

Director's Report

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Business operations

Modern Times Group MTG AB (publ.) (MTG) is a publicly listed media company. Its Class A and Class B shares are listed on Nasdaq Stockholm's Large Cap list under the symbols MTGA and MTGB. MTG's registered office is located at Skeppsbron 18, P.O. Box 2094, SE-103 13 Stockholm, Sweden. MTG's registration number is 556309-9158.

MTG's objective is to be the leading provider of digital video experiences. MTG is shaping the future of entertainment by connecting consumers with the content that they love through multiple screens, whether in the home or on the move, online or offline, scheduled or on demand.

MTG is divided into four operating segments: Nordic Entertainment, International Entertainment, MTG Studios and MTGx. The entertainment businesses are geographically defined and include linear and streamed pay-TV, free-TV and radio services. MTG Studios consists of content production and distribution businesses. MTGx comprises the Group's global digital businesses, which include three verticals – esports, online gaming and digital video content.

Acquisitions and divestments

Active portfolio realignment is a natural part of MTG's transformation into a leading global digital entertainer. During 2017 and after the year, a number of strategic disposals and acquisitions were completed or announced, including:

25 January – MTG announced divestment of its holding in FTV Prima

MTG announced it had signed an agreement to sell its 50% shareholding in FTV Prima Holding to Denemo Media for a total cash consideration of EUR 116m (SEK 1,110m). The sale was completed on 24 April.

17 March – MTG announced divestment of its Baltic operations

MTG announced it had signed an agreement to sell its free-TV, pay-TV, digital and radio businesses in the Baltic region to Providence Equity Partners for a total cash consideration of EUR 100m (SEK 954m). The sale was completed on 18 October.

2 May – MTG increased its ownership in InnoGames

MTG increased its ownership in cross-platform games developer InnoGames to 51%, from the initial 21% investment completed in October 2016. MTG invested EUR 82.6m (SEK 801 m) 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 from 1 May.

20 June – MTG acquired Kongregate

MTG announced the acquisition of 100% of US games publisher and developer Kongregate Inc. from current owner GameStop Corp. for an enterprise value of USD 55m (SEK 434m). The acquisition was completed on 24 July. MTG has fully consolidated Kongregate from 21 July

19 January 2018 – MTG announced disposal of Trace

MTG announced it had signed an agreement to sell its 75% shareholding in TRACE PARTNERS S.A.S. to TPG Growth. The transaction values 100% of the business at an enterprise value of EUR 40m (approximately SEK 392m) and closing is subject to regulatory approvals.

19 February 2018 – MTG announced divestment of Nova Group

MTG announced it had signed an agreement to sell its 95% shareholding in Nova Broadcasting Group Jsc. in Bulgaria to PPF Group. The transaction values 100% of the business at an enterprise value of EUR 185 million (approximately SEK 1,830 million). Closing is subject to regulatory approvals and expected to take place during H1 2018.

Other significant events during and after the year

9, 11 & 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 with SVT between 2018 and 2023, with the Championship to be shown exclusively on MTG's linear channels and Viaplay in 2018, 2020 and 2022.

13 September – MTG included in 2017 Dow Jones

Sustainability World Index

MTG was included in the Dow Jones Sustainability World Index for the sixth consecutive year. A total of 72 media companies around the world were assessed for this year's Index: only six of these companies, including MTG, were included.

1 February & 2 March 2018 – The proposed combination of MTG Nordics and TDC Group

On 1 February 2018, MTG announced it had entered into an agreement with TDC Group to combine its Nordic Entertainment and MTG Studios businesses with TDC Group, in order to create Europe's first fully convergent media and communications provider. On 2 March 2018, TDC Group announced that its Board of Directors had withdrawn its recommendation of the combination and that it will not propose the combination to its shareholders. This follows the public takeover offer for all of TDC Group's shares by a financial consortium. The merger agreement governing the combination has not been terminated at this stage, pending completion of the offer.

23 March 2018 – MTG to split in two and distribute shares in Nordic Entertainment Group to shareholders

MTG announced that its Board of Directors has decided to initiate a process to split MTG into two companies – Modern Times Group MTG AB and Nordic Entertainment Group – by distributing all the shares in Nordic Entertainment Group (comprising the Group's Nordic Entertainment, MTG Studios and Splay Networks operations) to MTG's shareholders, and listing these shares on Nasdaq Stockholm. The Board intends to propose the distribution and listing of the shares at an Extraordinary General Meeting (EGM) of its shareholders during the second half of 2018. The Board's final proposal will be subject to the previously announced combination of MTG's Nordic Entertainment and MTG Studios businesses with TDC Group not being completed.

Business review

2017 highlights

- Sales of SEK 17,537m (14,999) with 8% organic growth
- Operating income up 19% to SEK 1,264m (1,060) before items affecting comparability (IAC)
- Total operating income of SEK 923m (1,060)
- Net income from continuing operations of SEK 612m (744) and basic earnings per share of SEK 8.19 (10.99)
- Total net income of SEK 1,360m (-109) including net income from discontinued operations of SEK 748m (-853), and total basic earnings per share of SEK 18.73 (-3.19)
- Net debt of SEK 1,812m (2,186) equivalent to 1.1x trailing 12 month EBITDA before IAC
- Board of Directors to propose a dividend of SEK 12.50 (12.00) per share, representing pay-out ratio of 95% (93) of net income from continuing operations before IAC

Consolidated financial results

(SEKm)	2017	2016
Continuing operations		
Net sales	17,537	14,999
Organic growth	7.7%	5.8%
Acquisitions	8.3%	1.4%
Changes in FX rates	1.0%	-0.2%
Reported growth	16.9%	7.0%
Operating income before IAC	1,264	1,060
Operating margin before IAC	7.2%	7.1%
Items affecting comparability	-340	-
Operating income	923	1,060
Net income	612	744
Basic earnings per share (SEK)	8.19	10.99
Cash flow from operations	1,311	674
Discontinued operations		
Net income ¹⁾	748	-853
Total operations		
Net income	1,360	-109
Basic earnings per share (SEK)	18.73	-3.19
Net debt	1,812	2,186

Continuing operations

Net sales

Net sales were up 17% on a reported basis to SEK 17,537m (14,999). The organic growth of 8% included growth for all four business segments. Acquisitions contributed a further 8% and primarily comprised the consolidation of InnoGames from 1 May and Kongregate from 21 July. The FX impact was 1%.

Operating expenditure

Group operating costs excluding items affecting comparability increased to SEK 16,273m (13,938) and were up 22% (-13) at constant exchange rates. The increase reflected the ongoing investment in MTG's digital expansion and the consolidation of InnoGames and Kongregate. Depreciation and amortisation charges increased to SEK 320m (207), and mainly reflected the inclusion of amortisation charges relating to InnoGames and Kongregate surplus values.

Operating income and items affecting comparability

The Group's operating income increased to SEK 1,264m (1,060) before items affecting comparability, with an operating margin of 7% (7). The Group reported items affecting comparability of SEK -340m (0) that primarily reflected the impairment of goodwill and capitalised development cost related to Zoomin.TV and revaluation of option and earn-out liabilities mainly relating to Zoomin.TV and Splay. In addition, the Group's holding in InnoGames was revalued when the company was reclassified from an associated company to a subsidiary. Total operating profits therefore amounted to SEK 923m (1,060).

¹⁾ Discontinued operations comprise MTG's businesses in the Czech Republic, the Baltics, Africa (excluding Trace) and, for 2016, MTG's interest in CTC Media, Inc.

Net interest and other financial items

Group net interest expenses increased to SEK -24m (-18). Other financial items amounted to SEK -40m (-63), which mainly reflected the non-cash effect of discounting options and earn-out liabilities at fair value, as well as borrowing costs.

Tax

The Group's tax expenses totalled SEK 247m (236), corresponding to an effective tax rate of 29% (24).

Net income and earnings per share

The Group reported net profits from continuing operations of SEK 612m (744), and basic earnings per share of SEK 8.19 (10.99).

Discontinued operations

Discontinued operations comprise MTG's businesses in the Czech Republic, the Baltics and Africa (excluding Trace), and for 2016 also MTG's interest in CTC Media, Inc.

Net income and cashflows 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 divestments 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 sale' in the consolidated balance sheet. 2016 have been fully restated. For details, see the financial fact sheet with restated numbers at www.mtg.com.

Net income from discontinued operations amounted to SEK 748m (-853). The 2016 item comprised a loss of SEK 1,072m relating to CTC Media and a profit of SEK 219m from the Czech, Baltic and African operations. The cash payments received for the Group's disposals during 2017 were EUR 116m, SEK 1,110m, for MTG's Czech shareholding and EUR 100m, SEK 954m, for the Baltic operations. The sale of the Czech shareholding gave rise to a net capital gain of SEK 83m while the sale of the Baltic operations resulted in a net capital gain of SEK 593m excluding transaction costs. The CTC Media impact included a non-cash charge of SEK 1,002m, which was mainly due to the accumulated currency translation differences.

Total net income and earnings per share

The Group reported total net income of SEK 1,360m (-109), and basic earnings per share of SEK 18.73 (-3.19).

Cash flow and financial position

Group capital expenditure of non-current assets totalled SEK 330m (308). Investments in shares in businesses amounted to SEK 1,250m (606). These investments mainly included the acquisition of 30% in InnoGames and 100% of Kongregate in 2017, and the acquisitions of 21% of InnoGames and 22% of Engage Sports Media in 2016. The Group paid out the approved cash dividend of SEK 800m (767) to shareholders in May 2017.

Cash flow

(SEKm)	2017	2016
Cash flow from operations	1,311	674
Changes in working capital	-725	-204
Net cash flow from operations	586	470
Investment activities	465	-796
Financial activities	-349	-410
Net change in cash, continuing operations	703	-736
Net change in cash, discontinued operations	42	1,160
Total net change in cash and cash equivalents	745	425
Cash and cash equivalents	1,394	666

The Group had net debt of SEK 1,812m (2,186) at the end of the year, which was equivalent to 1.1x trailing 12 month EBITDA before items affecting comparability.

Net debt

(SEKm)	2017	2016
Net debt (SEKm)	1,812	2,186
Equity to assets ratio (%)	34	28
Net debt to EBITDA (before IAC) ratio (x)	1.1	1.7
Total borrowing (SEKm)	3,223	2,993

Business segments

Nordic Entertainment

(SEKm)	2017	2016
Net sales	11,961	11,139
<i>of which Free-TV & Radio</i>	<i>5,094</i>	<i>4,866</i>
<i>of which Pay-TV</i>	<i>6,867</i>	<i>6,272</i>
Operating income	1,574	1,370
<i>Operating margin</i>	<i>13.2%</i>	<i>12.3%</i>
Net sales growth		
<i>Organic growth</i>	<i>6.6%</i>	<i>6.2%</i>
<i>Acquisitions/divestments</i>	<i>0.0%</i>	<i>0.0%</i>
<i>Changes in FX rates</i>	<i>0.8%</i>	<i>0.0%</i>
<i>Reported growth</i>	<i>7.4%</i>	<i>6.2%</i>

Sales were up 7% (6) on an organic basis. Free-TV and radio sales were up at constant FX following higher advertising prices in all three markets as well as healthy growth in Viafree and radio. Pay-TV sales were also up at constant FX following solid subscriber growth in Viaplay and higher subscription prices across most pay-TV offerings. Operating income increased by 15% due to a combination of healthy top-line growth and strict cost control.

International Entertainment

(SEKm)	2017	2016
Net sales	1,189	1,102
Operating income	176	148
<i>Operating margin</i>	<i>14.8%</i>	<i>13.4%</i>
Net sales growth		
<i>Organic growth</i>	<i>6.9%</i>	<i>15.4%</i>
<i>Acquisitions/divestments</i>	<i>-1.0%</i>	<i>-47.2%</i>
<i>Changes in FX rates</i>	<i>1.9%</i>	<i>0.7%</i>
<i>Reported growth</i>	<i>7.8%</i>	<i>-31.0%</i>

Sales were up 7% (15) on an organic basis, primarily as a result of solid performance in the Bulgarian operations fuelled by higher advertising prices and solid growth in its digital businesses. Operating income increased by 19% due to higher sales volumes and solid operational efficiency.

MTG Studios

(SEKm)	2017	2016
Net sales	1,832	1,777
Operating income	68	81
<i>Operating margin</i>	<i>3.7%</i>	<i>4.6%</i>
Net sales growth		
<i>Organic growth</i>	<i>2.7%</i>	<i>2.2%</i>
<i>Acquisitions/divestments</i>	<i>0.3%</i>	<i>0.0%</i>
<i>Changes in FX rates</i>	<i>0.1%</i>	<i>-2.4%</i>
<i>Reported growth</i>	<i>3.1%</i>	<i>-0.1%</i>

Sales were up 3% (2) on an organic basis, driven by continued high demand for scripted drama and branded entertainment content, which more than offset weakness in the non-scripted area. Operating income decreased by 16% as a result of lower high-margin format sales.

MTGx

(SEKm)	2017	2016
Net sales	2,964	1,326
<i>of which esports</i>	<i>1,370</i>	<i>1,012</i>
<i>of which online gaming</i>	<i>1,234</i>	<i>-</i>
<i>of which digital video content</i>	<i>360</i>	<i>314</i>
EBITDA	14	-192
<i>EBITDA margin</i>	<i>0.5%</i>	<i>-14.5%</i>
Operating income	-170	-251
<i>Operating margin</i>	<i>-5.7%</i>	<i>-18.9%</i>
Net sales growth		
<i>Organic growth</i>	<i>37.0%</i>	<i>-</i>
<i>Acquisitions/divestments</i>	<i>101.7%</i>	<i>-</i>
<i>Changes in FX rates</i>	<i>2.6%</i>	<i>-</i>
<i>Change in presentation of prize money</i>	<i>-17.8%</i>	<i>-</i>
<i>Reported growth</i>	<i>123.5%</i>	<i>194.3%</i>

Sales were up 124% (194%) following 37% organic growth and the consolidation of InnoGames from 1 May and Kongregate from 21 July. ESL and DreamHack continued to invest in geographical expansion, although the operating loss for the segment was reduced due to the above-mentioned acquisitions. Depreciation and amortisation charges amounted to SEK 185m (59) including amortisation charges relating to surplus values of SEK 82m (21).

As part of the Group's annual impairment tests, MTG impaired goodwill and capitalised development cost related to Zoomin.TV due to the weaker than anticipated sales performance in 2017. This was partly offset by reductions in option earn-out liabilities. The write-downs are reported under items affecting comparability. Please see Note 10 for further information.

Other Group information

Parent company

Modern Times Group MTG AB (publ.) is the Group's parent company and is responsible for Group-wide management, administration and finance functions. MTG's treasury function provides a central cash pool or financing through internal loans to support the operating companies.

The MTG parent company reported net sales of SEK 49m (45) in 2017. Net interest and other financial items totalled SEK 263m (234), and included SEK 46m (15) of dividends received from subsidiaries. Income before tax and appropriations amounted to SEK -49m (4). Income after tax and appropriations amounted to SEK 209m (139). The parent company had cash and cash equivalents of SEK 844m (606) at the end of the period. SEK 5,820m (5,871m) of the SEK 5,820m total available credit facilities, including SEK 320m overdraft facilities, was unutilised at the end of the reporting period.

Dividend and proposed appropriation of earnings

The following funds are at the disposal of the shareholders as of 31 December 2017:

(SEK)	2017
Premium reserve	267,111,846
Retained earnings	4,884,921,627
Net income for 2017	208,686,643
Total	5,360,720,116

The Board of Directors proposes that an increased annual cash dividend of SEK 12.50 (12.00) per share be paid to shareholders for the twelve months ended 31 December 2017, and that the remaining amount be carried forward. Of the amount carried forward, SEK 267m is to be carried forward to the premium reserve. The total proposed dividend payment for 2017 would amount to a maximum of approximately SEK 837m (800) based on the maximum potential number of outstanding shares as of the record date, and represent 95% (93) of the Group's net income from continuing operations excluding items affecting comparability.

Outlook

MTG is executing on its strategy to transform its business into a digital video entertainment model. MTG continues to look actively for strategic partnerships and to review its portfolio of operations to ensure that the Group's resources are focused on the areas that offer the greatest potential returns. MTG is well positioned to capitalise on the shift in media consumption and to create sustainable shareholder value.

Corporate responsibility and sustainability

In accordance with the Swedish Annual Accounts Act Ch. 6 Sec. 11, MTG has chosen to cover the statutory sustainability report in a separate Corporate Responsibility Report which was submitted to the Company's auditors at the same time as the Annual Report. MTG's Corporate Responsibility Report and the auditor's opinion regarding the statutory sustainability report are available at www.mtg.com/corporate-responsibility-report.

The MTG share

Share price performance and total return

MTG's shares are listed on Nasdaq OMX Stockholm's Large Cap list under the symbols 'MTGA' and 'MTGB'. The price of MTG's series B share increased by 28% (25%) in 2017 to SEK 344.80 (270.00), corresponding to a market capitalisation of SEK 23.0 bn (18.0). The parent company paid an ordinary dividend of SEK 12.00 (11.50) per share to shareholders in 2017, resulting in a total shareholder return of 33% (31).

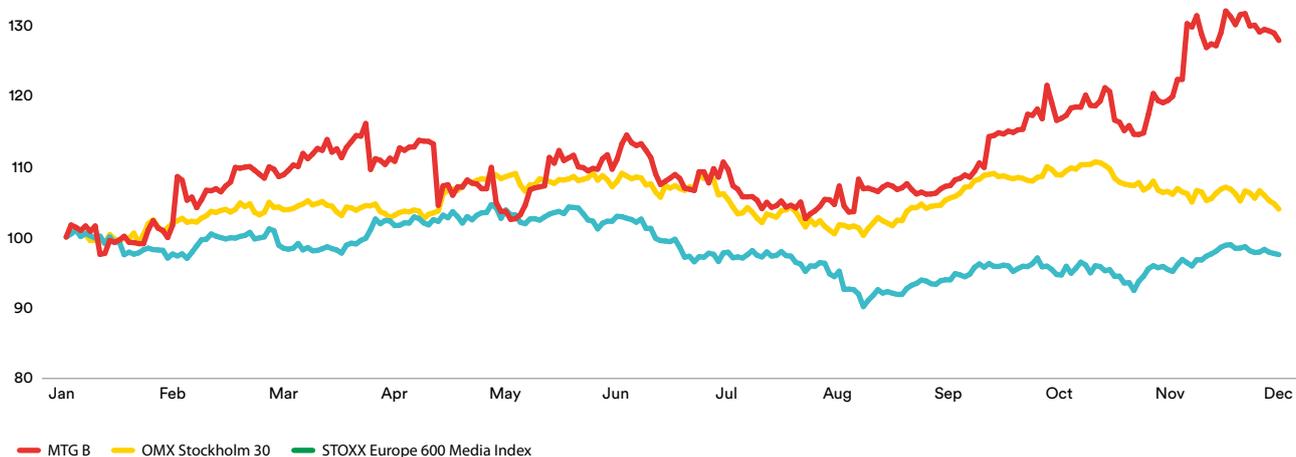
Ownership structure

The total number of shareholders according to the share register held by Euroclear Sweden AB (Swedish Securities Centre) was

22,238 (21,478) at the end of 2017. The shares held by the 10 largest shareholders corresponded to approximately 59% (46) of the share capital and 73% (63) of the voting rights. Swedish institutions and mutual funds owned approximately 53% (53) of the share capital, international investors owned approximately 39% (38) and Swedish private investors owned approximately 8% (9).

MTG held 56,875 Class B shares and 865,000 Class C shares as treasury shares at the end of 2017. The total number of issued shares at the end of 2017 was 67,647,124, comprising 5,007,393 Class A shares, 61,774,731 Class B shares and 865,000 Class C shares.

Share price development 2017, indexed



Shareholders as of 31 December 2017

Name	Class A Shares	Class B Shares	Total	Capital	Votes
Kinnevik AB	4,461,691	9,042,165	13,503,856	20.0%	48.0%
Nordea Funds		5,900,888	5,900,888	8.7%	5.3%
The Capital Group Companies		5,671,036	5,671,036	8.4%	5.1%
Swedbank Robur Funds	995	3,267,913	3,268,908	4.8%	2.9%
Handelsbanken Funds		3,125,127	3,125,127	4.6%	2.8%
Marathon Asset Management		2,388,354	2,388,354	3.5%	2.1%
Lannebo Funds		1,797,148	1,797,148	2.7%	1.6%
Öhman Funds		1,788,381	1,788,381	2.6%	1.6%
Skandia Life	165,709	1,229,328	1,395,037	2.1%	2.6%
BlackRock		1,296,465	1,296,465	1.9%	1.2%
Other	378,998	26,211,051	26,590,049	39.3%	26.8%
Total outstanding shares	5,007,393	61,717,856	66,725,249	98.6%	100.0%

Share capital and votes

Each Class A share is entitled to 10 voting rights. Each Class B and C share is entitled to one voting right. The Class C shares are not entitled to dividend payments. The Class C shares are issued and repurchased as part of the MTG performance based incentive plans approved by the Annual General Meetings of shareholders.

In 2017, 61,045 Class B shares were exercised as part of the 2014 long term incentive plan and increased the number of outstanding shares to 66,725,249. In 2016, 28,892 Class B shares

were exercised as part of the 2013 long term incentive plan. The total number of voting rights including treasury shares was 112,713,661 (112,717,261) as of 31 December 2017. There were no changes to the number of issued shares in 2017 or 2016. For further information, please see Note 17.

The Group's share capital amounted to SEK 338m (338) at the end of the year. For changes in the share capital between 2017 and 2016, please see the report entitled 'Consolidated statement of changes in equity'.

Share distribution

	Number of shareholders	%	Number of shares	%
1 – 1,000	20,720	93.2%	3,294,638	4.9%
1,001 – 5,000	1,062	4.8%	2,230,881	3.3%
5,001 – 10,000	138	0.6%	993,137	1.5%
10,001 – 50,000	173	0.8%	3,812,037	5.7%
50,001 – 100,000	49	0.2%	2,632,635	3.9%
100,001 –	96	0.4%	53,761,921	80.6%
Total outstanding shares as of 31 December 2017	22,238	100.0%	66,725,249	100.0%

Share buy-back

The 2017 and 2016 Annual General Meetings approved a mandate to authorise the Board of Directors to buy back MTG Class A or Class B shares up until the 2018 and 2017 Annual General Meetings respectively. The Group's shareholding in its own stock may not exceed 10% of the total number of issued shares. There were no Class A shares or Class B shares bought back in 2017 or 2016.

Issued, reclassified and repurchased shares

Parent company	Class A shares	Class B shares	Class C shares	Total
Issued shares as of 31 December 2017	5,007,393	61,774,731	865,000	67,647,124

The number of issued shares is unchanged since 2014. The Class C shares are redeemable and may, upon the decision of the Board of Directors, be reclassified into Class B shares. The quota value is SEK 5.00 per share. The Class C shares were held by the Company as treasury shares during the vesting period for long term incentive plans. The purpose of the Class C shares is to ensure delivery of Class B shares to participants in the plans.

Reclassifications

In accordance with the Articles of Association, and the Extraordinary General Meeting of shareholders in 2009, the Board of Directors approved 400 reclassifications of Class A shares into Class B shares in 2017. There were no requests for reclassifications in 2016.

Share-based long-term incentive plans

If all share awards granted to senior executives and key employees as of 31 December 2017 were exercised and all shares awarded, the outstanding shares of the Company would increase by 943,828 (742,231) Class B shares, and be equivalent to a dilution of 1.4% (1.1) of the capital and 0.8% (0.7) of the related voting rights as at the end of 2017. Further details about the programmes can be found in Note 25.

Outstanding share rights granted

LTIP 2015	244,356
LTIP 2016	299,327
LTIP 2017	400,145
Number of outstanding rights as of 31 December 2017	943,828

Articles of association

The Articles of Association do not include any provisions for appointing or dismissing members of the Board of Directors or for changing the articles. Outstanding shares may be freely transferred without restrictions. MTG is not aware of any agreements between shareholders that limit the right to transfer shares.

Financial policies and risk management

Risks and uncertainties

Competitive risks

Competition for viewers, subscribers, advertising and distribution is intense from broadcasters, cable and broadband networks, satellite and terrestrial platforms, online and mobile operators, movie studios and independent content producers and distributors, video gaming sites and other media, as well as pirated content. The Company's ability to compete successfully is dependent on a number of factors, including the ability to adapt to new technologies and product innovations, to achieve widespread distribution, and to develop quality content and user communities in a sustainable manner. The Company currently depends on a number of third-party network operators for the distribution of programming, which represents a significant proportion of its revenues.

MTG is also increasingly reliant on a wide variety of technological platforms and could therefore face the risk of new market entrants, as well as new ways of distributing content. This could mean significant changes for the entertainment industry and could potentially cause disruption to established contracts and negotiation structures, as well as to business practices, technological standards for distribution of content, and ways in which advertising is traded and sold in the online environment. 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.

Economic and political risks

During 2017, MTG sold its companies in the Czech Republic, Estonia, Lithuania and Latvia. During 2016, the Group sold its operations in Ghana, Nigeria and Tanzania. The sale of the Tanzania companies is still awaiting regulatory approval.

In 2018, MTG announced the sale of its Bulgarian operations and Trace, both of which are pending regulatory approval before closing. Emerging markets have different risk profiles than developed markets in terms of the prevailing economic and political systems, legal and tax regimes, and standards of corporate governance and business practices. Potential risks inherent in markets with evolving economic and political environments include potentially inadequate protection of foreign investments or intellectual property rights, foreign exchange controls, higher tariffs and other levies, as well as longer payment cycles.

Substantial foreign exchange rate movements can cause impacts on the Group's income statements, financial position and cash flows. MTG hedges the main part of its US dollar denominated contracted outflow on a 16-36-month forward basis in order to reduce the impact of short-term currency transaction effects on the Group's cost base. The Group's equity is not hedged.

Regulatory risks

The Group's businesses are regulated in many different jurisdictions. The regimes that regulate the Group's business include both European Union and national laws and regulations related to broadcasting, telecommunications, competition (antitrust) and

taxation. Changes in such laws and regulations, particularly in relation to licensing requirements, access requirements, programming transmission and spectrum specifications, consumer protection, taxation or other aspects of the Group's business, or those of any of its competitors, could have a materially adverse effect on the Group's business, financial condition or operational results.

Current potential changes in EU law that may have an adverse impact on the Group's business include the following:

- In May 2015 the European Commission launched its Digital Single Market strategy. One of its primary goals is increased consumer access to digital services across borders within the EU. A new EU Regulation on portability of online content services was announced in December 2015 and will come into force on 1 April 2018, allowing subscribers to the Group's Viaplay streaming service to access the service when travelling in the EU. The Regulation is not expected to pose a significant risk to the Group's business.
- In 2014 the European Commission opened an anti-trust investigation into the cross-border provision of pay-TV services in the EU. The investigation is on-going with broadcaster Canal+ seeing to challenge commitments given by the film studio Paramount in return for being removed from the investigation. decision is possible during 2018.
- In 2015 the European Commission initiated a sector enquiry into e-commerce in Europe, which sought to examine the possible barriers to accessing goods and services online across borders. On 10 May 2017, the Commission adopted the Final Report on the e-commerce sector inquiry. The Commission considers that the use of exclusivity in licensing technology rights is not problematic in and of itself. Any assessment of licensing practices under EU competition rules would have to take into account the characteristics of the content industry, the legal and economic context of the licensing practice and/or the characteristics of the relevant product and geographic markets. The Commission has said that it will continue to assess licensing practices on a case by case basis, therefore it remains a small risk to the Group's business.
- In May 2016 the European Commission published a proposal to amend certain provisions of the Audiovisual Media Services Directive to reflect market, consumer and technological changes in the 10 years since the Directive was last updated. Whilst amendments to this Directive could pose a risk to the Group's business, it is not expected that the Directive will be finalised until mid-2018 and come into force until 2020.
- EU's new General Data Protection Regulation will enter into force on 25 May 2018, replacing the EU Data Protection Directive 95/46/EC. The new Regulation will result in changes to how the Group deals with the personal data of EU citizens. MTG is currently implementing changes to its current data protection policies, procedures and processes in order to become Compliant with the Regulation.
- On 23 June 2016 the UK voted to leave the European Union. Subsequently, UK triggered Article 50 of the Treaty on European Union by the end of March 2017 and plan to leave the EU

by spring 2019. The UK's decision to leave the European Union and to negotiate a new trading relationship could impact the Group's UK broadcasting operation should the UK not be able to secure EU single market access for the audiovisual sector. The Group has taken legal advice and has created a contingency plan to obtain broadcasting licenses for its TV channels and VOD services in the event that the Ofcom licenses become invalid for broadcast into the EU.

- In September 2016, the European Commission published a proposal for a Regulation on the exercise of copyright and related rights applicable to certain online transmissions of broadcasting organisations. The Proposal extends certain principles of the 1993 Satellite and Cable Directive to the online environment. The Proposal is still being negotiated between the EU institutions, the effect of which would be to end exclusive territorial rights as it would enable all service providers to reach out to consumers in 28 Member States, whilst only having to clear copyright in one Member State. However, lobbying by the audio visual industry has succeeded in limiting the application this to certain categories of programmes, namely "news" and "current affairs". However, other aspects of the Proposal could pose a risk to the Group's business in its current form, especially provisions relating to joint liability for "direct injection" transmission which could result in higher levels of music royalties being paid.

Financing risks

MTG is reliant on access to financing and is therefore exposed to risks associated with disruptions in the financial markets, which could make it more difficult and/or more expensive to obtain financing in the future. Potential events affecting this may include the adoption of new regulations, implementation of recently enacted laws or new interpretations, or the enforcement of existing laws and regulations applicable to financial institutions, the financial markets or the financial services industry, which could result in a reduction in the amount of available credit or increases in the cost of credit. The Group's existing credit facilities are currently considered sufficient.

Financial policy

The Group's financial risk management is centralised to the parent company to capitalise on economies of scale and synergy effects, as well as to minimise operational risks. The Group's financial policy is subject to review and approval by the Board of Directors, and constitutes a framework of guidelines and rules for financial risk management and financial activities in general. The Group's financial risks are continuously evaluated and monitored to ensure compliance with the Group's financial policy. The exposures are described in Note 21.

Foreign exchange risk

Foreign exchange risk is divided into transaction exposure and translation exposure.

Transaction exposure

Transaction exposure is hedged mainly for unmatched contracted programme acquisition outflows through forward exchange agreements based on a maximum of 36 months forward.

Translation exposure

Translation exposure arises from the conversion of the Group's subsidiaries and associated companies' earnings and balance sheets into the Swedish krona reporting currency from other currencies. Since many of the subsidiaries report in currencies other than Swedish krona, the Group is exposed to exchange rate fluctuations. Translation exposure is not hedged.

Interest rate risk

MTG's sources of funding are primarily shareholders' equity, cash flows from operations and external borrowing. Interest-bearing debt exposes the Group to interest rate risk. The Group does not currently use derivative financial instruments to hedge its interest rate risks.

Financing risk

External borrowing is managed centrally in accordance with the Group's financial policies. Loans are primarily taken up by the parent company, and transferred to subsidiaries as internal loans or capital injections. There are also companies who have external loans and/or overdraft facilities connected directly to these companies.

Refinancing risk

The refinancing risk is managed by seeking to diversify funding sources and maturities, and by typically initiating the refinancing of all loans 12 months prior to maturity.

Credit risk

The credit risk with respect to MTG's trade receivables is diversified among a large number of customers, both private individuals and companies. High credit ratings are required for all material credit sales and solvency information is obtained to reduce the risk of bad debt.

Insurable risks

The parent company ensures that the Group has sufficient insurance cover, including business interruption, director and officer liabilities, and asset losses. This cover comprises corporate umbrella solutions to cover most territories.

Governance and responsibilities

Corporate governance

The Company's governance is based on the Articles of Association, the Swedish Companies Act, the Swedish Annual Accounts Act, the listing rules of Nasdaq Stockholm, the Swedish Code of Corporate Governance (the Code), and other relevant Swedish and international laws and regulations. The Code is available on the Swedish Corporate Governance Boards website, who is responsible for the administration of the Code: www.corporat-governanceboard.se.

Shares and shareholders

The share capital consists of Class A, Class B and Class C shares. The holder of one Class A share is entitled to 10 voting rights. Holders of Class B and Class C shares are entitled to one voting right for each share. The Class A and B shares entitle the holder to the same proportion of assets and earnings and carry equal rights in terms of dividends. The holder of a Class C share is not entitled to dividends. For further information about the Company's shares, see The MTG share on pages 24-25.

Information regularly provided to shareholders includes interim reports and full year reports, Annual Reports and press releases on significant events occurring during the year. All reports, press releases and other information can be found at www.mtg.com.

Annual general meeting

The Annual General Meeting is the highest decision-making body in a limited liability company and it is at the Annual General Meeting where all shareholders can exercise their right to decide on issues affecting the Company and its operations.

The authority and decision making of the Annual General Meeting are primarily based on the Swedish Companies Act and the Swedish Code of Corporate Governance, as well as on the

Articles of Association adopted by the Annual General Meeting.

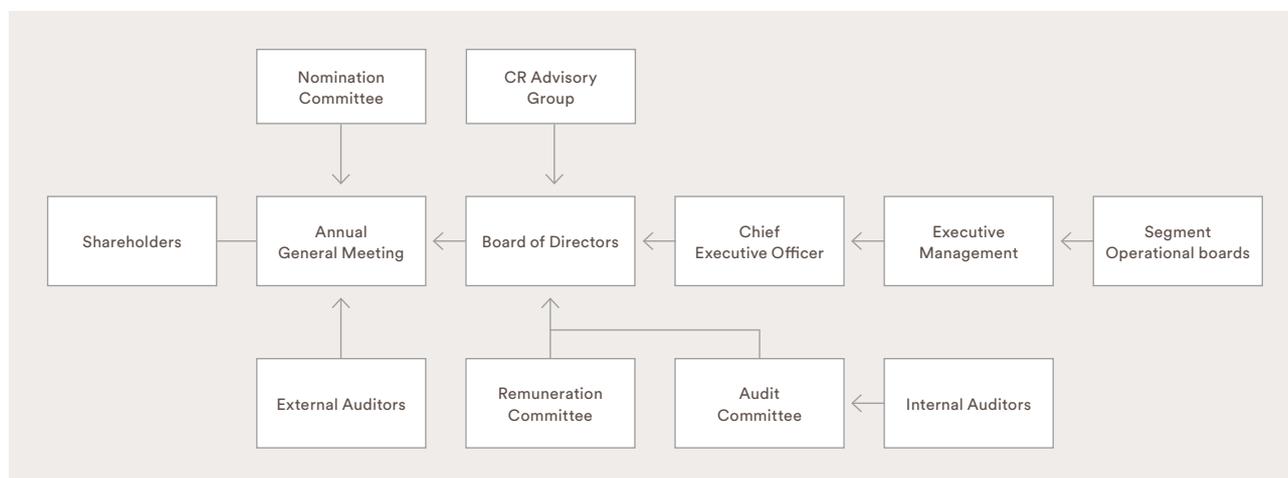
The Annual General Meeting of shareholders shall be held within six months after the end of the financial year. At the Annual General Meeting, resolutions shall be passed with respect to the adoption of the income statement and balance sheet, as well as the consolidated income statement and statement of financial position, the disposition of the Company's earnings according to the adopted balance sheet, the discharge of liability for the Board of Directors and the Chief Executive Officer, appointment of the Board of Directors and the Chairman of the Board of Directors and the Company's auditors, and certain other matters provided for by law and the Articles of Association.

Shareholders wishing to have matters considered at the Annual General Meeting should submit their proposals in writing at least seven weeks before the Annual General Meeting in order to guarantee that their proposals may be included in the notice to the Meeting. Details on how and when to submit proposals to MTG can be found at www.mtg.com.

Shareholders who wish to participate in the Annual General Meeting must be duly registered in the share register of MTG, held by Euroclear Sweden AB. The shareholders may then attend and vote at the meeting in person or by proxy. A shareholder wishing to attend the Annual General Meeting must notify MTG of his or her intention to attend. The manner in which to notify MTG can be found in the notice convening the Annual General Meeting.

Those shareholders who cannot attend the Annual General Meeting in person and wish to be represented by a proxy must authorise the proxy by issuing a power of attorney. If such power of attorney is issued by a legal entity, an attested copy of the certificate of registration must be attached. The original power of attorney and the certificate of registration, where applicable,

Governance structure



are to be sent to Modern Times Group MTG AB in the manner which can be found in the notice convening the Annual General Meeting. The form to use for a power of attorney can be found at www.mtg.com well in advance of the Meeting.

The Annual General Meeting for the 2017 financial year will be held on 22 May 2018 in Stockholm.

The Nomination Committee

The Nomination Committee's tasks include:

- Evaluating the Board of Directors' work and composition
- Submitting proposals to the Annual General Meeting regarding the election of Board Directors and the Chairman of the Board
- Preparing proposals regarding the election of Auditors in cooperation with the Audit Committee (when appropriate)
- Preparing proposals regarding the fees to be paid to Board Directors and to the Company's Auditors
- Preparing proposals for the Chairman of the Annual General Meeting
- Preparing proposals for the administration and order of appointment of the Nomination Committee for the Annual General Meeting

In accordance with the resolution of the 2017 Annual General Meeting, the Chairman of the MTG Board of Directors has convened a Nomination Committee, consisting of major shareholders. The Nomination Committee comprises David Chance, Chairman of the MTG Board of Directors; Cristina Stenbeck, appointed by Investment AB Kinnevik; Erik Durhan, appointed by Nordea Funds; and Yvonne Sörberg, appointed by Handelsbanken Funds. Cristina Stenbeck was appointed as the Chairman of the Nomination Committee at their first meeting. The members of the Nomination Committee do not receive any remuneration for their work.

The Nomination Committee will submit a proposal for the composition of the Board of Directors, Board fees and Chairman of the Board to be presented to the 2018 Annual General Meeting for approval. Shareholders wishing to propose candidates for election to the Modern Times Group MTG AB Board of Directors should submit their proposals in writing. Details on how and when to submit proposals to MTG can be found at www.mtg.com.

In its work, the Nomination Committee applies rule 4.1 of the Swedish Corporate Governance Code as its diversity policy. Accordingly, the Nomination Committee gives particular consideration to the importance of an increased diversity on the Board, including gender, age and nationality, as well as depth of experiences, professional backgrounds and business disciplines.

The Board of Directors as of 31 December 2017

The Board of Directors of Modern Times Group MTG AB comprises six Non-Executive Directors. The members of the Board of Directors are David Chance, Joakim Andersson, Simon Duffy,

Donata Hopfen, John Lagerling and Natalie Tydeman. The Board of Directors' Chairman David Chance, Joakim Andersson, Simon Duffy, Donata Hopfen and John Lagerling were re-elected, while Bart Swanson did not seek re-election and Natalie Tydeman was elected for the first time at the 2017 Annual General Meeting. Biographical information on each Board member is provided on pages 34-35.

Responsibilities and duties of the Board of Directors

The Board of Directors has the overall responsibility for MTG's organisation and administration. The Board of Directors is constituted to provide effective support for, and control of, the activities of the Executive Management of the Company. The Board has adopted working procedures for its internal activities that include rules pertaining to the number of Board meetings to be held, the matters to be handled at such regular Board meetings and the duties of the Chairman. The work of the Board is also governed by rules and regulations that include the Swedish Companies Act, the Articles of Association and the Swedish Corporate Governance Code.

In order to carry out its work more effectively, the Board has appointed a Remuneration Committee and an Audit Committee. These committees handle business within their respective areas of responsibilities, and present recommendations and reports on which the Board may base its decisions and actions. However, all members of the Board have the same responsibility for decisions made and actions taken, irrespective of whether issues have been reviewed by such committees or not.

The Board has also adopted procedures for the provision of instructions to the Chief Executive Officer. These procedures require that investments in non-current assets of more than SEK 2,000,000 have to be approved by the Board. The Board also has to approve large-scale programming investments and other significant transactions including acquisitions and divestments of businesses. In addition, the Board has also issued written instructions specifying when and how information, which is required in order to enable the Board to evaluate the Group's and its subsidiaries' financial positions, should be reported.

Ensuring quality in financial reporting

The working procedures determined annually by the Board include instructions on the type of financial reports and similar information which are to be submitted to the Board. In addition to the full-year report, interim reports and the annual report, the Board reviews and evaluates comprehensive financial information regarding the Group as a whole and the entities within the Group.

The Board also reviews, primarily through the Audit Committee, the most important accounting principles applied by the Group in financial reporting, as well as major changes in these principles. The tasks of the Audit Committee also include reviewing reports regarding internal control and financial reporting

processes, as well as internal audit reports submitted by the Group's internal audit function. The Group's external auditors report to the Board as necessary. The external auditor also attends the meetings of the Audit Committee. Minutes are taken at all meetings and are made available to all Board members and to the auditor.

Evaluation of the Board of Directors and the Chief Executive Officer

The Board complies with an annual performance review process to assess how well the Board, its committees and processes are functioning and how they might be improved.

Questions focus on whether the Board is adding value to the organisation and on enhancing its performance through examination of Board structure and composition, its operation and effectiveness, and its role in monitoring the execution of agreed strategies. The survey also includes an individual performance review. Answer options include both a quantitative ranking system as well as an opportunity to provide any relevant comments, particularly in relation to ideas for improvement. At the Q4 Board Meeting the Chairman provides the full Board with a report of the outcome of the Board evaluation process. This summary is also presented by the Chairman and discussed with the Nomination Committee.

In addition, every three years a more extensive Board evaluation is undertaken either by an independent Board member or an external consultant. This year, the Chairman of the Board led the evaluation together with an external consultant, which assisted in developing questionnaires, carrying out surveys and summarizing responses.

Board working procedures

Remuneration Committee

The Remuneration Committee comprises Joakim Andersson as Chairman, David Chance and John Lagerling. The Board of Directors commissions the work of the Remuneration Committee. The responsibilities of the Remuneration Committee include:

- Issues related to salaries, pension plans and bonus programmes
- Advice to the Board on proposals for the Guidelines for Remuneration applicable to the Chief Executive Officer and Executive Management
- Review and monitoring of the application of the Guidelines for Remuneration, the variable remuneration programmes, and the remuneration structure and levels of remuneration within MTG
- Advice to the Board on long-term incentive schemes

Audit Committee

The Audit Committee comprises Simon Duffy as Chairman, Joakim Andersson, Donata Hopfen and Natalie Tydeman. The Audit Committee's responsibility is to:

- Monitor the Company's financial reporting
- Monitor the Company's efficiency relating to internal control, internal audit and risk management
- Keep informed regarding the audit of the Annual Report and the consolidated accounts
- Review and monitor the impartiality and independence of the auditor, with special attention to the services provided other than audit
- Assist the Nomination Committee in preparing for the election of auditors at the Annual General Meeting

In addition, the Audit Committee should, when applicable, monitor and secure the quality and fairness of transactions with related parties.

Corporate Responsibility Advisory Group

Further to the Board committees, a Corporate Responsibility Advisory Group was established in 2013 to support the Board on corporate responsibility topics. The Directors Simon Duffy and Joakim Andersson are members of the Corporate Responsibility Advisory Group.

Remuneration of Board members

The remuneration to the Board members is proposed by the Nomination Committee, comprising representatives of the Company's largest shareholders and approved by the Annual General Meeting. The Nomination Committee proposal is based on benchmarking of peer group company compensation and company size. Information on the remuneration to Board members is provided in Note 25. Board members do not participate in the Group's incentive schemes.

Work of the Board during 2017

The Board reviewed the financial position of Modern Times Group MTG AB and the Group on a regular basis during the year. The Board also regularly dealt with matters involving acquisitions, the establishment of new operations, and matters related to investments in programming and non-current assets. The Board of Directors also reviewed the Group's strategies and future plans with a particular focus on structural options, portfolio realignment and digital transformation. The Board of Directors met 11 times during 2017.

External auditors

KPMG was elected as MTG's auditor for the financial years 2014 to 2017, and has been the Group's external auditor since 1997. Joakim Thilstedt, Authorised Public Accountant, has been responsible for the audit of the Company on behalf of KPMG since December 2013. Audit assignments have involved the examination of the Annual Report and financial accounting, the administration by the Board and the CEO, other tasks related to

the duties of a company auditor, and consultation or other services that may result from observations noted during such examination or the implementation of such other tasks. All other tasks are defined as other assignments.

The auditor reports its findings to the shareholders by means of the auditors' report, which is presented to the Annual General Meeting. In addition, the auditor's report detailed findings at each of the ordinary meetings of the Audit Committee and to the full Board as necessary.

KPMG provided certain additional services in 2017. These services comprised tax compliance work, advice on accounting issues, and advice on processes and internal controls and other assignments of a similar kind and closely related to the auditing process. For more detailed information concerning the auditors' fees, see Note 26.

Pre-approval of policies and procedures for non-audit related services

In order to ensure the auditor's independence, the Audit Committee has established pre-approval policies and procedures for non-audit related services to be performed by the external auditor. The policy was approved in December 2017 and 2016 by the Audit Committee.

Executive Management

MTG's Executive Management comprises the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Strategy Officer and the Executive Vice Presidents. Biographical information on each executive is provided on pages 36–37.

Chief Executive Officer

The CEO is responsible for the ongoing management of the Company in accordance with the guidelines and instructions established by the Board.

The CEO and the Executive Management team, supported by the various employee functions, are responsible for the adherence to the Group's overall strategy, financial and business control, financing, capital structure, risk management and acquisitions. Among other tasks, this includes preparation of financial reports and communication with the stock market. The Company guidelines and policies issued include financial control, communication practices, brands, business ethics and personnel policies.

There is an operational Board for each of the segments. The Chief Executive Officer chairs the operational Board meetings, which are attended by the Executive Management of the relevant business segments, the Chief Financial Officer and other Executive Vice Presidents.

Executive remuneration

The guiding principles approved by the 2017 Annual General Meeting can be found in Note 25. Senior executives covered by these guidelines include the Executive Management. The guiding principles have been followed during 2017.

The remuneration paid to the Group's Executive Management is set out in Note 25, together with information about the beneficial ownership of Company shares set out in the biographical information on each executive.

Proposal for 2018 executive remuneration guidelines

The Board proposes the following guidelines for determining remuneration for MTG's CEO and other senior executives (the "Senior Executives") as well as members of the Board if they are remunerated outside their directorship.

Remuneration guidelines

The objective of the guidelines is to ensure that MTG can attract, motivate and retain senior executives within the context of MTG's international peers, which primarily consist of Nordic and European media and telecom businesses and global online companies. The aim is to create a remuneration that is market competitive and well balanced, as well as reflective of individual performance and responsibility, both short-term and long-term, and of MTG's overall performance. The aim is also to align the incentives for the Senior Executives with the interests of the shareholders. The intention is that each of the Senior Executives shall have a significant long-term shareholding in MTG in relation to his or her fixed salary and that remuneration to the Senior Executives shall be based on the pay for performance principle.

Remuneration to the Senior Executives shall consist of fixed salary, short-term variable remuneration paid in cash ("STI"), and the possibility to participate in long-term, share- or share price related incentive programs ("LTI") as well as pension and other customary benefits.

Fixed salary

The fixed salary for the Senior Executives shall be competitive and based on their individual responsibilities and performance.

Variable remuneration

The STI shall be based on fulfilment of established targets for the MTG Group and in the area of responsibility for each of the Senior Executives, respectively. The result shall be linked to pre-determined, measurable targets (qualitative, quantitative, general, individual). The targets within each area of responsibility are defined to promote MTG's development in the short and long-term.

The maximum payment under the STI shall generally not exceed 100 percent of Senior Executives' individual fixed salary. In order to achieve the intention that the Senior Executives shall

have a significant long-term shareholding in MTG in relation to his or her fixed salary, payment of part of the STI is conditional upon it being invested in MTG shares and on these shares being held for an agreed period of time.

The LTI shall be linked to certain pre-determined financial and/or share or share-price related performance criteria, ensure a long-term commitment to the development of the MTG Group and align the Senior Executives' incentives with the interests of the shareholders.

Pension and other benefits

The Senior Executives shall be entitled to pension commitments that are customary, competitive and in line with market conditions in the country in which the Senior Executive is employed. Pension commitments will be secured through premiums paid to insurance companies.

MTG provides other benefits to the Senior Executives in accordance with local practice. Other benefits can include, for example, a company car and health care. Occasionally, housing allowance could be granted for a defined period.

Notice of termination and severance pay

The maximum notice period in any Senior Executives' contract is twelve months during which time salary payment will continue. MTG does not generally allow any additional contractual severance payments to be agreed.

Compensation to Board members

Board members, elected at General Meetings, may in certain cases receive a fee for services performed within their respective areas of expertise, outside of their Board duties. Compensation for these services shall be paid at market terms and be approved by the Board.

The Board may deviate from the above guidelines on a case by case basis. For example, additional variable remuneration or cash payments may be paid in the case of exceptional performance or in special circumstances such as recruitment or retention. In such cases the Board will explain the reason for the deviation at the following Annual General Meeting.

Share-based long-term incentive plans

The Group has three outstanding share based long-term incentive programmes, decided upon in 2015, 2016 and 2017. For information about these programmes, see Note 25 and www.mtg.com.

Internal control report

The processes for internal control, risk assessment, control activities, information and communication, and monitoring regarding the financial reporting are designed to ensure reliable overall financial reporting and external financial statements in accordance with International Financial Reporting Standards, applicable laws and regulations and other requirements for listed companies on Nasdaq Stockholm. This process involves the Board, Executive Management and other personnel.

Control environment

The Board has specified a set of instructions and working processes regarding the roles and responsibilities of the Chief Executive Officer and the Board committees. The Board also has a number of established basic guidelines, which are important for its work on internal control activities. This includes monitoring performance against plans and prior years. The Audit Committee assists the Board in overseeing various issues such as monitoring internal audit and establishing accounting policies applied by the Group.

The responsibility for maintaining an effective control environment and internal control over financial reporting is delegated to the Chief Executive Officer. Other Executive Managers at various levels have respective responsibilities. The Executive Management regularly reports to the Board according to established routines and in addition to the Audit Committee's reports. Defined responsibilities, instructions, guidelines, manuals and policies together with laws and regulations form the control environment. All employees are accountable for compliance with these guidelines.

Risk assessment and control activities

The Company has prepared a model for assessing risks in all segments in which a number of items are identified and analysed. These risks are reviewed regularly by the Board of Directors and by the Audit Committee, and include both the risk of losing assets as well as irregularities and fraud. The process involves all Group companies, segments and business units. Overall coordination is conducted centrally by the Group's Risk Management function. In addition, a Risk Committee comprising Group top management representatives is tasked with providing a group-wide overview and a basis for decision-making regarding risk management. Risk management is performed through an appropriate balance between preventive and risk-reducing measures. The most important aspects are regulation compliance, license requirements, legal change, information and IT security, political and economic risks. The respective managers are in charge of risk management in the Group's companies, segments and business units. The responsibility encompasses the day-to-day work focused on operational and other relevant risks, and on leading risk management activities in their own areas of responsibility. The managers are supported by central Group functions.

Information and communication

Guidelines used in the Company's financial reporting are updated and communicated to the employees concerned on an ongoing basis. There are formal as well as informal information channels to the Executive Management and to the Board of Directors for information from the employees identified as significant. Guidelines for external communication ensure that the Company applies the highest standards for providing accurate information to the capital markets.

Follow-up

The Board of Directors regularly evaluates the information provided by the Executive Management and the Audit Committee. The Board receives regular updates of the Group's development between the meetings. The Group's financial position, strategies and investments are discussed at every Board meeting. The Audit Committee reviews the quarterly reports prior to publication. The Audit Committee is also responsible for following up on internal control activities. This work includes ensuring that measures are taken to deal with any inaccuracy and following up suggestions for actions emerging from the internal and external audits.

The Company has an independent internal audit function responsible for the evaluation of risk management and internal control activities. This work includes scrutinising the application of established routines and guidelines. The internal audit function plans its work in cooperation with the Audit Committee and reports the result of its reviews to the Audit Committee. The external auditors report to the Audit Committee at each ordinary meeting of the Committee.

Board of Directors



David Chance
 Chairman of the Board
 American and British, born 1957
 Elected 1998



John Lagerling
 Non-Executive Director
 Swedish, born 1976
 Elected 2016

Chairman of the Board of Directors since May 2003. David was Deputy Managing Director of the BSKyB Group between 1993 and 1998. He has also served as a Non-Executive Director of ITV plc and O2 plc. David is also Chairman of Top Up TV and is a Non-Executive Director of PCCW Limited (Hong Kong) and Chairman of its NOW TV media group. David graduated with a BA, BSc and MBA from the University of North Carolina.

Member of the Remuneration Committee.

Independent of the Company and management and independent of major shareholders.

Direct or related person ownership: 3,565 class B shares.

John Lagerling was appointed as Executive Director, Chief Executive Officer US and Global Chief Business Officer of Mercari, a leading community-powered marketplace, in June 2017. John held the position as Vice President of Business Development, Mobile and Product Partnerships at Facebook, where he headed the global business development, mobile partnerships and other new partner dependent initiatives, between 2014 - 2017. Prior to joining Facebook, John spent seven years at Google holding various leadership positions, including Director of Android Global Partnerships. John holds an MSc in Marketing and International Business from the Stockholm School of Economics.

Member of the Remuneration Committee.

Independent of the Company and management and independent of the major shareholders.

Direct or related person ownership: 0 class B shares.



Donata Hopfen
 Non-Executive Director
 German, born 1976
 Elected 2016



Joakim Andersson
 Non-Executive Director
 Swedish, born 1974
 Elected 2015

Donata Hopfen has been the CEO of Verimi since October 2017. Previously Donata was the Publishing Director and Head of the Management Board of BILD Group, Europe's largest newspaper and Germany's largest digital news portal, since May 2014. Before that Donata was the Managing Director of BILD's digital and mobile activities. Donata joined Axel Springer in 2003 and has held various positions including responsibility for business development and product management at BILD.T-Online, and head of business development in Axel Springer's electronic media department. Donata is also a member of the Digital Expert Board of Deutsche Postbank AG and a member of the Foundation Board of SWAB. Donata holds diplomas in European business administration from the Universities of Madrid and Reutlingen.

Member of the Audit Committee.

Independent of the Company and management and independent of the major shareholders.

Direct or related person ownership: 0 class B shares.

Joakim Andersson was appointed Chief Financial Officer of Investment AB Kinnevik, MTG's large reference shareholder, in February 2015 and also worked as acting Chief Executive Officer of Kinnevik from December 2016 until December 2017. Joakim joined the Kinnevik Group in 2001 at Banque Invik, and became Group Treasurer of Kinnevik in 2007. As Group Treasurer, Joakim supported Kinnevik's investee companies in managing capital markets, financing and corporate financial management, and was responsible for Kinnevik's cash and liquidity management as well as its treasury operations and controls. Joakim holds a Master of Science in Business and Economics from Växjö University.

Member of the Audit Committee and Chairman of the Remuneration Committee.

Independent of the Company and management, not independent of major shareholders.

Direct or related person ownership: 100 class B shares.



Natalie Tydeman

Non-Executive Director

British, born 1971
Elected 2017



Simon Duffy

Non-Executive Director

British, born 1949
Elected 2008

Natalie Tydeman is a private equity investor at v | t partners since 2017. Between 2007 and 2016, Natalie was at GMT Communications Partners, one of Europe's leading private equity specialists in the media and communications sectors, where she became Partner in 2010 and later promoted to Senior Partner in 2014. Natalie helped launch Excite in Europe, built Discovery Communications' European internet operations, was Managing Director of Fox Kids Europe's Online & Interactive division, and led Fremantle Media's business diversification and corporate venturing activities as Senior Vice President. Natalie is also a Trustee of Nesta, a charitable foundation focused on increasing the innovation capacity of the United Kingdom, where she chairs the Venture Investment Committee and Nesta Investment Management. Natalie is a graduate of the University of Oxford and Harvard Business School.

Member of the Audit Committee.

Independent of the Company and management and independent of the major shareholders.

Direct or related person ownership: 0 class B shares.

Simon was Executive Chairman of Tradus plc until the company's sale in March 2008. Simon was also Executive Vice-Chairman of ntl:Telewest until 2007, having joined ntl in 2003 as CEO. Simon has also served as CFO of Orange SA, CEO of wireless data specialist End2End AS, CEO and Deputy Chairman of WorldOnline International BV, and held senior positions at EMI Group plc and Guinness plc. Simon is also a Non-Executive Chairman of YouView TV Ltd., as well as a Non-Executive Director of Oger Telecom Limited, Wizz Air Holdings Plc, Millicom International Cellular and Telit Communications Plc. Simon holds a Master's degree from Oxford University and an MBA from Harvard Business School.

Chairman of the Audit Committee.

Independent of the Company and management and independent of the major shareholders.

Direct or related person ownership: 1,750 class B shares.

Board of Directors and attendance at Board and Committee meetings

Board of Directors	Board meeting attendance ^{1, 2)}	Audit Committee attendance ¹⁾	Remuneration Committee attendance ¹⁾	Corporate Responsibility Advisory Group attendance	Independent of major shareholders	Independent of company and its management
David Chance	11/11	–	4/4	–	Yes	Yes
Simon Duffy	11/11	3/4	–	2/3	Yes	Yes
Donata Hopfen	11/11	4/4	–	–	Yes	Yes
John Lagerling	10/11	1/4	2/4	–	Yes	Yes
Joakim Andersson	11/11	4/4	4/4	3/3	No	Yes
Bart Swanson (until 9 May 2017)	2/11	–	2/4	–	Yes	Yes
Natalie Tydeman (from 9 May 2017)	9/11	3/4	–	–	Yes	Yes

¹⁾ Natalie Tydeman was elected as new Director of the Board of Directors at the Annual General Meeting held on 9 May 2017. Immediately after the Annual General Meeting Natalie was appointed as member of the Audit Committee. John Lagerling was also appointed as member of the Remuneration Committee and left the Audit Committee on the same day.

²⁾ The total number of meetings during 2017 were eleven meetings, of which two were held prior to the Annual General Meeting held on 9 May 2017 and nine have been held following the 2017 Annual General Meeting.

Group management



Jørgen Madsen Lindemann
President & Chief Executive Officer
Danish, born 1966

Jørgen was appointed as President and CEO of MTG in September 2012, prior to which he served as Executive Vice President of the Group's Nordic Broadcasting (free-TV, pay-TV and radio) operations from October 2011. He was also responsible for the Group's Czech operations between 2008 and 2011, and the Hungarian operations between 2010 and 2011, and served as CEO of MTG Denmark from 2002, prior to which he was responsible for MTG's New Media department between 2000 and 2002. Jørgen has worked in the Group since 1994 when he joined as Head of Interactive Services. He became Head of Sponsorship for TV3 in 1997, then Head of Viasat Sport in Denmark and, subsequently, Head of Viasat Sport for the Group in 1998. Jørgen is also a member of the Boards of Zalando, The International Emmy Association in New York, and non-profit organisation Reach For Change.

Direct or related person ownership: 47,891 class B shares.



Maria Redin
Chief Financial Officer
Swedish, born 1978

Maria was appointed as Chief Financial Officer of MTG in December 2015. She previously served as Acting Chief Financial Officer from June to November 2015. She has also held a number of senior positions at MTG, including Head of Group Finance and Group Controller. Her roles in the Group have included the positions of CFO, and later CEO, of MTG's former gaming entertainment company Bet24, as well as a number of financial positions, and she started her career at MTG as a management trainee in 2004. Maria is also a Member of the Board of Directors of NetEnt since 2012. Maria holds a Masters degree in International Business from the University of Gothenburg.

Direct or related person ownership: 2,962 class B shares.



Anders Jensen
EVP; Chairman of the Nordic Entertainment Management Board & CEO of MTG Sweden
Swedish, born 1969

Anders joined MTG Sweden in 2014, prior to which he held senior positions at a number of Europe's leading telecommunications, retail and consumer goods companies. These roles included Senior Executive Vice President at TDC Group, where he ran the Consumer division and was also Group Chief Marketing Officer; CEO of Telenor, the second largest mobile operator in Hungary; CEO of Grameenphone, the market leading telecommunications service provider in Bangladesh; and Chief Marketing Officer of Vodafone/Telenor in Sweden. Anders is also a member of the Board of Millicom International Cellular S.A.

Direct or related person ownership: 4,083 class B shares.



Gabriel Catrina
Chief Strategy Officer
Argentinian, born 1974

Gabriel Catrina was appointed as Chief Strategy Officer in March 2016. He joined MTG in September 2013 as Senior Vice President and Head of Group Strategy & Transformation, and has worked closely with the Group's operating businesses and digital transformation of MTG. Gabriel was previously Head of the Media, Communications and Technology Practice for management consulting firm Booz & Company in the Nordics, where he spent eight years advising leading companies globally on strategy, innovation and operations. Gabriel has worked in C-level and business development positions in the US, Europe and Latin America, including three years as CFO and COO of Argentinian digital education company Educ.ar, and five years as VP of Business Development in Europe & Latin America for US-based telecommunications software company TCS. Gabriel has an MBA from the Stockholm School of Economics in Sweden and an M.Sc in Business Administration from UCC in Argentina.

Direct or related person ownership: 1,420 class B shares.



Jette Nygaard-Andersen
EVP; CEO of MTG International Entertainment & MTGx Digital Video Content
 Danish, born 1968

Jette was appointed CEO of MTG International Entertainment & MTGx Digital Video Content in 2017. She previously served as CEO of the Group's Central European free-TV, radio and local digital operations from May 2015 and prior to that Jette served as Executive Vice President of the Group's Nordic pay-TV broadcasting operations from June 2013, directing and overseeing the management of MTG's pay-TV operations across the Nordic and Baltic regions, which included the Viasat pay-TV channels, the Viasat satellite pay-TV platform, and the B2B elements of the Viaplay online pay-TV service. Jette was acting CEO of the Group's Nordic pay-TV broadcasting operations between October 2012 and March 2013. Jette started at MTG in 2003 and has held a number of managerial positions, among them CEO of Viasat Denmark 2011–2013. Before joining MTG, Jette was a strategy management consultant at Accenture working within the telecommunications and media industry, and held positions at Maersk Group. Jette also holds a Board position in Coloplast A/S, which is listed on Nasdaq Copenhagen. Jette graduated with an M.Sc in Business, Finance and Economics from the University of Copenhagen.

Direct or related person ownership: 5,616 class B shares.



Peter Nørrelund
EVP; CEO of MTG Sport
 Danish, born 1971

Peter Nørrelund was appointed as Executive Vice President and CEO of MTG Sport in March 2016 and as COO of Turtle Entertainment in February 2017. Peter joined MTG in 2003 and has headed up the Danish sports operations since 2004. Peter has been responsible for all sports rights acquisitions across the Group since 2006 and was appointed as MTG Head of Sport in 2013. Peter is responsible for MTG's global sports organisation of 200+ people that acquires rights for MTG's online and offline platforms across multiple territories, and runs the technical play-out of MTG's sports channels and production of the local language commentary and programming. Prior to joining MTG, Peter worked as a reporter, commentator, host and Editor in Chief at Danish public service broadcaster DR. Peter has a degree in Journalism from the Danish School of Media & Journalism

Direct or related person ownership: 3,549 class B shares.



Jakob Mejlhede Andersen
EVP; Group Head of Programming and Content Development
 Danish, born 1973

Jakob was appointed as Executive Vice President of Programming and Content Development in March 2015 with responsibility for content acquisition, programming and development for MTG's Nordic on- and offline pay-TV channels and on demand services, and Group-wide online free-TV businesses. The role also includes format sourcing and co-productions. He joined MTG in 2005 and became Senior Vice President of Acquisitions & Programming in 2009. Jakob previously worked as Programme Director for SBS TV in Denmark and as Executive Producer for TV2 Denmark. Jakob has a journalism degree from the Danish School of Media and Journalism.

Direct or related person ownership: 6,371 class B shares.



Matthew Hooper
EVP; Group Head of Corporate Communications
 British, born 1970

Matthew was appointed as Executive Vice President and Head of Corporate Communications in February 2013 with responsibility for Group-wide Corporate Communications including brand development and experience, public, investor and government relations, corporate responsibility and employee communications, as well as MTG's digital channels and corporate events. He joined MTG in October 2012 as Group Head of Corporate Communications and Planning, prior to which he was the co-Founder and Managing Partner of Shared Value Limited, the international corporate communications consulting firm, and a Board Director of Shandwick Consultants Limited, a division of the then publicly listed Shandwick global marketing and communications group. Matthew is a Masters graduate of the University of Oxford.

Direct or related person ownership: 7,803 class B shares.