nordic entertainment group

Results presentation

Q1 2019

nentgroup

Q1 highlights

6% organic sales growth and 11% EBIT growth for our business segments

EBIT before IAC also up when including higher central costs as being a separate and listed company

The strong Viaplay subscriber intake from Q4 continued into Q1

Successful listing on Nasdaq Stockholm

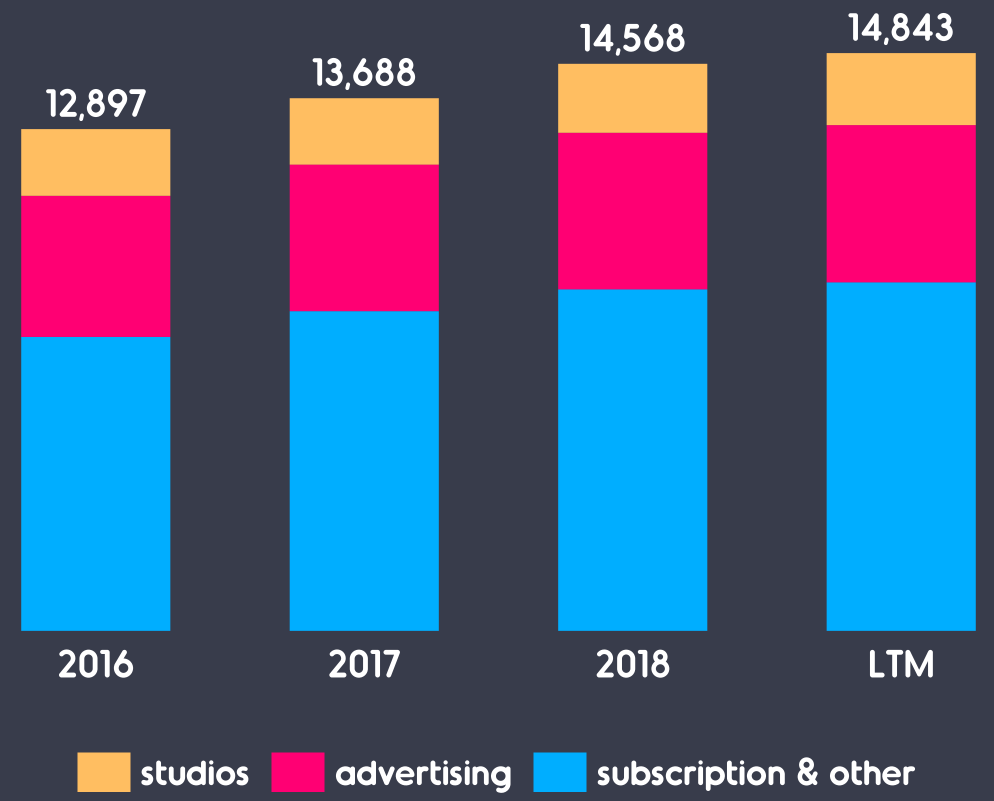
Organic sales growth
+6%

Segmental EBIT growth
+11%

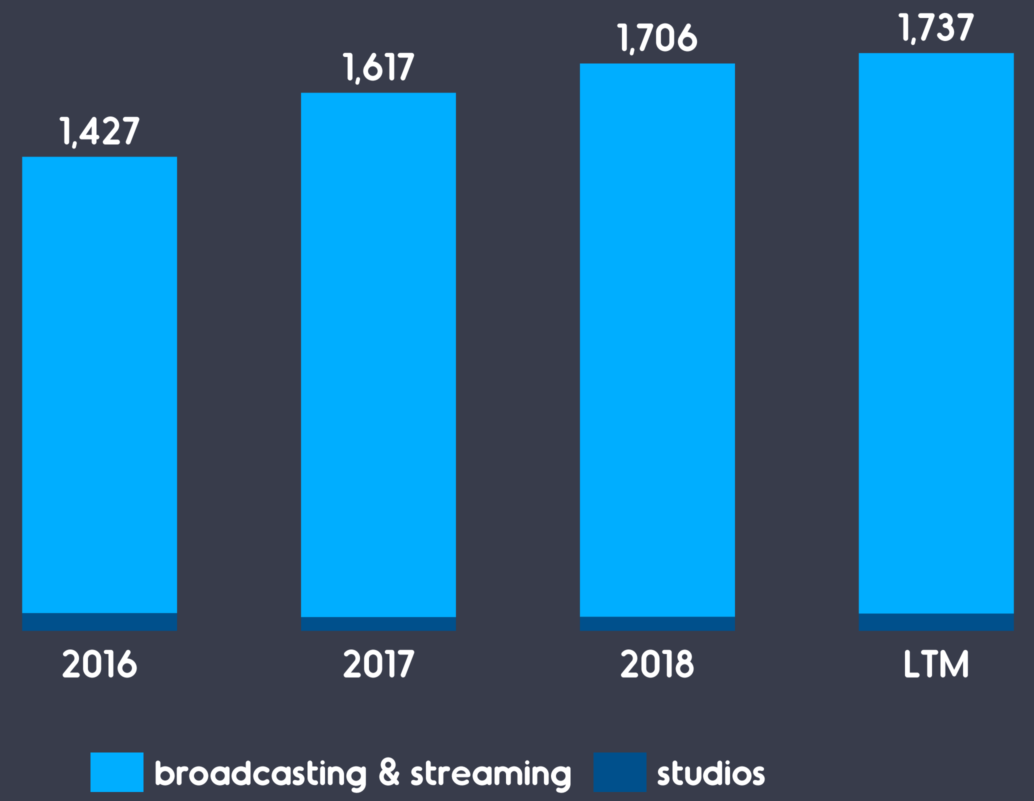
Viaplay subs (QoQ)
+99k

consistent delivery - annual

Net sales (SEKm)



EBIT for combined business segments (SEKm) *



* Before central operations & IAC

broadcasting & streaming

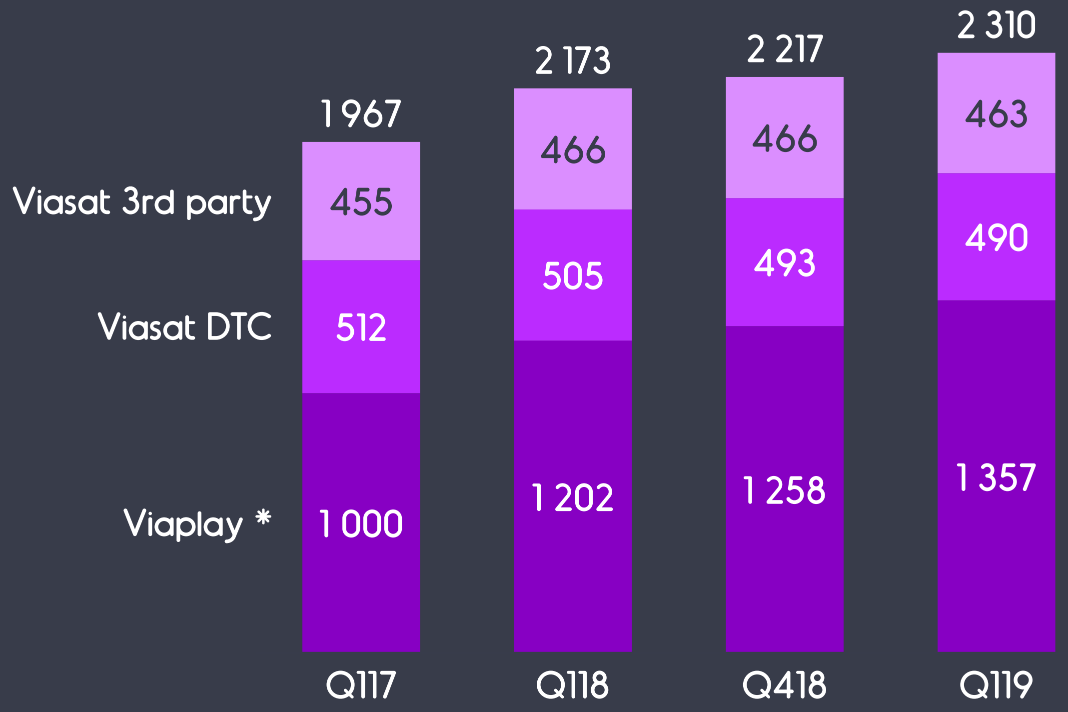
SEKm	Q1 2019	Q1 2018	Change
Net sales	3,337	3,120	7%
o/w advertising	*964*	*946*	*2%*
o/w subscriptions	*2,373*	*2,174*	*9%*
Organic growth	5.2%	6.2%	
EBIT	331	310	7%
EBIT margin	*9.9%*	*9.9%*	*0 bps*

Highlights

- Organic sales up 5%
- Driven by Viaplay, Swedish Radio as well as content sublicensing deals
- Subscriptions & Other account for 71% and advertising for 29% of Q1 sales
- EBIT up 7% with stable margin

subscription - performance

Total subscriber base



Comments

- Viaplay added 99k subscribers vs Q418 and 155k vs Q118 – strong intake and low churn
- Viaplay now represents 59% (55) of total base
- Additional 375k active Viaplay users in the Viasat subscriber base
- Viasat base (DTC & 3rd party) down slightly vs Q418 as healthy growth in Swedish broadband-TV business offset by ongoing gradual decline in satellite base

* Paying standalone subscribers (i.e. not including subscribers that have access to Viaplay through traditional pay-TV packages)

advertising - performance

Key highlights

- Combined TV & Radio ad markets: All three markets are estimated to have been down
- TV advertising revenues down slightly with prices up but volumes down
- Viafree revenues up driven by improved sold-out ratios. Viafree app launched on Android TV across the region
- Radio revenues up as strong growth in Swedish operations more than offset weaker performance in Norway

Advertising revenues

	Price	Volume	Revenues
free-TV	Up	Down	Down
viafree	Stable	Up	Up
radio	Up	Up	Up

selected content highlights

Originals

3 titles premiered in 2019 and 27 in total

14 more announced, of which 9 in 2019

20+ titles to be premiered each year

Acquired

Metro Goldwyn Mayer MGM

NBC UNIVERSAL

Sports

NTT INDYCAR SERIES

THE OPEN

FIS

W SERIES

NENT Studios

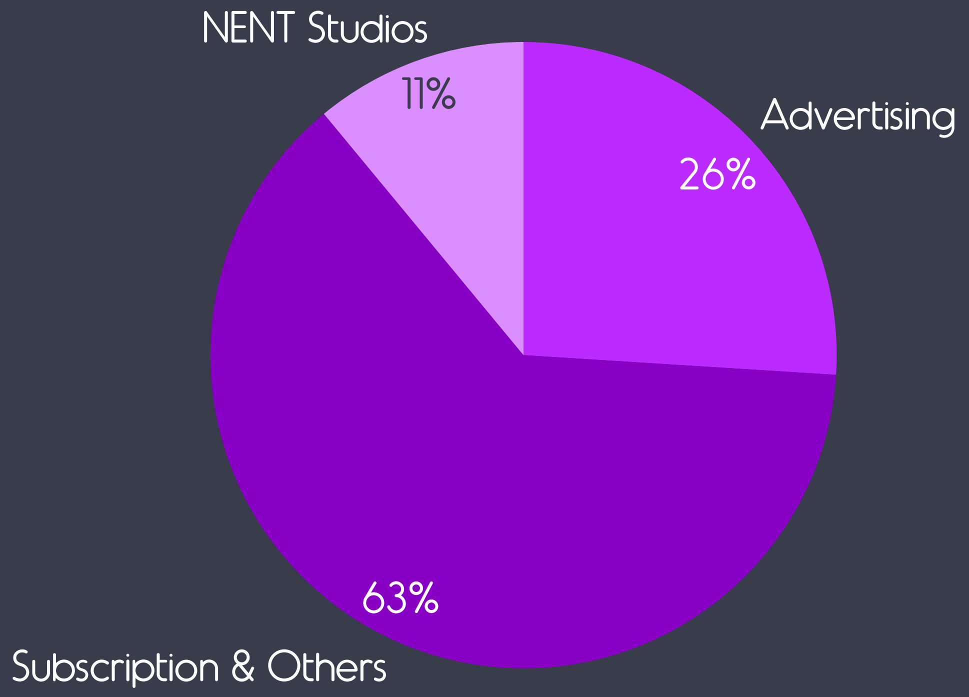
SEKm	Q1 2019	Q1 2018	Change
Net sales	451	352	28%
Organic growth	*22.9%*	*-0.6%*	
EBIT	-14	-24	42%
EBIT margin	*-3.1%*	*-6.8%*	*+370 bps*

Highlights

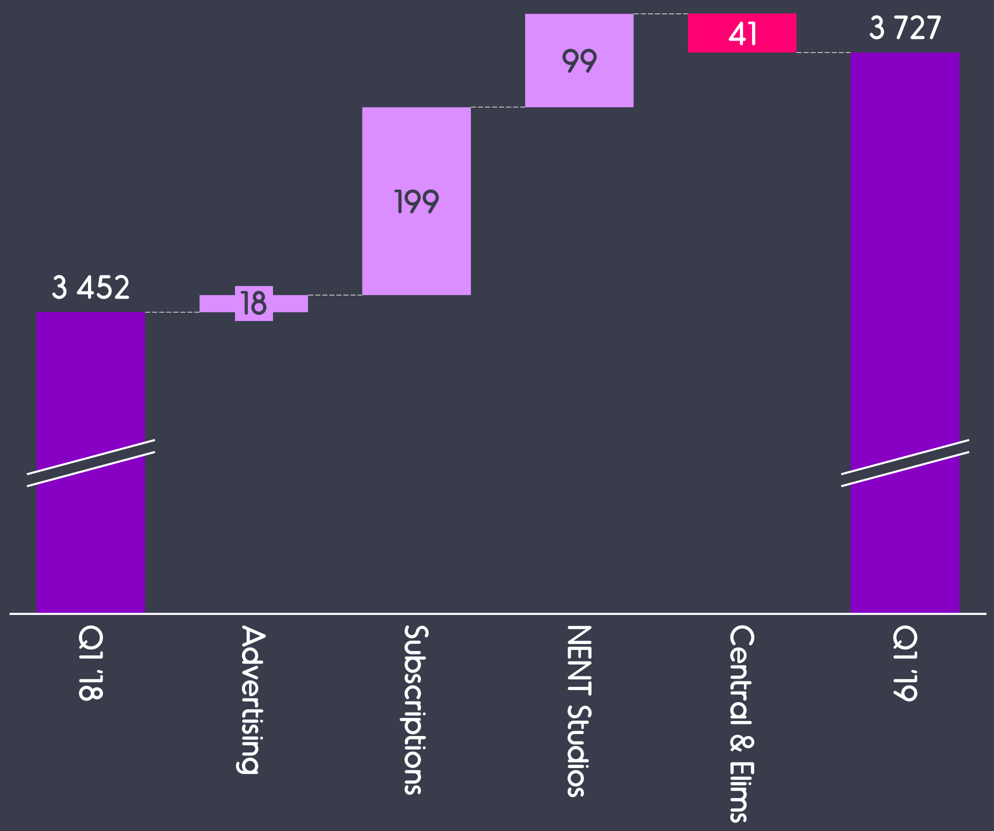
- Organic sales up 23%
- Internal sales accounted for 10% vs. 6% in Q118
- Double-digit growth for scripted drama, distribution and for Splay One
- EBIT loss reduced in a seasonally weak quarter

sales performance

Sales split Q119



Sales bridge Q119



financial overview

SEKm	Q1 2019	Q1 2018	Change
Net sales	**3,727**	**3,452**	**8%**
B&S EBIT	*331*	*310*	*7%*
Studios EBIT	*-14*	*-24*	*42%*
Segmental EBIT	**317**	**286**	**11%**
Central operations	*-43*	*-16*	*-169%*
EBIT before IAC	**274**	**271**	**1%**
IAC	-56	0	n.m.
Net financials	2	15	n.m.
Tax	-54	-69	-22%
Net income	**167**	**216**	**-23%**

Comments

- 11% EBIT growth for combined business segments
- EBIT before IAC up marginally
- Higher central costs from being a standalone and listed company, which will impact fully from Q2
- IAC in line with previous guidance and related to transaction costs to separate and list NENT Group
- Net financials positively impacted by being financed by MTG up until the listing
- Effective tax-rate of 25%

cash flow and leverage

SEKm	Q119	Q118	2018
Cash flow from operations	245	292	1,496
Change in working capital	-402	-650	-380
Net operating cash flow	**-157**	**-358**	**1,116**
CapEx *	-33	-55	-185
Operating FCF	**-190**	**-413**	**931**

SEKm	Pre IFRS 16	Post IFRS 16
LTM EBIT before IAC	1,548	1,562
LTM D&A	238	315
LTM EBITDA before IAC	1,786	1,877
Net debt	**3,532**	**4,189**
Net debt / EBITDA before IAC	**2.0**	**2.2**

* Excluding Acquisitions and Divestments as well as the SEK 363m upfront payment for radio licenses in Sweden made in 2018 for the next 8 years

business outlook for 2019+

	outlook
organic growth	positive
segmental EBIT	positive
central operations EBIT	approx. SEK -250m
EBIT incl. central operations	positive beyond 2019
transactional FX impact	negative (approx. SEK 100m)
normalised tax rate	approx. 20%
working capital	outflow approximately in line with 2018
capital expenditure	approx. 1–1.5% of sales

our investor proposition

- a unique play on the Nordic streaming market
- a Nordic content champion with global appeal
- a successful track record & a winning team
- a clear capital allocation strategy

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