



## **MODERN TIMES GROUP MTG AB**

### **FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2007**

Stockholm, 24 April 2007 – Modern Times Group MTG AB (publ.) (“MTG” or “the Group”) (The Nordic Stock Exchange: MTGA, MTGB) today announced its financial results for the three months and first quarter ended 31 March 2007. The Group’s consolidated accounts have been prepared according to International Financial Reporting Standards (IFRS) as adopted by the European Union.

#### **FIRST QUARTER HIGHLIGHTS**

- **Group net sales up 11% to SEK 2,629 (2,362) million**
- **Group operating income up 4% to SEK 468 (453) million**
- **Viasat Broadcasting net sales up 11% to SEK 2,003 (1,804) million and operating income up 5% to SEK 481 (457) million**
- **Net income up 4% to SEK 316 (305) million**
- **Basic earnings per share of SEK 4.55 (4.38)**
- **Acquisition of 50% of Balkan Media Group Limited for EUR 11.6 million**

Hans-Holger Albrecht, President and Chief Executive Officer, commented: “Another quarter of double digit sales growth, increasing investments, and an operating margin of 18%, demonstrate the Group’s ability to balance healthy growth with sustained profitability. This was the best first quarter result in the Group’s history. 2007 is a year of investment and these investments are being made in order to enable us to continue to generate growth across the business in the medium and longer terms.”

“In line with our strategy, we have continued to build our position as Scandinavia’s leading media power house by increasing the combined commercial share of viewing of our channels. We were however impacted by softer advertising markets across the region in a seasonally weaker period of the year, as well as adverse currency translation effects. There are, however, encouraging signs that the measures that we are taking at TV3 Sweden are gradually having the desired effect.”

“The impact of the now imminent analogue terrestrial network switch-off in Sweden is diminishing, with the result that, whilst we still see increasing penetration levels for our free-to-air channels, subscriber acquisition levels have substantially slowed. We are however investing in future growth by exploiting new technologies, embracing new distribution platforms and adding new channels, in order to drive ARPU and further strengthen our

market leading premium channel package offerings. At the same time, we are maintaining healthy margins, and the volume sales impact of the digitalization of the terrestrial networks in Norway and Denmark is yet to come.”

“The Eastern European operations delivered another quarter of combined strong growth with Russia leading the way. The exponential growth we witnessed in the Czech Republic in 2006 has slowed, as expected, and we are now focused on delivering ratings growth to support further market share gains. Our return on capital employed of 30% demonstrates the success of the investments that we have made, and we retain the balance sheet flexibility to invest further in the Group’s expansion moving forward.”

## **FINANCIAL SUMMARY**

<i>(SEK million)</i>	<b>Jan-Mar 2007</b>	Jan-Mar 2006	Jan-Dec 2006
Net sales	<b>2,629</b>	2,362	10,136
Operating income (EBIT)	<b>468</b>	453	1,777
Gain from financial assets	-	2	244
Net interest and other financial items	<b>-2</b>	-15	-5
Income before tax	<b>467</b>	440	2,016
Net income	<b>316</b>	305	1,499
Basic earnings per share (SEK)	<b>4.55</b>	4.38	21.57
Diluted earnings per share (SEK)	<b>4.47</b>	4.36	20.55
Total assets	<b>9,799</b>	10,223	9,205

## **OPERATING REVIEW**

The Group’s segmental reporting structure has been adjusted with effect from the first quarter in order to include MTG’s primary online activities within a single ‘Online’ business segment. The business segment comprises the previous Home Shopping companies, as well as the BET24 online betting and gaming business, MTG New Media and the Playahead social networking business acquired in January 2007. The BET24 and MTG New Media businesses have previously been included within the Viasat Broadcasting business area. The prior reporting periods have been restated accordingly to reflect this change and for the purpose of comparability.

In addition, the Group’s 50% and controlling interest in Balkan Media Group Limited, which was acquired in March 2007, has been consolidated with effect from 1 April 2007. It will be included within the Central and Eastern Europe ‘Pay-TV DTH platform & channels’ line of the Group’s segmental reporting matrix.

## Double Digit Sales Growth

<b>NET SALES BY BUSINESS AREA</b> (SEK million)	<b>Jan-Mar 2007</b>	Jan-Mar 2006	Change %	Jan-Dec 2006
<i>Free-to-air TV Scandinavia</i>	<b>713</b>	722	-1	3,038
<i>Pay-TV Nordic</i>	<b>877</b>	749	17	3,183
<i>Central &amp; Eastern Europe</i>	<b>478</b>	388	23	1,841
<i>Other &amp; eliminations</i>	<b>-65</b>	-55	-18	-257
Viasat Broadcasting	<b>2,003</b>	1,804	11	7,805
Radio	<b>150</b>	81	86	433
Other business areas	<b>533</b>	564	-5	2,192
Parent company & other companies	<b>23</b>	28	-17	111
Eliminations	<b>-81</b>	-115	29	-406
<b>TOTAL</b>	<b>2,629</b>	2,362	11	10,136

The Group generated 11% year on year net sales growth in the first quarter, following continued strong growth in the Nordic pay-TV and Central and East European broadcasting businesses, but declining reported sales in the Scandinavian free-to-air business. The first quarter results included the full consolidation of P4 Radio and TV3 Slovenia for the first time for the period.

## 18% Group Operating Margin

<b>OPERATING INCOME BY BUSINESS AREA</b> (SEK million)	<b>Jan-Mar 2007</b>	Jan-Mar 2006	Change %	Jan-Dec 2006
<i>Free-to-air TV Scandinavia</i>	<b>110</b>	140	-21	562
<i>Pay-TV Nordic</i>	<b>148</b>	125	18	597
<i>Central &amp; Eastern Europe</i>	<b>59</b>	51	16	304
<i>Other &amp; eliminations</i>	<b>2</b>	3	-36	19
<i>Associated companies (CTC Media, Inc.)</i>	<b>162</b>	138	17	432
Viasat Broadcasting	<b>481</b>	457	5	1,913
Radio	<b>6</b>	8	-18	78
Other business areas	<b>16</b>	23	-30	-59
Parent company & other companies	<b>-35</b>	-35	-1	-155
<b>TOTAL</b>	<b>468</b>	453	4	1,777

Group operating costs increased by 13% year on year in the quarter to SEK 2,324 (2,056) million, following the consolidation of the newly acquired businesses mentioned above, the launch of four new Viasat channels since the beginning of 2006, increased programming spending in the Scandinavian free-to-air business, and the previously announced additional investments in new channels and technologies in the Nordic pay-TV business. The Group's depreciation and amortization charges totalled SEK 32 (27) million in the quarter.

MTG therefore reported a 4% year on year increase in operating profits in the first quarter, and a slightly reduced operating margin of 18% (19%). The Group's equity participations

contributed SEK 163 (147) million of associated company income in the first quarter. Excluding this share in the earnings of associated companies, MTG reported an operating margin of 12% (13%) in the first quarter.

Net interest and other financial items totalled SEK -2 (-13) million in the quarter and included SEK 1 (12) million of net interest expenses. The first quarter 2006 results included SEK 15 million of interest payable on the Group's now repaid EUR 120 million convertible loan notes, as well as the related SEK 4 million unrealised currency exchange rate gain.

The Group reported a 6% year on year increase in pre-tax profits to SEK 467 (440) million in the first quarter. Group tax charges amounted to SEK 151 (135) million for the period. The Group therefore reported a 4% year on year increase in net income to SEK 316 (305) million for the quarter.

The number of outstanding shares increased from 67,042,524 at the end of 2006 to 67,053,405 at the end of the quarter due to the exercise of 10,881 class B share options granted under the 2001 Global Share Option Plan. The Group's basic earnings per share increased year on year to SEK 4.55 (4.38) for the quarter.

## **VIASAT BROADCASTING**

### *Investing in Growth*

<i>(SEK million)</i>	<b>Jan-Mar 2007</b>	Jan-Mar 2006	Jan-Dec 2006
Net Sales	<b>2,003</b>	1,804	7,805
Operating Income	<b>319</b>	319	1,481
Operating Margin (%)	<b>16</b>	18	19
Associated Company Income	<b>162</b>	138	432
Total Operating Income	<b>481</b>	457	1,913

Viasat Broadcasting comprises the Group's principal television broadcasting businesses and generated 11% year on year net sales growth in the first quarter. The growth in the Nordic pay-TV and Central and East European businesses was partially offset by a decline in the reported results for the Scandinavian free-to-air business. The results for the period also included TV3 Slovenia for the first time.

The Viasat satellite platforms in the Nordic and Baltic regions reported a combined 13% year on year increase in total subscribers to 943,000 (837,000) by the end of the quarter, up from 929,000 subscribers at the end of 2006. The premium customer base increased by 21% year on year from 690,000 to 837,000, and from 817,000 subscribers at the end of the year.

Viasat Broadcasting reported a 5% year on year increase in total operating profits in the first quarter, including a 17% increase in associated company income from the Group's equity participation in the results of CTC Media, Inc. The combined operating margin for the Viasat Broadcasting businesses, excluding associated company income, was therefore 16% (18%).

## Free-to-air TV Scandinavia

### *Focus on Ratings & Integrated Approach in Soft Advertising Markets*

<i>(SEK million)</i>	<b>Jan-Mar 2007</b>	Jan-Mar 2006	Jan-Dec 2006
Net Sales	<b>713</b>	723	3,038
Operating Income	<b>110</b>	140	562
Operating Margin (%)	<b>15</b>	19	18

Viasat's Scandinavian free-to-air television operations reported lower sales and operating profitability levels in the quarter, which reflected softer advertising markets across the region, lower year on year ratings for TV3, and the continued year on year strengthening of the Swedish Krona reporting currency against both the Danish and Norwegian Kronas. Excluding currency translation effects, sales were slightly up year on year. The year on year decline in sales also reflected the fact that sales were up more year on year in the first quarter of 2006 (+10%) than in any other quarter of the year.

Operating costs for the free-to-air TV business increased by 4% year on year in the quarter to SEK 603 (582) million. Programming costs increased by 6%, which was in line with the previous guidance for full year 2007 programming costs. The increase in costs also reflected the higher distribution costs arising from the addition of the TV6 channel in Sweden from May 2006, and the introduction of regional broadcasts for TV3 in Sweden from July 2006.

<b>Commercial Share of Viewing (%)</b>	<b>Jan-Mar 2007</b>	Jan-Mar 2006	<b>Jan-Dec 2006</b>
TV3 & TV6 Sweden (15-49)*	<b>33.1</b>	30.4	<b>31.4</b>
TV3 & ZTV Norway (15-49)	<b>16.2</b>	17.1	<b>17.0</b>
TV3 & TV3+ Denmark (15-49)	<b>21.6</b>	20.9	<b>21.8</b>

\* includes ZTV prior to May 2006

Viasat continued to strengthen its position as Scandinavia's premier media house, and has now completed the negotiation of its annual upfront contracts with advertisers with low single digit combined price increases for 2007. These commitments were signed towards the end of the quarter and therefore had little impact on the first quarter results. Furthermore, as Viasat bundles its channels together in its offering to the advertisers, the continued success of the relatively lower priced TV6 in Sweden, when compared with its larger sister channel TV3, adversely impacted the sales performance in the quarter.

Combined commercial share of viewing for the Swedish channels – TV3, TV6 and TV8 – continued to increase in the quarter to 34.4% (30.6%). The combined performance of TV3 and TV6 Sweden reflected strong ratings growth at TV6, with the channel reaching peak target audience share of 17.2% during the quarter. TV3's ratings were down year on year but stable since the year end, as management focused on improving the execution of programme acquisition, scheduling, marketing, promotion and sales. Penetration levels for TV3, TV6 and TV8 increased further to 79%, 78% and 46%, respectively, as Sweden entered the final stages of the analogue switch-off process. A fourth channel – ZTV – was also relaunched after the end of the quarter as an integrated TV and online entertainment content provider, aimed at the 15-24 year old target group.

TV3 and ZTV Norway's combined commercial share of viewing declined year on year and since the end of the year, which reflected the later launch of the Spring programming schedule in 2007 but improving ratings towards end of the quarter. TV3 and TV3+ Denmark's combined commercial share of viewing increased year on year but was down slightly compared to the fourth quarter of 2006.

## Pay-TV Nordic

### *Stable Margins despite Increased Investments*

<i>(SEK million)</i>	<b>Jan-Mar 2007</b>	Jan-Mar 2006	Jan-Dec 2006
Net Sales	<b>877</b>	749	3,183
Operating Income	<b>148</b>	125	597
Operating Margin (%)	<b>17</b>	17	19

Viasat Broadcasting's pay-TV operations in the Nordic region generated 17% year on year net sales growth in the quarter, following a 15% year on year increase in the premium subscriber base and rising average revenue per subscriber levels. Sales were up 3% compared to the fourth quarter of 2006. The business comprises Viasat's DTH satellite broadcasting platform and eighteen Viasat pay-TV channels.

<i>(000's)</i>	<b>March 2007</b>	March 2006	December 2006
<b>Premium Subscribers</b>	<b>741</b>	646	737
- of which, DTH satellite	<b>708</b>	632	708
- of which, Broadband	<b>33</b>	14	29
<b>Basic DTH Satellite Subscribers</b>	<b>106</b>	147	112

95,000 net new premium subscribers have been added to the platform since the end of the first quarter of 2006. The low level of net subscriber intake since the end of the year reflected the fact that the analogue shutdown in Sweden is now in its final stages, and the majority of terrestrial subscribers have now selected multi-channel pay-TV packages. The terrestrial digitalization process in Norway is scheduled to commence in the Fall of 2007. The number of Viasat+ Personal Video Recorder and multi-room subscribers more than doubled year on year, and increased from 126,000 at the end of 2006 to 155,000 by the end of the first quarter. This lower churn and higher ARPU subscriber group represented 21% (7%) of the premium DTH subscriber base at the end of the period, compared to 17% at the end of 2006. The number of households subscribing to Viasat's premium package via broadband more than doubled year on year.

Annualised average revenue per premium subscriber (ARPU) increased by 4% year on year to SEK 3,468 (3,341) in the first quarter, and compared to SEK 3,470 for the fourth quarter of 2006. The increase reflected the growing proportion of higher ARPU Viasat+ and multi-room subscribers, as well as premium package price increases over the last twelve months.

Operating costs for the Nordic pay-TV business increased by 17% year on year in the quarter, and by 8% when compared to the last quarter of 2006. The year on year increase reflected the previously announced SEK 160 million of investments being made in 2007 in new channels

and technologies. Two new Viasat channels and twelve extra third party channels have been added to the Viasat platform since the beginning of 2006. The pan-Nordic ‘Viasat Golf’ channel was launched on the Viasat satellite platform and third party networks during the first quarter, and the new ‘TV2 Sport’ joint venture channel began broadcasting just after the end of the quarter. Total expensed subscriber acquisition costs amounted to SEK 139 (125) million in the quarter, and were therefore stable for the fourth quarter in succession.

Viasat’s Nordic pay-TV business generated an 18% year on year increase in operating profits and a stable operating margin of 17% (17%) in the quarter.

## Central & Eastern Europe

### *Sales Growth & Further Expansion*

<i>(SEK million)</i>	<b>Jan-Mar 2007</b>	Jan-Mar 2006	Jan-Dec 2006
Net Sales	<b>478</b>	388	1,841
Operating Income	<b>59</b>	51	304
Operating Margin (%)	<b>12</b>	13	17
Associated Company Income (CTC Media, Inc.)	<b>162</b>	138	432
Total Operating Income	<b>221</b>	190	736

Viasat’s free-to-air and pay-TV operations in Central and Eastern Europe reported a 23% year on year increase in net sales in the first quarter. The results included the first contribution from TV3 Slovenia for the period.

Operating profits were up 16% year on year for the period and included a 17% increase in associated company income from CTC Media, Inc. The combined operating margin for the business, excluding associated company income, declined slightly year on year to 12%.

### *The Baltics*

The Group’s free-to-air TV operations in Estonia, Latvia and Lithuania reported 8% combined year on year net sales growth to SEK 111 (102) million in the first quarter.

<b>Commercial Share of Viewing (%)</b>	<b>Jan-Mar 2007</b>	Jan-Mar 2006	Jan-Dec 2006
TV3 and 3+ in Estonia (15-49)	<b>44.7</b>	47.9	45.1
TV3 and 3+ in Latvia (15-49)	<b>38.9</b>	35.4	36.9
TV3 and Tango TV in Lithuania (15-49)	<b>40.3</b>	33.4	34.2

Viasat’s pan-Baltic commercial share of viewing (15-49) increased significantly year on year to 40.6% (36.2%) in the quarter, with substantial ratings improvements in Latvia and Lithuania offsetting a decline in viewing share in Estonia.

Operating profits increased year on year to SEK 18 (17) million, whilst the operating margin decreased slightly to 16% (17%).

### *The Czech Republic*

TV Prima reported 2% year on year net sales growth to SEK 184 (180) million in the first quarter. The low year on year growth reflected the exceptionally strong performance in the first half of 2006. The year on year comparisons will be even tougher in the second quarter, but Prima expects to generate more stable market growth levels in the second half of the year. In addition, MTG is also seeking to resolve a current disagreement with a regional broadcasting license partner regarding the use of early morning and early evening time slots in five out of twelve regions, which has restricted the development of Prima's viewing share performance.

<b>Commercial Share of Viewing (%)</b>	<b>Jan-Mar 2007</b>	Jan-Mar 2006	<b>Jan-Dec 2006</b>
TV Prima (15+)	<b>21.8</b>	20.7	<b>21.8</b>

TV Prima's commercial share of viewing increased year on year as the actions taken during 2006 to enhance the production quality and marketing of the key prime time own productions began to take effect. This is enabling the channel to begin to capitalise on the output deals signed with four Hollywood studios during 2006, and to benefit from the new broader based entertainment schedules.

TV Prima reported an operating profit of SEK 29 (34) million in the first quarter and an operating margin of 16% (19%),

### *Russia*

<b>Commercial Share of Viewing (%)</b>	<b>Jan-Mar 2007</b>	Jan-Mar 2006	Jan-Dec 2006
DTV (6-54)	<b>2.6</b>	2.1	2.1

DTV reported 61% year on year sales growth to SEK 61 (38) million in the first quarter following substantially improved viewing shares, an increase in national reach to 57% (51%), and the ongoing benefit of the sales agreement with the Video International media agency.

As planned, the Mostelecom distribution agreement signed in the second quarter of 2006 is gradually increasing DTV's penetration in the key Moscow region. Approximately 1 million households have now been connected under the agreement. SEK 45 million was invested during the first quarter in order to facilitate the future connection of a further 500,000 households.

DTV continues to invest in programming but still reported a year on year increase in operating profits to SEK 6 (2) million.

MTG reports its share in the earnings of CTC Media with a one quarter time lag, due to the fact that CTC Media reports its consolidated financial results after MTG. The US dollar results of MTG's equity participation in the Company are translated into the Swedish Krona reporting currency at the average currency exchange rates for the MTG year to date reporting period. MTG's 43.1% shareholding in CTC Media was diluted to 39.6% with effect from June 2006 as a result of the new shares issued at the time of the Company's initial public offering. MTG therefore reported a 17% year on year increase in associated company income to SEK 162 (138) million in the first quarter.



CTC Media generated 31% year on year net sales growth to US\$ 118 (90) million in the fourth quarter of 2006 and a 22% increase in operating profits to US\$ 58 (48) million. The 49% operating margin was slightly down from 53% for the same period of the prior year. CTC Media reported a 32% year on year increase in pre-tax profits to US\$ 61 (46) million in the fourth quarter of 2006. CTC Media has provided full year 2007 guidance for consolidated revenue in the range of US\$ 460 million to US\$ 500 million, and a consolidated OIBDA (operating income before depreciation and amortization) margin of between 45 and 48 per cent. CTC Media will announce its financial results for the three months and first quarter ended 31 March 2007 on 27 April 2007.

### *Hungary*

Viasat3 generated 37% year on year net sales growth to SEK 33 (24) million in the first quarter, following accelerating viewing and market share gains.

<b>Commercial Share of Viewing (%)</b>	<b>Jan-Mar 2007</b>	Jan-Mar 2006	<b>Jan-Dec 2006</b>
Viasat3 (18-49)	<b>8.2</b>	4.8	<b>5.9</b>

More of the top 100 advertisers again bought airtime on Viasat3 in the first quarter than on any other channel, and Viasat3 reported its highest ever commercial share of viewing figures. The business reported a positive year on year swing to an operating profit of SEK 4 (-3) million in the quarter.

### *Slovenia*

TV3 Slovenia reported increased sales of SEK 5 million in the first quarter, compared to SEK 4 million in the fourth quarter of 2006.

<b>Commercial Share of Viewing (%)</b>	<b>Jan-Mar 2007</b>	Jan-Mar 2006	Jan-Dec 2006
TV3 Slovenia (15-49)	<b>6.1</b>	2.7	4.1

The new and improved programming schedules continued to drive ratings to record new levels, and TV3 is investing further in a mixture of internationally proven own production formats, movies and sports content, in order to build the momentum.

The channel reported a SEK 9 million operating loss in the first quarter, which compared with a loss of SEK 12 million in the fourth quarter of 2006.

### *Pay-TV*

Viasat's pay-TV operations in Central and Eastern Europe comprise the DTH satellite platform in the Baltic region, and the eight Viasat channels that are distributed through third party cable and satellite networks to subscribers in twenty countries across the region.

Sales for the combined businesses almost doubled year on year in the quarter to SEK 83 (43) million. The combined operations generated a more than tenfold increase in operating profits to SEK 11 (1) million, and an operating margin of 13% (1%).

<i>(000's)</i>	<b>March 2007</b>	March 2006	December 2006
DTH Premium Baltic subscribers	<b>96</b>	44	80
Mini-pay-TV subscriptions	<b>20,859</b>	14,194	18,619

Viasat's Baltic DTH satellite pay-TV platform reported a net intake of 16,000 premium subscribers during the quarter and a more than doubling of the subscriber base year on year.

The wholesale mini-pay business added another 2.2 million net new subscriptions in the quarter, and total subscriptions were up 47% year on year to break through the 20 million mark for the first time. An eighth channel - TV1000 Poland – was added in March 2007.

## **RADIO**

<i>(SEK million)</i>	<b>Jan-Mar 2007</b>	Jan-Mar 2006	<b>Jan-Dec 2006</b>
Net Sales	<b>150</b>	81	<b>433</b>
Operating Income	<b>6</b>	0	<b>61</b>
Operating Margin (%)	<b>4</b>	0	<b>14</b>
Associated Company Income	<b>0</b>	8	<b>17</b>
Total Operating Income	<b>6</b>	8	<b>78</b>

Combined net sales for the Group's radio operations almost doubled year on year and included the fully consolidated results of P4 Radio for the first time in a first quarter. MTG reported the result in P4 Radio as associated company income up until 30 September 2006. MTG continued to win share in growing markets and the first independent listenership survey of the year indicated that the Swedish radio stations had achieved an all time high reach of 1.9 million daily listeners. MTG Radio Sweden's performance was driven by further price increases introduced during the quarter. After introducing a new 'GRP' based pricing model in the fourth quarter of 2006, P4 Radio reported record first quarter advertising sales.

## **OTHER BUSINESS AREAS**

<b>Online</b> <i>(SEK million)</i>	<b>Jan-Mar 2007</b>	Jan-Mar 2006	<b>Jan-Dec 2006</b>
Net Sales	<b>413</b>	413	<b>1.611</b>
Operating Income	<b>14</b>	19	<b>12</b>

The new 'Online' business segment comprises CDON.COM, TV-Shop, BET24, Playahead and MTG New Media. The focus of the business segment is to leverage the Group's portfolio of online assets and to optimize the synergies between MTG's broadcasting and online activities. The combined online businesses reported stable year on year net sales of SEK 413 (413) million in the quarter, but lower operating profits of SEK 14 (19) million due to the fact that a number of the businesses remain in the investment phase of their development.

Leading Nordic online entertainment retailer CDON.COM generated 28% year on year sales growth to SEK 214 (167) million in the quarter and again increased its market shares in all product categories and countries, with the previous dominance of DVD and CD sales decreasing as other product lines such as the pay-per-view 'on demand' film streaming service and internet music downloads grew strongly. CDON.COM reported an increased

operating profit of SEK 17 (14) million for the quarter. TV-Shop Internet sales were up 23% year on year in the quarter, and represented 48% of TV-Shop's total sales for the period.

BET24 reported lower first quarter sales of SEK 85 (109) million as a result of the withdrawal from a number of country markets, in order to focus on those markets where MTG has scale broadcasting assets and can therefore leverage its market presence and provide an efficient route to market. This shift in focus enabled the business to deliver a breakeven result, compared to a loss of SEK 13 million in the first quarter of 2006.

<b>Modern Studios</b> (SEK million)	<b>Jan-Mar 2007</b>	Jan-Mar 2006	<b>Jan-Dec 2006</b>
Net Sales	<b>120</b>	151	<b>581</b>
Operating Income	<b>2</b>	3	<b>-71</b>

The Modern Studios business area, which primarily comprises the Strix Television production company and the Sonet feature film production and distribution business, reported lower year on year net sales of SEK 120 (151) million and SEK 2 (3) million of operating profits for the quarter. The result primarily reflected lower TV production and format license sales by Strix, as well as the discontinuation of the Bromberg and Engine businesses.

## **GROUP STRUCTURAL CHANGES**

The Group announced on 20 March 2007 that it had completed the acquisition of 50% and management control of Balkan Media Group Limited ('BMGL') for a total cash consideration of EUR 11.6 million. BMGL owns six TV channels in Bulgaria, which generate the majority of their revenues from subscription sales, and a terrestrial TV broadcaster in Macedonia. BMGL will be consolidated and reported within the Viasat Broadcasting business area with effect from 1 April 2007. The purchase price allocation process, which includes the identification and valuation of assets and liabilities, is in progress and the result will be disclosed in the Group's next quarterly report.

The Group signed an agreement on 9 January 2007 to acquire 90% of the issued share capital of the Playahead ([www.playahead.com](http://www.playahead.com)) online social networking community for a total cash consideration of SEK 102 million. Playahead is Sweden's second largest internet community, with over 560,000 members. For information about the preliminary purchase price allocation, please refer to the Group's financial report for the fourth quarter of 2006 and the 2006 Annual Report.

The Group announced its intention in late 2006 to launch two new dedicated sports channels, TV2 Sport and TV2 Sport Extra, in Denmark. The venture was approved by the Danish Competition authorities after the end of the first quarter and Viasat has therefore formed a joint venture company with state-owned TV2 in Denmark. The company will be proportionately consolidated with effect from 11 April 2007, with 50% of revenues and costs reported in the Group's accounts and included in the segmental reporting matrix in the "Joint Venture & Other" line within the Viasat Broadcasting business area. The TV2 Sport channels are expected to reach profitability within two years and the combined financial impact is expected to be marginally negative for the Group over this period. This is due to the fact that the new joint venture will share some of TV3 and TV3+'s current programming costs and will result in the discontinuation of Viasat Sport Denmark, but Viasat Denmark will also pay relatively higher fees for the inclusion of the new channels on its platform. The development

will therefore reduce the Scandinavian free-to-air TV cost base but increase the Nordic pay-TV cost base.

## **FINANCIAL POSITION**

### *Cash Flow*

The Group generated significantly increased cash flow from operations before changes in working capital of SEK 279 (238) million in the quarter. Changes in working capital amounted to SEK -339 (-94) million in the quarter. This reflected increased investments in acquired and own produced programming in Scandinavia and Eastern Europe, as well as prepayments for newly acquired sports rights. Accounts payable were reduced quarter on quarter to a more normalized level, while accounts receivable increased in the quarter in line with the usual seasonal effect. The Group therefore reported net cash flow from operations of SEK -60 (144) million in the quarter.

The Group's investments in shares totalled SEK 178 (83) million in the quarter. These investments comprised the net SEK 68 million paid for the 89% stake in the Playahead networking community in January 2007 and the SEK 110 million paid for the 50% stake in BMGL in March 2007.

Group capital expenditure on tangible and intangible assets totalled SEK 72 (30) million in the quarter. The expenditure on intangible assets primarily reflects the investments in the aforementioned additional DTV distribution contracts in Russia.

The Group drew down another SEK 150 million from its the SEK 3.5 billion multi-currency credit facility during the first quarter, and had therefore utilised SEK 400 million of the facility as at 31 March 2007.

The net change in cash and cash equivalents totalled SEK -206 (50) million for the quarter.

### *Liquid funds*

The Group's available liquid funds, including unutilised credit facilities, amounted to SEK 3.6 (4.9) billion at 31 March 2007, compared to SEK 4.0 billion as at 31 December 2006, and primarily comprised the SEK 3.2 billion of undrawn monies on the Group's credit facilities. The Group's cash and cash equivalents totalled SEK 448 (1,260) million at the end of the period, compared to SEK 646 million at 31 December 2006.

### *Net cash position*

The Group's net cash position, which is defined as cash and cash equivalents and interest-bearing assets less interest-bearing liabilities, amounted to SEK 75 (70) million at the end of the reporting period, and compared to a net cash position of SEK 430 million as at 31 December 2006.

### *Holdings in listed companies*

The Group's 1.4% residual shareholding in Metro International S.A. had a public equity market value of SEK 69 million as at the close of trading on the last business day of March 2007. The book value of the Group's 39.6% shareholding in associated company CTC Media, Inc. was SEK 1,542 million at the end of the period, which compared with a public equity market value of SEK 10,787 million as at the close of trading on the last business day of March 2007.

### *Equity to assets ratio*

The Group's equity to assets ratio was 56% (54%) as at 31 March 2007, and compared to 56% at the end of December 2006. The ratio is defined as consolidated equity as a percentage of total assets.

### *Parent company*

The MTG parent company reported net sales of SEK 17 (22) million in the quarter and net interest and other financial items totalled SEK 67 (94) million for the period. Parent company pre-tax profit amounted to SEK 45 (47) million for the quarter. MTG's financial policy includes the provision of a central cash pool to support its operating companies.

## **OTHER INFORMATION**

The Group's consolidated accounts have been prepared according to the same accounting policies that were applied in the preparation of the 2006 accounts. This report has been prepared in accordance with IAS 34 Interim Financial Reporting and RR 31 Consolidated Interim Financial Reporting, but has not been subject to review by the Company's auditors.

### *Modern Times Group MTG AB Annual General Meeting 2007*

The 2007 Annual General Meeting of shareholders will be held at 09.30 on 9 May 2007 at the Skandia Cinema, Drottninggatan 82 in Stockholm, Sweden. The notices to the meeting, including details of how and when to register, have now been published and are available from MTG's registered office or website as indicated below.

MTG's financial results for the second quarter and six months ended 30 June 2007 will be published on 24 July 2007.

Stockholm, 24 April 2007

Hans-Holger Albrecht  
President & Chief Executive Officer

Modern Times Group MTG AB  
Skeppsbron 18  
Box 2094  
SE-103 13 Stockholm  
Registration number: 556309-9158

---

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 the following numbers:  
International: +44 (0)20 7138 0813  
Sweden: +46 (0)8 5876 9445  
US: +1 718 354 1158

To listen to the conference call online, please go to [www.mtg.se](http://www.mtg.se).

A replay facility will be made available for 7 days after the conference call. To access the replay, please dial:

International: +44 (0)20 7806 1970

Sweden: +46 (0)8 5876 9441

US: +1 718 354 1112

The access pin code for the replay facility is: 3431288#

**For further information, please visit [www.mtg.se](http://www.mtg.se), email [investor.relations@mtg.se](mailto:investor.relations@mtg.se), or contact:**

Hans-Holger Albrecht, President & CEO

tel: +46 (0) 8 562 000 50

Mathias Hermansson, Chief Financial Officer

tel: +46 (0) 8 562 000 50

Matthew Hooper, Corporate Communications

tel: +44 (0) 7768 440 414

*Modern Times Group is a leading international entertainment broadcasting group with the second largest geographical broadcast footprint in Europe. MTG's Viasat Broadcasting is the largest free-to-air and satellite premium pay-TV operator in Scandinavia and the Baltics, and also operates channels in the Czech Republic, Russia, Hungary, Slovenia and the Balkans. Viasat channels are broadcast in a total of 26 countries and reach 100 million people. MTG is also the biggest shareholder in Russia's largest independent television network (CTC Media - NASDAQ: CTCM), and the number one commercial radio operator in the Nordic and Baltic regions.*

*Modern Times Group MTG AB class A and B shares are listed on the Nordic Stock Exchange Large Cap market ('MTGA' and 'MTGB').*

<b>CONDENSED CONSOLIDATED INCOME STATEMENT (MSEK)</b>	<b>2007 Jan-Mar</b>	<b>2006 Jan-Mar</b>	<b>2006 Jan-Dec</b>
Net sales	2,629	2,362	10,136
Cost of goods and services	-1,623	-1,385	-5,908
<b>Gross income</b>	<b>1,006</b>	<b>976</b>	<b>4,229</b>
Selling and administrative expenses	-695	-678	-2,843
Other operating revenues and expenses, net	-5	7	-66
Share of earnings in associated companies	163	147	458
<b>Operating income (EBIT)</b>	<b>468</b>	<b>453</b>	<b>1,777</b>
Gain/loss from financial assets	-	2	3
Non-cash gain from CTC Media Inc. IPO new share issue	-	-	241
Net interest and other financial items	-2	-15	-5
<b>Income before tax</b>	<b>467</b>	<b>440</b>	<b>2,016</b>
Tax	-151	-135	-517
<b>Net income for the period</b>	<b>316</b>	<b>305</b>	<b>1,499</b>
<i>Attributable to:</i>			
Equity holders of the parent	305	291	1,437
Minority interests	11	14	62
Net income for the period	316	305	1,499
Shares at the end of the period	67,053,405	66,382,410	67,042,524
Basic average number of shares outstanding	67,046,151	66,377,574	66,591,869
Diluted average number of shares outstanding	67,120,144	66,690,779	66,994,844
Basic earnings per share (SEK)	4.55	4.38	21.57
Diluted earnings per share (SEK)	4.47	4.36	20.55

<b>CONDENSED CONSOLIDATED BALANCE SHEET (MSEK)</b>	<b>2007 31 Mar</b>	<b>2006 31 Mar</b>	<b>2006 31 Dec</b>
<b>Non-current assets</b>			
Goodwill	2,459	1,831	2,235
Other intangible assets	988	388	875
Machinery and equipment	163	137	156
Shares and participations	1,641	2,984	1,525
Other financial receivables	98	181	101
	<u>5,349</u>	<u>5,520</u>	<u>4,891</u>
<b>Current assets</b>			
Inventory	1,532	1,298	1,363
Current receivables	2,471	2,145	2,305
Cash, cash equivalents and short-term investments	448	1,260	646
	<u>4,450</u>	<u>4,703</u>	<u>4,314</u>
<b>Total assets</b>	<u>9,799</u>	<u>10,223</u>	<u>9,205</u>
<b>Shareholders' equity</b>			
Shareholders' equity	5,352	5,475	4,984
Minority interests in equity	140	74	121
	<u>5,492</u>	<u>5,549</u>	<u>5,105</u>
<b>Long-term liabilities</b>			
Interest-bearing liabilities	6	67	26
Provisions	336	211	278
Non-interest-bearing liabilities	1	19	1
	<u>343</u>	<u>296</u>	<u>305</u>
<b>Current liabilities</b>			
Convertible debenture loan 2001/2006	-	1,125	-
Other interest-bearing liabilities	412	37	239
Non-interest-bearing liabilities	3,553	3,216	3,557
	<u>3,965</u>	<u>4,377</u>	<u>3,796</u>
<b>Total shareholders' equity and liabilities</b>	<u>9,799</u>	<u>10,223</u>	<u>9,205</u>



<b>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (MSEK)</b>	<b>2007 Jan-Mar</b>	<b>2006 Jan-Mar</b>	<b>2006 Jan-Dec</b>
Cash flow from operations	279	238	1,372
Changes in working capital	-339	-94	-78
<b>Net cash flow from operations</b>	<b>-60</b>	<b>144</b>	<b>1,294</b>
Proceeds from sales of shares	-	21	21
Investments in shares in subsidiaries and associates	-178	-83	-645
Investments in other non-current assets	-72	-30	-329
Other cash flow from investing activities	-	-	2
<b>Cash flow to/from investing activities</b>	<b>-251</b>	<b>-92</b>	<b>-950</b>
Net change in loans	150	-59	-930
Other cash flow from/to financing activities	-45	56	53
<b>Net change in cash and cash equivalents for the period</b>	<b>-206</b>	<b>50</b>	<b>-533</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>646</b>	<b>1,207</b>	<b>1,207</b>
<b>Translation differences in cash and cash equivalents</b>	<b>7</b>	<b>3</b>	<b>-28</b>
<b>Cash and cash equivalents at end of the period</b>	<b>448</b>	<b>1,260</b>	<b>646</b>

<b>CONDENSED RECONCILIATION OF SHAREHOLDERS' EQUITY (MSEK)</b>	<b>2007 31 Mar</b>	<b>2006 31 Mar</b>	<b>2006 31 Dec</b>
<b>Opening balance equity</b>	<b>5,105</b>	<b>5,306</b>	<b>5,306</b>
Change in minority interests	3	10	-6
Effect of employee share option programmes	2	1	6
Employee options exercised	3	2	193
Revaluation of shares at market value	3	-74	-379
Distribution of Metro International S.A. shares	-	-	-1,495
Cash flow hedge	22	-10	-26
Currency translation differences	39	9	7
Net income for the period	316	305	1,499
<b>Closing balance equity</b>	<b>5,492</b>	<b>5,549</b>	<b>5,105</b>
<i>Attributable to:</i>			
Equity holders of the parent	5,352	5,475	4,984
Minority interests	140	74	121
<b>Total equity</b>	<b>5,492</b>	<b>5,549</b>	<b>5,105</b>

<b>NET SALES (MSEK)</b>	<b>Q1 2006</b>	<b>Q2 2006</b>	<b>Q3 2006</b>	<b>Q4 2006</b>	<b>FULL YEAR 2006</b>	<b>Q1 2007</b>
<b>Viasat Broadcasting</b>						
Free-to-air TV Scandinavia	722.5	810.3	653.1	852.0	3,037.9	713.4
Pay-TV Nordic	748.9	781.9	803.3	849.2	3,183.3	877.2
- DTH platform	704.1	727.3	753.6	784.3	2,969.3	797.7
- Channels	310.9	323.9	323.8	338.7	1,297.4	362.2
- Eliminations	-266.1	-269.3	-274.2	-273.8	-1,083.4	-282.7
Central & Eastern Europe	387.6	532.8	367.5	552.8	1,840.7	477.6
- Free-to-air TV Baltics	102.2	134.0	88.1	146.7	471.0	110.6
- Viasat3 Hungary	24.1	30.9	23.4	38.2	116.6	32.9
- DTV Russia	38.2	50.8	40.5	51.2	180.5	61.4
- TV Prima Czech Rep.	180.1	266.1	158.9	243.5	848.7	184.0
-TV3 Slovenia	-	-	0.3	3.5	3.8	5.3
- Pay-TV DTH platform & channels	43.1	51.0	56.3	69.7	220.1	83.3
JV, other & eliminations	-55.0	-67.6	-75.7	-58.5	-256.8	-64.8
<b>Total</b>	<b>1,803.9</b>	<b>2,057.4</b>	<b>1,748.2</b>	<b>2,195.5</b>	<b>7,805.2</b>	<b>2,003.4</b>
<b>Radio</b>	<b>80.8</b>	<b>98.5</b>	<b>85.2</b>	<b>169.0</b>	<b>433.4</b>	<b>150.1</b>
<b>Online</b>						
CDON	166.7	142.8	174.9	256.0	740.3	213.6
BET24	108.7	117.5	97.7	102.2	426.1	85.3
Other and eliminations	137.8	108.1	97.4	101.2	444.5	113.9
<b>Total</b>	<b>413.1</b>	<b>368.4</b>	<b>370.0</b>	<b>459.4</b>	<b>1,610.9</b>	<b>412.7</b>
<b>Modern Studios</b>	<b>150.7</b>	<b>116.7</b>	<b>153.0</b>	<b>160.8</b>	<b>581.2</b>	<b>120.1</b>
Parent company & other companies	28.2	31.9	26.6	24.6	111.2	23.4
Eliminations	-114.9	-96.2	-102.7	-91.7	-405.5	-81.1
<b>GROUP TOTAL</b>	<b>2,361.8</b>	<b>2,576.8</b>	<b>2,280.2</b>	<b>2,917.6</b>	<b>10,136.5</b>	<b>2,628.6</b>

<b>OPERATING INCOME (EBIT) (MSEK)</b>	<b>Q1 2006</b>	<b>Q2 2006</b>	<b>Q3 2006</b>	<b>Q4 2006</b>	<b>FULL YEAR 2006</b>	<b>Q1 2007</b>
<b>Viasat Broadcasting</b>						
Free-to-air TV Scandinavia	140.0	163.0	84.3	174.1	561.5	110.1
Pay-TV Nordic	125.1	140.2	158.6	172.9	596.8	148.2
- DTH platform	79.5	81.0	93.5	103.8	357.8	93.1
- Channels	45.7	59.2	65.1	69.1	239.0	55.1
Central & Eastern Europe	50.8	118.8	23.4	110.8	303.9	59.0
- Free-to-air TV Baltics	17.3	48.3	7.7	54.6	127.9	17.8
- Viasat3 Hungary	-3.1	3.8	-1.8	5.4	4.3	4.1
- DTV Russia	2.4	-0.8	-2.8	3.7	2.6	6.2
- TV Prima Czech Rep.	33.6	67.1	17.9	52.4	171.1	29.2
-TV3 Slovenia	-	-	-2.9	-11.9	-14.8	-8.9
- Pay-TV DTH platform & channels	0.6	0.4	5.3	6.6	12.9	10.5
JV & Other	3.0	3.3	3.2	9.0	18.6	1.9
Associated companies (CTC Media, Inc.)	138.4	104.5	150.7	38.6	432.2	162.1
<b>Total</b>	<b>457.4</b>	<b>529.9</b>	<b>420.2</b>	<b>505.5</b>	<b>1,913.0</b>	<b>481.3</b>
<b>Radio</b>	<b>0.2</b>	<b>16.6</b>	<b>8.7</b>	<b>35.9</b>	<b>61.4</b>	<b>6.4</b>
Associated companies	7.6	5.8	6.1	-2.7	16.8	0.0
<b>Total</b>	<b>7.8</b>	<b>22.5</b>	<b>14.8</b>	<b>33.2</b>	<b>78.2</b>	<b>6.4</b>
<b>Online</b>						
CDON	13.7	9.9	11.3	18.7	53.6	17.3
BET24	-13.4	-24.5	-7.5	-8.7	-54.1	-0.1
Other and eliminations	19.1	-2.8	-5.7	1.6	12.2	-2.9
<b>Total</b>	<b>19.4</b>	<b>-17.5</b>	<b>-1.9</b>	<b>11.6</b>	<b>11.7</b>	<b>14.3</b>
<b>Modern Studios</b>	<b>3.4</b>	<b>3.1</b>	<b>2.3</b>	<b>-79.2</b>	<b>-70.5</b>	<b>1.7</b>
Parent company & other companies	-35.5	-52.3	-31.2	-36.0	-155.0	-35.2
<b>GROUP TOTAL</b>	<b>452.5</b>	<b>485.6</b>	<b>404.3</b>	<b>435.1</b>	<b>1,777.5</b>	<b>468.4</b>

## Key Performance Indicators

	Q1 2006	Q2 2006	Q3 2006	Q4 2006	FULL YEAR 2006	Q1 2007
<b>GROUP</b>						
Year on year sales growth %	36.8	30.4	24.2	18.3	26.5	11.3
Year on year change in operating costs %	29.4	29.1	23.5	22.0	25.5	13.0
Operating margin %	19.0	18.8	17.7	14.7	17.5	17.8
Return on capital employed %	23	26	28	29		30
Return on Equity %	19	21	28	28		28
Equity to Assets ratio	54	61	51	56		56
Liquid Funds (incl unutilised credit facilities), SEK million	4,860	4,055	3,590	3,996		3,648
Net cash, SEK million	70	420	-28	430		75
<b>Subscriber data</b>						
Group total digital subscribers ('000s)	837	858	884	929		943
Group total premium subscribers ('000s)	690	719	755	817		837
<b>FREE-TO-AIR TV SCANDINAVIA</b>						
Year on year sales growth %	10.1	7.2	4.3	-2.6	4.3	-1.3
Year on year change in operating costs %	-2.6	6.0	8.3	-1.2	2.3	3.6
Operating margin %	19.4	20.1	12.9	20.4	18.5	15.4
<b>Commercial Share of Viewing (%)</b>						
TV3 & TV6 Sweden (15-49)*	30.4	30.9	32.7	31.6	31.4	33.1
TV3 & ZTV Norway (15-49)	17.1	16.6	18.2	16.6	17.0	16.2
TV3 & TV3+ Denmark (15-49)	20.9	22.3	21.8	22.2	21.8	21.6
* Prior to May 2006 the figures include ZTV						
<b>Penetration (%)</b>						
TV3 Sweden	75	75	75	78		79
TV6 Sweden	-	67	67	75		78
ZTV Sweden	67	n/a	n/a	45		45
TV3 Norway	63	63	63	63		63
ZTV Norway	39	43	45	46		46
TV3 Denmark	66	66	66	66		66
TV3+ Denmark	64	64	65	66		66
<b>PAY-TV NORDIC</b>						
Year on year sales growth %	23.8	24.2	19.5	17.0	20.9	17.1
Year on year change in operating costs %	29.3	25.4	19.0	15.3	21.9	16.9
Operating margin %	16.7	17.9	19.7	19.9	18.6	16.9
<b>Subscriber data</b>						
Premium Subscribers ('000s)	646	669	696	737		741
- of which, DTH Satellite	632	652	673	708		708
- of which, Broadband	14	17	23	29		33
Basic DTH Subscribers	147	139	129	112		106
Premium ARPU (SEK)	3,341	3,370	3,460	3,470		3,468
<b>CENTRAL &amp; EASTERN EUROPE</b>						
Year on year sales growth %	199.7	208.1	162.5	49.2	126.5	23.2
Year on year change in operating costs %	137.8	171.5	133.2	50.1	108.7	24.3
Operating margin %	13.1	22.3	6.4	20.0	16.5	12.3
<b>Commercial Share of Viewing (%)</b>						
TV3 & 3+ Estonia (15-49)	47.9	46.6	44.7	41.4	45.1	44.7
TV3 & 3+ Latvia (15-49)	35.4	37.2	39.4	36.2	36.9	38.9
TV3 & Tango TV Lithuania (15-49)	33.4	32.7	35.2	35.4	34.2	40.3
Viasat3 Hungary (18-49)	4.8	5.3	6.9	6.8	5.9	8.2
DTV Russia (6-54)	2.1	2.1	2.2	2.2	2.1	2.6
TV Prima Czech Rep (15+)	20.7	22.7	22.5	21.8	21.8	21.8
TV3 Slovenia (15-49)	2.7	3.0	3.5	7.3	4.1	6.1
CTC Media & The Home Channel Russia (4+)*	12.1	13.0	11.6	10.5	11.8	11.2
*Share of viewing						
<b>Subscriber data</b>						
DTH Premium Baltics ('000s)	44	50	59	80		96
Mini-pay subscribers ('000s)	14,194	15,623	17,200	18,619		20,859