Maximising the Power of Entertainment

Modern Times Group MTG AB

Financial Results for the First Quarter ended 31 March 2006

26 April 2006

Results Highlights

Continued strong Sales Growth & Record Profitability

First quarter 2006

- **Group net sales up 37% to SEK 2,377 million**
- **Group operating income more than doubled to SEK 453 million**
- **Double-digit sales growth & continued earnings improvements in Free-to-air TV Scandinavia, Pay-TV Nordic and C&E Europe**
- **Viasat Broadcasting net sales up 44% to SEK 1,956 million and operating profit up 84% to SEK 458 million**
- **Net income of SEK 305 million & Basic earnings per share of SEK 4.38**

Free-to-air TV Scandinavia

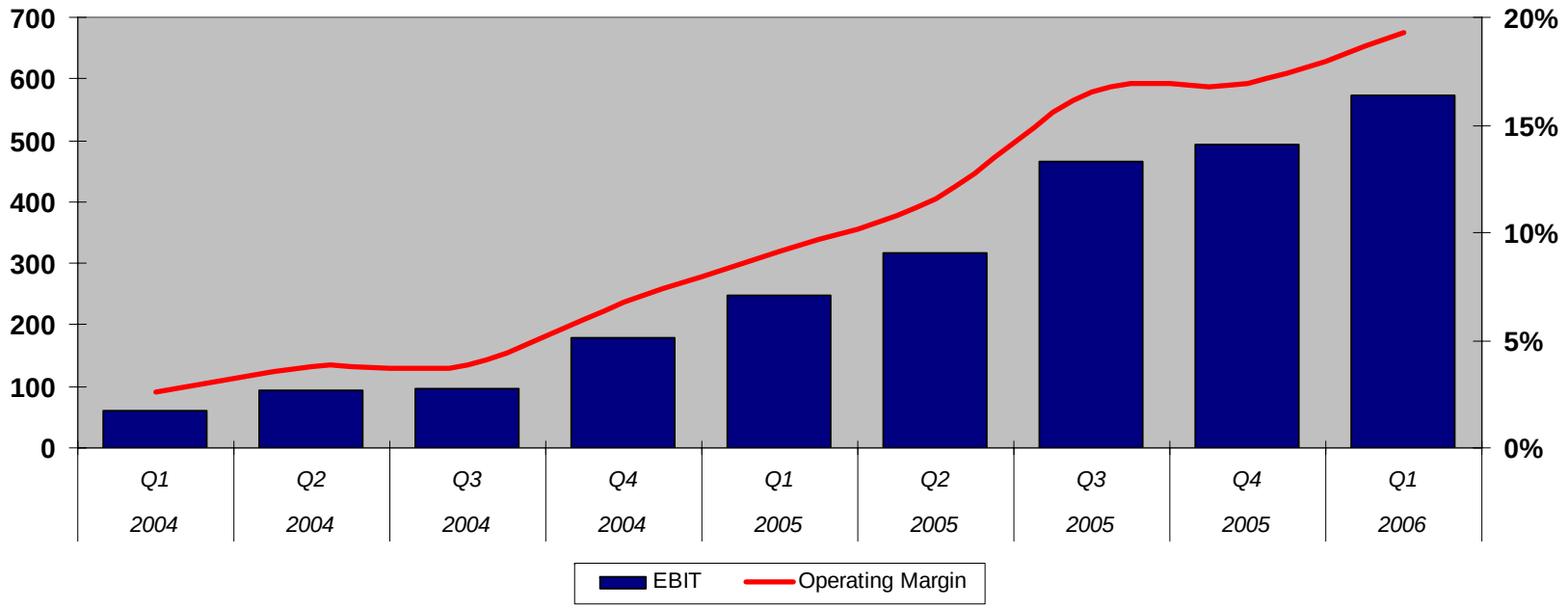
Sales Growth & Margin improvement

- Net sales up 10% to SEK 723 million
- Operating profits more than doubled to SEK 140 million
- Operating margin increased from 9% in Q1 2005 to 19% in Q1 2006
- Stable CSOV (15-49) ratings enabled free-to-air channels to capitalise on growing advertising markets in each of the Scandinavian countries
- Cost base reduced by 3% year on year due to cost savings from digital distribution and temporarily lower programming spend
- Viasat awarded new licence in the digital terrestrial network – TV6 channel to be launched in May 2006

Free-to-air TV Scandinavia Profitability Trend

12 month rolling operating income & EBIT margin

(SEK million)



Pay-TV Nordic

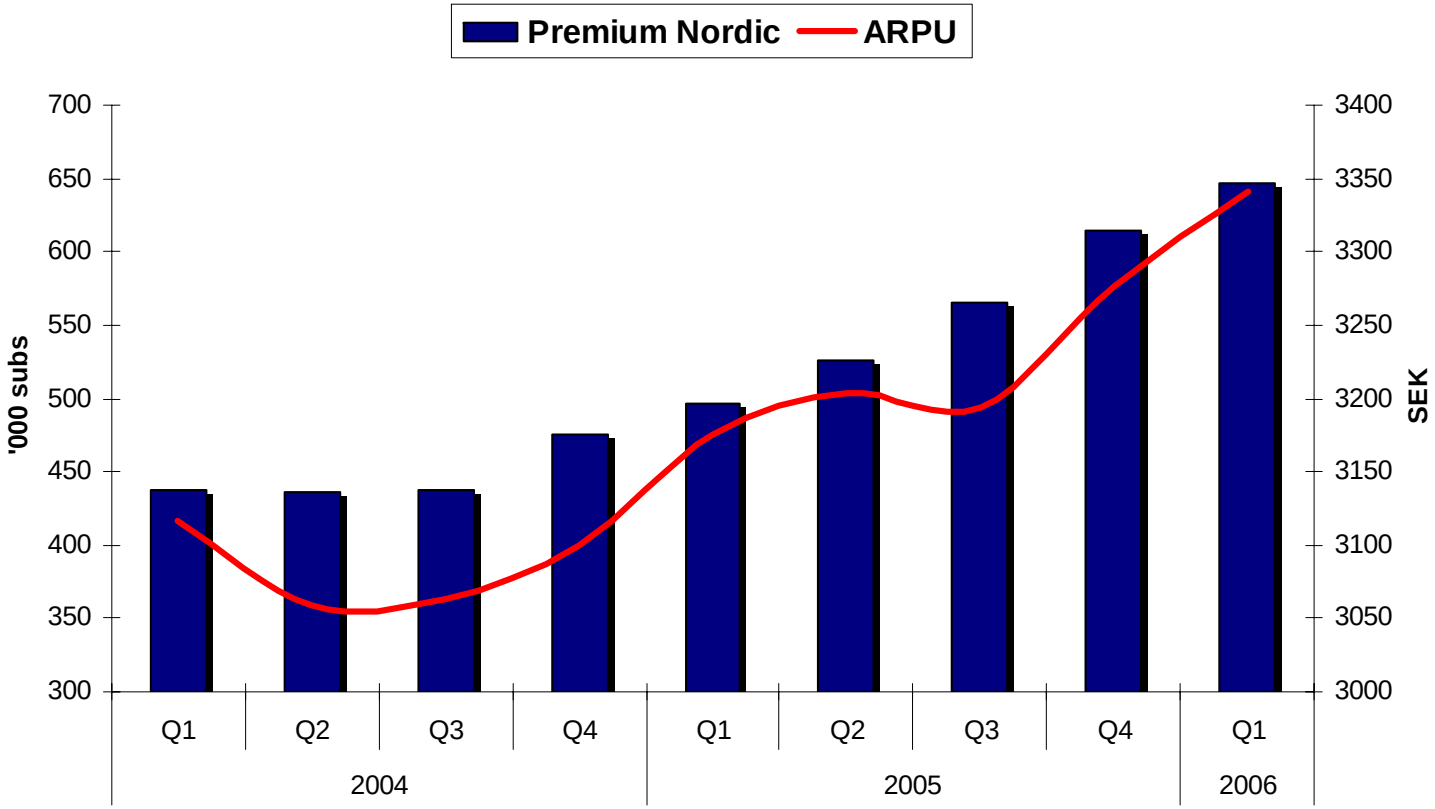
Continued High Subscriber Intake

- Net intake of 32,000 premium subscribers – 150,000 subs added in last 12 months = 30% growth in premium sub base
- 48,000 'multi-room' & 'Viasat+' subscribers by end of period is equivalent to 7% penetration of total premium subscriber base
- ARPU up 5% year on year to SEK 3,341
- Net sales up 24% year on year to SEK 749 million
- Operating income of SEK 125 million and operating marging of 17%
- Cost base impacted by higher expensed SAC of SEK 125 (82) million in the quarter and the addition of several new channels to the platform

Pay-TV Nordic

Growing subscriber base & ARPU

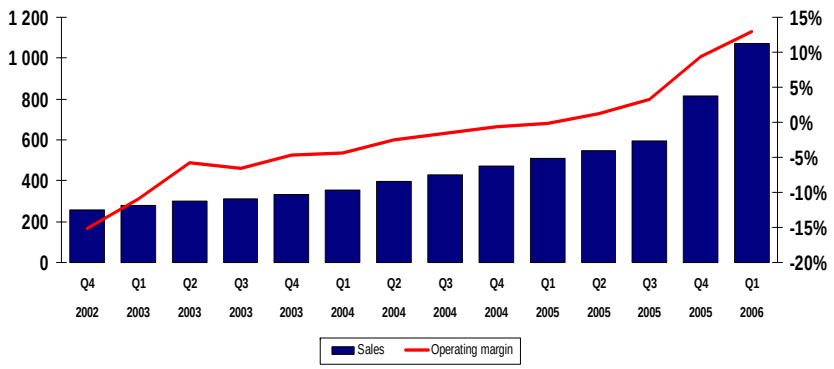
Pay-TV Nordic subscriber base & quarterly annualized ARPU development



Central & Eastern Europe

Rapid Growth & Increasing Profitability

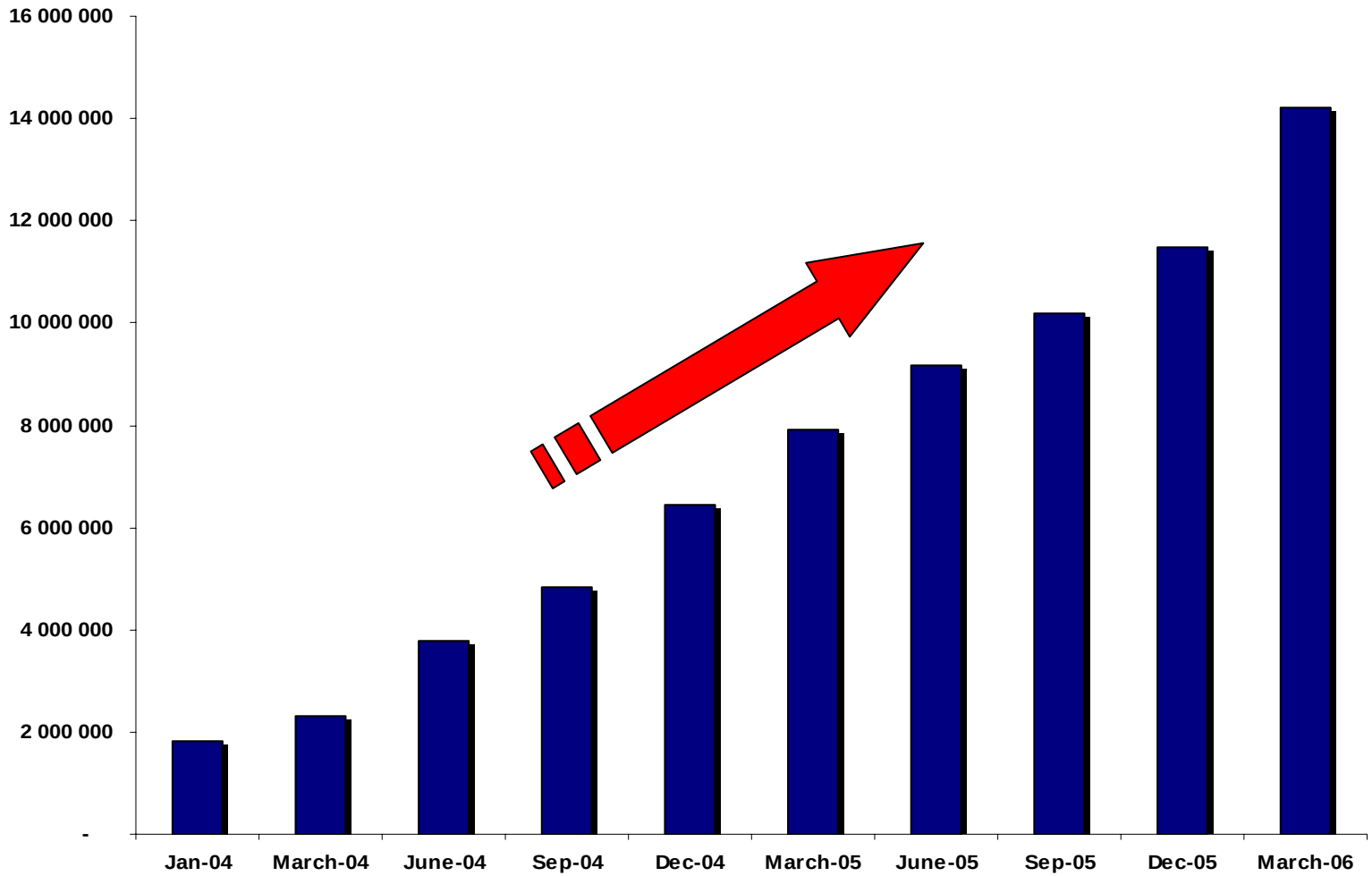
12 month rolling Sales & EBIT Margin ex CTC



- Tripling of net sales to SEK 388 million, including the consolidation of TV Prima
- Q1 05 operating loss of SEK 12 million transformed into operating profit of SEK 51 million & operating margin of 13%

- DTV doubled sales and reported first ever quarterly operating profit
- Viasat3 more than halved its operating loss to SEK -3 million following 65% sales growth
- TV Prima added SEK 180 million to net sales with operating margin of 19%
- Baltic operations generated 31% sales growth and increased operating margin of 17%
- Baltic premium DTH satellite subscriber base doubled year on year to 44,000

C&E European Expansion
Now 14.2 million mini-pay subscriptions



MTG Radio & Other Businesses

MTG Radio

- MTG's wholly owned operations profitable for second consecutive quarter following 34% growth in net sales
- #1 national commercial network in Sweden – RIX FM has 89% national penetration in Sweden
- MTG Radio operates 53 out of 86 commercial stations in Sweden & attracts more than 2 million daily listeners
- Associated company contribution of SEK 8 million, mainly from P4

Other Businesses

- Net sales for Modern Studios declined to SEK 159 (179) following fewer new movie releases by Sonet and fewer licenses and options sales by Strix
- Home shopping businesses – CDON & TV Shop – reported combined 10% sales growth to SEK 269 million
- Home Shopping reports stable profits despite discontinuation of TV Shop analogue PIN channel in February
- CDON reported top line growth of 25%

Viasat Broadcasting
Operating Results

(SEK million)	Q1 2006	Q1 2005	FY 2005
Net Sales			
Free-to-air TV Scandinavia	**723**	656	2,912
Pay-TV Nordic	**749**	605	2,633
Central & Eastern Europe	**388**	129	813
Other & eliminations	**97**	-34	80
Total net sales	**1,956**	1,357	6,437
Operating income (EBIT)			
Free-to-air TV Scandinavia	**140**	*58*	*492*
Operating margin	**19%**	*9%*	*17%*
Pay-TV Nordic	***125***	*123*	*507*
Operating margin	***17%***	*20%*	*19%*
Central & Eastern Europe	***51***	*-12*	*76*
Operating margin	***13%***	*-*	*9%*
Associated Companies	***138***	*68*	*187*
Betting, Text TV & Other	***3***	*12*	*54*
Total EBIT	**458**	249	1,316

All Business Areas
Operating Results

(SEK million)	Q1 2006	Q1 2005	FY 2005
Net Sales			
Viasat Broadcasting	**1,956**	1,357	**6,437**
Radio	**81**	60	**290**
Other Business Areas	**427**	424	**1,629**
Parent Company & Other Companies	**28**	35	**128**
Eliminations	**-115**	-138	**-473**
Total net sales	**2,377**	1,736	**8,012**
Operating income (EBIT)			
Viasat Broadcasting	**458**	249	**1,316**
Radio	**8**	-9	**23**
Other Business Areas	**22**	-1	**37**
Parent Company & Other Companies	**-36**	-27	**-163**
Total EBIT	**453**	212	**1,213**

Summary Income Statement

(SEK million)	Q1 2006	Q1 2005	FY 2005
Net Sales	**2,377**	1,738	**8,012**
Operating income (EBIT)	**453**	212	**1,213**
Net gain from the sale of financial assets	**2**	389	**384**
Net interest and other financial items	**-15**	-25	**-102**
Pre-Tax profit	**440**	575	**1,495**
Tax	**-135**	-74	**-310**
Net Income	**305**	501	**1,185**
Basic average number of shares outstanding	**66,377,574**	66,375,156	**66,375,156**
Basic earnings per share (SEK)	**4.38**	7.55	**17.78**

Cash Generative

(SEK million)	Q1 2006	Q1 2005	FY 2005
Cash flow from operations	**238**	131	**966**
Changes in Working Capital	**-94**	66	**16**
Net cash flow from operations	**144**	197	**981**
Proceeds from sales of shares	**21**	513	**513**
Investments in shares in subsidiaries & associates	**-83**	-17	**-932**
Investments in other fixed assets	**-30**	-17	**-80**
Other cash flow from investing activities	**-**	-	**22**
Cash flow from/to investing activities	**-92**	480	**-477**
Cash flow from/to financing activities	**-3**	25	**55**
Net change in cash and cash equivalents for the period	**50**	701	**559**

- **Cash proceeds of SEK 513 million from sale of TV4 AB shares in Q1 05**
- **Change in Working Capital reflected increase in programming inventory**

Financial Muscle

(SEK million)	**31 Mar 2006**	31 Mar 2005	31 Dec 2005
Non-current assets	5,520	4,792	5,481
Current assets	4,703	4,125	4,314
Total assets	**10,223**	**8,917**	**9,795**
Shareholders' equity	5,549	5,065	5,306
Long-term liabilities	296	1,198	249
Current liabilities	4,377	2,654	4,240
Total equity & liabilities	**10,223**	**8,917**	**9,795**

- **Euros 120 m convertible moved to Current Liabilities (repayable in June 06)**
- **SEK 4.9 billion of available liquid funds including new SEK 3.5 billion credit facility arranged in February 2006**
- **Net cash position of SEK 70 million**
- **Proposed distribution of shares in Metro International**

Strategic Objectives
Set in June 2004

Objective

- Double Viasat Broadcasting revenues in 5 years
- TV3 to become #1 commercial free-to-air channel in Sweden and #2 commercial free-to-air channel in Norway within 5 years
- Export integrated model into new high growth territories - C & E European businesses to generate same level of revenues & profits as Scandinavian operations within 5 years
- >15% operating margins in 3 core businesses - Free-to-air TV Scandinavia; Pay-TV Nordic; C&E Europe
- Consolidate Swedish commercial radio market

On Track

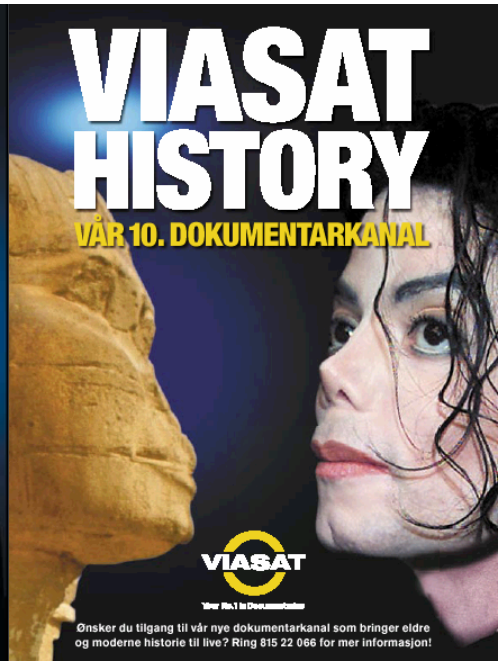
- ➔ Viasat Broadcasting sales up 44% in Q1 and 24% in 2005
- ➔ Penetration increases in Sweden & ratings improvements in Norway and Denmark
- ➔ Net sales in C&E Europe tripled for Q1 and last year's Q1 loss was transformed into operating profit of SEK 51 million for Q1 2006 – DTV in Russia profitable for the first time ever on a quarterly basis, TV Prima fully consolidated; continued roll-out of mini-pay business; & 30% growth in Baltics in Q1
- ➔ First quarter operating margins of 19% for Free-to-air TV Scandinavia; 17% for Pay-TV Nordic; & 13% for C&E Europe (excluding participation in CTC Media)
- ➔ Done

Moving Forward

Developing Core Businesses

- Continue to take market share in growing markets
- Invest in premium subscriber acquisition & take advantage of price and content leadership
- Continue to capitalize on structural shifts in Scandinavia to increase penetration and share of advertising revenues
- Benefit from high incremental margins due to largely fixed cost base

Innovation

- New channels – SportN, TV1000 Kino
- New businesses – BET24 more than doubled net sales in Q1 to SEK 124 million
- New products – Viasat+ launched across Scandinavia in Q4 05
- New platforms – IPTV / 3G mobile
- New territories – entrance into the Czech TV Market in Q4 05

MTG
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