

Record sales driven by digital transformation

Q4 2015 Highlights

- Sales of SEK 4,545m (4,371) and operating income of SEK 434m (478) including M&A costs and adverse currency effects, but before SEK 63m (0) of non-recurring items
- Net income from continuing operations of SEK 375m (380) and basic earnings per share of SEK 5.30 (5.34)
- Total net income of SEK 375m (471) and total basic earnings per share of SEK 5.30 (6.70)
- Cash flow from continuing operations of SEK 290m (256)
- Net debt of SEK 2,124m (362) equivalent to 1.5x trailing 12 month recurring EBITDA
- Board of Directors to propose increased annual cash dividend of SEK 11.50 (11.00) per share, representing pay-out ratio of 86% (57) of net income from continuing operations excluding non-recurring items

Financial Overview

(SEKm)	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Net sales	4,545	4,371	16,218	15,746
<i>Growth at constant FX</i>	4%	6%	3%	11%
<i>Organic growth at constant FX</i>	0%	2%	1%	4%
EBIT before non-recurring items	434	478	1,268	1,290
<i>Margin before non-recurring items</i>	9.5%	10.9%	7.8%	8.2%
Non-recurring items (NRI) *	63	0	-512	-155
Total EBIT	497	477	756	1,135
Net income, continuing operations	375	380	533	816
Basic earnings per share, continuing operations (SEK)	5.30	5.34	7.45	11.75
Net income, discontinued operations **	0	91	-282	357
Total net income	375	471	251	1,172
Total basic earnings per share (SEK)	5.30	6.70	3.22	17.10
Net debt	2,124	362	2,124	362
Cash flow from continuing operations	290	256	1,051	1,040

* Comprising a net capital gain from the sale of subsidiaries and revaluation of acquisition related liabilities in the fourth quarter; and a net capital gain from the sale of subsidiaries (including revaluations) and restructuring charges for the full year. Comprising in 2014 a non-cash net impairment charge, organisational restructuring charges and other related costs, and a net capital gain from the sale of a subsidiary.

** Comprising MTG's interest in CTC Media, Inc, which is expected to be sold.



President & CEO's comments

A year of further growth and improved underlying profitability

2015 was another record year for us. We have better products, more customers and higher sales than ever before. The combination of this growth, our ongoing transformation and the optimisation of our capital allocation, has enabled us to deliver almost stable profits for the year despite the near SEK 400m combined impact of FX headwinds and M&A costs. This clearly highlights that our products are performing very well, and that the transformation is working. We are proposing an increased dividend of SEK 11.50 per share, which is equivalent to an 86% pay-out ratio.

A year of transformation

We substantially transformed the Group in 2015, as part of our journey from a traditional broadcaster to a broad based digital entertainment company. This is built on the solid foundations of our core broadcasting businesses, which we have further strengthened by adding new sports, series and movie programming; investing in our technical platforms; and adding new channels and services.

Viaplay, our streaming service, continues to perform above expectations following the investments that we have made. We have substantially enhanced the consumer product offering, and have now adjusted prices to reflect this. We have also taken leading global market positions in the eSports and MCN spaces, and these newly acquired businesses generated a near doubling of full year revenues to almost SEK 1bn on a pro forma basis.

We have delivered on our commitment to review and optimise our business portfolio. We bought majority ownership in a number of digital businesses in the second half of the year, but also sold a cable-TV asset in Sweden, our free-TV operations in Hungary and our Russian & international pay-TV channels businesses, and we are in the process of exiting our investment in CTC Media.

We have also changed the way that we are organised, our cost structure and the way that we buy content. We have moved from a product to a country based organisation, in order to bring ourselves closer to the customer, and have significantly improved the flexibility in our agreements to move programming between products, in order to improve monetisation levels. The reshaping of the organisation has involved painful but necessary decisions, and is expected to generate savings of approximately SEK 600m, of which the majority is being reinvested into the business and our future growth and development.

Outlook

Our aim is to accelerate our sales growth and increase our operating profits in 2016, due to the positive effects of the transformation process; the high level of operational gearing in our emerging market free-TV operations; and the positive sales impact of the content investments that we have made. These benefits will gradually compensate during the year for the anticipated SEK 250m of incremental adverse FX effects, and the additional costs for the new or extended sports rights that we have acquired.

Jørgen Madsen Lindemann
President & Chief Executive Officer

“Our performance during 2015 clearly demonstrates that the transformation is working. Our products have never been stronger and we aim to grow both our sales and profits in 2016”



Significant Events during and after the quarter

2 October & 13 October - MTG secures key sports rights

MTG won the exclusive rights to show live coverage of English Premier League football matches from 2016-2019 in Sweden, Denmark and Finland; and acquired the exclusive Nordic broadcast and online rights to top flight football from Spain's La Liga and Italy's Serie A until 2018, and extended its exclusive rights to France's Ligue 1 in Denmark and Norway until 2018 to include Finland and Sweden from the beginning of next season.

26 October – MTG sells Russian & international pay-TV channels businesses

MTG simultaneously signed and completed the sale of its Russian and international pay-TV channel businesses for a total consideration of USD 45.5m. The Russian channel business comprises factual, movie and sports channels, while the international channel business comprises pan-regional factual channels and the TV1000 movie channels.

30 October - MTG completes the sale of its Hungarian free-TV channels

MTG completed the sale of its Hungarian free-TV operations, comprising the channels VIASAT3 and VIASAT6 and the catch-up service Viasat Play, to Sony Pictures Television Networks, following regulatory approval by the Hungarian competition authority.

12 November - MTG acquires DreamHack

MTG simultaneously agreed and completed the acquisition of 100% of DreamHack for an enterprise value of SEK 244m. DreamHack is one of the world's largest esports companies and organiser of the world's largest digital festivals – DreamHack Summer and DreamHack Winter in Sweden. DreamHack is the leading esports player in Scandinavia and runs both local and global esports leagues, tournaments and championships.

3 December - Senior management changes

The online advertising video on demand operations across 8 countries now sit within the local country organisations, closer to the customer and local product offerings. The MTGx central video on demand technical functions for both the Play and Viaplay services have been united under the leadership of Viaplay CEO Jonas Karlén. Arnd Benninghoff is now MTG Executive Vice President and CEO of MTGx Ventures, and reports to Mathias Hermansson, who has taken on the new role of Executive Chairman of MTGx Ventures and adviser to MTG's President & CEO on a number of strategic projects. Maria Redin's role as acting CFO is now permanent. As a result of all of these changes, Rikard Steiber, MTG EVP and Chief Digital Officer, has left MTG.

17 & 24 December - CTC Media announces approval from Special Meeting of Stockholders and completes sale of a 75% interest in its operating businesses

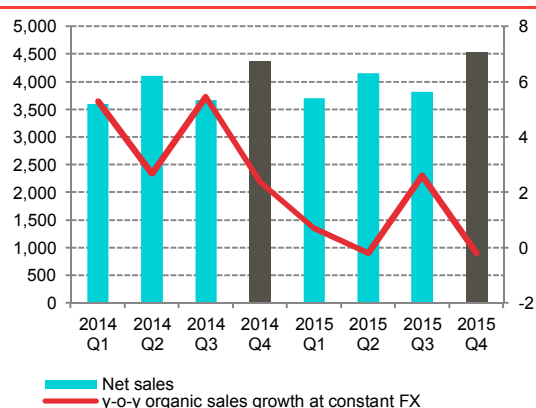
MTG noted the announcement by CTC Media, Inc., of which MTG owns 37.9%, that the Special Meeting of Stockholders held on 17th December have voted in favour of all resolutions proposed for consideration at the meeting. CTC Media, Inc. announced on 24th December that it had completed the sale of a 75% interest in its operating businesses to UTV-Management LLC. The purchase price is up to approximately USD 200m in cash, subject to certain post-closing adjustments. CTC Media had received approximately USD 150m at closing. The final purchase price will reflect the performance of the business through the end of 2015 and specified indemnification obligations, and is expected to be determined by February, 2016.

A full list of MTG corporate events can be found at www.mtg.com.

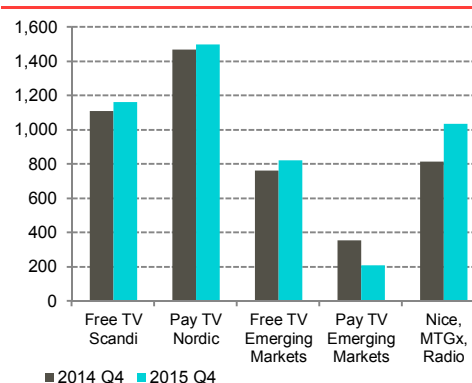
Operating Review

Sales were up 4% in the quarter and up 3% for the full year at constant FX. This reflected healthy underlying growth in the broadcasting businesses, as well as the contribution from the newly acquired digital businesses. Organic sales were stable in the quarter as the 5% growth in the broadcasting businesses was offset by lower sales in the content production businesses.

Net sales & y-o-y (year-on-year) organic growth at constant FX (SEKm (left side); % (right side))



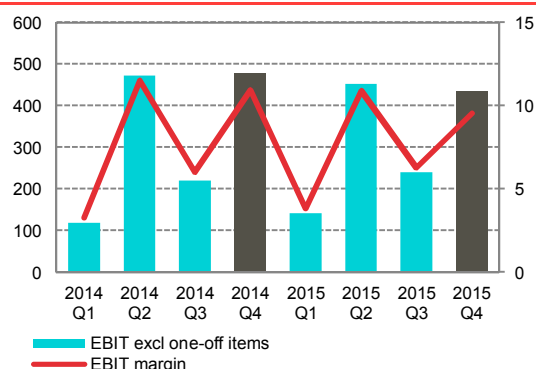
Q4 2015 Net sales by segment (SEKm)



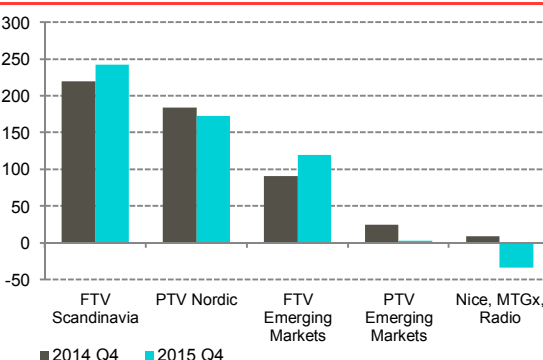
Operating costs were up 6% in the quarter and up 3% for the full year at constant FX. This increase primarily reflected the ongoing adverse impact of the appreciation of the US dollar on Nordic content costs in particular, as well as M&A related costs and the addition of the newly acquired digital businesses. Costs were stable on an organic basis in the quarter.

Operating income, when excluding non-recurring items, amounted to SEK 434m (478) in the quarter and SEK 1,268m (1,290) for the full year, with operating margins of 9.5% (10.9) and 7.8% (8.2) for the two respective periods.

EBIT & EBIT margin excl. NRIs (SEKm (left side); % (right side)) *



Q4 2015 EBIT excl. NRI by segment (SEKm)



* Quarterly fluctuations reflect seasonality of advertising markets.

Net interest and other financial items totalled SEK 2m (34) in the quarter and SEK -29m (-24) for the full year. The Group reported net income from continuing operations of SEK 375m (380) in the quarter and SEK 533m (816) for the full year, and basic earnings per share from continuing operations of SEK 5.30 (5.34) and SEK 7.45 (11.75) for the two respective periods.

Free-TV Scandinavia

Sales and profits up

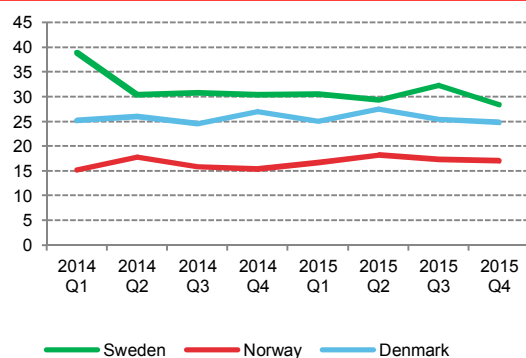
(SEKm)	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Net sales	1,164	1,111	4,126	4,109
<i>Change y-o-y</i>	5%	-3%	0%	0%
<i>Change y-o-y at constant FX</i>	6%	-5%	0%	-2%
Costs	921	890	3,459	3,476
<i>Change y-o-y</i>	3%	-5%	0%	1%
EBIT	243	220	667	633
<i>EBIT margin</i>	20.9%	19.8%	16.2%	15.4%

Sales were up at constant FX, with higher sales in Denmark and Norway only partly offset by lower sales in Sweden. The Norwegian and Danish TV advertising markets are estimated to have grown, while the Swedish market is estimated to have declined. MTG advertising video-on-demand revenues were up 28%.

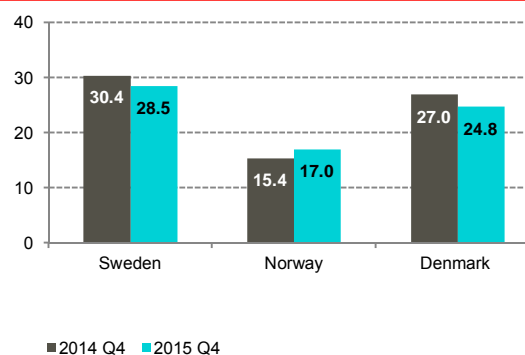
Operating costs were up, which partly reflected the appreciation of the US dollar as well as the sales co-operation with Viacom. Profits were up.

The Swedish and Danish media house audience shares were down y-o-y, while the Norwegian share was up.

Commercial share of viewing (%)
(Target audience: 15-49)



Commercial share of viewing (%)
(Target audience: 15-49)



Pay-TV Nordic

Sales & subscribers up. Lower profits due to investments

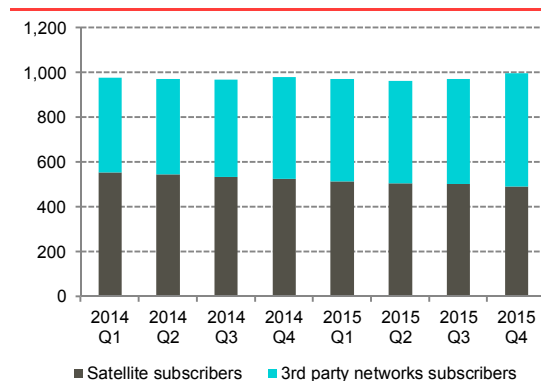
(SEKm)	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Net sales	1,502	1,472	5,926	5,756
<i>Change y-o-y</i>	2%	8%	3%	8%
<i>Change y-o-y at constant FX</i>	3%	6%	3%	7%
Costs	1,329	1,288	5,200	5,047
<i>Change y-o-y</i>	3%	7%	3%	7%
EBIT	173	184	725	709
<i>EBIT margin</i>	11.5%	12.5%	12.2%	12.3%

Sales were up at constant FX and driven by the continued growth of the Viaplay subscriber base. Viaplay introduced price increases for its basic package from October 2015, and has raised prices for the premium packages from February 2016 in order to reflect the increased investments. Premium package prices have also now been raised for both satellite and third party customers.

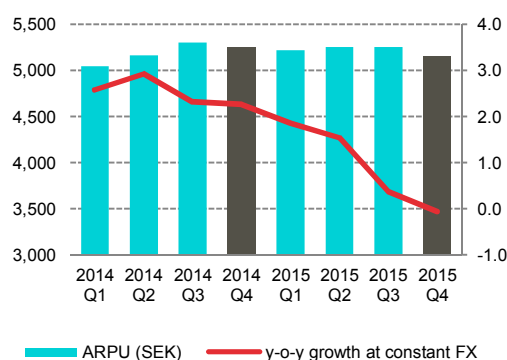
Operating costs were up following the addition of the rights to the Spanish and Italian football leagues; ongoing investments in the expansion of Viaplay; and the adverse impact of the appreciation of the US dollar. Profits were down.

The total premium subscriber base, excluding Viaplay, grew by 24,000 quarter-on-quarter as the higher growth in the third party network subscriber base more than offset the decline in the satellite base. Premium satellite ARPU was stable year-on-year at constant FX.

Premium subscribers (excluding Viaplay)
(000's)



Annualised revenue per premium satellite subscriber (ARPU) and growth at constant FX
(SEK (left side); % (right side))



Free-TV Emerging Markets

Sales & profits up

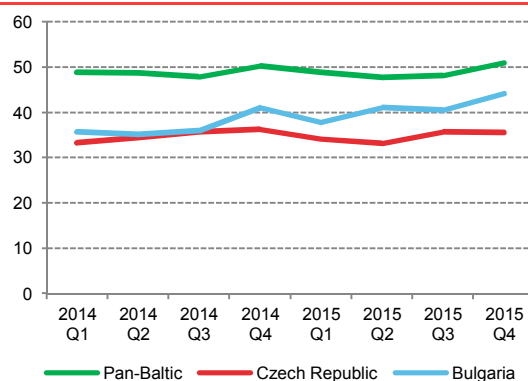
(SEKm)	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Net sales	824	762	2,666	2,409
<i>Change y-o-y</i>	8%	-3%	11%	-1%
<i>Change y-o-y at constant FX</i>	6%	-5%	7%	-3%
Costs	704	671	2,431	2,278
<i>Change y-o-y</i>	5%	-4%	7%	2%
EBIT	120	91	235	131
<i>EBIT margin</i>	14.6%	12.0%	8.8%	5.4%

Sales were up at constant FX as Bulgaria, the Baltics and the Czech Republic all reported higher sales. The Hungarian operations were deconsolidated from November. MTG advertising video-on-demand revenues were up 27%.

Operating costs were up slightly at constant FX, and partly reflected the launch of two new channels in the Czech Republic during the quarter. Profits were up.

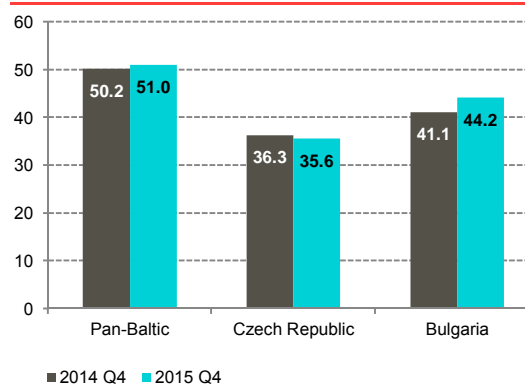
Commercial share of viewing (%)

Target audience: Baltics 15-49, Czech Republic 15-54, Bulgaria 18-49



Commercial share of viewing (%)

Target audience: Baltics 15-49, Czech Republic 15-54, Bulgaria 18-49



The Bulgarian operation generated 17% constant FX sales growth, following substantial linear and online viewing and revenue growth. The Bulgarian TV advertising market is estimated to have grown.

Sales for the Baltic free-TV operations were up 7% at constant FX. The Lithuanian TV advertising market is estimated to have grown, while the Estonian and Latvian market are estimated to have declined. The Group's media house target audience shares were up in Lithuania and down in Latvia and Estonia. MTG remains the largest media house in each of the Baltic countries.

Sales for the Czech operation were up 7% at constant FX in a TV advertising market that is estimated to have grown. The media house target audience share was down with the new channels expected to reach full penetration in Q1 2016.

Pay-TV Emerging Markets

Stable organic sales. Lower profitability

(SEKm)	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Net sales	212	355	1,105	1,225
<i>Change y-o-y</i>	-40%	16%	-10%	13%
<i>Change y-o-y at constant FX</i>	-39%	15%	-3%	14%
Costs	209	330	1,034	1,121
<i>Change y-o-y</i>	-37%	29%	-8%	17%
EBIT	3	25	72	104
<i>EBIT margin</i>	1.4%	7.1%	6.5%	8.5%

Please note that Raduga ceased broadcasting on 5 December 2014, which resulted in a net positive impact of SEK 18m in Q4 2014. The non-recurring and non-cash impairment of the intangible assets related to the satellite platform in Ukraine (Q2 2014) is not included in the segment operating results.

Sales were stable on an organic basis but down at constant FX due to the sale and deconsolidation of the Russian and international pay-TV channel businesses from November 2015. Trace reported continued sales growth in the quarter. The decline in the number of Ukrainian satellite platform subscribers continued to reflect the adverse geopolitical situation, and a solution is currently being finalised regarding the future of this business. Operating costs were also stable on an organic basis. Profits were down on a reported basis and primarily reflected the divestments.

Nice Entertainment, MTGx, MTG Radio

Sales & costs up

(SEKm)	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Net sales	1,038	815	2,971	2,778
<i>Change y-o-y</i>	27%	37%	7%	81%
<i>Change y-o-y at constant FX</i>	26%	36%	6%	80%
Costs	1,071	806	3,086	2,809
<i>Change y-o-y</i>	33%	39%	10%	77%
EBIT	-34	9	-114	-32
<i>EBIT margin</i>	-3.2%	1.1%	-3.8%	-1.1%

Sales and costs were up at constant FX and almost entirely driven by the new digital acquisitions and investments. Splay and Zoomin have been consolidated from August; Turtle from September; and DreamHack from November. Radio sales were up at constant FX, while Nice Entertainment sales were down and reflected the lower number of corporate events in 2015.

CTC Media

MTG's interest (38%) in CTC Media is classified as a 'discontinued operation' as MTG's shareholding in CTC Media is expected to be sold.

The fair value of MTG's holding as at 31 December was SEK 1,081m (1,984) and reflects CTC Media's completed sale of a 75% interest in its operating businesses to UTV-Management LLC for USD 200m in cash, as well as CTC Media's stated intention to return value in cash to the Company's shareholders that are not subject to sanctions, including anticipated available cash of USD 55m. The final consideration is subject to certain post-closing adjustments. The CTC Media Board anticipates that the return of the value to the shareholders will be completed in the first quarter of 2016, subject to the receipt of a license from the Office of Foreign Assets Control of the U.S. Treasury Department and the satisfaction of the closing conditions.

Net income from CTC Media totalled SEK 0m (91) in the quarter and SEK -282m (357) for the year, which reflected the change in the fair value of the holding between the balance sheet dates. The sale or termination of the holding would, in accordance with IFRS, result in a non-cash charge to net income of SEK 1.0bn arising from the accumulated translation differences previously booked in Group equity, while total equity would remain unaffected. This charge would be recognised in the 'discontinued operations' line.

For further information about CTC Media see www.ctcmedia.ru. Please also see page 11 (Other Information) regarding risks and uncertainties.

Financial Review

Cash flow from continuing operations

Operating cash flow

Cash flow from operations before changes in working capital amounted to SEK 290m (256) in the quarter and SEK 1,051m (1,040) for the full year. Depreciation and amortisation charges totalled SEK 57m (33) in the quarter and SEK 195m (168) for the full year. The Group reported a SEK -136m (288) change in working capital in the quarter and SEK -555m (-143) for the full year and net cash flow from operations totalled SEK 154m (543) and SEK 497m (897) for the two respective periods. Net cash flow from operations was effected by upfront payments for newly acquired and extended sports rights, further investments in other content and payments relating to the restructuring program.

Investing activities

The sale of the Hungarian free-TV operations; the Russian and international pay-TV channels businesses; and Radio Nova in Finland were all completed during the quarter and gave rise to total proceeds of SEK 326m (0) in the quarter. Total proceeds for the year of SEK 412m (230) for the full year also included the sale of associated company Sappa.

Total cash invested in the acquisition of subsidiaries and associates amounted to SEK -320m (0) in the quarter and SEK -1,594m (-223) for the year, and primarily comprised the purchase of 100% of DreamHack in Q4; 74% of Turtle Entertainment in Q3; 51% of Zoomin.TV in Q3; a further 32% of Splay in Q3; and a further 41% of Paprika in Q3. The agreements with Turtle, Zoomin and Splay include options to acquire the remaining shares between 2016 and 2020. Transaction costs totalled SEK 46m, and are reported in the 'Other operating expenses' line of the Group's income statement.

The results are reported within the Group's 'Nice Entertainment, MTGx, MTG Radio' business segment. The purchase price allocations are preliminary as the work is still in progress. Preliminary intangible surplus values, net of deferred tax liability as reported, were SEK 2,388m, of which goodwill was SEK 1,910m. The companies are now fully consolidated. Acquisitions of SEK 223m during 2014 mainly related to Trace. Please also refer to Note 2.

Group capital expenditure on tangible and intangible assets totalled SEK -75m (-75) in the quarter and SEK -293m (-217) for the full year. Total cash flow relating to investing activities amounted to SEK -74m (-75) and SEK -1,467m (-211) for the two respective periods.

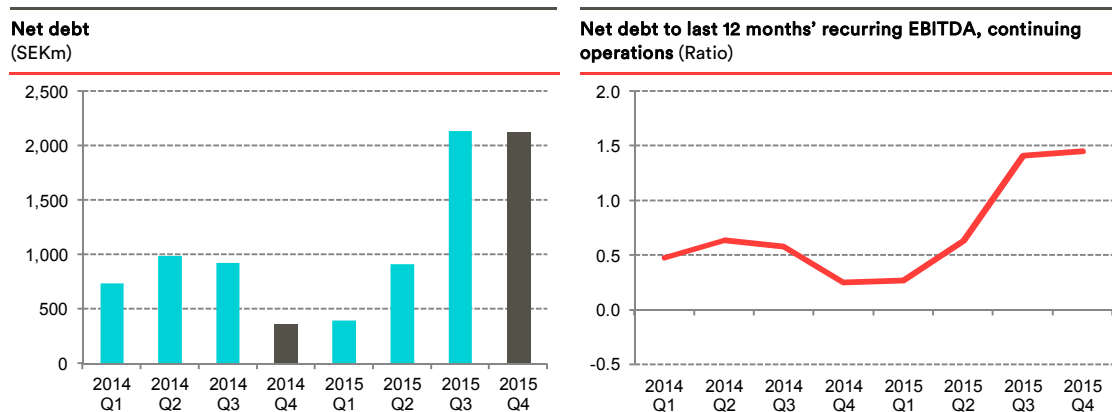
Financing activities

Cash flow from financing activities amounted to SEK 11m (-367) in the quarter and SEK 656m (-1,204) for the full year. Total borrowings increased by SEK 88m (-618) to SEK 2,548m (1,055) and compared with SEK 2,459m at the end of September 2015.

The net change in cash and cash equivalents therefore amounted to SEK 91m (183) in the quarter and SEK -224m (-221) for the full year. The Group had cash and cash equivalents of SEK 410m (643) at the end of the period, compared to SEK 317m as at 30 September 2015.

Net debt & liquid funds

The Group's net debt position, which is defined as cash and cash equivalents and interest bearing assets less interest bearing liabilities, increased to SEK 2,124m (362) at the end of the period due to the investments in shares. The Group's available liquid funds, including unutilised credit and overdraft facilities, totalled SEK 6,259m (6,498).



Related party transactions

Related party transactions are of the same character and of similar amounts as the transactions described in the 2014 Annual Report.

Corporate Responsibility Review

Carbon Disclosure Projects (CDP), the international non-profit organisation that provides a global system for companies to measure, disclose and share environmental information, published their annual ranking in November 2015, and MTG's score for 2015 was 95C (ranked between 1 and 100 and

between E and A). This demonstrates MTG's commitment to the environmental agenda. MTG has reduced its energy consumption per employee by more than 30% since 2010. MTG also continues to engage communities around the world on green issues and provide environmental groups with media platforms through which to raise awareness levels.

MTG joined forces in Sweden in October with Reach for Change and three of Splay's brightest YouTube stars (Keyyo, Ufosxm and Anty) in a campaign against bullying and exclusion.

Parent Company

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

(SEKm)	2015	2014	2015	2014
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	11	12	51	45
Net interest and other financial terms	14	123	401	435
Income before tax and appropriations	-88	49	135	207

The decrease in net interest and other financial items reflected the closure of a subsidiary, lower interest rate levels, as well as FX differences in the quarter, and for the full year the addition of dividends received of SEK 153m (0). The parent company had cash and cash equivalents of SEK 115m (402) at the end of the period, compared to SEK 23m at the end of the third quarter of 2015. SEK 5,849m (5,750) of the SEK 5,849m total available credit facilities was unutilised at the end of the period.

The total number of outstanding shares at the end of the period was 66,635,969 (66,630,189) and excluded the 865,000 Class C shares and 146,155 Class B shares held by MTG in treasury. The total number of issued shares did not change during the period.

Other Information

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 2014 Annual Report, with the exception of the reclassification of the shareholding in CTC Media, Inc. to discontinued operations. The changes to 2015 IFRS have no effect on the Group.

Risks & uncertainties

Significant risks and uncertainties exist for the Group and the parent company. MTG had substantial business interests in Russia and has therefore been affected by the amendments to the Russian Mass Media Law to reduce the permitted level of aggregate foreign ownership in Russian mass media companies to 20% direct or indirect ownership or control from the beginning of 2016. MTG took steps to comply with the Law before the end of 2015 by selling its fully owned subsidiaries in Russia.

Please see <http://www.ctcmedia.ru/press-center/releases/> for the announcement from CTC Media on 24 December regarding transactions that has enabled it to comply with the new requirements, and the risks and uncertainties related to these actions. The outcome of the transactions or any other change in structures or ownership could result in loss of value for MTG shareholders.

Other risks and uncertainties include the prevailing economic and business environments in other markets and the impact of the Eurozone, as well as the geopolitical crisis; 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. Risks and uncertainties are also described in more detail in the 2014 Annual Report, which is available at www.mtg.com.

2016 Annual General Meeting

The 2016 Annual General Meeting will be held on Tuesday 24 May 2016 in Stockholm. Shareholders wishing to have matters considered at the Meeting should submit their proposals in writing to agm@mtg.com or to The Company Secretary, Modern Times Group MTG AB, Box 2094, SE-103 13 Stockholm, Sweden, at least seven weeks before the Meeting, in order that such proposals may be included in the notices to the Meeting. Further details of when and how to register will be published in advance of the Meeting.

The Board of Directors will propose the payment of an annual ordinary cash dividend of SEK 11.50 (11.00) per share to the Annual General Meeting of shareholders in May. The total proposed dividend payment would therefore amount to approximately SEK 767m (733), based on the maximum potential number of outstanding ordinary shares. The Board of Directors will propose that the remainder of the Group's retained earnings for the year ended 31 December 2015 be carried forward into the accounts for 2016. The proposal is in line with the dividend policy to distribute a minimum of 30 per cent of each year's recurring net profit to shareholders in the form of an annual ordinary cash dividend.

Financial calendar

MTG's financial results for the first quarter of 2016 will be published on 20 April 2016.

The Annual Report will be made available at www.mtg.com and from the Company's head office at Skeppsbron 18, Stockholm, Sweden, no later than 10 April 2016.

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 3938
UK:	+44 (0) 20 3427 1914
US:	+1 212 444 0481

The access pin code for the call is 1170425. To listen to the conference call online and for further information, please visit www.mtg.com.

Any questions?

www.mtg.com

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London, 3 February 2016

Jørgen Madsen Lindemann, President & Chief Executive Officer

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Registration number: 556309-9158

MTG (Modern Times Group MTG AB (publ.)) is a leading international entertainment group. Our shares are listed on Nasdaq OMX Stockholm ('MTGA' and 'MTGB'). The information in this announcement is that which MTG is required to disclose according to the Securities Market Act and/or the Financial Instruments Trading Act, and was released at 07:30 CET on 3 February 2016.

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

Condensed consolidated income statement

(SEKm)	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Continuing operations				
Net sales	4,545	4,371	16,218	15,746
Cost of goods and services	-2,879	-2,706	-10,109	-9,779
Gross income	1,666	1,665	6,109	5,967
Selling and administrative expenses	-1,148	-1,193	-4,585	-4,492
Other operating revenues and expenses, net	-80	-3	-255	-203
Share of earnings in associated companies and joint ventures	-4	10	-1	18
Non-recurring items	63	0	-512	-155
Operating income (EBIT)	497	477	756	1,135
Net interest	-3	14	-11	-1
Other financial items	5	20	-18	-23
Income before tax	498	511	727	1,112
Tax	-124	-131	-194	-296
Net income for the period, continuing operations	375	380	533	816
Discontinued operations				
CTC Media	0	91	-282	357
Net income for the period, discontinued operations *	0	91	-282	357
Total net income for the period	375	471	251	1,172
Attributable to:				
Equity holders of the parent	353	446	214	1,139
Non-controlling interest	22	24	37	33
Total net income for the period	375	471	251	1,172
Continuing operations				
Basic earnings per share (SEK)	5.30	5.34	7.45	11.75
Diluted earnings per share (SEK)	5.28	5.33	7.43	11.73
Total				
Total basic earnings per share (SEK)	5.30	6.70	3.22	17.10
Total diluted earnings per share (SEK)	5.29	6.69	3.21	17.07

* Net income for the period, discontinued operations, is attributable to the equity holders of the parent.

Condensed consolidated statement of comprehensive income

(SEKm)	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Net income, continuing operations	375	380	533	816
<i>Other comprehensive income</i>				
<i>Items that are or may be reclassified to profit or loss net of tax:</i>				
Currency translation differences	44	-61	20	19
Cash flow hedge	-42	64	-59	136
Change in non-controlling interest	-11	2	-4	9
Other comprehensive income, continuing operations	-9	6	-42	164
Total comprehensive income, continuing operations	366	386	491	980
Net income, discontinued operations	0	91	-282	357
<i>Other comprehensive income</i>				
<i>Items that are or may be reclassified to profit or loss net of tax:</i>				
Currency translation differences	0	-181	-548	-12
Comprehensive income, discontinued operations	0	-90	-830	345
Total comprehensive income for the period	366	296	-339	1,325
Total comprehensive income attributable to:				
Equity holders of the parent	355	270	-372	1,283
Non-controlling interest	11	26	33	42
Total comprehensive income for the period	366	296	-339	1,325
Shares outstanding at the end of the period	66,635,969	66,630,189	66,635,969	66,630,189
Basic average number of shares outstanding	66,635,969	66,630,189	66,634,180	66,627,771
Diluted average number of shares outstanding	66,790,285	66,729,184	66,769,596	66,709,088

Condensed consolidated statement of financial position

(SEKm)	2015 31 Dec	2014 31 Dec
Non-current assets		
Goodwill	5,187	3,396
Other intangible assets	1,746	941
Total intangible assets	6,933	4,337
Total tangible assets	452	380
Shares and participations	51	2,058
Other financial receivables	153	188
Total long-term financial assets	204	2,246
Total non-current assets	7,589	6,963
Current assets		
Assets held for sale, CTC Media *	1,081	-
Total inventory	1,825	2,179
Total current receivables	5,592	4,346
Cash, cash equivalents and short-term investments	410	643
Total current assets	8,909	7,168
Total assets	16,497	14,131
Equity		
Shareholders' equity	4,556	5,729
Non-controlling interest	212	102
Total equity	4,768	5,831
Long-term liabilities		
Other non-current interest-bearing liabilities	1,018	1,001
Total non-current interest-bearing liabilities	1,018	1,001
Total provisions	1,129	823
Non-current liabilities at fair value	1,109	207
Other non-interest-bearing liabilities	48	80
Total non-current non-interest-bearing liabilities	2,286	1,110
Total non-current liabilities	3,305	2,111
Current liabilities		
Current liabilities at fair value	5	20
Other current interest-bearing liabilities	1,549	57
Total current non-interest-bearing liabilities	6,871	6,113
Total current liabilities	8,425	6,190
Total liabilities	11,730	8,300
Total shareholders' equity and liabilities	16,497	14,131

* CTC Media is recognised in Current assets from Q2 2015. Comparable figures for Q4 2014 were SEK 1,984m.

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)	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Cash flow from operations	290	256	1,051	1,040
Changes in working capital	-136	288	-555	-143
Net cash flow from operations	154	543	497	897
Proceeds from sales of shares	326	0	412	230
Acquisitions of subsidiaries and associates	-320	0	-1,594	-223
Investments in other non-current assets	-75	-75	-293	-217
Other cash flow from investing activities	-5	-	7	-
Cash flow used in investing activities	-74	-75	-1,467	-211
Net change in loans	88	-618	1,494	-778
Dividends to shareholders	-	-	-733	-700
Other cash flow from/to financing activities	-77	250	-105	273
Cash flow used in financing activities	11	-367	656	-1,204
Net change in cash, continuing operations	91	101	-314	-517
Net change in cash, discontinued operations	0	82	90	297
Total net change in cash and cash equivalents	91	183	-224	-221
Cash and cash equivalents at the beginning of the period	317	382	643	765
Translation differences in cash and cash equivalents	2	78	-8	99
Cash and cash equivalents at end of the period	410	643	410	643

Condensed consolidated statement of changes in equity

(SEKm)	2015 31 Dec	2014 31 Dec
Opening balance	5,831	5,295
Net loss/income for the period	251	1,172
Other comprehensive income for the period	-590	153
Total comprehensive loss/income for the period	-339	1,325
Effect of employee share option programmes	6	1
Share of option changes in equity of associates	5	4
Change in non-controlling interests	2	-6
Dividends to shareholders	-733	-700
Dividends to non-controlling interests	-5	-88
Closing balance	4,768	5,831

Parent company condensed income statement

(SEKm)	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Net sales	11	12	51	45
Gross income	11	12	51	45
Administrative expenses	-113	-86	-316	-273
Operating income (EBIT)	-102	-74	-265	-228
Net interest and other financial items	14	123	401	435
Income before tax and appropriations	-88	49	135	207
Appropriations	24	123	24	123
Tax	-3	-38	-26	-71
Net income for the period	-68	135	133	258

Parent company condensed statement of comprehensive income

(SEKm)	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Net income for the period	-68	135	133	258
<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	-	0
Other comprehensive income for the period	-	0	-	0
Total comprehensive income for the period	-68	135	133	259

Parent company condensed balance sheet

(SEKm)	2015 31 Dec	2014 31 Dec
Non-current assets		
Capitalised expenditure	1	2
Machinery and equipment	1	1
Shares and participations	6,343	6,398
Other financial receivables	353	295
Total non-current assets	6,698	6,696
Current assets		
Current receivables	10,221	10,544
Cash, cash equivalents and short-term investments	115	402
Total current assets	10,336	10,946
Total assets	17,034	17,642
Shareholders' equity		
Restricted equity	338	338
Non-restricted equity	6,529	7,124
Total equity	6,868	7,462
Long-term liabilities		
Interest-bearing liabilities	1,000	1,024
Provisions	20	2
Non-interest-bearing liabilities	64	23
Total long-term liabilities	1,084	1,049
Current liabilities		
Other interest-bearing liabilities	8,488	8,294
Non-interest-bearing liabilities	595	838
Total current liabilities	9,083	9,132
Total shareholders' equity and liabilities	17,034	17,642

Net Sales – Business segments

(SEKm)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Full year 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Full year 2015
Free-TV Scandinavia	1,034	1,065	900	1,111	4,109	979	1,080	903	1,164	4,126
Pay-TV Nordic	1,404	1,439	1,441	1,472	5,756	1,486	1,490	1,448	1,502	5,926
Free-TV Emerging Markets	504	680	463	762	2,409	581	739	522	824	2,666
- <i>Baltics, Czech & Bulgaria</i>	472	640	431	721	2,264	546	695	486	804	2,531
Pay-TV Emerging Markets	266	271	333	355	1,225	293	303	297	212	1,105
Central operations, eliminations & others	-48	-61	-92	-93	-294	-102	-94	-97	-99	-392
Total Broadcasting	3,159	3,394	3,045	3,607	13,205	3,238	3,519	3,073	3,603	13,432
Nice Entertainment, MTGx, MTG Radio	483	799	681	815	2,778	493	668	773	1,038	2,971
Group central operations	60	57	57	61	235	59	54	50	51	214
Eliminations	-104	-141	-115	-112	-472	-89	-85	-78	-146	-398
Total operations	3,597	4,109	3,669	4,371	15,746	3,701	4,155	3,819	4,545	16,218
<i>Organic Growth at constant FX</i>	5.3%	2.7%	5.5%	2.4%	3.8%	0.7%	-0.2%	2.6%	-0.2%	0.7%
<i>FX</i>	-0.4%	0.6%	2.5%	1.8%	1.2%	1.9%	0.9%	-0.9%	-0.1%	0.4%
<i>Divestments</i>	0.0%	-0.4%	-1.3%	-1.1%	-0.7%	-1.2%	-0.7%	0.0%	-3.5%	-1.4%
<i>Acquisitions</i>	7.2%	11.1%	8.3%	4.3%	7.6%	1.5%	1.1%	2.4%	7.8%	3.3%
<i>Total growth</i>	12.1%	14.0%	15.0%	7.5%	11.9%	2.9%	1.1%	4.1%	4.0%	3.0%

Operating income (EBIT) – Business segments

(SEKm)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Full year 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Full year 2015
Free-TV Scandinavia	92	200	120	220	633	94	208	123	243	667
Pay-TV Nordic	155	184	186	184	709	178	185	189	173	725
Free-TV Emerging Markets	-25	121	-57	91	131	-6	134	-13	120	235
- <i>Baltics, Czech & Bulgaria</i>	-12	137	-35	109	199	15	146	3	125	288
Pay-TV Emerging Markets	22	19	39	25	104	2	26	41	3	72
Central operations, eliminations & others	0	0	-18	18	0	-3	-7	-17	-10	-38
Total Broadcasting	244	524	269	539	1,576	265	546	323	528	1,662
Nice Entertainment, MTGx, MTG Radio	-64	11	12	9	-32	-46	-29	-6	-34	-114
Group central operations & eliminations	-61	-62	-61	-71	-255	-76	-65	-77	-61	-279
Total operations excl NRI	119	473	221	478	1,290	142	452	240	434	1,268
Non-recurring items	-	-155	0	0	-155	77	-	-652	63	-512
Total EBIT	119	318	221	478	1,135	219	452	-412	497	756

Key performance indicators

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Full year 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Full year 2015
GROUP										
Sales growth (%)	12.1	14.0	15.0	7.5	11.9	2.9	1.1	4.1	4.0	3.0
Sales growth at constant FX (%)	12.5	13.4	12.5	5.7	10.7	1.0	0.2	5.0	4.1	2.6
Change in operating costs (%) ¹	16.5	15.8	14.1	8.2	13.4	2.3	1.8	3.7	5.6	3.4
Operating margin (%) ¹	3.3	11.5	6.0	10.9	8.2	3.8	10.9	6.3	9.5	7.8
Return on capital employed, continuing operations (%)	28	27	28	24		25	25	24	21	
Return on equity (%)	22	24	24	24		26	17	15	12	
Equity to assets ratio (%)	39	35	39	41		41	36	29	29	
Liquid funds (SEKm)	6,315	6,149	6,150	6,498		6,538	6,107	5,998	6,259	
Net debt (SEKm)	738	987	928	362		396	913	2,134	2,124	
FREE-TV SCANDINAVIA										
Sales growth (%)	4.1	-1.4	1.4	-3.4	0.0	-5.3	1.4	0.4	4.8	0.4
Sales growth at constant FX (%)	4.0	-2.9	-1.4	-5.2	-1.6	-7.7	0.4	1.0	5.9	0.0
Change in operating costs (%)	8.7	-0.8	1.4	-4.8	1.0	-6.0	0.8	0.1	3.5	-0.5
Operating margin (%)	8.9	18.8	13.3	19.8	15.4	9.6	19.3	13.6	20.9	16.2
Commercial share of viewing (%)										
Sweden (15-49) ²	38.9	30.3	30.8	30.4	33.0	30.6	29.4	32.4	28.5	30.1
Norway (15-49) ³	15.2	17.8	15.9	15.4	16.0	16.7	18.3	17.4	17.0	17.3
Denmark (15-49) ⁴	25.2	26.0	24.6	27.0	25.7	25.1	27.5	25.5	24.8	25.7
PAY-TV NORDIC										
Sales growth (%)	7.1	6.7	10.2	7.6	7.9	5.8	3.5	0.5	2.0	3.0
Sales growth at constant FX (%)	7.2	5.4	7.9	6.0	6.6	3.9	2.9	0.9	3.0	2.7
Change in operating costs (%)	7.3	4.9	9.0	7.0	7.0	4.7	4.0	0.3	3.2	3.0
Operating margin (%)	11.0	12.8	12.9	12.5	12.3	12.0	12.4	13.0	11.5	12.2
Subscriber data ('000s)										
Premium subscribers	978	970	969	982		973	964	972	996	
- of which, satellite	553	546	535	526		514	506	503	490	
- of which, 3rd party networks	425	425	434	456		459	458	469	506	
Basic satellite subscribers	37	36	35	33		31	31	19	18	
Premium satellite ARPU (SEK)	5,044	5,164	5,302	5,254		5,220	5,258	5,257	5,161	
FREE-TV EMERGING MARKETS										
Sales growth (%)	-1.7	-1.8	1.3	-2.8	-1.5	15.4	8.7	12.7	8.1	10.7
Sales growth at constant FX (%)	-1.8	-3.6	-1.0	-4.9	-3.1	9.4	5.4	9.3	6.1	7.2
Change in operating costs (%)	8.6	1.1	6.0	-4.2	2.2	11.2	8.3	2.7	4.9	6.7
Operating margin (%)	-4.9	17.8	-12.4	12.0	5.4	-1.1	18.1	-2.4	14.6	8.8
Commercial share of viewing (%)										
Estonia (15-49)	41.0	39.9	38.1	42.1	40.4	39.4	40.3	39.9	41.3	40.3
Latvia (15-49) ⁵	55.0	59.7	58.7	61.9	58.7	59.5	61.0	57.8	59.7	59.5
Lithuania (15-49)	47.3	44.5	43.9	45.0	45.4	44.8	41.8	44.4	48.0	44.9
Czech Republic (15-54) ⁶	33.3	34.4	35.6	36.3	34.9	34.1	33.2	35.7	35.6	34.6
Bulgaria (18-49) ⁷	35.7	35.1	35.9	41.1	37.1	37.9	41.1	40.6	44.2	40.9
PAY-TV EMERGING MARKETS										
Sales growth (%)	8.3	0.9	24.4	15.6	12.5	10.4	11.9	-11.0	-40.3	-9.8
Sales growth at constant FX (%)	9.8	7.9	24.9	14.7	14.4	21.7	17.4	-0.4	-38.6	-2.7
Change in operating costs (%)	-0.9	16.5	22.4	28.9	16.8	19.4	9.9	-13.2	-36.6	-7.8
Operating margin (%)	8.2	6.9	11.7	7.1	8.5	0.6	8.5	13.9	1.4	6.5
Subscriber data ('000s)										
Satellite subscribers ⁸	358	344	326	306		290	280	270	269	

1. Based on operating income excl. non-recurring items.

2. The universe has expanded from Q4 2015 to include Eurosport and historical numbers have been restated. The universe also expanded from Q3 2015 to include Investigation Discovery.

3. The universe has expanded from Q4 2015 to include Eurosport and historical numbers have been restated. The universe also expanded from Q4 2015 to include TV2 Livsstil and from Q2 2015 to include TV2 Humor.

4. The universe has expanded from Q4 2015 to include Eurosport and Canal 9 and historical numbers have been restated. The universe also expanded from Q1 2015 to include TV2 Sport.

5. Q2 2015 for Latvia has been restated due to time shift viewing.

6. The universe has expanded from Q4 2015 to include PrimaMax and from Q3 2015 to include three new Barrandov channels.

7. The source for Bulgaria has been changed as of Q4 2014 from GARB to Mediaresearch. All figures from Q1 2014 are based on the new source. The universe expanded from Q1 2014 to include seven new channels.

8. Have been restated following the closure of Raduga.

For definitions, please refer to the 2014 Annual Report under the heading "Definitions". Data on share of viewing is made available after each quarter on www.mtg.com.

Notes to the accounts

1. Condensed sales Group segments

(SEKm)	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Sales external customers				
Broadcasting	3,600	3,604	13,416	13,193
Nice Entertainment, MTGx, MTG Radio	944	766	2,799	2,548
Parent company & holding companies	1	1	3	5
Total	4,545	4,371	16,218	15,746
Sales between segments				
Broadcasting	3	3	15	12
Nice Entertainment, MTGx, MTG Radio	94	49	172	229
Parent company & holding companies	50	60	211	230
Total	146	112	398	472

2. Acquisitions – preliminary fair values

Recognised values (SEKm)	Turtle	Other	Total
Total assets	244	181	425
Total liabilities	-280	-109	-389
Surplus values including goodwill	1,156	1,232	2,388
Total consideration	1,120	1,304	2,423
Cash and cash equivalents in acquired businesses	-13	-76	-89
Borrowings in acquired businesses	26	0	26
Fair value previous participation	-	-18	-18
Options exercised	-	76	76
Non-paid consideration	-381	-445	-825
Cash flow from acquisition	753	841	1,594

Contributions from acquisitions (SEKm)	Sales Q4	EBIT Q4	Sales YTD	EBIT YTD
Turtle	231	-35	280	-37
Other	124	-11	170	-9
Total MTGx segment	355	-47	450	-46
Total Free TV EM segment	3	0	9	0
Total	358	-47	458	-46

Contributions from acquisitions if the acquisition had occurred 1 January	Sales	EBIT
Turtle	612	-54
Other	358	-9
Total MTGx segment	970	-63
Total Free TV EM segment	11	0
Total	981	-64

Transaction costs totalled SEK 46m and are reported in the 'Other operating expenses' line of the Group's income statement. The figures are preliminary as the work on the purchase price allocation is still at an early stage.

3. Financial liabilities at fair value

	2015	2014
	Jan-Dec	Jan-Dec
Financial liabilities, level 3		
Opening balance 1 January	227	280
New acquisitions	940	138
Reclassification	-8	-24
Sale of companies	-	-123
Exercise	-24	-
Changes in fair values	-16	-51
Translation differences	-5	6
Closing balance 31 December	1,114	227