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# Metro International S.A.

## Valuation Report

4 May 2015







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## **Board of Directors of Investment AB Kinnevik**

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4 May 2015

To the Members of the Board of Directors,

### **1. Introduction**

Investment AB Kinnevik (hereinafter “Kinnevik”) has a combined equity interest in the total issued and outstanding shares of Metro International S.A. (hereinafter “MISA”) of 99.89% through its wholly owned subsidiary, Kinnevik Media Holding AB. Kinnevik is consequently deemed to be the majority shareholder of MISA (hereinafter the “Majority Shareholder”) under the Luxembourg law of 21 July 2012 on the mandatory squeeze-out and sell-out of securities of companies currently admitted or previously admitted to trading on a regulated market or having been offered to the public (hereinafter the “Law”). The remaining 0.11% of the outstanding shares of MISA (collectively the “Minority Shares”) are held by several minority shareholders (hereinafter the “Minority Shareholders”).

In a press release dated 22 April 2015, Kinnevik notified the Minority Shareholders of its decision to exercise its mandatory squeeze-out right under the Law to buy their shares in MISA.

On 20 April 2015, Kinnevik informed the Commission de Surveillance du Secteur Financier (hereinafter “CSSF”) of its decision to exercise its right of a mandatory squeeze-out on the shares of MISA which are held by the Minority Shareholders (hereinafter the “Squeeze-Out”). Under the Law, Kinnevik is required within one month following this notification to communicate to the CSSF a proposed price (the “Proposed Price”) for the Minority Shares, as well as to provide a valuation report drawn up by an independent expert (the “Valuation Report”).

Kinnevik has mandated KPMG Luxembourg, Société coopérative (hereinafter “KPMG”) of which KPMG Deal Advisory is a division (hereinafter “KPMG Deal Advisory”) to prepare the Valuation Report in the context of the Squeeze-Out. We acknowledge that the Valuation Report will be made public and communicated to all concerned parties (including the Minority Shareholders and the CSSF).

This Valuation Report is drawn up by reference to accounting information as at 31 December 2014 (the “Reference Date”). The Reference Date corresponds to the date of the most recent, reliable financial statements which were available on the date on which the Majority Shareholder notified the CSSF of its decision to exercise its Squeeze-Out right. Given the size and complexity of MISA and the financial and accounting information available primarily as at year-end, we consider it appropriate to draw up the Valuation Report as at 27 April 2015 (the “Valuation Date”) based on accounting information as at the Reference Date, applying spot and forward exchange rates as at 27 April 2015. We have, where appropriate and indicated, taken into account any significant event which occurred during the period between the Reference Date and the date of this Valuation Report (see *Section 1.3 - Significant events subsequent to the Reference Date*).

### 1.1. Technical requirements

The Law states that the independent expert in a squeeze-out procedure is:

- Appointed by the Majority Shareholder with its name provided to the CSSF;
- Responsible for issuing a valuation report on the fair price of the securities; and,
- Independent and not conflicted in any way.

### 1.2. Factors considered in forming our opinion

In forming our opinion we have considered, in particular, the following matters:

- Management Business Plan:
  - The forecast cash flows for MISA and its subsidiaries (collectively hereinafter the “Entities” or the “Company”) are based on the 2015 to 2024 business plan received from MISA’s management (hereinafter the “Management Business Plan”), which has been converted from local currencies into Euros using the relevant forward rates as at the Valuation Date. We have concluded on the fair price (hereinafter the “Fair Price” – see *Section 6.2 – Basis of assessment*) per share in SEK using the spot exchange rate as at the Valuation Date;
  - Depreciation and amortization (hereinafter “D&A”) for the 2015 to 2024 forecast period (hereinafter the “Forecast Period”) has been derived based on KPMG’s analysis of the historical capital expenditures (hereinafter “CAPEX”) and D&A of the Company. Based on this analysis, sustainable maintenance CAPEX is assumed to be 0.5% of sales and D&A is computed using a straight line method over five years;
  - Normalized working capital was determined based on Management’s days receivable and payable assumptions; and,
- The value of Kinnevik’s equity investment in MISA based on the Kinnevik 2014 Annual Report was considered; however we understand based on discussion with Kinnevik management that the participation held by Kinnevik in MISA was impaired in the company’s Q1 2015 financial statements. Furthermore, we note that growth rates indicated in the Kinnevik 2014 Annual Report for MISA’s cash-generating units are reflected in local currency.

### 1.3. Significant events subsequent to the Reference Date

The following events subsequent to the Reference Date are deemed to be significant:

- The change in spot and forward exchange rates between the Reference Date and the Valuation Date;
- The sale of MISA's 25% equity interest in Publimetro Guatemala S.A. on 17 March 2015;
- MISA's acquisition of the remaining 49% stake in Publimetro Colombia S.A.S. on 28 February 2015;
- MISA's acquisition of an additional 63% stake in Diarios Unidos del Ecuador S.A. on 5 January 2015; and,
- MISA's acquisition of the remaining 35% stake in Metro Nordic Sweden AB in 9 April 2015.

We understand that any other subsequent events were deemed to be not significant by Management.

## 2. Summary of opinion

Based on our analysis, we are of the opinion that the Fair Price in the context of the Squeeze-Out is SEK 0.90 and SEK 0.94 per Class A and Class B share, respectively.

## 3. Key considerations

Our opinion is based solely on information available to us as at the date of this Valuation Report as set out in *Section 13, Appendix 6 – List of documents received from Management* of this Valuation Report. We note that we have not undertaken to update our Valuation Report for events or circumstances arising after the Valuation Date other than those of a material nature which would impact our valuation opinion. For purposes of this Valuation Report, such events or circumstances are deemed to be of a material nature if their omission or misstatement would be expected to influence the economic decisions of the users of the Valuation Report. We refer readers to the limitations and reliance on information as set out in *Section 6.3 - Limitations and reliance on information* of this Valuation Report.

## 4. Other matters

In forming our opinion, we have relied on objective methods which we considered adequate and which are commonly applied in the sale of assets. Therefore, our opinion does not consider the financial situation, objectives or needs of individual Minority Shareholders. It is not practical or possible to assess the implications of the Proposed Price (the "Proposal") on individual Minority Shareholders as their financial circumstances are not known.

Our Valuation Report has been prepared in accordance with the relevant provisions of the Law and other applicable Luxembourg regulatory requirements. This Valuation Report has been prepared solely for the purpose of determining a Fair Price for the Minority Shares in the context of the Squeeze-Out as an independent expert. We do not assume any responsibility or liability to any other party as a result of reliance on this Valuation Report for any other purpose.

As MISA's financial reporting currency is the Euro, all currency amounts and growth rates indicated in this Valuation Report are denominated in Euros (hereinafter "EUR"), unless otherwise stated. However, our Fair Price conclusion has been disclosed in SEK, to reflect that MISA's Class A and Class B shares were formerly listed in SEK currency.

The above opinion should be considered in conjunction with, and not independently of, the information set out in the remainder of this Valuation Report, including the appendices.

## 5. Legal context

The Law on the squeeze-out and sell-out of securities admitted or formerly admitted on a regulated stock exchange of having been offered to the public entered into force on 1 October 2012. The term “squeeze-out” refers to the right by a majority shareholder to compulsorily acquire the shares of all the minority shareholders in a company. Conversely, the term “sell-out” or “reverse squeeze-out” allows a minority shareholder to request the purchase of his shares from the majority shareholder.

Prior to the adoption of the Law, the law dated 19 May 2006 implementing the EU Directive on takeover bids 2004/25/EC introduced squeeze-out rights and sell-out rights available in certain circumstances in relation to takeover bids.

The scope of the Law governs the squeeze-out and sell-out of securities of a company that has its registered office in Luxembourg and whose securities:

- Are admitted to trading on at least a regulated market in one or several member states of the European Economic Area;
- Were previously admitted to trading on at least a regulated market in one or more member states of the European Economic Area, if the removal from trading took place less than five years ago; or,
- Were subject to a public offering less than five years ago.

During a transitory period ending three years after the entry into force of the Law, the Law extends squeeze-out rights and sell-out rights to situations where the company's securities were removed from trading on a regulated market (i.e. de-listed) after 1 January 1991.

The term “majority shareholder” is defined by the Law as any natural or legal person holding alone or together with other persons acting in concert, directly or indirectly, securities representing not less than 95% of the capital carrying voting rights and 95% of the voting rights of the company.

The majority shareholder must provide the CSSF with a proposed fair price for the securities and a Valuation Report prepared by an independent expert.

## 6. Scope of the report

### 6.1. Purpose

The Majority Shareholder notified the CSSF of its decision to exercise its squeeze-out right under the Law. As a result, there is a legal requirement for a valuation report to be prepared in accordance with the requirements of the Law.

### 6.2. Basis of assessment

The Valuation Report was conducted as at the Valuation Date in accordance with Article 4 of the Law, which states that the contemplated transaction in relation to the Proposal (hereinafter the “Transaction”) is to be performed on the basis of a “fair price” (previously defined as “Fair Price”). In preparing the Valuation Report, our Fair Price estimate is based primarily on information provided by MISA and its subsidiaries, industry research, and discussions held with MISA's management and the management of its subsidiaries or investments (collectively hereinafter “Management”). Despite the Law not defining “Fair Price”, it states that the Fair Price has to be derived according to objective and adequate methods applying to asset disposals (refer to Article 4 of the Law). For the purpose of the Valuation Report, and based on our professional experience in the field of valuing transferable securities, we define the term “Fair Price” in further detail in *Section 7.4.2 - Overview of valuation approaches*. Fair Price is defined here as “the estimated amount for which assets or liabilities should exchange on the Valuation Date between a willing



buyer and a willing seller in an arm's length transaction, where the parties had each acted knowledgeably, prudently and without compulsion".

We note that there may be significant differences between "price" and "market value" in an open market due to the following: (i) purchasers and vendors may have different knowledge, negotiating abilities and financial strengths; (ii) all potential purchasers may not be identifiable; (iii) legal and contractual restrictions are enforceable and cannot be assumed away; (iv) a price may be struck as the result of forced or compulsive acts on behalf of either the vendor or the purchaser; and, (v) the price may not be comprised of all cash consideration and earn-outs or other structures may be relied upon to bridge the price "gap" between the vendor and the purchaser.

The valuation methodologies adopted by KPMG Deal Advisory are outlined in more detail in this Valuation Report and include as appropriate, but are not limited to, a combination of:

- An income approach based on discounted cash flow analysis (hereinafter "DCF");
- A market approach based on multipliers implied by comparable publicly traded companies and/or by recent market transactions or based on the price of recent transactions; and,
- A net asset value approach (hereinafter "NAV").

### 6.3. Limitations and reliance on information

In preparing this Valuation Report and arriving at our opinion, we have considered the information outlined in *Section 13, Appendix 6 – List of documents received from Management* of this Valuation Report. In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying it. Nothing in this Valuation Report should be taken to imply that KPMG Deal Advisory has in any way carried out an audit of the books of account or other records of MISA or its subsidiaries for the purposes of this Valuation Report.

We further note that an important part of the information used in forming our opinion is comprised of the opinions and judgments of Management. Therefore, we have also had discussions with Management in relation to the nature of the business operations of the different Entities included in the valuation scope. Discussions were also held in relation to the Entities' specific risks and opportunities, their historical results and their prospects for the foreseeable future. This type of information has been evaluated through analysis, enquiry and review to the extent practical.

Kinnevik is responsible for ensuring that the information provided by it or its representatives is not false or misleading, or incomplete. Complete information is deemed to be information which at the time of completing this Valuation Report would have reasonably been expected to have been made available to KPMG Deal Advisory to enable us to form our opinion.

We have no reason to believe that any material facts have been withheld from us but do not warrant that our inquiries have revealed all of the matters which an audit or extensive examination might disclose. The statements and opinions included in this Valuation Report are given in good faith, and in the belief that such statements and opinions are not false or misleading.

The information provided to KPMG Deal Advisory included but was not limited to historical financial statements, forecasts/projections, other statements, and assumptions about future matters (e.g. forward-looking financial information) prepared by Management. Whilst KPMG Deal Advisory has relied upon this forward-looking financial information in preparing this Valuation Report, Kinnevik remains responsible for all aspects of this forward-looking financial information. The forecasts and projections as supplied to us are based upon assumptions about events and circumstances which have not yet transpired. We have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to any forward-

looking financial information; however, we have made sufficient enquiries to satisfy ourselves that such information has been prepared on a reasonable basis.

Notwithstanding the above, KPMG Deal Advisory cannot provide any assurance that the forward-looking financial information will be representative of the results which will actually be achieved during the Forecast Period. Any variations in the forward-looking financial information may affect our valuation and opinion.

We note, that in the context of the contemplated Proposal, it is not the role of the independent expert to undertake commercial and/or legal due diligence. In forming our opinion we applied, among others, the guidelines issued by the International Valuation Standards Council (hereinafter “IVSC”). In the context of the IVSC guidelines we note that this Valuation Report is not:

- An opinion or any form of assurance that the highest and best possible price is being obtained or received for the Transaction;
- An assessment or evaluation of the sale or negotiation process leading to the pending Transaction or consideration to be paid/received therein;
- An affirmation of the strategic merit of the contemplated Transaction;
- A recommendation to security holders on how to vote;
- An analysis of, or opinion on, other aspects of a given transaction such as lockups, termination fees, severance agreements, and so on; and,
- A confirmation of, or any form of opinion or assurance (audit, review, or compilation) on, historic or, prospective financial or any other information provided by or on behalf of the client or obtained publicly.

The opinion of KPMG Deal Advisory is based on prevailing market, economic and other conditions as at the Valuation Date. Conditions can change over relatively short periods of time.

KPMG Deal Advisory has based the Valuation Report on financial information as at the Reference Date, with the exception of the significant events detailed in *Section 1.3 - Significant events subsequent to the Reference Date*. We understand that any other subsequent events were deemed to be not significant by Management.

Any subsequent changes in these conditions could impact upon our opinion. We note that we have not undertaken to update our Valuation Report for events or circumstances arising after the date of this Valuation Report other than those of a material nature which would impact upon our opinion.

#### **6.4. Disclosure of information**

In preparing this Valuation Report, KPMG Deal Advisory has had access to all financial information considered necessary in order to provide our valuation opinion. With respect to commercially sensitive information, this Valuation Report will encompass limited operational and financial information relating to the Company. This has been made on the basis of the commercially sensitive and confidential nature of the operational and financial information of the operating entities comprising MISA. As such the information in this Valuation Report has been limited to the type of information that is made available in the public domain by MISA and/or Kinnevik.



## 6.5. Declaration of independence

In accordance with our engagement letter dated 19 February 2013 (hereinafter the “Engagement Letter”) KPMG has been engaged by Kinnevik to act as an independent valuation expert in compliance with the article 4 (5) Law of 21 July 2012 on the mandatory squeeze-out or sell-out of securities of companies currently admitted or previously admitted to trading on a regulated market or having been offered to the public (the “Engagement”).

KPMG has conducted the usual checks in matters of independence and conflicts of interest related to this engagement. We note that:

- KPMG is neither the auditor of Kinnevik nor MISA;
- KPMG does not render services to Kinnevik, with the exception of the Engagement;
- KPMG provides non-significant tax services to MISA;
- KPMG employees assigned to the Engagement do not own financial interests of any sort in MISA or its affiliates and have confirmed they have no conflict of interest in performing the Engagement;
- KPMG has not conducted any valuations concerning MISA in the framework of a transaction with third parties of any sort;
- The revenue earned by KPMG from MISA and Kinnevik represents an insignificant portion of KPMG revenues;
- Total sales attributable to services provided to Metro International S.A., Investment AB Kinnevik and their respective subsidiaries by KPMG globally over the last three years correspond to less than 0.10% of KPMG’s global annual sales. Accordingly, the sales generated by KPMG from Metro International S.A., Investment AB Kinnevik and their respective subsidiaries represent therefore a very small portion of KPMG’s global revenue; and,
- Over 2014, the total sales that KPMG Luxembourg generated from Metro International S.A. and its subsidiaries amounted to approximately 0.07% of KPMG Luxembourg’s total annual sales. Total sales generated from Investment AB Kinnevik and its subsidiaries over 2014 amounted to approximately 0.15% of KPMG Luxembourg’s total annual sales. Accordingly, the revenue generated from engagements with Metro International S.A., Investment AB Kinnevik and their respective subsidiaries represents a very small portion of KPMG Luxembourg’s revenue.

Therefore, we did not identify any potential conflicts of interest or any elements questioning our independence in the context of the Valuation Report.

The above opinion should be considered in conjunction with the information set out in the remainder of this report, including appendices.

Yours sincerely,



Yves Courtois

Partner

KPMG Luxembourg, Société coopérative

Adjusted NAV	Adjusted net asset value
Book value	The value of an asset or liability according to its balance sheet account balance
bps	Basis Points
Brazil Operations	SP Publimetro S.A., Metro Publicacoes Do Brazil and Primerameo
Capex	Capital expenditures
CAGR	Compound Annual Growth Rate
CAPM	Capital Asset Pricing Model
Chile Operations	Publimetro S.A.
Colombia Operations	Publimetro Colombia S.A.S.
Company/Entities	MISA and its subsidiaries
CRP	Country Risk Premium
CSSF	Commission de Surveillance du Secteur Financier
D&A	Depreciation and Amortization
DCF	Discounted Cash Flow
Dormant Entities	Entities that do not have operating activities
Ecuador Operations	Diarios Unidos del Ecuador S.A. together with its subsidiaries Sistemas Guía S.A. and Publicaciones Quil S.A.
EUR	Euro
e.g.	For example
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EBT	Earnings Before Taxes
Engagement	Opinion of the Fair Price of the Minority Shares in MISA
Engagement Letter	KPMG's letter of engagement dated 19 February 2013
EQ	Equity value (i.e. the value of 100% equity interest)
ERP	Equity Risk Premium
EV	Enterprise Value
EV/EBITDA	Enterprise Value-to-EBITDA multiple
Fair Price	Derived according to objective and adequate methods applying to asset disposals in accordance with Article 4 of the Law
FCF	Free Cash Flows
FCFF	Free Cash Flows to the Firm

Forecast Period	The period from 2015 to 2024 based on the Management Business Plan
g	Terminal growth rate
GAAP	Generally Accepted Accounting Principles
Holding Entities	Entities whose purpose is to hold other entities
i.e.	That is to say
Inpromedi	Inversiones Pro Medios Limitada
Inpromedi loans	Intragroup loans owed by Inpromedi
IVSC	International Valuation Standards Council
Kinnevik	Investment AB Kinnevik
Kinnevik Loan	MISA loan payable to Kinnevik
KPMG	KPMG Luxembourg, Société cooperative
KPMG Deal Advisory	A division of KPMG Luxembourg, Société cooperative
Local Currencies	Local currency of each respective Entities' jurisdiction
LTM	Last twelve months
Majority Shareholder	The majority shareholder within the meaning of the Law
Management	MISA management and the management its subsidiaries or investments
Management Business Plan	The business plan provided by Management
Market participant	Buyers and sellers who have certain characteristics, such as being independent and knowledgeable about the asset or liability
Material / material nature	Events or circumstances that would be expected to influence the economic decisions of the users of the Valuation Report if they were to be omitted or misstated
Mexico Operations	Publicaciones Metropolitanas S.A. de C.V.
MIAB	Metro International AB
MDP	Metro Do Participacoes Ltda
Minority Shareholders	Collectively the shareholders who own 0.11% of the outstanding shares of MISA not held by Kinnevik
Minority Shares	Collectively 0.11% of the outstanding shares of MISA owned by the Minority Shareholders
MISA	Metro International S.A.
MRP	Market Risk Premium
n.a.	Not available
NAV	Net Asset Value
n.m.f.	Not meaningful figure
NOPLAT	Non-Operating Profit Less Adjusted Taxes

NPAT	Net Profit After Tax
Operating Entities	Operating entities owned directly or indirectly by MISA
p.a.	Per annum
PGR	Perpetual growth rate
P&L	Profit and Loss
Puerto Rico Operations	Publimetro Puerto Rico LLC
Reference Date	31 December 2014
Reference Index	MSCI World Index used as the reference index for beta computation
ROA	Return on Assets
ROE	Return on Equity
RV	Relative value or market approach
\$ / USD	US Dollars
Scoopshot	P2S Media group Oy
S&P Capital IQ	Standard & Poor's Capital IQ is an independent provider of multi-asset class and real time data, research and analytics
SEK	Swedish Krona
Sell-Out	The right, as a minority shareholder, to sell-out its shares
SG&A	Selling, General and Administrative Expenses
SOTP	Sum-of-the-parts
SP	Size Premium
Squeeze-Out	The right under the Law, as the Majority Shareholder, to squeeze-out all of the Minority Shareholders
SRP	Specific Risk Premium
Subsidiaries	All the subsidiaries owned by Metro International S.A.
Sweden Operations	Metro Nordic Sweden AB and Tidnings AB Metro
The Law	The Luxembourg law of July 21, 2012 on mandatory squeeze-out and sell-out of securities of companies currently admitted or previously admitted to trading on a regulated market or having been offered to the public
The Peers	Comparable publicly listed companies
Transaction Price	The price at which a transaction was closed
TV	Terminal Value
Valuation	Valuation of the Minority Shares of Metro International S.A.
Valuation Date	27 April 2015
Valuation Report	Valuation report drawn up by KPMG
WACC	Weighted Average Cost of Capital

## Table of Contents

<b>1. Introduction.....</b>	<b>1</b>
1.1. Technical requirements.....	2
1.2. Factors considered in forming our opinion.....	2
1.3. Significant events subsequent to the Reference Date.....	3
<b>2. Summary of opinion.....</b>	<b>3</b>
<b>3. Key considerations .....</b>	<b>3</b>
<b>4. Other matters .....</b>	<b>3</b>
<b>5. Legal context .....</b>	<b>4</b>
<b>6. Scope of the report.....</b>	<b>4</b>
6.1. Purpose.....	4
6.2. Basis of assessment .....	4
6.3. Limitations and reliance on information .....	5
6.4. Disclosure of information .....	6
6.5. Declaration of independence .....	7
<b>7. Metro International S.A. ....</b>	<b>13</b>
7.1. Organizational structure.....	13
7.2. Business overview .....	13
7.3. Equity investments.....	14
7.4. Valuation methodologies .....	16
7.4.1. Introduction .....	16
7.4.2. Overview of valuation approaches .....	17
7.4.3. Description of valuation methodologies.....	17
7.4.4. Selected approaches .....	20
7.5. Valuation .....	21
7.5.1. Valuation of MISA's main equity investments .....	21
7.5.2. NAV of MISA's investments in Holding Entities.....	22
7.5.3. NAV of MISA's investments in Dormant Entities .....	22
7.5.4. Valuation conclusion - Adjusted NAV approach.....	23
7.5.5. Valuation conclusion - Transaction Price approach .....	24
7.5.6. Overall valuation conclusion.....	25
<b>8. Appendix 1 – Free News Business .....</b>	<b>27</b>
8.1. Shareholding structure.....	27
8.2. Business overview .....	27
8.3. Products and markets .....	28
8.4. Recent developments .....	28

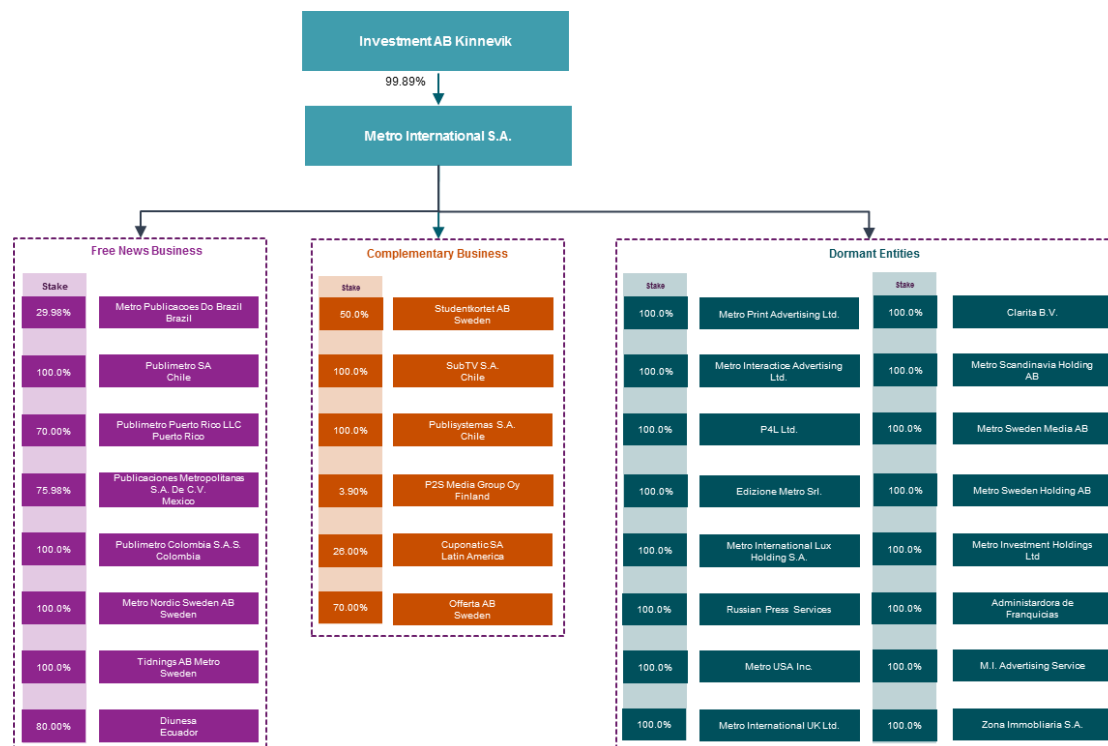
8.5.	Operations highlights .....	29
8.5.1.	Publimetro S.A. ....	29
8.5.2.	Publimetro Colombia S.A.S. ....	31
8.5.3.	Publicaciones Metropolitanas S.A. de C.V. ....	33
8.5.4.	Publimetro Puerto Rico LLC .....	35
8.5.5.	Brazil Operations .....	37
8.5.6.	Ecuador Operations .....	39
8.5.7.	Sweden Operations .....	40
8.5.8.	Publimetro Guatemala S.A. ....	43
<b>9.</b>	<b>Appendix 2 – Complementary Businesses .....</b>	<b>44</b>
9.1.	Shareholding structure .....	44
9.2.	Business overview .....	44
9.3.	Operations highlights .....	45
9.3.1.	SubTV S.A. ....	45
9.3.1.	Publisistemas S.A. ....	47
9.3.2.	Cuponatic S.A. ....	49
9.3.3.	Offerta AB .....	51
9.3.4.	Studentkortet AB .....	53
9.3.5.	Scoopshot .....	54
<b>10.</b>	<b>Appendix 3 – Headquarter Operations .....</b>	<b>55</b>
10.1.	Shareholding structure .....	55
10.2.	Business overview .....	55
10.3.	Management Business Plan .....	55
10.4.	Valuation summary and conclusion .....	56
<b>11.</b>	<b>Appendix 4 – Weighted Average Cost of Capital .....</b>	<b>57</b>
11.1.	Methodology .....	57
11.2.	Cost of equity .....	57
11.3.	Cost of debt .....	59
11.4.	Selection of peers .....	60
11.4.1.	News group – selected peers .....	61
11.4.2.	Digital marketplaces – Selected peers .....	61
<b>12.</b>	<b>Appendix 5 – KPMG Deal Advisory disclosures .....</b>	<b>62</b>
12.1.	Qualifications .....	62
12.2.	Disclaimers .....	62
12.3.	Independence .....	62
12.4.	Consent .....	62
<b>13.</b>	<b>Appendix 6 – List of documents received from Management .....</b>	<b>63</b>



## 7. Metro International S.A.

### 7.1. Organizational structure

Figure 1: Metro International S.A. – Simplified Organizational Structure



Source: Management

### 7.2. Business overview

Incorporated on 29 December 1999, Metro International S.A. (previously defined as “MISA”) is 99.89% owned by Investment AB Kinnevik (previously defined as “Kinnevik”) through its wholly owned subsidiary Kinnevik Media Holding AB. Accordingly, Kinnevik indirectly owns 99.89% of the outstanding shares of MISA, with the remaining 0.11% equity interest of MISA (previously defined as the “Minority Shares”) being held by minority shareholders (previously defined as the “Minority Shareholders”). MISA is the ultimate holding company of the Metro International group of companies (hereinafter “Metro Group”) and owns, either directly or indirectly, several subsidiaries (previously defined as the “Subsidiaries” or the “Entities”) across Latin America and Sweden. MISA also holds various intangible assets, mainly composed of trademarks and licences. MISA collects royalties and franchise fees on the use of its intangible assets by the subsidiaries and by third parties (hereinafter the “Headquarter Operations”). Royalty and franchise fees agreements are typically structured as a fixed percentage of sales (see Section 10.2 for additional details).

In addition, MISA provides administrative and management services such as finance and internal audit services to its subsidiaries.

Metro Group’s original core business was the distribution of free newspapers in Sweden funded entirely by advertising revenue. While retaining its Swedish operations, Metro Group has shifted its geographical focus towards Latin America and has franchised its trademarks and licenses to third parties in other European States and North America. In recent years, Metro Group has diversified its activities into new businesses such as outdoor advertising, and invested in its digital capacities to start digitalizing its core operations in order to benefit from the strong growth in spending on digital

advertising. Indeed, Metro Group aims to leverage its original core capabilities (i.e. existing client and agency contacts, content production capabilities and commercial expertise) by integrating new complementary businesses (collectively referred to as the “Complementary Businesses”, and individually as a “Complementary Business”).

As a result, Metro Group’s business structure can be broadly categorized in the following operating segments:

- The distribution of free news including online news and newspapers (the “Free News Business”);
- Complementary Businesses; and,
- Headquarter Operations.

### 7.3. Equity investments

MISA holds varying equity positions in the Subsidiaries. The Company’s significant equity investments are summarized in the table below.

**Figure 2: Metro International S.A. – Main equity investments**

Metro International S.A. - Main equity investments			
Entities	Company Type	Ownership (%)	Selected Val. approach(es)
<b>Metro International S.A.</b>			<b>Adjusted NAV</b>
<b>Free News Business</b>			
Publimetro S.A.	Operating / Holding	100.00%	DCF
Publimetro Colombia S.A.S.	Operating	100.00%	DCF
Publicaciones Metropolitanas S.A. de C.V.	Operating	75.98%	DCF
Publimetro Puerto Rico LLC	Operating	70.00%	DCF
Metro Do Participacoes Ltda	Holding	100.00%	Adjusted NAV
Metro Publicacoes Do Brazil Ltda	Operating / Holding	29.98%	DCF
SP Publimetro S.A.	Operating	29.99%	DCF
Primeramao S.A.	Operating	29.98%	DCF
Diarios Unidos del Ecuador S.A.	Holding	80.00%	Transaction Price
Sistemas Guía S.A.	Operating	80.00%	Transaction Price
Publicaciones Quil S.A.	Operating	80.00%	Transaction Price
Metro International AB	Holding	100.00%	Adjusted NAV
Metro Nordic Sweden AB	Operating / Holding	100.00%	DCF
Tidnings AB Metro	Operating	100.00%	DCF
Administardora de Franquicias	Dormant	100.00%	NAV
<b>Complementary Businesses</b>			
Inversiones Pro Medios Limitada	Holding	100.00%	Adjusted NAV
SubTV S.A.	Operating	100.00%	DCF
Publisystemas S.A.	Operating	100.00%	DCF
Cuponatic S.A.	Operating	26.00%	RV / DCF
Offerta AB	Operating	70.00%	RV / DCF
Studenkortet AB	Operating	50.00%	Transaction Price
P2S Media Group Oy	Operating	3.90%	Transaction Price

Source: Management, KPMG Analysis

As presented in the table above, Metro Group's main equity investments consist of three types of companies:

- Operating entities, including entities active in each of the Free News Business and the Complementary Businesses segments;
- Holding entities; and,
- Dormant entities.

(A) Operating entities:

MISA owns directly or indirectly 13 operating entities (hereinafter the "Operating Entities").

Seven of the operating entities are active in the Free News Business:

- Publimetro S.A. operates the Free News Business in Chile (the "Chile Operations") and was launched in 2000. It owns through a Chilean holding company, Inversiones Pro Medio Limitada, SubTV S.A., Publisistemas S.A. and Zona Inmobiliaria S.A.;
- Publimetro Colombia S.A.S. (the "Colombia Operations") operates the Free News Business in Colombia and was launched in 2011;
- Publicaciones Metropolitanas S.A. de C.V. (the "Mexico Operations") operates the Free News Business in Mexico and was launched in 2006;
- Publimetro Puerto Rico LLC operates the Free News Business in Puerto Rico (the "Puerto Rico Operations") and was launched in 2012;
- Metro Jornal S.A (a.k.a. SP Publimetro S.A.), together with Primeramao S.A. and Metro Publicacoes Do Brazil Ltda operates the Free News Business in Brazil (collectively the "Brazil Operations") and was launched in 2007;
- Diarios Unidos del Ecuador S.A. operates through two subsidiaries, Sistemas Guía S.A. and Publicaciones Quil S.A., the Free News Business in Ecuador (collectively the "Ecuador Operations") and was launched in 2009;
- Metro Nordic Sweden AB (hereinafter "MNSAB") and Tidnings AB Metro operate the Free News Business in Sweden (collectively the "Sweden Operations") which is Metro's original market; and,

In addition, MISA operated Publimetro Guatemala S.A., which is a Free News Business in Guatemala. MISA sold its interest in Publimetro Guatemala S.A. on 17 March 2015.

Six of the operating entities are active in the Complementary Businesses:

- SubTV S.A. operates the Metro TV channel in the subway in Santiago, Chile and was launched in 2011;
- Publisistemas S.A. is a digital display solutions provider in Chile and was launched in 2011;
- Cuponatic SA operates a discount website throughout Latin America and was launched in 2010;
- Offerta AB operates a service brokerage website in Sweden and was launched in 2008;
- Studentkortet AB operates a student discount card business in Sweden and was launched in 1995; and,
- P2S Media Group Oy (hereinafter "Scoopshot") operates a mobile picture application in Finland and was launched in 2010.

## (B) Holding entities:

Metro International AB (hereinafter “MIAB”), Inversiones Pro Medios Limitada (“Inpromedi”) and Metro Do Participacoes Ltda (“MDP”) are holding companies (hereinafter “Holding Entities”), which have direct equity investments in other entities within Metro Group.

Specifically, these holding companies’ main investments are as follows:

- MIAB has a 100.0% stake in a Swedish holding and operating company, Metro Nordic Sweden AB;
- Inpromedi has 100.0% stakes in the operating companies SubTV S.A. and Publisystemas S.A., as well as in the dormant company Zonna immobiliare S.A.; and,
- MDP has a 29.98% stake in Metro Publicacoes do Brazil, which is the ultimate holding company of the Brazil operations.

## (C) Dormant entities:

MISA also has the following minor, direct or indirect equity investments in 16 dormant companies (hereinafter the “Dormant Entities”) whose main assets are cash, intragroup receivables, and other receivables. These entities have no operating activities.

**Figure 3: MISA – Dormant Entities**

Overview of MISA's investments in Dormant Entities as at the Valuation Date	
Entity	% Stake Owned
Metro International Lux Holding S.A.	100.0%
Clarita B.V	100.0%
Metro International UK Ltd	100.0%
Metro Scandinavia Holding AB	100.0%
Metro Sweden Media AB	100.0%
Metro Sweden Holding AB	100.0%
Metro Investment Holdings Ltd	100.0%
Metro Print Advertising Limited	100.0%
Metro Interactive Advertising Limited	100.0%
P4L Limited Hong Kong	100.0%
Administradora de Franquicias	100.0%
M.I. Advertising Service	100.0%
Edizione Metro Srl	100.0%
Russian Press Services	100.0%
Zona immobiliare	100.0%
Metro USA Inc.	100.0%

Source: Management, KPMG Analysis

## 7.4. Valuation methodologies

### 7.4.1. Introduction

As mentioned above, MISA is a holding company whose main assets are its Subsidiaries which include: (i) operating entities, (ii) holding entities, and (iii) dormant entities.

In order to perform a valuation of MISA, we considered the transaction price approach and also an adjusted net asset value (“NAV”) approach.

Under the adjusted NAV approach, we considered the balance sheet of MISA as at the Valuation Date and adjusted the book value of MISA’s most significant assets (including the Subsidiaries) and liabilities to value in order to derive its adjusted NAV.

To compute the value of each of the Subsidiaries, we considered different approaches based on the specificities of the subsidiary, its size, its activity and the quantity and quality of information available.

To compute the value of MISA’ standalone operations, we considered a discounted cash flow approach.

#### 7.4.2. Overview of valuation approaches

Our valuation of MISA has been prepared according to the Article 4 of the Law, which states that the contemplated transaction in connection with the Proposal has to be performed on the basis of the Fair Price of the securities. The Law states that the Fair Price has to be derived “according to objective and adequate methods applying to asset disposals” (Article 4).

In the context of the contemplated transaction in connection with the Proposal, we understand the term “Fair Price” as the estimated amount for which assets or liabilities should exchange as at the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, where the parties had each acted knowledgeably, prudently and without compulsion.

Fair Price is commonly derived considering the following generally accepted valuation methodologies:

- **Market approach:** under a market approach, the value of an asset or business reflects the price at which comparable assets or businesses are purchased under similar circumstances. Use of a market approach requires that comparable transactions or comparable company trading multiples be available. The transaction price is a type of market approach where the considered comparable transactions took place in the target company itself;
- **Income approach:** under an income approach, the value of an asset or business is based on the present value of the expected future cash flow attributable to the asset or business; and,
- **Cost approach:** based on the principle of substitution, the cost approach determines the value of an asset as an estimate of the current cost to purchase or replace the asset. A prudent investor would not pay more for an asset than the amount necessary to replace it.

These methodologies are discussed in greater detail in the following section. Ultimately, the methodology adopted in valuing MISA and the Subsidiaries is dependent on the nature of the underlying business and the availability of suitably robust information.

#### 7.4.3. Description of valuation methodologies

##### 7.4.3.1. Income approach

The discounted cash flow (hereinafter “DCF”) approach is a form of income approach. Under a DCF approach, the after-tax free cash flows (hereinafter “FCF”) that a business is expected to generate are projected over a specific forecast period. The projected FCF, together with the terminal continuing value of the business at the end of the forecast period, are discounted at a rate commensurate with the risk of the business to the Valuation Date to give an overall value for the company.

The forecast period should be of such length as to enable the business to achieve a stabilized level of earnings, or to be indicative of an entire operational cycle for more cyclical industries.

The forecast FCF for the period 2015 to 2024 were provided by Management for the Subsidiaries, where available, and discounted back to the Valuation Date.

The Terminal Value (hereinafter “TV”) considers the potential future growth of the business beyond the explicit forecast period. A common approach to determining the TV of a business is the “constant growth model”. It applies an expected constant level of growth to the cash flow forecast in the last year of the forecast period. The model assumes such growth can be achieved by the business or asset in perpetuity.

The discount rate at which the future cash flows are discounted should reflect not only the time value for money, but also the risk associated with the future operations of the business.

We have applied the DCF methodology on an Enterprise Value (hereinafter “EV”) basis. Under this method, cash flow is determined prior to interest expenses and related tax shields, and is discounted using a Weighted Average Cost of Capital (hereinafter “WACC”). The WACC reflects an optimal cost

structure of the business and considers a weighted average of the business' cost of debt and cost of equity, as measured on a market basis. Under this method, when the pre-interest cash flows are discounted using a WACC, the resulting conclusion represents the value of a company's working capital, tangible and intangible assets (referred to as EV). In order to translate the EV determined under the DCF approach to the value attributable to equity holders (referred to as "equity value"), the EV is adjusted to reflect net debt (i.e. third party interest-bearing debt, net of cash and cash equivalents) and any non-operating assets and liabilities (i.e. redundant net assets).

#### **7.4.3.2. Market / relative value approach**

An earnings-based market approach is a form of the market approach, which estimates a sustainable level of future earnings for a business and applies an appropriate market-derived multiple to those earnings, capitalizing them into a value for the business.

In considering the maintainable earnings of the business being valued, a number of factors need to be taken into consideration. Among others, these include whether the historical performance of the business reflects the expected level of future operating performance, whether significant changes are expected to occur in the operating environment of the business on a go-forward basis, or the impact of cyclicity on the business.

In the context of this Engagement, we have considered the actual earnings in 2014 and forecast in 2015 provided by Management when assessing maintainable earnings for the purposes of determining the value of certain Subsidiaries under a market approach.

The market-derived multiples applied using an earnings-based market approach valuation are generally based on data of comparable publicly listed companies and/or the multiples implied by recent transactions where the target company was comparable to the subject business. When identifying market multiples to apply to the earnings of the subject business, appropriate adjustments are made to reflect differences between the specific characteristics of the business being valued and the comparable company and/or target company identified. Such adjustments may consider differences in size, geographic location, growth prospects, overall risk business overview, etc.

##### **7.4.3.2.1. Selection of the earnings metric**

An earnings-based market approach can be applied to a number of different earnings or cash flow measures including, but not limited to, earnings before interest, taxes, depreciation and amortization (hereinafter "EBITDA"), earnings before interest and taxes (hereinafter "EBIT") and net profit after taxes (hereinafter "NPAT").

An Enterprise Value-to-EBITDA (hereinafter "EV/EBITDA") multiple is a commonly used multiple to measure the EV of a company. It is the most widely used valuation multiple based on EV and is often used in conjunction with, or as an alternative to, the price-to-earnings ratio to determine the value of a company.

The main advantage of the EV/EBITDA multiple is that it is capital structure neutral and can be used to directly compare companies with different levels of debt. However, EV/EBITDA multiples should be used prudently for companies with low profit margins.

Taking into consideration the above, we have considered forecast EV/EBITDA multiples of comparable publicly traded companies as a cross-check for our valuation conclusions of certain Subsidiaries under the DCF approach. Forecast earnings for comparable publicly traded companies were obtained from S&P Capital IQ (hereinafter "Capital IQ").

Similarly, the EV/Sales multiple was used where the target companies were at an early stage of development. A DCF analysis was also conducted as a benchmark of the results.



#### 7.4.3.2.2. Control premium considerations

Multiples applied under a market approach are generally calculated based on data from quoted companies and/or recent transactions in a comparable sector. The multiples derived from comparable publicly traded companies are generally based on the share price of individually traded shares. As such, the share price may inherently reflect a minority discount. The share price may also be impacted by the level of liquidity implied by the trading volumes of a particular stock.

Accordingly, when valuing a business “en bloc” (i.e. 100%), it is appropriate to also consider the multiples implied by recent transactions where an acquirer has purchased a controlling position of a target company. In such instances, the transaction multiples may inherently reflect a control premium paid for the shares of the business.

#### 7.4.3.2.3. Transaction price approach

The transaction price (hereinafter the “Transaction Price”) approach is a form of market approach, which estimates the value of an investment in a company based on recent transactions involving the subject company. Under a Transaction Price approach, the price of the investment and/or the price at which a subsequent investment was transacted is used as a basis to determine the value of the business.

In considering the Transaction Price as an indication of value, a number of factors need to be taken into account. Among others, these include whether the transaction occurred recently and whether the characteristics of the transaction, including but not limited to size, rights attached to the transaction or motivations for the transaction, are similar to the subject investment. Furthermore, the circumstances of the subject company, including any changes in the general business environment between the transaction date and the Valuation Date, must be considered.

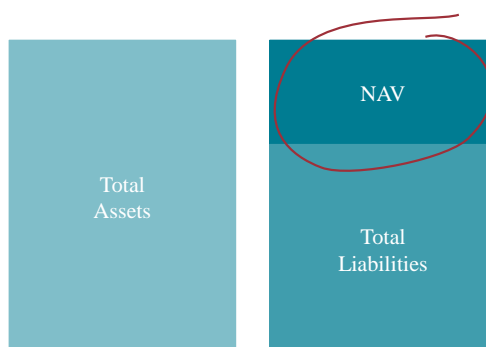
#### 7.4.3.3. Net asset value approach

Under the NAV or cost based approach, the total value of a business is based on the sum of the net underlying assets and liabilities of the business.

The adjusted NAV of a business is determined by marking every asset and liability on (and off) the company’s balance sheet to current value. If appropriate, a premium to reflect the value of intangible assets not recorded on the balance sheet is also made.

An adjusted NAV methodology is most appropriate for businesses where the value lies in the underlying assets and not ongoing operations of the business (e.g. holding companies). The NAV represents the equity value of a business.

**Figure 4: MISA – Illustrated NAV approach**



Source: KPMG Analysis

#### 7.4.4. Selected approaches

The Fair Price of MISA has been determined considering the Transaction Price approach and adjusted NAV approach. According to the adjusted NAV approach, the value of MISA is the value of its equity interest in each of the Subsidiaries, plus the value of its other assets, less the value of its debt and other liabilities.

Due to of the specific circumstances of each of the Subsidiaries, a separate valuation for each entity has been performed. Different valuation approaches were selected for each subsidiary according to the nature of its operations.

(A) Operating entities:

MISA's operating entities have been valued using a market approach and/or an income approach with the exception of Publimetro Guatemala S.A., Studentkortet AB, and Scoopshot where the Transaction Price approach was used. In addition, we have benchmarked the results of our value conclusions under the market approach and/or an income approach with the Transaction Price approach for Metro Nordic Sweden AB and the Colombia Operations.

The market approach is widely used in the valuation of established businesses, especially for companies with a long operating history and consistent earnings trends. We identified a number of broadly comparable publicly traded companies with similar services, products and geographic segmentation to MISA's subsidiaries.

The DCF approach is also often used in the valuation of established businesses. For each of the entities for which we received a Management Business Plan, we conducted a DCF analysis. Long-term forecast FCF were obtained from the Management Business Plan and discounted to present value at an appropriate discount rate, which considered the timing and risk of these cash flows.

(B) Holding entities:

Inpromedi, MDP and MIAB have been valued based on an adjusted NAV approach excluding the value of their underlying equity investments as these have been accounted and valued for separately. As these entities have no stand-alone operations they do not have Management Business Plan nor relevant historical information. As a consequence, no separate appendix was created in this Valuation Report.

(C) Dormant entities:

MISA owns directly and indirectly equity investments in 16 dormant subsidiaries, including Metro Sweden Media AB, Russian Press Services and Administradora de Franquicias. These entities have no operating activities, and thus neither an income approach nor a relative value approach was deemed appropriate in the circumstance. As a consequence, no separate appendix was created in this Valuation Report for the Dormant Entities.

The assets and liabilities of each of the Dormant Entities are primarily comprised of cash, other receivables and intragroup receivables. Given the nature of these balances, we are of the view that cost is a reasonable indicator of value unless otherwise stated. Consequently, a cost approach was selected to value MISA's equity interest in the Dormant Entities.

(D) Metro Group:

Taking into consideration the above, we determined MISA's value based on the value of its underlying investments in the Subsidiaries, plus the value of its other assets, less the value of its liabilities. The resulting value has been further adjusted by the value of MISA's stand-alone operations (i.e. the Headquarter Operations) which was determined using a DCF approach.

## (E) Other matters:

As at the Valuation Date, MISA's assets include, either directly or through Publimetro S.A., loans receivable from Inpromedi of EUR 7.83 million (the "Inpromedi Loans"). We concluded the equity value of Inpromedi, including the value of its subsidiaries (SubTV S.A., Publisystemas S.A. and Zona inmobiliaria), to be negative EUR 3.51 million as at the Valuation Date. Accordingly, we have considered MISA's loans receivable from Inpromedi to be impaired by EUR 3.51 million.

We have adjusted cash and bank balances downward by an amount of EUR 2.88 million in order to reflect the change in MISA's cash between the Reference Date and the Valuation Date resulting from the Group's disposition of Publimetro Guatemala S.A. and its acquisition of additional equity interests in the Colombia Operations, the Ecuador Operations and MNSAB.

MISA's liabilities include a loan payable to Kinnevik of EUR 13.80 million as at the Reference Date (the "Kinnevik Loan"). The Kinnevik Loan is repayable on demand and has no maturity date. As a result, the book value has been considered a reliable estimate of value.

## 7.5. Valuation

### 7.5.1. Valuation of MISA's main equity investments

Please refer to the table below for our concluded value of the Operating Entities. Detailed calculations of these investments can be found in the Appendices to this Valuation Report.

**Figure 5: MISA – value of other main equity investments**

Overview of the main subsidiaries of MISA as at the Valuation Date		
Entity	% Stake Owned	Value attributable to MISA (EUR thousands)
Chile Operations	100.00%	17 341
SubTv S.A. <sup>(1)</sup>	100.00%	1 667
Publisystemas S.A. <sup>(1)</sup>	100.00%	1 240
Colombia Operations	100.00%	5 254
Mexico Operations	75.98%	11 836
Puerto Rico Operations	70.00%	294
Brazil Operations	29.98%	7 127
Ecuador Operations	80.00%	222
Sweden Operations	100.00%	2 096
Offerta AB	70.00%	3 916
Cuponatic S.A.	26.00%	1 541
StudentKortet AB	50.00%	2 672
Scoopshot	3.90%	386
<b>Total</b>		<b>55 590</b>

Source: KPMG Analysis

(1) These entities are consolidated into Inpromedi. The consolidated equity value of Inpromedi is negative as at the Valuation Date. As a result, the consolidated value of these entities are nil in the Adjusted NAV of MISA.

The total value of the Operating Entities is EUR 55.59 million. SubTV S.A. and Publisystemas S.A. are consolidated into Inpromedi. The consolidated equity value of Inpromedi is negative as at the Valuation Date. As a result, the consolidated value of SubTV S.A. and Publisystemas S.A. are nil in the Adjusted NAV of MISA.

### 7.5.2.NAV of MISA's investments in Holding Entities

Please refer to the table below for our concluded value of MISA's investments in Holding Entities.

**Figure 6: MISA – Adjusted NAV of Holding Entities**

Overview of MISA's investments in Holdings Entities as at the Valuation Date		
Entity	% Stake Owned	Value attributable to MISA (EUR thousands)
Metro International AB	100.00%	788
Inversiones Pro Medios Limitada	100.00%	0
Metro Do Participacoes Ltda	100.00%	586
<b>Total</b>		<b>1 374</b>

Source: KPMG Analysis

The total value of MISA's interests in Holding Entities, excluding the value of the Holding Entities' underlying subsidiaries and equity investments, is EUR 1.37 million. Inversiones Pro Medios Limitada (previously defined as "Inpromedi") has a negative equity value as at the Valuation Date as a result its equity value was concluded to be nil.

### 7.5.3.NAV of MISA's investments in Dormant Entities

Please refer to the table below for our concluded value of MISA's investments in Dormant Entities.

**Figure 7: MISA – NAV of Dormant Entities**

Overview of MISA's investments in Dormant Entities as at the Valuation Date		
Entity	% Stake Owned	Value attributable to MISA (EUR thousands)
Metro International Lux Holding S.A.	100.0%	32
Clarita B.V	100.0%	0
Metro International UK Ltd	100.0%	20
Metro Scandinavia Holding AB	100.0%	13
Metro Sweden Media AB	100.0%	3 605
Metro Sweden Holding AB	100.0%	16
Metro Investment Holdings Ltd	100.0%	7
Metro Print Advertising Limited	100.0%	0
Metro Interactive Advertising Limited	100.0%	0
P4L Limited Hong Kong	100.0%	0
Administradora de Franquicias	100.0%	489
M.I. Advertising Service	100.0%	0
Edizione Metro Srl	100.0%	0
Russian Press Services	100.0%	3 311
Zona immobiliare <sup>(1)</sup>	100.0%	70
Metro USA Inc.	100.0%	0
<b>Total</b>		<b>7 563</b>

Source: KPMG Analysis

(1) This entity is consolidated into Inpromedi. The consolidated equity value of Inpromedi is negative as at the Valuation Date. As a result, the consolidated value of this entity is nil in the Adjusted NAV of MISA.

The total value of MISA's interests in Dormant Entities is EUR 7.56 million. Zona immobiliare is consolidated into Inpromedi. The consolidated equity value of Inpromedi is negative as at the Valuation Date. As a result, the consolidated value of Zona immobiliare is nil in the Adjusted NAV of MISA.

### 7.5.4.Valuation conclusion - Adjusted NAV approach

Figure 8: MISA – Final NAV

Net asset value of Metro International S.A. as at the Valuation Date			
EUR thousands	Book Value 31-Dec-2014	Adjusted NAV Valuation Date	Diff. Adjusted NAV / Book Value (%)
<b>Assets</b>			
Capitalized development costs <sup>(1)</sup>	707	-	n.m.f.
Trademarks & Licenses <sup>(1)</sup>	1 176	-	n.m.f.
Equipment <sup>(1)</sup>	86	-	n.m.f.
Stocks in group companies	26 617	61 551	131%
Long term receivables, group <sup>(2)</sup>	8 735	5 230	-40%
Long term receivable owed by affiliated companies	393	393	0%
Other interest bearing receivables	1	1	0%
Accounts receivable <sup>(1)</sup>	1 390	-	n.m.f.
Short term group receivables	990	990	0%
Tax receivables <sup>(1)</sup>	202	-	-100%
Prepaid expenses <sup>(1)</sup>	764	-	n.m.f.
Cash and bank balances <sup>(3)</sup>	4 037	1 161	-71%
<b>Total</b>	<b>45 098</b>	<b>69 326</b>	<b>54%</b>
<b>Liabilities</b>			
Long term group payables	13 801	13 801	0%
Accounts payable <sup>(1)</sup>	93	-	n.m.f.
Short term group payables	6 287	6 287	0%
Tax payables <sup>(1)</sup>	13	-	n.m.f.
Accrued expenses and prepaid income <sup>(1)</sup>	4 173	-	n.m.f.
<b>Total</b>	<b>24 367</b>	<b>20 088</b>	<b>-18%</b>
<b>Adjusted NAV</b>	<b>20 731</b>	<b>49 238</b>	<b>138%</b>
Value of Headquarter Operations		(16 395)	
<b>MISA equity value</b>		<b>32 844</b>	

Source: Management; KPMG Analysis

- (1) These assets and liabilities are utilized in the Headquarter Operations (i.e. the stand-alone operations of MISA). Accordingly, the value of these assets and liabilities have been reflected in the value of the Headquarter Operations of EUR -16.40 million above. Therefore, these balances have been excluded in the calculation of the adjusted NAV.
- (2) The adjustment on the value of long term receivables, group correspond to the write-down of loans receivable from Inpromedi of EUR 3.51 million (see Section 7.4.4. (E) Other matters).
- (3) The adjustment to cash and bank balances reflects the change in MISA's cash between the Reference Date and the Valuation Date resulting from the Group's disposition of Publimetro Guatemala S.A. and its acquisition of additional equity interests in the Colombia Operations, the Ecuador Operations and the Sweden Operations.

Based on the above table, we conclude on an adjusted NAV of MISA, prior to the consideration of the Headquarter Operations, of EUR 49.24 million. We revised this figure downward by EUR 16.40 million to reflect MISA's loss-making Headquarter Operations (see Section 10 – Appendix 3). Consequently, we conclude on the equity value for a 100% equity interest in MISA under the adjusted NAV approach to be EUR 32.84 million as at the Valuation Date.

MISA had 528,472,744 shares outstanding as at the Valuation Date, composed of 264,947,045 Class A Shares and 263,525,699 Class B Shares. Class A and Class B shares have the same voting rights; however, Class B shares are entitled to the greater of: (i) a cumulative preferred dividend corresponding to 0.5% of the accounting par value of the Class B shares in MISA; and (ii) 2% of the overall dividend distribution made any given year. After considering the value associated with the Class B shares dividend preference, the implied value per share is SEK 0.56 and SEK 0.60 per Class A and Class B shares, respectively, as summarized in the table below.

**Figure 9: MISA – Implied value per share**

Metro International S.A. ("MISA") - Valuation per share	
<b>MISA total equity value (EUR)</b>	<b>32 843 600</b>
Total Class B cumulated preferred dividend as at the valuation date	-1 232 584
<b>Value attributable to both classes of shares</b>	<b>31 611 016</b>
Total number of shares	528 472 744
<b>Value per share (EUR)</b>	<b>0.06</b>
<b>Value per share (SEK)</b>	<b>0.56</b>
<b>Determination of Class A Share value</b>	
<b>Value per Class A Shares (SEK)</b>	<b>0.56</b>
<b>Determination of Class B Share value</b>	
Value per share (SEK)	0.56
Class B cumulated preferred dividend per share (SEK)	0.04
<b>Value per Class B Shares (SEK)</b>	<b>0.60</b>

Source: Management; KPMG Analysis

### 7.5.5. Valuation conclusion - Transaction Price approach

**Figure 10: Transactions of MISA's Minority Shares**

Transactions of MISA's Minority Shares				
Date	Number of Class A shares	Class A share price	Number of Class B shares	Class B share price
06/08/2012	1 485 888	0.90	572 967	0.94
06/09/2012	518 836	0.90	573 456	0.94
08/10/2012	530 722	0.90	130 566	0.94
08/11/2012	170 754	0.90	68 205	0.94
07/12/2012	76 683	0.90	10 525	0.94
14/01/2013	113 556	0.90	134 066	0.94
14/02/2013	322 259	0.90	86 814	0.94
12/03/2013	385 688	0.90	65 990	0.94
09/04/2013	5 210	0.90	53 500	0.94
13/05/2013	11 125	0.90	16 561	0.94
14/06/2013	33 102	0.90	31 647	0.94
08/07/2013	21 872	0.90	18 972	0.94
20/08/2013	4 100	0.90	7 077	0.94
12/09/2013	60 651	0.90	17 728	0.94
11/10/2013	271 676	0.90	310 868	0.94
08/01/2013	208 368	0.90	440 543	0.94
26/02/2014	3 728 975	0.90	3 692 888	0.94
18/12/2014	360 000	0.90	0	0.94

Source: Management; KPMG Analysis

On 6 February 2012, Kinnevik announced an offer to acquire the remaining 53.42% stake in MISA at a price of SEK 0.90 and SEK 0.94 per Class A and Class B share, respectively. Following this transaction MISA was removed from trading. Since 31 May 2012, Kinnevik has continued to acquire Class A and Class B shares at the same price offered on 6 February 2012 (refer to the table above). As a result, Kinnevik holds 99.89% of MISA's issued and outstanding shares as at the Valuation Date.



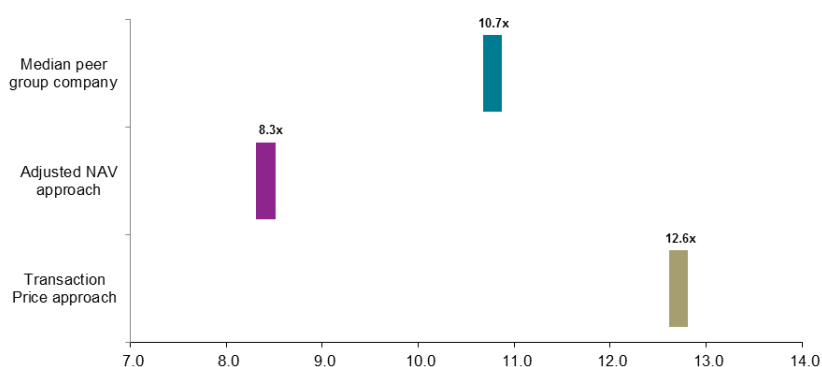
In the context of the Engagement, we have also considered the value per Class A and Class B share implied by recent transactions whereby Kinnevik acquired additional minority stakes of MISA subsequent to 6 February 2012. In addition, we have considered the following factors in determining whether these recent transactions may be representative of the Fair Price of MISA as at the Valuation Date:

- The comparability of the transaction size;
- The comparability of the rights attached to the recent transactions; and,
- Whether the transactions were conducted at arm's length.

Based on the above, the Transaction Price approach indicates a value per Class A and Class B share of SEK 0.90 and SEK 0.94, respectively. See *Section 7.5.6 – Overall conclusion* for additional discussion.

### 7.5.6.Overall valuation conclusion

**Figure 11: Comparison of the EV/EBITDA multiple**



Source: KPMG Analysis

In the figure above, we present the 2016 EV/EBITDA multiples implied by: (i) our value conclusion under the adjusted NAV approach; and, (ii) our value conclusion under the Transaction Price approach. We do not consider the Metro Group's 2014 and 2015 EV/EBITDA multiples to be meaningful, as these EBITDA are considered depressed from normalized levels due to the significant restructuring expenses incurred in 2014 and those expected to be incurred in 2015.

In calculating the 2016 EV/EBITDA implied multiples, the EV was determined as the sum of the proportionate EVs of Subsidiaries and Headquarter Operations. We combined the proportionate EBITDA of the Subsidiaries and Headquarter Operations to obtain an overall estimated EBITDA for Metro Group.

We benchmarked the EV/EBITDA multiples implied by the adjusted NAV approach and Transaction Price approach against the multiples of comparable companies (hereinafter the "Peers" – refer to *Appendix 4 – Section 11.3*) as a cross-check. We note the following qualitative differences between MISA and the Peers:

- The Peers are comparatively larger in size;
- The Peers have a relatively higher level of diversification;
- Metro Group is active in relatively less mature markets;
- The Peers may inherently reflect a minority discount; and,
- MISA's EV does not reflect a minority discount.

Based on the factors above, we find it supportable that MISA would trade at a discount to the Peers. Accordingly, the median 2016 EV/EBITDA multiples of the Peers support our value conclusion under the adjusted NAV approach of SEK 0.56 and SEK 0.60 per Class A and Class B share, respectively.

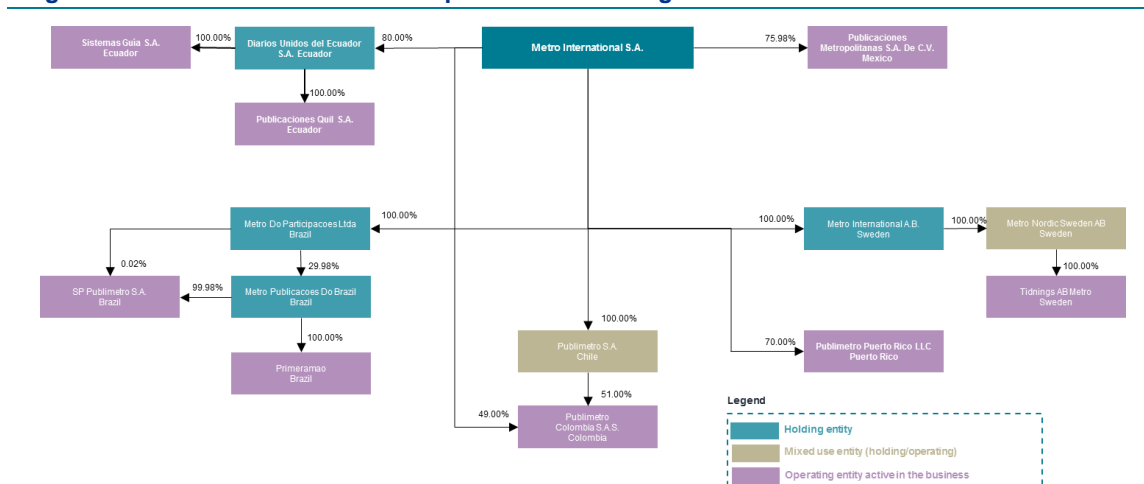
We observed that the EV/EBITDA multiples implied by our value conclusion under the Transaction Price approach of SEK 0.90 and SEK 0.94 for Class A and Class B shares, respectively, are higher than that of the Peers. However, we also considered the IVSC guidelines which indicate that where prices achieved for identical or similar assets are available, greater reliance will normally be placed on actual inputs as compared to assumed inputs (e.g. estimated or projected cash flows). Accordingly, considering the similarity of the recent transactions conducted by Kinnevik under the Transaction Price approach to the Minority Shares, we consider the Transaction Price approach to be a more reliable estimate of Fair Price than the adjusted NAV approach in the circumstance.

With consideration to the above, our concluded Fair Price for the Minority Shares in the context of the Squeeze-out is SEK 0.90 and SEK 0.94 per Class A and Class B share, respectively. Accordingly, based on the 568,686 outstanding Minority Shares (343,480 Class A Shares and 225,206 Class B Shares) as at the Valuation Date, the implied Fair Price for the Minority Shares is SEK 520,825.

## 8. Appendix 1 – Free News Business

### 8.1. Shareholding structure

Figure 12: Free News Business – Simplified shareholding structure



Source: Management

### 8.2. Business overview

Metro Group was founded in the 1990s in Sweden and has since become a well-known and recognized global newspaper brand. In recent years, Metro Group sold most of its mature operations and franchised its brands to third parties.

Metro Group offers its news free of charge to the public through its newspapers, online websites and mobile apps (the “Free News Business”).

The Free News Business is articulated around two main segments: the print segment and the online segment. The print segment (hereinafter the “Print Segment”) consist of the distribution of free newspapers and the online segment (hereinafter the “Online Segment”) is the publication of free news on the online websites and mobile application.

The “Metro newspaper” brand has 17.6 million daily readers. Newspapers are distributed in large cities in areas such as subways, buses or train stations. Newspapers are either distributed in racks or physically distributed. The newspapers have several sections, including news, culture and sports. Most of the content production is centralized through the Metro World News content resource, which has access to a significant pool of local journalists. This Metro World News content resource is held by MISA. The use of this resource by the Subsidiaries and third parties is incorporated in the franchise agreements and reimbursed through the franchise fees (see *Section 10.2 Headquarter Operations Business overview*). In some large cities, Metro Group’s newspapers also include local news. This enables Metro Group to generate high circulation and readership volumes. Metro Group’s core readership group is 18 to 39 year old working urbanites. The physical printing of newspapers and magazines is contracted out to local suppliers.

Metro Group also has an online and mobile presence. The Online Segment enables more customized material and more targeted advertising campaigns. All Metro Group online editions are created and operated on a single platform which has been developed by MISA.

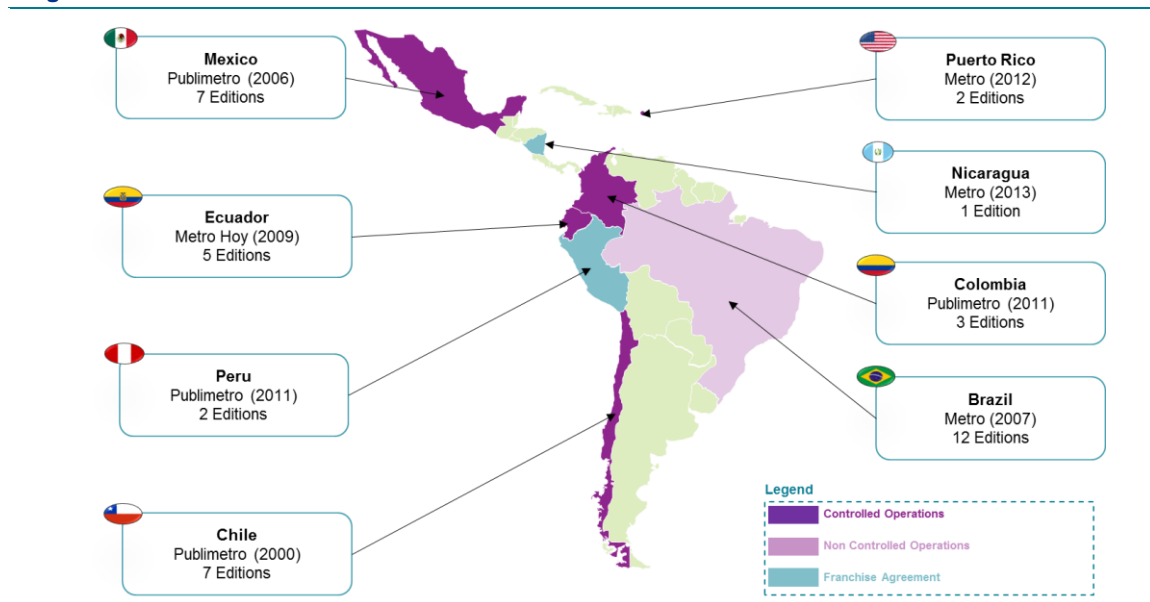
Metro Group generates revenues through the sale of advertising space across its various media.

### 8.3. Products and markets

As at the Valuation Date, Metro Group was one of the largest newspaper in the Latin American region, both in terms of readership and circulation with a presence in 8 countries through five majority owned operations, one minority stake, and two franchises.

Metro Group has created and developed several brands under which it distributes its newspapers across various markets.

**Figure 13: Products and Markets – Latin American brands**



Source: Management

Metro Group has several editions throughout Latin America. Each edition is specific to a city or a subject (e.g. Tacometro is an auto magazine and Brasilia has a different edition from that of Sao Paulo). The different editions enable Metro Group to target various readership segments across its publications and to gain a valuable local footprint.

### 8.4. Recent developments

On 17 March 2015, MISA sold its 25% indirect stake in Publimetro Guatemala S.A. for an amount of USD 0.95 million (EUR 0.89 million). Metro Group plans to continue to franchise its brands and other related intangibles to this entity.

On 5 January 2015, MISA acquired an additional 63% stake in Diarios Unidos del Ecuador S.A. for an amount of USD 0.19 million (EUR 0.16 million). As at the Valuation Date, MISA owns 80% of Diarios Unidos del Ecuador S.A.

On 28 February 2015, MISA acquired an additional 49% stake in Publimetro Colombia S.A.S. for an amount of EUR 1.18 million. As at the Valuation Date, MISA owns 100% of Publimetro Colombia S.A.S.

On 9 April 2015, MISA acquired through Metro International AB an additional 35% stake in Metro Nordic Sweden AB for an amount of SEK 22.75 million (EUR 2.44 million). As at the Valuation Date, MISA owns 100% of Metro Nordic Sweden AB.

## 8.5. Operations highlights

### 8.5.1. Publimetro S.A.

#### 8.5.1.1. Organizational structure

Figure 14: Chile Operations – Simplified shareholding structure



Source: Management

#### 8.5.1.2. Newspaper editions

Publimetro S.A. (previously defined as the “Chile Operations”) publishes seven different editions targeting different readership groups:

- Publimetro national edition (standard newspaper);
- Mujeres (women’s magazine);
- Tacometro Especial (car magazine, special edition);
- Casas (home interior design magazine);
- Tacometro (car magazine);
- Motos (motorbike magazine); and,
- Diario El Grafico (sports magazine).

#### 8.5.1.3. Management Business Plan

Based on the Management Business Plan, the Chile Operations’ sales mix is expected to shift towards more online advertising. The Chile Operations’ management team is also planned to be strengthened.

In 2014, the sales team was downsized in order to compensate for the revenue decline in the Print Segment. The periodicity and volumes of the sports newspaper and magazines were reduced. In consequence, the paper and printing costs are expected to be lower on a go-forward basis.

In the Online Segment, Management expects to increase page views through more content production. This increase in page views is expected to result in increased online advertisement sales and improved EBITDA margins for the Online Segment. This improvement is expected to result from content production being centralized through MISA’s platform.

However, total EBITDA is assumed to decrease over the Forecast Period as the growth in the Online Segment is not expected to offset the decrease in revenue in the Print Segment.

#### 8.5.1.4. Benchmarking of assumptions

As part of our procedures to assess the reasonability of the Management Business Plan for the Chile Operations, we benchmarked the underlying assumptions with independent sources, market studies of peer companies, and broker reports.

While comparing the forecast sales and EBITDA margins of peers with the Chile Operations, we noticed that the Chile Operations exhibit lower overall performance. This relative underperformance is explained by the fact the Peers have worldwide and more diversified operations compared to those of Chile Operations. Management expects the Latin American market to follow a similar trend as that experienced in the developed markets over the last years. Indeed, developed markets experienced a steady decline in sales and EBITDA margins over the last several years, reflecting the change in the underlying business from print to online activities.

#### 8.5.1.5. Valuation summary and conclusions

We conducted a DCF valuation analysis for the Chile Operations based on its Management Business Plan. Long-term forecast FCF were obtained from the Management Business Plan and discounted to present value at an appropriate rate which considered the timing and risk-level of the cash flows. A terminal growth rate of zero percent was assumed to reflect the absence of real growth in the later years of the Forecast Period.

The implied 2015 DCF EV/EBITDA multiple is relatively lower than that of 2014 as result the cost management measures implemented during 2014, while the terminal value multiple increases due to the lack of real growth in later years of the Forecast Period.

In order to benchmark the results from our valuation analysis under the DCF approach, a market approach was conducted on a consolidated level (see *Section 7.5.6. – Overall valuation conclusion*).

**Figure 15: Chile Operations – Summary of valuation assumptions and conclusions**

Chile Operations - Summary	
Key parameters	
MISA's equity stake in Chile Operations	100.0%
Valuation methodology	DCF
Income approach parameters:	
WACC (%)	9.88%
Terminal growth rate (%)	0.00%
Implied multiple	
EV / EBITDA 2014	7.8x
EV / EBITDA 2015	5.6x
EV / EBITDA (TV)	7.8x
Concluded equity value for MISA's 100.0% equity interest (EUR thousands)	17 341

Source: KPMG analysis

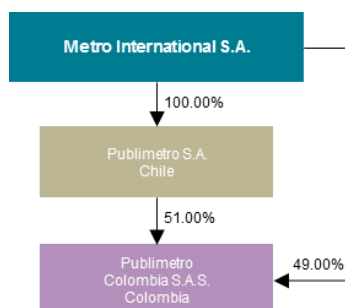
Our concluded value for MISA's 100% equity interest in the Chile Operations is EUR 17.34 million as at the Valuation Date.



## 8.5.2. Publimetro Colombia S.A.S.

### 8.5.2.1. Organizational structure

Figure 16: Publimetro Colombia S.A.S. – Simplified shareholding structure



Source: Management

### 8.5.2.2. Newspaper editions

Publimetro Colombia S.A.S (previously defined as the “Colombia Operations”) publishes three editions targeting different readership groups:

- Publimetro Bogota (standard newspaper);
- Publimetro Especiales (newspaper on breaking news); and,
- Tacometro (car magazine).

### 8.5.2.3. Management Business Plan

Based on the Management Business Plan, we understand that the Colombia Operations are currently undergoing a reorganization process. The Colombia Operations did not meet budget over the last two years due to delays experienced with regard to the implementation of the Online Segment. As a result, MISA acquired the 49% proportion of the business previously held by the local partner in February 2015. This transaction is expected to enable MISA to accelerate the development of the Online Segment in Colombia. Furthermore, Management aims to strengthen the company’s market presence in the Print Segment and additional key personnel will be added.

Management assumes that the recently launched Online Segment will experience substantial growth over the Forecast Period. It is expected that the Print Segment will reach previous sales levels in 2015. Management forecasts the Print Segment will grow thereafter due to improved market presence.

Management renegotiated print and paper costs in 2014. As a consequence, cost efficiency is expected to improve on a go-forward basis.

Furthermore, the EBITDA margin is expected to increase over the Forecast Period as a result of cost control measures and forecast sales growth.

### 8.5.2.4. Benchmarking of assumptions

As part of our procedures to assess the reasonability of the Colombia Operations’ Management Business Plan, we benchmarked the underlying assumptions with independent sources, market studies of peer companies, and broker reports.

While comparing the forecast sales and EBITDA margins of the Peers with the Colombia Operations, we noticed that the Colombia Operations show higher overall performance. This relative outperformance is explained by the current reorganization process due to MISA’s acquisition of the 49% equity interest previously held by the local partner. Future financial results are expected to be improved as a result of this reorganization process.

#### 8.5.2.5. Valuation summary and conclusions

We did not deem the Transaction Price to be an appropriate indication of value for the Colombia Operations. Based on discussions with Management and our analysis, we understand that the price paid by MISA for the local partner's 49% stake was considered to be relatively low. This price does not reflect the growth in revenue and the corresponding expected EBITDA contribution of the Online Segment expected to be achieved as a result of the current reorganization. Furthermore, the price does not reflect a premium for control, whereas MISA has a controlling position in the Colombia Operations. Thus, the value implied by the Transaction Price for MISA's 100% equity stake in the Colombia Operations as at the Valuation Date is lower than that under our DCF analysis.

We conducted a DCF analysis for the Colombia Operations based on its Management Business Plan. Long-term forecast FCF were obtained from the Management Business Plan and discounted to present value at an appropriate rate which considered the timing and risk-level of the cash flows. A terminal growth rate of zero percent was assumed to reflect the absence of real growth in the later years of the forecast.

Due to the negative EBITDA in 2014 and 2015, the EV/EBITDA multiples implied by our DCF analysis are not meaningful.

In order to benchmark the results from our valuation analysis under the DCF approach, a market approach was conducted on a consolidated level (see *Section 7.5.6. – Overall valuation conclusion*).

**Figure 17: Colombia Operations – Summary of valuation assumptions and conclusions**

Colombia Operations - Summary	
<b>Key parameters</b>	
MISA's equity stake in Colombia Operations	100.0%
Valuation methodology	DCF
Income approach parameters:	
WACC (%)	12.21%
Terminal growth rate (%)	0.00%
Implied multiple	
EV / EBITDA 2014	n.m.f.
EV / EBITDA 2015	n.m.f.
EV / EBITDA (TV)	6.0x
Concluded equity value for MISA's 100.0% equity interest (EUR thousands)	5 254

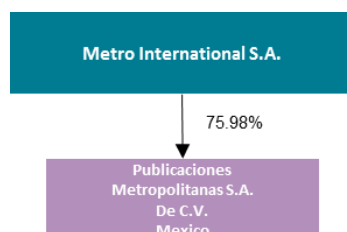
Source: KPMG analysis

Our concluded value for MISA's 100% equity interest in the Colombia Operations is EUR 5.25 million as at the Valuation Date. Furthermore, we have adjusted MISA's cash and bank balance downward by EUR 1.17 million in calculating the adjusted NAV of MISA (see *Section 7.5.4. – Valuation Conclusion – Adjusted NAV approach*) to reflect the cash outflow resulting from the acquisition of MISA's incremental stake in the Colombia Operations between the Reference Date and the Valuation Date.

### 8.5.3. Publicaciones Metropolitanas S.A. de C.V.

#### 8.5.3.1. Organizational Structure

Figure 18: Publicaciones Metropolitanas S.A. de C.V. – Simplified shareholding structure



Source: Management

#### 8.5.3.2. Newspaper editions

Publicaciones Metropolitanas S.A. de C.V. (previously defined as the “Mexico Operations”) publishes seven editions targeting the following different readership groups:

- Publimetro (standard newspaper):
  - o Mexico City
  - o Monterrey
  - o Guadalajara
  - o Leon
  - o Zona Norte
- Mujeres (women’s magazine):
  - o Mujeres DF
  - o Mujeres Guadalajara

#### 8.5.3.3. Management Business Plan

We understand that the Mexico Operations are currently finishing the implementation of a reorganization plan. Management plans to strengthen the Mexico Operations’ market presence and to reposition and rebrand some of its mastheads. Furthermore, the management team is expected to be strengthened.

Based on the Management Business Plan, the Mexico Operations’ sales mix is expected to shift from print advertising towards more online advertising.

In the Online Segment, Management expects to increase page views through more content production. This increase in page views is expected to result in increased online advertisement sales and improved EBITDA margins for the Online Segment. This improvement is expected to result from content production being centralized through MISA’s platform. This increase is expected to be further supported by the recently launched online gaming community platform.

However, total sales are expected to decrease through the Forecast Period as the growth of the Online Segment is not expected to offset the forecast decline in the Print Segment.

The reorganization plan is expected to result in an improvement of EBITDA margins until 2018. Management assumes that EBITDA margins will be relatively stable from 2018 onwards.

#### 8.5.3.4. Benchmarking of assumptions

As part of our procedures to assess the reasonability of the Mexico Operations' Management Business Plan, we benchmarked the underlying assumptions with independent sources, market studies of peer companies, and broker reports.

While comparing the forecast sales and EBITDA margins of the Peers with the Mexico Operations, we noticed that the Mexico Operations exhibit a lower overall performance. This relative underperformance is explained by the fact the Peers have worldwide and more diversified operations compared to those of the Mexico Operations. Management expects the Latin American market to follow a similar trend as that experienced in the developed markets over the last years. Indeed, developed markets experienced a steady decline in sales and EBITDA margins over the last several years reflecting the change in the underlying business from print to online activities.

#### 8.5.3.5. Valuation summary and conclusions

We conducted a DCF analysis for the Mexico Operations based on its Management Business Plan. Long-term forecast FCF were obtained from the Management Business Plan and discounted to present value at an appropriate rate which considered the timing and risk-level of the cash flows. A terminal growth rate of zero percent was assumed to reflect the absence of real growth in the later years of the forecast.

The implied DCF EV/EBITDA multiple is relatively lower in 2014 as result of non-recurring items.

In order to benchmark the results from our valuation analysis under the DCF approach, a market approach was conducted on a consolidated level (see *Section 7.5.6. – Overall valuation conclusion*).

**Figure 19: Mexico Operations – Summary of valuation assumptions and conclusions**

Mexico Operations - Summary	
<b>Key parameters</b>	
MISA's equity stake in Mexico Operations	75.98%
Valuation methodology	DCF
Income approach parameters:	
WACC (%)	11.29%
Terminal growth rate (%)	0.00%
Implied multiple	
EV / EBITDA 2014	5.5x
EV / EBITDA 2015	6.8x
EV / EBITDA (TV)	6.0x
Concluded equity value for MISA's 75.98% equity interest (EUR thousands)	11 836

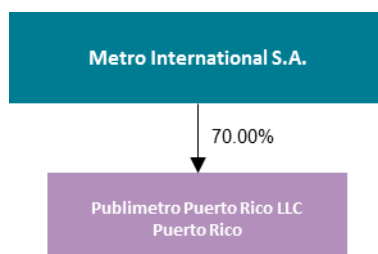
Source: KPMG analysis

Our concluded value for MISA's 75.98% equity interest in the Mexico Operations is EUR 11.84 million as at the Valuation Date.

## 8.5.4. Publimetro Puerto Rico LLC

### 8.5.4.1. Organizational Structure

Figure 20: Publimetro Puerto Rico LLC – Simplified shareholding structure



Source: Management

### 8.5.4.2. Newspaper editions

Publimetro Puerto Rico LLC (previously defined as the “Puerto Rico Operations”) publishes two editions targeting different readership groups:

- Metro San Juan (standard newspaper); and,
- Tacometro (car magazine).

### 8.5.4.3. Management Business Plan

The company was founded in 2012 and has experienced significant sales growth over the last three years. Currently, the Puerto Rico Operations are facing operational issues with its printing supplier. In addition, the Puerto Rico Operations are challenged by aggressive competition activities from Grupo Ferré Rangel, their main competitor in Puerto Rico. Management plans to strengthen its sales staff and management team in order to improve the Puerto Rico Operations’ overall performance.

Management assumes that the recently launched Online Segment will experience substantial growth over the Forecast Period. As a consequence, total sales are expected to grow until 2019 and EBITDA margin is expected to improve throughout the Forecast Period.

### 8.5.4.4. Benchmarking of assumptions

As part of our procedures to assess the reasonability of the Puerto Rico Operations’ Management Business Plan, we benchmarked the underlying assumptions with independent sources, market studies of peer companies, and broker reports.

While comparing the forecast sales and EBITDA margins of the Peers with the Puerto Rico Operations, we noticed that the Puerto Rico Operations exhibit lower overall performance. This relative underperformance is explained by the fact that the Puerto Rico Operations are at an earlier stage of development and that the Peers are mature businesses.

#### 8.5.4.5. Valuation summary and conclusions

We conducted a DCF analysis for the Puerto Rico Operations based on its Management Business Plan. Long-term forecast FCF were obtained from the Management Business Plan and discounted to present value at an appropriate rate which considered the timing and risk-level of the cash flows. A terminal growth rate of zero percent was assumed to reflect the absence of real growth in the later years of the forecast.

Management expected negative EBITDA in 2014 and 2015 as the Puerto Rico Operations are still in an early stage of development. As a consequence, the implied DCF EV/EBITDA multiples are not meaningful.

In order to benchmark the results from our valuation analysis under the DCF approach, a market approach was conducted on a consolidated level (see *Section 7.5.6. – Overall valuation conclusion*).

**Figure 21: Puerto Rico Operations – Summary of valuation assumptions**

Puerto Rico Operations - Summary	
<b>Key parameters</b>	
MISA's equity stake in Puerto Rico Operations	70.0%
Valuation methodology	DCF
Income approach parameters:	
WACC (%)	8.95%
Terminal growth rate (%)	0.00%
Implied multiple	
EV / EBITDA 2014	n.m.f.
EV / EBITDA 2015	n.m.f.
EV / EBITDA (TV)	6.8x
Concluded equity value for MISA's 70.0% equity interest (EUR thousands)	294

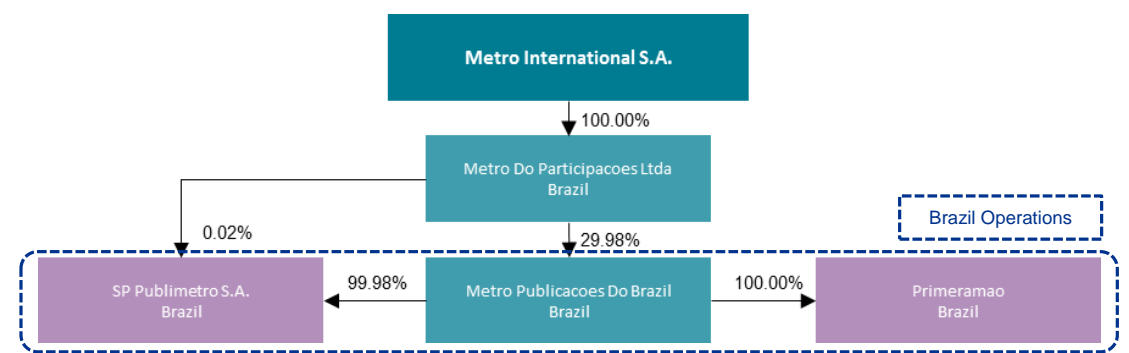
Source: KPMG analysis

Our concluded value for MISA's 70% equity interest in the Puerto Rico Operations is EUR 0.29 million as at the Valuation Date.

## 8.5.5. Brazil Operations

### 8.5.5.1. Organizational structure

Figure 22: Brazil Operations – Simplified shareholding structure



Source: Management

### 8.5.5.2. Newspaper editions

SP Publimetro S.A., Metro Publicacoes Do Brazil and Primerameo (collectively previously defined as the “Brazil Operations”) publish 12 editions targeting different readership groups:

- Metro (standard newspaper) with the following city-specific editions:
  - o Brasilia
  - o Sao Paulo
  - o ABC
  - o Santos
  - o Rio
  - o Campinas
  - o Curitiba
  - o Belo Horizonte
  - o Porto Alegre
  - o Grande Vitória
- Metro Plus (weekly lifestyle magazine); and,
- Primeiramao Plus (weekly magazine on specific news topics).

### 8.5.5.3. Management Business Plan

The Brazil Operations are one of the two non-controlled Latin American operations held by MISA. As a consequence, MISA has limited ability to influence the strategy of its operations.

We understand that Management expects the advertising market to be strongly impacted by the weakening of the overall Brazilian economy. In 2015, Management intends to launch the Online Segment activities. Management expects that sales in the Print Segment will decrease as a result of the transition to online advertising and the weakening of the advertising market in Brazil.

Total EBITDA is assumed to decrease over the first years of the Forecast Period as the growth of the Online Segment is not expected to offset the decline in the Print Segment. Online Segment activities are expected to enable a partial recovery in EBITDA in the later years of the Forecast Period.



#### 8.5.5.4. Benchmarking of assumptions

As part of our procedures to assess the reasonability of the Brazil Operations' Management Business Plan, we benchmarked the underlying assumptions with independent sources, market studies of peer companies, and broker reports.

While comparing the forecast sales and EBITDA margins of the Peers with the Brazil Operations, we noticed that the Brazil Operations exhibit lower overall performance. This relative underperformance is explained by the fact the Peers have worldwide and more diversified operations compared to those of the Brazil Operations. Furthermore, the Brazil Operations are impacted by the expected slowdown in the Brazilian economy. Management expects the Latin American market to follow a similar trend as that experienced in the developed markets over the last years. Indeed, developed markets experienced a steady decline in sales and EBITDA margins over the last several years reflecting the change in the underlying business from print to online activities.

#### 8.5.5.5. Valuation summary and conclusions

We conducted a DCF analysis for the Brazil Operations based on its Management Business Plan. Long-term forecast FCF were obtained from the Management Business Plan and discounted to present value at an appropriate rate which considered the timing and risk-level of the cash flows. A terminal growth rate of zero percent was assumed to reflect the absence of real growth in the later years of the forecast.

The EV/EBITDA multiple implied by our DCF analysis increases from 2014 to 2015 as a result of the decrease in total EBITDA expected period over period.

In order to benchmark the results from our valuation analysis under the DCF approach, a market approach was conducted on a consolidated level (see *Section 7.5.6. – Overall valuation conclusion*).

**Figure 23: Brazil Operations – Summary of valuation assumptions and conclusions**

Brazil Operations - Summary	
<b>Key parameters</b>	
MISA's equity stake in Brazil Operations	29.98%
Valuation methodology	DCF
Income approach parameters:	
WACC (%)	11.51%
Terminal growth rate (%)	0.00%
Implied multiple	
EV / EBITDA 2014	3.2x
EV / EBITDA 2015	4.9x
EV / EBITDA (TV)	6.8x
Concluded equity value for MISA's 29.98% equity interest (EUR thousands)	7 127

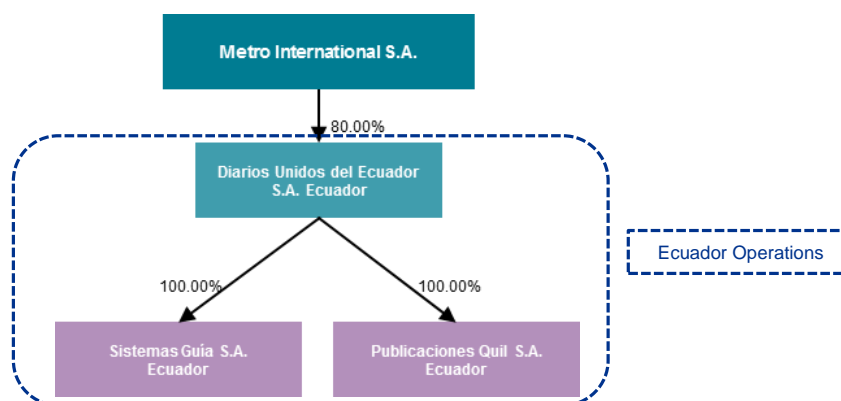
Source: KPMG analysis

Our concluded value for MISA's 29.98% equity interest in the Brazil Operations is EUR 7.13 million as at the Valuation Date.

## 8.5.6. Ecuador Operations

### 8.5.6.1. Organizational Structure

Figure 24: Ecuador Operations – Simplified shareholding structure



Source: Management

### 8.5.6.2. Newspaper editions

Diarios Unidos del Ecuador S.A. together with its subsidiaries (previously defined as the “Ecuador Operations”) publish five editions targeting different readership groups:

- Metro (standard newspaper) with the following city-specific editions:
  - o Quito
  - o Cuenca
  - o Guayaquil
- Metroquil Playero (seaside resort magazine); and,
- Metro Especiales national edition (newspaper on breaking news).

### 8.5.6.3. Valuation summary and conclusions

MISA acquired an additional 63% equity stake in Diarios Unidos del Ecuador S.A. on 5 January 2015. MISA paid USD 0.19 million for its incremental 63% equity interest, implying a total equity value of USD 0.30 million on a 100% equity basis.

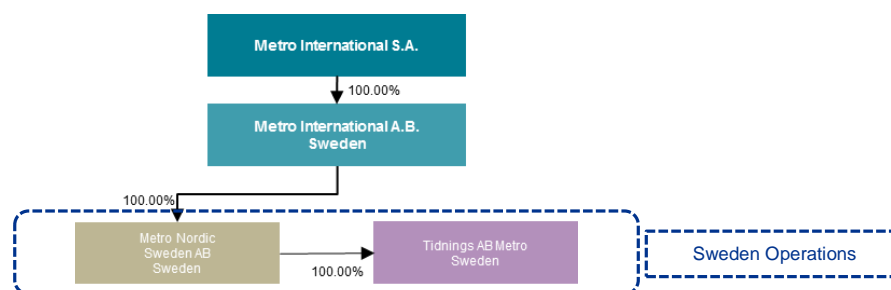
We have used the Transaction Price approach as this transaction is the most comparable transaction and since Management confirmed that no material evolution in the underlying business occurred between the transaction date and the Valuation Date.

As a consequence, our concluded value for MISA’s 80% equity interest in the Ecuador Operations is approximately USD 0.24 million (EUR 0.22 million) as at the Valuation Date. Furthermore, we have adjusted MISA’s cash and bank balance downward by EUR 0.16 million in calculating the adjusted NAV of MISA (see *Section 7.5.4. – Valuation Conclusion – Adjusted NAV approach*) to reflect the cash outflow resulting from the acquisition of MISA’s incremental stake in the Ecuador Operations between the Reference Date and the Valuation Date.

## 8.5.7. Sweden Operations

### 8.5.7.1. Organizational structure

Figure 25: Sweden Operations – Simplified shareholding structure



Source: Management

### 8.5.7.2. Newspaper editions

Metro Nordic Sweden AB and Tidnings AB Metro (previously defined as the “Sweden Operations”) publish nine editions targeting different readership groups:

- Metro (standard newspaper) with the following city-specific editions:
  - o Stockholm Norra
  - o Skåne
  - o Göteborg
- Metro Bostad Skåne (house / interior design magazine);
- Weekend (weekly news topic magazines) with the following city-specific editions:
  - o Weekend Göteborg
  - o Weekend Stockholm
  - o Weekend Skåne
- Metro Mode (fashion magazine); and,
- Tema (weekly multi-topic magazine).

### 8.5.7.3. Recent developments

On 9 April 2015, pursuant to the right of first offer clause of the Metro Nordic Sweden AB (hereinafter “MNSAB”) shareholders’ agreement, MISA acquired the remaining 35% minority equity interest in MNSAB through its wholly owned subsidiary, Metro International AB (hereinafter “MIAB”), for consideration of SEK 22.75 million. Consequently, this Transaction Price implies a total equity value of SEK 65.00 million on a 100% basis. We understand from Management that MNSAB has investments in several entities; thus, the Transaction Price reflects the value of MNSAB, the Sweden Operations, StudentKortet AB and three dormant entities (Metro Sweden Holding AB, Metro Sweden Media AB and Metro Scandinavia AB).

### 8.5.7.4. Management Business Plan

In 2014, the Sweden Operations ceased the publication of unprofitable magazines.

We understand that the newspaper advertising market in Sweden is forecast to drop substantially over the next two years. Management estimates that the newspaper market will continue decline further from 2016 onwards. As a consequence, Management expects a material decline in Print Segment sales. The forecast strong growth in Online Segment sales is expected to only partially offset this decline. Management plans additional cost reduction initiatives to slow down the compression of EBITDA

margins until 2017. From 2018 onwards, the increase in Online Sales volumes is expected to contribute to a relative improvement in EBITDA margins.

#### 8.5.7.5. Benchmarking of assumptions

As part of our procedures to assess the reasonability of the Sweden Operations' Management Business Plan, we benchmarked the underlying assumptions with independent sources, market studies of peer companies, and broker reports.

While comparing the forecast sales and EBITDA margins of the Peers with the Sweden Operations, we noticed that the Sweden Operations exhibit lower overall performance. This relative underperformance is explained by the fact the Peers have worldwide and more diversified operations compared to those of the Sweden Operations.

#### 8.5.7.6. Valuation summary and conclusions

In assessing the value of the Sweden Operations, we considered both a DCF approach as well as a Transaction Price approach.

We conducted a DCF valuation analysis for the Sweden Operations based on its Management Business Plan. Long-term forecast FCF were obtained from the Management Business Plan and discounted to present value at an appropriate rate which considered the timing and risk-level of the cash flows. A terminal growth rate of one percent was assumed to reflect the long-term real growth assumed in the later years of the Forecast Period.

We also considered the value of the Sweden Operations implied by MIAB's recent acquisition of the remaining 35% ownership stake in MNSAB. We observed that our concluded value under the DCF approach (inclusive of the value of MNSAB, the Sweden Operations, StudentKortet AB and three dormant entities – refer to *Section 8.5.7.2*) was approximately 10% higher than that implied by the Transaction Approach. Based on our experience, such a premium is in line with observable control premiums and is supportable in the circumstance given MISA's controlling interest in the Sweden Operations.

Based on the above, we assessed the value of the Sweden Operations under the DCF approach to be supportable based on the Transaction Approach.

Due to negative EBITDA in 2014 and 2015, the EV/EBITDA multiples implied by our value conclusion under are not meaningful. In order to further benchmark the results from our valuation analysis, a market approach was conducted on a consolidated level (see *Section 7.5.6. – Overall valuation conclusion*).

**Figure 26: Sweden Operations – Summary of valuation assumptions and conclusions**

Sweden Operations - Summary	
Key parameters	
MISA's equity stake in Sweden Operations	100%
Valuation methodology	DCF
Income approach parameters:	
WACC (%)	10.79%
Terminal growth rate (%)	1.00%
Implied multiple	
EV / EBITDA 2014	n.m.f.
EV / EBITDA 2015	n.m.f.
EV / EBITDA (TV)	7.3x
Concluded equity value for MISA's 100.0% equity interest (EUR thousands)	2 096

Source: KPMG analysis

Our concluded value for MISA's 100% equity interest in the Sweden Operations is EUR 2.10 million as at the Valuation Date. Furthermore, we have adjusted MISA's cash and bank balance downward by EUR SEK 22.75 million (EUR 2.44 million) in calculating the adjusted NAV of MISA (see *Section 7.5.4*).

– *Valuation Conclusion – Adjusted NAV approach*) to reflect the cash outflow resulting from the acquisition of MISA's incremental stake in the Sweden Operations between the Reference Date and the Valuation Date.

### **8.5.8. Publimetro Guatemala S.A.**

#### **8.5.8.1. Valuation summary and conclusions**

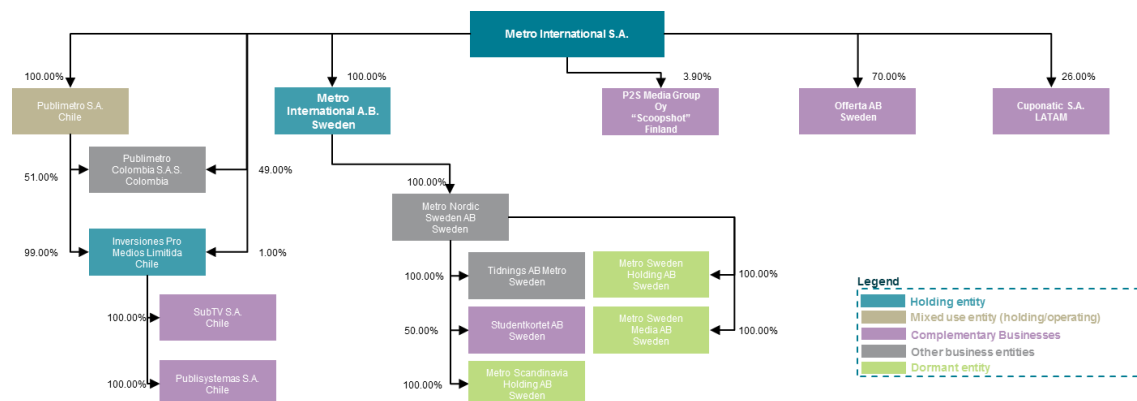
We understand that MISA sold its 25% stake in Publimetro Guatemala to Publinversiones Regionales, S.A. in the first quarter of 2015. MISA's 25% equity interest was sold for consideration of USD 950,000 (EUR 893,277).

As a consequence, we have adjusted MISA's cash and bank balance upward by EUR 0.89 million in calculating the adjusted NAV of MISA (see *Section 7.5.4. – Valuation Conclusion – Adjusted NAV approach*) to reflect the cash inflow from the disposal of MISA's stake in Publimetro Guatemala between the Reference Date and the Valuation Date.

## 9. Appendix 2 – Complementary Businesses

### 9.1. Shareholding structure

Figure 27: Complementary Businesses – Simplified shareholding structure



Source: Management

### 9.2. Business overview

MISA owns equity stakes in several projects, in which it has various degrees of financial and operational involvement. These investments represent complementing businesses to MISA's strategy towards increasingly digital activities (i.e. the Online Segment). These investments relate to outdoor advertising and digital marketplaces.

Outdoor advertising businesses:

- SubTV S.A. – 100% ownership interest; and,
- Publisystemas S.A. – 100% ownership interest.

Digital businesses:

- Offerta AB – 70% ownership interest;
- Cuponatic S.A. – 26% ownership interest;
- Studentkortet AB – 50% ownership interest; and,
- Scoopshot – 3.9% ownership interest.



### 9.3. Operations highlights

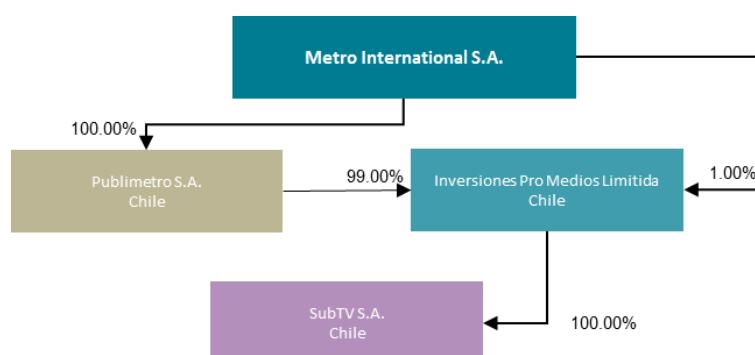
#### 9.3.1. SubTV S.A.

##### 9.3.1.1. Product and markets

SubTV S.A. (“SubTV”) operates the “Metro TV” channel in the subway in Santiago, Chile. The Metro TV channel airs news and information to commuters through television screens on subway platforms.

##### 9.3.1.2. Organizational structure

**Figure 28: SubTV S.A. – Simplified shareholding structure**



Source: Management

##### 9.3.1.3. Management Business Plan

SubTV's sales have been decreasing over the past few years as a result of a weaker demand for alternative media advertising in Chile. This trend is forecasted to continue over the Forecast Period. In 2014, the company's costs increased due to higher fees charged for subway advertising space. Management plans cost reduction initiatives; however, these initiatives are not expected to offset the decrease in sales. As a consequence, EBITDA is expected to decrease over the Forecast Period.

##### 9.3.1.4. Benchmarking of assumptions

As part of our procedures to assess the reasonability of SubTV's Management Business Plan, we benchmarked the underlying assumptions with independent sources, market studies of News Group peer companies, and broker reports.

While comparing the forecast sales and EBITDA margins of the Peers with SubTV, we noticed that SubTV exhibits lower overall performance. This relative underperformance is explained by the fact the peers have worldwide and more diversified operations compared to those of SubTV.

### 9.3.1.5. Valuation summary and conclusions

We conducted a DCF analysis for SubTV based on its Management Business Plan. Long-term forecast FCF were obtained from the Management Business Plan and discounted to present value at an appropriate rate which considered the timing and risk-level of the cash flows. A terminal growth rate of zero percent was assumed to reflect the absence of real growth in the later years of the forecast.

The implied EV/EBITDA multiple is relatively lower in 2015 as result of the cost management initiatives implemented in 2014.

In order to benchmark the results from our valuation analysis under the DCF approach, a market approach was conducted on a consolidated level (see *Section 7.5.6. – Overall valuation conclusion*).

**Figure 29: SubTV S.A. – Summary of valuation assumptions and conclusions**

SubTV S.A. - Summary table	
Key parameters	
MISA's equity stake in SubTV S.A.	100.0%
Valuation methodology	DCF
Income approach parameters:	
WACC (%)	9.88%
Terminal growth rate (%)	0.00%
Implied multiple	
EV / EBITDA 2014	11.5x
EV / EBITDA 2015	4.5x
EV / EBITDA (TV)	7.7x
Concluded equity value for MISA's 100.0% equity interest (EUR thousands)	1 667

Source: KPMG analysis

Our concluded value for MISA's 100% equity interest in SubTV is EUR 1.67 million as at the Valuation Date.

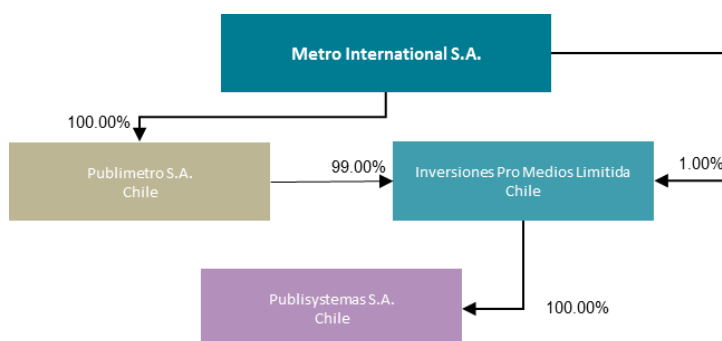
### 9.3.1. Publisystemas S.A.

#### 9.3.1.1. Product and markets

Publisystemas S.A. is a market leader in the Chilean digital display solutions segment. The company primarily integrates screens for local businesses (e.g. restaurants, pharmacies) and creates content for its clients.

#### 9.3.1.2. Organizational structure

**Figure 30: Publisystemas S.A. – Simplified shareholding structure**



Source: Management

#### 9.3.1.3. Management Business Plan

The company's 2014 sales were negatively impacted by lower advertisement spending for this media segment in Chile, which resulted in a decrease in sales of 40.8% year over year. By 2019, sales are expected to increase; however this recovery is not expected to reach 2013 revenue levels. Compression in EBITDA margin is expected to be partially compensated by cost reduction initiatives.

#### 9.3.1.4. Benchmarking of assumptions

As part of our procedures to assess the reasonability of Publisystemas S.A.'s Management Business Plan, we benchmarked the underlying assumptions with independent sources, market studies of News Group peer companies, and broker reports.

While comparing the forecast sales and EBITDA margins of the Peers with Publisystemas S.A., we noticed that Publisystemas S.A. exhibits lower overall performance. This relative underperformance is explained by the fact the Peers have worldwide and more diversified operations compared to those of Publisystemas S.A.

### 9.3.1.5. Valuation summary and conclusions

We conducted a DCF analysis for Publisystemas S.A. based on its Management Business Plan. Long-term forecast FCF were obtained from the Management Business Plan and discounted to present value at an appropriate rate which considered the timing and risk-level of the cash flows. A terminal growth rate of zero percent was assumed to reflect the absence of real growth in the later years of the forecast.

Due to the negative 2014 EBITDA, the 2014 EV/EBITDA multiple implied by our DCF analysis is not meaningful.

In order to benchmark the results from our valuation analysis under the DCF approach, a market approach was conducted on a consolidated level (see *Section 7.5.6. – Overall valuation conclusion*).

**Figure 31: Publisystemas S.A. – Summary of valuation assumptions and conclusions**

Publisystemas S.A. - Summary	
<b>Key parameters</b>	
MISA's equity stake in Publisystemas S.A.	100.0%
Valuation methodology	DCF
Income approach parameters:	
WACC (%)	9.88%
Terminal growth rate (%)	0.00%
Implied multiple	
EV / EBITDA 2014	n.m.f.
EV / EBITDA 2015	5.3x
EV / EBITDA (TV)	7.6x
Concluded equity value for MISA's 100.0% equity interest (EUR thousands)	1 240

Source: KPMG analysis

Our concluded value for MISA's 100% equity interest in Publisystemas S.A. is EUR 1.24 million as at the Valuation Date.

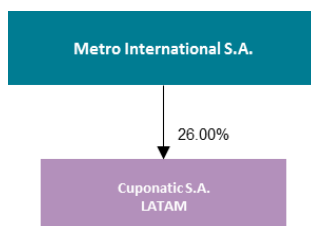
## 9.3.2. Cuponatic S.A.

### 9.3.2.1. Product and markets

Cuponatic S.A. operates a website offering discounted prices for various types of products, travel packages and services such as beauty care, food and beverage. Cuponatic S.A. generates revenue from commissions on the sale of discounted offers to online users. The website is active throughout Latin America.

### 9.3.2.2. Organizational structure

**Figure 32: Cuponatic S.A. – Simplified shareholding structure**



Source: Management

### 9.3.2.3. Management Business Plan

The company is currently in its start-up phase. Accordingly, Management forecasts high sales growth until 2019, after which sales growth is expected to steadily decline until reaching a normalized level in 2023. The EBITDA margin is expected to improve until 2019 as a result of economies of scale, but to decline thereafter consistent with the expected decline in sales growth.

### 9.3.2.4. Benchmarking of assumptions

As part of our procedures to assess the reasonability of Cuponatic S.A.'s Management Business Plan, we benchmarked the underlying assumptions with independent sources, market studies of digital marketplace peer companies, and broker reports.

While comparing the forecast sales growth of the Peers with Cuponatic S.A., we noticed that Cuponatic S.A. exhibits higher performance. This relative outperformance is explained by the early stage of development of Cuponatic S.A. whereas the peers are more mature businesses. As a consequence, Cuponatic S.A. sales and EBITDA margin growth profile is higher compared to quoted peers, which are larger in size and exhibit a lower growth profile.

### 9.3.2.5. Valuation summary and conclusions

Due to the early stage of the business, we conducted a market approach in assessing the value of Cuponatic S.A. We identified a number of comparable publicly traded companies with similar services and products to Cuponatic S.A. We applied the median EV/Sales multiple to 2014 actual and 2015 budget figures.

A DCF analysis was also considered for Cuponatic S.A. based on its Management Business Plan to support of our value conclusion under the market multiple approach. We note however that the Management Business Plan was deemed to be speculative due to the limited historical information available for the business, combined with the company not yet reaching normalized profitability levels. Long-term forecast FCF were discounted to present value at an appropriate rate which considered the timing and risk-level of the cash flows. A terminal growth rate of zero percent was assumed to reflect the absence of long-term real growth assumed in the later years of the forecast.

**Figure 33: Cuponatic S.A. – Summary of valuation assumptions and conclusions**

Cuponatic S.A. - Summary	
<b>Key parameters</b>	
MISA's equity stake in Cuponatic S.A.	26.0%
Valuation methodology	Market, DCF
Market approach parameters:	
Selected peer group	Digital Marketplaces
Selected EV / Sales 2015 multiple	1.06x
Median EV / Sales 2015 multiple of peer group	1.06x
Income approach parameters:	
WACC (%)	10.79%
Terminal growth rate (%)	0.00%
Implied multiple	
EV / Sales 2014	1.32x
EV / Sales 2015	1.17x
EV / Sales (TV)	0.93x
Concluded equity value for MISA's 26.0% equity interest (EUR thousands)	1 541

Source: KPMG analysis

Our concluded value for MISA's 26% equity interest in Cuponatic S.A. is EUR 1.54 million as at the Valuation Date.

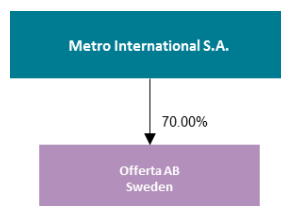
### 9.3.3. Offerta AB

#### 9.3.3.1. Product and markets

Offerta AB is an online marketplace for services and has become the largest online service broker in Sweden. Offerta AB enables consumers to post requests for service quotes and to receive up to six responses from local service companies (e.g. cleaning, construction and moving services).

#### 9.3.3.2. Organizational structure

**Figure 34: Offerta AB – Simplified shareholding structure**



Source: Management

#### 9.3.3.3. Management Business Plan

Management has assumed high sales growth until 2021, reflecting that the business is still in its start-up phase. In addition, Management plans to increase the number of services offered on its online marketplace platform. EBITDA is expected to increase during the Forecast Period as a result of economies of scale.

#### 9.3.3.4. Benchmarking of assumptions

As part of our procedures to assess the reasonability of Offerta AB's Management Business Plan, we benchmarked the underlying assumptions with independent sources, market studies of peer companies, and broker reports.

While comparing the forecast sales of digital marketplace peers (see *Section 11.4 – Digital marketplaces – Selected peers*) with Offerta AB, we noticed that Offerta AB exhibits higher overall performance. This relative outperformance is explained by Offerta AB being at an early stage of development.



### 9.3.3.5. Valuation summary and conclusions

Due to the early stage of the business, we conducted a market multiple analysis for Offerta AB. We identified a number of comparable publicly traded companies with similar services and products to Offerta AB and applied their median EV/Sales multiple to Offerta AB's 2014 actual and 2015 budgeted sales to derive a value for Offerta AB.

A DCF analysis was also applied for Offerta AB based on its Management Business Plan to support our value conclusion under the market approach. We note however that the Management Business Plan was deemed to be speculative due to the limited historical information available for the business, combined with the company not yet reaching normalized profitability levels. Long-term forecast FCF were discounted to present value at an appropriate rate which considered the timing and risk-level of the cash flows. A terminal growth rate of zero percent was assumed to reflect the absence of long-term real growth in the later years of the forecast.

Due to growing sales over the overall Forecast Period, the implied DCF EV/Sales are decreasing over time.

**Figure 35: Offerta AB – Summary of valuation assumptions and conclusions**

Offerta AB - Summary	
<b>Key parameters</b>	
MISA's equity stake in Offerta AB	70.0%
Valuation methodology	Market, DCF
Market approach parameters:	
Selected peer group	Digital Marketplaces
Selected EV / Sales 2015 multiple	1.06x
Median EV / Sales 2015 multiple of peer group	1.06x
Income approach parameters:	
WACC (%)	13.36%
Terminal growth rate (%)	0.00%
Implied multiple	
EV / Sales 2014	1.50x
EV / Sales 2015	1.05x
EV / Sales (TV)	0.75x
Concluded equity value for MISA's 70.0% equity interest (EUR thousands)	3 916

Source: KPMG analysis

Our concluded value for MISA's 70% equity interest in Offerta AB is EUR 3.92 million as at the Valuation Date.

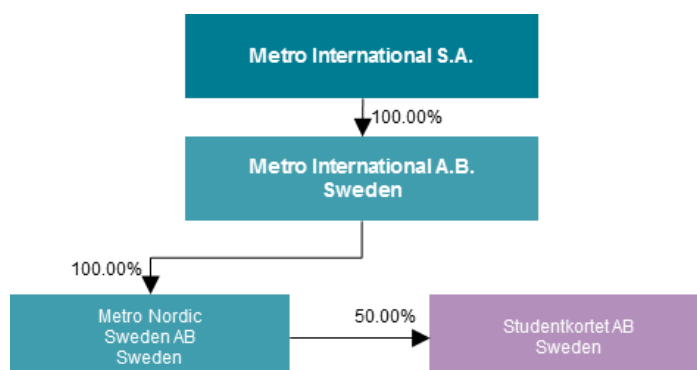
### 9.3.4. Studentkortet AB

#### 9.3.4.1. Product and markets

Studentkortet is a provider of discount cards and special offers in Sweden. The company has a special agreement with the National Student Union and the Sweden Central Student Council and therefore has access to 350,000 students through a student card program.

#### 9.3.4.2. Organizational structure

**Figure 36: Studentkortet AB– Simplified shareholding structure**



Source: Management

#### 9.3.4.3. Valuation summary and conclusions

Metro Nordic Sweden AB acquired an additional 13% equity stake in StudentKortet AB in the third quarter of 2014. Metro Nordic Sweden AB paid SEK 6.5 million for its incremental 13% equity interest, implying a total equity value of SEK 50 million on a 100% equity basis.

We have used the Transaction Price approach as this transaction is the most comparable transaction and since Management confirmed that no material evolution in the underlying business occurred between the transaction date and the Valuation Date.

As a consequence, our concluded value for MISA's 50.0% equity interest in Studentkortet AB is EUR 2.67 million as at the Valuation Date.

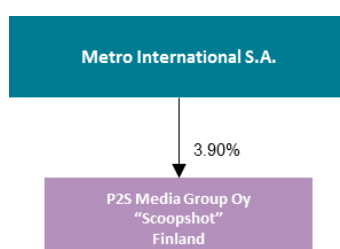
### 9.3.5.Scoopshot

#### 9.3.5.1. Product and markets

P2S Media Group Oy (previously defined as “Scoopshot”) is a mobile sharing platform for mobile photos. Users can share pictures through Scoopshot’s mobile platform and earn royalties for the use of their photos by third parties or earn a fees from “in-image advertising”. Scoopshot generates revenues through commissions on these royalties and fees. The company was launched in 2011 in Finland. Scoopshot successfully rolled out its business throughout Sweden and Denmark in 2011, and the Netherlands and Chile in 2012. Today, Scoopshot is present in 177 countries with nearly 600,000 mobile device application downloads.

#### 9.3.5.2. Organizational structure

**Figure 37: Scoopshot – Simplified shareholding structure**



Source: Management

#### 9.3.5.3. Valuation summary and conclusions

Scoopshot closed a financing round in October 2014. Three investment funds, which previously held 13.82% of Scoopshot’s shares prior the financing round, agreed to invest additional EUR 2.15 million for an additional 21% common equity stake. This investment implies a total value of EUR 9.88 million on a 100% equity basis.

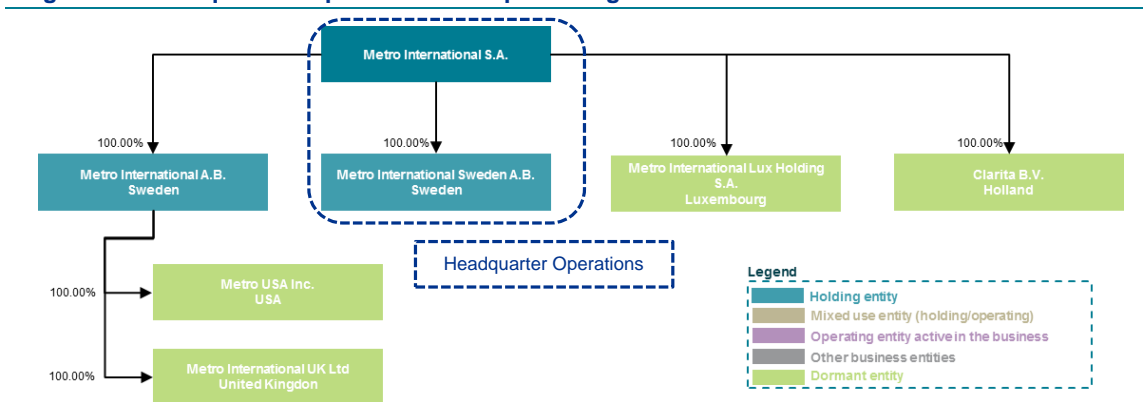
We have used the Transaction Price approach as this transaction is the most comparable transaction and since Management confirmed that no material evolution in the underlying business occurred between the transaction date and the Valuation Date.

As a consequence, our concluded value for MISA’s 3.9% equity interest in the Scoopshot is EUR 0.39 million as at the Valuation Date.

## 10. Appendix 3 – Headquarter Operations

### 10.1. Shareholding structure

Figure 38: Headquarters Operations – Simplified organizational structure



Source: Management

### 10.2. Business overview

Aside from its function as a holding company, MISA holds intangible assets that include, among others, an online platform, brands and related intangibles for use in publishing and distribution of free daily news (print and online). MISA franchises its business model to its Subsidiaries as well as other third parties. The royalty fees and franchise fees received by MISA for the use of these intangible assets are typically determined based on a fixed percentage of franchisee sales.

MISA also incurs significant costs associated with its holding company activities, which are mainly composed of management, administration and shared operating costs (e.g. marketing, HR and group management, finance and accounting, technology and IT, trademarks and brands, centralized content production, etc.). The costs are incurred at the level of MISA and MISAB and have not been allocated to each of the Subsidiaries in the Management Business Plan.

### 10.3. Management Business Plan

Management forecasts that the Headquarter Operations will be loss-making throughout the Forecast Period. Furthermore, Management forecasts that franchise fees received by MISA will decrease significantly from 2015 onwards, at a CAGR of -5.4% throughout the Forecast Period, mainly driven by the end of significant franchise agreements in 2015 and 2018. In addition, franchise fees are adversely impacted by the expected depreciation of the local currencies against the Euro.

Management plans to reorganize shared services and to conduct internal saving programs, leading to a slight decrease in operating costs in the long term at a CAGR of -1.7% over the Forecast Period. However, due to the fixed nature of many of the operating costs, the decline in costs has a marginal impact as compared to the decline in franchise fees. As a result, both EBITDA and the EBITDA margin are assumed to decline significantly over the Forecast Period. Specifically, EBITDA is expected to decrease by over 200% between 2015 and 2014, and the EBITDA margin is expected to decrease at a CAGR of -20.1% over the Forecast Period.

The Headquarter Operations are also expected to invest significant extraordinary capital expenditures in 2015 (i.e. an incremental 95% as compared to 2015 maintenance capital expenditures) in order to develop a new platform for its online activities, and thus accelerate the company's transition to digital and mobile advertising.

We note that MISA has significant tax loss carry forward balances as at the Valuation Date; however, as MISA is not expected to be profitable for the foreseeable future, these tax losses are very unlikely to

be utilized. Furthermore, based on discussions with Management we understand that such losses cannot be applied to other entities within the Metro Group, nor can they be sold to a third party. As a consequence, we have not attributed any value to these tax losses in the valuation of the Headquarter Operations.

#### 10.4. Valuation summary and conclusion

We conducted a DCF analysis for the Headquarter Operations based on its Management Business Plan. Based on discussion with Management, we understand that the costs incurred by the Headquarter Operations on behalf of the Subsidiaries, as forecast in its Management Business Plan, have not been allocated to each of the individual Subsidiaries' Management Business Plans. Accordingly, we have considered the entirety of these costs when assessing the value of the Headquarter Operations.

Long-term forecast FCF were obtained from the Management Business Plan and discounted to present value at an appropriate rate which considered the timing and risk-level of the cash flows. A terminal growth rate of two percent was assumed to reflect that the company's operating costs (i.e. holding company costs) are expected to grow in line with long term inflation.

**Figure 39: Headquarter Operations – Summary of valuation assumptions and conclusions**

Headquarter Operations - Summary	
Key parameters	
Valuation methodology	DCF
Income approach parameters:	
WACC (%)	12.47%
Terminal growth rate (%)	2.00%
Concluded value for MISA's Headquarter Operations (EUR thousands)	(16 395)

Source: KPMG analysis

Our concluded value for MISA's Headquarter Operations is negative EUR 16.40 million as at the Valuation Date.

## 11. Appendix 4 – Weighted Average Cost of Capital

### 11.1. Methodology

The cost of capital of a company is the average required rate of return that equity and debt investors demand for the risk of investing in a company. The most common way to estimate this required rate of return is to calculate the marginal cost of capital required by each of the various sources of capital and then to calculate a weighted average return based on these costs.

The cost of capital is therefore a function of the company's optimal capital structure and opportunity cost of capital. In addition, it is also dependent on the stock market's risk characteristics.

The cost of capital is a central topic in corporate finance and is used to carry out the following analyses:

- Determination of the discount rate of a firm's assets;
- Determination of the minimum return accepted by equity and debt investors in a firm; and,
- Estimation of the average cost of funds for a firm.

In the context of this Valuation Report, we have estimated the WACC as set out below:

$$WACC = r_e * w_e + r_d * w_d$$

Where:

- $r_e$ : Cost of equity;
- $w_e$ : Equity as proportion of total invested capital;
- $r_d$ : After-tax cost of debt; and,
- $w_d = 1 - w_e$ : Debt as proportion of total invested capital.

The proportion of debt ( $w_d$ ) and equity ( $w_e$ ) used in estimating the WACC reflects the target capital structure, estimated based on the spot gearing observed for comparable companies.

### 11.2. Cost of equity

The cost of equity is generally calculated using the Capital Asset Pricing Model (hereinafter "CAPM"). The CAPM is widely accepted academically and states that the expected return on a stock is the sum of the risk-free interest rate and a premium in relation to the company's undiversifiable risk. The latter is equal to the product of the stock's beta and the market risk premium.

In the context of this Valuation Report, we have applied an adjusted CAPM, considering a country risk premium and, when relevant, other risk premiums such as the small size premium in addition to the standard parameters of CAPM. The following formula was used:

$$r_e = r_f + \beta * (r_m - r_f) + CRP + SP + SRP$$

Where:

- $r_f$ : Nominal risk-free rate of return;
- $\beta$ : Beta, measure of the systematic risk;
- $(r_m - r_f)$ : Equity Risk Premium;
- CRP: Country Risk Premium;
- SP: Size Premium; and,
- SRP: Specific Risk Premium.

### Risk-free rate of return

To derive the cost of equity in EUR currency, the nominal risk-free rate of return ( $r_f$ ) was estimated by reference to the three-month average EUR 30-year German yield curve as at the Valuation Date.

### Country Risk Premium

Country risk is the risk that operating profits or the value of assets are negatively impacted by changes in the business environment of a specific country. A common approach for dealing with this risk is to adjust the cost of equity estimated using the CAPM by adding a CRP to the risk-free rate of return ( $r_f$ ), where the base risk-free rate of return is calculated based on German government bonds (AAA rated).

We have considered a country risk premium for countries that have an average country credit rating below AAA. Where possible, the CRP was estimated by reference to the 2-year average spread of local currency denominated government bonds over German government bonds, with a remaining maturity of 5 to 25 years.

**Figure 40: Estimated CRP**

Estimated CRP - summary	
Country	CRP
Brazil	1.60%
Chile	0.80%
Colombia	1.50%
Ecuador	5.30%
Mexico	1.50%
Puerto Rico (United States)	0.00%
Sweden	0.00%

Source: KPMG analysis

### Size Premium

Investors tend to view large companies as less risky than smaller ones. Therefore, a SP should be applied when estimating the cost of equity of a small company. We estimate the size premium based on Morningstar 2013 Ibbotson "Stocks, Bonds, Bills, and Inflation", which is a standard market reference for determining the SP.

In consideration of the context of the Valuation (i.e. the Fair Price of the Minority Shares in MISA), we are of the view that an investor would consider the Fair Price of MISA as a whole when assessing the risk of MISA and its underlying Subsidiaries. Accordingly, we have calculated a small size premium based on our value estimate of MISA.

### Specific Risk Premium

The SRP accounts for the undiversifiable risks of a company. It can be viewed as the operational risk of a company over and above the operational risk of the industry in which it operates. It reflects, among others, the risk of volatility in earnings, the indebtedness, and the positioning in the market. For instance, it includes the risk associated with the implementation of a major cost improvement program (e.g. plant restructuring) or with a change in the Management Business Plan (e.g. the launch of new products).

### Beta

The appropriate beta factor ( $\beta$ ) was estimated by reference to the observed betas of comparable quoted companies in the sector, estimated based on a regression of the monthly historical return of the comparable companies against the monthly returns of the MSCI World Index over a 5-year period. The MSCI World Index was used as it is the most diversified index and because the beta is a measure of the systematic (or undiversifiable) risk of an asset. This index is widely accepted as the reference index for Beta computation (hereinafter the "Reference Index").



A specific peer group was derived for (i) Free News Businesses and for some of the Complementary Businesses; and, (ii) other specific entities on a case by case basis (collectively, the “Peers”).

Observed betas were adjusted to reflect the assumption that betas converge over time toward the average of the market ( $\beta = 1$ ). The adjustment was based on the following relation (Blume):

$$\beta_{adj} = (\beta_{obs} * 2 / 3) + 1 / 3$$

The adjusted betas were unlevered based on the 5-year weighted average capital structure to assess the asset beta, which was subsequently relevered based on the debt-to-equity ratio, estimated based on the spot gearing as at the Valuation Date observed for comparable companies. The following relationship between unlevered and levered beta was used (Hamada):

$$\beta_U = \beta_L / (1 + D/E * (1 - t_c))$$

As a beta is a linear regression, the accuracy of the regression coefficient can be estimated the  $R^2$  measures the percentage of volatility of a stock that can be explained by the volatility of the Reference Index. All betas with an  $R^2$  below 20% have been disregarded.

### Equity risk premium

The equity risk premium ( $r_m - r_f$ ) (hereinafter “ERP”) was estimated to be 5.0% based on published articles, academic studies and surveys that attempt to quantify the expected equity risk premium for common stocks. Recent studies include:

- Credit Suisse Global Investment Returns Yearbook 2013, which, based on returns during the period 1900 to 2012, estimated an average equity risk premium over the Treasury bond rate of 4.1% for the world and 5.3% for the US;
- Damodaran (2012), which estimated the geometric average equity risk premium over the US Treasury bond rate to be 4.02% during the period 1961 to 2012. In addition, Damodaran estimated the current implied ERP for US stocks to be 5.49% in November 2013; and,
- Fernandez, Aguirreamalloa and Corres (2013), which concluded in a survey that analysts used in 2012 a median market risk premium of 5.4% for the US market and 5.0% for the German market.

### 11.3. Cost of debt

The cost of debt is the cost of debt financing when, for instance, issuing a bond or taking a loan. Since interest expenses are deductible for tax purposes, the after-tax cost of debt is considered for the purpose of calculating the cost of capital.

The after-tax cost of debt was derived as follows:

$$r_d = (r_{d (base)} + CRP) * (1 - t_c)$$

Where

- $r_{d (base)}$ : Base rate for the cost of debt, which we derived from our yield analysis based on the peers listed debt of MISA. We compared bonds in the newspaper and advertising industry with similar credit ratings and durations. The key features we considered for the comparable analysis are BB to BBB+ credit rating, fixed coupon and newspaper industry.
- CRP: Country Risk Premium (as defined previously); and,
- $t_c$ : Statutory corporate tax rate of the country of incorporation, as provided by MISA.

Figure 41: WACC – Listed Bonds – Newspaper industry

Listed bonds - newspaper and advertisement industry										
Comparable bond yields <sup>(1)</sup>										
Issuer Name	Bond name	Currency	Amount in currency	Maturity	Debt type	Coupon class	Current coupon	Yield	Duration	S&P Rating
Daily Mail and General Trust plc	DMGO 6 21/06/2027	GBP	200 000 000	21/06/2027	Senior Note	Fixed Coupon	6.38%	3.75%	8.63	BBB-
Daily Mail and General Trust plc	DMGO 10 09/04/2021	GBP	165 000 000	09/04/2021	Bond	Fixed Coupon	10.00%	3.03%	4.59	BBB-
Daily Mail and General Trust plc	DMGO 6 07/12/2018	GBP	349 703 000	07/12/2018	Bond	Fixed Coupon	5.75%	2.30%	3.37	BBB-
Pearson plc	PSON 5 15/06/2018	USD	300 000 000	15/06/2018	Senior Note	Fixed Coupon	4.63%	2.35%	3.01	BBB+
Pearson plc	PSON GTD SNR BDS 15/12/2015	GBP	300 000 000	15/12/2015	Senior Note	Fixed Coupon	6.00%	4.10%	0.76	BBB+
Pearson Fund Funding II plc	GTD NT RULE 144A - 4.000	USD	350 000 000	17/05/2016	Senior Note	Fixed Coupon	4.00%	4.10%	1.15	BBB+
Pearson Dollar Finance Two plc	GTD NT RULE 144A - 6.000	USD	550 000 000	06/05/2018	Senior Note	Fixed Coupon	6.25%	6.28%	2.83	BBB+
Pearson Funding Five plc	1.875% GTD SNR NTS	EUR	500 000 000	19/05/2021	Senior Note	Fixed Coupon	1.88%	n.a.	5.84	BBB+
Pearson Funding Four plc	GTD NT RULE 144A 3.750	USD	500 000 000	08/05/2022	Senior Note	Fixed Coupon	3.75%	3.45%	6.17	BBB+
Pearson Funding Five plc	SR GLBL 144A 23	USD	500 000 000	08/05/2023	Senior Note	Fixed Coupon	3.25%	3.56%	7.01	BBB+
The New York Times Company	NYT 7 15/12/2016	USD	225 000 000	15/12/2016	Senior Note	Fixed Coupon	6.63%	2.18%	1.65	BB

Source: Bloomberg, Thomson One, KPMG Analysis – date: 31/12/2014

Note: (1) The above securities were selected based on the following criteria: Newspaper and advertisement industry, Credit Rating Range: BB > BBB+ and Coupon type: Fixed Coupon.

(2) When a company has different bonds with similar maturities and coupon rates, only the bond with the highest yield to maturity was considered.

### Concluded base cost of debt

To select the cost of debt, we performed an analysis of the peer companies' listed debt (see above table). The most comparable bond was a 12-year to maturity GBP bond with a yield of 3.75%.

To obtain a WACC denominated in EUR currency, we apply a currency adjustment to the yield which was obtained from the most comparable bond. In theory, the currency adjustment is explained by the inflation differential which can be approximated by computing the difference in yields between the 12-year EUR German Government bonds yield curve and the 12-years GBP United Kingdom Government bonds yield curve.

As the cost of debt should be a long-term view on the company, the analysis was adjusted since it was performed on a 12-year maturity bond. From a theoretical point of view we assume that the difference between the 30-year and 12-year yield curves of German Government bond is the best proxy to adjust for the shorter maturity period of our bond.

Based on our analysis, the concluded pre-tax cost of debt is 3.39%.

### 11.4. Selection of peers

The selection of peers (previously defined as the "Peers") was based on the analysis of the key characteristics of each entity's operations. We identified publicly traded companies with similar business models, product lines and geographical exposure to MISA's Subsidiaries. Specifically, where available, we identified peers for each of MISA's Subsidiaries' industry segments.

#### 11.4.1. News group – selected peers

- *Daily Mail and General Trust Plc* is an international media and information group. In 2014, it turned over GBP 1.8 billion in sales of digital, risk management and business information, and events solution mostly in the United Kingdom and North America. It operates a portfolio of newspapers under several brands (including the Metro Brands in the United Kingdom);
- *Pearson Plc* is an international media and education publishing company. In 2014, it turned over GBP 4.9 billion in sales of education materials and newspapers (including the Financial Times and the Economist) throughout Europe, North America and Asia;
- *The New York Time Company* is a newspaper publishing company, it has 1,900 newspapers, magazines and websites (including the New York Time branded media). In 2014, it turned over USD 1.6 billion in sales;
- *Axel Springer SE* is a European publishing company. In 2014, it turned over EUR 3.0 billion in sales of its digital media, newspapers, advertising solutions and classified advertising, in Germany and Europe; and,
- *Trinity mirror Plc* is a multimedia publishing company. In 2014 it turned over GBP 0.6 billion in sales of its paid and free newspapers, digital news platforms throughout the United Kingdom and Ireland. It operates a portfolio of newspapers including the Daily Mirror and the Sunday mirror.

The above Peers are large international news groups. We considered that these peers and MISA are exposed to similar risk factors and have similar products and businesses. However, we note that MISA and its subsidiaries may differ from the News Group in the following matters:

- The Peers are comparatively larger in size;
- The Peers have a relatively higher level of diversification;
- Metro Group is active in relatively less mature markets; and,
- Metro Group is outsourcing relatively more of its activities.

#### 11.4.2. Digital marketplaces – Selected peers

- *Groupon, Inc* is an online local discounted deals market place founded in 2008. In 2014, it turned over USD 3.2 billion throughout the United States and the rest of the world;
- *Aima Inc* is loyalty management company active throughout the world founded in 2011. In 2014, it turned over CAD 2.5 billion in sales of loyalty management and data analytics services;
- *Angies' List, Inc* is a local services marketplace founded in 1995 and is mainly active in the United States. In 2014, it turned over USD 0.3 billion in sales from its marketplaces and from its advertising solution;
- *Blucora Inc* is a Washington based internet business founded in 2012. In 2014, it turned over USD 0.6 billion;

## **12. Appendix 5 – KPMG Deal Advisory disclosures**

### **12.1. Qualifications**

The individual responsible for preparing this Valuation Report on behalf of KPMG is Yves Courtois. He is the Partner in charge of Deal Advisory at KPMG Luxembourg Société coopérative. He is a co-head of KPMG's Global Valuation Institute and is accredited by the Corporate Finance Network to provide company valuations. He is also part of the KPMG Global Valuation Committee. Yves Courtois has 18 years of experience at KPMG, of which 15 has been in the provision of corporate finance services, including specific advice on valuations, the preparation of expert reports, as well as mergers and acquisitions. He holds the professional qualifications of Chartered Financial Analyst (CFA) and Chartered Market Technician (CMT).

### **12.2. Disclaimers**

It is not intended that this Valuation Report should be used or relied upon for any purpose other than determining a Fair Price for the Minority Shares in the context of the Squeeze Out as an independent expert. KPMG expressly disclaims any liability to any Investment AB Kinnevik or Metro International S.A. shareholder who relies or purports to rely on the Valuation Report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

### **12.3. Independence**


In assessing our independence it is relevant to consider that, during the course of this engagement, KPMG provided draft copies of this Valuation Report to Kinnevik Management for comment as to factual accuracy, as opposed to opinions which are the responsibility of KPMG alone. Changes made to this Valuation Report as a result of those reviews have not altered the opinions of KPMG as stated in this report.

### **12.4. Consent**

KPMG consents to the inclusion of this Valuation Report in the form and context in which it is included with the Valuation Report to be issued to the shareholders of Metro International S.A. Neither the whole nor the any part of this Valuation Report, nor any reference thereto may be included in any other document without the prior written consent of KPMG as to the form and context in which it appears.

## 13. Appendix 6 – List of documents received from Management

Documents	
<b>1. Legal and tax</b>	
1.1.	Legal and Tax memo
1.2.	Minutes of the Extraordinary General Meeting dated 21 December 2012
1.3.	Updated by-laws as at 17 February 2014
1.4.	Memo related to the pricing of the public offer dated 4 February 2012
1.5.	Tax loss carry forward confirmation for the Colombia Operations
1.6.	Tax loss carry forward confirmation for the Puerto Rico Operations
1.7.	Transfer Pricing study dated September 2009
<b>2. Organizational structure</b>	
2.1.	Organizational chart as at 31 December 2014
2.2.	Local partners' information
<b>3. Historical financial information</b>	
3.1.	Consolidated entity / stand-alone balance sheets and profit and loss statements as at 31 December 2013
3.2.	Consolidated entity / stand-alone balance sheets and profit and loss statements as at 30 September 2014
3.3.	Consolidated entity / stand-alone balance sheets and profit and loss statements as at 31 December 2014
3.4.	Consolidated balance sheet and profit and loss statement as at 31 December 2013
3.5.	Consolidated balance sheet and profit and loss statement as at 30 September 2014
3.6.	Metro International S.A. consolidated financial statements as at 31 December 2011
3.7.	Historical exchange rates as at 31 December 2013, 30 September 2014 and 31 December 2014
3.8.	Diaros Unidos del Ecuador consolidated financial statements as at 31 December 2013
3.9.	Cuponatic Chile S.A. unconsolidated financial statements as at 31 December 2013
3.10.	Cuponatic LATAM S.A. consolidated financial statements as at 31 December 2013
3.11.	Metro International AB unconsolidated financial statements as at 31 December 2013
3.12.	Metro International Luxembourg Holding S.A. unconsolidated financial statements as at 31 December 2013
3.13.	Metro International S.A. unconsolidated financial statements as at 31 December 2013
3.14.	Metro International Sweden AB unconsolidated financial statements as at 31 December 2013
3.15.	Metro Puerto Rico, LLC unconsolidated financial statements as at 31 December 2013
3.16.	Offerta AB unconsolidated financial statements as at 31 December 2013
3.17.	Publicaciones Metropolitanas S.A. de C.V. unconsolidated financial statements as at 31 December 2013
3.18.	Metro Jornal S.A. unconsolidated financial statements as at 31 December 2012
3.19.	Metro Nordic Sweden AB stand alone financial statements as at 31 December 2013
3.20.	Publimetro S.A. unconsolidated financial statements as at 31 December 2013
3.21.	Tidnings AB Metro unconsolidated financial statements as at 31 December 2013
3.22.	Publimetro Colombia S.A.S unconsolidated financial statements as at 31 December 2013
<b>4. Ownership information</b>	
4.1.	Shareholders' register
<b>5. Strategic outlook and Management Business Plan</b>	
5.1.	LATAM strategy as at December 2014
5.2.	Budget 2015
5.3.	Chile market outlook
5.4.	Sweden market outlook
<b>6. Recent Transaction information</b>	
6.1.	Draft SPA for the sales of Publimetro Guatemala
6.2.	Historical information on divested operations
6.3.	Scoopshot second financing round term sheet
6.4.	Internal memo relating to the incremental equity stake purchased in Studentkortet
<b>7. Franchise Fees information</b>	
7.1.	Summary of franchise fees
7.2.	Brazil Franchise Agreement
7.3.	Colombia Franchise Agreement
7.4.	Ecuador Franchise Agreement
7.5.	Mexico Franchise Agreement
7.6.	Puerto Rico Franchise Agreement
7.7.	Sweden Franchise Agreement
<b>8. Other relevant information</b>	
8.1.	Kinnevik 2012 Offer Document - recommended public all cash offer
8.2.	2012 Fairness Opinion Supporting Documentation - Carnegie Investment Bank AB
8.3.	Kinnevik 2014 Annual Report



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