



MTG
MODERN TIMES GROUP

Modern Times Group MTG AB

**Financial results for the third quarter
and first nine months ended 30 September**

22 October 2003

MTG – Entertaining People

- Largest commercial TV and radio broadcaster in Nordic and Baltic region
- Viasat TV channels reach 45 million people each day in 14 countries
- One of Europe's most profitable pay-TV operators
- Largest shareholder in #2 commercial TV network in Russia
- Leading international reality TV production house
- Global market leader in DVD subtitling

Highlights

3rd Quarter ended 30 September 2003

- Net sales up 5% to SEK 1,436 (1,371) million
- First ever third quarter profit with EBIT of SEK 54 (-23) million
- TV3 Scandinavia continues to take advertising markets share, net sales up 7% to SEK 421 (394) million
- Number of digital pay-TV subscribers increases by 12,000 to 599,000

Profit & Loss

(SEK million)	Q3 2003	Q3 2002	9m 2003	9m 2002
Net Sales	1,436	1,371	4,580	4,293
EBITDA	104	37	463	382
Operating income (EBIT)	54	-23	293	201
- of which Non-recurring items				163
Net interest and other financial items	21	-41	-83	-151
Pre-Tax profit	75	-64	210	50
Taxes	-32	45	-90	-27
Minorities	2	-1	7	4
Net Income	44	-20	127	27
Basic number of shares outstanding	66,375,146	66,375,146	66,375,146	66,375,146
Basic earnings per share	0.67	-0.30	1.91	0.41

- EBIT margin 6.4% for the first nine months
- Incremental margins of 118% in the quarter and 89% for the first nine months, excluding non-recurring items

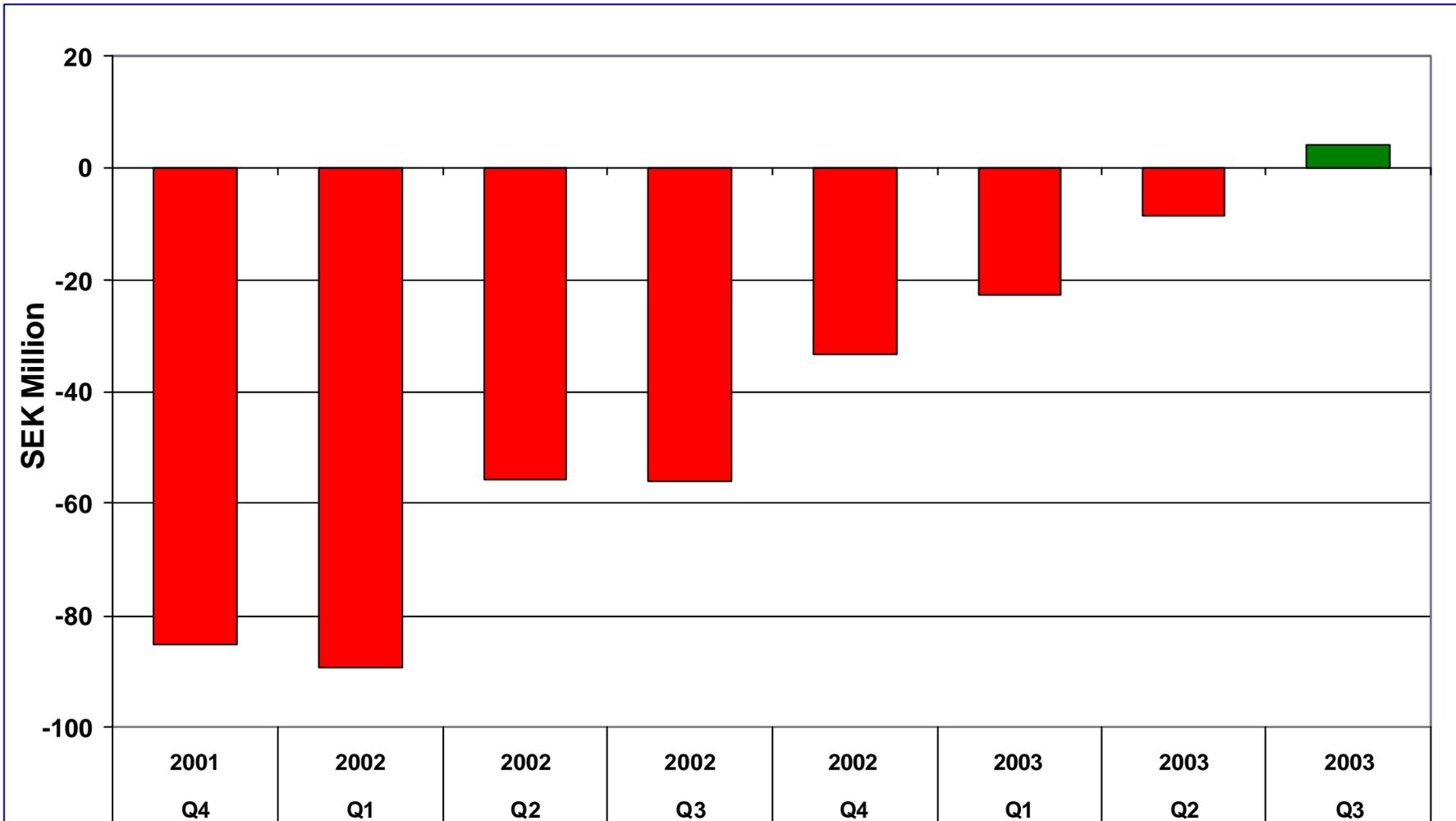
Viasat Broadcasting

Operating Results

SEK million	Q3 2003	Q3 2002	% chg	9m 2003	9m 2002	% chg
Net Sales						
Pay-TV operations	556	523	6%	1 666	1 618	3%
Free-TV operations	587	542	8%	1 969	1 783	10%
Text-TV operations	18	22	-18%	61	78	-22%
Other and eliminations	-108	-106		-316	-303	
Total net sales	1 053	981	7.4%	3 380	3 175	6.4%
Operating income (EBIT)						
Pay-TV operations	113	87		379	235	
Free-TV operations	-74	-75		-51	-52	
Text-TV operations	8	11		21	31	
Participation in StoryFirst	11	-1		22	13	
Other	0	-2		-1	-5	
Total EBIT	58	20	185%	371	222	67%
EBIT Margin	5.5%	2.1%		11.0%	7.0%	

Viasat Broadcasting – Eastern Europe

12 month rolling EBIT



Eastern Europe includes TV3 Baltics, Viasat3 Hungary, DTV Russa and participation in StoryFirst Inc.

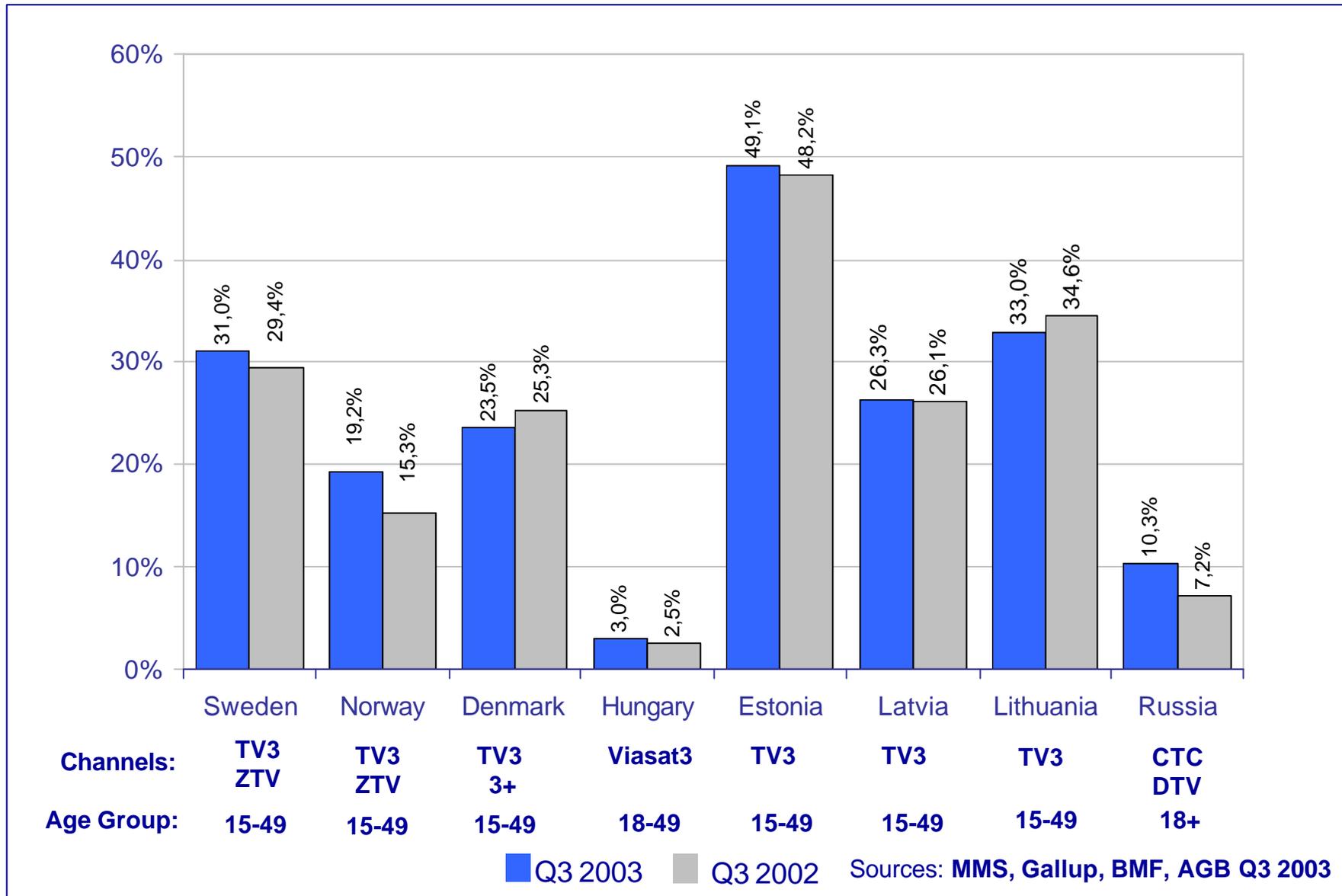
Free TV

Highlights third quarter

- Net sales up 8% to SEK 587 (542) million
- Increasing advertising market shares in all regions
- Investments in programming successful with increased commercial share of viewing in most markets
- Successful launch of Fall schedule
- Price increases for TV3 in Danish cable networks
- Hungarian and Russian operations proceeding according to plan

Free-TV

Commercial Share of Viewing



Pay TV

Highlights third quarter

- Pay TV premium quarterly ARPU up 5% year-on-year to 757 SEK
- New campaigns result in increase of 12,000 digital subscribers, bringing the total to 599,000
- As a consequence of increased net adds of digital subscribers, EBIT margin declined to 20% in the quarter compared with 24% for the first half year
- With the launch of Viasat Explorer the total number of Eastern European cable subscribers surpass one million

Pay TV

NDS VideoGuard implementation

- Lower cost Pace box campaigns with NDS encryption launches in volume Nov 6th
- Migration of existing boxes on track for completion by mid 2004; all software development proceeding according to plan
- Fixed fee per subscriber for NDS encryption services
- NDS related investments of approximately SEK 75-100 million over next coming quarters
- Non-cash write-off of existing Viaccess cards in fourth quarter of approximately SEK 35 million

Pay TV

Viasat Campaigns

- MTG now subsidises both premium and basic packages
- Both packages are offered to new subscribers with hardware for 1 krona in Sweden
- Premium Subscriber Acquisition Costs (SAC) is approximately 2,500 SEK while SAC for basic packages is approximately 2,300 SEK
- SAC will come down as lower priced Pace boxes are introduced in November
- Increased gross intake of new subscribers has a short-term negative impact on Pay-TV margins and cash flow

Viasat Broadcasting

Subscriber development

Subscribers (000's)	30 Sept 2003	30 June 2003
Cardholders	909	929
-of which digital subscribers	599	587
Viasat premium subscribers (digital)	413	424
Viasat basic digital subscribers	186	164
TV1000 Scandinavia	441	460
TV1000 Eastern Europe	850	584

Radio

SEK million	Q3 2003	Q3 2002	9m 2003	9m 2002
Net Sales	41	36	126	112
Total EBIT	-8	-8	-25	-36

- Net sales in Sweden up 9% despite decline in total radio advertising market
- Radio Sweden achieved 42% commercial share of listening and new listening records for Rix FM

Modern Studios

SEK million	Q3 2003	Q3 2002	9m 2003	9m 2002
Net Sales	156	153	521	440
Total EBIT	17	25	35	37

- Strong production line up in the quarter with Robinson, Fame Factory, The Farm and Backtracker; Option sold to Endemol France
- Sonet winning Best Foreign Film at Hollywood Film Festival with 'Miffo'. The film has delivered strong box-office performance in Sweden in the quarter.
- Brombergs owns Swedish publishing rights for Nobel Prize winner J.M Coetzee

TV-Shop

SEK million	Q3 2003	Q3 2002	9m 2003	9m 2002
Net Sales	173	158	540	482
EBIT	4	-2	13	10

- **Third consecutive quarter of doubling sales for CDON**
- **Weak wholesale revenues for TV-Shop but margin improvements after cost rationalisation**
- **ECL logistics business sold to Tradimus AB**

SDI Media

SEK million	Q3 2003	Q3 2002	9m 2003	9m 2002
Net Sales	93	94	264	286
Total EBIT	17	16	42	40

- **5% underlying sales growth in the first nine months, adjusted for negative currency impact**
- **Contract won to subtitle the Travel channel in Sweden, Norway, Denmark, Holland and Portugal**

Cash flow

(SEK million)	Q3 2003	Q3 2002	9m 2003	9m 2002
Cash flow from operations	71	-52	269	97
Changes in Working Capital	103	164	148	-89
Net cash flow from operations	174	112	419	124
Proceeds from sale of subscription rights, shares and securities	19	-	20	204
Investments in shares in subsidiaries and associates	-8	-	-19	-281
Other investments in shares	-542	-	-542	-204
Change in long-term receivable from Metro Intl	542	-	542	-
Investments in other fixed assets	-38	-25	-90	-69
Other cash flow from investing activities	5	0	10	33
Cash flow to investing activities	-22	-25	-79	-317
Cash flow from/to financing activities	55	-87	-111	245
Net change in cash and cash equivalents for the period	207	0	229	52

- Working capital remains high priority and was reduced by SEK 103 million in the quarter in spite of programme inventory increases in Hungary and Russia
- Metro refinancing completed – no cash impact except for sale of subscription rights

Balance Sheet

(SEK million)	30 Sept 2003	30 Sept 2002	31 Dec 2002
Non-current assets	2,836	3,223	3,069
Current assets	2,977	3,517	3,115
Total assets	5,813	6,740	6,184
Shareholders' equity	2,004	1,967	1,885
Minority equity interests	-6	7	16
Provisions	146	140	173
Long-term liabilities	1,120	1,717	1,565
Current liabilities	2,549	2,909	2,545
Total equity and liabilities	5,813	6,740	6,184

- Equity to asset ratio 53% by the end of the third quarter
- Net debt to equity ratio 48% by the end of the third quarter
- Holdings in Metro, TV4 and Radio P4 have a combined book value of SEK 800 million and a market value of SEK 1,647 million at 30 September 2003

Surplus value in listed companies

SEK million	Value	Value per share
Metro International S.A.	1,381	20.8
TV4 AB*	486	7.3
P4 Radio Hele Norge ASA	51	0.8
Total Market Value	1,918	28.9
<i>Convertible loan</i>	<i>-1070</i>	<i>-16.1</i>
<i>Syndicated loan</i>	<i>-450</i>	<i>-6.8</i>
<i>Cash</i>	<i>530</i>	<i>8.0</i>
<i>Other interest bearing long-term items</i>	<i>38</i>	<i>0.6</i>
Net debt	-952	-14.3
Net value	966	14.6

Share prices based on market close 21 October. Net debt as at 30 September 2003

* No trading in TV4 on 20 nor 21 October, closing price taken from 17 October

Outlook

- Slower growth rate in the Scandinavian TV advertising market in the second half of 2003 compared to the first half
- Slower growth rate in the Baltic countries in the second half due to non-recurring spending in 2002
- Clear objective to continue to take market share in the advertising market
- New campaigns to drive subscriber growth and penetration of our channels will have short term adverse effect on cash flow and operating margins
- Continued focus on implementation of new NDS encryption technology with the intention to complete switch by mid 2004