



MTG

MODERN TIMES GROUP

“SALES, SHOWMANSHIP AND COST CONTROL”

Q1 2001 Financial Results



HIGHLIGHTS

- TV3 Scandinavia sales up 6% despite weaker advertising market
- 125,000 new digital cards sold up until end of March 2001;
'Viasat Gold' pick up rate of 85%
- Successful roll-out of digital TV to existing subscribers - to be finalised during Spring yielding substantial distribution cost savings
- Acquisition of Darial TV in Russia



HIGHLIGHTS

- Acquisition of DTH 'pay per view' rights to Swedish premier league football matches
- New Media business area established
- Swedish radio stations outperform market
- Strategic decision to continue to build Finanstidningen subscriber base and reach
- Significant recovery in Modern Interactive and Modern Studios



Q1 RESULTS 2001

SEK Million	Q1 2000	Q1 2001	%
<i>Established Operations</i>			
Net Sales	1 189	1 507	27
EBITDA	67	158	136
EBIT	19	103	442

- Continued strong top line growth of 27%
- EBIT up 5x
- Healthy improvements in all business areas except Publishing
- Investments in Everyday.com depress New Media in Q1



Q1 RESULTS 2001

SEK Million	Q1 2000	Q1 2001	%
<i>New Investments</i>			
Net Sales	0	1	-
EBITDA	-1	-36	-
EBIT	-1	-37	-

- Includes Viasat+ Norway, Viasat3 Hungary, Everyday.tv and Everymobile.com
- Categorised as investments during first 24 months
- Darial TV included from Q2



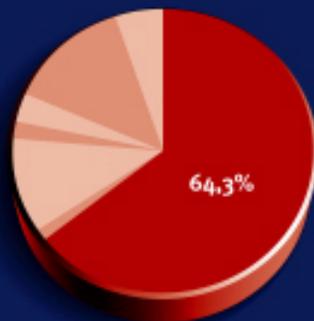
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<i>Non-recurring Items</i>	123	0	-
Total	141	66	-53

BROADCASTING

SEK Million	Q1 2000	Q1 2001	%
Sales	852	1 026	20
EBITDA	99	116	17
EBIT	72	89	24

Distribution of sales
Broadcasting



BROADCASTING

Free-to-Air TV

- TV3 Scandinavian sales up 6% despite weak advertising market
- Successful targeting of new customer segments
- 50% of 2001 advertising revenue booked under annual agreements
- 19% sales increase in Baltic operations – recovery after Russian flu
- TV currently represents 23.5% of total Scandinavian annual advertising market – substantially below European average of 31.8%
- Continued strong incremental profitability



BROADCASTING

Pay-TV

- Principal ARPU drivers in digital DTH
 - only viable way of increasing penetration
 - higher premium to basic ratios – 85%
 - price elasticity
 - lower churn rate
 - new interactive services
 - transaction–driven advertising model
- Continued migration from advertising to subscriber-based revenues



BROADCASTING

Digital Swap - Largest digital TV player in Nordic countries

- Swap of all premium analogue subscribers to be completed by end of Spring
- Strong new sales of 125,000 packages driven by 'cash & carry' concept with 85 % of new subscribers buying premium 'Viasat Gold' package
- Reduced churn amongst Premium subscribers - 1.3% per month in Q1 2001 vs. 2.7% in Q1 2000
- Kick backs are amortised over 18 months; P&L and cash-flow positive new subscriber acquisition
- SEK 200 million annualised savings from closing down 7 out of 13 analogue transponders in May



BROADCASTING

Pay TV – Leading DTH broadcaster in Nordic countries

- 37% year on year growth in revenues
- EBIT improvement of more than 100%
- Premium subscribers up 22% year on year to 406,000
- 12% growth in TV1000 subscribers in Q1; 19% year on year growth
- Multiplexing of Ice Hockey World Championship coverage to include 3 new channels on digital platform
- Acquisition of DTH ‘pay per view’ rights to Swedish premier league football matches
- Acquisition of 15% interest in leading Swedish football club Djurgården



BROADCASTING

Acquisition of 75% interest in Darial TV

- Consistent with geographical expansion strategy
- One of 8 national terrestrial TV stations in Russia
- Penetration of 14%
- Doubles TV3 universe
- Russian TV advertising market valued at US\$ 285 Million in 2000
= 74% of total national advertising market
- 52% growth in Russian TV advertising market in 2000
- Low fixed cost base – single digit market share enabling breakeven
- Extensive synergies with existing MTG businesses – content acquisition, programming and broadcasting



BROADCASTING

Subscribers	Basic	Viasat Gold
Opening balance – Jan 1	1 077 000	321 000
New Sales	63 000	59 000
Churn	-44 000	-13 000
Closing balance – Mar 31	1 096 000	367 000
Other Premium Packages		39 000
Total Q1 2001	1096 000	406 000
Total Q1 2000	1089 000	332 000



NEW MEDIA

SEK Million	Q1 2000	Q1 2001	%
Sales	16	21	31
EBITDA	2	-15	neg
EBIT	1	-15	neg



Distribution of sales
New Media



NEW MEDIA

- Established in Q4 2000 to capitalise on new media opportunities for MTG's multiple distribution platforms – own-produced content in new windows
- Everyday.com reports 15% increase to 686,000 unique users in Q1 in Sweden; impacted by investments in content and technology
- 'Baren' generates 300,000 page views in Sweden, 200,000 in Norway and Denmark; Miss Sweden and Popstars format pipeline



NEW MEDIA

- New window created with launch of Everymobile.com mobile portal – access to largest mobile network operators in Spain, Sweden, Norway and Denmark
- Services coming to market - ringing tones, logos, financial news, SMS dating services
- Interactive services in association with MTG-produced programming generated 1.2 million SMS messages and premium rate calls in March alone
- Everyday.TV services now launched – EPG, games, news, weather

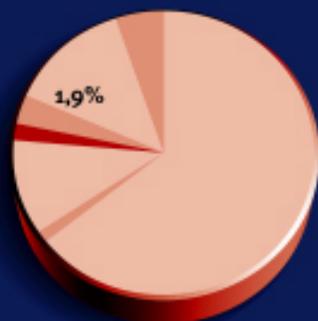


RADIO

SEK Million	Q1 2000	Q2 2001	%
Sales	26	30	15
EBITDA	-10	3	130
EBIT	-10	3	130



Distribution of sales
Radio



RADIO

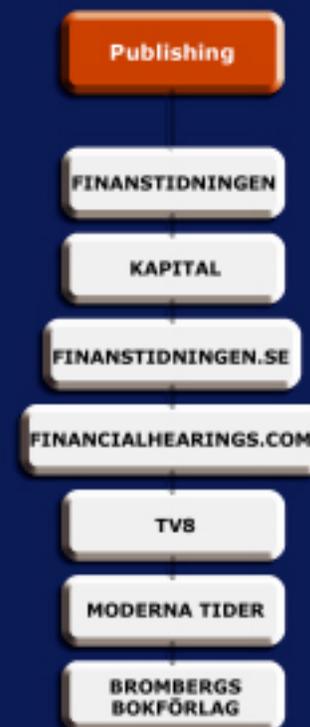
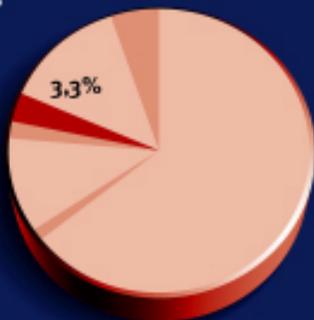
- Stakes in largest national commercial networks in Norway, Sweden and Finland
- Sales growth in Sweden 16% in weak advertising market
- Strong incremental margin of 52% due to cost savings implemented in Q4 2000
- Radio currently represents 3.5 % of total Scandinavian annual advertising market - below European average
- Seeing benefits from 10 channels on Viasat digital platform; intention to sell to other networks
- Generation of revenues from interactive SMS services
- Application for national licence in Denmark in second half



PUBLISHING

SEK Million	Q1 2000	Q1 2001	%
Sales	48	53	10
EBITDA	-8	-10	-25
EBIT	-11	-14	-27

Distribution of sales
Publishing



PUBLISHING

Finanstidningen

- 58.4% year on year growth to circulation of 27,400; advertising sales growing in weak market
- Operating loss due to continuing investment in 'readership promotions'
- Collaboration with Pearson to publish weekend Financial Times edition

TV8

- EBIT growth due to increased subscriber base and lower programming costs

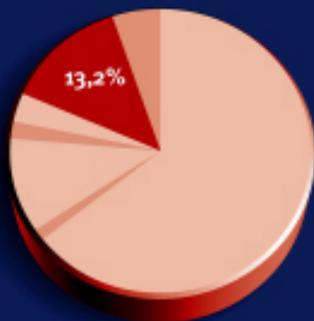


MODERN INTERACTIVE



SEK Million	Q1 2000	Q1 2001	%
Sales	113	212	88
EBITDA	-14	14	200
EBIT	-18	9	150

Distribution of sales
Modern Interactive



MODERN INTERACTIVE

- Strong sales growth across business area
- Improved operational control yields improved earnings
- CDON benefits from market leadership in Scandinavia with sales increase despite decline in CD sales market
- Encouraging recovery – however, still not completely stable

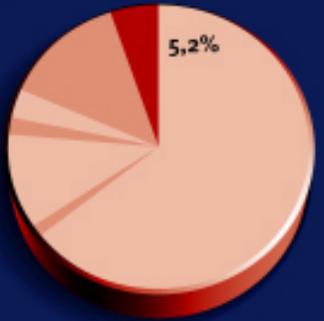


SDI MEDIA



SEK Million	Q1 2000	Q1 2001	%
Sales	79	84	6
EBITDA	6	9	50
EBIT	4	6	50

Distribution of sales
SDI Media



SDI MEDIA

- Net sales up 13% and EBIT up 180% in core business - excluding Screen and Internet
- Negatively impacted by Screen (technical dubbing equipment) – strategic options explored
- UK, Asia, USA and Rest of World performed strongly
- 14% internal Group sales
- Approx. 25% increase in DVD subtitling revenues – 50% worldwide market share in high margin segment

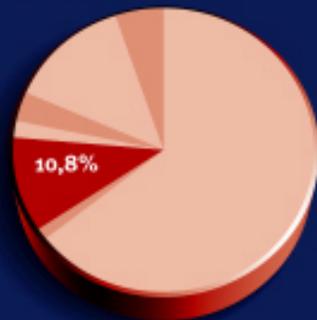


MODERN STUDIOS



SEK Million	Q1 2000	Q1 2001	%
Sales	115	172	50
EBITDA	7	30	329
EBIT	3	20	567

Distribution of sales
Modern Studios



MODERN STUDIOS

- Problems in Modern Entertainment and Nordic Artist solved; SEK 31 million losses last year
- 24% sales growth at Strix due to continuing sales of reality TV formats
 - 3 new formats commissioned for new series in 2001
 - 4 formats sold to Italy, France and Portugal in Q1 with programme consultation contracts
 - Strong pipeline of new formats presented at Cannes



MODERN STUDIOS

- Sonet Film continued unparalleled track record of Box Office success with 'Jalla Jalla' and 'Hans och Hennes'
- Clean up of Modern Entertainment and extended film title rights library yields 187% sales growth; 65% of annual budgeted sales already contracted in Q1
- Wind down of Nordic Artists continues according to plan



PROFIT & LOSS STATEMENT

SEK Million	Q1 2000	Q1 2001	%
<i>Total</i>			
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PROFIT & LOSS STATEMENT

- Change in accounting principles – implemented in Q1 2001; comparative 2000 numbers adjusted
 - No capitalization
 - Lower depreciation
 - Distribution savings goes direct to bottom line
- Introduction of new reporting format
 - Established Operations
 - New investments
- Updated matrix at www.mtg.se
- Adverse US Dollar exchange rate impact of SEK 15 million



CASH-FLOW STATEMENT

SEK Million	Q1 2000	Q1 2001
Cash-flow from operations	89	23
Adjustment for non cash items	-8	97
W/C	-329	-320
Total	-248	-200
Investments in		
- Machinery & equipment	-27	-26
- Others	125	0
Total investment	98	-26
Financing	83	102
Net cash-flow	-67	-124



CASH-FLOW STATEMENT

- As expected, positive w/c in Q4 2000 due to unpaid box suppliers, hits back when paid in Q1 2001
- Over time, reiterate 5% of increased sales into w/c
- All new development now expensed over P&L
- Maintenance capex low, no more than 50 on an annual basis
- Investments in Q1, in principle rights investments in Sonet and Modern Entertainment



BALANCE SHEET

SEK Million	FY 2000	Q1 2001
Fixed assets	2 905	2 943
Current assets	3 135	3 353
Total assets	6 040	6 296
Equity	1 797	1 849
Long term liabilities	1 445	1 502
Short term liabilities	2 798	2 945
Total liabilities and equity	6 040	6 296



BALANCE SHEET & FINANCING

- Write-offs as result of new accounting principles
- Surplus value in marketable securities of 2 065 MSEK
- Adjusted equity : equity/assets ratio 43%
- Continued strong cash flow expected – low incremental working capital and low CAPEX
- Proposed issue of convertible debenture to create flexibility for geographical expansion



OUTLOOK

- TV ad spend growth trending upwards
- Digital TV provides at least 6 potential revenue streams
- Fundamental business model giving high incremental profitability
- Continued search for new geographical markets
- Continued integration through the value chain
- Strong content initiatives without increasing costs

- ‘Publishing’ and ‘Screen’ under scrutiny
- TV shop not yet stable
- Everything else according to plan

“SALES, SHOWMANSHIP AND COST CONTROL”

