

Profits up on record sales

Q2 2014 Highlights

- Net sales up 13% at constant FX & up 3% on an organic basis
- Operating income (EBIT) up to SEK 472m (465) when excluding non-recurring items of SEK -155m (-) and associated company income of SEK 117m (113)
- Pay-TV Nordic and acquisitions drive revenue and earnings growth despite soft advertising markets and ongoing investments
- Total EBIT of SEK 434m (578)
- Net income of SEK 307m (376) and basic earnings per share of SEK 4.21 (4.98)
- Cash flow from operations of SEK 491m (472) and net debt position of SEK 987m (206)

Financial Overview

(SEKm)	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Net sales	4,109	3,605	7,706	6,814	14,073
<i>Growth at constant FX</i>	13%	6%	13%	4%	8%
<i>Organic growth at constant FX</i>	3%	6%	4%	4%	5%
EBIT before associated company income and non-recurring items	472	465	589	686	1,309
<i>Margin before associated company income and non-recurring items</i>	11.5%	12.9%	7.6%	10.1%	9.3%
Associated company income *	117	113	300	346	576
EBIT before non-recurring items	589	578	890	1,032	1,885
Non-recurring items (NRI) **	-155	-	-155	-	-147
Total EBIT	434	578	735	1,032	1,738
Net Income	307	376	466	710	1,168
Basic Earnings per Share (SEK)	4.21	4.98	6.64	9.71	16.39
Net debt	987	206	987	206	772
Cash flow from operations	491	472	685	741	1,348

* Including MTG's SEK 74m (USD 11.5m) Q1 2014 participation in USD 29.9m of non-recurring charges incurred by associated company CTC Media in Q4 2013

** Comprising in 2014 the SEK 160m non-cash net impairment charge related to MTG's interest in the Ukrainian satellite pay-TV platform; SEK 70m of organisational restructuring charges and other costs; and the SEK 76m net gain from the sale of Zitius in Sweden, and in 2013 the non-cash net impairment related to MTG's interest in Raduga, the Russian satellite pay-TV platform



President & CEO's comments

Profitable growth

This quarter has again demonstrated the benefit of the investments that we have made. Not only have we delivered the highest quarterly sales in the Group's history, but also higher operating profits than last year. Secondly, these results demonstrate the benefit of our uniquely integrated and balanced combination of on and offline advertising, subscription and content production businesses. This enables us to monetize rising video consumption levels, and capitalise on the shift from linear to on-demand viewing with our Viaplay, catch-up and broader digital businesses. MTGx is accelerating this development and our clear objective is to be the leading digital entertainment business in each of our scale markets.

Strategy delivery on track and in line

Both Viaplay in the Nordics and our emerging market wholesale channel business performed well in the quarter, and our results were boosted by the content production business. TV advertising market development remains mixed but we grew our online advertising revenues in all markets. We continue to adjust our cost bases to the market development, and to maximize the earnings potential in our traditional businesses so that we can prioritise investments in future growth. This can be seen clearly in the performance of our combined Nordic businesses.

Content you love

We continue to focus on delivering relevant experiences that engage and excite consumers around the world. This is why we have recently prolonged our exclusive rights to Denmark's Superliga football for an unprecedented six further seasons; signed the new multi-year, multi-platform and pan-Scandinavian exclusive content acquisition deal with Sony; launched our TV1000 Russian Kino movie channel in Israel; and launched our advertising funded eSports service. The quarter ended with the completion of our acquisition of global youth media brand Trace, which expands our presence across all of Africa and to 131 countries in total, and reflects our focus on investing in businesses with relevant content, digital presence and geographical expansion potential.

Outlook

We continue to expect higher sales and margin expansion in 2014 for the Nordic pay-TV business. The Emerging Markets pay-TV operations are growing and will also now include Trace's results but, as said before, we are impacted by the devaluation of the Russian and Ukrainian currencies and we are currently analyzing the impact of Russia's proposed ban on advertising on pay-TV channels from 2015. Advertising spending trends across our 11 free-TV markets are mixed but we will continue to adjust our investments accordingly and to grow our online shares. Finally, the demand for our own content is strong, and both Nice Entertainment and Trace will contribute to our development moving forward.

Jørgen Madsen Lindemann
President & Chief Executive Officer

“We are investing in order to be able to monetize rising video consumption levels and become the leading digital entertainer in each of our markets”



Significant Events during and after the quarter

April 7 - MTG and Sony Pictures Television sign ground breaking content deal

MTG announced an exclusive multi-year content cooperation deal with Sony Pictures Television, whereby all of MTG's Nordic free-TV channels, pay-TV movie channels, and on and offline platforms will now be able to offer viewers the most recent Sony movies and TV series.

May 21 - MTG completes sale of Zitius

MTG announced that it had completed the sale of its 80% stake in Zitius Service Delivery AB to TeliaSonera AB, following approval by the Swedish Competition Authority. The transaction generated a capital gain of SEK 76 million. Zitius has been reported within the 'Central Operations, eliminations & others' line within the Viasat Broadcasting business area in the Group's reporting matrix, and was deconsolidated from MTG's accounts from the beginning of June.

May 23 & 28 - MTG senior management appointments

MTG announced on May 23 the appointment of Anders Jensen as Executive Vice President of the Group's Scandinavian Free-TV and radio operations with effect from 1 August. The Group also announced on May 28 that Morten Aass was appointed as President and CEO of Nice Entertainment Group.

May 27 - MTG applies for listing of previously issued corporate bond

MTG announced that it had applied for the listing of its corporate bond on NASDAQ OMX Stockholm, and that it had published a prospectus that had been approved by the Swedish Financial Supervisory Authority. The prospectus is available from www.mtg.se and www.fi.se.

June 9 - Q2 2014 Results to include SEK 154 million of non-recurring items

MTG announced that its Q2 2014 financial results would include net non-recurring income statement charges totalling SEK 154m. The charges comprise a SEK 160m non-cash net impairment charge related to the Ukrainian satellite pay-TV platform; SEK 70m of organisational restructuring and other costs; and a SEK 76m net gain from the recently completed sale of Zitius. The Ukrainian asset impairment reflected the uncertain economic outlook and the significant devaluation of the local currency. The operation, which is included in the Group's Pay-TV Emerging Markets segment, accounted for less than 1% of full year 2013 Group net sales.

June 16 - MTG launches movie channel in Israel

MTG announced that TV1000 Russian Kino had been launched in Israel on 15 June. The Russian language movie channel is available on the yes satellite platform and the launch increased MTG's global footprint to 38 countries.

June 26 - MTG prolongs exclusive rights to Danish Superliga

MTG announced that it had prolonged its exclusive rights to the Danish Superliga top tier football league. The rights cover all platforms in Denmark until the end of the 2020/2021 season.

June 26 - MTG completes acquisition of Trace

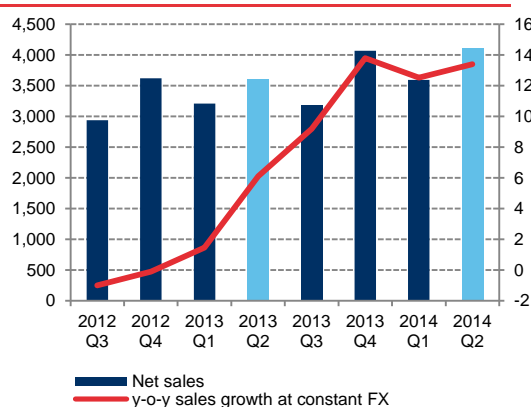
MTG announced that it has completed the acquisition of 75% of Trace Partners SAS following regulatory approval by the French media authorities. MTG has consolidated Trace in its accounts with effect from 1 July 2014 and will report it within the Pay-TV Emerging Markets business segment.

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

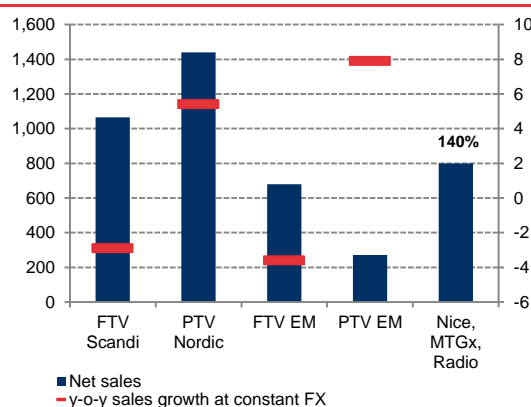
Operating Review

Group sales were up 13% at constant FX, and up 3% on an organic basis, which primarily reflected the healthy organic growth in the Nordic and emerging market pay-TV operations, as well as the contribution from businesses acquired during the last twelve months.

Net Sales & y-o-y (year-on-year) Growth at constant FX
(SEKm (left side); % (right side))

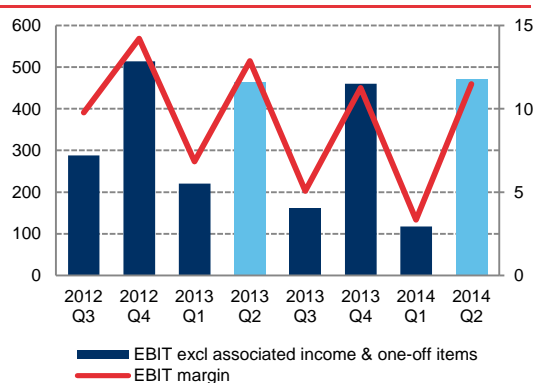


Q2 2014 Net Sales & y-o-y Growth at Constant FX by Segment
(SEKm (left side); % (right side))

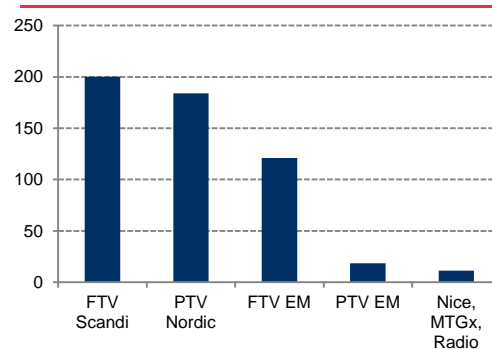


Operating costs were up 15% at constant FX and excluding NRI, and up 3% on an organic basis, which primarily reflected the growth in the pay-TV businesses, ongoing investments in MTGx, and the consolidation of acquired businesses. Operating income, when excluding associated company income and NRIs, increased to SEK 472m (465) with a corresponding margin of 11.5% (12.9%).

EBIT excl. associated income and NRIs & EBIT margin
(SEKm (left side); % (right side))



Q2 2014 EBIT by Segment
(SEKm)



Net interest totalled SEK -16m (-28). Other financial items amounted to SEK 3m (-21) and included a SEK 2m (-24) impact due to the change in value of the option element of the SEK 250m CDON Group convertible bond between the balance sheet dates. The fair value of the option element was estimated to be SEK 7m (10) as at 30 June 2014. The Group therefore reported income before tax of SEK 422m (530), net income of SEK 307m (376), and basic earnings per share of SEK 4.21 (4.98).

Free-TV Scandinavia

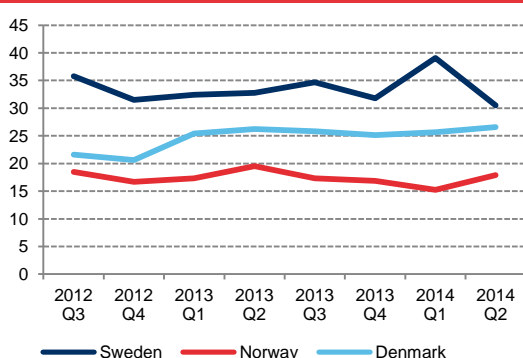
Stable operating margin despite declining markets

(SEKm)	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Net sales	1,065	1,080	2,099	2,073	4,110
<i>Change y-o-y</i>	-1%	-3%	1%	-3%	-1%
<i>Change y-o-y at constant FX</i>	-3%	0%	0%	-1%	0%
Costs	864	871	1,806	1,737	3,442
<i>Change y-o-y</i>	-1%	1%	4%	1%	2%
EBIT	200	209	293	336	668
<i>EBIT margin</i>	18.8%	19.3%	13.9%	16.2%	16.3%

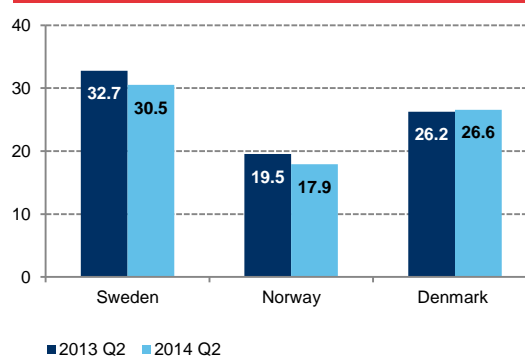
The sales decline at constant FX reflected soft market conditions as TV advertising is estimated to have declined in all three markets.

Operating costs were reduced at constant FX, despite the launch of TV6 in Norway, as investments continued to be balanced against market conditions and audience share development.

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



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



The Swedish and Norwegian media house audience shares were down compared to Q2 2013, which partly reflected the coverage of the FIFA World Cup in Brazil on rival commercial channels. The Danish media house audience share was up and at its highest level since Q2 2001, as the previously announced distribution agreements with third party operators further boosted channel penetration levels.

Pay-TV Nordic

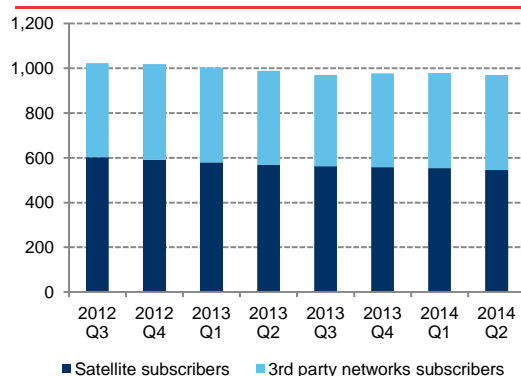
5% sales growth at constant FX & 13% operating margin

(SEKm)	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Net sales	1,439	1,349	2,843	2,659	5,335
Change y-o-y	7%	4%	7%	3%	5%
Change y-o-y at constant FX	5%	7%	6%	4%	6%
Costs	1,255	1,197	2,504	2,361	4,716
Change y-o-y	5%	13%	6%	11%	11%
EBIT	184	152	339	298	619
EBIT margin	12.8%	11.3%	11.9%	11.2%	11.6%

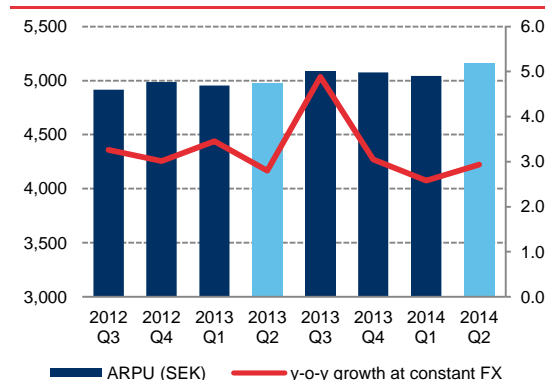
The organic sales growth primarily reflected Viaplay subscriber growth. Operating costs also increased, but at a lower rate, and fully reflected the continued expansion of Viaplay.

The Group continues to expect to report a higher EBIT margin for its Nordic pay-TV business for the full year 2014 than for the full year 2013.

Premium subscribers (excluding Viaplay)
(000's)



Annualised Average Revenue per Premium Satellite Subscriber (ARPU) and Growth at constant FX
(SEKm (left side); % (right side))



The satellite subscriber base declined compared to Q1 2014, as did the third party cable network subscriber base, but the third party IPTV network subscriber base has continued to grow. Premium satellite ARPU also continued to rise to SEK 5,164 (4,978) and was up 3% compared to Q2 2013 at constant FX following the price increases introduced in June 2013 in Sweden and Norway and in Denmark from the start of 2014, as well as the continued growth in the High Definition subscriber base. HD satellite subscriber penetration increased to 66% (60%), while multi-room subscriptions were stable at 42% of the premium satellite base. The Norwegian premium satellite package price has been raised by another NOK 30 to NOK 599 per month from June 2014.

Free-TV Emerging Markets

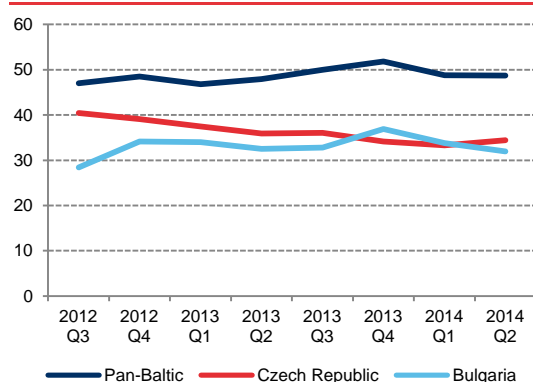
Lower sales but 18% operating margin

(SEKm)	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Net sales	680	692	1,184	1,204	2,445
<i>Change y-o-y</i>	-2%	24%	-2%	21%	20%
<i>Change y-o-y at constant FX</i>	-4%	31%	-3%	25%	24%
Costs	559	553	1,087	1,039	2,230
<i>Change y-o-y</i>	1%	18%	5%	16%	19%
EBIT	121	140	97	165	215
<i>EBIT margin</i>	17.8%	20.2%	8.2%	13.7%	8.8%

The sales decline at constant FX primarily reflected lower sales in the Czech Republic, which was only partly offset by continued growth in the Baltics and Bulgaria. Operating costs were down at constant FX, despite the entry into Tanzania and consolidation of Net Info in Bulgaria, as investments continued to be balanced against market conditions and audience share development.

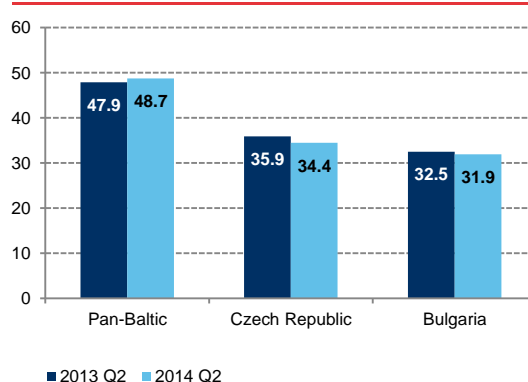
Commercial share of viewing

(%) Target audience: Baltics 15-49, Czech Republic 15-54, Bulgaria 18-49



Commercial share of viewing

(%) Target audience: Baltics 15-49, Czech Republic 15-54, Bulgaria 18-49



Sales for the Baltic free-TV operations were up 12% at constant FX following sales growth in all three markets. All three TV advertising markets are estimated to have grown in the period. The audience shares for the Lithuanian and Latvian media houses were both up, with the combined viewing share for the Baltics reaching a new all-time high second quarter level. MTG remains the largest media house in each of the Baltic countries.

Sales for the Czech operation were down 17% at constant FX and reflected the high level of growth in 2013, the lower media house audience share and a highly competitive market environment. The Czech TV advertising market is estimated to have grown in the period. The Bulgarian operation generated 26% constant FX sales growth following both organic sales growth and the consolidation of Net info. The Bulgarian TV advertising market is estimated to have declined in the period, and MTG's media house audience share was down slightly.

Pay-TV Emerging Markets

8% sales growth at constant FX & 7% operating margin

(SEKm)	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Net sales	271	269	537	514	1,089
<i>Change y-o-y</i>	1%	4%	4%	4%	9%
<i>Change y-o-y at constant FX</i>	8%	10%	9%	10%	12%
Costs	252	217	497	463	960
<i>Change y-o-y</i>	16%	8%	7%	7%	12%
EBIT	19	52	40	51	129
<i>EBIT margin</i>	6.9%	19.3%	7.5%	9.9%	11.9%

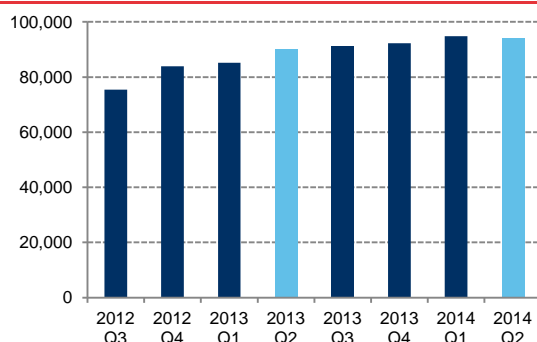
Please note that MTG's 50% ownership interest in Raduga has been accounted for as an equity participation with effect from 1 January 2014 due to changes in IFRS rules. Results for prior periods have been adjusted in the Group's reporting for the purposes of comparison.

The sales growth at constant FX reflected the growth in the mini-pay wholesale channel business. Operating costs were also up at constant FX following the growth in the number of subscriptions, as well as the roll out of the HD Premium package.

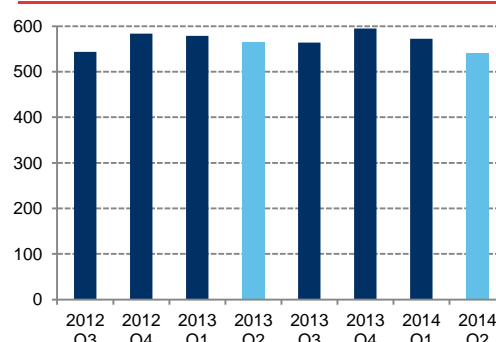
As indicated in the Q1 2014 results, the geopolitical situation in Russia and Ukraine has resulted in material weakness in the respective local currencies, which is resulting in significant negative translation and transaction effects. The Group is also currently analyzing the impact of the recently proposed legislation in Russia to ban advertising on pay-TV channels from the beginning of 2015, and what actions can be taken to mitigate the effects. Advertising sales on MTG's Russian pay-TV channels amounted to SEK 103m for the full year 2013.

The non-recurring and non-cash impairments of the intangible assets arising from MTG's interests in the DTH satellite platforms in Russia and Ukraine are not included in the segment operating results.

Wholesale mini-pay channel subscriptions
(000's)



Satellite subscribers
(000's)



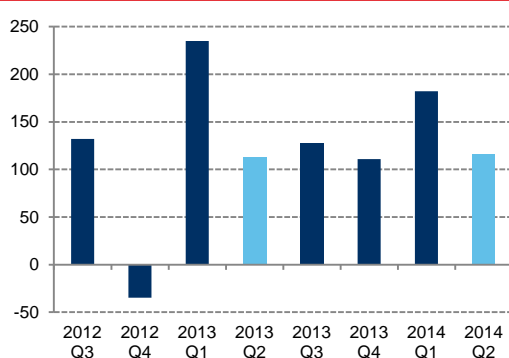
The wholesale mini-pay channel business has added over 4 million subscriptions since Q2 2013 but the number of subscriptions was down compared to Q1 2014 due to the discontinuation of certain contracts in Slovakia and higher churn levels in Ukraine. The combined satellite pay-TV subscriber base also declined as a result of the Ukrainian geopolitical crisis and the ongoing lack of visibility regarding the licensing status and requirements for Raduga.

CTC Media

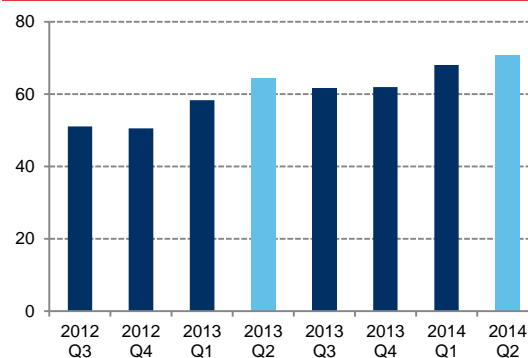
The Group reports its equity participation in the earnings of CTC Media, Inc. with a one quarter time lag due to the fact that CTC Media reports its financial results after MTG. MTG's participation in CTC Media's US dollar reported results is translated into Swedish krona at the average currency exchange rate for the MTG reporting period. The Group owned 37.9% (37.9%) of CTC Media's issued shares at the end of the quarter. CTC Media reported its first quarter financial results on 30 April 2014. Please see www.ctcmedia.ru for further information about CTC Media.

CTC Media reported results

MTG participation in CTC Media results *
(SEKm)



CTC Media dividends received by MTG
(SEKm)



* Including MTG's USD 11.5m Q1 2014 participation in USD 29.9m of non-recurring charges incurred by associated company CTC Media in Q4 2013, and USD 20.5m Q4 2012 participation in USD 82.5m of non-recurring charges incurred in Q3 2012.

Nice Entertainment, MTGx, Radio

24% organic sales growth & profitable despite ongoing investments

(SEKm)	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Net sales	799	336	1,282	578	1,537
Change y-o-y	138%	-15%	122%	-28%	8%
Change y-o-y at constant FX	140%	-15%	125%	-41%	10%
Costs	788	333	1,335	592	1,586
Change y-o-y	137%	-15%	126%	-27%	12%
EBIT	11	3	-53	-14	-49
EBIT margin	1.4%	0.9%	-	-	-

The sales growth at constant FX was primarily driven by the consolidation of DRG and Novemberfilm from June 2013 and Nice Entertainment from November 2013. The 24% organic sales growth for the segment reflected growth in both the content production and radio businesses, with Strix Drama in particular delivering several large scale productions in the quarter.

Operating costs were up significantly following the consolidation of the acquired businesses, organic growth in the content production businesses, and ongoing investments in MTGx.

Financial Review

Cash Flow

Net cash flow from operations

Cash flow from operations before changes in working capital amounted to SEK 491m (472) and included the receipt of SEK 71m (64) of CTC Media dividend payments. Depreciation and amortisation charges totaled SEK 45m (42). Impairment charges of intangible assets totaled SEK 160m (-). The Group reported a SEK -55m (207) change in working capital following investments in content along with timing effects in accounts payable. Net cash flow from operations therefore totaled SEK 436m (680) for the period.

Investing activities

The net proceeds from the sale of shares amounted to SEK 230m (-) and related to the sale of Zitius. The Group's cash investments in businesses amounted to SEK 263m (155), of which the major part related to the acquisition of Trace in 2014, and DRG and Novemberfilm in 2013. The work on the purchase price allocation for the acquisition of Trace is still in progress. The preliminary fair values for the net identifiable assets amounted to SEK 430m, of which the major part is goodwill.

Group capital expenditure on tangible and intangible assets totaled SEK 47m (72). Total cash flow used in investing activities therefore amounted to SEK 80m (227).

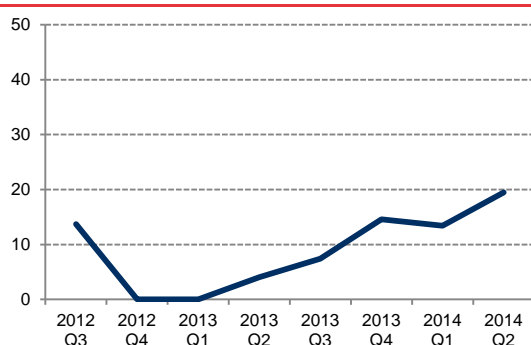
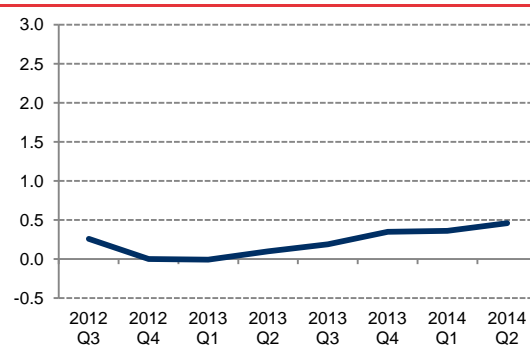
Financing activities

Cash flow from financing activities amounted to SEK -518m (-359) and primarily comprised the SEK 700m (666) dividend payment to shareholders. Total borrowings increased by SEK 154m (377) to SEK 1,891m (1,829) at the end of the period, and compared to SEK 1,781m at the end of the first quarter of 2014.

The net change in cash and cash equivalents amounted to SEK -163m (93) and the Group had cash and cash equivalents of SEK 572m (618) at the end of the period, compared to SEK 715m as at 31 March 2014.

Net debt & Liquid funds

The Group's net debt position, which is defined as cash and cash equivalents and interest bearing assets less interest bearing liabilities, amounted to SEK 987m (206) at the end of the period, and compared to a net debt position of SEK 738m at the end of the first quarter of 2014. The Group's available liquid funds, including unutilised credit and overdraft facilities, totaled SEK 6,149m (6,170) at the end of the period, and compared to SEK 6,315m as at 31 March 2014.

Net debt to equity
(%)

Net debt to last 12 months' EBITDA & excl NRI
(Ratio)


Holdings in listed companies

The book value of the Group's shareholding in associated company CTC Media was SEK 1,836m (2,078) at the end of the period, and compared with the SEK 4,444m (USD 661m) public equity market value of the shareholding as at the close of trading on the last business day of June 2014.

Related Party Transactions

Related party transactions are of the same character and of similar amounts as the transactions described in the 2013 Annual Report.

Parent Company

Modern Times Group MTG AB is the Group's parent company and responsible for Group-wide management, administration and finance functions.

(SEKm)	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Net sales	10	10	23	20	46
Net interest and other financial terms	86	198	200	381	536
Income before tax and appropriations	27	152	92	282	318

The decrease in net interest and other financial items primarily reflected the lower prevailing interest rate levels. The parent company had cash and cash equivalents of SEK 270m (256) at the end of the period, compared to SEK 466m at the end of the first quarter of 2014. SEK 5,576m (5,550) of the SEK 5,856m of total available credit facilities, including a SEK 356m overdraft facility, was unutilised at the end of the reporting period.

The total number of outstanding shares was 66,630,189 (66,622,711) at the end of the quarter and excluded the 865,000 Class C shares and 151,935 Class B shares held by MTG in treasury. The total number of issued shares did not change during the period.

Other Information

This Interim report has been prepared according to 'IAS 34 Interim Financial Reporting' and 'The Annual Accounts Act'. The interim report for the parent company has been prepared according to the Annual Accounts Act - Chapter 9 'Interim Report'.

The Group's consolidated accounts and the parent company accounts have been prepared according to the same accounting policies and calculation methods as were applied in the preparation of the 2013 Annual Report, with the exception of the consolidation of joint ventures, which, in accordance with IFRS 11 Joint Arrangements, is accounted for using the equity method instead of the proportional method. The figures for 2013 have been restated accordingly for the purpose of comparison. Further, IFRS 10 Consolidated Financial Statements replaced IAS 27 Consolidated and Separate Financial Statements, which identifies the concept of control. The new standard has not had any impact on which companies are consolidated in the Group's accounts.

Significant risks and uncertainties exist for the Group and the parent company. These include the prevailing economic and business environments in certain markets and the impact of the Eurozone and the Crimean crisis in particular; commercial risks related to expansion into new territories; political and legislative risks related to changes in rules and regulations in the various territories in which the Group operates; exposure to foreign exchange rate movements and the US dollar and Euro linked currencies in particular; and the emergence of new technologies and competitors. These risks and uncertainties are described in more detail in the 2013 Annual Report, which is available at www.mtg.se.

This report has not been reviewed by the Group's auditors.

2014 Annual General Meeting of MTG shareholders

The Meeting resolved to re-elect all current members of the Board, which continues to comprise David Chance, Blake Chandlee, Simon Duffy, Lorenzo Grabau, Michelle Guthrie, Alexander Izosimov and Mia Brunell Livfors, and to re-elect David Chance as Chairman of the Board, until the close of the 2015 Annual General Meeting. The Meeting also resolved to re-elect the accounting firm KPMG AB as auditor until the close of the 2018 Annual General Meeting.

The Annual General Meeting approved the payment of an annual dividend of SEK 10.50 per share, which was paid out to shareholders in May 2014. The meeting also approved the implementation of a performance-based and share-related incentive plan, and a new mandate to repurchase Class A and/or Class B shares, details of which can be found at www.mtg.se

The Board of Directors and the Chief Executive Officer certify that this interim report provides a true and fair overview of the Group and parent company's operations, performance and financial positions for the period, and describes the material risks and uncertainties facing the Group companies and parent company.

Stockholm, 17 July 2014

David Chance
Chairman of the Board

Blake Chandlee
Non-Executive Director

Simon Duffy
Non-Executive Director

Lorenzo Grabau
Non-Executive Director

Michelle Guthrie
Non-Executive Director

Alexander Izosimov
Non-Executive Director

Mia Brunell Livfors
Non-Executive Director

Jørgen Madsen Lindemann
President & CEO

Financial calendar

MTG's financial results for the third quarter and nine months ended 30 September 2014 will be published on 23 October 2014.

Conference Call

The company will host a conference call today at 15.00 Stockholm local time, 14.00 London local time and 09.00 New York local time. To participate in the conference call, please dial:

Sweden: +46 (0) 8 5065 3938
UK: +44 (0) 20 3427 1900
US: +1 212 444 0896

The access pin code for the call is 5757201. To listen to the conference call online and for further information, please visit www.mtg.se

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For further information, please visit www.mtg.se or contact:

Jørgen Madsen Lindemann, President & Chief Executive Officer
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Modern Times Group (MTG) is an international entertainment group with operations that span six continents and include free-TV, pay-TV, radio and content production businesses. MTG's Viasat Broadcasting operates free-TV and pay-TV channels, which are available on Viasat's own satellite platforms and third party networks, and also distributes TV content over the internet. MTG is also the largest shareholder in CTC Media, which is Russia's leading independent television broadcaster.

Modern Times Group is a growth company and generated net sales of SEK 14.1 billion in 2013. MTG's Class A and B shares are listed on Nasdaq OMX Stockholm's Large Cap index under the symbols 'MTGA' and 'MTGB'.

The information in this interim report is that which Modern Times Group MTG AB (publ) shall disclose in accordance with the Securities Market Act and/or the law on Trading in Financial Instruments, and was published at 13.00 CET on 17 July 2014.

Condensed consolidated income statement

(SEKm)	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Net sales	4,109	3,605	7,706	6,814	14,073
Cost of goods and services	-2,448	-2,104	-4,768	-4,066	-8,471
Gross income	1,661	1,501	2,938	2,748	5,601
Selling and administrative expenses	-1,119	-1,001	-2,209	-1,975	-4,121
Other operating revenues and expenses, net	-70	-35	-140	-87	-171
Share of earnings in associated companies and joint ventures	117	113	300	346	576
Write-down and one-off costs	-155	-	-155	-	-147
Operating income (EBIT)	434	578	735	1,032	1,738
Net interest	-16	-28	-18	-29	-46
Other financial items	3	-21	-35	-2	34
Income before tax	422	530	681	1,002	1,726
Tax	-115	-153	-216	-292	-558
Net income for the period	307	376	466	710	1,168
Attributable to:					
Equity holders of the parent	281	332	442	647	1,092
Non-controlling interest	26	44	23	63	76
Net income for the period	307	376	466	710	1,168
Basic earnings per share (SEK)	4.21	4.98	6.64	9.71	16.39
Diluted earnings per share (SEK)	4.21	4.98	6.63	9.70	16.37

Condensed consolidated statement of comprehensive income

(SEKm)	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Net income for the period	307	376	466	710	1,168
<i>Other comprehensive income</i>					
<i>Items that are or may be reclassified to profit or loss net of tax:</i>					
Currency translation differences	-4	41	112	-48	-141
Cash flow hedge	47	43	40	40	15
Share of other comprehensive income of associates	-169	60	-189	62	-76
Other comprehensive income for the period	-125	144	-37	54	-202
Total comprehensive income for the period	182	520	429	764	966
Total comprehensive income attributable to:					
Equity holders of the parent	146	466	393	702	900
Non-controlling interest	36	54	36	62	66
Total comprehensive income for the period	182	520	429	764	966
Shares outstanding at the end of the period	66,630,189	66,622,711	66,630,189	66,622,711	66,622,711
Basic average number of shares outstanding	66,627,888	66,620,584	66,625,314	66,616,575	66,619,668
Diluted average number of shares outstanding	66,716,798	66,671,541	66,697,600	66,676,198	66,697,519

Condensed consolidated statement of financial position

(SEKm)	2014 30 Jun	2013 30 Jun	2013 31 Dec
Non-current assets			
Goodwill	3,552	2,881	3,463
Other intangible assets	869	574	841
Total intangible assets	4,420	3,456	4,304
Total tangible assets	352	379	474
Shares and participations	1,858	2,240	1,990
Other financial receivables	391	347	368
Total long-term financial assets	2,249	2,588	2,359
Total non-current assets	7,021	6,422	7,137
Current assets			
Total inventory	2,242	1,890	1,810
Total current receivables	4,431	3,766	4,395
Cash, cash equivalents and short-term investments	572	618	765
Total current assets	7,245	6,274	6,970
Total assets	14,267	12,696	14,107
Shareholders' equity			
Shareholders' equity	4,829	4,992	5,136
Non-controlling interest	227	146	159
Total equity	5,056	5,138	5,295
Long-term liabilities			
Total non-current interest-bearing liabilities	1,280	1,072	1,801
Provisions	1,023	663	792
Non-interest-bearing liabilities	59	181	181
Total non-current non-interest-bearing liabilities	1,082	844	973
Total non-current liabilities	2,363	1,916	2,774
Current liabilities			
Total current Interest-bearing liabilities	634	48	73
Total current non-interest-bearing liabilities	6,214	5,595	5,965
Total current liabilities	6,848	5,642	6,038
Total liabilities	9,211	7,558	8,812
Total shareholders' equity and liabilities	14,267	12,696	14,107

The carrying amounts are considered to be reasonable approximations of fair value for all financial assets and financial liabilities.

Condensed consolidated statement of cash flows

(SEKm)	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Cash flow from operations	491	472	685	741	1,348
Changes in working capital	-55	207	-154	18	-130
Net cash flow from operations	436	680	531	758	1,218
Proceeds from sales of shares	230	-	230	-	-
Acquisitions of subsidiaries and associates	-263	-155	-266	-155	-905
Investments in other non-current assets	-47	-72	-109	-119	-319
Cash flow used in investing activities	-80	-227	-145	-274	-1,224
Net change in loans	154	377	84	134	876
Dividends to shareholders	-700	-666	-700	-666	-666
Other cash flow from/to financing activities	27	-70	69	-47	-106
Cash flow used in financing activities	-518	-359	-547	-580	103
Net change in cash and cash equivalents for the period	-163	93	-161	-95	97
Cash and cash equivalents at the beginning of the period	715	507	765	739	739
Translation differences in cash and cash equivalents	21	17	-32	-27	-71
Cash and cash equivalents at end of the period	572	618	572	618	765

Condensed consolidated statement of changes in equity

(SEKm)	2014 30 Jun	2013 30 Jun	2013 31 Dec
Opening balance	5,295	5,134	5,134
Net loss/income for the year	466	710	1,168
Other comprehensive income for the year	-37	54	-202
Total comprehensive loss/income for the year	429	764	966
Effect of employee share option programmes	3	8	18
Share of option changes in equity of associates	-3	-	-62
Change in non-controlling interests	32	-	3
Dividends to shareholders	-700	-666	-666
Dividends to non-controlling interests	-	-102	-98
Closing balance	5,056	5,138	5,295

Parent company condensed income statement

(SEKm)	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Net sales	10	10	23	20	46
Gross income	10	10	23	20	46
Administrative expenses	-70	-55	-131	-120	-264
Operating income (EBIT)	-60	-45	-108	-100	-219
Net interest and other financial items	86	198	200	381	536
Income before tax and appropriations	27	152	92	282	318
Appropriations	-	-	-	-	54
Tax	-9	-19	-21	-47	-78
Net income for the period	18	133	71	235	294

Parent company condensed statement of comprehensive income

(SEKm)	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Net income for the period	18	133	71	235	294
<i>Other comprehensive income</i>					
<i>Items that are or may be reclassified to profit or loss net of tax:</i>					
Revaluation of shares at market value	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	18	133	71	235	294

Parent company condensed balance sheet

(SEKm)	2014 30 Jun	2013 30 Jun	2013 31 Dec
Non-current assets			
Machinery and equipment	2	2	2
Shares and participations	6,398	3,677	6,397
Other financial receivables	481	543	438
Total non-current assets	6,881	4,222	6,838
Current assets			
Current receivables	9,813	18,964	13,196
Cash, cash equivalents and short-term investments	270	256	429
Total current assets	10,083	19,220	13,626
Total assets	16,964	23,442	20,463
Shareholders' equity			
Restricted equity	608	338	338
Non-restricted equity	6,667	7,494	7,565
Total equity	7,274	7,833	7,904
Long-term liabilities			
Interest-bearing liabilities	1,363	1,050	1,779
Provisions	4	1	4
Non-interest-bearing liabilities	72	51	16
Total long-term liabilities	1,439	1,102	1,798
Current liabilities			
Other interest-bearing liabilities	8,118	14,408	7,259
Non-interest-bearing liabilities	133	99	3,503
Total current liabilities	8,251	14,508	10,762
Total shareholders' equity and liabilities	16,964	23,442	20,463

Net Sales – Business segments

(SEKm)	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Full year 2013	Q1 2014	Q2 2014
Free-TV Scandinavia	993	1,080	887	1,149	4,110	1,034	1,065
Pay-TV Nordic	1,310	1,349	1,308	1,368	5,335	1,404	1,439
Free-TV Emerging Markets	512	692	457	784	2,445	504	680
- <i>Baltics, Czech & Bulgaria</i>	478	648	422	741	2,289	472	640
Pay-TV Emerging Markets	245	269	268	307	1,089	266	271
Central operations, elim & others	-54	-53	-39	-52	-197	-48	-61
Total Viasat Broadcasting	3,007	3,337	2,881	3,557	12,783	3,159	3,394
Nice, MTGx, Radio	242	336	367	593	1,537	483	799
Group central operations	56	55	69	58	237	60	57
Eliminations	-96	-122	-126	-140	-484	-104	-141
TOTAL OPERATIONS	3,209	3,605	3,191	4,068	14,073	3,597	4,109
<i>Organic Growth at constant FX</i>	2.3%	5.6%	4.8%	6.0%	4.7%	5.3%	2.7%
<i>FX</i>	-2.6%	-3.1%	-0.2%	-1.0%	-1.7%	-0.4%	0.7%
<i>Divestments</i>	-3.8%	-2.6%	0.0%	0.0%	-1.7%	0.0%	0.0%
<i>Acquisitions</i>	3.0%	3.0%	4.4%	7.8%	4.6%	7.2%	10.6%
<i>Total growth</i>	-1.1%	2.9%	9.1%	12.8%	6.0%	12.1%	14.0%

Operating income (EBIT) – Business segments

(SEKm)	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Full year 2013	Q1 2014	Q2 2014
Free-TV Scandinavia	127	209	118	214	668	92	200
Pay-TV Nordic	146	152	156	165	619	155	184
Free-TV Emerging Markets	26	140	-34	83	215	-25	121
- <i>Baltics, Czech & Bulgaria</i>	38	145	-24	92	251	-12	137
Pay-TV Emerging Markets	-1	52	27	51	129	22	19
Associated Company CTC Media	235	113	127	111	586	182	116
Central operations, elim & others	-2	-14	-4	-14	-34	0	0
Total Viasat Broadcasting	531	651	391	610	2,184	426	640
Nice, MTGx, Radio	-17	3	-46	11	-49	-64	11
Group central ops & elims	-60	-76	-57	-57	-250	-61	-62
TOTAL OPERATIONS EXCL NRI	454	578	289	564	1,885	301	589
TOTAL EXCL CTC MEDIA AND NRI	219	466	161	454	1,300	119	473
Non-recurring items	-	-	-	-147	-147	-	-155
TOTAL EBIT	219	466	161	417	1,738	119	434

Condensed sales Group segments

(SEKm)	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Sales external customers					
Viasat Broadcasting	3,390	3,334	6,547	6,339	12,764
Nice, MTGx, Radio	717	268	1,156	469	1,295
Parent company & holding companies	1	3	3	6	14
Total	4,109	3,605	7,706	6,814	14,073
Sales between segments					
Viasat Broadcasting	3	2	6	5	19
Nice, MTGx, Radio	82	68	126	109	242
Parent company & holding companies	56	52	113	104	224
Total	141	122	245	218	484

Key performance indicators

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Full year 2013	Q1 2014	Q2 2014
GROUP							
Sales growth (%)	-1.1	2.9	9.1	12.8	6.0	12.1	14.0
Sales growth at constant FX (%) *	1.5	6.1	9.2	13.8	7.7	12.5	13.4
Change in operating costs (%) **	2.9	6.0	14.2	21.0	11.0	16.5	15.8
Operating margin (%) **	6.8	12.9	5.1	11.3	9.3	3.3	11.5
Return on capital employed (%)	32	31	29	29		26	25
Return on equity (%)	30	28	25	25		22	24
Equity to assets ratio (%)	46	40	40	38		39	35
Liquid funds (SEKm)	6,459	6,170	6,018	5,569		6,315	6,149
Net debt (SEKm)	-17	206	373	772		738	987
FREE-TV SCANDINAVIA							
Sales growth (%)	-3.0	-2.7	1.3	0.2	-1.1	4.1	-1.4
Sales growth at constant FX (%) *	-1.0	-0.4	0.8	0.7	0.0	4.0	-2.9
Change in operating costs (%)	0.0	1.3	3.8	4.2	2.3	8.7	-0.8
Operating margin (%)	12.8	19.3	13.3	18.6	16.3	8.9	18.8
Commercial share of viewing (%) 1							
Sweden (15-49)	32.4	32.7	34.7	31.8	33.1	39.1	30.5
Norway (15-49)	17.3	19.5	17.3	16.9	17.7	15.3	17.9
Denmark (15-49)	25.4	26.2	25.8	25.2	25.6	25.6	26.6
PAY-TV NORDIC							
Sales growth (%)	1.8	4.4	7.0	6.4	4.9	7.1	6.7
Sales growth at constant FX (%) *	3.5	6.7	6.9	7.0	6.0	7.2	5.4
Change in operating costs (%)	9.8	12.5	12.0	10.6	11.2	7.3	4.9
Operating margin (%)	11.1	11.3	11.9	12.0	11.6	11.0	12.8
Subscriber data ('000s)							
Premium subscribers	1,003	989	970	977		978	970
- of which, satellite	580	569	563	559		553	546
- of which, 3rd party networks	424	421	407	418		425	425
Basic satellite subscribers	45	44	42	40		37	36
Premium satellite ARPU (SEK)	4,955	4,978	5,089	5,075		5,044	5,164
FREE-TV EMERGING MARKETS							
Sales growth (%)	18.7	23.6	23.8	16.2	20.1	-1.7	-1.8
Sales growth at constant FX (%) *	25.2	30.6	21.2	17.9	23.5	-1.8	-3.6
Change in operating costs (%)	14.9	17.9	17.8	22.7	18.7	8.6	1.1
Operating margin (%)	5.0	20.2	-7.4	10.6	8.8	-4.9	17.8
Commercial share of viewing (%)							
Estonia (15-49)	37.6	42.9	39.3	44.3	41.0	41.0	39.9
Latvia (15-49) 2	55.4	57.9	59.1	61.1	58.2	55.0	59.7
Lithuania (15-49)	44.4	43.3	48.1	49.0	46.3	47.3	44.5
Czech Republic (15-54) 3	37.5	35.9	36.0	34.1	35.9	33.3	34.4
Bulgaria (18-49)	34.0	32.5	32.8	36.9	34.2	33.8	31.9
Hungary (18-49)	7.4	7.2	7.8	7.8	7.5	7.5	6.4
PAY-TV EMERGING MARKETS							
Sales growth (%)	4.5	3.9	6.1	19.3	8.6	8.3	0.9
Sales growth at constant FX (%) *	10.0	9.5	7.2	20.8	12.0	9.8	7.9
Change in operating costs (%)	22.5	7.9	17.5	1.4	11.7	-0.9	16.5
Operating margin (%)	-0.3	19.3	10.2	16.7	11.9	8.2	6.9
Subscriber data ('000s)							
Satellite subscribers	579	565	564	595		573	541
Mini-pay subscriptions	85,153	89,915	91,380	92,223		94,837	94,197
ASSOCIATED COMPANY CTC MEDIA							
Share of viewing (%)							
CTC Russia (6-54)	11.3	11.6	11.6	10.9	11.3	10.8	10.2
Domashny Russia (females 25 - 59)	3.0	3.5	3.9	3.5	3.5	3.1	3.3
Peretz (DTV) Russia (25-59)	2.5	2.3	2.3	2.3	2.4	2.4	1.9
Channel 31 Kazakhstan (6-54)	13.4	12.6	14.1	12.7	13.2	11.7	13.7

1. The universe expanded to include the Discovery and TLC channels, all of the TV4 Group channels, and the TV3 Sport 1 and 2 channels from Q1 2013.

2. Including the LNT channels (LNT, TV5, Kanals 2) from Q3 2012.

3. The universe expanded from Q1 2013 to include three new CME channels and Prima ZOOM.

* the growth is calculated based on prior year's exchange rates

** based on operating income excl. associated income and non-recurring items