



# **Modern Times Group MTG AB**

**Financial results for the third quarter  
and first nine months ended 30 September**

**22 October 2003**

# MTG – Entertaining People

- Largest commercial TV and radio broadcaster in Nordic and Baltic region
- Viasat TV channels reach 45 million people each day in 14 countries
- One of Europe's most profitable pay-TV operators
- Largest shareholder in #2 commercial TV network in Russia
- Leading international reality TV production house
- Global market leader in DVD subtitling

# Highlights

**3<sup>rd</sup> Quarter ended 30 September 2003**

- Net sales up 5% to SEK 1,436 (1,371) million
- First ever third quarter profit with EBIT of SEK 54 (-23) million
- TV3 Scandinavia continues to take advertising markets share, net sales up 7% to SEK 421 (394) million
- Number of digital pay-TV subscribers increases by 12,000 to 599,000

# Profit & Loss

(SEK million)	Q3 2003	Q3 2002	9m 2003	9m 2002
<b>Net Sales</b>	<b>1,436</b>	<b>1,371</b>	<b>4,580</b>	<b>4,293</b>
<b>EBITDA</b>	<b>104</b>	<b>37</b>	<b>463</b>	<b>382</b>
<b>Operating income (EBIT)</b>	<b>54</b>	<b>-23</b>	<b>293</b>	<b>201</b>
- of which Non-recurring items				163
Net interest and other financial items	21	-41	-83	-151
<b>Pre-Tax profit</b>	<b>75</b>	<b>-64</b>	<b>210</b>	<b>50</b>
Taxes	-32	45	-90	-27
Minorities	2	-1	7	4
<b>Net Income</b>	<b>44</b>	<b>-20</b>	<b>127</b>	<b>27</b>
Basic number of shares outstanding	66,375,146	66,375,146	66,375,146	66,375,146
Basic earnings per share	0.67	-0.30	1.91	0.41

- EBIT margin 6.4% for the first nine months
- Incremental margins of 118% in the quarter and 89% for the first nine months, excluding non-recurring items

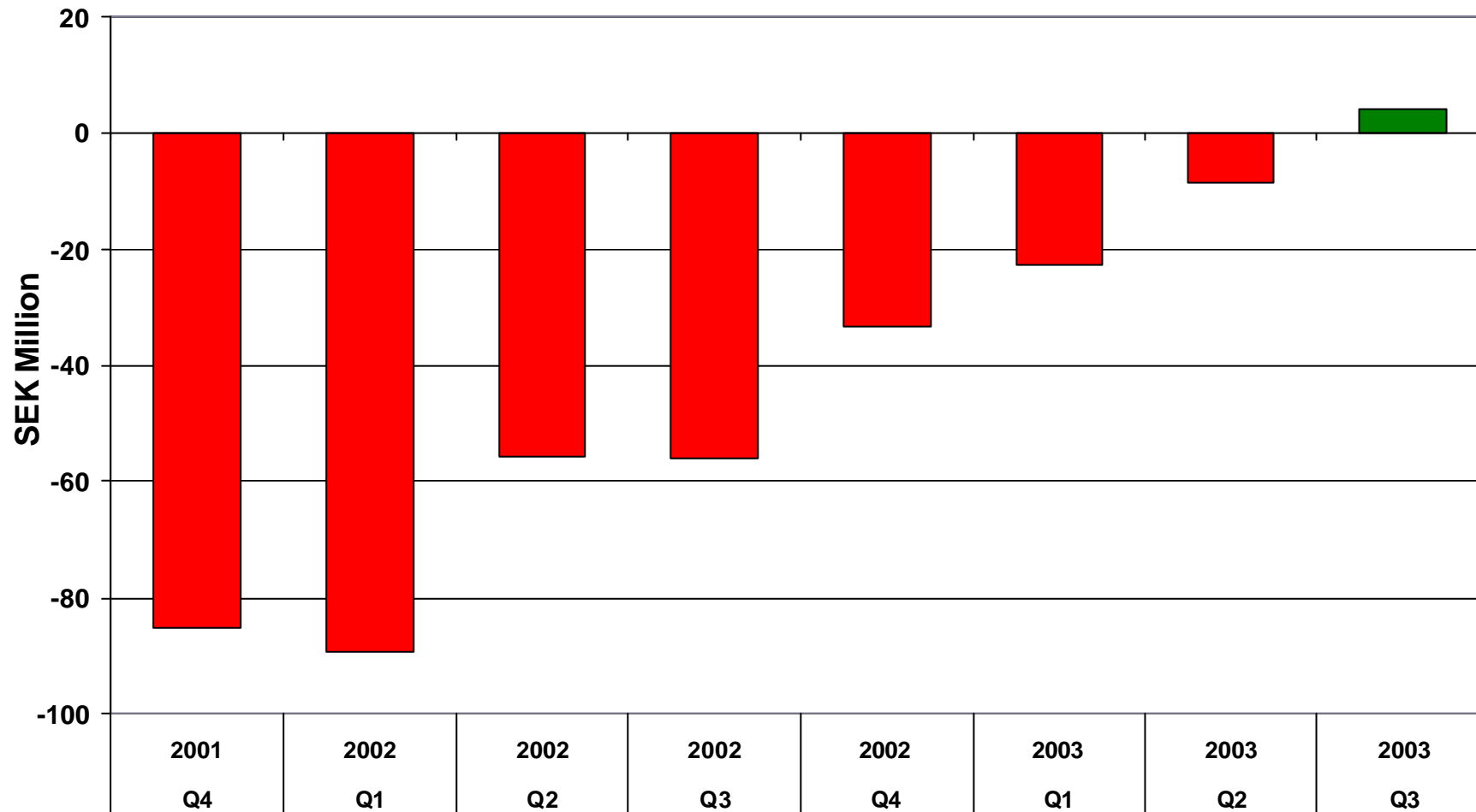
# Viasat Broadcasting

## Operating Results

SEK million	Q3 2003	Q3 2002	% chg	9m 2003	9m 2002	% chg
<b>Net Sales</b>						
Pay-TV operations	556	523	6%	1 666	1 618	3%
Free-TV operations	587	542	8%	1 969	1 783	10%
Text-TV operations	18	22	-18%	61	78	-22%
Other and eliminations	-108	-106		-316	-303	
<b>Total net sales</b>	<b>1 053</b>	<b>981</b>	<b>7.4%</b>	<b>3 380</b>	<b>3 175</b>	<b>6.4%</b>
<b>Operating income (EBIT)</b>						
Pay-TV operations	113	87		379	235	
Free-TV operations	-74	-75		-51	-52	
Text-TV operations	8	11		21	31	
Participation in StoryFirst	11	-1		22	13	
Other	0	-2		-1	-5	
<b>Total EBIT</b>	<b>58</b>	<b>20</b>	<b>185%</b>	<b>371</b>	<b>222</b>	<b>67%</b>
<b>EBIT Margin</b>	<b>5.5%</b>	<b>2.1%</b>		<b>11.0%</b>	<b>7.0%</b>	

# Viasat Broadcasting – Eastern Europe

## 12 month rolling EBIT



*Eastern Europe includes TV3 Baltics, Viasat3 Hungary, DTV Russa and participation in StoryFirst Inc.*

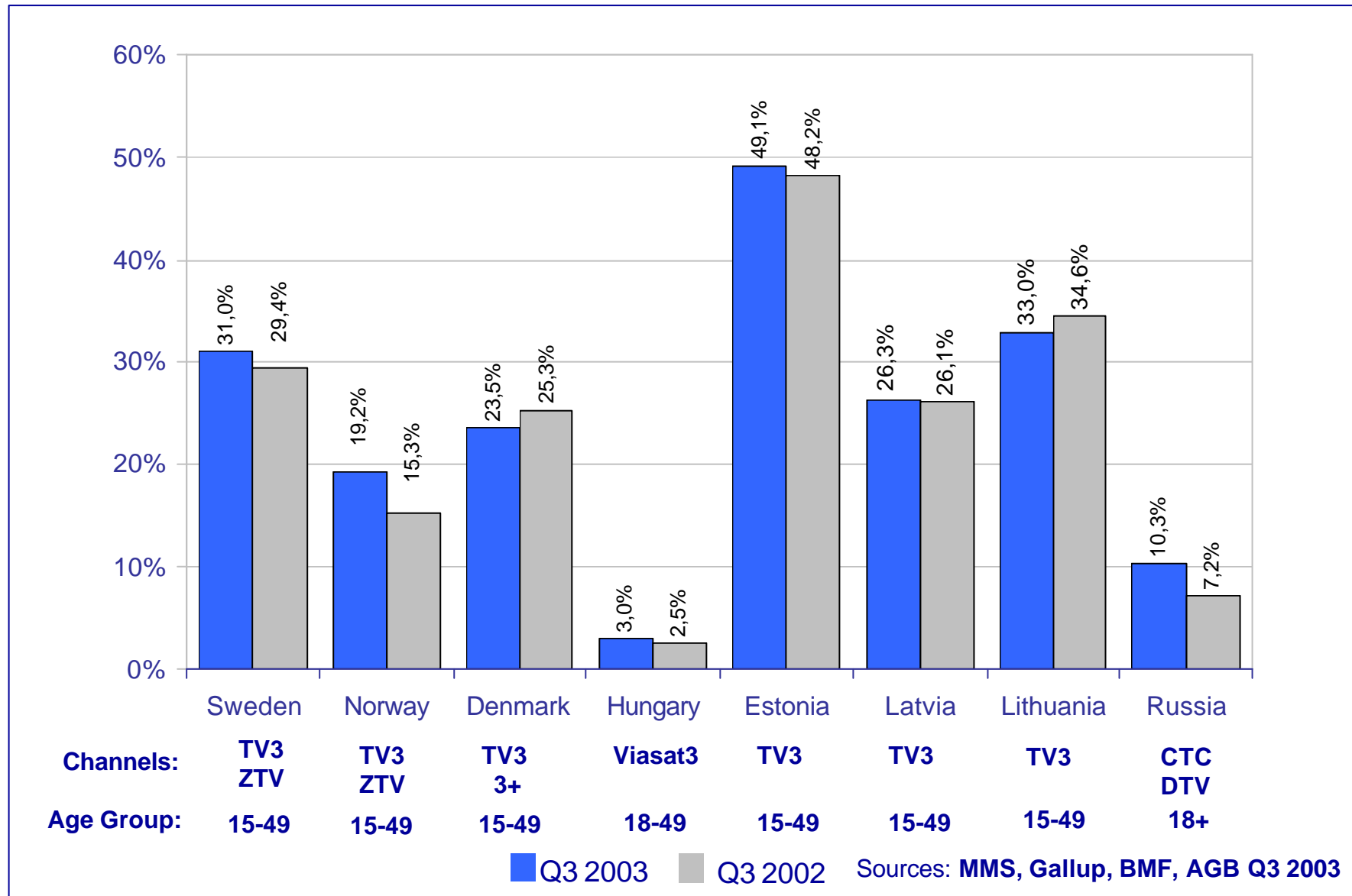
# Free TV

## Highlights third quarter

- Net sales up 8% to SEK 587 (542) million
- Increasing advertising market shares in all regions
- Investments in programming successful with increased commercial share of viewing in most markets
- Successful launch of Fall schedule
- Price increases for TV3 in Danish cable networks
- Hungarian and Russian operations proceeding according to plan

# Free-TV

## Commercial Share of Viewing





# Pay TV

## Highlights third quarter

- Pay TV premium quarterly ARPU up 5% year-on-year to 757 SEK
- New campaigns result in increase of 12,000 digital subscribers, bringing the total to 599,000
- As a consequence of increased net adds of digital subscribers, EBIT margin declined to 20% in the quarter compared with 24% for the first half year
- With the launch of Viasat Explorer the total number of Eastern European cable subscribers surpass one million

# Pay TV

## NDS VideoGuard implementation

- Lower cost Pace box campaigns with NDS encryption launches in volume Nov 6th
- Migration of existing boxes on track for completion by mid 2004; all software development proceeding according to plan
- Fixed fee per subscriber for NDS encryption services
- NDS related investments of approximately SEK 75-100 million over next coming quarters
- Non-cash write-off of existing Viaccess cards in fourth quarter of approximately SEK 35 million

# Pay TV

## Viasat Campaigns

- MTG now subsidises both premium and basic packages
- Both packages are offered to new subscribers with hardware for 1 krona in Sweden
- Premium Subscriber Acquisition Costs (SAC) is approximately 2,500 SEK while SAC for basic packages is approximately 2,300 SEK
- SAC will come down as lower priced Pace boxes are introduced in November
- Increased gross intake of new subscribers has a short-term negative impact on Pay-TV margins and cash flow

# Viasat Broadcasting

## Subscriber development

Subscribers (000's)	30 Sept 2003	30 June 2003
<b>Cardholders</b>	<b>909</b>	<b>929</b>
-of which digital subscribers	599	587
<b>Viasat premium subscribers (digital)</b>	<b>413</b>	<b>424</b>
<b>Viasat basic digital subscribers</b>	<b>186</b>	<b>164</b>
TV1000 Scandinavia	441	460
TV1000 Eastern Europe	850	584

# Radio

SEK million	Q3 2003	Q3 2002	9m 2003	9m 2002
Net Sales	41	36	126	112
Total EBIT	-8	-8	-25	-36

- Net sales in Sweden up 9% despite decline in total radio advertising market
- Radio Sweden achieved 42% commercial share of listening and new listening records for Rix FM

# Modern Studios

SEK million	Q3 2003	Q3 2002	9m 2003	9m 2002
Net Sales	156	153	521	440
Total EBIT	17	25	35	37

- Strong production line up in the quarter with Robinson, Fame Factory, The Farm and Backtracker; Option sold to Endemol France
- Sonet winning Best Foreign Film at Hollywood Film Festival with 'Miffo'. The film has delivered strong box-office performance in Sweden in the quarter.
- Brombergs owns Swedish publishing rights for Nobel Prize winner J.M Coetzee

# TV-Shop

SEK million	Q3 2003	Q3 2002	9m 2003	9m 2002
Net Sales	173	158	540	482
EBIT	4	-2	13	10

- Third consecutive quarter of doubling sales for CDON
- Weak wholesale revenues for TV-Shop but margin improvements after cost rationalisation
- ECL logistics business sold to Tradimus AB

# SDI Media

SEK million	Q3 2003	Q3 2002	9m 2003	9m 2002
Net Sales	93	94	264	286
Total EBIT	17	16	42	40

- 5% underlying sales growth in the first nine months, adjusted for negative currency impact
- Contract won to subtitle the Travel channel in Sweden, Norway, Denmark, Holland and Portugal

# Cash flow

(SEK million)	Q3 2003	Q3 2002	9m 2003	9m 2002
Cash flow from operations	71	-52	269	97
Changes in Working Capital	103	164	148	-89
<b>Net cash flow from operations</b>	<b>174</b>	<b>112</b>	<b>419</b>	<b>124</b>
Proceeds from sale of subscription rights, shares and securities	19	-	20	204
Investments in shares in subsidiaries and associates	-8	-	-19	-281
Other investments in shares	-542	-	-542	-204
Change in long-term receivable from Metro Intl	542	-	542	-
Investments in other fixed assets	-38	-25	-90	-69
Other cash flow from investing activities	5	0	10	33
<b>Cash flow to investing activities</b>	<b>-22</b>	<b>-25</b>	<b>-79</b>	<b>-317</b>
Cash flow from/to financing activities	55	-87	-111	245
<b>Net change in cash and cash equivalents for the period</b>	<b>207</b>	<b>0</b>	<b>229</b>	<b>52</b>

- Working capital remains high priority and was reduced by SEK 103 million in the quarter in spite of programme inventory increases in Hungary and Russia
- Metro refinancing completed – no cash impact except for sale of subscription rights

# Balance Sheet

(SEK million)	30 Sept 2003	30 Sept 2002	31 Dec 2002
Non-current assets	2,836	3,223	3,069
Current assets	2,977	3,517	3,115
<b>Total assets</b>	<b>5,813</b>	<b>6,740</b>	<b>6,184</b>
Shareholders' equity	2,004	1,967	1,885
Minority equity interests	-6	7	16
Provisions	146	140	173
Long-term liabilities	1,120	1,717	1,565
Current liabilities	2,549	2,909	2,545
<b>Total equity and liabilities</b>	<b>5,813</b>	<b>6,740</b>	<b>6,184</b>

- Equity to asset ratio 53% by the end of the third quarter
- Net debt to equity ratio 48% by the end of the third quarter
- Holdings in Metro, TV4 and Radio P4 have a combined book value of SEK 800 million and a market value of SEK 1,647 million at 30 September 2003



# Surplus value in listed companies

SEK million	Value	Value per share
Metro International S.A.	1,381	20.8
TV4 AB*	486	7.3
P4 Radio Hele Norge ASA	51	0.8
<b>Total Market Value</b>	<b>1,918</b>	<b>28.9</b>
<i>Convertible loan</i>	<i>-1070</i>	<i>-16.1</i>
<i>Syndicated loan</i>	<i>-450</i>	<i>-6.8</i>
<i>Cash</i>	<i>530</i>	<i>8.0</i>
<i>Other interest bearing long-term items</i>	<i>38</i>	<i>0.6</i>
<b>Net debt</b>	<b>-952</b>	<b>-14.3</b>
<b>Net value</b>	<b>966</b>	<b>14.6</b>

Share prices based on market close 21 October. Net debt as at 30 September 2003

\* No trading in TV4 on 20 nor 21 October, closing price taken from 17 October

# Outlook

- Slower growth rate in the Scandinavian TV advertising market in the second half of 2003 compared to the first half
- Slower growth rate in the Baltic countries in the second half due to non-recurring spending in 2002
- Clear objective to continue to take market share in the advertising market
- New campaigns to drive subscriber growth and penetration of our channels will have short term adverse effect on cash flow and operating margins
- Continued focus on implementation of new NDS encryption technology with the intention to complete switch by mid 2004