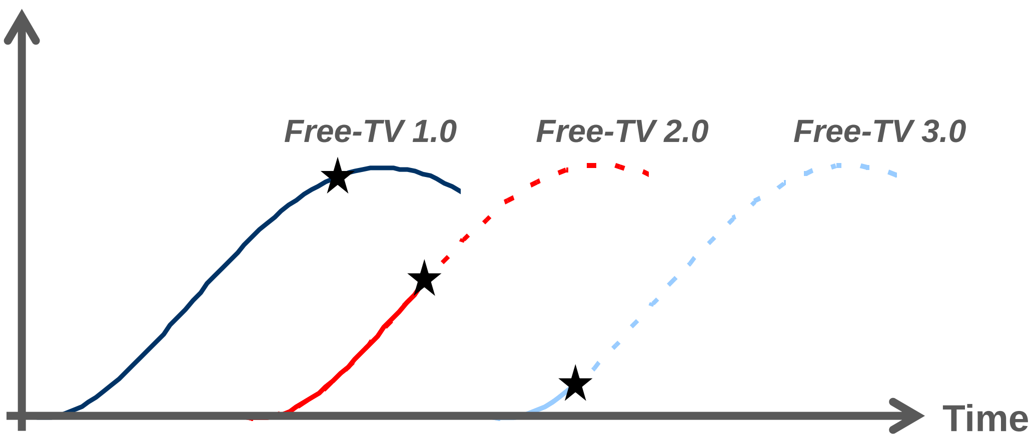
Free-TV Scandinavia

The Evolving Media House

Free-TV Scandinavia

Phases of Development



MTG
MODERN TIMES GROUP

Free-TV 2.0

Channel portfolio strategy

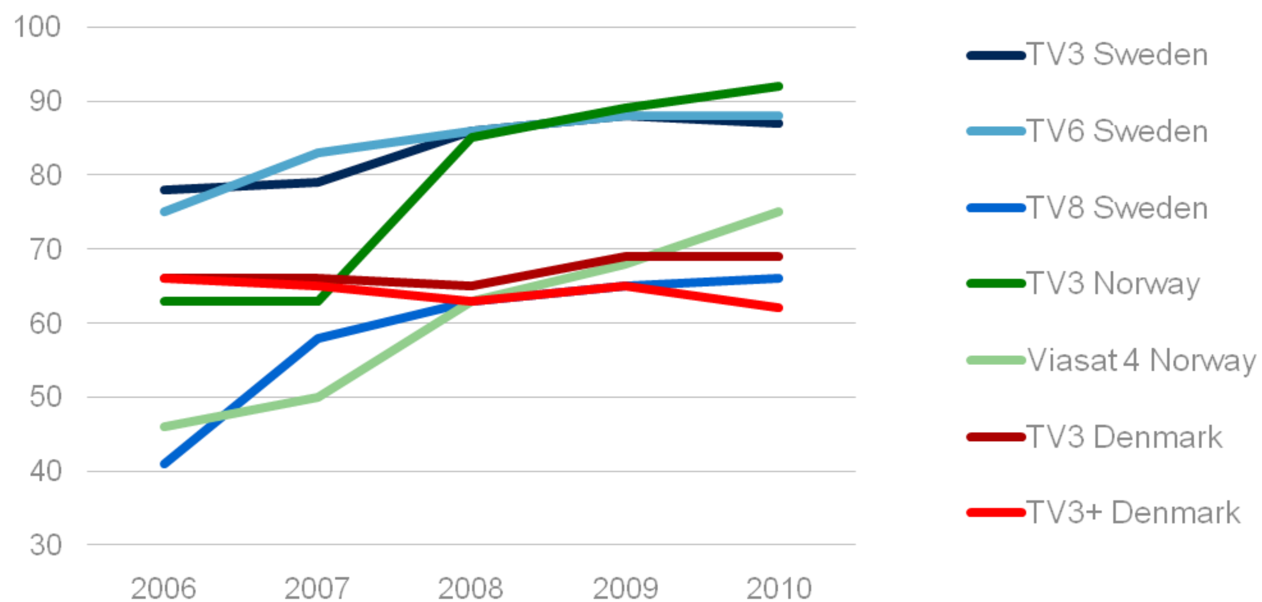
Free-TV 2.0

Media house strategy

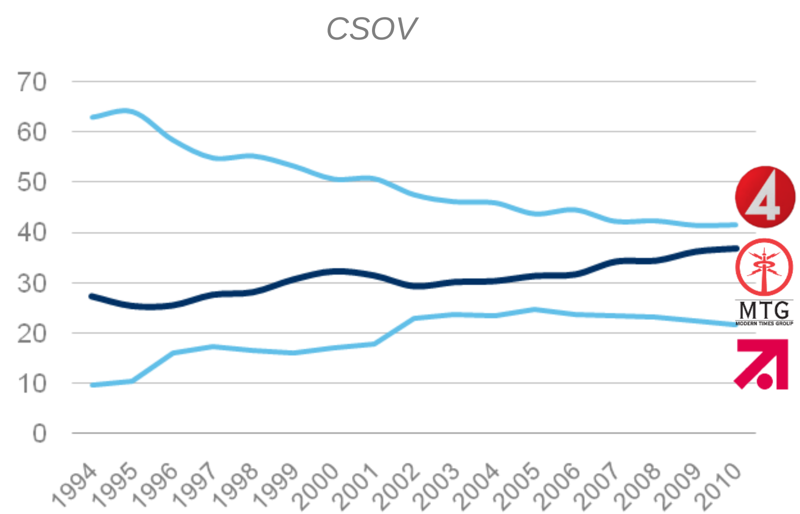
1. Digitalization
2. More channels
   Higher household penetration
3. Higher CSOV and Reach
   Higher ad market shares
4. Increased supply of national ratings
   Lower average TV prices
5. Lower barriers to use TV ads
   TV's market share grows

Digitalization → More channels Higher household penetration → Higher CSOV and Reach Higher ad market shares → Increased supply of national ratings Lower average TV prices → Lower barriers to use TV ads TV's market share grows

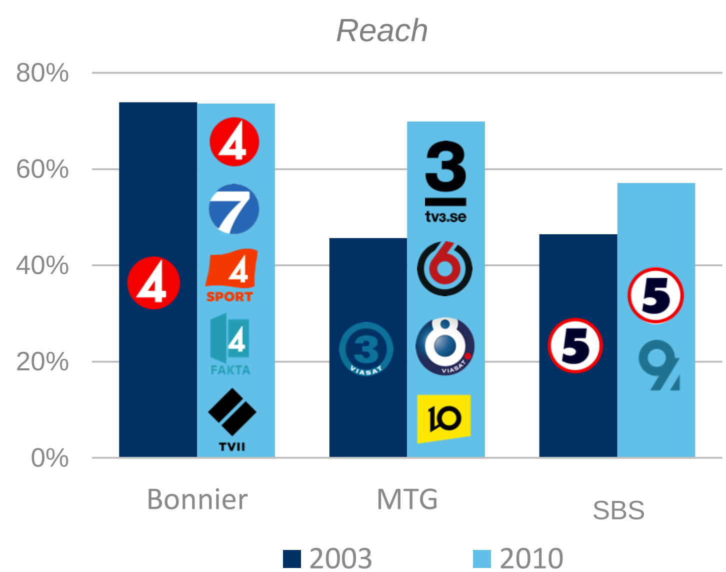
Channel penetration



Digitalization → More channels Higher household penetration → Higher CSOV and Reach Higher ad market shares → Increased supply of national ratings Lower average TV prices → Lower barriers to use TV ads TV's market share grows

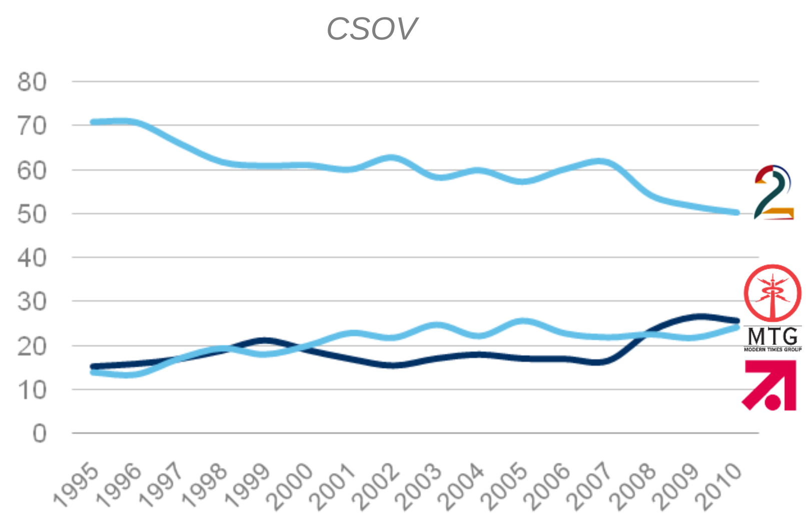


Source: MMS, CSOV, A15-49

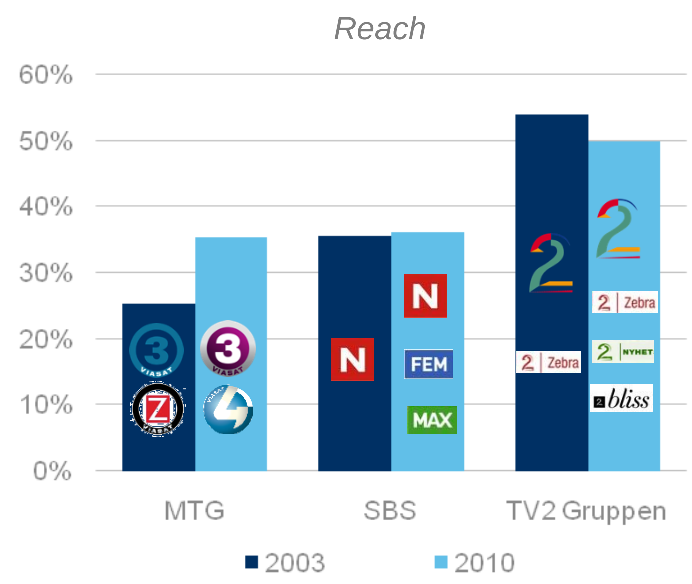


Source: MMS, Average weekly reach, A15-49

Digitalization → More channels, Higher household penetration → Higher CSOV and Reach, Higher ad market shares → Increased supply of national ratings, Lower average TV prices → Lower barriers to use TV ads, TV's market share grows

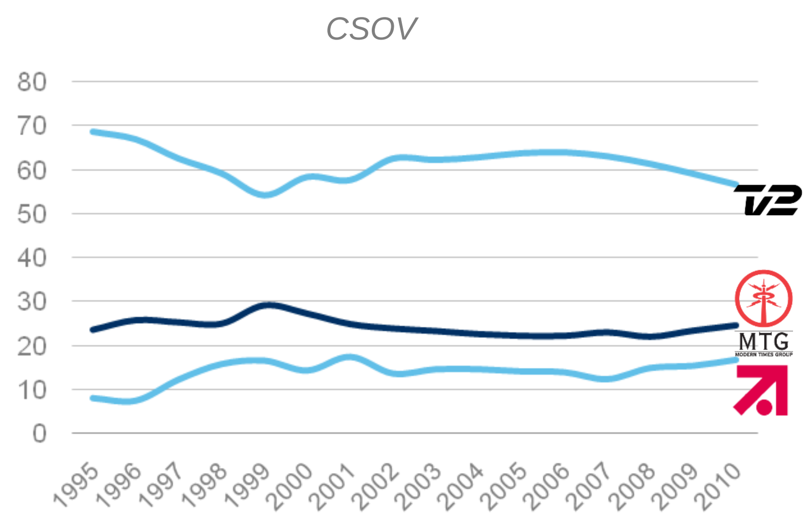


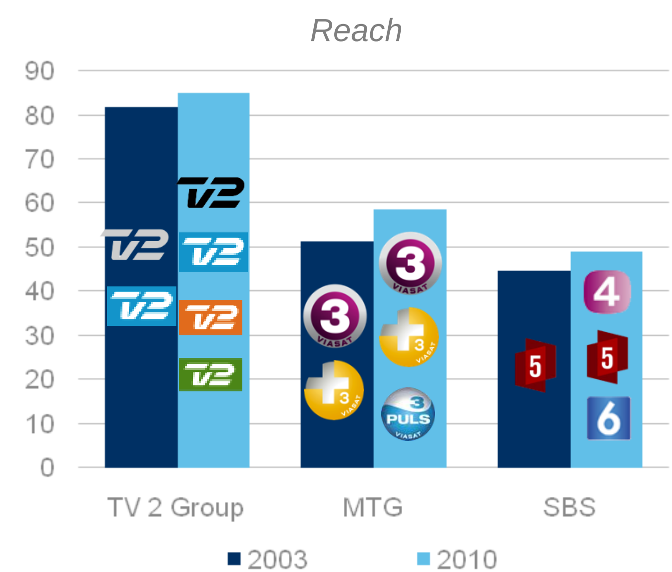
Source: TNS TV-panel, A15-49



Source: TNS TV-panel, A15-49, Average weekly reach

Digitalization → More channels Higher household penetration → Higher CSOV and Reach Higher ad market shares → Increased supply of national ratings Lower average TV prices → Lower barriers to use TV ads TV's market share grows





Source: MMS, CSOV, A15-49.

Source: MMS, Average weekly reach, A15-49.

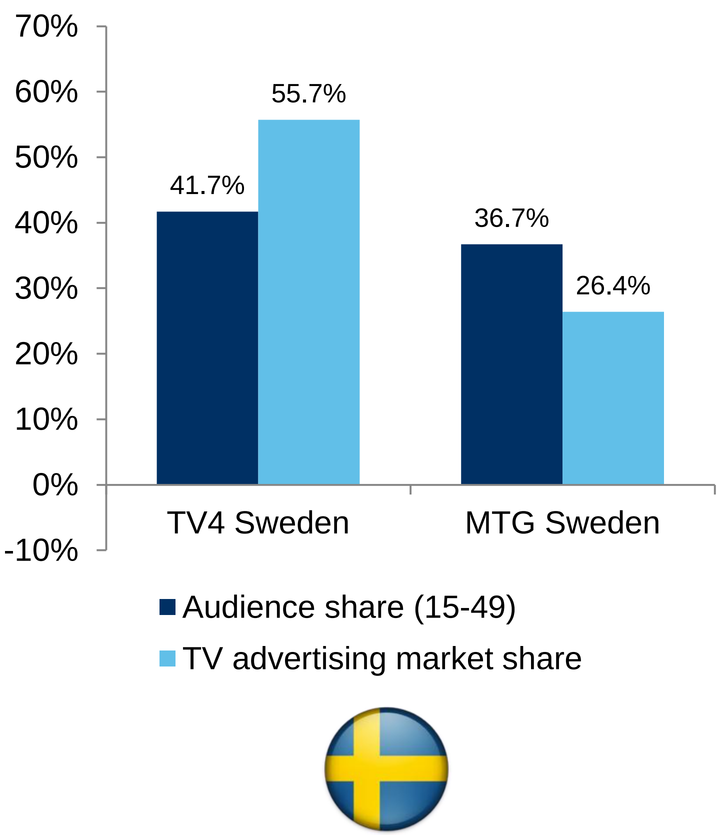
Digitalization

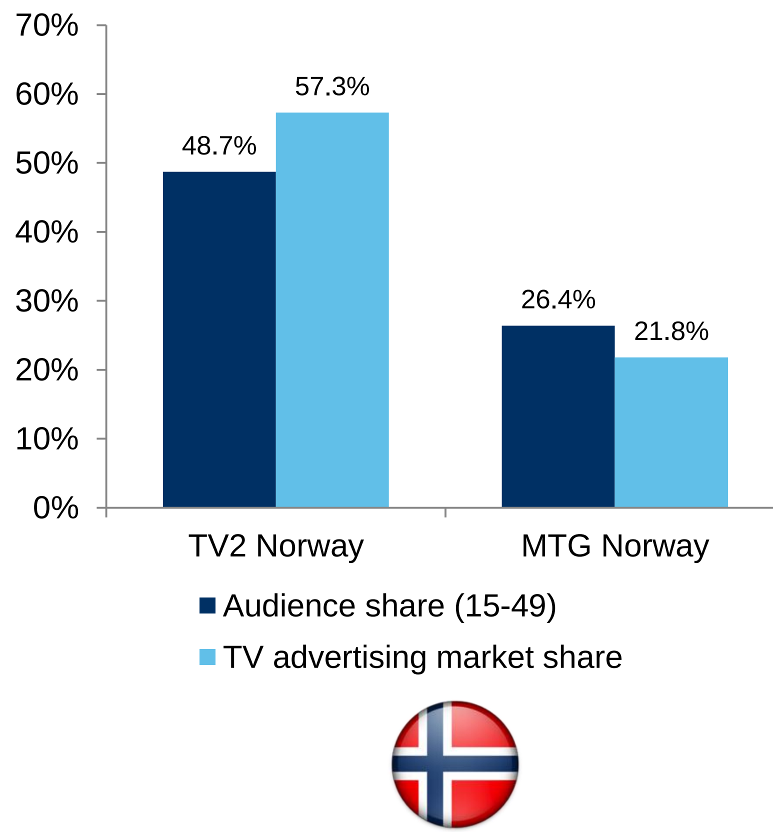
More channels
Higher household penetration

Higher CSOV and Reach
Higher ad market shares

Increased supply of national ratings
Lower average TV prices

Lower barriers to use TV ads
TV's market share grows

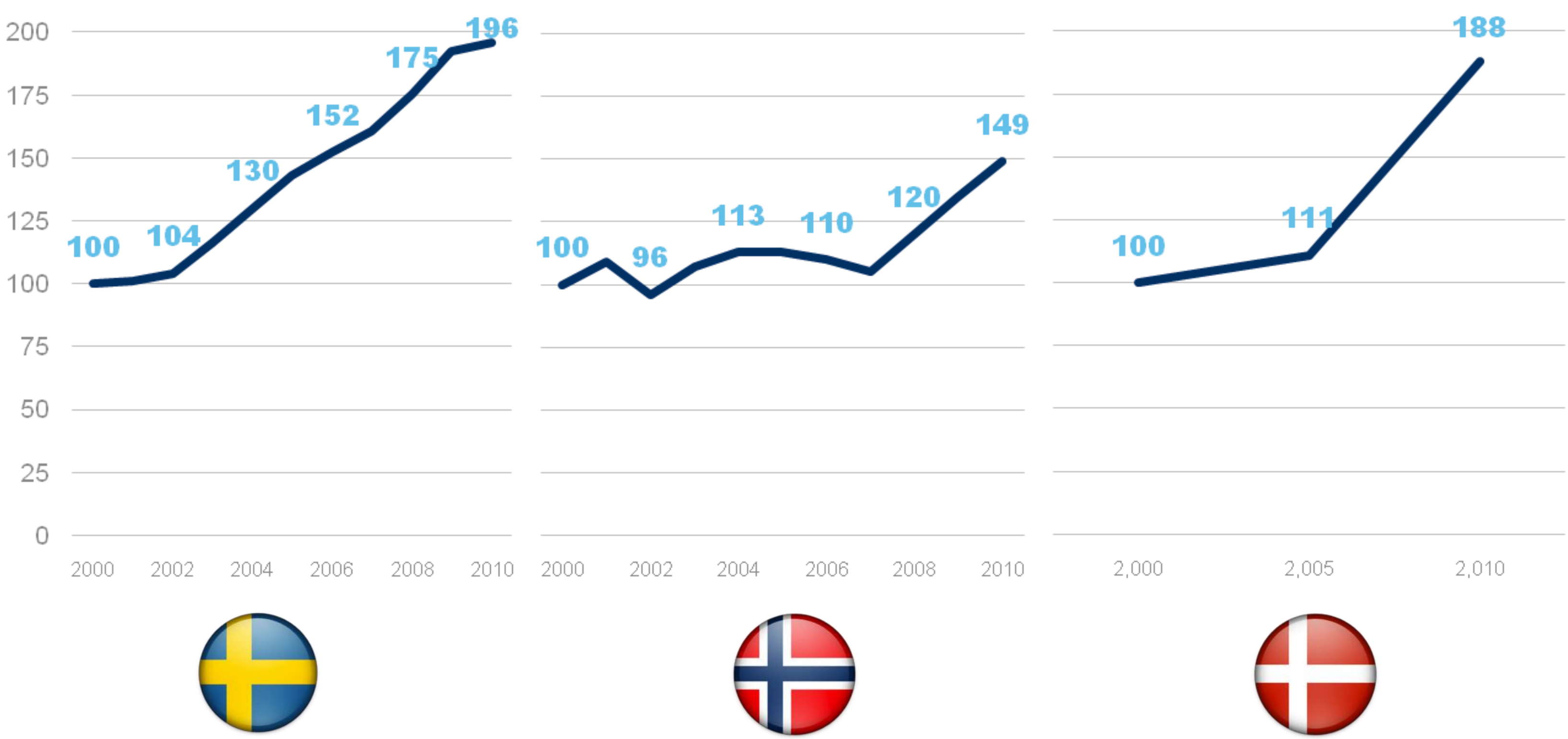




Source: IRM Media, 1988-2010

Digitalization → More channels Higher household penetration → Higher CSOV and Reach Higher ad market shares → Increased supply of national ratings Lower average TV prices → Lower barriers to use TV ads TV's market share grows

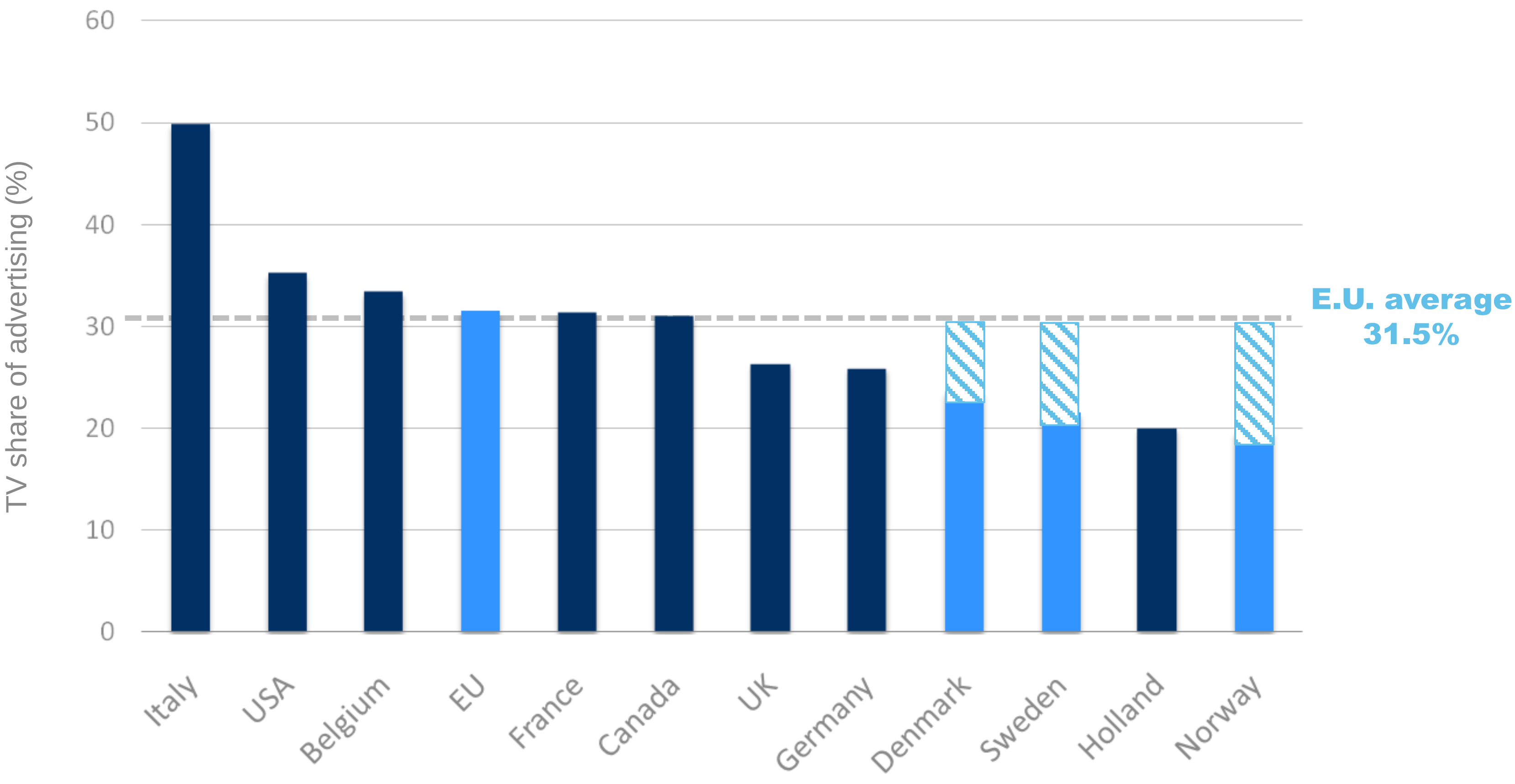
National Market TRP's (Index year 2000)



Source: IRM Media, 1988-2010

Still big growth potential for TV

Scandinavia 5.5bn SEK below E.U. average



Source: IRM Media, International Markets 2009-2010

Free-TV 3.0

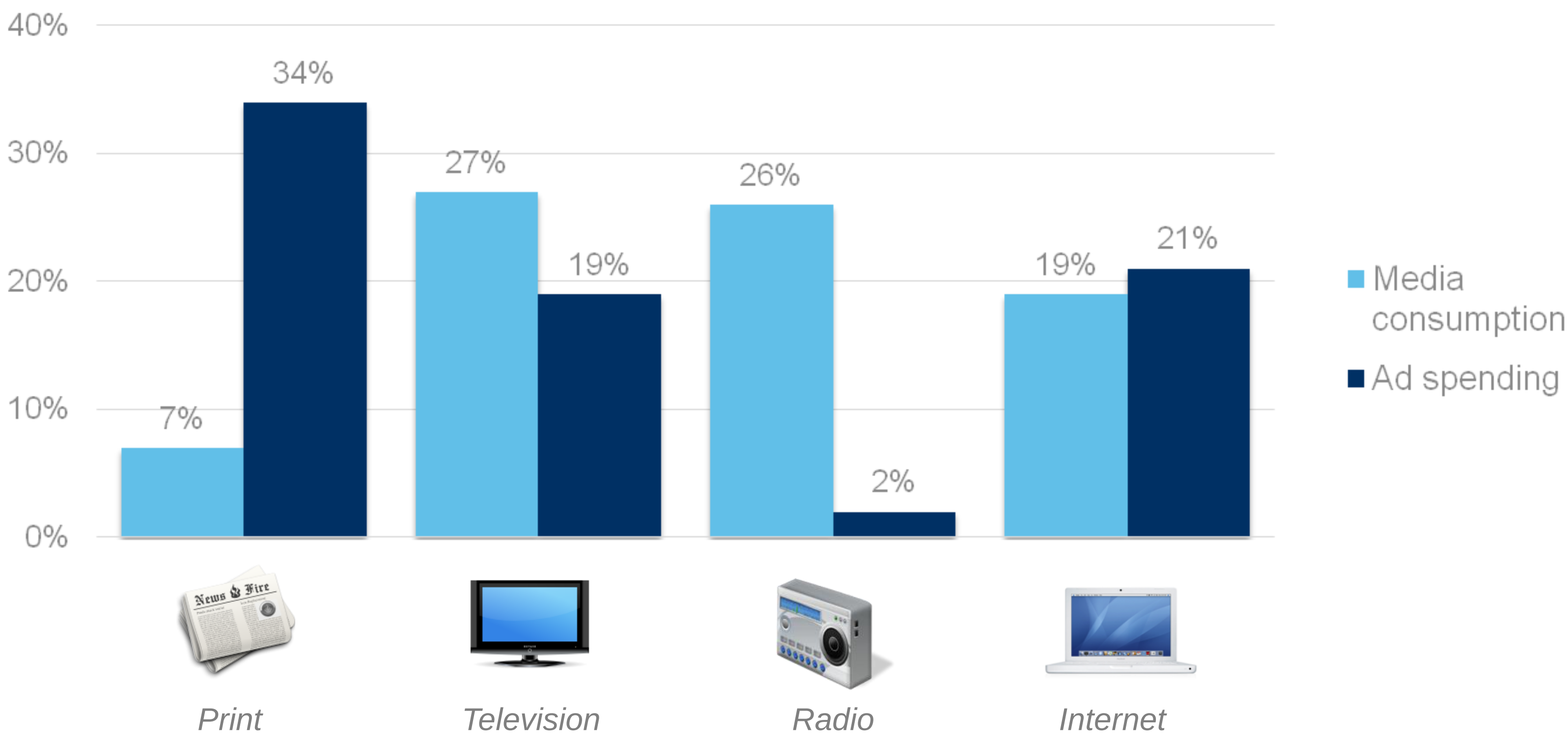
The next phase of our growth story

Regional expansion

Combination effects

Online growth

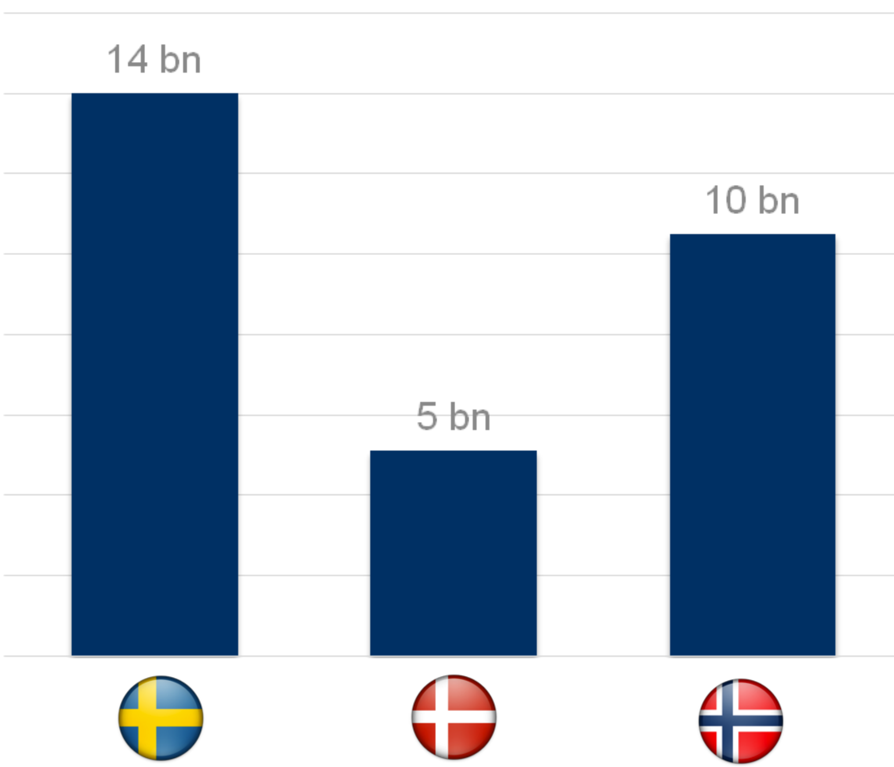
TV & Radio accounts for 53% of consumption
Only have 21% of advertising spending



Source: Nordicom Mediabarometer 2009, ages 9-79

Regional market a reason for inbalance..

Between 40 - 60% of advertising is local



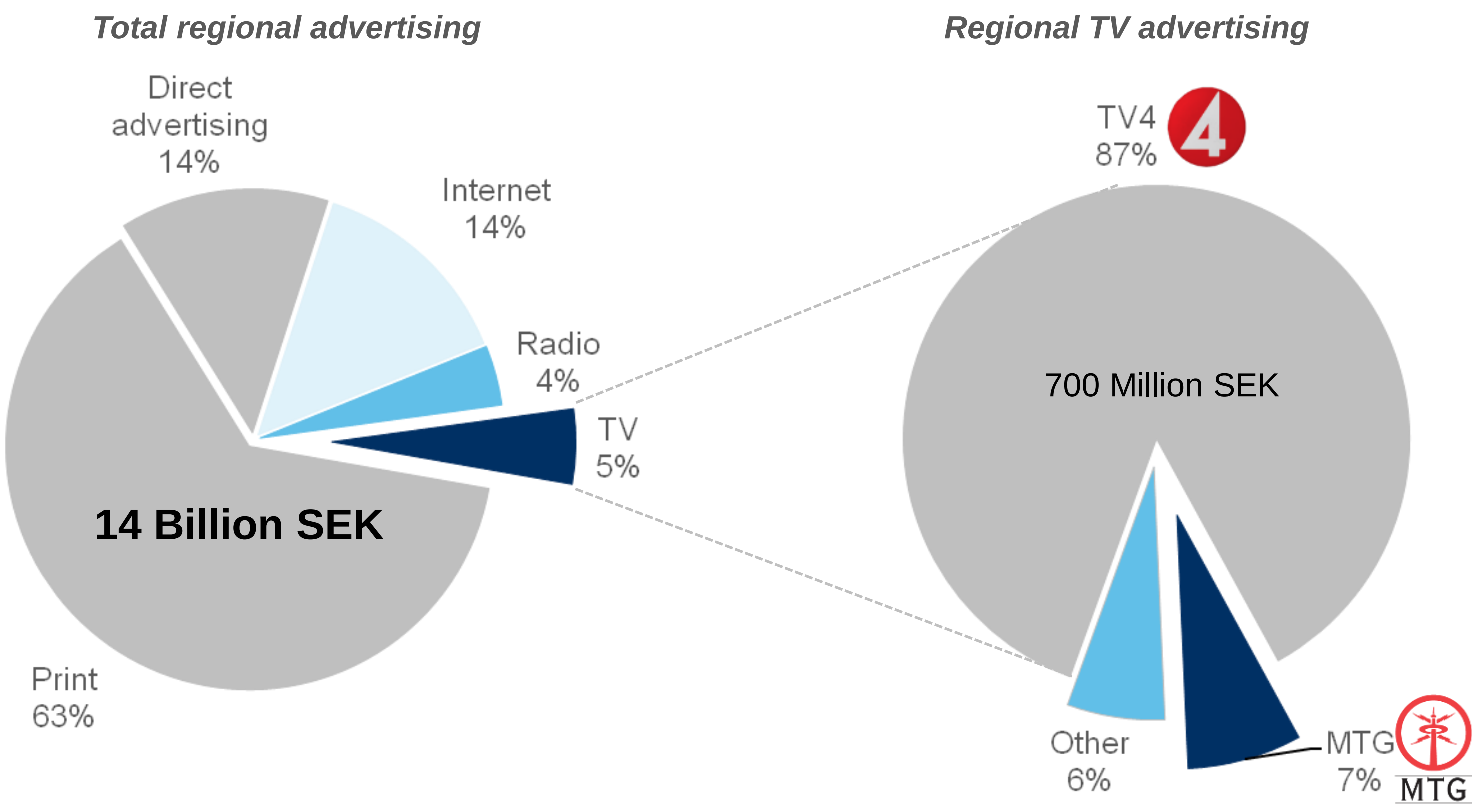
Regional share of total advertising	50%	40%	60%

Source: IRM Media, Regional market report, April 2011

TV: 5% of regional market - 30% of national

MTG: 7% of the regional TV market

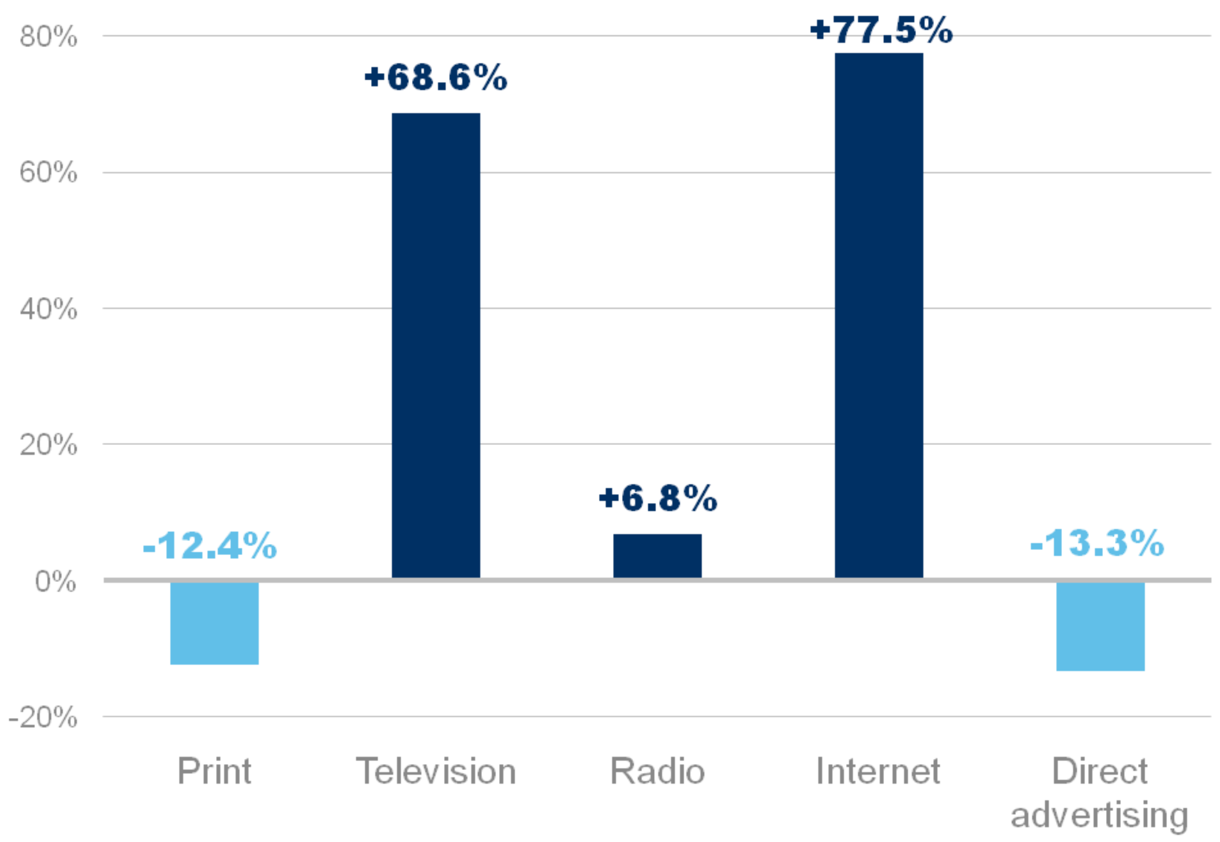
Sweden



Source: IRM Media, Regional market report, April 2011

However, structural changes on Reg. ad markets

Change (%) on Swedish regional market 2006 - 2010



Source: IRM Media, Regional market report, April 2011

TV + Radio set to challenge regional print

- ✓ Highest ROI among traditional medias
- ✓ Better measurability
- ✓ Lower contact cost
- ✓ Unprecedented in building brands

	Contact costs	Awareness levels	Purchase intentions	ROI
	4x	1	1	3,4
	1	6x	5x	4,6

Source: TV Bureau of advertising, US and Thinkbox , UK

VOICES FROM THE MARKET

Magnus Anshelm, CEO IRM (Institute of media and advertising statistics)

Johan Eidmann, CEO and founder Bizkit Media Agency

Improved regional MTG offer

- Increased number of regions for TV3 – more relevant and attractive gives high CPT

Today

3 Regional

2012

Improved regional MTG offer

- Increased number of regions for TV3 – more relevant and attractive gives high CPT
- Use synergies between regional TV3 and MTG Radio sales

Today

2012

Improved regional MTG offer

- Increased number of regions for TV3 – more relevant and attractive gives high CPT
- Use synergies between regional TV3 and MTG Radio sales
- Strong regional MTG offer using strong brands and combination TV+Radio+ Internet

Today

2012

MTG regional media house offer

3 Regional

RIX FM

BANDIT ROCK

radio1

NRJ HIT MUSIC ONLY !

LUGNA FAVORITER Mer musik, mindre prat.

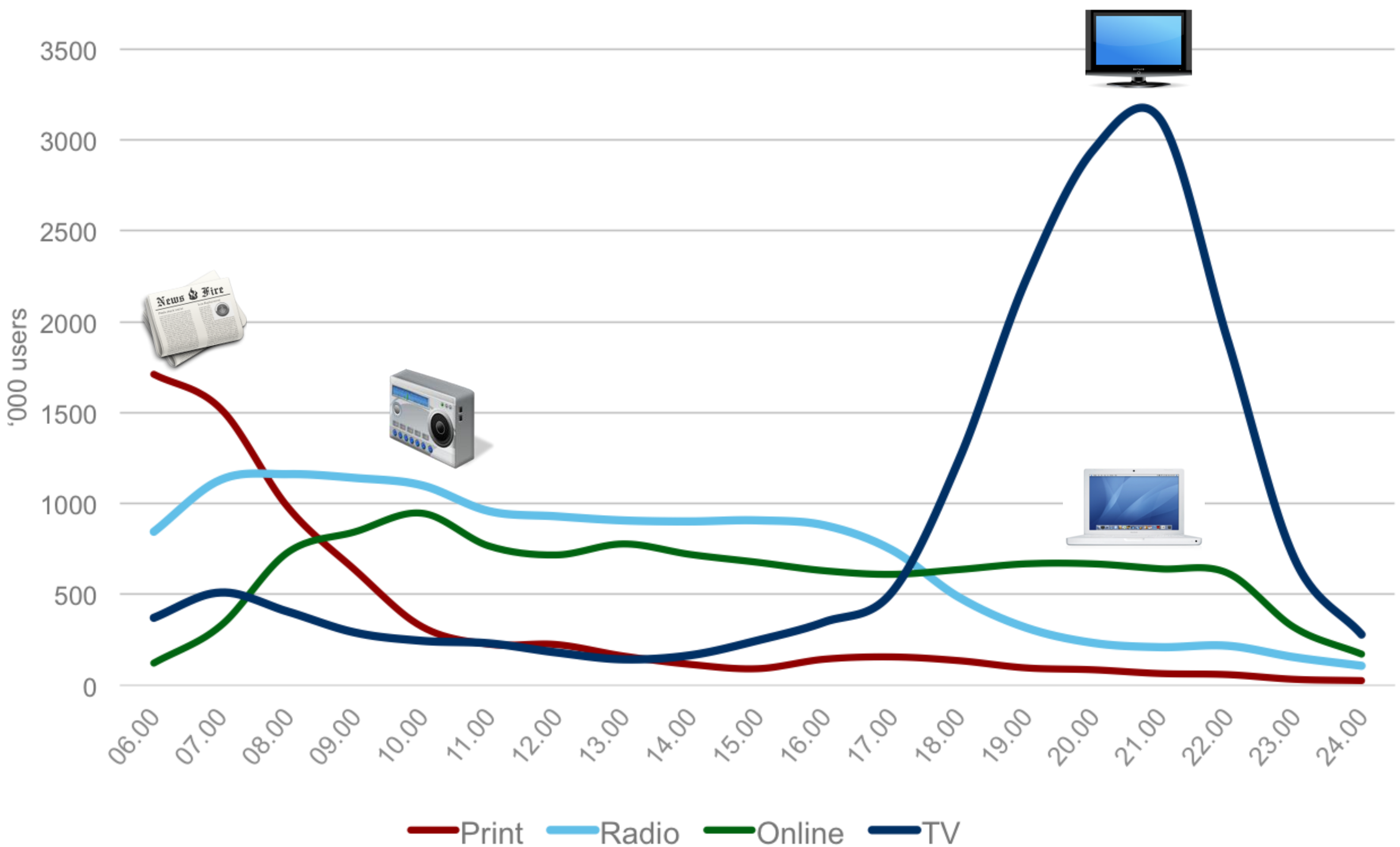
3 play

6 PLAY

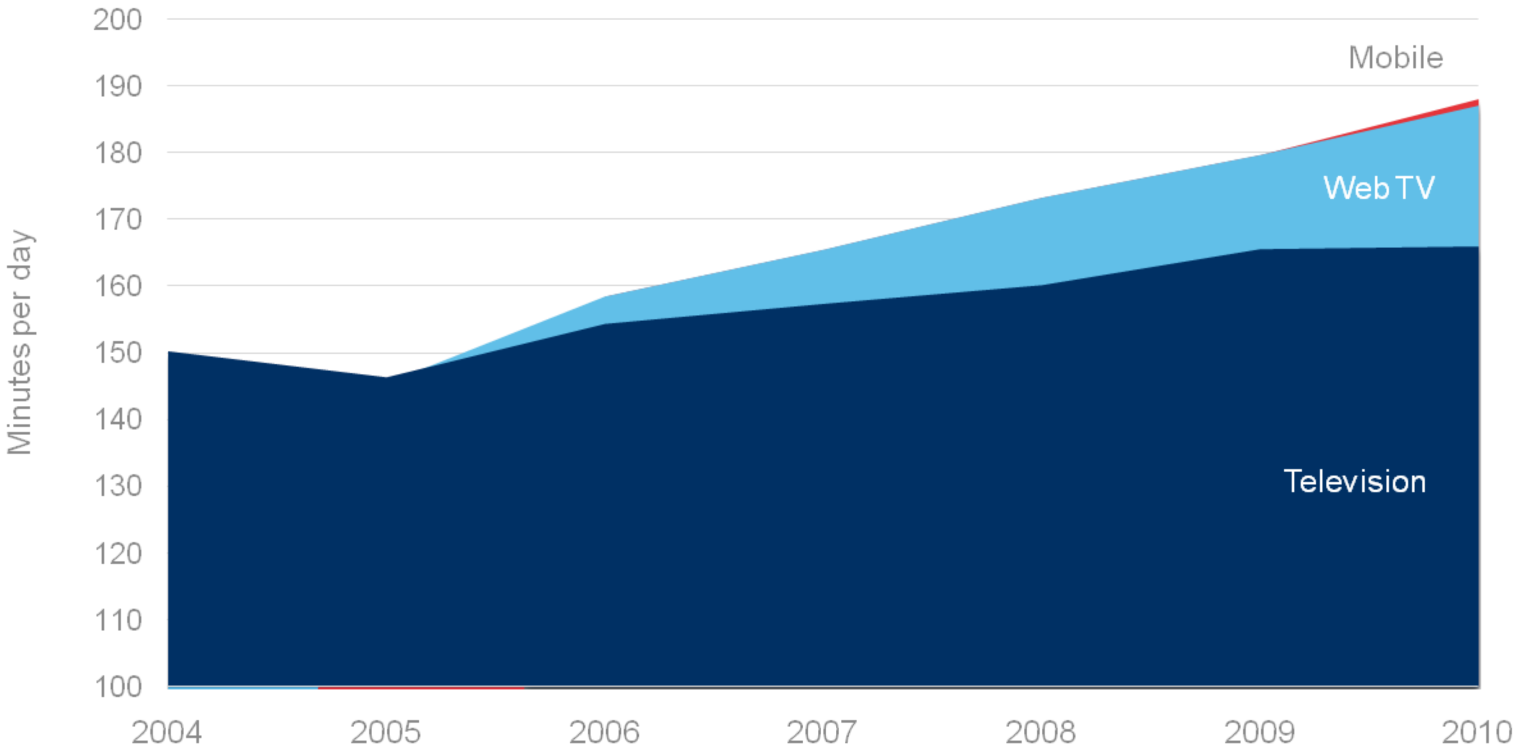
8 Play

MTG media consumed throughout the day

Radio dominates day time, TV dominates prime time



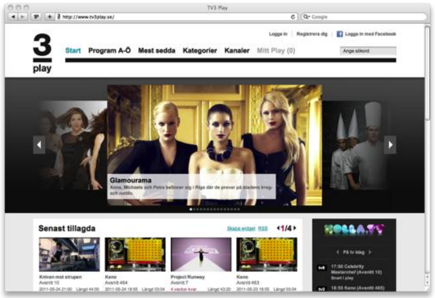
Increased TV consumption on line



Source: MMS Rörliga Siffror 2010:2

Strong MTG online platforms

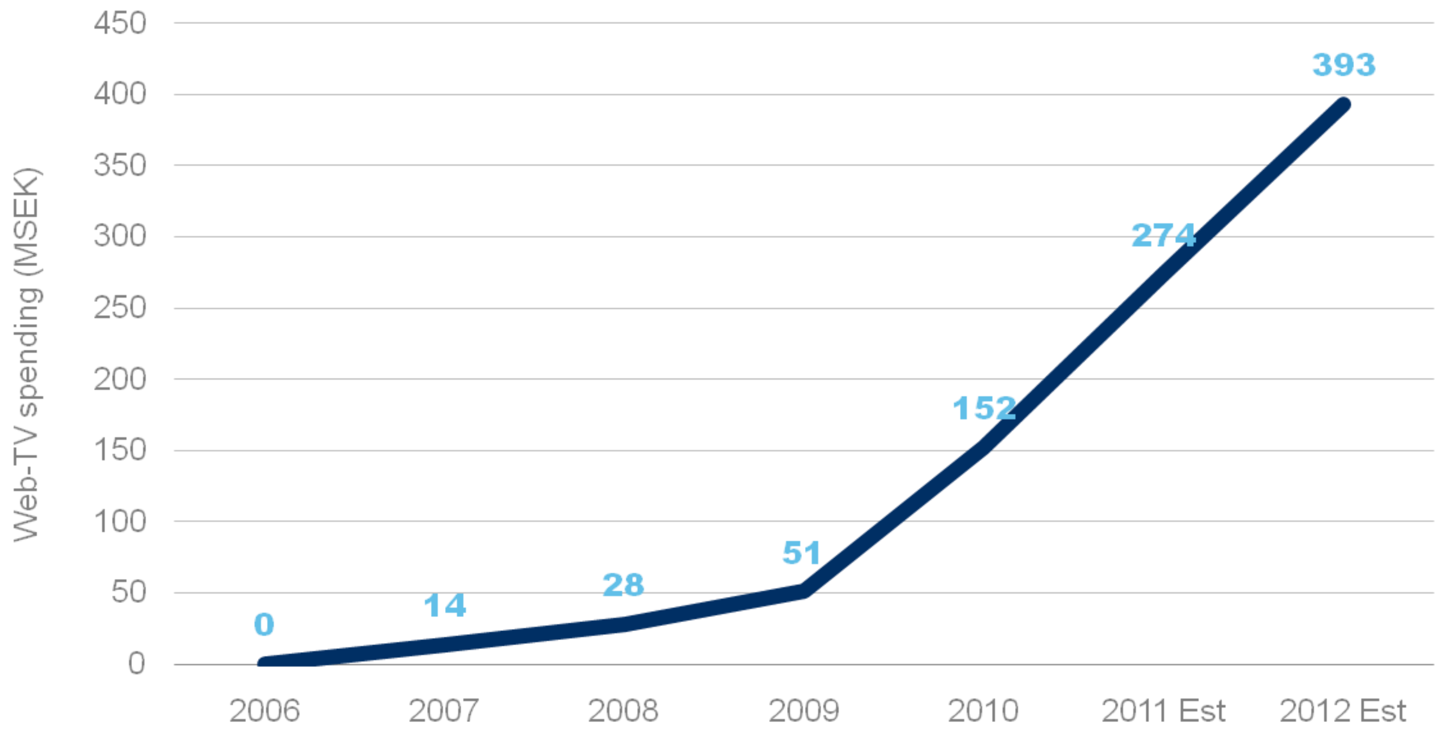
Over 5.4 million page views each week

TV sites	Play sites	Radio sites
		
590 000	**900 000**	**370 000**
unique weekly visitors	weekly video views	unique weekly visitors

Source: KIA Index 2011w19 and Omniture statistics 2011w19

Web TV – adding campaign reach, high CPT

From 0 to 274 MSEK in five years…fastest growing media



Source: IRM Media, Swedish ad market 2010 and Advertising forecast May 2011

Summary Free TV growth - 3.0

- Free TV 2.0 – proven track record, still valid (penetration, CSOV, market share growth)
- Time for fair TV markets shares - also on regional media market (worth 29 billion SEK)
- TV and Radio (& Internet) powerful substitute to regional print (ROI higher, cost lower)
- Webb TV advertising fastest growing media !
- MTG improves regional "media house concept" – MTG Radio+TV synergies (incl Play) !

MTG is perfectly positioned to further capitalize on the ongoing structural changes on the market !

Our simple message…

MTG = *Made to grow*