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Eltel signs a letter of intent to divest its rail business operations in Denmark

Eltel has today signed a letter of intent to divest its Danish rail operations to Strukton Rail A/S, a company providing solutions in the field of rail infrastructure, railway vehicles and mobility systems. Eltel's rail operations in the Danish market mainly consist of a maintenance contract for signalling, track and catenary services for Sund & Bælt A/S. The contract is valid until March 2019 with a one-year prolongation option.

The contemplated transaction, comprising the maintenance contract with Sund & Bælt A/S, 26 employees and operational equipment used for delivering the relevant maintenance services, will have a negative EBITA effect estimated to DKK 7.7 million and a negative cash flow effect of DKK 18 million, expected to occur in the fourth quarter 2017 and first quarter 2018.

Under the letter of intent, the parties aim to finalise the definitive transaction by 31 January 2018.

In February 2017, Eltel decided that its strategic focus will be on the Group's core businesses in Power and Communication with the geographical markets being in the Nordics, Poland and Germany. Eltel's rail operations, classified as non-core operations, cover the Nordics countries. In November 2017, Eltel signed an agreement to sell its Finnish rail business operations to Graniittirakennus Kallio Oy and the divestment process of Eltel's rail operations in Sweden and Norway is still ongoing.

For further information:

Thomas Rebermark, Group Marketing and Communications Director

Tel: +46 72 230 6945, thomas.rebermark@eltelnetworks.se

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 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 8,400. Since 2015, Eltel AB is listed on Nasdaq Stockholm.