MTG

Q2 2017 FINANCIAL RESULTS

Transforming a traditional national broadcaster

Into a global digital video entertainment provider

With long-term sales & profits growth

And returning value to shareholders
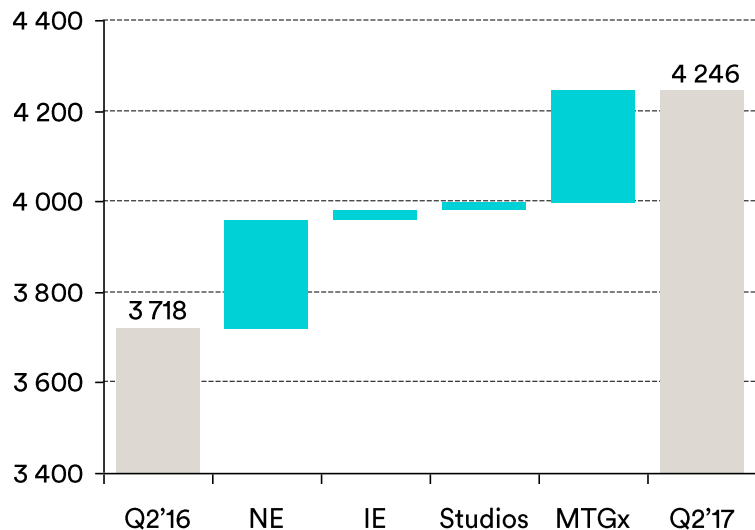
A **CLEAR** AND **SIMPLE** STORY
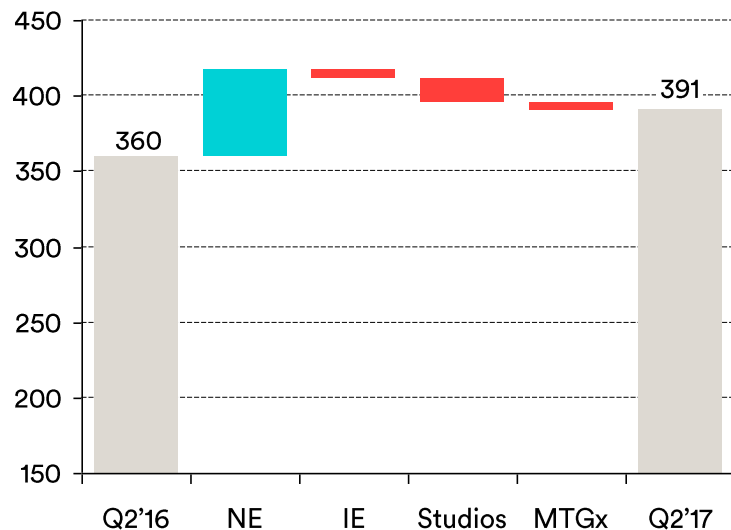
Q2 IN SUMMARY

- 5% organic sales growth & 9% profit growth

- Continued investment into content & digital expansion

- Accelerated strategic transformation
  - ✓ Closed divestment of Czech operations
  - ✓ Increased holding in InnoGames to 51%
  - ✓ Announced acquisition of Kongregate
  - ✓ Launched World Boxing Super Series

SALES & EBIT BY DIVISION

Sales (SEKm)

EBIT before IAC (SEKm)

Sales and EBIT refer to continuing operations
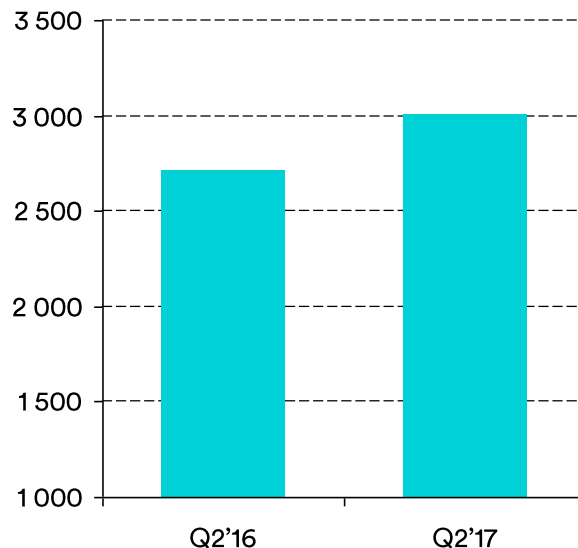
NORDIC ENTERTAINMENT

Key highlights

Organic sales up 8%
- Sales up in all 4 markets
- Viaplay remains main growth driver
- FTV & Radio sales up in all markets driven by higher prices and Viafree
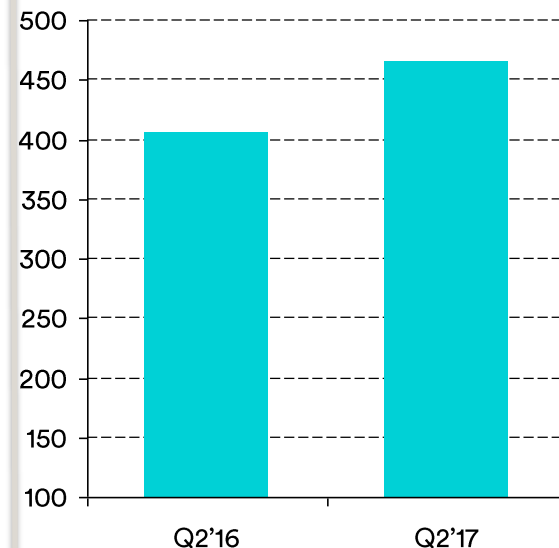
EBIT up 15%
- Organic growth flowed through to the bottom line and combined with cost transformation savings to give 15% higher profits

Sales (SEKm)

	Q2'16	Q2'17

(Bar chart: Sales axis from 1 000 to 3 500. Q2'16 ≈ 2 700, Q2'17 ≈ 3 000)

EBIT (SEKm)

(Bar chart: EBIT axis from 100 to 500. Q2'16 ≈ 405, Q2'17 ≈ 465)

INTERNATIONAL ENTERTAINMENT

Key highlights

Organic sales up 5%
- Strong growth in Bulgaria partly offset by lower sales in Trace
- Trace impacted by termination of distribution & event agreements
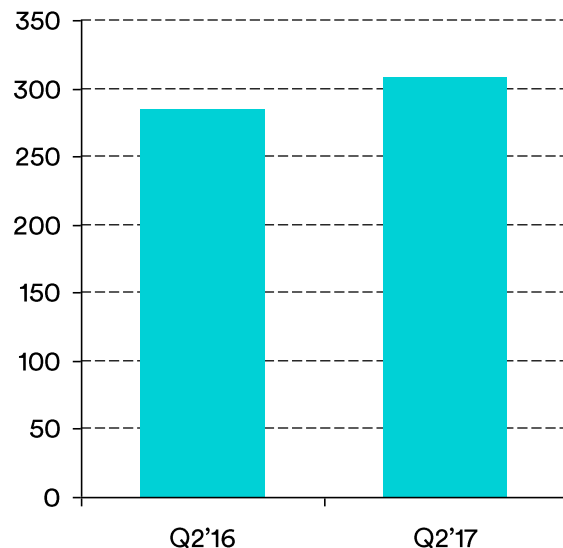
EBIT down 7%
- Double-digit profit growth in Bulgaria
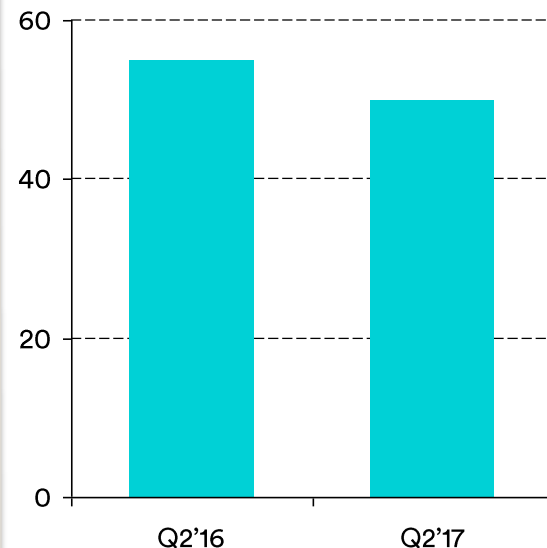- Trace impacted by investments in TracePlay & bad debt write-offs

Divestments
- Closed divestment of the Czech operation, with Baltics and Tanzania awaiting regulatory approval

Sales (SEKm)

	Q2'16	Q2'17
Sales	~285	~310

EBIT (SEKm)

	Q2'16	Q2'17
EBIT	~55	~50

MTG STUDIOS

Key highlights

Organic sales up 1%
- Good demand for scripted drama
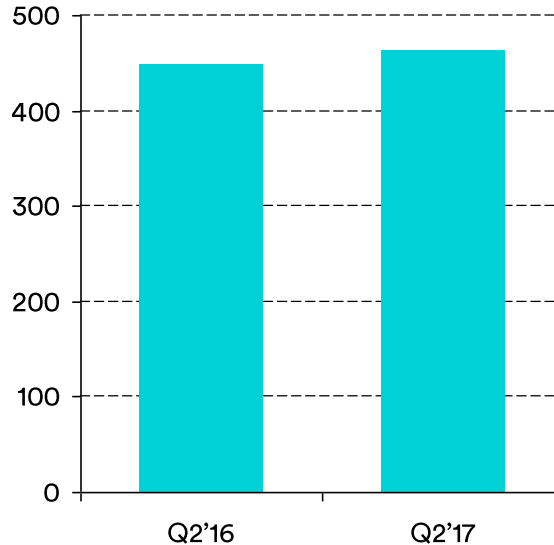- Offset by weakness in the non-scripted production market

EBIT down
- Q216 included significant contribution from the sale of Strix formats

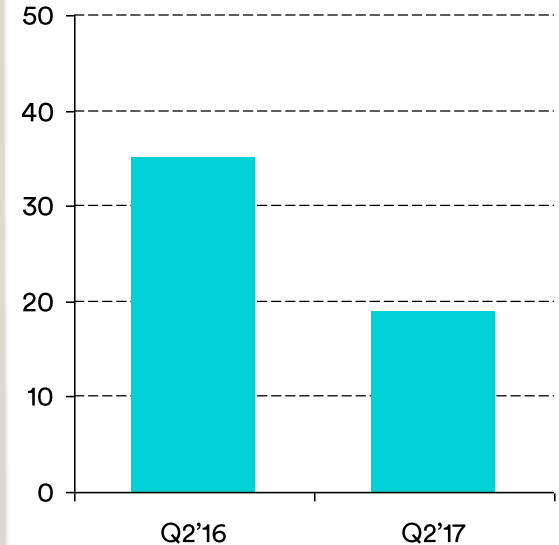Great story-telling experiences
- Nobel won Golden Nymph Award
- Upcoming premiers of Hassel and Super Swede

Sales (SEKm)

	Q2'16	Q2'17
Sales	~450	~465

EBIT (SEKm)

	Q2'16	Q2'17
EBIT	~35	~19

MTGx

Key highlights

Sales up 70%
- Full consolidation of InnoGames from 1 May
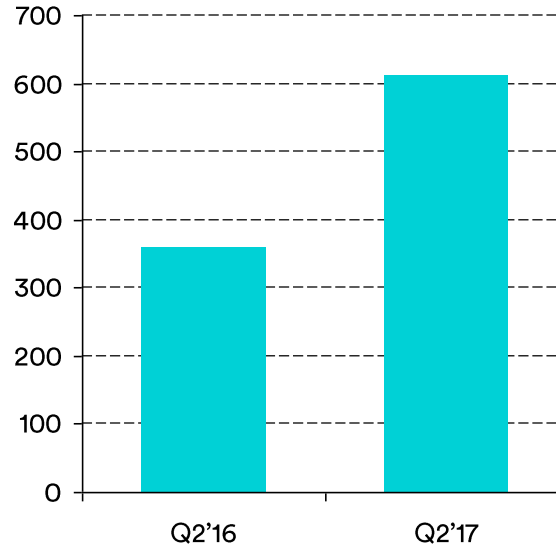- Organic growth of 3% reflected events calendar and lower sales for Zoomin

EBIT loss of SEK 53m vs. 48m in Q216
- Included SEK 36m contribution from InnoGames and Kongregate M&A costs of SEK 10m

InnoGames
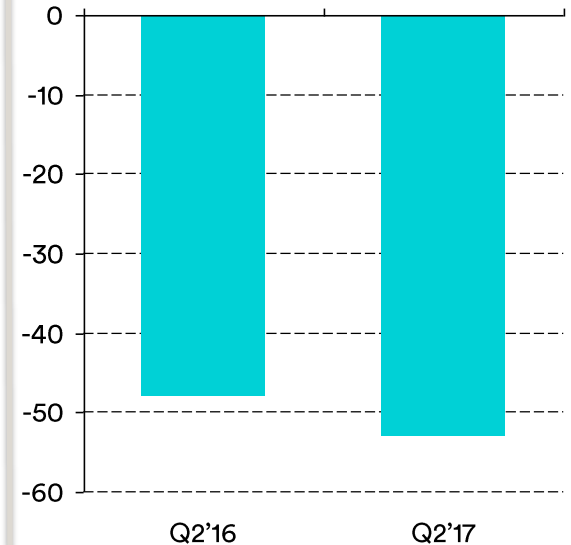- Q2 sales up 32%, EBIT up 48% with an EBIT margin of 23% (before purchase price amortisations)

Sales (SEKm)

	Q2'16	Q2'17
Sales	~360	~615

EBIT (SEKm)

	Q2'16	Q2'17
EBIT	~-48	~-53

ESPORTS EVENT SEASONALITY

2016

	Q1'16	Q2'16	Q3'16	Q4'16
MEGA EVENTS	EXTREME MASTERS TAIPEI / EXTREME MASTERS KATOWICE	ESL ONE MANILA / ESL ONE FRANKFURT / DREAMHACK MASTERS MALMÖ	ESL ONE COLOGNE / EXTREME MASTERS SHANGHAI	ESL ONE NEW YORK / EXTREME MASTERS GYEONGGI / EXTREME MASTERS OAKLAND
FESTIVALS	DREAMHACK LEIPZIG	DREAMHACK TOURS / DREAMHACK AUSTIN / DREAMHACK SUMMER JÖNKÖPING	DREAMHACK VALENCIA / DREAMHACK MONTREAL / DREAMHACK BUCHAREST	DREAMHACK WINTER JÖNKÖPING
LEAGUE FINALS*		ESL MEISTERSCHAFT DUISBURG / DREAM LEAGUE SUMMER / ESL PRO LEAGUE LONDON	ESL MEISTERSCHAFT GAMESCOM COLOGNE	ESL PRO LEAGUE SAU PAULO / DREAM LEAGUE WINTER / ESL MEISTERSCHAFT DUISBURG

* On-going leagues with live-event finals

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ESPORTS EVENT SEASONALITY

2017 – Significantly weighted towards H2
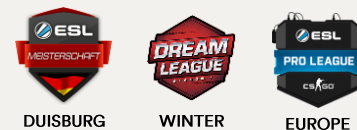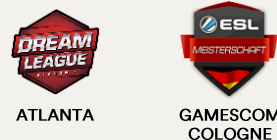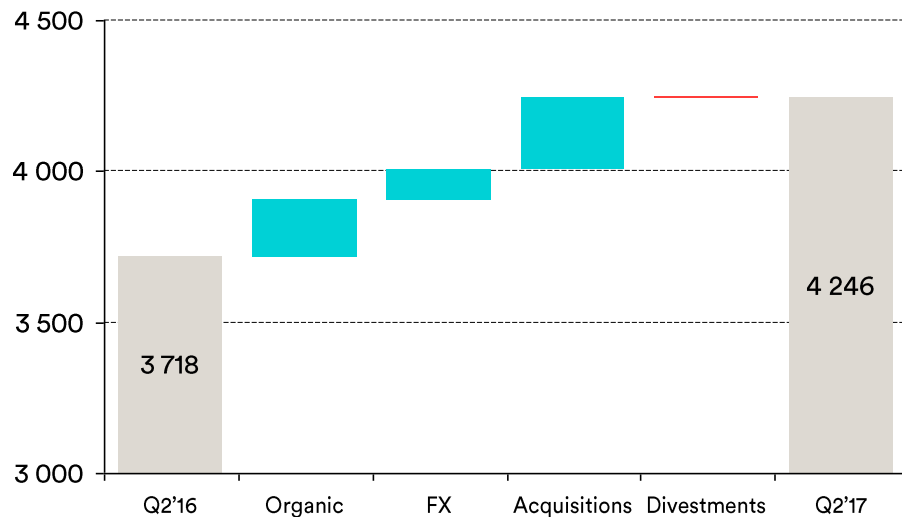
	Q1'17	Q2'17	Q3'17	Q4'17
MEGA EVENTS	GENTING, KATOWICE, LAS VEGAS	SYDNEY	COLOGNE, NEW YORK, SHANGHAI, MALMÖ	HAMBURG, OAKLAND
FESTIVALS	LEIPZIG	AUSTIN, TOURS, SUMMER JÖNKÖPING	VALENCIA, ATLANTA, MONTREAL	DENVER, WINTER JÖNKÖPING
LEAGUE FINALS*		DUISBURG, DALLAS	ATLANTA, GAMESCOM COLOGNE	DUISBURG, WINTER, EUROPE

* On-going leagues with live-event finals

SALES & EBIT BY TYPE

Sales (SEKm)

Q2'16	3 718
Organic	
FX	
Acquisitions	
Divestments	
Q2'17	4 246

EBIT before IAC (SEKm)

|	
Q2'16	360
Organic	
Acquisitions	
Divestments	
Q2'17	391
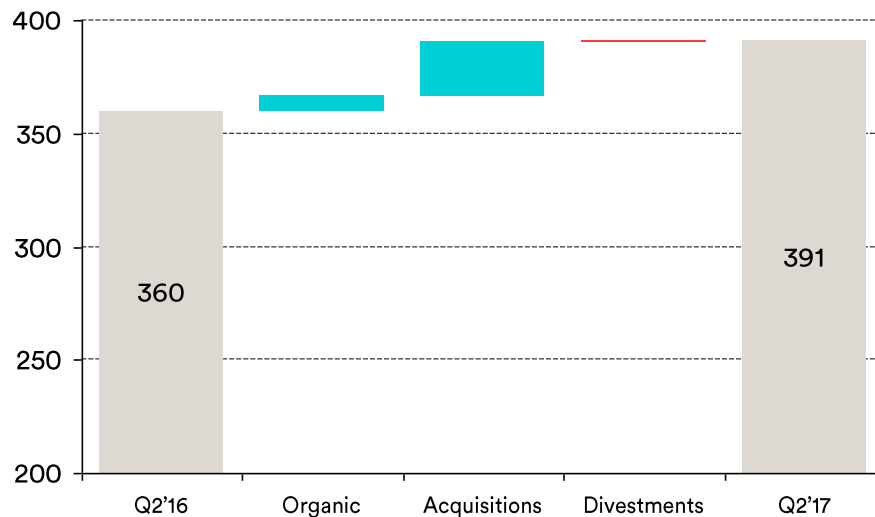
For continuing operations. Organic EBIT includes FX translation & transaction effects. Acquisitions includes M&A costs.

COST TRANSFORMATION UPDATE

- On track & according to plan with total estimated savings of ~SEK 600m fully impacting in 2017

- Incremental savings of ~SEK 30m in Q2, taking the run-rate to SEK 555m

- Cash flow impact from restructuring of ~SEK 10m in Q2, taking the total so far to SEK 480m

- Expect total cash cost of ~SEK 520m (vs. original estimate of ~550m)
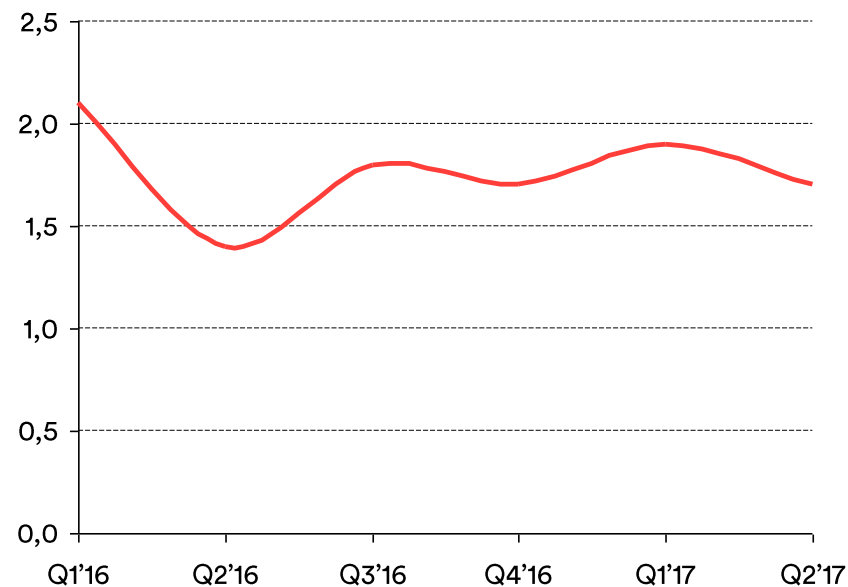
Cost transformation (SEKm)

Legend: ■ Savings run-rate ■ Annual cash cost
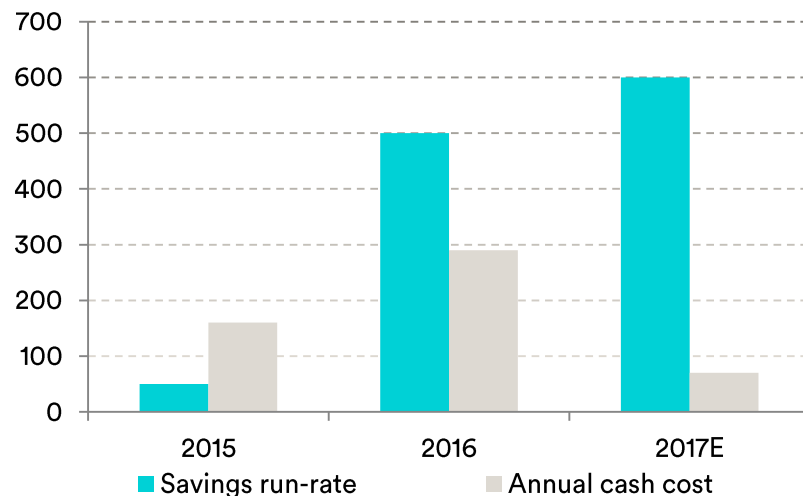
LEVERAGE

Net debt (SEKm)
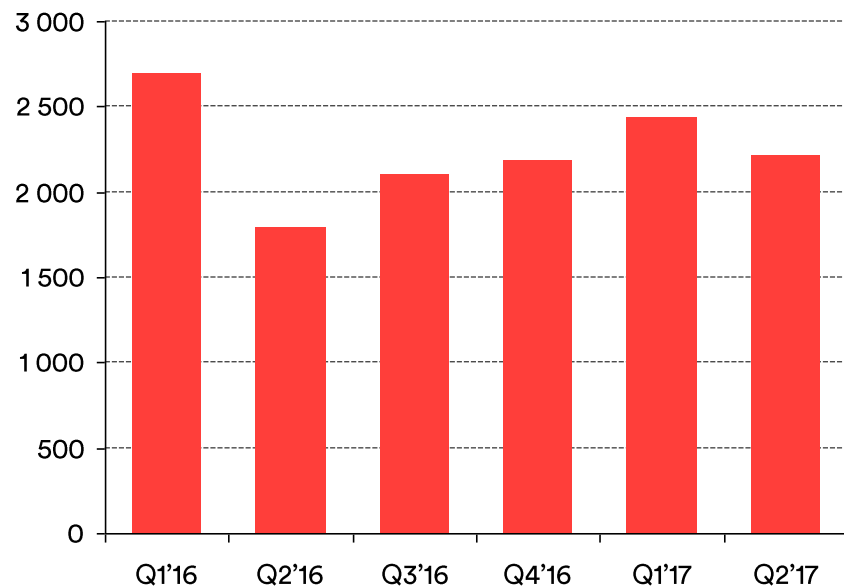
Net debt to 12m trailing EBITDA before IAC

SUMMARY & OUTLOOK

- 5% organic sales growth & 9% profit growth

- Stronger products than ever before following continued digital and content investments

- Accelerated strategic transformation

- Full year outlook
  - ✓ Higher sales & profits for continued operations
  - ✓ Higher sales & profits for Nordic Entertainment
  - ✓ First quarterly profit for MTGx in Q417
  - ✓ Lower FY17 losses for MTGx when excluding InnoGames and Kongregate
  - ✓ More than 40% organic esports growth in H2 due to weighting of events calendar + new commercial agreements

QUESTIONS PLEASE