



MODERN TIMES GROUP MTG AB

FINANCIAL RESULTS FOR THE PERIOD JANUARY - SEPTEMBER 2001

Stockholm, 24 October 2001 - Modern Times Group MTG AB ("MTG") (Stockholmsbörsen: MTGA, MTGB; Nasdaq: MTGNY) today announced its preliminary results for the first nine months of 2001.

- **NET SALES UP 21% TO SEK 4,550 (3,775) MILLION**
- **OPERATING INCOME FROM ESTABLISHED OPERATIONS UP 269% TO SEK 295 (80) MILLION DESPITE NEGATIVE CURRENCY TRANSLATION IMPACT OF SEK 75 MILLION**
- **ESTABLISHED OPERATIONS PROFITABLE IN THE THIRD QUARTER FOR THE FIRST TIME**
- **TOTAL OPERATING INCOME EXCLUDING NON-RECURRING ITEMS UP 219% TO SEK 150 (47) MILLION**
- **527,000 DIGITAL TV SUBSCRIBERS AT 30 SEPTEMBER 2001**

SUMMARY (SEK MILLION)

	July-Sept 2001	July-Sept 2000*	Jan-Sept 2001	Jan-Sept 2000*
Established operations				
Net sales	1,411	1,187	4,539	3,774
Earnings before depreciation and amortisation	67	21	465	265
Earnings after depreciation and amortisation	18	-40	295	80
New ventures				
Net sales	5	1	11	1
Earnings before depreciation and amortisation	-42	-21	-142	-32
Earnings after depreciation and amortisation	-49	-21	-145	-33
Total				
Net sales	1,415	1,188	4,550	3,775
Earnings before depreciation and amortisation	25	0	323	233
Earnings after depreciation and amortisation	-31	-61	150	47
Capital gains and divested operations	0	-6	0	98
Income after financial items**	-31	-74	96	109
Fully diluted earnings per share	0.11	-1.18	0.98	0.50

* Adjusted for changes in Swedish accounting rules.

** Excluding convertible debentures.

OPERATIONS AND ORGANISATION

The Group has applied the new recommendations from the Swedish Financial Accounting Standards Council since 1 January 2001. As a result, costs arising from new ventures are no longer capitalised or depreciated. Results arising from new ventures, such as the TV channels in Hungary and Russia, are charged to the profit and loss account. The comparative figures for 2000 have been adjusted to reflect these changes.

Established operations and new ventures have been split out in the table above in order to provide a more accurate description of the business. Businesses are considered new ventures for the first two years after launch. The new ventures are Viasat+, Viasat3 Hungary and Darial TV within the Viasat Broadcasting business area, as well as Everyday.com, Everyday.TV and Everymobile.com within the New Media business area.

The Group structure was reorganised at the end of 2000. This involved the formation of the New Media division and the transfer of TV8 from the Viasat Broadcasting division to MTG Publishing. The New Media division includes the Text-TV businesses and the Webad sales company, as well as established operations that have been transferred from the Viasat Broadcasting and Modern Interactive divisions respectively. The new ventures that are included in New Media are

Everyday.TV (digital TV platform), the mobile internet services provided by Everymobile.com, and MTG's interest in Everyday.com.

The Modern Studios division has started two companies, Modern Sports & Events and Modern Games, whose businesses consist of the production of boxing contests and the development of games respectively.

In May 2001, MTG acquired 75% of the shares in Darial TV, one of eight national TV broadcasters in Russia. In June 2001, MTG acquired all of the outstanding shares in TV3 Latvia and Star FM Latvia, which have therefore been consolidated with effect from 1 January 2001.

After the close of the quarter, MTG subscribed to a private placement of new shares in its former operating subsidiary, Metro International S.A. On a fully diluted basis MTG has a 15% ownership in Metro.

The comparative figures in this report have also been restated to take into account these organisational changes and the changes in Swedish accounting rules.

FINANCIAL RESULTS

Total Group net sales increased by 19% to SEK 1,415 (1,188) million in the third quarter and by 21% to SEK 4,550 (3,775) million for the first nine months of 2001.

Group operating income before depreciation and amortisation increased to SEK 25 (0) million during the third quarter and by 39% to SEK 323 (233) million for the first nine months of 2001, excluding non-recurring items of SEK -6 million in the third quarter 2000, and SEK 98 million for the first nine months of 2000.

Operating income for established operations increased to SEK 18 (-40) million in the third quarter and by 269% to SEK 295 (80) million for the first nine months of the year, excluding non-recurring items.

Operating income for new ventures amounted to SEK -49 (-21) million in the third quarter and to SEK -145 (-33) million for the first nine months of the year, excluding non-recurring items.

Total operating income improved to SEK -31 (-61) million in the third quarter and to SEK 150 (47) million for the first nine months of the year, excluding non-recurring items.

The Group's net interest in the earnings of associate companies increased to SEK 9 (-11) million in the third quarter and to SEK 21 (-4) million for the first nine months of the year.

Non-recurring items totalled SEK 0 (-6) million in the third quarter and SEK 0 (98) million for the first nine months of the year.

Net interest and other financial items amounted to SEK 0 (-7) million in the third quarter and to SEK -54 (-36) million for the first nine months of the year, including net exchange rate gains and losses on the translation of financial receivables and liabilities in foreign currencies, but excluding items relating to the convertible debentures.

The net financial cost of the convertible debentures amounted to SEK -85 (-3) million, including currency losses on the translation of foreign currency liabilities into Swedish Krona of SEK -67 million.

Income after financial items, including the costs for the convertible debentures, amounted to SEK -113 (-74) million in the third quarter and SEK 11 (106) million for the first nine months of the year.

Profit after tax improved to SEK -53 (-78) million in the third quarter and amounted to SEK 8 (31) million for the first nine months of the year.

Fully diluted earnings per share increased to SEK 0.11 (-1.18) in the third quarter including non-recurring items and increased to SEK 0.98 (0.50) including non-recurring items for the first nine months of 2001. These figures take into account the 2,052,840 new shares to be issued as part of the management share option scheme and the 2,790,994 new shares to be issued in connection with the conversion of convertible debentures.

Total assets were SEK 6,895 million at 30 September 2001, compared to SEK 6,040 million at 31 December 2000.

OPERATING REVIEW

Viasat Broadcasting

Net sales: SEK 983 (798) million for the third quarter and SEK 3,159 (2,662) million for the first nine months of the year.

Operating income after depreciation and amortisation: SEK 21 (38) million for the third quarter and SEK 286 (255) million for the first nine months of the year, excluding non-recurring items.

- **of which**, operating income after depreciation and amortisation for established operations was SEK 50 (40) million for the third quarter and SEK 370 (257) million for the first nine months.

- **of which**, operating income after depreciation and amortisation for new ventures was SEK -29 (-2) million for the third quarter and SEK -84 (-2) million for the first nine months.

Viasat's Free TV channels - TV3, ZTV, 3+, Viasat3 in Hungary and Darial TV - reported a 2% increase in net sales for the first nine months of the year to SEK 1,849 (1,811) million, despite weak advertising markets. Net sales for the third quarter amounted to SEK 507 (510) million.

Net sales in Pay TV, which includes Viasat, TV1000, TV6 and Viasat Sport, increased to SEK 1,535 (1,061) million for the first nine months of the year and SEK 560 (356) million for the third

quarter. This is an increase of 57% for the third quarter, which is due to strong sales of new digital TV subscriptions. The proportion of premium subscribers remains high.

	Sept 2001	Sept 2000
Cardholders	1,154,000	1,067,000
- of which digital subscribers	527,000	-
Viasat Gold package subscribers	447,000	297,000
Other premium package subscribers	42,000	41,000
TV1000	517,000	377,000

New Media

Net sales: SEK 28 (11) million for the third quarter and SEK 71 (45) million for the first nine months of the year.

Operating income after depreciation and amortisation: SEK -5 (-13) million for the third quarter and SEK -52 (-20) million for the first nine months of the year.

- **of which**, operating income after depreciation and amortisation for established operations was SEK 15 (6) million for the third quarter and SEK 9 (10) million for the first nine months of the year.

- **of which**, operating income after depreciation and amortisation for new ventures was SEK -20 (-20) million for the third quarter and SEK -61 (-31) million for the first nine months of the year.

The increase in the division's net sales for the third quarter was 155%, with Text-TV showing particularly strong growth. The associated company, Everyday.com, showed improved result during the third quarter as a result of cost reduction measures.

Radio

Net sales: SEK 26 (30) million for the third quarter and SEK 94 (97) million for the first nine months of the year.

Operating income after depreciation and amortisation: SEK 5 (-11) million for the third quarter and SEK 13 (3) million for the first nine months of the year.

Cost reductions improved earnings for the radio channels in spite of unfavourable advertising market conditions. The results of P4 Radio Hele Norge, Radio Nova in Finland and Star FM Estonia are included as interests in earnings of associated companies.

Publishing

Net sales: SEK 38 (43) million for the third quarter and SEK 142 (156) million for the first nine months of the year.

Operating income after depreciation and amortisation: SEK -23 (-21) million for the third quarter and SEK -54 (-45) million for the first nine months of the year.

Advertising sales for Finanstidningen have been affected by the weak advertising market but is continuing to increase its market share. The investment in marketing campaigns to increase subscription sales has been successful and will improve future profits.

The result for TV8 improved due to an increase in the number of subscribers and lower programming costs.

Modern Interactive

Net sales: SEK 164 (168) million for the third quarter and SEK 564 (419) million for the first nine months of the year.

Operating income after depreciation and amortisation: SEK -29 (-19) million for the third quarter and SEK -30 (-61) million for the first nine months of the year.

The division's net sales increased by 35% in the first nine months. The loss incurred by the division is primarily attributable to TV Shop's unprofitable media contracts.

CDON reported a sharp increase in sales – up by 290% compared to the first nine months of last year – and earned a quarterly profit for the first time ever. CDON's operating income for the quarter was SEK 0.3 (-17) million.

SDI Media

Net sales: SEK 109 (81) million for the third quarter and SEK 288 (235) million for the first nine months of the year.

Operating income after depreciation and amortisation: SEK 13 (5) million for the third quarter and SEK 27 (10) million for the first nine months of the year.

SDI Media's net sales increased by 34% in the third quarter and operating income was up 147% compared with same period last year. The division, which is the global market leader within the field of translating, subtitling and dubbing for TV and DVD, improved its profit margin to 12% (7%) in the third quarter.

Modern Studios

Net sales: SEK 142 (104) million for the third quarter and SEK 466 (340) million for the first nine months of the year.

Operating income after depreciation and amortisation: SEK 18 (-9) million for the third quarter and SEK 55 (-3) million for the first nine months of the year.

The division has shown strong growth during the first nine months of the year in both sales, up 37%, and operating income. Strix Television has been particularly successful during the year with international sales of its own-developed format, "The Bar", and with the recent launch of several new formats.

FINANCIAL REVIEW

Equity/assets ratio

The Group's equity to assets ratio was 44% (40%) as at 30 September 2001. The ratio is defined as the sum of total consolidated equity and minority interests, including the €120 million subordinated convertible debentures, as a percentage of total assets. In accordance with the new accounting principle adopted, previously reported intangible assets of SEK 850 million were charged against free equity, after an adjustment of SEK 238 million relating to the tax effect of this write-off.

The Group also has minority interests in TV4 and P4 Radio Hele Norge, as well as shares in, and a convertible loan to, Metro International. These holdings are treated as fixed assets. The aggregate market value of these securities amounted to SEK 1,317 (3,760) million at 30 September 2001, which amounts to a premium of SEK 825 (3,319) million to the book value of SEK 492 (441) million. After adjusting for this premium and deferred tax, the equity to assets ratio at 30 September 2001 was 48% (58%).

Liquid funds

The Group's liquid funds, including available credit facilities, amounted to SEK 961 (167) million at 30 September 2001. The liquid funds increased significantly as a result of the issue of the €120 million convertible debentures.

Net debt

The Group's net debt amounted to SEK 938 (153) million at the close of the reporting period. The Group's net debt is defined as interest-bearing liabilities, including the convertible debentures, less interest-bearing assets. Excluding the convertible debentures, MTG's net debt amounted to SEK -231 (153) million.

Capital expenditure

The Group's capital expenditure during the first nine months of the year amounted to SEK 76 (230) million.

Depreciation

The Group's depreciation during the first nine months of the year amounted to SEK 172 (186) million.

In accordance with the change in accounting principles, all accrued retailer commissions on sales of Pay-TV subscription packages to Viasat Gold subscribers signing up for extended subscriptions have been reclassified from depreciation to other operating expenses. The comparative figures for 2000 have been restated accordingly.

Earnings per share

After full dilution, and taking into account the 2,052,840 additional shares to be issued as part of the executive share option scheme, as well as the 2,790,994 additional shares to be issued in connection with the conversion of the convertible debentures, earnings per share amounted to SEK 0.11 (-1.18) for the third quarter and SEK 0.98 (0.50) for the first nine months of 2001.

OTHER INFORMATION

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

MTG's financial results for the fourth quarter and full year 2001 will be released in February 2002.

Stockholm, October 24, 2001

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Modern Times Group MTG AB has seven business areas: Viasat Broadcasting (free-to-air and pay TV channels in nine countries), Radio (seven networks in five countries), New Media (the Everyday interactive TV portal, Internet portal, Mobile portal, and teletext services), Publishing (financial news and information services), Modern Interactive (home shopping, e-commerce, and logistics), SDI Media (subtitling and dubbing services), and Modern Studios (content production and library).

Modern Times Group MTG AB's class A and B shares are listed on the Stockholmsbörsen O-list (symbols: MTGA and MTGB) and ADRs are listed on the Nasdaq National Market in New York (symbol: MTGNY).

CONSOLIDATED INCOME STATEMENT (MSEK)

	2001 Q3	2000 Q3	2001 Q1-Q3	2000 Q1-Q3	2000 Full year
Net sales	1 415	1 188	4 550	3 775	5 431
Cost of goods and services	-974	-732	-3 023	-2 389	-3 508
Gross income	441	456	1 527	1 386	1 923
Selling, administrative, research and development expenses	-422	-475	-1 239	-1 195	-1 540
Other operating revenues	6	21	13	30	18
Other operating expenses	-65	-52	-172	-170	-235
Income from corporate development	-	-	-	2	8
Income from sales of securities	-	-	-	106	106
Result in Metro Sweden sales company Jan-May 2000	-	-	-	34	32
Viasat digital project	-	-6	-	-44	-555
Share of earnings in associated companies	9	-11	21	-4	16
Operating income (EBIT)	-31	-67	150	145	-227
Net financial revenue and expense	0	-7	-54	-36	-44
Income after financial revenue and expense excluding interest on convertible debentures	-31	-74	96	109	-271
Unrealised exchange difference on convertible debentures	-67	-	-67	-	-
Interest on convertible debentures	-15	0	-18	-3	-3
Income before tax	-113	-74	11	106	-274
Taxes	58	-3	-6	-74	-24
Minority interests	2	-1	3	-1	1
Net income for the period	-53	-78	8	31	-297
Shares outstanding at quarter-end, incl convertible and option	71 218 990	66 375 156	71 218 990	66 375 156	66 375 156
Shares outstanding at quarter-end, excl convertible and option	66 375 156	66 375 156	66 375 156	66 375 156	66 375 156
Denominator for diluted earnings per share	71 218 990	66 375 156	69 513 383	65 812 093	65 952 859
Denominator for basic earnings per share	66 375 156	66 375 156	66 375 156	63 134 287	63 944 505
Diluted earnings per share	0,11	-1,18	0,98	0,50	-4,46
Basic earnings per share	-0,79	-1,18	0,12	0,49	-4,63

REVIEW OF THE GROUP (MSEK)	2001 Q3	2000 Q3	2001 Q1-Q3	2000 Q1-Q3	2000 Full year
Net sales by business area					
Viasat Broadcasting	983	798	3 159	2 662	3 789
New Media	28	11	71	45	61
Radio	26	30	94	97	133
Publishing	38	43	142	156	234
Modern Interactive	164	168	564	419	580
SDI Media	109	81	288	235	330
Modern Studios	142	104	466	340	551
Parent company and other companies	26	38	79	76	106
Eliminations	-101	-85	-313	-255	-353
	1 415	1 188	4 550	3 775	5 431
Operating income/loss by business area					
Viasat Broadcasting	21	38	286	255	500
Sale of shares in TV4	-	-	-	106	106
Viasat digital project	-	-6	-	-44	-555
New Media	-5	-13	-52	-20	-39
Radio	5	-11	13	3	18
Publishing	-23	-21	-54	-45	-53
Modern Interactive	-29	-19	-30	-61	-127
SDI Media	13	5	27	10	18
Modern Studios	18	-9	55	-3	3
Parent company and other companies	-28	-30	-85	-82	-117
Result in Metro Sweden sales company Jan-May 2000	-	-	-	34	32
Eliminations	-3	-3	-10	-10	-13
	-31	-67	150	145	-227

CONSOLIDATED BALANCE SHEET (MSEK)**2001-09-30 2000-09-30 2000-12-31****Fixed assets**

Capitalized development expenses	65	104	111
Beneficial rights	315	288	297
Goodwill	1 057	1 165	1 046
Machinery and equipment	254	302	252
Shares and participations	313	241	303
Long-term receivables	1 082	614	896
	3 086	2 714	2 905

Current assets

Inventories	1 542	1 155	1 201
Current receivables	2 083	1 320	1 642
Cash, cash equivalents and short-term investments	184	150	292
	3 809	2 625	3 135

Total assets	6 895	5 339	6 040
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Shareholders' equity

Restricted equity	1 673	1 672	1 724
Non-restricted equity	173	422	66
	1 846	2 094	1 790

Minority interests in equity

	2	15	7
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Provisions

	136	122	124
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Long-term liabilities

Convertible debenture loan 2001/2006	1 169	-	-
Other interest-bearing liabilities	663	825	1 277
Non-interest-bearing liabilities	31	22	44
	1 863	847	1 321

Current liabilities

Interest-bearing liabilities	0	100	125
Non-interest-bearing liabilities	3 048	2 161	2 673

	3 048	2 261	2 798
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Total shareholders' equity and liabilities	6 895	5 339	6 040
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CONSOLIDATED STATEMENT OF CASH FLOWS (MSEK)	2001 Q3	2000 Q3	2001 Q1-Q3	2000 Q1-Q3	2000 Full year
Net income for the period	-52	-78	8	31	-297
Adjustments to reconcile net income to net cash provided by operations	0	0	0	0	0
Changes in working capital	33	37	187	76	-3
Net cash flow from operations	-133	347	-406	91	194
Acquisition of TV1000	-152	306	-211	198	-106
Issue of shares to finance TV1000 acquisition	-	900	-	-	-900
Other investments in shares	-	-900	-	-	900
Investments in other fixed assets	-	-18	-76	-128	-164
Other cash flow from investing activities	-35	-134	-76	-230	-193
Cash flow to investing activities	-	-	48	160	163
Financing of Metro International SA	-35	-152	-104	-198	-194
Cash flow from/to financing activities	-	-174	-	-174	-
Net change in cash and cash equivalents for the period	-780	-34	207	-	234
	-967	-54	-108	-174	-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-June 2001			8	8
Currency translation differences			48	48
Transfer between restricted and non-restricted reserves		-51	51	0
Closing balance June 30, 2001	332	1 341	173	1 846

OPERATING INCOME, EBIT (MSEK)	2001 Q3	2000 Q3	2001 Q1-Q3	2000 Q1-Q3	2000 Full year
Established operations					
Viasat Broadcasting	50	40	370	257	510
New Media	15	6	9	10	9
Radio	5	-11	13	3	14
Publishing	-23	-21	-54	-45	-53
Modern Interactive	-29	-19	-30	-61	-127
SDI Media	13	5	27	10	18
Modern Studios	18	-9	55	-3	3
Parent company and other companies	-28	-30	-85	-83	-121
Eliminations	-3	-3	-10	-10	-13
	18	-40	295	80	240
New ventures					
Viasat+ Norway	-9	-	-27	-	-
Viasat3 Hungary	-14	-2	-49	-2	-10
Darial TV	-6	-	-8	-	-
New Media	-20	-20	-61	-31	-48
	-49	-21	-145	-33	-58
Non-recurring items					
Income from corporate development	-	-	-	2	8
Income from sales of securities	-	-	-	106	106
Result in Metro Sweden sales company Jan-May 2000	-	-	-	34	32
Viasat digital project	-	-6	-	-44	-555
	0	-6	0	98	-409
Total Operating income, EBIT	-31	-67	150	145	-227