



MTG sells Baltic broadcasting businesses

- MTG sells its businesses in Estonia, Latvia and Lithuania to Providence Equity Partners
- The cash transaction values 100% of the business at an enterprise value of EUR 115 million (approximately SEK 1,094 million)
- Sale reflects MTG's ongoing transformation from traditional national broadcaster into a global digital entertainer

MTG has signed an agreement to sell its free-TV, pay-TV, digital and radio businesses in the Baltic region to Providence Equity Partners, a premier global asset management firm that is the owner of Bite, the Lithuanian and Latvian mobile operator. The transaction values 100% of the business at an enterprise value of EUR 115 million (approximately SEK 1,094 million), equivalent to 12.0x FY 2016 EBIT. The Baltic businesses have been reported within the International Entertainment segment and contributed with SEK 1,024 million in sales and SEK 91 million in operating income (EBIT) for the full year 2016. Closing is subject to regulatory approvals.

The sale reflects MTG's ongoing transformation from a traditional national broadcaster into a global digital entertainer, capitalizing on rapid changes in consumers' media consumption habits. MTG will use the proceeds from the sale to transform the company further.

Jørgen Madsen Lindemann, MTG President & CEO: "We have been in the Baltic region for two decades, and our very dedicated and professional colleagues have built a successful business here. I would like to take this opportunity to thank our local team for an extraordinary performance over the years.

"We are on a journey to build an even stronger presence in the global digital arena, and I am happy that we have found a buyer that shares our view of the potential of the Baltic businesses. Our Baltic colleagues can look forward to a new era that taps the full possibilities of the Baltic media market."

Karim Tabet, Managing Director at Providence: "MTG's Baltic broadcasting businesses are all leaders in their respective areas and we're excited to partner with such a talented group of people to grow the company together. After our acquisition of Bite in 2016, this transaction highlights Providence's continued commitment to investing in the Baltic region."

Robert Sudo, Managing Director at Providence: "Lithuania, Latvia and Estonia are all among the fastest growing countries in the EU. The business friendly environment combined with a highly skilled workforce make the Baltics an exciting region for us. We are looking forward to working together with MTG Baltic's management and employees over the coming years."

**Key operations included in the sale:**

- The largest TV-channel portfolio in all three Baltic countries with a combined 48.6% Commercial Share of Viewing (CSOV) as of Q4 2016 (target audience: 15-49), including:
 - Three TV channels in Estonia (TV3, TV3+, TV6)
 - Five TV channels in Latvia (TV3, TV3+, TV6, Kanals 2 and LNT)
 - Three TV channels in Lithuania (TV3, TV6, TV8)
- Leading subscription and advertising funded video streaming services
- The only DTH platform service and the third largest pay-TV operator in the Baltic region, including leading Baltic premium pay-TV channels in sports and entertainment
- Nationwide commercial radio stations
- Digital assets and an online advertising consultancy operating across the Baltic region.

The sale of MTG's Baltic businesses will result in a significant net capital gain, which will be reported within items affecting comparability (IAC).

Questions?

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MTG (Modern Times Group MTG AB (publ.)) is a leading international digital entertainment group and we are shaping the future of entertainment by connecting consumers with the content that they love in as many ways as possible. Our brands span TV, radio and next generation entertainment experiences in esports, digital video networks and online gaming. Born in Sweden, our shares are listed on Nasdaq Stockholm ('MTGA' and 'MTGB'). This information is information that MTG is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08.30 CET on 17 March 2017.

About Providence Equity

Providence Equity Partners is a premier global asset management firm with \$50 billion in assets under management across complementary private equity and credit



businesses. Providence pioneered a sector-focused approach to private equity investing with the vision that a dedicated team of industry experts could build exceptional companies of enduring value. Since the firm's inception in 1989, Providence has invested in more than 160 companies and is the leading equity investment firm focused on the media, communications, education and information industries. Providence is headquartered in Providence, RI and also has offices in New York, London, Hong Kong, Singapore and New Delhi. Visit www.provequity.com for more information.

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