

# Modern Times Group

## Q1 2009 Financial Results

22 April 2009



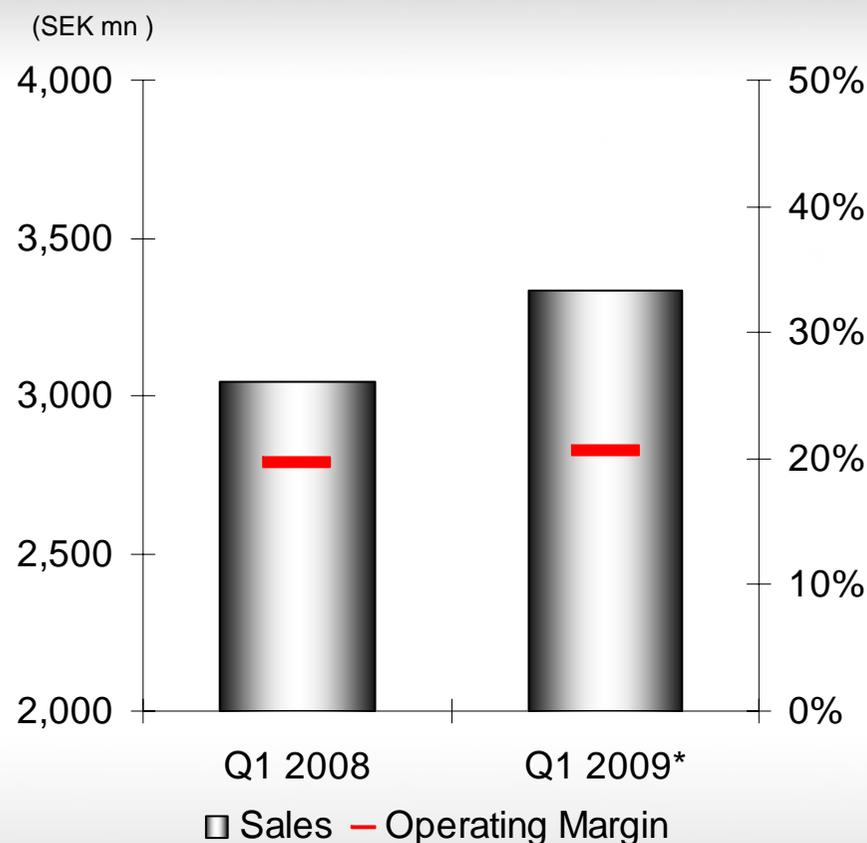


**”Record Q1 Results”**

# Q1 2009

## 18th Straight Quarter of Double Digit Sales Growth

- Group net sales up 10% y/y to SEK 3,336 million
- Positive currency effects add 8% points of growth
- Group operating income up 15% y/y to SEK 688 million with an operating margin of 21% (20%) when excluding SEK -454 million participation in non-cash intangible asset impairment by associated company CTC Media
- Viasat Broadcasting net sales up 13% y/y to SEK 2,599 million
  - Operating income, excluding associated company income, of SEK 346 (373) million
  - Recurring associated company income from CTC Media up 83% y/y to SEK 379 million
- Pre-tax profit of SEK 195 (583) million & SEK 649 million when excluding MTG share in CTC Media impairment charge
- Net income of SEK 146 (397) million
- Basic earnings per share of SEK 2.19 (5.85)
- SEK 5 ordinary dividend proposed to AGM



\* Excluding SEK -454 share in CTC Media impairment

# Operating Review



# Operating Results

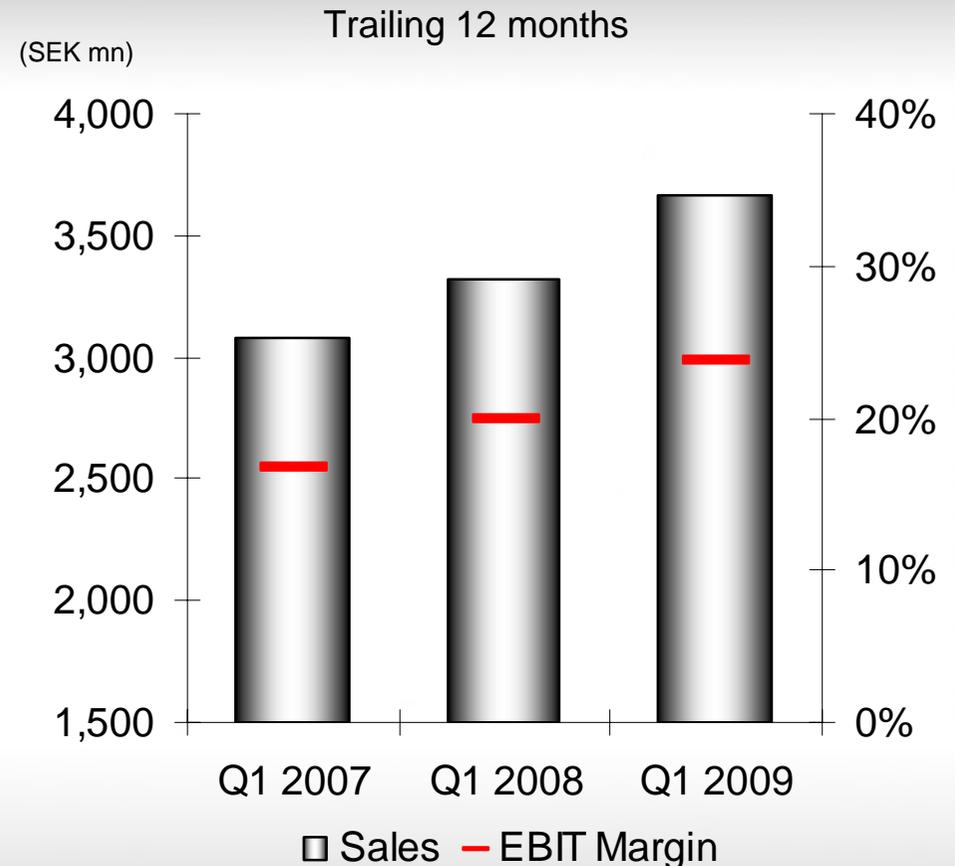
(SEK mn)	Sales			Operating Profit (EBIT)		
	Q1 2009	Q1 2008	Change (%)	Q1 2009	Q1 2008	Change (%)
Free-TV Scandinavia	886	828	7	203	146	39
Pay-TV Nordic	1,069	959	11	174	162	7
Free-TV Emerging Markets	464	423	10	-74	46	-
Pay-TV Emerging Markets	220	139	58	40	13	200
Associated CTC Media	-	-	-	379	207	83
<i>Other &amp; eliminations</i>	-40	-43	-	2	4	-
<b>Viasat Broadcasting business area</b>	<b>2,599</b>	<b>2,307</b>	<b>13</b>	<b>725</b>	<b>580</b>	<b>25</b>
Other business areas	783	686	14	4	52	-93
Parent & holding companies / Group central operations	46	42	-	-41	-53	20
Eliminations	-91	-88	-	-	-	-
<b>Total from ongoing operations</b>	<b>3,336</b>	<b>2,947</b>	<b>13</b>	<b>688</b>	<b>579</b>	<b>19</b>
<i>Extraordinary items*</i>	-	95	-	-454	17	-
<b>Reported Group total</b>	<b>3,336</b>	<b>3,042</b>	<b>10</b>	<b>233</b>	<b>596</b>	<b>-61</b>

\*SEK -454 mn share in CTC Media's intangible asset impairment in Q1 2009 & Q1 2008 revenues and EBIT contribution from divested DTV Group

## Free-TV Scandinavia

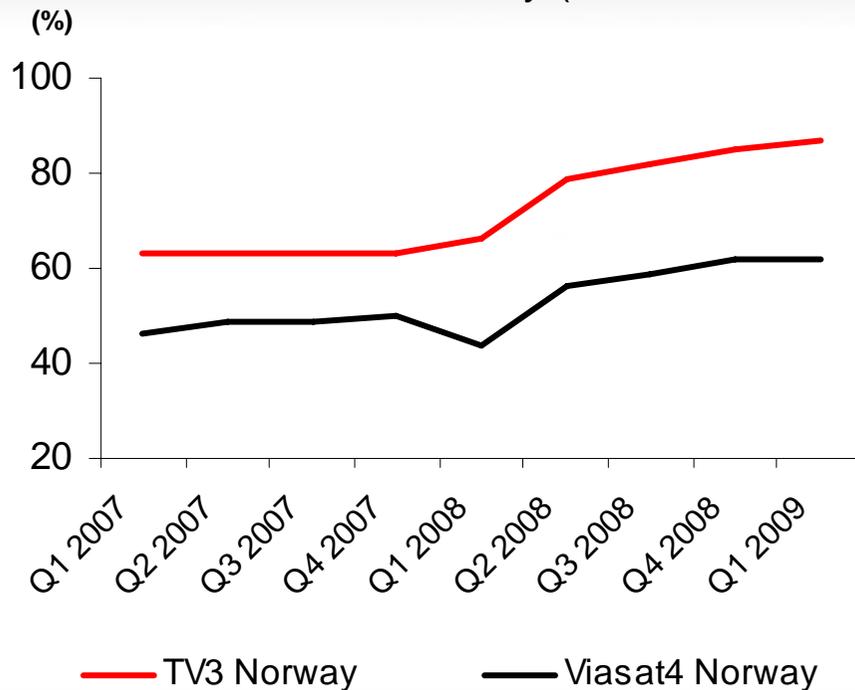
# 7% Sales Growth & 39% Operating Profit Growth

- Net sales up 7% y/y to SEK 886 million supported by positive currency effects
- Media house strategy generates momentum in downturn with TV ad market share gains in Norway and Denmark
- Viasat maintains position as 2'nd largest media house in Norway following penetration gains & audience share improvement y/y & outperformed rival media house SBS in audience share for the fourth quarter in a row
- Penetration for TV3 Denmark increases following new cable deals – Viasat channels not part of the DTT
- OPEX stable y/y at SEK 683 (682) million – reflects deferred introduction of some programming in Sweden & Denmark, lower overall SG&A costs, increased programming spend in Norway & adverse currency effects
- Operating income up 39% y/y to SEK 203 million with increased operating margin of 23% (18%)



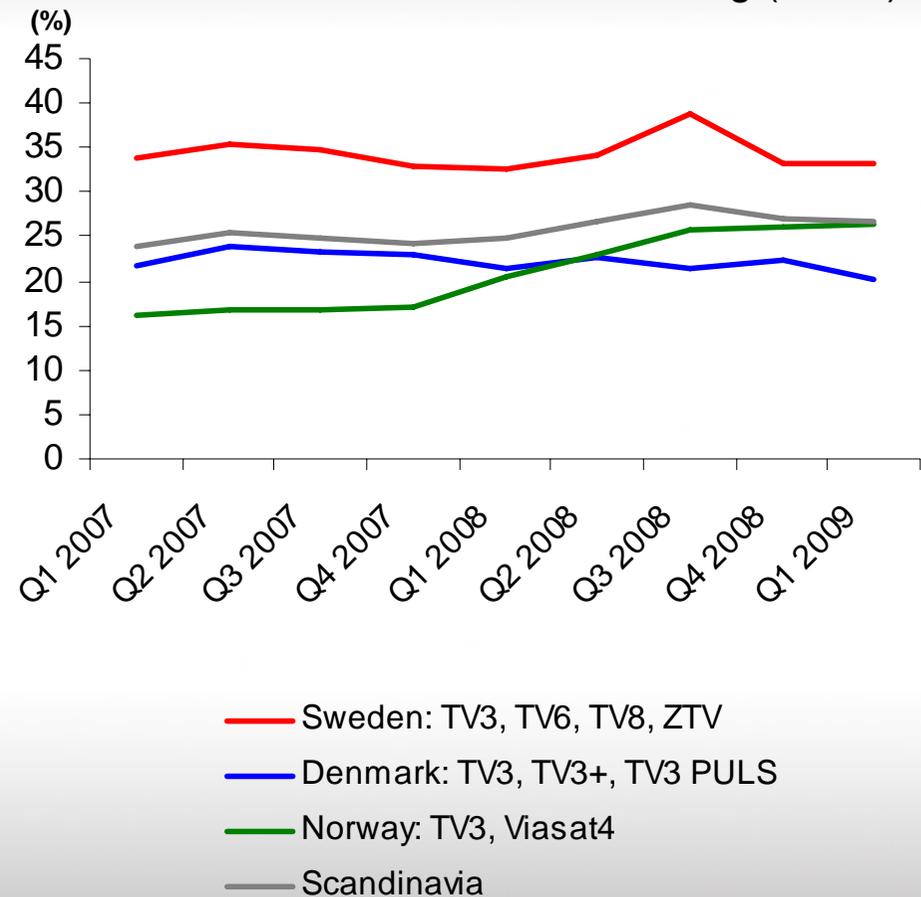
# Free-TV Scandinavia Increasing Penetration & Audience Shares

Penetration in Norway (National Reach)



- TV3 and TV6 Sweden already at 86% following digitalisation, with TV8 now at 64%

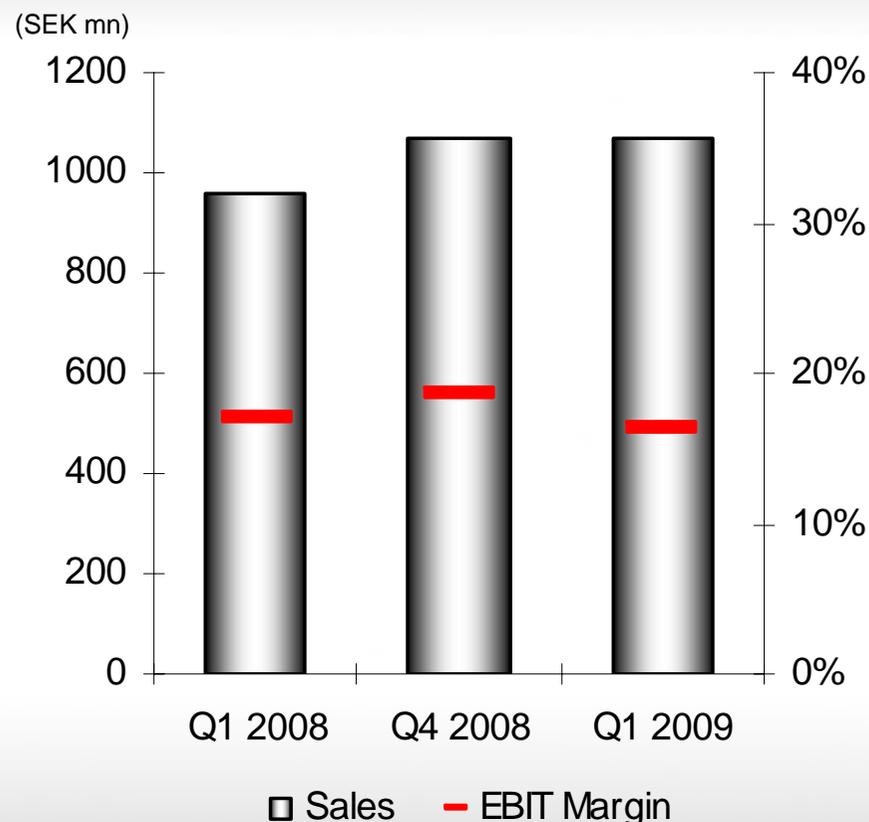
Commercial Share of Viewing (15-49)



## Pay-TV Nordic

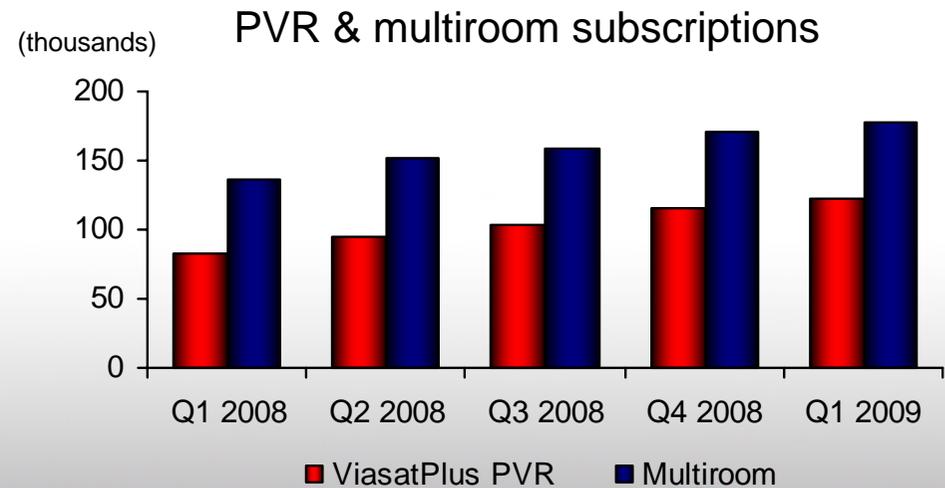
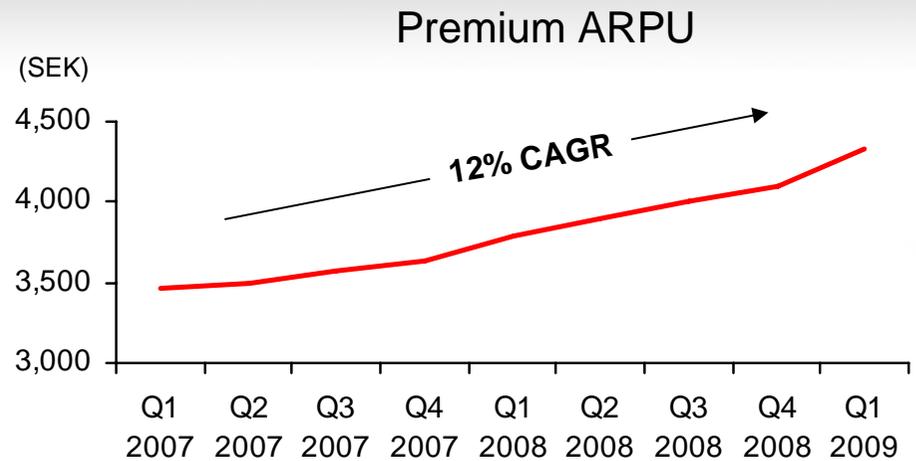
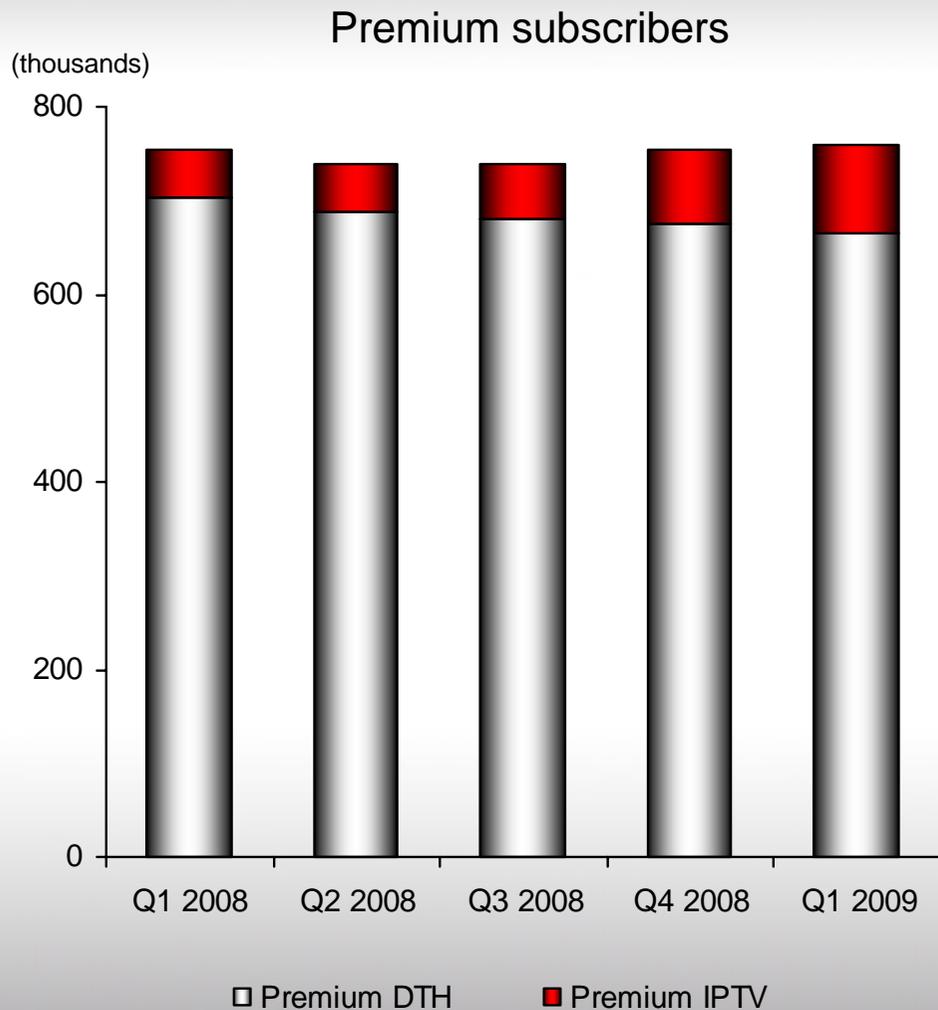
# 11% Sales Growth & 16% Operating Margin

- Sales up 11% y/y to SEK 1,069 million
- ARPU up 14% y/y to SEK 4,325
  - Positive currency effects, previous price rises, maturing subscriber base & growing proportion of multi-room & HD subscribers
- Total premium subscribers up 6,000 q/q
  - IPTV sales drive subscriber growth
- SAC up 6% y/y but down 12% q/q
  - increased focus on subscriber acquisition in Denmark and Norway to benefit from digitalisation & maturing of subscribers signed up in Swedish digitalisation process in 2006
- Total OPEX up 12% y/y to SEK 895 million
  - Addition of new channels to the platform
  - Renewal of several key sports rights & addition of localised sports channels
  - Ongoing investments in HDTV + subscriber campaigns in Denmark and Norway
  - Adverse currency effects
- Operating income up 7% y/y to SEK 174 million with operating margin of 16% (17%)



# Pay-TV Nordic

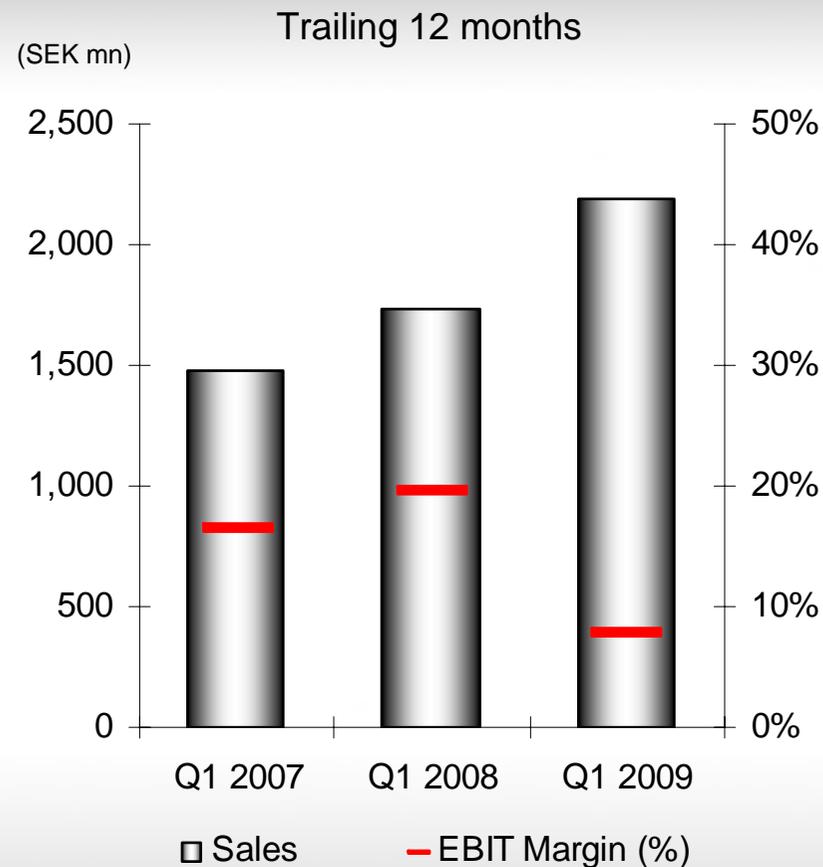
## Stable Subscriber Base & Growing ARPU



# Free-TV Emerging Markets

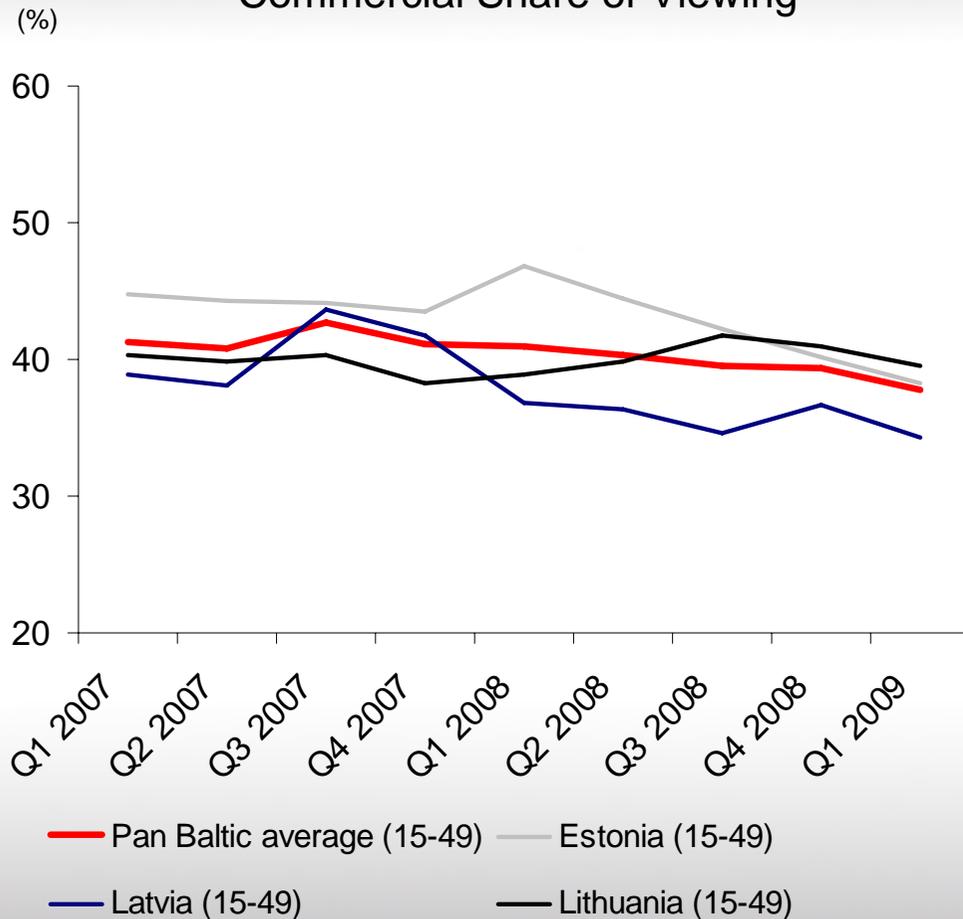
## Challenging Market Environment

- Sales up 10% y/y including Nova Televizia & supported by positive currency effects
- Sales excl. Nova Televizia down 11% y/y
- Operating income of SEK -74 (46) million
- Performance reflects significant deterioration in operating and financial environment & y/y profitability impact of:
  - Investments in Slovenia and Ghana
  - Launch of new channels in the Baltics & Hungary
  - Investments in programming in Bulgaria to drive audience share
  - Deferral of investments to seasonally stronger periods
  - Ongoing cost reduction programmes

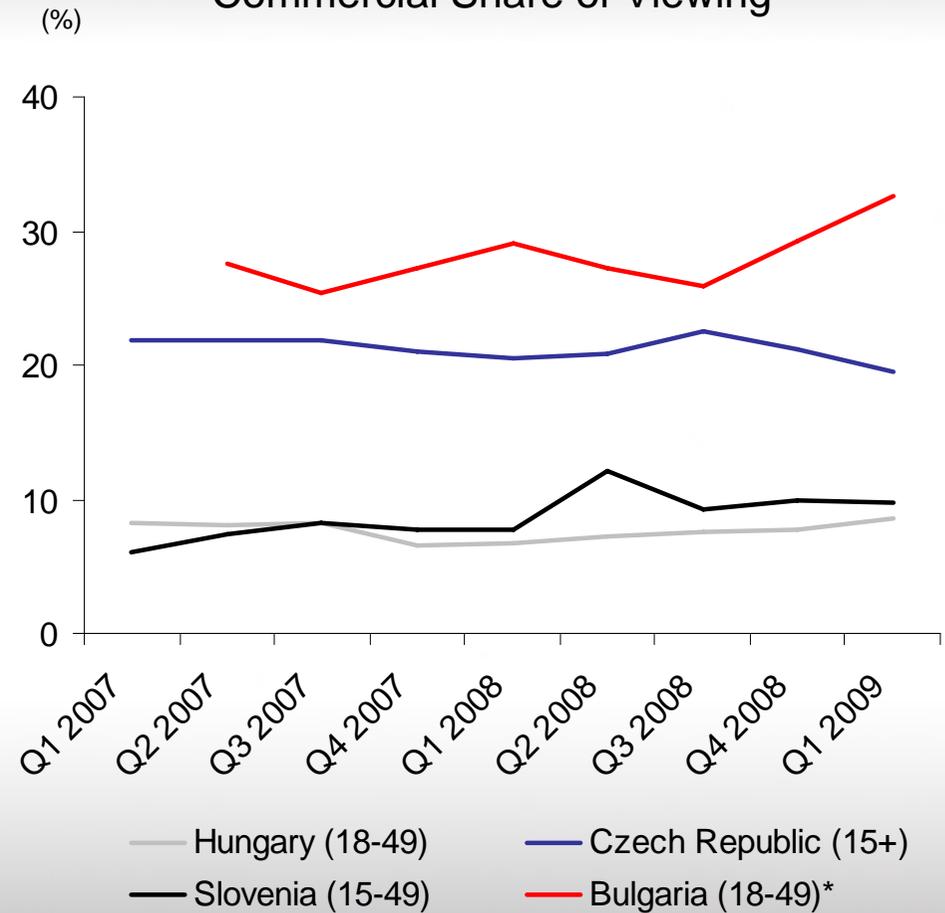


# Free-TV Emerging Markets Audience Share Development

## Commercial Share of Viewing



## Commercial Share of Viewing



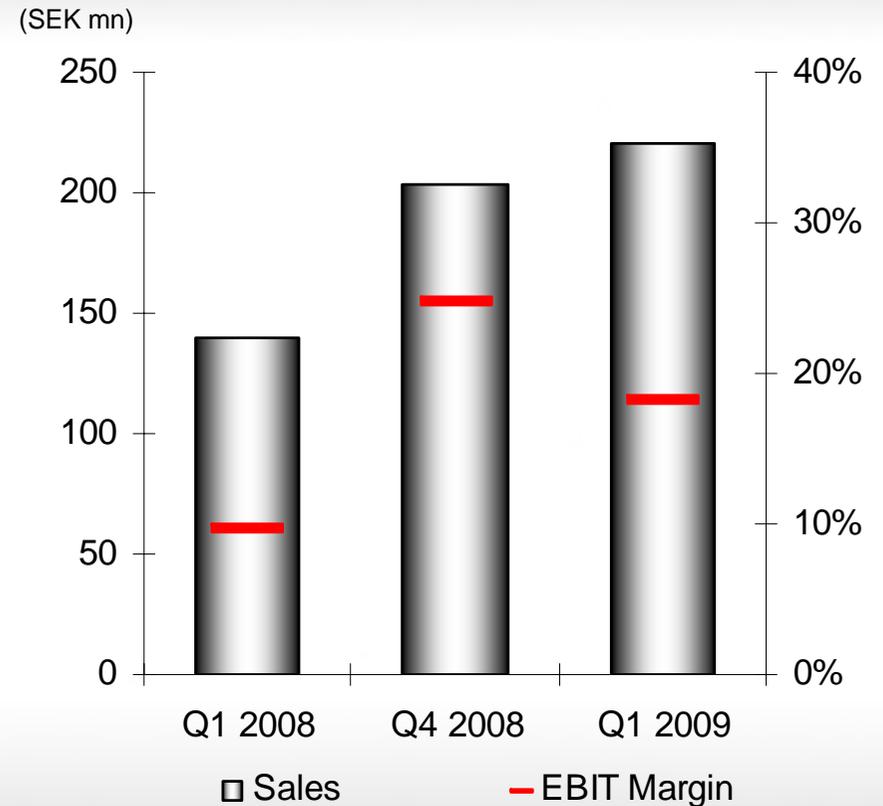
\*Pro forma



# Pay-TV Emerging Markets

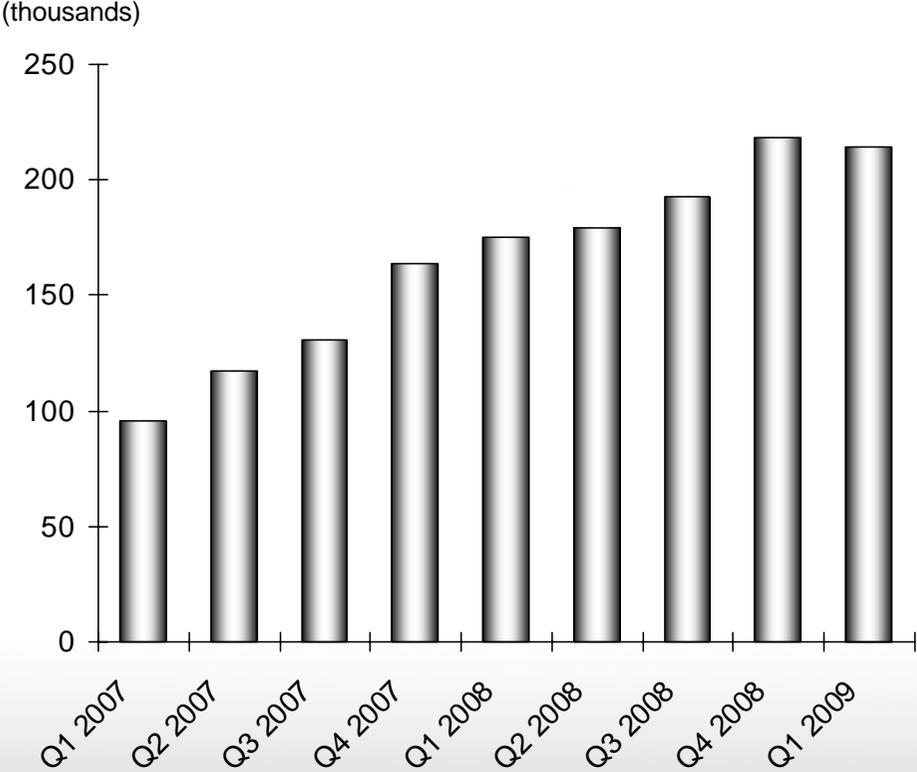
## 58% Sales Growth & 18% Margin

- Net sales up 58% y/y to SEK 220 million
- Baltic & Ukrainian platforms added 39,000 premium subscribers y/y but base down q/q due to higher churn in the Baltics due to economic situation
- 10 million mini-pay subscriptions added y/y & 1.3 million subscriptions q/q
- OPEX in line with scaling of business & development of early stage Ukrainian JV platform
- Operating income tripled y/y to SEK 40 million with operating margin of 18% (10%)

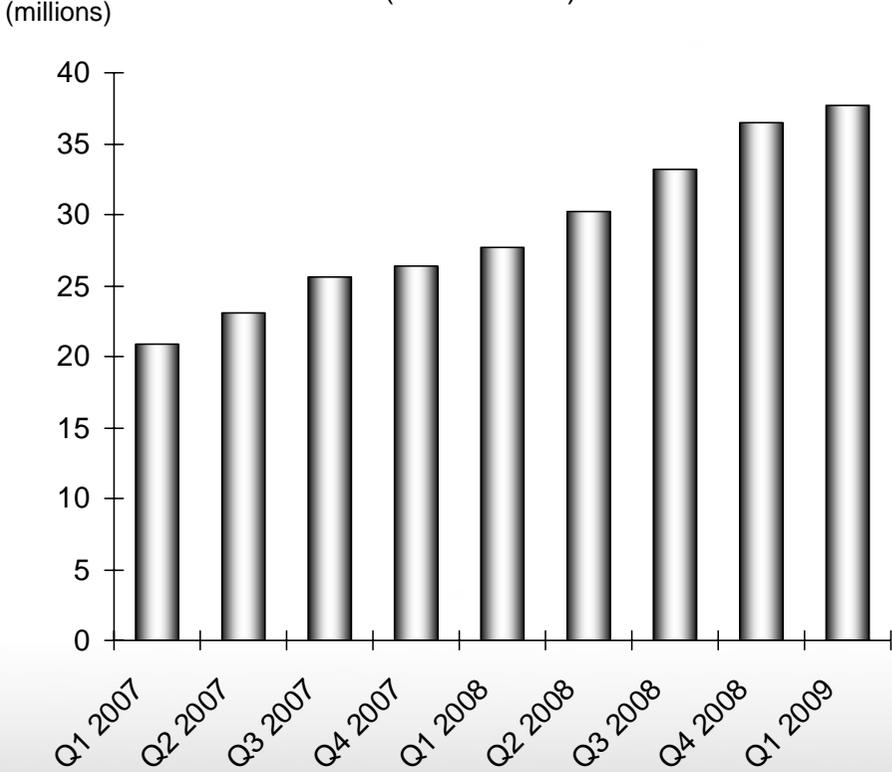


# Pay-TV Emerging Markets Continued Growth in Subscriber Base

Premium DTH Subscribers  
(Baltics & Ukraine)



Mini-pay Subscriptions  
(24 countries)



# Other Businesses

## Online

- Sales up 25% y/y to SEK 520 million
- Continued strong development for MTG Internet Retailing online assets
  - CDON.COM sales up 17% y/y following successful ad campaigns to increase traffic + increased electronic games sales
  - Gymgrossisten.com sales up 44% y/y & Nelly.se sales triple
- OPEX includes SEK 23 million of costs related to development & close down of Viaplay online TV business & move of some technology to Pay-TV Nordic
- Operating income of SEK 4 (28) million

## Radio

- Sales down 15% y/y to SEK 159 million in line with ad market decline in Sweden, Norway & Baltics
- SEK -5 (30) million operating result

## Modern Studios

- Sales up 27% to SEK 103 million y/y
- Operating profit of SEK 4 (-5) million following international licensing deals & reduction of underlying cost base

# Financial Review



# Income Statement

- SEK -454 million share in USD 233 million (SEK 1,955 million) intangible asset impairment charge reported by CTC Media in Q4 2008
- Net interest expenses of SEK -37 (-4) million in Q1 following increase in borrowings in Q4 & lower prevailing borrowing costs
- Effective tax rate of 25%
  - Lowered corporate income tax rates in Sweden & Russia from beginning of 2009

(SEK mn)	Q1 2009	Q1 2008	FY 2008
<b>Net sales</b>	3,336	3,042	13,166
<b>EBIT before non-recurring items</b>	688	596	2,598
<b>Non-recurring items</b>	-454	-	1,074
<b>EBIT</b>	233	596	3,671
<b>Net Interest &amp; other financial items</b>	-39	-13	-61
<b>PTP</b>	195	583	3,610
<b>Tax</b>	-48	-186	-683
<b>Net income</b>	146	397	2,927
<b>Basic average number of shares outstanding</b>	65,890,375	66,213,260	65,908,373
<b>Basic EPS</b>	2.19	5.85	43.25

# Cash Flow

- Changes in working capital reflect seasonal fluctuations of scheduled payments
- CAPEX of SEK 18 (30) million represented <1% of Group revenues
- SEK 5 ordinary dividend proposed to 2009 AGM

(SEK mn)	Q1 2009	Q1 2008	FY 2008
<b>Cash flow from operations</b>	168	311	1,918
<b>Changes in working capital</b>	-297	-268	67
<b>Net cash flow from operations</b>	-129	43	1,985
<b>Cash flow to/from investing activities</b>	-159	-239	-4,674
<b>Cash flow to/from financing activities</b>	25	76	3,106
<b>Net change in cash and cash equivalents</b>	-264	-119	417

# Financial Position

- Total borrowings of SEK 4.7 billion
- SEK 3.9 billion of net debt at end of period = 1.4x LTM EBITDA (excluding gain from sale of DTV & share in CTC Media impairment)
- SEK 2,668 million of available liquid funds at end of period
- No loans due for repayment in 2009
- Equity to assets ratio of 46%

(SEK mn)	31 Mar 2009	31 mar 2008	31 Dec 2008
<b>Non-current assets</b>	12,786	6,062	12,881
<b>Current assets</b>	6,328	5,115	6,351
<b>Total assets</b>	19,114	11,177	19,232
<b>Shareholders' equity</b>	8,835	5,944	8,980
<b>Long-term liabilities</b>	5,362	425	5,263
<b>Current liabilities</b>	4,916	4,808	4,989
<b>Total equity and liabilities</b>	19,114	11,177	19,232

# Summary



# Summary

- Strong sales & underlying operating profit performance despite changing market conditions
- Well-positioned to take further market share 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 presents opportunities to enhance market positions & build long term value
- Healthy financial position with low gearing & no debt maturities in 2009



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