

NENT Group and Telenor Group to merge Viasat Consumer and Canal Digital

Nordic Entertainment Group (NENT Group), the Nordic region's leading streaming company, has entered into an agreement with Telenor Group to combine its Viasat Consumer (satellite pay-TV and broadband-TV operations) with Canal Digital (satellite pay-TV). The combination will result in the parties each holding 50 percent of the shares of the new joint venture company and is expected to create substantial synergies and shareholder value, as well as provide an enhanced proposition for customers.

Highlights

- The combination generates a scale Nordic player with combined net sales of approximately SEK 7.6 billion and 1,257k subscribers at the end of June 30, 2019.
- The combination is expected to yield annual cost synergies of approximately SEK 650 million, with full effect from 2022. Furthermore, there are expected to be substantial sales synergies arising primarily from Viaplay upsell opportunities and reduced churn in the joint entity.
- Integration and other related costs are expected to total approximately SEK 900 million, and will be reported in the new joint venture.
- The joint venture will be reported as an associated company in NENT Group and Telenor, and is expected to distribute available cash to its shareholders.
- The combination is subject to EU regulatory approval and expected to be completed during the first half of 2020.

The rationale behind a consolidation in the Nordic satellite-TV segment has been clear for a long time. It will provide a simpler and more complete content offering, create substantial revenue and cost synergies, and enable sustained investment to stay competitive. The parties agree that an independent joint venture is the strategically preferred route to capture the synergies and create shareholder value. It will operate on an arm's length basis from both companies, and will be an open platform providing content from multiple providers.

Comments on the agreement

Anders Jensen, NENT Group President and CEO: "We are very happy to announce this game-changing joint venture with Telenor. Combining Viasat Consumer and Canal Digital makes perfect sense. We are creating a large-scale TV operator that will create sustainable value for customers and owners, and be able to compete with large scale regional and local competitors. We have achieved complete alignment of interest through a 50/50 joint

venture structure and a shared vision for brands, products and how to provide an even better consumer experience. This deal will drive significant shareholder value and it fits perfectly with our strategy to focus on the substantial opportunity we see in the fast-growing streaming sector. The new joint venture will be a major distribution partner for both our Viasat channels and Viaplay.”

Jørgen C. Arentz Rostrup, Telenor Group CFO: “The joint venture will combine the respective strengths of Canal Digital and Viasat Consumer, leveraging synergies for the benefits of our customers and shareholders. There is a compelling business rationale behind combining the DTH operations of Canal Digital and Viasat Consumer, with large synergies to be captured within areas including transponder capacity, IT and operating expenditure. The joint venture will use Telenor Satellite’s services on 1°West for DTH transmission, representing a solid foundation for Telenor Satellite’s broadcast operations.”

Financial profile of the joint venture

Telenor and NENT Group will ensure that the joint venture will benefit from the provision of a suite of services from the two respective partners, including transponder capacity, technology services, content and streaming services.

Indicative financial information for the Viasat Consumer and Canal Digital is presented for full year 2018 and H1 2019. The JV will be financed by its owners and is not expected to have any external borrowings from the start. The intention is that the JV will pay out its distributable earnings to its owners in the form of dividends.

(SEKm)	Viasat Cons.	Canal Digital	Viasat Cons.	Canal Digital
	2018	2018	H1 2019	H1 2019
Net sales	2,846	4,786	1,460	2,294
EBITDA	508	854	247	362
Operating profit	490	760	241	322
Total subscribers ('000)	493	793	491	766

Note: Canal Digital’s figures are converted to SEK using a NOK/SEK exchange rate of 1.069 for 2018 and 1.080 for H1 2019.

Synergy opportunities

The combination is expected to achieve annual cost synergies of approximately SEK 650 million, with full effect from 2022. The largest areas of synergies are expected to come from transponders, IT and SG&A related costs. The integration and other related costs needed to achieve these synergies are expected to be approximately SEK 900 million and to be incurred during 2020-2021. This primarily reflects the costs for migrating Viasat Consumer’s subscriber base to the Telenor Satellite platform.

Governance structure for the new joint venture

The company will be headquartered in Stockholm and Oslo. The Board of Directors will have an equal representation from Telenor and NENT Group, with a rotating chairmanship. The

CEO will be Bjørn Ivar Moen (currently CEO of Canal Digital and Telenor Broadcast), and the CFO and Head of Operations will be Jonas Gustafsson (currently CEO of Viasat Consumer). Other key management positions will be jointly appointed and announced prior to the completion of the transaction.

Impact on NENT Group

After closing of the transaction, NENT Group will report its share of the net income of the joint venture as income from associated companies within its operating income. The transaction will give rise to a capital gain for NENT Group, which will be reported within Items Affecting Comparability. Upon closing, NENT Group will perform a purchase price allocation which likely will result in the identification of amortisable assets that will impact the income from the associated companies. The amounts are not known at the date of this release but will have no cash flow impact.

Analyst and journalist telephone conference at 09.00 CET on 23 October

NENT Group invites you to participate in a conference call with NENT Group's President & CEO Anders Jensen and CFO Gabriel Catrina at 09:00 CET. Please call in at least 5 minutes before the scheduled start time so that the conference starts on time.

Sweden: +46 (0) 850692180

UK: +44 (0) 8445718892

US: +1 6315107495

The access code for the call is **3987686**.

The conference call will also be available live in 'listen-only' mode here: <https://edge.media-server.com/mmc/p/udvk35hy>

The presentation material will be available here: <https://www.nentgroup.com/investors>

NOTES TO EDITORS

Nordic Entertainment Group AB (publ) (NENT Group) is the Nordic region's leading entertainment provider. We entertain millions of people every day with our streaming services, TV channels and radio stations, and our production companies create content that is experienced around the world. We make life more entertaining by telling stories, touching lives and expanding worlds – from live sports, movies and series to music and original shows. Headquartered in Stockholm, NENT Group is listed on Nasdaq Stockholm ('NENT A' and 'NENT B'). This information is information that Nordic Entertainment Group AB (publ) (NENT Group) 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 below, at 19:10 CET on 22 October 2019.

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