

# Modern Times Group

## Q4 & Full Year 2008 Financial Results

12 February 2009



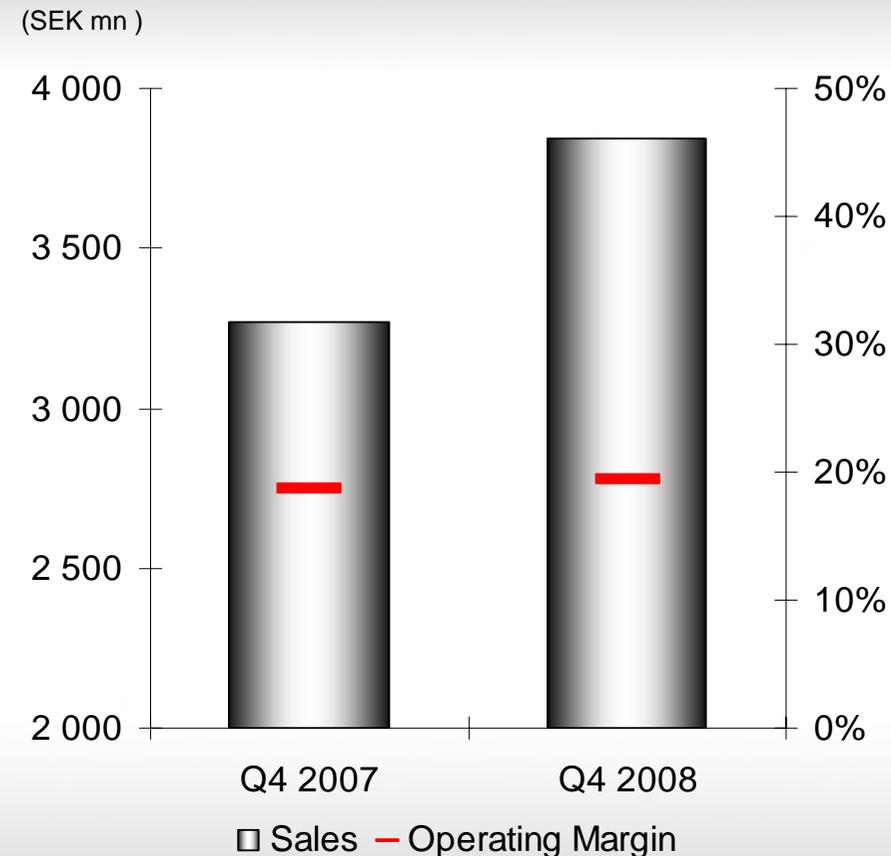
A full-page background image of Jack Sparrow from the Pirates of the Caribbean franchise. He is wearing his signature black tricorn hat, has long dreadlocks with beads, and is dressed in a dark, layered pirate coat. He is holding a cut-throat razor in his right hand. The background is a misty, greyish-blue sky.

**“Record Sales & Operating Profits”**

Q4 2008

# 17th Straight Quarter of Double Digit Sales Growth

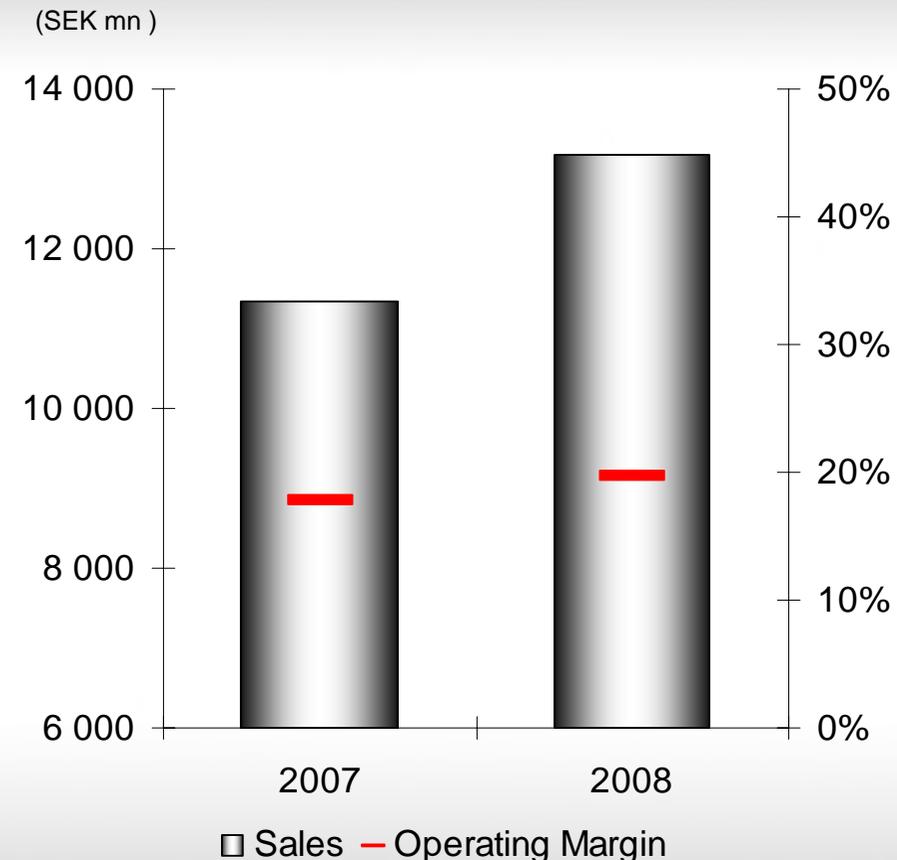
- Group net sales up 18% y/y to SEK 3,845 million
- Operating income up 22% y/y to SEK 746 million & stable operating margin of 19%
- Viasat Broadcasting net sales up 17% y/y to SEK 3,018 million
  - Operating income, excluding associated company income, up 13% y/y to SEK 618 million & 20% operating margin
  - Associated company income from CTC Media up 87% y/y to SEK 117 million
- Group net cash flow from operations more than doubled y/y to SEK 681 million
- Net income of SEK 528 (458) million
- Basic earnings per share of SEK 7.50 (6.48)



## Full Year 2008

# Sales top SEK 13 billion for first time

- Group net sales up 16% y/y to SEK 13,166 million
- Underlying operating income up 28% y/y to SEK 2,598 million & increased operating margin of 20%
- Total operating income of SEK 3,671 million included SEK 1,150 million net gain on sale of DTV Group
- Viasat Broadcasting net sales up 18% y/y to SEK 10,392 million
  - Operating income, excluding associated company income, up 24% y/y to SEK 1,935 million & increased operating margin of 19%
  - Associated company income from CTC Media up 36% y/y to SEK 629 million
- Group net cash flow from operations more than doubled y/y to SEK 1,985 million
- Net income of SEK 2,927 (1,428) million
- Basic earnings per share of SEK 43.36 (20.35)
- Board of Directors to propose a dividend of SEK 5.00 per share to AGM in May 2009



# Operating Review



# Operating Results

## Sales

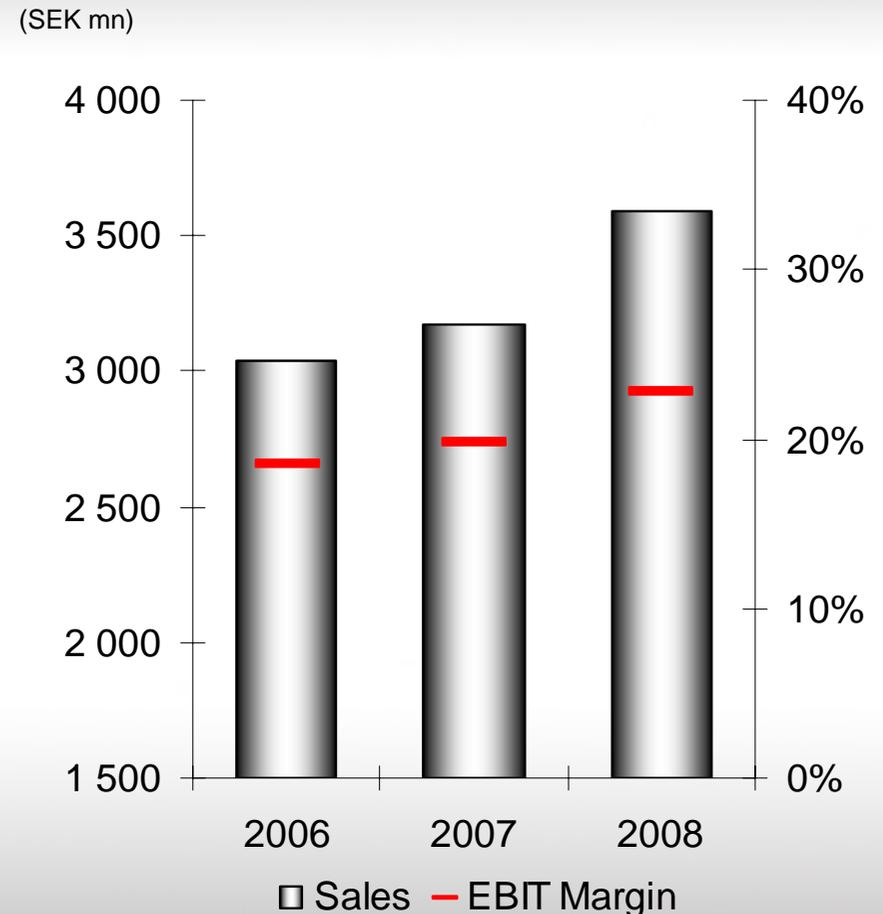
## Operating Profit (EBIT)

(SEK mn)	Q4 2008	Q4 2007	Change	Q4 2008	Q4 2007	Change
Free-TV Scandinavia	1,053	969	+9%	251	243	+3%
Pay-TV Nordic	1,042	946	+10%	194	170	+14%
Free-TV Emerging Markets	754	547	+38%	136	167	-19%
Pay-TV Emerging Markets	203	119	+70%	50	2	-
Other (incl DTV)	-34	-10	-	-12	-33	-
Equity participation in CTC Media	-	-	-	117	63	+87%
<b>Viasat Broadcasting</b>	<b>3,018</b>	<b>2,571</b>	<b>+17%</b>	<b>736</b>	<b>611</b>	<b>+20%</b>
Other business areas	903	776	+16%	69	54	+27%
Parent company & other companies & eliminations	-76	-79	-	-58	-54	-
<b>Group Total</b>	<b>3,845</b>	<b>3,268</b>	<b>+18%</b>	<b>746</b>	<b>611</b>	<b>+22%</b>

## Free-TV Scandinavia

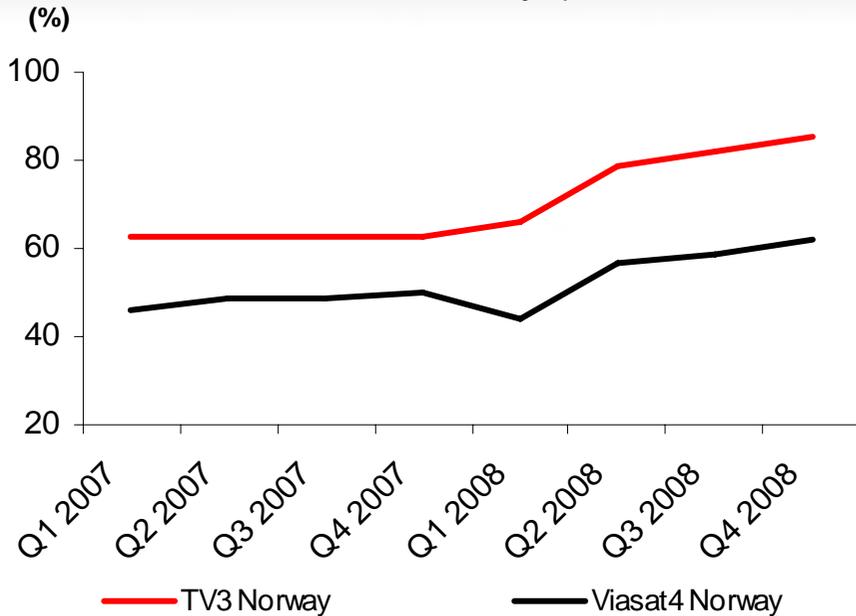
# SEK 1 billion of Quarterly Sales for first time

- Net sales up 9% y/y to SEK 1,053 million in Q4 & up 13% to SEK 3,591 million for full year
- Media house strategy generated continued momentum with ongoing TV advertising market share gains in Sweden, Norway & Denmark
- Viasat firmly established as 2'nd largest media house in Norway following rise in penetration & development of Viasat4 channel
- OPEX up 10% y/y to SEK 802 million in Q4 & up 9% to 2,772 million for full year - reflects programming & marketing investments
- Operating income up 3% y/y to SEK 251 million in Q4 & up 31% to SEK 819 million for full year with respective operating margins of 24% & 23%



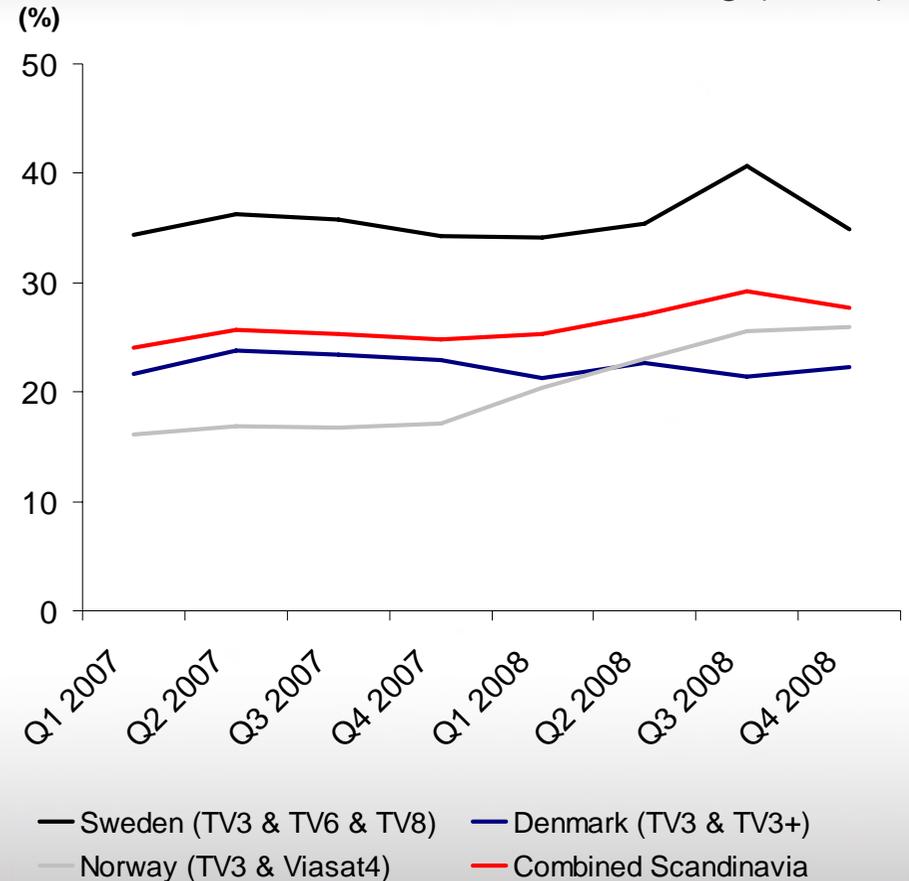
# Free-TV Scandinavia Increasing Penetration & Audience Shares

## Penetration in Norway (National Reach)



- TV3 and TV6 Sweden already at 86% following digitalization
- Danish penetration stable – Viasat channels have not joined DTT

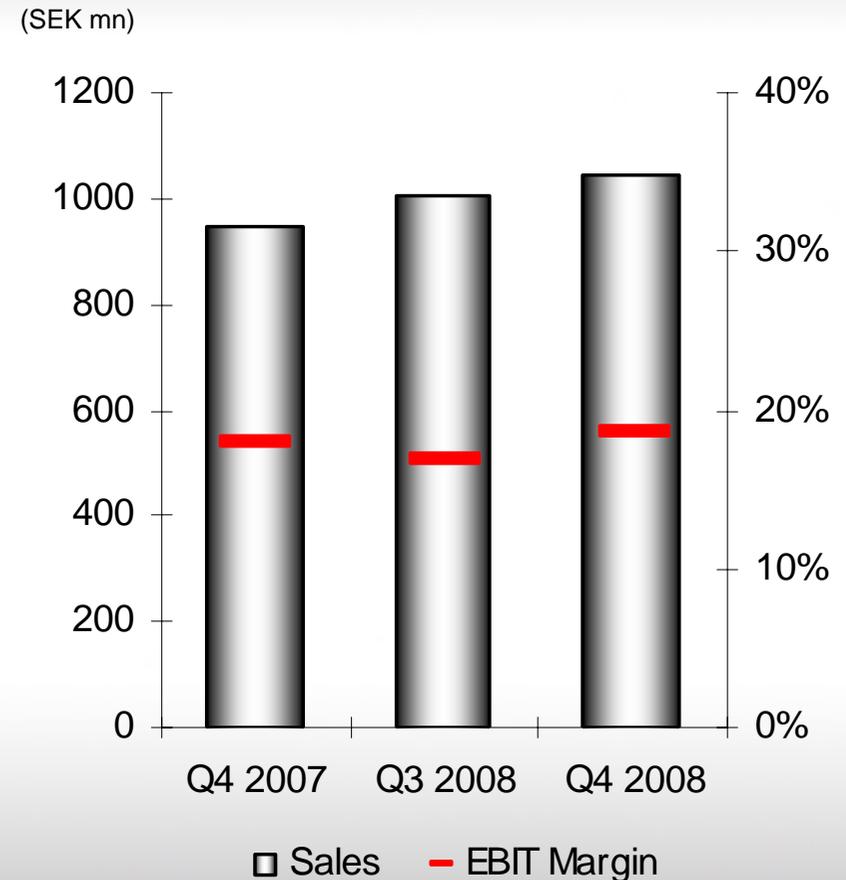
## Commercial Share of Viewing (15-49)



## Pay-TV Nordic

# SEK 4 billion of Full Year Sales for first time

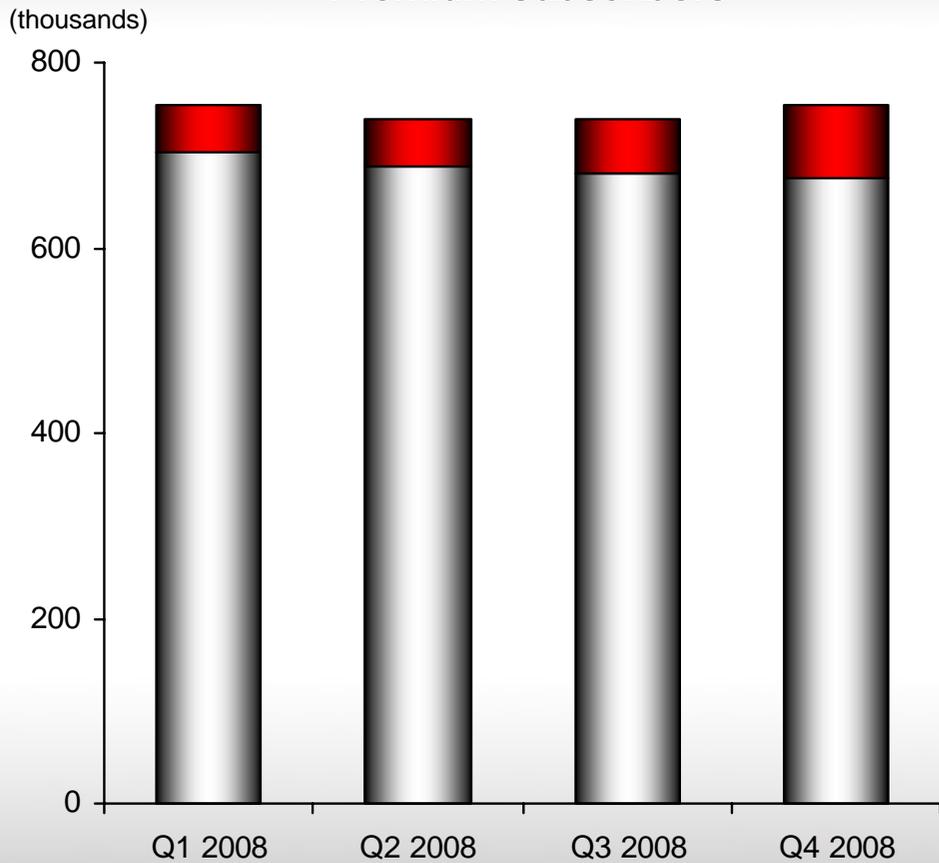
- Sales up 10% y/y to SEK 1,042 million in Q4 & up 11% to SEK 4,017 million for full year
- ARPU up 13% y/y to SEK 4,097 in Q4
  - Previous price increases, increasing proportion of multi-room & HD subscribers & positive currency effects
- Total premium subscribers up 14,000 q/q
  - IPTV sales & stabilising churn in Norway
- SAC up 7% q/q
  - Subscriber acquisition campaigns in Norway & successful promotion of PVR, HD and multi-room services
- Total OPEX up 9% y/y to SEK 849 million in Q4 & up 12% to SEK 3,335 million for full year
  - Rising sports content prices, addition of 17 new channels to platform & investments to capitalize on digital switchover in Norway
- Operating income up 14% y/y to SEK 194 million in Q4 & up 8% to SEK 682 million for full year with respective operating margins of 19% & 17%



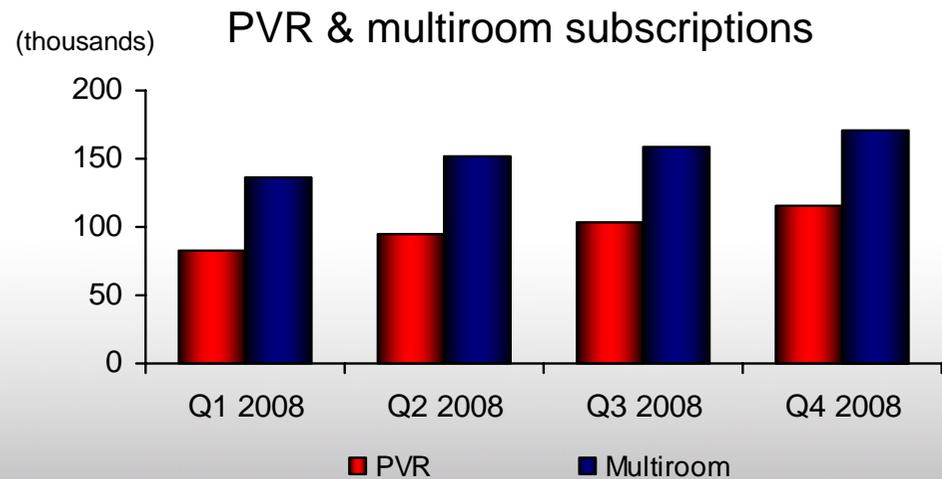
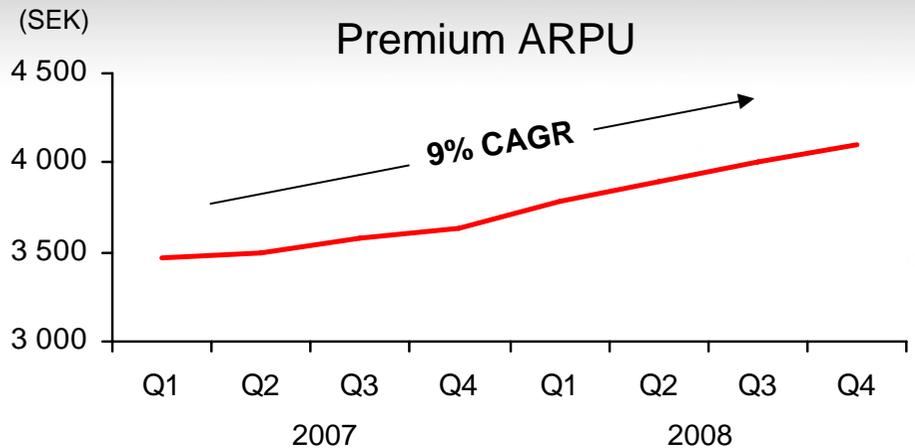
# Pay-TV Nordic

## Stable Subscriber Base & Growing ARPU

Premium subscribers



□ Premium DTH    ■ Premium IPTV



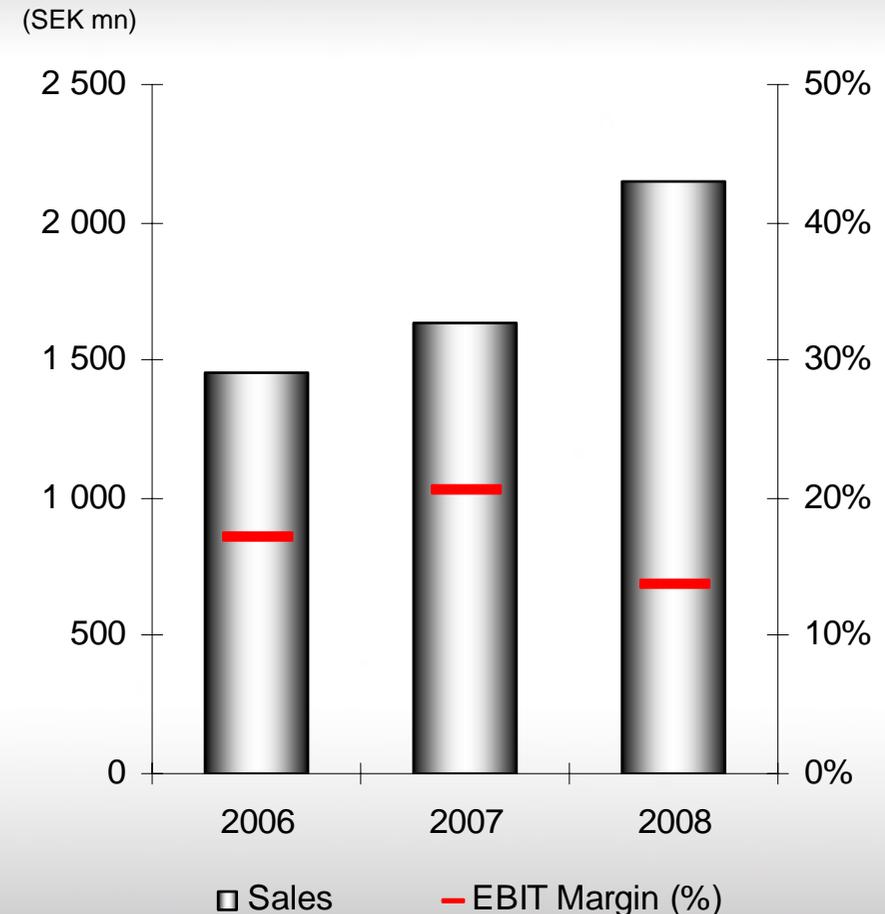
■ PVR    ■ Multiroom



# Free-TV Emerging Markets

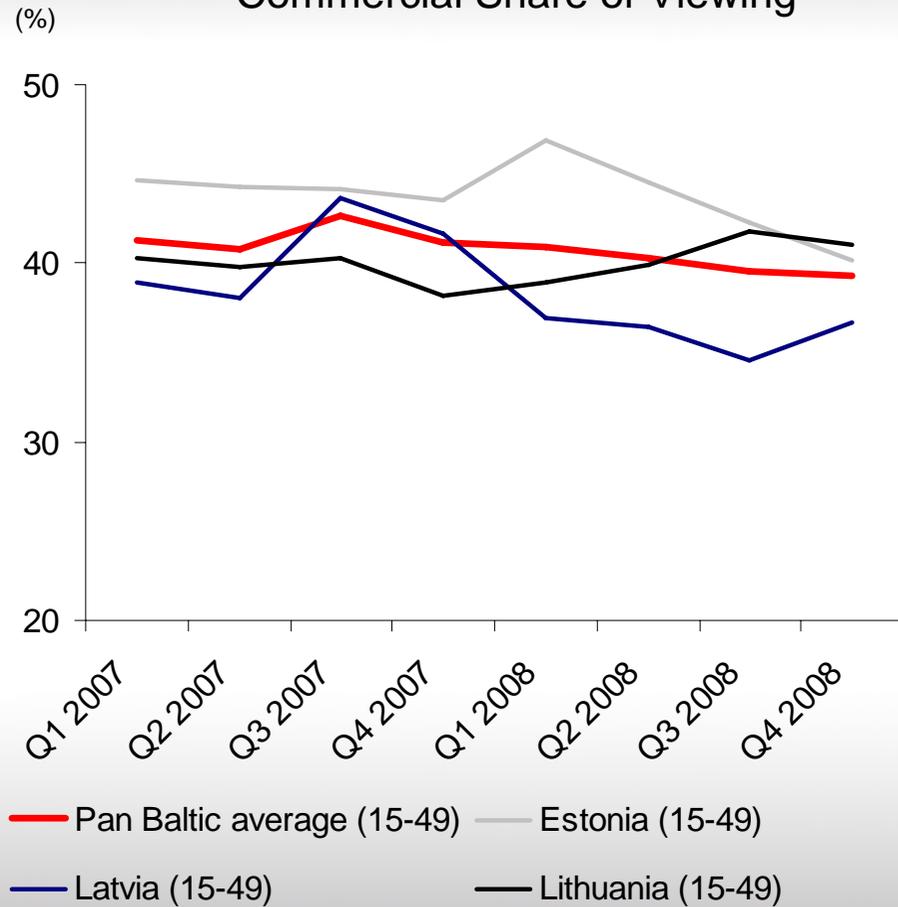
## Well Positioned but Softening Market Conditions

- Consolidation of Nova Televizia Bulgaria from 16 October
- Sales up 17% y/y in Q4 & up 24% y/y for full year (excluding Nova Televizia & DTV Russia)
- Operating income (excluding CTC Media & DTV Group) down 19% y/y to SEK 136 million in Q4 & down 13% to SEK 292 million for full year with respective operating margins of 18% & 14%
- Performance reflected deterioration in operating and financial environment & profitability impact of:
  - Launch of new channels in Baltics, Hungary & Ghana
  - Broadcasting of Euro 2008 in Q2 2008
  - Preparation for launch of new channel in Czech Republic
  - Inclusion of Nova Televizia in Bulgaria

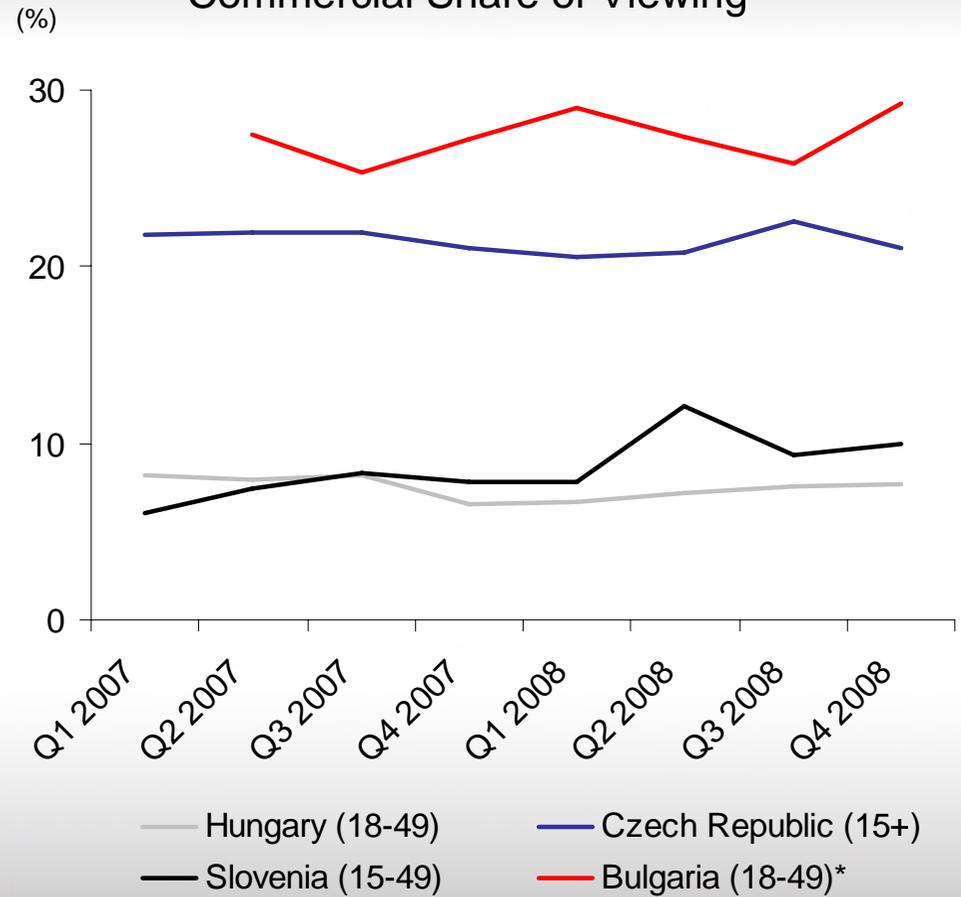


# Free-TV Emerging Markets Audience Development

## Commercial Share of Viewing



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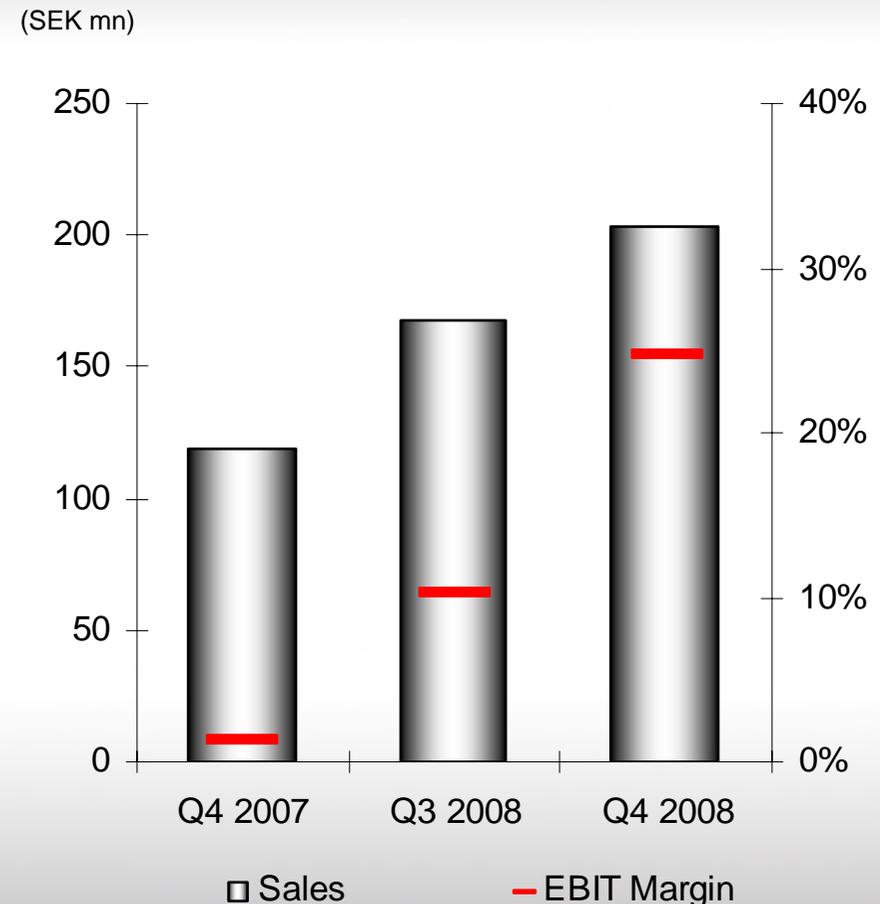
\*) Pro forma



## Pay-TV Emerging Markets

# 70% Sales Growth & 25% Margin in Q4

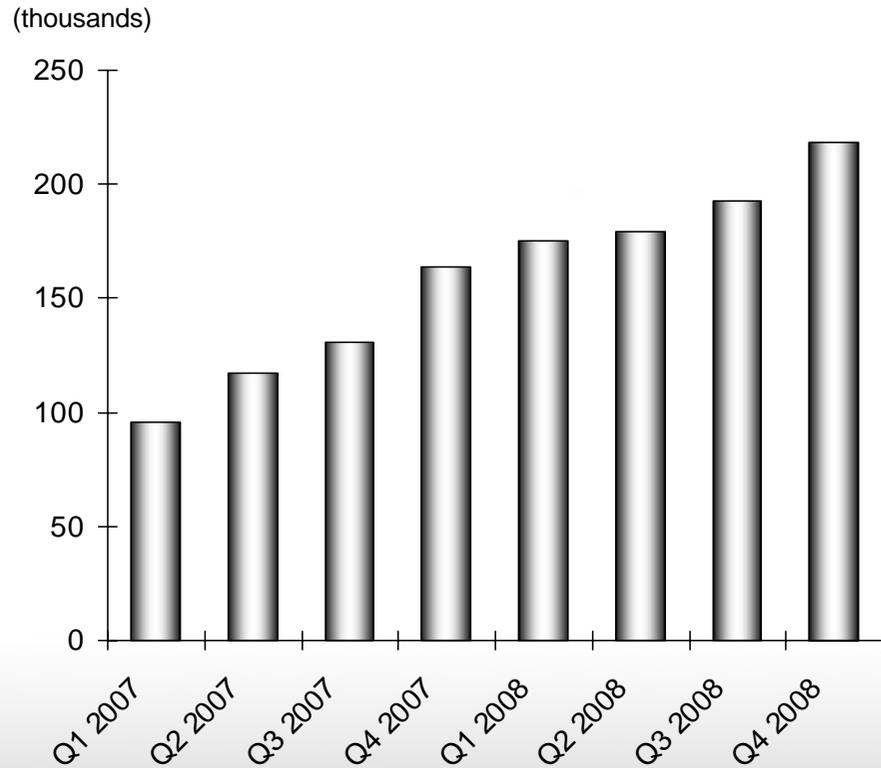
- Net sales up 70% y/y to SEK 203 million in Q4 & up 58% to SEK 658 million for full year
- Baltic & Ukrainian DTH platforms added 54,000 premium subscribers in 2008 & 25,000 in Q4 alone
- Mini-pay subscriptions increased by 38% to 36 million in 2008 - over 3 million subscriptions in Q4 alone & TV1000 Russian Kino movie channel launched in US
- OPEX up 30% y/y in Q4 & 48% for full year due to scaling of business & subscriber acquisition campaigns in the Baltics & development of early stage Ukrainian JV platform
- Operating income SEK 50 million in Q4 & SEK 106 million for full year, with respective operating margins of 25% & 16%



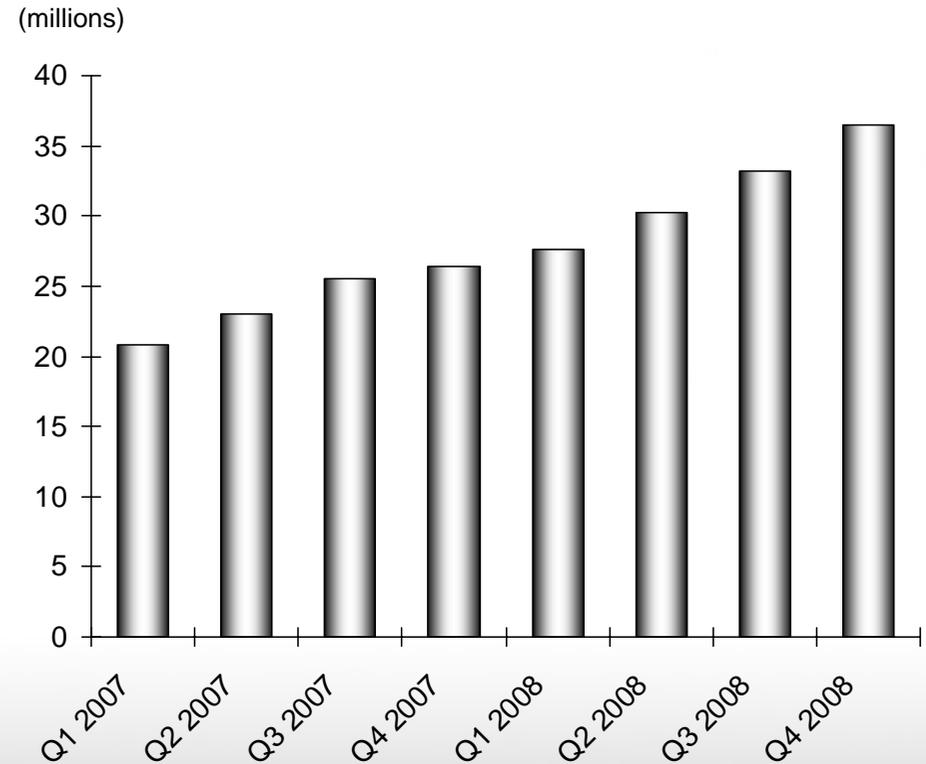
# Pay-TV Emerging Markets

## Growing the Customer Base

### Premium DTH Subscribers



### Mini-pay Subscribers



# Other Businesses - Radio & Online

## Radio

- Sales up 7% y/y in Q4 to SEK 196 million & up 12% to SEK 800 million for full year
- Operating income for wholly owned operations stable y/y at SEK 38 million in Q4 & up 33% to SEK 165 million for full year with respective operating margins of 19% & 21%

## Online

- Sales up 30% y/y to SEK 582 million in Q4 & up 18% to SEK 1,831 million for full year
- Increasing trend to shopping over the internet boosts sales
  - CDON.COM full year sales exceed SEK 1 billion for first time
  - Combined MTG Internet Retailing sales up 41% y/y in Q4 & for full year
- Consolidation of costs for newly acquired businesses & ongoing investments in development of Viaplay online pay-TV platform (SEK 15 million in Q4 and SEK 31 million for full year)
- Operating income of SEK 20 (37) million in Q4 & SEK 78 (99) million for full year 2008\*

\*) Including SEK 76 million non-cash goodwill impairment charge at Playahead.com in Q2 2008

# Financial Review



# Income Statement

- Net interest and other financial items included net interest expenses of SEK -74 million in Q4 & SEK -28 million for the full year following increase in borrowing level
- Tax rate (excluding gain from sale of DTV and Online goodwill writedown) of 18% in Q4 and 27% for full year
  - Effects related to the acquisition of Nova Televizia
  - Lowered corporate income tax rates in Sweden and the UK
- Shares outstanding decreased from 66,352,540 to 65,890,375 in 2008 following exercising of stock options granted in 2005

(SEK mn)	Q4 2008	Q4 2007	FY 2008	FY 2007
<b>Net sales</b>	3,845	3,268	13,166	11,351
<b>EBIT before non-recurring items</b>	746	611	2,598	2,027
<b>Net impact of sale of DTV Group</b>	-	-	1,150	-
<b>Online asset impairment charge</b>	-	-	-76	-
<b>EBIT</b>	746	611	3,671	2,027
<b>Net Interest &amp; other financial items</b>	-99	-4	-61	-12
<b>PTP</b>	647	607	3,610	2,015
<b>Tax</b>	-120	-149	-683	-588
<b>Net income</b>	528	458	2,927	1,428
<b>Basic average number of shares outstanding</b>	65,890,375	66,612,141	65,747,111	66,945,776
<b>Basic EPS</b>	7.50	6.48	43.36	20.35

# Cash Flow

- Cash flow from operations up 40% in Q4 and 41% for the full year
- Positive development of working capital - now at 3.4 (4.5)% of revenues
  - Working capital expected to increase from low levels moving forward & to continue to fluctuate between the quarters
- USD 395 million of total cash proceeds from sale of DTV Group Russia & payment of EUR 620 million for Nova Televizia in Q4
- SEK 983 million dividend payment in Q2 & SEK 316 million invested in share repurchases in Q1

(SEK mn)	Q4 2008	Q4 2007	FY 2008	FY 2007
<b>Cash flow from operations</b>	672	481	1,918	1,363
<b>Changes in working capital</b>	10	-193	67	-433
<b>Net cash flow from operations</b>	681	288	1,985	930
<b>Cash flow to/from investing activities</b>	-6,252	-75	-4,674	-479
<b>Cash flow from/to financing activities</b>	4,436	-226	3,106	-590
<b>Net change in cash and cash equivalents</b>	-1,135	-14	417	-139

# Balance Sheet

- Draw down of SEK 3.0 billion of new credit facility + SEK 1.6 billion of existing facility to finance EUR 620 million acquisition of Nova
- SEK 975 million of cash & cash equivalents at end of period
- SEK 3,6 billion of net debt at end of period = 1.3x 2008 EBITDA (excluding gain from sale of DTV)
- SEK 2,935 million of available liquid funds at end of period
- No loans due for repayment in 2009 with earliest maturity in Q2 2010
- Trailing 12 month ROCE of 31% & ROE of 26%
- Equity to assets ratio of 47%

(SEK mn)	31 Dec 2008	30 Sep 2008	31 Dec 2007
<b>Non-current assets</b>	12,881	5,316	5,756
<b>Current assets</b>	6,351	6,930	5,203
<b>Total assets</b>	19,232	12,245	10,958
<b>Shareholders' equity</b>	8,978	7,320	5,875
<b>Long-term liabilities</b>	4,623	418	430
<b>Current liabilities</b>	5,631	4,507	4,654
<b>Total equity and liabilities</b>	19,232	12,254	10,958

# Summary



# Summary

- Record sales, operating profits & cash flows in Q4 and for full year 2008
- Challenging market conditions in 2009 with impact of broader economic slowdown already seen in Q4 & particular focus on emerging territories
- Well-positioned as challenger in structurally changing markets
- More than half of total sales from subscription & other non-advertising revenue streams
- Integrated media house strategy is a fundamentally strong & functioning model
- Market environment also presents opportunities to take market share & enhance long term prospects
- Healthy financial position with relatively low gearing & no debt maturities in 2009
- Proposal to pay dividend of SEK 5.00 per share - total of approximately SEK 330 million



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**MTG**

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MODERN TIMES GROUP

