

Press release 15 December 2016 at 8.00 CET

## Eltel signs agreement with its banks on temporary reset of financial covenant levels

**Eltel has signed an amendment agreement of its existing financing agreement with its banks on temporary resetting of the leverage covenant covering the time period from the fourth quarter 2016 until the end of 2017.**

In October, Eltel communicated that challenges in its project business will result in a significant decline in the Group EBITA for 2016 compared to the level in 2015. In the guidance given in October, Eltel estimates that Group EBITA for the full year 2016 will be in the range of EUR 27-32 million, indicating an EBITA for the fourth quarter in the range of EUR 10-15 million. As a consequence of the expected lower profit in combination with increased level of net working capital and consequently higher net debt, Eltel became exposed to a potential risk of a leverage covenant breach. To manage this risk, Eltel simultaneously initiated negotiations with its banks to find a solution.

In the amended agreement signed with the banks, the temporary reset quarterly leverage (Net Debt/EBITDA) covenant levels vary between 6.30x and 3.60x, covering the time period effective from the situation at the end of 2016 and extending until the end of 2017. These reset levels replace the original leverage covenant levels in the financial agreement signed in 2015 defined at 4.0x Net Debt/EBITDA for the fourth quarter 2016 and 3.5x starting from the first quarter 2017. Eltel's bank consortium comprise Skandinaviska Enskilda Banken (SEB), Danske Bank and OP Corporate Bank.

The agreement is expected to increase Eltel's financial costs by approximately EUR 4.5 million in 2017, depending on the progress in restoring Group profitability and reducing working capital.

### **For further information:**

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*This information is information that Eltel AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 8.00 CET on 15 December 2016.*

### **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 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.