

SHAPING THE FUTURE OF ENTERTAINMENT

@ MTG Capital Markets Day, 13th June 2013

Rikard Steiber
EVP & Chief Digital Officer
Modern Times Group

A brief introduction to myself



Born in 1969

Joined MTG in Feb'2013

Google (2007 – 2013)

Global Marketing Director – Mobile/Social
Marketing Director EMEA

XLENT Strategy (1999 – 2007)

Managing Director

Scandinavia Online (1997-1999)

Director

TeliaMegaCom (1995-1997)

Procter & Gamble (1994-1995)



Towards a multi-screen world

2009

1% of global internet traffic came from mobile devices

10 million Android phones had been sold

A year away from the first iPad



Today

13% of global internet traffic come from mobile

1.3 million Android devices activated daily

120 million tablets



3

Innovative media experiences are emerging



4

Video is moving to digital across screens fast

2007

Cats on a skateboards and many **rights issues**

High **storage** costs and low **broadband %**

High **production costs** and low **monetization**

Limited mobile video

You Tube



1,500,000,000+

Today

1B Unique users/month

4B hours watched every month

72 Hours of video uploaded/min

40% of all video views on mobile

500 Years of YouTube videos watched on **facebook** each day



5

The web - from links of pages to links of people

2007

6% of time spent online on social media sites and social still a niche phenomena

MySpace 2X size of Facebook and Google did not get social

Social sites was a closed community of people



Today

+20% of time spent on social media and +1.5BN have a social media profile (7/10 Internet users)

Facebook with +1BN users and Google now bigger than Twitter

Social are open platforms that connects people across services



6

Today's consumer behavior is changing

CURATION

76% share content on Facebook

4C

GENERATION

CREATION

67% upload photos they have taken

CONNECTION

91% sleep with or next to their phone

COMMUNITY

88% maintain a profile on a social network



7

**CREATING SHARABLE
MAGIC MOMENTS
CROSS SCREENS AND MEDIA**



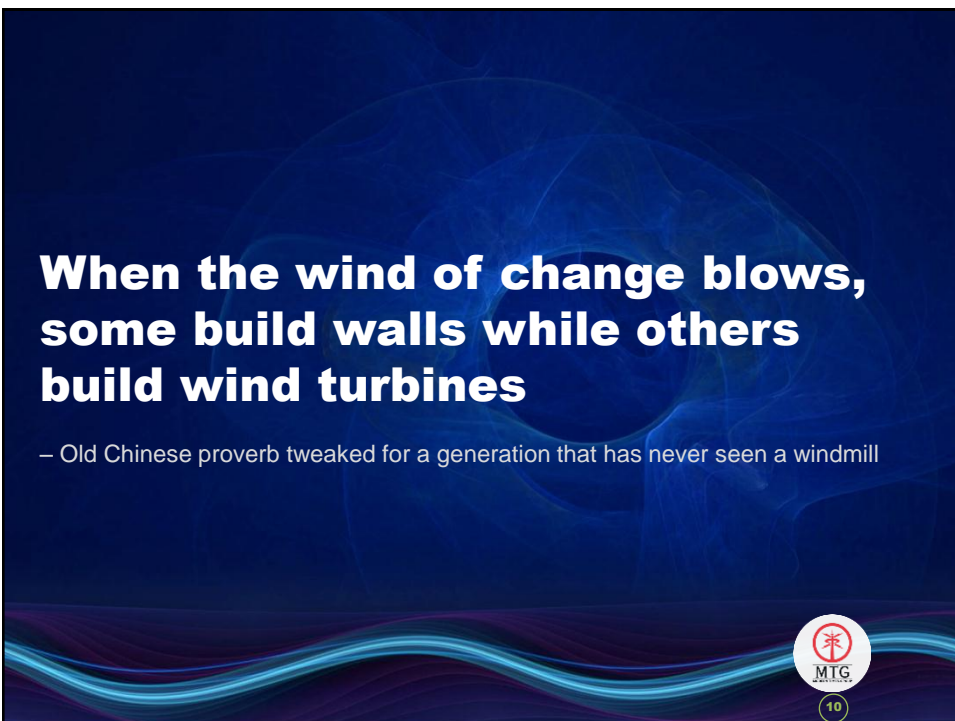
8

GoPro – CO-CREATING SHARABLE MAGIC MOMENTS



**When the wind of change blows,
some build walls while others
build wind turbines**

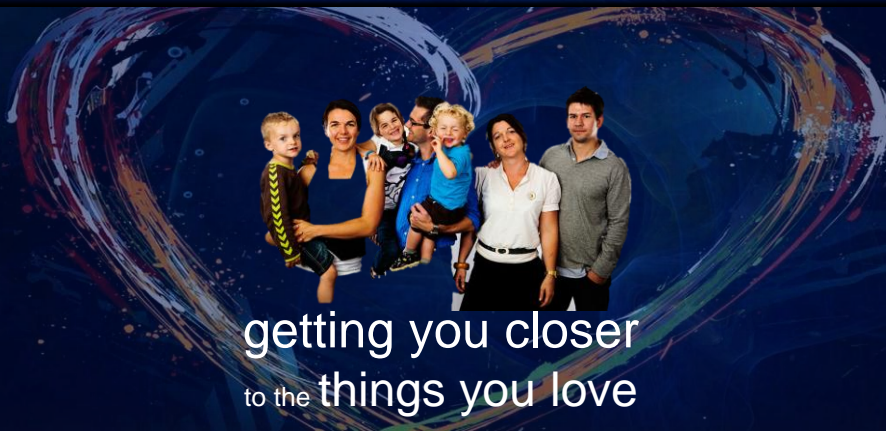
– Old Chinese proverb tweaked for a generation that has never seen a windmill



Leading the way in digital entertainment



Today's consumer behavior is changing



getting you closer
to the things you love



X-factor: “A special talent or quality” or
 “A variable in a situation that could have the
 most significant impact on the outcome”

MTG_x

xPLAY
 (core services)

Viaplay
 TV play
 Sports

xVENTURES
 (new services)

Music
 Games
 Like.TV

xCREATIONS
 (digital productions)

Mobisodes
 Webisodes
 TV extensions

xLABS
 (development shop)

Web / Apps
 Social
 Sign-on



MTG_x is already up and running

ViaPlay Premium VOD
 TV, Movies and Sports



Free VOD TV Channels
 Ad Financed Services



Free VOD Sport Clips
 Ad Financed Service



Free VOD Music Videos
 Ad Financed Service



Mobile TV Companion
 2nd Screen Application



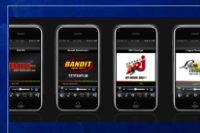
Download Games Store
 Transaction Service



Klipster Coupon Service
 Online to Store App



Free Music Streaming from
 radio channels



MTG_xPLAY

Future of Entertainment



xPLAY – reshaping **premium** entertainment



VIAPLAY

TV, Sport & Film. Online.



xPLAY – reshaping **premium** entertainment

TODAY

- **Rapid growth** of Viaplay premium TV on demand service offering 1,000 of hours of top movies, TV series and sports
- **Great complement to DTH**, enabling subscriber growth outside the DTH and the markets no:1 multi-screen offering

NEXT

- **Retain “pole position”** of having the most attractive movie, TV and sport content e.g. studio deals + Olympics
- **Improve user experience and continue multi device rollout.**
- Exploring **additional entertainment offerings** enabling revenue growth



xPLAY – reshaping the future of **tv** entertainment



xPLAY – reshaping the future of **tv** entertainment

TODAY

- TV channels VoD views and ads growing fast (+100% YoY) across SE, NO, DK, CZ, BG, HU Baltics
- Paradise Hotel (in DK) grew video views in Q1 to more than in all of 2012 (+500% YoY)
- Mobile growth with 30-50% of traffic and +1.6M Apps downloaded

NEXT

- Better user experience, more content and new mobile apps to drive growth
- Optimize monetization behind better ad intensity, mobile ad formats focused sales efforts on digital
- Complement TV channels with new services in Sports, Music and Games



xPLAY – reshaping **sport** entertainment



VÄJ SPORT

TV-GUIDE

OS 2014

LOGGA IN

ALLA
BOXNING
FOTBOLL
GOLF
HOCKEY
MOTOR
SNOWBOARD
SPORT
TENNIS



xPLAY – reshaping **sport** entertainment

TODAY

- Live “beta” in Sweden and Denmark since Q1, 2013
- Quickly grown to **over 6,000,000 videos played** since launch
- Opportunity to **leverage unique sports assets** going forward

NEXT

- Drive monetizable video views behind unique video clips and new live feeds
- **Boost traffic and users** behind major sports events like Olympics
- **Roll-out service internationally** supported by TV and editorial

VIASAT DIREKTSÄNDER HELA VINTER-OS I SOTJI 2014
Läs allt på viasatsport.se/os



MTG_xVENTURES

Accelerate our success in digital



xVENTURES – two key acceleration strategies

INCUBATOR

Establish presence in start-up communities around the world: US, SWE and UK

Attract start-up ideas, JVs and talent to build the future of entertainment

Support with resources from xLab and xCreation to decrease time to market



xVENTURES office in San Francisco

(Photo: Rhonda Abrams, USA TODAY)

INVESTOR

Organic growth will not be fast enough to win in digital, dedicated expansion funds

Invest in core capabilities and services portfolio to accelerate success in digital

Accelerate success by leveraging x-promotion and x-creation assets for equity



xVENTURES – partnership with Valley start-ups

The Pitch

- ✓ 60 channels in 35 markets
- ✓ TV operator, Radio, Digital
- ✓ Media cross promotion
- ✓ Content cross creation
- ✓ Local sales force to sell
- ✓ Local editorial to curate



xVENTURES office in San Francisco

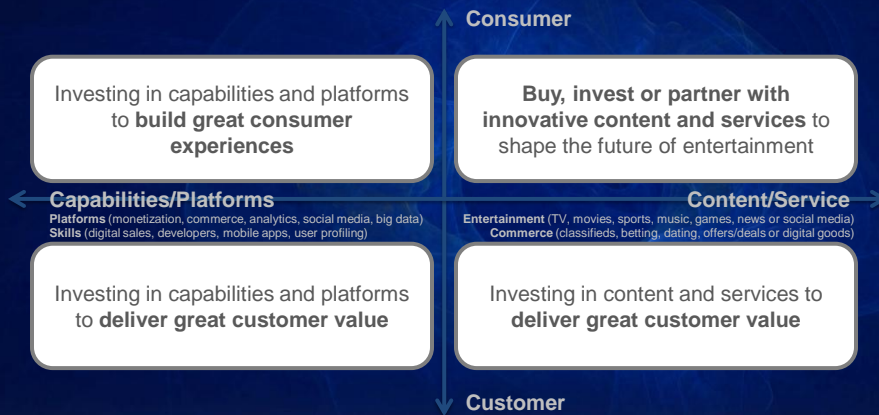
(Photo: Rhonda Abrams, USA TODAY)

Our Focus

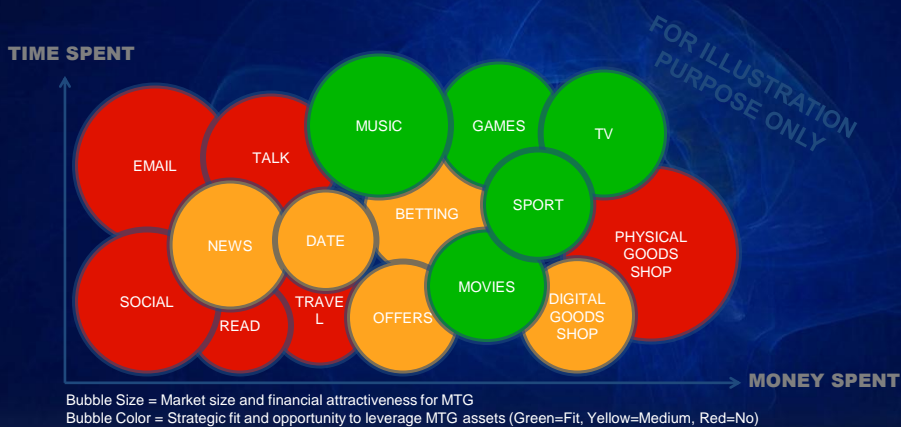
- ✓ 40 candidates, 5 key areas
- ✓ Mobile/Social Video Service
- ✓ Social Sport Gamification
- ✓ Innovative Social Music
- ✓ Cloud and Free Gaming
- ✓ 2nd Screen Platforms



xVENTURES – simplified investment framework



xVENTURES – service opportunity framework



NYTT: REBECCA & FIONA

Stockholms finest Rebecca & Fiona blir en smula allvarliga, skrämmande och sätter en väldigt snygg video. Kolla in färskas Union här!



Nicke Borg Homeland
END OF THE RAINBOW



Sibille Attar
Julian! I Want To Be A Dancer!



Rebecca & Fiona
Union

Över 6000 titlar. Online.



TODAY

TODAY

TODAY

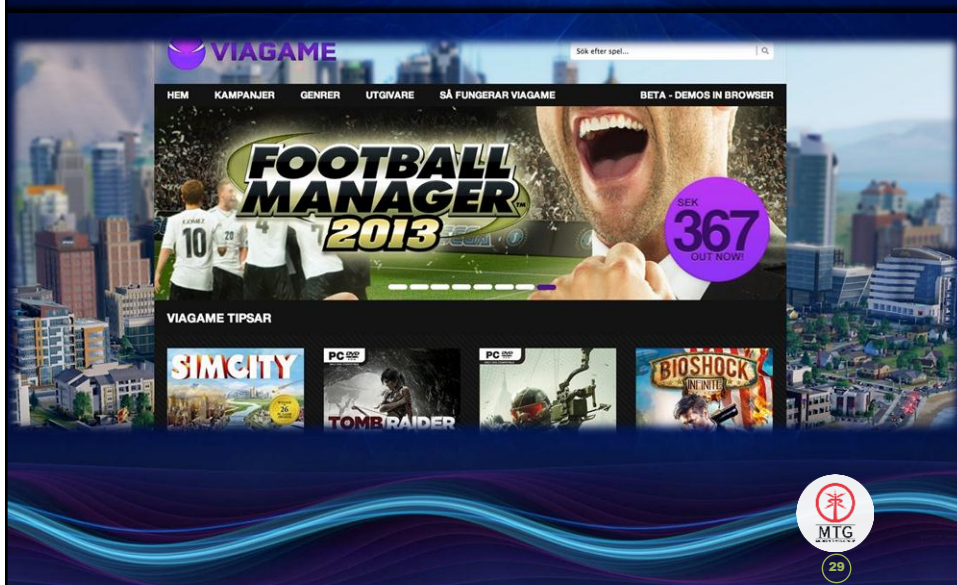
NEXT

- Strong YoY revenue growth for Ads +16% & Access +20% (Scandinavia)
- Opportunity to leverage **+1M mobile radio apps** downloaded
- Launched “beta” trial of new music **video service** in Sweden

- **Launch a new music service**
combining best of radio and video
- **Create unique music experiences**
across TV, Web and Mobile
- **Leverage TV and Radio assets** to
roll-out new service internationally



xVENTURES – reshaping **game** entertainment



xVENTURES – reshaping **game** entertainment

TODAY NEXT

- Games is the fastest growing entertainment segment +60B\$, Nordic PPD 500MSEK in 2013
- Launched Games site (PPD) "beta" across Nordics in Q4'12
- Leverage unsold TV inventory to drive online traffic and sales
- Improve user experience and service offering by adding personal gaming, editorial and video experiences
- Rollout improved games service internationally behind TV support
- Opportunity to bring new gaming experience to the TV/Mobile screens

x VENTURES – innovating TV entertainment



x VENTURES – innovating TV entertainment

TODAY

- 80% of TV audience use 2nd Screen, 1/3 of time while watching TV
- Launched Like.TV as the first TV Companion app in Scandi (Q1'12)
- In "beta" with new information, interaction, social and ad initiatives

NEXT

- Improve the user experience, content, social interaction and new platforms
- Testing innovative advertising solutions like TV companion ads and Video Ads
- International roll-out** supported by TV promotion and integration into formats

The background of this slide is a faded version of the TV guide interface shown in the first slide. It includes the same grid of program tiles, navigation buttons, and the MTG logo in the bottom right corner.

MTGxCREATIONS

Creating digital first experiences



xCREATIONS – creating digital first experiences

TODAY

- TV formats rule the linear TV world, early days for digital TV extensions
- Production companies are not ready, a new YouTube generation emerging
- Need for “digital first” content to accelerate all of MTGx services

NEXT

- Build expertise in extending TV formats to digital/social (own and acquired)
- Become a world leading producer of digital first formats / experiences
- Create a platform for producer and talent discovery for all MTGx services

H+ Episode 13: Questions
Season 1, Episode 13 / 5 minutes

H+ Episode 14: The Gates
Season 1, Episode 14 / 5 minutes

H+ Episode 15: Their Connection
Season 1, Episode 15 / 4 minutes

H+ Episode 16: From Above
Season 1, Episode 16 / 4 minutes



xCREATIONS – creating digital first experiences

TODAY

- TV formats rule the linear TV world, early days for digital TV extensions
- Production companies are not ready, a new YouTube generation emerging
- Need for “digital first” content to accelerate all of MTGx services

NEXT

- Build expertise in extending TV formats to digital/social (own and acquired)
- Become a world leading producer of digital first formats / experiences
- Create a platform for producer and talent discovery for all MTGx services



35

MTGxLABS Building the platform



36

xLABS – building core capabilities and platforms



37

xLABS – building core capabilities and platforms

TODAY

- Great skills in online video services
- MTG need to strengthen digital developer capabilities or culture, thus dependent on partners
- Opportunities to get platform synergies enabling faster market roll-out and economies of scale

NEXT

- Build talent and platforms to move fast at scale in digital launching services across multiple countries instantly
- Consolidate to fewer high performing digital platforms, drive group synergies
- Core platforms for responsive web/apps, video, social, payment, log-in and ads



38

MTG_x

xPLAY (core services)

Viaplay
TV play
Sports

xVENTURES (new services)

Music
Games
Like.TV

xCREATIONS (digital productions)

Mobisodes
Webisodes
TV extensions

xLABS (development shop)

Web / Apps
Social
Sign-on



39



MTG_x Shaping the future of digital entertainment



40