

PRESS RELEASE
Stockholm, 13 July 2015

Cgates acquires Lithuanian Pay-TV and Internet provider Kava

East Capital Explorer AB – listed on Nasdaq Stockholm – announces that Cgates, a wholly owned subsidiary of East Capital Explorer’s largest holding Starman, has acquired Lithuanian regional operator Kava in a deal that will benefit Cgates through reaching nationwide coverage within pay-TV and broadband Internet.

“Cgates’ acquisition of Kava is another step in the creation of a leading pan-Baltic cable TV and broadband Internet player, with Starman and Cgates as strong platforms in Estonia and Lithuania. This is a business with clear scale benefits for operators with strong product offerings and efficient networks, and we will continue to leverage on that”, says Mia Jurke, CEO of East Capital Explorer.

Kava is a growing telecommunications company with around 20,000 customers in Lithuania. It has one of the country’s most modern fibre networks, covering more than 100,000 households across the major cities Vilnius, Klaipėda, Šiauliai and Panevėžys. Of these cities, Cgates’ current network covers only Vilnius. Kava’s services comprise mainly broadband internet and pay-TV.

“Cgates is now becoming a nationwide operator, which is a milestone in our strategy for the company. The acquisition of Kava will increase the company’s household coverage by 30 percent and thereby strengthen its position in the market. Cgates is already a strong number two, but it is still a fragmented market with many growth opportunities”, adds Gert Tiivas, Chairman of Starman.

Cgates is a wholly owned subsidiary of Estonia’s leading cable TV and broadband internet provider Starman, of which East Capital Explorer owns 63 percent. Cgates is Lithuania’s second largest cable TV and broadband internet provider with a network covering 300,000 households in 12 cities. Cgates has about 120,000 RGU’s (Revenue Generating Units) within pay-TV and 70,000 within Internet. The company’s revenues in 2014 were EUR 15.8m with an EBITDA margin of 44.7 percent.

Cgates will finance the acquisition through debt. The deal will be finalized following approval from relevant authorities in Lithuania.

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Financial reporting calendar

- Interim Report, Q2 2015 - 20 Aug 2015
- Interim Report, Q3 2015 - 5 Nov 2015

About East Capital Explorer

East Capital Explorer AB (publ) is a Swedish investment company, created with the specific aim of bringing unique investment opportunities in Eastern Europe to a broader investor base. The company makes direct investments into private and public companies but investments are also made through East Capital’s private equity, real estate and alternative investment funds. East Capital Explorer’s main investment theme is domestic growth and the Company targets fast growing sectors such as Retail and Consumer goods, Financials and Real Estate. East Capital Explorer has appointed East Capital to manage its investment activities. East Capital Explorer is listed on Nasdaq Stockholm, Mid Cap.

Listing: Nasdaq Stockholm, Mid Cap - **Ticker:** ECEX - **ISIN:** SE0002158568 -
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