

Press release on 25 September 2017 at 18.00 CET

## Eltel signs a letter of intent to divest Power Transmission International

**Today, Eltel has signed a letter of intent to divest its Power Transmission International (PTI) business operations to Encomm Sweden AB, a newly established Swedish company ultimately owned by EnComm Ltd, a Kenyan industrial owner, and its Swedish partner Swede Energy Power Solutions AB. The planned divestment of PTI will reduce the operational risk for Eltel going forward. Under the letter of intent both parties aim to timely finalise the definitive transaction agreement. The transaction is subject to key customer approval and that the purchaser obtains financing of the transaction and full release of liability for Eltel under certain customer guarantees. The purchaser's undertaking is subject to a so called break fee.**

The contemplated transaction agreement includes the sale of all Eltel's shares in Eltel Networks TE AB (TEAB) and its subsidiaries. As part of the agreement, TEAB would continue to operate as a subcontractor for Eltel in finalisation of two contracts directly contracted to Eltel in Georgia and Tanzania with completion expected during 2018. Signing and completion of the transaction is expected to occur before the end of 2017. The purchase price is nominal at SEK 1. The transaction is estimated to have approximately EUR 9.0 million negative impact in total on the Group's third and fourth-quarter EBITA including project results and additional provisions for any remaining project risk. Eltel estimates that the maximum cash-flow impact will be approximately EUR 20 million negative and that main part will be recorded during the remainder of 2017.

In May, Eltel estimated the total ramp down cost for the discontinuation of these non-core loss-making operations to amount to approximately EUR 40 million, with the main part expected to occur in 2017 and the remainder in 2018. During the first half of 2017, a total of EUR 26.4 million of these costs were recorded. The total cost for the divestment is expected to be lower than the estimated ramp down cost of EUR 40 million. The divestment is thus expected to be a more favourable alternative for all stakeholders compared to the current discontinuation plan.

### **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. The information was submitted for publication, through the agency of the contact person set out above, on 25 September 2017 at 18.00 CET.*

### **About Eltel**

Eltel is a leading Northern European provider of technical services for critical infrastructure networks – Infranets – in the segments of Power, Communication and Other, with operations throughout the Nordics, Poland and Germany. 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 2016, Eltel net sales amounted to EUR 1.4 billion. The current number of employees is approximately 8,700. Since February 2015, Eltel AB is listed on Nasdaq Stockholm.

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