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This announcement is not directed at or intended to be accessible by persons located in the United States (including its territories and possessions, any state of the United States and the District of Columbia), other than to "qualified institutional buyers" within the meaning of Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Neither this announcement nor any part of it shall form the basis of or be relied on in connection with or act as an inducement to enter into any contract or commitment whatsoever. Investors should not purchase any shares referred to in this announcement except on the basis of information in the prospectus (the "**Prospectus**") expected to be published by ECI Telecom Group Ltd. (the "**Company**", and together with its subsidiaries and subsidiary undertakings, the "**Group**" or "**ECI**") in due course in connection with Admission (as defined below). A copy of the Prospectus will, following its publication, be available from the Company's website at <https://investors.ecitele.com> and at the Company's registered office at 30 Hasivim Street, Petach Tikva 4959388, Israel.

27 September 2018

ECI Telecom Group Ltd.

Confirmation of Intention to Float

Following the announcement by ECI on 20 September 2018 regarding the publication of a Registration Document, ECI today confirms its intention to proceed with an initial public offering (the "**IPO**" or the "**Offer**") and sets out below certain details of the Offer. The Company intends to apply for admission of its ordinary shares ("**Shares**") to the premium listing segment of the Official List of the FCA (the "**Official List**") and to trading on the London Stock Exchange's ("**LSE**") Main Market for listed securities (together, "**Admission**").

The final offer price in respect of the Offer (the "**Offer Price**") will be determined in due course following a book-building process, with Admission currently expected to occur in late October 2018.

Confirmation of Offer Details

- The Offer will be comprised of new Shares to be issued by the Company (to raise gross proceeds of approximately \$230 million) and a potential offer of existing Shares to be sold by the Company's largest shareholder, ECI Holding (Hungary) kft. (the "**Selling Shareholder**").
- The Offer will target institutional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S of the Securities Act and in the United States to "qualified institutional buyers" within the meaning and pursuant to Rule 144A of the Securities Act.
- An overallotment option of up to 15% of the total offer size may be made available by the Selling Shareholder.
- The Offer Price will be determined in due course following a book-building process, and is currently expected to be announced in late October 2018.
- Each of the Company, its directors (the "**Directors**"), the Selling Shareholder and all other existing shareholders will agree to customary lock-up arrangements in respect of their Shares for a period of time following Admission.
- The Company believes that the Offer would, amongst other things:
 - support further growth in the business;
 - capture the fifth generation of mobile networks ("**5G**") opportunity;
 - reduce the overall indebtedness of the Group by allowing for the repayment of debt; and
 - further enhance the Group's profile and brand recognition.
- The Company has engaged Barclays Bank PLC, acting through its Investment Bank ("**Barclays**") to act as Joint Global Co-ordinator, Joint Bookrunner and Sole Sponsor, UBS Limited ("**UBS**") to act as Joint Global Co-ordinator and Joint Bookrunner and Canaccord Genuity Limited ("**Canaccord**") as Joint Lead Manager in connection with the proposed Offer. The Deal Team is acting as Transaction Manager to the Company.

Current Trading and Prospects

The Group has continued to trade in line with the Directors' expectations since 30 June 2018. Overall, the Directors continue to remain confident regarding the performance and prospects of the Group for the remainder of 2018 and the operational and financial ability of the Group to continue to implement its strategy of investment and growth.

The Company also reaffirms the following current prospects outlined in the Registration Document published on the 20 September 2018:

- The Group expects low double-digit growth in revenue in the near-medium term, accelerating to mid-to-high teens once 5G projects commence, including a potential step change in growth upon successful large 5G wins.
- The Group expects gross margins to remain stable in 2018 compared to 2017, with incremental and gradual increases in the near-medium term towards 40% or more, driven by economies of scale, product cost reduction, North America penetration and increase in software sales.
- The Group expects operating expenses to see a gradual and moderate decline (as a percentage of revenues) from 27.5% of revenues for the six months ended 30 June 2018, due to high operating leverage set off by an approximately \$1.5 million increase in general and administration expenses with the Group going public. In the medium term, the Company will target an EBITDA margin above 20%.

- The Group expects depreciation to remain broadly stable in the near-medium term and amortisation of capitalised development costs to increase slightly (as a percentage of revenues) in the near medium term.
- The Group will be using a portion of the proceeds from the Offer to repay \$63.6 million of the Group's existing senior credit facility, as well as additional \$3.4 million accrued PIK interest and \$2.1 million prepayment premium.
- The proceeds from the Offer will also allow for the redemption of Preferred Shares issued by ECI Telecom Ltd., the subsidiary of the Company.
- The Group expects capital expenditure to increase to approximately \$8 million for the year ended 31 December 2018 and continue to grow moderately thereafter. The Company expects to continue to capitalise research and development costs in line with current policy of approximately 47% of the gross expense. In addition, the Group expects to make a lease liability payment of approximately \$9 million and a royalty liability payment of approximately 2.0% to 2.3% of revenues in the near-medium term.

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Please refer to the Registration Document, which is available in electronic form from Company's website <https://investors.ecitele.com> for further details on ECI.

About ECI

The Group is a leading global provider of comprehensive networking and data transport products and solutions to Service Providers, Utilities and Governments, and Defence and Security customers. The Group has been providing comprehensive networking and data transport products and solutions since 1961 and is one of only a few providers offering both optical and packet networking products and solutions, with a diverse and long-standing customer base. For the year ended 31 December 2017, all of the Group's top 10 end-customers by revenue had purchased the Group's products or services every year since 2008. ECI was the fastest growing provider among its key European and US based peers since the beginning of 2017 until mid 2018^[1]. The Group is headquartered in Petach Tikva, Israel, which is just outside Tel Aviv, Israel and had over 250 customers and operations in more than 70 countries worldwide as at 31 December 2017.

Important legal information

The contents of this announcement, which have been prepared by and is the sole responsibility of the Company, have been approved by Barclays Bank PLC and UBS Limited solely for the purposes of section 21(2)(b) of the Financial Services and Markets Act 2000 (as amended).

The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed by any person for any purpose on the information contained in this announcement or its accuracy, fairness or completeness.

This announcement is not for publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, any State of the United States and the District of Columbia), Israel, Australia, Canada, Japan, the Republic of South Africa or any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction. The distribution of this announcement may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for, or otherwise invest in, securities to any person in the United States, Israel, Australia, Canada, Japan, the Republic of South Africa or in any jurisdiction to whom or in which such offer or solicitation is unlawful. The Shares referred to herein may not be offered or sold in the United States unless registered under the Securities Act or offered in a transaction exempt from, or not subject to, the registration requirements of the Securities Act. The Offer and sale of Shares referred to herein has not been and will not be registered under the Securities Act or under the applicable securities laws of Israel, Australia, Canada, Japan or the Republic of South Africa. Subject to certain exceptions, the Shares referred to herein may not be offered or sold in Israel, Australia, Canada, Japan or the Republic of South Africa or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada or Japan. There will be no public offer of the Shares in the United States, Israel, Australia, Canada, Japan, the Republic of South Africa or elsewhere.

In any member state of the European Economic Area ("**EEA**") outside of the United Kingdom (each, a "**Relevant Member State**"), this announcement and any offer if made subsequently is, and will be, directed only at persons who are "qualified investors" ("**Qualified Investors**") within the meaning of the Prospectus Directive (Directive 2003/71/EC and any amendments thereto, including Directive 2010/73/EU), and any implementing measures in each Relevant Member State (the "**Prospectus Directive**"). Any investment or investment activity to which this announcement relates is available only to Qualified Investors in any member state of the EEA other than the United Kingdom and will be engaged in only with such persons. Other persons should not rely or act upon this announcement or any of its contents.

In Israel, this announcement may be directed only at, and any offer and sale of the Shares may be directed only at, and made only to, investors listed in the First Addendum to the Israeli Securities Law, 5728-1968 (the "**First Addendum**"), who have provided the requisite written confirmation under the First Addendum.

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's business, results of operations, financial position, liquidity, prospects, growth and strategies. Forward-looking statements speak only as of the date they are made.

In addition, this announcement contains information concerning the Group's industry and its market and business segments generally, which is forward-looking in nature and is based on a variety of assumptions regarding the ways in which the industry, and the Group's market and business segments, will develop. These assumptions are based on information currently available to the Company. If any one or more of these assumptions turn out to be incorrect, actual market results may differ from those predicted. While the Company does not know what effect any such differences may have on the Group's business, if there are such differences, they could have a material adverse effect on the Group's future results of operations and financial condition.

Each of the Company, Barclays Bank PLC, UBS Limited and Canaccord Genuity Limited and their respective affiliates as defined under Rule 501(b) of Regulation D of the Securities Act ("**affiliates**"), expressly disclaims any obligation or undertaking to update, review or revise any forward looking statement contained in this announcement whether as a result of new information, future developments or otherwise.

Any subscription or purchase of Shares in the Offer should be made solely on the basis of information contained in the Prospectus expected to be issued by the Company in connection with the Offer in late October 2018. A copy of any Prospectus will be submitted to the National Storage Mechanism and will be available for inspection at <http://www.morningstar.co.uk/uk/nsm> once approved by the FCA. A copy of any Prospectus will be available from the Company's registered office, at 30 Hasivim Street, Petach Tikva 4959388, Israel and online at <https://investors.ecitele.com>, subject to certain access restrictions.

The information in this announcement is subject to change. Before subscribing for or purchasing any Shares, persons viewing this announcement should ensure that they fully understand and accept the risks which will be set out in the Prospectus if published. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. Neither this announcement, nor anything contained in the Registration Document referred to herein, shall form the basis of or constitute any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any Shares or any other securities nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefor.

The Company may decide not to go ahead with the IPO and there is therefore no guarantee that a Prospectus will be published, the Offer will be made or Admission will occur. You should not base your financial decision on this announcement. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested.

Persons considering making investments should consult an authorised person specialising in advising on such investments. Neither this announcement, nor the Registration Document referred to herein, constitutes a recommendation concerning the Offer. The value of shares can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of the Offer for the person concerned.

None of Barclays Bank PLC, UBS Limited and Canaccord Genuity Limited or any of their respective affiliates or any of their or their affiliates' directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for/or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information

in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of the announcement or its contents or otherwise arising in connection therewith.

Each of Barclays Bank PLC, UBS Limited and Canaccord Genuity Limited is acting exclusively for the Company and no-one else in connection with the Offer. They will not regard any other person as their respective clients in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, nor for providing advice in relation to the Offer, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

Each of Barclays Bank PLC, UBS Limited and Canaccord Genuity Limited is authorised by the Prudential Regulation Authority ("**PRA**") and regulated by the PRA and the FCA in the United Kingdom.

Certain data in this announcement, including financial, statistical, and operating information has been rounded. As a result of the rounding, the totals of data presented in this announcement may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.

In connection with the Offer, Barclays Capital Securities Limited, as stabilising manager (the "**Stabilising Manager**"), or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares or effect other transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager will not be required to enter into such transactions and such transactions may be effected on any stock market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilising measures, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Shares above the Offer price. Save as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

In connection with the Offer, the Stabilising Manager, may, for stabilisation purposes, over-allot Shares up to a maximum of 15% of the total number of Shares comprised in the Offer. For the purposes of allowing it to cover short positions resulting from any such over-allotments and/or from sales of Shares effected by it during the stabilisation period, the Selling Shareholder will grant to the Stabilising Manager an option (the "**Over-allotment Option**") pursuant to which the Stabilising Manager may require the Selling Shareholder to sell additional Shares up to a maximum of 15% of the total number of Shares comprised in the Offer (the "**Over-allotment Shares**") at the offer price. The Over-allotment Option will be exercisable in whole or in part, upon notice by the Stabilising Manager, for 30 calendar days after the commencement of conditional trading of the Shares on the London Stock Exchange. Any Over-allotment Shares sold by the Stabilising Manager will be sold on the same terms and conditions as the Shares being sold or issued in the Offer and will form a single class for all purposes with the other Shares. Save as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer

Notice to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a

product approval process, which has determined that such Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Barclays Bank PLC, UBS Limited and Canaccord Genuity Limited will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.