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Eltel signs an amendment to the letter of intent to divest Power Transmission International

Eltel has signed an amendment to the letter of intent to divest its Power Transmission International (PTI) business operations to Encomm Sweden AB.

Eltel and Encomm Sweden AB signed a letter of intent on 25 September 2017. A press release outlining the background and financial considerations for the divestment was issued upon signature of the letter of intent. The transaction is subject to key customer approval and that the purchaser, before the end of 2017, obtains financing of the transaction and full release for Eltel under certain guarantees. Under the amended letter of intent both parties now agree to extend the signing and completion of the transaction to occur before the end February 2018. The reason for the amendment is that the condition to obtain financing of the transaction and full release for Eltel under certain guarantees has not yet been obtained.

The total cost for Eltel of discontinuing Power Transmission International is estimated to amount to approximately EUR 40 million of which EUR 28.7 million was recorded during the period up to and including the third quarter 2017. The ramp down and discontinuation process is expected to be completed in 2019. The negative financial effect of the contemplated transaction is expected to be lower than the estimated total ramp down cost of EUR 40 million.

For further information:

Investors: Petter Traaholt, CFO, +46 72 595 4749, petter.traaholt@eltelnetworks.se

Press: Thomas Rebermark, Dir. Communications, +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.