



# Maximising the Power of Entertainment

## Modern Times Group MTG AB

Financial Results for the Third Quarter and 9 months ended 30  
September 2005

24 October 2005



# Results Highlights

## Strong Sales Growth & Record Operating Results



### Third quarter

- Group net sales up 19% to SEK 1,846 million
- Underlying Group operating income almost tripled to SEK 227 million
- Record intake of 42,000 premium DTH subscribers
- 19% Nordic pay-TV operating margin
- Free-to-air TV Scandinavia net sales up 10% to SEK 642 million and SEK 147 million swing in operating profit to 16% operating margin
- Underlying net income > triples to SEK 177 million

### Nine Months

- Group net sales up 14% to SEK 5,567 million
- Underlying Group operating income up 83% to SEK 742 million
- Net intake of 95,000 premium DTH subscribers
- 19% Nordic pay-TV operating margin
- Free-to-air TV Scandinavia net sales up 10% to SEK 2,080 million and 15% operating margin
- Net income up 41% to SEK 867 million

# Free-to-air TV Scandinavia

Net Sales up 10% & Margins > 15%

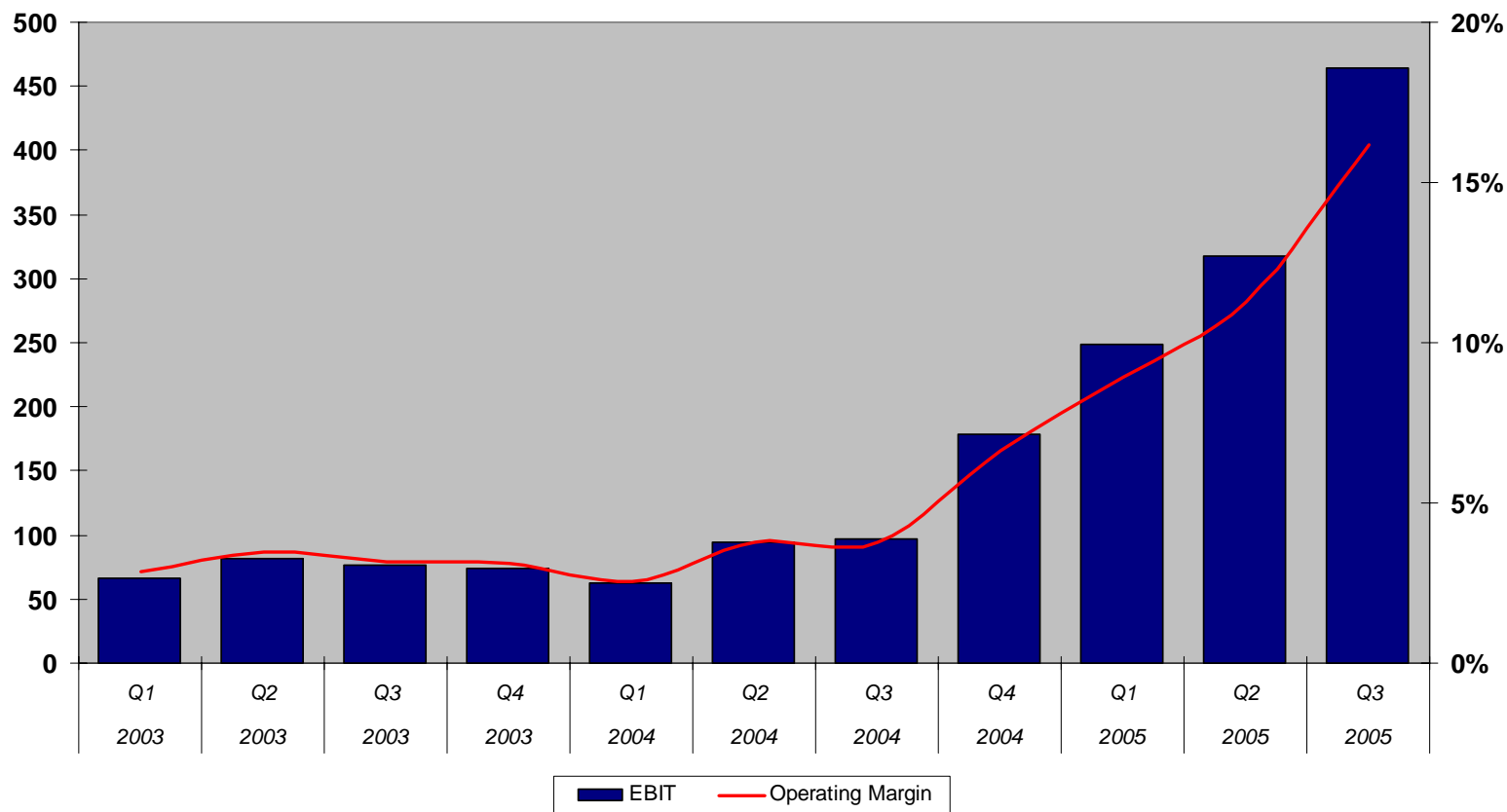


- TV3 & ZTV Sweden CSOV (15-49) up from 30.2% in Q2 05 to 33.2% in Q3 05
- Most successful launch of Fall schedule in Sweden in TV3's history despite absence of Ice Hockey World Cup
- TV3 Norway set new all time high monthly sales record in September and TV3 / ZTV took further market share despite fall in CSOV
- TV3 is Denmark's 2nd largest commercial channel & TV3+ has now secured #3 position
- Analogue transponder cost savings and lower programming costs

# Free-to-air TV Scandinavia Profitability Trend

12 month rolling operating income & EBIT margin

(SEK million)



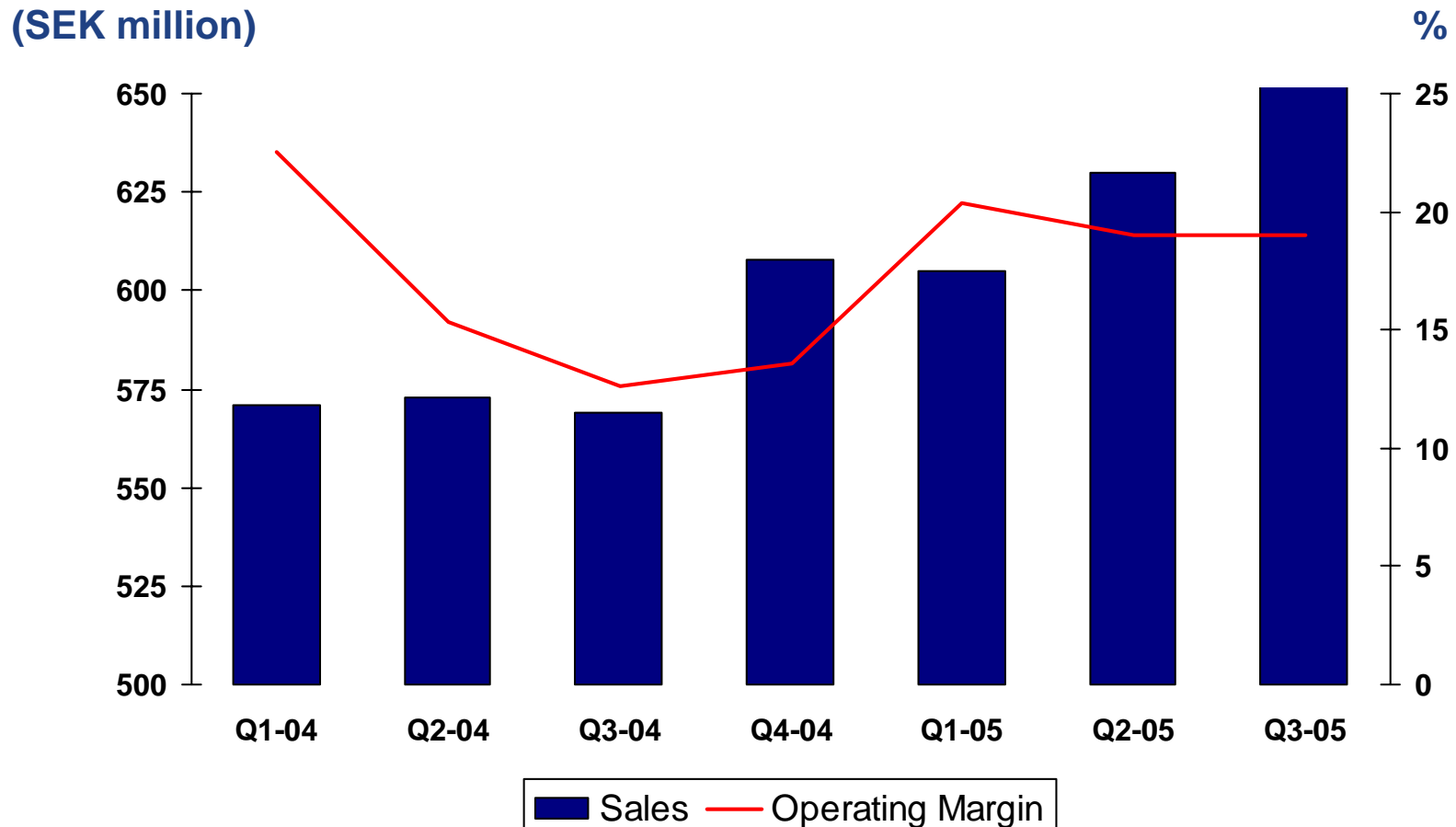
# Pay-TV Nordic

## Record Subscriber Intake & Increased Margins

- Record Q3 intake of 37,000 premium subscribers
- 28% year on year increase in premium subscriber base – up 123,000 to 556,000
- Addition of 9 new Viasat channels & 12 3<sup>rd</sup> party channels in 2004 & 2005
- Net sales for DTH platform & 15 pay channels up 18% in Q3 and 12% for year to date
- Operating margin increases to 19% following elimination of piracy



### Pay-TV Nordic operating margin and revenues



# Central & Eastern Europe

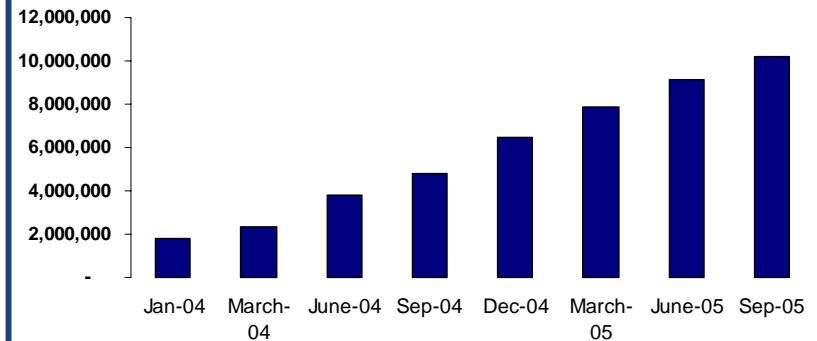
## Sales Growth & Subscriber Acquisition



### Free-to-air TV

- Pan-Baltic CSOV (15-49) increased to 36.4% and TV3 established as #1 channel in Estonia, Latvia & Lithuania
- Baltic channels delivered 27% sales growth in Q3 and 18% margin for year to date
- Viasat3 Hungary sales up >70% in Q3 and year to date & operating losses more than halved as CSOV in target group moves above 6% for first time
- DTV Russia CSOV in target group above 2% for first time following further investments – sales up >45%

### Pay-TV



- Wholesale business has doubled number of mini-pay subscribers in last year to 10.2 million in 15 countries
- Baltic DTH satellite pay-TV platform premium subscriber base up to 29,000



# Free-to-Air TV C&E Europe

## The Russian Opportunity



- Shareholding in CTC Media increased to 43.1% from 39.8% following repurchase & cancellation of 8.7% of shares and options by Company
- Further investments in programming
- Continuing build out of Home TV network – now has >70 affiliates
- CSOV in target group of 16.6%
- Net sales up 60% in Q3 and 48% for year to date
- Margin impacted by programming provision & non-cash charge for share/option repurchase

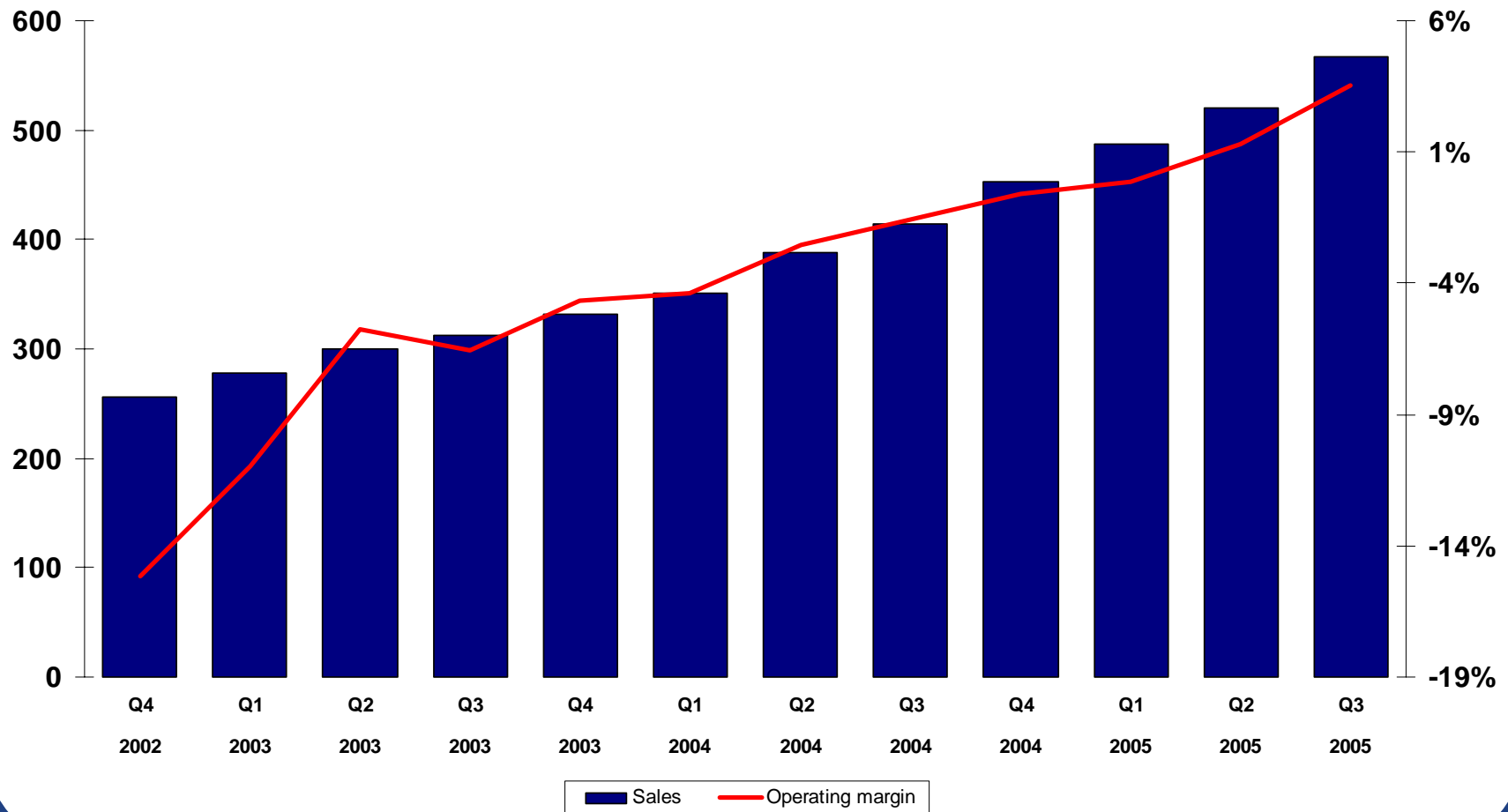


# C&E European Expansion

12 month rolling Sales & EBIT Margin (excluding CTC Media)



(SEK million)



## MTG Radio

- #1 national commercial network in Sweden – RIX FM has 88% national penetration in Sweden
- MTG Radio operates 53 out of 86 commercial stations in Sweden & attracts 1.9 million daily listeners
- Further market share gains - 31% sales growth in Q3 & 41% for ytd
- Impact of operational integration of 20 NRJ stations since Sept 04
- Associated Company income from P4 Radio boosts total earnings



## Other Businesses

- Lower sales in Modern Studios due to significant out-performance by Strix in H2 04
- Write-downs of Sonet Film English language production impact profitability
- Home shopping businesses – CDON & TVShop – report combined 19% sales growth and significantly improved profitability
- CDON reports substantial increase in sales of music downloads, hardware & DVD rentals

# Viasat Broadcasting

## Operating Results



(SEK million)	Q3 2005	Q3 2004	Q1-Q3 2005	Q1-Q3 2004	FY 2004
<b>Net Sales</b>					
Free-to-air TV Scandinavia	642	581	2,080	1,899	2,695
Pay-TV Nordic	672	569	1,907	1,713	2,321
Central & Eastern Europe	133	86	418	298	442
Other & eliminations	36	-62	28	-199	-246
<b>Total net sales</b>	<b>1,484</b>	<b>1,174</b>	<b>4,432</b>	<b>3,711</b>	<b>5,212</b>
<b>Operating income (EBIT)</b>					
Free-to-air TV Scandinavia	101	-46	304	18	179
<i>Operating margin</i>	16%	-%	15%	1%	7%
Pay-TV Nordic	130	71	371	288	370
<i>Operating margin</i>	19%	12%	19%	17%	16%
Central & Eastern Europe	-8	-21	1	-22	-3
<i>Operating margin</i>	-	-	0%	-	-
Associated Companies	23	36	120	79	146
Betting, Text TV & Other	18	13	46	37	44
<b>Total EBIT</b>	<b>264</b>	<b>52</b>	<b>841</b>	<b>396</b>	<b>737</b>

# All Business Areas

## Operating Results



(SEK million)	Q3 2005	Q3 2004	Q1-Q3 2005	Q1-Q3 2004	FY 2004
<b>Net Sales</b>					
Viasat Broadcasting	1,484	1,174	4,432	3,711	5,212
Radio	68	52	213	151	216
Other Business Areas	373	412	1,170	1,134	1,657
Parent Company & Other Companies	23	24	98	91	116
Eliminations	-103	-112	-347	-384	-553
SDI Media & Discontinued Businesses	-	-	-	189	187
<b>Total net sales</b>	<b>1,846</b>	<b>1,550</b>	<b>5,567</b>	<b>4,893</b>	<b>6,836</b>
<b>Operating income (EBIT)</b>					
Viasat Broadcasting	264	52	841	396	737
Radio	11	7	13	5	3
Other Business Areas *	-4	44	7	81	39
Parent Company & Other Companies	-45	-16	-119	-98	-122
SDI Media & Discontinued Businesses	-	-2	-	21	21
Net gain from the sale of SDI	-	381	-	381	381
<b>Total EBIT</b>	<b>227</b>	<b>465</b>	<b>742</b>	<b>786</b>	<b>1,058</b>

\* Includes SEK 10 million non-cash write down of beneficial rights in Sonet Film in Q1 05 and SEK 12 million in Q3 05, as well as SEK 78 million in non-cash write-downs in Modern Studios businesses in Q4 04

# Summary Income Statement



(SEK million)	Q3 2005	Q3 2004	Q1-Q3 2005	Q1-Q3 2004	FY 2004
<b>Net Sales</b>	<b>1,846</b>	1,550	<b>5,567</b>	4,893	6,836
<b>Operating income (EBIT) *</b>	<b>227</b>	465	<b>742</b>	786	1,058
Net gain from the sale of TV4 shares	-	-	<b>389</b>	-	-
Net interest and other financial items	<b>-4</b>	-7	<b>-81</b>	-35	-34
<b>Pre-Tax profit</b>	<b>222</b>	459	<b>1,050</b>	751	1,024
Tax	<b>-45</b>	-29	<b>-183</b>	-135	-278
<b>Net Income</b>	<b>177</b>	430	<b>867</b>	617	746
Basic number of shares outstanding	<b>66,375,156</b>	66,375,156	<b>66,375,156</b>	66,375,156	66,375,156
Basic & fully diluted earnings per share (SEK)	<b>2.67</b>	6.48	<b>13.04</b>	9.29	11.23

\* includes net gain of SEK 381 million from the sale of SDI Media in Q3 04

# Cash Generative



(SEK million)	Q3 2005	Q3 2004	Q1-Q3 2005	Q1-Q3 2004	FY 2004
Cash flow from operations	195	36	596	342	558
Payment for historic music rights	-	-	-	-	-103
Changes in Working Capital	49	43	54	36	123
<b>Net cash flow from operations</b>	<b>244</b>	<b>79</b>	<b>650</b>	<b>377</b>	<b>578</b>
Proceeds from sales of shares & subsidiaries	-	449	513	449	449
Investments in shares in subsidiaries & associates	-3	-496	-32	-496	-496
Net Investments in fixed assets	-26	-36	-63	-92	-107
Other cash flow from investing activities	15	-	34	3	3
<b>Cash flow from/to investing activities</b>	<b>-14</b>	<b>-83</b>	<b>452</b>	<b>-136</b>	<b>-150</b>
<b>Cash flow from/to financing activities</b>	<b>-26</b>	<b>16</b>	<b>-12</b>	<b>-233</b>	<b>-251</b>
<b>Net change in cash and cash equivalents for the period</b>	<b>204</b>	<b>13</b>	<b>1,091</b>	<b>9</b>	<b>177</b>

- Cash proceeds of SEK 513 million from sale of TV4 AB shares in Q1 05
- SEK 177 million improvement in working capital since beginning of 2004

# Financial Muscle



(SEK million)	30 Sep 2005	30 Sep 2004	31 Dec 2004
Non-current assets	4,379	3,310	3,126
Current assets	4,651	2,779	3,273
<b>Total assets</b>	<b>9,030</b>	<b>6,089</b>	<b>6,398</b>
Shareholders' equity	5,065	2,709	2,785
Long-term liabilities	120	1,354	1,172
Current liabilities	3,846	2,026	2,441
<b>Total equity &amp; liabilities</b>	<b>9,030</b>	<b>6,089</b>	<b>6,398</b>

- Euros 120 m convertible moved to Current Liabilities (repayable in June 06)
- SEK 2.6 billion of available liquid funds - including unutilised credit facilities & SEK 1.7 billion in cash & cash equivalents; portfolio of listed securities with market value of SEK 2.5 billion
- Net cash position of SEK 638 million
- Announced acquisition of TV Prima for Euros 96 million to be paid after end of quarter

# Strategic Objectives

Set in June 2004



## Objective

- Double Viasat Broadcasting revenues in 5 years
- TV3 to become #1 commercial free-to-air channel in Sweden and #2 commercial free-to-air channel in Norway within 5 years
- Export integrated model into new high growth territories - C & E European businesses to generate same level of revenues & profits as Scandinavian operations within 5 years
- >15% operating margins in 3 core businesses - Free-to-air TV Scandinavia; Pay-TV Nordic; C&E Europe
- Consolidate Swedish commercial radio market

## On Track

- Viasat Broadcasting sales up 26% in Q3 & 19% for year to date
- Penetration increases & ratings improvement in Sweden; record sales in Norway & penetration increases in Denmark
- Established market position & new channel launches in the Baltics; doubling of subscriber base in C&E Europe to >10 million; and increasing market shares in Hungary and Russia
- Year to date operating margin of 15% for Free-to-air TV Scandinavia; 19% for Pay-TV Nordic; & 29% for C&E Europe (including participation in CTC Media)
- Done



## Developing Core Businesses

- Continue to take market share in growing markets
- Invest in premium subscriber acquisition & take advantage of price and content leadership
- Capitalize on structural shifts in Scandinavia to increase penetration and share of advertising revenues
- Benefit from high incremental margins due to largely fixed cost base

## Innovation

- New channels – SportN, TV1000 Kino
- New businesses – BET24 net sales doubled and profitable for year to date
- New products – Viasat+ launched across Scandinavia
- New platforms – IPTV / 3G mobile
- New territories – Acquisition of 50% of TV Prima in Czech Rep. for €96 million awaiting regulatory clearance



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