

“Eastern Promises”
Anders Nilsson, COO

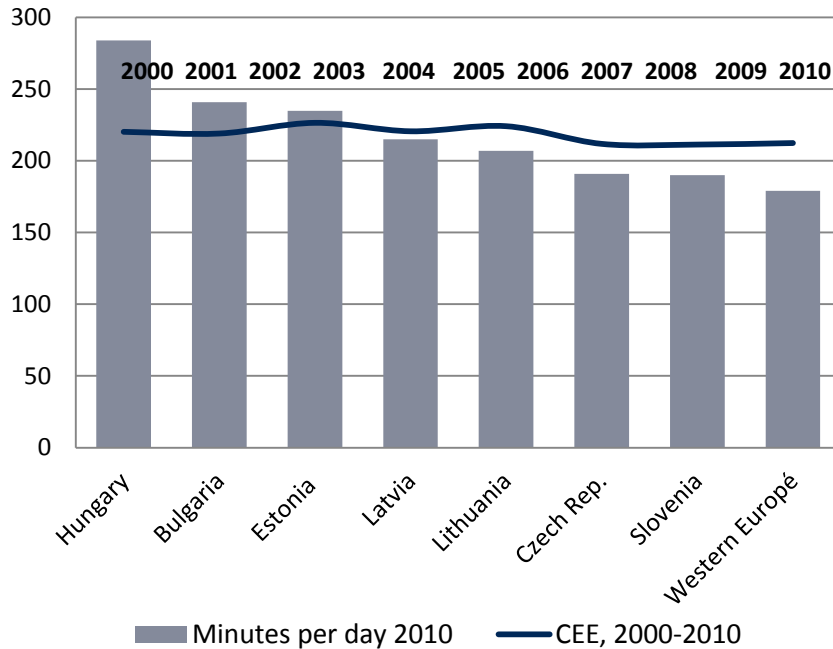


MTG
MODERN TIMES GROUP

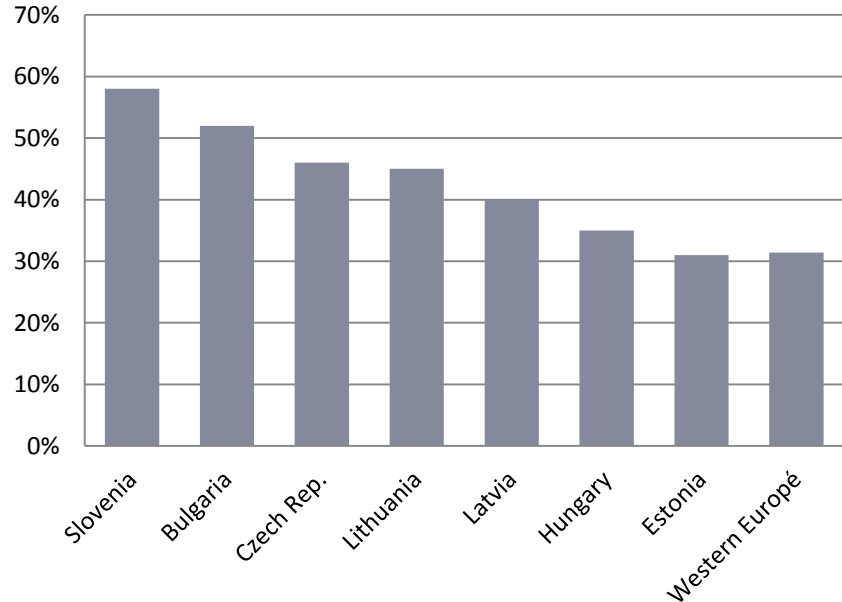
EASTERN PROMISES

Why these markets are attractive!

Minutes per day watching TV



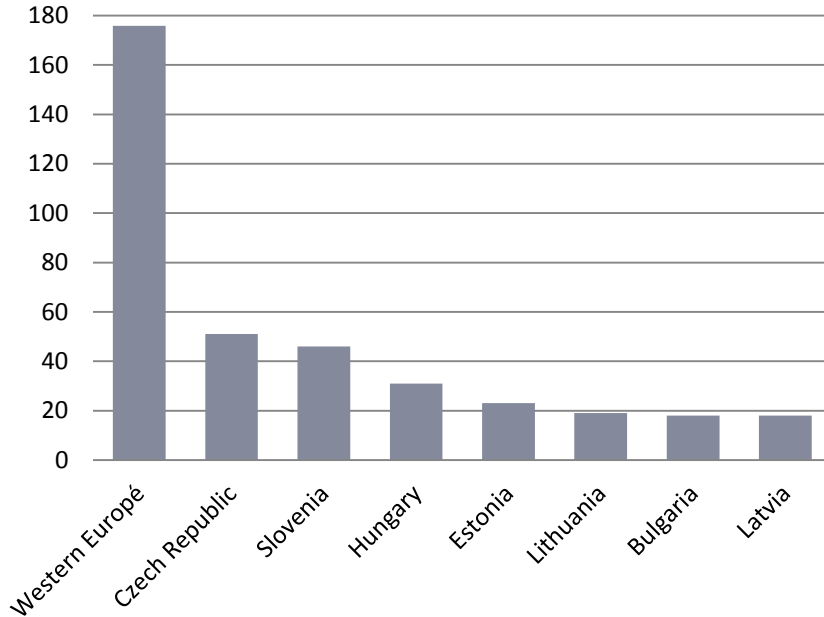
TV Ad spend / Total Ad spend



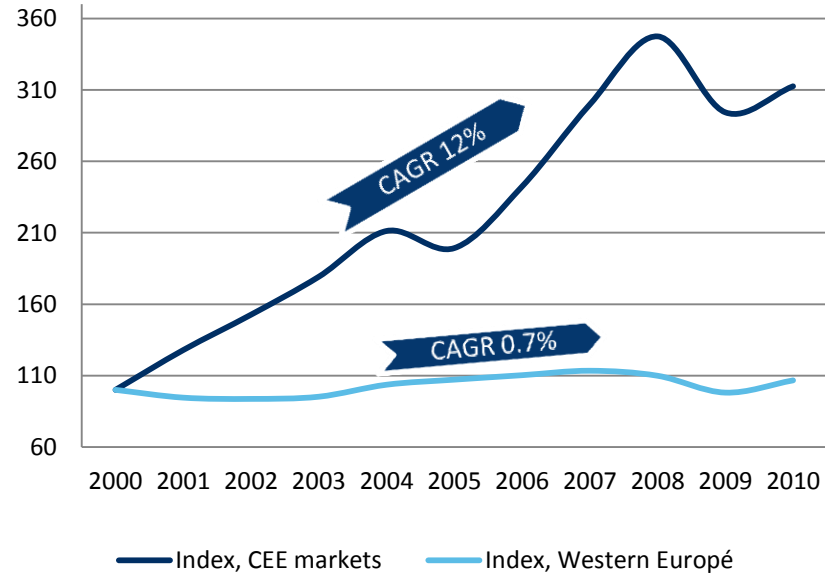
- TV viewing is significantly higher in CEE with a stable growing trend, making TV very attractive to advertisers
- Share of TV advertising spend of total ad market is higher than in Western Europe

Why these markets are attractive!

TV Ad spend per capita (USD)



TV Ad spend, WE and CEE











- Advertising spend per capita is significantly lower in CEE, rendering a significant growth potential
- CEE markets are growing faster than average in Western Europe

An exciting journey through time...

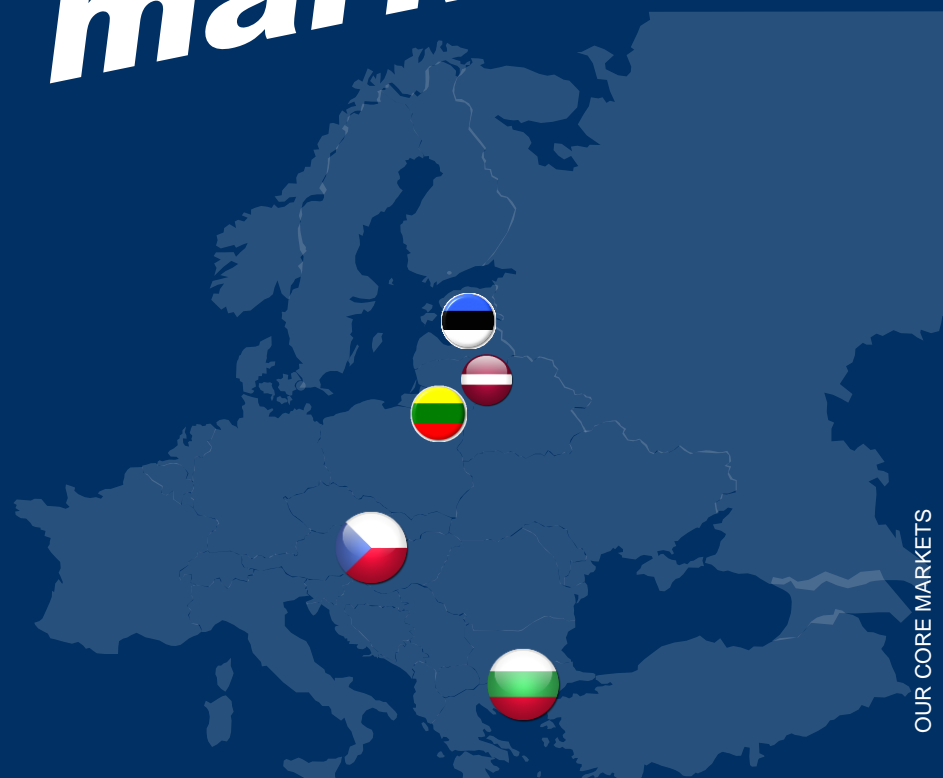


Market Positions

									
	Estonia	Latvia	Lithuania	Czech Republic	Bulgaria	Hungary	Slovenia	Ghana	Russia
Market position	#1 FTA Broadcaster in the Baltics			#2	#2	#3	#2	#2	#4
Commercial audience share FY2010 (target demographic)	41.9% (15-49)	38.1% (15-49)	40.7% (15-49)	23.4% (15-54)	28.2% (18-49)	7.5% (18-49)	10.1% (18-49)	17.0% (18-49)	15.6% (14-49)
Media house (secondary channels & bundled sales)	X	X	X	X	X	X	N/A	N/A	N/A
MTG DTH platforms	X	X	X						X
MTG Pay channels	X	X	X	X	X	X	X	X	X
MTG Radio channels	X	X	X						
MTG Play channels	X	X	X		X				

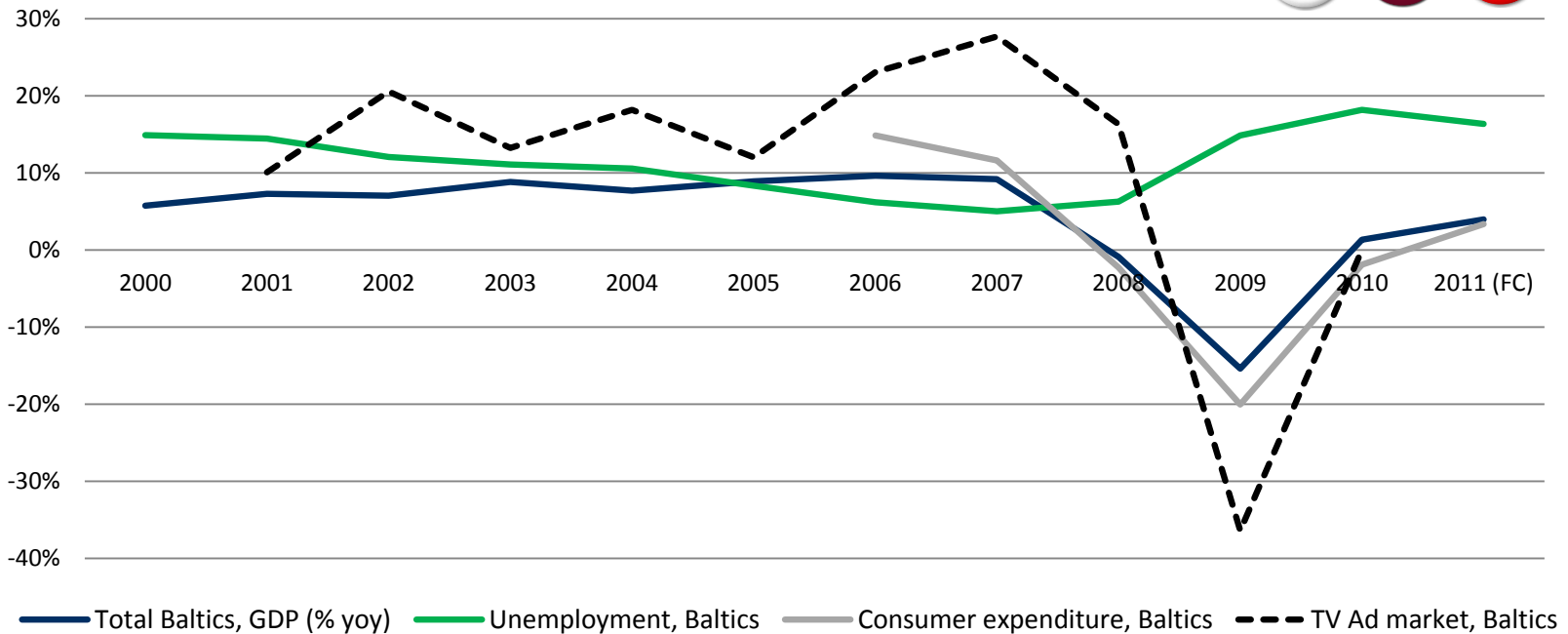
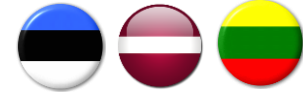
Presentation of our core markets

- **Baltics**
 - Estonia
 - Latvia
 - Lithuania
- **Czech Republic**
- **Bulgaria**



Baltics

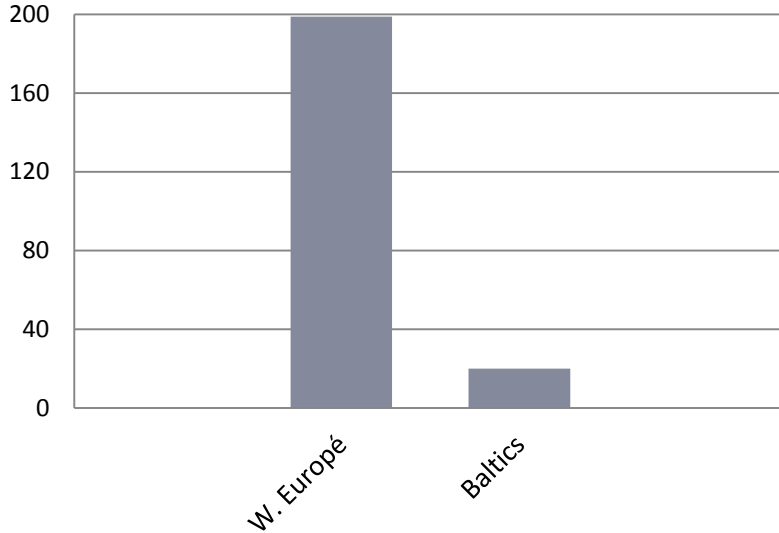
Macro perspective



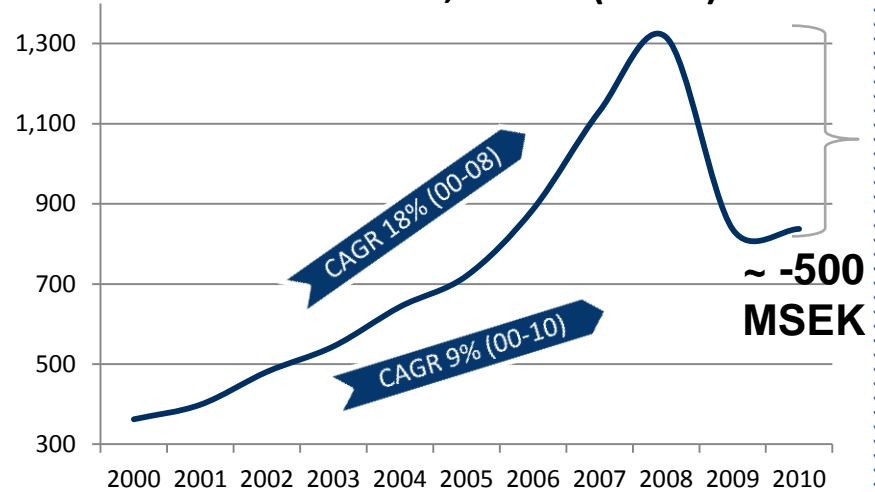
- TV ad markets grew faster than GDP up until the crisis
- Already in late 2010 TV advertising market started to grow again after two consecutive years of very strong decline
- Solid growth continues in 2011

Baltics Ad market

TV Ad spend/cap. (USD)



TV Ad market, Baltics (MSEK)



	Baltics	Scandinavia
Top Five Advertiser segments	Mobile operators Retail Food Beverages Financial services	Mobile operators Retail Food Beverages Pharmaceuticals
International/domestic clients (%)	70/30	25/75
Media agencies / direct buy (%)	90/10	95/5
Annual commitments/ad hoc sales (%)	75/25	75/25

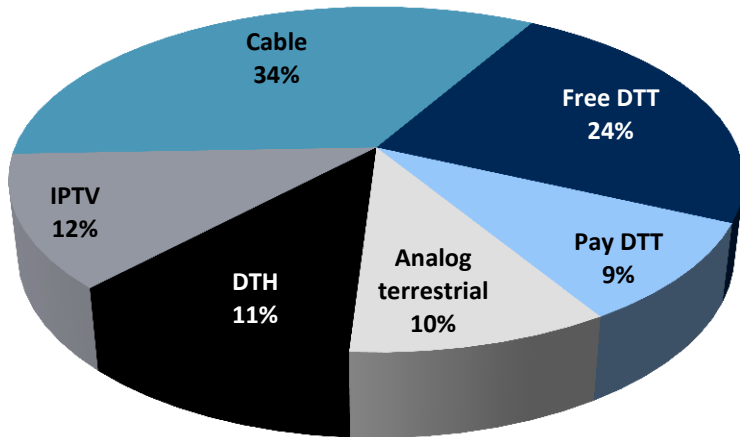


OUR CORE MARKETS

Baltics

Competitive landscape














Distribution overview



Total 2 387 000 HH

■ Free DTT ■ Pay DTT ■ Analog terrestrial ■ DTH ■ IPTV ■ Cable

Major competitors

			
			
			
			
	Kanal 2, K 11		
Local owner		LNT	
Local owner			LNK

- Digitalisation increasing penetration and reach. Lithuania to become fully digitalised in 2012
- MTG is the only broadcaster with a Pan-Baltic footprint,
- Pan-territorial sales becoming increasingly important
- Operational synergies (centralized functions and Play-out facility)

Baltics

Our Performance

Recession strategy



Sales

- Stimulate demand
- Pan-Baltic sales

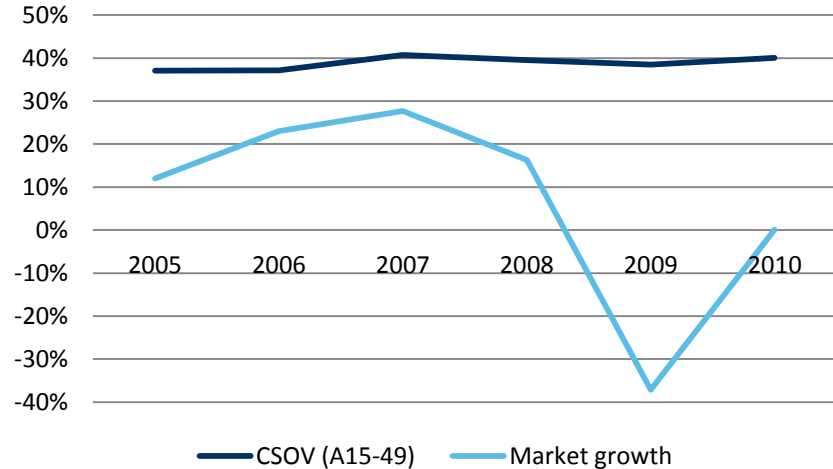
Costs

- Re-build operations with lower cost bases

CSOV

- Continue to invest in programming to defend market positions

MTG Baltics, 2005-2010



Competitor recession strategies



- Schibsted continued to invest in programming and lowered prices



- NewsCorp exited LNT, new owners with pure focus on cost cut. Strategy to lower prices to gain market share.



- LNT made selective cost reductions and reduced prices to protect market share.

MTG, Financial dev. (% , yoy)

	2009	2010
Sales	-28.4%	-5.1%
Costs	6.9%	-16.3%

MTG, CSOV (15-49)

	2009	2010
Estonia	40.2%	41.9%
Latvia	34.7%	38.1%
Lithuania	40.4%	40.7%

Baltics

Key Formats 2011



Estonia



Come Dine With Me



The Money Drop



Re-launched News



Latvia



Come Dine With Me



The Money Drop



Crime News



Lithuania



Farmer Wants a Wife



Got Talent



Dance With Me

Baltics Conclusions

Highly
operationally
geared

Pan Baltic FTA market
leadership strengthened
during crisis

In the first step,
approx. **500 MSEK** of
TV market to regain

Pre-crisis TV
market **CAGR** of
18%

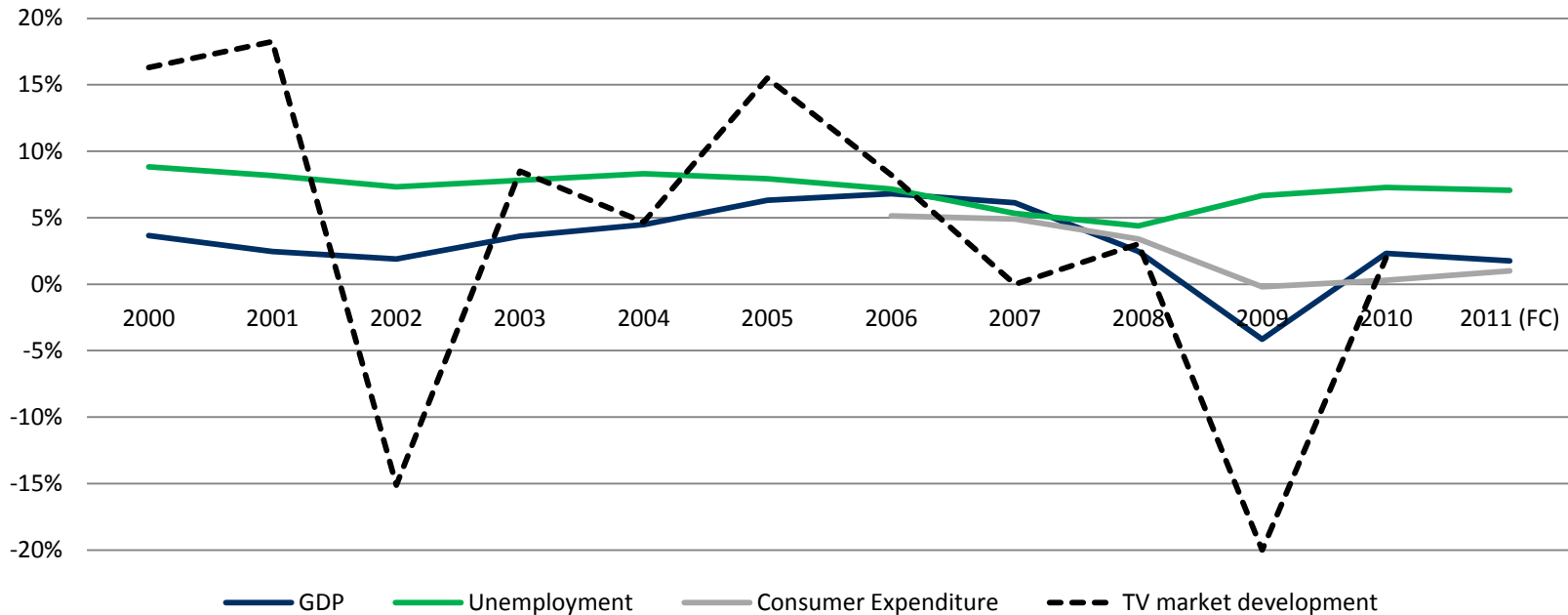
TV markets are
growing

Region is **out
of crisis**



Czech Republic

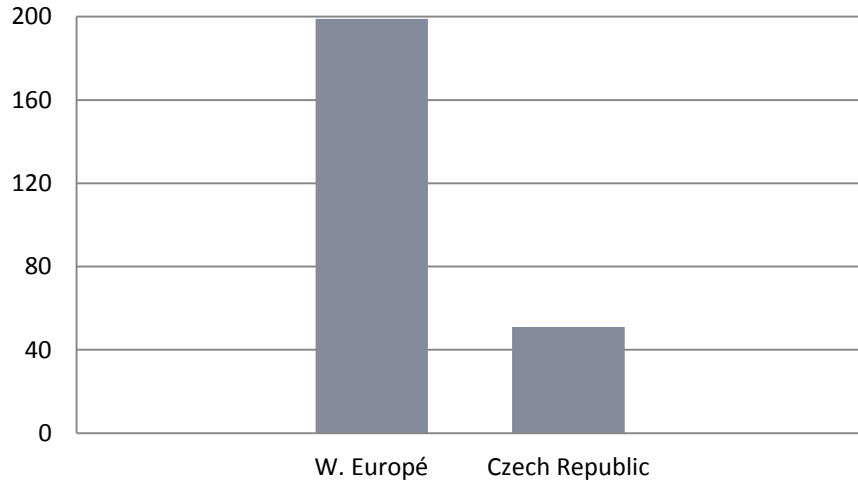
Macro perspective



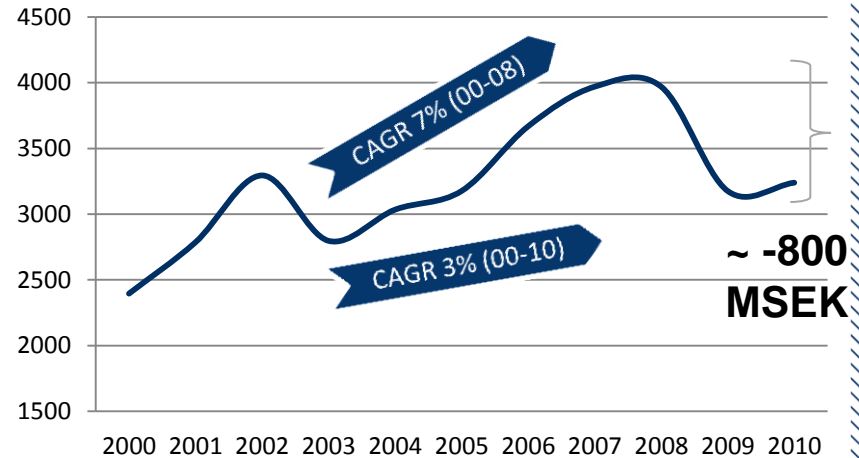
- Czech economy grew at a rapid rate until the crisis – and went through it relatively unharmed, with unemployment well below EU average
- TV ad market has been volatile over the last 10 years, but with strong underlying growth
- Consumer spending picking up following only modest inflation pressure

Czech Republic Ad market

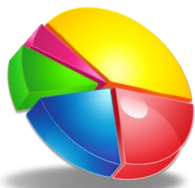
Ad spend /cap. (USD)



TV Ad market value (MSEK)



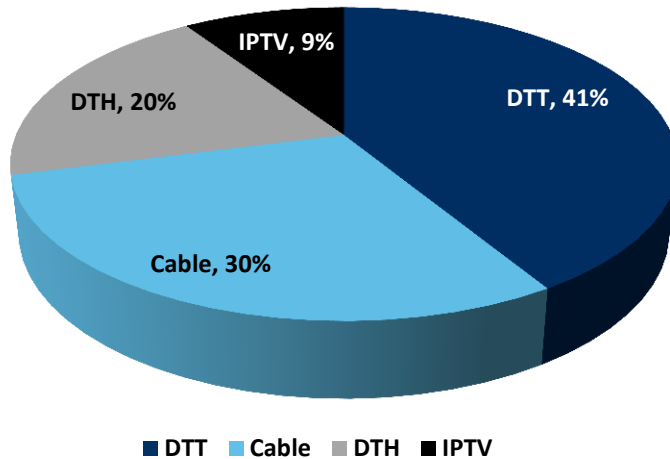
	Czech Republic	Scandinavia
Top Five Advertiser segments	Mobile operators Retail FMCG Consumer goods Financial services	Mobile operators Retail Food Beverages Pharmaceuticals
International/domestic clients (%)	96/4	25/75
Media agencies / direct buy (%)	99/1	95/5
Annual commitments/ad hoc sales (%)	99/1	75/25







OUR CORE MARKETS

Czech Republic Competitive landscape

Distribution overview



Total 4 404 000 HH

Channel	Owner*	Target	CSOV**
		15-54	25.6%
		20-40	
		15-44	
		15-54	47.3%

* MTG is 50% owner of Prima, **Q1 2011

- We continue to challenge the incumbent with our media house strategy
- Major competitor has lost 11% in CSOV since 2009
- Prima LOVE launched in Q1 2011

Our Performance Czech Republic

Recession strategy



Sales

- With a proactive approach and new channel launches, sales were back to growth in 2010

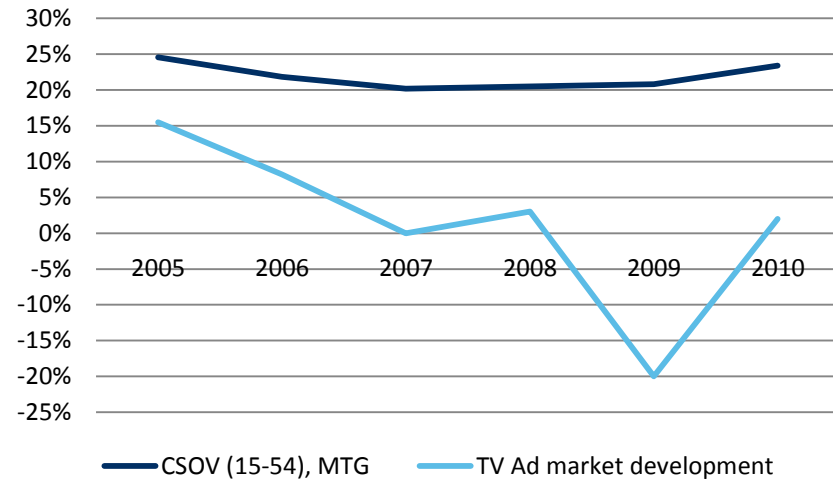
Costs

- Swift cost reduction efforts, to preserve healthy EBIT margins

CSOV

- Media house implementation boosted total CSOV 12.5%

MTG Czech Republic, 2005-2010



Competitor recession strategies



- Aggressive pricing strategy through price decreases and bonus packages.

MTG, Financial dev. (% , yoy)

	2009	2010
Sales	-15.0%	3.6%
Costs	-5.2%	5.3%
MTG, CSOV (15-54)	2009	2010
Total	20.8%	23.4%

Czech Republic Key Formats 2011

COOL™

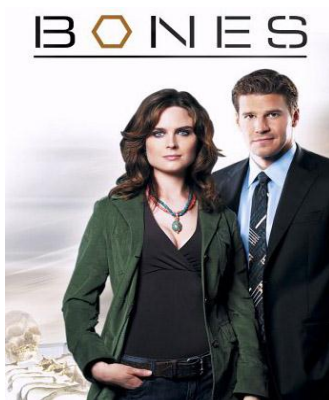
M20-40

Prima

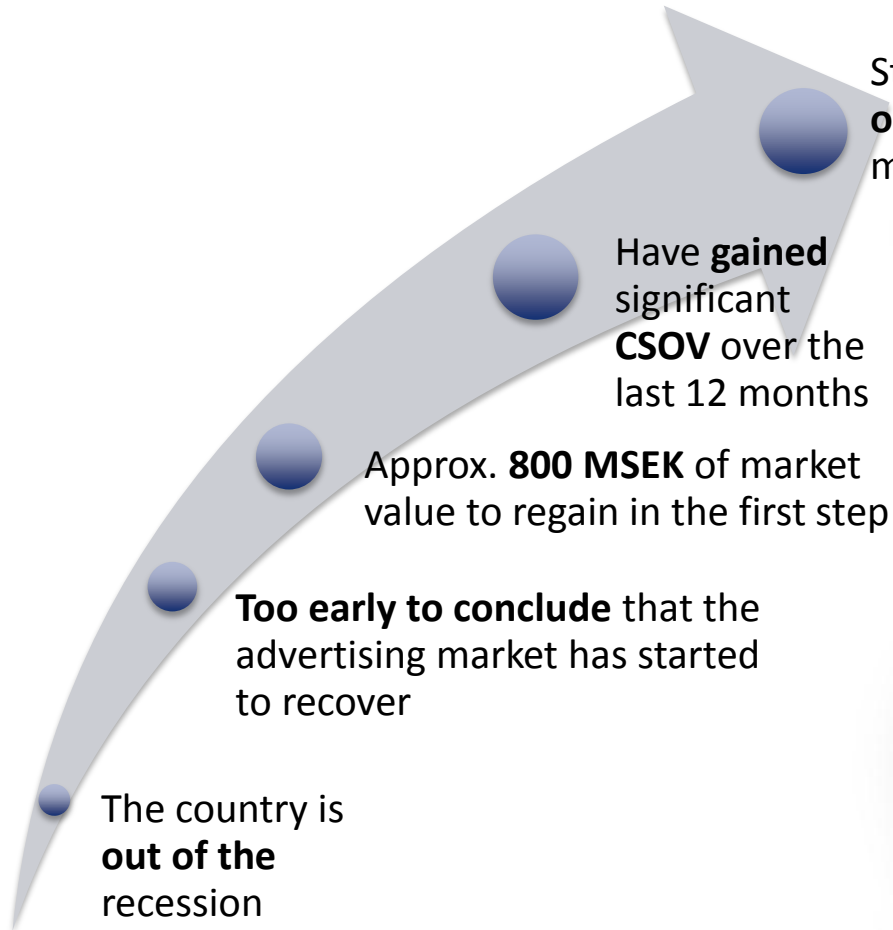
A15-54

Prima love

W20-44

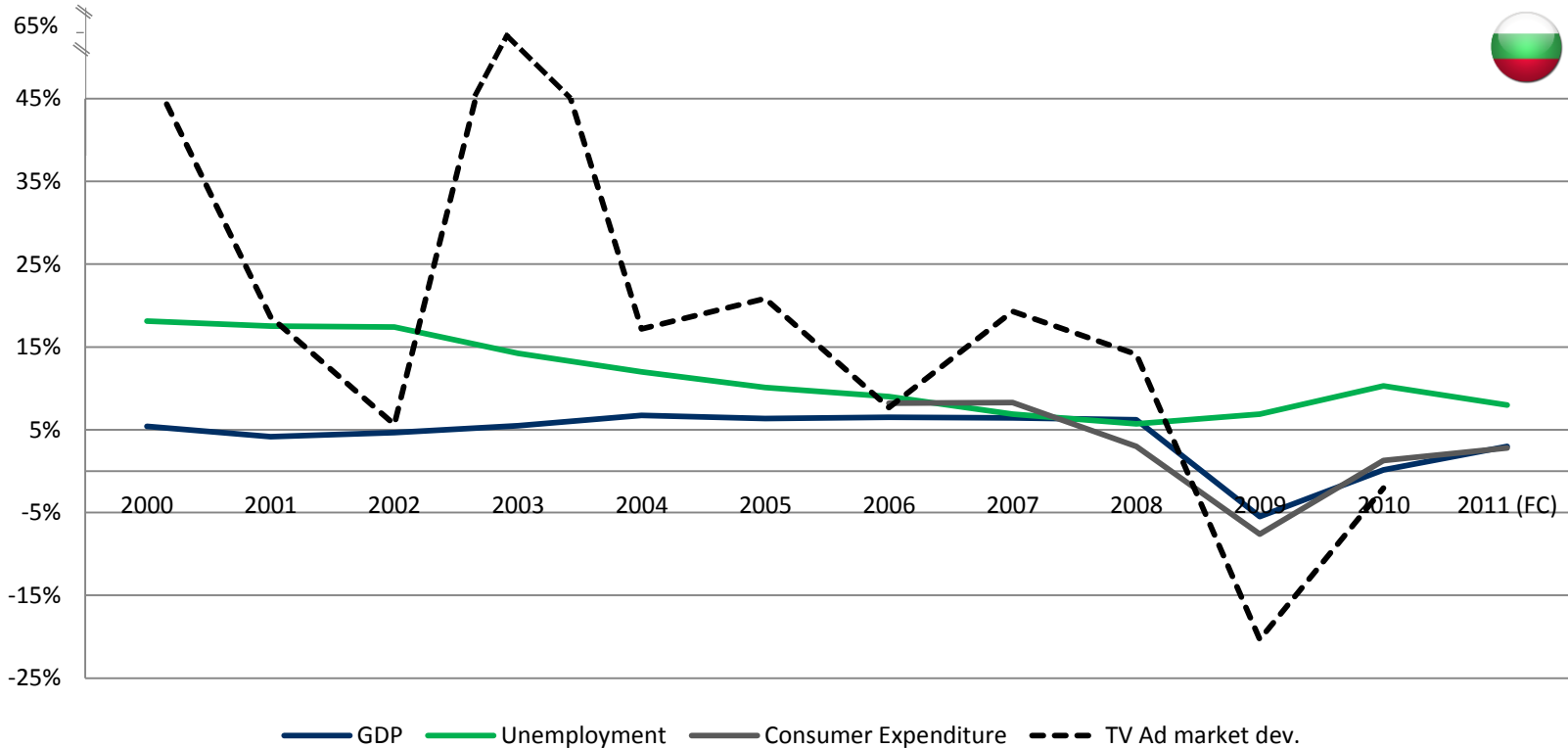


Czech Republic Conclusions



Bulgaria

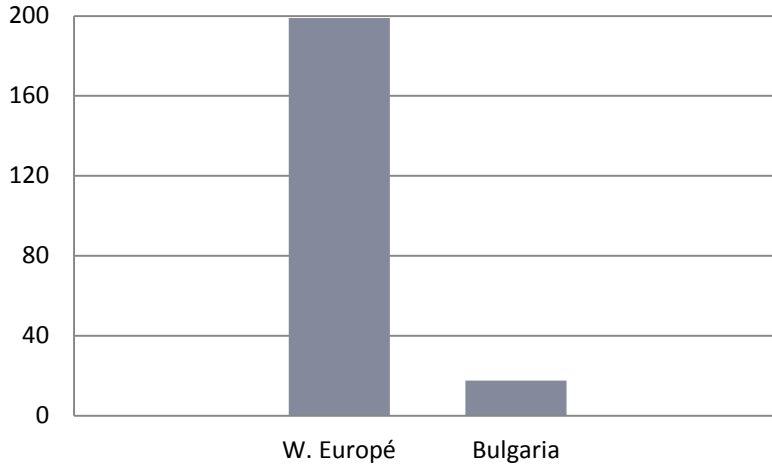
Macro Perspective



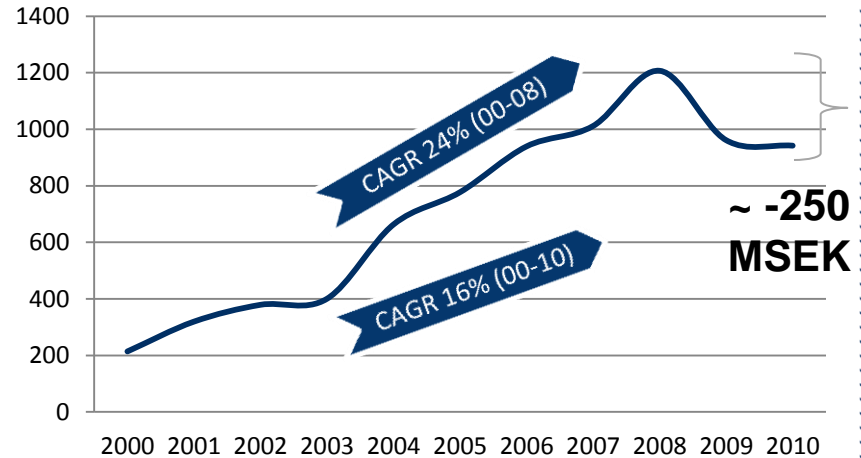
- GDP decline leveled out in 2010 with economy forecasted to go into growth in 2011
- TV Ad market grew with 24% CAGR 2000-2008 and started to stabilize again in 2010
- Strong underlying dynamics with low ad spend per capita

Bulgaria Ad Market

Ad spend/cap. (USD)



TV Ad market value (MSEK)



	Bulgaria	Scandinavia
Top Five Advertiser segments	<ul style="list-style-type: none"> Mobile operators Retail Food Beverages Pharmaceuticals 	<ul style="list-style-type: none"> Mobile operators Retail Food Beverages Pharmaceuticals
International/domestic clients (%)	50/50	25/75
Media agencies / direct buy (%)	92/8	95/5
Annual commitments/ad hoc sales (%)	85/15	75/25



OUR CORE MARKETS

Our Performance Bulgaria

Recession strategy



Sales

- Proactivity and efficient inventory utilization to counter pricing pressure from CME

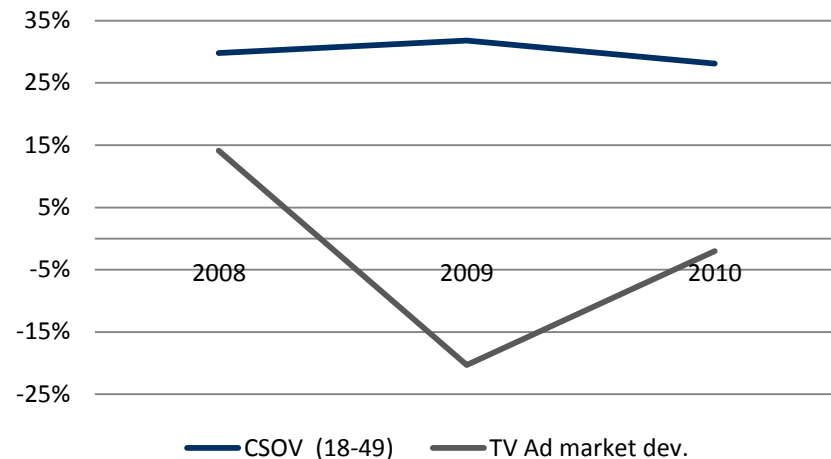
Costs

- Streamlined operations and efficiency increases, to optimize the cost base

CSOV

- Programming investments to ensure long term growth in CSOV and Mini-pay revenues

MTG Bulgaria, 2008-2010



Competitor recession strategies



- Acquisition of bTV from News Corp., market consolidated to two players
- Launched secondary channels
- Aggressive pricing strategy

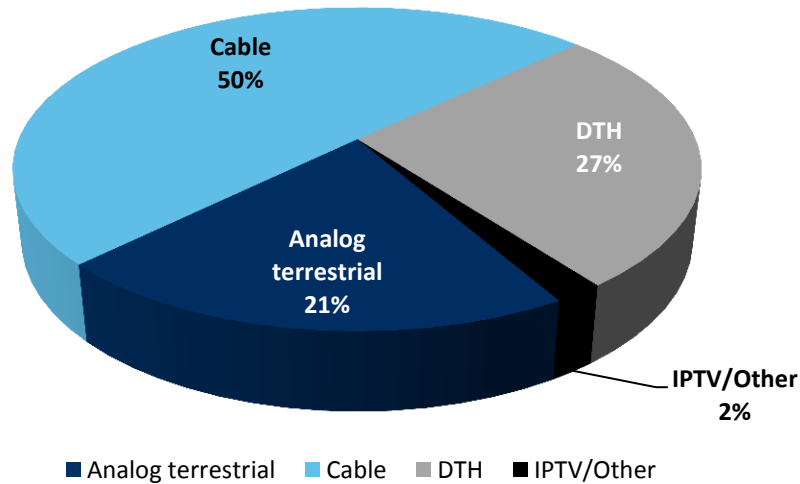
MTG, Financial dev. (% , yoy)









	2009	2010
Sales	-22.6%	1.0%
Costs	-0.3%	5.0%
MTG, CSOV (18-49)	2009	2010
Total MTG	32.9%	28.2%

Bulgaria

Competitive landscape

Distribution overview



Channel	Owner	Target	CSOV*
 	 MTG MODERN TIMES GROUP	18-49	28.2%
   	 Central European Media Enterprises	18-49	53.0%

* Q1 2011

- MTG operates a fully integrated mediahouse, with clearly positioned channels
- Primary channel Nova (FTA) remain the strongest in urban areas
- Digitalisation of terrestrial distribution expected to take place 2014-2015

Bulgaria

Key Formats and rights 2011



OUR CORE MARKETS

Bulgaria Conclusions

- Strategy in place to **grow** CSOV and market share
- Market consolidated to a **two-player market**
- Approx. **250 MSEK** of TV market to regain in the first step
- Pre-crisis advertising market **CAGR of 24%**
- TV-market has **not** turned to growth yet
- **Consumer confidence** lagging GDP recovery
- Economic recovery **lagging** other CEE countries





The Eastern Promises

1.5 bn SEK of TV ad market to regain to get back to pre-crisis level

Advertising market recovery is lagging, programming investments scewed to H2 11

Well positioned with media house strategy deployed in consolidated markets – high operational leverage



**“Eastern Promises”
Anders Nilsson, COO**



MTG
MODERN TIMES GROUP

EASTERN PROMISES