



## TV4 GROUP SALES AND EARNINGS BOTH UP

TV4 Group, 1 January – 31 December 2010

- TV4 Group sales and earnings both rose in 2010. Group sales rose 9 per cent to SEK 6,019 million (SEK 5,543 million the previous year), and earnings increased by 26 per cent to SEK 807 million (SEK 642 million), representing an operating margin of 13 per cent (12 per cent).
- Growth in the Swedish TV advertising market beat all previous records in 2010. According to IRM (the Institute for Advertising and Media Statistics), growth to November was 18.4 per cent. The TV4 Group's cumulative increase was 17.6 per cent.
- Ratings for all commercial channels rose by 0.8 per cent. TV4 Group ratings rose by 1.5 per cent.
- TV viewing fell slightly during the year. Total TV viewing in TV4's main target group of 12 – 59-year-olds fell by around three minutes a day to 148.9 minutes (151.9).
- TV4 remains the most-watched TV channel in Sweden, with a total audience share of 18.7 per cent (19.5 per cent) in the main 12 – 59-year-old target group. Taken together, all TV4 Group channels captured an audience share of 29.9 per cent in 2010 (30.5 per cent) in the same target group. The year ended with a sharp upswing in viewing time in the fourth quarter, both for TV4 as a single channel and for the TV4 Group as a media house.
- The long upward trend for the category "Other channels" (all channels except the "Big 5": SVT1, SVT2, TV3, TV4 and Kanal 5) finally faltered in 2010. The audience share of non-Big 5 channels was down 2 per cent on the previous year. TV4 Group channels within the "Other channels" segment retained their 11 per cent share of viewing time, thus strengthening their position. Plans to relaunch TV400 as TV11 were also announced in 2010. The new channel was launched in early 2011 and has seen a very positive response.
- During the year, by way of a share purchase and directed placement of new shares in C More Entertainment, Telenor A/S acquired a 35 per cent stake, with a total value of SEK 1,352 million, in C More Entertainment/Canal+ from TV4 AB. This has created a strong alliance in the Nordic premium pay-TV market.
- C More Entertainment, which provides premium TV services under the Canal+ brand on the Nordic market, did not renew its rights to Premier League football as from autumn 2010, since the price was considered to be too high. During the year the company broadened its range of sports by acquiring a number of major sporting rights. These changes, combined with the full-year effect of the launch of Canal9 in Denmark, meant that earnings were down on the previous year.

- In 2010, as part of its commitment to the Nordic market, the TV4 Group also acquired the rights to the European Football Championships for the Norwegian and Danish markets, and signed a multi-year pan-Scandinavian volume agreement with Warner Bros. International Television Distribution. The agreement gives the TV4 Group the exclusive Scandinavian free-TV and basic cable rights to an extensive range of TV series and movies in Sweden, Norway and Denmark.
- TV4 Sverige, responsible for the TV4 Group's local and regional TV operations, continued to grow sales and earnings. Sales were 25 per cent up on the previous year, representing an increased share of the local advertising market. During the year it was decided that TV4 Plus would also begin local sales and offer local content in 2011. The in-store TV company Segelman Retail Television was also acquired during the year.
- TV4 Digital Media's earnings were better than in 2009. A new version of the VOD service TV4 Play was launched during the year. TV4 Play traffic was 25 per cent up on the previous year, and traffic throughout the entire Digital Media network also increased in 2010.

## THE MARKET

According to IRM, total spending on traditional media (daily press, popular press, trade press, TV, radio, outdoor and cinema advertising) rose by 12.6 per cent to November (figures for December have not yet been released). The TV advertising market did even better, growing by 18.4 per cent. Actual demand has been even higher, but advertising capacity could not meet the demand, and many advertisers were unable to secure airtime.

## EARNINGS TV4 GROUP

SEK millions	Full year	Full year	Change
	2010	2009	
<b>Income</b>			
Advertising and pay-TV	5,727	5,305	422
Other income	292	238	53
<b>Total income</b>	<b>6,019</b>	<b>5,543</b>	<b>475</b>
<b>Expenses</b>	<b>-5,211</b>	<b>-4,901</b>	<b>-310</b>
<b>EBITA before extraordinary items</b>	<b>807</b>	<b>642</b>	<b>165</b>
<i>Extraordinary item: sale of 35 per cent of C More Group AB*</i>	157	-	157
<b>EBITA</b>	<b>964</b>	<b>642</b>	<b>322</b>

\* By way of a share sale and directed placement of new shares

The increase in advertising revenues in 2010 was due to a buoyant advertising market.

The increase in "Other income" was largely the result of a number of joint operations with the Expressen newspaper, as well as the Idol tour, which was extended to five cities during the year.

Most of the 6 per cent increase in operating expenses was due to continued investment by the TV4 Group in programme content such as sport, drama and other entertainment.

Earnings before goodwill, financial items and the above-mentioned extraordinary item rose by 26 per cent from SEK 642 million till SEK 807 million, representing an operating margin of 13 per cent (12 per cent).

## VIEWING

Total viewing throughout the population (3 – 99 years) fell by 1 minute; in the 12 – 59 year group viewing fell by 3 minutes, to 148.9 minutes (151.9).

TV4 remains the most-watched TV channel in Sweden, with a total audience share of 18.7 per cent (19.5 per cent) in the main 12 – 59-year-old target group.

It is worth noting that the “Other channels” segment is now experiencing a decline across the entire viewing population, and only a marginal increase in the 12 – 59-year-old target group. TV4 Group channels in this segment maintained their audience share of just over 11 per cent, thus strengthening their position. Most of this was due to increases in audience share by TV4 Fakta and the Canal+ channels.

The TV4 Group’s total audience share fell slightly, to 29.9 per cent in the Group’s main 12 – 59-year-old target group, as compared with a 30.5 per cent share in 2009.

The year ended with a sharp upswing in viewing time in the fourth quarter, both for TV4 as a single channel and for the TV4 Group as a media house, a trend continuing in early 2011.

## KEY PROGRAMMES

As in 2009, the single most popular programme on TV4 last year was *Let’s dance*, with a peak audience of 2,040,000 (3-99 years) during voting on the final show.

The spring saw the first episode of the *Solsidan* comedy series by Felix Herngren. The show was a massive hit with viewers. The peak audience was 1,840,000 (3 – 99 years); the Solsidan Facebook group had attracted 360,000 members by the end of the year, evidencing the huge impact of TV4. Other major successes during the year were the *Morden i Sandhamn* drama series, based on Viveca Sten’s book, which attracted a peak audience of 1,679,000 (3 – 99 years).

An old format made a comeback on TV4 in the autumn with the return of *Fångarna på Fortet*. Ratings exceeded all expectations as a new generation of viewers were captivated by the adventures at Fort Boyard.

Another show that struck a chord with viewers was the new Saturday evening entertainment show *Så mycket bättre*, which was also praised by the critics. The CD of music from the show topped the charts just before Christmas.

*Fuskbyggarna* was a fruitful fusion of investigative journalism and entertainment, with Lennart Ekdal and Martin Timell bringing the spotlight to bear on cowboy builders.

The summer was dominated by the World Cup in South Africa, together with various programmes about the royal wedding. The arrival of autumn saw massive coverage of the Swedish general election.

In addition to the above programmes, TV4’s programme schedule includes a number of popular classics, such as *House*, *Idol 2010* and *Halv åtta hos mig*.

The most popular programmes on TV4 Plus during the year were *Vad blir det för mat*, *Det okända*, *Medium*, *Såld på hus* and a new show launched during the year: *112 – på liv och död*, in which viewers gain an inside view of the day-to-day work of the emergency services (fire, ambulance and police). Another new series that proved to be a hit with TV4 Plus viewers was *Ladies på Östermalm*, an intimate and unique glimpse of the life of the upper classes.

Zlatan Ibrahimovic helped TV4 Sport achieve its highest ratings for the year, in spring playing in the Spanish league (La Liga), and in the autumn in Serie A matches in Italy.

Successes by TV4’s niche channels include TV4 Fakta’s successful focus on medical topics and popular nightly documentaries on crime, TV4 Komedi’s Monty Python specials and TV4 Film’s spotlights on various actors and actresses.



## TV4 GROUP DIVISIONS

Reorganisation of TV4 Group operations into five new divisions began in 2010. The new organisation did not become fully operational until 1 January 2011, so the report below relates to the former divisions.

### GENERAL CHANNELS

TV4 remains Sweden's most-watched TV channel among the main target group (12 – 59-year-olds), although its audience share has fallen somewhat, to 18.7 per cent (19.5 per cent).

The extremely buoyant advertising market has caused demand to outstrip supply, which has meant that TV4 commercial airtime has been sold out since May 2010. This has in turn meant substantially higher profits than in 2009, although the use of annual contracts has slowed the adjustment of prices to meet the new market situation.

In June it was confirmed that the TV4 Group had been granted a licence to distribute TV4 HD via the terrestrial network, which is strategically important, since it will ultimately be possible to break down TV4 HD into 30 local versions. During the year an agreement was concluded with Teracom on breaking down TV4 Plus into 30 regions. The commercial launch will take place in 2011.

TV4 Plus has maintained its position in terms of audience share; earnings were up on the previous year.

TV4 Sport is also maintaining its market share and position as Sweden's most-watched sports channel. Both advertising and pay-TV revenues were up, although earnings were down slightly as a result of increased investment in sporting rights.

### NICHE CHANNELS

TV4 Niche channels saw slight growth, increasing their audience share by 2 per cent, from 4.1 to 4.2 per cent. Changes per channel were marginal, with the exception of TV4 Fakta's launch in Norway in spring, which added some 800,000 subscribers to TV4 Fakta. Plans to relaunch TV400 as TV11 were also announced in 2010. The new channel was launched in early 2011 and has seen a very positive response.

Niche channels displayed good profitability in 2010, with higher sales and earnings than in 2009.

### TV4 SVERIGE

TV4 Sverige, responsible for the TV4 Group's local and regional TV operations, continued to grow sales as well as earnings. Sales were 25 per cent up on the previous year, representing an increased share of the local advertising market. The reason for this positive trend is a clear shift away from traditional advertising in daily newspapers to TV and the local market.

At the end of the year Segelman Retail Television (in-store TV) was acquired from Expressen to form part of TV4 Sverige. This purchase enhances the range of services available to local advertisers and represents a major investment in TV content and advertising exposure in stores and other environments.

During the year it was also decided that TV4 Plus would begin local sales and offer local content in 2011.

### DIGITAL MEDIA

TV4 Digital Media (formerly New Media) saw higher earnings in 2010 than in 2009.

Digital Media underwent organisational changes during the year. Among other things, changes were made to TV4 Expressen Mobilab, so that operation and development of mobile TV and mobile websites were integrated in the line operations of the TV4 Group and Expressen, respectively. The TV4 Group also secured mobile distribution of a number of its channels, which has had a major impact on the operators, all of which have increased the number of mobile TV customers.

Network operations traffic increased in 2010, and a number of traffic records were set for Digital Media sites during the year. During the World Cup, fotbollskanalen.se broke its traffic record, with just over 520,000 unique visitors during a single week. VOD service TV4 Play was relaunched in a new form, increasing its traffic by 25 per cent as compared with 2009. The year-end saw a traffic record for recept.nu, with just under 650,000 unique visitors during the last week of December.

## C MORE ENTERTAINMENT/CANAL+

The TV4 Group and Telenor Group reached agreement in 2010 on joint ownership of C More Entertainment, which conducts premium TV operations under the Canal+ brand on the Nordic market. By way of a share purchase and directed placement of new shares in C More Entertainment, Telenor acquired a 35 per cent stake in the company. The total value of the acquisition was SEK 1,352 million. At the same time, certain sporting rights held by Telenor, including Danish SAS-Ligaen football matches and the Danish rights to the 2010 World Cup, have been sub-licensed to C More. This Nordic joint ownership gives Canal+ subscribers long-term access to good content, and will enable the channel to offer a wider range of top-class sports, movies and series.

C More Entertainment/Canal+ did not renew their rights to Premier League football as from autumn 2010, since the price was considered to be too high. The company broadened its range of sports by acquiring a number of major sporting rights, including the rights to Italian Serie A football in Norway and Denmark, men's tennis rights and American sports such as NBA and UFC. During the year C More also launched the new channel Canal+ Series to create a clearer profile for the range of series on offer. This change, combined with the full-year effect of the launch of Canal9 in Denmark, meant that earnings were down on the previous year.

C More subscriber numbers fell in 2010, mainly due to a decision not to renew the Premier League rights. However, thanks to the new rights portfolio, C More expects subscriber numbers to grow in the future.

## NORDIC MARKET

In 2010, in addition to the above changes and events in the C More Entertainment/Canal+ division, and as part of its commitment to the Nordic market, the TV4 Group also acquired the rights to the European Football Championships for the Norwegian and Danish markets, and signed a multi-year pan-Scandinavian output deal with Warner Bros. International Television Distribution. The agreement gives the TV4 Group the exclusive Scandinavian free-TV and basic cable rights to an extensive range of TV series and movies in Sweden, Norway and Denmark.

## CONTACT INFORMATION:

Chief Financial Officer (CFO): Lars Johansson, +46 8 459 40 61

Chief Communications Officer (CCO): Gunnar Gidefeldt, +46 8 459 45 46

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The TV4 Group has delivered engaging news, grand entertainment of great variety and quality, live sport and top-class drama to Swedish viewers for two decades. In addition to the main channel TV4, the group's portfolio includes 40 TV channels in the Nordic region - in the free-TV, basic cable and premium segments - and 25 local stations in Sweden, as well as a wide range of web and mobile sites and on demand services, for example TV4 Play, where programs from the group's different channels are available online. For more information, visit [tv4group.se](http://tv4group.se).