



## **CLX acquires Mblox, strengthening its position as one of the global leaders in cloud communications, and announces a fully committed and guaranteed rights issue of approximately SEK 620 million**

May 13, 2016

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**CLX Communications AB (publ) ("CLX") today announces that it has entered into a definitive merger agreement under which CLX will acquire 100 per cent of the shares in Mblox Inc. ("Mblox") for a cash consideration of USD 117 million (corresponding to SEK 954 million<sup>[1]</sup>) (the "Transaction"). With this acquisition, CLX solidifies its position as one of the leading A2P (application-to-person) enterprise messaging providers in the world, further strengthening its position as one of the global leaders in cloud communications for enterprises. The acquisition (including certain transaction and integration costs) will be financed by a fully committed and guaranteed rights issue of approximately SEK 620 million (the "Rights Issue") and bank financing of approximately SEK 400 million (the "Bank Financing").**

### **Highlights**

- CLX acquires Mblox for a cash consideration of USD 117 million (corresponding to SEK 954 million<sup>1</sup>) on a cash and debt free basis (*Enterprise Value*)
- The Transaction solidifies CLX's position as one of the leading A2P enterprise messaging providers in the world, thereby further strengthening CLX's position as one of the global leaders in cloud communications for enterprises
  - Combined revenues of approximately SEK 2,119 million in 2015
  - Combined Enterprise Division customer base with more than 1,300 enterprise customers and more than 2,000 SMB (Small and Medium sized Businesses) customers
  - Combined operator base with more than 150 direct operator relationships globally, providing a strong base for CLX's Internet-of-Things (IoT) connectivity services
  - Significantly increased presence in the US market including a full cross-carrier messaging portfolio, thereby becoming one of the leading providers with a significant footprint across North America and Europe
- The cash consideration will be financed by a fully committed and guaranteed rights issue in CLX (approximately SEK 620 million) and bank financing (approximately SEK 400 million)
- Shareholders in CLX, including Cantaloupe AB<sup>[2]</sup>, Neqst D1 AB, Kjell Arvidsson AB, Första AP-fonden, Fjärde AP-fonden, Alecta Pensionsförsäkring, ömsesidigt, RAM ONE, Rational Asset Management Equity Long/Short and LMK Forward AB, representing approximately 75 per cent of the capital and votes in the Company, have stated their support for the Transaction and have undertaken to subscribe for their pro rata shares of the Rights Issue. In addition, RAM ONE, Rational Asset Management Equity Long/Short, LMK Forward AB, Prior & Nilsson Fond- och Kapitalförvaltning AB, Italo Invest AB and AB Grenspecialisten, have entered into subscription commitments to subscribe for shares in the Rights Issue in an amount corresponding to approximately 25 per cent of the Rights Issue. Consequently, the Rights Issue is fully committed and guaranteed. In addition, Swedbank Robur Fonder AB and Handelsbanken Fonder AB, with approximately 10 per cent of the Company, have indicated that they are positive to the Transaction and that they intend to subscribe for their pro rata shares in the Rights Issue
- The Rights Issue is subject to approval by the Extraordinary General Meeting ("EGM") in CLX, to be held on June 7, 2016
- The terms of the Rights Issue are expected to be announced on or about June 1, 2016, with the subscription period running from June 13, 2016 up to and including June 27, 2016
- Completion of the Transaction is expected early July 2016

Statement by Johan Hedberg, CEO, CLX Communications:

"This is a significant step forward for CLX. The acquisition strengthens CLX's position in existing markets and, more importantly, gives a strong

foothold in the large and attractive US market. The acquisition expands our global communications network and will also significantly increase our customer base with a number of blue chip enterprises, while it also adds a new, customer segment, namely that of Small and Medium sized Businesses."

Statement by Erik Fröberg, Chairman of the Board, CLX Communications:

"For several years we have closely followed Mblox's development and are very excited to announce that we have reached a definitive agreement to acquire the company as we believe this acquisition will significantly strengthen CLX's business. Mblox's business complements CLX's business well and when merged, the two companies will become one of the leading enterprise cloud communication service providers in the world. The acquisition is in line with CLX's strategy to capture growth in the mobile connectivity for IoT and is a strong testament to Johan Hedberg and the management team's capacity to execute on the company's strategy. We believe that the acquisition will be highly accretive to our shareholders."

**Press and analyst teleconference:**

Today at 10:00 CET

Call-in +46 (0)8 40 839 452

Meeting code: 339 013 094

Link: <https://attendee.gotowebinar.com/register/3471387281800564227>

**Brief description of Mblox**

Mblox is one of the largest application-to-person (A2P) mobile messaging providers globally. Mblox was founded in 1999 and is one of the pioneers within the SMS industry. Mblox operates, as CLX's Enterprise division, within the enterprise cloud communications market.

Mblox's main service offering is carrier-based mobile messaging web tools and APIs used for A2P messaging between enterprises and mobile devices. The carrier-based mobile messaging services include both inbound and outbound SMS, enabling interactive two-way mobile communication. Mblox has a particularly strong service offering in the US, where Mblox has a full mobile messaging product offering.

Mblox has a broad customer base across several industries that need messaging services worldwide. The customer base includes several large blue-chip customers across different industries, such as Internet companies, financial services and major media brands. Through its self-service online platform, Mblox also targets customers within the Small and Medium sized Business segment.

In June 2015, Mblox was recognized as one of only four Tier-1 providers in the world (together with CLX) and the highest rated US-based global provider, according to a survey of approximately 180 mobile network operators conducted by the Roaming Consulting Company. The survey measured mobile network operators' perceptions of enterprise SMS providers on more than 30 different categories.

Mblox is headquartered in Atlanta (US), and operates on a global basis through offices in Campbell, California (US), Canterbury (UK), London (UK), Lund (Sweden), Madrid (Spain), Paris (France), Prague (Czech Republic), Stockholm (Sweden) and Sydney (Australia).

In 2015, Mblox had revenues of USD 140.4 million (SEK 1,184 million<sup>[3]</sup>) and an adjusted EBITDA of USD 6.9 million (SEK 58 million<sup>3</sup>). As per December 31, 2015 Mblox had 188 employees and long-term contractors.

**Transaction rationale**

CLX has, since its foundation in 2008, developed into a leading supplier of cloud-based communication services and solutions to enterprises and mobile network operators, with a strong position within the A2P enterprise messaging market. The acquisition of Mblox is in line with the strategy presented in conjunction with the IPO of CLX in October 2015 and will result in CLX becoming significantly larger and growing its operations in both existing and new geographic markets, particularly in the attractive US market.

CLX believes that the strategic motives supporting the acquisition are significant and that the merger will strengthen the Company's position as one of the leading suppliers of cloud-based communications solutions to enterprises and mobile operators. The key attractions include:

**1. Strengthen position as one of the global leaders in cloud communications**

- The combined company will become one of the global leaders in A2P messaging
- Both CLX and Mblox are enterprise communications service providers with global presence and customer bases, yet the combination is highly complementary: CLX's strong position in Europe is complemented by Mblox's strong position in the US, UK and Australia
- CLX will immediately become one of the most important players in the large US market, which is characterized<sup>3</sup> by having higher gross margins
- Additional and stronger relationships with mobile operators are highly valuable in an industry where size provides large scale benefits

**2. Large, attractive and diversified customer base**

- Mblox's more than 900 enterprise customers, including well-known companies such as Experian, L'Oréal, Viber and Genesys, will complement CLX's existing customer base
- The acquisition adds a new segment to CLX's customer base: Small and Medium sized Businesses, a segment with lower price sensitivity, using Mblox's self-service platform
- The larger and more diversified customer base (in terms of customer type, size, location, etc.), will contribute to reduce

operational risk

### 3. Potential for significant cost and efficiency synergies

- Annual cost and efficiency synergies of SEK 80-90 million (approximately USD 10 million) are expected to be realized over a period of 24 months
- Upside synergy potential from:
  - Potentially lower connectivity and message transmission costs as a result of scale benefits
  - Technical migration to a single unified platform

### 4. Strong base for future expansion

- Enhanced leadership position and large combined customer base create a strong position for CLX's continued success
- Increased number of direct connections and relationships with Tier-1 mobile operators around the world benefit both the Enterprise and Operator Division significantly
- Leverage Internet-of-Things expansion opportunity as one of the leading platform companies with a large number of enterprise and operator relationships

### Financial effects for CLX

The combined 2015 revenue figure for CLX and Mblox is approximately SEK 2.1 billion (USD 251 million<sup>[4]</sup>) and the combined adjusted operating profit before depreciation and amortization (adjusted EBITDA) figure amounts to approximately SEK 150 million (USD 18 million<sup>4</sup>). Together, CLX and Mblox will have approximately 340 employees.

The Transaction is expected to generate annual cost synergies of approximately SEK 80-90 million (approximately USD 10 million). In the medium-term, CLX expects additional synergies from merging traffic to one technical platform and by reducing cost of goods sold in relation to revenues. Integration costs are estimated to SEK 60 million, the majority of which is expected to be recognized in the quarter ending on September 30, 2016 and affect cash flow in the coming 18 months. Transaction costs are expected to amount to SEK 40 million and will be recognized in the quarter ending on June 30, 2016.

The acquisition multiple corresponds to an EV/EBITDA (adj.) 2015 multiple of approximately 16.9x (excluding synergies) and 6.9x (assuming full impact of synergies) on Mblox's 2015 adjusted EBITDA.

In accordance with CLX's financial targets, CLX's capital structure shall enable a high degree of flexibility and allow for acquisitions. CLX's objective is a maximum net indebtedness of 2x EBITDA for the last twelve months. As a consequence of the Transaction and its financing, this level is expected to be exceeded in the coming quarters. A temporary deviation is, however, permitted as long as it takes place with balanced risk.

Key financials 2015 (excluding synergies):

	CLX (Group)		Mblox		Combined	
	MUSD	MSEK	MUSD	MSEK	MUSD	MSEK
<b>January - December 2015</b>						
Net sales	114.3	963.9	140.4	1,184.4	251.2	2,118.9
Gross profit	34.1	287.9	42.4	357.9	76.6	645.8
Gross margin	29.9%	29.9%	30.2%	30.2%	30.5%	30.5%
Adjusted EBITDA	10.9 <sup>1)</sup>	91.7 <sup>1)</sup>	6.9 <sup>2)</sup>	58.4 <sup>2)</sup>	17.8	150.5
Adj. EBITDA margin	9.5%	9.5%	4.9%	4.9%	7.1%	7.1%
Net debt (As of 31 December 2015)	0.9	7.2	-	-	48.8 <sup>3)</sup>	407.2 <sup>3)</sup>
Net debt / Adj. EBITDA	0.1x	0.1x	-	-	2.7x <sup>3)</sup>	2.7x <sup>3)</sup>

Note: Net sales, Gross profit and Adjusted EBITDA in USD have been converted to SEK at an exchange rate of USD/SEK 8.435, corresponding to the period average of Jan 1 - Dec 31 2015. Net debt has been converted using 8.3524, the exchange rate as of December 2015.

1) Adjusted by SEK 16.9 million for IPO related expenses.

2) Adjusted by SEK 0.5 million for IFRS-adjustments and expenses expected to be non-recurring.

3) Assuming new interest-bearing bank loans of approximately SEK 400 million.

CLX's financial figures above are for the calendar year 2015 (January to December). CLX intends to change its fiscal year from 1 July - 30 June to 1 January - 31 December. Such a change requires the approval of an Extraordinary General Meeting in CLX which is contemplated to be held on June 13, 2016. For further information, see the separate press release.

The above figures are for illustrative purposes and do not include any impact from synergies, integration costs, transaction costs and amortization of surplus values resulting from the purchase price allocation. The presented financial information has not been reviewed by CLX's auditors and should be regarded as hypothetical and should not be seen as pro forma accounts.

### The Transaction

On May 12, 2016, CLX and the shareholders of Mblox entered into a definitive merger agreement under which CLX will acquire 100 per cent of the shares in Mblox for a cash consideration of USD 117 million (SEK 954 million<sup>[5]</sup>) on a cash and debt free basis (*Enterprise Value*).

The acquisition of Mblox, as well as certain transaction and integration costs, will partly be financed by the Bank Financing of approximately SEK 400 million and partly by a fully-committed and guaranteed Rights Issue of approximately SEK 620 million.

## **Bank Financing**

To finance part of the Transaction, CLX has refinanced its arrangements with Danske Bank by entering into new credit arrangements with Danske Bank and Svenska Handelsbanken for a three year multi-currency term loan of approximately SEK 460 million, of which SEK 400 million will be used to finance part of the cash consideration and SEK 60 million will replace the existing credit facilities with Danske Bank. The new loan can be extended with up to two additional years and are subject to customary conditions and covenants for a loan of this type.

## **Rights Issue**

The Board of Directors of CLX has resolved, subject to the approval by the EGM, to raise approximately SEK 620 million, by way of a fully committed and guaranteed rights issue, for the purposes of financing part of the Transaction. Those who, on the record date, are registered as shareholders in CLX by Euroclear Sweden AB will have preferential right to subscribe for new shares in the Rights Issue in proportion to the number of shares held on the record date. Subscriptions will also be possible without the exercise of subscription rights.

If not all shares are subscribed for with support of subscription rights, the Board of Directors will resolve on the allocation of shares subscribed for without subscription rights as follows: i) firstly, allocation should be completed to those who have applied for subscription and subscribed for shares with support of subscription rights, regardless if the subscriber was a shareholder at the record date or not, and in case of over-subscription, in relation to the number of subscriptions each has exercised in the subscription of shares and in case this cannot be completed, by means of lottery, ii) secondly, allocation shall be completed to others who have applied for subscription without support from subscription rights and, in case of over-subscription, in relation to the number of shares indicated in each subscription application and in case this cannot be completed, by means of lottery, and iii) thirdly, any remaining shares will be allocated to those who have guaranteed the Rights Issue, in accordance with separate subscription commitments with the Company, and in proportion to the size of their respective commitments.

The terms of the Rights Issue, including the subscription price, maximum increase of the share capital and the number of shares to be issued, will be resolved by the Board of Directors and announced on or about June 1, 2016.

The record date for participation in the EGM is on May 31, 2016. The record date for participation in the Rights Issue is June 9, 2016. The subscription period will run from June 13, 2016 up to and including June 27, 2016, or such extended period as decided by the Board of Directors. The trading in rights will run from June 13, 2016 up to and including June 22, 2016, or such extended period as decided by the Board of Directors. The trading with paid subscribed shares will run from June 13, 2016 up to and including June 29, 2016, or such extended period as decided by the Board of Directors.

## **Commitments and indications of interest**

The largest shareholders in CLX, including Cantaloupe AB (owned by the founders of CLX, Johan Hedberg, Robert Gerstmann, Björn Zethraeus, Kristian Männik, Henrik Sandell and Kjell Arvidsson), Neqst D1 AB, Kjell Arvidsson AB, Första AP-fonden, Fjärde AP-fonden, Alecta Pensionsförsäkring, ömsesidigt, RAM ONE, Rational Asset Management Equity Long/Short and LMK Forward AB, have entered into agreements with the Company under which they have committed to vote in favor of the Rights Issue at the EGM and, subject to certain conditions, to subscribe for their pro rata shares in the Rights Issue, corresponding to approximately 75 per cent of the Rights Issue.

In addition RAM ONE, Rational Asset Management Equity Long/Short, LMK Forward AB, Prior & Nilsson Fond- och Kapitalförvaltning AB, Italo Invest AB and AB Grenspecialisten, have entered into subscription commitments with the Company, under which they have committed to vote in favor of the Rights Issue at the EGM (to the extent they are also shareholders in CLX) and, subject to certain conditions, to subscribe for shares in the Rights Issue in an amount corresponding to approximately 25 per cent of the Rights Issue. Consequently, the Rights Issue is fully committed and guaranteed. In addition, Swedbank Robur Fonder AB and Handelsbanken Fonder AB, with approximately 10 per cent of the capital and votes, have indicated that they are positive to the Transaction and that they intend to subscribe for their pro rata shares in the Rights Issue.

The Board of Directors' decision on the Rights Issue is subject to the approval by the EGM planned on June 7, 2016. For more information, please see the notice for the EGM in a separate press release. Complete terms and conditions of the Rights Issue, including subscription price, is expected to be announced on or about June 1, 2016. A prospectus with regards to the Rights Issue is expected to be made public on or about June 10, 2016, and will be made available at CLX's website and be sent to the directly registered shareholders in CLX.

## **Preliminary time table for the Transaction and the Rights Issue**

1 June	Announcement of the final terms for the Rights Issue
7 June	EGM in CLX to approve the Rights Issue resolved by the Board of Directors
9 June	Record date for participation in the Rights Issue, i.e. shareholders registered in the share register of CLX on this day will receive subscription rights for participation in the Rights Issue
10 June	Estimated date for publishing the prospectus
13 - 22 June	Trading in subscription rights
13 - 27 June	Subscription period
On or about 1 July	Announcement of outcome in the Rights Issue
Early July	Estimated closing of the Transaction

## **Conditions for the completion of the Transaction**

The Transaction is not subject to any regulatory approvals or completion of the Rights Issue or the Bank Financing but is subject to certain other customary conditions for a transaction of this size and type.

## **Advisors**

Carnegie Investment Bank AB and Handelsbanken Capital Markets are financial advisers to CLX in connection to the Transaction and Joint Lead Managers in the Rights Issue. Gerndt & Danielsson Advokatbyrå KB and Hill, Kertscher & Wharton LLP are legal advisers to CLX.

### **Press and analyst teleconference**

Today at 10:00 CET

Call-in +46 (0)8 40 839 452

Meeting code: 339 013 094

Link: <https://attendee.gotowebinar.com/register/3471387281800564227>

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*The above information has been made public in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was released for public distribution on May 13, 2016 at [8:00] CET.*

### **About CLX Communications**

CLX was founded in 2008 with a mission to simplify communications globally. CLX has since then developed into a leading provider of cloud-based communications services and solutions to enterprises and mobile operators, with particular strength in the enterprise messaging market. Mobile communications services from CLX make it possible for enterprises to communicate globally with people and connected devices (Internet of Things, IoT) swiftly, securely and cost-effectively. CLX's solutions enable business-critical communication worldwide via mobile messaging services, voice services and mobile data connectivity services for IoT. CLX has over 600 enterprise customers globally, including a large number of global blue-chip enterprises, and over 70 Communications Service Provider customers (of which approximately 60 are mobile operators) that have installed and use CLX's internally developed software-based communications platform in their businesses.

CLX has demonstrated strong financial performance since its inception in 2008 and has increased its revenues from SEK 416 million in the twelve months ended June 30, 2013 to SEK 844 million in the twelve months ended June 30, 2015, corresponding to a compound annual growth rate of 42 per cent. For the twelve months ended June 30, 2015, CLX reported EBITDA of SEK 93 million and EBIT of SEK 89 million, corresponding to an EBIT margin of approximately 10.5 per cent.

### **Important information**

This press release does not contain or constitute an invitation or an offer to acquire, sell, subscribe for or otherwise trade in shares, subscription rights or other securities in CLX. Invitation to the persons concerned to subscribe for shares in CLX will only be made through the prospectus that CLX intends to publish at the company's website, following the approval and registration thereof by the Swedish Financial Supervisory Authority. The prospectus will contain, among other things, risk factors, financial statements as well as information regarding the company's board of directors. This press release has not been approved by any regulatory authority and is not a prospectus and accordingly, investors should not subscribe for or purchase any securities referred to in this press release except on the basis of information provided in the prospectus to be published by CLX.

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No subscription rights, paid subscribed shares or new shares have been or will be registered under the Securities Act, or with any other securities regulatory authority of any state or other jurisdiction of the United States and no subscription rights, paid subscribed shares or new shares may be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, into or within the United States or on account of such persons other than pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act, and in compliance with any applicable securities laws of any state or jurisdiction of the United States. No public offering of subscription rights, paid subscribed shares or new shares is made in the United States. There is no intention to register any securities referred to herein in the United States or to make a public offering in the United States.

This press release contains forward-looking statements which reflect CLX's current view on future events and financial and operational development. Words such as "intend", "will", "expect", "anticipate", "may", "plan", "estimate" and other expressions than historical facts which imply indications or predictions of future development or trends, constitute forward-looking statements. Forward-looking statements inherently involve both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not guarantee future results or development and the actual outcome could differ materially from the forward-looking statements.

The information, opinions and forward-looking statements concluded in this announcement speak only as of its date and are subject to change without notice.

[1] Applying USD/SEK exchange rate of 8.1545, the exchange rate as of May 12, 2016.

[2] Owned by the founders of CLX, Johan Hedberg, Robert Gerstmann, Björn Zethraeus, Kristian Männik, Henrik Sandell and Kjell Arvidsson.

[3] Converted at an exchange rate of USDSEK 8.435, corresponding to the period average of Jan 1 - Dec 31 2015.

[4] Converted at an exchange rate of USDSEK 8.435, corresponding to the period average of Jan 1 - Dec 31 2015

[5] Applying USD/SEK exchange rate of 8.1545, the exchange rate as of May 12, 2016.