



Eltel's strong performance continues in the third quarter of 2013

Eltel's strong performance continued also in the third quarter of 2013. Net sales of EUR 300.9 million outperformed the same period in 2012 by 2.1% (294.7). January – September sales were only 1.6% below the same period in 2012 and totalled EUR 806.5 million (819.6). The number of employees at the end of September was 8,641 (8,677).

Strong performance from April – September 2013

After a somewhat slower first quarter of 2013 compared with 2012, Eltel was well on par from April – September.

"Our first quarter this year was somewhat below the figures of 2012. Last year, the first weeks were busy due to the storms. However, as a result of a very strong performance both in the second and third quarters of this year, we are very close to the level of sales in 2012. Our bottom line though is well ahead of 2012. We are well under way to meet the budget for the whole of 2013", explains **Axel Hjärne**, President and CEO of Eltel Group.

"Eltel's portfolio of specialised services, infrastructure sectors we serve, and countries in which we operate has again proved a good platform for business. Our order backlog has developed well during the year, and we have signed several important contracts. When looking at our six different business units in electricity, telecommunications and transport, we are happy to notice that all of them are performing better, or at the same good level, as 2012. Systematic hard work to develop our internal processes, called Eltel Way, and competences has been noticed by our customers, and this has helped us to improve our performance level in the whole Infranet sector", Mr Hjärne continues.

In August, Eltel sold the Avaya and Aastra parts of its voice business, to NetDesign, daughter company of the Danish TDC in Denmark. 39 persons were transferred to the purchasing company.

Strong performance in power and transport sectors

"Some of the most exciting developments relate to our progress within the Rail sector. A EUR 20 million contract was secured in Norway, followed by railway and tramway orders valued at EUR 17 million in Sweden, and a railway contract with Destia in Finland. Our performance with new maintenance contracts in Finland has also been acknowledged by the railway operator. In the transport sector, Eltel is also a long-term service partner for Swedavia, the Swedish Airport Authority, signing a new three-year contract with an option for another three years. The annual volume for this contract is several million euros. Providing multi-technology, complex technical services to civil airports is a speciality within Eltel. Eltel also provides managed services with its own Network Operations Centres both in Gothenburg and Copenhagen. In the latter, we provide operations and maintenance services to Banedanmark.

"The Power transmission business came back to Norway after a few years with a EUR 40 million contract with Statnett. In the summer, we also booked another contract with Svenska Kraftnät valued at EUR 19 million. Our Power transmission business is very well positioned in the growing African market. Decades of project experience with turnkey electrification projects has secured several orders including two contracts at a value of approximately EUR 40 million with TANESCO in Tanzania. We are very happy to contribute to the infrastructure development in Africa where still large sections of the population do not have access to electricity."

"Besides power lines at different voltage levels, we also install power stations and implement control rooms with communication solutions. Combining Nordic excellence in project management with local subcontractors executing the works, we raise the competence level of African companies. Other new contracts are at final stages of financing arrangements both in Mozambique and Zambia. We will soon announce the largest single project contract in Eltel's history", Mr Hjärne continues.

"In Power distribution, Eltel won new business with Vattenfall in Sweden with a three-year contract for maintenance works and project execution valued at EUR 10 million per year. The Smart metering business was merged with Power distribution in the summer in order to benefit from the synergies of customer interface and engineering and technician teams. Eltel has just completed a 600,000 metering project with Fortum in Finland with excellent customer feedback. The Company has now implemented altogether 3.5 million metering points in Finland, Sweden and Denmark making it a leader in Smart Grid implementations in Northern Europe."

"In telecommunications, large contracts with all leading teleoperators continued to provide a constant flow of revenue. As we know, this sector is not growing, but the volumes and variety of work and required competences to meet the ever-developing technologies, service concepts and business models, is a good booster and benchmark for the whole company development."

Outlook for 2014

"Our focus now is to ensure a good finish for 2013. The first indication for October is good, and normally the last quarter is a busy period for us. We expect to meet our budget for 2013, which would mean the best-ever year in Eltel's history. This year, we introduced new ways of measuring the performance of our delivery processes, and this has definitely contributed to sharing best practices across organisational or geographical borders. A survey conducted with our largest customers showed that quality, competence to deliver and flexibility are the most appreciated criteria for their partner selection. These have been the focus of Eltel's strategy from the beginning, and, on the whole, we outperform our competitors."

"Our order backlog is good and we are optimistic about 2014. Our starting position is strong and a lot of interesting developments are taking place within Infranets. Exciting initiatives are under way by policy makers, investors and operators. This is a very dynamic industry and Eltel is a dynamic partner for network owners and operators. Our employees are to thank for our extraordinary progress in 2013. Our work will continue and we will come out again with new initiatives in 2014", Mr Hjärne concludes.

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