Annual Report 2015

Contents

CEO's review

2015 was a year of major change for MTG, as we accelerated the pace of our strategic transformation from a traditional broadcaster into a digital entertainment company. We have a clear ambition to be not only the number one digital video entertainer in each of our markets, but also a global player in key digital verticals. The moves that we are making right now are leading the way in the industry, as we adjust our core business to new consumption models, and add complementary online businesses that will shape the future of entertainment. This transformation is possible because of the strength of our core broadcasting operations that provide the consumer insight, the programming content and talent, the customer relationships and the technical know-how to think big and move fast.

As a result of the actions that we have taken, we ended the year stronger and more relevant, with better products, more customers and record sales. Profits were stable for the year and would have been up sharply were it not for the significant currency exchange rate headwinds that we faced. We have low borrowing levels and have proposed a higher annual dividend, while also continuing to invest in the development of our products and businesses.

Our Nordic broadcasting operations generate more than 60% of our revenues and the majority of our profits. They are performing well with increased audience and market shares. Viewers are watching more video than ever before in the Nordic countries. With amongst the highest broadband connectivity and speeds in the world, younger audiences in particular are consuming more video content on multiple screens, online, on mobile and on demand. We have been investing for years now precisely in order to be able to capitalise on this trend shift in consumer behavior.

So not only have we made more and more content available on our scheduled free-TV and Viasat pay-TV channels, but also on our catch-up free-TV and Viaplay on-demand pay-TV services. These streamed online services are growing fast and constantly setting record new viewing levels, and we are able to offer unique entertainment experiences to consumers on almost all platforms and devices. This is of course also diversifying our revenue streams in a positive way, and opening up many more social meeting points with communities and users.

We are also even more efficient now. We adjusted our management and operating structure during 2015 from a regional product set-up to a country-based organisation. This brings our decision making even closer to the consumer and the integrated local product offerings. We have changed the way we work, transformed the business and identified SEK 600 million of savings, the majority of which will flow through in 2016 to fund our ongoing investments in content and technology, and to help offset the ongoing currency headwinds.

Moving into 2016, we are making even more live sports, new movie titles, TV series, kids' content and now original programming available. We have the best ever line-ups in each of these categories in 2016, which provides a great opportunity for consumers to spend even more time with us and the content they love. The agreements that we are making with content owners are also becoming more flexible, so that we can decide on which channels, platforms and services we air the content and when. This again means greater choice and more revenue potential.

Outside of the Nordics, we have seen the investments that we have made to build our market positions in the Baltics, the Czech Republic and Bulgaria pay off in higher sales and profits. We have launched new TV channels, grown our online presence and added complementary new digital businesses. Although these markets and economies are still yet to return to pre-recession levels, we are benefitting from returning growth and the shift to digital consumption. In addition, Trace TV's urban music and lifestyle TV channels are available in more than 140 countries on 3rd party networks, and we are about to launch our own subscription video-on-demand service – TRACE Play.

Our 28 content production businesses in 15 countries that comprise the Nice Entertainment group are providing high quality and relatively low cost programming for both MTG and external customers. As I write, filming is finishing on our first ever original series for Viaplay – a Los Angeles-based comedy starring Peter Stormare and Keanu Reeves, which is being produced by one of the Nice companies. This is the first of many planned original productions that we will also partner and distribute internationally.

The portfolio realignment that we started in 2014 is a core part of our strategy and gathered momentum in 2015. The objective is to allocate our capital to those businesses that offer the greatest potential and returns. Some of the realignment has been forced on us by the change in the Russian mass media foreign ownership laws, which has led to us selling our wholly-owned TV channels business and exiting our 38% ownership in CTC Media. However, the fivefold or SEK 4.4 billion cash return on our Russian investments since 2001 tells its own story. The ongoing geo-political instability in the region has also caused us to sell our Ukrainian satellite TV platform, and we have also sold our sub-scale operations in a highly competitive Hungarian market, as well as a couple of TV distribution companies in Sweden.

These moves reflect a shift in our strategic focus away from the geographical expansion of our broadcasting operations towards establishing category leadership in complementary digital entertainment verticals that have global potential. And it is here that we have made a major leap forward in 2015 and into 2016. Our relevance as an entertainer requires us to not just follow the behavior of our existing consumers but also to identify new products to attract new audiences.

Millennial video viewing is primarily moving to social media entertainment platforms or multi-channel networks (typically on YouTube). This is why we invested in Splay, Sweden's largest MCN, back in 2014 and then last year bought 51% of Zoomin.TV, Europe's largest MCN that attracts more than 2.2 billion monthly views. This is a global and primarily advertising funded video business that features some of the world's leading web stars, as well as a network of thousands of video journalists creating content for publishers around the world.

Sport has always been a key driver of our traditional TV business and OTT platform, and gaming is one of the largest online video categories. This is why we launched our own Viagame streaming platform in Sweden several years back and then last year bought 74% of Turtle Entertainment, the largest esports company in the world, and 100% of Dream-Hack, the largest Scandinavian esports operator. Esports is competitive video gaming and we now run the leading esports leagues and events in the world. With more than 250 million online viewers, it is now the 17th most watched sport in the world!

These new digital businesses have already grown much faster than expected when we bought them, and doubled their sales to almost SEK 1 billion in 2015 on a pro forma basis.

So, we have substantially reshaped the business in 2015, in order to ensure that we have high quality entertainment products that are relevant for the family of the future. It is the strength of the MTG culture that has enabled us to move so quickly, and the ambition is to accelerate our sales growth and increase our profits in 2016 and the years ahead. Our strategy is all about creating sustainable value for all of our stakeholders and fulfilling our corporate responsibility. This is why we have also conducted a fresh materiality analysis to establish the priority focus areas for the group moving forward. Our inclusion in the Dow Jones Sustainability World and Europe indices, as well as our above average Carbon Disclosure Project scores, indicate the progress that we have made, while our "Game Changer" social enterpreneurship initiatives are changing the lives of thousands of children around the world. Please do not miss to read our 2015 Corporate Responsibility Report!

We have achieved a lot together and there is so much more to do. Thank you for your time today, your interest in our story, and your support on our journey!

Jørgen Madsen Lindemann
President & Chief Executive Officer

Five Year Summary

Group (SEK million)[3]	2015	2014	2013[2]	2012	2011
Net sales	16,218	15,746	14,073	13,336	13,473
Gross income	5,511	5,912	5,599	5,438	4,693
Operating income before associated company income and non-recurring items from continuing operations	1,269	1,272	1,309	1,695	1,933
Share of earnings in associated company and joint ventures	–1	18	–9	0	9
Operating income before non-recurring items from continuing operations	1,268	1,290	1,300	1,696	1,942
Closure and non-recurring costs	–512	–155	–147	–	–3,182
Total operating income / loss from continuing operations	756	1,135	1,152	1,696	–1,239
Financial net	–30	–23	–12	–90	–112
Net income from continuing operations	533	816	743	1,316	–1,696
Net income from discontinued operations	–282	357	425	278	407
Total net income	251	1,172	1,168	1,594	–1,289
Financial position					
Non-current assets	7,589	6,963	7,137	6,098	5,612
Current assets	7,828	7,168	6,970	5,595	5,668
Assets held for sale, CTC Media	1,081	-	-	-	-
Total assets	16,497	14,131	14,107	11,692	11,281
Shareholders' equity excl non-controlling interests	4,556	5,729	5,136	4,946	4,128
Non-controlling interests	212	102	159	188	222
Long-term liabilities	3,305	2,111	2,774	1,751	2,168
Short-term liabilities	8,425	6,190	6,038	4,808	4,763
Total shareholders' equity and liabilities	16,497	14,131	14,107	11,692	11,281
Personnel					
Average number of employees	3,907	4,059	3,361	3,012	3,031
Key figures					
Operating margin before associated company income %	5	7	8	13	-
Operating margin before associated company income and non-recurring items %	8	8	9	13	14
Net margin %[4]	3	5	5	10	-
Return on total assets %	2	8	9	14	-
Return on equity adjusted for non-recurring items %	12	24	25	34	30
Return on capital employed adjusted for non-recurring items %[4]	21	24	29	34	30
Equity / assets ratio %	29	41	38	44	39
Net debt to equity ratio %	45	6	15	0	18
Interest coverage ratio[4]	14	14	10	13	-
Net sales per employee, SEK thousand	4,151	3,879	4,187	4,428	4,445
Operating income per employee, SEK thousand[4]	194	280	343	563	–409
Capital expenditures					
Investments in non-current intangible and tangible assets	293	217	319	144	120
Investments in businesses	1,594	223	905	315	-
Per share data					
Shares outstanding	66,635,969	66,630,189	66,622,711	66,612,522	66,403,237
Weighted average number of shares before dilution	66,634,180	66,627,771	66,619,668	66,547,156	66,383,647
Weighted average number of shares after dilution[1]	66,769,596	66,709,088	66,697,519	66,719,177	66,383,647
Total basic earnings per share (SEK)	3.22	17.10	16.39	22.93	–19.99
Total diluted earnings per share (SEK)[1]	3.21	17.07	16.37	22.87	–19.99
Total basic earnings per share continuing operations (SEK)[4]	7.45	11.75	7.60	16.48	–29.39
Total diluted earnings per share continuing operations (SEK)[4]	7.43	11.73	7.59	16.44	–29.39
Basic shareholders' equity per share (SEK)	68.37	85.98	77.09	74.32	62.18
Proposed ordinary dividend/Cash dividend per share (SEK)	11.50	11.00	10.50	10.00	9.00
Market price at closing day class B shares	216.70	248.80	333.20	226.60	328.80

[1] The Group has Long Term Incentive Plans that may be exercised into 600,157 new class B shares.
[2] Figures restated for change in accounting principles related to joint ventures (Raduga) for 2013 only.
[3] Associated company CTC Media, Inc., has been reclassified as 'Assets held for sale' and 'Discontinued operations' respectively, the income statement has been restated accordingly.
[4] Figures restated for continuing operations excluding discontinued associated company CTC Media.

Five Year Summary

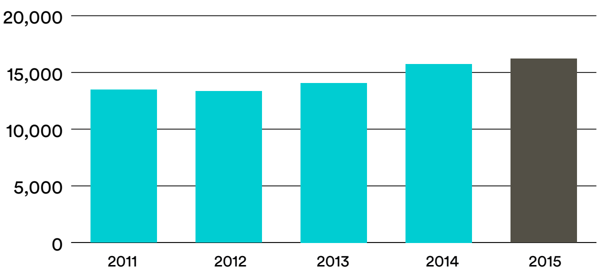
Net sales per business segment (MSEK)	2015	2014	2013	2012	2011
Free-TV Scandinavia	4,126	4,109	4,110	4,157	4,393
Pay-TV Nordic	5,926	5,756	5,335	5,088	4,897
Free-TV Emerging Markets	2,666	2,409	2,445	2,035	2,073
Pay-TV Emerging Markets [1]	1,105	1,225	1,089	1,062	922
Others and eliminations	–392	–294	–197	–303	–340
Total Broadcasting	**13,432**	**13,205**	**12,783**	**12,039**	**11,946**
Nice Entertainment, MTGx, MTG Radio	2,971	2,778	1,537	1,418	1,675
Total operating businesses	**16,403**	**15,983**	**14,320**	**13,457**	**13,621**
Group central operations	214	235	237	239	186
Eliminations	–398	–472	–484	–360	–334
TOTAL OPERATIONS	**16,218**	**15,746**	**14,073**	**13,336**	**13,473**

Operating income per business segment (MSEK)	2015	2014	2013	2012	2011
Free-TV Scandinavia	667	633	668	793	1,077
Pay-TV Nordic	725	709	619	848	933
Free-TV Emerging Markets	235	131	215	156	32
Pay-TV Emerging Markets	72	104	129	144	49
Broadcasting central operations	–38	0	–34	–33	–3
Total Broadcasting	**1,662**	**1,576**	**1,598**	**1,908**	**2,088**
Nice Entertainment, MTGx, MTG Radio	–114	–32	–49	6	114
Total operating businesses	**1,548**	**1,545**	**1,550**	**1,914**	**2,202**
Group central operations	–279	–255	–250	–219	–260
TOTAL OPERATIONS	**1,268**	**1,290**	**1,300**	**1,696**	**1,942**
Asset impairment charges & non-recurring costs [2]	–512	–155	–147	-	–3,182
GROUP TOTAL OPERATIONS	**756**	**1,135**	**1,152**	**1,696**	**–1,239**

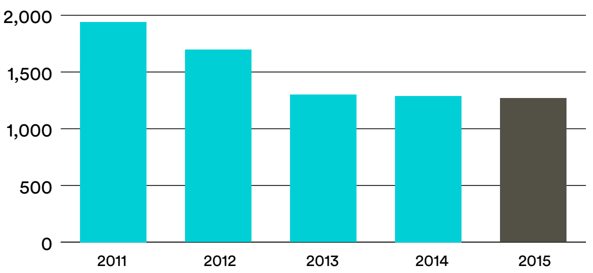
[1] Figures restated for change in accounting principles related to joint ventures (Raduga) for 2013 only.
[2] Comprising net capital gain from the sale of subsidiaries and revaluation of investment liabilities and net restructuring charges 2015, asset impairment charges for Ukraine, sale of Zitius and restructuring costs in 2014, impairment charges for Raduga 2013 and Bulgaria in 2011, as well as impairment charges and other close down costs Slovenia in 2011.

Five Year Summary

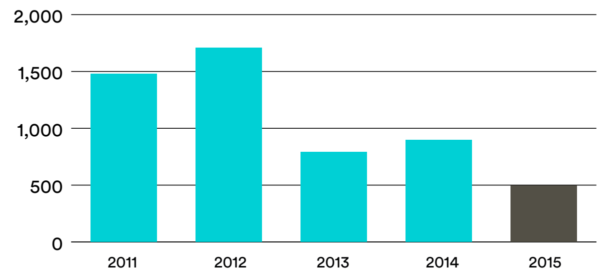
Net sales
(SEK m)



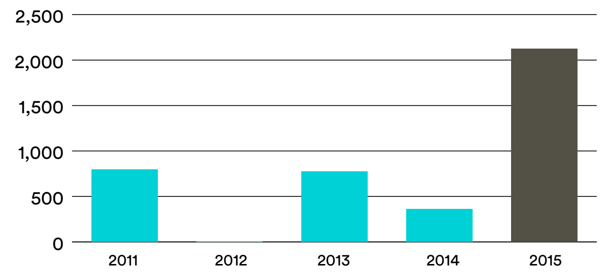
Ebit before non-recurring items
(SEK m)



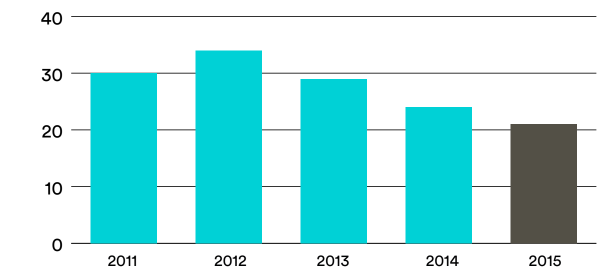
Net cash flow from operations
(SEK m)



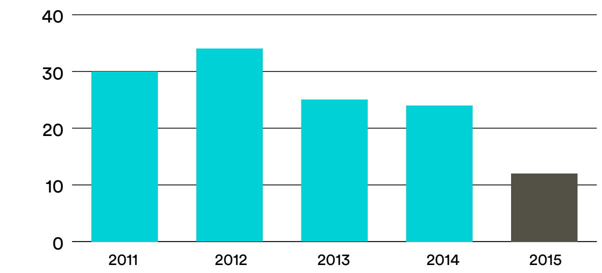
Net debt
(SEK m)



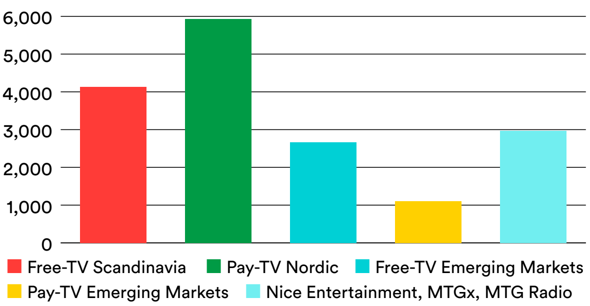
Return on capital employed
(%)



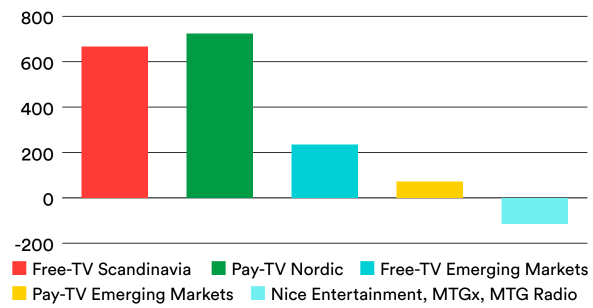
Return on Equity
(%)



Net sales split business area, 2015
(SEK m)



Ebit split business area, 2015
(SEK m)



Directors' Report

Modern Times Group MTG AB (publ.) (MTG) is a publicly listed company. Its Class A and Class B shares are listed on Nasdaq Stockholm's Large Cap list under the symbols MTGA and MTGB. The Company's registered office is located at Skeppsbron 18, P.O. Box 2094, SE-103 13 Stockholm, Sweden. The Company's registration number is 556309-9158.

Operations

MTG's aim is to be the leading digital video entertainment provider in each of our markets. We are shaping the future of entertainment by connecting our audiences with the content that they love through multiple screens in the home and on the move, scheduled and on demand. MTG's TV channels and radio stations are funded by subscription and advertising revenues on both its own Viasat (satellite) and Viaplay (online) platforms, as well as third party cable, fibre and terrestrial networks. MTG operates channels and platforms across the Nordic region and the Baltics, as well as scale broadcasting operations in Bulgaria and the Czech Republic. MTG packages and offers the best TV series, movies, live sports and kids content to its viewers and subscribers. The majority of this programming content is acquired but MTG also owns Nice Entertainment, which is a leading content creator, producer and distributor. In addition, MTG is the world's number one esports company (through Turtle Entertainment and DreamHack) and Europe's largest multi-channel network (through Zoomin and Splay).

Business Review

Group sales were up 3% (11) year on year at constant exchange rates, with an organic growth of 1% (4). The Group's operating margin for continuing operations amounted to 8% (8) when excluding non-recurring items.

Revenues for the Group's free-TV businesses in Scandinavia was stable (–2%) at constant exchange rates with an operating margin of 16% (15), whilst sales for the Group's Nordic pay-TV business grew by 3% (7) at constant exchange rates, with an operating margin of 12% (12). The Group's Emerging Markets free-TV businesses reported a growth in revenue at constant exchange rates of 7% (–3) with an operating margin of 9% (5), while Pay-TV Emerging Markets decreased by 3% (14) at constant exchange rates with an operating margin of 6% (9). Nice Entertainment, MTGx, MTG Radio reported a growth in sales of 6% (80) due to the digital acquisitions and investments made during the latter half of the year.

The Norwegian and Danish TV advertising markets are estimated to have grown in 2015, while the Swedish market is estimated to have declined. The total number of subscribers in the Nordic region increased as the third party network subscribers as well as the continued growth of Viaplay subscribers offset the ongoing decline in the Group's Nordic premium satellite subscriber base. The Emerging Markets satellite pay-TV subscriber base decreased during the year driven by the continued decline in the Ukrainian subscriber base. Revenues in Free-TV Emerging Markets grew in spite of the sale of the Hungarian operations in October. Sales in MTGx were boosted by the acquisitions of Turtle, Zoomin, Splay and DreamHack.

MTG is proposing a 5% (5) increase in annual ordinary cash dividend to the Annual General Meeting in May to SEK 11.50 (11.00), which corresponds to 86% (57) of the net profit continued operations excluding non-recurring items, and is well in line with the dividend policy to distribute at least 30% of recurring net profit as an annual ordinary dividend.

Consolidated financial results

Key figures	2015	2014
Net sales	16,218	15,746
Growth at constant exchange rates	*3%*	*11%*
Organic growth at constant exchange rates	*1%*	*4%*
Operating income before non-recurring expenses, continued operations	1,268	1,290
Operating margin before non-recurring expenses	*7.8%*	*8.2%*

CONTINUED OPERATIONS

Sales

In 2015, MTG reported 3% (12) net sales growth to SEK 16,218m (15,746). Sales were up 3% (11) at constant exchange rates, which reflected sales growth in the Nordic pay-TV and the free-TV emerging markets business segments as well as in the segment comprising Nice, MTGx and MTG Radio.

The Group's revenue mix reflected its diversified and balanced structure, with 32% (37) of revenues derived from advertising sales; 52% (48) from subscription revenues; and 16% (15) from other business-to-business and business-to-consumer sales.

Operating expenses
Group operating costs excluding one-off items increased to SEK 14,950m (14,456) and were up 3% (13) year on year in 2015 reflecting the ongoing adverse impact of the appreciation of the US dollar on Nordic content costs in particular, as well as M&A related costs and the addition of the newly acquired digital businesses. Group depreciation and amortisation charges totalled SEK 190m (168).

Operating income excluding non-recurring items
The Group's operating income decreased to SEK 1,268m (1,290) excluding non-recurring items with operating margin of 8% (8).

Non-recurring items
In 2015, the Group reported SEK 512m (155) of total non-recurring items. Non-recurring items comprised restructuring costs of SEK 652m (70), and a combined net gain of SEK 140m (76) from the sale of Viasat Hungary, Russian and international pay-TV channels businesses, and the associated company Sappa and Radio Nova and revaluation of acquisition related liabilities. Last year's non-recurring items included the sale of Zitius in Sweden at SEK 76m, restructuring costs of SEK 70m and an impairment charge of SEK 159m relating to goodwill and other intangible assets which aroused from the acquisition of Viastrong Ukraine 2008. These items were impaired in their entirety.

Net interest and other financial items
Group net interest expenses increased to SEK –11m (–1). Other financial items amounted to SEK –18m (–23). These items included a non-cash financial loss of SEK 0m (34).

Tax
Group tax charges totalled SEK 194m (296), corresponding to an effective tax rate of 27% (27).

Net income and earnings per share
The Group reported net profits from operations of SEK 533m (816), and basic earnings per share of SEK 7.45 (11.75).

DISCONTINUED OPERATIONS
CTC Media
MTG's interest (38%) in associated company CTC Media is classified as a discontinued operation as the shareholdings is expected to be sold. The fair value as per 31 December 2015 was SEK 1,081m (1,984) and reflects CTC Media's completed sale of a 75% interest in its operating businesses to UTV-Management LLC for approximately USD 200m in cash, as well as CTC Media's stated intention to return value in cash to the Company's shareholders that are not subject to sanctions, including anticipated available cash of USD 55m. The CTC Media Board anticipates that the return of the value to the shareholders will be completed in the second quarter of 2016, following the receipt of the license from the Office of Foreign Assets Control of the U.S. Treasury Department in March 2016. The result was SEK –282m (357) .

Total net income and earnings per share
The Group reported total net income of SEK 251m (1,172), and basic earnings per share of SEK 3.22 (17.10).

Cash flow

(SEKm)	2015	2014
Cash flow from operations	1,051	1,040
Changes in working capital	–555	–143
Net cash flow from operations	**497**	**897**
Investment activities	–1,467	–211
Financial activities	656	–1,204
Net change in cash, continuing operations	**–314**	**–517**
Net change in cash, discontinued operations	**90**	**297**
Total net change in cash and cash equivalents	**–224**	**–221**
Cash and cash equivalents	**410**	**643**
Return on capital employed % (excluding non-recurring items)	21	24

Group capital expenditure on non-current assets totalled SEK 293m (217). Investments in shares in subsidiaries amounted to SEK 1,594m (223). These investments included the acquisitions of Turtle, Zoomin, Splay and DreamHack in 2015 and Trace in 2014. The Group's reported return on capital employed, continued operations and excluding non-recurring items, was 21% (24) in 2015.

(SEKm)	2015	2014
Available liquid funds	6,259	6,498
Net debt	2,124	362
Return on equity excl one-off items %	12	24
Equity to assets ratio %	29	41
Net debt to equity ratio %	45	6
Interest-bearing debt	2,567	1,057

The Group had available liquid funds of SEK 6,259m (6,498) as at 31 December 2015, including the SEK 5,849m (5,855) unutilised element of the Group's credit facilities, and the unutilised overdraft facilities of SEK 349m (355). SEK 0m (0) of the Group's SEK 5,500m multi-currency credit facility were drawn as at 31 December.

The Group paid out the approved cash dividend of SEK 733m (700) to shareholders in May 2015.

Acquisitions and divestments

On 16 February MTG completed the sale of its 50% stake in Swedish cable TV company Sappa to Finnish telecomoperator Anvia.

On 1 July MTG signed an agreement to acquire 74% of Turtle Entertainment, the world's largest esports company, from financial investors and the company's founders, for EUR 78m in cash. Turtle operates under the well-known ESL brand. The transaction closed on 1 September.

On 10 July, MTG increased its shareholding in Splay, the number one multi-channel network in Scandinavia, from 49% to 81%. Splay continues to expand internationally. Splay's content is currently generating over 120 million monthly views on its 430 YouTube channels. Splay's video stars have 14 million subscribers on YouTube and over 50 million followers on Instagram.

On 20 July, MTG acquired 51% of Zoomin.TV, the online video entertainment network, content production and advertising sales house. MTG is acquiring the shares based on an Enterprise Value of EUR 88m.

On 26 October, MTG simultaneously signed and completed the sale of its Russian and international pay-TV channel businesses for a total consideration of USD 45.5m. The Russian channel business comprises factual, movie and sports channels, while the international channel business comprises pan-regional factual channels and the TV1000 movie channels.

On 30 October, MTG completed the sale of its Hungarian free-TV operations, comprising the channels VIASAT3 and VIASAT6 and the catch-up service Viasat Play, to Sony Pictures Television Networks, following regulatory approval by the Hungarian competition authority.

On 12 November, MTG simultaneously agreed and completed the acquisition of 100% of DreamHack for an enterprise value of SEK 244m. DreamHack is one of the world's largest esports companies and organiser of the world's largest digital festivals – DreamHack Summer and DreamHack Winter in Sweden. DreamHack is the leading esports player in Scandinavia and runs both local and global esports leagues, tournaments and championships.

Significant Events

19 January - MTG included in RobecoSAM's Sustainability Yearbook 2015

MTG has qualified for inclusion in the 2015 edition of RobecoSAM's Sustainability Yearbook, which helps investors identify companies that are strongly positioned to create long-term shareholder value. The book lists the world's most sustainable companies in each industry as determined by their score in RobecoSAM's annual Corporate Sustainability Assessment (CSA).

4 March, 20 May, 3 December – MTG Management appointments

On 4 March MTG appointed Jakob Mejlhede Andersen as Executive Vice President of MTG Programming & Content Development. Jakob is responsible for third party content acquisition, programming and development for MTG's Nordic online and offline pay-TV businesses, and group-wide online free-TV businesses. The role also includes format sourcing and co-productions. MTG also subsequently announced the departure of Petra Österlund, MTG Executive Vice President of Modern People.

On 20 May MTG announced changes to its management structure, which amongst others included a move from a product to a country organisation in the Nordics. The changes have been made in order to further integrate the Group's activities and bring it closer to consumers and partners in each market. CFO Mathias Hermansson took a sabbatical from his role as MTG Chief Financial Officer between 18 June and 18 December 2015, and MTG Head of Group Finance Maria Redin was appointed as Acting Chief Financial Officer.

On 3 December the Group announced that the online advertising video on demand operations across 8 countries now sit within the local country organisations, closer to the customer and local product offerings. The MTGx central video on demand technical functions for both the Play and Viaplay services have been united under the leadership of Viaplay CEO Jonas Karlén. Arnd Benninghoff is now MTG Executive Vice President and CEO of MTGx Ventures, and reports to Mathias Hermansson, who has taken on the new role of Executive Chairman of MTGx Ventures and adviser to MTG's President & CEO on a number of strategic projects. Maria Redin's role as acting CFO is now permanent. As a result of all of these changes, Rikard Steiber, MTG EVP and Chief Digital Officer, has left MTG.

5 March, 6 July, 25 September, 17 & 24 December, 2015, and 12 February and 29 March 2016 – MTG notes announcements by CTC Media

On 5 March MTG designated two new members to the Board of Directors of CTC Media, Inc in place of MTG CEO Jørgen Madsen Lindemann and MTG CFO Mathias Hermansson. Irina Gofman is the third MTG designated member and has served on the Board since 2008.

On 6 July MTG noted the announcement by CTC Media, Inc., that it had received a non-binding offer of USD 200m for the purchase of a 75% interest in its business operations. MTG has also decided to reclassify its interest in CTC Media from an 'equity participation' to a 'discontinued operation' following the change in the Russian mass media law regarding foreign ownership with effect from 1 January 2016, and CTC Media's consideration of the above offer. On 25 September MTG also noted CTC Medias announcement on 25 September that it had entered into a definitive agreement with regard to the sale.

MTG noted the announcement by CTC Media, Inc., that the Special Meeting of Stockholders held on 17th December have voted in favour of all resolutions proposed for consideration at the meeting. CTC Media, Inc. announced on 24th December that it had completed the sale of a 75% interest in its operating businesses to UTV-Management LLC. The purchase price is up to approximately USD 200m in cash, subject to certain post-closing adjustments. CTC Media had received approximately USD 150m at closing. The final purchase price was determined in February 2016 and amounted to USD 193m, which reflected the performance of the business through the end of 2015 and specified indemnification obligations.

On 29 March, CTC Media announced that it had received a license to proceed with a merger in which a wholly owned subsidiary of the Company will merge with and into the Company, with the Company surviving. The cash-out merger is anticipated to be completed early in the second quarter of 2016.

28 April – MTG launches programmatic platform

MTG launched a programmatic trading platform called VideoRange. The new platform is providing automated advertisement video on demand (AVOD) inventory sales in Sweden, Norway and Denmark. VideoRange is the first service of its kind in each market to enable media buying agencies and advertisers to buy full length premium video advertising inventory. The platform will also include MTG's AVOD services in the Baltics, Bulgaria and the Czech Republic.

24 August – MTG takes next step in strategic transformation

MTG launched a restructuring programme to drive the Group's ongoing digital transformation, fuel investments in the Group's existing businesses, and to enable the Group to continue to generate profitable growth. The proposed reduction of MTG's employee base and costs incurred in relation to these redundancies, as well as the impairment of content and other assets, have given rise to Q3 restructuring charges of SEK -700 million. The restructuring is expected to generate annualised savings of approximately SEK 600 million, of which the majority will be reinvested back into the Group's ongoing transformation.

20 July, 2 October & 13 October – MTG extends key sports rights

On 20 July, MTG announced a new five-year, exclusive, pan-Nordic broadcast and online deal for National Hockey League (NHL®) games, and an agreement with the National Hockey League Players' Association & the NHL to broadcast the 2016 World Cup of Hockey.

On 2 October, MTG announced that it had won the exclusive rights to show live coverage of English Premier League football matches from 2016 – 2019 in Sweden, Denmark and Finland. On 13 October, MTG announced that it had acquired the exclusive Nordic broadcast and online rights to top flight football from Spain's La Liga and Italy's Serie A until 2018, and extended its exclusive rights to France's Ligue 1 in Denmark and Norway until 2018 to include Finland and Sweden from the beginning of next season.

A full list of MTG corporate events can be found at www.mtg.com.

Significant Events after the end of the year

1 March 2016 – MTG sells Ukraine business

MTG signed an agreement to sell its Ukrainian pay-TV business to Ukraine's 1+1 Media Group (media.1plus1.ua). Completion of the transaction is subject to local market regulatory approval.

23 March 2016 – Management team changes

MTG appointed Peter Nørrelund as Executive Vice President and CEO of MTG Sport, and Gabriel Catrina as Chief Strategy Officer. Joseph Hundah left his position as Excecutive Vice President and CEO of MTG Africa.

Segments

Group Review (SEKm)	2015	2014	Change
Net sales per business segment			
Free-TV Scandinavia	4,126	4,109	0%
Pay-TV Nordic	5,926	5,756	3%
Free-TV Emerging Markets	2,666	2,409	11%
Pay-TV Emerging Markets	1,105	1,225	–10%
Others and elimination	–392	–294	–
Total Broadcasting	**13,432**	**13,205**	**2%**
Nice, MTGx, Radio	2,971	2,778	7%
Group central operations	214	235	–9%
Eliminations	–398	–472	–
Total operations	**16,218**	**15,746**	**3%**
Operating income per business segment			
Free-TV Scandinavia	667	633	5%
Pay-TV Nordic	725	709	2%
Free-TV Emerging Markets	235	131	80%
Pay-TV Emerging Markets	72	104	–31%
Broadcasting central operations	–38	0	–
Total Broadcasting	**1,662**	**1,576**	**5%**
Nice, MTGx, Radio	–114	–32	–
Total operating business segments	**1,548**	**1,545**	**0%**
Group central operations	–279	–255	–
Total segments	**1,268**	**1,290**	**–2%**
Non-recurring items	–512	–155	–
Total operations	**756**	**1,135**	**–33%**

All figures in the following business segment information exclude the non-recurring costs referred to in the above table.

Free-TV Scandinavia

(SEKm)	2015	2014
Net sales	4,126	4,109
Change y-o-y	*0%*	*0%*
Change y-o-y at constant FX	*0%*	*–2%*
Costs	3,459	3,476
Change y-o-y	*0%*	*1%*
EBIT	667	633
EBIT margin	*16.2%*	*15.4%*

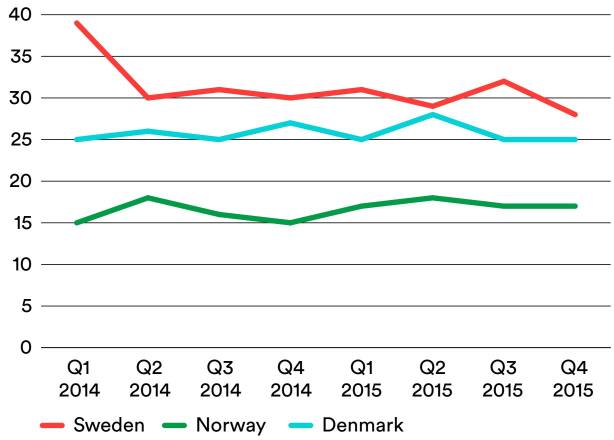
The segment comprises MTG's free-TV channels in Sweden, Norway and Denmark. The channels are made available on the Viasat satellite platform and via third party cable, IPTV and mobile networks, as well as in the digital terrestrial networks in Sweden and Norway. The free-TV channels are also made available as catch up services.

Sales amounted to SEK 4,126m (4,109), which corresponded to a sales growth of 0% (–2) at constant exchange rates. Sales reflected the combination of higher sales in Denmark, lower sales in Sweden and stable sales in Norway. The Norwegian and Danish TV advertising markets are estimated to have grown while the Swedish market is estimated to have declined.

Total operating costs were stable at SEK 3,459m (3,476), as investments in Norway and the adverse impact of the appreciation of the US dollar was offset by cost savings.

The operating profit increased to SEK 667m (633), with an operating margin of 16% (15).

Commercial share of viewing (%)
(Target audience: 15–49)



Pay-TV Nordic

(SEKm)	2015	2014
Net sales	5,926	5,756
Change y-o-y	*3%*	*8%*
Change y-o-y at constant FX	*3%*	*7%*
Costs	5,200	5,047
Change y-o-y	*3%*	*7%*
EBIT	725	709
EBIT margin	*12.2%*	*12.3%*

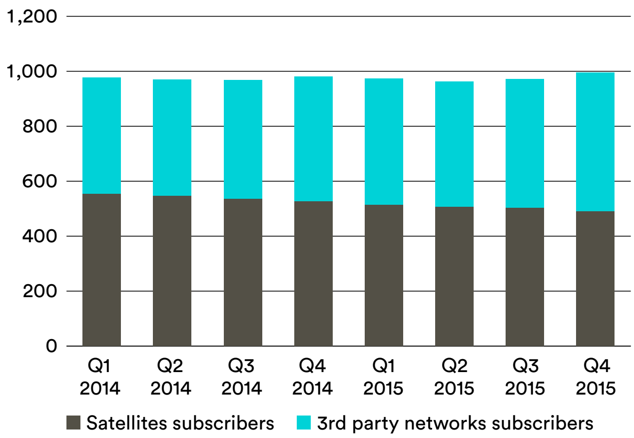
The Nordic pay-TV operations market and sell premium pay-TV packages and content on the Viasat satellite platform, the Viaplay online platform, and third party IPTV and cable networks. Viasat also distributes pay-TV channels via third party networks.

Sales amounted to SEK 5,926m (5,756), which corresponded to a sales growth of 3% (7) at constant exchange rates. The annualised average revenue per premium subscriber (ARPU) amounted to SEK 5,161 (5,254), and was stable year-on-year at constant FX. Premium package prices were raised in the latter part of year.

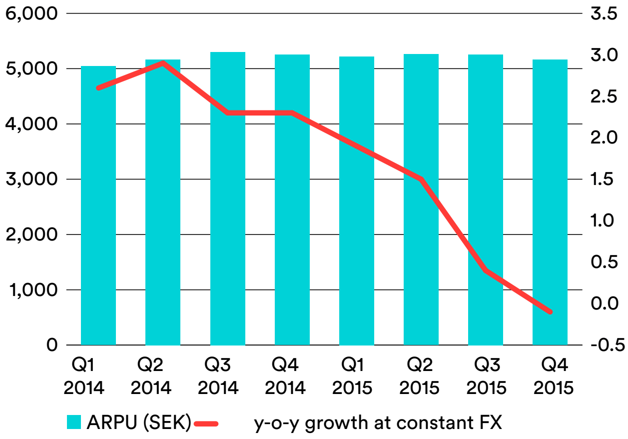
Total operating costs increased to SEK 5,200m (5,047) driven primarily by the adverse impact of the appreciation of the US dollar and investments in content and technology.

The operating profit increased to SEK 725m (709), with an operating margin of 12% (12).

Premium subscribers (excluding Viaplay)
(000's)



Annualised revenue per premium satellite subscriber (ARPU) and growth at constant FX
(SEK (left side); % (right side))



The premium subscriber base was higher than last year, as the growth in the third party network base more than compensated for the decline in the satellite base.

Free-TV Emerging Markets

(SEKm)	2015	2014
Net sales	2,666	2,409
Change y-o-y	*11%*	*–1%*
Change y-o-y at constant FX	*7%*	*–3%*
Costs	2,431	2,278
Change y-o-y	*7%*	*2%*
EBIT	235	131
EBIT margin	*8.8%*	*5.4%*

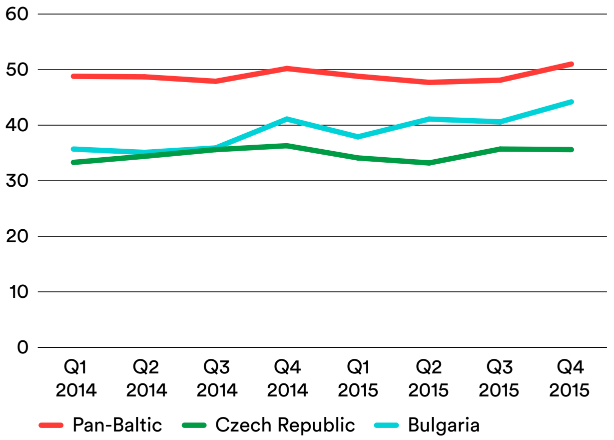
The segment comprises MTG's free-TV channels in the Baltics, the Czech Republic, Bulgaria, Ghana and Tanzania. The Hungarian business was sold in October 2015.

Sales amounted to SEK 2,666m (2,409), which corresponded to an increase of 7% (–3) at constant exchange rates.

Constant currency sales were up 6% (8) in the Baltics, 4% (–15) in the Czech Republic and 19% (18) in Bulgaria. The TV advertising market is estimated to have grown in all three regions.

The commercial audience share increased in Bulgaria and the Baltics but decreased in the Czech Republic.

Commercial share of viewing (%)
(Target audience: Baltics 15–49, Czech Republic 15–54, Bulgaria 18–49)



The operating costs increased to SEK 2,431m (2,278), which reflected continued investments in Bulgaria as well as the launch of two more channels in the Czech Republic. The segment reported an operating profit of SEK 235m (131), with an operating margin of 9% (5).

Pay-TV Emerging Markets

(SEKm)	2015	2014
Net sales	1,105	1,225
Change y-o-y	*–10%*	*13%*
Change y-o-y at constant FX	*–3%*	*14%*
Costs	1,034	1,121
Change y-o-y	*–8%*	*17%*
EBIT	72	104
EBIT margin	*6.5%*	*8.5%*

Pay-TV Emerging Market operations market and sell pay-TV packages on the Viasat satellite platforms in the Baltics and Ukraine. The segment also distributes and operates a number of thematic music and sports channels through Trace, which was acquired in June 2014. MTG also distributed pay-TV channels, primarily in Russia and across Central and Eastern Europe, via third party networks until November 2015, when these businesses were divested.

Sales amounted to SEK 1,105m (1,225), representing a 3% (14) decline at constant exchange rates. Sales increased in Trace but this was more than offset by the above-mentioned divestment as well as lower sales in Ukraine due to the geopolitical turmoil in the region.

The operating costs decreased to SEK 1,034m (1,121) and the operating profit decreased to SEK 72m (104), corresponding to an operating margin of 6% (9).

Nice Entertainment, MTGx and MTG Radio

(SEKm)	2015	2014
Net sales	2,971	2,778
Change y-o-y	*7%*	*81%*
Change y-o-y at constant FX	*6%*	*80%*
Costs	3,086	2,809
Change y-o-y	*10%*	*77%*
EBIT	*–114*	*–32*
EBIT margin	*–3.8%*	*–1.1%*

Nice Entertainment comprises the Group's content production and distribution businesses in Scandinavia, Europe and Africa. MTGx focuses on the development of the new ventures businesses comprising Turtle Entertainment (74% owned), Zoomin.TV (51% owned), Splay (81% owned) and DreamHack (100% owned), as well as a number of start-ups. The Group's radio operations comprise national commercial networks in Sweden and Norway, as well as national and local stations in the Baltics.

Sales increased to SEK 2,971m (2,778), and were up 6% (80) at constant exchange rates. The sales growth was almost entirely driven by the digital acquisitions. The radio business increased sales in all countries. Operating costs totalled SEK 3,086m (2,809), and the segment reported an operating loss of SEK 114m (32).

Outlook

MTG is executing a strategic transformation of its business from a primarily traditional broadcast model to a primarily digital entertainment model, in order to capitalise on the shift in consumer behaviour. MTG's aim is to manage this migration while delivering both sales and profit growth. MTG has also substantially optimised its cost base, in order to offset adverse currency exchange rate movements and enable investment in new digital businesses and the Group's best ever offering of programming content. MTG is continuing to review its asset portfolio, in order to ensure that the Group's resources are focused on those areas that offer the greatest potential and returns. MTG seeks to balance reinvestment in growth with healthy shareholder returns. MTG aims to accelerate its sales growth and increase its operating profits in 2016.

Risks and Uncertainties

The text below describes the major risk factors affecting the Group's operations, divided into business operations and financial operations.

MTG operates in a highly competitive environment that is subject to rapid change

Competition for viewers, pay TV subscribers, advertising and distribution is intense and comes from broadcast television, cable networks, online and mobile properties, movie studios and independent film producers and distributors, video gaming sites and other media, and pirated content. The Company's ability to compete successfully is dependent on a number of factors, including the ability to adapt to new rapidly developed innovations related to technologies and distribution platforms, and achieve widespread distribution. The Company currently depends on a number of third-party cable TV and IPTV operators for the distribution of programming representing a significant proportion of its revenues.

MTG is also increasingly reliant on a wide variety of technological platforms, and could therefore face the risk of new market entrants, as well as new ways to distribute content. This could mean significant change to the entertainment industry and potentially cause disruption to established contracts and negotiation structures, as well as business practices, technological standards for distribution of content, or ways that advertising is traded and sold in the online environment. The increasing shift towards online viewing and platforms could also potentially make the Group a target for IT attacks, intrusions or disruptions of service.

Economic and political risks

MTG had large scale business interests in Russia, and was therefore affected by the amendments to the Russian Mass Media Law to reduce the permitted level of aggregate foreign ownership in Russian mass media companies to 20% direct or indirect ownership or control from the beginning of 2016. These changes applied to both MTG's pay-TV channels businesses and to MTG's 38% shareholding in CTC Media Inc. ("CTC Media"), the Delaware (US) registered and NASDAQ (US) listed company that owned Russia's leading independent media company. MTG took steps to comply with the law before the end of 2015 by selling its fully owned subsidiaries in Russia. For information regarding the steps taken by CTC Media to comply with the law, and the risks and uncertainties related to these actions. please see http://www.ctcmedia.ru/press-center/releases as well as http://www.ctcmedia.ru/ctcmediainc/sec/.

The Company also has operations and investments in emerging markets in Central and Eastern Europe, Ukraine and Africa. These markets have different and higher risk profiles than developed markets, in terms of the prevailing economic and political systems, legal and tax regimes, and standards of corporate governance and business practices. Government regulations may be subject to significant adjustment, especially in the event of changes in political leadership. Other potential risks inherent in markets with evolving economic and political environments include potentially inadequate protection of foreign investments or intellectual property rights, exchange controls, higher tariffs and other levies, as well as longer payment cycles.

Further expansion results in an increased exposure to foreign currencies. Substantial foreign exchange rate movements also increase the risk of adverse impact on the Group's income statement, financial position and cash flows. MTG hedges the main part of its US dollar and Euro denominated contracted outflow on a 16-36 month forward basis, in order to reduce the impact of short-term currency translation effects on the Group's cost base. The Group's equity is not hedged.

MTG's business is affected by laws, rules and regulations

The Group's businesses are regulated in many different jurisdictions. The regimes which regulate the Group's business include both European Union ("EU") and national laws and regulations related to broadcasting, telecommunications, competition (anti-trust) and taxation. Changes in such law and regulations, particularly in relation to licensing requirements, access requirements, programming transmission and spectrum specifications, consumer protection, taxation, or other aspects of the Group's business, or those of any of its competitors, could have a material adverse effect on the Group's business, financial condition or results of operations.

Current potential changes in EU law which may have an adverse impact on the Group's business include the following:

- In May 2015 the European Commission launched its digital single market strategy. One of its primary goals is increased consumer access to digital services across borders within the EU. A new EU Regulation on portability of online content services was announced in December 2015 and further proposals, including reform of existing European copyright law, are expected during 2016.
- In 2014 the European Commission opened an anti-trust investigation into the cross-border provision of pay TV services in the EU. A decision is possible during 2016.

- In 2015 the European Commission initiated a sector enquiry into e-commerce in Europe which seeks to examine the barriers to accessing goods and services online across borders. It is not expected that a decision will be reached until 2017.
- The European Commission is currently undertaking a REFIT exercise (a test of the regulatory fitness) of the Audiovisual Media Services Directive. Whilst this does not presuppose any action, a possible outcome of the REFIT may be a revision of the Audiovisual Media Services Directive.
- In January 2016 a new General Data Protection Regulation was approved by the European Parliament and Council and will take effect in January 2018, replacing the EU Data Protection Directive 95/46/EC. The new regulation will result in changes as to how the Group deals with the data of EU Citizens. In its current form it is not thought that the Regulation will pose a significant risk to the Group's business. However, it may result in additional administrative burdens and associated costs to bring the Group's data protection policies and procedures in line with the new Regulation.

MTG is reliant on having access to financing

The Company is exposed to risks associated with disruptions in the financial markets, which could make it more difficult and/or more expensive to obtain financing in the future. Potential events affecting this may include the adoption of new regulation, implementation of recently enacted laws or new interpretations or the enforcement of existing laws and regulations applicable to financial institutions, the financial markets or the financial services industry, which could result in a reduction in the amount of available credit or increases in the cost of credit. The Groups' existing credit facilities are currently considered sufficient.

Financial policies and risk management

Financial policy

The Group's financial risk management is centralised to the parent company in order to capitalise on economies of scale and synergy effects, as well as to minimise operational risks. The Group's financial policy is subject to review and approval by the Board of Directors and constitutes a framework of guidelines and rules for financial risk management and financial activities in general. The Group's financial risks are continuously evaluated and monitored to ensure compliance with the Group's financial policy. The exposures are described in Note 24 to the Accounts in this report.

Foreign exchange risk

Foreign exchange risk is divided into transaction exposure and translation exposure.

Transaction exposure

The main transaction exposure of unmatched contracted programme acquisition outflows are hedged through forward exchange agreements on the basis of a maximum of 36 months forward. Other transaction exposure is not hedged.

Translation exposure

Translation exposure arises from the conversion of the Group's subsidiaries and associated companies earnings and balance sheets into the Swedish krona reporting currency from other currencies. Since many of the subsidiaries report in currencies other than Swedish krona, the Group is exposed to exchange rate fluctuations. Translation exposure is not hedged.

Interest rate risk

MTG's sources of funding are primarily shareholders' equity, cash flows from operations and external borrowing. Interest-bearing debt exposes the Group to interest rate risk. The Group does not currently use derivative financial instruments to hedge its interest rate risks.

Financing risk

External borrowing is managed centrally in accordance with the Group's financial policies. Loans are primarily taken up by the parent company, and transferred to subsidiaries as internal loans or capital injections. There are also companies, including those where the Group owns a 50% interest, who have external loans and/or overdraft facilities connected directly to these companies.

Refinancing risk

The refinancing risk is managed through aiming at diversifying the funding sources and maturity tenors to reduce risk, and by normally initiating refinancing of all loans 12 months prior to maturity.

Credit risk

The credit risk with respect to MTG's trade receivables is diversified among a large number of customers, both private individuals and companies. High credit ratings are required for all material credit sales and solvency information is obtained to reduce the risk of bad debt expense.

Insurable risks

The parent company ensures that the Group has sufficient insurance cover, including business interruption, director and officer liabilities and asset losses. This is done via corporate umbrella solutions to cover most territories.

Business Ethics

MTG has the following principles and guidelines, in line with the Group's values and corporate responsibility in conducting its business,

- We act with honesty and integrity
- We are committed to free and open competition
- We comply with laws and regulations as well as corporate policies
- We comply with all competition and anti-trust laws
- We do not participate in party politics and never make political contributions
- We strictly prohibit any bribes and other unlawful payments

Employees

An organisation is defined by its ability to create change, adapt to its environment and capitalise on the opportunities presented to it. The speed and efficiency with which this is accomplished is what determines success, and its employees are the most important factor in achieving goals and objectives. MTG's Code of Conduct, mission statement and employee guidelines have all been presented and communicated to employees by local management in each of the countries in which MTG operates. Internal surveys have been put in place to measure the extent to which employees embrace Group policies, to provide feedback on their views on how the Company is managed, as well as any other feedback regarding the implementation of the Group's policies. The most essential of these policies are:

- We promote equal opportunities irrespective of race, ethnical background, religion, nationality, gender, mental or physical handicaps, marital status, age, sexual orientation or any other status unrelated to the individual's ability to perform
- We value diversity
- We do not tolerate discrimination or sexual, physical or mental harassment
- We seek to provide a healthy, safe and clean working environment
- We respect and support each other

The Group employed 3,995 (4,001) full time employees at the end of 2015. Details of the average number of employees during the year and the aggregated remuneration for the year are presented in Notes 27 and 28.

Executive Remuneration

The guiding principles approved by the 2015 Annual General Meeting is found in note 28 to this report. Senior executives covered by these guidelines is defined as the Executive Management. The guiding principles have generally been followed during 2015. However, the Board of Directors has considered it appropriate to make an exception to the principles and has decided to award the CEO a variable remuneration of 120%, part of which will be paid in 2016. The variable remuneration is thereby greater than the 100% annual fixed salary cap due to extraordinary work and performance during 2015.

Proposal for 2016 Executive Remuneration guidelines

The Board of Directors will propose to the 2016 Annual General Meeting that the below guidelines should be applied in 2016 for determining remuneration for the senior executives as well as individual Directors of the Board to the extent they are remunerated outside their Directorship.

Remuneration guidelines

The objective of the guidelines is to ensure that MTG can attract, motivate and retain senior executives, within the context of MTG's international peers, which primarily consists of Nordic and European media, telecom and online companies. The aim is to create a remuneration that is market competitive, well balanced and reflects individual performance and responsibility, both short-term and long-term, as well as MTG's overall performance and align the senior executives' incentives with the interests of the shareholders. The intention is that the senior executives shall have a significant long term shareholding in MTG and that remuneration to the senior executives shall be based on the pay for performance principle.

Remuneration to the senior executives shall consist of fixed salary, short-term variable remuneration paid in cash ("STI"), the possibility to participate in long-term share or share price related incentive programs ("LTI") as well as pension and other customary benefits.

Fixed salary

The senior executives' fixed salary shall be competitive and based on the individual senior executive's responsibilities and performance.

Variable remuneration

The STI shall be based on fulfillment of established targets for the MTG Group and in the senior executives' area of responsibility. The result shall be linked to measurable targets (qualitative, quantitative, general, individual). The targets within each area of responsibility are defined to promote MTG´s development in the short and long-term.

The maximum payment under the STI shall generally not exceed a maximum of 100 percent of the senior executives' fixed salary. Payment of part of the STI is conditional upon it being invested in MTG shares and on those shares being held for an agreed period of time.

The LTI shall be linked to certain pre-determined financial and/or share or share-price related performance criteria and shall ensure a long-term commitment to the development of the MTG Group and align the senior executives' incentives with the interests of the shareholders.

Pension and other benefits

The senior executives shall be entitled to pension commitments that are customary, competitive and in line with market conditions in the country in which the senior executive is employed. Pension commitments will be secured through premiums paid to insurance companies.

MTG provides other benefits to the senior executives in accordance with local practice. Other benefits can include, for example, a company car and health care. Occasionally, housing allowance could be granted for a defined period.

Notice of termination and severance pay

The maximum notice period in any senior executive's contract is twelve months during which time salary payment will continue. MTG does not generally allow any additional contractual severance payments to be agreed.

Compensation to Board Members

Board members, elected at General Meetings, may in certain cases receive a fee for services performed within their respective areas of expertise, outside of their Board duties. Compensation for these services shall be paid at market terms and be approved by the Board.

Deviations from the guidelines

The Board may deviate from the above guidelines on a case by case basis. For example, additional variable remuneration or cash payments may be paid in the case of exceptional performance or in special circumstances such as recruitment or retention. In such cases the Board will explain the reason for the deviation at the following Annual General Meeting.

Share-based long-term incentive plans

The Group has three outstanding share-based long-term incentive plans, approved in 2013, 2014 and 2015. For information about these programmes, see Note 28 and MTG's website, www.mtg.com.

Parent Company

Modern Times Group MTG AB (publ.) is the Group's parent company and is responsible for Group-wide management, administration and finance functions. MTG's financial policy includes providing a central cash pool or financing through internal loans to support the operating companies.

The MTG parent company reported net sales of SEK 51m (45) in 2015. Net interest and other financial items totalled SEK 401m (435), and included SEK 153m (–) of dividends received from subsidiaries. Income before tax and appropriations amounted to SEK 135m (207). Income after tax and appropriations amounted to SEK 133m (258). The parent company had cash and cash equivalents of SEK 115m (402) at the end of the period. SEK 5,849m (5,750) of the SEK 5,849m total available credit facilities, including the SEK 250m overdraft facility, was unutilised at the end of the reporting period.

Environmental impact

The Company does not own or operate any businesses in Sweden that are subject to reporting obligation to authorities relating to effects on the environment, or which require compulsory licensing. MTG chooses to report the environmental impact for travel and offices in the Corporate Responsibility Report on a voluntary basis.

Proposed appropriation of earnings

The following funds are at the disposal of the shareholders as at 31 December 2015 (SEK):

Premium reserve	267,111,846
Retained earnings	6,129,092,281
Net income 2015	133,288,980
Total	**6,529,493,107**

The Board of Directors propose that an increased annual cash dividend of SEK 11.50 (11.00) per share be paid to shareholders for the twelve months ended 31 December 2015, and that the remaining amount be carried forward. Of the amount carried forward, SEK 267m is to be carried forward to the premium reserve. The total proposed dividend payment for 2015 would amount to a maximum of SEK 767,489,335 based on the maximum potential number of outstanding shares as at the record date, and represent 86% (57) of the Group's net income, continued operations excluding non-recurring items for the full year 2015.

The MTG Share

MTG's shares are listed on Nasdaq OMX Stockholm's Large Cap list under the symbols 'MTGA' and 'MTGB'. MTG's market capitalisation, as at the close of the trading on Nasdaq OMX Stockholm on the last business day of 2015, was SEK 14.4bn (16.8).

Shareholders

The number of shareholders according to the share register held by Euroclear Sweden AB (Swedish Securities Centre) was 19,374 (17,721) at the end of 2015. The shares held by the ten largest shareholders corresponded to approximately 45% (47) of the share capital and 65% (64) of the voting rights. Swedish institutions and mutual funds own approximately 51% (59) of the share capital, international investors own approximately 41% (32) and Swedish private investors own approximately 8% (9).

MTG holds 146,155 Class B shares and 865,000 Class C shares as treasury shares. The total number of issued shares are therefore 67,647,124 including 5,007,793 Class A shares, 61,774,331 Class B shares and 865,000 Class C shares as per 31 December 2015.

Share capital and votes

Each Class A share is entitled to ten voting rights. Each Class B and each C share is entitled to one voting right. The Class C shares are not entitled to dividend payments. The Class C shares are issued and repurchased as part of the MTG performance based incentive plan approved by the Annual General Meetings.

Shareholders as at 31 December 2015

Name	Class A Shares	Class B Shares	Total	Capital	Votes
Investment AB Kinnevik	4,461,691	9,042,165	13,503,856	20.0%	48.0%
Nordea Funds		4,628,444	4,628,444	6.8%	4.1%
The Capital Group Companies Inc.		3,486,081	3,486,081	5.2%	3.1%
Catella Funds		2,768,259	2,768,259	4.1%	2.5%
Handelsbanken Funds		2,620,240	2,620,240	3.9%	2.3%
Skandia Life	165,709	238,819	404,528	0.6%	1.7%
Felix Granander	120,008		120,008	0.2%	1.1%
Swedbank Robur Funds		1,102,223	1,102,223	1.6%	1.0%
SEB Funds		899,682	899,682	1.3%	0.8%
DNB Funds		862,365	862,365	1.3%	0.8%
DFA Funds		718,681	718,681	1.1%	0.6%
Skandia Funds		499,727	499,727	0.7%	0.4%
SPP Funds		480,980	480,980	0.7%	0.4%
Folksam		473,360	473,360	0.7%	0.4%
Others	260,385	33,807,150	34,067,535	50.4%	32.6%
Total outstanding shares	**5,007,793**	**61,628,176**	**66,635,969**	**98.5%**	**100.0%**

Source: Euroclear Sweden AB

Share distribution, number

	Number of shareholders	%	Number of shares	%
1 – 1,000	17,996	92.9%	3,125,220	4.7%
1,001 – 5,000	1,012	5.2%	2,131,014	3.2%
5,001 – 10,000	130	0.7%	932,294	1.4%
10,001 – 50,000	129	0.7%	2,708,946	4.1%
50,001 – 100,000	40	0.2%	2,960,575	4.4%
100,001 – 15,000,000	68	0.4%	54,777,920	82.2%
Total 31 December 2015, outstanding shares	**19,374**	**100.0**	**66,635,969**	**100.0**

In 2015, 5,780 Class B shares were exercised in the 2012 long term incentive plan, changing the number of outstanding shares to 66,635,969. In 2014, 7,478 Class B shares were exercised in the 2011 long term incentive plan. The total number of voting rights including treasury shares are 112,717,261 (112,717,261) as per 31 December 2015. There were no changes to the issued shares in 2015 or 2014. For further information, please see note 20 Shareholders' equity.

The Group's share capital amounted to SEK 338m (338) at the end of the year. For changes in the share capital between 2015 and 2014, please see the report entitled "Consolidated statement of changes in equity".

Dividends

The parent company paid an ordinary dividend of SEK 11.00 (10.50) per share to shareholders in 2015, amounting to a total payment of SEK 733m (700).

Share buy-back

The 2015 and 2014 Annual General Meetings approved a mandate to authorise the Board of Directors to buy back MTG Class A and Class B shares up until the 2016 and the 2015 Annual General Meeting respectively. The Group's shareholding in its own stock may not exceed 10% of the total number of issued shares. There were no Class A shares or Class B shares bought back in 2015 or 2014.

Reclassifications

In accordance with the Articles of Association, and the Extra General Meeting in 2009, the Board of Directors approved reclassifications from Class A shares to Class B shares in 2014. There were no requests for reclassifications in 2015.

Share-based long-term incentive plans

If all options granted to senior executives and key employees as at 31 December 2015 were exercised and all shares awarded, the issued share capital of the Company would increase by 600,157 (520,301) Class B shares, and be equivalent to a dilution of 0.9% (0.8) of the issued capital and 0.5% (0.5) of the related voting rights as at the end of 2015.

The share price for a MTG Class B share was SEK 216.70 (248.80) as per 30 December 2015. Further details about the programmes can be found in Note 28.

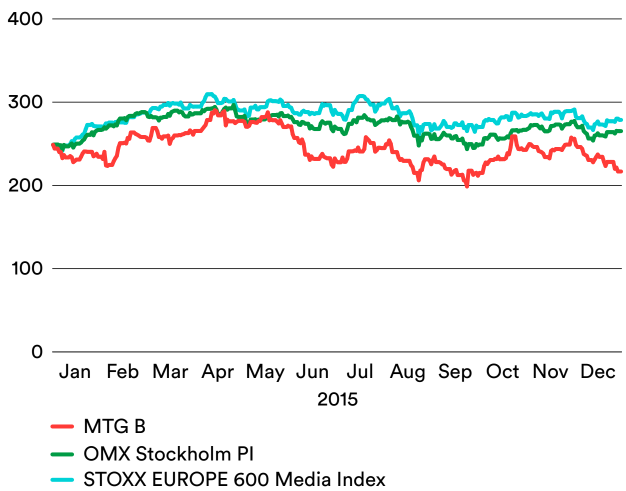
Outstanding retention and performance rights granted

Outstanding rights	Performance rights
LTIP 2013	114,390
LTIP 2014	174,121
LTIP 2015	311,646
Number of outstanding rights 31 December 2015	**600,157**

Articles of Association

The Articles of Association do not include any provisions for appointing or dismissing members of the Board of Directors or for changing the articles. Outstanding shares may be freely transferred without restrictions. MTG is not aware of any agreements between shareholders, limiting the right to transfer shares.

Share performance



Issued, reclassified and repurchased shares

Parent company	Class A shares	Class B shares	Class C shares	Total
Number of shares issued 31 December 2015	5,007,793	61,774,331	865,000	67,647,124

The number of shares in each class is unchanged since 2014. The Class C shares are redeemable and may, upon the decision of the Board of Directors, be reclassified into Class B shares. The quota value is SEK 5.00. The Class C shares were held by the Company as treasury shares during the vesting period for the 2014, 2013, 2012, and 2011 long term incentive plans. The purpose of the Class C shares is to ensure delivery of Class B shares to participants under the Plan.

Corporate Governance Report

The Company's governance is based on the Articles of Association, the Swedish Companies Act, the Swedish Annual Accounts Act, the listing rules of Nasdaq Stockholm, the Swedish Code of Corporate Governance (the Code), and other relevant Swedish and international laws and regulations.

Governance structure

Shares and shareholders

The share capital consists of Class A, Class B and Class C shares. The holder of one Class A share is entitled to ten voting rights. Holders of Class B and Class C shares are entitled to one voting right for each share. The Class A and B shares entitle the holder to the same proportion of assets and earnings and carry equal rights in terms of dividends. The holder of a Class C share is not entitled to dividends. For further information about the Company's shares, see under the heading The MTG share, page 17–18.

Information regularly provided to shareholders includes interim reports and full year reports, Annual Reports and press releases on significant events occurring during the year. All reports, press releases and other information can be found on MTG's website www.mtg.com.

Annual General Meeting

The Annual General Meeting is the highest decision-making body in a limited liability company and it is at the Annual General Meeting where all shareholders can exercise their right to decide on issues affecting the Company and its operations.

The authority and work of the Annual General Meeting are primarily based on the Companies Act and the Code as well as on the Articles of Association adopted by the Annual General Meeting.

The Annual General Meeting of shareholders shall be held within six months after the end of the financial year. At the Annual General Meeting, resolutions shall be passed with respect to the adoption of the income statement and balance sheet as well as the consolidated income statement and statement of financial position, the disposition of the Company's earnings according to the adopted balance sheet, the discharge of liability for the Board of Directors and the Chief Executive Officer, appointment of the Board of Directors and their Chairman and the Company's auditors, and certain other matters provided for by law and the Articles of Association.

Shareholders wishing to have matters considered at the Annual General Meeting should submit their proposals in writing at least seven weeks before the Annual General Meeting in order to guarantee that their proposals may be included in the notice to the Meeting. Details on how and when to submit proposals to MTG can be found on www.mtg.com.

Shareholders who wish to participate in the Annual General Meeting must be duly registered as such with Euroclear Sweden AB. The shareholders may then attend and vote at the meeting in person or by proxy. A shareholder wishing to attend the Annual General Meeting must notify MTG of his or her intention to attend. The manner in which to notify MTG can be found in the notice convening the Annual General Meeting.

Those shareholders, who cannot attend the Annual General Meeting in person and wish to be represented by a proxy, must authorise the proxy by issuing a power of attorney. If such power of attorney is issued by a legal entity, an attested copy of the certificate of registration must be attached. The original power of attorney and the certificate of registration, where applicable, are to be sent to Modern Times Group MTG AB, c/o Computershare AB, P.O. Box 610, SE-182 16 Danderyd, Sweden, well in advance of the Meeting. The form to use for a power of attorney can be found on Modern Times Group MTG AB's website www.mtg.com.

The Annual General Meeting for the 2015 financial year will be held on 24 May 2016 in Stockholm.

The Nomination Committee
The Nomination Committee's tasks include:

- To evaluate the Board of Directors' work and composition
- To submit proposals to the Annual General Meeting regarding the election of Board Directors and the Chairman of the Board
- To prepare proposals regarding the election of Auditors in cooperation with the Audit Committee (when appropriate)
- To prepare proposals regarding the fees to be paid to Board Directors and to the Company's Auditors
- To prepare proposals for the Chairman of the Annual General Meeting
- To prepare proposals for the administration and order of appointment of the Nomination Committee for the Annual General Meeting.

Following a resolution of the Annual General Meeting of Modern Times Group MTG AB in May 2015, a Nomination Committee was established, consisting of major shareholders. The Nomination Committee comprises David Chance, Chairman of the MTG Board of Directors; Lorenzo Grabau, Investment AB Kinnevik; Erik Durhan, Nordea Funds; and Mikael Hanell, Catella. Lorenzo Grabau was appointed as the Chairman of the Nomination Committee at their first meeting. The members of the Nomination Committee do not receive any remuneration for their work.

The Nomination Committee will submit a proposal for the composition of the Board of Directors, fees and Chairman of the Board to be presented to the 2016 Annual General Meeting for approval. Shareholders wishing to propose candidates for election to the Modern Times Group MTG AB Board of Directors should submit their proposals in writing.

The Board of Directors as at 31 December 2015
The Board of Directors of Modern Times Group MTG AB comprises six Non-Executive Directors. The members of the Board of Directors are David Chance, Joakim Andersson, Simon Duffy, Michelle Guthrie, Alexander Izosimov and Bart Swanson. David Chance, chairman of the Board of Directors, Simon Duffy, Michelle Guthrie and Alexander Izosimov were re-elected, while Joakim Andersson and Bart Swanson were elected for the first time at the 2015 Annual General Meeting. Blake Chandlee and Lorenzo Grabau declined re-election. Mia Brunell Livfors declined re-election close before the Meeting, and the Nomination Committee therefore decided to reduce the proposed number of Board members from seven to six. Biographical information on each Board member is provided on pages 25–26 of this report.

Responsibilities and duties of the Board of Directors
The Board of Directors has the overall responsibility for MTG's organisation and administration. The Board of Directors is constituted to provide effective support for, and control of, the activities of the Executive Management of the Company. The Board has adopted working procedures for its internal activities which include rules pertaining to the number of Board meetings to be held, the matters to be handled at such regular Board meetings, and the duties of the Chairman. The work of the Board is also governed by rules and regulations which include the Companies Act, the Articles of Association, and the Code.

In order to carry out its work more effectively, the Board has appointed a Remuneration Committee and an Audit Committee. These committees handle business within their respective segment and present recommendations and reports on which the Board may base its decisions and actions. However, all members of the Board have the same responsibility for decisions made and actions taken, irrespective of whether issues have been reviewed by such committees or not.

The Board has also adopted procedures for instructions to the Chief Executive Officer. These procedures require that investments in non-current assets of more than SEK 2,000,000 have to be approved by the Board. The Board also has to approve large-scale programming investments and other significant transactions including acquisitions and closures or disposals of businesses. In addition, the Board has also issued written instructions specifying when and how information, which is required in order to enable the Board to evaluate the Group's and its subsidiaries' financial positions, should be reported.

Ensuring quality in financial reporting
The working procedures determined annually by the Board include instructions on the type of financial reports and similar information which are to be submitted to the Board. In addition to the full-year report, interim reports and the annual report, the Board reviews and evaluates comprehensive financial information regarding the Group as a whole and the entities within the Group.

The Board also reviews, primarily through the Group's Audit Committee, the most important accounting principles applied by the Group in financial reporting, as well as major changes in these principles. The tasks of the Audit Committee also include reviewing reports regarding internal control and financial reporting processes, as well as internal audit reports submitted by the Group's internal audit function. The Group's external auditors report to the Board as necessary,

Board of Directors during 2015

Name	Position	Born	Nationality	Elected	Independent to major shareholders	Independent to company and its management	Remuneration Committee	Audit Committee	Corporate Responsibility Advisory Group
David Chance	Chairman	1957	American and British	1998	Yes	Yes	Member		
Joakim Andersson	Member from 19 May 2015	1974	Swedish	2015	No	Yes	Member	Member	
Simon Duffy	Member	1949	British	2008	Yes	Yes		Chairman	Member
Michelle Guthrie	Member	1965	Australian	2013	Yes	Yes		Member	Member
Alexander Izosimov	Member	1964	Russian and Swedish	2008	Yes	Yes	Chairman		
Bart Swanson	Member from 19 May 2015	1963	American	2015	Yes	Yes		Member	
Mia Brunell Livfors	Member until 5 May 2015	1965	Swedish	2007	No	No	Member		Member
Blake Chandlee	Member until 19 May 2015	1966	American	2012	Yes	Yes			
Lorenzo Grabau	Member until 19 May 2015	1965	Italian	2011	No	No	Chairman	Member	

but at least once a year. A minimum of one such meeting is held without the presence of the CEO or any other member of Excecutive Management. The external auditor also attends the meetings of the Audit Committee. Minutes are taken at all meetings and are made available to all Board members and to the auditor.

Evaluation of the Board of Directors and the Chief Executive Officer

Each year in Q4 the Chairman of the Board circulates a questionnaire with some key questions asking the Directors of the Board to individually assess how they think the Board itself has performed during the past year. Questions focus on whether the Board is adding value to the organisation and enhancing its performance through examination of Board structure and composition, its operation and effectiveness and its role in monitoring the execution of agreed strategies. The survey also includes an individual performance review. Answer options include both a quantitative ranking system as well as an opportunity to provide any relevant comments, particularly in relation to ideas for improvement. At the Q4 Board Meeting the Chairman provides the full Board with a report of the outcome of the Board evaluation process; this summary is also presented by the Chairman and discussed with the Nomination Committee.

Board working procedures

Remuneration Committee

The Remuneration Committee comprises Alexander Izosimov as Chairman and David Chance and Joakim Andersson. The Board of Directors commissions the work of the Remuneration Committee. The responsibilities of the Remuneration Committee include

- issues related to salaries, pension plans, bonus programmes
- advise to the Board on proposals for the Guidelines for Remuneration applicable to the Chief Executive Officer and Executive Management
- the review and monitoring of the application of the Guidelines for Remuneration, the variable remuneration programmes and of the remuneration structure and levels of remuneration within MTG
- advise the Board on long-term incentive schemes.

Audit Committee

The Audit Committee comprises Simon Duffy as Chairman, Joakim Andersson, Michelle Guthrie and Bart Swanson. The Audit Committee's responsibility is to

- monitor the company's financial reporting
- monitor the company's efficiency relating to internal control, internal audit and risk management

Attendance at Board and Committee Meetings

Board of Directors	Board meetings	Audit Committee	Remuneration Committee	Corporate Responsibility Advisory Group
Meetings until the Annual General Meeting 19 May 2015	1	1	4	2
Meetings from the Annual General Meeting 19 May 2015	10	4	3	0
Total number of meetings	11	5	7	2
David Chance, Chairman	11/11		7/7	
Joakim Andersson (from 19 May 2015)	10/10	4/4	3/3	
Simon Duffy	11/11	4/5		0/0
Michelle Guthrie	8/11	3/5		2/2
Alexander Izosimov	11/11	0/1	3/3	
Bart Swanson (from 19 May 2015)	10/10	4/4		
Mia Brunell Livfors (until 5 May 2015)	1/1		4/4	2/2
Blake Chandlee (until 19 May 2015)	0/1			
Lorenzo Grabau (until 19 May 2015)	1/1	1/1	4/4	

- keep informed regarding the audit of the annual report and the consolidated accounts
- review and monitor the impartiality and independence of the auditor, with special attention to the services provided other than audit
- assist the Nomination committee to prepare for the election of auditors at the Annual General Meeting

In addition, the Audit Committee should, when applicable, monitor and secure the quality and fairness of transactions with related parties.

CR Advisory Group

Further to the board committees, a CR Advisory Group was established in 2013 to support the Board on corporate responsibility topics. The Group consist of six members including Board Directors Simon Duffy and Michelle Guthrie.

Remuneration to Board members

The remuneration of the Board members is proposed by the Nomination Committee, comprising the Company's largest shareholders and approved by the Annual General Meeting. The Nomination Committee proposal is based on benchmarking of peer group company compensation and company size. Information on the remuneration of Board members is provided in Note 28 to the Accounts in this Report. Board members do not participate in the Group's incentive schemes.

Work of the Board during 2015

The Board reviewed the financial position of Modern Times Group MTG AB and the Group on a regular basis during the year. The Board also regularly dealt with matters involving acquisitions, the establishment of new operations, and matters related to investments in programming and non-current assets. The Board of Directors also reviewed the Group's strategies and future plans with a particular focus on the digital transformation and restructuring measures.

The Board of Directors had 11 meetings during 2015.

External auditors

The Company's auditors are elected by the Annual General Meeting for a period of four years. KPMG was elected as MTG's auditors in 2014 and has been external auditors since 1997. Joakim Thilstedt, authorised public accountant, is responsible for the audit of the Company on behalf of KPMG since December 2013. Audit assignments have involved the examination of the annual report and financial accounting, the administration by the Board and the CEO, other tasks related to the duties of a company auditor and consultation or other services which may result from observations noted during such examination or the implementation of such other tasks. All other tasks are defined as other assignments.

The auditors report their findings to the shareholders by means of the auditors' report, which is presented to the Annual General Meeting. In addition, the auditors' report detailed findings at each of the ordinary meetings of the Audit Committee and to the full Board once a year.

KPMG provided certain additional services for the years 2015 and 2014. These services comprised tax compliance work, advice on accounting issues, and advice on processes and internal controls and other assignments of a similar kind and closely related to the auditing process. For more detailed information concerning the auditors' fees, see Note 29 of the notes to the consolidated financial statements.

Pre-approval policies and procedures for non-audit related services

In order to ensure the auditor's independence, the Audit Committee has established pre-approval policies and procedures for non-audit related services to be performed by the external auditor. The policy was approved in December 2014 by the Audit Committee of MTG.

Executive Management

MTG's Executive Management comprises the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), and Executive Vice Presidents (EVP). Biographical information on each executive is provided on pages 27–29 of this report.

Chief Executive Officer

The CEO is responsible for the ongoing management of the Company in accordance with the guidelines and instructions established by the Board.

The CEO and the Executive Management team, supported by the various employee functions, are responsible for the adherence to the Group's overall strategy, financial and business control, financing, capital structure, risk management and acquisitions. Among other tasks, this includes preparation of financial reports and communication with the stock market and other issues. The Company guidelines and policies issued include financial control, communication, brands, business ethics and personnel policies.

There is an operational board for each of the segments. The Chief Executive Officer chairs the operational board meetings, which are attended by the Executive Management of the relevant business segments and the Chief Financial Officer and other Executive Vice Presidents.

Executive remuneration

The current guiding principles for executive remuneration and the proposals for 2016 are described under the heading Executive Remuneration on pages 15–16.

The remuneration paid to the Group's Executive Management are set out in Note 28 to the accounts of this report, as well as information about the beneficial ownership of the Company shares set out in the biographical information on each executive.

Share based long-term incentive plans

The Group has three outstanding share based long-term incentive programmes, decided upon in 2013, 2014 and 2015. For information about these programmes, see Note 28 to the Accounts of this report and the MTG website at www.mtg.com.

Internal control report

The processes for internal control, risk assessment, control activities, information and communication, and monitoring regarding the financial reporting are designed to ensure reliable overall financial reporting and external financial statements in accordance with International Financial Reporting Standards, applicable laws and regulations and other requirements for listed companies on Nasdaq Stockholm. This process involves the Board, Executive Management and personnel.

Control environment

The Board has specified a set of instructions and working plans regarding the roles and responsibilities of the Chief Executive Officer and the Board committees. The Board also has a number of established basic guidelines, which are important for its work on internal control activities. This includes monitoring performance against plans and prior years. The Audit Committee assists the Board in overseeing various issues such as monitoring internal audit and establishing accounting policies applied by the Group.

The responsibility for maintaining an effective control environment and internal control over financial reporting is delegated to the Chief Executive Officer. Other Executive Managers at various levels have respective responsibilities. The Executive Management regularly reports to the Board according to established routines and in addition to the Audit Committee's reports. Defined responsibilities, instructions, guidelines, manuals and policies together with laws and regulations form the control environment. All employees are accountable for compliance with these guidelines.

Risk assessment and control activities

The Company has prepared a model for assessing risks in all segments in which a number of items are identified and analysed. These risks are reviewed regularly by the Board of Directors and by the Audit Committee, and include both the risk of losing assets as well as irregularities and fraud. The process involves all Group companies, segments and business units. Overall coordination is done centrally by the Group's Risk Management staff function. In addition to that a Risk Committee has been established comprising Group top management representatives. The purpose is to provide a group-wide overview and a basis for decision-making regarding risk management. Risk management is performed through an appropriate balance between preventive and risk-reducing measures. The most important segments are compliance with the broadcasting regulations, control and follow-up on penetration, share of viewing and listeners, broadcasting continuity and the development of advertising markets. The respective managers are in charge of risk management in the Group's companies, segments and business units. The responsibility encompasses the day-to-day work focused on operational and other relevant risks, and on leading risk management activities in their own areas of responsibility. The managers are supported by central Group functions.

Information and communication

Guidelines and manuals used in the Company's financial reporting are updated and communicated to the employees concerned on an ongoing basis. There are formal as well as informal information channels to the Executive Management and to the Board of Directors for information from the employees identified as significant. Guidelines for external communication ensure that the Company applies the highest standards for providing accurate information to the financial market.

Follow-up

The Board of Directors regularly evaluates the information provided by Executive Management and the Audit Committee. The Board receives regular updates of the Group's development between the meetings. The Group's financial position, its strategies and investments are discussed at every Board meeting. The Audit Committee reviews the quarterly reports prior to publication. The Audit Committee is also responsible for following up on internal control activities. This work includes ensuring that measures are taken to deal with any inaccuracy and to follow up suggestions for actions emerging from the internal and external audits.

The Company has an independent internal audit function responsible for the evaluation of risk management and internal control activities. This work includes scrutinising the application of established routines and guidelines. The internal audit function plans its work in cooperation with the Audit Committee and reports the result of its reviews to the Audit Committee. The external auditors report to the Audit Committee at each ordinary meeting of the Committee.

Board of Directors

David Chance

Chairman of the Board
American and British
Born 1957. Chairman of the Board of Directors since May 2003, and a member of the Board since 1998. David was Deputy Managing Director of the BSkyB Group between 1993 and 1998. David is Chairman of Top Up TV and is a Non-Executive Director of PCCW Limited (Hong Kong) and Chairman of its NOW TV media group, as well as a Non-Executive Director of Olswang LLP. He has also served as a Non-Executive Director of ITV plc and O2 plc. David graduated with a BA, BSc and MBA from the University of North Carolina.

Member of the Remuneration Committee.

Direct or related person ownership:
3,565 Class B shares.

Independent of the Company and management and independent of major shareholders.

Joakim Andersson

Non-Executive Director
Swedish
Born 1974. Member of the Board since the AGM 2015. Joakim Andersson was appointed Chief Financial Officer of Investment AB Kinnevik, MTG's large reference shareholder, in February 2015. Joakim joined the Kinnevik Group in 2001 at Banque Invik, and became Group Treasurer of Kinnevik in 2007. As Group Treasurer, Joakim supported Kinnevik's investee companies in managing capital markets, financing and corporate financial management, and was responsible for Kinnevik's cash and liquidity management as well as its treasury operations and controls. Joakim holds a Master of Science in Business and Economics from Växjö University.

Member of the Remuneration Committee and the Audit Committee.

Direct or related person ownership:
100 Class B shares.

Independent of the Company and management, but not independent of the major shareholders.

Simon Duffy

Non-Executive Director
British
Born 1949. Member of the Board of Directors since 2008. Simon was Executive Chairman of Tradus plc until the company's sale in March 2008. Simon is Non-Executive Chairman of YouView TV Ltd and mBlox Inc., as well as a Non-Executive Director of Oger Telecom Limited and Wizz Air Holdings Plc. Simon was also Executive Vice-Chairman of ntl:Telewest until 2007, having joined ntl in 2003 as CEO. Simon has also served as CFO of Orange SA, CEO of wireless data specialist End2End AS, CEO and Deputy Chairman of WorldOnline International BV, and held senior positions at EMI Group plc and Guinness plc. Simon holds a Master's degree from Oxford University and an MBA from Harvard Business School.

Chairman of the Audit Committee.

Direct or related person ownership:
1,750 Class B shares.

Independent of the Company and management and independent of the major shareholders.

Alexander Izosimov

Non-Executive Director
Russian and Swedish
Born 1964. Member of the Board of Directors since 2008. Alexander served as Chief Executive Officer of the VimpelCom Group and, latterly, the enlarged VimpelCom Ltd, which is one of the world's largest emerging market telecommunications companies, between 2003 and 2011. Alexander is a Director of EVRAZ Group S.A., Transcom Worldwide S.A., Dynasty Foundation and LM Ericsson AB. Alexander previously held several senior management positions at Mars, Inc. over a period of seven years, including as a member of the Global Executive Management Board and as Regional President for Russia, the CIS, Eastern Europe and the Nordics. Alexander worked as a consultant for McKinsey & Co in Stockholm and London for five years. Alexander graduated from the Moscow Aviation Institute with a Master's degree in Science and from INSEAD with an MBA.

Chairman of the Remuneration Committee.

Direct or related person ownership:
34 Class B shares.

Independent of the Company and management and independent of the major shareholders.

Michelle Guthrie

Non-Executive Director
Australian
Born 1965. Member of the Board of Directors since 2013. Michelle Guthrie joined Google in Singapore in 2011 and is currently Managing Director, Agencies, Asia and responsible for Google strategy and relationships with marketing and advertising agencies across Asia. Michelle was Managing Director in the Hong Kong office of global private equity firm Providence Equity between 2007 and 2009, and was a Senior Advisor to Providence Equity between 2009 and 2010. Michelle was the Chief Executive Officer of STAR Group Limited (a wholly-owned subsidiary of News Corporation), Asia's leading media and entertainment company, between 2004 and 2007, and has also worked in legal and business development roles for FOXTEL in Sydney and News International / BSkyB in London. Michelle is a Director of Auckland International Airport Limited and has previously served on the Boards of a number of companies including NASDAQ-listed VeriSign, Inc. and various STAR joint venture companies including Balaji, ESPN STAR Sports, Hathway, China Network Systems, ANTV and Tata Sky. Michelle graduated from Sydney University in Australia.

Member of the Audit Committee.

Direct or related person ownership:
0 shares.

Independent of the Company and management and independent of major shareholders.

Bart Swanson

Non-Executive Director
American
Born 1963. Member of the Board since the AGM in 2015. Bart Swanson is currently an advisor at Horizons Ventures, a venture capital firm based in Hong Kong with a focus on disruptive and technology-focused start-ups, including Summly where Bart was Chairman of the Board from 2012 up until 2013 when the company was acquired by Yahoo. During 2010 and 2011 Bart was Chief Operating Officer of Badoo, one of the largest Internet social dating sites, prior to which Bart spent three years as Managing Director at GSI Commerce International (later eBay Enterprise). Before joining GSI Commerce International, Bart was a General Manager at Amazon, where he was one of the key executives in establishing and expanding Amazon.com's footprint in Germany, France and the United Kingdom. Bart graduated from the University of Southern California with a Bachelor's degree in History and from the University of Pennsylvania with an MA in International Studies, as well as an MBA from Wharton.

Member of the Audit Committee.

Direct or related person ownership:
1,300 class B shares.

Independent of the Company and management and independent of the major shareholders.

Executive Management

Jørgen Madsen Lindemann

President & Chief Executive Officer
Born 1966

Jørgen was appointed as President and CEO of MTG in September 2012, prior to which he served as Executive Vice President of the Group's Nordic Broadcasting (free-TV, pay-TV and radio) operations from October 2011. He was also responsible for the Group's Czech operations between 2008 and 2011, and the Hungarian operations between 2010 and 2011, and served as CEO of MTG Denmark from 2002. He was also responsible for MTG's New Media department between 2000 and 2002. Jørgen has worked in the Group since 1994 when he joined as Head of Interactive Services. He became Head of Sponsorship for TV3 in 1997, then Head of Viasat Sport in Denmark and, subsequently, Head of Viasat Sport for the Group in 1998. He is also a member of the Board of the International Emmy Association in New York and a member of the Board of non-profit organisation Reach For Change.

Shareholding in MTG:
19,337 Class B shares.

Maria Redin

Chief Financial Officer
Born 1978

Maria was appointed as Chief Financial Officer of MTG in December 2015. She previously served as Acting Chief Financial Officer from June to November 2015. She has also held a number of senior positions at MTG, including Head of Group Finance, and Group Controller. Her roles in the Group have included the positions as CFO, and later CEO, at MTG's gaming entertainment company Bet24, as well as a number of financial positions, and she started her career at MTG as a trainee in 2004. Maria has been a Member of the Board of Directors at NetEnt since 2012. She holds a Masters' degree in International Business from the University of Gothenburg.

Shareholding in MTG:
857 Class B shares.

Mathias Hermansson

Executive Chairman of MTGx Ventures and adviser to MTG's President & CEO
Born 1972

Mathias was appointed as Executive Chairman of MTGx Ventures and adviser to MTG's President & CEO in December 2015. He previously served as Chief Financial Officer of MTG between March 2006 and November 2015, where he was also responsible for the Group's Strategy, M&A, Legal and Security functions. He also worked as Group Financial Controller between 2001 and 2006 and held various senior financial positions at Viasat Broadcasting, MTG Radio and former MTG subsidiary Qliro Group AB. Mathias also previously served as Finance Director at former subsidiary Metro International S.A.'s North American operations. He joined MTG in 1999 as a management trainee after working for Unilever in Sweden.

Shareholding in MTG:
12,506 Class B shares.

Anders Jensen

MTG Executive Vice President; CEO of MTG Sweden & Finland
Born 1969

Anders was appointed MTG Executive Vice President; CEO of MTG Sweden in May 2015. Anders has previously served as Executive Vice President of the Scandinavian free-TV and radio operations in August 2014. He also served as CEO of MTG TV Sweden. Prior to joining MTG, Anders worked in senior positions in some of Europe's leading telecommunications, retail and consumer goods companies. Until recently, he was Senior Executive Vice President of TDC Group where he ran the Consumer division and was also Chief Marketing Officer. Prior to that, he was CEO of the second largest mobile operator in Hungary – Telenor; CEO of Grameenphone, the market leading telecommunications service provider in Bangladesh; and Chief Marketing Officer of Vodafone / Telenor in Sweden.

Shareholding in MTG:
1,000 Class B shares.

Jakob Mejlhede Andersen

MTG Executive Vice President; Group Head of Programming and Content Development
Born 1973

Jakob was appointed as Executive Vice President of Programming and Content Development in March 2015 with responsibility for content acquisition, programming and development for MTG's Nordic on and offline pay-TV businesses, and group-wide online free-TV businesses. The role also includes format sourcing and co-productions. He joined MTG in 2005 and became Senior Vice President of Acquisitions & Programming in 2009. He also became Chief Content Officer of the Group's digital accelerator MTGx in 2014. Jakob previously worked as Programme Director for SBS TV in Denmark and as Executive Producer for TV2 Denmark. Jakob has a journalism degree from the Danish School of Media and Journalism.

Shareholding in MTG:
1,474 Class B shares.

Joseph Hundah

MTG Executive Vice President; CEO of the Group's African operations
Born 1972

Joseph was appointed as Executive Vice President of the Group's African operations in November 2012, and has been CEO of MTG's African operations since joining the Group in 2011. Joseph previously worked for South African pay-TV operator M-Net and Supersport, and was Managing Director of the MultiChoice satellite pay-TV platform in Nigeria. MTG's African operations comprise the free-TV channels Viasat1 Ghana and TV1 in Tanzania, the global Trace youth media brand, Modern African Productions, and the distribution of MTG's Viasat documentary channels on third party broadcast networks in five African countries.

Shareholding in MTG:
0 shares.

Jette Nygaard-Andersen

MTG Executive Vice President; CEO of MTG's Central European operations and CEO of MTG Broadcasting Technology
Born 1968

Jette was appointed MTG Executive Vice President; CEO of the Group's Central European free-TV, radio and local digital operations (in the Baltics, Czech Republic and Bulgaria), and CEO of MTG Broadcasting Technology in May 2015. She previously served as Executive Vice President of the Group's Nordic pay-TV broadcasting operations from June 2013. During this time, Jette directed and oversaw the management of MTG's pay-TV operations across the Nordic and Baltic regions, which included the Viasat pay-TV channels, the Viasat satellite pay-TV platform, and the B2B elements of the Viaplay online pay-TV service. Jette has worked for MTG since 2003 and has been CEO of Viasat Denmark since 2011. Jette also served as acting CEO of the Group's Nordic pay-TV broadcasting operations between October 2012 and March 2013. Before joining MTG, Jette was a strategy management consultant at Accenture working within the Telecommunications & Media industry, and also held positions at the Maersk Group. Jette graduated with an M.Sc in Business, Finance and Economics from the University of Copenhagen.

Shareholding in MTG:
2,114 Class B Shares.

Arnd Benninghof

MTG Executive Vice President; CEO of MTGx Ventures
Born 1969

Arnd was appointed MTG Executive Vice President; CEO of MTGx Ventures in December 2015. He previously served as Deputy CEO of MTGx and CEO of Play & Ventures from November 2014 to November 2015. Prior to joining MTG, Arnd worked as Chief Digital Officer for Digital & Adjacent at ProSiebenSat.1 Media AG, where he was responsible for the development of digital businesses. He has also served as Managing Director of Seven Ventures, the Venture arm of the Group. Arnd has also been CEO of Holtzbrinck eLAB, the incubator of the Holtzbrinck Publishing Group, founded and built fifteen companies, and also had different Management roles at Tomorrow Focus AG. He started his career as a Journalist, working for Deutsche Presse Agentur (dpa) and TV networks.

Shareholding in MTG:
0 shares.

Matthew Hooper

MTG Executive Vice President; Group Head of Corporate Communications
Born 1970

Matthew was appointed as Executive Vice President of Corporate Communications in February 2013 with responsibility for the planning and implementation of MTG's corporate communications activities including public relations, investor relations, government relations and internal communications. He joined MTG in October 2012 as Group Head of Corporate Communications and Planning, prior to which he was the co-Founder and Managing Partner of Shared Value Limited, the international corporate communications consulting firm, and a Board Director of Shandwick Consultants Limited, a division of the then publicly listed Shandwick global marketing and communications group. Matthew is a Masters graduate of Oxford University.

Shareholding in MTG:
2,358 Class B Shares.

Financial statements

Consolidated income statement

(SEK million)	Note	2015	2014
Continuing operations			
Net sales	3	16,218	15,746
Cost of goods and services		–10,707	–9,835
Gross income		**5,511**	**5,912**
Selling expenses		–1,332	–1,538
Administrative expenses		–3,355	–3,133
Other operating income	5	230	164
Other operating expenses	5	–298	–288
Share of earnings in associated companies and joint ventures	6, 7	–1	18
Operating income	3, 4, 8, 12, 13, 26, 28, 29, 30	**756**	**1,135**
Result from financial assets	9	–	–34
Financial income	9	24	94
Financial costs	9	–54	–84
Income before tax		**727**	**1,112**
Tax expenses	10	–194	–296
Net income for the year, continuing operations		**533**	**816**
Discontinued operations			
CTC Media	32	–282	357
Net income for the year, discontinued operations [1]		**–282**	**357**
Total net income for the year		**251**	**1,172**
Attributable to:			
Equity holders of the parent company		214	1,139
Non-controlling interest		37	33
Total net income for the year		**251**	**1,172**
Continuing operations			
Basic earnings per share (SEK)	19	7.45	11.75
Diluted earnings per share (SEK)	19	7.43	11.73
Total			
Total basic earnings per share (SEK)	19	3.22	17.10
Total diluted earnings per share (SEK)	19	3.21	17.07

[1] Net income, discontinued operations, is attributable to the equity holders of the parent.

Consolidated statement of comprehensive income

(SEK million)	Note	2015	2014
Net income for the year, continuing operations		533	816
Other comprehensive income			
Items that are or may be reclassified to profit or loss net of tax:			
Change in currency translation differences	20	20	19
Cash flow hedge	20	–59	136
Revaluation of shares at market value		–	0
Change in non-controlling interest		–4	9
Other comprehensive income, continuing operations		**–42**	**164**
Total comprehensive income, continuing operations		**491**	**980**
Net income for the year, discontinued operations	32	–282	357
Other comprehensive income			
Items that are or may be reclassified to profit or loss net of tax:			
Change in currency translation differences	20	–548	–12
Other comprehensive income, discontinued operations		**–830**	**345**
Total comprehensive income for the year		**–339**	**1,325**
Attributable to:			
Equity holders of the parent company		–372	1,283
Non-controlling interest		33	42
Total comprehensive income for the year		**–339**	**1,325**

Consolidated statement of financial position

(SEK million)	Note	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Intangible assets	12		
Capitalised expenditure		137	102
Trademarks		1,216	719
Customer relations and other		393	120
Goodwill		5,187	3,396
Total intangible assets		**6,933**	**4,337**
Tangible assets	13		
Machinery		42	43
Equipment, tools and installations		409	337
Total tangible assets		**452**	**380**
Long-term financial assets			
Shares and participations in associated companies and joint ventures	14	46	2,054
Receivables from associated companies		16	9
Shares and participations in other companies		4	4
Deferred tax asset	10	83	76
Other long-term receivables		54	103
Total long-term financial assets		**204**	**2,246**
Total non-current assets		**7,589**	**6,963**
Current assets			
Inventories			
Finished goods and merchandise		37	38
Program rights		1,770	2,117
Advances to suppliers		17	24
Total inventories		**1,825**	**2,179**
Current receivables			
Accounts receivables	16	1,959	1,658
Accounts receivables, associated companies		7	6
Tax receivables		133	184
Other current receivables, interest-bearing		6	32
Other current receivables, non interest-bearing		555	376
Prepaid expense and accrued income		2,932	2,091
Total current receivables		**5,592**	**4,346**
Cash and cash equivalents	18, 24		
Cash and bank		410	643
Total cash and cash equivalents		**410**	**643**
Assets held for sale, CTC Media	24, 32	1,081	–
Total current assets		**8,909**	**7,168**
Total assets		**16,497**	**14,131**

(SEK million)	Note	31 December 2015	31 December 2014
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company	20		
Share capital		338	338
Other paid-in capital		1,797	1,797
Reserves		–1,395	–809
Retained earnings including net income for the year		3,816	4,403
Total equity attributable to equity holders of the parent company		**4,556**	**5,729**
Non-controlling interest			
Non-controlling interest		212	102
Total equity		**4,768**	**5,831**
Non-current liabilities	24		
Interest-bearing			
Bond loan		1,000	1,000
Other interest-bearing liabilities		18	1
Total non-current interest-bearing liabilities		**1,018**	**1,001**
Non-interest bearing			
Non-interest bearing liabilities		23	21
Deferred tax liability	10	604	385
Provisions	21	525	438
Liabilities at fair value	24	1,109	207
Liabilities to associated companies		26	60
Total non-current non-interest bearing liabilities		**2,286**	**1,110**
Total non-current liabilities		**3,305**	**2,111**
Current liabilities	24		
Interest-bearing			
Liabilities to financial institutions		1,548	55
Liabilities at fair value		5	20
Other interest-bearing liabilities		1	2
Total current interest-bearing liabilities		**1,554**	**77**
Non-interest bearing			
Advances from customers		467	86
Accounts payable	24	1,906	1,351
Tax liabilities		170	268
Provisions	21	211	–
Other liabilities		490	446
Accrued expense and prepaid income		3,627	3,962
Total current non-interest bearing liabilities		**6,871**	**6,113**
Total current liabilities		**8,425**	**6,190**
Total liabilities		**11,730**	**8,300**
Total equity and liabilities		**16,497**	**14,131**

For information about pledged assets and contingent liabilities, see note 23.

Consolidated statement of changes in equity

(SEK million) Note 20	Share capital	Paid-in capital	Translation reserve	Hedging reserve	Fair value reserve	Revaluation reserve	Retained earnings incl net income for the year	Total	Non-controlling interest	Total equity
	Equity attributable to the equity holders of the parent company									
Balance as of 1 January 2014	**338**	**1,797**	**–941**	**1**	**0**	**–12**	**3,953**	**5,136**	**159**	**5,295**
Net income for the year							1,139	1,139	33	1,172
Other comprehensive income			8	136	0			143	9	153
Total comprehensive income for the year 2014			**8**	**136**	**0**		**1,139**	**1,283**	**42**	**1,325**
Dividends to shareholders (SEK10.50 per share)							–700	–700		–700
Dividends to shareholders with non-controlling interests								–	–88	–88
Change in non-controlling interest							4	4	–10	–6
Share of option changes in equity of associated companies							4	4		4
Effect of employee share option programmes							1	1		1
Balance as of 31 December 2014	**338**	**1,797**	**–934**	**137**	**0**	**–12**	**4,403**	**5,729**	**102**	**5,831**
Net income for the year							214	214	37	251
Other comprehensive income			–527	–59	–			–586	–4	–590
Total comprehensive income for the year 2015			**–527**	**–59**	**0**		**214**	**–372**	**33**	**–339**
Dividends to shareholders (SEK11.00 per share)							–733	–733		–733
Dividends to shareholders with non-controlling interests								–	–5	–5
Change in non-controlling interest							–79	–79	81	2
Share of option changes in equity of associated companies							5	5		5
Effect of employee share option programmes							6	6		6
Balance as of 31 December 2015	**338**	**1,797**	**–1,461**	**78**	**0**	**–12**	**3,816**	**4,556**	**212**	**4,768**

Consolidated statement of cash flow

(SEK million)	Note	2015	2014
Cash flow from operations			
Net income for the year		533	816
Adjustments to reconcile net income/loss to net cash provided by operations	25	518	225
Cash flow, continuing operations		**1,051**	**1,040**
Changes in working capital			
Increase (–)/decrease (+) net programme inventories		–812	–45
Increase (–)/decrease (+) other current receivables		–192	335
Increase (+)/decrease (–) accounts payable		586	–363
Increase (+)/decrease (–) other current liabilities		–137	–70
Total change in working capital		**–555**	**–143**
Net cash flow, continuing operations		**497**	**897**
Investing activities			
Investment in other non-current assets		–293	–217
Acquisitions of subsidiaries and associates	4	–1,594	–223
Proceeds from sales of shares	31	412	230
Other cash flow from investing activities		7	–
Cash flow to investing activities, continuing operations		**–1,467**	**–211**
Financing activities			
Borrowings		2,439	3,075
Loan amortisations		–945	–3,853
Decrease other long-term receivables		–70	302
Dividends to shareholders		–733	–700
Dividends to shareholders with non-controlling interest		–36	–29
Cash flow from/to financing activities, continuing operations		**656**	**–1,204**
Total cash flow, continuing operations		**–314**	**–518**
Cash flow, discontinued operations	32	**90**	**297**
Cash flow from the year		**–224**	**–221**
Cash and cash equivalents at beginning of year		643	765
Translation differences in cash and cash equivalents		–8	99
Cash and cash equivalents at end of year		**410**	**643**

Parent company income statement

(SEK million)	Note	2015	2014
Net sales		51	45
Gross income		**51**	**45**
Administrative expenses		–316	–273
Operating loss	12, 13, 26, 28, 29	**–265**	**–228**
Interest revenue and other financial income	9	360	570
Interest expense and other financial costs	9	–57	–135
Results from shares in subsidiaries	9	98	–
Income before tax and appropriations		**135**	**207**
Appropriations		24	123
Income before tax		**159**	**330**
Tax expenses	10	–26	–71
Net income for the year		**133**	**258**

Parent company statement of comprehensive income

(SEK million)	Note	2015	2014
Net income for the year		133	258
Other comprehensive income			
Items that are or may be reclassified to profit or loss net of tax:			
Revaluation of shares at market value	14	–	0
Other comprehensive income, net of tax		**–**	**0**
Total comprehensive income for the year		**133**	**259**

Parent company balance sheet

(SEK million)	Note	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Intangible assets	12		
Capitalised expenditure		1	2
Total intangible assets		**1**	**2**
Tangible assets	13		
Equipment, tools and installations		1	1
Total tangible assets		**1**	**1**
Long-term financial assets			
Shares and participations in Group companies	14	6,342	6,397
Receivable from Group companies	15	9,938	272
Shares and participations in other companies	14	1	1
Other long-term receivables		32	23
Total long-term financial assets		**16,313**	**6,693**
Total non-current assets		**16,315**	**6,696**
Current assets			
Current receivables			
Receivable from Group companies		460	10,177
Tax receivables		73	73
Other receivables		58	277
Prepaid expense and accrued income	17	14	17
Total current receivables		**604**	**10,544**
Cash and cash equivalents			
Cash and bank	18	115	402
Total cash and cash equivalents		**115**	**402**
Total current assets		**719**	**10,946**
Total assets		**17,034**	**17,642**

(SEK million)	Note	31 December 2015	31 December 2014
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	20		
Restricted equity			
Share capital (67,647,124 shares)		338	338
Total restricted equity		**338**	**338**
Non-restricted equity			
Premium reserve		267	267
Fair value reserve		0	0
Retained earnings		6,129	6,598
Net income for the year		133	258
Total non-restricted equity		**6,529**	**7,124**
Total shareholders' equity		**6,868**	**7,462**
Non-current liabilities			
Interest-bearing	24		
Bond loan		1,000	1,000
Liabilities to Group companies		0	24
Total non-current interest-bearing liabilities		**1,000**	**1,024**
Non-interest bearing			
Liabilities to Group companies		64	23
Provisions	21	20	2
Total non-current non-interest bearing liabilities		**84**	**25**
Total non-current liabilities		**1,084**	**1,049**
Current liabilities			
Interest-bearing			
Liabilities to Group companies		6,994	8,294
Liabilities to financial institutions	24	1,494	–
Total current interest-bearing liabilities		**8,488**	**8,294**
Non-interest bearing			
Accounts payable		9	8
Liabilities to Group companies		493	707
Tax liabilities		26	73
Other liabilities		10	8
Accrued expense and prepaid income	22	57	42
Total current non-interest bearing liabilities		**595**	**838**
Total current liabilities		**9,083**	**9,132**
Total liabilities		**10,167**	**10,180**
Total shareholders' equity and liabilities		**17,034**	**17,642**
Memorandum items	23		
Pledged assets		None	None
Contingent liabilities		1,278	1,670

Parent company statement of changes in equity

(SEK million)	Note 20	Restricted equity Share capital	Non-restricted equity Premium reserve	Fair value reserve	Retained earnings incl net income for the year	Total
Balance as of 1 January 2014		**338**	**267**	**0**	**7,298**	**7,903**
Net income for the year					258	258
Other comprehensive income:						
Revaluation of shares at market value				0		0
Total comprehensive income for the year 2014				**0**	**258**	**259**
Dividends to shareholders					–700	–700
Effect of employee share option programmes					0	0
Balance as of 31 December 2014		**338**	**267**	**0**	**6,856**	**7,462**
Net income for the year					133	133
Other comprehensive income:						
Revaluation of shares at market value				–		–
Total comprehensive income for the year 2015				**–**	**133**	**133**
Dividends to shareholders					–733	–733
Effect of employee share option programmes					5	5
Balance as of 31 December 2015		**338**	**267**	**0**	**6,262**	**6,868**

Parent company cash flow statement

(SEK million)	Note	2015	2014
Cash flow from operations	25		
Net income for the year		133	258
Adjustments to reconcile net income/loss to net cash provided by operations:			
Depreciation and write-downs		56	1
Group contribution		–24	–123
Unrealised change in LTIP schemes value		5	–1
Change in deferred tax		–	–
Change in provisions		17	–
Unrealised exchange difference		21	–7
Total adjustments to reconcile net income/loss to net cash provided by operations		**76**	**–130**
Cash flow from operations		**210**	**128**
Changes in working capital			
Increase (–)/decrease (+) short-term receivables		321	306
Increase (+)/decrease (–) accounts payable		0	–1
Increase (+)/decrease (–) other liabilities		–223	–171
Total changes in working capital		**99**	**134**
Net cash flow from/to operations		**308**	**262**
Investing activities			
Investments in tangible non-current assets		0	–2
Cash flow to investing activities		**0**	**–2**
Financing activities			
Receivables/liabilities from Group companies		–1,376	1,488
Dividends to shareholders		–733	–700
Other long-term liabilities		20	–276
Borrowings		2,439	3,075
Loan amortisation		–944	–3,875
Cash flow from financing activities		**–595**	**–288**
Cash flow from the year		**–287**	**–27**
Cash and cash equivalents at beginning of year		**402**	**429**
Cash and cash equivalents at end of year		**115**	**402**

Notes to the accounts

Figures in SEK million unless otherwise specified

Note 1 Accounting and valuation principles

Modern Times Group MTG AB (MTG) is a company domiciled in Sweden. The Company's registered office is located at Skeppsbron 18, P.O. Box 2094, SE-103 13 Stockholm, Sweden. The consolidated financial statements of the Company for the year ended 31 December 2015 comprise the Company and its subsidiaries and their share of participation in joint ventures and associated companies.

The financial statements were authorised for issue by the Board of Directors on 24 March 2016. The consolidated income statement and statement of financial position, and the income statement and the balance sheet of the parent company will be presented for adoption by the Annual General Meeting on 24 May 2016.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and its interpretations provided by the IFRS Interpretations Committee as endorsed by the European Commission. Recommendation RFR 1 on Supplementary Accounting Rules for Groups as issued by the Swedish Financial Reporting Board has also been applied in the preparation of the Annual report.

The consolidated accounts have been prepared based on the acquisition values except that the following assets and liabilities are stated at their fair value: derivative financial instruments, contingent considerations and financial instruments classified as available-for-sale. The changes in the value of available-for-sale instruments are reported in other comprehensive income until derecognised, with the exception of assets with a significant long-term decrease in value where the value change is reported in the income statement.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated below.

Change in accounting principles and new accounting standards

The Group's consolidated accounts have been prepared according to the same accounting policies and calculation methods as were applied in the preparation of the 2014 Annual Report.

New and amended Accounting standards and interpretations after 2015

The Group has not made any early adoptions of new or changed Accounting standards and interpretations effective after 31 December 2015.

The following new standards have been issued but are not effective for the financial year 2015, and have not been adopted by the EU at the time of writing.

IFRS 9 Financial instruments

This standard addresses the classification and measurement of financial instruments and will probably affect the Group's accounting for its financial assets and liabilities. The Group is yet to assess IFRS 9's full impact. The standard is effective for annual periods beginning on or after 1 January 2018.

IFRS 15 Revenue from Contracts with Customers

The standard replaces IAS 11 Construction Contracts and IAS 18 Revenue. The Group is yet to assess IFRS 15's full impact, but at this stage the standard is judged to have limited effects on the timing of Revenue recognition in the Group's consolidated accounts. The disclosures related to Revenue recognition in the Group's annual report will increase as a result of the new standard. IFRS 15 is effective for annual periods beginning on or after 1 January 2018.

IFRS 16 Leases

New accounting standard for leases. For the lessee the classification according to IAS 17 in operating and finance lease is replaced by a single lease accounting model. All leases should be recognized on-balance sheet as a right-of-use asset and lease liability. Leases of low-value assets and items as well as leases of 12 months or less are exempt from the requirements. Depreciation of lease assets must be separately recognized from interest on lease liabilities in the income statement. The Group is yet to assess IFRS 16's full impact. The standard is effective for annual periods beginning on or after 1 January 2019.

Other new and changed Accounting standards and interpretations are not judged to have any material effect on the Group's financial reports.

Classification

Non-current assets and liabilities comprise in all material aspects amounts expected to be recovered or paid after twelve months or more from the closing day. Current assets and liabilities comprise in all material aspects amounts expected to be recovered or paid within twelve months from the closing day.

Consolidated accounts

The consolidated accounts include the Parent company, all subsidiaries and the share of participation in joint ventures and associated companies.

Note 1, continued

Subsidiaries

Subsidiaries are companies in which the Group exercises control, meaning that the Group has power over the subsidiary and has exposure or rights to its variable returns. The Group must also have the ability to use the power to affect the return from the subsidiary. For all companies in which the Group holds more than 50% of the votes the criteria's of control are fulfilled and the companies are consolidated as subsidiaries. There is also one significant holding, the Prima Group, where the Group holds 50% of the votes, but in which the Group exercises control through agreements. The Prima Group is therefore consolidated as a subsidiary.

All business combinations are accounted for in accordance with the purchase method. At the date of acquisition, the acquired assets and assumed liabilities (net identifiable assets) are measured at fair value. The difference between the acquisition value of shares in a subsidiary and identifiable assets and liabilities measured at fair values at the date of acquisition is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of identifiable net assets acquired is recognised in the profit and loss in the period of acquisition. Acquisition related costs are expensed as incurred. Results for companies acquired during the year are included in the consolidated statement of comprehensive income from the date of acquisition.

The Group's shareholders' equity includes hereby only the part of each subsidiary's equity added after the acquisition. Contingent considerations are determined at fair value at the time of the acquisition and effects of revaluations of liabilities related to the contingent considerations are recognised as a revenue or expense in the income statement.

Additional acquisitions made after control is achieved are recognised as shareholder transactions and recorded directly in equity.

Non-controlling interest

In subsidiaries not wholly owned, the share of equity owned by external shareholders is recorded as non-controlling interest. There are two alternatives for the recognition of non-controlling interests and goodwill. One alternative is to recognise the non-controlling interest at fair value by including goodwill, another alternative is to include the non-controlling interests in net assets. The choice of method is made for each acquisition separately.

Associated companies

Associated companies are reported based on the equity method. An associated company is a company in which the Group exercises significant influence. Normally, this means companies in which the Group holds voting rights of at least 20% and no more than 50%. The Group's share of income after taxes in an associated company is reported in the line item Share of earnings in associated companies and joint ventures and is included in the Group's operating income. Dividends from associated companies decrease the book value of the asset. Differences between the acquisition value and the acquired equity are treated in accordance with the principles for consolidation of subsidiaries described in the section Consolidated accounts above. Surplus values on assets, including deferred taxes and goodwill are included in the share of equity from an associated company. The accounts of associated companies are adjusted before the share of earnings is calculated, if necessary, so that the accounts comply with MTG's accounting and valuation principles. The equity method is applied from the date that significant influence commences until the date that significant influence ceases.

Joint ventures

Joint ventures are arrangements in which two or more parties have joint control and have rights to the net assets of the arrangement. Joint ventures are recognised according to the equity method (see Associated companies).

Functional currency and reporting currency

The functional currency of the parent company is the Swedish krona (SEK). This is also the reporting currency for the Group and the parent company.

Financial statements of foreign operations

The balance sheets of the Group's foreign subsidiaries are translated into Swedish krona (SEK). The translation is based on the exchange rates ruling at the balance sheet date, while the income statements are translated using an average rate for the period. The resulting translation differences are charged in other comprehensive income and accumulated in the translation reserve in equity.

Receivables and liabilities denominated in foreign currencies

The Group's monetary receivables and liabilities that are denominated in foreign currencies are translated into local currency using exchange rates prevailing on the closing date. Realised and unrealised gains/losses on foreign exchange (exchange rate differences) are reported in the income statements. Exchange rate differences attributable to operating receivables and liabilities are reported in operating profit/loss, while differences attributable to financial assets or liabilities denominated in foreign currencies are reported under financial items. Exchange rate differences on financial loans, representing an expansion or reduction of the parent company's net investment in the subsidiary, are reported in other comprehensive income.

Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or revenues and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Revenue recognition

Revenue is recognised at the time the service is performed. Accordingly, the Group reports revenue from:

- TV and radio advertising at the time of broadcast
- Subscription fees for pay-TV over the subscription period
- Cable revenues as the services are provided to the cable wholesalers, based on the number of subscribers taking the channels, as reported by the cable companies
- Sale of goods in accordance with the terms of sales, i.e. when the goods have been transferred to the shipping agent, less returns
- Sale of services when the services are provided
- TV productions where recognition is based on the percentage of completion for each project in the same relation as incurred expenses are related to the total cost for the entire project
- Interest revenue is recognised using the effective interest method
- Dividend income from investments when the shareholders' right to receive payment has been established

Barter transactions

Barter entails the exchange of air time on TV or radio for non-similar other goods or services. Barter transactions are reported at the fair value of the goods or services involved. The fair value is determined by agreements made with other customers for the same type of transactions. Revenues from barter transactions are reported when the commercial is broadcast. Expenses are reported when the goods or service is consumed.

Non-current tangible and intangible assets

Non-current assets are reported net after deductions for accumulated depreciation and amortisation according to plan. Depreciation and amortisation according to plan are normally calculated on a straight-line schedule based on the acquisition value of the asset and its estimated useful life. The non-current assets are classified in the following categories:

Asset	Depreciation/amortisation
Capitalised expenditure	3–10 years
Trademarks	Trademarks being part of a purchase price allocation are normally judged to have indefinite lives
Customer relations	10–15 years
Beneficial rights/ broadcasting licenses	Estimated revenue period based on the terms of the license
Goodwill	Indefinite lives with impairment tests annually or if triggered by events
Machinery and equipment	3–5 years

Capitalised expenditure

Expenditure on development activities, whereby new or substantially improved products and processes, are capitalised if the process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the direct costs and, when appropriate, cost of direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised expenditures are stated at cost less accumulated amortisation and impairment losses. The capitalised expenditure relates mainly to software and software platforms.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of an acquired business. Goodwill is recognised as an asset and reviewed for impairment test at least annually. Any impairment is recognised immediately in the income statement and cannot be reversed. Goodwill arising from acquisitions of associated companies is included in the reported value of shares in associated companies. Impairment tests are made on the total asset.

Other intangible assets

Other intangible assets, such as acquired customer relations, beneficial rights, broadcasting licenses and trademarks, are stated at cost less accumulated amortisation and impairment losses. Trademarks forming part of a purchase price allocation are normally judged to have indefinite useful lives.

Machinery and equipment

Items of machinery and equipment are stated at cost less accumulated depreciation and impairment losses. Where

Note 1, continued

parts of an item of machinery and equipment have different useful lives, they are accounted for as separate items of machinery and equipment.

Impairment of tangible and intangible non-current assets

The Group reviews the carrying amounts of its tangible and intangible assets annually but not later than at the balance sheet date to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is recognised as an expense immediately.

Financial instruments

Financial assets and liabilities include cash and cash equivalents, securities, derivative instruments, other financial receivables, accounts receivables, accounts payable, leasing undertakings and loan liabilities.

Recognition and derecognition in the statement of financial position

Financial assets and liabilities are recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instrument. Trade receivables are recognised when the invoice is sent. A liability is recognised when the delivery of goods or services is made and there is a contractual obligation to pay, regardless whether the invoice has been received or not. Trade payables are recognised when an invoice has been received.

Financial assets are derecognised in the statement of financial position when the contractual rights to cash flows from the asset expires, become due or when the company loses control over the asset. Financial liabilities are derecognised when the obligations are fulfilled or extinguished in any other way.

Financial instruments recorded at fair value should, for disclosure purposes, be classified into a three level hierarchy depending on the quality of the source of data used to derive at the fair value.

Financial assets available-for-sale

The Group's holdings in listed shares available-for-sale are valued at market price based on bid price as per the balance sheet day. Changes in the market values of these shares will impact other comprehensive income, or, when there is significant decrease in value (above 20%) or if the decrease continues for a longer period of time, the value change is charged to the profit and loss accounts in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance-sheet date. These are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet. Receivables are stated at amortised cost less impairment losses. The receivables are reviewed monthly to determine whether there is an indication of impairment. Such indications include receivables due for a longer period than 90 days. Doubtful accounts receivables are reported with the amount at which, they are deemed likely to be paid.

Financial assets and liabilities at fair value through profit or loss

Derivatives at fair value that are not subject to hedge accounting are recognised as financial assets or liabilities and categorised as held for trading. Other items reported in this category are Contingent considerations relating to acquisitions of subsidiaries. The assets and liabilities are valued at fair value with the changes in value reported in profit or loss.

Options related to subsidiaries acquired

When a subsidiary is acquired and previous owners remain as non-controlling interest, the agreement often includes an option for the non-controlling interest to sell their share of the acquired company to the Group at a later stage. In such cases no non-controlling interest is reported but instead a financial liability is recognised. The liability is reported at the present value of the redemption amount of the shares.

Other liabilities

Loan liabilities are recognised initially at the amount received less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. Other liabilities are stated at amortised cost and include accounts payable, leasing undertakings and other liabilities.

Derivative instruments

The Group uses forward contracts to hedge its exposure to foreign exchange arising from operational activities. The major part of contracted programme acquisition outflows in US dollars and Euro is hedged. Derivatives that do not qualify for hedge accounting due to the rules in IAS 39 are accounted for as financial instruments held for trading.

Derivative financial instruments are recognised initially at fair value and re-valued thereafter. The effective part of the gain or loss in the cash flow hedge revaluation is recognised in other comprehensive income with the aggregated changes in value in the hedge reserve in equity. When the forecasted transaction results in the recognition of programme inventory, the cumulative gain or loss is removed from equity and included in the initial cost of inventory. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously reported in other comprehensive income is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement.

Net investments

The risk related to changes in currency rates for net investments in subsidiaries between the Swedish krona and other currencies may be hedged in full or in part. The change in value of a hedging instrument is recognised in other comprehensive income.

Accounting for leases

A finance lease is a contract that entails the lessee to a material extent enjoying all economic benefits and bearing all economic risks associated with the asset regardless of whether or not the lessee retains the legal right of ownership of the asset. For finance leases, the leasing asset is reported as a non-current asset and the obligation for future payments as a liability in the lessee's statement of financial position. An operating lease is a lease that does not fulfil the conditions for a finance lease. For operating leases, the rental expense is reported in the lessee's accounts distributed equally over the period during which the asset is used.

Inventories

A significant portion of the amount reported as inventory by the Group refers to the TV channels' catalogue of programme rights. Programme rights are reported as inventory when the license period has begun, the programme itself is available for its first broadcast, the cost of the programme is known, and the programme content has been approved by the TV channel. Programme rights invoiced but where the license period has not started and the programme cannot be judged as inventory is reported as prepaid expenses. Future payment commitments in respect of contractual programme rights that have not yet been reported as inventory or prepaid expenses are reported as a memorandum item, note 26. Programme rights are normally acquired for a specific number of runs, which can be played out during a determined license period in certain territories. The programme rights are expensed per run according to how the program is expected to be broadcasted during the license period. Sports rights are expensed throughout the period on a yearly basis.

The remaining inventories are valued at the acquisition cost or net realisable value, whichever is lower. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Prepaid subscriber acquisition expenses

Prepaid expenses include incremental direct variable subscriber acquisition costs incurred to obtain new customers in fixed-term contracts, i.e. the contract includes fixed revenue over the subscription period. The costs are recognised as prepaid expenses as it is probable that the future economic benefit will flow to the company and the value can be measured with reliability. The costs are allocated over the contract period. Costs exceeding the contracted revenues are expensed when incurred.

Corporate income tax

Tax expenses reported includes actual Swedish and foreign corporate income taxes and deferred tax arising from temporary differences between accounts for financial reporting and accounts for tax assessment, calculated using the liability method. Such temporary differences are caused mainly by differences between taxable value and the reported value of assets and liabilities. A deferred tax asset

Note 1, continued

is reported corresponding to the value of loss carry forwards if it is judged likely that they will be applied to taxable income in the foreseeable future. Net income for the year is charged with tax on taxable earnings for the year and with tax estimated for the change in temporary differences for the year as current tax and deferred tax expenses respectively in each Group company.

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably calculated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the anticipated liability.

Pensions

There are mainly defined contribution pension plans within the Group. The Group's payments to defined contribution plans are reported as costs in the period when the employee performed the services to which the fee relates. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. There are defined benefit pension plans in Norway. The amounts relating to these pension plans are immaterial.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments including social security costs is based on the Group's estimate of shares that will eventually vest and is expensed on a straight-line basis over the vesting period. The fair value expense is reported in the income statement as personnel costs with the corresponding increase in equity. For the recurring calculation of social security costs the fair value is re-valued quarterly. MTG's share-based plans all have three year vesting periods and payment is depending on fulfilment of certain stipulated goals. For a detailed description of the plans see Note 28 Salaries, other remuneration, and social security expenses.

Parent company

The Parent company has prepared the Annual Report according to the Swedish Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 Accounting for Legal Entities. RFR 2 involves application of all IFRSs and interpretations endorsed by the European Commission, except where the possibility to apply IFRS is restricted by the Swedish Company Act and due to tax rules.

Classification and presentation

The Parent company uses the terms 'Balance sheet' and 'Cash flow statement' for the reports where the Group uses 'Consolidated statement of financial position' and 'Consolidated statement of cash flow' respectively.

Holdings in subsidiaries

Holdings in subsidiaries are recognised in the Parent Company according to the purchase method which means that the transaction costs are included in the recognised value of shares in subsidiaries. The Group recognises these costs in the income statement immediately when occurred.

Group contributions

Group contributions received and paid are recognized as appropriations in the income statement.

Shareholders' contribution

Shareholders' contribution paid is recognised as an increase in shares in subsidiaries. When the contribution is given to cover losses made, an impairment test is made. Impairment is recognised in the income statement.

Note 2 Accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the Board of Directors and the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates are reviewed by the Audit Committee.

Key sources of estimation uncertainty
Note 4 and 12 contain information of the assumptions and the risk factors relating to goodwill impairment. Litigations and provisions made are reported in note 21.

Goodwill and other intangible assets
Intangible assets, except goodwill and intangible assets with indefinite useful lives, are amortised and depreciated over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue.

Goodwill and intangible assets with indefinite useful lives are subject to impairment tests yearly or when triggered by events. The impairment review requires management to determine the fair value of the cash generating units on the basis of cash flow projections and internal forecasts and business plans. For further information, see note 12 Intangible assets.

Depreciation and amortisation of beneficial rights and programme rights inventory
Depreciation and amortisation of beneficial rights and programme rights inventory are expensed in accordance with the estimated broadcasting period. A higher proportion of the costs are expensed in the beginning of the broadcasting period than the following years. The estimated broadcasting period could change, and, as a result of this, affect the income for the period and the financial

Measurement of fair value of financial instruments
The fair values of options, to acquire non-controlling interests of acquired subsidiaries, and contingent considerations are based on calculations defined in agreements set up in connection with the acquisitions. The valuations are usually based on cash flow projections, internal forecasts and business plans combined with probability calculations of various outcomes.

Provisions and contingent liabilities
A provision is recognised when a present obligation exist as a result of a past event, it is probable that economic resources will be transferred, and reliable estimates can be made of the amount of the obligation. In such a case, a provision is calculated and recognised in the statement of financial position. A contingent liability will be disclosed when a possible obligation has arisen, but its existence has to be confirmed by future events outside the Group's control, or when it is not possible to calculate the amount. Realisation of any contingent liability which is not disclosed or for which no amount is not currently recognised could have a material impact on the Group's financial position.

The Group regularly reviews significant outstanding litigations in order to assess the need for provisions. Among the factors considered, are the nature of the litigation, claims, legal processes and potential level of damages, the opinions and views of the legal counselors, and the management's intentions to respond to the litigations or claims. To the extent the estimates and judgments do not reflect the actual outcome; this could materially affect the income for the period and the financial position. For further information, see note 21 Provisions.

Critical accounting judgements and choices in applying the Group's accounting policies
Certain critical accounting judgements and choices made in applying the Group's accounting policies are described below:

Prima Group
The Group holds 50% of the shares in the Prima Group. The holdings are judged to be recognised as subsidiaries based on the agreements which give the Group a decisive influence in Prima Group. The Group consequently consolidates the entities within Prima Group as subsidiaries and a non-controlling interest is calculated, see note 11 Non-controlling interests.

Note 3 Business segments

MTG Modern Times Group comprises of five business segments. MTG's interest (38%) in CTC Media is classified as a 'discontinued operation' as MTG's shareholding in CTC is expected to be sold. See note 32.

Free-TV Scandinavia is a commercial free-TV broadcaster in Scandinavia.

Pay-TV Nordic markets and sells Viasat's premium pay-TV packages on the Viasat DTH satellite platform, the Viaplay online platform and third party IPTV and cable networks. Viasat also distributes pay-TV channels via third party pay-TV networks.

Free-TV Emerging Markets is a commercial free-TV broadcaster and comprise free-TV channels in the Baltics, the Czech Republic, Bulgaria, Ghana and Tanzania. The Hungarian free-TV business was sold in October 2015.

Pay-TV Emerging Markets markets and sells pay-TV packages on the Viasat DTH satellite platforms in the Baltics and Ukraine. The joint venture Raduga TV DTH satellite platform in Russia ceased Broadcasting on 5 December 2014. The Russian and international pay-tv channels businesses were sold at the end of October 2015. Trace distributes channels to subscribers in Africa.

The above TV broadcasting segments comprise Broadcasting. To facilitate comparability between years, the TV broadcasting segments have been summarised in this presentation.

The Group's **Nice Entertainment**, **MTGx** and **Radio businesses** constitue the fifth segment. These businesses are reported as one segment due to their size. Nice Entertainment comprise the Group's content production businesses in Scandinavia, Europe and Africa. MTGx develops digital products for the whole Group. The Group acquired Splay and Zoomin businesses in July and were consolidated from August, Turtle was aquired in September and DreamHack in November and were consolidated from these dates. The Group's radio operations comprise the leading national commercial networks in Sweden and Norway, as well as national and local stations in the Baltics and owned, until December 2015, equity stakes in a Finnish national commercial radio network.

The stated figures for 2015 and 2014 are based on the same operational structure.

	External sales		Operating income	
(SEK million)	2015	2014	2015	2014
Free-TV Scandinavia	3,904	3,917	667	633
Pay-TV Nordic	5,741	5,570	725	709
Free-TV Emerging Markets	2,662	2,404	235	131
Pay-TV Emerging Markets	1,105	1,225	72	104
Central operations, eliminations & others	4	76	–38	0
Total Broadcasting	**13,416**	**13,193**	**1,662**	**1,576**
Nice Entertainment, MTGx, MTG Radio	2,799	2,548	–114	–32
Group central operations & eliminations	3	5	–279	–255
Total Group before non-recurring costs	**16,218**	**15,746**	**1,268**	**1,290**
Non-recurring items	–	–	–512	–155
Total Group	**16,218**	**15,746**	**756**	**1,135**

Non-recurring items 2015 comprise a net capital gain from the sale of subsidiaries and revaluation of investment liabilities and net restructuring charges for the full year. In 2014 the items comprise the non-cash net impairment charge related to MTG's interest in the Ukrainian satellite pay-TV-platform; organisational restructuring charges and other costs; and the capital gain from the sale of Zitius in Sweden.

Within Broadcasting and Nice Entertainment, MTGx and Radio segment, there are companies that provide the different segments with acquired and own produced TV-programmes. Such sales are made at market price.

	Internal sales	
(SEK million)	2015	2014
Free-TV Scandinavia	223	192
Pay-TV Nordic	185	186
Free-TV Emerging Markets	5	4
Pay-TV Emerging Markets	–	–
Other	1,592	1,359
Total Broadcasting	**2,004**	**1,741**
Nice Entertainment, MTGx, MTG Radio	172	229
Group central operations	211	230
Total internal sales	**2,387**	**2,201**

The business segments are responsible for the management of the operational assets and their performance is measured at the same level. Financing is managed centrally by the Group. Consequently, liquid funds, interest-bearing receivables and liabilities are not allocated to the business segments.

	Assets		Liabilities	
(SEK million)	2015	2014	2015	2014
Free-TV Scandinavia	3,402	2,598	3,051	2,126
Pay-TV Nordic	2,315	2,724	2,892	3,575
Free-TV Emerging Markets	2,709	2,752	808	845
Pay-TV Emerging Markets	639	936	274	422
Other and eliminations	–13	–616	–184	–516
Total Broadcasting	**9,052**	**8,394**	**6,841**	**6,452**
Nice Entertainment, MTGx, MTG Radio	5,955	2,900	1,576	1,066
Group central operations	710	967	397	340
Total	**15,718**	**12,260**	**8,814**	**7,857**
Eliminations	–874	–964	–874	–964
Unallocated assets/liabilities	572	850	3,790	1,407
Total continuing operations	**15,416**	**12,147**	**11,730**	**8,300**
Associated company CTC Media	1,081	1,984	–	–
Total	**16,497**	**14,131**	**11,730**	**8,300**

	Capital expenditure excluding investments in subsidiaries		Depreciation and amortisation	
(SEK million)	2015	2014	2015	2014
Free-TV Scandinavia	93	49	21	21
Pay-TV Nordic	58	41	46	46
Free-TV Emerging Markets	28	39	40	23
Pay-TV Emerging Markets	24	7	7	6
Other	3	25	6	22
Total Broadcasting	**206**	**161**	**121**	**117**
Nice Entertainment, MTGx, MTG Radio	84	49	62	44
Group central operations	2	7	7	7
Total	**293**	**217**	**190**	**168**

The Group's business segments operate mainly in Europe. Net sales and non-current assets are shown below by geographical area. Non-current assets constitute of intangible and tangible assets. Sales are shown per country from which the revenues are derived.

	Net sales		Non-current assets	
(SEK million)	2015	2014	2015	2014
Sweden	4,778	5,024	2,023	951
Denmark	3,637	3,361	131	139
Baltics, Czech Republic, Bulgaria	2,728	2,671	1,346	1,354
Norway	2,958	2,982	647	705
Germany	55	18	1,413	–
The Netherlands	99	47	721	0
Rest of Europe	1,438	1,476	1,068	1,554
Other regions	525	167	34	13
Total	**16,218**	**15,746**	**7,384**	**4,717**

External sales by type of product/service (SEK million):	2015	2014
Advertising revenue	5,249	5,890
Subscription revenue	8,369	7,472
Business-to-business/Consumer revenue	2,600	2,385
Total	**16,218**	**15,746**

The Group has a large number of customers and no single customer amounts to a material share of revenues.

Note 4 Operations acquired

Acquisitions in 2015

Acquired operations 2015 (SEK million)	Turtle	Other	Total
Cash paid	739	841	1,581
Effect of previous participation	–	101	101
Additional purchase price and other settlements, non-paid	381	463	844
Total consideration	**1,120**	**1,405**	**2,525**
Recognized amounts of identifiable assets and liabilities			
Property, plant and equipment	25	4	30
Intangible assets	522	347	869
Inventories	1	0	1
Trade and other receivables	147	65	212
Cash and cash equivalents	13	76	89
Borrowings	–30	–26	–56
Deferred tax receivables/liabilities	–128	–79	–207
Provisions	–7	0	–7
Trade and other payables	–226	–84	–310
Net identifiable assets and liabilities	**318**	**304**	**622**
Goodwill	**802**	**1,101**	**1,903**
Total consideration	**1,120**	**1,405**	**2,525**

Note 4, continued

Cash consideration (SEK million)	Turtle	Other	Total
Cash paid	739	841	1,581
Cash and cash equivalents	–13	–76	–89
Borrowings	26	–	26
Total cash consideration	**753**	**765**	**1,518**

Acquisition of Turtle Entertainment GmbH, Germany

The Group acquired 74% of the shares in Turtle Entertainment GmbH on 1 September 2015. Turtle is a provider of eSports entertainment and runs some of the world's largest eSport events under among others the trademark ESL. Turtle is reported within the segment 'Nice Entertainment, MTGx, Radio'. The cash consideration was EUR 78m excluding transaction costs of SEK 31m, which are reported on the line "Other operating expenses" in the income statement. The purchase price allocation is preliminary as the work is ongoing. The acquisition gave rise to separately identified intangible assets of SEK 503m and goodwill of SEK 802m.

The agreement includes an option to acquire the remaining 26% of the shares from 2016 up until 2020. The purchase price is calculated at the present fair value of the company based on the option clauses in the agreement, and, as a consequence, 100% of Turtle is consolidated without non-controlling interest.

The goodwill comprise future potential new customers, potential trademark extension, various buyer specific synergies and the assembled workforce. The goodwill will not be tax deductible.

Acquisition of other companies

The Group acquired 51% of the shares in Zoomin BV Group in July 2015. Zoomin is a online video entertainment network, content production and advertising sales house. The cash consideration was SEK 422m excluding transaction costs of SEK 9m. The agreement includes an option to acquire the remaining 49% of the shares in 2017 and 2019. The options are valued at approximately EUR 37m. The acquisition gave rise to separately identified intangible assets of SEK 127m and goodwill of SEK 572m. The Group acquired 24% of Splay AB in July 2015 together with a new share issue of 8% of the shares in the said company. The Group now owns in total 81% of the shares. Further, the agreement includes an option to acquire the remaining 19% of the shares in 2020. The options are valued at approximately SEK 154m. The acquisition gave rise to an increased goodwill of SEK 159m and separately identified intangible assets of SEK 94 million. Further, the acquisition gave rise to additional goodwill for the previous ownership of SEK 101m, which was recognised in the income statement as other operating income. The Group acquired 100% of the shares in DreamHack in November 2015. The cash consideration was SEK 205m excluding transaction costs of SEK 6m. The agreement includes an earn-out value of SEK 39m for the years 2017-2019 to be paid in 2019 and 2020 respectively. The acquisition gave rise to a goodwill of SEK 150m and separately identified intangible assets of SEK 98m. The purchase prices of the option values for Zoomin and Splay are calculated at the present fair value of the companies based on the option clauses in the agreements, and, as a consequence, 100% of these companies are consolidated without non-controlling interest. Both Zoomin, Splay and DreamHack is reported in the segment 'Nice Entertainment, MTGx, Radio'. Transaction costs are reported on the line other operating expenses' in the income statement. The purchase price allocations are preliminary as the work is still ongoing. The goodwill for these acquisitions comprise future potential new customers, potential trademark extension, various buyer specific synergies, and the assembled workforce. The goodwill will not be tax deductible.

Other

The Group acquired 41% of the shares in Paprika Holding AB on 13 August 2015 by exercising options to buy further shares. The purchase price was SEK 66m, and the option was valued at SEK 20m. The difference in amounts, SEK 45m was recognized in the income statement.

The Group further acquired stakes in Trendy Media s.r.o. (You.bo) and Comoza AG for a purchase price of in total SEK 9m.

Total cash flow effect for these acquisitions were in total SEK 76m. Total acquisitions had thereby an effect on the cash flow of SEK 1,594m.

Contributions during 2015 from the acquisition date (SEK million):	Turtle	Other	Total
Net sales	280	179	458
Net income	–37	–9	–46

Contributions from acquisitions if the acquisition had occurred 1 January (SEK million)	Turtle	Other	Total
Net sales	612	369	981
Net income	–54	–10	–64

The Group's total sales if the acquisition had occurred on 1 January would have been SEK 16,741 million and net income would have been SEK 515 million for continuing operations.

Acquisitions in 2014

Acquired operations 2014 (SEK million)	Trace	Other	Total
Cash paid	262	2	265
Adjustment to 2013 acquisition, cash paid	–	–32	–32
Contingent consideration, non-paid	–	37	37
Options at fair value, non-paid	95	–	95
Total consideration	**358**	**8**	**365**

Recognized amounts of identifiable assets and liabilities			
Property, plant and equipment	6	–	6
Intangible assets	72	18	90
Inventories	40	–	40
Trade and other receivables	109	–	109
Cash and cash equivalents	28	–	28
Borrowings	–46	–	–46
Deferred tax receivables/liabilities	–22	–2	–24
Provisions	0	0	–1
Trade and other payables	–97	–	–97
Net identifiable assets and liabilities	**91**	**16**	**107**
Goodwill	**267**	**23**	**290**
Goodwill adjustment to 2013 acquisitions	–	–32	–32
Total consideration	**358**	**8**	**365**

Cash consideration (SEK million)	Trace	Other	Total
Cash paid	262	2	265
Cash and cash equivalents	–28	–	–28
Borrowings	46	–	46
Sum cash consideration	**280**	**2**	**282**
Adjustment to 2013 acquisitions, cash received	–	–59	–59
Total cash consideration	**280**	**–56**	**223**

Acquisition of Trace Partners SAS, France

The Group acquired 75% of the shares in Trace Partners SAS on 26 June 2014. Trace is a global youth media brand and pay-TV channel operator with distribution agreements in 160 countries worldwide, including all 55 countries in Africa. Trace is reported within the segment “Pay-TV Emerging Markets”. The cash consideration was SEK 262 million excluding transaction costs of SEK 12 million, which are reported on the line “Other operating expenses” in the income statement. The purchase price allocation was finalised during 2015. The acquisition gave rise to separately identified intangible assets of SEK 72 million and goodwill of SEK 267 million.

The agreement includes an option to acquire the remaining 25% of the shares in 2017 or 2018. The purchase price is calculated at the present fair value of the company based on the option clauses in the agreement, and, as a consequence, 100% of Trace is consolidated without non-controlling interest.

The goodwill comprise future potential new customers and programmes as well as brand extensions and the assembled workforce. The goodwill will not be tax deductible.

Acquisition of other companies

The Group acquired 79.45% of the shares in Digital Rights Group Limited on 13 June 2013. The purchase price has been renegotiated and reduced by SEK 21 million in 2014. The amount was recognized in the income statement. The purchase price allocation for Nice has been finalised during the year. The purchase price was reduced by SEK 32 million, and goodwill subsequently decreased by the same amount.

The Group acquired 100% of the shares in Darik Net EAD and the net assets in Net Info.BG EAD in October 2013. A new share issue of 30% of the shares in the said company were subscribed by Darik Radio AD and Web Finance contributing in kind the shares in Darik News. The purchase price allocation was then finalised as per 31 January 2014, and the Group now owns 70% of the shares in Darik Net EAD. Further, the agreement includes an option to acquire the remaining 30% of the shares in 2019. The options are valued at approximately Euro 4 million. The acquisition gave rise to an increased goodwill of SEK 19 million and other intangible assets of SEK 18 million.

Contributions during 2014 from the acquisition date (SEK million):	Trace	Total
Net sales	118	118
Net income	6	6

The Group’s total sales if the acquisition had occurred on 1 January would have been SEK 15,837 million and net income would have been SEK 1,176 million.

Note 5 Other operating income and expenses

Group (SEK million)	2015	2014
Other operating income		
Gain from exchange rate differences	17	0
Gain from divested entities and revaluation of investment liabilities	188	79
Adjustment consideration acquisitions previous periods	7	27
Other	17	58
Total	**230**	**164**
Other operating expenses		
Loss from exchange rate differences	–15	–59
Acquisition costs	–39	–
Depreciation	–34	–29
Write-down	–14	–9
Other	–195	–191
Total	**–298**	**–288**

Note 6 Share of earnings in associated companies

Group (SEK million)	2015	2014
Share of earnings	0	9
Share of tax expense	–1	–3
Net Income	**–1**	**5**

Associated companies are reported based on equity accounting. The share of earnings is equal to the Group's share of net income in each associated company after conversion into Swedish krona. The calculation of share in net income is based on the latest available accounts.

Group (SEK million) Total recorded values in associated companies	2015	2014
Net Sales	187	523
Net income	1	23
Other comprehensive income	–	0
Non-current assets	72	66
Current assets	83	182
Total	**156**	**248**
Non-current liabilities	34	20
Current liabilities	59	170
Total	**93**	**189**

For further information, see also note 14.

The associated company CTC Media has been reclassified to Assets held for sale, see note 32.

Note 7 Share of earnings in joint venture companies

Group (SEK million)	2015	2014
Raduga	–	9
Tax	–	–3
Net Income	**–**	**6**

Group (SEK million) Total recorded values in joint venture companies	2015	2014
Net sales	–	99
Net income	–	–23
Other comprehensive income	–	22

For further information, see also note 14.

Note 8 Nature of expenses and non-recurring items

Group (SEK million)	2015	2014
Nature of expenses		
Net sales	16,218	15,746
Other operating income	230	164
Cost of programmes and goods	–8,395	–8,297
Distribution costs	–2,326	–1,940
Salaries, remuneration, and social security expenses	–2,807	–2,524
Depreciation and amortisation expense	–190	–168
Asset impairment charges	–55	–230
Other expenses	–1,921	–1,634
Share of earnings in associated companies and joint ventures	1	18
Operating Income	**756**	**1,135**

Group (SEK million)	2015	2014
Non-recurring items		
Cost of goods and services	–598	–55
Selling expenses	–	–153
Administrative expenses	–102	–25
Other operating income	188	79
Total non-recurring items	**–512**	**–155**

Note 9 Financial items

Group (SEK million)	2015	2014
Result from financial assets at fair value through profit	–	–34
Total gain from financial assets	**–**	**–34**
Interest revenue	26	64
Net exchange rate differences	–2	30
Total financial income	**24**	**94**
Interest expenses	–38	–65
Borrowing costs, included in the effective interest	–16	–19
Other	–	1
Total financial costs	**–54**	**–84**
Net financial items	**–30**	**–23**

Parent company (SEK million)	2015	2014
Interest revenue from external parties	20	29
Interest revenue from subsidiaries	324	462
Net exchange rate differences	16	79
Other	–	0
Total interest revenue and other financial income	**360**	**570**
Interest expense to external parties	–31	–61
Interest expense to subsidiaries	–10	–54
Borrowing costs, included in the effective interest	–16	–19
Total interest expense and other financial costs	**–57**	**–135**
Dividends from subsidiaries	153	–
Write-down shares in subsidiaries	–55	–
Results from shares in subsidiaries	**98**	**–**
Net financial items	**401**	**435**

The interest revenue and expenses relate to financial assets and liabilities valued at amortised cost.

Note 10 Taxes

Group

Group (SEK million) Distribution of tax expense	2015	2014
Current tax		
Current tax expense	–206	–283
Tax associated companies and joint ventures	–	–6
Adjustment for prior years	19	–22
Total	**–187**	**–312**
Deferred tax		
Temporary differences	–7	16
Total	**–7**	**16**
Total income tax expense in the income statement	**–194**	**–296**

Group (SEK million) Reconciliation of tax expense	2015	%	2014	%
Tax/Tax rate in Sweden	–160	–22.0	–245	–22.0
Non-taxable income	86	11.8	42	3.8
Foreign tax rate differential	9	1.3	18	1.6
Effect of losses carry-forward not previously recognised	0	0.0	8	0.7
Non-deductible expenses	–103	–14.2	–68	–6.1
Losses where no deferred tax was recognised	–42	–5.8	–30	–2.7
Revalued tax losses carry-forward due to change in tax rate	0	0.0	–	–
Other permanent effects	–3	–0.3	1	0.1
Under/over provided in prior years	19	2.6	–22	–2.0
Effective tax/tax rate	**–194**	**–26.6**	**–296**	**–26.6**

Group (SEK million)	31 December 2015	31 December 2014
Deferred tax asset		
Equipment	5	7
Intangible assets	1	2
Provisions	20	22
Inventory	7	3
Current receivables	1	0
Current liabilities	1	10
Tax value of tax losses carry forward recognised	47	32
Total	**83**	**76**
Deferred tax liabilities		
Intangible assets	426	188
Goodwill	147	147
Equipment	7	9
Provisions	–1	–3
Current receivables	0	6
Current liabilities	–1	32
Financial assets	25	5
Total	**604**	**385**
Deferred tax net	**–521**	**–309**

Note 10, continued

The movements in temporary differences net are explained below:

Group (SEK million)	2015 Opening balance 1 January	Deferred tax recognised in the P&L	Acquisition of subsidiary	Other comprehensive income	Translation differences	Closing balance 31 December
Tax losses carry forward	32	–42	44		14	47
Temporary differences in:						
Goodwill	–147					–147
Equipment	–2	–1			0	–2
Intangible assets	–186	–1	–243		5	–425
Provisions	24	–2			–1	21
Inventory	3	5			0	7
Current receivables	–6	8			0	1
Current liabilities	–22	10		15	–1	2
Financial assets	–5	–7		–12	–1	–25
Total	**–309**	**–31**	**–199**	**3**	**15**	**–521**

Group (SEK million)	2014 Opening balance 1 January	Deferred tax recognised in the P&L	Acquisition of subsidiary	Other comprehensive income	Translation differences	Closing balance 31 December
Tax losses carry forward	34	9			–10	32
Temporary differences in:						
Goodwill	–147					–147
Equipment	11	–12				–2
Intangible assets	–167	8	–24		–3	–186
Provisions	12	9			3	24
Inventory	1	2				3
Current receivables	–4	–2				–6
Current liabilities	–4	7		–25		–22
Financial assets	–	–5				–5
Total	**–265**	**16**	**–24**	**–25**	**–11**	**–309**

The Group had recognised tax losses carry forward without expiration date of SEK 132 (144) million at 31 December 2015. The accounts for 2015 and 2014 include deferred tax assets as a tax value of the tax losses carry forward in all countries where it is judged likely that the Group will be able to apply its tax losses carry forward to a taxable surplus. As a consequence, deferred tax assets are not recognised in some countries.

Group (SEK million) Unrecognised tax losses carry-forward by expiry date	2015	2014
2015	–	194
2016	91	205
2017	46	44
2018 and thereafter	275	270
No expiry date	377	88
Total	**789**	**802**

Parent company

There were no tax losses carry forward in 2014 or 2013 in the parent company.

Parent company (SEK million) Distribution of tax expenses	2015	2014
Current tax	–26	–73
Adjustment for prior years	0	2
Total tax	**–26**	**–71**

Parent company (SEK million) Reconciliation of tax expense	2015	%	2014	%
Tax/Tax rate in Sweden	–35	–22.0	–72	–22.0
Non-deductible expenses	–25	–15.4	–1	–0.3
Non-taxable income	34	21.2	1	0.2
Other permanent effects	–	–	2	0.5
Effective tax/tax rate	**–26**	**–16.2**	**–71**	**–21.6**

Note 11 Non-controlling interests

MTG holds a number of subidiaries with non-controlling interest, of which one is considered to be significant. In Prima Group in the Czech Republic the Group holds 50% of the shares and voting rights, but exercises control through agreements. The holding in the Prima Group is therefore consolidated as a subsidiary and the non-controlling interest amounts to 50% of the shares and voting rights.

Prima Group (SEK million)	2015	2014
Net sales	1,205	1,119
Net income	113	94
Other comprehensive income	–18	–21
Total comprehensive income for the year	**94**	**73**
of which attributable to non-controlling interest	47	36
Dividends paid to non-controlling interest	–85	–85
Non-current assets	100	98
Current assets	711	647
Total assets	**811**	**745**
Non-current liabilities	63	121
Current liabilities	398	385
Total liabilities	**460**	**506**
Net assets	**351**	**239**
of which attributable to non-controlling interest	175	120
Cash flow from operations	29	87
Cash flow from investing activites	59	–123
Cash flow from financing activities	–69	–50
Net change in cash and cash equivalents	**19**	**–85**

For further information, see also note 14.

Note 12 Intangible assets

(SEK million)	Group				Parent company
	Capitalised expenditure	Trademarks	Customer relations and other[1]	Goodwill	Capitalised expenditure
Acquisitions					
Opening balance 1 January 2014	212	1,121	434	8,849	53
Investments during the year	74	1	1	–	2
Acquisitions through business combinations	–	89	0	259	–
Sales and disposals during the year	–8	–20	–10	–214	–
Change in Group structure, reclassifications etc	–9	0	0	–142	–
Translation differences	0	50	16	375	–
Closing balance 31 December 2014	**269**	**1,242**	**442**	**9,128**	**55**
Opening balance 1 January 2015	269	1,242	442	9,128	55
Investments during the year	83	2	13	–	0
Acquisitions through business combinations	39	531	287	1,903	–
Sales and disposals during the year	–17	–3	–4	–8	–
Change in Group structure, reclassifications etc	9	0	11	–27	–
Translation differences	–3	–47	–19	–226	–
Closing balance 31 December 2015	**380**	**1,724**	**729**	**10,770**	**55**
Accumulated amortisation and impairment losses					
Opening balance 1 January 2014	–130	–490	–306	–5,386	–53
Sales and disposals during the year	7	5	10	–	–
Amortisation during the year	–41	–3	–17	–	0
Impairment losses during the year	–13	–6	–	–205	–
Change in Group structure, reclassifications etc	10	1	0	142	–
Translation differences	0	–30	–10	–283	–
Closing balance 31 December 2014	**–167**	**–523**	**–322**	**–5,732**	**–53**
Opening balance 1 January 2015	–167	–523	–322	–5,732	–53
Sales and disposals during the year	12	2	4	5	–
Amortisation during the year	–54	–1	–28	–	–1
Impairment losses during the year	–32	–	0	–	–
Change in Group structure, reclassifications etc	–5	0	–2	–	–
Translation differences	2	14	12	144	–
Closing balance 31 December 2015	**–243**	**–508**	**–336**	**–5,583**	**–54**
Book value carried forward					
As per 1 January 2014	82	632	128	3,463	0
As per 31 December 2014	102	719	120	3,396	2
As per 1 January 2015	102	719	120	3,396	2
As per 31 December 2015	137	1,216	393	5,187	1

Only external expenditures have been capitalised.

[1] Other refers to licenses and beneficial rights.

Group (SEK million) Amortisation by function	2015	2014
Cost of goods and services	53	43
Administrative expenses	9	2
Other operating expenses	20	15
Total	**82**	**60**

Group (SEK million) Impairment losses by function	2015	2014
Cost of goods and services	32	17
Selling expenses	–	204
Administrative expenses	–	0
Other operating expenses	–	2
Total	**32**	**223**

Impairment tests for cash-generating units

Major cash generating units with significant carrying amounts of goodwill are:

Group (SEK million)	2015	2014
Prima Group	804	804
Pay-TV Nordic	674	670
Nice	485	525
P4 Radio	406	445
Turtle including subsequent acquisitions	902	–
Zoomin	563	–
Trace	267	275
Subtotal	**4,100**	**2,719**
Other units	1,087	677
Total	**5,187**	**3,396**

The changes in goodwill for P4 Radio and Trace between 2015 and 2014 are due to translation differences, for Nice, the main difference relate to a reclassification.

Trademarks with indefinite lives included in Trademarks are:

Group (SEK million)	2015	2014
P4 Radio	226	247
Prima Group	190	190
Nice	131	134
Turtle	322	–
Zoomin	64	–
Trace	72	74
Subtotal	**1,005**	**645**
Other units	211	74
Total	**1,216**	**719**

These trademarks have a strong position on their respective markets and will be actively used in the businesses, and are thereby judged to have indefinite lives. The trademarks are improved and developed continuously, and the net cash flows generated through these are not considered to cease within foreseeable future. The changes in trademark for P4 Radio, Nice and Trace in 2015 and 2014 are due to translation differences.

Impairment testing

Impairment testing of the goodwill and other intangible assets with indefinite lives for cash-generating units in the business segment are based on calculations of the recoverable amount based on value in use, and by use of a discounted cash flow model. The cash flow is discounted at a pre-tax interest of 12% (12%). A higher interest rate might be used in some cases, depending on circumstances such as territory. The model involves key assumptions such as market growth rates and working capital requirements. These cash flow projections, calculated over a minimum of a five year period, are based on actual operating results, forecasts and financial projections, using historical trends, general market conditions, industry trends and other available information. After the five-year period, a growth rate of 2.5% (2.5%) is normally applied.

The cash flow projections are based on a sustainable growth rate which is individually estimated based on each unit's outlook. Individual assumptions are also made on cost and capital turnover development. The cash flow is discounted for each unit using an appropriate discount rate considering the cost of capital and risk with individual consideration taken.

Impairments

The impairment tests are done on a regular basis, annually or when triggered by events. In 2014, based on uncertain economic outlook in Ukraine, and the significant devaluation of the Ukrainian Hryvnia currency, the Board and the management concluded that all goodwill and other intangible assets had an impairment requirement of in total SEK 159 million related to Viastrong Ukraine, of which SEK 154 million net related to goodwill and a revaluation of the option to acquire the remaining shares, and SEK 6 million to trademark. Viastrong is reported in the Pay-TV Emerging Markets segment. The impairment was presented as a separate item in the segment reports, note 3.

The goodwill and other intangible assets are calculated at net present value in use, as described above. The discount rate used when calculating the recoverable amount related to Ukraine was 18% due to the prevailing uncertainties. Impairment losses in goodwill are included in selling expenses in the income statement.

Note 12, continued

Sensitivity

The units, which do not indicate an impairment requirement, have such a margin that reasonably possible adverse changes in individual parameters would not cause the value in use to fall below the book value. However, cash flow projections are to its nature more uncertain and may also be influenced by factors not in control by the company. Such factors could be political risks and general market conditions, which might quickly deteriorate due to a financial crisis such as crisis due to instability in the financial sector.

Note 13 Tangible assets

	Group		Parent company
(SEK million)	Machinery	Equipment, tools and installations	Equipment
Acquisitions			
Opening balance 1 January 2014	250	1,216	6
Investments during the year	39	111	–
Acquisitions through business combinations	1	6	–
Sales and scrapping during the year	–141	–70	–
Change in Group structure, reclassifications etc	0	46	–
Translation differences	4	16	–
Closing balance 31 December 2014	**152**	**1,326**	**6**
Opening balance 1 January 2015	152	1,326	6
Investments during the year	13	180	–
Acquisitions through business combinations	8	23	–
Sales and scrapping during the year	–6	–454	–
Change in Group structure, reclassifications etc	1	14	–
Translation differences	–1	–51	–
Closing balance 31 December 2015	**167**	**1,038**	**6**
Accumulated depreciation			
Opening balance 1 January 2014	–120	–871	–4
Sales and scrapping during the year	45	42	–
Depreciation during the year	–32	–76	–1
Impairment losses during the year	0	–6	–
Change in Group structure, reclassifications etc	0	–65	–
Translation differences	–3	–12	–
Closing balance 31 December 2014	**–109**	**–989**	**–5**
Opening balance 1 January 2015	–109	–989	–5
Sales and scrapping during the year	4	449	–
Depreciation during the year	–19	–89	–1
Impairment losses during the year	–1	–22	–
Change in Group structure, reclassifications etc	–1	–20	–
Translation differences	1	41	–
Closing balance 31 December 2015	**–124**	**–629**	**–6**
Book value carried forward			
As per 1 January 2014	130	345	2
As per 31 December 2014	43	337	1
As per 1 January 2015	43	337	1
As per 31 December 2015	42	409	1

Group (SEK million) Depreciation by function	2015	2014
Cost of goods and services	22	43
Selling expenses	1	1
Administrative expenses	52	47
Other operating expenses	33	17
Total	**108**	**108**

Group (SEK million) Impairment losses by function	2015	2014
Cost of goods and services	11	6
Administrative expenses	9	–
Other operating expenses	3	0
Total	**23**	**6**

Note 14 Long-term financial assets

Parent company (SEK million) Shares and participations in Group companies	Co. Reg.no.	Registered office	Number of shares	Share capital (%)	Voting rights (%)	Book value 31 Dec
MTG Publishing AB	556457-2229	Sweden	1,000	100	100	6,023
MTG Radio AB	556365-3335	Sweden	1,000	100	100	65
This is nice AB	556264-3261	Sweden	2,000	100	100	117
MTG Holding AB	556057-9558	Sweden	5,000	100	100	102
MTG AS Norge		Norway	82,300	100	100	33
MTG Investment AS		Norway	1,000	100	100	3
Total						**6,342**

Direct and indirect ownership in Group companies Parent companies in bold	Co. Reg.no.	Registered office	Share capital (%)	Voting rights (%)
MTG Investment AS		Norway	100	100
MTG Publishing AB	556457-2229	Sweden	100	100
MTG Broadcasting AB	556353-2687	Sweden	100	100
Viaplay AB	556513-5547	Sweden	100	100
Viasat AS		Estonia	100	100
UAB TV3 Lithuania		Lithuania	100	100
SIA TV3 Latvia		Latvia	100	100
AS Latvijas Neatkarīgā Televīzija		Latvia	100	100
MTG Russia AB	556650-6472	Sweden	100	100
Prva TV d.o.o.		Slovenia	100	100
Viasat Ukraine LLC		Ukraine	100	100
TV3 AS Estonia		Estonia	100	100
Against all odds		Estonia	100	100
SmartAd OU		Estonia	100	100
SmartAd SIA		Latvia	100	100
UAB smart Ad Network		Lithuania	100	100
Zoom. In Group BV		Netherlands	51	51
Zoom. In BV		Netherlands	51	51
Zoom. In Nederland BV		Netherlands	51	51
Zoom. In Brasil LTDA		Brasil	51	51
Zoom. In Concepts		Netherlands	51	51
Splay AB	556909-3882	Sweden	81	81
Splay Danmark ApS		Denmark	81	81
Splay Suomi Oy		Finland	81	81
Splay AS		Norge	81	81

Note 14, continued

Direct and indirect ownership in Group companies Parent companies in bold	Co. Reg.no.	Registered office	Share capital (%)	Voting rights (%)
MTGx International AB	556931-8651	Sweden	100	100
MTGx US Corporation		USA	100	100
Turtle Entertainment GmbH		Germany	74	74
Turtle Entertainment TV GmbH		Germany	74	74
Turtle eSports Technology GmbH		Germany	74	74
Turtle Entertainment France s.a.r.l		France	74	74
Turtle Entertainment Polska SP Z.o.o		Poland	38	38
Turtle Entertainment Espana S.L.		Spain	38	38
Turtle Entertainment CEE, LLC		Russia	59	59
Four media network GmbH		Germany	74	74
PGL Co. Limited		China	74	74
China E-sports Interactive (Beijing) T&Dev Co. Ltd		China	74	74
Turtle Entertainment America Inc		USA	74	74
Turtle Entertainment Online Inc.		USA	74	74
MTGx eSports Holding AB	559031-2616	Sweden	100	100
Implicator Holding AB	556846-1593	Sweden	100	100
DreamHack AB	556845-8763	Sweden	100	100
DreamHack Inc		USA	100	100
MTG Africa AB	556170-2217	Sweden	100	100
MTG Africa Management Ltd		Ghana	100	100
Modern African Productions Ltd		Ghana	100	100
Viasat Broadcasting G Ltd		Ghana	85	85
Viasat 1 Tanzania Ltd		Tanzania	49	49
Modern African Productions Ltd		Tanzania	99	99
MTG Senegal SA		Senegal	100	100
MTG Broadcasting Nigeria Ltd		Nigeria	99	99
Modern Times Group Uganda Ltd		Uganda	99	99
MTG Entertainment Nigeria Ltd		Nigeria	99	99
MTG Kenya Ltd		Kenya	100	100
Modern African Productions Limited Kenya		Kenya	100	100
MAP Nigeria ltd		Nigeria	100	100
Nova Broadcasting Group Jsc.		Bulgaria	95	95
Agency Eva Ltd.		Bulgaria	76	76
Net Info AD		Bulgaria	67	67
Darik News EOOD		Bulgaria	67	67
VBox EAD		Bulgaria	67	67
Hosting OOD		Bulgaria	57	57
Lex.bg Ad		Bulgaria	60	60
Edutainment Television Group S.àr.l.		Luxembourg	51	51
Viasat AB	556304-7041	Sweden	100	100
Viasat Satellite Service AB	556278-7910	Sweden	100	100
MTG Broadcast Centre Stockholm AB	556493-2340	Sweden	100	100
Viasat Sales AB	556840-9287	Sweden	100	100
Viasat Film AS		Norway	100	100
OY Viasat Finland Ab		Finland	100	100

Direct and indirect ownership in Group companies Parent companies in bold	Co. Reg.no.	Registered office	Share capital (%)	Voting rights (%)
Viastrong Holding AB	556733-1086	Sweden	100	100
Solutions LLC		Ukraine	100	100
Vision TV LLC		Ukraine	100	100
Vision Media LLC		Ukraine	100	100
MTG Broadcasting CZ, s.r.o.		Czech Republic	100	100
FTV Prima Holding a.s		Czech Republic	50	50
FTV Prima spol s.r.o.		Czech Republic	50	50
TV Produkce, a.s.		Czech Republic	50	50
Prima On-line s.r.o.		Czech Republic	50	50
Media Club s.r.o.		Czech Republic	50	50
Česká výrobní s.r.o.		Czech Republic	50	50
Modern Times Group MTG Ltd		United Kingdom	100	100
3+ Television Ltd		United Kingdom	100	100
TV3 Broadcasting Group Ltd		United Kingdom	100	100
MTG TV AB (TV3 AB)	556153-9726	Sweden	100	100
MTG TV A/S (TV3 A/S)		Denmark	100	100
MTGTV AS (TV3 AS)		Norway	100	100
Televisionsaktiebolaget TV8	556507-2401	Sweden	100	100
Otneb Sales AB (Goldcup 12163 AB)	559040-3399	Sweden	100	100
Trace Partners SAS		France	75	75
Trace TV SA		France	75	75
Trace Asia SDC BHD		Malaysia	75	75
Trace TV PTY Ltd		South Africa	75	75
Trace UK World Ltd		United Kingdom	74	74
Trace Cameroun		Cameroun	37	37
Radio Bis - Trace FM		France	75	75
Digital Rights Group Limited		United Kingdom	95	95
ID Distribution Ltd		United Kingdom	95	95
C4i Distribution Ltd		United Kingdom	95	95
Zeal Entertainment Ltd		United Kingdom	95	95
IR2 Ltd		United Kingdom	95	95
This Is Your Life Experience Ltd		United Kingdom	95	95
3DRG Ltd		United Kingdom	95	95
Alchemy TV Distribution Ltd		United Kingdom	95	95
Ovation TV Distribution Ltd		United Kingdom	95	95
DRG America Ltd		United Kingdom	95	95
DRG America LLC		USA	95	95
Portman Film and Televison Ltd		United Kingdom	95	95
Click TV Ltd		United Kingdom	95	95
Saigon Productions Ltd		United Kingdom	95	95
Portman Acquisitions Ltd		United Kingdom	95	95
Portman Entertainment Ltd		United Kingdom	95	95
Portman Media Assets Ltd		United Kingdom	95	95
Portman Media Assets (No.2) Ltd		United Kingdom	95	95
Coming Home Ltd		United Kingdom	95	95
Nancherrow Ltd		United Kingdom	95	95
Dancemerit Ltd		United Kingdom	95	95

Note 14, continued

Direct and indirect ownership in Group companies Parent companies in bold	Co. Reg.no.	Registered office	Share capital (%)	Voting rights (%)
Portman Productions Ltd		United Kingdom	95	95
An Awfully Big Production Company Ltd		United Kingdom	95	95
NICE Entertainment Group Oy		Finland	95	95
Gong Media Aps		Denmark	95	95
Nice Entertainment Sweden AB	556777-9268	Sweden	95	95
Titan Television AB	556579-2610	Sweden	95	95
Bacademy AB	556970-5899	Sweden	57	57
Nice Drama AB	556783-6704	Sweden	95	95
Baluba AB	556513-3146	Sweden	95	95
A nice company AS		Norway	95	95
Rakett AS		Norway	95	95
One Big Happy Family AS		Norway	95	95
Monster AS		Norway	95	95
Monster Entertainment AS		Norway	95	95
Monster Scripted AS		Norway	95	95
Monster Format AS		Norway	95	95
Playroom AS		Norway	95	95
Nice Talent AS		Norway	95	95
Playroom Music AS		Norway	95	95
Playroom Event AS		Norway	95	95
Moskito Group Oy		Finland	95	95
Production House Oy		Finland	95	95
Moskito Television Oy		Finland	95	95
Moskito Sport Oy		Finland	95	95
Grillifilms Oy		Finland	57	57
Production Service Finland Oy		Finland	55	55
This is nice AB	556264-3261	Sweden	100	100
Baluba Branded Content AB	556472-8425	Sweden	100	100
Novemberfilm AS		Norway	51	51
Strix Television AB	556345-5624	Sweden	100	100
Strix Drama AB	556419-9544	Sweden	100	100
Strix Code AB	556958-3775	Sweden	100	100
Strix Televisjon AS		Norway	100	100
Strix Television B.V.		Netherlands	100	100
Paprika Holding AB	556896-1444	Sweden	55	55
Paprika Latino Studios EOOD		Bulgaria	55	55
Paprika Latino Studios D.O.O		Serbia	55	55
Paprika Latino Studios SRL		Romania	55	55
Paprika Latino Studio d.o.o		Slovenia	55	55
Paprika Latino Studios Kft		Hungary	55	55
UAB Studija Paprika		Lithuania	55	55
Onair Studios SIA		Latvia	37	37
Paprika Latino Studios OÜ		Estonia	45	45
UAB studija "Paprika" Lithuania		Lithuania	100	100
MTG Radio AB	556365-3335	Sweden	100	100
KiloHertz AB	556444-7158	Sweden	100	100
Planet 103.9 Södertälje AB	556670-2477	Sweden	100	100

Direct and indirect ownership in Group companies Parent companies in bold	Co. Reg.no.	Registered office	Share capital (%)	Voting rights (%)
Radio National Skellefteå AB	556475-0346	Sweden	89	89
Radioindustri Xerkses i Skandinavien AB	556475-3670	Sweden	100	100
Star FM SIA		Latvia	100	100
Mediainvest Holding AS		Estonia	100	100
UAB TV3 Radio Lithuania		Lithuania	100	100
MTG Radio Sales AB	556490-7979	Sweden	100	100
Svensk Radioutveckling Holding AB	556772-2771	Sweden	100	100
MTG Holding AB	556057-9558	Sweden	100	100
MTG Accounting AB	556298-5597	Sweden	100	100
Senaste Nytt på Nätet SNN AB	556448-0076	Sweden	100	100
MTG Modern Services AB	556711-0290	Sweden	100	100
MTG Financing Holding Ltd		Malta	100	100
MTG Financing Ltd		Malta	100	100
Bet 24 ApS		Denmark	100	100
Modern Times Group MTG A/S		Denmark	100	100
Strix Television A/S		Denmark	100	100
ViaSat A/S		Denmark	100	100
TV3 Sport A/S		Denmark	100	100
Visat Film A/S		Denmark	100	100
TV3 Sport1 A/S		Denmark	100	100
Selskabet 23092011 A/S		Denmark	100	100
Modern Times Group MTG AS		Norway	100	100
Viasat AS		Norway	100	100
SportN AS		Norway	100	100
TV4 AS		Norway	100	100
P4 Radio Hele Norge AS		Norway	100	100
P5 Radio Halve Norge AS		Norway	100	100
P5 Radio Hele Østfold AS		Norway	100	100
P5 Fredrikstad		Norway	100	100
P5 Moss		Norway	100	100
P5 Sarpsborg		Norway	100	100

Group (SEK million) Shares and participations in associated companies	Registered office	Number of shares	Share capital (%)	Voting rights (%)	Book value 31 Dec 2015	Book value 31 Dec 2014	Market value 31 Dec 2015	Market value 31 Dec 2014
CTC Media, Inc.	USA	60,008,800	38	38	–	1,984	–	2,269
Other associated companies					46	70		
Total					**46**	**2,054**		

CTC Media has been reclassified as 'Assets held for sale', see note 32.

Group (SEK million) Shares and participations in joint ventures	Registered office	Number of shares	Share capital (%)	Voting rights (%)	Book value 31 Dec 2015	Book value 31 Dec 2014	Market value 31 Dec 2015	Market value 31 Dec 2014
Raduga Holding S.A.	Luxemburg	120,000	50	50	–	–	–	–

Raduga ceased broadcasting on 5 December 2014 and the value of Raduga in the consolidated accounts has therefore been adjusted to zero.

Note 14, continued

Parent company (SEK million) Shares and participations in Group companies	2015	2014
Accumulated acquisition values		
Opening balance 1 January	6,397	6,397
Write-down of shares	–55	–
Closing balance 31 December	**6,342**	**6,397**

Note 15 Long-term receivables

Parent company (SEK million) Long-term Group receivables	2015	2014
Opening balance 1 January	272	421
New lending	69	362
Re-payments	–20	–511
Reclassifications	9,617	–
Closing balance 31 December	**9,938**	**272**

Note 16 Accounts receivables

Group (SEK million)	31 December 2015	31 December 2014
Accounts receivables		
Gross accounts receivables	2,103	1,848
Less allowances for doubtful accounts	–144	–190
Total	**1,959**	**1,658**
Allowance for doubtful accounts		
Opening balance 1 January	190	158
Provision for potential losses	50	81
Actual losses	–19	–36
Reversed write-offs	–68	–7
Translation differences	–9	–6
Closing balance 31 December	**144**	**190**
Receivables due without provisions for bad debt		
<30 days	350	434
30–90 days	189	161
>90 days	109	15
Total	**648**	**610**
Receivables due with provisions for bad debt		
>90 days	144	190
Total	**144**	**190**

Note 17 Prepaid expense and accrued income

Parent company (SEK million)	31 December 2015	31 December 2014
Prepaid insurance premium	–	1
Prepaid financing costs	12	15
Other	2	1
Total	**14**	**17**

Note 18 Cash and cash equivalents

Group (SEK million)	31 December 2015	31 December 2014
Bank balances	410	643
Total	**410**	**643**

Parent company (SEK million)	31 December 2015	31 December 2014
Bank balances	115	402
Total	**115**	**402**

Note 19 Earnings per share

Group (SEK million)	2015	2014
Earnings per share before dilution		
Net income for the year attributable to equity holders of the parent company	214	1,139
Net income for the year attributable to equity holders of the parent company, total Group	**214**	**1,139**
Shares outstanding on 1 January	66,630,189	66,622,711
Effect from stock options exercised	3,991	5,060
Weighted average number of shares, basic	**66,634,180**	**66,627,771**
Basic earnings per share, SEK, total Group	3.22	17.10
Diluted earnings per share		
Net income for the year attributable to equity holders of the parent company	214	1,139
Effect from dilution in associated companies (CTC Media)	0	–1
Diluted net income for the year attributable to the equity holders of the parent company	**214**	**1,139**
Weighted average number of shares, basic	**66,634,180**	**66,627,771**
Effect from stock options and performance rights and options	135,416	81,317
Weighted average number of shares, diluted	**66,769,596**	**66,709,088**
Diluted earnings per share, SEK, total Group	3.21	17.07
Earnings per share before dilution, continued operations		
Net income for the year attributable to equity holders of the parent company, continued operations	496	783
Net income for the year attributable to equity holders of the parent company, continued operations	**496**	**783**
Basic earnings per share, SEK, continued operations	7.45	11.75
Diluted earnings per share, SEK, continued operations	7.43	11.73

Potentially dilutive instruments

Modern Times Group MTG AB has outstanding long-term incentive plans. For the share options, the calculation of the potential dilution is done to determine the number of shares that could have been acquired at fair value based on the value of the subscription rights. Retention and performance share rights are included in the potentially dilutive shares from the start of the program, and in accordance with the performance targets achieved. The dilution from the incentive plans is a consequence of the 2015, 2014 and 2013 programs. Further, the Company has outstanding programmes, where the performance are not yet achieved. These rights might be diluting in the future. As per 31 December 2015 these amounted to 600,157 (520,301).

Note 20 Shareholders' equity

Parent company Shares issued	2015 Number of shares paid	2015 Quota value (SEK million)	2014 Number of shares paid	2014 Quota value (SEK million)
MTG Class A	5,007,793	25	5,007,793	25
MTG Class B	61,774,331	309	61,774,331	309
MTG Class C	865,000	4	865,000	4
Total number of shares issued/total quota value as per 31 December	**67,647,124**	**338**	**67,647,124**	**338**

The holder of an MTG Class A share is entitled to 10 voting rights, the holder of an MTG Class B and MTG Class C share one voting right. Class C shareholders are not entitled to dividend payments. The Class C shares are held by the parent company. The quota value is SEK 5 (5) per share.

Out of the totally issued shares, 146,155 (151,935) Class B shares and 865,000 (865,000) Class C shares are held as treasury shares.

The Board of Directors propose to the Annual General Meeting 2016 an ordinary dividend of SEK 11.50 (11.00) per share, which corresponds to 86% (57) of this year's net income continuing operations and excluding non-recurring items. The total proposed dividend payment would amount to a maximum of SEK 767,489,335, based on the maximum potential number of outstanding ordinary shares as at the record date. The Group continues to maintain a strong financial position for its future development. The Board of Directors was given a mandate to buy back shares at the Annual General Meeting in 2015 and 2014. The mandate was not utilised in 2015 or 2014.

Paid-in capital/Premium reserve

The paid-in capital arises when shares are issued at a premium, i.e. shares were paid at a higher price than the quota value. The premium reserve in the parent company relates to employee options exercised during 2010, 2009 and 2008 only.

Translation reserve in equity

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations to Swedish krona in the consolidated accounts.

Group (SEK million)	2015	2014
Opening balance, 1 January	–934	–941
This year's translation differences, net of tax, continuing operations	20	19
This year's translation differences, net of tax, discontinued operations CTC Media	–548	–12
Total accumulated translation differences, 31 December	**–1,461**	**–934**

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. Hedging positions are taken to protect the Group against the effects of transaction exposures in the contracted outflow for the main part of programme acquisitions in US dollars and Euro.

Group (SEK million)	2015	2014
Opening balance, 1 January	137	1
Recognised in other comprehensive income	125	230
Recognised in the income statement	0	0
Transferred to the acquisition value of item hedged (inventory program rights)	–184	–94
Closing balance, 31 December	**78**	**137**

Fair value reserve

The fair value reserve of 0m (0) includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised. If a decrease in values has occurred for a longer period of time, the change is charged to the income statement and will therefore not be recognised in the fair value reserve.

Revaluation reserve

The revaluation reserve includes revaluation of trademarks in relation to successive share purchase.

Group (SEK million)	2015	2014
Opening balance, 1 January	–12	–12
Closing balance, 31 December	**–12**	**–12**

Retained earnings

Retained earnings comprise of previously earned income.

Non-controlling interest

In subsidiaries not wholly owned, the share of equity owned by external shareholders is recorded as non-controlling interest. In cases where option clauses exist, the companies have been 100% consolidated.

Note 21 Provisions

Group (SEK million)	Restructuring provision	Royalties and other provisions	Pension provisions	Total
Opening balance, 1 January 2014	**–**	**458**	**7**	**466**
Provisions during the year	–	131	–	131
Utilised during the year	–	–86	0	–86
Reversed during the year	–	–13	–	–13
Reclassifications	–	–66	–	–66
Translation differences	–	6	0	7
Closing balance, 31 December 2014	**–**	**430**	**7**	**438**
Opening balance, 1 January 2015	**–**	**430**	**7**	**438**
Provisions during the year	390	239	–	629
Provisions through business combinations	–	90	–	90
Utilised during the year	–104	–77	0	–181
Reversed during the year	0	–191	–	–191
Provisions reversed due to divestment of entity	–	–30	–	–30
Reclassifications	–	–10	–	–10
Translation differences	–2	–6	0	–8
Closing balance, 31 December 2015	**284**	**446**	**7**	**737**

The entire pension cost is recognised in operating income. The Group's defined-benefit pension plans for employees upon retirement exist in Norway and in one Swedish company. The plans relate to a few employees and represent limited values. The Swedish plans are multi-employer defined benefit plans. The Group reports these pension costs in the same way as defined contribution plans.

The restructuring provision consists of expenses related to the restructuring programme launched during the year, mainly for redundancies. See note 8 for more information.

Parent company

The provisions in the Parent company comprise accrued social expenses on share-based payments of SEK 1 (2) million and SEK 19 (0) million in restructuring charges.

Note 22 Accrued expense and prepaid income

Parent company (SEK million)	31 December 2015	31 December 2014
Accrued personnel costs	43	34
Accrued interest costs	1	0
Accrued professional fees	9	6
Other	4	2
Total	**57**	**42**

Note 23 Pledged assets and Contingent liabilities

Group (SEK million) Contingent liabilities	31 December 2015	31 December 2014
Guarantees external parties	–	–
Total	**–**	**–**

Various MTG companies are involved in disputes with collecting societies over payment of royalties for the past use of copyrights and similar rights. Further, MTG companies are parties to non-material litigation. The Company does not believe that liabilities related to these matters are likely to have a material adverse effect on the financial position of the Group. These litigations are therefore not included in the contingent liabilities.

There are no pledged assets in 2015 and 2014.

Parent company (SEK million) Contingent liabilities	31 December 2015	31 December 2014
Guarantees subsidiaries	1,278	1,670
Total	**1,278**	**1,670**

The parent company issues guarantees to the benefit of the subsidiaries. These include mainly rental agreements and guarantees to banks as well as capital coverage.

Note 24 Financial instruments and financial risk management

Capital management

The primary objective of the Group's capital management is to ensure financial stability, manage financial risks and secure the Group's short-term and long-term need of capital. The Group defines its capital as equity including non-controlling interest as stated in the statement of financial position.

The Group manages its capital structure and makes adjustments when necessary due to economic conditions in its environment. To maintain or adjust the capital structure, the Group may change the dividend payment to shareholders, buy-back shares or issue new shares.

The Group monitors capital efficiency using different ratios, such as net debt, return on capital employed and equity to assets ratio.

Financial risk management

In addition to business operational risks, MTG is exposed to various financial risks in its operations. The most important financial risks are refinancing-, credit-, interest rate- and currency risk, which all are regulated by the financial policy adopted by MTG's Board of Directors.

The Group's financial policy constitutes a framework of guidelines and rules for financial risk management and financial activities in general. The policy is subject to a yearly review. The Group's financial risks are continuously compiled and followed up at corporate level by MTG's treasury function to ensure compliance with the financial policy. The parent company functions as the Group's internal bank and the treasury function is responsible for managing the financial risks. The aim is to limit the Group's financial risks, and ensure that the Group has appropriate and secure financing for its current needs.

Liquidity in the Group is concentrated with the central financing function and in local cash pools. Surplus liquidity may be invested during a period of maximum six months. The financial policy involves a special counterparty regulation by which a maximum credit exposure for various counterparties to minimise the risk is stipulated.

Financing and refinancing risk

Financing risk is the risk of not being able to meet the need for future funding requirements. MTG's sources of funding are primarily shareholders' equity, cash flows from operations and borrowing. In order to reduce the refinancing risk the Group strives to diversify the funding sources and maturity tenors and normally initiate refinancing of all loans 12 months prior to maturity. The Group shall at all times strive for a credit rating valuation equal to investment grade.

External borrowing is managed centrally in accordance with the Group's financial policies. Loans are primarily taken up by the parent company, and transferred to subsidiaries as internal loans or capital injections. There are also companies, including those where the Group owns a 50% interest, who have external loans and/or overdraft facilities connected directly to these companies.

The Group has a SEK 1,000 million corporate bond maturing March 2018 with a floating rate 3-month Stibor (not lower than 0%) plus 1.10% coupon. In the short-term capital market the group has an uncommitted SEK 2,000 million frame commercial paper programme.

Additionally the Group has a five-year committed SEK 5,500 million syndicated multi-currency bank facility arranged in December 2013. The revolving credit facility is unsecured with no required amortisations and can be paid out in optional currencies. The interest varies with IBOR (not lower than 0%) depending on the currency utilised. Covenants for the facility are based on the ratios total consolidated net debt in relation to consolidated EBITDA and consolidated EBITDA to net financial expenses. There are no regulatory external capital requirements to be met by the Parent company or any of the subsidiaries other than the covenants. The covenants have been fulfilled.

Overdraft facilities within the Group's cash-pool banks consist of two overdraft facilities of SEK 125 million each, one of EUR 5 million and one of NOK 55 million. In total SEK 349 million of which nil was drawn at the balance sheet date. Facilities in subsidiaries amounted to a total of SEK 161 million of which SEK 57 million was drawn at the balance sheet date.

As per 31 December 2015, total short- and long-term borrowings amounted to SEK 2,548 (1,055) million including SEK 2,495 million borrowed from the capital market.

Finance lease liabilities

MTG has no material financial leases.

Net debt

Group (SEK million)	31 December 2015	31 December 2014
Short-term loans	1,548	55
Current part of long term loans	0	0
Short-term borrowings	**1,548**	**55**
Other short-term interest-bearing liabilities	1	2
Total short-term borrowings	**1,549**	**57**
Long-term borrowings	1,000	1,000
Other long-term interest-bearing liabilities	18	1
Total long-term borrowings	**1,018**	**1,001**
Total borrowings	**2,567**	**1,058**
Cash and cash equivalents	410	643
Long- and short-term interest bearing assets	32	52
Total cash and interest bearing assets	**443**	**695**
Net debt	**2,124**	**363**
Total credit facilites	6,010	5,987
Where of unutilised	5,953	5,932

Maturity of long-term loans

Parent company (SEK million)	31 December 2015	31 December 2014
Amount due for settlement within 12 months	–	–
Amount due for settlement within 13 to 59 months	1,000	1,000
Amount due for settlement after 60 months	–	–
Total	**1,000**	**1,000**

Terms and payback period, gross values

	2015						
Group (SEK million)	Interest rate	Fixed interest term	Effective interest rate	Total	Maturity 2016	Maturity 2017	Maturity 2018 or later
Loan from bank	1.46	1 month	1.46	57	57	–	–
Bond loan	1.17	3 months	1.17	1,024	11	11	1,002
Commercial papers	0.09	1-4 months	0.16	1,495	1,495	–	–
Other interest-bearing liabilities				19	1	18	–
Accounts payable				1,906	1,906	–	–
				4,501	**3,470**	**29**	**1,002**

	2014						
Group (SEK million)	Interest rate	Fixed interest term	Effective interest rate	Total	Maturity 2015	Maturity 2016	Maturity 2017 or later
Loan from bank	1.27	1 month	1.27	55	55	–	–
Bond loan	1.84	3 months	1.85	1,035	11	22	1,002
Forward agreements				4	4	–	–
Other interest-bearing liabilities				2	2	0	–
Accounts payable				1,351	1,351	–	–
				2,447	**1,423**	**22**	**1,002**

The interest payments arising from the financial instruments were calculated using the last interest rates before or on 31 December. The liabilities were calculated to be repaid on the earliest possible time period.

Note 24, continued

Market risks

Interest rate risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect cash flow and financial assets and liabilities. The Group is exposed to interest rate risk through loans, derivatives, other financial assets and utilised interest bearing credit facilities. The Group's financial policy aim to gain financial flexibility through a balanced mix between variable and fixed interest rates and by matching lending and borrowing in terms of interest rates and maturity periods. During 2014 – 2015, the interest rate period was less than 1 year.

Short-term investments and cash and cash equivalents amounted to SEK 410 (643) million as per 31 December and the average interest rate period on these assets was approximately 0 month. Assuming unchanged debt structure for full year 2016 a 1% increase in interest rates would have an impact on the Group's interest expense of approximately SEK 19 million. A 1% decrease is judged to have no effect due to the terms for the loans and the current negative interest rates. The calculation is based on the change in the Stibor interest rate and does not take the maturity of the loan or changes in currency rates into consideration. The Group does not currently hedge its interest rate risks.

Credit risk

Credit risk is defined as the risk that the counterparty in a transaction will not fulfill its contractual obligations and that any collateral will not cover the claim of the MTG company. The credit risk in the Group consists of financial credit risk and customer credit risk.

Financial credit risk is the risk arising for the Group in its relations with financial counterparties. Administration of the financial credit risk is regulated in the Group's financial policy.

Financial counterparties must possess a rating of the equivalent of S&P's single A rating or higher for larger deposits of cash or surplus funds. Standardised ISDA agreements are signed with all counterparties involved in foreign exchange transactions. Transactions are made within fixed limits and exposures are continuously monitored.

The credit risk with respect to the Group's trade receivables is diversified among a large number of customers, both private individuals and companies. The Group's assessment based on historical data is that there are no write-down requirements for trade receivables not due. The majority of the current outstanding trade receivables comprise previously known customers, who are judged to have good credit worthiness. See also note 16 Accounts receivables.

The Group's exposure to credit risk amounts to SEK 2,492 (2,747) million as per 31 December. The exposure is based on the carrying amount for the financial assets, the major part comprising cash and cash equivalents and trade receivables.

Insurable risks

The parent company ensures that the Group has sufficient insurance coverage, including business interruption, director and officer liabilities and asset losses. This is done via corporate umbrella solutions to cover most territories.

Currency risk

Foreign exchange risk is the risk that fluctuations in exchange rates will adversely affect the income statement, financial position and/or cash flows. The risk can be divided into transaction exposure and translation exposure. Please also refer to the Directors' report under "Risks and uncertainties".

Transaction exposure

Transaction exposure arise when inflow and outflow of foreign currencies in the financial statements of the separate entities within the Group are not matched. According to the MTG financial policy, the Group shall hedge the major contractual future currency flows on the basis of maximum 36 months forward. The corporate treasury department strives to match inflows and outflows in the same currency and also to take advantage of natural hedges. Hedging positions are taken to protect the Group against the effects of transaction exposures in the contracted outflow for the main part of programme acquisitions in US dollars and Euro. Approximately 85-100% of the currency flows related to programme acquisitions for the next 12 months are hedged. The hedging reserve at year end amounted to a total of SEK 78 (137) million. Hedges above 12 months have a market value of SEK 32 (23) million at year-end. Other transaction exposures are not hedged.

The most important external net foreign cash flows in the separate entities of the Group's continuing operations, which is cash flows in another currency than the local currency of each entity, was distributed among the currencies as follows, hedges not included:

Currency (SEK million)	2015	2014
GBP	–380	–378
DKK	678	429
NOK	335	246
EUR	–1,723	–1,615
USD	–3,138	–2,359

A 5% change in USD/SEK would have a net effect on profit before tax of approximately SEK 155–165 (110–120) million. A 5% change in EUR/SEK would have a net effect on profit before tax of approximately SEK 80–90 (80–90) million. The impact on equity would be the impact on operating income after tax.

The nominal value of the major hedge contracts amounted to:

Currency (million)	2015	2014
EUR	91	116
USD	425	324

The effect of a change in the rate by 5% on all of the outstanding positions as per 31 December would have been approximately SEK 190 (119) million. The impact on equity would be the impact on operating income after tax.

Translation exposure

Translation exposure is the risk that arises from equity in a foreign subsidiary, associated company or joint venture that is denominated in a foreign currency. The USD amount comprises primarily the holding in CTC Media. There are no hedging positions for translation exposure.

Net foreign assets including goodwill and other intangible assets arising from acquisitions are distributed as follows:

	2015		2014	
Currency	SEK million	%	SEK million	%
USD	1,161	17	1,984	30
NOK	1,171	17	1,316	20
EUR	3,181	47	1,483	23
DKK	607	9	749	11
Other currencies	605	9	1,013	15
Total equivalent SEK value	**6,725**	**100**	**6,546**	**100**

A 5% change in USD/SEK would affect equity by approximately SEK 60 (99) million, while the corresponding change in EUR/SEK would affect equity by SEK 160 (63) million.

Financial assets and liabilities

	Recognised value	
Group (SEK million)	2015[1]	2014
Financial assets through profit and loss, other long-term receivables	32	303
Financial assets through profit and loss, other current receivables, non interest-bearing	47	–
Financial assets available-for-sale	4	4
Loans and receivables	2,405	2,339
Total financial assets	**2,488**	**2,646**
Financial liabilities valued at fair value	1,115	231
Other financial liabilities	4,495	2,467
Totalt financial liabilities	**5,610**	**2,698**
Financial assets at fair value through profit and loss		
Financial assets held for sale, CTC Media	1,081	–

[1] Book value equals fair value except for other financial liabilities where the fair value is SEK 8 (5) million higher than the book value.

	Recognised value	
Parent company (SEK million)	2015[1]	2014
Financial assets through profit and loss	79	298
Financial assets available-for-sale	1	1
Loans and receivables	10,192	10,579
Total financial assets	**10,272**	**10,878**
Financial liabilities valued at fair value	115	294
Other financial liabilities	9,929	9,761
Totalt financial liabilities	**10,044**	**10,056**

[1] Book value equals fair value except for other financial liabilities where the fair value is SEK 8 (5) million higher than the book value.

Classification of financial instruments at fair value in the statement of financial position

Financial instruments recorded at fair value are classified in a three level hierarchy depending on the quality of the source of data used to derive the fair value:

Level 1 – quoted prices in active markets for identical assets or liabilities are used to determine the fair value.

Level 2 – observable sources of data for the asset or liability, either directly or as price noted on a market or indirectly as derived from market data, are used to arrive at fair value.

Level 3 – unobservable input data which are not based on market data are used to arrive at the fair value.

Financial instruments available-for-sale, which comprise shares in listed companies are classifed as level 1. Derivative instruments such as forward foreign exchange contracts are classifed as level 2. Contingent considerations and options at fair value related to acquisitions are classified as level 3.

Note 24, continued

Fair value of Financial instruments in the statement of financial position

Group (SEK million)	31 December 2015 Level 1	31 December 2015 Level 2	31 December 2015 Level 3	31 December 2014 Level 1	31 December 2014 Level 2	31 December 2014 Level 3
Financial assets						
Financial assets available-for-sale						
Shares and other investments in other companies	4			4		
Financial assets at fair value through profit and loss						
Assets held for sale, CTC Media		1,081				
Derivatives						
Forward foreign exchange contracts		79			303	
Financial liabilities						
Derivatives						
Forward foreign exchange contracts		–			4	
Contingent considerations acquisitions						
Contingent considerations and options at fair value			1,114			227

Parent company (SEK million)	31 December 2015 Level 1	31 December 2015 Level 2	31 December 2015 Level 3	31 December 2014 Level 1	31 December 2014 Level 2	31 December 2014 Level 3
Financial assets						
Financial assets available-for-sale						
Shares and other investments in other companies	1			1		
Derivatives						
Forward foreign exchange contracts		79			298	
Financial liabilities						
Derivatives						
Forward foreign exchange contracts		115			294	

Level 1 items have been valued at the market prices on Nasdaq Stockholm on the balance sheet day without transaction costs from the acquisition or future potential costs at a divestment. For level 2 items, forward rates from Bloomberg have been used to calculate fair value for the derivatives. Further, the calculation of assets held for sale is based on the bid price and other public information from CTC Media. Level 3 items are recognized at present value which is based on calculations defined in the agreements.

Other financial assets are reported in the statement of financial position in cash and cash equivalents, interest-bearing receivables, and loans and receivables (accounts receivables, and accounts receivables affiliated companies).

Financial liabilities are other liabilities reported in accounts payable, short-term interest-bearing liabilities and long-term interest-bearing liabilities. The company judges the book values and the fair values to approximately correspond for these items. The fair value of financial liabilities other than derivatives are based on future contractual cash flows for the principal amount and interest, discounted at market interest rate at the balance sheet date. The carrying value of cash and cash equivalents, other receivables, trade receivables and receivables from associated companies and interest-bearing liabilities, trade payables and other liabilities represent a reasonable approximation of fair value. Level 3 financial liabilities refer to put options from previous acquisitions where the seller has the option to sell further shares in previously acquired subsidiaries to MTG. The options are measured and recognized as a liability due to the seller´s possibility to exercise the put option. The valuation of the liability is based on the contractual terms for exercise and are normally constructed as a price multiple based on a company valuation which in turn is based on forecasted cash flows of the business concerned. The most critical parameters are estimated future revenue growth and future operating margin. The options are revalued at each closing and the calculations are based on updated forecasts and market interest rates for discounting. A change in estimated future growth of plus minus 2% would impact the aggregated valuation with SEK ±6 million. A change in estimated future operating margin of plus/minus 1% would impact the aggregated valuation with SEK ±28 million.

Group (SEK million) Financial liabilities, level 3	2015	2014
Accumulated values		
Opening balance 1 January	227	280
New acquisitions	940	138
Reclassification	–8	–24
Sale of subsidiaries	–	–123
Exercise	–24	–
Changes in fair value	–16	–51
Translation differences	–5	6
Closing balance 31 December	**1,114**	**227**

Note 25 Supplementary information to the statement of cash flow

Adjustments to reconcile net income/loss to net cash provided by operations.

Group (SEK million)	2015	2014
Gain from investments	–176	–79
Depreciation and amortisation, write-downs and disposals	497	348
Share in the earnings and share of tax of associated companies and joint ventures	1	–11
Dividends from associated companies	5	12
Provisions	234	–42
Other items	–64	10
Unrealised exchange differences	21	–12
Total	**518**	**225**

Other information

Cash paid for interest and corporate tax

Group (SEK million)	2015	2014
Interest paid	–19	–53
Interest received	1	21
Corporate income tax	–234	–344
Total	**–252**	**–376**

Parent company (SEK million)	2015	2014
Interest paid	–23	–77
Interest received	326	452
Corporate income tax	–72	–72
Cash received for group dividends	153	–
Total	**383**	**303**

Note 26 Lease and other commitments

Lease and other commitments for future payments at 31 December 2015

Group (SEK million)	Future rent on non-cancellable leases	Future payments for program rights	Transponder commitments	Total commitments
2016	149	4,995	331	5,475
2017	137	4,005	285	4,427
2018	131	2,931	189	3,251
2019	104	1,263	160	1,527
2020	75	884	53	1,012
2021 and thereafter	346	235	–	581
Total lease and other commitments	**942**	**14,314**	**1,018**	**16,275**
This year's operational costs				
Minimum lease fees	143	3,725	396	4,264
Variable fees	2	93	9	103
This year's operational costs	**145**	**3,817**	**404**	**4,367**

Lease and other commitments for future payments at 31 December 2014

Group (SEK million)	Future rent on non-cancellable leases	Future payments for program rights	Transponder commitments	Total commitments
2015	150	3,108	340	3,597
2016	132	2,942	262	3,336
2017	115	2,332	50	2,496
2018	111	1,403	–	1,515
2019	97	659	–	756
2020 and thereafter	369	480	–	848
Total lease and other commitments	**973**	**10,923**	**652**	**12,548**
This year's operational costs				
Minimum lease fees	150	3,648	399	4,197
Variable fees	1	58	13	72
This year's operational costs	**151**	**3,707**	**412**	**4,269**

Lease and other commitments for future payments at 31 December

Parent company (SEK million)	2015	2014
2015	–	2
2016	2	2
2017	2	2
2018	2	2
2019	2	2
2020	2	2
2021 and thereafter	2	–
Total lease and other commitments	**10**	**10**
This year's operational costs		
Minimum lease fees	–	1
Variable fees	–	–
This year's operational costs	**–**	**1**

Note 27 Average number of employees

	2015		2014	
Group	Men	Women	Men	Women
Sweden	640	384	766	507
Germany	101	16	–	–
Bulgaria	267	239	253	220
Norway	194	173	221	189
United Kingdom	186	175	194	208
Denmark	197	117	209	133
The Czech Republic	121	107	128	114
Latvia	66	115	53	109
The Netherlands	24	18	4	4
Estonia	50	89	50	94
Lithuania	81	48	73	47
Russia	20	26	23	38
Finland	56	64	52	53
Ukraine	31	30	43	36
Ghana	54	22	59	20
Tanzania	46	16	41	21
Hungary	12	17	19	27
France	69	30	32	13
Other	3	4	5	4
Total	**2,216**	**1,691**	**2,224**	**1,834**
Total average number of employees		**3,907**		**4,059**

Parent company	2015	2014
Men	27	27
Women	24	22
Total	**51**	**49**

Gender distribution senior executives

	2015		2014	
Group	Men %	Women %	Men %	Women %
Board of Directors	86	17	83	17
Senior executives	89	11	63	37
Total	**84**	**16**	**71**	**29**

	2015		2014	
Parent company	Men %	Women %	Men %	Women %
Board of Directors	83	17	71	29
CEO	100	–	100	–
Other senior executives	75	25	67	33
Total	**80**	**20**	**73**	**27**

Note 28 Salaries, other remuneration, and social security expenses

Group (SEK million)	2015	2014
Salaries, other remuneration and social security expenses		
Wages and salaries	2,211	1,986
Social security expenses	481	423
Pension costs – defined contribution plans	111	115
Pension costs – defined benefit plans	2	0
Share-based payments	4	1
Social security expenses on share-based payments	–1	–2
Total	**2,807**	**2,524**

Group (SEK million)	2015	2014
Board of Directors, CEO and other senior executives[1]	154	148
of which, variable salary	*40*	*28*

[1] Includes SEK 4.4 (4.9) million Board fees approved by the Annual General Meeting

Parent company (SEK million)	2015	2014
Board of Directors, CEO and other senior executives	42	42
of which, variable salary	*20*	*7*
Other employees	80	68
Total salaries and other remuneration	**122**	**111**
Social security expenses	40	42
of which, pension costs	*9*	*8*
of which, pension costs CEO	*1*	*2*

Note 28, continued

Total salaries in the parent company include remuneration to other senior executives 3 (5) persons of SEK 21 (21) million, of which variable salary is SEK 9 (7) million.

Remuneration to senior executives

A fee is paid to the Board of Directors in accordance with the decision of the Annual General Meeting. The remuneration to senior executives is paid in accordance with the guidelines approved by the Annual General Meeting 2015.

The objective of the guidelines is to ensure that MTG can attract, motivate and retain senior executives, within the context of MTG's international peer group, which consists of Nordic and European media, telecom and online companies. The aim is to create a remuneration that is market competitive, well balanced and reflects individual performance and responsibility, both short-term and long-term, as well as MTG's overall performance and align the senior executives' incentives with the interests of the shareholders. The intention is that the senior executives shall have a significant long term shareholding in MTG and that remuneration to the senior executives shall be based on the pay for performance principle. Remuneration to the senior executives shall consist of fixed salary, short-term variable remuneration paid in cash ("**STI**"), the possibility to participate in long-term share or share price related incentive programs ("**LTI**") as well as pension and other customary benefits.

Fixed salary

The senior executives' fixed salary shall be competitive and based on the individual senior executive's responsibilities and performance.

Variable salary

The STI shall be based on fulfillment of established targets for the MTG Group and in the senior executives' area of responsibility. The result shall be linked to measurable targets (qualitative, quantitative, general, individual). The targets within each area of responsibility are defined to promote MTG's development in the short and long-term. The maximum payment under the STI shall generally not exceed 100 per cent of the senior executives' fixed salary. Payment of part of the STI is conditional upon it being invested in MTG shares and on those shares being held for an agreed period of time.The LTI shall be linked to certain pre-determined financial and/or share or share-price related performance criteria and shall ensure a long-term commitment to the development of the MTG Group and align the senior executives' incentives with the interests of the shareholders.

Pension and other benefits

The senior executives shall be entitled to pension commitments that are customary, competitive, and in line with market conditions in the country in which the senior executive is employed. Pension commitments will be secured through premiums paid to insurance companies. MTG provides other benefits to the senior executives in accordance with local practice. Other benefits can include, for example, a company car and company health care. Occasionally, housing allowance could be granted for a defined period.

Notice of termination and severance pay

The maximum notice period in any senior executive's contract is twelve months during which time salary payment will continue. The Company does not generally allow any additional contractual severance payments to be agreed.

Compensation to Board Members

Board Members, elected at General Meetings, may in certain cases receive a fee for services performed within their respective areas of expertise, outside of their Board duties. Compensation for these services shall be paid at market terms and be approved by the Board.

Deviations from the guidelines

The Board may deviate from the above guidelines on a case by case basis. For example, additional variable remuneration or cash payments may be paid in the case of exceptional performance or in special circumstances such as recruitment or retention. In such cases the Board will explain the reason for the deviation at the following Annual General Meeting.

Senior executives include segment managers, the Chief Executive Officer, the Chief Financial Officer, and Executive Vice Presidents. The Executive Management is found on pages 27–29. The following changes to the Executive Management were made in 2015; Jakob Mejlhede joined the management team in January, and Maria Redin in June; Marek Singer left the executive management in August; Irina Gofman and Rikard Steiber left the Group in December. In 2014, Patrick Svensk left the Group in May; Anders Jensen joined the Group as per 1 August. The remuneration therefore reflect these changes from the respective dates in the figures below.

Remuneration and other benefits 2015

(SEK thousand)	Base fee	Base salary	Variable remuneration	Other benefits	Pension costs	Other remuneration	Total
David Chance, Chairman of the Board	1,310					215	1,525
Joakim Andersson	650						650
Simon Duffy	700						700
Michelle Guthrie	600						600
Alexander Izosimov	575						575
Bart Swanson	600						600
Jørgen Madsen Lindemann, CEO		9,851	11,144	358	985		22,338
Executive managers (10 persons)		32,768	17,979	1,570	2,523		54,840
Total	**4,435**	**42,619**	**29,123**	**1,928**	**3,508**	**215**	**81,828**

The 2015 amounts disclosed for the major part of the executive managers relate to the full year, but part of the year for some of the executive managers. The numbers include variable salary remuneration incurred to be paid after the year end for the Chief Executive Officer of SEK 7 (4) million. In addition, non-cash share-based incentive programme costs calculated in accordance with IFRS 2 amounted to SEK 1 (2) million for the CEO and SEK 1 (8) million for other executive managers. Out of the remuneration to other executive managers SEK 21 (21) million was expensed in the parent company, SEK 29 (26) million was expensed in the subsidiaries.

David Chance has, in addition to the board fee in MTG, a remuneration of SEK 215 (1,413) thousand for his work as a Director of the Board in Modern Times Group MTG Ltd.

Remuneration and other benefits 2014

(SEK thousand)	Base fee	Base salary	Variable remuneration	Other benefits	Pension costs	Other remuneration	Total
David Chance, Chairman of the Board	1,310					1,413	2,723
Mia Brunell Livfors	525						525
Blake Chandlee	475						475
Simon Duffy	700						700
Lorenzo Grabau	700						700
Alexander Izosimov	600						600
Michelle Guthrie	600						600
Jørgen Madsen Lindemann, CEO		9,483	7,010	108	941		17,542
Executive managers (10 persons)		30,959	16,030	1,225	2,679		50,893
Total	**4,910**	**40,442**	**23,040**	**1,333**	**3,620**	**1,413**	**74,758**

The 2014 amounts disclosed for the major part of the executive managers relate to the full year, but part of the year for some of the executive managers. The numbers include variable salary remuneration incurred to be paid after the year end for the Chief Executive Officer of SEK 4 (4) million. In addition, non-cash share-based incentive programme costs calculated in accordance with IFRS 2 amounted to SEK 2 (2) million for the CEO and SEK 8 (8) million for other executive managers. Out of the remuneration to other executive managers SEK 21 (25) million was expensed in the parent company, SEK 26 (21) million was expensed in the subsidiaries.

David Chance has, in addition to the board fee in MTG, also received remuneration of SEK 1,413 (37) thousand for services to the company and his work as a Director of the Board in Modern Times Group MTG Ltd.

Decision process

The remuneration to the Chief Executive Officer was decided by the Board of Directors. Remuneration to executive management is monitored and reviewed by the Board.

Share-based payments

The Annual General Meetings, with the beginning in 2005, have established stock-based incentive programmes for senior executives and key personnel.

2015 Long-term incentive programme (LTIP)

The 2015 programme is performance based and directed towards 100 senior executives and other key employees. The CEO and the senior executives are required to have a certain shareholding in MTG shares (Target Holding) in order for the Share Awards to vest, and other key employees are not. The

Note 28, continued

Target Holding to be achieved is for the CEO a shareholding equivalent to the value of 1 year's net base salary at time of grant and, for the senior executives, equivalent to a value of 0.5 × 1 year's net base salary. Based on the participant's annual gross salary and the share price at grant, the CEO and senior executives are granted share awards equivalent to 75% of the annual gross salary and, for the key employees, 50% of the annual gross salary, depending on the fulfillment of certain stipulated performance conditions. The performance conditions relate to total shareholder return (TSR) compared to a peer group, normalised operating income (excluding associated company income) and absolute TSR. The target levels for normalised operating income (excluding associated company income) are set by the Board for each of the calendar years, with the relative weight of each of the three one year periods being one third. The share rights were granted by the company at the beginning of June 2015 free of charge, and may be exercised the day following the release of the interim report for Q1 2018. Dividends paid on underlying shares during the vesting period will increase the number of shares in order to treat the shareholders and the participants equally. The programme is calculated to comprise a maximum of 495,000 shares. The target level for normalised operating income (excluding associated company income) for 2015 was met.

2014 Long-term incentive programme (LTIP)

The 2014 programme is performance based and directed towards 140 senior executives and other key employees. The CEO and the senior executives are required to make a personal investment in MTG shares to participate, other key employees are not. Investment shares can be shares already held or shares purchased on the market in connection with the notification to participate in the programme, and must be held during the three year vesting period. Based on the participant's annual gross salary and the share price at grant, and, for the CEO and senior executives, the number of invested shares, the participants will be granted rights to receive MTG Class B shares free of charge, depending on the fulfillment of certain stipulated goals and the employee category. The goal relates to normalised return on capital employed. The share rights were granted by the company free of charge at the beginning of June 2014, and may be exercised the day following the release of the interim report for Q1 2017. Dividends paid on underlying shares during the vesting period will increase the number of shares in order to treat the shareholders and the participants equally. The programme is calculated to comprise a maximum of 345,000 shares.

2013 Long-term incentive programme (LTIP)

The 2013 programme is performance based and directed towards 100 senior executives and other key employees. The CEO and the senior executives are required to make a personal investment in MTG shares to participate, other key employees are not. Investment shares can be shares already held or shares purchased on the market in connection with the notification to participate in the programme, and must be held during the three year vesting period. Based on the participant's annual gross salary and the share price at grant, and, for the CEO and senior executives, the number of invested shares, the participants will be granted rights to receive MTG Class B shares free of charge, depending on the fulfillment of certain stipulated goals and the employee category. The goal relate to normalised return on capital employed. The share rights were granted by the company free of charge at the beginning of June 2013, and may be exercised the day following the release of the interim report for Q1 2016. Dividends paid on underlying shares during the vesting period will increase the number of shares in order to treat the shareholders and the participants equally. The programme is calculated to comprise a maximum of 240,000 shares.

2012 Long-term incentive programme (LTIP)

The 2012 programme is performance based and directed towards 100 senior executives and other key employees. Individual investments in MTG shares are required to participate. These shares can be shares already held or shares purchased on the market in connection with the notification to participate in the programme. The shares must be held during the three year vesting period. Approximately 50 of the participants are granted retention and performance rights and performance options, depending on the fulfillment of certain stipulated goals and the employee category. The other 50 participants are granted retention shares only. The goals relate to shareholder return, normalised return on capital employed and shareholder return to be equal to a peer group. The rights to retention shares and performance shares were granted by the company free of charge at the beginning of June 2012, and may be exercised the day following the release of the interim report for Q1 2015. Dividends paid on underlying shares during the vesting period will increase the number of retention and performance shares in order to treat the shareholders and the participants equally. The programme is calculated to comprise 26,850 retention shares, 120,500 performance shares, and 120,500 performance options, where approximately 50 participants and their investments are matched. The exercise price for the performance options was set at 120% of the average share price of the Class B share at grant date. The program ended in 2015.

2011 Long-term incentive programme (LTIP)

The 2011 programme is performance based and directed towards 100 senior executives and other key employees. Individual investments in MTG shares are required to participate. These shares can be shares already held or shares purchased on the market in connection with the notification to participate in the programme. The shares must be held during the three year vesting period. Approximately 50 of the participants are granted retention and performance rights and performance options, depending on the fulfillment of certain stipulated goals and the employee category. The other 50 participants are granted retention shares only. The goals relate to shareholder return, normalised return on capital employed and shareholder return to be equal to a peer group. The rights to retention shares and performance shares were granted by the company free of charge at the beginning of June 2011, and may be exercised the day following the release of the interim report for Q1 2014. Dividends paid on underlying shares during the vesting period will increase the number of retention and performance shares in order to treat the shareholders and the participants equally. The programme is calculated to comprise 19,850 retention shares, 97,900 performance shares, and 97,900 performance options, where approximately 50 participants and their investments are matched. The exercise price for the performance options was set at 120% of the average share price of the Class B share at grant date. The program ended in 2014.

Cost effects of the incentive programmes

The programmes are equity-settled programmes. The initial fair value at grant date of the stock option programmes, is expensed during the vesting period. The cost for the programmes is recognised in equity and as an operating expense. The cost is based on the fair value of the MTG Class B share at grant date and the number of shares expected to vest. The cost recognised for the programmes in 2015 amounts to SEK 4 (1) million excluding social charges. Total provision for the social fees in the balance sheet amounted to SEK 2 (3) million.

The fair value of services received in return for share options granted were calculated based on the Black & Scholes method. The expected volatility is based on historical values. Further, it has been assumed that 10 per cent of the personnel will leave during the period. As for the performance programmes, the probability that the goals are met has been taken into consideration by applying adjustment factors to the different goals, when calculating the costs.

There were no share rights or options exercisable at the end of 2015.

Dilution

If all share rights awarded to senior executives and key employees as at 31 December 2015 were exercised, the outstanding shares of the Company would increase by 600,157 (520,301) Class B shares, and be equivalent to a dilution of 0.9 (0.8) % of the issued capital and 0.5 (0.5) % of the related voting rights at the end of 2015. In May 2015 5,780 performance shares from the 2012 programme were exercised, and in May 2014 7,478 performance shares from the 2011 programme were exercised.

Distribution of issued stock options and retention and performance rights and options:

No of options and rights outstanding	CEO	Senior executives	Key personnel	Total
LTIP 2013	22,330	33,329	58,731	114,390
LTIP 2014	22,343	20,904	130,874	174,121
LTIP 2015	28,652	69,059	213,935	311,646
Total outstanding as per 31 December 2015	**73,325**	**123,292**	**403,540**	**600,157**

	2015		2014	
	No of options and other rights	Weighted exercise price	No of options and other rights	Weighted exercise price
Options and other rights outstanding at 1 January	520,301	34.27	373,337	113.40
Recalculated due to dividends	285	–	720	–
Retention shares issued during the year	406,554	–	282,966	–
Retention and performance shares exercised during the year	–5,780	–	–7,478	–
Retention and performance shares and options forfeited during the year	–321,203	34.27	–129,244	142.99
Total outstanding as per 31 December	**600,157**	**–**	**520,301**	**34.27**

The share rights exercised in 2015 and 2014 were free of charge.

There were no outstanding options as per 31 December 2015 and other rights are free of charge. The weighted average remaining contractual life is 1.6 (1.6) year.

Note 28, continued

Specification of LTIP programmes	No. of allocated options and other rights	No. of people	Exercise price options	Theoretical value at allocation	Exercise period	Outstanding options and other rights as per 1 January	Recal-culation due to dividend	Forfeited during the year	Exercised during the year	Outstanding options and other rights as per 31 December
Grant 2011										
2015										–
2014	191,375	100	517.30	98.66	2014	73,500	720	66,742	7,478	–
Grant 2012										
2015	229,525	100	361.70	70.01	2015	109,225	285	103,730	5,780	–
2014	229,525	100	361.70	70.01	2015	119,425		10,200		109,225
Grant 2013										
2015	180,789	100	–	117.32	2016	153,990		39,600		114,390
2014	180,789	100	–	117.32	2016	180,412		26,422		153,990
Grant 2014										
2015	282,966	140	–	137.32	2017	257,086		82,965		174,121
2014	282,966	140	–	137.32	2017			25,880		257,086
Grant 2015										
2015	406,554	100	–	92.82	2018			94,908		311,646
Total grant										
2015	1,099,834					520,301	285	321,203	5,780	600,157
2014	884,655					373,337	720	129,244	7,478	520,301

Note 29 Audit fees

Group (SEK million)	2015	2014
KPMG, audit fees	16	14
KPMG, audit related fees	2	1
KPMG, tax related fees	0	0
KPMG, other services	3	0
EY, audit fees	1	2
Deloitte, audit fees	0	0
Other, audit fees	1	–
Total	**22**	**19**

Parent company (SEK million)	2015	2014
KPMG, audit fees	1	1
KPMG, audit related fees	–	–
KPMG, tax related fees	–	0
KPMG, other services	0	0
Total	**2**	**2**

Note 30 Related party transactions

Related party	
Investment AB Kinnevik (Kinnevik)	Kinnevik holds shares in Modern Times Group MTG AB.
CTC Media, Inc. (CTC)	MTG holds a significant amount of shares in CTC Media.

All subsidiaries of Kinnevik are considered as related parties.

The Group has related party relationship with its subsidiaries, joint ventures and associated companies (see note 14).

The transactions between the different parties are based on market prices negotiated on arm's-length basis.

Business agreements with related parties

The Group rents office space from Kinnevik.

The Group sells program rights to and buys program rights from CTC Media.

	Group		Parent company	
(SEK million)	2015	2014	2015	2014
Net sales				
Kinnevik	3	7	–	–
Total revenues	**3**	**7**	**–**	**–**
Operating costs				
Kinnevik	6	9	3	8
CTC	5	4	–	–
Total operating costs	**11**	**13**	**3**	**8**
Receivables				
Kinnevik	0	6	–	–
Total Receivables	**0**	**6**	**–**	**–**
Payables				
Kinnevik	–	1	–	–
CTC	–	0	–	–
Total Payables	**–**	**1**	**–**	**–**
Dividends from associated companies				
CTC	90	297	–	–
Total dividends associated companies	**90**	**297**	**–**	**–**

Remuneration of key management personnel

Other transactions than reported in note 28 have not been made.

Note 31 Divested operations

The Group sold at the end of 2015 its Russian & international pay-TV channels businesses as amendments to the Russian Mass Media Law reduced the permitted level of aggregate foreign ownership in Russian mass media companies to 20% direct or indirect ownership or control from the beginning of 2016.

The Group also sold its Hungarian free-TV channel subsidiary, as well as its interest in Radio Nova, Finland.

Further, associated company SAPPA was sold at the beginning of the year.

In 2014, the Group sold its 80% shares in Zitius Service Delivery AB.

Group (SEK million)	2015 Russia, Hungary among others	2014 Zitius
Net sales	853	72
Operating expenses	–722	–66
Financial expenses	–89	–1
Net income before tax	**42**	**5**
Tax	–31	–1
Net income	**11**	**4**
Non-current assets	79	345
Trade and other receivables	448	27
Cash and cash equivalents	118	9
Interest-bearing liabilities	0	–185
Trade and other liabilities	–287	–37
Net assets	**359**	**159**
Cash and cash equivalents	–118	–9
Sales price	530	238
Net cash inflow	**412**	**230**

Note 32 Assets held for sale and discontinued operation

MTG owns 38.4416% of the outstanding shares in CTC Media, Inc., Russia's leading independent media company. On 25 September 2015, CTC Media entered into a definitive agreement to sell 75% of its business operations to UTV-Management LLC., for a purchase price of approximately USD 200m. CTC Media has thereafter received USD 150.5m, and in February 2016 an additional USD 42.5m. The final purchase price reflects the performance of the business during 2015 and specified indemnification obligations, and the total consideration was USD 193.1m. The transactions was approved by the shareholders at a special meeting convened on 17 December 2015. MTG reclassified its interest in CTC Media in the second quarter of 2015 as a 'Discontinued operation' from 'Share of earnings in associated companies' in the income statement and as 'Assets held for sale' from 'Shares and participations in associated companies' in the balance sheet.

CTC Media was previously recognised as a segment of its own. The income statement for 2014 have been restated to facilitate comparison between years.

Dividends received from CTC Media; transaction costs incurred in relation to MTG's stake in CTC Media; and the difference between the book value and fair value of MTG's holding in CTC Media at the end of the year, is recognized in the income statement. The fair value of MTG's holding has been calculated at SEK 1,081m (1,984) and reflects the anticipated return of the value to the shareholders of CTC Media's sale of 75% interest in its operating businesses to UTV-Management LLC for USD 200m in cash, and CTC Media's stated intention to return value in cash to the Company's shareholders that are not subject to sanctions, including anticipated available cash of USD 55 million. The CTC Media Board anticipates that the return of the value to the shareholders will be completed in the second quarter of 2016, subject to the receipt of a license from the Office of Foreign Assets Control of the U.S. Treasury Department and the satisfaction of the closing conditions. The asset is recognised at fair value less costs and has been classified at level 2 as the valuation is derived from the public data described above.

Net income for CTC Media totaled SEK –282m (357) and reflected the change in the fair value of the holding. The sale or termination of the holding would, in accordance with IFRS, result in a non-cash charge to net income of SEK 1.0bn arising from the accumulated translation differences recognized through other comprehensive income and related to CTC Media. This charge would be recognised in the 'Discontinued operations' line in the income statement. Equity is unaffected.

Further information can be found CTC Media's website www.ctcmedia.ru.

Group (SEK million) CTC Media, Inc.	2015	2014
Share of earnings	126	540
Translation difference communicated bid	–18	–
Transaction costs	–30	–
Share of tax expense	–38	–184
Write-down to fair value	–322	–
Total result discontinued operations	**–282**	**357**
Basic earnings per share from discontinued operations (SEK)	**–4.23**	**5.35**

Group (SEK million) Shares in CTC Media, Inc.	2015	2014
Share of net assets 1 January	1,745	1,692
Share of earnings	90	540
Share of tax expense	–38	–184
Translation differences including share of other comprehensive income CTC Media	–548	–12
Change in fair value	–82	–
Effect of employee share option programmes	5	4
Dividend received	–90	–297
Share of net assets 31 December	**1,081**	**1,745**
Goodwill value	–	417
Elimination	–	–177
Share of assets including goodwill 31 December	**1,081**	**1,984**
Cash flow	**90**	**297**

	Number of shares	Share capital (%)	Voting rights (%)	Market value 31 Dec 2015	Market value 31 Dec 2014
CTC Media, Inc., USA	60,008,800	38	38	934	2,269

Group (SEK million) Total recorded values CTC Media, Inc.	2014
Net Sales	5,410
Net income	926
Other comprehensive income	–1,057
Non-current assets	2,914
Current assets	3,516
Total	**6,430**
Non-current liabilities	76
Current liabilities	1,579
Total	**1,654**

The Board of Directors and the Chief Executive Officer confirm that the annual accounts have been prepared in accordance with accepted accounting standards in Sweden, and that the consolidated accounts have been prepared in accordance with the international accounting standards in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards. The annual accounts and the consolidated accounts give a true and fair view of the Group's and Parent Company's financial position and results of operations.

The Board of Directors' Report for the Group and the Parent Company gives a true and fair view of the Group's and the Parent Company's operations, position and results, and describes significant risks and uncertainty factors that the Parent Company and Group companies face.

The annual accounts and the consolidated statements were approved by the Board of Directors and the Chief Executive Officer on 24 March 2016. The consolidated income statement and statement of financial position, and the income statement and balance sheet of the Parent Company, will be presented for adoption by the Annual General Meeting on 24 May 2016.

Stockholm 24 March 2016

Joakim Andersson
Non-Executive Director

David Chance
Chairman of the Board

Simon Duffy
Non-Executive Director

Michelle Guthrie
Non-Executive Director

Alexander Izosimov
Non-Executive Director

Bart Swanson
Non-Executive Director

Jørgen Madsen Lindemann
President and Chief Executive Officer

Our Audit report was submitted on 7 April 2016

KPMG AB

Joakim Thilstedt
Authorised Public Accountant

Audit report

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and the consolidated accounts of Modern Times Group MTG AB (publ) for the year 2015. The annual accounts and the consolidated accounts are included in the printed version of this document on pages 6–84.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts
The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A Corporate Governance statement has been prepared. The statutory administration report and the Corporate Governance statement are consistent with the other parts of the annual accounts and the consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the income statement and statement of financial position for the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Modern Times Group MTG AB (publ) for the year 2015.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm 7 April 2016

KPMG AB

Joakim Thilstedt
Authorized Public Accountant

Definitions

Capital employed
Capital employed is calculated as an average of total fixed assets, cash and working capital net reduced by provisions.

Cash flow from operations
Cash flow from operations comprises operating cash flow before financial items and tax payments, taking into account other financial cash flow.

EBIT
EBIT is read Earnings Before Interest and Tax, and also referred to as operating income.

EBITDA
EBITDA is read Earnings Before Interest, Tax, Depreciation and Amortisation.

Earnings per share
Earnings per share is expressed as net income attributable to equity holders of the parent divided by the average number of shares.

Equity/assets ratio
The equity/assets ratio corresponds to shareholders' equity including non-controlling interest, expressed as a percentage of total assets.

Interest coverage ratio
Interest coverage ratio is calculated as operating income less financial costs divided by financial costs.

Liquid funds, available
Liquid funds is expressed as cash and bank plus short-term investments including unutilised credit facilities.

Net assets
Assets less liabilities including provisions.

Net debt
Net debt is the sum of consolidated interest-bearing liabilities, less interest-bearing short-term and long-term assets and cash and cash equivalents.

Net debt/equity ratio
The net debt/equity ratio is expressed as net debt in relation to shareholders' equity, including non-controlling interest.

Operating margin %
Operating profit as a percentage of net sales.

Return on capital employed %
Return on capital employed is calculated as operating income as a percentage of average capital employed.

Return on equity %
Return on equity is expressed as net income as a percentage of average shareholders' equity.

Return on total assets %
Return on total assets corresponds to income before financial costs and tax as a percentage of average total assets.

Glossary

The following explanations are not intended as technical definitions, but to assist the general reader to understand certain terms.

ARPU
Annualised Average Revenue per User calculated for premium subscribers.

AVOD
Advertising Video on Demand.

BTV
Broadband Television in open fibernet.

Catch-up services
Services offering television content delivered on an on-demand basis via non-linear transmission which enables viewers to access programming that has been broadcast in linear stream at a time of their choice, via an Internet-connected Device.

Churn
Subscription disconnections expressed as a percentage of the midpoint of the number of subscribers at the beginning and end of the period.

DTH
Direct-to-home reception of a television program service, the signal for which is transmitted directly to a satellite dish at the place of reception.

Encrypted
Distribution of transmissions that are scrambled in order to prevent illegitimate access.

Esports
Live competitive online gaming and tournaments.

Free-TV
TV channels or services broadcast in analogue or digital form which are primarily financed by advertising Revenue

Internet-connected device
Equipment which is capable of receiving audiovisual content using IP technology, including set-top boxes, personal computers, mobile (and other handheld devices including smartphones), internet-enabled TV sets, tablets and games consoles.

IPTV
Internet Protocol Television is a distribution system using cable or telephone wire employing DSL or similar technology which enables delivery of television programming services.

Multi-channel network/MCN
MCN works with video platforms such as YouTube.

Multi room
A service by which subscribers locate receiving devices in different rooms in their households

Multi-screen
A pay-TV service that is not dependent on the use of a particular receiving device.

OTT
Video content delivered “over-the-top” to Internet-connected Devices via the open Internet (as opposed to closed networks).

Pay-TV
TV channels or services broadcast in analogue or digital forms which are primarily financed by subscription revenue.

Penetration
Share of households with access to the channel or station in question.

Premium subscriber
Subscriber paying for and receiving premium pay-TV content.

Share of viewing
Measured proportion of people viewing a particular channel as a percentage of the total measured audience. If it is commercial share of viewing, it excludes channels (public service broadcasters) that do not show advertising. Such share of viewing data is also often measured among specific target groups and typically according to an age profile.

SVOD
Subscription video on demand, is a service offered which charges subscribers a monthly fee for accessing an unlimited number of programs.

TVOD
With transactional VOD the customer pays for each individual video on demand program.

Viaplay
The brandname for the multi-screen on-demand pay-TV service which provides streamed movies, live sports coverage, TV series and catch-up services of favorite free-TV channels to Internet-connected devices.

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