

Press release 10 February 2017 at 8.00 CET

Eltel makes structural and managerial changes in the Power and Communication segments

With the aim to improve efficiency and profitability, Eltel has decided on certain changes within the company's two main segments; Power and Communication. In the power transmission business, a unit heading projects mainly in Africa will be extracted and separately managed by the new Group Project function. Fredrik Menander, President of Power Transmission, will leave Eltel. To further develop Eltel's growing communication business, Eltel will merge the business units fixed and mobile communication. This is expected to create scale benefits, increase efficiency and bring a unified interface towards the customers to continue to drive industrialisation.

Håkan Kirstein, CEO of Eltel, comments:

"It is evident that restructuring is needed in Eltel's project business, hence these changes within the power transmission business unit. Two thirds of Eltel's operations are however doing well and a clear focus and further development of our key areas are thus crucial. Consequently, we aim to provide the most efficient and best possible foundation for this business, in this case the communication business, to increase growth and improve efficiency. The merger of Eltel's fixed and mobile communication business units will bring both short-term cost synergies and more long-term revenue leverage.

Changes in the power transmission business unit

In the power transmission business unit, Fredrik Menander, President of Power Transmission, will leave his position at Eltel with immediate effect. A unit managing a selected group of approximately 10 ongoing power transmission electrification projects, mainly located in Africa, will be extracted from the power transmission business unit. These special projects, part of which are subject to the ongoing audit, will be transferred to and managed by the Group Project function. The remaining and greater part of the power transmission business, comprising substation and overhead line projects in the Nordics, Germany, Poland and the UK, will remain in the business unit. In addition to his current position, Juha Luusua, President of Power Distribution, will take on the responsibility as acting President of Power Transmission.

Above changes will be effective immediately.

Merger of the business units mobile and fixed communication

Eltel's communication business, corresponding to approximately half of Group net sales, is performing very well. To further improve growth, profitability and efficiency in the Communication segment, the business units fixed and mobile communication will be merged. This transition will improve the customer focus with one unified interface towards the customer across all communication solutions, more integrated offerings and better product management adapted to the needs of the telecom market. Moreover, it will create scale advantages and better optimised resources in local businesses as well as revenue leverage enabling Eltel to capture future growth opportunities. The merger is expected to result in positive financial impact from 2018. Eltel's focus within the communication business will be on the established strong position in the Nordics, Poland and the Baltics and the more recently established operations in Germany. Eltel has therefore decided to exit its communication business in the UK during the first quarter of 2017.

Annual net sales of the UK operations have been below EUR 10 million and have been lossmaking. The exit will not affect Eltel's power transmission presence in the UK in the joint venture with Carillion plc. Peter Uddfors, previously President of Fixed Communication has been appointed President - Communication.

The merger will be effective as of 1 March 2017.

Further details related to these changes will be communicated in connection with the publishing of Eltel's fourth quarter 2016 interim report on 22 February 2017.

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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 10 February 2017.

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.