

Record Q3 sales
Highest organic growth in 5 years
Continued digital innovation
Maintained outlook for the full year

Q3 2016 Highlights

- Record Q3 sales of SEK 4,126m (3,819) with 7% organic growth
- Operating income before items affecting comparability of SEK 162m (240) reflecting investments in content, expansion of MTGx, adverse FX effects and disposal of profitable businesses
- Operating income of SEK 162m (-412) including IAC amounting to SEK 0m (-652)
- Reiteration of full year 2016 outlook for accelerated sales growth and higher profits
- Total net income of SEK 93m (-384) and total basic earnings per share of SEK 1.30 (-5.71), including net income from discontinued operations of SEK 0m (-18)
- Cash flow from continuing operations of SEK 172m (278)
- Net debt of SEK 2,100m (2,134) equivalent to 1.4x trailing 12 month EBITDA before IAC

Financial Overview

(SEKm)	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
Continuing operations					
Net sales	4,126	3,819	12,280	11,674	16,218
<i>Change in reported net sales</i>	<i>8.0%</i>	<i>4.1%</i>	<i>5.2%</i>	<i>2.6%</i>	<i>3.0%</i>
<i>Organic growth</i>	<i>7.4%</i>	<i>2.6%</i>	<i>4.3%</i>	<i>1.0%</i>	<i>0.7%</i>
<i>Acquisitions/divestments</i>	<i>0.5%</i>	<i>2.4%</i>	<i>2.0%</i>	<i>1.0%</i>	<i>1.9%</i>
<i>Changes in FX rates</i>	<i>0.1%</i>	<i>-0.9%</i>	<i>-1.1%</i>	<i>0.6%</i>	<i>0.4%</i>
Operating income before items affecting comparability	162	240	793	835	1,268
<i>Margin before items affecting comparability</i>	<i>3.9%</i>	<i>6.3%</i>	<i>6.5%</i>	<i>7.2%</i>	<i>7.8%</i>
Items affecting comparability (IAC)	-	-652	-	-575	-512
Operating income	162	-412	793	260	756
Net income	93	-365	541	158	533
Basic earnings per share (SEK)	1.30	-5.44	7.22	2.15	7.45
Cash flow from operations	172	278	556	762	1,051
Discontinued operations					
Net income ¹	-	-18	-1,072	-282	-282
Total operations					
Net income	93	-384	-531	-124	251
Basic earnings per share (SEK)	1.30	-5.71	-8.86	-2.08	3.22
Net debt	2,100	2,134	2,100	2,134	2,124

¹ Comprises MTG's interest in CTC Media, Inc, which has been divested and gave rise to a non-cash charge due to the reclassification of accumulated currency translation differences.

Alternative performance measures used in this report are explained and reconciled on pages 23-26.



For further information please contact Investor relations at + 46 (0) 73 699 2714 / investors@mtg.com or Public relations at +46 (0) 73 699 2709 / press@mtg.com

President & CEO's comments

Record Q3 sales and 7% organic growth, the highest since Q2 2011, indicate the benefits and potential of the investments that we have made in our products over the past year. They are more relevant, more available, more popular and more valued than ever before.

Our strongest ever content offering boosted viewing levels, advertising market shares, subscriber pricing and intake, and accelerated revenues. We are also premiering a number of new original dramas on Viaplay and have a pipeline of exciting new projects to come, a number of which are being produced by our own in-house studios.

Nordic Entertainment revenues were up 11%, which is the highest growth rate since Q4 2010. The investments in content, including the Olympics in Sweden, as well as the adverse currency effects, did impact profitability in the quarter as expected, but are also the foundation for profitable growth moving forward.

The international entertainment business continued to perform well on an underlying basis. Organic sales were up 8%, with a margin of 6%. Both the Czech Republic and Bulgaria delivered double digit growth and higher profits.

Our MTG Studios profits were up 68% with an 8% margin, and we have continued to invest in the expansion of MTGx and our esports businesses in particular.

As a result, we are maintaining our guidance for accelerated sales growth and higher profits for the full year, which implies a strong fourth quarter performance.

Our announcement last week of the acquisition of 35% of InnoGames, a well-established online gaming company, completes the circle for us by creating a third digital vertical, which fits perfectly with our other gaming related digital businesses and communities. This is yet another important step in our strategic transformation from a traditional broadcaster into a leading digital entertainment company. We are leading the way by embracing changing consumer trends and taking the initiative. Linear viewing has continued to fall, but on demand streaming services like Viaplay and Viafree, as well as esports and MPNs, are attracting more and more viewers and customers.

Businesses like InnoGames, ESL, Splay, Nice and Zoomin are also all about us generating IP – about owning content that we can monetise on our own platforms and through 3rd party distributors around the world.

Video consumption is shifting online, on mobile and on demand, and we have a clear and focused strategy to capitalise on this global change. We therefore continue to actively review our portfolio of operations to ensure that we concentrate our resources on those products and businesses that offer the greatest potential for the future. Financially, we are in good shape with considerable operating leverage as a result of the cost transformation that we have made.

Jørgen Madsen Lindemann
President & Chief Executive Officer

“We are on track with our strategic transformation and leading the way in capitalising on changes in consumer behaviour. We are investing in the products and businesses that will drive future growth and profits.”



Significant Events during and after the quarter

28 July - MTG launches Viaplay in the Baltics

MTG expanded its Viaplay video streaming service to Estonia, Latvia and Lithuania. MTG also signed a partnership agreement with mobile telecom operator Tele2 to make Viaplay available to their mobile customers across the Baltics.

9 September - MTG included in Dow Jones Sustainability Indices

MTG was included in the Dow Jones Sustainability Index for the fifth consecutive year. MTG is the only Swedish media company in the European index, and one of the top nine media companies in the global index.

14 September - MTG and Lionsgate strike global distribution deal

MTG entered a global distribution agreement for its Swedish Dicks format with leading Hollywood studio Lionsgate, a global content leader with nearly 80 television shows on 40 networks. Swedish Dicks, produced by MTG-owned nice entertainment group, in collaboration with LA-based Viking Brothers Entertainment, set a new viewing record for a Viaplay premiere in the Nordic region.

27 September - MTG issued SEK 500 million bond

MTG successfully issued a SEK 500 million four year corporate bond. The notes were placed with Swedish and international investors, and the coupon is based on the three month STIBOR rate plus 1.4%.

27 September - M7 Group to broadcast esportsTV channel

MTG and M7 Group concluded an agreement to make ESL's esportsTV channel available in HD quality from 27 September on M7 Group's satellite TV platforms in the Netherlands, Belgium, the Czech Republic and Slovakia, with more to follow.

13 October - MTG invests in InnoGames

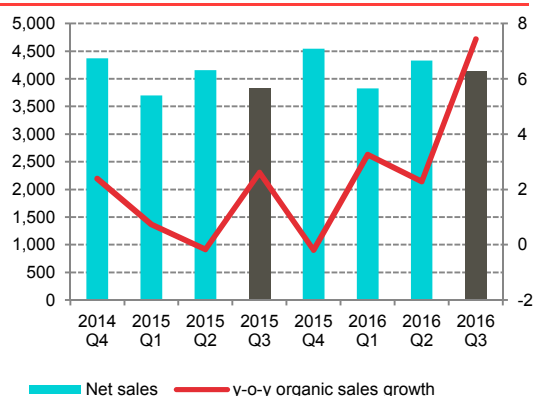
MTG has entered into an agreement to acquire 35% of InnoGames, a leading global online games developer and publisher, from Eight Roads Ventures and the Company's founders. The transaction is based on an Enterprise Value of EUR 260m for 100% of the company. MTG has an option to acquire a further 16% of the company at the same valuation. The transaction is subject to German and Austrian merger approvals.

A full list of MTG announcements can be found at www.mtg.com.

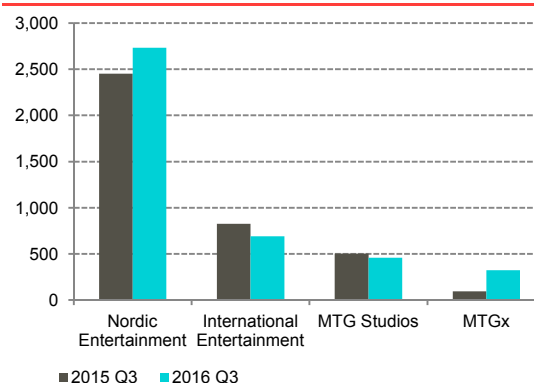
Operating Review

Sales were up 7% on an organic basis, following healthy underlying growth in the Nordic and International entertainment businesses. The net effect of acquisitions and divestments was 0.5%.

Net sales & y-o-y organic growth
(SEKm (left side); % (right side))

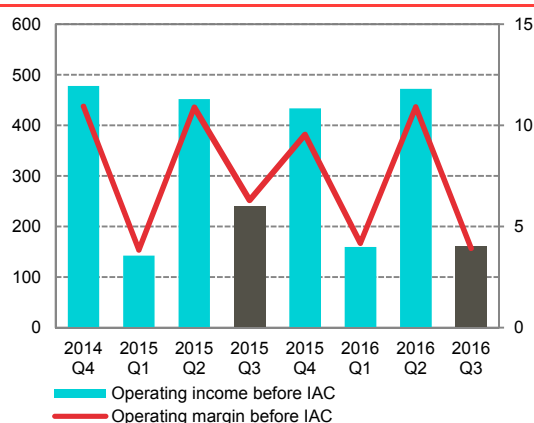


Net sales by segment
(SEKm)

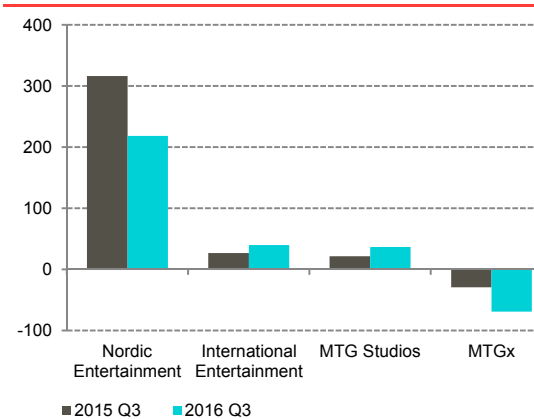


Operating costs were up 11% at constant FX and 8% on an organic basis. This reflected the ongoing adverse impact of the appreciation of the US dollar on content costs; the investment in additional sports rights for the Nordics including the Summer Olympics; and the consolidation of the acquired digital businesses. This was partly offset by transformation savings as well as disposals. Operating income before IAC amounted to SEK 162m (240) with an operating margin of 3.9% (6.3).

Operating income & operating margin before IAC¹
(SEKm (left side); % (right side))



Operating income by segment
(SEKm)



¹ Quarterly fluctuations reflect seasonality of advertising markets.

Net interest and other financial items totalled SEK -18m (-3). This mainly reflected the non-cash effect of discounting liabilities at fair value (rights to buy further shares in acquired companies). The Group reported net income from continuing operations of SEK 93m (-365), and basic earnings per share from continuing operations of SEK 1.30 (-5.44).

Nordic Entertainment

Sales up & profits impacted by FX & strategic investments

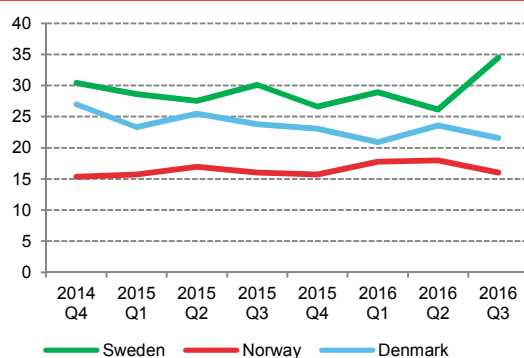
(SEKm)	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
Net sales	2,734	2,454	8,026	7,706	10,487
<i>o/w Free-TV & Radio</i>	1,147	1,029	3,458	3,352	4,656
<i>o/w Pay-TV</i>	1,587	1,425	4,568	4,354	5,831
Costs	-2,515	-2,138	-7,156	-6,731	-9,082
Operating income	218	316	870	975	1,405
Operating margin	8.0%	12.9%	10.8%	12.7%	13.4%
Net sales growth y-o-y					
<i>Organic growth</i>	11.0%	1.6%	5.2%	1.7%	2.7%
<i>Acquisitions/divestments</i>	0.0%	0.0%	0.0%	0.0%	-0.7%
<i>Changes in FX rates</i>	0.4%	-0.7%	-1.1%	0.2%	0.2%
<i>Reported growth</i>	11.4%	0.8%	4.1%	1.9%	2.2%

Sales were up 11% on an organic basis due to Viaplay subscriber intake and higher prices, new distribution agreements, and the rise in viewing around the Summer Olympics and ice hockey World Cup.

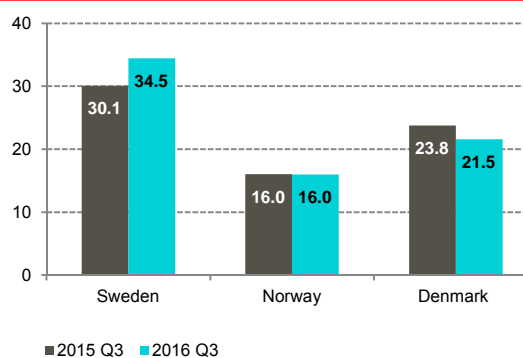
Operating costs were also up due to the investments in sports rights and the expansion of Viaplay, as well as the appreciation of the US dollar. These were partly offset by the transformation savings. Operating income amounted to SEK 218m (316) with an operating margin of 8.0% (12.9%).

Free-TV and radio sales were up at constant FX rates, with higher sales in Sweden and Norway partly offset by lower sales in Denmark. The Norwegian and Swedish TV advertising markets are both estimated to have grown, while the Danish market is estimated to have declined. The substantial growth in the Swedish media house audience share reflected the popularity of the Summer Olympics. The Norwegian audience share was stable and the Danish was down as coverage of the Olympics was shown on rival commercial channels.

Commercial share of viewing (%) ¹
(Target audience: 15-49)



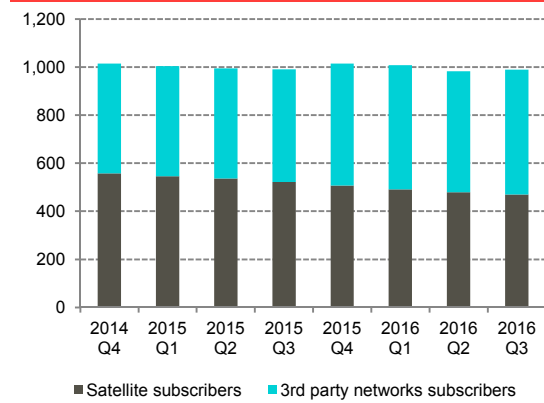
Commercial share of viewing (%) ¹
(Target audience: 15-49)



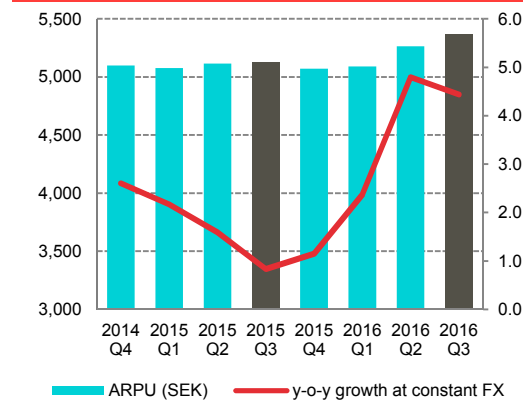
¹ The commercial share of viewing figures for the current and prior periods have been adjusted to include all commercial channels.

Pay-TV sales were up at constant FX following healthy Viaplay subscriber intake and the previously announced price increases. The total subscriber base (excluding Viaplay) grew by 9,000 quarter-on-quarter, as the higher growth in the third party network subscriber base more than offset the decline in the satellite base, and was also up year-on-year. Satellite ARPU was up year-on-year at constant FX.

Satellite and 3rd party subscribers (excl. Viaplay)
(000's)



Annualised revenue per satellite subscriber (ARPU) and y-o-y growth at constant FX
(SEK (left side); % (right side))



International Entertainment

Organic sales & profits up

(SEKm)	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
Net sales	690	825	2,331	2,754	3,796
<i>o/w Free-TV & Radio</i>	541	533	1,868	1,870	2,703
<i>o/w Pay-TV</i>	149	292	463	884	1,093
Costs	-650	-798	-2,086	-2,570	-3,485
Operating income	40	27	245	184	311
Operating margin	5.8%	3.3%	10.5%	6.7%	8.2%
Net sales growth y-o-y					
<i>Organic growth</i>	7.9%	5.4%	6.9%	9.3%	5.5%
<i>Acquisitions/divestments</i>	-24.9%	0.0%	-22.3%	0.0%	-1.5%
<i>Changes in FX rates</i>	0.6%	-2.5%	0.1%	-0.6%	-0.2%
<i>Reported growth</i>	-16.4%	2.9%	-15.4%	8.8%	3.8%

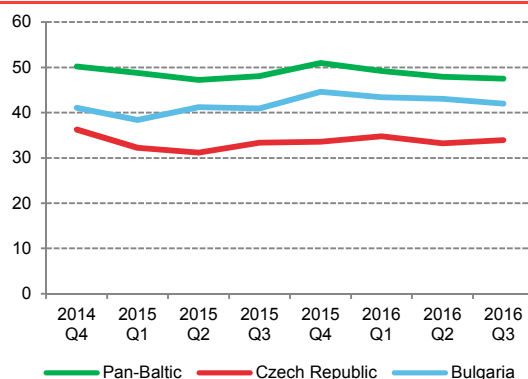
Sales were down on a reported basis due to the deconsolidation of the Hungarian free-TV business and the Russian and international pay-TV channel businesses from November 2015, and the Ukrainian pay-TV business from the end of 2015. Sales were up 8% on an organic basis with rising sales for all of the free-TV operations.

Operating costs were slightly down on an organic basis, and operating income amounted to SEK 40m (27) with an operating margin of 5.8% (3.3). The Q3 2015 results included SEK 46m of profits from subsequently divested businesses.

Free-TV and radio sales were up on an organic basis. The Bulgarian, Czech and pan-Baltic TV advertising markets are all estimated to have grown. The Bulgarian and Czech audience shares were up while the pan-Baltic share was down.

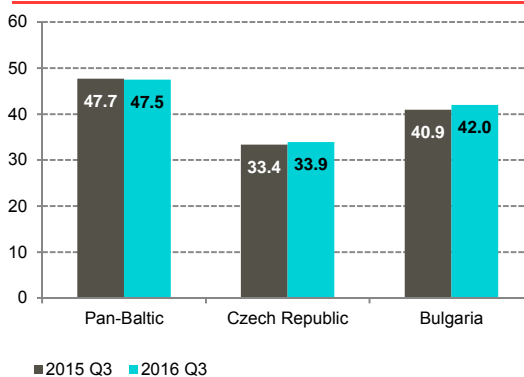
Commercial share of viewing (%) ¹

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



Commercial share of viewing (%) ¹

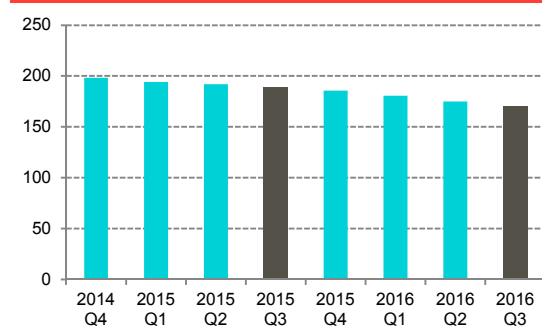
Target audience: Baltics 15-49, Czech Republic 15-54, Bulgaria 18-49



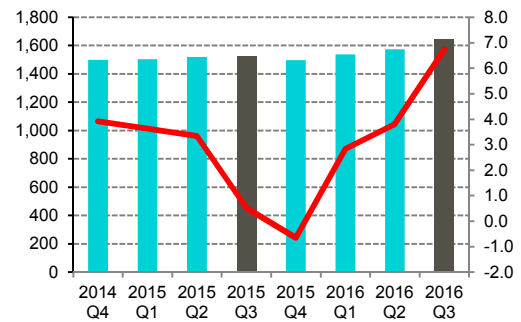
¹ The commercial share of viewing figures for the current and prior periods have been adjusted to include all commercial channels.

Pay-TV sales were up on an organic basis. The total satellite subscriber base was down quarter-on-quarter, but satellite ARPU was up year-on-year at constant FX rates following price increases and the introduction of new package structures. MTG launched Viaplay across the Baltic region during the quarter.

Satellite subscribers
(000's)



Annualised revenue per satellite subscriber (ARPU) and y-o-y growth at constant FX rates
(SEK (left side); % (right side))



■ ARPU (SEK) — y-o-y growth at constant FX

MTG Studios

Sales decline & profits up

(SEKm)	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
Net sales	459	502	1,245	1,294	1,780
Costs	-422	-480	-1,190	-1,295	-1,777
Operating income	37	22	55	-1	3
<i>Operating margin</i>	<i>8.0%</i>	<i>4.3%</i>	<i>4.4%</i>	<i>-0.1%</i>	<i>0.2%</i>
Net sales growth y-o-y					
<i>Organic growth</i>	<i>-5.6%</i>	<i>-0.9%</i>	<i>0.0%</i>	<i>-11.5%</i>	<i>-14.2%</i>
<i>Acquisitions/divestments</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
<i>Changes in FX rates</i>	<i>-2.9%</i>	<i>-0.3%</i>	<i>-3.8%</i>	<i>1.5%</i>	<i>1.0%</i>
<i>Reported growth</i>	<i>-8.6%</i>	<i>-1.2%</i>	<i>-3.8%</i>	<i>-10.0%</i>	<i>-13.2%</i>

Sales were down 6% on an organic basis, as continued high underlying demand for scripted drama and branded entertainment were offset by timing differences in the production schedules as well as a slowdown in the Norwegian event market. Operating costs were reduced and operating income increased to SEK 37m (22), with an operating margin of 8.0% (4.3).

MTGx

Continued sales growth & further investments + M&A costs

(SEKm)	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
Net sales	321	95	929	96	451
Costs	-390	-125	-1,096	-154	-562
Operating income	-69	-29	-167	-58	-111
<i>Operating margin</i>	<i>-21.6%</i>	<i>-30.8%</i>	<i>-18.0%</i>	<i>-60.3%</i>	<i>-24.7%</i>

MTGx continues to generate healthy sales growth. The operating loss reflected the continued expansion of ESL in particular, as well as part of the transaction costs for the recently announced acquisition of InnoGames. Turtle held a number of successful events during the quarter such as ESL One in Cologne, which had over 22 million unique viewers consuming over 30 million hours of content. DreamHack continued its North American expansion with its first ever Canadian event. Splay and Zoomin continue to see good demand for branded entertainment and influencer campaigns and are also benefitting from new distribution partners seeking broader multi-platform presence.

Financial Review

Cash flow from continuing operations

Operating cash flow

Cash flow from operations before changes in working capital amounted to SEK 172m (278) in the quarter. Depreciation and amortisation charges totalled SEK 63m (51). Cash flow was impacted by restructuring payments. The Group reported a SEK -318m (-139) change in working capital in the quarter and net cash flow from operations totalled SEK -146m (139). The increase in working capital is mainly due to the normal seasonality pattern related to payments of sports rights and other content investments.

Investing activities

Group capital expenditure on tangible and intangible assets totalled SEK -75m (-51). Acquisitions of subsidiaries and associates amounted to SEK -11m (-1,261). Total cash flow relating to investing activities amounted to SEK -117m (-1,299).

Financing activities

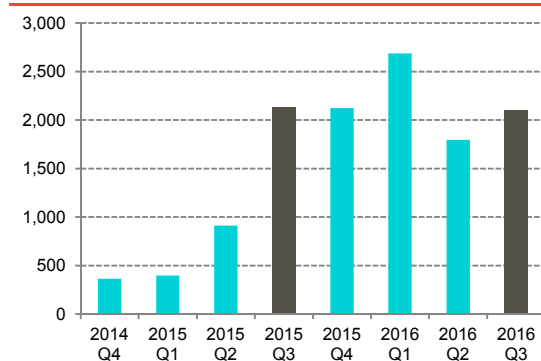
Cash flow to/from financing activities amounted to SEK -300m (1,183) and primarily reflected maturing of various short term borrowings. Total borrowings were reduced by SEK 297m (increased by 1,221) to SEK 2,569m (2,459).

The net change in cash and cash equivalents therefore amounted to SEK -563m (24) in the quarter. The Group had cash and cash equivalents of SEK 488m (317) at the end of the period, compared to SEK 1,051m at the end of Q2 2016.

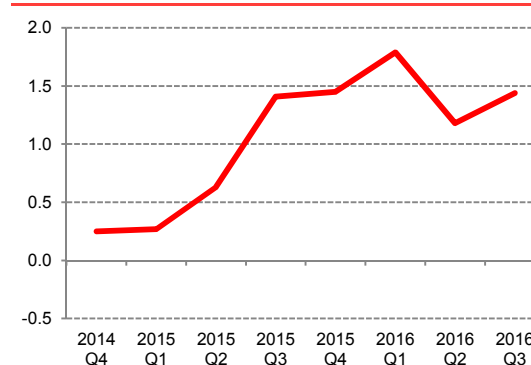
Net debt

The Group's net debt position, which is defined as the sum of short- and long-term interest bearing liabilities less total cash and interest bearing assets, amounted to SEK 2,100m (2,134) at the end of the period. Net debt increased from SEK 1,796m at the end of Q2 2016 mainly due to payments for content.

Net debt
(SEKm)



Net debt/EBITDA ratio, based on 12 months EBITDA before IAC, continuing operations



Related party transactions

Related party transactions are of the same character and of similar amounts as the transactions described in the 2015 Annual Report.

Corporate Responsibility Review

MTG was included in the Dow Jones Sustainability Index for the fifth consecutive year. MTG is the only Swedish media company in the European Index and one of the top nine media companies in the global index. Out of a total of 64 media companies assessed in the DJSI global universe and 29 in the DJSI Europe universe, only the nine highest scoring companies are included in each index. MTG has been included in the DJSI World Index since 2012 and in the DJSI European Index since 2013.

MTG Sweden and Splay are now proudly supporting Gen-Pep, a non-profit organisation that tackles children's and young people's health problems through physical activities and balanced healthy eating.

Parent Company

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

(SEKm)	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
Net sales	9	11	34	40	51
Net interest and other financial terms	53	124	168	386	401
Income before tax and appropriations	-6	80	2	223	135

The decrease in net interest and other financial items reflected lower interest rate levels as well as FX differences. Last year's result included dividends from subsidiaries. The parent company had cash and cash equivalents of SEK 288m (23) at the end of the period, compared to SEK 865m at the end of Q2 2016. SEK 5,871m (5,681) of the SEK 5,871m total available credit facilities was unutilised at the end of the period.

The total number of shares outstanding at the end of the period was 66,664,861 (66,635,969) and excluded the 865,000 Class C shares and 117,263 Class B shares held by MTG in treasury. The total number of issued shares did not change during the period.

Other Information

Accounting policies

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 2015 Annual Report. There were no changes to IFRS in 2016 affecting the Group.

Risks & uncertainties

Significant risks and uncertainties exist for the Group and the parent company. These factors include the prevailing economic and business environments in some of the markets; commercial risks related to expansion into new territories; other 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. Risks and uncertainties are also described in more detail in the 2015 Annual Report, which is available at www.mtg.com.

2017 Annual General Meeting

The 2017 Annual General Meeting will be held on Tuesday 9 May 2017 in Stockholm. Shareholders wishing to have matters considered at the Meeting should submit their proposals in writing to agm@mtg.com or to The Company Secretary, Modern Times Group MTG AB, Box 2094, SE-103 13 Stockholm, Sweden, at least seven weeks before the Meeting, in order that such proposals may be included in the notices to the Meeting. Further details of when and how to register will be published in advance of the Meeting. In accordance with the resolution of the 2016 Annual General Meeting of MTG shareholders, the Chairman of the MTG Board of Directors has convened a Nomination Committee to prepare proposals for the 2017 Annual General Meeting.

The Nomination Committee comprises David Chance, Chairman of the MTG Board of Directors; Cristina Stenbeck, appointed by Kinnevik AB; Erik Durhan, appointed by Nordea Funds; and Yvonne Sörberg, appointed by Handelsbanken Funds. The three shareholders that have appointed representatives to the Nomination Committee hold approximately 54 percent of the total voting rights in MTG. The members of the Nomination Committee will appoint a Committee Chairman at their first meeting.

Please see www.mtg.com/our-way/corporate-governance/nomination-committee/ for information about the work of the Nomination Committee. Shareholders wishing to propose candidates for election to the MTG Board of Directors should submit their proposals in writing to agm@mtg.com or to The Company Secretary, Modern Times Group MTG AB, Box 2094, SE-103 13, Stockholm, Sweden.

Financial calendar

MTG's financial results for the fourth quarter and full year 2016 will be published on 2 February 2017.

Conference call

The company will host a conference call today at 09.00 Stockholm local time, 08.00 London local time and 03.00 New York local time. To participate in the conference call, please dial:

Sweden: +46 (0) 8 5664 2793
UK: +44 (0) 20 3043 2025
US: +1 719 325 4746

The access pin code for the call is 3363971. To listen to the conference call online and for further information, please visit www.mtg.com.

* * *

Any questions?

mtg.com

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press@mtg.com (or Tobias Gyhlenius +46 73 699 27 09)

investors@mtg.com (or Stefan Lycke +46 73 699 27 14)

MTG (Modern Times Group MTG AB (publ.)) is a leading international digital entertainment group and we are shaping the future of entertainment by connecting consumers with the content that they love in as many ways as possible. Our popular entertainment brands span Content Production, TV, Radio and esports, and are available around the world. Born in Sweden, our shares are listed on Nasdaq Stockholm ('MTGA' and 'MTGB'). This information has been published in accordance with the EU Market Abuse Regulation and/or the Securities Markets Act or the Financial Instruments Trading Act. The information was submitted for publication, through the agency of the contact person set out above, at 07.30 CET on 20 October 2016.

Stockholm 20 October 2016

Jørgen Madsen Lindemann, President & Chief Executive Officer

Modern Times Group MTG AB
Skeppsbron 18
P.O. Box 2094
SE-103 13 Stockholm, Sweden
Registration number: 556309-9158

Auditors' Review Report

Introduction

We have reviewed the summary interim financial information (interim report) of Modern Times Group MTG AB (publ.) as of 30 September 2016 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm 20 October 2016

KPMG AB

Joakim Thilstedt

Authorised Public Accountant

Condensed consolidated income statement

(SEKm)	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
Continuing operations					
Net sales	4,126	3,819	12,280	11,674	16,218
Cost of goods and services	-2,865	-2,347	-8,130	-7,230	-10,109
Gross income	1,261	1,472	4,150	4,443	6,109
Selling and administrative expenses	-1,096	-1,176	-3,300	-3,436	-4,585
Other operating revenues and expenses, net	0	-59	-47	-175	-255
Share of earnings in associated companies and joint ventures	-3	3	-9	3	-1
Items affecting comparability	0	-652	0	-575	-512
Operating income	162	-412	793	260	756
Net interest	-4	-2	-13	-8	-11
Other financial items	-14	-1	-52	-23	-18
Income before tax	144	-415	728	228	727
Tax	-51	49	-188	-70	-194
Net income for the period, continuing operations	93	-365	541	158	533
Discontinued operations					
CTC Media	-	-18	-1,072	-282	-282
Net income for the period, discontinued operations ¹	-	-18	-1,072	-282	-282
Total net income for the period	93	-384	-531	-124	251
Attributable to:					
Equity holders of the parent	86	-381	-591	-139	214
Non-controlling interest	7	-3	59	15	37
Total net income for the period	93	-384	-531	-124	251
Continuing operations					
Basic earnings per share (SEK)	1.30	-5.44	7.22	2.15	7.45
Diluted earnings per share (SEK)	1.29	-5.44	7.20	2.15	7.43
Total					
Basic earnings per share (SEK)	1.30	-5.71	-8.86	-2.08	3.22
Diluted earnings per share (SEK)	1.29	-5.71	-8.86	-2.08	3.21
Number of shares					
Shares outstanding at the end of the period	66,664,861	66,635,969	66,664,861	66,635,969	66,635,969
Basic average number of shares outstanding	66,664,861	66,635,969	66,653,008	66,633,577	66,634,180
Diluted average number of shares outstanding	66,810,326	66,853,581	66,796,788	66,821,617	66,769,596

¹ Net income for the period, discontinued operations, is attributable to the equity holders of the parent.

Condensed consolidated statement of comprehensive income

(SEKm)	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
Net income, continuing operations	93	-365	541	158	533
<i>Other comprehensive income</i>					
<i>Items that are or may be reclassified to profit or loss net of tax:</i>					
Currency translation differences	131	-7	199	-24	20
Cash flow hedge	13	37	-2	-16	-59
Change in non-controlling interest	-	-2	0	7	-4
Other comprehensive income, continuing operations	144	28	198	-33	-42
Total comprehensive income, continuing operations	237	-337	738	125	491
Net income, discontinued operations ¹	-	-18	-1,072	-282	-282
<i>Other comprehensive income</i>					
<i>Items that are or may be reclassified to profit or loss net of tax:</i>					
Currency translation differences ¹	-	-	1,010	-548	-548
Comprehensive income, discontinued operations	-	-18	-62	-830	-830
Total comprehensive income for the period	237	-355	676	-705	-339
Total comprehensive income attributable to:					
Equity holders of the parent	225	-351	607	-727	-372
Non-controlling interest	12	-4	69	22	33
Total comprehensive income for the period	237	-355	676	-705	-339

¹ The completion of the sale of CTC Media, Inc. gave rise to a total negative non-cash impact of SEK 1,002m in the 'net income from discontinued operations' line. This was mainly due to the accumulated currency translation differences, which have previously been booked to comprehensive income, and the adjustment to the fair value of the holding when compared to the balance sheet as at 31 March. The translation differences have been reclassified from other comprehensive income to net income from discontinued operations as shown in this statement.

Condensed consolidated statement of financial position

(SEKm)	30 Sep 2016	30 Sep 2015	31 Dec 2015
Non-current assets			
Goodwill	5,692	5,430	5,187
Other intangible assets	1,845	953	1,746
Total intangible assets	7,538	6,383	6,933
Total tangible assets	489	476	452
Shares and participations	68	53	51
Interest-bearing financial receivables	9	27	27
Other financial receivables	162	173	126
Total long-term financial assets	239	253	204
Total non-current assets	8,266	7,112	7,589
Current assets			
Total inventory	2,261	2,174	1,825
Interest-bearing current receivables	15	1	5
Other current receivables	5,760	4,708	5,587
Cash, cash equivalents and short-term investments	488	317	410
Total current assets	8,524	7,201	7,827
Assets held for sale, CTC Media	-	1,073	1,081
Total assets	16,789	15,386	16,497
Equity			
Shareholders' equity	4,415	4,279	4,556
Non-controlling interest	164	128	212
Total equity	4,579	4,407	4,768
Long-term liabilities			
Long-term borrowings	1,000	1,000	1,000
Other non-current interest-bearing liabilities	41	18	18
Total non-current interest-bearing liabilities	1,041	1,018	1,018
Total provisions	1,008	1,093	1,129
Non-current liabilities at fair value	1,237	941	1,109
Other non-interest-bearing liabilities	75	52	48
Total non-current non-interest-bearing liabilities	2,320	2,086	2,286
Total non-current liabilities	3,362	3,104	3,305
Current liabilities			
Current liabilities at fair value	218	17	5
Short-term loans	1,569	1,459	1,548
Other current interest-bearing liabilities	1	2	1
Total current non-interest-bearing liabilities	7,060	6,397	6,871
Total current liabilities	8,849	7,875	8,425
Total liabilities	12,210	10,979	11,730
Total shareholders' equity and liabilities	16,789	15,386	16,497

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)	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
Cash flow from operations	172	278	556	762	1,051
Changes in working capital	-318	-139	-278	-419	-555
Net cash flow to/from operations	-146	139	279	343	497
Proceeds from sales of shares	-	-	-	87	412
Acquisitions of subsidiaries and associates	-11	-1,261	-59	-1,274	-1,594
Investments in other non-current assets	-75	-51	-231	-218	-293
Other cash flow from investing activities	-32	13	-24	13	7
Cash flow used in/from investing activities	-117	-1,299	-314	-1,393	-1,467
Net change in loans	-297	1,221	45	1,406	1,494
Dividends to shareholders	0	-	-767	-733	-733
Other cash flow from/to financing activities	-2	-38	-186	-29	-105
Cash flow from/used in financing activities	-300	1,183	-908	644	656
Net change in cash, continuing operations	-563	24	-943	-405	-314
Net change in cash, discontinued operations	-	-	1,023	90	90
Total net change in cash and cash equivalents	-563	24	80	-316	-224
Cash and cash equivalents at the beginning of the period	1,051	304	410	643	643
Translation differences in cash and cash equivalents	0	-10	-3	-10	-8
Cash and cash equivalents at end of the period	488	317	488	317	410

Condensed consolidated statement of changes in equity

(SEKm)	30 Sep 2016	30 Sep 2015	31 Dec 2015
Opening balance	4,768	5,831	5,831
Net loss/income for the period	-531	-124	251
Other comprehensive income for the period	1,208	-581	-590
Total comprehensive income for the period	676	-705	-339
Effect of employee share option programmes	18	12	6
Share of option changes in equity of associates	0	5	5
Change in non-controlling interests	2	1	2
Dividends to shareholders	-767	-733	-733
Dividends to non-controlling interests	-118	-5	-5
Closing balance	4,579	4,407	4,768

Parent company condensed income statement

(SEKm)	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
Net sales	9	11	34	40	51
Gross income	9	11	34	40	51
Administrative expenses	-68	-55	-200	-203	-316
Operating income	-58	-44	-166	-163	-265
Net interest and other financial items	53	124	168	386	401
Income before tax and appropriations	-6	80	2	223	135
Appropriations	-	-	-	-	24
Tax	9	-10	15	-23	-26
Net income for the period	3	70	17	201	133

Parent company condensed statement of comprehensive income

(SEKm)	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
Net income for the period	3	70	17	201	133
<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	3	70	17	201	133

Parent company condensed balance sheet

(SEKm)	30 Sep 2016	30 Sep 2015	31 Dec 2015
Non-current assets			
Capitalised expenditure	1	1	1
Machinery and equipment	1	1	1
Shares and participations	6,340	6,398	6,343
Other financial receivables	9,645	9,965	9,970
Total non-current assets	15,987	16,365	16,315
Current assets			
Current receivables	290	276	604
Cash, cash equivalents and short-term investments	288	23	115
Total current assets	578	299	719
Total assets	16,565	16,664	17,034
Shareholders' equity			
Restricted equity	338	338	338
Non-restricted equity	5,780	6,592	6,529
Total equity	6,118	6,930	6,868
Long-term liabilities			
Interest-bearing liabilities	1,000	1,000	1,000
Provisions	2	2	20
Non-interest-bearing liabilities	12	57	64
Total long-term liabilities	1,014	1,059	1,084
Current liabilities			
Other interest-bearing liabilities	9,261	8,401	8,488
Non-interest-bearing liabilities	171	274	595
Total current liabilities	9,432	8,675	9,083
Total shareholders' equity and liabilities	16,565	16,664	17,034

Net Sales – Business segments

(SEKm)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Full year 2015	Q1 2016	Q2 2016	Q3 2016
Nordic Entertainment	2,557	2,695	2,454	2,781	10,487	2,577	2,715	2,734
o/w Free-TV & Radio	1,096	1,228	1,029	1,304	4,656	1,108	1,202	1,147
o/w Pay-TV	1,461	1,468	1,425	1,477	5,831	1,469	1,513	1,587
International Entertainment	880	1,049	825	1,042	3,796	747	895	690
o/w Free-TV & Radio	587	750	533	833	2,703	591	736	541
o/w Pay-TV	293	299	292	209	1,093	156	158	149
MTG Studios	323	469	502	486	1,780	338	448	459
MTGx	0	0	95	355	451	248	360	321
Central operations	60	55	50	51	217	54	43	43
Eliminations	-120	-114	-108	-170	-513	-139	-132	-120
Total net sales	3,701	4,155	3,819	4,545	16,218	3,826	4,328	4,126

Operating income – Business segments

(SEKm)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Full year 2015	Q1 2016	Q2 2016	Q3 2016
Nordic Entertainment	262	397	316	430	1,405	245	406	218
International Entertainment	-4	161	27	127	311	36	169	40
MTG Studios	-24	1	22	4	3	-14	33	37
MTGx	-5	-23	-29	-53	-111	-50	-48	-69
Central operations & eliminations	-87	-84	-95	-74	-340	-58	-88	-64
Total operating income before IAC	142	452	240	433	1,268	159	472	162
Items affecting comparability	77	-	-652	63	-512	-	-	-
Total operating income	219	452	-412	496	756	159	472	162

Condensed sales Group segments

(SEKm)	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
Sales external customers					
Nordic Entertainment	2,695	2,414	7,912	7,582	10,326
International Entertainment	690	825	2,330	2,754	3,796
MTG Studios	426	485	1,118	1,239	1,642
MTGx	315	95	919	96	449
Central Operations	0	0	1	4	5
Total	4,126	3,819	12,280	11,674	16,218
Sales between segments					
Nordic Entertainment	39	40	114	125	162
International Entertainment	0	0	1	0	-
MTG Studios	33	17	127	55	139
MTGx	6	1	10	1	1
Central Operations	42	50	139	161	212
Total	120	108	391	342	513

Key performance indicators

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Full year 2015	Q1 2016	Q2 2016	Q3 2016
GROUP								
Change in reported net sales (%)	2.9	1.1	4.1	4.0	3.0	3.4	4.2	8.0
Organic sales growth (%)	0.7	-0.2	2.6	-0.2	0.7	3.3	2.3	7.4
Change in operating costs (%) ¹	2.3	1.8	3.7	5.6	3.4	3.0	4.1	10.7
Operating margin (%) ¹	3.8	10.9	6.3	9.5	7.8	4.2	10.9	3.9
ROCE, continuing operations (%) ²	31	30	28	26		24	23	20
ROE (%)	26	17	15	12		9	-4	-5
Equity to assets ratio (%)	41	36	29	29		29	25	27
Net debt (SEKm)	396	913	2,134	2,124		2,688	1,796	2,100
NORDIC ENTERTAINMENT								
Change in reported net sales (%)	1.8	2.9	0.8	3.1	2.2	0.8	0.7	11.4
Organic sales growth (%)	1.4	3.2	1.6	4.4	2.7	2.8	2.4	11.0
Change in operating costs (%)	0.5	3.2	0.0	3.5	1.8	1.6	0.5	17.7
Operating margin (%)	10.3	14.7	12.9	15.5	13.4	9.5	14.9	8.0
Commercial share of viewing (%) ³								
Sweden (15-49)	28.6	27.5	30.1	26.6	28.1	28.9	26.2	34.5
Norway (15-49)	15.7	16.9	16.0	15.7	16.1	17.8	18.0	16.0
Denmark (15-49)	23.3	25.5	23.8	23.1	23.9	20.9	23.6	21.5
Subscriber data ('000s)								
Subscribers	1,004	994	991	1,014		1,007	983	992
- of which, satellite	545	536	522	508		491	480	470
- of which, 3rd party networks	459	458	469	506		516	503	522
Satellite ARPU (SEK)	5,076	5,115	5,130	5,071		5,090	5,265	5,369
INTERNATIONAL ENTERTAINMENT								
Change in reported net sales (%)	13.8	9.6	2.9	-7.3	3.8	-15.1	-14.7	-16.4
Organic sales growth (%)	7.2	4.1	5.4	5.6	5.5	5.8	6.0	7.9
Change in operating costs (%)	13.9	8.8	-2.6	-9.0	2.0	-19.6	-18.3	-18.6
Operating margin (%)	-0.5	15.4	3.3	12.2	8.2	4.9	18.9	5.8
Commercial share of viewing (%) ³								
Estonia (15-49)	34.1	34.8	33.7	36.2	34.8	35.3	34.4	34.9
Latvia (15-49)	62.2	63.6	60.0	61.0	61.7	58.8	61.5	61.1
Lithuania (15-49)	44.2	41.7	44.9	47.5	44.7	46.4	44.8	44.7
Czech Republic (15-54)	32.2	31.2	33.4	33.6	32.6	34.7	33.3	33.9
Bulgaria (18-49)	38.4	41.2	40.9	44.6	41.3	43.4	43.0	42.0
Subscriber data ('000s)								
Satellite subscribers	194	192	189	186		181	175	171
Satellite ARPU (SEK)	1,504	1,520	1,525	1,496		1,537	1,573	1,642
MTG STUDIOS								
Change in reported net sales (%)	-2.1	-21.9	-1.2	-20.8	-13.2	4.5	-4.4	-8.6
Organic sales growth (%)	-6.1	-23.5	-0.9	-20.5	-14.2	8.8	-0.1	-5.6
Change in operating costs (%)	-3.8	-19.8	-2.9	-19.4	-12.8	1.6	-11.3	-12.0
Operating margin (%)	-7.3	0.2	4.3	0.8	0.2	-4.3	7.4	8.0

1. Adjusted for items affecting comparability

2. Comprising working capital, intangibles, tangibles, financial assets excluding interest-bearing assets less provisions and non-current liabilities at fair value. The value of ROCE has been restated from Q1 2015.

3. The commercial share of viewing figures for the current and prior periods have been adjusted to include commercial channels.

Alternative performance measures

With effect from the second quarter, MTG has introduced the new European reporting guidelines concerning Alternative Performance Measures. The purpose of APMs is to facilitate the analysis of business performance and industry trends that cannot be directly derived from financial statements. MTG is using the following APMs:

- Operating income & margin before IAC
- Change in net sales from Organic growth, Acquisitions/divestments and Changes in FX rates
- Net debt and Net debt/EBITDA
- Capital employed and Return on Capital Employed (ROCE)
- Return on Equity (ROE)

Reconciliation of sales growth

Since the Group generates the majority of its sales in currencies other than in the reporting currency (i.e. SEK, Swedish Krona) and currency rates have proven to be rather volatile, and due to the fact that the Group has historically made several acquisitions and divestments, the Company's sales trends and performance are analysed as changes in organic sales growth. This presents the increase or decrease in the overall SEK net sales on a comparable basis, allowing separate discussions of the impact of acquisitions/divestments and exchange rates. The following tables present changes in organic sales growth as reconciled to the change in the total reported net sales.

Sales growth

	Q3 2016 (SEKm)	%	Q3 2015 (SEKm)	%	Nine months 2016 (SEKm)	%	Nine months 2015 (SEKm)	%	Full year 2015 (SEKm)	%
Nordic Entertainment										
Organic growth	269	11.0%	38	1.6%	404	5.2%	127	1.7%	274	2.7%
Acquisitions/divestments	0	0.0%	0	0.0%	0	0.0%	0	0.0%	-71	-0.7%
Changes in FX rates	11	0.4%	-18	-0.7%	-84	-1.1%	16	0.2%	24	0.2%
Reported growth	280	11.4%	20	0.8%	319	4.1%	143	1.9%	228	2.2%
International Entertainment										
Organic growth	50	7.9%	43	5.4%	150	6.9%	236	9.3%	194	5.5%
Acquisitions/divestments	-192	-24.9%	0	0.0%	-580	-22.3%	0	0.0%	-47	-1.5%
Changes in FX rates	7	0.6%	-20	-2.5%	8	0.1%	-14	-0.6%	-7	-0.2%
Reported growth	-135	-16.4%	23	2.9%	-423	-15.4%	222	8.8%	140	3.8%
MTG Studios										
Organic growth	-28	-5.6%	-5	-0.9%	0	0.0%	-166	-11.5%	-292	-14.2%
Acquisitions/divestments	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Changes in FX rates	-15	-2.9%	-2	-0.3%	-49	-3.8%	22	1.5%	20	1.0%
Reported growth	-43	-8.6%	-6	-1.2%	-49	-3.8%	-144	-10.0%	-272	-13.2%
Total operations										
Organic growth	270	7.4%	96	2.6%	476	4.3%	116	1.0%	106	0.7%
Acquisitions/divestments	33	0.5%	87	2.4%	259	2.0%	112	1.0%	299	1.9%
Changes in FX rates	4	0.1%	-33	-0.9%	-129	-1.1%	71	0.6%	67	0.4%
Reported growth	307	8.0%	150	4.1%	606	5.2%	299	2.6%	472	3.0%

Reconciliation of operating income before IAC

Operating income before items affecting comparability refers to operating income after the reversal of material items and events related to changes in the Group's structure or lines of business, which are relevant for understanding the Group's development on a like-for-like basis. This measure is used by management to follow and analyse the underlying profits and to offer more comparable figures between periods.

Operating income before and after IAC

Group (SEK million)	2016 Q3	2015 Q3	Nine months 2016	Nine months 2015	Full year 2015
Operating income	162	-412	793	260	756
Items affecting comparability	-	652	-	575	512
Operating income before items affecting comparability	162	240	793	835	1,268

IAC comprise a net capital gain from the sale of subsidiaries and associates (including revaluations) for the first nine months and the full year 2015 and restructuring charges.

Reconciliation of net debt and net debt/EBITDA before IAC ratio

Net debt refers to the net of interest bearing liabilities less total cash and interest bearing assets. Net debt is used by management to track the debt evolution of the Group and to analyse the leverage and refinancing need of the Group. The net debt to EBITDA ratio provides a KPI for net debt in relation to cash profits generated by the business, i.e. an indication of a business' ability to pay off all its debts. This measure is commonly used by financial institutions to rate credit worthiness.

Net debt

Group (SEK million)	30 Sep 2016	30 Sep 2015	31 Dec 2015
Short-term loans	1,569	1,459	1,548
Current part of long term borrowings	0	0	0
Short-term borrowings	1,569	1,459	1,548
Other short-term interest-bearing liabilities	1	2	1
Total short-term borrowings	1,570	1,461	1,549
Long-term borrowings	1,000	1,000	1,000
Other long-term interest-bearing liabilities	41	18	18
Total long-term borrowings	1,041	1,018	1,018
Total borrowings	2,612	2,479	2,567
Cash and cash equivalents	488	317	410
Long- and short-term interest bearing assets	24	28	32
Total cash and interest bearing assets	511	346	443
Net debt	2,100	2,134	2,124

Net debt/EBITDA (before IAC) ratio 12 months trailing

Group (SEK million)	Q3 2016	Q3 2015	Full year 2015
Operating income before IAC 12 months trailing	1,228	1,313	1,268
Depreciation and amortisation 12 months trailing	232	171	195
EBITDA last 12 months	1,460	1,484	1,463
Net debt/EBITDA ratio 12 months trailing	1.4	1.4	1.5

Reconciliation of Return On Capital Employed (ROCE)

Return on capital employed is a performance measure whereby operating income before items affecting comparability is put in relation to the capital employed within the operations. Operating income before items affecting comparability is the main profit level that operations are responsible for and comprise results before interest and tax. Capital employed is the sum of current and non-current assets less current and non-current liabilities, provisions and liabilities at fair value. All items are non-interest bearing. Capital employed thus equals the sum of equity and net debt.

Group (SEK million)	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3
Operating income before IAC 12 months trailing	1,314	1,293	1,313	1,268	1,286	1,305	1,227
Total inventory	2,414	2,442	2,174	1,825	2,112	2,220	2,261
Other current receivables	4,416	4,507	4,708	5,587	4,981	6,062	5,760
Intangibles assets	4,317	4,322	6,383	6,933	6,889	7,299	7,538
Tangible assets	382	456	476	452	465	484	489
Shares and participations	65	68	53	51	44	76	68
Other financial assets	135	110	173	126	119	147	162
Total non-current non-interest-bearing liabilities	-1,066	-1,044	-2,086	-2,286	-2,105	-2,477	-2,320
Total current non-interest-bearing liabilities	-6,125	-6,274	-6,397	-6,871	-6,142	-7,675	-7,060
Current liabilities at fair value	-12	-16	-17	-5	-6	-4	-218
Capital Employed	4,525	4,570	5,468	5,811	6,357	6,132	6,679
Average Capital Employed (5 quarters)	4,302	4,366	4,619	4,917	5,346	5,668	6,089
ROCE %	31%	30%	28%	26%	24%	23%	20%

Reconciliation of Return On Equity (ROE)

Return on equity is a performance measure whereby net income before items affecting comparability is put in relation to total equity (including non-controlling interest). ROE measures the return generated on shareholders' capital invested in the company.

Group (SEK million)	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3
Net income	318	-58	-384	375	50	-674	93
Items affecting comparability net of tax	-77	-	507	-63	-	-	0
Net income before items affecting comparability	241	-58	123	312	50	-674	93
Total (12 months trailing)	1,409	890	777	617	426	-190	-220
Shareholders' equity	5,644	4,621	4,279	4,556	4,469	4,182	4,415
Non-controlling interest	93	133	128	212	213	154	164
Total shareholders' equity	5,737	4,754	4,407	4,768	4,682	4,336	4,579
Average shareholders' equity (5 quarters)	5,535	5,384	5,255	5,099	4,869	4,589	4,554
ROE %	25%	17%	15%	12%	9%	-4%	-5%

Definitions

Capital employed

Capital employed is the sum of current and non-current assets less current and non-current liabilities, provisions and liabilities at fair value. All items are non-interest bearing.

Cash flow from operations

Cash flow from operations comprises operating cash flow before financial items and tax payments, taking into account other financial cash flow.

EBITDA

EBITDA is read Earnings Before Interest, Tax, Depreciation and Amortisation.

Earnings per share

Earnings per share is expressed as net income attributable to equity holders of the parent divided by the average number of shares.

Equity/assets ratio

The equity/assets ratio corresponds to shareholders' equity including non-controlling interest, expressed as a percentage of total assets.

Items Affecting Comparability

Items Affecting Comparability refers to material items and events related to changes in the Group's structure or lines of business, which are relevant for understanding the Group's development on a like-for-like basis.

Net debt

Net debt is the sum of short- and long-term interest bearing liabilities less total cash and interest bearing assets.

Operating income

Operating income comprise results before interest and tax. A synonym for operating income is EBIT (Earnings Before Interest and Tax).

Operating margin %

Operating profit as a percentage of net sales.

Return on capital employed (ROCE) %

Return on capital employed is calculated as operating income as a percentage of average capital employed.

Return on equity %

Return on equity is expressed as net income as a percentage of average shareholders' equity.