

30 July 2012

MTG acquires Swedish communications operator

Modern Times Group MTG AB (publ.) ('MTG' or 'the Group'), the international entertainment broadcasting group, today announced that it has signed an agreement to acquire 80% of Zitius Service Delivery AB ('Zitius') from Quadracom AB for an undisclosed cash consideration. The agreement also provides for the acquisition of the remaining 20% of Zitius in 2016. Zitius is Sweden's leading independent Open Access Communications Operator, with approximately 150,000 connected fibre households. Of these, over a third currently subscribe to a service via Zitius network.

The Open Access network structure is specific to the Swedish broadband market and provides an open environment where multiple service providers can sign agreements with the network operator to market their services to the end consumer, typically in multi-dwelling residential apartment buildings in towns and cities. Approximately 750,000 homes, or 16% of all Swedish households, are estimated to be currently connected to Open Access networks. The deployment and expansion of the networks since 2000 have been subsidised by Swedish local and national Government and the European Union.

Zitius was established in 2003 as an independent communications operator of Swedish Open Access broadband networks, and has multi-year agreements with infrastructure owners such as local Swedish councils and real estate organisations. Zitius provides network management and service packaging services, and installs, owns and operates the active network equipment including routers and switches, but typically does not operate the equipment on consumer premises. Zitius has agreements with a broad range of third party providers of telephony, data and TV services, who market their services to homes within the networks that Zitius operates. MTG's Viasat Broadcasting is already one of these providers.

Zitius generated pro forma revenues of SEK 96 million for the full year 2011, with SEK 14 million of EBITDA and an EBIT of SEK 6 million adjusted for non-recurring items. Pro forma CAPEX for the full year 2011 amounted to SEK 10 million. The Company generated pro forma sales of SEK 66 million for the first six months of 2012, with an EBITDA of SEK 20 million and an EBIT of SEK 12 million. CAPEX for the first half of 2012 amounted to SEK 14 million.

Hans-Holger Albrecht, President and CEO of MTG, commented: "The acquisition of Sweden's number one operator of Open Access broadband networks reflects our commitment to invest in and support the roll-out of high speed platforms that broaden the availability and increase the consumption of our content. Video is the primary driver of internet traffic and that demand is only growing. Zitius is a high growth market leader in a fast growing segment that also delivers attractive profitability levels. Our intention is to strengthen Zitius' market leading position even further, and to continue providing attractive offerings to customers from multiple suppliers in an open environment. We will continue to market our own Viasat channels and Viaplay service to consumers through as many platforms as possible."

Roy Forslund, CEO of Quadracom commented: "This deal is perfectly in line with our strategy to enhance Zitius' position as the leading and only credible independent operator of open access broadband networks in Sweden. Becoming a part of MTG, Sweden's leading premium content provider, will significantly strengthen the Company's position and give it the power to fulfil the vision to offer the broadest, locally tailored and most exciting services for the benefit of our existing and future network owner customers and all those who are connected to open access broadband networks managed by Zitius."

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Modern Times Group (MTG) is an international entertainment broadcasting 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 record net sales of SEK 13.5 billion in 2011. 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 30 July 2012.