

MODERN TIMES GROUP MTG AB

FINANCIAL RESULTS FOR THE PERIOD JANUARY–MARCH 2001

Stockholm, 25 April 2001 - Modern Times Group MTG AB (MTG) (Stockholmsbörsen: MTGA, MTGB; Nasdaq: MTGNY) today announced the preliminary results of operations for the first quarter of fiscal 2001.

- **SALES UP 27% TO SEK 1,508 MILLION.**
- **OPERATING INCOME FOR ESTABLISHED OPERATIONS INCREASED BY 442% TO SEK 103 MILLION AFTER DEPRECIATION AND AMORTIZATION.**
- **INCOME AFTER FINANCIAL ITEMS INCREASED 124% TO SEK 38 MILLION, EXCLUDING CAPITAL GAINS.**
- **TV3 SCANDINAVIA SALES GREW BY 6%.**
- **63,000 NEW SALES OF DIGITAL DECODERS DURING THE FIRST QUARTER; 94% SELECT VIASAT GOLD PREMIUM PACKAGE.**

FINANCIAL SUMMARY (SEK MILLION)

	Q1 2001	Q1 2000*
<u>Established operations</u>		
Net sales	1,507	1,189
Income before depreciation and amortization	158	67
Income after depreciation and amortization	103	19
<u>New ventures</u>		
Net sales	1	0
Income before depreciation and amortization	-36	-1
Income after depreciation and amortization	-37	-1
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Total net sales	1,508	1,189
Income before depreciation and amortization	122	66
Income after depreciation and amortization	66	18
Capital gains and discontinued business	0	123
Income after financial items	38	140

* Adjusted for changes in Swedish GAAP

OPERATIONS

Since January 1, 2001, the Company has applied new recommendations from the Swedish Financial Accounting Standards Council. The changes include no longer capitalizing new ventures and thus no longer amortizing previously capitalized start-up costs. New projects, such as the new TV channels in Hungary and Russia, are now charged directly to the income statement. The figures for 2000 have been restated to comply with the new recommendations and enable like for like comparisons.

In the table above, sales and income for established operations and for new ventures are reported separately to improve disclosure of operations. A business is considered a “new venture” for the first two years after the project commences operations. New ventures include Viasat+, Viasat3 Hungary, and the Everyday.com, Everyday.TV and Everymobile.com businesses within the New Media business area.

Organization

The number of business areas was increased to seven at the end of 2000 with the formation of the New Media business area. The TV8 channel was also transferred to the Publishing business area. New Media consists of established operations such as text TV, the online advertising sales company Webad, MTG's stake in Everyday.com, as well as new businesses such as the digital-TV portal Everyday.TV and mobile portal services company, Everymobile.com. The pre-existing operations were transferred from the Modern Interactive and Viasat Broadcasting business areas.

Following the reorganization, Modern Interactive now consists of businesses in traditional home shopping (TV-Shop), logistics and fulfillment, eCommerce Logistics, the online retail site CDON within MTG Internet Retailing, and the web production company NoName4Us.

Modern Sports and Events, a company specializing in the production of boxing events was also launched and operates within Modern Studios.

An agreement was signed to acquire 75% of the shares in Darial TV, a Russian commercial terrestrial TV channel, after the end of the Quarter. Darial is one of the eight national TV channels in Russia. The intention is to complete the acquisition in May.

The comparative figures in this report have been restated based on the above organizational changes and the new accounting policies.

FINANCIAL RESULTS

Consolidated Earnings for first quarter 2001

Net sales rose 27%, to SEK 1,508 million.

Operating income before depreciation and amortization advanced to SEK 122 (66) million.

Operating income for established operations after depreciation and amortization advanced to SEK 103 (19) million.

Operating income after depreciation and amortization for new ventures totaled SEK -37 (-1) million.

Total operating income after depreciation and amortization rose to SEK 66 (18) million.

The Group's **net share of earnings in associated companies** was SEK -24 (-3) million.

Non-recurring items totaled SEK 0 (123) million.

Net interest and other financial items ended the quarter at SEK -28 (-1) million, including SEK -1 (12) million in net exchange rate gains and losses on the translation of financial receivables and liabilities denominated in currencies other than Swedish krona.

Income after financial items fell to SEK 38 (140) million.

Income after tax rose to SEK 24 (89) million. **Earnings per share** reached SEK 0.34 (1.44 including non-recurring items).

MTG's total assets at March 31, 2001, were SEK 6,296 million, compared to 6,040 at December 31, 2000.

REVIEW OF OPERATIONS

Viasat Broadcasting

Net sales: SEK 1,026 (852) million

Operating income after depreciation and amortization: SEK 89 (72) million

-of which, established operations' operating income after depreciation and amortization: SEK 110 (72) million

-of which, new ventures' operating income after depreciation and amortization: SEK -21 (0) million

Despite a weak market for advertising, Viasat's advertising-financed channels reported growth of 8%.

The transition to digital television progressed as planned. All of Viasat's premium subscribers will have received a digital decoder by the end of the Spring, which will lock in significant

savings on the cost of satellite distribution. Sales of digital decoders to new subscribers continued apace and, by the end of the first quarter of 2001, a total of 125,000 new subscriptions had been sold since the launch, 85% of which opted for the Viasat Gold premium package.

Sales in Free TV totaled SEK 614 (569) million for the TV channels TV3, ZTV, 3+, Viasat+, and Viasat3 Hungary, up 8% from the first quarter of 2000.

Sales in Pay TV totaled SEK 481 (352) million, up 37% from the first quarter of 2000. The launch of digital television in the autumn resulted in robust sales of new subscriptions for the digital services, in addition to the exchange of decoders for all existing premium subscribers. Analogue transmission of pay-TV channels will cease in the second quarter of 2001, saving about SEK 200 million in distribution costs on an annualised basis.

The project to swap existing premium subscribers into digital has been in its most intensive period during the past quarter, and will be completed during spring. The sale of new digital decoders has been running parallel to this and has resulted in a substantial increase in volumes. The total number of subscribers has developed during the first quarter as follows:

(Thousands of subscribers)	Basic	Premium	
Opening balance as of January 1, 2001	1,077	321	
New sales during first quarter 2001	63	59	Only Viasat Gold
Churn during first quarter 2001	-44	-13	
	<u>1,096</u>	<u>367</u>	
Other premium packages as of March 31, 2001		39	
Closing balance as of March 31, 2001	1,096	406	
Closing balance as of March 31, 2000	1,089	332	

The growth in subscriptions was also reflected in the TV1000 business, which attracted 48,000 more subscribers, up 12% since December 31 and ending the quarter at 453,000 (378,000).

Operating income for the entire business area was SEK 89 (72) million. MTG's share of TV4's income is included in the business area in the share of earnings in associated companies along with the Group's share of earnings from the TV3 channels in Estonia and Latvia. The Group's share of earnings in associated companies for the first quarter of 2001 was lower than in the first quarter of 2000, SEK -11 (6) million, due to TV4's weaker earnings.

New Media

Net sales: SEK 21 (16) million

Operating income after depreciation and amortization: SEK -15 (1) million

-of which, established operations' operating income after depreciation and amortization: SEK 1 (2) million

-of which, new ventures' operating income after depreciation and amortization: SEK -16 (-1) million

Net sales for New Media included both the established operations and the uplift from both the teletext operation and the sale of Internet advertising, which generated a total profit of SEK 1.3 million for the first quarter. The new products, digital-TV portal Everyday.TV and mobile portal Everymobile.com were in the start-up phase during the reported period and thus did not contribute significantly to profits.

The result in associated companies, consisting of the company's share in the Internet portal Everyday.com, was lower than in the first quarter of 2001, due to geographical expansion and strategic investments in content and technical services.

Radio

Net sales: SEK 30 (26) million

Operating income after depreciation and amortization: SEK 3 (-10) million

The radio stations reported 16% higher sales. Earnings from P4 Radio Hele Norge, Radio Nova in Finland, and the Baltic radio stations are reported as participations in associated companies.

The result from the associated companies has improved as a result of the sale of the small radio networks in Finland and the investment in Radio Nova.

Publishing

Net sales: SEK 53 (48) million

Operating income after depreciation and amortization: SEK -14 (-11) million

Finanstidningen boosted sales 22% to SEK 40 million, thanks to improvements in products and campaigns to increase penetration that expanded the cumulative audience. Owing to targeted marketing campaigns, Finanstidningen reported a loss, but it was slightly better than in the first quarter of the preceding year. TV8, now part of this business area, lifted earnings as a result of a larger number of subscribers and lower programming costs.

Modern Interactive

Net sales: SEK 212 (113) million

Operating income after depreciation and amortization: SEK 9 (-18) million

Sales for the business area rose 88%, thanks to excellent sales results in all companies.

The action program initiated in the fourth quarter of 2000 improved sales at TV-Shop, and it only reported a small loss for the first quarter.

The logistics company e-CommerceLogistics, eCL, continued its sales expansion from 2000 and further expanded profit due to third party sales.

CDON once again reported a loss, although considerably lower than in the previous year.

SDI Media

Net sales: SEK 84 (79) million

Operating income after depreciation and amortization: SEK 6 (3) million

SDI Media sales grew by 6%, owing to organic growth as well as acquisitions made in 2000. Profitability for the business area doubled during the period. SDI Media, a world leader in translation, subtitling, and dubbing for television, DVDs, and the Internet as well as in applications for the deaf, continued to focus on growth and profitability. DVD, the most profitable segment of the business grew approximately 25% compared with last year.

Modern Studios

Net sales: SEK 172 (115) million

Operating income after depreciation and amortization: SEK 19 (3) million

The business area reported a healthy 50% growth in sales and a 533% increase in income due to strong performances from Strix Television, Sonet Film, and Modern Entertainment. Strix Television signed additional international contracts for its existing program formats during the period, as well as contracts in the Nordic countries for new formats that the company has developed.

Operations in Nordic Artist were gradually wound up as planned, and the company reported a small loss for the first quarter, resulting from the conclusion of projects previously committed to in contracts.

FINANCIAL POSITION

Equity/assets ratio

As a result of the change in accounting principles, previously reported intangible assets of SEK 850 million were charged directly to non-restricted equity, after correction of SEK 238 million due to the tax effect caused by the write-off. The digital conversion project accounted for SEK 555 million of the total gross write-off. In addition to this has the change of accounting principle caused the proportion of equity in associated companies been adjusted by SEK 52 million, reducing non-restricted equity without tax implications. In addition to this has SEK 85 million been reclassified from intangible assets to deferred expenditures.

The Group's equity/assets ratio (defined as consolidated shareholders' equity and minority interests including the convertible debenture loan, divided by total assets) was 29% (37%) at the end of the period.

In addition to the assets mentioned above, the Group holds minority equity interests in TV4 and P4, as well as a convertible debenture loan in Metro, which are both reported as long-term financial assets. The aggregate market value was SEK 2,557 (1,472) million at the end of the quarter, representing a surplus value of SEK 2,065 (1,259) million in the balance sheet compared to a book value of SEK 492 (213) million. Taking into account the surplus value and deferred tax, the equity/assets ratio was 43% (49%).

Liquidity

The Group's liquidity, including unutilized credit facilities, was SEK 200 (357) million at the end of the period.

Net borrowings

The Group's net borrowings (defined as interest-bearing liabilities, excluding the convertible debenture loan, less interest-bearing assets) totaled SEK 760 (112) million at the end of the period.

Investment

During the period, the Group invested a total of SEK 26 (27) million, of which half refers to investments in film rights in MTG Modern Entertainment and Sonet Film.

The Group follows the new recommendations of the Swedish Financial Accounting Standards Council, so start-up costs for new operations are no longer capitalised as investments but are charged directly to earnings.

Depreciation and amortization

Group depreciation and amortization totaled SEK 56 (48) million. Accrued retailer commissions resulting from Viasat Gold customers signing up for subscription extensions have been reclassified, from amortization to operating expenses, in order to comply with the accounting principle amendments. The comparative figures for 2000 have been restated accordingly.

Earnings per share

Fully diluted earnings per share totaled SEK 0.34 (1.44). The calculation of the number of shares have taken into account the option program decided at the extraordinary shareholders meeting on February 16, 2001. If the option scheme is fully used the number of shares will increase with 2,052,840 shares or 3% of the new total of outstanding shares.

OTHER INFORMATION

Report for the second quarter of 2001

MTG's report for the second quarter of 2001 will be published on August 6, 2001.

Annual report

MTG's annual report will soon be available at the Company's office: MTG, Skeppsbron 18, Box 2094, SE-103 13 Stockholm, Sweden.

Financial information

Additional financial information is available on the Internet at www.mtg.se.

Annual general meeting

MTG will hold its annual general meeting of shareholders at 9:30 A.M. on Thursday May 17, 2001, at Gamla Stans Bryggeri, Tullhus 2, on Skeppsbrokajen in Stockholm.

Stockholm, April 25, 2001

Hans-Holger Albrecht
President and CEO

This interim report has not been subject to a review by the Company's auditors.

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Operating income, EBIT (MSEK)	2001 Jan 1-March 31	2000 Jan 1-March 31
Established operations		
Viasat Broadcasting	110	72
MTG New Media	1	2
MTG Radio	3	-10
MTG Publishing	-14	-11
MTG Modern Interactive	9	-18
SDI Media	6	3
MTG Modern Studios	19	3
Parent company and other companies	-28	-19
Eliminations	-3	-3
	<u>103</u>	<u>19</u>
New ventures		
Viasat+	-9	0
Viasat3 Hungary	-12	0
New Media	-16	-1
	<u>-37</u>	<u>-1</u>
Capital gains and discontinued business		
Sale of TV4 shares	0	105
Metro Sweden's sales company, Jan-May 2000	0	18
	<u>0</u>	<u>123</u>
EBIT	66	141

CONSOLIDATED INCOME STATEMENT (MSEK)

	2001	2000	2000
	Jan 1-March 31	Jan 1-March 31	Full year
Net sales	1 508	1 189	5 431
Cost of goods and services	-984	-842	-3 508
Gross income	524	347	1 923
Selling, administration, research and development expenses	-383	-288	-1 540
Other operating revenues	5	5	18
Other operating expenses	-56	-43	-235
Income from corporate development	-	-	8
Income from sales of securities	-	105	106
Result in Metro Sweden sales company Jan-May 2000	-	18	32
Viasat digital project	-	0	-555
Share of earnings in associated companies	-24	-3	16
Operating income (EBIT)	66	141	-227
Net financial revenue and expense	-28	-1	-44
Income after financial revenue and expense excluding interest on convertible debentures	38	140	-271
Interest on convertible debentures	-	-7	-3
Income before tax	38	133	-274
Taxes	-15	-45	-24
Minority interests	1	1	1
Net income for the period	24	89	-297
Shares outstanding at quarter-end, incl convertible and option	68 427 996	64 685 967	66 375 156
Shares outstanding at quarter-end, excl convertible and option	66 375 156	60 118 194	66 375 156
Denominator for diluted earnings per share	68 427 996	64 685 967	65 952 859
Denominator for basic earnings per share	66 375 156	59 697 732	63 944 505
Diluted earnings per share	0,34	1,44	-4,46
Basic earnings per share	0,35	1,48	-4,63

REVIEW OF THE GROUP (MSEK)	2001	2000	2000
	Jan 1-March 31	Jan 1-March 31	Full year
Net sales by business area			
Viasat Broadcasting	1 026	852	3 789
MTG New Media	21	16	61
MTG Radio	30	26	133
MTG Publishing	53	48	234
MTG Modern Interactive	212	113	580
SDI Media	84	79	330
MTG Modern Studios	172	115	551
Parent company and other companies	24	24	106
Eliminations	-114	-84	-353
	1 508	1 189	5 431
Operating income/loss by business area			
Viasat Broadcasting	89	72	500
Sale of shares in TV4	-	105	106
Viasat digital project	-	0	-555
MTG New Media	-15	1	-39
MTG Radio	3	-10	18
MTG Publishing	-14	-11	-53
MTG Modern Interactive	9	-18	-127
SDI Media	6	3	18
MTG Modern Studios	19	3	3
Parent company and other companies	-28	-19	-117
Result in Metro Sweden sales company Jan-May 2000	-	18	32
Eliminations	-3	-3	-13
	66	141	-227

CONSOLIDATED BALANCE SHEET (MSEK)	2001-03-31	2000-03-31	2000-12-31
Fixed assets			
Capitalized development expenses	66	89	111
Beneficial rights	321	114	297
Goodwill	1 020	273	1 046
Machinery and equipment	282	246	252
Shares and participations	304	253	303
Long-term receivables	950	354	896
	2 943	1 329	2 905
Current assets			
Inventories	1 415	872	1 201
Current receivables	1 770	1 438	1 642
Cash, cash equivalents and short-term investments	168	257	292
	3 353	2 567	3 135
Total assets	6 296	3 896	6 040
Shareholders' equity			
Restricted equity	1 673	393	1 724
Non-restricted equity	173	669	66
	1 846	1 062	1 790
Minority interests in equity	3	21	7
Provisions	145	132	124
Long-term liabilities			
Other interest-bearing liabilities	1 303	598	1 277
Non-interest-bearing liabilities	54	0	44
	1 357	598	1 321
Current liabilities			
Convertible debenture loan 1997/2000	-	377	-
Other interest-bearing liabilities	250	105	125
Non-interest-bearing liabilities	2 695	1 601	2 673
	2 945	2 083	2 798
Total shareholders' equity and liabilities	6 296	3 896	6 040

**CONSOLIDATED STATEMENT OF CASH FLOWS
(MSEK)**

	2001 Jan 1-March 31	2000 Jan 1-March 31	2000 Full year
Net income for the period	23	89	-297
Adjustments to reconcile net income to net cash provided by operations	97	-8	-3
Changes in working capital	-320	-329	194
Net cash flow from operations	-200	-248	-106
Acquisition of TV1000	-	-	-900
Issue of shares to finance TV1000 acquisition	-	-	900
Other investments in shares	0	0	-164
Investments in other fixed assets	-26	-27	-193
Other cash flow from investing activities	0	125	163
Cash flow to investing activities	-26	98	-194
Cash flow from/to financing activities	102	83	234
Net change in cash and cash equivalents for the period	-124	-67	-66

**RECONCILIATION OF SHAREHOLDERS
EQUITY
(MSEK)**

	Share capital	Restricted reserves	Non-restricted reserves	Total
Closing balance December 31, 2000	332	1 392	730	2 454
Change of accounting principle			-664	-664
Opening balance January 1, 2001 with new accounting principle	332	1 392	66	1 790
Net result January-March 2001			23	23
Currency translation differences			33	33
Transfer between restricted and non-restricted reserves		-51	51	0
Closing balance March 31, 2001	332	1 341	173	1 846