



## **NOTICE TO ATTEND THE ANNUAL GENERAL MEETING**

**The shareholders of Modern Times Group MTG AB (publ) are hereby invited to the Annual General Meeting on Tuesday 22 May 2018 at 3.00 p.m. CET at the Hotel Rival, Mariatorget 3 in Stockholm.**

### **NOTICE TO ATTEND ETC.**

Shareholders who wish to attend the Annual General Meeting shall

- be entered in the share register maintained by Euroclear Sweden on Wednesday 16 May 2018; and
- give notice of their attendance no later than Wednesday 16 May 2018, preferably before 1.00 p.m. CET. Notification is to be made on the company's website at [www.mtg.com](http://www.mtg.com), by telephone to +46 (0) 771 246 400 or by mail to Computershare AB "AGM, MTG", P.O. Box 610, SE-182 16 Danderyd, Sweden.

Shareholders shall in their notice to attend state name, personal identification number or company registration number, address, phone number and advisors, if applicable. Shareholders whose shares are registered in the names of nominees must temporarily re-register such shares in their own name in order to be entitled to attend the Annual General Meeting. In order for such re-registration to be completed on Wednesday 16 May 2018 the shareholder must inform their nominees well before that day. Shareholders attending by a proxy or a representative should send documents of authorisation to the mail address above, well before the Annual General Meeting. A template proxy form is available on the company's website [www.mtg.com](http://www.mtg.com). Shareholders cannot vote or, in other way, attend the Annual General Meeting by remote access.

### **PROPOSED AGENDA**

1. Opening of the Annual General Meeting.
2. Election of Chairman of the Annual General Meeting.
3. Preparation and approval of the voting list.
4. Approval of the agenda.
5. Election of one or two persons to check and verify the minutes.
6. Determination of whether the Annual General Meeting has been duly convened.
7. Remarks by the Chairman of the Board.
8. Presentation by the Chief Executive Officer.
9. Presentation of the Annual Report, the Auditor's Report and the consolidated financial statements and the Auditor's Report on the consolidated financial statements.
10. Resolution on the adoption of the Income Statement and the Balance Sheet and of the consolidated Income Statement and the consolidated Balance Sheet.
11. Resolution on the treatment of the company's earnings as stated in the adopted Balance Sheet.
12. Resolution on the discharge of liability of the members of the Board and the Chief Executive Officer.

13. Determination of the number of members of the Board.
14. Determination of the remuneration to the members of the Board and the auditor.
15. Election of Board members;
  - (a) Joakim Andersson (re-election, proposed by the Nomination Committee).
  - (b) David Chance (re-election, proposed by the Nomination Committee).
  - (c) Simon Duffy (re-election, proposed by the Nomination Committee).
  - (d) Donata Hopfen (re-election, proposed by the Nomination Committee).
  - (e) John Lagerling (re-election, proposed by the Nomination Committee).
  - (f) Natalie Tydeman (re-election, proposed by the Nomination Committee).
  - (g) Gerhard Florin (new election, proposed by the Nomination Committee).
16. Election of the Chairman of the Board.
17. Determination of the number of Auditors and election of Auditor.
18. Approval of the procedure of the Nomination Committee.
19. Resolution regarding guidelines for remuneration to the senior executives.
20. Resolution to authorise the Board to resolve on repurchase of own shares.
21. Resolution regarding amendments of the Articles of Association.
22. Closing of the Annual General Meeting.

## **RESOLUTIONS PROPOSED BY THE NOMINATION COMMITTEE**

### **Election of Chairman of the Annual General Meeting (item 2)**

The Nomination Committee proposes that Wilhelm Lünig, member of the Swedish Bar Association, is elected to be the Chairman of the Annual General Meeting.

### **Determination of the number of members of the Board and election of the members of the Board and the Chairman of the Board (items 13, 15(a)-(g) and 16)**

The Nomination Committee proposes that the Board shall consist of seven members.

The Nomination Committee proposes that, for the period until the close of the next Annual General Meeting, Joakim Andersson, David Chance, Simon Duffy, Donata Hopfen, John Lagerling and Natalie Tydeman shall be re-elected as members of the Board, and that Gerhard Florin shall be elected as a new member of the Board.

The Nomination Committee proposes that David Chance is re-elected as Chairman of the Board.

### **Determination of the remuneration to the members of the Board and the auditor (item 14)**

The Nomination Committee proposes remuneration to the Board with a total amount of SEK 5,337,500 (2017: 4,785,000). The increase is due to the addition of a member to the Board and its Remuneration Committee, the remuneration levels are unchanged from 2017.

The proposed remuneration for ordinary Board work for the period until the end of the next Annual General Meeting amounts to a total of SEK 4,450,000 (2017: 3,950,000) and shall be allocated in accordance with the following:

- SEK 1,450,000 to the Chairman of the Board, and
- SEK 500,000 to each of the six other members of the Board.

The proposed remuneration for work within the committees of the Board for the period until the end of the next Annual General Meeting amounts to a total of SEK 887,500 (2017: 835,000) and shall be allocated in accordance with the following:

- SEK 235,000 to the Chairman of the Audit Committee and SEK 130,000 to each of the other three members, and
- SEK 105,000 to the Chairman of the Remuneration Committee and SEK 52,500 to each of the other three members.

The Nomination Committee proposes that remuneration to the auditor shall be paid in accordance with approved invoices.

#### **Determination of the number of Auditors and election of Auditor (item 17)**

In accordance with the Audit Committee's recommendation, the Nomination Committee proposes that the company shall have one registered accounting firm as auditor, and that the registered accounting firm KPMG AB shall be re-elected as auditor until the close of the 2019 Annual General Meeting. KPMG AB has informed MTG that the authorised public accountant Joakim Thilstedt will continue as auditor-in-charge if KPMG AB is re-elected as auditor.

The term of office is conditional upon that the Annual General Meeting resolves to amend the Articles of Association on term-of-office in accordance with item 21 on the agenda.

#### **Approval of the procedure of the Nomination Committee (item 18)**

The Nomination Committee proposes that the work of preparing proposals to the 2019 Annual General Meeting regarding the Board and auditor, in the case that an auditor should be elected, and their remuneration, Chairman of the Annual General Meeting and the procedure for the Nomination Committee shall be performed by a Nomination Committee. This procedure shall apply until a resolution regarding a change of the procedure for appointing the Nomination Committee is resolved by the general meeting.

The Nomination Committee will be formed in consultation with the largest shareholders of the company as of the last business day the month the Annual General Meeting was held. The Committee shall consist of at least three members appointed by the largest shareholders of the company who have wished to appoint a member. The largest shareholder shall convene the Committee, and the members of the Committee will appoint the Committee's Chairman at their first meeting. The Chairman of the Board shall be invited to the Committee's meetings as deemed appropriate by the Committee.

The Nomination Committee is appointed for a term of office commencing at the time of its formation and ending when a new Committee is formed. If a member resigns during the Committee term, the Committee may choose to appoint a new member. The shareholder that appointed the resigning member shall in such case be asked to appoint a new member, provided that the shareholder still is one of the largest shareholders in the company. If that shareholder declines participation on the Nomination Committee, the Committee may choose to ask the next largest qualified shareholder to participate. In the event of changes to the ownership structure of the company, the Committee may choose to amend its composition in order to ensure that the Committee appropriately reflects the ownership of the company. However, unless there are special circumstances, the composition of the Nomination Committee may remain unchanged following changes in the ownership structure of the company that are either minor or occur less than three months prior to the Annual General Meeting.

The Nomination Committee shall have the right to upon request receive personnel resources such as secretarial services from the company, and to charge the company with costs for recruitment consultants and related travel if deemed necessary.

### **RESOLUTIONS PROPOSED BY THE BOARD**

#### **Dividend (item 11)**

The Board proposes a dividend of SEK 12.50 per share and that the record date for dividend shall be on Thursday 24 May 2018. If the Annual General Meeting resolves in accordance with the proposal, the dividend is estimated to be paid out to the shareholders on Tuesday 29 May 2018.

#### **Guidelines for remuneration to the senior executives (item 19)**

The Board proposes the following guidelines for determining remuneration for MTG's CEO and other

senior executives in MTG (the “**Senior Executives**”), as well as members of the Board if 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 global 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 incentives for the Senior Executives with the interests of the shareholders. The intention is that each of the Senior Executives shall have a significant long-term shareholding in MTG in relation to his or her fixed salary, 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 fixed salary for the Senior Executives shall be competitive and based on their individual responsibilities and performance.

#### *Variable remuneration*

The STI shall be based on fulfilment of established targets for the MTG Group and in the area of responsibility for each of the Senior Executives, respectively. The result shall be linked to pre-determined, 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 percent of the Senior Executives’ individual fixed salary. In order to achieve the intention that the Senior Executives shall have a significant long-term shareholding in MTG in relation to his or her fixed salary payment of part of the STI is conditional upon it being invested in MTG shares and on these 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 Executives’ 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.

*Information regarding long term share-based incentive plans for 2018 and evaluation of the guidelines and auditor's statement with respect to the compliance with the guidelines*

As communicated by MTG on 23 March 2018, the Board of Directors of MTG has decided to initiate a process to split MTG into two companies by distributing the shares in Nordic Entertainment Group to MTG's shareholders and to list these shares on Nasdaq Stockholm. As a result of the process to split MTG, the Board of Directors has resolved not to propose a new LTI-plan to the 2018 Annual General Meeting.

In accordance with the Swedish Corporate Governance Code Rule 9.1, the Remuneration Committee within the Board monitors and evaluates the application of the guidelines for remuneration established by the Annual General Meeting. Also, the company's auditor has, pursuant to Ch 8 Sec 54 of the Swedish Companies Act, provided a statement with respect to whether there has been compliance with the guidelines for remuneration which have applied during 2017. Both the Committee's evaluation and auditor's review have resulted in the conclusion that there has been compliance with the guidelines for remuneration during 2017.

**Authorisation for the Board to resolve on repurchase of own shares (item 20)**

The Board proposes that the Board is authorised to pass a resolution on repurchasing the company's own shares, for cancellation of shares through a reduction of the share capital, but also in order to secure delivery of Class B shares to the participants in the company's long-term, share based, incentive plans, in accordance with the following conditions:

- The repurchase of Class A and/or Class B shares shall take place at Nasdaq Stockholm in accordance with Nasdaq Stockholm's rules regarding purchase of own shares.
- The repurchase of Class A and/or B shares may take place on one or more occasions for the period up until the next Annual General Meeting.
- So many Class A and/or Class B shares may, at the most, be repurchased so that the company's holding does not at any time exceed 10 per cent of the total number of shares in the company.
- The repurchase of Class A and/or Class B shares at Nasdaq Stockholm may occur at a price within the share price interval registered at that time, where share price interval means the difference between the highest buying price and lowest selling price.
- It is the from time to time lowest-priced available shares that shall be repurchased by the company.
- Payment for the shares shall be in cash.

The purpose of the authorisation is to give the Board flexibility to continuously decide on changes to the capital structure during the year and thereby contribute to increased shareholder value as well as it being an alternative method to hedge that the company have shares to deliver to the participants in the share based incentive plans.

**Amendment of the Articles of Association (item 21)**

The Board proposes amendments to the Articles of Association. The proposed amendments comprise to clarify that the company shall have a registered accounting firm as auditor, the auditor's term of office is changed from four (4) years to one (1), two (2), three (3) or four (4) years and certain editorial adjustments of the Articles of Association due to changed legislation.

*Current wording*

The Company shall have no more than three auditors with up to three deputy auditors. The auditor's term of office shall last until the end of the Annual General Meeting which is held during the fourth financial year after the auditor was elected.

## § 7

*Proposed wording*

The Company shall have no more than three auditors with up to three deputy auditors. *A registered accounting firm may be elected as auditor.* The auditor's term of office shall last until the end of the Annual General Meeting that is held during the *first, second, third or fourth* financial year after the auditor was elected.

## § 10, first paragraph

A shareholder that wishes to participate at the general meeting shall, firstly, have been registered as shareholder in a transcript of the entire share register with respect to the situation five business days before the meeting, and secondly, register with the Company *no later than 1 p.m.* on the registration day set forth in the notice convening the meeting. Such registration day must not be a Sunday, any other public holiday, a Saturday, Midsummer's Eve, Christmas Eve, New Year's Eve or any day earlier than five week days prior to the meeting.

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## § 11

The shareholder or nominee who on the record date is registered in the share register and in a central securities depository register pursuant to Chapter 4 of the Financial Instruments Accounts Act (1998:1479) or any person who is registered in a central securities depository account pursuant to Chapter 4, Section 18 paragraph 6-8 of the mentioned Act, shall be deemed to be authorised to exercise the rights set out in Chapter 4, Section 39 of the Companies Act (2005:551).

The shareholder or nominee who on the record date is registered in the share register and in a central securities depository register pursuant to Chapter 4 of the *Central Securities Depositories and* Financial Instruments Accounts Act (1998:1479) or any person who is registered in a central securities depository account pursuant to Chapter 4, Section 18 paragraph 6-8 of the mentioned Act, shall be deemed to be authorised to exercise the rights set out in Chapter 4, Section 39 of the Companies Act (2005:551).

**MISCELLANEOUS****Shares and votes**

There are a total number of 67,647,124 shares in the company, whereof 5,007,353 Class A shares, 61,979,771 Class B shares and 660,000 Class C shares. The total number of votes for all issued shares in MTG is 112,713,301. As per the date of this notice is disclosed, MTG holds 261,675 own B shares and 660,000 own C shares which cannot be represented at the Annual General Meeting.

**Special majority requirements and conditions with respect to the proposed resolutions in items 20-21**

The resolution under items 20 and 21 is valid only if supported by shareholders holding not less than two-thirds of both the votes cast and the shares represented at the Annual General Meeting.

**Documentation**

The Nomination Committee's motivated statement explaining its proposals regarding the Board and information on the proposed members of the Board will be made available today at the company's website [www.mtg.com](http://www.mtg.com),

The annual report, the reasoned statement of the Board, pursuant to Ch 18 Sec 4 and Ch 19 Sec 22 of the Swedish Companies Act, the Auditor's statement pursuant to Ch 8 Sec 54 of the Swedish Companies Act, the Boards' report of the results of the evaluation according to the Swedish Code of Corporate Governance, and the proposed Articles of Association are available at the company's website [www.mtg.com](http://www.mtg.com) and at the company's premises at Skeppsbron 18 in Stockholm and will be sent to those shareholders who so request and state their postal address or email address.

The documentation can be ordered by telephone at +46 (0) 771-246 400 or in writing at the address Computershare AB "AGM MTG", P.O. Box 610, SE-182 16 Danderyd, Sweden.

**Information at the Annual General Meeting**

The Board and the CEO shall, if any shareholder so requests and the Board believes that it can be done without material harm to the company, provide information regarding circumstances that may affect the assessment of an item on the agenda, circumstances that can affect the assessment of the company's or its subsidiaries' financial situation and the company's relation to other companies within the group and the consolidated accounts.

Stockholm, April 2018

MODERN TIMES GROUP MTG AB (PUBL)

THE BOARD

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**Other information**

Schedule for the Annual General Meeting:

The doors open for shareholders at 2.00 p.m. CET.

The Annual General Meeting commences at 3.00 p.m. CET.

**Interpretation**

As a service to the shareholders, simultaneous interpretation from Swedish to English as well as from English to Swedish will be provided. This service may be requested when attendance to the Annual General Meeting is notified.

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