Eltel Group

Full-year report January–December 2014

October – December 2014

- Net sales amounted to EUR 352.3 million (345.8), up by 1.9%. At comparable exchange rates net sales increased by 4.5%
- Operative EBITA* amounted to EUR 17.7 million (15.4) or 5.0% of net sales (4.5)
- Non-recurring items** were EUR -6.7 million (-2.2)
- EBITA was EUR 11.0 million (13.2) or 3.1% of net sales (3.8)
- Net result was EUR 8.7 million (3.6)
- Earnings per share were EUR 0.17 (0.05)
- Operative cash flow* amounted to EUR 66.3 million (18.5)

January – December 2014

- Net sales amounted to EUR 1,242.1 million (1,147.5), up by 8.2%. At comparable exchange rates net sales increased by 11.1%
- Operative EBITA* amounted to EUR 61.3 million (52.0) or 4.9% of net sales (4.5)
- Non-recurring items** were EUR -22.7 million (0.3)
- EBITA was EUR 38.6 million (52.3) or 3.1% of net sales (4.6)
- Net result was EUR 11.1 million (11.5)
- Earnings per share were EUR 0.12 (0.14)
- Operative cash flow* reached EUR 88.9 million (57.3)

Figures in brackets, unless otherwise stated, refer to the same period of the previous year
* see definitions on page 13 and 18
** mainly IPO-related costs in 2014

Comments from the CEO

"Solid fourth quarter and full year for Eltel"

2014 was a breakthrough year for Eltel in several ways. We report strong organic growth – 8% for the full year. Our profits increased at a steady rate and our operative EBITA margin reached 5% in the fourth quarter. Hence, the outcome of sales and operative EBITA for the quarter and full year was in line or slightly better than we anticipated in the IPO prospectus. One of Eltel's strengths – cash generation – reached record levels with an operative cash flow of EUR 89 million.

Even more important for us are the numerous new and renewed contracts, including in particular rail contracts in Norway, the Fingrid and Caruna Power contracts in Finland and substations in Poland and Norway. In Telecom, our joint venture with Sønnico in Norway secured a new contract with Telenor. Last but not least, the new five-year contract with TeliaSonera was signed in January 2015.

It's great to see Power continuing to perform so well, capitalising on the strong trend for grid investments in the Nordics and Poland. New wins of substation contracts to Fingrid in Finland and 50Hz in Germany are encouraging steps into new areas.

In Communication, it is very gratifying to see that the sustained growth in areas such as fibre roll-outs is now also coupled with higher margins. We have achieved this by increased efficiency in all main Nordic markets.

Out of our three business segments, Transport & Defence displayed the strongest growth in percentage terms, albeit from a smaller base. Growth in 2014 came mainly from several new rail electrification projects including a breakthrough in Denmark. However, margins have been shrinking due to the altered business composition.

Our listing on 6 February is crucial to Eltel. It will improve our credibility in the eyes of partners and make us better known. The IPO also brings about greater transparency, which is positive for both the company and our customers, and improves our ability to attract the right talent.

The listing process has been intensive but interesting, and has enabled us to have a more solid financial position and increased the ability to grow also through acquisitions in the future. Our key focus in future will be to deliver on our target to grow while raising margins and continuing to secure strong cash generation.

–Axel Hjärne, CEO

Stockholm, 20 February 2015

Important events during and after the period

- 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 ordinary 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
- Year-end leverage ratio with reduced debt level after IPO was 3.2 (3.3). Adjusted for non-recurring items leverage ratio was 2.2 (3.3)
- 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
- In October 2014 Eltel's 50% owned joint venture Eltel Sønnico signed a five-year frame agreement with Telenor in Norway. Norwegian Communication business, with sales amounting to EUR 121.6 million in 2014 has been transferred to the joint venture at year-end. In 2015 the business will be deconsolidated and 50% of the joint venture's net profit will be included as one-line item in EBITA

Key figures

EUR million	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Net sales	352.3	345.8	1,242.1	1,147.5
Net sales growth, %	1.9	5.3	8.2	0.3
Operative EBITA	17.7	15.4	61.3	52.0
Operative EBITA margin, %	5.0	4.5	4.9	4.5
Non-recurring items*	-6.7	-2.2	-22.7	0.3
EBITA	11.0	13.2	38.6	52.3
EBITA margin, %	3.1	3.8	3.1	4.6
Operating result (EBIT)	7.9	10.0	26.2	35.6
EBIT margin, %	2.2	2.9	2.1	3.1
Result after financial items	3.7	4.0	7.2	15.1
Net result for the period	8.7	3.6	11.1	11.5
Earnings per share EUR, basic and diluted	0.17	0.05	0.12	0.14
Leverage ratio**	5.4	5.0	5.4	5.0
Leverage ratio, proforma reduced debt post-IPO**	3.2	3.3	3.2	3.3
Leverage ratio, proforma adj. for non-rec. items, reduced debt post-IPO**	2.2	3.3	2.2	3.3
Operative cash flow	66.3	18.5	88.9	57.3
Cash conversion, %	604	141	230	109
Number of personnel, end of period	8,647	8,459	8,647	8,459

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

Sales and financial results

Net sales

October–December 2014 compared to the same period in 2013

The Eltel Group's fourth quarter net sales increased by 1.9%, amounting to EUR 352.3 million (345.8). At comparable exchange rates, the Group's fourth quarter net sales increased by 4.5%. The growth in net sales was mainly attributable to very strong growth in rail projects in the Nordics and high activity level in fibre and mobile roll-out programmes in Sweden and Norway. Fibre roll-out programmes in the UK and Germany also started to contribute to growth in net sales in the quarter. Net sales fell 2.4% in Power and rose 3.4% in Communication and 17.1% in Transport & Defence.

Power contributed to 40.0% (42.0) of total net sales, Communication 47.3% (46.8) and Transport & Defence 12.7% (11.2). There were no contributions from new outsourcings or acquisitions in the quarter.

January–December 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, the Group'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 performed very well 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 ramp-up of fibre roll-out projects in Germany.

Financial results

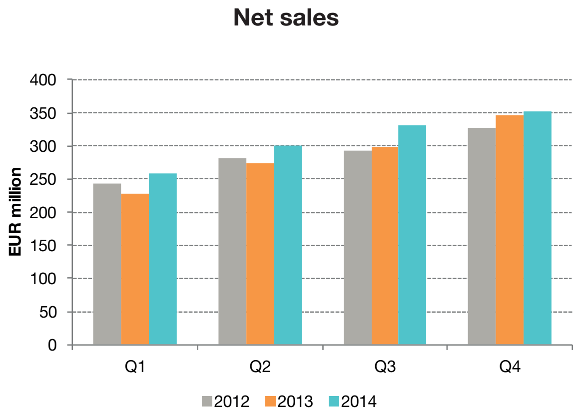
October–December 2014 compared to the same period in 2013

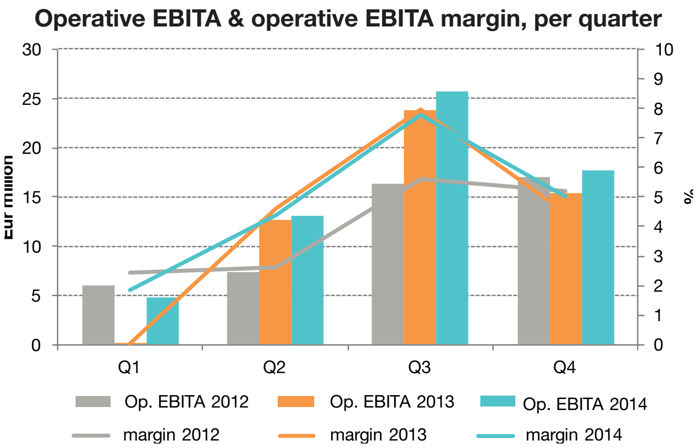
The Eltel Group's operative EBITA increased to EUR 17.7 million (15.4), representing 5.0% of net sales (4.5). The improved operative EBITA largely relates to a strong operational performance for the Communication segment driven by a good workload and efficiency improvements. EBITA amounted to EUR 11.0 million (13.2). Non-recurring expenses were EUR 11.6 million including EUR 5.9 million provision for a management incentive programme as well as EUR 4.5 million for advisory services in relation to the IPO of the Company. In addition, the period includes non-recurring income of EUR 4.7 million relating to a gain on the sale of the communication business and assets to joint venture Eltel Sønnico AS in Norway. Non-recurring net costs impacting the fourth quarter's result were in total EUR 6.7 million (2.2). Amortisation of acquisition-related intangible assets was EUR 3.1 million (3.2).

Operating result (EBIT) dropped to EUR 7.9 million (10.0), or 2.2% of net sales (2.9). Net financial expenses decreased by 30% to EUR 4.2 million (6.0) driven by lower interest rates. Income taxes amounted to EUR 4.9 million (-0.5) from recognition of tax loss carry forwards. The strong headwind from foreign exchange rate changes seen in the net sales was largely mitigated through the natural hedge of having most of the cost base in the same currency as the respective net sales.

January–December 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 is 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 the 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, 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 changes 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).

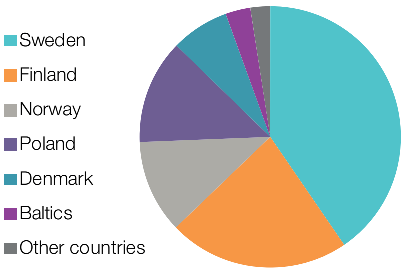




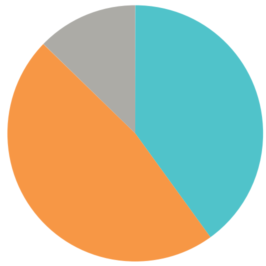
Segment information

Eltel reports its business in three segments – Power, Communication and Transport & Defence – based on the products and services offered.

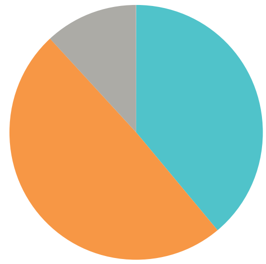
2014 Net sales by country



Q4 net sales by segment



Q4 operative EBITA by segment



Power

The Power segment provides grid maintenance and end customer maintenance services, 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 is 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 this 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	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Net sales	142.6	146.0	515.9	481.2
Operative EBITA	8.0	9.8	32.1	29.2
Operative EBITA margin. %	5.6	6.7	6.2	6.1
Number of employees	3,412	3,160	3,412	3,160

October–December 2014 compared to the same period in 2013

Eltel's October–December net sales for Power decreased by 2.4% to EUR 142.6 million (146.0). The reduction in net sales is primarily attributable to the Nordic transmission market – both in Sweden and in Norway; large projects from 2013 were mostly completed in the third quarter of 2014 with lower net sales remaining for the fourth quarter. Net sales growth from network weatherproofing projects in Finland had a positive impact on fourth quarter performance.

October–December operative EBITA decreased by 18.0% and amounted to EUR 8.0 million (9.8). Operative EBITA margin was 5.6% (6.7) of net sales. The decrease in operative EBITA is mainly attributable to lower net sales in the transmission business in the Nordics and lower margins on substation projects in Poland. Building up the German transmission organisation also incurred increased costs in the fourth quarter. The reduction is partially offset by an increase in operative EBITA in the distribution business in Sweden and Lithuania.

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 as postponed investments affecting the sales trend negatively together with the completion 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% 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 also contributed negatively.

Operating environment 2014

Growth in Power market volumes is underpinned by strong long-term drivers throughout Eltel's geographic regions. The Power segment operates in a market environment with a high level of activity with 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, they received an order to install 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. Finland signed 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 fiscal pressure in certain countries as well as the outbreak of Ebola In Western Africa. Underlying demand is still strong in Africa.

The Communication segment provides maintenance and upgrade work to telecom operators and other communication network owners. This segment operates today throughout all of Eltel's geographies and its business is characterised by 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	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Net sales	168.4	162.9	584.0	551.3
Operative EBITA	10.1	5.3	25.8	19.8
Operative EBITA margin. %	6.0	3.3	4.4	3.6
Number of employees	4,647	4,764	4,647	4,764

October–December 2014 compared to the same period in 2013

Eltel's October-December net sales in Communication increased by 3.4% to EUR 168.4 million (162.9). The largest contribution to the increase in net sales came from maintenance work due to storms in Sweden and also substantial fibre roll-out volumes. Growth was also supported by an increase in mobile roll-out projects in Norway and growth in maintenance and upgrade volumes in the Nordic mobile business.

October-December operative EBITA increased by 89.3% to EUR 10.1 million (5.3). The operative EBITA margin was 6.0% (3.3). The main reasons for the increase are higher net sales and a higher margin for fibre roll-out in Sweden driven by efficiency improvements and volume leverage. Also, Norway made a positive contribution with improved volumes and margins for both fixed and mobile communication. Operative EBITA also improved in Germany, which was affected by ramp-up and establishment costs in Q4 2013.

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 came from fibre roll-outs in Sweden, increased sales in 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 both Germany and 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 fibre roll-out in Sweden, mobile roll-out 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.

Operating environment 2014

The Communication market has been characterised by a competitive business environment over the last few years. However, Eltel 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 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 Finland and 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 accelerated, providing solid opportunities for future growth on all markets.

The Transport & Defence provides maintenance, upgrade work as well as project business to various government authorities, including rail, road and aviation authorities. Transport & Defence primarily operates throughout the Nordic markets. Its business is 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	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Net sales	45.4	38.8	154.2	122.6
Operative EBITA	2.4	4.0	12.1	13.1
Operative EBITA margin. %	5.4	10.4	7.9	10.7
Number of employees	563	504	563	504

October–December 2014 compared to the same period in 2013

Eltel's October-December net sales for Transport & Defence increased by 17.1% to EUR 45.4 million (38.8). The growth mainly came from several rail electrification and signalling projects in the Nordics. Market entry to Denmark's rail electrification, signalling and telecom markets also added to the growth.

October-December operative EBITA decreased by 39.4% to EUR 2.4 million (4.0). The operative EBITA margin was 5.4% (10.4). The decrease in operative EBITA was due to poor development in certain governmental projects in Denmark as well as a lower contribution from the Rakel contract that will be phased out in Q1 2015.

January–December 2014 compared to the same period in 2013

Eltel's January-December net sales in Transport & Defence increased by 25.8% to EUR 154.2 million (122.6). The growth continued thanks to the 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 was driven by the sustained strong rail business performance offset by lower business for the Rakel contract in Sweden and weak performance in one governmental installation roll-out in Denmark. In 2013 EBITA was supported by some high-margin contracts within homeland security and defence. Overall, the mix between maintenance and projects and between homeland security/aviation and rail had a negative impact on margins due to higher material pull-through, which affects net sales positively but margins negatively.

Operating environment 2014

The long-term market drivers for the Nordic transport (primarily railway) sector are strong and have created a business environment with bright 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 homeland security and aviation 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

Balance sheet and financial position

31 December 2014

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. A prepayment of loans amounting to EUR 9.1 million took place during the reporting period. 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 December the equity ratio was 27.9% (30.3).

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). Uncancellable 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 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. 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

January–December 2014

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 successful operational working capital management and cash collection supported by a strong increase in customer advances. 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 million (21.4) was used for the repayment of financing facilities.

Seasonality during calendar year

Distribution of sales and earnings during financial 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). For more details please refer to page 17.

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 ordinary shares. The amount of both ordinary shares 621,320,720 and preference shares 242,315,070 was unchanged from year-end 2013.

Changes in the share capital after 31 December 2014

Date of registration with the Swedish Companies Registration Office	Transaction	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

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.

Ownership structure

Largest shareholders in Eltel 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

Other information

Business expansion, 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. Net sales from Communication in Norway was EUR 121.6 million in 2014 (107.2).

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.

Board and Executive management

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 stayed on 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.

Distribution of profits

The Board of Directors proposes that no dividend be distributed in 2015 based on the 2014 results. 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.

Annual General Meeting 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.

Risks and uncertainties

The overall economic climate and regulatory decisions in the Group's markets pose risks to volumes and the timing of investments. Significant movements in the EUR/SEK and EUR/PLN exchange rates would affect the consolidated results. 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. The case will continue in 2015. For further information regarding risks and uncertainties, please refer to the 2013 annual report.

Condensed financial information

Condensed consolidated income statement

EUR million	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Net sales	352.3	345.8	1,242.1	1,147.5
Cost of sales	-306.2	-303.0	-1,078.3	-1,004.1
Gross profit	**46.1**	**42.9**	**163.8**	**143.4**
Other income	6.6	0.7	8.4	8.6
Sales and marketing expenses	-3.6	-3.3	-12.2	-12.8
Administrative expenses	-34.9	-25.6	-116.1	-84.1
Other expenses	-2.7	-1.4	-4.5	-2.7
Share of profit/loss of joint ventures	-0.5	-	-0.7	-
Operating result before acquisition-related amortisations (EBITA)	**11.0**	**13.2**	**38.6**	**52.3**
Amortisation of acquisition-related intangible assets	-3.1	-3.2	-12.4	-16.7
Operating result (EBIT)	**7.9**	**10.0**	**26.2**	**35.6**
Financial income	-	-	0.3	0.3
Financial expenses	-4.2	-6.0	-19.3	-20.8
Net financial expenses	-4.2	-6.0	-19.0	-20.6
Result before taxes	**3.7**	**4.0**	**7.2**	**15.1**
Taxes	4.9	-0.5	3.9	-3.6
Net result	**8.7**	**3.6**	**11.1**	**11.5**
Attributable to:				
Equity holders of the parent	8.3	3.2	9.5	10.2
Non-controlling interest	0.4	0.4	1.6	1.3
Earnings per share (EPS)				
Basic and diluted, EUR	0.17	0.05	0.12	0.14

Condensed consolidated statement of comprehensive income

EUR million	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Net profit/loss for the period	8.7	3.6	11.1	11.5
Other comprehensive income:				
Items that will not be reclassified to profit and loss				
Remeasurements of defined benefit plans	-3.6	-3.0	-9.8	8.0
Items that may be subsequently reclassified to profit and loss				
Cash flow hedges	0.1	0.2	1.5	0.2
Net investment hedges	3.0	2.7	6.7	3.7
Currency translation differences	-10.5	-6.5	-16.0	-10.8
Total	-7.4	-3.6	-7.8	-6.9
Other comprehensive income/loss for the period, net of tax	-11.0	-6.6	-17.6	1.1
Total comprehensive income/loss for the period	-2.3	-3.0	-6.5	12.6
Total comprehensive income/loss attributable to:				
Equity holders of the parent	-2.7	-3.4	-8.1	11.3
Non-controlling interest	0.4	0.4	1.6	1.3

Condensed consolidated statement of balance sheet

EUR million	31 Dec 2014	31 Dec 2013
ASSETS		
Non-current assets		
Goodwill	405.8	433.9
Intangible assets	84.6	104.3
Property, plant and equipment	33.1	35.3
Investments in joint ventures	28.2	-
Available-for-sale investments	0.3	0.3
Retirement benefit asset	-	0.2
Deferred tax assets	23.6	14.3
Trade and other receivables	0.9	0.1
Total non-current assets	576.4	588.4
Current assets		
Inventories	10.2	12.1
Trade and other receivables	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

EUR million	31 Dec 2014	31 Dec 2013
EQUITY AND LIABILITIES		
Equity		
Shareholders' equity	248.4	261.8
Non-controlling interest	6.4	5.5
Total equity	254.9	267.3
Non-current liabilities		
Debt	6.5	286.5
Liabilities to shareholders	-	11.6
Retirement benefit obligations	18.0	10.0
Deferred tax liabilities	15.9	18.2
Provisions	2.7	2.4
Other non-current liabilities	0.1	0.1
Total non-current liabilities	43.2	328.8
Current liabilities		
Debt	319.5	58.8
Liabilities to shareholders	14.7	-
Provisions	29.0	2.5
Advances received	69.0	40.3
Trade and other payables	252.6	223.5
Total current liabilities	684.7	325.0
Total liabilities	727.9	653.8
TOTAL EQUITY AND LIABILITIES	982.8	921.1

Condensed consolidated statement of cash flows

EUR million	Jan-Dec 2014	Jan-Dec 2013
Cash flow from operating activities		
Cash flow from operating activities before financial items and taxes	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 operations before financing items and taxes

EUR million	Jan-Dec 2014	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

Condensed consolidated statement of changes in equity

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

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

Notes to the condensed consolidated interim financial statements

Accounting principles

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting principles adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2013, except for the IFRS amendments stated below.

IFRS 11 Joint Arrangements

Eltel started to apply IFRS 11 Joint arrangements standard as of 1 January 2014 onwards. IFRS 11 replaces IAS 31 Interests in joint ventures. Joint control under IFRS 11 is defined as the contractual sharing of control of an arrangement, which exists only when the decisions about the relevant activities require unanimous consent of the parties sharing control.

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.

IFRS 8 Operating Segments

Eltel adopted IFRS 8 Operating Segments as of 1 January 2014. Comparative information is presented accordingly. 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 is 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 & Defence. 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.

Net sales by segment

EUR million	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Power				
Net sales (External)	139.3	144.3	506.6	473.7
Inter-segment sales	3.2	1.7	9.3	7.5
Communication				
Net sales (External)	167.6	162.2	581.2	548.6
Inter-segment sales	0.8	0.7	2.8	2.7
Transport & Defence				
Net sales (External)	45.4	38.6	154.1	122.2
Inter-segment sales	-	0.2	0.1	0.4
Net sales not allocated to segments	-	0.8	0.2	3.0
Elimination of sales between segments	-4.1	-2.6	-12.2	-10.6
Net sales, total	**352.3**	**345.8**	**1,242.1**	**1,147.5**

Reconciliation of segment results

EUR million	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Operative EBITA by segment				
Power	8.0	9.8	32.1	29.2
Communication	10.1	5.3	25.8	19.8
Transport & Defence	2.4	4.0	12.1	13.1
Items not allocated to operating segments*	-2.8	-3.7	-8.7	-10.0
Operative EBITA, Group	17.7	15.4	61.3	52.0
Non-recurring items**	-6.7	-2.2	-22.7	0.3
EBITA before acquisition-related amortisations	11.0	13.2	38.6	52.3
Amortisation of acquisition-related intangible asset***	-3.1	-3.2	-12.4	-16.7
Operating result (EBIT)	7.9	10.0	26.2	35.6
Net financial expenses	-4.2	-6.0	-19.0	-20.6
Result before taxes	**3.7**	**4.0**	**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

Interest-bearing liabilities and net debt

EUR million	31 Dec 2014	31 Dec 2013
Interest-bearing debt in balance sheet	326.0	345.3
Loans from shareholders	14.7	11.6
Total interest-bearing liabilities	**340.7**	**356.9**
Interest-bearing debt in balance sheet	326.0	345.3
Allocation of effective interest to periods	3.5	1.5
Less cash and cash equivalents	-61.0	-26.2
Net debt	**268.5**	**320.6**

The carrying amount of interest-bearing liabilities approximates their fair value.

Available liquidity reserves

EUR million	31 Dec 2014	31 Dec 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**

Derivative financial instruments

EUR million	31 Dec 2014		31 Dec 2013	
	Nominal values	Net fair values	Nominal values	Net fair values
Interest rate derivatives	-	-	151.5	-0.5
Foreign exchange rate derivatives	102.5	0.4 [1]	96.6	0.5 [2]
Total	**102.5**	**0.4**	**248.1**	**0.0**

Designated as cash flow hedge 1) EUR 0.0 million 2) EUR 0.2 million. Financial assets recognised at fair value through profit and loss comprise solely derivatives. Fair values of the derivative instruments are based on observable market values (level 2 observable input information) at balance sheet date. Fair value of other financial instruments corresponds their book value.

Transactions with related parties

The nature of transactions with related parties is unchanged in the fourth quarter as compared to previous periods. Transactions with related parties are disclosed in the 2013 annual report, note 25.

Main transactions with related parties relate to the loan facilities. The main shareholders, 3i and BNP Paribas, are participating in the senior bank loan syndicate facility (2013 annual report, note 19). At the end of the fourth quarter 2014 the long-term facility amount was EUR 286.5 million, 90% of the loan facility.

Non-recurring items

EUR million	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
IPO-related management incentive programme (MIP)	-5.9	-	-17.6	-
IPO-related advisory costs	-4.5	-	-8.2	-
Other non-recurring items	3.7	-2.2	3.1	0.3
Non-recurring items in EBITA	-6.7	-2.2	-22.7	0.3
IPO-related non-recurring advisory costs recognised in equity	-2.9	-	-2.9	-
Sum IPO-related management incentive programme (MIP) in the period	-5.9	-	-17.6	-
Sum IPO-related advisory costs in the period	-7.4	-	-11.1	-
Total IPO-related costs in the period	-13.3	-	-28.7	-

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

Quarterly key financial figures for the Group

EUR million	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013	Jan-Mar 2013
Net sales	352.3	330.9	299.8	259.2	345.8	299.4	274.4	227.9
Net sales growth, %	1.9	10.5	9.3	13.7	5.3	1.4	-2.5	-6.5
Operative EBITA	17.7	25.7	13.1	4.8	15.4	23.8	12.6	0.1
Operative EBITA margin, %	5.0	7.8	4.4	1.8	4.5	8.0	4.6	0.1
EBITDA	13.7	12.2	16.4	7.3	16.4	32.0	13.3	3.0
EBITA	11.0	9.7	13.6	4.4	13.2	29.1	10.2	-0.1
EBITA margin, %	3.1	2.9	4.5	1.7	3.8	9.7	3.7	-0.1
Operating result (EBIT)	7.9	6.6	10.5	1.2	10.0	22.4	6.8	-3.6
EBIT margin, %	2.2	2.0	3.5	0.5	2.9	7.5	2.5	-1.6
Result after financial items	3.7	0.9	6.3	-3.7	4.0	17.5	1.5	-7.9
Net result for the period	8.7	0.9	5.1	-3.6	3.6	14.0	1.6	-7.7
Earnings per share EUR, basic and diluted	0.17	-0.02	0.09	-0.11	0.05	0.29	0.01	-0.20
Return on capital employed, %*	54.4	38.1	63.6	69.6	44.7	42.6	38.9	36.2
Return on equity (ROE), %*	3.7	1.7	7.1	5.6	3.7	5.6	2.8	1.5
Leverage ratio*	5.4	5.8	4.3	4.4	5.0	5.0	6.2	6.8
Operative cash flow	66.3	19.4	-2.0	24.5	25.1	8.8	4.6	18.8
Cash conversion, %	604	201	-15	558	190	30	45	n.m.
Number of personnel, end of period	8,647	8,538	8,383	8,294	8,459	8,641	8,597	8,460

* calculated on a rolling 12-month basis

Quarterly segment information

Net sales

EUR million	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013	Jan-Mar 2013
Power	142.6	143.9	123.0	106.5	146.0	127.7	116.0	91.4
Communication	168.4	150.4	141.6	123.6	162.9	143.9	133.9	110.7
Transport & Defence	45.4	40.0	37.8	31.0	38.8	29.7	27.0	27.1
Net sales not allocated to segments	-	-	0.1	0.1	0.8	0.4	0.2	1.7
Elimination of sales between segments	-4.1	-3.3	-2.7	-2.0	-2.6	-2.4	-2.8	-2.9
Net sales, total	**352.3**	**330.9**	**299.8**	**259.2**	**345.8**	**299.4**	**274.4**	**227.9**

Operative EBITA by segment

EUR million	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013	Jan-Mar 2013
Power	8.0	15.8	6.5	1.9	9.8	11.6	6.6	1.2
% of net sales	5.6	11.0	5.3	1.8	6.7	9.1	5.7	1.3
Communication	10.1	6.9	5.9	2.8	5.3	9.4	5.0	-
% of net sales	6.0	4.6	4.2	2.3	3.3	6.5	3.8	-
Transport & Defence	2.4	3.5	3.2	3.0	4.0	4.5	2.7	1.9
% of net sales	5.4	8.8	8.5	9.5	10.4	15.1	10.0	6.9
Costs not allocated to segments	-2.8	-0.5	-2.5	-2.9	-3.7	-1.7	-1.7	-2.9
Operative EBITA	**17.7**	**25.7**	**13.1**	**4.8**	**15.4**	**23.8**	**12.6**	**0.1**
% of net sales	5.0	7.8	4.4	1.8	4.5	8.0	4.6	0.1

Number of employees by segment, at the end of period

	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013	Jan-Mar 2013
Power	3,412	3,321	3,186	3,077	3,160	3,257	3,193	3,072
Communication	4,647	4,645	4,660	4,712	4,764	4,842	4,829	4,751
Transport & Defence	563	548	516	476	504	500	525	571
Other	25	24	21	29	31	42	50	66
Total	**8,647**	**8,538**	**8,383**	**8,294**	**8,459**	**8,641**	**8,597**	**8,460**

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)	$\frac{\text{Net result attributable to equity holders of the parent - dividend attributable to preference shares}}{\text{Weighted average number of ordinary shares}}$
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

Parent company

Eltel AB owns and governs the shares related to the Eltel Group. During the year, 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.

Parent company statement of income

EUR million	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Net sales	-	-	-	-
Administrative income and expenses	1.5	-	-14.0	-
Interest and other financial income	7.1	7.0	28.1	27.8
Interest and other financial expenses	-0.2	-0.2	-0.8	-27.1
Net financial items	6.8	6.8	27.3	0.6
Result before taxes	**8.3**	**6.8**	**13.3**	**0.6**
Taxes	-	-	-	-
Net result	**8.3**	**6.8**	**13.3**	**0.6**

Parent company balance sheet

EUR million	31 Dec 2014	31 Dec 2013
ASSETS		
Non-current assets		
Shares in group companies	34.5	34.5
Receivables from group companies	474.3	446.5
Total non-current assets	508.8	481.0
Current assets		
Trade and other receivables	0.8	-
Cash pool receivable	-	0.2
Total current assets	0.8	0.2
TOTAL ASSETS	509.6	481.2

EUR million	31 Dec 2014	31 Dec 2013
EQUITY AND LIABILITIES		
Equity	352.1	357.3
Non-current liabilities		
Liabilities to shareholders	-	11.6
Liabilities to group companies	125.7	112.2
Total non-current liabilities	125.7	123.8
Current liabilities		
Liabilities to shareholders	14.7	-
Provisions	13.2	-
Trade and other payables	1.7	-
Total current liabilities	29.6	-
Total liabilities	155.4	123.8
TOTAL EQUITY AND LIABILITIES	509.6	481.2

Signatures of the Board of Directors and CEO

Stockholm, 20 February 2015

The Board of Directors

Gérard Mohr, Chairman	Fredrik Karlsson	Jean Bergeret
Matti Kyytsönen	Ulf Lundahl	Susanne Lithander

President and CEO

Axel Hjärne

This report is unaudited

Financial calendar 2015-2016

Annual report 2014	in April 2015
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

Investor meeting

Eltel invites to a Q4-briefing at Operaterrassen in Stockholm, at 12.00 p.m. (CET), on 20 February 2015. A live webcast as well as supporting slides will be available at www.eltelgroup.com/investors.

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Eltel AB discloses the information provided herein pursuant to the Securities Markets Act and / or the Financial Instruments Trading Act. The information was submitted for publication at 07.30 a.m. (CET) on 20 February, 2015.

Eltel in brief

Eltel is a leading European provider of technical services to the Infranet industry-critical infrastructure in the segments of Power, Communication and Transport & Defence – with operations throughout the Nordic and Baltic regions, Poland, Germany and the United Kingdom. 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 loyal and growing customer base of large network owners.

The group began its journey towards becoming a leading European provider of technical services for the Infranet industry in early 2000. At that point of time, deregulation, privatisations and needs of efficiency improvements among electricity utilities and telecom operators started to shape the industry. Since then, Eltel has grown rapidly and, for the financial year ended 31 December 2014, the group generated net sales of EUR 1,242 million and reported operative EBITA of EUR 61 million.

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.

Dividend policy

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.

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