



## Eltel continues to improve performance in the first half of 2013

- Stabilised Group sales after strong growth in 2012, EUR 505.7 million (524.9)
- Growing order backlog reaching EUR 700 million
- Share of power sector growing with record order backlog
- Further fine tuning of the 'Eltel Way' boosts competitiveness

"Eltel's performance in the first half of 2013 has continued its stable course in terms of several indicators. Our order backlog has grown steadily since the beginning of the year which provides a good platform for the second half of 2013 and 2014. In particular, the power sector is showing strong markets and we are booking important new contracts there", states Axel Hjärne, President and CEO of Eltel Group Corporation.

Eltel has continued to show a stable performance regardless of the general status of economies. After strong growth in net sales in the previous two years, the Company reports sales for the first half of 2013 of EUR 505.7 million, which is 3.7% below the same period in 2012 (524.9). The volume performance is considered good, taking into account that 2012 was affected by winter storms and therefore included a high amount of network maintenance works. The number of employees at the end of June 2013 was 8597 (8610).

### Major business wins

In Aviation, the Company has just announced a new three-year contract with Swedavia, the Swedish Aviation Authority, with an option for another three years. Eltel continues to book new orders in Power Transmission in a number of markets. Amongst several projects, one of the most interesting is the EUR 37 million contract with Statnett in Norway. A EUR 19 million contract with Svenska Kraftnät and EUR 40 million contract with the Polish grid operator were also signed during the spring. A EUR 10 million contract in a consortium in Macedonia means Eltel's first market entry in the Balkans.

"Africa has great needs for providing electricity to people; Eltel has many years of project experience and an excellent track record in the continent from numerous contracts", explains Axel Hjärne. "Good examples of orders this year are two separate contracts in Tanzania with a total value of EUR 38 million. Further outsourcings in Europe by distribution companies, changes in their network ownership and needs to strengthen the networks, not forgetting renewable energy, are all opportunities in which Eltel has a strong possibility to benefit.

"In telecommunications, Eltel continues to be the market leader in Northern Europe with significant contracts with all the leading teleoperators. A recent contract with TDC in Denmark shows our competitiveness in the Fixed Network sector. In the Rail business, we start to see excellent signs of increasing our market share. In the spring, we booked a EUR 20 million contract with Jernbaneverket in Norway. We are also receiving very positive customer feedback from railways for our maintenance performance in Finland", relates Axel Hjärne.

### Strategic positioning and internal development

While there is a pause after a very strong growth period, Eltel is preparing for the next step in its development. At the beginning of the year, the Company appointed Homeland Security and Aviation as one of its six business units. The Smart Metering unit was consolidated with the Power Distribution unit. The latter will bring both market and internal synergies. In Germany, Eltel recently announced a senior appointment in the position of Head of its Power Transmission and Distribution businesses.

Besides securing position in the Nordics, Eltel recognises increasingly future opportunities in countries like Poland and Germany. In Poland, Eltel is already a major player both in electricity and telecommunications; whereas, in Germany, the Company has been present only in the telecommunications sector.

"The internal focus on developing the management of a world-class service business, called the Eltel Way, continues. This, together with new production performance measurements and a continued focus on Health and Safety, will improve conditions for our customers and employees. After all, we should remember the importance of people in this business. Our job is to offer them the best workplace in the industry, take care of their competences, and energise them to be motivated and to have a winning attitude in their daily work", describes Axel Hjärne.

### Outlook remains positive

"In financial terms, Eltel's performance continues as planned. Typically, the second half of the year represents approximately 55% of our annual sales, and we foresee this to be the case also in 2013. Having grown rapidly, the focus is now on improvement of margins. Eltel does perform in the better part of its peer group, but in general the whole industry deserves more. The role and importance of Infranets in society are critical, and efforts in that sector need to be better appreciated", concludes Axel Hjärne.

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### Eltel Networks

Eltel builds, connects and cares for Infranet solutions based on an effective interplay between electricity, telecom and IT. Eltel specializes in combining these technologies into an emerging intelligent infrastructure called Infranet, dedicated to boosting the way our society works.

Eltel has 8,500 employees and a sales of EUR 1,15 billion. From its Nordic base, the company has expanded into the Baltic countries, Poland, Germany and UK. The goal is to become the leading Infranet company in Europe.

For more information about Eltel Group Corporation, visit [www.eltelnetworks.com](http://www.eltelnetworks.com)