



MODERN TIMES GROUP MTG AB

FINANCIAL RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2004

Stockholm, 19 October 2004 - Modern Times Group MTG AB ("MTG") (Stockholmsbörsen: MTGA, MTGB) today announced its financial results for the third quarter and nine months ended 30 September 2004.

THIRD QUARTER HIGHLIGHTS

- **GROUP NET SALES UP 8% TO SEK 1,550 (1,436) MILLION**
- **TV3 SCANDINAVIA NET SALES UP 17% TO SEK 493 (421) MILLION**
- **GROUP OPERATING INCOME UP 7% TO SEK 58 (54) MILLION
EXCLUDING SEK 381 MILLION NET GAIN FROM SALE OF SDI MEDIA**
- **NET INCOME UP TO SEK 407 (44) MILLION**
- **EARNINGS PER SHARE INCREASE TO SEK 6.13 (0.67)**

NINE MONTH HIGHLIGHTS

- **GROUP NET SALES UP 7% TO SEK 4,893 (4,580) MILLION**
- **TV3 SCANDINAVIA NET SALES UP 13% TO SEK 1,615 (1,424) MILLION**
- **GROUP OPERATING INCOME UP 12% TO SEK 327 (293) MILLION
EXCLUDING SEK 381 MILLION NET GAIN FROM SALE OF SDI SALE**
- **NET INCOME UP TO SEK 548 (127) MILLION**
- **EARNINGS PER SHARE INCREASE TO SEK 8.25 (1.91)**

Hans-Holger Albrecht, President and CEO of MTG, commented: "We are continuing to drive our clear strategy of developing our free-to-air and pay-TV broadcasting businesses in our core Scandinavian territories, as well as into high growth new Central and Eastern European markets. The integrated Viasat platform enables the group to generate multiple revenue streams and considerable operating synergies."

"The performance of our free-to-air businesses in the seasonally weakest advertising sales quarter of the year demonstrates that our investments in content are already paying off and we have continued to grow our market shares in all territories. We have also successfully implemented the secure new encryption system for Viasat's premium pay-TV channels in order to eliminate piracy and have further strengthened our premium pay-TV offering whilst remaining the price leader in each market."

FINANCIAL SUMMARY

<i>(SEK million)</i>	July–Sept 2004	<i>July–Sept 2003</i>	Jan–Sept 2004	<i>Jan–Sept 2003</i>	<i>Full Year 2003</i>
Net sales	1,550	<i>1,436</i>	4,893	<i>4,580</i>	<i>6,311</i>
Operating income, excluding net gain from sale of SDI Media	58	<i>54</i>	327	<i>293</i>	<i>542</i>
Net gain from sale of SDI Media	381	<i>-</i>	381	<i>-</i>	<i>-</i>
Operating income	439	<i>54</i>	708	<i>293</i>	<i>542</i>
Net interest and other financial items	-7	<i>21</i>	-34	<i>-83</i>	<i>-167</i>
Pre-tax profit	433	<i>75</i>	674	<i>210</i>	<i>375</i>
Net income	407	<i>44</i>	548	<i>127</i>	<i>289</i>
Basic earnings per share (SEK)	6.13	<i>0.67</i>	8.25	<i>1.91</i>	<i>4.36</i>
Fully diluted earnings per share (SEK)	6.13	<i>0.67</i>	8.25	<i>1.91</i>	<i>4.36</i>
Total assets	6,056	<i>5,813</i>	6,056	<i>5,813</i>	<i>5,716</i>

GROUP REVIEW

Good sales growth

The Group reported an 8% year on year increase in net sales to SEK 1,550 (1,436) million in the third quarter of 2004 and a 7% increase to SEK 4,893 (4,580) million for the nine months ended 30 September 2004. Excluding Discontinued businesses and SDI Media, the Group reported a 15% year on year growth in the quarter and 9% for the year to date. The increase was primarily driven by TV3 Scandinavia's 17% year on year sales growth in the third quarter and 13% growth for the year to date.

NET SALES BY BUSINESS AREA (SEK million)	July–Sept 2004	<i>July–Sept 2003</i>	Jan–Sept 2004	<i>Jan–Sept 2003</i>	<i>Full Year 2003</i>
<i>Free-to-air-TV</i>	<i>696</i>	<i>587</i>	<i>2,274</i>	<i>1,969</i>	<i>2,768</i>
<i>Pay-TV</i>	<i>574</i>	<i>556</i>	<i>1,727</i>	<i>1,666</i>	<i>2,210</i>
<i>Other & eliminations</i>	<i>-96</i>	<i>-89</i>	<i>-290</i>	<i>-255</i>	<i>-314</i>
Viasat Broadcasting	1,174	1,053	3,711	3,380	4,664
Radio	52	41	151	126	174
Other business areas	412	329	1,134	1,061	1,475
Parent company & other companies	24	32	91	81	103
Eliminations	-112	-112	-384	-344	-469
	1,550	1,343	4,704	4,304	5,947
SDI Media & Discontinued businesses	0	93	189	276	364
	1,550	1,436	4,893	4,580	6,311

40% of group revenues in the first nine months of the year were generated from advertising sales, 41% from subscription payments and 19% from other business-to-business and business-to-consumer sales.

Group operating profits up

The Group reported earnings before interest, tax, depreciation and amortisation in the third quarter of SEK 510 (104) million and SEK 885 (463) million for the year to date. Group depreciation and amortisation totalled SEK 71 (50) million in the third quarter and SEK 177 (171) million for the year to date.

The sale of the SDI Media subtitling and dubbing business in July 2004 for US\$ 60 million gave rise to a net gain of SEK 381 million, which is included in the group's operating income for the third quarter and first nine months of 2004.

Group operating costs increased by 10% year on year in the third quarter and by 8% for the year to date. This principally reflected increased investments in programming for Viasat's free-to-air and pay-TV channels, increased marketing and subscriber acquisition costs, as well as costs associated with the implementation of the new conditional access technology on the Viasat DTH satellite platform.

The underlying operating result, excluding the exceptional gain from the sale of SDI Media, was SEK 58 (54) million in the third quarter and SEK 327 (293) million for the year to date. This result reflected increased profit contributions from the free-to-air TV operations in Eastern Europe and a particularly strong performance from Modern Studios. The Scandinavian Pay-TV operations reported lower year on year results as a consequence of extensive investment in new technology, content and sales.

Including the net gain from the sale of SDI Media, the Group therefore reported an operating income of SEK 439 (54) million in the quarter and SEK 708 (293) million for the year to date.

OPERATING INCOME BY BUSINESS AREA (SEK million)	July-Sept 2004	July-Sept 2003	Jan-Sept 2004	Jan-Sept 2003	Full Year 2003
<i>Free-to-air-TV</i>	-66	-74	-8	-51	32
<i>Pay-TV</i>	54	113	243	379	505
<i>Other & eliminations</i>	9	7	26	21	29
<i>Associated companies</i>	32	12	71	22	87
Viasat Broadcasting	29	58	332	371	653
Radio	6	-8	2	-25	-28
Other business areas	43	20	77	48	67
Parent company & other companies	-16	-26	-99	-115	-173
Eliminations	-2	-2	-7	-7	-10
	59	42	306	271	509
SDI Media & Discontinued businesses	-1	12	21	22	33
	58	54	327	293	542
Net gain from sale of SDI Media	381	-	381	-	-
	439	54	708	293	542

Pre-tax profit up

Group pre-tax profits increased to SEK 433 (75) million in the third quarter and to SEK 674 (210) million for the first nine months of the year.

Net interest and other financial items totalled SEK -7 (21) million in the third quarter and SEK -34 (-83) million for the year to date.

Net interest costs amounted to SEK -18 (-18) million for the quarter and SEK -50 (-52) million for the year to date and principally comprised the interest payable on the € 120 million convertible debenture loan. Other financial items of SEK 12 (39) million for the quarter and SEK 15 (-31) million for the year to date primarily reflected the SEK 15 million capital gain arising from the exchange of Metro International S.A. series 'A' shares for shares in P4 Radio Hele Norge ASA with Investment AB Kinnevik in July 2004. Other financial items also included the unrealised exchange rate gain of SEK 8 (30) million arising in the quarter from the translation of the Euro denominated convertible debentures into Swedish Krona.

Group tax charges for the quarter and the year to date totalled SEK -26 (-32) million and SEK -126 (-90) million respectively. No tax charge was incurred on the sale of SDI Media or the Metro International S.A. shares.

Net income after tax and minority interests therefore increased to SEK 407 (44) million in the third quarter and to SEK 548 (127) million for the year to date.

The Group consequently reported earnings per share of SEK 6.13 (0.67) in the third quarter and SEK 8.25 (1.91) for the year to date.

GROUP STRUCTURAL CHANGES

MTG entered the rapidly expanding Internet betting market in January 2004 with the acquisition of 19.9% of Bet24, together with an option to increase the shareholding in the future. MTG's share of Bet24 earnings is reported under Associated companies in the Viasat Broadcasting business area.

MTG sold the Financial Hearings business in April 2004; closed down the Modern Sports & Events business in June 2004; and sold the SDI Media subtitling and dubbing business in July 2004 for US\$ 60 million. SDI Media's operating results have been deconsolidated with effect from 1 July 2004.

MTG acquired a further 9.1% of the shares in StoryFirst Communications Inc. for US\$ 53.4 million in July 2004 and a further 1.9% for US\$ 9.6 million in August 2004. MTG now owns 39.8% of the Company, which has changed its name to CTC Media, Inc. CTC Media is a US company and owns and operates the CTC Television network, as well as 21 network affiliate stations and four other local stations in Russia. CTC is reported as associated company within the Broadcasting business area. Companies controlled by MTG also acquired the remaining 25% of Russian TV channel DTV in August 2004.

MTG Radio announced a co-operation with NRJ Group S.A. in July 2004 whereby MTG Radio Sweden would assume the day-to-day operations and management of NRJ's twenty radio stations in Sweden. MTG Radio Sweden consolidated the 20 stations' sales and costs with effect from 1 September 2004 and pays a percentage of MTG Radio Sweden's revenues to NRJ Group S.A. MTG now operates 49 out of the 90 commercial radio stations in Sweden and RIX FM's national penetration has increased from 69% to 88%.

MTG increased its shareholding in the Norwegian national commercial radio network P4 Radio Hele Norge ASA in July 2004 by acquiring 6.6% of the Company, or 2,124,820 shares, from Investment AB Kinnevik in exchange for 2,220,629 Metro International S.A. series 'A' shares. MTG now owns 39.7% of the capital and votes in P4 Radio Hele Norge ASA; and 28.0% of the equity and 19% of the votes in Metro International S.A.. The calculation of the exchange formula for the shares was based on the ten day weighted average trading price of the P4 Radio Hele Norge ASA share and the Metro International S.A. series 'A' share up to the close of trading on Friday 2 July 2004 on the Oslo and Stockholm stock exchanges respectively.

MTG's Viasat Broadcasting signed an agreement in August with the Swedish broadband network operator Bredbandsbolaget to enable viewers to receive Viasat television channels via their broadband connections. Viasat's channels will therefore be made available to Bredbandsbolaget's 300,000 customers with fibre connections.

The revised matrix reporting structure described in the second quarter results statement has now been adopted and the matrix at the end of this report is presented accordingly, both for the current year and prior reporting periods. In addition, the Central & Eastern Europe reporting segment within Viasat Broadcasting now also includes the pay-TV platform in the Baltics, which had previously been included in the results of the 'Viasat DTH platform' business. Results for prior reporting periods have also been restated accordingly.

OPERATING COMPANY REVIEW

Viasat Broadcasting

	July-Sept 2004	July-Sept 2003	Jan-Sept 2004	Jan-Sept 2003	Full Year 2003
Net Sales	1,174	1,053	3,711	3,380	4,664
Operating Income	29	58	332	371	653

MTG's television broadcasting businesses reported a combined 11% year on year increase in net sales to SEK 1,174 (1,053) million in the third quarter and a 10% increase to SEK 3,711 (3,380) million for the year to date. This result reflected the sales growth generated by Viasat's free-to-air TV operations in Scandinavia and the Baltics, as well as the fast growing free-to-air and pay-TV businesses in Central and Eastern Europe.

Viasat's operating costs increased by 17% year on year in the third quarter to SEK 1,177 (1,007) million and by 14% to SEK 3,450 (3,031) million for the year to date. Costs continued to increase year on year due to investments in programming and the launch and marketing of new channels, as well as the migration of the Viasat DTH platform to a new secure conditional access technology.

MTG's participation in the earnings of associated companies principally comprised MTG's share of the earnings of CTC Media, Inc. (previously StoryFirst Communications, Inc.). MTG has a 39.8% shareholding in CTC Media, which is Russia's largest private commercial television network. Associated company income amounted to SEK 32 (12) million in the third quarter and SEK 71 (22) million for the year to date.

Viasat Broadcasting therefore reported an operating profit of SEK 29 (58) million in the third quarter and SEK 332 (371) million for the year to date.

Free-to-air TV

	July-Sept 2004	July-Sept 2003	Jan-Sept 2004	Jan-Sept 2003	Full Year 2003
Net Sales	696	587	2,274	1,969	2,768
Operating Income	-66	-74	-8	-51	32

Viasat's free-to-air TV channels reported a combined 19% year on year increase in net sales in the third quarter to SEK 696 (587) million and a 15% increase in the first nine months of the year to SEK 2,274 (1,969) million. Operating income for the channels improved to SEK -66 (-74) million in the third quarter and to SEK -8 (-51) million for the year to date.

Scandinavia

The TV3 channels in Sweden, Norway and Denmark reported a combined 17% year on year increase in net sales to SEK 493 (421) million in the third quarter and a 13% increase to SEK 1,615 (1,424) million for the year to date.

<i>Commercial Share of Viewing (%)</i>	<i>Q3 2004</i>	<i>Q3 2003</i>	<i>FY 2003</i>
TV3 and ZTV in Sweden (15-49)	31.6	31.0	30.4
TV3 and ZTV in Norway (15-49)	19.2	19.2	17.0
TV3 and TV3+ in Denmark (15-49)	22.8	23.5	23.0

TV3's ratings in each country were affected by the broadcasting of the Olympics on rival channels, but the channels still managed to increase their advertising market shares and revenues in each territory. The market visibility remains limited.

TV3 Sweden benefited from the sponsorship revenues generated by TV3's coverage of the World Cup Ice Hockey, which also attracted record viewing levels during the quarter. The inclusion of TV3 in the digital terrestrial broadcasting network has also increased the channel's penetration.

TV3 Norway attracted a higher audience share (15-49) than rival TVNorge in the competitive universe (where the three largest commercial channels are all fully represented) for the third quarter in succession. TV3 Denmark achieved its highest ever third quarter sales results.

Operating costs for TV3 Scandinavia increased by 18% year on year in the third quarter and by 13% for the year to date as the channels invested in further strengthening the schedules with hit series and new formats. TV3 will continue to increase its programming investments year on year in the fourth quarter in order to drive ratings growth.

TV3 Scandinavia consequently reported an operating income of SEK -46 (-37) million in the third quarter and an operating profit of SEK 18 (14) million for the year to date.

The Baltics

Viasat's free-to-air television operations in Estonia (TV3), Latvia (TV3 and 3+) and Lithuania (TV3 and Tango TV) reported a combined 19% year on year increase in net sales in the third quarter to SEK 51 (43) million and a 19% increase to SEK 203 (170) million for the year to date.

<i>Commercial Share of Viewing (%)</i>	<i>Q3 2004</i>	<i>Q3 2003</i>	<i>FY 2003</i>
TV3 in Estonia (15-49)	44.9	49.1	50.0
TV3 and 3+ in Latvia (15-49)	30.8	26.3	26.6
TV3 and Tango TV in Lithuania (15-49)	38.3	33.0	36.3

TV3's pan-Baltic commercial share of viewing (15-49 year olds) increased further in the third quarter to 36.8% (33.4%), and the channel has over 95% penetration in each country.

The channels benefited from high incremental margins to report a combined operating loss of SEK -1 (-6) million in the third quarter and an almost doubling of operating profits year on year to SEK 38 (20) million for the first nine months of 2004.

Hungary

Viasat3 Hungary's increased share of commercial viewing (15-49) of 5.4% (3.6%) resulted in an 83% year on year increase in sales to SEK 11 (6) million in the third quarter and a 45% increase to SEK 32 (22) million for the year to date. Operating costs for the channel continued to increase year on year as Viasat3 invested in programming to drive further ratings growth and the channel therefore reported an operating loss of SEK -12 (-14) million in the quarter and SEK -36 (-30) million for the year to date.

Russia

<i>Commercial Share of Viewing (%)</i>	<i>Q3 2004</i>	<i>Q3 2003</i>	<i>FY 2003</i>
DTV (6-54)	1.6	1.4	1.2
CTC (6-54)	13.3	13.6	13.4

DTV's investments in programming similarly resulted in increased ratings with the channel's sales up 50% year on year to SEK 15 (10) million in the third quarter and up 68% for the year to date to SEK 42 (25) million. Operating losses were reduced to SEK -3 (-5) million in the quarter and to SEK -15 (-21) million for the year to date.

MTG associated company CTC Media, Inc.'s 'CTC' channel reported a 13.3% (13.6%) share of viewing amongst the key 6-54 year old audience group during the quarter. CTC therefore continued to be the third largest TV-channel in Russia in this key demographic group. CTC Media also announced the acquisition of four regional stations after the end of the quarter, which will form the basis of a second network.

Pay-TV

	July-Sept 2004	July-Sept 2003	Jan-Sept 2004	Jan-Sept 2003	Full Year 2003
Net Sales	574	556	1,727	1,666	2,210
Operating Income	54	113	243	379	505

Viasat Broadcasting's DTH Pay-TV platform and pay-TV channels reported a 3% year on year increase in revenues to SEK 574 (556) million in the third quarter, which compares with SEK 578 million in the second quarter. Revenues were also up 4% year on year to SEK 1,727 (1,666) million for the first nine months of 2004.

Operating costs for the Pay-TV business increased in the third quarter and the business reported SEK 54 (113) million of operating income in the third quarter, compared to SEK 72 million in the second quarter of the year. The year on year increase in costs reflected Viasat's investments in channel development, marketing, subscriber acquisition and platform security, which have positioned the platform for future growth.

Operating income for the first nine months of the year consequently fell to SEK 243 (379) million. The Pay-TV platform and channels reported an operating margin of 9% (20%) in the third quarter, compared to 12% in the second quarter, and 14% (23%) for the year to date.

Growth in digital subscribers

(000's)	Sep 2004	Jun 2004
Digital subscribers*	638	642
- of which Premium *	438	436
- of which Basic	201	206
 Total cardholders	 841	 856
 TV1000 Scandinavia subscribers*	 441	 447
Central & Eastern Europe subscribers	4,731	3,407

* As of September 30, 17,000 premium subscribers were yet to be migrated to the NDS signal. These 17,000 subscribers are not included in the table. Of the TV1000 subscribers, 15,000 subscribers are similarly excluded from the table. As of October 15, only 13,000 premium subscribers are yet to migrate to the new system.

The number of digital subscribers amounted to 638,000, with the number of 'Gold' and 'Silver' package premium subscribers increasing to 438,000. The number of 'basic' entry-level subscribers was largely unchanged at 201,000. If the non-migrated premium subscribers are included, there was a net increase in subscribers during the quarter. The annualized average revenue per premium subscriber (ARPU) increased year on year to SEK 3,063 (3,028) in the third quarter and from SEK 3,059 in the second quarter of 2004. The increase reflected the impact of the price rises in 2003 and again at the beginning of 2004.

Viasat remains the price leader in the market and further strengthened its premium package offering with the launch of four new 'TV1000' branded thematic movie channels in the Nordic region in September. Viasat now offers a total of six TV1000 dedicated movie channels and three dedicated sports channels, following the launch of two additional 'Viasat Sport' channels in Scandinavia in February 2004. The popular 'Viasat History' documentary channel, previously only available in Central and Eastern Europe, will be launched throughout the Nordic region from next month. High impact marketing campaigns have been running across the Viasat territories since the end of the Summer in

order to promote the attractive premium channel package offerings, which include free installation in Sweden and special price offers in Norway and Denmark.

Subscriber churn rates remained high during the quarter as Viasat completed the migration of the premium channel encryption to the new secure 'VideoGuard' conditional access technology. Viasat switched off the legacy Viaccess encryption of Viasat's premium channels in the Nordic region in mid-September following the successful migration of 95% of the premium subscriber base to the new system, which was predominantly completed via the downloading of software to subscribers' existing set top boxes and the distribution of new smart cards. Premium channel pirate cards have now been rendered useless and the new system is expected to eliminate piracy on the Viasat platform.

TV1000 Scandinavia

TV1000 had 441,000 subscribers in Scandinavia at the end of the third quarter, not including 15,000 yet to be migrated Viasat customers, compared to 447,000 at the end of the second quarter. TV1000 Scandinavia channel revenues were therefore stable at SEK 172 (167) million in the quarter, when compared with SEK 174 million in the second quarter, and totalled SEK 519 (533) million for the first nine months of the year. The channel's operating profit increased to SEK 47 (44) million in the quarter, when compared with SEK 38 million in the second quarter, and TV1000 Scandinavia reported operating income of SEK 134 (169) million for the year to date.

Central & Eastern Europe

Viasat's 'mini-pay' business in Central and Eastern Europe, whereby Viasat's TV1000 East, Viasat Explorer and Viasat History channels are included in third party cable network operator pay-TV packages, was launched in 2003 and now has over 4.7 million subscribers in eleven countries. Viasat Sport was launched into the Baltic territories in July 2004, whilst Viasat History was launched into eight Central and Eastern European territories in May and will be introduced into the three Baltic states in November 2004.

Viasat's DTH satellite pay-TV business in the Baltics had 4,000 subscribers at the end of the third quarter, compared to 3,000 at the end of the second quarter, and Viasat has introduced aggressive new subscriber offers and marketing campaigns in the Fall.

Net sales for the business increased to SEK 11 (2) million in the third quarter and SEK 27 (5) million for the year to date, while the operating cost base continued to reflect the rapid roll-out. The Central and Eastern European pay-TV business therefore reported operating losses of SEK -7 (-1) million in the third quarter and SEK -14 (-5) million for the year to date.

Radio

	July-Sept 2004	July-Sept 2003	Jan-Sept 2004	Jan-Sept 2003	Full Year 2003
Net Sales	52	41	151	126	174
Operating Income	6	-8	2	-25	-28

MTG's radio businesses in Sweden, Estonia, Latvia and Lithuania reported 27% year on year sales growth in the third quarter to SEK 52 (41) million and 20% for the first nine months of the year to SEK 151 (126) million. The cost base of MTG Radio Sweden's

operations increased as a result of the consolidation of 20 additional stations from 1 September 2004 under the terms of the cooperation agreement with NRJ.

Operating income for MTG's radio businesses, together with the group's share in the earnings of associated companies, totalled SEK 6 (-8) million in the third quarter and SEK 2 (-25) million for the year to date. This result includes SEK 6 (-4) million of associated company income in the third quarter and SEK 9 (-8) million for the year to date, which principally comprised MTG's 39.7% share in the estimated earnings of P4 Radio Hele Norge ASA.

The latest RUAB independent market research, which was published in August, reported that MTG's RIX FM national network in Sweden now attracts more than one million daily listeners for the first time. RIX achieved its highest ever national daily reach with 13.2% of the national radio audience or 1,005,100 daily listeners. The survey also reported increased listening shares year on year for the other MTG stations and MTG Radio Sweden therefore now reaches its highest ever combined daily audience of 1,383,400 listeners, which is equivalent to an 18.1% national reach.

Other Businesses

	July-Sept 2004	July-Sept 2003	Jan-Sept 2004	Jan-Sept 2003	Full Year 2003
<i>Modern Studios</i>					
Net Sales	223	156	553	521	737
Operating Income	45	17	66	35	57
<i>Home Shopping</i>					
Net Sales	189	173	581	540	738
Operating Income	-2	4	11	13	9

Modern Studios reported a 43% year on year growth in net sales to SEK 223 (156) million in the third quarter and a 6% growth to SEK 553 (521) million for the year to date. Operating income for the business area increased to SEK 45 (17) million in the third quarter and to SEK 66 (35) million for the year to date. This result reflected a new record sales quarter for Strix Television. Strix's sales were up 66% year on year in the third quarter and the business reported a more than doubling of operating income. Strix has sold options and licences to its reality TV formats to broadcasters and production companies in 24 territories during the first nine months of the year. Sonet Film also contributed with a strong performance following the successful box-office release of 'As in heaven' during the third quarter.

MTG's Home Shopping businesses reported a combined 9% year on year increase in sales to SEK 189 (173) million in the third quarter and 8% growth to SEK 581 (540) million for the first nine months of the year. The operations reported a combined operating loss of SEK -2 (4) million in the third quarter and a profit of SEK 11 (13) million for the year to date. CDON reported another high growth quarter with a 39% year on year increase in sales, and continued to invest in the further expansion of the business.

FINANCIAL REVIEW

Cash Flow

The Group generated SEK 36 (71) million of cash flow from operations in the third quarter and SEK 341 (271) million for the year to date. Net cash flow from operations totalled SEK 79 (174) million in the quarter and SEK 377 (419) million for the first nine months of the year, following a SEK 43 (103) million change in working capital in the quarter and SEK 36 (148) million for the year to date. Capital expenditure of SEK 36 (38) million in the third quarter and SEK 92 (90) million for the year to date is equivalent to 2% of group sales. The Group sold its SDI Media business during the quarter for US\$ 60 million and acquired shares in CTC Media for US\$ 63 million. The Group also sold shares in Metro International S.A. and acquired shares in P4 Radio Hele Norge ASA with the proceeds.

Liquid funds

The Group's available liquid funds, including the unutilised credit facility, amounted to SEK 1,187 (1,576) million at 30 September 2004. Cash and cash equivalents totalled SEK 412 (530) million at the end of the quarter.

Net debt

Group net debt of SEK 627 (952) million at the end of the reporting period comprised interest-bearing liabilities, including the convertible debentures, less interest-bearing assets. The Group's net debt to equity ratio was 24% (48%) at 30 September 2004 and is defined as the Group's net debt as a percentage of consolidated equity and minority interests.

Holdings in other companies

The Group holds minority interests in a number of listed companies - TV4 AB, P4 Radio Hele Norge ASA and Metro International S.A. These holdings are treated as financial assets and have a combined book value of SEK 818 (800) million. The aggregate market value of these securities at the close of trading on 30 September 2004 was SEK 2,388 (1,647) million, which gave rise to a surplus to book value of SEK 1,570 (847) million or SEK 24 (13) per share at the end of the reporting period. In addition, MTG owns 39.8% of CTC Media, Inc. and 19.9% of Bet24.

Equity to assets ratio

The Group's equity to asset ratio was 44% (34%) at 30 September 2004. The ratio is defined as the sum of the consolidated equity and minority interests as a percentage of total assets. When treating the €120 million of subordinated convertible debentures as equity rather than debt, the equity to assets ratio was 62% (53%) at the close of the quarter. If adjusting for the Group's surplus value in listed securities described above and treating the convertible debentures as debt, the equity to assets ratio at the close of the quarter was 55% (41%).

Parent company

The parent company reported net sales of SEK 17 (25) million in the third quarter and SEK 71 (61) million for the year to date. Net interest and other financial items amounted to SEK 54 (107) million in the quarter and SEK 94 (222) million for the first nine months of the year. The parent company's pre-tax profit therefore amounted to SEK 35 (98) million in the third quarter and SEK 14 (142) million for the first nine months of the year. MTG's financial policy includes the provision of a central cash pool to support operating companies.

OTHER INFORMATION

The Group's consolidated accounts have been prepared according to the same accounting principles that were applied in the preparation of the 2003 accounts, and are compiled according to the Swedish Annual Report & Accounts Act and the recommendations issued by the Swedish Financial Accounting Standards Council. This interim report has been prepared in accordance with Recommendation 20 of the Swedish Financial Accounting Standards Council and has not been subject to review by the Company's auditors.

Nomination Group For the 2005 Annual General Meeting

Pursuant to the resolution of the Annual General Meeting of Modern Times Group MTG AB in May 2004, a Nomination Group consisting of major shareholders in Modern Times Group MTG AB has been created.

As resolved at the 2004 AGM, Cristina Stenbeck is Chairman of the Group.

The Nomination Group consists of:

Cristina Stenbeck

Thomas Halvorsen of the Fourth Swedish National Pension Fund

Björn Lind of SEB Asset Management and SEB Trygg Liv

The Nomination Group will submit a proposal for the composition of the Board of Directors that will be presented to the 2005 Annual General Meeting for approval.

The Annual General Meeting of Modern Times Group MTG AB will be held on Wednesday, May 11, 2005.

Shareholders who would like to suggest representatives for the Modern Times Group MTG AB Board of Directors can contact:

E-mail: agm@mtg.se;

Letter: AGM, Modern Times Group MTG AB, Box 2094, SE-103 13 Stockholm, Sweden

MTG's financial results for the fourth quarter and twelve months ended 31 December 2004 will be released on 16 February 2005.

Stockholm, 19 October 2004.

Hans-Holger Albrecht

President & Chief Executive Officer

Modern Times Group MTG AB

Skeppsbron 18

Box 2094

103 13 Stockholm

Registration number: 556309-9158

For further information, please visit www.mtg.se, email info@mtg.se, or contact:

Hans-Holger Albrecht, President & CEO tel: +46 (0) 8 562 000 50

Mia Brunell, Chief Financial Officer tel: +46 (0) 8 562 000 50

Matthew Hooper, Corporate Communications tel: +44 (0) 7768 440 414

Modern Times Group is an international entertainment broadcasting group with operations in more than 30 countries around the world. MTG is the largest Free-to-air and Pay-TV operator in Scandinavia and the Baltics, the largest shareholder in Russia's fourth largest television network, and the number one commercial radio operator in the Nordic region. The Viasat DTH satellite TV platform offers digital multi-channel TV packages of 50 own-produced and third party entertainment channels to viewers in 15 countries across Europe and Viasat TV channels now reach over 50 million people every day.

Modern Times Group MTG AB class A and B shares are listed on the Stockholmsbörsen O-list (symbols: MTGA and MTGB)

CONSOLIDATED INCOME STATEMENT (MSEK)

	2004	2003	2004	2003	2003
	July-Sept	July-Sept	Jan-Sept	Jan- Sept	Full year
Net sales	1,550	1,436	4,893	4,580	6,311
Cost of goods and services	-1,116	-939	-3,261	-2,886	-3,942
Gross income	434	497	1,632	1,694	2,369
Selling and administrative expenses	-357	-408	-1,229	-1,279	-1,721
Other operating revenues	1	1	3	5	10
Other operating expenses	-59	-48	-162	-141	-184
Share of earnings in associated companies	39	12	84	13	69
Gain from sale of SDI Media	381	-	381	-	0
Operating income (EBIT)	439	54	708	293	542
Gain from sales of securities	15	-	15	-	-
Dividends from shares	-	-	15	15	15
Interest on STIM fee 1993-1998 according to ruling	-	-	-	-	-33
Net other financial revenue and expense	-14	6	-23	-86	-101
Income after financial revenue and expense excluding interest on convertible debentures	441	60	716	222	423
Unrealised exchange rate gains/losses relating to convertible debentures	8	30	3	33	12
Interest on convertible debentures	-16	-15	-46	-45	-60
Income before tax	433	75	674	210	375
Taxes	-26	-32	-126	-90	-92
Minority interests	0	2	0	7	6
Net income for the period	407	44	548	127	289
Shares outstanding at quarter-end excl. convertible debentures and options	66,375,156	66,375,156	66,375,156	66,375,156	66,375,156
Shares outstanding at quarter-end incl. convertible debentures and options	66,375,156	66,375,156	66,375,156	66,375,156	66,375,156
Basic average number of shares outstanding	66,375,156	66,375,156	66,375,156	66,375,156	66,375,156
Fully diluted number of shares outstanding*	66,394,310	66,375,156	66,397,309	66,375,156	66,382,520
Basic earnings per share (SEK)	6.13	0.67	8.25	1.91	4.36
Fully diluted earnings per share (SEK)*	6.13	0.67	8.25	1.91	4.36

* The Group has issued convertible debenture loans that may be converted into 2 790 994 new class B-shares, and a share option programme that may be converted into 2 052 840 new class B-shares. Only a limited part of these programmes is included in the dilution, as the conversion prices is, except for a smaller number of the options, significantly higher than the market price as at the close of trading on September 30, 2004.

CONSOLIDATED BALANCE SHEET (MSEK)	2004 30 Sept	2003 30 Sept	2003 31 Dec
Non-current Assets			
Capitalised development expenses	39	30	33
Beneficial rights	285	295	296
Goodwill	787	877	846
Machinery and equipment	134	167	138
Shares and participations	1,634	1,073	1,115
Long-term receivables	376	395	451
	3,255	2,836	2,879
Current assets			
Inventory	1,000	1,182	1,136
Current receivables	1,388	1,265	1,300
Cash, cash equivalents and short term investments	412	530	402
	2,800	2,977	2,837
Total assets	6,056	5,813	5,716
Shareholders' equity			
Restricted equity	1,885	1,834	1,878
Non-restricted equity	774	170	267
	2,660	2,004	2,145
Minority equity interests	1	-6	2
Provisions	267	146	233
Long term liabilities			
Convertible debenture loan 2001/2006	1,088	1,070	1,091
Other interest bearing liabilities	5	35	5
Non-interest bearing liabilities	8	16	12
	1,101	1,120	1,108
Current liabilities			
Other interest bearing liabilities	0	450	250
Non-interest bearing liabilities	2,026	2,099	1,978
	2,026	2,549	2,228
Total shareholders' equity and liabilities	6,056	5,813	5,716

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

	2004 July-Sept	2003 July-Sept	2004 Jan-Sept	2003 Jan-Sept	2003 Jan-Dec
Net income for the period	407	44	548	127	289
Adjustments to reconcile net income to net cash provided by operations	-371	27	-207	144	297
Changes in working capital	43	103	36	148	38
Net cash flow from operations	79	174	377	419	624
Proceeds from sales of shares & subscription right certificates Metro Intl	24	19	24	19	19
Proceeds from sales of shares in subsidiaries	425	0	425	1	1
Investments in shares in subsidiaries and associates	-496	-8	-496	-19	-19
Investments in other fixed assets	-36	-38	-92	-90	-135
Other cash flow from investing activities	0	5	3	10	10
Cash flow to investing activities	-83	-22	-136	-79	-124
Net change in loans from banks	-	-	-250	-200	-400
Other cash flow from/to financing activities	16	28	17	85	34
Net change in cash and cash equivalents for the period	13	179	9	224	133
Cash and cash equivalents at the beginning of the period	403	323	402	301	301
Translation differences in cash and cash equivalents	-4	27	2	4	-32
Cash and cash equivalents at end of the period	412	530	412	530	402

The cash net effect of the disposal of SDI Media is shown in the line 'Proceeds from sales of shares in subsidiaries'

RECONCILIATION OF SHAREHOLDERS EQUITY (MSEK)	Share capital	Restricted reserves	Non- restricted reserves	Total
Incoming balance at January 1, 2003	332	1,502	51	1,885
Net result January-December 2003	-	-	289	289
Currency translation differences	-	-17	-13	-30
Transfer between restricted and non-restricted reserves	-	61	-61	-
Closing balance December 31, 2003	332	1,547	267	2,145
Net result January-September 2004	-	-	548	548
Currency translation differences	-	0	-33	-33
Transfer between restricted and non-restricted reserves	-	7	-7	-
Closing balance September 30, 2004	332	1,553	774	2,660

**Modern Times Group
MTG AB**

Net sales (SEK million)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Total 2003	Q1 2004	Q2 2004	Q3 2004	Q4 2004	9-months 2004
Viasat Broadcasting*										
TV3 Scandinavia	441.6	561.6	420.5	583.0	2 006.5	486.7	635.5	493.0		1 615.2
ZTV / TV3+ Scandinavia	87.4	99.3	85.3	101.1	373.1	90.1	105.5	90.3		286.0
TV3 Baltics / 3+ Latvia / Tango TV	55.5	72.0	42.5	84.1	254.0	60.7	91.6	50.6		202.9
Viasat3 Hungary	5.5	10.2	6.0	11.5	33.2	7.9	13.4	10.6		31.9
DTV	6.9	8.2	10.3	8.8	34.2	11.8	15.5	14.7		41.9
Viasat DTH platform	523.6	525.7	521.1	506.8	2 077.3	553.1	551.8	549.8		1 654.8
TV1000 Scandinavia	186.5	179.3	167.0	167.5	700.3	172.5	174.0	172.5		519.0
Other Scandinavian Pay-TV channels	33.8	32.3	33.5	33.2	132.8	33.8	39.7	37.4		110.8
C & E European Pay-TV	0.7	1.6	2.4	5.6	10.4	7.4	8.7	11.0		27.1
Text TV	22.8	19.5	18.3	19.6	80.2	20.7	20.9	20.7		62.4
Other & eliminations	-271.9	-275.8	-253.6	-237.0	-1 038.2	-279.4	-285.3	-276.4		-841.1
	1 092.4	1 234.0	1 053.3	1 284.1	4 663.8	1 165.2	1 371.2	1 174.4		3 710.8
Radio	35.2	49.9	41.0	48.1	174.1	39.1	60.0	52.1		151.2
Home shopping	201.0	166.3	172.6	198.0	738.0	204.7	188.0	188.7		581.3
Modern Studios	190.1	174.9	156.4	216.1	737.4	165.9	164.0	223.2		553.1
Parent company & other companies	21.6	27.1	32.2	21.8	102.6	30.3	37.1	23.6		91.0
Eliminations	-125.5	-106.1	-112.0	-125.0	-468.6	-129.4	-142.1	-112.2		-383.8
SDI Media	86.9	84.3	92.7	89.7	353.6	95.1	94.3			189.4
Discontinued businesses	11.3	0.7	0.0	-1.5	10.4	0.0	0.0	0.1		0.1
Group total	1 512.9	1 630.9	1 436.2	1 731.2	6 311.3	1 570.7	1 772.4	1 549.9		4 893.1

Operating income. EBIT (SEK million)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Total 2003	Q1 2004	Q2 2004	Q3 2004	Q4 2004	9-months 2004
Viasat Broadcasting										
TV3 Scandinavia	6.0	44.3	-36.8	73.1	86.6	-6.0	69.4	-45.8		17.6
ZTV / 3+ Scandinavia	-5.7	-1.1	-11.9	6.2	-12.5	-5.9	6.3	-0.1		0.3
TV3 Baltics / 3+ Latvia / Tango TV	4.7	20.9	-5.9	28.9	48.5	5.7	33.5	-1.0		38.3
Viasat3 Hungary	-9.9	-6.5	-13.5	-9.5	-39.5	-13.7	-10.3	-11.9		-36.0
DTV	-8.9	-6.6	-5.3	-3.5	-24.3	-6.0	-5.9	-2.7		-14.6
Viasat DTH platform	80.5	59.8	66.1	81.6	288.0	74.8	48.9	26.6		150.3
TV1000 Scandinavia	56.7	67.3	44.4	43.1	211.6	48.4	38.1	47.2		133.7
Other Scandinavian Pay-TV channels	3.7	1.8	3.7	3.2	12.3	-5.1	-9.5	-12.7		-27.3
C & E European Pay-TV	-2.0	-2.0	-1.2	-1.6	-6.8	-1.4	-5.7	-6.9		-14.0
Text TV	7.3	6.5	7.5	8.7	30.1	9.1	8.7	9.1		26.8
Other & eliminations	-6.9	-7.3	-1.2	-12.8	-28.3	-5.6	-3.7	-5.0		-14.3
Associated companies	-0.6	11.1	11.8	65.0	87.2	17.7	21.9	31.7		71.4
	125.0	188.0	57.7	282.2	652.9	112.0	191.6	28.6		332.3
Radio										
Associated companies	-11.4	-0.1	-4.6	-0.3	-16.4	-10.9	4.7	-0.3		-6.5
	-9.7	5.1	-3.8	-3.4	-11.8	0.6	2.4	6.0		9.0
	-21.1	5.0	-8.4	-3.7	-28.2	-10.3	7.1	5.7		2.5
Home shopping	7.6	1.7	3.8	-3.8	9.2	7.9	5.4	-2.0		11.4
Modern Studios	13.0	5.0	16.5	22.8	57.3	6.6	14.6	44.7		66.0
Parent company & other companies										
Associated companies	-43.3	-41.6	-27.3	-48.5	-160.8	-38.2	-44.8	-15.7		-98.7
	-5.2	0.6	1.5	-8.9	-12.0	0.0	0.0	0.0		0.0
	-48.6	-41.1	-25.8	-57.4	-172.8	-38.2	-44.8	-15.7		-98.7
Eliminations	-2.4	-2.4	-2.4	-2.4	-9.6	-2.4	-2.4	-2.4		-7.2
SDI Media	11.7	13.3	17.2	6.4	48.5	9.2	12.6	-		21.8
Net gain from sale of SDI Media	-	-	-	-	-	-	-	380.7		380.7
Discontinued businesses	-5.1	-10.7	-4.9	5.2	-15.5	0.0	0.0	-0.6		-0.6
Group total	80.2	158.8	53.7	249.2	542.0	84.9	184.2	439.0		708.1