



ANNUAL GENERAL MEETING TUESDAY 9 MAY 2017

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1. Modern Times Group MTG AB Nomination Committee's motivated opinion regarding the proposal for election of the Board at the 2017 Annual General Meeting.

MTG Nomination Committee

In accordance with the procedure of the Nomination Committee adopted by the 2016 Annual General Meeting, David Chance, Chairman of the Board of Directors, convened a Nomination Committee. The Nomination Committee is comprised of David Chance as Chairman of the Board of MTG, Cristina Stenbeck, appointed by Kinnevik AB, Erik Durhan, appointed by Nordea Funds, and Yvonne Sörberg, appointed by Handelsbanken Funds. The members of the Nomination Committee appointed Cristina Stenbeck as Chairman of the Nomination Committee at their first meeting.

The Nomination Committee's proposal for election of the Board

The Nomination Committee proposes:

- That the Board shall consist of six members.
- The re-election of all current members of the Board, with the exception of Bart Swanson who has decided not to seek re-election.
- The election of Natalie Tydeman as new member of the Board.
- The re-election of David Chance as Chairman of the Board.

The Nomination Committee's proposal is thus that the following persons are elected to the Board of MTG for a term of office until the end of the next Annual General Meeting:

- David Chance, Chairman of the Board
- Joakim Andersson
- Simon Duffy
- Donata Hopfen
- John Lagerling
- Natalie Tydeman

The Nomination Committee's work

The Nomination Committee has held three meetings, with additional candidate interviews and Committee discussions between meetings. The Nomination Committee's work has primarily focused on the continued development of the overall Board composition with the aim to strengthen the mix of experiences and competencies present at Board level in order to increasingly match the challenges and opportunities faced by MTG as the company continues to take important steps to shape its business for the future and to adapt its traditional broadcast businesses to new media consumption trends.

In its assessment of the degree to which the current Board meets the requirements placed on it, the Nomination Committee reviewed the current Board members' ability to devote the necessary time and commitment required, as well as the balance and diversity of contributions of experiences from different areas of the broader media and digital entertainment industry. The Committee also had the benefit of a formal evaluation of the Board and its individual members.

The Nomination Committee's motivated opinion regarding its proposals

Having been informed by Bart Swanson of his intention not to seek re-election, the Nomination Committee resolved to propose the re-election of the remaining Board members. Further, the Committee identified and managed to attract Natalie Tydeman, who has an established and unique track record from both traditional pay-TV broadcasting and new media and technology-enabled investing, including online gaming. In addition to her sector expertise, Natalie will contribute to the Board work with her experience from dealing with key matters such as capital allocation, corporate venture capital investing, and adjusting corporate strategies to a rapidly developing media and technology landscape.

Natalie Tydeman is a private equity investor and a Trustee of Nesta, a charitable foundation focused on increasing the innovation capacity of the United Kingdom, where she chairs the Venture Investment

Committee and Nesta Investment Management. Between 2007 and 2016, Natalie was at GMT Communications Partners, one of Europe's leading private equity specialists in the media and communications sectors, where she became Partner in 2010 and later promoted to Senior Partner in 2014. Natalie started her career as a strategy consultant at Braxton Associates, and later helped launch Excite in Europe, built Discovery Communications' European internet operations, was Managing Director of Fox Kids Europe's Online & Interactive division, and led Fremantle Media's business diversification and corporate venturing activities as Senior Vice President. Natalie is British national and a graduate of the University of Oxford and Harvard Business School.

The Nomination Committee is of the opinion that the proposed Board will continue to support MTG's ongoing capitalization of changes in consumer behavior to enable the company to become a global leader in key digital video entertainment verticals, as well as to provide valuable perspectives on how to best structure partnerships in the changing media and broadcasting landscape.

In its work, the Nomination Committee applies rule 4.1 of the Swedish Corporate Governance Code as its diversity policy. Accordingly, the Committee gives particular consideration to the importance of an increased diversity on the Board, including gender, age and nationality, as well as depth of experiences, professional backgrounds and business disciplines. The Committee believes the composition of the proposed Board is adequately diverse in respect of its set of experiences and solid mix of relevant skill-sets matching the priorities of MTG. However, as a part of its efforts to find the most competent Board members the Committee will increasingly pursue greater gender balance.

Finally, it is noted that the Nomination Committee has evaluated each Board member's independence in the work of preparing its proposals for the 2017 Annual General Meeting, and found that the proposed Board is in compliance with relevant requirements for independence.

Information about the proposed members of the Board

Information about the proposed members of the Board, including the Nomination Committee's assessment of each member's independence, may be found on MTG's website at www.mtg.com.

April 2017

THE NOMINATION COMMITTEE
MODERN TIMES GROUP MTG AB (PUBL)

2. Information on the proposed members of the Board.

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. 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.

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

Direct or related person ownership: 3,565 class B shares as of 31 December 2016.

Joakim Andersson

Non-Executive Director
Swedish, born 1974

Joakim Andersson was appointed Chief Financial Officer of Kinnevik AB, MTG's large reference shareholder, in February 2015 and was also appointed acting Chief Executive Officer of Kinnevik in December 2016. 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 Audit Committee

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

Direct or related person ownership: 100 class B shares as of 31 December 2016.

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., as well as a Non-Executive Director of Oger Telecom Limited, Wizz Air Holdings Plc and Millicom International Cellular. 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.

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

Direct or related person ownership: 1,750 class B shares as of 31 December 2016.

Donata Hopfen

Non-Executive Director
German, born 1976

Donata Hopfen has been the Publishing Director and Head of the Management Board of BILD Group, Europe's largest newspaper and Germany's largest digital news portal, since May 2014. Donata was previously the Managing Director of BILD's digital and mobile activities. Donata joined Axel Springer in 2003 and has held various positions including responsibility for business development and product management at BILD.T-Online, and head of business development in Axel Springer's electronic media department. Donata previously worked as a Strategy Consultant for Accenture's Media & Entertainment Practice for three years from 2000. Donata is also a member of the Advisory Board of Transfermarkt GmbH, member of the Digital Advisory Board of Deutsche Postbank AG and a member of the Foundation Board of SWAB. Donata holds diplomas in European business administration from the Universities of Madrid and Reutlingen.

Member of the Audit Committee.

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

Direct or related person ownership: 0 class B shares as of 31 December 2016.

John Lagerling

Non-Executive Director
Swedish, born 1976.

John Lagerling has been Vice President of Business Development, Mobile and Product Partnerships at Facebook, where he heads global business development, mobile partnerships and other new partner dependent initiatives, since 2014. Prior to joining Facebook, John spent seven years at Google holding various leadership positions, including Director of Android Global Partnerships. John holds an MSc in Marketing and International Business from the Stockholm School of Economics.

Member of the Audit Committee.

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

Direct or related person ownership: 0 class B shares as of 31 December 2016.

Natalie Tydeman

Proposed new Non-Executive Director
British, born 1971

Natalie Tydeman is a private equity investor and a Trustee of Nesta, a charitable foundation focused on increasing the innovation capacity of the United Kingdom, where she chairs the Venture Investment Committee and Nesta Investment Management. Between 2007 and 2016, Natalie was at GMT Communications Partners, one of Europe's leading private equity specialists in the media and communications sectors, where she became Partner in 2010 and later promoted to Senior Partner in 2014. Natalie started her career as a strategy consultant at Braxton Associates, and later helped launch Excite in Europe, built Discovery Communications' European internet operations, was Managing Director of Fox Kids Europe's Online & Interactive division, and led Fremantle Media's business diversification and corporate venturing activities as Senior Vice President. Natalie is a graduate of the University of Oxford and Harvard Business School.

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

Direct or related person ownership: 0 class B shares as of 31 March 2017.

3. The Board's reasoned statement pursuant to Ch 18 Sec 4 and Ch 19 Sec 22 of the Swedish Companies Act.

The Board hereby presents the following statement in accordance with Ch 18 Sec 4 and Ch 19 Sec 22 of the Swedish Companies Act. The Board's reasons for the proposed dividend and the authorisation to repurchase the Company's own shares being in accordance with the provisions of Ch 17 Sec 3, paragraph 2 and 3 of the Swedish Companies Act are as follows:

The Company's objects, scope and risks

The Company's objects and scope of business operations are set out in the Articles of Association and the submitted Annual Reports. The Company's operations do not entail any risks in excess of those that exist or may be deemed to exist in the industry or those risks which are generally associated with operating a business.

The financial position of the Parent Company and the Group

The financial position of the Parent Company and the Group as per 31 December 2016 is stated in the Annual Report for 2016. The Annual Report also states which accounting principles are applied in the valuation of assets, allocations and liabilities.

The proposal on dividend states that the Board proposes a dividend of SEK 12.00 per share, which corresponds to an amount of approximately SEK 801 million. The proposed dividend constitutes approximately 13 per cent of the Parent Company's equity and approximately 16 per cent of the Group's equity. The non-restricted equity in the Parent Company and the Group's retained profits as of 31 December 2016 amounted to SEK 5,914 million and SEK 2,865 million respectively.

As of 31 December 2016 the Group's equity/assets ratio amounted to 28 per cent. The proposed dividend and authorisation to repurchase the Company's own shares does not limit the Company's possibilities to complete on going, and further make value-creating, investments. The Company's financial position does not give rise to any other conclusion than that the Company can continue its business and that the Company can be expected to fulfil its obligations on both a short and long-term basis.

Justification for dividend and repurchase

With reference to the above and to what has otherwise come to the knowledge of the Board, the Board is of the opinion that after a comprehensive review of the financial position of the Parent Company and of the Group it follows that the proposals regarding dividend and authorisation to repurchase the Company's own shares to create flexibility in the work with the Company's capital structure are justified according to the provisions of Ch 17 Sec 3 paragraph 2 and 3 of the Swedish Companies Act, i.e. with reference to the requirements that the objects of the business, its scope and risks place on the size of the Parent Company's and the Group's equity and the Parent Company's and the Group's consolidating requirements, liquidity and financing needs in general.

Stockholm, April 2017

THE BOARD OF DIRECTORS
MODERN TIMES GROUP MTG AB (PUBL)

4. **Auditor's report in accordance with Ch 8, Sec 54 of the Swedish Companies Act whether the guidelines for remuneration to senior executives as approved by the Annual Meeting of the Shareholders has been complied with.**



Auditor's opinion under Chapter 8 Section 54 of the Swedish Companies Act (2005:551) as to whether the guidelines of the annual general meeting on the remuneration of senior executives have been followed

To the annual general meeting of Modern Times Group MTG AB (publ.), Corporate identity No 556309-9158

Introduction

We have audited whether the Board of Directors and the Chief Executive Officer of Modern Times Group MTG AB (publ.) during the year 2016 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 19 May 2015 and the annual general meeting on 24 May 2016.

Responsibility of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the guidelines being followed and for the internal control that the Board of Directors and the Chief Executive Officer deem necessary to ensure that the guidelines are followed.

Responsibility of the auditor

Our responsibility is to issue an opinion, based on our audit, to the annual general meeting as to whether the guidelines have been followed. We have conducted the audit in accordance with FAR recommendation RevR 8 *Audit of remuneration of senior executives of listed companies*. This recommendation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the guidelines adopted by the annual general meeting are followed in all material aspects. The audit firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of Modern Times Group MTG AB accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The audit has covered the company's organization for and documentation of remuneration issues for senior executives, the new decisions on remuneration that have been taken and a selection of the payments made during the financial year to the senior executives. The auditor chooses what procedures are to be performed, in part by assessing the risk of the guidelines not being followed in all material aspects. In making those risk assessments, the auditor considers internal control relevant to compliance with the guidelines 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.

We believe that our audit provides a reasonable basis for our opinion set out below.

Opinion

We consider that the Board of Directors and Chief Executive Officer of Modern Times Group MTG AB (publ.) during 2016 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 19 May 2015 and the annual general meeting on 24 May 2016.

Stockholm 3 April 2017

KPMG AB

A handwritten signature in blue ink, appearing to read 'Joakim Thilstedt', is written over the printed name.

Joakim Thilstedt

Authorized Public Accountant

5. Evaluation of Modern Times Group MTG AB's remuneration to the CEO and the other members of the management team (Report according to the Swedish Corporate Governance Code, 9.1).

The Remuneration Committee of the Board of Modern Times Group MTG AB (publ) comprises the Chairman of the Board David Chance and the Board members Bart Swanson and Joakim Andersson. Bart Swanson is Chairman of the Committee.

The responsibilities of the Remuneration Committee include issues related to salaries, pension plans, bonus plans and the employment terms for the CEO and other members of the Group Management of MTG (the "**senior executives**"). The Committee also advises the Board on long-term incentive schemes.

In accordance with the Swedish Corporate Governance Code rule 9.1, the Remuneration Committee monitors and evaluates plans for variable remuneration (both on going and those that have ended during the year), the application of the guidelines for remuneration to the executives adopted at the Annual General Meeting as well as the current remuneration structure and levels of remuneration in MTG.

The following is the Board's report of the results of the evaluation:

General description of the remuneration to the executives during the year

Remuneration to the executives consists of a fixed and variable salary paid in cash, as well as the possibility to participate in equity based long-term incentive plans, pension schemes and customary benefits. The objective of the remuneration is to ensure that MTG can attract, motivate and retain senior executives and key employees.

The remuneration shall be based on conditions that are market competitive, within the context of MTG's international peer group, and at the same time aligned with the shareholders' interests.

Variable remuneration during the year

The variable remuneration paid in cash (STI) shall be based on an annual evaluation of the performance in relation to established goals and targets. The STI during 2016 has not exceeded a maximum of 100 per cent of the fixed annual salary.

There are long-term share-based incentive plans (LTI) for the senior executives and other key employees in MTG. The long-term incentive plans are performance based.

Further information on the short and long-term variable remuneration can be found in the Annual Report 2016 and on MTG's website at www.mtg.com.

Evaluation of plans for variable remuneration

The Remuneration Committee follows and evaluates the STI and LTI and the expected outcome has been reported to the Board and discussed at Board meetings. Also, the Remuneration Committee monitors to what extent the senior executives and other key employees participate in the on-going long-term share related programs LTIP 2014, LTIP 2015 and LTIP 2016.

The evaluation of the programmes for variable remuneration has shown that:

- the programmes are well aligned with the shareholders' interests, and are an important tool to help MTG recruit, motivate and retain high performing key employees;
- there is an increased international competition on high performing senior executives and key talents, and the variable pay is higher on the international arena, especially on long-term incentive programmes; and
- the long-term programme should be designed so that the award is linked to the long-term success of the new entertainment verticals in MTGx.

Evaluation of the guidelines for remuneration to the senior executives

The Committee's evaluation has resulted in the conclusion that there has been compliance with the guidelines for remuneration to the senior executives resolved by the 2015 and 2016 Annual General Meetings during 2016. The conclusion has been confirmed by the auditor.

Evaluation of the current remuneration structures and levels in MTG

The Remuneration Committee's evaluation has resulted in the Board having made the assessment that changes to the current structure and levels of the long-term variable remuneration should be made. In order to create a more attractive remuneration package, enhance MTG's ability to recruit, motivate and retain leading industrial talents, with a better balance between short and long-term remuneration as well as fixed and variable remuneration, which better reflects MTG's strategic priorities for the business, the board proposes increased award levels in the LTI and a new performance criterion based on the value creation of MTGx is introduced in the LTI. The Board's view is that the proposed remuneration structure and levels of remuneration for STI and LTI to the executives and other key employees, better aligns the personnels' incentive with the shareholders' interest and to strike a good balance between motivating the senior executives and achieving a competitive compensation packages that will facilitate attracting, motivating and retaining key persons within MTG in competition with MTG's international peers.

Stockholm, April 2017

THE BOARD OF DIRECTORS
MODERN TIMES GROUP MTG AB (PUBL)