



# Modern Times Group MTG AB

Financial Results for  
the fourth quarter and twelve months  
ended 31 December 2001

19 February 2002

**“Sales, showmanship and cost control”**

# Sales, Showmanship and Cost Control

- Largest 'Free to air' TV operator in Nordic & Baltic region
- 3rd largest DTH 'Pay' TV operator in Europe
- Largest number of Digital DTH TV subscribers in the Nordic region
- Largest commercial radio operator in northern Europe
- Global market leader in subtitling and dubbing
- Leading international 'Reality TV' production house

# Operating Highlights

## *12 months ended 31 December 2001*

- Net sales up 18% to SEK 6,402 (5,431) million
- Pay TV revenues up 49% to SEK 2,225 (1,496) million
- Operating income from established operations up 168% to SEK 514 (192) million
- Total operating income (excluding non-recurring items) up 106% to SEK 375 (182) million
- 550,000 Digital TV subscribers - 80% of new subscribers choose Viasat Gold premium package
- Strong operating income growth in Modern Studios to SEK 79 (3) million

# Results for period ended 31 December 2001



SEK Million	Q4 2001	Q4 2000	± %	FY 2001	FY 2000	± %
<i>Established Operations</i>						
Net Sales	1,830	1,654	11	6,355	5,428	17
EBITDA	328	199	65	748	432	73
EBIT	264	145	82	514	192	168

- 62% non-advertising related revenues
- Continued strong growth in Pay TV revenue and increasing income contribution from new Viasat Gold subscribers
- Increased market shares in advertising-led businesses
- Strong top line & incremental earnings development in Modern Studios and SDI

# Results for period ended 31 December 2001



SEK Million	Q4 2001	Q4 2000	± %	FY 2001	FY 2000	± %
<i>New Investments</i>						
Net Sales	22	2	-	47	3	-
EBITDA	-39	-6	neg	-135	-8	neg
EBIT	-39	-9	neg	-139	-10	neg

- 2001 characterised by new investments and geographical expansion
- New investments comprise launches in last 24 months:
  - Viasat+ (Norway), Viasat3 (Hungary), Darial TV (Russia) in Broadcasting
  - Everyday.TV and Everymobile in New Media
  - Modern Sports & Events, Modern Games in Modern Studios
- Results in line with expectations – Viasat3 (Hungary) achieves reach of 45% and increased share of viewing



# Results for period ended 31 December 2001



SEK Million		Q4 2001	Q4 2000	± %	FY 2001	FY 2000	± %
<i>Total</i>							
Net Sales		1,852	1,656	12	6,402	5,431	18
EBIT	Established Operations	264	145	82	514	192	168
	New Investments	-39	-9	neg	-139	-10	neg
	TOTAL	225	136	65	375	182	106
	Non-recurring Items	-15	-507	-	-15	-409	-

- Annualised growth rate of 18% despite adverse market conditions
- Non-recurring cost of completing digital transition of premium subscribers



# Viasat Broadcasting



SEK Million		Q4 2001	Q4 2000	± %	FY 2001	FY 2000	± %
Net Sales	Free TV	802	783	2	2,651	2,594	2
	Pay TV	690	435	59	2,225	1,496	49
EBIT	Established Operations	290	253	15	659	510	29
	New Investments	-26	-8	neg	-109	-10	neg
	TOTAL	264	245	8	550	500	10



# Viasat Broadcasting Free-TV



SEK Million	Q4 2001	Q4 2000	± %	FY 2001	FY 2000	± %
Net Sales	802	783	2	2,651	2,594	2

Geographical presence	Highlights
	<ul style="list-style-type: none"> <li>■ Increasing market shares in weak advertising markets – TV3 Scandinavia revenues down 2.4%, Swedish TV advertising market down 11.6% (Jan-Nov)</li> <li>■ TV3 Scandinavia EBIT impact off-set by cost control</li> <li>■ TV3 Baltics doubles sales and at breakeven</li> <li>■ Strategic investment in StoryFirst, Inc. <ul style="list-style-type: none"> <li>- 2<sup>nd</sup> largest commercial Russian TV Broadcaster</li> <li>- National penetration of 60%, equal to 75 million people</li> <li>- Operates 6 radio stations</li> </ul> </li> </ul>

# Viasat Broadcasting Pay-TV

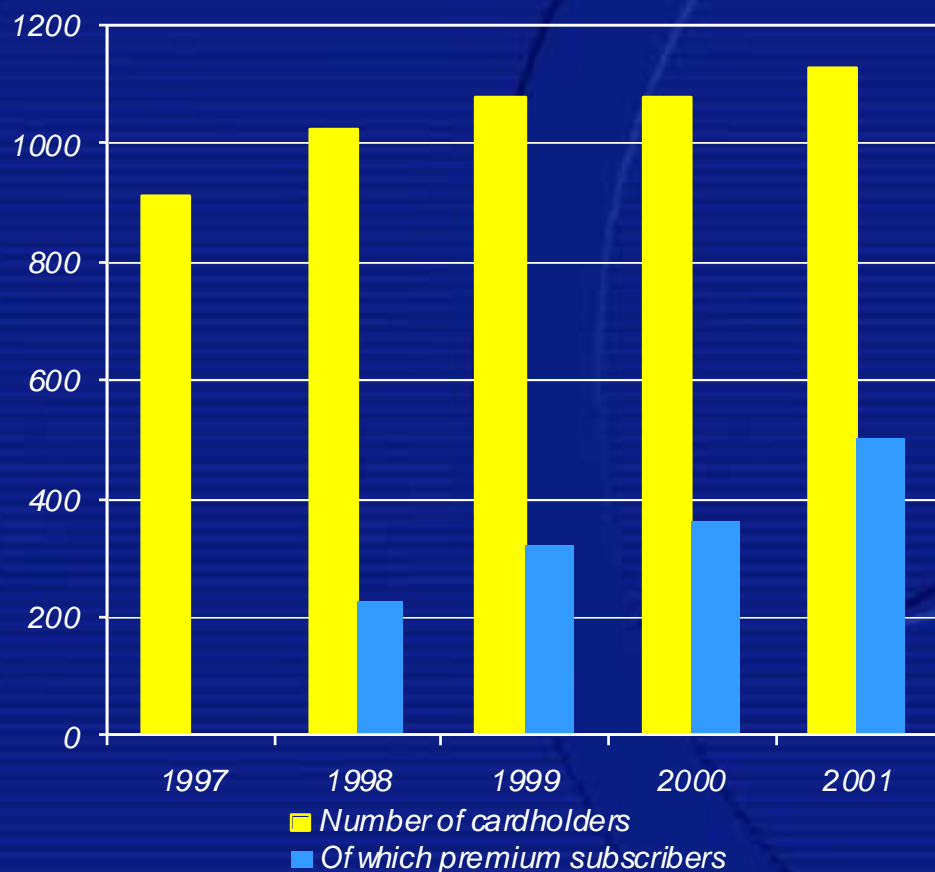


SEK Million	Q4 2001	Q4 2000	± %	FY 2001	FY 2000	± %
Net Sales	690	435	59	2,225	1,496	49

Geographical presence	Highlights
	<ul style="list-style-type: none"> <li>Revenues up 59% in Q4 to SEK 690 million</li> <li>Premium ARPU SEK 2,759 - up 32% Basic ARPU SEK 1,367 - up 58%</li> <li>Four new Digital TV channels launched <ul style="list-style-type: none"> <li>- Viasat Explorer, Reality TV, ZTV (Norway), and Viasat Sport (Denmark)</li> </ul> </li> <li>38% CAGR in premium subscribers since 1997</li> <li>80% of new subscribers choose Viasat Gold premium package</li> <li>TV1000 profitable in Q4 &amp; subscribers up 31% to 530,000</li> </ul>

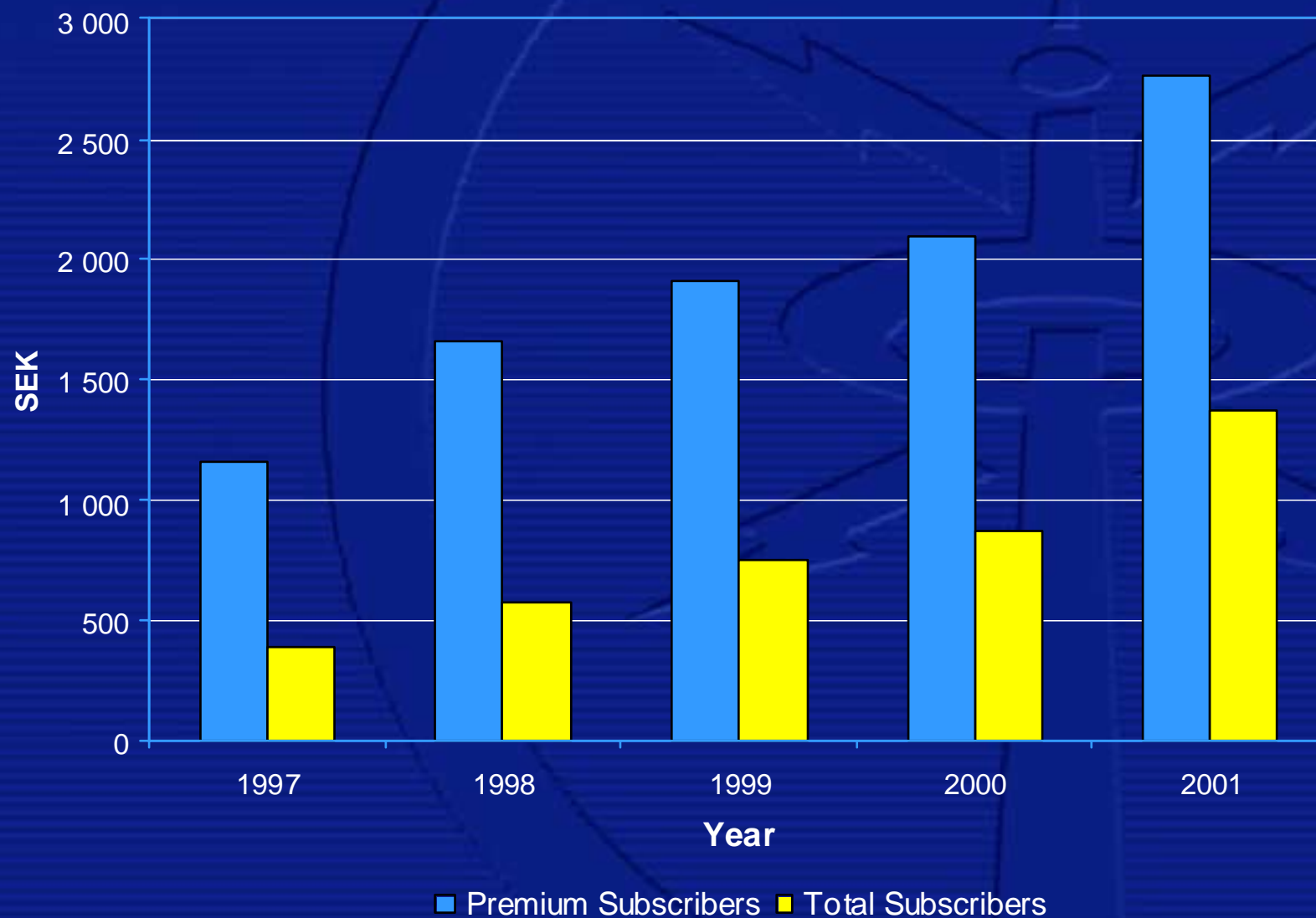
# Viasat Broadcasting

## Subscriber development



Subscribers	Card Holders	Gold Subs	Other Prem. Subs
Balance as at 31 Dec 2000	1,077,000	321,000	39,000
New sales during 2001	+258,000	+212,000	+13,000
Churn during 2001	-210,000	-73,000	-12,000
Balance as at 31 Dec 2001	1,125,000	460,000	40,000
TV 1000 31 Dec 2000	530,000		
TV 1000 31 Dec 2001	405,000		

# Average Revenue Per Subscriber



# New Media



SEK Million		Q4 2001	Q4 2000	± %	FY 2001	FY 2000	± %
Net Sales		36	15	140	107	61	75
EBIT	Established Operations	-9	-19	53	-46	-39	-18
	New Investments	-8	-	-	-24	-	-
	<b>TOTAL</b>	<b>-17</b>	<b>-19</b>	<b>11</b>	<b>-70</b>	<b>-39</b>	<b>-79</b>

**Everytext**

- MTG Spain (teletext) reported 42% increase in sales and 31% increase in EBIT in 2001

everyday.tv

- New advertisers in Q4 on digital TV – Microsoft, Warner Music, GE Capital, Telia and Pulsar watches. Effectiveness of digital TV campaigns clear:

em  
everymobile.com

- Microsoft Windows XP campaign increased positive opinion by 74%
- Adidas Digital-TV promotion increased response by 20 times

web

- Everymobile generated 150,000 premium rate text messages in connection with the “Baren” reality-TV show

everyday.com

- Everyday.com accounted for SEK 57 million, or over 80% of the Business Areas losses – operation scaled down



# MTG Radio



SEK Million	Q4 2001	Q4 2000	± %	FY 2001	FY 2000	± %
Net Sales	30	36	-17	124	133	-7
EBITDA	0	15	-	16	20	-20
EBIT	-1	15	neg	13	18	-28

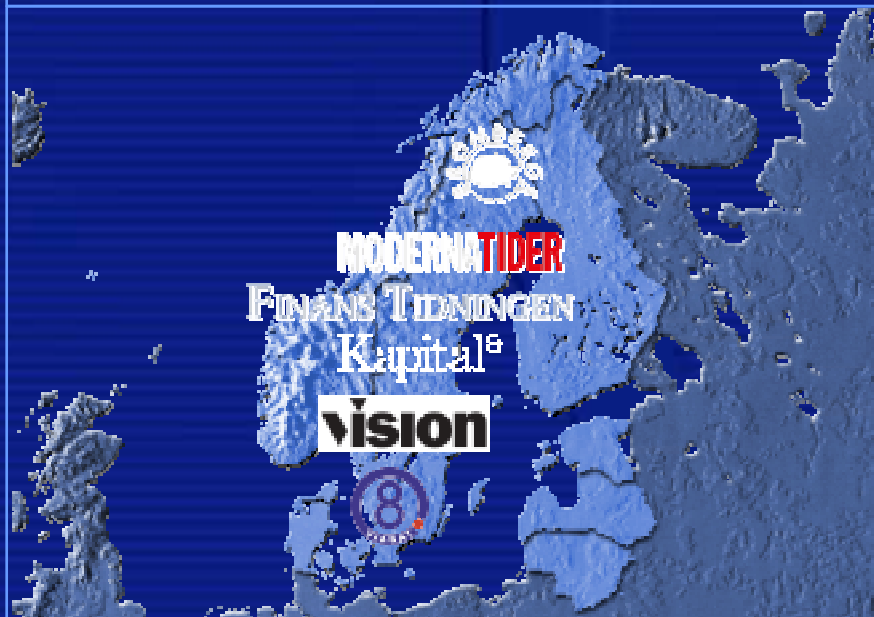
Geographical presence	Highlights
	<ul style="list-style-type: none"> <li>■ Negative impact of weak advertising markets</li> <li>■ Acquisition of 'Lugna Favoriter' and 'Wow 105.5' doubles reach in Stockholm</li> <li>■ Ownership of, or equity stakes in, all major national networks in region</li> <li>■ RIX FM morning show achieves commercial share of listening of 28% in Q4</li> </ul>

# MTG Publishing



SEK Million	Q4 2001	Q4 2000	± %	FY 2001	FY 2000	± %
Net Sales	54	78	-31	196	234	-16
EBITDA	-25	-5	neg	-69	-40	-73
EBIT	-28	-8	neg	-82	-53	-55

## Geographical presence



## Highlights

- National reach of Finanstidningen up 4% in 2001 - competitor in segment down 1%
- Acquisition of Vision weekly business newspaper – adds to segment portfolio and further strengthens content
- TV8 penetration increases to 22% – nearly 1 million paying households
- Bromberg's is most profitable publisher in Sweden – operating margin of 40%

# Modern Studios



SEK Million		Q4 2001	Q4 2000	± %	FY 2001	FY 2000	± %
Net Sales		161	211	-24	627	551	14
EBIT	Established Operations	29	5	480	85	3	-
	New Investments	-5	-	-	-6	-	-
	<b>TOTAL</b>	<b>24</b>	<b>5</b>	<b>380</b>	<b>79</b>	<b>3</b>	<b>-</b>



## STRIX



- Strix sales up 39% and operating income more than doubles
- Options & licenses to 8 Strix formats sold to 27 countries, with revenues flowing straight to bottom line
- 'The Farm' reality TV format achieves 65% commercial share of viewing and 21% rating in Norway – options sold in France & Germany
- Modern Entertainment sales up 91% and profitable on annual basis – 42% margin in Q4 & first US network deal signed in Jan 2002
- New businesses launched – Modern Sports & Events, Modern Games

# MTG Modern Interactive



SEK Million	Q4 2001	Q4 2000	± %	FY 2001	FY 2000	± %
Net Sales	192	162	19	755	581	30
EBITDA	2	-61	103	-12	-108	89
EBIT	-3	-66	95	-33	-127	74

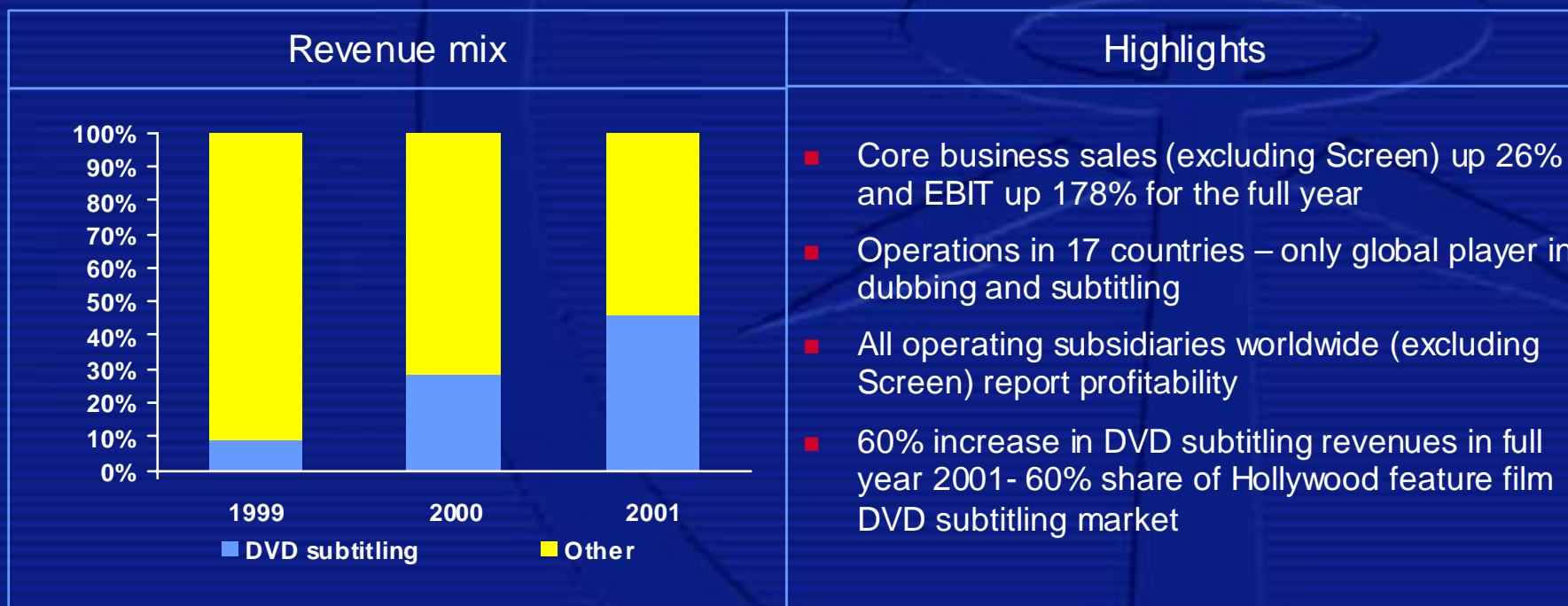


- CDON sales up 47% and profitable for second consecutive quarter
- TV Shop results improved in Q4 due to restructuring of the operation
- Renegotiation of Eurosport contract substantially reduces cost base
- Profitable PIN24 shopping channel launched in Germany (US\$ 460 million market) – penetration increases to 20 million homes

# SDI Media



SEK Million	Q4 2001	Q4 2000	± %	FY 2001	FY 2000	± %
Net Sales	109	95	15	397	330	20
EBITDA	20	13	54	57	32	78
EBIT	15	8	88	42	18	133





# Profit and Loss



(SEKm)	Q4 2001	Q4 2000	± %	FY 2001	FY 2000	± %
<b>Established Operations</b>						
Net Sales	1,830	1,654	11	6,355	5,428	17
EBITDA	328	199	65	748	432	73
EBIT	264	145	82	514	192	168
<b>New Investments</b>						
Net Sales	22	2	-	47	3	-
EBITDA	-39	-6	neg	-137	-8	neg
EBIT	-39	-9	neg	-139	-10	neg
<b>Total</b>						
Net Sales	1,852	1,656	12	6,402	5,431	18
EBITDA	289	192	51	611	424	44
EBIT	225	136	65	375	182	106
Non recurring Items	-15	-507	-	-15	-409	-
PBT ( <i>excl. convertible costs</i> )	221	-380	-	317	-271	-

# Cash flow



(SEKm)	Q4 2001	Q4 2000	FY 2001	FY 2000
Cash flow from operations	127	-407	322	-300
Changes in W/C	-13	103	-419	194
<b>Total cash from operations</b>	<b>114</b>	<b>-304</b>	<b>-97</b>	<b>-106</b>
Investments in shares in subsidiaries and associates	-	-34	-76	-129
Other investments in shares	-84	-2	-84	-35
Investments in other fixed assets	-21	37	-97	-193
Others	-	3	48	163
<b>Total cash from investments</b>	<b>-105</b>	<b>4</b>	<b>-209</b>	<b>-194</b>
<b>Total cash from financing</b>	<b>62</b>	<b>408</b>	<b>269</b>	<b>234</b>
<b>Net cash flow</b>	<b>71</b>	<b>108</b>	<b>-37</b>	<b>-66</b>

- Positive cash flow from operations in Q4
- Last year of net cash outflow to meet programme inventory cost
- Investment in shares in Metro International in Q4 – ownership of 15% (fully diluted)

# Balance Sheet



(SEKm)	31 Dec 2001	31 Dec 2000
Liquid assets	3,831	3,135
Fixed assets	3,110	2,905
<b>Total assets</b>	<b>6,941</b>	<b>6,040</b>
Short-term liabilities	3,338	2,798
Long-term liabilities	1,650	1,445
Equity	1,953	1,797
<b>Total liabilities</b>	<b>6,941</b>	<b>6,040</b>

- Equity:assets ratio of 44% (30%)
- SEK 1,249 million surplus value of marketable assets – adjusted equity:assets ratio of 51% (47%)
- Increase in liquid assets due to Euro 120 million convertible bond issue

# Outlook



- Continuing digital TV subscriber and ARPU growth
- Low visibility in advertising markets – expect to turn in H2
- Increased market shares and cost control – positioned for upturn
- Strong emphasis on increased penetration
- Ownership of companies at all stages of value chain yields high operational leverage
- Low cost investment in exciting new markets & realizing growth potential in The Baltics, Hungary and Russia
- Focus on 3C theme:
  - Cross content
  - Cross promotion
  - Cross selling