

Press release 4 April 2018 at 07:30 CEST

## Notice to the Annual General Meeting 2018 in Eltel AB

**The shareholders of Eltel AB (publ) (Reg. No. 556728-6652) (“Eltel”) are hereby invited to the Annual General Meeting to be held on Wednesday, 9 May 2018 at 14.00 CEST.**

### Location

Solna Gate, meeting room “Parlament”, Hemvärnsgatan 9, 17154 Solna, Stockholm, Sweden.

### Notice of attendance

Shareholders who wish to attend the Annual General Meeting shall:

- be entered into the share register kept by Euroclear Sweden AB on Thursday, 3 May 2018; and
- give notice of his/her intention to participate at the Annual General Meeting no later than Thursday, 3 May 2018, preferably by noon CEST.

Notice of attendance at the Annual General Meeting shall be made in writing to Eltel AB, attn: Henrik Sundell, P.O. Box 126 23, SE-112 92 Stockholm, Sweden or by email [bolagsstamma@eltelnetworks.com](mailto:bolagsstamma@eltelnetworks.com).

When giving notice of participation, the shareholder shall state name, personal identification number or company registration number, telephone number and number of shares the shareholder will represent at the Annual General Meeting.

### Proxies

If participation is by way of proxy, such document should be submitted in connection with the notice of participation at the Annual General Meeting. For shareholders who wish to participate at the Annual General Meeting by proxy, a proxy form will be available at the company’s website, [www.eltelgroup.com](http://www.eltelgroup.com) and may be ordered by contacting Eltel.

### Nominee registered shares

Shareholders with nominee-registered shares must, in order to participate at the Annual General Meeting, temporarily register the shares in his or her own name. Such shareholder must notify its nominee regarding the abovementioned matter in due time prior to Thursday, 3 May 2018.

### Proposed Agenda

1. Election of Chairman of the meeting
2. Preparation and approval of the voting list
3. Approval of the agenda
4. Election of one or two persons to verify the minutes
5. Establishment of whether the meeting has been duly convened
6. Statement by the CEO
7. Presentation of the Annual Report and the Auditor’s Report as well as the Consolidated Financial Statement and the Group Auditor’s Report
8. Resolution regarding adoption of the profit and loss statement and the balance sheet and the consolidated profit and loss statement and the consolidated balance sheet
9. Resolution regarding appropriation of the company’s result according to the adopted balance sheet
10. Resolution regarding discharge from liability for the members of the Board of Directors and the CEO
11. Resolution regarding the number of members of the Board of Directors and auditors
12. Resolution regarding remuneration for the Board of Directors and the auditors
13. Election of the members of the Board of Directors

14. Election of the auditor
15. Resolution regarding guidelines for remuneration of the Senior Management of Eltel
16. Resolution regarding: A.) authorisation to transfer the company's own shares in Eltel's long-term incentive program (LTIP 2015) and B.) approval of change of performance targets in Eltel's long-term incentive program (LTIP 2016)
17. Authorisation for the Board of Directors to resolve to issue new shares
18. Authorisation for the Board of Directors to resolve on repurchase and transfer of the company's own shares
19. Closing of the Annual General Meeting

## **Proposals to the Annual General Meeting**

### **The Nomination Committee's proposals:**

The Nomination Committee consists of Erik Malmberg (appointed by Solero Luxco S.á.r.l. and Chairman of the Nomination Committee), Joakim Rubin (appointed by Zeres Capital), Peter Immonen (appointed by Wipunen Varainhallinta Oy, Mariatorp Oy and Riikantorppa Oy) and Per Colleen (appointed by the Fourth Swedish National Pension Fund).

#### *Item 1: Election of Chairman of the meeting*

The Nomination Committee proposes that Wilhelm Lüning, Attorney at law, is elected as Chairman of the meeting.

#### *Items 11-14: Election of the Board of Directors and auditors and related remunerations*

The Nomination Committee has presented the following proposals:

- that the Board of Directors shall consist of eight (seven) ordinary members of the Board of Directors with no deputy members;
- that one registered auditing company shall be elected as auditor of the company with no deputy auditor;
- that the remuneration for the Board of Directors shall be a total of EUR 465,200 (531,200) to be allocated with EUR 175,000 (175,000) to the Chairman, whereof EUR 75,000 is additional remuneration due to continued expected extraordinary workload in the coming year, and EUR 33,000 (49,500) each to the other members of the Board of Directors. After having been adjusted for extraordinary workload during 2017, the remuneration to the Board of Directors is, for all members except for the Chairman for whom the Nomination Committee foresees a continued extraordinary workload in the coming year, returned to normal levels. It is further proposed that EUR 10,000 (10,000) is paid to the Chairman of the Audit Committee and EUR 8,200 (8,200) each to the other members of the Audit Committee and the members of the Remuneration Committee;
- that the remuneration to the auditors shall be paid in accordance with approved accounts within the given quotation;
- that the following members of the Board of Directors shall be re-elected for the period until the next Annual General Meeting has been held: Ulf Mattsson, Håkan Dahlström, Gunilla Fransson, Ulf Lundahl, Markku Moilanen, Mikael Moll and Hans von Uthmann. Joakim Olsson, for the same period, is proposed to be elected as new member of the Board of Directors. Ulf Mattsson is proposed to be re-elected as Chairman of the Board of Directors.
- that KPMG AB is elected as auditor for Eltel for the period until the next Annual General Meeting has been held.

The proposal regarding the auditor is based on the Audit Committee's recommendation.

Joakim Olsson, born 1965, currently serves as Senior Industry Expert at Triton and as Chairman of the Board in Ovako Group and Seves Group S.á r.l. Previous positions include, among others, the assignments as Board member in Semcon AB, Concentric AB, and FläktGroup GmbH, as well as President and CEO of SAG Group GmbH and Haldex AB.

Additional information about Joakim Olsson and detailed information about all persons proposed to be re-elected as members of the Board of Directors can be found on Eltel's website, [www.eltelgroup.com](http://www.eltelgroup.com).

### **The Board of Directors' proposals:**

*Item 9: Resolution regarding appropriation of the company's result according to the adopted balance sheet*

The Board of Directors proposes that no dividend is paid for the financial year 2017.

*Item 15: Resolution regarding guidelines for remuneration of the Senior Management of the company*

The Board of Directors proposes the following guidelines for remuneration of the Senior Management of Eltel.

Eltel's overall objective is to offer Senior Management a competitive and market-based level of remuneration consisting of fixed and variable salary, pension and other remuneration components. 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 recommended by the Remuneration Committee and ultimately decided by the Board of Directors.

The pension terms of 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, Denmark and Germany, the pension terms of Eltel's Senior Management reflect some national differences. In addition, senior executives may be offered long-term incentive schemes on market terms.

The Board of Directors shall have the right to deviate from the guidelines in individual cases if there are particular grounds for such deviation.

*Item 16: Resolution regarding: A.) authorisation to transfer the company's own shares in Eltel's long-term incentive program (LTIP 2015), and B.) approval of change of performance targets in Eltel's long-term incentive program (LTIP 2016)*

*Item 16 A.) – Authorisation to transfer the company's own shares in Eltel's long-term incentive program (LTIP 2015)*

The Annual General Meeting on 19 May 2015 decided on a share savings program comprising a maximum of 537,000 shares ("LTIP 2015"). The Annual General Meeting resolved to issue series C-shares which can be converted to ordinary shares. These ordinary shares are intended to (i) be transferred free of charge to the participants in LTIP 2015, and (ii) be disposed on the stock market in order to hedge the cash-flow related to the Company's payments of social security contributions in connection with the allotment of shares to the participants in LTIP 2015. The Board of director's decision of disposal in accordance with item (ii) requires an authorization from the General Meeting. Such authorizations have a limited term up to the next Annual General Meeting. In accordance with the

LTIP 2015 decision, the disposal in accordance with item (ii) therefore requires a renewal of the authorisation.

The reason for deviation from the shareholders' preferential rights is to, in a cost-effective way, fulfil the company's commitments under LTIP 2015.

The Board of Directors proposes that the Annual General Meeting authorises the Board of Directors to, at one or several occasions, up until the next Annual General Meeting to dispose of maximum 19,000 ordinary shares at market price on the stock market in order to hedge the cash-flow related to the Company's payments of social security contributions in connection with the allotment of shares to the participants in LTIP 2015. The terms for these transfers, the number of shares in each transaction and the timing for the transactions shall be as stipulated in the terms and conditions of LTIP 2015.

The proposed authorisation is not expected to give rise to any increased costs or additional dilution in LTIP 2015.

For a valid resolution under item 16 A.), the resolution must be supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the Annual General Meeting.

*Item 16 B.) – Approval of change of performance targets in Eltel's long-term incentive program (LTIP 2016)*

At the Extraordinary General Meeting on June 20, 2016 it was resolved to implement a share savings program of a maximum of 622,000 shares ("LTIP 2016"). The performance target in LTIP 2016 was determined to be based on Eltel's earnings development, i.e. earnings per share (EPS), as defined in LTIP 2016. The Board of Directors established the detailed performance target level on February 18, 2016 (subject to the approval of the General Meeting). The Board of Directors has now come to the conclusion that the company's development since the establishment of the performance target level and the current situation in the Eltel Group entails that the set target level has become irrelevant. This entails that LTIP 2016 is ineffective and potentially negative as an incentive for the participants and thereby for an increased shareholder value. The Board of Directors therefore proposes that the Annual General Meeting resolves to change the performance target of LTIP 2016, including to postpone the date of allocation of performance shares, and instructs the Board of Directors to establish a new performance target level.

The company has during 2017 carried out a rights issue. In accordance with the decision of the Extraordinary General Meeting 20 June 2016 and the terms of LTIP this requires a recalculation. The company has assigned to an independent expert to assess the dilution effects of the rights issue which has resulted in a recalculation multiple of 1.68. The Board of Directors has decided to apply the multiple on the matching shares in LTIP 2015 and LTIP 2016. The Board of Directors proposes that the multiple should also be applied on the performance shares in LTIP 2016.

The Board of Directors of Eltel proposes that the Annual General Meeting resolves to change the performance target of the existing LTIP 2016 share savings program, as follows.

- The performance target for performance shares under the share savings plan LTIP 2016 shall be amended from Eltel's EPS (Earnings Per Share) for the financial year 2018 to instead be based on Eltel's EBITDA for the financial year 2019.
- The Board of Directors is instructed to establish a new performance target level for LTIP 2016 based on the new performance target.
- The new performance target shall be established based on the purpose of providing an effective incentive for the participants in LTIP 2016 to promote increased shareholder value.
- The performance shares shall be allocated after the disclosure of the first quarterly report of 2020.

- The maximum number of potential performance shares for each category of participants in LTIP 2016 shall be recalculated with the multiple 1.68.
- Other terms for LTIP 2016, including the date of allocation of matching shares, shall not be affected by the change of the performance target.

The proposed change of performance target is not expected to entail any increased costs or additional dilution in LTIP 2016, except for limited costs related to external advisors and the administration of LTIP 2016. After the adjustment due to the 2017 rights issue with the 1.68 multiple, LTIP 2016 comprises a maximum of 496,832 shares to 47 participants. Aggregated with the additional maximum of 124,208 shares to cover the cash flow effects associated with social security contributions for LTIP 2016 this comprise a total of 621,040 shares which correspond to a dilution of 0.4 per cent. The original decision at the Extraordinary General Meeting on June, 20 2016 comprised a total of 622,000 shares which corresponded to a dilution of 1.0 per cent. The Board of Directors intends to disclose the performance targets after LTIP 2016 has been completed.

For a valid resolution under item 16 B.), the resolution must be supported by shareholders representing more than half of the votes cast at the meeting.

*Item 17: Authorisation for the Board of Directors to resolve to issue new shares*

The Board of Directors proposes that the Annual General Meeting authorises the Board of Directors, on one or more occasions during the period until the next Annual General Meeting, with or without deviation from the shareholders' preferential rights, against cash payment, for payment in kind or by way of set-off, to resolve on share issue corresponding to a dilution of maximum 10 per cent of the registered share capital.

The purpose of the authorisation and the reason for the deviation from the shareholders' preferential rights is to enable the company in a time efficient way to use its own shares to make payments in connection with acquisitions of companies or businesses which the company may undertake, or to settle any deferred payments related to such acquisitions, or to raise capital for such acquisitions or deferred payments. The basis for the issue price shall be in accordance with current market conditions at the time of the share issue.

For a valid resolution under item 17, the resolution must be supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the Annual General Meeting.

*Item 18: Authorisation for the Board of Directors to resolve on repurchase and transfer of the company's own shares*

The Board of Directors proposes that the Annual General Meeting authorises the Board of Directors to resolve to repurchase, on one or more occasions during the period until the next Annual General Meeting, as many shares as may be purchased without the company's holding at any time exceeding 10 per cent of the total number of shares in the company. The shares shall be acquired on Nasdaq Stockholm where shares in the company are listed and only at a price within the price range registered at any given time, i.e. the range between the highest bid price and the lowest offer price.

It is also proposed that the Board of Directors shall be authorised to resolve on the transfer of the company's own shares, on one or several occasions prior to the next Annual General Meeting, with or without deviation from the shareholders' preferential rights, against cash payment, for payment in kind or by way of set-off.

The purpose of the authorisations and the reason for the deviation from the shareholders' preferential rights is to enable the company in a time efficient way to use its own shares to make payments in

connection with acquisitions of companies or businesses which the company may undertake, or to settle any deferred payments related to such acquisitions, or to raise capital for such acquisitions or deferred payments. The purpose of the authorisation to repurchase shares is also to enable a continuous adjustment of the company's capital structure, thus contributing to increased shareholder value. The basis for the issue price shall be in accordance with current market conditions at the time of the transfer.

For a valid resolution under item 18, the resolution must be supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the Annual General Meeting.

### **Miscellaneous**

The Nomination Committee's complete proposals and statement as well as the Board of Directors' complete proposals for resolutions in accordance with the above, including reports and statements related thereto under the Swedish Companies Act (SFS 2005:551), will be available at the company's address no later than on Wednesday 18 April 2018, and on the company's website [www.eltelgroup.com](http://www.eltelgroup.com), and will also be sent to those shareholders who so request and provide their postal address. Printed copies of the Annual Report 2017 will be available in English and Swedish during week 16.

According to Chapter 7, section 32 of the Swedish Companies Act, at an Annual General Meeting the shareholders are entitled to require information from the Board of Directors and the CEO regarding circumstances which may affect items on the agenda and circumstances which may affect the company's financial situation.

### **Number of shares and votes**

As of the date of this notice, the total number of shares in Eltel amounts to 157,097,595, whereof 156,560,595 are ordinary shares carrying one vote each and 537,000 are class C-shares carrying 1/10 vote each. Thus, the total number of votes in Eltel amounts to 156,614,285 as of the date of this notice. All 537,000 class C-shares are held by Eltel and Eltel will not exercise any voting rights regarding these shares at the Annual General Meeting.

Bromma, April 2018

### **Eltel AB (publ)**

The Board of Directors

### **For further information:**

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### **About Eltel**

Eltel is a leading Northern European provider of technical services for critical infrastructure networks – Infranets – in the segments of Power, Communication and Other, with operations throughout the Nordics, Poland and Germany. Eltel provides a broad and integrated range of services, spanning from maintenance and upgrade services to project deliveries. Eltel has a diverse contract portfolio and a growing customer base of large network owners. In 2017, Eltel's net sales amounted to EUR 1.3 billion. The current number of employees is approximately 8,000. Since 2015, Eltel AB is listed on Nasdaq Stockholm.

### **Eltel AB**

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