2014 Communication achieved an operative EBITA in line with Eltel's medium- to long-term targets of 6%.

Operating environment 2014

The Communication market has been characterised by a competitive business environment over the last few years. However, Eltel has managed to show a steady improvement in margins across the segment in 2014. The market saw higher-than-normal tendering activity with several large frame agreements coming up for renewal. In 2014 Eltel also maintained its strong market position by securing new frame agreements with Elisa in Finland and Telenor in Norway, which are both large customers to the segment.

Market activity in mobile is high on all markets except the Baltics, mainly driven by the ongoing 4g/LTE roll-out/ upgrade programmes. For fixed communication, the market for copper network maintenance and investment continued to decrease while the fibre roll-out programmes continued on a very high level, providing solid opportunities for future growth on all markets.

Transport & Security

The Transport & Security provides maintenance, upgrade work as well as project business to various government authorities, including rail, road, defence and aviation authorities. Transport & Security primarily operates throughout the Nordic markets. Its business characterised by long-term customer relationships, with a continuous maintenance order flow generated through long-term frame 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 defence and aviation technical services.

EUR million	Jan-Dec 2014	Jan-Dec 2013
Net sales	154.2	122.6
Operative EBITA	12.1	13.1
Operative EBITA, margin	7.9	10.7
Number of employees	563	504

January–December 2014 compared to the same period in 2013

Eltel's January–December net sales in Transport & Security increased by 25.8% to EUR 154.2 million (122.6). The growth was driven by strong volumes of rail electrification and signalling projects in the Nordics, and was partially offset by the drop deriving from the sale of the Aastra and Avaya business line in Denmark in 2013.

January–December operative EBITA decreased by 7.5% to EUR 12.1 million (13.1). The operative EBITA margin was 7.9% (10.7). The change in operative EBITA compared to the previous year was driven by the sustained strong rail margin performance offset by lower margin for the Rakel contract in Sweden due to higher material content in the deliveries and weak performance in one governmental installation roll-out in Denmark. In 2013 EBITA was also supported by some high-margin contracts within the aviation and security business. Overall, the mix between maintenance and projects and between aviation/security and rail had a negative impact on margins due to higher material pull-through in rail projects, which affects net sales positively but margins negatively.

Operating environment 2014

The long-term market drivers for the Nordic railway sector are strong and have created a business environment with good opportunities for Eltel to expand its business. The main customers have published investment plans for the coming years, which provide good visibility for tendering and order planning. The aviation and security business showed somewhat slower activity in its traditional market at the start of 2014, which is also visible in lower sales mainly for maintenance. However, there are good opportunities with other customers, particularly in aviation and defence communication.

BALANCE SHEET AND CASH FLOW

Interest-bearing liabilities, including liabilities to shareholders, totalled EUR 340.7 million (356.9), of which EUR 6.5 million (298.1) is non-current and EUR 334.2 million (58.8) current. In July 2014 an agreement was signed extending the maturity of bank borrowings and credit facilities until August 2015. Cash and cash equivalents amounted to EUR 61.0 million (26.2). Interest-bearing net debt stood at EUR 268.4 million (320.6) representing a decrease of 16.3%, supported by strong operational cash flow and working capital improvements. The advances received were, at the end of the reporting period, EUR 69.0 million (40.3) while advance payments to subcontractors and suppliers amounted to EUR 5.2 million (5.1). The advances relate mainly to Eltel's Power business.

The liquidity situation at the end of the reporting period was sound. Available liquidity reserves totalled EUR 126.6 million (106.6).

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 304.5 million (329.0). The amount also includes advance and other payment type of guarantees. Guarantees issued for financial liabilities on behalf of joint ventures amounted to EUR 4.6 million (0.0). Un-cancellable minimum future off-balance sheet lease payments totalled EUR 38.1 million (44.8) at the end of the reporting period. The majority of the leasing contracts relate to Eltel's vehicle fleet, consisting mainly of service vans.

Eltel's financing has been renewed after the end of the reporting period upon the listing of the Company's shares on Nasdaq Stockholm on 6 February 2015. Interest-bearing liabilities amounting to EUR 330.9 million at 31 December 2014 have been repaid and replaced with a EUR 210 million loan facility with a 5-year maturity. Capitalised costs related to the current financing amounting to EUR 3.5 million are written off at the time of the new financing. In addition, the company has signed a EUR 90 million revolving credit facility and a total of EUR 130 million of guarantee facilities, of which EUR 65.5 million was utilised to refinance the outstanding guarantees upon the listing of the Company's shares on Nasdaq Stockholm. The new facilities provide Eltel with more flexible and cost-effective financing for the next five years.

Cash flow and cash conversion

Eltel's operative cash flow including EBITDA, change in net working capital and capex amounted to EUR 88.9 million (57.3). Cash conversion peaked at exceptionally high year-end level at 230% (109%) driven by a reduction in working capital in the second half of the year resulting from a strong increase in customer advances supported by good operational working capital management and cash collection. Adjusted for the provisions for non-recurring costs, cash conversion was 145% (110).

Cash flow from operating activities was EUR 81.4 million (56.7), including a positive impact from the change in net working capital of EUR 48.1 million (4.0). Cash flow for financial items and taxes was EUR –23.3 million (–19.9), affected by the costs for renewal of financing facilities. The net capital expenditure mainly in replacement investments was EUR 8.9 million (11.4) and net cash inflow from outsourcing and the sale of business lines in Denmark in 2013 was EUR 0.2 million (6.6). Cash flow after investing activities was EUR 49.4 million (32.0) of which EUR 11.0 (21.4) million was used for the repayment of financing facilities.

The equity ratio as at 31 December 2014 decreased to 27.9% (30.3).

SEASONALITY DURING CALENDAR YEAR

Eltel's businesses have seasonal patterns that have a strong impact on net sales, EBITA as well as 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 operational profits throughout the year, with a higher activity level and performance in the second half. In 2014, fourth quarter operative EBITA was EUR 17.7 million (15.4), third quarter EUR 25.7 million (23.8), second quarter EUR 13.1 million (12.6) and first quarter EUR 4.8 million (0.1).

EXPECTATIONS ON OPERATING ENVIRONMENT

Eltel does not give any outlook on the company's financial development. However, the market climate is still positive in most of Eltel's markets. Investments in fibre, 4G mobile roll out, transmission interconnectivity, smart metering and upgraded rail networks continues to provide Eltel with good opportunities for growth.

Through our strong market position combined with the IPO and the reduced net debt, Eltel is also well positioned to take advantage of the current consolidation in the market, both through new tenders/outsourcings as well as mergers and acquisitions.

PERSONNEL

The number of employees increased by 2.2% to 8,647 persons at year-end 2014 (8,459).

Eltel's culture and way of working is manifested in The Eltel Way, which includes regulations and policies as well as the highlighted values and internal culture that enable us to boost transparency and ethical behaviour. In 2014 Eltel started an e-learning project that improves compliance with The Eltel way guidelines, reporting and policies.

Eltel staff often work under hazardous conditions, which is why ensuring safe working conditions is a top priority for us. From day one we seek to implement our Zero accident vision. Among other initiatives Eltel has built a training centre in Poland to enhance occupational safety for transmission construction personnel. Eltel will continue to strive to minimise lost time injuries and minor injuries.

As Eltel's employees are by far the most important asset, Eltel strives to be an attractive employer. Eltel's organisation is strongly decentralised and entrepreneurial. Employees work in teams of technicians with a high degree of specialisation and clearly defined roles and responsibilities. Individuals and teams are incentivised to encourage and reward above-average contribution from all individuals to Eltel's success.

Eltel offers numerous opportunities for career advancement. On local level, focus in training is on the specialised skills and certifications for technicians as well as project management.

Eltel respects and complies with labour market laws, agreements and safety requirements and other provisions that set the parameters for its operations. Eltel continued to refine its processes for collecting health and safety KPIs and developing action plans to improve the well-being and reduce the risk of injury to Eltel employees.

REMUNERATION TO SENIOR EXECUTIVES IN ELTEL

The Board of Directors proposes the following guidelines for remuneration to senior executives in Eltel.

Eltel's overall objective is to offer a competitive and market-based level of remuneration consisting of both fixed and variable salary, pension and other remuneration components. Remuneration to senior executives shall motivate senior management to do its utmost in the best interests of the Company's shareholders.

Remuneration shall be determined in relation to area of responsibility, duties, expertise and performance. The fixed salary component equals and compensates for an engaged work of management at a high professional level, creating value to Eltel. The short-term variable salary component is based on predetermined and measurable financial targets linked to EBITA, net working capital and free cash flow. The criteria are recommended by the Remuneration Committee and ultimately decided by the Board of Directors.

The short-term (one year) variable salary component varies between 60% and 100% of fixed annual salary. The CEO having a 100% (2014) variable salary component and the remaining members of GMT a 60% variable salary component.

In addition to fixed and variable salary, Eltel's senior management is awarded of company car.

The pension terms of the CEO and other senior executives should be market based in relation to those that generally apply for comparable executives. Being an international team with members from Sweden, Finland and Denmark, the pension terms of Eltel's senior management reflect some national differences.

Senior executives may additional be offered long-term incentive schemes on market-based terms. The motive for share-based incentive schemes is to achieve an increase in and spread of share ownership/exposure among the senior executives and to achieve a greater alignment of interests between the executives and the company's shareholders.

A long-term personal share ownership commitment among key personnel can be expected to stimulate greater commitment to the company's long term development, to align a mangement with shareholders' interests and to increase motivation and solidarity with the company.

Decisions regarding share-based incentive schemes shall always be resolved on by an Annual General Meeting.

ENVIRONMENT

Eltel contributes to a more sustainable society through its business of increasing energy efficiency by building and maintaining smart grids and smart metering solutions. Eltel also implements turnkey wind power parks and underground cabling as well as boost internal efforts when it comes to emission goals.

Many of Eltel Group's activities directly contribute to the development of a modern and sustainable society. Effective telecommunications are essential in bringing people closer together and can also reduce the need for travel. Renewable energy sources such as wind power and more effective electricity networks aided by intelligent solutions such as smart metering, reduce the need for carbon dioxide generating and polluting electricity generation.

The most significant impact of Eltel's own carbon footprint relates to its vehicle fleet. Eltel focuses on optimising routing and logistics. To this effect, many of Eltel's Field Services organisations have implemented GPS solutions. These systems enable more effective route planning, reduced time and travel distance to site, and also encourage environmentally friendly driving behaviour. Apart from being active in the installation of electrical vehicle charging systems, Eltel is also conducting a pilot of the use of electrical vehicles in its operations. Eltel has continued to invest in videoconferencing solutions as a means to reduce travel for face-to-face meetings.

Eltel companies' Quality and Environmental Systems are part of business management and control to comply with environmental laws and regulations. Eltel acquires and maintains quality and environmental certifications when required by key customers or local circumstances.

Generally Eltel Group's activities require only limited environmental permits. The activities of Eltel pose limited risk to the soil and groundwater. As the company operates a great number of sites and handles hazardous waste, albeit on a relatively small scale, the risk for the company to be liable for contamination cannot be excluded completely.

RISKS AND UNCERTAINTIES

Eltel is subject to risks that are wholly or partly outside Eltel's control and which affect or may affect Eltel's operations, results, financial position and future prospects. The following risk factors are considered to be material for Eltel's future development.

- Adverse competition from existing competitors or new entrants
- Non-compliance to competition law and regulatory sanctions
- Integration of acquisitions
- Political risks in Africa and other non-EU countries
- Negative fluctuations in seasonal or cyclical variations
- Customer concentration
- Contracts without volume guarantees resulting in underutilisation and cost restructuring
- Taxation related to cross-border workforce utilisation and transfer prices

On 31 October, 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 Eltel's power transmission line construction and planning business in Finland during the period 2004-2011. Eltel delivered its full response on 19 December 2014. 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 in February 2015 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 in 2015.

For further information regarding financial risk management, please refer to note 3 in the consolidated financial statements.

RISK MANAGEMENT

Risk management is a fundamental part of business management and control of Eltel. Risk management aims to mitigate the risks and to maximise implied opportunities to secure the undisturbed operations of Eltel.

The key features of the control environment within Eltel's corporate governance framework include a set of clear rules of procedure for the Board and its committees, a clear organisational structure, with documented delegation of authority from the Board to Group Management, and a series of Group policies and instructions. The governance framework and internal controls cover all Eltel companies.

At the highest level the Board of Directors evaluates and monitors risks and the quality of financial reporting via the Audit Committee, which oversees Eltel's internal control systems and financial reporting process as well as maintains regular contact with Eltel's external auditors. At the operating level risk management and internal control are exercised and continuously monitored through comprehensive monthly reporting packages and in monthly business reviews performed throughout and at all levels of the organisation.

Business units follow a standardised review process with detailed templates for new tenders. Proposals are reviewed and approved according to the Board of Directors' delegation of authority.

A thorough risk investigation and mitigation plan is made as part of the annual budgeting and business planning process for each business unit and subsequently reported to and monitored by the Board of Directors. Furthermore, Eltel has standardised and documented internal controls in key finance processes across the Group.

PARENT COMPANY OPERATIONS

The Group's Parent Company, Eltel AB owns and governs the shares related to Eltel Group. During the financial year the operational and strategic management functions of the Group have been centralised to Eltel AB. The company takes no part in operative business activities. The Parent company's income amounted to EUR 0.3 million coming from support function services provided to the Group.

The operating expenses amounted to EUR 14.0 million of which 13.2 million relate to advisory costs and provision for management incentive programme in connection with the listing of the Company. Financial income EUR 28.1 million relates to interest income from the Group companies. Financial expenses EUR 14.3 million include EUR 13.5 million group contribution to a subsidiary company. Net result was negative by EUR 15 thousand.

The name of the Company was changed to Eltel AB in November 2014. Previously the Company was named The InfraNet Company 1 AB.

BUSINESS EXPANSIONS, STRUCTURAL CHANGES AND DIVESTMENTS

In February 2014, Eltel and Umoe (owner of Sønnico Tele AS) reached an agreement to merge their communication businesses in Norway. The merger was completed on 31 December 2014 and the jointly owned company is called Eltel Sønnico AS. The merger does not have an impact on Umoe's or Eltel's businesses other than the communication businesses in Norway, but establishes the new joint venture as a leading supplier on the Norwegian market, particularly to market leader Telenor. Eltel's sales in the Communication segment on the Norwegian market will consequently no longer be consolidated in the Eltel accounts except for 50% of the joint ventures's net profit that will be reported in EBITA on line share of profit/loss of joint ventures in the income statement. Net sales from Communication in Norway was EUR 121.6 million in 2014 (107.2).

MATERIAL EVENTS AFTER YEAR-END

- On 12 January 2015 Eltel AB announced its intention to list the company on Nasdaq Stockholm
- On 6 February 2015 Eltel AB completed the initial public offering of its common shares on Nasdaq Stockholm
- Eltel's financing was renewed upon the listing of the Company's shares. Interest-bearing liabilities amounting to EUR 330.9 million at 31 December 2014 have been repaid and replaced with a EUR 210 million loan facility. The new facilities provide Eltel with more flexible and cost-effective financing for the next five years. Net financial expenses would be somewhat more than half of 2014 level at current interest rates and assuming no foreign currency movements
- In January 2015 Eltel signed a five-year frame agreement with TeliaSonera, covering the Nordic and Baltic regions. The new contract strengthens the close cooperation between TeliaSonera and Eltel, renewing the contracted services currently offered by Eltel to TeliaSonera, and expanding the geographical scope to include new regions in Sweden.

CORPORATE GOVERNANCE STATEMENT

Eltel has issued a Corporate Governance Statement for financial year 2014. The Corporate Governance Statement has been composed in accordance with recommendation 51 of the new Corporate Governance Code.

THE ELTEL SHARE

The ownership structure of Eltel on 31 December 2014 was 3i-controlled entities owning 59.5%, BNP Paribas owning 29.5% and current and former management owning 11% of common shares. The amount of both common shares 621,320,720 and preference shares 242,315,070 was unchanged from year-end 2013.

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.

DISTRIBUTION OF PROFITS

Eltel AB's distributable unrestricted equity on December 31, 2014 was EUR 265,715,098.68 including the net loss for the financial year 2014 EUR -14,541.22. The Board of Directors proposes that no dividend be distributed and that the non-restricted equity, EUR 265,715,098.68 be retained and carried forward. The amount for unpaid dividend rights for the reporting period Jan–Dec 2014 on preference shares is EUR 4,372,308.87. On 6 February 2015 all preference shares were reclassified as common shares and no preferential dividend rights remain after the conversion date.

Corporate Governance Report

Corporate Governance Report

Eltel AB is a Swedish public limited liability company. Prior to listing on the NASDAQ Stockholm, corporate governance in the Company was mainly based on Swedish law, the Company's articles of association and internal rules and instructions. As a listed Company on NASDAQ Stockholm, the Company will apply the rules of the Swedish Companies Act (Sw. Aktiebolagslagen (2005:551)), the Swedish Annual Accounts Act (Sw. Årsredovisningslagen (1995:1554)), the Company's articles of association, NASDAQ Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code as well as other Swedish and foreign laws and regulations, as applicable. The Swedish Corporate Governance Code applies to all Swedish companies with shares listed on a regulated market in Sweden and shall be applied as soon as possible and at the latest at the first Annual General Meeting held following the listing. The Swedish Corporate Governance Code defines a norm for good corporate governance on a higher level of ambition than the Swedish Companies Act's and other regulations' minimum requirements. The Swedish Corporate Governance Code is based on the principle comply or explain. It means that the Company must not at every occasion obey every rule of the Swedish Corporate Governance Code, but may choose other solutions that are deemed to better correspond to the circumstances in the individual case, provided that the Company openly reports every such non-compliance, describes the alternative solution and states the reasons for this.

Eltel will apply the Swedish Corporate Governance Code fully from the time of the Annual General Meeting 2015. Eltel does not expect to deviate from any of the rules of the Swedish Corporate Governance Code although for internal audit we explain why Eltel has selected to use an alternative method.

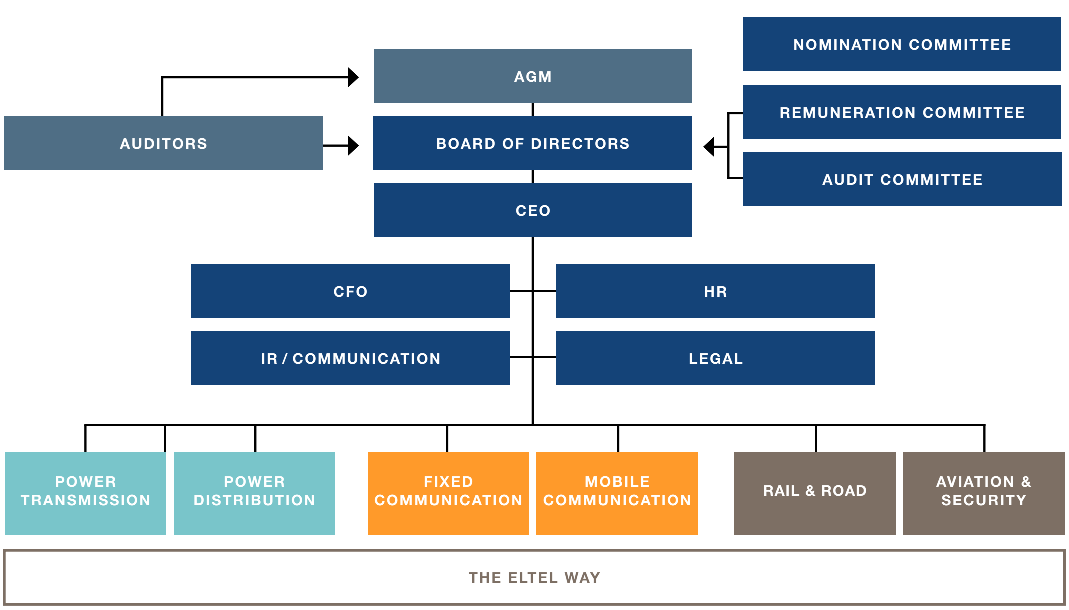
THE ELTEL WAY

Eltel Way is the Company's management system and method of conducting operations which clearly defines roles, areas of responsibility and delegation of powers. Please also refer to the section on page 8.

SHAREHOLDERS

The ownership structure of Eltel on 31 December 2014 was 3i-controlled entities owning 59.5%, BNP Paribas owning 29.5% and current and former management owning 11% of common shares. The amount of both common shares 621,320,720 and preference shares 242,315,070 was unchanged from year-end 2013.

ELTEL GOVERNANCE MODEL



MAJOR EXTERNAL REGULATIONS

Swedish Companies Act
Nasdaq's rules for issuers
Swedish Code of Corporate Governance

MAJOR INTERNAL REGULATIONS AND POLICY

Eltel Way
Mission and objectives
Articles of association
The Board's rules
CEO instructions
Strategies
Policies
Code of Conduct

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.

THE ANNUAL GENERAL MEETING

Under the Swedish Companies Act, the general meeting is the Company's highest decision-making body. The general meeting may resolve upon every issue for the Company, which is not specifically reserved for another company body's exclusive competence. At the Annual General Meeting, which shall be held within six months from the end of the financial year, shareholders exercise their voting rights on issues, such as the adoption of income statements and balance sheets, appropriation of Company profits or losses, resolutions to release the members of the Board of Directors and the Managing Director from liability for the financial year, the appointment of members of the Board of Directors and auditor and remuneration for the Board of Directors and the auditor.

Besides the Annual General Meeting, extraordinary general meetings may be convened. In accordance with the articles of association, all general meetings shall be convened through announcements in the Swedish Official Gazette (Sw. Post- och Inrikes Tidningar) and by posting the notice to the meeting on the Company's website. An announcement shall be placed in Svenska Dagbladet with information that the meeting has been convened.

The Chairman of the Board of Directors, as many other board members as possible and the Managing Director shall be present at extraordinary general meetings of the Company. At Annual General Meetings, in addition to the aforementioned, at least one member of the Nomination Committee and, to the extent possible, all members of the Board of Directors, shall participate.

GENERAL MEETINGS 2014

The Annual General Meeting held on 30 June 2014 re-elected Gérard Mohr, Matti Kyytsönen, Jean Bergeret, Tomas Ekman and Fredrik Karlsson members of the Board. Gérard Mohr was re-elected as Chairman of the Board. Thomas Hofmeister was re-elected deputy member of the Board. Axel Hjärne is President and CEO of the Eltel Group.

An Extraordinary General Meeting of Eltel AB elected Ulf Lundahl and Susanne Lithander members of the Board in October 2014. Tomas Ekman resigned from the Board of Directors in November 2014. The Board of Directors hereinafter consists of Gérard Mohr, Jean Bergeret, Matti Kyytsönen, Ulf Lundahl, Fredrik Karlsson and Susanne Lithander as members of the Board and Thomas Hofmeister as deputy member of the Board.

In October 2014 Extraordinary General Meeting of Eltel AB resolved to that a Nomination Committee shall be established. The meeting resolved that remuneration (including remuneration for committee work) shall be payable with SEK 3,000,000 in total, of which SEK 750,000 shall be payable to the Chairman and SEK 300,000 to each of the Directors of the board who are elected by the general meeting. Further, the meeting resolved that SEK 75,000 shall be payable to the members of the Audit Committee and that SEK 75,000 shall be payable to the members of the Remuneration Committee. The remuneration (including remuneration for committee work) in accordance with the above shall be payable as from 4 September 2014 to Ulf Lundahl and Susanne Lithander and as from 21 October to the other Directors of the board.

In December 2014 Extraordinary General Meeting of Eltel AB resolved to reclassify 20 common shares, with share number 531 382 137 – 531 382 143 and with share number 901 067 958 – 901 067 970, of class B, to 20 common shares of class A. There will be 68,345,300 common shares of class A, 552,975,420 common shares of class B, 71,482,946 preference shares of class C1 and 170,832,124 preference shares of class C2 in the company after the reclassification.

In January 2015 Extraordinary General Meeting of Eltel AB resolved to change corporate category from private limited liability company to public limited liability company. Following the meeting's decision to change corporate category, the meeting resolved to adopt new articles of association, comprising a change to the objects of the company, adoption of a central security depositary clause and an alteration of the limits for the number of shares and the share capital. The meeting resolved to make a reverse share split entailing that 20 existing shares are consolidated in to 1 share. This entails that there will be 3,417,265 common shares of class A, 27,648,771 common shares of class B, 3,547,147 preference shares of class C1 and 8,541,606 preference shares of class C2 in the company after the reverse share split. There will be a total of 43,181,789 shares in the company after the reverse share split. It was noted that BNP Paribas S.A. and 3i Europartners Vb LP, in connection with the resolution, have transferred 7 shares of share class A and 13 of share class A, respectively, to minority shareholders of Eltel AB, in order to ensure that each minority shareholders of Eltel AB holds a number of shares divisible by 20 prior to the reversed split of shares. The meeting resolved upon reclassification of the company's shares of class A, class B, class C1 and class C2, in accordance with the proposal for new articles of association. There will not be different share classes in the company after the reclassification.

ANNUAL GENERAL MEETING 2015 AND ANNUAL REPORT

Eltel's Annual General Meeting will be held at the Eltel headquarters, Adolfsbergsvägen 13, Bromma, Stockholm on 19 May 2015 at 15:00 p.m. (CET).

The annual report will be made available on our website, www.eltelgroup.com and at the Eltel headquarters, Adolfsbergsvägen 13, Bromma, Stockholm, Sweden in April.

RIGHT TO ATTEND GENERAL MEETINGS

All shareholders who are registered directly in the share register kept by Euroclear, five weekdays prior to the general meeting and who notify the Company of their intention to attend the general meeting at the latest by the date specified in the notice convening the meeting shall be entitled to attend the general meeting and vote according to the number of shares they hold. Shareholders may attend general meetings in person or through a proxy, and may also be accompanied by two assistants.

SHAREHOLDER INITIATIVES

Shareholders who wish a matter to be discussed at the general meeting must submit a written request in that regard to the Board of Directors. Requests must normally be received by the Board of Directors at least seven weeks prior to the general meeting.

NOMINATION COMMITTEE

The extraordinary general meeting held on 21 October, 2014 resolved to establish a Nomination Committee and to adopt rules of procedures for the Nomination Committee. According to the rules of procedures for the Nomination Committee, the main rule is that the committee shall consist of four members, representing each of the four largest shareholders. The rules of procedures for the Nomination Committee comply with the Swedish Corporate Governance Code with respect to the appointment of committee members.

Based on the 13 February, 2015 known ownership in Eltel, a committee is appointed before the 2015 Annual General Meeting (“AGM”).

The Nomination Committee consists of:

- Mattias Eklund, appointed by 3i (20.0% of votes)
- Joakim Rubin, appointed by Zeres Capital (10.5% of votes)
- Per Colleen, appointed by AP4 (8.5% of votes)
- Thomas Hofmeister, appointed by BNP Paribas (7.6% of votes)

Nomination Committee represents about 46,6% of the votes in the Company. Shareholders in Eltel are invited to submit proposals to the Nomination Committee.

The members of the Nomination Committee shall, in connection with their assignment, accomplish their duties in accordance with the Swedish Corporate Governance Code. The Nomination Committee’s main duties are to propose candidates for the post of Chairman and other members of the Board of Directors, as well as fees and other remuneration to each member of the Board of Directors. The Nomination Committee is also to make proposals on the election and remuneration of the statutory auditor.

THE BOARD OF DIRECTORS

The Board of Directors is the highest decision-making body after the general meeting and the highest executive body. The Board of Directors’ responsibility is regulated in the Swedish Companies Act, the Swedish Annual Accounts Act, the Company’s articles of association, directions given by the general meeting and the procedure for the Board of Directors of the Company adopted by the Board of Directors. In addition thereto, the Board of Directors shall comply with the Swedish Corporate Governance Code and NASDAQ Stockholm’s Rule Book for Issuers, as well as other Swedish and foreign laws and regulations, as applicable.

Name	Gérard Mohr	Jean Bergeret	Fredrik Karlsson	Matti Kyytsönen	Ulf Lundahl	Tomas Ekman [1)]	Susanne Lithander	Thomas Hofmeister
Position	Chairman	Member	Member	Member	Member	Member	Member	Deputy member
Year of birth	1955	1953	1967	1949	1952	1967	1961	1971
Election year	2011	2010	2013	2007	2014	2012	2014	2010
Shareholding	0	0	0	25,000	0	0	0	0
Remuneration	100,711	7,257	8,842	48,008	8,093	20,329	10,116	–
Board meetings	13/13	12/13	12/13	13/13	7/7	10/10	4/7	11/13
Committee Meetings	3/3	3/3	8/8	–	1/1	–	1/1	5/5
Independence from main owners	Yes	No	No	Yes	Yes	Yes	Yes	No
Independence of the Company	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Other boardships	JST Group, Levantina y asociados de minerales, S.A.U.,Bee NV, M Prime Roup, Cogerfi NV	Levantina y asociados de minerales, S.A.U., Pantex S.p.A and Svenson, S.L.	Lidingö 1 AB, Inspecta Group, FrippCo AB, Scandlines AS, The InfraNet Company AB, Stationsvägen 13 i Åre Fastighets AB	Silverback Consulting OY, KP Tekno OY, Lindström Invest OY, Esperi Care Oy, Port of Helsinki Oy	Fidelio Capital AB, Fidelio Industries AB, Attendo AB, Attendo Utveckling AB, Attendo Intressenter AB, Holmen Aktiebolag, Ramirent OY, Indutrade Aktiebolag		Acando AB, Billerud-Korsnäs Sweden AB, Susanne Lithander Consulting AB, BillerudKorsnäs Skog & Industri Aktiebolag	

1) Tomas Ekman resigned as Director of the Board at his own request in November 2014.

MEMBERS OF THE BOARD OF DIRECTORS

Pursuant to the Swedish Companies Act, the Board of Directors is responsible for the Company's organisation and the administration of the Company's affairs. Furthermore, the Board of Directors shall continuously assess the Company's and the Group's financial situation, as well as to see to it that the Company's organisation is formed in a way that the accounting, management of funds and the Company's financial conditions otherwise are controlled in a secure manner.

The assignments of the Board of Directors include, inter alia, to set objectives and strategies, see to it that there are effective systems for follow-up and control of the Company's operations, and see to it that there exists a satisfactory control of the Company's compliance with laws and other regulations applicable to the Company's operations. The assignments of the Board of Directors also include to see to it that required ethical guidelines are set for the Company's behaviour and to see to it that the Company's disclosure of information is characterised by transparency and is correct, relevant and reliable. In addition, the assignments of the Board of Directors include appointing, evaluating and if necessary removing the Managing Director.

Members of the Board of Directors (except for employee representatives) are appointed annually by the Annual General Meeting for the period until the end of the next Annual General Meeting. According to the Company's articles of association, the members of the Board of Directors to be elected by the general meeting shall consist of a minimum of three members and a maximum of ten members with no more than three deputies. At the date of this report, the Company's Board of Directors consists of 6 ordinary members with one deputy and no employee representatives. The members of the Board of Directors are presented in greater detail, including their relevant education and experience, in the section "Board of Directors, senior management and auditors".

The Board of Directors of Eltel follows a written procedure, which has been adopted by the Board of Directors and which is reviewed annually. Among other things, the procedure for the Board of Directors regulates the Board of Directors' role and responsibility, the Board of Directors' way of working and the division of work within the Board of Directors. The Board of Directors also adopts an instruction for the Managing Director of Eltel, as well as an instruction for financial reporting.

BOARD AGENDA DURING 2014

During 2014 the work of the Board of Directors has to a large extent been focused upon preparing the company for the listing on the Stock exchange. The Board has had 13 ordinary Board meetings, and also a number of extraordinary meetings in relation to the IPO. The plan for 2015, however is to have six ordinary meetings. These meetings are according to a yearly plan where quarterly reports are decided upon in February, May, August and November. In June there will be a strategy meeting and in December the budget will be decided upon.

During September 2014 two new independent Board Directors were elected; Susanne Lithander and Ulf Lundahl. In November Tomas Ekman, former employee of 3i, resigned and earlier, in January 2014 the former 3i Director Erkki Nikoskelainen resigned.

The Chairman Gérard Mohr and the Director Matti Kyytsönen are also to be regarded independent from the owners and the Company.

AUDIT COMMITTEE

The Board of Directors has internally appointed an Audit Committee. According to the Swedish Corporate Governance Code, the Audit Committee is to comprise three members of whom the majority is to be independent in relation to the Company and its management, and at least one of the members that are independent in relation to the Company and its management must also be independent in relation to the Company's major shareholders. Eltel's Audit Committee is to comprise no less than three members of the Board of Directors chosen by the Annual General Meeting. At least one member must be independent and have accounting or auditing proficiency. The current Audit Committee consists of three members: Susanne Lithander (Chairman), Fredrik Karlsson and Ulf Lundahl. Fredrik Karlsson is considered independent of the Company and its senior management but not of its major shareholders. Susanne Lithander and Ulf Lundahl are considered independent of the Company, its senior management and its major shareholders.

The Audit Committee shall, without any impact otherwise on the tasks and responsibilities of the Board of Directors:

- monitor the Company's financial reporting;
- in respect of the financial reporting, monitor the effectiveness of the Company's internal control, internal audit, and risk management;
- keep itself informed regarding the audit of the annual report and group accounts;
- review and monitor the impartiality and independence of the auditor, giving particular attention to if the auditor provides the Company with services other than auditing services; and assist in preparation of proposals to the general meeting's resolution regarding election of auditor.

As part of the tasks above, the Audit Committee Chairman shall support the Senior Management in questions regarding financial reporting and information disclosure and have an ongoing contact with the auditor in these matters.

In addition, the Audit Committee Chairman will support the Managing Director, the Chief Financial Officer and the IR Manager in matters relating to information disclosures, financial reporting and media contacts, especially in the event of crisis situations, and sign off on matters relating to information disclosures. The Audit Commmittee had five meetings in 2014.

REMUNERATION COMMITTEE

The Board of Directors has internally appointed a Remuneration Committee. According to the Swedish Corporate Governance Code, the members of the Remuneration Committee shall be independent in relation to the Company and its senior management. Eltel's Remuneration Committee shall consist of at least two members of the Board of Directors chosen by the annual meeting. The present Remuneration Committee consists of Jean Bergeret (Chairman), Gérard Mohr and Fredrik Karlsson. The present members of the Remuneration Committee are considered independent in relation to the Company and its senior management. The remunerations committee's main tasks are to:

- prepare the Board of Directors' decisions on issues concerning principles for remuneration, remunerations and other terms of employment for the senior management;
- monitor and evaluate, both ongoing and terminated during the year, programmes for variable remuneration for the senior management; and
- follow and evaluate the application of the guidelines for remunerations to senior management that the Annual General Meeting is legally obliged to decide on, as well as the current remuneration structures and levels in the Company.

The Remuneration Committee had three meetings in 2014.

EVALUATION OF THE BOARD'S PERFORMANCE

The Board of Directors should annually evaluate its work according to a structured process to get a view of the performance of the work in the Board, areas of improvements and areas for development. This assessment should also be a basis for the nimination committee's work until the coming AGM. From 2015 the evaluation will be made through a written survey to all member of the Board that will be presented by the Chairman to the entire Board.

MANAGING DIRECTOR AND OTHER SENIOR MANAGEMENT

The Managing Director reports to the Board of Directors. The Managing Director's responsibility is governed by the Swedish Companies Act, the Swedish Annual Accounts Act, the Company's articles of association, directions given by the general meeting, the instruction for the Managing Director of Eltel and other directions and guiding principles established by the Board of Directors. In addition thereto, the Managing Director shall comply with the Swedish Corporate Governance Code and NASDAQ Stockholm's Rule Book for Issuers, as well as other Swedish and foreign laws and regulations, as applicable.

According to the Swedish Companies Act, the Managing Director shall attend to the day-to-day management pursuant to the Board of Directors' guidelines and instructions. In addition, the Managing Director shall take any measures necessary in order for the Company's accounts to be maintained pursuant to law and that the management of funds is conducted in a sound manner. The division of work between the Board of Directors and the Managing Director is described in the instruction for the Managing Director of the Company.

The Managing Director shall administrate the operative management and execute the resolutions passed by the Board of Directors. The Managing Director shall control and supervise that the matters to be dealt with by the Board of Directors according to applicable legislation, the articles of association or internal instructions are presented to the Board of Directors, and shall continuously keep the Chairman of the Board of Directors informed about the performance of the Company's operations, its earnings and financial position, as well as any other event, circumstances or condition that cannot be assumed to be irrelevant to the Board of Directors or to the shareholders.

The Managing Director shall ensure that the Company has issued policies and/or instructions in all main areas of the Company's operations, such as accounting, health and safety and compliance, and that the policies and instructions are communicated and applied within the organisation. The Managing Director shall also ensure that the Company has a current authorisation manual that is properly observed and that the Company's accounting is performed in a way that is compliant with applicable laws.

Axel Hjärne has been Managing Director and CEO since 2009 and an employee of Eltel since 2005. Prior to that he has worked for Bravida, ABB and Euroc in several senior management positions. Axel Hjärne has a Master of Science degree from Linköping University and his shardholding in Eltel was 594,510 number of shares at IPO on February 6, 2015. For a summary of the CEO's other assigments please refer to page 78.

The Group management of Eltel consists of 11 people, the CEO, the Group CFO, the Group Legal Counsel, the Group HR Director, the Group Communication Director and the six Business Unit Presidents. The Group management meets 10 times per year to deal with operational and strategic matters. Group management also delivers the annual business plan and budget to the Board of Directors in November each year as well as the two forecast updates performed in May and August. From 2015 an additional forecast will be performed in March.

Group management has two permanent steering committees, one for Investor Relations and one for IT.

Regarding principles for remuneration to management please see page 25.

AUDITORS

The shareholders at the Annual General Meeting elect external independent auditors for a 3 year period. The auditors report to the shareholders at the company's general meetings. The auditors monitor and review how the Company is managed by its Boards of Directors and the CEO, and the quality of the Company's financial statements. The 2014 AGM elected auditing firm Öhrlings PricewaterhouseCoopers AB as Auditor to Eltel with a one year mandate, with Niklas Renström as lead auditor.

THE BOARDS REPORT ON INTERNAL CONTROL FOR THE 2014 FINANCIAL YEAR

The following report has been prepared in accordance with the Swedish Code of Corporate Governance and current instructions to the Code and constitutes the Board's report on internal control for financial reporting. The purpose of internal control for financial reporting is to provide suitable safeguards as to the reliability of external financial reports in the form of interim reports, year-end reports and annual reports and to ensure that external financial reports are prepared in compliance with all laws, applicable accounting standards and other requirements on listed companies.

PRIORITY AREAS IN 2014

Eltel introduced an updated and extended framework for internal controls during 2013 covering the key processes of book closing, project accounting, payroll, and sourcing. The controls framework was rolled out fully during 2014 and has been assessed by the external auditors in separate audits during 2012, 2013 and 2014. In 2012 the internal controls were assessed to be informal, i.e. designed, in place but not documented. During 2013 and 2014 the assessments has been that the controls are standardised, i.e. designed, in place and adequately documented. The ambition for Eltel is to take the internal controls to monitored where the controls are standardised and periodically tested and effectively reported to management.

To achieve this Eltel has during 2014 developed an extension of the 2013 internal controls framework to cover also the processes for delegation of authority and sales and tendering. During 2015 the new framework will also be used in mandatory annual self assessments where each entity in Eltel will perform a written self assessment on the compliance of each of the defined key internal controls. This assessment will then be used both in the entities to perform improvement of the internal controls and also reported to management and Audit Committee as a basis for further needs of improvements of the overall internal controls framework.

CONTROL ENVIRONMENT

With a view to creating and maintaining a functioning control environment, the Board has established a number of fundamental documents and the Group has developed a number of groupwide policies, including the Policy over policies. The purpose of this policy is to set out rules on the policy and instruction creation process, to explain what policies and instructions are good for and to assign responsibilities for these documents.

Each Eltel policy has an owner who makes sure that the policy is up to date and informed to its target group. All Eltel policies are approved by the Board of Directors. They are published on Eltel intranet pages in local languages for all Eltel employees and trained to the target groups. The Group management follows up by its internal control reporting that all Eltel companies comply with the policies.

Corporate governance and implementation of policies and instructions follow a top-down logic where directions at higher levels are always implemented at lower levels. Hence, Eltel's governing documents structure can be illustrated as a pyramid where key control documents such as Boards rules of procedure and instructions for the CEO and committees forms the base for corporate governance procedures in the company.

Fundamental Eltel policy documents cover areas such as authorisation, compliance, internal control and risk management, accounting and controlling. Moreover, the internal control system also rests on a management system based on the Company's organisation and method of conducting operations - The Eltel Way - with clearly defined roles, areas of responsibility and delegation of powers. The Eltel Way policy and associated instructions therefore come out strongly in how corporate governance is implemented and exercised the company.

The CEO bears primary responsibility for implementing the Board's instructions regarding the control environment in day-to-day work. He reports regularly to the Board as part of established procedures. Furthermore, there are operational business reviews cascading from teams to CEO every month.

RISK ASSESSMENT/MANAGEMENT

The Group conducts regular risk assessment to identify material risks in the financial statements. In terms of the financial statements, the main risk is considered to be material misstatements, e.g. regarding book keeping and the valuation of assets, liabilities, income and expense or other discrepancies.

Fraud and losses through embezzlement are a further risk. Risk management is an integral part of each process and different methods are used for evaluating and limiting risks and to ensure that the risks to which Eltel is exposed are managed according to established rules, instructions and follow-up procedures. The purpose is to minimise any risks and promote accurate accounting, reporting and information disclosure.

In the monthly business reviews that are performed throughout each level of the organisation a report of the most important operational risks in terms of monetary risk are reported and assessed in the business reviews as for the need for mitigating actions and/or financial provisioning.

On a quarterly basis the most significant operational risks (risks that can affect the performance the next 12 months) and strategic risks (risks that can the affect the performance the next 36 months or more) are collected, assessed and reported to Group management from each Business Unit. Group management then assesses the need for mitigating actions and also twice per year reports to the Board of Directors the most significant strategic risks and related mitigating actions.

CONTROL ACTIVITIES

Control activities are in place to manage the risks that the Board and Company management considers to be material to the business, internal control and financial statements.

The rules of procedure for the Board and Board Committees as well as the instructions for the CEO are intended to establish a clear division of roles and responsibilities that will facilitate the efficient management of risks identified in operations.

The control structure comprises clear roles within the organisation that enable the efficient distribution of responsibility for specific control activities aimed at detecting and preventing the risk of reporting errors in time. Such control activities include a clear decision-making hierarchy and procedure for major decisions such as larger tenders, acquisitions, other types of major investment, divestments, agreements and analysis as defined in the policy for Delegation of Authority for the Group.

An important duty of Eltel's staff is to implement, enhance and enforce the Group's control procedures and conduct internal control geared to business-critical matters. Those responsible for the process at different levels are responsible for implementing the necessary controls in the financial statements. The annual accounts and reporting processes include controls pertaining to valuation, accounting principles and estimates. Special internal controls procedures for critical process tasks are also defined and tested both as self-assessments by each entity and by the external auditors as part of the annual audit programme.

The continual analysis performed of the financial statements is, together with the analysis performed at Group level, of great importance to ensuring that the financial statements do not contain any material misstatements.

The Group's CFO plays an important role in the internal control process, bearing responsibility for the financial statements from each unit being accurate, complete and timely.

INFORMATION AND COMMUNICATION

Eltel has a Head of Communication and a Head of Investor Relations. Eltel also works with external communication support when needed, which aims to promote completeness and accuracy in financial statements released to the stock market. Through regular updates and bulletins, the employees concerned are informed of changes to accounting principles and reporting requirements, or other information. The organisation has access to policies and guidelines.

The Board receives monthly financial reports. External information and communication is notably governed by the Communication Policy, which describes Eltel's general information disclosure principles in order to be complaint with the strict requirements on accurate and simultaneous reporting for the financial markets.

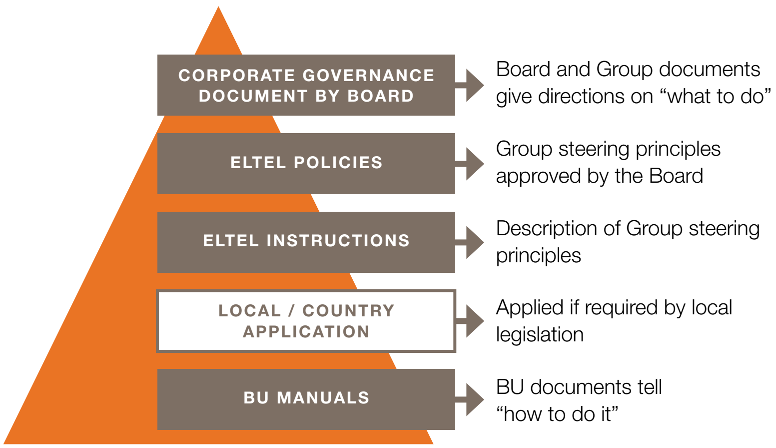
FOLLOW-UP

Eltel's compliance with adopted policies and guidelines is monitored by the Board and Group Management team. At each Board meeting the Company's financial position is addressed. The Board's Remuneration and Audit Committees play important roles in terms of, for example, remuneration, financial statements and internal control.

Before publication of interim reports and the Annual Report, the Audit Committee and the Board review the financial statements.

Eltel's management conducts a monthly follow-up of earnings, analysing deviations from budget, forecasts and the previous year. The duties of the external auditor include performing an annual review of the internal controls of Group subsidiaries.

The Board meets with the auditors once a year to go through the internal controls and, in specific cases, to instruct the auditors to perform separates reviews of specific areas. The auditors also attend all the meetings of the Audit Committee. Considering the monitoring performed by the Finance organisation, the external auditors, the Audit Committee and the extended internal controls self assessment from 2015 the Board has decided that a special internal audit or review function is not necessary at present.



Financial information

CONSOLIDATED INCOME STATEMENT

EUR million	Note	Jan–Dec 2014	Restated Jan–Dec 2013
Net sales		1,242.1	1,147.5
Cost of sales	8	–1,078.3	–1,004.1
Gross profit		**163.8**	**143.4**
Other income	6	8.4	8.6
Sales and marketing expenses	8	–12.2	–12.8
Administrative expenses	8	–116.1	–84.1
Other expenses	7	–4.5	–2.7
Share of profit/loss of joint ventures		–0.7	–
Operating result before acquisition-related amortisations (EBITA)		**38.6**	**52.3**
Amortisation of acquisition-related intangible assets	9	–12.4	–16.7
Operating result (EBIT)		**26.2**	**35.6**
Financial income		0.3	0.3
Financial expenses		–19.3	–20.8
Net financial expenses	11	–19.0	–20.6
Result before taxes		**7.2**	**15.1**
Taxes	12	3.9	–3.6
Net result		**11.1**	**11.5**
Attributable to:			
Equity holders of the parent		9.5	10.2
Non-controlling interest		1.6	1.3
Earnings per share (EPS)	21		
Basic and diluted, EUR		0.12	0.14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Jan–Dec 2014	Restated Jan–Dec 2013
Net profit for the period	11.1	11.5
Other comprehensive income:		
Items that will not be reclassified to profit and loss		
Remeasurements of defined benefit plans	–9.8	8.0
Items that may be subsequently reclassified to profit and loss		
Cash flow hedges	1.5	0.2
Net investment hedges	6.7	3.7
Currency translation differences	–16.0	–10.8
Total	–7.8	–6.9
Other comprehensive income/loss for the period, net of tax	–17.6	1.1
Total comprehensive income/loss for the period	**–6.5**	**12.6**
Total comprehensive income/loss attributable to:		
Equity holders of the parent	–8.1	11.3
Non-controlling interest	1.6	1.3

CONSOLIDATED STATEMENT OF BALANCE SHEET

EUR million	Note	Dec 31, 2014	Restated Dec 31, 2013
ASSETS			
Non-current assets			
Goodwill	14	405.8	433.9
Intangible assets	14	84.6	104.3
Property, plant and equipment	15	33.1	35.3
Investments in joint ventures	13	28.2	–
Available-for-sale investments	17	0.3	0.3
Retirement benefit asset	23	–	0.2
Deferred tax assets	12	23.6	14.3
Trade and other receivables	16, 18	0.9	0.1
Total non-current assets		**576.4**	**588.4**
Current assets			
Inventories	19	10.2	12.1
Trade and other receivables	16, 18	335.3	294.4
Cash and cash equivalents		61.0	26.2
Total current assets		**406.4**	**332.7**
TOTAL ASSETS		**982.8**	**921.1**
EQUITY AND LIABILITIES			
Equity	20		
Shareholders' equity		248.4	261.8
Non-controlling interest		6.4	5.5
Total equity		**254.9**	**267.3**
Non-current liabilities			
Debt	16, 22	6.5	286.5
Liabilities to shareholders	16, 22	–	11.6
Retirement benefit obligations	23	18.0	10.0
Deferred tax liabilities	12	15.9	18.2
Provisions	24	2.7	2.4
Other non-current liabilities	16	0.1	0.1
Total non-current liabilities		**43.2**	**328.8**
Current liabilities			
Debt	16, 22	319.5	58.8
Liabilities to shareholders	16, 22	14.7	-
Provisions	24	29.0	2.5
Advances received		69.0	40.3
Trade and other payables	16, 25	252.5	223.5
Total current liabilities		**684.7**	**325.0**
Total liabilities		**727.9**	**653.8**
TOTAL EQUITY AND LIABILITIES		**982.8**	**921.1**

CONSOLIDATED STATEMENT OF CASH FLOW

EUR million	Note	Jan–Dec 2014	Restated Jan–Dec 2013
Cash flow from operating activities			
Cash flow from operating activities before financial items and taxes	4	81.4	56.7
Interest received		0.3	0.3
Interest and other financial expenses paid		–19.2	–14.0
Income taxes paid		–4.4	–5.0
Non-cash currency rate impact		–	–1.2
Net cash from operating activities		**58.0**	**36.8**
Cash flow from investing activities			
Purchases of property, plant and equipment (PPE)		–10.0	–11.8
Proceeds from sale of PPE		1.2	0.4
Business acquisitions and disposals		0.2	6.6
Net cash from investing activities		**–8.7**	**–4.8**
Cash flow from financing activities			
Payments of long-term financial liabilities		–9.1	–0.1
Payments of/proceeds from short-term borrowing		–	–19.2
Payments of/proceeds from finance lease liabilities		–1.8	–2.2
Dividends to non-controlling interest and other financial expenses		–0.7	–0.7
Change in non-liquid financial assets		–	–0.5
Net cash from financing activities		**–11.6**	**–22.6**
Net change in cash and cash equivalents		**37.8**	**9.4**
Cash and cash equivalents at beginning of period		26.2	16.6
Foreign exchange rate effect		–3.0	0.2
Cash and cash equivalents at end of period		61.0	26.2

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

EUR million	Jan–Dec 2014	Restated Jan–Dec 2013
EBITA	38.6	52.3
Depreciation	11.0	12.3
Change in net working capital	48.1	4.0
Net purchase of PPE	–8.9	–11.4
Operative cash flow (used in cash conversion key figure)	88.9	57.3
Less net purchase of PPE, presented in investing activities	8.9	11.4
Gains on sales of assets	–6.3	–6.7
Items recognised through other comprehensive income	–1.2	–3.9
Other non-cash adjustments	–8.9	–1.4
Cash flow from operating activities before financial items and taxes	**81.4**	**56.7**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders of the parent								
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

	Equity attributable to shareholders of the parent								
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 2013	86.4	283.9	–99.1	–21.1	–3.5	6.3	252.8	4.9	257.7
Total comprehensive income for the period	–	–	10.2	8.0	4.0	–10.8	11.3	1.3	12.7
Dividends to shareholders	–	–2.4	–	–	–	–	–2.4	–	–2.4
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–0.7	–0.7
Total transaction with owners	–	–2.4	–	–	–	–	–2.4	–0.7	–3.1
Equity at 31 Dec 2013	86.4	281.5	–88.9	–13.1	0.4	–4.5	261.8	5.5	267.3

EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

Shareholders' equity consists of the share capital, other paid-in capital, reserves and accumulated losses.

Other paid-in capital includes share subscription prices to the extent that they are not included in share capital (premium) and unconditional shareholders' contribution.

Actuarial gains and losses arising from employee benefits are recorded under remeasurements of defined benefit plans.

Hedging reserve comprises of cash flow hedges and net investment hedges. Gains and losses from hedge accounted derivative instruments are recognised in other comprehensive income under Hedging reserve for their effective part.

The currency translation reserve includes differences arising on translation of the financial statements of foreign entities.

Notes

to the consolidated financial statements

NOTE 1 – CORPORATE INFORMATION

Eltel AB (the Company) through its subsidiaries (together the Group) provides technical services to the Infranet industry, which consists of companies who own and operate critical infrastructure networks in the areas of Power, Communication and Transport & Security. Eltel mainly operates throughout the Nordic and Baltic regions, Poland, Germany, the United Kingdom and Africa. Eltel provides a broad and integrated range of services spanning from project planning and execution to installation services and services related to maintenance and operation. The full range of technical service types that Eltel offers include maintenance services, upgrade services and project delivery services.

Eltel AB is domiciled in Stockholm, Sweden. The ownership structure of Eltel on 31 December 2014 was 3i-controlled entities owning 59.5%, BNP Paribas owning 29.5% and current and former management owning 11% of common shares. The amount of both common shares 621,320,720 and preference shares 242,315,070 was unchanged from year-end 2013.

The operations of Eltel AB through the subsidiary companies are performed under the Eltel brand. The consolidated group is called Eltel Group.

The name of the Company was changed to Eltel AB in November 2014. Eltel AB owns and governs the shares related to Eltel Group. During the period the operational and strategic management functions of the Group have been centralised to Eltel AB. The Company has no operative business activities and its risks are mainly attributable to the activities of its subsidiaries.

NOTE 2 – ACCOUNTING POLICIES FOR THE CONSOLIDATED ACCOUNTS

BASIS OF PREPARATION

These consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU effective at 31 December 2014. In addition, the Group applies Financial Accounting Standards Council's in Sweden recommendation RFR1.

The financial statements have been authorised for issue by the Board of Directors of Eltel AB on April 14, 2015.

Consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments and available for sale financial instruments, which are measured at fair value. The information in the consolidated financial statements is presented in millions of Euro unless otherwise stated. All figures in the financial statements have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.

IFRS 8 Operating segments

Eltel adopted IFRS 8 Operating Segments as of 1 January 2014. Operating segments are business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker, the CEO, and for which financial information is available. Operating segments constitute the operational structure for governance, monitoring and reporting. A combination of factors has been used in order to identify the Group's segments. Most important are the characteristic of the services provided and the customer categories that are acquiring the services. According to the conditions in IFRS 8, certain of the Group's operating segments have been aggregated in the financial reporting. The Group's operations are consequently divided into two reportable segments, Power and Communication and Other which has been named Transport &

Security. These segments are also referred to as business segments in the Group's financial reports. Items below operative EBITA are not allocated to the segments. The comparative segment information in these financial statements is presented on the basis of the new operating and reportable segments.

IFRS 10, IFRS 11 and IFRS 12
The Group has applied the new IFRS 10 Consolidated Financial Statements, 11 Joint Arrangements and 12 Disclosure of Interests in Other Entities as of 1 January 2014. Adoption of IFRS 11 Joint Arrangements changed the accounting principle for jointly controlled entities. Previously the Group recognised its interest in jointly controlled entities using the proportionate method of consolidation. According to IFRS 11 jointly controlled entities are divided into joint operations and joint ventures. Joint operations are consolidated using the proportionate method and joint ventures are consolidated using the equity method. Comparative information is restated accordingly. The restatement impact reduced the amount of net sales by EUR 6.2 million for full-year 2013. The restatement had no impact on operating result (EBIT) or result for the period. Total assets were reduced by EUR 4.0 million at 31 December 2013.

Other new IFRS standards, amendments and interpretations effective for the first time from January 1, 2014 onwards, have had no significant impact to the Group in 2014.

Adoption of new standards from 1 Jan 2015
The amendments, standards and interpretations that are effective for the Group's accounting period of 12 months beginning on January 1, 2015 are not expected to have significant impact on the Group in 2015.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the reported amounts of income and expenses during the period. The actual results may differ from these estimates and assumptions. Possible changes in estimates and assumptions are recognised in the financial period when the changes occur and in all subsequent financial periods.

Critical accounting estimates and assumptions
The areas where significant judgments and estimates are made in preparing the financial statements and where a subsequent change in the estimates and assumptions may cause a material adjustment to the carrying amounts of assets and liabilities are outlined below:

a) Impairment testing
The Group tests annually and always, if there are indications of impairment, whether goodwill has suffered any impairment by comparing the book value with the recoverable value. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The value-in-use calculations require estimation of future cash flows expected to arise from cash-generating units and a suitable discount rate in order to calculate present value. See note 14 Intangible assets for more information on impairment testing.

b) Taxes
Determination of income taxes and deferred taxes when the ultimate tax determination is uncertain requires management judgement. The Group recognises deferred tax assets resulting from carried forward tax losses when the realisation of related tax benefit, due to taxable profits, is probable. However, deferred tax assets is always recognised if it can be utilised to current taxable temporary differences. The assumptions regarding future taxable profits is based on the current business plan and further estimates added by consideration for the uncertainties in the current business plan and further estimates. The Group uses estimates for recognition of liabilities for anticipated tax audit issues based on all available information at the time of recognition.

c) Revenue recognition – construction contracts
The Group uses the percentage of completion method when determining the revenue from the construction contracts. Revenue for the period is recognised based on the stage of completion. The Group determines completion as share of the costs incurred against the total estimated costs of the project. Cost estimates require estimate of the final outcome of the project and the actual future outcome may deviate from the estimate.

d) Defined benefit plans
When preparing actuarial calculations in determining the pension obligation related to defined benefit plans, certain actuarial assumptions need to be made. As the assumptions will vary, the real payment will differ from the estimated obligation, affecting the profit or loss. The assumptions used in actuarial calculations are presented in note 23 Retirement benefit obligations.

e) Provisions and contingent liabilities
The Group uses estimates when assessing the amount of the provisions recognised in the balance sheet. The real outcome may differ from the provision recorded.

A contingent liability is a possible obligation that doesn't fulfil the criteria to be recognised in balance sheet as a provision due to future uncertainties towards the existence of obligation or outflow of resources required to settle the obligation. Information on contingent liabilities is disclosed in notes information. Contingent liabilities are regularly monitored, and in case the outflow of resources becomes probable, they are recognised as provisions.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the parent company Eltel AB and all companies in which, at the end of the financial year, Eltel excercises control, i.e. subsidiary companies. Control is achieved when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. This usually means that Eltel holds over 50% of the voting rights or otherwise has the power to govern the financial and operating policies of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and disposed subsidiaries are consolidated up to their date of disposal.

Acquired subsidiaries are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill.

Inter-company transactions, receivables, liabilities and unrealised margins, as well as distribution of profits within the Group, are eliminated in full on consolidation. Non-controlling interest is presented separately from the net profit and disclosed as a separate item in the equity.

Joint operations are joint arrangements whereby the partners, which have joint control of the arrangement, have rights to the assets and obligations for the liabilities relating to the arrangement. Joint control, which is the contractually agreed sharing of the control of an arrangement, exists only when decisions about the relevant activities require unanimous consent of the partners sharing control.

The Group recognises its interest in joint operations using the proportionate method of consolidation, whereby the Group's share of each of the assets, liabilities, income and expenses of the joint operations are combined with the similar items, line by line, in its consolidated financial statements.

Joint venture is a joint arrangement whereby the partners, which have joint control of the arrangement, have rights to the net asset of the joint arrangement. Joint control, which is the contractually agreed sharing of control of an arrangement, exists only when decision about the relevant activities require unanimous consent of the parties sharing control. Joint ventures are consolidated using the equity method. Under the equity method, an investment in a joint venture is initially recognised at cost and adjusted thereafter to the Group's share of the profit or loss of the joint venture. On acquisition of joint venture any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the joint venture is recognised as goodwill, which is included within the carrying amount of the investment in joint venture.

When a group entity transacts with a joint venture, the profits and losses resulting from the transactions are recognised only to the extent of interests in the joint venture that are not related to the Group.

A list of subsidiaries, joint operations and joint ventures is presented in note 30 Group companies.

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of the Group companies are measured using the currency of the primary economic environment in which the company operates (the functional currency). The consolidated financial statements are presented in Euros, which is the functional and presentation currency of the parent company and the consolidated Group.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transaction. Monetary items denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing at the balance sheet date. Non-monetary items measured at fair value are translated into functional currency at the exchange rates prevailing at the valuation date. All other non-monetary items are valued using the exchange rates prevailing at the date of transaction.

Foreign exchange gains and losses resulting from the translation of business transactions and monetary items are recognised in the income statement. Exchange rate gains and losses on actual business operations are recognised in respective items above operating profit. Exchange rate gains and losses on financing are entered as exchange rate differences in financial income and expenses.

Foreign subsidiaries

Income statements and cash flow statements of foreign subsidiaries are translated into Euros at the average exchange rates for each month and the balance sheets are translated using the exchange rates prevailing at the balance sheet date. Exchange differences arising from the translation are recognised in other comprehensive income.

When a subsidiary is partially disposed or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on the sale.

REVENUE RECOGNITION

Construction contracts

Contract revenue and contract costs associated with long-term construction contracts are recognised according to the percentage of completion method, when the outcome of the construction contract can be estimated reliably. The percentage of completion has been defined by calculating the proportional share of actual costs against the estimated total costs of the contract at the balance sheet date.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as an expense in the period in which they are incurred. An expected loss on the construction contract is recognised as an expense immediately.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included in accrued income that is presented within Trade and other receivables -balance sheet line.

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus/less recognised profits/losses.

Sales of goods and services

Sales of goods are recognised after the significant risks and rewards of ownership have been transferred to the buyer and the Group retains neither a continuing managerial involvement nor effective control of those goods. Revenues from services are recorded when the service has been performed.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired company on the date of acquisition. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is not amortised, but tested annually for any impairment and always, if there are indications of impairment. For the purpose of testing goodwill for any impairment, goodwill is allocated to cash-generating units. Goodwill is stated at cost less impairments.

Other intangible assets

Intangible assets are recognised only if the cost of the asset can be measured reliably and it is probable that the future economic benefits attributable to the asset will flow to the Group. Intangible assets in the Group include acquired computer software, brand, order backlog and customer relationships. The valuation of intangible assets acquired in a business combination is based on fair value. Other intangible assets (except for brands) subsequent to initial recognition, are recognised at cost less depreciations and impairments, if any. On initial recognition they are recognised at fair value at the acquisition date which is regarded as their cost.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their expected useful lives (3 to 7 years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads and external consultancy fees. Computer software development costs recognised as assets are amortised over their expected useful lives (7 years).

Brand, order backlog and customer relationships have been acquired in business combinations. The brand relates to the Eltel brand as a result of the acquisition of Eltel Group Corporation. Fair value of the brand is determined based on the relief-from-royalty method. Brand is not amortised, but tested annually for impairment. The fair value of order backlog is determined based on the future cash flows expected to arise from the existing contracts with customers. Order backlog is amortised using the straight-line method over the period until delivery (2 to 4 years).

The fair value of customer relationships is determined based on the future cash flows expected to arise from contracts with the existing customers. Customer relationship is amortised using the straight-line method over their expected useful lives (5 to 10 years).

The amortisation period for an intangible asset is reviewed at least at each financial year-end. If the expected useful life of the asset is different from previous estimates, the amortisation period is changed accordingly.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation according to plan and any impairment.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings and structures	15 to 40 years
Machinery and equipment	3 to 10 years
Heavy machinery	10 to 15 years

The expected useful life of an asset is reviewed at each balance sheet date and, where they differ significantly from previous estimates, depreciation periods are changed accordingly.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

IMPAIRMENTS

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation but are tested annually for impairment. In addition, other assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Should any indication of an impaired asset exist, the asset's recoverable amount will be estimated.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows and which are mainly independent (cash-generating units). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value-in-use is determined by reference to discounted future net cash flow expected to be generated by the asset.

Whenever the asset's carrying amount exceeds its recoverable amount, it is impaired, and the resulting impairment loss is recognised in the income statement.

Impairment will only be reversed if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognised. Impairment is not reversed over the balance sheet value that existed before the recognition of impairment losses in the previous financial periods. Impairment losses recognised for goodwill are not reversed in any circumstances.

In addition to goodwill and brand, the Group does not have any assets that have an indefinite useful life. See note 14 Intangible assets for information on impairment testing of goodwill.

LEASES – THE GROUP ACTING AS A LESSEE

Lease agreements, which transfer substantially all the risks and rewards incidental to ownership, are classified as finance leases. These are recognised in the balance sheet as property, plant and equipment and lease obligations measured at the lower of the fair value of the property or the present value of the required minimum lease payments at the inception of the lease. Assets acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease period. The corresponding rental obligations, net of finance charges, are included in long-term interest-bearing liabilities.

The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

FINANCIAL INSTRUMENTS

Recognition and derecognition

All purchases and sales of financial assets are accounted for at trade date. They are initially recognised at fair value and transaction costs have been included for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are initially recorded at fair value and transaction costs are included in the original carrying amount. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expires.

Classification and measurement

The Group classifies its financial assets and liabilities into the following categories: Financial assets and liabilities at fair value through profit or loss, derivative instruments hedge accounted, loans and receivables, financial liabilities at amortised cost and available-for-sale investments. The classification is made on the basis of the purpose of the acquisition of financial instruments at the time of initial recognition (see note 16 Financial instruments by category).

Financial assets and liabilities at fair value through profit or loss are financial assets held for trading, as the Group has not designated any other financial assets as at fair value through profit or loss upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. In addition, derivatives that are not designated as hedges are classified as held for trading and presented as derivative asset or liability. Gains or losses arising from changes in the fair value are recognised in the income statement in the period in which they arise. Changes in fair values of derivatives held for trading are recognised either as other income and expenses or financial income or expenses depending on whether they relate to business or financial items. Trading derivatives are classified as a current asset or liability and presented in the balance sheet as other receivables or liabilities. The Group applies cash flow hedge accounting to certain foreign exchange forwards which are classified as derivative instruments hedge accounted. Moreover, the Group identifies and separates embedded derivatives from the business sale or purchase contracts. The embedded derivatives are currency forward contracts and are classified as financial assets and liabilities at fair value through profit and loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments not quoted in an active market nor held for trading. Loans and receivables are measured at amortised cost using the effective interest method. They include trade and other receivables which are measured at amortised cost less impairment and are presented in the balance sheet as current assets, except for maturities greater than 12 months after the balance sheet date. The impairment losses related to trade receivables are recognised in other expenses.

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Financial liabilities at amortised cost include all other financial liabilities than derivative instruments. They are measured at amortised cost using the effective interest method. They include trade payables which are initially measured at amortised cost. Financial liabilities are classified as both current and noncurrent liabilities and they can be interest-bearing as well as non-interest-bearing. Bank overdrafts are shown within debt in current liabilities.

Available-for-sale investments are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They consist of investments in listed and unlisted shares which the Company does not hold for trading. In the balance sheet, they are classified as investments and included in non-current assets unless they are intended to be disposed of within 12 months of the balance sheet date. Available-for-sale investments are generally measured at fair value based on market prices. Unlisted equity securities whose fair value cannot be reliably measured are measured at acquisition cost. Fair value changes of available-for-sale investments are recognised in other comprehensive income and presented in equity in the fair value reserve, net of tax. When the securities are sold or impaired, the accumulated fair value adjustments in the fair value reserve are recognised in profit or loss.

Impairment of financial assets
The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired.

DERIVATIVE INSTRUMENTS HEDGE ACCOUNTED

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at fair value on each balance sheet date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument.

The Group's derivative instruments include currency forward contracts and currency and interest rate swaps. The Group designates certain foreign currency forward contracts as cash flow hedges. Other derivatives, not designated as hedges, are classified as financial assets or liabilities held for trading. However, all derivative contracts are entered into for economic hedging purposes even though they do not qualify as hedges under IAS 39.

Cash flow hedges
The Group applies cash flow hedge accounting to certain foreign exchange forwards. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items. The Group also documents its assessment, both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. The effective portion of gains and losses from the derivative instruments under cash flow hedge accounting is recognised in other comprehensive income under hedging reserve. The cumulative gain or loss is transferred to profit or loss when the hedged items affect profit or loss. The ineffective portion is recognised immediately in profit or loss in other income or expenses.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction ultimately affects profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss recognised in equity is immediately transferred to profit or loss in other income or expenses.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the derivative instrument is more than 12 months and as a current asset or liability when the remaining maturity of the derivative instrument is less than 12 months.

Net investment hedges
The Group applies net investment hedge accounting for certain foreign currency denominated loans which hedge the translation risk relating to net investments in subsidiaries. The foreign exchange differences for these loans are recognised in other comprehensive income under translation reserve. If the investment is divested, the accumulated gains or losses recognised in translation reserve from the loans attributable to that operation are transferred to profit or loss (see note 3.1 for more information).

TRADE RECEIVABLES

Trade receivables are initially measured at fair value and subsequently at amortised cost less provision for impairment.

SHARE CAPITAL

Common and preferential shares are classified as equity and presented as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

DIVIDENDS

Dividends are proposed by the Board of Directors and recognised in the financial statements after the Annual General Meeting has approved the dividend.

EARNINGS PER SHARE

The basic earnings per share (EPS) is calculated by dividing the net result attributable to the parent company's shareholders with the weighted average number of common shares during the financial period. Dividend rights attributable to preference shares are deducted from the result used in EPS calculation. Common shares purchased and held by the Group, if any, are subtracted from number of outstanding shares. Diluted earnings per share reflect the possible impact of the share-based incentive plans and option rights.

TRADE PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised in the balance sheet when: the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Where some of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised as a separate asset, but only when it is certain that the reimbursement will be received.

A warranty provision is recognised, when the product including a warranty clause is sold. The amount of the warranty provision is based on the past experience of the realisation of the warranty costs and the future expectations.

A provision for restructuring is recognised when management has developed and approved a plan to which it is committed. Employee termination benefits are recognised when the representatives of employees or individual employees have been informed of the intended measures in detail and the related compensation packages can be reliably measured. The costs included in a provision for restructuring are those costs that are either incremental or incurred as a direct result of the plan or are the result of a continuing contractual obligation with no continuing economic benefit to the Group or a penalty incurred to cancel the contractual obligation. Restructuring expenses are recognised in respective expenses depending on the nature of the restructuring expenses. Provisions are not recognised for future operating losses.

A provision is recognised for an onerous contract, when the costs required to meet the obligations under the contract exceed the benefits to be received.

A contingent liability is a possible obligation that doesn't fulfil the criteria to be recognised in balance sheet as a provision due to future uncertainties towards the existence of obligation or outflow of resources required to settle the obligation. Information on contingent liabilities is disclosed in notes information. Contingent liabilities are regularly monitored, and in case the outflow of resources becomes probable, they are recognised as provisions.

INVENTORIES

Inventories are stated at the lower of cost or net realisation value. Cost is determined by the FIFO (first in, first out) method. The cost of finished goods and work in progress comprises materials, direct personnel costs, other direct costs and an appropriate portion of production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

INCOME TAXES

The Group's income tax expense includes taxes of the group companies based on taxable income and the changes in the deferred taxes. Income tax is recognised in the income statement, except for the items recognised directly in other comprehensive income, when the tax effect is accordingly recognised in other comprehensive income. Income tax expense is based on the effective tax rate in each country. Tax adjustments from previous periods are included in tax expense.

Deferred tax assets or liabilities are calculated using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it appears probable that future taxable profit will be available, against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

EMPLOYEE BENEFITS

The Group companies have different pension schemes in accordance with the local conditions and practices in the countries where they operate including statutory pension plans and supplementary pension benefits. The schemes are generally funded through payments to insurance companies or trustee-administered funds.

The plans are classified as either defined contribution plans or defined benefit plans.

In the defined contribution plan, pension contributions are paid directly to insurance companies and once the contributions have been paid, the Group has no further payment obligations if the company receiving the payments cannot fulfil its obligations. These contributions are charged to the income statement in the year to which they relate.

For defined benefit plans, the liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets. The pension obligation is defined using the projected unit credit method separately for each plan. The discount rate applied to calculate the present value of post-employment benefit obligations is determined by the market yields of long-term corporate bonds or government bonds with corresponding maturity to the obligation. The net interest cost is estimated by applying the discount rate to the net defined benefit obligation and recognised as financial expenses. Past-service costs are recognised immediately in the income statement. Remeasurements of the defined benefit plan are recognised directly in other comprehensive income.

NOTE 3 – FINANCIAL RISK MANAGEMENT

The Group has exposure to the following financial risks:

– Market risks, including currency and interest rate risks

– Liquidity risk

– Credit risk

The Group's financing and financial risk management is carried out by a central treasury department (Group Treasury) under the Treasury Policy approved by the Board of Directors. Group Treasury Policy has been established to identify and analyse the financial risks faced by the Group, to set appropriate risk limits and controls and to monitor risk and adherence to limits. The Treasury Policy and the related financial risk management policies and procedures are reviewed regularly to reflect changes in market conditions and Group's activities. The main objective of the financial risk management is to minimise the unfavourable effects of the financial risks on the Group's income and cash flow.

3.1 MARKET RISK

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income, cash flows or the value of its holdings of financial instruments. Main market risks of the Group include currency risks and interest rate risks.

Currency risk

Currency risk in the Group consists of transaction risk, translation risk and economic risk. The purpose of currency risk management is to minimise the impact of foreign exchange fluctuations to the cash flows, profit and loss and balance sheet of the Group.

Currency transaction risk

The Group is exposed to currency transaction risks to the extent that there is a mismatch between the currencies in which sales, purchases, borrowings and cash are denominated and the respective functional currencies of the Group companies.

Majority of the Group's business is local and over 90% of the cash inflows are generated in each country's local currency. The transaction risk is therefore limited and arises from export projects and few other major projects. The foreign currency used in these projects is in most cases the US dollar or another major foreign currency. The main principle is to mitigate the risk first by operative means in the businesses, e.g. by matching, as far as possible, the project costs to the contract currency.

The open foreign exchange exposure is hedged by using foreign currency forward contracts and swaps in accordance with the Group FX risk management policy whereby any net exposure exceeding EUR 2 million shall be hedged with the minimum of 60% hedging ratio and the open net exposure may not exceed EUR 8 million. The Group applies hedge accounting for net currency exposures exceeding EUR 5 million in counter value. More information on the Group's foreign exchange derivatives is included in note 26 Derivative financial instruments.

The summary quantitative data about the Group's transaction risk exposure as reported to the Group's management is as follows to the right:

2014
EUR million

Currency	Sales and purchases	Borrowings and cash	Hedges	Net transaction risk exposure
EUR	9.4	0.7	–9.9	0.2
SEK	–1.7	–2.3	4.0	–
NOK	0.8	–9.6	10.1	1.2
DKK	–	–1.8	1.6	0.1
PLN	–0.1	18.4	–18.2	0.1
USD	20.0	–12.8	–6.3	0.9
CHF	–4.4	–	4.4	–

2013
EUR million

Currency	Sales and purchases	Borrowings and cash	Hedges	Net transaction risk exposure
EUR	6.2	0.5	–4.4	2.3
SEK	0.7	–170.7	170.4	0.4
NOK	0.7	–3.8	3.4	0.3
DKK	–0.2	–2.2	2.5	–
PLN	–0.1	15.3	–15.1	0.1
USD	8.4	–	–7.0	1.4
CHF	–11.8	–	11.8	–

Sales and purchases includes both forecasted contractual sales and purchases as well as trade receivables and payables.

A reasonably possible strengthening (weakening) of the most significant currencies against all other currencies at the balance sheet date would have affected the equity and profit or loss by the amounts shown below. The analysis illustrates currency transaction risk and assumes that all other variables, in particular interest rates, remain constant.

Currency transaction risk impact

2014

EUR thousands	Profit or loss		Equity (net of tax)	
Currency	Strengthening	Weakening	Strengthening	Weakening
EUR (10% movement)	20.4	–20.4	837.1	–837.1
SEK (10% movement)	4.0	–4.0	–	–
NOK (10% movement)	122.6	–122.6	–	–
DKK (10% movement)	–12.3	12.3	–	–
PLN (10% movement)	13.3	–13.3	–	–
USD (10% movement)	86.8	–86.8	–	–
CHF (10% movement)	–3.0	3.0	–	–

2013

EUR thousands	Profit or loss		Equity (net of tax)	
Currency	Strengthening	Weakening	Strengthening	Weakening
EUR (10% movement)	228.4	–228.4	–239.8	239.8
SEK (10% movement)	40.8	–40.8	–	–
NOK (10% movement)	32.5	–32.5	–	–
DKK (10% movement)	0.2	–0.2	–	–
PLN (10% movement)	13.7	–13.7	–	–
USD (10% movement)	141.8	–141.8	–841.1	841.1
CHF (10% movement)	–0.1	0.1	–	–

Currency translation risk

The Group's translation risk arises from translating foreign currency denominated subsidiaries' profit and loss statements and balance sheets into the Group's presentation currency upon Group consolidation. The risk is realised as volatility of both the Group's Euro-denominated profit or loss and equity (translation reserves).

A significant portion of the Group's net sales is generated by subsidiaries that operate in countries where a currency other than the Euro is used, particularly Sweden, Norway and Poland.

The Group aims to match the currency of borrowings to the profits generated by the underlying operations of the Group in order to achieve neutral translation position.

For the year ended 31 December 2014, 40% of the Group's net sales were generated in SEK (2013: 37%), 13% in NOK (2013: 11%), 12% in PLN (2013: 12%) and 7% in DKK (2013: 9%). Therefore, the Group's results are most sensitive to changes in EUR/SEK and to a lesser extent to changes in EUR/PLN and EUR/NOK. A change in the average EUR/SEK, EUR/NOK, EUR/PLN rates by 10% would have had an impact of EUR 5.4 million (EUR 4.3 million) on the Group's operating result before acquisition-related amortisations (EBITA) and EUR 4.1 million (EUR 2.8 million) in the Group's post tax profit in 2014.

In addition, the Group monitors the sensitivity of its net debt to EBITDA ratio to strengthening of the Euro against all other operative currencies. An increase in the average exchange rates of Euro by 10% would have led to an increase 11% in the net debt to EBITDA ratio.

The majority of the Group's net investment translation risk arises from the net investments in the Swedish subsidiaries. This net investment is hedged by SEK denominated loans, which mitigates the foreign currency translation risk arising from the subsidiaries' net assets. Net investment hedge accounting according to IAS 39 is applied for the loans.

Economic risk

Economic risk arises from the business strategy of the Group and relates more long-term and structural cost structures in different currencies. Economic risk is taken into account in the course of the Group's strategy and planning process.

Interest rate risk

Interest rate risk is the uncertainty in the financial result or the value of the Group caused by fluctuations in interest rates. Interest rate risk can be divided into two components:

- Interest flow risk is the risk that the Group's net interest expenses change due to interest rate changes.
- Interest price risk is the risk that the fair values of financial instruments change due to interest rate changes.

The Group's policy is to keep the ratio of fixed rate debt between 40–80% and the interest duration between 10–30 months.

The Group's bank borrowing is based on floating interest rates (one to six months). A part of the finance lease liabilities have a fixed interest rate for the lease period. At 31 December 2014 there were no interest rate swap contracts in place. More information on the Group's interest rate derivatives is included in note 26 Derivative financial information.

The interest rate profile of the Group is as follows:

EUR million	2014	2013
Fixed-rate instruments		
Financial liabilities	20.1	17.9
Effect of interest rate swaps	–	151.5
Total fixed–rate net liabilities	**20.1**	**169.4**
Variable–rate instruments		
Financial assets	61.7	26.9
Financial liabilities	322.7	337.4
Effect of interest rate swaps	–	–151.5
Total variable–rate net liabilities	**261.0**	**159.0**

A reasonably possible change in the relevant market interest rates at the reporting date would affect the equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis takes into account the effect in the interest costs of all floating rate borrowings as well as the effects of the changes in fair values of the interest rate derivatives.

2014	Profit or loss		Equity (net of tax)	
EUR thousands	**50 bp increase**	**25 bp decrease**	**50 bp increase**	**25 bp decrease**
Variable rate instruments	175.9	–87.9	–	–
Total	**175.9**	**–87.9**	**–**	**–**

2013	Profit or loss		Equity (net of tax)	
EUR thousands	**50 bp increase**	**25 bp decrease**	**50 bp increase**	**25 bp decrease**
Variable rate instruments	181.9	–91.0	–	–
Interest rate swaps	307.1	–153.6	–	–
Total	**489.0**	**–244.5**	**–**	**–**

3.2 LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter financial difficulty in meeting its financial obligations. The Group's objective of liquidity risk management is to ensure that it will maintain a sufficient liquidity reserve to meet its liabilities when they are due under both normal and stressed conditions.

Securing adequate amount of funding is centralised to the Group Treasury. The Group maintains sufficient liquidity by efficient cash management through group level cash pool and related committed overdraft limits. Additionally the Group has a committed syndicate revolving credit facility of EUR 65 million, which matures in 2015.

Currently the cash and cash equivalents consist solely of cash in hand and deposits. The Group's available liquidity reserve at the balance sheet date was as follows:

EUR million	2014	2013
Committed credit facility	50.0	65.0
Current account overdrafts	15.4	15.4
Cash and cash equivalents	61.0	26.2
Total	**126.4**	**106.6**

The Group also monitors closely the expected cash inflows and outflows. The liquidity projections are prepared at a daily level for the following 5 weeks and at a weekly level for the 6 months thereafter. The most significant uncertainties in the projections are related to the cash inflows from the project business.

The maturities of the Group's undiscounted financial liabilities at the balance sheet date are presented in the table below. The amounts include the capital and interest payments. The loans from the shareholders include the capital and the accrued interests.

		Contractual cash flows			
2014 EUR million	Carrying amount	Less than 1 year	1–3 years	3–5 years	Over 5 years
Bank borrowings	318.7	315.1	3.6	–	–
Loans from related parties	25.3	25.3	–	–	–
Finance lease liabilities	6.3	1.7	2.3	2.1	0.2
Trade payables	128.6	128.6	–	–	–
Derivative financial instruments	0.2	0.2	–	–	–
Total	**479.1**	**470.9**	**5.9**	**2.1**	**0.2**

		Contractual cash flows			
2013 EUR million	Carrying amount	Less than 1 year	1–3 years	3–5 years	Over 5 years
Bank borrowings	349.5	59.2	290.3	–	–
Loans from related parties	18.7	7.0	11.7	–	–
Finance lease liabilities	8.1	2.4	2.9	2.6	0.3
Trade payables	104.4	104.4	–	–	–
Derivative financial instruments	0.9	0.9	–	–	–
Total	**481.6**	**173.9**	**304.9**	**2.6**	**0.3**

As disclosed below in note 22 Borrowings the Group's financial liabilities contain various financial covenants. A future breach of covenant may require the Group to repay the loan earlier than indicated in the table. However, this is not expected.

Events after the balance sheet date, financing

The Group has on February 3, 2015 entered into a new five-year credit facilities agreement, whereby it has withdrawn new term loans of EUR 210 million, which were used to refinance the maturing bank borrowings along with the proceeds received from Eltel's initial public offering in Nasdaq Stockholm. Additionally, the new facilities agreement includes a revolving credit facility agreement of EUR 90 million which can be used for general corporate purposes.

The new credit facilities agreement contains customary financial covenants relating to net debt to EBITDA ratio and interest cover (EBITDA to net finance charge). The net debt to EBITDA shall not exceed 4.0 (stepping down to 3.5 in 2017) and interest cover shall equal or greater than 4.0 at all times.

3.3 CREDIT RISK

Credit risk is the risk of loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations.

The Group's credit risk arises primarily from the Group's receivables from customers. The Group has identified a concentration risk relating to certain key customers who account for a significant amount of the Group's net sales. The key customers are solid infrastructure network owners in Europe. Typically, they are owned by governments or municipalities or are well-known publicly listed companies. Moreover, there have been no major credit losses historically. Therefore, the Group assess that the concentration risk related to these key customers is limited. Business units are responsible for credit risk management relating to Group's business counterparties.

The Group carrries out several projects in African countries. These projects are typically pre-funded, i.e. there are financing agreements in place prior to the start of the project. The Group receives payments directly from the funding bank(s) against agreed evidence of project progress. Consequently the Group does not carry any significant credit risk relating to the African customers.

Maturity analysis of trade receivables past due but not impaired:

EUR million	2014	2013
Not past due	157.8	155.5
Past due:		
1-90 days overdue	17.6	20.5
91-180 days overdue	2.3	1.7
More than 180 days overdue	2.3	1.4
Total trade receivables (net)	**180.0**	**179.1**

The Group has recognised an increase of EUR 1.4 million in the impairment reserve of trade receivables. The current impairment reserve for credit losses is EUR 2.7 million. There were no past due receivables in any other class of financial assets. The carrying amount of the Group's receivables represents the maximum amount of credit risk at the balance sheet date.

The Group's investments are related to liquidity management and made in liquid instruments with low credit risk. The Group investment activities are not exposed to significant credit risk. Any long-term investments have to be approved by the Board of Directors. Derivative financial instruments are entered into with banks with high credit rating. Group Treasury is responsible for credit risk management relating to financial risk counterparties. New derivative counterparties have to always be approved by the Board of Directors.

3.4 CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard its ability to continue as going concern in order to provide returns for shareholders. The Group defines total capital as equity plus net debt in the balance sheet. The Group monitors capital on the basis of net debt to EBITDA ratio. Net debt is calculated as total bank borrowings on undiscounted method added by financial leasing liabilities less cash and cash equivalent. As stated in the bank loan agreements, the shareholder loans are not included in the calculation of the net debt. The ratio at 31 December 2014 and 2013 have been as follows:

EUR million	2014	2013
EBITDA	49.6	64.7
Total bank borrowings	323.2	338.6
Finance lease liabilities	6.3	8.1
Cash and cash equivalents	–61.0	–26.2
Net debt	268.5	320.6
Net debt / EBITDA	**5.4**	**5.0**

NOTE 4 – CASH FLOW FROM OPERATING ACTIVITIES

EUR million	Note	2014	2013
Profit before taxes		7.2	15.1
Adjustments for:			
Depreciation and amortisation	9	23.5	29.1
Net gains on disposal of business and sales of assets		–6.3	–6.7
Financial expenses, net	11	19.0	20.6
Cash flow items recognised in other comprehensive income		–1.2	–3.9
Other non-cash adjustments		–8.9	–1.4
Adjustments total		26.1	37.6
Changes in working capital			
Trade and other receivables		–48.4	–36.2
Trade and other payables		94.7	38.1
Inventories		1.8	2.1
Changes in working capital total		48.1	4.0
Total cash flow from operating activities		**81.4**	**56.7**

NOTE 5 – SEGMENT REPORTING

NET SALES BY SEGMENT

EUR million	2014	2013
Power		
Net sales (external)	506.6	473.7
Inter-segment sales	9.3	7.5
Communication		
Net sales (external)	581.2	548.6
Inter–segment sales	2.8	2.7
Transport & Security		
Net sales (external)	154.1	122.2
Inter–segment sales	0.1	0.4
Net sales not allocated to segments	0.2	3.0
Elimination of sales between segments	–12.2	–10.6
Total	**1,242.1**	**1,147.5**

The Group has one customer that represents over 10% of total sales. The customer's share of the sales amounts to 19% (17%). Customer means a legal entity, and where applicable, a collection of legal entities in the same group.

SEGMENT RESULTS

EUR million	2014	2013
Operative EBITA by segment		
Power	32.1	29.2
Communication	25.8	19.8
Transport & Security	12.1	13.1
Items not allocated to operating segments*	–8.7	–10.0
Operative EBITA, Group	61.3	52.0
Non–recurring items**	–22.7	0.3
EBITA before acquisition-related amortisations	38.6	52.3
Amortisation of acquisition-related intangible assets***	–12.4	–16.7
Operating result	26.2	35.6
Financial expenses, net	–19.0	–20.6
Result before taxes	**7.2**	**15.1**

* 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

*** The remaining balance sheet value of amortised assets was EUR 30.4 million as at 31 December 2014

NON-RECURRING ITEMS

EUR million	2014	2013
IPO-related management incentive programme (MIP)	–17.6	–
IPO-related advisory costs	–8.2	–
Other non–recurring items	3.1	0.3
Non-recurring items in EBITA	–22.7	0.3
IPO-related non–recurring advisory costs recognised in equity	–2.9	–
Sum IPO-related management incentive programme (MIP) in the period	–17.6	–
Sum IPO-related advisory costs in the period	–11.1	–
Total IPO-related costs in the period	**–28.7**	**–**

Other non-recurring items relate mainly to structural changes in the Group including sale and closure of business.

SEGMENT NET WORKING CAPITAL

EUR million	2014	2013
Power	11.4	25.0
Communication	0.1	18.2
Transport & Security	–	–1.4
Other	–28.6	–4.4
Total	**–17.1**	**37.3**

NET SALES BY GEOGRAPHICAL AREA

EUR million	2014	2013
Sweden	502.3	378.8
Finland	278.0	281.1
Poland	143.4	138.5
Norway	160.6	123.5
Denmark	89.1	84.0
Baltics	38.4	44.1
Other countries	30.4	97.5
Net sales, total	**1,242.1**	**1,147.5**

In February 2014, Eltel and Umoe (owner of Sønnico Tele AS) agreed to merge their communication businesses in Norway. The merger was completed on 31 December 2014 and the jointly owned company is called Eltel Sønnico AS. Eltel's sales in the Communication segment on the Norwegian market will consequently no longer be consolidated in the Eltel accounts and 50% of the joint venture's net profit will be included as one-line item in EBITA. Net sales from Communication in Norway was EUR 121.6 million in 2014 (107.2).

NOTE 6 – OTHER INCOME

EUR million	2014	2013
Gains on disposal of business and sales of assets	6.3	6.8
Gain on foreign exchange forward contracts	–	0.3
Other income	2.1	1.5
Total	**8.4**	**8.6**

The 2014 gain on disposal of business and sales of assets includes EUR 4.7 million gain on transfer of assets and business to the joint venture Eltel Sønnico AS. The valuation of the business in Eltel Sønnico AS is based on discounted value of future cash flow projections of the business. The discount rate determination and other key assumptions in the projections are same as presented in note 14 value-in-use-calculations.

NOTE 7 – OTHER EXPENSES

EUR million	2014	2013
Loss on foreign exchange forward contracts	3.7	–
Other expenses	0.8	2.7
Total	**4.5**	**2.7**

NOTE 8 – FUNCTION EXPENSES BY NATURE

EUR million	2014	2013
Materials and supplies	283.3	249.8
Employee benefit expenses	409.7	404.8
External services	385.2	323.9
Other costs	113.5	104.4
Depreciation and amortisation	23.5	29.1
Total	**1,215.3**	**1,111.9**

NOTE 9 – DEPRECIATION AND AMORTISATION

EUR million	2014	2013
Derecognition of goodwill related to disposal of business	–	3.3
Amortisation on customer relationships and order backlog	12.4	13.4
Sum amortisation of acquisition-related intangible assets	12.4	16.7
Other depreciation and amortisation	11.0	12.3
Total	**23.5**	**29.1**

The total amount recognised in the income statement is divided by function as follows:

EUR million	2014	2013
Cost of sales	7.3	8.1
Sales and marketing expenses	0.1	0.2
Administrative expenses	3.6	4.0
Other expenses	–	0.1
Sum in expenses	11.0	12.3
Amortisation of acquisition-related intangible assets	12.4	16.7
Total	**23.5**	**29.1**

NOTE 10 – EMPLOYEE BENEFIT EXPENSES

EUR million	2014	2013
Wages and salaries	310.9	305.5
Post-employment benefits		
Defined benefit plans	–0.3	0.1
Defined contribution plans	39.1	36.5
Other indirect employee costs	60.2	63.3
Total	**410.0**	**405.4**

Salaries and other remunerations to Board of Directors and senior management were EUR 13.8 million (3.1) of which the amount of fixed salaries was EUR 2.9 million (2.2) including fees to Board of Directors and variable salaries of EUR 10.9 million mainly relating to IPO (0.8). Defined contribution pension plans for senior management amounted to EUR 0.4 million (0.3). The amount of other indirect employee costs for senior management was EUR 3.3 million (0.8).

EMPLOYEE BENEFIT EXPENSES BY FUNCTION

EUR million	2014	2013
Cost of sales	331.2	339.7
Sales and marketing expenses	6.6	7.6
Administrative expenses	71.8	57.5
Sum in operative expenses	409.7	404.8
Financial income and costs	0.3	0.6
Total	**410.0**	**405.4**

AVERAGE NUMBER OF PERSONNEL

	2014	Of whom men %	2013	Of whom men %
Sweden	2,005	89	1,898	89
Finland	1,552	92	1,673	93
Poland	2,596	86	2,665	86
Norway	624	87	585	84
Denmark	515	92	572	89
Baltics	904	92	845	90
Other	243	83	303	74
Total	**8,439**	**89**	**8,542**	**89**
Total personnel at year-end	**8,647**	**89**	**8,459**	**89**

Information on the compensation for the Board of Directors and other key management personnel is presented in note 29 Remuneration to senior management.

NOTE 11 – FINANCIAL INCOME AND EXPENSES

EUR million	2014	2013
Interest income from loans and receivables	0.2	0.2
Other financial income	0.1	0.1
Total financial income	**0.3**	**0.3**
Interest expenses from liabilities at amortised cost	–13.5	–16.4
Fee expenses	–6.0	–2.8
Net gain from financial instruments at fair value through income statement	0.5	0.6
Foreign exchange differences derivatives, net	–3.6	–2.1
Other foreign exchange differences	3.2	–0.2
Total financial expenses	**–19.3**	**–20.8**
Net financial expenses	**–19.0**	**–20.6**

NOTE 12 – INCOME TAX

12.1 INCOME TAX EXPENSE IN THE CONSOLIDATED INCOME STATEMENT

EUR million	2014	2013
Current tax	3.6	4.4
Deferred tax		
Origination and reversal of temporary differences	–7.6	–0.8
Total tax cost / income (–)	**–3.9**	**3.6**

The difference between income taxes at the statutory tax rate in Sweden 22.0% and income taxes recognised in the consolidated income statement is reconciled as follows:

EUR million	2014	2013
Profit before tax	7.2	15.1
Tax calculated at Swedish tax rate	**1.6**	**3.3**
Effect of different tax rates outside Sweden	0.4	0.2
Income not subject to tax	–1.9	–0.0
Expenses not deductible for tax purposes	1.6	1.7
Tax effect of results for which no deferred income tax asset was recognised	–1.3	–1.6
Deferred tax assets on carry forward losses for previous years	–5.0	0.8
Remeasurement of deferred tax for change in tax rate in Finland	–	–1.1
Income tax in respect of prior years	0.6	–0.2
Other items	0.2	0.5
Income taxes in the consolidated income statement	**–3.9**	**3.6**

12.2 DEFERRED TAX ASSETS AND LIABILITIES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

EUR million	Dec 31, 2014	Dec 31, 2013
Deferred tax liabilities	15.9	18.2
Deferred tax assets	23.6	14.3
Net deferred tax liabilities (-assets)	**–7.6**	**3.9**

The gross movement on the deferred income tax amount:

EUR million	2014	2013
On January, 1	**3.9**	**3.1**
Recognised in the income statement	–7.6	–0.8
Translation differences, recognised in other comprehensive income	–1.6	–0.9
Defined benefit plans, recognised in other comprehensive income	–2.7	2.6
Cash flow hedges	0.4	–
On December, 31	**–7.6**	**3.9**

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction:

EUR million Deferred tax liabilities	Fair value adjustment	Other temporary differences	Total
Jan 1, 2013	**27.7**	**1.6**	**29.1**
Recognised in the income statement	–4.1	0.6	–3.5
Translation differences	–1.5	0.1	–1.4
Dec 31, 2013	**22.0**	**2.2**	**24.2**
Recognised in the income statement	–2.6	0.8	–1.8
Translation differences	–2.0	0.2	–1.7
Cash flow hedges, recognised in other comprehensive income	–	0.4	0.4
Dec 31, 2014	**17.4**	**3.6**	**21.0**

Majority of the fair value adjustments arise from the valuation of Eltel brand and customer relationship in intangible assets.

EUR million Deferred tax assets	Retirement benefit obligations	Tax losses carried forwards	Other temporary differences	Total
Jan 1, 2013	**5.5**	**18.4**	**2.2**	**26.1**
Recognised in the income statement	–0.2	–2.8	0.4	–2.6
Recognised in other comprehensive income	–2.6	–	–	–2.6
Translation differences	–0.1	–0.4	–0.1	–0.5
Dec 31, 2013	**2.6**	**15.2**	**2.5**	**20.3**
Recognised in the income statement	–0.8	4.8	1.8	5.8
Recognised in other comprehensive income	2.7	–	–	2.7
Translation differences	–0.7	-0.2	0.7	–0.1
Dec 31, 2014	**3.9**	**19.8**	**5.1**	**28.7**

Deferred income tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. On December 31, 2014 the Group had not recognised deferred income tax assets of EUR 16 million (EUR 24 million) in respect of losses amounting to EUR 70 million (EUR 109 million) that can be carried forward against future taxable income. Unrecognised deferred taxes amounting to EUR 3 million (EUR 10 million) expire in 2018 – 2023, other amounts have no expiry date.

NOTE 13 – NON-CONTROLLING INTERESTS AND JOINT VENTURES

EUR million	Subsidiaries with non-controlling interest		Joint ventures	
Summarised statement of balance sheet	**Dec 31, 2014**	**Dec 31, 2013**	**Dec 31, 2014**	**Dec 31, 2013**
Total current assets	24.4	22.5	10.0	4.4
Total non-current assets	3.6	3.7	5.6	4.3
Total assets	28.0	26.2	15.5	8.7
Total current liabilities	10.5	10.8	7.6	4.3
Total non-current liabilities	1.5	1.6	7.6	4.4
Total liabilities	12.0	12.4	15.2	8.7
Equity				
Shareholders' equity	16.0	13.7	0.3	–
Non-controlling interest	6.4	5.5	–	–

Summarised income statement	**Jan-Dec, 2014**	**Jan-Dec, 2013**	**Jan-Dec, 2014**	**Jan-Dec, 2013**
Net sales	44.9	44.3	11.0	27.9
Net result	3.9	3.3	–1.4	–
Total comprehensive income	3.9	3.3	–1.4	–
Total comprehensive income allocated to non-controlling interests	1.6	1.3	–	–
Dividends paid to non-controlling interest	–0.7	–0.7	–	–

Summarised cash flows	**Jan-Dec, 2014**	**Jan-Dec, 2013**	**Jan-Dec, 2014**	**Jan-Dec, 2013**
Cash flow from operating activities	3.9	6.0	–	–
Cash flow from investing activities	–0.6	–0.3	–	–
Cash flow from financing activities	–3.3	–5.7	–	–
% of ownership	60	60	50	50
Commercial guarantees on behalf of joint ventures	–	–	9.6	–
Other guarantees on behalf of joint ventures	–	–	4.6	–

Reconciliation of changes in carrying value	**2014**	**2013**
Carrying value January 1	0.0	–
Profit/loss for the period	–0.7	–
Other comprehensive income	–	–
Transfer of business and assets to joint venture	28.0	–
Capital investment	0.8	–
Carrying value December 31	28.2	–

NON-CONTROLLING INTEREST

Eltel Networks Pohjoinen Oy, domiciled in Finland, is a subsidiary with a non-controlling interest of 40%. The group has no other material non-controlling interests.

JOINT VENTURES

Carillion Eltel JV Limited

Carillion Eltel JV Limited, domiciled in the UK, is a joint venture owned 50/50 by Eltel Networks UK Limited and Carillion Holdings Limited.

Eltel Sønnico AS

Eltel Sønnico AS, domiciled in Norway, is established on a 50/50 basis by Eltel Networks AS and Sønnico Tele AS. The Norwegian communication related operations of Eltel Networks AS and Sønnico Tele AS have been transferred to the joint venture 31 December 2014.

The joint ventures are condolidated with the equity method. The Group has no other joint ventures.

NOTE 14 – INTANGIBLE ASSETS

EUR million	Goodwill	Customer relationship	Order backlog	Brand	Advances paid and other intangible assets	Total
Cost on Jan 1, 2014	473.9	142.1	12.0	55.9	13.4	697.2
Additions	0.2	0.1	–	–	1.1	1.5
Transfer to joint venture and other disposals	–16.8	–1.3	–	–2.1	–0.1	–20.3
Translation differences	–11.6	–4.8	–0.6	–1.9	–0.2	–19.0
Reclassifications	–	–	–	–	–0.1	–0.1
Cost on Dec 31, 2014	**445.7**	**136.1**	**11.4**	**51.9**	**14.1**	**659.3**
Accumulated amortisation on Jan 1, 2014	**39.9**	**96.9**	**12.0**	**1.1**	**9.2**	**158.9**
Accumulated amortisation of disposals	–	–	–	–	–0.1	–0.1
Translation differences	–	–3.5	–0.6	–	0.7	–3.4
Amortisation during the period	–	12.4	–	–	1.0	13.5
Accumulated amortisation on Dec 31, 2014	**39.9**	**105.8**	**11.4**	**1.1**	**10.8**	**168.9**
Carrying value on Jan 1, 2014	433.9	45.2	0.0	54.8	4.2	538.2
Carrying value on Dec 31, 2014	**405.8**	**30.3**	**0.0**	**50.8**	**3.4**	**490.3**

EUR million	Goodwill	Customer relationship	Order backlog	Brand	Advances paid and other intangible assets	Total
Cost on Jan 1, 2013	482.0	145.3	12.3	57.4	12.7	709.7
Additions	–	–	–	–	0.7	0.7
Translation differences	–8.1	–3.2	–0.3	–1.5	–0.1	–13.3
Reclassifications	–	–	–	–	0.1	0.1
Cost on Dec 31, 2013	**473.9**	**142.1**	**12.0**	**55.9**	**13.4**	**697.2**
Accumulated amortisation on Jan 1, 2013	36.6	85.5	12.3	1.1	7.1	142.6
Translation differences	–	–2.1	–0.3	–	0.6	–1.8
Derecognition	3.3	–	–	–	–	3.3
Amortisation during the period	–	13.4	–	–	1.4	14.8
Accumulated amortisation on Dec 31, 2013	**39.9**	**96.9**	**12.0**	**1.1**	**9.2**	**158.9**
Carrying value on Jan 1, 2013	445.4	59.8	0.0	56.4	5.6	567.1
Carrying value on Dec 31, 2013	**433.9**	**45.2**	**0.0**	**54.8**	**4.2**	**538.2**

Value of customer relationship and Eltel brand origin from the acquisition of Eltel's business. The amortisation of customer relationship is presented in the income statement line "Amortisation of acquisition-related intangible assets". In 2013 derecognition of goodwill in relation to sale of business line is presented in the same income statement line.

The Eltel brand is not amortised, because it has been assessed that it has an indefinite useful life. No foreseeable limit to the period over which it is expected to generate net cash inflows for the Group can be seen. Eltel brand is tested for impairment annually together with goodwill.

ALLOCATION OF GOODWILL AND BRAND

In 2014 Eltel has changed the composition of operating segments to mirror the development in the way that management follows operations. As goodwill and brand are also monitored on operating segment level a reallocation of these items has been made to each operating segment on a relative value basis. The values in accordance with new allocation are presented in below table.

	Brand		Goodwill	
EUR Million	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Fixed Communication	8.8	10.5	70.5	83.3
Mobile Communication	2.1	3.0	17.1	23.9
Power Transmission	16.5	17.0	131.3	134.8
Power Distribution	13.9	14.4	110.6	113.6
Rail & Road	4.5	4.7	36.3	37.2
Aviation & Security	5.0	5.2	40.0	41.1
Total	**50.8**	**54.8**	**405.8**	**433.9**

The recoverable amount of business is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on business plans approved by management covering a four-year period. Cash flows beyond the four-year period are extrapolated using a growth rate of 2.75% in average which does not exceed the long-term average growth rate for the businesses in which the Group operates. The discount rate is defined using the weighted average cost of capital (WACC). The pre-tax discount rates used in calculations including risk premium to reflect the current state of macroeconomic uncertainty are 9.6% for Fixed Communication, 9.9% for Mobile Communication, 9.8% for Power Transmission, 9.6% for Power Distribution, 9.8% for Rail & Road and 9.5% for Aviation & Security (2013: 9.6%–9.9%).

The key assumptions used for value-in-use calculations are:

1. The sales volumes of the business plan – determined based on past performance and existing and planned contracts with clients.
2. Profitability of the business plan – determined based on previous years actual profitability and the planned actions to increase the profitability; EBITA.
3. Discount rate – determined based on the weighted capital cost of capital (WACC) which describes the total cost of debt and equity considering the risks specific to the business.

As a result of the test made, the recoverable amount of the business exceeds the book value of business including goodwill and brand. No impairment was recognised in 2014 or 2013.

The value of all business units subject to impairment testing is higher than the book value. A reasonably possible change in the level of sales, level of profitability or discount rate would not generate impairment. The sensitivity indicators used are: an increase of 1% unit in the discount rate, 10% lower than estimated future sales and 2–3% higher than estimated future costs.

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT

EUR Million	Land	Buildings	Machinery and equipment	Total
Cost on Jan 1, 2014	0.9	5.4	74.0	80.3
Additions	–	0.4	9.1	9.5
Disposals	–	–	–8.2	–8.2
Translation differences	–0.0	–0.1	–1.5	–1.6
Reclassifications	–	0.1	–	0.1
Cost on Dec 31, 2014	**0.8**	**5.8**	**73.3**	**80.0**
Accumulated depreciation on Jan 1, 2014	0.1	0.9	44.0	45.0
Accumulated depreciation of disposals	–	–	–6.2	–6.2
Translation differences	–	–0.0	–1.8	–1.9
Depreciation during the period	–	0.1	9.8	10.0
Accumulated depreciation on Dec 31, 2014	**0.1**	**1.0**	**45.8**	**46.9**
Carrying value on Jan 1, 2014	0.8	4.5	30.0	35.3
Carrying value on Dec 31, 2014	**0.7**	**4.8**	**27.6**	**33.1**

EUR Million	Land	Buildings	Machinery and equipment	Total
Cost on Jan 1, 2013	0.9	5.3	65.8	72.0
Additions	–	0.1	11.3	11.5
Disposals	–	–	–2.2	–2.2
Translation differences	–	–0.1	–0.8	–0.9
Reclassifications	–	–	–0.1	–0.1
Cost on Dec 31, 2013	**0.9**	**5.4**	**74.0**	**80.3**
Accumulated depreciation on Jan 1, 2013	0.1	0.7	36.1	36.9
Accumulated depreciation of disposals	–	–	–1.5	–1.5
Translation differences	–	–	–1.3	–1.3
Depreciation during the period	–	0.1	10.7	10.9
Accumulated depreciation on Dec 31, 2013	**0.1**	**0.9**	**44.0**	**45.0**
Carrying value on Jan 1, 2013	0.8	4.6	29.7	35.1
Carrying value on Dec 31, 2013	**0.8**	**4.5**	**30.0**	**35.3**

Machinery and equipment includes the following amounts where the Group is a lessee under a finance lease:

EUR million	2014	2013
Cost	22.3	23.1
Accumulated depreciation	–16.3	–15.2
Carrying value on December 31	**6.0**	**7.9**

NOTE 16 – FINANCIAL INSTRUMENTS BY CATEGORY

Book values of financial instruments by category
When measuring the financial assets and liabilities, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data

Trade and other payables and receivables are non-interest-bearing and short-term and thus the fair value corresponds their book value.

Fair value of debt is based on discounted cash flows. The discount rate is based on market rates and the nominal risk premium on group's bank borrowing. The difference between fair value and book value is not significant as the Group's bank borrowing is based on short-term market rates and the Group's risk margin has not significantly changed.

Fair value of shareholder loans approximate their carrying amounts, as the fall in market interest rates would not have affected on the interest rate of these loans.

Fair value of the available-for sale investments is not available, as they are investments in non-quoted shares whose market is illiquid.

The fair values of currency forward contracts and the currency swaps are based on quoted spot rates on the balance sheet date and the contractual basis points of the currency forward contracts. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flow based on observable yield curves.

Dec 31, 2014 EUR million	Fair value through profit or loss	Derivatives hedge accounting	Loans and receivables	Available-for-sale	Financial liabilities at amortised cost	Carrying amounts	Fair value	Fair value hierarchy	Note
Non-current financial assets	**–**	**–**	**0.8**	**0.3**	**–**	**1.1**	**1.1**		
Other receivables and financial assets	–	–	0.8	0.3	–	1.1	1.1		17, 18
Current financial assets	**9.2**	**–**	**247.6**	**–**	**–**	**256.7**	**256.7**		
Trade receivables	–	–	180.0	–	–	180.0	180.0		18
Derivative instruments	0.6	–	–	–	–	0.6	0.6	2	26
Embedded derivative instruments	8.6	–	–	–	–	8.6	8.6	2	
Other receivables	–	–	6.5	–	–	6.5	6.5		18
Cash and cash equivalents	–	–	61.0	–	–	61.0	61.0		
Financial assets total	**9.2**	**–**	**248.5**	**0.3**	**–**	**257.9**	**257.9**		
Non-current financial liabilities	**–**	**–**	**0.1**	**–**	**6.5**	**6.6**	**6.7**		
Interest-bearing debt	–	–	–	–	6.5	6.5	6.6	2	22
Other payables and financial liabilities	–	–	0.1	–	–	0.1	0.1		
Current financial liabilities	**1.8**	**–**	**–**	**–**	**474.6**	**476.4**	**479.9**		
Interest-bearing debt	–	–	–	–	319.5	319.5	323.0	2	22
Shareholder loan	–	–	–	–	14.7	14.7	14.7		22
Trade payables and other payables	–	–	–	–	140.3	140.3	140.3		25
Derivative instruments	0.2	–	–	–	–	0.2	0.2	2	26
Embedded derivative instruments	1.6	–	–	–	–	1.6	1.6	2	
Financial liabilities total	**1.8**	**–**	**0.1**	**–**	**481.0**	**482.9**	**486.6**		
Carrying amount, net	**7.4**	**–**	**248.4**	**0.3**	**–481.0**				

Dec 31, 2013 EUR million	Fair value through profit or loss	Derivatives hedge accounting	Loans and receivables	Available-for-sale	Financial liabilities at amortised cost	Carrying amounts	Fair value	Fair value hierarchy	Note
Non-current financial assets	**–**	**–**	**0.1**	**0.3**	**–**	**0.4**	**0.4**		
Other receivables and financial assets	–	–	0.1	0.3	–	0.4	0.4		17, 18
Current financial assets	**1.0**	**0.2**	**209.9**	**–**	**–**	**211.1**	**211.1**		
Trade receivables	–	–	179.1	–	–	179.1	179.1		18
Derivative instruments	0.5	0.2	–	–	–	0.6	0.6	2	26
Embedded derivative instruments	0.5	–	–	–	–	0.5	0.5	2	
Other receivables	–	–	4.7	–	–	4.7	4.7		18
Cash and cash equivalents	–	–	26.2	–	–	26.2	26.2		
Financial assets total	**1.0**	**0.2**	**210.0**	**0.3**	**–**	**211.5**	**211.5**		
Non–current financial liabilities	**–**	**–**	**0.1**	**–**	**298.1**	**298.2**	**299.5**		
Interest–bearing debt	–	–	–	–	286.5	286.5	287.8	2	22
Shareholder loan	–	–	–	–	11.6	11.6	11.6	2	22
Other payables and financial liabilities	–	–	0.1	–	–	0.1	0.1		
Current financial liabilities	**0.6**	**–**	**–**	**–**	**173.6**	**174.1**	**174.4**		
Interest–bearing debt	–	–	–	–	51.8	51.8	52.1	2	22
Shareholder loan	–	–	–	–	7.0	7.0	7.0		22
Trade payables and other payables	–	–	–	–	114.8	114.8	114.8		25
Derivative instruments	0.6	–	–	–	–	0.6	0.6	2	26
Financial liabilities total	**0.6**	**–**	**0.1**	**–**	**471.7**	**472.3**	**474.0**		
Carrying amount, net	**0.4**	**0.2**	**209.9**	**0.3**	**–471.7**				

NOTE 17 – AVAILABLE-FOR-SALE INVESTMENTS

EUR million	Dec 31, 2014	Dec 31, 2013
Available-for-sale investments	**0.3**	**0.3**

Available-for-sale investments consist of investments in non-quoted shares. There have been no movements in the value of investments during the financial period. Available-for-sale investments are valued at cost as their market is illiquid.

NOTE 18 – TRADE AND OTHER RECEIVABLES

NON-CURRENT

EUR million	Dec 31, 2014	Dec 31, 2013
Prepaid expenses and accrued income	0.8	–
Other receivables	0.1	0.1
Total non-current loans and other receivables	**0.9**	**0.1**

CURRENT

EUR million	Dec 31, 2014	Dec 31, 2013
Trade receivables, gross	182.6	180.4
Bad debt provision	–2.7	–1.2
Trade receivables, net	180.0	179.1
Derivative instruments	9.2	1.2
Other receivables	6.5	4.7
Current trade and other receivables	**195.7**	**184.9**
Income tax receivables	0.5	1.1
Indirect tax receivables	3.2	0.8
Prepaid expenses and accrued income	135.8	107.6
Total current receivables	**335.3**	**294.4**

Fair values of trade and other receivables approximate their carrying amount due to short maturities. The Group has recognised an increase of EUR 1.4 million (EUR 0.3 million) for the bad debt provision.

PREPAID EXPENSES AND ACCRUED INCOME

EUR million	Dec 31, 2014	Dec 31, 2013
Prepayments	4.4	5.1
Uninvoiced net sales	114.1	85.2
Other accruals	17.3	17.3
Total	**135.8**	**107.6**

NOTE 19 – INVENTORIES

EUR million	Dec 31, 2014	Dec 31, 2013
Raw materials and consumables	6.6	9.4
Work in progress	3.2	2.4
Advance payments	0.4	0.3
Total	**10.2**	**12.1**

The Group did not recognise any write-down to the carrying value of the inventories when assessing of the net realisable value of the inventories in 2014 (EUR 1.2 million write-down in 2013).

NOTE 20 – EQUITY

SHARES AND SHARE CAPITAL

The ownership structure of Eltel on 31 December 2014 was 3i-controlled entities owning 59.5%, BNP Paribas owning 29.5% and current and former management owning 11% of common shares. 3i-controlled entities held 69.4% of the votes, BNP Paribas SA held 29.5% of the votes and the remaining 1.1% was held by the management of the Group. The amount of both common shares 621,320,720 and preference shares 242,315,070 was unchanged from year-end 2013. No changes in share capital took place in 2014 or 2013.

Each series A original share is assigned one vote, series B original shares 10 votes, series C1 preferential share 1 votes and series C2 preferential share 4.6 votes. In accordance with the Articles of Association the series C1 and C2 shares are preferred for an annual dividend, which is 6% on the subscription price added by accumulated unpaid dividends. The dividends are declared in Annual General Meeting as deferred, unpaid dividend. The preference shares carry no further right to distribution of profits.

CHANGES IN SHARE CAPITAL

Changes in other items within equity during the financial period are presented in the statement of changes in equity. On 6 February 2015 Eltel's common share was listed on Nasdaq Stockholm. For more information regarding the changes in shares and share capital see Eltel share on page 17.

NOTE 20 CONT.

CHANGES IN SHARE CAPITAL

Number of shares	Common Series A	Common Series B	Preferential Series C1	Preferential Series C2	Total	EUR million Share capital	Premium
Dec 31, 2013	68,345,280	552,975,440	71,482,946	170,832,124	863,635,790	86.4	261.5
Dec 31, 2014	68,345,280	552,975,440	71,482,946	170,832,124	863,635,790	86.4	261.5
% of votes	1.1%	85.7%	1.1%	12.2%	100.0%		

NOTE 21 – EARNINGS PER SHARE

	2014	2013
Net result attributable to equity holders of the parent	9.5	10.2
Dividend attributable to preference shares	–4.4	–4.3
Net result for EPS	5.2	5.9
Weighted average number of common shares	43,181,789	43,181,789
Basic and diluted earnings per share	0.12	0.14

The calculation of basic and diluted EPS is adjusted retrospectively including the reclassification of preference shares to common shares and reverse split 20:1 in relation to IPO preparation. See page 17 Eltel share for more information about the number of shares.

NOTE 22 – BORROWINGS

The financial liability amounts include capital amount and accrued interests.

THE CARRYING AMOUNTS OF THE NON-CURRENT LIABILITIES

EUR million	Dec 31, 2014	Dec 31, 2013
Bank borrowings	1.9	280.7
Finance lease liabilities	4.6	5.8
Non-current debt	**6.5**	**286.5**
Shareholder loans	–	11.6
Total non-current financial liabilities	**6.5**	**298.1**

The non-current bank borrowings will mature during the years 2015–2017. The loans will be repaid in full on the maturity date and no partial repayments are required, except the repayments based on the excess cash flow determined in the credit agreement. The bank loan agreements include financial covenants setting limits to cash flow / debt service ratio, EBITDA / financial expenses ratio, leverage / EBITDA ratio and the amount of the capital expenditures. There were no breaches in the covenants at the balance sheet date.

THE CARRYING AMOUNTS OF THE CURRENT LIABILITIES

EUR million	Dec 31, 2014	Dec 31, 2013
Bank borrowings	317.8	49.4
Shareholder loans	14.7	7.0
Finance lease liabilities	1.7	2.4
Total current debt	**334.3**	**58.8**
Total financial liabilities at amortised cost	**340.7**	**356.9**

Events after the balance sheet date, financing
The Group has on February 3, 2015 entered into a new five-year credit facilities agreement, whereby it has withdrawn new term loans of EUR 210 million, which were used to refinance the maturing bank borrowings along with the proceeds received from Eltel's initial public offering in Nasdaq Stockholm. Additionally the new facilities agreement includes a revolving credit facility agreement of EUR 90 million which can be used for general corporate purposes.

The new credit facilities agreement contains customary financial covenants relating to net debt to EBITDA ratio and interest cover (EBITDA to net finance charge). The net debt to EBITDA shall not exceed 4.0 (stepping down to 3.5 in 2017) and interest cover shall equal or greater than 4.0 at all times.

Financial liabilities include loans from shareholders:

	Dec 31, 2014	Dec 31, 2013
Management shareholder loans	5.6	5.3
Main shareholders participating in bank facilities		
Non-current	–	251.3
Current	296.7	52.7
Total	**302.4**	**309.3**

The carrying amounts of the Group's financial liabilities are denominated in following currencies:

EUR million	Dec 31, 2014	Dec 31, 2013
EUR	175.9	182.7
SEK	117.6	123.5
PLN	46.6	50.0
DKK	0.5	0.6
LTL	–	0.1
Total	**340.7**	**356.9**

FINANCE LEASE LIABILITIES – MINIMUM LEASE PAYMENTS

EUR million	Dec 31, 2014	Dec 31, 2013
Not later than 1 year	1.7	2.4
1–5 years	4.4	5.5
Later than 5 years	0.2	0.3
	6.3	**8.1**
Future finance charges	–0.1	–0.4
Present value of minimum lease payments	**6.2**	**7.7**

THE PRESENT VALUE OF FINANCE LEASE LIABILITIES

EUR million	Dec 31, 2014	Dec 31, 2013
Not later than 1 year	1.7	2.3
1–5 years	4.3	5.1
Later than 5 years	0.2	0.3
	6.2	**7.7**

NOTE 23 – RETIREMENT BENEFIT OBLIGATIONS

The majority of employees in the Group are included in defined contribution pension plans. Some countries also have defined benefit plans, largest one being in Sweden, where the plan has been closed for any new earnings at year end 2007. Benefits earned since then are covered by premiums paid to Alecta. In Finland the main pension plan is the Finnish Statutory Employment Pension Scheme (TyEL), in which benefits are directly linked to employee earnings. TyEL is accounted for as a defined contribution plan. There are also smaller voluntary pension plans in Finland that are accounted for as defined benefit plans. In Norway, main part of the pension benefits have been moved to defined contribution plans in 2010, due to the changes in legislation.

PENSION LIABILITIES IN THE BALANCE SHEET

EUR million	Dec 31, 2014	Dec 31, 2013
Defined benefit pension liability	17.0	9.0
Other pension liability	1.0	1.0
Total pension liability	**18.0**	**10.0**
Defined pension benefit asset	–	–0.2
Net pension liability	**18.0**	**9.8**

EUR million	Dec 31, 2014	Dec 31, 2013
Defined benefit pension liability	17.0	9.0
Defined pension benefit asset	–	–0.2
Net defined pension benefit liability	**17.0**	**8.7**

DEFINED PENSION LIABILITIES IN THE BALANCE SHEET

EUR million	Dec 31, 2014	Dec 31, 2013
Present value of unfunded obligations	–	0.3
Present value of funded obligations	100.4	88.1
Fair value of plan assets	–83.4	–79.6
Net liability	**17.0**	**8.7**

THE MOVEMENT IN THE FAIR VALUE OF PLAN ASSETS

EUR million	2014	2013
Fair value of assets on January, 1	79.6	82.2
Interest on plan assets	2.9	2.4
Remeasurement of plan assets	4.5	–2.9
Contributions by employer	0.5	0.4
Benefits paid	–0.5	–0.5
Translation differences	–3.6	–2.0
Fair value of assets on December, 31	**83.4**	**79.6**

THE MOVEMENT IN THE DEFINED BENEFIT OBLIGATIONS

EUR million	2014	2013
Total obligations on January, 1	88.3	105.1
Current service cost	–0.5	–0.5
Interest cost	3.2	3.1
Remeasurement of pension obligation	17.0	–13.5
Benefits paid	–3.6	–3.3
Translation differences	–4.0	–2.6
Total obligations on December, 31	**100.5**	**88.3**

THE AMOUNTS RECOGNISED IN THE INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

EUR million	2014	2013
Current service cost	–0.5	–0.5
Net interest cost	0.3	0.6
Sum recognised in the income statement	**–0.3**	**0.1**
Remeasurements recognised in other comprehensive income	12.5	–10.6
Total pension charges recognised during the period	**12.3**	**–10.5**

THE PRINCIPAL ACTUARIAL ASSUMPTIONS

Discount rate, %	2014	2013
Sweden	2.50	4.00
Norway	2.30	4.10
Finland	1.75	3.00

Future salary increase expectation, %	2014	2013
Sweden	closed plan	
Norway	2.75	3.75
Finland	2.10	2.10

Inflation rate, %	2014	2013
Sweden	1.70	1.90

The pension plan in Sweden forms 78% of the Groups total obligations and 91% of the net obligations. The plan is sensitive to changes in discount rate and inflation. An increase of 0.5% in discount rate would reduce the obligation in Sweden by EUR 7.0 million. Similar rise in inflation rate would have the opposite effect and increase the obligation by EUR 7.6 million. If the discount rate was decreased by 0.5% the obligation would increase by EUR 7.9 million whilst similar decrease in the inflation rate would reduce the obligation by EUR 6.9 million.

Retirement pension and family pension obligations for salaried employees in Sweden are secured through pension insurance with Alecta. According to a statement issued by the Swedish Financial reporting Board (UFR 3), this constitutes a multi-employer plan. For the 2014 fiscal year, the company did not have access to such information that would enable the company to record this plan as a defined benefit plan. Consequently, the ITP pension plan secured through insurance with Alecta is recorded as a defined contribution plan. The contribution to the plan is determined based on the age, salary and previously earned pension benefits of the plan participants. The company has an insignificant part in the plan.

The collective consolidation ratio reflects the market value of Alecta's assets as a percentage of insurance obligations, calculated in accordance with Alecta's actuarial assumptions, which do not correspond with IAS 19. The collective solvency is normally allowed to vary between 125% and 155%. If the level of collective solvency is less than 125% or exceeds 155%, measures are to be taken in order to create conditions for restoring the level of collective solvency to the normal interval. Alecta's surplus can be distributed to the policyholders and/or the insured if the collective consolidation ratio exceeds 155%. However, Alecta aim to avoid surplus by using reduced contributions. At December 31, 2014, Alecta's surplus corresponded to a collective consolidation ratio of 143% (148%).

The distribution of plan assets in Sweden is as follows:

%	2014	2013
Debt instruments	48%	46%
Equity instruments	33%	32%
Property	14%	17%
Cash and cash equivalents	5%	5%
Total	**100%**	**100%**

NOTE 24 – PROVISIONS

EUR million	Restructuring provision	Warranty provision	Other provisions	Total
January 1, 2014	**1.2**	**2.8**	**0.9**	**4.9**
Exchange rate differences	–	–0.1	–	–0.1
Additional provision	0.3	2.0	26.8	29.0
Used provision during the year	–0.2	–0.6	–0.8	–1.5
Unused amounts reversed	–0.3	–0.2	–0.1	–0.6
December 31, 2014	**1.1**	**3.9**	**26.8**	**31.7**

ANALYSIS OF TOTAL PROVISIONS

EUR million	Dec 31, 2014	Dec 31, 2013
Non-current	2.7	2.4
Current	29.0	2.5
Total	**31.7**	**4.9**

Restructuring provision comprises employee termination benefits incurred as a direct result of the formal plan approved and committed by management with no continuing economic benefit to the Group.

The provision for warranties will materialise in two to three years time from the balance sheet date unless they are classified as current in the balance sheet, when they will materialise over the next financial year. Based on past experience, the outcome of these warranties will not give rise to any further significant losses.

NOTE 25 – TRADE AND OTHER PAYABLES

CURRENT

EUR million	Dec 31, 2014	Dec 31, 2013
Trade payables	128.6	104.4
Other liabilities	11.7	10.8
Derivative financial liabilities	1.8	0.6
Indirect tax liabilities	17.4	17.6
Company income tax liabilities	1.1	2.7
Accrued expenses	91.9	87.4
Total current trade and other payables	**252.5**	**223.5**

Accrued expenses consist of the following items:

EUR million	Dec 31, 2014	Dec 31, 2013
Accrued wages and salaries	47.4	49.3
Accrued indirect employee costs	16.3	16.8
Other accruals	28.2	21.3
Total	**91.9**	**87.4**

NOTE 26 – DERIVATIVE FINANCIAL INSTRUMENTS

	Dec 31, 2014			Dec 31, 2013		
EUR million	Nominal values	Fair values Positive	Fair values Negative	Nominal values	Fair values Positive	Fair values Negative
Interest rate derivatives	–	–	–	151.5	–	–0.5
Foreign exchange derivatives, hedge accounting	20.2	–	–	11.0	0.2	–
Foreign exchange derivatives, not hedge accounting	82.4	0.6	–0.2	85.7	0.5	–0.1
Total	**102.5**	**0.6**	**–0.2**	**248.1**	**0.6**	**–0.6**

For the instruments under hedge accounting, EUR 2.8 million was recognised in the hedging reserve during the period. EUR 0.8 million was transferred from hedging reserve to profit or loss during the period. The Group has recognised an ineffectiveness amounting to EUR 0.2 million from the hedges during 2014 (EUR 0.0 million in 2013).

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during years 2015 and 2016. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts are expected to impact profit or loss at various dates during year 2015 and 2016.

The Group enters into derivatives transactions under Internationals Swaps and Derivatives Association (ISDA) master netting agreements. The ISDA agreements do not meet the criteria for offsetting in the balance sheet. The following table sets out the carrying amount of the financial instruments that are subject to above agreements:

	Dec 31, 2014			Dec 31, 2013		
EUR million	Carrying amounts	Related instruments that are not offset	Net amounts	Carrying amounts	Related instruments that are not offset	Net amounts
Financial assets						
Foreign exchange derivatives, hedge accounting	65.8	50.7	15.1	152.7	152.7	–
Foreign exchange derivatives, not hedge accounting	581.4	197.2	384.2	476.2	203.6	272.6
Financial liabilities						
Foreign exchange derivatives, hedge accounting	–50.7	–50.7	–	–	–	–
Foreign exchange derivatives, not hedge accounting	–206.2	–197.2	–9.0	–102.5	–102.5	–

NOTE 27 – COMMITMENTS AND CONTINGENT LIABILITIES

THE FUTURE MINIMUM LEASE PAYMENTS UNDER NON-CANCELLABLE OPERATING LEASES

EUR million	Dec 31, 2014	Dec 31, 2013
Not later than 1 year	15.8	18.5
1 – 5 years	21.8	25.8
Later than 5 years	0.6	0.5
Total	**38.1**	**44.8**

Assets financed by operating leases consist of fleet used in business operations. The lease period varies from 3 – 5 years. After the lease period the vehicles are replaced by new ones or in certain cases the lease period may be prolonged. The rent payments are based on the maintenance cost of the assets, the estimated residual value and the agreed interest rate.

COMMITMENTS AND COLLATERAL PLEDGED

EUR million	Dec 31, 2014	Dec 31, 2013
Debt secured by general collateral		
Loans from financial institutions	275.1	332.0
Pension liabilities	8.0	8.5
Off balance sheet liabilities secured by general collateral		
Commercial guarantees on own behalf	62.5	68.2
Total liabilities secured by general collateral	**345.5**	**408.7**
Off balance sheet liabilities, unsecured		
Commercial guarantees	94.0	60.0
Commercial guarantees on own behalf	130.4	187.4
Commercial guarantees on behalf of joint ventures	9.6	4.9
Guarantees on behalf of joint ventures	4.6	–
Guarantees	**238.7**	**252.3**

Collateral given are general collateral and their value covers the full amount of secured liabilities. These collateral include subsidiary share pledges and mortgages over fixed and floating company assets.

Off balance sheet guarantees consist of performance and other contract guarantees issued by the banks on behalf of group companies under the facilities for which the group companies have given a counter guarantee or other security.

Guarantees consist of performance and other contract guarantees issued by Eltel Group Corporation or Eltel AB on behalf of the subsidiaries for the performance of the contractual liabilities.

The Group is a party to a ten-year-long arrangement which involves an agreement with lease agreement.

The substance of the arrangement is financing of real estate domiciled in Poland. The Group has obtained a loan amounting to EUR 2.2 million secured by the premise. At the end of the agreement, the Group has an obligation to buy back and the lender has an obligation to sell the premise back to the Group.

LEGAL CLAIMS AND INVESTIGATIONS

In Poland, Isacom Sp. z o.o. company has filed a statement of claim against Eltel Networks Telecom Sp. z o.o. on a basis of alleged unfair competition in July 2006. The Group's local legal advisors have moved for dismissal of the claim in whole due to lack of any merits. The court process is pending and has been moved to civil court. The management believes that there will be no financial or legal damage to the Group from the case.

On 31 October, 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 full response on 19 December 2014. 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. However, 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.

NOTE 28 – RELATED PARTY INFORMATION

Throughout 2014 Eltel AB was controlled by private equity investor 3i through its funds, holding 69.4% of the votes, BNP Paribas SA held 29.5% of the votes and the remaining 1.1% was held by the management of the Group. Main transactions with the shareholders relate to the loan facilities.

SENIOR LOANS

The main shareholders, 3i and BNP Paribas, are also participating in the senior bank loan syndicate facility (note 22 Borrowings). At the end of 2014 financial year the long-term facility amount is EUR 0.0 million (EUR 244.9 million in 2013), 0% of the loan facility (88% in 2013). The short-term facility amount is EUR 286.5 million (EUR 50.3 million in 2013), 90% of the used facility (94% in 2013). Paid and accrued interests to shareholders based on these loans amount to EUR 6.3 million in 2014 (EUR 11.0 million in 2013). The terms and conditions of the loans to shareholder participants do not differ from the third party participants.

FEES

The other fees to the main shareholders amount to EUR 3.5 million (EUR 1.0 million in 2013). They include fees relating to extension of financig facilities, guarantee fees, commitment fees and annual security trustee and other fees.

MANAGEMENT SHAREHOLDER LOAN

As at 31 December 2014 Eltel AB has a loan from its management shareholders amounting to EUR 3.2 million. The payment of the loan has been made by the promissory notes. The loan accrues interest of 10% per annum. The total amount of the accrued interest on the shareholder loans is EUR 2.4 million on Dec 31, 2014 (EUR 2.0 million in 2013).

DIVIDEND

A dividend of EUR 2.4 million for share series C1 was declared in the Annual General Meeting held on 3 May 2013 and paid by issuing a shareholder loan. Total balance sheet shareholder liability for declared dividends for share series C1 is EUR 9.1 million on Dec 31, 2014. The owners of C1 preference shares have further right for EUR 2,350,600 dividend to be declared from financial year 2014 and the owners of C2 preference shares have right for dividend from financial year 2014 added by the amount of undeclared dividends from previous years EUR 6,195,147.86 in total. The main shareholders have right for dividends on preference shares from the financial year 2014 amounting to EUR 4,372,308.87.

In connection with the listing of Eltel AB's shares on February 2015 the senior loans and management shareholder loan have been repaid in full. The preference shares as well as shareholder loan for declared dividends has been converted to common shares and no rights for undeclared dividends remain. See note 33 Events after balance sheet date for further information on the listing.

NOTE 29 – REMUNERATION TO SENIOR MANAGEMENT

KEY MANAGEMENT COMPENSATION

2014 EUR thousand	Fee	Fixed salary	Variable salary MIP	Variable salary other	Pension	Other benefits	Total
Gérard Mohr	101	–	1,200	–	–	–	1,301
Matti Kyytsönen	48	–	–	–	–	–	48
Jean Bergeret	7	–	–	–	–	–	7
Fredrik Karlsson	9	–	–	–	–	–	9
Thomas Ekman*	20	–	–	–	–	–	20
Susanne Lithander	10	–	–	–	–	–	10
Ulf Lundahl	8	–	–	–	–	–	8
Managing Director	–	415	3,391	228	77	8	4,119
Other members of the senior management (10 individuals)	–	2,236	5,133	949	307	70	9,689

Variable salary and other remuneration refer to amounts that were recorded as expense for financial year 2014

* Tomas Ekman resigned as Director of the Board at his own request in November 2014

2013 EUR thousand	Fee	Fixed salary	Variable salary	Pension	Other benefits	Total
Gérard Mohr	100	–	–	–	–	100
Matti Kyytsönen	50	–	–	–	–	50
Gustav Bard	33	–	–	–	–	33
Other members of the Board of Directors	–	–	–	–	–	–
Managing Director	–	438	256	91	8	793
Other members of the senior management (8 individuals)	–	1,620	561	238	57	2,476

KEY MANAGEMENT	Dec 31, 2014	Dec 31, 2013
Board of Directors		
Men	5	5
Women	1	–
Other key management		
Men	10	7
Women	1	2
Total	**17**	**14**

Salaries and other remunerations to Board of Directors and senior management were EUR 13.8 million (3.1) of which the amount of fixed salaries was EUR 2.9 million (2.2) including fees to Board of Directors of EUR 0.2 million (0.2), and of which variable salaries including IPO related incentive programme were EUR 10.9 million (0.8). Defined contribution pension plans for senior management amounted to EUR 0.4 million (0.3). The amount of other indirect employee costs for senior management was EUR 3.3 million (0.8).

The variable salary component is based on predetermined and measurable targets. The criteria are recommended by the Remuneration Committee and ultimately decided by the Board of Directors. In addition to fixed and variable salary, Eltel's senior management is awarded of company car.

The pension terms of the CEO and other senior executives are market based in relation to those that generally apply for comparable executives. Being an international team with members from Sweden, Finland and Denmark, the pension terms of Eltel's senior management reflect some national differences.

In the event of dismissal by the company, the CEO has a notice period of 12 months. In the event of his resignation, the CEO has a 12 month notice period. Between the company and other senior executives, the term of notice is normally 12 months in the event of dismissal by the company and 6 months in the event of resignation by the executive. In case Eltel terminates the employment of the CEO on other grounds than grossly neglecting his duties under law or his Employment Agreement, Eltel shall pay a severance pay equivalent to 12 months base salary.

The principles for remuneration to senior executives in Eltel are presented in the Board of Directors´ report.

NOTE 30 – GROUP COMPANIES

Group companies on Dec 31, 2014	Domicile	Group holding
The InfraNet Company AB	Sweden	100%
Eltel Networks Infranet AB	Sweden	100%
Eltel Networks TE AB	Sweden	100%
Jämtlands Linjebyggare & Republikens El AB	Sweden	100%
Eltel Networks Infranet Privat AB	Sweden	100%
Eltel Networks Kraftkonsult AB	Sweden	100%
Transelectric AB	Sweden	100%
Eltel Group Corporation	Finland	100%
Eltel Networks Oy	Finland	100%
Eltel Networks Pohjoinen Oy	Finland	60%
Eltel Networks AS	Norway	100%
AS Linjebygg	Norway	100%
Eltel Networks A/S	Denmark	100%
Eltel Networks B.V.	the Netherlands	100%
Eltel Networks Energetyka S.A.	Poland	100%
Energoprojekt-Kraków S.A.	Poland	100%
Eltel Networks Telecom Sp.z o.o	Poland	100%
Eltel Networks S.A	Poland	100%
Eltel Networks Poland S.A.	Poland	100%
Eltel Networks Infranet Services S.A.	Poland	100%
Polish Marine Grid (Polskie Sieci Morskie S.A.)	Poland	50%
Eltel Networks UK limited	the UK	100%
AS Eltel Networks	Estonia	100%
UAB Eltel Networks	Lithuania	100%
Eltel Networks SIA	Latvia	100%
Eltel Infranet GmbH	Germany	100%
Eltel Infranet Production GmbH	Germany	100%
Eltel Networks GmbH	Germany	100%
Eltel Networks sro	Czech Republic	100%
Eltel Networks Srl	Romania	100%
Eltel Networks FZ LCC	United Arab Emirates	100%
Eltel Comm Philippines Inc	Philippines	100%
Transmast Philippines, Inc.	Philippines	40%*
Eltel Networks LLC	Ukraine	99%
Eltel Tanzania Limited	Tanzania	100%
Transmission Eltel Limited	Zambia	100%
Eltel Networks PLC	Ethiopia	100%
Jointly controlled entities		
Fiber og Anlaeg I/S	Denmark	37.5%
Carillion Eltel JV Limited	the UK	50%
Eltel Sønnico AS	Norway	50%

* Group voting 100%

On 31 December 2014, Polish entities Eltel Networks Rzeszów S.A. and Eltel Networks Torun S.A. were merged into Eltel Networks Energetyka S.A. (formerly Eltel Networks Olsztyn S.A.) in order to streamline the operational structure for the Power segment in Poland.

NOTE 31 – AUDITOR'S FEES

EUR million	2014	2013
Audit	0.6	0.6
Other audit-related assignments	0.2	–
Tax services	0.4	0.2
Other services	1.0	0.2
Total	**2.3**	**1.0**

NOTE 32 – EFFECT OF THE CHANGE IN ACCOUNTING PRINCIPLE FOR IFRS 11, JV (UK)

EUR million	Previously reported 2013	Changes	Restated 2013
Income statement			
Net Sales	1,153.7	–6.2	1,147.5
Cost of sales	–1,010.3	6.2	–1,004.1
Gross profit	**143.4**	**0.0**	**143.4**
Balance sheet			
Property, plant and equipment	37.4	–2.2	35.3
Trade and other receivables	296.2	–1.9	294.4
Total assets	**925.1**	**–4.0**	**921.1**
Non–current debt	288.7	–2.2	286.5
Advances received	41.2	–0.9	40.3
Trade and other payables	224.4	–0.9	223.5
Total equity and liabilities	**925.1**	**–4.0**	**921.1**
Consolidated statement of cashflows			
Cash flow from operating activities	38.1	–1.3	36.8
Cash flow from investing activities	–6.7	1.9	–4.8
Cash flow from financing activities	–21.9	–0.6	–22.6
Cash and cash equivalents at end of period	**26.2**	**–**	**26.2**

NOTE 33 – EVENTS AFTER BALANCE SHEET DATE

On 12 January 2015 Eltel AB announced its intention to list the company on Nasdaq Stockholm and on 6 February 2015 Eltel AB completed the initial public offering of its common shares on Nasdaq Stockholm.

Eltel's financing was renewed upon the listing of the Company's shares. Interest-bearing liabilities amounting to EUR 330.9 million at 31 December 2014 have been repaid and replaced with a EUR 210 million loan facility. The new facilities provide Eltel with more flexible and cost-effective financing for the next five years. Net financial expenses would be somewhat more than half of 2014 level at current interest rates and assuming no foreign currency movements.

Parent Company

INCOME STATEMENT

EUR thousands	Note	Jan 1 – Dec 31, 2014	Jan 1 – Dec 31, 2013
Net sales	4	263	–
Personnel costs	5	–5,957	–
Other operating expenses		–8,056	–
Total operating expenses		**–14,013**	**–**
Operating result		**–13,749**	**–**
Interest and other financial income		28,050	27,751
Interest and other financial expenses		–773	–644
Financial items, net	7	**27,278**	**27,107**
Result after financial items		**13,528**	**27,107**
Appropriations			
Group contribution given		–13,543	–26,470
Tax for the year		–	–
Net result for the year		**–15**	**636**

STATEMENT OF COMPREHENSIVE INCOME

EUR thousands	Jan 1 – Dec 31, 2014	Jan 1 – Dec 31, 2013
Net profit/loss for the period	**–15**	**636**
Other comprehensive income		
Other comprehensive income for the period	–	–
Total comprehensive income/loss	**–15**	**636**

BALANCE SHEET

EUR thousands	Note	31 December 2014	31 December 2013
ASSETS			
Non-current assets			
Shares in group companies	8	34,508	34,508
Receivables from group companies	9	474,280	446,529
Total non-current assets		**508,788**	**481,037**
Current assets			
Receivables from group companies	9	331	–
Other receivables		495	–
Cash pool receivable		–	150
Total current assets		**826**	**150**
TOTAL ASSETS		**509,614**	**481,187**
EQUITY AND LIABILITIES	10		
Restricted equity			
Share capital		86,364	86,364
Non–restricted equity			
Retained earnings		–10,543	–10,528
Other non–restricted equity		276,254	281,508
Total non-restricted equity		**265,713**	**270,980**
Total equity		**352,077**	**357,344**
LIABILITIES			
Non–current liabilities	11		
Liabilities to shareholders		–	11,648
Liabilities to group companies		125,732	112,172
Total non-current liabilities		**125,732**	**123,820**
Current liabilities			
Liabilities to shareholders		14,744	–
Liabilities to group companies	12	2,233	–
Provisions	13	13,192	–
Accounts payable – trade		1,161	–
Accrued expenses and prepaid income	14	454	–
Other liabilities		21	23
Total current liabilities		**31,805**	**23**
Total liabilites		**157,537**	**123,843**
TOTAL EQUITY AND LIABILITIES		**509,614**	**481,187**

Eltel AB does not have any pledged assets or contingent liabilities.

CHANGES IN EQUITY

EUR thousands	Share capital	Share premium	Other non-restricted equity	Accumulated losses	Total equity
1 January 2013	**86,364**	**261,537**	**22,322**	**–11,165**	**359,058**
Declared dividend to shareholders	–	–	–2,351	–	–2,351
Net profit for the period	–	–	–	636	636
31 December 2013	**86,364**	**261,537**	**19,971**	**–10,528**	**357,344**
New share issue	–	–	–2,900	–	–2,900
Declared dividend to shareholders	–	–	–2,351	–	–2,351
Net profit/loss for the period	–	–	–	–15	–15
31 December 2014	**86,364**	**261,537**	**14,719**	**–10,543**	**352,077**

PARENT COMPANY CASH FLOW STATEMENT

EUR thousands	Jan 1 - Dec 31, 2014	Jan 1 - Dec 31, 2013
Cash flow from operating activities		
Profit before taxes	–15	–
Adjustments for:		
Financial items, net	–13,735	–
New share issue costs (IPO) recognised in equity	–2,900	–
Changes in working capital	14,073	–
Cash flow from operating activities before financial items and taxes	**–2,576**	**–**
Financial income received	299	–
Financial expenses paid	–32	–
Cash flow from operating activities	**–2,310**	**–**
Cash flow from investing activities	**–**	**–**
Cash flow from financing activities		
Proceed from short–term borrowings from group companies	2,160	–
Cash flow from financing activities	**2,160**	**–**
Decrease/increase in cash and cash equivalents	–150	**–**
Cash and cash equivalents at beginning of year	150	150
Cash and cash equivalents at end of year	**0**	**150**

NOTES TO THE ANNUAL REPORT

1. GENERAL INFORMATION

Eltel AB's role is to own and govern the shares related to Eltel Group. During 2014, the operational and strategic management functions of the Group were centralised to Eltel AB. The Company has no operative business activities and its risks are mainly attributable to the activities of its subsidiaries. Additional general information about the Parent Company can be found in note 1 in the consolidated financial statements.

2. ACCOUNTING PRINCIPLES

BASIS FOR THE PREPARATION OF THE REPORTS

The annual report for the Parent Company, Eltel AB, has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. RFR 2 states that the Parent Company in its annual report shall apply International Financial Reporting Standards (IFRS) as adopted by the EU, to the extent possible within the framework of the Swedish Annual Accounts Act and the law of safeguarding of pension commitments, and also by taking into account the relationship between reporting and taxation. Recommendations specify which exceptions and additions are required in relation to IFRS.

Accordingly, the Parent Company applies those principles presented in note 2 of the consolidated financial reports with the exception of that which is mentioned below. The principles have been applied consistently for all years presented, unless otherwise stated.

The Parent company has reported group contributions and related taxes in the income statement in accordance with the amendment in RFR.

All figures in the Parent Company financial statements are presented in thousands of Euro unless otherwise stated.

SHARES AND PARTICIPATIONS IN SUBSIDIARIES

Shares and participations in subsidiaries are reported at acquisition cost less deduction for possible write-downs. Dividends received are reported as revenues to the extent they originate from earnings earned after the acquisition. Dividend amounts exceeding these returns are considered as repayments of the investment and reduce the carrying value of the participations.

When there is an indication that shares and participations in subsidiaries have decreased in value, an estimate is made of the recoverable amount. If this value is lower than the reported value, a write-down is made. Write-downs/Impairment losses are reported as a separate line in the income statement.

FINANCIAL INSTRUMENTS

The Company applies fair value in accordance with the Swedish Annual Accounts Act 4: 14a-d and hence the description of the accounting principles in Financial instruments of the consolidated financial statements also applies to the Parent Company.

The Company's financial instruments are comprised of long-term receivables from Group companies, current receivables from Group companies and also cash and cash equivalents. These make up the category loan receivables and account receivables - trade. It is also comprised of long-term borrowing and liabilities to Group companies, short-term borrowing and accounts payable - trade and other liabilities. These comprise the category other financial liabilities.

3. FINANCIAL RISK MANAGEMENT

The Group applies common risk management for all units. Hence, the description in note 3 applies to the Parent Company as well in all material aspects.

4. NET SALES

	Jan 1–Dec 31 2014	Jan 1–Dec 31 2013
Remunerations from group companies for group-wide administration	263	–
Total	**263**	**–**

5. EMPLOYEE BENEFIT EXPENSES

	Jan 1–Dec 31 2014	Jan 1–Dec 31 2013
Salaries and other remunerations	4,462	–
Social security contributions:		
Pension costs	987	–
Other social security contributions	508	–
Total	**5,957**	**–**

Salaries and other remunerations to senior executives were EUR 4.2 million, pension costs EUR 0.9 million and other social security contributions EUR 0.4 million. More information of Group senior management and the Board of Directors is presented in note 10 and 29 in the consolidated financial statements. In Eltel AB the number of individuals in the Board of Directors was 6 and the number of other senior management employed by the company was 2 at year-end 2014.

	Jan 1–Dec 31 2014	Jan 1–Dec 31 2013
Number of employees	5	–
Of whom men	100%	–

6. AUDITORS' FEES

	Jan 1–Dec 31 2014	Jan 1–Dec 31 2013
PricewaterhouseCoopers		
Audit assignments	–	–
Other audit-related assignments	186	–
Tax assignments	220	–
Other assignments	541	–
Other auditing firms		
Tax assignments	110	–
The company in total	**1,056**	**–**

7. RESULT FROM FINANCIAL ITEMS

	Jan 1–Dec 31 2014	Jan 1–Dec 31 2013
Interest and other financial income:		
Interest income, loans from group companies	27,751	27,751
Other financial income, group companies	300	–
Total	**28,050**	**27,751**
Interest and other financial expenses:		
Interest expenses on loans	–772	–644
Total	**–772**	**–644**
whereof group companies	–29	–18
Total financial items	**27,278**	**27,107**

8. SHARES IN GROUP COMPANIES

Opening balance 1 Jan, 2013	34,508
Closing balance 31 Dec, 2013	34,508
Closing balance 31 Dec, 2014	34,508

Shares are held in the following subsidiaries:

The InfraNet Company AB, 556728-6645	Owned shares
Share of equity, %	100
Share of voting power, %	100
Number of shares	11,000
Book value	34,508

9. RECEIVABLES FROM GROUP COMPANIES

Non-current receivables from group companies:

	Dec 31, 2014	Dec 31, 2013
Loans	474,280	446,529
Total	**474,280**	**446,529**

Interest resulting from loans to group companies is capitalised annually. Capitalised interest bears no interest.

Current receivables from group companies:

	Dec 31, 2014	Dec 31, 2013
Accounts receivable	331	–
Total	**331**	**–**

10. EQUITY

A specification of changes in equity is found under the section entitled ‘Changes in equity’, which is presented directly after the balance sheet.Detailed information regarding the Parent Company’s shares and share capital is found in note 20 in the consolidated financial statements.

11. NON-CURRENT LIABILITIES

	Dec 31, 2014	Dec 31, 2013
Liabilities to shareholders	–	11,648
Group contribution liabilities	125,421	111,878
Loans to group companies	311	294
Total	**125,732**	**123,820**

12. LIABILITIES TO GROUP COMPANIES

	Dec 31, 2014	Dec 31, 2013
Cash pool payable	2,160	–
Accounts payable	73	–
Total	**2,233**	**–**

13. PROVISIONS

	2014	2013
Opening balance 1 Jan	–	
Addition in other provisions	13,192	–
Closing balance 31 Dec	**13,192**	**–**

Provided for a management incentive programme as well as for advisory services in relation to the IPO of the Company.

14. ACCRUED EXPENSES AND PREPAID INCOME

	Dec 31, 2014	Dec 31, 2013
Accrued employee related expenses	197	–
Other accrued expenses	257	–
Total	**454**	**–**

THE COMPANY'S FINANCIAL STATEMENT WILL BE SUBMITTED FOR APPROVAL TO THE ANNUAL GENERAL MEETING ON MAY 19, 2015

The Board of Directors certifies that the annual financial report has been prepared in accordance with generally accepted accounting principles and that the consolidated accounts have been prepared in accordance with the international set of accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, and give a true and fair view of the position and profit or loss of the Company and the Group, and that the management report for the Company and for the Group gives a fair review of the development and performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face. These financial statements and board report have been issued in two originals.

Stockholm 14 April, 2015

Gérard Mohr
Chairman of the Board of Directors

Fredrik Karlsson
Board member

Jean Bergeret
Board member

Matti Kyytsönen
Board member

Ulf Lundahl
Board member

Susanne Lithander
Board member

Axel Hjärne
President and CEO

Our audit report was submitted on 15 April, 2015
Öhrlings PricewaterhouseCoopers AB

Niklas Renström
Authorised Public Accountant

Auditor's report

To the annual meeting of the shareholders of Eltel AB (publ), corporate identity number 556728-6652

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Eltel AB (publ) for the year 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 20–71.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

OPINIONS

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Eltel AB (publ) for the year 2014.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

OPINIONS

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm 15 April, 2015
Öhrlings PricewaterhouseCoopers AB

Niklas Renström
Authorised Public Accountant

Board of Directors

According to Eltel's articles of association, the Board of Directors shall, to the extent appointed by the general meeting, consist of three to ten members, with up to three deputy board members. Currently, Eltel's Board of Directors consists of six members, including the Chairman, and one deputy board member. The current Board of Directors is appointed for the period until the end of the Annual General Meeting 2015.

GÉRARD MOHR

Born 1955

Member of the Board and Chairman of the Board of Directors of Eltel since 2011.

Gérard Mohr is also a member of the Boards of Directors of Jst Group, Levantina y Asociados de Minerales, S.A.U., Bee NV, M Prime Group and Cogerfi NV, as well as Managing Director of Cogerfi NV.

Gérard Mohr is an engineer and has studied at École Polytechnique in Paris and at Corps des Mines in Paris.

Gérard Mohr owns 46,858 shares and warrants in Eltel.

JEAN BERGERET

Born 1953

Member of the Board of Directors of Eltel since 2010.

Jean Bergeret is also Chairman of the Board of Directors of Levantina y Asociados de Minerales, S.A.U, as well as a member of the Board of Directors of Pantex S.p.A. Furthermore, Jean Bergeret is a supervisory board member of RLD S.A.S., and as well as Managing Director of BNP Paribas.

Jean Bergeret holds a Master of Business Administration from E.S.C.P.

Jean Bergeret owns no shares or warrants in Eltel.

FREDRIK KARLSSON

Born 1967

Member of the Board of Directors of Eltel since 2013.

Fredrik Karlsson is a member of the Boards of Directors of Lidingö 1 AB, Inspecta Group, Frippco AB, Scandlines A/S, the InfraNet Company AB and Stationsvägen 13 i Åre Fastighets AB. Fredrik Karlsson is also deputy board member of David Bonnier Bygg AB, as well as co-head 3i Nordics at 3i Nordic plc and deputy Managing Director of 3i Nordic plc (U.K.), filial Sweden.

Fredrik Karlsson holds a Master of science in Business administration and Commercial Law from Gothenburg School of Economics.

Fredrik Karlsson owns no shares or warrants in Eltel.

MATTI KYYTSÖNEN

Born 1949

Member of the Board of Directors of Eltel since 2007.

Matti Kyytsönen is also the Chairman of the Board of Directors and Managing Director of Silverback Consulting Oy, as well as a member of the Boards of Directors of KP Tekno Oy, Lindström Invest Oy, Esperi Care Oy and Port of Helsinki Oy.

Matti Kyytsönen holds a Master of science from Helsinki School of Economics and Business Administration.

Matti Kyytsönen owns 20,812 shares and no warrants in Eltel.

SUSANNE LITHANDER

Born 1961

Member of the Board of Directors of Eltel since 2014.

Susanne Lithander is also a member of the Board of Directors of Acando AB, Billerud-Korsnäs Sweden AB, Billerud Tenova Bioplastics AB, Susanne Lithander Consulting AB and BillerudKorsnäs Skog & Industri Aktiebolag, as well as Chief Financial Officer of BillerudKorsnäs Aktiebolag (publ).

Susanne Lithander holds Bachelor degree in International Finance & Business Administration with Spanish from handelshögskolan Göteborg, as well as a Certificate in Financial Management from Svenska Civilekonomföreningen.

Susanne Lithander owns no shares or warrants in Eltel.

ULF LUNDAHL

Born 1952

Member of the Board of Directors of Eltel since 2014.

Ulf Lundahl is also the Chairman of the Boards of Directors of Fidelio Capital AB, Fidelio Industries AB and Fidelio Invest AB, as well as a member of the Boards of Directors of Attendo AB (publ), Attendo utveckling AB (publ), Attendo Intressenter AB, Holmen Aktiebolag, Ramirent Oy and Indutrade Aktiebolag and deputy board member of Katarina Martinson AB and Jahaa Music AB.

Ulf Lundahl owns no shares or warrants in Eltel.

THOMAS HOFMEISTER

Born 1971

Thomas Hofmeister is a deputy board member of Eltel since 2010.

Thomas Hofmeister is also Managing Director in Leveraged Finance EMEA at BNP Paribas S.A.

Thomas Hofmeister holds Master of science in Business administration from University of Applied Science, Rosenheim. Thomas Hofmeister has also received a chartered Financial analyst (CFA) diploma from the CFA Institute.

Thomas Hofmeister owns no shares or warrants in Eltel.

AUDITORS

Öhrlings Pricewaterhousecoopers AB, with address Torsgatan 21, 113 97 Stockholm, is the auditor of the company. Niklas Renström, an authorised auditor and member of FAR (professional institute for authorised public accountants), is the auditor in charge.

Senior Management Team

AXEL HJÄRNE

Born 1964

Managing Director of Eltel since 2009.

Axel Hjärne has previously had different leading positions within Eltel Group, including deputy CEO Eltel Group, Country Manager and CEO Eltel Networks Sweden.

Axel Hjärne is member of the Boards of Directors of Lagnögruppen AB, PRIMA Barn- och Vuxenpsykiatri Stockholm AB, PRIMA Barn- och Vuxenpsykiatri Holding AB, Proffice Aktiebolag, Energibranschens Förhandlings- och Arbetsgivarservice i Stockholm AB, Svenskt Näringsliv, IT&Telekomföretagen, as well as member of the Boards of Directors of several subsidiaries of Eltel.

Axel Hjärne holds a Master of Science in Industrial Economy from Institute of Technology, Linköping.

Axel Hjärne owns 594,510 shares and no warrants in Eltel.

GERT SKÖLD

Born 1965

Chief Financial Officer of Eltel since 2014.

Gert Sköld is member of the Board of Directors of Driconeq AB and Drico Intressenter Holdco AB, as well as partner of Rue Genévrier Consulting Handelsbolag.

Gert Sköld holds a Master of Science in Industrial Engineering and Management from Linköping University, as well as a Master of Business Administration from Uppsala University.

Gert Sköld owns 17,310 shares and no warrants in Eltel.

PER KROGAGER

Born 1954

Group Vice President of Human Resources at Eltel since 2014.

Per Krogager is member of the Board of Directors of NOJ Fonden, as well as owner of Krogager Consulting.

Per Krogager holds a Mag.Art in Psychology from University of Aarhus, a Master of Personnel Administration, a Master of Organisation Development, a Master of "Business Psychology and Sociology, as well a Master of Sociological Analysis of Organisations from Business School of Aarhus.

Per Krogager owns 4,222 shares and no warrants in Eltel.

HANNU TYNKKYNEN

Born 1956

Senior Vice President of Group Communications at Eltel since 2010.

Hannu Tynkkynen has previously been President for Mobile Telecommunications, Senior Vice President for New Areas and Senior Vice President for Group HR at Eltel.

Hannu Tynkkynen is Chairman of the Board of Directors of the Alumni Association, Lappeenranta University of Technology.

Hannu Tynkkynen holds a Master of Science in Engineering from Lappeenranta University of Technology.

Hannu Tynkkynen owns 183,005 shares and no warrants in Eltel.

PÄIVI HAUTAMÄKI

Born 1964

General Counsel and Group Secretary at Eltel since 2012.

Päivi Hautamäki is member of the Board of Directors of SSH Communications Security Oyj.

Päivi Hautamäki holds a Master of Law from University of Helsinki.

Päivi Hautamäki owns 9,361 shares and no warrants in Eltel.

PETER UDDFORS

Born 1964

President of Fixed Communication at Eltel since 2013.

Peter Uddfors is Chairman of the Board of Directors of Eltel Sønnico as, as well as deputy board member of Karin Uddfors AB.

Peter Uddfors holds a Master of Science in Engineering from Royal Institute of Technology, Stockholm, as well as a Business Finance & Administration Diploma from Frans Schartau, Stockholm.

Peter Uddfors owns 38,082 shares and no warrants in Eltel.

DARIUSH REZAI

Born 1975

President of Mobile Communication at Eltel since 2014.

Dariush Rezai has previously been Director of Mobile Nordic at Eltel.

Dariush Rezai is a member of the Board of Directors of Eltel Sønnico AS.

Dariush Rezai holds a Master in Economics from Copenhagen University and has attended the General Management Program at INSEAD.

Dariush Rezai owns 12,566 shares and no warrants in Eltel.

JUHA LUUSUA

Born 1965

President of Power Distribution at Eltel since 2012.

Juha Luusua is vice Chairman of the Board of Directors of Loiste, as well as member of the Boards of Directors of Palta and Voimatalouspooli (part of the Finnish National emergency supply agency). Juha Luusua is also Chairman of the board and board member of several subsidiaries to Eltel.

Juha Luusua holds a Master of Science in Power from Helsinki Technical University.

Juha Luusua owns 203,164 shares and no warrants in Eltel.

FREDRIK MENANDER

Born 1966

President of Power Transmission at Eltel since 2012.

Fredrik Menander has previously been Director of Export projects and Director of Strategic project at Eltel.

Fredrik Menander is Chairman of the Board of Directors and board member of several subsidiaries to Eltel.

Fredrik Menander holds a Master of science in Electrical engineering from Lund's Institute of Technology and an Executive Master of Business Administration from Stockholm School of Economics.

Fredrik Menander owns 34,250 shares and no warrants in Eltel.

FREDRIK HÄGGSTRÖM

Born 1973

President of Rail and Road at Eltel since 2011.

Fredrik Häggström has previously been Business development Director at Eltel.

Fredrik Häggström has studied the Company high potential MBA program at Manchester Business School. In addition, he has studied Computer Programming at Semcon.

Fredrik Häggström owns 44,421 shares and no warrants in Eltel.

THORBJÖRN SAGNER

Born 1960

President for Aviation and Security at Eltel since 2014.

Thorbjörn Sagner has previously been Business development and Project Manager at Eltel.

Thorbjörn Sagner is Chairman of the Board of Directors of Eltel's subsidiary Eltel Networks Infranet AB, as well as managing Director of Eltel's subsidiary Eltel Networks Infranet Privat AB. Thorbjörn Sagner is also Chairman of the Board of Directors of Jämtlands linjebyggare och Republikens El AB and the owner of stora Wädersjö Service.

Thorbjörn Sagner has studied technical engineering in naval equipment at Military School.

Thorbjörn Sagner owns 13,684 shares and no warrants in Eltel.

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

Financial calendar 2015–2016

Annual General Meeting	19 May 2015
Interim report January–March 2015	19 May 2015
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

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