



# MTG

## Q2 2014 FINANCIAL RESULTS

### “PROFITS UP ON RECORD SALES”



# Q2 2014 – HIGHLIGHTS

- Sales up 13% at constant FX & 3% on an organic basis
- Higher operating profit (excl. NRI) despite ongoing investments in channel launches and in MTGx
- PTV Nordic - healthy top-line growth combined with margin expansion + retain FY outlook
- FTV Scandi - stable margin despite all three TV ad markets being down
- FTV EM - double-digit growth in the Baltics and Bulgaria more than offset by lower sales in the Czech Rep.
- PTV EM - healthy sales growth but lower profits due to unfavourable FX and last year's one-offs
- Nice, MTGx, Radio - strong organic growth + profitable

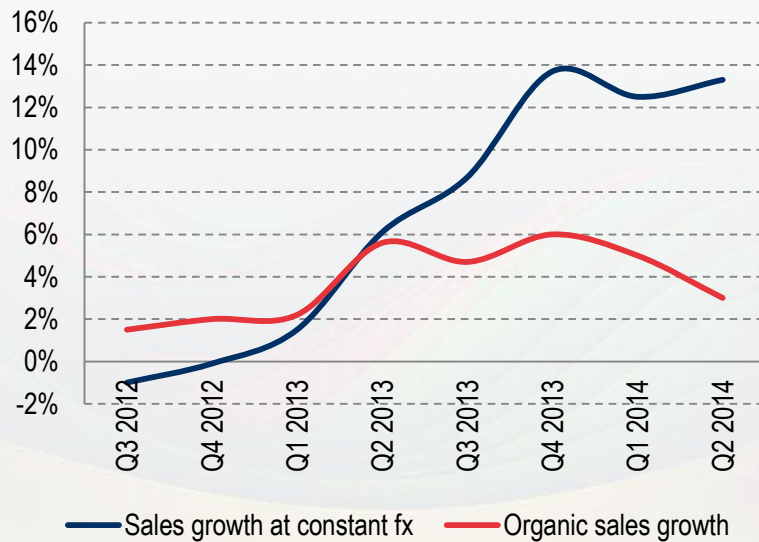




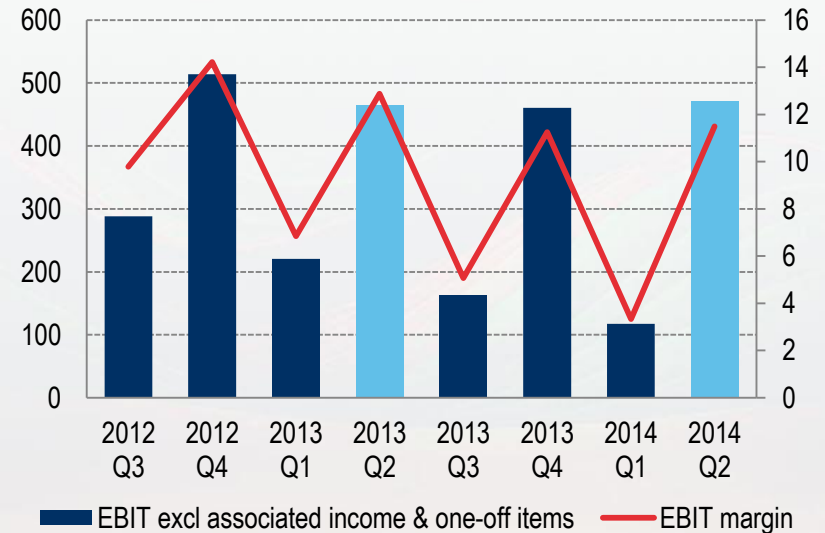
# GROUP PERFORMANCE

## PROFITS UP ON RECORD SALES

### SALES GROWTH (Y-O-Y)



### EBIT (SEK MN) AND EBIT MARGIN (%)



# FREE-TV SCANDINAVIA

## STABLE MARGIN DESPITE DECLINING MARKETS

### Sales down 3% at constant FX

- All three TV advertising markets have declined in the quarter

### Audience share gains in Denmark

- Denmark – highest CSOV level since 2001, reflecting penetration gains from previously announced distribution agreements
- Sweden and Norway down - partly reflecting the FIFA World Cup which was shown on rival commercial channels

### Operating margin of 19%

- OpEx reduced despite the launch of TV6 in Norway as investments continue to be balanced vs. market conditions as well as CSOV

25% of Group sales	2014	2013
	Apr-Jun	Apr-Jun
Sales (SEKm)	1,065	1,080
Growth (at constant FX)	-3%	0%
EBIT (SEKm)	200	209
EBIT margin	18.8%	19.3%
CSOV (15-49)		
Sweden	30.5%	32.7%
Norway	17.9%	19.5%
Denmark	26.6%	26.2%

# PAY-TV NORDIC

## GROWTH AND MARGIN EXPANSION

### Sales up 5% at constant FX

- Reflected continued strong subscriber intake at Viaplay

### DTH subs down but ARPU up

- The premium DTH and third party subscriber bases declined
- Premium satellite ARPU continued to rise following price increases

### Profits up - FY 2014 outlook intact

- Margin up 150 bps to 12.8%
- Continue to expect higher EBIT margin for FY14

34% of Group sales	2014	2013
	Apr-Jun	Apr-Jun
Sales (SEKm)	1,439	1,349
Growth (at constant FX)	5%	7%
EBIT (SEKm)	184	152
EBIT margin	12.8%	11.3%
Premium subs ('000)	970	989
o/w satellite ('000)	546	569
o/w third party ('000)	425	421
Satellite premium ARPU (SEK)	5,164	4,978



# FREE-TV EMERGING MARKETS

## 18% EBIT MARGIN BUT LOWER SALES

### Lower sales at constant FX

- Continued double digit growth in the Baltics and Bulgaria
- Offset by lower sales in the Czech Republic following the exceptional growth levels in 2013 (Q2'13 up 47% at constant FX)

### Record high audience shares in the Baltics

- Pan-Baltic CSOV reached a new all-time high for Q2
- Bulgarian and Czech Republic CSOV down

### OpEx down at constant FX

- OpEx down despite entry into Tanzania and consolidation of Net Info, as investments are balanced against market conditions and CSOV
- EBIT down as higher profits in the Baltics and Bulgaria was more than mitigated by lower profits in the Czech Republic

16% of Group sales	2014	2013
	Apr-Jun	Apr-Jun
Sales (SEKm)	680	692
Growth (at constant FX)	-4%	31%
EBIT (SEKm)	121	140
EBIT margin	17.8%	20.2%
CSOV		
Pan-Baltic (15-49)	48.7%	47.9%
Czech Republic (15-54)	34.4%	35.9%
Bulgaria (18-49)	31.9%	32.5%

# PAY-TV EMERGING MARKETS

## IMPACTED BY UNFAVOURABLE FX MOVEMENTS

### Sales up 8% at constant FX

- Driven by the mini-pay wholesale channel business

### Subscription growth affected by the geopolitical situation

- Mini-pay subscriptions up c. 4m y-o-y but down q-o-q, due to discontinuation of 2 contracts (Slovakia) and higher churn in Ukraine

### Margin down to 7%

- EBIT down y-o-y due to unfavourable FX movements (c. SEK 10m) and positive one-off and timing items in Q2'13 (c. SEK 25m)
- Currently analysing the impact from the proposed Russian legislation to ban advertising on pay-TV channels from 2015
- Russian advertising sales totalled SEK 103m in 2013

6% of Group sales	2014	2013
	Apr-Jun	Apr-Jun
Sales (SEKm)	271	269
Growth (at constant FX)	8%	10%
EBIT (SEKm)	19	52
EBIT margin	6.9%	19.3%
Subscribers / subscriptions ('000)		
Satellite	541	565
Mini-pay wholesale	94,197	89,915



# NICE, MTGx, RADIO

## 24% ORGANIC SALES GROWTH & PROFITABLE

### Organic + acquisition led growth

- 24% organic sales growth driven by strong performance of the content production and radio businesses
- Overall sales boosted by the consolidation of Nice, DRG and Novemberfilm in H2 2013
- Sales up significantly vs. Q1 primarily due to normal seasonality of Nice and Radio but also due to strong performance in Drama productions and Events

### Combined profits despite ongoing investments

- OpEx significantly up following consolidation of the acquired businesses, the growth in the content production businesses and the ongoing investments in MTGx

19% of Group sales	2014	2013
	Apr-Jun	Apr-Jun
Sales (SEKm)	799	336
Growth (at constant FX)	140%	-15%
Growth (organic)	24%	2%
EBIT (SEKm)	11	3
EBIT margin	1.4%	0.9%



# INCOME STATEMENT

## PROFITABLE GROWTH

### Sales up 13% at constant FX

- 3% organic growth
- Acquisitions add ~ 11 percentage points of growth

### 12% EBIT margin (excl. associates and NRI)

- OpEx up 15% at constant FX and excl. NRI & 3% organically
- Primarily reflected the growth in the pay-TV businesses and the consolidation of acquired businesses
- Total EBIT includes non-recurring items of SEK -155m, primarily due to impairment charge relating to the Ukrainian DTH platform

### Effective tax rate of 27% for the quarter

- Continue to expect FY14 rate to be in 25-30% range

Q2 in brief	2014	2013
	Apr-Jun	Apr-Jun
Sales (SEKm)	4,109	3,605
Sales growth (at constant FX)	13%	6%
Organic growth (at constant FX)	3%	6%
EBIT excl. associates and NRI	472	465
Margin excl. associates and NRI	11.5%	12.9%
Total EBIT	434	578

# CASH FLOW

## WELL-POSITIONED FOR THE FUTURE

### Cash flow generation remains good

- 81% of EBITDA (excl. NRI) converted into operating CF
- SEK 71m cash dividend payments received from CTCM

### Strong financial position

- Net debt to trailing twelve month EBITDA ratio of just 0.5x
- SEK 6.1bn of available liquid funds
- SEK 4.4bn market value of CTC stake as at end of period with a book value of SEK 1.8bn

Well-positioned to continue to invest in order to drive future earnings and returns

(SEKm)	2014	2013
	Apr-Jun	Apr-Jun
<b>Cash flow from operations</b>	<b>491</b>	<b>472</b>
Changes in working capital	-55	207
<b>Net cash flow from operations</b>	<b>436</b>	<b>680</b>
Cash flow used in investing activities	-80	-227
Cash flow used in financing activities	-518	-359
<b>Net change in cash &amp; cash equivalents</b>	<b>-163</b>	<b>93</b>

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# MTG INVESTOR RELATIONS

FOR FURTHER INFORMATION

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