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MTG

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MODERN TIMES GROUP

*“SALES, SHOWMANSHIP AND COST CONTROL”*

**Q1 2001 Financial Results**



# HIGHLIGHTS

- TV3 Scandinavia sales up 6% despite weaker advertising market
- 125,000 new digital cards sold up until end of March 2001;  
'Viasat Gold' pick up rate of 85%
- Successful roll-out of digital TV to existing subscribers - to be finalised during Spring yielding substantial distribution cost savings
- Acquisition of Darial TV in Russia



# HIGHLIGHTS

- Acquisition of DTH 'pay per view' rights to Swedish premier league football matches
- New Media business area established
- Swedish radio stations outperform market
- Strategic decision to continue to build Finanstidningen subscriber base and reach
- Significant recovery in Modern Interactive and Modern Studios



# Q1 RESULTS 2001

SEK Million	Q1 2000	Q1 2001	%
<i>Established Operations</i>			
<b>Net Sales</b>	1 189	1 507	27
<b>EBITDA</b>	67	158	136
<b>EBIT</b>	19	103	442

- Continued strong top line growth of 27%
- EBIT up 5x
- Healthy improvements in all business areas except Publishing
- Investments in Everyday.com depress New Media in Q1



# Q1 RESULTS 2001

SEK Million	Q1 2000	Q1 2001	%
<i>New Investments</i>			
<b>Net Sales</b>	0	1	-
<b>EBITDA</b>	-1	-36	-
<b>EBIT</b>	-1	-37	-

- Includes Viasat+ Norway, Viasat3 Hungary, Everyday.tv and Everymobile.com
- Categorised as investments during first 24 months
- Darial TV included from Q2



# Q1 RESULTS 2001

SEK Million		Q1 2000	Q1 2001	%
<i>Total</i>				
<b>Net Sales</b>		<b>1 189</b>	<b>1 508</b>	<b>27</b>
<b>EBIT</b>	<i>Established Operations</i>	19	103	442
	<i>New Investments</i>	-1	-37	-
	<i>Non-recurring Items</i>	123	0	-
	<b>Total</b>	<b>141</b>	<b>66</b>	<b>-53</b>

# BROADCASTING

SEK Million	Q1 2000	Q1 2001	%
Sales	852	1 026	20
EBITDA	99	116	17
EBIT	72	89	24

Distribution of sales  
Broadcasting



Broadcasting

VIASAT

TV3

ZTV

3+

VIASAT+

TV6

VIASAT SPORT

TV1000

VIASAT3 HUNGARY

Third party  
channels

TV4

(20,1%)



# BROADCASTING

## Free-to-Air TV

- TV3 Scandinavian sales up 6% despite weak advertising market
- Successful targeting of new customer segments
- 50% of 2001 advertising revenue booked under annual agreements
- 19% sales increase in Baltic operations – recovery after Russian flu
- TV currently represents 23.5% of total Scandinavian annual advertising market – substantially below European average of 31.8%
- Continued strong incremental profitability



# BROADCASTING

## Pay-TV

- Principal ARPU drivers in digital DTH
  - only viable way of increasing penetration
  - higher premium to basic ratios – 85%
  - price elasticity
  - lower churn rate
  - new interactive services
  - transaction–driven advertising model
- Continued migration from advertising to subscriber-based revenues



# BROADCASTING

## Digital Swap - Largest digital TV player in Nordic countries

- Swap of all premium analogue subscribers to be completed by end of Spring
- Strong new sales of 125,000 packages driven by 'cash & carry' concept with 85 % of new subscribers buying premium 'Viasat Gold' package
- Reduced churn amongst Premium subscribers - 1.3% per month in Q1 2001 vs. 2.7% in Q1 2000
- Kick backs are amortised over 18 months; P&L and cash-flow positive new subscriber acquisition
- SEK 200 million annualised savings from closing down 7 out of 13 analogue transponders in May



# BROADCASTING

Pay TV – Leading DTH broadcaster in Nordic countries

- 37% year on year growth in revenues
- EBIT improvement of more than 100%
- Premium subscribers up 22% year on year to 406,000
- 12% growth in TV1000 subscribers in Q1; 19% year on year growth
- Multiplexing of Ice Hockey World Championship coverage to include 3 new channels on digital platform
- Acquisition of DTH 'pay per view' rights to Swedish premier league football matches
- Acquisition of 15% interest in leading Swedish football club Djurgården



# BROADCASTING

## Acquisition of 75% interest in Darial TV

- Consistent with geographical expansion strategy
- One of 8 national terrestrial TV stations in Russia
- Penetration of 14%
- Doubles TV3 universe
- Russian TV advertising market valued at US\$ 285 Million in 2000  
= 74% of total national advertising market
- 52% growth in Russian TV advertising market in 2000
- Low fixed cost base – single digit market share enabling breakeven
- Extensive synergies with existing MTG businesses – content acquisition, programming and broadcasting



# BROADCASTING

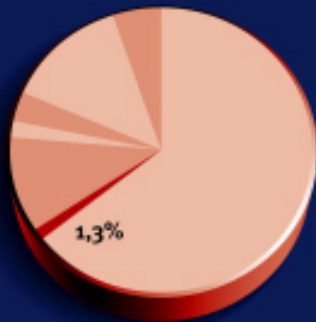
<b>Subscribers</b>	<b>Basic</b>	<b>Viasat Gold</b>
Opening balance – Jan 1	1 077 000	321 000
New Sales	63 000	59 000
Churn	-44 000	-13 000
Closing balance – Mar 31	1 096 000	367 000
Other Premium Packages		39 000
Total Q1 2001	1096 000	406 000
Total Q1 2000	1089 000	332 000



# NEW MEDIA

SEK Million	Q1 2000	Q1 2001	%
Sales	16	21	31
EBITDA	2	-15	neg
EBIT	1	-15	neg

Distribution of sales  
New Media



# NEW MEDIA

- Established in Q4 2000 to capitalise on new media opportunities for MTG's multiple distribution platforms – own-produced content in new windows
- Everyday.com reports 15% increase to 686,000 unique users in Q1 in Sweden; impacted by investments in content and technology
- 'Baren' generates 300,000 page views in Sweden, 200,000 in Norway and Denmark; Miss Sweden and Popstars format pipeline





# NEW MEDIA

- New window created with launch of Everymobile.com mobile portal – access to largest mobile network operators in Spain, Sweden, Norway and Denmark
- Services coming to market - ringing tones, logos, financial news, SMS dating services
- Interactive services in association with MTG-produced programming generated 1.2 million SMS messages and premium rate calls in March alone
- Everyday.TV services now launched – EPG, games, news, weather

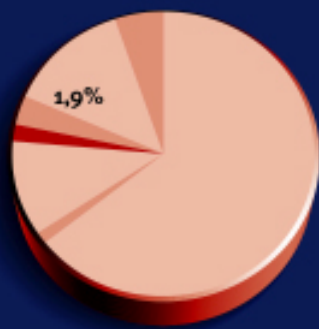


# RADIO

SEK Million	Q1 2000	Q2 2001	%
Sales	26	30	15
EBITDA	-10	3	130
EBIT	-10	3	130



Distribution of sales  
Radio



# RADIO

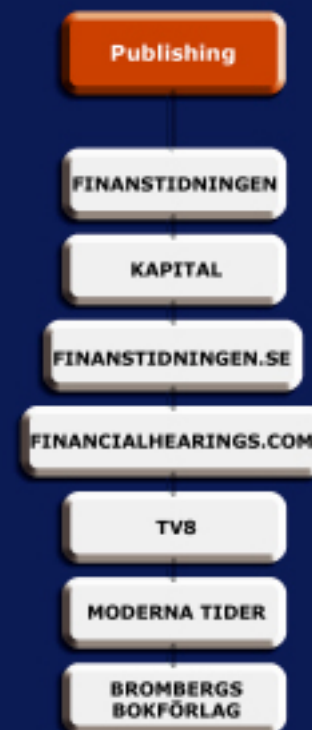
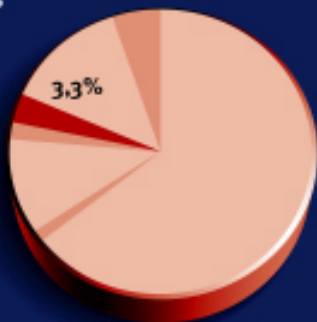
- Stakes in largest national commercial networks in Norway, Sweden and Finland
- Sales growth in Sweden 16% in weak advertising market
- Strong incremental margin of 52% due to cost savings implemented in Q4 2000
- Radio currently represents 3.5 % of total Scandinavian annual advertising market - below European average
- Seeing benefits from 10 channels on Viasat digital platform; intention to sell to other networks
- Generation of revenues from interactive SMS services
- Application for national licence in Denmark in second half



# PUBLISHING

SEK Million	Q1 2000	Q1 2001	%
Sales	48	53	10
EBITDA	-8	-10	-25
EBIT	-11	-14	-27

Distribution of sales  
Publishing



# PUBLISHING

## Finanstidningen

- 58.4% year on year growth to circulation of 27,400; advertising sales growing in weak market
- Operating loss due to continuing investment in 'readership promotions'
- Collaboration with Pearson to publish weekend Financial Times edition

## TV8

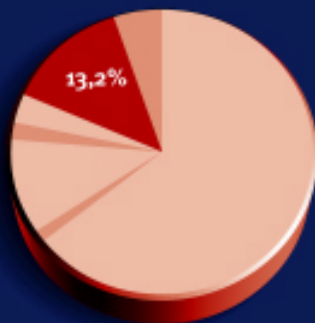
- EBIT growth due to increased subscriber base and lower programming costs



# MODERN INTERACTIVE

SEK Million	Q1 2000	Q1 2001	%
Sales	113	212	88
EBITDA	-14	14	200
EBIT	-18	9	150

Distribution of sales  
Modern Interactive



# MODERN INTERACTIVE

- Strong sales growth across business area
- Improved operational control yields improved earnings
- CDON benefits from market leadership in Scandinavia with sales increase despite decline in CD sales market
- Encouraging recovery – however, still not completely stable



# SDI MEDIA

SEK Million	Q1 2000	Q1 2001	%
Sales	79	84	6
EBITDA	6	9	50
EBIT	4	6	50



Distribution of sales  
SDI Media





# SDI MEDIA

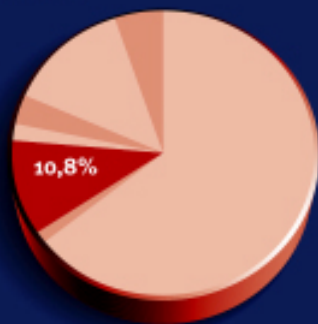
- Net sales up 13% and EBIT up 180% in core business - excluding Screen and Internet
- Negatively impacted by Screen (technical dubbing equipment) – strategic options explored
- UK, Asia, USA and Rest of World performed strongly
- 14% internal Group sales
- Approx. 25% increase in DVD subtitling revenues – 50% worldwide market share in high margin segment



# MODERN STUDIOS

SEK Million	Q1 2000	Q1 2001	%
Sales	115	172	50
EBITDA	7	30	329
EBIT	3	20	567

Distribution of sales  
Modern Studios



# MODERN STUDIOS

- Problems in Modern Entertainment and Nordic Artist solved; SEK 31 million losses last year
- 24% sales growth at Strix due to continuing sales of reality TV formats
  - 3 new formats commissioned for new series in 2001
  - 4 formats sold to Italy, France and Portugal in Q1 with programme consultation contracts
  - Strong pipeline of new formats presented at Cannes



# MODERN STUDIOS

- Sonet Film continued unparalleled track record of Box Office success with 'Jalla Jalla' and 'Hans och Hennes'
- Clean up of Modern Entertainment and extended film title rights library yields 187% sales growth; 65% of annual budgeted sales already contracted in Q1
- Wind down of Nordic Artists continues according to plan



# PROFIT & LOSS STATEMENT

SEK Million		Q1 2000	Q1 2001	%
<i>Total</i>				
<b>Net Sales</b>		<b>1 189</b>	<b>1 508</b>	<b>27</b>
<b>EBITDA</b>		<b>190</b>	<b>122</b>	<b>-36</b>
<b>EBIT</b>	<i>Established Operations</i>	<i>19</i>	<i>103</i>	<i>442</i>
	<i>New Investments</i>	<i>-1</i>	<i>-37</i>	<i>-</i>
	<i>Non-recurring Items</i>	<i>123</i>	<i>0</i>	<i>-</i>
	<b>Total</b>	<b>141</b>	<b>66</b>	<b>-53</b>

# PROFIT & LOSS STATEMENT

- Change in accounting principles – implemented in Q1 2001; comparative 2000 numbers adjusted
  - No capitalization
  - Lower depreciation
  - Distribution savings goes direct to bottom line
- Introduction of new reporting format
  - Established Operations
  - New investments
- Updated matrix at [www.mtg.se](http://www.mtg.se)
- Adverse US Dollar exchange rate impact of SEK 15 million



# CASH-FLOW STATEMENT

SEK Million	Q1 2000	Q1 2001
Cash-flow from operations	89	23
Adjustment for non cash items	-8	97
W/C	-329	-320
<b>Total</b>	<b>-248</b>	<b>-200</b>
Investments in		
- Machinery & equipment	-27	-26
- Others	125	0
<b>Total investment</b>	<b>98</b>	<b>-26</b>
Financing	83	102
<b>Net cash-flow</b>	<b>-67</b>	<b>-124</b>



# CASH-FLOW STATEMENT

- As expected, positive w/c in Q4 2000 due to unpaid box suppliers, hits back when paid in Q1 2001
- Over time, reiterate 5% of increased sales into w/c
- All new development now expensed over P&L
- Maintenance capex low, no more than 50 on an annual basis
- Investments in Q1, in principle rights investments in Sonet and Modern Entertainment





# BALANCE SHEET

SEK Million	FY 2000	Q1 2001
Fixed assets	2 905	2 943
Current assets	3 135	3 353
<b>Total assets</b>	<b>6 040</b>	<b>6 296</b>
Equity	1 797	1 849
Long term liabilities	1 445	1 502
Short term liabilities	2 798	2 945
<b>Total liabilities and equity</b>	<b>6 040</b>	<b>6 296</b>



# BALANCE SHEET & FINANCING

- Write-offs as result of new accounting principles
- Surplus value in marketable securities of 2 065 MSEK
- Adjusted equity : equity/assets ratio 43%
- Continued strong cash flow expected – low incremental working capital and low CAPEX
- Proposed issue of convertible debenture to create flexibility for geographical expansion



# OUTLOOK

- TV ad spend growth trending upwards
  - Digital TV provides at least 6 potential revenue streams
  - Fundamental business model giving high incremental profitability
  - Continued search for new geographical markets
  - Continued integration through the value chain
  - Strong content initiatives without increasing costs
- 
- ‘Publishing’ and ‘Screen’ under scrutiny
  - TV shop not yet stable
  - Everything else according to plan

*“SALES, SHOWMANSHIP AND COST CONTROL”*