



LEADING ESTONIAN CABLE OPERATOR ACQUIRED BY FINNISH MOBILE TELCO

Deal snapshot

- The founding shareholders of AS Starman, Polaris Invest and Com Holding have sold Starman's Estonian operations to the listed Finnish telecoms provider Elisa Oyj for US\$160 million.
- Starman is the leading cable television services and broadband provider in Estonia, with approximately 320,000 subscribers. Since its establishment in 1992, the company has grown organically and through numerous acquisitions, integrating more than 20 local operators over the years. Starman is the market leader in pay TV and number two in broadband internet, with a 35% and 20% market share in each segment respectively.
- Elisa is the main Finnish telecommunications, ICT and online services provider, with 2.3 million customers in Finland, Estonia and internationally. It is listed on Nasdaq OMX Helsinki and has revenues of US\$1.8 billion. The company is the dominant mobile operator in the private customer segment in Estonia, with over 660,000 clients.



Transaction rationale

The acquisition of Starman enables Elisa to establish the first integrated cable-mobile group in the Baltics which can offer quadruple-play services. The transaction is expected to create considerable synergies through cross-selling opportunities, service bundling and a more efficient use of shared resources.

Our role in the transaction

Oaklins' team in Estonia acted as the exclusive financial advisor to the founding shareholders of Starman, leveraging their relationship with the buyer from previous working contacts.



Market trends and deal drivers

- **Ongoing mobile-fixed (cable) convergence:** technological challenges and customer expectations are driving quad-play to becoming the market standard.
- **The mobile revenue model is facing challenges:** voice and data services have become commoditized, therefore new revenue streams are increasingly being sought, including cable, to diversify data streaming options and premium content to create exclusivity.
- **Elisa's strategic objective:** Elisa was already providing mobile services in Estonia and wanted to strengthen its market position in its home markets — Finland and Estonia.

M&A valuation aspects

The enterprise value of US\$160 million implies an EV/EBITDA of 8.4x (2015 EBITDA) which, in combination with the deal structure, offered an attractive bid for Starman.

Oaklins industry specialist



✉ **Heikki Källu**, Partner, Oaklins, Estonia

“This was a landmark transaction not only due to its size but also because of its complexity. Elisa's acquisition of Starman was just one part of a complex series of transactions where Starman's founders bought back control of the business and then de-merged the Estonian and Lithuanian operations, selling the Estonian operations to Elisa.”

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