

MODERN TIMES GROUP

CAPITAL MARKETS DAY 2013

TV EVERYWHERE

Jette Nygaard-Andersen
EXECUTIVE VICE PRESIDENT
NORDIC PAY-TV BROADCASTING



JETTE NYGAARD-ANDERSEN

JOINED MTG IN 2003

Appointed EVP of the Group's Nordic pay-TV broadcasting operations in June 2013

CEO of Viasat Denmark since 2011

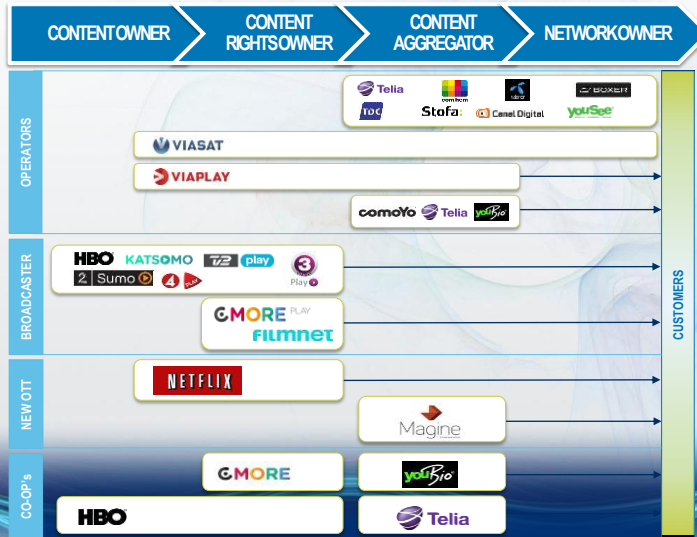
Acting CEO of the Group's Nordic pay-TV broadcasting operations between October 2012 and March 2013

Favourite app: Viaplay

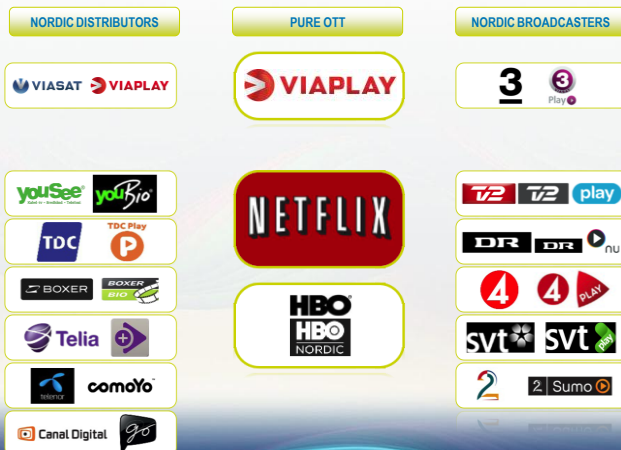
Best lap: Jumping to CEO's office in 10 seconds on the stairs



THE COMPETITIVE LANDSCAPE NEW POSITIONS AND ACTORS IN VALUE CHAIN

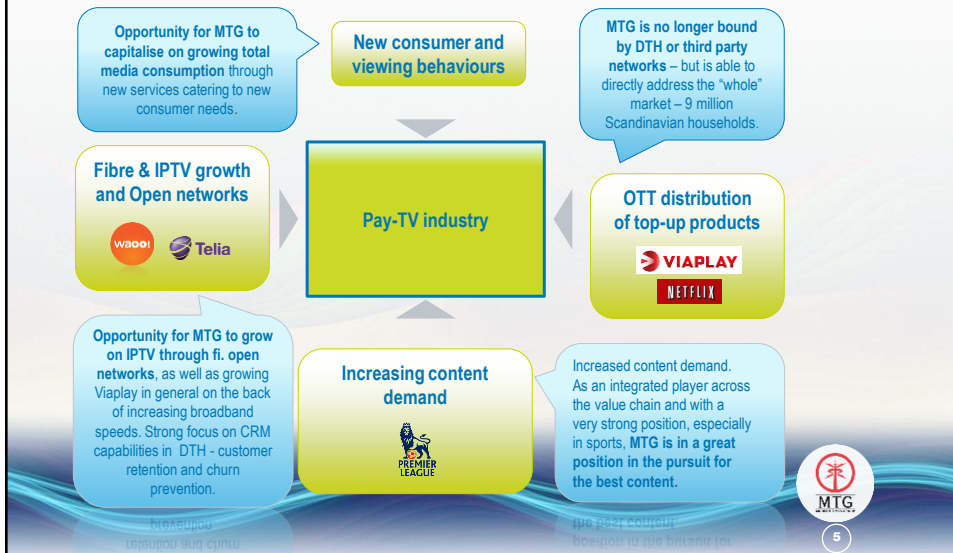


SEVERAL OTT OFFERS LAUNCHED TV EVERYWHERE & TOP-UP OFFERS*



*) With or as part of subscription, unless Public service broadcast offer

MARKET TRENDS, INDUSTRY IMPLICATIONS AND OPPORTUNITIES



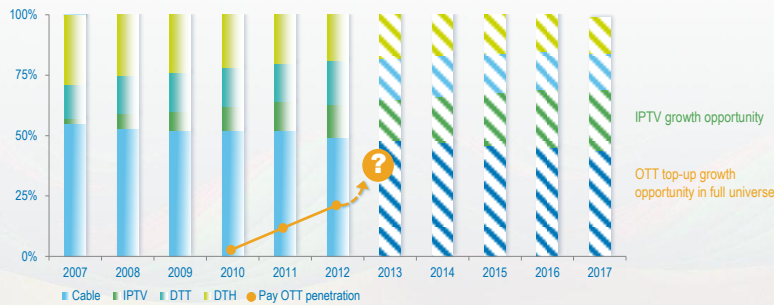
CONSUMER BEHAVIOUR IS CHANGING INCREASED CONSUMER CHOICE LEADING TO OVERALL GROWTH IN VIDEO CONSUMPTION

	CLASSIC CONSUMER	MODERN CONSUMER	SUPPORTING DATA
HOW			Global video consumption per device (users with devices) <ul style="list-style-type: none"> TV-screen Desktop computer Laptop Smartphone Tablet
WHEN	scheduled programming	+ anytime	US time spent with media <ul style="list-style-type: none"> Linear TV On-demand 2010 2011 2012 +34%
WHERE		+ anytime	Global video consumption (smartphone and tablet users) <ul style="list-style-type: none"> In-home Out-of-home 22% 78%
WHAT	Prime-time TV shows	Prime-time TV shows + On-demand (Catering to consumers' specific content needs, thus expanding relevant content beyond mainstream.)	Scandinavian pay OTT penetration <ul style="list-style-type: none"> Pay OTT households Remaining households 18% 82%

Sources: Time spent with linear vs. on-demand, Nielsen Cross-Platform Report, Nordic pay OTT penetration, MTG research, devices and out-of-home viewing, Ericsson ConsumerLab TV & Video Trend Report 2012



IPTV IS GROWING, LARGE OTT POTENTIAL SCANDINAVIAN DISTRIBUTION LANDSCAPE – PRIMARY PAY-TV SUBSCRIPTIONS

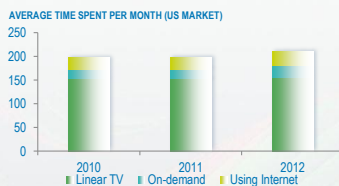


Source: internal market estimates (2012), sources include Screen Digest.
OTT penetration is based on 1.65 million pay OTT subscriptions and 9 million households in Scandinavia (assumes max one pay OTT subscription per household).



CORD CUTTING VERY LIMITED ... SOME EARLY SIGNS OF CORD SHAVING

ON-DEMAND GROWING ON TOP OF LINEAR TV

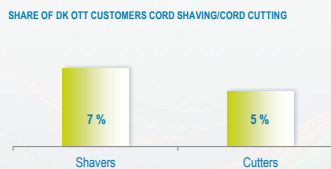


Source: Nielsen Cross-Platform Report, US market

Time spent watching **on-demand video has grown by 34%** over 2 years
– while linear TV has also grown, although by 2% over 2 years.
On-demand is incremental to linear TV and thus grows the total video consumption.

Opportunity for MTG to grow by addressing the on-demand viewing segment with new services

CORD-CUTTING IS LIMITED, CORD-SHAVING IS A POTENTIAL OPPORTUNITY



Source: OmnicomMediaGroup, Denmark

OTT unlocks a new market for MTG, allowing direct customer relationships outside the DTH universe.

There is a growing segment of "cord-nevers" – consumers who never had pay TV and choose OTT services rather than to sign up for pay TV.



VISION FOR PAY TV NORDIC

... ADDRESSING THE CHANGES IN THE MARKET PLACE

"The most relevant and engaging provider of video entertainment in the Nordics, anytime, anywhere, on all platforms and devices"

VISION PILLARS

- A** Making our offering broadly available
- B** The most relevant and engaging content and products – always anticipating consumer needs
- C** People and capabilities
- D** Technology & product leadership focused on creating value for customers
- E** Cost efficiency and synergies



SUPERIOR CONTENT

	MTG	SHORE FURNITURE	NETFLIX	HBO
Disney	✓	✗	(✓)	✗
NBCUniversal	✓	(✓)	✗	✗
Warner Bros	✗	(✓)	✓	✗
Paramount	(✓)	✓	✗	✗
20th Century Fox	✓	(✓)	✗	✗
MGM	✗	✓	(✓)	✗
Universal	✗	✓	✗	✗
MTG	✓	✗	✗	✗
scanbox	✓	✗	✗	✗
MTG	✓	✓	✗	✗

* Expected according to industry sources

1st pay window ✓
2nd pay window (✓)

Linear channels added to DTH since last CMD

Sweden

Own: VIABAT, E-SAKTAXL, Sky, Other: 3

Denmark

Own: SBS, Bonnier, Sky, Viacom, DR, Other: 3

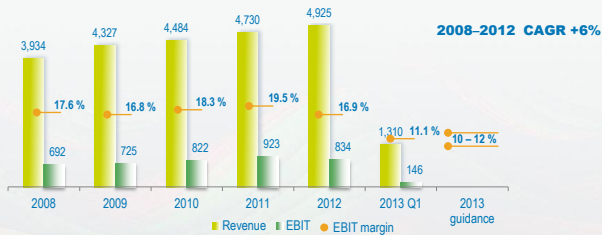
Norway

Own: Egmont, Sky, Viacom, Other: 3



STEADY GROWTH FROM PAY TV NORDIC ... AND INVESTING IN THE FUTURE

PAY TV NORDIC REVENUE & EBIT (MSEK)



Source: MTG



MARGIN DELTA DYNAMICS IN 2013

CONTENT INVESTMENTS

We continue to invest in content to maintain product leadership.

Our leading content line up is leveraged both

- through retention of existing customers, and through
- establishing MTG as a leader in IPTV and the emerging segments of new viewing behaviours.

VIAPLAY INVESTMENTS

Investments in Viaplay to secure a leading position in the growing on-demand and OTT segments.

Investments include both marketing, technology and product development.

DTH CHURN IN DENMARK

Churn from the DTH platform in Denmark has been high during 2011 and 2012.

The DTH segment in general has suffered from the entry of new pay TV competition from terrestrial broadcaster Boxer as well as IPTV growth.

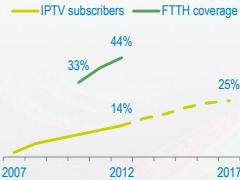


... BUT GROWING REVENUES

THREE MAJOR MARKET OPPORTUNITIES

FIBRE ROLL OUT & IPTV

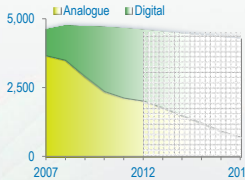
SHARE OF TOTAL PAY TV SUBS ON IPTV AND SWEDISH FTTH COVERAGE



Source: Screen Digest, PTS Bredbandskartläggning 2012

DIGITALISING CABLE

CABLE SUBSCRIBERS, NORDIC (THOUSANDS)



Source: Screen Digest

OTT/TOP-UP SERVICES

PAY OTT PENETRATION



Source: internal market estimates (2012), sources include Screen Digest.

OTT is opening up a large new universe.

Viasat has great growth potential on IP and cable – there's significant room to grow penetration on IP while more and more cable households are being made available through the on-going digitalisation.

Viasat has third-party distribution agreements with most relevant distributors.

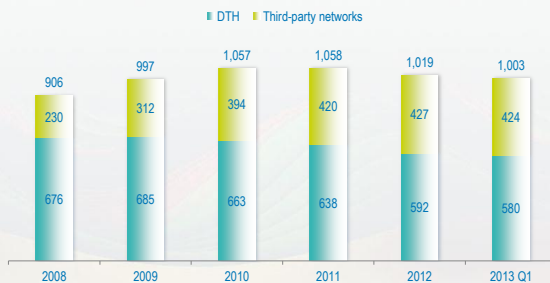
Third-party network ARPU is developing at a similar pace as DTH (CAGR for last two years: 5.2%)

Additionally, third-party subscriber costs are significantly lower than on DTH (fi. 75-80% lower acquisition costs).



PREMIUM SUBSCRIBER BASE DEVELOPMENT (EXCLUDING VIAPLAY)

PAY TV NORDIC SUBSCRIBERS EXCLUDING VIAPLAY (THOUSANDS)

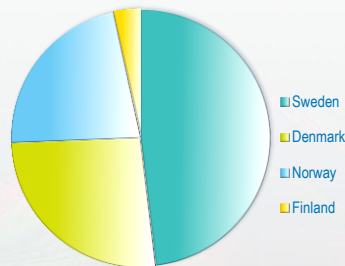


Source: MTG



BALANCED WEIGHTING ACROSS MAIN GEOGRAPHIES

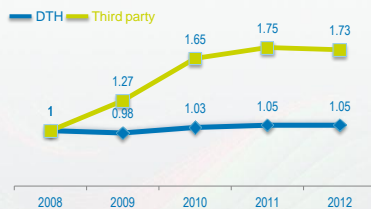
REVENUE SPLIT 2012



PAY TV SWEDEN

VERY STABLE BASE, LARGE POTENTIAL IN IPTV

PREMIUM SUBSCRIBER DEVELOPMENT, SWEDEN (OUT-GOING, INDEXED)

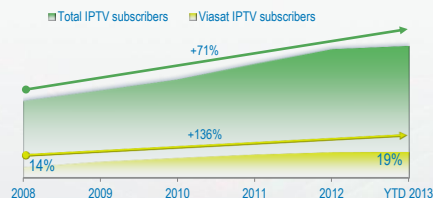


Source: MTG

DTH is performing well and churn is best in class (single digit). Third party network subscriber base has grown fast over the last 5 years.

There is still significant potential in the growing IPTV market (where Viasat so far has grown from 14% penetration to 19% penetration), especially in the open networks segment.

IPTV SUBSCRIBER DEVELOPMENT, SWEDEN (OUT-GOING, INDEXED)



Source: Competitor annual reports and MTG estimates (open networks market).

"Com Hem AB [...] has announced a nationwide FTTx roll-out"
PacketFront Software press release (supplier)
"TeliaSonera will invest more than SEK 8 billion in fiber until 2014"
TeliaSonera Annual Report 2011



PAY TV DENMARK

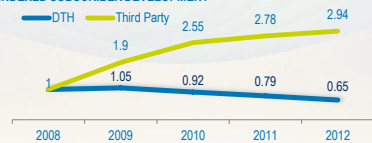
DTH STABILISING, THIRD PARTY NETWORKS GROWING

DTH CHURN STABILISING BUT STILL PRESSURE FROM IPTV, WHICH DRIVES VIASAT THIRD PARTY NETWORK GROWTH

INDEXED DTH CHURN DEVELOPMENT

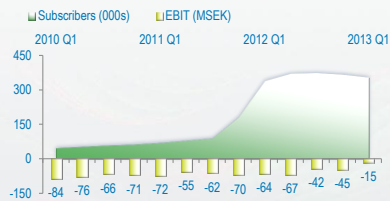


INDEXED SUBSCRIBER DEVELOPMENT



BOXER DECLINE

BOXER DENMARK SUBSCRIBERS AND EBIT



Source: TeraCom financial reports

Boxer has been extremely aggressive with both unsustainably low prices and large marketing investments.

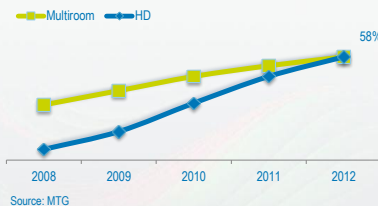
Since the start of Boxer Denmark, the company has had losses totalling more than 800 MSEK.



DRIVING ARPU

AND ADD ON SERVICE PENETRATION

PENETRATION OF ADD-ON SERVICES IN PREMIUM DTH BASE



Source: MTG

DTH price increases in Sweden and Norway implemented June 1

Gold package price in Sweden (excluding card fee): SEK 459 (SEK 409)

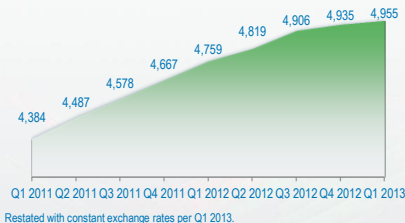
Gold package price in Norway: NOK 569 (NOK 549)

Third party price increases

Telia price has been adjusted to SEK 459 from SEK 389 for the gold package

Denmark Waool prices have been raised from DKK 399 to 469 DKK.

NORDIC DTH PREMIUM ARPU (SEK) - CAGR +6.3%



Restated with constant exchange rates per Q1 2013.

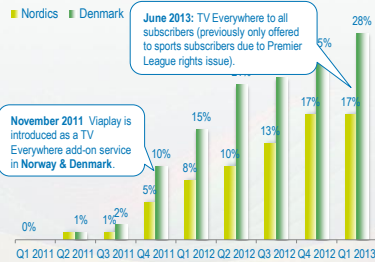
Price/Value
for the same price, you can take your spouse and two kids to watch a movie once a month.



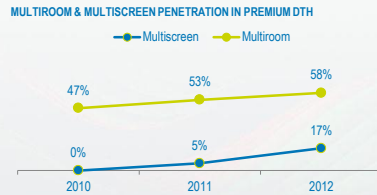
VIAPLAY

TV EVERYWHERE ADD-ON, REACHING NEW SUBSCRIBERS

VIAPLAY MULTISCREEN PENETRATION AMONG PREMIUM DTH SUBSCRIBERS



LIMITED CANNIBALISATION BETWEEN VIAPLAY AND VIASAT MULTIROOM



Growing Viaplay usage and penetration is a key area in order to both reduce churn and future-proof the subscriber base by catering to new viewing behaviour.

Sweden only recently started offering Viaplay as a free add-on (June 2013), thus the overall penetration level is significantly lower on a Nordic scale, but expected to grow.

Source: MTG



NICLAS EKDAHL JOINED MTG IN 2002

Born 1970

Joined MTG as Trainee 2002

CEO of Viaplay since February 2011

Senior Vice President of Nordic Pay-TV channels and Video On Demand services between 2007 and 2011, and Head of MTG's Creative Services between 2003 & 2007

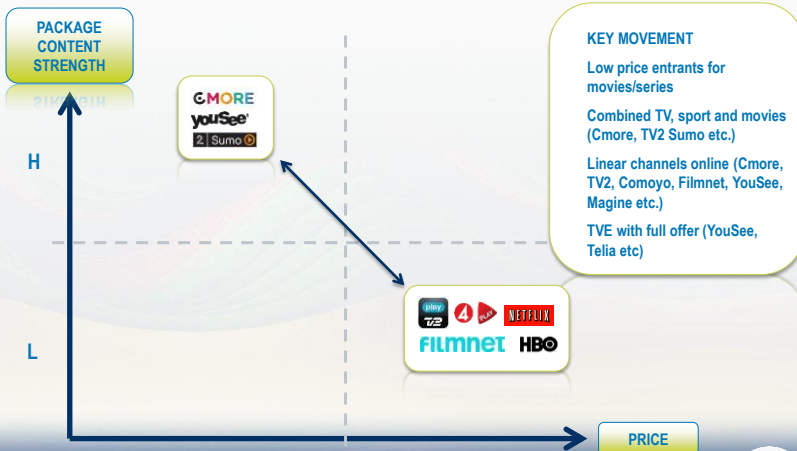
Also previously co-founder of a mobile Internet startup and Managing Director of an advertising agency

Favourite APP: Spotify

Best LAP: Midnattsloppet in AIK shirt chased by drunk Hammarby supporters



NORDIC OTT SUBSCRIPTION LANDSCAPE NEW COMPETITION IN TWO SEGMENTS



PHYSICAL SALES IS IN DEATH-ROLL VIDEO VIEWING “LIFECYCLE”



HALF OF US PHYSICAL DVD REVENUE “LOST” IN A DECADE



Source: Veronis Suhler Stevenson; McKinsey



SUMMARY



Aggregating content behind a subscription
Focus on **TV-series**, **sports** and **movies** – online
Available on **any device**
Focus on full length **professional** content
Available across Nordic region, Russia and Ukraine
(as TV Everywhere for Viasat satellite customers)



2 TARGET GROUPS

GENERAL BROADBAND POPULATION

Core urban age 20-40 with video
centric online behaviour

VIASAT LINEAR SUBSCRIBER BASE

Getting access to Viaplay as
a "TV Everywhere" product



STRONG SUBSCRIBER DEVELOPMENT... ... GROWTH SINCE LAST YEAR'S CMD

+273%



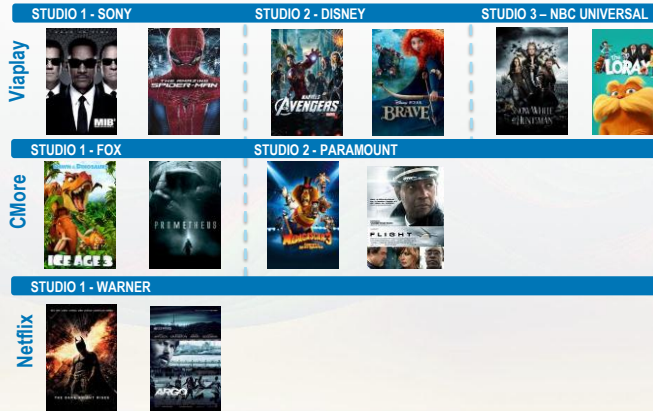
KEY AREAS (CMD 12)



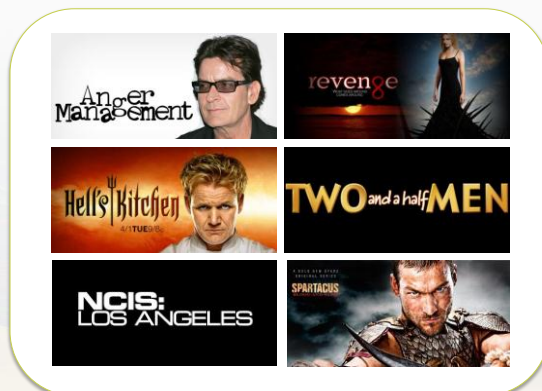
Maintain long term premium content leadership
Make available on increasing number of devices
Enhance content discovery and recommendation
Enable offline mode
Expand into new territories



CONTENT COMPARISON



CURRENT TV SERIES



LIBRARY TV SERIES



LOCAL TV SERIES



KIDS SERIES



SPORT



FULL PORTABILITY



REVIEWS AND AWARDS

Press reviews

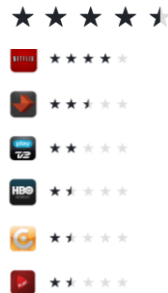


Connected TV Awards 2013
Best use of OTT by a Pay TV Operator



Internetworld - Top100
Best entertainment site 2012
2nd place

USER REVIEWS ON APP STORE (MAY13)



KEY FOCUS AREAS



USER EXPERIENCE
CONTENT DISCOVERY
CRM
BIG DATA
A/B TESTING
LONG TERM ARPU/GM

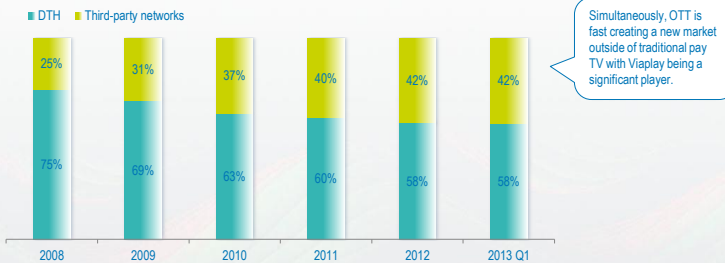


SUMMARY



OUR PAY TV NORDIC POSITION

PAY TV NORDIC SUBSCRIBERS SPLIT



Still large base of installed customers on our DTH platform.

Third-party networks are growing on the back of IPTV and fibre growth.

Managing the transition to IPTV and OTT

MTG is uniquely positioned to face the development given our high degree of integration and many levers to utilise.

Source: MTG



CONCLUSION

THE INDUSTRY IS CHANGING...AND WE ARE DRIVING THAT CHANGE

We have a successful DTH platform with rising ARPU and clear capacity advantages for new format launches

We have a platform agnostic channel business with rising ARPU + volume growth from IPTV, fibre & open network roll-outs

... Online video consumption is largely incremental to existing offline consumption and an opportunity to be tapped into via TVE and Viaplay...

... and, we are uniquely positioned to seize the growth opportunity through leveraging our superior content portfolio, existing customer relationships, our integrated position in the value chain, and our first mover advantage and established position in the OTT space

...ON TRACK TO DELIVER GROWTH AND MARGIN EXPANSION IN 2014



THANK YOU

