

Eltel acquires a platform for expansion of smart metering in Germany

Eltel's power distribution business acquires the metering service company U-SERV

Eltel has today signed a contract to acquire U-SERV GmbH, a company operating in the electricity and gas metering sector in Germany. Eltel currently has a strong market position in the smart metering sector of the Nordics with reference of more than five million meter installations including new order backlog of 1.6 million installations. This acquisition is now expanding Eltel's footprint to cover also the German market. U-SERV's strong and rapidly growing local presence in combination with Eltel's vast international competence in smart meter rollouts offers good potential for further growth.

U-SERV is one of the major meter service companies in Germany with net sales of approximately EUR 9 million and approximately 50 persons with permanent employment and an ability to mobilise more than 1,000 employees when needed. The product offering of U-SERV comprises national electrical meter read-outs, customer self-readings, replacements and gas adjustments. U-SERV's installations in gas applications offer Eltel a new opportunity to grow the smart metering business. U-SERV is a growing company with a customer base of several dozens of utilities including some of the major power distribution operators in Germany. This customer base offers future opportunities for Eltel to expand its wider service offering for distribution operators.

Eltel also acquires EVB's field service assets and continues a business development agreement with ATV Energie GmbH

Further Eltel has agreed to acquire field service assets of EVB Billing und Services GmbH, a subsidiary of ATV Energie GmbH. The assets comprise EVB's customer base in metering related field services and an offer to the personnel to transfer to Eltel. As part of the acquisition of U-SERV, the existing business development agreement between U-SERV and ATV Energie GmbH will be transferred to Eltel. Through this agreement, ATV, EVB and Eltel will collaborate to expand the business for smart metering services in Germany. ATV and EVB will participate in pre-sales customer meetings, sales negotiations and general promotion of Eltel services in power distribution in Germany. ATV and EVB have a profound knowledge of and good access to the German utility sector.

The European market will continue to offer significant future potential within smart meter rollouts. The national time schedules for implementing smart metering within the EU vary. While some of the countries already completed the projects, others are starting implementations or have only initiated pilot projects. In Germany new legislation, Digitale Energiewende, is scheduled for completion in May 2016 to oblige utilities to deploy intelligent meter systems during 2017 to 2032. Tendering for major smart metering projects is expected

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to start in 2016. In Germany the total amount of electricity meter points amounts to 43 million. Another growth opportunity is provided in the gas metering market.

The acquisition of U-SERV and the asset deal with ATV are expected to be closed during May.

Juha Luusua, President – Eltel Power Distribution comments:

“Eltel has been preparing an entry in the German smart metering market for some time. After careful analysis and negotiations, we are happy to finalize this process with the acquisition of German U-SERV. With the experience and current position of U-SERV, combined with the collaboration agreements with the business development partners ATV and EVB, we strongly believe that we have a winning team in place. We welcome the employees of U-SERV and the field service team of EVB to Eltel to build a smarter German energy system together”.

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About Eltel

Eltel is a leading European provider of technical services for critical infrastructure networks – Infranets – in the segments of Power, Communication and Transport & Security, with operations throughout the Nordic and Baltic regions, Poland, Germany, the United Kingdom and Africa. Eltel provides a broad and integrated range of services, spanning from maintenance and upgrade services to project deliveries. Eltel has a diverse contract portfolio and a loyal and growing customer base of large network owners. In 2015 Eltel's net sales amounted to EUR 1,255 million. The current number of employees is approximately 9,600. Since February 2015, Eltel AB is listed on Nasdaq Stockholm.

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