MTG acquires 75% of fast growing multi-national pay-TV channel operator Trace

Modern Times Group MTG AB (publ.) (‘MTG’ or ‘the Group’), the international entertainment group, today announced that it has signed an agreement to acquire 75% of Trace Partners SAS (‘Trace’), the France based youth media brand and global pay-TV channel operator that has distribution agreements with third party network operators in 160 countries worldwide, including all 55 countries in Africa. The stake is being acquired from Citizen Capital, Entrepreneur Venture, NextStage, and company management, for a cash consideration that values 100% of the company at an enterprise value of EUR 40.0 million. Trace management will retain the remaining 25% of the company. Olivier Laouchez, Trace Co-founder, will continue as Chairman and CEO of Trace, and the other members of the senior management team will also continue in their roles.


‘Trace Urban’ is available in 130 countries worldwide, and is the leading music channel in 60 markets. The channel is focused on urban music and culture from a wide range of genres including R&B and hip hop, and is particularly popular across Africa, in France and the Caribbean. ‘Trace Africa’ and ‘Trace Tropical’ are focused on African urban and World music, and Latin American and Caribbean music genres, respectively. ‘Trace Sports Stars’ is available in 108 countries worldwide and features programming about the lives of local and international sports stars. The four Trace channels are localised in 16 different feeds and are available in up to 11 languages.

Trace also runs a number of complementary branded entertainment businesses, including the annual ‘Trace Music Awards’; the ‘Trace Stars’ mobile song competition, which is the first of its kind and was recently launched in Africa; and ‘Trace FM’, which is the leading FM radio music station in the French Caribbean. Trace’s recently launched mobile and digital assets are also developing fast with ‘www.trace.tv’ (the online entertainment portal), ‘My Trace’ (the smart personalised video music service) and ‘Trace Mobile’ (the youth oriented mobile offering that has been developed in partnership with a number of leading mobile network operators).

Trace has generated 23% compound annual net sales growth over the five years to the end of 2013 and reported preliminary net sales of EUR 19.3 million for the full year 2013. Trace generates almost half of its revenues in Africa and other Emerging Markets. The company had 37 million paying subscribers as at the end of December 2013, up from 27 million at the end of 2012, and also generates a growing proportion of its sales from advertising, events, content and brand licensing.
The transaction is subject to regulatory approval by the French media authorities and MTG will consolidate Trace’s results in the Group’s accounts with effect from the closing of the transaction.

Joseph Hundah, Executive Vice President of MTG’s African operations, commented: “Trace is a cool and contemporary entertainment brand, and one of the leading youth brands in Africa. Trace has proven success with different formats around the world. It fits perfectly with what we are doing both in Africa and, more broadly, with both our linear and digital operations, as well as our content production houses. This deal is another key milestone in our international expansion and provides us with footholds from which we can expand even more in Europe, South America, Asia and francophone countries around the world.”

“We look forward to welcoming Trace’s skilled and experienced management team to MTG. We will work together to further develop our successful brands and formats, and to continue to expand our businesses.”

Olivier Laouchez, Trace Co-founder, Chairman and CEO, commented: “We are just at the beginning of the mobile and digital revolutions. In the coming 5 years, the media industry will dramatically change. MTG has the right set-up and vision to make Trace a leading and cool entertainment multimedia brand for the youth generation, worldwide. We are extremely confident that the synergies, resources and opportunities provided by MTG and its great team will make us achieve this goal faster and better, while preserving Trace’s unique identity and entrepreneurial dynamics.”

Jørgen Madsen Lindemann, President and CEO of MTG, commented: “Trace’s development has followed a similar path and strategy to our own at MTG – the creation and nurturing of innovative local products that customers love and want more of, investment in the content offerings, the broadening of their availability, and then international expansion with equally strong local versions in high growth new markets. Trace’s channels and platforms share the powerful affinity with audiences that we always look for. This acquisition is yet another example of our objective to shape the future of entertainment by expanding our content offering, our digital availability and our geographical footprint.”

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Modern Times Group (MTG) is an international entertainment group with operations that span four continents and include free-TV, pay-TV, radio and content production businesses. MTG’s Viasat Broadcasting operates free-TV and pay-TV channels, which are available on Viasat’s own satellite platforms and third party networks, and also distributes TV content over the internet. MTG is also the largest shareholder in CTC Media, which is Russia’s leading independent television broadcaster.

Modern Times Group is a growth company and generated net sales of SEK 14.1 billion in 2013. MTG’s Class A and B shares are listed on Nasdaq OMX Stockholm’s Large Cap index under the symbols ‘MTGA’ and ‘MTGB’.

The information in this announcement is that which Modern Times Group MTG AB is required to disclose under the Securities Market Act and/or the Financial Instruments Trading Act. It was released for publication at 08:00 CET on 25 February 2014.