

ANNUAL REVIEW

2013

ELTEL

“The demands of the future are even higher and getting more complex.”

2–7

Our world



“Eltel Way,
your guarantee
of best practice.”

“We can take advantage of economies of scale, and allocate our resources more efficiently.”

8–19

Eltel's Business Units



20–31

Customer experience

“We have complete confidence in Eltel as our supplier, especially in their flexibility and ability to meet our needs and requirements.”



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“Results from continuous improvement are evident in quality and customer satisfaction in all Eltel’s business units.”

“Our desire is to share our best experience, so Eltel and our partners and stakeholders can contribute to a more sustainable society.”

36–43

Financial and organisational information



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The making of an industry

Europe's infrastructure for power and telecom, the backbone of our society, is over 50 years old. And the coming 10–15 years are exciting, when Europe needs to build, reinforce and develop the next generation of infrastructure and networks. Eltel is on the very frontier of this adventure, leading the way for a new industry called the Infranet.

The Infranet concept was created by Eltel to describe and grasp the emerging changes in infrastructure and networks when it comes to power, telecommunications, and transportation such as rail, road and aviation infrastructures in combination with IT/IP services.

Together with the major companies in Northern Europe, Eltel is now shaping the future of Infranet, defining how generations to come will see even more stable and innovative solutions for our society's backbones.

The birth of Infranet

The Infranet industry started developing a little more than ten years ago along with the deregulation of the power and telecom markets. This was really the birth of the Infranet, breaking up old monopolies and opening possibilities for new companies to contribute in building, connecting and caring for crucial infrastructures and networks.

A dedicated and specialized service industry was established with several companies starting up, many of them offsprings of the largest telecom and power companies. Services, installations

and maintenance were outsourced and the results so far have been impressive.

Cost reduction and higher quality

The creation of a liberalized market and competition has led to a more efficient marketplace. Double-digit reductions of field service costs have been reported, while the quality of the networks has improved and the speed to launch new technologies has increased.

As in any industry, the development of a new niche sparks innovation, re-thinking and questioning of old ways of doing things. Everybody is winning on the concept. The explanation for the substantial cost reductions is that the planning and day-to-day management has been more focused and various tasks at the same sites/locations can be delivered at the same time, even if it is two

different customers from mobile telecom and power distribution. The possibility to care for several large customers along with a thorough knowledge of local circumstances makes the outsourcing effective.

Zero tolerance for interruptions

At the same time the demands on our networks have never been higher. The tolerance for power cuts or internet delays is close to zero. Consumers also expect ever faster communication services, better quality of electricity and also safe and on time transportation services. And in the background Eltel and its





peers are busy designing, connecting and caring for the next generation of infrastructure.

A dramatic future lies ahead

The demands of the future are even higher and getting more complex. The technology development is moving fast with a shift from copper to fibre, from

3G to 4G LTE, from voice to data and machine-to-machine communication.

The ageing power infrastructure of Europe can also hamper economic recovery. Trends affecting European energy transmission and distribution are ageing grids, the realization of an internal EU energy market, as well as the continued introduction of renewable energy sources and their connection to the grid.

Europe's power networks are approaching the end of their technical life, so there is a need for rehabilitation and technological upgrades. Several key projects have been identified to reduce grid congestion and allow a higher degree of electricity market coupling. Higher load variability is driving investments in transmission upgrades due to renewable energy sources.

According to recent studies by research institutes the investment levels in the infranet industry are estimated at EUR 15 billion in 2015. The yearly increase is expected to be approximately 6 per cent. The lion part of the investments is in power transmission and power distribution, with expected investments of 10 billion euros yearly in Europe as a whole.

Stricter requirements from regulators encourage to increase net availability and reliability. One area is new regulations on climate-proofing electricity networks, where 15-year investment programmes have been established to convert to underground cabling.

Power is crossing borders

While new sources of energy are connected to the network, there is a greater demand for higher transmission capacity. Creation of regional power markets fosters better network integration and cross border initiatives. With the growth and development of smart power grids, a whole new market is emerging, where electricity can flow two ways within the power grids, allowing us to use electricity where it is most needed at any moment. All this provides possibilities to acquire and use information about how to use and save energy.

Eltel is the Nordic leader in this development and enjoys the competitive edge of working with these networks daily, with a detailed knowledge of how to build, connect and develop tomorrow's networks.

An exciting future is ahead of us. In ten years' time we will be well on our way to Infranet 2.0, with more intelligent communication solutions. This will both secure the lifelines of our society and open up possibilities that have not been thought of yet. Not even at Eltel.



CEO's Preface

Strong performance in 2013 bringing momentum to 2014

Eltel continued its positive improvement of performance in 2013. While the focus in 2013 was on profit margins, rather than growth of net sales, an improvement of EBITA by 13.7 percent was reported reaching an all time high of EUR 52.4 million. Eltel's EBITA has now continued to grow for the past six consecutive years. Operative cash flow (excluding non-recurring items) has doubled from EUR 31.6 million in 2010 to EUR 60.7 million in 2013.

Share of Power sector in growth

Power Transmission showed the highest growth of sales, winning several major contracts in Europe and Africa. New contracts with Svenska Kraftnät in Sweden, Statnett in Norway and PSE in Poland indicated a strong need for grid investments in Europe.

In Africa two contracts were signed with the national grid company in Tanzania and a preliminary contract with the power company in Zambia.

The Zambian contract was finalized in early 2014 and is Eltel's largest contract to date, with a value of EUR 110 million, building 880 km of 132 kV transmission line and eight transformer stations. Eltel has long tradition of executing projects in a number of rapidly growing sub-Saharan economies. Eltel's capability to offer major turnkey projects is well supported by Eltel's specialized engineering company with 200 employees in Krakow in Poland.

“Ready to take the next step in shaping the future Infranets in Europe”

–Axel Hjärne, President and CEO

Power Distribution completed the 600,000 smart metering installation project of Fortum in Finland with excellent customer feedback. Eltel is the most experienced installation rollout company in Europe. Eltel continued to win outsourcing areas of Vattenfall in Sweden, where Eltel is building up a position as one of the leading service providers.

The smart metering business was merged with Power Distribution in the summer of 2013. This will enhance utilization of synergies in the customer interface and internally at Eltel.

A new Power Transmission and Distribution entity was opened in Germany.

Telecom continues with a strong market position

Eltel has long been a leading service partner for telecom operators in the Nordics, Baltic countries and Poland. Volume of business, comprised of both new investments and care services, continued at a very stable level. Systematic work, by the Eltel Way, to further streamline the delivery processes with clearly defined performance indicators and incentive practices are bearing fruit in this fairly competitive sector.

Negotiations with Umoe, owner of the Norwegian Sonnico Tele AS, were started in 2013 and have resulted in an agreement to form a joint venture company of Eltel's and Sonnico's telecom businesses in Norway. The new joint venture company will start operations at the beginning of 2015. The ownership will be shared 50/50 and the combined entity has a personnel of slightly over 1.000 employees.

The geographical areas of both partners complement each other, hence the combined entity will cover all areas of Norway. The partners have a strong belief that the new company will be able to further develop its current services, quality and efficiencies, and thus create additional value for its customers. As a larger entity, it is also expected to offer new opportunities of development for its personnel.

Homeland Security & Aviation and Rail combine Eltel's best competences

Eltel's Homeland Security, Aviation (HS&A) and Rail infrastructure businesses form an interesting area that benefits from the company's core competences in infranets, consisting of electricity, telecommunication and IT/IS. The HS&A unit signed a new multi-year agreement with the Swedish Aviation Authority and Swedavia, providing radio, navigation and informatics services to civil airports in Sweden. Rail business has in a short time established a good position in all Nordic countries. 2013 was started with a EUR 20 million contract with Jernbaneverket in Norway. New railway and tramway contracts, and public transport contracts were signed in Stockholm as well as new build and maintenance agreements in Finland.

Eltel has sold its Aastra and Avaya business in Denmark to NetDesign, a subsidiary company of TDC.

Positive expectations for 2014

In 2013 Eltel has successfully completed the specialization of its business units

(BU). Common production KPIs across countries per each BU were implemented and will further boost the benchmarking of performance, sharing of best practices and ultimately improve Eltel's service and efficiency levels. Empowerment of employees and engagement to continuous improvement are crucial values at Eltel. Several Group policies were updated in order to define even better the corporate governance and ensure compliance with the latest regulations.

2013 was an important year for us to prove how a good focus on prioritized targets can bring expected results. A brand survey conveyed in 2013 showed that the Eltel brand is well appreciated. Our ambition is to continue to develop Eltel as the leader of Infranet service companies in Europe. We have a well balanced portfolio of customers to whom we continue to develop and deliver best services in our sector.

We have good partners with whom we continue to take new steps in order to shape an even better Infranet industry for the future. Our employees are the key success factor for Eltel now and in the future. Development of our people and working culture are some of the key focus areas in 2014. We have also strengthened our management teams with recruitments in order to meet better the future needs of a growing and developing company. Eltel is going into 2014 stronger than ever.

Health & Safety rising on the agenda

Experienced Business Unit President **Fredrik Menander** sees a trend where price and cost efficiency is still a top priority but attention to health and safety issues, working conditions, quality and structured project management is gaining ground.

What were the highlights of last year?

Health and Safety was a focus area last year and 2013 showed good results. We want to be leaders in this field and will continue to improve. There is a very strong demand for our services and we noted a 16 percent growth in sales.

We are also very happy to be back in Norway with a contract for Statnett, the Bamble-Roed project. In UK, we made a successful delivery upgrading transmission networks, power lines and towers for National Grid.



What were the developments in Power Transmission last year?

The market is growing in the mature Northern Europe, due to changes in the power infrastructure. In the developing parts of world, like Africa, the markets are growing as a result of industrialization and increased domestic demand from a growing class of new consumers with fast rising incomes.

Both mature and developing markets are now emphasizing Health and Safety issues. Safe working conditions are a top

priority and require a structured project management system and right attitudes. This raises the bar for competitors to enter the market, but it also helps the industry to improve work place safety.

In 2013 Eltel signed its largest contract ever, to build more than 800 kilometres of power lines and 8 high voltage transformer substations in the north-western part of Zambia, an order worth EUR 110 million. It shows that our customers are confident in our capabilities to execute very large and complex projects: something we should maintain and be proud of.

What are your expectations for the coming years?

From our perspective, it is very much a growing market. However, the outlook is quite different from country to country. For instance, Norway has very high ambitions and is investing heavily in the power infrastructure now and in the coming years. Germany also has high ambitions, but it will probably take some years before the market is taking off in a similar way as in Norway right now. The overall trend is to increase power transmission capacity and develop the grids, mainly due to the transition from a few large to several small-scale power generation units and the increased use of renewable sources. In addition, the challenge of ageing infrastructure means refurbishment projects need to be implemented on a large scale.



FIVE FACTS ABOUT FREDRIK

Background:

Originally from Skåne in southern Sweden. Studied electrical engineering and has an MBA and long experience from working in the international power segment.

Unexpected talent: Enjoys cooking.

Why Power transmission: I like working with large projects and the challenges that are involved.

When not working:

Family life and spending time with friends.

Reading right now:

Re-reading "A Prayer for Owen Meany" by John Irving from 1989. Irving is clearly a personal favourite after reading "The World According to Garp" at an early age.

What does Eltel contribute to the market?

We are one of the biggest players in Northern Europe and a benchmark in the Nordics. It allows us to learn from different markets and re-use successful concepts. We have a skilled and sizeable work force utilized cross border that keeps us ahead of the game. We have been able to develop our processes with a clear structure and to be an appreciated partner to our customers. Furthermore, we have significant in-house engineering capabilities that cover transmission lines, substations as well as system studies. Having 200 designers makes us stand out from the competition. This means we can be a highly competent partner when it comes to defining technical solutions.

What are the key challenges in the coming years, technically, financially and politically?

From a technical perspective we don't see too many new challenges. We aim to strengthen our position in the field of substation engineering and execution on all markets. Financially, network owners are facing significant investment pressures, which is also reflected in prices of electricity. It is very important that Eltel continues to be in the forefront of developing project management practices, Health & Safety and cost efficiency. Politically, security of power supply is a strategic and a national security issue. Regulation and political decision-making play a key role here.

AMM installations top future trend

Juha Luusua has been at Eltel since the start in 2001. Today he is Business Unit Manager for Power Distribution and points out outsourcing and private equities ownerships as major trends. AMM (Automatic Meter Management) Installations is the biggest opportunity for international growth.

What were the highlights of last year?

We finalized the last major AMM installation project in Finland adding the total amount to one million installations in Finland alone. The project was very successful. In Sweden we won two new districts for outsourcing services for Vattenfall and Fortum, a great step forward on the Swedish market. Finland as a market grew last year and was the locomotive for Power Distribution. We didn't grow in other markets, but were still able to strengthen our market position.

If we zoom out, how would you summarise the overall developments in Power Distribution last year?

Firstly, outsourcing is definitely a major trend, where network owners consider us as an experienced partner for field-work. This opens up the market for us. As an example, we won an outsourcing contract for Vattenfall in the southern part of Stockholm.

Secondly, private owners and private equities are entering the market for distribution infrastructure. This is an interesting development and all movement on the market can create business and is an opportunity for us.

In 2014–2015, what do you predict for Power Distribution in northern Europe?

The outlook going forward is a market growth of 20 percent per year. AMM installation is a major possibility for international businesses, where Eltel have the organization and systems to win new business. We have great AMM installation experience from Finland, Sweden and Denmark and have changed 3.5 million meters in the Nordics. This puts us in a great position going forward.

Regulation is a driver in several countries for increased investment levels. Distribution networks are getting old and regulators as well end-customers are expecting higher network reliability. EU initiatives in renewables also offer business potential for us.

What is your competitive edge?

We have many strong outsourcing cases with E.ON, Vattenfall and Fortum as references, which proves our experience and that the right processes are in place. We can also utilize our cross border experience in terms of workforces and maximum efficiency.

Together with Power Transmission and active developments with of Smart Grids, Eltel has a huge advantage and experience to share with our customers.

What is keeping you and your customers up at night, what are the key challenges the coming years?

Right now the market supports us. Security of supply, in all conditions, is a must. Regulators are introducing incentives to utilities to motivate investments in weatherproof networks. Now we can see that Norway and Germany are the biggest opportunities in the years to come. This is something we must be aware of. And as the market leader we must keep improving to stay ahead in the industry.



ELTEL

FIVE FACTS ABOUT JUHA

Background?

I have a Master of Science in electricity. In 1994 I started working at Fortum and I came to Eltel in 2001.

Why Power Distribution?

I have a strong electricity background, and I know the customers, industry trends and technology. I like to lead people and see the team growing. It's about having passion for your work and to have fun.

When not working?

I run marathons and enjoy fine wines.

Reading right now?

I like a good detective story, preferably Nordic authors. But right now I'm reading a Patricia Cornwell book.

FIXED COMMUNICATION



Demand for high-speed Internet is driving the market

Peter Uddfors was appointed President of Business Unit Fixed Telecom in spring 2013. End-user demand for faster Internet connections at home is a key market driver. In the coming years telecom operators will need help to develop network performance, both in copper and fibre optics networks.

What do you see as the general developments in the Fixed Telecom industry?

The industry has grown as a result of increasing demand for high-speed connection from end-users. Fixed Telecom is an essential foundation of high-quality communication in Europe. It involves both the maintenance of the copper networks and the expansion of the fibre optic networks.

According to a McKinsey report investments of EUR 250 billion are needed to achieve a high-speed fibre-to-the-home coverage of 50 per cent of all households in Europe. Today the penetration is five per cent, expected to rise to 20 per cent in 2022.

What is Eltel's competitive edge going forward?

Our process model for service delivery, The Eltel Way, is very established in the company. This means our customers get high quality delivered in a very efficient way. In addition, we offer comprehensive

build, care and connect services.

We cover everything from standard products to custom-tailored solutions. A strong trend in fixed telecom is a shift towards a much higher degree of technical sophistication, where Eltel is leading the way.

We enjoy a strong position in the Nordic countries, as well as in Poland and believe that the German market, in particular, has excellent growth potential.

What are the challenges that you foresee?

The investment needs for fixed telecom are large and growing for telecom operators. We can also see challenges in decision-making and are happy to see that fibre optics infrastructure is now prioritized both on a European and national level.

How are you facing future challenges?

We can take advantage of economies of scale, and allocate our resources more



FIVE FACTS ABOUT PETER

Background?

Peter holds a Master of Science in Engineering. CEO in different sectors and companies for 20 years, most recently for companies such as Micronic Mydata and Cardo P&P Solutions. An international career in Germany and France.

Unexpected talent? A skilled mechanic.

Why Fixed Telecom?

It is a large and exciting operation with an impact on European infrastructure. The organization is incredibly competent.

When not working?

Play badminton and spend time with the family, and is often found in the garage.

Reading right now? Car and boat magazines.

efficiently. For example, when a storm hit Norway last autumn, we could reinforce resources by calling in our Danish colleagues, and deal with the situation quickly. In Germany we have taken steps to expand our capacity at an international level. This allows us to work in accordance with best practices on all markets.

In summary, what were the highlights of last year?

2013 was a fantastic year for Fixed Telecom. We have satisfied clients and performed well on all markets. Our staff is our greatest resource and last year we increased investments in training and development programmes to improve staff skills even further. The quality and precision of our deliveries improved overall.

A historically good year on most markets

Dariusz Rezai recently entered the position as Business Unit President for Mobile Telecom. With technology development and customer's focus on efficiency and an increased position in the value chain, Dariusz predicts market growth and increased demand and request for outsourcing services.

What were the highlights of last year?

In 2013 we consolidated our position as market leader in the Nordic region and further consolidated our presence in Poland, due to increased demand from existing and new customers. For most of our markets 2013 was a historically good year.

The German market potential is significant. During 2014 we will implement the organizational and operational Eltel standards that we know will deliver results.

How would you summarise the overall developments in Mobile Telecom last year?

The technology developments that we have seen in the past years continued with LTE/4G.

Today's telecom operators are fighting to improve efficiency in a market that is characterised by price pressure to

end consumer. As their service provider we must keep improving by utilizing best practice through our cross border organization to deliver high quality services.

Customers are reducing the number of suppliers. By increasing our footprint in the value chain we come closer to our customers and strengthen our role as trusted business partner.

What do you predict for Mobile Telecom in northern Europe for the whole market?

The market will keep growing – the technological development is here to stay. Mobile Telecom is penetrating so many key processes in our society that it will be pushed to develop better, faster and more efficient solutions for many years to come. Customers will keep redefining their core business resulting in increasing outsourcing. This development has been under its way for a couple of years and will continue, and it leads to increased



business opportunities and footprint in the value chain. Finally the reduction in number of suppliers will also continue.

What is Eltel's competitive edge going forward?

We are a stable company, and the way we are organized allows us to use cross border experience and best practices in Europe in order to solve each project in the best way. Operational excellence is essential. We are dedicated to be easy to work with. We are continuously investing in processes and systems that simplify the interface with the customer for a close collaboration.

We have the critical mass and capacity to absorb unexpected increases in demand from our customers. We are entrusted to operate and build emergency mobile networks and we take pride in proving our worth in extreme situations such as storms and big fires.



FIVE FACTS ABOUT DARIUSH

Background?

A Master of Economics from Copenhagen University and an Executive Education at

INSEAD. After three years at Nordea Dariusz worked at Deloitte, Accenture and NCC where he headed the mobile telecom unit.

Unexpected talent?

A history in competitive show jumping.

Why Mobile Telecom?

Came to work for the Business Unit management for mobile telecom for a turnaround case at NCC. The industry is very appealing as it is developing rapidly, with interesting challenges at strategic and operational levels.

When not working?

Enjoy the company of my family and play the piano a little bit. In the summer I prefer to sail – clearing my mind and recharging.

Reading right now?

I have so far never had the patience. Instead I prefer a good movie. I just saw the Lord of the Rings trilogy with my son – fantastic universe.

New markets opening in Europe

Thorbjörn Sagner is the newly-appointed Business Unit President for Homeland Security & Aviation. He summarise 2013 as an eventful year. The market is in a state of flux, with new geographical areas opening up and changes in how business is done.

What were the highlights of last year?

In 2013, the focus was on project closures and start-ups. The year was dominated by major procurements, not least by Swedavia – a contract which we won. Swedavia has been one of the cornerstones of our operations in the Aviation area for a long time. We also won a contract for a video conferencing system for the Danish Courts Administration. Many projects also came to an end, including one carried out with the Swedish Armed Forces.

Last year performance contracting became a major factor, and object procurements declined. Customers are

demanding increasing accessibility and closer collaboration. One example is the Public Private Partnering (PPP) approach adopted in our work with the Swedish Armed Forces, in which the authority and the industry work together to find cost-effective solutions – partnerships and performance are the future of our industry.

What do you predict for 2014?

The demand for network management is growing, especially for solutions where we combine installation and maintenance. We provide this for customers such as Jämtkraft and other

urban networks in Sweden, and we hope this will expand in Denmark.

How is the market for Homeland Security and Aviation developing?

The opportunities in Aviation are growing, with more and more markets opening up to alternative solutions such as outsourcing and insourcing. This is particularly a trend in Norway, and in the UK. We don't expect any procurement this year, but from 2015 onwards – and Eltel will be all set and ready to go.

International partnerships are a trend. Although we work with safety and security where customers are subject



to limits such as national borders, as suppliers, the need for strategic partners across national borders is increasing.

Why should the customers work with Eltel?

We have many years' experience of working in a world of public agencies, emergency services and aviation.

Our systems are technology neutral and not linked to a specific provider, which gives us a freedom of action. Our customers know that that they are our top priority since we are not one of the large players with a lot of customers. Since we cooperate across business area

boundaries, we have the extra muscle for the implementation process.

What is your potential and challenge ahead?

To establish on new markets is a great growth potential for us. Our services are in great demand in both Sweden and Denmark, and other markets are opening. The challenge is to ensure that we continue to have the right competence, from technical implementation to project management and leadership.



FIVE FACTS ABOUT THORBJÖRN

Background?

Background in engineering and worked in the IT industry since the 1980s, became involved with telecoms in the late 1990s. Previous employers include SOS-alarm. Responsible for delivering the Rakel police system at Eltel during the start-up period, was later made Divisional Manager in Sweden and is now CEO of Eltel Sweden and Business Unit President.

Unexpected talent? Good at repairing things. It's probably my analytical mind that lets me fix stuff.

Why Homeland Security & Aviation?

I'm passionate about it! It's not just about our customers, but about their customers and their customers' customers. It drives me, and my colleagues.

When not working? I like woodwork, painting and sailing. I love spending time outdoors, particularly on our farm.

Reading right now? I read to relax. Right now, my night-time reading is "The Innocent" by David Baldacci.

EU initiative increases infrastructure investments

Fredrik Häggström is the Business Unit President for Railway Infrastructure at Eltel. The European market will grow further as interest in environmentally-friendly travel is expected to increase in the coming years. Investment in railways is also supported by national transport plans and the EU, further boosting demand for sustainable modes of transport. Eltel's cross-border resources give it the necessary capacity and expertise to meet the challenges of the future.



What were the main achievements for you in 2013?

We had already established a presence in Norway in 2012, and last year, we confirmed this position by winning a major contract from Langset-Kleverud. In general, our order books received a real boost in 2013, especially in Norway and Sweden. This provides an excellent platform for continued growth in 2014 and for the next couple of years. We also made a breakthrough in road maintenance of ITS systems in Gothenburg.

How is the market for Railway developing in northern Europe?

With increasing demand for environmentally-sustainable travel and transport alternatives, the EU has adopted TEN-T – a policy for improving and expanding railway systems throughout Europe. The primary aim is to improve prioritised travel corridors. In support of this initiative, the EU has decided to treble its investment in infrastructure during the period 2014–2020. We have already seen the result of this, with a substantial increase in investment in Sweden, Norway, Denmark and the Baltic states.

How can Eltel face the increased demands?

Today, we operate in Finland, Norway and Sweden, and we are in process of establishing a presence in Denmark and the Baltic states. The Eltel Way gives us a well-developed cross-border working method, which ensures optimal use of our resources and know-how, utilising our highly-trained staff and our extensive range of equipment to the full. It also ensures stability as the workload fluctuates throughout a project. In the maintenance area, we apply best practice across national borders, and are constantly improving our processes and methods by making full use of the collective experience of other Eltel business areas.

What are the trends for your industry?

The industry is currently seeing a shift, with clients increasingly demanding turnkey contracts for their projects. This increases the requirements on contractors to deliver turnkey projects and to manage the risks in complex projects. As

a result, players are increasingly working in partnership. Eltel has its own design department for certain core areas, and this allows us to handle turnkey contracts and design in a way which puts us a step ahead in the industry.

What is keeping you and your customers up at night, what are the key challenges the coming years, technically, financially and politically?

The challenge which both Eltel and its customers are pondering is the availability of expertise and trained staff. But Eltel's approach to organising its operations enables us to make the best possible use of our expertise, and our customers reap the benefits. An excellent example of how we achieve this is Langset-Kleverud, where we brought together resources from Sweden and Norway to carry out the work in accordance with best practices and our previous experience, to provide the customer with the best the market has to offer.



FIVE FACTS ABOUT FREDRIK

Background?

I grew up in Morjärv, and studied in Luleå and Stockholm. My

career started at Alcatel-Lucent, where I worked with infrastructure, including the Arlanda Line, integration projects and outsourcing for ten years. I then worked as the CEO of a small company in the same sector. I moved to Eltel in 2010, as a business developer. After a year, I was appointed Business Unit Manager.

How would you describe yourself?

Some people may call me pig-headed, but my stubbornness has proved useful on many occasions, both in my private and professional life.

Why Transport Infrastructure?

There's a lot going on in Transport infrastructure, railways, roads, rail, electricity, signalling and IT-related telecoms, and I find the width of opportunities really exciting. The key is smart construction, to ensure cost-effective maintenance and long-term durability.

When not working?

I competed in a Swedish Classic in 2013, and am planning to do it again this year. The Swedish Classic is a multi-discipline competition, where you have to take part in four events in a single year – a 90 km cross-country skiing race, a 300 km cycle race, a 3 km open-water swimming competition and a 30 km trail running race.

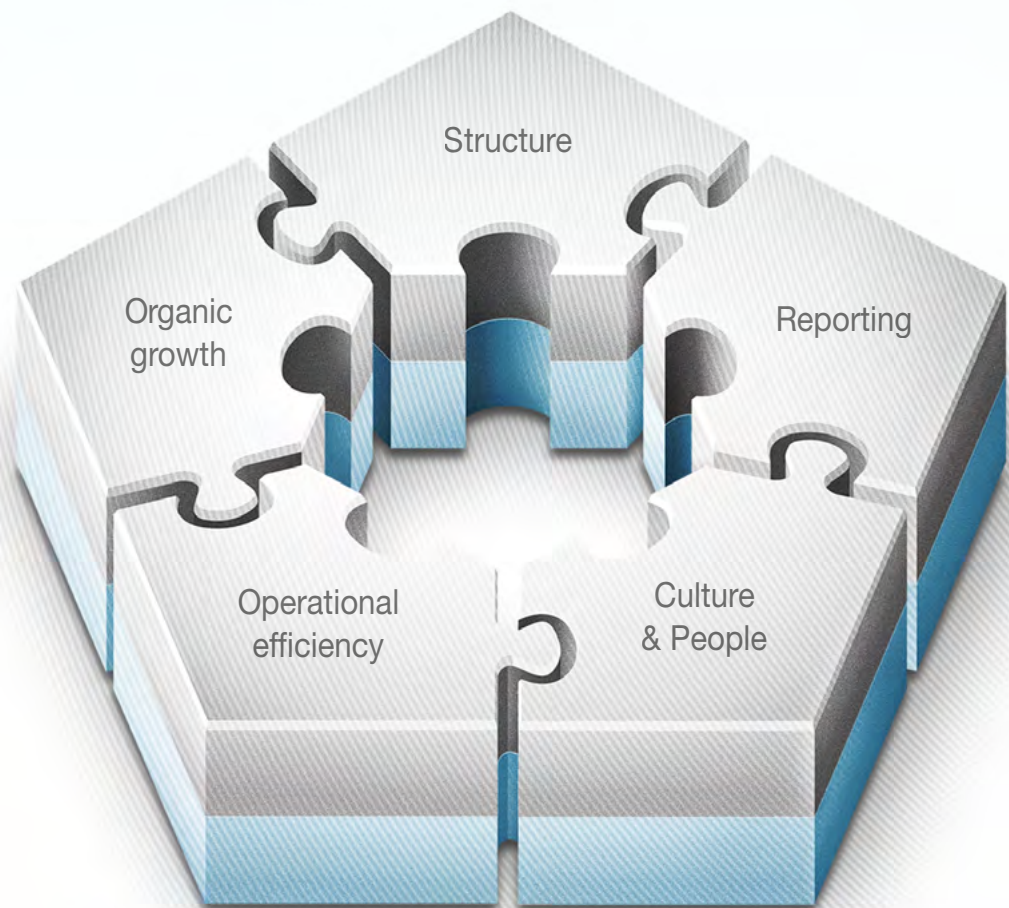
Reading right now?

Thinking Fast and Slow by Daniel Kahneman.

The Eltel Way

– Ensuring best value

Eltel Way is a leading operating model and differentiator in the Infranet industry. Eltel Way outlines how we organise, empower and support our employees to improve processes and guarantee outstanding customer delivery.



WHAT WE DO

Eltel operates in a specialised and integrated business model, the Eltel Way. The cohesive **structure** combined with a cross-geography experience ensures best practice in each business line.

Eltel operates close to the customer and has a business driven organisation that is built bottom-up with the line in charge. Maximal performance from every person is possible through empowerment of our managers and employees. A uniform **reporting** ensures transparency and quality control.

Eltel Culture & People is the company's most important asset. Leadership development is an integrated and prioritised part of Eltel's operations, which makes it very hard to duplicate. Key focus areas that make leaders stand out and deliver high **operational efficiency** includes:

- Delegated responsibility and performance incentives resulting in high leadership quality and development

- Knowledge sharing and cooperation through integration
- Continuous investment in competence development
- Strong health and Safety focus internally and externally

Organic growth is a result of all of the above. Growth guarantees our customers stability and long-term partnerships.



“By combining clear goals, roles and responsibilities with a structured work method, we can ensure our customers state-of-the-art-solutions. In every project.”

– Thor-Egel Bråthen, CEO and President of Fixed Telecom at Etel Networks Norway

WHAT YOU GET

Etel'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 **delivery competence** through high availability and quality combined with a large degree of flexibility.

Etel has the critical Infranet competencies and combines them to offer synergies and

opportunities for operators and utilities. Offerings are grouped into six specialized business units.

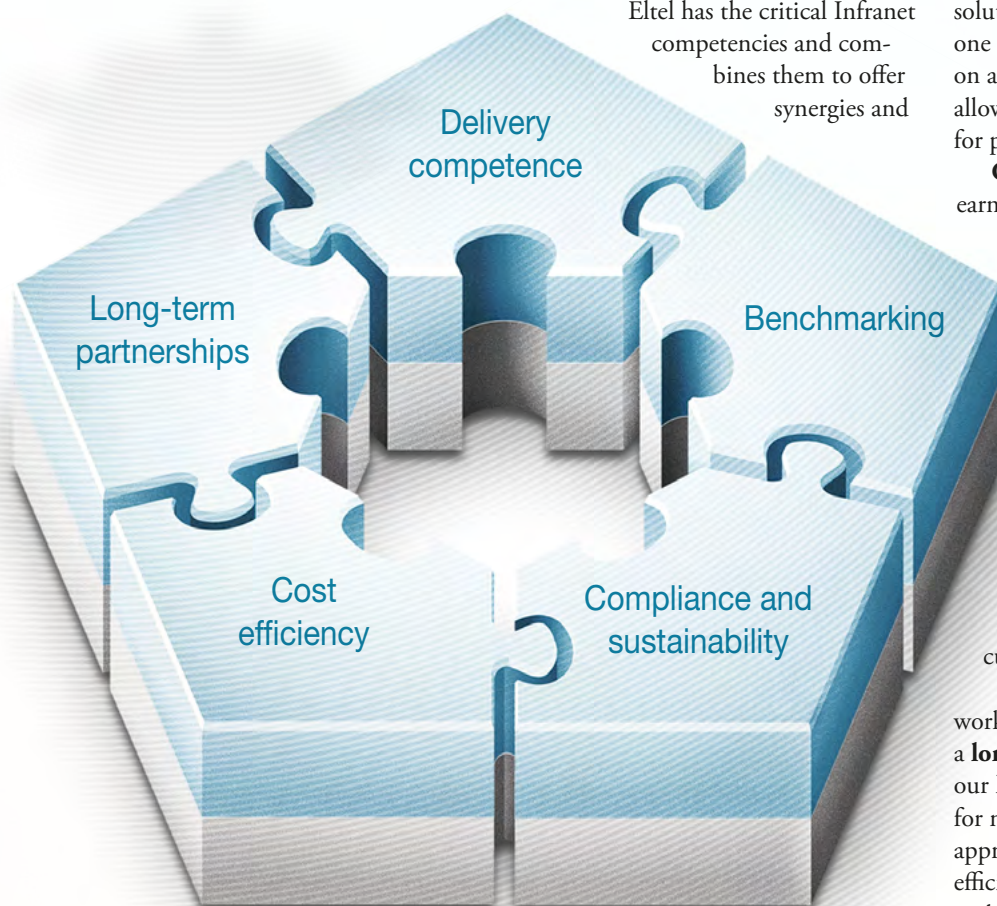
By being one of the largest players in the market, with ongoing projects in over 10 countries, Etel builds a knowledge database of state-of-the-art solutions. Ground-breaking methods in one single project can be implemented on all equivalent projects on all markets, allowing international **benchmarking** for projects.

Compliance and sustainability has earned increased focus the last years.

Through internal training and management awareness Etel has implemented programmes for compliance with ethical standards and sustainability issues.

The Etel Way is the most elaborate working process in the industry. Our project planning and management guarantees **cost efficiency** with no waste of working hours. Our size also allows us to develop solutions where customers can share costs.

From a customer perspective, working with Etel means entering into a **long-term partnership** – most of our key customers have been with us for more than 10 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.





Partnership for pioneers

Transmission frontrunner Fingrid demands top quality in every project. In 2008 the Finnish company launched a major investment programme and entrusted Eltel with several contracts. Working closely together since 2001, Fingrid and Eltel know what to expect from each other.



–Eltel has been a partner for many years and delivers exceptionally high quality in a number of fields. Throughout the years, we have come to know each other very well, and what to expect from one another, Kari Kuusela says.

A partnership built on trust

Over the years, the two companies have built a stable relationship, based on trust, at all levels. Despite international competition for several contracts, Eltel has succeeded in providing Fingrid with the solutions best suited to its needs.

–From experience, we know that long-term, stable relationships with our customers are key to achieve the best possible outcome for them. The relationship with Fingrid is an excellent example of this, says Tapio Leskinen, Director of Eltel Transmission in Finland.

Safety first

For Fingrid, it is essential that all work is carried out to the best possible standard,

punctually and, above all, safely. All Eltel's efforts are devoted to delivering on this, and ensuring that the workplace offers a safe environment for the 8,500 workers involved.

–Eltel is totally focused on delivering safe work solutions and they are clearly well aware of the importance of continuous improvement within this field, notes Kari Kuusela, Executive Vice President at Fingrid.

Staying ahead of the competition

It is in Eltel's DNA never to rest on its laurels, to strive constantly to improve quality and safety, and to develop new solutions – and this approach is ingrained throughout the organisation.

–Our aim is to stay ahead of the competition, and that aim is shared by all our staff. Our employees truly understand the meaning of constant improvement. I am sure that this obvious enthusiasm for constant improvement is attractive to our customers, says Tapio Leskinen.

Fingrid in brief

Fingrid is a Finnish public limited liability company responsible for electricity transmission in the high-voltage transmission system in Finland. Around 75 percent of all electricity consumed in the country is transmitted via the national grid, which makes Fingrid's operations vital for the community.

The Eltel Connection

To ensure the security of Finland's future electricity supply, Fingrid embarked on an ambitious ten-year, EUR 1.7 billion investment programme in 2008. The aim of the investment is to modernise the electricity network, improve its reliability and prepare it for the clearly increasing needs of the nation. Eltel has been carrying out several major turnkey projects for Fingrid over the years and will continue to do so.

Flexibility and quality put Eltel ahead of the game

Partners who truly understand your business is worth a lot. Determined to deliver the best and the cleanest energy in the industry, E.ON has to be selective when it comes to partnerships. Eltel's focus on flexibility and efficiency – without compromising on quality – has proven to be a winning combination.



– As a client, we are content with Eltel. They adapt their organisation according to us, in order to solve problems. Flexibility combined with high quality service at a good price contributes why we feel safe with Eltel, says Gert Kristensson, Department Head for project EON Elnät AB.

Efficiency is a virtue

For E.ON, it is crucial that the network operates at the highest possible level with no or minimal disturbances. E.ON also displays a need for increasing the efficiency and quality within their own company, including a flexible work force.

– We have a very elaborate way of working, meaning we do not waste time on the wrong things, we work quickly and efficiently according to our protocol, says Juha Luusua, President of Eltel Power Distribution.

The Eltel Way

The challenge for E.ON is having a close cooperation with a partner who understands and quickly can adapt to the new requirements of E.ON,

develop new methods, and secure the electricity network and infrastructure.

– The constant improvement of the processes is important to us. Eltel has a verified and tested method, the Eltel Way, for a structured way of working. The focus on constant development within quality, technological innovation and costs that we can bring back to clients is also important, remarks Juha Luusua.

Understanding the business

Eltel has created a stable organisation with great insight into the business of E.ON, as well as a high technical competence to solve the complex and technically complicated tasks that are part of the job. First and foremost, the services include the construction and maintenance of a physical network for E.ON, who can focus on its central operations in distributing electricity of high quality to all of its clients.

– 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, notes Gert Kristensson.

E.ON in brief

E.ON produces and delivers energy, such as electricity, gas, heating, cooling, and waste treatment, as well as energy-related services to approximately one million clients in Sweden. Between 2006–2013, E.ON is investing EUR 6,6 billion in the Nordic countries, in order to increase the energy supply and ensure energy inflow.

The Eltel Connection

Eltel is the main entrepreneur in the region of E.ON Elnät in Västernorrland, a geographical area extending from the coast city Sundsvall into the country.

The project has encompassed power transmission lines, renovations, design, preliminary works, implementation and documentation.

Furthermore the contract comprises project, service, maintenance, and error recovery at the facilities. Cooperation with E.ON includes posting, reporting, quality policies, planning, policies for electricity stoppage, and a continuous improvement of all processes.



High-flying innovations put Eltel ahead in aviation

There is no room for mistakes in aviation. Keeping safety, quality and solutions at top performance is vital. In July 2013, Swedavia entrusted Eltel with a major contract covering all their airports.

– Their expertise was one of the principal reasons why we chose Eltel as our partner. We have complete confidence in Eltel as our supplier, especially in their flexibility and ability to meet our needs and requirements. This makes things a lot easier for us, says Per Arenhage, Technical Director at Swedavia.

24/7 peak efficiency

Eltel has built a strong organisation with a record of expertise and experience in Air Traffic and Airport Management. For an airport to operate at peak efficiency, it is essential to have specially-trained and qualified engineers who can be on-site fast, no matter where or when.

– Eltel provides access to the right expertise 24/7, to ensure that our airports remain first class. This approach has proved highly effective, says Per Arenhage.

Innovation vouches for success

Innovative thinking, a keen instinct for

the solutions of the future, and strong relationships with partners, are values which both Eltel and Swedavia have in common, and which make the partnership such a success.

– In recent years, Eltel has been the pioneer in the industry by unveiling more innovations than all the other companies put together. We are determined this will continue, says Thorbjörn Sagner, President of Eltel's Homeland Security and Aviation.

A zero-mistake business

When it comes to flight safety, all work has to be the highest possible quality. Nothing can go wrong. By focusing strongly on innovation and best practices, Eltel succeeds in providing safe, sustainable and cost-effective solutions.

– The excellent informal relationship between Eltel and Swedavia deserves a special mention, and is something I really appreciate, Per Arenhage concludes.



Swedavia in brief

Swedavia is a state-owned group which owns, operates and develops ten airports around Sweden. The company's mission is to improve accessibility in Sweden, to facilitate travel, meetings and business. In 2013, Swedavia logged 33.4 million travellers, four per cent growth and an all-time high for the Group which is regarded as a worldwide pioneer in the development of climate-smart airports.

The Eltel Connection

Implementation, maintenance and technical consultancy services for communications, navigation, surveillance and meteorological equipment of aviation. In addition Eltel provides services to terminal specific equipment and systems for information and telecom. The assignment requires full focus on safety, quality and highly skilled employees. Continuous development of best practices and new solutions is crucial to stay at the cutting edge.



Eltel runs Banedanmarks new GSM-R radio system

What creates an attractive railway? Most people would probably mention on-time departures and arrivals. With the objective to offer the Danes an even more reliable and safe railway, Banedanmark refines through technology. A new digital radio system was recently installed and Eltel is running it.

– Eltel was selected to operate and maintain our new radio system, called GSM-R. By choosing Eltel, we trust that they can do the work, says Kim Remmer, IT Maintenance Director at Banedanmark.

Specialists reacting quickly

The new system ensures a continuously open line between the train operators and remote control centre. The ability to quickly react to potential errors is crucial. This is particularly important under extreme weather conditions, for example when storms threaten to disrupt the train services.

– We have over 80 technicians all over Denmark with special skills in GSM-R. Therefore we can immediately mobilize the right competences when problems occur – an absolutely fundamental requirement in this project. Specialist knowledge in preventing, maintaining and developing the system is our strength, says Morten Simonsen, Regional Manager, Eltel Denmark.

Continuous fine-tuning

The radio system is being improved continuously by Eltel's engineers to function as precise as possible.

– Fine-tuning the system is something that needs to be done all the time in order to make it even more reliable. We have a very open dialogue with Eltel in this work, to make sure we are aligned, and Eltel has the right approach to it, Kim Remmer says.

Fewer train delays

The implementation of the new radio system has contributed to a reliable, efficient and safe railway network for Banedanmark and the many Danes travelling on it. Fewer train delays, less errors and continuous improvement support Banedanmark's objective – to provide Danes with an attractive railway.

– We have quite a long history of working together and know that Eltel people are easy to work with, Kim Remmer concludes.



Banedanmark in brief

Banedanmark is responsible for maintenance, traffic control and development of most of the Danish railway network. Their main objective is to provide the Danish people with an attractive railway – efficient, safe and on time. With 170 million passengers and 15 million tons of freight travelling by rail yearly, it is crucial for Banedanmark to keep delays and disturbance down to a minimum.

The Eltel Connection

Eltel's assignment includes monitoring the radio system 24/7 and ensuring that potential errors or disturbances are corrected before it causes problems. The ability to quickly react to deviances is therefore vital. Developing best practices and coming up with new ways of solving problems are ongoing tasks for Eltel along with the daily monitoring and maintenance tasks.



Caruna sets a new benchmark for smart metering

The next-generation electricity network offers completely new opportunities to control how we best use our energy. Eltel has already installed 3.5 million smart electricity meters – and that’s just the start. Caruna (former Fortum), along with other companies in the sector, has given convincing evidence that both businesses and private individuals gain from this development.

– The smart metering project succeeded beyond all our expectations. The meters were installed on schedule, and our customers gave us very positive feedback on the technicians who carried out the installation, says Harri Hauta-aho, Project Manager at Caruna.

Experience is a priceless advantage

In the project with Caruna, Eltel was responsible for meter installation, contact with end customers, logistics and project planning. Eltel’s partnership with Caruna is continuing, with Eltel providing maintenance and support. The Nordic countries have been quick to appreciate the value of smart meters, and other European countries are expected to

Best Smart Grid Company

Eltel was declared Best Smart Grid Company, Europe, 2014 at The New Economy Awards. The award is set to highlight companies that are breaking new ground across technology, energy, business and strategy in a successful way. Eltel scored high on criteria's like sustainability, external and internal growth policies, employee engagement, project management and resource efficiency. Eltel impressed the award jury with improved service quality, monitoring of KPI's and service delivery processes. Furthermore, the panel was wowed by Eltel's sustainability initiatives: read more about that work on page 26–27.



follow suit. These meters are a vital component in ensuring the most efficient utilisation of electricity networks. The monitoring and alarm functions they provide enable technicians to identify and rectify faults rapidly and effectively.

– The combination of electricity, communication and IT/IS is the key to effective troubleshooting. In addition, the meters allow the end customers to check their own electricity consumption. Eltel's extensive expertise and experience give us a priceless advantage over others in the field, says Axel Hjärne, CEO of Eltel.

The Caruna project is a new benchmark

Since Eltel began installing smart meters

on a large scale in 2007, meter technology has advanced considerably. Eltel constantly refines and streamlines its operation models and best practices to guarantee that its customers are given the best possible solutions. The Caruna project is one of many examples in which new strategies and models were developed.

– We gained a great deal of exceptionally useful experience from the Caruna project. We will use the operating model we developed in the project in future projects as well. We are now submitting tenders in Norway, and the new model enables us to satisfy customer demands even more effectively, promises Sami Peippo, Director of Smart Grid at Eltel.

Caruna in brief

Caruna (former Fortum Distribution Finland) is the biggest electricity distribution company in Finland, responsible for distributing electricity to 640,000 residential and company customers in South, Southwest and Western Finland as well as Joensuu, Koillismaa and Satakunta. Caruna has a strong investment in building weatherproof networks and invests 100 million euros annually in developing electricity networks.

The Eltel Connection

Eltel recently carried out a major project to install 600,000 smart meters for Caruna's customers in Finland. The three-year project was executed as planned and completed on schedule in early October. Eltel will continue as Caruna's partner for meter maintenance and support.



Eltel services

Balanced portfolio of Infranet services

Eltel offers a portfolio of services to meet customer needs from first time investment to connect, care, refurbishments and upgrades.

First time investments

EPC (Engineering, Procurement, Construction) project plays a key role by delivering a wide range of services related to network investments. The services are usually implemented as turnkey projects including a complete solution from engineering design to installation and commissioning. In fact, Eltel has decades of experience in designing, building, refurbishing, and expanding networks in all customer segments.

Project management is a core assets when implementing large scale invest-

ments. Eltel uses different management techniques including its own tools to create a uniform approach to global project management. As an international group, Eltel can provide project teams consisting of local personnel as well as teams from its subsidiaries in other Eltel countries.

Connecting people to services

Connect services are offered to operators to provide access of end users to the network facilities and services. Connect services are also offered to virtual operators to enable their end customers to utilize the leased infrastructure of

another operator, including building network connections, access delivery and roll-out management.

Eltel can handle not only complex connection and access delivery projects, but also lead the way to tomorrow's grid solutions. Broadband connections and smart metering deliveries are the most important activities in Eltel Connect. In fast-track roll-out projects, Eltel has a proven track record in terms of mobilizing resources effectively, delivering on time with optimized processes and quality, and providing a realistic assessment of project expenditure.



Boosting Infranet Quality

Care services support the lifelines of society

Care maintains and repairs customers' critical networks, the lifelines of our society. The service technicians brave the weather elements daily to ensure uninterrupted functionality of infranets: supply of electricity, communications, transportation and security. Eltel Care services are comprised of preventive maintenance, network optimization, corrective maintenance and network management. Eltel's optimal processes are based on customer requirements and tuned up with the company's best-practice experience.

The company operates Network Operations Centres (NOC) in Sweden and Denmark. Managed services and NOCs provide support for management of network elements, fault analysis, reporting and escalation. Mobile workforce management systems have been

in use for years. In cases of restoring the network functionality, for example after storms, the system's scheduling tool dispatches the closest technician in the field to site. Reporting data is transferred both to the customer's and Eltel's systems.

Eltel handles annually millions of care assignments and is continuously present in the customers infrastructure. It may be claimed that Eltel has one of the most efficient care service operations in Europe.

Upgrades to boost network performance

Upgrade consists of a variety of services, from refurbishments to actual upgrades and network infrastructure conversions. To maximize the lifetime performance of infranets, taking care of the existing infrastructures may be the best way to boost return on investment. Typical

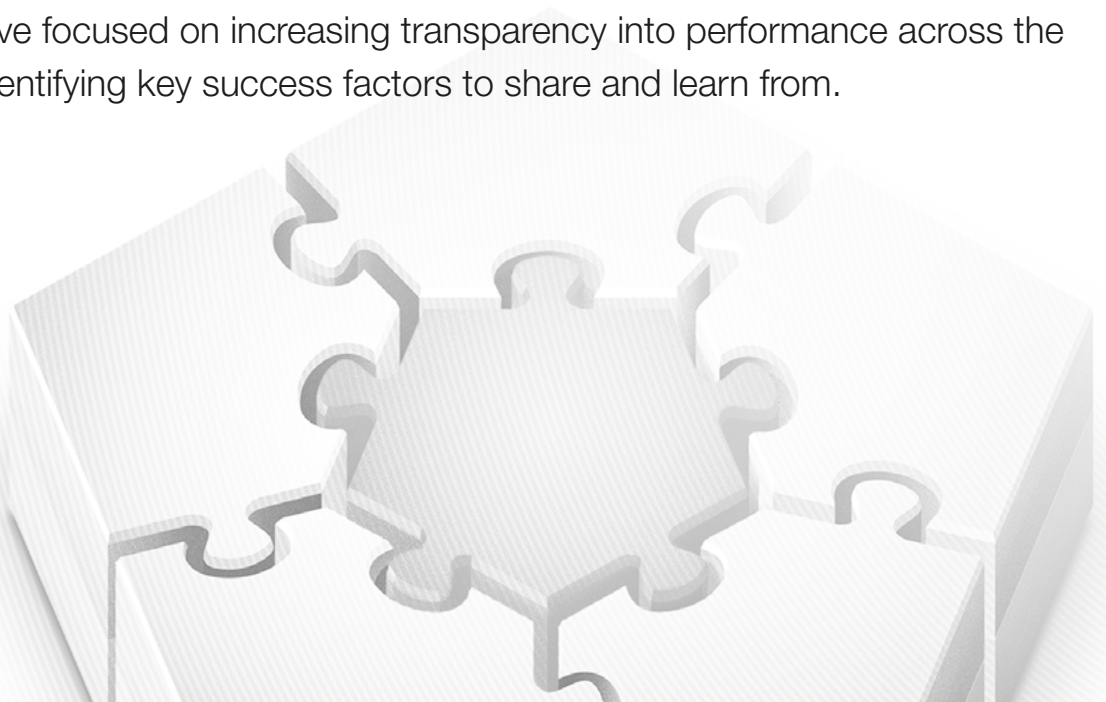
network upgrades are refurbishments of electricity networks with new cables or steel structures, replacement of wooden poles with steel poles in telecoms or upgrades of mobile technology from 3G to 4G.

Network upgrades require a vast set of capabilities by the service partner. On the one hand, the partner has to master smaller job assignments as well as larger undertakings like refurbishments of power transmission lines or major upgrade roll-outs of mobile technology. Integrating modern solutions in older generation infranets is often more complex than installing new networks. Good overall capability from engineering design to project execution is therefore of great value. Also, optimizing the off-line time is a critical requirement to minimize the disturbance of network functionality.



Building a better Eltel everyday

To deliver top results for customers, everyone at Eltel needs to know exactly what to do every day. Eltel has put a lot of effort into identifying the most important processes in dialogue with the customers. To be able to continuously improve performance, Eltel management have focused on increasing transparency into performance across the Group and on identifying key success factors to share and learn from.





Using Eltel Way as a starting point, all business units have outlined their specific production models. These production models, explained in business unit manuals, include descriptions of main processes defined on best practices for optimal efficiency and quality.

To drive operational excellence, business line specific production KPIs are in place in all units with monthly reporting and monitoring. The production KPIs are operationally focused, in contrast to financial reporting, and intended as

tools for team, site and project managers to understand status in the field and to be able to take rapid action.

Typical production KPIs aim at catching deviations vs contractual requirements, budget, project plans, productivity expectations and more – all increasing transparency and enabling teams to share and learn from good examples.

Results from continuous improvement are evident in quality and customer satisfaction in all Eltel's business units.



Mikael Johansson, Director of Strategic Projects

Finding the right KPI for the project is key

Interview with Tomasz Barć, district manager in Fixed Telecom, Poland.

How do you work with KPIs in your team?

In mature and experienced teams, working with KPIs is natural and the work itself is driven by the answer to the question: what kind of KPI do we apply for this project? We can then react to clients expectations and focus on constantly improving our relation to the client and our own performance.

What was your proudest moment?

During the last few years there has been a great emphasis on delivery precision of installation, and first time resolution of fault repairs. I am always very proud when any of our districts achieves the highest monthly results in the country according to our client's cross-country ranking.

How do you make changes happen?

Each introduction of a new KPI requires not only setting a new measuring instrument but also introducing major organizational changes. One meeting is definitely not enough to implement changes in full. Honestly, it is a matter of continuous work and effort.

What is the upside for customers?

In the case of Eltel Networks in Poland, it has been important to monitor the quality of service to their end-users (subscribers) for our customers to compete efficiently with other operators. It may seem trivial but the subscriber's satisfaction is the foundation of our business. Equally important are regulatory demands by the national regulatory authorities of telecommunications and postal services.

“Honestly, it is a matter of continuous effort to improve a little bit every day.”



"I have worked for Eltel in Germany, Norway and Sweden. It is great for us to learn from each other and share best practices."

An average day at Eltel

Tadas wanted all over Europe

Eltel has 8,500 employees in total. They are field technicians, project managers, team managers and all support personnel. The employees in Eltel are the company's greatest asset, caring for the customers network solutions every day. But how do they spend their time? We met with Tadas Jasinskas, a fieldworker in Fixed Telecom in Lithuania, to tag along.

7 am. I meet up with Tadas an early Wednesday in March at the Eltel office outside of Vilnius. This is his starting point every day. Tadas is a fibre optics specialist who has been with Eltel for

seven years. It is time to gear up and change into the Eltel uniform.

7.30. The tasks of the day are already set and the team goes through them in detail. The team is mostly the same and I travel with Tadas and his partner Jurij to the first site of the day. Today we will test fibre optics and we have everything we need in the laboratory car. In the car Tadas tells me about his work.

"We are working with everything in network solutions, inside and outside. This is what I always wanted to do. As a child I worked on old telephones to get them to function well and that is why I studied Telecommunication at Vilnius College in the first place. For my summer holidays I did electrification work. I'm also trained to climb in pole systems."

8.30. We arrive at the site and

Tadas and Jurij start working directly. To localize the fault they splice a "pigtail" contact on one unused fibre and measure the length to the fault with an OTDR instrument. After connecting, Tadas presses the green button and can see exactly where the error is.

09.30. The maintenance requires that he climbs a pole to do all the work standing in special pole shoes close to the top. After coming down again safely, he explains that he needs special training for pole work and specialized protection equipment.

11.30. Mission is now completed and the fibre works again. It is lunchtime. We sit down and enjoy the sandwiches we brought along. Tadas has been working in many of Eltel's markets and appreciates the opportunities to travel to different countries.



“I have worked for Eltel in Germany, Norway and Sweden. It is great for us to learn from each other and show best practice. I even have some colleagues who went to Armenia. In Sweden I heard that they were jealous of our soft ground conditions in Lithuania, which makes it easier to dig. In the Nordic they have a lot more rock and stones that make it more difficult.”

12.00. Lunch is over and Tadas and Jurij get back into the car to go to the next site. It is about a 30 minute drive to get there.

12.30. In the afternoon it is time to prepare cables in a splice cabinet. They are spliced to a big supply cable in cassettes. Very thin layers are taken off, making them ready for the splice and sealant shrinking procedure. Then the final wrapping and careful adjustment

in the cassettes and Tadas tags the fibres immediately with labels to keep good order in the cassettes.

2.15. It is time for a short tea break, only five minutes. Tadas is focused on the task and wants to get back to work to finish before the day is over.

3.30. We are travelling back to the Eltel office and Tadas and Jurij talk about their evening plans. In a couple of weeks Tadas is going to Bergen in Norway to work for a few months, and has a lot to do before then.

“My daughter is only a year and a half old and we are just moving, so I have a lot to do. Also, I am trying to learn some Norwegian before I leave. I like working at Eltel. It is a huge opportunity since they rely on me to do a great job. And it is a chance to work and see other countries.”



FACTS ABOUT TADAS JASINSKAS

Job: Fibre optic specialist

Years at Eltel: 7 years

Where: Vilnius, Lithuania

Background: I worked in UK with disabled people helping them with the daily chores and later with air ventilation in UK. Tadas studied Telecommunication at Vilnius College.



Power for a booming Africa

Africa is growing fast. The Sub-Saharan region has the second highest growth rate in the world after Asia. And one of the absolute key components for further growth and development is electricity.

–The availability of electricity is fundamental. It contributes to a safer society and enhances the possibilities for health-care, education and business life. We have a 60 year long tradition of building power lines in Africa and the interest has never been higher, says Fredrik Menander, Business Unit Manager, Eltel Power Transmission.

The International Monetary Fund (IMF) expects the growth of GNP in Sub-Saharan Africa to be around five percent this year. That figure has been on similar levels the last 10 years. The African Development Bank foresees 17 billion Euro investments yearly in infrastructure.

–As a company it is a great business opportunity, but also very personally rewarding to help develop a continent that is moving fast forward, says Fredrik Menander.

Even if Africa is one of the world's fastest growing economies, access to electricity is not everybody's privilege. The estimate of the rural population having access to power varies, but can in some areas be less than five percent. For the industry, electricity is important, but for other parts of society it can be life changing. Hospitals and health centres have been working under primitive conditions.

Now I can see the patient

An example is a doctor who remarked "Great, now I can see the whole patient" when electricity came to his village. The village was one of 100 in Botswana that was connected to electrical power lines a few years ago. The number of inhabitants has doubled from 1,500 to 3,000 in this particular village. Thanks

to the power being turned on, a telecom station and a water pump have been installed, the school has lit up and the fridge and freezer in the local store are up and running. Overall, the electrification project reached over 87,000 people. The total length of power lines equals the distance between Stockholm and Cairo, more than 3,000 kilometres.

60 years of experience

Eltel has been active on the African continent for more than 60 years, and conducts projects in several of Africa's fastest growing economies, including Zambia, Angola, Ethiopia and Tanzania. Eltel participates in tenders and conducts projects financed with bank loans, in many cases guaranteed by EKN, the Swedish Export Credits Guarantee Board (see separate story below).

EKN guarantees Swedish business in Africa

EKN is most easily described as a state owned export credit insurance company for international business, especially in financially challenging environments. In 2002, EKN guaranteed 18 Swedish companies' export transactions to countries in Sub-Saharan Africa. Ten years later, the number has doubled to 38 companies. And the business trend is rising.

"Africa is a rapidly growing market, but it can be difficult to manage business risks. EKN often provides a competitive edge for Swedish companies with guarantees designed to secure funding and facilitate transactions," says Karin Apelman, Director General at EKN.

EKN is commissioned by the government to promote Swedish exports. In 2012, EKN's guarantee volume was EUR 5.5 billion. By insuring export companies and banks against the risk of non-payment, the transactions become less sensitive and more secure. And EKN is gaining international recognition for top performance in their field.

"EKN just won an award for being the best export credit agency in the world for promoting export in Sub-Sahara. Our reputation and ability to support business helps Swedish companies succeed on difficult markets," Karin Apelman says.



Mining and infrastructure opportunities

The mining and infrastructure industries are generating the greatest opportunities for Swedish companies in Africa. Power is key and a driver for many other investments and industries.

"On an official state visit from Sweden in 2010 I had the opportunity to visit a village reached by the power lines built by Eltel. It was amazing to see the difference it made for the local business life as well as the schools and health centre. It was one of the most interesting site."

Connecting remote regions to the national grid

Eltel has recently received a USD 150 million contract with the Zambian government on a project that will be Eltel's largest undertaking ever, not only in Africa. The Zambian government wants to connect the northwestern parts of the country to the national grid. Work will include 880 kilometres of power lines and eight substations.



Need for recruitment

The increased demand for electrification projects in Africa poses a recruitment challenge for Eltel. The need for project managers located in Stockholm as well as in Africa, engineers and site supervisors who want to help electrify Africa is great.

—People working with us tend to emphasize that they enjoy travelling, working in the field and with people from other cultures. We have a close collaboration with local businesses and organizations in each country. Working with electrification projects on the African continent is technically challenging and at the same time personally very meaningful as it improves the quality of life of millions of people. Fredrik Menander concludes.

Facts on Africa

According to the United Nations latest report *World Economic Situation and Prospects 2014*

"... important factors for Africa's medium-term growth prospects include increasing domestic demand, especially from a growing class of new consumers associated with urbanization and rising incomes, and improvements in economic governance and management".



Mariann Östansjö
Chief Financial Officer

Stable improvement of performance and EBITA continued

Financial performance

Net sales

Eltel's net sales increased by 0.4% as compared to the previous year, and totalled EUR 1,153.7 million (1,149.0). The growth in net sales was achieved organically with positive contributions from most areas and geographies of the Group.

Financial result

In 2013, the operating profit pre-amortisation of acquisition related intangible assets amounted to EUR 52.4 million (46.1).

Cash flow

Cash flow generated from operations (before financial items and taxes) was

EUR 57.8 million (39.9). The cash flow from operations was substantially higher than in 2012. Cash outflow from net financial expenses and taxes was EUR 19.7 million (19.6).

Personnel

The number of employees decreased by 0.4% to 8,459 persons at year-end 2013 (8,495).

Shareholders

Five funds managed by 3i Investments plc are the majority owner of the Group with 69.4% of the votes. BNP Paribas holds 29.5% of the votes and management holds the remaining 1.1% of the votes. Five funds managed by 3i Investments plc hold 59.5% of the ordinary share capital. BNP Paribas holds 29.5%

and management holds 11% of the ordinary share capital. In the period there were no changes in the ownership.

Board and Executive management

In the Annual Shareholders' Meeting on 3 May 2013 Gérard Mohr, Matti Kyytsönen, Gustav Bard, Jean Bergeret and Tomas Ekman were re-elected as members of the Board. Gérard Mohr continued as the Chairman of the Board. Thomas Hofmeister and Erkki Nikoskelainen were re-elected as deputy members of the Board. Gustav Bard resigned from board and Fredrik Karlsson was elected as board member on 31 August 2013. Erkki Nikoskelainen has resigned on 10 January 2014.

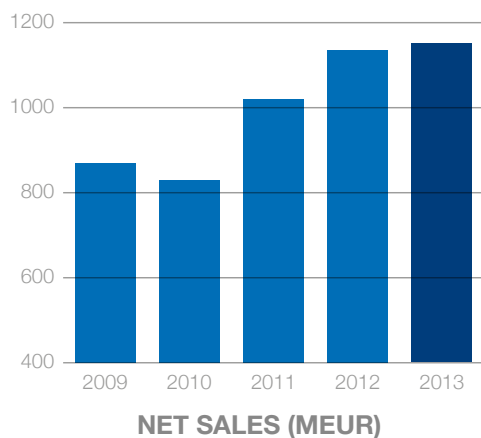
Axel Hjärne is President and CEO of the Eltel Group.

Group key figures

MEUR	2013	2012	Change
Net sales	1153.7	1149.0	+ 0.4%
Operative EBITA	52.0	46.7	+ 11.3%
EBITA*	52.4	46.1	+ 13.7%
Personnel at year end	8459	8495	- 0.4%

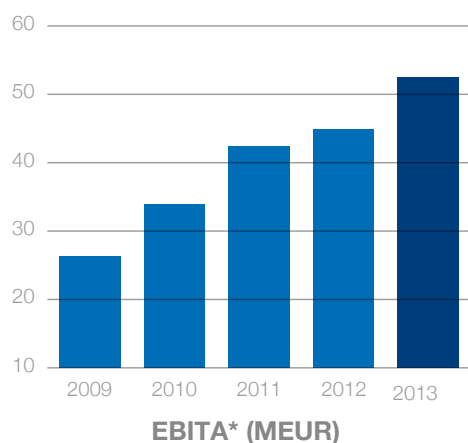
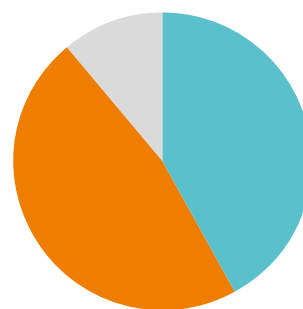
Year 2013 figures are unaudited at the time of publishing the review

*Including one-off exceptional items



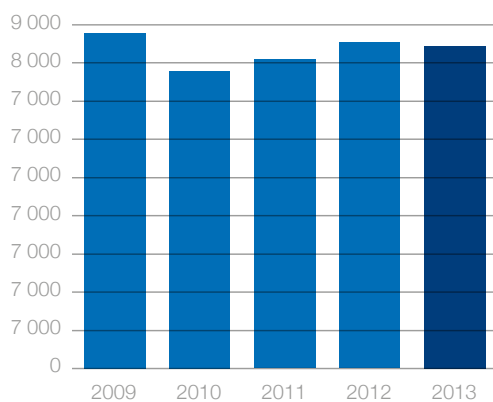
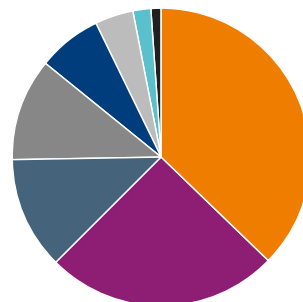
Net sales by business segment 2013

- Power Transmission and Power Distribution 42%
- Fixed Telecom and Mobile Telecom 47%
- Homeland Security & Aviation and Rail 11%



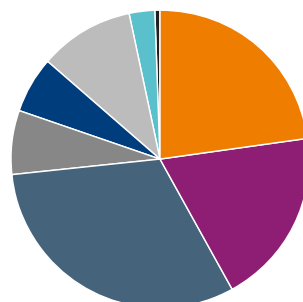
Net sales by country 2013

- Sweden 37%
- Finland 25%
- Poland 12%
- Norway 11%
- Denmark 7%
- Baltics 4%
- Germany 2%
- Other 1%



Personnel by country 2013

- Sweden 23%
- Finland 19%
- Poland 31.4%
- Norway 6.9%
- Denmark 6.1%
- Baltics 10.2%
- Germany 2.8%
- Other 0.5%







Hannu Tynkkynen
Senior Vice President

Corporate Responsibility

“Our desire is to share our best experiences so Eltel and our partners and stakeholders can contribute to a more sustainable society.”

Background for CR at Eltel

Corporate Responsibility at Eltel reflects the line of business we are engaged in. We work in a multinational and multi cultural service sector, where we are highly dependent on the competences, motivation and performance of our employees and partners.

Our customers expects us to be efficient and continuously improve our operations. To be successful in Corporate Responsibility, we need partners who share our views and values. Eltel’s approach in Corporate Responsibility addresses all the needs of our business environment. Our desire is to share our best experiences so they can contribute to a more sustainable society.

Eltel’s Corporate Responsibility is built on three layers:

- Corporate governance as a platform
- Company economy, people and impact on environment as enablers
- Sustainability being the ultimate goal

Corporate governance provides the platform

The objective is to set a well-defined and transparent structure for the profitability and long-term value of Eltel companies, both for shareholders

and other legitimate stakeholders of the companies. Eltel’s corporate governance is formed by the Group level policies and instructions.

In addition to the group policies and instructions, local instructions provide guidance for the implementation at local level. Business Unit Manuals define how work is organized within a specific business unit. The whole set of guidance provides a platform for all employees to manage the company in the best interests of all stakeholders.



Corporate Responsibility

The following policies were updated in 2013:

- Corporate governance policy
- Risk management policy
- Competition instruction

In order to support a proper enforcement of all policies a new e-learning tool was developed and is introduced in 2014

Sustainable economy bearing fruit for all stakeholders

Financial performance is stable and improving. After years of rapid growth, focus for 2013 was to improve margins, which was also achieved. EBITA percentage has remained stable during a period of slower growth of general economy. Eltel's markets are supported by the long term positive outlook of investments in the power sector, stable expectations in telecommunications and considerable needs of updating of the transport infrastructures and technologies. Potential for future outsourcings of infranet services is significant.

Eltel has outperformed most of its peer companies. Our belief is that this is due to the customer quality delivered by the company and Eltel's systematic programmes for improving efficiency. Eltel's synergies with scale and scope provide a basis for better value for customer at a competitive cost. Several analyses have shown that the outsourcings of infranet services in the 2000s have resulted in a very favourable cost development when compared with the general cost inflation.

Eltel is an important employer in the communities where it is present. The wages and salaries provide an important source of income for 8,500 employees and societies where they live, consume and pay taxes.

Position at the end of 2013:

- Customer surveys to focus development actions
- Improving EBITA approaching 5% of Net Sales
- Wages and salaries EUR 306.3 million

Competent and motivated people make the company move forward

People make Eltel move forward, and people behaviour creates the Eltel culture. Eltel has high ambitions for what kind of company we want to be. Our drivers are specialization, empowerment and proactivity. Specialization means that we need to have the right competences for each service task to be performed. Clear roles and responsibilities support empowerment and decentralized decision-making. These are supported by providing training and development opportunities.

Health and Safety is a key focus area for employee wellbeing and performance. The group vision is Zero accidents. The KPIs show that performance is stable. The goal is to become more proactive in terms of eliminating lost time injuries (LTI). This means more active reporting of near misses and minor injuries, review of results and improvement actions. HSE Management System was approved with an objective to define a more standardized way how HSE is managed group wide. Better control of subcontractor performance has been decided by the management and actions are planned and in progress for 2014–15.

Achievements in 2013:

- No fatal accidents
- Sick absence 2.7% vs. target < 3.0%
- Lost time injuries 176 during per 15.5 million working hours, LTIF 11

Modern infrastructures and Infranet services make a positive impact on environment

Eltel is an active contributor to a sustainable society. Our customers' choice of the latest technology and how Eltel implements new infrastructures make a big positive impact on environment. Well planned network refurbishments and maintenance programmes extend the lifetime of infrastructure. Eltel's policy is to comply with the ISO 14001 standard.

Solutions that contribute to sustainability:

- Increased energy efficiency by implementing smart grids and smart metering systems
- Turnkey wind power parks
- E-traffic infrastructures
- Saving forest by using underground road cabling
- Decreasing emission by shifting Eltel car fleet
- Monitoring system for recyclable materials

Sustainability secures our future

The key factors for a sustainable future are the economy of the company, our people and our activities with lower impact on environment. When all of these are in good balance, all stakeholders are winners.

Eltel's values are deeply rooted in Nordic society. As we become more international, we acknowledge the challenge with different business environments and cultures. Our aim, together with our partners, is to be a contributor to a positive development of societies where we work.

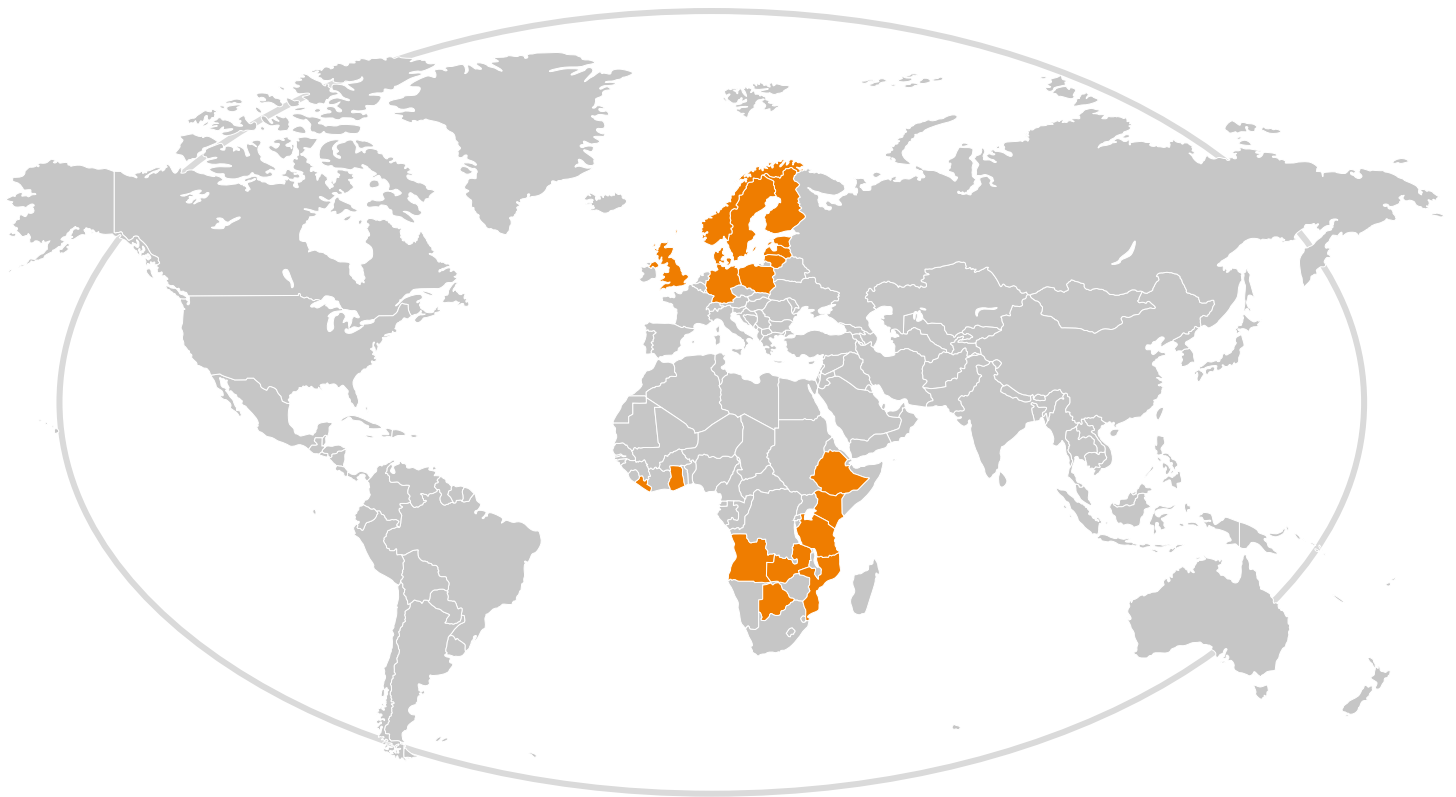


Eltel Group management at Eltel's Network Operation Centre in Copenhagen.

From the left; Fredrik Menander (President, Power Transmission), Hannu Tynkkynen (Senior Vice President, HR and Communications), Juha Luusua (President, Power Distribution), Dariush Rezai (President, Mobile Telecom), Thorbjörn Sagner (President, Homeland Security & Aviation), Päivi Hautamäki (General Counsel and Group Secretary), Fredrik Häggström (President, Railway Infrastructure), Peter Uddfors (President, Fixed Telecom) and Axel Hjärne (President and CEO). Mariann Östansjö (Chief Financial Officer) is not present.

Eltel's global footprint

Eltel has a strong history and position in the Nordic region, with its roots in Finland and Sweden. With growing market shares in Norway, Denmark, the Baltics, Poland and Germany, Eltel has evolved to be one of the biggest operators in Northern Europe.



- 8,500 specialists
- At 300 locations
- Export projects in 90 countries
- EUR 1,149 million Net Sales



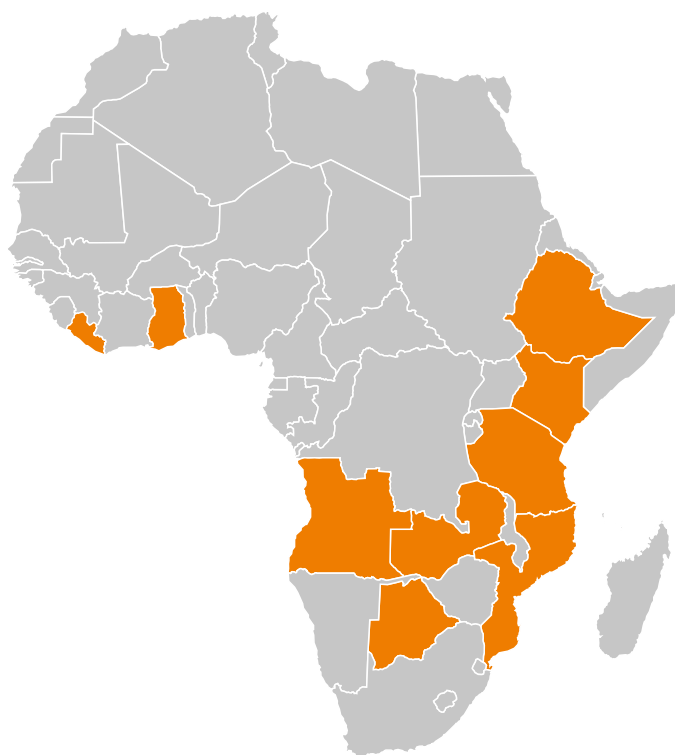
The economies in Sub-Saharan Africa are growing rapidly and investments in infrastructure are important for developing the countries. Eltel has performed over thirty projects in Africa with recent presence in Zambia, Ghana, Botswana, Tanzania, Angola, Mozambique, Liberia, Ethiopia and Kenya.



Permanent establishments in Europe

- Sweden
- Finland
- Poland
- Denmark
- Norway
- Germany
- The Baltic countries
- United Kingdom

Recent presence in Africa

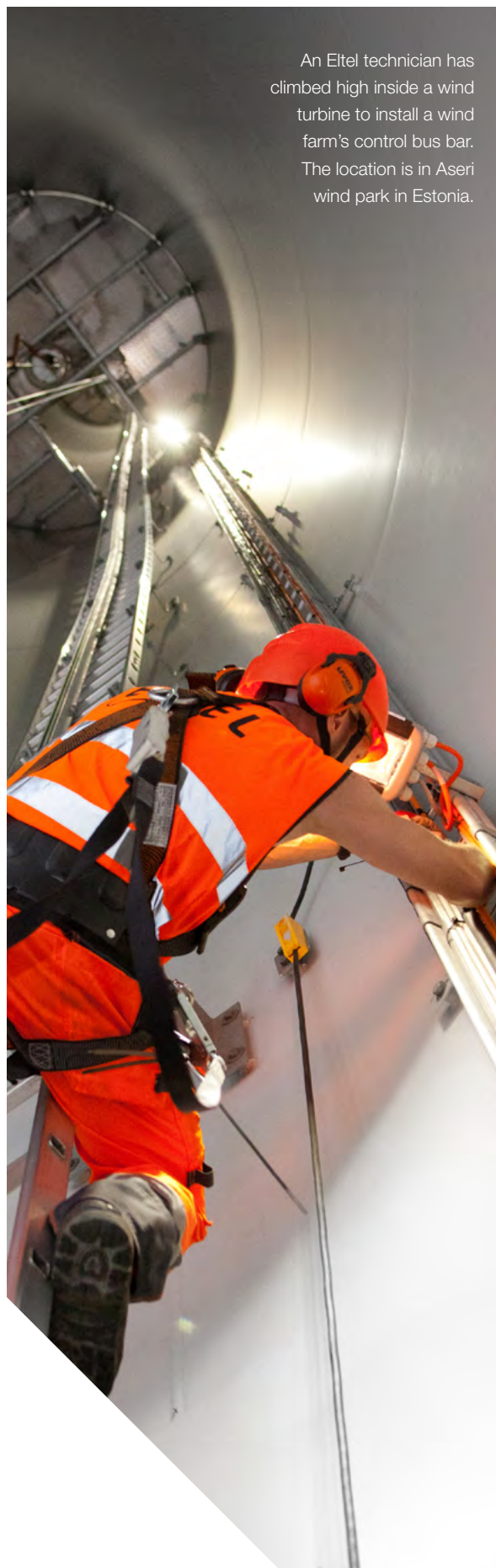


- Zambia
- Ghana
- Botswana
- Tanzania
- Angola
- Mozambique
- Liberia
- Ethiopia
- Kenya



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An Eltel technician has climbed high inside a wind turbine to install a wind farm's control bus bar. The location is in Aseri wind park in Estonia.