

## Record sales & increased profits

### Q4 2018 highlights

- Record sales of SEK 5,375m (5,307) with 1% organic growth
- Operating income before items affecting comparability (IAC) of SEK 568m (478) including transaction costs related to the proposed split of MTG of SEK 6m
- Total operating income of SEK 596m (161) including IAC of SEK 28m (-318) <sup>1)</sup>
- Total net income of SEK 478m (652), including net income from discontinued operations of SEK 6m (587), and total basic earnings per share of SEK 6.71 (9.36)
- Net debt of SEK 2,581m (1,812) equivalent to 1.3x trailing EBITDA before IAC
- The Board of Directors proposes that MTG does not pay a dividend for 2018 while, subject to the completion of the split, NENT Group's Board of Directors will propose the payment of a dividend of SEK 6.50 per share <sup>2)</sup>

### Financial overview

(SEKm)	Q4 2018	Q4 2017	Full year 2018	Full year 2017
<b>Continuing operations</b>				
Net sales	5,375	5,307	19,742	17,537
<i>Organic growth</i>	<i>0.7%</i>	<i>9.7%</i>	<i>4.1%</i>	<i>7.7%</i>
<i>Acquisitions/divestments</i>	<i>-2.7%</i>	<i>14.7%</i>	<i>5.0%</i>	<i>8.3%</i>
<i>Changes in FX rates</i>	<i>3.3%</i>	<i>-0.9%</i>	<i>3.5%</i>	<i>1.0%</i>
<i>Change in reported net sales</i>	<i>1.3%</i>	<i>23.5%</i>	<i>12.6%</i>	<i>16.9%</i>
Operating income before IAC	568	478	1,571	1,264
<i>Operating margin before IAC</i>	<i>10.6%</i>	<i>9.0%</i>	<i>8.0%</i>	<i>7.2%</i>
Items affecting comparability	28	-318	10	-340
Operating income	596	161	1,581	923
Net income	472	65	1,165	612
Basic earnings per share (SEK)	6.63	0.57	15.60	8.19
Cash flow from operations	594	539	1,622	1,311
<b>Discontinued operations <sup>3)</sup></b>				
Net income	6	587	-5	748
<b>Total operations</b>				
Net income	478	652	1,160	1,360
Basic earnings per share (SEK)	6.71	9.36	15.52	18.73
Net debt	2,581	1,812	2,581	1,812

<sup>1)</sup> Q4 2018 IAC comprise a reclassification from the IAC line to the tax line due to a previous incorrect classification in the income statement. See page 26 for a comprehensive list of items affecting comparability.

<sup>2)</sup> Subject to the approval of the distribution and listing of NENT Group by the MTG EGM to be held on 7 February 2019, and the approval of the NENT Group AGM to be held on 22 May 2019.

<sup>3)</sup> Comprises results of businesses in Tanzania in Q4 2018, and of businesses in the Czech Republic and the Baltics in 2017. Q4 2017 results include a SEK 593m capital gain from the divestment of the Baltic operations.

Alternative performance measures used in this report are explained and reconciled on pages 24-28.



For further information please contact Investor relations at + 46 (0) 73 699 2714 / [investors@mtg.com](mailto:investors@mtg.com) or Public relations at +46 (0) 76 494 09 13/ [press@mtg.com](mailto:press@mtg.com)

## President & CEO's comments

### Delivering profitable growth

The momentum continued in 2018 with full year sales, profits and margins all up. Sales grew by 4% on an organic basis and operating income before IAC grew by 24%. Nordic Entertainment sustained its strong performance, and MTGx was profitable on a full year basis for the first time.

Q4 organic sales were up and operating income before IAC was up 19%. Nordic Entertainment delivered its ninth consecutive quarter of higher sales and profits, as Viaplay again grew its subscriber base at a very healthy rate. The growth in the streaming platforms has continued to more than offset the falling linear viewing levels. Studios also delivered profitable growth driven by robust demand for scripted drama productions.

MTGx sales were down as expected with the organic growth in InnoGames and DreamHack offset by lower sales for ESL, Kongregate and Zoomin.TV. ESL's owned and operated sales were up double digit percentage points while work-for-hire volumes were down as we continue to strategically transform the business. MTGx profits were up overall as ESL reported lower losses.

### Preparing to split

We have been working for almost a year now to prepare for the split of MTG into two by distributing NENT Group to shareholders and listing the shares on Nasdaq Stockholm. We recently published the information brochure to provide the decision-making material for the shareholder meeting on 7 February. The brochure includes the new financial targets for both companies, as well as the leverage ambition and dividend policy for NENT Group. It is in this context, and subject to the EGM's approval of the Split, that the NENT Group Board will propose the payment of a dividend of SEK 6.50 per share to the NENT Group AGM to be held in May. MTG's Board will propose to the MTG AGM on 21 May that no dividend be paid in 2019.

### Bright future ahead

We are confident that both MTG and NENT Group have bright futures ahead of them as separate and even more focused organisations. The split will bring even greater clarity and speed, with two talented teams and product portfolios that are more relevant than ever for our customers. Both companies are operating in market segments that offer significant structural growth opportunities. NENT Group is an investment into the leading Nordic streaming and content provider, while MTG is a unique play on global esports and online gaming. We share a common heritage, approach and commitment that will serve both companies well in the future.

Jørgen Madsen Lindemann

President & Chief Executive Officer

**“We have delivered higher sales, profits and margins in 2018, which demonstrates that our strategy is working. We are now preparing for the split of MTG and the listing of NENT Group on Nasdaq Stockholm in March 2019”**



## Significant events in and after the quarter

### **9 November – Nova Broadcasting Group extended Premier League rights**

Nova Broadcasting Group (Nova) was awarded the exclusive rights to show live English Premier League football for the 2019/20 to 2021/22 seasons in Bulgaria.

### **13 December – ESL and Intel extend global partnership**

Turtle Entertainment, the operator of the world's largest esports company ESL, and Intel Corporation have extended their global partnership through 2021. The agreement aims to boost the development of the esports ecosystem through the introduction of new technologies, tournaments and events.

### **7 January – MTG secures new financing and enters into talks with new parties regarding sale of Nova**

MTG secured a SEK 1bn credit facility from Nordea, which will provide additional funding for MTG after the spin-off and listing of NENT Group. In addition, the previously announced agreement to sell MTG's shareholding in Nova Broadcasting Group to PPF Group was terminated, and MTG entered into discussions with other interested parties regarding the sale of its shareholding in Bulgaria's largest commercial media group.

### **8 January – FilmNation and NENT Group to launch joint venture in the UK**

FilmNation Entertainment and NENT Group announced the formation of a new UK-based television joint venture, which will operate under the FilmNation brand. The joint venture will develop, produce and finance premium scripted television content for global audiences, and is currently assembling its creative team.

### **15 & 31 January – Publication of Information Brochure regarding split including financial targets + proposed authorisation to resolve on potential share issue which subsequently was withdrawn**

The MTG Board of Directors proposed to an Extraordinary General Meeting of MTG shareholders, to be held on 7 February 2019 in Stockholm, that it resolve to distribute all of the shares in NENT Group to MTG's shareholders. Information regarding the proposed distribution of shares in NENT Group has been published and is available in the form of an Information brochure. Furthermore, the Boards of Directors of MTG and NENT Group, respectively, have decided on new financial targets and dividend policies, which are included in the information brochure.

The MTG Board of Directors also proposed that the EGM authorise the Board of Directors to be able to resolve on the potential issue of Class B shares corresponding in aggregate to up to 20.0% of the total number of outstanding MTG Class B shares, in order to fund potential acquisition opportunities in line with its strategy. The share issue authorisation proposal was withdrawn on 31 January following consultation with some of MTG's largest owners.

### **23 January – NENT Group to show IndyCar racing for next three seasons**

NENT Group has acquired the exclusive Nordic media rights to the NTT IndyCar Series until 2021. Every race will be shown live on the Viaplay streaming service and Viasat pay-TV channels, with selected races also available on NENT Group's free-TV channels.

**24 January – ESL and Epic Games to host first joint international Fortnite competition**

MTG's Turtle Entertainment, the operator of the world's largest esports company ESL, and Epic Games announced that their first international Fortnite competition will take place at IEM Katowice Expo 2019. 'ESL Katowice Royale – Featuring Fortnite' will span two weekends at the legendary arena and feature prominent Fortnite players and influencers.

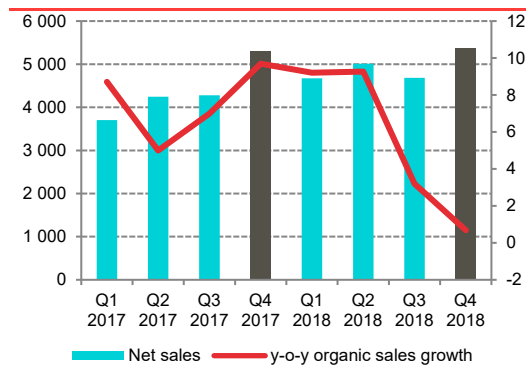
A full list of MTG announcements and reports can be found at [www.mtg.com](http://www.mtg.com).

## Group performance

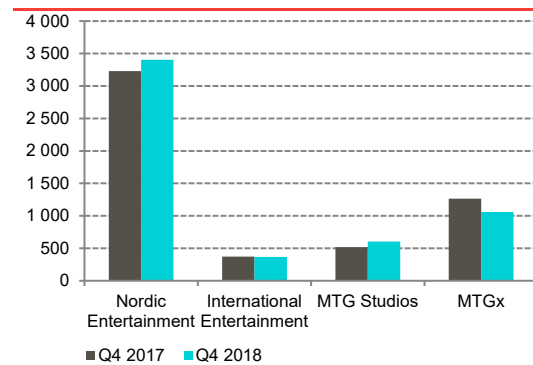
### Net sales

Net sales were up 1% on a reported basis to SEK 5,375m (5,307). Organic sales were up 1%, FX contributed with 3% and acquisitions and divestments impacted the reported growth with -3%.

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



Net sales by segment  
(SEKm)



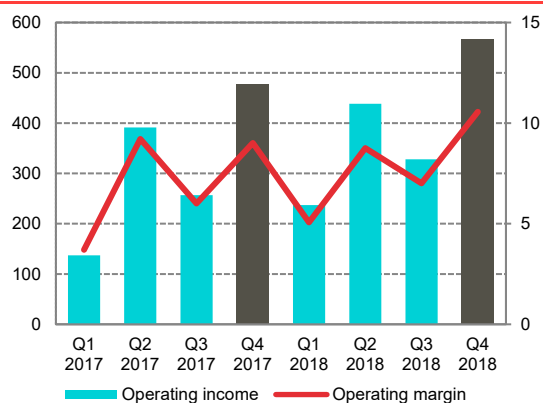
### Operating expenditure

Operating expenditure was down 4% at constant FX as the ongoing investment in Viaplay and content was more than offset by lower costs in MTGx. Depreciation and amortisation charges increased to SEK 121m (104), and included amortisation charges of surplus values of SEK 39m (38).

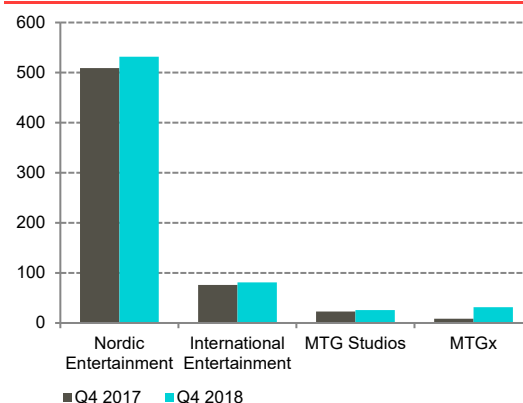
### Operating income and items affecting comparability

Operating income before IAC was up 19% to SEK 568m (478) and included SEK 6m of transaction costs related to the proposed split of MTG. All four business segments reported higher profits. Items affecting comparability amounted to SEK 28m (-318) and comprised a reclassification from the IAC line to the tax line. Please see page 26 for a comprehensive list of items affecting comparability.

Operating income & operating margin before IAC <sup>1)</sup>  
(SEKm (left side); % (right side))



Operating income by segment  
(SEKm)



<sup>1)</sup> Quarterly fluctuations reflect the seasonality of advertising markets

## Net financials & net income from continuing operations

Net interest and other financial items totalled SEK -13m (-16). Net interest amounted to SEK 0m (-5) as interest costs on borrowings were exceptionally low and fully compensated by interest income from deposits and financial instruments. Other financial items amounted to SEK -13m (-11) and primarily included fees for credit facilities and the impact of exchange rate differences on financial items. Net income from continuing operations amounted to SEK 472m (65), and basic earnings per share totalled SEK 6.63 (0.57).

## Discontinued operations

Discontinued operations in the quarter comprised the Tanzanian operation, which was deconsolidated at year end with a subsequent reclassification of accumulated translation differences from other comprehensive income to the income statement. Net income from discontinued operations amounted to SEK 6m (587).

Total net income for the Group therefore amounted to SEK 478m (652), and total basic earnings per share amounted to SEK 6.71 (9.36).

## Segmental performance

### Nordic Entertainment

#### Sales & profits up

(SEKm)	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Net sales	3,403	3,229	12,800	11,961
<i>of which Free-TV &amp; Radio</i>	1,482	1,438	5,358	5,094
<i>of which Pay-TV</i>	1,921	1,791	7,442	6,867
Costs	-2,872	-2,719	-11,139	-10,388
Operating income	532	509	1,661	1,574
<i>Operating margin</i>	15.6%	15.8%	13.0%	13.2%
<b>Net sales growth y-o-y</b>				
<i>Organic growth</i>	3.0%	4.5%	4.5%	6.6%
<i>Acquisitions/divestments</i>	0.0%	0.0%	0.0%	0.0%
<i>Changes in FX rates</i>	2.4%	-0.8%	2.5%	0.8%
<i>Reported growth</i>	5.4%	3.7%	7.0%	7.4%

Sales were up 3% on an organic basis and driven by the continued growth of Viaplay and the Swedish radio business. Operating costs were also up and reflected FX effects, the ongoing investments in the scaling of Viaplay, as well as costs related to the two new national radio networks in Sweden. Operating income increased to SEK 532m (509), with an operating margin of 15.6% (15.8).

Free-TV and Radio sales were up 3% on a reported basis. The Swedish Radio business continued to perform well and the growth accelerated further following the launch of the new radio licenses from the beginning of August. The Swedish TV advertising market is estimated to have grown, while the Danish and Norwegian markets are estimated to have declined. The Norwegian and Swedish TV audience shares were up and the Danish share was slightly down. The Swedish and Norwegian radio audience shares were slightly down.

Pay-TV sales were up 7% on a reported basis following continued volume and value growth at Viaplay. When excluding Viaplay, the subscriber base was up q-o-q and y-o-y as the growth in third party networks more than offset the decline in the satellite base. Average revenue per satellite user was up y-o-y at constant FX.

## International Entertainment

### Organic sales & profits up

(SEKm)	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Net sales	366	372	1,227	1,189
Costs	-285	-296	-985	-1,013
Operating income	81	76	242	176
<i>Operating margin</i>	<i>22.1%</i>	<i>20.4%</i>	<i>19.7%</i>	<i>14.8%</i>
<b>Net sales growth y-o-y</b>				
<i>Organic growth</i>	<i>7.0%</i>	<i>6.1%</i>	<i>9.3%</i>	<i>6.9%</i>
<i>Acquisitions/divestments</i>	<i>-14.8%</i>	<i>-0.7%</i>	<i>-12.3%</i>	<i>-1.0%</i>
<i>Changes in FX rates</i>	<i>6.3%</i>	<i>0.7%</i>	<i>6.2%</i>	<i>1.9%</i>
<i>Reported growth</i>	<i>-1.5%</i>	<i>6.1%</i>	<i>3.3%</i>	<i>7.8%</i>

Sales were up 7% on an organic basis following continued healthy growth in the Bulgarian TV and online businesses. The Bulgarian audience share was slightly down while the TV advertising market is estimated to have grown. Operating increased to SEK 81m (76), with an operating margin of 22.1% (20.4), despite the approximately SEK 10m write-down relating to the divestment of Nova's ecommerce businesses.

Trace was deconsolidated from the start of May following the closing of the sale of the business. The previously announced agreement to sell MTG's shareholding in Nova Broadcasting Group to PPF Group was terminated on 7 January 2019 following the decision by the Bulgarian Commission for the Protection of Competition to disallow the proposed sale, as well as the expiration of an extended long-stop date under the sale and purchase agreement. MTG has now entered into discussions with other interested parties regarding the sale of its shareholding in Nova.



## MTG Studios

### Sales & profits up

(SEKm)	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Net sales	603	517	1,880	1,832
Costs	-578	-494	-1,826	-1,764
Operating income	26	23	54	68
<i>Operating margin</i>	<i>4.3%</i>	<i>4.4%</i>	<i>2.9%</i>	<i>3.7%</i>
<b>Net sales growth y-o-y</b>				
<i>Organic growth</i>	<i>2.0%</i>	<i>-1.5%</i>	<i>-9.7%</i>	<i>2.7%</i>
<i>Acquisitions/divestments</i>	<i>10.5%</i>	<i>0.4%</i>	<i>8.7%</i>	<i>0.3%</i>
<i>Changes in FX rates</i>	<i>4.3%</i>	<i>-1.8%</i>	<i>3.7%</i>	<i>0.1%</i>
<i>Reported growth</i>	<i>16.8%</i>	<i>-2.9%</i>	<i>2.6%</i>	<i>3.1%</i>

Sales were up 2% on an organic basis, following higher scripted drama demand and the rescheduling of two large scale productions from Q3 to Q4. The forward scripted drama pipeline is also looking very healthy. Non-scripted sales were up at reported rates but down at constant FX. Splay One delivered another quarter of double digit sales growth as interest in branded content and influencer campaigns continued to rise.

Operating income amounted to SEK 26m (23) with an operating margin of 4.3% (4.4).

Splay Networks was moved to MTG Studios from the MTGx segment in Q2 2018. Historical numbers have not been restated. MTG Studios net sales and operating income would have been SEK 548m and SEK 30m, respectively, if Splay Networks had not been included in the quarter.

## MTGx

### Sales down but profits up

(SEKm)	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Net sales	1,059	1,264	4,029	2,964
<i>of which esports</i>	449	515	1,520	1,370
<i>of which online gaming</i>	556	634	2,296	1,234
<i>of which digital video content</i>	54	115	213	360
Costs before depreciation and amortisation	-965	-1,165	-3,778	-2,949
EBITDA	94	99	251	14
<i>EBITDA margin</i>	8.9%	7.9%	6.2%	0.5%
<i>Depreciation</i>	-16	-12	-57	-40
<i>Amortisation <sup>1)</sup></i>	-47	-79	-184	-145
Costs	-1,028	-1,256	-4,019	-3,134
Operating income	31	8	10	-170
<i>Operating margin</i>	3.0%	0.7%	0.2%	-5.7%
<b>Net sales growth y-o-y</b>				
<i>Organic growth</i>	-10.9%	71.4%	5.5%	37.0%
<i>Acquisitions/divestments</i>	-9.6%	169.4%	24.2%	101.7%
<i>Changes in FX rates</i>	4.3%	-1.2%	6.2%	2.6%
<i>Change in presentation of prize money</i>	-	-21.3%	-	-17.8%
<i>Reported growth</i>	-16.2%	218.3%	36.0%	123.5%

<sup>1)</sup> Includes amortisation and write down of intangible assets in subsidiaries and on acquisition related surplus values.

Sales were down 11% on an organic basis as growth in InnoGames and DreamHack was offset by lower sales in ESL, Kongregate and Zoomin.TV. The reported growth was negatively impacted by the move of Splay Networks to MTG Studios from Q2 2018 and the inclusion in Q4 2017 of Kongregate for the period from 21 July to 31 December 2017.

Segment EBITDA amounted to SEK 94m (99). Depreciation and amortisation charges totalled SEK 63m (91) and included SEK 31m (32) of surplus value amortisation charges. The Q4 2017 amortisation charges included a write-down of SEK 35m of InnoGames capitalised development costs. Operating income for the segment was therefore up to SEK 31m (8). MTGx net sales and operating income would have been SEK 1,115m and SEK 28m, respectively, if Splay Networks had still been included in the quarter.

Esports sales were down 13% as double digit growth in DreamHack and ESL's owned & operated business was more than offset by lower work-for-hire revenues.

Online gaming sales were up approximately 3% on a pro forma basis. As expected, InnoGames sales growth slowed significantly due to 2018 content updates being skewed to Q1 and Q3, compared to Q2 and Q4 in 2017. Kongregate pro forma revenues were down due to fewer game launches and increased competition.

Digital Video Content sales were down 53% as Splay Networks was moved out of the segment and Zoomin.TV reported a 21% revenue decline as it is gradually transformed into a branded entertainment company.

## Financial review

### Cash flow from continuing operations

Cash flow from operations before changes in working capital amounted to SEK 594m (539). Depreciation and amortisation charges totalled SEK 121m (104). The Group reported a SEK 93m (251) change in working capital, slightly lower than Q4 2017 due to the timing of receivables between the years. Net cash flow from operations totalled SEK 687m (790).

### Investing activities

Group capital expenditure on tangible and intangible assets totalled SEK 97m (71). Other cash flow used in investing activities amounted to SEK -51m (73) following investments by MTGx's Venture Capital fund. Total cash flow relating to investing activities amounted to SEK -147m (770).

### Financing activities

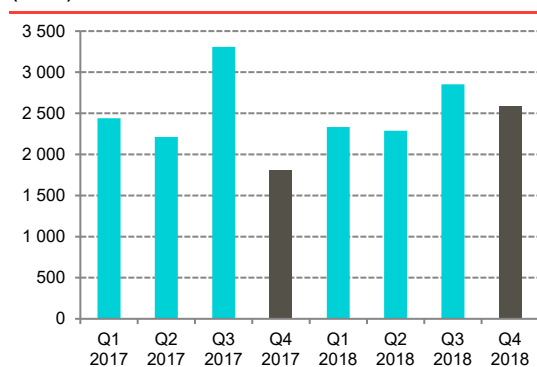
Cash flow from financing activities amounted to SEK -399m (-583) and included a SEK 257m dividend to the InnoGames minority owners. Total borrowings decreased by SEK 171m in the quarter to SEK 3,679m (3,223).

The net change in cash and cash equivalents amounted to SEK 140m (977), and the Group had cash and cash equivalents of SEK 862m (1,394) at the end of the period.

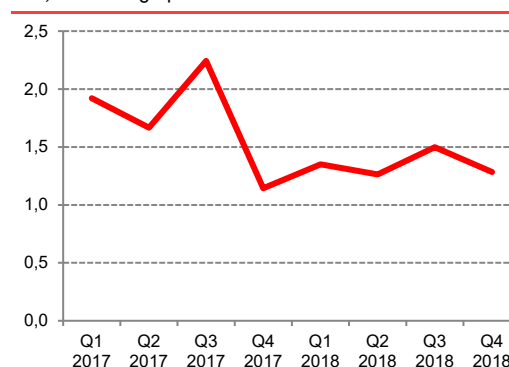
### Net debt

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 2,581m (1,812) at the end of the period.

Net debt  
(SEKm)



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



### Related party transactions

There were no related party relationships other than with subsidiaries, associated companies and joint ventures.

## Parent company

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

(SEKm)	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Net sales	6	20	36	49
Net interest and other financial items	44	65	177	263
Income before tax and appropriations	6	-88	-43	-49

The swing in income before tax and appropriations in the quarter reflected lower operating costs as part of the cost base was transferred to the NENT Group parent. The change in net interest and other financial items reflected transaction costs related to new bank facilities. The parent company had cash and cash equivalents of SEK 24m (844) at the end of the period. Total available credit facilities amounted to SEK 4,390m of which SEK 4,190m was unutilised at the end of the period.

The total number of shares outstanding at the end of the period was 66,980,902 (66,725,249) and excluded the 660,000 Class C shares and 6,222 Class B shares held by MTG as treasury shares. 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's accounts have been prepared according to the same accounting policies and calculation methods as were applied in the preparation of the 2017 Annual Report except for the new standards IFRS 9 Financial instruments and IFRS 15 Revenue from Contracts with Customer that have been applied in 2018.

**IFRS 9 Financial instruments:** This standard addresses the classification, measurement, recognition, impairment and derecognition of financial instruments. IFRS9 also addresses general hedge accounting. The standard has no material impact on the Group's financial position or result.

**IFRS 15 Revenue from Contracts with Customers:** The standard replaces IAS 11 Construction Contracts and IAS 18 Revenue and establishes a new framework for determining when and how much revenue to recognise. The standard introduces a five-step model to be applied to all contracts with customers in order to establish the revenue recognition. IFRS 15 has had no significant effects on the timing and the amount of revenue recognised in the Group's consolidated accounts. For further disclosures please see Disaggregation of revenues on page 23.

**IFRS 16 Leases (effective from financial year 2019):** A new standard for lease accounting – IFRS 16 Leases – has been introduced with effect from 1 January 2019. The main changes are the following: For the lessee, the classification according to IAS 17 of operating and finance leases is replaced by a single lease accounting model. All leases should be recognised on the balance sheet as a right-of-use asset and lease liability. Leases of low value assets, as well as leases of 12 months or less, are exempt

from the requirements. The expense for operating leases will be replaced by depreciation on the right-of-use asset, and interest expense on the lease liability. The depreciation of lease assets must be separately recognised from the interest on lease liabilities in the income statement. This will increase operating income at the expense of the financial net, and front load the expenses due to linear depreciation but diminishing interest expense. The Group has identified the following categories of leases: offices, cars and car parks. Studio equipment is normally leased short-term, and most types of leased office furniture and personal IT equipment are of low value and are therefore out of scope. MTG has decided to apply the modified retrospective method, which implies no restatements of previous periods. A right-of-use asset and a leasing obligation amounting to approximately SEK 1 100 million is recognised with the first application of the standard on 1 January 2019. The lease obligation will be included in the net debt calculation, and the Net debt/EBITDA ratio will include the impact of the new standard in both the denominator and the numerator of the calculation. The Group's debts covenants will not be impacted by the change. The impact on the income statement is not expected to be material, but it will lead to a partial reclassification of lease expenses from operating income to financial expenses.

**Discontinued operations/Assets held for sale:** Discontinued operations comprise MTG's business in Tanzania which was deconsolidated at year end after the completion of the divestment. In 2017 the Czech, Baltic and African (excluding Trace) operations were reported as discontinued operations as a consequence of the completion of the divestments of the Czech (Prima) and Baltic operations and the agreement to sell the African operation. Net income and net change in cash from discontinued operations have been reported on separate line items in the consolidated income statement and the consolidated statement of cash flow respectively. The considerations received for the divestment of Prima and the Baltic operations in 2017 are included in cash flow from continuing operations in the line Proceeds from sales of shares. Assets and liabilities related to the named operations are reported on the line items Assets held for sale and Liabilities related to assets held for sale in the consolidated balance sheet in the relevant periods.

MTG entered into an agreement to sell its shares in the Nova Broadcasting Group within the segment International Entertainment. Hereby, the assets and liabilities of the company have been reported as Assets held for sale and Liabilities related to assets held for sale since the first quarter of 2018. The previous sales agreement was terminated at year end but MTG has entered into new discussions to sell its shares in Nova Broadcasting Group and, hence, the classifications in the balance sheet is unchanged. The sale of the shares in TRACE PARTNERS S.A.S. was completed in May. Trace assets and liabilities was reported as Assets held for sale and Liabilities related to assets held for sale in the first quarter of 2018.

## 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 also exist in relation to the UK's plans to leave the EU, which may result in the Group having to relocate its broadcast and streaming licences from the UK and could lead to adverse financial, legal and social consequences. There is a risk that new licenses in the UK or other territories would not be issued on the same terms as existing licenses or be stricter in terms of regulation.

Risks and uncertainties are also described in more detail in the 2017 Annual Report, which is available at [www.mtg.com](http://www.mtg.com).

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Stockholm, 5 February 2019

Jørgen Madsen Lindemann  
President & CEO

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

**Consolidated income statement**

(SEKm)	Q4 2018	Q4 2017	Full year 2018	Full year 2017
<b>Continuing operations</b>				
Net sales	5,375	5,307	19,742	17,537
Cost of goods and services	-3,274	-3,053	-12,273	-10,971
<b>Gross income</b>	<b>2,101</b>	<b>2,254</b>	<b>7,469</b>	<b>6,566</b>
Selling expenses	-589	-553	-2,081	-1,639
Administrative expenses	-961	-1,270	-3,869	-3,706
Other operating income	40	64	215	117
Other operating expenses	-22	-15	-157	-83
Share of earnings in associated companies and joint ventures	-2	-2	-5	8
Items affecting comparability	28	-318	10	-340
<b>Operating income</b>	<b>596</b>	<b>161</b>	<b>1,581</b>	<b>923</b>
Net interest	0	-5	-5	-24
Other financial items	-13	-11	-45	-40
<b>Income before tax</b>	<b>583</b>	<b>144</b>	<b>1,532</b>	<b>859</b>
Tax	-111	-79	-367	-247
<b>Net income for the period, continuing operations</b>	<b>472</b>	<b>65</b>	<b>1,165</b>	<b>612</b>
Discontinued operations				
Prima, Baltics and Africa	6	587	-5	748
<b>Net income for the period, discontinued operations</b>	<b>6</b>	<b>587</b>	<b>-5</b>	<b>748</b>
<b>Total net income for the period</b>	<b>478</b>	<b>652</b>	<b>1,160</b>	<b>1,360</b>
<b>Net income for the period, continuing operations attributable to:</b>				
Equity holders of the parent	444	38	1,043	546
Non-controlling interest	28	26	122	66
<b>Net income for the period</b>	<b>472</b>	<b>65</b>	<b>1,165</b>	<b>612</b>
<b>Total net income for the period attributable to:</b>				
Equity holders of the parent	450	625	1,038	1,250
Non-controlling interest	28	27	122	110
<b>Total net income for the period</b>	<b>478</b>	<b>652</b>	<b>1,160</b>	<b>1,360</b>
<b>Continuing operations</b>				
Basic earnings per share (SEK)	6.63	0.57	15.60	8.19
Diluted earnings per share (SEK)	6.60	0.57	15.48	8.13
<b>Total</b>				
Basic earnings per share (SEK)	6.71	9.36	15.52	18.73
Diluted earnings per share (SEK)	6.68	9.30	15.40	18.61
<b>Number of shares</b>				
Shares outstanding at the end of the period	66,980,902	66,725,249	66,980,902	66,725,249
Basic average number of shares outstanding	66,980,902	66,725,249	66,854,133	66,706,398
Diluted average number of shares outstanding	67,317,949	67,165,105	67,362,405	67,142,319

**Consolidated statement of comprehensive income**

(SEKm)	Q4 2018	Q4 2017	Full year 2018	Full year 2017
<b>Net income, continuing operations</b>	<b>472</b>	<b>65</b>	<b>1,165</b>	<b>612</b>
<i>Other comprehensive income</i>				
<i>Items that are or may be reclassified to profit or loss net of tax:</i>				
Currency translation differences	-68	76	261	36
Cash flow hedge	-9	45	68	-121
<b>Other comprehensive income, continuing operations</b>	<b>-77</b>	<b>121</b>	<b>329</b>	<b>-85</b>
<b>Total comprehensive income, continuing operations</b>	<b>395</b>	<b>185</b>	<b>1,494</b>	<b>527</b>
<b>Net income, discontinued operations <sup>1)</sup></b>	<b>6</b>	<b>587</b>	<b>-5</b>	<b>748</b>
<i>Other comprehensive income</i>				
<i>Items that are or may be reclassified to profit or loss net of tax:</i>				
Currency translation differences	3	4	-3	-54
<b>Total comprehensive income, discontinued operations</b>	<b>8</b>	<b>591</b>	<b>-8</b>	<b>693</b>
<b>Total comprehensive income for the period</b>	<b>404</b>	<b>777</b>	<b>1,486</b>	<b>1,221</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	383	729	1,303	1,098
Non-controlling interest	20	48	183	123
<b>Total comprehensive income for the period</b>	<b>404</b>	<b>777</b>	<b>1,486</b>	<b>1,221</b>

<sup>1)</sup> Q4 2017 results include a capital gain of SEK 593m from the divestment of the Baltic operations.



**Condensed consolidated balance sheet**

(SEKm)	31 Dec 2018	31 Dec 2017
<b>Non-current assets</b>		
Goodwill	6,159	6,363
Other intangible assets	2,746	2,521
<b>Total intangible assets</b>	<b>8,904</b>	<b>8,884</b>
<b>Total tangible assets</b>	<b>270</b>	<b>272</b>
Shares and participations in associated companies	134	85
Interest-bearing financial receivables	6	10
Other financial receivables	376	413
<b>Total non-current financial assets</b>	<b>516</b>	<b>507</b>
<b>Total non-current assets</b>	<b>9,690</b>	<b>9,664</b>
<b>Current assets</b>		
Inventory	2,443	2,183
Interest-bearing current receivables	0	2
Other current receivables	6,398	6,027
Cash, cash equivalents and short-term investments	862	1,394
Assets held for sale <sup>1)</sup>	931	16
<b>Total current assets</b>	<b>10,634</b>	<b>9,622</b>
<b>Total assets</b>	<b>20,324</b>	<b>19,285</b>
<b>Equity</b>		
Shareholders' equity	5,678	5,179
Non-controlling interest	1,320	1,393
<b>Total equity</b>	<b>6,997</b>	<b>6,572</b>
<b>Non-current liabilities</b>		
Long-term borrowings	500	500
Other non-current interest-bearing liabilities	0	95
<b>Total non-current interest-bearing liabilities</b>	<b>500</b>	<b>595</b>
Provisions	1,058	1,175
Non-current liabilities at fair value	405	829
Other non-interest-bearing liabilities	6	48
<b>Total non-current non-interest-bearing liabilities</b>	<b>1,469</b>	<b>2,052</b>
<b>Total non-current liabilities</b>	<b>1,969</b>	<b>2,648</b>
<b>Current liabilities</b>		
Current liabilities at fair value	37	176
Short-term loans	3,179	2,625
Other current interest-bearing liabilities	0	3
Other current non-interest-bearing liabilities	7,761	7,244
Liabilities related to assets held for sale <sup>1)</sup>	380	18
<b>Total current liabilities</b>	<b>11,357</b>	<b>10,066</b>
<b>Total liabilities</b>	<b>13,326</b>	<b>12,713</b>
<b>Total shareholders' equity and liabilities</b>	<b>20,324</b>	<b>19,285</b>

<sup>1)</sup> Relates to Nova Group in Q4 2018 and to the Baltic and African companies (excluding Trace) in 2017.

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)	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Cash flow from operations	594	539	1,622	1,311
Changes in working capital	93	251	-568	-725
<b>Net cash flow to/from operations</b>	<b>687</b>	<b>790</b>	<b>1,054</b>	<b>586</b>
Proceeds from sales of shares	-	905	297	2,013
Acquisitions of subsidiaries and associates	-	-137	-235	-1,250
Investments in other non-current assets	-97	-71	-765	-330
Other cash flow from/used in investing activities	-51	73	-76	32
<b>Cash flow from/used in investing activities</b>	<b>-147</b>	<b>770</b>	<b>-779</b>	<b>465</b>
Net change in loans	-171	-771	452	227
Dividends to shareholders	-	-	-834	-800
Dividends to minority owners	-257	-	-257	-
Other cash flow from/used in financing activities	29	187	32	224
<b>Cash flow from/used in financing activities</b>	<b>-399</b>	<b>-583</b>	<b>-608</b>	<b>-349</b>
<b>Net change in cash, continuing operations</b>	<b>140</b>	<b>977</b>	<b>-333</b>	<b>703</b>
<b>Net change in cash, discontinued operations</b>	<b>-11</b>	<b>14</b>	<b>-8</b>	<b>42</b>
<b>Total net change in cash and cash equivalents</b>	<b>129</b>	<b>991</b>	<b>-341</b>	<b>745</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>733</b>	<b>395</b>	<b>1,394</b>	<b>666</b>
Translation differences in cash and cash equivalents	-12	2	30	2
Cash and cash equivalents in assets held for sale	12	5	-221	-19
<b>Cash and cash equivalents at end of the period</b>	<b>862</b>	<b>1,394</b>	<b>862</b>	<b>1,394</b>

**Condensed consolidated statement of changes in equity**

(SEKm)	31 Dec 2018	31 Dec 2017
<b>Opening balance</b>	<b>6,572</b>	<b>5,016</b>
Net loss/income for the period	1,160	1,360
Other comprehensive income for the period	326	-139
<b>Total comprehensive income for the period</b>	<b>1,486</b>	<b>1,221</b>
Effect of employee share programmes	30	73
Change in non-controlling interests	1	1,067
Dividends to shareholders	-834	-800
Dividends to non-controlling interests	-257	-4
<b>Closing balance</b>	<b>6,997</b>	<b>6,572</b>

**Parent company condensed income statement**

(SEKm)	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Net sales	6	20	36	49
<b>Gross income</b>	<b>6</b>	<b>20</b>	<b>36</b>	<b>49</b>
Administrative expenses	-45	-173	-256	-361
<b>Operating income</b>	<b>-39</b>	<b>-154</b>	<b>-220</b>	<b>-312</b>
Net interest and other financial items	44	65	177	263
<b>Income before tax and appropriations</b>	<b>6</b>	<b>-88</b>	<b>-43</b>	<b>-49</b>
Appropriations	538	317	538	317
Tax	-42	-60	-24	-59
<b>Net income for the period</b>	<b>502</b>	<b>169</b>	<b>471</b>	<b>209</b>

**Parent company condensed statement of comprehensive income**

(SEKm)	Q4 2018	Q4 2017	Full year 2018	Full year 2017
<b>Net income for the period</b>	<b>502</b>	<b>169</b>	<b>471</b>	<b>209</b>
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>502</b>	<b>169</b>	<b>471</b>	<b>209</b>

**Parent company condensed balance sheet**

(SEKm)	31 Dec 2018	31 Dec 2017
<b>Non-current assets</b>		
Capitalised expenditure	0	0
Machinery and equipment	2	0
Shares and participations	6,025	6,340
Other financial receivables	12,077	9,976
<b>Total non-current assets</b>	<b>18,104</b>	<b>16,316</b>
<b>Current assets</b>		
Current receivables	4,673	877
Cash, cash equivalents and short-term investments	24	844
<b>Total current assets</b>	<b>4,697</b>	<b>1,721</b>
<b>Total assets</b>	<b>22,801</b>	<b>18,037</b>
<b>Shareholders' equity</b>		
Restricted equity	338	338
Non-restricted equity	5,003	5,361
<b>Total equity</b>	<b>5,341</b>	<b>5,699</b>
<b>Untaxed reserves</b>	<b>239</b>	<b>90</b>
<b>Non-current liabilities</b>		
Interest-bearing liabilities	500	500
Provisions	5	13
Non-interest-bearing liabilities	10	35
<b>Total non-current liabilities</b>	<b>514</b>	<b>548</b>
<b>Current liabilities</b>		
Other interest-bearing liabilities	16,410	11,227
Non-interest-bearing liabilities	296	473
<b>Total current liabilities</b>	<b>16,706</b>	<b>11,700</b>
<b>Total shareholders' equity and liabilities</b>	<b>22,801</b>	<b>18,037</b>

**Net Sales by business segments**

(SEKm)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Full year 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Full year 2018
Nordic Entertainment	2,911	3,003	2,819	3,229	11,961	3,120	3,292	2,985	3,403	12,800
<i>of which Free-TV &amp; Radio</i>	1,204	1,319	1,134	1,438	5,094	1,287	1,422	1,167	1,482	5,358
<i>of which Pay-TV</i>	1,706	1,684	1,685	1,791	6,867	1,833	1,870	1,818	1,921	7,442
International Entertainment	264	308	246	372	1,189	315	315	232	366	1,227
MTG Studios	323	463	529	517	1,832	321	476	480	603	1,880
MTGx	292	610	798	1,264	2,964	952	994	1,024	1,059	4,029
<i>of which esports</i>	219	286	349	515	1,370	290	411	370	449	1,520
<i>of which online gaming</i>	-	236	364	634	1,234	577	544	618	556	2,296
<i>of which digital video content</i>	73	88	84	115	360	85	38	36	54	213
Central operations	46	47	45	53	190	36	30	16	31	114
Eliminations	-130	-184	-156	-127	-599	-70	-96	-54	-88	-309
<b>Total net sales</b>	<b>3,704</b>	<b>4,246</b>	<b>4,280</b>	<b>5,307</b>	<b>17,537</b>	<b>4,674</b>	<b>5,010</b>	<b>4,683</b>	<b>5,375</b>	<b>19,742</b>

Splay Networks is from Q2 2018 reported in MTG Studios instead of MTGx. Historical numbers have not been restated. Net sales for Q4 2018 in MTG Studios and MTGx would have been SEK 548m and SEK 1,115m when excluding this impact.

**Net sales – External & Internal**

(SEKm)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Full year 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Full year 2018
<b>Sales external customers</b>										
Nordic Entertainment	2,875	2,967	2,778	3,225	11,845	3,109	3,279	2,973	3,389	12,751
International Entertainment	264	304	246	372	1,185	315	315	232	366	1,227
MTG Studios	276	369	461	453	1,559	300	423	455	562	1,740
MTGx	290	605	795	1,258	2,948	950	993	1,023	1,057	4,023
Central operations	0	0	0	0	1	0	0	0	0	0
<b>Total</b>	<b>3,704</b>	<b>4,246</b>	<b>4,280</b>	<b>5,307</b>	<b>17,537</b>	<b>4,674</b>	<b>5,010</b>	<b>4,683</b>	<b>5,375</b>	<b>19,742</b>
<b>Sales between segments</b>										
Nordic Entertainment	36	36	41	4	116	11	13	12	14	49
International Entertainment	-	4	0	0	4	0	0	0	0	0
MTG Studios	47	94	68	64	273	20	53	25	42	140
MTGx	2	4	3	7	16	3	0	2	2	6
Central operations	45	47	44	53	189	36	30	16	31	113
<b>Total</b>	<b>130</b>	<b>184</b>	<b>156</b>	<b>127</b>	<b>599</b>	<b>70</b>	<b>96</b>	<b>54</b>	<b>88</b>	<b>309</b>

**Operating income by business segments**

(SEKm)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Full year 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Full year 2018
Nordic Entertainment	299	465	301	509	1,574	310	498	321	532	1,661
International Entertainment	21	50	29	76	176	40	72	49	81	242
MTG Studios	-16	19	43	23	68	-15	9	34	26	54
MTGx	-88	-53	-38	8	-170	-8	-24	11	31	10
Central operations & eliminations	-78	-90	-78	-138	-384	-90	-117	-87	-102	-396
<b>Total operating income before IAC</b>	<b>137</b>	<b>391</b>	<b>257</b>	<b>478</b>	<b>1,264</b>	<b>237</b>	<b>439</b>	<b>328</b>	<b>568</b>	<b>1,571</b>
Items affecting comparability	-	-23	-	-318	-340	-17	-13	12	28	10
<b>Total operating income</b>	<b>137</b>	<b>369</b>	<b>257</b>	<b>161</b>	<b>923</b>	<b>220</b>	<b>426</b>	<b>340</b>	<b>596</b>	<b>1,581</b>

Operating income for Q4 2018 in MTG Studios and MTGx would have been SEK 30m and SEK 28m when excluding the impact of moving Splay from MTGx to MTG Studios.

**Group & segment performance data**

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Full year 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Full year 2018
<b>GROUP</b>										
Organic sales growth (%)	8.7	5.0	7.0	9.7	7.7	9.2	9.3	3.2	0.7	4.1
Operating margin (%) <sup>1)</sup>	3.7	9.2	6.0	9.0	7.2	5.1	8.8	7.0	10.6	8.0
ROCE, continuing operations (%) <sup>1)</sup>	20	19	18	18		17	17	17	18	
Net debt (SEKm)	2,439	2,212	3,309	1,812		2,334	2,287	2,852	2,581	
Net debt/EBITDA	1.9	1.7	2.2	1.1		1.4	1.3	1.5	1.3	
<b>NORDIC ENTERTAINMENT</b>										
Organic sales growth (%)	10.7	8.4	3.2	4.5	6.6	6.2	6.9	2.2	3.0	4.5
Operating margin (%)	10.3	15.5	10.7	15.8	13.2	9.9	15.1	10.8	15.6	13.0
CSOV Sweden (15-49)	25.4	24.1	24.6	22.2	24.1	23.1	23.9	23.1	23.6	23.4
CSOV Norway (15-49)	14.1	17.6	15.3	15.4	15.5	15.1	15.9	13.5	17.7	15.6
CSOV Denmark (15-49)	22.8	24.6	23.1	23.6	23.6	21.4	24.6	21.6	23.4	22.7
Subscriber base excl Viaplay ('000s)	981	956	939	938		970	953	946	960	
- of which satellite	442	432	422	409		398	389	382	374	
- of which 3rd party networks	539	525	517	529		572	564	564	586	
Satellite ARPU (SEK)	5,429	5,532	5,503	5,500		5,542	5,764	5,727	5,625	
<b>INTERNATIONAL ENTERTAINMENT</b>										
Organic sales growth (%)	4.8	5.1	12.0	6.1	6.9	14.1	7.1	10.1	7.0	9.3
Operating margin (%)	7.8	16.4	11.9	20.4	14.8	12.8	22.8	21.1	22.1	19.7
CSOV Bulgaria (18-49)	42.6	42.4	41.9	42.0	42.2	42.2	43.0	41.8	41.7	42.2
<b>MTG STUDIOS</b>										
Organic sales growth (%)	-5.4	1.4	14.8	-1.5	2.7	-2.1	-13.4	-22.7	2.0	-9.7
Operating margin (%) <sup>1)</sup>	-5.0	4.1	8.1	4.4	3.7	-4.7	1.9	7.1	4.3	2.9
<b>MTGx</b>										
Organic sales growth (%)	27.4	2.8	39.3	71.4	37.0	27.4	24.9	12.1	-10.9	5.5
Operating margin (%) <sup>1)</sup>	-30.0	-8.7	-4.8	0.7	-5.7	-0.9	-2.4	1.1	3.0	0.2

<sup>1)</sup> Adjusted for Items affecting comparability.

**Disaggregation of revenues**

(SEKm)	Full year 2018	Full year 2017 <sup>1)</sup>
<b>Advertising revenue</b>		
Nordic Entertainment	4,017	3,766
International Entertainment	835	871
MTG Studios	150	-
MTGx	553	425
<b>Total</b>	<b>5,554</b>	<b>5,062</b>
<b>Subscription revenue</b>		
Nordic Entertainment	8,272	7,637
International Entertainment	259	226
MTG Studios	-	-
MTGx	74	94
<b>Total</b>	<b>8,605</b>	<b>7,958</b>
<b>Production revenue</b>		
Nordic Entertainment	58	70
International Entertainment	1	-
MTG Studios	1,325	1,172
MTGx	-	-
<b>Total</b>	<b>1,384</b>	<b>1,242</b>
<b>Gaming revenue</b>		
Nordic Entertainment	-	-
International Entertainment	-	-
MTG Studios	-	-
MTGx	2,114	1,265
<b>Total</b>	<b>2,114</b>	<b>1,265</b>
<b>Other<sup>2)</sup></b>		
Nordic Entertainment	404	371
International Entertainment	133	88
MTG Studios	265	387
MTGx	1,283	1,163
Central operations	0	1
<b>Total</b>	<b>2,084</b>	<b>2,010</b>
<b>Total net sales</b>	<b>19,742</b>	<b>17,537</b>

<sup>1)</sup> The format for the disaggregation of revenue has changed to better fulfil the requirements in IFRS 15 and historical numbers have been restated to include advertising revenues that were previously reported as subscription revenues.

<sup>2)</sup> Other includes license & royalty, pay-per-view, event and other revenues.

## 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:

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



## 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

(SEKm)	Q4 2018	%	Q4 2017	%	Full year 2018	%	Full year 2017	%
<b>Nordic Entertainment</b>								
Organic growth	97	3.0%	141	4.5%	543	4.5%	733	6.6%
Acquisitions/divestments	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Changes in FX rates	77	2.4%	-26	-0.8%	295	2.5%	90	0.8%
<b>Reported growth</b>	<b>175</b>	<b>5.4%</b>	<b>116</b>	<b>3.7%</b>	<b>839</b>	<b>7.0%</b>	<b>822</b>	<b>7.4%</b>
<b>International Entertainment</b>								
Organic growth	22	7.0%	21	6.1%	99	9.3%	75	6.9%
Acquisitions/divestments	-51	-14.8%	-2	-0.7%	-134	-12.3%	-10	-1.0%
Changes in FX rates	23	6.3%	3	0.7%	74	6.2%	21	1.9%
<b>Reported growth</b>	<b>-6</b>	<b>-1.5%</b>	<b>21</b>	<b>6.1%</b>	<b>39</b>	<b>3.3%</b>	<b>86</b>	<b>7.8%</b>
<b>MTG Studios</b>								
Organic growth	11	2.0%	-8	-1.5%	-178	-9.7%	48	2.7%
Acquisitions/divestments	54	10.5%	2	0.4%	159	8.7%	6	0.3%
Changes in FX rates	22	4.3%	-10	-1.8%	68	3.7%	2	0.1%
<b>Reported growth</b>	<b>87</b>	<b>16.8%</b>	<b>-15</b>	<b>-2.9%</b>	<b>48</b>	<b>2.6%</b>	<b>56</b>	<b>3.1%</b>
<b>MTGx</b>								
Organic growth	-124	-10.9%	266	71.4%	189	5.5%	455	37.0%
Acquisitions/divestments	-136	-9.6%	631	169.4%	693	24.2%	1,249	101.7%
Changes in FX rates	54	4.3%	-4	-1.2%	184	6.2%	32	2.6%
Change in presentation of prize money	-	-	-25	-21.3%	-	-	-98	-17.8%
<b>Reported growth</b>	<b>-205</b>	<b>-16.2%</b>	<b>867</b>	<b>218.3%</b>	<b>1,066</b>	<b>36.0%</b>	<b>1,638</b>	<b>123.5%</b>
<b>Total operations</b>								
Organic growth	35	0.7%	416	9.7%	902	4.1%	1,151	7.7%
Acquisitions/divestments	-143	-2.7%	630	14.7%	687	5.0%	1,244	8.3%
Changes in FX rates	176	3.3%	-37	-0.9%	615	3.5%	143	1.0%
<b>Reported growth</b>	<b>68</b>	<b>1.3%</b>	<b>1,010</b>	<b>23.5%</b>	<b>2,205</b>	<b>12.6%</b>	<b>2,538</b>	<b>16.9%</b>

## 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

(SEKm)	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Operating income	596	161	1,581	923
Items affecting comparability	-28	318	-10	340
<b>Operating income before items affecting comparability</b>	<b>568</b>	<b>478</b>	<b>1,571</b>	<b>1,264</b>

### Items affecting comparability

(SEKm)	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Restructuring NENT Group	-	-	-53	-
Restructuring ESL	-	-	-49	-
Capital gain divestment of Trace	-	-	61	-
Net capital gain related to options to acquire shares	-	333	193	333
Impairment of goodwill related to closed company	-	-	-6	-
Write down of assets, Zoomin.TV	28	-	-136	-
Impairment related to goodwill, Zoomin.TV	-	-593	-	-593
Impairment related to capitalized development costs, Zoomin.TV	-	-58	-	-58
Reclassification of transaction cost related to InnoGames	-	-	-	-23
<b>Total</b>	<b>28</b>	<b>-318</b>	<b>10</b>	<b>-340</b>

### Items affecting comparability classified by function

(SEKm)	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Cost of goods and services	-	-58	-15	-58
Administrative expenses	-	-	-86	-
Other operating income	-	333	274	333
Other operating expenses	28	-593	-162	-616
<b>Total</b>	<b>28</b>	<b>-318</b>	<b>10</b>	<b>-340</b>

## Reconciliation of net debt and net debt/EBITDA 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 involvement 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

(SEKm)	31 Mar 2017	30 Jun 2017	30 Sep 2017	31 Dec 2017	31 Mar 2018	30 Jun 2018	30 Sep 2018 <sup>1)</sup>	31 Dec 2018
Short-term loans	1,551	2,999	2,408	1,625	2,525	3,000	3,349	3,179
Current part of long-term borrowings	1,000	1,000	1,000	1,000	0	0	0	0
<b>Short-term borrowings</b>	<b>2,551</b>	<b>3,999</b>	<b>3,408</b>	<b>2,625</b>	<b>2,525</b>	<b>3,000</b>	<b>3,349</b>	<b>3,179</b>
Other short-term interest-bearing liabilities	1	12	1	3	9	0	0	0
<b>Total short-term borrowings</b>	<b>2,553</b>	<b>4,011</b>	<b>3,410</b>	<b>2,628</b>	<b>2,534</b>	<b>3,000</b>	<b>3,349</b>	<b>3,179</b>
Long-term borrowings	500	500	499	500	500	500	500	500
Other long-term interest-bearing liabilities	73	79	83	95	124	0	0	0
<b>Total long-term borrowings</b>	<b>573</b>	<b>579</b>	<b>582</b>	<b>595</b>	<b>624</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>Total borrowings</b>	<b>3,125</b>	<b>4,589</b>	<b>3,992</b>	<b>3,223</b>	<b>3,158</b>	<b>3,500</b>	<b>3,849</b>	<b>3,679</b>
Cash and cash equivalents	481	2,167	395	1,394	673	1,026	733	862
Long- and short-term interest bearing assets	14	14	81	11	8	9	16	6
<b>Total cash and interest bearing assets</b>	<b>495</b>	<b>2,180</b>	<b>477</b>	<b>1,405</b>	<b>681</b>	<b>1,035</b>	<b>749</b>	<b>867</b>
<b>Net debt excluding assets held for sale</b>	<b>2,630</b>	<b>2,409</b>	<b>3,515</b>	<b>1,818</b>	<b>2,477</b>	<b>2,465</b>	<b>3,100</b>	<b>2,812</b>
Net debt related to assets held for sale	-191	-197	-206	-6	-143	-178	-248	-231
<b>Total net debt</b>	<b>2,439</b>	<b>2,212</b>	<b>3,309</b>	<b>1,812</b>	<b>2,334</b>	<b>2,287</b>	<b>2,852</b>	<b>2,581</b>

<sup>1)</sup> The net debt related to assets held for sale at 30 Sep 2018 has been corrected from previously SEK -15m to SEK -248m and total net debt from SEK 3,085m to SEK 2,852m.

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

(SEKm)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Operating income before IAC	1,055	1,087	1,203	1,264	1,363	1,411	1,482	1,571
Depreciation and amortisation	215	240	272	321	365	400	423	439
<b>EBITDA last 12 months<sup>1)</sup></b>	<b>1,270</b>	<b>1,327</b>	<b>1,476</b>	<b>1,584</b>	<b>1,728</b>	<b>1,810</b>	<b>1,905</b>	<b>2,011</b>
<b>Total net debt/EBITDA ratio 12 months trailing</b>	<b>1.9</b>	<b>1.7</b>	<b>2.2</b>	<b>1.1</b>	<b>1.4</b>	<b>1.3</b>	<b>1.5</b>	<b>1.3</b>

<sup>1)</sup> EBITDA relates to continuing operations.

## Reconciliation of Return On Capital Employed (ROCE), continuing operations

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.

(SEKm)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
<b>Operating income before IAC 12 months trailing</b>	<b>1,055</b>	<b>1,087</b>	<b>1,203</b>	<b>1,264</b>	<b>1,363</b>	<b>1,411</b>	<b>1,482</b>	<b>1,571</b>
Inventory	2,140	2,273	2,263	2,183	2,529	2,292	2,400	2,443
Other current receivables	4,907	5,622	5,606	6,027	5,882	6,376	6,083	6,398
Intangibles assets	6,228	8,910	9,410	8,884	8,670	8,789	8,995	8,904
Tangible assets	244	281	264	272	275	298	273	270
Shares and participations	630	83	80	85	121	113	121	134
Other financial assets	306	334	382	413	389	431	375	376
Total non-current non-interest-bearing liabilities	-2,112	-2,363	-2,368	-2,052	-1,924	-2,013	-1,637	-1,469
Total current non-interest-bearing liabilities	-6,297	-7,526	-6,741	-7,244	-6,938	-7,431	-7,110	-7,761
Current liabilities at fair value	-158	-151	-154	-176	-175	-85	-42	-37
<b>Capital Employed</b>	<b>5,890</b>	<b>7,463</b>	<b>8,741</b>	<b>8,392</b>	<b>8,830</b>	<b>8,769</b>	<b>9,458</b>	<b>9,258</b>
<b>Average Capital Employed (5 quarters)</b>	<b>5,184</b>	<b>5,717</b>	<b>6,546</b>	<b>7,200</b>	<b>7,863</b>	<b>8,439</b>	<b>8,838</b>	<b>8,941</b>
<b>ROCE %</b>	<b>20%</b>	<b>19%</b>	<b>18%</b>	<b>18%</b>	<b>17%</b>	<b>17%</b>	<b>17%</b>	<b>18%</b>

## 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.

### 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.

### EBITDA

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

### 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).

### Organic growth

Change in net sales compared to the same period of the previous year excluding acquisitions and divestments and adjusted for currency effects.

### Return on capital employed (ROCE) %

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

## Shareholder information

### Extraordinary General Meeting

The MTG Board of Directors has proposed to an Extraordinary General Meeting of MTG shareholders, to be held on Thursday 7 February 2019 in Stockholm, that it resolve to distribute all of the shares in Nordic Entertainment Group AB to MTG's shareholders. The original proposal also included a request to authorise the Board of Directors to be able to resolve on new issues of class B shares. The share issue authorisation proposal was subsequently withdrawn following consultation with some of MTG's largest owners. Information regarding the proposals is included in the notices to the meeting and in the information brochure, which have been published and are available at [www.mtg.com/mtg-nordic-entertainment-split/](http://www.mtg.com/mtg-nordic-entertainment-split/).

### 2019 Annual General Meeting

The 2019 Annual General Meeting of MTG shareholders will be held on Tuesday 21 May 2019 in Stockholm. Shareholders wishing to have matters considered at the meeting should submit their proposals in writing to [agm@mtg.com](mailto: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 line with the new dividend policy for MTG that was communicated in connection with the publication of the information brochure, the Board of Directors will propose that no dividend be paid to MTG shareholders for the financial year 2018. Subject to MTG shareholders' approval of the distribution and listing of NENT Group, the 2019 Annual General Meeting of NENT Group shareholders will be held on Wednesday 22 May 2019 in Stockholm, and the Board of Directors of NENT Group has informed MTG that it will propose the payment of an annual ordinary cash dividend of SEK 6.50 per share to the meeting. The total proposed NENT Group ordinary cash dividend payment would therefore amount to approximately SEK 435 million, based on the anticipated maximum potential number of outstanding shares. The Board of Directors of NENT Group intends to further propose that the remainder of the Group's retained earnings for the year ended 31 December 2018 be carried forward into the 2019 accounts. The proposal is in line with the dividend policy for NENT Group that was communicated in connection with the publication of the information brochure.

### Financial calendar

Extraordinary General Meeting	7 February 2019
Q1 results announcement	9 May 2019
Annual General Meeting	21 May 2019
Q2 results announcement	22 July 2019
Q3 results announcement	29 October 2019

### Questions?

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

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

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## 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 8 566 184 67  
UK: +44 2071 928 338  
US: +1 646 741 3167

The access pin code for the call is 1874268. To listen to the conference call online and for further information, please visit [www.mtg.com](http://www.mtg.com).



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