

## Sales up, profits up, transformation accelerated

### Q2 2017 Highlights

- Sales of SEK 4,246m (3,718) with 5% organic growth
- Operating income up 9% to SEK 391m (360) before SEK -23m (0) of items affecting comparability
- Total operating income of SEK 369m (360)
- Net income from continuing operations of SEK 275m (244) and basic earnings per share of SEK 3.90 (3.61)
- Total net income of SEK 413m (-674) including net income from discontinued operations of SEK 138m (-918), and total basic earnings per share of SEK 5.62 (-10.70)
- Net debt of SEK 2,212m (1,796) equivalent to 1.7 trailing 12 month EBITDA before IAC

### Financial Overview

(SEKm)	Q2 2017	Q2 2016	H1 2017	H1 2016	Full year 2016
<b>Continuing operations</b>					
Net sales	4,246	3,718	7,951	7,045	14,999
Organic growth	5.0%	2.5%	6.8%	3.0%	5.8%
Acquisitions/divestments	6.4%	4.4%	3.6%	3.3%	0.4%
Changes in FX rates	2.8%	-2.1%	2.6%	-2.0%	-0.2%
Change in reported net sales	14.2%	4.8%	12.9%	4.3%	7.0%
Operating income before IAC	391	360	528	502	1,060
Operating margin before IAC	9.2%	9.7%	6.6%	7.1%	7.1%
Items affecting comparability	-23	-	-23	-	-
Operating income	369	360	506	502	1,060
Net income	275	244	359	355	744
Basic earnings per share (SEK)	3.90	3.61	5.12	5.26	10.99
Cash flow from operations	355	222	499	288	674
<b>Discontinued operations</b>					
Net income <sup>1</sup>	138	-918	172	-979	-853
<b>Total operations</b>					
Net income	413	-674	531	-624	-109
Basic earnings per share (SEK)	5.62	-10.70	7.06	-10.16	-3.19
Net debt	2,212	1,796	2,212	1,796	2,186

<sup>1</sup> Discontinued operations consist of MTG's businesses in the Czech Republic, the Baltics, Africa (excluding Trace) and, for 2016, MTG's interest in CTC Media, Inc.

The figures for continuing operations have been restated - please see page 11 for further information. Alternative performance measures used in this report are explained and reconciled on pages 21-24.



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## President & CEO's comments

### 5% organic sales growth for continuing operations

This was the fourth consecutive quarter of at least 5% organic sales growth, and the first without the discontinued Czech, Baltic and African businesses. The 14% reported growth for our continuing operations also included two months of InnoGames sales after we increased our shareholding to 51% from May. Our organic sales growth was driven by another stand-out performance by our Nordic Entertainment business – up 8% - with higher advertising and subscription prices, the further development of both Viaplay and Viafree, and the positive impact of partnership agreements with both content owners and distributors. We expect more than 40% organic esports sales growth in the second half of the year, given the significant weighting of the esports events calendar to the coming six month period and the signing of new commercial agreements. MTGx's organic growth in Q2 reflected the different events calendar this year.

### 9% profit growth for continuing operations

The increase in profits was primarily driven by healthy incremental margins for our Nordic business – profits up 15% - and the positive contribution from InnoGames. Our objective is to deliver profitable full year growth for the Nordic Entertainment segment and for the Group's continuing operations, and we now expect to deliver a first quarterly profit for MTGx in the fourth quarter of this year.

### The transformation continues

The shift in consumer video consumption towards on demand and online entertainment products, such as streaming services, esports and gaming, has continued at a rapid pace. We remain very well positioned to benefit from this trend to digital and mobile consumption with our Nordic streaming services, such as Viaplay and Viafree, and our global esports and gaming operations, such as Turtle and InnoGames. At the same time, our linear TV and radio products continue to offer very attractive returns on investment for advertisers, and the unique consumer content offering provided by our linear pay-TV channels is more broadly available than ever. We are one of the few entertainment companies to have integrated on and offline, linear and on demand, fixed and mobile products.

We have also continued to execute on our strategic transformation by completing the divestment of our Czech operation, stepping up our shareholding in InnoGames, and announcing the acquisition of Kongregate, which will give even greater scale to our high growth and profitable online gaming vertical. We have also continued to invest into original drama production, key sports rights such as the Champions League and Ice Hockey World Championship, new virtual reality app Viareal, and as a founding shareholder in the World Boxing Super Series. In addition, our capital allocation included paying out our highest ever cash dividend in Q2. Our markets are at the forefront of the industry transformation, and our products are better positioned than ever to shape the future of entertainment.

**Jørgen Madsen Lindemann**  
President & Chief Executive Officer

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**“Another quarter of organic sales growth and higher profits. We are delivering on our strategic transformation and our products are better positioned than ever to benefit from the changes in consumer behaviour.”**

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## Significant Events during and after the quarter

### 13 April – MTG original TV production gets US network deal

MTG announced that Swedish Dicks, the first Nordic TV title to be distributed worldwide by global content leader Lionsgate, will be shown on U.S. network Pop TV that reaches over 80 million households. The deal includes both the first and upcoming second seasons of the record-breaking show. The second season begins filming in Los Angeles in summer 2017.

### 24 April – MTG completes sale of Czech TV shareholding

MTG completed the sale of its 50% shareholding in FTV Prima Holding to Denemo Media for a total cash consideration of EUR 116m (approximately SEK 1,110m).

### 2 May – MTG increases ownership in online games developer InnoGames

MTG increased its ownership in InnoGames, the developer of browser and mobile games, to 51%. MTG announced its initial 21% investment in Hamburg-based InnoGames in October 2016. MTG invested EUR 82.6m for the additional shares, based on the same enterprise value of EUR 260m for 100% of the business as for the original investment. MTG has fully consolidated InnoGames with effect from 1 May.

### 9 May & 11 May & 24 May – MTG secures key sports rights

MTG reinforced its unrivalled position as the pan-Nordic home of live football coverage by securing the Scandinavian media rights to the UEFA Champions League until 2021 as well as the Nordic media rights to the FA Cup, the EFL Cup and the EFL Championship on a long-term deal well into the next decade. MTG then announced an agreement to share the exclusive Swedish media rights to the IIHF Ice Hockey World Championship between 2018 and 2023, with the Championship being shown exclusively on MTG's linear channels and Viaplay in 2018, 2020 and 2022.

### 12 June – MTG provides restated financials

MTG's transformation from a traditional national broadcaster into a global digital entertainer accelerated during 2016 and included both acquisitions and disposals. As previously announced, the Czech, Baltic and African (excluding Trace) operations are now reported as 'discontinued operations' and historical numbers have been restated.

### 20 June – MTG to acquire games publisher & developer Kongregate

MTG announced the acquisition of 100% of U.S. games publisher and developer Kongregate Inc. from current owner GameStop Corp. for an Enterprise Value of USD 55m. The company grew its net sales by 38% in 2016 to USD 35m and is expected to grow its revenues to at least USD 50m in 2017, with an EBITDA margin of approximately 10%. The transaction is subject to regulatory approval and completion of certain other closing conditions.

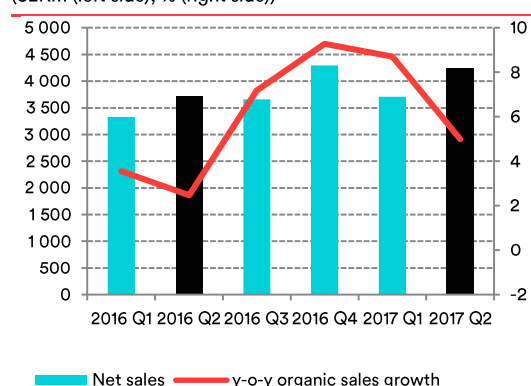
A full list of MTG announcements can be found at [www.mtg.com](http://www.mtg.com).

## Group performance

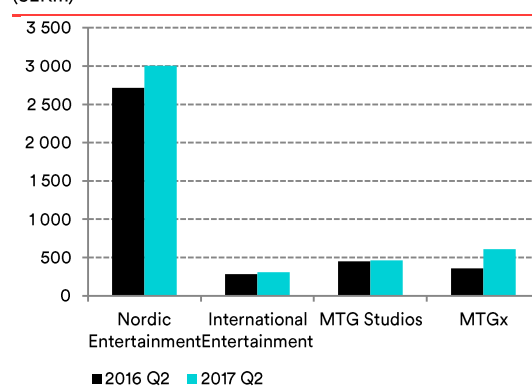
### Net sales

Sales were up 14% on a reported basis to SEK 4,246m (3,718). The organic growth of 5% included growth for all four business segments. FX contributed 3% to the reported growth and reflected the appreciation of the Euro, the Danish and Norwegian Krona. Acquisitions and divestments contributed a further 6% and primarily comprised the consolidation of InnoGames from 1 May.

Net sales & y-o-y organic growth  
(SEKm (left side); % (right side))



Net sales by segment  
(SEKm)



### Operating expenditure

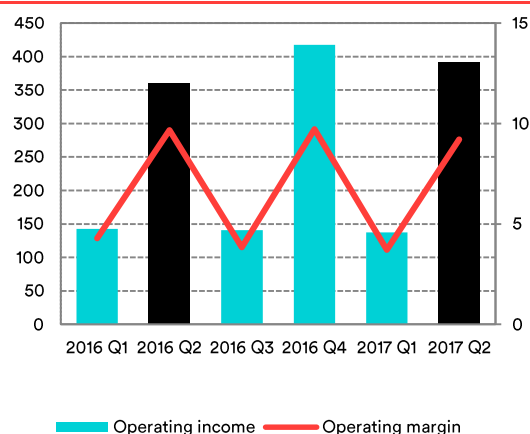
Operating expenditure was up 12% at constant FX and driven primarily by increased sports rights investments in the Nordics, the ongoing investment in MTG's digital expansion, and the consolidation of InnoGames. These were partly offset by transformation savings. Depreciation and amortisation charges increased to SEK 75m (49), and mainly reflected the inclusion of amortisation charges relating to the purchase price allocation for InnoGames.

### Operating profit and items affecting comparability

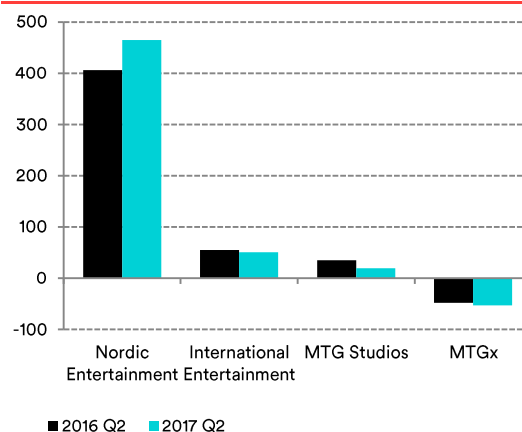
Operating profit before IAC was up 9% to SEK 391m (360), with an operating margin of 9.2% (9.7). The increase was driven by the performance of the Nordic Entertainment business and the consolidation of InnoGames from May.

Items affecting comparability amounted to SEK 23m (0) and comprised a non-cash charge mainly relating to the accounting for previously capitalised transaction costs when InnoGames became a fully consolidated subsidiary rather than an associated company after the increase in ownership from 21% to 51% in May. Total operating profits therefore amounted to SEK 369m (360).

**Operating income & operating margin before IAC <sup>1</sup>**  
(SEKm (left side); % (right side))



**Operating income by segment**  
(SEKm)



<sup>1</sup> Quarterly fluctuations reflect seasonality of advertising markets. Please refer to page 22 for Alternative Performance Measures

## Net financials and Net income

Net interest and other financial items totalled SEK -18m (-28) and mainly comprised the non-cash discounting of option and earn-out liabilities at fair value. Net income from continuing operations amounted to SEK 275m (244), and basic earnings per share totalled SEK 3.90 (3.61).

## Discontinued operations

The discontinued operations line consists of MTG's businesses in the Czech Republic, the Baltics and Africa (excluding Trace) and, in addition for 2016, MTG's interest in CTC Media, Inc. Net income from discontinued operations amounted to SEK 138m (-918) in the quarter and included a net capital gain of SEK 90m from the completion of the divestment of the Czech operations. The completion of the sale of the Baltic and Tanzanian operations is subject to regulatory approvals. Total basic earnings per share amounted to SEK 5.62 (-10.70).

## Segmental performance

### Nordic Entertainment

#### Sales & profits up

(SEKm)	Q2 2017	Q2 2016	H1 2017	H1 2016	Full year 2016
Net sales	3,003	2,715	5,914	5,292	11,139
of which Free-TV & Radio	1,319	1,202	2,523	2,311	4,866
of which Pay-TV	1,684	1,513	3,391	2,981	6,272
Costs	-2,538	-2,309	-5,150	-4,641	-9,768
Operating income	465	406	764	651	1,370
Operating margin	15.5%	14.9%	12.9%	12.3%	12.3%
<b>Net sales growth y-o-y</b>					
Organic growth	8.4%	2.4%	9.5%	2.6%	6.2%
Acquisitions/divestments	0.0%	0.0%	0.0%	0.0%	0.0%
Changes in FX rates	2.2%	-1.6%	2.2%	-1.8%	0.0%
Reported growth	10.6%	0.7%	11.7%	0.8%	6.2%

Sales were up 8% on an organic basis. Viaplay was the main driver of growth, and total sales were up in all four countries.

Operating costs increased due to the investments in sports rights and the expansion of Viaplay, as well as the appreciation of the US dollar. These were partly offset by the transformation savings. Operating income amounted to SEK 465m (406), with an operating margin of 15.5% (14.9%).

Free-TV and radio sales were up 10% on a reported basis, with higher sales in all three markets. The Swedish TV advertising market is estimated to have grown, while the Danish and the Norwegian markets are estimated to have declined. The Danish TV audience share was up y-o-y, while the Swedish and Norwegian shares were down. The Swedish listening share was up y-o-y while the Norwegian share was down.

Pay-TV sales were up 11% on a reported basis following continued Viaplay subscriber intake and the previously introduced price rises. When excluding Viaplay, the subscriber base was down q-o-q but satellite ARPU was up y-o-y.

## International Entertainment

### Sales up & profits slightly down

(SEKm)	Q2 2017	Q2 2016	H1 2017	H1 2016	Full year 2016
Net sales	308	284	571	531	1,102
Costs	-257	-229	-500	-458	-954
Operating income	50	55	71	73	148
Operating margin	16.4%	19.2%	12.4%	13.7%	13.4%
<b>Net sales growth y-o-y</b>					
Organic growth	5.1%	20.9%	4.9%	18.3%	15.4%
Acquisitions/divestments	-1.2%	-56.8%	-0.8%	-54.0%	-47.2%
Changes in FX rates	4.5%	0.1%	3.3%	-0.4%	0.7%
Reported growth	8.4%	-35.8%	7.5%	-36.1%	-31.0%

Sales were up 5% on an organic basis. The Bulgarian operation continues to perform well and reported double-digit sales and profit growth. The Bulgarian audience share was down y-o-y and the TV advertising market is estimated to have been stable. Trace's sales were impacted by the termination of certain carriage and events agreements. Trace's profitability was also impacted by investments in the roll-out of TracePlay, as well as bad-debt write-downs. Operating income amounted to SEK 50m (55) with an operating margin of 16.4% (19.2).

The sale of the Czech operation was completed during the quarter while the sale of the Baltic and Tanzanian businesses are yet to close. The Czech, Baltic and African (excluding Trace) operations are now reported as 'discontinued operations'.

## MTG Studios

### Profitability impacted by lower license sales

(SEKm)	Q2 2017	Q2 2016	H1 2017	H1 2016	Full year 2016
Net sales	463	448	786	786	1,777
Costs	-445	-413	-783	-765	-1,696
Operating income	19	35	3	22	81
Operating margin	4.1%	7.8%	0.4%	2.8%	4.6%
<b>Net sales growth y-o-y</b>					
Organic growth	1.4%	0.0%	-1.5%	3.7%	2.2%
Acquisitions/divestments	0.0%	0.0%	0.0%	0.0%	0.0%
Changes in FX rates	2.0%	-4.3%	1.5%	-4.3%	-2.4%
Reported growth	3.4%	-4.3%	0.0%	-0.6%	-0.1%

Sales were up 1% on an organic basis due to the combination of continued strong demand for scripted drama formats with weaker demand for non-scripted content. Operating income amounted to SEK 19m (35) with an operating margin of 4.1% (7.8). As previously announced, the Q2 2016 result included a significant contribution from the sale of licenses to a number of Strix formats.

## MTGx

### Consolidation of InnoGames and continued investments

(SEKm)	Q2 2017	Q2 2016	H1 2017	H1 2016	Full year 2016
Net sales	610	360	902	608	1,326
Costs	-663	-408	-1,042	-706	-1,577
Operating income	-53	-48	-141	-98	-251
Operating margin	-8.7%	-13.4%	-15.6%	-16.1%	-18.9%
<b>Net sales growth y-o-y</b>					
Organic growth	2.8%	-	12.4%	-	-
Acquisitions/divestments	72.4%	-	46.6%	-	-
Changes in FX rates	7.1%	-	6.1%	-	-
Change in presentation of prize money	-12.7%	-	-16.7%	-	-
Reported growth	69.6%	-	48.3%	-	194.3%

Sales were up 70% on a reported basis, which primarily reflected the full consolidation of InnoGames from 1 May. InnoGames has continued to develop ahead of plan in terms of both sales and profits, with 32% sales growth and 48% operating profit growth in Q2 (when excluding the MTG purchase price allocation). Please see page 20 for detailed InnoGames figures as if MTG had fully consolidated the company since the beginning of the year.

The segment organic growth reflected the lower number of esports events in the quarter when compared to last year. The events schedule for both Turtle and DreamHack is substantially weighted to the second half of the year in 2017, and the esports operations will also benefit from new agreements with Intel, Facebook and Twitter, amongst others. As in Q1, the reported growth rate also reflected the exclusion of prize money for third party events from the sales and costs lines. Historical figures have not been restated but Q216 and FY16 sales would have been SEK 25m and SEK 98m lower, respectively, if presented on this basis.

Splay reported further high levels of growth in Q2, while Zoomin's sales continued to be impacted by lower online advertising prices and the impact of advertiser focus on brand-safety.

Operating income improved from SEK -88m in Q1 to -53m (-48) in Q2 and included a SEK 36m positive contribution from InnoGames, as well as SEK 10m of M&A costs mainly related to the acquisition of Kongregate.

## Financial Review

### Cash flow from continuing operations

Cash flow from operations before changes in working capital amounted to SEK 355m (222) in the quarter. Depreciation and amortisation charges totalled SEK 75m (49). The Group reported a SEK 241m (569) change in working capital in the quarter due to the normal seasonality pattern, and content investments. Last year's cash flow was affected by higher payments relating to the restructuring programme. Net cash flow from operations totalled SEK 596m (791).

### Investing activities

Group capital expenditure on tangible and intangible assets totalled SEK 85m (88). Acquisitions amounted to SEK 596m (34), mainly related to the acquisition of 30% of the shares in InnoGames. Proceeds from sale of shares in subsidiaries amounted to SEK 1,106m (0) related primarily to the sale of Prima, Czech Republic. Total cash flow relating to investing activities amounted to SEK 419m (-123).

### Financing activities

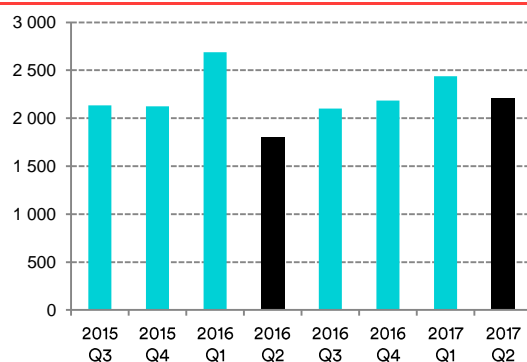
Cash flow from financing activities amounted to SEK 673m (-975). Total borrowings increased by SEK 1,463m (-179) in the quarter to SEK 4,589m (2,859).

The net change in cash and cash equivalents therefore amounted to SEK 1,688m (-307) in the quarter. The Group had cash and cash equivalents of SEK 2,167m (887) at the end of the period. The cash will be used for coming content payments and the acquisition of Kongregate. The SEK 197m of cash and cash equivalents related to the Baltic operations is reported as assets held for sale.

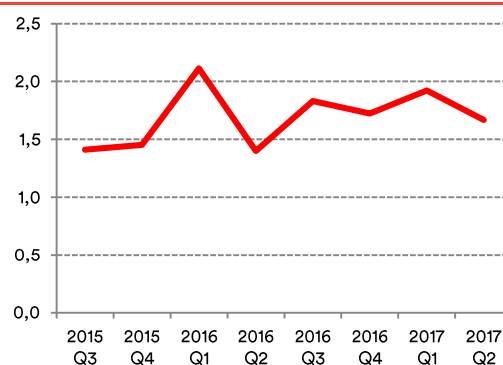
### Net debt

The Group's net debt position, which is defined as the sum of short- and long-term interest bearing liabilities less total cash and interest bearing assets, amounted to SEK 2,212m (1,796) at the end of the period and included net cash in assets held for sale.

Net debt  
(SEKm)



Net debt/EBITDA ratio, based on 12 months EBITDA before IAC, continuing operations



### Related party transactions

Related party transactions are of the same character and of similar amounts as the transactions described in the 2016 Annual Report.

## Parent Company

Modern Times Group MTG AB is the Group's parent company and is responsible for Group-wide management, administration and financing.

(SEKm)	Q2 2017	Q2 2016	H1 2017	H1 2016	Full year 2016
Net sales	10	9	20	25	45
Net interest and other financial terms	96	15	148	115	234
Income before tax and appropriations	38	-50	39	7	4

The increase in net interest and other financial items in the quarter reflected dividends from subsidiaries and FX items. The parent company had cash and cash equivalents of SEK 1,731m (865) at the end of the period, compared to SEK 606m at the end of Q4 2016. SEK 5,820m (5,853) of the SEK 5,820m total available credit facilities was unutilised at the end of the period.

The total number of shares outstanding at the end of the period was 66,724,939 (66,664,861) and excluded the 865,000 Class C shares and 57,185 Class B shares held by MTG in treasury. The total number of issued shares did not change during the period.

## Other Information

### Corporate Responsibility Review

MTG undertook its annual Environmental Social Governance roadshow with its largest shareholders during the quarter, and has received positive feedback on the 2016 CR Report and the implementation of its 2016 CR strategy, as well as its ongoing proactive approach. MTG has also now completed its CR audit together with external auditor Ethos International, which reviewed the content production value chain in particular, and identified areas for improvement by assessing processes and governance mechanisms, in line with MTG's focus on responsible content and sustainable supply chain management. Diversity and equality training programmes for local management are being rolled out across the Group, in order to ensure that MTG reaches its strategic objective of a 50/50 gender split amongst its management teams by 2020. MTG adopted this sustainable development goal for gender equality in 2016 and is also currently reviewing the other SDGs. MTG also made its 2017 submissions during Q2 for the 2017 Dow Jones Sustainability Indices and Carbon Disclosure Project.

### Accounting policies

This Interim report has been prepared according to 'IAS 34 Interim Financial Reporting' and 'The Annual Accounts Act'. The interim report for the parent company has been prepared according to the Annual Accounts Act - Chapter 9 'Interim Report'.

The Group's consolidated accounts and the parent company accounts have been prepared according to the same accounting policies and calculation methods as were applied in the preparation of the 2016 Annual Report.

IFRS 9 Financial items and IFRS 15 Revenue from Contracts with Customers is effective from 1 January 2018. The work with assessing the impact on the Group is ongoing, but so far it is judged to be without any significant effect on the Group's accounts.

The Czech, Baltic and African (excluding Trace) operations are reported as discontinued operations as a consequence of the completion of the divestment of the Czech operations (Prima) and the agreement to sell the Baltic and African operations (pending regulatory approval). Net income and net change in cash from discontinued operations have been reported on separate line items in the consolidated income statement and the consolidated statement of cash flow respectively. The consideration received for the divestment of Prima is included in cash flow from continuing operations in the line Proceeds from sales of shares. Assets and liabilities related to the named operations are reported on the line items Assets held for sale and Liabilities related to assets held for sales in the consolidated balance sheet. 2016 and Q1 2017 has been fully restated. For information purposes also Net sales and Operating income have been restated for 2015. For details see financial fact sheet with restated numbers at [www.mtg.com](http://www.mtg.com).

## Risks & uncertainties

Significant risks and uncertainties exist for the Group and the parent company. These factors include the prevailing economic and business environments in some of the markets; commercial risks related to expansion into new territories; other political and legislative risks related to changes in rules and regulations in the various territories in which the Group operates; exposure to foreign exchange rate movements, and the US dollar and Euro linked currencies in particular; and the emergence of new technologies and competitors. The increasing shift towards online viewing and platforms could also potentially make the Group a target for cyber-attacks, intrusions, disruptions or denials of service. Risks and uncertainties are also described in more detail in the 2016 Annual Report, which is available at [www.mtg.com](http://www.mtg.com).

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The Board of Directors and the Chief Executive Officer certify that this interim report provides a true and fair overview of the Group and parent company's operations, performance and financial positions for the period, and describes the material risks and uncertainties facing the Group companies and parent company.

Stockholm, 18 July 2017

David Chance  
Chairman of the Board

Joakim Andersson  
Non-Executive Director

Simon Duffy  
Non-Executive Director

Natalie Tydeman  
Non-Executive Director

Donata Hopfen  
Non-Executive Director

John Lagerling  
Non-Executive Director

Jørgen Madsen Lindemann  
President & CEO

This report has not been reviewed by the Group's auditors.

**Consolidated income statement**

(SEKm)	Q2 2017	Q2 2016	H1 2017	H1 2016	Full year 2016
<b>Continuing operations</b>					
Net sales	4,246	3,718	7,951	7,045	14,999
Cost of goods and services	-2,648	-2,411	-5,128	-4,612	-9,917
<b>Gross income</b>	<b>1,598</b>	<b>1,307</b>	<b>2,822</b>	<b>2,433</b>	<b>5,082</b>
Selling expenses	-376	-259	-667	-500	-1,054
Administrative expenses	-822	-689	-1,628	-1,391	-2,967
Other operating income	14	10	33	16	58
Other operating expenses	-27	-5	-46	-50	-56
Share of earnings in associated companies and joint ventures	4	-3	14	-6	-3
Items affecting comparability	-23	-	-23	-	-
<b>Operating income</b>	<b>369</b>	<b>360</b>	<b>506</b>	<b>502</b>	<b>1,060</b>
Net interest	-6	-3	-12	-9	-18
Other financial items	-12	-25	-22	-38	-63
<b>Income before tax</b>	<b>351</b>	<b>331</b>	<b>472</b>	<b>455</b>	<b>980</b>
Tax	-76	-87	-113	-100	-236
<b>Net income for the period, continuing operations</b>	<b>275</b>	<b>244</b>	<b>359</b>	<b>355</b>	<b>744</b>
<b>Discontinued operations</b>					
Prima, Baltics and Africa	138	84	172	93	219
CTC Media	-	-1,002	-	-1,072	-1,072
<b>Net income for the period, discontinued operations</b>	<b>138</b>	<b>-918</b>	<b>172</b>	<b>-979</b>	<b>-853</b>
<b>Total net income for the period</b>	<b>413</b>	<b>-674</b>	<b>531</b>	<b>-624</b>	<b>-109</b>
<b>Net income for the period, continuing operations attributable to:</b>					
Equity holders of the parent	260	241	342	351	733
Non-controlling interest	15	3	17	4	12
<b>Net income for the period</b>	<b>275</b>	<b>244</b>	<b>359</b>	<b>355</b>	<b>744</b>
<b>Total net income for the period attributable to:</b>					
Equity holders of the parent	375	-713	471	-677	-213
Non-controlling interest	38	40	60	53	104
<b>Total net income for the period</b>	<b>413</b>	<b>-674</b>	<b>531</b>	<b>-624</b>	<b>-109</b>
<b>Continuing operations</b>					
Basic earnings per share (SEK)	3.90	3.61	5.12	5.26	10.99
Diluted earnings per share (SEK)	3.87	3.61	5.09	5.25	10.96
<b>Total</b>					
Basic earnings per share (SEK)	5.62	-10.70	7.06	-10.16	-3.19
Diluted earnings per share (SEK)	5.59	-10.70	7.02	-10.16	-3.19
<b>Number of shares</b>					
Shares outstanding at the end of the period	66,724,939	66,664,861	66,724,939	66,664,861	66,663,816
Basic average number of shares outstanding	66,690,683	66,657,876	66,677,324	66,646,983	66,655,996
Diluted average number of shares outstanding	67,070,589	66,752,333	67,059,668	66,734,381	66,826,825

**Condensed consolidated statement of comprehensive income**

(SEKm)	Q2 2017	Q2 2016	H1 2017	H1 2016	Full year 2016
<b>Net income, continuing operations</b>	<b>275</b>	<b>244</b>	<b>359</b>	<b>355</b>	<b>744</b>
<i>Other comprehensive income</i>					
<i>Items that are or may be reclassified to profit or loss net of tax:</i>					
Currency translation differences	-17	72	-37	34	111
Cash flow hedge	-84	95	-131	-15	32
<b>Other comprehensive income, continuing operations</b>	<b>-102</b>	<b>167</b>	<b>-168</b>	<b>19</b>	<b>144</b>
<b>Total comprehensive income, continuing operations</b>	<b>173</b>	<b>411</b>	<b>190</b>	<b>374</b>	<b>888</b>
<b>Net income, discontinued operations <sup>1</sup></b>	<b>138</b>	<b>-918</b>	<b>172</b>	<b>-979</b>	<b>-853</b>
<i>Other comprehensive income</i>					
<i>Items that are or may be reclassified to profit or loss net of tax:</i>					
Currency translation differences	-64	1,023	-63	1,045	1,069
<b>Total comprehensive income, discontinued operations</b>	<b>74</b>	<b>105</b>	<b>109</b>	<b>65</b>	<b>216</b>
<b>Total comprehensive income for the period</b>	<b>248</b>	<b>516</b>	<b>299</b>	<b>439</b>	<b>1,104</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent	219	473	249	382	990
Non-controlling interest	28	43	50	57	113
<b>Total comprehensive income for the period</b>	<b>248</b>	<b>516</b>	<b>299</b>	<b>439</b>	<b>1,104</b>

<sup>1</sup> The completion of the sale of CTC Media, Inc. gave rise to a total negative non-cash impact of SEK 1,072m in the 'net income from discontinued operations' line in Q2 2016. This was mainly due to the accumulated currency translation differences, which have previously been booked to comprehensive income, and the adjustment to the fair value of the holding when compared to the balance sheet as at 31 March 2016. The translation differences have been reclassified from other comprehensive income to net income from discontinued operations.

**Condensed consolidated balance sheet**

(SEKm)	30 Jun 2017	30 Jun 2016	31 Dec 2016
<b>Non-current assets</b>			
Goodwill	6,503	4,520	4,584
Other intangible assets	2,408	1,603	1,662
<b>Total intangible assets</b>	<b>8,910</b>	<b>6,123</b>	<b>6,246</b>
<b>Total tangible assets</b>	<b>281</b>	<b>405</b>	<b>255</b>
Shares and participations in associated companies	83	74	616
Interest-bearing financial receivables	12	6	6
Other financial receivables	334	138	308
<b>Total long-term financial assets</b>	<b>429</b>	<b>218</b>	<b>931</b>
<b>Total non-current assets</b>	<b>9,620</b>	<b>6,747</b>	<b>7,431</b>
<b>Current assets</b>			
Total inventory	2,273	1,864	1,680
Interest-bearing current receivables	1	11	9
Other current receivables	5,622	5,423	5,354
Cash, cash equivalents and short-term investments	2,167	887	666
Assets held for sale <sup>1</sup>	774	2,428	2,559
<b>Total current assets</b>	<b>10,837</b>	<b>10,612</b>	<b>10,268</b>
<b>Total assets</b>	<b>20,457</b>	<b>17,359</b>	<b>17,699</b>
<b>Equity</b>			
Shareholders' equity	4,294	4,182	4,809
Non-controlling interest	1,316	154	207
<b>Total equity</b>	<b>5,610</b>	<b>4,336</b>	<b>5,016</b>
<b>Long-term liabilities</b>			
Long-term borrowings	500	1,000	1,500
Other non-current interest-bearing liabilities	79	41	58
<b>Total non-current interest-bearing liabilities</b>	<b>579</b>	<b>1,041</b>	<b>1,558</b>
Provisions	1,099	937	919
Non-current liabilities at fair value	1,199	1,352	1,208
Other non-interest-bearing liabilities	66	22	23
<b>Total non-current non-interest-bearing liabilities</b>	<b>2,363</b>	<b>2,310</b>	<b>2,150</b>
<b>Total non-current liabilities</b>	<b>2,942</b>	<b>3,351</b>	<b>3,707</b>
<b>Current liabilities</b>			
Current liabilities at fair value	151	4	134
Short-term loans	3,999	1,818	1,435
Other current interest-bearing liabilities	12	1	1
Other current non-interest-bearing liabilities	7,526	7,115	6,660
Liabilities related to assets held for sales <sup>1</sup>	218	734	746
<b>Total current liabilities</b>	<b>11,905</b>	<b>9,672</b>	<b>8,976</b>
<b>Total liabilities</b>	<b>14,846</b>	<b>13,023</b>	<b>12,683</b>
<b>Total shareholders' equity and liabilities</b>	<b>20,457</b>	<b>17,359</b>	<b>17,699</b>

<sup>1</sup> Relates to Prima, Baltic and African companies and CTC Media.

The carrying amounts are considered to be reasonable approximations of fair value for all financial assets and financial liabilities.

**Condensed consolidated statement of cash flows**

(SEKm)	Q2 2017	Q2 2016	H1 2017	H1 2016	Full year 2016
Cash flow from operations	355	222	499	288	674
Changes in working capital	241	569	-199	4	-204
<b>Net cash flow to/from operations</b>	<b>596</b>	<b>791</b>	<b>299</b>	<b>292</b>	<b>470</b>
Proceeds from sales of shares	1,106	0	1,108	0	102
Acquisitions of subsidiaries and associates	-596	-34	-596	-48	-606
Investments in other non-current assets	-85	-88	-143	-146	-308
Other cash flow from investing activities	-6	0	6	7	17
<b>Cash flow used in/from investing activities</b>	<b>419</b>	<b>-123</b>	<b>374</b>	<b>-186</b>	<b>-796</b>
Net change in loans	1,463	-179	1,595	292	427
Dividends to shareholders	-800	-767	-800	-767	-767
Other cash flow from/to financing activities	9	-29	21	-83	-70
<b>Cash flow from/used in financing activities</b>	<b>673</b>	<b>-975</b>	<b>816</b>	<b>-558</b>	<b>-410</b>
<b>Net change in cash, continuing operations</b>	<b>1,688</b>	<b>-307</b>	<b>1,490</b>	<b>-452</b>	<b>-736</b>
<b>Net change in cash, discontinued operations</b>	<b>3</b>	<b>1,063</b>	<b>29</b>	<b>1,095</b>	<b>1,160</b>
<b>Total net change in cash and cash equivalents</b>	<b>1,691</b>	<b>756</b>	<b>1,519</b>	<b>643</b>	<b>425</b>
Cash and cash equivalents at the beginning of the period	481	122	666	410	410
Translation differences in cash and cash equivalents	1	0	1	-3	10
Changes in cash and cash equivalents in assets held for sale	-7	8	-19	-164	-179
<b>Cash and cash equivalents at end of the period</b>	<b>2,167</b>	<b>887</b>	<b>2,167</b>	<b>887</b>	<b>666</b>

**Condensed consolidated statement of changes in equity**

(SEKm)	30 Jun 2017	30 Jun 2016	31 Dec 2016
<b>Opening balance</b>	<b>5,016</b>	<b>4,768</b>	<b>4,768</b>
Net loss/income for the period	531	-624	-109
Other comprehensive income for the period	-232	1,064	1,213
<b>Total comprehensive income for the period</b>	<b>299</b>	<b>439</b>	<b>1,104</b>
Effect of employee share option programmes	37	11	29
Change in non-controlling interests	1,063	2	2
Dividends to shareholders	-800	-767	-767
Dividends to non-controlling interests	-4	-117	-120
<b>Closing balance</b>	<b>5,610</b>	<b>4,336</b>	<b>5,016</b>

**Parent company condensed income statement**

(SEKm)	Q2 2017	Q2 2016	H1 2017	H1 2016	Full year 2016
Net sales	10	9	20	25	45
<b>Gross income</b>	<b>10</b>	<b>9</b>	<b>20</b>	<b>25</b>	<b>45</b>
Administrative expenses	-68	-73	-129	-133	-275
<b>Operating income</b>	<b>-58</b>	<b>-64</b>	<b>-109</b>	<b>-108</b>	<b>-231</b>
Net interest and other financial items	96	15	148	115	234
<b>Income before tax and appropriations</b>	<b>38</b>	<b>-50</b>	<b>39</b>	<b>7</b>	<b>4</b>
Appropriations	-	-	-	-	162
Tax	2	5	1	6	-27
<b>Net income for the period</b>	<b>40</b>	<b>-45</b>	<b>40</b>	<b>14</b>	<b>139</b>

**Parent company condensed statement of comprehensive income**

(SEKm)	Q2 2017	Q2 2016	H1 2017	H1 2016	Full year 2016
<b>Net income for the period</b>	<b>40</b>	<b>-45</b>	<b>40</b>	<b>14</b>	<b>139</b>
<i>Other comprehensive income</i>					
<i>Items that are or may be reclassified to profit or loss net of tax:</i>					
Revaluation of shares at market value	-	-	0	-	-
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>40</b>	<b>-45</b>	<b>40</b>	<b>14</b>	<b>139</b>

**Parent company condensed balance sheet**

(SEKm)	30 Jun 2017	30 Jun 2016	31 Dec 2016
<b>Non-current assets</b>			
Capitalised expenditure	0	1	1
Machinery and equipment	0	1	0
Shares and participations	6,340	6,340	6,340
Other financial receivables	10,038	9,641	10,049
<b>Total non-current assets</b>	<b>16,379</b>	<b>15,983</b>	<b>16,390</b>
<b>Current assets</b>			
Current receivables	212	216	707
Cash, cash equivalents and short-term investments	1,731	865	606
<b>Total current assets</b>	<b>1,944</b>	<b>1,082</b>	<b>1,313</b>
<b>Total assets</b>	<b>18,322</b>	<b>17,065</b>	<b>17,703</b>
<b>Shareholders' equity</b>			
Restricted equity	338	338	338
Non-restricted equity	5,154	5,777	5,914
<b>Total equity</b>	<b>5,492</b>	<b>6,115</b>	<b>6,252</b>
<b>Long-term liabilities</b>			
Interest-bearing liabilities	500	1,000	1,500
Provisions	2	4	2
Non-interest-bearing liabilities	44	40	32
<b>Total long-term liabilities</b>	<b>546</b>	<b>1,044</b>	<b>1,534</b>
<b>Current liabilities</b>			
Other interest-bearing liabilities	12,186	9,777	9,440
Non-interest-bearing liabilities	99	129	478
<b>Total current liabilities</b>	<b>12,285</b>	<b>9,906</b>	<b>9,917</b>
<b>Total shareholders' equity and liabilities</b>	<b>18,322</b>	<b>17,065</b>	<b>17,703</b>

**Net Sales by business segments**

(SEKm)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Full year 2016	Q1 2017	Q2 2017
Nordic Entertainment	2,577	2,715	2,734	3,113	11,139	2,911	3,003
<i>of which Free-TV &amp; Radio</i>	1,108	1,202	1,147	1,409	4,866	1,204	1,319
<i>of which Pay-TV</i>	1,469	1,513	1,587	1,704	6,272	1,706	1,684
International Entertainment	248	284	221	350	1,102	264	308
MTG Studios	338	448	458	532	1,777	323	463
MTGx	248	360	321	397	1,326	292	610
Central operations	54	43	43	46	185	46	47
Eliminations	-139	-131	-119	-141	-530	-130	-184
<b>Total net sales</b>	<b>3,327</b>	<b>3,718</b>	<b>3,657</b>	<b>4,297</b>	<b>14,999</b>	<b>3,704</b>	<b>4,246</b>

**Net sales – External & Internal**

(SEKm)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Full year 2016	Q1 2017	Q2 2017
<b>Sales external customers</b>							
Nordic Entertainment	2,539	2,678	2,695	3,074	10,986	2,875	2,967
International Entertainment	248	284	221	350	1,102	264	304
MTG Studios	292	399	426	479	1,597	276	369
MTGx	247	357	315	393	1,312	290	605
Central operations	0	0	0	0	1	0	0
<b>Total</b>	<b>3,327</b>	<b>3,718</b>	<b>3,657</b>	<b>4,297</b>	<b>14,999</b>	<b>3,704</b>	<b>4,246</b>
<b>Sales between segments</b>							
Nordic Entertainment	38	37	39	39	153	36	36
International Entertainment	-	0	0	0	0	0	4
MTG Studios	46	49	32	52	179	47	94
MTGx	1	2	6	4	14	2	4
Central operations	54	43	42	46	184	45	47
<b>Total</b>	<b>139</b>	<b>131</b>	<b>119</b>	<b>141</b>	<b>530</b>	<b>130</b>	<b>184</b>

**Operating income by business segments**

(SEKm)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Full year 2016	Q1 2017	Q2 2017
Nordic Entertainment	245	406	218	501	1,370	299	465
International Entertainment	19	55	19	56	148	21	50
MTG Studios	-13	35	37	23	81	-16	19
MTGx	-50	-48	-69	-84	-251	-88	-53
Central operations & eliminations	-58	-88	-64	-78	-288	-78	-90
<b>Total operating income before IAC</b>	<b>143</b>	<b>360</b>	<b>141</b>	<b>418</b>	<b>1,060</b>	<b>137</b>	<b>391</b>
Items affecting comparability	-	-	-	-	-	-	-23
<b>Total operating income</b>	<b>143</b>	<b>360</b>	<b>141</b>	<b>418</b>	<b>1,060</b>	<b>137</b>	<b>369</b>

**Group & segment performance data**

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Full year 2016	Q1 2017	Q2 2017
<b>GROUP</b>							
Organic sales growth (%)	3.5	2.5	7.2	9.3	5.8	8.7	5.0
Operating margin (%) <sup>1</sup>	4.3	9.7	3.8	9.7	7.1	3.7	9.2
ROCE, continuing operations (%)	29	27	22	22		20	19
Net debt (SEKm)	2,688	1,796	2,100	2,186		2,439	2,212
Net debt/EBITDA	2.1	1.4	1.8	1.7		1.9	1.7
<b>NORDIC ENTERTAINMENT</b>							
Organic sales growth (%)	2.8	2.4	11.0	9.0	6.2	10.7	8.4
Operating margin (%) <sup>1</sup>	9.5	14.9	8.0	16.1	12.3	10.3	15.5
CSOV Sweden (15-49)	28.9	26.2	34.5	25.9	28.7	25.4	24.1
CSOV Norway (15-49)	17.8	18.0	16.0	18.1	17.5	14.1	17.6
CSOV Denmark (15-49)	20.9	23.7	21.6	23.6	22.4	22.8	24.2
Nordic subscriber base excl Viaplay ('000s)	1,007	983	992	1,001		981	956
- of which, satellite	491	480	470	456		442	432
- of which, 3rd party networks	516	503	522	544		539	525
Satellite ARPU (SEK)	5,090	5,265	5,369	5,508		5,429	5,532
<b>INTERNATIONAL ENTERTAINMENT</b>							
Organic sales growth (%)	15.4	20.9	4.8	18.5	15.4	6.7	5.1
Operating margin (%) <sup>1</sup>	7.5	19.2	8.5	16.1	13.4	7.8	16.4
CSOV Bulgaria (18-49)	43.4	43.0	42.0	43.3	42.9	42.6	42.4
<b>MTG STUDIOS</b>							
Organic sales growth (%)	9.1	0.0	-5.8	8.1	2.2	-5.4	1.4
Operating margin (%) <sup>1</sup>	-4.0	7.8	8.0	4.3	4.6	-5.0	4.1
<b>MTGx</b>							
Organic sales growth (%)	-	-	-	-	-	27.4	2.8
Operating margin (%) <sup>1</sup>	-20.0	-13.4	-21.6	-21.1	-18.9	-30.0	-8.7

<sup>1</sup> Adjusted for Items affecting comparability**Acquisitions**

Recognised values (SEKm)	InnoGames
Total assets	1,181
Total liabilities	-495
Goodwill	1,953
Non-controlling interests (49%)	-1,293
<b>Total consideration</b>	<b>1,346</b>
Cash and cash equivalents in acquired businesses	-213
Fair value previous participation (20.6%)	-545
<b>Cash flow from acquisition, net payment</b>	<b>588</b>

Contributions from acquisitions (SEKm)	Sales Q2	Operating income Q2	Sales YTD	Operating income YTD
InnoGames	236	36	236	39
<b>Total MTGx segment</b>	<b>236</b>	<b>36</b>	<b>236</b>	<b>39</b>

Contributions from acquisitions if the acquisition had occurred 1 January	Sales	Operating income
InnoGames	763	82
<b>Total MTGx segment</b>	<b>763</b>	<b>82</b>

The Group acquired 30% of the shares in InnoGames on 30 April 2017, and holds thereby 51% of the shares. The results are reported within the Group's MTGx business segment. The purchase price allocations are preliminary as the work is still in progress. Preliminary intangible surplus values, net of deferred tax liability, were SEK 2,393m, of which goodwill was SEK 1,953m. InnoGames is now fully consolidated from 1 May 2017. Total transaction costs amount to SEK 30m. The result for the quarter included amortisations of surplus value of SEK 14m, which would have amounted to SEK 40m if the acquisition had occurred on 1 January. The transaction gave rise to a revaluation of SEK 23m, mainly due to capitalised transaction costs of SEK 18m. The revaluation is reported as IAC.

## Alternative performance measures

The purpose of Alternative Performance Measures (APMs) is to facilitate the analysis of business performance and industry trends that cannot be directly derived from financial statements. MTG is using the following APMs:

- Operating income & margin before IAC
- Change in net sales from Organic growth, Acquisitions/divestments and Changes in FX rates
- Net debt and Net debt/EBITDA
- Capital employed and Return on Capital Employed (ROCE)

## Reconciliation of sales growth

Since the Group generates the majority of its sales in currencies other than in the reporting currency (i.e. SEK, Swedish Krona) and currency rates have proven to be rather volatile, and due to the fact that the Group has historically made several acquisitions and divestments, the Company's sales trends and performance are analysed as changes in organic sales growth. This presents the increase or decrease in the overall SEK net sales on a comparable basis, allowing separate discussions of the impact of acquisitions/divestments and exchange rates. The following tables present changes in organic sales growth as reconciled to the change in the total reported net sales.

### Sales growth

Group (SEKm)	Q2 2017	%	Q2 2016	%	H1 2017	%	H1 2016	%	FY 2016	%
<b>Nordic Entertainment</b>										
Organic growth	229	8.4%	64	2.4%	504	9.5%	135	2.6%	654	6.2%
Acquisitions/divestments	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Changes in FX rates	59	2.2%	-44	-1.6%	117	2.2%	-95	-1.8%	-2	0.0%
<b>Reported growth</b>	<b>288</b>	<b>10.6%</b>	<b>20</b>	<b>0.7%</b>	<b>621</b>	<b>11.7%</b>	<b>40</b>	<b>0.8%</b>	<b>651</b>	<b>6.2%</b>
<b>International Entertainment</b>										
Organic growth	14	5.1%	48	20.9%	26	4.9%	81	18.3%	143	15.4%
Acquisitions/divestments	-3	-1.2%	-206	-56.8%	-4	-0.8%	-378	-54.0%	-650	-47.2%
Changes in FX rates	13	4.5%	1	0.1%	18	3.3%	-3	-0.4%	12	0.7%
<b>Reported growth</b>	<b>24</b>	<b>8.4%</b>	<b>-158</b>	<b>-35.8%</b>	<b>40</b>	<b>7.5%</b>	<b>-301</b>	<b>-36.1%</b>	<b>-496</b>	<b>-31.0%</b>
<b>MTG Studios</b>										
Organic growth	6	1.4%	0	0.0%	-12	-1.5%	29	3.7%	39	2.2%
Acquisitions/divestments	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Changes in FX rates	9	2.0%	-20	-4.3%	12	1.5%	-34	-4.3%	-42	-2.4%
<b>Reported growth</b>	<b>15</b>	<b>3.4%</b>	<b>-20</b>	<b>-4.3%</b>	<b>0</b>	<b>0.0%</b>	<b>-5</b>	<b>-0.6%</b>	<b>-3</b>	<b>-0.1%</b>
<b>MTGx</b>										
Organic growth	9	2.8%	-	-	68	12.4%	-	-	-	-
Acquisitions/divestments	242	72.4%	-	-	255	46.6%	-	-	-	-
Changes in FX rates	24	7.1%	-	-	33	6.1%	-	-	-	-
Change in presentation of prize money	-25	-12.7%	-	-	-62	-16.7%	-	-	-	-
<b>Reported growth</b>	<b>250</b>	<b>69.6%</b>	<b>-</b>	<b>-</b>	<b>294</b>	<b>48.3%</b>	<b>-</b>	<b>-</b>	<b>876</b>	<b>194.3%</b>
<b>Total operations</b>										
Organic growth	186	5.0%	82	2.5%	477	6.8%	190	3.0%	768	5.8%
Acquisitions/divestments	239	6.4%	163	4.4%	251	3.6%	236	3.3%	230	1.4%
Changes in FX rates	104	2.8%	-73	-2.1%	179	2.6%	-138	-2.0%	-20	-0.2%
<b>Reported growth</b>	<b>528</b>	<b>14.2%</b>	<b>172</b>	<b>4.8%</b>	<b>906</b>	<b>12.9%</b>	<b>288</b>	<b>4.3%</b>	<b>979</b>	<b>7.0%</b>

## Reconciliation of operating income before IAC

Operating income before items affecting comparability refers to operating income after the reversal of material items and events related to changes in the Group's structure or lines of business, which are relevant for understanding the Group's development on a like-for-like basis. This measure is used by management to follow and analyse the underlying profits and to offer more comparable figures between periods.

### Operating income before and after IAC

Group (SEKm)	Q2 2017	Q2 2016	H1 2017	H1 2016	FY 2016
Operating income	369	360	506	502	1,060
Items affecting comparability	23	-	23	-	-
<b>Operating income before items affecting comparability</b>	<b>391</b>	<b>360</b>	<b>528</b>	<b>502</b>	<b>1,060</b>

items affecting comparability comprise the revaluation of the holdings in Innogames due to the transformation from associated company to a subsidiary, and is mainly due to previously capitalised transaction costs.

## Reconciliation of net debt and net debt/EBITDA ratio

Net debt refers to the net of interest bearing liabilities less total cash and interest bearing assets. Net debt is used by management to track the debt evolvement of the Group and to analyse the leverage and refinancing need of the Group. The net debt to EBITDA ratio provides a KPI for net debt in relation to cash profits generated by the business, i.e. an indication of a business' ability to pay off all its debts. This measure is commonly used by financial institutions to rate credit worthiness.

### Net debt

Group (SEKm)	31 Mar 2016	30 Jun 2016	30 Sep 2016	31 Dec 2016	31 Mar 2017	30 Jun 2017
Short-term loans	1,977	1,818	1,560	1,435	1,551	2,999
Current part of long term borrowings	-	-	-	-	1,000	1,000
<b>Short-term borrowings</b>	<b>1,977</b>	<b>1,818</b>	<b>1,560</b>	<b>1,435</b>	<b>2,551</b>	<b>3,999</b>
Other short-term interest-bearing liabilities	1	1	1	1	1	12
<b>Total short-term borrowings</b>	<b>1,979</b>	<b>1,818</b>	<b>1,562</b>	<b>1,436</b>	<b>2,553</b>	<b>4,011</b>
Long-term borrowings	1,000	1,000	1,000	1,500	500	500
Other long-term interest-bearing liabilities	24	41	41	58	73	79
<b>Total long-term borrowings</b>	<b>1,024</b>	<b>1,041</b>	<b>1,041</b>	<b>1,558</b>	<b>573</b>	<b>579</b>
<b>Total borrowings</b>	<b>3,003</b>	<b>2,859</b>	<b>2,603</b>	<b>2,993</b>	<b>3,125</b>	<b>4,589</b>
Cash and cash equivalents	122	887	310	666	481	2,167
Long- and short-term interest bearing assets	17	17	21	15	14	14
<b>Total cash and interest bearing assets</b>	<b>140</b>	<b>904</b>	<b>331</b>	<b>682</b>	<b>495</b>	<b>2,180</b>
<b>Net debt excluding assets held for sale</b>	<b>2,863</b>	<b>1,956</b>	<b>2,272</b>	<b>2,312</b>	<b>2,630</b>	<b>2,409</b>
Net debt related to assets held for sale	-174	-160	-171	-126	-191	-197
<b>Total net debt</b>	<b>2,689</b>	<b>1,796</b>	<b>2,100</b>	<b>2,186</b>	<b>2,439</b>	<b>2,212</b>

**Net debt/EBITDA (before IAC) ratio 12 months trailing**

Group (SEKm)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Operating income before IAC	1,096	1,102	980	1,060	1,055	1,087
Depreciation and amortisation	177	188	200	207	215	240
<b>EBITDA last 12 months</b>	<b>1,273</b>	<b>1,290</b>	<b>1,180</b>	<b>1,268</b>	<b>1,270</b>	<b>1,327</b>
<b>Total net debt/EBITDA ratio 12 months trailing</b>	<b>2.1</b>	<b>1.4</b>	<b>1.8</b>	<b>1.7</b>	<b>1.9</b>	<b>1.7</b>

EBITDA relates to continuing operations.

## Reconciliation of Return On Capital Employed (ROCE), continuing operations

Return on capital employed is a performance measure whereby operating income before items affecting comparability is put in relation to the capital employed within the operations. Operating income before items affecting comparability is the main profit level that operations are responsible for and comprise results before interest and tax. Capital employed is the sum of current and non-current assets less current and non-current liabilities, provisions and liabilities at fair value. All items are non-interest bearing. Capital employed thus equals the sum of equity and net debt.

Group (SEKm)	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2
<b>Operating income before IAC 12 months trailing</b>	<b>1,096</b>	<b>1,102</b>	<b>980</b>	<b>1,060</b>	<b>1,055</b>	<b>1,087</b>
Total inventory	1,727	1,864	1,857	1,680	2,140	2,273
Other current receivables	4,414	5,423	5,164	5,354	4,907	5,622
Intangibles assets	5,735	6,123	6,333	6,246	6,228	8,910
Tangible assets	388	405	411	255	244	281
Shares and participations	42	74	68	616	630	83
Other financial assets	110	138	153	308	306	334
Total non-current non-interest-bearing liabilities	-2,007	-2,310	-2,181	-2,150	-2,112	-2,363
Total current non-interest-bearing liabilities	-5,606	-7,115	-6,465	-6,660	-6,297	-7,526
Current liabilities at fair value	-4	-4	-218	-134	-158	-151
<b>Capital Employed</b>	<b>4,798</b>	<b>4,598</b>	<b>5,122</b>	<b>5,514</b>	<b>5,890</b>	<b>7,463</b>
<b>Average Capital Employed (5 quarters)</b>	<b>3,777</b>	<b>4,103</b>	<b>4,530</b>	<b>4,851</b>	<b>5,184</b>	<b>5,717</b>
<b>ROCE %</b>	<b>29%</b>	<b>27%</b>	<b>22%</b>	<b>22%</b>	<b>20%</b>	<b>19%</b>

## Definitions

### Capital employed

Capital employed is the sum of current and non-current assets less current and non-current liabilities, provisions and liabilities at fair value. All items are non-interest bearing.

### Cash flow from operations

Cash flow from operations comprises operating cash flow before financial items and tax payments, taking into account other financial cash flow.

### Earnings per share

Earnings per share is expressed as net income attributable to equity holders of the parent divided by the average number of shares.

### EBITDA

EBITDA is read Earnings Before Interest, Tax, Depreciation and Amortisation.

### Items Affecting Comparability

Items Affecting Comparability refers to material items and events related to changes in the Group's structure or lines of business, which are relevant for understanding the Group's development on a like-for-like basis

### Net debt

Net debt is the sum of short- and long-term interest bearing liabilities less total cash and interest bearing assets.

### Operating income

Operating income comprise results before interest and tax. A synonym for operating income is EBIT (Earnings Before Interest and Tax).

### Organic growth

Change in net sales compared to the same period of the previous year excluding acquisitions and divestments and adjusted for currency effects.

### Return on capital employed (ROCE) %

Return on capital employed is calculated as operating income as a percentage of average capital employed.

## Shareholders information

### 2017 Annual General Meeting

The Annual General Meeting resolved to re-elect Board members David Chance, Simon Duffy, Joakim Andersson, Donata Hopfen and John Lagerling and elect Natalie Tydeman as new member of the Board. The Annual General Meeting also re-elected David Chance as Chairman of the Board. The Meeting approved the payment of an annual ordinary dividend of SEK 12.00 per share to shareholders as at the record date of 11 May 2017. The meeting also approved the implementation of a performance-based and share-related incentive plan, and a new mandate to repurchase Class A and/or Class B shares.

### 2017 Financial calendar

Q3 2017 interim report      19 October

### Questions?

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### Conference call

The company will host a conference call today at 09.00 Stockholm local time, 08.00 London local time and 03.00 New York local time. To participate in the conference call, please dial:

Sweden:            +46 (0) 8 5065 3942

UK:                +44 (0) 330 336 9411

US:                +1 719 457 1036

The access pin code for the call is 1170917. To listen to the conference call online and for further information, please visit [www.mtg.com](http://www.mtg.com).



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