



MTG sells Russian & international pay-TV channels businesses

MTG today announced that it has simultaneously signed and completed the sale of its Russian and international pay-TV channel businesses for a total consideration of USD 45.5 million. The Russian channel business comprises factual, movie and sports channels, while the international channel business comprises pan-regional factual channels and the TV1000 movie channels.

These transactions do not include MTG's other entertainment channels or platforms, or the global Trace pay-TV channels business. The businesses being sold generated combined revenues of SEK 448 million and operating profits of SEK 102 million for the first nine months of 2015.

Sabiero Holdings Limited, a wholly owned subsidiary of the international private equity firm Baring Vostok, has acquired MTG's international channels business, and Russian company LLC Sinerdzhi has acquired the Russian channels business.

Irina Gofman, MTG Executive Vice President and CEO of the acquired businesses, will be responsible for these businesses under the new ownership, and the existing management teams and employees will also stay with the acquired businesses under the new ownership.

“The sale has been made necessary by the changes in the Russian laws regarding foreign ownership of mass media that were announced last year and come into effect from the beginning of next year. We have undertaken a thorough review of the options available to us in this context and to seek the best possible outcome for the stakeholders in the businesses and MTG as a whole.

I want to thank all of our talented and loyal colleagues who have contributed so much to the remarkable growth of these operations that we launched. We wish you the very best for the future and look forward to further success together as we continue to carry the channels on our various pay-TV platforms.

These transactions and the agreement announced by CTC Media aim to conclude our actions to comply with the new Russian laws. Our total cash income from our USD 123 million of cash investments in Russia since 2001 would then be approximately USD 770 million and equivalent to a cash return of more than five times our investment.”

Jørgen Madsen Lindemann, MTG President & CEO

A preliminary accounting and non-cash gain of approximately SEK 40 million will be

reported as a non-recurring item in MTG's Q4 and full year 2015 results as a result of these transactions announced today. The effects of the CTC Media transactions are separately reported in the 'discontinued operations' lines of MTG's accounts.

Any questions?

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MTG (Modern Times Group MTG AB (publ.)) is an international entertainment group. Our operations span six continents and include TV channels and platforms, online services, content production businesses and radio stations. We are also the largest shareholder in CTC Media, which is Russia's leading independent media company. Our shares are listed on Nasdaq OMX Stockholm ('MTGA' and 'MTGB').

The information in this announcement is that which MTG is required to disclose according to the Securities Market Act and/or the Financial Instruments Trading Act, and was released at 09.50 CET on 26 October 2015.