

Press release

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EQT V acquires Eurocom and CableTel - Bulgaria's two leading cable TV operators

- EQT V acquires 100% of Eurocom from Warburg Pincus
- EQT V acquires 70% of CableTel from Gene Phillips
- CableTel's other shareholder Ron Finley will remain minority shareholder by rolling over his 30% shareholding in CableTel into the merged company and investing further equity
- Eurocom and CableTel merge to form Bulgaria's largest cable TV operator
- Merged company plans network investments and new products in digital TV, broadband and telephony

The total enterprise value of the two transactions amounts to more than EUR 200 million, which sets the deal among the most significant transactions in the sector for 2009.

EQT V, a leading European private equity fund, has agreed to acquire Bulgaria's two leading cable TV operators, Eurocom and CableTel. EQT V intends to merge the two entities, invest into the new company together with CableTel's current shareholder Ron Finley and create a major player in the Bulgarian digital TV and broadband markets.

"We see great potential in the Bulgarian market as both digital TV and broadband are gaining ground fast. With our strong experience in the industry, we believe that by working together with the new company and its management we can drive both growth and technical innovation in the sector which today is fragmented", says Piotr Czapski, Partner at EQT Partners, advisor to EQT V.

EQT has a strong track record of fostering growth and value creation in the more than 70 companies that it has invested in over the last 14 years. EQT has previously developed Swedish cable TV operators StjärnTV and Com Hem into leading local providers of digital TV, broadband and telephony – so called triple play. Currently, EQT owns a leading German cable TV operator Kabel BW which has recorded significant growth and successfully developed the triple play concept in Germany.

EQT V is acquiring 100% of the shares in Eurocom from US-based private equity house Warburg Pincus. At the same time, EQT V acquires 70% of the shares in CableTel from Gene Phillips. CableTel's other shareholder Ron Finley will remain minority shareholder by rolling over his 30% shareholding in CableTel into the merged company and investing further equity.

EQT V is part of EQT, a group of private equity funds that has raised approximately €13 billion in 12 funds. EQT Partners, acting as investment advisor to all EQT funds, has offices in Stockholm, Copenhagen, Frankfurt, Helsinki, Hong Kong, Oslo, London, Munich, New York, Shanghai, Warsaw and Zurich. EQT funds realise their business concept by acquiring, financing and developing high-quality medium-sized companies in Northern and Eastern Europe, North America and Asia. EQT serves as an active owner and works in close cooperation with the management of the companies it acquires, to develop and implement value-enhancing strategies. In total EQT funds have invested in more than 70 companies.

The merged company will be the clear market leader in both Bulgaria and Macedonia with annual revenues of approximately EUR 70 million and some 0.5 million households connected to the network.

The Bulgarian cable TV market is fragmented and digital TV and broadband penetration rates are lower than in the European Union as a whole. EQT V intends, together with the new company's management and other shareholders, to accelerate the move into digital TV, broadband and telephony services by continuously investing into and offering a broad range of new and competitive services in combination with superior customer service.

"To drive this development of both the merged company and the market as a whole investment is needed in the networks and the operations. With the support and financial backing from EQT V and their strong experience in the industry we will be extremely well positioned to not only benefit from the development but also being a driving force. For the customers of Eurocom and CableTel this means new and attractive services at very competitive prices and first-class customer care," says Istvan Polony, CEO of Eurocom who will also become CEO of the combined company.

For at least two months after the merger announcement the two companies Eurocom and CableTel will continue operating as separate market entities and the services they offer now will be provided throughout this period. The operational integration of the two companies and the impact on customers in terms of new products and services will be announced separately. A merger between the two companies with one majority shareholder has been approved by the Bulgarian competition authorities.

ING Bank acted as financial advisor to EQT V in these transactions.

The transactions mark EQT V's first and second investment in Central and Eastern Europe. Central and Eastern Europe is an important market for EQT and is covered by an advisory office opened in Warsaw, Poland, in 2008.

"While the ongoing global recession has slowed the activity in the whole private equity sector we continue to see very interesting and attractive opportunities in the Central and Eastern European economies. These investments are expected to be followed by further investments over the coming years", continues Piotr Czapski.

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About EQT

EQT is a group of leading private equity funds with operations in Northern Europe, Central and Eastern Europe, USA and Asia. EQT manages funds active within buy-outs, growth financing and infrastructure. EQT deploys a unique approach to investing, utilizing a vast network of industrialists to identify and develop companies. EQT's model is based on clear corporate governance. The EQT funds mainly acquire or finance market leaders with considerable growth potential.

EQT acts as a catalyst for change in the companies that the funds invest in. The companies develop into market leading players through genuine and sustainable operational improvements. EQT has raised approximately EUR 13 billion in 12 funds, which have invested approximately EUR 7 billion in more than 70 companies. EQT owned companies employ more than 500,000 employees.

Since EQT Equity's first acquisition in 1995, the average revenue growth in its portfolio companies has been 13% annually, the number of employees has increased by 12% annually and earnings by 20% annually. More than 90% of the historic value creation in the 31 fully exited companies is attributable to growth, strategic repositioning and increased earnings.

EQT Partners is advisor to all EQT funds and has more than 100 investment professionals with an extensive industrial and financial competence. EQT Partners has offices in Copenhagen, Frankfurt, Helsinki, Hong Kong, London, Munich, New York, Oslo, Shanghai, Stockholm, Warsaw and Zurich. EQT Partners Warsaw office covers the Central and Eastern Europe region.

About CableTel

CableTel is a new generation cable telecommunication operator. Founded in 1999 with the name CableTel Bulgaria, the company became a considerable player in the cable TV, telephony and internet services market after the entering of strategic international investors in 2003.

CableTel owns and operates the largest hybrid coaxial-optical cable network in Bulgaria reaching 23 cities. The company is also the undisputed cable market leader in Macedonia.

About Eurocom

Eurocom Cable Management Bulgaria is a telecommunication operator, which offers integrated communication home services – cable TV, digital TV, HDTV, Internet and telephony. The company owns the biggest optical – coaxial network in the country with 90% coverage in the capital and full coverage in Plovdiv and Pleven, as well as Gabrovo, Pazardjik and Kiustendil.

Eurocom is one of the co-organizers of the project Children Safe in Internet, which aims to inform parents and children about the rules for safety browsing on the Internet.