



FOR IMMEDIATE RELEASE

5 January 2011

FINANCIAL EFFECTS OF CDON GROUP SPIN-OFF & ADJUSTMENTS TO REPORTING STRUCTURE

Modern Times Group MTG AB (publ.) ('MTG' or 'the Group'), the international entertainment broadcasting group, today announced that it will report a SEK 1,717 million non-recurring and non-cash gain in its financial results for the fourth quarter and full year ended 31 December 2010. The gain is due to the distribution of all of the shares in CDON Group AB ('CDON Group') in December 2010. The gain represents the difference between the SEK 2,042 million market value of CDON Group (based on the SEK 30.79 average trading price of the CDON Group share between 15 and 17 December 2010) and the SEK 326 million book value at which the subsidiary was held on MTG's balance sheet as at 30 November 2010. The Group's equity has been reduced by SEK 326 million as a result of the distribution.

Following the distribution of CDON Group, MTG will report its income from continuing and discontinued operations separately, with both the SEK 1,717 million gain and the net profit contribution from CDON Group for the period up to 30 November 2010 reported as 'discontinued operations' line items below 'net income from continuing operations' in the Group's fourth quarter and full year 2010 income statements. CDON Group will not be included in any other line items in the Group's income statements for current or comparable prior periods, and will not be included in the Group's matrix presentation of segmental sales and EBIT results at the end of the quarterly reports.

CDON Group will be included in the Group's cash flow statements up until 30 November 2010 but only as a separate line item within cash flow to financing activities, and will otherwise be excluded from all other lines of the current year and prior period cash flow statements. MTG's previously announced subscription to 100% of CDON Group's SEK 250 million convertible bond issue will be recognised as a cash flow to investing activities, and as a long term interest bearing receivable asset in the Group's year-end balance sheet. For more information about CDON Group and its historic financial reports, please visit www.cdongroup.com.

As a result of the demerger of the vast majority of the Group's Online businesses and in order to reflect MTG's focus on its core and scale broadcasting assets, the Group's results will be reported in six business segments with effect from the fourth quarter and full year 2010 report. The six segments are: 'Free-TV Scandinavia'; 'Pay-TV Nordic'; 'Free-TV Emerging Markets'; 'Pay-TV Emerging Markets'; associated company 'CTC Media'; and 'Other Businesses'. The 'Other Businesses' segment comprises the Group's 'Radio', 'Online' and 'Modern Studios' businesses. In addition, the 'Free-TV Emerging Markets' segment will now be reported in two lines in the matrix – a 'Total' line, and a line combining the Group's free-TV operations in the 'Baltics, Czech Republic & Bulgaria'. MTG will continue to provide target audience viewing shares and sales growth on a country by country basis for the emerging market free-TV operations.

MTG will provide additional disclosure on its Nordic pay-TV business in its fourth quarter 2010 financial results and moving forward. The current reporting of 'IPTV premium subscribers' will be broadened to include all 'third party network premium subscribers', and now therefore include premium subscribers on both third party IPTV (broadband) and cable networks. The total number of third party network premium subscribers as at 30 September 2010 was 375,000, and comprised the previously reported 176,000 IPTV premium subscribers, as well as 199,000 cable premium subscribers. When combined with the 666,000 premium subscribers on MTG's Viasat DTH platform, MTG therefore had 1.04 million Nordic premium pay-TV subscribers at the end of the third quarter of 2010.

In order to provide comparable historic information on the basis of the above changes to the Group's reporting structure, an updated quarterly segmental reporting matrix and a sheet of key performance indicators with updated subscriber information are available for download from <http://mtg.se/en/Investors/Quarterly-Reports/>.

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

Hans-Holger Albrecht, President & Chief Executive Officer
Mathias Hermansson, Chief Financial Officer
Tel: +46 (0) 8 562 000 50

Investor & Analyst Enquiries
Matthew Hooper
Tel: +44 (0) 7768 440 414
Email: investor.relations@mtg.se

Press Enquiries
Bert Willborg
Tel: +44 (0) 7912 280 850
Email: bert.willborg@mtg.se

Modern Times Group is a leading international entertainment broadcasting group with the largest geographical broadcast footprint in Europe. MTG's Viasat Broadcasting is the leading free-TV and pay-TV operator in Scandinavia and the Baltics, and has broadcasting operations in Bulgaria, Czech Republic, Hungary, Slovenia, Russia, Ukraine and Ghana. Viasat's free-TV and pay-TV channels and pay-TV platforms attract a total of 125 million viewers in 31 countries. MTG is also the major shareholder in Russia's largest independent television broadcaster (CTC Media – Nasdaq: CTCM), and the number one commercial radio operator in the Nordic region.

Modern Times Group MTG AB Class A and B shares are listed on Nasdaq OMX Stockholm's Large Cap index ('MTGA' and 'MTGB').

The information in this announcement is that which Modern Times Group MTG AB is required to disclose under the Securities Market Act and/or the Financial Instruments Trading Act. It was released for publication at 12.30 CET on 5 January 2011.