



**MTG**  
MODERN TIMES GROUP

# **Financial performance & Capital Structure**

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# Value Creation – the MTG way

MTG 2005-2010: Last five years

MTG Q1 2011 vs. Q1 2010

**Top line growth**

**+ EBIT Growth**

**+ Capital efficiency**

**= Value creation**

**Market indices**

*Constant exchange rates*

+12% CAGR
+13% CAGR
Average ROCE 26% - ex intangibles 63%
Market Cap CAGR 8%* <i>Year-end at SEK 30 bn</i>
FTSE 100 CAGR -4%
Nasdaq Comp CAGR 1%
OMXS30 CAGR 4%

+10%
+15%
Average ROCE 28% - ex intangibles 87%
Y-o-y change +23%* <i>Quarter-end at SEK 32 bn</i>
FTSE 100 Y-o-y change -3%
Nasdaq Comp Y-o-y change +1%
OMXS30 Y-o-y change +11%

# The Power of MTG

- Power of Centralisation
- Power of Cross-promotion
- Power of Integrated Broadcasting



# Power of Centralisation

## *Example: Minipay CEE*



19 channels, 28 countries → 160 versions  
80 employees in playout, scheduling, programming etc.  
20 employees in local sales forces



# Power of Cross-promotion

## *Example: Scandinavia*

### Free-TV & Radio



### Pay-TV & Play TV



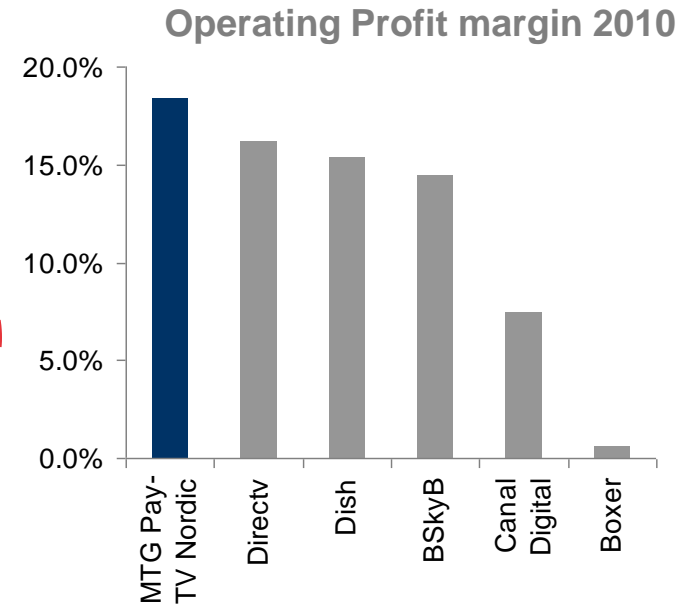
In 2010 MTG's Scandinavian Pay-TV and Viaplay businesses received cross-promotion worth more than SEK 50 million



# Power of Integrated Broadcasting

## Example: Nordic Pay-TV

Classic Pay-TV	MTG
Subscriber Revenue	Subscriber Revenue
	Channel Revenue
- 3rd party variable channel cost	- Variable channel cost
	- MTG Channel cost
- Other fixed costs	- Other fixed costs
<b>Operating profit</b>	<b>Operating profit</b>

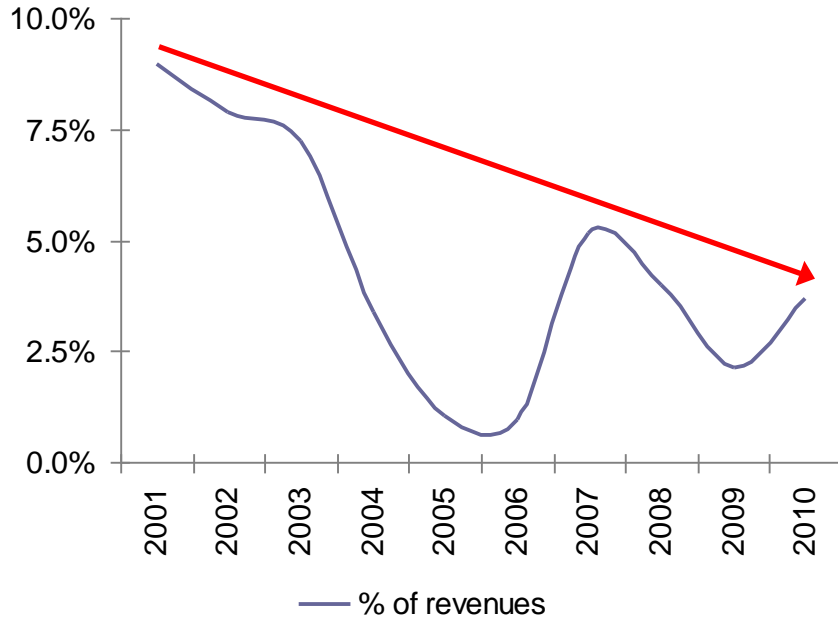


Source: Annual reports 2010

**Integrated broadcasting structure yields superior operating margin**

# Strict focus on Working Capital management

## Working capital development

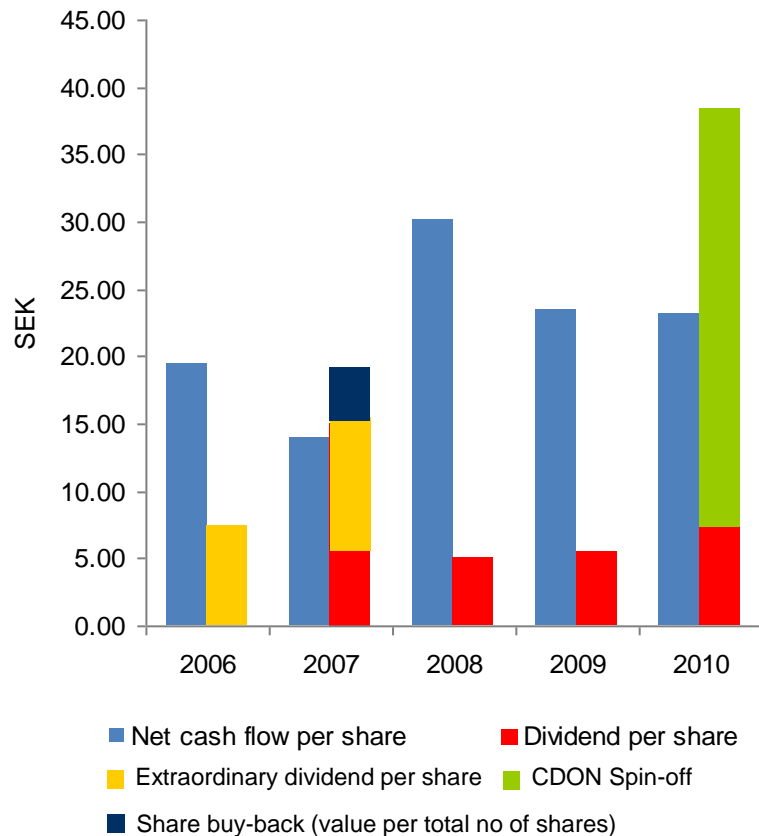
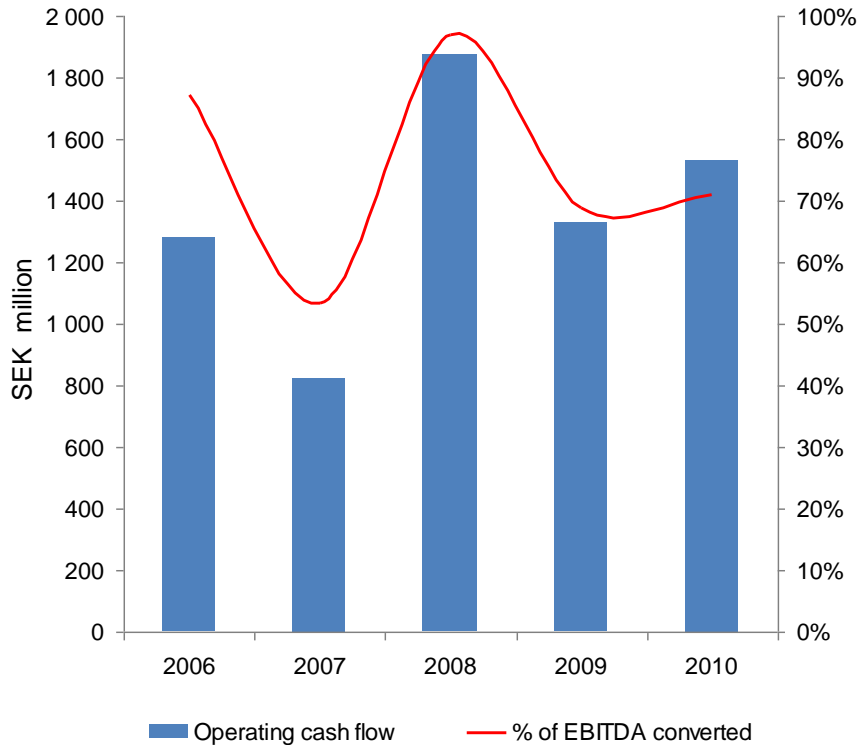


Sales and Working capital is excluding CDON Group

- Strong improvements in pre-paid revenues and improved payment terms from content providers
- Free TV ties up most cash, Pay TV balanced through subscriber payments
- Inventory (incl programming) up 19% per year last 5 years
- Working Capital as % of revenues increased during 2010 mainly following pre-payment of exclusive rights for Premier League in Sweden as well as the seasonally low balance at the beginning of the year



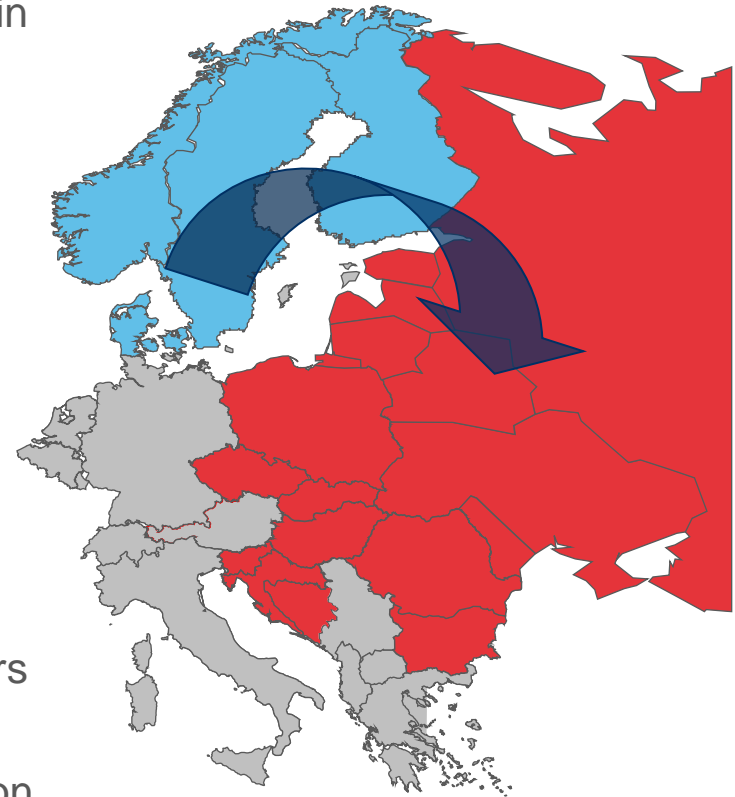
# Continued high cash conversion



Note: 2006-2010 adjusted for CDON Group

# Cash allocation

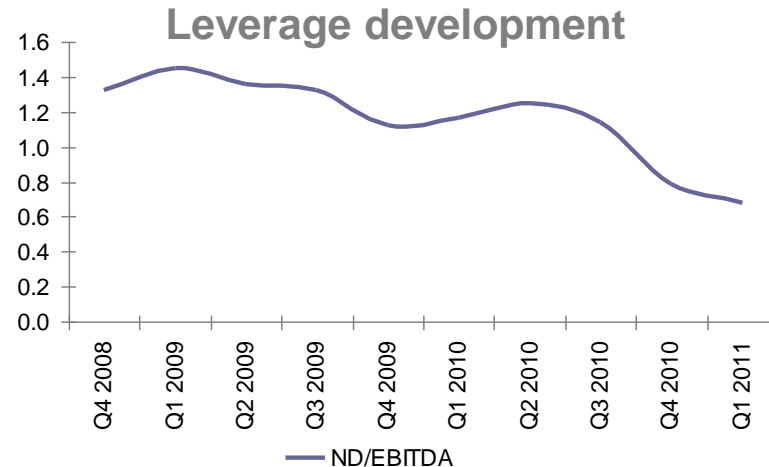
- SEK 5.1 bn cash from operations generated in the last 3 years
- Investments in growth
  - SEK 4.9 bn of net acquisitions
  - SEK 0.6 bn in new start-ups and other loss-making businesses
- SEK 0.5 bn in Capex (1.2% of revenue)
- Return to shareholders
  - SEK 1.7 bn in dividend during last 3 years
  - Share buy-back SEK 0.3 bn
  - Added value delivered through distribution of CDON Group (SEK 2.0 bn)



# Capital structure - Leverage

**maintained fire power for future growth**

- Leverage level decreased during last 12 months due to both lower net debt and higher EBITDA
- Revolving credit facility of SEK 6.5 bn maturity in 2015
  - SEK 4.1 bn unutilized at Q1 2011
- Strong financial position in the mid range of peers
- Depending on target and de-levering profile, comfortable with significantly higher leverage temporarily if needed



Company	ND / EBITDA
M6	-1.1
TF1	-0.0
Telenico	0.1
ITV	0.4
Antena 3	0.6
<b>MTG</b>	<b>0.8</b>
Mediaset	1.6
SES	2.9
Eutelsat	2.8
Prosieben	3.3
<b>Market mean</b>	<b>1.1</b>

Source: Broker research and MTG

# What next?

- Unique operational set-up to continue to benefit performance
- Highly cash generative operations
  - Continued low CAPEX of <2%
  - Expected CTC cash dividend of USD 130 million during 2011, where MTG is to receive 38%
- Commitment to continue to invest in future growth
  - Re-investment in current businesses
  - Expansion to new territories
  - Exploring consolidation opportunities
- Commitment to deliver ordinary shareholder returns
  - Ambition to increasing dividends over long-term
  - Buy back mandate in place for up to 10% of shares

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