

MediaKind shows momentum at IBC 2018, Ericsson expects to close divestment of majority stake around year end

- Expected closure of divestment of majority stake in MediaKind (previously Media Solutions) around year end, as compared to previously communicated Q3 2018
- Focus is on ensuring a smooth transition for customers and employees while creating an efficient, global operating model from day one
- MediaKind shows momentum with new contracts announced at IBC 2018
- Previously communicated cost increase of SEK -0.3 b. compared to Q2 estimated to be equally distributed between Q3 and Q4

On January 31, 2018, Ericsson (NASDAQ: ERIC) communicated that the company had partnered with One Equity Partners, which would become the majority owner of Ericsson's Media Solutions business, in a transaction expected to close in Q3 2018.

As part of the ongoing work to close the transaction, [an independent brand, MediaKind](#), has been formed and is developing the business in line with a new business plan.

The carve-out of MediaKind from Ericsson's global structure to create a new company, jointly owned with One Equity Partners, is proceeding with great diligence. With employees and customers located all over the world, the establishment of appropriate operating entities is necessary to begin operations as an independent company and to ensure a smooth transition for customers and employees. This process has been more complex than originally expected and is now expected to be completed around year end instead of Q3 2018 as previously communicated.

The performance improvement program initiated in 2017 is progressing well and with a strong and focused R&D pipeline, MediaKind is generating [momentum with customers](#). The recent breakthrough contract with CogecoConnexion for enabling IPTV services based on MediaFirst marks an entry into a new customer segment for the platforms business – cable operators. This has been followed by contracts with Digicel – Papua New Guinea, TotalPlay – Mexico and TangerineGlobal – United States, all announced in conjunction with IBC 2018. [MediaKind Universe](#) – the comprehensive solutions and services portfolio was also launched at IBC2018 with the goal of enabling consumer-centric workflows for modern media.

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As communicated in the Q2 2018 earnings release, the divestment of MediaKind is estimated to create additional expenses of SEK -0.3 b. compared to Q2. However, the cost increase is estimated to be equally distributed between Q3 and Q4 and not only impacting Q3 as previously communicated.

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