

Record sales & profits up

Q1 2017 Highlights

- Record Q1 sales of SEK 4,228m (3,826) with 8% organic growth
- Operating income up 15% to SEK 183m (159)
- Net income of SEK 118m (50) and total basic earnings per share of SEK 1.44 (0.55)
- Cash flow from continuing operations of SEK 187m (75)
- Net debt of SEK 2,439m (2,688) equivalent to 1.5x trailing 12 month EBITDA before IAC

Financial Overview

(SEKm)	Q1 2017	Q1 2016	Full year 2016
Continuing operations			
Net sales	4,228	3,826	17,299
Change in reported net sales	10.5%	3.4%	6.7%
Organic growth	7.9%	3.3%	5.4%
Acquisitions/divestments	0.4%	1.8%	1.2%
Changes in FX rates	2.2%	-1.7%	0.1%
Operating income	183	159	1,347
Operating margin	4.3%	4.2%	7.8%
Items affecting comparability (IAC)	-	-	-
Net income	118	119	963
Basic earnings per share (SEK)	1.44	1.59	12.88
Cash flow from operations	187	75	940
Discontinued operations			
Net income ¹	-	-70	-1,072
Total operations			
Net income	118	50	-109
Basic earnings per share (SEK)	1.44	0.55	-3.19
Net debt	2,439	2,688	2,186

¹ Comprises MTG's interest in CTC Media, Inc, which was divested in 2016 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 22-25.



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

High organic growth & higher profits

Sales were up 8% on an organic basis to new record Q1 levels. This was the third consecutive quarter with organic sales growth of more than 5%, which demonstrates that we have more relevant products available to more customers than ever before.

Operating profits were up 15% and driven by higher profits for both the Nordic and International entertainment businesses. This reflected both the sales growth and ongoing positive impact of the cost transformation programme launched in 2015, and more than offset the higher investments in MTGx and esports in particular.

Accelerated transformation

The actions that we have taken to shape our Nordic business for the future reflect the changes in how and when consumers want to be entertained. Our investments in both our linear and streamed entertainment products in the Nordics have driven 11% organic sales growth and delivered 22% EBIT growth. Viaplay had another fantastic quarter and Viafree is rapidly expanding its content offering.

In addition, the portfolio realignment that is a key element of our strategic transformation has accelerated in recent quarters. We have announced the sale of our shareholdings in the Czech and the Baltic operations. The proceeds from these disposals will be used to invest in the development of our Nordic entertainment products and the MTGx businesses, and to increase our ownership in online games developer InnoGames to 51%.

The gaming industry has been transformed by high broadband speeds, the broad availability of connected mobile devices, and the emergence of professional competitive gaming – esports. The evolution of gaming is still in its early stages and we are committed to providing gamers and fans with world-class entertainment experiences such as the recent Intel® Extreme Masters in Katowice, which attracted 173,000 visitors and over 46 million unique online viewers, and by now closing partnerships deals with Facebook, Twitter and others to make esports available to billions of users.

Prioritising opportunities

The steps that we have taken to capitalise on the consumer trends in digital entertainment and become a relevant player for the future, present a number of opportunities, which is why we are more focused than ever on capital allocation. We have leading positions in the Nordic streaming market and are stepping up our investments in original TV drama series. We are the global leader in esports and now have a great first investment in the online gaming market. We are also part of creating the World Boxing Super Series as a new global platform for the sport. All of these initiatives are about generating sustainable value for all of our stakeholders. These are exciting times at MTG as we continue to shape the future of entertainment.

Jørgen Madsen Lindemann
President & Chief Executive Officer

“Our operating profit was up 15% in Q1 due to a combination of organic growth and cost transformation. These are exciting times at MTG with many opportunities, which is why we are more focused than ever on capital allocation.”



Significant Events during and after the quarter

25 January – MTG sells Czech TV holding

MTG signed an agreement to sell its 50% shareholding in FTV Prima Holding to Denemo Media. The transaction values 100% of FTV Prima Holding at an enterprise value of EUR 237m (approximately SEK 2,255m). MTG has fully consolidated FTV Prima Holding, which contributed SEK 1,226m of sales and SEK 201m of operating income for the twelve months to the end of Q3 2016.

9 March – MTG launches World Boxing Super Series

MTG announced the launch of the World Boxing Super Series which is owned by Comosa AG. MTG is a shareholder in Comosa together with Swiss media rights management company Highlight Event & Entertainment AG and leading boxing promoter SPAG Sauerland Promotion AG. Comosa is working in partnership with boxers, promoters and managers around the world, and in alignment with the four major World Boxing Federations, to create a new global platform for the sport. Comosa has also licensed the right to use the name of the greatest ever fighter on the trophies – Muhammad Ali.

17 March – MTG sells Baltic broadcasting businesses

MTG signed an agreement to sell its free-TV, pay-TV, digital and radio businesses in the Baltic region to Providence Equity Partners. The transaction values 100% of the business at an enterprise value of EUR 115 million (approximately SEK 1,094m). The Baltic businesses have been reported within the International Entertainment segment and contributed with SEK 1,024m sales and SEK 91m operating income for the full year 2016. Closing is subject to regulatory approvals.

3 April – MTG publishes 2016 Annual and Corporate Responsibility Reports

MTG published its 2016 Annual and Corporate Responsibility Reports online at www.mtg.com.

13 April – MTG original TV production gets US network deal

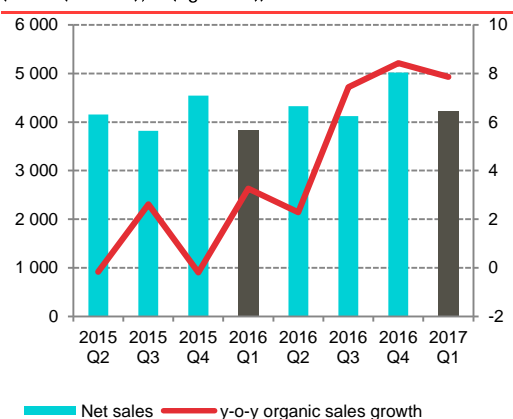
MTG announced that Swedish Dicks, the first Nordic TV title to be distributed worldwide by global content leader Lionsgate, will be shown on U.S. network Pop TV that reaches over 80 million households. The deal includes both the first and upcoming second seasons of the record-breaking show. The second season begins filming in Los Angeles in summer 2017.

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

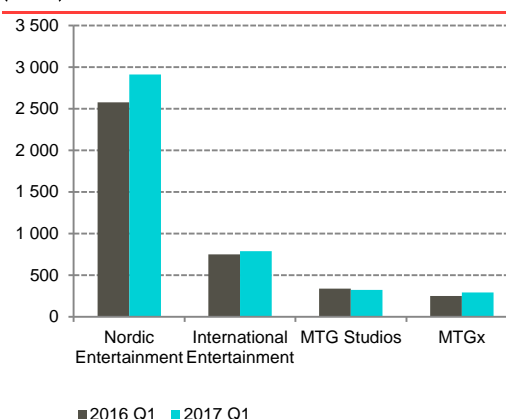
Financial summary

Reported sales were up 11%, with organic growth of 8% and a 2% positive FX effect due to the appreciation of the Euro, the Danish and Norwegian Krona. Acquisitions and divestments had a marginal impact in the quarter.

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

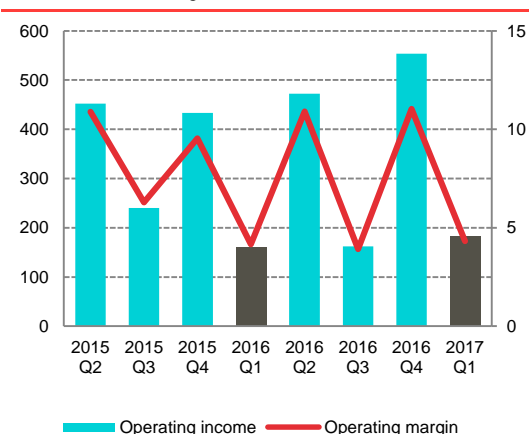


Net sales by segment
(SEKm)

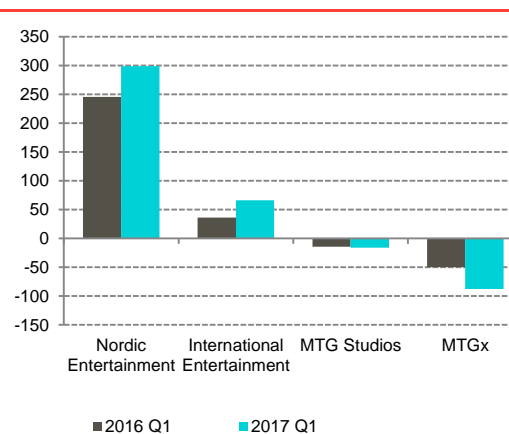


Operating costs were up 8% at constant FX due to the impact of the appreciation of the US dollar on content costs; increased sports rights investments in the Nordics; and ongoing investment in MTG's digital expansion. These were partly offset by transformation savings. Operating income amounted to SEK 183m (159) with an operating margin of 4.3% (4.2).

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



Operating income by segment
(SEKm)



¹ Quarterly fluctuations reflect seasonality of advertising markets. Please refer to page 22 for Alternative Performance Measures

Net interest and other financial items totalled SEK -17m (-18) and comprising the non-cash discounting of the option and earn-out liabilities at fair value. Net income from continuing operations amounted to SEK 118m (119), and basic earnings per share totalled SEK 1.44 (1.59).

Segmental performance

Nordic Entertainment

Sales & profits up

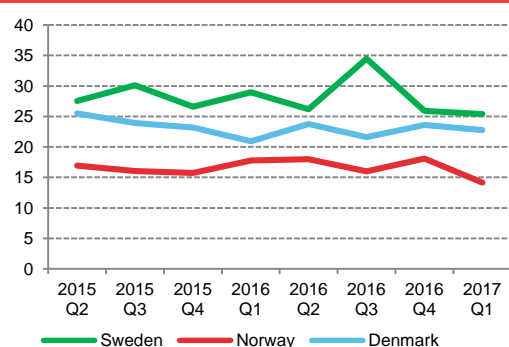
(SEKm)	Q1 2017	Q1 2016	Full year 2016
Net sales	2,911	2,577	11,139
o/w Free-TV & Radio	1,204	1,108	4,866
o/w Pay-TV	1,706	1,469	6,272
Costs	-2,612	-2,332	-9,768
Operating income	299	245	1,370
Operating margin	10.3%	9.5%	12.3%
Net sales growth y-o-y			
Organic growth	10.7%	2.8%	6.2%
Acquisitions/divestments	0.0%	0.0%	0.0%
Changes in FX rates	2.3%	-2.0%	0.0%
Reported growth	12.9%	0.8%	6.2%

Sales were up 11% on an organic basis. Viaplay was the main driver of the pay-TV growth, while free-TV and radio sales were also up in each market.

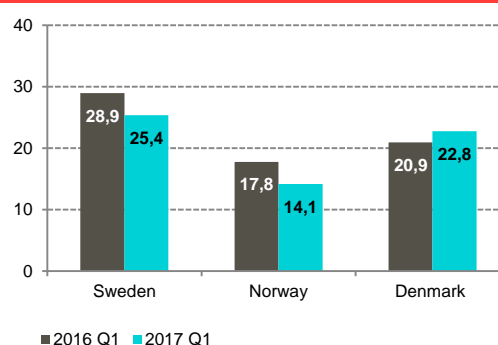
Operating costs increased due to the investments in sports rights and the expansion of Viaplay, as well as the appreciation of the US dollar. These were partly offset by the transformation savings. Operating income amounted to SEK 299m (245) with an operating margin of 10.3% (9.5).

Free-TV and radio sales were up at constant FX rates, with higher sales in all three markets. The Norwegian and Swedish TV advertising markets are estimated to have grown, while the Danish market is estimated to have declined. The Danish TV audience shares was up y-o-y, while the Swedish and Norwegian shares were down. The Swedish and Norwegian listening shares were both up y-o-y.

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



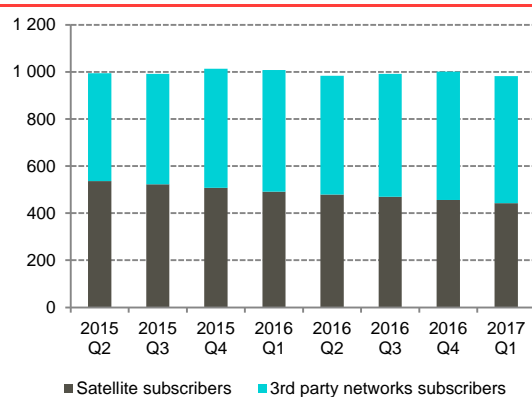
Commercial share of viewing (%) ¹
(Target audience: 15-49)



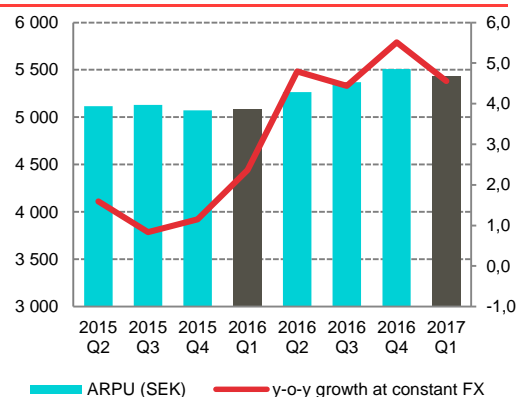
¹ The commercial share of viewing figures for the current and prior periods have been adjusted to include all commercial channels. The Danish figures have also been adjusted to include time shifted viewing.

Pay-TV sales were also up at constant FX in each market following continued Viaplay subscriber intake and the previously introduced price rises. The total subscriber base (excluding Viaplay) was down q-o-q. Satellite ARPU was up y-o-y at constant FX due to the price increases. Viaplay had its second highest ever quarterly net intake of movie and TV series subscribers ever driven by a combination of record low churn and solid gross intake supported by the addition of newly launched Viaplay original content.

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

Sales & profits up

(SEKm)	Q1 2017	Q1 2016	Full year 2016
Net sales	787	747	3,404
o/w Free-TV & Radio	639	591	2,769
o/w Pay-TV	148	156	635
Costs	-721	-710	-2,965
Operating income	66	36	438
Operating margin	8.4%	4.9%	12.9%
Net sales growth y-o-y			
Organic growth	4.1%	5.8%	6.7%
Acquisitions/divestments	-0.7%	-20.7%	-18.3%
Changes in FX rates	2.0%	-0.2%	1.3%
Reported growth	5.4%	-15.1%	-10.3%

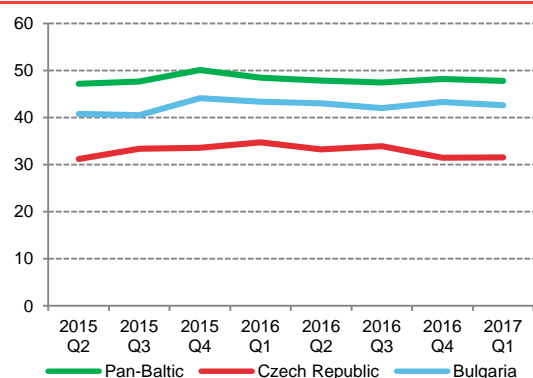
Sales were up 4% on an organic basis following higher sales for all of the free-TV operations. MTG has announced the sale of the Czech, Baltic and Tanzanian operations, but the transactions are yet to close.

Operating costs were up slightly at constant FX, and operating income amounted to SEK 66m (36) with an operating margin of 8.4% (4.9).

Free-TV and radio sales were up at constant FX in all markets. The Czech and pan-Baltic advertising markets are estimated to have grown, and Bulgarian market is estimated to have been stable. The Bulgarian, Czech and pan-Baltic audience shares were down y-o-y.

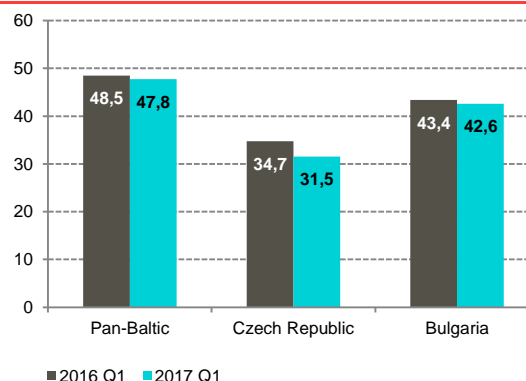
Commercial share of viewing (%) ¹

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



Commercial share of viewing (%) ¹

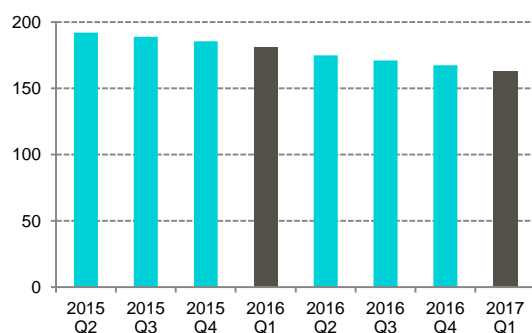
Target audience: Baltics 15-49, Czech Republic 15-54, Bulgaria 18-49



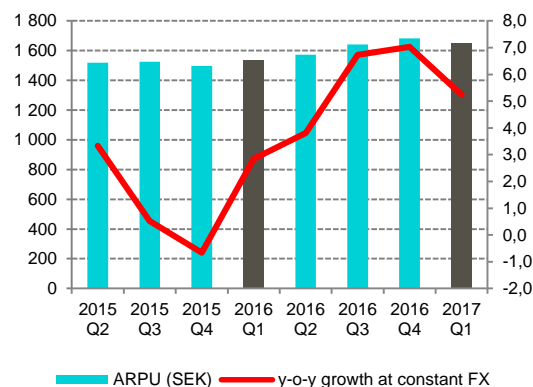
¹ The commercial share of viewing figures for the current and prior periods have been adjusted to include all commercial channels.

Pay-TV sales were down at constant FX with lower sales in the Baltics and for Trace. The satellite subscriber base (excluding Viaplay) was down q-o-q but satellite ARPU was up y-o-y at constant FX following previously introduced price increases.

Satellite subscribers
(000's)



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



MTG Studios

Sales down & losses up slightly

(SEKm)	Q1 2017	Q1 2016	Full year 2016
Net sales	323	338	1,777
Costs	-339	-352	-1,700
Operating income	-16	-14	77
Operating margin	-5.0%	-4.3%	4.4%
Net sales growth y-o-y			
Organic growth	-5.4%	8.8%	2.2%
Acquisitions/divestments	0.0%	0.0%	0.0%
Changes in FX rates	0.9%	-4.3%	-2.4%
Reported growth	-4.5%	4.5%	-0.2%

Sales were down 5% on an organic basis. The demand for scripted drama and branded entertainment continues to be high but was offset by lower non-scripted sales, as well as timing differences in the production schedule. Operating costs were also down. Q1 is a seasonally weak quarter and the operating loss increased slightly to SEK -16m (-14).

MTG Studios has just announced the signing of a US distribution deal for Swedish Dicks, while TV drama series Midnight Sun and Nobel have both been nominated for the Golden Nymph Awards.

MTGx

Sales up & higher investments

(SEKm)	Q1 2017	Q1 2016	Full year 2016
Net sales	292	248	1,326
Costs	-379	-298	-1,577
Operating income	-88	-50	-251
Operating margin	-30.0%	-20.0%	-18.9%
Net sales growth y-o-y			
Organic growth	24.4%	-	-
Acquisitions/divestments	8.8%	-	-
Changes in FX rates	4.4%	-	-
Change in presentation of prize money	-20.1%	-	-
Reported growth	17.5%	-	194.3%

Sales were up 24% on an organic basis. MTG has changed the way in which it presents the figures for Turtle. With effect from the beginning of 2017, Turtle no longer includes prize money in its sales and costs where Turtle acts as a subcontractor for esports events. Historical figures have not been restated but Q116 and FY16 sales would have been SEK 36m and SEK 82m lower, respectively, if presented on this basis. The change in presentation has no impact on operating income or cash flow.

Turtle's revenues were up significantly on a like-for-like basis. The key event in the quarter was the Intel® Extreme Masters in Katowice, which attracted 53% more visitors and 35% more unique online viewers than last year. This was also the most watched event ever for Turtle, with 70 TV and online partners producing and distributing coverage in 19 languages.

Q1 is a small quarter for DreamHack but the DreamHack Masters in Las Vegas contributed to further good growth. Splay's sales were also up while Zoomin.TV sales were down slightly due to lower prevailing advertising prices.

Operating losses increased to SEK -88m (-50) primarily due to the ongoing expansion of the esports operations.

Financial Review

Cash flow from continuing operations

Operating cash flow

Cash flow from operations before changes in working capital amounted to SEK 187m (75) in the quarter. Depreciation and amortisation charges totalled SEK 63m (56). The Group reported a SEK -380m (-514) change in working capital in the quarter following normal prepayment patterns. Last year's cash flow was affected by payments relating to the restructuring programme. Net cash flow from operations totalled SEK -192m (-439).

Investing activities

Group capital expenditure on tangible and intangible assets totalled SEK -63m (-60). Acquisitions amounted to SEK 0m (-13). Proceeds from sale of shares in subsidiaries amounted to 2m (0). Total cash flow relating to investing activities amounted to SEK -54m (-65).

Financing activities

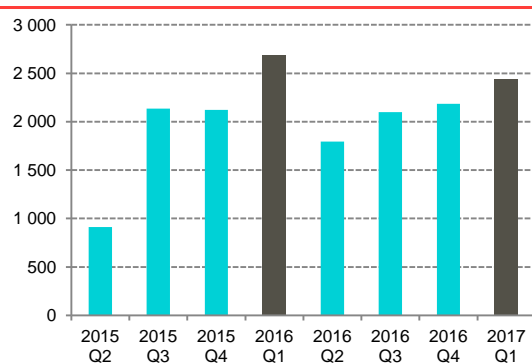
Cash flow from financing activities amounted to SEK 74m (391). Total borrowings increased by SEK 80m (445) in the quarter to SEK 3,125m (3,003).

The net change in cash and cash equivalents therefore amounted to SEK -172m (-113) in the quarter. The Group had cash and cash equivalents of SEK 672m (295) at the end of the period. The SEK 190m of cash and cash equivalents related to Prima and the Baltic operations is reported as assets held for sale, and the reported cash and cash equivalents in the balance sheet at the end of the period amounted to SEK 482m.

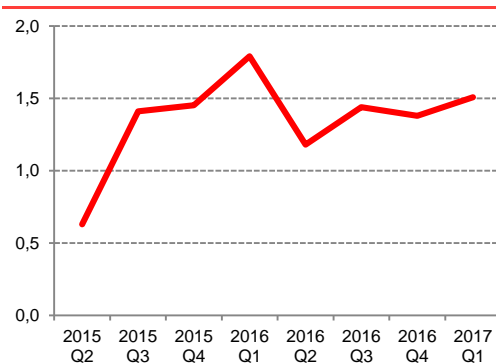
Net debt

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 2,439m (2,688) at the end of the period and included net cash in assets held for sale.

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 2016 Annual Report.

Corporate Responsibility Review

MTG's 2016 Corporate Responsibility Report for 2016 was published on 3 April and, for the seventh consecutive year, in accordance with the Global Reporting Initiative's "G4 Sustainability Reporting Guidelines". The digital report is available at www.mtg.com. The Corporate Responsibility Report presents MTG's progress and performance as a responsible and sustainable business. It highlights MTG's new corporate responsibility strategy and four key focus areas – media responsibility, social impact, business ethics and environmental care – and outlines the company's sustainability priorities for the coming years.

MTG has been included in the RobecoSAM Sustainability Yearbook for the fourth time in 2017. MTG is one of only 12 media & entertainment companies in the world that qualified for inclusion in the Yearbook in 2017, which lists the world's most sustainable companies in each industry as determined by their score in RobecoSAM's annual Corporate Sustainability Assessment.

Parent Company

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

(SEKm)	Q1 2017	Q1 2016	Full year 2016
Net sales	10	16	45
Net interest and other financial terms	52	46	234
Income before tax and appropriations	0	2	4

The increase in net interest and other financial items in the quarter reflected FX items. The parent company had cash and cash equivalents of SEK 385m (50) at the end of the period, compared to SEK 606m at the end of Q4 2016. SEK 5,868m (5,850) of the SEK 5,870m 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 66,663,816 (66,635,969) and excluded the 865,000 Class C shares and 118,308 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 2016 Annual Report.

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. The increasing shift towards online viewing and platforms could also potentially make the Group a target for cyber-attacks, intrusions, disruptions or denials of service. Risks and uncertainties are also described in more detail in the 2016 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. The Board of Directors will propose the payment of an annual ordinary cash dividend of SEK 12.00 (11.50) per share to the Annual General Meeting. The total proposed dividend payment would therefore amount to approximately SEK 801m (767), based on the maximum potential number of outstanding ordinary shares. The Board of Directors will propose that the remainder of the Group's retained earnings for the year ended 31 December 2016 be carried forward into the accounts for 2017. The proposal is in line with the dividend policy to distribute a minimum of 30 per cent of each year's recurring net profit to shareholders in the form of an annual ordinary cash dividend.

The notices to the Meeting and related materials can be found at mtg.com.

2017 Financial calendar

Annual General Meeting	9 May
Q2 2017 interim report	18 July
Q3 2017 interim report	19 October

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 5065 3942
UK:	+44 (0) 330 336 9411
US:	+1 719 457 2086

The access pin code for the call is 2725910. To listen to the conference call online and for further information, please visit www.mtg.com.

* * *

Questions?

press@mtg.com (or Tobias Gyhlénus, Head of Public Relations; +46 73 699 27 09)

investors@mtg.com (or Stefan Lycke; Head of Investor Relations; +46 73 699 27 14)

mtg.com

[Facebook](#)

[Twitter](#)

[LinkedIn](#)

[Instagram](#)

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 brands span TV, radio and next generation entertainment experiences in esports, digital video networks and online gaming. Born in Sweden, our shares are listed on Nasdaq Stockholm ('MTGA' and 'MTGB'). This information is information that MTG (Modern Times Group MTG AB (publ.)) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07:30 CET on 21 April, 2017.

Stockholm, 21 April 2017

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

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

Condensed consolidated income statement

(SEKm)	Q1 2017	Q1 2016	Full year 2016
Continuing operations			
Net sales	4,228	3,826	17,299
Cost of goods and services	-2,799	-2,526	-11,256
Gross income	1,429	1,300	6,042
Selling expenses	-360	-301	-1,353
Administrative expenses	-892	-792	-3,318
Other operating income	19	6	59
Other operating expenses	-22	-51	-78
Share of earnings in associated companies and joint ventures	10	-3	-5
Items affecting comparability	-	-	-
Operating income	183	159	1,347
Net interest	-6	-5	-18
Other financial items	-11	-13	-63
Income before tax	166	141	1,266
Tax	-48	-22	-303
Net income for the period, continuing operations	118	119	963
Discontinued operations			
CTC Media	-	-70	-1,072
Net income for the period, discontinued operations¹	-	-70	-1,072
Total net income for the period	118	50	-109
<i>Attributable to:</i>			
Equity holders of the parent	96	36	-213
Non-controlling interest	22	13	104
Total net income for the period	118	50	-109
Continuing operations			
Basic earnings per share (SEK)	1.44	1.59	12.88
Diluted earnings per share (SEK)	1.43	1.59	12.85
Total			
Basic earnings per share (SEK)	1.44	0.55	-3.19
Diluted earnings per share (SEK)	1.43	0.54	-3.19
Number of shares			
Shares outstanding at the end of the period	66,663,816	66,635,969	66,663,816
Basic average number of shares outstanding	66,663,816	66,635,969	66,655,996
Diluted average number of shares outstanding	67,013,102	66,722,836	66,826,825

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

Condensed consolidated statement of comprehensive income

(SEKm)	Q1 2017	Q1 2016	Full year 2016
Net income, continuing operations	118	119	963
<i>Other comprehensive income</i>			
<i>Items that are or may be reclassified to profit or loss net of tax:</i>			
Currency translation differences	-20	-17	170
Cash flow hedge	-47	-110	32
Other comprehensive income, continuing operations	-66	-127	203
Total comprehensive income, continuing operations	52	-7	1,166
Net income, discontinued operations ¹	-	-70	-1,072
<i>Other comprehensive income</i>			
<i>Items that are or may be reclassified to profit or loss net of tax:</i>			
Currency translation differences	-	-	1,010
Comprehensive income, discontinued operations	-	-70	-62
Total comprehensive income for the period	52	-77	1,104
Total comprehensive income attributable to:			
Equity holders of the parent	30	-91	990
Non-controlling interest	22	14	113
Total comprehensive income for the period	52	-77	1,104

¹ The completion of the sale of CTC Media, Inc. gave rise to a total negative non-cash impact of SEK 1,072m in the 'net income from discontinued operations' line in Q2 2016. 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 2016. The translation differences have been reclassified from other comprehensive income to net income from discontinued operations.

Condensed consolidated balance sheet

(SEKm)	31 Mar 2017	31 Mar 2016	31 Dec 2016
Non-current assets			
Goodwill	4,560	5,144	5,578
Other intangible assets	1,669	1,745	1,863
Total intangible assets	6,228	6,889	7,441
Total tangible assets	248	465	335
Shares and participations in associated companies	630	44	616
Interest-bearing financial receivables	13	9	9
Other financial receivables	306	119	316
Total long-term financial assets	949	172	941
Total non-current assets	7,425	7,526	8,717
Current assets			
Total inventory	2,142	2,112	2,057
Interest-bearing current receivables	1	11	9
Other current receivables	4,916	4,981	6,070
Cash, cash equivalents and short-term investments	482	295	845
Assets held for sale ¹	2,477	1,013	-
Total current assets	10,018	8,411	8,981
Total assets	17,444	15,938	17,699
Equity			
Shareholders' equity	4,860	4,469	4,809
Non-controlling interest	229	213	207
Total equity	5,089	4,682	5,016
Long-term liabilities			
Long-term borrowings	500	1,000	1,500
Other non-current interest-bearing liabilities	73	24	58
Total non-current interest-bearing liabilities	573	1,024	1,558
Provisions	911	1,048	982
Non-current liabilities at fair value	1,179	1,036	1,214
Other non-interest-bearing liabilities	22	21	41
Total non-current non-interest-bearing liabilities	2,112	2,105	2,237
Total non-current liabilities	2,684	3,129	3,794
Current liabilities			
Current liabilities at fair value	158	6	137
Short-term loans	2,551	1,977	1,490
Other current interest-bearing liabilities	1	1	1
Other current non-interest-bearing liabilities	6,303	6,142	7,260
Liabilities related to assets held for sales ¹	657	-	-
Total current liabilities	9,671	8,126	8,888
Total liabilities	12,355	11,255	12,683
Total shareholders' equity and liabilities	17,444	15,938	17,699

¹Relates to sale of Prima and Baltic companies in 2017 and CTC Media in 2016

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)	Q1 2017	Q1 2016	Full year 2016
Cash flow from operations	187	75	940
Changes in working capital	-380	-514	-242
Net cash flow to/from operations	-192	-439	697
Proceeds from sales of shares	2	-	102
Acquisitions of subsidiaries and associates	0	-13	-607
Investments in other non-current assets	-63	-60	-345
Other cash flow from investing activities	8	8	17
Cash flow used in/from investing activities	-54	-65	-833
Net change in loans	80	445	482
Dividends to shareholders	-	-	-767
Other cash flow from/to financing activities	-6	-54	-178
Cash flow from/used in financing activities	74	391	-463
Net change in cash, continuing operations	-172	-113	-599
Net change in cash, discontinued operations	-	-	1,023
Total net change in cash and cash equivalents	-172	-113	425
Cash and cash equivalents at the beginning of the period	845	410	410
Translation differences in cash and cash equivalents	-1	-3	10
Cash and cash equivalents in assets held for sale	-190	-	-
Cash and cash equivalents at end of the period	482	295	845

Condensed consolidated statement of changes in equity

(SEKm)	31 Mar 2017	31 Mar 2016	31 Dec 2016
Opening balance	5,016	4,768	4,768
Net loss/income for the period	118	50	-109
Other comprehensive income for the period	-66	-127	1,213
Total comprehensive income for the period	52	-77	1,104
Effect of employee share option programmes	22	4	29
Change in non-controlling interests	0	2	2
Dividends to shareholders	-	-	-767
Dividends to non-controlling interests	-	-14	-120
Closing balance	5,089	4,682	5,016

Parent company condensed income statement

(SEKm)	Q1 2017	Q1 2016	Full year 2016
Net sales	10	16	45
Gross income	10	16	45
Administrative expenses	-62	-59	-275
Operating income	-52	-43	-231
Net interest and other financial items	52	46	234
Income before tax and appropriations	0	2	4
Appropriations	-	-	162
Tax	-1	2	-27
Net income for the period	0	4	139

Parent company condensed statement of comprehensive income

(SEKm)	Q1 2017	Q1 2016	Full year 2016
Net income for the period	0	4	139
<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	0	4	139

Parent company condensed balance sheet

(SEKm)	31 Mar 2017	31 Mar 2016	31 Dec 2016
Non-current assets			
Capitalised expenditure	1	1	1
Machinery and equipment	0	1	0
Shares and participations	6,340	6,343	6,340
Other financial receivables	10,032	9,933	10,049
Total non-current assets	16,373	16,278	16,390
Current assets			
Current receivables	257	169	707
Cash, cash equivalents and short-term investments	385	50	606
Total current assets	642	219	1,313
Total assets	17,015	16,496	17,703
Shareholders' equity			
Restricted equity	338	338	338
Non-restricted equity	5,914	6,533	5,914
Total equity	6,252	6,872	6,252
Long-term liabilities			
Interest-bearing liabilities	500	1,000	1,500
Provisions	2	7	2
Non-interest-bearing liabilities	25	26	32
Total long-term liabilities	527	1,033	1,534
Current liabilities			
Other interest-bearing liabilities	10,073	8,449	9,440
Non-interest-bearing liabilities	164	143	478
Total current liabilities	10,237	8,592	9,917
Total shareholders' equity and liabilities	17,015	16,496	17,703

Net Sales – Business segments

(SEKm)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Full year 2016	Q1 2017
Nordic Entertainment	2,577	2,715	2,734	3,113	11,139	2,911
o/w Free-TV & Radio	1,108	1,202	1,147	1,409	4,866	1,204
o/w Pay-TV	1,469	1,513	1,587	1,704	6,272	1,706
International Entertainment	747	895	690	1,072	3,404	787
o/w Free-TV & Radio	591	736	541	900	2,769	639
o/w Pay-TV	156	158	149	172	635	148
MTG Studios	338	448	459	532	1,777	323
MTGx	248	360	321	397	1,326	292
Central operations	54	43	43	46	185	46
Eliminations	-139	-132	-120	-141	-532	-130
Total net sales	3,826	4,328	4,126	5,019	17,299	4,228

Operating income – Business segments

(SEKm)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Full year 2016	Q1 2017
Nordic Entertainment	245	406	218	501	1,370	299
International Entertainment	36	169	40	193	438	66
MTG Studios	-14	33	37	22	77	-16
MTGx	-50	-48	-69	-84	-251	-88
Central operations & eliminations	-58	-88	-64	-78	-288	-78
Total operating income before IAC	159	472	162	554	1,347	183
Items affecting comparability	-	-	-	-	-	-
Total operating income	159	472	162	554	1,347	183

Net sales - Business segments

(SEKm)	Q1 2017	Q1 2016	Full year 2016
Sales external customers			
Nordic Entertainment	2,875	2,539	10,986
International Entertainment	787	747	3,402
MTG Studios	276	292	1,597
MTGx	290	247	1,312
Central operations	0	0	1
Total	4,228	3,826	17,299
Sales between segments			
Nordic Entertainment	36	38	153
International Entertainment	0	-	1
MTG Studios	47	46	180
MTGx	2	1	14
Central operations	45	54	184
Total	130	139	532

Key performance indicators

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Full year 2016	Q1 2017
GROUP						
Change in reported net sales (%)	3.4	4.2	8.0	10.4	6.7	10.5
Organic sales growth (%)	3.3	2.3	7.4	8.4	5.4	7.9
Change in operating costs (%) ¹	3.0	4.1	10.6	8.8	6.7	10.7
Operating margin (%) ¹	4.2	10.9	3.9	11.0	7.8	4.3
ROCE, continuing operations (%) ²	24	23	20	21		20
ROE (%)	9	-4	-5	-2		-1
Equity to assets ratio (%)	29	25	27	28		29
Net debt (SEKm)	2,688	1,796	2,100	2,186		2,439
NORDIC ENTERTAINMENT						
Change in reported net sales (%)	0.8	0.7	11.4	11.9	6.2	12.9
Organic sales growth (%)	2.8	2.4	11.0	9.0	6.2	10.7
Change in operating costs (%)	1.6	0.5	17.7	11.1	7.6	12.0
Operating margin (%)	9.5	14.9	8.0	16.1	12.3	10.3
Commercial share of viewing (%) ³						
Sweden (15-49)	28.9	26.2	34.5	25.9	28.7	25.4
Norway (15-49)	17.8	18.0	16.0	18.1	17.5	14.1
Denmark (15-49)	20.9	23.7	21.6	23.6	22.4	22.8
Subscriber data ('000s)						
Subscribers	1,007	983	992	1,001		981
- of which, satellite	491	480	470	456		442
- of which, 3rd party networks	516	503	522	544		539
Satellite ARPU (SEK)	5,090	5,265	5,369	5,508		5,429
INTERNATIONAL ENTERTAINMENT						
Change in reported net sales (%)	-15.1	-14.7	-16.4	2.9	-10.3	5.4
Organic sales growth (%)	5.8	6.0	7.9	8.1	6.7	4.1
Change in operating costs (%)	-19.6	-18.3	-18.6	-3.9	-14.9	1.5
Operating margin (%)	4.9	18.9	5.8	18.0	12.9	8.4
Commercial share of viewing (%) ³						
Estonia (15-49)	35.3	34.4	34.9	38.9	36.0	37.3
Latvia (15-49)	58.8	61.5	61.1	61.1	60.4	58.5
Lithuania (15-49)	46.4	44.8	44.7	45.7	45.5	46.1
Czech Republic (15-54)	34.7	33.3	33.9	31.5	33.3	31.5
Bulgaria (18-49)	43.4	43.0	42.0	43.3	42.9	42.6
Subscriber data ('000s)						
Satellite subscribers	181	175	171	168		163
Satellite ARPU (SEK)	1,537	1,573	1,642	1,682		1,649
MTG STUDIOS						
Change in reported net sales (%)	4.5	-4.4	-8.6	9.4	-0.2	-4.5
Organic sales growth (%)	8.8	-0.1	-5.6	8.0	2.2	-5.4
Change in operating costs (%)	1.6	-11.3	-12.0	5.7	-4.4	-3.8
Operating margin (%)	-4.3	7.4	8.0	4.1	4.4	-5.0
MTGx						
Change in reported net sales (%)	-	-	-	12.0	194.3	17.5
Organic sales growth (%)	-	-	-	-	-	24.4
Change in operating costs (%)	-	-	-	-	180.8	27.2
Operating margin (%)	-20.0	-13.4	-21.6	-21.1	-18.9	-30.0

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.

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

Alternative performance measures

The purpose of Alternative Performance Measures (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

Group (SEKm)	Q1 2017	%	Q1 2016	%	Full year 2016	%
Nordic Entertainment						
Organic growth	275	10.7%	71	2.8%	654	6.2%
Acquisitions/divestments	0	0.0%	0	0.0%	0	0.0%
Changes in FX rates	58	2.3%	-51	-2.0%	-2	0.0%
Reported growth	333	12.9%	20	0.8%	651	6.2%
International Entertainment						
Organic growth	30	4.1%	41	5.8%	209	6.7%
Acquisitions/divestments	-5	-0.7%	-172	-20.7%	-650	-18.3%
Changes in FX rates	15	2.0%	-2	-0.2%	50	1.3%
Reported growth	41	5.4%	-133	-15.1%	-392	-10.3%
MTG Studios						
Organic growth	-18	-5.4%	28	8.8%	39	2.2%
Acquisitions/divestments	0	0.0%	0	0.0%	0	0.0%
Changes in FX rates	3	0.9%	-14	-4.3%	-42	-2.4%
Reported growth	-15	-4.5%	15	4.5%	-3	-0.2%
MTGx						
Organic growth	52	24.4%	-	-	-	-
Acquisitions/divestments	19	8.8%	-	-	-	-
Changes in FX rates	9	4.4%	-	-	-	-
Change in presentation of prize money	-36	-20.1%	-	-	-	-
Reported growth	43	17.5%	-	-	876	194.3%
Total operations						
Organic growth	303	7.9%	115	3.3%	834	5.4%
Acquisitions/divestments	14	0.4%	73	1.8%	230	1.2%
Changes in FX rates	85	2.2%	-63	-1.7%	16	0.1%
Reported growth	402	10.5%	125	3.4%	1,080	6.7%

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 (SEKm)	Q1 2017	Q1 2016	Full year 2016
Operating income	183	159	1,347
Items affecting comparability	-	-	-
Operating income before items affecting comparability	183	159	1,347

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 evolvement 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 (SEKm)	31 Mar 2017	31 Mar 2016	31 Dec 2016
Short-term loans	1,551	1,977	1,490
Current part of long term borrowings	1,000	-	-
Short-term borrowings	2,551	1,977	1,490
Other short-term interest-bearing liabilities	1	1	1
Total short-term borrowings	2,553	1,979	1,491
Long-term borrowings	500	1,000	1,500
Other long-term interest-bearing liabilities	73	24	58
Total long-term borrowings	573	1,024	1,558
Total borrowings	3,125	3,003	3,049
Cash and cash equivalents	482	295	845
Long- and short-term interest bearing assets	14	20	18
Total cash and interest bearing assets	496	314	863
Net debt excluding assets held for sale	2,629	2,688	2,186
Net debt related to assets held for sale	-190	-	-
Total net debt	2,439	2,688	2,186

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

Group (SEKm)	Q1 2017	Q1 2016	Full year 2016
Operating income before IAC	1,371	1,286	1,347
Depreciation and amortisation	248	211	241
EBITDA last 12 months	1,619	1,497	1,588
Total net debt/EBITDA ratio 12 months trailing	1.5	1.8	1.4

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 (SEKm)	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1
Operating income before IAC 12 months trailing	1,286	1,305	1,227	1,347	1,371
Total inventory	2,112	2,220	2,261	2,057	2,142
Other current receivables	4,981	6,062	5,760	6,070	4,916
Intangibles assets	6,889	7,299	7,538	7,441	6,228
Tangible assets	465	484	489	335	248
Shares and participations	44	76	68	616	630
Other financial assets	119	147	162	316	306
Total non-current non-interest-bearing liabilities	-2,105	-2,477	-2,320	-2,237	-2,112
Total current non-interest-bearing liabilities	-6,142	-7,675	-7,060	-7,260	-6,303
Current liabilities at fair value	-6	-4	-218	-137	-158
Net assets held for sale and excluding net debt	-	-	-	-	1,629
Capital Employed	6,357	6,132	6,679	7,201	7,528
Average Capital Employed (5 quarters)	5,346	5,668	6,089	6,436	6,780
ROCE %	24%	23%	20%	21%	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 (SEKm)	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1
Net income	50	-674	93	422	118
Items affecting comparability net of tax	-	-	-	-	-
Net income before items affecting comparability	50	-674	93	422	118
Total (12 months trailing)	426	-189	-220	-109	-40
Shareholders' equity	4,469	4,182	4,415	4,809	4,860
Non-controlling interest	213	154	164	207	229
Total shareholders' equity	4,682	4,336	4,579	5,016	5,089
Average shareholders' equity (5 quarters)	4,869	4,589	4,554	4,676	4,740
ROE %	9%	-4%	-5%	-2%	-1%

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.