

# ***Modern Times Group MTG AB***



## ***Second Quarter 2011 Financial Results***





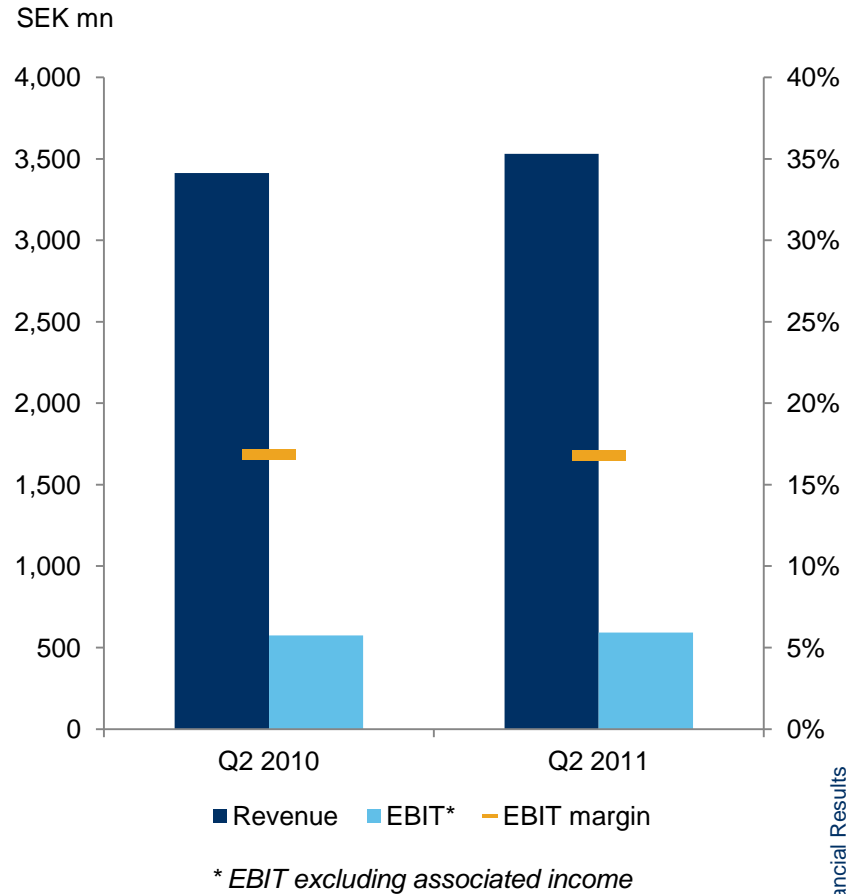
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MODERN TIMES GROUP

**Another  
Quarter  
Of Record  
Sales &  
Operating  
Profits**

# Second Quarter 2011

## 9% Sales Growth at Constant FX

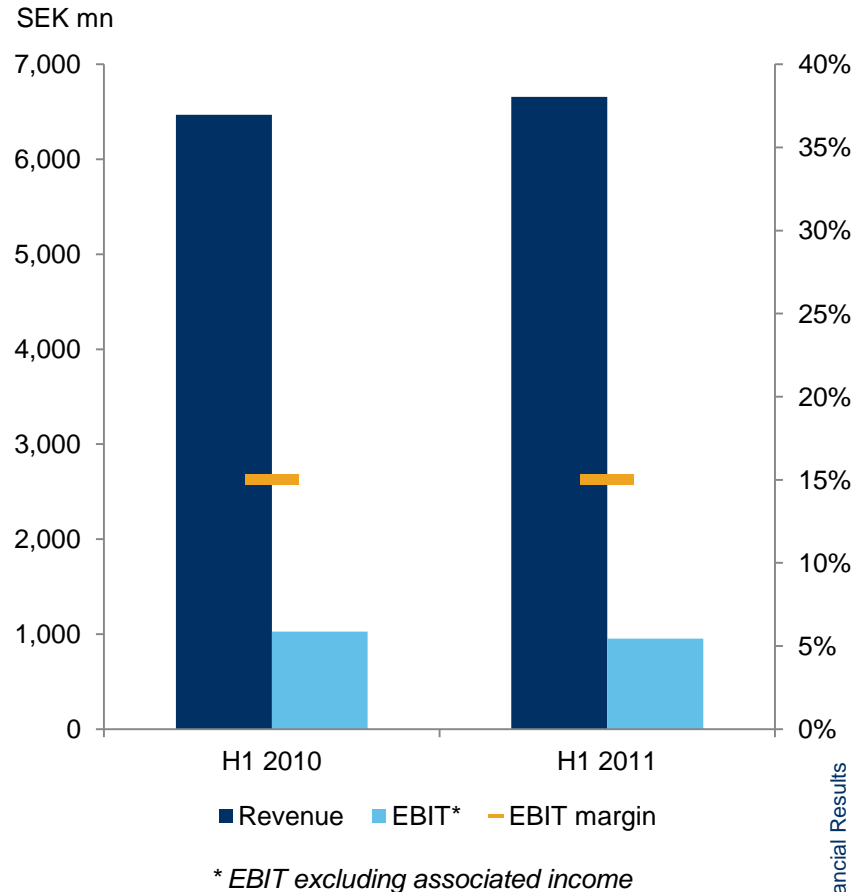
- Sales up 9% y/y at constant FX & up 3% y/y at reported FX to SEK 3,531 (3,413) mn
- OPEX up y/y to SEK 2,938 (2,837) & up 9% y/y at constant FX
- Record EBIT before associated company income of SEK 593 (575) mn
  - Stable operating margin of 17% (17%)
- Total EBIT of SEK 681 (698) mn including SEK 88 (123) mn of associated company income
- PTP of SEK 681 (672) mn
- Total net income of SEK 479 (522) mn incl. SEK 20 mn of the net income from CDON in Q2 2010
- Basic EPS of SEK 6.84 (7.27)
  - Total basic EPS of SEK 6.84 (7.58)
- SEK 498 (363) mn of annual dividend paid to shareholders
- Receipt of SEK 84 (30) mn (USD 13 mn) quarterly dividend cash payment from associated company CTC Media



# First Half Year 2011

## 9% Sales Growth at Constant FX

- Sales up 9% y/y at constant FX & up 3% y/y at reported FX to SEK 6,656 (6,467) mn
- OPEX of SEK 5,632 (5,515) mn - up 8% y/y at constant FX
- EBIT before associated companies up 8% y/y to SEK 1,025 (952) mn
  - Stable operating margin of 15% (15%)
- Total EBIT up 16% y/y to SEK 1,365 (1,182) mn including SEK 341 (229) mn of associated company income
- PTP up 22% y/y to SEK 1,352 (1,107) mn
- Net income from continuing operations up 25% y/y to SEK 969 (776) mn
  - Total net income up 18% y/y to SEK 969 (822) mn incl. SEK 45 mn of net income from CDON Group in H1 2010
- Basic EPS from continuing operations up 23% y/y to SEK 14.19 (11.49)
  - Total basic EPS up 16% y/y to SEK 14.19 (12.18)
- SEK 145 (58) mn (USD 23 mn) of cash dividends from CTC Media





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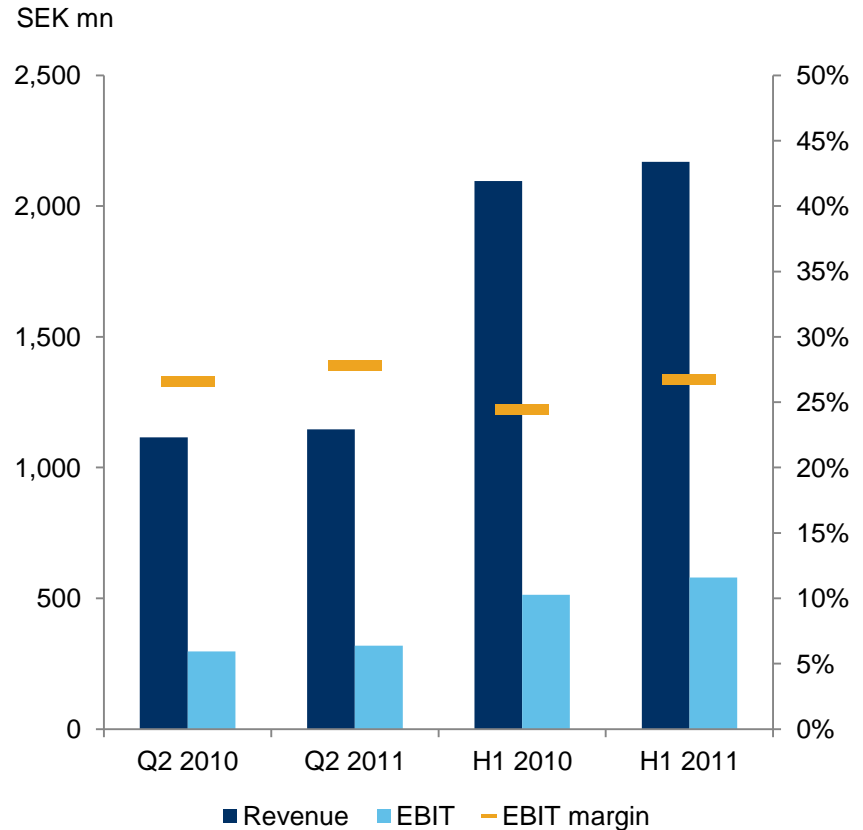
# Operating review



Operating review

# Free-TV Scandinavia Financial Highlights

- Sales of SEK 1,146 (1,116) mn in Q2 & SEK 2,169 (2,096) mn for YTD
  - Up 7% y/y in Q2 & up 9% for YTD at constant FX
- OPEX of SEK 827 (819) mn y/y in Q2 & SEK 1,590 (1,583) mn for YTD
  - Up y/y at constant FX
  - Higher programming investments & y/y impact of launch of TV10 in Sweden in Sep. 2010
- EBIT up 7% y/y in Q2 to SEK 319 (297) mn in Q2 & up 13% to SEK 580 (513) mn for YTD
- Increased EBIT of 28% (27%) in Q2 & 27% (24%) for YTD



Operating review

# Free-TV Scandinavia Operating Highlights

## Sweden

- Target audience share of 37.6% (37.2%) in Q2
  - Up from 33.8% in Q1
  - Launch of spring programming schedules
  - Positive q/q CSOV development for all four channels

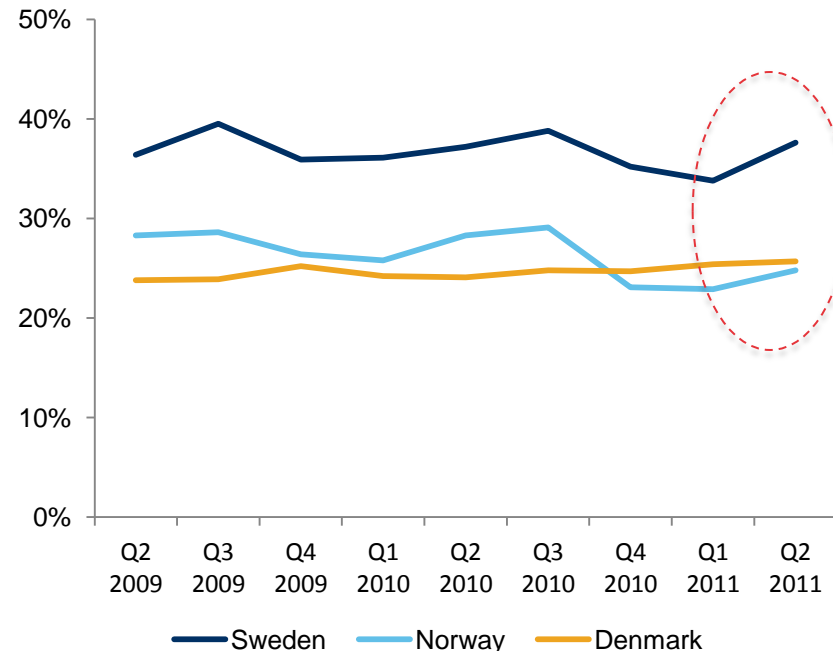
## Norway

- Target audience share of 24.8% (28.3%) in Q2
  - Up from 22.9% in Q1
  - Y/y performance reflected impact of launch of 2 new channels by competitors in Q4 2010 & coverage of FIFA World Cup in Q2 2010

## Denmark

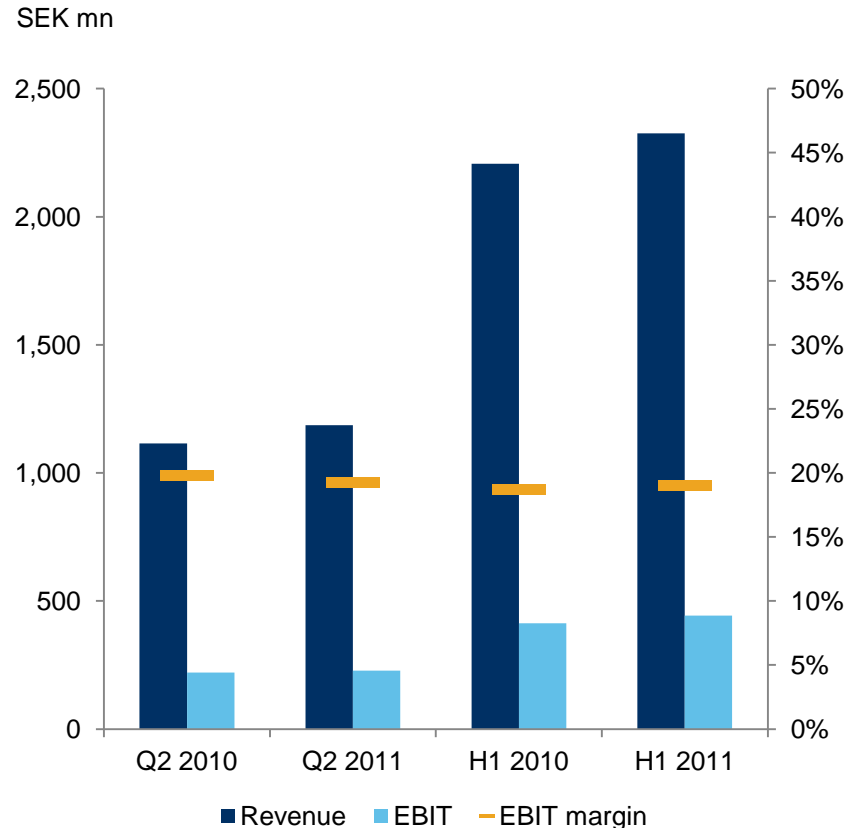
- Target audience share of 25.7% (24.1%) in Q2
  - Up from 25.4% in Q1
  - Strengthened programming schedules & focus on own productions
  - TV3+ and TV3 PULS continued to grow & TV3 CSOV stable

Commercial Audience Share (15-49)



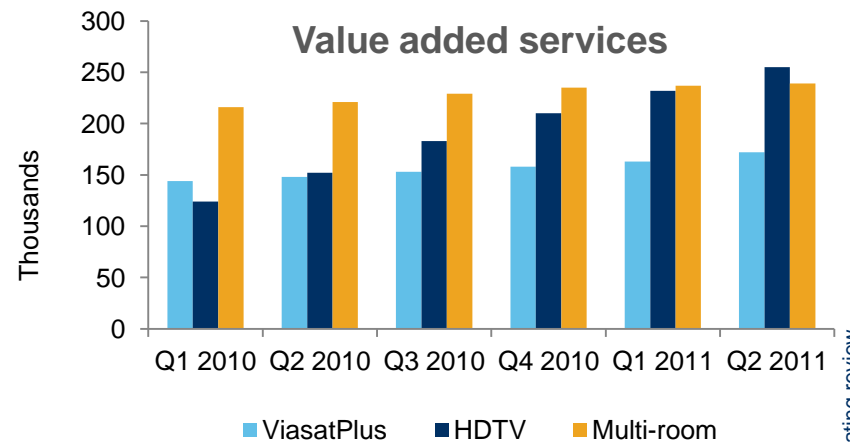
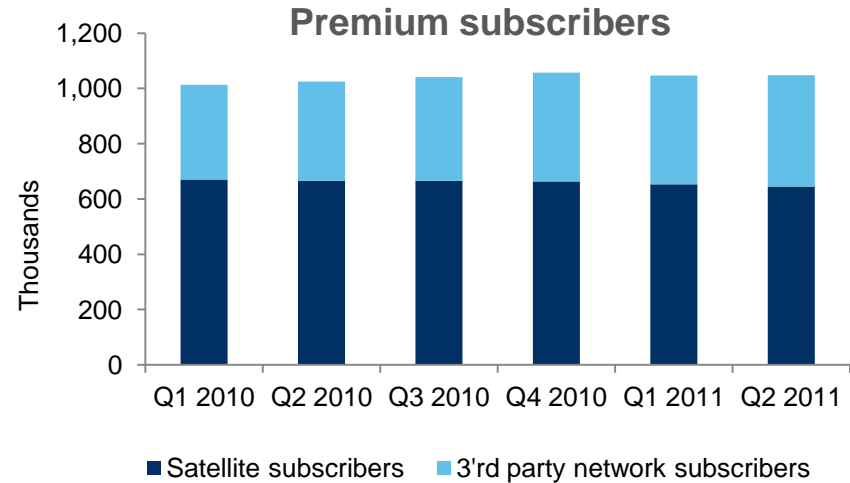
# Pay-TV Nordic Financial Highlights

- Sales of SEK 1,186 (1,115) mn in Q2 & SEK 2,325 (2,207) mn for YTD
  - Up 10% y/y both in Q2 & for YTD at constant FX
- OPEX of SEK 958 (894) mn in Q2 and SEK 1,882 (1,794) mn for YTD
  - Up y/y at constant FX for both Q2 & YTD
  - Ongoing investments in premium sports content
  - Addition of 7 Viasat channels since beginning of 2010
- EBIT up 3% y/y to SEK 228 (221) mn in Q2 & up 7% to SEK 443 (413) mn for YTD
- Operating margins of 19% (20%) in Q2 & 19% (19%) for YTD



# Pay-TV Nordic Operating Highlights

- 23,000 net new premium subscribers added y/y & overall premium subscriber base stable q/q
- Growth driven by
  - Subscriber intake on 3<sup>rd</sup> party networks
  - Continued satellite intake in Sweden offset by lower y/y subscriber levels in Norway & Denmark
- Premium ARPU up to SEK 4,594 (4,446) – up 8% y/y at constant FX
  - Previously introduced price increases
  - Ongoing customer uptake of value-added services

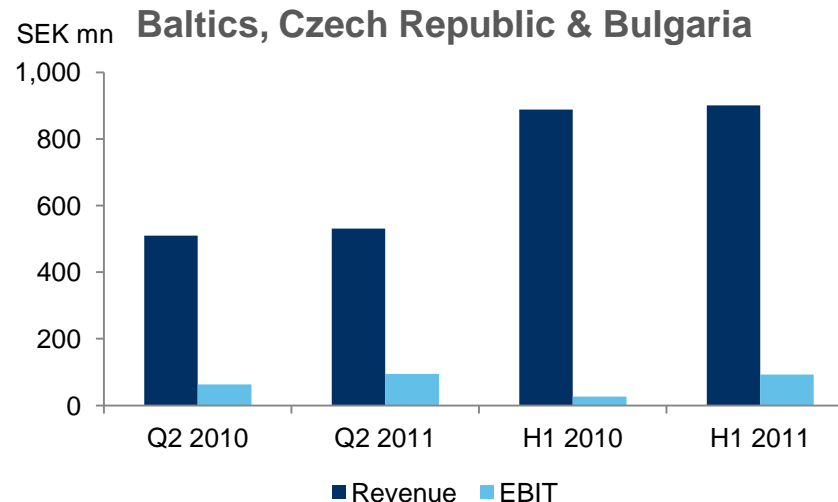
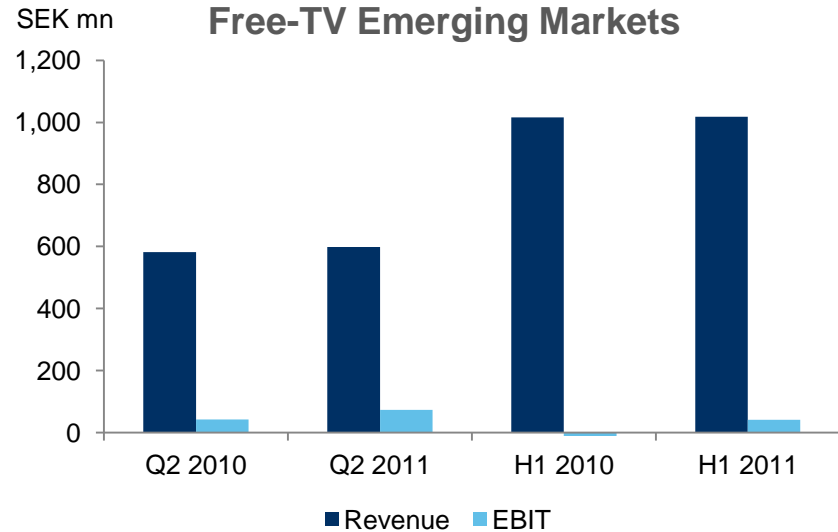


Operating review

# Free-TV Emerging Markets

## Financial Highlights

- **Total sales** of SEK 598 (582) mn in Q2 & SEK 1,018 (1,016) mn for YTD – up 8% y/y in Q2 & up 7% y/y for YTD at constant FX
  - Return to growth for a number of advertising markets
- EBIT up 74% y/y to SEK 73 (42) mn in Q2
  - Up to SEK 41 (-24) mn for YTD
  - Increased EBIT margin of 12% (7%) in Q2 & margin of 4% (-) for YTD
- **Baltic, Czech & Bulgarian sales** of SEK 531 (510) mn in Q2 & SEK 901 (888) mn for YTD
  - Up 8% both in Q2 & for YTD at constant FX
- EBIT up 51% y/y to SEK 95 (63) mn in Q2 & almost tripled to SEK 93 (26) mn for YTD
  - Increased EBIT margins of 18% (12%) in Q2 & 10% (3%) for YTD



# Free-TV Emerging Markets

## Operating Highlights

### Baltics

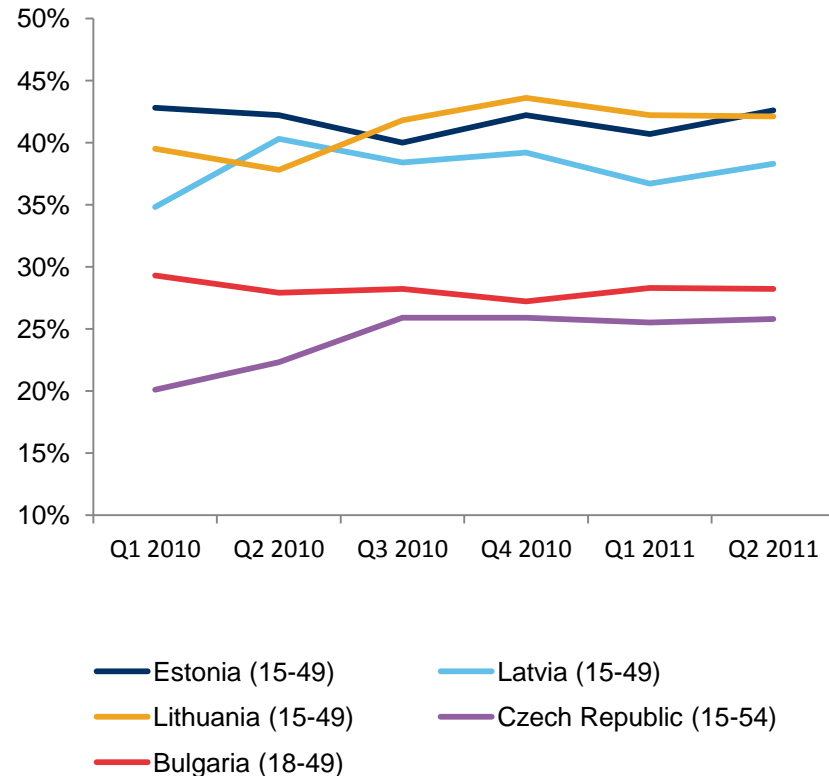
- Sales up 5% y/y in Q2 & up 8% for YTD at constant FX
- Increased pan-Baltic target audience share of 41.0% (39.3%) in Q2
- Selective programming investments to drive CSOV & market shares

### Czech Republic

- Sales up 24% in Q2 & 20% for YTD at constant FX & outperformed TV ad market for Q2 & YTD
- Significant y/y CSOV gains following previously implemented programming investments
- New channel Prima LOVE developing according to plan

### Bulgaria

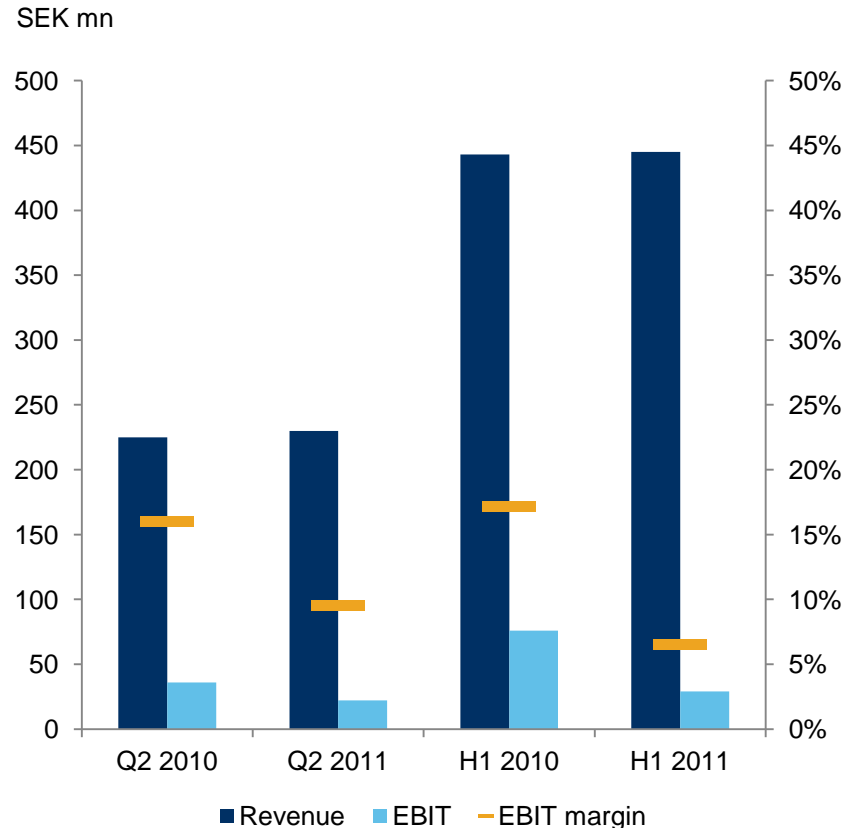
- Sales down 17% y/y in Q2 & down 15% for YTD at constant FX reflecting overall TV ad market performance and low ad pricing
- Continued focus on programming schedules yields increased CSOV y/y



# Pay-TV Emerging Markets

## Financial Highlights

- Sales of SEK 230 (225) mn in Q2 & SEK 445 (443) mn for YTD – up 19% & 15% at constant FX for the two periods
  - Growth driven by continued y/y subscriber intake on the Ukrainian and Russian platforms
  - Y/y effect of consolidation of 50% of Raduga TV from February 2010 & full consolidation of Viasat Ukraine from the June 2010
- OPEX of SEK 209 (188) mn in Q2 & SEK 416 (366) mn for YTD – higher at constant FX
  - launch of 10 new Viasat channels since beginning of 2010,
  - Consolidation of 50% of Raduga TV & 100% of Viasat Ukraine, with ongoing investments in the development of the platforms
- EBIT of SEK 22 (36) mn in Q2 & 29 (76) mn for YTD
  - Operating margins of 9% (16%) in Q2 & 6% (17%) for YTD

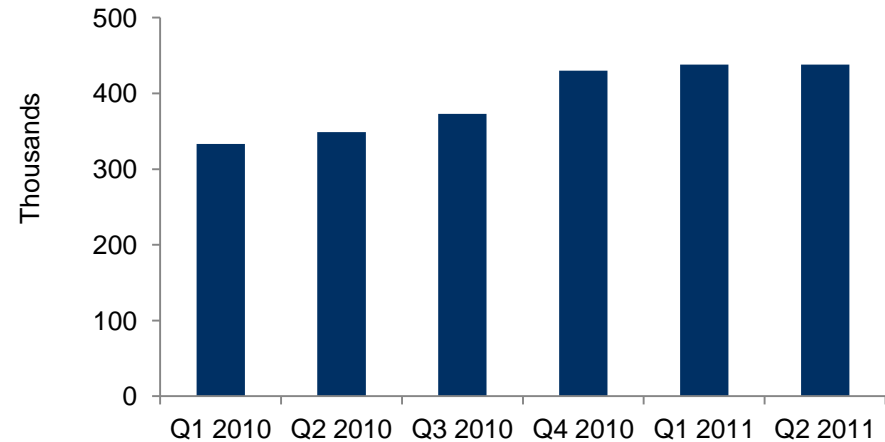


# Pay-TV Emerging Markets

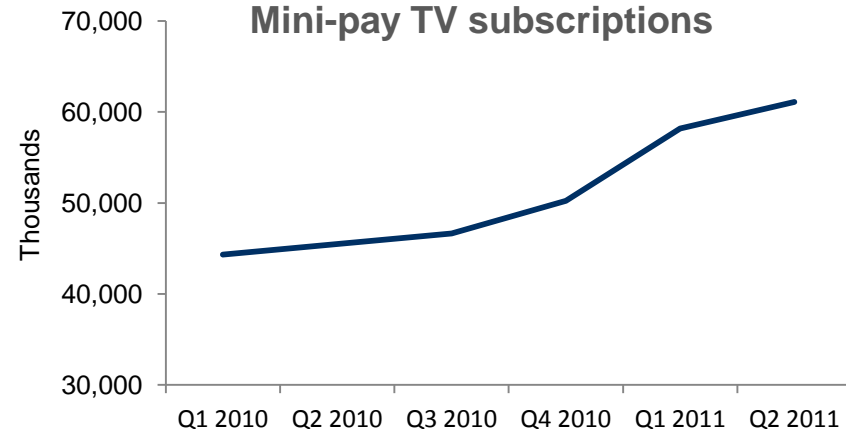
## Operating Highlights

- 89,000 net new subscribers added y/y
  - Significant subscriber growth on the Ukrainian satellite platform
  - Development of Raduga TV satellite subscriber base
  - Stable position in the Baltics
- Wholesale mini-pay business added almost 15.6mn subscriptions y/y & almost 3 mn new subscriptions q/q
- High Definition versions of two of Viasat's international thematic documentary channels – Viasat History HD and Viasat Nature HD – launched in May 2011 across 22 countries in CEE.

Satellite subscribers



Mini-pay TV subscriptions

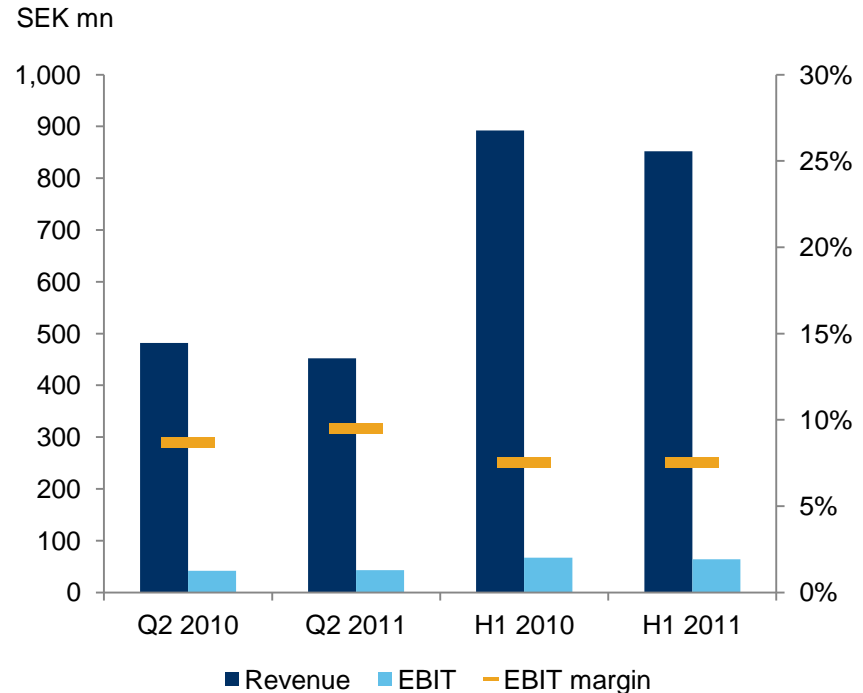


Operating review

— Mini-pay TV subscriptions

# Other Businesses Highlights

- Comprises MTG's Radio, Bet24 and Modern Studios operations
- Sales of SEK 452 (482) mn in Q2 & SEK 852 (892) mn for YTD – down 3% y/y in Q2 & stable for YTD at constant FX
  - Y/y sales growth in Norwegian and Swedish radio operations offset by lower y/y sales for Bet24 and Modern Studios
- Combined OPEX of SEK 409 (441) mn in Q2 & SEK 789 (826) mn for YTD – OPEX down y/y in Q2 & stable for YTD at constant FX
- EBIT of SEK 43 (42) mn in Q2 & SEK 64 (67) mn for YTD excl. associates
  - EBIT margins of 10% (10%) in Q2 & 8% (8%) for YTD
- Total EBIT of SEK 44 (48) mn in Q2 & SEK 64 (72) mn for YTD



# Financial Review



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Financial Review

# Income Statement

- Depreciation & amortisation charges of SEK 50 (55) mn in Q2 & SEK 99 (110) mn for YTD
- Net interest and other financial items of SEK 0 (-27) mn in Q2 & SEK -13 (-74) mn for YTD
- Y/y reduction in net interest charges to SEK -14 (-16) mn in Q2 & SEK -28 (-31) mn for YTD
- Y/y change in other financial items also included SEK 30 (-) y/y non-cash financial gain from the change in value of the option element of the SEK 250 mn CDON Group convertible bond & a non-cash financial gain of SEK 7 (0) mn following the new share issues by CTC Media and the resulting dilution of MTG's ownership in the company

<i>(SEK mn)</i>	Q2 2011	Q1 2011	H1 2011	H1 2010
Net sales	3,531	3,413	6,656	6,467
EBIT before associated company income & non-recurring items	593	575	1,025	952
Associated company income	88	123	341	229
Total EBIT	681	698	1,365	1,182
Net interest & other financial items	0	-27	-13	-74
Income before tax	681	672	1,352	1,107
Net income from discontinued operations	-	20	-	45
Total net income	479	522	969	822
Basic EPS from continuing operations	6.84	7.27	14.19	11.49
Total basic EPS	6.84	7.58	14.19	12.18

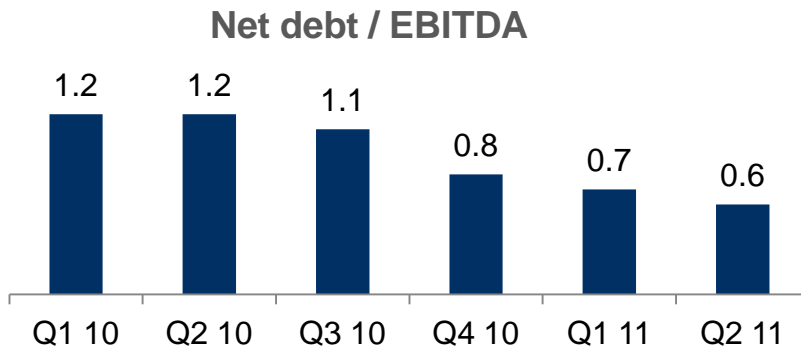
# Cash Flow

- Change in working capital reflected the usual seasonality pattern and timing differences
- No investments in businesses during H1 2011, compared to SEK 136 mn investment in Raduga TV in Q1 2010 & SEK 132 mn investment in Viasat Ukraine in Q2 2010
- CAPEX = less than 1% of Group net sales for the period
- Cash flow from/to financing activities primarily reflected SEK 498 (363) million of dividend payments to MTG shareholders, & net loan reduction of SEK 74 (61) mn in Q2

(SEK mn)	Q2 2011	Q1 2011	H1 2011	H1 2010
Cash flow from operations	528	547	989	860
Changes in working capital	178	-339	-162	-492
Net cash flow from operations	705	208	828	368
Cash flow to/from investing activities	-20	-152	-52	-336
Cash flow to/from financing activities	-646	-239	-834	1
Cash flow from discontinued operations – CDON Group	-	-122	-	-207
Net change in cash & cash equivalents	40	-305	-58	-173

# Financial Position

- SEK SEK 2,341 (3,650) mn of the Group's available credit drawn down as at 30 Jun 2011
- Net debt of SEK 1,716 (3,185) mn, compared to net debt of SEK 1.863 mn as at 31 Mar 2011
- SEK 4,682 (3,464) mn of available liquid funds (cash & undrawn facilities)
- SEK 1,940 mn book value of 38.2% shareholding in CTC Media had public equity market value of SEK 8,100 mn at end of Jun 2011



(SEK mn)	30 Jun 2011	30 Jun 2010
Non-current assets	8,909	9,164
Current assets	5,525	6,382
<b>Total assets</b>	<b>14,434</b>	<b>15,546</b>
Shareholders' equity	6,833	5,986
Long-term liabilities	3,020	4,353
Current liabilities	4,581	5,207
<b>Total equity &amp; liabilities</b>	<b>14,434</b>	<b>15,546</b>

# Summary

- Record Q2 sales and operating profits, with stable margins despite investments in future growth
- Performing well operationally & delivering on strategic objectives
- Each broadcasting segment grew y/y at constant FX following audience share gains and net subscriber intake
- Generation of substantial cash flow from Nordic operations
- Geared to capitalise on recovery in the Emerging Markets when it comes
- Significant financial firepower with which to invest further to drive Group future growth

**For Further Information, please visit [www.mtg.se](http://www.mtg.se) or contact:**

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