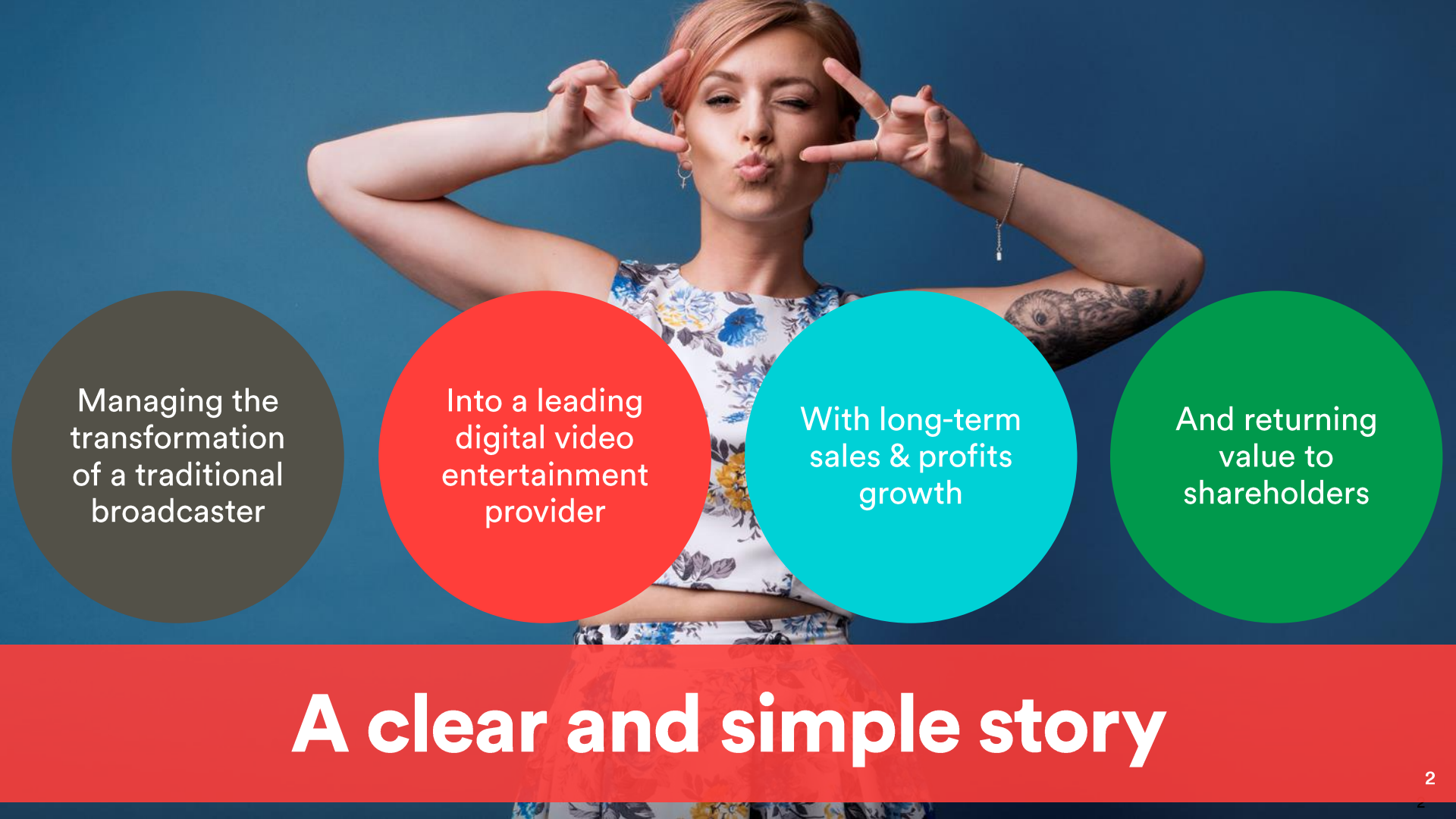




# Q4 2016 Financial Results



Managing the  
transformation  
of a traditional  
broadcaster

Into a leading  
digital video  
entertainment  
provider

With long-term  
sales & profits  
growth

And returning  
value to  
shareholders

**A clear and simple story**

# 2016 in summary



- Delivered on objective to accelerate sales growth and increase profits
- Sales up 5% on an organic basis and digital sales almost doubled
- Profits up 6% despite FX headwind, significant investments in content and digital expansion and divestment of profitable businesses
- A number of very important strategic decisions
  - ✓ Launch of Viafree in Scandinavia and Viaplay in Baltics
  - ✓ Exiting the CIS region, Africa (FTV) and Czech Rep.
  - ✓ Investing into InnoGames to create 3<sup>rd</sup> digital vertical
- Board to propose a dividend of SEK 12.00, corresponding to a pay-out ratio of 93%

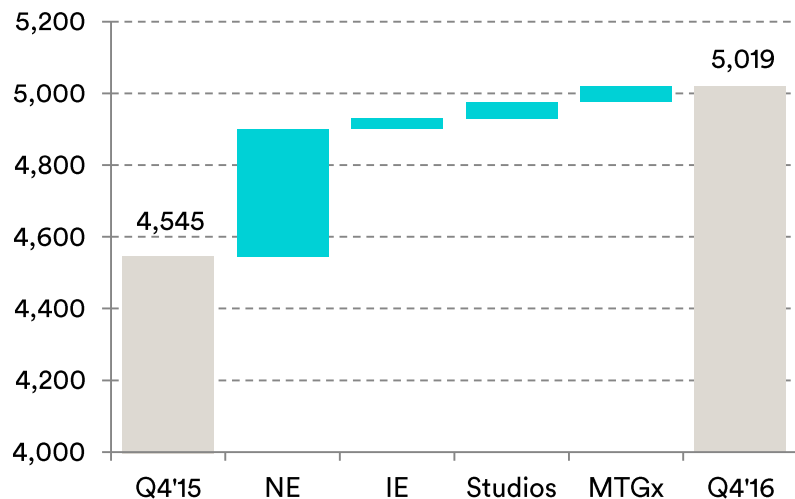
# Q4 in summary



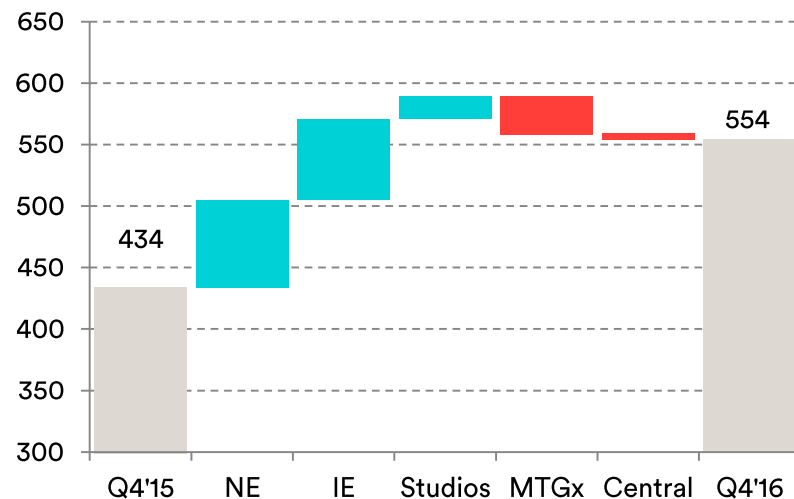
- Record Q4 sales & 8% organic growth, highest in >5 years
- 28% profit growth despite investments into content and digital expansion and divestments of profitable businesses.
- Profits included a SEK 10m capital loss relating to the divestment of FTV business in Ghana
- This was possible because of the combination of organic growth and cost transformation savings
- Signed a number of important content deals as well as prolonged and extended distribution agreement with TDC

# Sales & EBIT by division

## Sales (SEKm)



## EBIT (SEKm)



# Nordic Entertainment

## Key highlights

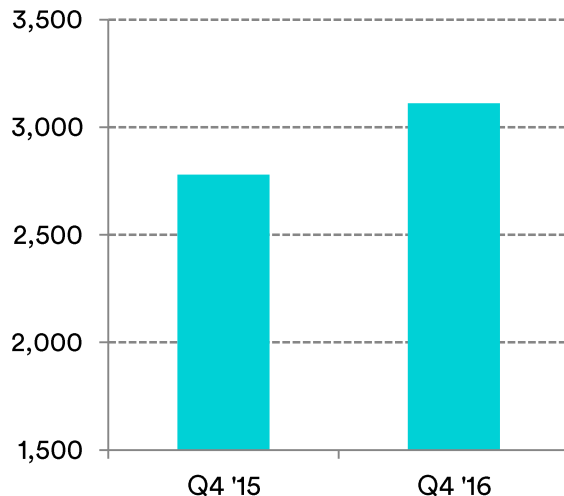
Organic sales up 9% driven by:

- Viaplay (subs and price)
- New distribution deals in Sweden
- Healthy growth in both FTV & Radio

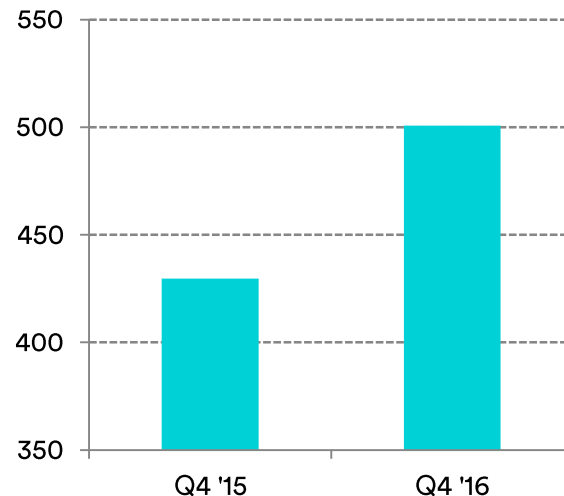
EBIT up significantly

- Driven by volume and value growth and cost transformation
- Profits up in all 4 countries
- Despite transactional FX headwind and content investments

## Sales (SEKm)



## EBIT (SEKm)





# International Entertainment

## Key highlights

Organic sales up 8% driven by:

- Positive growth in all FTV ops with Bulgaria as the stand-out performer

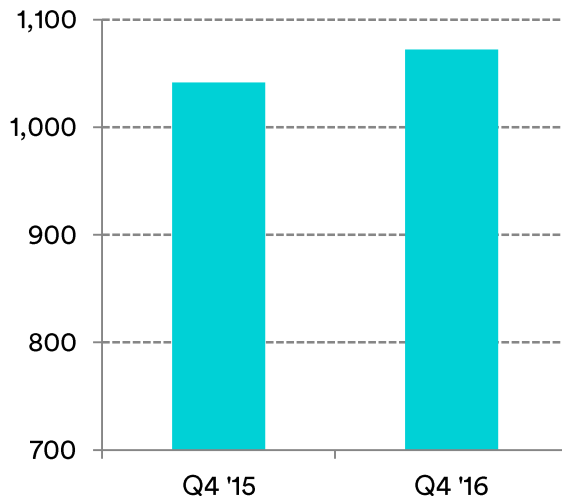
Highest quarterly profit ever:

- Strong performance in all FTV ops
- YoY comparison hampered by 10m capital loss (Ghana) and divested businesses, which last year generated an operating profit of SEK 22m

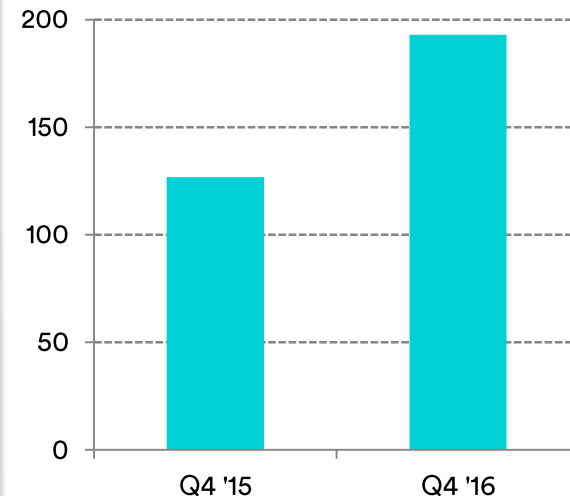
To divest 50% stake in FTV Prima (Cz)

- At an EV of EUR 237m (c.SEK 2,255m)

## Sales (SEKm)



## EBIT (SEKm)



# MTG Studios

## Key highlights

Organic sales up 8% driven by:

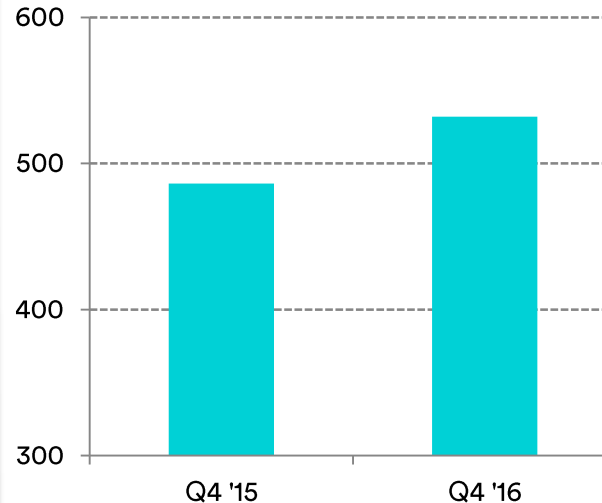
- Strong demand in drama and branded entertainment genre
- Helped by positive timing differences between Q3 and Q4

EBIT up:

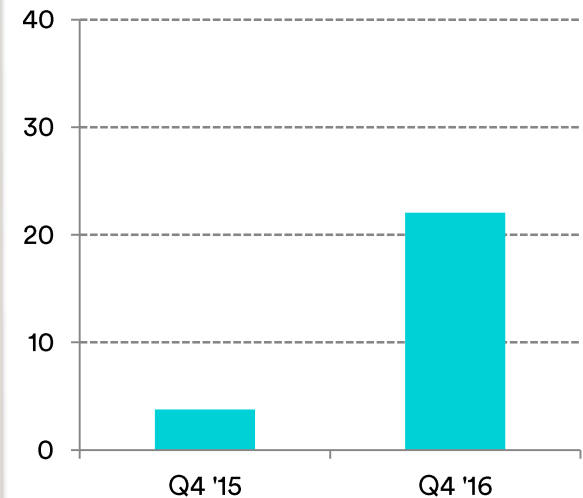
- Driven by higher sales, improved mix and production efficiencies

Award-winning dramas such as “Nobel” and “Midnight Sun” as well as the sequel of “the 100 year old man” premiered in Q4 with great viewing shares

## Sales (SEKm)



## EBIT (SEKm)





# MTGx

## Key highlights

Sales up at constant FX

- Growth affected by timing of key esports events and advertising price pressure for Zoomin

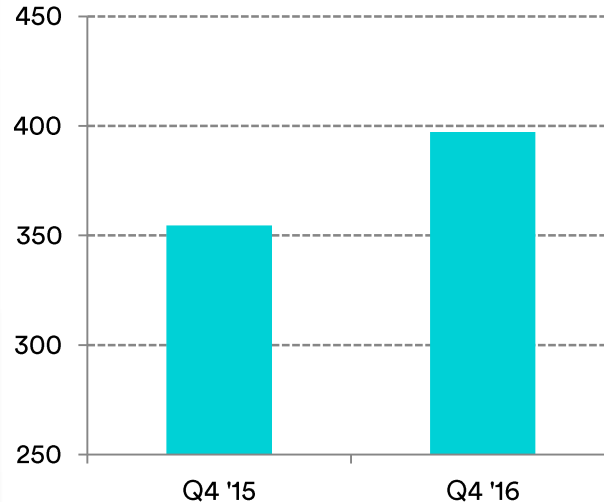
Higher EBIT loss:

- Primarily reflecting accelerated investments into esports
- SEK 95m goodwill charge related to Zoomin, offset by a corresponding reduction in the option liability

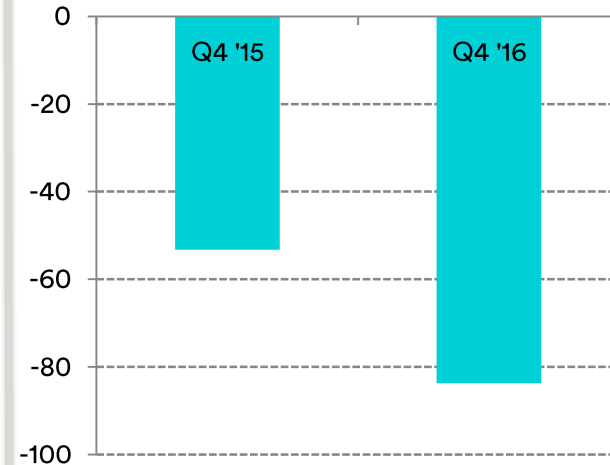
Acquired 21% of InnoGames in December

- Intention to reinvest proceeds from Prima into a majority stake in InnoGames

## Sales (SEKm)

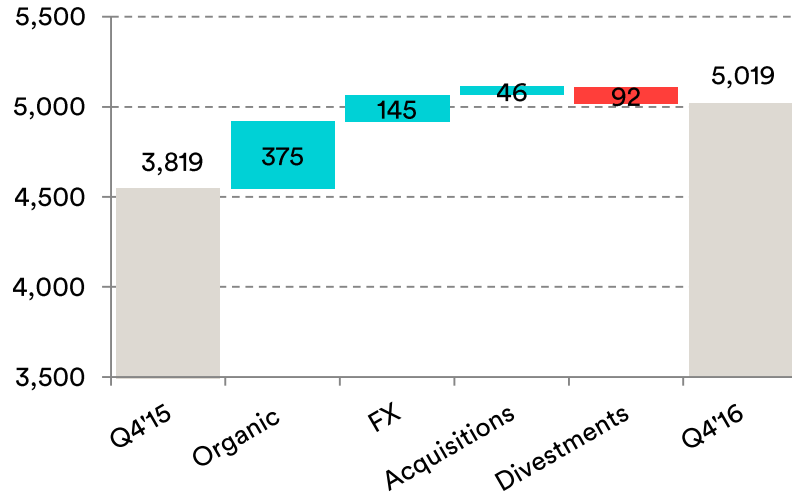


## EBIT (SEKm)

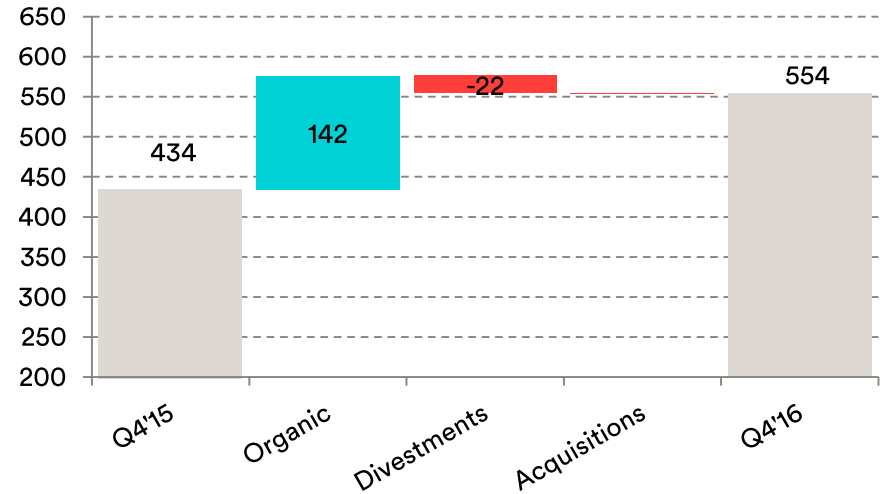


# Sales & EBIT by type

## Sales (SEKm)

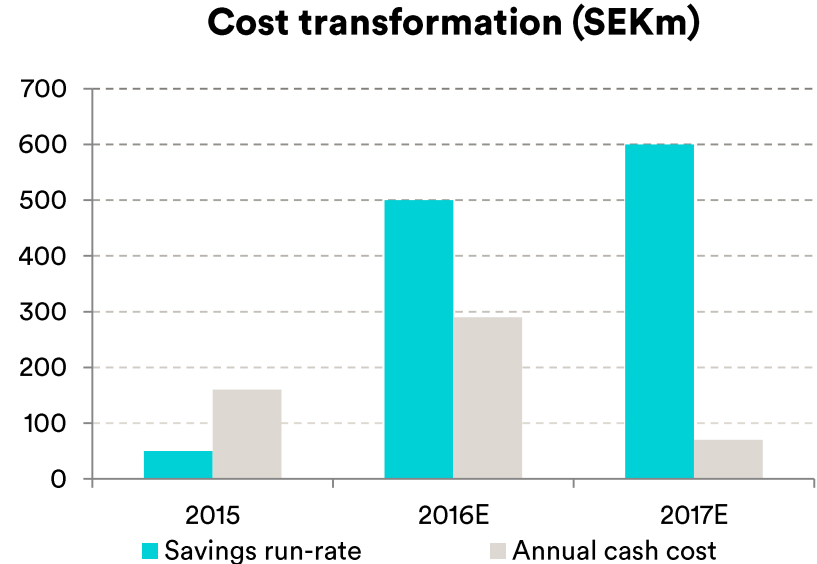


## EBIT (SEKm)



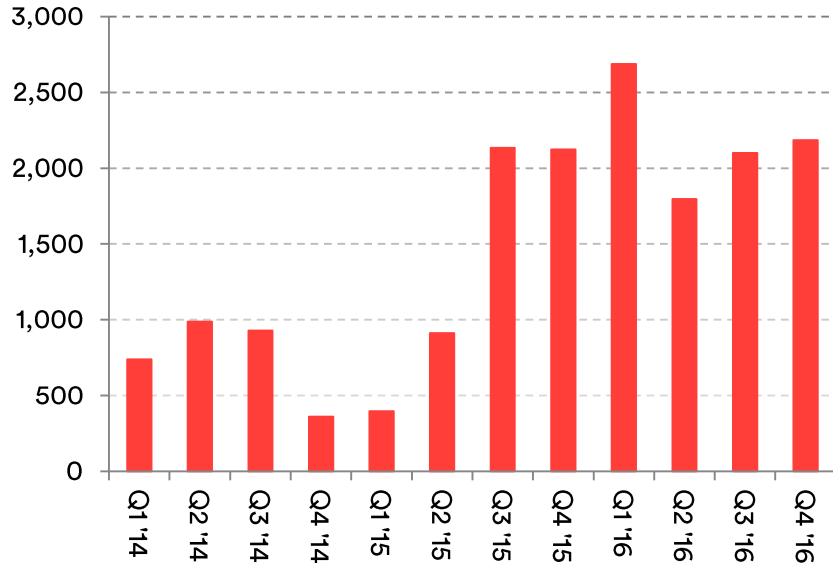
# Cost transformation update

- On track & according to plan with total estimated savings of ~SEK 600m fully impacting in 2017
- Savings of ~SEK 140m in Q4 & ~SEK 450m for FY16 with incremental savings of ~SEK 100m anticipated for FY17
- Cash flow impact from restructuring of ~SEK 60m in Q4, taking the total so far to SEK 450m with ~SEK 70m to come in FY17
- Expect total cash cost of ~SEK 520m (vs. original estimate of ~550m)

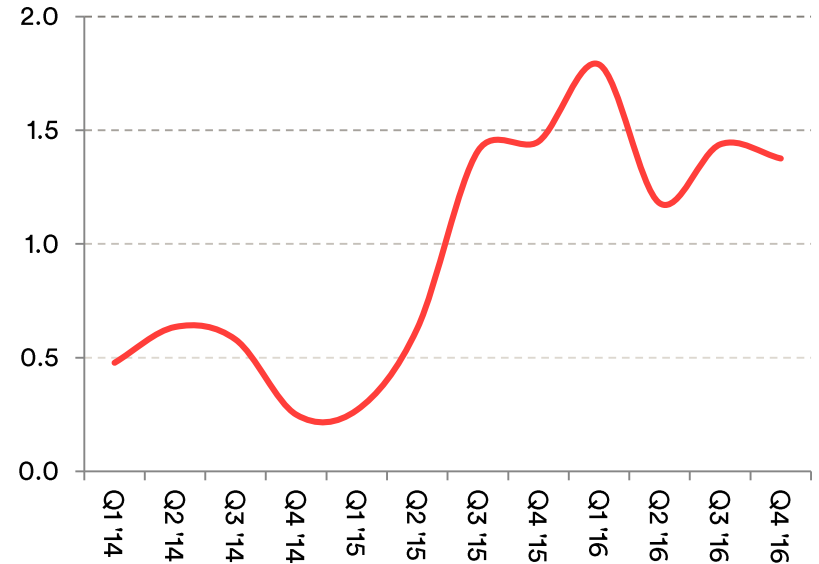


# Leverage

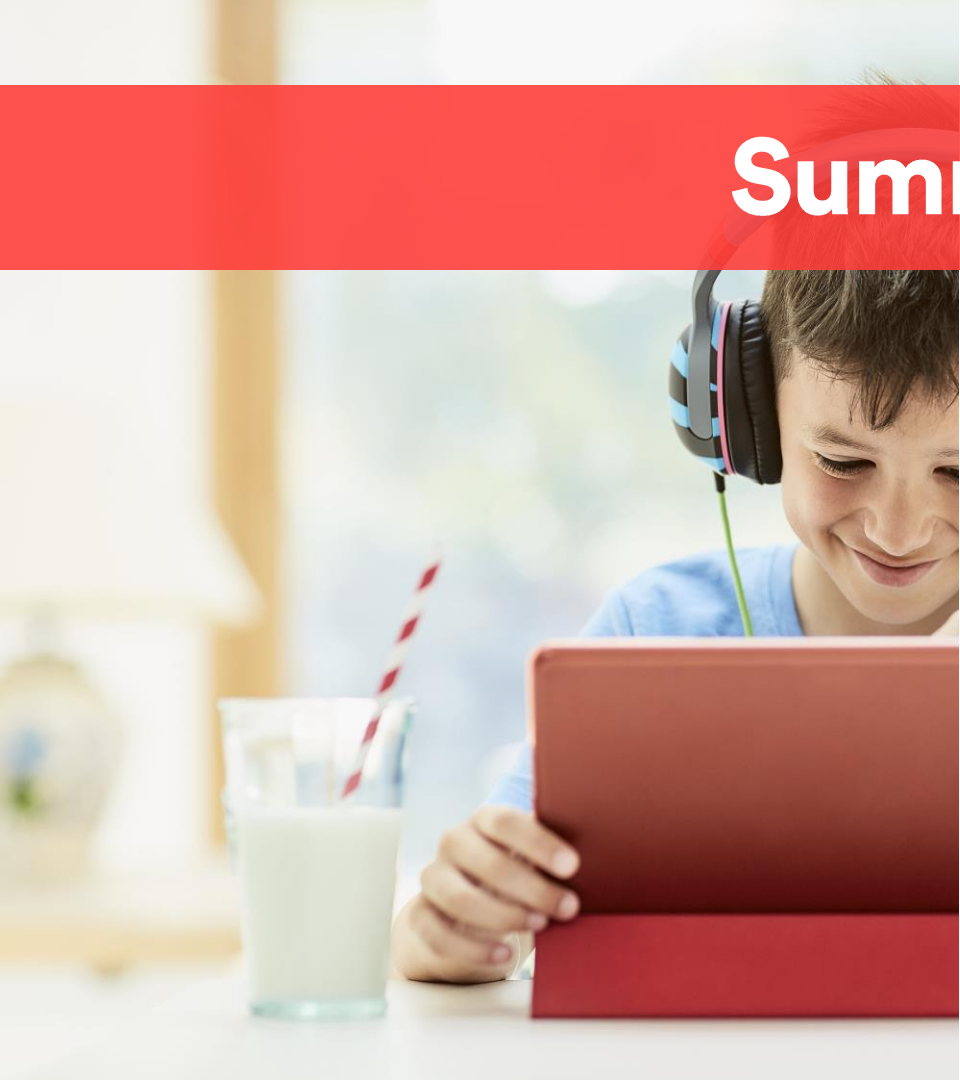
**Net debt (SEKm)**



**Net debt to 12m trailing EBITDA before IAC**



# Summary



- Delivered on FY16 objective of accelerated sales growth and higher profits
- 8% organic sales growth in Q4, highest in >5 years
- 28% profit growth despite investments into content and digital expansion and divestments of profitable businesses
- A number of very important strategic decisions
  - ✓ Launch of Viafree in Scandinavia and Viaplay in Baltics
  - ✓ Exiting the CIS region, Africa (FTV) and Czech Rep.
  - ✓ Investing into InnoGames to create 3<sup>rd</sup> digital vertical
- Board to propose a dividend of SEK 12.00, corresponding to a pay-out ratio of 93%

# Questions please

